



Mr.L.Lakshman receiving Jamsetji Tata Award at New Delhi on 26th November 2012

INDIAN SOCIETY FOR QUALITY
CHAIRMAN'S SPEECH AT LE MERIDIAN,
NEW DELHI ON 26TH NOV'12 AT 0930 HRS

Ladies and Gentlemen,

- To be nominated for an award named after the greatest of industrial builders of India and the visionary who established the Indian Institute of Science is a great honour. That it relates to quality management, a discipline close to my heart makes it even more special. Over the years, Rane has won a few awards relative to quality management. But this I consider very special and will cherish. Thank you, ISQ.

- This has been made possible by many Rane employees who have contributed hugely. My heartfelt thanks to them.

- I thought it would be appropriate that I take you through our quality journey over the next few minutes. I view quality management not merely as a discipline but as a philosophy. An imperative to serve stakeholders, be it by government or private institutions. Quality is a higher idea of efficiency relevant to all that we do in life.

- Many of you would recall the globalisation and liberalisation era of the early 90s. The multinationals with their superior products were set to trample over Indian Industry. The prevalent view was that Indian companies were destined to die. This was predicated upon extant ground realities, that we in India pay mere lip service to quality. Some of us still do.

The automotive sector with its high defect rates, poor manufacturing capabilities, unstable management processes, and poor after sales service was under greater threat - more than many others. We had become victims of our own narrow definition of reality that, profits come first and customers next.

- At Rane as we introspected and reflected on the future the one thing that struck us was the Japanese success story. By no means a leader in Industrial innovation, yet, Japan had achieved a dominant position in the automotive space. We researched into this and learnt that the key drivers were quality, reliability and cost. Determinants of operational excellence. Although Rane had the option of using strategy consultants and blue sky thinkers towards performance improvement to counter threats arising from globalisation, we decided to approach JUSE; the Japanese Union and Scientists and Engineers. This was based on

conviction that operational excellence must be our first goal. Under the tutelage of Dr Washio a Rane group wide, Japanese TQM initiative was launched in the year 2000. I consider this a watershed in the 75 year history of Rane.

- The first step was a detailed diagnosis and the findings were a rude jolt. A well performing company by the prevalent standards, measured by Japanese standards Rane, was totally out of focus. We were short on management depth. Bustling with tasks and activities as we were, a core purpose was lacking. The good financial results we had produced in most years seemed almost accidents. As the first instruction set, Dr Washio asked that we focus on

- ❖ Customers
- ❖ Employees
- ❖ Fact based decision making
- ❖ Processes

It was back to basics.

Although it should not have been the case, this was a whole new world view for us. Simplicity was at its core. *Edward de Bono's* wisdom - more important than simplicity as a value, is simplicity as a habit - came alive. Habits are never ignored or forgotten, but values can be.

- Let me now deal with some specifics.
 - ❖ It was observed that, the customer interface was the weakest link in the chain. Only the top management and a few key people interfaced with them. For others there was total lack of awareness of customers; at best a distant relationship. Our quality, cost and delivery was way below the emerging requirements. Whereas the requirements were double digit in ppm and delivery just in time, we were in the five digit mode and our notion of just in time was just prior to the end of the month.
 - ❖ Like many other companies we at Rane were adept users of slogans such as “*Customer is king*”. The truth however was very different. Although small shifts had been made and there was serious intent to provide value for money, the supplier was still the king. But there was realisation that we needed to change. The question was how do we do it?
 - ❖ TQM changed this dynamic. We started viewing customers as an opportunity to be invested into, create value and to earn their lifetime loyalty. To build loyal customers you need to be a loyal supplier. This is an age old idea but we rediscovered it. Any transaction has two components to it – rational and emotional. If

you could work towards fusing them successfully you are securing the long term. Building partnerships therefore became the central theme.

- I now turn to employee engagement, the other vital principle in TQM. The first learning was that our human potential had been made subservient to hardware and policies and procedures. We were just a bad bureaucracy. The slogans in use “treating people with respect”, “people are our assets” had hollow and meaningless rings to them. Ours was a mechanistic view. What was required was an organic view.
- That meant four things from an employee engagement standpoint.
 - ❖ treat them with genuine respect
 - ❖ provide job related training and development opportunities
 - ❖ formulate well debated, clear goals and direction
 - ❖ practise well anchored, fact based reviews and feedback systems.

We had to build a new way of managing around these requirements.

- Our top managers had to learn the art of meaningfully engaging employees. This was not easy. The Indian way is we the bosses with our giant egos, we know it all. As a first step huge unlearning was called for.

- Education and training of employees was the next challenge. As you would appreciate educational system in India is far removed from the needs of the Industry. We almost had to start from square one. We saw the truism in *Mark Twain's* words, "I have never let schooling come in the way of my education". The interventions ranged from behavioural skills for our workmen through to use of advanced tools for the management. Today workmen at Rane are also trained in use of esoteric tools and techniques such as Design of Experiments. We were stunned at their ability to imbibe the learning's and put them into practice. Our training capabilities and outcomes we see, as our proudest achievement. These have won recognition in several or forums.

- Summing up, when you create a learning organisation which respects employees, people experience dignity and pride. That unleashes huge locked up potential. The more you equip your people the more you push power down the ladder and more dynamic the company becomes, with fewer layers of management.

- Next, fact based decision making, seemingly common sense was perhaps the most elusive. Traditionally not a maths or science driven culture, we in India, do not seek out their application in day to day management. Many decisions were based on opinions of the higher

echelons of management and not facts. Our quality was truly speaking “unmanaged”.

- TQM however demanded rigorous use of statistical tools in decision making at all levels. Soon we learnt the value of process monitoring and statistical process controls. Deceptively simple, they packed huge value in shop floor decision making. The other tools we learnt ranged from stratification thru to Multiple Regression Analysis and many others. Today we have reached a stage at Rane where use of many TQ tools are a given. We would be lost without them.

- I now turn to processes. I do not know if it stems from our caste based history managers consider themselves thinkers – doing hands on is seen as unsophisticated, boring and infra dig. Consequently the gap between conceptualisation and execution is huge. Not enough thought goes into process designs. Process management, systems and discipline – none of them glamorous, but critical success factors, are given the short shrift. Poorly designed processes are left to blue collared workmen and junior management for oversight. Reckless delegation!

Quality outcomes depend on:

- ❖ Simple processes
- ❖ Robust systems and discipline
- ❖ Well defined roles and responsibilities
- ❖ Clear decisions based on facts

❖ Continuous improvement through PDCA

Habituated to the belief that generic processes can give us specific results, we had to change and unlearn this principle. Although it is rare to find a genuinely a new problem and even rarer to find a problem that requires an entirely new system, there are always, small hidden details which create huge impact. As they say, attention to trifles makes perfection, although perfection is no trifle.

Focus on processes also brings about a culture where people take responsibility for failures and remedial action.

- Successful outcome of all these renewed efforts, relative to customers, people and processes hinge critically on leadership and communication. The first and most awkward and difficult step is to muster the courage to tell your people that years of our efforts have not worked; and they will not take us to the desired destination - not in a competitive world. In effect as leader you are confessing that your stewardship has been inadequate. Such admission requires great honesty and humility. Having communicated that, the next task is the setting of a goal, that everyone in the company can relate to and work towards. More importantly this process had to be open and transparent, and simple. At Rane there was much discussion on the subject as to whether the goals should relate to business results or be a visionary and qualitative

goal. After much debate we decided that the Deming prize was our first goal - an audacious goal that was based on leap of faith. We had as they say, burnt the bridges and there was nowhere to go back to. Anything short of achievement of that goal would mean loss of face.

Communication across the organisation on the tough road ahead was the next major task. Varied types of communication or behavioural standards could wreak havoc on the organisation. Honesty, sincerity of purpose and open communication had to be a given.

- The next step was to walk the talk. This meant that the leadership team co-mingle with the junior management and sometimes the workmen and collectively learn the principles, tools and techniques of TQM. The employee must see the leader as a person not only committed to the journey but also as a co-passenger. Questions were raised as to whether the Deming goal was the new flavour for the month. Much gumption was needed to face up to these tough but legitimate questions and to demonstrate commitment.

- Leadership had to bring about the right balance between short and long term objectives, put in place financial and non-financial measures as also distinguish between external and internal performance indicators; all of these with quality literacy at the forefront.

- Strong leadership does not just mean people putting faith in you. That is a privilege to be earned. It is more about the leader putting faith in his people and their capacity to learn. To win their hearts and the minds.
- Leadership is the key lever in the transformative shift towards quality.
- So that is more or less the story of the TQM journey at Rane.
- As I said earlier, experience has taught me that quality as a way of life is relevant to personal, corporate and institutional contexts. I tend to look at the world through the lens of TQM and categorise the many problems we see around us as a result of *Muri* (over burdening of people and systems) *Mura* (unevenness or inconsistency in processes) and *Muda* (work that adds no value). The three forms of waste, that lie at the roots of bad quality.
- Applied in corporate contexts, TQM yields improved performance. Applied by Governments it would better economic efficiency and perhaps governance itself! That may be a stretch! But a believer and practitioner of TQM must also be an optimist.