

Steering ahead on quality...

The 75-year old Rane Group has evolved as a much sought after vendor by vehicle manufacturers. It is now looking at doubling its turnover in the next 3 years.

THE Rs 2500 crore Rane Group recently celebrated its diamond jubilee (75th year). During this journey, the group has evolved as a much sought after vendor by vehicle manufacturers who account for bulk of the group's production. Four companies of the Group have won the prestigious Japanese Deming Prize for pursuing excellence in quality and systems. To tide over the cyclical nature of the automobile market, the company has been stepping up its exports.

For decades, the dominant portion of the group's production comprised of original equipment for vehicle manufacturers. In 1998-99, for instance, OEM supplies to commercial vehicles were 90 per cent of production.

The cyclical nature of the commercial vehicles market has been a major concern. This seems to have a strong correlation with economic growth. In regard to cars and other consumer durables, where there has been a welcome stability in demand this problem has been sorted out. In regard to commercial vehicles it has not been solved to a corresponding extent though there is welcome relief in that the cycles are becoming shorter.

Diversified market...

The group has been making a serious effort to concentrate on the other two market segments, viz., one, supplies to after-market and two, exports. This has been helpful. In 2011, there was a slowdown in OEM supplies to commercial vehicles and even passenger cars. But, demand from

tractors and after market was high. Today, the group has reduced OEM supplies to 70 per cent of production with after market and exports accounting for the rest.

The company has also increased its supplies to Maruti Suzuki, which earlier opted for a single preferred source.

The cart before the horse...

Ganesh referred to the urgency to focus on innovation and engineering excellence through R&D. "India presently enjoys the advantage of its cheap skilled labour. But this may not last long. Over the next 5-10 years, such customers will move to countries like Bangladesh or those in Africa. The Chinese model, with heavy government support through sizeable subsidies, cannot be replicated in India. We had missed opportunities to incentivise technology development. Competition will drive technology to areas where its development is congenial and nobody will offer technology as a charity," said Ganesh.

The Rane group chairman felt that India should have liberalised first, encouraged companies to invest in R&D and innovation and then and, only then, globalised. By liberalising and globalising simultaneously, there is an unequal competition today

because giant multi-nationals with deep pockets have entered India and compete fiercely.

Welcome focus on R&D

Ganesh pointed to Indian industry stepping up R&D efforts. In his own Group, there has been a seven-fold increase in R&D spend over the last five years. His companies are endeavouring to increase it further to beat competition which accesses technology from Japan and Korea.

Ganesh pointed to the focus on efficiency improvement across the board. After opting for TQM, the company has been able to achieve substantial cost economies: "the 2008 global melt down taught us a lot of lessons. We focused on energy saving, reductions in the use of raw materials and consumables," he said.

2011 had been a good year for the group with all round performance improvements. A major concern related to the depreciation in the value of the rupee. Ganesh said: "we are





manufacturing electric power steering systems for Maruti Suzuki. Some critical parts had to be imported and the fall in the value of the rupee was a serious issue. We succeeded in speeding up indigenisation. In a short time, we reduced import content from 70 per cent to 30 per cent."

Another area of concern relates to the availability and cost of manpower. "There is acute competition in recruiting quality manpower. Absorbing and retaining such manpower is now a challenge. We have set up a polytechnic to produce quality educated and trained manpower," said Ganesh.

The group is also working with IIT-M and the National Chemical Laboratories for developing new products. It has also set up a Centre for Manufacturing Excellence at the PSG Institute of Technology, Coimbatore.

What of the future?

The Rane group chairman said that the group will still predominantly be in the auto sector. "We plan to expand into aero space and defence sectors. The tractor industry is also growing rapidly. The earth moving machinery sector is another growth area. We will be expanding to service these industries," said Ganesh.

By 2015, the group expects to build a turnover of Rs 5000 crore, employing around 5000. Exports are targeted to increase to 20-25 per cent of turnover. -SV

The Rane Story...

HISTORIAN V SRIRAM, well-known for his writings, heritage tours and talks, takes us through a journey down memory lane, in his book *The Rane Story: A journey of excellence*.

The book starts off in 1901 when the first car appeared on the roads of Madras. Sriram paints the image of an empty Mount Road; that's unbelievable for those who see the same road today.

In 1936 TR Ganapathy Iyer (TRG) created a trading entity with a share capital of Rs 1 lakh (huge by then standards) and named it Rane Madras.

When the company started its journey towards success, TRG's death came as a sudden blow. The burdens were shouldered by his son-in-law L L Narayan and son T G K Raman. It was under the leadership of LLN that the company grew manifold.

In addition to the history of Rane, the author rummages through the history of Chennai. Interestingly, he inter-mingles both and elaborates on how the company has kept through various changes. It shows

how easily companies can tackle challenge if every single employee is given the freedom, made to understand the situation and work with involvement.

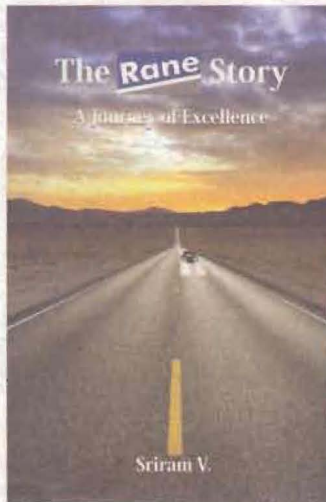
The company's work culture, combined with total quality management, has made the dream of

75 years a reality. These have enabled the company to stride past the liberalisation and globalisation periods.

The author also deals with the social initiatives: building of the Margret Sydney Hospital at Nanganallur, keen and determined efforts to set up the Meenakshi College for Women and the most recent achieve-

ment, the inauguration of Rane Polytechnic at Viralmalai - L Lakshman, Chairman, Rane Holdings, said the college was set up to bridge the gap between industry and academy.

The author graphically describes the successful growth of a small family business to an internationally reputed organisation. -JR



The Rane Group

Rane Holdings Limited



Subsidiaries:

Rane (Madras) Limited
Rane Engine Valve Limited
Rane Brake Lining Limited
Rane Diecast Limited

Joint Venture Companies:

Rane TRW Steering Systems Limited
Rane NSK Steering Systems Limited
JMA Rane Marketing Limited

Associate Company:

Kar Mobiles Limited

