



PORTRAIT: SHYAM

Food ca**FE** L **GANESH**

We're looking at growing beyond India

In conversation with **Sushila Ravindranath**, the chairman of Chennai-based automotive firm Rane Group shares that rather than organic growth, the group wants to carve a niche for itself globally, including in the US and Europe

The 80-year-old Chennai-based Rane Group is a well-known name in the auto component industry. Like most of Chennai-based auto majors, it was established to trade in automobiles and parts, and transitioned to manufacturing in 1960. The group companies are market leaders in various products and vehicle segments in the country. For example, in engine valves, it has a 45% share in two-wheelers and 50% share in tractors. The group maintains its leadership in many other components too, in spite of growing competition. It has a reputation for quality, ethics and integrity. Rane's turnover has crossed \$500 million. It is also known to be a conservative solid group which could have done better. Winds of change appear to be blowing in the group. It is plunging into unknown territories and taking serious attempts to shrug off its typical conservative South Indian group image.

I am having lunch with group chairman L. Ganesh, at Mamagoto, Khader Nawaz Khan Road, which is Chennai's high-end shopping area. It is one of the newer standalone restaurants which are springing up all over Chennai. The interior is cool, dark and funky. He has tried out the food here and likes the Thai and Asian cuisine they serve. We meet a little early to avoid the crowd which will descend after they shop. We order fresh lime with a lot of ice, which is most suited for a humid afternoon and ask for crispy chilly potatoes and water chestnut spring rolls.

Rane Group embraced Total Quality Management (TQM) in 2000 and the

companies have won every quality award possible. "TQM has become a way of life for us," says Ganesh. "It changed the philosophy of the group. There was a cultural shift in the way we looked at problems and solved them. Toyota sees problems as opportunities. Zero defect is a good philosophical concept. But you can never eliminate quality problems totally. We learnt to minimise them because of the problems which surface."

Ganesh says TQM helps the com-

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pany achieve operational excellence. However, pursuing quality can become an obsession and you tend to lose out on what is happening in the outside world. Rane decided it is time to look more outwards. "We are transitioning to business excellence. We have to keep ourselves motivated. It doesn't come easily to Indians. We have a new Rane Business Excellence Model. Our companies have to go through detailed audit on business excellence to zero in on areas of improvement."

We have polished off our excellent

starters and it is time to order the main course. It is too hot to order anything heavy. We decide to have tom yum vegetarian soup, and share snow peas and green salad, soggy Thai basil fried rice and a couple of combinations of stir-fried vegetables. Lunch settled, Ganesh tells me that while it is wonderful consistently winning the TQM and Deming Awards at higher levels, they remain external awards. "Being recognised by customers is more important. Each company must target their customers and be recognised by them." In the last one year, the group companies have won awards from Tata Motors, Renault-Nissan, Hyundai, Maruti, Honda Motorcycles, to name a few.

Rane hired an outside agency to get a different perspective last year. What came out was that Rane has to become more aggressive in the market. Although 18-20% of its sales come from outside India, it has the potential to do much better. There should be more focus on Europe and the US. "This study has helped us make our strategies sharper. We are working on doubling our share in Europe. We also have to learn to be more ruthless. The companies are now shedding the manufacturing of obsolete products."

I ask Ganesh how they coped with the downturn in the industry. "The global meltdown of 2009 was short-lived in India. Although India started picking up, we learnt to be cautious. We started preserving cash by cutting back on capex and inventory. During difficult times we look at variable costs and fixed costs differently. The companies outsource wherever possible to spread supply chain risks. The group companies are told to look at fixed costs as variable costs during lean times. There is very little we can do when there is a market slowdown."

In the last few years things have changed rapidly in the automobile industry. "Quality is now taken for granted. Delivery has become a major issue for market leadership. All the OEMs expect just-in-time (JIT) delivery. The concept of JIT has also totally changed. It is no longer done once a month. It is three times a day now. Maruti measures us by delivery. We have to have plants and warehouses close to the manufacturer."

It takes 18 months to develop a product from the time there is an enquiry from the customer. "We cannot switch to a new product instantly. When fuel prices crashed, the US went back to its habit of buying SUVs and big cars. Suddenly, Ford shifted its focus and our orders dropped by 30%. We had to bite the bullet and hang in there for almost eight months. There was nothing we could do instantly. How we learn to manage the unexpected is the key to success."

Customers now want their component manufacturers closer and closer to their manufacturing facilities. Rane announced its acquisition of Precision, an aluminium die casting unit in Logan County, US, recently. "We have established our first footprint in the US. The group is now seriously looking beyond India. We are also in the process of setting up offices in Europe. Just depending on organic growth will take us nowhere."

As we anticipated, the restaurant is getting crowded and noisy. We quickly drink the green tea we ordered. As we leave, Ganesh tells me why he is feeling optimistic about the future. "Rane's global presence has been so small so far. A slowdown in Europe really doesn't affect us. We will grow at a healthy pace."

sushila.ravindranath@
expressindia.com