

# India's largest company – a model for quality and excellence

“The role of a leader cannot be overemphasised in the excellence journey. We have not come across any organisation where the excellence movement has succeeded without visible and active participation of the leaders”, says *Sunil Sinha*, Resident Director in India's largest global company, Tata Group, which today is a model for companies throughout the world.

**TATA GROUP CONSISTS OF** some 100 independent operating companies with a total of 660,000 employees and the annual revenue amounts to around 100 billion USD, of which 68 percent outside India. For example Jaguar Land Rover, headquartered in United Kingdom, is part of the group. Tata Group has grown 20 fold in the past 20 years. The Tata Group is held together through a common ownership structure which ties back to Tata Sons with its approximately 1,000 employees. At this central level Sunil Sinha is head of the Middle East, North Africa and Central Asia regions. He is also responsible for the development of the markets in several other regions. Prior to this role Sunil Sinha was head of Tata Quality Management Services where he was guiding the implementation of the Tata Business Excellence Model in the whole Tata Group, which has been of great significance for the development of the group.

## **Focusing on results that reflect effective operations**

Tata Group has a long history and regards the community as the prime stakeholder. The operations comprises many different trades and regions. Tata Sons drives quality management and excellence across its many companies and operations via an institutionalised approach that, according to Sunil Sinha, may be unique in the world today.

– Rather than dictate to companies required business practices, Tata focuses on the results that would reflect effective company operations. This approach allows companies to adopt approaches best suited to their business sectors and global locations – making Tata one of the most agile organisations in the world, he says.

To accomplish this, Tata needed to have a reliable and comprehensive means of assessing results, as well as incentive mechanisms tied to those results. This was done through a mechanism called the “Brand Equity and Business Promotion Agreement”. If a Tata company wishes to use the name “Tata” in its name or as part of its own brand marketing, which many of the companies regards as an important advantage, it must agree to adhere strictly to the rigorous Tata Code of Conduct and agree to undergo regular assessment



Competition is increasing but the driving factor is that things change, Sunil Sinha says.

of its business practices and results by Tata Sons.

– These assessments, which are done using the Tata Business Excellence Model (TBEM) are the “secret ingredient” to Tata's success. TBEM drives quality management and excellence not only through what it does, but how it does it. TBEM has evolved from an assessment process into a unique value driver that has made Tata a benchmark for companies across the world, Sunil Sinha says.

## **Supports improvement and encourages intelligent risk**

TBEM encourages continuous improvement through a formal system of benchmarking and assessment. The model has provided Tata companies with a framework to improve their competitive strength, financial perfor-

mance and operational efficiencies across levers that range from strategy and leadership, to customer centricity and information analysis. This work is supported by the central organisation of Tata Sons, which also provides other kinds of support for success. For instance a variety of training programmes and different programmes to share good examples and to encourage innovation.

Something that has drawn global attention is that Tata does not only celebrate innovative ideas but also failed innovations through an award category called “dare to try”.

– This practice has helped build the groups enthusiasm for risk-taking – something called “intelligent risk”. By highlighting the risks taken across Tatas best companies, other companies are more comfortable in shifting their approaches, Sunil Sinha says.

## Some challenges and success factors according to Sunil Sinha

### CHALLENGES AND DIFFICULTIES

- The right scale of ambition – setting challenging, but not impossible, goals
- Not losing focus in processes management
- Engaging motivated employees
- Shifting leadership priorities, and running too many initiatives at the same time

### SUCCESS FACTORS

- Unwavering leadership commitment and persistence
- An environment of continuous learning and improvement
- Flexibility – being able to learn rapidly and quickly respond to the new information

## Advice to Swedish companies

The three first pieces of advice Sunil Sinha would give management in Swedish companies to remain competitive:

- Learn all you can about your customers, constantly, and use that information to draw insights and inspire innovation.
- Build flexibility into your culture and your processes – be ready to adopt and adapt rapidly in response to all round changes.
- Consider your entire value chain and design it for enhanced sustainability – both from an environmental standpoint driven by concern for society and from a financial standpoint driven by concern for shareholders.

### Stakeholders considered as customers

When it comes to the question how Tata Group develop a strong customer focus throughout the organisation, the reply may according to Sunil Sinha be a bit surprising.

– Unlike many companies, Tata considers “the big picture” and “the long term.” This means that we do not focus solely on financial gains or solely on annual financial reports. Tata recognizes that we serve a number of stakeholders – and each of these stakeholder need to be considered as “customers” of Tata. As such, our foundational messages do not contain the word “customer” – rather using the word “consumer” for the stakeholder that other companies might call “customer.”

How does Tata Group work with continuous improvements and what methods do they use? Each Tata company is free to use whatever methods it likes to drive continuous improvement. Tata Business Excellence Model itself is “non-prescriptive”.

– What we recommend is something that most people would recognize as “Lean Six Sigma” – recommending Lean techniques and thought processes to instil a culture of continuous improvement and Six Sigma techniques to institute metrics-based control plans and to manage large-scale improvement projects, Sunil Sinha says.

Each Tata company has a designated Corporate Quality Head (CQH) whose role is to lead the Business Excellence efforts in their company and to act as the primary contact point between their company and the Tata Sons Business Excellence resources. Most CQHs are also strongly involved in the TBEM community. Another factor that has made TBEM successful and that strongly

spurs improvement is the friendly competition between Tata company CEOs. Tata’s CEOs compare their TBEM performances with other Tata companies. Relative performance is well known at the top Tata levels and considered when choosing candidates for higher level jobs.

### No success without good leadership

The TBEM process itself helps to develop leadership in Tata Group in a variety of ways. Tata also has other programs for leadership development. Among those is The Tata Management Training Center and in addition a programme where a selected few dozen talented young people are given three years of temporary assignments in key areas of various Tata companies. According to Sunil Sinha the leaders have a very important role in the work for quality and excellence.

– The role of a leader cannot be over-emphasised in the excellence journey. We have not come across any organisation where the excellence movement has succeeded without visible and active participation of the leaders. The quality leaders in Tata Group are generally well perceived and respected. This stems from both their recognized ability to drive the business results of their company and their close connections within the group. The company leaders are encouraged through TBEM to build their own effectiveness in leading daily work for quality and excellence in their organisations.

Training plays a very important role in spreading the culture of excellence throughout Tata Group. All 660,000 employees including new entrants are given training on business excellence. In addition all line managers are encouraged to under-

go Assessors’ programme and participate in the TBEM Assessment. The CEOs play the role of Mentors. The cross-pollination that comes through the TBEM process does a great deal to spread the culture of excellence and improvement.

### The driving factor is that things change

Sunil Sinha agrees that active programs for improvement and excellence are even more necessary for organisations today and that global competition is increasing.

– While we have learned that there is no one “best” system for quality management, improvement and excellence, we have also learned that the absence of such a system leads to downfall. While it is accurate to say that global competition is increasing, that is not the primary driving factor. The driving factor is that things change. Customers may be capricious, regulations may change, political climates may swing, unexpected events may occur. Without an active program for quality management, improvement and excellence, any of these changes could be catastrophic to the long-term sustainability of a company.

Regarding the future Sunil Sinha thinks that many of the basic philosophies of quality and business excellence are timeless – they are less like “philosophies” and more like “laws of nature”. However, acting upon these philosophies and extending their reach and power will change dramatically with emerging technologies.

Sunil Sinha is one of the keynote speakers at the Excellence Summit in Gothenburg on September 11–12, 2018.