

You are here:Home &gt;&gt; Opinions &gt;&gt; 24th Jan 2013

## Opinions

January 2013						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

### The Tata Success Story

#### Eugenio Viassa Monteiro

The process of selecting Ratan Tata's successor to the position of Chairman of the Tata Group had a great impact. At issue was the future of the group that in 2011-12 exceeded a revenue of US \$ 100 billion. This procedure gave a clear message that on any company, namely a big one, lies a 'social mortgage' ~ it is not a toy in the hands of the owners or leaders. Ratan Tata has already left an ambitious target to the next President to achieve a turnover of US \$ 500 billion in 2020-21.

In a country that until 1991, was stranded in a retrograde socialist economic model, killing initiative with favouritism and corruption, Ratan Tata was able to catch the new wave of free enterprise, modernizing his group and giving it a global dimension, with an enviable presence in more than 80 countries on five continents, and with over 50% of revenue coming from outside India today. Ratan Tata said the globalization of the group "was not just to increase turnover, but especially to be in places where we could create a significant presence and participate in the development of the country."

In fiscal year 1991-92, when Ratan was appointed CEO, the group's turnover was only US \$ 5.8 billion, all in India.

Some of the group companies operate in new technologies, at the frontier of knowledge, competing with older and more experienced US companies. This is the case with Tata Consultancy Services(TCS), that has more than 250,000 high-skilled workers, having hired 66,000 last year and about 60,000 this year, and having billed US\$ 10,170 million in 2011-12.

The other company of the group that earned credit is Tata Motors. It did two things that demonstrate its leadership's ability to launch big challenges, and its workers' ability to deliver on time.

It bought a stagnant company, Jaguar Land Rover, to Ford, who could not turn it around, as it was on the brink of bankruptcy. The Tata Group gave it a tremendous impetus to the point of transforming it into one of the most profitable companies of the group.

Meanwhile, Ratan himself threw a challenge so that Tata Motors could do something that had never happened in the automobile industry ~ to design and build the 'cheapest car', accessible to those in India using the 'scooter' as their means of locomotion for the whole family, carrying four people in very precarious conditions. He set a target price of 1 lakh rupees, equivalent to \$ 2,200. The car is sold in India and very soon will also be available in Europe and the USA.

The Tata Group has had since its inception, 144 years ago, markedly patriotic and philanthropic characteristics. Tata Sons participates in the stock of 182 companies and 66% of Tata Sons capital is owned by charitable foundations linked to the Tata family.

Achievements of great national significance in many areas dates back to the beginning of the group. For example, in 1909 the Tata Institute of Sciences, Bangalore, Centre for Research in chemistry, physics, biology et al ~ providing a platform for Masters and PhD students ~ was established. The researchers now form a galaxy of scientists in a diversity of fields ranging from nuclear, space, biology, neuroscience and technology. After India gained independence, the Tata family felt there was no sense in retaining the Tata name, and they changed the name of the institute to Indian Institute of Sciences.

Something alike happened to the Tata Memorial Hospital, founded in 1941 in Mumbai, dedicated to cancer treatment, where any patient was treated very well, and free of cost. In 1952, shortly after independence, the hospital was renamed 'Cancer Research Institute (CRI), excluding the name 'Tata'. Where before, the name was important to keep a distance from the colonial power, post independence there was no such need. From 1957 on, the Hospital and Research Centre is managed by the Indian Atomic Energy Commission. About 70% of the thousands of patients are treated for free today.

In the field of arts, Tata created the National Centre for the Performing Arts, which boosted the research and spreading of such knowledge. All work centers ~ group factories, steelworks et al ~ have an environment of exemplary safety at work, especially in its implications with health.

Some acquisitions made in the expansionist wave, proved to be disastrous ~ the high cost paid during the economic euphoria, and the fall in demand with the

European and USA crisis aggravated it. One example is the steel group Corus, which with more than 30,000 employees, has pegged substantial losses.

The group entered the fixed and mobile telecommunications field during the phase of liberalization in India, but the stiff competition between operators still does not permit a comfortable margin. In hospitality, the Taj is a reference brand in India ~ however, the returns must be improved.

After all he did, Ratan Tata can be proud to see a very dynamic, innovative, forward-looking conglomerate, that enjoys a good image and is committed to the creation of wealth and employment. The group employed over 460,000 workers in May 2011. Its sheer size and sense of responsibility led Ratan to appoint a committee to find a successor to himself.

The transition procedures ~ effected with high principles ~ are those of a serious institution that wants to honour its obligations towards the country, and is socially responsible. They are a role model for any conglomerate, Indian or foreign.

The committee chose Cyrus Mistry, 44, civil engineer, son of one of the shareholders and directors of Tata Sons, a director in the company himself, but not from the Tata family.

(A Portugese version of this article was first published in Publico. The author is Professor of AESE, University of Lisbon, and has written The Rise of India)



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