

Quality counts

There has been a dramatic improvement in quality consciousness in corporate India, which is reflected in the growing number of international awards won by several manufacturers, writes **Nayantaraa Lama**



ENHANCING STANDARDS: Manufacturers are improving productivity and efficiency by investing in new technologies

Manufacturing is vital for the health of any country and it helps other countries in assessing its economy. Indian manufacturing is at a critical juncture, facing tough competition from global giants who are continuously working on improving manufacturing and quality by bringing in new products and the latest technology.

Indian manufacturing has responded well by enhancing quality standards, improving productivity and efficiency. Multinational companies from all over the world are coming to India making it a production base and an export hub

for diverse goods. Indian firms are now becoming part of global production chains involving import of sub-assemblies, value addition and re-export.

The opening up of the economy in the early 1990s also saw growing realisation in Indian industry on the need to improve the quality of products and processes. This was necessary to withstand the challenges thrown by international players, who were entering the country, and also to compete with global giants in the international markets.

Leading businessmen and corporate executives like Suresh Krishna, founder chairman of TPM Club India, and V Krish-

namurthy, chairman of the National Manufacturing Competitiveness Council, and then chairman of automaker Maruti, set in motion the quality journey through ISO (International Organisation for Standardisation) certification.

Today, 18 years later, India can proudly claim to have 16 Deming award-winning companies, one Japan Quality Medal winner, and 111 TPM Excellence awards companies (conferred by the Japan Institute of Plant Maintenance) - amongst the highest tallies worldwide outside Japan (China has no Deming winners and only 11 TPM Excellence award winners).

Today, the Indian manufacturing

The Indian automotive and component industry is the most competitive globally for its ability to design and plan 'frugal' products.

sector is globally recognised as amongst the most competent for 'global contract manufacturing' with many companies (both domestic and international) making India their manufacturing hub. These include the Tata group, Mahindras, Nokia, LG, Bajaj and TVS.

"The Indian automotive and component industry is the most competitive globally for its ability to design and plan 'frugal' products," notes Carlos Ghosn, president, Renault.

To recognise and applaud efforts of Indian manufacturing companies towards achieving excellent-to-world class-manufacturing status, Frost & Sullivan instituted the 'India Manufacturing Summit' and 'India Manufacturing Excellence Awards (IMEA)' in 2004 with a mission "to recognise the Indian Manufacturing Capability and assess its Global Competitiveness."

Frost & Sullivan is involved with achievers on an ongoing basis and believes that innovation and diligence is required to actualise a successful business strategy and achieve distinction in the face of increasing global competitiveness.

The government has also taken several initiatives to improve competitiveness of Indian industry in general and manufacturing in particular. Its focus is on technology upgradation schemes for various sectors (small scale industries, textiles and food processing), industrial infrastructure upgradation programmes on cluster basis, easier access to inputs

AIMING FOR DEMINGS

The Deming Prize was established by the Union of Japanese Scientists and Engineers (JUSE) in honour of the contribution made to the quality revolution in Japanese industry by the late Dr. W. E. Deming (1900 - 1993), one of the foremost experts of quality control in the United States.

Dr Deming, who was invited to Japan by JUSE to lecture on Quality Control, taught the basics of statistical quality control in an easy to understand manner. The royalty from the sale of the transcript of his eight-day course was donated to JUSE. In appreciation of this gesture, JUSE instituted a prize in honour of Dr Deming's contribution to quality control in Japan.

The Deming Application Prize is presented to a company or stand alone division that has achieved exemplary improvement in performance through the application of TQM (Total Quality Management). Regardless of industry or company type or size, any organisation can apply for this award, the only condition being that the division or company manages its business autonomously.

Broadly, certain points are kept in mind during the evaluation process, which includes whether the applicant established challenging and customer-oriented business objectives, whether TQM was implemented properly to achieve business objectives and whether this led to outstanding results. Till 1997, not a single Indian company had received the prize. But since then, many Indian companies started showing up on the list with Sundaram Clayton's Brakes Division first claiming the honours. Till

date, India boasts of 16 Deming Award winners, which include Sona Steering, Brakes India and other companies in the Sundaram Clayton group.

The Deming award's contribution to these companies has been enormous, not just in terms of enhanced productivity, financial returns and other economic criteria but also in the sense of creating a highly self-motivated work force that believes in continuous improvement. In fact, in October 2007, Mahindra & Mahindra (M&M) USA's Farm Equipment Sector (FES) was awarded the coveted Japan Quality Medal. This is one step above the Deming prize and to be considered for this award, the Deming Prize is a prerequisite (which it won in 2003) But winning a Deming is not akin to becoming ISO-certified. It is like changing a company's corporate culture. According to JUSE, the Deming is awarded to companies or divisions, which practice quality conscious management practices, in the business and the industry they operate. The employees are totally involved in the quality improvement process which in turn leads to customer satisfaction.

In fact companies do take short-cuts. They undertake only those activities that are relevant and unique for the business. "Indian companies are aware that it's the highest recognition for quality and slackening impacts the bottom-line immediately and later the top-line," says Venu Srinivasan, managing director, Sundaram Clayton (and also chairman and managing director of sister company, TVS Motor - another Deming recipient).

By Annamma Oommen

at competitive prices and rationalisation and reduction in duty rates.

The Bureau of Indian Standards (BIS), the national standards body of India, works in close co-operation with all concerned and adopts appropriate management systems.

Indian industry has been witnessing a rise in productivity and adherence to international quality norms along with increase in investments, exports and production

levels. For example, an Economic Times survey of 200 companies (arranged in terms of value of output) finds that the incremental capital output ratio (ICOR), that measures the output generating capacity of incremental capital, has improved from 0.62 in 2005-06 to 0.59 in 2006-07.

Interestingly, India is all set to challenge China's position as the world's backyard for manufacturing over the next



THE NEXT WAVE: The future of Indian industry lies in innovation

three to five years, says a report of global consulting, technology and outsourcing services major Capgemini. It predicts that many international companies are planning to offshore manufacturing activities primarily to India; this will surpass its IT and BPO activities.

Consequently, India is expected to become the number one outsourced manufacturing destination due to its competitive cost advantages over China. Some of the main manufacturing locations in China are becoming too expensive relative to other countries in the region, which includes India.

"Every major company has India on its radar screen," says Saikat Chaudhuri, Wharton Professor of Management. "It's just a matter of timing." Clearly, India's competitiveness lies in relatively high-end manufacturing.

However, there is also a growing realisation that quality is taken as "given" across the world and very easy for competition to catch up with. Moreover, companies also need to realise that the era of licensing technology is petering out as the latest technologies become inaccessible. These environmental factors are making innovation a critical necessity for survival. Innovation has to be looked at as the next wave for Indian industry to adopt.

With this backdrop, the Confedera-

tion of Indian Industry (CII) launched the Mission for Innovation in Manufacturing in May 2006. This mission initiated the CII-BCG Survey to ascertain India Inc's innovation readiness.

The results of this survey, which were announced at the first CII Global Innovation Summit, are encouraging, with 91 per cent of Indian companies assigning top priority to innovation.

What the CII-BCG Survey has also revealed is the fact that though almost 60 per cent of the respondents are dissatisfied with their return on investment in innovation, paradoxically almost 74 per cent are still keen to increase their investment in innovation.

Innovation, according to quality guru Shoji Shiba, does not mean only developing new products/services/ processes. Innovation always begins with the breakthrough idea, which must come from the top management or be fully supported by the top.

There are essentially two types of innovation – organisation-driven and market-driven. For instance, Amit Chugh's entrepreneurial innovation that has led him to create a leading-edge technology in lighting and non-conventional energy sources, which will power villages in India. This is a market-driven innovation.

On the other hand, when Thermax

TPM CLUB INDIA

The CII TPM Club India has been accredited as the Assessment Agency for TPM awards. It is one of the five agencies accredited in the first batch outside Japan. Out of five agencies, the Japan Institute of Plant Management (JIPM) considers CII as the only agency, which has capability to carry assessment by itself.

Since the last four years, India is the only country which has won highest number of TPM Awards outside Japan year on year. India stands second in the world so far on the number of awards given on TPM since 1971. In 2006, the number of TPM awards won by Indian companies crossed the 100 mark and reached 111, which is cumulative from 1995 till 2006. This is again the highest number of awards won by any country other than Japan. Dr V Krishnamurthy, chairman, National Manufacturing Competitiveness Council (NMCC), has been given the Special Nakajima Prize for lifetime contribution by JIPMS. The award is named after the founder and a person, who is called the Father of TPM. Suresh Krishna, founder chairman of TPM Club India, and past president CII; Dr Surinder Kapur, past chairman of TPM Club India and presently Chairman, CII Mission for innovation in Manufacturing, and V Narasimhan, present chairman have been felicitated with 'Life Time Achievement Award' - Nakajima Prize, for their contribution towards growth of TPM in India by JIPMS. So far, 172 TPM facilitators have been developed in India.

developed packaged boilers, it was a market-driven innovation. The company was unable to export them to customers due to inadequate infrastructure in India. Thermax then innovated and created an assembly facility at the port for export, with the result that it was able to start exporting in 1994, and since 2002, it has earned \$72 million.

It seems that India's manufacturing sector is taking to quality seriously. And it should if it wants to emerge as a global leader in the years ahead. 🇮🇳