

# Santro

## The Car that Built a Company

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“There is no business as the car business”

This is not merely a quote on the back cover of the book, it's a feeling that any reader will experience when he reads this book. BVR Subbu takes the reader through the journey of bringing 'the sunshine car' into the already cluttered and competitive automobile market. This book provides certain strategies that are essential when a company thinks of venturing into foreign lands. Subbu has a Master's degree in Economics from Jawaharlal Nehru University. His entry in the automobile industry was purely by chance. His experience in Tata Motors Limited gave him a holistic understanding of the automotive industry and his learnings became useful when he was called on board as Director, Sales and Marketing by Hyundai Motors India (HMI).

This book is a recommended read for anyone who wishes to understand what it takes to make a car. Making a car is not just assembling nuts, bolts and sheets of steel together, there is a lot more to it. This book provides all the conditions that decide the fate of

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an entrant in the automotive industry. The process of conversion of an idea into reality is captured beautifully across the book.

The book has eight chapters. The opening chapter of the book reinforces the importance of understanding the micro and macro environment in which the company is operating. The author has created a landscape of the automobile industry in India. He has time-lined the activities that led to the development of the market. Subbu has identified the different factors that are responsible for competition in the market. He has mentioned the initiatives taken by the Indian government and corporates to develop the automobile market. This chapter also highlights the dilemma of the Government of India, with regard to development of this industry. On one hand, there was a constant need of policies that would facilitate the development of the industry and on the other hand there was a desire to protect its home grown brand.

The changes in the regulatory policies opened up the Indian markets for foreign entrants, but the competition from home grown companies like Maruti Udyog Limited (MUL) was immense. MUL which was the baby of the Indian government was receiving constant support from the government. Many players like Tata Motors Limited, HAL, etc. were trying to compete with this carmaker, but their efforts were rarely backed with the kind of support that MUL had. This helped MUL to attain monopoly in the Indian market but little did it know that it would have to face fierce competition from a Korean company.

In the next six chapters, the author provides the step by step movement of Hyundai from being just a Korean car manufacturing company to becoming a market leader in the passenger car segment in India. Subbu has subtly touched upon important strategies and management theories through his writing. In Chapters 2 and 3, he discusses the preparatory actions needed before the product reaches the market for consumption. He strongly recommends conducting a thorough analysis of the competition.

A businessman needs to have knowledge of the competitors' strengths and weaknesses. He also suggests that one should be similar to the best in the market and yet be different by learning from the shortcomings of the market leader. Subbu believed in maintaining cost competitiveness, while making the quality of the product was the major objective of HMI. He provides the details of all the operations of the company to fulfil this objective.

The customers' voice' is something that cannot be ignored. The moment a company starts to ignore the customer, there will be someone from the competition who will seize this opportunity to garner a larger share of the market. MUL had monopoly of the market but it

chose to ignore the voice of the customer. HMI explored different means to identify the problems of the customers, like taking feedback from the dealers or from the customers themselves. The designing of the product for the Indian market was done in consultation with the Indian consumer's feedback.

Throughout the book, Subbu has emphasized the importance of the customers in making a company successful and he suggests that companies should spend resources on developing a connection with the customer. It is important for an international company to be accepted by the customers as their own. There is a need to develop a feeling of mutual trust between the company and the customers. This can be done by associating with a cause in which the customers believe, but using this association for publicity can be disastrous.

Subbu's strategies were heavily influenced by his experience at Tata Motors Limited and Mao's dictum in "On Protracted War". He has quoted lines from Mao's dictum time and again. The author talks about how strategically aligning all the activities of the company can help to achieve its business objective. In the fourth chapter, he discusses the distribution system of HMI. He borrows from Mao's principle of attacking the enemy at isolated fronts first, and strategizes to start the distributorship from the least defended cities first.

He also speaks about being a strong headed leader so that the superiors are convinced of your ideas. He established strategically located, logistically well-developed dealership with full support of the Chairman. Subbu had observed that the dealers were not given due importance in the rival companies. He employed a different approach and focussed on development of a relationship of growth, trust and fairness between the company and its dealers.

As an industry grows, the markets develop, and the customers become knowledgeable; subsequently there would be new regulations to meet the need of the changing market. In the fifth chapter, the author provides the changes in the automobile industry in India and how these changes worked in favour of HMI. With the introduction of the EURO 2 norms in early 2000, all the players in the industry had to suffer a loss except HMI. The company's focus on maintaining a global standard of quality for all its products worked in its favour. "Focus" and "the urge to be a leader" were the driving forces for the company. All the changes in the products were made in consultation with the customers. HMI was both attacking and defending its market position at the same time.

Communication about the brand is an integral part of the process of building a brand. In Chapter 6, the author talks about what it takes to build a brand from scratch. Brand building

exercise for an unknown brand in any new market is a humungous task. Getting an appropriate advertising agency and brand ambassador is difficult and tricky. A new company would need a communication partner who believes in the company so that the message generated for the target audience is convincing.

HMI brought Saatchi & Saatchi as the advertising agency and Shahrukh Khan as the brand ambassador of Hyundai India, and this worked for the company. This happened because the advertising agency and the brand ambassador of the company had professional commitment and believed in the company's dream. The advertising campaign was successful as it aimed at earning trust of the customers. The author emphasizes that communication can also work as a strategy to attack the competition. He says that the use of comparative advertising isn't wrong because it makes the customer aware of the offering of different players in the market.

In the seventh chapter, Subbu explains the crucial role of the customers in pricing a product. He explains that the customers' willingness to pay is linked to the perceived value of the product in the minds of the customers. Any company that is able to convince the customer of the high perceived value associated with the company will be able to avoid the red ink in its balance sheet. He also suggests that pushing the product to the customers through price cuts is something that a company should avoid. This is a fatal strategy, since it can mentally block the customer to accept future price rises. He then gives the example of HMI's financial success. The operations at HMI were designed with the support of its pricing strategy. Every increase in price was backed by technological upgradation, which in turn was linked to the perceived value of the product and a greater willingness to pay.

In the closing chapter of the book, the author discusses the changes in the leadership, its effect on the working of the company and his decision to step down as the President of the company after spending 10 years with the company. Subbu has been critical in his writing, he has appreciated what was done right by the company and bluntly mentioned the short comings of the company. The "cultural difference" between Indian and Korean employees had started to show its impact on the functioning of the company. Most of the multinational companies had failed to mark their presence in the Indian market due to their arrogance. Cultural differences along with the lack communication between the management and workforce can lead to disturbance in the strongest of companies. HMI also faced organisational issues but the company's older self was restored in 2009 when Mr. Han Woo Pak took over the company.

The author suggests multinationals think twice before placing the leadership in the hands of someone of their own nationality. This leads to a lasting negative impact on the organization and also demotivates the middle or senior level employees with the professional ability to carry forward the culture built on competence and integrity. Subbu strongly believes that companies which look at India as a market to write off losses of the parent company, should not enter the Indian market. In order to survive in the Indian market a company needs to be committed and adopt ethical conduct.

This book can be a handbook of dos' and don'ts for companies venturing into the international market. Subbu has kept the book free of technical jargons, which makes it easy to read and comprehend. He has also presented the warlike situation faced by the automobile industry by quoting Mao's preachings in each of the chapters and has used words related to warfare as titles of the chapters. This unique writing style along with the blatant revelation about business strategies adds to the interest quotient of the book, making it a must read.