

Case Study

Enterprise-wide BPR for a leading Indian auto manufacturer

Business Challenge

The client, a leading Indian automobile manufacturer of multi-utility vehicles and light commercial vehicles (LCVs), had plants in four locations, an extensive supplier base and a distribution and service network across India. For decades, the client dominated its market. Of late, however, it has battled substantial competition in several product categories.

The client was concerned that its dominance would wane due to globalization, entry of foreign companies, import of pre-used vehicles under World Trade Organization (WTO) mandates, and more stringent emission, noise and safety norms. The client engaged Mahindra Satyam to analyze emerging scenarios and create a five-year plan.

Mahindra Satyam's Solution

Mahindra Satyam outlined three broad phases the client would undergo during a Business Process Reengineering (BPR) program. They were:

- Long-term Business Strategy: Mahindra Satyam helped the company identify suitable business opportunities and craft strategies to capitalize on them, enabling it to achieve its business objectives, despite mounting competition.
- Process-Centric Enterprise (PCE) Phase I – Preparation: Mahindra Satyam created a plan for the client to migrate into a Process-Centric Organization.
- Process-Centric Enterprise (PCE) Phase II – Transformation: Mahindra Satyam helped the client become a PCE by redesigning key business processes.

As part of the long-term business strategy, Mahindra Satyam recommended to the client to establish new lines of business to mitigate risk. It also suggested that the client leverage its current capabilities in new markets.

Mahindra Satyam then assessed the client's business functions and reconceived them as key business processes. Senior managers were made responsible for the end-to-end performance of these business processes. Later, fixed process goals, derived from the corporate vision, were established. As part of this undertaking, Mahindra Satyam folded competitiveness improvement initiatives into the business process framework, classifying them with the appropriate business process, and asking respective senior managers to own them. Mahindra Satyam also suggested that management change its strategy slightly to sensitize employees to the need for change, as well as its business impact.



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Mahindra Satyam's role also involved conducting a gap analysis and documenting the company's strengths and weaknesses for each of the business processes. This enabled the team to identify the root causes for performance gaps, and gave it a better understanding of how to redesign the client's process, structure, and performance monitoring frameworks. It also helped Mahindra Satyam identify the company's core processes, which became the centerpieces of its operational excellence program.

The core processes were identified as:

- **Business Planning:** Responsible for creating business strategies, setting policy and outlining guidelines for operations and monitoring performance.
- **Product Management:** Responsible for conceptualizing, designing, and developing new and upgraded vehicles, as well as setting up manufacturing facilities for their production.
- **Order Management:** Responsible for converting orders for vehicles and spares into finished products. Also oversees purchasing, manufacturing, assembling and dispatching of finished goods.
- **Customer Management:** Responsible for generating demand for vehicles and spares, resolving customer complaints and maintaining relationships with customers, and monitoring dealers and other intermediaries.
- **Vendor Management:** Responsible for identifying and selecting vendors, monitoring their performance and helping them upgrade as necessary.

Identifying these core processes allowed Mahindra Satyam to focus its BPR during this company-wide transformation and gave the client a significant advantage over its competition.

Benefits

The BPR program produced dramatic benefits that affected every area of the company. In the Product Management process, the manufacturer reduced new product development time by 50 percent, from 72 months to 36, while eliminating launch delays by instituting upfront planning mechanisms. In Order Management, schedule adherence for vehicle dispatch improved from 70 percent to 95 percent. And, in the Spare Parts Department, order-to-delivery cycle times were trimmed by more than 50 percent.

Customer Management Processes were enhanced, too. Sales forecasting improved from 30 percent to 70 percent and a customer complaint redresses were reduced by 50 percent. Finally, in Vendor Management, the client reduced materials costs by six percent and vendor development time by 30 percent.

About Business Value Enhancement (BVE)

Business Value Enhancement (BVE), the Business Process and Technology Consulting group in Mahindra Satyam, has been constituted with the core mission of engaging with clients on business issues such as competitiveness of business operations and strategic leverage of information technology. BVE teams help clients make smart investments in business process and IT assets – in line with the strategic objectives of the enterprise, and manage investments in these assets for optimal business value. BVE strives to make Mahindra Satyam the preferred transformation consulting partner, globally.

Business Value Enhancement was established in response to requests from some of its major customers to help improve their service capabilities. From humble beginnings, the group has grown to become one of the world's largest process consulting practices of its type, coming from an IT services company.