

ACMA HR Conclave

14th July 2017, 930 am
Maple room, 1st floor,
Hotel the Leela Ambience, Gurgaon

Mr. Kenichi Ayukawa
MD & CEO, Maruti Suzuki India Limited

Mr Ratan Kapur, President, ACMA,

Mr N K Minda, Vice President

Distinguished Members of the component industry

Ladies and gentlemen,

Let me begin by congratulating ACMA for the subject of today's conclave: "HR in the Era of Globalisation and Automation".

In operating a business there are three key factors that make it successful. **One is people. One is Goods. And One is Money.**

Out of these three factors I believe **People** is most important factor for any business to be successful.

Because, Business is operated by People. . .

Ladies and Gentlemen,

India's automobile industry is poised for major growth and transformation over the next decade.

As per the most optimistic situation projected in the Automotive Mission Plan, India's passenger vehicle industry may grow to almost four times by 2026, at over 13 million units.

The projections for other segments are equally positive, and the overall industry turnover may be 3.5 to 4 times of current levels in the next decade.

From being the fifth largest automobile market in the world today, as per Automobile Mission Plan India will be in the top three by 2026.

This growth will be accompanied by many challenges, caused mainly by an evolving customer, a concerned citizen and a proactive policymaker. . . .

We are already witnessing how regulations in vehicle safety and emissions are being fast tracked.

The advancement of BS VI regulations, and the introduction of CAFÉ norms, show that industry's growth will have to move hand in hand with larger social concerns.

At another level, technologies like hybrid and electric are finding a new acceptance among discerning customers and policy makers.

The prospects of autonomous driving and more sophisticated auto electronics make for an exciting future, but also one that calls for disruptive change and fresh alignments.

As manufacturers in India, we have to recognise that the gap with the rest of the world is narrowing at a rapid pace, further challenging our approach and working styles.

The auto component industry is one of the most successful stories of Indian manufacturing.

You are now at a turnover of nearly forty billion dollars (\$ 40 billion).

With exports, including to mature markets like the US and Europe amounting to nearly one fourth of total output, the auto components industry is certainly the crown jewel of "Make in India".

The Suzuki Group and Maruti Suzuki recognize the tremendous contribution of the suppliers, which has allowed us to offer a wide range of good quality products in India, that customers have mostly appreciated. . . .

Ladies and gentlemen,

Let me now come to some specific challenges with respect to the HR function for the component industry.

I believe that the growth and transformation I have discussed above will essentially be about people.

They will be drivers of this change, and its recipients.

While products, technologies and systems may be important enablers of change in our industry, it will all come down to our ability to train, motivate and retain people.

Many of you may have heard me before on the importance of Quality, and how we must pursue “zero defect” in India.

Here again, I am convinced that it is about people.

I urge the leaders of the component industry to professionalise their HR functions more and more. We must see the role of HR as strategic rather than peripheral, and treat them as an investment as opposed to a cost.

At Maruti Suzuki, we have been working closely with many of you through risk assessments in the area of HR.

Based on that and other experiences, I want to raise a few questions across the spectrum.

We have to ask:

- Whether we have the capability to manage multi-cultural and multi-regional work places.
- Whether we have sound practices and processes on recruitment and retention.
- Whether our infrastructure and resources for training and re training match up to what is required to meet our global aspirations on quality.
- Whether there exist the focus and the tools for people motivation, family connect, reward and recognition - so that our people give their best every single day.
- Do we have proper systems to listen to employee grievances and redress them?

The transformation that we see ahead will also require us to develop local R & D centres in India.

The contribution of professional workforce will be more and more critical in a globalized market place.

- Do we have the framework to compete with other industries, and attract and nurture talent for these high value roles?

Ladies and Gentlemen,

I believe this is the time for much greater collaboration to create skilled and high quality people.

It has to be a 360 degree partnership, where auto makers, component industry, government and educational institutions come together for people development and growth.

Let me share about our MSTA initiative for training Manpower at Maruti Suzuki.

This Maruti Suzuki Training Academy inside our Gurgaon plant is the learning ground for the new joinees, before they go on the shop floor. It is also a re-training facility for people with experience.

In past few years we have even extended this training facility to our vendor partners.

I have some pictures of the training in progress at MSTA. (5-6 photographs will show on the big screen).

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Let me also tell you about MACE.

Our experience with Maruti Centre for Excellence (MACE), where we have collaborated with some of our suppliers over the last decade, has been a very positive one.

Early this year, MACE has set up a state-of-the-art Capability Development Centre at Manesar. This CDC provides technical training for our vendor partners and also employees of tier 2 suppliers.

After I close my speech we will see a short film on the 13-year journey of MACE. It shows how the state of the art Capability Development Centre with world class training infrastructure has evolved. . . .

I am happy to share that we are able to work on skill development through our CSR efforts as well.

We recognize that there is a major skill gap between Industrial Training Institutes (ITI) and industry requirements.

Working in partnership with over 140 government institutes, our effort is to impart soft skills, provide trainers and the latest equipment to bridge this gap.

In a couple of months from now, we will start the first Japan India Institute for Manufacturing in Mehsana, Gujarat. Here ITI students will receive training in HIDA courses in soft skills and Japanese practices.

As we go forward, industry will have to deepen its commitment to training and people development.

Ladies and gentlemen,

Let me close by saying that the components industry, always the backbone of the auto industry worldwide, will be the key player as the industry enters a phase of mega transformation.

People will be more critical than we have ever recognized and appreciated.

Transformation brings opportunities, but it is naturally accompanied by some pain.

To manage this, it is time we expand and enrich our commitment to people and society.

I thank you for this opportunity and wish you the best.