

Ratan tata: leading  
the tata group into the  
21st century due



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In this essay I will discuss Tata's Motor's Company and Ratan Tata's leadership approach on leading the Tata group in the 21st century. Ratan Tata faced benefits as well as challenges to streamlining the business and dealing with the companies he had acquired for more than 50 years. There were more trials during his management span however; he was a leader that served as inspiration and a role model whom people admired as a courageous risk taker. In the following paragraphs I will state the answers to the three case questions in an analysis format.

The first paragraph I will describe Tata's role as a leader in managing change, in the second paragraph I will explain the advantages and disadvantages of Ratan Tata streamlining of the businesses and the final paragraph the benefits and risks of his growth through acquisition strategy in the global market. First and foremost, there are many qualities portrayed in the case that show how this leader Ratan Tata transformed the Tata Group from a risk-averse, slow-moving giant into a more dynamic and aggressive conglomerate.

Ratan Tata did most of the work to accomplish his primary goals in the business all by himself. How did he manage to do this? Simple. He is a leader with conviction and clarity. A business leader with vision that held these values essential to a company: social concerns, social consciousness, integrity, fairness, and ethics. His role in managing change began with a warm nature and initiative. He began to exit some businesses, inject some fresh talent, and change the culture this would in turn effect a transformation. Ratan Tata had an outstanding education background. He graduated from Harvard Business School.

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As the chairman his ideal responsible was to oversee the upcoming change factors. Ratan Tata enforced a mandatory retirement age policy and also brought in fresh talent to replace the senior executives in the Group companies. To bring in greater integration among the Group companies, Ratan Tata created the Group Executive Office, and also the Tata Business Model was implemented. It was mandated to help Tata companies achieve their business objectives through specific processes. Acknowledging his effort, he was able to transform the Tata Groups into much leaner and nimbler companies.

All these measures helped the company record productivity gains. Ratan's goal was to shift the company's focus from manufacturing to marketing. In addition, he instituted performance goals and a group-wide standard of conduct for the Groups' executive. He had a great tactic instead of telling the executives what to do he asked them what they liked to do and how they would advance that goal. He had a very empowering form of leadership. Ratan prodded his managers to be bold and more aggressive in their planning and his involvement in cross-border deals was significant.

An essential role he had was to target the emerging mass market in India through product development and innovation. He believed that it was important to create technologically superior products. The other was the international route, where the Group planned to expand the markets for its existing products. Products and technology have to be the leading edge. He was a risk taker with a huge vision. His chief role as a philanthropist was to keep people out of the clutches of money lending, saving programs in

villages, education, and hygiene awareness. Ratan always maintained that innovation in business was a priority.

Moreover, the Tata Group had a presence in a wide range of businesses in its early days. In this portion I will describe the advantages and disadvantages that the Group gained through the streamlining of businesses. Ratan Tata faced several challenges. The Tata Group was involved in many businesses - steel, tea, old mills, cosmetics, chemicals, power and automobiles among them. Only a few of these companies contributed meaningfully to the Group's revenues and profits. So in order to bring greater focus, Ratan Tata started offloading businesses that he felt did not fit in with his vision for the Group.

He believed that if they were not among the top three in the industry, they should look seriously at what it would take to become to one of the top three players or think about exiting the industry. One of the advantages was that some of the Group companies were renamed. His attempt to begin the Tata Motors for the Indica project was a disadvantage for Ratan. The Indian automotive industry was concerned about a car that would work not one that didn't work. The Nano car project also required that Tata Motors to come up with innovative solutions to bring down costs so that the car to be priced at Rs. 00, 000 a very low price.

But then the advantage that resulted from the Nano car being remodeled was that it was acclaimed to be innovative on multiple levels because it provided money for value. Then in 2008 the Nano project faced a setback that continued on to 2009. Critics of Ratan were waiting to see if they would

be successful. To add, I believe that the Group is no longer present in too many companies because of the many challenges they faced internationally and globally with the many businesses.

To finalize, there were a number of benefits and risks that resulted were associated with Ratan Tata's growth-through-acquisition strategy, especially globally. The most compelling reason for going global was risk mitigation. The major risk was that Tata had to focus on competitiveness, and in his opinion you have to learn how to survive in the industry. In the year 2000 he began the acquisition of foreign companies. The benefit of that was that in 2001, Tata acquired a controlling stake in VSNL, a government company and they purchased Tyco International's undersea telecom cables.

This made it the world's biggest carrier of international phone calls. In the same year, the Tata Group made history when Tata Motors acquired Daewoo's commercial vehicles operations, making it the first Indian company to have acquired a major foreign automobile company. The Group also acquired businesses and made investments in several third world countries. They looked at countries where they can play a role in development. In 2007 Tata achieved a landmark for the Group when Tata Steel acquired the Anglo-Dutch steel company, Corus. In 2008, Tata Motors acquired Jaguar-Land Rover for US\$2.3 billion.

Ratan Tata also had plans to develop a Nano variant for the European and U.S markets that was set to be launched by 2011. In conclusion, Ratan Tata was a risk taker. He was an instrument in changing the Tata Group's attitude toward risk. One of Tata's greatest gamble was the Indica project. This

project was viewed as skeptical but after a rough start, Tata Motors went on to become India's second largest carmaker by sales. Ratan's bid to acquire Corus was seen by many as risky. Although the Corus deal went through successfully the net benefits that Tata Steel would derive from the company would only be known with time.

Ratan Tata did his best to ensure that companies would not indulge in malpractices. He has set an example with his transparency and integrity. He is an inspiration for young entrepreneurs. Finally, Ratan Tata's perspective on going global was not to increase the turnover; it was also to creatively engage in the development of the countries in which the Group entered. He was an environmentalist and under his leadership the Group took up on a number of projects that had a direct influence on the societal environment in which they existed.