

CEAT's TQM Journey

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Presenter: Anant Goenka

No. of Slides: 32

Time: 45 minutes



Making Mobility Safer & Smarter. Everyday.

CEAT

Introduction

One of India's leading tyre companies with over **60 yrs** of presence

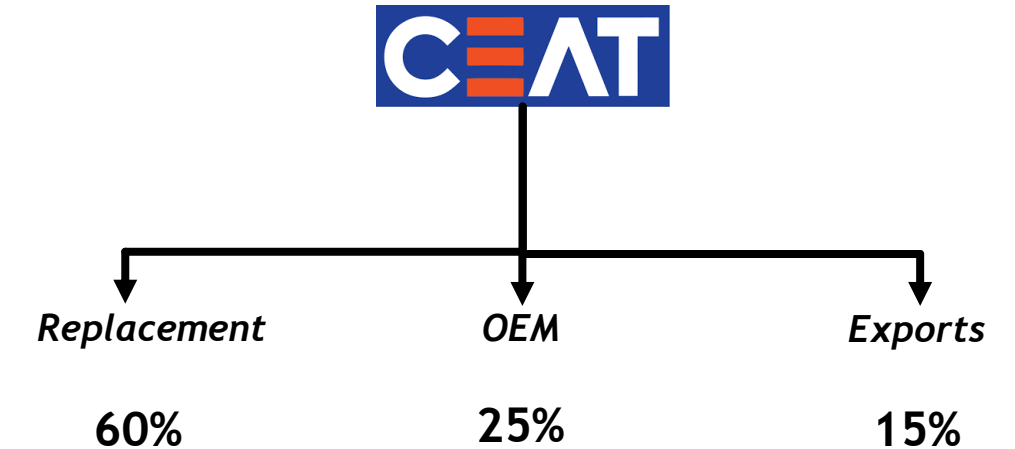
Network: **3400+** dealers, **300+** exclusive CEAT franchisees

7 Manufacturing facilities:

Mumbai, Nasik, Halol, Nagpur, Ambernath, Chennai & Sri Lanka

100+ countries with strong brand recall

Ranked among **Top 35** Indian companies to work by GPTW institute



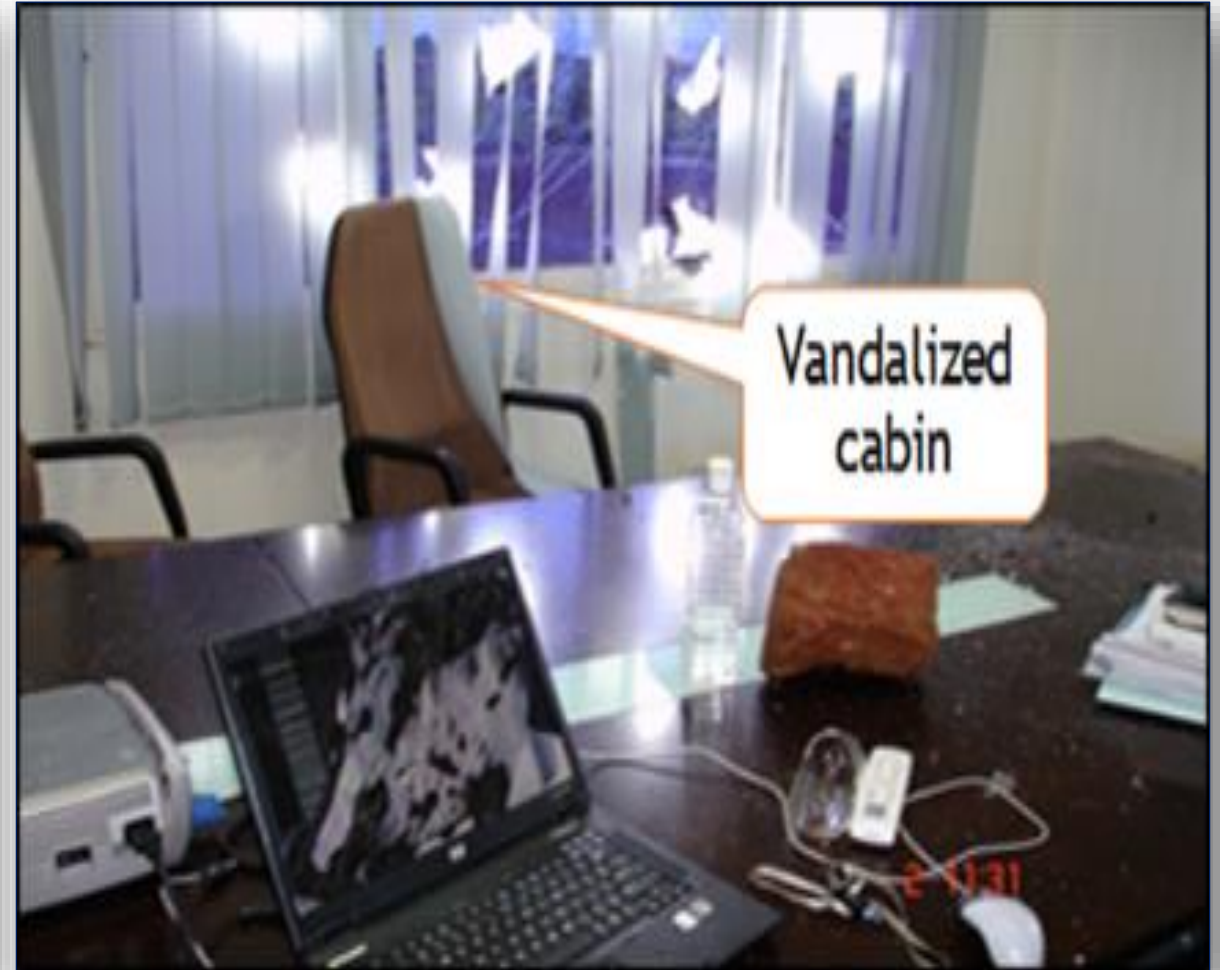
Situation before FY11



Old Plants



Old plants with low reliability



Adverse IR relationship

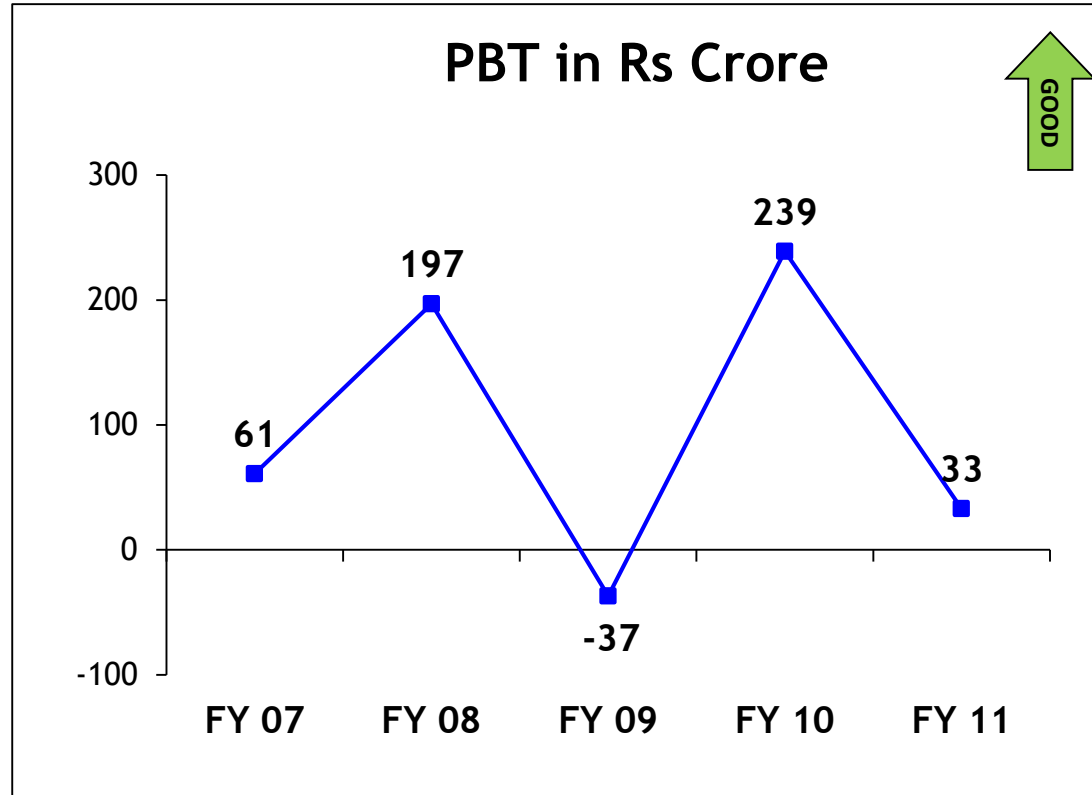
High Cost Focus

- Long production cycle
- Full Truck Load dispatches
- Tonnage and Conversion Cost
- Irregular maintenance
- Frequent Breakdowns

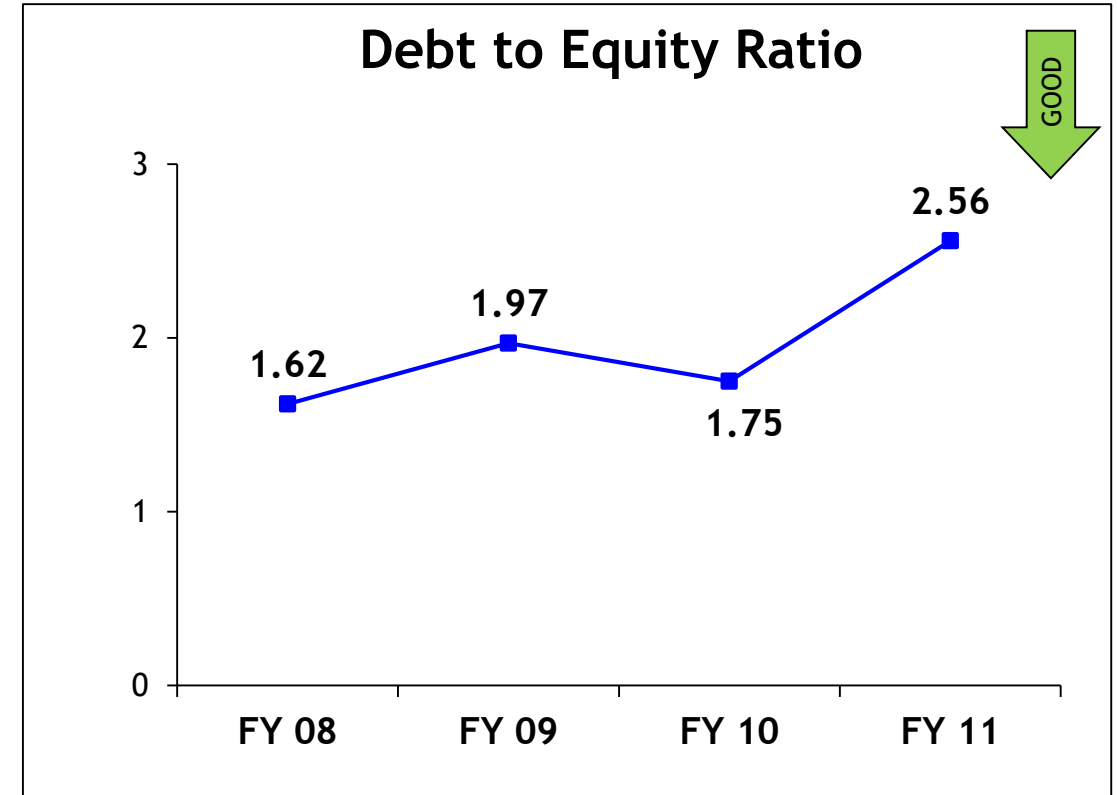


- Low customer satisfaction
- 30% Stock outs

Leading to Poor Financial Condition

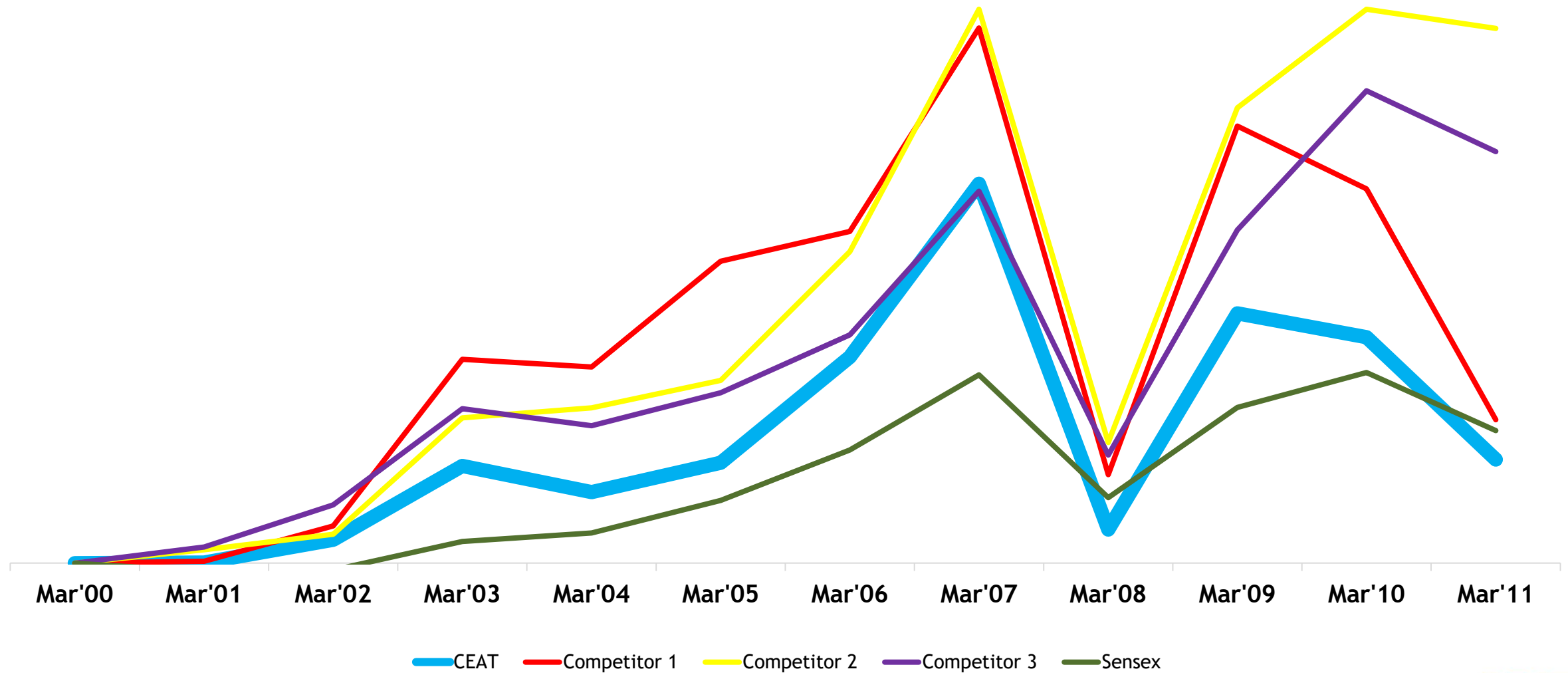


Volatile Profits



High Debt to Equity Ratio

Lowest growth in Market Cap



Our TQM Journey



Why TQM?

- We were in a near crisis situation
- There was no CEAT's way: "flavour of the month" initiative
- Fire Fighting culture
- Silo based working
- Short term unsustainable
- No clear story - low excitement

Why TQM?

Indian automobile and component businesses were following TQM model

Could this be adopted by
CEAT?

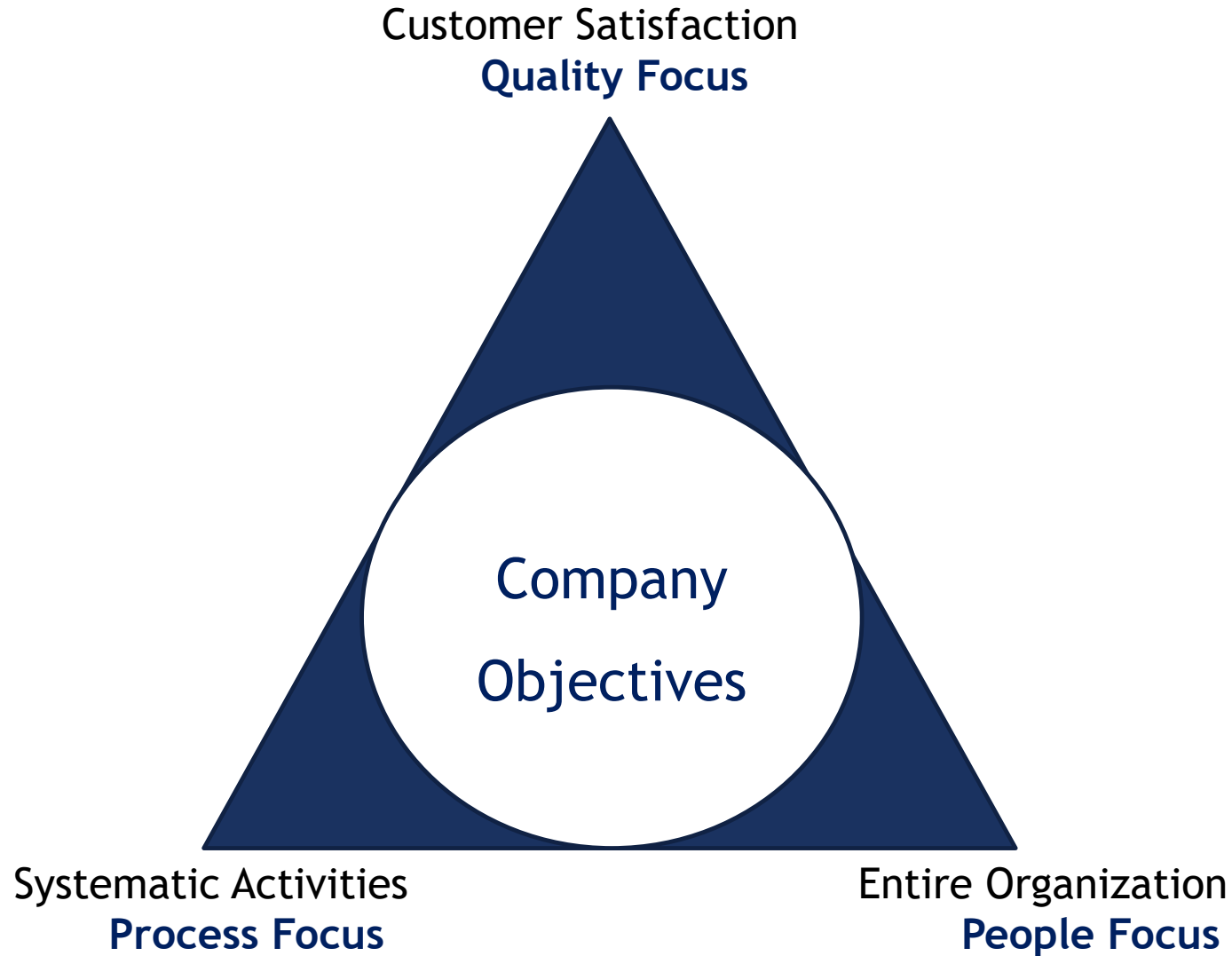
In 2006-07, 4 members of CEAT top management:

- a) Attended JUSE's TQM seminar
- b) Also made visits to Deming prize winning companies

In 2008, TQM awareness workshop was conducted by Indian TQM expert.

We decided to take a leap of faith and adopted TQM

CEATs definition of TQM



- TQM in CEAT is called QBM
(Quality Based Management)
- QBM has adopted principles from
 - Total Quality Management (TQM)
 - Toyota Production System (TPS)
 - Total Productive Maintenance (TPM)

QBM Initiatives

- QBM Piloted in Old Plants
 - Muri Elimination
 - Improving Trust levels with Workmen
- Initiated Cross-Functional Management
 - Delivery Control
 - Quality Assurance

QBM Early Success provided confidence for Company wide roll-out

- ~1000 Muri eliminated in plants
- Accidents in plants reduced by 20%
- Delivery metric improved from 59% to 72%
- Workmen trust level with management went up



Workmen Training - Overcoming boundaries



Recognition to Worker with his family

Doubts in our mind

- Argumentative Indian
- All lights green
- Is this “flavor of the month”?
- Too long term
- Different levels of belief, capability and alignment across functions

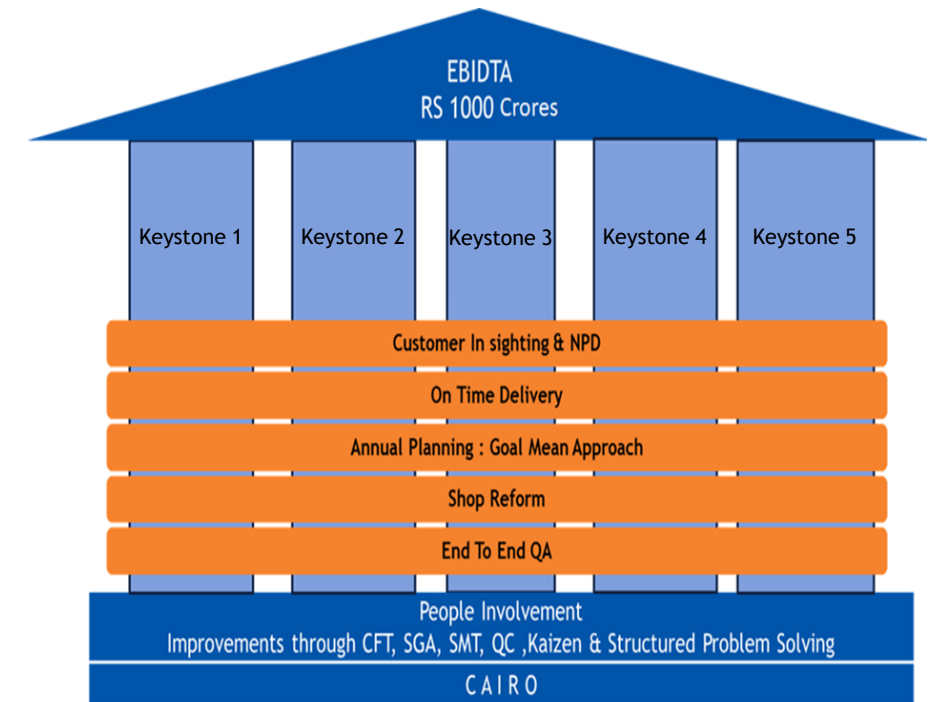
But we did 4 things...

1. Top management belief- went “All- in”
2. Sensei to guide us
3. Set up Academies to learn and train
4. Bottom up buy in through small successes

QBM Initiatives

- Deployed company Vision and Strategy through Policy Management
- Initiated Customer Centric practices in all functions
- Strengthened adoption of PDCA and SDCA cycles through Daily Management
- Encouraged Total Employee Involvement in improvement activities

Vision 2012-2016



Improvement in infrastructure of old plants

Challenges

- Frequent work stoppages
- High level of Muri, accidents and absenteeism
- Poor Infrastructure
- Low worker involvement and lack of trust

Initiatives

- Muri reduction & elimination of unsafe condition program
- Improving basic infrastructure of the plant
- Proactive collection of employee voices / irritants and resolving them

Infrastructure development



Before



After

Transformation in Neighbourhood Relationship

Challenges

- High dissatisfaction in neighbourhood due to air and noise pollution
- Old plant buildings unwelcoming



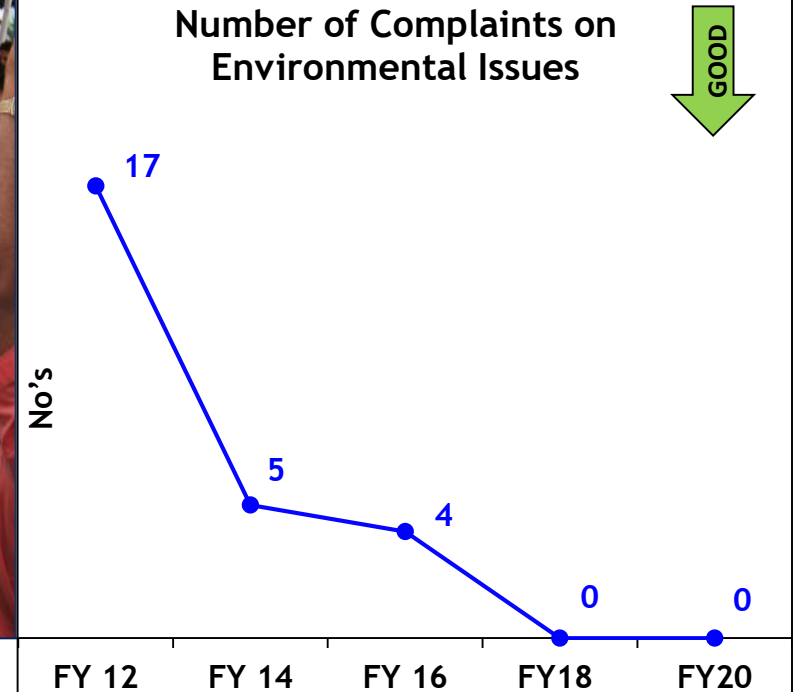
Initiatives

- Dedicated welfare center
- Replaced fossil fuels with green fuels
- Improved plant appearance and infrastructure
- Community participation in plant celebrations



Festival Celebration with Neighbourhood

Number of Complaints on Environmental Issues

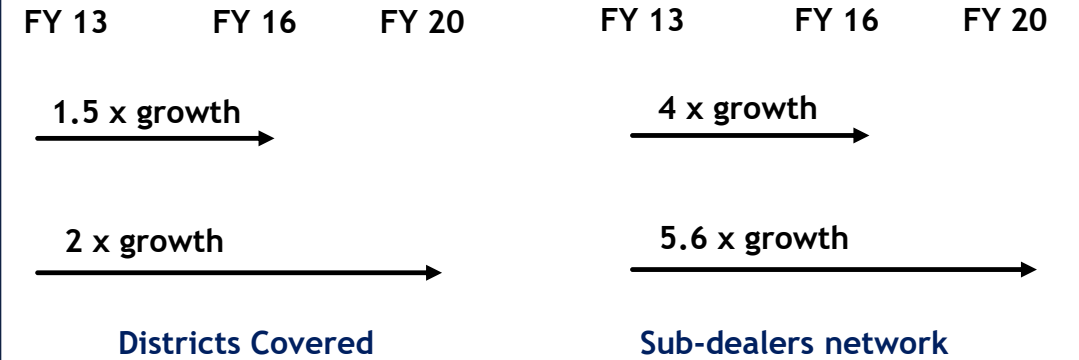


Turnaround in Motorcycle strategy

1. Customer Insight driven NPDs



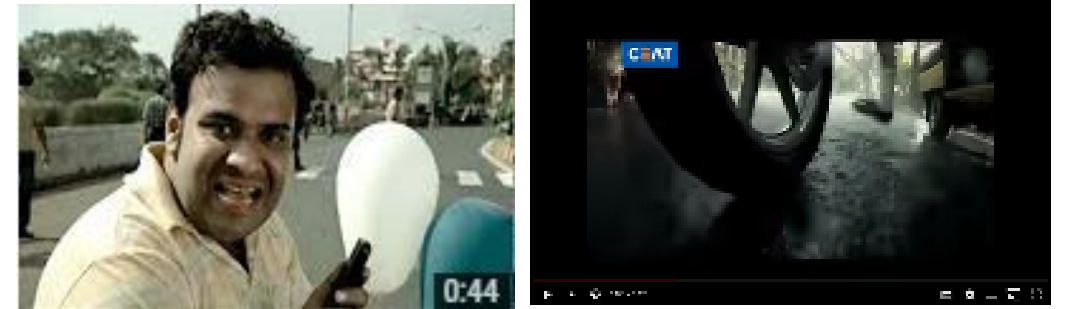
3. Better Sales Channel Distribution



2. Entry into Strategic OEMs



4. Safety led Communication



Improved Cross Functional Management

Challenges

- Working in functional silos
- Time taken to resolve cross- functional issues was high
- Inadequate clarity of role and responsibility of functions in key business processes

Initiatives

Created Cross Functional Councils Responsible for Systems and Policies

Area	Need
Quality Assurance (QA)	Assure customer quality by developing end to end QA
Delivery Control	Multi-layer 'Pull system' to deliver products on time to the customer from suppliers to channel partners
Product Development	Develop and deliver products at targeted QCD

Cross-functional management has become a way of working at CEAT

Need for Development of Purpose

- Need a bigger aim than just the financials
- Gives us core reason to exist
- Motivates everyone towards the single goal at an organization level



Safer

- 2 deaths per minute in India due to road accidents
- 'Safety' identified as core consumer need

Smarter

- Reduce cost and time of travel and improve convenience through innovation in products and services

Everyday

- Continuous Improvement in our way of working

Living our Purpose



Safer



Launch of
Puncture Safe
tyres



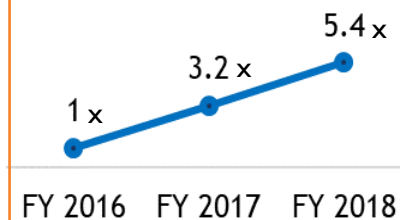
British Safety Council
Sword of Honour for
Halol and Nagpur
plants



'Netranjali' to prevent
avoidable blindness

Smarter

CEAT- Patent Portfolio



Patents for new
technologies



Traditional to
Smart
Manufacturing



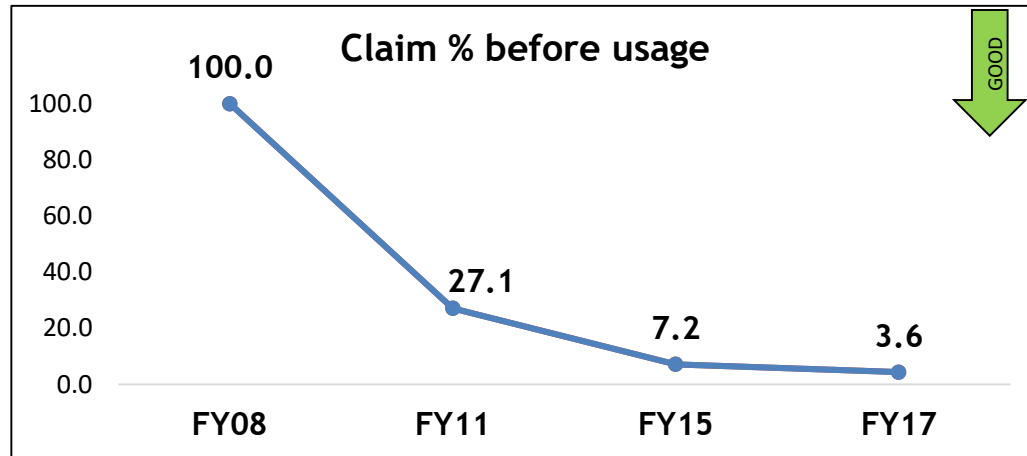
Crowdsourcing
innovation ideas
from all
employees

Overall Effects



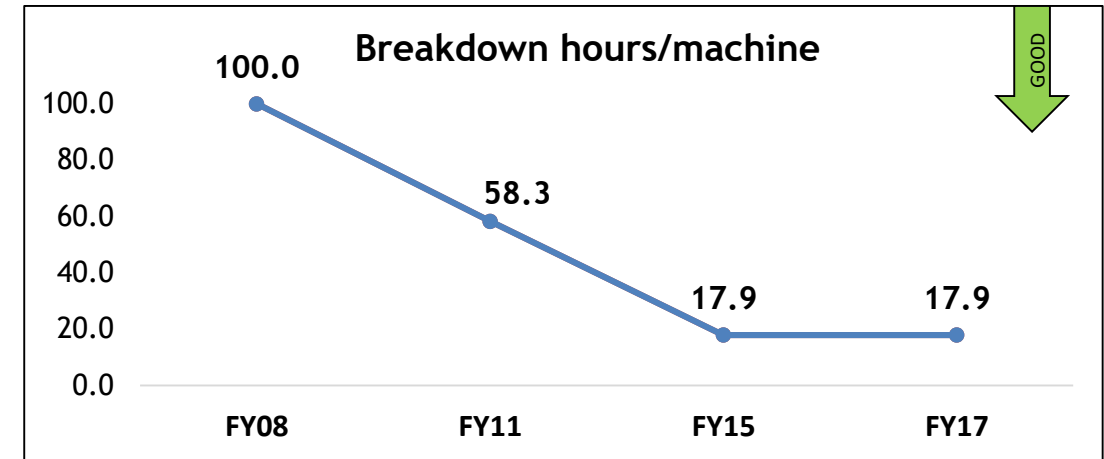
Overall Effects: Quality, Delivery, Safety and Morale

1. Quality



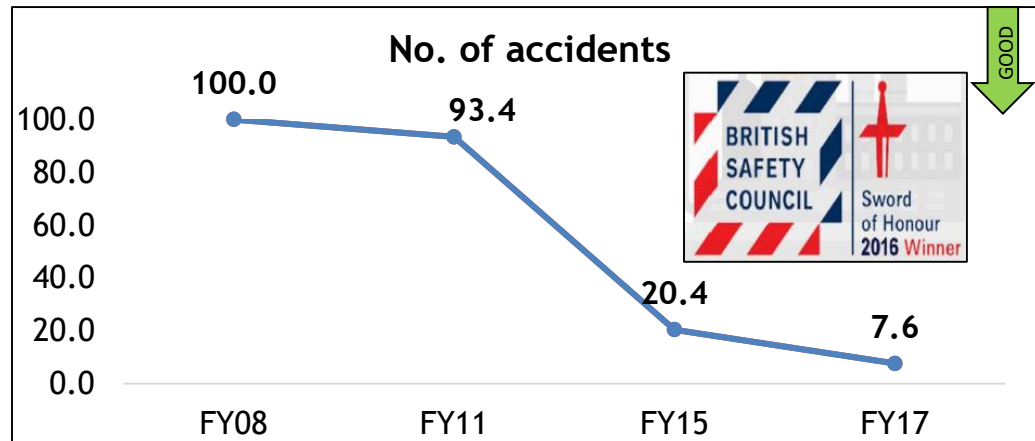
96% Reduction in product claims (before first use)

2. Delivery



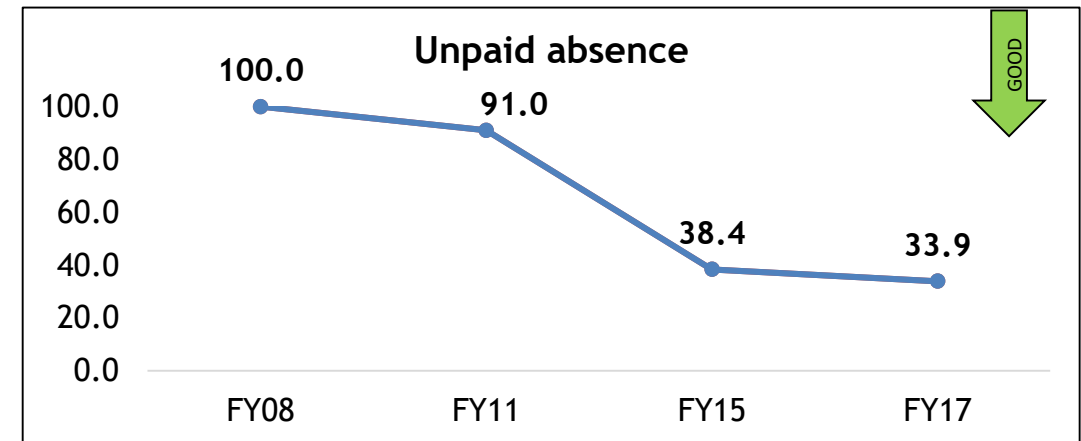
82% Reduction in plant breakdown hours

3. Safety



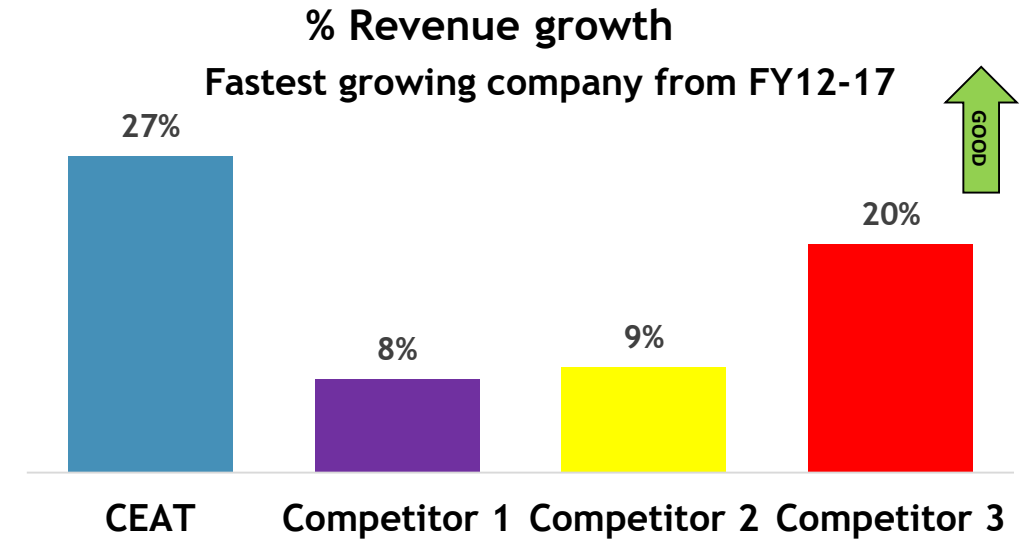
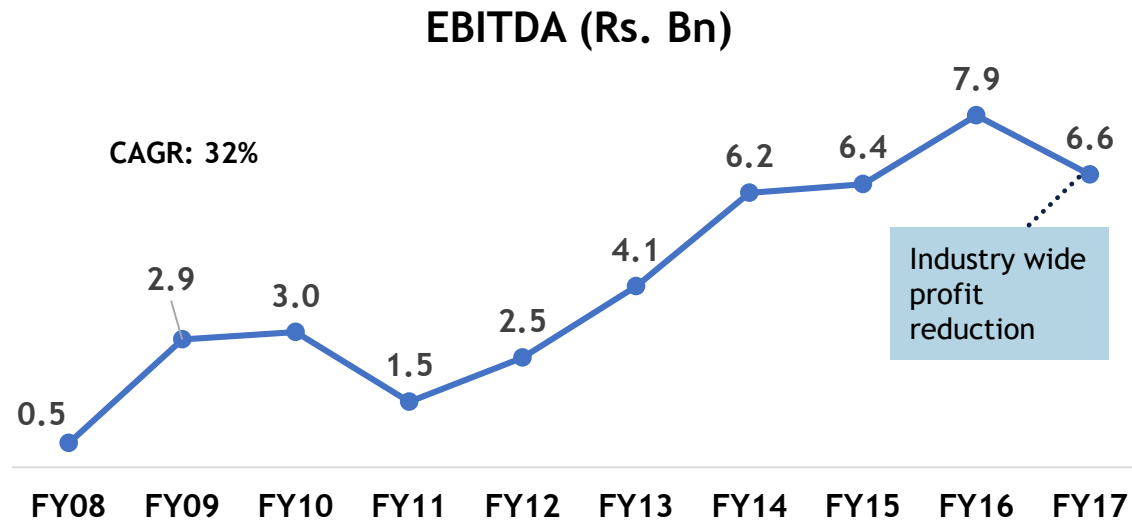
92% Reduction in Accidents

4. Morale



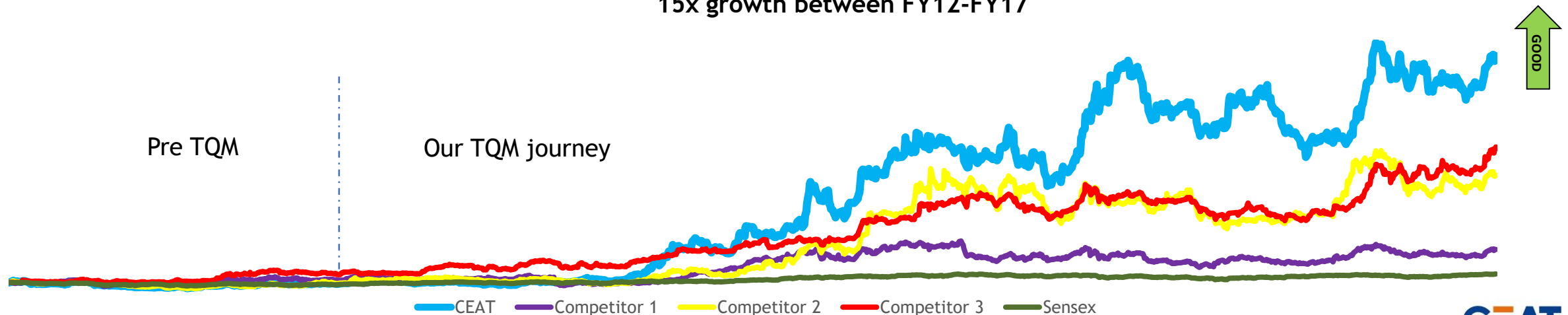
66% Reduction in Unpaid Absence

Overall Effects: Financial



Share price movement versus competition

15x growth between FY12-FY17



Overall Effects: Customer

No. 1 in J. D. Power Survey (2017) in Passenger car segment



No. 1 across all parameters

- Appearance
- Durability
- Ride
- Traction Handling

Recipient of Deming Prize in 2017



First Tyre Company outside Japan to win the Deming Prize

Shift in Paradigm: from beginning to end of Deming Journey

From

1. Silo working
2. Fire fighting
3. Short term unsustainable
4. Experienced based improvement

To

1. Cross functional working
2. One way of working
3. Long term planning linked to Vision
4. Systematic problem solving (QIP)

Key Intangible Effects

Strong relations with OEMs and Suppliers

Improved problem solving capability

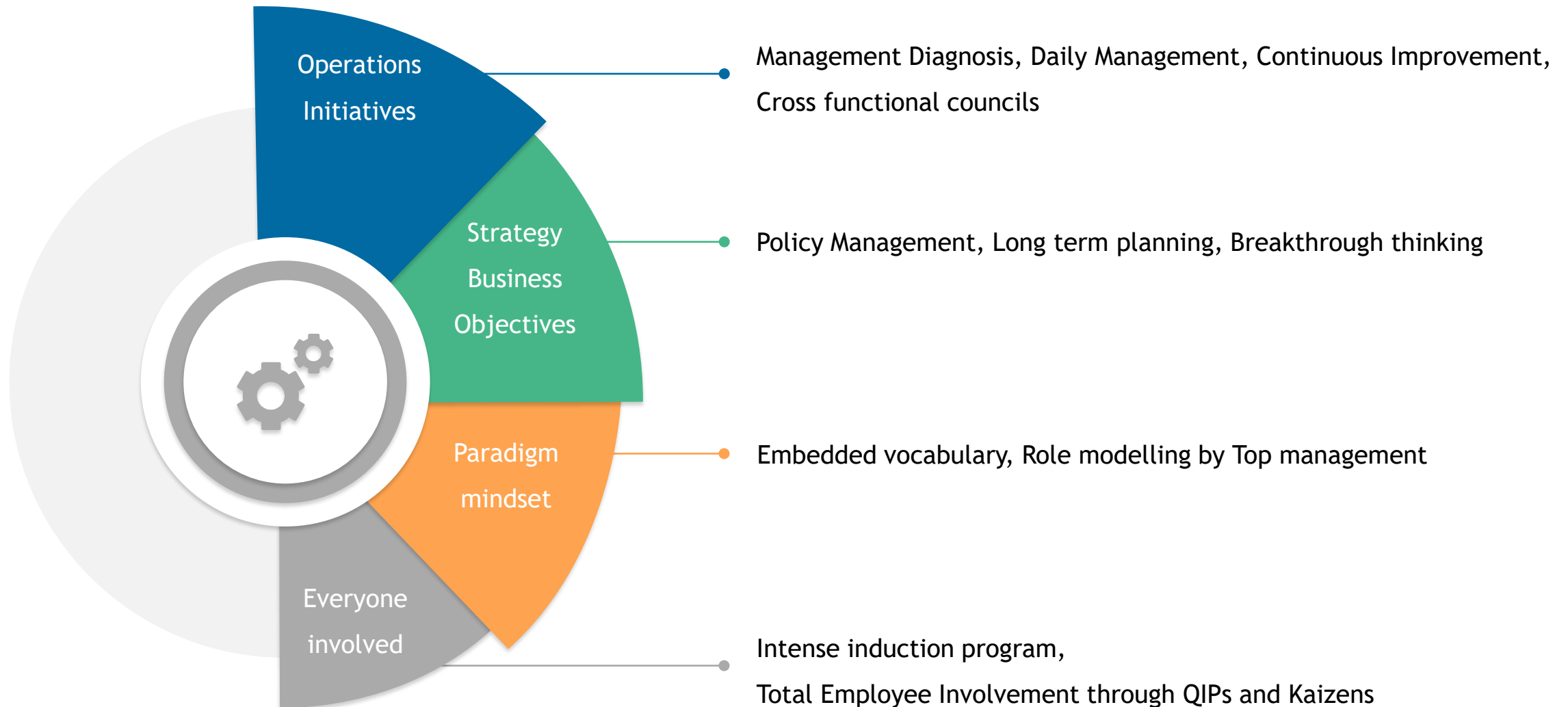
Higher Brand Recall

Happy and proud employees

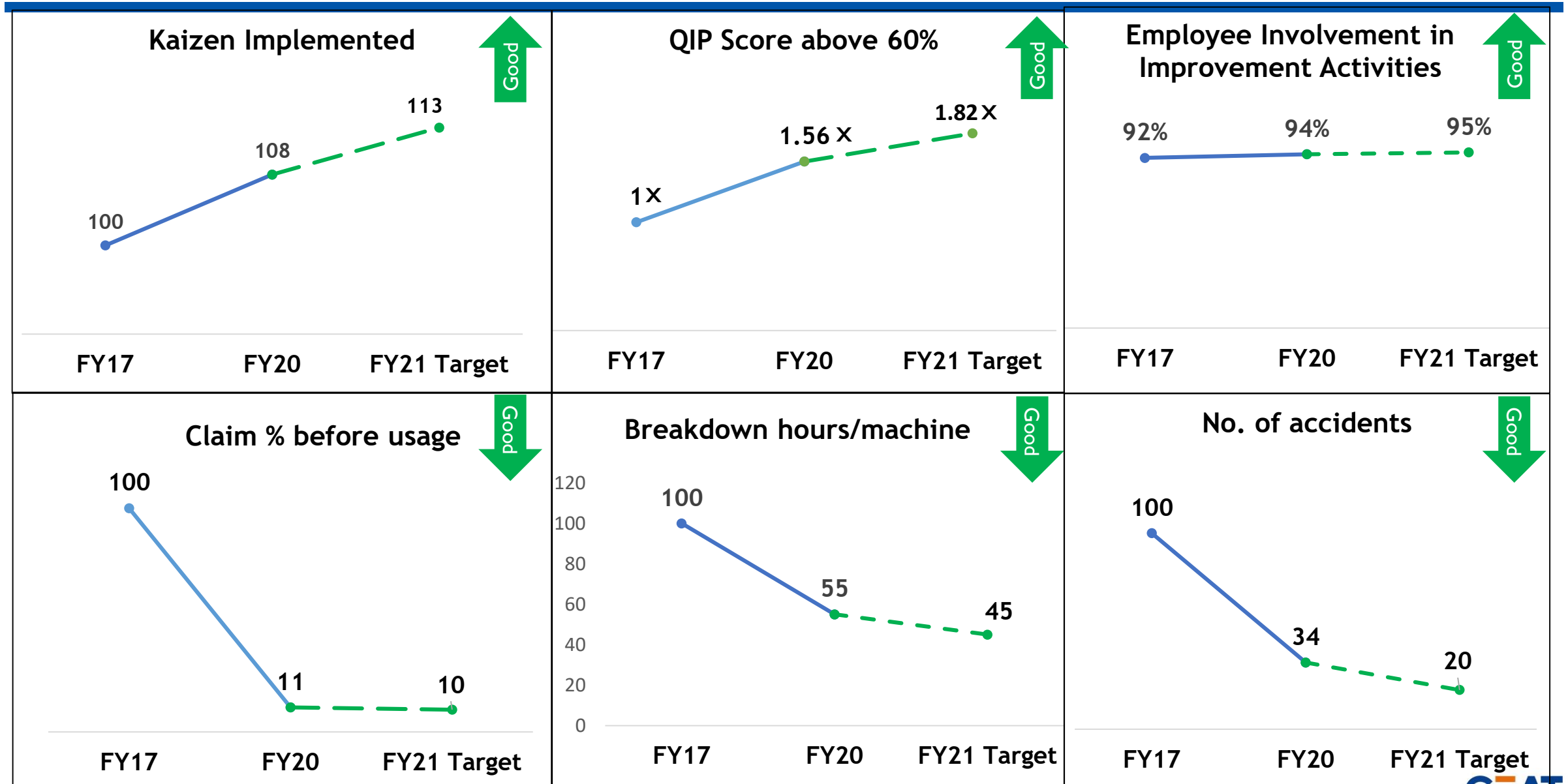
Better team work and collaboration

Long term orientation in Capacity
Planning, Technology & Product roadmap

2018-2020 TQM Methodology for sustenance




Overall Effects: Sustenance post Deming



What we learnt...

1. Take a leap of faith
2. Pilot and scale up
3. Constancy of purpose
4. Primary focus of business is quality and not quantity
5. Focus on means and not end
6. Do the right things (strategy). And do them in the right way (TQM).
7. Develop a culture of Gemba

Thank You

A photograph of a rectangular sign with a light-colored background and dark, bold, sans-serif text. The sign is mounted on a dark, possibly wooden, wall. The text on the sign reads: "THE BITTERNESS OF POOR QUALITY REMAINS LONG AFTER THE SWEETNESS OF LOW PRICE IS FORGOTTEN." The sign is slightly tilted. In the background, there are some dark, indistinct shapes that could be parts of a building or furniture.

THE BITTERNESS OF POOR QUALITY
REMAINS LONG AFTER THE SWEETNESS
OF LOW PRICE IS FORGOTTEN.