



HEAD OFFICE
APARNA PIRAMAL RAJE

THE MODERN-DAY ALCHEMIST

Babasaheb Neelkanth Kalyani, chairman and MD of Bharat Forge Ltd, on how his investment in automation and expensive technology has paid off

This is probably the largest executive office I've visited in the series to date—a six-seater meeting table, a huge desk, a sofa-seating area bigger than most living rooms and a large open door. The cabin's generous sprawl is a luxury that can only be bestowed by industrial plants (or public sector banks) on head honchos operating out of the headquarters.

In this case, I am in Pune to meet Babasaheb Neelkanth Kalyani, 65, chairman and managing director, Bharat Forge Ltd, one of the world's largest manufacturers of metallurgical components. His suite is located in one of the several office blocks on the company's 100-acre campus, alongside dozens of manufacturing sheds and neatly parked scooters. The office block was built more than 20 years ago,

he tells me, and it houses corporate functions such as sales, marketing, international business and legal. Son Amit Kalyani, executive director, has an office on the same floor as Kalyani.

Like many industrial peers, although the room is spacious, its décor is modest, consisting mainly of a Srinathji painting (given to Kalyani by a friend), a framed Padma Bhushan certificate awarded to Kalyani in May 2008, and a few scattered objects, mostly gifts or mementos. There are no expensive paintings, rugs or gadgets, and the furniture looks quite seasoned. "The office has been this way for a long time, I have an open-office culture, everyone can always walk in," says Kalyani, pointing to the door which remains open during our conversation. The three work settings (pri-

ivate work, formal meeting table, informal meeting) are quite standard for chief executive suites.

Work is worship

Two specific objects really capture my attention. First, a Ganesh portrait consisting of a collage of metallurgical automotive components, placed at the entrance to the cabin. A portrait of Kalyani's father (the founder of the metal forgings business) is placed in front of the Ganesh portrait. The work is a tribute to divinity, paternity and prosperity, all united by metallurgy.

Second, a detailed list of operational and financial figures, pinned discreetly next to his desk; top-of-the-mind for the occupant seated at the chairman's desk, but not visible to visitors. Both items capture Kalyani's reputation as a hands-on

business leader, zeal undiminished though he has been working in this field for over 40 decades—and I'll come back to their particular significance.

Speaking his mind

Kalyani is known to speak his mind, particularly on issues related to economic growth and manufacturing, and he is predictably blunt during our conversation. "Two decades were lost in the Indian manufacturing sector by people trying to find partners as collaborators, joint venture partners and all that. What happened because of that is we became a slave-manufacturing nation. We didn't manufacture anything. We just became slaves to manufacturing," he emphasizes.

He is equally matter-of-fact about how he bucked the trend. As Kalyani has often recounted to the media, from the late 1990s and early 1990s onwards, he decided to invest in expensive technology and automation, rather than hiring large numbers of relatively unqualified workers, in order to build technical capabilities. Today, the company's highly automated manufacturing plants and its skilled workforce are at the heart of its global competitiveness.

"It was a very painful process, and it took us 20 years to get to where we are. But in 20 years we went from zero to No.1 in the world," he says. "We are a multinational company. About 40% of our workforce is outside India and 70% of our business is outside India in terms of sales.... In the products that we supply, we have more than 50% market share."

An array of national and international certificates and citations line the walls of the conference room next door; appreciation of Kalyani's efforts in taking Bharat Forge overseas. "I've a huge number of recognitions. I've received the highest civilian awards in Sweden, Germany, France," he emphasizes.

Turning base metals into 'gold'

The tricky part of making metallurgical components such as automobile crankshafts is that it is both art and science, where accumulated knowledge, skills and expertise are as important as high-tech equipment. Hence, I use the

term "modern-day alchemist" for Kalyani—someone who uses contemporary technology, processes and thinking to turn old-fashioned metal into cash.

The Ganesh portrait highlights the extent to which Kalyani reveres his product (the research and development department is the only other place where the Ganesh portrait has been placed). Kalyani's passion for innovation is characteristic of a successful automotive chief executive. He is determined to create technology to drive his business, rather than adopt technology from elsewhere.

He speaks of innovation in terms of two tangible resources: human capital and digital technology; two areas that companies often struggle to integrate with business strategy, and which have not always featured in great detail in chief executive conversations in this series.

"There are almost 100 forging companies in Pune, but most of them don't have the ecosystem within them to create technology. By ecosystem, I mean the strong manufacturing capability. We have a total of 4,000 people in this company, of which more than 2,000 are engineers," explains Kalyani.

Kalyani's detail orientation and commitment to innovation becomes apparent when he begins talking about how to create "the manufacturing ecosystem within a company". Most companies impart some training to new recruits. Kalyani decided to rewrite the syllabus, for both new recruits and existing employees, to improve productivity and capabilities.

The company partnered with several engineering schools to tailor-make curricula for its employees to enhance skills, productivity and individual self-esteem. These include a three-year, part-time engineering programme with the Birla Institute of Technology and Science Pilani for its non-engineering workforce, an engineering business management programme with the UK's University of Warwick for middle-managers, and a master of technology programme for R&D scientists with the Indian Institute of Technology, Bombay, with special courses such as "computational mathematics, advanced metallurgy-related courses, material science courses and those related to our business", says Kalyani.

The investments are paying off, he says. "Forty per cent of our revenue now comes from areas other than automotive components. So it was an easy transition to move into new technologies because we had the ecosystem with flexible manufacturing platforms and teams that could work across industry verticals."

He is equally committed to investing in digital technologies to propel the company's manufacturing capabilities. "Technology is moving to additive manufacturing. It is moving to laser processing, it is moving to electron beams. Everything uses a very high level of basic metallurgical knowledge (without that you can't melt materials) and a very high level of computing knowledge. In five years we will have a factory with 30-40 of these machines producing our parts," he promises.

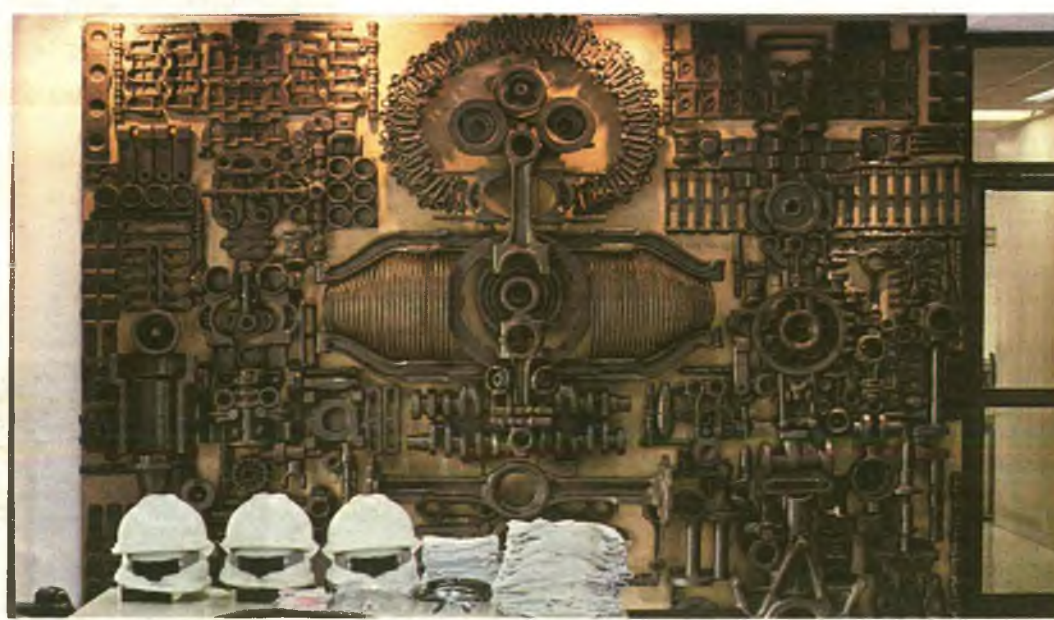
I look forward to visiting then.

Aparna PIRAMAL RAJE meets heads of organizations every month to investigate the connections between their workspace design and working styles.

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Nuts and bolts:
(clockwise from above) A portrait of Kalyani's father, the founder of the metal forgings business; a collage made from metallurgical automotive components at the entrance of Kalyani's workspace; and his spacious office with modest décor.



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