



LEADING BY EXAMPLE

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■ Nish Patel, Managing Director, Alfa Laval (India) Limited

Alfa Laval was a turnaround story five years ago. What has changed since then?

The company continues to grow. The top line and bottom line are ever expanding. The order intake has increased from Rs. 510 crore to Rs. 655 crore last year. The growth is coming from various different sectors. We are investing more capital to increase our manufacturing capacities to fulfil the increased demands of the market, both locally and globally. Alfa Laval India is fast becoming a hub for global manufacturing. India is the only country in Alfa Laval Group to manufacture product range of all our three core technologies – centrifugal separation, heat transfer and fluid handling. That makes us fully

equipped to serve the domestic as well as the international market. The share of export has grown to 25 per cent. The domestic market continues to be a major contributor. We also have a Group Manufacturing (GMU) status. Some of the products produced under GMU are specifically for Alfa Laval's global customers.

There have been talks of creating chemical hubs in India. Where do you think we are headed to?

If we look at the global investments in the petrochemical sector, then Middle East takes the major chunk. In India, it is natural/synthetic oil, food and beverage sectors that have seen the growth trajectory. If we want to get major

investment, then the government needs to improve the labour laws and infrastructure. Global players are still not convinced about investing in India. On a different note, Reliance is buying out chemical companies outside India, which will definitely bring us lot of work.

Is India really cost effective as a manufacturing based country?

I think, we are cost effective. However, going forward, we need to improve on our overall efficiency. Labour cost advantage will not last very long. If you look around, the inefficiency lies everywhere; right from the day inventory comes in to the day the finished product goes out. There are lot of places where inefficiencies can be eliminated. When we benchmark ourselves in a particular product, I can see more than 20 per cent improvement. At Alfa Laval, we conduct periodic enhancement programmes for performance improvement. We, as an organisation drive a culture of performance; identifying different business processes we have, wherein we can optimise our performance right from the day an enquiry comes in till the day the money is collected.

Which are priority areas that can make a big difference?

The uniform taxation across all states needs to be taken up on priority. This causes a lot of hindrances in doing business and increases the inefficiency. We need to improvise our farm and agriculture sector value chain. The best example is introduction of bio diesel. We, along with the sugar industries, see tremendous advantage in it. It is also an environmental boon!

How competitive is the local manufacturing environment?

Look at Pune. The influx of expats has increased steadily over the years and they are

bringing their world-class expertise into the Indian manufacturing scene. The Indian automobile industry is fast becoming global. We have not arrived yet, but we are on path. The improvements are getting better. The growth for becoming a major manufacturing hub has started in a big way. Even though bigger players are global, their supply chains are local. When we are heading manufacturing capacity in Alfa Laval India, our sub suppliers are Indian. The majority of the production work is given to the local manufacturers. The local manufacturing industry always gains from the setting up of an international player in India.

How do you ensure your supplier's product quality?

Our purchasing initiatives have regular auditing of all our suppliers and sub-suppliers. The top 25 suppliers get audited at least four times a year, the next level at least twice a year and 60 per cent at least once a year. The audit is carried out by an external agency and our own auditors. We also see to it that our suppliers meet our set business principles.

How has been your experience with the domestic logistics network?

Infrastructure is definitely getting better, but the pace is slow. We are a large import-export organisation in India. Ports have improved but we have a long way to go. In Europe, if I book my shipment, I can be assured that it will move out as scheduled. Here in India, there could be a lot of obstacles in the way and my shipment can be delayed by weeks. Even in case of third party logistics, we have to follow up with things.

What are four things a CEO should do to make his company successful?

People – Retaining and recruiting talent is a

huge task. The market is there for us to grow and we need the right people to grow.

Planning – Capacity planning to meet commitments is also crucial. Some organisations have orders coming in and then they start investing.

Efficiency improvement – Creating a global work culture in the organisation is important.

Drive – Driving the organisation to a defined objective.

I'm a people's person, a team-builder. I believe in developing and growing people into an organisational team. My ultimate challenge would be to mentor a person to takeover a CEO's role. I also strive to keep transparency in our workings by keeping the communica-

tion lines always open, both top-down and bottom-up. A leader should always be accessible to his subordinates. I try to get personal feedback which creates a comfort level for my people. I go around to get the pulse and feel of the company. The largest asset any company can have is its people. We need people, they need us and if we have to grow as a company, we should grow our people.

Where would you like to see Alfa Laval three years from now?

I would like to see the growth momentum to keep on increasing the years ahead. I would like to see steady improvements in the top-line and bottom-line, as well as in the mindset and work culture of the people in the organisation. **2.0**