

T N Ninan: The ugly duckling

WEEKEND RUMINATIONS

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Over the past 30 hours, I have asked several people what previous event in India's manufacturing history they can compare with Ratan Tata's launch of the Nano as the world's cheapest car. Most found it hard to think of any. So I suggested some options: Reliance's commissioning of a gigantic refinery so complex that it can handle any quality of crude, and which therefore has the operational flexibility to generate by far the best refining margins in the business. The world's leading oil companies scoffed when the refinery was being built, saying it would simply not work. In the words of Oliver Goldsmith (and Ratan Tata could quote Goldsmith too), "Those who came to scoff, remained to pray". Then there was Reliance Communications getting into telecom with the idea of making a telephone call cost no more than a post-card, an idea that is now reality — not just with Reliance but also with all the other phone companies, some of whom are of course bigger than Reliance. In both cases, the scale of the conceptualisation probably came from Dhirubhai Ambani, while the execution was by son Mukesh.

Two other suggestions are from the Tata stable itself: JRD launching an air service 75 years ago back, and Jamshetji Tata wanting to make steel more than a century ago. There were other pioneers, of course, like Walchand Hirachand getting into shipping and then the manufacture of ships, planes and cars — some of it in the teeth of British opposition. Asked to respond to these five comparisons from the past, most people have nodded in affirmation, that the creation of the Nano ranks with these pioneering attempts. So it is fair to say that Ratan Tata has written himself into the history books.

The striking point is that no one forecast this. Ratan's early years in the Tata group were not happy ones — many established satraps saw in the young architect with the illustrious surname a potential threat to their own ambitions to head the group after JRD, and they therefore put little spokes in any wheel he touched. When JRD picked Ratan to succeed him, first as head of Tata Industries and finally of Tata Sons, he was seen as someone who did not have a proven track record of success, and there was no shortage of sceptics within Bombay House itself who were willing to point to past failures. His initial vision for the group was more or less rejected, and the battles with the entrenched satraps made the succession a messy and unpleasant process. But he slowly put his stamp on the group, established shareholding and personal control, and in the last few years has made some daring moves that no one would have imagined him capable of a decade ago. The half a dozen major operating companies in the group are now transformed entities, and global players every one of them. The Tata group does not stand at the top of the list of India's most valuable business houses, and Ratan Tata himself does not figure in any listing of billionaires. But he is certainly India's tallest businessman. He said a few years ago that he wished he were 10 years younger, perhaps because he could see what was coming. In terms of late flowering, this is very much the case of the ugly duckling turning into a swan.

The interesting thing is the new confidence, not just in Tata but in many other Indian businessmen who are not deterred simply because it has not been done or thought of before, or because western companies or businessmen don't think it is a good idea. After all, did anyone imagine that an Indian businessman could say: "We can manage Land Rover and Jaguar better than Ford."