

# **Bajaj Auto Ltd**

## **History**

Bajaj Auto Limited a market leader in automobile is a division of Bajaj Group. Bajaj Group was formed by Mr. Jamanalal Bajaj in 1929. The Bajaj Group is now amongst the top 10 business houses in India. Its footprint stretches over a wide range of industries, spanning automobiles (two-wheelers and three-wheelers), home appliances, lighting, iron and steel, insurance, travel and finance. The group's flagship company, Bajaj Auto, is ranked as the world's fourth largest two- and three- wheeler manufacturer and the Bajaj brand is well-known across several countries.

## **Organizational Design**

Rahul Bajaj is the chairman of the company while Madhur Bajaj is the vice-chairman of the company. Rajiv Bajaj is the Managing Director while Sanjiv Bajaj is the executive director.

India's premier automotive company, has a focused organizational structure for the Auto business. With the structure, the existing business roles and responsibilities at the company have been strengthened and enhanced to ensure greater operational empowerment and effective management. The structure would assist in "Aligning the Vectors" of the organization and enables the company to live its Brand Values & be "Distinctly Ahead".

The five pillars of this structure (Strategic units) are:

- R&D, Engineering.
- Two Wheeler Business Unit
- Commercial Vehicles Business Unit
- International Business Unit.
- These pillars will be supported by functions of Finance, MIS, HR, Business Development and Commercial.

## **Hierarchy**

The Bajaj Auto is working to make the organizational structure more responsive. They have brought down the number of layers between the chief executive officer (CEO) and the shop-floor level to four, which is in line with existing standards.

## **Work Culture**

Learning, innovation, perfection, speed and transparency are the core values being followed at Bajaj Auto. Also, the company emphasizes on leadership.

## **Organizational Change**

Bajaj auto was one of India's leading companies till the 1970s. In 1980, Bajaj Auto was the top scooter manufacturer in India, and there was a ten year waiting list for the Bajaj Chetak. Bajaj Auto maintained its leadership position through operational efficiency and stringent control on costs, at a time the Indian market did not have much to choose from in terms of quality, features, or models. Used to market leadership, Rahul Bajaj once famously remarked that he did not need a marketing department. Innovation, design orientation, and service orientation were low consistent with the almost monopolistic market position of Bajaj Auto.

However, the 1980s brought liberalization of the two wheeler industry with relaxation in capacity licensing and foreign collaboration. All major global two wheeler manufacturers including Honda, Suzuki, Yamaha, and Piaggio started entering the Indian market through collaborations or joint ventures. In the 1990s came liberalization, and with it, sweeping changes in demographic patterns and consumer preferences. The Indian consumer started to tilt towards motorcycles.

Scooter sales continued to drop, and industry analysis started writing of Bajaj auto as a leading player in the two wheeler industry.

Around this time, Rajiv Bajaj entered the fray. Rahul's son came back to India, freshly armed with a master's degree in engineering from Warwick, UK. He quickly realized that the market had changed and that Bajaj auto to rethink its strategy carefully in order to reposition itself in the two wheeler industry where consumer preferences were rapidly changing from scooters to motorcycles. Motorcycles had been a peripheral business at Bajaj Auto till now, and the resistance to re-orient from scooters to motorcycles was slowing down the change process.

Moreover, quality and design orientations had to change. The customer was becoming more quality conscious and much more demanding in terms of design, convenience and performance parameters like power and fuel efficiency. Rajiv Bajaj was used to operating his factories efficiently by the end the old norms of cost cutting and production efficiency. Innovation and R&D were never the focus areas. Employees at Bajaj Auto, long used to unchallenged market leadership, were set in their old ways.

To Rajiv looking at the operating without the baggage of the past, it was time for drastic changes. He decided to set up a new, leaner and more efficient factory at Chakan, 45

kilometers from the head quarters. The objective was to create a break from the past systems and equipment that were rigid inflexible and incapable of the quality orientation. It was part of Rajiv's dream to be able to produce Japanese quality in India quite apart the rigidities of the systems and the equipment, Rajiv Bajaj realized that what they were trying to do would be difficult at the existing plants because mindsets had to change. Rajiv wanted to start a new plant with a totally new workforce and work culture that could compete with the world's best.

Chakan was started as an experiment. There were no workers. Everyone was staff. Rajiv was quick to take advantage of the easy and relatively inexpensive availability of diploma engineers and R&D scientists in India. The old factory at Akurdi has 20 percent daily wage workers, 80 percent skilled workers and no engineers at all on the shop floor. At Chakan, the workforce consisted of 80 percent diploma engineers and 20 percent skilled workers. Wages averaged just Rs 12,000 per month for engineers at Chakan against Rs 11,500 for workers at Akurdi.

The hidden savings came from productivity gains. Since the productivity of the engineers was several times higher, costs decreased. The company was also able to increase R &D, producing many more new designs, which allowed Bajaj to establish itself in the two wheeler industry and even take on market leader Honda. The advantage of using fresh workforce was that they did not carry any baggage from the past which made more open to learning and innovation. Bajaj Pulsar the hugely successful motor cycle from Bajaj was indigenously developed at the Chakan plant, and more than one million of them have been rolled out of the Chakan plant already. Chakan has been producing 2,400 two wheelers a day, at a productivity level of three vehicles per employee, as opposed to 0.8 vehicles at the Akurdi factory.

The lesson is clear. A highly successful organization in one set of conditions can go into decline when conditions change. The culture of an organization is often the most difficult to change but can be lasting source of organizational performance.

### **Rebranding of Hamara Bajaj**

Hamara Bajaj → Inspiring Confidence → Distinctly Ahead

### **HR Practices**

- The Company affirms that its competitiveness is interlinked with the well

being of all sections of the Indian society.

- The Company believes that equal opportunity in employment for all sections of the society is a component of its growth and competitiveness. It further believes that inclusive growth is a component of growth and development of the country.
- The Company affirms the recognition that diversity to reflect socially disadvantaged sections of the society in the workplace has a positive impact on business.
- The Company will not practice nor support conscious discrimination in any form.
- The Company does not bias employment away from applicants belonging to disadvantaged sections of society if such applicants possess competitive skills and job credentials.
- The Company's selection of business partners is not based on any considerations other than normal business parameters. In case of equal business offers, the Company will select a business partner belonging to a socially disadvantaged section of society.
- This Code of Conduct for Affirmative Action will be put up on the company website to encourage applications from socially disadvantaged sections of society.
- The Company makes all efforts for up skilling and continual training of all its employees in order to enhance their capabilities and competitive skills. No discrimination of any type will be shown in this process.
- The Company may have a partnership programme with educational institution/s to support and aid students from socially disadvantaged sections of society.
- The Company will maintain records of Affirmative Action.
- The Company has nominated Mr K Srinivas, Vice President (HR), to oversee and promote the Affirmative Action policies and programmes. He will be accountable to the Chairman.
- The Company will make available its learning and experiences as a good corporate citizen in Affirmative Action to other companies desiring to incorporate such policies in their own business.

### **Training and Awareness Programs**

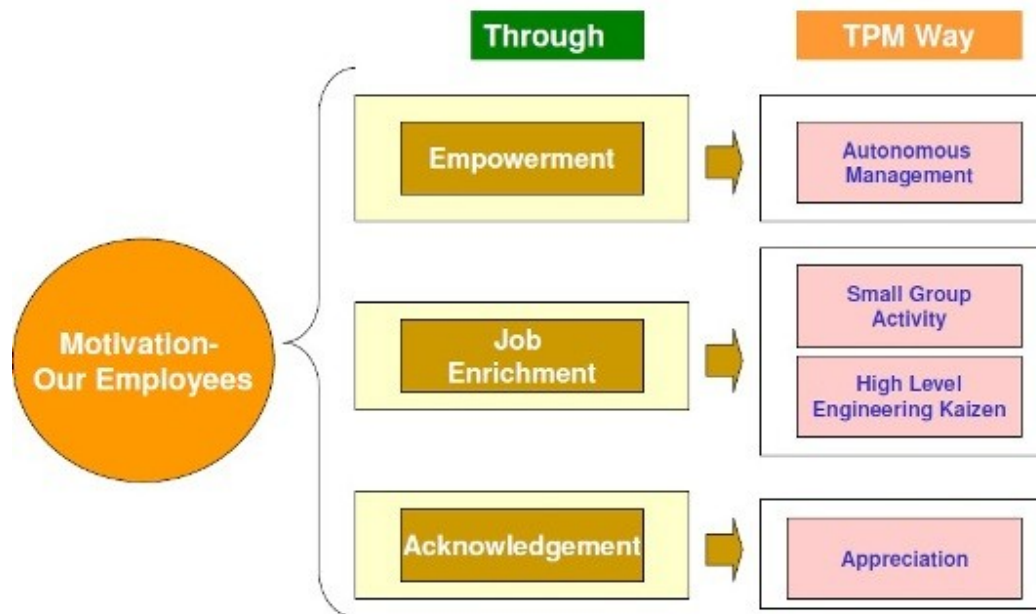
- Training through Class Room programs.
- Awareness through Poster Display.
- Social Awareness through Company Bulletins.
- Organising various Poster Competitions, Kaizen Competitions.
- Suggestion Box.

### **Organisational Employee Motivation**

- Sense of ownership at all levels.

- Individual enhancement by continuous learning.
- Excitement to challenge the status quo.
- Participative & Collaborative work culture.

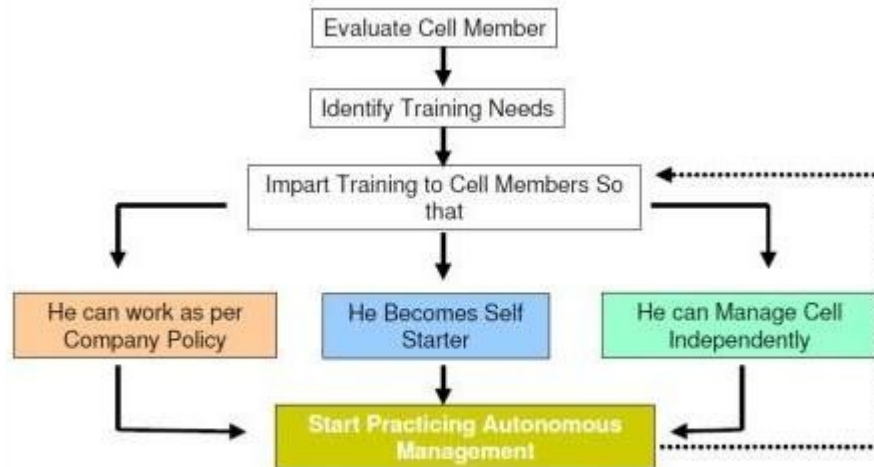
### Total Productive Management



### Autonomous Management at Bajaj Auto

- Define Routine & Non-Routine Activities in the Cell
- Preparation of Standards for above activities
- Evaluation of Cell Members & Identification of Training needs
- Training for the Competency
- Participation
- Presentation to Management by cell members.
- Continual improvement

### Employee Empowerment Process



### **Out-come of Autonomous Management - Employee Empowerment**

- Enhancement of Knowledge & skill
- Joy of work & Pride of ownership
- Independent Working
- Relieving of engineers for development activities

### **Approach for “Small Group Activity” at Bajaj Auto- Job Enrichment**

- Selection of theme based on loss analysis
- Area wise ownership
- Cause analysis
- Generate the kaizen ideas
- Get the In-puts from respective sub-committee
- Implement the Kaizen
- Evaluate the result
- Management presentation

### **Out-come of Small Group Activity- Job Enrichment**

- Pride of achievement
- Working Enthusiasm
- Team Spirit
- Improved moral
- Resulting in cohesive / team working

### **Approach for Appreciation**

- Theme building
- Identify the best contributors (individual & groups)
- Periodical appreciations by top management (monthly, quarterly)
- Setting new challenges & benchmarks
- Setting an inspirational activity for others

### **Awards in the company**

MD's Trophy - Yield Improvement

Yamaguchisans Trophy - Incredible ideas

Best eye for Defect - Defect Prevention

### **Inventory management**

Bajaj auto has approximately 198 suppliers for their raw materials.

Some of the key suppliers are:-

JBM -Frames

MRF & Dunlop –tires

Minda -locks & ignition system

Reinder –headlamps & lights

Endurance –brakes, clutch & Cast wheel

Varroc –Plastic parts & Digital Meter

Max auto components –ignition system and switches

Silco cable –wires and cables

Makino industry –Brake shoes . Brake lining, clutch center

### **Inventory policy**

Bajaj auto maintains seven days inventory. Demand Estimations were based on Panel Regression, which takes into account both time series and cross section variation in data .All the Mediators are connected with each other through IT linkage to know exact status of delivery of goods

### **Manufacturing locations**

#### Akurdi, Pune

This is one of the oldest plant of bajaj auto ltd with production capacity of 0.6 million Vehicles/ year. The plant has been closed in order to equip for four wheeler production

#### Bajaj Nagar, Waluj Aurangabad

This is second plant with production capacity of 0.86 million/ year. Products manufactured here are Kristal, XCD and platina and commercial GC series

#### Chakan Industrial Area, Chakan, Pune

This is the biggest plant of Bajaj auto Production Capacity of 1.2 million/ year, Product manufactured here are pulsar and avenger and commercial Ge series

#### Pantnagar , Uttarakhand

The most advanced plant of bajaj auto .It has Capacity of 0.9 million vehicles per year . product manufactured here are platina and XCD

### **Looking Forward**



Bajaj Auto has achieved the payback on its investment in implementing various concepts of management. Moreover, it has gained an understanding of how to deal effectively with employees, dealers, share holders and majorly the customer's preferences. Given the benefits that Bajaj Auto has experienced, it is now considering additional methods to improve its infrastructure and It hopes that these efforts will generate even more efficiencies in its operations and support future growth.

### **Learning Acquired**

Able to correlate the concepts that I have learnt from the book and how they were used in the corporate world and how the companies are flexible enough to change according to their business requirements.