



IFMR GRADUATE SCHOOL OF BUSINESS

WORKING PAPER WP20-009

CASE STUDY

November 2019

Super Auto forge: Technology and leadership led growth

N. Chandrasekaran

Professor, IFMR GSB, Krea University

chandrasekaran.nagarajan@krea.edu.in

Abstract

The case on Super Auto Forge Ltd (SAF) is focused on the integration of operations perspective and market requirements of the company and relate its growth. Starting from nowhere with an ambition to be an entrepreneur in the space of production-driven business and ability to learn and develop over time, the company grew to be a leading player supplying to Tier I auto component vendor and to OEMs. The case describes how, in a matter of two decades, the company transformed itself by developing cold forging technology, using an indigenously developed process. Pursuing homegrown technology requires zeal, adoption of excellence in manufacturing and cost advantage for Tier II and Tier I parts assembly units, which were the driving force of SAF and its promoter. During this phase, the company focused on the development of processes and managing implementation, which are the key drivers of its growth not only in India but across the globe specially to developed markets. Leadership of the company believed that locational advantage in facility decision can be exploited for the international growth of the firm, provided the leadership is clear about operations strategy formulation and implementation. It took some key strategic initiatives for SAF growth. This included implementation of quality management processes, continuous improvement through learning and operations and people related HR practices.

Key Words: Operations strategy, Indigenous development, Technology Process, Quality Management, Leadership

Super Auto forge: Technology and leadership led growth¹

N Chandrasekaran, Professor, IFMR Graduate School of Business at KREA University

Extended Abstract²

1. Introduction

Mr. S Seetharaman (SS), the visionary leader and promoter of Super Auto Forge (SAF) was thinking about the Strategic Core Committee meeting of his closely held Private Limited Company which was to be held on a day after. It has a couple of independent directors as part of the committee. One of the main agendas includes emphasizing appropriate initiatives of the best operating practices at the plant level and living up to traditions of SAF in achieving operations excellence. This is a project of fully finished and ready to assemble CV joint parts in Sri City. This is the second of their venture into a similar product with a higher level of technology interface. More importantly, this is for the first time the company has started a plant operation outside Chennai, Tamil Nadu.

II. SAF: Genesis and early-stage development

SS comes from a family of a conservative social background. However, his father S. Sankaranarayanan was a brilliant entrepreneur who experimented with his innovative ideas in varied businesses like leather processing, tailoring of garments to defense during the war period, medicines from indigenous herbs, industrial packaging and civil works and so on. He took an early retirement to give back to society through

¹ Disclaimer: This material is prepared based on discussions with Mr. S. Seetharaman and Mr. M Sundaram on July 9th, 2019 and with other references on this material. This is purely meant for academic discussion and classroom learning only.

² This case is forthcoming in a book titled "Operations Strategy" jointly authored with Prof. P Chandiran, LIBA, Chennai and published by Cengage Publications. You may write to the author for reading the full case.

social activities. He did not want his sons to be in business. However, his zeal had motivated SS who, by then, became a qualified mechanical engineer. SS worked for three years with Larsen and Turbo and decided to be on his own. SS was a voracious reader of technical matters as well as general outlook. Wastages in turning and disposing of the same created an interest in SS to look for opportunities wherein more advanced techniques of production can be deployed. A review of literature helped him to understand forging metals for forming parts that enabled process speed, efficiency, and precision. Savings in material, labour, and overheads while generating components were adequate to invest his time and energy on this self-learning and experimenting process. That was the key trait of entrepreneurship which SS imparted and finetuned by his father!

"I boldly purchased in 1974 a forge press from Ametep, Faridabad. It was a Rupees five lakhs of investment. My father was keen that I must pursue my belief and go ahead. It was a big decision then." He adds: "When we forged apart in room temperature (rationale of cold forging!), the high vertical pressure applied caused a huge horizontal force and tools suffered frequent breakages. Then, we focused on the metallurgy and the quality of tools and succeeded in making a ring design that could withstand the pressure."

III. Key Strategic Initiatives and Challenges

SAF achieved growth driven by technology it had deployed and a significant part of it is homegrown. It had achieved the status of a preferred global supplier to its international customers who provided a substantial share of total revenue. It had constantly enhanced value to the customer by being responsive, proactive and quality-driven. The company had prioritized quality production over volume. Instead of achieving economies of production through volume, it had achieved a cost advantage by reducing rejection and eliminating waste. The company had been applying financial prudence and opted for a strategy of low operating risk and low financial risk through operations excellence programmes. People management practices led to the adoption of cellular manufacturing and enrich people with multi-skilling. Its policy of energy conservation, use of alternative sources of energy and contribution towards society by fair and ethical practices contributed sustaining operations excellence over four decades.

SS and senior management are now confronted with the implementation of an operations excellence programme at newly acquired plant at Sri City close to Chennai plants. There is going to be a new set of employees who come with some experience and middle management including the supervisory level and above. The plant manager will be retained. It requires an initial period of mentoring by senior managers from existing plants to do cultural fit for embarking on the operations excellence programme at this new plant. Further, there is a set of clients likely in Sri City as there is a presence of auto companies. Export from the plant is also possible as ports are located close to the plant, though little further by 40 km compared Chennai MEPZ plant. SS is relying a lot on the experience of integrating this facility with overall business as this is the company's first venture in four decades outside Chennai. They have never moved to other parts of Tamil Nadu as well. The confidence stems from the fact that Sri City has a locational advantage and it is near Chennai for senior management to oversee operations. The key success factor is the ability to go through employee processes in manufacturing like quality circle and kaizen along with safety, health, and environment. One another advantage he could see is advanced manufacturing processes for sub-assembly similar and marginally better because of vintage to MEPZ plant. SS is convinced if the team can deliver at MPEZ and win customer delight it is natural he could infuse confidence among stakeholders namely the Board of Directors and Operating strategy team across plants and more specifically in Sri City.

References

1. S Viswanathan and Jayanthi Ragunathan, The Super Forge Master, Industrial Economist, December 2012
2. <https://www.thehindubusinessline.com/news/national/mma-awards-for-managerial-excellence/article8797891.ece> Accessed on September 12, 2019
3. <https://www.superautoforge.net> Accessed on September 12, 2019