

## cover story | MAHINDRA

# “We Want to next Land Rover

*He is suave and comes across as composed and easy-going, but you can sense the aggressive entrepreneur tucked under the down-to-earth attitude, as the 51-year old Anand G Mahindra, Vice-Chairman and Managing Director of Mahindra & Mahindra, walks across his conference room to pick up glasses and a bottle of water for us. (No buzzing for an attendant.) Having graduated in business and art from Harvard College, Cambridge and Massachusetts, he's said to be an architect and film-maker at heart—therefore SEZs and, now perhaps, mobile content excite him. But in the last five years, he's scripted the sequences for a respected but financially inefficient corporation and directed it to come up as a highly profitable business conglomerate. Sonal Sachdev, Prashant Mahesh and Nirmal Menon caught up with Keshub Mahindra's nephew at Mahindra Towers, Mumbai, for a peek into M&M's strategies. Excerpts:*

## What is project Blue Chip? How has it shaped up over the years?

When we met in December 2001 for the first Blue Chip, I articulated why the market did not perceive value in us. We tried to compare ourselves with GE. We are leaders in most segments in which we have a presence. We have also been innovative. The missing link was a focus on driving financial performance. We decided that each of our companies must be a leader in its business and we do not want to be in any business which does not have a global potential. That's a deeply-held personal philosophy. It's a test of mettle.

The best companies in the world drove financial numbers. We decided to focus on ROCE and free cash flows. When we met again after six months we had surpassed all targets.

By the next year, Blue Chip had become an institution. From “Good to Great” was a great idea. We decided to create a shadow board. One of the outstanding features this year was the shadow board presentation by people less than 35 years. They were meant to meet with a prescribed frequency and to run the company. In some cases, they have shaped the next year's strategy. In the third Blue Chip the focus was on the customer. Again, this year, we decided to focus on being customer-centric.

## You have several tie-ups in the automotive segment (ITEC, Renault and Nissan) and models like Ingenio in the works. What's the big plan in auto?

We are very clear in our core brand, which is SUVs and light trucks or utility vehicles. The strategy is to go global and build a major Indian automobile brand. Arguably it will be easier to build an Indian global brand in a niche area than in a dominant area. We want to be the next Land

Rover of the world. When people think of a vehicle, why should they not think of Mahindra? We define our core automobile business as one where we can build a global brand in the SUV or utility vehicle segment.

What we do in the rest of the area is to bring advantages of scale, which theoretically a niche player does not have. World, market and the nature of industry competition are facilitating niche strategies and, in fact, demanding them. Customers today want customisation. The big question: is it viable? Customer bases are getting segmented. Technology and development are allowing economies of scale to become irrelevant and turn much smaller. Ford Chennai is an example—what needed 250,000 cars to break even, is now 50,000! Alliances are growing in the industry. Renault-Nissan purchases globally and Mahindra is now a part of that. India by virtue of the fact that R&D is low-

## “The next real mountain we want aircraft—a commercial and exec

cost, allows you to hop, skip and jump.

The fact that we made the Scorpio at one-fifth the cost is itself an achievement. If you look at all our alliances, we are building an ecosystem in the auto industry, which helps our niche strategies to survive. You can get economies of scale, you are nimble and focused. Renault's Logan is India-centric, but Mahindra International is global. Pure money can buy commodities. Indian companies have to prove whether they can build a sustainable brand that is recognised across the world. My focus is to build a Mahindra brand.