



# THE BUSINESS OF TRUST

In India, the Tatas always enjoyed the consumer's trust and the challenge was to build businesses. Outside India, it has bought the businesses and the challenge is to build trust, the Tata trust, says Kala Vijayraghavan

**F**OR TWO days, the past and the present meshed to shape a vision for the future. In August, 30 senior managers of the Tata group came together for two days in Jamshedpur to listen to Dr Jagdish N Sheth, a top leadership and management consultant. The workshop, titled 'creating firms that are loved and respected', focused on outlining an agenda for Tata managers that was alive to the opportunities and challenges of the present, while building on the legacy of the group's leaders.

Now that it is a global brand, he says, the Tata group not only has to deliver financial value, but also discover an overarching purpose. "While its good reputation and heavy engagement with society will help its entry into new markets, it will have to figure out a new purpose that will be a worldwide movement within the global Tata group," says the professor of marketing in Emory University, Atlanta.

It will also have to live and communicate that purpose. "The group has a diversified portfolio of strong businesses, with functionally strong and modern brands," says Rama Bijapurkar, a respected thought-leader on market strategy. "It now needs to recreate the love and trust it enjoys domestically in the rest of the world."

In India, the group has a robust brand portfolio, including TCS, Tata Nano, Tata Ace, Tata Docomo, Tata Sky and Tanishq. What the Tata name is seen to stand for underpins them all. Its overseas brands, however, are another story. Brands like Jaguar, Land Rover and Corus (which has since become Tata Steel Europe) don't invoke the same faith and values as the Tata name does. They are not even seen to be synonymous with the Tata name. Not even Tetley, which was acquired in 2001.

Yet, the overseas business — and by extension, brands — is becoming more important in the group's scheme of things. Today, the Tata group, which has 98 operating companies and 350,000 employees, has operations in 80 countries. And about 60% of its revenues come from abroad.

It's why the group is investing progressively more thought and resources into leaving an imprint in the new geographies. It's doing it in ways that are obvious, like aligning JLR and Corus with the Tata philosophy. It's doing it in ways that are subtle, like Ratan Tata making a contribution of \$50 million for a Tata Hall in Harvard Business School.

**I**t was Ratan Tata who brought brand identity and brand management into the group's lingo. "That the name Tata has to be managed as a brand was not in the consciousness of the leadership till 1998, until Ratan Tata realised the importance of achieving its true potential and nurturing it," says R Gopalakrishnan, executive director, Tata Sons. "Tata holds a promise of trust, reliability and nation-building, and is therefore not tradable."

When Ratan Tata took over as chairman in 1991, companies were run autonomously, often as fiefdoms by managers empowered in the 1950s and 1960s. So, branding was a company-specific exercise, rather than a company-specific exercise under a group philosophy. There was no centralised code of conduct or control, and different group companies used the Tata brand differently.

This changed in 1998, when Ratan Tata created a new ownership structure that gave greater power to Tata Sons, the group's holding company, to ask group companies to follow a code of conduct. As a first step, Tata Sons started increasing its stake in companies like Tisco (now Tata Steel), Telco (now Tata Motors) and Indian Hotels, which had diluted to 3-12%, to 26%.

Next, Tata Sons said group companies no longer had a free hand over the Tata brand. To use the Tata name, they would have sign covenants of behaviour that covered not just brand use, but also business practices and values (See box: The Tata Rulebook). And they would have to pay royalty to Tata Sons — 0.25% of turnover (less if companies did not use the Tata name directly).

Across the group, there are now broadly two approaches to the Tata brand. The first is to use it as an umbrella brand — for example, Tata Motors, Tata Chemicals, Tata Consultancy Services (TCS), Tata Communications and



## Great Visionary

Ratan Tata, chairman of Tata Group, spearheads the conglomerate's drive to create companies that are loved and respected

REUTERS

Tata Steel. The second is to use as a half-umbrella — companies like Trent, Indian Hotels, Voltas or Titan don't have Tata prefixed into their name, but they do use the tag line, 'A Tata Enterprise', for corporate branding.

There's a thought behind the half-umbrella approach. These are, typically, businesses that are perceived by the group as riskier or where the group is relatively less experienced (Trent, which is short for Tata Retail Enterprises) or where the Tata name might have a regressive impact on branding (Indian Hotels, which has a strong identity in the Taj brand).

Yet, umbrella or half-umbrella, some things are a given. "The usage of the brand is not forced on anyone," says Gopalakrishnan. "So, companies such as Indian Hotels or Voltas operate without the Tata name, but yet ensure that it reflects the same tradition of trust, leadership and integrity."

Tata officials say the brand takes a 10-20 year view of its relationship with consumers and does not believe in short-term growth drivers. "We don't do traditional stuff," says Srinivas Adepelli, CEO, Tata Communications. So, the group doesn't undertake tactical advertising and marketing campaigns, or sponsored events to market the brand. Even so, in India, the Tata group today commands an enviable brand trust.

**W**HILE Tata is a household name in India, its identity abroad is neither commensurate with its presence there nor consistent with the values it stands for. In China, for example, TCS has been present since 2002 and has 2,000 employees. Yet, a research study done in 2007 by Ipsos Public Affairs, a market research firm, showed that "awareness of Tata does not run very deep, and that in some cases, includes erroneous information". And this was based on responses from a set of people who are informed — business people, government officials, academicians and journalists.

Even in the UK, which has so far been the focal point of the group's global ambitions, it's taken the Tatas two significant acquisitions to register its presence. Back in 2001, in what was its first big global acquisition, the Tatas bought British beverage company Tetley. Yet, when it bid for Jaguar Land Rover in early-

INDIA'S **MOST** VALUABLE BRANDS 2010 BY BRAND FINANCE ET EXCLUSIVE

## GOING GLOBAL

As part of a global brand-building exercise, Tata Group offers internship for students of world's leading universities and business schools. This way it wants to enter the mind space of business managers and business leaders of tomorrow.

2008, David Smith, the CFO at Jaguar then who was later elevated to the position of CEO in JLR, is learnt to have remarked: "Who is Tata?"

But after the acquisition of JLR and Corus, a survey done in 2008 on similar lines as the one in China showed increasing awareness of the Tata brand in the UK.

The group, which operates in India under a common brand architecture, is currently creating new brand manuals for Corus (since renamed Tata Steel Europe) and JLR.

Company officials say these will be moulded to include new elements and guidelines in international markets, but will essentially work within the Tata philosophy.

Says Gopalakrishnan: "It is important that everyone signing into the Tata culture now soak in the ethos of trust and leadership."

"Brand migration is a huge task and can't be accomplished overnight," says Manzer Hussain, communications director of Tata Steel. But the first steps have been initiated. Employees of Corus and JLR are signing into the Tata code of conduct.

The group has begun appointing 'ethics counsellors' to ensure they function responsibly and ethically with all stakeholders.

**T**HE challenge is to live and communicate the Tata philosophy to a wider audience abroad. Says Atul Agarwal, vice-president Tata Services: "The group has initiated brand-building exercises in markets like China, UK and US." Dr Sheth, for example, will take his workshop to group companies across continents.

Part of the brand-building exercise is oriented towards entering the mind space of business managers and business leaders of tomorrow. One of its programmes is the Tata International Social Entrepreneurship Scheme, which is essentially a two-month internship for students from the world's leading universities in the corporate sustainability projects of Tata companies in India. Another programme, the Tata International Internship Program, enables students from international business schools — starting with three universities in Singapore — to take up projects in group companies.

Dr Sheth says the Tatas need to show "purpose-driven intent". He asks: "If you have revenues coming in from America, Australia or Europe, how do you engage with employees in each of these communities or help deal with unique societal problems in a global manner?"

Earlier this month, Ratan Tata gave \$50 million (about ₹220 crore) to the Harvard Business School — the largest international corporate contribution made to the 102-year-old institution — to fund a new building for executive-education programmes. Group watchers see it as a brilliant global brand-building move. The building, which will be completed in 2013, will be named Tata Hall. "Consider how many leading thought- and business-leaders will emerge out of that institute every year and carry with them the Tata name across the world," says Gopalakrishnan.

As part of its brand-building exercise, the group also recently refreshed its 'leadership behaviour manual' to include the international methodology in leadership practices. "It's broken into three clusters of leadership: of results, business and people," says Satish Pradhan, executive vice-president, group HR, Tata Sons. "The values with which our leadership behaviour is moulded is the Tata way of managing brands."

With inputs from MV Ramsurya

**R GOPALAKRISHNAN**  
EXECUTIVE DIRECTOR, TATA SONS

The promise of a truly global brand is to be consistent with its ideals and purpose. Great global companies such as GM, Ford or Philips had a very constant and consistent purpose. The Tata maxim 'leadership with trust' is part of our DNA.

**CARL-PETER FORSTER**  
CEO & MD, TATA MOTORS

The brand encapsulates the promise the company makes to its customers. Ace, Nano and Indigo are mere designations; the Tata brand is the belief in a set of values that is beyond economic targets & ambitions

**SRINIVAS ADEPELLI**  
CEO, TATA COMMUNICATIONS

A brand is essentially a long-term relationship with consumers and markets. We will under-promise, but over-achieve, and surprise the consumer. So, we may be seen as conservative and not tactical in a short-term sense

**ASHVINI HIRAN**  
COO-CONSUMER PRODUCTS, TATA CHEMICALS

Product branding depends on different factors and decisions, but there is a value system that has come down from JRD: what comes from society to the Tata group has to go back to society

**HARISH BHAT**  
COO-WATCHES, TITAN INDUSTRIES

While our brands are crafted with target segments in mind, the overarching umbrella of the Tata brand is a positive factor for consumers. Our products and services have to be trustworthy on every count, and the Tata name reinforces the same

**ATUL AGARWAL**  
VICE-PRESIDENT, TATA SERVICES

The Tata brand is now a new-age frontrunner. From its previous old-economy image and from being past-focused, it's now future-ready

## The Tata Rulebook



Leadership with trust. If Tata group has lived and communicated by that maxim, a main reason is it has institutionalised what every part of the group — people, products and processes — should and should not be about.

### BRAND EQUITY & BUSINESS PROMOTION AGREEMENT

The Tata name and trademark is owned by Tata Sons. This agreement, between Tata Sons and group companies, outlines the terms and conditions for use of that name and trademark. It defines objectives and responsibilities both for Tata Sons and for the companies. Its two main facets are the Tata Code of Conduct and the Tata Business Excellence Model (see below).

### TATA CODE OF CONDUCT

A guidebook sent to employees on the values and business principles expected of them — and by extension, their company. The 25 principles stated in the code cover issues like human rights, environment, labour practices, corruption, equal opportunities, gifts and donations. Since 1999, the group has circulated this code to all its employees; the group also communicates its substance to the entities with which it does business.

### ETHICS COUNSELLORS

Kuruvilla Markose, vice-president, Tata Quality Management Services, refers to them as the "guardians of the code". "Our role is to ensure

that everybody across rank and file operate within the code, while ensuring confidentiality in dealing with any violations." Every company has an ethics counsellor at its headquarters. This person is a senior employee and reports to the CEO and the audit/ethics committee. Further, each location has unit-level counsellors, who report to the counsellor at the headquarters.

### THE TATA BUSINESS EXCELLENCE MODEL

This is a framework for group companies that promotes business excellence and business ethics. The areas of business performance it focuses on include customer-focused results, product and service results, financial and market results, HR results, organisational effectiveness results, and governance and social responsibility results. Twice a year, Tata Quality Management Services (TQMS), an in-house organisation, assesses the companies on these counts. If need be, it visits the company, interacts with its employees, and makes suggestions to the leadership team.

## THE ECONOMIC TIMES Reader's Offer



## BlackBerry Pearl 8110 with GPS

SAVE 36%

₹ 10,990 ₹ 6,990

- GSM 850 / 900 / 1800 / 1900
- 2.2" TFT • QWERTZ keyboard
- Vibration, MP3 ringtones
- 2MP Camera with LED flash
- SMS, MMS, Email, IM
- Trackball Navigation
- MicroSD, up to 4GB
- BlackBerry maps, GPS
- Bluetooth v2.0 A2DP
- Document editor (Word, Excel, PowerPoint, PDF)

**Accessories:**  
Hands Free, Software CD, Manual, Data Cable, Battery, Charger, Pouch, 1GB Card

• 6 Month Seller Warranty

• Pay by: Credit Card / 6EMI's • Delivery Charges ₹ 299/- extra



**09867748888 / 09998308888**

SMS 'SHOP10' to 58888 / Visit [shopping.indiatimes.com/ro](http://shopping.indiatimes.com/ro)