

'We are building for the next 150 years, on the powerful foundation that we have inherited'



Cyrus Mistry's hands have been more than full since he took over at the helm of the Tata group in late 2012, and his imprint on the group and its companies has been distinctive. The chairman of Tata Sons has found a fine balance between modernity and tradition as he guides the group through demanding times and circumstances in a rapidly evolving business environment.

In this exclusive interview with tata.com, the self-effacing Mr Mistry talks about coming to grips with the responsibility of chairmanship, the multiple challenges facing Tata companies, the essentials of technology, innovation and customer centricity, and the continuing Tata commitment to societal causes.

How would you describe your experience since taking over as chairman of the Tata group?

When I assumed office as the group chairman, I was acutely aware of a few things. I knew I was not leading a single company, but was at the helm of a unique institution with a rich and glorious history. I was very conscious that we had a powerful foundation that had been nurtured over the last fifteen decades, and we now needed to build the capabilities that would allow us to succeed for the next 150 years.



For this peerless institution, this was more than a routine change of guard at the leadership level. It was a generational change. Many senior executives who had helped shape the group for decades were retiring around the same time. There was great institutional knowledge with them which I needed to imbibe before they called it a day. Therefore, my initial approach was to adopt a listening mode. A corollary to this development was that we filled the vacuum in the

leadership team with a judicious amalgam of maturing leaders from within the group as well as lateral inductees who brought in fresh perspectives and new knowledge.

I also recognised that to successfully lead the group, instead of relying on the position of chairman as the primary basis of my authority, I needed to earn the trust and respect of all our chief executives, the boards of directors and external stakeholders. This meant building enough depth of knowledge about specific domains to ask the right questions, while exposing myself to a variety of views on geopolitics, technology and societal issues. A learning orientation on my part was essential.

After obtaining a deeper understanding of the group, I focused on identifying areas that needed special attention. Then, several important group-wide initiatives were launched, leveraging the newly formed Group Executive Council (GEC) and other group resources for implementation. On the people side, we initiated interventions to improve engagement and the quality of life. We developed a customer manifesto to enhance customer centricity. And the newly created position of Chief Technology Officer (CTO) at the group level has been instrumental in making technology and innovation a central pillar of our growth strategy.

Alongside these initiatives, there is an ongoing focus on performance management systems and the quality of the strategies deployed by our operating companies. Several measures have been taken towards this end, including reinforcing the need for performance and having clarity of strategy.

We have set out an ambitious ‘Vision 2025’ for the Tata group, to touch the lives of a quarter of the world’s population. What is the growth strategy identified to achieve this vision?

Each of our group companies is charting its own strategy and growth story, with the focus on sustainable, profitable growth. Each of these companies has identified the critical factors that make them sustainable over a longer time horizon. If we consider Tata Steel in India, for example, the fact that they are low on the cost curve, produce differentiated products and are a strong brand in the market, has helped them survive in a period when most steel producers globally are underwater. Similarly, the main factors underpinning sustainability in each company would be different.



By 2025, the Tata group aims to touch the lives of 25 percent of the world's population

The group has invested Rs415,000 crore (\$79 billion) in capex over the last decade. Our investment over the last three years alone has been in excess of Rs170,000 crore (\$28 billion). We recognize that growth has to be a function of the operating cash flows we generate. At the group level, over the last three years, our operating cash flows have grown by over 30 percent CAGR; but this, as we know, is not the appropriate way to use such data - our individual companies need to earn the right to grow. At the group level, we are focused on helping our companies earn this right by building strong operational cash flows and looking at their capital structures.

It is crucial that we do not look at our capex in isolation from our investment in talent, brands and technology. These will be the true differentiators in the future. To this end, our companies track metrics such as workforce engagement, customer focus, net promoter score and the number of patents published — these are also monitored at the aggregate group level — in addition to metrics such as Tata brand performance. The metrics show a healthy and positive trend, though we still have a long way to go to meet our aspirations for 2025.