CHAPTER VI

PRODUCTION MANAGEMENT STRATEGIES
OF MARUTI UDHYOG LIMITED

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Production Management Strategies of Maruti Udhyog Limited

1. Introduction:

Maruti Suzuki-

Maruti Suzuki India Limited is a subsidiary company of Japanese auto maker. Maruti Suzuki was the 1st company to mass produce and sell more than a million cars. It is largely credited for having brought in an automobile revaluation.

Maruti Suzuki is India and Nepal's number one leading automobile manufacturer and the market leader in the car segment both in terms of volume of vehicles sold and revenue earned. Until May 2007, 18.28% of the company was owned by the Indian government and 54.2% by Suzuki of Japan. On 10th May 2007, the government of India sold its complete share to Indian financial instructions and no longer have any stake in Maruti Suzuki India Maruti is the Market leader in Indian. It was on 17th September, 2007 Maruti Udhyog Limited was renamed as Maruti Suzuki India Limited.

Maruti Udhyog Limited was established in February, 1981, though the actual production commenced in 1983, with the Maruti 800, based on the Suzuki Alto Kei Car which at that time was the only modern car available in India. Its only competitors the Hindustan Ambassador and Premier Padmini were both around 25 years of data at that time.
The company exports more than 50,000 cars annually. It has an extremely large domestic market in India selling over 7,30,000 cars annually. Till 2004 Maruti 800 was the India's largest selling compact car even since it was launched in 1983. More than a million units of this car have been sold by the company worldwide so far. Currently, Maruti Suzuki also is on the top in the Sales Charts.

Maruti Suzuki cars are sold in India and several other countries. Models similar to Maruti Suzuki's (but not manufactured by Maruti Udhyog) are sold by Suzuki Motor Corporation and manufactured in Pakistan and other South Asian Countries.

As large number of Maruti 800's have been sold in the Indian market the term 'Maruti' is used commonly to refer to this compact model. At present its production has been stopped in 13 places.

Its manufacturing facilities are located at two facilities Gurgaon and Manesar south of Delhi. Maruti Suzuki Gurgaon facility has been installed capacity of 3,50,000 units per annum. The Manager facilities launched in Feb. 2007 comprise a vehicle assembly plant with a capacity 1,00,000 engines and transmission. Manager and Gurgaon have a combined capacity to produced over 7,00,000 unit annually. It must be noted that more than half the cars sold in India are Maruti Suzuki Cars.

In all over six million Maruti Suzuki cars are on Indian roads since the 1st Car rolled out on 14 December, 1983, Maruti Suzuki offers 14 models Maruti-800, Alto Wagon-R, Estilo, A-Star, Ritz, Swift, Swift-D Zire Omni, Elco, Gypsy, Grnd Vitara, SX4, and Kizashi. Swift, Swift D-Zire, A-star and SX4 are
manufactured in Manesar. Grand vitara and Kizashi are imported from Japan as completely built units (CBU) remaining all models are manufactured in Maruti's Suzuki Gurgaon plant. **Maruti launched its new car 'Ertiga' on 12th April, 2012.**

**Moreover it should be noted that Top 10 cars of 2013 are as follows : Maruti Suzuki leads with Alto 800**

**JUL 16 2013, 15:33 IST**

After an average but relatively slow 2012, the Indian automotive industry was expecting a better 2013. Some exciting launches at end of the 2012 also promised the same. But the slowdown isn't finished yet and it's becoming worse. We have the sales records of first two quarters in our hands and by looking at these we are not getting any good feeling. Despite some big launches like Ford EcoSport and Honda Amaze, nothing big had happened in this year so far - even big discounts failed to lure buyers.

However, there are some cars that have been generating good volumes. **They are as follows**-

**The Top-10 best sellers of 2013 :**

1. **MARUTI ALTO-800**

The bread and butter car from Maruti Suzuki is on top like always. The two USPs of this people's car are- better fuel efficiency and low cost of ownership. Not just selling points, it worked as the core formula to take the sales of Maruti Alto 800 to never before touched heights. Introduced in October, 2012, the Alto 800 has set new records of sales. The volume of sales has **crossed 1,37,406 in 2013** and still counting. (These are the commutative sales figures of Alto 800 and K10).
2. **Maruti Suzuki Swift Dzire**

Most of us were expecting that the launch of Chevrolet Sail and Honda Amaze would cut down Dzire's sales. But the Swift based entry level saloon has sustained its position and still generating 10,000+ sales every month. MSI has managed to sale a total of **1,04,713 in 2013.**

3. **Maruti Suzuki Swift**

Maruti Suzuki Swift, again a best seller from Maruti Suzuki. The premium hatchback is creating volumes since its launch in May, 2005. The latest avatar of the Suzuki Swift is doing wonders for the company. Despite of the slowdown, this premium hatchback has been sold like hotcakes and MSI managed to sale a whooping 87,308 Swifts in 2013 till now.

4. **Maruti Suzuki WagonR**

To all those who still wonder what the R stands for, it is Recreation. It was introduced in Japan in 1993 and is still in production by Suzuki. It is one of the first cars to use the design strategy named, “tall wagon/tall boy”, in which the car is designed to be strangely tall within a small bonnet and ultimate design is a somewhat a vertical hatch. The outer design basically side in order to make out most of the cabin space while staying within the dimensions of the car. This fact actually took concrete shape when the sales of Wagon R got established in India. By the end of Feb 2010, the sales of Suzuki Wagon R touched mark of 5 million. The company recently launched the refreshed WagonR, which helps them to attract buyers towards it. The Tall Boy has managed to get good numbers as well, and there are **78,389 new WagonR owners in 2013.**
5. *Mahindra Bolero*

Mahindra Bolero, the best selling SUV in India, is generating volumes even more than some of the hatchbacks. The SUV is so famous in rural and semi-urban areas. Based on decades old platform, it has a high ground clearance and that is in-turn what makes it easier to be driven on rural Indian roads. The sales volume for Bolero has touched new highs in 2013, Mahindra has sold 59,973 units of Bolero so far in 2013.

6. *Hyundai i10*

The B-segment hatchback from South-Korean manufacturer is one of the best selling hatchbacks in India. Despite of the fact that Hyundai is planning to launch a refreshed i10 in the upcoming festive season, Hyundai i10 is still generating good numbers. Presently i10’s sales volume marks around 50257.

7. *Hyundai Eon*

The most affordable Hyundai car in India, the Eon is also most stylish compact hatchback. Apart from fierce competition from Maruti Alto 800, Eon has been doing good sales. The car has carved out a niche for itself and there is a specific group, which prefers Eon. So, the Eon's stylish outfit helped it to total sales of 50108 units in 2013.

8. *Hyundai i20*

Next in the row is the elder sibling of the Hyundai i10 and Eon, the i20. The stylish premium hatchback is loaded with first in class features and attracts the buyers, who demand more in a hatchback. Not even styling, the hatchback also performs well and that is why 40,807 new owners bought the premium hatchback in 2013.
9. **Innova**

MPVs has never been considered as a family car in India, and even as a commercial purpose vehicle, usage of MPVs were limited. But Innova has redefined the segment and even though the segment is not a volume driven segment, the MPV has managed to get a spot in top-10 best sellers, with a total sales of **33353 units**.

10. **Tata Indica**

The home grown auto manufacturer Tata is struggling with the odd market conditions, but their hatchbacks Indica and Vista is managed to do decent sales in 2013. The sales figures reached a mark of **33206 in 2013**.

SUZUKI technical superiority lies in its ability to pack power and performed into a compact light weight engine that is clean and fuel efficient. Nearly **75000** people are employed directly by Maruti Suzuki and its partners. It has been rated **1st in Customer Satisfaction from 1999 to 2009**.

**Hence we can say that Maruti Suzuki is the leader of Passenger Car Market.**
2. **Product Management Strategy:**

**Production Management System**-

Production Management System (PMS) is the next step towards moving ahead to sustain the momentum. It is a strategy to achieve Manufacturing Excellence evolved through participative approach. The system is people driven and ensures involvement of all levels (Managers, Executives, and Supervisors).

The concept ensures participation and error free communication. The result is clarity of content, better understanding and openness towards feedback. These values make PMS a sustainable system. Having achieved the target of selling a million cars in the financial year 2009 - 2010, PMS has lead the production team towards greater enhanced productivity with perfection.

**PMS is derived from the basic Japanese principles of 5S, 3G and 3K** in order to bring an improvement in overall processes and systems in Production Division through involvement of all levels, PMS was launched in Maruti Suzuki. Through various phases of PMS the company embarked on its journey of bring in a) Clarity of Role, Non-duplication of work, Ownership, Commitment and Standardization in all our process and systems across the production division.

**• The Challenge**

Today, challenges faced by product development teams include globalization, outsourcing, mass customization, fast innovation and product traceability.
Additionally, organizations are being asked to do more with fewer resources; product complexity is increasing while product lifecycles are compressing. Furthermore, to be competitive, manufacturers not only need to increase the rate of product innovation but also accelerate time to market, while tightly managing costs and relentlessly driving quality.

**The Solution**

Soft Expert PLM Suite-Product Lifecycle Management—provides the necessary requirements and skills companies need to successfully manage information and facilitate communication and collaboration throughout the entire product lifecycle, from conception to design and manufacturing, to service and final disposal. Soft Expert PLM Suite also helps manufacturing engineering companies develop, describe, manage and communicate product-related information (PDM).

Soft Expert PLM Suite provides a centralized product development database that helps companies eliminate effort duplication by maintaining other product information such as costs, characteristics, specifications and development status in a single place.

Soft Expert PLM Suite also helps ensure consistent product development procedures and policies, eliminating confusion and lost time working “against” the process. With an integrated workflow system, Soft Expert PLM Suite allows organizations to easily determine process bottlenecks. And, by providing a complete audit trail for changes, companies can also save time when searching what data was changed, by whom, when and why.
The following are some of the benefits organizations can expect with Soft Expert PLM Suite:

- Reduced engineer cycles through re-use of master data
- Reduced rework and waste
- Improved product quality
- Reduced time-to-market
- Improved processes conformity

**Product Life Cycle Management (PLM)**

- Better use of equipment assets

By adopting Soft Expert PLM Suite as their PLM solution, organizations have the guarantee that their products will be
aligned with their business strategy, facilitating the management of the complex challenges associated with bringing new products to market.

Most importantly, Soft Expert PLM Suite enables organizations to improve overall quality and reduce costs and risks associated with a growing number of regulatory compliance and corporate governance processes such as those related to the ISO 9000 Quality Guidelines, Sarbanes-Oxley, FDA 21CFR Part 11 Electronic Record Keeping, Good Manufacturing Practices, OSHA Regulations, among others.
3. Product Life Cycle:

PLC is an important concept in marketing that provides insights into product's competitive dynamics.

Product life cycle (PLC) has to do with the life of a product in the market with respect to business costs and sales variables, whereas product life cycle management (PLM) has more to do with managing a product through its development and useful life. To say that a product has a life cycle is to assert four things:

1) Products have a limited life,
2) Product sales pass through distinct stages, each posing different challenges, opportunities, and problems to the seller,
3) Profits rise and fall at different stages of product life cycle, and
4) Products require different marketing, financial, manufacturing, purchasing, and human resource strategies in each life cycle stage.

The Different Stages In Product Life Cycle-

1. **Introduction stage:** In this stage a product is launched in the market. The marketer has to make effort for
   1. Creating product awareness in the market if it is leader
   2. Induce trial of the product
   3. Secure space in the outlet shelf.

Where,

I: costs are high.
II: low sales volume
III: little or no competition
IV: no existing demand for the product
V: makes no money at this stage

**The marketing Strategy** used are Rapid Skimming strategy, Slow skimming strategy, Rapid penetration strategy and slow penetration strategy. Usually market pioneer enjoys advantages.

2. **Growth stage:** This stage experiences rapid increase in sales volume where competition begins to increase, opportunity for large scale production and profit.

Where,

1) public awareness increases
2) Increased competition leads to price decreases

The marketing strategy used is;

1) Product improvement
2) new models are developed
3) enters new market segment
4) enlarges distribution channels etc. The social networking facilities on internet is on its growth stage.

3. **Maturity Stage**

**Most Of The Products Are In Maturity Stage. In This Stage**

I: the marginal Costs are low as a result of production in scale
II: sales volume peaks and most of the market is covered.
There is increase in competitors entering the market
prices fall due to impact of competing products
brand differentiation and feature diversification is emphasized to maintain or increase market share

The marketer adopts the followings.

**Market Modification:**

1. Convert nonusers
2. Enter new market segments
3. Win Competitor's customers etc.

Marketing mix modifications in Prices, Distribution, Advertising, sales promotion, personal selling, services. Coca Cola and Pepsi are at Maturity stage.

**4. Saturation And Decline Stage**

In this stage the sales volume decline, price and profitability diminish.

The marketer develops concern for 1) Identifying Weak products and determining such marketing strategy so that it could be dropped profitably.

**PRODUCT LIFE CYCLE:**

**1. Introduction Stage**-

- Market share and growth is slight.
- Substantial research and development costs have been incurred.
• Marketing costs may be high in order to test the market, undergo launch promotion and set up distribution channels.

• Highly unlikely that companies will make profits on products.

• **Example- A-Star, Swift, Dezire.**

2. **Growth State**-

• Characterized by rapid growth in sales and profits.

• Profits arise due to an increase in output (economies of scale).

• Significant promotional resources are traditionally invested in products that are firmly in the Growth State.

• Cheaper for businesses to invest in increasing their market share.

• **Example- Swift, Zen Estilo**
Different Phases of Product Life Cycle
3. **Maturity Stage** -

- Competition is most intense as companies fight to maintain their market share.
- Any significant moves are likely to be copied by competitors.
- The Maturity Stage is the time when most profit is earned by the market as a whole.
- Any expenditure on research and development is likely to improve production efficiency and quality.
- **Example** - Alto, Wagon-R.

4. **Decline State** -

- Market is shrinking, reducing the overall amount of profit.
- Possible to take out some production cost, to transfer production to a cheaper facility, sell the product into other, cheaper markets.
- Depending on whether the product remains profitable, a company may decide to end the product.
- Care should be taken to control the amount of stocks of the product.
- **Example** - Baleno, Esteem.
4. Use Of Product Cycle Management In Maruti Udyog Limited:

Working With Pride In India-

Maruti Udyog Ltd., a subsidiary of Suzuki Motor Corporation of Japan, has been the leading Indian passenger car maker for about two decades. The company has a diverse portfolio that includes: the Maruti 800; the Omni; a premium small car, Zen; the international brands, Alto and Wagon-R; an off-roader, Gypsy; the mid-size Esteem; a luxury car, Baleno; an MPV, Versa; a premium subcompact car, Swift; and a luxury SUV, Grand Vitara XL7.

According to Maruti’s vision statement, its goals include maintaining leadership in the Indian automobile industry, creating customer delight, increasing shareholder wealth and being “a pride of India’ Customers have shown their approval, ranking Maruti high in customer satisfaction for so many years in a row according to the J.D. Power Asia Pacific. India Customer Satisfaction Index (CSI) Study.

The Need For PLM-

Among the company’s product development challenges, the need for shorter cycle times is always at the top. Management wants to be able to launch new models faster and reduce the time required for minor changes and development of product variants. Another challenge is co-development. Maruti’s goal is to collaborate closely with its global teams and suppliers on the development of new platforms and product freshening. Other challenges include streamlining the process of vehicle localization and enhancing quality and reliability.
These challenges pointed directly to a product life cycle management (PLM) solution with capabilities for information management, process management, knowledge capture and support for global collaboration; a PLM solution directly addressing Maruti's business challenges. For example, PLM's information management capabilities address the issue of the many platforms, local variants and export destinations. Process management permits concurrent development and faster change management and provides a platform for other process improvements—for faster vehicle development. Knowledge capture increases innovation and also reduces costs by increasing part re-use. PLM's collaboration capabilities permit global development by ensuring fast and accurate dissemination of product information.

**Implementation Profile**-

Maruti selected the UGS PLM software solution because "UGS leverages the business value by offering a complete PLM solution" according to CV. Ramari, general manager Engineering Division, Maruti Udyog Ltd. Maruti's PLM implementation includes teamcenter, NX and Tecnomatix software.

Teamcenter provides a wide range of functionality for release management including bills of material management and change management. Teamcenter also handles the vehicle localization process, coordinates the part approval process and integrates design and engineering information with the company's ERP system, Teamcenter also provides the infrastructure for global collaboration. It does this by permitting real-time data sharing with suppliers in India and the global Suzuki team.
NX supports vehicle design by providing advanced tools for styling, product design and digital mockup. Its system-based modeling solution (WAVE) simplifies the creation of product variants. NX is also used for tool design and the development of machining programs. Tecnomatix automates manufacturing process planning (final assembly and body-in-white) and allows for assembly feasibility studies, ergonomic analyses, welding cell simulations and so on.

**PLM Delivers Results**

Since implementing the UGS PLM solution, engineering change notice (ECN) time at Maruti has decreased by 50 percent. The number of ECN errors has also been cut in half. Cost reduction, which had been occurring to some extent before the PLM implementation, is even more effective now, an improvement of 54 percent.

With 3D parametric models now representing all elements of a vehicle, design reviews include digital mockups, which people find much easier to understand than drawings. On a recent program, digital design reviews revealed 36 issues that previously would not have been detected until the prototype stage, resulting in program delays. With the UGS PLM implementation, such delays are now avoided. Factory simulation functionality has had equally beneficial results. Digital 3D plant layouts reduce errors and have cut personnel costs for accommodating new product introductions. In addition, Maruti has seen a 50 percent reduction in assembly/build issues.
From the business perspective, all this means vehicles get to market sooner. The company has experienced a reduction in design-to-launch time of 25 percent, and expects a further reduction of 15 percent as more of the collaboration with Suzuki and suppliers is done electronically in real time. From the customers' perspective, the move to the UGS PLM solution is seen in lower prices. Since the implementation of Teamcenter, NX and Tecnomatix, Maruti has reduced prices for five car models.

5. Boston Consulting Group (B.C.G.) Matrix:

The Boston Matrix-

Focusing effort to give the greatest returns

Related variants: The BCG Matrix, the Growth-Share Matrix and Portfolio Analysis

The origin of the Boston Matrix lies with the Boston Consulting Group in the early 1970s. It was devised as a clear and simple method for helping corporations decide which parts of their business they should allocate their available cash to. Following the credit crunch, this is newly important in some sectors because of the limited availability of credit.

However, the Boston Matrix is also a good tool for thinking about where to apply other finite resources: people, time and equipment.
Understanding The Model -

Market Share And Market Growth

To understand the Boston Matrix, you need to understand how market share and market growth interrelate. Market share is the percentage of the total market that is being serviced by your company, measured either in revenue terms or unit volume terms. The higher your market share, the higher the proportion of the market you control.

The Boston Matrix assumes that if you enjoy a high market share you will be making money. (This assumption is based on the idea that you will have been in the market long enough to have learned how to be profitable, and will be enjoying scale economies that give you an advantage).

The question it asks is, “Should you be investing additional resources into a particular product line just because it is making you money?” The answer is, “not necessarily.”

This is where market growth comes into play. Market growth is used as a measure of a market’s attractiveness. Markets experiencing high growth are ones where the total market is expanding, meaning that it’s relatively easy for businesses to grow their profits, even if their market share remains stable.

By contrast, competition in low growth markets is often bitter, and while you might have high market share now, it may be hard to retain that market share without aggressive discounting. This makes low growth markets less attractive.
Understanding The Matrix-

The Boston Matrix categorizes opportunities into four groups, shown on axes of Market Growth and Market Share. These groups are explained below:

**Dogs - Low Market Share (Low Market Growth)**

In these areas, your market presence is weak, so it's going to take a lot of hard work to get noticed. You won't enjoy the scale economies of the larger players, so it's going to be difficult to make a profit. And because market growth is low, it's going to take a lot of hard work to improve the situation.

**The Boston Matrix**
Cash Cows-

High Market Share / Low Market Growth-

Here, you're well-established, so it's easier to get attention and exploit new opportunities. However it's only worth expending a certain amount of effort, because the market isn't growing, and your opportunities are limited.

Stars-

High Market Share / High Market Growth-

Here you're well-established, and growth is exciting! There should be some strong opportunities here, and you should work hard to realize them.

Question Marks (Problem Child)-

Low Market Share I High Market Growth-

These are the opportunities no one knows what to do with. They aren't generating much revenue right now because you don't have a large market share. But, they are in high growth markets so the potential to make money is there. Question Marks might become Stars and eventual Cash Cows, but they could just as easily absorb effort with little return. These opportunities need serious thought as to whether increased investment is warranted.

How to Use the Tool-

To use the Boston Matrix to look at your opportunities, first download BCG's free worksheet, and then use the following steps:

Step One: Plot your products on the worksheet according to their market share and market growth.
portfolio of product and/or services offered by company or strategic business unit (SBU) managed by the company.

"A STRATEGIC BUSINESS UNIT is a significant organization segment that is analyzed to develop organizational strategy aimed at generating future business or revenue."

Exactly what constitutes an SBU varies from organization to organization in larger organizations; a SBU could be a company division, a single product or a complete product line. In smaller organization, it might be the entire company.

BCG matrix has two dimensions market share and market growth. The basic idea behind it is: if a product has biggest market share, or if the products market grows faster.

The four segment of BCG matrix are:

1. **STAR**, high growth and high market share.
2. **CASH COW**, low growth and high market share
3. **DOG**, low growth and low market share
4. **QUESTION MARK** high growth and low market share.

**MARUTI SUZUKI**

MARUTI SUZUKI, one of India’s leading automobile manufacturer and the market leader in the car segment, both in terms of volume of vehicles sold and revenue earned.

**BCG MATRIX of MARUTI SUZUKI**

**STAR**: The Company has long run opportunity for growth and profitability. They have high relative market share and high
**Growth rate:** SWIFT, SWIFT DESIRE AND ZEN ESTILO is the fast growing and has potential to gain substantial profit in the market.

**QUESTION MARK:** there are also called as wild cats that are new products with potential for success but there cash needs are high and cash generation is low. In auto industry of MARUTI SX4, GRAND VITARA, ASTAR there has been improve the organization reputation as they want successful not only in Indian market but as well as in global market.

**CASH COW:** It has high relative market share but compete in low growth rate as they generate cash in excess of their needs.

MARUTI 800, ALTO AND WAGNOR have fallen to ladder 3 & 4 due to introduction of ZEN ESTALIO and A STAR.

**DOG:** The dogs have no market share and do not have potential to bring in much cash. BALENO, OMINI, VERSA There business have liquidated and trim down thus the strategies adopted are harvest, divest and drop.

BCG matrix can serves as a simple tool for viewing a corporation's business portfolio at a glance, and may serves as a starting point for discussing resource allocation among strategic business units.
### GE Matrix

**Industry attractiveness-Size, Market Growth, Pricing, Mkt. Diversity Competitive Structure, Industry Profitability.**

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**SATURDAY, JANUARY 16, 2010**

Maruti Suzuki BCG Matrix

**MATRIX of MARUTI SUZUKI**

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The strategies adopted are that are harvest, divest and drop.

7. Production Suggestion Strategy:

Give Get Grow-

The aspiration to grow is natural and unending. This aspiration has led mankind to evolve and innovate for a better tomorrow. The quest for growth always has a starting point; we may give it any name - vision, approach or management philosophy. This starting point determines the quality of growth and its longevity.

The handing over of the keys of Maruti 800, by the then Prime Minister Mrs. Indira Gandhi, to our first customer, Mr. Harpal Singh, 28 years ago, was the starting point of Maruti Suzuki’s journey of giving in India.

The Maruti 800 was envisioned by our founders as more than a dream car. It was a vehicle to meet the aspirations of the Indian middle class, modernize Indian manufacturing, create a network of component suppliers, catalyse the development of a national network of sales and post sales support, and diffuse Japanese
management practices and work culture. In short, the management approach of the company was to go beyond the business of making and selling a car and contribute to the larger social context in which we found ourselves.

Overtime, the demand for Maruti Suzuki cars encouraged the company to launch many more new models, invest in new facilities, expand suppliers and dealers base, and recruit more people thus, contributing to the modernisation of Indian automobile industry and creation of employment opportunities. The company grew not only within India but also expanded its footprint in over 100 countries with the export of world class cars.

Throughout this period, the approach was to engage stakeholders beyond the normal requirements of business. “Give” remained an integral part of Maruti Suzuki while dealing with various stakeholders. Delighting customers with products and services, sharing technologies and management best practices with suppliers, looking after the profitability of dealers, providing healthy work environment for employees, serving the community, and steering ahead of law in environment friendly initiatives, are some examples of this approach.

With “Give” as the starting point, “Get” and “Grow” have been the natural outcomes. While the company’s stakeholders have thrived over the last 28 years, they in turn have supported the company and helped it sustain profitably despite many challenges. Together, we are ushering in the future with determination.

A key element of Japanese management is called 3G (Genchi, Genbutsu, Genjitsu). It reminds us of the importance
of "going to the spot" and taking decisions while keeping an eye on reality. This principle, simple yet powerful, is internalized by every shop floor worker and manager.

In sustainability, 3G acquires a whole new meaning. The cycle of sustainability begins from giving and ushers in abundance. This principle is the bedrock of Maruti Suzuki's approach to sustainability.

**Maruti Chairman Mr. R.C. Bhargava** says, *For us, our journey that began 28 years ago has been an example of the natural law that Give is the route to Get and Grow.*

The ability of your company to reach its present position is because the policies and strategies we then adopted, were those which are today recognized as essential for ensuring sustainability, and meeting CSR objectives.

Maruti Udyog Limited was incorporated as a government company in February, 1981 and was given the task of modernizing the Indian automobile industry and making available large numbers of fuel efficient vehicles. In the then prevailing environment, most people in India thought the targets given were impossible to achieve and the very survival of Maruti, for any length of time, was considered doubtful. The subsequent events are now history and Maruti Udyog Limited, which has become Maruti Suzuki India Limited, is one of the leading companies in India. It is also Suzuki Motor Corporations (SMCs) most successful overseas subsidiary.

When Maruti started operations, nobody talked of sustainability or of Corporate Social Responsibility (CSR). The ability of your company to reach its present position is because the
policies and strategies, we then adopted, were those which are today recognized as essential for ensuring sustainability, and meeting CSR objectives. Primarily, we focused on making all our stakeholders involved and committed to the success of Maruti.

Maruti brought in industrial relation practices, which were totally new to India and which resulted in its workers becoming partners in the project and voluntarily participating in creating a work culture which has led to continuous improvements in productivity, quality and costs.

Maruti wanted to be a consumer centric company. All policies were designed with the objective of giving maximum satisfaction to its users. The degree of success of the company, over the last 28 years, shows that they have measured up to its customer expectations.

They introduced a policy of making their vendors, as well as their dealers, partners in their operations. Maruti took upon itself the responsibility of providing help to them in all areas so that they could also make continuous improvement in productivity, reliability and in customer service. They have been pillars of strength for Maruti.

8. Product Completion Strategy:

**Product Completion**

Trends to mass manufacturing have led to mass product commoditization. As a result, today many vendors are turning to base product customization as a way to derive the final,
differentiated product for consumption in specific markets, channels and geographies.

Maruti has always been committed to handover its products to its customers. The customers are also very satisfied with all the products of Maruti since 28 years. Maruti focuses on the entire product in the very appropriate manner.

8 Feb 2012

Good come back!

Maruti Suzuki - (TP- Rs. 1015, Underperformer)- Strong recovery-

Maruti Suzuki (MSIL)'s sales in January came at 115,433 units as compared to 92,161 units, 25% growth on mom basis, while on yoy basis it was up by 5.2%. In a scenario where petrol prices are moving up, the bread and butter segment, the mini segment of Maruti comprising Alto, Wagon R and A Star dc—grew by 2.4% yoy. The compact segment comprising Swift, Ritz and Estilo showed an improvement as demand for diesel car is moving northwards on the backdrop of gap between petrol and diesel prices increasing. Vans segment also declined by 11% yoy, but showed a good growth of 40% mom. Exports were the star performer again as they grew by 54.3% yoy as they sold 14,386 units a jump over 9300 units yoy. However, SX4 and Dzire segments posted yoy de-growth, at 12% and 10% respectively. Any rate cut by the central bank of India may have a positive impact on the volumes, while petrol price hike will impact sales adversely and on the other hand any call on the diesel cars in upcoming budget may hamper diesel car sales. Launch of Ertiga needs to be watched
out as low ground clearance may pose a setback to the company while pricing between Rs7-8 lakh will push sales.

9. New Product Strategy:

New Product Development-

In business and engineering, new product development (NPD) is the term used to describe the complete process of bringing a new product to market.

The Process-

1. Idea Generation is often called the "fuzzy front end" of the NPD process
   - Ideas for new products can be obtained from basic research using a SWOT analysis (Strengths, Weaknesses, Opportunities & Threats), Market and consumer trends, company's department, competitors, focus groups, employees, salespeople, corporate spies, trade shows, or Ethnographic discovery methods (searching for user patterns and habits) may also be used to get an insight into new product lines or product features.
   - Lots of ideas are being generated about the new product. Out of these ideas many ideas are being implemented. The ideas use to generate in many forms and their generating places are also various. Many reasons are responsible for generation of an idea.

   - Idea Generation or Brainstorming of new product, service, or store concepts - idea generation techniques can begin when you have done your OPPORTUNITY ANALYSIS to support
your ideas in the Idea Screening Phase (shown in the next development step).

2. Idea Screening-
- The object is to eliminate unsound concepts prior to devoting resources to them.
- The screeners should ask several questions:
  - Will the customer in the target market benefit from the product?
  - What is the size and growth forecasts of the market segment/target market?
  - What is the current or expected competitive pressure for the product idea?
  - What are the industry sales and market trends the product idea is based on?
  - Is it technically feasible to manufacture the product?
  - Will the product be profitable when manufactured and delivered to the customer at the target price?

3. Concept Development And Testing
- Develop the marketing and engineering details
- Investigate intellectual property issues and search patent data bases
- Who is the target market and who is the decision maker in the purchasing process?
- What product features must the product incorporate?
- What benefits will the product provide?
- How will consumers react to the product?
- How will the product be produced most cost effectively?
Prove feasibility through virtual computer aided rendering, and rapid prototyping

- What will it cost to produce it?
- Testing the Concept by asking a sample of prospective customers what they think of the idea. Usually via Choice Modelling.

4. **Business Analysis**
   - Estimate likely selling price based upon competition and customer feedback
   - Estimate sales volume based upon size of market and such tools as the Fourt-Woodlock equation
   - Estimate profitability and break-even point

5. **Beta Testing and Market Testing**
   - Produce a physical prototype or mock-up
   - Test the product (and its packaging) in typical usage situations
   - Conduct focus group customer interviews or introduce at trade show
   - Make adjustments where necessary
   - Produce an initial run of the product and sell it in a test market area to determine customer acceptance

6. **Technical Implementation**
   - New program initiation
   - Finalize Quality management system
   - Resource estimation
   - Requirement publication

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• Publish technical communications such as data sheets
• Engineering operations planning
• Department scheduling
• Supplier collaboration
• Logistics plan
• Resource plan publication
• Program review and monitoring
• Contingencies - what-if planning

7. **Commercialization (Often Considered Post-NPD)**
   • Launch the product
   • Produce and place advertisements and other promotions
   • Fill the distribution pipeline with product
   • Critical path analysis is most useful at this stage

8. **New Product Pricing**
   • Impact of new product on the entire product portfolio
   • Value Analysis (internal & external)
   • Competition and alternative competitive technologies
   • Differing value segments (price, value, and need)
   • Product Costs (fixed & variable)
   • Forecast of unit volumes, revenue, and profit

   These steps may be iterated as needed. Some steps may be eliminated. To reduce the time that the NPD process takes, many companies are completing several steps at the same time (referred to as concurrent engineering or time to market). Most industry leaders see new product development as a proactive process where resources are allocated to identify market changes and seize upon
new product opportunities before they occur (in contrast to a reactive strategy in which nothing is done until problems occur or the competitor introduces an innovation). Many industry leaders see new product development as an ongoing process (referred to as continuous development) in which the entire organization is always looking for opportunities.

10. **Product Control And Development Strategy:**

**Few Steps for New Product Development**

The following steps briefly summarize the major dimensions of new product development.

1. **Clarify the Organizations Goals and the Strategic Role of New Product Development for Competitive Advantage**

New product development can play a variety of roles in defining corporate strategy to gain competitive advantage. This variability makes the process of new product development subject to the emerging organizational issues of the day. In general, a long-run, focused, and ongoing strategic commitment to attractive market opportunities should define the role of new product development. New product development should be integrated into an organization's strategy and significantly contribute to its perpetual renewal. Achieving this integration requires the dedication of intellectual resources at all organizational levels. This intellectual process begins with a responsiveness to the business environment.
2. Build Flexibility to cope With and Mediate Environmental Turbulence

Turbulent global business environments are the source of new product opportunities and problems for an organization. Consequently the critical factors defining the organization's market environment for new products must be scanned on a regular basis. In particular the effects of technology that reduce the life cycles of a firm's products and services must be carefully monitored.

3. Anticipate Market Acceptance of New Products-

The crux of new product development is identifying the unmet needs of potential buyers and other key market stakeholders as the basis for defining market opportunities and translating them into core new product concepts. Potential buyers who are affected by turbulent global environments respond largely to their own needs and problems. Identifying the needs of potential buyers and segmenting markets according to those needs is a challenging prospect but one that enhances new product acceptance it requires a variety of research approaches that should bring the innovating organization as close to potential buyers as possible in fact for many situations new product development should be viewed as an interactive relationship between the innovating organization and potential buyers (and other key stakeholders) to jointly define and develop the new product. The best way to anticipate market response for a new product is to
jointly create it with potential buyers then estimate when and how many consumers might enter the market to buy.

4. **Prepare the Organization for the Change Needed to Develop New Products on a Regular Basis**

The new product development paradox suggests that organizations respond to the demands of a new product in ways that often create organizational resistance and slow development time.

Resolving organizational issues related to new product development requires an understanding of critical organizational processes such as strategic choice, influence, communication, decision making, resource allocation, and implementation. Studying and profiling these processes in terms of an organization's propensity to innovate will help identify areas needing change and estimate response time to innovate. The outcome of this process will be realistic employees to bring about an enlightened view of new product development and its role in the future of the organization and their own careers.

5. **Operationalize An Ongoing Process Of New Product Development**

How the organization decides to respond to environmental forces, organizational resistance, and market stakeholder needs defines its new product development process. This process has been observed to be sequential, overlapping, holistic, or chaotic. However, because business situations vary, each organization should craft a process that enables it to (1) maintain a strategic
focus (2) remain flexible to cope with varying degrees of environmental turbulence (3) interact with the market to anticipate and/or overcome friction in formulating the new product (4) integrate organizational efforts and resource commitments to motivate the process through cross-functional new product development teams and (5) commit to new product development as an ongoing process of organizational renewal. The process should encompass different levels of product concept refinement (ideas concepts prototypes products and launch programs) and critical management activities (diagnosis search design evaluation decision making implementation and monitoring)