

# *Cost Congress' 2019*

## *TCM Architecture in Disruptive Environment*

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***The Lalit Hotel, New Delhi***

<i>S. No.</i>	<i>Presentation Agenda</i>
<i>1.</i>	<i>Subros : An Update</i>
<i>2.</i>	<i>TCM &amp; Business Strategy</i>
<i>3.</i>	<i>Enterprise Level Cost Ownership</i>
<i>4.</i>	<i>Robust Cost Measurement System</i>

*Established in 1985, Subros is the Largest Air Conditioning & Thermal Products company in India.  
A Joint Venture company between*

**Equity Distribution**

*Suri's (Indian Promoters)-36.79%,  
Denso-20%, Suzuki-11.96%, Public-  
31.25%*

**Business**

*Integrated Thermal Products  
manufacturer for auto and non auto  
products*

**Segments**

*Car, Bus, Truck, Refer, Railways and  
Home AC domain.*

**Plants**

*8 Locations (Pan India Presence)*

**Technical Centre**

*1 Location(Noida)*

**Tool Engineering  
Centre**

*1 Location (Noida)*

**Certifications**

*ISO 14001,IATF 16949,  
OHSAS 18001*

**Market Shares**

*45% (Passenger Car AC)  
60% (Truck Aircon/Blower)*

**Revenues**

*Rs 2124 Cr (2018-19) (312 Million USD)*



**Noida Plant**



**Pressure Die Casting**



**Pune Plant**



**Manesar Plant-1**



**Chennai Plant**



**Sanand Plant**



**Manesar Plant-2**



**Karsanpura Plant**

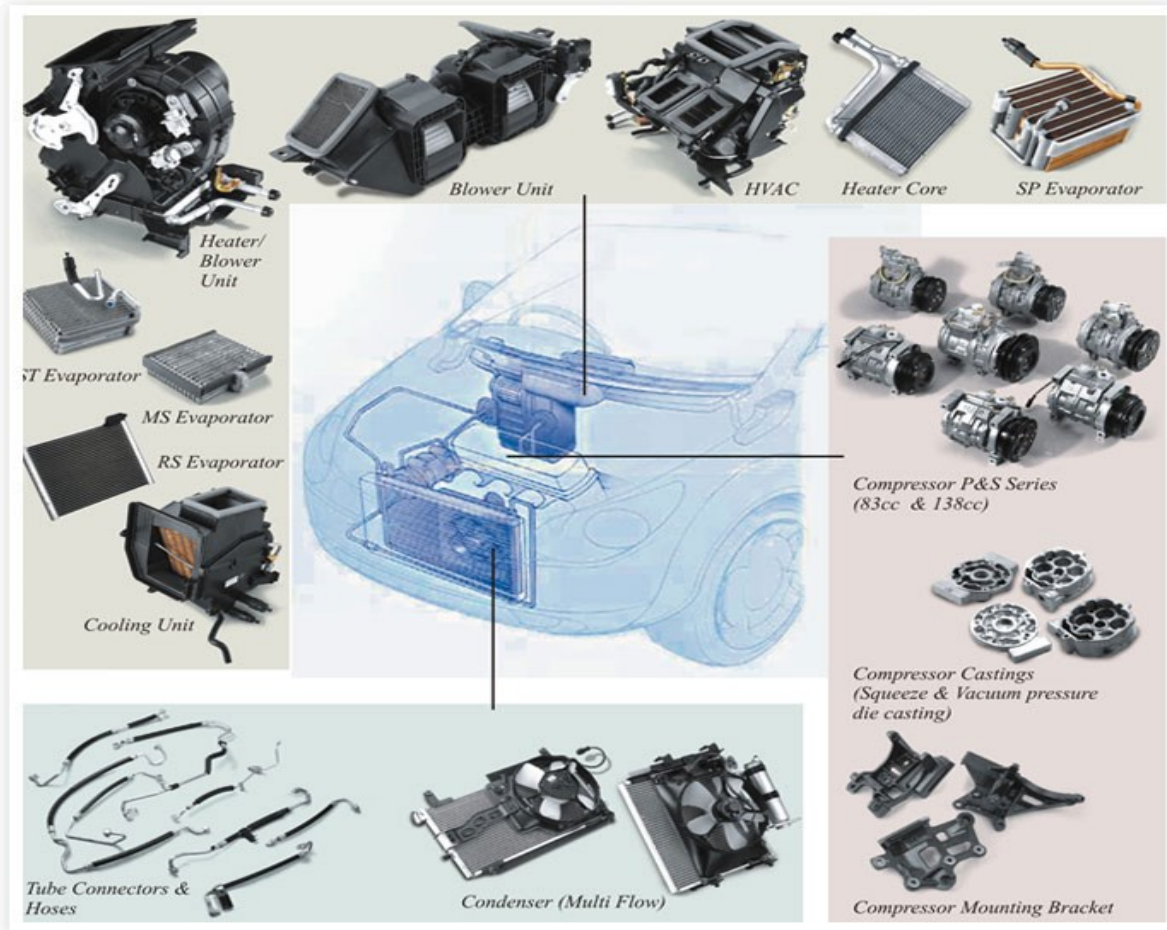


**Technical Centre**



**Tool Engineering  
Centre**

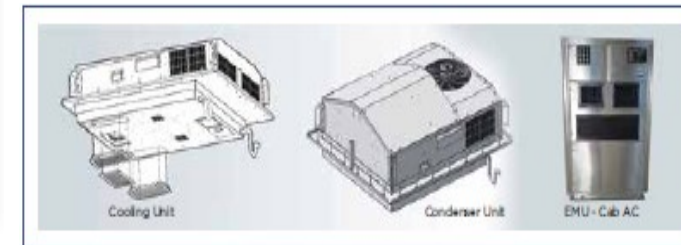




**Passenger Car Thermal Products**



**Refrigeration Truck Thermal Products**



**Railways Thermal Products**



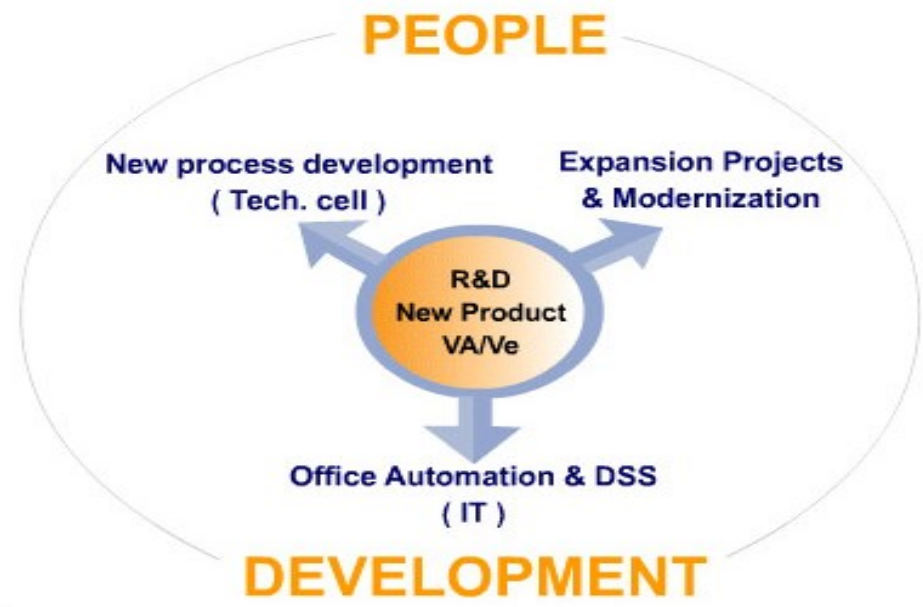
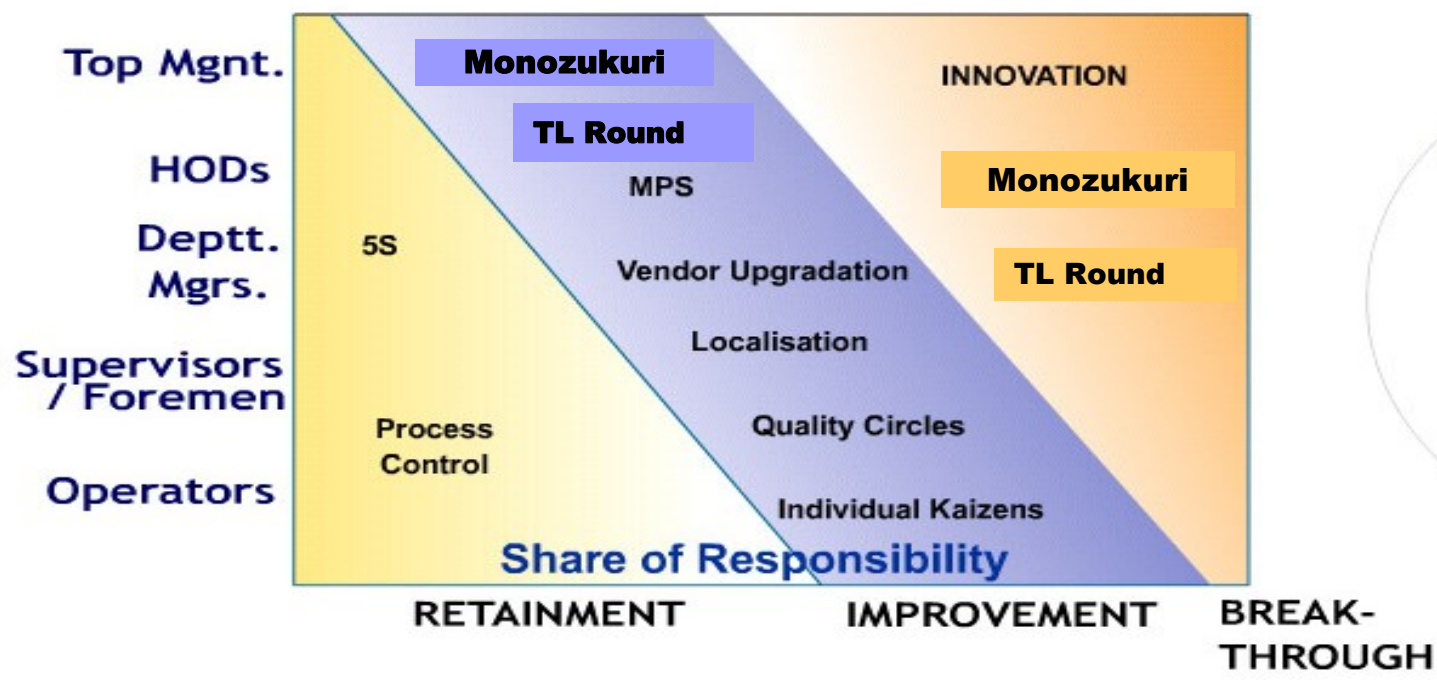
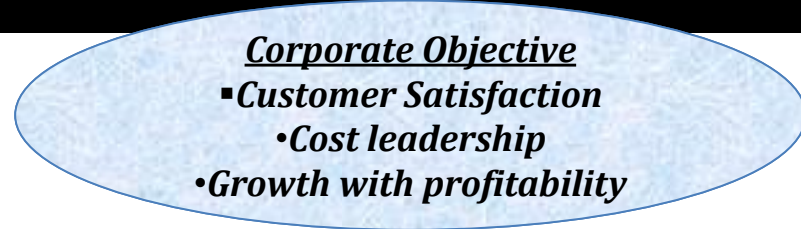
**Bus Thermal Products**



**Home AC Heat Exchanger**



## *2. TCM & Business Strategy*





***Total Cost Management focused on sustaining Customer Value is Important in the Current Economic Context***

***In this dynamic marketplace with ever-increasing pressures to retain customers....  
continuous cost reduction has to sustain customer value in order to avoid losing customers***

***Competing to Win in this complex business environment requires a “Triple A” Advantage***

***Agile***

*capabilities, cost base and operating model*

***Adaptive***

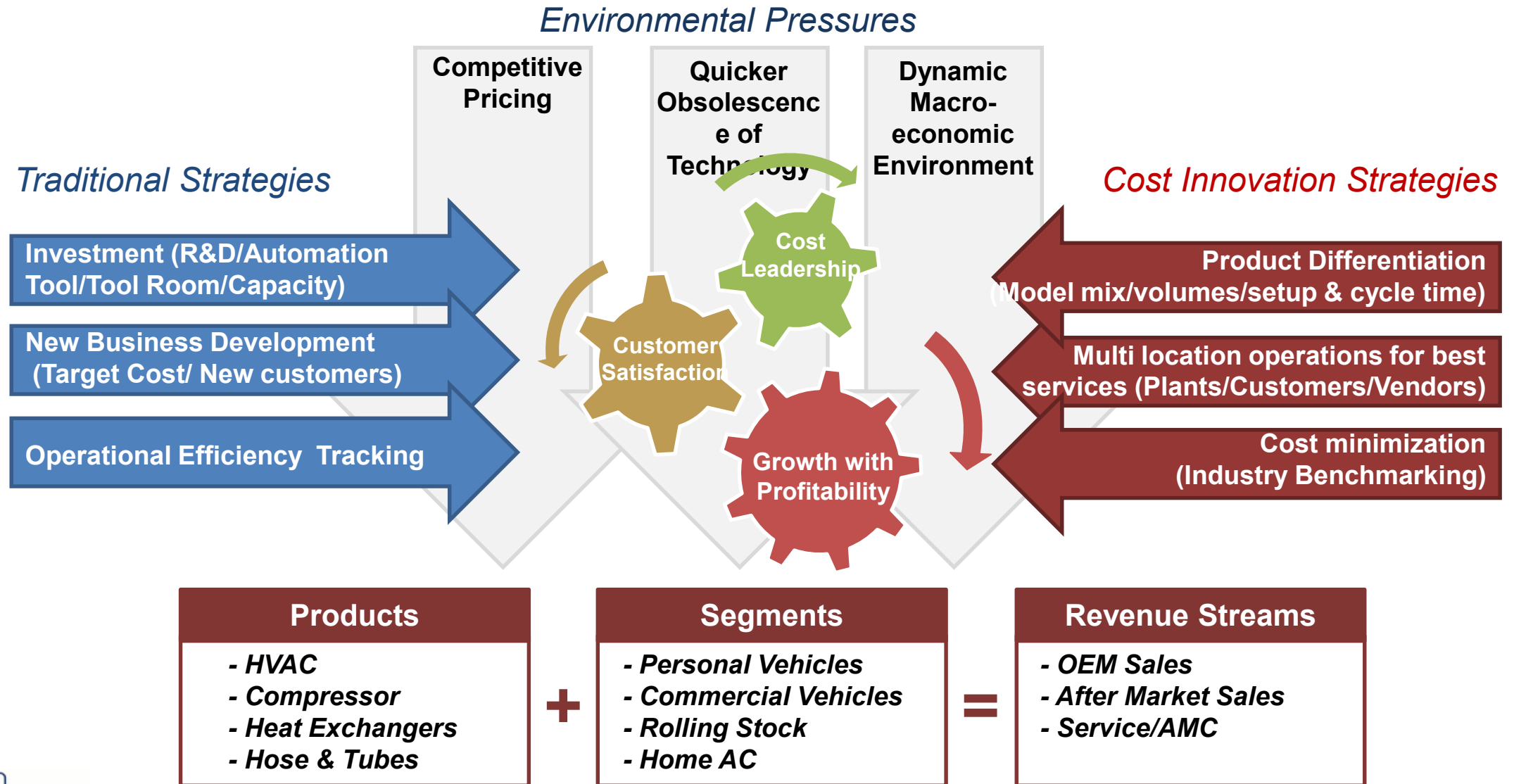
*growth and innovation engines, exploiting the ecosystem*

***Aligned***

*with customer and stakeholder demands*



Competitively Sustainable Business model combining cost innovation advantages with existing strengths as an established player







## Pillars



*Subros strives continually to excel on all 10 pillars of Comprehensive Excellence in our Journey of Excellence*

*Monozukri Activities*

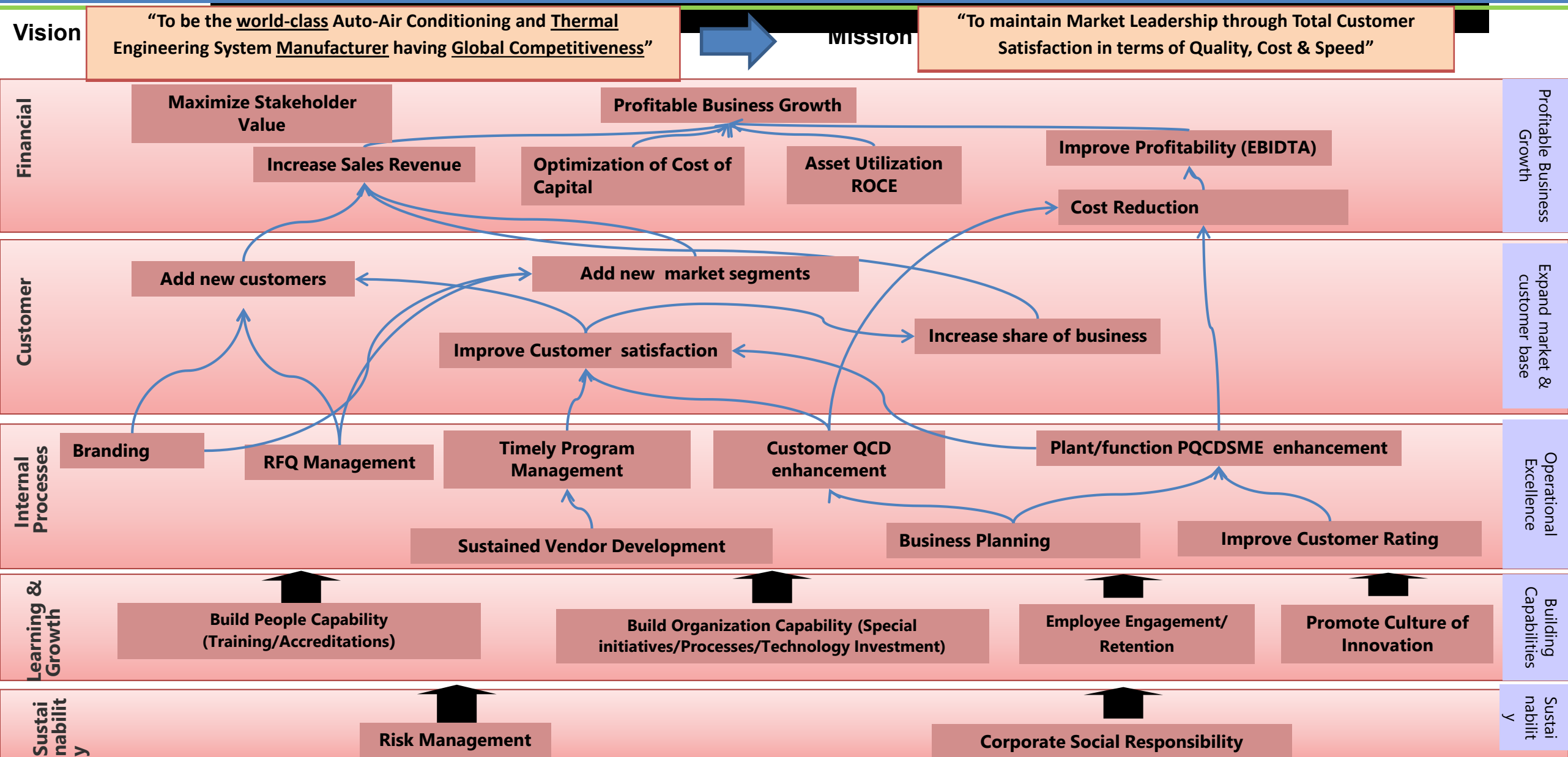
*MSSE Activities*

*TL Round Activities*

*DOJO Activities*

*Cost leadership being one of the key corporate objectives of Subros, excellence on Cost is deeply embedded / integrated as organizational DNA*





## *3. Enterprise Level Cost Ownership*



## ***Strategic Intent-Corporate***

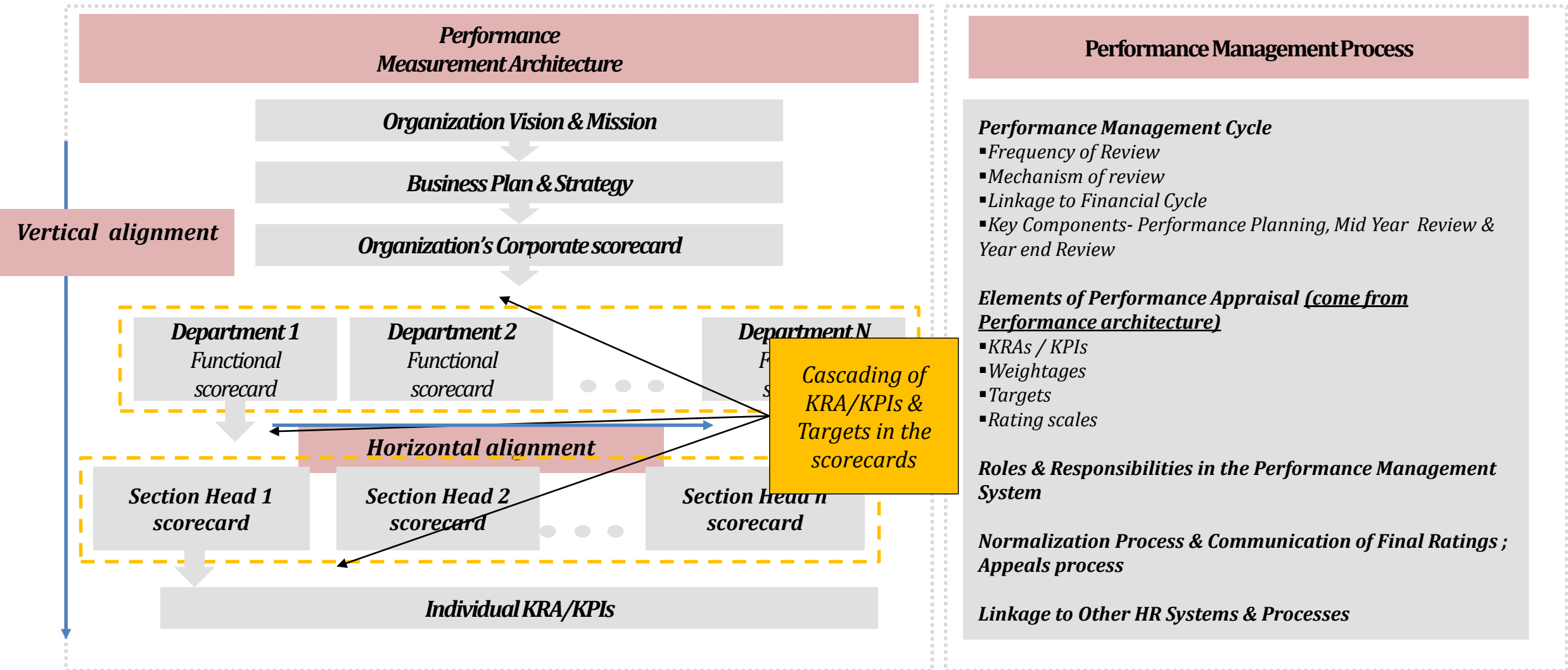
- a) *XX % Market share in each product domain*
- b) *XX% Share of Business with all OEM customers*
- c) *XX:XX Business Ratio between Car and Non Car Thermal product*
- d) *XX% TEB business of total revenue of the company*
- e) *PBT > X % , EBIDTA Level of > XX% and ROCE > XX%*

## ***Approach to realise Strategic Intent***

- a) *Customer delight on QCDD Parameters and high vendor scores thru operational excellence*
- b) *Technology and Engineering capability build up to meet market expectation .*
- c) *Marketing excellence to support long term target and domain expansion*
- d) *Cost leadership in all domain to achieve MSR, EBIDTA & PBT targets*
- e) *Capacity build up to meet customer demand for sustained business with focus on ROCE*
- f) *High performing work culture and competency building to meet business need*
- g) *Risk mitigation against business environmental uncertainty.*



*BSC based scorecards form the basis of the performance management architecture on which the targets are set ;  
Accomplishments against these targets are regularly reviewed through the PMS process*





- *Strategic Sourcing*
  - *Material Cost Reduction*
    - *Localisation*
    - *Alternate Sourcing*
    - *Zero Base Costing*
    - *Vendor Consolidation*
    - *Volume base discounts*
  - *Design Improvement & Breakthrough*
    - *New Product Development*
    - *New Technology*
    - *VAVE*
    - *Standardization*



Target reduction  
15%



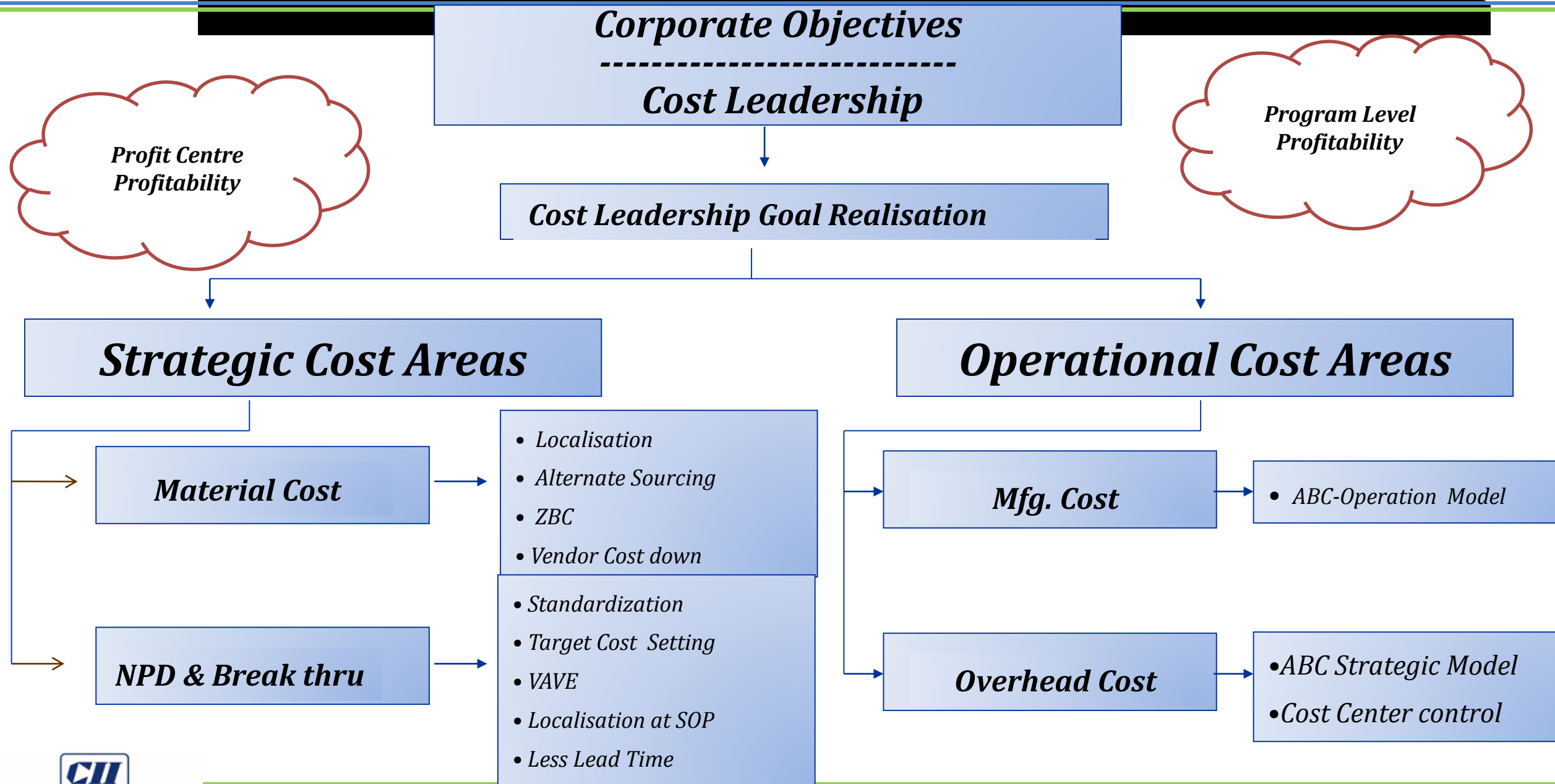
High level of SOP  
Localization

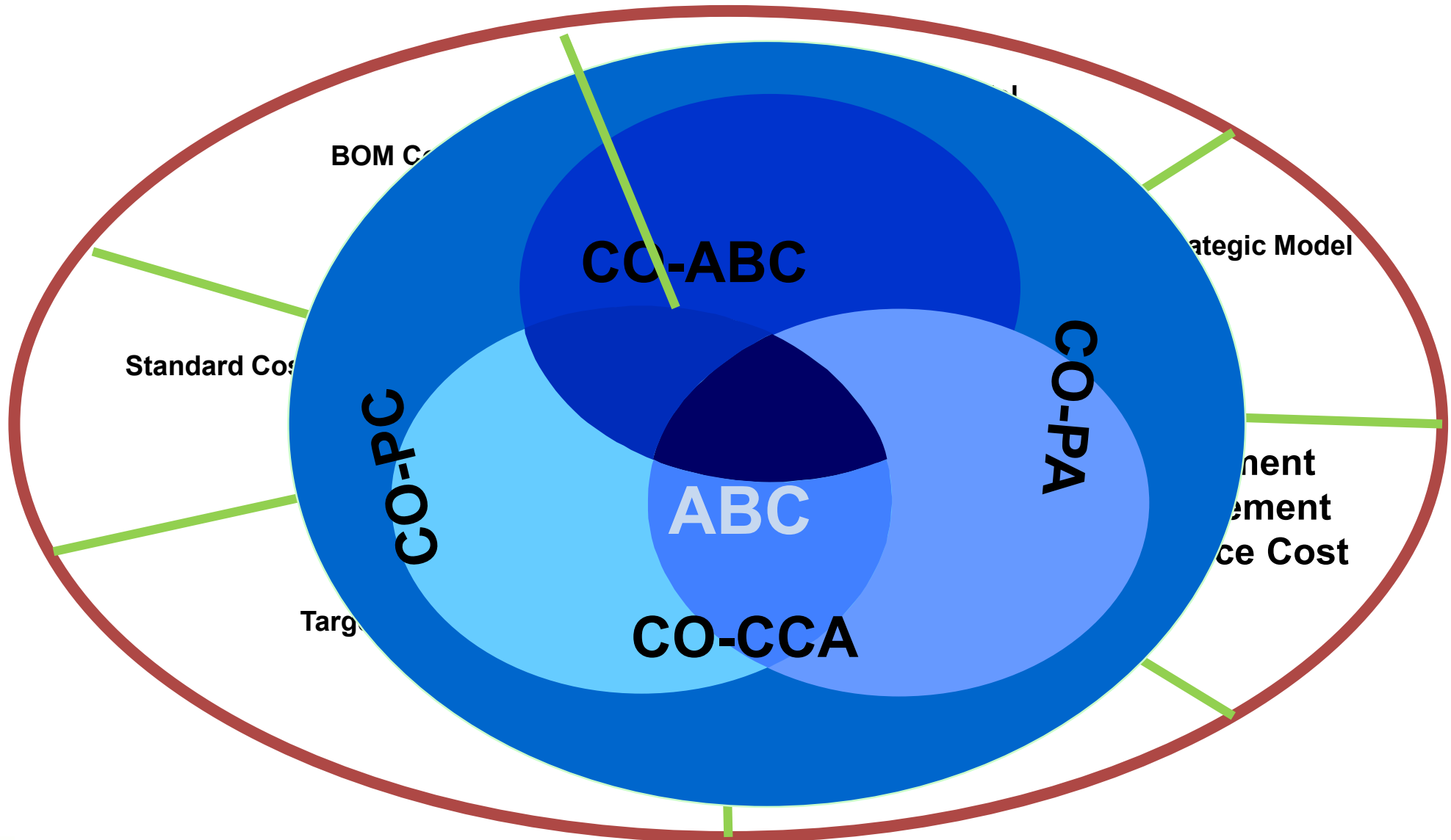


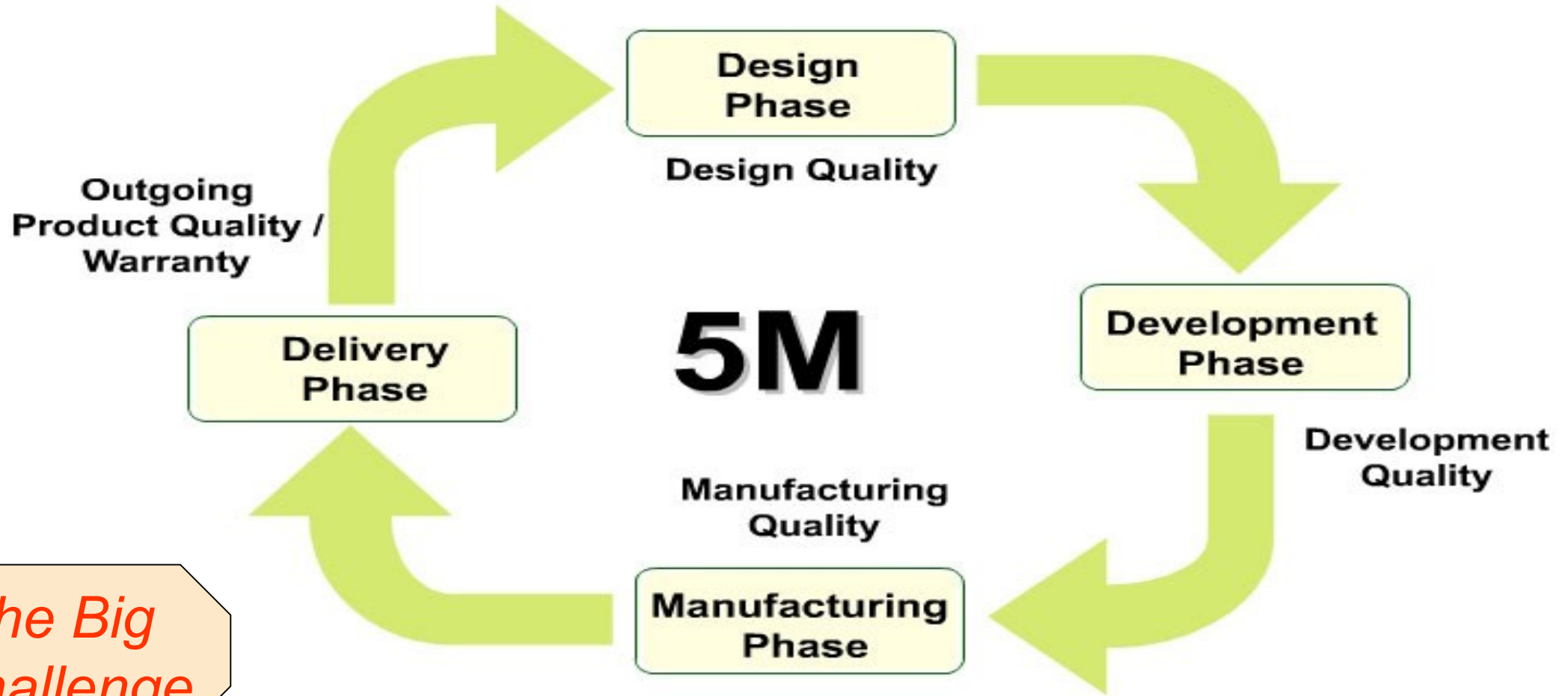
- *Cost Alignment of all improvement initiatives*
  - *TPM / TQM*
  - *Kaizen Activities*
- *Effective Resource Planning*
  - *Inventory Management*
  - *Input vs. Output analysis*
- *Productivity Improvement*
- *Efficiency Improvement by control on Opportunity Loss Areas*
  - *Effective Resource Planning*
  - *Process Control/ Improvement*
  - *Automation*
  - *Manufacturing Cost Reduction*
  - *Overheads Control*

## *4. Robust Cost Measurement System*



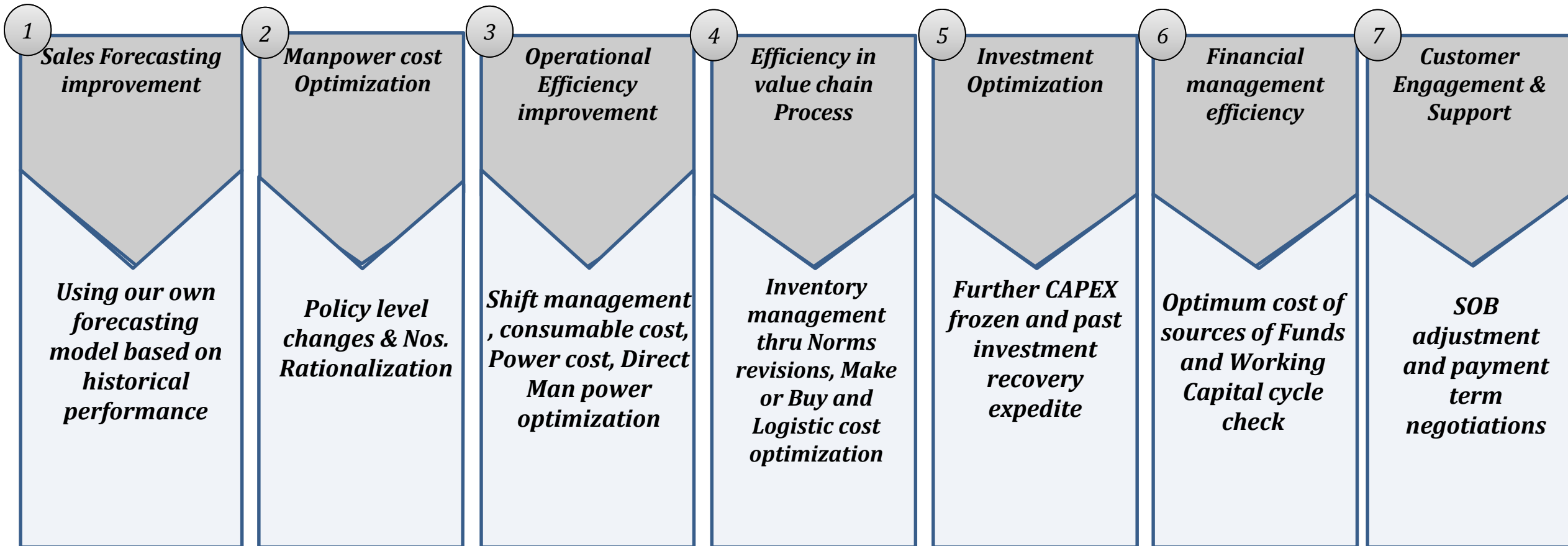






*The Big Challenge*

*Sustenance strategies involves elimination of waste in 5M in the Product Life Cycle*





- Cost Leadership - The concept & the TCM Architecture Integration
- Cost Leadership Sustainability
  - Passion, Enthusiasm & Energy - Top down and bottom up
  - Short term vs long term approach
  - Continuous education to remain relevant
- The Organizational Design for Sustainable Cost leadership
  - The External Focus – Risk Management
    - The Local & the global competition
    - The Ever Evolving Customer needs & wants
    - The Legal/ Public policy framework & business modeling
  - The Internal Focus – Organization culture
    - Company Vision/Mission/Operating Principles
    - Organization education for cost sensitivity
    - Innovation as a tool for cost leadership
      - » Management Decision making with cost sustainability focus
      - » Product Cost Improvements using target costing
      - » Manufacturing Cost Improvement using Activity Based Costing
    - Governance - The structure for execution control

*Thank you*