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by Phillip Rowe

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tools

1. Introduction

During this assignment a strategic review of Tata Steel was carried out. Different evaluation tools and approaches were used in order to demonstrate strategic business planning. The duties of corporate responsibility were evaluated and ways in which they are met by the company were given. Knowledge of lean manufacturing was then demonstrated with different methods shown. Finally, recommendations were made in order to be taken by senior management teams about all the analysis given, also the companies mission statement and vision were evaluated and recommendations were given.

2. SWOT

a short description of SWOT
PESTEL and Porter's would have
been good

2.1 Strengths

As the third largest steel supplier in the world Tata Steel has numerous strengths as a steel making giant. The adaptability of the organisation in the fast changing environment and market forces, is posting a greater strength for the organisation. (Zoe, 2017) Due to the high level of competencies within the organisations, it is able to adapt to the ever changing global market. As a business Tata Steel has a strong back bone as it supplies its own raw materials through its own mining chain. This allows the business to control the supply change from start to finish and effectively, run as a self sustaining business without the need of third parties. The business raises over 14 million tonnes of ores from its captive collieries, iron ore mines and quarries. (S&P, 2020) Another strength of Tata Steel is the actual brand, it has a commercial presence in 50 countries and operations in 26 countries. This presence not only allows advantages with economic sales, but also offers massive advertisement and branding opportunities. Tata Steel also made a flawless integration when they bought acquired the company from Corus as it integrated competencies of 2000 metallurgies which provides a massive experience advantages and also saves millions in retraining costs. As a business Tata Steel has also focused majorly on its ethical image, in a recent mission statement the company said it will be co2 neutral and have a zero carbon footprint by the year 2050. (Steel, 2021)

2.2 Weaknesses

One of the major weaknesses of Tata steel is that it is very dependant domestic and some international markets, the business is having issues generating business. Operationally the efficiencies of Tata Steel are always in questions as the business is notorious for investing lots of money into the wrong areas of the business, the company also tends to lack the initiative to invest in things which "aren't broken" with a mentality of "If it isn't broken don't fix it." This then produces increased costs further down the line when the complete replacement of technology is needed. Another weakness of the business is that the labour force is not the most productive. A recent employee survey in India found that 98% of employees are not skilled enough to carry out their routine tasks in their jobs due to lack of training. (Skool, 2020) Finally a major financial issue for this business was the failure of Corus in the European market. Around 20 million dollars were spent during this take over during 2007 at the end of the economic boom. Then in 2016 the UK business had massive prospect to be sold, only to then bottom out after excessive bidding due to new cheaper market competitors from china.

2.3 Opportunities

There has been an increase in demand for steel in India. "The steel market in India is expected to grow in the next 4 years due to the growth in the construction industry and manufacturing facilities in India." (Bhasin, 2019) There are a vast amount of evolving new technologies which present massive opportunities for Tata Steel which will create advancements in technologies such as direct iron smelting, corex process and Hismelt process. There is a massive opportunity for growth for the business as public and private sectors are taking a bigger interest in the company, this presents opportunity for investment into better processes, better training and also better development. Since Tata Steel acquired the Corus group, it provided greater opportunities in the R&D sector as it utilised the European facilities.

2.4 Threats

There are numerous threat Tata Steel faces as a business, one of the main threats is the stringent environmental regulations the company faces. "The biggest threat for Tata Steel is to maintain the Co2 emission standards in Europe." (NevilleP, 2017) The current economic slowdown is a massive current challenge for Tata Steel with its consumer demand plummeting. The rise in cost in raw materials also produces a financial strain on the business, this has caused increased manufacturing costs and therefore caused consumers to look elsewhere for cheaper product. Finally, another major threat to Tata Steel is the cheap steel being produced by its competitors. Since 2016 China has become a cheap steel power house, this has caused Tata to lose orders due to cheaper alternatives being available.



good analysis

3. Pestle analysis



caps needed PESTEL

3.1 Political

Where the government have intervened in the environmental aspects of the business is seen as political factors. One political interests in the business is government funded schemes, these schemes are grants for energy consumption, apprenticeship schemes and other levy schemes. In return Tata agree to invest vast amounts of money in infrastructure. This is example would be like the link roads around Tata Steel Port Talbot, these roads are looked after by Tata, in return the government funded a new apprentice training building. There are also liberalization schemes being launched. "The various liberalization schemes launched by the government after the year 1991, when the Indian economy opened globally, is responsible for the tremendous growth in the various sectors but the particularly in this sector." (UKEssays, 2018)) From these schemes import and export restrictions have been reduced, import tariffs have been reduced and also foreign equity investment went up to 74%. Governments also help Tata with mining policies and other policies in order to reduce import duty and export duty, these both caused high growth for Tata.

3.2 Economical

According to the world steel association (WSA), the world-wide demand for steel in 2016 has again decreased by 0.8%, after a further decline of 3% in 2015 due to substantial decrease in commodity prices and other economic factors. (WSA, 2021) About two years ago the USA economy faced a SUBPRIME CRISIS which affected every strong economy in a negative way. This caused foreign investment to take a massive hit during this period. European markets faced recession problems which then had a bad impact on Tata Steels European businesses. Steel industries were particularly affected due to the cyclical economic condition, due to industries like automobile, appliances and construction industries facing uncertainty and reduced production. All steel production is dependant on the energy in the market so this can affect Tata Steel in the economic manner. When Tata Steel

acquired the CORUS group, the company gained massive growth prospect but the actual costs of the acquisition went beyond the financial expectations.

3.3 Social

Tata Steels attitude towards savings has a massive social impact. The culture of saving in US and China is totally different where savings rate in China is around 30% , it is well below 15% in United States (Barsoux, 2020). With this thinking culture, the consumption and savings impact both types of consumption and magnitude of consumption. Tata Steel also has a high level of social concerns within the society, this will often result in higher consumer activism but also increase pressure from non-governmental organizations and pressure groups. Tata also has a massive drive In order to focus on the health issues and economic wellbeing of a country. The company strives for continuous improvements in these areas as its ethical standards take pride in this.

3.4 Technological

Massive changes in technologies are impacting the organization In both a positive and a negative way. Due to developments in technology the company is producing sustainable growth within the key markets they compete in, this does also pose as a threat as competitors also have the same technologies it is just a race as to who makes these technological advances first. One of Tata Steels best technological advancement has been the production in high grade quality steel, whilst also being able to reduce the emissions made during the manufacturing process. This serves as a massive advantages to the company as it is ethically driven and this can then cause an increase in revenue from the customers with the sustainable image.

3.5 Environmental

The major environmental challenge for Tata Steel is the drive to reduce the carbon foot print during the steel making process. The company is facing many implications as it tries to reduce emissions drastically and meet its goal to be co2 neutral by 2050.

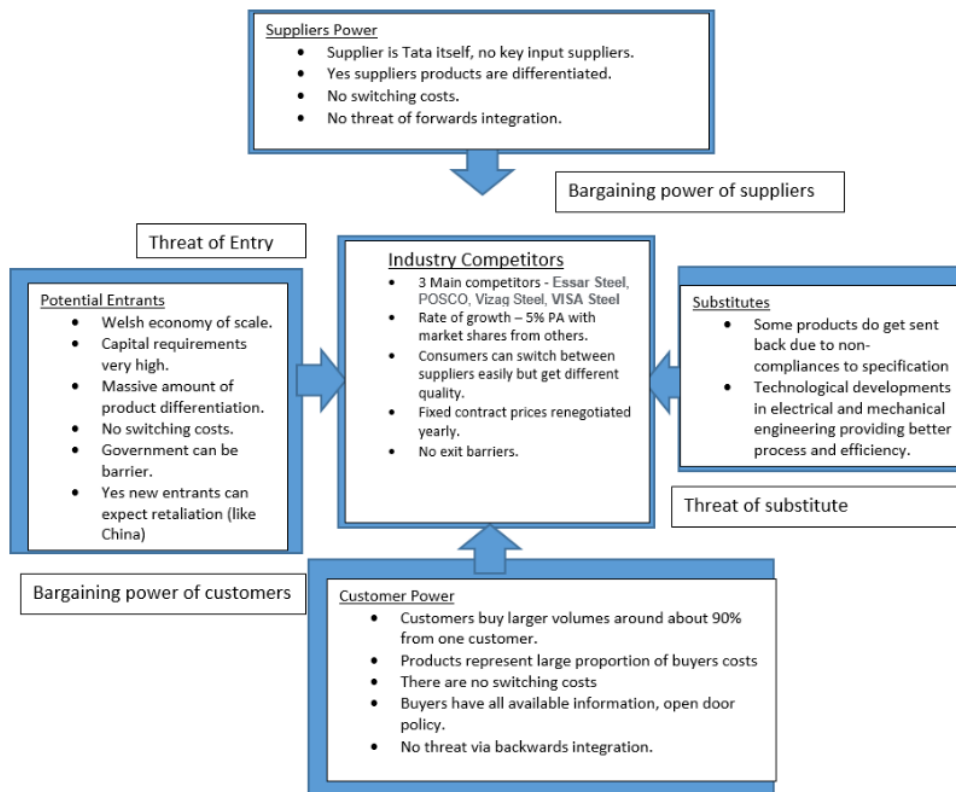
3.6 Legal

There are many different factors starting to influence the operations of Tata Steel. The main legal issue is health and safety as this is the most important regulations that all employees and employers must follow. As work standards develop and work places become safer, the company is legally obligated to factor out any risk as best reasonably practicable. This could cause a wide range of issues along the implementation phase. Another massive legal hurdle Tata Steel are facing is the emissions regulations. Governments set hefty fines if company's do not comply with emissions regulations, and if these are not met then the company could also be liable for back dated payments as from when the breach was made. Other things like monetary and fiscal policies are also impacting the strategic planning made at Tata Steel.

4. Porters 5 forces

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5. Corporate social responsibility

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Tata Steel's Corporate Social Responsibility Policy is rooted in the belief that the primary purpose of a business is to improve the quality of life of the people. (Vaidya, 2020) During the last 100 years Tata Steel has been committed to the social upliftment and development particularly in the state of Jharkhand. The company has been working on continuous improvements for the quality of life of the people who live there. The company has started social developments and welfare communities to show their social commitment to the people of the state. Tata Steel has a corporate social responsibility policy which is rooted within the company with the belief that one of the key focuses of the business is to improve the peoples quality of life. The company believes it should put ethics and sustainability at the top of its focus group so that the security within the industry will be around for many years to come, whilst not having an adverse effect on the younger generation.

5.1 Profit, people and planet

Tata Steel sets out strict profit/loss plans at each fiscal quarter and at the end of the fiscal year. The company keeps losses to a minimum with a reduction in employee costs, storage of raw materials and prides itself on having a high right first time percentage. The company will set up KPI'S (Key performance indicators) in order make sure the goals and objectives are being met. Tata Steel takes pride in re-investing in people and community programs which help out communities which are under developed. The company has rigorous background checks as to where raw materials come from and what kind of labour the supplier is using. All of Tatas sourcing policies demand strict checks in order to prevent cheap child labour in iron ore mines and other raw material collection. At the current time the company is focusing on delivering its promise to be co2 neutral by the year 2050. Whilst on that route, the company is also using new technologies in order to reduce waste emissions. This will mean further waste water treatments, reusing produced gases in the process in order to reduce waste and also massively reducing the amount of shipping carriers they use for raw material importation.

6. Lean manufacturing

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*Short on an
explanation and
uses of many of the
tools*

6.1 Lean principles

At tata steel, value creation is the process of going beyond meeting the customers basic needed. This is done by understanding the customer, through inputs and observations. (UK, 2021)). Tata Steel values its customer opinions as it often invites them to see the manufacturing process and ask them for any suggestions they may have on the process to make it leaner. The value stream is used when the end goal is determined, so Tata Steel has a hot rolled coil, but the steps before this like combing raw materials, rolling out the steel and packaging it are all actions that need to be taken in order to deliver the final product. This will then provide a map of the process and can help identify what may not be useful in the whole process. This has been adopted by making the production process as stream line as possible start to finish. In order to get good flow the logistics of the product are vital. The product already has good flow as the interlinked train lines between different plants/area provide swift flow onto the next station/process. Now the pull is of concern, since the time to customer has already been stream lined it is hard for Tata Steel to improve this much more. However larger storage facilities could be made available so the customer can pull a coil of steel as they please with no delays on their process lines. Creating a halfway inventory facility can reduce down time delays. Finally the company is already implementing perfection with its right first time policy and IMAD system for employees where if they show they can save the money time/money on the process then they receive an incentive.

6.2 - 7 Wastes

Tata will never waste inventory as all the material which is set as scrap can be recycled further upstream. The internal and external transport line within Tata Steel are very bespoke and do not offer much room for error or waste. Waiting times can be lengthy if upstream operations are effected, to combat this the company can order excess material in order to make up for short comings in production. Over production will not present a problem as all the material made can be stored for a later date and then used as it is needed. There are some unnecessary processes are some of the production lines are old and need modernisation such as cleaning sections which can cause recleans wasting time spent running the coil. Movements of material between tasks are lean are the flow of each plant flows from process to process.

6.3 Support Lean

Tata Steel would benefit highly from making use of the 5s.

1. Sort – Sort out inventory, do not keep waste products just in case.
2. Set in order – Arrange and label all necessary items so that they are easy for use and can be returned by anyone. This would particularly be for electrical/mechanical spares.
3. Shine – Keep everything clean and tidy for safety and preventative maintenance purposes. This would mean ensure all spares which are used for the lines to be in order and easily put away.
4. Standardize – This would be the state that exists when the first 3 of the 5's are met. Maintain a high standard of the process within all of Tata Steels operations.
5. Sustain – Making a habit of keeping the discipline with this rules, this is in Tata's image of forever being self-sustainable.

7. Recommendations

Based on the analysis carried out there are a few recommendations which should be considered. Firstly, an in-depth review of the main weakness highlighted in the SWOT analysis on the attitude towards reinvestment. The business cannot expect to be able to compete with the top competitors if as a steel company Tata Steel is being reactive instead of being proactive. Every process and component will have a life span and taking that process or component beyond this introduces massive risks such as loss of production, lengthy delays, loss of custom, customer dissatisfaction and also loss of reputation. If as a company Tata Steel starts to fail to deliver on its strive for excellence, then customers will just move to other competitors. Reinvesting and updating process line will reduce the risk of all of these failings drastically and will stand the company in good grounds to continue to be a top competitor. Secondly as highlighted in the porters 5 forces diagram, Tata Steel do produce some order which are not as per specification and as a result of this the material then gets sent back. This disrupts Tata's own flow and process but also effect the customers and can also hinder customer relations. The recommendation for this would be that the process for "right first time" is improved in order to not let any subpar material through to the customers. This can be implemented by stricter quality control before the product leaves for distribution to the customer. Finally, the last recommendation would be to look into the lean principles again. Whilst Tata are already doing things in order to prevent waste during the manufacturing process, the whole idea of the process is to keep on looking back at the whole process numerous times in order to become as lean as possible. With the advances in technology happening faster than ever, something that couldn't of been done previously when this was looked at may now be able to be done. That would be the justification to take another look at the whole process.

8. Tata Steel's Vision and Mission Statement

8.1 Vision

We aspire to be the global steel industry benchmark for Value Creation and Corporate Citizenship. (Org, 2021) This vision sets the correct precedent for customers and everyone else around us to look at. By being the benchmark, Tata is continuously setting a standard which other competitors must reach, if they do not then the customers will inevitably change supplier. As long as Tata continues to invest in the newest technologies and constantly is striving for better production then the benchmark will most with these developments. This is why this vision should remain the same as it is setting the standard within the steel industry.

8.2 Mission statement

Tata Steel strives to strengthen India's industrial base through effective utilization of staff and materials. The means envisaged to achieve this are cutting edge technology and high productivity, consistent with modern management practices.

Tata Steel recognizes that while honesty and integrity are essential ingredients of a strong and stable enterprise, profitability provides the main spark for economic activity.

Overall, the Company seeks to scale the heights of excellence in all it does in an atmosphere free from fear, and thereby reaffirms its faith in democratic values. (Org, 2021)

The mission statement of Tata Steel supports the mission statement, due to the commitment to the use of modern technology with modern management practices. The company should stick by this mission statement as it shows good ethics and morals which will reflect well with customers, communities and governments. The mission statement reaches out to all and provides an interest for all within the statement. The constant reiteration of excellence speaks volumes and really demonstrates the desire for Tata Steel to be at the top of the industry.



good

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1. ENGAGEMENT WITH LITERATURE



Research and use of the wider literature relevant to the assignment tasks. Research and study of company and industry data has been carried out to a good standard. Referencing to support the report's arguments has been used well.

07

2. KNOWLEDGE AND UNDERSTANDING



Display of knowledge of the subject, awareness of current thinking Strategic planning This has been conducted to a good standard. The work would benefit from being more in the form of bullet points to keep the important messages easy to find and read. CSR Triple bottom line thinking is evident in the analysis (profit people planet). There is a satisfactory explanation of some of the CSR activities undertaken by the company. The analysis could have included some recent examples of CSR by Tata Steel in the UK. Examples of the reporting on progress to improve the triple bottom line would have also been a good inclusion. Lean manufacturing The explanation of lean fails to cover many of the processes and tools. Examples of this include the 7 wastes, use of kaizen, Poka Yoke, JIDOKA, process levelling, JIT.

14

3. COGNITIVE AND INTELLECTUAL



Critical thinking and analysis of the topic. Grasp of the broader topic A satisfactory grasp of CSR and strategic planning has been demonstrated. There are gaps in the study of lean which could have been filled by a wider range study of the topic.

09

4. PRACTICAL APPLICATION



How well the strategic management planning and evaluation tools been applied. The strategic planning work has informed the recommendations and good links back to the analysis has been made. The study misses some of the important external influences that are more general societal and political changes both European and global. The vision and mission statement has been well considered

14

5. TRANSFERABLE SKILLS



Communication skills. How well has the report been written considering report structure and language. A well laid out report that has a reasonable flow to it. Use of bullet points and perhaps graphics would have made it easier to glean the important points .

06