AN OVERVIEW OF HERO MOTOCORP LIMITED- A SUSTAINABLE CASE STUDY

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ABSTRACT

The story of Hero began with a simple vision - the vision of a mobile and an empowered India, powered by its two wheelers. Hero MotoCorp Ltd., company’s new identity, reflects its commitment towards providing world-class mobility solutions with renewed focus on expanding company’s footprint in the global arena. Hero MotoCorp’s mission is to become a global enterprise fulfilling its customers’ needs and aspirations for mobility, setting benchmarks in technology, styling and quality so that it converts its customers into its brand advocates. Covering about 45,000 sq. metres, Hero’s green roof helps to conserve energy by moderating the temperature on the roof and within surrounding areas. It also helps to reduce the storm water runoff volume and peak flow rate dramatically. The green roof can restore aesthetic and ecological value of open urban spaces. It addition to this, it protects conventional roofing systems by doubling the service life of the underlying waterproof membrane. To prevent water pollution, Hero has also invested in an Effluent Treatment Plant which is capable of treating waste water that contains degreasing chemicals, acidic/alkaline nature, plating waste, heavy metals and waste oil that is generated out of processes. Along with preventing water pollution, Hero MotoCorp does its very best to prevent releasing pollutants in the air as well. On an annual average, the company recycles about 120 tonnes of paint sludge and additives and turns it into paint primer. The Company’s growth in the two wheeler market in India is the result of an intrinsic ability to increase reach in new geographies and growth markets. Hero MotoCorp’s extensive sales and service network now spans over to 6000 customer touch points.

KEYWORDS

Automobile, Unique Product Strategy, Corporate Social Responsibility, Green Supply Chain, Green Awards.


BACKGROUND

This Case Study is about the Indian automobile business 'Hero' and how it has raised to 'world's No 1’ position in terms of quality and sales.

The story of Hero began with a simple vision - the vision of a mobile and an empowered India, powered by its two wheelers. Hero MotoCorp Ltd., company’s new identity, reflects its commitment towards providing world-class mobility solutions with renewed focus on expanding company’s footprint in the global arena. Being the world’s largest manufacturer of two wheelers, Hero MotoCorp Ltd. (formerly Hero Honda Motors Ltd.), this Indian automobile company achieved the coveted position of 'world No.1' two-wheeler company in the year 2001, in terms of unit volume of sales and continues to maintain this position till date. The new Hero is rising and is poised to shine on the global arena. Company’s new identity "Hero MotoCorp Ltd." is truly reflective of its vision to strengthen focus on mobility and technology and creating global footprint.

As part of its global branding program, it unveiled its new logo and brand identity in London in the presence of many celebrities, Indian and international. But it seems that has been overshadowed by the ongoing riots there that may have put a dampener on the whole exercise.

Unique Leadership Style

The founder and patriarch of the $3.2 billion Hero Group is the classic first generation entrepreneur. He is a man who started small, dreamt big and used a combination of grit and perseverance to create one of the country’s largest corporate groups and the World's No.1 Two Wheeler Company. Instinctive from a young age, Brijmohan Lall made a rather unusual start in life. Around the time when the freedom movement in India was taking shape in the late 1920s, he walked into a newly opened Gurukul (Indian heritage school) near his home in Kamalia (now in Pakistan). He was only six years old then. Thus began an extraordinary tale of courage and perseverance. Brijmohan began his business story after partition in 1947, when he and his brothers relocated to Ludhiana. The family set up a company that provided poor people with basic transport (cycles). Three decades later, as India evolved, he added a second crucial chapter - which visualised affordable and technologically superior transport to millions of middle class Indians.

Though not technically qualified in the conventional sense, only a few of his contemporaries have understood the dynamics of technology better than Brijmohan Lall has. He could always visualise the applicability of technology before others could. For example, in the 1980s, when all two-wheeler companies in India opted for two-stroke engine technology, Brijmohan preferred a four-stroke engine - a technology that dramatically increased fuel efficiency and reduced maintenance costs. This technology was one of the biggest reasons for Hero MotoCorp’s stupendous success.

Unique Business Strategies

The old logo of 'Hero Honda' was complicated and dated, and the font was uninspiring. The new logo of 'Hero MotoCorp' is a stylised 3D ‘H’ using the colours red, black and white. The lettering consists of ‘Hero’ in red in a much cleaner and simpler font. Red has been a ‘Hero Honda’ staple colour and is strongly associated with it. But they have also used it to depict continuity, change and confidence. It is a simple logo, memorable, and quite classy.
The old tagline of 'Hero Honda' was 'Desh Ki Dhakkan' (Hindi to English translation: Heart of the [Indian] Nation or Face of the [Indian] Nation). This was clearly India focused, and it generated a lot of following for the company in its promotional campaigns during events such as the Cricket World Cup and built up strong emotional patriotic associations for it. These associations have just been weakened if not broken by the new “Hero MotoCorp” as it launched itself internationally in London. It aspires to be seen as a global player. Not just Indian. This strategic change may have a detrimental effect on the company's fortunes in the Indian market. A slot just opened up for any other Indian motorbike company such as TVS Motor Company to position itself in the minds of people as ‘India’s Biking Pride’. Also now is not the best time for global expansion, and one of the best times for growth within India.

Despite the global flavour of all other things, they have enlisted two Indians as brand ambassadors: Ranbir Kapoor (a Bollywood actor) and Irfan Pathan (a cricketer in the Indian Cricket Team). A potent combination for marketing and sales here in India. For those out of the Indian cultural loop, Bollywood and cricket are possibly the only two things that still keep India united, helping its people forget reality and their daily problems, keeping them comfortably numb. Using stalwarts from these industries can really ramp up their following and sales here. Add in a Hero MotoCorp anthem (which shares its name with their tagline) by the Oscar winning Indian musician AR Rahman (of Slumdog Millionaire fame internationally) and it should have been an almost perfect launch.

Too bad London was burning just then and now some of India is burning too! They did not expect their 'Desh Ki Dhakkan' to NOT launch themselves in India. Pretty heartless stuff from the 'Heart of the [Indian] Nation'.

The new tagline is 'Hum Main Hain Hero' (Hindi to English translation: There is a Hero in each one of us) which is individualistic and personal. It does not have the collective feel of patriotism, although it is still in Hindi, one of the official languages of India which is widely spoken here. Considering they are planning to put a global face on their brand, I assume they will translate it in English and other languages when used abroad. But the new tagline sounds very clichéd to me. It also sounds as if they are enticing their customers to drive around recklessly like crazy bikers who think they are heroes. If you have driven on the roads of Mumbai, you’ll know what I’m talking about.

"Thanks to the relationships that we have nurtured so passionately in the Hero Family, the younger generations of some of our bicycle dealers have become dealers of Hero MotoCorp. These relationships have survived through generations - through bad times and good times", Brijmohan, the Hero founder now recollects. Besides bonding with his vendors and dealers, he has been personally responsible for kindling a spirit of entrepreneurship amongst his employees, and today, 40 of his former employees are successful entrepreneurs.

Mission
Hero MotoCorp’s mission is to become a global enterprise fulfilling its customers’ needs and aspirations for mobility, setting benchmarks in technology, styling and quality so that it converts its customers into its brand advocates. The company will provide an engaging environment for its people to perform to their true potential. It will continue its focus on value creation and enduring relationships with its partners. Hero MotoCorp’s key strategies are to build a robust product portfolio across categories, explore growth opportunities globally, continuously improve its operational efficiency, aggressively expand its reach to customers, continue to invest in brand building activities and ensure customer and shareholder delight. Hero has been building and promoting activities that will be central to all its initiatives, utilising every opportunity and leveraging its strong presence across sports, entertainment and ground-level activation. The Gurgaon and Dharuhera manufacturing plants which are located in the state of Haryana in northern India are globally benchmarked manufacturing facilities.

Unique Product Strategy
The company markets its product under various brands, including Karizma ZMR, Karizma, Xtreme, Hunk, Impulse, Achiever, Ignitor, Glamour Programmed FI, Glamour, Super Splendor, Maestro, Pleasure, Passion Xpro, Passion Pro, Splendor iSmart, Splendor Pro, Splendor NXG, Splendor +, Hf Deluxe Eco, HF Deluxe, HF Dawn.

CSR
A company that believes in maintaining ecological standards along with business standards. At Hero MotoCorp, our goal isn’t limited to business but encompasses the broader spectrum of serving humanity through social initiatives. Hero MotoCorp stands as a socially responsible enterprise respectful of its environment. Being strongly devoted not only to environmental conservation programs but also to express the increasingly inseparable balance between economic concerns, environmental and social issues faced by business, this automobile business does not grow at the expense of mankind but serves humankind at large.

• Integrates environmental attributes and cleaner production in all the business processes and practices with specific consideration to substitution of hazardous chemicals and strengthening the greening of supply chain.
• Continue product innovations to improve environmental compatibility.
• Comply with all applicable environmental legislation and also controlling our environmental discharges through the principles of “ALARA” (as low as reasonably achievable).
• Institutionalise resource conservation in the areas of oil, water, electrical energy, paints and chemicals.
• Enhance environmental awareness of our employees and dealers/vendors, while promoting their involvement in ensuring sound environmental management.

To ensure a low carbon footprint, Hero has, in the last few years, proactively eliminated harmful substances like
• Asbestos.
• Hexavalent Chromium.
• Phenolic Substances.

In addition to this, the company also carries out production and manufacturing through Green Infrastructure.
which has been especially developed to reduce harmful impact on the environment.

Green Roof Policy of Hero
Covering about 45000 sq. metres, Hero’s green roof helps to conserve energy by moderating the temperature on the roof and within surrounding areas. It also helps to reduce the storm water runoff volume and peak flow rate dramatically. The green roof can restore aesthetic and ecological value of open urban spaces. It addition to this, it protects conventional roofing systems by doubling the service life of the underlying waterproof membrane.

Effluent Treatment System in Plant
To prevent water pollution, Hero has also invested in an Effluent Treatment Plant which is capable of treating waste water that contains degreasing chemicals, acidic/alkaline nature, plating waste, heavy metals and waste oil that is generated out of processes. The output parameter is maintained strictly with norms to ensure that 100% treated water is recycled back into the process while the sludge is safely disposed off to a secured land fill.

Paint Conservation Process
Along with preventing water pollution, Hero MotoCorp does its very best to prevent releasing pollutants in the air as well. On an annual average, the company recycles about 120 tonnes of paint sludge and additives and turns it into paint primer. To ensure the cleaner air by
- Replacing aluminium alloy fans by FRP fans of cooling towers.
- Replacing copper ballast with electronic ballast in all lighting tasks.
- Introducing power saving circuits in all machine panels of engine plants.
- Installing power correction panels for loads running on state electricity for cost saving.

Oil Conservation Technology
Hero MotoCorp has also initiated oil conservation through the installation of Chip Wringer which is capable of recovering neat cutting oil from chips that are generated from m/c operation. This has led to oil recovery of about 56 litres/day per plant. The company also uses on-line hydraulic oil filtration system on presses which has helped in saving 1200 litres/year.

Water Conservation Technique
Perhaps one of the biggest initiatives taken, Hero has worked consistently hard in conserving water through Water Management, Rain Water Harvesting and ETP Recycling Plant. Training and Awareness is created through this process on how to develop water balance. It also includes reducing water consumption at the source and recycling it back to process applications and other beneficial applications like cooling towers and irrigation after treatment. Water management also entails recharging rain water and regular monitoring to sustain savings.

ETP Recycling Plant
This plant introduced by Hero has a capacity of recycling approximately 1400 Kld of treated effluent daily. It uses the modern technology of reverse osmosis and ultra-filtration for purifying water. The recycled water is then supplied to the paint shop with desired parameters or used as Soft water/DM as required.

Green Supply Chain
To complete the process of sustainable development, Hero MotoCorp has also included the company's supply chain in its green processes. It has put together a “Green Dealer Development Program” at the front end and a “Green Vendor Development Program” for the backend of the supply chain. Through these programs Hero makes its partners aware of the importance of caring for the environment. Dealers and vendors are also encouraged to manage their material resources, energy resources, industrial wastes, pollution and other effluents on the basis of a number of pre-determined parameters. Hero MotoCorp supports its partners in the Green Supply Chain venture by
- Developing required competencies.
- Sharing knowledge.
- Providing technical support.

Through its Green Supply Chain, Hero MotoCorp aims at generating sufficient momentum in the industry and looks forward to the day when the entire automotive industry runs on a seamless green chain.

Green awards and Certifications
- Environmental Management Systems as per ISO 14001.
- Occupational Health and Safety Management Systems as per OHSAS 18001.
- Quality Management Systems as per ISO-9001.

CONCLUSION
The Company’s growth in the two wheeler market in India is the result of an intrinsic ability to increase reach in new geographies and growth markets. These comprise a mix of authorised dealerships, service & spare parts outlets, and dealer-appointed outlets across the country. Turning its focus on research and development after parting ways with Honda, Hero MotoCorp is set to bring technologies mostly seen in cars to two-wheelers as it gears up to showcase its innovative process. Some features that the company will soon introduce in its two-wheelers include the engine stop-start system and the electronic immobiliser.

REFERENCES