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BLUE STAR MD SATISH JAMDAR'S BREEZY CHANGES HAVE PROPELLED THE COMPANY TO THE TOP

Playing it cool

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Blue Star MD Satish Jamdar's breezy changes have propelled the company to the top

BY INDIRA RAO

When it comes to career choices it is not very often you find someone saying, that "this is where I have always wanted to be". It is also not very common for a managing director of a company to coolly admit that he has experimented with his career and also made some wrong choices. But that is how Satish Jamdar, MD of Blue Star is – cool, composed and above all candid.

Talking about his journey, Jamdar reminisces, "Before joining Blue Star in 1996, I had worked with five other companies and had moved around different industries and locations. I started off my career with Siemens and worked with them for 10 years. This is where I learnt how to plan the layout of an entire factory. I then moved to Voltas where I entered the manufacturing field for the first time and learnt about high end industrial switch gears. After a few years in switch gears, I wanted to try my hand out at appliances."

It was quite fascinating to know, how every time Jamdar wanted something he usually got it. Here he wanted to switch to appliances and there BPL-Sanyo wanted someone to manage their new factory at Noida. Chuckling he adds, "This was a completely different ball game. I got exposed to washing machines, microwaves, televisions, vacuum cleaners, basically all consumer appliances. This was where I understood the nuances of making a product look good and how important aesthetics plays a role in consumer products."

Having learnt something new at every organisation he put it all to good use at Blue Star, where he was called to turnaround the manufacturing capabilities of the company. Jamdar brought in laurels from the time he started working there. He spearheaded the establishment of Blue Star's modern manufacturing facilities in Dadra, Himachal, Wada and Ahmedabad. He was also responsible for the service business, international operations, corporate finance and human resources. Looking at his exceptional work and growth he was gradually promoted to executive director in 2003 and as deputy managing director in 2007. In 2009, he took over as the managing director of the company.

Air conditioners till 1994 had an excise duty of 110% and Blue Star then had only two factories. One in Thane where they manufactured a range of central airconditioning products. The other plant was at Bharuch in Gujarat and manufactured water coolers, deep freezers and bottle coolers.

"These plants were really not that productive or efficient and the employees were doing more site work than manufacturing here," avers Jamdar. "When I was hired, I was told in simple terms that they wanted a world class facility and it had to be different. They didn't want anything that they had experienced in the other two factories. I didn't know what an air conditioner looked like and this was my biggest challenge; although this was more of a cultural hurdle than technical."

Putting his apprehensions at bay, Jamdar created a world class facility at Dadra, when the atmosphere in the country was rife with Industrial Relations (IR) issues. Mills were being shut down and Blue Star too had several of IR related concerns in their other plants. Creating a world class facility in such a scenario was quite a prudent task. "For me personally, it was a great

OWNERSHIP CULTURE

Jamdar took forward the culture of ownership when he started heading the company. He opines that people are often cushioned in their comfort zones and the moment you ask them to start learning something new they start getting a little concerned.

"There is no point penalising them for not trying. It is important to make them understand how discovering something new will help them grow on a personal and professional level," he says.

He states an example of how encouraging workers to use their minds has resulted in significant value additions. "All of our automatic machines are software based and while there are engineers who do the programming, the operators do the physical work. One day, we challenged some of the operators to learn programming. A year later, one of the teams came up with a programme that could save a few seconds of a job. The point is not how much they saved but how much they understood and improved upon it.

I am a great believer that we have to give the ambience, the atmosphere to people to nurture their beliefs."

Employees are given certificates for every new job learnt and corresponding to the certificates the salaries too go up.

Blue Star's manufacturing facilities deploy high levels of automation to ensure process quality.

journey and this was possible only because the organisation gave me complete ownership and freedom."

This is Blue Star's core belief – to provide a sense of ownership to every employee down the line. "Though this is a family-owned company it does not interfere with creative decisions and in fact encourages and provides the freedom to experiment. This is where I felt that my creativity could come out best. The company is professional to the hilt where in merit, performance, values and behaviour are all laid down. It's a great combination of a professional and family kind of togetherness. I have not seen such a combination anywhere," professes Jamdar.

It was in 2003, when the turnover of the company was Rs 600 crores that Jamdar got onto the board. Together the board members devised a strategy to make the company much bigger and create newer and better products. A plan was put in place to double the top line and triple the bottom line in the next five years.

"From 2003-2008, we grew to about Rs 2500 crores and the profit went up from Rs 10-15 crores to Rs 150-200 crores. The share price which was 45 rupees for a 10 rupee share became 400 rupees for a two rupee share. The growth was phenomenal and our strategy paid off." However, the organisation became stagnant after that. Talking about it candidly, he says, "We got into trouble with some of the projects we booked. In that euphoria of growth, I think nobody foresaw the decline in the economy."

They booked a loss for the first time three years ago. "We discussed frankly what went wrong and why. Some of us feel that maybe sometimes, one jolt is required to sit up and start tightening the screws or else one can get complacent. We are now out of the woods and with the mood in the industry being much better, I think the investments should start trickling in soon. Our vision of becoming one-billion dollar from a half-a-billion dollar company is up again now."

What also created a turnaround for Blue Star was entering the retail segment three years ago and this till date remains one of their biggest success stories. "We started off with the industrial equipment sector. Our core work consisted of making equipment like chillers, air handlers, etc. for project management, which ironically forms a smaller part of the Indian market today. If you look at the whole AC market, 60-70% is for room ACs and if you're not in that space, you're actually letting go of that opportunity," states Jamdar. When they started off there were 20 players in the segment and were in the bottom three or four. Today, they are in the top five and are looking to expand further.

Being a completely Indian company also helped Blue Star connect better with its target audience. Today, it has some of the largest range of products and caters to all sections of the society. "Thus, while we have our high end chillers and ducted systems at one hand, we also have room ACs and deep freezers. Our R&D department comes up with the largest number of products imaginable. I think we have every product category that exists in the industry today," confirms Jamdar.

Blue Star's green plant at Wada.

> Our style is to build, use, earn, and re-invest. Engineering, beyond R&D is what we do in our factories. We believe in integrating R&D and manufacturing to create world class products.

Going back to the days when the economy opened up, Jamdar mentions that R&D really began in India only after 1995 and that his industry was a little backward then due to the high excise duties. "We were perhaps last in the race of industries to start R&D. However, we were bold enough to start exporting. We were making large commercial ACs and our problem was that we couldn't market them. It was not possible to expand in that market as we were still growing in India. That is when we decided to get into contract manufacturing."

Recounting an example from his earlier contracts, Jamdar says, "In 1999, we had Spaniards who asked us to make a product for the European market. They said this had to be different from the ones made for the US or the ME as products in Europe have to be silent. The conditions were that the AC had to work as a heat pump too and it had to have an eco friendly refrigerant. We had never built anything of that kind. I told him we could do it, if he had his engineer sitting with my R&D team here. In 2001, we came up with a very sleek heat pump using the then latest refrigerant and delivered the product to the customer."

Blue Star today exports to all the SAARC countries and the Middle East. "We have already made an announcement that our export, which is roughly 5% of our business, will become 15% in the next three years. This means we have to do R&D and manufacturing. I believe, unless R&D and manufacturing are put together as an integrated plan, one cannot succeed," opines Jamdar.

R&D forms an extremely important sub set of the company. They recently created the country's most advanced AHRI-certified chiller test lab. "This is the only lab in India that tests the product as per world standards. We are also the only Indian company to have created a Variable Refrigerant Flow (VRF) with a digital scroll. We are now building a new technology-based system which is slightly different and more universal," says Jamdar.

They have also built a VRF which will have the ability to work at 50 degrees, because the temperatures in India can go up to that level and they do not want the system to trip. "This also helps beat the electricity problem because it is more efficient and self-regulating and senses what is required and optimises it," adds Jamdar.

While there are newer solutions coming up constantly it is also important for a manufacturer to understand the exact requirement. With industrial ACs, companies generally tend to overstate. Concurring, Jamdar adds, "If you have overestimated the heat which needs to be dissipated as a factor of safety, then you end up supplying much larger machinery and then it becomes inefficient. The trick is to actually study and understand the customer's process better."

That is why he is of the opinion that it is not just manufacturing but manufacturing and R&D that have to come together. Jamdar states a perfect example of how this can create perfect solutions. The medical division of a renowned MNC wanted a chiller that would help their MRI system stay cool. Their main challenge was the MRI system not functioning continuously due to the helium gas getting heated up.

"Since, the system was consuming a lot of power it resulted in the gas becoming really hot and hence there was a need to cool it

The export line for Europe products.

A highly efficient heat exchanger for large heat loads.

instantly or else it would stop working for some time. In order to cool the system they needed a chiller, which they were importing and that was not at all cost-effective," claims Jamdar.

Blue Star customised a solution for this requirement and became their exclusive seller in India. "That is the kind of R&D I was talking about – where the customers tells me what they want and we deliver it. This also raises the bar of my 115 member strong R&D team and makes them ready for any challenge."

Another area where the company has excelled is in going green. The Wada factory, which was established in 2008 and is the company's largest manufacturing facility has received a gold rating from IGBC for its sustainable systems and processes. The factory manufactures air handling units, screw chillers, scroll chillers and refrigeration units for cold rooms. It is also a contract manufacturer of sophisticated condensing units and roof top units for a few multinationals.

"We wanted to be seen as a modern company with good thinking and along with R&D and exports, we now wanted to pay heed to 'greening our factory,'" avows Jamdar. The Wada plant has zero discharge with everything coming out of the plant either being recycled or turned into compost. All the products used at the factory too are energy efficient.

Being an old industry, Blue Star was also earlier using old refrigerants and technology. Today, every time a new refrigerant comes out, the company tests it to figure out how the product will behave. Jamdar elucidates, "These are thermodynamic fluids that have their own behaviour because of their contents. Each one behaves differently in terms of thermal equilibrium. It is not possible to just take a product, remove the gas, and push another in. You have to redesign it. That is the sort of work we are doing now."

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Air conditioning is all about providing quality air to people. And the biggest disadvantage of it is that it is closed and thus, if there is some virus in the air, it will get circulated. "We are now in the process of working out how to ensure clean and healthy air in spite of things like this. Using clean water is another aspect we are looking at. Though we are not into water purification, we are looking at the feasibility of adding water purification features to our water coolers."

The company is also at the forefront of creating Indian standards at the global level. Jamdar elaborates, "We are participating in the latest global warming discussion happening with the government of India. In our country, we have different climates compared to Japan or Europe. One cannot take a foreign product and say that that efficiency works everywhere. It doesn't. We need Indian standards and are working on measuring seasonal factors and looking at ways where our products have to be efficient in Indian conditions and not just in the lab."

Jamdar's dream is now to create a product which uses solar energy, maybe fully or partially. "There are people who have done it, but nothing on a commercial scale. It may take many years, but it's something that we need. I think India should be pioneers in these kinds of things. We must make world class products, in a world class way, which have got a huge potential. I've seen Indian factories and they can be the pits or they can be real jewels. It's a matter of what your culture is and what you stand for," ascertains Jamdar. MT