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# CEO

Inspiring India

## The Transition Man

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COVER STORY



# The Transition Man

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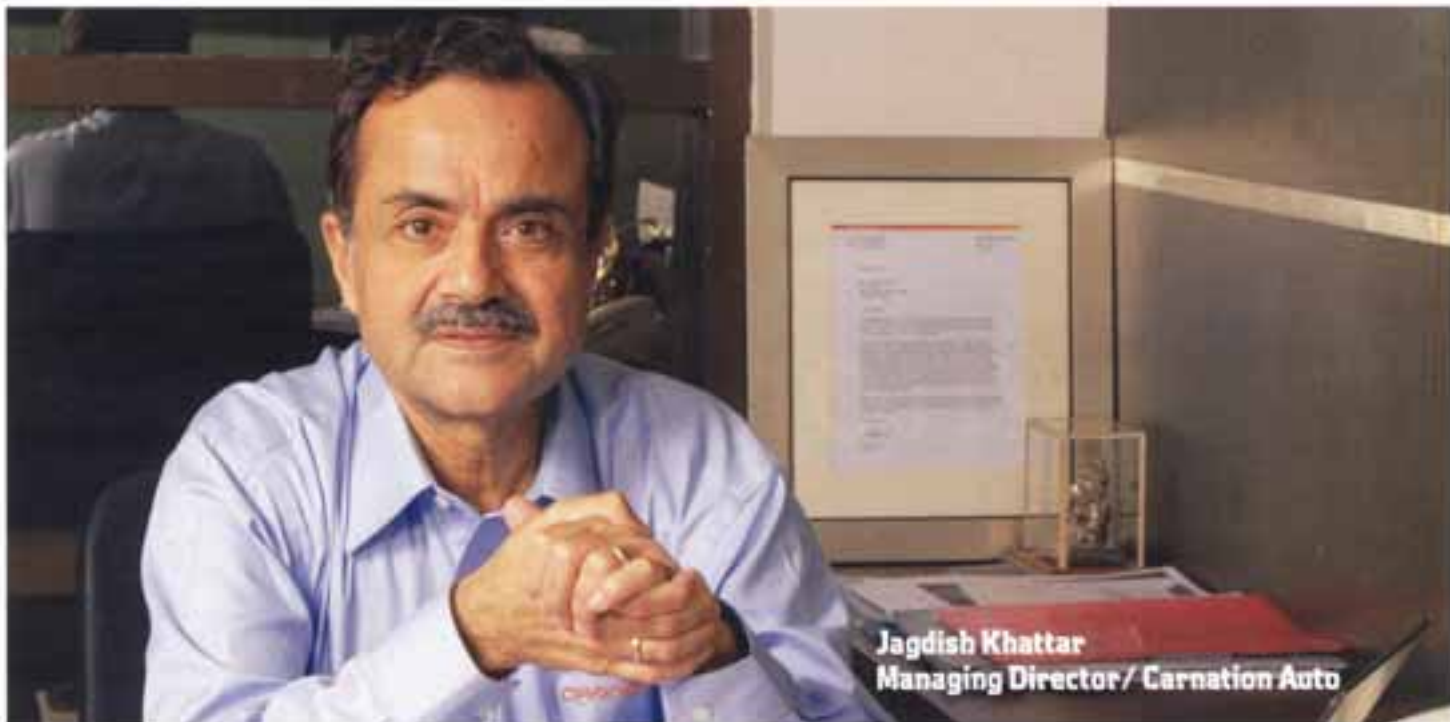
Jagdish Khattar is a man intent on making and living the difference. While he was managing director of Maruti Suzuki, he stood tall, as the only history graduate in a company filled with engineers, management graduates and chartered accountants. His illustrious profile shows that Khattar benefited from a diverse background, one that allowed him to bring his experience into play in a corporate boardroom. While he was an IAS officer with the government of India he was appointed by the Tea Board to market Indian tea in London. When he figured out that a lot of spurious tea was being marketed as Darjeeling tea in London, he created a media campaign with cricketers, Sunil Gavaskar and Ian Botham, to spread the word about genuine Indian tea. There are several such instances from his career of over four decades where he identified real problems and came up with solutions in his own unique style.

When The Smart CEO caught up with Khattar earlier this month, we wanted answers to two burning questions. One, what prompted him to reinvent himself and establish Carnation Auto

at the age of 65? Two, how did he manage so many transitions across the different sectors and industries he worked in? We discussed everything from his experience as an IAS officer to leading one of India's most well-known brands, Maruti, and at the end of it all, the answers to both these questions were self-explanatory. Khattar is brutally frank even as we begin – he just says, “I did not want to retire and start playing golf. I spotted a customer need for an independent auto service provider, and decided to start Carnation Auto. I knew the people, I knew the industry and there was a gap in the market.”

## **The public sector manager**

Khattar's resume is an Indian bureaucrat's dream. After graduating from the IAS (batch of 1985) he worked in the Uttar Pradesh State Government. Between 1998 and 1993 he was the Joint Secretary in the Ministry of Steel. He then worked in several public sector organisations including the Uttar Pradesh State Cement Corporation, Uttar Pradesh Road Transport Corporation and the Tea Board, Ministry of Commerce.



**Jagdish Khattar**  
Managing Director / Carnation Auto

Be it in Lucknow, Kolkata or London, Khattar has served several ministries. And transitioning through these various ministries gave him the right perspective to deal with problems unique to each sector. For instance, during his stint with the Transport Corporation, he increased the bus fleet size by 1000 and made the state transportation department profitable for the first time in 19 years. At the Ministry of Steel, he played a critical role in reforming the pig-iron manufacturing sector.

#### At the helm of Maruti

As an IAS officer his efforts hardly received any attention from the media and the public. But, there was one man, also from the UP IAS cadre who took notice. His name was R.C. Bhargava, then chairman of India's top car manufacturer Maruti Udyog. Khattar was invited to join Maruti as director of marketing on July 1st 1993. Bhargava knew first-hand Khattar's ability to

## Khattar Timelines

**2008**

Founder & Managing Director,  
Carnation Auto

**Focus:** Establish an independent multi-brand auto solutions and services company

#### Key Milestones:

Partnerships with Dilip Chhabria-owned DC Design and Magneti Marelli, the worldwide leader in the auto component distribution  
Raised Rs. 104 crore from PremjiInvest and IFCI ventures  
Established a strong presence in 11 cities in India

**1993**

Chief Executive Officer and Managing Director of Maruti Suzuki from January 2000. Director of Marketing at Maruti Suzuki since 1993.

**Focus:** Maintain Maruti's leadership position in the market in the face of increasing competition from global car brands

#### Key Milestones:

Cost-cutting through a voluntary retirement scheme  
India-focused design center that played a critical role in launching the Swift  
Sold half-million cars in FY 2005  
Maintained Maruti's leadership in spite of stiff competition from Hyundai, Honda and Ford.

**1988**

Joint Secretary in the Ministry of Steel, Government of India

#### Focus

Several key roles to ensure growth for the steel industry in India.

#### Key Milestones:

Reformed the pig-iron industry in India and opened it up to the private sector.

solve business problems. He made his mark as an IAS officer and it was clear Maruti needed a person who could continue to expand a world-class consumer company while keeping government expectations at bay.

Between 1993 and 1999, when Khattar was director of marketing, Maruti grew at a stunning pace. Maruti's market share in FY 1998 was over 82 per cent. Yet, the game had just begun for him. In January 2000, Khattar was promoted to managing director after RSSLN Bhaskarudu's term ended in December 1999. That was exactly when Maruti's real challenges had surfaced. Following the recession and strong competition from Hyundai Santro, Maruti posted its first ever loss of Rs. 269 crore in FY 2001. Unsold inventory was adding to the pressure and Khattar had to take action.

The first step was to cut costs. He

## On entrepreneurship

“ India is the true land of opportunities today. As an entrepreneur, one should know his interests, understand customer needs, figure out if he can fulfill that need and then find a solution. If something hasn't been done, it doesn't mean it can never be done ”

introduced a voluntary retirement scheme and reduced workforce by around 20 per cent. Khattar ensured that the focus was back on the customer, something he practices till date. He discovered that in addition to service quality, design and reliability played a key role. That's when the WagonR mistake was realised, especially on the design front, through a case study. Despite being a success in Japan, the car's

boxy design failed to impress the Indian buyer. Having done his research, Khattar mobilised action as an India-focused design division was established to create fresh designs for the Indian market. With a strong consumer focus, in 2005, Maruti launched the Swift, which was a big turning point for the company.

From 2002 to 2005, Maruti grew at a steady pace. It sold over half a million cars in FY 2005 and its image with the younger generation improved in the face of strong competition from Hyundai, Honda, Ford and several other foreign brands that hit Indian roads.

1986

Chairman and Secretary of Uttar Pradesh Road Transport Corporation, Transport Department

**Focus:** Make the state-owned corporation profitable

### Key Milestones:

Took a loan of Rs 39 crore from the government to increase the fleet by 20%. Surplus workers were employed on these new busses. Made the UP state transport corporation profitable for the first time in 19 years.

1983-1984

Chairman and Managing Director of the Uttar Pradesh State Cement Corporation from 1984 to 1986  
Chairman of Tea Board, Ministry of Commerce from 1983 to 1984.

**Focus:** Improve profitability in the cement enterprise; Market Indian tea in London

### Key Milestones:

Increased profitability in the wake of dual pricing that was allowed in the cement industry. Started off a press campaign with Sunil Gavaskar and Ian Botham, to spread awareness about genuine Indian tea. Worked very well, and this was the first time an IAS officer used the power of media to spread a message.

### Rein'carnation'

Khattar retired from Maruti in December 2007 and by the first week of January in 2008, Carnation Auto was up and running. He says, "I wasted no time in between. Our first employee at Carnation joined in February. We started with a single-minded vision. If there was any kind of automobile problem you had, we should be able to look into it."

Khattar understood the market potential for an independent after-sales service provider during his stint at Maruti. Service centers

## Management Style

### Deep customer focus

Both at Maruti and Carnation, Khattar's primary focus has been on delivering value to the end consumer. Whether it was Swift's design or Carnation's strategy of being a one-stop-shop for all auto service needs, Khattar's ability to understand the end consumer has played a key role.

### Open leadership

Khattar believes that the person who identifies a problem also has the ability to come up with a solution. He often opened up the platform for his managers to come up with solutions to business problems.

### Stay open to newer ideas

He believes in keeping an open mind and grabbing any opportunities that come in the way. "As you go along you get newer ideas and opportunities. The partnership with DC Design was not part of our plans (at Carnation). But, after we met them, the partnership made utmost sense," he says.

were extremely crowded, car sales in India were growing at a tremendous pace and manufacturers were investing heavily in India. Globally, servicing was divided between three broad categories – dealers, manufacturer workshops and independent workshops and chains. But, in India, the third category was absent. Khattar believes that if almost every kind of car service can be offered under one roof, and as close to the customer as possible, that would be a winning combination.

Given Khattar's background, fund-raising was hardly a challenge. Carnation raised Rs. 104 crore from PremjiInvest and IFCI ventures to develop his vision of establishing India's largest independent automobile service company. Today, Carnation operates 19 hubs, as their service centers are called, with five more in the pipeline. Most of these hubs are company-owned with two in Andhra Pradesh that are joint ventures with individual entrepreneurs. Carnation offers everything from car servicing and accessory sales to used car sales and remodeling of cars.

They have a partnership with Dilip Chhabria-owned DC Design to redesign cars. Carnation's partnership with Magneti Marelli, the worldwide leader in the auto component distribution segment, helps them procure spare parts in a seamless fashion. Khattar says, "As an independent service provider, we can suggest lower cost op-

tions for the customer. Our aim is to be as transparent as possible and deliver value. Carnation especially provides value to people who own multiple car brands and fleet owners. We are working on being a one-stop-shop for all automobile needs," explains Khattar.

### Management mantra

The three big challenges for Carnation are escalating real-estate prices, availability of manpower and rising customer expectations. Khattar's strategy to solve problems has not changed over the years. He says, "I strongly believe that the person who sees the problem, also has the ability to come up with a solution. I believe in throwing open the problem to my managers and more often than not they come up with solutions." Carnation's strategy of offering everything under one roof also augurs well for utilising real estate efficiently. Training newer employees is a continuous process and is on top of the minds of the senior management at Carnation.

Khattar, over the years, never paid much attention to revenue forecasts and future growth plans. "As you go along you get newer ideas and opportunities. The partnership with DC Design was not part of our plans. But, after we met them, the partnership made utmost sense," he says. Carnation, currently, has presence in 11 cities and plan to expand to four more. "These 15 cities have over 70 per cent of the market and our focus is on them."

Khattar is passionate and his excitement is palpable when he talks about the Maruti experience. But, he points out there are several differences in his role now. "At Maruti, we were primarily a manufacturer. Our challenge was to meet manufacturing numbers and then manage several partnerships with vendors, dealers and distributors. The role needed strong advisory and monitoring skills. At Carnation, execution is the key. We have to implement and deliver to our customers," he says.

### The next decade

Khattar's journey, to say the least, has been incredible. In his 40s, he played the role of a dynamic government officer who fixed problems at low-key state-run organisations. His 50s was spent under the watchful eyes of the government of India and more importantly the Indian public. He took Maruti to the next level and helped them stay on top despite all the competition from foreign automobile brands. Here he is now, in his late 60s, ready to build a world-class enterprise, with the attitude and conviction of an early-stage entrepreneur. The Khattar journey has just begun, all over.