



Interview with The Expert

CMA Asim Kumar Mukhopadhyay
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Mr. Mukhopadhyay is a Fellow Member of the Institute of Cost Accountants of India and an Associate Member of The Institute of Chartered Accountants of India and the Institute of the Company Secretaries of India. He has also done specialized Iron and Steel Industry Training Course from British Steel Consultants Limited in UK. He has more than 36 years of industrial experience in different areas viz. manufacturing industries, automotive, steel, refractories etc. in various capacities.

He has received many prestigious awards:

- ✱ *Best CFO Award 2017 of the Institute of Chartered Accountants of India in Engineering and Capital Goods sector;*
- ✱ *Bharat Jyoti Award for Excellence in 2015 by IIFS for excellence in the field of Strategic Cost Management for Industries;*
- ✱ *Best Citizens of India in 2015 by International Publishing House for contributions in the field of finance and accounts.*
- ✱ *His profile has been published in Biography International and Reference Asia and National Unity Award for Excellence in 1995 by All India National Unity Conference for imparting finance related training.*

Q: *You are the Vice- President of a leading global automobile manufacturer- Tata Motors. What is your view on managing disruption in industries in general and on auto industry in specific?*

A: *There is a proverb, Quote: There is nothing certain but the uncertain. Unquote.*

I strongly believe that to manage disruption one needs to be a strong believer of the substance of the proverb. We are living in a VUCA (volatile, uncertain, complex and ambiguous) world. Hence the mettle of even the strongest company is being challenged when disruption hits the industry. These challenges emanate from technology, cyber physical systems, autonomous robots, horizontal and vertical system integration etc. including social, environmental, economic and market trends leading to customized demand and customized products.

To address the second part of the question, I must mention that auto industry is one industry that is sharing a lot of disruption.

The challenges here come from shared mobility, connectivity services, frequent feature upgrades, new business models apart from technological and regulatory issues including challenges from electric vehicles.

In India, stricter emission norms, straight movement from BS IV to BS VI by March 2020 after a span of only 3 years and emerging presence of electric vehicles to tackle worldwide

challenge of climate and pollution norm with more prominent in the country are clear issues of disruption.

In my view OEMs need to anticipate opportunity while protecting value to ensure strategic gains are realized. They need to prepare strongly for the uncertainties, leverage partnership, drive transformational changes including making efforts to reshape the value proposition. India being a center for frugal engineering, hub for low cost and high quality managerial talent, certainly has immense opportunity to reinvent the business model and address the challenges from disruption effectively.

Q2: What in your opinion would now make an automobile company most successful player in modern times?

A: The industry being always in flux with new models and designs, rapid emission related challenges coupled with technology revolution, the key to success is cost effective design and addressing the customer value proposition. To be more explicit, the winner will be the one who can optimize on design to cost and to cash and address customer profitability coming out of better value proposition for the product and lower TCO (Total cost of ownership).

Q3: What in your opinion are the key drivers to be cost competitive in Auto industry?

A: Most of the costs (as high as 80% in some cases) gets built at the designing stage. Hence due care and rigorous efforts need to be put to lower one's cost base as much as one can. Targets need to be put in place to arrive at the products with right positioning for the right customer providing right set of features. Any divergence from these would lead to lower returns on the costs incurred. Automobile sector is capital intensive with a long lead time on returns made in the sphere of research and development. Hence a clear strategy can go a long way in defining the future of a company. Modular approach to capacity building and flexibility of production of different configurations on the same line can be a boon for companies during lean periods and would save on costs front. Finally the concept is the mindset to undertake journey from what it does cost to could cost and should cost. Should costing is the practice followed globally by automobile players both in commercial and engineering domain. Hence in my opinion an effective cost engineering with should cost imbedded in it is the key factor for cost competitiveness in Auto industry.

Q4: The CMA professionals are trained to be cost competitive, utilize available resources in an efficient and cost-effective manner through cost optimization, efficient deployment of scarce resources leading to cost control, cost reduction and cost consciousness. Please suggest in what ways Cost and Management Accountants (CMAs) may offer their expertise more effectively in this quest?

A: Evolution of CMA role is required to deliver more relevant information, more quickly and with a forward looking view, to meet the needs of stakeholders as they seek real time information which other statutory reports do not provide.

The advent of big data and advanced analytics capabilities will provide opportunities to enhance transparency, produce more relevant and insightful financial and non-financial reporting and standardized and automated reporting. This opportunity to be addressed by CMAs.

Further understanding the future technology requirements to support reporting will make it 'fit for purpose' to meet the challenges of increasing regulatory and compliance requirements.

Further CMAs need to adapt techniques to address disruption. Data & analytics, cloud technology, robotic process automation and block chain technology will help to evaluate predicted outcomes, build connected & flexible system; and recognize patterns to adapt to new norms.

Currently most of CMAs are engaged conventionally in maintenance of books, preparation and analysis of monthly financial and cost information, budgeting, variance analysis, cost audit etc.

There need to be a paradigm shift and it would also cover helping the top management in decision making. Changing the focus from controlling to business fundamentals, using data analytics to estimate company's competitive position and also working as value integrator by involving efficiency and insight.

Q5: What is your view on the role of a Contemporary CMA as leader in any industry?

A: The role to address performance are creation of value i.e. developing strategies for sustainable value creation and enabling value by supporting the governing body to make decisions.

And further the role of conformance would cover reporting value i.e. ensuring compliant, relevant and useful internal and external business reporting and also preserving value i.e. asset and liability management, managing risks and implementing and monitoring effective controls.

CMAs need to be effective business partner and play the role of cost champion, controller, risk manager, growth champion, performance leader, chief strategist and change catalyst.

Finally, I believe that when an egg is broken from outside, a life comes to an end. But when the egg breaks from within, a new life begins. Similarly great things and great Management accountants as business partners always begin from within and do not wait a knock from outside.