

PRINCIPLE

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Value to customers

Businesses should engage with and provide value to their customers and consumers in a responsible manner.

As a customer-focused, market-driven organisation, Tata Steel consistently strives to develop new products to meet the growing needs of the Indian market and world-class manufacturers who have set up base in India. It also ensures that its products are safe, create value for the consumer and are environmentally friendly.

Customer Value Creation

At Tata Steel, value creation is the process of going beyond meeting the customer's basic needs. This is done by understanding the customer, through inputs and observations.

Value Creation Process at Tata Steel

The process of value creation at Tata Steel is based on five key actions.

- Customer need identification through a number of active listening and learning mechanisms.
- Analyses and prioritisation of inputs.
- Evaluation of 'potential value for customers' and feasibility checks.
- Implementation of pilot projects through cross-functional teams.
- Monitoring of projects.

New value propositions are being created for small and medium consumers (SMEs) through the 'Emerging Corporate Value Management' programme. An example of this is the Company's ReadyBuild Brand – a customised cut and bend (CAB) rebar solution for its customers. The

customer gains through faster completion of projects, a drop in scrap generation, less wastage and pilferage at site and a solution for the lack of storage space at construction site within city limits.

The Flat Products Division sells Tata Steelium (cold rolled coils and sheets) and Galvano (galvanised coils and sheets) to its customers across the country through a distribution network. Customers need materials in processed form. This processing is done in a steel service center, which has equipments like a cut-to-length line, a slitting line, blanking lines, shearing machines, etc. All authorised distributors of Tata Steel, involved in distribution of the above mentioned brands, have either their own service centres or get the material processed in third party-owned service centres.

Tata Steel initiated a programme called ACE+ to certify service centres through an independent third party audit and take specific improvement plans. This was a major challenge as the service centres are not owned by the Company and there was no precedent to emulate. The certification process rated the service centres on infrastructure requirements, equipment capabilities, systems and processes and people skills and training.

Serving the overall well-being of society

Tata Steel's products meet all necessary national and global regulations, standards and guidelines. Health and safety considerations strongly influence new product development. No incidents of non-compliance in the matters of customer health and safety were reported during 2011-12.

PRINCIPLE 9 VALUE TO CUSTOMERS



Tata Steel also takes its role as a supplier seriously with regard to information on health, safety and environment down the supply chain. In Europe, the Company fulfils its responsibilities under REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals), supplying Safety Data Sheets (SDS) for all substances classified as hazardous to downstream customers, even though its products fall outside the legal scope of REACH.

Widening customer choice and encouraging free competition in all segments

In 2011-12, its Long Product Division in India launched a Home Building Solution under the brand name 'Build Wise' to offer architectural, structural designs and bill of material quantities to Individual House Builders (IHB) on a pilot basis (through an IT-based and location-specific Standard Design Library).

Educating customers on safe and responsible usage of steel products

In 2011-12, the Company's Long Product Division launched RAISE (Responsible Architectural Initiatives and Structural Engineering), an initiative promoted with INSDAG, to engage with architects and structural engineers across India. The programme aims at driving responsible construction practices and creating brand ambassadors in the process.

An engagement programme for wire rod customers – Wired2Win – introduced in 2011-12 strengthens the Company's relationship with customers through knowledge sharing sessions and various interactions.

Building knowledge capabilities of channel partners to disseminate information

Tata Steel believes that continuous dissemination of knowledge is vital to its marketing strategy. Through institutionalised Human Resource practices, close to 10,000 hours have been invested in the training, development and consumer sensitisation of channel partners in the last five years.

LINKS is a structured customer engagement initiative which is customised to deliver value across different categories and segments of Steelium customers. It is based on the core principles of **Learning** (Regional Customer meets, Suraksha Meets and Regional Technical Workshops); **Interaction** (among customers through awards, summits, participation in exhibitions and celebration of customer milestones); **Networking** (plant

 **SUSTAINABILITY IN ACTION**

- The unique shifts brought about by an interest in the health and safety of customers can be seen in the change from Acid Pickling to the mechanical de-scaling method in Low Carbon Wire Rods (LCWR) and the development of lead-free coating chemistry for the Zero Spangled Galvanised Plain Sheets, through its brand Galvano. The benefits of switching from Acid Pickling include elimination of health risks posed by the acid to the employees at the customer's premises and the disposal of the environmentally hazardous acid sludge. In addition a saving of ₹ 800 per tonne, including money spent on the purchase of acid, has been achieved.

