

BHEL launches multi-dimensional Transformation Strategy;
Focuses on converting challenges of
rapidly changing business environment into opportunities

New Delhi, January 29: Bharat Heavy Electricals Limited (BHEL) has declared 2020 as '**The Year of Transformation**' with the objective of putting the company on the path to becoming a Future-Ready Global Engineering Organisation. Towards this end, it has kicked off a multi-dimensional transformational strategy to address the multiple business challenges it currently faces - including decline in its traditional market for thermal power equipment, disruptive technology developments and increasingly stringent customer requirements. With this, the company aims to turn the current challenges into opportunities for the future.

In its over five-decade journey, BHEL has been a key contributor to India's industrial development. Presently, more than 50% of the electricity generated in the country comes from BHEL manufactured power generation equipment (including Thermal, Hydro, Nuclear & Gas based generation). The company has also played a critical role in core sectors such as Defence, Aerospace, Transportation, etc.

As part of the transformation strategy, the company has taken up the task of reviewing and revamping processes, redesigning business models, expanding into new markets/businesses and developing a committed workforce with a strong leadership pipeline at all levels. Specific strategic initiatives focus on Quality, Project Execution, Cost Reduction, Diversification, Digital Enablement, Technology upgradation.

These initiatives are being coordinated and monitored through a 'Transformation Office' set up at the corporate headquarters.

Quality: The company has recently launched a companywide 'Quality First' initiative aimed at strengthening the quality culture, focussing on delivering world class products & services. Towards this end, a detailed roadmap has been put in place for strengthening quality processes at all levels. It may be noted that BHEL has been the pioneer of the quality movement in the country since the 1970s with the adoption of the then state-of-the-art quality & business excellence processes and has received numerous quality awards. The current exercise will further build on this history and put in place latest quality processes and initiatives, as a step towards developing organisational excellence.

Revamp of **Project Execution** capabilities is another major initiative under way with the objective of arresting project delays and consolidating its position as a leading project execution organisation. Under this initiative, a number of steps have been taken up, including implementation of 'Integrated Project Management Software (IPMS)' for real-time project monitoring, streamlining the supply chain to support smooth erection work at sites, strengthening pre-engineering activities, etc., for long term EPC excellence. The company has, further, taken-up review of designs, specifications and procurement processes for ensuring quality & competitiveness.

The company's two pronged **product strategy** focusses on: a) Defending the core through excellence in execution, cost competitiveness, focus on spares & services/ improved technology and b) diversification into new business areas by engaging a leading consultancy agency for identifying new growth areas and developing strategies for the same. In parallel, the company is, consolidating and reinvigorating recent initiatives in Defence & Aerospace, Water, E-mobility, Batteries, Renewables and Transportation verticals.

To improve the **financial health** of the company, emphasis is being laid on cash management with a number of Cross Functional Teams set up to take up specific issues faced by the company. The success of these efforts is already visible in improved cash collection, vacation of provisions, increased conversion of contract assets into collectibles, closure of long pending cases, etc.

Digital enablement is another key focus area for the company. Various initiatives taken/ being taken in this direction include installation of IPMS for real-time project monitoring, implementation of e-Office for faster decision making & file processing as well as integration of multiple ERP platforms for end-to-end monitoring of manufacturing, project execution and related processes to improve the overall efficiency of the organisation.

BHEL has, traditionally, been a preferred employer for graduates from leading institutions. It is further focussing on employees as the backbone and cornerstone of its success. Towards this end, **employee development and engagement** is being targeted through review and revamp of the various HR systems & processes. The performance management system has also been revamped for closer alignment of performance & rewards.

In line with its philosophy of being a committed corporate citizen, alive to its responsibility towards the environment and society, BHEL is transforming its townships into model / Smart townships. Eight townships of BHEL have already been certified as Single Use Plastic Free townships and a slew of initiatives are being undertaken in the fields of waste management, water conservation, energy efficiency, etc.

The multiple initiatives are being monitored and reviewed at the topmost levels and updated/modified from time to time, as per changing requirements. This effort, is expected to enable the company to transform itself to meet existing as well as emerging challenges and emerge as a leading engineering organisation with a global footprint and to continue to be at the centre stage of the country's developmental efforts for times to come.