

# **Re-discovery of India**

## **An Interview on Italian entrepreneurial strides in India**

### **Abstract**

This work is based on an interview with Pietro Valfre'di Bonzo, Chief corporate representative of Fiat International in India, conducted under the aegis of the GLOBE project (Global Leadership and Organizational Behaviour Effectiveness Research Programme).

Indians have many things in common with the Italians: the importance of family and also the importance of family-run businesses. The same is true at the emotional level. Indians, on the other hand, have a different structure in the way their industry is developing. There is no homogeneity. There are small and medium scale family businesses, and there are big conglomerates, may be some of which started as a family-run business like Fiat and Benetton.

Fiat is an Italian car company which is a well known brand in India due to its presence since 1950s. With an increasing buying power of the Indian middle class many foreign companies are competing to capture a market share. Fiat is also trying to do the same by launching new models like Palio, Uno, Sienna and more recently Linea, Punto, Bravo shall soon be launched.

Fiat's focus is on seven countries which it considers core countries, as emerging markets of the future. Out of eighty odd countries where Fiat operates, there are seven chosen to become strategic. Fiat will invest there on a long-term basis. Almost all Fiat companies will be there in those seven countries and will coordinate through liaison or corporate offices in order to help and support the growth of its activities. These seven countries are India, China, Russia, Poland, Turkey, Brazil, & Argentina.

These were the countries which had some specific features that Fiat considers important. First of all, these countries have a great potential either because of their internal resources or because of their market size. Secondly, these are countries which are either part of a larger trade area or becoming a part of these trade areas where one can get advantage of low barriers to entry; and thirdly, because these countries are where the population is growing with the growth of economy coupled with an increasing purchasing power. For automobile manufacturers these are important variables because cars are products that need to be invested in. So, these are the features Fiat had identified that time and that made them choose these seven countries. This does not mean that everything happened according to their plan. At the end of the day Fiat feels that these countries are not easy countries. According to Mr. Di'Bonzo, Fiat should have invested a little more in understanding the country's culture and this applies also to China aswell. The ways of doing business in a country needs to be very well understood before one even think of getting into that country and you need to invest in this in this in terms of people and in

terms of time. At that end of the day, multinationals will rely more and more on the nationals of the country where they are operating.

“Fiat’s quest in India is to completely revamp the image and we could not do so only by selling words. We had to do it by providing a new philosophy, a new production philosophy, a new management philosophy. But this did not end up here. We also need, and probably most of all, to provide a new after-sales philosophy because Fiat was not considered the strongest amongst the car companies in India in terms of after-sales services. We are increasing our sales and after-sales dimension, and increasing and changing the ones that we thought were not compatible with this new thinking. This has been done and the process is still on. We can not say that we are at the best level. This is an ongoing process, but I am confident that this, at the end of the day, will pay off and will finally help us in providing reassurance to the market that we are here to stay in India.

As far as cars are concerned, we are having high expectations which mean new investments, new products, and, this is very important, new image for Fiat in India. Now, we have an image that links to technological plans, which really meet the demands of highly sensitive local markets. But I must say that India has delivered for Fiat, India is still a strategic country for us. We have not changed our strategic purpose in India and we are looking for more investments. I would say that we are consolidating our presence here in what we have done so far. There might be possibilities of investing in new activities. This is something that we are monitoring right now”, says Pietro Valfre'di Bonzo.