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## Mahindra Bets on Detroit Engineering

**Indian auto maker builds U.S. technical center to speed global SUV entry,  
fend off rivals at home**



**Senior mechanic Rick Cortez, right, and facilities technician Bradley LeBlanc work on a motor at the Mahindra North American Technical Center in Troy, Mich. The company aims to design a new sport-utility for world markets.**

By  
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TROY, Mich.—Decades ago, Japanese car companies traveled to Detroit to learn to be like the Big Three. Today, one of India’s top auto makers is following in their footsteps—while hoping to learn to avoid Motown’s past mistakes.

Mahindra & Mahindra Ltd., a Mumbai-based conglomerate with a thriving tractor business and information technology operation in the U.S., quietly has amassed an engineering staff about a dozen miles north of Detroit. Plucking talent from Ford Motor Co., Tesla Motors Inc. and Fiat Chrysler Automobiles NV, the company aims to catch up with industry leaders by developing a vehicle able to meet American buyers’s demands and the nation’s tough regulatory standards.

The Indian auto maker doesn’t sell many sport-utility vehicles in developed markets. However, at home it is battling global auto makers rushing to India, including Hyundai Motor Co. and

Honda Motor Co., which are gobbling up market share using resources and expertise Mahindra lacks in its domestic market.

In recent years, the company has bought a Korean auto maker, an Italian design house, an electric-vehicle maker and other assets in an attempt to boost its game, but its market share is still slipping, much like Indian rival Tata Motors Ltd. If the company's focus doesn't pivot, it is in danger of running into the same fate that nearly shut down Detroit.

Mahindra stumbled in its first attempt to go global, and several years ago ended an effort to bring an India-developed pickup truck to the U.S., a setback that still has it tied up in litigation. The company's senior executives say they are still intent on becoming a global force and Detroit, which Mahindra's product planning chief Rajiv Mehta calls "a Mecca for SUVs," is a natural place for the company to learn how to do that.

As snow arrives in southeastern Michigan, Mahindra's first made-in-Detroit project in its 70-year auto making history—a large SUV the size of a BMW X5 dressed in camouflage—is being tested on the streets of Metro Detroit. Global safety and fuel economy regulations are tightening significantly, and this SUV is showing Mahindra's ability to meet the most stringent standards, company officials say.

"Two years ago, a customer [in India] wouldn't have paid for ABS (anti-lock braking) or air bags," Pawan Goenka, Mahindra's automotive chief, said in an interview. "Today, 75% of the customers want to buy those options."

The marriage of an Indian auto maker and the Motor City represents how much the auto industry has changed since the financial crisis. Detroit, known for high labor costs and a slow response to market fluctuations, needed tens of billions in bailouts to stay afloat in 2008. In the downsizing that followed, some of the domestic industry's talent left for greener pastures while others waited for rebound.

At this month's Detroit motor show, auto executives will celebrate the healthiest industry conditions in well over a decade. Low gasoline prices, cheap financing and a healthy economy has General Motors Co. and Ford back near the top of the global auto industry, and Detroit's sprawling supply chain, including several specialty companies capable of developing a car on their own, is thriving and looking for new business.

Rick Haas was among those who left Detroit during the dark days, with no guarantee of returning. A longtime Ford executive and University of Michigan graduate, Mr. Haas joined Tesla in 2009 as program manager for the company's first electric sedan, the Model S. When recruiters asked if he would be interested in joining Mahindra two years later, he agreed after several months of discussions.

Mr. Haas initially was hired to upgrade Mahindra's product development chops in Chennai. His superiors knew the company excelled at "frugal engineering," a mind-set that keeps in mind the extremely limited resources of India's car buyers, most of whom are purchasing their first

vehicle. That needed to change if Mahindra was going to sell its SUVs in the lucrative U.S. market.

Mr. Haas came to the conclusion that globalizing the company from India would “take too long” if something didn’t change. Executives started looking for a satellite location, visiting Turin, Seoul, Tokyo, London, Stuttgart and Silicon Valley. “Those who know Detroit, know it is all things automotive,” Mr. Haas said. “It is what they breathe.”

Starting with “five guys” a few years ago, Mr. Haas’ team has ballooned to about 100, with many of the new hires inspired by the idea of working for a challenger. In addition to aiming for global markets, Mahindra is bidding on the U.S. Postal Service’s next generation delivery trucks.

Mr. Goenka said the U.S. technical venture is expensive and can’t continue to grow exponentially, but it is necessary to winning in India and elsewhere. “Any homegrown company has to live up to the competition, or they will not last.”

Mahindra already has shortened its new-car development times by a year, to 36 months from 48 months as a result of the effort, Mr. Mehta said.

Mahindra’s Troy facility is within a 20-mile radius of more product-development resources than Munich, the home of BMW AG, Stuttgart, where Daimler AG resides, and Wolfsburg, Volkswagen AG’s base, combined, according to Ann Arbor-based Center for Automotive Research.

“Detroit isn’t outsourcing anymore,” said Lynn Bishop, vice president of Pratt & Miller Engineering in New Haven, Mich., which does prototyping work for Mahindra and other companies. “We’re being outsourced to.”

Mr. Bishop said the area needs more ventures like this as Silicon Valley continues to hunt for additional automotive talent. “I am concerned and the wider region is concerned” by the “disrupters,” he said.