

CIB on wings



June 2016

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Initiatives of Change
Caux Initiatives for Business

Dear Readers,

Caux Initiatives for Business is pleased to carry in its June issue of CIB on Wings three features that we believe will be inspiring.

The first is a report on the Round Table conducted by CIB's Pune Chapter that was hosted by SKF India Ltd. at their campus in Pune. The thoughts that were shared by heads of companies, business management institutes and a few of tomorrow's leaders while deliberating on the theme, "Can ethics be a pillar for sustainable growth" came through as deep sharing. Though tempted to add more in this Editorial, I would refrain for I would like you to read the report for yourself.

The second feature that we carry is the inspiring speech of M S Unnikrishnan, MD and CEO, Thermax India Ltd., Pune that he delivered at one of the Plenary sessions of the Biennial International Conference that CIB held at Panchgani from January 22 to 26, 2016. His appeal for us to now change the science that is in existence to a science that is for the future came forth like a bugle before impending disaster as his engineering mind presented facts and percentages. An inspiring story of how he dealt with a situation as head of company is also covered in his talk.

The third feature is a brief report of the CIB India Working Group that met in Mumbai.

Mrs. Ishika Banerjee

CIB Pune Chapter Round Table

A Report

The Caux Initiatives for Business Pune Chapter conducted its second Round Table at the SKF India Ltd. campus in Pune on March 11, 2016. Below is a report written by the Pune Chapter team, more particularly Lt. Col. Allan Burby (Retd.)



The CIB Pune Chapter thanks SKF India Ltd. and its MD, Shishir Joshipura for co-hosting this RT. The event was held at the SKF Guest-house premises in Pune, followed by a sumptuous lunch hosted by SKF India. Kiran Gandhi and Lt. Col. Allan Burby (Retd.) of the CIB Pune Chapter moderated the discussions at this RT.

Theme: Can Ethics be an important pillar for sustainable growth?

Participation: A total of 42 persons took part in this RT. The majority of delegates were MDs or CEOs and Directors of companies and institutions. The Chairperson of a reputed company also actively

participated in the deliberations. Participants included four MBA students from Pune University and a few Directors of academic institutions in the city.

Questions that were fielded at the RT for discussion among the captains of industry were:

1. Do I stay awake at night about ethical questions pertaining to the way business is presently conducted in Pune or Maharashtra or even India?
2. Where does my “circle of care” end? (a) with my own employees? (b) with my business partners? (c) with the communities with which I operate? or (d) with the society at large?
3. To what degree am I willing to take a stand for ethical principles, when the question of monetary cost arises?

Thanks to earlier guidance from Pradeep Bhargava, Director, Cummins India Ltd., the CIB – Pune team included suggestions also from Shishir Joshipura and Farhad Forbes, Director, Forbes Marshall Pvt. Ltd. in constructing the March RT. The March 2016 RT attempted at looking beyond business ethics as an issue



Shishir Joshipura, Kiran Gandhi and others listening intently

related only to bribery and corruption. It was important that the topic of ethics be viewed both from an internal as well as external stakeholder perspective beyond dealings with just the government and regulators.

The RT delegates, captains of industry in their own right, shared their perspectives on other important dimensions of business ethics, significant for business reputation and sustainability. These perspectives were supported by examples in some cases of the way by which these business leaders currently respond to related dimensions such as:

- Care for the environment
- Child labour utilised by suppliers and care for suppliers' employees
- Standing up to pressures for quarterly performance and being transparent about AR status and related provisions to the shareholders
- Commitment to product quality, no matter what the cost
- Safety of contract employees at project sites
- Limitations to growth
- Responsibility of elders towards building the ethical fabric of future generation of leaders – the students
- Paying suppliers their dues on time, consistently

At the same time the delegates recognised the implementation of business ethics as a continual journey, with new challenges unfolding.



Ms. Meher Pudumjee, Chairperson, Thermax Ltd. makes a point

What was heartening to note was that all business leaders held the view with deep conviction that being ethical is the only way to being sustainable in business. The sharing by a significant number of delegates revealed that ethical practices in business counted as a real differentiator in the eyes of their partners and other stakeholders, positioning them with a clear business advantage. Moreover, at a personal level, many delegates shared that being ethical allows them to sleep better!

On a disruptive note however, thanks to the request by one of the delegates a question that provoked keen discussion was “what is it that keeps me awake at night?” What are the ethical dilemmas we are

struggling with? Let's start working towards addressing such challenges meaningfully. This question leveraged an important turnaround in the RT deliberations that followed after the break.

The main dilemmas shared in context of 'what is it that keeps me awake at night' were:

- The worrisome struggle with ethics that the young generation faces in society these days (future leaders, today's students) as also the ethics within our families. This point came to the fore because of thoughts shared by the four business management students who were present as volunteers. One said, "Until we witnessed the deliberations at this RT we were not aware of the impact or importance of ethics in business." Another commented "for us ethics was just a chapter in a book, a dry part of the curriculum."

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- The Head of an academic institution said something to this effect: I am branded as a bad guy for enforcing ethics upon my students. Even their parents don't support me. It breaks me down.
- On dealing with the government on land acquisition matters, there is a whole corrupt system so difficult to deal with. We really struggle with our conscience.
- Unethical top management leadership, leading to collapse of a company. There is an opportunity of influencing ethical practices from the grass roots upwards. A company CFO shared a live experience.
- The MD of a company commented that as the nation progresses, there will be large scale job/employment losses due to increasing application of technologies in manufacturing, for example. This realistic possibility also needs to be viewed as an ethical issue, he

said.

- “Should we continue businesses based on exploitation of fossil fuel? Isn’t it a matter to be concerned about our children’s future when we think about the planet?” reflected a company Chairperson.
- The practice of “Quiet Time” (10 minutes of silent reflection time) to think on what initiatives of change could be taken to address the challenges encountered, brought out the following thoughts:
- One SKF observer said “all change begins with changing oneself”
- The Chairperson of a company said “I feel we need to more openly discuss with our employees some of our decisions which did not go right and those which went right, to sensitise them about ethical aspects in our decision making.”
- “I would like to use my ‘town hall’ meetings with employees to discuss our ethical challenges,” another said.

Should we continue businesses based on exploitation of fossil fuel? Isn’t it a matter to be concerned about our children’s future?

- “Tomorrow’s Collectors and Tehsildars are today’s students in school. Let us speak with students and work collaboratively for a better tomorrow.”
- “We will focus on reaching out to students’ families. I will first discuss it with my faculty,” said the head of a management school.
- “I have to deal with controlling my anger,” said a strategy head of a company.
- “I would like to incentivise ethical behaviour in my company. I will incorporate it into employee appraisals,” said a CEO of a company.

A key outcome of this RT was the forward poised initiative on “easing the way businesses are operated/run”. A team led by Dr. Sunil Dhapte,

a director of YASHADA (on behalf of the government) and Mr. Unnikrishnan, the MD of Thermax (on behalf of industrial sector) was formed. The body decided to set up a holistic and wholesome dialogue process between local business leaders and government officers, through a collaborative working process. At least half a dozen business leaders enlisted themselves in this initiative. This project is aimed at creating a collaborative relationship between government and business on ethical practices and principles for the sustainable larger good.

The sentiment on which the RT ended was one of hope combined with challenges about sustaining the future of ethically operated business. Networking bridges and collaborating with positive forces will give the ethics movement added impetus in navigating these challenges.

Delegates departed with a breadth of optimism stemming from the project that was undertaken around “easing the way businesses are operated/run”. At the next RT, footsteps in this direction would be shared. Thermax India Ltd., has kindly agreed to co-host the next RT on June 24, 2016.

The CIB-Pune core team comprising of Sudhir Gogate, Anant Nadkarni, Kiran Gandhi, Sanjiv Mehta and Lt. Col. Allan Burby thanked all delegates and students for their active participation which has culminated in a renewed commitment to bring about meaningful change in promoting ethically operated businesses in the future.



Business, Technology and our Future



Beginning with the role of business with regard to society, M S Unnikrishnan, MD & CEO, Thermax Ltd., Pune began his talk by first listing the relationship of one aspect that affects one's life with the other. "Science creates technology. Technology creates commerce. Commerce creates economy and economy creates politics." His view was that one focuses on the part of generation of wealth and the other deals with the distribution of wealth. Restricting his talk with the side associated with business he continued, "Business' role in the creation of wealth is to improve the quality of lives in human beings. If I were to be the Prime Minister, my success would be linked to how many notches up have I moved the Human Development Index (HDI) of my country within the five years that is given to me to govern. My understanding of the situation as it has gone by and is progressing is that the way we are conducting our business is unsustainable."

"There is a reason for it," the engineer and corporate head of the well-

established energy firm continued. “The present index of development at this point of time is Gross Domestic Product (GDP). In reality, GDP is directly proportional to energy. For every percentage growth of GDP in the country, there must be an equivalent amount of growth in energy too. So if India’s growth is at an annual 8%, there must be an 8% growth in energy world-wide. However if America were to grow by 1% then their energy growth must correspond to 1.5%. This is because as they are a developed economy, the sensitivity of energy is much higher. Now why do I say that the way we are developing is not sustainable? The G7 countries alone consume about 15,000 units of electricity per person, per year. While in India today, we are just about crossing 1000 units. If the intention of any developing nation is to have an HDI equivalent to that of a developed nation—which is about 0.9—it will need 15 times the additional energy. If we were to extrapolate all the non-renewable resources of energy in the world, we would need one more earth to sustain this aspiration. The only way to resolve this disparity while trying to improve the quality of life in developing nations is to have better technology.”

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“Take for example the fuel we fill into our vehicles. Only 25% to 30% of the energy is used efficiently. The rest is wasted into the atmosphere. Take the lamps that we use for lighting our rooms. In the past the lamps would give us 10% efficiency. With the advent of CFLs it went up to 25%. Today’s LED technology has pushed this to about 37% to 40%. This still means that approximately 60% is wasted. Every piece of equipment in the world at this point of time gives an efficiency

ranging from 25% to 40% which means that 60% of the energy drawn from the earth is wasted. Like this if we were to go across the whole spectrum of energy used in the world today, it is not more than 30% to 35%. Transmission efficiency in any part of the world is a maximum of 75% to 80% and usability of actual energy as mentioned earlier is just about 30%. The engineer in me multiplies all these three—efficiency of creation, transmission and distribution and I find that we are using just 8.4% of every quantum of energy that we take out from the earth. This means that 91.6% of energy is wasted by the world at this point of time. Do you think this is sustainable? When the earth's 4 billion people living in poverty today have their basic requirements of food, shelter and clothing met, they too will have aspirations to improve their life-style. We can be sure that the earth will not be liveable unless science changes. This is why I said right in the beginning that business starts with science.”



Looking on is Dr. (Mrs) Rajani Gupte, Vice Chancellor, Symbiosis University, Pune and Takeo Nakamura, Senior Director, International Business Department, Central Nippon Expressway Co. Ltd., Japan

“It is for us to now change the science that is in existence to a science that is for the future. Let me explain how this can be possible. There is a romance with solar energy that is in existence now. But what is the efficiency that we

are drawing from it? God has given us solar energy free of charge. If this is tapped properly we can have energy enough for this seven-billion population and more for perpetuity. Yet only 14% of this is

being converted into electricity by photo-voltaic method that we are using. The time has come when we need to think how this energy can be harnessed to give us an efficiency of 40 or 50 or even 60%. That science has not been created today. Therefore in my understanding of business' role in sustainability, there should be a focus to change science with what is available to the world—that which is based on fossilised economy. If not, we are heading down a path of destruction.”

“With regard to business conducted with values, I can say with great confidence that Thermax has been founded on values since its existence. Though India has been perceived by many as a corrupt country, this heritage company has conducted business for 49 years with as much clean business as possible. Let me however tell you a story as an example to bring home the benefits of standing for what is right. I come from a feudal family. My father who worked with the government turned into an ascetic, sold everything and joined an ashram. In 2005 he suffered a

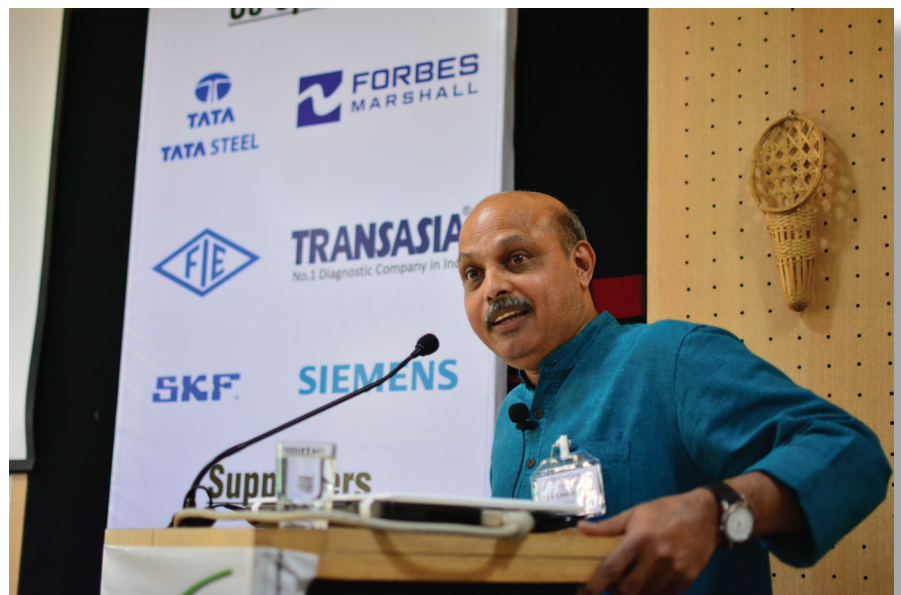
What this did is that it brought a great amount of awareness amongst my employees. They were very, very careful because they had seen their boss in the box

haemorrhage. I decided at that point that I would look after my father till he passed away in 2010. Those five years were a truly remarkable learning phase for me. Now I have shared this to give you a background of my own make-up when I went through a certain incident at the company. I took over the helm of this company nearly nine years ago. In this time, there was an accident at the factory where one of our employees was hurt. Now the law states that if due to an accident, one working day of an employee is lost, the incident must be reported

to the Factory Inspectorate. Not only that, but in the state where the incident took place, there was a clause that stated that in the event of such an accident, the full-time director of the company should be prosecuted. I was also aware that by reporting this, it would bring a bad image through the press that the Managing Director of Thermax Ltd. is behind bars.”

“I was informed by my lawyers that everything could be managed and that it would only cost a pittance. I however chose to stand by the law and was therefore presented before the judge in the court. I pleaded guilty. I was informed that I as an individual was not deemed a criminal but my position as ex-officio would be. I paid the penalty and was punished suitably. What this however did was that it brought a great amount of awareness amongst my employees. They were very, very careful because they had seen their boss in the box. It brought something good in the company.”

“Now, I know that if I had not spent that time with my father, I may not have been able to take a stand the way I did. We will all want to conduct business with value systems. We need to determine what is right and live by it. Mistakes will happen. However, are we willing to face the consequence? If not, it will be only lip-service. If businesspersons are willing to face consequences, then business will be sustainable.”



CIB India Working Group Meeting

“Productivity is never an accident. It is always the result of a commitment to excellence, intelligent planning, and focused effort,” said Paul J. Meyer, a French clarinetist. This commitment to excellence, focused effort and planning was why Sarosh Ghandy flew from Bengaluru to New Delhi and then to Mumbai and also why Luis Gomes travelled overnight from Goa to discuss various issues in a meeting at Kumaram on May 26, 2016.



The meeting that members from CIB, IC-Centre for Governance and Initiatives of Change had in New Delhi to deliberate on what could be done to synergize the work of all arms for the common good of the country was shared by Mr. Ghandy as he described the hopes and challenges in the concept.

Planning the Agenda for the forthcoming meetings that some members from CIB were to have in Caux, Switzerland in July was also something that was given attention.

The team came up with a tentative planner of events to cover proposed activities over the next two years. The primary focus in the planning is to strengthen CIB teams in various nations across the globe as well as the Indian City Chapters—both those existing as well as the new ones that show promise.

Further, talks with Anil Chopra, Convenor of the CIB Mumbai Chapter, who joined in later, deliberated more particularly on the work in CIB's Mumbai Chapter and its team.

At the meeting, the freshly printed Intimation flyer for the next CIB Biennial International conference was also circulated. We shall share this flyer with you in the subsequent issues.

Dr. R K Anand and his ever gracious wife Asha have always been gracious hosts to everyone at the IofC flat at Kumaram on Worli Sea-face; constantly looking at the care and comfort needed. CIB is very grateful for their hospitality.

Calendar of Events

CIB Pune Chapter Round Table*
for CEOs from business and industry

June 24

[Venue: Thermax Ltd., Chinchwad / Time: 9:00 am]

RSVP: Sanjiv Mehta at cib.pune.india@gmail.com or +91-9890016167

CIB Central Steering Council Meeting
[Venue: Caux, Switzerland]

July 1

CIB Pune Chapter Round Table*
for CEOs from business and industry

November 4

[Venue: Cummins India Ltd. / Time: 9:00 am]

RSVP: Sanjiv Mehta at cib.pune.india@gmail.com or +91-9890016167

** If you happen to be in Pune on dates of meetings, please consider joining in after being in touch with concerned reference person.*