

CIB on wings



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Caux Initiatives for Business
Global Secretariat
Asia Plateau
Panchgani
412805 India

M csc@cibglobal.org
P +91 8408 940 940
W www.cibglobal.org


Initiatives of Change
Caux Initiatives for Business

Editorial

Dear Readers,

At the Caux Initiatives for Business Biennial International Conference held at Asia Plateau in January 2016, Sunil Mathur, MD and CEO, Siemens Ltd. captured the attention of all his listeners who shot question after question in an interactive session with him. Incidentally, there were just two of these 'premier' sessions organized for the 132 delegates from 14 countries to provide opportunity for them to interact with and understand the heart of a CEO and we were grateful to Mr. Mathur for making it possible. We are delighted to carry an excerpt of that session for we feel quite certain that you will enjoy reading it as much as those present enjoyed listening.

A change of guard to steer the CIB Mumbai Chapter is another piece of news that we have here as part of our updates.

Stay tuned to our next issue where we look forward to sharing with you reports of some recent events that took place recently. Until then, happy reading!

Mrs. Ishika Banerjee

Heading a Family of 20,000

An interactive session with Sunil Mathur



Sunil Mathur is the Managing Director and Chief Executive Officer of Siemens Ltd since 2014. In this role he is responsible for Siemens in South Asia represented mainly by Sri Lanka, Bangladesh, Nepal & Bhutan as also Siemens Group Companies in India. Prior to 2014 he was the Executive Director and Chief Financial Officer of Siemens Ltd from 2008 responsible for the same countries. He has been with Siemens for over 26 years, holding

several Senior Management positions in Germany and the United Kingdom and has wide experience of integrating companies, creating Joint Ventures, M&A as also turning around non performing businesses in an International environment. He is on the National Councils of the CII & FICCI as also on their various Committees. He is also the Chairman of the Smart Cities Committee of the CII Western Region and a Member of the Managing Committee of the Bombay Chamber of Commerce and the Indo-German Chamber of Commerce.

At the CIB conference held in January this year, during a specially organized interactive session with a CEO that provided opportunity for 132 delegates from 14 countries to interact and understand the heart of those who make decisions that affect so many, Sunil Mathur was subjected to many serious questions and some light ones, to which he gave very honest, practical answers. We have sought to share this session with you with the hope that it will be of some encouragement to you.

Following a brief introduction made by the Chair of the session, Folker Mittag, Germany, Mr. Mathur launched directly to taking on questions

from his audience. One of the first questions was on what Volkswagen (VW) could learn from Siemens. Mr. Mathur said that many companies believe that the crisis that took place in Siemens was exclusively a 'Siemens problem'. Like many others, Siemens also believed that theirs was a company with high ethical standards since they had all the processes and procedures in place. This was a complete surprise to them as it would be to any other company. Mr. Mathur feels that the outcome of the VW crisis would only result in more companies looking inward and reviewing their value systems. On being asked about how 'ethics and values' were brought into Siemens India, Sunil Mathur said that the crisis was a huge eye opener for Siemens. They realized for the first time then, that just processes, procedures and controls were not enough to protect the company from such an event. They had to move beyond processes and



procedures to a value system. However, this did not come very naturally in a European environment, he added. Therefore, Mr. Mathur, along with many others in the management team, went out to all Siemens offices to discuss with the employees what their driving force was—was it career, money or something beyond that? They asked, "What is the legacy they want to leave behind?" These were questions many of Siemens managers and employees were not used to being confronted with, especially in an office environment. It was rather difficult for people to see Siemens encourage and promote a value-based system. Siemens then started sending employees for programs on ethical leadership to Asia Plateau, Panchgani. Over the past few years, between 500 to 600 employees have attended these programs. Mr. Mathur says with a contained smile, "If I was asked whether this step has increased our profits or the top line, I'd say not necessarily. But it has definitely improved the culture in the organization." This, he says, is the bedrock of any strong company. Therefore, he believes that bringing a culture

of ethics and values into the organization is an ongoing process and one has to work on it every day. Most importantly, everyone has to walk their talk...including the CEO.

Sunil Mathur had to then face the most difficult question of all. How does he manage his time between the stakeholders and his better half? Amidst laughter from the delegates, one would have expected a very diplomatic answer. However, the witty CEO was very clear that he has no issues with working long hours—though he wondered if his family might. He says it is great to have a ‘work-life’ balance and that he would love to have it too. But in reality, Mr. Mathur believes that, as responsibilities grow, one begins to get drawn in more to the work-side than the home life-side. He feels that if one is passionate about what he does, work does not seem like ‘work’ anymore. To be the CEO is God’s gift to him to play a much higher role and make a difference to the lives of the 20,000 people who work at Siemens in India.



The audience now wanted to know about the difference in business cultural environment between America, Germany, UK and India. Having worked in different parts of the globe, Mr. Mathur was able to answer easily. He says, “No matter where you work, the commonality is that people want respect. They want you to know their hopes, dreams and desires; and want to feel cared for.” While care and compassion is the commonality binding them, the major difference between Germans and the British might be that the Germans seem to be very well organized. For instance, Mr. Mathur says, for any meeting, the Germans want a detailed agenda, including the duration of lunch break, teatime, time of pick up, among other things, at least 3 weeks in advance. On the other hand, the British colleagues behave slightly differently.

The Siemens crisis has always been a topic of discussion in gatherings

such as the CIB conference. So here was another question that was running through people's minds. How can a problem of such magnitude not reach the top level? How can such a level of illegality be acceptable? Mr. Mathur first told delegates about the turmoil that was taking place inside Siemens during that time. Initially, it was far from clear which of the Managing Board and Supervisory Board members had been complicit in the affair. Even before the full extent emerged, some Supervisory Board members recognized that only a clean slate and full cooperation, including independent investigations, could save Siemens. Almost the entire top management team was replaced, marking the start of a dramatic transformation of the company's leadership culture. So after spending 25 years in Siemens, Sunil Mathur had to go through a four-hour interview where he was evaluated and checked for his integrity.

As a child, Sunil spent a lot of his time in Asia Plateau since his parents were very deeply involved with Initiatives of Change (IofC), then known as Moral Re-Armament (MRA).



To a question as to how VW could get away with producing false results for emission checks, Mr. Mathur responded that such acts lead to consequences sooner or later. “As CEO, it is very difficult to keep track of all people that work across the country and hence if such actions go unnoticed it could lead to many big companies to collapse overnight.”

Then there was yet another question. In a country like India (that



has a reputation of corruption), what can one possibly do to keep check on situations that arose in Siemens? His answer was simple. No company can ensure being fully compliant and honest. But what can be done is to decide where to draw the line. Who

will decide if it's alright to provide a car to a bureaucrat for his family outings or send sweets to a customer on Diwali? This is where Siemens had to take a stand and take very harsh decisions. Siemens had to be very clear about the black zones and white zones and most importantly no grey zones. As true and correct that these decisions might be, it is also true that in business, one has to maintain a good relationship with their customers. So yes, it was alright to take a customer out for dinner or give sweets on Diwali, but not a day before they are to sign the contract. Siemens also demonstrated that they actually meant business. So there were times they had to walk away from a large contract even after working on it for six months because the procurement person asked for a bribe. As time went by and Siemens stuck to its stand, they noticed, that the system adapted it.

The most discussed topic in today's corporate world is 'sustainability'. But Mr. Mathur feels differently. Sustainability seems to be the focus point for most corporates, more like the 'be all' and 'end all' of everything. Should it be that way or could sustainability be an enabler

to a better way of living, better business life and a better world?

As in most places, women here were also waiting to know what Mr. Mathur, as CEO, has done to make the office environment women-friendly and promote women employees for doing better. He answered that Siemens in India has about 10% to 12% women employees and they are increasingly being brought into manufacturing. But one of the biggest problems that an engineering company faces is the shortage of women employees as not many want to get into non-IT branches like mechanical engineering, etc. Having said that, the CEO adds that there are quite a few women in corporate functions like in Accounts, Human Resources, Corporate Communications, Strategy, Real Estate, and so on.

No matter where you work, the commonality is that people want respect. They want you to know their hopes, dreams and desires; and want to feel cared for.

It goes unsaid that if one does business with the Government in India, a bribe has to be paid. So many companies hire a partner to do the dirty job. “Does Siemens do the same?” asked someone from the audience. Sunil Mathur had this to share. Siemens does \$2 billion business in India out of which 60% is with the government. This includes power plants, transmission, distribution, railways, metros, etc. He then went on to explain their way of dealing with the government. He says that Siemens has demonstrated that it is possible to work on large Government contracts in a completely compliant manner, since Siemens has made it clear to all its employees “only clean business is Siemens Business”.

Occasionally though, business requirements necessitate having a Business Partner or Agent. Here Siemens has a very closely monitored screening process for ‘Business Partners’ and ‘Government related intermediaries’. These processes help Siemens to examine and clear

from a Compliance perspective every partner and agent that they work with. This due diligence process is carried out by individuals who are independent of the business needing the Partner or Agent and reviewed in depth by the Compliance organisation which has the last word in the appointment or debarment of a business partner. . Mr. Mathur also mentioned about the ‘Integrity Pact’ that Siemens has signed with several Public Sector Undertakings where they demand an open-bidding process and confirm that Siemens will carry out the contract in a completely compliant manner.

In India, many young people cannot afford to go to a University. Siemens therefore is experimenting on a project. They are taking students whose annual family income is less than \$3500 per year and sponsoring them through four years of engineering. During these four years, Siemens pays for their education, books, accommodation and also mentors them.



Germany, on the other hand, is already successfully running such projects and calls it the “dual apprenticeship training”. Many small and medium companies, producing niche products, use apprentices that have undergone such training. The advantage of these students is that they specialize in their own fields of expertise but also have knowledge about other related fields. For instance, a welder also knows a little about metallurgy. Mr. Mathur says Siemens in India has introduced the Dual Apprenticeship Training program and is sponsoring students for a span of three years, where one third will be classroom training, one third will be workshop training and the remaining one third will be

on-the-job training. This initiative will hopefully help in providing the right skills in manufacturing which will be an essential ingredient in increasing the role of manufacturing in the country from 15% to 25% of GDP which is the Government's vision.

The last question to our speaker was a very interesting one. He was asked about the bullet train contract. The central government in India has signed a contract with Japan to build a bullet train from Mumbai to Ahmedabad. Many in the country feel that an amount so huge can be utilized for bigger causes like building hospitals, schools, etc. Mr. Mathur was asked if it is justified to invest such a huge amount for a train. Mr. Mathur answered this question very reasonably. He gave examples of the New York, Paris and London subways. None of these makes profits but



yet have an intrinsic value which creates wealth or economy around it. He then spoke about the vision of Indian Prime Minister Narendra Modi who plans to see India at par with any other 'developed country' and not a

'developing country'. Prime Minister Modi visualizes India as part of the International arena. So initially, this investment might not seem worth it. But in the long run, just like sending people to the moon and having nuclear power, though they are not business cases, were necessary, the bullet train will also be important. Sunil Mathur feels that Mr. Modi wants to move the world-view of India away from being an emerging country to a developed country.

Time as we know waits for no man; so even though there were still several questions that were on the lips of delegates listening to Sunil Mathur, the Chair, with German precision had to call the session to a close.



Change of Guards in CIB Mumbai Chapter

With Anil Chopra having to relocate from Mumbai, CIB is delighted that S. Venkatesh, Head - Risk and Internal Control, Siemens Ltd., Mumbai has agreed to lead the CIB Mumbai Chapter as its Convenor.

CIB is most grateful to Anil Chopra for the commitment, passion and leadership he provided to the Chapter that he led for close to three years.

