

CIB on wings



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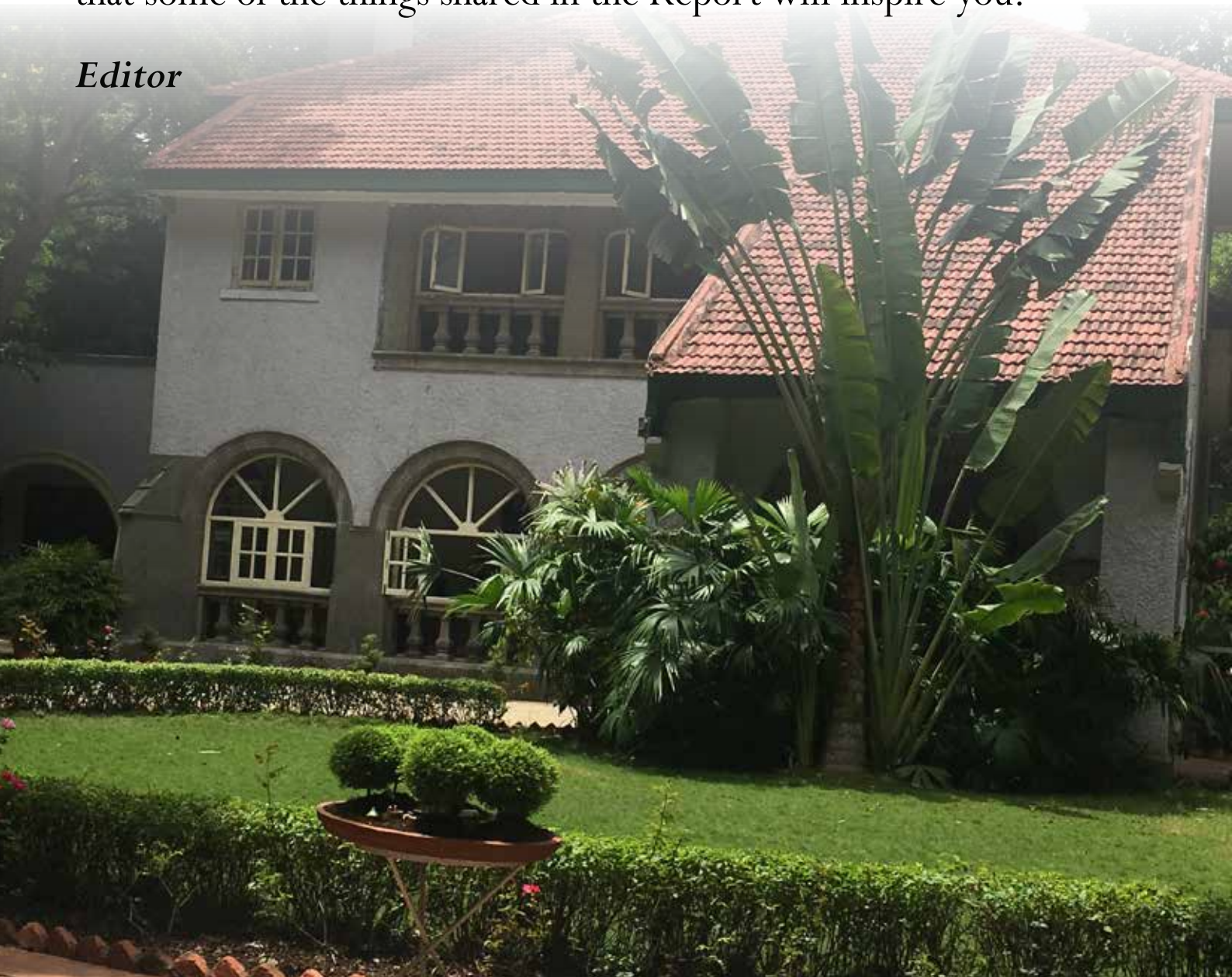

Initiatives of Change
Caux Initiatives for Business

Dear Readers,

As mentioned in the previous issue of CIB onWings, we intend providing you with a sneak-peek into some of the facets of the conference, which would include a brief profile of the Speakers and other interesting features. In this issue, we take the opportunity to introduce to you, a successful business person who has not only shown the way of running a sustainable business but has also been recognized for his work.

Also included in this issue is a report of the 8th RoundTable deliberations that the CIB Pune Chapter had at TMTTC. We have confidence to believe that some of the things shared in the Report will inspire you.

Editor



CIB 2018 Conference Sneak-Peeks



Pramod Chaudhari is founder-chairman of Praj Industries Limited, a company based in Pune a city in Maharashtra state of India, working in the field of providing process solutions.

Thought Leaders (2002) includes his biography in 22 visionary Indian managers. Praj offers innovative solutions for beverage alcohol and bioethanol plant, brewery, water & wastewater treatment plant, critical process equipment and systems and bio products.

Praj is a global leader in renewable energies and environmental technologies. Chaudhari has been voted amongst Globally Top 100 People in bio-energy space by Biofuels Digest. He has also been awarded the distinguished alumnus award (2005) and distinguished service award (2015) from IIT Bombay. Praj has won the *Forbes 200 Best Under a Billion Company in Asia*, twice.

In his blog he writes, “I believe a Company should be run as we would run our lives, with its joys and sorrows. It is a living organization made up of living beings. It should reflect the values of transparency, respect and creativity through its life-time.”

Caux Initiatives for Business is pleased to introduce Mr. Chaudhari as one of the CEO’s who would be interacting with delegates of the conference.

Future Proofing Business with an Ethical Work Culture: Choices & Consequences

On August 11, 2017, when CIB-Pune conducted its 8th Round Table, it was evident from the start that the event was oversubscribed, if one may use that term. Orchestrated at Tata Management Training Centre (TMTC) a quiet, serene academic campus of wooded area with heritage building structures, it seemed like a world far removed from the surrounding hustle-and-bustle of Pune city life. CIB gratefully acknowledges TMTC and its suave and erudite Director, Emmanuel David for co-hosting the event.

Barely 72 hours short of the event the CIB-Pune team were compelled to look for a larger room that could accommodate more than the expected 25 person turn out for similar events. So when close to 45 delegates streamed into the “Takshashila” class-room at TMTC on the 11th of August, they were presented a theatre style class-room instead of a Round Table setting. Nevertheless, it was evident from the faces of the 35 captains of industry (MDs, CEOs, Directors, representative of the large cross-section of business and industry in Pune) the venue layout for the meeting did not

constrain them. They appeared eager to engage in what appeared to be a promising morning.

Aided by six bright and enthusiastic students from Pune University's Department of



Management Science (PUMBA), the program flow from welcome to registration, to interaction around coffee and then into the proceedings, appeared smooth and seamless.



The event opened with a “safety briefing” by Col. Ravishankar of TMTC. Welcoming all present, Emmanuel David, Director of TMTC set the context by drawing from several examples of sustainable businesses around the world to spark deliberations intended to revolve around the event theme, “Future Proofing Business with an Ethical Culture: Choices and Consequences”. CIB Chairman, Sarosh Ghandy, then delivered the opening address coupling the theme with Mr. David’s presentation

on sustainable enterprises. His expert moulding of the thought process by merging the heart with the intellect and mind proved to be an apt setting for the event. This contextual ignition of listening with the mind yet leading from the heart spurred the experienced captains of industry in actively engaging with the sessions to follow.

Creating five groups of 7 to 8 persons each, CIB-Pune convener, Lt. Col. Allan Burby, set the stage for a sub-group discussion. He described the objectives of the task at hand by projecting a schematic relative to the theme addressing five areas. The areas (a topic for each sub-group) are (a) *Foundation* (b) *Indicators* (c) *Benefits* (d) *Do nothing scenario: Choices & consequences of inaction* (e) *Future proofing business with an ethical culture*. Each



sub-group was called upon to deliberate on the “What” and “How” of the allotted topic.

Breaking out into five different rooms in the main building of TMTC, it was interesting as an observer to note how these captains

of industry maturely collaborated and commenced discussing the matter at hand, without any delay. Each one drew from his/her rich experience in business and life to debate on the topic at hand. In so doing each sub-group formulated a collective set of thoughts that could serve as tips to “future-proof their own business with an ethical culture”.

We have summarised below salient points each of the sub-groups came up with.

Group 1 – Why is an ethical work culture the **foundation** to a sustainable business ecosystem? What are the functional constituents in such a culture?

Response: This group maintained the view that ethical practices in business need to be anchored on values such as Integrity & Dignity. The spokesperson shared-

- It is imperative for leadership to always set the tone at the top by highly ethical practices
- There must be a balance between right-minded individuals and systems and processes
- That congruence between personal, organisational and societal values are the basic constituents of any sustainable business.

Group 2 – What are the **key indicators** of an ethical work culture? What should such a culture feel like?

Response: This group shared their thoughts about the indicators of an ethically operated business culture. There must be —

- Transparency in whatever is done/ transacted
- Clarity in contracts, quality over price, fair pricing and Connectedness
- Trust (in all relationships across the supply chain)
- Recognition of merit for talent and professionalism. Balancing character and competence judiciously and fairly
- Behaviour expected from employees (at all levels) must follow the same standards
- Ethics as part of the DNA of the brand and this should be well communicated, understood and integrated with the business
- Competitive spirit in a healthy way
- A culture of self-policing or self-regulating rather than system regulated.



To the second part of the question, this group spoke about what an ethical culture should feel like:

- At ease in working with all stakeholders
- The freedom at work to speak up
- Employee retention is good
- Ecosystem is happy working with the company
- Everyone speaks the same language (conduct)
- The perception of all concerned is taken into account
- A sense of accountability/ responsibility in giving back to society.

Group 3 – What is the **benefit** to an organization which consciously commits to operating an ethical business?

Response: Listing the benefits, the spokesperson of this group stated-

- Moving from shareholder value to stakeholder value (into the society) by caring for all stakeholders, would be one benefit
- Employee commitment to the last level (at the last mile) in terms of trust, leading to goodwill, profitability and productivity
- Long term benefit can also certainly be derived when the organisation



is committed to operating its business ethically.

Group 4 – What are the **costs and consequences of inaction** (do nothing scenarios)?

Response: The group response stated-

- The magnitude of non-conformance would increase. As tolerance that deviations are acceptable increases, the barrel size of ‘rotten apples’ will also increase; and the ripple effect will impact the larger society
- The longevity of organisations will get impacted.

Group 5 – What would constitute **future proofing actions in de-risking the brand and reputation of a business**, in terms of leveraging an ethical work culture in which the legitimate interests of employees and third party stakeholders are safeguarded?

Response: This group enumerated three layers for future proofing actions that would de-risk the brand-

First layer – Self/**individual**

- Leadership sets the tone (starting with each one of us)
- Ethics is situational (apply similar yardstick in decision making across



levels & different stakeholders)

- Set boundary conditions.

Second layer – organisation/**collective**

- Ensure firewalls are strong, that values percolate right down and are integrated with performance appraisal
- Applaud ethical conduct by employees & other stakeholders
- While there is a cost in short term, in the long term social legitimacy is acquired.



Third layer – environment/**holistic**

- Start using one's influence and such group fora to influence change collaboratively with other industry & regulatory players – come together and forge partnerships to change regulations, etc. (ethical push so that business becomes easier to operate and beneficial for all concerned)

The group discussion concluded with a short networking tea-break and a group photograph. Typical of the professionalism and protocol in TMTC, every minute detail was looked into even while taking the photograph.

Post tea, when delegates returned to the Takshashila classroom, Kiran

Gandhi, led the delegates into an interesting reflective session. Kiran is a core team member of CIB Pune, a trustee of Initiatives of Change and a facilitator of several corporate and government training workshops. Each delegate was asked to deliberate upon key take-aways on **“how best could a ‘culture for ethics’ get institutionalised in a business”**? He invited delegates to invest in a 15 minute period of quiet time/ reflection. [“Quiet Time” is an instrument leveraged to enable individuals to introspect in moments of silence, reconnect with the thoughts in the mind and emotions of the heart, and seek guidance in the way ahead]. In the stillness of the room, delegates regardless of stature reflected upon the individual person in them.



When the floor was opened for delegates to share their take-aways, several delegates raised their hands to speak. Below is an extract of the key take-aways:

- Clash between ethical, moral and practical behaviour – who draws the line? What is ethical or not in gifting. For example, Merck (can't



give even a table-calendar to partners). Collusive corruption is most challenging, hence deserves serious attention. Compliance has to be total. There should be zero tolerance for deviance.

- Ethics starts at the top. Yet, ethics needs to be considered at multiple levels. It's not just about finance and government relations. Leaders to own 100% of consequences of remain ethical in business operations within and outside the ecosystem. Ring fence with right stakeholders. Ethics as responsible behaviour will become infectious.
- Definition of ethics is expandable. Respect for others for their positives and negatives. Psychometric testing for new joiners
- How to take this forward? 360 degree of ethicality as a starting point; not to expect anything from anyone that I will not do myself. Set up a framework and together with punishing, celebrate practice of ethicality. In case of unethical practice, important for reporting & prompt redress. Communicate to expand the ecosystem through interactions – can we share cases of success stories, initiatives and challenges within the group?
- Is my conscience clear and can I stand up to principles and values? Need for more interactions, serving the society

- See the possibility of collaboration, applauding for good ethics. Concept of the bad apple; the bad barrel; the bad barrel maker
- Careful about rewarding success (success achieved by shortcuts). Walk the talk, face the situation and speak up
- Challenges faced in developing an ethical culture: (1) Values and making sure the values are understood, communicated regularly, reinforced, time to reflect and discuss. (2) Setting the right expectations – results need to be achieved by the right means. (3) Set the right rewards and incentive system. (4) Promote an open culture to encourage people to speak up and feel listened to. (5) Expose more of our members in the organisation to what we speak about here.
- There is a limit to how much growth can happen – environment can't sustain growth infinitely. Work with financial institutions to manage their expectations.
- When faced with challenges, which is the real testing time, leadership is judged and watched. Doing the right thing, keeping local interests in mind. Judgement is crucial. The GE construct of performance and values was brought to mind.
- Need to address the needs of workers at the lowest level and trust them





more (blue collar & contract). Require a change of mind-set. The book, “Reinventing Organisations”, by Frederic Laloux was recommended.

Indraneel Chitale, one of the Partners of Chitale Group, a leading sweets and savouries producer in Maharashtra, India was invited by Mohan Nair to share the story of his 78 year old family founded enterprise. Mohan Nair the Director of Ensigns Software and Communications Pvt. Ltd. has for long been an active promoter of CIB’s activities. Indraneel Chitale was the cynosure of all eyes as the man who represents a sustainable business that has spanned four generations. Indraneel briefly shared what he believed has contributed to a sustainable business. The salient points of his story are listed below:

- 1939 – Chitale group established in Maharashtra, India
- 4th generation leading current operations. A 78 year old group
- 3-4 generation of suppliers – basis sustained relationships
- Supreme importance given to ethics in business all through the ecosystem
- From Farm (source) to Fork (the customer dining table)



- Firm governance on softer side (social responsible business model – holistic relationship encompassing mother earth & society > families of employees > employee generations)

- Firm emphasis on quality of products

- Started processing of ‘Khoa’ – got into sweets, beyond savouries [*Khoa is a dairy product widely used in the cuisine of the Indian*

Subcontinent, encompassing India, Nepal, Bangladesh and Pakistan. It is made of either whole dried milk or milk thickened by heating in an open iron wok/ pan. It's moisture content is lower than typical fresh cheeses such as ricotta]

- Six verticals. While scaling up – successfully navigated challenge of excess supplies that led to unethical practices. Instituted systems to de-risk
- 1500 people workforce
- 500 distributors – across 5 states
- Dairy engineering and backward integration
- Strong operating platform: Automation, IT, IoT, ERP, and family involvement (6 brothers & families)
- Cows tracked – cows to cloud
- Random number generation milk testing system
- First company to introduce milk in pouches
- No hand-touch for sweets. Machine produced
- 180 vehicles fleet – covering 8000 km per day
- Cattle (source) – quality breeds (focus on next gen. cattle health and yield)
- Milk production – recipient of national productivity award
- For the last 78 years – Have never missed weekly payments to farmer/ suppliers
- Focus: Good cash-flow management and keeping ecosystem happy

Closing the meeting Lt. Col. Allan Burby thanked each of the communities who had spared valuable time and effort to partake in this event. He started by naming the six students of PUMBA, went on to thank the delegates for their active participation and valuable contribution in terms of commitment to action, and team TMTC led by Emmanuel David and Radha Ganesh. He then acknowledged the contributory effort of his CIB team-mates — Sanjiv Mehta, Sudhir Gogate, Kiran Gandhi, Anant Nadkarni and TP Mukherjee. Finally, he respectfully thanked Sarosh Ghandy, Chairman CIB for co-chairing this RT (and who took the effort to travel all the way from Bengaluru) and Charles from CIB Secretariat.

A sumptuous lunch offered with the hospitality and grace of TMTC concluded a very meaningful morning of meeting of hearts and minds at the 8th CIB-RT. The quiet chatter and fellowship around the tables reflected this very sentiment.

The next CIB-Pune RT has been planned on the 10th November at MCCIA, Pune.

