

CIB on wings



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Initiatives of Change
Caux Initiatives for Business

Editorial

Early this month, Caux Initiatives for Business organized its 7th Biennial International Conference at Asia Plateau, Panchgani. Mike Smith, Business Author from UK who had participated has provided a synopsis of the four days that focused on best practices in sustainability for a turbulent global economy. In it, he beautifully captures some of the key points that speakers from different countries and various fields of businesses shared.

Quoting the Managing Director of a multinational company who spoke of sustainability at every level of stakeholders and the need to be conscious of gender inclusion, the report reads, “a car needs all four wheels. You can’t drive it on two. You can’t exclude half of humanity.”

Similar such thoughts from leaders in business fill these pages. We believe you will enjoy reading it.

Editor



Business leaders advocate sustainability and stance against corruption at global CIB conference

A Report

For too many men, gender equality of opportunity at the workplace may not seem to be a sustainability issue for business. But Shishir Joshipura of SKF India Ltd, Pune insists that “a car needs all four wheels. You can’t drive it on two. You can’t exclude half of humanity.” Joshipura, the country head in India for the Swedish bearings company, says that when he was appointed to the role in 2009 only one in 25 managers was a woman. Today 18 of the 25 top managers are women in a company that touches people’s lives “from first thing in the morning till night” through household appliances.



Joshipura was the opening keynote speaker at the 7th Biennial conference of Caux Initiatives for Business, held at Asia Plateau, the IofC centre in Panchgani, Maharashtra, on 5 February. The four-day conference, 5 to 8 February, attracted 150 participants from 21 countries. It focussed on “best practice in sustainability for a turbulent global economy”. The conference was organized and hosted by former senior Tata executive and present Chairman of CIB, Sarosh Ghandy.

Joshipura insists that “we will not select a woman candidate because she is a woman but because she is the ideal candidate.” SKF is one of the 12 most acclaimed companies in India and one of the 50 in the

world, according to Fortune magazine. Joshipura is regarded as one of the top 100 CEOs in India.

“Sustainability is the only way I can drive value for all stakeholders, not just shareholders,” he said. It was not just an issue of quarterly financial reporting. “If you do the right thing for your customers, employees, suppliers and shareholders then you do the right thing for society.” And he believed Providence would help.

H. R. Gaikwad, CEO of the BVG Group, Pune told how he had grown the company that started with eight people in 2001 and now employs 75,000. It has a turnover of Rs 2,000 crores. His goal now is to add 85,000 employees in the next two years, with the longer aim of lifting 100 million people above the poverty line. “What I have achieved I credit to my entire team of 75,000 employees,” he said. “Thousands have guided me and given me a roadmap.”



Born into a humble background in Satara District, Maharashtra, as a child he had regarded families with electric lighting in their houses as rich. A brilliant student, his father had wanted him to become an IAS officer—a member of the elite civil service. But an encounter with Swami Vivekananda when he was in the 9th standard in school had set him thinking about “what to do to have an impact on the country”.

BVG has grown to be India’s largest integrated services company. It employs 9,000 people in maintaining government buildings including Rashtrapati Bhavan (the President of India’s official residence), the Prime Minister’s office and residence, Parliament and the Supreme Court, as well as airports and metro stations.

The company also runs emergency medical services in three states, Maharashtra, Andhra Pradesh and Delhi, with a fleet of 17,000 ambulances. This has helped 22 lakh (220,000) people in medical distress. In Maharashtra the service is free to patients, thanks to a Public Private Partnership funded by the state government.

Gaikwad said he would be meeting Prime Minister Narendra Modi two days later, to discuss services to the rural sector. This followed the budget of four days earlier which had a strong emphasis on rural and infrastructure investment.



“If you want to be sustainable, paradoxically you have to be willing to change,” said British businessman Peter Vickers from Leeds. He told how a conversation with a Swedish customer had led him to a “quiet hunch” that had transformed the fortunes of his family business, Vickers Oils, where he is Chairman and CEO. As a result the specialist oils company

was ready with a new biodegradable marine oil just at a time when the US government passed a law mandating its use in all shipping in US territorial waters. The company became the world’s market leader in the product. The profits in 2014 exceeded the entire turnover of the previous year. “Every day was like Christmas or Diwali,” he commented. Employees, who had previously taken a cut in their salaries to avoid redundancies, were now paid a profit bonus of 25 per cent of salary.

Vickers described “quiet hunches” in times of silent reflection as being “in flow like a raft carried downstream. It leads me occasionally to policies, mostly to people. The quiet time is an illuminator.” It could

sort out priorities. At one time he had the insistent thought to break off from an important meeting to talk with a particular employee. It turned out this man's brother was dying and passed away that day.

Malaysian advertising executive Bharat Avalani, CEO of Connect the Dots International, spoke about his previous 24-year career with Unilever. The company believes that “Doing well by doing good is good for business.” For instance, the “sustainable purpose” of one product, Lifebuoy soap, was to “help a child to be ill less often” and so not miss school. Hygiene was essential at a time when 6.6 million children die before their 5th birthday each year, due to malnutrition and preventable diseases.

Delivering a “value-added product for society” is the aim of Mexican publisher Hugo Setzer, CEO of Manuel Moderno, and a vice-president of the International Publishers Association. His company of 72 employees in Mexico and 12 in Bogota, Colombia, has published a series of picture books for children with healthcare difficulties. Thanks to the support of the company's suppliers, the books are given free to families with children in hospital. “Sustainability is all about caring,” he said. “And it brings happiness.”

Vimal Shah, Chairman of the BIDCO Group, a multi-award winning agribusiness in Kenya, said he runs the business on the basis of integrity and “customer-centricity”. The aim was to “do the right thing from day one—don't cheat anyone.” A “fork in the road” came when the company could make a lot of money if they were unethical. Instead, he decided to shut down an IT company when politicians wanted kick-backs for



awarding contracts. “We lost \$20 million by not being corrupt,” he said. But now the business was sustainable. They opened a new \$20 million plant in Madagascar “without paying a single bribe”, despite pressure from politicians to do so. Shah saw “winds of change in the next years” for the private sector, thanks to Kenya’s Anti-Bribery Act passed in 2017.

G. Raj Narayan, the MD of Radel Electronics Pvt. Ltd and a renowned Indian classical music flute player, inventor and entrepreneur from Bangalore, told how he had invented and sold electrical musical instruments only to be penalised by corrupt tax officials. He has made electronic musical instruments for 38 years. But a new tax commissioner ordered a demand note for \$200,000 in sales tax, claiming that the instruments “by no stretch of the imagination can be classified as musical instruments”. Narayan refused to pay and his bank savings of Rs 30 lakhs were seized. It cost him Rs 20 lakhs in legal fees to recover Rs 30 lakhs. “Okay,” he said, “this is my grant to the [state] government.”

Standing up for ethics had to be affordable, he commented. Ethics could add costs to you individually and to your business. He was still trying to acquire the title deeds to a plot of land his father had bought back in 1954. He expected a breakthrough soon but he refused to pay a bribe to recover them.

Ewe Hock Ong from Kuala Lumpur said he had been at the negotiations that led to the historic Montreal Protocol of 1992 which outlawed CFC gases that deplete the ozone layer. He was Chairman of the Ozone Depletion Substance Committee



for Malaysia in Montreal. He said the US multinational Du Pont, where he had worked for 24 years, had been the largest producer of CFCs. “We made mistakes,” he said, which cost the company \$100 million in the 1990s to replace CFCs used in refrigerators and as solvents.

“Having a system to handle mistakes is vitally important for business,” he said. To avoid corruption, for instance, the company provided coloured pocket cards to all employees. Red cards reminded them that no cash transactions with customers were allowed. Green cards reminded those on the front line of sales that they could spend only up to \$30, or \$500 in 12 months, in gifts or entertainment to customers. The company had also walked away from business clients that didn’t comply with strict fire safety rules in their buildings. Individuals had to enforce these rules and “every individual is an uncut diamond that has potential to be unleashed.”



“My role is to see that the truth is in the marketplace,” said Kenyan TV broadcaster Bedan Mbugua. “If the truth is absent then half-truths win,” he said. The former head of Kenya’s largest TV station and editor of The People, Mbugua said that the church paper he edited at the time of the 1988 election results had sold out in 15 minutes. The paper had mobilized the clergy to monitor the results at election booths and reported that the government had lost. The printing presses were smashed and he was told to recant. He refused. He was found guilty, without a trial, and sentenced to nine months in jail. An outcry in the international media led to a campaign for his release. The President of Kenya was reported to have said to his head of security: “Why didn’t you tell me

this little guy is known all over the world?” A British-born judge ruled that there was no case for him to answer and he was set free.

Mbugua, who is now CEO of Herbal Gardens, works towards the restoration of arid lands. Eighty per cent of Kenya is arid or semi-arid, he said. “Campaigning can be profitable,” by restoring land and addressing the issue of climate change. But, above all, Kenya needed a Marshall Plan of investment to restore its land, including water schemes.

Pradeep Bhargava, Director of Cummins India Ltd, Pune and a leading figure in the Confederation of Indian Industry (CII), also argued that “the business case for going green is so strong”. This was illustrated by the CII’s GreenCo initiative by which companies were rated for their environmental performance. He insisted that it was a myth that



companies had to choose between market share or quality, or between financial performance and going green. Tata Motors in Jamshedpur, for instance, had steadily reduced its energy costs since 2002, year on year. The company had also planted hundreds of thousands of trees. And Delhi Airport had a strategy to go carbon neutral, including installing solar panels between runways. The payback for the cost of investment in solar panels was only two years, Bhargava said. Companies needed to be pro-active and not just legally compliant. The need now was to make the trend fashionable amongst small and medium sized enterprises.

Asian Innovator Award winner M S Unnikrishnan, Managing Director and CEO of Thermax Ltd a boiler and clean energy company in Pune, said the company had been sending its managers to the IofC centre



in Panchgani for “Heart of Effective Leadership” training. “Unless you make the changes [personally] you cannot make the changes in the organization,” he said. Alongside environmental pollution there was “mental and spiritual pollution” that damaged the sustainability of humankind. Coming from a feudal family in Kerala, he had been brought up by his father with the mantra,

“Don’t take [bribes], don’t give [bribes].” He added: “I’m still ‘don’t take’ and I won’t take. We are a clean company.”

Japanese business leader Hironori Yano led an 18-strong delegation from Japan to the conference. The Chairman of the Caux Round Table (CRT) group of senior business leaders in Japan, Yano said that the CRT was collaborating with the Japanese Olympic Committee and the Japanese government for the delivery of the 2020 Tokyo Olympic Game. This would be done in a way that honoured sustainability and human rights in the supply chain. For instance, they insisted on buying palm oil only from sources that treated their workers well. They had visited the suppliers in Thailand and Malaysia and had had to make some changes in the supply chain.

Vivek Asrani, Managing Director of Kaymo Fasteners in Mumbai, told how his uncle encouraged him to buy a plot of land some 60 km from Mumbai, next to land that his uncle was buying. Asrani had a “gut instinct” he should go with the suggestion, though had no business plan for its use other than the possibility of relocating his business to a greenfield site. Kaymo is India’s largest distributor of industrial staplers. Asrani secured a bank loan for the land and to build

a one-story factory unit on it. Then the architect told him it would be more cost effective to build a two-story building. Asrani secured a second credit loan, still with no real plan for its use. When it was completed, a pharmaceutical company approached him, much to his surprise, wanting to rent the plant for five years. This would pay for his investment. Asrani emphasised the importance of acting in faith in obedience to one's inner guidance.

Daily morning sessions, led by paediatric surgeon Dr Amit Mukherjee from Jamshedpur, introduced the conference participants to the notion of listening for guidance—correction and direction—from the inner voice of conscience.

Concluding the conference, Mohan Bhagwandas, acting president of Initiatives of Change International, from Melbourne, Australia, said that unbridled economic growth needed to converge with human wellbeing. India was developing this human society and this had been the message of the CIB conference.

Michael Smith, UK



Japanese senator urges business leaders to pursue an agenda for reconciliation in the light of global conflicts

In his keynote address, Senator Yukihiro Fujita, Director of the Committee on Foreign Affairs and Defence, and Member of the House of Councillors in the Japanese Diet (Parliament), told the CIB conference (extracts):

“My association with Panchgani goes back to 1975 when I joined Song of Asia, a musical production and goodwill mission of MRA, as IofC was initially known as. The concept behind Song of Asia was as follows: The Asian continent was the birthplace of four major civilizations and four major religions. It had also been known for colonial rule, civil wars, corruption, poverty and other negative images. Could we young people in Asia express our vision of what Asia could be by highlighting the hidden treasures of Asia—its faiths, its colours, its basic unity in diversity? In Song of Asia we celebrated the power of the still small voice of the conscience, our heritage and the culture of the vast continent.

“What about now? The world has become exceedingly turbulent—more conflicts, terrorist attacks against soft targets, disintegration and division, Brexit, the emergence of President Trump and other autocratic leaders, and dangerous provocations by Kim Jong-un of North Korea. The aggressive business practices of state-run companies in Communist countries have intensified, and coordinated sales offensives by political and business leaders have increased in most developing nations as well. Moreover, international financial manipulations and influence of the military-industrial complex have become increasingly dominant. Military expenditure has risen worldwide and the danger of accidental conflict is more probable than ever. The introduction of IoT (Internet of Things) and AI (Artificial Intelligence) has made the distinction between winners and

losers clearer. What can we do about this together as business and political leaders?

“Given the dangerous world situation, I wonder if the CIB and the Caux Round Table for Moral Capitalism could address an Agenda for Reconciliation of various conflicts in the world? In the Japanese Diet we have a Diet Members’ group to help promote the activities of Initiatives of Change and we have been trying to aid in reconciliation as, for instance, among former prisoners of war (POWs) of the Allied Forces. I am also helping the reconciliation work



of Religion for Peace (RfP), also known as the World Conference for Religion and Peace (WCRP) that are trying for the first time to help solve conflicts through reconciliation amongst different religions. We now need statesmanlike business leaders.... who practice moral principles not only in the interests of their businesses but also the recovery of their nations and the world.

“I also feel that Asia has a special role to play. In 1820 India’s share of world GDP was 16 per cent, China’s was 33 per cent and Asia’s was 59 per cent. In 1950 they fell to 4 per cent for India, around 8 per cent for China and 19 per cent for Asia, largely due to wars and the divide and rule policy of the colonial powers. By 2030 the GDP share is expected to rise to 10 per cent for India, 24 per cent for China and 53 per cent for Asia. This shows clearly that Asia is exploring her own potential which has been hampered by the West and is attempting to bring it back to normal, rather than pursuing her own selfish expansion. Asia, therefore, needs to conduct herself honourably and demonstrate the ability to solve her own conflicts.

“I am personally supportive of the One belt, One road, or ‘new silk road’

initiative by China, because it seeks to create a big demand which is very much needed now. This is a better solution than a military one, provided we can deal with China's uncontrollable ambitions.

“Business and political leaders can work to take on various issues together:

1. To tackle tax avoidance and massive data leaks as revealed by the Panama papers and the Paradise papers;
2. To help governments and business communities to achieve the Sustainable Development Goals (SDGs) through cooperation with governments and the UN;
3. In order to tackle the issues of poverty and the rich-poor gap, the introduction of international taxation could perhaps be promoted.

Above all, business and political leaders should think of the world that they wish their future generations to inherit.

“Above all, business and political leaders of developed countries should think of the world that they wish their future generations to inherit and find wise ways to conduct their businesses in foreign countries that would enhance trust between their countries through long-term partnerships that benefit mutually all stakeholders and not merely shareholders. We have to create lasting value for all nations and not merely valuations for some economies.

“May I suggest that business leaders and elected representatives of the people work together by putting our houses in order and taking on the agenda for reconciliation, presented at the human security conferences in Caux, Switzerland, in the light of the turbulent global economy and uncertain political environment, by thinking together as we would in a time of emergency?”

Michael Smith, UK

Nuggets from the Conference

There's a price to pay in being ethical. But there is a greater price to be paid in being unethical.

- *Vivek Asrani, India*

My conscience is not for sale.

- *Bedan Mbugua, Kenya*

Somewhere over there in this auditorium, on my left hand side, near the glass wall is a chair that has a name: Friends of MRA, Leeds, UK. I was 8, and I sold my toy racing cars to put my bit into the basket.

- *Peter Vickers, UK*

Inner voice helps converting confrontation into cooperation and fair competition.

- *Hironori Yano, Japan*

It is when the chips are down, that the value system within us is put to test.

- *Vivek Asrani, India*

The memory of the bum is stronger than that of the boot.

- *Michael Smith, UK*

It is not just about know how but also do how.

- *Vimal Shah, Kenya*

As captured by Mayur Shah, India