

Valedictory Speech at the 36th National Management Convention on

“Creating Lasting Value”

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Ladies & Gentleman,

*I stand before you as result of a contingency plan made by Jayashree. She called me exactly 48 hours ago and insisted that I play this role. Given the scholarly profile of the speakers and the participants I was, understandably hesitant but I had no choice in the matter. Therefore, my first valedictory message is “ **Buyer Beware**”, which is the antithesis of “**Creating Lasting Value**” Let me in the next few minutes try to manage these contradictory requirements.*

I. Introduction

The Greek alphabet ‘Alpha’ used in very many contexts, I am told is also shorthand used in the City (the financial district in London) for ‘Supercharged Profit’. Philip Augar an ex-investment banker for over 20 years says that chasing ‘Alpha’ is what the Bankers, Investors, Corporate Chief Executives have done over the last two decades that culminated in an orgy of leverage and reckless growth plans. It has been an era when these magicians even without a wand produced super bottom lines out of thin air. They created an aura leading to the belief that growth and its speed are limitless. The Mantra was moderate growth is reflection of inadequacy of

managerial prowess. The invisible hand of Adam Smith had been replaced by the visible hand of the Wall Street Genius. The traditional Cost, Quality and Customer were given the go-by. Innovation became synonymous with financial products and exotic derivatives.

I am very much a representative of the old economy and believe in working hard to make an honest day's living. In the language of the City, this is chasing 'Beta'. The City's term for predictable profits, no more or no less than the economy can comfortably sustain.

The shift from the world of 'Alpha' to 'Beta' from illusory to the real has been painful. The price paid and that remains to be paid is huge.

*In this background for a management convention to debate the old fashioned Customer, Cost, People and Innovation comes as music to my ears and sounds like the **'Return of the Prodigal'**.*

II. Creating Lasting Value

Allow me to share my thoughts on the value dimensions that you have been discussing over the last two days.

*As you do, I place **Customer** at the top of the agenda. Although every organization does indeed place the customer first, the approach and the nuances of it vary significantly. Organizations that are system driven would value the relationship from a contractual perspective; provide value for money, no more no less would be the driving philosophy. In the case of a purposive organization, the customers are*

viewed as an opportunity and the organization invests in them to create value. Closeness with customer is of paramount importance. Truly evolved organizations, I call them 'Institutions' go beyond these realms and see the customers not only as an opportunity but the raison d'être for their very existence. They see the world through the eyes of the customer.

*Moving to People, **Employees** identify with and relate to an organization depending on what and how they experience it. To create an environment where these experiences are positive and where employees experience a sense of dignity and pride would be the hallmark of a mature and progressive organization. Although the HR Pundits write thesis after thesis on drivers of these goals, I believe the prescription to be quite simple. Goal alignment, Walking the talk, Openness and Transparency backed up with good communication is all, there is to it. Of course, I take inputs of Education, Training and Development as given.*

*The word '**Innovation**' typically conjures up a vision of paradigm changes and disruptive technologies cannibalising current products. There is now a universal tendency to measure innovation through Moore's Law. Going by this measure the automotive industry where I come from is a huge laggard. Therefore, I have come to believe that innovation also includes incremental improvements, which over a period deliver value either through lower consumption of resources and/or improved reliability of products and processes. The Japanese economy is one whose industrial growth has been lubricated by incremental improvements.*

*Last but not the least, it is all about **Leadership**. The ability to inspire people and reinvent the organization when externalities demand change, is the cornerstone of Leadership. But at the core of it all, a strong value and belief system is an imperative.*

To quickly recap the focus areas for creating lasting value would be Customer, People, Innovation & Improvements and Leadership.

*An anecdote, seemingly humorous but powerful. The head of Ford Motor Company Red Polling with his top team visited Toyota Motor Company in Japan. At the end of the tour the head of Toyota Mr. Cho asked what Polling thought of the visit. He said, "I did not see anything unusual". Evidently he was disappointed with the visit and did not see what he expected. The story goes that after his departure, Cho called his team together and said **we have learnt a very valuable lesson today. Mr. Polling was not able to see our competitive advantage, which is our people. This anecdote speaks of the subtle and yet profound effects of Leadership and People.***

III. New Challenges

Before I close it would be appropriate to share with you some larger concerns and the challenges ahead.

The human species to meet its economic ends has been appropriating a huge share of natural capital, be it Land, Water, Fisheries etc. The Cause and Effect relationship in such exploitative processes being not so evident, we remain indifferent to the

consequences. The interplay of the consequences and their amplifying effects are producing undesirable effects; climate change, extinction of living species, desertification and shortage of water. These have already started creating debilitating effects on mankind. Though the initial effects may be faced by one sixth of world population that live in abject poverty, they are bound to be more pervasive.

Let me explain why I bring up this topic. Currently it is the strong belief and conviction of leading thinkers that innovation and improvements must address these fundamental concerns that threaten the existence of all living species. The need of the hour are technologies that would support sustainable development. More research spend on reducing the Carbon Dioxide level in the atmosphere by 10 ppm or development of a drought resistant variety of seed will be ever so more valuable than development of a processor that works 10 Nano seconds faster. Algorithms to improve rain water irrigation are more vital to human society than those that improve the precision of missile strikes.

*As Managers, we have an obligation to focus our innovative abilities and energies on sustainable development. More importantly, we should come up with innovative ideas to influence policy makers and improve governance so that we are around to **'Create Lasting Value'**.*

***'Creating Inclusive and Lasting Value'** is not only a higher purpose but an imperative.*

Thank You