

Quest for Exceptional Leadership: Mirage to Reality

Fellow residents of Planet earth, we are gathered here this evening to honour Mr Ratan Tata.

What exactly do we mean – when we say – honour someone. To me, it means:

- *An unequivocal recognition that here is an individual who believes in “being more rather than having more”,*
- *who sets lofty standards and lives by them, and*
- *for whom ‘excellence is not an act, but a habit’.*

With these criteria, the question is - why him? I shall endeavour to answer it.

I sense the evolution of a new phase of human enterprise that is redefining the criteria of success as well as re-contouring the routes to success. There have been four phases till now:

- Phase One was *Strong Fish eating Weak Fish*. This was the law of preservation till the early days of industrialization. The Romans, the Turks, the British, the French continued to tread the path of ruthless domination.
- Phase Two: *Big Fish eating Small Fish* - started with the concept of “joint stock company”. British East India Company, set up in 1600 created an ingenious financing model, while lowering risk. This gave birth to business-politics nexus and ‘crony capitalism’.

It got so bad that US President Rutherford Hayes said in 1876 that “This is a government of the people, by the people and for the people no longer. It is a government of corporations, by corporations, and for corporations.”

Since then – things are much worse all over the world.

- Death of Distance and Birth of Internet led to Phase Three: *Fast Fish eating Slow Fish*. Apple was incorporated in 1977, Microsoft in 1981, and Google in 1998.
- Come the 21st century and we witness the dominance of a new kind of corporation. Phase Four: *Intelligent Fish eating Dumb Fish* - Indian trio of TCS, Infosys and Wipro, Embraer in Brazil, Haier in China, Samsung in S.Korea and many others discovered a new era.

For companies that failed, the change of a phase was often the trigger. But those that prevail have an eclectic mix of all these traits.

They are strong, they are big (in substance), they are fast (in responses), and invariably intelligent. The defining moment in the commencement of each new phase is the inevitable need to imbibe the new trait.

As we analyze this process, we can discern the early signs of the emergence of a new Phase Five: *Realistic Fish eating Unrealistic Fish, driven by*

- Increased demand for Social Consciousness
- Need to function in sync with society & environment &
- Clarion call for Sharing & Caring

Corporate CEOs can no longer brush it away as mere philanthropic talk. The only choice is: *acquire the new trait grudgingly or willingly.*

Several potent forces are speeding up this phase, led by:

Rise of Civil Society Movements - based on the premise that *“another world is possible”*. Their views on social justice and sustainable development are not aggressive, they just happen to be at dissonance with the interests of entrenched lobbies.

Global business elite needs to align these views. It cannot be too difficult; all it needs is *a genuine dialogue, among humans, of humans, for humans.* As Rumi said:

*“The differences are just illusion and vanity
Sunlight looks slightly different on this wall than it does on that wall and
A lot different on this other one
But it is still one light.”*

The other three forces accelerating the New Phase are:

Predominance of Youth in Demographics, armed with new networking tools
Fewer Entry Barriers in Entrepreneurship &
Ground reality that Freedom must be shared – *or you would not be able to preserve your own.*

Corporations that are “realistic” enough to acknowledge this new ‘realism’ will emerge as winners in the 21st century. *“A company that makes only money will be considered a poor company hereafter”*.

Tata Group has held these principles in letter and spirit, since its inception in 1868, long before the emergence of the new fifth phase. Jamsetji Tata, the Group’s founder said over 100 years ago, ‘In a free enterprise, the community is not just another stakeholder in business, but, in fact, is the very purpose of its existence.’

Mr Ratan Tata, Group Chairman since 1991 has relentlessly pursued those noble values, and has strengthened these further by repeatedly asserting that ‘The initiatives the Group has sowed and fostered from its earliest days, in employee relations and good governance, on the environment and with community, flow from this well-spring of voluntary, as opposed to obligatory commitment.’

Put in simple terms, Tata Group was the early pioneer in taking the step forward from **CSR to ISR**; from “Corporate Social Responsibility” to “Individual Social Responsibility” of the CEO. From generic corporate accountability to individual answerability of the CEO. And that made all the difference between Tata Group and most others.

The foundation of Tata Group was based on these principles and that explains why the Group has been virtually impervious to the seven prime realities that are pulling the world down today.

1. The first is business-politics nexus. The others are:
2. Short-term horizons of decision makers
3. CSR only a PR Exercise – a skilful use of corporate cosmetics
4. Corruption of the Mind – grab everybody’s wealth
5. Information Overload – making it tough to sift relevant from irrelevant
6. Leaders blinded by Power &
7. Misdirected focus on GDP Growth as key criterion

I now come to the key theme of the evening. **How do ordinary leaders differ from Exceptional Leaders?**

The pre-requisites for anyone who is already a CEO, or aspires to become one are “*Base Camp Leadership Traits*” that fall in two domains.

One : Traits relating to strengths within – ‘*physical traits*’

- 1) Basic Intelligence
- 2) Energy and drive
- 3) Professional will

& Two : Traits relating to interface with outside world – ‘*mind-traits*’

- 1) Pragmatic Vision : to foresee opportunities
- 2) Transactional Skills : to build teams and motivate
- 3) Perseverance : to overcome obstacles

Acquiring these traits is a stupendous achievement. But it is only the beginning of a new journey – when one has been given the extraordinary mandate to lead. He has three options.

- Option One: He believes he is infallible. He has money; he can buy anyone and anything. We know what happens to them: 2008 in USA and more recently in India.
- Option Two: He is content to function as an average leader, and hopes to retire gracefully.
- Option Three: He could continue his journey of leadership, and become **an exceptional leader**.

For this, I envisage the need for a new set of traits, beyond the physical traits and the mind-traits. *These are the traits of conscience*: pertaining to the *heart of the leader*.

These do not call upon us to *change* our hearts. They only require us to *discover* our hearts. The Tripod of Exceptional Leadership has three strong, unyielding pillars: **Pillars of Wholeness, Compassion and Transparency**.

I shall briefly explain these.

Wholeness

Typically, the wholeness view is taken from the perceiver’s vantage, with reference to her mind, and processed in her intellect - *a complete 360-degree view*. That is difficult, and yet only half the job.

Each of our decisions and actions has an impact on others – directly or indirectly. The ‘*whole wholeness*’ comes when we take *an additional 360-degree view*, as perceived by others, with reference to their minds and as processed in their thoughts. **Wholeness is a 720-degree view**

A 360-degree view excludes; a 720-degree view includes those who are excluded. A 720-view is the only yardstick of ‘inclusive development’, corporate India talks about.

Those who achieve wholeness no longer feel alienated; they feel they are aligned to everything around them.

Compassion

Compassion represents a feeling of unconditional concern and love for others with a *sense of responsibility*. It is tolerance, generosity and humility. *It is based not on our projections and expectations, but on the needs of others. It is the spontaneous wisdom of the heart.*

The word 'compassion' includes the word 'compass' - eternally consistent and non-negotiable. It is worth recalling that the word "company" is also derived from the Latin words "cum" and "pane"- meaning "breaking bread together".

Transparency

Best explained by holding a coin, tightly clenched in your fist, with the palm facing the ground. If you let go, you will lose what you are clinging onto. But there's another way: You can let go and yet keep hold of it. Turn your hand over so that it faces the sky. The coin is still yours, even with all the space around it.

The journey to summit of leadership is not to un-chartered waters or unexplored destinations. In fact, the seeds of these traits already exist in most CEOs. *It is the nature of seeds to grow. If we are aware of these seeds and let the seeds within us blossom, the path to Exceptional leadership is smooth.* An outstanding global leader, Mr Ratan Tata, has displayed these traits in abundant measure.

When such leaders pursue this journey, they discover a pleasant surprise; they experience a **"triple top line of joy, peace and contentment**. Not only for them, but also in the personal lives of people all around. You may like to ask Mr Tata and his colleagues if this is indeed true.

I believe the world should explicitly and loudly acknowledge the role played by exemplary leaders like Mr Ratan Tata.

That will go a long way in accelerating the momentum towards social consciousness. And also give impetus to the seven new forces that are catalysing this transformation towards the new realism to imbibe these traits.

1. The first is Civil Society. The others are:
2. Consumers – they can force corporations to change.
3. Media - A tougher task, because corporations control the media. But change is underway.
4. Educators,; they face two key tasks
 - (a) *How to de-corrupt the minds of today's leaders and*
 - (b) *How to make the minds of coming generations in-corruptible*

I look forward to the day when leading Business Schools will change the nomenclature of their coveted Master's Program from MBA to MBC (*Masters in Business with Conscience*), and when the leading Corporations insist that they recruit only from MBC stream. As we make this transition, let us remember that *"The voice of conscience is so delicate that it is easy to stifle it; but it is also so clear that it is impossible to mistake it."*

5. Iconic Corporate CEOs as Role Models
6. Women - taking on a larger pro-active role in this transformation. &
7. Independent Legislators & former Government Bureaucrats

For reasons I have explained, I believe the forces of transformation will prevail over forces of status-quo and those who genuinely accept it are exceptional leaders in the making.

Mr Ratan Tata is among the select few business leaders in our planet today who have already reached the portals of Exceptional Leadership.

And while he pursued these noble virtues for 20 years, he also increased Group's business 12 fold to US\$ 68 bn. This is known. But what is not known is that about two thirds of the Group profits every year go to charitable trusts, not to enhance its reputation, but because it strongly believes so.

Friends, Mr Ratan Tata has *a luminous mind, and a heart full of wholeness, compassion and transparency*. As we honour him by conferring this Award, he honours us as well by accepting this award.

Thank you very much.

- Ravi Chaudhry is the Chairman of CeNext Consulting and Investment Pvt Ltd (www.cenextconsulting.com) and the author of a widely acclaimed book: Quest for Exceptional Leadership: Mirage to Reality (SAGE 2011).