

Quest for Exceptional Leadership **It is no longer a choice; it is now a necessity.**

by Ravi Chaudhry
Chairman, CeNext Consulting and Investment Pvt Ltd

A synopsis of his Presentation based on his widely acclaimed recent book:
Quest for Exceptional Leadership: Mirage to Reality (SAGE 2011)

The last three years have been watershed years in many ways. The protracted 2008 economic disaster originating in USA, the European debt crisis of 2011 and now the gloomy clouds in several emerging markets have shaken people's confidence in both business and political leadership. These events have reinforced the widespread perception that business objectives and society's needs tend to be like the two tracks of a railway line. Looking ahead from any point, they appear to converge in the distance; in reality they never do. It is a mirage.

Five Phases of Human Enterprise

I sense the crack of a new dawn – the evolution of a new phase of human enterprise that will redefine the criteria of success as well as re-contour the routes to success. Even the skills required to stay successful will undergo re-configuration. Till now, we have seen four phases of human enterprise.

- Phase One was *Strong Fish eating Weak Fish*. This was the law of preservation till the early days of industrialization. Alexander the Great, the Romans, the Turks, the British, the French continued to tread the path of aggression and ruthless domination. *The majority of human race helplessly accepted the rule of the mighty, as the privilege of living.*
- Phase Two: *Big Fish eating Small Fish* - started with the concept of "joint stock company". British East India Company was set up in 1600 and the Virginia Company in 1606, creating ingenious financing model while lowering risk. The State acquired their revenues through these 'big fish'; in return the State gave them protection. A nexus evolved between the State and the big fish, leading to '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, E-bay and Amazon in 1995, Microsoft in 1981, and Google in 1998. They created more wealth for their shareholders every year, than the old sort of enterprises created in decades. 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, Lenovo and Haier in China, Samsung in S.Korea and many others discovered a new era.

For companies that failed, the change of phase was 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 *dominantly* imbibe the new significant trait.

As we analyze this evolutionary process, we discern the early signs of the emergence of a new Phase Five: *Realistic Fish eating Unrealistic Fish* – driven by (a) Increased demand for Social Consciousness, (b) Need to function in sync with society & environment and (c) Clarion call for Sharing & Caring

The deprived three billion people of the world, who are not a part of the growth story, will no longer accept poverty as destiny. Corporate CEOs can no longer brush it away as philanthropic talk. The only choice is: accept it grudgingly or willingly.

Several potent forces are speeding up the emergence of this phase, stemming from ‘*Rise of Civil Society Movements*’, and ‘*predominance of youth in demographics*, armed with new networking tools’, 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 with 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.”*

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*”.

From CSR to ISR

I perceive this as a challenge to take 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. From merely a symbolic, committee-led, audit-based system to a system prompted and propelled by CEO’s conscience.

Seven Prime Realities of World Today

That is not easy, because we continuously encounter seven prime realities that have been pulling the world down for a long time.

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 – Amartya Sen has repeatedly asserted that GDP growth is not a true index of wellness and well-being of a nation.

Seven Allies to Catalyse Change

Fortunately, I also discern seven new forces that are catalysing the transformation towards the new realism and change the status-quo. They have so far been working independently. But now they are beginning to create synergies and this is accelerating the momentum towards social consciousness.

1. The first is Civil Society. The others are:
2. Consumers – who 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.

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 acknowledge this realism are exceptional leaders in the making. In view of the above, the question arises: as responsible business leaders, what do we need to do? Can ordinary leaders become Exceptional Leaders? The answer is: yes they can.

Key Traits of Exceptional Leadership

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.

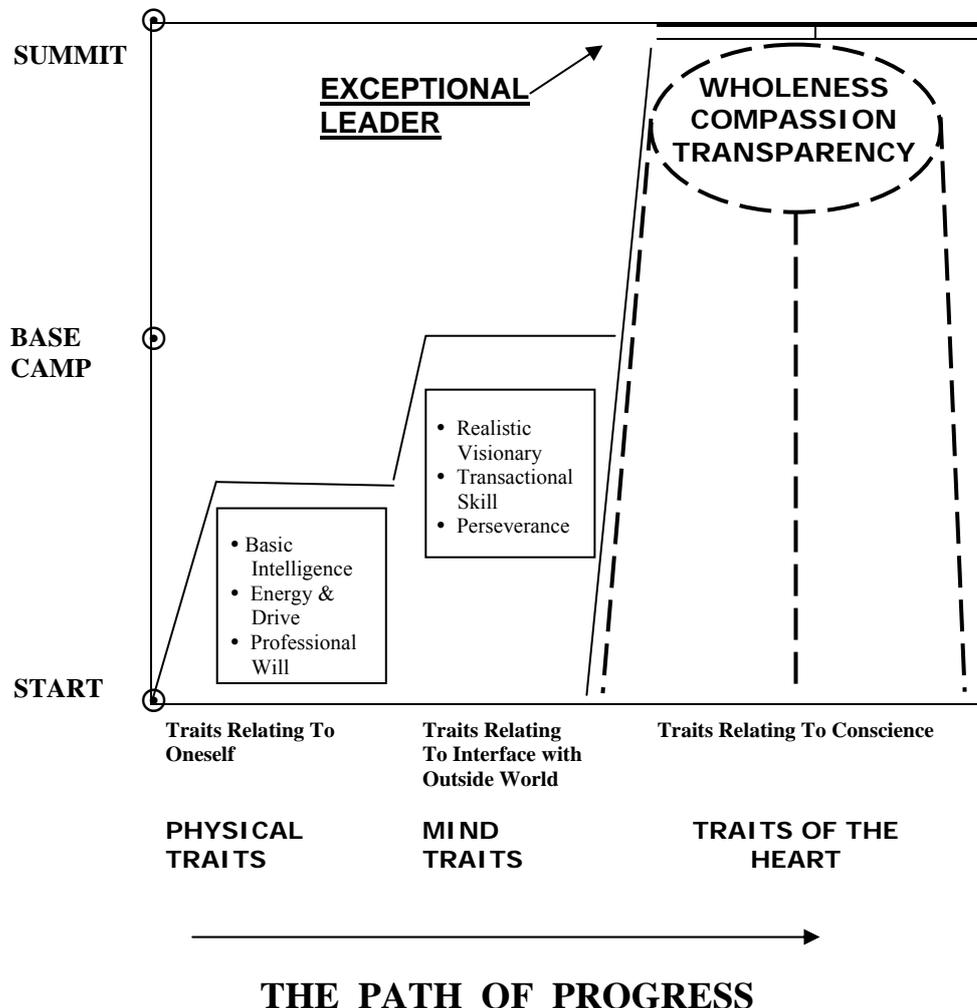
Wholeness

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.

JOURNEY TO SUMMIT OF EXCEPTIONAL LEADERSHIP



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

It is 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.

Exceptional Leadership in Practice

A question often arises: It sounds great as a concept; it may also be a good framework for educating future leaders. But do you really think the present CEOs of corporations, who do not conform to this template, would change? Is it at all feasible for them to have a complete metamorphosis and start being the holistic CEO? My answer to this question is – yes, it is possible to change. In fact, it is now essential to change.

Ray C. Anderson, Chairman of Interface Inc. changed and became a role model by introducing a new business philosophy: “*Businesses need to wake up to the simple fact that the economy is the wholly owned subsidiary of Nature, not the other way around.*” Bill Gates changed himself. As young Microsoft CEO, he was identified with several monopolistic postures in pursuit of profits, but the change that he has accomplished in his personal value-system since then is nothing short of exemplary and deserves to be applauded and emulated.

Each country is full of exceptional leaders who have imbibed these values and practice these in all that they think, say and do. It may surprise many, but their shareholders love them too. Ratan Tata (Tata Group India), N.R.Narayana Murthy (Infosys India), Robert Ulrich (Target USA), Carlos Aguiar (Fibria Brazil) and İbrahim Bodur (Kale Ceramics Turkey) are all outstanding examples of exceptional leadership.

The journey to summit of leadership is not to un-chartered waters or unexplored destinations. 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.

Those who pursue this journey 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.

Agenda for Institute for Directors

In the context of the key theme of our Congress, I think it is important to acknowledge that the public limited company is in trouble, today. Barring a handful of notable exceptions, custodians of corporate governance – Boards of Directors, top management, regulators and auditors all face a loss of confidence.

The process of restoring trust fairly and fully rests with the Board of Directors of a company. This responsibility cannot be wished away, nor can it be delegated.

I wish to outline a three-point agenda to genuinely promote the Practice of Ethical Business and Sustainability:

ONE: A majority of the Board of Directors should be independent directors and only an independent director should hold the position of Chairman, irrespective of the size of public holding. No independent Director should be holding more than four directorships.

TWO: Institute of Directors should take a pro-active posture in re-establishing clear guidelines that would constitute “*Board of Directors Best Practices*”, keeping in mind the new ground realities. Companies that fully follow these practices in letter and spirit should be encouraged to submit an ‘*undertaking of adherence*’, duly signed by both the Chairman and the Managing Director. IoD should put the names of these companies and the members of their Boards on their web site – for extensive acknowledgement. &

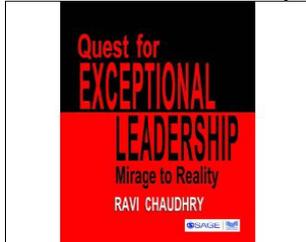
THREE: The values that a company’s Board of Directors displays in discharge of their role eventually determine the operating culture of the entire company. These values typically emanate from their personal beliefs and aspirations. I propose that these be shared with all shareholders, so that they have an unequivocal faith in the fairness and integrity of their directors on their Board. In this context, I have a stretched goal to call upon each independent director to sign a voluntary

commitment that says that “I *resolve* to adhere to a value system of integrity in all my personal and professional dealings and refrain from unjust acts to gain undue favours.”

This is my vision and I seek your support. As we make this transition towards a better world, 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.*”

Feedback and comments are invited at: ceo@cenextconsulting.com

For more on the concepts outlined, please refer to:



<http://www.flipkart.com/search/a/books?dd=0&query=Quest+for+Exceptional+Leadership>

<http://www.amazon.com/Quest-Exceptional-Leadership-Reality-Response/dp/813210563X>

<http://epaper.financialexpress.com/15961/Indian-Express/6-November-2011?show=old#p=page:n=7:z=1>