

I THINK  
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MAX LIFE INSURANCE P.10

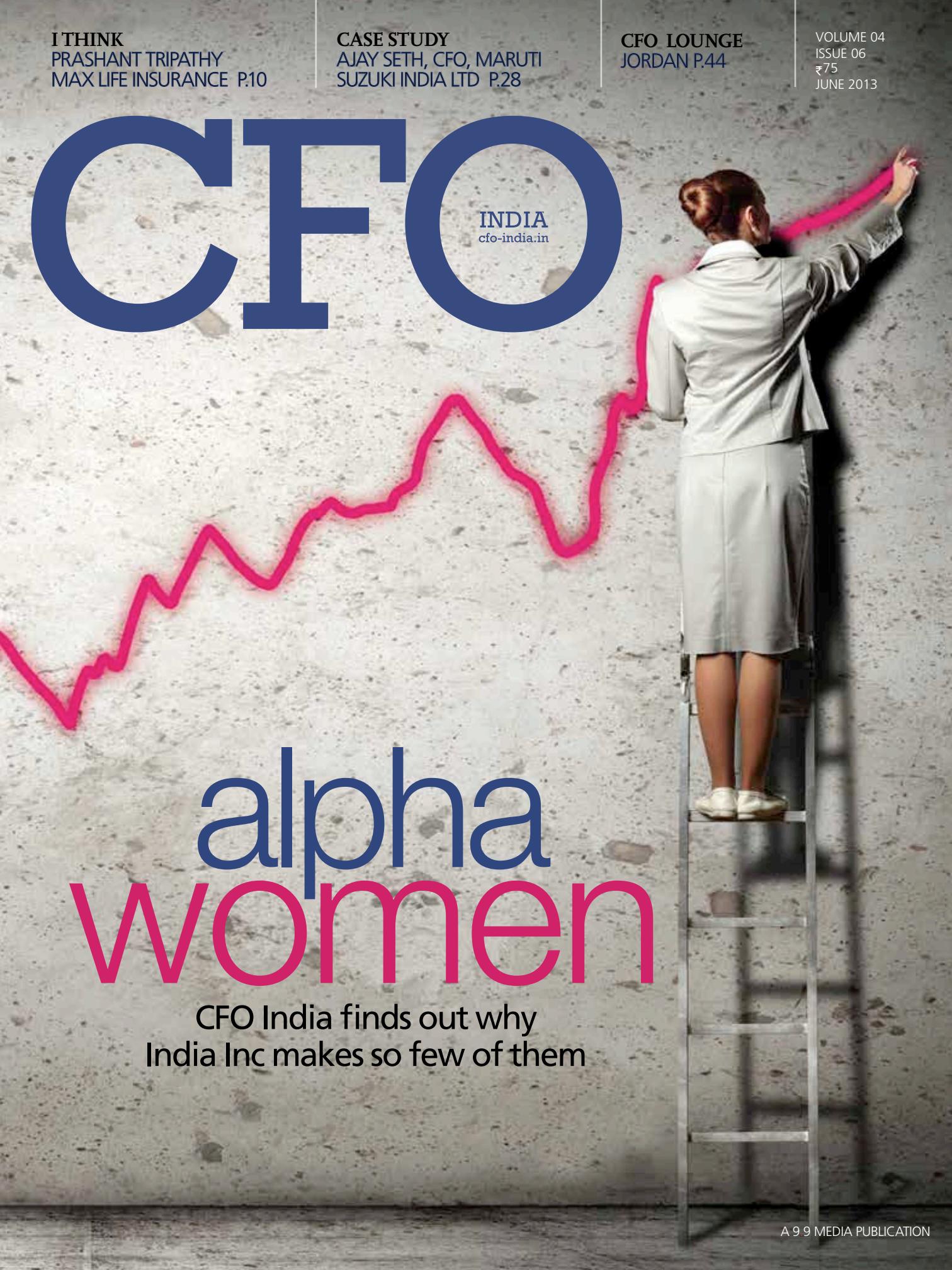
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ISSUE 06  
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JUNE 2013

# CFO

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CFO India finds out why  
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**I THINK**  
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The valuation of an insurance company is a fine art coupled with a great deal of science, says Prashant Tripathy, Director & CFO, Max Life Insurance.

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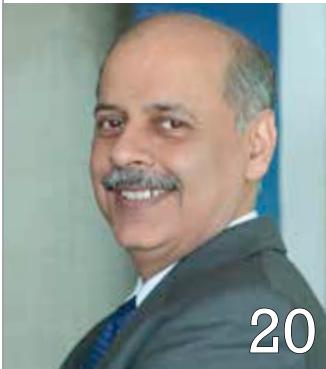
By encouraging employees to both seek and provide help, rewarding givers, and screening out takers, companies can reap significant and lasting benefits.

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COVER DESIGN MANAV SACHDEV



## Good Decisions

AS THE FIRST quarter of the financial year whizzes past, sometimes it is difficult to appreciate just how and why we make the decisions we do. New age wisdom as typified by Malcolm Gladwell suggests that decisions made in a blink are about as robust as more deliberated ones. Yet there is something to be said about the process which allows good decision-making to be replicated in uneven operating conditions as well. One of the ways, academics believe, is via diversity. Diversity of thought and opinion in the run-up to the final decision makes for a stronger and better decision. In a competitive world, where the cost of making bad ones has gone up significantly, the push for diversity in top echelons of the corporate world is real and urgent. And gender diversity is one of the most visible of such efforts. Our cover story this June attempts to dissect the various dimensions of gender diversity. What is encouraging, though, is that increasingly companies are walking the talk on making women comfortable. After all, there is a competitive advantage in doing so. The manner and speed with which the iGate board responded to CEO Phaneesh Murthy's indiscretions is a case in point. Mohandas Pai, who was CFO at Infosys Technologies during Murthy's earlier legal troubles, points out that CFOs need to be involved in the formulation and execution of a tougher anti-sexual harassment (ASH) policy.

Foresight and pre-emptive action is often the bedrock of good decisions. In our Case Study, Ajay Seth, CFO, Maruti Suzuki shares with us how over the past five years he and his team have tried to insulate the company from wild forex and commodity price fluctuations. Maruti in the last quarter has shown a yen for positive surprise. Learnings for all of us in those pages. Our iThink columnist this month, Prashant Tripathi of Max Life Insurance discusses life insurance valuations threadbare—a subject which is likely to generate much interest given that several private insurers are waiting in the wings to list on the stock exchanges. Do join the conversation.

Columnist David Lim in Leader's World, talks of the divergent paths taken by our mountain neighbours—Nepal and Bhutan—a gentle reflection on the quality of decisions and where they take us.

Before we take the fork in the road, I suppose, there is time to occasionally let one's hair down literally. Have a great time, whether you are on vacation or at work. Both seem equally sound decisions.

*Shalini Dagar*



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## High on Relevance

I am a regular reader of CFO India. I do find the topics covered in the recent issue quite relevant, especially the cover story on politics and the article on data disposal. The rest of the content is quite good. Also I would like to suggest if you could start with a new section called The Best Practice or something which can have case studies for benchmarking.

— **Deepak Harlalka**, CFO,  
Raychem RPG Pvt Ltd, Mumbai



06.13



*Your voice can make a change:* Share your viewpoint on what's happening in the community and your feedback on the magazine at [editor@cfo-india.in](mailto:editor@cfo-india.in)

### HAPPY READER

I have been reading the magazine for quite some time now. I find the magazine quite insightful and the way it is structured and presented as well. The articles in the magazine are well researched and add a lot of value for the reader.

— **M P Vijay Kumar**, Chief Financial Officer,  
Sify Corp, Chennai

### RISK MITIGATION

I would like to begin by congratulating the CFO India team for the kind of work it does for the finance community by bringing in new thoughts, networking events and the latest in technologies. The April issue on Risk Landscape was quite timely as businesses get into finalizing plans and yearly budgets. The articles provided both national and international perspectives for corporations to consider as they navigate through yet another annual cycle. Corporations have different challenges on the ground – while at senior management the need for risk analysis and mitigation and regular review is recognised – but this does not get translated at the level of business units or at the middle management level. A case study on best practices would have been useful.

— **Shrini Joshi**, CFO, Manipal Education

### BEST PRACTICES

I have been an avid reader of the magazine CFO India for a while now and would like to appreciate the way the magazine has been structured. The article on expectation of the visionary entrepreneurs and CEOs from today's CFOs has been an eye opener. The column by David Lim is truly inspirational. Along with the general profile of a CFO in the profile section, you should also include their major achievements and how they have achieved it, so that best practices if any can be leveraged. If the magazine can capture articles on emerging trends, market volatility and its impact, it can help prepare CFOs.

— **Yogesh Sirohi**, Executive Director, KPMG (India)

### CORRECTION

We normally try and do a thorough job before we send you our issue. Sometimes, however, we are reminded that we too are fallible. In the May issue, 'Why Politics Matters?' in the cover story on 'The Political Economy' there were some grammatical mistakes and in the first reference economist, Ajay Shah's name was missing. These errors are deeply regretted by us. The corrected version of the issue is available online.

— **Editor**, CFO India

# 06.13 Oslo

GREEN

## European cities fall short of garbage



OSLO, IS A recycling-friendly place where roughly half the city and most of its schools run on the heat produced by burning garbage. Though the city imports garbage, it has now run out of garbage to burn, reports the New York Times. Oslo imports garbage from a host of countries like England, Ireland and Sweden. It soon plans to do so from the American market as well. The problem is not unique to Oslo alone. Across Northern Europe, where the practice of burning garbage to generate heat and elec-

tricity has exploded in recent decades, demand for trash far outstrips supply. "Northern Europe has a huge generating capacity," said Pal Mikkelsen, 50, a mechanical engineer who for the last year has been the managing director of Oslo's waste-to-energy agency.

Northern Europe produces only about 150 million tons of waste a year. He added, "this is far too little to supply incinerating plants that can handle more than 700 million tons. Stockholm to the east, has become a competitor and has managed to persuade some Norwegian municipalities to deliver their waste there. By ship and by truck, countless tons of garbage is transported to places that have the capacity to recycle and produce energy. For some, it might seem bizarre that Oslo would resort to importing garbage to produce energy.

In Oslo, when it comes to garbage, it is quite high-tech. Households separate their garbage, putting food waste in green plastic bags, plastics in blue bags and glass elsewhere. The bags are handed out free at groceries and other stores.

## WHAT'S AROUND ZONE

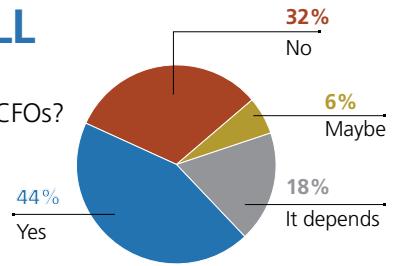
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- Tribute to Nikola Tesla..... Pg 08

# ne

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## BUSINESS

# Abu Dhabi's financial zone

ON THE LINES of Dubai International Financial Centre (DIFC), the neighbouring oil-rich emirate of Abu Dhabi is also putting finishing touches to establish a financial zone. The free zone is being developed on Al Maryah island and will come with all the offerings associated with such a zone, including 100 per cent foreign ownership, tax and capital repatriation, internationally accepted laws and regulations amongst others. Al Maryah island, formerly Sowwah island, is close to downtown Abu Dhabi and has an area of about 114 hectares. It has been developed by Abu Dhabi state fund Mubadala since 2007, and some 50 local and international firms have set up offices on the island. UAE has free zones in which foreign companies operate under light regulation, and where foreign investors are allowed to take 100 per cent ownership in companies.

## AUTO

# BMW 7 Series hits the road

BMW HAS JUST announced the launch of its fifth generation 7 Series model. The most apparent changes on the newer model in 2013 can be seen on the front end and these include the new LED headlights and kidney grille, a revised front bumper, side indicators and a thin classy chrome strip connecting the two slim reflectors in the rear apron. There are quite a few changes in the inside of the car. The front seats are narrower and offer a more airy feel to the cabin. The limo now comes with a high-end 1,200 watt Bang and Olufsen high end surround sound system with 16 speakers makes all your in car entertainment that much more pulsating. Like the previous ones, the 7 Series retains its quintessential luxury DNA including the long hood and set back passenger cabin.



Powering the only diesel trim currently available to Indian 7 Series buyers is a 2993cc, in line 6 cylinder diesel unit. Fitted with a turbocharger, variable intake geometry and piezo injectors, the engine now delivers 261PS at 4000 rpm as opposed to 234PS earlier, and torque has gone up from 520Nm to 560Nm which kicks in as low as 1500rpm.

Unlike the previous model, the new one has an all new S-tronic eight speed automatic covers the 0-100km/h burst in 6.2 seconds, which is approximately 1.7 seconds faster than the outgoing model.

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## R Dharmarajan

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R Dharmarajan

wants to become an entrepreneur

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is to learn something new and innovative

May 24 at 21.45 · 17 comments · 18 people like this

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I Read...

Business India

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I Listen...

Film Music

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RECENT ACTIVITY

D R Dharmarajan likes...TOI and two others  
 The Times of India, Business India and Sholay

National Geographic and The Economist  
 May 14 at 12.30 · Comments · 26 people Like this

### PERSONAL

- Zodiac: NA
- Views: Liberal

### WORK

- CFO, GVR Infra Projects LLC, (October 2011 to Present)
- CFO, Shriram EPC Ltd ( April 2010 – October 2011)
- Head, JHL Group, Singapore (July 1998 - April 2010)

### EDUCATION

- CA from ICAI
- B Com from University of Mumbai

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## HEALTH

# New therapy for diabetes

DAILY INSULIN SHOTS for diabetes may soon be passe. Scientists have now come up with a solution to control blood sugar and cure diabetes within humans. Harvard Stem Cell Institute (HSCI) scientists have discovered a hormone, betatrophin, that increases production of insulin-secreting pancreatic cells 30 times the normal rate. With this hormone secreted by liver and fat cells it will not only drastically improve control of blood sugar but also cure diabetes. Publishing their findings in medical journal Cell, scientists said the new beta cells only produce insulin when the body needs it. Hence, there is potential for natural insulin regulation and reduction in the complications associated with diabetes. Lead HSCI researcher Doug Melton carried out the study in mice but said the gene exists in humans too.





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## BUZZ

**CHARGE YOUR MOBILE PHONE WITH WATER**

RESEARCHERS in Sweden have come up with a unique technique where you can charge your devices anywhere without electricity, provided there is a water source nearby. Developed by a team in Sweden's KTH Royal Institute of Technology and made by MyFC, the first water-activated charging device powers using fresh or salt water, the developers claimed. It can extend battery life up to 3 watts. According to Fox News, the small, lightweight PowerTrek could power critical devices for war fighters and aid workers deployed

to remote areas. Unlike solar charging which can be affected by the weather and the position of the sun, water charging does not get affected by external factors. Even in a desert, a spoonful of water from the thermos is enough.

To use this charger, one needs to fill-up the water compartment and connect it to the electronic device with a USB cable. It starts charging automatically as the water interacts with a small metal disc to release hydrogen gas. The gas combines with oxygen to convert chemical energy into electrical energy.

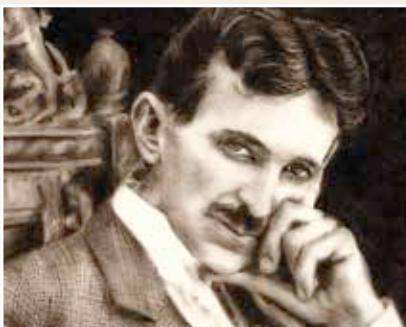
## MEMORIAL

**A tribute to Nikola Tesla**

SUPPORTERS OF NIKOLA Tesla recently announced that they had purchased Tesla's decaying laboratory on Long Island and begun raising \$10 million for its restoration and establishment of a museum and educational memorial. Tesla, known for his epic quirks and eccentricities, died in 1943 at the New Yorker Hotel in Manhattan. Since then, his supporters have waged a campaign to raise his historical standing.

The overgrown 16-acre site in Shoreham, N.Y., known as Wardenclyffe, features the inventor's only surviving workshop, built in the early 1900s. The crumbling brick laboratory was designed by Stanford White, a celebrated architect and friend of Tesla's who planned the Washington Arch in Greenwich Village and the Century Club in midtown. Last year the Agfa Corporation which owned and operated a factory there at one point, agreed to sell the estate to Tesla admirers for an undisclosed sum after they succeeded in raising \$1.4 million through a web campaign, reports the New York Times.

The sale is now complete. "This is a major milestone," Gene Genova of the Tesla Science Center said in a statement. "We are very excited to be able to finally set foot on the grounds where Tesla walked and worked."



## CFO MOVEMENT

**Anurag Bhagania has joined as CFO at Honeywell Automation**

Former CFO Ajay Patil has moved to a new role internally as director, finance at Honeywell Building Solutions. In his place, Anurag Bhagania has been appointed at Honeywell Automation. He assumed office from April 19.

**Dan Brugger is CFO at Federal-Mogul Goetze**

At its board meeting on May 9, the Board of Directors of piston manufacturer, Federal-Mogul Goetze (India) announced the appointment of Dan Brugger as its new CFO.

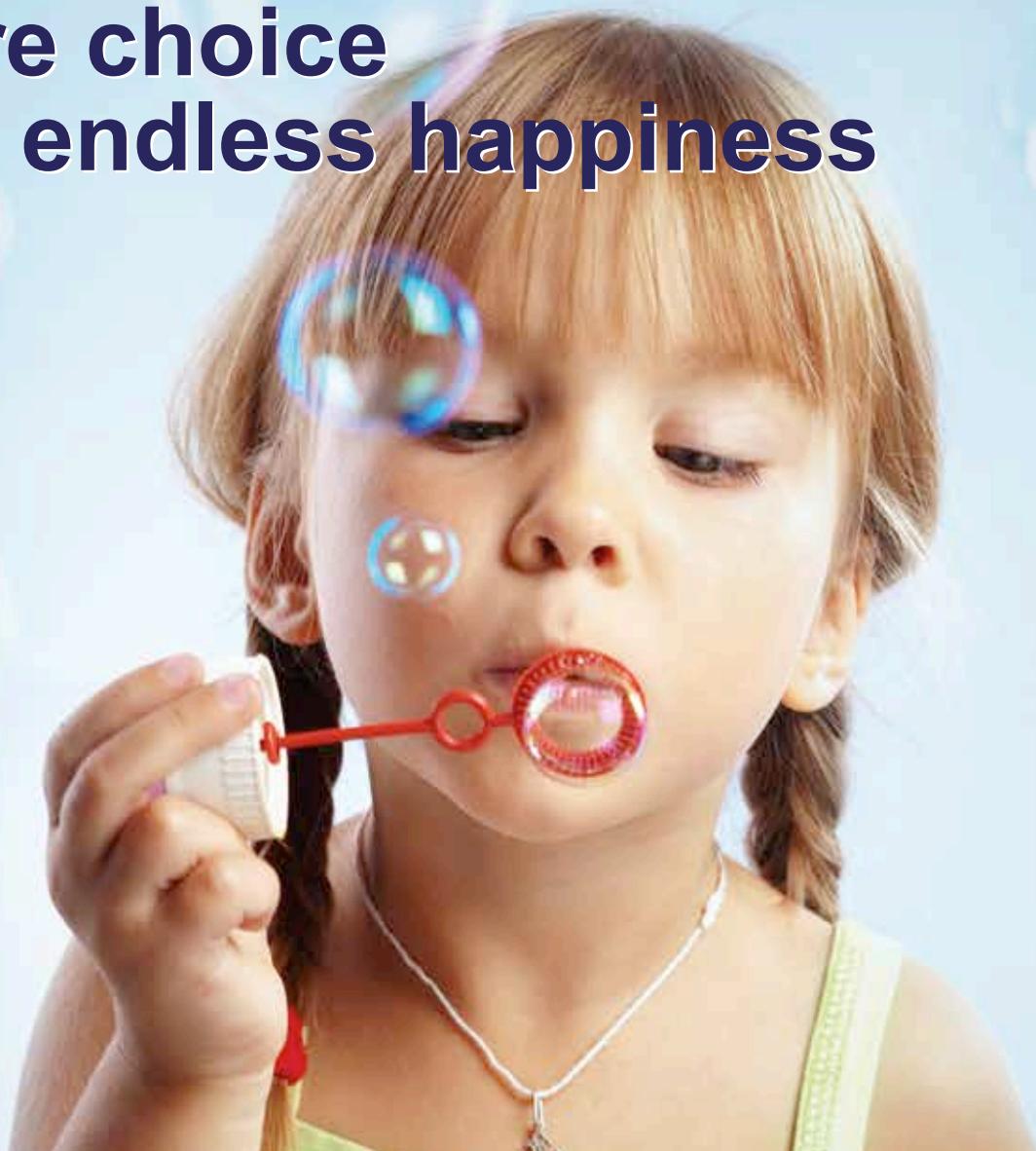
**GoAir appoints GP Gupta as CFO**

After a slew of announcements in the aviation sector by its peers, GoAir too has done a rejig at the top level. As part of its ongoing business and succession plans, the airline which calls itself as a 'smart airline' has appointed G.P. Gupta as the chief financial officer.

**Maxwell Industries too gets a new CFO**

Maxwell Industries has appointed its president finance and company secretary, R. Venkatraman as the new CFO, COO and Company Secretary from April 24.

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## Facts & Trivia

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**FIRST JOB:** Tata Steel, Jamshedpur

# PRASHANT TRIPATHY

The valuation of an insurance company is a fine art coupled with a great deal of science, says **Prashant Tripathy, Director & CFO, Max Life Insurance.**

VALUATION OF A life insurance business is a complex topic. It becomes so because the entire industry is dependent on long-term contracts where assumptions have to be made on many counts, which unwind over a period of time. These assumptions then form the basis of company valuation and incorporate actuarial concepts. Actuaries play a pivotal role in ascertaining the liability that the company may have towards the policyholders.

To simplify, when a customer buys a policy from an insurer, the profitability of that customer for an insurer depends on various factors such as the amount spent by the company to acquire and maintain that policy in the system, probability of policy lapsing, probability of customer surviving, income earned by the company on the funds received and other customer demographics. Another issue is that statutory financials do

not closely and singularly depict the actual health of the company because by nature, insurance is a long term contract. Hence in a particular year, the total inflows in terms of premium income cannot be matched with the total outflows, which include death, survival and maturity benefits for premiums received in the current as well as previous years. Also, once

**Statutory accounts do not depict the health of a life insurer. Revenue and expense lines do not talk to each other directly.**

a company matures, 60-70 per cent of its revenues may be renewal premium, but it is quite possible that 70-75 per cent of its running costs may be for the current year. This mismatch causes the need for the valuation of the life insurance to be seen with different lenses.

The statutory set of accounts based on accounting principles may not be a true reflection of company's health. This can be illustrated by an example where a company wrote a book five years ago, and after recovering the costs spent in the initial years, started to make profits on those policies. Hence the profit and loss account may look quite good at that point. However, if the sales have fallen in the interim, the actual health of the company may not be very strong. Therefore, from that perspective, statutory accounts may be slightly disconnected from valuations. Hence, over a period of time rather



than applying the normal earning multiple kinds of ratios, insurers have evolved more valuation measures to assess the health of the company. Appraisal value is one such concept and has two parts to it. Firstly, Embedded Value with takes

into consideration the present value of existing book after giving due consideration to current and future cash flows from in-force business. Secondly, the value of the future business that will get written based on growth estimates. The sum of the two

gives an estimate of the overall value of the company. Here again we make assumptions on mortality trends and experiences, the lapse rates and investment profile. However, this gives stronger sense around the value of the enterprise. However, the big



## Life insurers are not bound by any common assessment criteria or reporting requirements. There are no commonly agreed assumptions too.

problem emerges in a competitive environment where you are competing with 23 companies and the level of disclosure around valuation is uneven due to no benchmarks being specified by the insurance regulator, the Insurance Regulatory and Development Authority. Analysts especially may find it difficult to assess the value of one company versus another in such cases. Investors at large too are generally perplexed about how to assess insurance companies. In such situations, surrogate measures such as embedded profitability and consistency of new sales year-on-year growth rates come into play.

For instance, there were many insurance companies which were writing a lot of business four to five years ago and are not doing so well

right now because the book has churned. Expense ratios (expense to gross premium among others) may be another metric that some analysts may track to assess the overall efficiency of the book the company is writing. However, even those depend on the kind of products the company is selling and therefore become quite subjective.

In the absence of detailed data, how should one make a guesstimate about the health of an enterprise? Typically, in life insurance business, the long term health of the business is more important than current performance. Health in the insurance context means focus around building a franchise which could meet the requirements of the customer over the long term because customers

trust insurers with their money and want returns over the long term.

Based on these thoughts if one were to look at valuation of life insurance companies then rather than just one metric, a few natural parameters emerge:

- Ability to retain customers manifested itself in renewal streams: Whether the renewal income stream is growing year on year is a good predictor of the soundness of the business. There are some crude ratios such as conservation ratios which could really show whether company is able to retain customers
- Good track record of sales growth year-on-year: Not all sales are equally profitable. Growth in individual, regular premium sales is a more robust indicator of health of the company
- Efficiency: While there is no one measure but cost ratios could give a sense of the efficiency of the company.
- Asset growth: Companies' asset under management must grow at a reasonable pace and this should be watched in tandem with investment performance. Is it earning good yields?

Apart from these business-related metrics there are a few other parameters which are of relevance. Life insurance is retail-oriented and distribution-led, hence parameters involving the strength of sales and distribution and understanding of the customer should also be included.

- Distribution efficiency: Is the company running channels which are scalable and productive and do they have core competence with respect to core competitors?
- Product mix: Combination of long-term savings-oriented product design which ensure renewals year-on-year are required because it really shows the predictability of long term cash flows.

In sum, valuation of an insurance company is a difficult science and many struggle. Level of disclosure is limited. Only when you combine all of these factors is there some sense of value of the enterprise. **CFO**



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H.264 High Profile	Yes	Yes	NO	NO	NO
Desktop/PC clients	Yes-Inbuilt	EXTRA COST	EXTRA COST	EXTRA COST	EXTRA COST
Recording facility	Yes-Inbuilt 1500 hrs	EXTRA COST	EXTRA COST	EXTRA COST	EXTRA COST
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 (Founder & CEO BOSI Accelerator and Author of Entrepreneurial DNA)

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India Inc realises women leaders offer a competitive edge but struggles to create them.

✦ SHALINI S. DAGAR





**C**urrent Yahoo! Inc CEO, Marissa Mayer, is wary of being branded as a feminist. At her earlier job at the tech giant, Google, she is reported to have famously said, "I am not a woman at Google, I am a geek at Google." Though Mayer may want to sidestep her gender, it is difficult. In recent months, she has raked up controversy with her diktat against working from home and later by doubling the maternity leave that Yahoo! offers to its employees. She has largely maintained a studious silence on her actions, but her supporters argue that her decisions would not get half the scrutiny they do if she was not a woman. Mayer's problems in leading a troubled technology company bring to the fore the underlying gender divides and debates as well as deep-rooted biases about women leaders. It is easier for boards and the companies to just go with men. Unsurprisingly, women currently hold just 4 percent of Fortune 500 CEO positions. And when it comes to the finance function, in the Standard and Poor's 500 index, there were just 54 women CFOs.

India does not tell a different story. In the 9.9 Media Group database of 11,578 senior corporate professionals there have been only 210 women in leadership positions—less than 1.8 per cent. It is a

“Offers such as flexitime are a big boon for women when coping with exigencies. Effective **delegation in personal and professional life is key to success.**”

— PRATIBHA K. ADVANI  
CFO, NIIT Technologies



situation that gets replicated through the corporate landscape. According to Prime Database, in 2009, women corporate directors in India accounted for merely 4.8 percent of the total population of directors. And the proportion of women amongst independent directors of Bombay Stock Exchange-listed companies was a measly 2.5 percent.

Happily though, there seem to be enough cracks in the wall of prejudices. And that comes from the demand side of the equation. As the war for talent heats up, companies realise that women leaders offer unbeatable advantage. “From being seen as a corporate social responsibility initiative, gender diversity now is seen as a business imperative and is most often driven by CEOs,” says Monica Agarwal, principal, global financial markets, Korn Ferry. “These days, all other things being equal, companies prefer to hire women,” she adds.

Spurring these decisions is persuasive empirical data. In a landmark global research, sociologist Cedric Herring in 2009 found that a workforce comprised of employees of both genders resulted in positive business outcomes. Gender diversity accounted for a difference of \$599.1 million in average sales revenue: organizations with the lowest rates of gender diversity had average sales revenues of \$45.2 million, compared with averages of \$644.3 million for businesses with the most gender diversity.

Yet another global study found in 2010 by examining over 1500 firms, that “companies with female CFOs are more likely to have higher accruals quality”—lower absolute abnormal accruals and lower accrual estimation errors.

Vibha Padalakar, Executive Director and CFO, HDFC Standard Life agrees, “Women rarely take rash decisions. There is very little of that bravado.” Padalakar believes that “the return on investment (ROI) on a woman is very high, because a woman typically will not leave for a paltry rise if an organization has been good to her.” Though the advantages may be obvious and better recognized in present times, the supply side remains poor. When it comes for choosing women leaders the pool remains shallow despite women doing quite well at junior levels. According to Gender Diversity Benchmark for Asia 2011 report by non-profit, Community Business, India is consistently the worst performer in terms of the representation of women in the total workforce, junior and middle level positions. Overall, India has the lowest national female labour force. What is worse is that relative to other Asian countries, in India the largest leak in the pipeline takes place early on in a woman’s career—from junior to middle level positions. This means the pool of working women shrinks at an earlier stage.

Proliferating lucky examples though point to a change in the overall ecosystem. Consider Neha Grover of Baring Private Equity Partners, one of the youngest women finance heads in India. “My organisation has provided me with a huge opportunity to learn and constantly challenge myself without having to worry about hierarchy or age,” says Gro-



“The glass ceiling is often within the social structure rather than the corporate structure. **The ROI on women is very high.**”

— VIBHA PADALKAR  
ED & CFO, HDFC Standard Life

ver before adding, “I have been able to practice and preach meritocracy only because I was able to experience it early on in my career.”

Companies, therefore, have a central role in fostering gender diversity, sometimes by simply focusing on merit and sometimes by providing institutional mechanisms to help women cope with their unique challenges whether of childbirth or other family responsibilities. Pratibha Advani, CFO, NIIT, agrees. “Offers such as flexitime can be a big boon for women in the workforce, who quite often have to take primary responsibility for exigencies at home.”

At times, simple and open conversation around these issues can make a difference. “Mere sensitization around gender issues is useful to both men and women at the workplace,” says, Jyoti Vaswani, Chief Investment Officer and Director, fund management at life insurer, Aviva India. The life insurer globally has been at the forefront of achieving gender diversity, right up to the board level.

Many of these conditions while necessary may not be sufficient for success. An uncommon desire to excel, supportive families, role models and mentors and lots of hard work are some common factors which emerge from profiles of successful women. In some cases, companies can do little.

With a career woman the societal pressure to have it all is enormous. Nothing should skip a beat whether it is home,

family or any of the other traditional roles associated with women. And when something does go amiss, it is quite natural to expect the woman to take charge. Research and anecdotal evidence shows that women typically fall away from regular work either when children are born, are in crucial school years or when elderly parents need care. If women are able to ride through these rough patches they are able to continue with their career. However, when this support is lacking then the road to the top becomes quite difficult. Korn Ferry’s Agarwal says, “Women are not looking for crèches in the offices which had become such a symbol sometime ago. All they are seeking is empathy in difficult times and a little flexibility.”

Societal biases can also spill over into the work life too. Sexual harassment at work or other forms of discrimination are hard issues that need firm and defined corporate response. “The glass ceiling often is really within the social structure rather than the corporate. So I find that women have started getting ambitious, but the typical Indian male and the typical Indian family have not grown up to it,” admits Padalkar quite candidly.

As Grover of Baring says, “It is up to me how to respond.” And Indian women today realise that they have the power to choose. And they must ‘lean in’ as Sheryl Sandberg, COO, Facebook says. There are many, including India Inc, rooting for them. *(Additional reporting by Purva Khole)* **CFO**

# CFO and the ASH Policy

In a complex business environment, creation of a safe and secure work environment is critical. The CFO needs to be involved in the execution of the anti-sexual harassment (ASH) policy.

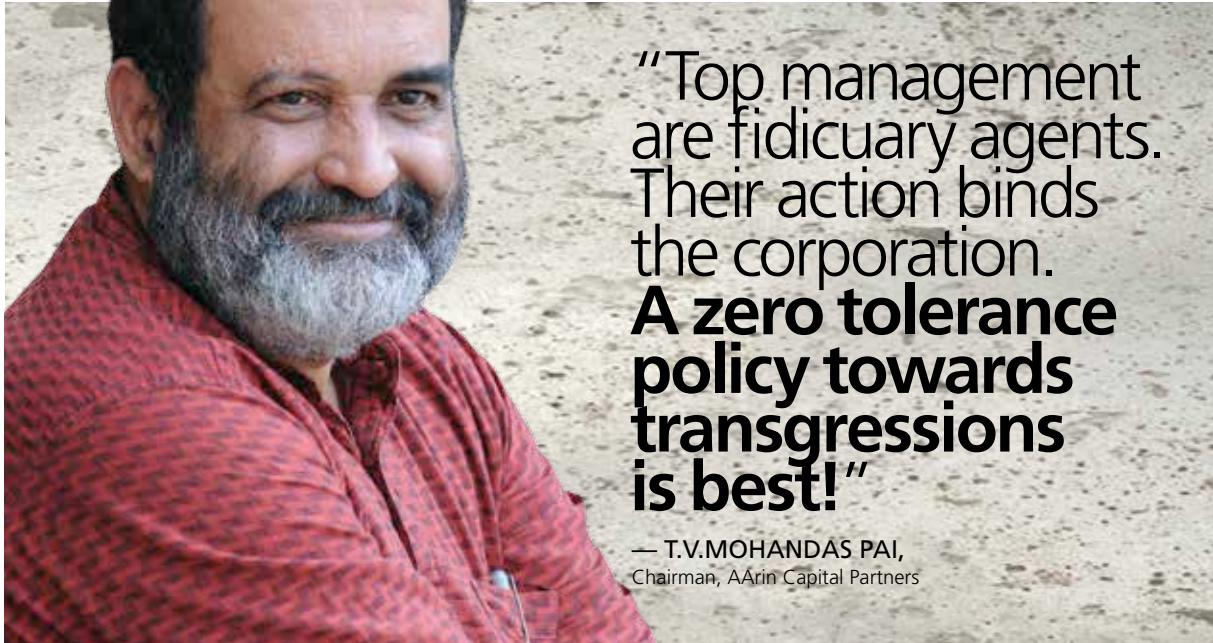
✦ T.V.MOHANDAS PAI, CHAIRMAN, AARIN CAPITAL PARTNERS



The issue of sexual harassment has once again reared its ugly head. A CEO has been asked to quit and the whole sordid saga is being played out in public. It is time that CFOs looked at this issue, not only for their department but also for the entire corporation. The CFO is responsible for the financial integrity of the enterprise. This responsibility can only be discharged if risks are properly analysed and compliance with law ensured. The starting point obviously is the legal position. Parliament has now passed the Anti-Sexual Harassment (ASH) law. In any event the Vishaka Case judgement of the Supreme Court is also the law of the land. The CFO needs to ensure that the enterprise has an ASH policy in place which conforms with the law and is possibly tougher than what the law seeks. There needs to be a committee of independent members in place, headed by a women. It is essential that access is given, in strict confidence, to any employee who wishes to file a complaint. The policy needs to be part of the employee hand book and employment contract for all.

Educating all employees on the policy, ensuring that they have read the policy and confirm the same in writing is important to ensure that the enterprise has discharged its obligation of sensitising all to the policy. Since case law leads to enhancement of the law, every two or three years a new cycle of education is needed to bring employees understanding up to date. This will also afford a good defence in case suits are filed.

The investigation mechanism needs to be strengthened so that all complaints are addressed in a transparent manner without any obfuscation. There need to be various levels of punishment depending on the severity of the act leading to dismissal from the job too. An appeal process too needs to be in place to ensure that employees who are



“Top management are fiduciary agents. Their action binds the corporation. **A zero tolerance policy towards transgressions is best!**”

— T.V. MOHANDAS PAI,  
Chairman, Aarin Capital Partners

being punished have the right of appeal as also the complainant. The needs of natural justice should be met. It would be good practice for this committee to present to the Board at least twice a year detailing its work, the cases heard and decided. Giving independent access to the Committee without management presence would enhance transparency. Management too needs to review at least once a quarter with the Chair of the Committee to ensure that this policy is working satisfactorily. A note on the working of the ASH policy in the annual report would give confidence to employees and investors.

Another important issue is that of protection of the complainant and confidentiality of the process. Every complainant needs to be protected and there should be no retaliation. Immediately on a complaint, there should be a distance between the employee and the person complained against. The investigation should be independently held. Even if the investigation does not lead to the complaint being established, the complainant needs to be protected unless it is proven beyond doubt that it was false and motivated. In such a case disciplinary action needs to be initiated. In the entire process high confidentiality needs to be maintained. Protection of the complainant demands this. Also if punishment is meted out, further humiliation needs to be avoided on the guilty by not making it public unless ethical practice requires this. But under no circumstance should there be a cover up.

The situation becomes very complex if a Board Member, a CEO, COO or CFO is complained against. In this event the Board needs to act quickly and set up a sub-committee of Independent Directors to take charge of the investigation through outside Counsel. The Board needs to assert its independence in handling this matter and act quickly. A verdict of

being guilty, even if it means not following a policy in spirit by the accused, should lead to a parting of ways. The reason is very clear. Top management are fiduciary agents and their action binds the corporation. The reputation and standing in society of the business will be in question if there is any shortcoming. A zero tolerance policy is best!

The tone at the top determines the employees attitude. Therefore, there needs to be exemplary behaviour in private and public by top management. Loose talk, a ‘*chalta hai*’ attitude and lackadaisical behaviour are pointers to the crisis ahead. On rumours of top management involvement with no written complaint, a discrete investigation would be needed.

Today’s business environment is complex. Protection of employees and creation of a safe secure work environment is critical for the CFO. To win in the war for talent, a high quality work place is essential. Business reputation is the key to success. As a finance person, the CFO should look at risk mitigation measures and take out an adequate insurance cover. When business globalises, risk increases. In some cases, there have been very large claims granted by courts in many jurisdictions. The verdict would be influenced by the policy of the enterprise, the action taken, the speed of action, the robustness of the process and the conduct of management. Of course the bad publicity and uncertainty of court action would weigh heavily till settled. The CFO is well advised to focus on this area as part of his work. **CFO**

T.V. Mohandas Pai is a co-founder of Aarin Capital and Chief Advisor to the Manipal Education and Medical Group. Until June 2011, Pai was a Director on the board of Infosys Technologies and steered the company as CFO from 1994 to 2006.

# The Power Track

From his vantage point as a finance professional, Samir Ashta, CFO, CLP India, has seen both the rough and the smooth as the Indian economy has gone on a roller coaster ride coinciding with his career.

 PURVA KHOLE

SAMIR ASHTA IS one of those who are clear quite early in their life about their career path. He knew he was going to be a chartered accountant and to fulfill his dream, Ashta began early, at the age of 18 years. As they say, well begun is half done. Ashta did achieve his desired goal and more. The inspiration came from home and family. As with most Indian families, the route to success for Ashta too had to be through books—both academic and financial. And in his case doubly so, as both his parents were lecturers with the Delhi University. Naturally then, as a child Samir was extremely studious and had a keen interest in subjects not related to science. But that did not prevent him from accommodating varied interests including sports. Studying at the Delhi Public School, Ashta played hockey both as a forward as well as defender—acquiring skills that would help him later in his career.

Despite the clarity in thoughts, the ultimate choice was not easy. “Picking up the right stream was a tough task. For this one needed strong conviction. I found help from my grandfather who not only helped me make up my mind but also instilled a lot of confidence. He was my biggest inspiration who helped me think through all

# 5

## **MILESTONES**

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→ **FIRST JOB**

Escorts JCB

→ **BIG BREAK**

CLP India

→ **AHA!  
MOMENT**

Financial Closure  
Jhajjar power plant

→ **LESSER  
KNOWN FACT**

He has good  
sense of humor

→ **DREAM**

Playing golf post  
retirement at  
St Andrews in  
Scotland



options and guided me to take up CA during the second and third year of my graduation.”

Ashta’s family traces its roots to a part of the Punjab province in Pakistan and was part of the stream that migrated to India after the dreadful partition that accompanied Independence.

After school, Ashta appeared for the CA entrance exams and passed. With this success, three possible options loomed in front of him: One was to pursue graduation, second was to pursue CA or either pursue both. He decided to take the deep plunge and do both the tough and demanding academic courses. Ashta graduated from Shri Ram College of Commerce (SRCC).

Ashta’s professional journey began in 1986 with the earth moving and construction equipment maker, Escorts JCB, which was a joint venture between JCB of U.K. and the Escorts Group of India. Here he worked as an Internal Auditor for two years. This early stint was quite demanding due to the unionised environment in the organisation, which called for an ultra-cautious approach in decision making and communication. Further, the staff there was not very experienced and there was limited use of technology. This combination of factors compounded the challenges for Ashta, who inevitably learnt much from this trial by fire. He recounts, “Professionally, I am glad that I was conditioned in this far-from-perfect environment.”

Over the next 27 years, Samir has had opportunities to work across various sectors such as engineering, chemicals and power among others and has included companies like Max India, ICI and Nitrex Chemicals. During these stints, he has also worked with different kinds of promoter groups ranging from first generation entrepreneurs to well-established European MNC in India and a private equity-owned company. His present assignment is with the large Asia-Pacific Utility (CLP).

In some ways, Ashta’s career moves mirror the big seismic changes that occurred in the Indian economy. He recalls, “In 1991 when the country was going through a balance of payment crisis and the country’s financial credibility was at risk, imports were curtailed significantly, and that spelled big trouble for us.” Max India, where Ashta was based then was a largely imports-driven company. He explains how managing cash effectively in an organisation where the mantra was ‘Cash is King’ was a herculean task. And add to it, Ashta still had not clocked in too many years



## FAVOURITE PICKS

### MAGAZINE

The Economist

### HOBBIES

Travelling

### FAV DESTINATION

Arunachal Pradesh

### FILM

The Great Escape

### ROLE MODEL

His Grandfather



### PASSIONS BEYOND NUMBERS

Red wine and rich Indian food



↑ ASHTA EXPECTS MORE UPSIDE FROM THE WIND AND THE GAS BUSINESS AS THE COAL BUSINESS SUFFERS FROM INDUSTRY LEVEL CHALLENGES

in the profession. However, an entrepreneurial thought process and an innovative approach towards managing business dynamics helped save the day for him.

The current business climate too needs a lot of attention, but the environment has changed. “Over the past 10-15 years, business risks have grown manifold and the overall environment has evolved quite rapidly. This requires professionals to adapt with great strategic foresight and flexibility,” Ashta says.

The next destination was CLP which Ashta joined in 2007, and he claims it has been an

Over the next few years, CLP intends to add an additional 200-250 MW of wind energy to their portfolio. The company is also evaluating solar energy opportunities.



extremely satisfying experience since then. CLP has been in India for over a decade now. “In 2009, the global economic meltdown had worsened the conditions for the power industry. It became enormously difficult for us to raise Rs 4,000 crore in a market that was highly negative and apprehensive to say the least. However, we achieved financial closure for the Jhajjar popwer project in 2009 after we opted for foreign borrowings.” Of the year gone by, Ashta says, “2012 was truly special for us for quite a few reasons, as we achieved some significant milestones for our business in India.” One of the most significant developments was the

commissioning of CLP’s 1320 MW coal-fired power plant at Jhajjar, Haryana. The plant is one of the first few supercritical coal-fired power plants in the country.

Along with this, the company also strengthened their wind energy portfolio with additional projects at Yermala in Maharashtra and Mahidad in Gujarat. The combined capacity of these is about 250 MW. With the new additions, the company’s wind portfolio has reached 970 MW. This has further extended their lead as the largest investor of wind energy in India.

Over the next few years, CLP plans to add additional 200-250 MW of wind ener-

gy to their portfolio each year. Going forward, CLP is also evaluating opportunities in the solar energy sector and plans to venture in this segment in the next two years.

While the gas and wind businesses have led to good returns over the past few years, CLP’s coal business has been under some stress. “On the conventional business side, owing to challenges, CLP plans will stay away from new business opportunities in the near future. Our priority is to resolve issues with coal and payment that our power plant in Jhajjar is grappling with.” CFO

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# INSPIRING & MOTIVATING TO ACHIEVE TOP PERFORMANCE

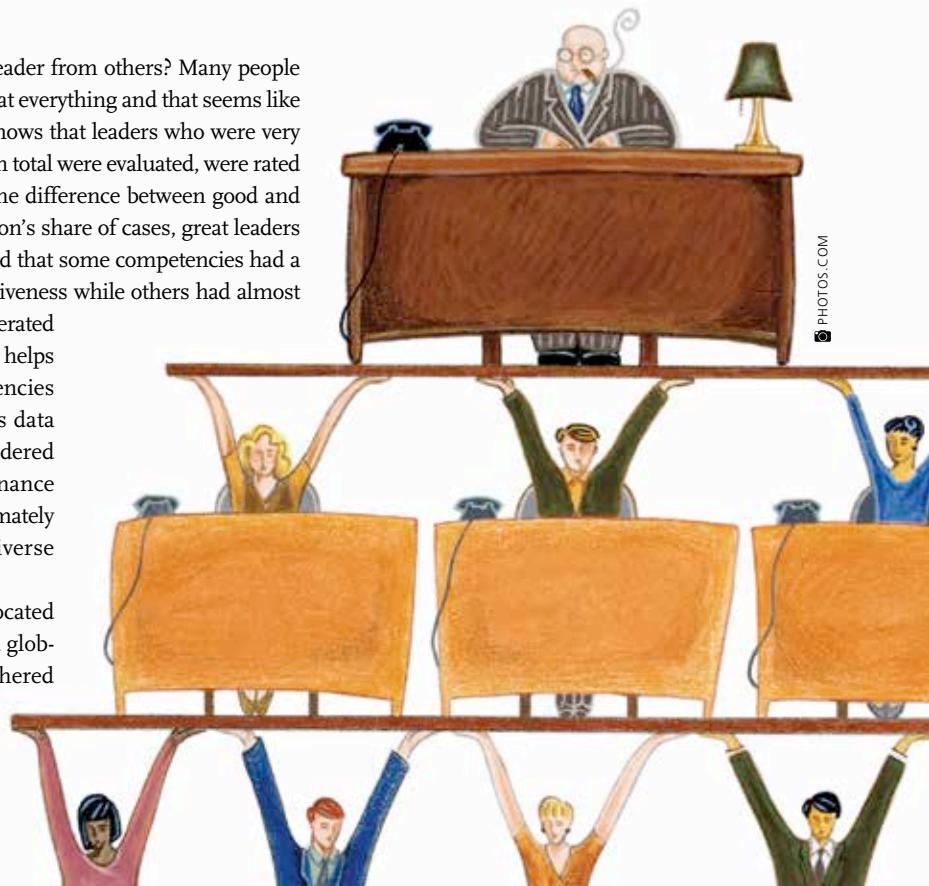
What does it take to differentiate personal performance? Research at 100 Fortune 500 companies reveals the key characteristic demonstrated by the best leaders is the ability to inspire and motivate oneself, as well as others.

✦ JACK ZENGER AND JOSEPH FOLKMAN

# W

hat differentiates one leader from others? Many people would conclude that a leader needs to be great at everything and that seems like an insurmountable task. However, research shows that leaders who were very effective at just three competencies, where 16 in total were evaluated, were rated overall at the 81st percentile. After studying the difference between good and great leaders, it can be concluded that in the lion's share of cases, great leaders do a few things well. The research also revealed that some competencies had a substantial impact on overall leadership effectiveness while others had almost none. From the research, Zenger Folkman generated Extraordinary Leader 360, a unique dataset that helps to understand some key leadership competencies for finance leaders. Leadership effectiveness data was gathered on 125 leaders who were considered potential candidates for the top job in the finance function. These candidates were from approximately 100 different Fortune 500 companies in diverse industries and locations.

While the majority of these leaders were located in North America, most of them represented global organisations. On average each leader gathered



feedback from 11 respondents, including their manager, peers, direct reports and others, along with their own self-assessment. Comparing the results from these 125 leaders to Zenger Folkman’s global database of 35,000 leaders, this group was at the 58th percentile, with 31 per cent of these leaders rated in the top quartile, 9 per cent rated in the bottom quartile and 15 per cent in the top 10 per cent. This group was, obviously, clearly above average.

**WHICH LEADERSHIP CAPABILITIES MOST SEPARATE ‘AVERAGE’ FROM ‘GREAT?’**

What does it take for financial leaders to really differentiate themselves? To understand this, results were compared for financial leaders who were below the 50th percentile to those who were at the top 10 percent of this group. The analysis showed significant differences on all survey items but by looking at the top 15 items, six key characteristics were identified that really made the top leaders stand out from the pack.

**1. Inspires and Motivates Others:**

In the study, raters were asked to indicate which of 16 leadership competencies were

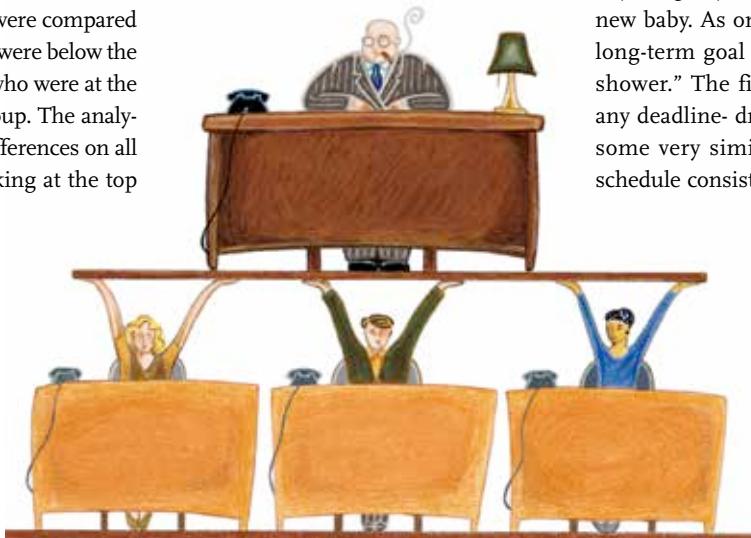
most important for the person being rated to do well to be successful in their current job. The competency selected most frequently was “Inspires and Motivates Others.” It was especially high on the list of the direct reports. However, this competency is rated as the one that is done least well. It is the most important and at the same time, done the least well. Most leaders are unclear about what they can do to be inspiring. Many leaders assume that inspiration is an inborn trait or a natural ability and if they don’t have it they cannot develop it. Studying leaders who are highly effective at inspiring others reveals quite the opposite. This is a skill that can be developed. One technique for inspiring

and motivating a team is for the leader to frequently convey his or her own passion and commitment about the work he or she does. Emotions are extremely contagious. The tone of the leader’s voice and the expression on their face communicate far more than the words spoken. The leader himself or herself is the strongest force for creating high levels of engagement and commitment within his or her people.

**2. Communicates Vision and Direction:**

Research with new mothers found that a few months after having a new baby, mothers often stop focusing on long term goals. Every time they make a plan, their new baby needs their attention. It becomes very difficult to accomplish any goal or plan for anything beyond taking care of their new baby. As one mother stated, “My long-term goal every day is to take a shower.” The finance function — or any deadline- driven task — can have some very similar characteristics. A schedule consisting of a steady stream

of transactions and reports can create an overwhelming focus on the immediate and urgent, while everything else is put on a back burner. Finance leaders who keep their teams focused



Six key characteristics make the top leaders really stand out from the pack.



on long-term strategy and goals and objectives help others to understand the contribution they are making to the long-term health of the organisation. This in turn builds increased engagement. One technique for clarifying the vision and direction is to frequently invite team members to present their view of how the group contributes to the important strategic initiatives of the firm. Make sure each person understands the impact they can have on the overall success of the organisation.

### 3. Deals with the Outside World:

It is easy to get so caught up in the internal workings of a company that leaders forget to look outside the organisation and recognize trends and changes. Data consistently shows that the most successful leaders are an antenna for the organisation, bringing in relevant information that benefited the group. These leaders help people understand how meeting customer needs are central to the mission and goals of the organisation. The outside world for any team or work group includes other groups and departments in the organisation. Understanding the issues and concerns of other groups can help departments create positive synergy between them. If the leader travels and meets people from other organisations, she should bring important information back to her own team members. If the leader reads important information about competitors or the industry, he should bring this back to his group, too.

**4. Sets Stretch Goals:** Some leaders assume that in order to have direct reports with high levels of engagement, they must be protected from challenges that are too demanding. Meanwhile, data reveals quite the opposite. Leaders who encourage their team members to achieve high standards and difficult objectives tend to have more engaged, satisfied and committed employees. What engages employees is not doing less, it is doing more. People want to make a difference, they want to help others, they want to do a great job; and when that happens, they love their work.

Consider doing the following with the team: Extraordinary leaders ask team members to raise their bar. When U.S. President John Kennedy announced the goal to land a man safely on the moon within the decade, everyone recognized that as a stretch goal. The technology did not exist. It was unlike anything that the space agencies had done before. But the challenge was met. There is great power in a dramatic, challenging goal. It unites people and evokes a level of hard work and creativity that does not occur otherwise. Effective leaders learn the power that stretch goals have when properly introduced and supported.

**5. Champions Change:** Many people in finance become excellent at executing processes but find themselves challenged and even threatened at the prospect of changing processes. The best leaders are willing to become a champion for new projects or programs, and presenting the opportunity so that others support them. They also developed the skill of marketing projects, programs or products. Though sometimes finance leaders may say in frustration: "I am in finance, not sales or marketing," having the ability to introduce new processes and get others to embrace and accept the change is an important skill that can help leaders succeed. Here is one thing every leader can do: encourage everyone on your team to propose changes before an external force makes you act. Ask the team for their ideas about what needs changing and how that can best happen.

**6. Encourages Collaboration:** Organisations are complex. Many people with different roles and responsibilities need to work in a coordinated fashion in order to achieve success. When sales, marketing, manufacturing, human resources, legal and finance work together flawlessly, then organisations succeed. When any piece of the collaboration chain fails to function effectively, the entire process looks ineffective. When collaboration fails there is a tendency for each group to point to the other groups as the source of the problem. Leaders who think of their group as an independent entity in compe-

tion with everyone else are themselves a significant part of the problem. Leaders who know how to collaborate and look for common ground with other groups have team members who are more engaged and satisfied. Here is one step to take in the coming weeks: create networking opportunities; initiate business lunches with peers; invite others to make presentations at staff meetings or to merely come in to answer questions; develop and maintain effective working relationships with people outside the immediate work group and initiate discussions with colleagues regarding ways the teams could work together more effectively. Having a positive relationship is critical in order for groups to collaborate.

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## LEADERSHIP CHALLENGE FOR FINANCIAL EXECUTIVES

This year, select one of the six high leverage leadership behaviors that can be built into a profound strength. Select the one that would have a great deal of positive impact in your current job and where you have passion to improve. Using the development suggestions at the end of each section, along with original ideas; write a daily goal and place that goal on your desk or monitor so that you will see it every day. Share the goal with your manager and ask for his or her advice on what specific things to do to build a strength in that area. Research has shown that after engaging in such leadership development activities described above individuals will be surprised with the impact they can have on their personal effectiveness and on the results of their team. **CFO**

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Jack Zenger, co-founder and CEO of Zenger Folkman, a professional services firm providing consulting and leadership development programs, is considered a world expert in the field of leadership development. Joseph Folkman, Ph.D., the firm's president and cofounder, is an authority on assessment change and as one of the nation's renowned psychometricians, focuses on survey research and change management.





#### PROJECT MAP

- **THE CHALLENGE:** Reducing the impact of the financial crisis
- **TIMELINE:** Five years and some segments still continue
- **PEOPLE INVOLVED:** CEO, finance team, heads of several other departments such as production, HR, distribution, sales and marketing
- **KEY CFO TAKEAWAYS:** Be aware of business fundamentals and keep an eye on macroeconomic issues

# Back to Business Basics

Keeping an eye on global and macroeconomic developments and an intimate knowledge are key to useful solutions in tough times, says **Ajay Seth**, Chief Finance Officer, Maruti Suzuki India.

✦ SHALINI S. DAGAR

“**A** CFO’s role has changed in recent times. If he keeps an eye on global developments and is aware of business and its requirements then he is the best person to anticipate future challenges and also come up with solutions to deal with them,” says Ajay Seth, CFO, Maruti Suzuki India.

As he sits in his office which is right next to the assembly line at the Gurgaon factory of the car maker, Seth, naturally has a good view of the business. And this insight coupled with the unique manner in which typical Japanese companies work has ensured that he wrapped up the last quarter of 2012-13 on a high note despite several hiccups along the way.

Even regular analysts tracking the company were positively surprised. The automobile industry’s growth depends on many factors like international crude prices, the monsoon, government policies and the stability of the central government. A cocktail of weakening economic growth, high inflation, and tight monetary policy with limited room for fiscal measures has persistently worsened the environment for the domestic passenger vehicle industry in the last few years. The domestic passenger vehicle industry grew by a mere 2.2 per cent in 2012-13. Yet Maruti despite its own problems as managed to ride this flux fairly well. Its market share has actually improved in a sluggish market.

Of course, Seth was helped in no small measure by Japanese Prime

Minister Shizo Abe’s current Japanese economic policy of having a weaker yen. Yet Seth and the automaker’s journey began not in recent quarters or months but almost five years ago as the U.S. financial crisis was infecting the world economy.

## FOREX CHALLENGES

“Till 2007-08, the currency was moving in only one direction and we were quite complacent. Suddenly we saw both the dollar-rupee and dollar-yen moving in the opposite direction,” he recounts. Soon other ominous signs colluded—from commodity fluctuations to overall weakening of demand and intensification of competition. Each of these challenges had the potential of being highly adverse for the company’s fortunes in the long-run.



## To cope with damaging forex and commodity price fluctuations Maruti started a comprehensive localisation and efficiency drive. The automaker remains a market leader.

Maruti's top team quickly realized that quick action was needed. All options were explored. On the currency front, though hedging was an option it was limited. Localisation was the only long term solution. This involved three different pieces—building consensus of the top teams on an action plan, convincing the top management that such changes were required and then implementation via decisions of what all could be localised.

“It took us a year or so to get everything together. Once everybody was aligned, it was simple,” says Seth. By 2009-10, Maruti started the localisation drive in a big way and a task force was constituted. The company worked on reducing both direct and indirect import content via the vendors. Progressively, over time from a level of 27-odd

percent import content, Maruti brought down imports to 19 per cent and would now like to get down to around 10-11 per cent by 2015 despite the forex fluctuations again working in its favour in the recent quarter. Seth adds, that “this will not deter us from our localisation strategy. This is an uncertainty that we would not want to live with. Localisation would lead to a permanent solution to from a risk management perspective.”

There were other arrows in Maruti's quiver too. The company also tracked competition very closely and focused on the appropriate products for the market. The other focus was on rural markets. Around 2008-09, Maruti was doing just around 3-4 per cent of its sales from rural markets but today it does around 27 per cent and has over 400 rural outlets.

“The very fact that we have not lost market share shows we have done our homework properly,” Seth points out.

### COST MANAGEMENT

“Financial health of the company in times of slow growth can be maintained and improved by managing the costs,” says Seth. With materials comprising more than 80 per cent of Maruti's total cost material cost management has thus been an important area for Maruti.

Internal cost reduction targets persist in terms of value analysis and value engineering. The initiative of reducing each component by one gram was launched at this time and with the aid of operations team was successfully achieved. There were significant savings on metal usages.

Another initiative which is typical to Japanese companies is that of suggestion schemes. For example, in the last financial year alone from 12,000 suggestions generated Maruti was able to save Rs 150 crore cumulatively.

For an Rs 40,000 crore-company such integrated action required a great deal of cooperation between the different functions. “Getting that buy-in from teams and then making sure that they were acting on the commonly agreed plans took time and effort,” says Seth. He would persistently raise these issues at regular strategic forum meetings. And once plans were formulated, also took the chairman's help in expediting action.

### KEY LESSONS

Seth is clear that a CFO needs to be involved and be aware of the business imperatives. Only by keeping a hawk's eye on macroeconomic developments can the CFO be aware of impending risks and mitigation possibilities.

“Maintaining a risk library is essential,” he says, even while pointing out the new risks on the horizons including regulatory, technology and infrastructure risks. For now, Seth's risk mitigation strategy has worked. Maruti is well poised in a tough market. **CFO**

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consumed by  
where you are...



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# GIVERS TAKE ALL: THE HIDDEN DIMENSION OF CORPORATE CULTURE

By encouraging employees to both seek and provide help, rewarding givers, and screening out takers, companies can reap significant and lasting benefits.

✦ ADAM GRANT

Many organisations don't support information sharing. Worse, in "taker cultures" the norm is for employees to get as much as possible from others while contributing less in return. The amount of help a group's members give one another is among the strongest predictors of group effectiveness. Building a "giver culture" pays. Natural human tendencies often make it hard to seek help. Overcome them with straightforward exercises that encourage teams to use their knowledge, resources, and connections to better effect. Develop practices to recognize and reward helping. Peer-bonus and recognition programs promote giver cultures without undercutting the healthy competition that drives productivity. Learn how to spot—and

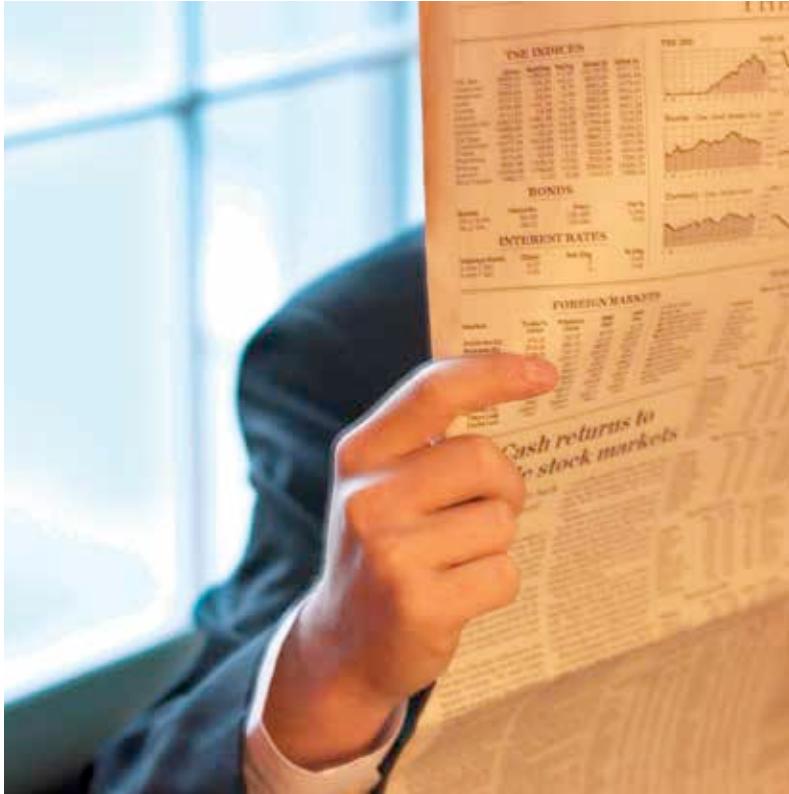
screen out—takers to minimize their corrosive effect on the organisation; ensure that senior executives model good behavior.

After the tragic events of 9/11, a team of Harvard psychologists quietly "invaded" the US intelligence system. The team, led by Richard Hackman, wanted to determine what makes intelligence units effective. By surveying, interviewing, and observing hundreds of analysts across 64 different intelligence groups, the researchers ranked those units from best to worst. Then they identified what they thought was a comprehensive list of factors that drive a unit's effectiveness—only to discover, after parsing the data, that the most important factor wasn't on their list.

The critical factor wasn't having stable team membership and the right number of people. It wasn't having a

vision that is clear, challenging, and meaningful. Nor was it well-defined roles and responsibilities; appropriate rewards, recognition, and resources; or strong leadership. Rather, the single strongest predictor of group effectiveness was the amount of help that analysts gave to each other. In the highest-performing teams, analysts invested extensive time and energy in coaching, teaching, and consulting with their colleagues. These contributions helped analysts question their own assumptions, fill gaps in their knowledge, gain access to novel perspectives, and recognize patterns in seemingly disconnected threads of information.

In the lowest-rated units, analysts exchanged little help and struggled to make sense of tangled webs of data. Just knowing the amount of help-giving that occurred allowed the Harvard



researchers to predict the effectiveness rank of nearly every unit accurately. The importance of helping behavior for organisational effectiveness stretches far beyond intelligence work. Evidence from studies led by Indiana University's Philip Podsakoff demonstrates that the frequency with which employees help one another predicts sales revenues in pharmaceutical units and retail stores; profits, costs, and customer service in banks; creativity in consulting and engineering firms; productivity in paper mills; and revenues, operating efficiency, customer satisfaction, and performance quality in restaurants. Across these diverse contexts, organisations benefit when employees freely contribute their knowledge and skills to others. Podsakoff's research suggests that this helping behavior facilitates organisational effectiveness by:

- enabling employees to solve problems and get work done faster
- enhancing team cohesion and

coordination

- ensuring that expertise is transferred from experienced to new employees
- reducing variability in performance when some members are overloaded or distracted
- establishing an environment in which customers and suppliers feel that their needs are the organisation's top priority. Yet far too few companies enjoy these benefits. One major barrier is company culture—the norms and values in organisations often don't support helping. After a decade of studying work performance, I've identified different types of reciprocity norms that characterize the interactions between people in organisations. At the extremes, I call them "giver cultures" and "taker cultures."

### **GIVE, TAKE, OR MATCH**

In giver cultures, employees operate as the high-performing intelligence units do: helping others, sharing knowledge,

offering mentoring, and making connections without expecting anything in return. Meanwhile, in taker cultures, the norm is to get as much as possible from others while contributing less in return. Employees help only when they expect the personal benefits to exceed the costs, as opposed to when the organisational benefits outweigh the personal costs. Most organisations fall somewhere in the middle. These are "matcher cultures," where the norm is for employees to help those who help them, maintaining an equal balance of give and take. Although matcher cultures benefit from collaboration more than taker cultures do, they are inefficient vehicles for exchange, as employees trade favors in closed loops. Should you need ideas or information from someone in a different division or region, you could be out of luck unless you have an existing relationship. Instead, you would probably seek out people you trust, regardless of their expertise. By contrast, in giver cultures, where colleagues aim to add value without keeping score, you would probably reach out more broadly and count on help from the most qualified person. In light of the benefits of more open systems of helping, why don't more organisations develop giver cultures? All too often, leaders create structures that get in the way.

According to Cornell economist Robert Frank, many organisations are essentially winner-take all markets, dominated by zero-sum competitions for rewards and promotions. When leaders implement forced-ranking systems to reward individual performance, they stack the deck against giver cultures. Pitting employees against one another for resources makes it unwise for them to provide help unless they expect to receive at least as much—or more—in return. Employees who give discover the costs quickly: their productivity suffers as takers exploit them by monopolizing their time or even stealing their ideas. Over time, employees anticipate tak-

ing-behavior and protect themselves by operating like takers or by becoming matchers, who expect and seek reciprocity whenever they give help. Fortunately, it is possible to disrupt these cycles. My research suggests that committed leaders can turn things around through three practices: facilitating help-seeking, recognizing and rewarding givers, and screening out takers.

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### HELP-SEEKING: ERASE THE SHADOW OF DOUBT

Giver cultures depend on employees making requests; otherwise, it's difficult to figure out who needs help and what to give. In fact, studies reviewed by psychologists Stella Anderson and Larry Williams show that direct requests for help between colleagues drive 75 to 90 per cent of all the help exchanged within organisations. Yet many people are naturally reluctant to seek help. They may think it's pointless, particularly in taker cultures. They also may fear burdening their colleagues, lack knowledge about who is willing and able to help, or be concerned about appearing vulnerable, incompetent, and dependent.

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### RECIPROCITY RINGS

It's possible to overcome these barriers. For example, University of Michigan professor Wayne Baker and his wife, Cheryl Baker, at Humax Networks developed an exercise called the "reciprocity ring." The exercise generally gathers employees in groups of between ten and two dozen members. Each employee makes a request, and group members use their knowledge, resources, and connections to grant it. The Bakers typically run the exercise in two 60- to 90-minute rounds—the first for personal requests, so that people begin to open up, and the second for professional requests. Since everyone is asking for help, people rarely feel uncomfortable. The monetary value of the help offered can

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be significant. One pharmaceutical executive attending a reciprocity ring involving executives from a mix of industry players saved \$50,000 on the spot when a fellow participant who had slack capacity in a lab offered to synthesize an alkaloid free of charge. And that's no outlier: the Bakers find that executive reciprocity-ring participants in large corporate settings report an average benefit exceeding \$50,000—all for spending a few hours seeking and giving help. This is true even when the participants are from a single company. For example, 30 reciprocity ring participants from a professional-services firm estimated that they had received \$261,400 worth of value and saved 1,244 hours. The ring encourages people to ask for help that their colleagues weren't aware they needed and efficiently sources each request to the people most able to fulfill it.

Beyond any financial benefits, the act of organizing people to seek and provide help in this way can shift cultures in the giver direction. Employees have an opportunity to see what their colleagues need, which often sparks ideas in the ensuing weeks and months for new ways to help them. Even employees who personally operate as takers (regardless of the company's culture) tend to get involved: in one study of more than 100 reciprocity-ring participants, Wayne Baker and I found that people with strong giver values made an average of four offers of help, but

those who reported caring more about personal achievements and power than about helping others still averaged three offers.

During the exercise, it becomes clear that giving is more efficient than matching, as employees recognize how they gain access to a wider network of support when everyone is willing to help others without expecting anything in return rather than trading favors in pairs. After running the exercise at companies such as Lincoln Financial and Estée Lauder, I have seen many executives and employees take the initiative to continue running it on a weekly or monthly basis, which allows the help-seeking to continue and opens the door for greater giving as well as receiving.

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### DREAM ON

There are other ways to stimulate help-seeking. Consider what a company called Appletree Answers, a provider of call-center services, did back in 2008. John Ratliff, the founder and CEO, was alarmed by the 97 per cent employee-turnover rate in his call centers. The underlying challenge, Ratliff believed, was that rapid expansion had cost the company its sense of community. Appletree had undergone 13 acquisitions in just six years and grown from a tiny operation to a company with more than 350 employees. As the cohesion of the group eroded,

employees began prioritizing their own exit opportunities over the company's need for them to contribute, and customer service suffered.

During a brainstorming meeting, the director of operations suggested a novel approach to improving the culture: creating an internal program modeled after the Make-A-Wish Foundation. Ratliff and colleagues designed a program called Dream On, inviting employees to request the one thing they wanted most in their personal lives but felt they could not achieve on their own. Soon, a secret committee was making some of these requests happen—from sending an employee's severely ill husband to meet his favorite players at a Philadelphia Eagles game to helping an employee throw a special birthday party for his daughter. After granting more than 100 requests, the program has helped promote a company culture where, in the words of one insider, “employees look to do things for each other and literally are ‘paying it forward.’” Indeed, employees often submit requests on behalf of their colleagues. The program has helped reduce the uncertainty and discomfort often associated with seeking help: employees know where to turn, and they know they're not alone. In the six months after Dream On was implemented, retention among front-line staff soared to 67 per cent, from 3 per cent, and the company had its two most profitable quarters ever. “You're either a giver or a taker,” Ratliff says. “Givers tend to get stuff back while

takers fight for every last nickel . . . they never have abundance.”

Such programs aren't limited to small companies. In a study of a similar program at a Fortune 500 retailer, Jane Dutton, Brent Rosso, and I found that participants became more committed to the company and felt the program strengthened their sense of belonging in a community at work. They reported feeling grateful for the opportunity to show concern for their colleagues and took pride in the company for supporting their efforts.

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### BOUNDARIES AND ROLES

Despite the power of help-seeking in shaping a giver culture, encouraging it also carries a danger. Employees can become so consumed with responding to each other's requests that they lack the time and energy to complete their own responsibilities. Over time, employees face two choices: allow their work to suffer or shift from giving to taking or matching. To avoid this trade-off, leaders need to set boundaries, as one Fortune 500 technology company did when its engineers found themselves constantly interrupted with requests for help. Harvard professor Leslie Perlow worked with them to create windows for quiet time (Tuesdays, Thursdays, and Fridays until noon), when interruptions were not allowed. After the implementation of quiet time, the majority of the engineers reported above-average productivity, and later their division was able to launch a product on schedule for the second time in history.

By placing clear time boundaries around helping, leaders can better leverage the benefits of giver cultures while minimizing the costs. Alternatively, some organisations designate formal “helping” roles to coordinate more efficient help-seeking and -giving behavior. In a study at a hospital, David Hofmann, Zhike Lei, and I examined the importance of adding a nurse-preceptor role—a person responsible for helping new employees and consulting on problems. Employees felt more comfortable seeking help and perceived that they had greater access to expertise when the preceptor role existed. Outside of health-care settings, companies often develop this function by training liaisons for new employees and leadership coaches for executives and high-potential managers. Designating helping roles can provide employees with a clear sense of direction on where to turn for help without creating undue burdens across a unit.

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### REWARDS: TO THE GIVERS GO THE SPOILS

In a perfect world, leaders could promote strong giver cultures by simply rewarding employees for their collective helping output. The reality, however, is more complicated. In a landmark study led by Michael Johnson at the University of Washington, participants worked in teams that received either cooperative or competitive incentives for completing difficult tasks. For teams receiving cooperative incentives, cash prizes went to the highest-performing team as a whole, prompting members to work together as givers. In competitive teams, cash prizes went to the highest-performing individual within each team, encouraging a taker culture.

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### THE RESULT?

The competitive teams finished their tasks faster than the cooperative teams did, but less accurately, as members withheld critical information from each other. To boost the accuracy of the competitive teams,

**After granting more than 100 requests, the program helped promote a company culture where, in the words of one insider, “employees look to do things for each other and literally are ‘paying it forward.’”**

the researchers next had them complete a second task under the cooperative reward structure (rewarding the entire team for high performance).

Notably, accuracy didn't go up—and speed actually dropped. People struggled to transition from competitive to cooperative rewards. Instead of shifting from taking to giving, they developed a pattern of cutthroat cooperation. Once they had seen their colleagues as competitors, they couldn't trust them. Completing a single task under a structure that rewarded taking created win-lose mind-sets, which persisted even after the structure was removed. Johnson's work reminds us that giver cultures depend on a more comprehensive set of practices for recognizing and rewarding helping behavior in organisations.

Creating such a culture starts with expanding performance evaluations beyond results, to include their impact on other individuals and groups. For example, when assessing the performance of managers, the leadership can examine not only the results their teams achieve but also their record in having direct reports promoted.

Yet even when giving-metrics are included in performance evaluations, there will still be pressures toward taking. It's difficult to eliminate zero-sum contests from organisations altogether, and indeed doing so risks extinguishing the productive competitive fires that often burn within employees. To meet the challenge of rewarding giving without undercutting healthy competition, some companies are devising novel approaches. In 2005, Cory Ondrejka was the chief technology officer at Linden Lab, the company behind the virtual world Second Life. Ondrejka wanted to recognize and reward employees for going beyond the call of duty, so he borrowed an idea from the restaurant industry: tipping. The program allowed employees to tip peers for help given, by sending a “love mes-

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sage” that adds an average of \$3 to the helper's paycheck. The messages are visible to all employees, making reputations for generosity visible. Employees still compete for bonuses and promotions—but also to be the most helpful. This system “gives us a way of rewarding and encouraging collaborative behavior,” founder Philip Rosedale explained. Evidence highlights the importance of keeping incentives small and spontaneous. If the rewards are too large and the giving-behavior necessary to earn them is too clearly scripted, some participants will game the system, and the focus on extrinsic rewards may undermine the intrinsic motivation to give, leading employees to provide help with the expectation of receiving.

The peer-bonus and recognition programs that have become increasingly popular at companies such as Google, IGN, Shopify, Southwest Airlines, and Zappos reduce such “gaming” behavior. When employees witness unique or time-consuming acts of helping, they can nominate the givers for small bonuses or recognition. One common model is to grant employees an equal number of tokens they can freely award to colleagues. By supporting such programs, leaders empower employees to recognize and reinforce giving—while sending a clear signal that it matters. Otherwise, many acts of giving occur behind

closed doors, obscuring the presence and value of helping-norms.

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#### **SINCERITY SCREENING: KEEP THE WRONG PEOPLE OFF THE BUS**

Encouraging help-seeking and recognizing those who provide it are valuable steps toward enabling a giver culture. These steps are likely to be especially powerful in organisations that already screen out employees with taker tendencies. Psychologist Roy Baumeister observes that negative forces typically have a stronger weight than positive ones. Research by Patrick Dunlop and Kibeom Lee backs up this insight for cultures: takers often do more harm than givers do good. As a result, Stanford professor Robert Sutton notes, many companies, from Robert W. Baird and Berkshire Hathaway to IDEO and Gold's Gym, have policies against hiring people who act like takers. But what techniques actually help identify a taker personality? After reviewing the evidence, I see three valid and reliable ways to distinguish takers from others.

First, takers tend to claim personal credit for successes. In one study of computer-industry CEOs, researchers Arijit Chatterjee and Donald Hambrick found that the takers were substantially more likely to use pro-

nouns like I and me instead of us and we. When interviewers ask questions about successes, screening for self-glorifying responses can be revealing. Mindful of this pattern, Barton Hill, a managing director at Citi Transaction Services, explicitly looks for applicants to describe accomplishments in collective rather than personal terms. Second, takers tend to follow a pattern of “kissing up, kicking down.” When dealing with powerful people, they’re often good fakers, coming across as charming and charismatic. But when interacting with peers and subordinates, they feel powerful, which leads them to let down their guard and reveal their true colors. Therefore, recommendations and references from colleagues and direct reports are likely to be more revealing than those from bosses. General Electric’s Durham Engine Facility goes further still: candidates for mechanic positions work in teams of six to build helicopters out of Legos. One member is allowed to look at a model and report back to the team, and trained observers assess the candidates’ behavior, with an eye toward how well they take the initiative while remaining collaborative and open. In such environments, the fakers are often easy to spot through their empty gestures: as London Business School’s Dan Cable reports, the takers “try to ‘demonstrate leadership’ and ‘take initiative’ by jumping up first.” When it comes to predicting how people will actually treat others in a company, few pieces of information are more valuable than observing their behavior directly. Finally, takers sometimes engage in antagonistic behavior at the expense of others—say, badmouthing a peer who’s up for a promotion or overcharging an uninformed customer—simply to ensure that they come out on top. To maintain a positive view of themselves, takers often rely on creative rationalizations, such as “My colleague didn’t really deserve the promotion anyway” or “that cus-

tomers should have done his homework.” They come to view antagonism as an appropriate, morally defensible response to threats, injustices, or opportunities to claim value at the expense of others.

With this logic in mind, Georgia Tech professor Larry James has led a pioneering series of studies validating an assessment called the “conditional reasoning test of aggression,” a questionnaire cleverly designed to unveil these antagonistic tendencies through reasoning problems that lack obvious answers. It has an impressive body of evidence behind it. People who score high on the test are significantly more likely to engage in theft, plagiarism, forgery, other kinds of cheating, vandalism, and violence; to receive lower performance ratings from supervisors, coworkers, and

**Negative forces typically have a stronger weight than positive ones. Takers often do more harm than givers do good. Many companies have policies against hiring people who act like takers. Takers tend to claim personal credit for successes.**

subordinates; and to be absent from work or quit unexpectedly. By screening out candidates with such tendencies, leaders can increase the odds of selecting applicants who will embrace a giver culture.

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## WALK THE TALK

Giver cultures, despite their power, can be fragile. To sustain them, leaders need to do more than simply encourage employees to seek help, reward givers, and screen out takers. In 1985, a film company facing financial pressure hired a new president. In an effort to cut costs, the president asked the two leaders of a division, Ed and Alvy, to conduct layoffs. Ed and Alvy resisted—eliminating employees would dilute the company’s value. The president issued an ultimatum: a list of names was due to him at nine o’clock the next morning. When the president received the list, it contained two names: Ed and Alvy. No layoffs were conducted, and a few months later Steve Jobs bought the division from Lucasfilm and started Pixar with Ed Catmull and Alvy Ray Smith. Employees were grateful that “managers would put their own jobs on the line for the good of their teams,” marvels Stanford’s Robert Sutton, noting that even a quarter century later, this “still drives and inspires people at Pixar.” When it comes to giver cultures, the role-modeling lesson here is a powerful one: if you want it, go and give it. **CFO**

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Adam Grant is a management professor at the University of Pennsylvania’s Wharton School. This article is based in part on Adam Grant’s book, *Give and Take: A Revolutionary Approach to Success* (Viking, April 2013). This article was originally published in *McKinsey Quarterly*, [www.mckinseyquarterly.com](http://www.mckinseyquarterly.com). Copyright (c) 2013 McKinsey & Company. All rights reserved. Reprinted by permission.

# Something Lost and Found



## ABOUT THE AUTHOR

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After a recent visit to Bhutan, one of the major learnings was practicing detachment. It helps reduce the ever-present elements of human greed and wants.

RECENTLY, I had the privilege of visiting the mountains of Bhutan. As it would take far too long to walk; and unlike the mystical Guru Rinpoche, who rode a magical flying tigress; I had to fly by DrukAir, the tiny Himalayan country's national carrier.

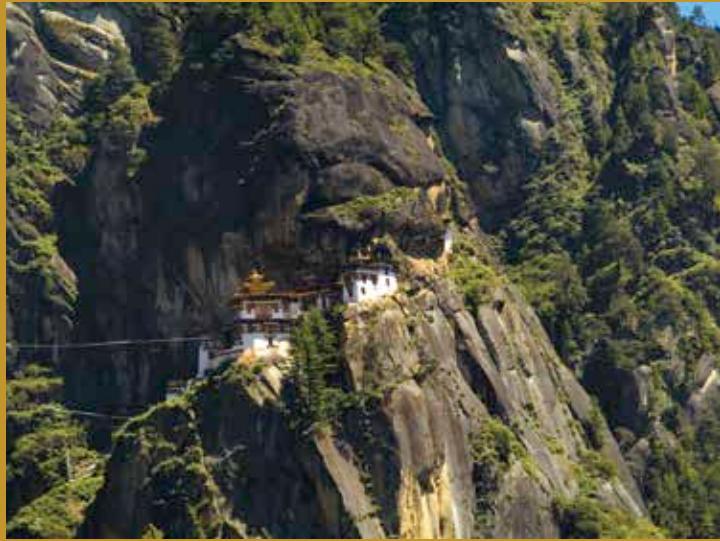
This trip would be a far cry from my usual mountaineering projects or expeditions, which normally eschew most forms of 'support' whilst on a climb. Together with my wife, we had the support of a qualified trekking guide Tshering Penjor, a cook (Sonam), a horseman (Tshering) and his assistant (Kinlay).

The ten-day trek would summit no mountain (as mountaineering has been banned in Bhutan since 1992), but the trek, known as the Chomolhari trek, would take a horse-shoe-shaped loop; covering 137 km, and cross two passes at nearly 5000-metres height. Bhutan has long been seen as a bit of an exotic destination, the last Buddhist monarchy in the world. An introduction of a national assembly by popular vote in 2005 brought a semblance of democracy to the small, land-locked nation. Bhutan, however, controls who visits the country, as well as what values it wishes its citizens to uphold. Not only is there a whopping \$250 tariff chargeable per day to ensure its policy of 'high value, low volume' tourism, there is a huge emphasis on preserving the environment (a compulsory school subject); and a focus on Gross National Happiness as a measurable index to assess the state of the nation's well-being, rather than Gross National Product.

It's hard not to compare Bhutan with its similarly landlocked, and more famous neighbour Nepal. Both have stunning peaks, the goal of many mountaineers and hill-walkers, and both are challenged to keep a balance between development and preservation. In the space of 20 years from 1990, Nepal lost, through deforestation and poorly controlled forestry management, 25 per cent of its rain forest. Bhutan actually gained 7 per cent through careful forestry policies.

The trek we had planned was hampered by eight days of bad weather with only two really good days. The two good days were really magnificent, with views near our 4000-metre campsite of Bhutan's famous 6000-7000-metre peaks – Chomolhari, Tserimgang and the elegant spire of Jitchu Drake – surely one of the world's most beautiful peaks; and climbed successfully by my friends Doug Scott and Vic Saunders in 1988. What I learned from Tshering was the practice of 'detachment'. In Buddhism, there is a belief that much human suffering is caused by desire and attachment to material things. Detachment helps balance the spirit; reducing the ever-present elements of human greed and wants. And yet, if unbalanced, leads to torpor and a lack of motivation to do anything. So in that vein, an almost obsessive fixation on climbing to the summits of these mountains must seem strange, even somewhat repulsive to some people. A few days later, we were on our own; Tshering having had to return to Thimpu to tend to his father who had suffered a stroke. We gamely struggled on, with the other three, none of whom spoke much English. To make matters worse, we experienced driving snow on most days; and narrow trails made muddy and slippery from the rain and snow. One day, the weather and the conditions meant we had to struggle though nightfall to make it to camp. Dark thoughts, and complaints coursed through my thoroughly modern mind. And yet, throughout these challenges, our Bhutanese 'crew' managed to remain calm, and stoic. Once again, the mindset that even these hardships will pass; just as any transient happiness will also pass, seems so central to their way of thinking. Each day's 10-mile hike through difficult terrain was met with equal emotional intensity as was the final stretch to Dodina, and 'civilisation'.

Just a few days ago; and not too far away, on Mount Everest in Nepal, an unfortunate incident occurred. Three highly skilled professional climbers, including climbing aces Simone Moro and Ueli Steck were involved in an almost unheard



It's hard not to compare  
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of fight of epic proportions, high on the Everest. The complete facts are yet to be known. However, what is known so far is that they were establishing a new route in the Everest-Lhotse area and climbing on the Lhotse Face, a 1000-m high steep, icy face on Mt Everest. This face is located between 6500 and 7500 m. Most of the usual Everest climbers do not venture that side unless an elite team of climbing Sherpa mountaineers have completed their work in fixing the safety ropes on that section. Apparently, the three westerners were climbing unroped, and above the Sherpas when some ice was kicked down, accidentally, hurting one of the Sherpas. Angry words were exchanged. The sherpas broke off their work, and returned to Advance base Camp at 6500 m. When the foreign trio returned to their tents, they were beset by an angry group of Sherpas, numbering up to 100. Stones were thrown and death threats uttered. The trio sustained minor injuries and cuts, and retreated to basecamp. Later an 'armistice' of sorts was established by senior Nepal liaison officers and the Sherpas, with apologies from both sides. I can't help feeling that somewhere in the past 20 years, some of the magic in Nepal has been lost. Yet something wonderful has been found in the way Bhutan has risen to meet the challenge of modern day ego, greed, and most of all, 'attachment' to things of this world. I think the Guru Rinpoche would have approved. **CFO**

06.13

CFO

# Lounge



We covet the quiet power and the class of the **Audi S4** in the slog weeks of June. For a holiday which is a tad different head off to **Jordan** in a car. And if the desire to 'do the different' still persists then do check out if deers ever bark at the **Barking Deer Brewpub**. If all this action does not interest you then try out the 'staycation' at home!



AUDI A7 SPORTBACK

## Silent Assassin

By the time you tell an S4 from an A4, your car would be a little spec in the former's rear view mirror. This inoffensive looking sedan packs the firepower to bring down a castle. **Amit Chhangani**

THE S4, JUST LIKE most other S range of cars in the Audi line-up is a heavily souped up, faster and richly appointed version of a base model – the A4. While the proportions and lines are almost identical, pay just a little more attention and you'd know that there's something unusual about this car. The S4 features subtle enhancements, which increase its visual appeal and add just that hint of sportiness.

### Design and cabin features

From the outside, the silver finish ORVMs, the intricately detailed grille with the S4 badging and the liberal dosage of chrome across its face lends the S4 an Aura of

### DID YOU KNOW?



The company name comes from the founder, August Horch. "Horch", meaning "listen", becomes "Audi" when translated into Latin. The four rings of the logo each one of four car companies that banded together to create the company.





exclusivity. The A4 may not be a proper sleeper, but it's subtle enough to make ignorant brats pop in their seats when you whiz past like a missile. On the inside, the S4's differentiation from its A4 brethren is a little more pronounced. Draped in Alcantara, the seats feel a snug and comfortable place to be. The seats, apart from their Alcantara dressing are extremely comfortable too – both for the front and rear passengers. The interior is primarily done in black with dashes of aluminium and chrome all around – enhancing the sporty feel within the cabin.

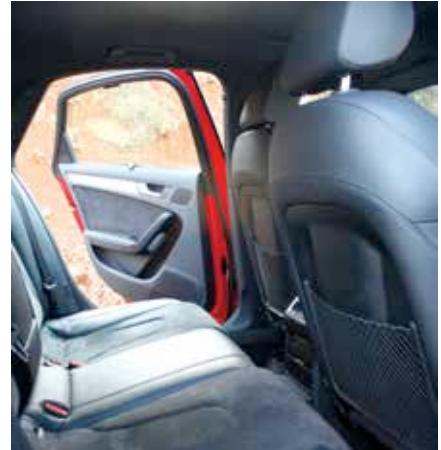
## Engine and transmission

Under the bonnet of this sporty Audi is a supercharged mill which can put up quite a show. The supercharged 3.0 liter direct injection V6 powerplant produces 333 bhp between 5500- 6500 rpm and 440Nm of torque between an ultra wide 2900 – 5300 rpm band. Mated with the engine is the sporty S-tronic dual clutch transmission for quick and well timed shifts. As you would expect from a near 350bhp engine, the backward shove you feel at the press of the accelerator pedal is quite pronounced. Being a supercharged unit, this engine is exceptionally responsive, delighting with its linear power delivery and ample torque. The tasty part of the abundant power builds up post 3000 rpm, after which the rev needle swings enthusiastically all the way up to the 7000 rpm. The most endearing bit about this engine is its dual character.

## Performance

The S4 rides surprisingly well on broken pieces of tar and takes the rough patches in its stride with unusual confidence. The ride quality is absolutely remarkable for a sports car in a sedan's guise. Even in Dynamic mode, where everything from steering tightness, transmis-

THE INTERIOR IS PRIMARILY DONE IN BLACK WITH DASHES OF ALUMINIUM AND CHROME ALL AROUND



### THE AUDI S4

ENGINE:	3.0 liter Supercharged V6
POWER:	333BHP
TORQUE:	440NM
PRICE:	Around ₹ 50 lakh OTR
PERFORMANCE:	0-100 in 5.7 seconds, 250km/h top speed

#### ⊕ POSITIVES

Sports car performance with the practicality of a sedan  
Classy looks  
Ride quality

#### ⊖ NEGATIVES

Expensive to own and run  
Steering lacks feel



sion shift points and damper stiffness is targeted at achieving maximum acceleration, speed and best handling. As regards dynamic ability of the car, the trusty old Quattro AWD system makes sure that there is never a dearth of grip for the S4. There is, however, an overwhelmingly artificial feel to the steering wheel, when it excessively stiffens up in Dynamic mode. While not an overly bothersome glitch, the ride height of the S4 remains an issue. During our 500km drive, we felt the underbelly of the car scraping with quite a few speed breakers. The problem is a little less pronounced when you have only the driver or the co-passenger occupying the car. However, with four aboard, and some luggage thrown in, you'd better be careful.

Sure, the S4 isn't one of the most economical cars to own and maintain. It retails for an OTR price which is around Rs 50 lakh. With a 3.0 liter supercharged engine, it runs on petrol, which, well, makes it a little more expensive than usual to run as well. But here's the thing – if you're looking at something which can fit in as a family sedan, and still shoots from the standstill as a missile, you don't really have much choice. **CFO**



HOT SPOT

# Sony DSC-RX1

Point and shoot goes Full-Frame.

**Swapnil Mathur**

THE SONY DSC-RX1 is the world's first point and shoot camera to incorporate a full frame 35mm sensor. Let that sink in for a minute. It's got a solid magnesium alloy build and raises expectations like no other.

The RX1 is deceptively small and delivers impressive performance thanks to its 24 megapixel full frame sensor paired up with the BIONZ processor. The camera can shoot up to 6 frames per second in full resolution RAW. When paired with a fast memory card like the Sandisk Extreme Pro SDXC UHS-I (95 MB/s write speed), the camera can continue shooting off about 15 full resolution RAW files before it slows down.

The 35mm Zeiss lens that adorns the front is where the magic happens. The lens has a ring on the front that allows the focus to be switched between macro and regular range

When shooting in the macro range, the lens tends to exhibit some distortion, which can look bad if you're

shooting straight lines or faces. In the regular focus range, the lens is quite sharp, but tends to fall prey to severe purple fringing in strong light.

Despite the shooting conditions, the RX1 produces incredibly good images. The AF is a little slow, but the camera almost always locks focus, even in low light thanks to the AF illuminator. As can be expected from a full frame sensor, the RX1's image quality at high ISOs is just as good as that of a full frame DSLR. We shot a few concerts with the RX1 with the ISO turned up to 6400 and found that the noise was so well controlled that in the worst case, it only looked like grain. The only real downside to the RX1 is its price, also the price of Sony's full-frame DSLR, the A-99.

**SPECIFICATIONS:**

Sensor: 24 megapixels Full Frame;  
Lens: Carl Zeiss T\* 35mm f/2.0;  
Movie Resolution: 1920x1080 at 60, 24fps **Price: ₹ 1,79,990**

NEW LAUNCHES

## Xolo X1000

The Xolo X1000 has a unibody design, which means that you don't have access to the battery. The bottom panel does pop out though, giving you access to the SIM card and microSD card slot. The display is vibrant and the call quality too is good. It's easy to recommend the Xolo X1000 for the features on offer. Only downside is that it runs on Android 4.0 ICS. Price ₹19,999



## Bose SoundLink Air

We quite like Bose's policy of not allowing users to tweak their sound.



This is one of the few, natural sounding speakers, and we would rather nobody messes with them. The vocals are crisp. The SoundLink is well-built and the minimalism is sprinkled well with certain thoughtful elements. Price ₹22,384

## Toshiba Portege Z930

The Z930 carries forward almost all the design elements of the Z830. The magnesium alloy chassis lends a lot of strength to the overall design. But, port placement – most of them are still behind the display – is an issue. You will probably forgive that for the lightweight ultrabook though. Price ₹96,250



POWERED BY





INDIA'S NEW MEETING & EATING PLACES

# The New Brew Story

If you are done with the blasting music and the same old pubs and cafes, you must give The Barking Deer Brewpub a chance to make you feel better. **Purva Khole**

THIS SUMMER, WE decided to beat the heat the perfect way – with beer! After hearing a lot of praise from friends, we decided to visit the recently opened The Barking Deer Brewpub in Lower Parel. A hot Mumbai afternoon is a good time for the perfect experience.

**BARKING DEER BREWPUB**

LOCATION: Mumbai

WHERE: Todi & Co. Mills at Mathuradas Mill Compound, Senapati Bapat Marg, Lower Parel West

USP: Great variety for beer lovers

RESERVATIONS: 022 61417400



← MUMBAI'S FIRST MICROBREWERY OFFERS GOOD VARIETY OF BEERS AND FINGER FOOD. IT STILL HAS TO GET THE BREWING LICENSE THOUGH



As you enter the place, you get a rough industrial feel with the brick walls, beams and ducts which goes perfectly well for the first micro brewery of Mumbai. Though the place is yet to get a brewing license, to begin brewing craft beers, which might happen anytime soon, as of now the place offers domestic as well as a great variety of imported beers to pick from.

For us, the our afternoon began with a Michelada which was basically a Bloody Mary with beer minus the vodka. It was a new way of beating the Mumbai heat with the perfect blend of lime, tobasco, pepper and beer. Since the friend accompanying me was too reluctant to call for regular beer, we ordered a Liefmans Fruitesse. This fruity berry concoction set the tone for the menu which offers a good variety of comfort food options.

Our choice was Mushroom Parlouft which were mushrooms stuffed with cheese which melted instantly. Moving on, we then called for crumb fried calamari which was average but went perfectly with our respective beers. Next we opted for Grilled Chicken in Early Grey. It was one of the most tender and well made chicken that we have had in the recent times. The chicken was cooked to perfection with a subtle tea flavor, red wine reduction with sautéed grilled veggies. On a happy, full stomach next came the Three Berries Cheesecake.

Here at the Barking Deer Brewpub one can actually have a good conversation as they play lounge music which is soothing most times. Also in case you get bored, the foosball table and the board games are there to make you feel better. **CFO**



JORDAN

# A Different Kind of a Road Trip

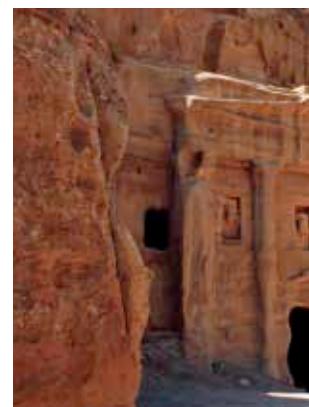
The land of Bedouins, Jordan seems familiar yet fascinating and worthy of revisits.

**Amrita Dasgupta**

ALL ROADS MAY not lead to Jordan—but they should. Admittedly an unlikely choice for a road trip, but if one looks a little deeper Jordan fulfills all the criteria one seeks in a road trip. For instance, highways. There are three main ones in Jordan that crisscross the beautiful countryside in an organised fashion. The second must-have are dependable route maps. Jordan provides plenty of those; then throws in a handful of friendly folks and finger-licking food as a bonus. And the fact that Arabic and spoken Hindi have so much in common, makes travelling that much simpler.

We were in Jordan for a wedding and took the bride's advice to make a road trip out of it. It was totally worth it. Our first stop: Amman, a bustling city where the historic and the modern mingle with older, more organic neighborhoods in the east rubbing shoulders with the swankier new ones in west, much like an old couple.

All neighbourhoods bear the mandated finish of white limestone and even the most iconic retail chains are not easy to spot; for example, the only way to distinguish between a McDonalds, Citibank or an Apple showroom was to spot their signage on the facade. An overall structure of 'circles' gives the city a modicum of organisation, but an average visitor may find it all a bit too disorienting, especially since several circles turn out to be something



else altogether. But with a little help from street signs, maps and friendly directions in Urdu, broken English and sign language, we were all right in a day or two.

Our next stop was Wadi Rum: the incredible mountainous desert landscape. Massive striated rocks dot and define the desert landscape, best navigated on a camel. Millions of years of being buffeted by underwater tides gave the sandstone rocks their unique appearance like ancient stony corals. The



WADI RUM SHOWS THE EFFECT OF MILLIONS OF YEARS AND THE MOVEMENT UNDERWATER TIDES. DURING SUNRISE OR SUNSET THE ROCKS LIGHT UP IN A MILLION COLOURS TOO. NOT TOO FAR FROM WADI RUM IS AQABA, THE NATIONAL BEACH ESCAPE FOR JORDANIANS. AQABA HAS MULTIPLE ATTRACTIONS



JORDAN IS THE PERFECT PLACE FOR A ROAD TRIP WITH ADEQUATE AND EQUAL HELP FROM MAPS AND LOCALS. PETRA'S ROCK CUT MONUMENTS WITH UNDERGROUND WATER RESERVOIRS POINT TO AN IMPRESSIVE HISTORY

colours change drastically—from vermilion to terra-cotta to purple and yellow—in the light of the rising or the setting sun. A leisurely three-hour ride on a camel yields a closer view at the scenic jebels or desert mountains, glimpses of the life of T.E. Lawrence (Lawrence

of Arabia) and a few Bedouin tents where you can pause for a sip of *shai* (black tea with a handful of fresh mint and sugar, delicious and refreshing), a puff of *nargileh* or a picture with the locals. We stayed in camel hair tents, sampled an authentic meal of whole goat, chickens and vegetables cooked in a hole in the earth, danced with the troupe of local musicians in attendance and fell asleep under a blanket of stars. A short 45 minute drive from Wadi Rum, at the end of

the Desert Highway lies the southern-most tip of Jordan. Lush with vegetation, cooled by sea breezes and frequented by beach bums, Aqaba is the national beach escape. For a small sea town, Aqaba receives visitors in the hundreds of thousands every year. The main attractions are Roman ruins, a beautiful white mosque, the spice market, fresh seafood (rare in Jordan) and an underwater treasure trove for snorkeling and scuba diving among brilliant coral reefs.

The next day we reached Petra as the sun was setting. We strolled down the main street to Petra Kitchen, a restaurant by day and traditional Jordanian fare cooking class by night. Discovered in the 19th century but established in the 6th century as a trade center by the Nabateans, (people of Jordan) Petra has an impressive number of rock-cut monuments and water systems to utilise and harvest a resource precious in a desert country. Past the Djinn blocks—burial chambers in massive stones—lies a tunnel to the underground reservoir and the entrance to the city via the Siq, a natural gorge used as the city's first line of defense. Walking the gorge lit by the occasional candle below and stars above, we reached Petra by night. Musicians played local melodies on ancient instruments against the background of a Khazneh lit by a thousand candles. A fitting end to the day. **CFO**

**HOW TO GET THERE:** There are a number of direct flights to Jordan from Mumbai and New Delhi.

**CLIMATE:** Extraordinary range of climate. Best time to visit is spring, March to May and autumn, September to November.

# POLITICAL DYNAMICS AND BUSINESS

The first meeting of the CFO India Network recently concluded in three Indian cities where the current state of politics and its impact on the economy was discussed. A report.

✎ PURVA KHOLE



◀ CFOs across three cities of Delhi, Mumbai and Bangalore heard well known political analyst Shankkar Aiyar's take on the economy

AFTER A LOT of brainstorming and scheduling, the CFO India Network took off in April 2013. The network was launched for the CFO community with a belief that there is an enormous collective wisdom that resides within the community. Answers to tricky questions and knotty problems perhaps are easier to find by talking, sharing and discussing among peers. The first breakfast session for the network saw excellent participation from the finance heads in New Delhi, Mumbai and Bangalore with over 60 CFOs signing up for the event.

Anuradha Das Mathur, Editor, CFO India began the sessions by welcoming the guests and talking briefly about the objective of the network. One of the current issues that bothers Indian busi-

nessmen is politics—both good and bad. And in recent times, as the economic environment has deteriorated the importance of politics for business has grown. This was in evidence in the findings of a recent survey by CFO India where CFOs expressed concern around policy and politics as a risk to business.

To help make sense of the current environment, CIN invited Shankkar Aiyar, an award winning journalist and columnist with over 30 years of experience in political and economic reporting for the inaugural session. Aiyar used his understanding of India's recent history, from economic liberalisation in 1991 to the present times to help set the context on the current state of politics and the growth prospects for the economy in 2013. Aiyar said, "Cur-

rently we are at the intersection of hope and despair. Hope because everyone is in the money management business and we know that there is a lot of potential and despair because things aren't moving and we have got trapped." His also threw light on the arithmetic of politics, the budget and its impact and the food security bill amongst others.

Aiyar concluded his session by explaining the need to celebrate institutional successes instead of individual ones. Aiyar urged the finance leaders at his sessions to raise their voice and add it to the ongoing political discourse in the country, thereby making a difference to the economy.

Many CFOs had several questions to ask of Aiyar and his assessment of individual states as well. **CFO**

# THE ANALYTIC EDGE

In a world replete with deep and detailed data, the ability to take business decisions is enhanced with accurate and insightful analysis.

WE LIVE in the age of Big Data. Sophisticated, accurate and detailed data emerging from burgeoning social media is adding to the data that was residing in the ERP systems of traditional corporates. We also live in the world of heightened uncertainty and risk are normal. Volatility in such areas as consumer demand, commodity prices and exchange rates makes it difficult to pinpoint how to drive profitable growth. To stay competitive, CFOs need to have better insights in order to improve cash flows and productivity, as well as dis-

with a great deal of candour as participants shared their experiences and their pain points.

Deepak Harlalka, CFO, Raychem RPG recounted how a appropriate analysis of existing data had allowed his company to assess correctly which three divisions were causing losses and eventually take the hard decision of closing them.

Rajesh Kumar Singh, GM, Corporate control, Ambuja Cement had similar experiences where appropriate decision was taken based on the analysis.



▲ Nearly 30 CFOs got together to discuss the future of analytics in their business in Mumbai in May

tribute resources in an efficient manner. Advanced analytics applied to financial processes in a way that's aligned to the CFO agenda can deliver real-time benefits and enable swift action. On the evening of May 8, when CFO India in association with IBM India held a small conference on the issue, nearly 30 CFOs got together to deliberate on the kind of use they could make of the analytical culture and the resultant insights.

In the initial discussion it emerged that several of them had been considering a more focused slicing of the available data as well as gathering useful additional data perhaps from the last mile connectors such as distributors. It was an exchange marked

Others including Neeraj Jain of Johnson & Johnson and K Ramachander CFO of BNP Paribas Krieshan Grover of Wadhawan Group also shared their company-specific issues where analysis could probably hold the key. Smriti Vijay of Aker Solutions was curious about whether clear data presentation could enhance decision making. Rajarshi Sengupta, national leader, global analytics team from Deloitte in the following segment addressed many of the implementation concerns raised. Rajesh Shewani from IBM, India followed up with the intricacies of the analytics tools.

Finally there was an animated discussion to wrap up the evening. Over dinner several CFOs confabulated over the issues that concern them. **CFO**



# Their rightful place under the sun...

**A**nytime is the right time to talk about 'women and leadership'. But the fact that the international press has been aflame with views on professional women, their aspirations and choices makes it all the more fitting that we dedicate this issue of CFO India to the rise of women... and more often, the lack of it.

My gut tells me that we are closing in on the "tipping point" on this one. The attitude of women has been among the most dramatic changes of the past decade. How they think - about work, family, motherhood, success, work-life balance, division of roles and much more - has undergone a shift so fundamental that almost nothing else has kept pace. Neither men nor the social fabric; neither infrastructure nor corporate structures; neither families nor other support systems. Everyone is struggling to make sense of the change.

The simple fact is this. Women make up half the world's population. And despite huge strides, they are still way behind in terms of contributing to wealth creation in the traditional economic sense of the word. Simplistically, more often than not, this is on account of choices they have to make between motherhood, work, family and career etc.

Several of the successful women, say that they have never looked for 'special' treatment as women. They do what everyone else does and get their due ... my question is with regard to 'what everyone else does'— the current norm



of work ethos. It is designed to respond to men. If we are committed to promoting the deserved participation of women at work, acceptable terms of work ethos need to alter or expand. Working from home, flexi-hours, crèches - they need to be viewed as important tools for a balanced work environment, not as 'favourable' to women. And their impact needs to be measured to see if they need to be supplemented or replaced.

My favourite example to explain what I mean is around western/European menu cards. As an Asian vegetarian, till 10-12 years ago, I had to find some way to carve out a meal for myself from a menu that was decidedly non-vegetarian and suited to the European palate. As Asia and its needs have been recognised, and its importance appreciated, menu cards the world over have vegetarian and Asian options. Not equal, but certainly a start. Women don't need to try and fit the age-old work norm. We need to define an extended ethos that works as well for

women as it does for men. Only then will corporations be able to benefit from the latent but obvious potential of women.

Fortunately, the conversation has changed. I was chosen a couple of years ago to go to the US on a programme for 25 emerging women leaders under 40. I met a large number of women in politics, government and business and was struck by the fact that the issue of women in the workforce has taken centre-stage, and conversation is around 'how do we leverage the strengths that evident differences between men and women bring to the table'. How do we enhance the menu options for women to get to leadership positions but not necessarily in the same way as men? If women wanted to, they should be able to. Equally, if they choose a different path, it shouldn't matter.

Our cover story hopes to capture facts and opinion in equal measure. We intend that it brings the issue onto your radar – it is as much for men as for women to think about and action. Would you make a start, as you read this, by examining how your organisation scores on diversity... women colleagues, women in top management, women on your Board? Only then will the 'woman half' of the world, find its rightful place under the sun...

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Anuradha Das Mathur, Editor, CFO India



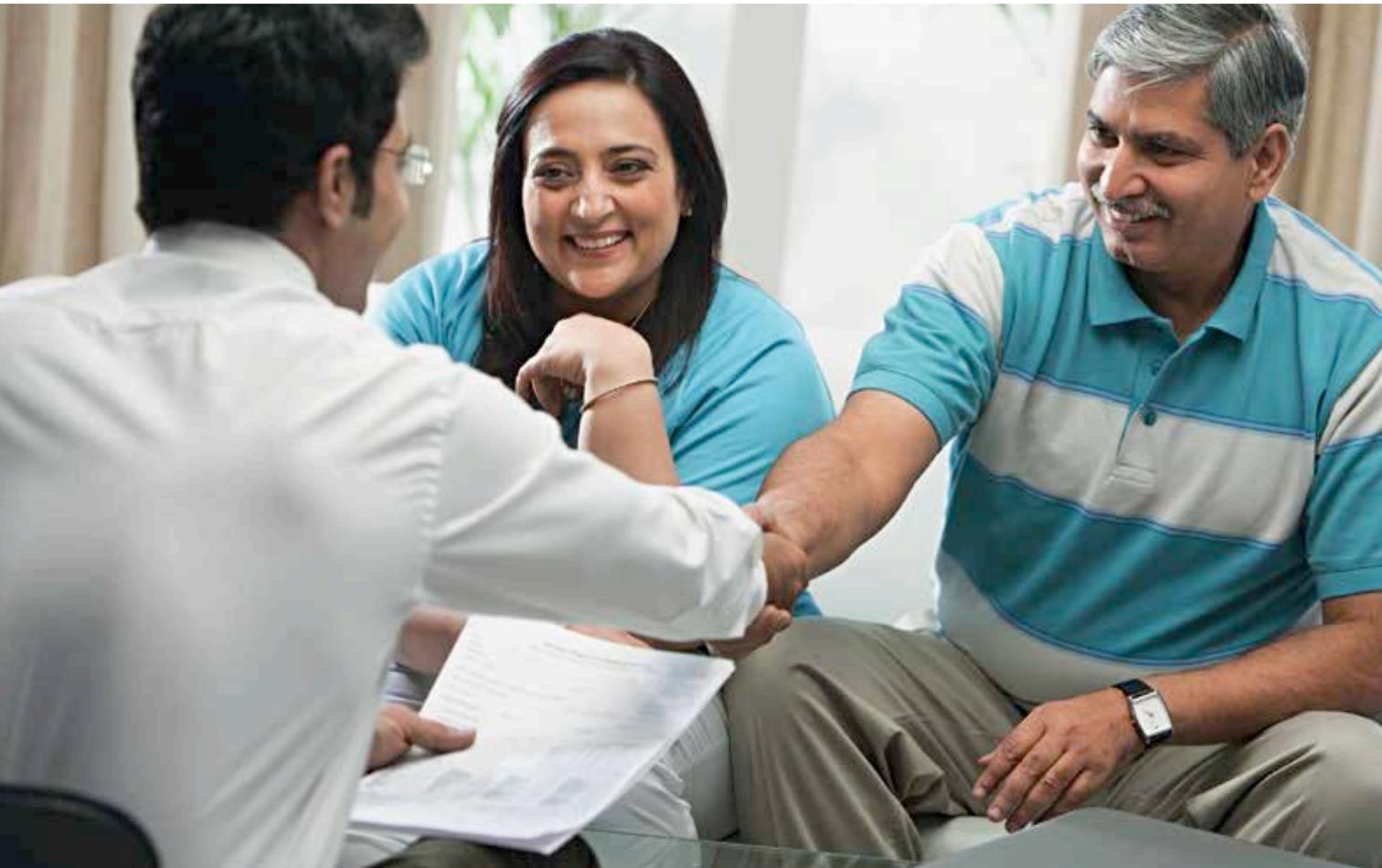
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