

'Win-win approach'

Companies do not always have to make a profit at the expense of others. **Shashank Shah** (a visiting scholar at Harvard Business School and fellow at the Harvard University South Asia Institute, working in the field of stakeholder management strategy and corporate responsibility) has picked six companies including Taj Hotels, HDFC Bank, Hindustan Unilever, L&T, BPCL and TVS Motor Co as *Win-Win Corporations*, which followed a process, created a product or even built an organisational structure, ultimately benefiting multiple stakeholders and not just customers, shareholders and employees. Shah, who has over 100 national and international publications to his credit, speaks with *Business India* about his book



You have picked six out of 325 companies as WWCs.

The choice is based on a perception study wherein responses from over 700 managers representing 325 companies have been analysed. Each of the respondents was asked to list companies that they believed were well-known for integrating stakeholders' interests with the long-term organisational strategy as part of their core philosophy. These six companies were among the top 10 that emerged from the data analysis. The others include Infosys, Wipro, Reliance Industries, IBM India, Birla group, HSBC Bank, ITC, ONGC, StanChart Bank and Citibank.

The six Win-Win Corporations (WWC), as discussed in the book, represent a diverse set of industries and varied ownership patterns. These include HDFC Bank, HUL, L&T, TVS Motor, Bharat Petroleum and Taj group of hotels. All of them are industry leaders and have set high standards of all-round performance, including long-term shareholder value creation. If you invested ₹1 lakh, equally across these six companies in August 1996, and simultaneously invested ₹1 lakh in the Sensex, your ₹1 lakh in the WWC portfolio taken out in 2016 would have multiplied 54 times, compared to just an eight-fold increase in the Sensex.

When is synergistic better than trade-off thinking?

I believe that there is always an opportunity for synergistic thinking

and that business decisions are not a zero-sum game. This forms the basis of the stakeholder approach to decision making.

When did these companies imbibe these value systems?

The win-win approach is not a set of value systems that involve specific moral or ethical underpinnings that can be imbibed at a particular stage of business growth. Instead, it is an approach to decision-making that can be practiced since inception, and at all levels of the management hierarchy such that the outcomes prove to be mutually beneficial to the decision maker as also to the relevant stakeholder she is working with – be it a customer, employee or supply chain partner. In each of

these companies, I noticed a pattern of taking decisions at the highest levels that are mutually rewarding to the company and its stakeholders.

Let me give three examples. HDFC Bank transformed its branches into sales and service outlets by implementing core banking solutions. This meant convenience for customers, greater efficiency for employees and more dividends for shareholders. At Bharat Petroleum, the introduction of Petrocards and Fleetcards was a phenomenal win-win in commercial and convenience terms. Convenience for the retail customers and the fleet owners. Commercial benefits for the company, besides also creating a big differentiator in the oil industry. When

A.M. Naik, chairman, L&T, created an Employees' Trust in June 2003 from the stake sold by the Birlas, it was hailed by national and international experts as a win-win strategy that prevented a takeover, divested a non-core business, and strengthened employee commitment through the creation of a special fund. This arrangement also ring-fenced L&T against future takeover bids.

Are there any such companies in other emerging markets?

Through the examples of these six companies, I have attempted to share how WWC formulate strategies and take decisions. I have identified 30 characteristics of a WWC with respect to seven major business stakeholders – customers, employees, shareholders, society, supply chain partners, natural environment and government. I have also provided an implementation toolkit with 84 actionable ways in which start-ups, young entrepreneurs and passionate business leaders can initiate the process of becoming a WWC.

However, the prime objective of my book is to highlight the Indian way of shaping successful strategies. That Indian corporations have emerged as profitable and mutually value-adding, despite the challenges they continue to face, qualify them to provide lessons in business and its management to other developing economies of the world, in Asia, Africa and Latin America. The prime objective of my book is to begin a journey in this direction, where the Indian way of doing business can be studied and shared.

feedback@businessindiagroup.com

