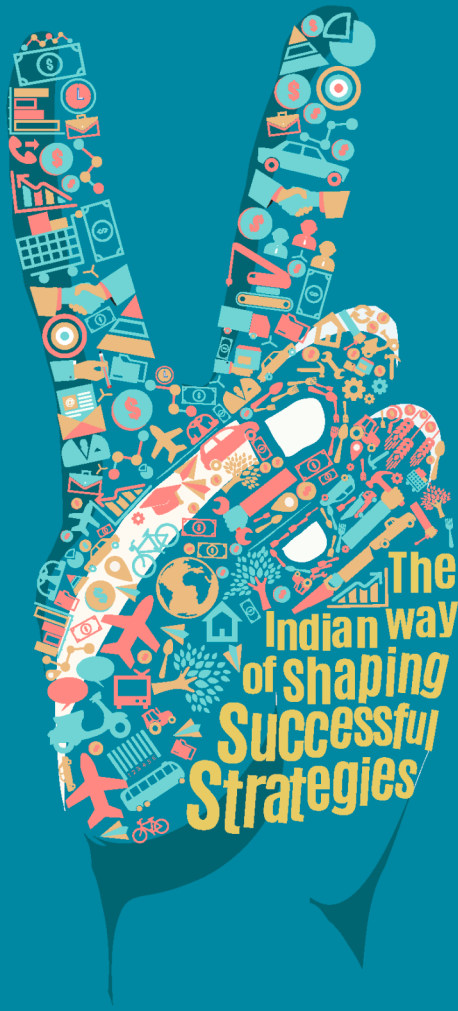


'A stellar debut by a young business author'

Naina Lal Kidwai

WIN-WIN CORPORATIONS



SHASHANK SHAH



This book has done a remarkable job in capturing the major attributes of success, most importantly how the company creates sustainable value for each and every stakeholder.

- Suneeta Reddy, managing director, Apollo Hospitals Group

Shashank's research is refreshingly grounded in principles that are especially relevant to the Indian context, and written in an easily readable story-telling style.

- Professor V. Kasturi Rangan, Harvard Business School

The book vividly illustrates the part of value creation strategy that Harvard Professor Michael Sandel would call "What Money Can't Buy: The Moral Limits of Markets"

- M.V. Nair, chairman, Credit Information Bureau of India Limited (CIBIL)

WIN-WIN CORPORATIONS

THE INDIAN WAY OF SHAPING
SUCCESSFUL STRATEGIES

SHASHANK SHAH





I.

Introduction

A Millennial's Journey Begins . . .

Uniqueness of This Book

This book is an outcome of decade-long, multi-layered research undertaken to study eminent Indian companies and the leaders who manage them. The name 'Win-Win Corporations' (WWC) epitomizes a genre of companies that consistently focus on devising and implementing win-win solutions and mutually beneficial strategies for long-term value creation for Win- the company's shareholders as well as its stakeholders. The book details the philosophy and processes, the means and methods used by WWC to integrate stakeholders' interests into organizational decision-making. Many social, economic and political considerations play a role in this study. Hence, each of them makes for very interesting reading. Every chapter contains interesting narratives and unknown stories about these companies and the approaches they have followed for creating win-win solutions and strategies. The book doesn't just portray facts but also presents background perspectives with which each of those decisions were taken. Along with the 'what, how, when and where' of the initiatives, the book also explores the 'why' behind those decisions and initiatives.

Another unique aspect of the book is that the people who were part of the core decision-making are the main protagonists of each chapter. Hence, the reader can see the situation and the solution from an authentic lens. This would, in turn, help the reader address and tackle similar situations in their personal and professional lives. The most interesting part is that each of the six companies has created win-win strategies in very unique ways. No two companies have followed the same path. Yet, each of them has achieved significant successes. This

Win-Win Corporations

does not mean that they did not make mistakes or have a flawless record. They did, and I have captured some of those mistakes too. But they were keen to resurface and grow further with greater gusto. The thirty characteristics of WWC as synthesized in the last chapter thus emerge as practical takeaways for organizations of all sizes and types. The implementation toolkits for seven stakeholders provide action items for practising managers of all such firms.

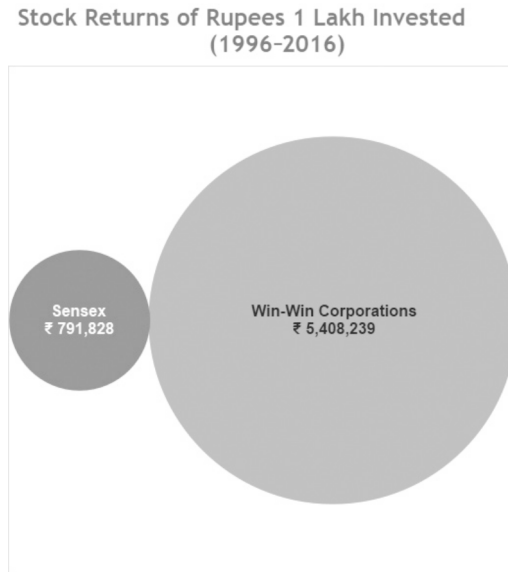
The choice of companies presented in this book is based on a perception study wherein responses from over 700 managers representing 325 companies have been analysed. Each of the respondents was asked to list companies that they believed were well-known for integrating stakeholders' interests with long-term organizational strategy as part of their core philosophy. These six companies were among the top ten that emerged from the data analysis. Accessibility to the senior management was the secondary criterion used in company selection. These companies also represent a diverse set of industries and varied ownership patterns. TVS Motor Company Ltd (automobile industry) is a family-owned organization. Three of the companies are professionally managed organizations with varied shareholding patterns: Hindustan Unilever Ltd (FMCG industry), Larsen & Toubro Ltd (construction industry), and HDFC Bank Ltd (banking industry). Bharat Petroleum Corporation Ltd (oil and gas industry) represents the public sector. The Taj Group of Hotels (hospitality industry) belongs to the Tata Group. The Tatas have a unique ownership structure, and hence cannot be classified as family-owned. The Tata Sons have a controlling stake in all major Tata companies. Two-thirds of the Tata Sons in turn is owned by philanthropic trusts. Thus, majority of the Tata Group's earning ultimately goes towards social welfare and nation building.

A diverse mix of companies provides noteworthy lessons about the Indian way of shaping successful stakeholder strategies. All six companies are industry leaders and have set high standards of all-round performance, including long-term shareholder value creation. In fact, the six Win-Win Corporations included in this book delivered spectacular returns to shareholders, many times more than the general

Introduction

stock market. If you invested 1 lakh rupees divided equally across all six WWC in August 1996, and simultaneously invested 1 lakh rupees in the Sensex, your 1 lakh in the WWC portfolio taken out in 2016 would have multiplied fifty-four times, compared to just an eight-fold increase in the general market.

Figure 1.1: Returns on Investment in Sensex vs Investments in Win-Win Corporations



This book is distinctive and the first of its kind in the emerging Indian scenario as compared to studies like *In Search of Excellence*, *Built to Last* and *Good to Great* conducted in USA, where the free enterprise system has stabilized for nearly two centuries. Studying the evolution and stakeholder strategies of visionary companies like those selected in the US-based study by Jim Collins and Jerry Porras would have been an interesting area of work. However, identifying such companies in the transition era of post-Independence India was a difficult task. The

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protected and controlled structure of the Indian economy between the 1950s and the 1980s impacted many companies in corporate India, some of which do not even exist today. Since the opening up of the Indian economy in 1991, it's been just twenty-five years, and many companies haven't yet established themselves sufficiently well in all aspects. They are gradually yet firmly carving out an identity for themselves in their respective industry categories, sometimes even beating their international competitors.

This book has a mix of companies belonging to different eras. While the Taj Group of Hotels and Hindustan Unilever have grown with India over the twentieth century, Larsen & Toubro and Bharat Petroleum took concrete shape in independent India. TVS Motor Company and HDFC Bank are products of the liberalized Indian economy, though they have been affiliated with institutions that have existed long before. Thus, the six companies present a veritable mix of history, experience, and novelty. I have attempted to study each of them across their entire life span. It is for this reason that many of the interviewees belong to an earlier decade, when certain interesting developments unfolded, and not necessarily the latest leadership spearheading the company. I have also studied the philosophy and practices that these companies have initiated with most of their stakeholders in order to provide a holistic account of their win-win approach. Most other studies tend to focus on select strengths of companies, where they may be doing exceedingly well with a particular stakeholder, such as customers or employees. This tends to give an incomplete picture of the company, as the leadership may be neglecting another stakeholder while benefitting a specific stakeholder. This book thus provides a comprehensive and multidimensional description of each WWC.

The other differentiating feature of this book compared to other landmark studies is that each of those were multi-year projects conducted by a team of many researchers. For example, the *Built to Last* and *Good to Great* research projects had a team size of about twenty-five members. This book is the outcome of a single researcher's decade-long efforts.

IV.

The Taj Group of Hotels

Atithi Devo Bhava . . . Ambassadors of Indian Hospitality

The Darkest Cloud, with a Thick, Silver Lining

‘Mumbai is a symbol of the incredible energy and optimism that defines India in the twenty-first century . . . The Taj has been the symbol of the strength and the resilience of the Indian people . . . The resolve and resilience of the Indian people stood in stark contrast to the savagery of the terrorists’

—Barack Obama, President of the
United States of America

Articles, reports, books, documentaries and films have been made elaborating what happened during those fateful sixty-eight hours that began at 8.30 p.m. on 26 November 2008 (often referred to as 26/11), when ten terrorists representing the Pakistani extremist outfit Lashkar-e-Taiba (LeT), travelled over 500 miles through the Arabian Sea from Karachi to Mumbai, and laid siege in parts of India’s ‘maximum city’ with nearly 2 crore residents. The attack, planned with military precision, killed 166 innocent people and injured over 300. Amid resounding gunfire in the heart of south Mumbai, Operation Black Tornado, led by the National Security Guards (NSG) of the Government of India, neutralized the terrorists. Nine of the terrorists were killed, and one, Mohammed Ajmal Kasab, was caught alive in a Skoda car near Chowpatty Beach while trying to escape.

On most days, the Udyan Express from Bengaluru is delayed and arrives late at platform number 15 at the Chhatrapati Shivaji Terminus

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(CST) Station at 9.30 p.m. If it had arrived at the same time on 26 November 2008, I would have probably lost my dearest mother, returning from a pilgrimage. Fortunately, the train was on time, and she was out of the station only thirty minutes before Ajmal Kasab and his fellow terrorist Ismail Khan mercilessly sprayed bullets at hundreds of commuters on the CST platform—men, women and children. They killed fifty-eight people. Around the same time, in another part of the city, our five-decade old neighbours, Sevantilal and Sarla Parekh's only son, Sunil, and his wife, Reshma, had just entered the restaurant Tiffin of the Oberoi-Trident Hotel for a dinner meeting. Over thirty-six hours later, we received the tragic news that they were among the nine guests who were cruelly shot dead by two terrorists at the Trident. Their daughters, Anandita and Arundhati, were aged just twelve and eight then.

Of all the places targeted in Mumbai, the one where the fight with the terrorists lasted the longest was at the Taj Mahal Palace Hotel. Like the Opera House to Sydney and the Eiffel Tower to Paris, for over 115 years the Taj has been a prominent symbol of Mumbai. Even before the Gateway of India was built in 1924, the hotel was the most outstanding structure on the Bombay coastline. In attacking the Taj and trying to destroy its century-old heritage wing, especially the historic dome, LeT wanted to leave a visible scar on the success story of India Inc. that was epitomized by one of the oldest institutions synonymous with Mumbai and its history. Over 1200 guests and 600 employees were inside the hotel for functions as diverse as a high-profile wedding reception, a Bohra Muslim wedding, Unilever CEOs Global Meet with thirty senior leaders from Unilever worldwide, and two other corporate meetings. The Indian, Chinese, Japanese—indeed all restaurants—were full that Wednesday evening, when the first gun shots were heard.

The natural question then is how did the final number of casualties (guests and employees included) remain as low as thirty-one? With 1800 vulnerable people, and four terrorists loaded with latest ammunition, the fatalities could have been ten to twenty times that number! The primary reason for this was the employees of the Taj, who went way beyond the call of duty to save as many guests as possible. Krishna Kumar remarked that all employees knew the exit routes.

The Taj Group of Hotels

However, it was beyond his comprehension that in spite of that, not a single employee gave in to the natural survival instinct and left the premises. Karambir called them the real heroes of the Taj. Even before the NSG commandos could formulate a strategy to safely evacuate the guests from the premises, the employees had used their prudence and ensured that they were in safe areas, until help arrived.

Chef Hemant Oberoi's valiant team formed a human chain to protect 60–70 guests while escorting them from Wasabi, the Japanese restaurant, down the spiral steps into the kitchen, and out. Thomas Varghese (head waiter), Vijay Banja (executive chef), Hemant Talim, Kaizad Kamdin and Zaheen Mateen (chefs) and Rajan Kamble (engineer), employees serving the hotel in different capacities for many decades, voluntarily faced the line of fire while evacuating guests through the exit routes of the labyrinthine Taj. They laid down their lives by blocking the gunmen's path, and were spewed with bullets from those vengeful weapons. Mallika Jagad, the twenty-four-year-old banquet manager for the Unilever event, and her team, used their extraordinary presence of mind, switched-off the lights and bolted the doors of the banquet room on the second floor of the hotel where the event was on. For over a dozen hours, she and her team took care of the guests who were ducking and squatting below the tables. Her team provided water and napkins from time to time for over ten hours. Finally, in the early hours of the morning, they were rescued by the fire crew through the windows. Amit Peshave, the twenty-seven-year-old manager of Aquarius, the Taj's 24/7 poolside cafe, had by instinct found his way out of the hotel's transformer room, from where another door opened out into Merry Weather Road, to the street on Colaba. However, his conscience tugged at him, and he came back to save thirty-one diners at the Shamiana restaurant. He was miraculously saved even though a grenade exploded close to him. The telephone operators risked their lives but continued to hold fort in the control room to ensure that the guests in various rooms within the hotel received information and instructions in real time.

Who can forget Karambir Kang, the forty-year-old GM of the Taj? His heroic leadership of the hotel not only got it the Best Overseas Business Hotel Award, but also universal appreciation for making the

Win-Win Corporations

best possible efforts to save the lives of thousands of guests, even when his own family, wife Neeti and sons Uday and Samar, were getting asphyxiated on the sixth floor of the Taj. In our conversation he recalled, ‘You know, at that time, we didn’t know the magnitude of the attack, and the number of gunmen. Were they four or ten? But in spite of that, in the given circumstances, we just took the right decisions with whatever knowledge we had. We all felt responsible for each other and for our guests. It’s not that somebody was telling them to do whatever they did. But, independently, in different pockets of the hotel, they all acted the same way. It was remarkable.’ He believed that what happened that day was a tangible expression of the employees’ belief that the Taj was their family. The place had given them livelihood, made their lives, educated their kids, and enabled them to build their homes. ‘The Taj is like a temple. It’s revered by the staff,’ he told me. Even in adversity, the employees stood by the company ideals and ethos.

Given the details already in the public domain, there is little scope for further elaboration on what happened during those three days inside and outside the Taj. The important questions from an organizational perspective are: What did the Taj do after the massacre? What were the reasons for which Taj employees behaved the way they did during those horrific hours, even risking their lives? What are the lessons that other corporations can learn from the events that unfolded on 26/11? I asked Bickson, who was himself stuck inside his office for nearly sixteen hours, ‘What was the reason for the Taj employees’ behaviour that day?’

‘The reason my people created those human chains and essentially put themselves in between the terrorists and the guests was that they considered this hotel as their home. You cannot come to my house and you cannot harm my guests because they are my family. It was a direct manifestation of the Indian philosophy that the guest is God,’ he said.

Shrinivas described the hapless scene outside the Taj. The terrorists were inside the hotel, the higher floors of the heritage wing were ablaze, and constant gunshots were being heard. Ratan Tata, Krishna Kumar, and all senior people from the company were standing helplessly on the pavements outside, not knowing what was going on inside or how

The Taj Group of Hotels

many people had been killed. It was a horrendous feeling. Hundreds of employees from other shifts had flocked to the venue and were squatting on nearby roads. The police had laid siege around the hotel. In such a scenario, instead of lamenting the loss, his team took the traumatized employees sitting expressionless on the pavements to the nearby Holy Name High School, and requested the priest to permit them to use the hall, to which he kindly consented. Batch by batch, morning, afternoon, night, next-day morning, afternoon and night, his team continued to interact with employees and console them. Within a few days, employee assistance centres were set up in ten locations across Mumbai, each with two post-trauma counsellors, a medical doctor, a car, a van and two drivers. Details of Taj employees in each of those areas were prepared and they were brought to those centres along with family members. Shrinivas and his team explained to them what had happened, encouraged them that the Taj would once again bounce back from this rare tragedy, assured them that their jobs were not lost, and that they should unitedly fight the situation. 'All this spontaneously happened in the first fortnight. In those days, we hardly slept,' he recalled.

At another venue, Deepa was sitting in a 'war-room', a crisis and emergency microsite that was put together for handling everything from lost baggage to finding people, and providing minute-to-minute updates on what was happening. 'It was a best practice in terms of how a microsite could have been used,' she said. At that time, a lot of requests for help were coming in from people in hospitals, whom the Taj was paying for. There were some people who had nobody to pay their bills. There was this dilemma as to whether the patient was connected to the tragedy at the Taj in any way. At that time, Krishna Kumar walked in with a message from Ratan Tata that the Taj should not distinguish while helping people, whether security forces, police, fire service, hotel employees, guests of the Taj or general public, whether killed or wounded. Tata had decided to form a trust which would pay for everybody injured anywhere in the city during 26/11.

Not only then but in the future too, for those affected by natural or man-made calamities, the Taj Public Service Welfare Trust was

Win-Win Corporations

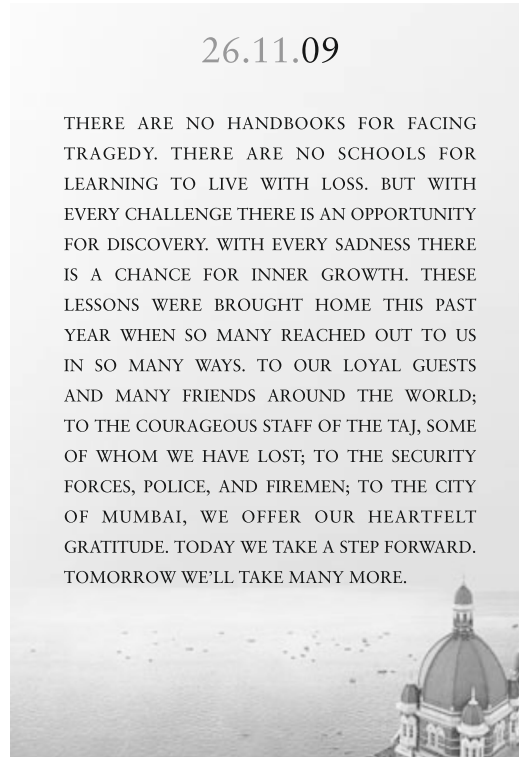
announced on 15 December 2008, only seventeen days after the disaster. Besides IHCL, Sir Dorabji Tata Trust⁹⁴ and Sir Ratan Tata Trust⁹⁵ committed a significant initial contribution to the newly formed trust. Ratan Tata himself was a part of the board of trustees that included Krishna Kumar and Raymond Bickson, among others. Tata instructed the team to go to every hospital where the injured were being treated. If the hospital hadn't taken care of the bills, the Taj would do the needful, irrespective of whether the person was injured at CST or the Trident–Oberoi. Even hawkers and street vendors, who were injured during the attack, were taken care of. Deepa emphasized that it was a part of the Tata culture to go beyond the ordinary and contribute. The staff witnessed the company's reaction being in total alignment with their sacrifice in the larger cause of human welfare.

Besides a number of other relief measures, the company decided that families of Taj employees who died during the attack would be paid their deceased members' salaries for the rest of their lives, as well as all medical benefits and education for dependents up to the age of twenty-four. Within a week of the attack, Ratan Tata wanted to meet the family members of all deceased and injured employees. They were flown into Mumbai for the meeting. During the gathering, the wife of Thomas Varghese, a forty-nine-year-old waiter at the Taj, who came in between the terrorists and guests and took the bullets on himself, spoke to Tata. She said, 'My husband died for a cause and will always remain a role model for me and my children. I never knew I was living with such a great man for the past twenty years. All I want from my children is that they too should practise these values, stand tall in their lives and acquit themselves creditably before God Almighty. Practising those values is far more important than whatever money you are planning to give as a settlement.' For the first time, in decades, in full public view, Ratan Tata's eyes welled up. Recalling those moments, Shirinivas said, 'Interacting with the families, we realized that designations mean nothing. There are such great people in such simple positions. It is because of them that there is goodness in society.'

'We may have been knocked down, but not out,' Ratan Tata avowed. To communicate a message resonating this spirit, the Taj ran a three-

The Taj Group of Hotels

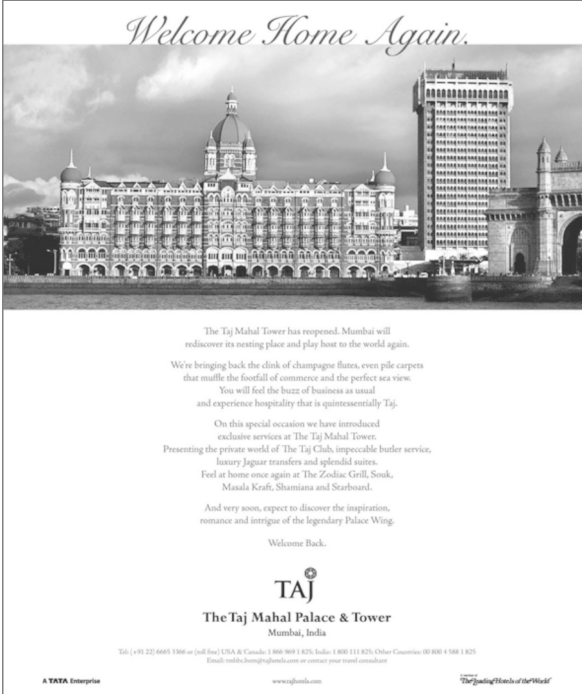
Figure 4.8: The Media Communication Released by the Taj on the Day after the Terror Attack



part communication campaign ‘Taj Forever’, which aimed at healing, moving forward and communicating to the world that ‘Taj is forever’. The first part emphasized defiance. ‘It really hurt us that our flagship hotel was targeted. We were so emotional about it, and that was the message we tried to communicate by publishing defiant messages,’ Deepa shared. The second part of the campaign contained healing messages to people who were injured and affected through this tragedy. The final part of the campaign emphasized that the hotel was renovated and the Taj was once again ready to welcome its guests.

Win-Win Corporations

Figure 4.9: The Taj Mahal Palace Mumbai Announces Its Reopening



Welcome Home Again.

The Taj Mahal Tower has reopened. Mumbai will rediscover its nesting place and play host to the world again.

We're bringing back the clink of champagne flutes, even pile carpets that muffle the footfall of commerce and the perfect sea view.

You will feel the buzz of business as usual and experience hospitality that is quintessentially Taj.

On this special occasion we have introduced exclusive services at The Taj Mahal Tower.

Presenting the private world of The Taj Club, impeccable butler service, luxury Jaguar transfers and splendid suites.

Feel at home once again at The Zodiac Grill, Souk, Masala Kraft, Shamiana and Starboard.

And very soon, expect to discover the inspiration, romance and intrigue of the legendary Palace Wing.

Welcome Back.

TAJ

The Taj Mahal Palace & Tower
Mumbai, India

Tel: (+91 22) 6665 5366 or (toll free) USA & Canada: 1 800 969 1 825, India: 1 800 111 825, Other Countries: 00 800 1 588 1 825
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It was a common resolve that the Tower wing should be opened in record time. Within just three weeks of the attacks, it did reopen. It even went ahead with other planned events for December 2008 including launching the Vivanta by Taj in Bangalore, the Pashan Garh Lodge Resort in Panna (Madhya Pradesh) and the Taj Club House Chennai. The message to the world was that the Taj was not going to be bogged down by such acts of cowardice.

The weekend before the Taj was reopened, a staff-only programme was organized where spiritual leaders from all major faiths conducted prayers and healing rituals. For forty-five minutes, the names of all 1700 employees of the Taj Mumbai were read out to appreciate the

The Taj Group of Hotels

unity with which they stood behind the company. ‘Just to hear all our names echo in that hall was so reaffirming. It united us in a way that went deeper than the usual team-building programmes,’ reminisced Bickson. The next day, 1000 people, including guests, friends and family, applauded continuously for fifteen minutes, tears streaming down many faces, as the 540 Taj employees who were on duty on the night of 26/11 strode proudly through the lobby on a red carpet. They were the real heroes of a real adventure—the game called life. To share their solidarity with the families of those who had lost their loved ones, the Taj placed a memorial in the lobby, with the names of all thirty-one victims. It was a humble tribute to their bravery and sacrifice in the darkest hour of the hotel’s history. It was a memorial for the future generations to commemorate the ideals the departed employees had placed before the company and its guests. In the months following the attack, the employees at the Taj Hotels were trained in advanced security, safety and disaster management in collaboration with a specialized Israeli company. Traditionally, hospitality and security don’t go hand in hand. Yet, what 9/11 did to the American airline

**Figure 4.10: Ratan Tata and the Taj Senior Leadership
Celebrating the Reopening of the Taj Mahal Palace Mumbai**



Win-Win Corporations

industry, 26/11 did to the Indian hospitality industry. The fun and freedom of going to a five-star hotel and relaxing in a cocoon was lost in large measure for good.

On reflection, there are three lessons that companies and institutions can learn from the Taj in light of their response to the terror attack. Firstly, the way in which Ratan Tata and the entire management of the Taj handled the aftermath. It was the most mature response to an event of that magnitude. What left most people spellbound was that within three weeks of the attack, the Taj once again opened its doors to welcome guests. It was symbolic of defiance coupled with courage. Secondly, the response towards their employees. Typically, when two-thirds of a hotel is closed down, any organization would retrench some part of its employee base, as large as 1800 people. However, the Taj didn't. Not a single person was retrenched. Instead, the period was used to further train the employees and raise service levels. Many were transferred to other Taj properties so that they could continue their good work. Lastly, the manner in which the Tatas decided to take care of the families of the deceased, not only the employees but also from the public at large, was beyond normal expectations. These lessons go far beyond a winwin solution or strategy. They were far beyond any economic or even ethical considerations. They were in the realm of morality and bordered upon spirituality. An acknowledgement to this came from a person no less than the President of USA. In 2010, during his historic ten-day visit to India, President Barack Obama chose the Taj as his residence in Mumbai to show his solidarity with the victims of 26/11. During the visit, he said, 'To those who have asked whether this is intended to send a message, my answer is simply, absolutely!'

Through fascinating case studies of prominent Indian companies, Dr Shashank Shah distils key insights that are highly useful for companies all over the world. My congratulations on a terrific book.

- Raj Sisodia, co-founder and co-chairman,
Conscious Capitalism Inc.

This book shines light on some great examples, homegrown and nurtured uniquely, that can be leveraged for scaling a unique model of doing business in this most interesting and complex country.

- Arunkumar N.T., managing director, UBS
India

At a time when corporations and leaders are viewed with suspicion, the examples in the book demonstrate that it is possible to do well while doing good.

- Sunil Mithas, professor,
Robert H. Smith School of Business,
University of Maryland

'Dr Shah's book—drawing on original interviews, folksy narrative, management theory and including a valuable implementation toolkit—is a worthy read indeed'

Tarun Khanna, professor, Harvard Business School

'An engaging and inspiring read'

Ravi Venkatesan, chairman, Bank of Baroda

'Shashank takes us into the DNA of these successful companies and iconic brands with the ease of a master storyteller. After a long time, we have a business book grounded in reality'

Ranjit Shahani, vice chairman and managing director, Novartis India

'An important contribution to management thinking'

Mukund Rajan, chief sustainability and group ethics officer, Tata Sons

'A wonderfully nuanced insight into the world of corporate India through the lens of culture, governance and values'

Renuka Ramnath, founder, CEO and MD, Multiples Alternate Asset Management

'This is an excellent book of case examples . . . Executives and students will learn a great deal by paying attention to the lessons here'

R. Edward Freeman, university professor, Darden School of Business, University of Virginia

'Win-Win Corporations is a fascinating book on the Indian way of creating successful companies . . . A must-read for all business leaders and entrepreneurs'

Ashu Suyash, managing director and CEO, CRISIL

'Dr Shashank Shah's work is a fresh breeze'

Justice M.N. Venkatachaliah, twenty-fifth chief justice of India

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