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## Moral Hazard



*The sub-prime crisis calls for radical solutions like setting up of global regulators for financial and capital markets*

By V. Raghunathan

The issue of moral hazard is bound to raise its head every time there is an actual or near belly-up of corporates like Enron, World Com, Global Crossing; or merchant bankers like Barings or Bear Sterns or banks like Société Générale or UBS. Or when there is belly-up of economies, as in the case of the sub-prime crisis - the mother of all moral hazard problems.

To answer the unasked question, moral hazard is the possibility that a certain party acts with less diligence because it does not bear the full risk of its actions, and hence does not suffer full consequences of those actions, because it is in a position to pass on a part of that risk and consequences to another party.

Moral hazard is rampant in life. When you buy a second-hand car, the seller knows for example, and you don't, that every two months, its engine leaks oil and the gear box gives trouble. He sells you the car for a price that you would not have paid had you known the problem. So you

end up paying more than the car is worth and suffer the consequences. You have been a victim of moral hazard problem.

Again, if I know that I have a family history of Alzheimer's, a fact that the insurance company is unaware of, I can avail of an attractive insurance policy, leaving the insurance company with a higher payout risk. Similarly, an entrepreneur may borrow heavily and invest in risky projects. If the projects make money after paying the bank, he is left with a good margin. But if the risk turns adverse, he defaults, leaving the lenders to absorb the losses. These kinds of moral hazard problems arise on account of unsymmetric information between two or more parties. The party with higher information content is able to exploit the others.

Another set of moral hazard problem arises due to "principal-agent conflict". This set of moral hazard arises when the interests of those who own or control a resource (Principal) are not aligned

Continued on page 4...

### What's in

Entrepreneurship – 3  
Indians making it big on Web 2.0



Trends – 5- 8

Why freebies are still a hit  
Sustainability reporting  
Who said money cannot buy happiness?  
Carbon labels are here  
Industry lax on climate change threats  
Green hotels are in  
Death of desktops

Innovation - 9

Eradicating illiteracy, karaoke style  
Tatas, RIL, top innovator list



### CSRSpecial 12-16

Case Study: HSBC India  
**Unmesh Brahme**



What's responsible business?  
**Vasanthi Srinivasan**



The 'How' of CSR  
**Sangeeta Mansur**

Case study: Zensar Technologies

Spirituality

**Sri Sri Ravi Shankar**

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Crossword, OffBeat

# Indians are making it big on Web 2.0

*There's a general perception that Indian entrepreneurship in the online world is yet to make a start and that Web 2.0 is still alien to them. The same perception holds good about whether Indian brands are taking the web seriously for marketing*



Alok Kejriwal, pioneer of online gaming in India, and also a pioneer in making brands use online medium, thinks otherwise. Speaking at a media forum in Bangalore recently, he reeled out a list of names of online businesses that are doing very well and is confident that brand managers are beginning to leverage Web 2.0. Here's a sample of the success stories of innovative companies that have made an impact globally. Of course there are dozens of domestic online businesses in travel, auto and matrimony sites that are catching up.

**Scrabulous:** Scrabulous was created by Rajat and Jayant Agarwalla, from Kolkata and hosted on Facebook. After not finding a decent online environment to enjoy word games, the brothers decided to create their own website so that users from all over the world could enjoy.

Launched in July, 2006, Scrabulous is an amazing game and is enjoyed by millions of users from all over the world. At Scrabulous, you can play in real time inside the game rooms, with people from all over the world. You can also invite friends into a room and match them. The site has been featured in the *Wall Street Journal*, the *New York Times*, the *Telegraph*, and other major news publications across the world for its innovation.

The brothers attract around 700,000 players and earn \$25,000 to \$50,000 per month.

**iRead:** Started by Harish Abbot (Stanford Business School) and Krishna Motukuri (IIT Kharagpur). iRead is housed on Facebook. Here people review and rate books. They also discover new books. The site has been able to draw one million installations with 30,000 daily users.

**Rediff iShare:** Rediff recognized the importance of user-generated content and therefore introduced a music and video sharing platform. This has resulted in greater time spent on the site and as well as consumption of more content.

**Games2Win:** Started by Alok Kejriwal, it receives 2 million plus visitors per month from 200 countries indicating that Web 2.0 enables you to become destination agnostic. "We encourage our visitors to shoplift our content," he says.

**ZOHO:** AdventNet, which owns Zoho, is a new on-demand office productivity suite competing with the biggies such as Microsoft and Salesforce.com. It's a brainchild of Sridhar Vembu of IIT Madras and Princeton PhD. ZOHO has a 600 engineer team, \$40 million business with \$1 million profit per month. Founded in 1996, AdventNet focuses on building affordable software for businesses.

Alok Kejriwal believes that web 2.0's benefits which are - participative for consumes, transparent and open, involving, always on, portable and community centric - will be a great breeding ground for newer applications.

**Contest2win.com:** It is one of the oldest - 1998 - and is the most well known online brands in India. Founded in 1998, C2w is now one of the richest UGC (User Generated Content) Web 2.0 sites in India. Users can not only play thousands of contests and win hundreds of prizes but also create their own contests. The Crossword engine is the 7th contesting engine rolled out by C2w recently. The earlier ones include Quiz, Polls, Faceoffs, Rate Me, Twister and an immensely popular Hangman engine. Users can use these various engines and create their own contests - share it with friends, embed it on their blogs or facebook profiles etc. Prizes of course continue to remain a key element at C2w.

C2w is a profitable dot com enterprise that has executed over 1500 interactive campaigns for over 300 Fortune 500 brands and has created a new interactive marketing format called "advergaming".

C2w expanded to China leading to the formation of Mobile2win. M2w has a leadership position in wireless marketing in China and India and is a leading player in the consumer VAS business in the APAC region. Within 2 years of starting, mobile2win has become a Stanford University case study for wireless marketing. Post mobile2win, Alok has incubated and launched two other companies - Media2win in December 2004 - India's first integrated full service Interactive agency, and Games2win in August 2005 - India's first Casual Gaming portal.

There are more to look out for.

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*Continued from page 1...*

properly with those who manage that resource (Agent). For example, if you are a 100% promoter of your company, you spend with great care, since you pay for everything. But if you are a 51% promoter with 49% stake held by other minority shareholders, you are more inclined to have a thicker carpet in the office, rent fancier cars and hotels, fly first class and such, since you (principal) are paying only about half of the cheques, while others (agents) are paying for the balance. At another level, a professional manager may choose to invest in more risky projects, since a success may promise him big bonuses, while a failure still protects his salary, apart from the fact that the consequences of failure are shared by the depositors, tax-payers and other creditors.

A less evident example of principal-agent conflict arises when one insured against fire is less vigilant against the risk of fire as compared to one who is not, since a good share of the loss will be borne by the insurance company. Similarly, the selling of consulting and other services by big audit firms presents another moral hazard issue.

The sub-prime case appears to combine elements of both, with moral hazard leading to enormous sums being lent to highly risky mortgages, while the tab has been picked up by many innocent parties worldwide. The same may be said of the management of merchant banks who wink when their traders take huge positions. The success of those positions accrues huge benefits to them in bonuses, while failure does not entail symmetric losses to them. In fact, losses are often absorbed by many other parties, and in larger systems like the sub-prime, entail huge international ripples.

***The need of the hour seems to be something radical, particularly if moral hazard emanating from a single economy like the US is beginning to have severe domino effect in the rest of the world***

So what can be done to contain the moral hazard problem? Logically, regulators must not only have stringent regulations on leveling information asymmetry and aligning principal-agency interests in the markets, especially in banking, financial, insurance and capital markets (the stakeholders of all of which sectors were either parties to or victims of the sub-prime crisis), but know when to intervene and ensure that intervention systems work. However, all regulators try to attempt such interventions; the need of the hour seems to be something radical, particularly if moral hazard emanating from a single economy like the US is beginning to have severe domino effect in the rest of the world.

For instance, if an institution seriously compromises the interests of others within an economy, the local regulator, at least in principle, may be expected to control it or take suitable measures against that institution for unleashing the hazard. But which regulator could pull up the US or could have intervened to prevent the US from inflicting the effect of its collective sub-prime hazard on the rest of the world? Perhaps, what we need, but what we may not get for a long time, is a world financial regulator; a world capital market regulator; a world banking regulator – all of them housed outside the USA, China or Russia!

*The author is CEO, GMR Varalakshmi Foundation and former Professor of Finance, IIM, Ahmedabad.*

# The power of *Free*

*In his recent book **Predictably Irrational**, Dan Ariely, an MIT professor of behavioral economics, has attempted to answer the mystery of the universal urge for freebies and how irrationality is so common*



*Dan Ariely*

need any of them?

Dan Ariely seems to have the answer for this kind of ‘rational’ behavior. In his latest book, *Predictably Irrational: The Hidden Forces That Shape Our Decisions* (HarperCollins February 2008). The Professor of behavioral economics at MIT and Sloan Business School argues that it’s no secret that getting something free feels very good. “Zero is not just another price, it turns out. Zero is an emotional hot button—a source of irrational excitement.”

“What is it about zero cost that we find so irresistible? Why does ‘free’ make us so happy,” he asks. “After all, free can lead us into trouble – things that we would never consider purchasing become incredibly appealing as soon as they are free. What is it about free that is so enticing? Why do we have an irrational urge to jump for a free item, even when it’s not what we really want?”

Ariely’s answer: “Most transactions have an upside and a downside, but when something is free we forget the downside. Free gives us such an emotional charge that we perceive what is being offered as immensely more valuable than it really is. Why? I think it’s because humans are intrinsically afraid of loss. The real allure of free is tied to this fear. There’s no visible possibility of loss when we choose a free item (it’s free). But



suppose we choose the item that’s not free. Uh- oh, now there’s a risk of having made a poor decision—the possibility of a loss. And so, given the choice, we go for what is free.”

Ariely’s book has profound implication for all. He says our understanding of economics, now based on the assumption of a rational subject, should, in fact, be based on our systematic, unsurprising irrationality. He argues that greater understanding of previously ignored or misunderstood forces like emotions, and social norms that influence our economic behavior brings a variety of opportunities for re-examining individual motivation and consumer choice, as well as economic and educational policy.

Drawing on psychology and economics, behavioral economics can show why cautious people make poor decisions about sex when aroused, why patients get greater relief from a more expensive drug over its cheaper counterpart and why honest people may steal office supplies or communal food, but not money.

***“Zero is not just another price, it turns out. Zero is an emotional hot button - a source of irrational excitement”***

It can help businesses unlock understanding of common behaviors and choices in buying, pricing, investing and saving, employee recruitment and selection, office politics and a myriad of other choices and interactions.

As a behavioral economist, Ariely’s research has shown that we all succumb to irrationality in situations where rational thought is expected. He is an expert on how people actually act – and why they act – in all kinds of business and economic environments, and what this means for business innovation, strategy, marketing and pricing.

In this groundbreaking work, Ariely presents often humorous and peculiar research findings that provide new insights into human behavior – that will help us make better decisions as individuals, as corporations and as a society.

## Sustainability reporting getting academia support

When it comes to sustainability reporting, it's got to be **Global Reporting Initiative (GRI)** that one turns to. Sustainability reporting is where an organization publicly communicates its economic, environmental and social performance. GRI, in its latest version G3, provides guidelines to sustainability reporting in terms of principles and disclosure items. More than 1,000 organizations from 60 countries are using the guidelines to produce their sustainability reports and many more are eager to learn how to do it.

It looks like even academia and governments are interested in popularising GRI's agenda. Leveraging this interest, GRI has launched a program called GRI's Matchmaker Program, which pairs universities and companies - with sustainability reporting functioning as a "living laboratory." Here, management grads help companies make and refine their sustainability reports as per the GRI guidelines. Both the students and the company benefit from learning and refinement of reports.

The education institutes seem to be interested. For example, Boise State University students helped, Natura Cosmetics, a company in Brazil, prepare its 2006 annual report on Sustainability. They also helped a forestry company to benchmark its report against a competitor. The case studies written by Boise State Professor Mark Buchanan based on these experiences are being published by GRI in advance of the GRI Sustainability and Transparency Conference, being held in Amsterdam this May.

## Money can buy happiness!

The famous Easterlin paradox showed that economic growth did not necessarily lead to more satisfaction with life. Japan was a good example for demonstrating this paradox. Between 1950 and 1970, despite impressive economic growth, Japanese polls showed that the percentage of people who gave the most positive answer to satisfaction fell.

Now, Betsy Stevenson and Justin Wolfers have put together a study which not only proves the paradox wrong but also questions the methodology of measurement of satisfaction between 1950 and 1970. They have discovered that the question asked in the seventies in Japan differed from the one asked in



the fifties and argue that due to this change, the percentage of satisfaction fell!

Their study actually shows that satisfaction does increase with economic growth. This has been proved to be true for 8 out of 10 European countries. 'The central message is that money does matter', they say.

But we don't think that can be a generalization because countries like the US and China, as we know, do not show an increase in satisfaction despite economic growth.

So, obviously, the answer lies somewhere in between. Apart from money, there must be some other variables that moderate satisfaction, and hopefully, future research will unearth these moderator-variables. Till a reconciling theory emerges, each of us has a choice of defending our outlook by either quoting Easterlin or the Stevenson-Wolfers pair.

## Carbon label is here

With carbon footprint being a hot topic, some companies are really taking this serious and turning this into a differentiator. We may recall the announcement by Tesco last year about its intention to publicize the



amount of carbon production by its 70,000 products and how it attracted protests from many manufacturers who claimed carbon labeling was a mere distraction from focusing on energy efficiency. Now, Timberland has put a carbon label on its shoes. The company has not only put the label on 60 of its products but has also announced that all its products will be carbon-labeled by 2010.

The labeling is on a scale of 0 to 10. Zero means less than 2.5 kilograms of carbon and other greenhouse gases were emitted when the shoe was produced and shipped, and a 10 means 100 kg.

While the initiative is impressive, we're yet to see if consumers will be able to interpret it rightly and make decisions based on it. Perhaps, a consumer awareness campaign would complement the initiative and render it effective.

The opponents of carbon labeling would argue for a focus on energy efficiency, instead; but publicising the carbon footprint to consumers is a great step in transparency and accountability that empowers consumers and pushes manufacturers to comply. This is all about leading the market by the horns, staying ahead of consumers' wants, doing the right thing and also benefiting by it. Will more manufacturers follow?

## Industry lax about climate change risks



The climate change risks that companies should be paying more attention to are not only direct risks of climate change but indirect risks as well. They encompass physical, regulatory and reputation risks as well as the emerging risk of litigation. How well prepared are the current industries to meet these risks is the question answered by KPMG in their latest report *Climate Changes Your Business*, 2008.

The report plots industries on two axes- level of risk perceived and preparedness for risk and classifies the plot in three major groups- industries in danger zone, in middle risk and safe zone.

Aviation, healthcare, tourism, transport, oil and gas and the financial services sector all feature in the danger zone. Manufacturing, Retail, Building and Real Estate, Pharmaceuticals, Automotive, Insurance, Construction and Materials, Mining and Metals and Utilities are in the middle-risk zone. Telecom, Food and Beverages and Chemicals find themselves in the safe zone. Despite the variations in risks and preparedness, one uniform finding across the industries is that all of them underestimate the risks and are not sufficiently prepared to meet the risks.

Quite an alarming and disturbing finding, this one! Given the climate change, perhaps everybody –and not just the Finance professional- needs an education in Risk Assessment and mitigation. The full report, *Climate Changes Your Business*, can be downloaded from <http://www.kpmg.nl/sustainability>

## Green hotels enter India

The wave of CSR and sustainability is finally reaching tourism and hospitality - two sectors that have historically ignored the environment, contributed to a heavy carbon footprint and sucked up huge amounts of energy.

Globally there has been a rise in eco-friendly hotels, and what's new now, although very few in number, is the rise in what are called 'Green hotels'. Conceptually eco-friendly hotels differ from green hotels in that eco-friendly hotels are built with recycled material while green hotels have a commitment towards saving energy through various means.

India has nine eco-friendly hotels as of now with ECOTEL certification such as Lotus Suites in Mumbai and Uppal's Orchid in New Delhi and no green hotel so far. The Park Hotel that's going to come up in Hyderabad in 2009 is going to be the first green hotel in India. The investment in this 280-room hotel will be around Rs 350 crore - 15% more expensive than a non-green hotel.



Skeptics have always raised questions like 'how green is green?' because several hotels have tried claiming green while paying tokenism to the cause. Tourists who are environmentally conscious and believe in ecotourism are often clueless as to how to verify claims made by these hotels. It's heartening to know that there are international norms for crediting hotels as green.

Though the initial cost of construction is almost 15% higher for a green hotel, it can recover that through efficiency in operations. A green hotel saves 34.7% of the energy costs, according to an estimate. Reportedly, the Oberoi group is also likely to come up with two such projects - in Hyderabad and Goa. Indian Green Building Council (IGBC) estimates the number of green hotels in the world to touch 100 in the next two years. Good to know India has begun its share in the pool.

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## trends

# Five mega trends in unified communication

**M**ike Rhodin, Lotus Software general manager, came up with five predictions about global unified communications while delivering his keynote at the VoiceCon 2008 March, this year at Orlando. They are:



**The virtual workplace will become the rule:** Desk phones and desktop computers will gradually disappear, replaced by mobile devices, including laptops that take on traditional office capabilities. Social

networking tools and virtual world meeting experiences will simulate the feeling on being there in-person.

**Instant messaging and other real-time collaboration tools will become the norm, bypassing e-mail:** Just as e-mail became a business necessity, a new generation of workers has a new expectation for instant messaging as the preferred method of business interaction.

**Beyond phone calls to collaborative business processes:** Companies will go beyond the initial capabilities of IM, like click-to-call and online presence, to deep integration with business processes and line-of-business applications.

**Interoperability and open standards will tear down proprietary walls across business and public domains:** Corporate demand for interoperability and maturing of industry

standards will force unified communications providers to embrace interoperability.

**New meeting models will emerge:** The definition of "meetings" will radically transform and become increasingly ad hoc and instantaneous based on context and need.

## ESG Index in India

**F**inally, ESG Index is here in India. ESG Index comprises listed companies that meet certain environmental, social and governance parameters.

The S&P Index in India is initiated and sponsored by International Finance Corporation (IFC), a member of the World Bank group. It consists of 50 Indian companies that meet certain ESG criteria, that have been selected from the largest 500 companies listed on the National Stock Exchange of India through a two-stage screening process.

The index employs a unique and innovative methodology that quantifies a company's ESG practices and translates them into a scoring system which is then used to rank each company against their peers in the Indian market. Unlike previous indices of this kind that measure ESG parameters on a committee and internal consensus basis, this index and its quantitative scoring system, offers investors complete transparency.

Its positive performance will surely give a fillip to the movement of social investing that is yet to start in a big way in India, and in this context, it would be interesting to watch how investors would take to this index and how it's going to perform in times to come.

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# Eradicating illiteracy, karaoke style



Dr. Brij Kothari

The number of illiterates in India today is a shame. True, the task is daunting. But then, when the problem is big and resources limited, innovation is the only way. Dr. Brij Kothari, professor at IIM Ahmedabad has come up with the revolutionary "Same Language Sub-titling" (SLS) of Bollywood film songs on TV, for mass literacy in India.

It works this way: A Gujarati illiterate starts watching *Chitragheet*, a Gujarati television program of film songs, which has sub-titles at the bottom of the screen. Since he knew many of the songs, he could anticipate the next word. When it appeared he would read it unconsciously and sing along, karaoke style. Soon he found he was able to recognize words in the bazaar, and before long, he was reading headlines in the newspaper.

It's clear that when lyrics are sub-titled on film songs, and words appear in sync with the actor's voice, the viewer makes a sub-conscious link of the spoken to the written word. Literacy, thus, takes a sudden leap for early and struggling readers. For the past five years, every Sunday morning, 15 crore persons are reported to have watched *Chitrahaar* and *Rangoli* with subtitles.

An AC Nielsen study, conducted in 2002 and 2007 to assess the impact of sub-titling, showed that only 25% school children could read a simple paragraph in Hindi after five years of schooling. However, this jumped to 56% if they were also

exposed to subtitling for 30 minutes a week on *Rangoli*. Equally dramatic results were found among adults.

Writer Gurucharan Das estimates that it costs a pittance (one paise per person per week) compared to the rewards of giving lifelong reading practice to 15 crore early literate persons every week. In his column in *The Times of India* recently, he wonders **why subtitling, which raises the ratings of the programs by 10-15%, private channels have not jumped into this game, including children's cartoon channels.**

The SLS project has received awards from the Tech Museum of Innovation (San Jose), Development Marketplace (World Bank, Washington D.C.), the Institute for Social Inventions (London), and Manthan (New Delhi).

Dr. Kothari, along with P G Vijaya Sherry Chand and Michael Norton have written a book titled *Reading Beyond the Alphabet: Innovations in Lifelong Literacy* to further their innovation. The book focuses on "lifelong literacy", that is retention and improvement of basic reading, writing and numerical skills throughout the lifespan. The authors believe that "the National Literacy movement has successfully generated scores of "literate" people with neo - or semi-literacy skills, but has not been able to adequately address the persistent problems of low skill levels."

The authors are united in accepting that literacy is much more than just the 'three Rs'. They have emphasized the relationship between literacy and personal and social empowerment, and that literacy forges links between skill development and people's everyday lives.

## Tatas, RIL, top 2008 Innovator list

For the first time, the Tatas and the Reliance Industries Limited have found a place in the global top 25 best innovator list of *BusinessWeek*. The 2008 list, done jointly with Boston Consulting Group, has a few surprises but the usual names are still firmly entrenched. The top ten are Apple, Google, Toyota, GE, Microsoft, Tata, Nintendo, P&G, Sony and Nokia in that order.

**In the list of world's 25 most innovative companies, Tata group was ranked the sixth position, while Reliance Industries got in at the 19th spot.** Interestingly, the Tata group, at sixth position, is ranked higher than companies like Nintendo, Procter & Gamble, Sony, Nokia, Amazon.com, IBM, Blackberry-maker Research in Motion, BMW, Hewlett-Packard, Honda Motor, Walt Disney and General Motors. Besides, Reliance Industries has also beaten global giants like Boeing, Goldman Sachs, 3M, Wal-Mart, Target and fast-growing social networking website Facebook.

While the announcement of the paradigm-busting \$ 2,500 'Nano' car for the masses" made a huge difference, what

supplemented it is the business model that went with it. The world's cheapest car is thanks partly to a distribution model that sells the auto in kits to entrepreneurs who assemble them for buyers.

RIL's reason for its ranking is less spectacular but is nevertheless important. Mukesh Ambani's big push into the retail is known to have got him the recognition.

As usual the survey is weighted towards US companies. The only European entries in the top 30 are Nokia, BMW, Virgin and Audi. Unlike the earlier survey, this year's World's Most Innovative Companies added three financial measures to the mix to determine the rankings. For this year's list, votes cast in the proprietary BusinessWeek-BCG survey received 80% of the overall weighting, stock returns were weighted 10%, while three-year revenue and margin growth each got 5%.





## PORSCHE Design

The new P'9521 cell phone from Porsche Design blends purist style with the latest in communication technology from Sagem.

### Features

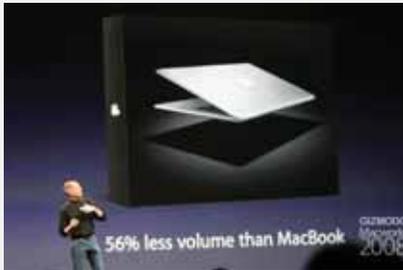
- Sensor to identify the user by fingerprint.
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## Apple Mac Book Air

*Mac Book Air is sheer excellence in design without compromising on performance – true to Apple family culture*

### Thin is in the details



The innovative now-you-see-it, now-you-don't port hatch flips down to reveal (and closes to hide) all the ports you really need: a USB 2.0 port, a headphone jack, and a micro-DVI port that

supports DVI, VGA, composite, and S-video output. Even the MagSafe power connection has been reconsidered and slimmed to fit MacBook Air.

MacBook Air includes an oversize trackpad with multi-touch technology. You can pinch, swipe, or rotate to zoom in on text, advance through a photo album, or adjust an image. This gesture-based input so successful on iPhone and iPod touch now comes to MacBook.

The backlit LED display allows for an even thinner build. It provides instant full-screen brightness the moment you open MacBook Air. The mercury- and arsenic-free display is also more power efficient, which translates to longer battery life.

### So thin yet so expansive

MacBook Air comes with a way-more-than-generous 2GB of RAM built in — ample memory for working with your favorite applications. The 80GB hard drive provides plenty of storage space. And you have the option to upgrade to a 64GB solid-state drive, which has no moving parts for enhanced durability.

### Micro. Chip

MacBook Air performance is as impressive as its form, thanks to its 1.6GHz or 1.8GHz Intel Core 2 Duo processor. This chip was custom-built to fit within the compact dimensions of MacBook Air.

### Built-in iSight camera

Unlike most other ultraportable notebooks, MacBook Air includes a built-in iSight camera. It's so smartly integrated, you hardly notice it's there. The iSight camera and iChat software make video chatting easy anywhere there's a wireless network.<sup>2</sup>

### The battery is slimmer. The performance isn't

The MacBook Air battery is our thinnest ever, yet it doesn't compromise power. You can access the web wirelessly for five full hours.

### Without wires, you're free to go anywhere

MacBook Air is the notebook that allows for a fully wireless lifestyle. It all starts with the fastest-available, next-generation 802.11n Wi-Fi and Bluetooth 2.1 + EDR built in. And that's just the beginning of the unprecedented wireless capabilities of MacBook Air.

### Introducing wireless backup

Mac OS X Leopard brought you Time Machine, the built-in backup that automatically copies files to an external drive. And now, Time Capsule — the new hard drive plus Wi-Fi base station — lets you use Time Machine to wirelessly back up your files. It's effort free and yet another way MacBook Air lets you live and work untethered.

Price \$1,799

Available in iStores and Imagine Stores

## BeoCom 1401

BeoCom 1401 is a no-nonsense, corded telephone with an ultra-light handset. It is very comfortable in use and has the clear sound and voice reproduction that is the mainstay of Bang & Olufsen telephones. Whether



on a wall or on a table, BeoCom 1401 stands out as an example of Bang & Olufsen's simplicity in functionality.

BeoCom 1401 offers a look that is discreet, but clearly very well thought through. This is further underlined by the use of quality materials and the obvious craftsmanship in its manufacture. Available in yellow, grey, black, and blue, BeoCom 1401 can blend in or stand out as wanted.

Bang & Olufsen Mumbai, Grand Hyatt Plaza, Mumbai.



# Corporate Sustainability at HSBC India

*The 'world's local bank' truly goes local – to the communities – to make an impact. Unmesh Brahme shares HSBC's sustainability strategy and execution with ManagementNext*

**By Unmesh Brahme**

Corporate entities have historically focused on financial bottomlines and profits as a key measure of success. And, more often than not, corporate social responsibility has been relegated to sporadic philanthropic donations to charities. Over the years, increasing citizen activism, demands from regulatory authorities and the enhanced self-learning of businesses around the world that we live on a finite planet with finite resources, have indeed created a new trend.

Businesses now understand that the pursuit of profits need not be at the expense of social equity, environmental quality and overall economic prosperity for communities, countries and regions in which they operate. In fact, integration of social, environmental and economic concerns into business strategy can indeed help corporates succeed not only financially, but also make a visible impact in communities worldwide by helping resolve the pressing social and environmental problems of our time.

It is now a foregone conclusion that businesses do not operate in vacuum. They are increasingly connected to a web of stakeholders: employees, customers, government, regulatory authorities, NGOs, citizen activists, consumer watchdogs and communities, across disperse geographies. Issues of social development, environmental management, natural resource conservation now assume as much importance as deliberations on corporate strategy, product /service delivery, innovation and value addition. Indeed, companies who believe in corporate responsibility and sustainable development have remodeled their mission and operating frameworks taking cognizance of social and environmental needs, both locally and globally.

HSBC is no exception. Our vision is to be the world's leading financial services company. We want HSBC to be the first choice for our customers and for our employees - the best place to bank and the best place to work. We also believe that we can play a role in helping to address the formidable challenges facing society today. **And by helping to make the world a better place to live, we will also make our own business more sustainable.**

**HSBC's definition of sustainable development is based on the principles of the 1987 Bruntland Commission - that development should meet the needs of the present without compromising the ability of future generations to meet their own needs.** In practice, this means continuing to observe the highest standards of conduct in the provision of financial services to our customers and in discharging our responsibility to society as we have done throughout our history.

**So how do we link our CSR work with our business vision and strategy and how do we measure our success?**

Banks have an important role to play in driving economic growth. But this can only happen if communities are in a position to participate in India's success story. We realize this dichotomy; hence channelise our CSR efforts in the direction of financial inclusion initiatives. We also understand the need to protect the environment for posterity as an essential prerequisite to have a healthy world and hence invest in a number of initiatives in ecosystem conservation, environmental awareness and climate change.

**We consider that our responsibility to fund projects with a positive environmental impact is as important as not funding those with a negative one**

In October 2005, we became the first bank to go carbon neutral, offsetting those emissions that, inevitably, we cannot eliminate. Our London HQ has been recognised for its green credentials. We are also delighted that our new Mexico HQ was the first building in Latin America to be accredited by the US Green Building Council for its environment-friendly construction. Our Global Resourcing company in Hyderabad has recently received the LEEDS green building rating from the US Green Business Council. In India, we are taking steps to ensure clean energy sourcing and energy saving for all our premises. We have also initiated rainwater harvesting in some premises to recycle rainwater to the ground and replenish groundwater reserves. Our energy audits result in further energy savings and reduction of our carbon footprint. Our ultimate aim, globally, is to incorporate environmental

and sustainable construction elements into all future refurbishment and redevelopment of branches and offices around the world.

As a bank, we are fortunate to be in an industry that is not itself a major polluter. However, banks fund all sorts of businesses, including those in environmentally sensitive sectors such as energy, water and forestry. So indirectly, our business is inextricably linked to industries that do have a much larger direct impact.

We have adopted a number of international codes guiding the conduct of our business such as the **UN's Principles of Responsible Investment**. By signing up to international standards, such as the **Equator Principles and the UN Global Compact**, we signal our aspirations for sustainable development. But in some particularly environmentally sensitive sectors, we think it appropriate to be more explicit about how we will – and won't – do business. So we have formulated policies governing our involvement in the forestry, water and chemicals sectors; we have also issued an energy policy and a metals and mining policy will follow later this year.

The purpose of these policies is twofold: to define the parameters of how we will do business with companies in each of these sectors, and to work with clients to develop a more sustainable approach to development. **We do reserve the right to withdraw our support from companies who flagrantly ignore the environmental impact of their business** but it is our overwhelming preference, and the overwhelming preference of our customers, to work together to improve their and our sustainability.

HSBC's own internal principles and operating standards complement the external standards we support. These principles are applied consistently across the world, and which we hope will be an influence for good. HSBC's anti-bribery and corruption policy is an example of how an international business such as ours acts as a force for decency, helping to raise standards through the way it conducts its business.

The second way we are exercising our responsibilities is in seeking new business opportunities that embrace the concept of sustainable development. We consider that our responsibility to fund projects with a positive environmental impact is as important as not funding those with a negative one. So we are looking at a carbon, water and forestry finance strategies, among others. **The launch of the HSBC Sustainability Leaders Fund, HSBC Climate Change Fund, HSBC Climate Change Benchmark Index and the HSBC Climate Confidence Survey are a few examples of our approach.**

**Financial Inclusion is an important component of our sustainability strategy.** HSBC works with children, women and youth to ensure their mainstreaming in to the formal economy as an essential recipe for driving social change at the grassroots. We work with underprivileged children by providing them access to education; with disadvantaged youth, we ensure training in life skills and access to job market; and

## HSBC employees have spent over 50,000 hours volunteering their time and skills to facilitate community activities



in rural India, we work with women to build their capacities in financial literacy and entrepreneurship so as to create an active microfinance intervention.

Our support to education projects worldwide stems from our desire to create a sustainable economy through financial and social inclusion. We believe that children and disadvantaged young people can be assimilated into mainstream economy by delivering a right mix of formal education and vocational job oriented training. We have further reinforced our education commitment by launching on 14 November 2006, the world's only bank led programme to combat child poverty through education and life skills training. Called Future First, this global programme supported by the HSBC Global Education Trust, will help reach out and benefit one million street children, children in care and orphans across geographies where HSBC has a presence.

Community investment allows us to understand underserved markets, new geographies and cultures. Our partnerships with leading charities globally systematically ensure that we are able to make a discernible impact in reducing poverty and creating a sustainable local economy.

All of this would have no meaning if we do not engage our employees in our community activities. HSBC has an active volunteering programme for employees called "Catalyst" which provides them with a platform to actively contribute to improving the quality of life for communities. In the last two years, HSBC employees have spent over 50,000 hours in the community volunteering their time and skills to facilitate community activities.

In the final analysis, we believe that being successful is the primary way of fulfilling our obligations to our customers, shareholders, colleagues and the world at large. At the same time, we recognise that no company can succeed in a failed world. So every successful company, whose success is derived from the country or society where it operates, has a responsibility to contribute to the development of that community.

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*Unmesh Brahme, Senior Vice President,  
Corporate Sustainability, HSBC INDIA*

# What's 'responsible business'?

'Responsible business' is no longer an oxymoron. Today, being responsible can offer greater competitive advantage, says

Vasanthi Srinivasan



In a recent seminar on CSR, every single presentation highlighted the business case for CSR. What struck me was the similarity to a presentation that I heard about a decade ago on leadership development. I am emphasizing on the similarities in both these cases: both have a long term impact, both are inherently investments which

require measurements through lead indicators; both of them require a deep commitment on the part of the leadership team of the organization and finally, last but not the least, both create intangible assets which are difficult to measure. Both of them are acts of faith and require a deeply embedded process, systems and procedures, to make it a way of life rather than a best practice for implementation.

Let me talk about the differences – ten years ago, talent was available in abundance in a country like India. People stayed longer with organizations than they do now. Economic growth of the nation was not as pronounced as it is now, and therefore, mobility for employees was also low. The context has changed, and today, talent management is a part of the business strategy. Organizations are willing to invest large sums of money to talent development today. Does CSR enjoy the same centrestage today? No, but I believe, in a decade, in India, the business case for CSR will no longer be raised. CSR will become a part of the organizational metrics for business performance. This article will discuss the various perspectives that will make this change happen.

The last decade has witnessed a significant change in roles of the government and business. In societies like ours, the roles of the various actors, namely the business, civil society and the Government are changing continuously. There is also a growing recognition that the Government may well find it difficult to meet the requirements of a growing population even on basic issues like governance, health and education, and that the solution to this problem would be more cross sector partnerships. We are witnessing some of these partnerships in the education sector. A healthy population is critical for industry and India's source of competitive advantage is the demographic dividend. Health of the employees and immediate community will be a key concern for the organization. Environmental degradation and imminent water shortage are seen as two drivers for business responsibility in future. Today companies are engaged in energy conservation and rain water harvesting at the organizational level.

How will organizations be able to influence their suppliers and consumers on these issues in the future? Corporate Governance is already emerging as a critical area for businesses. As is evident from the above discussion, the stakeholder perspective provides organizations a sound platform to understand and highlight its corporate responsibility. It is interesting to note that many top Fortune 500 organizations are also the most admired organizations. It is just a matter of time before CSR emerges as a key component of the strategy planning process. However, CSR is not a methodology or a tool or a set to practices to be implemented. CSR has to be embedded in the ethos of the organization and this will be done when leaders recognize that in emerging countries like India, the term 'responsible business' needs to be inclusive – "Ethics", "Leadership" and "Corporate Social Responsibility" have to be seen as three inter-related and integrated elements in the larger canvas of responsibility.

**I believe, in a decade in India, the business case for CSR will no longer be raised. CSR will become a part of the organizational metrics for business performance**

Dipankar Gupta in his book "Ethics Incorporated: Top priority and bottom line" describes "Business ethics as not about morality, but about the establishment of transparent norms of interrelationships; as socially aware entrepreneurship and not just philanthropy; as respectful of the stakeholder and not just the shareholder; as concerned with a code of ethics and not just with a code of conduct; as about establishing employee morale and not just about establishing compliance; as committed to quality arising out of work satisfaction and not just reasons of profit". Such an inclusive definition of business ethics allows organizations to engage with larger issues in society such as bribery, corruption and inequity. Various authors have documented the significant economic costs of corruption to organizations, governments and society. While the business case for CSR and its relationship in creating a source of competitive advantage for organizations is being demonstrated, it should not be forgotten that businesses exist in a society and that the organizational wellbeing is intimately tied to the societal well being.

*The author is an Associate Professor at IIMB and is a member of the IIMB-Centre for Corporate Governance and Citizenship*

# The 'How' of CSR in India

*The CSR discussions in India are getting locked in unnecessary debate about altruism vs. strategy, and awareness issues. It's time the focus shifted towards execution excellence in CSR*

*By Sangeeta Mansur*

As the CSR movement in India picks up steam, conferences and events on CSR are becoming regular fixtures. However, one is not too sure if these events are getting the desired focus and the direction right.

There are two themes which seem to hijack these platforms, irrespective of what they intend to focus on and put on their banner. One is the debate over the Indian favourite, the pure altruistic model of CSR, which the Gandhian Trusteeship Model leans towards, vis a vis the Western counterpart, the strategic model of CSR. Purists and pragmatists lock their horns over this divide, with purists either condemning the self-interest motive of the strategists or being skeptical about the strategic angle, and strategists trying to defend their motive in the name of 'enlightened' self-interest.

The other predominant theme is the one that keeps harping on 'awareness about CSR' and leads on to a listing down of several 'CSR activities' of different companies. If the first is an unnecessary philosophical conflict that's an energy-drainer, the second is a dangerous time-stealer, considering the big picture we need to drive towards.

In the philosophical debates, where pure altruists shun the words like 'strategy' and 'self interest' - one sadly misses the point that be it altruism, be it strategy, the end beneficiary is the society. If we allow a plurality of ideologies, both altruism-based and strategy-based ideologies could co-exist together and work towards benefiting the society. Choosing one over the other can not invalidate the positive impact being created on the society. Pure altruism is a noble idea that appeals to some, and self interest is an incentive that pulls many into the fold of CSR. By getting judgmental about the self interest motive in CSR, we may be, in fact, depriving the CSR movement of a critical mass it needs now to grow exponentially. **We need to get secular about our CSR ideologies- in the interest of the big picture of growing the CSR movement.**

The current discussions that repeatedly talk about 'awareness about CSR' and shout themselves shrill listing down CSR activities, seem to miss the point that there is no use selling an idea to people who are already sold on it. When the 'whys' and the 'what's are obvious to the chosen few who get to attend

these discussions, **why are we not moving to discussing the 'how' of CSR?**

## Know-how transfer

Indeed, there are a few Indian companies doing creditable work in incorporating CSR into strategy, mainstreaming it, institutionalizing it, evaluating it and reporting it. A majority of Indian companies can learn from their experience. Therefore, **it's time the discussions moved from talking about 'activities' of practicing**

**It's time the discussions moved from talking about 'activities' of practicing companies to case studies of 'how' exactly they do it**



**companies to case studies of 'how' exactly they do it** - how do they institutionalize it, what structures, mechanisms and metrics they use, what planning it takes, what frameworks are available, how they measure, how they evaluate and how they report. Only this will take us to the next level of CSR.

It's clear that there is no dearth of commitment to CSR. What we need is the know-how and the people who can implement this know-how. It's a shame that in January 2008, the UN Global Compact de-listed 35 Indian companies, not for non-commitment but for not understanding the requirements of the Communication on Progress report that's mandatory. Even well-known companies like Air India, Apollo Hospital, HAL, Dena Bank, MTNL, PNB and UTI got de-listed for the same reason. Does this tell us something about the know-how and professionalism our companies urgently need in CSR? How do we fill this gap? And where and how are CSR professionals being trained to take on this mantle?

It's time we transcended philosophical debates and discussions over awareness and activities and moved on to best practices, know-how sharing and execution excellence in order to take this movement forward.

# CSR at Zensar is a core value

*Zensar is bringing about holistic development of the community around which it operates. A ManagementNext report*

If awards are an indicator, Zensar Technologies has done well as a corporate citizen. The awards it has won so far include Corporate Governance Business for Social Responsibility Award from the Bombay Stock Exchange (2006); FICCI CSR Award for special contribution to CSR in 2007; the Manthan Award in 2007 for the e-learning module for facilitating HIV/AIDS awareness amongst children. Considering that CSR as a function at Zensar was established only in 2004, the accolades indicate genuine commitment and speed of action.

Zensar Technologies is a Pune-headquartered software and services company with footprint in 18 countries. It has over 200 active customers to whom it provides end-to-end services - IT development, business process outsourcing, consulting and implementation.

**Zensar views CSR as one of its core values and defines it as the holistic development of the community around which it operates.** Transforming lives through holistic development of underprivileged communities is its vision. The focus is on:

- Improving quality of education and health of underprivileged children from identified communities
- Sharing knowledge through IT education for underprivileged
- Improving health of families in identified communities
- Involving associates in its corporate social responsibility initiatives through direct and indirect support
- Partnering with NGOs to encourage and support specific initiatives targeted at socio-economic development.

Zensar believes in internalizing and institutionalizing this philosophy and has set up a foundation to take it forward. Financially, the trust is reliant on contributions made by associates of Zensar and funds allocated by the company. 'ZensarCares' is the core team of associates that is put together to hold the mandate of implementation of all the trust's initiatives at the grass-roots.

Zensar has adopted a community close to its Offshore Center in Kharadi, Pune. The Community consists of 300 families, covering 1400 people who are covered under the three-pronged effort of the CSR efforts in the areas of socio-economic empowerment, health and education.

As a part of the healthcare initiatives, weekly clinics, counseling sessions and health camps are regularly held. Every week the clinic has over 15 to 20 patients on an average. A supplementary nutrition programs for adolescent girls in the community was designed and implemented after a thorough study of the nutritional deficiencies of girls around the community.

**One of the unique features of CSR at Zensar is the fact that Zensar employees have been financial contributors to CSR plans and they also volunteer their time to the initiatives**



**Dr. Ganesh Natarajan**  
MD, Zensar Technologies

AN HIV/AIDS prevention program was run targeting adolescents in schools and colleges in Pune with the objective of raising the level of knowledge, awareness and skills of adolescents and youth about HIV/AIDS prevention and the pre and post measures showed increase in all the desired outcomes.

Zensar Foundation at the moment runs two learning centers in association with Akanksha, an NGO for children from slums. Another project was undertaken to give computer education to the 6th and 7th standard children from Pune Municipal Corporation School in Chandannagar, and the schools reported an increase in attendance due to this training.

Zensar Foundation also runs a playroom called 'Khelghar', an experiential learning centre which is based on the concept of learn while at play. Khelghar today has over 50 children. At Khelghar, students hone their skills through dance, drama, craft and music.

Zensar is a part of Livelihood Advancement Business School (LABS), a flagship program of Dr. Reddy's Foundation which is a unique program to create more opportunities for less privileged youth and 80 students have already enrolled and begun their journey with LABS in Pune.

The Foundation this year has embarked upon yet another key concern, global warming and the environment. The program will focus on transforming Zensar into a carbon neutral and environmentally conscious organization. This plan is an indicator to the future direction its CSR commitment is taking - which will make it not only a successful business but a responsible business.

# Acting without action!

Behind every action, there is always a motivation to get a specific result. As we do every action with an eye on the end result, a specific goal, the expectation of the result affects the process of our action. Put it another way, the means of achieving the end often becomes bigger than the end itself. But when we do some actions as an expression of joy and not bother about the result, we don't get lost in the means. When we do some actions expecting joy out of them, it makes the action inferior. For example, when you want to spread happiness, but if you are keen on finding out whether the other person has become happy or not, you get entangled in their vicious circle. And you lose your happiness in the process.



The concern about the outcome of your action is what pulls you down and dampens your enthusiasm. Suppose, you want to take up a project, but you start it by worrying whether it will happen or not, then your whole enthusiasm for the project gets dampened. When you are aware of your potential, just jump into the action you want to do without bothering about the result.

When you are in doubt, any activity you do will bring more doubts. When you have a choice, the grass on the other side will look greener and this will prevent you from enjoying what you have in your hand. It will not allow you to focus on what is right now. So when you are bothered by a choice, relax. The choice is never between good and bad; it's always between bad and worse or good or better. There is no choice between a plate of

rice and a plate of sand. The choice is between whether you should have rice or roti. Never mind, today you have rice and tomorrow roti. Choices bring conflict and there is freedom in 'choicelessness'.

How can you be centered when there is conflict? In Chinese, there is a saying that when you are in doubt, take a pillow and go to bed. In Narada Bhakti Sutras, Narada says, "Karmanyapi Sanyasyati" Take a break, not just from activity, but also from the fruit of the activity. You can take a break from the fruit of the action when you let go of the result and become totally centered in the action itself. It will bring deep rest from doubts and conflicts in the mind. One who is not concerned about the outcome, is centered in the action itself and reposes in the Self, goes beyond the dualities, beyond conflicts.

This doesn't mean that you should stop acting. Though one who is wise, who has attained knowledge, divine love, is beyond all actions yet he continues to engage himself in action.

You can transcend only what you have gone through. You can only let go only what you have. So to let go of the fruit of the action, you need to have the fruit and to have the fruit, you need to act! This is so beautiful. If you have never acted, then how can you drop neither the action nor the fruit of action. So be active.

Keep doing your work, and drop the fruit of action. All the fruit of action is there as the motivation for you to start acting. Shri Krishna used the fruit of the action to motivate Arjuna to fight. He told Arjuna that if you die in the battle, you will attain heaven and if you win, you will rule the world. Jesus also did the same.

When you are bogged down with laziness, you need motivation to do something and the expected fruit of action acts as the motivating factor. But once you start acting, let go off the expected result. Just focus on the work on hand. This is the way of the wise!



*By Sri Sri Ravi Shankar*

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**When you are  
aware of your  
potential, just  
jump into the  
action you want  
to do without  
bothering about  
the result**

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## ManagementNext bookshelf

### **The New Rules of Marketing and PR: How to Use News Releases, Blogs, Podcasting, Viral Marketing and Online Media to Reach Buyers Directly**

by David Meerman Scott, Wiley, June 2007

Scott argues that understanding the growing irrelevance of marketing's "old rules" is vital to thriving in the new media jungle. Already apparent in newspapers and magazines (with sharp downturns in circulation and ads), radio (on the losing end of the iPod revolution) and direct mail (digitally replaced by spam), the imminent fall of traditional mass media marketing means new opportunities for legions of smaller companies and independent professionals who need to reach niche markets cheaply and effectively.

The way Scott sees it, this is also good news for consumers: the online culture of integrity and information tends to produce quality content for less, as opposed to the vapid, one-sided and pricey advertising of print media and television. To the technical novice Scott provides a thoughtful and accessible guide to cutting-edge media arenas and formats such as RSS, vodcasts and viral marketing, without neglecting the fact that technological wizardry can't substitute for a well-thought out marketing program. Besides emphasizing fundamentals like defining one's audience, Scott also drills home the ethos and etiquette of the web, encouraging content that's both useful and unobtrusive.

### **PASSION: The Untold Story of LG Electronics India**



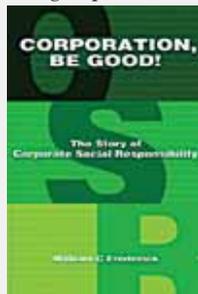
by Yasho V. Verma, Biztantra, March 2008

In this book, Yasho V. Verma, Director (human resources and management support), LG Electronics India, gives a good account of how LG made its mark in India, despite two failed attempts through the joint venture route. The book details the company's focus on customers and sales, its HR practices, the quest for innovation, and how cultural issues are tackled between expatriates and Indians. The format of the book is interesting.

### **Corporate Social Responsibility as an International Strategy (Contributions to Economics)**

by Christina Keinert, Physica-Verlag Heidelberg, April 2008

CSR, a concept aimed at determining the amount of responsibilities to be shouldered by private business toward stakeholder groups and society at large, deserves to be dealt with in considerable detail and not simply as another "PR fuzz" or marketing gag. As a model, CSR offers stakeholder management which can be seen as a competitive advantage.

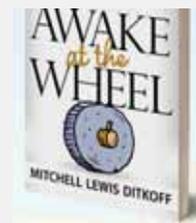


Increased financial performance and employee commitment are among the benefits the CSR model can offer corporations. This discussion presents practitioners and scholars with a unique examination of how firms can maximize productivity through the implementation of CSR programs. This publication discusses how CSR addresses business concerns of feasibility, barriers and drivers of internal and external practice and whether a CSR program is likely to constitute a success or failure.

### **Awake at the Wheel: Getting Your Great Ideas Rolling (in an uphill world.)**

by Mitchell Lewis Ditkoff, Ingram Pub Services, May 2008

*Awake at the Wheel* is a GPS for the creative process – an inspiring and entertaining roadmap of what it takes to originate, develop and manifest powerful, new ideas. Part fable, part toolbox, part alchemist's stone, it's the perfect companion for anyone attempting to "get out of the cave" and accomplish extraordinary results.



If you're looking for a simple, meaningful and enjoyable way to jump start your creative genius – or the creative genius of others – *Awake at the Wheel* is for you.

### **Corporate Responsibility: A Critical Introduction**

by Michael Blowfield, Alan Murray Oxford University Press, USA, March 2008

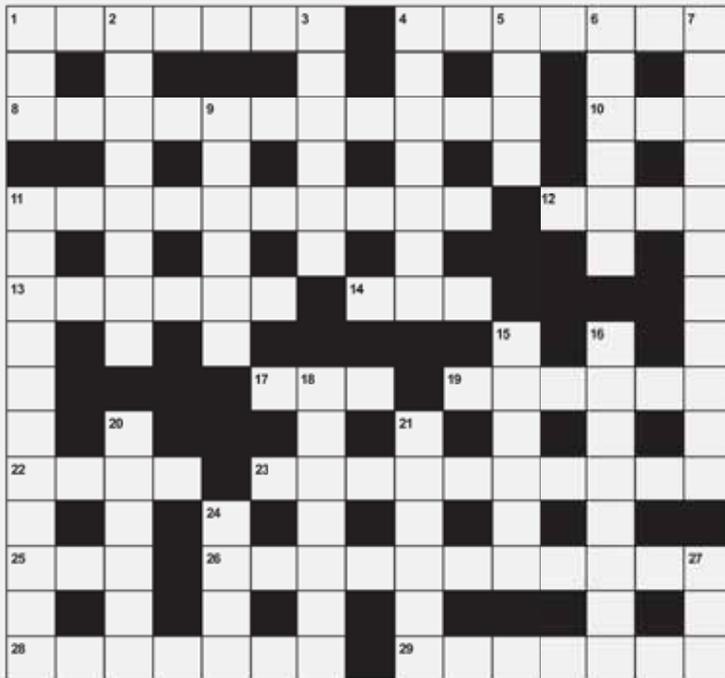
This much needed textbook examines the multiple dimensions to corporate responsibility, creating a framework that presents a historical and interdisciplinary overview of the field, a summary of different management approaches and a review of the key actors and trends worldwide.

The authors take a critical perspective and successfully provide a balance between theory and practice. They offer comprehensive coverage of the subject, combining an insightful, interdisciplinary approach with the pedagogy and support sought after by students.

An online resource centre will accompany the text, comprising weblinks, new legislation, further reading, email listservs and links to courses for students and case studies apart from essay questions for lecturers.

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**Across:**

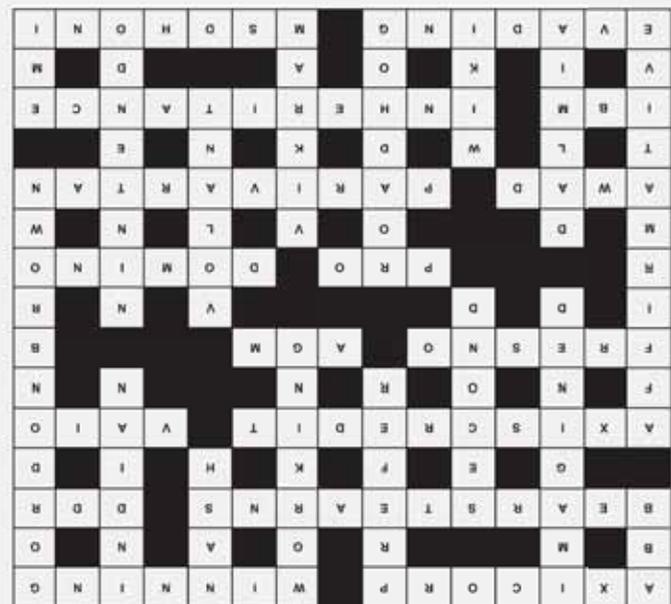
- 1 Biocon is close to acquiring this German pharma company (7)
- 4 The recent book by Jack Welch with Suzy Welch (7)
- 8 & 19 Across By saving the company \_\_\_\_\_ from bankruptcy, the US Fed may have prevented a global \_\_\_\_\_ effect on the markets (4,7,6)
- 10 Type of widely-used high speed RAM (3)
- 11 \_\_\_\_\_ Bank has just launched the country's first pharmacy co-branded \_\_\_\_\_ card (4,6)
- 12 Sony's flagship notebook brand that comes with flash memory, eliminating the need for a hard drive (4)
- 13 The sixth-largest city in California, which serves as the economic hub of the state's Central Valley (6)
- 14 A mandatory yearly meeting of shareholders that allows stakeholders to stay informed and involved with company decisions (3)
- 17 \_\_\_\_\_ *bono*:done without compensation for the public good (3)
- 19 See 8 Across
- 22 Palestinian leader who wants to apply Gandhi's principles of non-violence (4)
- 23 The Right to Information crusader, Arvind Kejriwal, runs this organisation which believes in change (10)
- 25 IT major whose current campaign is promoting doing, rather than talking, innovation (3)
- 26 "The \_\_\_\_\_ of Loss", Kiran Desai's 2006 Booker Prize-winning book (11)
- 28 Escaping or avoiding by using cleverness or deceit (7)
- 29 Indian ODI and T20 captain who is noted for his cool temperament (1,1,5)

Compiled by Ravinarayan Raghupathi

**Down:**

- 1 One of the world's largest engineering companies, headquartered in Zurich (3)
- 2 Existing in the mind only (8)
- 3 To give priority to (6)
- 4 \_\_\_\_\_ capital:measures how much a company has in liquid assets to build its business (7)
- 5 John \_\_\_\_\_:Nobel Prize-winning mathematician and economist who is the subject of the movie "A Beautiful Mind" (4)
- 6 Our national airline (6)
- 7 Current PM of the UK (6,5)
- 9 India is currently the world's \_\_\_\_\_-largest exporter of GM cotton (6)
- 11 The kind of action that is required in any society that has inequality and discrimination (11)
- 15 Capable of flying, agile (6)
- 16 One of the world's most powerful video game manufacturers, based in Japan (8)
- 18 Slang term for a motorist who obstructs others or drives rashly across lanes (4,3)
- 20 Ramakrishna \_\_\_\_\_, pioneer industrialist, who is said to have almost single-handedly financed Gandhi's Civil Disobedience movement (6)
- 21 \_\_\_\_\_ Akula, India's version of microfinance wizard Mohd. Yunis (6)
- 24 Software that allows anyone to create, edit and link webpages (4)
- 27 The acronym used for the amount you pay back every month on a home loan, for example (3)

**Solution**



## Bootstrap Billionaires



J K Rowling

Most of the 1,125 billionaires featured in *Forbes'* 2008 list are rags to riches stories. They are self-made billionaires who have roughed it out. Good examples are - George Soros (World War II refugee), Kirk Kerkorian (son of watermelon seller), Roman Abramovich (orphaned at 4), Li

flowers at 15), Oprah Winfrey (lived on a pig farm). The only Indian in this famous list is Micky Jagtiani.

Jagtiani flunked out of accounting school in London and took up driving taxis and cleaning hotel rooms to pay the bills and support a-bottle-of-whiskey-a-day habit. He then lost his entire family to illness in the span of one year. Just 21 and alone in Bahrain with \$6,000 of his and his family's savings, he took over the retail space his brother had leased before dying of cancer, and started selling baby products. This chain, famously called, Landmark, is now one of the most profitable retail groups in the Middle East.

J K Rowling is the only writer in the billionaire's list. She moved to Portugal after the death of her mother from multiple sclerosis. She returned to the U.K. as a single mother and lived on welfare while finishing her first Harry Potter story. Now one of the world's most successful authors, she published the seventh and final installment of the boy wizard series last year.

For the first time ever, the tally of the world's billionaires crossed into four figures, reaching 1,125. Americans still occupy 469 of the list's slots, but that's down two percentage points from last year. In total, *Forbes* identified 226 new billionaires, 70% of whom come from the U.S., Russia, China and India.

### Viewers are peers of journalists

A generational mile marker in today's world of user-generated news, Andrew Heyward, former president of CBS News and consultant with Marketspace LLC, a business unit of the Monitor Group, notes that journalists are "more of a peer or representative of the viewer herself" than the "carefully groomed" and seemingly untouchable correspondents of yesterday.

Driving the trend toward authenticity, today's World Wide Web of multiple content sources and news providers offers more opportunities than ever for ordinary individuals to become news people. News audiences are increasingly "sophisticated about

finding, choosing and adapting news of particular interest," says Heyward, and are "much too savvy about media to accept relatively superficial formulas that have come to dominate" traditional television news.

So while the role of mainstream news organizations to cull and summarize news from around the world continues, it now exists alongside an ever-growing population of user-generated content that "gets to the heart of the matter."

### Is iPhone an innovation?

Sick of loose talk over iPhone that it is nothing but a smartly put together device of existing technologies, Steve Jobs has finally decided to speak. In a reply to one of the bloggers' charges, he wrote on April 21st: "Have you ever heard of an iPod, a fully functional internet browser, and a phone, all in one device before Apple made the iPhone? I don't think so. And considering that Apple created the iPod themselves, and used an internet browser that they created themselves, I wouldn't say that they just took things that other companies had made and just combined them. Unless you're saying that because Apple didn't actually design the telephone themselves, they can't take credit for making the iPhone. I'm pretty sure that the iPhone is an innovation." Any more doubts?

### Blue to Vandana Shiva, black to Nestlé

Ethicon, the Foundation for Ethics and Economy, presented the 'Blue Planet award' - 2007 to Vandana Shiva for her contribution to the preservation of the Planet Earth. The counter-award, which is called the 'Black Planet award' went to the chairman and a multi shareholder of the Nestle Corporation, thanks to Nestlé's irresponsible marketing of baby food contaminated by genetically manipulated nutrition, Nestlé's tolerance of child labor and monopolization of water resources.

The news came just as the Chairman of Nestlé Peter Brabeck-Letmathe, was announcing the impressive performance of Nestlé's sales and profits over 2007.

Last year, the Blue Planet award went to Diane Wilson for her 20 year long campaign against pollution of the Gulf of Texas Coast and the Black Planet awardee was Monsanto - known for pesticide contamination, marketing of genetically engineered crops and its greed for seed monopoly.

### Inno-waiters with whine lists

Along the way, a lot of people who work in corporations are ruled by a host of "reasons" why innovation can't happen. Mitch Ditkoff of Ideas Champions has listed 'Top 100 Lamest Excuses for Not Innovating'. He says: "Many of these reasons, I realize, are based on years of in-the-trenches experience." Any different in India?

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# EXECUTIVE EDUCATION OPEN PROGRAMMES CALENDAR: 2008 - 2009

S. No	Title	Dates	Area
1	Creativity, Reinvention and Self Development for Practicing Managers-I	2 - 6 June 2008	Leadership
2	Leadership Training For Software Professionals	2 - 4 June 2008	Leadership
3	Embedding Leadership Excellence-I	16 - 20 June 2008	Leadership
4	Strategic Analysis for Competitive Advantage	16 - 20 June 2008	Strategy & Gen. Mgmt
5	Negotiation and Managing Commercial Contracts	23 -27 June 2008	Finance & Control
6	Valuation	1 - 3 July 2008	Finance & Control
7	Technology-based Fraud Analytics for Banks	7 - 9 July 08	Finance & Control
8	Accelerating Sales Performance	16 - 18 July 2008	Marketing
9	NID-IIMB Joint Program on Design and Strategy	28 July - 1 Aug 2008	Strategy & Gen. Mgmt
10	Managing Exports-Imports-Customs-Forex, Intl. Trade Under Globalisation & WTO Regime	4 - 7 Aug 2008	Finance & Control
11	Risk Management for Banks and Financial Institutions	25 - 29 Aug 2008	Finance & Control
12	Supply Chain Management	8 -10 Sept 2008	Operations / QM
13	Creating and Sustaining Customer Value- Issues and Perspectives	8 - 9 Sept 2008	Marketing
14	Strategic Market Planning for Quantum Growth	10 - 12 Sept 2008	Marketing
15	Software Project Management	15 - 19 Sept 2008	Operations / QM
16	360 degree Marketing Communications	15 - 17 Sept 2008	Marketing
17	Six Sigma Green Belt Training	16 - 19 Sept.2008	Operations / QM
18	Creating and Managing Brand Equity	22 - 24 Sept 2008	Marketing
19	Business Analytics	22 -25 Sept 2008	Operations / QM
20	International Negotiating Skills	25 - 27 Sept 2008	Strategy & Gen. Mgmt
21	Brand Building and Consumer Psyche-The Indian Context	6 - 8 Oct 2008	Marketing
22	Creativity, Reinvention and Self Development for Practicing Managers-II	13 - 17 Oct 2008	Leadership
23	Finance for Decision Making - for Non-Finance Managers	13 -17 Oct 2008	Finance & Control
24	Demystifying Financial Derivatives	20 - 23 Oct. 2008	Finance & Control
25	Total Cost Management	20 - 22 Oct 2008	Finance & Control
26	Comprehensive Tax Planning and Management: Corporate Income Tax, VAT, Cenvat, Service Tax and Customs	3 - 7 Nov 2008	Finance & Control
27	Marketing Decision Models Using Spreadsheets	3 - 6 Nov 2008	Marketing
28	Embedding Leadership Excellence-II	10 - 14 Nov 2008	Leadership
29	Intellectual Capital - The Value Driver	17 - 19 Nov 2008	Strategy & Gen. Mgmt
30	Strategic Leadership Programme for IT Companies: Embedding Strategic Thinking	24 -26 Nov 2008	Leadership
31	Advances in Business-to-Business Marketing	1 - 5 Dec 2008	Marketing
32	Business Analytics with Matlab	1 - 3 Dec 2008	Operations / QM
33	Outsourcing Management : Creating Value through Collaboration	8 -10 Dec 2008	Strategy & Gen. Mgmt
34	Fixed Income Securities and Derivatives	11 - 13 Dec 2008	Finance & Control
35	Retailing - A paradigm shift: Challenges, Opportunities and strategies	15 - 18 Dec 2008	Marketing
36	Financial Models Using Spreadsheets	15 - 18 Dec 2008	Finance & Control
37	Marketing and Branding - A Three Pronged Approach	12 - 13 Jan. 2009	Marketing
38	Advanced Negotiation	12 - 14 Jan. 2009	Leadership
39	Strategic Sourcing & Supply Management	16 - 17 Jan 2009	Operations / QM
40	Reinvention through Entrepreneurial / Intrapreneurial Leadership	19 -23 Jan. 2009	Marketing
41	Managing People in Software Projects	21-23 Jan. 2009	Leadership
42	Creative Marketing for IT Companies	28 - 30 Jan 2009	Marketing
43	Organizational Growth and Strategic HRM	2 - 4 Feb 2009	Leadership
44	Competitive Marketing Strategy	2 - 4 Feb 2009	Marketing
45	International Negotiating Skills	12 -14 Feb. 2009	Strategy & Gen. Mgmt
46	Management Consulting: Acquiring and retaining clients	16 - 18 Feb. 2009	Strategy & Gen. Mgmt
47	Innovation Management	16 - 20 Feb 2009	Marketing
48	Leadership Actions for Talent Management	23 - 24 Feb 2009	Leadership



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