

Speech given by Frank Islam
At the International Conference On
Spiritual Paradigm for Surmounting Global Management Crisis
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Professor Jha, Professor Mishra, members of the faculty, students, distinguished guests, and ladies and gentlemen.

I bring greetings from the United States – Namaskar.

I sincerely thank all of you for coming and thank you for your hospitality. I want to express my warm appreciation for your generous welcome. I am honored and delighted to be here. I am proud to be addressing this distinguished gatherings. Before starting my speech, I would like to take this opportunity to thank my host, Professor Jha for giving me the opportunity to address you today on the subject of ‘Spiritual Paradigm for surmounting Global Crisis’

Professor Jha is a constant source of inspiration to all of us. I am touched by his grace, his dignity and his generosity. He is a source of strength and courage for all of us. I want to thank all of you for what you do not only for this remarkable institution but for this great nation. I also want to thank Dean Mishra and Sandeep Singh for their leadership.

I am pleased to be here to speak on “Spiritual Paradigm for Surmounting Global Crisis”. I must confess that I am not an expert in this area nor have I studied it in depth. What qualifies me to speak on the subject is the fact that I am an Indian American business person who, because of my life experiences, believes that building a values-driven business that can make a positive difference in society.

Let me say a few words about this city – Varanasi

Varanasi is the most sacred city of India. It is one of the oldest cities in existence. Varanasi is the fountain of the Hindu faith.

This city has been my home. I grew up in a middle-class family not too far from this beautiful campus. My parents instilled in me some very important values. They taught me to: Treat people in the way that you want to be treated; Give dignity and respect to others; Work hard and aim high and pursue your dream; Do what you can to serve your community. My parents also taught me the importance of education, decency, honesty, courtesy and commitment to values. I still cherish and embrace those values and nourish those thoughts.

I am delighted to be back in this ancient city. This city remains an inseparable and an indispensable part of my life, my story and my journey. This is the city whose timelessness had inspired the great American, Mark Twain, who said “Banaras is older than history, older than tradition, older even than legend, and looks twice as old as all of them put together.”

I treasure this city. This is the city that I have so much affection. My days at Varanasi had a profound effect on me. It was here that I got the basic building blocks to be a successful entrepreneur and a passionate leader. It was here that I developed the strength, discipline, courage and determination to succeed.

I am deeply indebted to this city because it has helped shape my fate and my future. Growing up in this city has inspired, influenced and enabled me to be successful in America. I am also grateful to this city because it was here that I learned about the richness of our culture and civilization.

Now back to my speech.

As I have said earlier, I have been successful in business and have been able to make contributions in other areas. I am not here today, however, to talk about what I have done. Instead, I want to tell you about the things that I have learned. This knowledge that I have gained has facilitated my personal growth and development, I hope that by sharing my learning and insights with you that I can contribute to yours.

Let me begin my speech by doing a survey and then asking a question. The survey first – if I could see a show of hands:

- How many of you are business owners? (Pause)
- Senior executives? (Pause)
- Middle managers? (Pause)
- Employees? (Pause)
- How many of you are academics? (Pause)
- How many of you are with religious organizations? (Pause)
- How many of you fall in another category? (Pause)

Now, for the question: At the end of your life, how would you like to be remembered? What brief statement would you like to have people make about you. Think about that. If you have a pen or a pencil, write it down. I will come back to that later in my speech. (Pause)

From the show of hands, it looks like several of you are business owners or senior executives. I want to direct my comments primarily to you –because, as leaders, you have the potential and capacity to make your business the type of organization that will transcend the “global management crisis” and turn it from a threat into an opportunity for creating a better workplace, society and world. While others can educate or advocate, only the business leader can take the reins and be the change agent for accomplishing this most necessary transformation. (pause).

What is the purpose of a business? That is a question that the late Peter Drucker would frequently ask at the opening of his lectures. Most typically, the response he would get from the audience members was “to make money.”

Drucker would answer, “No. The purpose of a business is to get and keep customers. If a business does that and runs itself effectively and efficiently, profits will follow.” I am in complete agreement with Drucker about the purpose of a business.

Given what has happened in the world economy and in nations around the world after the financial crash and economic collapse of the past few years, I would add a follow-on question to that of Peter Drucker. That is what should be the purpose of the business owner or senior executive? Let me repeat that – what should be the purpose of the business owner or senior executive in today’s world.

My answer is simple and straightforward. The purpose of the business owner or senior executive must be to build a virtuous organization. What is a “virtuous organization?” Here’s my definition: The virtuous organization is one with a strong moral compass and a compelling mission that creates value for customers, employees, and the community.

In the 1990’s at the end of the 20th century, the business literature was paying a lot of attention to something called “the virtual organization” – a sort of synthetic business developed through joint venturing, strategic alliances, innovative supplier-manufacturer-distributor arrangements that a single company would not otherwise possess. Now that we are in the 21st century with all of its new demands and emerging markets, there is more of a need than ever for “the virtual organization. But, because of the greed and excesses of certain companies and individuals that has reduced the public’s trust in business; there is an even greater need for “the virtuous organization”.

To build the virtuous organization, the business owner or senior executive will have to play three roles:

- Navigator,
- Capital creator, and
- Value generator.

Let me highlight the key requirements for each of those roles.

As the navigator, the owner or executive must chart the course and shape the way the organization will sail the business. He or she must ensure that the organization always does the right thing. There is an old saying that managers do things right but leaders do the right things.

Over the past decade, we have had too many examples of organizational leaders who not done the right thing. They have exploited unwitting customers, sacrificed quality, and played fast and loose with ethics in order to maximize profits. I will not name names but I am certain that each of you can identify a company or an owner who has elevated

profits above principles and hurt the image of business and business people in general because of it.

A key business concept is that of “core competence.” Core competence is the “distinctive capability that a company has that differentiates it from its competitors and allows it to win in the market place.” Core competence is important in the virtuous organization but of equal importance is the concept of “core consciousness”.

Core consciousness brings the organization’s values and beliefs such as integrity, quality and excellence front and center in the organization’s psyche and its way of doing business. Let me give you an example of this, in Norfolk, VA during World War II, there was a sign above the entry to a shipyard that said “We build good ships. At a profit, if we can. At a loss if we must. But we always build good ships.” The navigator imprints messages like these on the company’s employees and by doing so makes sure that they are oriented to doing things right and doing the right things.

The second role of the leader of a virtuous organization is to be a capital creator. Probably the first thing that comes to mind when I say capital is “financial capital.” Financial capital creation, however, is a dependent variable. It requires the right business model and other forms of capital creation in order to yield the appropriate ROI - return on investment.

The leader of the virtuous organization realizes that and concentrates on creating spiritual capital and intellectual capital in order to achieve the organization’s full potential and the appropriate ROI. Let me explain why intellectual and spiritual capital are so important to business success.

Let’s begin with intellectual capital. Think of it this way – every organization has what I would call its organizational IQ. That is the combination of all of the IQ’S of the employees in the company. For example, if we had 100 employees with an average IQ of 120 our organizational IQ would be at a minimum 12,000.

The challenge for the leader of the virtuous organization is to ensure the organization is structured to allow the employees to use their individual brain power in order to achieve that minimum IQ. The opportunity is to create collaboration and teamwork that results in synergy thus creating intellectual capital that exceeds that of the average of all the individuals in the business. That’s what successful information technology companies like Microsoft, Google, and Apple have been able to do and why they are so successful.

It’s not just about intellectual capital, however. Creating spiritual capital is just as important – and in some ways more so. Spirit is the invisible force that moves individuals and organizations. You can have all of the smartest people in the world in a company but if you can’t get them to cooperate and work together then their collective intellects don’t matter.

The leader of the virtuous organization recognizes the interdependency among the business model, and intellectual and spiritual capital creation. That's why he or she focuses on SOS – Spirit on Our Side – and IBM – Intelligence Building Maximization – in order to create financial capital and the appropriate ROI.

Finally, let me turn to the leader's role as value generator. Michael Porter of Harvard University, developed a business management concept called the value chain. The value chain is comprised of primary activities such as inbound logistics, operations and outbound logistics and support activities such as human resource management and technology. Porter said that each element in the chain should add value and that when they all did it gives the business a competitive advantage.

An “added-value” value chain is definitely essential for business success. In the virtuous organization, there is a matching concept and that is “value circles.” These are concentric circles that emanate outward from the business owner, through the top management team, to employees, to customers and finally to the community.

It all begins with the owner or top executive whose vision and values shape and define the company's culture. If those values include concern, caring, compassion and commitment to making a positive difference in society, those values are reflected in everything that the business does - from the manner in which it operates, treats employees and customers, to its community involvement and philanthropic initiatives. Think of it this way, the leader is the person who drops the rock in a pond and as the circles ripple out they reflect his or her image and likeness.

It's not just enough for the leader of the virtuous organization to talk a good game. The leader must be able to walk the talk. That's true because people both within and outside the organization learn and make judgments based upon observation and not conversation.

Here's one simple test to find out how close your company is today to being a “virtuous organization.” When you get back home after this conference, go up to the first five employees you see and ask them, “What are the four most important things to our company?” If they say things like, “behaving ethically, treating everyone fairly and with respect, making a difference in our community, society and the world,” then you are there – your company is a virtuous organization. If on the other hand, they only say things like “making money, cutting production costs, or reducing overhead,” then you know you've got a long way to go to make your business into a “virtuous organization.”

So, to sum up the critical roles for the business leader of a “virtuous organization” are: navigator, capital creator and value generator. To conclude my presentation, I would like to return just briefly to the question that I asked at the beginning of my presentation: At the end of your life, how would you like to be remembered?

Why is this question important? It's because, whether wittingly or unwittingly, we are writing the narrative for our epitaph every day in the way that we conduct ourselves both

personally and professionally. Those people involved with virtuous organizations understand this and act accordingly.

In closing, let me leave you with two thoughts – one from Harvard business school Professor Clayton Christensen, the other from India’s greatest political and social leader, Mahatma Gandhi.

At the end of an article for the Harvard Business Review titled, “How Will You Measure Your Life,” Professor Christensen writes, “I’ve concluded that the metric by which God will assess my life isn’t dollars but the individual people whose lives I’ve touched.” Christensen then provides the following advice which he gives to his students at the end of every semester, “Don’t worry about the individual prominence you have achieved, worry about the individuals you have helped become better people. This is my final recommendation: Think about the metric by which your life will be judged, and make a resolution to live every day so that in the end, your life will be judged a success.”

Let me piggy back on Professor Christensen’s recommendation, Mahatma Gandhi’s famous quote, “Be the change you want to see in the world.” We live today in a business world that continues to morally, ethically and spiritually- challenged.”

That is why we need more virtuous organizations with leaders and followers who “want to be that change” and to ensure that the metric of “making a difference in business practices, communities and society” is fundamental to their mission.

I hope that the ideas that I have shared with you here today will assist you in “being that change” and applying that “metric.”

Thank you again for asking me to talk on this most important topic and thanks to all of you for your attentiveness. I wish each and all of you the best in building those sustainable virtuous organizations that will confront and eventually overcome our current “Global Management Crisis.”

I wish all of your continued success and I hope in the future our paths will cross again. If you need a copy of my speech please visit my web page www.frankislam.com