

# Business and Ethics

By: Amol Karnad

*(The B. V. Narayana Reddy Memorial Lecture delivered at the Indian Institute of World Culture, Bangalore, on January 9, 1996)*

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## INTRODUCTION

The booklet 'Business and Ethics' is a brief introduction of 'Alacrity Foundation' doing unique work in building construction (whose turnover is about Rs. 100 Crores) without paying any irregular money to get the plan, or N.O.C. passed from departments, doing honest business with social responsibility.

The unique feature of them is they include the penalty charges in their contract with customer and if they fail to give possessions of flats in time, they have paid such penalty to the customers.

First few pages of booklet is introductory in nature. Reader may find interesting experience to from further, which is novel. People can do business to-day with ethics if they have will to-do.

Thanking you.

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Srimathi Sudha Reddy, Professor Amulya Reddy, Members of the B.V. Narayana Reddy Memorial Trust, Ladies and Gentlemen,

At the outset I have to admit with a twinge of regret that I cannot count myself among those who had the good fortune of knowing Mr. Narayana Reddy personally. Indeed, I came to know of him only recently when I read, with admiration and respect, his short autobiographical account titled, 'The Virtue of Gratitude'. And as so often in the past, I was reminded once again that the many wonderful opportunities of my life could not have been but for noble souls like Mr. Reddy holding aloft the torch of human dignity through their own testing times. It is, perhaps, their conviction that has paved the way for the realisation today that in the turbulence of modern life, the preservation of human dignity can only be through an organised process spearheaded by ethical leadership.

Against this background, it becomes quite appropriate to talk of Business and Ethics in the same breath because both have an important bearing on our quality of life and the future course of our cultural development. In dealing with the subject this evening within the given constraints, I have chosen a pragmatic approach to avoid oversimplifying an issue which is obviously not so simple, but hoping, in the bargain, to strike a positive note as well. Accordingly, my talk is organised in two parts:

In the first part, I will attempt to project the Alacrity vision of an ethical business model leading to a better quality of life as derived from a searching enquiry into the scope of Ethics as a science, as well as certain facts of business history and the practical lessons they offer.

In the second part, I will try to give you a fair picture of the Alacrity experience to date, which will be seen to be nothing else but the relentless pursuit of the Alacrity vision.

## The Alacrity Vision

Most of us understand Ethics to be related in some way to values such as honesty, harmony, integrity etc. The dictionary recognises Ethics as a science dealing with the rules of ideal human behaviour. But, for Ethics to really emerge as an exact science, a majority of us would have to accept accountability for defining and demonstrating a code of ethical behaviour that would engender a culture in which the individual, the family, the community and the society can endure – without the threat of disintegration.

"Culture" may be defined as an organised process of human behaviour which holds the individual, family, community or society together. The more ethical a culture, the greater is its integrity and harmony, the greater is its security, and the greater is its resistance to change. The greater their resistances to change, the more enduring, necessarily, will that culture be. The inertia of large populations is nothing but a natural and ethical social- safeguard against the risk of change induced by dubious leadership.

The major economic systems of our times – capitalism and communism – have both addressed the goal of creating an ideal social culture through their respective philosophies. Significantly, the fundamental differences between these systems have never centered around whether or not society needs the vehicle of Business to drive its development. Their differences have only been related to the manner in which capital is to be owned or profit is to be shared. And given that preoccupation, these systems, possibly, have overlooked an important principle that the successful growing business has thrown up: That we can't attain quality in mass production without defining and testing a prototype of quality! In effect, Business seems to have laid down the first golden rule of Ethics: That if we can't do without a prototype for the development of something relatively less complex like a product, we certainly stand no chance of developing the ideal society without defining and testing the qualities of the ideal individual in the first place. We thus have perforce to deal with the concept of ethical leadership by acknowledging that behavioural

change flows from the individual, through the family and community, to society and not the other way round.

Our search for the ideal individual is evident in the way we relate to our leaders – the reverence 'with which we hail Mahatma Gandhi, Sathya Sai Baba, Mother Teresa or Nelson Mandela, and the intensity with which we appraise Narasimha Rao, Bill Clinton or Saddam Hussain. But if we are still hesitant to freeze a definition of ideal human behaviour on the basis of these evaluations, it is because we are not quite sure that these undoubtedly exceptional individuals have indeed shown us the way to an integrated culture – which, in other words, is a culture that enables us to realise an integrated identity for ourselves – as individuals and as members of family, community and society – in that order.

So, our search for the ideal individual behaviour continues as it has in the past: We either tentatively place our faith in our religious leaders and stridently hold our political leaders accountable for the lack of integrity and harmony in our own lives or vice versa. Little wonder then, that the absence of ethics or the incidence of corruption in our leaders is of great significance to us. But, what do we mean by corruption in this context?

Assuming that the individual, family, community and society are our fundamental cultural institutions and their endurance is our primary ethical goal, long term human survival naturally acquires priority above short term survival. Thus short term developments whether they be seemingly positive happenings like births, weddings, awards, rewards, profits etc. and the pleasure derived therefrom or seemingly negative happenings such as divorces, failures, rejections, losses, dissolution of non- fundamental institutions etc. and the pain resulting therefrom – cannot be valued meaningfully outside their relationship to the endurance of the fundamental cultural institution in whose context they take place. The conscious and deliberate breaking of laws is, without doubt, corruption. But an unwitting momentary failure is not a measure of corruption if it becomes a stepping stone to the enduring quality of life of the individual. A divorce is not an incident of corruption if it does not

become a way of life but enables the emergence of an enduring family. A short term business loss is not reflective of corrupt practices if it can lead to an enduring community. The dissolution of a business corporation or a political party with all its negative implications is not a corrupt happening if it paves the way for a better quality of life that is more enduring for the larger society. More precisely, the individual who attempts to endure at the cost of his family is corrupt; if he attempts to endure at the cost of the community, he is very corrupt and if he attempts to endure at the cost of society, he is very, very corrupt. Similarly, the head of a family who attempts to have his family endure at the cost of his community is corrupt and at the cost of the society, very corrupt. And, the leader of a community who attempts to have his community endure at the cost of society is also corrupt.

In a sense, our search for the ideal individual is an expression of our need to overcome the guilt of our own corruption and realise the ideal within ourselves. As a part of this search, we have always expected our leaders to set an example. We have wanted them not to behave the way we know we behave, but to behave the way we ought to behave. In other words, we have granted our leaders ethical or moral authority as opposed to legal authority, only if they have shown themselves capable of behaving in a manner closer to our concept of ideal behaviour than we ourselves are capable of— for the time being. And the more cynical we have become about the behaviour of our preachers and politicians, the more we have come to expect from our business leaders. It is, therefore, not a matter of chance or accident but a fact of evolution, that in the more developed societies of our world, the debate on ethics has shifted ground from Religion and Politics to Business. The cultural implication of this shift is evident in the evolution and nature of the major social movements: from Reformation in Religion and Civil Rights in Politics to Consumer Rights in Business.

This has been encouraged by the overwhelming evidence provided by the impressive performance of Business in terms of social development through its impact in the market place. To quote Peter Drucker, the management guru :

"The most important reason for focusing on business management is that it is the success story of this century. It has performed within its own sphere. It has provided economic goods and services to an extent that would have been unimaginable to the generation of 1900. And it has performed despite world wars, depressions, and dictatorships.

The achievement of business management enables us today to promise – perhaps prematurely – the abolition of the grinding poverty that has been mankind's lot through the ages. It is largely the achievement of business management that advanced societies today can afford mass higher education."

Dr. Larry Light, another well-known management thinker, is even more down-to-earth while asserting the favourable influence of Business on our quality of life when he says:

"We live branded lives. We drive branded cars. We eat at branded restaurants. We use branded credit cards. We wear branded clothes. Our children attend branded schools. We live in branded cities where we have jobs in branded companies. We take branded planes to branded vacation destinations. We live branded lives. And branded lives are better lives".

There is also increasing evidence that business is not resting on its achievements but exploring, even if gradually, new ways of rising to the challenge of providing ethical leadership to society. In an article titled "A new age for business" that appeared in the October 1990 issue of Fortune, author Frank Rose reports and comments on a new framework that is emerging for viewing and understanding business – a new paradigm that will carry humankind beyond the industrial age to the mental and spiritual enrichment of those who take part in it. The article highlights the following developments:

- "Visionary thinkers are rejecting the by-the-numbers approach to enterprise and seeking a new paradigm for viewing the world. Love and caring in the workplace? The profit motive less than pre-eminent? Major corporations are buying in.

- We are going back to basic values. The world is crying out for these things to become more important.
- What's new about the new paradigm: the focus on human consciousness – not on capital or machinery.
- If consciousness is important, then money and profit are no longer that important. They are a way to keep score, but if you don't have any vision you're not going to be successful in the long run. If you go for money, and that's all, when you get it, there's nothing there".

Interesting trends in worker behaviour also indicate the direction in which the personal leadership development process, awakened by business leadership, is moving. The militancy of trade unionism witnessed in the late seventies and early eighties in our own country is now considerably muted. Even earlier, in the developed countries, membership of trade unions had dwindled sharply. With wage levels reaching the point of saturation, members had been renouncing the union to go in search of higher training and education in a bid to discover new opportunities and fulfill new needs. According to Drucker, one out of every two adult Americans – a total of 90 million people – is working today in a voluntary capacity in the non-profit sector. That most of them are coming from business and work "after hours", without being paid, suggests that they are realising the value of a moderate lifestyle and finding job satisfaction in work that seems more spiritual in nature.

Business is, in effect, being asked to address its products and services to the needs of the less privileged sections of our society. In the costing and pricing of these products and services, Business will have its greatest challenge in creative marketing.

In defining and concretising their specifications, Business will have its greatest challenge in creative design and development. In standardising these specifications, Business will have its greatest challenge in mass production and distribution. In institutionalising these work disciplines, Business will have its greatest challenge in human resources development.



But how does Business, though legitimately authorised by the community to service the masses, deal with the political leadership which has the greater legal authority in the larger society? To avoid conflict, Business must recognise that a political democracy is perhaps the only framework within which organized free enterprise and social development can take place. And, whatever be the games played by the various vested interests in society, at the base of political instability are the unfulfilled needs of the masses.

Does Business know precisely how to fulfill these needs within a time frame? Perhaps not yet, but the only chance of fulfilling the same rests on the ability of Business leadership to view the political leadership positively, based on a finer understanding of their respective strengths and limitations.

The political leader's strength is his proven ability to communicate with the masses. His mobility, resilience, empathy and good intentions – all add up to give him that magical quality called 'charisma'. Charisma, as a leadership quality, may have its dangerous edge, but is the inevitable requirement of a mass leader. Given the size, variety and diversity of the masses, no system of rational communication between the leaders and the masses can ever hope to be complete. Charisma is that quality of leadership which reaches over the rational system and establishes an identity with the emotions of the masses. It buys time for the refinement of the system of rational communication. It popularises and empowers the political leader to be the champion for the cause of the masses. In the service of that cause, he has legislation passed and policy formulated to the best of his judgement and ability. He gradually realises that the business leadership is not necessarily committed to the popular cause. So, the political leader enters the domain of business through nationalisation and the creation of a public sector. Instead of enabling and facilitating, he checks, restrains, interferes and frustrates business enterprise.

The business leader, in the past, has reacted with growing suspicion about the political leader's motives. He has interfered in the political process, using his economic clout and has thereby contributed to continuing political instability. And, when business uncertainty increased in the wake of political instability,

the business leader has moved from strategy to opportunism, from management to manipulation and inexorably, from enterprise for development to struggle for bare survival.

This vicious circle can be broken. For this Business has to realise that the moment it welcomed the autonomy and opportunity of a democratic framework, it was committing itself to work with the political leadership to fulfill popular needs. It does not keep that commitment when it designs and prices its products and services away from the markets of the masses. It does not display social integrity when it prioritises cornering of profit and wealth on the promise of delivering society tomorrow instead of being accountable for an integrated strategy which addresses society's needs today. To correct this trend, Business must work towards taking on greater responsibility in service of the popular cause and excite itself with the challenge of innovation and administration that is inherent in it. It must take professional pride and see opportunity for personal fulfillment in pursuing society's larger goal. It must align its priorities with the basic needs of the masses. It must tolerate temporary inconvenience, if necessary, in respecting the laws of the land and contribute to their refinement in due course. In the final reckoning, business leadership must make itself accountable for giving society an ethical culture and, for that purpose, ensure political stability through the integrity of its role and the excellence and impact of its committed products and services.

The disciplined managers of this new concept of Business would present an image which would be in sharp contrast with that of the conventional business executive. To these managers, being business-like would mean being considerate and caring; being financially secure would mean understanding the function of money and profit in business and life rather than relentlessly accumulating the same; being enterprising would mean taking on new and greater responsibility in society and being publicly accountable for it; and sooner or later, being good managers would necessarily mean being good husbands or wives, good parents, good citizens and good leaders. They would then serve as exciting role models for the development of our future

generations and raise the vision of an enduring corporate culture extending itself to an enduring global culture. And incidentally, Business would have also established Ethics as an exact science.

### The Alacrity Experience

Alacrity Foundations was launched in 1978 largely as an expression of my own search for an integrated identity in a complex society through the medium of Business. Some friends and family members joined the new venture, presumably drawn by some leadership qualities they saw in me. I was myself quite conscious of the leadership potential within me. But I also believed, on principle, this was not peculiar to me and that each one of us has a leader inherent in oneself. Although only an accountant by formal training, I had already established a certain personal comfort in applying management concepts to business practices. I recognised that my quality of life was inextricably tied up with the quality of life of the society I lived in and unless the two were harmonised, I would have to live in an eternal state of conflict. Given this objective and given the fact that I was not inclined to go the way of society, I had no options left but to think in terms of trying to change society to come my way. My way was simply the sensitive process of unfolding the human being, manager and leader within myself, sharing this experience with my colleagues so that they too could similarly unfold themselves and translating the power thus generated into a successful institutional strategy. To discourage any distraction from this central purpose, I made Alacrity Foundations a private limited company to be fully owned by its employees in the proportion of their seniority in the organisational hierarchy. Writing in the inaugural issue of our house journal, "Genesis", I had described those early days in the following words: *"We had little money, no 'connections', not even 'contacts'. But, we had what mattered: A strong commitment to values and an abiding confidence in our ability to succeed. Steadfast in our mission, we made Alacrity our family, our religion and our community."*

The active practice of ethical leadership meant that we had to remove the dividing line between personal life and professional life and be open,

predictable and accountable with one another first and then behave similarly with our constituents outside Alacrity. I decided that this need would be best served if we not only worked together but also lived together which prompted Alacrity's first apartment construction. I remember an occasion from those times when I was relaxing in my colleague's balcony and chatting with his father-in-law, who had contributed to my colleague's investment in the proposed apartment. Rather acutely aware of our lack of experience in the field, he pointed to a languishing half-done construction in the vicinity and wondered if our project too might not meet with the same fate. I was quite amazed that he should draw his pessimism from that one unfortunate specimen when, from the same standpoint, I could see scores of buildings standing true, tall and complete. I guess it was this perspective and the related optimism supported, of course, by the dedicated efforts of my colleagues that saw our first project being delivered in record time.

But, even as we were beginning to unwind from this intense first experience, all twenty-four of us who had acquired flats in the project, received acquisition notices from the income tax department. Since we had been both builders and customers in the project, we had priced the flats so as to strike a balance between a reasonable return to the business and a fair price that we could afford. The resulting price, by virtue of being two-thirds the market price, had provoked the department's enquiry. The first critical test of our leadership conviction vis-a-vis an authority above us in the social hierarchy seemed to be before us. Determined to set the record straight, accompanied by our Auditor, I met the Assistant Commissioner who had served the notice. I was quite taken aback initially when, without as much as offering us a seat, he unleashed a barrage of charges: *"All you builders are the same and I am not going to believe a word of whatever you have to say "* For a fleeting moment, nothing else – not the success of our project, not the excitement of our future plans, seemed of any importance as I found my carefully nurtured sense of personal dignity being trampled all over. I exploded: *"If you don't want to hear me, at least consider sending your inspectors to examine our records and the sources from which each of us has financed the investment. They will find no black*

*money involved. Thereafter, if you are still unconvinced, all I can offer is that, the next time your department builds its staff quarters, we will show you that they can be constructed at the same rate."* If I had been unprepared for his outburst, he was even more unprepared for mine!

A strange transformation came over the man and almost involuntarily he started muttering that before joining this wretched department, he had been quite happy as a Professor teaching Economics in some University. Then in a tone, markedly altered, he enquired if we still had flats left in the project to offer at the disputed rate. I told him with warmth and understanding that we would be happy to register him for our next project. We parted as friends with an assurance from him that we could write to him and he would close the file. We did write that letter and concluded it thus: Price Control is the consumer's fond hope and the politician's popular slogan. Not a day passes without the opposition in Parliament asking the Government to quit because they have failed to control prices. Nowhere else is this price escalation more evident than in the real estate market and it is my understanding that the "*acquisition law*" is aimed at discouraging this trend in real estate prices. Surely then, it would be unfair to use this law against a group of people who with a little initiative, flair and imagination have succeeded where others had failed in achieving the elusive target of price control". That was the last we heard of the matter.

A few years later, the Appropriate Authority of the Income- Tax Department came into being and, in its haste to show performance, acquired one of our properties. Our response, as briefly reproduced here, reflects the experience, confidence and dignity that comes out of a clean track record and a clear conscience: "*This refers to the discussions in connection with your recent acquisition of a property proposed to be developed by us, under Chapter XX- C of the Income-Tax Act.*

*During the discussion, we had indicated that as we are in agreement with the spirit of the legislation, we had no plans to contest the acquisition. We had, however, expressed the hope that clearer guidelines would emerge whereby the rough edges in the implementation by Central Government of this*

*legislation, whose objectives we believe are socially imperative, would be smoothed out". As a result of the maturity displayed in this transaction, the Authority, today often chooses to use Alacrity's price as a benchmark for its own functioning.*

As the quality of our flats and especially, our prices got wider notice, more opportunities came our way not only from property owners who were happy to be provided with the option of not dealing in black and not losing sleep and hair in the bargain, but also from customers who responded warmly to our advertisements that said: When you are investing for a lifetime, you need a builder you can trust. Encouraged by these opportunities, we decided to formally enter the field of Urban Housing and formulated our long-term strategy for this purpose. Explaining the strategy recently at the First Annual General Meeting of the shareholders of Alacrity Housing Limited, I had said: *"Housing is a universal need; in other words, it is a need that no popularly elected government can afford to ignore or fail to support. That makes legislation on housing quite predictable, even if it is not immediately enabling, no matter which party be in power. By following a policy of strict adherence to laws and regulations with total avoidance of both dealing in black money and paying bribes to get sanctions or approvals, we have established a workable formula that cannot lose under any condition. The only risk involved is that an unwittingly misguided administrator or bureaucrat may unfairly delay or deny a sanction occasionally. When that happens we have a cast iron case which has every reason to be supported by the judiciary. Besides, should a representative of the government choose to get involved for whatever reason, not only would it make good copy for the press, but it would also encourage the political opposition to raise in the Assembly, the issue of an honest builder being unnecessarily harassed. Thus our risks in a notorious area of conflict would be minimised, which only proves that the institutional cross-checks and balances provided for in our Constitution have indeed been designed to ensure that honesty does pay!*

*With a reputation built around honesty, we readily attract customers who are naturally conscious of securing their investment of a life-time with a builder*

*they can trust. Recognising that it is the responsibility of the entrepreneurs to absorb, as far as possible, and not expose the security-conscious customers to risk, we offer a fixed price and underwrite all escalations thereafter, and also compensate by way of liquidated damages for any delay in the delivery of a project, even if the delay is on account of factors beyond our control. The validity of these considerate policies has found concrete endorsement in the findings of a recent market survey carried out by an independent agency, which reported that when respondents were asked to prioritise the builders preferred by them, over 60 percent had named only Alacrity. Thus even amidst the rough and tumble of the market place, there has been striking confirmation of the old adage, 'Honesty begets honesty and what is more, the Alacrity record over a decade proves that economic growth and social consciousness are not mutually exclusive.'*

How well this strategy has anticipated the way things actually transpire in the market place is evident in the following experience involving the Electricity Board: We had completed one particular project in every respect except securing the electricity supply, which our Government Relations Team was actively but fruitlessly pursuing with the concerned department. Several months had passed and the liquidated damages had cumulated to several lakhs of rupees. A new unexpected pressure then developed from our customers. Understandably impatient to move in, the very people who had invested on the basis of our ethical policies, started questioning those policies for the inconvenience and discomfort caused to them. We stood our ground, doing our best to reassure them.

The State was then under Governor's Rule. One exceptional lady from the customers decided to address a letter to the Governor seeking his intervention to redeem the cause of an honest builder. Two days later, the Governor's Personal Assistant arrived at our office to enquire into the matter. Several days passed and it appeared that even the Governor's authority during his own rule, could not easily shake off the lethargy that had gripped the department. Finally, the supply was effected, and the flats handed over to their owners along with the following letter addressed to each one of them: "I would on

*behalf of Alacrity like to take this opportunity to thank you for the patience and understanding that you have extended to us during the extraordinary time taken to complete the electricity connections in the project.*

*I would particularly acknowledge the support to our efforts provided by one of you, who wrote twice to the Governor, spontaneously and feelingly, seeking his intervention for expediting the connections.*

*Our cheques towards liquidated damages will be handed over to you at the end of this meeting in fulfillment of a commitment made by us in the Agreement of Construction. I realise that this will not compensate you wholly for the anxiety and inconvenience caused by the delay. But it is our way of saying that we accept our share of the blame for the lethargy, indifference and inefficiency that have corrupted our public service systems.*

*We have in the past been asked whether such delays cannot be avoided by greasing the palms of some appropriately placed government officials. I am clear that Alacrity will not resort to such means because we believe that by so doing we will not only lose our sense of right and wrong but also, sooner or later, our sense of quality and responsibility. I am aware of course, that a considerable sum stands added on to the delivery cost of the project on account of liquidated damages. But I am sure that this would have engendered mutual trust and confidence in our relationship. I would also like to think that we are playing our humble part in the effort to leave behind for our children a better social environment than we seem to have.*

*In conclusion, I would add that our services will be available to you not only to set right the minor blemishes, if any, that you may observe in your flats, but also to support you in your efforts to lead a comfortable and peaceful life in the complex".*

The whole episode ended on an extraordinary note with the customers of this project releasing an advertisement in the newspaper publicly thanking us not only for the wonderful housing complex delivered to them but also for the manner in which it was delivered to them. The publicity and the goodwill that



we gained out of this story being told and retold more than justified the expenditure incurred in liquidated damages as an effective advertisement cost.

On another occasion, the Metropolitan Development Authority appeared obstinate in not withdrawing a "stop-work order" issued misguidedly against one of our projects which also affected the processing of our new applications. A persuasive letter was addressed to its Member Secretary which resolved the impasse. The concluding excerpts from this letter are as follows: " *Given the general ignorance and apathy of the environment at large, the task of town planning and urban development appears to us to be ambitious in itself For its successful performance we would require to organise and direct all the available strengths in human resources, irrespective of whether they come from the private sector or government sector. These strengths would include:*

- *the stringency of the Development Control Rules,*
- *the procedural discipline of the 'green channel',*
- *the beliefs and conviction of honest entrepreneurship, and*
- *the commitment and enthusiasm of both government authority and private enterprise*

*Even more important, we believe, it will require an appropriate Perspective in implementation which does not allow procedural lapses on either side to develop into a loss of mutual confidence.*

*By the middle of 1988, Alacrity would have completed more than 40 projects within the city, all of which would manifest the inherent values of the Development Control Rules. The flats in these projects would have been priced nearly Rs.100/- per square feet less than the price charged by others for comparable quality and service, thereby laying to rest the myth that the Development Control Rules can be observed only at prohibitive cost to the consumer. If, by then, Alacrity's buildings along with the constructions of other like-minded builders accounted for even 25% of the total area put up by flat builders in the city, the Development Control Rules would be well on the way to gaining popular acceptance".* Again, the maturity and understanding displayed by us in this episode prompted MMDA, 'a year later, to seek our

support as consultants to carry out a study for improving the efficiency of its own approval procedures.

Today, the Alacrity brand carries as much value in the government departments as elsewhere in the market place. We have thus hopefully demonstrated that our public departments are only as corrupt, as ineffective and as inefficient as the rest of us.

If dealing with the government departments in an ethical manner is considered as one end of the ethical business spectrum, the care and consideration shown to the less privileged and the underdogs may be seen as the other end: A migrant contract labour force which today is nearly 2000 strong has been offered the opportunity to settle down by ensuring regular employment and fair wages, membership of the Company's Provident Fund Trust as also medical, insurance and other welfare support to the workers and their families.

The following excerpts from the writings of a former senior manager exemplify how the whole organisation is geared to extend care and consideration to the underdog:

*"The hour was dark. My small-scale business started with great hopes had to be closed due to my failing health. Being bothered with keeping body and soul together more than anything else, I had thrown tradition to the winds and consented to my wife's taking up employment. Then, my daughter shelved her studies and took up a job. I consented to this also, albeit reluctantly. I could see no trace of silver on the horizon. But I survived. It must have been the hand of providence that guided me then to Alacrity. I was ready to accept a job for even Rs.1000/-. And Alacrity was ready to take me. But entry into Alacrity needed the password 'Fit' to be given by the Company doctor. The doctor said 'No'. The Alacrity Board overruled him. Joining Alacrity put me back on the path to normal life. So much so that, despite being advised to balance my career aspirations with the state of my health, I was, by the end of the first year itself, demanding recognition. The doctor who had not cleared my entry in the normal course, did not stand in my way either. On the other hand, he took me under his sheltering wings and monitored with meticulous*

*care and concern, my health, diet and life style, in order to make me as fit as could be expected, given my complications.*

*It may seem that I was singled out for special consideration by the top management in their decision to make my success in life their business. This is not the case. Alacrity's care and consideration for me were not anything special but stemmed naturally from its faith in the intrinsic value and wealth of human resources. This realisation was reinforced during my second serious setback in health: I had met with a major accident and had to be operated upon and remain in bed for nearly two months. The event caused a fresh upheaval not only in my personal finances but in my morale as well.*

*Thanks to Alacrity's Group Insurance Scheme, I was admitted to a famous private nursing home and received the best possible treatment. The Vice President - Personnel visited me the very day I was admitted. He assured me and my wife of all possible help, spoke to the principals of the hospital and arranged for things in such a way that as long as I was there, I had nothing to worry about.*

*The Alacrity family rallied round us as only the Alacrity family can. A senior colleague used to bring me coffee at the first streak of dawn every single day of my one month's stay. He is no young man himself, mind you (except at heart!). Practically every other day, the Vice President of my department used to visit me with his wife. Senior members of the management team found time to call at the hospital to enquire after my health and progress. My wife had also joined Alacrity by then and most of her colleagues called on us several times. As a result, I felt neither lonely nor neglected. As a full-fledged member of such a large family, I knew that someone or other would always be there to help. This was an exceedingly powerful motivation for me to return to work earlier than anticipated, and be among people to whom I was not a machine with a high or low productivity rating, but a person with a dignified place in the family, and one who was wanted and cared about. During my convalescence, and even after I started attending office, the consideration, compassion and tolerance shown to me remained genuine and consistent. I*

*resumed duties partially and was encouraged to so pace myself that the process of recovery was not vitiated. I only wish I were blessed with good health to work harder and better for such a company.*

*There are and undoubtedly will be in the future – others too receiving timely help and attention in their own testing periods and moments of crisis. They will realise after reading my story that Alacrity not only expects employees to work but also returns manifold their worth in times of need. I am not bent under the yoke of gratitude when I acknowledge the timely help rendered by Alacrity to my family, but I speak as a free life member of a fine society.”*

In the past, whenever I have shared the human dimension of the Alacrity experience, I have been invariably asked if there is not a price to pay in terms of reduced profits or even losses. We have needed to balance it, of course, with superior performance in the conventional business functions. And I must say here that we do have a team of deeply committed people in planning, designing, development and implementation. But to understand the economic risk better, I have to take you back to my own early insights into business uncertainty. I had realised that the very fact of Business being risky and uncertain establishes that there is no formula to guarantee profit all the time. Therefore, to enter Business without adequate psychological preparation to deal with a loss situation was surely asking for trouble either in terms of being under pressure to misreport results or simply going under. So long as we were not able to raise our volumes to an optimal level, we had to provide for losses. But with a clear understanding of the principle of Venture Capital, we could justify these losses as the development cost of establishing an ethical business. Later, when we decided to go public with Alacrity Housing Limited, to increase our equity base, promising fair returns to the shareholder, sections of the popular press, drawing attention to the accumulated loss, called us scamsters and frauds. However, when we addressed a meeting of the Tamil Nadu Investors' Association, we were pleasantly surprised at the overwhelmingly favourable reception we got.

Not only was the hall packed unprecedentedly but the President of the Association also chose the occasion to harmonise his own position with ours.

*"I spoke to the Association's Auditor", he said, "and asked him about the loss. The Auditor who is not a regular investor himself told me that when you consider investing in Alacrity, it has to be not on the basis of profit or loss but for the cause, and he had himself decided to invest. I have therefore decided to depart from my usual discipline of not speaking for or against any issue and ask you today to invest your mite in this honest company."*

### **Has Alacrity's honesty finally paid off?**

1. The Alacrity group's current annual turnover is in the region of Rs. 100 crores.
2. Alacrity Housing Ltd. is an overwhelming market leader among flat builders in the city of Madras. It has paid steady dividends to its shareholders from the first full year of its operations.
3. Alacrity Electronics Ltd. which has a significant presence in the field of Energy Management with the well established 'Krykard' brand, has also opened its dividend record last year.
4. Alacrity Foundations Pvt. Ltd. has emerging businesses in the fields of Primary Health Care and Education.
5. Even more striking has been its social performance;
  - a. Alacrity is in a position to say today that more than 30 percent of flat building activity in Madras is in strict accordance with Development Control Regulations and free from black money.
  - b. Nearly 30 percent of Alacrity's labour force has shown itself capable of sustained employment and earnings, thereby opening the prospect of an extended market for housing and growing opportunities for employment to cover the less privileged in our society.
  - c. Alacrity's top managers mostly stay in Alacrity flats, travel by two-wheelers or public transport and draw salaries much less than what they would command elsewhere in the market. In the process, they demon-

strate that a moderate life style does not stand in the way of excellence in business performance.

In conclusion, you might as well ask me: "Are you not making it all sound a little too smooth and rosy?" As you have observed, we have had our problems and crises. To meet such demanding standards over long years, Alacrity's managers have to sustain a level of self-discipline, commitment and self-renewal that can, at times, become quite stressful, especially at the higher levels. This would perhaps explain a recent development which tested the institutional strength: A group of senior employees departed from the Alacrity fold and we came through this test as well as ever. There is enough evidence to show that the institution has only grown wiser and stronger after every fresh crisis. And we continue to have the conviction that no wealth or power can be more valuable than our dignity; no loss of profit can be more critical than the loss of our credibility; no skills or qualifications can substitute the integrity of our character. As a result, the dangers and risks are turned into opportunities, and the failures become the proverbial stepping stones to success.

On a more personal level, I am happy to see the evidence of strong leadership emerging, a small part of which was reflected in a public pledge taken on the occasion of Alacrity's 17th anniversary by 31 top and senior managers for their life-long commitment to and service for the progress of Alacrity's Corporate mission. Besides promising the endurance of the Alacrity spirit, it also raises in me the hope that I can now stop being the insufferable husband that I have been to a spirited, loving and waiting wife.

And finally, if I may be permitted to indulge in a little corruption of Robert Frost's famous verse:

*There are still promises to keep  
And miles to go before I sleep  
But the woods are no longer dark and deep*

Thank you.