

4th Anniversary

OUTLOOK

Business

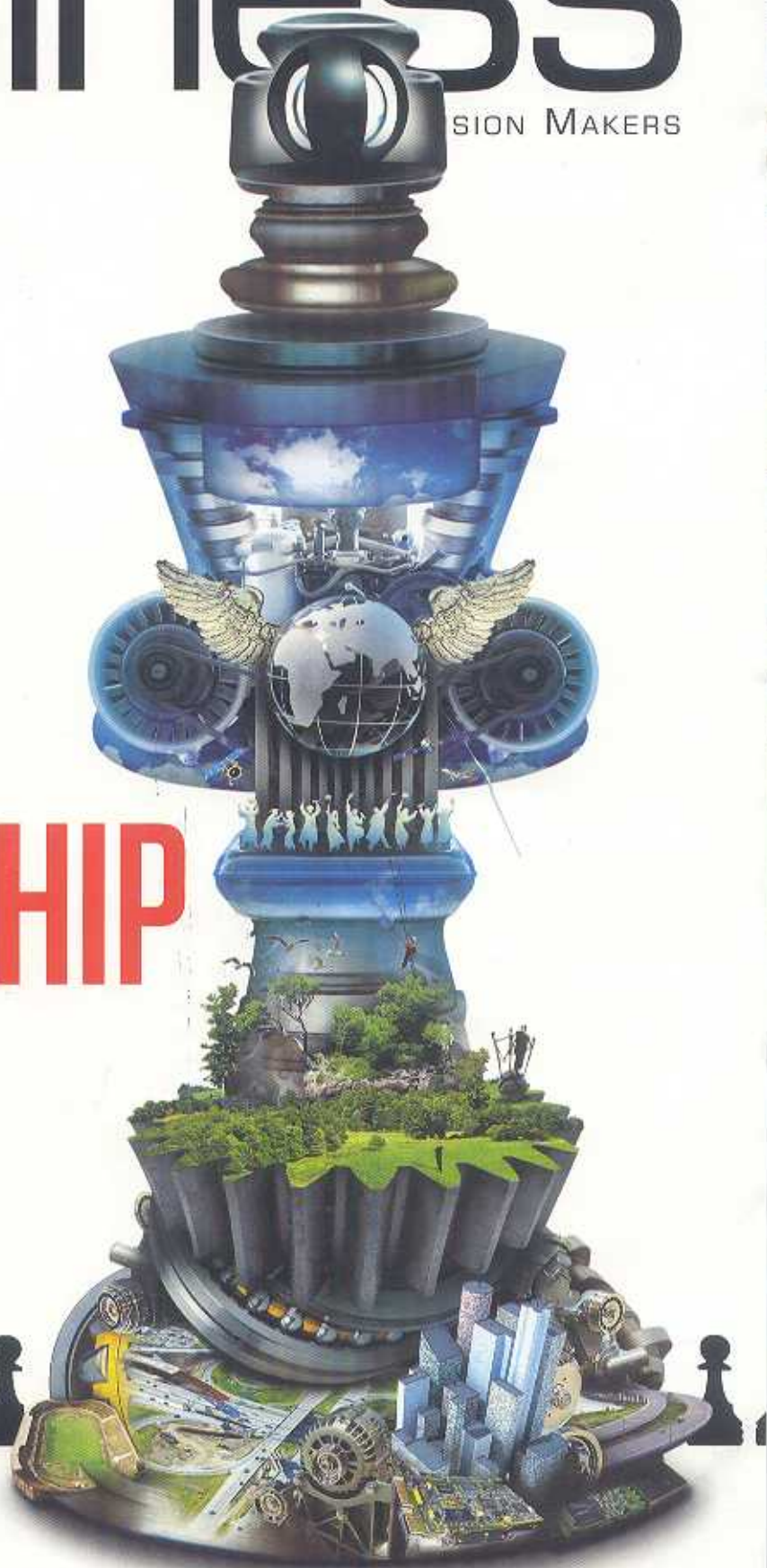
May 29, 2010

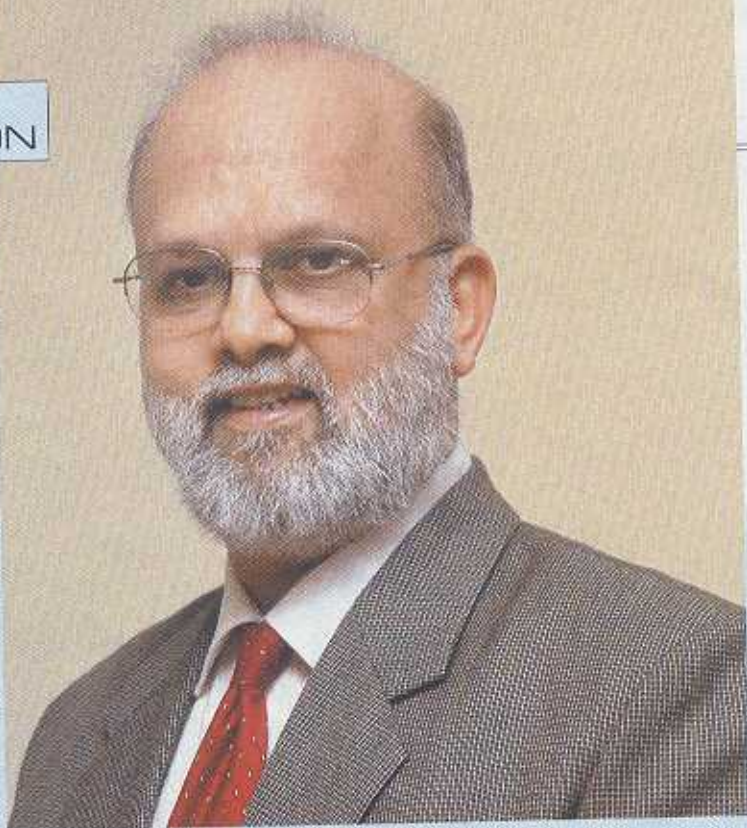
Rs 25

VISION MAKERS

Insights from Arun Maira,
Ashok Soota, Kapil Sibal,
Kishore Biyani, RC Bhargava
and many more.

LEADERSHIP





PRAMOD CHAUDHARI

Chairman, Praj Industries

Ignore The Brickbats

Leadership isn't a popularity contest. It involves taking tough decisions that may not go down well with other stakeholders.

THE BUSINESS OF CLIMATE CHANGE IS MUCH TALKED ABOUT, BUT little understood. There is a public perception that is very simplistic. These perceptions often get limited to rising temperatures, melting glaciers, change in crop patterns, flash floods and natural disasters.

But, for technology companies like Praj and for those steering these companies, it is about sustainability, which is the larger picture. Every time we develop a solution, it has to be tested not just against financial viability, the love of all businesses, but also against environment and social viability.

I believe that green leadership does hinge on the matrices of sustainability—people, planet and profit—which are also business objectives. However, I would like to superimpose these matrices on another set of matrices—entrepreneurship, education and innovation.

I feel entrepreneurs are ably suited to lead green and clean technology adoption. Not only can they take on the risks, but they also have the necessary passion and drive to make it a business compulsion. When I passed out of IIT Bombay in 1971, I joined the workforce just as anyone



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else. But, my entrepreneurial mind soon drove me to enter the area of green technology.

Today, I believe, education will be another great driver for new solutions; and greater awareness through education will assist in the propagation of green technology. If young minds grow up with sensibilities developed for green technologies, we will emerge stronger from the ordeal of climate change. Innovation is the life-blood of this emerging new area. New problems need new solutions.

Green leadership comes with its share of brickbats as also rewards. Any green or clean-tech solution is often compared with what has been around for many years, which seemingly has no cost attached to its exploitation. Take petrol vis-a-vis ethanol. Ethanol is relatively new in its use, while petrol has been used for over a century. This itself gives a tremendous psychological advantage to petrol, while the actual (hidden) cost of crude exploration and exploitation is not very clearly understood by the general public and politicians.

Often, funding is an issue. Many fund managers and bankers do not have the necessary understanding of the space. This creates the first bottleneck. Many companies, including Praj, have made a headstart in making clean/green tech an area that is friendlier. The green technology area, especially the emerging one, is still in the domain of venture capitalists, and as such, it is still considered risk-financing. Very soon, we will see many thematic funds coming up for clean-tech and enough people who want to participate in such funds in the larger interest of environmental benefits.

Niggling Worries

Like any other new technology that is breaking away from the

norm, there are a lot of concerns that surround clean or green tech. The first, of course, is the initial cost of adoption, which could be higher. Second, is the adoption of these technologies. Since these technologies are still in their infancy, there is nothing to prove that they will work.

Detractors often kill many new initiatives in this area rather than the operability of the concept itself. A leader has to take on the responsibility of proving the detractors wrong. We have to forge ahead with a firm belief that green and clean technologies will win out in the long run.

Being a leader comes with its share of responsibilities. For example, the responsibility to respond to situations much before they manifest themselves as problems. At Praj, I take satisfaction in the fact that we took the decision to invest in second-generation technologies much before the issue of food vs fuel was raked up. Even though misguided, these concerns can't be undermined and need to be responded to positively.

I am happy the ethanol industry has also responded with adequate pragmatism and has invested its energy into finding solutions rather than defending its position.

Recently, I had the honour of representing our country at the COP15 conference at Copenhagen. The conference has only increased my sense of responsibility towards climate-change mitigation. On one side, it is my business; on the other, it is my personal sense of involvement as a human being.

We need to maintain a humanitarian approach to the climate-change mitigation process. This would bring about personal accountability in each of us. It is important for businesses to sensitise their employees to these issues and to work out a 'personal sustainability scorecard'. At Praj, we have attempted to do so with several green initiatives within the company. Businesses should increase transparency in relation to steps undertaken to mitigate climate change. And, most important of all, the mindset of employees needs to be channelised.

As it is said, we have but one home—the planet Earth. We need to safeguard it. ■