Meeting the sustainability challenge: HCL Technologies

Corporate India is just as committed as Europe and the United States to sustainability, asserts Vineet Nayar, CEO of HCL Technologies Ltd.

"Indian businessmen are global businessmen - they are not isolated in India," he says. "And the entire economy is global so you just can't say the economy is isolated."

HCL Technologies, one of India's leading global IT Services companies, currently employs 50,000 people and operates in 18 countries, and reports current annual revenues of approximately $1.5 billion.

Speaking to INSEAD Knowledge on the sidelines of the INSEAD Leadership Summit 2008 on sustainability, Nayar says India does have a peculiar problem. Average earnings are low, and energy and fuel consumption is far more inefficient than in the West. But, he points out, an Indian's fuel consumption is fifteen or twenty times less than that of an American or European.

The easiest thing to do, he maintains, is to preach. Instead, he believes everyone should look internally and make incremental changes, and then the world will be a better place.

He has faith that technology will be able to resolve many of the problems facing mankind at the moment, as it has done in the past century.

He points out that technology has helped solve issues such as water and power supplies, geography definition, education and transport. And now significant research is underway on alternative and emission-less fuels and on fuel-efficient cars.

"So I do not think that the answer is to have fewer cars in China and India just because you have joined the party late (and say) you can't have a car – no!"

Nayar says his company is growing at 40 per cent a year, and he firmly believes that successful business leaders must not only anticipate but beat customers' expectations.

He says that long before companies such as BT took steps to persuade its suppliers to lower their carbon emissions, his services company was already on the path of sustainability.

"Far before any of the customers started talking about it we already had the initiative going so we are ahead of the curve," Nayar says.

"You must understand that at HCL we do not need to do things because the customers ask us to do it, we need to do it because I think as part of the society we need to do it."

Business leaders, says the CEO, must set the tone. And, he argues, that just as with democracy, green issues will be on the agenda tomorrow. People were not born aspiring for democracy but, he points out, once they learn about it, they start asking for it. Democracy came about because some leaders said that was the right way to go.

> "That's a leadership trait. Don't wait for customers to tell you something. You know it's good: it's good for business, it's good for society, so go in and do it."

Nayar is also promoting the sustainability issue in his company through education. HCL hired 25,000 new people this year and just as corruption globally has been tackled through education, Nayar hopes to make his employees socially responsible, aware that they live in a community and not in isolation.

The spin off is that HCL company buildings are energy efficient and employees are aware about green issues and conserving energy.

Nayar also believes that CEOs like himself should be more accountable to their staff. Traditional company structures, he explains, such as those in manufacturing, are of a 'command and control' nature similar to that found in the military. In manufacturing, the value is created in R&D laboratories and, possibly, on the manufacturing floor.

But, he asserts, in the services industry and in companies such as HCL, the value is created in the interface between the employee and the customer. As the interface is the most important value zone, it follows that the most important person is the employee.

"Now if that's true, and the CEO hence is the last on the food chain, then the inverse accountability of the CEO to the employee is very critical for that value creation experience to be maximised."

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