

On becoming a respected corporate leader
A lecture delivered at the convocation of the graduating students of the
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by
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Chairman, members of the governing body, Director, faculty, staff, students, guests, and the graduating students, I thank you for inviting me to be part of this joyous occasion. Congratulations to the graduating students on completing this worthy *penance*. You are now all set to shoulder the aspirational task of transforming our country and the world with the competence and the values that you possess. The knowledge, wisdom, writing, modelling, analytical thinking, Socratic questioning, group discussion, teamwork, and decision-making skills that you have acquired here will assist you in this task.

I am happy to come back to a place where I started my career in 1969. I learnt much being the chairman of this venerable institution from 2002 to 2007. Today, my talk will be very similar to the one I gave recently on the 40th year celebrations of Infosys, the company I founded. The context is different but the lessons for both the graduating class here and the Infoscions are the same.

I have often been asked why I started Infosys. Let me answer that. I grew up in a family of 8 children, a mother, a father, and a grandmother. My father was a schoolteacher in a small town. It was drilled into my young mind that my fate would be limited by the circumstances I was born into. The India that I experienced in my youth was a lower-middle class India with small hopes and even smaller dreams. I had simply accepted that there would be a glass ceiling to most professional ladders in corporate India. Corruption and connections in government were common for success in most businesses then.

That retrogressive mindset of mine changed gradually when I started working in a French software company in Paris more than fifty years ago. I learnt three important ideas - *the power of entrepreneurship in a free market in creating jobs and prosperity for the nation; the beauty of an enlightened corporate democracy; and the role of compassionate capitalism in building a prosperous and happy country*. I was also influenced by the writings of Mahatma Gandhi, Max Weber, Frantz Fanon, and Karl Polanyi. After learning these lessons, I decided to return to my country by hitchhiking from Paris to my hometown, Mysore, traversing Western and Eastern Europe, Israel and West Asia spending four to five US dollars a day. That journey irrevocably transformed me from a confused leftist to a determined compassionate capitalist.

After I returned to India, I decided to conduct an experiment based on these three important ideas. My first attempt – *Softronics* – failed since there was no domestic market for software development in India at that time. I learnt my lesson and started my second attempt, *Infosys*, after my stint as a General Manager at Patni Computer Systems Private Limited (PCS). I collected a set of bright and value-based youngsters there to assist me in building Infosys. Fortune conspired with us in the form of the 1991 economic reforms of India ushered in by Late Narasimha Rao and Dr. Manmohan Singh. The rest is history.

While I did not expect to address every challenge of our society in my Infosys journey, I hoped to create a microcosm that did not suffer from the injustice, inequity, discrimination, and unfairness of the society that I had seen or experienced around me when growing up. I wanted to create a company of the professional, by the professional, and for the professional as Abraham Lincoln defined a democracy. I wanted this corporate child of mine to be an expression of the best that the corporate world and the society could offer. I wanted it to be a place where a person from any race, religion, caste, region, nationality, and economic stratum could succeed based on competence and values. A place where people from the forgotten fringes could compete with confidence, perform, earn respect, occupy the centre space, and, with luck, run the company. A place where fairness and justice would be the norm. A place where imagination, speed and excellence in execution would be the watch phrase. A place where there was no apartheid between management and employees. A place where the dignity of the individual was sacrosanct. A place where merit was revered in every transaction. A place where the CEO and the janitors shared the canteen and the toilet. A place where graft would be taboo. A place where people would celebrate deferred gratification, would not pilfer from the corporate kitty, and do what is right for the entire company. A place where the asymmetry of information between the management and the shareholders dissolved like dew on a sunny morning. A place where you could disagree but could not be disagreeable. A place where the seniors wholeheartedly and enthusiastically shared wealth with everyone who participated in generating it. And ultimately, a place where the inner voice exhorted every Infoscion to demonstrate the best of entrepreneurship, compassionate capitalism, enlightened corporate democracy, and time-invariant and context invariant values.

This, to me, has been the Infosys I dreamt from the day I first discussed it with my then friend and, today, my wife in 1977. Even today, my undying passion burns bright for these ideals that have made Infosys special. My dream for Infosys has never been just that of a mere profit-making machine. But rather, an experiment and a demonstration of social change for the betterment of my country. Infosys has been a perfect manifestation of my belief that one's fate need not be determined solely by one's birth. Infosys has been an umbrella offering shelter to many who shared the same belief.

I wish to share with you what I have learnt in this extraordinary journey and what has made Infosys unique. Each one of these precepts has been a foundational pillar for

building Infosys over the past four decades. My hope is that every one of you assembled here would live by these ideals and demonstrate them throughout your careers.

01. A culture of meritocracy and values should determine the mindset of a company. Culture is the strong foundation on which the superstructure of aspirations, dreams, hopes, and their conversion to reality rest. Remember that Peter Ducker once said, *"Culture eats strategy for lunch"*.
02. Competence, commitment, and character are the essential ingredients for a company to earn the respect of the stakeholders and to achieve enduring success.
03. The best management guru is market competition.
04. The most powerful instrument of a leader is leadership by example in demonstrating courage, sacrifice, hope, confidence, innovation, hard work, truth, fairness, transparency, accountability, austerity, discipline, a good value system, and open-mindedness.
05. How you behave when you are on top and have power and wealth is your true character. In such moments, grace, courtesy, and humility shown to others reveal the real you.
06. A confident leader hires people smarter than himself or herself. Such a leader gets the best out of his or her people by creating an environment of openness to new ideas, values, meritocracy, fairness, transparency, speed, justice, imagination, discussion, excellence in execution, and questioning. Remember that questioning is the primeval soup of imagination. Without questioning there is no progress.
07. Putting the interest of the company ahead of one's personal interest in the short and medium terms results in the betterment of one's personal interest in the long term.
08. Performance leads to recognition. Recognition leads to respect. Respect leads to power.
09. Respect enhances trust in the company among stakeholders leading to repeat business from customers, attracting quality employees, and long-term investors. Respect also enhances cooperation from vendor-partners, the government of the land, and the society.
10. Market access and talent access determine the success of a company.
11. Sales and finance are the lifeblood functions of a company.
12. Price is what you pay, and value is what you expect from what you buy. Every customer looks for the best value for money in every purchase. Therefore, a company that enhances differentiated value to the customers using continuous innovation will obtain premium pricing. Competing merely on price will restrict the company to a commodity market. Such a company will eventually atrophy.
13. Free cashflow is the best index of the success of a company.
14. Transparency in everything you do is, counter-intuitively, a competitive advantage.

15. Respected leaders avoid any asymmetry of benefits in their own favor vis-à-vis other stakeholders. Good governance is enhanced by adhering to honesty, fairness, transparency, and accountability in every transaction. It requires values, suppression of greed, and fearless governance.
16. Success is half due to performance and half due to luck. So, we must be humble. As Louis Pasteur once said, "*Chance favors the prepared mind*". So, we must do everything possible for success before we invoke God.
17. Fairness is the most important attribute for any decision. Practise the Latin proverb, "Audi alteram partem" or "listening to the other side". Fairness is maximized by listening to the other side and using data and facts.
18. Across the world, and particularly in a country like India where the majority of the people are poor, the best way to make capitalism attractive is for the corporate leaders to exercise self-restraint in their perks, their profligacy, their compensation, and their lifestyle. After all, remember the words of Socrates who said, "the secret of happiness lies not in seeking more but in developing the capacity to enjoy less".
19. The softest pillow is a clear conscience. Therefore, when in doubt, disclose.

These ideals I have expressed are not rhetorical. We, at Infosys, have lived them. We have fought for them. We have sacrificed for them. We have suffered for them. And, we have celebrated them. In the future, at a time when there is fog on your windshield, I hope these time-invariant ideals will serve you in gaining clarity. Living these ideals has reinforced the eternal idea that the purpose of life is to leave our context a little better before we leave this world.

These ideals define the finish line. Until these ideals become your second nature, my young friends, your journey and mission will not be over. This is my charge to all of you gathered here today. You will have to live these ideals and bequeath them to the future generations.

My hope for India of the future is that you, the future corporate leaders, will ensure that for all ages, for all seasons, for all regions, for all businesses, and for all people, our country will be led by the ideals I have laid out today.

Be original. Be daring. Be unreasonable. Be anything that will assert the integrity of your purpose.

Thank you.

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