Strategic Cost Management
For sustainable Value Creation
Discussion Flow

- Strategic Management Revisited (SCM)
- SCM – Perspective and Approaches
- A Case Study on Tata Motors
- Corner Stones for SCM
- SCM for Sustainable Value Creation with 4P Approach
Acknowledgement

The author acknowledges that freely available graphics through internet have been used for this presentation with the objective of propagating knowledge.
The Big Question

What is Strategy

The present author feels Strategies are those planned actions which enable the business entity to survive in long term with sustainable growth and prosperity.
The story of the Wolf and Two CEOs in the Woods
A strategy is an integrated set of choices for actions which positions a firm in an industry so as to generate superior financial returns over the long run.

- The business ecosystem as ever is under the grip of Volatility, Uncertainty, Complexities and Ambiguities.
- However, elements of VUCA everyday assuming critical dimensions with accentuated by disruptive business models.
The essence of strategy is choosing to perform activities differently than rivals do. It is essential to understand that

- Operational effectiveness
  - Is not strategy
  - Is necessary but not sufficient
- Strategy rests on unique activities

Essential elements of Competitive Strategy includes

- Cost leadership,
- Differentiations, and
- Focus

Essential to represent the alternative strategic positions in an industry

Strategic positions can be based on

- Customers’ needs,
- Customers’ accessibility, or
- The variety of a company’s products or services

Strategic positioning

- Are often not obvious,
- And finding them requires creativity and insight

New entrants often discover unique positions that have been available but simply overlooked by established competitors
A Sustainable Strategic Position Requires Trade-offs

- Choosing a unique position is not enough to guarantee a sustainable advantage. It Needs trade-off

- Trade-offs occur when activities are incompatible
  
  It means that more of one thing necessitates less of another, e. g., an airline can choose to serve meals adding cost and slowing turnaround time, or it can choose not to
  
  But it cannot do both without bearing major inefficiencies. Here comes the need for SCM

- First, a competitor can reposition itself to match the superior performer

- Second and far more common type of imitation is straddling
  
  - It seeks to match benefits of a successful position while maintaining its existing position.
  
  - It grafts new features, services, or technologies onto the activities it already performs
  
  - It essentially needs SCM for sustainable price competitiveness

Learning Points from The Strategy Guru ... 2
Let us think of something unique and drastically different.
# Red Ocean vs Blue Ocean

*Key Determining Factors:

<table>
<thead>
<tr>
<th>Red Ocean Strategy</th>
<th>Blue Ocean Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compete in existing market space.</td>
<td>Create uncontested market space.</td>
</tr>
<tr>
<td>Beat the competition.</td>
<td>Make the competition irrelevant.</td>
</tr>
<tr>
<td>Exploit existing demand.</td>
<td>Create and capture new demand.</td>
</tr>
<tr>
<td>Make the value-cost trade-off.</td>
<td>Break the value-cost trade-off.</td>
</tr>
<tr>
<td>Align the whole system of a firm’s activities with its strategic choice of differentiation or low cost.</td>
<td>Align the whole system of a firm’s activities in pursuit of differentiation and low cost.</td>
</tr>
</tbody>
</table>

**Structuralist view**  
**Reconstructionist view**
Value Innovation

Value innovation places equal emphasis on value and innovation.

Value innovation is a new way of thinking about and executing strategy that results in the creation of a blue ocean.

The creation of blue oceans is about driving costs down while simultaneously driving value up for buyers.

Cost savings are made by eliminating and reducing the factors an industry competes on.

Minimise Value Destruction

Eliminate

Reduce

Innovate

Create

Maximise Value Creation

Buyer value is lifted by raising and creating elements the industry has never offered.

Your Presenter’s Call – Be Innovative – Add the element of Invention
Keep Bull’s Eye on your Target - Where to go from where?

Business performance management is all about making sense of
• What is happening now and
• What should happen in forward path

% age Change in Return

% age Change in Turnover

Zone - A

Zone - B

Yesterday

Today

Tomorrow

Conduct trend analysis > Map present position > Fix strategic intent > Initiate Action
Introspect and Reposition Products and Services

<table>
<thead>
<tr>
<th>Competitors</th>
<th>The Organisation</th>
<th>Known</th>
<th>Not Known</th>
</tr>
</thead>
<tbody>
<tr>
<td>Known</td>
<td></td>
<td>Public Knowledge</td>
<td>Unique Strength*</td>
</tr>
<tr>
<td>Not Known</td>
<td></td>
<td>Blindness</td>
<td>Unexplored**</td>
</tr>
</tbody>
</table>

* Unique strength will lie in knowing what the competitors do not know
** Strive to move to the unexplored area to achieve a state of readiness for proactively delivering what the society will ask for tomorrow

“The only limit to our realisation of tomorrow will be our doubts of today”
In course of time **Blue Ocean** will turn into **Red Ocean** – Survival? will Depend on continuous **cost management** befitting **business strategies** in search of survival and excellence
Learning points from Those Great Innovators

- **Intent** for competing through
  - **Cost** Leadership
  - **Product / Service Quality** Differentiation
  - Committed Propositions for ‘After Sales Services’

Learning points from Big Brothers

- **Karsandasbhai** identified latent demand of robust detergent powder for lower rung = Rest is success story for Nirma

- ‘A voice call for **three minutes** at cost of a postcard’ = Brought in revolution in Indian Telecom

- **3M** made **Cello Tape** indispensible for packaging just by adding a desk-top cutter = Sales accelerated in multiples

- **Maruti Suzuki** started with **family car** = Integrated after sales service followed by high value cars

- **Mont Blanc** = Product differentiation and **sustainability**

- ‘**Bata by Choice**’ strategy failed = Now products for all

Learn from crushing between stones to menu Specific Spices and ingredients
Strategic Management - Perspective and Approaches
It will be useful at this stage to see a short video clip
Strategic Management - Perspective and Approaches

❖ SM is a disciplined process with strict timelines for
  ❖ Developing and executing series of competitive moves
  ❖ Aligning resources committed to the unified goal
  ❖ Shedding-off outmoded ideas and management tools

❖ Competitive moves are derived from
  ❖ Demands and imperatives of external environment and
  ❖ Internal strength and capabilities of present and future

❖ An effective SM process with focused objectives include
  ❖ Introspection of internal realities with critical questions
  ❖ Formulation of plans and sensitisation of all concerned
  ❖ Evaluation and monitoring procedure
  ❖ Enterprise risks management (ERM)
    ✤ Assessment of ‘Value in Risk’,
    ✤ Probability of occurrence
    ✤ Mitigation actions and efficacy assessment

‘Strategic Cost Management’ is a process of dealing with emerging realities
Decision making is the process by which managers respond to opportunities and threats by analysing options and making decisions about goals and course of actions.

Opportunities = Ways to improve organisational performance
Threats = Occurs when the organisation is affected by adverse impacts of events

Learning points

“Doing what is right is not hard - Knowing what is right is.”
Lyndon B Johnson

“Once you have made your marks watch out for erasers.”
Will Rogers

Crisis is a wonderful opportunity to waste - Remain in a state of readiness
Management Control is the process by which managers influence other members to implement organisation’s strategies

- MPC is not automatic – It is embedded in the DNA of an organisation
- Acceptance of strategies and plans by executors – Bottom > Top > Bottom
- Each employee gets his / her planned Score Card and evaluates actual
- Each one is the first analyst for self performance and variations
- Management must introduce organisational framework for monitoring and control, including
  - Risk management
  - Utility maximisation
  - Goal Congruence

MPC systems encompass both financial and nonfinancial performance measures

- Financial dimension focuses on the monetary bottom line at stages of Operating Margin (EBIDTA), PBT and PAT
- Framework for strategy formulation should be driven by three Markets – Capital, Product and Factor (Inputs and Labour)
- Distinction between Management Control and Task Control – The later is never a science as it tries to control behaviour of human resources
- Framework and process for MC has to be both formal and informal
Industry & Product / Service - Value Chain Analysis for SCM

Resort to - Porter’s ‘Five Forces Analysis’ for deriving Competitive Advantage

Suppliers

Bargaining Power

Customers

Competitors’ Rivalry

New Entrants

Entry Barrier

Industry

Competitors

Substitutes

Efficiency Threats

Consider for SWOT > Strategy > Tactics Analysis

Consider for Planning and Implementation

MPC Questions
Can we optimise revenue?
Can we minimise costs?

MPC Questions
Can we sustain growth?
Can we increase COR?
(Capital Output Ratio)

PESTEL Analysis – Product, Economic, Suppliers, Technology, Environment & Logistics
Portfolio Matrix for Business Strategy and SCM

- Boston Consulting Group views Growth as a measure of attractiveness
- General Electric’s Planning Model - Product & Service Portfolio and Recommended Strategy

<table>
<thead>
<tr>
<th>Industry Attractiveness</th>
<th>Business Strength</th>
<th>Recommendation</th>
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<tbody>
<tr>
<td>High</td>
<td>Winners</td>
<td>Invest and Build strongly</td>
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<tr>
<td></td>
<td></td>
<td>Question Marks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dominate, Delay or Divest</td>
</tr>
<tr>
<td>Average</td>
<td>Winners</td>
<td>Invest and build selectively</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Average Business</td>
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<tr>
<td></td>
<td></td>
<td>Earn, Protect and Hold</td>
</tr>
<tr>
<td>Low</td>
<td>Profit Producer</td>
<td>Invest and Build strongly</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Losers</td>
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<tr>
<td></td>
<td></td>
<td>Harvest or Divest</td>
</tr>
<tr>
<td>Strong</td>
<td></td>
<td>Average</td>
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<tr>
<td>Average</td>
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<td>Weak</td>
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<td>Losers</td>
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<td></td>
<td></td>
<td>Harvest or Divest</td>
</tr>
</tbody>
</table>

Systems and processes for MPC are to be framed out and implemented keeping in view ‘Portfolio Matrix’ and Business Strategies
Strategic Management - Perspective and Approaches ...

- **Accounting Framework and ‘Points for Delivery’ against commitments**
  - Segmentation – As per Accounting Standard (Ind AS, IFRS and US GAAP)
  - Further Classification – Profit Centre
  - Cost Centre
  - Internal Order
  - End – Means Analysis for
    - More efficient ‘Value Chain’
    - Increased strength of the weakest link in the chain
  - Responsibility Centre – With ‘Cast in Stone’ Deliverables – Score Card
    - Financial
    - Functional
    - Operational

- **IT Enabled Integrated Control System** converging for financial reporting

- **Examples to follow SOX 404 or RACM with COSO as overriding principle**

- **Distinction** between Management Control (MC) and Task Control – The later is never a science as it tries to control behaviour of human resources

- Framework and process for MC has to be both formal and informal
Strategic Cost Management
A Case Study of Tata Motors
Tata Motors’ SCM Linked to Vision and Mission – An Inference

Strategy formulation TM is based on

- Developing a vision and mission
- Identifying an organisation’s external opportunities and threats
- Determining internal strengths and weaknesses with SWOT analysis
- Establishing long term sustainable objectives
- Generating alternative strategies and
- Choosing particular strategies to pursue

Vision: “Most admired by our customers, employees, business partners and shareholders for the experience and value they enjoy from being with us”.

Mission: “To be passionate in anticipating and providing the best vehicles and experiences that excite our customers globally”

Note:
Tata Motors Group primarily operates in the automotive segment. The acquisition of JLR enabled the Company to enter the premium car market. The Company continues to focus on profitable growth opportunities in global automotive business, through new products and market expansion. The Company and JLR, continue to focus on integration, and synergy through sharing of resources, platforms, facilities for product development and manufacturing, sourcing strategy, mutual sharing of best practices.
The company promises at all times for delivery of values to all stakeholders with speed and excitement through products, the latent demand for which they want to anticipate in advance;

Like the eye of fish for the great warrior Arjuna, Tata Motor’s focus is on Customers who consume their products;

Want to excel in whatever is done with total accountability; and

Wants to measure success with the specific test of admiration they receive from all stakeholders for the value and experience they enjoy for being associated with TM.
“Tata Motors Group primarily operates in the automotive segment. The acquisition of JLR re-enabled the company to enter the premium car market. The Company continues to focus on profitable growth opportunities in global automotive business, through new products and market expansion. The Company and JLR continue to focus on integration, and synergy through sharing of resources, platforms, facilities for product development and manufacturing, sourcing, strategy, mutual sharing of best practices.”
M&A with JLR - Value Generation through Execution Plans

- **Import large-value cars** for high-end customers in India and export relatively cheaper Indica varieties to low end users in international market, where demands for the same still exist and perhaps will improve. This strategy of complementing each other’s overseas markets with products also serves another strategy of creating a natural hedge for management of exposures to currency exchange rate risks to a large extent. This is an auto created step for ERM.

- **Derive maximum benefits from** the long standing strengths, advantages and reputation of JLR in innovative designing of cars, continuous integration of modern technologies and material substitutions for superior performance and thus customers’ satisfaction.

These are some of the critical aspects from which cars of TM are suffering on the face of competition from Maruti-Suzuki and other foreign manufacturers, who have set up shops in India.
M&A with JLR - Value Generation through Execution Plans

- Tata Group will be able to export services of TCS to JLR, which has also been mentioned in some other part of the same MD&A in their annual report;

- Competitive synergies and cost savings by using each other’s logistics management systems, market knowledge, brand and corporate images.

- The Anglo-Dutch steel maker Corus, which was not doing very well since its acquisition by Tata Group in 2006, will also be benefitted with a ready in-house market for steel to be used for JLR’s cars. This may also be complemented by supplies from TISCO.
Corner Stones for Strategic Cost Management
Concerted Action Plan and monitoring implementation through Balanced Scorecard is Essential to close that gap between

What we want to be and What we are

Strategy - A Step In a Continuum

VISION – What do we want to be?

VALUES - What’s important to us

MISSION
Why do we exist?

STRATEGY - Our game plan

BALANCED SCORECARD - Implementation & Focus

STRATEGIC INITIATIVES - What we need to do

PERSONAL OBJECTIVES - What I need to do

STRATEGIC OUTCOMES

Satisfied SHAREHOLDERS
Delighted CUSTOMERS
Efficient and Effective PROCESSES
Motivated & Prepared WORKFORCE
Corner Stones for Strategic Cost Management

- **4Rs** - **Right Task** at **Right Time** with **Right Process** and for **Right Value**

- Dramatic improvements in systems and procedures for *(Seven Seas)*
  - **Quality** - Competitive *differentiation* of products and services
  - **Cost** - Leadership in product’s lifecycle management
  - **Volume** - Competitive advantage besides being the first mover
  - **Relation** - Delight of both internal and external customers
  - **Speed** - Respond to changes in market, and environment
    - Turnover of resources, Supply-chain
  - **Flexibility** - Peaks and troughs and multidirectional expansion
  - **Sustainability** - Develop enduring substance to sustain in all

- Discrete modelling of performance linked incentives

**Objects that cannot be measured, cannot be managed and controlled for sustained value creation!**

**Are your frameworks ready to touch and draw strength from each of the corner stones?**
• Corner Stones for Strategic Cost Management …

Through one JLR M&A TM has achieved broth

“Value has a value only if its value is valued.”

Maximisation of Value Additions & Innovention*

Pre-assess impacts of seeds in the Womb of Time

Minimisation of Value Destruction

Increase in Shareholders’ Wealth

*Innovention = Innovative and Inventive Value Creation

^ Bryan Dyson, former CEO of Coca Cola
Corner Stones for Strategic Cost Management ...

Strategy influences cost management perspective

**Scale** : Volume of operations

**Geography** : Expanse of operations creates **location value**

**Dependency** : Degree of **in-house** dependence for inputs

**Key Driver** : Key activity that **drives major** part of **costs**

**Experience** : **Value at each step** of end to end operation

**Technology** : **Reduce human intervention** for quality and speed

**Complexity** : Multiplicity in processes design destructs value

**Thinking time reduces working time** - Let us think for a while
Develop SCM Process through COSO Framework

Change operating philosophy, tactics and approach

1. Reactive  1. Proactive
2. Focus on people  2. Focus on opportunities
3. Direct and correct  3. Prevent and monitor
4. Inspect in quality  4. Build in quality
5. Survival of the fittest  5. Everyone can contribute

COSO Framework

The Story of A Ship Repair and Itemised Bill

A giant ship engine failed

Then they brought in an old man who had been fixing ships since he was a young

'The man sent a bill that read:

Tapping with a hammer $2.00
Knowing where to tap $9,998.00

'What?!' the owners exclaimed. 'He hardly did anything!'
Emerged and Emerging Imperatives - Move on

- Be aware of risks at every decision point
- Be aware of organisational realities - Quick fix solutions yield only short term results
- Prophesise for long run and bring in collective wisdom
- Treat every data and information as strategic asset
- Throw away ‘Executive Summaries’, critically examine details
- Be dispassionate for what is to be dropped, including, manpower yet ring fence talents
- Do not ignore small operations and wastages
- And the list goes on for specific realms of organisations

Understand steps in ‘Value Chain’, know strategic cost drivers
Propositions for Strategic Cost Management

Bite the root

Reach the Apex
Strategic Cost Management
Challenges and Imperatives
Revisit Fundamentals of Value Addition

- Value creation = Utility / Cost, or Result / Cost > 1
  Max. Value = Max. Utility / Min. Cost
- Add value by *minimising value destruction*
- Do not *over leverage* and focus on *cash management*
- *Remove sub-optimality* > The best is still far away
- Assess *value in risk*, probability of occurrence, appetite, and efficacy of *mitigating measures*
- *Spend with cerebral* application of ‘Profitability Index’
- *Generate capabilities* and facilitate *access to opportunities*
- *Comply* with every bit of *regulations* and legal stipulations
- Develop superior capabilities and attitude effective for both
  - External, and internal environment
  - Change management

Sustained value generation skill and not ownership - *Ultimate criteria for occupying the Driver’s seat*
Does Strategic Approach mean any one of the following?

Assess your organisational realities

Outplacement  Restructuring  Rethinking
Trimming the fat    Downsizing    Laying-off
Redundancy elimination    Rightsizing
Re-engineering    Workforce reduction
Delaying    Brightsizing

Source: faculty.css.edu/dswenson/web/Powerpoints/ChangeDrivers.ppt
SCM - A way of life and **NOT** an event driven initiative

**Questions to answer - Have we ..?**

- Reacted with a knee jerk mode
- Identified Strategic Drivers of Cost
- Assessed Organisational realities and capabilities
- Incentivise implementation / Innovation
- Planned OCM Process bit by bit
- Checked Scalability of Plans
- Analysed to have - Nice, Essential, Must

Value creation = \( \frac{\text{Utility}}{\text{Cost}}, \text{ or } \frac{\text{Result}}{\text{Cost}} = >1 \)

\[ \text{Max. Value} = \frac{\text{Max. Utility}}{\text{Min. Cost}} \]

Generation of value through minimisation of value destruction
Propositions for C&F Management and Control

1. Remove low value activities – Bring in strategic priorities
   ✿ Link strategic measures to goals of team and Individuals
   ✿ Purge or reduce unessential, low-value activities
   ✿ Remove obstacles to goal congruence and sub-optimality

2. Focus on results over activities – How to judge results?
   ✿ Strategically relevant business to take precedence over business
   ✿ Use focussed metrics and score cards for measurement and monitoring

3. Remove cycle-time sluggishness – How to shorten cycle?
   ✿ Accept that competitors react more quickly
   ✿ Communicate critical measures of performance
   ✿ Cut through employee rivalries and excuse making

Cost Management is a way of life – Let it begin now
Propositions for C&F Management and Control ...

4. Remove ineffective customer management models
   - Identify drivers for customer attraction and retention
   - Develop measuring models that reveals results from actions
   - Remove drivers that generates lower value
   - Watch and monitor customers’ wallet share

5. Remove functional silos and bring in goal congruence
   - Working silos prevent unbiased assessment of economic values
   - Remove crisis of power by delegating power for responsibility
   - Integrate cross functional performance measurement
   - Balance performance metrics for responsibility accounting

6. Minimise churn of high yielding customers and employees
   - Assess performance with pre-defined KPIs
   - Link customer care measures with performance
   - Give power of measurement employees for self assessment
   - Incentivise high performers

Recommended reading: Creating the Measurement Managed Organisation
William A. Schiemann
SCM for Sustainable Value Creation with 4P Approach
Sustainability Management - Revisited

Questions to ponder over
1. Is the Earth finite or infinite?
2. Is the capacity of the Earth limited?
3. Is it possible to restore or reform its capacity?
4. Will growth in this Earth be limited to its capacity?
5. Can an organisation ignore such questions and grow?

Who will take lead to answer the last question – the CEO, CFO or CXO?

“At L&T Sustainability is embedded in our vision and growth plan.” A. M. Naik, Chairman and Managing Director
The process of “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” is **Sustainable Development**

*World Commission on Environment and Development*  
(The Brundtland Commission), 1987

**Sustainable Management**

- Direct the course of a company in ways that **restore and enhance** all forms of capital to generate stakeholders’ value and **contribute to the well-being of current and future generations**

- **Integrate** environmental, social and governance issues **into business strategy**

- **Build value** by defining, evaluating and reporting on indicators **beyond financial performance**

**Set Priority of Ps in ‘Triple P Bottom Line’ - Profit, People and Planet**
How do the Corporations worldwide think?

### Where sustainability matters

% of respondents who consider sustainability issues ‘very/extremely important’ in given area, n = 1,749

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Manufacturing</th>
<th>Energy</th>
<th>Financial</th>
<th>Professional services</th>
<th>High tech/telecom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing corporate reputation, brands</td>
<td>72</td>
<td>79</td>
<td>78</td>
<td>70</td>
<td>70</td>
<td>63</td>
</tr>
<tr>
<td>Overall corporate strategy</td>
<td>60</td>
<td>64</td>
<td>69</td>
<td>60</td>
<td>58</td>
<td>41</td>
</tr>
<tr>
<td>Marketing of products/services</td>
<td>59</td>
<td>68</td>
<td>59</td>
<td>55</td>
<td>54</td>
<td>53</td>
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<tr>
<td>Developing new products/services</td>
<td>57</td>
<td>72</td>
<td>65</td>
<td>48</td>
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<tr>
<td>Developing regulatory strategy</td>
<td>53</td>
<td>65</td>
<td>74</td>
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<tr>
<td>Managing internal operations</td>
<td>50</td>
<td>54</td>
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<td>44</td>
<td>46</td>
<td>52</td>
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<tr>
<td>Planning investments</td>
<td>48</td>
<td>52</td>
<td>73</td>
<td>41</td>
<td>39</td>
<td>44</td>
</tr>
<tr>
<td>Purchasing, supply chain management</td>
<td>43</td>
<td>52</td>
<td>44</td>
<td>34</td>
<td>36</td>
<td>42</td>
</tr>
<tr>
<td>Attracting and retaining talent</td>
<td>39</td>
<td>39</td>
<td>34</td>
<td>35</td>
<td>43</td>
<td>31</td>
</tr>
</tbody>
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*Source: Mc Kinsey Global Survey Result, February, 2010*
Has SM been embedded into management strategy?

- 70% say that sustainability was on the management agenda in 2011, and will stay there permanently.

- 67% said that sustainability-related strategies are necessary to stay competitive.

- 24% are “Embracers” … the Tipping Point?

Globally SM is an accepted reality, embedded into operating strategy

What Indian Giants Say

Hindustan Unilever Limited
ANNUAL REPORT 2012-13

“Sustainability is a core element of our strategy and fundamental to creating value for all our stakeholders.”

Sustainability Policy & Objectives

ESSAR

At Essar, we shall make sustainable development an integral part of our business model by focusing on economic, social and environmental activities.

While doing so, we shall maintain accountability and will continue to improve our stakeholder engagement program.

We shall incorporate sustainable practices in our existing and new businesses and design our growth strategy to remain competitive and be a good corporate citizen.

In India about 110 Companies started reporting on sustainability Management
## Mahindra & Mahindra has made these commitments

<table>
<thead>
<tr>
<th>Commitments / Target Years</th>
<th>2011-13 (3 years)</th>
<th>2013-14 (5 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reducing energy consumption</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Reducing resource consumption</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Reducing GHG / C02 emissions</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Green IT/ Green Procurement</td>
<td>Draft, release, and implement</td>
<td>Review and update</td>
</tr>
<tr>
<td>Earning green certifications</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Spreading sustainability awareness to stakeholders</td>
<td>50%</td>
<td>100%</td>
</tr>
<tr>
<td>Increasing employee engagement with Esops</td>
<td>10%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: Company’s Website
CFO’s Questions in Planning and Budgeting Process

What are the plans, action points, capital and revenue expenditure for

レビューリング material intensity
レビューリング Utility audit and reducing consumption of power, fuel, steam, water, etc.
レビューリング Optimisation and substitution of raw natural resources
レビューリング Minimising dispersion of toxic substances
レビューリング Green logistics for renewable and used products
レビューリング Recycling of scrap, wastage and spoilage
レビューリング Prolonging product life at minimum differential price
レビューリング Increasing service intensity to reduce frequency

CXOs to ensure viability and growth after absorbing all these expenditure

Similar points are also to be ensured by vendors
Criteria for Measurement

Social Criteria *(Subjective measurement)*
- Socially desirable – Society Indicators (G3.1)
- Culturally acceptable
- Psychologically nurturing
- Conforming to human rights (Charter of UNO, ILO)

Financial Criteria
- Economically sustainable
- Technologically feasible
- Operationally viable within life cycle

Environmental Criteria
- Environmentally robust
- Utility positive
- Generationally sensitive
- Capable of continuous learning

Be the front runner - much ahead of regulatory compulsions
Learning points

- Sustainable development will be how the world will function
- The imperative is to ingrain ‘Sustainability Management’ in corporate decision management process
- The clarion call is to monitor drivers and investments for sustainable value generation
- Reduce, reduce and reduce resource intensity for ultimate survival
- Sustainability management is possible only through optimisation of values of all stakeholders
- Regulated measures for accounting and reporting must be the fourth dimension of corporate reports

Let us fulfill our commitment for coming generations
“The essence of management lies in dropping the last letter and make it ‘Manage Men’! It is still better to drop the last two letters and make it ‘Manage Me’!”
Thank You