

# THE WORLD'S GREATEST COMPANY



PETER CASEY

‘During a time of global challenge and change, it is more vital than ever that the practice of businesses be underscored by a clear and thoughtful, environmentally responsible, person-centred ethic. Peter Casey’s account of Tata provides a fascinating study of how a clear ethical code can ensure that business serves the needs of communities rather than communities serving the needs of business.’

—John Hume, recipient of the Nobel Peace Prize,  
the Gandhi Peace Prize and the Martin Luther King Peace Award

# **THE WORLD'S GREATEST COMPANY**

**THE STORY OF TATA**

**PETER CASEY**

ILLUSTRATIONS BY MIKE LUCKOVICH

PORTFOLIO

Published by Peter Casey

First published in Portfolio by Penguin Books India 2014

Copyright © Peter Casey 2014 All rights reserved

10 9 8 7 6 5 4 3 2 1

The views and opinions expressed in this book are the author's own and the facts are as reported by him which have been verified to the extent possible, and the publishers are not in any way liable for the same.

ISBN 9780670087686

**For digital sale only**

This book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, resold, hired out, or otherwise circulated without the publisher's prior written consent in any form of binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser and without limiting the rights under copyright reserved above, no part of this publication may be reproduced, stored in or introduced into a retrieval system, or transmitted in any form or by any means (electronic, mechanical, photocopying, recording or otherwise), without the prior written permission of both the copyright owner and the above-mentioned publisher of this book.

*To Patsy and Leo Casey,  
who taught me that there is no right way  
to do the wrong thing*

# CONTENTS

<i>Preface</i>	ix
----------------	----

## PART I: THE TATA STORY

1. Jamsetji Tata Starts a New Business	3
2. Sir Dorabji Tata	25
3. Sir Nowroji Saklatwala	37
4. J.R.D. Tata	45
5. Ratan Tata	61
6. Tata Consultancy Services	79

## PART II: THE TATA DNA

7. The Origins of Tata Philanthropy	97
-------------------------------------	----

## CONTENTS

8. The Tata Trusts	111
9. The Importance of Passion	121
10. The Value of Independence	127
11. The Pillars of Ethics and Governance	135
12. The Importance of Servant Leadership	145
13. What Would Jamsetji Do if He Were Running Tata Today?	153
<i>Appendix A: Tata Business Sectors and Companies</i>	165
<i>Appendix B: The Tata Code of Conduct</i>	172
<i>Appendix C: Letter from Jamsetji Tata to Lord Reay</i>	195
<i>A Tata Timeline</i>	202
<i>Bibliography</i>	212
<i>Acknowledgements</i>	218
<i>Index</i>	219
<i>Notes on the Author and the Illustrator</i>	227

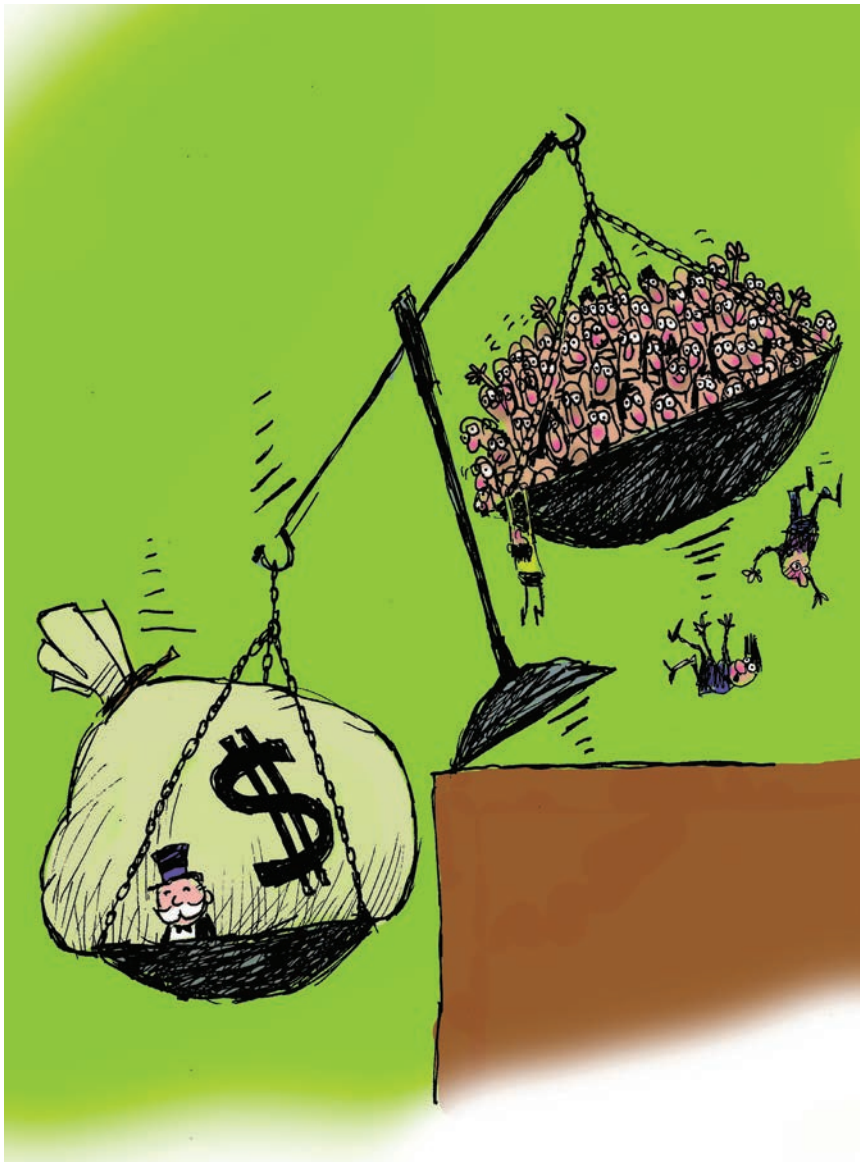
## PREFACE

We are now living in a world where the richest eighty-five people own more than what 3.5 billion of the poorest own. This is a world, where, in 2013, the largest bank on the planet paid \$23 billion in fines without admitting to any wrongdoing. The *Financial Times* reported that in 2013 the major banks in the United States paid over \$100 billion in fines.

We are living in a world where, currently, 99 per cent of the wealth is owned by less than 1 per cent of the people, and if all the wealth in the world was divided into all the people in the world, everyone would be a millionaire.

I am an unapologetic capitalist, but I have now realized that there is a different way for capitalism to succeed—the Tata way.





## PREFACE

Traditionally, companies are set up to make money for their shareholders, not to benefit the communities in which they exist and do business. Delivering return on investment is a necessity if you want to keep your job as a CEO of a publicly traded business. Serving the collective good, well, that's something for idealized socialist theory.

There has to be a better way, a new and better reality. There is. And this is the story about a truly unique company, which was established to create value for shareholders, employees, customers and humankind itself.

There simply is no other major business on earth like the Tata Group—a company whose bottom line every time is doing the right thing for society.

This company has not merely reformulated many of the business principles we have been taught for generations, it has turned them upside down.

Ask people who their heroes are, and you'll hear a lot of the same names. Mother Teresa, Martin Luther King Jr, Abraham Lincoln and Mahatma Gandhi will

## PREFACE

be popular choices. They were all phenomenal people—leaders, truly. But my own list is a little different.

My top three heroes—people who actually and positively changed the world we live in—are Leonardo da Vinci, Michelangelo Buonarroti and Jamsetji Tata.

The first two you’ve no doubt heard of. Leonardo da Vinci was, of course, one of the most creative geniuses the world has ever known. Michelangelo was widely regarded as the most talented and accomplished painter of his time, even earning the nickname ‘the divine one’. Like Leonardo, Michelangelo changed the way we experience reality itself.

In my eyes, Jamsetji Tata, the founder of the Indian company that was to later become Tata Sons, is on a level with these undoubted luminaries, with a legacy that continues to change people’s lives on a daily basis.

Few people—outside of India, at least—know the name Jamsetji Tata.

I certainly had never heard of him before 1999, when Gabriel Rozman announced to me that he was stepping down as director of Global Strategic Ventures and Acquisitions for accounting giant Ernst & Young. As

## PREFACE

E&Y had long been a client of my executive recruiting firm, Claddagh Resources, I was curious as to where he was going.

‘Tata,’ he answered. The name barely rang a bell. But Gabriel enlightened me and, over the years, called on myself and Claddagh Resources to recruit top leaders for the India-based firm in France, Germany, Italy, Ireland, Netherlands, England, Canada and the United States. I was therefore in a position to get to know Tata Sons—there are more than 130 independently operating companies in the group—in a way few westerners ever do.

What I learned amazed me.

I decided to write this book initially to help my recruiters and executive search consultants have a better understanding of Tata Consultancy Services (TCS), who, over fourteen years, had become our biggest client.

It was supposed to just be a short fifteen-page summary, but the more I started studying TCS and Tata, the more captivated I got and the project developed a life of its own.

## PREFACE

Now, there are amazing companies and amazing stories, but no amazing companies with amazing stories to match Tata's.

Today, Tata Group employs nearly half a million people, and earns revenues of \$100 billion. It reported a profit of \$6.23 billion in 2011–12, and controls assets valued at \$77.7 billion.

Tata Sons was founded in 1868 by Jamsetji Tata, the son of the first businessman in what was otherwise a family of Zoroastrian Parsi priests. In 1869, Jamsetji converted a bankrupt oil mill for the production of cotton. It was a humble start, but Jamsetji Tata had grand visions—visions of what India, with his hard work, could become, visions worthy of the likes of Leonardo and Michelangelo.

Jamsetji knew and loved his religion, and he embraced its most central tenet: that the mission of the righteous person, the person who had hopes of heaven, was not merely to live a good life, but to make life better for others. He believed he could build a company that would spark positive change. While other successful capitalists and captains of industry started companies

## PREFACE

to create profit and, thereby, wealth, Jamsetji Tata planted the seeds of philanthropic trusts, which now own 66 per cent of the Tata Group. In harmony with his religion, Tata's company would exist—ultimately—to finance and initiate projects to improve the lives of the people of India.

So, Jamsetji Tata became not only a catalyst for sweeping change in his vast homeland, but, in the process, conceptualized an entirely new way of doing business as well as philanthropy. What he began has changed the lives of billions, as the company he founded continues to work for the betterment of society. In the words of Jamsetji: 'We think we started on sound and straightforward business principles, considering the interests of the shareholders our own, and the health and welfare of the employees, the sure foundation of our success.'<sup>1</sup>

This book will introduce you to my hero—and to the legacy that is his creation. My hope for the book is that it will encourage companies and governments—

---

<sup>1</sup>'The quotable Jamsetji Tata', March 2008; available online at: <http://www.tata.com/aboutus/articlesinside/1U2QamAhqtA=/TLYVr3YPkMU=>.

encourage *you*—to emulate and implement the Tata model. I know the world would be a better place if that were to happen.

### **Tata by the Numbers**

1. Two-thirds of Tata is owned by philanthropic trusts. Tata is one of the biggest charities in the world.
2. Tata consists of more than 130 companies, of which thirty-two are traded on stock exchanges.
3. Two of the top twenty companies in India in terms of market capitalization—TCS and Tata Motors—are members of the Tata Group.
4. Tetley, a Tata company, is the second-largest tea producer in the world.
5. The largest company in India (as measured by market capitalization), TCS, is the largest member of the group.
6. Tata is the biggest industrial-sector employer in the United Kingdom. This is a huge achievement for a company from a former colony of the realm.

## PREFACE

7. Tata revenues exceed \$100 billion.
8. Tata Steel is the fifth-largest steel company in the world.
9. Tata Power is India's largest private-sector power provider—and 13 per cent of their electricity is generated by clean sources such as hydro, solar and wind.

This economic powerhouse is two-thirds owned by philanthropic trusts. It is, in effect, a profitable charity. However, there is no need to argue theories of capitalism and altruism. A glance at the group's P & L reveals that Tata is highly successful—and has been for some 140 years.

So, how does a highly diversified conglomerate become a charity or vice versa? How does a philanthropic for-profit satisfy its stakeholders?

### **The Fourth Stakeholder**

While many of its companies are publicly traded, the Tata Group has evolved from being a family-owned



## PREFACE

business to becoming one of the best-run, professionally managed groups in the world. The philanthropic trusts control a majority of the Tata holding company, Tata Sons. The Tata family is a very small shareholder. Yet, the owners are only one of four stakeholders Tata sets out to serve. In addition to the owners (which includes shareholders) are employees, customers and society itself.

Society is what the company's leaders call the Fourth Stakeholder. And it looms large, maybe the largest, among all four.

Society drove Jamsetji Tata when he built his first company more than a century ago. He did not use so abstract or neutral a term, however, but undertook his enterprise with the active mission of using it simply to make people's lives better.

Even in our cynical age, we cannot fail to recognize such nobility of purpose and principle. But if we are tempted to ascribe such nobility to a bygone era, the fact is that Tata Sons unvaryingly adheres to the principle on which it was founded. Even through financial crises, it has not wavered.

## PREFACE

The spectacle of an enterprise as highly moral as it is profitable is rare in a society which has grown accustomed to thinking of business success as a zero-sum game, in which my triumph requires your defeat.

Success that follows a zero-sum formula is incompatible with a Fourth Stakeholder. But Jamsetji Tata and those who followed him never used that formula. They reformulated the criteria of business success, and made humanity, philanthropy and ethics not adjuncts to profit but its very core. And, so, whether measured in dollars, rupees, euros or service to humankind, Tata has certainly become a role model of success.

Tata companies continually aspire to better ethics, just as they are committed to better business practices. The two are not only quite compatible, they are essential to one another. The company has not merely reformulated many of the business principles we have been taught for generations, it has turned them upside down. Most significantly, Tata management long ago rejected the dictum that a shoemaker should stick to his last. Instead of specializing, Tata has ventured into an array of unrelated industries and has become

## PREFACE

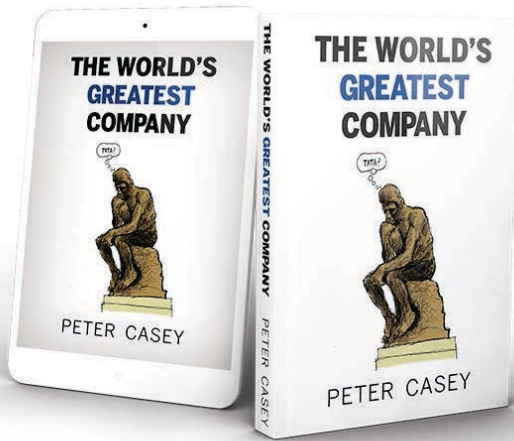
a world leader in several—from steel and chemicals to IT consulting, hotels, aviation, energy, education, automobile manufacturing and insurance.

These are just a few of the Tata arms. In fact, it is easier to think of an industry that Tata is *not* involved in than to list those that they are. A diversified global enterprise, philanthropic at its core, the company shares profits with employees, shareholders and the societies in which they live and work. The most senior Tata managers don't live in multiple sprawling mansions, as so many American and European CEOs do, but in modest apartments and homes.

The guiding principle for everyone at Tata is sharing the wealth. With Tata reporting annual profits in 2012 of \$6.23 billion, this means that a very large amount of money is invested back into the economy every year just from this one source.



TATA



Purchase the complete  
E-Book at:-

[www.petercasey.ie](http://www.petercasey.ie)

Or as printed copy  
available in all  
good book stores

## NOTES ON THE AUTHOR AND THE ILLUSTRATOR

### **About the Author**

Peter Casey is founder and executive chairman of Claddagh Resources, a global recruitment and search business that places high-level executives with many of the world's Fortune 500 companies. Having established successful business interests in Australia and Ireland, Peter set up Claddagh Resources in Atlanta, Georgia in 1995. Claddagh currently operates on four continents.

Peter was named by *Irish America* magazine as one of the leading Irish-American businessmen for 2007. He has had a wide portfolio of business interests, including commercial, residential and agricultural property in Ireland. His approach to business is simple—he likes

## ABOUT THE AUTHOR

to invest in people. Peter is also an accomplished writer and a political and business commentator, with articles published regularly in Ireland and the United States. He is best known, perhaps, as an investor on the Irish television programme *Dragons' Den*, in which he is one of the Dragons. He tweets with the handle @TheDragonPeter. You can find out more about his work at [www.petercasey.ie](http://www.petercasey.ie).

Peter lives in Atlanta with his wife, Helen, and their five children, and divides his time between there and his family home in Derry. Outside work he enjoys playing golf badly!

## About the Illustrator

Mike Luckovich is a two-time Pulitzer Prize-winning editorial cartoonist who has worked for *The Atlanta Journal-Constitution* since 1989. He won the Reuben, the National Cartoonists Society's top award for cartoonist of the year, in 2005.