

# The Anatomy of Rebuilding & Recovery

A CEO LOUNGE INITIATIVE

## The Wabi-Sabi of Virtual Meetings

*In conversation with*



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# The Wabi-Sabi of Virtual Meetings



*As businesses continue to struggle, adapt, rise and fall, both in the boardroom and the marketplace, companies have embraced technology as their equipoise. Technology was finding a strong foothold in the corporate governance landscape pre-pandemic; however, the recent response to the crisis – virtual shareholder meetings, board members' remote logins, etc. – has impacted the decision-making process. Is the act of going virtual truly a tool that has increased access, with its promise to create a sustainable advantage over competitors? Or is it a cold wedge that has driven humane aspects apart, helping fulfill statutory and regulatory requirements? Stalwarts across industries come together to discuss this aspect of virtual governance.*

Words by **Divya Sista**

**"Nothing is complete. Nothing lasts. Nothing is perfect."**

- The transient Japanese philosophy of Wabi-Sabi

**W**hether Covid-19 is a sharp inflection point for corporate governance or a white swan event that was waiting to happen is debatable. What is not is the fact that it has challenged models and established principles of corporate governance like no other. The precipitousness of practices that demanded switches overnight far outweigh conscious, systematic systemic changes and strategic choices boardrooms made around technology. Practices of formal periodic reporting, a more accessible annual general body meeting (AGM) have shaped an active avatar for the board, ensuring the best interests for all shareholders and stakeholders alike. The lessons from Covid-19 are long and exhaustive — they have been a

definite self-assessment exercise, reviewing capabilities, resilience and strength in every area imaginable, while constantly reporting them and establishing better goals.

## KAIZEN AND NEW CORPORATE GOVERNANCE

*Kaizen — The Japanese philosophy that roughly translates to continuous process improvement.*

Holding shareholder meetings, AGMs and board meetings have been impossible in person, forcing regulators to resort to alternative approaches from extending deadlines to holding them virtually. The transition from a physical meeting into a virtual space has been sudden, posing unforeseen challenges to all parties.

“What used to happen in installments of 300 physical meetings, 50 roadshows across 20 cities, involving investors, institutional shareholders, individuals and directors separately, have all come together on this humongous platform that isn’t even physical. It is extraordinary, exciting and unthought of,” says Mohandas Pai, Chairman, Manipal Global Education.

Regulators, investors, shareholders and stakeholders have embraced virtual meetings enthusiastically, and have sought to replicate the physical experience as

much as they can. From regular updates of corporate structural changes through offline communication channels like e-mails, to disclosure improvements in addition to mandated press releases, there have been efforts to reassure every party.

“The government has been exemplary in itself,” informs Kabir Ahmed Shakir, Global CFO, Tata Communications. Referring to the government’s recent exit from Tata Communications through an OFS (offer of sale), he adds, “Right from the time it announced its exit in January, the entire OFS process, management meetings with over 100 investors leading up to the OFS, and concluding the transaction by March 31, everything was done virtually. The government has been a great user of technology itself. This is a great instance that a historical event of such proportions — with one shareholder exiting and so many more domestic and international shareholders entering — can be done 100 per cent virtually.”

The virtual meeting provides an infinite space where everyone can not only find their voice, but also reach out, state their concerns, opinions and views. Critics who believe that the value implicit communication adds is underrated, are sceptical about the efficacy of virtual meetings — especially when it comes



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Global CFO, Tata Communications

*(on the recent govt exit from the company through an OFS)*

to crucial decisions like voting, or important disclosures. Perhaps these approaches only aid politicking or offer an indecisive solution, especially when the volumes are too large to accommodate consensus.<sup>1</sup>

"Life has become easier, but communication has become challenging. With no room for initial ice-breaking or over the coffee talk, only with time and constant improvement can we measure its effectiveness," opines Pai.

### **IKIGAI AND SHAREHOLDER-STAKEHOLDER INCLUSION**

*Ikigai — the Japanese philosophy that underscores purpose, taking every aspect into account.*

A virtual space offers many advantages in terms of open access, voting integrity (using technologies like blockchain for e-voting solutions), or connecting geographically diverse global corporations through virtual reality and simulated spaces.

"Providing a two-way shareholder communication has been our focus. We view shareholders' interaction with the management and between themselves as a key factor for the success of every virtual meeting," explains Murlu Balasubramaniam, Legal Head, Nestlé India Ltd.

It has been incumbent on companies

to facilitate these virtual meeting solutions. The expectations do not end at preserving the quality of the meeting, but extend to adding the extra edge that comes with the tech promise.

"We ensured that every participant's network and device were compatible to join the meeting. This is akin to ushering delegates and facilitating their stay, had the conference been hosted in a physical space. We provided our participants with a chat-box advantage, where the ability of shareholders to ask questions and get answers is protected," adds Balasubramaniam.

The corporate governance ecosystem has always been an 'in the moment' space. Understandably so, since it revolves around crucial decision-making, assessing impacts and bringing in investors. There is little room for science fiction here. But, virtual meeting solutions had already announced their arrival, and the pandemic pushed it to a normative status. It also offers room for more and better ways of doing things, by building on what is already there. This idea of innovation is an exciting proposition.

"We met more investors than we usually could. Under normal circumstances, we would have been doing multiple roadshows, and probably meet as many as we could accommodate. Now,

with this power from the virtual dimension, we simulate physical experiences for an investor event through VR-enabled booths and virtual spaces. It gives us the capability to scale up with speed — a digital ecosystem enabler, while creating engagement and relaying the flavour of techs like cloud hosting, telecom network and virtual web services. The investor can experience, understand and openly engage on a virtual medium,” explains Shakir.

Companies have put their best foot forward, leaving no stone unturned to ensure that shareholders-stakeholder relationships, responsibilities and shared understanding of the company’s purpose and vision are in no way compromised.

“Regulators, government, management have all been coming up to speed, with changes to make, audit regulations, stock checking, all in place. The interests of shareholders are a non-negotiable factor. This made integrating directors participating from different locations, answering questions, and coordination of the whole event a challenge. Shareholder engagement is key, simply because, in a virtual environment engagement is an award in itself that goes beyond tech capabilities like connectivity, network, or the ability to vote,” opines Balasubramaniam.

Everyone across industries agrees

that digital fatigue can be distressing and it fails to provide the crucial ambience a physical meeting creates — understanding the thoughts behind actions, or simple small talk. The virtual space could be an all conditions constant, laboratory setting, whose experimental results one has to wait for.

“Relationships are important because investments are at the end of a day a matter of faith. Building new relationships and maintaining this personal connect across a screen is a huge litmus test today,” says Pai.

With the doors of meetings being open for all, and better access across geographies, there is a spike in informal interactions from shareholders who wouldn’t otherwise be present, and the management welcoming them as opportunities for engagement.

“Think of shareholders and stakeholders as family, you will be able to make an impact and feel connected. It is easier to attend multiple AGMs on the virtual channel. It is also cheaper, faster and has higher engagement volumes,” answers Balasubramaniam.

### KINTSUKUROI & TECH AS THE SAVIOUR-ENABLER

*Kintsukuroi – The Japanese art form of golden repair that focuses on celebrating value and imperfections equally.*



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Legal Head, Nestlé India

Technology has been an enabler and democratizer at the same time. It brings broader participation, higher transparency and a vast audience; but the pressures come to the table with them. Despite the idea that it has diminished meeting quality, it amplifies shareholder participation in volume, is less costly, and shareholders can participate in multiple meetings increasing attendance.

“We can either have a reactive engagement, or a proactive engagement from both ends, that is fruitful for everyone. It must go a step beyond just engaging. Technology has opened doors we didn’t even know existed — for instance, at a resources conference you don’t have to think of time efficiencies or ROIs. We can close transactions worth billions of dollars in less than four days which increases efficiency exponentially. Imagine the intangible benefits — environmental carbon footprints or participation from every single person of the team involved. What used to be a close-knit 4-5 people meeting in Europe is a full team event, where everyone can participate and offer insights,” says Shweta Arora, Head, Investor Relations, Hindustan Zinc.

Access, cost and increased participation are hailed to be success factors from this tech adoption. Pandemic or not, technology is more an enabler and less a disruptor in this case.

“We may have lost out on personal touch with a few but we have reached out to many more through access,” asserts Balasubramaniam.

That said, these meetings are opportunities for shareholders and stakeholders of every size to come together and interact with the companies leaders. Despite unresolved weaknesses in virtual meeting technology, it is safe to say that technology has the potential to overcome them and do much more.

“Lot of myths have been busted on all fronts. What used to be working from home for 5 per cent of the workforce for 5 per cent of the time, moved to 1000 per cent of the time for almost 100 per cent of the workforce. This is a testimony to the underlying infrastructure that we have collectively put out. The negative fallouts — of humanitarian progress going back 40 years in time, and more people been pushed below the poverty line than ever — aside, technology has been a rescue force without which every industry would have been on its knees,” submits Shkir.

Companies had adopted technology to enable virtual meetings and that trend is accelerating. The future should be the best of both worlds. It is a way of showing how the company values its shareholders-stakeholders and therefore the choice of



virtual-physical meetings, when the world gets back to normal is warranted.

"The future of meetings will be much like the future of physical infrastructure — a hybrid system — because neither is 100 per cent sustainable. We can neither go back to a full pre-Covid-19 era of physical spaces nor go fully digital. Crucial board meetings, annual account approvals could be physical affairs, while the rest could be virtual. Brokerage conferences, investor roadshows will go on. Wherever there is a one-on-one meeting, perhaps we will see a physical meeting, while a one-to-many meeting, it could be virtual," predicts Sandeep Batra, CFO, Crompton Greaves Consumer Electricals.

### CHOWA AND BALANCING TIME

*Chowa — the Japanese idea of harmony and balance.*

Shorter meetings in higher frequencies, having wider reach and shareholder participation with larger volumes of questions and concerns — accompanied by these desirable growth factors are concerns of constant pressure, digital fatigue and lost translations.

"There are unconscious behavioural changes brought about by virtual meetings. It comes with constantly recording every activity, muscle twitch, or being quoted somewhere. You may not want to say something that could

potentially be used against you. There is this unseen pressure in delivering efficacy in communication," informs Batra.

Managing work-life balance is tricky even in normal times. Virtual meetings and impressions of perpetual availability have tilted the balance further. Shared physical spaces not with colleagues but family make it complex.

"In many cases, it is much easier than a physical meeting. The updates are more continuous now in terms of handling things and business continuity. It has turned into a means of constant communication. The work-life balance lines, however, are blurring," Batra adds.

Still, many things that make virtual meetings a preferred mode of interaction.

"From an investor relations function perspective, this is a wonderful time to broaden our engagement calendar. C-suite executives who couldn't make time for investors earlier, now squeeze in 10 minutes which makes a huge impact," says Arora.

All said, this is a work in progress. While worlds and time zones are now accessible thanks to virtual meeting modes, technology is always a vehicle in our journey and not a destination.

"There is always a scope of improvement where technology is involved. That is how innovation happens, that is how we build standards and create best practices," concludes Pai.



***The future of meetings will be a hybrid system. Physical or virtual, neither is 100 per cent sustainable. We can neither go back to a full pre-Covid-19 era of physical spaces nor go fully digital"***

**Sandeep Batra**  
CFO, Crompton Greaves Consumer Electricals

## TAKEAWAYS

Virtual meetings have increased shareholder participation, outreach and access.

Virtual meeting technologies have been a great enabler and democratizer shattering barriers of geographies and time zones.

We will be looking at hybrid meeting models in the future — where the attendee has a choice.

The intangible outcomes of virtual meetings cannot be written off — investor value, smaller carbon footprints and higher engagement volumes.



<sup>1</sup> <https://www.degruyter.com/document/doi/10.1515/ajle-2020-0045/html> | <https://www.cii.org/march2020virtualmeetings>

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