Vigor drives profits: Why some companies thrive while others lag

Shiron Gooneratne.

Shiron Gooneratne, a former Executive Director and Chief Financial Officer with experience at a Fortune 500 company, a blue-chip firm, and a diversified conglomerate, emphasized that numbers are the true language of business. Drawing on his cross-sector and board-level experience, he observed that while some companies have mastered performance delivery through numbers, others continue to lag behind.

Why do you say numbers are the language of business?

Although many companies speak about people, planet, and profit, in reality, businesses are primarily driven by profit motives. However, people and planet must be integrated into business strategy to enhance long-term stakeholder value.

If an organization is not driven by profits and cash flows, it may be classified as a non-profit entity, where the primary objective is social impact rather than financial return. In any profit-driven organization—ranging from corner shops to Fortune 500 corporations—numbers form the common language of business.

In entrepreneurial companies, success is primarily measured through profits, profit growth, cash flows, and market share. These metrics are fundamental to progressive organizations.

Some companies have doubled or tripled profits over the past decade. However, pre-tax profits of some leading companies in FY 2024/25 are lower than the profits earned nine to ten years ago.

Why do you think pre-tax profits of some leading companies in FY 2024/25 are lower than profits earned nine to ten years ago?

Based on published financials, some companies appear to lack the capability— or discipline—to drive growth in financial returns to shareholders. Low returns from major past investments have also contributed to weaker current performance.

The era of PowerPoint philosophers and smooth talkers is over. Successful global entrepreneurs such as Jeff Bezos and Elon Musk do not rely on PowerPoint presentations in meetings. What organizations need are doers and results-driven leaders, not theoretical gurus.

Progressive companies focus relentlessly on delivering core KPIs to generate profits, cash flows, and shareholder value.

Yet some listed companies have doubled or tripled profits over the past decade. How have they achieved this?

My observation is that these companies are led by numbers-driven, entrepreneurial senior management teams, supported by financially savvy boards. Armchair leaders do not survive long in such organizations. Boards and senior management teams in progressive companies maintain an analytical, results-oriented mindset that enables consistent and sustainable growth in earnings.

Given your exposure to a Fortune 500 firm, a blue chip, and entrepreneur-led companies, how do you compare these environments, and how have you adjusted from a multinational to a local business environment?

By the grace of God, I have developed the agility to adapt to any business environment. After spending 11 years with a Fortune 500 multinational, I successfully transitioned to working for a local blue-chip company and thereafter worked for self-made business tycoons, leading some of Sri Lanka's largest companies. I held C-level positions in all these companies and served as an Executive Director and board member in some of them. My corporate exposure and training across more than 15 countries provided an exceptional foundation. Later, working with internationally recognized business tycoons taught me what true entrepreneurship looks like in practice.

My advice to young executives is to begin their careers in a structured corporate environment to build strong fundamentals. Thereafter, working for a self-made business tycoon offers invaluable exposure to real-world decision-making and a results-driven culture.

What are your views on founder-led or majority-shareholder-led companies compared to those without controlling shareholders?

Mostly, founder-led and majority-shareholder-driven companies consistently outperform companies without controlling shareholders—both locally and globally.

In Sri Lanka, outside the banking sector, annual reports clearly show that majority-shareholder-led companies have doubled or tripled pre-tax profits over time. Companies without such leadership lag significantly in profit delivery.

Globally, the pattern is similar. As an example, Nvidia—now the world's most valuable company and a major beneficiary of the AI boom—is a prime case. Its market capitalization today is larger than Apple, Alphabet, Microsoft, Amazon, and Meta. Eight years ago, Nvidia's market capitalization was only about one percent of its current value. This extraordinary performance reflects the leadership of its co-founder and CEO, Jensen Huang.

Many professionals are pursuing MBAs and postgraduate qualifications. Has this had a positive impact on the corporate world?

Yes, to an extent. However, these qualifications are ultimately paper credentials. They add little value unless executives can deliver tangible results.

I completed my MBA in the UK and worked there as a Financial Controller in London early in my career, many years ago. Much of what I learned during my MBA is now outdated. Continuous learning is essential. Boards and senior leaders must stay informed by reading extensively and following platforms such as CNBC, Bloomberg, and LinkedIn. The business world is undergoing rapid transformation driven by technology, artificial intelligence, and shifting global demographics. Staying current is no longer optional—it is a leadership responsibility.

Finally, what do you do currently?

I currently serve as a Non-Executive Director of a leading diversified conglomerate employing over 18,000 people across seven sectors. Previously, I held the positions of Executive Director and, prior to that, Group Chief Financial Officer within the same conglomerate. Additionally, I serve as a non-executive board member of several other companies within the group, while pursuing my personal initiatives.