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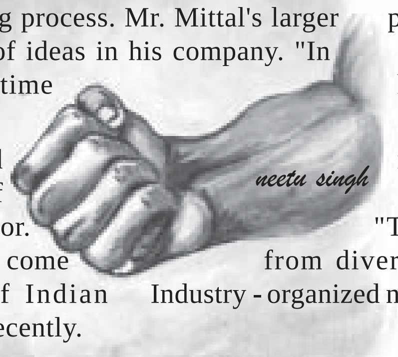
How to leverage diversity to stay ahead

Diversity no longer stands for political correctness. Companies that manage diversity innovatively stand a better chance of succeeding in the market place

By Benedict Paramanand

Once in six weeks Som Mittal, president and CEO, Digital GlobalSoft Ltd, sits with 20 colleagues, drawn from across all functions and ranks, in the company cafeteria for a chat. The setting is informal - no agenda, no papers or secretaries hanging around taking notes. The purpose of the exercise is simple - know the mind of the people you work with and make them feel that they are part of the decision-making process. Mr. Mittal's larger purpose, however, is to encourage diversity of ideas in his company. "In India we follow diversity intuitively, but time has come to put structure to it."



Indian companies need more Som Mittals to take the concept of diversity from the textbooks to the shop floor. "The next level of productivity in India will come from diversity," Mr. Mittal told a Confederation of Indian Industry - organized national seminar on the subject in Bangalore recently.

For Indian companies time has come for moving from the stage of awareness of the effectiveness of diversity to a stage of action. Diversity is no longer an issue of achieving a politically correct mix of gender, religion, culture, class, etc. It has now become a business imperative. Several Indian companies, especially those in the hi-tech sector, have realized that a top-down management structure no longer works when they pursue innovation through the diversity route.

In developed markets companies are beginning to realize that diversity is no longer about differences among groups, but rather about differences among individuals. Clearly, the business logic of diversity is becoming clearer, but what is not yet clear is the process of delivery. Also, achieving a comfortable degree of diversity in a company is no longer an HR function. The onus is on every one.

The road map

- Ensure diversity in the recruitment panel, automatically diversity can be seen in the company. Engage the whole person not just her job and nurture the uniqueness of each person (Naina Lal Kidwai: vice chairman & MD, HSBC Capital Markets)
- Discourage clichés. Hire with whom you are uncomfortable (Som Mittal)

Continued on page 2...

what's in...

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Continued from page 1...

- Institutionalize respect for the individual (Vijay Kirloskar, vice chairman, Toyota Kirloskar Motor)
- Like GE build a boundaryless organization where there is transparency of information (Kiran Mazumdar Shaw, chairperson, Biocon)
- Get outside agency to do the employee feedback - this helps as managers should not just be fair but should also be perceived as fair (Promode Sadarjoshi, director, HR, Cognizant Technology Solutions)
- Don't aspire for a perfect system. Aim at 80 percent perfection rather than spend years meeting the remaining 20 percent (Padma Ravichandar, MD Hewlett Packard India Software Operations)
- Ensure that operating mechanism is common to everyone - it binds everyone together
- Go for targets such as Six Sigma - it is a language that bridges everyone with the customer
- Individual leaders should take responsibility for sponsoring people and stand by them
- Managers must recognize their own cultural biases and prejudices and act upon them quickly

Five leadership actions on diversity

- Demonstrate personal commitment to the diversity and inclusion (DNI) principle
- Norms and principles of companies should not contradict DNI
- Promulgate policy intention clearly
- Be careful about how colleagues react to new ideas
- Need to look at HR systems - it should not be biased unintentionally towards a particular culture

Measuring the effectiveness of diversity is a major challenge facing companies. Companies are known to set targets for achieving diversity targets - like in Shell which plans to have 20 percent of its senior women executives by 2008. The question Vikram Seth, chairman, Shell India asks is - should there be targets at all? The danger in pursing targets is it might turn out to be just an auditor's exercise.

C Mahalingam, group VP of Scandent Group says measure what makes sense. For those looking for a reliable tool to measure diversity there's the Diversity Scorecard developed by Prism International.

But there's danger in over doing diversity and ignoring the merits of homogeneity. Homogeneity is found to be effective where a company is primarily into low value-added commodity led products or even on the shop floor where precision is of greater value than experimentation. Management gurus seem to concur that homogeneity works on the shop floor and diversity everywhere else, particularly in the labs and the board rooms.

Unfortunately, there's no one way of achieving a balance between homogeneity and pluralism. Every Indian company has to put its own jigsaw together. ●

Five leadership lessons from Iraq war

It can be safely said that the business is akin to war. Business leaders have always looked up to the military for answers to many tough questions of the market place. The latest one is the war in Iraq and business leaders are already talking of new lessons to be learnt. John Ellis points to to five of them in the June 2003 issue of *Fast Company*.

Rapid dominance

In any attempt to occupy new territory, the most important things that happen are the things that don't happen. By simultaneously and immediately securing the oil fields in southern Iraq and disabling Iraqi communications to the northern oil fields, the US -led coalition prevented an ecological and economic disaster.

It was clear that the US war-plan was designed around the idea of rapid dominance. Most corporate planning, on the other hand, is designed around the political principle of risk avoidance. The problem with what might be called corporate incrementalism is that it doesn't forestall. Which is why it invites trouble.

Want to win? Work together

Using satellites in the sky and chip markers on all American military personnel and hardware, commanders in Qatar were able to see coalition forces as "greens" or "blues" and enemy forces as "reds" on their computer screens and position their forces accordingly. The big idea: Technological interoperability is an essential ingredient of large-scale success. The Army and Marines may be able to see every soldier and every tank on the battlefield, but that's worthless information unless the Air Force can see and act on that data and do it in real time.

The reason that most corporate mergers don't work is that the promised synergies almost never develop. When synergies don't develop, it's because interoperability isn't happening. One division keeps its data from another division. Or, more pathetically, one division's computers can't access another division's databases.

If you are not digital, you are not relevant

Information technology can provide a decisive strategic advantage. American forces are indeed extraordinary, but what sets them apart from the Iraqi warriors is their digital capability. The Americans have better information, more lines of communication, and unprecedented access to command and control. Say what you will about the bubble; the technological capabilities it brought are indisputable and permanent. If you're not digital, you're not relevant.

There are no secrets anymore

One of the most remarkable things about Operation Iraqi Freedom has been the basic candor of the commanding officers and the unprecedented access given to journalists. Reporters and TV producers who are "embedded" with the troops are constrained on points of operational security, but otherwise, they are allowed to see the war exactly as the soldiers experience it. It's a lesson that business leaders should have learned, not from this war, but from the round of scandals that came before it. There are no secrets anymore.

Soft stuff is the hard stuff

Winning a war is terrible, brutal work. Winning the peace requires the same kind of dedication and a great deal more finesse. In the post-bubble economy, this is a lesson that corporations need to relearn. Once again, business is turning to hard numbers and tough practices. All the hardware in the world can be a mighty force, but an old truth is still at the heart of business: The soft stuff is the hard stuff. Today, the software of management skill, leadership, and ethics matters more than ever. Arthur Andersen was a mighty force five years ago. It doesn't exist today -- because its leaders neglected the software of business. They forgot that conduct matters as much as product.

Matching people and jobs becomes easy

Achieving the most productive combination of workers and work is about to become a great deal easier, say Vivek Agrawal, James M. Manyika, and John E. Richards in second issue of The McKinsey Quarterly, 2003.

Few companies understand fully which employees are essential to success or how to organize them so that the right person holds the right job at the right time. What's more, while software tools to manage supply chains and other tangible assets have been around for years, only now have systems emerged to optimize the most important asset of a knowledge economy: human capital. The new software technologies will facilitate highly sophisticated approaches to deploying and developing workers, promising a sea change in the way companies manage a large, distributed workforce.

In a knowledge economy, strategy must focus on boosting productivity through the careful deployment and development of individual employees. Companies can now tap a new generation of software technologies to help them turn human-capital management into a strategic advantage.

More managers are reporting to the CEO

Anecdotal evidence has long suggests that world over increasing numbers of managers now report directly to the CEO, and division-manager roles are broadening.

Now two researchers provide corroboration through an in-depth study of confidential compensation data from 300 large American companies gathered between 1986 and 1999 by consulting firm Hewitt Associates, based in Lincolnshire, Illinois., USA.

In their working paper "The Flattening Firm: Evidence From Panel Data on the Changing Nature of Corporate Hierarchies," Raghuram G. Rajan, professor of finance at the University of Chicago's Graduate School of Business, and Julie Wulf, assistant professor of management at the University of Pennsylvania's Wharton School of Business, draw two conclusions.

First, the perception of flattening is justified. Although the number of managers reporting to the CEO has increased steadily, the managerial levels between the CEO and the lowest-level managers with profit-center responsibility (division heads) have decreased by more than 25 percent. In addition, the average number of division heads reporting directly to the CEO has tripled.

Second, compensation in the flatter organizations is moving toward a culture of ownership - that is, toward a partnership such as one might see in companies using an employee-ownership plan. As employees are promoted, their compensation emphasizes long-term company goals and may include pay incentives such as stock.

Do any of the changes indicate that CEOs are micromanaging more? In fact, lower-level managers are taking on more responsibility. The authors say that the trends seem to be organizational responses to technological and environmental change.

Consider the dissemination of knowledge through technological advances, which Rajan, Wulf and previous researchers believe is one reason for flattened hierarchies. "Technology has put information at everyone's fingertips," Wulf says, enabling lower-level profit-center managers to handle more decisions effectively.

In their analysis, Rajan and Wulf focus on two main parameters: depth (number of positions between the CEO and the lowest level of profit-center responsibility) and breadth (span of control or number of people reporting directly to the CEO). They find that mergers, acquisitions and diversification have not significantly added to the number of CEO direct reports. Nor does the abolition of the intermediary role of chief operating officer entirely account for the trend. Instead lower-level managers have become more integral to operations.

"In fact, some of the CEO's authority devolves upon the divisional manager," say the authors. Hence, an interesting paradox arises: Although the CEO is becoming directly connected more deeply within the organization, decision-making authority is becoming more decentralized, transferring lower into the managerial ranks.

The end of corporate imperialism

As they search for growth, multinational corporations will have no choice but to compete in the big emerging markets of China, India, Indonesia, and Brazil. Although it is still common to question how such corporations will change life in those markets, Western executives would be smart to turn the question around and ask how multinationals themselves will be transformed by these markets, say C K Prahalad and Kenneth Lieberthal in the August 2003 issue of *Harvard Business Review*.

To be successful, MNCs will have to rethink every element of their business models, the authors assert in this seminal HBR article from 1998. During the first wave of market entry in the 1980s, multinationals operated with what might be termed an imperialist mind-set, assuming that the emerging markets would merely be new markets for their old products.

But this mind-set limited their success: What is truly big and emerging in countries like China and India is a new consumer base comprising hundreds of millions of people. To tap into this huge opportunity, MNCs need to ask themselves five basic questions: Who is in the emerging middle class in these countries? How do the distribution networks operate? What mix of local and global leadership do you need to foster business opportunities?

Should you adopt a consistent strategy for all of your business units within one country? Should you take on local partners? The transformation that multinational corporations must undergo is not cosmetic--simply developing greater sensitivity to local cultures will not do the trick, the authors say. To compete in the big emerging markets, multinationals must reconfigure their resources, rethink their cost structures, redesign their product development processes, and challenge their assumptions about who their top-level managers should be. •

Sustain competitive advantage

A more advanced approach to sustaining competitive advantage is converting your product to a platform through which you deliver services. A service provides an additional stream of revenue and is inherently more difficult to commoditize than a product, says Glover T. Ferguson in *Outlook* Journal, May 2003.

Although many companies have begun to deliver services through their products (or maybe they were service companies to begin with), they will eventually find that even services can be commoditized. If services offer some companies a respite from the demands of continuous innovation and the globalization of competition, they also offer an attractive target for all competitors.

The next step in defending competitive advantage involves providing better service through deeper knowledge of your customer. The idea is that if you have developed or learned information about your customer's needs and processes, you can serve that customer better than your competitor can.

Web services represent the most innovative attempt to date to create sustainable competitive advantage based on services that are rich in context-information that is specifically related to buyer-seller transactions. Web services are software applications that use open-standard protocols to communicate with other applications over the Internet. These protocols provide the raw material for new languages that can express your location, your preferences, your health data, your financial data and an inventory of your belongings.

As the web services model matures, it will include the ability to grant and revoke access to any or all of this data. Once this information can be expressed in nonproprietary forms, it won't be long before it can be held by a trusted third party and dispensed on your command. Once the information it holds is no longer proprietary, your bank will have to compete on the basis of services offered. A startup website can have as much knowledge about you as an established online retailer.

If you don't mind being a commodity supplier, then your strategy is simple: minimize cost and maximize scale. If you want to command a premium margin, it gets more complicated.

Innovation, patent protection and the move to services will continue to be important. But your future advantage will ride on your ability to make your offerings more valued through the beneficial use of personal and private corporate data. It's ironic. After accounting for all the technological advances of the past and future, your sustainable competitive advantage will rely on two very human characteristics: insight and trust.

Shareholder value is still a CEO's guiding principle

Shareholder value has taken a few knocks of late. In a number of high profile cases, a vociferous group of critics now insists that shareholder value is to blame for encouraging company executives of under-performing companies to manipulate earnings, inflate share prices and make off with millions of dollars in stock options, while investors were left with worthless shares, say Justin Jenk, Patricia Anslinger and John J. Ballow of consultancy firm Accenture.

The back-lash against shareholder value – the once bright unifying theory that would help companies deliver on their long-term performance promises in an objective manner – has left both the concept and the practice looking somewhat tarnished. Can the spectacular failure of a small number of companies question the validity of shareholder value?

The authors suggest these disasters were not caused by a focus on shareholder value but by the combination of poor corporate cultures, indifferent corporate governance, investor malaise, lack of management integrity and the size of option based packages. **The concept of shareholder value should not be the scapegoat for bad management practices.**

Rather shareholder value – when applied properly – remains a rigorous, well-established concept. Saying that a company intends to build shareholder value ought to mean that its board of directors and management are committed to making the correct decisions that will increase the company's free cash flows and achieve returns well above its cost of capital in a sustainable manner over a period of time.

While shareholder value is acutely applicable to publicly quoted companies – wherever listed and headquartered – the concept has merit for private and not-for-profit organizations. It speaks for responsible utilization of capital – be it people, assets, funds or time. As such its appropriate application has a beneficial impact on the wider stakeholders of a company.

Specifically, they believe that CEOs, management teams and boards must again involve themselves more deeply in those operational level decisions that directly press shareholder value levers. In fact, diagnostic tools and techniques are now available to make the key operational decisions an integral part of executive decision making.

Innovator's dilemma

In *Beyond the Innovator's Dilemma: Opportunities for New Growth Businesses* Clayton M. Christensen has launched himself into an interactive exploration of the keys to moving from being an innovation "one-hit wonder" to an "innovation superstar" with a string of hits.

To many, innovation seems random and unpredictable. That, Christensen says, is simply not true. Those who want to be the agents of innovation need to understand that innovation can be predictable. Consistent "serial innovators" know that it is not luck or the phase of the moon that makes the difference -- it is constructing the correct model and using it to decipher the underlying cause-and-effect relationships that result in either success or failure. This understanding makes it possible to think and act in a circumstance-contingent way that can dramatically increase your success rate.

"Most corporate-growth success stories in history started as disruptive organizations," says Christensen. "Disruption is (also) a powerful force that sooner or later threatens the health and survival of all well-managed companies."

Christensen's work around disruptive innovation has become legendary. Now he takes it one step further to help you find the solution to the innovator's dilemma.

Intel used a model of disruption to define and launch a series of disruptive products such as the Celeron chip. "The model doesn't tell you what the answer is," Intel Chairman Andy Grove said. "But it gave us a common language and a common way to frame the problem, so we could reach consensus around a counterintuitive course of action." Clayton M. Christensen is Robert and Jane Cizik Professor of Business Administration at Harvard Business School and author of *The Innovator's Dilemma*.

What is your innovation sourcing strategy?

Companies are increasingly looking beyond their boundaries for help with innovation - working with customers, research companies, business partners and universities, and even competitors. They are also expanding the purposes for which they consider external sources appropriate. Businesses today are using external sources for all phases of innovation, from discovery and development to commercialization and even product maintenance.

While these changes sound good and are benefiting a great many companies, they add a new layer of complexity to the manager's tasks. And unfortunately, despite the growing acceptance of external innovation, the authors Jane C. Linder of the Accenture Institute for Strategic Change in Cambridge, Massachusetts, Sirkka Jarvenpaa professor at the McCombs School of Business at the University of Texas at Austin and Thomas H. Davenport director of the Accenture Institute and a professor at Babson College in Wellesley, Massachusetts, have found that many companies lack a sourcing strategy to guide them in managing it.

Innovation barriers

Innovation barriers are mostly internal in nature. According to Arunkumar M Khannur, managing director of Qsit, a Bangalore-based IT solutions company, over focusing and advisor agendas act as major barriers for innovation. Over focusing throws out ideas and concentrates on the process. It results in solutions orientation and not direction orientation. He quotes Peter Drucker who said: marketing and innovation produce results - all the rest are costs.

Advisors play truant partly because the companies ask them for solutions. What they should be asked to give are skills and various options. Since the companies know their problems better advisors should stick to their brief - of advising and not offer solutions.

Many companies have made the mistake of propping up individual geeks to spur innovation. But this approach has invariably resulted in the individual gaining at the cost of the company. This has also led to poor morale.

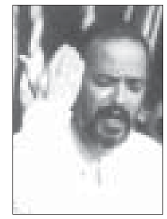
Successful innovating companies are therefore building innovation practices at the organization level. Teams, instead of individuals become innovators and take responsibility for their actions.

India lags in incremental innovation

Indians need a new mind-set without prejudices, inhibitions or imitation, according to Dr.R.A.Mashelkar, Director General, Council of Scientific and Industrial Research (CSIR). India needs an innovation movement without "any sanctions on the minds.

Future wars would be fought with information weapons such as patents and without it knowledge-societies would perish. Dr. Mashelkar is happy that confidence of young Indians is growing as the richest among businessmen were from the IT sector. Knowledge as a product would be a new factor in economics.

India's record in innovation in large systems such as atomic energy, space, agriculture is good. This should be continued with more innovations in other fields. However, in incremental innovation, India has a poor track record due to low investments in R and D. On the breakthrough innovations there were only vocational "lucky accidents". Dr. Mashelkar said CSIR would soon have a knowledge base on the web and a network between its 40 laboratories.



Insights of a great musician

Managers need not look up to only great CEOs like Jack Welch for inspiration. They can go under the skin of accomplished musicians and learn unique facets of creativity, innovation and discipline

By Pandit Rajshekhar Mansur

The late Pandit Mallikarjun Mansur was a repository of rare ragas. Once, while he and I were on our way to one of the concerts, he remembered 'Godhan Gauri', one of the very rare ragas and hummed it for just a couple of minutes. As if I was handed a boon, I captured the moment, worked on it and I'm now able to present it for a good 30 minutes.

I've come to believe that the ability to spot a great idea is what differentiates a good artist or a manager from the mediocre. What facilitates this process is an openness of mind, emptying the accumulated baggage of learnt systems and thinking anew.

Risk taking is fundamental to the temperament of a creative person. I believe that nothing new is ever created and no innovation is ever made without a certain propensity to take risk. Engaging oneself in exploring the possibilities, pushing the limits and discovering new horizons help in recreating space, time and one's potential.

It is important to know that music is not rooted in intellect. It is, in fact, rooted in sensibility. Music appeals to the heart and not so much to the head. Every discipline has a vocabulary, loosely referred to as 'grammar' or 'structure'. In music this is not absolute. A good manager, like an artist, should treat structure with a healthy disrespect and suspicion. He must understand that he should not get tied down to past domains.

The bigger problem for an artist or a manager is the unknown. What we learn from institutions are merely blue prints, which don't work in all cases. Hence, application, experimentation, failure and creating anew become the lifeblood of a manager.

Just as the present management education turns out only managers and not creative leaders, music education too faces similar predicament. It is galling to see 'successful' musicians and managers living in the comfort of existing domains. They are afraid of questioning. This inhibits their creativity.

A creative performer is one who successfully negotiates the divide between acquired knowledge and the needs of the market. In a turbulent external environment managers and musicians have to be faithful to themselves, to their creative voices, challenging others and themselves at the same time.

When you are on the move, exploring, searching, finding novel approaches - the horizon is always changing. A creative performer tries to go where others have not dared to go. As a performer, I do not transcribe. I transform from what I have inherited. My father belonged to the rare class of musicians who contemporized tradition to keep the saga of his 'gharana' alive. He did not create any new raga. But he always created space in the existing ragas. By daringly exploring new nuances in a given raga he tried to reach the ultimate limits of that raga. This was his version of creativity.

Modernity too has a tradition

It is important to know the imagination element in Hindustan music. Hindustani music is khyal gayaki - imagination-led. That is, an artist when he performs is in a dynamic state where imagination is in continuous flow.

For this flow to happen, the mahol or the environment or the ambience is important. Similarly, for creativity to flourish in any setting the environment is very important. Organizations would do well to focus on providing an environment where managers feel free to involve themselves. Organizations should also know that there is an element of creativity in everyone. It is a challenge how they cultivate it.

The guru is the ultimate remover of ignorance. He points the way by showing or allowing you the freedom to experience failure. A true mentor helps you to discover, above all, yourself

One also wonders about the role imitation plays in the creative process. I would say that imitation of the mentor is important in the initial stages. Respect tradition enough but also have a healthy disrespect of the systems and techniques. Don't fear stretching the boundary.

Young artists and managers think it is a fad to ignore tradition and try things anew. I'd say that inheritance deserves respect. It gives a sense of location. It is important to know that modernity too has a tradition. Creative people are those who contemporize tradition.

Artists and managers have to make a choice - stick to what you know, improvise on what you have been taught or throw the past behind and create afresh. The choice is yours.●

Excerpt from the presentation on 'Tracking Creative Boundaries' at IIMB, May 2003, by Pandit Rajshekhar Mansur. Pandit Mansur, son of late. Pandit Mallikarjun Mansur, is a leading exponent of Jaipur-Atrauli Gharana and performs regularly for SPIC MACAY, Shankarlal Music Festival and Sangeet Natak Academy.

Inspired by nature

The way the human body works offers inspiration for how an organization can be run

By Dr.M.K.Sridhar and M.V.Ravikumar

A widely held view is that, entrepreneurial behaviour is all about individual initiative. This may be due to the fact that earlier most of the persons were thriving based on their individual skill sets and talents. Subsequently this was replaced by organised and structured manufacturing activity to attain economy of scale. Thus, it became difficult for an individual to manage the whole enterprise when the size of operations became large.

Most of the human endeavours and developments that have taken place over centuries have been based on keen observation and understanding of nature. Even in the context of forming the E team with certain amount of innovativeness one can draw inspiration from nature's superior creation - the human body.

The Arthur M. Blank Centre for Entrepreneurship, established at Babson College, Boston, USA has identified Eight Essentials of Entrepreneurship (3Es) and one of them is 'the E-team and locus of control'. An effective entrepreneurial team or E team has to be established at the start-up stage of an enterprise itself. This E team should have the vision and mission to exploit the opportunities present in the market to create wealth for the stakeholders, present and future. Hence it is very important to choose the right persons for the E team. Each of the team members should perform a specific key function as well as contribute to the overall management of the enterprise.

Most of the human endeavours and developments that have taken place over centuries have been based on keen observation and understanding of nature. Even in the context of forming the E team with certain amount of innovativeness one can draw inspiration from nature's superior creation - the human body.

A schematic of the model (shown in the figure) indicates the various systems and linkages between the systems of the human body, as compared with each functional management system of an organisation. This model highlights the similarities of functioning of the systems existing in human body with the functional requirements of an organisation.

Equivalent of each of the system of the human body as compared to organisation's system has been identified with reference to key functions at table I.

Before the embryo is three weeks old, a strip of tissue along its back has sunk in, the edges have rolled over, and a tube has been formed. This tube swells at the future head-end to become the brain and the rest of the tube becomes the spinal cord. Similarly, even as the business idea is in the embryo stage, it is important to start fixing the E-team, which would perform the key decision making functions. However, in the case of business organization, each of the team members initially may be performing one or more of the key functions. Like the peripheral nervous system consisting of 43 pairs of nerves, the H.R system of the organization should be connected to every person in the enterprise.

Just as blood is required to keep all the parts of body functioning, money is required for all activities in the organization. The chief financial officer of the organization, like the heart, has to keep pumping money throughout the enterprise to keep it going. While in our body the control is involuntary, an effective and workable budget and its close control during implementation are very vital for the healthy functioning of the organization.

Each of the key functions of the organization could thus be understood from functioning of the various systems of the human body. The conceptual model that is proposed to form an E-team is indicative of the fact that innovativeness could also be inspired by nature. ●

List of various systems in the human body and possible equivalent systems in an organization

Key function	Human System	Organization
Management & control	Brain and Central Nervous System	Overall & Human Resources Management
Finance	Blood Circulatory system	Financial management
Control of Inputs	Intake and Respiratory system	Procurement management
Conversion	Digestive system	Production and Processmanagement
Control of Output	Metabolism process	Sales management
Innovation	Reproductive system	R & D management
Communication	Sensory perception & Processing	Marketing management
Control of waste	Excretory system	Quality management
Change and growth	Immune system	Strategy management

Dr. Sridhar is presently working as Reader in Canara Bank School of Management Studies, Bangalore University and Mr. Ravikumar is a Research Scholar apart from being President of R K Consultants, a Management Consultancy firm.

(Abstract of the paper presented at the 3rd IEF International Conference on 'Entrepreneurial Innovativeness' held at IIM-B during March '03).

Are too many rating agencies spoiling the party?

Inconsistency in rating criteria are clouding the attempt to enforce a higher standard of corporate governance in the US

By Carol Metzker

As a result of corporate scandals and the need for investors to better understand corporate governance practices and culture, new rating agencies are springing up to assign corporate governance scores to companies worldwide. But the numerical scores may be creating as much controversy as they are shedding light on companies' governance practices.

Cricket scores aren't the only scores being watched this year. Investors and even consumers across the globe are watching new corporate governance ratings scores to see what they look like and whether companies are paying attention to it.

The list of rating agencies is growing. Three early players - GovernanceMetrics International with a product called GMI, Institutional Shareholder Services with their Corporate Governance Quotient (CGQ) and Standard & Poor's Corporate Governance Scores. The new ones are Brendan Wood International and Corporate Library. All aim to provide a picture of a company's corporate governance practices and culture with at least one numerical score. All have a body of expert researchers behind their methodology. But each has a different scoring system and criteria, list of rated corporations, business model, price tag and methodology.

The diverse approaches are making companies greet ratings with mixed emotions and some skepticism. For some, the scores seem to be proof of the solid procedures their companies have practiced for years. Others debate the desirability of being rated. Some hope that companies striving to achieve higher scores will raise the bar of corporate governance practices, thus increasing investor confidence in the stock market.

The scores are also sparking controversy. Many executives are raising questions and concerns about ratings, particularly about misinterpretation of scores, lack of objectivity in the rating process and whether ratings are really influencing investors or reflecting a company's culture as corporate citizen.

Johnson Controls, a large U.S. automotive system and facility control system supplier, recently received high marks - a perfect 10 - from GMI and became one of ISS' top ten scorers. But Denise Zutz, vice president of corporate communications at Johnsons Controls, said that she has "reservations when the investment community puts too much focus on one number." There is a danger in oversimplifying a complex corporate culture with numerous practices, policies and philosophies, by creating a single score, she added. So investors must find out what each rating company's score takes into account and what the different scores really mean.

Several managers are expressing skepticism over the objectivity of the evaluation process even when their companies pay for the score. They argue that however honest or well-intentioned analysts or ratings personnel might be, if they know their paycheck could eventually be impacted by a negative report or score, it's hard not to be influenced.

Stewart Clark, investor relations' director at the electronic display systems developer Planar Systems, sees it differently. "Whereas equity research is more of a judgment and contains forward-looking statements, corporate governance information studied for ratings is more observable and quantifiable," he said. His position was supported by ISS and other ratings agencies, who also emphasized the importance to their company's reputation for accuracy and objectivity.

Impact on investors

For some companies, the real question is whether or not scores are influencing investors. Some institutional investors, accounting firms and insurance firms are subscribing to the ratings products as yet another piece of data in a long list of information about companies. But exactly how many subscribers there are to date and how much influence the scores wield is unclear.

Is it possible to measure a culture of good corporate governance? And can numbers really predict how well a company behaves as a corporate citizen?

Over the next year or two - as ratings companies release further rounds of scores - we shall see where the ratings land and what role they play. Perhaps simply the awareness they raise of the importance of good corporate governance will help bring company practices and stakeholder involvement to a new level of proficiency.

Carol Metzker is a West Chester, PA, USA-based consultant. She fosters knowledge-sharing in geographically-distributed organizations and helps them innovate and create business value. Email: echmetzker@aol.com

Which Customers Are Worth Keeping and Which Aren't? Managerial Uses of CLV

Managers have long been interested in weeding out customers they consider to be less profitable than others. The question is, how do managers determine who belongs in that group? According to several Wharton marketing professors, there is no easy answer, despite new and increasingly sophisticated efforts to measure what is called "Customer Lifetime Value" (CLV) - the present value of the likely future income stream generated by an individual purchaser. CLV, it turns out, is hard to calculate and even harder to use.

http://knowledge.wharton.upenn.edu

Going Full Circle with Customer Data

Many challenges hinder companies in fully capitalizing on what they learn about their customers. This paper from Accenture's Business Intelligence group highlights the major challenges to closing the customer-insight loop, and recommends corresponding tactics for improved data governance and management across your organization.

http://c1.xsi1.com/

Seizing the Opportunity for Overlooked Profit

Parts and service account for a disproportionate share of profits for automotive and industrial companies. Accenture's Industrial Equipment experts describe an approach that can help companies enhance their after-sales service, boost their bottom lines, and improve sales and marketing.

http://c1.xsi1.com/

Ownership Structure and Initial Public Offerings

Aggarwal and Klapper study the relationship between ownership structure, corporate governance, and the initial public offering (IPO) process. They examine equity ownership by different institutions, such as foreign and domestic financial institutions, banks with and without lending relationships, venture capitalists, and corporations prior to an IPO. The authors also analyze the relationship between ownership structure and corporate governance. They use a unique dataset of 152 Indian IPOs during the period 1999-2001 to analyze ownership of shares by main groups of shareholders. The authors find a relationship between ownership structure and firm-specific factors such as sales, leverage, and profitability, and IPO characteristics such as percentage of equity locked up, gross proceeds, and exchange of listing. There is also a strong relationship between ownership by different types of institutions. Ownership is also tied to bank lending relationships. Finally, the authors find strong relationships between ownership types and corporate governance. For example, firms with foreign investors are more likely to have an outside chief executive officer and offer an employee stock option plan.

This paper-a product of Finance, Development Research Group – is part of a larger effort in the group to study international corporate governance.

Reena Aggarwal, and Leora Klapper, Publisher: The World Bank, Publication date: July 17, 2003

Seth Godin: Survival Is Not Enough - how to thrive when the whole world is nuts

Seth is the author of four books that have been bestsellers around the world, and his latest book is really shaking things up. Godin believes that even though change is unavoidable, change management is a myth.

The core of Godin's thesis is this: organizations that welcome a changing environment, that embrace change instead of fighting it and that measure the results of their actions (and do something with those results!) will always defeat more traditional companies. Should we shut down our factories and build a very different kind of organization?

There's a breakthrough idea here, one that affects just about every company, large and small. The fear we grapple with whenever our work life changes can be debilitating and today's environment is making that fear a more common emotion. There's a different way, one that's positive instead of negative, and filled with significant upside opportunity.

Managing Your False Negatives

During the innovation process, many companies don't get the results they were looking for and scrap the entire project. But, you shouldn't let negative results set you off. False negatives may just signal that you need to move the project in a new direction--not kill it. Guest columnist Henry Chesbrough, author of Open Innovation: The New Imperative for Creating and Profiting from Technology, looks at what processes might help you cope with false negatives.

Henry W. Chesbrough, Harvard Management Update Article

Presentation on world in 2025: Seven Revolutions Project

The Seven Revolutions Project analyzes the world that leaders will face in the year 2025. The project assesses trends in seven areas of revolutionary change: population; resource management; technology; information; economic integration; conflict; and governance. Developments within these seven revolutions, analysis of links among them, and CSIS's contingency thinking have been woven into an electronic presentation that is shown to leaders from the private sector, industry, academia, the NGO community, and governments around the world. The Washington-based Center for Strategic and International Studies (CSIS) has been dedicated to providing world leaders with strategic insights on - and policy solutions to - current and emerging global issues.

http://csis.org/about/index.htm

New-age product development

According to McKinsey Quarterly (2003 No.2), in a knowledge economy, strategy must focus on boosting productivity through the careful deployment and development of individual employees. Companies can now tap a new generation of software technologies to help them turn human-capital management into a strategic advantage. The Return of the Global Brand Author: John A. Quelch Aug 1, 2003 *Harvard Business Review* Article *What became of the golden age of global marketing?* Where are the multinational companies churning out standardized products for a world of voracious consumers? A global economic slump and mounting anti-American sentiment put an end to that party. But the multinationals' retreat to local harbors may leave them ill prepared for what's about to happen.

Winning in a Challenging Market: Global Wealth 2003

The Boston Consulting Group's third report on global wealth argues that competitors in wealth management need to be bold in addressing substantial overcapacity and deteriorating economics. It uses findings from a new benchmarking of 82 wealth managers worldwide to analyze the effects of the downturn and to identify best practices. The report reviews the impact of declining stock markets since early 2000-more than $10 trillion was destroyed – and examines pending regulatory changes in Europe. Finally, it looks at changing consumer preferences.

Andrew Dyer, Christian de Juniac, Bruce M. Holley, Victor Aerni
July 2003, http://www.bcg.com/publications/

Navigating the Maze: Global Asset Management 2003

The global asset-management industry today is not one industry but many, each with distinct nuances. The increasingly competitive landscape is making it harder than ever for asset managers to remain viable. How can they formulate a strategy that offers a chance to achieve true and sustained competitive advantage? This report, stemming largely from a benchmarking study involving more than 40 of the world's largest asset-management institutions, offers insights on that question.

Andy Maguire, Christian De Juniac, Philippe Morel, Bruce M. Holley, Huib Kurstjens, Jean Mixer, Antonio Riera

http://www.bcg.com/publications/

Darwin on advertising

Marketing communications is rapidly evolving, and many consumer companies – along with most advertising agencies – are in danger of being left behind. Trying to out shout the competition in a mass-media environment that is increasingly expensive and cluttered and can lead to frustration and low returns. Precision is the operative word today: precision in targeting consumers, identifying their needs, analyzing their purchasing pathways and media behaviors, calculating the efficiency and effectiveness of alternative channels, and, most important, linking spending to results. To survive this evolution, companies need to reallocate spending and acquire new capabilities for assessing their investments with greater quantitative rigor.

Michael S. Deimler, Mark Kistulinec, Tracy Hankin, Rich Hutchinson, Joey Reiman, July 2003, Boston Consulting Group

http://www.bcg.com/publications

Six Kinds of Jelly Beans: How the Perception of Variety Influences Consumption

Wharton marketing professor Barbara Kahn calls them candy jungles - bulk confection stores whose walls are lined with bins full of different assortments of brightly-colored candy. Intrigued by these displays and by the somewhat frenzied response consumers have to them, she wondered if people buy more when they see what looks like unlimited variety. Does creating a visual perception of activity and an abundance of choices ultimately increase consumption? She and a colleague answer this question in a paper titled, "The Influence of Assortment Structure on Perceived Variety and Consumption Quantities."

http://knowledge.wharton.upenn.edu

News brief

Knowledge@Wharton and Economist.com are teaming up to launch a series of web-based business briefings on current business topics. The seminars will be accessible through the Economist.com and Knowledge@Wharton websites, reaching a combined audience of nearly 1.8 million senior executives around the world. These online events will reside in a new content area to be called The Global Business Report. For details, click on

http://knowledge.wharton.upenn.edu/economist/

How new managers become great managers

In 'How New Managers Master the Challenges of Leadership' (August 2003) Linda Hill states that managers must be aware of their strengths, limitations, motives, and values in order to make the appropriate trade-offs between fit and learning opportunity when selecting a position. An excerpt

Through my research, teaching, and consulting over the past ten years, I have come to understand more deeply than ever that the best managers are those who have an appetite for learning and are willing to work on themselves. Management is very hard; even the most gifted people must commit themselves to lifelong learning and self-development.

Although some of the qualities of effective management are "innate" or acquired principally through pre-work socialization (personal integrity, high energy level, and a drive to lead), much of leadership is learnt. Management is primarily learned from on-the-job experiences-by doing, observing, and interacting with others. As unsettling as it is, we have found that the essence of development is diversity and adversity. Warren Bennis, a renowned leadership expert, has concluded that it is the "crucibles," or tests and trials, in an individual's life that profoundly shape them as leaders. As many have observed, however, people do not always learn from their experiences.

If an individual's values are not consistent with those of the company, the compromises demanded may be considerable. Besides, becoming a credible leader of others when acting out an inauthentic self is very hard.

To make meaning from their experiences, managers need to reflect on and consolidate the lessons of those experiences. To change and grow, they must be prepared to engage periodically in introspection – to collect feedback on and analyze their behavior, attitudes, and values. The difficulty in remaining objective about oneself, however, is well documented. There are mechanisms that keep people from honestly evaluating themselves. The more candid feedback that managers can obtain from varied sources, the more accurate and precise their assessment will be.

Choosing the right position

Establishing a management career begins with choosing the right positions along the way. Managers should take into account two factors when making decisions about which job opportunities to pursue: How good is the fit between who they are and who they want to be? That is, what types of learning opportunities does the position offer? To the extent that the fit is "perfect"– that the manager has the requisite talents and characteristics (personal values that match the corporate culture) to do the job – the manager will be in a better position to make an immediate contribution to organizational performance.

Admittedly, "fit" is subjective, and all too often women or minorities have been excluded because others have not found them to "fit." One way individuals have coped with this reality is to hide who they really are or how they really think until they get a foot in the door. This can be a dangerous tactic. If an individual's values are not consistent with those of the company, the compromises demanded may be considerable. Besides, becoming a credible leader of others when acting out an inauthentic self is very hard.

The best assignments from a developmental perspective are ones in which the fit is imperfect – it is a "stretch" (in terms of talent, not values). These assignments are riskier, since the manager is more likely to make mistakes that might set back his or her career progress or have a negative impact on organizational performance. But they are also the kinds of assignments from which managers can acquire new knowledge, skills, perspective, and judgment.

People should look for jobs in which they can leverage initial fit to establish a self-reinforcing cycle of success whereby, year after year, they acquire more of the sources of power necessary to be effective and successful. They should pursue situations in which their strengths are really needed, important weaknesses are not a serious drawback, and their core values are consistent with those of the organization.

People should seek out diverse experiences to facilitate and balance their development in multiple areas. Those who are able to grow beyond their initial strengths and develop a broad repertoire of talents are more likely to progress in their careers because they have the requisite abilities to meet the ever-changing demands of their jobs.

Is the media getting a run for its money?

Event marketing is fast emerging as a promotion catalyst vis-à-vis the traditional marketing communication tools. The increasing corporate disillusionment with traditional media due to increased clutter, escalating costs and reduced efficiency has created opportunities for event marketing.

By Dr. Seema Gupta

Although India has had a centuries old tradition of folk theatre in the form of Ramlila and Nautanki, commercialization of events is a more recent phenomenon. Indian industry is far behind its Western counterparts in the use of event marketing for attaining corporate objectives. In the West the ratio of below the line marketing to above the line is 60:40, but in India it is just the reverse.

The scenario is changing fast but events are still primarily regarded as extra fanfare. They are not built into the strategic marketing plan of the companies, but used on an ad hoc basis. Even though it's a long haul, the horizons of marketing managers are getting shorter as they are under pressure to deliver short-term results.

Hence more emphasis is on sales promotion and direct marketing, which can yield returns in the short term. Lack of measurability of effectiveness of event marketing is another stumbling block in gaining the conviction of marketers. A recent exception is Lakme India Fashion Week sponsored by HLL which used the event to build brand equity.

Future trends

Collaborative marketing trend began with World Cup Cricket and Olympics, which have had multiple non-competing sponsorships. This has worked very well for the companies involved.

Community based events are the coming wave as corporate sponsorships of major televised events are beginning to take on the cluttered nature of mass advertising. As society moves to a post-modern, post-materialism phase the importance of community and cause-based marketing is increasing. According to a survey conducted by Hancock, two-thirds of consumers feel more favorably towards corporations that participate in community or grassroots events and only 40 percent feel more favorably towards sponsors of national events.

Global marketing will be a key success factor for many businesses in a world becoming increasingly global. Because certain sports and cultural programs can cross national borders, events will become a greater force in global marketing.

Portfolio-lives may be addressed by the use of event marketing. With the information society of tomorrow, it will be possible to have a unique marketing solution for each individual through a unique personal relationship between the supplier and the client. Lifestyle and marketing will tend to become indistinguishable as enlightened corporations use events and innovative communications to create a value-added environment.

In a reversal of roles, events may become more of a mass audience vehicle than the media, ironic as it may sound. When there is an event that attracts 300,000 people, as some festivals do, events could outdraw television programs

In a reversal of roles, events may become more of a mass audience vehicle than the media, ironic as it may sound. When there is an event that attracts 300,000 people, as some festivals do, events could outdraw television programs. This is an interesting development, as more and more television programs become targeted at well-defined audience segments.

Due to the philanthropic nature of societal patrons, event sponsorships used to be regarded as donations with the primary beneficiary being the recipient. However, with the increased scale of investment and the client's concern for returns on investment, sponsorships are now being treated as investments in lieu of the commercial potential exploitable with the activity.●

The author is assistant professor, Mudra Institute of Communications, Ahmedabad, seema@mica.ac.in. The article is an extract from IIMB Management Review June 2003

eager-beaver

very energetic

elephant hunt

Trying to find a major corporation to move into your community, stimulating economic development.

fallen angels

Stocks or bonds that were originally considered good investments but which are now considered risky.

fishing expedition

An enquiry into an issue without a developed plan.

force majeure

External contingencies that affect performance of a contract.

formica parachute

Unemployment compensation.

fuzzword

business jargon

Readers are invited to send interesting jargons to:
e-mail: info@managementnext.com

globasm

A company or executive who becomes obsessed with expanding globally, is said to be experiencing globasm

greasy spoon

a small, cheap restaurant

hatchet man

Junior executive who is given the task of firing employees.

holy grail

sacred creed or value

iceberg principle

The idea that in any situation only a small part of the problem will be initially visible.

ironclad

Solid, guaranteed, as in an ironclad promise.

jump ball

undecided (basketball)

lead balloon

a dismal failure

Source: http://www.islc.net

Creating Indian MNCs : A strategic roadmap

For success in the international market, Indian companies must think big, but the factor that will separate winners from losers will be quality of leadership

By Prof. Ranjan Das

The opening up of the world economy, liberalization of domestic industrial and macroeconomic policies and advent of information age, provide the right context for Indian companies to step out in the international market and leapfrog.

However, the approach needs to be entrepreneurial and opportunity seeking rather than trying to figure out what can be achieved given current resources and capabilities and level of organizational preparedness.

The strategic roadmap must be aspiration driven and based on self-belief, both of which are essential for developing innovative and breakthrough business model that aims at providing and delivering value propositions which international customers truly want.

While initial focus will probably be on select niches in international market where capabilities and resources developed over the years in the domestic market can be leveraged, the aim has to be on increasing the size of international operation through enlarging the product-market scope. Such an approach will help secure the advantages of scale and scope and also hedge against risks that are commonly associated with international business.

What mindsets to avoid

- A mindset that puts more emphasis on time tested practices that were useful in another time and context but now outdated
- Prefers having all parts of the value creation process under the legal control of the firm
- Does not allow diversity of viewpoints, mental frame and management practices across various border units engaged in value creation and delivery process
- Does not believe that it is possible to compete and collaborate simultaneously

For success in the international market, Indian companies must think big. They should start carefully by investing in and managing what matters - a clear priority has to be on brand building, supply chain management, setting up a world class service network and installation of a real time MIS for facilitating and controlling operations in multiple countries.

They must also scale up quickly as brand equity builds up and market expands and retain flexibility for redeploying assets and resources in new opportunity areas.

But before venturing into all this companies must ensure execution through three important processes - people process, strategy process and operations process.

The strategic roadmap must be aspiration driven and based on self-belief, both of which are essential for developing innovative and breakthrough business model that aims at providing and delivering value propositions which international customers truly want.

Leadership challenges

One factor that will separate winners from losers is the quality of leadership of various Indian firms. Some of the key tasks of such leadership will be:

- Creating a context for effecting cultural change that is required to shift from the erstwhile domestic mindset to an international one
- Ensuring that right people are put in right place to drive the process of internationalization
- Exhibiting a leadership style that insists on realism, sets clear goals and priorities, follows through meticulously, demands performance and accountability from everyone, rewards performers and helps expand people's capabilities

The task is formidable but not impossible. There are now many opportunities for India to become a global player and these are waiting to be seized and grabbed. It is up to the individual Indian company to rise to the occasion and leave a distinct imprint on the world of international business.●

Prof. Ranjan Das, Professor of Strategic and International Management, Indian Institute of Management, Calcutta. Excerpt from a presentation on a CII-conducted seminar (August 2003) on 'Creating the Indian multinational'

"Case studies are the bridges which enable you to see the relevance of one situation to your own circumstances. It is when sparks jump both ways between those two poles - principles or theory and experience or practice - that learning occurs" - John Adair

A Cold 'Tasty' Proposition

This case discusses the distribution of an ice-cream manufacturing company. The company wishes to restructure its distribution operations in a city to reduce operations cost and improve profit margins. The company has to deal with the intricacies of scheduling its pick-up and order operations from the manufacturing locations and warehouses. The case provides data on the company's distribution structure, different stock keeping units (SKUs), margin structure as well as consumer habits, consumer awareness and market segmentation. Discussion points include scheduling and routing.

Vijesh Rajan, T. A. Pai Management Institute (TAPMI),
Manipal, India, January 2001
http://www.asiacase.com/TapmiCases/tasty_tapmi.htm

Internet Banking in India

The case presents an overview of the conceptual outline of the Internet banking, its benefits and problems. Studying 'Infinity,' an Internet banking business model of the ICICI Bank, a pioneer and leading provider of Internet banking services in India, the case discusses initiatives taken by ICICI bank and explores the reasons for limited growth of Internet banking in India.

Neela Radhika & A. Mukund, ICFAian
Centre for Management Research, India, 2002
http://www.asiacase.com/ecatalog/

Sainsbury's: You can't build the store of the future with yesterday's technology

Restoring the luster of a retailing legend. When Sir Peter Davis took over as chief executive at J Sainsbury plc in March 2000, he faced a big challenge. After a decade-long decline, the legendary supermarket chain had lost its premier position with United Kingdom consumers. Its business systems and processes were woefully out of date. The company's stock traded at historic lows.

Sainsbury's needed to restore once-loyal customer relationships, replace aging technology and rapidly reduce costs. Davis and his board of directors turned to Accenture for help, signing a seven-year agreement to transform Sainsbury's business. Central to this partnership, Accenture took over all aspects of the food retailer's information technology infrastructure, resulting in immediate savings of more than UK £35 million (US$50 million) a year.

By leveraging the capabilities of our network of businesses partners-including Sun Microsystems, NCR, Retek and Blue Martini Software-we have been able to move quickly to streamline many of Sainsbury's business processes and begin to build a new information technology system to support the demands of modern retailing and consumers. Working with Sainsbury's management, we have also laid the groundwork for a total business transformation, which over time will include modernizing the company, its store layouts and ways of working.

"We're building the 'roadways' to help Sainsbury's reach its desired destination as the United Kingdom's first choice for food shopping," said Accenture client partner Robert Willett. "Transforming the company's infrastructure is the first crucial step in transforming its ability to serve customers."

http://www.accenture.com

Building Relationships in a Service Organization

The case concerns the problem faced by a bank which intended to build a customer relationship model for its selected retail clientele. It describes the background of the bank's establishment and the evolution of private banking in India. The case gives a profile of the bank's target customer. The organizational structure of the bank and its information technology function are also described. The case could be used in the discussion of concepts such as customer relationship management (CRM), resources planning for a CRM set-up, and performance measures of a CRM initiative.

Harsha Ram G., T. A. Pai Management Institute (TAPMI),
Manipal, India, April 2001
http://www.asiacase.com/TapmiCases/service_tapmi.htm

Change Management at ICICI

The case examines the process of change management at the Industrial Credit and Investment Corporation of India (ICICI), a leading development finance institution, after K.V. Kamath took over as managing director and chief executive officer in May 1996 and following the merger of its subsidiary, ICICI Bank and Bank of Madura in December 2000. It reveals the importance of change management for the former and how effective management of change could bring out best results from the employees in the case of latter.

Subhadra. K & A. Mukund, ICFAian
Centre for Management Research, India, 2002
http://www.asiacase.com/ecatalog/

Beware the "Aztek Effect"

The Aztek was supposed to establish General Motors (GM) as a design powerhouse and generate excitement within a younger market segment. It failed. But a closer look at the story behind the Aztek shows how close GM came to developing a great product and how it ended up creating a car completely off the mark.

July 2003 Author Jeremy Dann

Pursuing New-Market Disruption

In the early 1990s, Teradyne and Hewlett-Packard each identified new technologies with the potential to cause new-market disruptions. Both companies invested time and money into what they believed would be their respective technological breakthroughs. Over the next few years, Teradyne created a new line of business that generated revenues in excess of $200 million. But HP, ultimately backing out of its efforts, lost millions and gained only bad press. How did two stories that began so similarly end up so differently?

Author Clark Gilbert, Strategy & Innovation Article,
Harvard Business School publication, July 2003

Change and Turbulence in SAIL: A Story of Fluctuating Fortunes

The objective of this book is articulated as the study of management of change in large organizations with reference to the Steel Authority of India (SAIL), the impact of change on organizational performance and enabling other organizations to learn from the experiences of SAIL.

The author analyses the phenomenon in two phases - the pre liberalization era of 1985-90 and the post-liberalization during 1990-95. The research uncovers that the principal drivers of change in these two periods were very different. During the first phase change was driven by factors internal to the company and later by factors external.

The author balances qualitative and quantitative data to analyze the impact of change management. The dramatic change in performance of SAIL, from perennial loss maker to the highest and most consistent profit maker in the Indian steel industry, underlines the fact that a resolute, committed top management can actually bring about turnarounds in almost all aspects of business.

By C V Madhavi, 2002, Response Books, New Delhi

Courtesy: IIMB Management Review

Winning the Corporate Olympiad

The book works as a timely message to the business community and to everyone involved in management education, with its plea for the 'grooming' of a fresh crop of leaders fuelled by a passionate will to succeed. Dealing with Indian conditions and purporting to address Indian leadership, its orients a reader interested in management studies releant to Indian aspirations in important directions. However, the book describes exactly one half of the problem, because leadership alone will not carry the day. The futuristic business environment portrayed by the authors discount the leader-follower concept.

The thesis of the book is of macroscopic dimension. It suggests nothing less than a complete revamping and reconstruction of Indian business attitudes. This call is based on profound insights into the malaise in Indian business life. This book makes one ponder over management on a long timescale.

By P Singh and Asha Bhandarker, Vikas, 2002, Rs 295

Courtesy: IIMB Management Review

What Is a Global Manager? (Classic)

Driven by ideology, religion, and mistrust, the world seems more fragmented than at any time since, arguably, World War II. But however deep the political divisions, business operations continue to span the globe, and executives still have to figure out how to run them efficiently and well. In "What Is a Global Manager?" (first published in September/October 1992), business professors Christopher Bartlett and Sumantra Ghoshal lay out a model for a management structure that balances the local, regional, and global demands placed on companies operating across the world's many borders.

In the volatile world of transnational corporations, there is no such thing as a "universal" global manager, the authors say. Rather, there are three groups of specialists: business managers, country managers, and functional managers. And there are the top executives at corporate headquarters who manage the complex interactions between the three--and can identify and develop the talented executives that a successful transnational requires. This kind of organizational structure characterizes a transnational rather than an old-line multinational, international, or global company.

Transnationals integrate assets, resources, and diverse people in operating units around the world. Through a flexible management process, in which business, country, and functional managers form a triad of different perspectives that balance one another, transnational companies can build three strategic capabilities: global-scale efficiency and competitiveness; national-level responsiveness and flexibility; and cross-market capacity to leverage learning on a worldwide basis. Through a close look at the successful careers of Leif Johansson of Electrolux, Howard Gottlieb of NEC, and Wahib Zaki of Procter & Gamble, the authors illustrate the skills that each managerial specialist requires.

By Christopher A. Bartlett, Sumantra Ghoshal

Aug 2003, Harvard Business Review Article

If you have an interesting case study to share, please write to: editor@managementnext.com

Innovation and Dynamics in Japanese Retailing From Techniques to Formats to Systems

Hendrik Meyer-Ohle

Hardback, August 2003, 288 pages £50

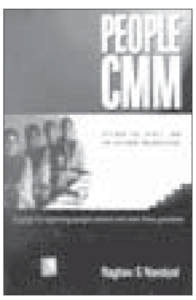
Japanese retailing has long been regarded as traditional or even backwards, when in reality it has constantly demonstrated its innovativeness and dynamism. This book highlights these developments by looking at: innovations and underlying driving forces; responses of Japanese retailers to deregulation; increasing competition; changes in consumer behavior; and internationalization during the 1990s. All of these factors are analyzed through a thorough investigation of innovative activity from the 1950s onwards.

People CMM

By:Nandyal, S. Raghav

Retail Price :Rs 495, pages :283, Yr Of Publication : 2003

Publisher :Tata McGraw-Hill



"This book integrates Raghav's excellent grasp of People CMM with his growing experience in helping companies interpret the People CMM and should be used to interpret the intent of the practices and process areas contained therein. This book is a practical book for practical people who want to improve the capability of their organizations using practical methods," says Dr Bill Curtis Vice President and Chief Scientist, TeraQuest Metrics, Inc The People Capability Maturity Model (People CMM) is a framework that successfully addresses core issues in workforce management and competency development. When applied together with the CMM Integration (CMMI) or the Capability Maturity Model for Software (SW-CMM), it lays an excellent foundation for managing and developing the organizational work force.

This book is especially valuable for organization transitioning from version 1 to version 2 of the People CMM. It compares the process areas and goals between the two versions and provides insight into what changed and why. People CMM is based on the best current practices in the fields of human resources and organization development. It enables organizations to characterize the maturity of their work-force practices; guide a program of continuous work-force development; set priorities for immediate actions; integrate work-force development with process improvement along with; establishing a culture of software engineering excellence Written with a large audience in mind while focusing on the needs of the CEO, project leaders, trainers, and HR professionals, this book is a guide for all those who believe in continuous process improvement as a way of life. The vision for this book is to kindle an internal dialogue and to offer a range of possibilities and organizational contexts one might potentially encounter with the People CMM practices-worst case, at the planned level, and best case. This concept is termed as 'process harmonic'.

This book is a jewel box of implementation ideas having relevance to every individual in an organization. The book describes the People CMM concepts, interspersed with probing questions, cases and interesting interpretations coupled with implementation ideas. The five maturity levels of People CMM lay successive foundations for continuously improving the quality of talent, developing effective teams, and successfully managing the people assets of the organizations. Each maturity level is a well-defined evolutionary plateau that institutionalizes a level of capability for developing and growing the talent within an organization.

Delivering Knock Your Socks Off Service, 3rd edition

Customer Service, 176 pages, , 2002, publisher - amacom books, price $18.95

The game may have changed, but one rule is constant: A company is only as good as the service it gives.

The best-selling front-line customer service book ever published is now better than ever. More than a decade after the debut of Delivering Knock Your Socks Off Service, this newly revised edition introduces readers to the next generation of first-class service strategy. Applying the winning Knock Your Socks Off formula to the new demands of 21st-century business, the third edition features all-new chapters on Delivering Knock Your Socks Off E-Service, Creating Trust with Your Customer, and Service Recovery Expectations, plus new and updated stories, real-world examples, and new illustrations by cartoonist John Bush. And as always, Delivering Knock Your Socks Off Service reveals how to:

- See things from the customer's point of view
- Become a fantastic fixer and a powerful problem solver
- Cope with "customers from hell"
- And avoid The 10 Deadly Sins of Customer Service

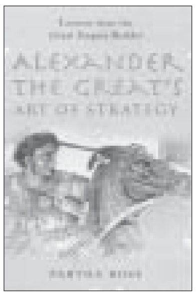
Today's customer is smarter, more demanding, and more mobile than ever. Once again, Delivering Knock Your Socks

Off Service delivers the strategies, techniques, and tips that will keep those customers coming back.

Alexander the Great's Art of Strategy

By: Partha Bose

Publisher: Penguin India,2003, 320 pages, Price: Rs 395.00



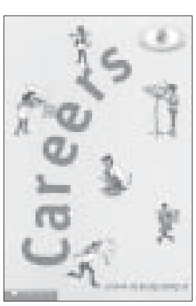
Alexander the Great (356-323 BC) was arguably the greatest military strategist, tactician and ruler in world history. At the age of 20, he ascended to the throne of his father's kingdom. By the age of 23 he had defeated Persia, his nation's greatest enemy. And by the time of his death, aged 33, his armies had conquered virtually the entire known world, from the shores of the Mediterranean to the foothills of India, including the lands of modern-day Iraq and Afghanistan.

Alexander's achievements have inspired and influenced a great number of past and current military, political and business leaders. This book provides the wisdom and secrets of this great empire builder, demonstrating how they can be applied to conquer today's challenges. Blending insights from his years of business experience with his lifelong study of Alexander, Partha Bose interweaves a gripping biography with compelling analyses of strategies, tactics and leadership approaches of successful institutions-including Dell, GE, Honda, IKEA, the Harvard Law School and the East India Company-and individuals, such as Elizabeth I, Winston Churchill, Abraham Lincoln, Franklin D. Roosevelt, Bernard Montgomery, Gandhi, Jack Welch and Lou Gerstner. This is a provocative and invaluable book for leaders, and readers, in all fields, everywhere.

Careers

By: Usha Albuquerque

Publisher: Penguin India, 2003, 160 pages, Price: Rs 175.00



Packed with clear information for curious minds, The Puffin Handbooks are small enough for quick reading, but big enough to provide the answers to all your questions. Find out more about a subject that you are interested in, or discover a whole new area from an expert in these lucid, fact-filled, illustrated books.

We all have dreams about what we would like to do with our lives. But often we do not know how to translate these into concrete career possibilities. In this book, career management specialist Usha Albuquerque uses tests and questionnaires to show you how the person you are and things you love can all be brought to bear on this important decision. She illustrates how you need to start thinking about this early, identify your likes and dislikes, and set yourself realistic short-term and long-term goals which will enable you to fulfill your dreams. The book also includes diverse career profiles to bring you in touch with the reality of working.

It is never too early to start planning for the rest of your life

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Icons from the World of Business

By: Devangshu Dutta

Publisher: Penguin India, 2003, 144 pages, Price: Rs 175.00

Icons brings you the stories of the men and women who have changed the face of India as we know it. By their achievements in their chosen fields, they have provided us with inspiration and encouragement. Each of the ten stories is a revelation of how talent, determination and individual aspiration can make heroes.

Rather than look at the established business dynasties of India, Icons from the World of Business concentrates on the first-generation entrepreneurs who have conceived new ideas and scripted new success stories for the twenty-first century:

N.R. Narayanamurthy, who turned Infosys Technologies into a global role model, Sabeer Bhatia, who dreamt up Hotmail; Kirsanbhai Patel of Nirma, the man who offered cheap detergent to the masses; Ekta Kapoor of Balaji Telefilms, the woman who rewrote the script when it came to entertainment; Vinod Khosla, who co-founded a great IT company in Sun Microsystem and then funded a dozen ideas in another avatar as a venture capitalist .

Others include Azeem Premji, who turned Wipro from a maker of vegetable oils into an Infotech powerhouse; Verghese Kurien, who shaped the cooperative farmers movement and made Amul into a household name; B.M. Munjal, who led Hero group on a fifty-year journey from a small bicycle manufacturer to the top place in the global motorcycle industry; Dr Anjiah Reddy of Dr Reddy's Laboratories, which established India's credentials as an R&D center for the pharmaceuticals industry; Dr Pratap Reddy, the founder of Apollo Hospitals, India's pioneering health services operation'

Filled with details of the exploits of these nine men and one woman, starting from their childhood to the present, this book by Devangshu Dutta is a must-read for all who dream big.

Competitive companies have come to realize that executive development is not a frill, but rather a sound investment in creating a responsive, enduring organization, rich in shared knowledge and practice, and united in vision. - Insead

Indian Institute of Management - Bangalore

Start Date	Title	Area	Director
28 - 30 Oct 03	Value Based Marketing Strategies	MKTG	DVR Seshadri S Ramesh Kumar
12 - 14 Nov 03	Creating and Managing Brand Equity	MKTG	Y L R Moorthi
12 - 16 Nov 03	Managing at the Edge	SSS	J Ramachandran, Ramnath Narayanswamy
4 - 6 Dec 03	Competitive Marketing Strategy	MKTG	Nagasimha Balakrishna Kanagal
4 - 7 Jan 04	Seeking Customers, Retaining Customers-The Indian Context	MKTG	S Ramesh Kumar
4 - 9 Jan 04	Advanced Oral & Written Communication Skills For Software Engineers-II	ITM	Ramnath Narayanswamy

Indian Institute of Management - Ahmedabad

Date	Program	Director	Price
15 - 19 Sep 03	Top Management Programme	A. Tripathy	Rs. 50,000
2 Nov 03 - 28 Feb 04	Management Education Programme	Piyush K. Sinha	Rs. 2,25,000
19 - 22 Nov 03	Men and Women at Work: (Un)spoken Messages	Asha Kaul	Rs. 24,000
18 Jan - 14 Feb 04	Middle Management Programme (Repeat)	Sanjay Verma	Rs. 70,000
4 - 17 Apr 04	Small and Medium Enterprises Programme	Rakesh Basant	Rs. 38,000

Indian Institute of Management - Kolkata

Date	Title	Taken by	Cost	Place
11 - 13 Sep 03	Management of Non-Government Organisations	Prof. Ranjan Mitter	Rs. 6000	IIMC Campus
15 - 18 Sep 03	Strategic Brand Management	Prof. R.C. Bhattacharya and Mr. Jayanta Sengupta	Rs. 16000	IIMC Campus
18 - 20 Sep 03	Managerial Excellence (Non Residential - BANGALORE)	Prof. C. Panduranga Bhatta	Rs. 14000	Taj West End, Bangalore

Indian Institute of Management - Lucknow

Date	Programme	Director	Place
8 - 10 Oct03	Leveraging Customer Information: Strategic Imperatives	Prof. Jitendra K Das	New Delhi
13 - 15 Oct 03	Designing Knowledge Management Architecture	Prof. Archana Shukla and Prof. R Srinivasan	IIM Lucknow
13 - 20 Oct 03	HR for Hardcore HR People	Prof. Debashis Chatterjee & Prof. Anjani Koomar	IIM Lucknow
14 - 17 Oct 03	Business Valuation Technique for Effective Decision Making	Prof. M Ravi Sundar	IIM Lucknow
20 - 22 Oct 03	Effective Communication For Managerial Success	Prof. Neerja Pande	IIM Lucknow

Date	Title
24 - 26 Sep 03	ESSEC-SMU Managing Successful Luxury Businesses in Asia
24 - 26 Sep 03	ESSEC-SMU Managing Successful Luxury Businesses in Asia
29 Oct 03	SMU-SVCA Workshop Forum: Company Restructuring and Management Buyouts
30 - 31 Oct 03	IES - SMU Managing Emerging Technologies
19 - 21 Nov 03	IES-SMU Financial Strategies for Technology Managers

SINGAPORE MANAGEMENT UNIVERSITY

Date	Title	Cost
8 - 19 Dec 03	Programme for Young Managers - Building competencies to stay ahead	Rs. 38,000/-
13 -17 Oct 03	Management Planning and Control Systems	Rs. 22,500/-

ASCI

ISB

The ISB - Kellogg Global Advanced Management Programme		
	Venues	**Dates**
Week 1 & 2	Indian School of Business, Hyderabad	28th September - 10th October, 2003
Week 3	The Kellogg School Of Management, Chicago	23rd November - 28th November, 2003

Harvard School of Business

Date	Title	Cost	Place
5 - 9 Oct 03	Leveraging Knowledge in the 21st Century Organization	$6,000	HBS
12 - 19 Oct 03	Making Markets Work - Rwanda	$1,800	HBS
2 - 7 Nov 03	Changing the Game: Negotiation and Competitive Decision Making	$7,750	HBS
2 - 7 Nov 03	Leading Change and Organizational Renewal	$10,000	HBS
4 - 7 Nov 03	Executive Renewal Seminar: An Exclusive Update	Euro 3,600	HBS
9 -14 Nov 03	Families in Business: from Generation to Generation	$10,000	HBS
12 -15 Nov 03	Governing for Nonprofit Excellence: Critical Issues for Board Leadership	$3,200	HBS
16 - 21 Nov 03	Sustainable Marketing Leadership for Mid-Sized Firms	$15,000	HBS
14 Sep - 14 Nov 03	Program for Management Development	$48,500	HBS
30 Nov - 3 Dec 03	Making Corporate Boards More Effective	$5,750	HBS
4 - 7 Jan 04	Agribusiness/Agriceutical Seminar	$5,500	HBS
25 - 30 Jan 04	Achieving Breakthrough Value:Leveraging Employee and Customer Satisfaction for Profit and Growth	---	HBS

Note: The above list does not represent all the programmes. ManagementNext is not responsible for any error.

straight from the gut

The biggest and best transforming ventures have been simple ideas with simple strategies.
- John Doerr, Venture Capitalist

Brains, like hearts, go where they are appreciated ***- Robert McNamara***

"Cost savings are not the only story. Some companies are looking to finance outsourcing as a strategic weapon for change." ***- Stewart Clements, global managing partner, Accenture Finance Solutions***

This is a country limited by the imagination of its people, not capability, money or the size of the market
- T Mohandas Pai, CFO, Infosys Technologies

" A great manager has a knack for making ball players think they are better than they think they are. He forces you to have a good opinion of yourself. He lets you know he believes in you. He makes you get more out of yourself. And once you learn how really good you are, you never settle for playing anything less than your best." ***- Reggie Jackson***

Your most unhappy customers are your greatest source of learning. ***- Bill Gates, Business @ The Speed of Thought***

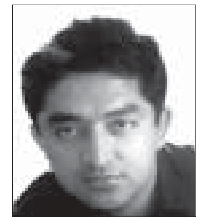
We are what we repeatedly do. Excellence, therefore, is not an act but a habit. ***- Aristotle***

I don't know the key to success, but the key to failure is trying to please everybody. ***- Bill Cosby***

I don't measure a man's success by how high he climbs but how high he bounces when he hits bottom.
- General George S. Patton

I am enough of an artist to draw freely upon my imagination. Imagination is more important than knowledge. Knowledge is limited. Imagination encircles the world.***- Albert Einstein***

Has cola companies' brand integrity fizzled out?



Coke and Pepsi should know that brands are built on trust of its customers. When trust is shaken, brands risk decay

by Harish Bijoor

The CSE (Centre for Science and Environment) has unleashed a Gulp War of sorts! The recent report on pesticide residue in soft drinks of every kind and the prior BBC report of finding heavy metal contamination in sludge from a Coke plant in Kerala has had many a soft-drink company scurrying to put together its "incidence management"(a politically incorrect person would call it "disaster management"!) team in place!

Among other issues what stands out now is the issue of brand integrity. What happens to brand integrity in a scenario of flux? What amount of beating does equity take? How does a brand organization handle the issue at hand?

Brand Integrity. This is all about the trust sets of consumers repose in brands. Brand Equity is today a function of the kind of loyalty a brand evokes, of the kind of brand awareness in the constituent market, the perception of quality levels, the manner of peer-brand associations and indeed a host of other brand properties that consumers recall and cherish in every interaction with the brand, mental and physical alike!

Consumers repose trust in the brands they use personally and recommend to others. This trust is the cornerstone of the brand. Brands are built on trust-levels amidst a whole host of its constituent customers. When this trust is shaken, brands risk disease! And decay!

The current issue of Pesticides in Cola is not a new one! There have been earlier issues as well! Like the one where you had flies on the nozzles of cold drink machines! Like the one where you had a cockroach in an intact bottle. Like the one where Cadbury's battled the public psyche on the issue of nickel content in chocolates. The issues will be there. They will come and go. How do brands manage?

The brand is an entity that has an anti-gravity force in its environment. The brand is about trust and loyalty. Both transient issues that occupy different levels at different times in the life of the brand. There are times when the level of trust and loyalty as an adjunct, is at a peak. And there are times when the bathos is touched! Brands consistently fight against the force of gravity. The pull of gravity is to bring what I term Brand Levity! A point where the brand fights the optimum level of tug that its consumers are willing to suspend their imagination within!

Brand Levity is that point where the pull of the brand upwards into the stratosphere of imagination matches the pull of the consumer tugging down at the brand, wanting to moor it in its reality. Every brand therefore enjoys its own level of levity. Mature brands reach these levels and remain there for decades. New brands strive hard to reach these levels through brand building activity of every kind.

The current Cola controversy has breached the Brand Levity of the category. The current controversy has pulled down the segment several notches. One suspects not only the Colas but also cousin categories of every kind of bottled drink! Bottled water included!

The next time you look at an ad featuring Sharukh or an Aamir with a Coke or Pepsi in hand, you will not let the glamour rub off on the brand. Instead, you will watch with a wee bit of caution. Let's remember, we taste brands not only with our palate, but also with every one of our senses - the sixth one included as well! Brand consumption and habit is a sensorial issue. A hurt on one of the senses is quite likely to affect every other! Watch out! This is brand risk!

Let's remember, we taste brands not only with our palate, but also with every one of our senses - the sixth one included as well! Brand consumption and habit is a sensorial issue. A hurt on one of the senses is quite likely to affect every other! Watch out! This is brand risk!

Reviving brand equity is going to be a long haul. A task that will involve credibility build up strategies put together by the category managers of Cola. A lot of money. A lot less hype maybe. Remember, the consumer will be watching what you attempt under the microscope of his critical examination. An insensitive step, a step that lacks consumer respect, can rebound!

Brands are indeed built assiduously over the years. One incident is quite likely to destroy equity. Branding and de-branding are constant processes at play. Each pulls in its own direction. Issues such as the current controversy gives de-branding an anchor pull.

Advertising, the power of the public relations process at play and consumer promotions of every kind will vie with one another to wipe this canker off as well! Let's watch marketing at play!●

The author is a brand-domain specialist and CEO, Harish Bijoor Consults Inc. with a presence in Hong Kong, London and Bangalore.

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The hare and the tortoise story – *retold*

Most of us know that tortoise wins the race while the hare sleeps after taking the initial lead. This is the version of the story that we've grown up with.

Now, there's a more interesting version

The hare was disappointed at losing the race and he did some soul-searching. He realized that he'd lost the race only because he had been overconfident, careless and lax. If he had not taken things for granted, there's no way the tortoise could have beaten him. So he challenged the tortoise to another race. The tortoise agreed. This time, the hare went all out and ran without stopping from start to finish. He won by several miles.

The moral of the story is fast and consistent will always beat the slow and steady. If you have two people in your organization, one slow, methodical and reliable, and the other fast and still reliable at what he does, the fast and reliable chap will consistently climb the organizational ladder faster than the slow, methodical chap. It's good to be slow and steady; but it's better to be fast and reliable.

But the story doesn't end here. The tortoise did some thinking this time, and realized that there's no way he can beat the hare in a race the way it was currently formatted. He thought for a while, and then challenged the hare to another race, but on a slightly different route. The hare agreed.

They started off. In keeping with his self-made commitment to be consistently fast, the hare took off and ran at top speed until he came to a broad river. The finishing line was a couple of miles on the other side of the river.

The hare sat there wondering what to do. In the meantime the tortoise trundled along, got into the river, swam to the opposite bank, continued walking and finished the race.

The moral of the story? First identify your core competence and then change the playing field to suit your core competency. Working to your strengths will not only get you noticed, but will also create opportunities for growth and advancement.

The story still hasn't ended

The hare and the tortoise, by this time, had become pretty good friends and they did some thinking together. Both realized that the last race could have been run much better. So they decided to do the last race again, but to run as a team this time. They started off, and this time the hare carried the tortoise till the riverbank. There, the tortoise took over and swam across with the hare on his back. On the opposite bank, the hare again carried the tortoise and they reached the finishing line together and at a lesser time than the previous race. They both felt a greater sense of satisfaction than they'd felt earlier. The moral of the story?

It's good to be individually brilliant and to have strong core competencies; but unless you're able to work in a team and harness each other's core competencies, you'll always perform below par because there will always be situations at which you'll do poorly and someone else does well.

Teamwork is mainly about situational leadership, letting the person with the relevant core competency for a situation take leadership.

There are more lessons to be learnt from this story.

Note that neither the hare nor the tortoise gave up after failures. The hare decided to work harder and put in more effort after his failure. The tortoise changed his strategy because he was already working as hard as he could. In life, when faced with failure, sometimes it is appropriate to work harder and put in more effort. Sometimes it is appropriate to change strategy and try something different. And sometimes it is appropriate to do both.

The hare and the tortoise also learnt another vital lesson. When we stop competing against a rival and instead start competing against the situation, we perform far better.●

Readers are invited to share their real-life experience, which has a touch of humour. *e-mail: editor@managementnext.com*