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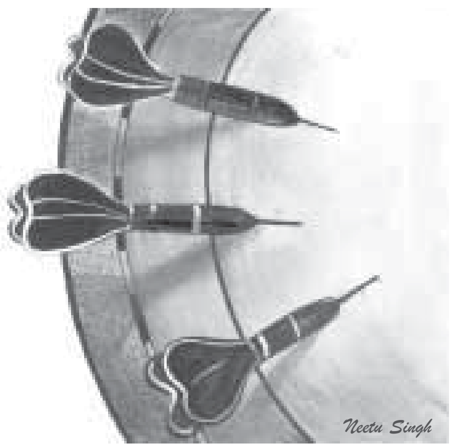
Are companies caught in a budgetary trap?

Harvard Business School's Jeremy Hope and consultant Robin Fraser are pioneering a movement for breaking away from the traditional target-driven budgeting process to a model that maximizes organizational potential

By Benedict Paramanand



Come January, the planning process for the next financial year gets rolling. This may be the right time to indulge in some disruptive thinking.

Some influential management thinkers believe that the traditional budgeting process, with its emphasis on fixed targets has led to bizarre payouts and aberrant executive behavior leading to widespread gaming and fraud.

Harvard Business School's Jeremy Hope and consultant Robin Fraser are pioneering a movement for breaking away from the century-old budgeting philosophy and have made a strong case for a new management model to replace it. They offer a compelling case for setting companies free from the budgeting trap. They hope that adopting their model would pave the way towards making organizations better places to work for, invest in and do business with.

In *Beyond Budgeting: How Managers Can Break Free from the Annual Performance Trap* (Harvard Business School Press, 2003), the two show how the traditional approach confounds two incompatible organizational purposes - the forecasting of results and the management of performance. The contradiction between these two aims is dependent on the business environment - from one that is relatively steady, continuous change, where financial capital dominates, to one of unpredictable, discontinuous change, where intellectual capital rules.

They are urging firms to move away from future-oriented, absolute performance contracts to arrangements where payoff depends on a retrospective assessment of performance relative to benchmarked key performance indicators (KPI). And they stress the need for solid numbers with rolling forecasts rather than chasing set goals. Thus, managers set stretch goals based on external comparisons - with industries or competitors, for example - rather than internally negotiated targets.

Under the new model, targets are not connected directly to incentives. Rewards are based on the relative success of the team or a group, which discourages gaming and encourages managers to focus on continual value creation, cooperation across business units, and timely, open communication and feedback. In short, it creates

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what's in...

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To be an effective resource of information, knowledge and perspective to managers

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the conditions for learning within the business context.

The new model being talked about could lead, at a minimum, to more adaptive processes within the organization and, at a maximum, to a radical decentralization of managerial power. Hope and Fraser emphasize that their proposal is not about new metrics but about a whole new management model.

To them radical decentralization is essential if the full potential of their model is to be realized. They show how the centralist tendencies of the budget model can undermine tools, such as the balanced scorecard, benchmarking, and customer relationship management that are designed to support the frontline troops.

For Indian managers, especially the CEOs and the CFOs, the new model may seem too revolutionary. But they cannot get away from the compelling case made by the authors. They know that they have all along been pressured by fixed targets and performance incentives which have been forcing them to focus on making the numbers, instead of making a difference, meeting set goals instead of maximizing potential.

Hope and Fraser brilliantly expose what lies at the heart of most failed attempts to foster corporate agility and innovation - the 'fixed performance contract' and the low trust mindset in which it is set. Beyond Budgeting is a true paradigm shift.

Hope and Fraser brilliantly expose what lies at the heart of most failed attempts to foster corporate agility and innovation - the 'fixed performance contract' and the low trust mindset in which it is set.

It's not that Hope and Frazer have just let the cat out of the bag without enough research. "This is a book for leaders with the courage and insight to sweep away an enervating management dogma and release the latent wealth in their organizations," said Gregor Pillen, head of financial management solutions, IBM Business Consulting Services.

"Beyond Budgeting has inspired UBS not only to shift its focus away from traditional, detailed budgets but also to take the next steps and implement plans with adequate levels of detail; and further redirect its focus toward trend analysis, scenario planning, and rolling forecast," said Peter Thurneysen of UBS AG, Head Group Controlling & Accounting.

The authors focus on reforms made at Swedish wholesaler Ahlsell, Swedish bank Svenska Handelsbanken, British truck manufacturer Leyland, chemical firm Borealis and the operating model of Swedish household furnishings company IKEA.

To the authors, *Beyond Budgeting* is not a new financial planning process. It is an alternate, coherent, management model that enables companies to manage performance through processes specially tailored to today's volatile marketplace.

In the post-Enron milieu in the US and several corporate and bank scams in India, where everyone is seeking barriers to fraud, Hope and Fraser's book seems like a persuasively argued starting point.●

Immelt prefers top line 'Work-Out' for GE

In the 1980s, GE CEO Jack Welch launched Work-Out, the company's infamous bureaucracy-busting productivity initiative, an attack on scientific management demanding that executives shun rote rules and become candid, fast on their feet, and flexible. Welch believed that the only way to shift a company's culture is to change the habitual thinking and behavior of its fast-track executives.

Under Jeffrey Immelt GE is making another full-scale effort to change the way executives think and behave. Executives at Crotonville are now studying future technology, corporate social responsibility, system dynamics, and long-range planning. The purpose is to systematically build the capabilities of managers throughout the company - capabilities that enhance strategic thinking and cut down on bureaucratic decision-making. GE now wants smart managers at many levels to be able to make the kind of strategic judgments and bets on bold new projects that would have been made only by the most senior executives in the past.

"Jeff inherited a company skilled at execution - one that can stop on a dime and deliver results. The company just loves to execute. Now the question is how to develop the top line," *strategy + business's* Art Kleiner reports in the Winter 2003 issue.

At GE "top line" doesn't mean in the ordinary managerial sense of increased revenue. It means new products, markets, and lines of business, particularly ones that require long-term investment and technological innovation, where few can match GE's capabilities. To accomplish that shift, GE is drawing on its own extensive history with management innovation.

The fundamental philosophy of GE today is "If you give people local autonomy and a reason to focus on improving quality, you can supercharge productivity on a global scale." With Work-Out, GE took that principle and rolled it out across a dozen separate large businesses; it was impressive how quickly and effectively Work-Out permeated the management culture.

The other shift relates to a new philosophy of strategy formulation. Immelt is instituting, for the first time since the early 1980s, a more formal strategic planning process at GE. Under Welch, long-term planning was practically a dirty word. Immelt is involving line managers in debates and dialogues about long-term strategy in which they talk through their perceptions of technological change and the business environment and envision the "big wins" that might be possible over the next 15 years.

Other Crotonville sessions now are introducing management disciplines with a strategic edge, such as scenario planning and system dynamics modeling. Even GE Capital may be getting more interested in long-term strategy.

Few other companies have the breadth or resources and the discipline to focus on learning the way GE does. "Even without those strengths, if you bring smart people together regularly to step back from the day-to-day urgencies and improve their work, with a clear line of accountability for results afterward, it's amazing what can happen," Art Kleiner says.

In the end, if General Electric can find a way to teach "Every manager" to be an effective strategist, investing in new ideas with that freewheeling but rigorous Work-Out spirit, it might change the game for "Every company." At the very least, it will get them thinking.

B-schools need synthesis, not separation

Managers are told: Be global and be local. Collaborate and compete. Change perpetually, and maintain order. Make the numbers while nurturing your people. To be effective, managers need to consider the juxtapositions to arrive at a deep integration of these seemingly contradictory concerns. That means they must focus not only on what they have to accomplish but also on how they have to think.

When Jonathan Gosling and Henry Mintzberg respectively the director of the Centre for Leadership Studies at the University of Exeter in the United Kingdom and the Cleghorn Professor of Management Studies at McGill University in Montreal, set out to develop a master's program for practicing managers, they saw that they could not rely on the usual MBA educational structure, which divides the management world into discrete business functions such as marketing and accounting.

They needed an educational structure that encouraged synthesis rather than separation. Managing, they determined, involves five tasks, each with its own mindset: managing the self (the reflective mindset); managing organizations (the analytic mindset); managing context (the worldly mindset); managing relationships (the collaborative mindset); and managing change (the action mindset). The program is built on the exploration and integration of those five aspects of the managerial mind.

The dividend puzzle

Way back in 1976 Nobel laureate Professor Fisher Black asked: "Why do corporations pay dividends? Why do investors pay attention to dividend?" His answer was: "We do not know." Don't be taken aback if you get the same answer even now

Most companies everywhere feel they must pay dividends. It is a popular belief that most investors also expect companies to pay dividends. "Unfortunately, we do not yet have an acceptable explanation for the observed dividend behavior of companies," says Pandey, I.M., in his paper *"Corporate Dividend Policy and Behavior: The Malaysian Evidence,"* Asian Academy of Management Journal, January 2003.

This 'dividend puzzle' still remains unresolved. It has been a long-standing position of Professors Miller and Modigliani, both Nobel laureates and some other finance researchers, that dividends are irrelevant and they have no influence on the share price in a well functioning capital markets. Some went to the extent of suggesting that dividends destroy value! Of course, some die-hards believe that capital markets are not well functioning and therefore, dividends ought to matter.

Notwithstanding this continuing debate, studies in a number of countries indicate that both managers and investors favor payment of dividends. Most companies in the developed countries distribute a good part of their earnings as dividends, and they also maintain stability of dividend.

Professor Lintner of Harvard University was the first to find this behavior of US companies as far back as 1956. Firms in US and other developed markets have target dividend payout ratios, and they adjust their dividend policy to this target. The long-term sustainable investment and growth objectives determine the firm's target payout ratios.

Further, firms pursue a stable dividend policy and gradually increase dividends given the target payout ratio. This implies that firms set a speed to move towards the full achievement of payout. Thus, it is suggested that firms establish their dividends in accordance with the level of current earnings as well as dividend of the previous year. Professor Lintner also found that American managers believe that investors prefer firms with stable dividend policies.

Are dividend payments of companies in emerging markets of, say, Asia tied to earnings changes? Do they follow long-term stable dividend policies like their counterparts in developed markets? “Our study of firms of the emerging market of Malaysia shows that firms increase payment of dividends when their earnings increase; and they are reluctant to skip dividends when earnings fall. However, they do tend to omit dividends when they suffer losses,” Pandey says.

Further, results uncover that these firms have lower target ratios and higher adjustment factors. This implies low smoothing and relatively low stability of dividend policy in the emerging Malaysian market. The implication is that a relatively unstable dividend policy would cause higher variability in the otherwise turbulent emerging stock markets and could destroy shareholders' wealth.

“Managers in the emerging markets need to learn the importance of creating sustainable long-term wealth for shareholders rather than espousing a harmful short-term policy,” Pandey says. There are many other aspects of dividend policy in the emerging markets for future research. One issue is regarding the effect of firm size on dividend policy.

Do large firms pay less or more dividends than small firms? Why? Yet another issue is the interaction between the capital structure and dividend policy of companies. For example, in India the funds flow analysis of companies shows that a large number of them simultaneously raise external funds (through rights issues many times) and pay dividends.

Isn't earnings retention a cheaper way of raising funds for growing, profitable companies? What do they gain by giving away cash on the one hand and taking it back by the other hand? Rather, they incur transaction costs in doing so. How does the pattern of ownership of companies in the emerging markets influence dividend policy.?.

Customer satisfaction is not enough

Customer satisfaction is perceived as the key to competitive strategy and profitability. However, today, even satisfied customers migrate to other products and services. In a market that is cluttered with brands and where consumer expectations, needs and attitudes are constantly changing, how does one retain customers and build loyalty?

The focus, Ramesh Venkateswaran says in a paper in *IIMB Management Review* - Sept 2003, must shift from measuring customer satisfaction to customer retention equity by understanding the dynamics of customer loyalty, migration and defection.

Customers tend to remain loyal to a brand because of the emotional bond, objective assessment or inertia. On the other hand, customers may migrate because of changing needs and lifestyles or dissatisfaction with the existing product or service.

Customer retention programs should aim at maximizing the likelihood that the customer will return for the next purchase, maximize size of future purchases, and minimize the chances of defection through communication, relationship management, and constant updating of products and services to meet changing needs.

Social capitalists get awards for entrepreneurship

For the first time *Fast Company*, an American business magazine, gave away Social Capitalist Awards for 2003 to 20 US-based organizations. With assistance from Monitor Group, the global consulting firm, Fast Company spent months assessing entrepreneurship of these organizations in the social sector. It measured these organizations' actual innovations and their impact. It gauged their aspirations and their sustainability.

The report on the idea behind the awards states that these groups and leaders are neither idealistic dreamers nor neo-hippie do-gooders. "They are entrepreneurs in the truest sense of the word. They are adept at marshalling resources behind an idea, at creating organizations that operate both efficiently and effectively. They apply sound management tools and discipline, and they demand results."

The selected 20 organizations are in the business of changing expectations. At first glance, these groups, whose missions range from teaching preschoolers to read to helping low-income families buy their own homes, seem difficult to compare. But the Fast Company's goal was to judge not the relative social worth of these organizations, but rather their excellence as entrepreneurial endeavors.

What they found surprised them: organizations changing the world in part because of their commitment to excellence in business. And though their work is inspiring, that's not why they are being written about. "They are also management models worthy of emulation." They have identified five traits in these organizations that are similar to any corporate entity.

Entrepreneurship

They are masters at mobilizing the resources, whether human or monetary, to drive their plans. KaBOOM!, for example, has perfected the impressive feat of sweeping into a neighborhood with an army of volunteers and building a playground, in Amish barn-raising style, in a single day. It does so by bringing varied community interests, including corporate sponsors, to the table months beforehand.

Innovation

They have practices in place that support continual creative renewal. At Program for Appropriate Technology in Health (PATH), scientists and world health experts foster relationships with for-profit companies that can help create new products for the developing world. One result: a sterile delivery kit that allows women to give birth at home but greatly reduces the risk of infection.

Social Impact

These groups don't fall back on feel-good brochures to prove their worth. They quantify the difference they make. College Summit has invented a brilliantly effective program to help low-income kids prepare for college: 79% of its target students enroll in college - nearly double the rate of seniors nationally at the same income level.

Aspiration

Their plans are ambitious, but rooted in rigorously supported projections. Jumpstart, a group that recruits college kids to teach preschoolers to read, reaches 6,000 3-to 5-year-olds with its services. Its target for 2006 is 25,000 tots. Because Jumpstart's business model ensures that each additional tutoring hour will cost just $3.57, that growth goal is extremely realistic.

Sustainability

They don't count solely on the kindness of foundations or the whim of government. At Rubicon Programs Inc., women and men who were once homeless are now pastry chefs, whipping up chocolate ganache cakes for a bakery business. The bakery and a landscaping operation have launched hundreds of careers - and help fund the array of social services Rubicon provides to get more homeless people off the streets.

"As a group, these winning organizations present a picture of sometimes stunning vitality. They expected annual revenues to grow by an average of 29.2 percent in 2003. Their employment was growing by 172 percent. Twelve of the 20 have some revenue-generating strategy similar to Rubicon's. And 13 of 20 spend 10 cents or less on fund- raising for every dollar they raise.

Compassionate capitalism

Narayana Murthy, founder and chairman of Infosys Technologies, has donned the role of a corporate evangelist. At the Global Brand Forum in Singapore early December 2003, Murthy looked disturbed at the expanding difference in wealth between the lowest paid employee to the CEO.

"Brands are the hallmark of capitalism, but consider these figures. The gap between the rich and the poor has doubled in the last 40 years. In the 90s, the average pay of CEOs was 40 times that of the average worker, but today, the average pay of CEOs is 400 times that of the average worker," he said.

So, is capitalism dysfunctional? Not quite, says Murthy, if corporate leaders practice capitalism with compassion, with integrity. He listed fairness, equality, integrity and compassion as pre-requisites in the corporate value system.

Murthy spoke about business integrity and the global brand. According to him, a brand is a trust mark, which builds long-term relationship with customers. Advertising just sustains the brand.

Murthy noted that there is an urgent need for ranking system for socially responsible organizations and socially responsible leaders. He urged Fortune Magazine to start one. This, he said, would nurture a revolution in kindness.

A maverick's vision for 21st Century companies

If you think the world is changing rapidly and that it's becoming difficult to keep pace with it think again. Ricardo Semler's examples will surprise you

The first car was manufactured in 1908. It had a metal chassis, a steering wheel and four wheels, and it seated four. A hundred years later, a car still has a metal chassis, a steering wheel, four wheels, and seats four. And automobile manufacturers are yet to figure out how to make parallel parking any easier for drivers.

Gillette and Microsoft had striking innovations in their products. It happened only during the early stages of product development. The first version of the Windows required maybe a handful of programmers to create, but subsequent versions of the product have witnessed marginal improvements - despite Microsoft employing thousands of programmers. Gillette made the first safety razor which was truly a different product, but the subsequent "millions spent on R&D resulted in the addition of just one blade!" "Why is it so difficult to change?" Semler wonders.

At Semco

- Workers choose their bosses
- Financial information is shared with everyone
- Thirty percent of its employees determine their own salaries
- And self-managed teams replace hierarchy and procedure

To Semler, who was a star speaker at the AdAsia 2003 in Jaipur, last November, many things are done in organizations because that's the way they've always been done. It's like school vacations that are always for two months, and no one asks why. It's because there was a time when a two-month vacation allowed the kids to help the family in the harvest season. Today, that is no longer relevant, but no one questions these things.

Semler presented a strong case for organizations to change the very manner in which they think and act to arrive at innovative answers to different problems.

Known as 'maverick' among corporate bigwigs the world over, Semler presents a strong case for organizations to change the very manner in which they think and act to arrive at innovative answers to different problems. The resistance to change is because of the "military legacy" of hierarchies and organizational pyramids.

"It's because organizations and businesses crystallize and calcify in their thinking as they go along." And why do companies fall into this crystallization trap? "It's because of the industry-wide desire for emulation," he says. "You keep emulating those in the industry, so you keep becoming similar. It is this systemic emulation that is the problem." Semler's book *Maverick: The Success Story Behind the World's Most Unusual Workplace* sold more than a million copies. His new book *The Seven Day Weekend* hit the stands in 2003.

To Semler emulation checks the power of intuition. And in the end intuition is the only way of coming up with original solutions. Using the legendary encounters between chess grandmaster Gary Kasparov and Deep Blue as an example, Semler thinks that the grandmaster out-thought Deep Blue eight times out of ten - despite the super computer being programmed with the winning strategies of many grandmasters and being programmed to think a million moves ahead. "Kasparov played with intuition, that is why he won. There is no other explanation for this," Semler argues. And intuition is the key that organizations need to tap.

And that can start when organizations learn to question the status quo, the way things are done. "We talk of democratic workplaces, but there are no such places," he says. "And the only way to do it is by asking why things are being done the way they are done. Asking why will make you uncomfortable, but you will find new answers and new ways of looking at things."

World's most unusual workplace

As President of Semco S/A, the Brazilian marine and food processing machinery manufacturer, Ricardo Semler earned international recognition for creating the world's most unusual workplace.

At Semco, workers choose their bosses. Financial information is shared with everyone. Thirty percent of his employees determine their own salaries. And self-managed teams replace hierarchy and procedure.

His model powered the company to 900 percent growth in 10 years and increased Semco's industry ranking from 56th to 4th, despite extremely adverse economic conditions worldwide.

Semco has no receptionists, secretaries, or personal assistants. All employees, Semler included, receive their own guests, make their own copies, and draft and send their own correspondence. There are no private offices, workers set their own hours, and office attire is at the discretion of each employee. Job titles carry little formal status since all workers are actively encouraged to question and constructively criticize their peers and managers. To illustrate Semler's "hands-off " management style, he states, "I don't sign a single check, I don't approve investments. I don't run the company in that sense at all. What I do is spend a lot of time being called into meetings about strategy, about pricing, ...I visit customers…"

Semco was selected by *CIO* magazine as one among the most successfully re-engineered companies in the world; and the BBC included the company in its 'Reengineering The Business' - a series focusing on the world's five most successful management structures.–**BP**

Disrupt or disappear

It's hard to find a company that doesn't trumpet its tradition of innovation. What's common among most such companies is that they are good at developing only the kind of innovation that sustains their current businesses. Very few have made a mark in the processes that produce disruptive innovations.

To Clayton Christensen of the Harvard Business School and Mark Johnson president and co-founder of Innosight, a research and consulting firm, disruptive innovations are usually championed by new market entrants who create major waves of growth in a wide array of industries.

Their studies have shown that established companies tend to focus too much on enhancing the functionality of new products, which surpass the ability of most customers to use them. However, this persistent upward migration of product functionality often overlooks less-demanding customers and wholly untapped market segments. Disruptive innovations generally use simple adaptations of known technologies to create products that don't stack up to the state-of-the-art offerings of the industry leaders, but are good enough for less-demanding markets.

As the products offered by a disruptive innovator improve, they begin to appeal to more-demanding customer segments. Only when a disruptive innovation penetrates the historically profitable market niches do incumbents really start to address them as competitive threats. By then, it's often too late.

Interestingly, the performance of these disruptive innovations often lets a new group of customers accomplish tasks much more cost-effectively and/or in a more convenient setting. Examples of disruptive innovations are inexpensive microprocessors for use in a variety of ubiquitous computing devices and bare-bones hand-carried ultrasound scanners for emergency rooms.

In a recent article in *Innovate* they argue that instead of viewing disruptive innovation as a threat, large companies need to embrace the opportunity it presents early and proactively. The challenge lies in generating and funding these ideas without compromising the core business.

They've found that rather than investing in future growth platforms, managements often choose to make further investments to support the current cash cows. "Add-on investments for these successful product lines are indeed crucial, but they should be balanced with the imperative to channel capital toward high-risk/high-reward opportunities."

"What's needed is a robust, repeatable process for creating and nurturing new growth businesses. This process must actively seek out disruptive-market opportunities and address the timing of investment in new growth platforms. CIOs can help systematize the practices a company will use in allocating resources for high-potential disruptive-business ideas."

Clayton Christensen asks: Which customer segments are most ready for a disruptive innovation? How can you create the best environment for identifying and nurturing disruptive opportunities? What are the "brand appropriateness" and other hurdles that may keep you from exploring these new segments? When should you push for profitability and when for growth? And how can you build sufficient flexibility into your strategy without losing focus?

Innovation in a bundle

Marketers today acknowledge that they cannot win a price war for long. Today's consumers have caught on. They know that if they wait around long enough, the hot new product or service they want will come down in price. So they wait for the bargain, making it tougher and tougher for companies to sustain sizable profits on even their best-selling products and services. What can these companies do?

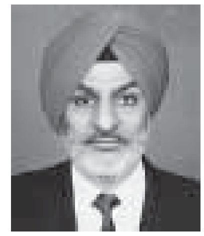
Instead of selling products or services separately, innovative companies are bundling them into what Accenture calls lifestyle solutions-combinations of products and services that are more valuable than the simple sum of their parts, because they serve the customer from the customer's perspective. A lifestyle solution can be designed to solve a particular problem, such as getting a consumer through the daily bottleneck caused by a lack of time.

Or it can dramatically enhance a consumer's enjoyment, say, by improving a travel or entertainment experience. Consumers will pay a premium for such lifestyle solutions, and they will remain highly loyal to those that deliver real value. Lifestyle solutions also create new opportunities for growth, allowing companies with struggling brands to build new ones based on different value propositions.

Now it's possible to get the results of a complex survey overnight and far less expensively. A decade ago, a telephone and direct-mail survey that tested two or three potential product bundles might cost hundreds of thousands of dollars. Today, thanks to technologies such as e-mail and auto-dialed telephone calls, companies can survey consumers not only quickly but with minimal intrusion

But the lifestyle solution is not simply an incremental improvement; the thought process required to reach it is different. With lifestyle solution bundling, the manufacturer or service provider must see consumers not as targets with particular demographic profiles but as individuals with stresses, problems, needs and desires, some of which they might not even realize.

The art of war and business - the twain do meet



A lot has been said about what business organizations can learn from the military, especially on strategy. It's only now that the military is looking up to business for evolving into a lean, efficient and an effective fighting force

By Brig KS Bhoon (Retd.)

After a long and tumultuous tenure in the Army Corps of Electronics and Mechanical Engineers (EME), I hung my uniform last year and joined the corporate world. Frankly, I expected a significant chasm between the management styles of the two professions. I had read a lot on the linkages and cross learning between the two.

It is accepted by many that business strategy first evolved from military strategy. Sun Tzu's Art of War continues to inspire corporate leaders. Ever since the first Chinese warlord deployed cavalry and infantry in battle together, armies have been successfully dealing with the problem of cross-functional coordination and teams. Operations Research was born in Second World War as a military necessity. Combat Command, Combat Group and Combat Teams in the Indian Army are more than three-decade-old.

These concepts are now being applied in business as Cross Functional Teams (CFTs), Small Group Activities etc. Since Napoleon's era, when coordinating movement of huge armies led to the arrival at the exact time and precise place of decision in battle, generals have been successfully handling large number of troops working at great distances from each other. Globalisation of business poses similar challenges to the corporate managers. Cross-cultural issues are as important to multi-national corporations as is the management of multinational forces in Sierra-Leone.

Marketing gurus use terms like "firing on all cylinders", "carpet bombing the market", blitzkrieg, which are part of the military jargon. In the military, you learn to develop a leadership attitude and image, communicate effectively, establish clear priorities, inspire others, instill loyalty, build a team, coach and mentor, resolve conflict, and sustain optimum performance. Successful corporate leaders do likewise. Thus, military is a big business organisation and corporate act like the Army Corps. While overall concepts of leadership and management generally remain the same, opportunities to unlearn and relearn exist in several areas of micro management, in both cases.

Learning opportunities

◆ Speed is more important to the Forces than costs. In business, time and cost are trade-offs for ROI. While national security is priceless, Armed Forces could do more with less, by increasing cost consciousness.

◆ Military is leader-centric. Persona plays a significant role. Although the importance of leadership, especially at the CEO level is being recognised, management of corporations is the norm. Military could do well with some managing and Corporates should lean more about leading.

◆ In the Armed Forces, specifically the Army, average tenure on one assignment is less than two years. This has its benefits in terms of lateral thinking and drawbacks in the form of reinventing the wheel. Army cannot do much about it but manufacturing companies get more crosspollination of ideas by rotating jobs.

◆ Armed Forces are known for camaraderie and brotherhood. They live in exclusive colonies and acquire a new army culture distinct from Punjabi, Tamil, Bengali, etc. Army officers know their subordinates and superiors thoroughly, even their wives, and children. Sadly, the corporate managers know only the names of their workers. Period. No wonder, loyalties are rarely built in Corporates. Option of greener pastures is always open. Business could do with more of Espirit-de-Corps.

◆ Change is the buzzword in business. If it ain't broke, fix it. Military changes but too slowly. However, experimentation is galore. If it ain't broke, break it.

◆ Military trains hard. Business is less institutionalized and structured. Formal training man-days per person averages around four in a year as against about 15 in the Army. Formal courses exist even for generals. Senior management in corporate is mostly on self-learning mode. Military could make training more focused and need based. Senior management needs retraining, as they are likely to be, out of sync with times.

Till recently the armed forces believed that they didn't need to learn the art of managing from anyone else. But times have changed. The armed forces need to be both cost effective as well as efficient.

The author is a Director at Ashok Leyland Management Development Institute, Hosur

Why companies favor creative solutions to creative ads

If creative ads are to sustain their appeal, they should start focusing on the emotional relevance of its audience

- By Benedict Paramanand

Advertisers and agencies world over swear that creativity in advertising is what differentiates them from their competitors. Awards for creative ads are flaunted and pitches are laced with resumes of creative people. Size and resources of creative teams in agencies are clearly the selling points.

But are agencies aware of the silent, but definitive trends that are threatening to revolutionize the role of creativity in advertising? They may do well to see the trend early on and act on it rather than wait till it unfolds and threatens their existence.

A panel of global consultants discussed new breeds of agencies that are emerging in local markets and a few of the winning formulas that stand out at the Ad Forum July, 2003 at New York. How do you start a successful advertising agency? First it would seem, be creative. But an example of an agency in Sydney, which did it without creative, is quite illuminating. Started in 2000, Host is an independent agency owned and run by communications planning people. Their approach is to focus on developing and executing idea-driven brand solutions and work only with freelance creative teams. They choose the right team based on their needs and making the best fit with the client.

Neetu Singh

A presentation entitled "Advertising Agencies' Market Dynamics in 2003: Global Trends, Regional Differences", the results of a Ballester research survey based on over 500 interviews with top US and European advertisers in 2003, is interesting. Differences include some of the criteria which advertisers were asked to rank their agencies on. "Producing creative campaigns" in Europe became: "Producing creative campaigns that sell" for the US advertisers, as per US agencies' request. One explanation is that US advertisers tend to be more business-oriented and European are following this trend, stepping away from creativity and looking for more effectiveness and value.

Is creativity in a crisis? Ask renowned social philosopher Charles Handy. Handy predicts that creative people would soon prefer to become independent and work from outside rather than be stifled by the bureaucracies of agencies. What he implies is that agencies can no longer compete on size but on the network of creative people they can put together. More alarming is the likelihood of large companies doing away with agencies by building a network of professionals they can use when they need. The attraction here is the cost factor. "The advertising industry is peaking and time has come for it to reinvent itself," said Handy at the AdAsia 2003 held at Jaipur, India recently.

Coca-Cola recently switched its Coke Classic account from giant McCann to relative newcomers Berlin Cameron Red Cell in The US and Mother in the UK. Some multi-national marketers have replaced their global networks with independents or "boutique" agencies. Does it signal a trend--or is it just business as usual?

Even as outsourcing of creative work by agencies will soon become a reality, ad gurus are calling on the agencies to redefine the way they are currently using creativity in their ad campaigns. "We have over-complicated the industry. It's time to go back to basics," says David Droga, Worldwide Creative Director, Publicis Worldwide, UK.

Droga's biting remarks at AdAsia2003 made agencies squirm. "We haven't evolved as much as we tell our clients we have. As an industry we are pretty archaic. Essentially our model is flawed because it hasn't evolved very much."

"The word creativity itself has become a very generic word. Clients are confused as every agency says they are creative. We make a mistake of trying to sell clients creativity. Advertising goes amiss when we try to sell creativity for the sake of it. You see too much of that all over. Good creative ads should tap into emotional relevance. That's the way I think the future of communication is going. Emotional relevance of advertising is all that matters. Advertising is finally a marriage between economics and arts. I don't think there's enough honesty in advertising," he said.

There's a bigger threat to agencies' clout with the arrival of professional media solutions firms. Like elsewhere creative agencies may soon lose ground to media agencies mainly because media shops are also able to measure their worth better.

David Verklin, CEO of Carat North America, a media services company, often speaks of the company's "media neutrality" and "independence from creative entanglements." He describes how in addition to planning and buying services, other attributes that give the company an edge, are superior knowledge, insight and tools. And everything from multicultural media and marketing mix modeling to event management, direct response, sales forecasting and digital marketing are part of the mix today.

Even as the debate on the importance of creativeity and who delivers it efficiently goes on, what is clear is that instead of turning out merely beautiful creative executions, effective creative solutions based on a rigorous planning system is what will take agencies ahead.●

Ideas and insights from research papers

The Four Bases of Organizational DNA

by Gary Neilson, Bruce A. Pasternack, and Decio Mendes

"Execution" has become the business mantra for the new millennium. But it's much more involved than firing the CEO and bringing in a charismatic new leader: The ability to execute is embedded in the management processes, relationships, measurements, incentives, and beliefs that constitute an organization's DNA. Like the DNA of living organisms, the DNA of living organizations consists of four "bases," which recombine and express distinct corporate personalities -- from "resilient" to "passive-aggressive." These can be diagnosed with a short, online self-assessment -- a first step toward improving organizational performance.

http://www.strategy-business.com/resilience/

Special Report on Leadership: Why Everyone in an Enterprise Can - and Should - Be a Leader

Leadership doesn't just start at the top. Leaders can also be found at the bottom of an organization and at just about every place in between.

In this special report by Knowledge@Wharton and The McKinsey Quarterly, the management journal of consulting firm McKinsey & Co., experts from McKinsey and Wharton point out that regardless of whether people are on the top line or the front line, they should explore ways to exercise their leadership potential to the fullest. That is the only way in which they can create meaningful working lives for themselves and the organization can get the most from their efforts.

http://knowledge.wharton.upenn.edu/index.cfm

Approximating Risk Aversion in Decision Analysis Applications

Kirkwood, Craig W, Forthcoming in Decision Analysis.

This paper investigates the impact of risk aversion in decision analyses under uncertainty with a single evaluation measure and presents a simple procedure for approximately addressing risk aversion in a way that is defensible for many decisions. Specifically, a simulation study is presented that leads to guidelines for determining when an expected utility analysis should be conducted for a decision, rather than simply an expected value analysis, and what form of utility function should be used for this expected utility analysis.

The simulation study shows that a sensitivity analysis using an exponential utility function should be conducted for most decision analyses, but that this sensitivity analysis can often establish, without requiring utility information from the decision maker, that no further utility analysis is required.

In addition, when further utility analysis is required, the simulation study shows that this can be done in a simple way using an exponential utility function that will be accurate for many decision analyses. However, in situations where there is equal or greater downside risk than upside potential a more detailed study of the decision maker's utility function may be necessary.

http://da.pubs.informs.org/Abstracts/Kirkwood.htm

What Creates Energy in Organizations

Rob Cross, Wayne Baker and Andrew Parker

People in organizations commonly talk about the energy associated with a project, team or individual. But is energy related to performance or learning in organizations? And how is it created and transferred in groups?

To answer those questions, the authors assessed energy within seven large groups in different organizations. They collected data that allowed them to map social networks and, more specifically, determine who the "energizers" and "de-energizers" were in those groups.

Their analyses, supplemented by interviews with network members, also reveal why energy is important for performance and learning and how it is created (or destroyed) in organizations. And they gave rise to a set of questions that can help managers and the people they oversee increase the energy they generate in their interactions with colleagues.

By mapping relationships, managers can see where energy is being created and where it is being depleted. They can then take action, encouraging simple changes in behavior to increase energy in places where its lack is hindering the progress of important organizational initiatives.

Rob Cross is an assistant professor at the University of Virginia's McIntire School of Commerce in Charlottesville, Virginia. Wayne Baker is a professor at the University of Michigan Business School in Ann Arbor. Andrew Parker is a research consultant at the IBM Institute for Knowledge-Based Organizations in Cambridge, Massachusetts.

http://www.mit-smr.com/past/2003/

Innovation and Entrepreneurship: New Definitions of Social Entrepreneurship: Free Eye Exams and Wheelchair Drivers

Social organizations increasingly look to business for ways to make the world a better place, but it has not been easy for the growing social entrepreneurship movement to bridge the divide between doing good and doing well, according to J. Gregory Dees, an authority on this type of enterprise. In a lecture at Wharton recently, Dees, who is affiliated with Duke University's Fuqua School of Management, looked at different models of social entrepreneurship and the challenges each faces in such areas as impact, accountability and mission.

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

"Making Better Decision Makers"

Forthcoming in Decision Analysis. Ralph L. Keeney,

Decision analysis has been used to help solve numerous complex decisions over the last few decades. However, its power as a basis for structuring one's thinking to resolve decisions has barely been tapped. To realize this potential, we in the decision analysis community must train people to think about their decisions using the concepts and principles of decision analysis.

In this process, more emphasis must be placed on structuring decisions worth thinking about and less emphasis must be placed on analyzing structured decisions. This paper outlines what we should do to train people to be better decision makers and why this is important. It includes a description of what we must learn in order to do this effectively.

http://da.pubs.informs.org/Abstracts/Keeney.htm

How (Un)ethical Are You? (HBR OnPoint Enhanced Edition)

Dec 1, 2003 Mahzarin R. Banaji , Max H. Bazerman , Dolly Chugh

Answer true or false: "I am an ethical manager." If you answered "true," here's an uncomfortable fact: You're probably wrong. Most of us believe we can objectively size up a job candidate or a venture deal and reach a fair and rational conclusion that's in our, and our organization's, best interests. But more than two decades of psychological research indicates that most of us harbor unconscious biases that are often at odds with our consciously held beliefs.

The flawed judgments arising from these biases are ethically problematic and undermine managers' fundamental work--to recruit and retain superior talent, boost individual and team performance, and collaborate effectively with partners.

This article explores four related sources of unintentional unethical decision-making: implicit bias--judging according to unconscious stereotypes rather than merit; in-group bias--favoring people in their own circles; a tendency to over claim credit; and conflicts of interest. To counter these unconscious biases, traditional ethics training is not enough. You should gather better data, rid the work environment of stereotypical cues, and broaden your mind-set when making decisions.

http://harvardbusinessonline.hbsp.harvard.edu/b02/

When your competitor delivers more for less

Companies offering the powerful combination of low prices and high quality have captured the hearts and wallets of consumers in the United States and Europe. This economy-wide shift to value cuts across most ages, consumer segments, and income groups. The consequences can be dire for incumbents. To compete they will have to find sources of differentiation, keep costs in line, and manage pricing effectively-tactics that competitors of all stripes must employ with greater intensity and focus.

Value-driven competitors have altered consumer expectations about how much quality they must trade off for low prices. This shift, which places a new premium on differentiation and execution, is only beginning.

http://www.mckinseyquarterly.com/article_abstract

Work and Family Roles of Professional Men and Women in India

Deepti Bhatnagar and Ujvala Rajadhyaksha

Research Newsletter, IIMA, September 2003

For understanding an individual's attitudes towards work and family roles, the developmental approach has been gaining popularity among the western researchers for its dynamic and comprehensive perspective.

This approach sees work and family life not as static phenomena but as an evolving reality, which offers individuals different constellations of challenges and choices at different stages of development.

The developmental approach addresses issues relating to work-family interfaces and it also allows for a different view of the adult development of women by acknowledging that developmentally women are different from men.

According to this approach while both men and women grapple with the developmental issues of attachment and separation in their work and family roles at different life stages, they seem to resolve these conflicts in different ways.

The development process of women appears to be the mirror image of that of men. Men seem to begin their adult life with an emphasis on individuality and workplace achievement at the expense of other roles and move towards connectedness at a later phase of their life.

Women, on the other hand, seem to begin their adult life by valuing connectedness with significant others more than autonomy and individual achievement, and move towards accepting separation and expression of individual excellence as recognition of self at a later stage.

Professor Bhatnagar's co-authored paper was a nominee for the annual Rosabeth Kanter Award for Excellence in Work-Family Research. Bhatnagar, D. and Rajadhyaksha,U. (2002). "Attitudes Towards Work and Family Roles and Their Implications for Career Growth of Women: A Report from India," Sex Roles, Vol. 45 (7/8).

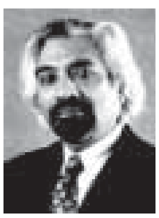
http://www.iimahd.ernet.in/publications

India: No Gains without Growing Pains

India has, for better or worse, "arrived." Bangalore and Hyderabad have become just as recognizable to the savvy business leader as Bombay (now Mumbai) or New Delhi. The uproar over U.S. jobs being outsourced abroad, as well as recent raves in the media about graduates of the Indian Institute of Technology, have increased the buzz to an even higher pitch.

But as India rockets ahead in the information age, what are the implications for those whom technology has yet to touch? What techniques can the country's businesses use to sustain their phenomenal growth? The eighth annual Wharton India Economic Forum explored these and other topics during a daylong conference. With "India: Investment for the Future" as its theme, participants lauded the achievements of the nation to date and offered advice to the next generation of business leaders.

Access for Everyone



Sam Pitroda, chairman of WorldTel and often called "the father of Indian telecom," opened the day's sessions with a thought-provoking keynote speech describing his experiences with the opening up of an often bureaucratic country. "India, as I see it, is a land of contrasts," Pitroda said. "It's a place where people have learned to live and be very comfortable in chaos."

"My idea was to connect the country using Indian talent," he recalled, "developing it from ground zero. I was convinced it would bring about democratization and social transformation, that telecom could change the culture and work habits."

"I saw technology as an entry point to get people to work together to address national issues," he said. "We focused on accessibility as opposed to telephone density. We established 700,000 PCOs (public call offices) using rural exchanges that worked without air conditioning. After all, they had to work in spite of lizards, water buffaloes, etc. We learned a lot about development, deregulation, and privatization."

Pitroda exhorted the audience to think bigger: "In the 1980s, I saw information technology as a great social leveler. Today, the world over, Indian IT talent is recognized and accepted, even expected. But until we create a global, national agenda that's in tune with a free market economy, it's difficult to build a modern nation. We need massive administrative reforms. We have the politics of the 1940s still, in India. It sometimes takes 15 years to get a court case settled. Processes are obsolete. Everything the British Raj left is intact. We have perfected it, and now we're trying to computerize it."

Pitroda also cautioned the audience not to throw the baby away with the bathwater: "Don't overestimate the role of privatization and business in building society; government intervention is still important in all societies," he said.

Making It … and How

Not all strategies apply to all companies. In a panel titled "Indian Corporate Success Strategies," leaders from various companies shared their advice for doing better-than-well. Ajay Piramal, chairman of the industrial group Nicholas Piramal India, described how he made the decision to change fields at an opportune time. "Our family business was textiles," explained Piramal. "Then textiles suffered a major setback, with striking workers, and my father and brother passed away. So the first change we made was to enter the pharmaceutical industries by acquiring Nicholas Laboratories from Sara Lee in 1998. There was no strategic reason to do it; there were no similarities between textiles and pharma. In spite of that, there was a fit. I felt that this was a sunrise industry because of the way the MNCs ran their companies in India. It was undermanaged and underperforming."

Piramal saw a chance to turn it around and create value. "At the time, Nicholas was lagging behind in the industry. In such an environment, where you have neither the brands nor technology to compete, what do you do? You invest and grow. So we invested in new capacity and new products. We acquired more MNCs that were underperforming in India and therefore were insignificant for their home base."

Nicholas Piramal's joint ventures and alliances included world leaders such as Boots, Hoffmann-La Roche and Aventis. "We had to do something different to catch up with the leaders. Each subsequent acquisition had a strategic reason - to get access to new products, for instance, or get entry into a fast-growing market. In 15 years, we have had compounded annual growth of 31% in sales, year over year. When we started we were 48th in the field; now we're number 4, and we are number 2 in branded formulations."

Piramal says the focus on value has paid off. "We've built trust with each stakeholder - partners, prospective sellers, employees. We've kept looking out for opportunities to make our own destiny."

Kalpathi Suresh, CEO of SSI, a global provider of consulting and software services, told a similar tale of growth by acquisition. "We started in Chennai with one IT training center," he said. With significant foreign equity investment, the firm grew its revenues and expanded market share. We kept our balance as the industry soared in the 1990s and crashed in 2000. The software services business was relatively unfettered by government bureaucracy, so we could formulate strategy in response to market needs."

M&A (mergers and acquisitions) was the strategy of choice, he noted. "We started in 1991 as an IT training company with a focus on emerging technology. Ten years later, we were the third largest IT training firm in India. We were late entrants to the software development business. Since we had 10 years of positive cash flow from the education business, and had appreciation from U.S. companies, we looked for inorganic ways to grow."

Starting with Indigo, a Delaware-based company, and then Albion Orion, SSI made forays into several new verticals and gained access to government clients in the U.S.

One company that didn't go the merger route is MRF, India's largest tire manufacturer. In fact, K.M. Mammen, its chairman and CEO, focused on competing on cost, quality, and even brand. "My father had a toy balloon factory. We also made other products, like industrial gloves and contraceptives. We then went into the tread rubber business, taking on the likes of Firestone and Dunlop."

When MRF began making tires during the 1960s, said Mammen, Dunlop dominated the industry with more than 50 percent market share. After a tremendous struggle, MRF emerged in 1987 as the leader and has held that position to date. "From the beginning my father ensured that capital investments were made at the lowest possible cost. This meant that we worked with ingenious engineers to create ways to fabricate machinery cheaply without affecting the product. That's what allowed us to compete effectively."

That principle still holds today, said Mammen. "We have in-house machinery manufacturers, so we can produce at half the cost of U.S. manufacturers."

While interest rates today are more favorable, borrowing money wasn't much of an option for MRF earlier, said Mammen. "MRF's policy is to fund growth through internal accruals. Debt was expensive in India; borrowing is okay if you're assured of a steady cash flow, but many large business groups faltered because they borrowed heavily at high rates. MRF is virtually a debt-free company today."

Mammen also noted that staying independent has other advantages. "Big players won't share their hard-earned knowledge and technology with you unless they have a major stake in your company," he said. "So we have an intensive in-house R&D program, and use consultants whenever possible. We're the only Indian company supplying to Ford, General Motors, and Honda in India. Some 30 percent of our production is exported to more than 60 countries. Our emphasis on exports exposed us to international tire trends and allowed us to benchmark with global players. It made us quality-conscious and market-savvy."

MRF now uses sports as a branding tool, he noted. "We brought branding to an unglamorous industry, holding the MRF world series in cricket. We also sponsor motor sports. We feel that such events act as brand ambassadors."

Beyond the Back Office

Perhaps the most storied success in India these days is in IT-enabled services, where India has emerged as a leader. No longer just a source of cheap code, the country's service providers are rapidly moving into more complex operations at a fast clip.

Akshaya Bhargava, managing director and CEO of Progeon, took a broad look at the future of the industry. "We have taken a view of the future in our company which drives our investments and helps us say yes or no to certain customers. The future lies in the knowledge-intensive processes. When you go to a customer, the biggest challenge is dealing with the perception of risk. It's not price, technology, or attrition of people - it's whether the customer feels comfortable. So you have to come through with deep credibility."

Perhaps the most storied success in India these days is in IT-enabled services, where India has emerged as a leader. No longer just a source of cheap code, the country's service providers are rapidly moving into more complex operations at a fast clip.

Bhargava noted that captive centers - in which companies set up their own outsourcing operations in other countries - have two flaws compared to third-party providers. The first is that a company outsourcing work to a captive center has little incentive to keep costs low as long as they are lower than the costs of doing similar work in the West. In contrast, a third-party BPO services provider, which must offer services at competitive prices relative to other BPO providers, is more likely to be disciplined about keeping costs low. As such, Bhargava claimed that captive centers cannot lower costs as much as third-party providers can, despite the fact that the third-party provider's prices include a profit margin.

The second flaw, according to Bhargava, is that companies that set up captive centers will continue to view them as back-office units. "It reports to the regional or global back office," he said. "For a third-party provider, however, such work is front-office. It has a different mindset. You don't manage them the same way."

One concern in the U.S. has been the moving of what some see as too many jobs overseas. But Sulaksh Dixit, marketing manager for AP-FIRST, an agency set up by the Indian state government of Andhra Pradesh, noted that a recent study had shown that for every dollar outsourced to India, the U.S. actually gained more than a dollar in value.

How will all these issues play out, especially given the recent news that Dell Computer has chosen to move some of its call center operations from India back to the U.S., citing customer dissatisfaction? Is it a harbinger of things to come, or will it merely accelerate the move toward outsourcing of higher-value, non-customer-facing operations offshore? Next year's conference might have some early answers.

This article, published in the December 17, 2003 - January 13, 2004 issue, is reprinted under a content license agreement with Knowledge@Wharton,.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a much-misunderstood concept. People equate it with corporate philanthropy and even to merely following the law of the land. CSR is much more than both put together and is emerging as an important concept in the corporate world. Many large organizations in India like Amul, Lipton and the Tatas are pioneers but the concept is still new to most Indian corporates. Globally, recently, Bill Gate's name comes to mind because of his funding and follow up of computer literacy and AIDS programs. IT firms such as Infosys and Wipro are in the forefront of IT literacy in India.

According to experts CSR must be seen in conjunction with the basic functioning of the company. It must radiate outwards to the society from within the core efficiencies of the firm. CSR does not depend on the rationale or the will power of charismatic and sometimes idiosyncratic corporate leaders. It is linked integrally to the basic organizational core that can raise industrial standard across the board. CSR is therefore meant for the tough guys.

Europeanised English

The European Union commissioners have announced that agreement has been reached to adopt English as the preferred language for European communications, rather than German, which was the other possibility. As part of the negotiations, Her Majesty's Government conceded that English spelling had some room for improvement and has accepted a five-year phased plan for what will be known as EuroEnglish (Euro for short).

In the first year, 's' will be used instead of the soft 'c'. *Sertainly, sivil* servants will resieve this news with joy. Also, the hard 'c' will be replaced with 'k.' Not only will this *klear* up *konfusion*, but typewriters *kan* have one less letter. There will be growing *publik* enthusiasm in the *sekond* year, when the troublesome 'ph' will be replaced by 'f'. This will make words like *'fotograf'* 20 per sent shorter. In the third year, *publik akseptanse* of the new spelling *kan* be *expekted* to reach the stage where more *komplikated* changes are possible.

Governments will *enkourage* the removal of double letters, which have always *ben* a deterent to *akurate* speling. Also, *al wil agre* that the horible *mes* of silent 'e's in the *languag* is *disgrasful*, and they would go. By the fourth year, *peopl wil* be *reseptiv* to steps such as *replasing* 'th' by 'z' and 'W' by 'V'. During *ze fifz* year, *ze unesesary* 'o' *kan* be *dropd* from vords *kontaining* 'ou', and similar changes *vud of kors*; be *aplid* to *ozer kombinations* of *leters*. After *zis fifz yer, ve vil hav a reli sensibl riten styl. Zer vil b no mor trubls or difikultis and evrivun vil find it ezi tu understand ech ozer. Ze drem vil finali kum tru.*

Source: http://mcraeclan.com/Graeme/Language/Spelling.htm

How to make it happen in a chaotic world

Dave Rogers reports on Tom Peters' inspired presentation at the Global Brand Forum in Singapore, December 2003. Peters spoke about what inspired him to write his new book Re-Imagine: Business Excellence in a Disruptive Age

The world is in a state of chaos. The speed of change is accelerating. No one has an idea what is going on and we are living in the age where technology and the Internet are recasting the world. We now live in a world where leadership at the top is like a revolving door and there is no room for perfectionism in management. Cycles have compressed and things that were previously done annually, must now be done monthly or weekly. Leadership must change the metabolism of the organization to seize these incredible opportunities or die.

In his latest book, Re-Imagine: Business Excellence in a Disruptive Age, Peters takes a dig at businesses and individuals who resist change. With chaos prevailing, management must learn fast, act fast, fail fast, forget fast and move on by learning even faster. The hardest thing for executives is not learning the new rules it is forgetting the old ones. By following the old rules, today's executives are missing out on the opportunities that rare right in front of them.

In the book, Peters says that he's "mad as hell" as he sees people and companies not taking advantage of these amazing times and opportunities. Technology, for example, is changing how we live and work, and still he frequently observes firms hesitant to adopt new technologies. This is simply, stupid. If you don't like change, try irrelevance!

With chaos prevailing, management must learn fast, act fast, fail fast, forget fast and move on by learning even faster. The hardest thing for executives is not learning the new rules it is forgetting the old ones. By following the old rules, today's executives are missing out on the opportunities that rare right in front of them.

On the topic of products, Peters observed that the world is moving beyond products to solutions and from solutions to extraordinary experiences. Peters quotes one Harley Davidson executive in describing the Harley experience as, "what we sell is the ability of a 43 year old accountant to dress in black leather, ride through small towns and have people afraid of him." Successful companies have to market to the consumers' heart, not their heads. Products are history. Successful firms will move beyond the product to share a story, a story that taps into an experience wherein character and emotion are shared.

Addressing the trend where companies are outsourcing more and more of the back office functions, Peters predicts that more companies will be following the IBM and Hewlett Packard model, wherein they will look to turn their various departments into profit making professional services firms thereby leveraging existing core company competences, retaining key talent by making them managing partners, and racing up the value chain for customers by moving out of manufacturing and into consulting.

"Nations once fought for land, now they fight for talent", shares Peters. Talented people have mobility. They have the ability to see, move, capitalize and often monetize their talents. Managers need to hone their skills and abilities to become talent scouts, nurturing talented employees, quite often the renegades, and the dissenters, and firing and shaking up the deadwood, yes men, and middle level bureaucracy.

Make mistakes, Peters advises. Victory will go to those who have the nerve to take action, to fail, and to pick themselves up and take more action. Asked how he would like to be remembered, Tom Peters proudly smiled, took a deep breath, and said, "Tom Peters was a player"! It was great to watch a player in action and see, hear, and feel how Tom Peters is able to weave his carefully crafted message with passion, punch, and enthusiasm.

At the time of writing Re - imagine! Tom was 60 years old and his primary motivation for writing this book was, as he says, " Because I am pissed off". He believes "that all innovation comes, not from market research or carefully crafted focus groups but from pissed off people. People who just can't stand the opacity of current financial reports. People who throw their hands up in frustration at the little slips of paper that fall out of their hymnals".

He believes that the tried and true rules of management must be re-invented in order to keep pace with our ever-changing world. Re - imagine is an attempt to do something. And this is as he says, the punch line of his book, because after all, one cannot just sit on the sidelines and watch the world pass by, one must be a player. Peter points out that power is not always a pre-requisite for doing something. He says: "Don't screw around. Start now. Find an excuse. Do something. Do anything. Get going. Posthaste!

Dave Rogers is an Executive Coach, Author, and Business Speaker. Based in Singapore, Dave has extensive business and financing experience in Japan, Hong Kong, Thailand, and Indonesia. URL: www.daverogers.net Email: dave@daverogers.net

Who said Indian elephants can't dance:

The story of Tata Steel example is a model for corporate reinvention for Indian companies. While India has made significant strides in the software industry, on a global scale, the ascent of an 'old world' manufacturing company, Tata Steel, into a global leadership position through corporate entrepreneurship provides significant lessons for struggling large Indian companies

By Dr. D V R Seshadri and Dr. Arabinda Tripathy

It is interesting to note that rather than becoming complacent with the success already achieved through a decade of reinvention, the company has acquired increasing appetite for scaling even greater heights over the next several years. This is truly the case of success breeding desire for more success, and appears to be the most appropriate response of the company in the era of hyper-competition that companies of the world find themselves in today. The mechanism the company has chosen to retain its leadership position is through unleashing the innovation potential of its human resources across the entire organization.

Wakeup call

During the mid-eighties, Dr. Irani told Mr. J.R.D. Tata, the company's then chairman, that if we do not modernize the plant, we might soon turn it into a steel industry museum and stand at the gates selling tickets, and saying, 'Come and see the steel museum.' In fact, according to Dr. Irani, the company knew as early as the mid-eighties, that the old ways of doing things would no longer be relevant. It was apparent that one day the company would have to face international competition. He was part of a high-level delegation to Japan in 1988, to learn what the Japanese had achieved through TQM. One glimpse, and he was convinced that his company had a long way to go and that there was no time to waste. In this sense the trip to Japan was a defining moment for the company and came as a wake-up call. The company was uncompetitive, burdened with an old plant, huge workforce and many costs that were totally unacceptable.

Launch of business excellence: focus on quality and the customer

Despite the spectacular on-going implementation of modernization and resulting success, the management did not rest. While modernization was in progress, the company embarked on a series of steps, during the mid-nineties, to better manage its resources, expenses, and assets; streamline the company's cost structure; and aspire to become among the top steel producers in the world. A core team, comprising fifteen carefully selected people from different parts of the plant, was formed to drive the quality initiative in the company, with the chief executive in the driver's seat. This group reports directly to the chief executive, and its office is located in close proximity to the managing director's (MD's) office. The team was trained in Japan, and these engineers became trainers within the company, to drive the process. They were then let loose in the company and given full authority. This group is now called the 'Business Excellence' (BE) group. Tata Steel now has one of the best BE groups among steel-makers in the world.

Demonstrating personal commitment by the top management

More than the use of tools and techniques, Tata Steel's journey to international competitiveness had much to do with the personal commitment and change oriented leadership of its top management, through focus on the 3Cs: Change ("mutate and improve furiously"), Costs ("cut wasteful expenditure ruthlessly") and Customers ("strive relentlessly to build relationships and influence consumption"). There was also a clear strategy in place, and strong mechanisms to foster accountability at every level in the company. The mechanism to achieve strategy focus, translate strategy into action and have a strong tie-in at every level, from the grass-root level all the way up to the company's vision, was achieved through the extensive deployment of the Balanced Scorecard.

Dr. Irani's checklist for driving change

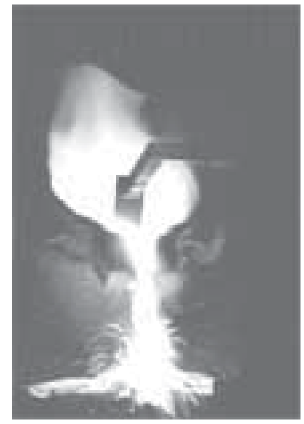
- ☑ Lead the change process and take personal ownership; the responsibility cannot be delegated
- ☑ Play role model and be the first to change; personal involvement and investment of time by the chief executive is the key to success
- ☑ Create endless opportunities for two-way communication within the company
- ☑ Create a sense of urgency, but do not panic
- ☑ Embrace change even when it does not appear necessary
- ☑ Set up a small hand-picked group to drive change in the organization; train and empower them
- ☑ Set key result areas (KRAs) carefully; include themselves (the top management) in it (in TISCO this is done through the MD's Balanced Scorecard). This means that the managing director puts himself / herself on the credibility test by including himself / herself in the accountability process.

Cultural transformation

An important part of these initiatives was getting the labor unions to buy-in.

Since these initiatives potentially touch the working of every employee, it was important to carry every one. This mental transformation has come about from a sense of urgency and the willingness of the top management to subject itself to discipline and scrutiny. TISCO relies heavily on the balanced scorecard, the performance management and strategy

The story of reinvention of Tata Steel



deployment method, developed by Harvard Professor Robert Kaplan and Consultant David Norton to break down strategy into its component elements and track performance from top to bottom, including the performance of the managing director.

What is refreshingly unique about TISCO's implementation of this concept is the willingness of the top management to create total transparency of the whole process. The MD's balanced scorecard is on prominent display in the form of huge billboards at various important locations in the company. A similar culture prevails at other levels, such as at EIC (Executive-in-charge) and at Department levels. The balanced scorecards of these executives, which is derived from the MD's balanced scorecard, is displayed prominently in the respective divisions/departments. EIC is a top management designation in the company, after the MD and Deputy MDs.

Business excellence model

Having put the company on the course of being the best in class in technology and hardware in the early nineties, through a very ambitious facilities modernization program, it was imperative for Tata Steel to simultaneously address itself to the creation and expansion of a new kind of an asset base - the intellectual asset. As a first measure, the company created a strong quality movement across the organization. Most of the divisions attained either an ISO certification or an equivalent internal certification.

The most significant event in the quest for business excellence was the adoption of the JRDQV as a barometer for achieving business excellence. The JRDQV has also synonymously been refereed to as the Tata Business Excellence Model. This is an award for excellence of the organization as a whole, through the JRDQV process administered by the Tata group. It leads to JRD Tata Quality Value Total Quality Award. The JRDQV is a tribute to the visionary chairman of the group, Mr. JRD Tata, who passed away in 1993.

The JRDQV was fashioned on the lines of the prestigious Malcolm Baldrigde model of USA. Any company that follows and obtains a score of over 600 points on the Baldridge model is sure to be one of the world's topmost companies in its field. The model assesses a company on seven criteria - leadership, strategic planning, customer and market focus, information and analysis, human resource focus, process management and business results. The progress of TISCO can be seen from the JRDQV scores of 587, 616 and 643 during 1999, 2000 and 2001 respectively. In 2000, TISCO was the only Tata group company to qualify for the JRDQV award, achieving 616 points, and continues to be the only company of the group to cross 600 points.

Tata Steel has successfully made the transition from operating in a totally sellers' market prior to liberalization, to a highly customer friendly attitude, supported by extensive usage of IT tools. "It is an issue of leadership and motivating people," is what Mr. B. Muthuraman, Managing Director since 2002, has to say of the spectacular turnaround of the company, from its gloomy days of the early 1990's and late 1980's.

Results

Based on all these efforts, by January 2002, the company has achieved a preeminent position, moving into the top slot among world steel manufacturers. The company had successfully completed an ambitious modernization program, implemented the Cold Rolling Mill project in world record time and cost, right-sized its headcount from about 80,000 employees in 1990 to about 40,000 at present. The company made record profits last year (2000-2001), and this will be even bettered during the current year (2002-2003).

Efforts to improve operating yields, efficiencies and costs; quality initiatives; improvement efforts; etc.; have continued with unabated intensity. The continuing sense of urgency in the minds of the employees has been strongly inculcated. The result is that the company has become much better prepared to face the future with renewed confidence. There have been major cultural shifts during the last fifteen years. There is more willingness to share knowledge. The Knowledge Management community has significantly evolved. There is a vibrant knowledge management site in the company. Tata Steel's Knowledge Management initiative is among the best being practiced by Indian companies.

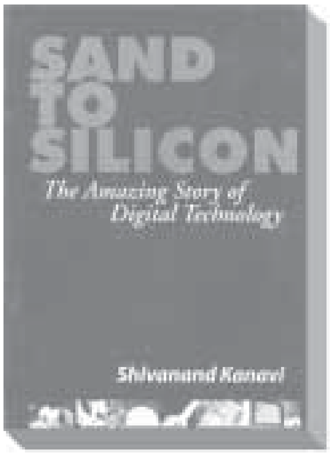
We have examined the vital role played by corporate entrepreneurship, in the reinvention of Tata Steel, from a precarious strategic inflection point that the company found itself in during the early 1990's, to emerge over the last few years, on the top of the list of world steel makers. The journey that the company has made over the last decade has been long and arduous. It was possible only by the single-minded focus of the top management to develop a clear strategy, whose major ingredient was corporate entrepreneurship, and relentlessly drive the process with clarity, sense of purpose and discipline. The Tata Steel story of reinvention is a corroboration of the book by Gerstner, Jr. that indeed Elephants can Dance! Indeed it is not therefore surprising that the period of return to their past glories for both IBM and Tata Steel (early 1990's to 2002) is identical.

Dr. D V R Seshadri and Dr. Arabinda Tripathy are faculties at IIM Bangalore & IIM Ahmedabad respectively. The article is an abstract of the paper presented at the 3rd International Conference on Entrepreneurial Innovation, March 2003

Sand to Silicon:

The amazing story of digital technology

Shivanand Kanavi, Tata McGraw-Hill, Rs. 350, Dec 2003



The book chronicles the evolution of information technology and the contribution of Indians to it, both in India and abroad. The book charts a path into the future, while casting a glance at the past, to the hopes and achievements of many brilliant Indians played a critical role in the development of technologies powering information technology and telecommunications. Sand to Silicon makes an attempt to go on an excursion into the past to see how these technologies were developed, and the role played by Indian scientists and engineers.

The book covers the entire gamut of developments in semiconductors, computers, fibre optics, telecommunications, optical technologies and the Internet.

The book has been written with an eye on the India and discusses the past weaknesses in the Indian IT infrastructure and dramatic improvements since the beginning of the 1990s. It aims to contextualise the content to the Indian audience so that they can relate to the breathtaking advances in technology with their own hopes and aspirations.

Make It Happen Before Lunch

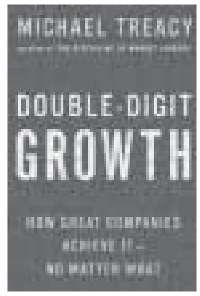
50 Cut-to-the-Chase Strategies for Getting the Business Results You Want

SCHIFFMAN STEPHAN. Rs. 175, 2003, Tata McGraw-Hill

Taking his cue from the legendary Hollywood dealmaker, Swifty Lazar who once said "Make something happen before lunch," Stephan Schiffman has boiled down his extensive business experience into inspirational lessons that any business professional can use. Now Schiffman focuses his attention on the art of building and maintaining business relationships. Drawing on his lifetime of experience training sales people at Sprint, AT&T, American Express, and Chase, Schiffman offers fifty invaluable nuggets of field-tested business advice including: Discover the joy of rejection. Don't take yes for an answer. Remember people live two weeks at a time. Don't confuse an obstacle with a tragedy. With each tip providing a fresh insight into overcoming whatever the business world throws at you, Schiffman will change the way you think about business and success.

Double-Digit Growth: How Great Companies Achieve It-No Matter What

Michael Treacy (Portfolio, 2003)



The bestselling author of The Discipline of Market Leaders reveals how companies can achieve sustained growth.

In their 1995 blockbuster The Discipline of Market Leaders, Michael Treacy and Fred Wiersema explained how great companies dominated their markets by offering superior value propositions. Now Treacy is back with an equally groundbreaking book-revealing how great companies master growth each year and how all businesses can identify and exploit opportunities for increased revenues, gross margins, and profits.

Treacy's main point is simple-it really is possible to grow your business by 10 percent or more, year after year, in good times and bad, without cheating. Great companies already know how to do it, and the rest of us can learn their strategies and do the same thing. Using case studies from industry leaders such as Dell Computer, Home Depot, and GE, he shows the five steps that are imperative to ensure growth:

Treacy believes that any business can grow at a consistent double-digit rate, and with Double-Digit Growth, managers and investors now have the tools to achieve that lofty goal and maintain corporate success.

How to Grow When Markets Don't

Adrian Slywotzky and Richard Wise with Karl Weber

(Warner Business Books, 2003)

From two vanguards of global strategy consulting comes this eye-opening look at the business dilemma of unsustainable growth--along with insights on what companies can do to stimulate consistent profits.

Though most companies claim to be growth oriented, surprisingly few actually achieve double-digit growth--and over the past 10 years, that percentage has steadily decreased. In HOW TO GROW WHEN MARKETS DON'T, Adrian Slywotzky and Richard Wise examine this problem and offer real solutions, including how to fully map customers' higher-order needs and ways to get investors to change their thinking.

They also offer methods to enhance existing asset bases through acquisitions, partnerships, and licensing, and suggest that companies learn not to depend on the CEO to solve the growth crisis. Creating sustained growth in company value has never been an easy task--in fact, it's getting more and more difficult in today's economic climate--and How to Grow When Markets Don't addresses the need for solid and sensible advice.

The Company: A Short History of a Revolutionary Idea

John Micklethwait and Adrian Wooldridge

(Modern Library, 2003)

From the acclaimed authors of A Future Perfect comes the untold story of how the company became the world's most powerful institution.

Like all groundbreaking books, The Company fills a hole we didn't know existed, revealing that we cannot make sense of the past four hundred years until we place that seemingly humble Victorian innovation, the joint-stock company, in the center of the frame.

With their trademark authority and wit, Economist editors John Micklethwait and Adrian Wooldridge reveal the company to be one of history's great catalysts, for good and for ill, a mighty engine for sucking in, recombining, and pumping out money, goods, people, and culture to every corner of the globe. What other earthly invention has the power to grow to any size, and to live to any age? What else could have given us both the stock market and the British Empire? The company man, the company town, and company time? Disneyfication and McDonald'sization, to say nothing of Coca-colonialism?

Through its many mutations, the company has always incited controversy, and governments have always fought to rein it in. Today, though Marx may spin in his grave and anarchists riot in the streets, the company exercises an unparalleled influence on the globe, and understanding what this creature is and where it comes from has never been a more pressing matter. To the rescue come these acclaimed authors, with a short volume of truly vast range and insight.

False Prophets: The Gurus Who Created Modern Management and Why Their Ideas Are Bad for Business Today

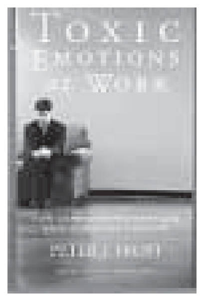
James Hoopes, Perseus Publishing, 2003

A critical reassessment of the ideas that shaped modern management. According to Jim Hoopes, the fundamental principles on which business is based--authority, power, control--are increasingly at odds with principles of life in a democratic society--freedom, equality, and individualism. False Prophets critically examines the pioneering theories of the early management thinkers, such as Taylor, Follett, Mayo, and Deming, which intended to democratize corporate life yet have proved antithetical to the successful practice of business. Hoopes challenges popular management movements that followed in the wake of these thinkers and accuses today's business theorists of perpetuating bad management in the name of democratic values. He urges executives and managers to recognize the realities of corporate life and learn to apply the principles of power. He also unveils a new management agenda that will be of paramount significance to modern organizations.

A rich and lively read, False Prophets provides a refreshingly new and original overview of the history of management in the larger context of the American culture, brilliantly illustrating its evolution--from the ivory tower to the shop floor.

Toxic Emotions at Work: How Compassionate Managers Handle Pain and Conflict

Peter J. Frost, Harvard Business School Press, 2003



Organizational "toxin handlers"-the people who deal with emotional pain in the workplace-serve a dual role, says Frost, contributing positively to the health of both companies and their employees. The author, an organizational behavior professor at the University of British Columbia, explains that toxicity is a normal by-product of organizational life. It can stem from hard-driving executives who push production and motivate by fear; inevitable changes like layoffs, mergers or leadership shifts; or personal pain from illness, death or lifestyle transitions.

Frost offers myriad anecdotes to show how toxin handlers attempt to absorb bad vibes via the role of compassionate listener, guide, buffer and mentor. These do-gooders face repercussions from their often-unacknowledged efforts; they might, for instance, become emotionally over-involved with people in pain, or even become toxic themselves. Although specific remedies for painful situations require custom-made responses, companies can adopt certain practical responses, e.g., "raise the issue of competence without undermining anyone's abilities."

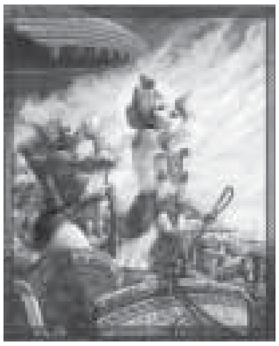
Re-Imagine: Business Excellence in a Disruptive Age

Tom Peter, Hardcover 320 pages, November 2003, Publisher: Dorling Kindersley

Fear is OK, risk-taking is good and "extraordinary" in business is the future. So says Tom Peters in this title, exploring radical ways of turning accepted business organization and wisdom on its head. It seeks to destroy the tyranny of feudal-style businesses in favor of the approach of enterprising, ideas-driven organizations that encourage talent and creativity and in which everyone has a vision and a voice.

How to achieve dynamism with calmness

People should practise proactive serenity if they are to be successful in life, says Sri Sri Ravi Shankar



In the world there are two types of people: those who are passive and those who are aggressive. The aggressive people do not achieve much. The passive people also do not achieve much or do not achieve anything for that matter. It is easier to be aggressive or to be passive. This has been happening in our country. There are people who are very passive - don't do anything, don't get involved in anything. And there are people who are very aggressive - they do legal, illegal and think they have a right to achieve whatever they want. Sooner or later both find their hands empty, they feel the failure.

But what is Gita's instruction? Is it passive or does it instigate one to be aggressive? NEITHER OF THE TWO! Gita says **"Dynamism with calmness"!** The dynamism with calmness is worth having in our life. That serenity which is pro-active is what is needed - what would be the right solution for any problem.

Today Gita is relevant like every other day. Often people think to do yoga one has to go to the Himalayas or some such place. But all the 18 Yogas were taught right in the middle of the war, in the war field! So yoga is the essential union with the Self, is essential to live life in the world.

In the war field Arjuna was told to wake up and fight, but what is the relevance of talking about all *satva, rajas & tamas* right in war field? It has perfect relevance! Often mothers have this complaint - "My child is very aggressive." What food have you fed him? If you give him too much sweet, too much fried food, too late in the night and the sleep is not deep enough, they wake up in the morning feeling frustrated & aggressive.

Yoga brings deep silence within and karma yoga brings dynamic activity. Taking responsibility in the society is what is needed today. Karma Yoga is doing the work with total responsibility. A person can do a job in karma yoga style or do the same job as 'ayogya'. For example: a teacher can be a karma yogi teacher when she/he takes interest in the children. But if the teacher's interest is only in the salary that she/he is going to get on the 1st of every month, then she/he is not a karma yogi teacher.

Similarly, you can be a karma yogi father, mother. A karma yogi father really takes interest, looks at the mind of his child: in what direction his son/daughter is going, what his/her interests are. One who is not looking in the direction of interest of his child is 'akarma yogi'. He is just bothered about getting a seat in a medical college - leaving some money if [child] is not doing well - bribe and get a seat, because he is ayogya. Every job can be done with total responsibility. That is the relevance of Gita today.

We always think about 'linear thinking' - something should begin & end somewhere. Our Vedanta has shown new light to the world though it is ancient. What is it? Spherical thinking: this could be right, that could also be right. Go straight & turn left is correct as much as go straight & turn right. Because they both come from different points. Similarly in Gita, as a friend Krishna never said to Arjuna "you first surrender to me, then I will tell you". No. He simply said, "You are my friend, you are so dear to me, I love you so much."

Just wake up one morning and look everything is changing. Time is flying. Time & mind are synonymous, as I said. When you have too much to do, you feel time is short. When you have nothing to do, you feel it is boring. The Time & Mind relationship is very interesting. Relevance of Gita is observing the flow of events in your life. This is 'Manthana'. A few minutes everyday feel your connection with nature; tree is part of me, Sun is part of me. The most misunderstood part of Gita is when Krishna says "I am this, I am among the Pandavas, I am Arjuna." This is not just intellectual knowledge; It is an experiential reality! Experience comes after *jnana* yoga and karma yoga. Either by meditation you know that everything is changing or just wake up & see on your own that everything is changing i.e., through Viveka or Vairagya.

To do anything you need 'hosh'. To do anything destructive you only need 'josh'. When we needed to gain freedom josh was necessary. But even today we are continuing with josh. So create the hosh also - the awareness.

To do anything you need 'hosh'. To do anything destructive you only need 'josh'. When we needed to gain freedom josh was necessary. Mahatma Gandhi traveled throughout the country, Subhash Chandra Bose traveled throughout the country to invoke josh in people. Tod-pod karo - break this & that in josh. But even today we are continuing with josh. So create the hosh also - the awareness. See, everything around you is changing. A person will stop weeping when josh is created - valour is created. Then he will not look how weak or strong one is. A weakest person will fight when his valour is invoked - his ego is invoked. But that is not enough; hosh needs to be created.

Abstract of Sri Sri Ravi Shankar's discourse at Indian Institute of Science, Bangalore, November 2003 on the topic 'The Bhagavad Gita and its relevance to the presnt day' . Courtesy Art of Living

India needs a productivity revolution

A 20 percent improvement in productivity will change India's fortunes. What is lacking is the will to do it

By Dr. M R Ramsay

India faces a lot of challenges and advantages for its economic and social growth. If India can be competitive in quality, pricing and timely delivery, she has a very big opportunity in the global marketplace. India's competitive advantages among several Asian countries are its very low cost economy, despite high inflation.

There's also the advantage of the capability of people - human capital as everyone knows is abundant. If these capabilities can be put to right use with improvement in productivity unit, cost will be very competitive.

If India can improve productivity by even 20 to 25 percent ,she can be at the top. If work culture and timeliness can be improved, if the gap between creative thinking and practical application can be bridged, there is enormous potential.

The productivity movement in India is probably 40 to 43 years old. Yet, it has not had a major impact on the economy. This is because productivity is being seen from the physical resources point of view. Instead , Indian companies should realize that economic and not physical resource productivity matters more. The concept of economic productivity is not new. Way back, in 1973, I presented a paper on economic productivity at the World Productivity Council. Surprisingly, even Japan is recognizing the difference in physical resources and economic productivity only now. All along it prided itself for having the highest productivity standards in the world ,but with the new measure it is unsure.

Economic productivity means, for every rupee that is spent on any item or activity how much of the output do we get. It is economic value added (EVA) divided by the input. This gives a dimensionless measure of productivity.

I've shown in one of my publications that for 47 countries labor wage productivity contributed to the bottom line in terms of economic competitive capability. This message has not adequately percolated even now.

RAPMODS System

I've developed a system to make measuring productivity more scientific. It's called the Ramrods System - Ramsay Productivity Modeling System. This system enunciates universal productivity laws of business. This model makes it possible to view the overall operations in relation to productivity/performance plans as well as how each unit is contributing to that performance.

With the use of this system we have found that in many sectors of economy, while physical resource productivity may be improving, economic productivity may be either stagnant or decreasing. Since economic productivity is the bottom line, we should keep track of the latter.

How India's productivity can be improved.

We need to do an ABC analysis of the expenses and work out measure for all inputs. In the Rapmods system, we are in a position to deal with productivity systems at various levels and aggregate it with certain formulae. These are pure mathematical formulae, not statistical formulae, because we don't want probability but certainty. They are simulatable models.

If the Rapmods system is adopted, it can change India and change the work culture and its accountability concepts. The Rapmods system was lunched in 1979 and has since been applied in all sectors. It identifies universal laws of productivity - applicable to all systems, wherever they are in the world.

In India there is a lot of equipment under capacity. If this issue is addressed with proper productivity enhancing strategies, India has the ability to become an affluent economy. I believe, through productivity revolution we can ensure that there are no poor people in India. It is possible to do it.

We can do this by improving people's skills. We should also work on the Indian psyche. Indians have a problem of ego. We should have pride in our achievements, not ego. India is a spiritual country and there's confusion between spiritual and material beliefs. We tend to mix it up. Our psyche is that we are a very satisfied people. If we earn a bit ,we are satisfied. But that is not enough to erase the poverty of 350 million people.

Today we have trigonometric models for productivity. So there is no dearth for knowledge on productivity today. It is the will that is lacking.

The author is an international productivity scientist. He is the founder chairman and current president of RIPER Foundation, Australia, and is chief consultant ENDESCO. Dr Ramsay has edited a book titled 'Productivity Everywhere - Wealth and Prosperity for All'

The key to management is to get rid of the managers.

The key to getting work done on time is to stop wearing a watch.

The best way to invest corporate profits is to give them to the employees.

The purpose of work is not to make money. The purpose of work is to make the workers, whether working stiffs or top executives, feel good about life. ***– Ricardo Semler***

"Management is about human beings. Its task is to make people capable of joint performance, to make their weaknesses irrelevant" ***– Peter Drucker***

"If Microsoft is good at anything, it's avoiding the trap of worrying about criticism. Microsoft fails constantly. They're eviscerated in public for lousy products. Yet they persist, through version after version, until they get something good enough. Then they leverage the power they've gained in other markets to enforce their standard." ***– Seth Godin, Zooming***

"You can't behave in a calm, rational manner. You've got to be out there on the lunatic fringe."
– Jack Welch, on GE's quality program

Great work costs less than bad work ***– David Droga***

Creativity is thinking up new things. Innovation is doing new things.***– Theodore Levitt***

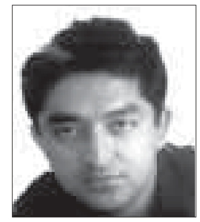
People with only one choice are robots.***– Jonne Cesarani, in 'Big Ideas'***

Only he who can see the invisible can do the impossible. ***– Frank L. Gaines***

A brand is a trust mark, which builds long-term relationship with customers. Advertising just sustains the brand
– Narayana Murthy, chairman Infosys Technologies

Only those who will risk going too far can possibly find out how far one can go.***– T.S. Elliott***

Why micro brands should stay distinct



Small brand owners can get into a cyclical trap of obsolescence. Read on, smell the coffee and wake up!

by Harish Bijoor

It happens this way. Small brand owners tend to be followers in the branding game most of the time. More of followers than innovators. The small guy in business, more often than not, looks at the big and successful guy in the business of brands, and decides the trajectory his micro brand will take in the footsteps of the successful ones.

In the process, the micro-brand is always following a whole long stretch of distance behind the big brand in the market. This happens at both the level of the tactical initiative as well as the strategic maneuvers! In the bargain, there is a huge learning gap between big brand and small. And this indeed is the edge enjoyed by the big brand with the big owner with the deep pockets and the big car!

Micro-brands must learn to preserve their different-ness and consolidate upon them with the building blocks of innovative strategy and straws of innovative tactical initiatives as well.

Here is one new nugget that might just give your micro-brand an edge. A new thought that is actually tugging at the trend-tail of brands in more evolved brand-markets. This thought is all about the consistency issue that is stirring many a grave of the brand thinker of yore.

A brand is all about consistency, right? It is about offering little or no change at all! The brand offering needs to be what it was a hundred and fifty years ago when the brand was first launched! You may change the packaging subliminally, the pricing would keep pace with inflation, market level promotion would change with the generations, but nothing much else will!

Wrong! The small brand in the market place needs to learn, and learn fast. Take that different step and change the offering that you make to suit the changing palate out there. Consistency is but a thought. Just as long as you can preserve the notion of consistency at the level of the perception and thought, go ahead and make all those changes you would otherwise not effect, keeping in mind what is carved on the stone of Brand Think!

The brand today is certainly about change. Change is affecting every facet of the consumer. Why must the brand not change then? Change your offering as frequently as you think you must. Just keep pace with the expectation of the market. Localize where necessary, and see your brand-shares climb.

The good thing going for your small brand of product or service is that you are not tied down by the constricting ropes that bind Brand Think of yore. The good thing is also that you never did this Harvard Business School MBA, which told you all the things you mustn't do in branding!

The manager of the micro-brand must not make all the mistakes his big brother in the big corporate organization is making. The edge enjoyed by the micro-marketer has always been the edge of entrepreneurship that is truly alive in his belly, and most certainly the edge of flexibility.

The day the micro-brand owner decides to follow the beaten path taken by the big brand, time to ready the stretcher for the micro-brand in question. Time to pull out the Oxygen cylinders and time to think of saline drips!

Micro-brands must change in every way. In the product offering for sure! Take the case of the hair-dye market. This is a market that has been traditionally the terrain of the micro-brand of every variety. There are the herbal remedies and then there is the chemical. The herbal market has been dominated thus far by the micro brand of every possible name!

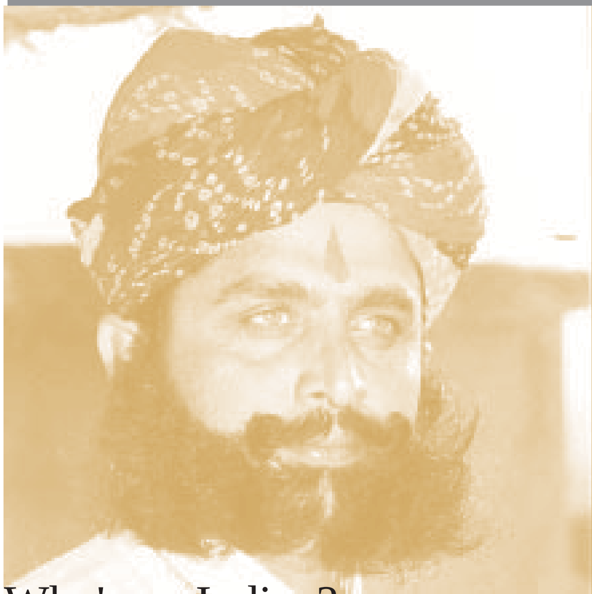
In comes the mega-brand from a Godrej or a Lever's and the micro-brand quakes. It apes what the mega-brand attempts. The same type of advertising, the same type of packaging, and the same type of everything! How can it ever succeed when it can't spend the same amount of money that a Godrej or a Lever's will spend in the sameness track?

The micro-brand must therefore be different. Maybe even morph. Morph the product, the packaging, the promotion strategy and everything that marketing armory demands. But let it be different!

Time for the hair dye micro brands to come out with a variant that is different! Maybe a single-day hair-dye that will help a user change the color of his or her hair only for a day. One bath later, the hair-dye is gone….and you are back to normal! Your normal color! This is something that will get a lot more folks into the hair-dye market, and something that will avoid the pitfalls of the chemical dye that locks you in into a color for months together once the decision is made!

So go ahead, feel the pulse of the market, and paint the market red or whatever your brand color is, in brand-abandon!

The author is a brand–domain specialist and CEO, Harish Bijoor Consults Inc. with a presence in Hong Kong, London and Bangalore. e–mail: harishbijoor@hotmail.com



Who's an Indian?

To Santosh Desai, President, McCann Erickson, India, India has a unique culture that helps you laugh at yourself. Desai has the knack of seeing the funny side of India and its culture. Here are some of his asides which he delivered at AdAsia 2003 in Jaipur.

The Indian consumption culture tries to extract as much value as possible in everything, everyday. Example - you don't remove seat covers of your new car for many months.

There are hierarchies in everything - choice is not governed by inclination or what you are good at but what the society thinks is important. Example: how computer science is preferred to chemical engineering or civil engineering to mechanical engineering by students.

There's an enormous need for tangible value - exchange schemes - not to throw away anything. Exchange of old clothes for new vessels still persists. And why not?

The Indian mode of punishment is a slap, while the Western mode is a punch. A slap is meant to inflict humiliation on the face - a corrective lesson in social hierarchies.

Cinema represents the Indian culture vividly. It is a place where we carry out a long-standing quarrel with reality.

There is very little genre orientation in India unlike in the West. Indian cinema invariably has roles for each member of the family - and it has to be a combination of songs, fights, love, hate, treachery etc.

Thali represents the power of riotous combination - texture, flavour, colour, etc. unlike the western meal which is linear and step-by-step. It's the same with Indian traffic - everyone wants to get to the same place at the same time. The master of Indian traffic is the autorickshaw. It's the modern day version of the rat. It has the ability to move in non-linear space. Classical Indian music too follows a non-linear style, as also the style of Indian cities.

Indian sense of self is unique. We define ourselves through relations. Nepotism in India is therefore not considered bad. "If I don't do for my son, do you expect my neighbor to do it?"

Indians are comfortable with paradoxes and all truths are context sensitive. A physicist does not get his daughter married without going to the astrologer. For he's a man of science when he steps outside the house, but when he's in he's a man of his past.

An Indian takes a dip in the Ganges even though he knows it is filthy.

Symbolism scores over delivery of effect. Indians dump filth right outside their house. Symbolically, they think their house is then clean. But flies are not easily fooled. They come back right in. It also explains why a housemaid sees no issue in using dirty water to essentially rearrange the dirt on the floor - as long as she intended to clean it.

India has a very sophisticated mechanism to adapt to change. For India, modernity is nothing but a continuously negotiated tradition - rejection of nothing, openness to the new.

How dreams change

Once, the famous economist Joseph Schumpter shared his multiple dreams with Peter Drucker's father on a cold winter evening in Vienna during the Second World War. Schumpter said he wanted to be known as the greatest economist the world has ever known. Not just that, he thought he was irresistibly handsome and dreamt of being the hottest lover women would want to be with. Schumpter also loved horses. His third dream was to be the most sought after jockey.

Well! After the War, he migrated to the United States and became an academician and a renowned economist for his theories of creative destruction and economic cycles. When someone asked him what he'd like to be remembered for, Schumpter modestly said: "I want to be known for changing the lives of a few people."

High tech vs. high touch

A heated debate between the supporters and haters of Powerpoint presentations suddenly erupted on the sidelines of a conference in Bangalore recently. One of them said, before Powerpoint there was conversation.

A consultant butted in to say "Powerpoint is not dead. It's an economical way to present facts and figures.... Polyboards look dead." But others countered: "You go into dead brain mode when Powerpoint goes on."

But the one who finally settled the matter was a lady who murmured "Powerpoint doesn't kill presentations. People do."

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