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How managers can become business leaders

Every manager aspires to be a leader but the transition is more like jumping a chasm than walking smoothly on a bridge

By Manikutty

Traditionally, organizations have devoted more of their energies to the development of their managers rather than leaders. Perhaps they thought by developing managers, they would also be developing leaders. This is not the case. Leadership is a very different ballgame as compared to being a manager, and this difference arises from the way the leaders and managers exercise control. Managers tend to exercise control through positional power, superior experience and greater access to information. Leaders, on the other hand, exercise control through a very unstructured, personal and emotion-laden process. Leadership involves ability to set goals people feel enthused to follow. They establish direction, and by direction is meant a path the followers find it exciting and worthwhile to follow.

Due to these differences, becoming a leader involves a major transition for a manager. The transition from being a manager to becoming a leader is more like jumping a chasm than walking smoothly on a bridge over a gulf. Traditional methods of management education, training, and mentoring are not likely to be very helpful in making this transition because they fail to recognize that leadership involves fundamentally different processes as compared to managing and hence leaders cannot be developed by more liberal doses of traditional management inputs. There are five dimensions for the transition from a manager to a leader:

- **From a manager of 'facts' and 'data' to a manager of emotions:** Leadership has less to do with cold analysis of hard facts and more with managing the emotions that exist among people in the organization. Managers, as a result of their experience and training, start believing in the power of rational arguments. But whether they like it or not, in actual exercise of leadership, emotions do come in the way. It is good that they do, for it is emotions that generate commitment, and commitment can achieve far more than mere competence. Leaders must learn to handle emotions such as loyalty, sense of ethics and faith in the goals.



Nesta Singh

Continued on page 2...

what's in...

Management Trends

4-6

- ▶ Why IT brains need business acumen to succeed
- ▶ Managers can pick interesting insights from 2004 polls
- ▶ Oust the 'out' in outsourcing
- ▶ Peter Drucker's mantra on executive effectiveness



Innovation:

8

- ▶ How ROI concept kills innovation
- ▶ Hammer's innovation recipe



Knowledge Management:

Prof. K B Akhilesh

Emerging paradigms

9

Leadership

Azim Premji shares his lessons on life

12-13



GuruSpeak:

Francois Gautier

India can unite matter and spirit

15

Spirituality in Business:

20

Ashoke Maitra's spiritual experience while merging two companies

India Unplugged: Harish Bijoor

Exploit key strengths to build global brands

21

Regulars

▶ Knowledge@Wharton

- ▶ Get the most value out of Open Source Software 7
- ▶ Abstract of Research Papers 10
- ▶ Jargon Buster 14
- ▶ Case Studies: 16-17
- ▶ Book Shelf 18-19
- ▶ Offbeat 22



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Continued from page 1...

- **From a manager of emotions to a generator of emotions:** 'Managing' the emotions is not enough; generating the right kind of emotions is also essential. People must be inspired by the goals and must seek fulfillment in attaining them. Emotions such as loyalty and passion for a cause are to be generated. These emotions are not generated through a rational process; they are at times even "illogical". Leaders generate different emotions: positive emotions such as sense of purpose and loyalty; also negative emotions such as fear and insecurity.
- **From a follower of standards to a setter of standards:** Leaders do not follow standards; they set their own standards often at variance with prevailing and accepted views. It is this that sets leaders apart from run-of-the-mill managers. New ideals and visions involve destruction of the status quo, and creating a new set of rules and standards. Managers are basically trained not to rock the boat as far as possible. They prefer orderliness, and abhor uncertainty. Leaders, on the other hand, thrive in it. Hence managers need to develop a greater tolerance of ambiguity and uncertainty, and question the existing standards and norms.
- **From a realist to a dreamer:** Leaders are not necessarily realists they are great dreamers. Great dreams, they know, are what inspire people. These may or may not be 'practical' dreams, but, often, the leaders are governed less by the practicality of the dreams than by the fact that they are worth pursuing. Dreaming is definitely not a part of a manager's training; he/she is taught to be "practical". They revel in action. Yet managers have to learn to move from this excessive action bias and find time to build up their own visions and dreams. Only dreams inspire people.
- **From an optimizer to a compromiser:** Leaders do not try to optimize for they know such solutions exist only in books. They are constantly driven by the need to compromise, to make the best of a situation, and pry open loose bricks to gain entry into their world of that dreams. They are also very keen on making sure that their compromises do not dilute the basic objectives and become a sell-out.
Making this transition is hard and at times frustrating. Simplifying the process somewhat, the transition can be seen as involving three steps:
 - Knowing oneself, i.e., one's strong as well as weak points, potential, and capabilities.
 - Becoming oneself, shedding the masks worn so long that the person has forgotten what his true face is like. One has to again become oneself.
 - Deciding what to become in future and moving towards it. This is essentially a process of self-development of gathering of new perspectives, fresh interpretation of facts, reflection, and developing a fresh world view that is all one's own. Nietzsche's poser, "This is my way, what is yours?" captures the essence of this transformation. Self-development is a vital ingredient of leadership; leaders have to find their own paths to their goals.

The author is a faculty at the Indian Institute of Management, Ahmedabad



Executive Education Programmes at IIMB

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Programme Directors: Prof: V Anand Ram & Mr. Narendra Dev

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This course is designed for managers, who have the responsibility for running BPO or Call Center Operations. Supervisors, who are likely to be promoted to managerial positions will also benefit from the programme.

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Programme Director: Prof. S Krishnamurthy

Dates: 19-23 July 2004

For: Executives handling Finance, Taxation, Imports, Exports, Costing, Logistics, Inventory, Production Planning & Marketing, Etc.

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- Exim Policy & Procedures as Amended
- Update on Customs Law, Tariff & Procedures
- FEMA, Exchange Control, & Convertibility
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- Foreign Exchange Risk Management
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- International Standby Practices ISP 98(ICC 590)
- International Trade Regulations (WTO, ICC, WCO, UNCITRAL Etc.)
- Import-Export Model Contracts (ICC556)
- Incoterms ICC-560 w.e.f 1.1.2000 & Guide to Incoterms ICC-620
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These programmes will be conducted live at IIMB Campus and proposed to be beamed instantaneously to 36 Directway Global Education Centres, located at 24 cities across India. Those interested in participation are free to select a classroom of their convenience either at IIMB Campus (as residential/ non-residential participant) or any one of the 36 DGE Centres.

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niche is in, mass is out

IT brains need business acumen to succeed

Technology has become increasingly integrated with business success

Indeed, technology is often at the heart of an organization's business model supporting and enabling those elements that are strategic and providing competitive differentiation through products and services. Attracting, developing, and retaining staff who can combine their knowledge of business needs, priorities, and competitive differentiation with sound understanding of IT will bring significant advantages to an organization. Jan Duffy, Group VP, Solutions Research, IDC, refers to these individuals as IT/business-savvy professionals in an article in the May 2004 issue of the *CIO* magazine.

To help any organization master IT, these professionals require skills and knowledge in the following areas: business, communications, finance, technology, and project management. Additionally, they must be innovative, entrepreneurial, strategic, collaborative, and essentially customer-centric. With much at stake, it is imperative that an organization determine (and then apply) effective human resource strategies to develop appropriately skilled individuals who possess the talents to leverage all aspects of technology at all levels within the organization. It is believed that these strategies should include the following components:

- Clear articulation of how technology provides competitive advantage and rationale for the IT/business-savvy professional
- Revised career path and performance management systems
- Training programs to develop IT/business-savvy professionals
- New staffing approaches
- Changes to IT management and accountability that will reinforce this direction

Jan Duffy says that most C-level executives feel that they have not realized sufficient business value from their significant investments in IT. It is noticeably prevalent that a "great divide" exists between the business community in most organizations and the IT community. IDC believes that the IT/business-savvy professional is a critical component to bridging this divide and mastering IT. In this way, many of these professionals will be able to more successfully leverage their investment in technology and use technology to create real competitive advantage.

The Business Imperative

IDC research reveals that IT spending on average represents almost 4 percent of revenue and accounts for over 50 percent of the capital budget for most organizations. As technology continues to evolve rapidly, the management of technology is also evolving. Organizations now have many opportunities for differentiation, particularly in the way that IT is deployed and leveraged within the organization.

To Jan Duffy many companies now devote considerable time and attention towards designing and implementing strategies to attract, develop, and retain IT/business-savvy professionals, improving customer relationship management, establishing effective alliances and collaborative relationships among organizations, dealing with economic stagnation, and improving corporate governance. IT in itself today is no longer central, rather it is finding unique ways to innovate using IT that provides value to businesses and consumers!



In view of the above, IDC believes that these IT/business-savvy professionals of the future will be successful if they can combine business and technology skills. In any IT organization today, individuals must continue to thrive on the challenge of using technology to solve complex problems, and those who constantly look for innovative ways to deploy the latest, leading-edge IT hardware, software, and tools.

Future Outlook

Organizations should clearly articulate the role of technology, outlining how it will drive growth and prosperity for the organization and how and where technology will be fundamental to success and differentiable competitive advantage. Companies need to show how technology supports the three major capabilities of any organization: customer relationship management, infrastructure management and product innovation, and commercialization. Finally, Organizations should clearly illustrate how the IT/business-savvy professional will contribute to its success. The factors outlined above will help to set the stage for all other efforts in support of building the IT/business-savvy professionals and will galvanize people to take the necessary steps in building their skills for the future.

After having articulated the role of technology, IDC has also identified three fundamental HR processes that are important to building the right environment and identifying the changes required to attract, develop, and retain IT/business-savvy professionals - staffing, learning and development, and performance and career development.

Today's business environment demands excellence of operations and speed of adaptation. The high-performance organization emphasizes the development of employees who have strengths in critical areas, in particular in the application of technology to business. The business and technology drivers of changes are numerous. People with the right skills and attributes are critical to leveraging the forces of change and implementing change successfully.

Business lessons from the 2004 elections

The 2004 elections have shown how flamboyancy without impact on the stakeholders, arrogance of power, opportunistic alliances, mismanaging perceptions and micromanagement can ruin best of chances

By Benedict Paramanand

With every general election in India, in the last decade, the role and influence of professional managers has been getting stronger. The unexpected results of the 2004 elections has however dealt a body blow to their growing confidence. Their credibility has taken a beating.

When almost everyone, except perhaps the odd soothsayer and Swaminathan S Anklesharia Aiyar of *The Economic Times*, got it wrong, it may be harsh to blame the party managers for the results. It is however possible to glean some business lessons from their experience that could come in handy to Indian managers.

Chandrababu Naidu, dubbed as the smart, laptop-wielding politician CEO, will have to do a major introspection. Although the popular reason for his defeat is his rural-urban disconnect, what's becoming clearer is the rejection of his management style. Successful CEOs have shown how important managing aspirations of the people around you are and the role massaging their egos play in building a fighting outfit. On the contrary Naidu's style was one of micro-management or even excessive management. One is not sure whether he trusted people enough. Even if his leadership mantra was led by strong vision and commitment he seems to have failed in the finer aspects of people management.

Perhaps scores of management gurus who visited Hyderabad last few years and the resident guru Rajat Gupta at Indian School of Business were so overawed by Naidu's missionary zeal that they didn't think it fit to point out the finer aspects of managing people.

Micro management may have spoiled the party for the BJP as well. Their blue-eyed boys were seen touting around with theories about factors that would make local candidates win. While they did show that their theories worked earlier in the state elections in Rajasthan and Madhya Pradesh a few months ago, but the thought that it would be repeated in all context backfired. It shows that it is important to run a customary check even if the assumptions proved right in a different context.

Arrogance of power normally blinds people from the reality. Every party needs trouble shooters, what Rajdeep Sardesai called 'negative cells' in an NDTV post-poll discussion, to know the ground reality. A great lesson for CEOs who are known to bask in their past and current glory that they fail to notice major shifts in customer behavior or emerging technology. A weak and gullible board makes it worse.

S M Krishna, another IT-savvy chief minister who has nurtured Bangalore's elevation as one of the world's top IT destinations, was humbled by the electorate even while all the opinion and exit polls predicted otherwise. Krishna himself exclaimed: "I don't know what people want" while stating that he did more for the rural poor than anyone else in the recent past.

So many a time politicians, like managers, wonder why even after they've given their best they get the stick. The only lesson here for CEOs is not to rule out unfavorable outcomes even when everything seems hunky dory. This understanding may make them more realistic in their expectations.

While Krishna got elected to the state assembly most of his ministers were trounced badly. Is there a lesson here? It is possible

that the wave in Karnataka was only that of Krishna's and not that of his party's. No leader can hope to succeed if the stakeholders have no confidence in the team.

Interestingly, what also stands out is the way the electorate has ignored the personality-led parties. Despite A B Vajpayee's stature the BJP lost and so were the two urban poster boys Chandrababu Naidu and S M Krishna. The electorate, like the employees, may like flamboyancy but what they prefer more is a greater impact of that on their everyday life.

Politics, much like business, is all about alliances and mergers. The fundamental principle that makes them work over a period of time is fidelity. While Indian politics has seen several unholy and opportunistic alliances, the unexpected break up of the BJP with DMK before the elections smacks of rank opportunism. The lesson: break up if you must if there is a clash of interest but leaving a partner for some imaginary gain in the future could hurt badly as it happened to BJP with Jayalalita.

What must have baffled everyone is how Smriti Irani of the *Kyon Ki...* fame lost despite her huge popularity among the women voters. Her opponent Kapil Sibal was seen as one without a mass base and his mastery of the law and tongue-in-cheek would not get him anywhere near her.

The lesson for marketers here is not to assume that women customers are fools and can be straight jacketed. The great Ogilvy said "customer is your wife." The male-dominated BJP think-tank would have thought that all women, like their wives, would run to the booths to see their bahu in the Parliament hall as well. If knowing what women want was that easy Sonia Gandhi's 'drama' could have been eminently avoided.



Oust the 'out' in outsourcing

There is no 'out' in outsourcing. It's all part of a web of interrelationships: partnerships, alliances, service providers. It's "inter-sourcing" or "strategic sourcing." It's the responsible alignment of roles, responsibilities and tasks with the right skill sets and the right people, wherever they happen to be located.

What definitely shouldn't get 'out' during transformational outsourcing? Your organization's knowledge and intellectual capital. In *Managing Intellectual Capital in the Age of Outsourcing* author David Smith argues that many companies fail to consider the possibility of knowledge loss during strategic outsourcing.

To counter this loss, companies must start thinking about the potential loss of experience and knowledge early in the process - during the initial discussions that shape an outsourcing agreement. When all those involved in the outsourcing arrangement are aware of these issues and risks, the parties can then better define their respective knowledge management roles and responsibilities.

Meanwhile, Western companies still believe that Asian companies are able to handle only low-skill business activities and that they will never have the marketing expertise required in developed markets. This short-sighted attitude will prevent those companies from reaping the kinds of big rewards.

China, for example, produces three times as many engineers as the U.S. does each year, and the wage differential is about 10:1. In India, most IT-outsourcing firms operate at the highest level (5) of the IT service capability maturity model; most U.S. IT departments are at level 2 or 3.

Another significant difference is that low labor costs also allow overseas companies to maintain larger staffs of middle managers who can focus on building employees' skills - something that is cost-prohibitive in the U.S. The further up the skills ladder you go with outsourcing, the bigger the cost savings.

Peter Drucker's new-age executive



An effective executive does not need to be a leader in the typical sense of the word. Peter Drucker, the author of more than two dozen HBR articles, says in the June issue *Harvard Business Review* that some of the best business and nonprofit CEOs he has worked with over his 65-year consulting career were not stereotypical leaders.

They ranged from extroverted to nearly reclusive, from easygoing to controlling, from generous to parsimonious. What made them all

effective is that they followed the same eight practices: They asked, "What needs to be done?" and "What is right for the enterprise?" They developed action plans.

They took responsibility for decisions and for communicating. They were focused on opportunities rather than problems. They ran productive meetings. And they thought and said "we" rather than "I." The first two practices provided them with the knowledge they needed. The next four helped them convert this knowledge into effective action, for knowledge is useless to executives until it has been translated into deeds. The last two ensured that the whole organization felt responsible and accountable.

Effective executives know that they have authority only because they have the trust of the organization. This means they must think of the needs and opportunities of the organization before they think of their own. The author also suggests a ninth practice that's so important, he elevates it to the level of a rule: Listen first, speak last. Effectiveness is a discipline. And, like every discipline, it can be learned and must be earned.

Winning in Asia: Strategies for competing in the new Millennium

The competitive landscape in Asia is undergoing a sea change. Companies are finally breaking the bonds imposed by the 1997 financial crisis. The engine of growth is shifting from exports to Asian market demand. China's rapid development is redrawing the Asian playing field. National fiefdoms are succumbing to cross-border competition. Together, these forces are signaling the emergence of a fundamentally new competitive game--and there will be no going back.

International business expert Peter J. Williamson argues that competing in this rapidly evolving arena will require a very different kind of company. In this book, he identifies the key challenges that will distinguish the winners in tomorrow's Asia and explores the fundamental changes--in business models, mind-sets, organizational structures, and management processes--that will be required to meet those challenges.

Asian companies will need to leverage the strengths of their local heritage into the future by building distinctive, new strategies around them. Western multinationals will need to reassess the approaches that have won them a share of Asia's rapid growth over the last two decades.

Laying out strategies for creating a new and distinctive breed of Asian corporation, *Winning in Asia* provides a blueprint for reshaping the future of Asian competition. Peter J. Williamson is professor of Asian business and international management at INSEAD and co-author of *From Global to Metanational: How Companies Win in the Knowledge Economy*.

Getting the Most Value out of Open Source Software

Last year, the SCO Group, a software company based in Lindon, Utah, filed a \$3 billion suit against IBM, alleging that the company's use of the Linux open source operating system was illegal. SCO's suit claims ownership of the copyright to Unix, an operating system produced by Bell labs in the late 1960s and upon which the popular open-source program Linux is based.

As further evidence that open source software is fast becoming a viable commercial choice, SCO is now also suing DaimlerChrysler AG for its use of Unix and AutoZone, an auto parts retailer, for its use of Linux. The company has indicated it plans to sue other corporations that use open source software in the future. IBM, for its part, has countersued, alleging that SCO is trying to make money by laying claim to a code that is freely available to the public. Novell, another company sued by SCO last year, is also challenging the company's ownership assertion.

These recent lawsuits are just the latest challenge to widespread use of open source operating systems. Linux, the best-known system, was developed in the 1990s by a college student in Finland. Unlike the source code of the Windows operating system, which is proprietary, the Linux code is available free to anyone. Computer users can simply download Linux off the web if they feel technically competent enough to try it out. Indeed, the only groups making money off Linux are companies that sell support services for the product.

Given the pros and cons of open-source software, the debate these days over its actual usefulness vs. the benefits of proprietary software depends in part on the development of new applications. It was a topic that drew particularly spirited discussion during a panel on "Delivering Value and Innovation Using Open Source Software" at the Wharton Technology Conference held in Philadelphia on Feb. 27.

Questions arose as to what, for example, is the best way to maximize the usefulness of the open source code; whether open source operation systems can remain truly open while also gaining acceptance in the corporate market place; and whether offering a source code to the general community will ensure that well-trained technologists find flaws and improve the product.

"We are huge believers in open source," said Michael A. Olson, the president and CEO of Sleepycat Software, which distributes and licenses the open-source-based Berkeley DB data management software. "But if you run a business on IT infrastructures, you need to know that things will work. My laptop runs Microsoft Office. There are good applications in both the proprietary world and the open source world ... You have to trust that a Linux community will survive," he said. To achieve that trust, you need "a community that will have legs," one that has "a commercial product" to work on.

While a customer can go to Sleepycat's Website (www.sleepycat.com) and download the latest version of Berkeley DB, the company still makes proprietary and customized versions of the software, for which they charge licensing fees. "You can think of it as a chameleon model," Olson said.

In answering the question of how open an open-source system can be, and still survive in the commercial world, one panelist suggested that the answer had to do with standards. "Standards are critically important," said Jason Matusow, manager of Microsoft's shared source initiative. "In open-source itself, the Linux kernel is the de facto standard model. The effect of open source is on how people are thinking about the intellectual property they are creating." Matusow noted that Windows wasn't created by one person alone but that, like Linux, is the result of many people's input. "It is hard to do what those of us do," he added. "It takes thousands of engineers to create Windows."

The confusion may well be in terminology. The common perception - or misperception in some eyes - is that the open source system is free while Windows costs money. Yet even those who may be Microsoft's competitors in certain businesses shy away from that comparison.

"There are costs in using open source software, whether it is in installing patches, setting it up or getting reliable support," commented Stormy Peters, open source program manager at Hewlett-Packard.

Longtime Microsoft critic and technology researcher Eric Raymond said that the distinction is not between open source and commercial activity, but between open source and proprietary software, like most Windows applications. No one questions that open-source software developers want to make money, but the distinction for Raymond is that those giving away their code, at least in part, provide greater benefit to the entire community over the long run.

"I don't think a Microsoft-like licensing model will ever happen with Linux," he added. "There is, indeed, a consolidation with Linux. We have had our series of modifications ... But a lot of people in the community have their own incentives. It may not be money, but art. You have to learn what coin they want to be paid in."

While some critics like Raymond are harping today on the differences between open source and proprietary operating systems and their attendant software applications, others believe there is a historical precedent for long-term cooperation.

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Innovation strategy: Is ROI the wrong question?

It just happened again. One more person asked Robert D. Shelton how to prove the ROI of innovation to a numbers-oriented superior and all the dominos of my patience began to collapse. How do you answer a question that is inherently illogical? Innovation means doing something new, something that has never been done before, something that you think will create value but you really don't know.

Therefore, the return-on-investment is somewhere between Zero and Zillions. What was Chester Carlson's return on investment when he invented xerography or 3M's ROI when Art Fry had a brainstorm that resulted in Post-It notes? What was the ROI of Michael Dell's idea of going directly to the customer? Or Petco's ROI when it's idea of going directly to the customer failed? Or the ROI on Enron's creative partnership scheme? Or Polaroid's revolutionary approach to photography and then ultimate demise?

ROI is commonly used as a go/no-go decision criteria ... we'll do Project X if it has a ROI of 30% but not if it's only 20%. It's also used to prioritize projects, Project X with its 30% ROI has priority over Project Y with an ROI of only 20%. It's a useful tool when it's applied to specific, measurable projects but not as useful when it's used to evaluate the entire question of innovation.

Robert Shelton, Vice President with the former Arthur D. Little consulting firm includes the ROI question in his symptoms of an anemic internal market for creativity and innovation. He says that organizations that use only capital-return tools such as ROI or discounted cash flow tend to have a weak innovation culture. "Moreover," he states, "Appropriate measures don't exist to evaluate creativity or potential projects in which there is uncertainty or ambiguity."

ROI is the wrong tool to measure innovation

Innovation cannot be justified by the same tools we use to justify the purchase of a new piece of equipment. We don't have the same level of information available. While the results of implementing a new piece of machinery can often be known to the fine detail, innovation by definition means we do not know the outcome.

Dean Kamen, President, Deka Research and Development and developer of the Segway Human Transporter and founder of FIRST.

Kamen professed to know little about innovation but finally defined it as "The art of concealing your sources," which he said he borrowed from Pablo Picasso who said, "Good artists borrow. Great artists steal." This led into an after-dinner romp through a memorable metaphor and six rude realities.

Memorable metaphor - Kamen showed a picture of a "south-pointing chariot" invented a thousand years ago by the

Chinese. The intricate technology is a very early example of a computing machine and was used to keep people from getting lost while crossing the Gobi desert. In Kamen's mind this does not qualify as an innovation, however, because it was never commercialized ... primarily because there was a much simpler invention - a compass - that did the job much better and cheaper. Now, during design sessions at Kamen's company, someone would always ask: "Is it a south-pointing chariot," as a reminder to think about other, simpler ways to accomplish the same task.

Rude Realities:

1. Technology does not guarantee innovation.
2. Risk, failure and unpredictability are unavoidable.
3. We spend more time solving our solutions than solving our problems.
4. It's not what we don't know that limits innovation ... it's what we do know that just ain't so.
5. Innovation is not a spectator sport.
6. To err is human, unfortunately it's not company policy.

Don't neglect operational innovation: Hammer

Breakthrough innovations--not just steady improvements--in operations can destroy competitors and shake up entire industries. Just look at Dell, Toyota, and Wal-Mart. But fewer than 10% of large companies have made serious attempts to achieve operational innovation. Why? One reason, contends the author, is that business culture undervalues operations--they're not as sexy as deals or acquisitions, writes Michael Hammer in the April 2004 issue of *Harvard Business Review*.

In addition, many executives who rose through the ranks of finance or sales aren't familiar with operations--and they aren't interested in learning more. Finally, because no one holds the title vice-president of operational innovation, it doesn't have a natural home in the organization, so it's easily overlooked. Fortunately, all of these barriers can be overcome.

The article offers practical advice on how to develop operational innovations, such as looking for role models outside your industry to emulate and identifying--and then defying--constraining assumptions about how work should be done. The author also discusses the best way to implement operational innovations.

For instance, because they are disruptive by nature, projects should be concentrated in those activities with the greatest impact on enterprise strategic goals. "Operational innovation may feel unglamorous or unfamiliar to many executives but it is the only lasting basis for superior performance," the guru says.

Emerging paradigms



Knowledge management is evolving so dramatically that managers need to be alert all the time. Managers who apply knowledge management tools and processes innovatively can hope stay ahead

By Professor K. B. Akhilesh

The immense changes in the social and economic environment caused by technology and globalization have made organizations worldwide to make overwhelming changes relative to their purpose, strategies, even structures in order to adapt, survive and succeed in the 21st century. Organizations are learning to adapt to rapid environmental changes.

Today's organizations have little choice but to become 'learning' institutions since one of their principal purposes will have to be expansion of knowledge that comes to reside at the core of what it means to be productive. In other words, learning is the new form of labor. Knowledge creation is an ongoing by-product of people doing their work.

A process so vital as this consists of a number of paradigms:

Paradigm 1: The knowledge management involves the acquisition, creation, storage, transfer and utilization of information, data and knowledge.

Paradigm 2: Knowledge management demands efficient deployment of information technology. It assumes the prime role that technology can play in assuring that knowledge is collected, stored and shared.

A networked IT platform should be installed to support the knowledge systems. Powerful system navigation and information exploration tools that use hypermedia, dynamic visual querying and tree maps should be available. It should be ensured that employees are free to communicate with each other and share data and information freely across the organization. Organization wide relational and object models as well as data dictionaries should be created and regulated.

In the last stage, centers of expertise should be formed that would be responsible for collecting, storing, analyzing and distributing knowledge. These centers would train workers in their specialties and provide qualified workers and consulting services. The greatest challenge is to create an organization that can redistribute its knowledge.

Paradigm 3: Knowledge management is nothing but managing knowledge workers: Many high technology firms in the information technology, engineering, and internet content industries experience exponential growth but are also dependent on the knowledge workers. They are the idea people, whose brainpower and experience have become more valuable to their companies than physical assets or products. Attracting and retaining key talent and make them create new knowledge required for the organization is at the core of this approach.

Managers need to adapt practical, doable strategies for motivating and keeping knowledge workers. The focus is on effectively managing the human side of the intellectual capital.

Paradigm 4: Knowledge management involves strategizing knowledge related initiatives in the organization. Knowledge management hence would involve deciding what knowledge needs to be created, bought and protected. It would also involve deciding on creating new knowledge and converting it into worthwhile (i.e. valuable) products, services or processes. Here the focus is on better and faster innovation. This is usually more difficult, but can result in breakthroughs in performance of ten-fold or more, compared with incremental improvements that are typical of sharing.

In many organizations, such meta-knowledge, of how professionals go about their work, is becoming an important facet of a firm's knowledge that needs capturing and sharing. Appropriate planning on investment and capacity building of the entire system is vital.

Paradigm 5: Knowledge management is nothing but intangible asset management "What you can measure, you can manage" runs the old adage. Yet while organizations assign accountants and auditors to record physical assets and financial transactions, few attempt even cursory measurement of their intangible assets.

Paradigm 6: knowledge and wisdom need not lie within the organization In virtually every survey customer knowledge tops the list as an organization's most vital knowledge. Yet most organizations do not know as much about their customers as they think they do not do, nor do they integrate their various sources of customer knowledge that the organization already has. Classifying perceptions and experiences of customers and thereby bringing about change in the organization towards customer service or products are other dimensions of knowledge management.

A convergence of all these paradigms is required to help an organization to gain insight and understanding from its own experience. Specific knowledge management activities help focus the organization on acquiring, storing and utilizing knowledge for such things as problem solving, dynamic learning, strategic planning and decision making. It also protects intellectual assets from decay, adds to firm intelligence and provides increased flexibility.

The author is a Professor of Human Resource Management, Organizational Behavior and Technology Management at the Department of Management Studies, Indian Institute of Science, Bangalore



Business Sense Keeps CIOs Relevant

A recent study by the Robert Frances Group identifies the key traits CIOs must tap if they want IT to remain a valuable player in corporations. According to the study, there are 10 traits business-savvy CIOs possess. Of course, communication tops the list. The group notes that IT is being marginalized or downsized in many companies and recommends CIOs do a self-assessment to determine their strengths and weaknesses.

www.its.com

A Venn Meditation on Technology's Future

Think information technology innovation has reached a plateau these days? Accenture Chief Scientist Glover T. Ferguson begs to differ. In the "Next Big Thing for Technology: Think Again" he argues that we're at the beginning of the IT innovation journey, not the end. In his inimitable style (only Ferguson could get away with calling the diagram in his article a "Venn Meditation") he describes where innovation is coming from these days and shows how companies like Qualcomm and Microsoft have creatively applied their expertise, via leading-edge information technologies, to expand their markets.

www.accenture.com

Design of Corporate Creativity

Pradip N Khandwalla (Former Director, IIM, Ahmedabad)

Kandarp Mehta (ICFAI Business School, Ahmedabad)

Corporate creativity and the organizational design for high corporate creativity is a relatively new frontier of management. Corporate creativity is the sustained rate of successful technological and non-technological innovation in a corporate body. This paper makes a strong case for corporate creativity for emerging economies like India. Based on a review of the literature and case studies, the authors present a model of organizational design needed for high corporate creativity. Questionnaire-based data from the top and senior level executives of 65 Indian corporates support the model reasonably strongly. Corporate creativity is also found to be significantly correlated with corporate competitive excellence. The paper concludes with implications for management and management education.

<http://www.iimahd.ernet.in/vikalpa/>

Estimating the Benchmark Yield Curve - A New Approach Using Stochastic Frontier Functions

Gangadhar Darbha, Research Fellow,

Indian School of Business, Hyderabad, June 2003

Estimating a risk free Term Structure of Interest Rates or Zero Coupon Yield Curve from the observed bond prices would involve controlling for the effects of security specific non-interest rate factors that affect bond prices. In this paper we

propose a new framework to estimate benchmark default and liquidity risk free yield curve along with an illiquidity discount using the stochastic frontier functions. The methodology explicitly models the effects of security specific factors such as age, issue size, coupon and residual maturity on illiquidity discounts implicit in bond prices.

Using the daily secondary market data from NSE-WDM for Government of India bonds for the period January 1997 to July 2002, we found that the new methodology not only identifies frontier yield curve that is significantly different from the standard zero coupon yield curve and gives reasonable estimates of illiquidity discounts, but also performs better than the standard yield curve models in terms of predicting bond prices.

<http://www.isb.edu/faculty/frontierisb.pdf>

Values and the MBA: The Implications of Gender

Fran Siemensma, March, 2004, IIMB Management Review

Current political and global pressures make it essential to rediscover perspectives which promote justice, equity and inclusiveness. Given the MBA's brief to produce effective managers, it is appropriate to examine the style which such people are expected to acquire. A research project was undertaken to examine the values which students and staff brought to and derived from their experience of the MBA. This article discusses the gender angle of the research. The analysis is based on individual and group interviews with staff and both local and international students involved in the program in Australia, as well as perceptions from MBA students in India.

The MBA was seen to be gendered. Analysis of the various perspectives indicates that new approaches to leadership which recognize the influence of gender are desirable, and can assist business and society to become more flexible and more cooperative.

Impact of Vedic Worldview and Gunas on Transformational Leadership

Aditi Kejriwal (Hewitt Associates, New Delhi)

Venkat R Krishnan (XLRI, Jamshedpur), Vikalpa Jan-Mar 2004

Impact of *Gunas-Sattva* (awareness), *Rajas* (dynamism), and *Tamas* (inertness)-and Vedic worldview (operationalized as understanding of *Maya* and belief in *Karma*) on transformational leadership was studied using an experimental design and a sample of 140 students. *Sattva*, *Rajas*, and *Sattva-Rajas* combination were crossed with Vedic worldview (yes or no) to produce six cells, and *Tamas* was the seventh cell. Results indicate that *Sattva* and Vedic worldview separately enhance transformational leadership whereas *Tamas* reduces it.

<http://www.iimahd.ernet.in/vikalpa/>

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Reach us to Reach them

Respond instead of reacting

Azim Premji shares eight lessons of his life that have played a major role in shaping his personality

The funny thing about life is that you realize the value of something only when it begins to leave you. As my hair turned from black, to salt and pepper and finally salt without the pepper, I have begun to realize the importance of youth. At the same time, I have begun to truly appreciate some of the lessons I have learnt along the way. I hope you will find them useful when you plan your own career and life.

The first thing I have learnt is that we must always begin with our strengths. From the earliest years of our schooling, everyone focuses on what is wrong with us. There is an imaginary story of a rabbit. The rabbit was enrolled in a rabbit school. Like all rabbits, it could hop very well but could not swim.

At the end of the year, the rabbit got high marks in hopping but failed in swimming. The parents were concerned. They said, "Forget about hopping. You are anyway good at it. Concentrate on swimming."

They sent the rabbit for tuition in swimming. And guess what happened? The rabbit forgot how to hop! As for swimming, have you ever seen a rabbit swim?

While it is important for us to know what we are not good at, we must also cherish what is good in us. That is because it is only our strengths that can give us the energy to correct our weaknesses.

The second lesson I have learnt is that **a rupee earned is of far more value than five found**. My friend was sharing with me the story of his eight year-old niece. She would always complain about the breakfast. The cook tried everything possible, but the child remained unhappy. Finally, my friend took the child to a supermarket and brought one of those ready-to-cook packets.

The child had to cut the packet and pour water in the dish. After that, it took two minutes in the microwave to be ready.

The child found the food to be absolutely delicious? The difference was that she has cooked it! In my own life, I have found that nothing gives as much satisfaction as earning our rewards. In fact, what is gifted or inherited follows the old rule of come easy, go easy. I guess we only know the value of what we have if we have struggled to earn it.

The third lesson I have learnt is **no one bats a hundred every time**. Life has many challenges. You win some and lose some. You must enjoy winning. But do not let it go to the head. The moment it does, you are already on your way to failure. And if you do encounter failure along the way, treat it as an equally natural phenomenon. Don't beat yourself for it or any one else for that matter! Accept it, look at your own share in the problem, learn from it and move on. The important thing is, when you lose, do not lose the lesson.

The fourth lesson I have learnt is the **importance of humility**. Sometimes, when you get so much in life, you really start wondering whether you deserve all of it. This brings me to the value of gratitude. We have so much to be grateful for. Our parents, our teachers and our seniors have done so much for us that we can never repay them.

Many people focus on the shortcomings, because obviously no one can be perfect. But it is important to first acknowledge what we have received. Nothing in life is permanent but when a relationship ends, rather than becoming bitter, we must learn to savor the memory of the good things while they lasted.

The fifth lesson I learnt is that we must **always strive for excellence**. One way of achieving excellence is by looking at those better than ourselves.

Keep learning what they do differently. Emulate it. But excellence cannot be imposed from the outside. We must also feel the need from within. It must become an obsession. It



While it is important for us to know what we are not good at, we must also cherish what is good in us. That is because it is only our strengths that can give us the energy to correct our weaknesses

must involve not only our mind but also our heart and soul. Excellence is not an act but a habit. I remember the inspiring lines of a poem which says that your reach must always exceed your grasp.

That is heaven on earth. Ultimately, your only competition is yourself.

The sixth lesson I have learnt is **never give up in the face of adversity**. It comes on you suddenly without warning. One can either succumb to self-pity, wring your hands in despair or decide to deal with the situation with courage and dignity.

In my youth, I thought of myself as a rebel and was many times, a rebel without a cause. Today, I realize that my rebellion was another kind of conformity. We defied our elders to fall in line with our peers!

Always keep in mind that it is only the test of fire that makes fine steel. A friend of mine shared this incident with me. His eight-year old daughter was struggling away at a jigsaw puzzle. She kept at it for hours but could not succeed. Finally, it went beyond her bedtime.

My friend told her, "Look, why don't you just give up? I don't think you will complete it tonight. Look at it another day." The daughter looked with a strange look in her eyes, "But, dad, why should I give up? All the pieces are there! I have just got to put them together!" If we persevere long enough, we can put any problem into its perspective.

The seventh lesson I have learnt is that while **you must be open to change**, do not compromise on your values. Mahatma Gandhiji often said that you must open the windows of your mind, but you must not be swept off your feet by the breeze. You must define what your core values are and what you stand for. And these values are not so difficult to define.

Values like honesty, integrity, consideration and humility have survived for generations. Values are not in the words used to describe them as much as in the simple acts. At the end of the day, it is values that define a person more than the achievements. Because it is the means of achievement that decide how long the achievements will sustain. Do not be tempted by short cuts. The short cut can make you lose your way and end up becoming the longest way to the destination.

And the final lesson I learnt is that **we must have faith in**

our own ideas even if everyone tells us that we are wrong. There was once a newspaper vendor who had a rude customer. Every morning, the Customer would walk by, refuse to return the greeting, grab the paper off the shelf and throw the money at the vendor.


The vendor would pick up the money, smile politely and say, "Thank you, Sir." One day, the vendor's assistant asked him, "Why are you always so polite with him when he is so rude to you? Why don't you throw the newspaper at him when he comes back tomorrow?" The vendor smiled and replied, "He can't help being rude and I can't help being polite. Why should I let his rude behavior dictate my politeness?"

In my youth, I thought of myself as a rebel and was many times, a rebel without a cause. Today, I realize that my rebellion was another kind of conformity. We defied our elders to fall in line with our peers! Ultimately, we must learn to respond instead of reacting. When we respond, we evaluate with a calm mind and do whatever is most appropriate. We are in control of our actions. When we react, we are still doing what the other person wants us to do.

I wish you all the best in your life and career. I hope you achieve success in whatever way you define it and what gives you the maximum happiness in life. Remember, those who win are those who believe they can.

Address by Azim Premji, Chairman, Wipro Corporation, in the "Shaping Young Minds Program" (SYMP) organized by the All India Management Association (AIMA) in collaboration with the Bombay Management Association (BMA) on February 9, 2004 at NCPA in Mumbai on "My Lessons in Life"

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Karaoke Capitalism

Essentially, a karaoke club, at the end of the day, is a place for institutionalized imitation. You go to the karaoke club to be someone else. It may be Frank Sinatra or the Beatles or Elvis. But the problem is that no matter how talented you are or no matter how many beers or how much wine you consume, you will always end up being a pale copy of an original.

Jonas Ridderstr?le and Kjell Nordstrm, in their book *Karaoke Capitalism: Management for Mankind* argue that today the business world is absolutely full of karaoke, copying companies. We even have names for it. We call it "benchmarking," "best practice," as if those fancy labels would really make a difference.

The authors are afraid that instead of trying to become a first class version of themselves, too many a company settles for being a second-rate copy of someone else -- a mini-me GE. But they admire the likes of Microsoft and Madonna, Dell and Dylan for their ability to innovate and then re-invent themselves. Successful corporations and individuals create monopolies in time or space. In fact, a monopoly is the Holy Grail of business. Success boils down to identifying imperfections -- cracks in the wall of karaoke competition -- and exploiting them.

Right now, they claim, there are only two ways in which organizations can create sustainable competitive advantages. Either they create and exploit market imperfections or the imperfections of man -- supply-side and demand-side innovation, respectively. The former strategy is about practicing rational innovation by creating unique business models that are well adapted to the new business conditions facing us today.

The other alternative is to focus on emotional innovation in order to create moods that attract and addict customers. Model companies like Dell are designers or parts of value-creating networks exploiting transactions, trust or talent. Mood competitors such as Apple are providers of experiences that seduce and sedate customers. In the book, they revisit Darwin -- evolutionary economics. You see, in a world of information mania only super models are fit, and in the age of individual choice moods are sexy.

Surplus society

The 'surplus society' has a surplus of similar companies, employing similar people, with similar educational backgrounds, coming up with similar ideas, producing similar things, with similar prices and similar quality - Kjell Nordstron & Jonas Ridderstrale in *Funky Business*.



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Western Science and Spirituality

Indian science should look within and help the world in uniting matter and spirit

- François Gautier

Will Science and Spirituality ever meet? Most Indian scientists, however brilliant they are, often speak of science from a Western point of view and keep telling us that reason, rigor, logic and the spirit of inquiry are the most important parameters of Scientific discovery. Very few of them make references to ancient Indian Science and its links with spirituality.

It is true that Western Science, because of its immense material resources, has come to dominate the world. One needs nowadays billions of dollars for research - and India doesn't have them, nor can it remunerate honorably its scientists and engineers - hence many of India's top scientists have exported themselves to the West. But it may be true that Western Science, however brilliant, is like a blind man, because it dissociated itself from the Spirit as early as the 17th century.

The first reason being that the Christian Church was extremely powerful in Europe, not only in religious affairs, but it also kept interfering in government matters. On top of that, it was very rigid and backward in scientific topics, believing until very late that the Earth was flat or that the world started in 4003 BC. And whoever disagreed with these views was burnt at the stake!

The second reason is that many thinkers of the 17th century, particularly French philosophers such as Descartes or Pascal, had unilaterally decreed that the only valid scientific and philosophical tool of enquiry was Reason and Logic. A third factor came in the 20th century with the advent of Marxism and Communism, which felt that spirituality poisoned people's minds and hence had to be eradicated.

Was this divorce from the Spirit and Science beneficial to the West? Well, Western scientists have been able to devise the most sophisticated weapons to kill man; but man is still not capable of killing his own ego; soon the United States will send human beings to Jupiter, or Mars; but man today is not capable of reading his own mind!

The truth is that the West, in spite of a huge prosperity based on its tremendous technological and scientific achievements, is becoming a sick society, where children go on rampage killing other children with weapons; where every other man and woman in the United States is under psychiatric treatment for depression or for insomnia, where out of five marriages, three end in divorce. .

Sri Sri Ravi Shankar, always emphasizes that Indian Science made stunning discoveries, long before even Western science existed: the position of the stars, the calculation of solar eclipses, or the concept of the zero, all done at the time when there were no instruments. How were they made? Because there was always a profound and everlasting quest for the spirit in India. It is in this manner that Buddha, was able to say, long before Einstein, that everything in our

Universe is constituted of atoms, constantly changing, dying and being reborn at each moment. And this is the first theorem that any scientist should apply: "Know Thyself, Know Thy mind". Because if you know your own mind, then you can fathom all other minds; if you know one particle of the world, you know all the particles of the world. This is the truth that India has been practicing for millenniums.

Sri Sri Ravi Shankar also reminds us that Western Science owes a lot to India. Pythagoras, the father of modern Algebra, was inspired by Indian mathematics; Egyptians built their pyramids by means of Indian arithmetic; 18th century French astronomers were using Hindu calculations of the positions of the stars and the solar eclipses. But unfortunately, Indian Science has today a very Westernized outlook, because what is taught in the universities and colleges might be the best of the scientific knowledge, but there is a lack of that connection with the spiritual, and hardly any mention of India's ancient tradition of scientific enquiry.

This is all because Western colonization : the British were able, through education, to impart upon the Indian intelligentsia, a certain Western bend of mind; on top of that, many of India's top scientists have a strong connection with the West, as the ultimate achievement for them is to have a chair in a foreign university, where some of them brand India as a backward, fundamentalist country. Isn't it so Mr. Amartya Sen?.

But the real issue is: how can Indian Science re-link itself again with the spiritual? There is no question that the Spirit is very much present in India: everywhere you go, you find ashrams, yogis, sadhus, ordinary people practicing meditation or pranayama; the natural tendency here is to understand that beyond visible things, there are levels and levels of consciousness above us.

There is also no question that Indian scientists have proved that they can compete with the best: there have been Indian Nobel laureates, there have been Indian geniuses like Ramanujam, who, with no sophisticated means, were able to devise stupendous mathematical theorems.

But Indian science has to look again within and it has also to delve in its scientific past. The secrets of the Vedas, for instance, both spiritual and scientific, have never been fully deciphered; Sanskrit too, mother of all languages, who could become The scientific language of India, has never been analyzed in a modern manner. And then, not only will Indian science regain its predominance, but it could show the West how to reestablish the spiritual link and unite Matter and Spirit.

The author, an Art of Living Teacher and the official biographer of Sri Sri Ravi Shankar, is the correspondent in South Asia for Ouest-France, the largest circulated French daily

Aok Durable Ltd

Avinash Mulky, Indian Institute of Management, Lucknow
Year 2002, amulky@iiml.ac.in

This case describes the challenges faced by an Indian consumer durables manufacturer in improving its sales performance at dealer outlets. Although the firm has strong brand awareness and brand preference, it is experiencing poor conversion at point of sale. The case can be used in an elective course on sales and distribution or the distribution module of a basic marketing course to illustrate issues like managing selective distribution and trade marketing.

Coral India: Selecting a Sales Manager

Avinash Mulky, Indian Institute of Management, Lucknow,
Year 2002, amulky@iiml.ac.in

This case describes a situation in which a firm introducing a new consumer durable product category wants to select a Sales Manager for the new category. A young executive assistant to the firm's CEO is asked to prepare a short list of candidates at short notice. The case can be used in an elective course on Sales Management or the Sales Management module of a Basic Marketing course to illustrate considerations involved in making selection decisions in the sales function.

Ajax Ltd (A)

Avinash Mulky, Indian Institute of Management, Lucknow,
Year 2002, amulky@iiml.ac.in

This case describes a situation in which one of a firm's business divisions is investigating the best way to provide training to new recruits in the sales function. The firm had a strong tradition of mentoring and coaching, but with increasing competition, managers found less time to address the sales training needs of new recruits. The case can be used in an elective course on sales management or the sales management module of a basic marketing course to illustrate the process of making decisions about sales training.

Sun Toys Motor: How to Put a Start-up on Track

Authors: Simon Tam Vincent Mak
Pub. Date: 2004
<http://www.cabc.org.hk/case.search>

In 1983, Simon Shi Kai-biu, a 28-year-old Hong Kong entrepreneur, started a toy motor manufacturing firm called Sun Toys Motor Ltd. He had some experience in managing motor factories and small start-ups, and only a little cash. However, he needed to compete with large, well-established motor manufacturers and to establish a customer base. Survival itself was in question. How should Shi move on and make use of his previous business experience, his management skills and what he could observe of the changes that were taking place in the industry?

Shun Sang (H.K.) Co. Ltd.: Streamlining Logistical Flow

Authors: Ben Yen Andrew Lee , Pub. Date: 2003
<http://www.cabc.org.hk/case.search>

Founded by Mr. Tsui, Kwok-choi and his wife, Shun Sang (H.K.) Co. Ltd., an authorized distributor of Proctor and Gamble (P&G) in Hong Kong, embarked upon a major IT-enabled supply chain management initiative in 1998 to streamline its sales and order fulfilment related operations. Then in 2002, Shun Sang upgraded its supply chain management systems to further enhance its operations.

The benefits that Shun Sang gained included reduction in manpower and duplicated work, greater accuracy in order processing and inventory records, more efficient inventory operations, shorter order lead-time, improved customer satisfaction, and business growth.

Shun Sang did fail once between 1998 and 2002 in an attempt to upgrade its ordering system. But it was not discouraged. It was determined to learn from its mistake and that paved the way for the successful roll out of the new systems in 2002. This case is designed to illustrate how a Small/Medium Enterprise (SME) can turn logistic efficiencies into its competitive advantage and the importance of data quality in doing so.

The case allows for a discussion on the critical success factors of IT-enabled supply chain management systems, typical SME responses to economic downturn, and approaches that SMEs can take to improve its competitiveness and profitability.

Ameritrade Holding Corporation - The signals managers send when they sell shares

Author: Meulbroek, Professor Lisa,
Harvard Business School Publishing, Boston
2000, <http://www.caseplace.org/cases/>

Some of the senior managers at Ameritrade, an Internet brokerage firm, are selling their holdings in the firm. Why are the managers selling, how will it affect shareholders, and what should the CEO do about it? The CEO is concerned that the market will interpret managerial sales as a signal that the managers believe the firm to be overvalued. He also wonders whether the sales might interfere with the firm's plan to raise funds in the capital markets.

Finally, he thinks that, at a minimum, such sales undermine a carefully thought out compensation plan that pays managers with stock options to align managers' incentive with those of the shareholders. Teaching Purpose: To illustrate the difficulty faced by managers in entrepreneurial firms, such as Internet-based firms, who have much of their wealth tied up in a volatile firm. Should they sell some of their holdings? Will the sales decrease shareholder value?

Bicycles for India

Authors: Narapareddy, Vijaya, and Nancy Sampson
Year 1999, <http://www.caseplace.org/cases/>

Paul Polak, President of International Development Enterprises (IDE), and other team members of the bicycle project face numerous delays in the development of an appropriate plastics compound utilizing recycled plastics and organic fibers required for making hassle-free plastic wheels. Lack of funding further impedes the progress of the low-cost bicycle IDE seeks to develop for poverty-stricken rural farmers of India which, in turn, will foster economic development through local production and marketing. The challenge is compounded when recent market surveys indicate poor consumer acceptance of the bike. The case ends with the decision of whether Paul Polak should continue or scrap the bicycle project.

Business Strategy in Asia

Kulwant Singh, Nitin Pangarkar & Loizos Heracleous
Year 2003



This book fills an important under-served niche in the strategy arena: a case book on business strategy in Asia. Written by expert researchers in Asia, it presents a broad selection of cases addressing a range of current and important issues in business strategy and management.

The cases have been carefully chosen to represent the geographic and economic diversity of the different countries, industries and firms within Asia. The cases present an array of large and small firms, high-technology new-economy firms and those in mature industries, achieving success and suffering failure in a variety of business environments.

The diversity of cases, firms and strategy situations represented makes this book an invaluable source for teachers, students and strategists. It can be used in the classroom for undergraduate, graduate, or executive education, and also serves as a valuable guide for all managers interested in understanding why and how firms succeed in Asia.

Metrics Drive Success for Major Outsourcing Project

This case study of a deep outsourcing relationship between microwave radio products manufacturer Stratex Networks and a parts shop in Taiwan has several lessons for anyone considering outsourcing, either for IT or business processes. Stratex hired a consultancy to develop a complete set of

performance metrics and the two companies created cross-functional teams to constantly monitor performance. The teams identified three key metrics as the main benchmarks for performance, simplifying what could be an otherwise overwhelming monitoring process.

And Stratex has employed a simple scorecard system to disseminate metrics information.

<http://ct.itbusinessedge.com/>

Why Not Every Job Translates Overseas

Silicon Valley software maker Valicert's overseas experience is a cautionary tale of vendor relationship management. In fairly dire financial straits, Valicert outsourced engineering to India. Several company executives were from India and familiar with IT-outsourcing firms.

Instead of having a manager in India, the U.S. employees "managed" the Indian workers through e-mail. Confusion ensued and Valicert then tried its own subsidiary with an experienced manager. As projects were passed back and forth, a series of misunderstandings led to numerous product delays and missed financial targets. Both sets of employees resented the other.

<http://ct.itbusinessedge.com/>

Creating an Innovation-Rich Culture

Dow Corning went into Chapter 11 in 1995 and by 2000 had had 5 years of flat sales and earnings. Formed as a joint venture between Dow Chemical and Corning Glass 61 years ago, the company was in a dark place. It formed 7 non-executive teams chartered with reinventing the company.

Dr. Burns shared the story of how those set in motion a stream of innovations that have successfully turned the company around. "If you can unleash the creative energy of people, you can create an innovation-rich culture," she states. Although she states that Dow Corning is "only 10% there," she shared the following insights.

Key Lessons:

1. Forget Not-Invented-Here. Innovation works best as a boundary-less undertaking. Inventing everything yourself costs too much money and takes too much time, and can actually decrease your chances of success.
2. Build on what you have in new ways and leverage core capabilities through new avenues and alliances.
3. Seek the sweet spot where value and risk meet. The advantages of being "first in" can be outweighed in many cases by entering later and continuing to innovate based on market response.

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

The Visual Factory: Building Participation Through Shared Information

by Michel Greif, Price: Rs.495.00

This book explains why conventional work areas where fragmented information flows from "top to bottom" must be replaced by the "visual workplace" where information flows in every direction. It details how visual management can make the factory a place where workers and supervisors freely communicate so that every employee can take improvement action.

The author's year-long worldwide research resulted in an abundance of practical recommendations. Over 200 diagrams and photos illustrate the numerous visual techniques discussed.

A visual factory also has visual mechanisms for tracking and celebrating progress and improvement. Other improvement-related topics discussed include as Idea Exchange for pooling and amplifying employees' ideas and examples of company wide and departmental mission statements as continual reminders of the groups ideals and progress.

Buy it from K Krishnamurthy, Books & Periodicals
kkbooks@vsnl.com

Your Bag of Tricks

Late-night talk shows might not be calling on Jane Linder and her new book 'Outsourcing for Radical Change'. But it is certainly worth some attention. She offers important, practical, lively advice about transformational outsourcing: "an essential tool in every executive's bag of tricks." Mixed metaphors notwithstanding, Linder-Executive Research Fellow, and Director of Research at the Accenture Institute for High Performance Business builds on a major outsourcing research study from Accenture, as well as her own in-depth interviews and provocative case studies, to make a convincing case for outsourcing as the secret weapon for 21st century business survival.

Colourful Lateral Thinking Puzzles

Paul Sloane, Des MacHale
Sterling Publishing, June 2004

Finally, a puzzle book as "bright" as its readers. Not only will puzzle-doers find wickedly tricky brain busters on every page, but all the accompanying illustrations are in brilliant color too. And that makes unraveling these challenging conundrums even more fun. It will take some real smarts to figure this out: Diamonds are for never: Robbers knew that a woman had some very valuable diamonds.

They waited until she was away on holiday and then burgled her house. They searched high and low but they could not find the diamonds. What had she done? The answer may seem hard to find at first, but solvers who can think unconventionally,

and look past the obvious, will figure it out - and every other puzzle too. Answer: She froze each diamond in a separate section of a tray of ice cubes, where they were very hard to see.

Foreign Companies in Singapore: Yearbook 2004

Published by Business Monitor International



With access to over 10,200 contacts at 3,500 top foreign companies, your company cannot afford to be without the new Foreign Companies in Singapore 2004.

Each entry in Foreign Companies in Singapore has been painstakingly researched at source by Business Monitor International's corporate research team, using questionnaires, email, fax and telephone. It is the most comprehensive and rigorously researched listing of foreign companies in Singapore on the market.

Email: sales@alslibs.com.sg

South Asia 2004

Edited by Lynn Daniel
sales@alslibs.com.sg



The latest addition to Europa's highly praised and valued Regional Surveys of the World series, South Asia 2004 provides an in-depth library of information on the countries and territories of the region. Researched by Europa's experienced editorial team, this title includes a vast range of up-to-date economic, political and statistical data. Combining impartial analysis with facts and figures, South Asia 2004 provides a unique overall perspective on this increasingly important region. The book covers issues such as:

- Globalization and Human Development Issues in South Asia - C. Rammanohar Reddy, Deputy Editor, The Hindu, Chennai, India
- Corruption and the Challenges to Good Governance in South Asia - Mushtaq Khan, Senior Lecturer, Department of Economics, School of Oriental and African Studies, London, United Kingdom;
- Environmental Issues in South Asia - Gouranga Dasvarma, Senior Lecturer and Director, Graduate Program in Population and Human Resources and Master of Environmental Management Program, School of Geography, Population and Environmental Management, Flinders University, Adelaide, SA, Australia;
- Current Security Issues - Rohan Gunaratna, Associate Professor, Institute of Defence and Strategic Studies, Nanyang Technical University, Singapore; Religions in

South Asia - Geoffrey Parrinder, Emeritus Professor of the Comparative Study of Religions, University of London, United Kingdom

- Also includes detailed coverage of the eight countries of South Asia: Afghanistan, Bangladesh, Bhutan, India, The Maldives, Nepal, Pakistan and Sri Lanka
- Up-to-date statistical surveys including the latest available figures on population and area, agriculture, industry, trade, transport, communications, media and education
- A directory section of essential contact names, postal addresses and e-mail and Internet addresses.

The World of Learning 2004

Edited by Michael Salzman

sales@alslibs.com.sg



A complete directory and guide to the organizations and institutions throughout the sphere of higher education and learning.

Profiling some 30,000 academic institutions and over 200,000 staff and officials, this highly esteemed work covers the whole of the higher education and learning spectrum. Available in both print and online editions, there is no other source that provides such comprehensive, international coverage. Now in its 54th Edition, The World of Learning has become established as one of the world's leading reference works. Meticulously updated to the highest editorial standards, entries are sourced from the organizations themselves to ensure accurate and reliable information.

Every type of academic institution is covered, including over:

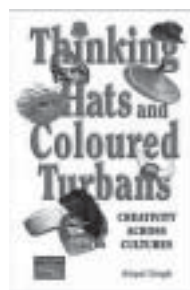
- ▶ 6,200 Universities and Colleges
- ▶ 6,600 Research Institutes
- ▶ 3,000 Museums and Art Galleries
- ▶ 5,300 Learned Societies
- ▶ 3,500 Libraries and Archives
- ▶ 26,000 Publications

This highly acclaimed resource also includes a separate section detailing more than 500 international organizations concerned with higher education and scholarship, such as UNESCO, the International Association of Universities and ERASMUS.

Thinking Hats and Coloured Turbans

by Kirpal Singh, October 2003, Published by Prentice Hall

What makes up the creative impulse, the creative moment? In *Thinking Hats and Coloured Turbans*, Kirpal Singh, one of



the most powerful voices in the international arena of creativity, offers insights and challenges on this fantastic topic. Most people, when thinking out of the box, feel comfortable thinking out of their own box, into their bosses' box. This, according to the author, in one way or another, debilitates thinking.

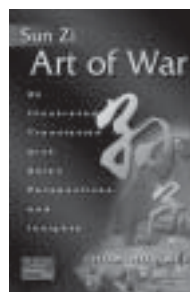
Written in a casual, personal and often irreverent style, this book takes readers on a journey of exploration and discusses the socio-cultural and linguistic dimensions which influence notions of creativity.

True to his character, Kirpal Singh does not mince his words and some hard truths are engagingly discussed. One highlight of the book is the inclusion of detailed case narratives of outstanding individuals from around the world, known for their creative thinking and innovative actions. Other key features include several appendices discussing the general frames relevant for creativity to triumph as well as a frank discussion about Singh's personal experience of teaching Creative Thinking at the Singapore Management University.

Sun Zi - Art of War

by Wee Chow-Hou

Prentice Hall, September 2003



Over the years, there has been great interest in the works of Sun Zi. His treatise, the *Art of War*, has received great attention both in the military war room and the corporate boardroom. Even in the 2003 war against Iraq, one could easily detect strategies that were inspired by this work. While many people have quoted from and analyzed the *Art of War*, there are very few translated books that accurately capture the tremendous wisdom embedded in the treatise. This book hopes to address the shortfalls of previous translated works and is different in several major dimensions.

First, the original classical Chinese text is included for authenticity of translation. Second, hanyu pinyin is used to help readers understand the Chinese characters. Third, difficult Chinese words are explained and illustrated to help readers appreciate the intricacy and beauty of the Chinese language. Fourth, extensive cross-referencing has been used so that Sun Zi's philosophy can be better understood. Finally generous examples are used to illustrate the various concepts and principles.

The aim of this book is to let the reader gain a deeper understanding and appreciation of Sun Zi's *Art of War*, and inspire him/her to apply the principles in numerous areas, including the realms of business and management.

Attach and detach with equal ease

Ashoke Maitra shares with Debra and William Miller his spiritual experience of managing the merger of two competitive petrochemical companies

When I was the HR person for NOCIL, we were merging NOCIL and another petrochemical company. I had to lead the integration for this merger. The two companies were very culturally different and were organised very differently. There was a lot of hatred between these two companies; for years they had fought each other to prove who was better, and now the other company would be losing its identity.

I thought that the best way to merge would be to integrate people at the spiritual level. To my mind, the purpose of spirituality is to manifest the latent Divinity in myself and in every person. I believe I am not the body; I am the soul. So from this personal understanding, I experimented. No one stopped me, since from the initial stage the shareholders got good feedback.

The first thing I realised was that I must not identify myself with either company, while at the same time taking full ownership of my HR position and responsibilities. I knew that I had to be clear, and I often thought of Vivekananda's talk that we should be able to attach and detach with equal ease. I became detached so I could properly facilitate the process. I knew I had to be involved in it, but out of it. I had to be like a lotus in the water.

I called together all the top management from both sides and told them, "We have to create a new vision for this company. Your purpose cannot be to hate each other, let us go beneath all of this and see what our purpose is. The fact is we have been legally merged, so what do we do?" I knew they needed to connect spiritually.

At this session, at first there were a lot of grievances that surfaced. By the afternoon, we said, "Okay, it is the worst thing to happen in life, but it has happened. Now what do we do?" We started examining the question of purpose, and in three days time we came to a top management integration of the purpose of the combined companies.

I then conducted 44 workshops of two days each to help employees understand this new vision for the company. I got people together, through a participatory process, to develop respect and positive feelings for each other. It was a residential workshop, and the first day even during the lunch they sat separately. By the end of the two days there was some amount of mutual respect where they could at least look at each other and sit next to each other.

I believe that if I had not been detached and acted with equipoise that I could have never achieved this. I was not an

external facilitator - I was the HR head of the surviving company. As such, they had every right to turn on me and think that I had betrayed them. My transparency and credibility had to be grounded on my spiritual foundation because people knew I was a spiritual person.

In sensitivity workshops we subsequently held, we first asked people to define their purpose in life. We didn't ask them to define the purpose of the company; we asked them to define what they are here to do in life and what they want from life. Most of the people said they wanted happiness and satisfaction from life. We asked them, "How do you get satisfaction?" We pointed out that you get satisfaction when you don't hate anyone, when you aren't greedy, and when you don't have anger. When they pointed out that they were angry because of the merger, I reminded them that the merger had nothing to do with them personally; it is a legal merger and they should not get so attached to it.

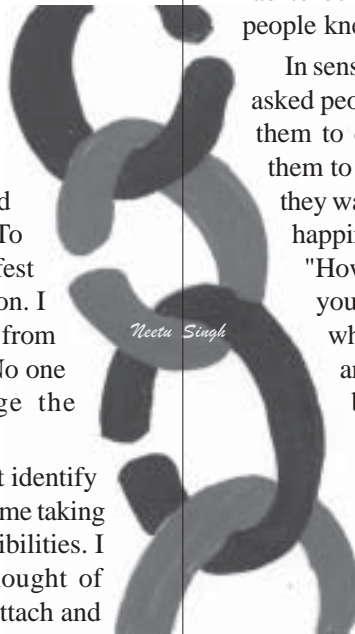
This is the first stage where we had them begin their introspection. Spirituality is all about introspection. When you put people in an introspective mode in an exercise, then they start to question their own life and their own reason for existence. Then, many times they see the futility of getting angry and see that they are doing exactly the opposite of what they want to achieve.

It was out of compassion that I wanted the employees to forget what was happening in the company and to just look after themselves. My overriding mission during the entire process was to reduce grief and not increase grief. I think the reason they accepted what I said is because they saw I was concerned about them.

I was able to spiritually detach myself while being part of it, and I wanted to transfer this knowledge to them. I reminded them to treat life as if it were a play and to know that many times things are going to happen with or without their will. If you learn to detach yourself and look at what is going on as a spectator, you can have a much better life.

We had one of the smoothest mergers in the history of India of two petrochemical companies. We had no press reference, even though we could have been the centre of attention in the news at that time.

This article is part of a series of executive interviews William and Debra Miller of the Global Dharma Center have conducted for their international research program "Spiritual-Based Leadership". Ashoke Maitra was, till recently, Director (Corporate) of Human Resources for the Times of India Group and Director of the Times Foundation



Have faith on key strengths to build global brands



India's time to build global brands has arrived. Recognizing its major strengths and not getting bogged down by liabilities can hasten the process

-by Harish Bijoor

Let's just remember one thing. India has been a poor country for a long, long while now. People below the poverty line have numbered a strong platoon of people. And despite it all, the population has grown, survived and continues to thrive in its sheer numbers. People have found a way to survive. The fittest have survived on high value brands, the less fit than that have thrived on brands of a lesser caliber in the country. Those even lower in the hierarchy have survived on the fringe of the commodity in every category of want and need. Consumption needs have always found answers. Consumption solutions for all!

There is therefore a pyramid of consumption that lies all over the slopes of Maslowe's hierarchy of needs. But then, everybody, rich or poor, has fallen within the confines of this pyramid. And just as long as they do, there is indeed potential for a robust market for commodities, quasi-brands, brands, super-brands and of course at the ultimate level of the self-actualizing folk, no brands at all!

Every one of these segments has a value though. And in value rests the potential for the marketer. The one big true-blue competitive advantage for India of the present and India of the future is indeed its large population base articulating every basic need in consumption of products, services and utilities.

Time to change the paradigm of India's population then! Every marketer of whatever origin, be it from within India or outside, will queue up in the consumer markets of the country, trying to woo the wallet of the willing. As traditional source markets reach a plateau in their consumption, nascent markets like the one in India will hold a great deal of allure to the marketing man in his Western strait-jacket.

The competitive advantage of India will rest in both its own shores and in the foreign lands of its source markets. As the WTO regime opens up markets that do not discriminate and markets that don't raise the usual high tariff walls that have been the distinct characteristics of the past that has gone by, the Indian product and the Indian brand has a challenge to seize and exploit to its advantage.

The India brand is the center-point of this entire exercise that waits to unfold. The country and its many unique propositions show an excellent potential packed into the future.

This potential needs many Godfathers to unlock though. The name India is in itself filled with a mystique of the past. No point then to negate the mystique and charm of the brand there is in the minds of peoples outside the shores of India. Might as well use it to advantage. Add all those dashes of hi-technology to all the soft touch of the nation in the minds of

the consumer in foreign markets, and you just might have a potent broth that will re-position the brand that is India.



The competitive advantage of an image versus that of a functional reality has seen the winning potential in the image and the brand. As the future evolves into one that is besotted more with imagery than with the functional trait, piggybacking on the India brand, a whole host of honest products and services that cling on to the tail of the mystique that is India, is certainly a possibility of significant competitive advantage.

Preserving a whole host of things that are distinctly Indian and distinctly ethnic will be the biggest task for those in the game of maintaining the key differentiators, which will be the key USPs of the India brand. Natural health remedies, natural cooking, the Organic nation, the realm of alternate medicine and health are but only some of the areas that will distinguish India in the future. The many, many competitive advantages of India, glorified in recent years in the realm of InfoTech, front-ended scientific research work that is currently on in the outer-periphery of achievement, India's strides in the realm of PharmaTech and allied areas are possibilities that have been highlighted well and possibly even inflated beyond levels of credible usage in the past.

Avoiding these realms, one can only look at the basics that India offers to the markets that are emerging now and to the markets that will emerge in the future.

The effort that has to be made in order to establish and capitalize on the basics just outlined as key competitive advantage of the country, require an investment in the realms of positive development of the network economy, its infrastructure base, its communication ability and of course the key factor of brand-led thinking.

India has long since lived as a commodity. It is time then to yank itself out of the commodity mindset and establish its presence in the brand-led world. The world today is one that is moved more by the image than by the reality. India needs to seize its place in the limelight of brands.

As everything in the marketing lives of the Indian gets redefined in the near and medium-term future, there is but no other option than to depend heavily on the key strengths we have taken for granted in the past. Even considered a liability in the recent past.

The author is CEO, Harish Bijoor Consults Inc., a private-label consulting outfit with a presence in the markets of Hong-Kong, London and the Indian sub-continent.

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Kajuraho inspires Times of India

Everyone knows how the Times of India group's savvy marketing brigade is demolishing one competitor after another and how it loves IRS and NRS polls. But has anyone cared to know where its inspiration comes from? Here it is from the horse's mouth.

In an interview, Ashoke Maitra, former HR Director of the over Rs. 1,600 crore Times of India group, told Debra and William Miller of Global Dharma Center: "We are using the Kajuraho temple as a model for our newspaper layout. If you go to the Kajuraho temple there are a lot of erotic statues outside, but once you go inside to the sanctum sanatorium there is no eroticism. So if you want to stay at the erotic level, you can choose to stay outside the temple. If you want to go to the sanctum inside the temple, then you have to give up eroticism and point your eyes toward God. You will notice that even outside, in all of the erotic sculptures the eye is pointing upwards toward God.

So in our newspaper we take people from the gross to the subtle. This is why we have the Speaking Tree and Inner Voice as spiritual columns in the center of our newspaper. We have also started a Goodwill column on the second page that reports all of the good things that are happening in society. People are born pure, then they travel to impurity because of our society and its education. Now, in our organization we are trying to get them back to the purity they were at birth."

It appears there's more to eroticism than mere voyeurism. Credit also goes to the ancient Hindu gurus who used innovative methods to draw people into the temple.

Managers and decisions

The manager of a large corporation got a heart attack, and the doctor told him to go for several weeks to a farm to relax. The guy went to a farm, and after a couple of days he was

very bored, so he asked the farmer to give him some job to do. The farmer told him to clean the shit of the cows. The farmer thought that to somebody coming from the city, working the whole life sitting in an office, it will take over a week to finish the job, but to his surprise the manager finished the job in less than one day.

The next day the farmer gave to the manager a more difficult job: to cut the heads of 500 chickens. The farmer was sure that the manager will not be able to do the job, but at the end of the day the job was done.

The next morning, as most of the jobs in the farm were done, the farmer asked the manager to divide a bag ! of potatoes in two boxes: one box with small potatoes, and one box with big potatoes. At the end of the day the farmer saw that the manager was sitting in front of the potatoes bag, but the two boxes were empty. The farmer asked the manager: "How is that you did such difficult jobs during the first days, and now you cannot do this simple job ?"

The manager answered: "Listen, all my life I'm cutting heads and dealing with shit, but now you ask me to make decisions!"

The Boss



A man goes into a pet shop to buy a parrot. The shop owner points to three identical looking parrots on a perch and says, "The parrot on the left costs 500 dollars." "Why does the parrot cost so much," asks the man.

The shop owner says, "Well, the parrot knows how to use a computer". The man then asks about the next parrot to be told that this one costs 1,000 dollars because it can do everything the other parrot can do plus it knows how to use the UNIX operating system.

Naturally, the increasingly startled man asks about the third parrot, And was told that it costs 2,000 dollars. Needless to say this begs the question, "What can it do?"

To which the shop owner replies, "To be honest I have never seen it do a thing, but the other two call him boss!"

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

Correction
In the article 'Why the King of innovation isn't rich? in the May 2004 issue the phrase 'no-namers' was inadvertently used referring to Acer. The error is regretted.