Management Next
jump out of the box
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Is management getting too soft for comfort?

Is it high time for companies to cut out whining about culture, spiritual leadership, diversity, work-life-balance, knowledge management and empowerment and start doing the hard stuff that'll make competitors sweat?

By Benedict Paramanand

In the last 50 years, after World War II, the art of managing business may have come full circle. From a heavy influence of military strategies and management theories replete with jargon, businesses are reaching a stage where managers are beginning to look squeamish. Also, killer go-to-market strategies and perform-or-quit people policies are viewed as crude and lacking in sophistication.

Since senior managers are increasingly accountable to malleable shareholders and ragtag boards they no longer fear the iron hand of a tough CEO. Clamor for strict corporate governance standards following a series of massive financial scandals in recent years are giving managers enough excuses to duck taking risky decisions.

So is the soft ball replacing the hard in the world of business? What impact could this trend have on the way organizations are managed in the future?

In a powerful article in the April 2004 issue of *Harvard Business Review*, George Stalk Jr. and Rob Lachenauer see a clear trend towards softness and warn of its dangerous implication. To them winners in business play hardball, and they don't apologize for it. They single-mindedly pursue competitive advantage and the benefits it offers: a leading market share, great margins, and rapid growth. They pick their shots, seek out competitive encounters, set the pace of innovation, and test the edges of the possible.

Softball players, by contrast, may look good, but they aren't intensely serious about winning. They don't accept that they must sometimes hurt their rivals and risk being hurt to get what they want. "Softball players don't play to win; they play to play. That approach may reflect the recent focus of management science, which itself has gone soft." To the authors the discourse

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what's in...

I ANNIVERSARY ISSUE

ManagementNext

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Mission

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

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around soft issues such as leadership, corporate culture, knowledge management, talent management, and employee empowerment has encouraged the making of softball players.

Although there are countless ways to play hardball, a handful of classic strategies are known to be effective in generating competitive advantage. Best employed in bursts of ruthless intensity, these strategies are: devastate rivals' profit sanctuaries, plagiarize with pride, deceive the competition, unleash massive and overwhelming force, and raise competitors' costs. "But hardball isn't only about the moves you make. It's also about the attitude you bring to them. The playbook won't do you any good if you feel squeamish about using it," they write.

The soft stuff too has its backers. Steve Miller, Group Managing Director, Royal Dutch Shell Group of Companies wrote in a *Fast Company* article in April/May 1998: "The 'soft stuff' is what will continue to separate the best companies from the rest. What we mean by, "making the soft stuff count", is taking decisive action that bring out the best in people so that their contributions show up as improved organizational results."

When Miller wrote the article six years ago the global economy was savoring the dotcom miracle. But today, as globalization is tearing open all protected markets, securing a leadership position is harder than ever. The competition's turned nasty, and only the toughest players make it to the top. The way South Korean brands LG and Samsung have turned the tables on Indian white goods' brands in India in the last five years is a classic case.

So how can managers get back to their hard, tough ways of managing business? If you ask successful business gurus they'll tell you to use hardball strategies to take down rivals' cash cows and co-opt their best ideas. Or make moves in one market to score successes in another - in ways competitors can't immediately detect. And define a long-term strategic intent that captures employees' imaginations and stokes their desire for victory. Channel that passion and urgency into corporate challenges that lead to long-term triumph.

Given an unforgiving market the question is how can companies take the battle to competitors' turf without alienating all stakeholders. Typically, any management guru worth his salt will tell businesses to mix the soft with the hard. But therein lies the danger. While spending all the energy in finding the right balance market shares have been lost along with the key people. Many CEOs have found themselves on slippery grounds trying to find the middle ground or the right balance. This should be best left to management gurus to ponder over a few shots of tequila.

Still, managers may not have time to wait until the tequila's effects show up, if they do at all. Businesses are about market shares, profits and keeping employees and shareholders happy. A marriage of hard and soft approaches seems necessary, even inevitable. Like all marriages, this too needs to be worked at all the time.

What the hec is services science?

It's ironical that even when the services sector is the largest segment of most economies, little research is being done on services science. But there's no reason for despair. As always, IBM is taking a lead in this discipline as it did with computer science.

IBM's Paul Horn, senior VP (Research) told *Business Today* recently that in the next five years services science will be a new academic discipline. He said: "You go to a computer science department and ask people what they are doing and very likely they are working with biology or doing pattern matching in bio-informatics. Or they are working with the business school and doing electronic market places or pricing analysis. They are working on hard business and societal problems. I would call that services science."

In May 2004, IBM is getting educators from across the world to a summit to help define services science and then help stimulate it. Horn said, soon services science is going to be a huge, emerging and exciting area.

Want to improve IT - business relationship?

You might think adding another layer of staff between IT and the business would be the last option to solve the IT/ business disconnect. But Brian Jones, global IS director and CIO of Allied Domecq Spirits and Wines, did just that when he hired four senior business relationship managers. These BRMs and their staff of 10 were tasked with identifying what the business end users needed from IT.

Since Jones created the positions, 80 percent of the firm's users say IT service has improved. Several companies that have improved IT alignment by creating a job that negotiates between IT and the business. Those who've done the job say it's a difficult, thankless task that demands diplomacy and honesty. But while the position may not be easy for the individual, proponents have said that the effort payed off for the company by improving IT/business relationships.

Perspective is more important than IQ

To Nicholas Negroponte, the father of the digital wave, our biggest challenge in stimulating a creative culture is finding ways to encourage multiple points of views. Many engineering deadlocks have been broken by people who are not engineers at all. This is simply because perspective is more important than IQ.

The irony is that perspective will not get kids into college, nor does it help them thrive there. Academia rewards depth. Expertise is bred by experts who work with their own kind. Departments and labs focus on fields and sub-fields, now and then adding or subtracting a domain. Graduate degrees, not to mention tenure, depend upon tunneling into truths and illuminating ideas in narrow areas.

The antidote to such canalization and compartmentalization is being interdisciplinary, a term that is at once utterly banal and, in advanced studies, describes an almost impossible goal. Interdisciplinary labs and projects emerged in the 1960s to address big problems spanning the frontiers of the physical and social sciences, engineering, and the arts.

“The idea was to unite complementary bodies of knowledge to address issues that transcended any one skill set. Fine. Only recently, however, have people realized that interdisciplinary approaches can bring enormous value to some very small problems and that interdisciplinary environments also stimulate creativity. In maximizing the differences in backgrounds, cultures, ages, and the like, we increase the likelihood that the results will not be what we had imagined.” Nicholas Negroponte is co-founder and chairman of the MIT Media Laboratory.

De Bono shows results

How many management gurus can show tangible results of what they postulate or preach to CEOs? Hardly any. One of the few exceptions is Edward De Bono, popular for his Six Hats theory for arriving at creative solutions. Here's a performance chart for you: Finland ABB used to spend 30 days on its multinational project discussions. Using the Six Hats, it brought it down to 2 days. Siemens reduced its product development time by 50 percent. IBM cut its meeting time to a quarter when they used the approach in Carolina.

The two-decade old Thinking Hats approach is said to be applicable even today. Perhaps if Indian political leaders had listened or read him then, India could have been on par with China.

De Bono, who was in India for a lecture series recently, said it was high time companies started appointing chief creativity officers (CCO). The CCO should be a good listener who can champion the cause of creativity in the organization. The CCO cannot be too creative a person himself because then he would be sold on his own ideas. Like a good leader he has to throw a provocation and let others do the thinking.

Stichastic Optimization

Stichastic Optimization is used in industries such as transportation, which function under a great deal of uncertainty. Typically, airlines face uncertainties such as bad weather, tyre burst etc, but airline companies are expected to be at the right place at the right time. Optimization in the presence of such uncertainties is called stichastic optimization - finding efficiencies where there is a lot of uncertainty.

Isn't it time to jump out of the box?

Twenty years ago, "think outside the box" was a powerful, new thought. Sparked by the nine-dot puzzle that required the breaking of assumptions, this way of thinking asked us to break through barriers and open our minds to fresh information. It helped us avoid judgment too soon. It was a good thing.

Today, however, it has become a cliché that actually limits thinking and produces its own barrier to innovation. Rather than staying rooted in its question-assumptions, delay-judgment origins, it has become the banner cry for a mindset of anything-goes, think-wild-and-crazy, and all-ideas-are-good-ideas. A Google search of the term yielded over two million hits with companies from publishing to lawyering adopting the term as their own badge of creativity.

The debate on the future of the 'cliché' on www.gurteen.com is getting livelier by the day as more reactions stream in.

According to one of the comments it's time to lovingly pack this phrase away as it is now causing more damage than good and perpetuates the confusion between creativity and innovation. Innovation, defined simply as new products, services and processes that create value, must stay anchored on that creation of value. And, value is created from a laser-like focus on the needs of customers (internal or external) linked to the strategy of the organization. Within that laser beam, it is possible to be highly creative and produce new growth and value. Outside that laser beam, it's just popcorn. "Think outside the box," the way the term is widely used today, invites us to forget where we are and where we're trying to go and just generate a lot of ideas. It results in a wall of sticky notes that no one ever uses and a growing dislike, distrust and resentment about brainstorming in general.

Think even when you are trapped

The expression could be interpreted as "think WHEN YOU ARE outside the box" - implying that you don't have to think all the time. And sometimes I see the "outside the box" as standing aside from the problem/situation and seeing from above/aside. Unengaged. I usually say: "Think! Even inside the box." - meaning that you should/could think all the time and in all situations - even (especially!) when you feel you are trapped (in a box).

Fortunately there's someone who still believes in perpetuating the phrase. According to one of them: "Perhaps the examples you provide on why the term should be put to rest have value, but I think there is far more value to reviving it. I use "Think Outside the Box" (TOTB) as battle cry everyday in order to remind people that if they keep doing the same thing over and over, they will continue to get the same results. TOTB isn't just about the box being your workspace or company -- it's refusing to be boxed in by your experiences, instincts, and biases.

ManagementNext too has joined the debate. The newsletter believes that the vast innovations and creative breakthroughs are made by the creative minds who not only think outside the box -- they blow the box to bits! Or simply Jump Out of it.

Conversation with Dhirubhai Ambani

Anil Ambani shared a few insights that he picked up from his father, especially when he was young and fresh from the business school while addressing the fresh IIMB MBAs at a convocation ceremony in March 2004.

"I recall that after I graduated from the Wharton Business School I landed on the 13th December 1982. Went home and told my father that now I'm an MBA, I'm want to take a few weeks off before I can chip in in the family business.

My father asked me to sit down. Now that you have returned with an MBA what do you know about the Indian politics, about the revered, respected and feared bureaucracy; what do you know about sales tax, customs duty, octroi, entry tax etc. What do you know about the way India as a country functions? My advice to you then is: get practical experience first."

His next big question was: “What is the definition of a leader? Dhirubhai said: "A leader is a person who can attract followers. If you look back and if there are no followers then you are a leader only in your mind.”

“As you enter an organization you have to make two choices. Either command respect or demand respect. If you demand respect, which is short lived, it will be a sad day for me.”

About being a dreamer and visionary he said: "You and I dream, everybody dreams. I do dream but the difference is I dream with my eyes open."

Has science contributed enough to Management?

As the journal Management Science turned 50 it's time for a reality check of its vision of instilling a comprehensive scientific element into management. Has it succeeded in doing so?

On the evening of December 1, 1953, a group of 57 individuals met at the instigation of Melvin Salveson at Columbia University and voted The Institute of Management Sciences (TIMS) into existence. *Management Science* (MS) was born in the midst of a burst of enthusiasm for quantitative methods and motivated by the well-publicized successes of operations research during World War II.

TIMS' conviction was that management science would emerge as the greatest scientific discovery of our age. It believed that no other field of endeavor was as important to man as the field which searches for truths about the ways in which men work and live together. To achieve this the journal said that all philosophies would be given equal chance to express themselves and the authors would be given the opportunity to write no matter what their origin was.

In an article in MS's Golden Year edition, Wallace J. Hopp of the department of industrial engineering and management sciences, Northwestern University, EvanstoIt, Illinois, said that MS has had a broad editorial scope - certainly the broadest among leading academic management journals. But has it made an impact in these disparate areas? According to a number of citations the journal is seen as successful in promoting and promulgating excellent scholarship on the components necessary for a science of management, but has been much less successful at developing structure of the science itself, leave alone the application of it.

"While accurate, this may be overly harsh," Hopp wrote. The founders of MS had visions of establishing a science of management within 50 years. But in retrospect, this was hopelessly optimistic. Routing convoys, searching for submarines, and screening munitions for defects were trivial in comparison with the problems of creating a comprehensive framework within which to make management decisions. Military applications, and those that followed in the private sector - inventory control, scheduling, and resource allocation - had clear objectives and a narrow scope. In contrast, general management decisions involve ill-defined systems and multiple objectives, as well as human behavior and values.

"We should keep in mind that 50 years is a short time in the sweep of science history," Hopp wrote. Two hundred years of stunning progress in the 16th and 17th centuries had still not generated today's undergraduate physics curriculum. Einstein sought a theory to unify the fundamental forces for more than 35 years before his death, half a century of work since then has still not yielded a unified field theory. Moreover, management is simply a less tractable field of study than physics, because it involves people. Given that the social sciences have not yet reached the level of maturity of the 17th century physics, a complete science of management is still a long way off.

Unlike well-defined disciplines like physics, economics, and psychology, the science of management is strongly interdisciplinary. For this reason, its development will also require evolution of a 'metaparadigm' which represents the overarching framework in which the disciplines are brought together. For example, understanding a manufacturing plant does not just require a theory of human motivation and a theory of material flow, it also requires a means for describing the interaction between the two.

Hence, while *Management Science* continues to provide a forum for publishing innovative work on the individual pieces of a science of management, this is a function it shares with many other publications.

But what about research that offers the potential for paradigmatic change? Certainly, papers that reject, shift, or replace existing frameworks are rarer than normal papers. But, given the key role they play in promoting scientific revolutions, it is vital for them to find outlets. Ideally, disciplinary journals should publish such papers. But because elite disciplinary journals are generally heavily committed to the current paradigm, they are often unsympathetic to truly revolutionary ideas. With its multidisciplinary outlook, *Management Science* might be able to play a role in the early nurturing of new frameworks.

There's no doubt that in 50 years *Management Science* has contributed many pieces to the edifice of a science of management. "To Hopp that this science remains in its infancy is not cause for despair. What's paramount is the belief that scientific inquiry can significantly improve the human condition through better management of our resources, systems and organizations remains as relevant as a guiding principle now as when this was conceived." - **BP**

Why the king of innovation isn't rich?

Apple has been the undisputed leader in innovation for over two decades, yet why is it so small in revenue and profitability terms?

You don't need to know history to say who started the personal-computer revolution. Since its first product in 1977 Apple has played the role of generous host, spicing up the festivities with one tasty offering after another. Following the PC, Apple served up many of the features that computer users have since come to take for granted, including the graphical user interface, the mouse, the laser printer, and the color monitor. "Yet Apple has been forced to watch the celebrations from out in the alley, its nose pressed longingly to the window as others feast," writes Carleen Hawn in the January 2004 issue of *Fast Company*

Today, more than a quarter-century after its founding, Apple commands just 2 percent of the $180 billion worldwide market for PCs. Almost everyone agrees that Apple's products are not only trailblazers but also easier to use, often more powerful, and always more elegant than those of its rivals. "Yet those rivals have followed its creative leads and snatched for themselves the profits and scale that continually elude Apple's grasp," Hawn writes.

All of which raises some interesting questions. "If Apple is really the brains of the industry--if its products are so much better than Microsoft's or Dell's or IBM's or Hewlett-Packard's–then why is the company so damned small," asks Hawn. Consider that in the last 10 years alone, Apple has been issued 1,300 patents, almost one-and-a- half times as many as Dell and half as many as Microsoft--which earns 145 times as much money.

The Creativity Conundrum

That Apple has been frozen out time and again suggests that its problems go far beyond individual strategic missteps. Steven P. Jobs, the cofounder and Chief Executive of Apple Computer Inc. may have unwittingly put his finger on what's wrong during his keynote speech in Paris recently. "Innovate," he bellowed from the stage. "That's what we do." He's right--and that's the trouble. For most of its existence, Apple has devoted itself single-mindedly, religiously, to innovation.

But the paradox of Apple is in many ways more disturbing because its innovations haven't been precommercial like Xerox PARC's; they haven't been superseded, like Polaroid's; they haven't been frivolous, like those of the dotcom bubble; and they haven't been destructive, like Enron's. They've been powerful, successful, useful, cool. Since its earliest days, Apple has been hands-down the most innovative company in its industry--and easily one of the most innovative in all of corporate America.

But even in that banner year, Apple's creative energy hasn't amounted to very much in financial terms. For its fiscal year ending September 2003, Apple reported just $6.2 billion in revenues, three-quarters of it from the sale of personal computers. The father of the PC--and, remember, the industry's number-one vendor in 1980--has since sunk to a lowly ninth, behind competitors Dell, Hewlett-Packard, and IBM, just for starters. Sadly, Apple is also behind such no-namers as Acer (seventh) and Legend (eighth). So much for innovation and creativity.

To Hawn where Apple was once one of the most profitable companies in the category, its operating profit margins declined precipitously from 20 percent in 1981 to a meager 0.4 percent today, just one-fifth the industry average of 2 percent. And it isn't just the hardware manufacturers that are devouring Apple. Its chief competitor in software, Microsoft, earned $2.6 billion in fiscal quarter (ending September 2003). That's nearly 15 times the $177 million in software sold by Apple in fiscal quarter and roughly equal to the profits that Apple has earned from all of its businesses over the past 14 years. In just three months.

With such examples as Apple in mind, a number of skeptics are beginning to ask whether our heedless reverence for innovation is blinding us to its limits, misuse, and risks. It's possible, they say, to innovate pointlessly, to choose the wrong model for innovation, and to pursue innovation at the expense of other virtues that are at least as important to lasting business success, such as consistency and follow-through. When it comes to economic value, Schumpeter's creative destruction may have an evil twin: destructive creation. **-BP**

Getting Innovation Right

If Apple teaches us anything, it's that effective innovation is about more than building beautiful cool things. A few thoughts for innovating well in your own shop:

1. **Not All Innovation Is Equal**
   Technical innovation will earn you lots of adoring fans (think Apple). Business-model innovation will earn you lots of money (think Dell).
2. **Innovate for Cash, Not Cachet**
   If your cool new thing doesn't generate enough money to cover costs and make a profit, it isn't innovation. It's art.
3. **Don't Hoard Your Goodies**
   Getting to market on time and at the right price is vital. If that means licensing your idea to an outside manufacturer or marketer, do it.
4. **Innovation Doesn't Generate Growth. Management Does**
   If you covet awards for creativity, go to Hollywood. Managers get rewarded for results, which come from customers.
5. **Attention Deficit Has No Place Here**
   Every innovation worth doing deserves your commitment. Don't leap from one new thing to another. If your creation doesn't appear important to you, it won't be important to anyone else.

Source: *Fast Company*

Management tips from Karate

Karate is not just a martial art. Knowing its fundamental philosophy gives managers unique insights to combat challenges in the market place

By Seamus Phan and Ter Hui Peng

What has the specific school of Karate known as Goju-Ryu got to do with marketing? We have been trained in Goju-Ryu Karate as teenagers. As kids, we didn't quite understand the philosophy behind the martial art. We knew that Karate was meant as a defensive skill, not an offensive one. Some people made the mistake of learning Karate so that they can run others down. However, even as kids, we understood the age-old Chinese saying: "There is always a higher mountain." But the deeper philosophy of Karate came to us when we revisited the subject while doing philosophical research.

Goju-Ryu Karate was derived from ancient Chinese and Indian marital arts by Master Miyagi Chojun (1888-1953), as a highly systematic discipline combining both 'hard' and 'gentle' movements. Later, Shinto priest and yogi, Master Gogen Yamaguchi gave the five basics of Karate: Master the Basics, Move Quickly, Have a Calm and Sound Mind, Be Nimble and Be Smart. Applied in the market place they can make a big difference.

Five secrets of Karate for marketers

- **Master the Basics**: In marketing, or any business field, if you haven't built your foundation, whatever else you attempt to build will be shaky and futile. For example; if you haven't done enough research into your and your competitor's strengths and weaknesses, whatever advertising, public relations, direct mail, or events you attempt to create, will not be based on sound principles, and will fail.
- **Move Quickly**: If you are not fast and efficient today, not matter how large or small your business is, you will not survive. If you have the right products, the right channels, the right markets, but you are just a tad slower than your competition, you are dead. After all, there is little differentiation between products and services of different companies, and the last frontier may be speed.
- **Sound and Calm Mind**: A calm marital artist will ALWAYS defeat the strongest raging person. No rage, aggression, or brute strength will help a person or a business succeed. When you are angry, your mind is clouded and cannot make sound judgments. When you are calm and sane, however, your clarity of thought will allow you to defend or progress in dimensions and speed like never before. If you face a critical business decision and you are flustered, composure before attempting to make a decision helps. You will thank yourself for it.
- **Be Nimble**: Large businesses are facing tremendous competition from nimble and smaller players today. Small businesses can transform and change their decisions and movements quickly, thereby averting potential disasters. Conversely, large businesses often have heavy bureaucratic structures with many layers of management to burden the speed of decision-making. For large businesses to succeed hierarchies must be reduced, with flat management structures and employee empowerment. In effect, large businesses must behave like small businesses in creating nimble and effective work groups.
- **Be Smart**: Karate can be taught in katas (dance), or through face-to-face sparring. If you are attracted only to the dance without the sparring, your movements will be graceful but lack field-tested ability. Likewise, in a business, if it important not to stick to the past glories, past methods of working, or past processes, just because they worked before. Always be prepared to find new perspectives to tackle new and old problems, and be open to learning from others, including people you perceive to be less experienced or learned. There is ALWAYS something to learn from everybody.

BitZen

Most of the martial arts started with a philosophical and meditative background, rather than mindless aggression. Rather than dwell on the likes of 'The Art of War' and other war cries for your business practices, why not take a step back and take the meditative perspective, even through principles of Karate? You will then notice not only the beauty of the dance of your business, but converge in a calmness that will only take your business further and healthier. And yes, you will live longer and happier too.

The article is an extract from 'dot Zen - Practical Tips and Thoughts on Business, Marketing, PR and the Internet from the Diamond Sutra.' The extract is reprinted with permission. www.dotzen.com

How to manage the customer experience

Managing the 'moment of experience' is a critical element in marketing strategy. The key to success is not the number of MOE's identified and deployed, but the effectiveness of each marketing lever at motivating prospects and clients

By M Krishna Kumar

"I have told you before; I don't need your card!" Rita's patience was wearing thin as this was the third time in the recent past that three different persons from a well-known MNC Bank had called her and made the identical sales pitch for a credit card. Rita, a graduate student pursuing a course in business management, quickly made up her mind that she would never have anything to do with this bank in the future. After all, if they mess up a simple sales call how would they be managing their other business?"

The Bangalore outlet of a national chain of cyber cafes has a delightful Hollywood ambience. However, as Raj - a software engineer - enters this outlet, he is struck by a discordant note as the piped music is from Bollywood blockbusters rather than English chartbusters. Not surprisingly, Raj finds that his coffee doesn't taste just right and he leaves in a short while with a take-away cup.

Driving to his office one morning, Mathew, a Marketing Manager in a consumer products company, is pleasantly surprised to receive a gift from a representative of leading English daily as he was waiting at a large traffic crossing. The English daily is running a campaign to reward loyal readers of their newspaper by giving them on-the-spot gifts. The unexpected gift both delights and reaffirms Mathew's loyalty to the daily.

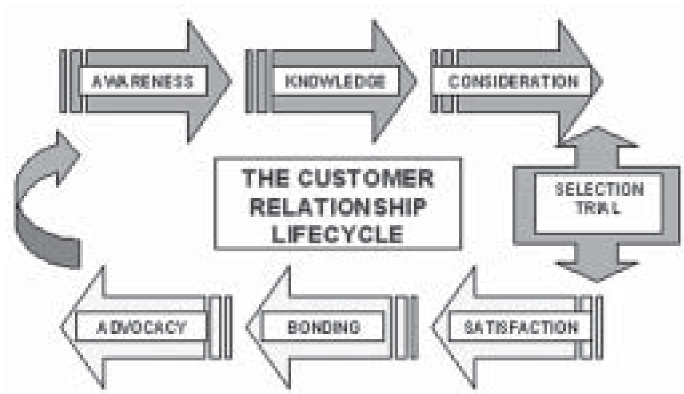
Do these stories sound familiar? Have you faced similar situations in the recent past?

Three simple illustrations that demonstrate situations where promotions run by large companies invoke different emotions in their customers. Three different approaches but they all share the same purpose - to capture, grow and keep a share of the customer's business. Where and why did two campaigns fail and the third succeed?

The solution lies in managing the various points where the customer interacts with the company. The time when a company's audiences - customers, employees, investors, vendors or society interacts with it, either directly or indirectly, is known as the Moment of Experience (MOE). Examples could be the company's website, hoardings, displays, news, physical interaction, etc.

There could be a few MOE's or several hundreds. As the number of MOE's increase dramatically, it can potentially lead to higher marketing costs, reduced effectiveness and declining customer loyalty. Managing the MOE's is, therefore, a critical element in a marketing strategy and the fact that it exists along the entire lifecycle of the customer's relationship with the organization makes it a tricky proposition.

To effectively manage MOE, it is necessary for a deeper



knowledge of the Customer Relationship Lifecycle (CRL) and how it operates. CRL exists in three stages: Pre-Purchase, Purchase and Post-Purchase as illustrated below:

The customer first goes through an awareness stage where he realizes a 'need' for a particular product, which probably stemmed from the fact that there are companies who communicate their ability to satisfy this need.

On the other hand, this satisfaction, if nurtured through outstanding service over a long period of time would have led to a sense of loyalty and the development of a close bond with the firm. In fact some clients, due to the firm's superior performance and outstanding personal service, will promote it to others without consideration or regard for their own benefit. This advocacy stage contains a high level of mutual respect, even a sense of partnership.

In the CRL, customers proceed sequentially through the stages but can skip or reverse stages. Through an inherent understanding of the clients' needs, influencers and barriers to progress at each stage of the CRL, companies can identify the opportunities for various MOE's to influence and motivate them to 'move' to subsequent CRL stages. MOE's serve as "marketing levers" and the process of identifying MOE's is called the "MOE Map".

But the key to success is not the number of MOE's identified and deployed, but the effectiveness of each marketing lever at motivating prospects and clients to move smoothly through the CRL towards the final stage of advocacy for the firm.

Firms that achieve this smooth and successful movement through the CRL are classified as "Magnet Firms". Ask yourself the question - is your firm a Magnet Firm?

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Ideas and insights from research papers

World Development Indicators 2004

The proportion of people living in extreme poverty (less than $1 a day) in developing countries dropped by almost half between 1981 and 2001, from 40 to 21 percent of global population, according to figures released today by the World Bank in its annual statistical report, World Development Indicators 2004 (WDI). But while rapid economic growth in East and South Asia has pulled over 500 million people out of poverty in those two regions alone, the proportion of poor has grown, or fallen only slightly, in many countries in Africa, Latin America and Eastern Europe and Central Asia.

This uneven progress raises concerns that the eight Millennium Development Goals (MDGs) approved by 189 nations in 2000, the first of which is to reduce the 1990 poverty rate by half by 2015, may be beyond reach for some countries. "Economic growth in China and India has delivered a dramatic reduction in the number of poor," said François Bourguignon, the Bank's Chief Economist. "But other regions have not enjoyed sustained growth and, in too many cases, the number of poor has actually increased. Although we are likely to reach the first Millennium Development Goal of reducing poverty by half worldwide by 2015, much more aid, much more openness to trade, and more widespread policy reforms are needed to achieve all the MDGs in all countries."

To read the full report go to http://media.worldbank.org/secure/

Supply-side Argument for Offshore Software Development

This is a very interesting application of the supply-side economic theory to software development. With lower costs for development done offshore and a ready supply of trained offshore developers, the "super-supply-side scenario" should produce increased demand for software. The "hidden backlog" of software requests/needs and price reductions that bring high-end products to the mid-market will create the new demand. The author ends his article by explaining where new jobs will be created in the U.S. by this trend. They won't be the same jobs that are moving offshore, but there will be job creation.

http://ct.itbusinessedge.com/

Liberalisation and Law on Comparative Advertising in India

Pathak Akhileshwar, Working Paper - January 2004

With the liberalisation and globalisation of the Indian economy, as could be expected, firms have been aggressively and vigorously promoting their products and services. These practices raise questions about truthfulness and fairness of representation of products and services. Not only the consumers but even the firms need adequate law against unfair trade practices to have some 'rules of the game' for competing among themselves.

In a competitive environment, every representation of a product or service, is about what 'others are not'. This paper reviews the law in India on representations (advertisements) which have an element of comparison. The provisions on this aspect formed a part of the Unfair Trade Practices under the Monopolies and Restrictive Trade Practices Act. In the changing context of proliferation of advertisements, the law needed to be further strengthened in its application. To the contrary, even the existing law has been liquidated with the repeal of the Monopolies and Restrictive Trade Practices Act.

It has been suggested that the same protection against unfair trade practices have been available under the Consumer Protection Act. Thus, the repeal of the Monopolies and Restrictive Trade Practices Act would not be of any significance. However, within the structure of the Consumer Protection Act, competing firms cannot be 'consumers' to approach a consumer forum. The paper illustrates that the opening up of the economy, on its own, is not going to create and sustain competition. Appropriate law, adequate enforcement, infrastructure and quick dispute settlement mechanism would be needed to sustain competition.

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

Challenges in Sustaining a Hospital: Lessons for Managing Healthcare

Author : Maheshwari Sunil Kumar ; Bhat Ramesh

Working paper - February 2004

One of the important components of the private health care sector has been health care facilities set up by corporate sector. The financial sustainability of these facilities is closely linked to the financial performance of the main business. In this paper we examine a case of one such hospital which is part of a corporate facing difficult time and its revival strategy.

The revival strategy of a hospital presented here provides many interesting ideas of reviving hospitals which are going through difficult times. In some sense the government hospitals have many similarities like a corporate hospital dedicated to its employees. Like dedicated corporate hospital, the government facilities are required to provide free care or highly subsidised care to its users and depend on financial allocations from government.

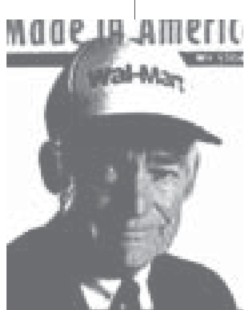
Both dedicated corporate hospital and government facility depend on budget allocations which in turn depend on good financial health of corporate and good fiscal position of government respectively. Tinplate Hospital, one of the oldest hospitals in Jamshedpur, was started to extend medical care facilities for its employees in the early 1940's. It graduated into a 210-bedded hospital with 35 doctors and 187 supporting staff in 1990s. The parent company was facing serious financial losses in late 1990s.

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

Sam Walton's 10 rules for building a successful business

Tom Peters said that with the possible exception of Henry Ford, Sam Walton is the entrepreneur of the century. Dave Rogers takes you through Sam Walton's bestseller 'Made in America'

Sam Walton is the man who started a revolution in the discount industry in America. Learn in the words, anecdotes and inspiring stories how this Master Mechanic put together incredible systems that propelled his empire from one small discount store to being the largest retailer in the world with sales of over forty billion dollars and a personal fortune of over twenty five billion dollars in just five decades.



Written in a straightforward, no nonsense, easy to follow style, the autobiography is a wonderful source of wisdom and business principles. Business mogul H. R. Perot writes that "every person who dreams of building a great business must read this book" and that Sam Walton sets the standard leadership and "to listening to his customers and to listening to the people who do the work."

In response to the query about his Rules For Building a Business, Sam Walton graciously cited the following Top Ten Rules:

- Commit to your business: If you love your work, you'll be out there every day trying to do it the best you possibly can, and pretty soon everybody around will catch the passion from you - like a fever!
- Share your profits with all your associates: Encourage your associates to hold a stake in the enterprise, offer discounted shares, grant them stock, it is the single best thing, Sam did.
- Motivate partners, set high goals, make bets with outrageous pay-offs, keep everyone guessing about your next trick.
- Communicate everything you possible can to your partners. The more they understand the more they'll care. If you don't trust them, they'll know that you don't really consider them as partners. Information is power, and sharing with your colleagues empowers associates.
- Appreciate everything your associates do for the business. A paycheck is one thing, hearing how much we are appreciated is something else. Nothing else can quite substitute for a few well-chosen, well-timed, sincere words of praise. They're absolutely free and worth a fortune.
- Celebrate your successes - find some humor in your failures. Loosen up and everybody around you will loosen up. Have fun and show enthusiasm.
- Listen to everyone in your company. The folks on the front lines - the ones who actually talk to the customer are the ones who really know what is going on out there. You must listen to what your associates are trying to tell you.
- Exceed your customer's expectations. Make good on all your mistakes, and don't make excuses - apologize. 'Satisfaction Guaranteed' were the two most important words Walton ever wrote on the first Wal-Mart sign. They are still up there and they have made all the difference.
- Control your expenses better than the competition. You can make a lot of different mistakes and still recover if you run an efficient operation.
- Swim upstream - ignore the conventional wisdom. If everyone is doing it one way, there's a good chance you can find your niche by going in exactly the opposite direction. This can simply mean: "Break all the rules"

Some pretty simple rules, the hard part according to Walton, is to constantly figure out ways to execute them. To succeed, you have to stay out in front of that change, take action, listen & learn, welcome failure, and take more action.

The book is a terrific read and I strongly recommend this book, especially for those looking for a wonderful modeling tool, and to all students of the Stealth Wealth profiling system interested in gaining a better understanding the mindset of a Master Mechanic.

Quotes about Sam Walton and Wal-Mart

A lot of companies don't want to spend any money on distribution unless they have to. Ours spends because we continuously demonstrate that it lowers our costs. This is a very important strategic point in understanding Wal-Mart

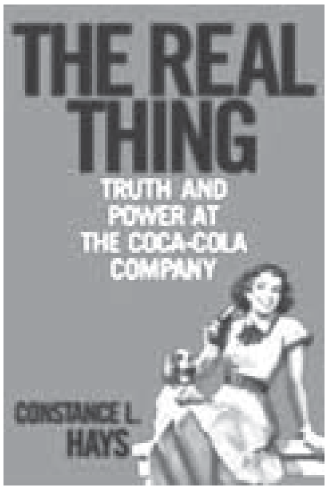
- Joe Hardin- EVP, logistics and personnel

Sam Walton understands better than anyone else that no business can exist without customers. He lives by his credo, which is to make the customer the centerpiece of all his efforts. And in the process of serving Wal-Mart clients to perfection, he also serves associates, its shareowners, it's communities, and the rest of its stakeholders in an extraordinary fashion - almost without parallel in American Business.

- Roberto Goizueta - CEO of Coca Cola

Dave Rogers is a Master Coach, Investorpreneur, Business Speaker and co-author of the internationally acclaimed "6 Dimensions of Top Achievers". URL: www.daverogers.net. Email: dave@daverogers.net

Coke's Flat Period and the Turbulence that



Two things never changed at the Coca-Cola Company from 1886 to 1985, the first 99 years of its operation: First, Coke was the gold standard of soft drinks and second, the Coca-Cola Company was devoted to maintaining its basic formula. The Atlanta based-firm brilliantly used innovative, constantly changing advertising campaigns to convince the world just how their brown, frothy elixir was "the standard beverage."

Coca-Cola advertisements exhorted discriminating patrons in 1912 to "demand the genuine - refuse substitutes." In 1916, an ad proclaimed, "It's fun to be thirsty when you can get a Coca-Cola. Just one glass will tell you." Beginning in 1924, the company's slogans were often variations on the theme that a drink of Coke was "the pause that refreshes."

In her recent book titled, The Real Thing: Truth and Power at the Coca-Cola Company, Constance L. Hays, a veteran reporter for the New York Times, focuses mainly on the events that followed the introduction of New Coke in 1985. The story of that historic flop has been told before, but Hays links the New Coke saga to the roller coaster rise and fall of the company's stock price in the years that followed. Coca-Cola profited from its mistakes in the New Coke debacle, Hays suggests, and then went on to make even bigger ones.

Three main protagonists populate Hay's crowded cast of characters: Roberto Goizueta, chairman and CEO of Coca-Cola from 1981 to 1997, Donald Keough, president of Coca-Cola from 1981 to 1993, and Douglas Ivester, chairman and CEO from 1997 to 1999. There is also a more intangible presence - the century-old mystique of Coca-Cola. William Allen White, a celebrated journalist of the early 20th century, once called Coca-Cola the "sublimated essence of all that America stands for, a decent thing honestly made, conscientiously improved with the years."

Those words have a haunting resonance for Hay's protagonists. Each was essentially decent, conscientious, and dedicated to the proposition that Coca-Cola was the real thing, the only thing. Goizueta was the heroic immigrant, Keough the can-do super salesman, Ivester the hard-working, rural Southerner made good. Yet their combined efforts ensured that the company they loved would loose much of its hallowed luster.

Roberto Goizueta emigrated from Cuba in 1960 after Fidel Castro seized power. Born into an aristocratic family, he worked as a quality-control specialist for Coca-Cola before being promoted to a job supervising the company's remaining plants in the Caribbean. By dint of hard work and the patronage of Robert Woodruff, Coke's legendary ex-CEO and power-behind-the throne, Goizueta rose to become a contender in 1981 for the position of chairman and chief executive.

He gained the prize, besting Donald Keough, a gregarious, well-liked Coke executive. Keough's career was marked by years of experience dealing with the independent bottling firms whose love/hate relationship with the company required people management skills of the highest order.

Keough had those diplomatic skills and a staunch loyalty to Coca-Cola, earning him the number two spot under Goizueta. The austere, chain-smoking Cuban and the Iowa-born corporate cheerleader made an unlikely team at the helm of the New South's leading corporation. But despite an initial disaster, their relationship became a very, very profitable one.

That initial disaster was the 1985 introduction of New Coke, a move by Goizueta to repulse the gains made by arch-competitor Pepsi at the expense of Coca-Cola's market share. Goizueta's move infuriated the legions of Coke's loyal patrons and was quickly countered with the revival of the century-old formula in the guise of Coca-Cola Classic.

Hayes recounts this now familiar story with a rather breathless gusto although she might have emphasized the extent of the "Pepsi Challenge" in greater detail to underscore the difficulties faced by Goizueta. Coca-Cola was facing the unthinkable prospect of losing its elect status when he assumed corporate leadership. Introducing New Coke was not quite the clueless blunder often featured in textbook explanations.

The manner of unveiling New Coke, however, was a needless disaster. Coca-Cola's bottlers, despite their squabbles with the company, were a fount of knowledge about the likes and dislikes of Coke drinkers in their districts. Yet they were never consulted about New Coke. The new product was simply substituted from on high as a replacement for the soft drink that millions had loyally bought for generations.

This giant misstep was compounded because the company leadership refused to take the lesson to heart. Goizueta never admitted he had made a mistake. A 1998 speech by his successor warning that "arrogance is the greatest enemy of the Coca-Cola company" might have been such an admission. In fact, the speech dealt with the threat of self-satisfied complacency among Coke executives rather than of cavalier disregard for bottlers and patrons.

Followed

The man uttering those words was Douglas Ivester, who replaced Goizueta after his death from lung cancer at age 66 in 1997. Ivester, an astute, workaholic accountant, had perfected the plan which rescued Coca-Cola after the New Coke debacle and sent its stock value into orbit. For years, Keough and other Coke executives had tried to wear down the bottling firms into selling-out or toeing the company line. Ivester perfected a plan of diabolical simplicity to finally achieve this goal.

He favored a massive buy-out of Coke's independent bottlers while encouraging others to expand operations, provided they did so on new terms favorable to Coke. But instead of loading Coca-Cola with the debt of the purchases, he proposed establishing a client firm, Coca-Cola Enterprises, which would consolidate the bottling firms while assuming the debt. The Coca-Cola Company could then raise the price of the syrup for making Coke at will, evade antitrust legislation and use its escalating profit margin to entice powerful investors like Warren Buffett to "catch the wave."

Ivester's plan worked to such a degree of perfection that jokes about New Coke quickly subsided. The figures quoted by Hayes are a reflection of this phenomenal success. In 1981, the total value of the publicly-owned shares of Coca-Cola was $4 billion. In 1997, the value had risen to $145 billion.

As Hayes writes: "A sea of brown syrup was washing over the planet, driven ahead of the magnificent vision that Goizueta had had for his company. On May 1, 1996, the board approved one more stock split. People who had owned a hundred shares of Coke at the beginning of 1986 and did nothing but hang on to them now held title to 2,400. For the people who held thousands or millions of Coke shares, wealth blossomed like a well-fertilized peach tree, a tree beyond their imagining ..."

The Coca-Cola Company, always ambitious in its search for market share at home and abroad, aggressively invaded foreign markets during this period. When Ivester assumed the reins of power from the fallen Goizueta, this looked like a winning strategy. Pepsi's legal team, however, scented a weakness, believing that European governments would not accept the premise that Coca-Cola Enterprises was a separate business entity. Pepsi petitioned the French government to halt Coke's projected purchase of Orangina because it represented in their view a monopolistic chokehold on commerce.

The Orangina deal's collapse in 1997 triggered a chain of disasters culminating in Ivester's resignation in December 1999. Several of the factors contributing to his downfall were not of his making, including a racial discrimination suit filed against Coke by disgruntled African-American employees, the collapse of the Russian ruble and a serious recession in Japan.

The Coca-Cola Company, always ambitious in its search for market share at home and abroad, aggressively invaded foreign markets during this period. When Ivester assumed the reins of power from the fallen Goizueta, this looked like a winning strategy.

But Ivester did make one bad mistake: He ignored advice from Donald Keough. Ivester was a micro-manager who believed he could handle operations without a second-in-command. He also denied Keough, who had retired by this time, the opportunity to play the role of elder statesman that Robert Woodruff had played earlier. Keough's repeated overtures to help Ivester with his mounting problems were spurned.

Hays uses her investigative skills to discover the background to Ivester's dramatic confrontation with powerful board members Warren Buffett and Herbert Allen in a Chicago airplane hanger in 1999. The meeting precipitated his fall.

The true extent of Keough's wire-pulling in Ivester's "retirement" is impossible at this time to assess but it was certainly a major factor, as Hays' narrative makes clear. Keough was the chairman of Herbert Allen's investment firm and had maintained a network of contacts with Coke bottlers like Summerfield Johnson Jr., who was "obviously unhappy" with Ivester.

The most telling piece of evidence was the selection of Doug Daft to replace Ivester as company chairman. Daft was a protégé of Keough and his policies at the helm of the company closely followed Keough's counsel.

Hays also analyses the dramatic fallout of Ivester's ouster. Coke's share price had begun to rebound after dropping since the Orangina rejection. On the day Ivester announced his resignation, the stock price of Coca-Cola was $68.31. It swiftly went into free fall, plummeting to below $38 in 2002. Warren Buffett lost $4 billion of his investment in Coke during that period, and massive job layoffs at a firm which hardly ever gave out pink slips cost 6,000 loyal Coke employees their jobs.

Coca-Cola's fall from grace is a cautionary tale which Constance Hays recounts with emotional power and perceptive insight. She chronicles an obsessive drive to secure profits today at the expense of financial security tomorrow. But it is a hopeful story too, for she relates that Coca-Cola's rebuilding strategy is emphasizing a bigger role and greater profits for the company's bottlers and a reliance on the quality and mystique of their soft drink, the very factors that made Coca-Cola "the real thing."

BPM: Concept and Technology

Business process management (BPM) refers to both a concept and a technology (just like CRM). The concept provides goals, strategies, and objectives for improving particular operational processes, having significant impact on corporate performance.

BPM technology automates and manages business processes by tracking and coordinating the flow of work and information across all human and system interactions. Some BPM vendors offer analytics and simulation tools to get to the most optimized process.

Organizations interested in BPM should apply the principles of operations research and look for gaps, conflicts, or lag time in their processes.

Pervasive innovation

Stephen Shapiro, in his excellent book, 24/7 Innovation, offers a valuable outline of the characteristics of pervasive innovation, and what makes it different than earlier change movements (such as process reengineering, total quality management and just-in-time inventory management):

It is strategic: Innovation is targeted at the critical parts of the business that differentiate it from its competitors.

It is pervasive: The idea of innovation has to permeate every aspect of an organization, from its structure to its management. The quest for better ways of doing things has to become part of the corporate psyche.

It is holistic: Acknowledging the "oneness" of things -- the interdependence of all aspects of the business.

It is focused on creating value: We're not talking about cost cutting and streamlining without regard to the impact they have on customers and other stakeholders. We are talking about focusing on delivering value to stakeholders in general, and to customers in particular.

It emphasizes governance: I do not mean supervision or management. I'm referring to the leadership of the business that sets the standard for other companies to follow.

It uses technology as an enabler, rather than an answer: In the past, companies often

chose their technological solutions and then found ways of designing the business around them. Although technology can and should inspire new business models, in innovative organizations, technology is the tool of business requirements, not the other way around.

It recognizes the critical role of people: Innovation is carried out by people and for people. People are clearly the vital link at every level of the business.

Human Volition

Human volition not motivation will drive future organizations, Sumantara Ghoshal, the Indian Euroguru said just a few months before he passed away in March, this year. To Ghoshal the challenge is to create organizations that engaged not human motivations but human volition.

Volition, according to Cambridge dictionary, is the power to make your own decisions. To Longman dictionary of contemporary English it is the power to choose or decide something without being forced to do it.

"All the truly remarkable things that happen in companies do not happen because of motivation, they happen because of volition. Incentives and bonuses do not create remarkable things, personal will and enormous energy do," he told students at Indian School of Hyderabad, where he was the founding director.

Where will this theory leave the already shaky HR departments that draw their power from the incentives or promotions they dole out?

How to unleash the Creative Impulse

It is when you are tired, exhausted and stressed that you are not in touch with your self and your creativity and talents are stifled

By Sri Sri Ravi Shankar

It is very important for us to probe into the source of thought. Often we are called great thinkers, but what is a thought? Where does it originate? Is there any way that we can improve the thought process?

Creativity is a hot subject today all over the world. Everyone wants to be creative. Can we create great thinkers? This is a question in front of us today and research is happening around the world about the very process of creativity. Great writers and thinkers have experienced the writer's block. You would have sometimes experienced that. You sit with a paper and pen in a beautiful place, waiting for something to come... and many times it doesn't!

See, life is also like that - a balance between our intellect and our heart, or feeling, or intuition. Listening to our gut feeling, developing that intuitive ability within us is another aspect of creativity.

What is the source of creativity? Thought is nothing but an impulse of energy and intelligence. That impulse of energy and intelligence, for it to arise and a correct thought to come, you need 16 impulses to meet at a point in the cerebral cortex at the speed of 10 to the power of minus 30 cycles per second. In that short interval of time, all the 16 impulses in the cerebral cortex, when they meet, is what we call a correct thought. What do we do about it? We need to train our brain, our mind.

We all have a filter in our mind and we read or listen through this filter and we accept only what we already know. Something, which doesn't already fall within our belief system, we automatically filter it out. This tendency in the mind to take things which it already knows and reject that which it doesn't know, is one of the main blocks of creativity.

The second aspect for creativity is imagination. You will see that every creative person has some imagination. At that moment you will not think whether that is real or not. What appears to be unreal and an imagination in that direction brings creativity. If it is only an imagination, totally disconnected with ground reality then also it falls short of that connection, that transformation, that unreal becomes real. Thomas Edison, once upon a time, dreamt of how to create light. It was purely an imagination.

Similarly, the telephone or a plane - all these inventions happened through certain imagination and linking that imagination to the present creativity, present state of ground reality. If you are thinking only of the ground reality then no creativity will come and if you are only on imagination, then too there will be no creativity. A balance is needed. See, life is also like that - a balance between our intellect and our heart, or feeling, or intuition. Listening to our gut feeling, developing that intuitive ability within us is another aspect of creativity.

So, when such blocks come into us, the question is how we can eliminate them. This is where a little knowledge about our self, about our mind, our consciousness, and the root of distortion will help. It is when you are tired, exhausted and stressed that you are not in touch with your self and your creativity and talents are stifled. Neither at school nor at home does anybody teach you what to do when you are stressed, angry or depressed.

One way is to study yourself, your seven layers of existence. What are they? First comes the body and then comes the breath - are you all breathing now? See, many times we are not even aware that we are breathing. Our breath has great secrets to offer. Every rhythm in the mind, there is a corresponding rhythm in the breath, for every rhythm in the breath there is a corresponding emotion.

Next comes the mind. Mind is perception, observation and expression. Then is the intellect - the judgment, the arguments, the agreement or disagreement that happens within us is all part of our intellect.

Then comes the ego - the more we study, the more learned we become; we become so stiff. We lose our smile, we lose our innocence, we lose our friendliness. One should have a sense of belongingness with everybody, naturalness. Ego dampens one's personality. Today, what we lack is really good examples of personality, that friendly and warm atmosphere a person carries along with him/her.

The seventh layer is the self. Self is that something that is the reference point of all changes in life. We notice that everything is changing in our life - our body, our mind, our thought, our environment, and our behavior. If everything is changing then how do we know the change? Because there is a reference point, something that doesn't change, we are able to notice the change. And this reference point, the non-changing something that is in every one of us, I would call the Self or the Being.

Just a little bit of knowledge about these seven layers of existence makes a big, big difference in our lives. It brings cheer, freshness, and we become so alive and childlike. If you are cheerful, you will be creative. Otherwise you are so dull.

Sri Sri Ravi Shankar, founder of The Art of Living Institute, Bangalore

Asia Pacific Breweries' Anchor Beer in Singapore: A Repositioning Decision

By Chung Mann Yien, Cindy & Shirley Tan

In August 2001, Dorit Grueber, Assistant General Manager (Marketing) and Melvyn Ng, Senior Brand Manager (Specialty Brands), were discussing Anchor's future and examining the remaining three options available to them. Asia Pacific Breweries was the largest brewery in Singapore with operations in several countries, including Malaysia, Cambodia, Thailand, Vietnam, China, and New Zealand. Anchor beer was a mainstream value label that had been in the market for more than 70 years.

The brand suffered ten years of continuous decline in the 1990s and its market share had fallen to less than 6 percent. At this time some drastic decisions were clearly needed to either reposition or retire the non-performing brand. The two marketers were charged with the responsibility to evaluate the potential of Anchor beer and to define a new strategic role if possible. Melvyn Ng believed that repositioning was the best option but must now convince Dr. Les Buckley, General Manager, who had suspended all future expenditure on Anchor, that repositioning would return the sagging brand to profitability.

http://www.asiacase.com/anchorA.htm

Improve Your Bottom Line

A post-workshop survey at Fifth Third Bank reveals some impressive results. The Cincinnati-based Fifth Third Bank is one of the country's most highly regarded banks, with an enviable record of 29 consecutive years of earnings growth. About six years ago, Fifth Third was on the front of a series of acquisitions that grew their employee base from 5,000 to 19,000 people.

This kind of growth requires leadership development. To meet these challenges, Fifth Third adopted The Leadership Challenge Workshop, based on The Leadership Challenge by Jim Kouzes and Barry Posner.

A series of three-day workshops, presented by Fifth Third's Andrew Albrinck, education consultant and facilitator of the workshop and Tom Peters Company Certified Trainers from International Leadership Associates (http://www.i-lead.com), were rolled out to senior level managers throughout the organization. The "top-down" approach appeared to be very effective.

As part of their development, managers were assessed using the Leadership Practices Inventory (LPI), the 360° feedback tool based on the principles of The Leadership Challenge. This feedback allowed Fifth Third managers to focus on areas tailored to their individual leadership development. Every participant of the program--more than 1,500 in the past five years--completed and received the feedback while attending The Leadership Challenge Workshop. The participants were then invited back twelve months later to attend a one-day follow-up program and receive another LPI report.

Fifth Third tracked the performance of five randomly selected individuals who attended The Leadership Challenge Workshop, follow-up program and had improved their LPI scores in each of The Five Practices of Exemplary Leadership. They then compared the data back to these individual's financial results for the same time period. The results were astonishing! Profits generated by the five individuals and the groups they were leading significantly increased from before attending the workshop to after the workshop. Four individuals contributed a 31 percent profit increase of $8.8 million over the previous year. The entire company turned in a 15 percent increase during the same year. The fifth individual surveyed implemented process improvements resulting in $385,110 to the bottom line.

While all of the $8.8 million in bottom line growth generated by these five individuals cannot be attributed solely to attending The Leadership Challenge Workshop, these individuals believe that attending the workshop and implementing The Five Practices of Exemplary Leadership directly translated into higher employee performance and a greater sense of ownership that is required to continually grow profits for the bank's shareholders.

www.tompeters.com

Executive Remuneration at Reckitt Benckiser plc.

Author(s): Jay W. Lorsch , V.G. Narayanan , Krishna G. Palepu , Lisa Brem , Ashley C. Robertson, Published in: January 2004

Examines the executive compensation system developed by Reckitt Benckiser plc. Outlines the structure of the system, its emphasis on performance-based pay and a global outlook, and explains the role of the human resources department, the board of directors, and company shareholders in determining pay. Raises questions about how to balance incentive remuneration effectively in recruiting and retaining top managers, while addressing shareholder concerns about executive compensation.

AlliedSignal

A case that explores a leader's ability to integrate bottom line results with work/life policies and programs

The Allied Signal case revolves around a leader's ability to integrate an unyielding demand for bottom-line results with a focus on the whole person. How does Sandra Beach Lin "walk the talk"? How do others reflect her style? What has she been able to achieve using this approach?

Since 1993, Allied Signal has developed a wide range of work/life programs and policies to support employees. Allied Signal recently received an award from the National Council of Women for Family Friendly program recognizing its contributions to the advancement of women in corporate America. From 1995 to 1997, employee satisfaction with benefits increased from 50 percent to 63 percent, corporate-wide.

Allied Signal's CEO, Leo Bossidy, joined the company in 1991. He earned a reputation as a hard-driving leader who places a "stretch" on top of the goals that people set for themselves. Headlines about Bossidy in the popular press read "Larry Bossidy won't stop pushing" and "Tough guy." Allied Signal had 29 quarters of greater than 13 percent net income growth, which validates Bossidy's approach.

Despite her short tenure of 18 months at Allied Signal, Sandy Lin has come to be known as a leader who inspires her direct reports to accomplish stretch goals without compromising important aspects of life outside of work. Says one of her direct reports, "Sandy sees everyone in the business as more than just a business person.

While demands for performance are very high, she is comfortable with formulating a personal process for meeting the various demands...When she talks to you, she is interested in what's happening in your life, beyond your contributions to Allied Signal. Other leaders say that this is their approach, and yet when it comes down to it, there is very little sensitivity about meeting home responsibility in addition to office responsibility."

The case presents elements from conversations with Sandy's senior manager, her direct line and staff reports, and a focus group of employees. These conversations provide insights into how others see Sandy's unique style and how it has affected their performance and morale. Individuals describe changes in the culture of Specialty Wax, although they acknowledge that there is still much room for improvement.

http://www.caseplace.org

DuPont Films

DuPont Films, a major business unit of US-based chemical manufacturer DuPont - manufactures polymer-based films, primarily of polyester, for use in a wide variety of industrial and consumer products. Like its parent company, DuPont Films went through a period of poor business performance in the 1980's. Since then, Films has been able to revitalize its business by engaging customers, employees and communities in a dynamic value creation process that has led to new ways of doing business, new technology, and many new products for a growing and increasingly satisfied consumer base.

The story of Films' turnaround provides many lessons for application elsewhere in DuPont or in any other business. The lessons all relate to the generation of value by expanding the business focus from a short-term financial picture to a longer-term engagement with all growth, and a leadership position in the polyester films market. Film's success with the stakeholder approach has led to a vision of sustainability for the entire polyester industry, which may transform all polymer-based material businesses into closed systems of manufacture, retrieval and remanufacture.

http://www.caseplace.org/cases

Microsoft's Vega Project: Developing People and Products

Describes Microsoft's human resource philosophies and policies and illustrates how they work in practice to provide the company with a major source of competitive advantage. Summarizes the evolution of Microsoft's human resource philosophies and policies. Describes employee development, motivation, and retention efforts in one of Microsoft's product groups.

Focuses on Matt MacLellan, a 26-year-old, 5-year Microsoft veteran, particularly on his careful development as a project manager under Jim Kaplan, his boss and mentor. Dissatisfied with his project management role, MacLellan decides to become a developer despite the fact that he had never written a code professionally. Kaplan is faced with a difficult decision of whether to support his protégé's radical career shift, and how to do it not only to MacLellan's satisfaction but also in the organization's best interest

http://www.caseplace.org/cases

Saturn

Saturn, a wholly-owned subsidiary of General Motors, represents probably the most far-reaching example of the true stakeholder corporation, with the local union participating from the conception of the product and plant (including the design of the car) through to the structure of the corporation and "co-management" - with union-represented and non-union managers sharing what in other companies are straight "management" jobs.

However, while the car's image and popularity remain impressive, ambivalence about the project both within GM (especially at the corporate level) and within the union (especially at the national level) have prevented the parties from fully following through on early visions of full labor-management partnership.

Existing labor laws and laws on corporate governance also fail to support, and may even be in contradiction of, the Saturn co-management model. Saturn's future will depend on still unresolved questions about how GM, the national unions, and Saturn's leadership (including the union) address complex and contentious issues.

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

Being Indian: The Truth about Why the 21st Century Will Be India's

By Pavan K Varma, Published by Penguin India, Price: Rs 325, Published: January 2004

This book is a new and dramatically different inquiry into what India and being Indian mean in the new millennium. Such an inquiry is especially relevant today when the world's largest democracy is also a nuclear power, a potentially major economic power poised to emerge as the second largest consumer market in the world, and a growing force in information technology. Misconceptions about India and Indians abound, fed by the stereotypes created by foreigners, and the myths about themselves projected by Indians. In Being Indian, Pavan K.Varma demolishes these myths and generalizations as he turns his sharply observant gaze on his fellow countrymen to examine what really makes Indians tick and what they have to offer the world in the 21st century.

Varma's insightful analysis of the Indian personality and the culture that has created it reaches startling new conclusions on the paradoxes and contradictions that characterize Indian attitudes towards issues such as power, wealth and spirituality. How, for example, does the appalling indifference of most Indians to the suffering of the poor and the inequities of the caste system square with their enthusiastic championing of parliamentary democracy? And why do Indians have a reputation for being spiritual and `other-worldly' when their philosophy and tradition exalt the pursuit of material well-being -artha-as a principal goal of life? The book also examines India's future prospects as an economic, military and technological power, providing valuable pointers to the likely destiny of a nation of one billion people.

Drawing on sources as diverse as ancient Sanskrit treatises and Bollywood lyrics, and illuminating his examples with a wealth of telling anecdotes, Pavan Varma creates a vivid and compelling portrait of Indians as he argues that they will survive and flourish in the new millennium precisely because of what they are, warts and all, and not because of what they think they are or would like to be. This book, which will stimulate reflection, discussion and controversy, is a must read for both foreigners who wish to understand Indians and Indians who wish to understand themselves.

Becoming a Manager: How New Managers Master the Challenges of Leadership

Published in April 2003, Author Linda A. Hill, Publisher: HBS Press Book

New managers must learn how to lead others rather than do the work themselves, to win trust and respect, to motivate, and to strike the right balance between delegation and control.

It is a transition many fail to make. This book traces the experiences of nineteen new managers over the course of their first year in a managerial capacity. Reveals the complexity of the transition and analyzes the expectations of the managers, their subordinates, and their superiors.

New managers describe how they reframed their understanding of their roles and responsibilities, how they learned to build effective work relationships, how and when they used individual and organizational resources, and how they learned to cope with the inevitable stresses of the transformation. They describe what it was like to take on a new identity. Two themes emerge: first the transition from individual contributor to manager is a profound psychological adjustment--a transformation; second, the process of becoming a manager is primarily one of learning from experience. Through trial and error, observation and interpretation, the new managers learned what it took to become effective business leaders.

Marketing As Strategy: Understanding the CEO's Agenda for Driving Growth and Innovation

Published in April 2004, Author: Nirmalya Kumar, Publisher: HBS Press Book

CEOs are more than frustrated by marketing's inability to deliver results. Has the profession lost its relevance? Nirmalya Kumar argues that, although the function of marketing has lost ground, the importance of marketing as a mind-set--geared toward customer focus and market orientation--has gained momentum across the entire organization.

This book challenges marketers to change their role from implementers of traditional marketing functions to strategic coordinators of organization-wide initiatives aimed at profitably delivering value to customers. Kumar outlines seven cross-functional and bottom-line-oriented initiatives that can put marketing back on the CEO's agenda--and elevate its role in shaping the destiny of the firm. Kumar is professor of marketing at IMD-International Institute for Management Development, Switzerland.

Digital Innovation: Innovation Processes in Virtual Clusters and Digital Regions

Edited by Giuseppina Passiante, Valerio Elia & Tommaso Massari (University of Lecce, Italy)

This book presents the results of an empirical analysis of the new phenomenon of virtual clusters (VCs), which highlight the dynamics of these emerging innovation networks in the digital economy; the challenges that this dynamics represents for the conventional theories, which are unable to define a comprehensive framework that supports the development of these networks.

An overview of the most significant theoretical approaches to innovation networks, and their rethinking in the digital economy scenario. Following a neo-Schumpeterian approach, a particular focus is on the opportunity to integrate the economic benefits coming from the geographical proximity, with the advantages related to the "organizational proximity" allowed by the ICT networks.

The constituent points of a strategy aimed at sustaining the developing processes of a VC in a drawback region, and a description of the e-Salento project, an application of this strategy to an Italian drawback region, the Salento. Some general implications of the project for theory and practice are also discussed.

The architecture and the master plan of two initiatives within the e-Salento project, concerning the agribusiness and tourism sectors.

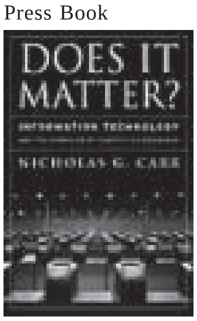
A model of leadership, to guide innovation in an organization competing in the digital economy, including both firms and regions.

The perspective advanced in this book addresses issues concerned with VC growth and regions' economic development processes that are common to both the regional studies and the innovation management literature; the book represents an important empirically grounded contribution to them. Furthermore, several scholars argue that new development models are emerging for firms and regions. There is a lack of published work that provides empirical grounding and/or analytical models of firms' and regions' development processes in the Net Economy.

http://www.wspc.com/books/business/p283.html

Does IT Matter? Information Technology and the Corrosion of Competitive Advantage

Published in April 2004, Author: Nicholas G. Carr, Published by: HBS Press Book



Over the last decade, and even since the bursting of the technology bubble, pundits, consultants, and thought leaders have argued that information technology provides the edge necessary for business success. IT expert Nicholas G. Carr offers a radically different view in this eloquent and explosive book. As IT's power and presence have grown, he argues, its strategic relevance has actually decreased. IT has been transformed from a source of advantage into a commoditized "cost of doing business"--with huge implications for business management.

Expanding on Carr's seminal *Harvard Business Review* article that generated a storm of controversy, Does IT Matter? provides a truly compelling--and unsettling--account of IT's changing business role and its leveling influence on competition. Through astute analysis of historical and contemporary examples, Carr shows that the evolution of IT closely parallels that of earlier technologies such as railroads and electric power.

He goes on to lay out a new agenda for IT management, stressing cost control and risk management over innovation and investment. And he examines the broader implications for business strategy and organization as well as for the technology industry. A frame-changing statement on one of the most important business phenomena of our time, Does IT Matter? marks a crucial milepost in the debate about IT's future. An acclaimed business writer and thinker, Nicholas G. Carr is a former executive editor of the *Harvard Business Review.*

Human Development

Authors: Papalia, Diane E Olds, Sally Wendkos Feldman, Ruth Duskin

Price: Rs. 395, Year: 2004, Publisher: Tata McGraw-Hill

Human Development, ninth edition continues to provide a well-written, chronological view of lifespan development. It combines up-to-date coverage of research with applications and real-life examples that appeal to nursing and education students as well as parents. The text includes coverage of social policy, cross-cultural topics, and current health issues.

Smart Luck and the seven other qualities of successful entrepreneurs

2nd Edition, Author: Andrew Davidson, Published in: April 2004, Published by: Pearson Books

Everybody wants to know why life's winners are so successful: how did they do it?, why they do it?, what makes them different? All of us are fascinated by the lives and backgrounds of the rich (and sometimes famous). Behind every entrepreneur is a story.

Andrew Davidson has interviewed dozens of leading entrepreneurs over many years. He has asked the questions we all want to ask. He has probed into their backgrounds, delved into their psyche. Compared, contrasted and considered just what it is about them that makes them different. Here he pulls together all the information, and takes an overall look at the bigger picture and what we can learn from the living giants, who did it their way.

Measure quality of effort not success

Ananth Raman's notions about success in business and quality improvement have evolved dramatically as a result of his spiritual knowledge. Here's what he told to Debra and William Miller

Once there was a particular merger and acquisition proposal that I was working on where we arranged for a bank loan. However, at the last minute it fell through because the subordinate lender insisted on some conditions that the seller was not comfortable with. Then I went to a second banker and raised the money and again it fell through because of perceived environmental hazards at the seller's business. This also happened a third time; it went on for about 18 months. It was as if it was absolutely futile to do anything to make this successful. I even prayed earnestly about whether to try again to make this happen.

By this time my spirit was completely broken and I didn't know whether to continue with it or not. So then I decided to go back and see if there was anything that I had done wrong. I saw that the first time I tried I had done something wrong. While I had corrected that error the second time, still I did something wrong. And then the third time I corrected that error but it still didn't work.

At that point I felt that I had succeeded because I had corrected my errors and had done everything correctly the third time. That is the only way that I see to evaluate this properly. Now that I have gone through this process three times and I understand the mistakes that I made, I know how to do it and the next time I need to do it I will be able to do it perfectly. So to that extent I have succeeded, even though I did not get the result.

From experiences like this I have come to realise that once the effort is made, the results are not in your hands. You are not the one to decide the result; thus, there is really no such thing as your "success" or "failure." Ultimately, I think the only thing you should measure is the quality of your effort: I have consciously tried not to measure successes and failures at all. If I have given my best effort and I have done everything properly, then I have succeeded. Other than that, I should not bother about it.

My knowledge of the spiritual texts tells me that this is the best way to look at success. Have I followed my inner conscience? Have I given my best effort? Have I done what was right? Have I learned from my effort? Have I used all of my senses and values that I am conscious and aware of? This is what is most important.

Unity of thought, word, and action

There was a time when we were introducing ISO 9000, a system of quality control measures for our company. One of our companies was a job shop where we do specialty items for our customers. This made it a difficult environment to introduce these types of quality measures, since it involves a lot of rigid procedures.

The expert said, "This is all very simple. All you need to do is write down each of the procedures that you are already doing. You don't have to make any improvement." Even after he said all of this, my fellows were still completely worried.

I was thinking about this while attending a study circle with my spiritual group. I saw that all of this was simply unity of thought, word, and action. So, I called in my employees and told them, "This is nothing but the concept of having what you feel, what you write and how you act be the same. This is all that ISO 9000 is about."

So we went all over the company and said, "The company's objective with ISO 9000 is to have unity of thought, word and action". To me I didn't feel that I needed to tout this as spiritual. It was just truth and honesty, that's all. They understood the concept very easily.

They started raising questions throughout all the departments. They would come to me with an example, such as: "If a customer wants us to deliver a product the next day and we know it is going to take one week, do we tell them the truth?" I was amazed at the chain reaction that began.

So I told them, "Let's have a monthly meeting where we can discuss these problems where you find it difficult to be totally truthful." I tried to help them see the difference between telling a customer, "No, it won't go tomorrow, we are having difficulties," which is the truth, versus "It will go day after tomorrow," which is a lie. We continue to have these monthly meetings where we examine these difficult situations and look to see how we can solve them with a unity of thought, word and action.

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". Mr.Ananth Raman is Chairman of Graphtex, Inc., New Jersey, USA. www.globaldharma.org/sbl-home.htm

Unlocking India's market value

Where is the Indian retail sector headed as the country gathers significant purchasing power?

-by Harish Bijoor

At the end of a rather long working millennium, one has the luxury of putting up one's legs on a soft stool, sinking into a soft beanbag and thinking soft thoughts of a soft millennium gone by.

I call it soft, particularly from the Indian perspective of things. The hundred marketing years behind us were distinctly soft years. Soft issues faced and soft options exercised. Soft covenants arrived at softly.

The years ahead look different indeed. Hard years indeed! Troublesome marketing times. Troublesome times for the marketing of the country that is India. Tough years that will call for tough ways.

Let's then explore what is ahead of us. Visit and re-visit the strengths that exist. Strengths that will re-define the competitive advantage of India in the world market. The India ahead as the new consumer super-power of the world. The new intellectual capital of the world and of course the new seat of buying, selling, marketing and facilitating super-power of the world. The new role of India the buyer, India the seller and India the broker.

Let's do this scenario painting exercise of the key competitive advantage of India in the markets of the future by visiting briefly the key issues we see as distinct points of strengths.

The British left India as a nation of shopkeepers. Our retail universe that covers a nano-fraction of super-markets, large numbers of small and medium sized shops and cubby holes of retail commerce in remote inaccessible corners of the country, is the biggest you can find in any of the 182 countries that comprise the world and its consuming markets. A population of 12 million retail outlets to service the needs and requirements of the world's second biggest consuming mass of people!

The one big strength that less than one other nation in the world can stake its claim to is the size of the population that rests within the boundaries of our country. A huge weakness of gigantic proportions when viewed from the many development-oriented periscopes of the past. Not so when you view it with the future in mind. A future that is energized by these very large masses of people who have been the biggest liability for the nation of a billion plus!

The past viewed people as a liability. Not enough physical work to go round, not enough food to eat and of course not enough education to ventilate around. Every bit of progress that development achieved was sacrificed very, very quickly (possibly even before the economist was able to record and publish the feat), at the altar of population and its rather robust pace of growth.

While every sector of the economy did reasonably well in bits and patches over the last hundred years, so did the sector of population growth. Stretched food resources, stressed out finances, a pathetic situation on the physical infrastructure front and a complete lack of positive momentum represented the development of the last hundred years in India. People were therefore the biggest liability.

Not so anymore. Not in the hundred years ahead of us. One of the biggest assets of marketing-based India is its numbers in the very many homes that dot the countryside of 'sunny-side-up' India! Lots of existing people and a robust yen to propagate more of the kind, only means a lot more stomachs to feed and a lot more bladders to fill. Lots more bodies to clothe and a lot more minds to educate.

Think of a product. Think of a service. Think of a want. Think of a need. The biggest and the best of them will linger in the land that is India! The marketing future of India is therefore made. Ready at the take-off stage which will have many a Schumpeter stumped!

But then, people are not the only need of a consumer market. Consumption is certainly not the only key to unlock the riches of a marketing man's Pandora's box. Money somehow seems to be the real key. More money in these many hands more the consumption. But then, is the money around?

While the pessimists answer to the question will say that men without money or men without the means to make the money, are of no use to marketing and its future, the fact remains that there is a value in the market that has a huge potential. A potential that can well nigh break open huge values in the times to come.

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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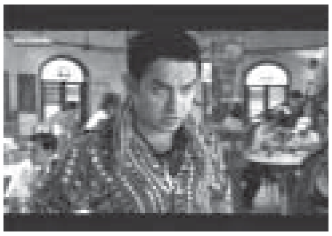
Coke *thanda* ad in Malayalam?



The 30 odd States of India are known to be fighting over either water, electricity or simply over the movement of tomatoes, without a commercial break. The latest is, hold your breath, over Coke ads. After the runaway success of the Thanda campaign in Bihari, Kashmiri, Punjabi and Bengali, people in the South are feeling let down. Joining them are the Maharastrians and the Gujarathis.

If Coca-Cola India manages to satisfy many regional sentiments, even while it's getting used to writing off huge losses, one thing is sure. Its brand icon, Aamir Khan, known to be a stickler, will have to work harder at tongue rollers, jammers and twisters.

Robotic search engine

A patent-pending technology is powering Dipsie, a new search engine set to open to the public in May, this year. The robotic technology is said to be able to locate 99 percent of the documents on the Web by mimicking the way humans surf the Internet and using algorithms to "understand" words in context. The results of a search will be presented in sections. Tabs will separate lists of results by type, such as general information or retail outlets. At last some competition to the Googles of the world!

Australia's cricketing secret

There's a little secret very few of us know about behind the Australian dominance of world cricket in recent years. Edward De Bono, the father of lateral thinking and the Six Hats approach to creativity, is supposed to have played a big role in the turnaround. Two years ago, De Bono held a session for the Australian cricket establishment about how to play the game better. Since then, the Kangaroos have won the World Cup, 20 one dayers and 17 tests in a row.

De Bono shows the proof off his contribution with a note from the coach which said the winning habit started after his pep talk. Shouldn't the Indian team hear him out?

Old habits die hard

At a time when the banking industry is boasting of virtual or anywhere banking, it is faced with an unexpected demand. Senior citizens in the West and Japan are demanding a return of the branch experience. So much so, a few banks have indeed started opening branches at hefty cost.

The demand has a social angle as well. Most senior citizens in developed countries are loners and killing boredom has become their greatest anxiety. Banks that had built personal relationships with its customers were, in a way, a getaway.

Although maintaining branches now is expensive, a few banks don't mind the extra expense as a price for loyalty. In the land of 'there are no free lunches' loyalty doesn't come free either!

Knowledge Cafés

The Royal Society of Arts (RSA) Coffeehouse Challenge kicked off on 22 March 2004, exactly 250 years to the day after William Shipley, founder of the RSA, held the first meeting of the Society in a coffee house in Covent Garden, London. Gatherings of Fellows, the general public, MP's and groups of schoolchildren up and down the country will get coffee houses and other specialized venues buzzing with spirited debate and the liberal exchange of ideas.

Issues for discussion are linked to the RSA's manifesto, focusing on five specific areas of concern of our modern society. They are summed up as bright ideas, zero waste, capable people, strong communities and global citizenship. A great example of "knowledge cafes" in action!

Incentive backfires

When Jeff Weitzen took over Gateway, he instituted a new policy to save money on customer service calls. "Reps who spent more than 13 minutes talking to a customer didn't get their monthly bonuses." "As a result, workers began doing just about anything to get customers off the phone: pretending the line wasn't working, hanging up, or often -- at great expense-- sending them new parts or computers. Not surprisingly, Gateway's customer satisfaction rates, once the best in the industry, fell below average.

You may teach an old dog new tricks, but you cannot take away sales reps' appetite of blabbering.

LOVE

Anil Ambani has simplified his learning, over 25 years in the corporate world, and abbreviated it into an acronym LOVE. L stands for Learning and Sharing; O for Sharing Opportunities, V for Value Systems and E for Ethics.

"Being in the corporate world for over two decades my biggest learning came from our value systems, Indian tradition and from simple things like showing respect for elders, for being humble and having your feet on the ground, and continuously exhibiting humility.

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