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Wholesale success is in retail

Companies which manage their retail accounts innovatively will succeed in the future

by Nirmalya Kumar

Peter Drucker wrote, “The business enterprise has two and only two basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs.” Today, many CEOs of major companies are disappointed over marketing’s inability to produce results. Increasingly, they view marketing as an expense rather than an investment and fewer marketers are rising through the ranks to become CEOs.

In, *Marketing as Strategy: Understanding the CEO’s Agenda for Driving Innovation and Growth*, I argue that to capture the imagination of CEOs, marketers must break from the tactical four Ps (product, price, place, and promotion) orientation and instead lead organization-wide transformational initiatives on the CEO’s agenda. Only initiatives that are strategic, cross-functional, and bottom-line oriented will attract the CEO’s attention, and only by leading such initiatives will marketers elevate their role in the organization. I identify seven such transformational initiatives and describe one below.

From branded bulldozers to global distribution partners

Historically, retailers were local, fragmented, and technologically primitive. As such, powerful multinational FMCG companies (e.g., Coca-Cola, Gillette, and Procter & Gamble) behaved like branded bulldozers, freely pushing their products and promotion plans onto retailers, who had to accept them subserviently.

Within a span of two decades, all this has become history. Global retailers, like Carrefour, Tesco, and Wal-Mart, have worldwide revenues that exceed those of the large branded manufacturers. For example, Wal-Mart alone accounts for more than 17 percent of Procter & Gamble’s worldwide turnover. Retailers have moved from a vulnerable position to one of power via-a-vis their suppliers.

The manufacturers’ dilemma is that prices for their identical products can differ by as much as 40-60 percent between countries. Global retailers make such prices “naked” by demanding a single worldwide price. Unfortunately, for most multinational suppliers, customer ignorance was their biggest profit center!

The brand management system of manufacturers that worked so well in the past seems ineffective in dealing with large, professionally managed retailers. The typical brand manager is too inexperienced, too narrowly focused on the brand, too

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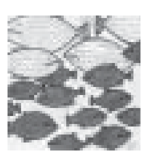

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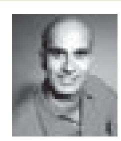

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short-term oriented, as well as lacking the internal authority and resources to be a strategic partner with the global retailer. Therefore, companies have been forced to adopt global account management. Delivering an integrated worldwide solution requires strategic, organizational, and information systems transformation.

Strategic transformation: Nothing is as useful as a well-articulated strategy for global accounts. It guides key account managers when they are face-to-face with global retailers and under tremendous pressure to cede to everything the retailer demands. A clear strategy gives them the confidence to say to important global accounts, "No, we don't do that," with the knowledge that they have top management support. Developing the strategic vision for the top ten global customers, accounting for 25 to 50 percent of the firm's total business, must be the responsibility of the CEO and top management. In addition, manufacturers have to delete weak brands and SKUs from their portfolios.

Organizational transformation: Companies choose between three orientations to global accounts. First, some companies give primacy to the country organization. For example, Coca-Cola started and subsequently disbanded its European account management because the independent bottlers in individual countries operate autonomously. Second and most pervasive, is a balanced approach where the local account manager reports to both the local country manager and the global account manager. A third, more recent structure, is where the company organizes around powerful global customers and assigns power to global account managers, not to local sales.

Regardless of orientation, most firms are establishing global customer development teams, a P&G innovation. Customer development teams bring together representatives from different brands, categories, functions, and countries to present a single face to the global customer. These global customer teams run parallel to global business units and country organizations, yielding an intricate matrix organization. The P&G team for Wal-Mart with more than 200 people is located in Bentonville, the headquarters of Wal-Mart.

Information systems transformation: One of my earliest encounters with global retailing was witnessing the CEO of a major multinational manufacturer go crazy because nobody could tell him how much profit the company generated globally on sales to a global retailer who had requested a single worldwide price. Only 11 percent of manufacturers can assess the true cost of serving international retailers, despite sophisticated and expensive information systems. Companies tend to use standard cost allocations rather than activity-based costing. Only now are companies like Hewlett-Packard investing in systems that can generate P&L statements by global customers.

As retailers consolidate, pressure on suppliers will increase. Clearly, the best approach is to develop brands that distributors must stock and support. However, even strong brands must continually innovate and diligently manage their retail accounts. Suppliers who develop real competence in global account management will observe reductions in cost of sales, revenue growth, higher cross-selling of products from weaker divisions, greater sales force efficiency, easier launch of new products, and increased responsiveness to customer-specific needs at the account level.

*The author is a Professor of marketing at the London Business School and co-director of Aditya Birla India Centre at LBS. His recent book is titled **Marketing as Strategy***

Darwin's divergence theory inspires brand building

The Rieses contend that Darwin's concept of divergence can be applied to the process of introducing new brands

Even after 500 years Darwin continues to inspire and awe not only biologists and anthropologists but also brand strategists. *The Origin of Brands: Discover the Natural Laws of Product Innovation and Business Survival*, by Al and Laura Ries is the latest effort at interpreting Darwin to the marketers.

Al and Laura Ries are a father-daughter team having a successful marketing firm in Atlanta. *The Origin of Brands*, however, is not a history lesson as much as a reflection on natural history and its implications for the world of business. Instead of a Renaissance scholar to guide their inquiry, the authors chose Charles Darwin.

In their critique of *The Origin of Species*, the authors note the importance which Darwin attached to the theory of divergence, "the evolutionary principle responsible for the creation of new species." Human beings did not evolve from monkeys, according to Darwin, but "diverged or branched off from the same tree that also produced apes, gorillas, chimpanzees, orangutans, gibbons and monkeys."

McDonald's and Starbucks are classic examples of new brand divergence. Diners and coffee shops were a fixture of the American scene, but McDonald's, with its limited menu based on the hamburger, and Starbucks, with its emphasis on European-style gourmet coffees, separated their brands from the competition and created a category for themselves which they could dominate. McDonald's and Starbucks defined their merchandising categories, and their brands are now virtual synonyms in the popular mind for hamburgers and upscale coffee.

The authors likewise believe that long-established companies can utilize divergence as well. The Rieses make a strong case that such companies must rely on innovation and novelty rather than trying to capitalize on name recognition from their already successful brands.

There is a temptation for companies to innovate through line-extension, building on previous triumphs. In these situations, the authors advise a company to introduce a new brand and create a distinctive identity for it, much as Hanes did with its L'eggs pantyhose.

Hanes entered the supermarket scene as revenues from its sales in department stores were declining. Rather than use its pre-existing brand, the company unveiled an old product in clever new packaging, using an unorthodox name which stuck in the customers' minds. L'eggs achieved spectacular sales and domination of its category. Had Hanes relied on a more conventional approach, it is unlikely the company would have achieved the same degree of success.

Companies which opt for the more gradual, evolutionary approach rather than a strategy of divergence often lose the opportunity to dominate their category. The Rieses offer numerous examples of brand failures due to line-extension tactics. Motorola, for instance, introduced the cell phone but lost out to Nokia, a single-product company, while the Dell personal computer far outsold the IBM PC year after year. "A vigorously growing, dynamic product…," the authors write,

Companies which opt for the more gradual, evolutionary approach rather than a strategy of divergence often lose the opportunity to dominate their category

"needs to break away from the confining environment of a conglomerate if it is ever going to reach its full potential."

Divergence vs. convergence

The emphatic importance which Al and Laura Ries give to divergence is based on more than a desire to adapt Darwin's ideas to the business world. There is a profound philosophical premise sustaining their beliefs.

"Divergence," they write, is "the least understood, most powerful force in the world." Convergence, on the other hand, the widely-held theory based upon combining products to create new brands, is anathema to them, a form of "Swiss army knife thinking" which has very limited application at best and has often blighted hopes and consumed untold billions of investment dollars.

"The clock radio has done more damage than all the government agencies and Wall Street investment bankers combined," the authors declare, pointing to one of the few usable convergence products. The information revolution has excited utopian visions that a similar convergence of technologies could lead to new products like Interactive TV. Despite prodigal levels of spending by Microsoft, Time Warner and others, American consumers have demonstrated only a lukewarm receptivity to watching television and logging into the Internet at the same time.

The Origin of Brands is a book which deliberately advances its thesis in the face of much of the accepted wisdom of the business world and it will no doubt antagonize quite a few corporate directors and marketing gurus.

There is no secret formula for achieving success with a new brand. And the Rieses, to their credit, never claim to possess one. But it is hard to disagree with their use of Darwin's theories as a conceptual framework for understanding branding. It's also hard to rebut the theory that new ideas, the courage to diverge from the pack and the resolve to base a species or brand on what it does best are behind the success and survival of people and the products they use.

*Adapted from a Knowledge@Wharton article '**Divergence, Convergence and Other Marketing Strategies**'*

ITC pursues triple bottomline

The ITC chairman appears to be a man possessed. After getting global recognition for the path-breaking e-chaupal initiative, Mr. Y V Deveshwar has embarked on an major social investments to achieve long-term business objectives.

Mr. Deveshwar plans to measure the success of his company using the Triple Bottomline approach – economic, ecological and social. During the 93rd Annual General Meeting in July, this year, Mr. Deveshwar said the Triple Bottomline approach will enable ITC to fulfill its responsibility as a corporate citizen.

"It is my belief that all stakeholders, including consumers, will increasingly appreciate the need for a harmonious balance between the economy, ecology and society and progressively raise the bar of expectation in relation to corporate response to issues of sustainable development."

The ITC chairman also spoke on "beyond financial performance". "Companies such as yours are organs of society, using significant societal resources. Therefore, the value that is created by them cannot be assessed by financial parameters alone. Instead, they need to be measured by the contribution they make to improve the quality of life of our society. It is not to suggest that financial performance is not important. It is very important. It is indeed an essential requirement and a means to fulfill a much larger purpose."

ITC believes that these initiatives hold the promise of impacting the Indian society, over and above their potential of creating wealth for its shareholders. "Indeed, the creative genius of your company's business strategy lies in making these two objectives mutually reinforcing and synergistic."

ITC's plans in the rural areas are driven by the assumption that the growth opportunity lies in building capacity to induce productivity-led growth by providing cost effective last mile connectivity. ITC's e-Choupal model seeks to address the issues relating to last mile connectivity by leveraging IT to build capability at the grassroots through empowerment of the small farmer.

The understanding here is that rural India accounts for about 60 percent of the country's household consumption expenditure and yet consumer research reveals that the propensity to consume of a rural wage earner is only half that of an urban wage earner for the same level of income.

ITC has also embarked upon a comprehensive greening project in Andhra Pradesh with the help of its research centre at Bhadrachalam. This intervention has been institutionalized by creating village-level natural resource management committees comprising local farmers. So far, the company says it has planted 66 million saplings over 19,500 hectares through farm and social forestry programs, generating employment opportunities for nearly 200,000 people. The company's initiatives extend to fields such as primary education, livestock development and social forestry.

ITC has indeed made a bold strategic commitment to its social initiatives. Will the shareholders wait that long for social investments to pay rich dividends? It's a gamble Mr. Deveshwar is willing to take.

Indian companies adopt low-risk business models

It appears Indian companies have been focusing more on cost cutting and efficiency building rather than going after aggressive business models. According to an analysis by the ET Intelligence Group report covering 2,500 companies, Indian Inc.'s debt-equity ratio has come down significantly since 1994.

What this indicates is that Indian companies' future profits will continue to be more stable than before and the business less risky. Many financial ratios indicate that Indian companies are moving towards profit stability with low risk business models. Interestingly, net worth increased by 1.9 times and the debt by only 1.2 times during this period.But a large portion of the increase in net worth was due to increase in reserves and not due to the rise in the equity base.

Management gurus content that while lower cost of funds in recent years offered a good opportunity for enhancing the firms' efficiency, signs of strategic initiatives in product or brand development are hard to find.

Now that India Inc. is looking healthy, what next? Are companies gearing up sufficiently to face the challenging times marked by greater openness of the Indian economy and tougher competitors at home? If not, the gains of efficiency could disappear before they realize it.

Accenture's new model for valuing companies

High-performance businesses require proactive management of intellectual capital and intangible resources to deliver improved sustainable returns to shareholders

Valuing future value of a company will always be tricky. The dotcom boom of the mid 1990s did help the business of valuation thrive, but the bust did not allow it to bloom. However, the few dotcoms that did survive and are now thriving like Google and eBay, are giving enough credibility to future valuers that they may make a comeback soon.

John Ballow, Roland Burgman, Göran Roos and Michael Molnar of Accenture have offered a new model for valuing the future worth of companies. In their recent article titled 'New Paradigm for Managing Shareholder Value' the authors are emphatic about valuing the intangibles and intellectual capital in a more scientific way.

To them a staggering proportion of enterprise value depends not on current operations, but expectations concerning growth opportunities, what Accenture calls future value. Much of that future value depends, in turn, not on the resources (assets) that traditional accounting practice handles well—monetary and physical assets—but on the resources it hardly handles at all—intangible and intellectual capital.

And many of the most successful companies in the last decade are organized around new business models like value shops and value networks. In this research report we discuss these important issues and introduce a new methodology for managing shareholder value, one that manages all components of valuation by managing all of the company's resources.

However, while the kernel of the concept of future value was formalized in 1961—that expectations about the future are a component of share prices—future value has never received the equal billing with current value it deserves from executives, analysts or shareholders in general.

So while executives typically know everything there is to know about how the market evaluates their company's current operations, they lack an equivalent framework for assessing how the market is assessing their company's future value. And then because they tend to follow the reliable maxim of sticking to what they know, they tend to ignore what often is the most significant component of their company's value.

The authors have found, for example, that as of May 2003, future value accounted for 77 percent of market capitalization and 59 percent of the enterprise value of the companies on the Russell 3000, an index that covers 98 percent of all listed US equities.

Some of the assets that drive future value are intangibles and intellectual capital. And part of the reason that executives lack a framework for managing future value is that one of their main sources of information, the traditional accounting system, overlooks many intangibles and almost all types of intellectual capital. Therefore executives leading high-performance businesses need a methodology that gives future value and current value equal billing.

In The Future Value Management™ (FVM™) methodology the authors put in the very center of the model the complete set of resources—monetary, physical, relational, organizational and human—and tie them to the key attributes that stakeholders value. Second, because the model does not share the traditional bias towards monetary and physical resources, it is not biased toward the logic of the value chain—it provides insights regardless of how one's company is organized. Finally, because their aim is the sustainable creation of shareholder value and does not have a predetermined disposition towards whether it comes from current or future value, the model does not skew managerial attention away from the future to the present.

And part of the reason that executives lack a framework for managing future value is that one of their main sources of information, the traditional accounting system, overlooks many intangibles and almost all types of intellectual capital

The model begins with perceptions and ends with actions. They start with stakeholder perceptions, tracing them to measurable attributes and then to resources. Using scenario analysis and sensitivity testing, they then predict the consequences of different combinations of resources, value drivers and transformations. Finally, they trace back

suggested changes in resource allocation and management to measurable attributes and stakeholder perceptions, and then to the effect on total shareholder value. They are thus able to plan and make business cases knowing what resources affect what attributes, and what attributes affect what stakeholders, as well as the tradeoffs that might improve overall shareholder value performance.

The authors believe that the management of all high-performance businesses will increasingly require proactive management of intellectual capital and intangible resources in order to deliver improved sustainable returns to shareholders.

-BP

Bill Gate's best practice - Take regular 'think weeks'

We all work hard, 24/7 — but that may be affecting our ability to think in fresh directions. That's why billionaire Bill Gates schedules regular 'Think Weeks', according to the Fast Company Weblog.

"One would assume that Bill Gates, one of the richest men in the world, got there by working hard 24/7. But it seems he also has the wisdom to take off on 'Think Weeks' — a one week 'thinking' retreat to a remote cabin by the lake with no means of electronic communication.

All he has with him is food, a pile of books to read and a bed to laze on. Away from it all, this quiet time alone allows new thoughts and perspectives to arise, voices usually lost in the hectic hurly burly of the modern daily routine.

Each 'Think Week' might translate into new action directions that help Bill Gates to stay flexible and take the initiative in the future!"

During these retreats, Gates doesn't allow himself any interruptions — he cuts himself completely off from e-mail and phone calls, and concentrates on reading up on trends that are "just beyond the horizon."

Even if we can't spare a full week, as "The Bill" can, I think we could all benefit from some "Think Days" away from work, where we explore new horizons and ideas. Why not give it a try?

Productivity gap

Is Bill Gates' think weeks responsible for the gaping difference in revenue productivity per employee per year of different global IT companies? Dr. Kirankumar Momaya, Asst. Prof. Department of Management Studies, IIT Delhi and Dr. Ajitabh Ambastha, counselor, CII Institute of Quality, Bangalore, have computed an interesting table:

Global Comparison of IT Firms' Productivity in 2001

Company	Revenue productivity ($/employee/year)
Global Firms	
Microsoft Corporation	6,82,864
Adobe Systems	3,99,069
Veritas Software Corporation	3,13,545
Siebel Systems Inc	2,84,206
SAP AG	2,81,363
PeopleSoft Inc	2,49,408
Oracle Corp	2,44,601
Indian Firms	
Infosys Technologies	54,402
HCL	66,399
Satyam Computers Ltd	38,694
Wipro Ltd	68,512
Indian software industry	16,600

Source: Company Annual Reports (2002)

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How to create the Medici effect

Johansson, founder and former CEO of an enterprise software company, argues that innovations occur when people see beyond their expertise and approach situations actively, with an eye toward putting available materials together in new combinations. Because of ions, "the movement of people, the convergence of science, and the leap of computation," a wide range of material available for new, recontextualized uses is becoming a norm rather than an exception, much as the Medici family of Renaissance Italy's patronage helped develop European arts and culture.

For cases in point, Johansson profiles, among others, Marcus Samuelsson, the acclaimed chef at New York's Aquavit. An Ethiopian orphan, Samuelsson was adopted by a Swedish family, with whom he traveled widely, enabling him to develop the restaurant's unique and innovative menu. They admonish readers to "Randomly Combine Concepts" and "Ignite an Explosion of Ideas." Less focused on innovations within a corporate setting than on individual achievements, and more concerned with self-starting and goal-setting than teamwork, Johansson's book offers a clear enough set of concepts for plugging in the specifics of one's own setting and expertise. But don't expect the book to tell you where to get the money for prototypes or production.

Johansson reveals the core principles–including breaking down associative barriers, routinely combining unlike concepts, and executing past your failures–that can enable individuals, teams, and entire organizations to create their own "Medici effects" in any arena of work and life.

Innovate in the last mile

Most brilliant products fail in the market because companies don't innovate at the retail level

by Bhupendra Sharma

Brain storming sessions create huge expectations. These sessions also create a lot of energy, emotional connect and desire. But if you don't link them to an intent to grow, they will have a negative effect.

FMCG companies do a lot of in-out thinking. Typically they'll say: "Let's give this to customers. Lets offer this and that." But most of the time they don't work. This is because they are not based on the unique insight of the market.

Paras Pharma with popular brands such as Moov, Livon, Itch Guard and Krack is a good example for applying market insight to product development. They hardly depend on market research but go into the market and get their hands and legs dirty. The success of these products is because they are able to translate consumer behavior into a business opportunity. Identify the unstated need.

The success rate of new products of large companies is declining because they are based on market research done by someone else. At best, when the research is happening they will be sitting in the next room with a CCTV. Market insight cannot be guessed like most managers do once they get some data from the field. Unless ownership is developed around the purpose of innovation, it is difficult for managers to be effective. Even more difficult than getting a great idea is its successful implementation.

For example, there's a company in Delhi that developed cigarettes from herbs recently. It was billed as a world-beating product. But after the initial excitement, the product disappeared from the market.

What brought such a promising product down is dilution of innovation. The team was innovative up to the product development point. They even developed five prototypes. But for the rest of the journey, the company followed the traditional model. Companies serious about innovation should take it through the whole journey by innovating at every stage. So, combating dilution of innovation is important.

Innovation is linked to growth

Most successful companies, according to me, innovate the maximum at the implementation stage. Those who say: "it was a great idea, but it was ahead of its time" are fooling themselves. And if supposedly a great new product is not helping the company grow, it cannot be considered innovative.

Innovation at the marketplace is a different ballgame. Marketplace innovation involves creating anticipation in the mind of the consumers and making the trade think differently about the product. Clearly, innovation is required in the last mile for new offerings to succeed.

TVS Victor's success is not because of the product. The product is pretty standard. But the way it was sold was very innovative. TVS trained dealer's salesmen for 45 days. Something that is unheard of in the industry. And the contribution of Sachin Tendulkar as its brand ambassador was just an add-on and didn't make a significant difference.

Most companies think of the dealers as someone who is happy if he's given good incentives. Many companies including Tyco AMP Netconnect were able to do well because they treated the dealers differently. For example, Amul even taught its front-end people how to make a pizza. So, innovation is not merely an intellectual exercise. The innovation journey does not end until the last mile is successful.

Where do companies deploy innovation?

Here, the success of Mahindra's Scorpio fits in perfectly. You may say the product may not be new. I still can call Scorpio successful from the innovation perspective because it was able to help the company's business grow significantly. Scorpio has opened up a new market.

Indica led growth for Tata Motors. Indica was sitting on an obvious idea for a long time – space of an ambassador for the price of a Maruti. Based on this, unique insights were developed and implemented.

Even the TV serial *Kaun Banega Karodpathi* was a borrowed idea, but it became the biggest success in the world for a borrowed idea. Its success was bigger than that of the country in which it originated. The innovation element here was the entire placement, positioning and conduction of the program.

In the last mile, one of the things companies should not do is to go back to the test mindset. Ninety nine percent of the companies do that. Companies have to learn from the software industry 'versioning mindset'. People who usually develop and launch the first version stay away from the market. They wait for the market feedback and start working on the second version. In contrast, in the test mindset, if something is not working, companies pull it out.

The test mindset therefore is quite outdated. It is just like the film industry – release a film and wait and see if it becomes a box office hit. It's high time marketers looked beyond traditional marketing rules for innovative ideas.

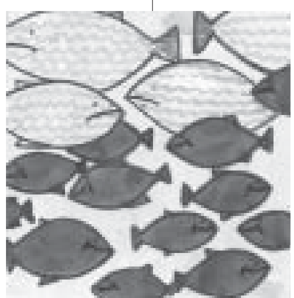
The author is with Erehwon Innovation Consulting, Bangalore.

Davids thrive under Goliaths' underbelly

Creative hotspots and offsite media services are giving companies greater flexibility. The result – better ads at lower costs

by Ravishankar N

Everyone agrees that the quality of Indian ads has improved quite a bit in the last three or four years. Behind this visible glitz is the quiet but significant transformation of the Indian advertising industry. It appeared that consolidation in the advertising industry left little room for the smaller players but what is happening is quite different. Smarter outfits that are coming up all over are eating into the large agencies' business.



Three trends can be spotted easily. The one that stands out is the emergence of media planning/buying aggregation. Beyond the immediate commercial clout, which the total volume provides, it has had a very positive spill over effect. It has liberated the brand from being dependent on the media department of a large agency. Brands are now focused on the creative and below the line promotional services.

Although Madura Garments had always had multiple agencies handling its various brands (Allen Solly, Louis Phillipe, Van Heusen etc.) they were all 'large agencies' with enough individual media clout. However, centralizing media services has allowed them to seek solutions from 'creative hot shops'. The brand SF Jeans has tremendously benefited from a dedicated creative team. The work has been impressive to say the least.

In my opinion, it's a great advantage to have a fresh set of people working on a brand with no baggage of a larger brand handled by the same agency. Raga (Titan) continues to be in the shadow of overall Titan branding. May be it is deliberate. But they certainly may be missing an opportunity here? Because it worked well for them in the case of Fast Track when they handed it to a new team albeit to another large agency 'Lintas'.

The 'most admired marketer' today can probably afford to be a little more adventurous. It is bound to help brand clarity. If all brands were to be in a single basket, sooner than later a 'celebrity endorsement' will surface as a creative idea.

Companies today have freedom to explore newer creative options with minimal or no risk to media clout /savings. The success of "Ki karu papa, petrol khatam hi nahi hota," a delightful TV commercial from not so large an agency for Maruti 800, is a point to note.

Creative hotspots

Today, creative boutiques are mushrooming everywhere right under the nose of the so-called creative agencies. These are different and distinct from the 'agencies' which were set up by creative head honchos in the late eighties and also distinct from the freelancing consultants. The nerds at the creative shops are like friendly neighbourhood creative units, set-up by experienced, small breakaway teams from large agencies offering creative services.

These creative shops are at the moment not interested in the clients' media budgets. They are free and are willing to work for a fixed fee and for the joy of creating good work. Does it mean a good-bye to 12.5 percent creative agency commission? Their favourite sign-off line at pitches is 'why a waiter when the chef is at service?'

It is also to their advantage, that the smaller outfits can offer a limited exclusivity during the period when they are working on the brand. Whereas, large agencies will just set up a subsidiary, to manage a conflicting account. This trend is also prevalent in the media agencies – Interaction & Initiative managed competing biscuit brands (not anymore though).

The third trend to note is the acceptance of the remote servicing concept. This has come about due to the role technology is playing in the client /agency and agency/media interaction. It has made one-to-one interaction very feasible. Client is now in a position to talk /brief the function groups (creative /media) directly. Email has made one-on-one meetings redundant and it's no more a necessity to have an agency /client at the same location. CEO of Pergo, the Swedish Brand of wood laminate flooring for example, has an office in Mumbai and gets the creative and media planning out of Bangalore. Finolex, which is headquartered in Pune, gets the creative out of Mumbai and media from Bangalore.

Due to the ease of sharing graphic files across internet / intranet, it is acceptable to deliver material for printers and print publication electronically. A pdf file in CYMK is the done thing in most cases and four-color positives with progressive proofs are on their way out.

As can be seen, the entire operations is going digital resulting in a very horizontal administration hierarchy, with hardly any scope for people who don't add value in terms of ideas. Client servicing, which used to be an important part of the overall account management is no more a critical offering. Evolution into a much more robust planning /marketing partner role is the only way of survival.

Agency business as we know and understand is on the threshold of being redefined, as it has been done in some cases already. Those, both clients and agencies, who are willing to experiment, adapt and exploit will, as usually the case is, end up on the winning side.

The author owns, Media Planning Associates,Bangalore

Why India Can Grow at 7 Percent a Year or More: Projections and Reflections

Working Paper, July 2004

Rodrik, Dani, Subramanian, Arvind , Research Department

Using a simple growth accounting framework, the authors project India's future potential output growth rate through 2025. They argue that there is perhaps more upside potential than downside risks to their central estimate of annual growth, which is close to 7 percent for aggregate output, or 5.5 percent for output per capita.

http://www.imf.org/external/pubs/

Exploding the Myths of Offshoring

The McKinsey Quarterly, Volume 3, Issue 8 — Summer Special Edition 2004

The debate over the offshoring of U.S. business-processing jobs misses the mark. Any short-term disruption from job losses must be weighed against not only the much broader benefits to consumers and businesses but also the disastrous consequences of resisting change. If U.S. companies can't move work abroad, they will become less competitive—weakening the economy and endangering many more jobs—and miss the chance to raise their productivity and to concentrate their resources on the creation of higher—value jobs.

Research by the McKinsey Global Institute quantifies the benefits of offshoring for the U.S. economy and debunks several myths. Rather than debating whether offshoring is good or bad, businesses and policy makers should be thinking about how to help its victims.

http://www.knowledgestorm.com/info/user_newsletter

Today's Challenges, Tomorrow's Markets

World Resources Institute report

The seventh annual Sustainable Enterprise Summit - the World Resources Institute's premiere business event published a valuable conference report.

The conference, "Today's Challenges, Tomorrow's Markets" brought together innovative corporate leaders and sustainability experts to explore the themes raised in the Institute's recent publication, *Tomorrow's Markets: Global Trends and Their Implications for Business*, now in its second edition. The premise of the publication and this year's Summit is that the sustainable enterprises of the future will align their growth strategies with providing solutions to the world's most pressing challenges.

http://business.wri.org/pubs_ppt.cfm

Change Drivers: The impact of climate change on competitiveness and value creation in the automotive industry

World Resources Institute, 2003

The World Resources Institute (WRI) and Sustainable Asset Management (SAM) released a detailed analysis of how emerging climate change policies, or carbon constraints, will affect the financial performance and competitiveness of ten leading global auto companies.

The report uses new indicators of a company's performance. It will help investors make better-informed decisions regarding investments in automotive companies.

http://www.wri.org/

Intelligent Enterprise: Governance as Catalyst: The New Management System

New investments to support Sarbanes-Oxley compliance may as well introduce greater transparency and more highly integrated management solutions. The author suggests

a process-based management system (PBMS), built around business processes. Key benefits of integrating at this level are predictive planning around a single business model and an increased ability to manage trade-offs.

http://ct.itbusinessedge.com

The 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

Methodology: How Great Managers Manage People

Paul Michelman, Harvard Management Update Article , August 2004

According to Gallup research, only 28 percent of U.S. employees are engaged. Engaged employees lead to engaged customers, who are, in turn, the linchpin to a company's growth, long-term profitability, and stock price.

So what differentiates managers who drive valuable employees out of the organization from those who not only retain them but, by boosting engagement, extract their full value? According to Curt Coffman, co-author of *First, Break All the Rules: What the World's Greatest Managers Do Differently*, the answer lies in rejecting conventional wisdom in four core areas of managing people: selection, expectation setting, motivation, and development.

http://harvardbusinessonline.hbsp.harvard.edu

The Mozart Effect

"The Mozart Effect" is the name attributed to psychologists' findings in 1993, that playing Mozart to their subjects increases their spatial-temporal reasoning. Today Mozart's music is used in a variety of non-musical applications from healing clinics to the classroom.

While Frances Rauscher, whose original research showed the relationship between Mozart and learning, the celebrated neurologist Dr. Oliver Sacks and Don Campbell talk about the role of music and healing - but he also unwraps Mozart's own mind by placing him in a modern context.

Single, double and triple loop learning

Single-loop learning assumes that problems and their solutions are close to each other in time and space. They usually aren't. When the problem and solution are close in time and space, then just state the solution as a rule.

Double-loop learning incorporates insights about why a solution works. You need the insight to appreciate the pattern. I think most good patterns fall into this level of learning. They involve tradeoffs between forces, and insight into how to resolve the tradeoffs. Alexander says that a pattern has a set of forces that can be considered together as a unit independent of distraction by other forces or patterns.

Double loop learning occurs when mismatches or errors [difference between actual and desired states] are corrected by first examining and altering the governing variables and then taking action. Governing variables are the preferred states that individuals strive to "satisfy" when they are acting. These governing variables are not the underlying beliefs or values people espouse. They are the variables that can be inferred, by observing the actions of individuals acting as agents for the organization, to drive and guide their actions.

TripleLoopLearning involves principles that go beyond insight. It relates to identity: who are we, what business should we be in, how do the ethics of the solution match with our ethics. If you solve a software problem with an organizational pattern, you're working at this level.

Biosciences: High Risk, High Reward, and the Potential for "Real Chaos"

While bioscience researchers struggle to understand the workings of the human body, biotech managers and investors are searching for ways to better understand this complex and quickly evolving industry, according to Wharton faculty and lecturers.

At a recent conference entitled, "Value Creation and Destruction in Emerging Technologies: Lessons for the Biosciences," sponsored by The Mack Center for Technological Innovation at Wharton, speakers took lessons from earlier technologies and applied them to biotechnology.

George S. Day, co-director of The Mack Center, listed some of the forces driving change in the biosciences. They include market conditions, such as an aging population, and value-creating innovations, such as predictive medicine and gene-guided drug development. Other forces are capital availability, a maturing pharmaceutical sector, pricing pressure, and ongoing consolidation and shakeout in the industry. "There are innovative, exciting business models in conjunction with all of these forces," said Day.

Researchers, he added, studied the Internet boom and subsequent slowdown and found that while there were some new business models, such as e-Bay and search engines, the biggest impact was on established firms that used the web to cut costs and improve efficiency.

Managers should weigh whether a new technology's effect will be non-linear, having an impact not only on the company but on the environment in which it operates, Day suggested. "We are poised at an interesting junction in the evolution of these sciences and we are asking ourselves, 'Who will be the winners and who will be the losers? What will be the strategies that succeed or fail in this environment?"

According to Paul Schoemaker, research director of The Mack Center, in 1965 it would have been difficult to predict how the development of the personal computer would play out. Venture capital investors and managers in the biosciences now face that task. "It's not entirely random, but it's not highly predictable either. People in the VC world have to take positions. We argue they need to take multiple viewpoints and hedge a little bit."

Schoemaker said there are many tools to measure uncertainty, but most of them, such as net present value analysis, are best applied to lower-risk, lower-reward scenarios. Newer tools, such as scenario planning, influence diagrams and systems dynamic modeling, may be more appropriate when thinking about the high-risk, high-reward business of biotech.

The Mack Center, which is attempting to better understand the industry through its BioSciences Crossroads Initiative, has come up with a broad approach to developing bioscience scenarios. The approach includes defining the scope, time frames and viewpoint for the scenario. It also accounts for internal and external forces, key stakeholders, and external trends and uncertainties. Planners should take these forces, and the different ways they may play off one another, into account in designing scenarios, Schoemaker said.

"The future well being of the biosciences as a family of technologies may well hinge on two main issues: How much technological progress will be made and the social acceptance," he added. "Many other issues are nested in that framework."

Transformational Change

According to Richard Foster, a senior partner and director of McKinsey & Co., the U.S. has nearly 800 bioscience companies, most of which can be grouped into four categories; specific diseases such as cancer; testing and diagnostics; basic science, such as genomics or proteomics; and drug therapy and delivery.

Foster, author of the books *Creative Destruction: Why Companies That Are Built to Last Underperform the Market—and How to Successfully Transform Them* and *Innovation: The Attacker's Advantage,* compared biotechnology today to earlier times in the semiconductor and pharmaceutical industries. His research showed inflection points in the industries' progress using a host of measures, such as total return to shareholders and return on invested capital.

There are factors that differ among the industries, he noted, particularly the roles of government and provider payers in the healthcare market, but there are messages from other technology industries for biotech.

For example, businesses have a limited lifespan stretching from start-up to growth to maturity, with each stage reflecting different trajectories. Investors often have trouble judging the trajectory because they distrust sky-high multiples. Biotech analysts themselves frequently adjust their projections for a "period of delightful surprises." After awhile, the analysts build models based on such surprises. "By the time they do that, they way overshoot," Foster warned. "Then there are negative surprise models."

Technology companies, he pointed out, are often driven by both incremental and transformational change. Incremental change comes from the lower reaches of a company and can result in big change in a slower, more evolutionary way. Transformational change comes from a strong commitment by top management and can lead to huge leaps in a company's technology and valuation.

The biotech industry's complex patterns of change lead to more surprises in the market than other industries, Foster noted. "You are partners with the market and its forecast. You have to understand the underlying reality, which is the technology, and then you have to understand the misforecasting."

Foster said it is important for biotech managers to develop the ability to "zoom in" and "zoom out" in their thinking. Zooming in focuses on details underlying the business and its core technologies. Zooming out is a sense of how those technologies will play out in the larger environment.

He expects a new period of rapid entry and exit in the biotech industry over the next five to 10 years. "We can do all the analysis we want but at the end of the day there will be real chaos."

Pharmaceuticals and the Productivity Gap

George Milne, former chief technology officer at Pfizer, described the pharmaceutical industry as one that is facing a "defining watershed."

The industry has been wrestling with declining productivity for several years. Research and development spending increased 43% between 1995 and 2001 but new drug approvals decreased 49%, according to research from Accenture.

The productivity gap comes at a time when new tools for technological advancement are as promising as they have ever been, said Milne. But drug makers are operating under increasing pressure from the public and governments to shake up their highly profitable business model based on research, intellectual property and pricing power.

"In the past we faced a series of changes that were adaptive and reinforced the business and market model," said Milne. "Now we face a qualitatively different confluence of factors that could change the industry from a relative success story to one of survival."

At the moment, the industry is losing the public relations battle, which could result in deeply disruptive changes for all those involved. Milne warned that a complete loss of public confidence could lead to socialized medicine, which would hurt the industry's ability to innovate. "We are ourselves eroding our position with lawsuits and lobbying. It's not a pretty picture."

According to Milne, the industry's current posture puts it at odds with patients, who are also voters. He suggested that drug makers align themselves with patients. "This, after all, is the natural sweet spot of the industry." Encouraging wellness would be one way to create those alliances, he said. Milne proposed linking the drug and life insurance industries. Drug companies could offer life insurance packages to patients who guarantee they will follow lifelong wellness regimes, including medication.

The industry has not moved toward this patient-centered model because the old one has worked so well and has created entrenched stakeholders, he added. It will take strong and innovative leadership to take the industry down a new path.

The change must amount to a new business model, not just "an offshoot of your marketing operations. My profound worry is that you have an emerging set of political issues, such as the single-payer system, that will destroy the ability to engage in true innovation going forward," Milne warned. "I don't see yet the thought leadership to get us out of that."

New View of Killer Products

Technology fuels new brands to sustain corporations and create growth in existing markets. It can also propel small outsiders into market leaders, said Gerard J. Tellis, a marketing professor at the University of Southern California's Marshall School of Business.

He pointed to Gillette's strategy with razors, a 100-year-old product. Gillette routinely kills off a brand of razor before it reaches peak market saturation in order to replace it with a new Gillette product before the older product fades and cedes market share to competitors.

According to Tellis, there are three types of technological innovation: platforms, which are based on scientific principles; components, such as materials or parts; and design. He presented data compiled from a range of technology-based industries that he said illustrate some challenges to the prevailing view of technological advancement.

Technological progress, plotted over time, often is thought to be S-shaped. Growth starts slowly then shoots up rapidly before flattening out as the technology matures. But Tellis' research indicates that the shape of progress looks more like a series of steps with repeated plateaus followed by sharp growth spurts.

It is important to recognize the plateau pattern, he noted. "When there is a plateau you think you should quit, but what we found is after the plateau there is another spurt, so if you quit, you quit too soon."

Another prevailing view is that attacks on existing technology usually come from below. Tellis' research suggests attacks are likely to come from above, in the form of superior technology at a lower price, or from below as lower-priced competitors improve the quality of their products. "You can't say for certain where the next attack will come from," he said. "You cannot dismiss either [type]."

Tellis even challenged the notion of the killer product, which he said is viewed as a product that is superior in its primary technological dimension and offered at a lower price. "The popular view is that in this dual attack nobody can stop this guy."

But when you look closer at such a product, for example Windows 95, there is often a long series of innovations that led to the 'killer.' "With Windows there were many missteps and many failures until Windows 95 finally took off and killed everything before it," Tellis said. "What you see from the outside is the big jump, the big breakthrough, when in fact there are small improvements day by day."

Boom and Bust Cycles

Steve Sammut, a venture partner with Burrill & Co. in Philadelphia and a senior fellow at Wharton, described "pin ball effects" for biotechnology investors.

Historically, venture capitalists have had to rely on initial public offerings to earn back their investments. But biotech's boom-and-bust cycles have proved frustrating. "Venture capitalists have relied on irrational public markets every few years to take them out. It's not a sustainable model."

Biotech companies need to spend as much time engineering their capital structure as they do engineering genes, he said, adding that the industry lacks people who have had direct profit-and-loss responsibility because most people who work in large pharmaceutical companies or universities do not get that experience. "We can't find [managers] with that full comprehensive management experience. It's a tremendous problem."

He noted that pharmaceutical companies are facing a huge number of patent expirations that could cost the industry $20 billion in sales by 2005. The expirations will continue to force big drug companies to align themselves with biotechs that have products in development. "These are career-changing numbers," said Sammut. "They will cause a major [shift] in the way senior managers think about their future and will inspire a greater number of collaborations."

According to Sammut, the 5,000 biotech companies around the world that are gathering up patents, along with university researchers, have created a minefield for investors attempting to value a biotech's intellectual property. Added to that, he said, is a gap of two to three years in the U.S. Patent office. "From a VC perspective, the issue of patents has never been cloudier."

A summer run-up in biotech stocks is encouraging for the industry which has endured a funding drought since 2000. This quarter, the industry has 11 initial public offerings on file, up from zero, Sammut said, adding that the fate of those IPOs will be a telling indicator of whether the industry is poised for an investment bounce-back. "This is an industry hungry for cash."

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Flying High: How JetBlue Founder and CEO David Neeleman Beats the Competition in the World's Most Turbulent Industry

Author: James Wynbrandt

"While Flying High tells the tale of JetBlue - from how it was founded to the way in which it operates today - this book is the story of David Neeleman. Throughout this fascinating journey, you'll discover the management techniques Neeleman has developed and used over the years, which most observers credit for JetBlue's unparalleled accomplishments. While he applies these rules to running JetBlue, they are truly applicable to every business in every industry.

Flying High traces Neeleman's spectacular journey from soft-spoken Mormon missionary to the top of the American airline industry. Full of insightful details and interviews with Neeleman's friends, associates, and prominent figures in both business and aviation, Flying High offers an up-close look at how he built a successful company-and changed an entire industry - by breaking the rules and taking good care of his customers.

The Monsanto Company: Quest for Sustainability

Simanis, Erik and Stuart Hart, World Resources Institute, 2001

Explores the strategic drivers and implications of Monsanto's sustainability-driven transition from a chemical concern to a life sciences entity. The case allows for discussion along four primary axes:

- The strengths and weaknesses of Monsanto's sustainability-driven corporate strategy, both in terms of developing and industrialized economies
- Views on sustainable agriculture and emerging drivers
- The escalating importance of broad-based stakeholder engagement and the growing power of civil society
- The process by which a strategic vision is conceived, communicated, and institutionalized

http://www.caseplace.org/cases/cases_show.htm

Project Management Approaches at Techlogix

Asian Case Research Journal, Vol. 8, No. 1 (2004) 1-35, Jamshed Hasan Khan

This case examines the different project management approaches at Techlogix. Some are highly structured and formal while others are relatively unstructured and informal.

The Engyro project involved the development of an Applications Service Provider (ASP) Payments System through a highly structured formal project management system, which created few problems in terms of product specification changes and development. However, a Financial Management System (FMS) developed for the Government of Guam through a relatively unstructured and informal project management approach proved to be a bad experience for Techlogix.

The CEO wanted to standardize a highly structured project management system for the company. The project managers at Techlogix feared that a highly structured system would reduce flexibility available to project managers.

They felt that a structured configuration and change management system would require a lengthy process to bring about changes in a project's specifications.

Why Giants Change Their Minds

Asian Case Research Journal, Vol. 8, No. 1 (2004) 37-56, Bin Jiang

Both Matsushita and Sony were based in Japan, both manufacture consumer electronics, and both were similar to each other in size and brand reputation. Both of them were also facing the same problem: escalating manufacturing costs in Japan were eroding Japan's traditional advantages in manufacturing, especially when its neighbor China was emerging as the "workshop of the world" with low cost advantage.

These two players, however, selected totally different manufacturing strategies. While Matsushita aggressively moved its manufacturing business to China, Sony suddenly shifted some of its production back to Japan.

Matsushita's and Sony's supply-chain rebuilding strategies were diametric opposites with the same objectives — to improve their competitiveness by optimizing their critical success factors across their supply chains.

Today's competition is not really company versus company, but supply chain versus supply chain. Managers and executives should realize that what they had done before for single firms is now being examined from the perspective of a chain of firms.

Downsizing at Pennar Industries Limited

Asian Case Research Journal, Vol. 8, No. 1 (2004) 57-78, M. M. Monippally

Pennar Industries Limited (Pennar), one of the top ten producers of cold rolled steel strips in India, had 650 workers and 630 staff (non-unionized workers, supervisors, and managers) in 1997.

Although over-manned and inefficient, the company had been profitable in the domestic market protected by government licensing and high import tariffs. As real competition, unleashed by globalization, began to bite in 1998, the company bought out 142 workers and 224 staff through a Voluntary Retirement Scheme (VRS).

The severance compensation offered was very generous. In spite of reducing the workforce and improving productivity, Pennar ran into heavy losses by 2000. The management decided to downsize further, but it had no money to match the 1998 severance package. The surplus workers would have to go with the statutory compensation and staff without any compensation at all.

How good executive education can make a difference to your career

Executive education is becoming vital for managers to succeed. Managers should select schools that offer community-learning experience and adopt a reflective approach

by Prof. Tojo Thatchenkery

As managers reach middle management they are expected to manage people. They are expected to do more with less. As they climb the ladder and move to senior management level they get into systems thinking – how different pieces of business are put together in the best way possible. They have to develop a macro view, which is, seeing the forest as well as the trees. Senior executives have to clearly understand how globalization will impact them on a daily basis. As middle managers step into the senior managers' shoes they have to acquire the ability to handle ambiguity – what Tom Peters calls the ability to thrive in chaos.

Not everyone is gifted with the ability to make a smooth transition from lower to middle to senior management. To me, most managers need coaching and skill upgradation as they move along their career. One of the best ways to do that is to take regular breaks to go back to school.

Good executive education programs are those which are good at translating espoused values into operating values. This is critical as most companies are good at stating visions, missions, corporate governance standards etc,. But very few are able to translate them into operating values. And even if they want to do it, they need the methodology or the systems that can work effectively

Apart from updating themselves about recent developments in their specialized fields managers today have an opportunity to learn along with a community. Good executive education or management development programs today focus on leveraging learning between peers during short study breaks. The challenge for the management today is how to transform learning communities into Communities of Practice (CoP). CoP is emerging as an important element in the shared learning movement around the world.

Executives, especially in countries such as India, often have problem in selecting the right kind of executive education courses. My suggestion is that they should decide by talking to those who have done courses and not get impressed by brochures alone. Of course, they should see the faculty profile.

Good executive education programs are those which are good at translating espoused values into operating values. This is critical as most companies are good at stating visions, missions, corporate governance standards etc,. But very few are able to translate them into operating values. And even if they want to do it, they need the methodology or the systems that can work effectively.

Also, good executive education programs focus on reflection rather than accumulation of more information or knowledge. Reflectivity is important for executives to approach business challenges innovatively. What many colleges teach is single loop reflection – that is reflection about external issues, feelings or matter. What double loop reflection teaches is to think about how you are thinking. It is easy to do the single loop reflection but it takes some practice to do the double.

An advancement over double loop reflectivity is 'Mindfulness', a Buddhist approach to reflection. The Mindfulness approach helps participants to stay focused on the present. Usually, during reflection, the mind wanders either into the past or into the future. But what is effective is to experience the present.

For example, most people reflect or have a sense of remorse after they commit a mistake or get angry at others. By mastering Mindfullness one is able to reflect while being in a state of anger or hatred or malicious. The advantage here is that one can see the outcome even before the action is completed.

The challenge for managers today in India, and particularly in places like Bangalore is how to manage complexity. The problem is complex as it both traditionalism and modernity are strong here. The paradox is quite evident.

Since IT, ITES and other emerging businesses are heavily people driven, the biggest challenge for managers here is how to stay focused on the needs of the people. It is not as easy as it sounds. Senior managers should acquire skills to assess the mental and physical health of large workforces. Only those who can do this effectively can hope to succeed.

The author is Associate Professor of Organizational Learning and Knowledge Management, School of Public Policy, George Mason University, US. George Mason University has tied up with Sona Institute of Advanced Studies, Bangalore, to offer professional masters degree program in change management.

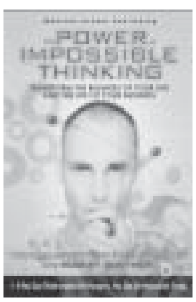
Will Your Next Business Mistake Be Fatal? Avoiding a Chain of Mistakes that Can Destroy Your Organization

Robert E. Mittelstaedt, Jr., Wharton School Publishing; September 2004

This is not a book about crisis management. It is not about managing public relations, the victims, the lawyers, or the shareholders. It is about discipline, culture and learning from the experiences of others to improve the odds that you can avoid the things we label as accidents, disasters, or crises altogether. In *Will Your Next Business Mistake Be Fatal?* Robert E. Mittelstaedt, Jr. argues that even if you do not totally avoid such situations, knowledge of the typical patterns that occur should help you create an organization that is observant enough to intervene early and minimize damage.

The Power of Impossible Thinking: Transform the Business of Your Life and the Life of Your Business

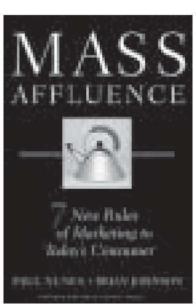
Wharton School Publishing, August 2004, Yoram (Jerry) Wind and Colin Crook



Most of the time we ignore so much of the world around us. We are sleepwalkers in our own lives, relying upon crib sheets and lecture notes in place of the full spectrum of experience. We walk through the world and don't pay attention to it. We see without seeing. We quickly classify others as "others" and don't see them as individuals. We classify new ideas as "crazy" and don't give them a second thought. In *The Power of Impossible Thinking*, Yoram (Jerry) Wind and Colin Crook explain how to realize the wonders and perils of operating outside our old mental models.

Mass Affluence: Seven New Rules of Marketing to Today's Consumer

July 2004, Paul F. Nunes, Brian Johnson, HBS Press Book



Forget mass customization and micro segmentation. Winning in today's business world requires a return to an approach abandoned by marketing experts decades ago. Mass marketing is back, say Paul Nunes and Brian Johnson—but with a new target and a fresh approach that companies ignore at their peril. Whereas the mass marketing concepts of the 1950s consisted of lowest common denominator strategies aimed at the "middle class," Nunes and Johnson argue that the rules of mass marketing must be rewritten to appeal to today's burgeoning mass of different—and far more affluent—consumers.

The "moneyed masses" have more disposable income than ever, and research shows the richest among them are not spending up to their potential—thus creating a windfall of opportunity for marketers. Based on extensive consumer research, Mass Affluence outlines seven new rules for capturing this largely ignored market and reveals how innovative companies are already employing them to launch billion-dollar industries in categories from oral care to homebuilding to exotic automobiles. A sea change in marketing is underway—and future growth and profitability will belong to the companies that woo and win today's affluent mass market. Paul Nunes is an Executive Research Fellow at Accenture's Institute for High Performance Business in Cambridge, Massachusetts.

Heart Mind Over Matter

A New Mantra for Success

By Virender Kapoor, Price: Rs 195.00

This book is about success. It is based on qualities, now accepted universally, which make great men and leaders in all walks of life. The coverage is a fine blend of motivation, attitudes, satisfaction, caring, relationships and emotions, which ultimately lead to success and victory. It is downright practical, can be related to your day - to - day life and put to use right away.

The exclusive and unique treatment of emotions and basic human instincts in this book would urge you to work on your strengths and reach that critical mass of good habits that are so crucial for success. More importantly, it would encourage you to identify your weakness and work on them. Above all, it will help you manage your interpersonal relations more effectively at work as well as it home.

This book would bring about a change in you - a sustainable positive change that can come at any age.

The book is more about satisfaction than success because satisfaction is the success. If this is understood, success in all other forms is inevitable. In today's turbulent times, we need a balance between the heart (emotions) and the head (logic) - which is an appreciate response to situations and people. It boils down to emotional optimization, which is at the very core of the book.

kkbooks@vsnl.com

The Power of Corporate Communication

Crafting the Voice and Image of Your Business

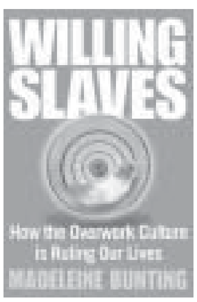
By Paul A. Argenti & Janis Forman, Price : RS 250.00

Corporate communication involves much more than just motivating employees and dispensing good PR. It represents a tool to be leveraged and a process to be mastered. The Power of Corporate Communication shows managers and executives how to communicate effectively with fellow employees from the mailroom to the boardroom, and even between organizations and across industries. Fully accessible and refreshingly nonacademic, it creates an easy-to-follow map of the world of corporate communication, with workplace-tested approaches for addressing common challenges. The Power of Corporate Communication is replete with careful analyses and real-world examples and case studies from leading organizations including Sony, Coca-Cola, and GE.

The book contains dozens of field-tested techniques provide solutions for internal and external corporate communication challenges. Insights from today's leading corporate communication experts combine with real-life examples from global corporations including Microsoft, Johnson & Johnson, and GE.

Willing Slaves: How the Overwork Culture is Ruling Our Lives

Madeleine Bunting, London: Harper Collins



A hard-hitting expose of the overwork culture and modern management techniques which seduce millions of people to hand over the best part of their lives to their employer.

Willing Slaves exposes the paradox that, though we're all being exploited, its work that has come to give our lives meaning: religion, political causes and family life have become secondary.

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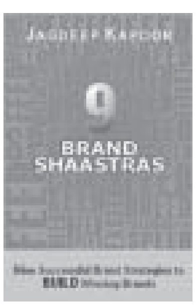
9 BRAND SHAASTRAS

Nine Successful Brand Strategies to Build Winning Brands

JAGDEEP KAPOOR *Samsika Marketing Consultants Pvt Ltd, Mumbai*

June 2004, Response Books, Rs.160



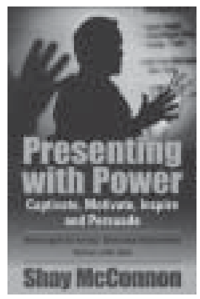
'Markets don't decline, they shift', says Jagdeep Kapoor in his thought provoking new book. Once again, Kapoor presents a powerful and effective roadmap on how to build successful brands. Terming these nine key brand elements as 'Shaastras', he highlights important truths that each marketer must know to build healthy brands. Beginning from the 'Need Shaastra', which is the genesis of every product, Jagdeep Kapoor discusses key brand building elements such as brand awareness growth strategy (or the 'Heed Shaastra') and brand market share growth strategy (or 'the Breed Shaastra'). Through a stepwise presentation of these concepts, Jagdeep Kapoor maps the entire journey of any brand from inception to success!

Simple and direct, *9 Brand Shaastras* distils decades of brand building experience into an easy to read book which every marketing person must have. Numerous real life examples, combined with the author's vast experience, will give the reader a strong grounding in the fundamentals of brand building.

Presenting with Power

Captivate, Motivate, Inspire and Persuade

By Shay McConnon , Price : Rs 165.00, www.kkbooks.com



Written by one of 'the most exciting keynote speakers in the UK', this is no ordinary book on presentations. Shay McConnon shares with you the secrets that professional speakers use to make a real impact and a memorable impression on their audience. Whether you are a novice or a seasoned pro - this book will give you tips and techniques to take you to the next level.

Shay McConnon is a professional speaker and a founder member of the Professional Speakers Association. He uses a wide range of skills to make his presentations and workshops fun and memorable. Shay works with leading companies in Europe and the USA.

The Five Dysfunctions of a Team

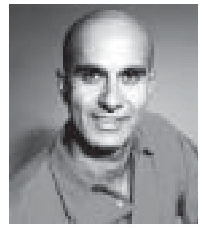
A Leadership Fable

By : Patrick M. Lencioni, Rs 1115, www.kkbooks.com

In *The Five Dysfunctions of a Team,* Patrick Lencioni once again offers a leadership fable that is as enthralling and instructive as his first two best-selling books, *The Five Temptations of a CEO* and *The Four Obsessions of an Extraordinary Executive*. This time, he turns his keen intellect and storytelling power to the fascinating, complex world of teams.

Kathryn Petersen, Decision Tech's CEO, faces the ultimate leadership crisis: Uniting a team in such disarray that it threatens to bring down the entire company. Will she succeed? Will she be fired? Will the company fail? Lencioni's utterly gripping tale serves as a timeless reminder that leadership requires as much courage as it does insight.

Throughout the story, Lencioni reveals the five dysfunctions which go to the very heart of why teams, even the best ones, often struggle. He outlines a powerful model and actionable steps that can be used to overcome these common hurdles and build a cohesive, effective team.



All I learnt about life I learnt from skiing

As I ski, I feel at one with the larger world around me and engage in "the flow" that holds me in the present moment

by Robin Sharma

I have rekindled my boyhood passion for skiing. Communing with nature is one of my favorite things to do. And I have realized yet again, that communing with nature with two boards "strapped" to my feet is a great way to go. My brother actually said that "skiing is a spiritual experience". I completely agree: as I ski, I feel at one with the larger world around me and engage in "the flow" that holds me in the present moment. I'm not concerned about any worldly issues or any petty thoughts. Instead, as I make my way down the mountain, my sole focus is on what's present before me and the experience I am enjoying.

I've also realized how many life lessons can be understood from skiing. Here are a few that have surfaced for me:

- We grow on the tough runs. I could spend weeks and months on the simple runs where my form is strong and my confidence is high. But, as in life, we only grow through the challenges that we are presented with. On the simple runs, there is little growth because there is no room to stretch ourselves. We are playing within our comfort zones. To advance, we need to have the awareness that the "tougher stuff" is what brings us out of our comfort zones and into the areas of growth, learning and testing. I'm sure you will agree with me that, in life as well, we evolve as human beings when we experience our trials and tribulations. Adversity and challenging experiences introduce us to who we truly are and shape our character. They test us and cause us to go deep. And in doing so, we expand and become higher versions of our higher visions.

- Integrating what you have learned takes time. I am a true believer in the value of coaching. In my own life, I have enlisted a series of coaches for specific areas that I am committed to improving in. For example, I have a nutrition coach as well as an exercise coach. I deeply believe that any investment in coaching is money well spent. You learn from the best. You significantly decrease your learning curve. And you see results quickly. In keeping with this philosophy, though I am a relatively strong skier, I have engaged the services of an expert ski instructor. During our lessons, I often find myself overwhelmed and even confused. This is because he is addressing so many areas in need of improvement over a short period of time.

- There is no better moment than the present one you are experiencing. As I suggested above, skiing almost forces me to be fully present to the experience. Our human nature is to worry about the past and be consumed by the future. It is very difficult for us to be fully engaged in the present. We worry about uncertain careers or past difficulties or financial concerns or relationship challenges. We live in a world where our minds are full of seemingly endless chatter and we rarely savor the beauty of being fully engaged in what we are doing. The great masters all understand one thing: to glimpse your greatness, you must be fully focused and deeply centered on what you are doing at any given time. This is when you are most alive. When skiing a difficult run, if my mind wanders, the mountain teaches me a fast lesson and a fall comes swiftly. So I have learned to concentrate on what I am doing and in doing so, experience that state that we are all seeking: happiness.

- Awareness precedes change. As I wrote in my book ***Leadership Wisdom From The Monk Who Sold his Ferrari: The 8 Rituals of Visionary Leaders***, you will never be able to improve on a weakness that you do not pay any attention to and are not even aware of. The path to mastery of any skill is as follows: We start at a place of unconscious incompetence, meaning, we don't know what we do not know. With a little practice and coaching, we then move to a place of conscious incompetence. In other words, we begin to pay attention to what we are doing wrong and make some course corrections. Yet, at this level we are still at a level of incompetence. As we progress and deepen our commitment, we rise to a level of conscious competence.

- The power of community. Skiers understand the whole idea of community. They all seem to bond with each other with relatively little difficulty. We all share a passion for the experience and we overflow in enthusiasm for it. This applies to life as well. One of our deepest needs, as human being, is the need to be loved. One of the deepest hungers of the human heart is the need for connection through community. In this technologically advanced world, we are losing the human connection. And this is the cause of so much of our dissatisfaction. I invite you, as you journey through your life, to make "community building" a key priority for you. Spend time having conversations with those you love and those people who interest you. Open your heart to a stranger. Go the extra mile for a friend. Listen deeply to a loved one. Build your community and you will find that life itself will change in a profound way.

For inspirational reading visit www.robinsharma.com

Keep it simple!

The consumer is a simple person. Don't complicate his life too much. Offer him a proposition that is credible, and he will be with you.

-by Harish Bijoor

This is the day and age when even a shirt is honest!

This is the day and age when there is Oxygen in your toothpaste that will bring a new zest in your otherwise Oxygen-free life!

This is the day and age when there are television sets that can make you feel healthy. The more you watch, the healthier you get!

The realm of brands is a happening place. There is a buzz out here all the while. It is an exciting place to be. Brand Managers, Marketing Managers and their hierarchical superiors of every kind, be it the Brand Director, the Brand Evangelist or others with equally exciting new fangled designations, will testify.

The years of the 2000 series are the years of the Brand Man on top. The years that see the brand guy in organization catapulted top of the heap. Never mind what hierarchical mound he sits on, the brand guy in organization occupies precious space in the blue eyes of the head honcho of organization today.

Brands are exciting entities Brand Managers and their consumers alike go to bed with an equal dose of panache. Brand space is therefore exciting space, crackling with the ether and excitement of a dynamic environment.

Brands are important entities to organizations of every kind. Literally no business of any kind, overt or covert, can do without an agile management of the brand to the benefit of the organization. Look over your shoulder at the guy who bakes the bread and sells it as a brand at your street-corner. Look deeper still at the guy who sits in this swank factory churning out multinational packaged 'atta' to compete against the 'Chakki fresh' option. Look deeper still at those non-obvious brand specialist arenas represented by the temple trust, the hospital of repute and the Management Institute that dishes out education branding every offer aggressively.

Brands are intrinsic parts of every organization that seeks to compete for the attention of the wallet of the consumer. And every organization therefore demands a brand manager. A savvy brand manager

The buzz in this happening space is therefore palpable. This buzz is leading the brand man astray as well. Peek at the way brand propositions have morphed in the recent years.

It started with the approach that was pretty straightforward. In the days of the nascence of the brand, the appeal that was dished out to the guy in the market was pretty basic. Basic appeal branding meant offering the umbrella functional advantage to the consumer at large. You therefore had the butter that claimed it was "the tasty butter" and the bread that claimed it was the "softest of them all"!

As brand communication clutter increased, the need to further segment those umbrella motherhood claims arose. In came the butter that used the appeal of the rhyme and the appeal of the language with an "utterly butterly delicious" tone! The meaning remained largely the same!

Brand Managers and cousins of their ilk need to stay alert and stay straight. This race to outdo the other brand with a proposition that is different is going a bit too far.

The butter clutter increased. More brands made their way into the psyche of the individual. Every functional appeal got tried and exhausted. The low cholesterol butter, the smoother butter and most certainly the cosmetic appeal of color as well. The white butter versus the yellow for sure! Thank God we don't have our purple butter and the pink butter with sparkles in it as yet!

As functional propositions get exhausted, the brand guy gets excited with propositions that are largely imagery led. The emotional benefits, positioning stances that are psychographics led and every other sub segment that makes for a branding approach that is different. In come the ridiculous propositions as well. The butter that makes you fly! The butter that makes you confident! Power butter?

Brand Managers and cousins of their ilk need to stay alert and stay straight. This race to outdo the other brand with a proposition that is different is going a bit too far. Let's remember one simple fact.

The consumer is a simple person. Don't complicate his life too much. Offer him a proposition that is credible, and he is with you. Make the proposition incredible with all those doses of imagery, hype and high falutin' magic, and you will lose the guy….if you haven't lost him already!

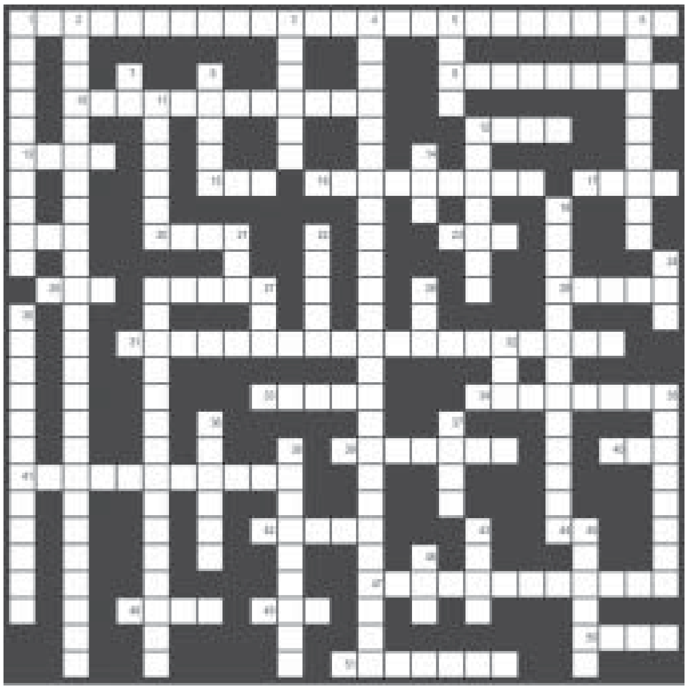
Keep it real. Keep it credible. Keep it simple, stupid!

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. harishbijoor@hotmail.com

No. 003

CROSSWORD – 003

(On Foreign Exchange/International Banking)



Across

1. Hard currency (6, 11, 8)
9. Automatic Repetitive LC (9)
10. Escrow Account is for this (7,5)
12. A portion of forex earned by you can be kept in this a/c in forex (abvn.) (4)
13. World Bank (abvn.) (4)
15. Central Bank for EU (abvn.) (3)
16. International Commercial terms of ICC (9)
17. A statute has replaced FERA (abvn.) (4)
19. Patriotic Indian abroad? (abvn.) (3)
20. Organization for Economic Cooperation & Development (abvn.) (4)
23. Exchange control authority in India (abvn.) (3)
25. A method of raising forex abroad (abvn.) (3)
26. All forex dealers in India are government by this organisation's rules (abvn.) (5)
29. Operation to achieve 'square' position (5)
31. Inter-currency hedging contract without obligation to perform by the contract holder (5,8,6)
33. Bankers use this for instant fund transfer (abvn.) (5)
34. Rate valid for immediate 2 day's delivery (4,4)
39. Suffer this when your currency depreciates against forex (7)
40. International standby practices (3)
41. Type of LC under which you can get portion paid when the goods are ready but not yet shipped (5,6)
42. LC rules by ICC 500 (abvn.) (5)
44. Telegraphic transfer (2)
47. Price of a foreign currency (8,4)
48. Option contract where you demand forex (4)
49. Option contract where you offer forex (3)
50. Indian organization for insurance against export non-realisation risk (abvn.) (4)
51. Type of LC in lieu of bank guarantee (7)

Down

1. Realization mechanism, much like factoring normally for long-term contracts (10)
2. E. D. I (10, 4, 11)
3. Type of Account for counter trade (6)
4. Documentary credit, not revocable (11,6, 2, 6)
5. New currency of EU from 1.1.1999 (4)
6. Type of LC where payment is assured by a bank acceptable to beneficiary (9)
7. Group of countries adopting EURO (abvn.) (EU)
8. Action for protection against exposure (5)
11. 'Our account with you' says the banker (6)
12. Competition to LIBOR from Frankfurt (abvn.) (7)
14. Body administering GATT (abvn.) (3)
18. In international trade practice, unless you specify like this, interest will be on 360-day year basis (5,8)
21. Department in-charge of forex policy in India (abvn.) (3)
22. Current benchmark rate for forex packing credit (abvn.) (5)
24. ICC rules for documentary collection (abvn.) (3)
26. Most popular forex rate hedging method (7,8)
27. International body which has given INCOTERMS, UCPDC etc. (abvn.) (3)
28. Sometimes 'hard currency' is referred to like this also (abvn.) (3)
30. Body for approval and follow up of project exports (7,5)
32. Fourth decimal in forex rate is called this (3)
35. Open to exchange rate risk (8)
36. Credit period in a bill of exchange (6)
37. WB agency guaranteeing foreign investors against non-commercial risk (abvn.4)
38. LC permitting clean advance up to specified limit (3,6)
43. Exchange currencies or interest or both (4)
45. Trans-European automated real-time gross express transfer system for EURO (6)
46. Global tender (abvn.) (3)

Answers to CROSSWORD – 002

Across

8. Bond 14. CPT 15. Bill of Entry 23. Freely convertible currency 25. LIBOR – London Interbank Offer Rate 26. HSN – Harmonised System Nomenclature 27. DEA – Department of Economic Affair 28. UNCITRAL 31. FCA 33. IBRD 34. AWB – Airways Bill 36. GLD 39. Advalorem 43. IGM – Import General Manifest 44. ADD – Anti Dumping Duty 45. Classification 48. Rebate 49. SGD – Safeguard duty 50. ADS – Aligned Documentation System 52. EURO 54. FAS 56. Shipping bill 62. Electronic Data Interchange 66. Assessment 67. Protest 68. EEFC – Exchange Earners Foreign Currency (a/c)

Down

1. WTO 2. RCMC – Registration-cum Membership Certificate 3. DGFT – Director General of Foreign Trade 4. SION – Standard Input-Output Norms 5. GR – No expansion (revised form G) 6. Irrevocable Letter of Credit 7. OGL – Open General License 9. DDP 10. RBI 11. FOB 12. Transfer (telegraphic) release advise 13. Entry in Wards 16. DFRC – Duty free Replenishment Certificate 17. EPCG – Export Promotion Capital Goods Scheme 18. SCN 19. OECD 20. Incoterms 21. IEC – Importer-exporter code 22. Bill of lading 24. EU 29. CVD 30. Transaction Value 32. ARO – advance release order 35. BCD – Basic customs duty 37. Landing charges 38. SDF – Statutory declaration form 40. DEPB – Duty entitlement pass book (scheme) 41. AIR – All Industries Rate 42. PAD – Postal appraising department 46. ALC – advance licensing committee 51. SVD – special valuation branch 55. CBEC – Central Board of Excise & Customs 57. ICC 60. ECB – European Central Bank 61. UCPDC – Uniform customs & practice for documentary credit 63. DDU 64. IIFT – Indian Institute of Foreign Trade 65. ECGC – Export credit guarantee corporation

The first three correct answers Win...
Rs. 500/- gift vouchers of CROSSWORD book stores and one year subscription to ManagementNext

Crossword contributed by Prof. S Krishnamurthy, faculty, IIM Bangalore

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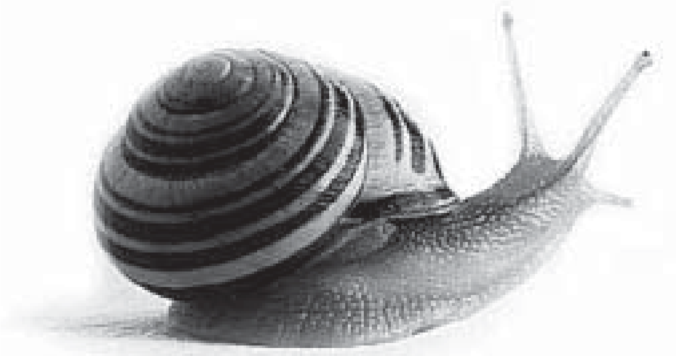

Slow food restaurants

The success of fast food restaurants worldwide symbolizes a culture that believes in speed in everything it does. But now a global movement is trying to turn the clock back, or at least cut the speed.

The field where the movement is making inroads is food. Carlo Petrini's slow food movement, started way back in 1986 in northern Italy, is catching up fast. The movement has since spread to 47 countries and has over 100,000 legionnaires. The slow food campaigners advise people to savor food and wine slowly so that they experience all the aromas and allow taste buds to savor the taste to the full.

The slow food movement has since inspired Sloth Clubs in Japan that advocate a less hurried and more eco-friendly lifestyle. The clubs run a café that serves organic food, stages candlelight concerts and sells memorabilia promoting the beauty of slowness.

For Indians fast food is a recent phenomenon. Until they experience the fastness of fast food, they may not appreciate the value of slow food.

Self Appraisal

A little boy went into a drug store, reached for a soda carton and pulled it over to the telephone. He climbed onto the carton so that he could reach the buttons on the phone and proceeded to punch in seven digits. The store owner listened to the following conversation:

The boy asked, "Lady, can you give me the job of cutting your lawn?"

The woman replied, "I already have someone to cut my lawn."

"Lady, I will cut your lawn for half the price of the person who cuts your lawn now."

The woman responded that she was very satisfied with the person who was presently cutting her lawn.

The little boy found more perseverance and offered, "Lady, I'll even sweep your curb and your sidewalk, so on Sunday you will have the prettiest lawn in all of North Palm Beach, Florida."

Again the woman answered in the negative. With a smile on his face, the little boy replaced the receiver.

The druggist, who was listening to all this, walked over to the boy and said: "Son, I like your attitude, I like that positive spirit and would like to offer you a job."

The little boy replied, "No thanks. I was just checking on the job I already have!"

Amul Pizza story

Amul Pizza never thought it would make it. It was selling 150,000 pizzas a day, more than all the others put together in the first year of its launch. Apart from the taste, one of the reasons it was able to achieve these outstanding numbers, was its innovative retail strategy.

Amul trained retailers all over the country for four days – an exercise unparalled anywhere in the world. And what were they trained for – in pizza making. The outcome of this exercise was so outstanding that instead of merely selling pizzas, every retailer became passionate about pizza itself.

Someone heard an Amul Pizza retailer tell the customer: "If you are buying pizza to share it with your girlfriend, ask for more cheese. And if you are sharing it with you boss, ask for more onions!"

Carbon positive enterprise

The ITC chairman Y.C. Deveshwar is in the news these days for winning several international awards for the innovative social element in his business strategy. His latest vision is to give his company the tag 'Carbon positive enterprise' in 10 years. Here's how he plans to do it.

"The growing competitiveness of your Company's paperboards business and its increasing market strength provide the impetus for your Company to scale up the afforestation endeavour to cover over 100,000 hectares by planting 600 million saplings over the next 10 years. Such a scale would render procurement of industrial timber exclusively from sustainable sources a reality within 10 years, benefit nearly 1.2 million people through incremental employment and position your Company as a carbon positive enterprise."

Will ITC stop making cigarettes?

10 medals for India at Olympics?

Business consultants' reputation for 'accurately' predicting corporate profits or economic growth is legend. As if that was not enough, they've started 'scientifically' predicting how many medals each nation will win at the Athens Olympics.

According to a formula worked out by Price Waterhouse Coopers (PwC), countries with biggest population, highest GDP growth and best past performances would do well. According to this formula, it predicted 10 medals for India. With the game now in its last stages, India is nowhere beyond one silver medal. **Three cheers to PwC.**