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Kotler's New Marketing Mantra



Philip Kotler, 75, spent a large part of his life making marketing a respectable profession. Today, he's busy trying to end the war between marketing and sales. Excerpts from his talk in Bangalore recently

For the first time in 1967 when the book *Marketing Management* was published marketing moved from being prescriptive to being analytical and decision-oriented. Today, this is old marketing.

A CEO came to me recently and asked me to sign my 1967 book. I refused it. He thought I was trying to sell him my new book. But when I told him that the 1967 book didn't mention internet, it gave only one page to branding, a page-and-a-half to segmentation, the word positioning wasn't even invented, he understood it. Then I signed it.

What is the new marketing then? Today, you got to have a value proposition and your brand should symbolize the value proposition you have on offer. So, today it's not so much the 4Ps: product, price, place and promotion. I'm talking about CCDV. Your job is to Create, Communicate and Deliver Value. Today, you are in the value creation business. You are in the value communication

business. You are in the value delivery business.

It's not that the 4Ps are not involved in CCDV. When you are creating value it's the product and the price and the relationship between them. When you create communication, that's the promotion. And when you say where you want to deliver, that's the place. So the 4Ps really fit into my question Am I creating, communicating and delivering value?

We never had the term CMO (Chief Marketing Officer) till the last eight or ten years ago. The CMO's function really is to upgrade the level of marketing and contribute to the brand strength of the corporation. S/he should also help find new opportunities and build new business models. This used to be the role of strategic planners. But increasingly, companies are reducing strategic planning staff and marketing is emerging as the best source for new ideas and opportunities because it is closest to the customers. Peter Drucker said 52 years

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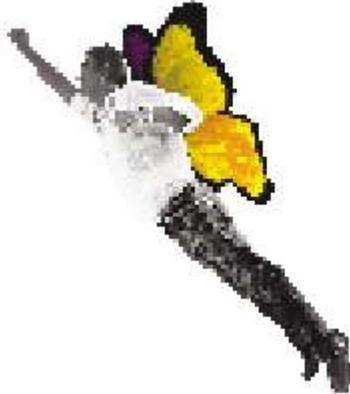
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Fly business class



M. Thiagarajan considers himself lucky as not many can translate a passion into a business. A pilot in his early twenties, Thiagarajan loves flying his family around the globe in his Cessna. But his desire to run an airline business had to wait for the right time.

As he turned 30 in May this year, Thiagarajan's dream had come true. His airline, called Paramount Airways, took wings early this year with two jets covering major South Indian cities. His goal is to build Paramount into a national carrier with at least 35 aircraft by the end of this decade.

Hailing from the historic temple-town of Madurai in Tamil Nadu Thiagarajan looks unassuming unlike some of his peers in the airline industry, but he comes across as a different man in the boardroom. His business model innovation in Paramount Airways and his other family businesses show that he is a go-getter and has a penchant for the extraordinary.

Paramount Airways is the world's first all business class airline but it is priced at economy class rates. After a nervous start the model appears to be working as flights are getting filled up quite easily. Says Thiagarajan: "We looked at a lot of low-cost airlines. All were similar, and we didn't want it to be an Indian substitution. The last thing we wanted to do is copy somebody. I believe in innovation and that's the only way to make you stay ahead in the market. That is how I look at any business."

Thiagarajan went totally against the market trend when he launched his airline. "When the market was going for low-cost-no-frill, we went for all business class." And when others were buying used Boeing or Airbus, we broke the tradition and went in for all-new Brazilian Embraer jets, considered the most modern in its class.

Having committed himself to providing business-class experience Thiagarajan has to play the balancing act of pampering his customers sufficiently without risking its profitability. "In the service industry it is easy to provide all the service in the world, but if you are not making money, your days are numbered."

"Cost effective service excellence is what I believe in. In India direct cost of all airlines is more or less the same. Yet, unless you provide value for money and if customers are not able to cherish their memory, your airline will not succeed," he adds.

Managing Paramount Airways has had a profound influence on Thiagarajan's personality. He says: "I have become a

At 30, Thiagarajan is the youngest CEO to run an airline business. It'll be interesting to see how he takes on the big boys in the difficult business.

taskmaster. Initially, I was soft on people since I'm inherently kind-hearted. But I had to transform myself to achieve milestones."

Thiagarajan is the third generation businessman in his family. From money lending, farming and sugar plantation, his family moved into insurance, banking and textiles. Aviation is perhaps the boldest step his family has taken so far. Although there was initial hesitation about getting into a tough business where margins are under five percent, his family came around after they were shown the unique business model.

Growing up

Like most business families, Thiagarajan's initiation into business happened without any fuss. He was used to being around when business issues were being discussed at home and even dared to offer his suggestions without bothering whether they'll be taken seriously. As the managing director of Paramount Textiles his mother too has had a big influence on him. "When I was 19 people were asking me for my views on complex business problems. This used to give me tremendous boost to my self confidence."

Thiagarajan was allowed into the boardroom even when he was in his teens. At 24 he sat on several boards along with people twice his age. "This helped me to look at business challenges from their view. So I matured much faster by being with them than if I were with people of my own age. I was also in the factory simultaneously. To see what blue collar job was. I believe that whatever I do I need to have an understanding from different perspectives."

Thiagarajan is happy that his family believes and practices strong core values. He says: "We believe in highest integrity. Over generations we have built that in all our businesses."

One of Thiagarajan's success mantras is putting the right people in the right place. "If you don't have an efficient manager, there's no point blaming the team. If there are right leaders at every level of a company, that company can certainly succeed. It's not enough to have passion at the boardroom level. Passion has to be at every level. Many times we have taken people thinking that they are leaders but they have tuned out to be followers. You cannot put good followers into leadership levels."

Thiagarajan has already made history with Paramount Airways. Everything seems to be going right for him right now. With money, smart business sense and youth on his side there's no reason why he cannot fly higher.



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ago that business is all about creating, keeping and growing customers and not about products. Even Ted Levitt later said: “Don't fixate on the product, fixate on the need.”

So a CMO, when he joins a company, first has to ask what the company expects from him. If this is not clear, s/he will not last long. The average tenure of a CMO in the United States is only 23 months. There are companies like IBM, whose current CMO is there for the last eight years and perhaps that's the reason for IBM's comeback.

Ending the war between sales and marketing

Today, marketing's success is dependent on the success of the sales team. CMOs have to help sales to be successful. However, to be successful a CMO will have to work closely with all the departments.

To start with, it's important to figure out the steps involved in the marketing process. Then, figure out the steps in the sales process. This reduces the level of misunderstanding. But there is a higher level. Even if both sales and marketing know what they are supposed to do, it is useless if they are not aligned. The higher stage is an integrated one where they will either win together or lose together.

The *Harvard Business Review* has recently published an article 'Ending the War Between Sales and Marketing' by me and two others on how to measure and improve your marketing and sales efforts. It offers eight steps to bring the two close to each other.

When sales and marketing work well together, companies see substantial improvement on important performance metrics - sales cycles are shorter, market-entry costs go down and the cost of sales is lower.

When sales is interested only in profits and marketing only in profitability, there's a problem. How to compensate sales people in a way that they work for profitability is going to be a big challenge. You may read Prof. Andrew Zoltners, an operational researcher, on sales force strategy and management. He offers clear ways to reconnect sales and marketing. One interesting suggestion is to pay the sales force on gross margin of the company.

In the new world of marketing, it's the marketing that generates the leads, does proposal development and does the prospecting and the sales goes and closes the deal. Marketers therefore should stop telling sales 'my job stops here, and your's begins here.' They should, henceforth become the firm's Chief Revenue Officers.

Companies can end the war and create integration between sales and marketing by:

- ?Creating clear rules of engagement
- ?Create opportunities for sales and marketing to collaborate
- ?Have downstream marketers develop sales tools, help sales people qualify leads
- ?Evaluate and reward both teams' performance based on shared important metrics

It's not enough if you are a market leader in one product. Finding your market space is important. Next to your core markets there are adjacent markets that can be explored. The opportunity space is wider than you think.

Try to answer Peter Drucker's question. Would you enter the market space you are in today if you were asked to? The answer is probably no. Be in the space you are proud to be in.

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Let the long tail wag

The 'Long Tail' theory shows how selling obscure items over the internet can be as lucrative as selling hits

Long Tail, the latest buzzword among entrepreneurs, technologists and bloggers, is a statistical term that has gained currency recently thanks to Chris Anderson's description of the implications of the term for current and future business models.

In his recent book *The Long Tail: Why the Future of Business is Selling Less of More*, (Hyperion), Anderson's argues that products that are in low demand or have low sales volume can collectively make up a market share that rivals or exceeds the relatively few current bestsellers and blockbusters, if the store or distribution channel is large enough.

The feature, also known as "heavy tails", "power-law tails" or "Pareto tails" refers to distributions where a high-frequency or high-amplitude population is followed by a low-frequency or low-amplitude population which gradually "tails off". In many cases the infrequent or low-amplitude events can cumulatively outnumber or outweigh the initial portion of the graph, such that in aggregate they comprise the majority.

Some of the most successful internet businesses that have leveraged the 'Long Tail' as part of their businesses are eBay (auctions), Yahoo! and Google (web search), and Amazon (retail) and Netflix (video rental).

As people are better able to explore niches, they are more likely to find things they like, and may well consume more of them. This will then shift some demand, at least, away from hits and lead to overall increase in the level of culture

Consider book sales, which obey the theory of power-law distribution. Here, there is a small number of very popular books, which sell millions of copies, and then a long tail of less popular books. A real-world shop can only stock so many titles on its shelves; so even the largest bookstore carries only around 130,000 popular titles. But an online store, with no limits on its



shelf space, can offer a far wider range and open up new markets further down the long tail.

In the case of Amazon, for example, around a third of its sales come from outside its top 130,000 titles. Similarly, Rhapsody, a streaming-music service, streams more tracks outside than inside its top 10,000 tunes. Anderson's point is that the collective demand for obscure items is very large and is growing; hence selling obscure books, music CDs or movies could prove to be just as lucrative as selling hits.

The key factor that determines whether sales distribution has a long tail is the cost of inventory storage and distribution. Where inventory storage and distribution costs are insignificant, it becomes economically viable to sell relatively unpopular products and where the long tail works, minority tastes are catered to and individuals are offered a greater choice.

This has a number of intriguing implications. Opening up those previously uneconomic niche markets should increase overall demand. As people are better able to explore niches, they are more likely to find things they like, and may well consume more of them. This will then shift some demand, at least, away from hits and lead to overall increase in the level of culture.

In a sense, the long tail may accelerate market fragmentation. Companies that will prosper, says Anderson, will be "those that switch out of lowest-common-denominator mode and figure out how to address niches."

Be great, not big

The world is full of maverick companies that have passed up the growth treadmill and are focusing on greatness instead. Some entrepreneurs have rejected the pressure of endless growth to focus on more satisfying business goals. Goals like being great at what they do, creating a great place to work, providing great customer service, making great contributions to their communities and finding great ways to lead their lives.

Bo Burlingham, editor-at-large of Inc. magazine published in the United States profiles 14 such companies in his book 'Small Giants: Companies That Choose to Be Great Instead of Big' (Penguin Books India, June 2006, Rs.395)

Burlingham goes deep inside these remarkable, privately-held companies, in widely varying industries across the United States, that have chosen to march to their own drummer. He searches for the magic ingredients that give these companies their unique "mojo" and the lessons we can learn from them. These companies are consistently profitable, yet have

consciously resisted convention by staying small and great instead of becoming large and mediocre.

The owners he interviews speak from hard-won experience about resisting the pressure to simply keep expanding or sell the company to the highest bidder and staying true to their original visions for excellence. Burlingham closes his account with a tribute to the magazine's late founder, Bernard A. Goldhirsh, whose celebration of entrepreneurship and loose managerial style clearly provided a lasting influence.

Although "small giants" may not be the backbone of the American economy, they are "its heart and soul, and they are setting a new standard for excellence on Main Street." When concluding this brilliant book, Burlingham asserts that businesses "are the building blocks, not just of an economy but of a whole way of life. What they do and how they do it have an impact that extends far beyond the economic sphere. They shape the communities we live in and the values we live by and the quality of the lives we lead. If businesses do not hold themselves to a high standard, the entire society suffers." Well-said.

These companies are consistently profitable, yet have consciously resisted convention by staying small and great instead of becoming large and mediocre

What Nike-iPod marriage means to you



This strategy demonstrates how two companies can attract exceptional attention by synergizing brand values of both into a fusion brand.

Collaboration seems to be taking new shapes and shades almost every day as businesses explore innovative ways of reaching customers. The latest to hit the headlines is that of Nike and iPod an example of hugely successful brands aspiring to build unique lifestyle relationship.

With the launch of Nike+ iPod slated in July, the two are preparing their channels to sell more shoes and apparel, more devices, and music. But that's just the beginning. The partners regard it as a great start to an increasingly evolving collaborative plan aimed at developing new markets defined by lifestyle interplays and driven by digital convergence.

The logic of the collaboration came from observing loneliness of the long distance runners. Mark Parker phoned Steve Jobs with an idea designed to enhance their running experience. The Nike CEO wanted his running shoes to communicate performance intelligence to runners in real time. The Apple

CEO seized the opportunity by observing that 50% of the 50 million people who became iPod owners last year used the device during a workout. With each iPod sold generating an average of three to four accessory purchases, \$1 billion in ancillary earnings in the United States, the Nike connection appeared to be a good fit.

The coming together of the two reflects an integration of the sport culture and creativity culture and offered a package of shoes, data, music, and apparel designed for a core audience dedicated to an active workout regimen.

This strategy demonstrates how companies can attract exceptional attention by synergizing both brand values into a fusion brand. It responds to a well-defined audience's desire for experiential lifestyle support, when and where they choose.

Executives can apply the Nike+ iPod strategy to transform the way they collaborate to do more business. Although it may be too early to fully assess the long-term implications of the Nike+ iPod effort, it represents the starting point in a new trend.

McKinsey spots top global trends

Public-sector activities will balloon, making productivity gains essential. The unprecedented ageing of populations across the developed world will call for new levels of efficiency and creativity from the public sector. Many emerging-market governments will have to decide what level of social services to provide to citizens who increasingly demand state-provided protections such as health care and retirement security. The adoption of **proven private-sector approaches will likely become pervasive in the provision of social services** in both the developed and the developing worlds.

The consumer landscape will change and expand significantly. Almost a billion new consumers will enter the global marketplace in the next decade as economic growth in emerging markets pushes them beyond the threshold level of \$5,000 in annual household income a point when **people generally begin to spend on discretionary goods**. Shifts within consumer segments in developed economies will also be profound.

Technological connectivity will transform the way people live and interact. New developments in fields such as biotechnology, laser technology, and nanotechnology are moving well beyond the realm of products and services. More transformational than technology itself is the shift in behavior that it enables. **We work not just globally but also instantaneously**. We form communities and relationships in new ways (indeed, 12 percent of US newlyweds last year met online), more than two billion of us now use cell phones, we send nine trillion e-mails a year and do a billion Google searches a day (more than half in languages other than English). Geography is not the primary constraint on the limits of social and economic organization.

The 33 million university-educated young professionals in developing countries is more than double the number in developed ones.

For many companies and governments, global labor and talent strategies will become as important as global sourcing and manufacturing strategies.

The role and behavior of big business will come under increasingly sharp scrutiny.

The tenets of current global business ideology for example, shareholder value, free trade, intellectual-property rights, and profit repatriation are not understood, let alone accepted, in many parts of the world. Scandals and environmental mishaps seem as inevitable. Business leaders need to argue and demonstrate more forcefully the intellectual, social, and economic case for business in society and the massive contributions business makes to social welfare.



New global industry structures, nontraditional business models are flourishing. In many industries, a barbell-like structure is appearing, with a few giants on top, a narrow middle, and then a flourish of smaller, fast-moving players on the bottom. Similarly, corporate borders are becoming blurrier as interlinked "ecosystems" of suppliers, producers, and customers emerge. **Even basic structural assumptions are being upended:** for example, the emergence of robust private equity financing is changing corporate ownership, life cycles, and performance expectations. Winning companies, using efficiencies gained by new structural possibilities, will capitalize on these transformations.

Management will go from art to science. Bigger, more complex companies demand new tools to run and manage them. Indeed, improved technology, statistical-control tools and algorithmic decision-making techniques have given rise to **new management approaches that make even mega-institutions viable**.

Ubiquitous access to information, enabled by the rise of search engines (such as Google) is leading to new models of knowledge production, access, distribution, and ownership. We are seeing the **rise of open-source approaches to knowledge development** as communities, not individuals, become responsible for innovations.

Companies need to understand the implications of these trends alongside customer needs and competitive developments. Executives who align their company's strategy with these factors will be the best placed to succeed.

Excerpts from McKinsey Quarterly's mega trends watch, January 2006.

Accidental innovation

What do anesthesia, cellophane, cholesterol lowering drugs, cornflakes, dynamite, the ice cream soda, Ivory soap, nylon, penicillin, photography, rayon, PVC, smallpox vaccine, stainless steel and Teflon have in common? They all are inventions by accident.

Companies spend many hundreds of billions of dollars on R&D each year, but the microwave oven was conceived from a melted candy bar, saccharin from an accidental chemical spill, and the Daguerre photo process via a shattered thermometer. Accidents happen and we're all better off because they do.



Do we wait for these accidents to happen to make our lives better or can we create or manage these accidents?

But do we wait for these accidents to happen to make our lives better or can we create or manage these accidents? In their recent working paper "Accident, Innovation, and Expectation in Innovation Process," authors Robert D. Austin and Lee Devin explore the concept of 'accidental innovation', how it works or doesn't, and how good accidents can be encouraged. Austin is an associate professor at Harvard Business School while Devin is professor emeritus from Swarthmore College.

Actually, though, the authors would not really label the given examples as "accidental innovation." The innovation itself can't really be said to be "accidental," even though it involves an accident. It takes a considerable capability to see the value in an accident, and to build upon it to create even more value.

In a recent Q&A published in Harvard Business Online, Sarah Jane Gilbert asked author Robert D. Austin how artists think they develop a talent for causing good accidents. Equally or perhaps even more important, they believe they cultivate an ability to notice the value in interesting accidents. This is a non-trivial capability. Pasteur called it the "prepared mind."

How would this hypothesis impact businesses? Austin said: "Probably the most important practical implication has to do with the design of innovation processes. If you think that most breakthrough inventions blockbuster drugs, say, are arrived at through a careful, scientific, deductive process, without accident

being much involved, then you'd design one kind of innovation process. On the other hand, if you think there is a very significant overlap between accident and important innovations, you'd design the innovation process differently. You might want to design in some "accidents," and you'd want to nurture your capability for "selective retention" your ability to know what to throw away and what to keep."

Management innovation is tougher

Despite the importance of management innovation, it is poorly understood and usually not systematically fostered. To research the process, the authors Julian Birkinshaw and Michael Mol, in the MIT Sloan Management Review, Summer 2006, first conducted an historical analysis of more than 100 management innovations that took place over 130 years. Then they studied 11 recent cases of management innovation, in most cases interviewing one or more of the key innovators.

The research revealed that compared with the process of technological innovation, management innovation tends to be more diffuse and gradual. It typically follows four stages. The first stage is some type of dissatisfaction with the status quo, such as a crisis or strategic threat. That stage is followed by inspiration from other sources. The third stage is the invention of the management innovation itself. While most innovators identified a precipitating event that preceded the innovation, such as a challenge from a boss or a new assignment, few recalled a distinct "eureka moment" when the innovation occurred. The fourth stage is validation, both internally and through external sources such as academics, consultants, media organizations or industry associations.

Want to increase sales?

Factiva, a Dow Jones and Reuters Company, has announced major innovations to Factiva SalesWorks, which is a comprehensive collection of company, industry and executive news and information designed specifically to help salespeople increase productivity. With these enhancements, salespeople are now better equipped to take advantage of constant business change such as management moves, company financials or new ownership. Additionally, they can identify opportunities and better understand their clients and prospects, leading to improved relationships and increased revenue.

The Innovative Prospecting Functionality, unique to Factiva, identifies companies associated with a specific change or news topic to build targeted prospecting lists. With the ever-changing marketplace, news is vital for helping salespeople find up-to-date opportunities that give them a competitive selling edge.

Wipro's GCC bags innovation awards

Wipro Technologies' remote-managed infrastructure delivery solution, the 'global command centre' (GCC), has won both Nasscom's IT innovation award for 2005 and Marico Foundation's Innovation for India award for 2006.

Nasscom's IT innovation initiative, the citation states, is a quest for the most imaginative, "out-of-the-box" product, service and framework ideas in the Indian IT and BPO industry and aims to catalyze the process of technology advancement and development of original IP in the management services.

GCC provides Wipro customers a secure managed services environment. The offering from Wipro brings solution to problems of security challenges, particularly unauthorized distribution of passwords, un-monitored access to and tampering of critical applications as the biggest challenge. The GCC's multi-location service delivery for robust risk mitigation and 'business impact reporting' enables its clients to see the live business impact of IT services on a 24x7 basis. This makes GCC one of the most robust and secure remote managed services platforms in the world today.

The GCC, first launched in September 2002, is one of the key delivery centres of Wipro's Technology Infrastructure Services (TIS) practice and is the world's first BS 15000 certified facility. In addition to the GCC, Wipro also has 72 offshore delivery centres (ODC) delivering infrastructure services remotely to over 165 global customers.

Kuroiler

Vinod Kapur, 72, has revolutionized poultry farming in North India through his genetically bred chicken called Kuroiler. His company, Kegg Farms, won this year's Marico India Innovation award for innovation in social entrepreneurship.



Over a decade, Kapur bred several native varieties of poultry with birds from the US to create a hybrid variety. After several attempts he succeeded. The results are clearly evident. Unlike the 'desi' hen which lays 40 eggs in a 180-month cycle, Kapur's hens lay 200 eggs in the same period. They also grow quicker. A male Kuroiler reaches the 1kg weight in six to seven weeks compared to 18 to 20 weeks of the normal ones. More importantly, Kuroilers don't need any special diet. They survive on foraging and waste from kitchens.

Kegg Farms has improved the earning capacity of thousands of rural households and has instilled some kind of entrepreneur spirit in them. Kapur's innovation is also to do with the supply chain he was able to drive in the rural areas.

Tata serves an Ace

Many a time, after someone does something different, it looks obvious to others. That's the case with the Tata Motors' Ace, a four-wheel transporter that can move into any nook and corner of a city and replace the noisy and wobbly three-wheeler.

Ace is safer, stable and cleaner. Just by adding an extra wheel, it has made the big three wheel truck makers look silly. Not just that, the success of Ace has given Tata Motors a powerful entry into the small truck segment, which was monopolized by Bajaj Auto and Mahindra & Mahindra.

The small premium Tata Motor charges looks insignificant if the cabin and safety features are taken into account. But the company had to innovatively keep the cost low because of the price consciousness of the segment. So, ACE symbolizes innovation in design and production as well.

72 % firms to increase spend on innovation

Seventy-two percent of companies worldwide will increase spending on innovation in 2006, and 41 percent will increase spending significantly, according to a recent survey of senior management conducted by The Boston Consulting Group (BCG). The study's full set of findings, based on responses from more than 1,000 senior executives from 63 countries and all major industries, is summarized in two new reports, Innovation 2006 and a companion piece on metrics, Measuring Innovation 2006.

The survey also revealed that, despite widespread plans to raise spending, nearly one out of two companies is unhappy with its return on innovation spending. Other highlights from this BCG research include:

Innovation is a rising strategic priority

Consistent with the rise in spending, executives are placing ever-greater strategic emphasis on innovation. Innovation is the number one strategic priority at 40 percent of companies (versus only 19 percent in 2005) and a top-three priority at more than 70 percent. More than 90 percent of executives say that organic growth through innovation is necessary for success in their industry; nearly three out of four feel that breakthrough innovations are required.

Companies spend the greatest portion of their innovation dollars on improvements to existing offerings

While executives say that developing new products or services for existing customers is the most important goal of innovation, companies actually spend most heavily on making incremental improvements to existing offerings.

Measuring innovation is a significant challenge

Innovation is widely under-measured, and few firms are confident that their measurement efforts are sufficiently accurate or thorough. Indeed, the majority of companies (63 percent) use only a handful of metrics - five or fewer - to monitor and assess their innovation performance.

The metrics that executives consider most important are time to market, new-product sales, and return on investment.

Deveshwar's 10-year spell on ITC

In ten years, between 1996 and 2006, ITC Chairman Y. C. Deveshwar has transformed an essentially cigarette-making company into a global-scale conglomerate with rare vision and enlightened leadership



The talking point is not so much the excellent financial milestones that the company has achieved but how it has gone about doing it. In a testimony to the power of performance, ITC is today counted amongst the top global corporations in the Forbes 2000 List. ITC's brands today account for three of the top five

FMCG brands in the country.

The key factor that contributed to the phenomenal display is essentially because Deveshwar engineered a paradigm shift in the mindset of his people. He told his shareholders this year: "The entire organization had to be realigned to a new focus, namely acquiring international competitiveness in cost and quality in each of ITC's businesses. Such realignment was given shape through significant investments in technology, processes, innovation and brands; and crafting a strategy of organization based on the governance principle of distributed leadership to unleash the entrepreneurial energies of ITC's high quality human resource."

ITC exploited the entrepreneurial energies of its human resource. But more important than this appears to be Deveshwar's success in aligning, what he calls, the three Vs – Vision, Values and Vitality.

He achieved this by extending the context beyond the corporate level to the strategic business units and their constituents. "Distributed leadership then engenders transformation by enhancing adaptive capability and sharpening responsiveness to change," he said.

Through path-breaking initiatives such as e-chaupal he innovatively leveraged digital technology to create value for Indian farmers. The innovative combination of digital,

physical and human assets constitutes the basis for ITC's deeper engagement with the rural economy through the progressive development of low cost, broadband fulfillment capability. ITC's recent foray into the tree-to-text-book value chain with a slew of value added products is another innovative initiative.

ITC is taking the corporate social responsibility (CSR), considered largely as a drag by most corporates, to the next level. The company is taking the lead in involving its consumers as partners in progress by bundling CSR as part of its unique value proposition. By mobilizing support of consumers, it is hoping CSR would serve as an additional differentiator for its products and services.

(Figures in Rs. Crores)

ITC: Financial Snapshot 1996 - 2006

	1996	2006
Gross Income	5188	16511
Profit After Tax	261	2235
Return on Average Net Assets (%)	30	36
Net Assets Employed	1886	9506
Net Worth	1121	9061
Market Capitalization	5571	73207
As at 31st March, 2006. Source: Annual Report 2006		

Deveshwar drove ITC to also consciously contribute to enhancing the competitiveness of the larger value chains. He championed corporate consciousness through a 'Triple Bottom Line' approach involving the company, society and the environment.

ITC's showing in the last decade has catapulted Y.C. Deveshwar into the top league of Indian leaders who have successfully transformed their companies from the control regime to one where they are challengers in international markets. He is indeed a super achiever.

Customer delight at low cost

Air travel is a customercentric business and a lot of airline time, effort and money is spent on ensuring a high quality and consistent customer experience. While a lot of the customer experience is to do with human interaction, there is a lot of technology that goes in behind the scenes as well as into customer facing processes.

E-ticketing and travel portals have revolutionized the way we plan our travel – even travel agents prefer to issue e-tickets. Most important, the whole process has become less time consuming, offers significantly more choice, can be availed anytime and is cost effective for the customer, travel agent and airline.

Integrated itineraries allow for booking stay, local transport etc as bundled offers and help save time and money. Customers can even choose preferred seats and compare fares with other airlines before booking - all of which gives complete choice to the customer and that includes convenient payment options. Some innovative companies include Orbitz, Travelocity, Cheaptickets, Expedia; Makemytrip and Travelguru (in India).

Most of the technology is web-based and while the portal is custom built, the services are integrated through ready to use service offerings from players in the value chain. Thus secure payment gateways are provided by banks, mobile alerts through cellular companies, content maintained through web content providers (e.g. Worldspan) and live feed providers, location specific information by specialist providers such as AccuWeather, Mapquest and Frommers, email communication solutions by Kana and Eplison; even third party services for monitoring multiple reward point programs (points.com)! Most of such companies are technology partners to airline companies and travel intermediaries.

For this phase, technology works mostly behind the scenes to ensure a seamless Passenger Interaction. Back-office systems players take over several processes before a customer actually walks in and boards - examples include booking and related logistics (Amadeus, Galileo, Sabre etc); next-generation reservation & distribution from players such as Navitaire; CRM technologies that capture customer preferences, analytics, behavior, request patterns, meal preferences etc. – some of the key players include Cendant, Navitaire, Wipro etc and customized solutions by industry consortia such as Star Alliance).

Customer facing technologies that are used include IVRs and automated reminders, flight status alerts, checkin interactive / information kiosks, baggage identification and tagging (bar codes and RFID), security etc.



Ranganath Iyengar

The web has helped airlines and their travel partners come together and create a level playing field of services that has one clear focus – attract, satisfy and retain travelers.

On board the flight especially on long haul flights, telephone systems, web access, interactive television and seats fitted out to use laptops are some of the simple examples that ensure that customers remain connected with their work and the world and also get entertainment content on a personal television. Back end technology facilitates all of this and increasingly digital content has replaced conventional systems.

Customers can still log in and check your miles status or reclaim them and interact with the airline to describe their travel experience. This can be done through the web or through sophisticated contact centers. Last but not the least; customers can complain if they did not have a good experience as a customer.

Increased competition and high cost structures in the airline industry has over the last 6-8 years triggered off several initiatives amongst the airlines to reduce cost as well as enhance customer experience. The internet provided the perfect medium to simplify and offer a large set of services both directly as well as through travel market intermediaries and channels to dramatically improve the customer experience. The cost savings has also been passed on to customers through innovative discount pricing and promotions.

The web has also helped airlines and their travel partners come together and create a level playing field of services that has one clear focus – attract, satisfy and retain travelers. Airlines are one of the few industries where CRM (Contact and Analytics) has actually worked in practice and provided an interaction platform that benefits both the traveler and the service provider. Maybe we could call this phenomenon the 'mobile airborne digital lifestyle' considering that it allows people to stay connected with their work and home and be entertained all at a price!



Build strong middle management

By S Murali



Weak leadership at the manager level has been the bane of the BPO industry. With the industry beginning to mature, emphasis on this would be critical to move up to the next level

IT and ITES companies are increasingly moving away from collegiate kind of fun culture at work places. This is because people who used to come into BPO as a stopgap arrangement are now looking at it as a serious career option. To me, that's a major transformation. The profile of the employee is taking a major change too.

Like the IT sector, compensation in BPOs is also beginning to get stabilized because of the business imperative. Earlier, the only differentiation factor the BPO industry had was the compensation factor. Today, compensation is no longer the number one motivator. According to recent surveys, organizations that have higher retention rates are those who are able to offer a clear career path. This is also because the jobs that are getting offshored are becoming more complex.

Managing the transition by the ITES sector is a very big challenge and companies don't have a choice but to succeed in it. Getting and retaining the right talent will continue to remain the number one challenge. A few companies have been innovative in their approach to minimizing the attrition rate. One of my successful strategies has been to source people from diverse sectors.

One of the biggest challenges facing ITES and IT companies is building a strong middle management. The BPO sector grew so fast in the last five years that it could not build good middle management strength. Since the industry grew at 4x, all those with two or three years experience were getting elevated to middle management level. So they ended up with a managerial cadre which was not prepared or ready to manage people. Companies ended up putting wrong people in leadership positions since they had to fill posts. The bad press the BPO industry has been getting these days is not so much for technological reasons but more for not having competent managers.

This fundamental flaw has hurt most companies because of the single-minded focus of HR departments on BPO experience during recruitment. "When the industry is so young where can you find people with experience?" – has been the typical answer. A typical middle management role requires at least eight years of experience.

A Gallup study has found that people join companies and leave bosses. High attrition is largely due to immature middle managers. When new entrants see the way middle managers work they are shocked and instantly come to conclusion that this cannot be a career option for them.

How to build middle management

In my previous company, we had a policy of penalizing managers depending on attrition levels. The second mindset change we brought in was – no matter what industry you are working in, people management issues are universal. We started inducting people from diverse industries. The new trend is to bring in a lot of hotel management guys into the BPO industry because the nature of business is basically people centric. But you cannot have everybody from outside. You need to work a good balance of outside and inside talent. After 20 years of managing people I have realized that the BPO business is not IT enabled services (ITES) but People-enabled and IT supported (PEIT).

Training for training sake will do harm. Training has to be methodical and requirement based. Training today is addressing only the skill sets of people. It is not addressing the soft skill element of people management. Again, you need to be sure of what aspect of people skills you are looking at.

Assessment has become very complex. I'm still impressed with the quality of intake of Indian armed forces. They have shortage of officers, but they have not compromised on their intake standards. Their entire assessment center concept is very unique. I incorporated their model in my previous company and it worked very well.

I believe that companies should not elevate people simply because they have been excellent performers for two or three years. Promotions should be based on people's capability of delivering at the next level. This has become a key differentiator today. Organizations that have transitioned have invariably had this process in place.

The author is Sr. VP, HR at Perot Systems, Chennai.

Right ergonomics pays rich dividends



By Dr. Deepak Sharan

Our ongoing study of over 14,000 Indian IT professionals spread across 5 years found that 75% of them reported musculoskeletal symptoms related to work; 55% had got affected by strain injury within a year of starting their first job. What affected them was a rarely-known but widely suffered syndrome called RSI.

Repetitive Strain Injury (RSI) is a multifactorial complaints syndrome affecting the neck, back, shoulder, arm, elbow, wrist or hand or a combination of these areas, which leads either to impairment or to participation problems. RSI can seriously disrupt your work life and domestic life. Injured workers can become unemployed and unemployable. This has already happened to at least 40 young IT/ITES professionals (20-35 year old) in India.

The fact is that no one who uses a computer is immune to RSI. Any computer user, who uses the computer incorrectly for more than one hour daily, is at risk of RSI. In fact, the most productive and hard working employees are the most likely to get injured!

Companies need to recognize the syndrome and take up prevention and rehabilitation measures to manage this new-age disease. Understanding and implementing proper Ergonomic Intervention Programs designed by qualified professionals is the way to go. (Ergonomics is the 'science of work' and is devoted to maximizing human performance without causing injuries or detrimentally affecting performance)

While some enlightened companies like McKinsey (all locations world wide), Oracle (Bangalore, Hyderabad), HP, TI, Nvidia, Monsanto, Ness, CSR, National Semiconductor, Sandisk, Digicaptions, Webmethods, and Sage Design Systems (Bangalore) have embarked on committed comprehensive programs for its prevention and management, there are others who adopt piece-meal, suboptimal approaches to manage the crisis while most companies turn a blind eye to this silently growing disorder.

Some facts companies need to know, acknowledge and act upon are: • Studies have shown, employees who turn up to work in spite of being in pain cause massive productivity losses amounting to thousands of dollars annually even in small companies • Some injured employees in India have already started suing their companies for not having provided ergonomic workplaces. Hence, going forward, in order to avoid the unpleasantness of ugly lawsuits, there may be no other option for companies but to go in for comprehensive ergonomic intervention programs.

The money spent on improving the ergonomics of offices as a preventive measure gets an excellent return on investment. (Studies have shown a return of up to \$17.80 for every \$1 invested.) Investing in RSI prevention results in • Healthier

employees • Increased productivity, less errors and increased competitiveness • Less absenteeism • Increased job satisfaction and job retention • Reduced employee group health insurance costs • Greater goodwill for the employer in the society In most instances, existing facilities can be modified or readjusted to achieve the desired results, without having to make fresh investments.

We have come across IT professionals who have joined a particular company because the company has started an ergonomic program and also professionals who have quit because the employer was not receptive to their RSI concerns or risks. This shows which way the scales of costs tilt when it comes to the decision whether to have or not to have an ergonomic program in industries where attrition and retention are big issues.

At RECOUP, the Neuromusculoskeletal Rehabilitation Centre, we plan and implement comprehensive Ergonomic Intervention Programs for companies. Organizations that wish to maximize return on investment in ergonomics should look for programs that are:

The money spent on improving the ergonomics of offices as a preventive measure gets an excellent return on investment. Studies have shown a return of up to \$17.80 for every \$1 invested

1. Physician-led: A specialist qualified in ergonomics or occupational health instead of general practitioners or paramedical professionals
2. Multi-disciplinary: involving physicians, physical therapists, occupational therapists, nutritionists, clinical psychologists, ergonomics specialists, yoga instructors and fitness instructors
3. Proven in terms of a track record of working successfully with a number of reputed corporate firms
4. Regular and available daily
5. Both proactive (e.g., training on Ergonomics, Posture, Workstation Assessments and Fitness sessions) and reactive (e.g., specific and effective treatment for existing problems like RSI).

A successful Ergonomic Intervention Program is a win-win solution for both employers and employees.

Dr. Deepak Sharan, Consultant in Orthopedics, Rehabilitation & Ergonomics Medical Director, RECOUP Neuromusculoskeletal Rehabilitation Centre, deepak.sharan@recoup.in

<http://www.deepaksharan.com>; <http://www.recoup.in>

Smile your way to success



Sri Sri Ravi Shankar

Today you want me to speak on Management, but I confess I know nothing about Management. If we look at the lamp, the oil and wick burn, but we say “*diya jal raha hai*” (the lamp is burning) not “*Batti aur tel jal rahe hain*” (wick and oil are burning). *Diya nahin jalta, lakin shray diya ko milta hain* (lamp doesn't burn yet the credit goes to it). I don't do anything but simply take credit for the work done by all the volunteers of the Art of Living.

In fact, I am good at creating chaos; you can ask the people at Mumbai Airport. Somehow people got to know about my arrival and they all turn up there. When I go to a city, it creates so much chaos. People want to know where I will stay, whose house, etc. So much chaos.

I am sure you certainly don't want chaos here. So what do we do now? Are you all here? You know psychologists say when you hear a talk for 10 minutes, you are listening only for 3 minutes; our retention and attention span is reduced so much. If you want to really manage something, then don't be afraid of chaos; bliss comes out of chaos, creativity comes out of chaos, sense of belongingness comes out of chaos, and you grow from chaos.

What you do is not so important; what is important is what you are. What you do is just a shadow. Spirituality is an attempt to make you what you are. One thing you need to remember is that how you want yourself to be remembered when you are gone. If you keep asking yourself this question, then you will remain in the right track. Would you like people celebrating your death as a relief? Recently I was addressing the staff of RBI, about 1,800 of them, in Bangalore, and I asked them how many of them felt a great relief when one of their colleagues doesn't come to the office. You will be surprised to see so many hands go up. If we operate in such an atmosphere of pressure, tension and lack of sense of belongingness, how can we blossom? It is like driving with the hand brakes on.

You know a baby smiles 400 times, an adolescent 70 times and an adult does not smile at all. Even if he smiles, it is not authentic; the smile is not from the heart. Spirituality is restoring that smile that comes with joy, a sense of fulfilment and a sense of completeness. Spirituality is not running away from responsibility; it is being where you are, looking inwards.

When you reflect on your life for a few moments, you will see your life from a broader perspective. Remember the three Cs.

- **Cosmology:** In this vast universe, what are we? This planet is just a speck of dust. Billions of years have passed and billions

Spirituality is restoring that smile that comes with joy, a sense of fulfilment and a sense of completeness. Spirituality is not running away from responsibility; it is being where you are, looking inwards.

more will come. Look at your life in the context of time and space, then your mind and vision will broaden.

- **Commitment:** Commitment to truth and to honesty.
- **Compassion:** Have compassion for others and yourself.

The first law of spirituality is stop blaming yourself because if you blame yourself, your mind can never be in touch with your

spirit. Be confident and believe in yourself. We all are made up of both matter and spirit. Like our body is made up of proteins, carbohydrates, amino acids, etc, our spirit is made up of love, compassion, joy and enthusiasm. Recall how enthusiastic you were when you were a child or a teenager. Is your level of enthusiasm going up or down? Life is enthusiasm and that which uplifts in you is spirituality. That which makes you like a child is spirituality.

As a person grows in his or her professional life, smile starts dwindling; with a stern face, he or she thinks he or she is the boss! It's unfortunate that we have not learnt how to live, how to be friendly. If you go to classroom of say 50 kids and ask them how

many friends they have, they will count on their finger two, three, and four... If a child does not know how to be friendly with 50 kids of his class over a period of two-three years, how is he or she going to be friendly with 6 billion people in the planet? Education which inculcates friendliness is spirituality.

The world is talking about Indian spirituality, but we ourselves have not given importance to it; we have not honoured it. We have to respect spirituality that we have. I tell you it will do miracles in your management also. As I said I create chaos but what comes out of this chaos is bliss. Can you ever imagine a set-up where everything goes wrong but everybody remains happy? The ability to keep the smile intact even during difficult times shows how much you have grown as a person.

Excerpt from Sri Sri Ravi Shankar's recent talk on 'Spirituality and Management' organised by All India Management Association and Bombay Management Association



The Wealth of Networks: How Social Production Transforms Markets and Freedom

By Yochai Benkler, Yale University Press, May 2006

In this thick academic book, Yale law professor Benkler offers a comprehensive catalog of flashpoints in the conflict between old and new information creators. In Benkler's view, the new "networked information economy" allows individuals and groups to be more productive than profit-seeking ventures. New types of collaboration, such as Wikipedia or SETI@Home, "offer defined improvements in autonomy, democratic discourse, cultural creation, and justice"-as long as government regulation aimed at protecting old-school information monoliths (such as the Digital Millennium Copyright Act) doesn't succeed.

Non-market innovation is a good thing in itself and doesn't even have to threaten entrenched interests, Benkler argues; rather, "social production" can use resources that the industrial information economy leaves behind. Where Benkler excels is in bringing together disparate strands of the new information economy, from the democratization of the newsmedia via blogs to the online effort publicizing weaknesses in Diebold voting machines. Though Benkler doesn't really present any new ideas here, and sometimes draws simplistic distinctions, his defense of the Internet's power to enrich people's lives is often stirring.

More Than You Know: Finding Financial Wisdom in Unconventional Places



by Michael J. Mauboussin, Columbia University Press, April 2006

This book is a collection of 30 short reports, revised and updated, covering animal behavior, psychology, philosophy of science and other fields to find relevance for personal investing. Each essay describes a fascinating scientific finding, then develops and applies it to personal investing.

The book finds great insights about the science of human behavior in unconventional places and engagingly shows how a multidisciplinary perspective can deepen your sense of how financial markets work

Revolutionary Wealth

by Alvin Toffler, Heidi Toffler, Knopf, April 2006

Alvin and Heidi Toffler, perhaps the world's most famous prognosticators, foretell the next great economic revolution. The book surveys hundreds of technological, economic and social developments. The Tofflers' mantra of "revolutionary wealth" implies that there's money to be made from the maelstrom. They make many specific prognostications 'for example, the "explosion" of a nonmonetary "prosumer" economy of family care, hobbies and volunteerism.



But what is this economic revolution that they herald? That is not quite clear. It will be big and fast, certainly, and government institutions are likely to be left behind. Moreover, the Tofflers think we are going to get dramatically richer.

There has to be some truth in this, at least from an economic perspective. As the Berkeley economist J. Bradford DeLong has noted, global income per person grew nearly tenfold during the 20th century. In the 19th century, it merely trebled - which was more than enough to astonish Karl Marx. No other century comes close. So economic growth itself is a relatively recent story.

Unfortunately, the Tofflers have little time for history and less still for economists, whom they dismiss as "inerrantist" and over fond of jargon. But Revolutionary Wealth contains more jargon than a dozen economics papers, including such gems as "obsoledge," "complexorama" and "productivity."

Changes at the Intersection of Work and Family - Volume 1 & 2 Family Perspectives

Edited by: Heidi R. Riggio Diane F. Halpern, Sage Publication, June 2006, \$21

The May 2006 and June 2006 volumes of American Behavioral Scientist look at how the increasing female working force has impacted the venerable foundations of work and family, and reflect on the changes needed in organizational practices, social and public policy, families, and society in general to adapt to the changing 21st century workforce.

Volume one focuses on organizational and worker perspectives and Volume two highlights family perspectives and issues. The articles by various scholars in both volumes ask critical questions and offer some interesting and sensible solutions to the changing realities of work and family.



The Unmanageable Consumer

By: *Yiannis Gabriel* ,Royal Holloway University of London and *Tim Lang* , City University, UK; *Second Edition*, Sage Publication, May 2006, \$44.95

The Unmanageable Consumer examines the key Western traditions of thinking about and being a consumer.

Updated with new material, this

Second Edition looks at the impact of new technologies on consumerism and the consolidation of consumerism and 'consumer' language. The authors discuss the spread of consumerism to developing countries like India and the effect of demographic change and migration.

The fallout from 9/11 and US military hegemony is examined as is the influence on consumerism of Islamic fundamentalism, the anti-globalisation movement, environmental concerns and depleting natural resources. Any one interested in better understanding consumerism will also find this book a fascinating read

Avatar Way of Leadership: Leadership for the Twenty First Century from Rama, Krishna and Draupadi

By *Harsh Verma*, Rupa & Co., 2006

The book presents an Indian model of leadership by using tales of the 'avatars' of Hindu mythology and real examples of Indian leaders. Rama, Krishna and Draupadi represent different leadership archetypes and Verma explains how leaders like Ratan Tata, Dhirubhai Ambani, Narayana Murthy, Premji and others show such patterns of leadership. A useful read for anyone interested in leadership challenges in his or her own context.

Building an Ecosystem for IT Innovation in India

Published by *Nasscom*, March 2006, Rs. 3,500

This book provides a perspective on the concept of innovation and how Indian IT-ITES companies can explore its various facets. The Indian IT-ITES sector, having achieved a certain level of maturity, momentum and consolidation is now looking at moving to the next level.

Having built its competitive advantage in the global markets through factors such as labor arbitrage, rightly skilled, industry-relevant, specialized manpower, robust infrastructure and a conducive regulatory environment, the IT-ITES industry is on

the hunt for a new success mantra, an all-new formula for sustaining its existing edge.

Ted Levitt on Marketing

Harvard Business Review Paperback Series (Paperback), By *Theodore Levitt*, July 2006,

Ted Levitt is one of the most widely respected thinkers in the field of marketing and management. His work and writings have changed the way scores of companies think about their businesses, organize for innovation and creativity, and market their products and services.

Now, managers can have access to the best of Levitt's thinking over the last five decades in *Ted Levitt on Marketing*. Framed by a new introduction, this book features seminal articles, including "Marketing Success Through Differentiation," "The Globalization of Markets," "After the Sale Is Over," and "Marketing Myopia."

A must-have resource for managers and marketers in any industry, this Harvard Business Review Paperback book is filled with big ideas and practical tools for creating and sustaining a company's competitive edge.



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The Important and the Unimportant in Business Education

Ronald Dore, *Asian Business & Management*, March 2006, Volume 5, Number 1

Importance can only be measured by one's own values; hence, this prescription is personal. Business schools should aim to produce not just efficient, but also decent human beings whose business life is guided not just by a concern with legal compliance but with criteria of fairness, which they have worked out themselves and which their conscience makes them want to stick to. Courses in business ethics can be designed to mesh with and evaluate the rest of the curriculum.

The ideal graduate should also be someone who not only operates efficiently in the economic and social structure in which he or she works but also has reasoned views about how those structures should be improved. If it is too much to expect business schools to train people for the public sector or non-profits, at least it should produce people with a sense of their responsibilities as elite citizens, who are the public sector's owners. Courses in political economy, for example, in comparative capitalisms, are one way of doing that.

Sales by Multi-product Retailers

Timothy J. Richards, *Managerial and Decision Economics*, Volume 27, Issue 4, 2006

This paper examines the rationale underlying periodic price promotions, or sales, for perishable food products by supermarket retailers. Whereas previous studies explain sales in a single-product context as arising from informational, storage cost, or demand heterogeneity, this study focuses on the central role of retailers as multi-product sellers of complementary goods. By offering a larger number of discounted products within a particular category, retailers are able to attract a sufficient number of customers to offset the effect of lower margins on sale items by selling more high-margin items.

The implications that emerge from the resulting mixed-strategy equilibrium are tested in a product-level, retail-scanner data set of fresh fruit sales. Hypotheses regarding the rationale and effectiveness of sales are tested by estimating econometric models that describe (1) the number of sales items per store, (2) the depth of a given sale, and (3) promotion effectiveness on store-level demand. The results of this econometric analysis support the hypothesis that the breadth and depth of price promotions are complementary marketing tools, thus explaining how EDLP and HI-LO store formats can exist in the same monopolistically competitive market equilibrium.

The market for Corporate Control and Corporate Governance

Rajeeva Sinha, *Global Finance Journal*, Volume 16, Issue 3, 2006

This study examines the effects of regulation and a contested market for corporate control on the internal mechanisms of corporate governance. The study focus is on two sectors, manufacturing and banking, due to their differences in the governance environment. In the United Kingdom, for the sample period used in this study, manufacturing was characterized by a contested market for corporate control with little or no regulatory interference. In banking on the other hand, takeovers, hostile or otherwise, were absent and ownership changes and board appointments were supervised by the regulator - the Bank of England.

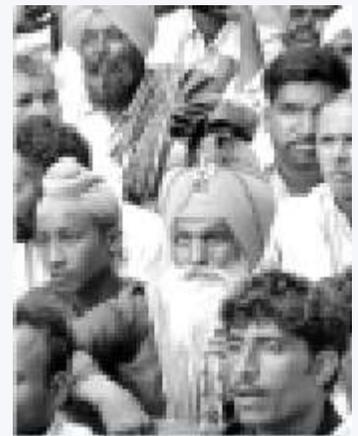
The findings of the panel data estimates show that, unlike in the manufacturing sector, disciplinary top management turnover in banks was not related to share price performance. Outside directors were significantly less effective in disciplining top management in banks than in manufacturing firms.

Employee Participation and Labor Activity in an Age of Market Globalization

George Cheney and Dana L. Cloud, *Management Communication Quarterly*, Vol. 19, No. 4, 2006

This colloquy results from a series of discussions between the authors concerning issues of (a) the status of labor activity in organizational communication study, (b) the dimensions of and prospects for workplace democracy in practice, and (c) the need for the discipline of communication to attend more seriously to the material world.

The authors write this essay using three voices: each of theirs plus a joint expression of interests. Although this essay ranges across questions of ontological status, epistemological choices, disciplinary mythos, and theoretical preferences, it is ultimately practical with a call for (organizational) communication scholars and activists to engage the misguided pursuits, injustices, and hopes surrounding contemporary corporate-consumer capitalism.



The New Practice of Global Product Development

Steven D. Eppinger and Anil R. Chitkara, *MIT Sloan Management Review*, Summer 2006, Vol. 47, No. 4

Many manufacturers already have established product development activities in different countries around the world. As a rule, the current approach includes co-location of cross-functional teams to foster close collaboration among engineering, marketing, manufacturing and supply-chain functions. The results to date - better product designs, faster time to market and lower-cost production - have been satisfactory. However, growth and innovation can now be much more effective if manufacturers tie their decentralized development organizations into a cohesive, unified global product development operation.

A Review of Culture in Information Systems Research: Toward a Theory of Information Technology Culture Conflict

Dorothy E. Leidner and Timothy Kayworth, *MIS Quarterly*, Volume 30, Number 2, June 2006

An understanding of culture is important to the study of information technologies in that culture at various levels, including national, organizational, and group, can influence the successful implementation and use of information technology. This paper sets out to provide a review of literature on culture in order to lend insights into our understanding of the linkages between IT and culture.

The paper begins by conceptualizing culture and laying the groundwork for a values-based approach to the examination of IT and culture. Using this approach, the authors provide a comprehensive review of the organizational and cross-cultural IT literature that conceptually links these two traditionally separate streams of research. They develop six themes of IT culture research and then develop a theory of IT, values, and conflict. Based upon the theory, they develop propositions concerning three types of cultural conflict and the results of these conflicts. Ultimately, the theory suggests that the reconciliation of these conflicts results in a reorientation of values. The paper concludes with the particular research challenges posed in this line of inquiry.

Can Vendors Influence Switching Costs and Compatibility in an Environment with Open Standards?

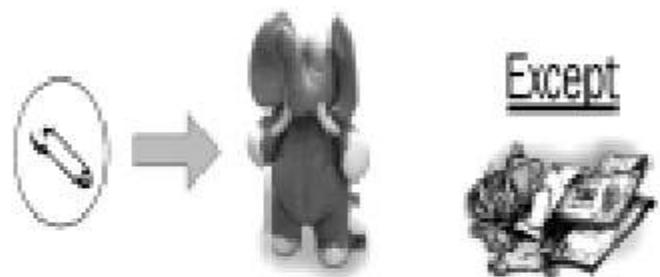
Pei-yu Chen and Chris Forman, *MIS Quarterly*, Volume 30, Special Issue on Standard Making, August 2006,



This paper examines the potential social costs of standardization, including possible vendor reactions to standards and their impacts on the adoption of new technology and long-term market structure. Specifically, the authors study how vendors might react to standards in the market for routers and switches, two of the most important pieces of networking hardware for the information systems infrastructure of modern firms.

The results further suggest that the presence of switching costs can lead to inefficient adoption of new information technology and that vendors may be able to influence the speed of new information technology adoption.

We Deliver anything

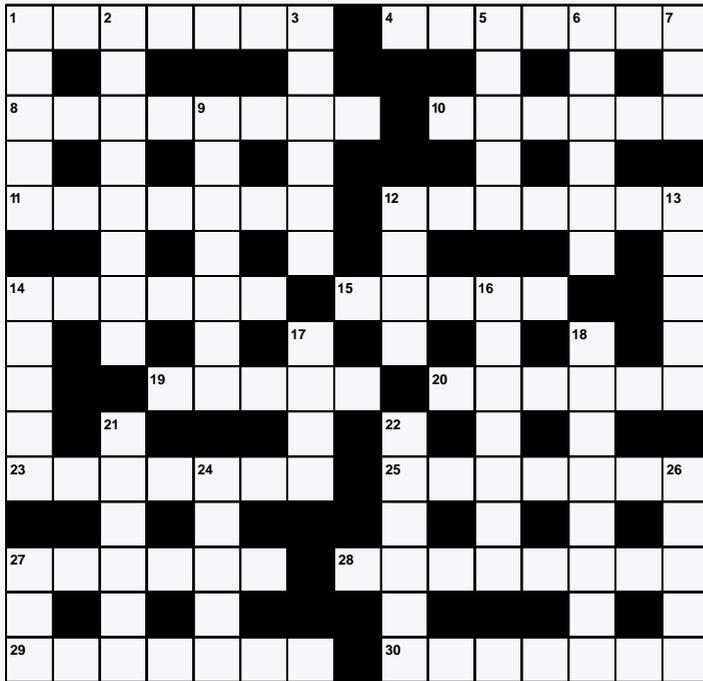


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Across:

- 1 Kingfisher Airlines' "Kingfisher First" is their _____ airline service (7)
- 4 Indian IT major that recently celebrated its 25th anniversary (7)
- 8 Kegg Farms' genetically-bred chicken is called this (8)
- 10 Official sponsor of the Indian cricket team (6)
- 11 _____ "Believe It or Not"!! (7)
- 12 Slang for a product or a business unit that generates unusually high profit margins (4,3)
- 14 Alvin Toffler's new book talks about revolutionary _____ (6)
- 15 Do you have what it takes to be his apprentice?!! (5)
- 19 A high-strength synthetic polymer used in manufacturing women's hosiery, among other things (5)
- 20 The national oil company of Saudi Arabia (6)
- 23 Indian slang term for a person in the merchant navy (7)
- 25 Term for commodities sold to a foreign country (7)
- 27 The new name of our national domestic airline (6)
- 28 The Telugu film hits channel on WorldSpace (8)
- 29 Daimler-Chrysler's most expensive car (7)
- 30 The aircraft used by Paramount Airways (7)

Down:

- 1 "Stud" is a popular form of this card game (5)
- 2 The type of styling that many car manufacturers in India are advertising (8)

Compiled by RaviNarayan Raghupathi

- 3 One of the world's leading shipping companies based in Denmark (6)
- 5 What apartments are often called in India (5)
- 6 Longines, Omega and Rado all belong to this leading watch manufacturer (6)
- 7 This type of health resort is fast becoming popular in India (3)
- 9 In an incompetent manner (7)
- 12 & 17 Down The tagline for the Intel Centrino processor: "Dual _____, Do _____"! (4,4)
- 13 The manufacturer of the "Little Genius" notebook brand (5)
- 14 Kwality's popular ice-cream brand (5)
- 16 Dr. _____, manufacturer of lifestyle and fast-moving health goods (7)
- 17 See 12 Down
- 18 The new name in 2000 for this leading Indiana (USA) bank, formed in 1890, was an amalgam of the country and the state names(8)
- 21 This Mumbai-based tabloid recently celebrated its 27th anniversary with the launch of a Bangalore edition (6)
- 22 Microsoft tagline: "Software for the _____-ready Business" (6)
- 24 Leading manufacturer of high-fashion handbags and shoes for women (5)
- 26 His report was responsible for the impeachment of Clinton! (5)
- 27 Big Blue! (3)

Solution to Crossword No. 16

S	T	E	W	A	R	T		S	Y	N	C	H	R	O	
P				M		U		A				E		G	
E	N	T	E	R	P	R	I	S	E		G	A	T	I	
A				I		K		K		A		D		L	
K	A	R	A	T	E		T	E	M	P	O	S	U	V	
I				A				N		P		E		Y	
N	I	C	E		S	P	E	C	U	L	A	T	E		
G				P		E		F		E				H	
	I	N	F	L	A	T	I	O	N		I	D	E	A	
G		U		A		R				S				M	
R	A	M	A	N	R	O	Y		S	U	Z	U	K	I	
A		E		T		N		J		N				L	
S	A	R	I			N	O	T	A	T	T	E	M	P	T
I		A				I		M		Z				O	
M	E	L	I	N	D	A			O	L	U	F	S	E	N

Send completed Crossword and get surprise gifts



Rajni's revenue sharing model

Rajnikanth, the evergreen celluloid hero of the South is said to have made an unusual agreement with the producer of his next film. As per the agreement, he's entitled to a Rs. 16 crore fee, the highest ever in Indian cinema, but he'll take this amount only if the producer makes money. Revenue-sharing model, the innovative business model of the corporate world, seems to be entering the Indian cinema industry! It'll be interesting to see whether the producer will be left with anything for himself.

FRIENDLY FOES

Pepsi recently alerted Coca-Cola about one of Coke employees trying to sell its trade secrets to Pepsi. It's rare to see enemies with ethics.

UNTIED AIRLINE

A blog called Untied Airline is known to have contributed to the decline of the once famous United Airlines. A great example of the full impact of blogs on inept companies.

FORTUNE IN A NAME

Sanjay Kirloskar went to Egypt 15 years ago to expand his pump business. He was surprised that without doing much he saw sales shooting up. He got the answer when he found a receptionist in a hotel staring at his sir name. When he asked why, she told him that in Egyptian Kirloskar meant pumps. Kirloskar has become a generic name for pumps. Call it the power of coincidence.

CUSTOMER 'EJACULATION'

It appears the phrase 'customer satisfaction' is weather-beaten. Even 'customer delight' is facing the threat of obsolescence. Prof. Bala Balachandran, of the Kellogs School of Management, known to be a rebel among aspiring marketing gurus, has added new phrases 'customer astonishment' and 'customer ecstasy'. His latest is 'customer ejaculation.' Not sure what he means but sounds pretty imaginative.

CRIMINAL'S PRAISE FOR SINGAPORE POLICE

It's a well known fact that the Singapore Police force has been specially trained in customer service; what's not known is, it's being implemented so well that the people who have been fined or summoned have congratulated the Police force for their customer handling and courtesy! On one occasion, reportedly, the government even received a complimentary letter from a person who had been arrested and jailed! Height of customer delight?

Mobile marketing, Coca-Cola style



While walking in a busy street in Germany recently Philip Kotler found a big dog wrapped in a Coca-Cola poster walking beside him. Coke doesn't stop surprising.

STAKE FOR DOCS

Due to increasing attrition of medical professionals, a healthcare firm takes a leaf out of the corporate retention book. Armetis by PTL Enetrprises, is offering its top-notch NRI doctors a stake in the company to make them stick.



brings to you...

The Business of Building Brands

By John Philip Jones

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INDIAN INSTITUTE OF MANAGEMENT BANGALORE

EXECUTIVE EDUCATION OPEN PROGRAMMES CALENDAR: 2006

Sl.#	Programme Title	Dates	Fees
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2	Fixed Income Securities & Their Derivatives	07-11 Aug 2006	INR 46,000
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5	State-of-the-Art Decision Modeling and Analysis	04-06 Sep 2006	INR 30,000
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34	Advanced Financial Risk Management (through webcasting)	Aug 06- June 07	INR 160,000

Fee includes residential facility with boarding and lodging at IIMB for the programme days.

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