

# Management Next<sup>TM</sup>

Monthly for CEOs & Aspiring CEOs

jump out of the box

## Net Profit = Sales in 4 Years



By Benedict Paramanand

*Dr Goldratt's 'viable vision' strategy promises what no management guru has ever done before – a guarantee to equal net profit to that of current sales of his clients in four years. And to beat it all, he collects his fee only when he is able to deliver on his promise.*

When Tata Steel calls Dr Eliyahu M Goldratt's 'Viable Vision' a "global revolution in ways enterprises should be managed, based on sound logic and common sense," it merits serious thought. It's one year since Tata Steel's managing director B Muthuraman (polled as the best CEO of 2005 by Business Standard) launched Aspire Unlimited, a rechristened version of 'Viable Vision'.

Viable Vision is a company profit strategy wherein specific tactics are built and applied to a company as a result of which, net profit after four years will equal total current sales. It may sound outrageous, but several companies that have implemented it, seem to vouch for the amazing results it has produced.

Speaking on the occasion of launching Aspire Unlimited, Muthuraman said the search for excellence took him to Dr Goldratt and he expected this program to open "a whole new chapter in the

history of the steel company and that TOC (Theory of Constraints) would make Tata Steel the recognized best steel company in the world.

Dr Goldratt is no magician. He has been described by Fortune magazine as a "guru to industry" and by BusinessWeek as a "Genius". He's the author of the best seller The Goal which favors a non-traditional approach to convey important business information; it is a business textbook written in novel form and disguised as a love story. The ideas illustrated in The Goal underscore Dr. Goldratt's Theory of Constraints, an overall framework for helping businesses determine their future. All aspects of the corporate structure are revealed in his unique way, as it peels away the common nonsense and reveals what lies hidden beneath the inertia of many a company.

To Dr Goldratt, the TOC looks at business problems from a system level, in contrast to some other methods that are focused on specific processes. It is

Continued on page 4...

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### What's in

Trends - 8, 10

Marketing to women comes of age  
Channel Stewardship

Leadership is a practiced art:  
Arun Sarin

Innovation Special Articles

Vineet Nayar's transformational  
style at HCL - 3

Rajinder Singh's grassroots  
leadership - 6

India at the cusp of millennial shift-5

Disruptive technologies drives  
India forward - 11

Hayagreeva Rao on innovation - 9

How Café Coffee Day brews service - 7

How Titan pulled of Xylys - 20

How Sri Sri Ravi Shankar reinvented  
breathing - 22

Guruspeak - 13

Clayton M. Christensen

Entrepreneurship - 14

Do you know your profile?

Interview M. Chenniappan - 19

Niligiri's is still popular

Connoisseur's Corner - 21

The Breguet Tourbillon story

Executive Health - 23

Aura Healing

Regulars

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Crossword, Offbeat

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# Managerial innovation @ HCL

In just a year of taking over as the president, Vineet Nayar has transformed HCL Technologies into one of India's best-managed companies. And his key focus is people.

'People-focused' company is now a cliché. But when Nayar believes and tells 30,000 people that they come first and customers second, and demonstrate that, rest of the journey is easy.

Openness, transparency and instilling a culture of taking criticism with a smile have made HCL both a challenging and a fun place to work. Every employee rates their boss, boss' boss, and any three other company managers they choose, on 18 questions using a 1-5 scale. Such 360-degree evaluations are not uncommon, but at HCL all results are posted online for every employee to see. That's un-heard-of.

Every HCL employee can at any time create an electronic "ticket" to flag anything they think requires action in the company. The ticket is routed to a manager for resolution. The employees themselves can only delete these tickets. Managers

"I want to build a company that gives superior service to my employees compared to everybody else."

are evaluated partly based on how many tickets their departments are creating - the more the better. In addition, every employee can post a question or comment on any subject in a public process called "U and I." About 400 come in each month, and questions and answers are all posted on the intranet.

Employees are not made managers at HCL until they've passed a group of courses that include negotiation skills, presentation skills, account management, and what they call "expectation management" - dealing with the expectations of both customers and employees.



Vineet Nayar

Nayar believes that the cost advantage enjoyed by Indian IT companies will diminish soon because the MNCs themselves have moved in here. And the only way to sustain leadership in the environment is to deliver the best results to customers. Employees who are secure and happy can focus better on customer success, he thinks. So he aims to build an organization full of highly skilled employees dedicated to creating customer value. "I want to build a company that gives superior service to my employees compared to everybody else," Nayar told a senior journalist of Fortune magazine recently.

HCL innovations go beyond managing people. With Cisco for example, it has a risk-sharing arrangement. Here it gets paid not by the number of the products it makes for Cisco but by the number sold in the market.

Nayar's transformational leadership is reflected in the numbers. Attrition rate is down by a half in a year's time and revenues last year grew 34 percent to \$764 million.

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Continued from page 1...

based on the belief that any organization has at least one constraint and that any improvement on non-constraints may not yield as significant a return on investment (ROI) as working on the constraint. Using this theory, organizations hope to achieve unprecedented improvements in their bottom line performances. The challenge, however, is to identify and capitalize on the few elements that govern an organizational system.

Goldratt's novel, Critical Chain, reveals the reasons why projects seldom finish on time or within budget or within specs, and develops an alternate TOC approach to managing them. The action in the novel takes place in a university setting and also deals with the problem facing academic institutions with large graduate business programs - MBA programs that are not producing what businesses need.

Among Dr Goldratt's blue chip clients is Lucent Technologies that implemented his TOC. At the time of the decision to implement TOC Project Management in 2000, Lucent's product realization cycle for fiber optic cable was about the same as its competitors. A major problem was that designs based on new materials took a very long time to come to the market. And, as in many product development organizations, many of the designers were overloaded and multi-tasking on several projects simultaneously.

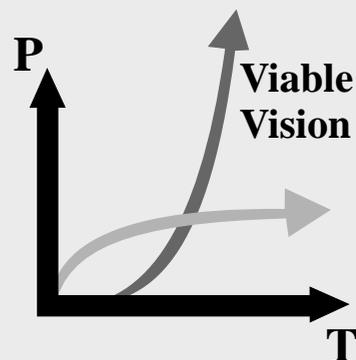
The TOC approach helped Lucent reduce product introduction interval by 50%. With no increase in staffing, the number of projects completed the year after implementation was more than three times what it was the year before the implementation, and the scope of the projects was similar in both years. To read more on this, visit [www.goldratt.com](http://www.goldratt.com).

Seagate Technology was a \$6.4 billion company in 2000 competing in the fast-paced computer hardware market. Worldwide, employees numbered more than 60,000. In 1998, the company began a corporate-wide overhaul to regain its competitive edge in the high-speed disc drive market. A 1997 internal case study done at Seagate showed that when the company lagged its competition by just one quarter, Seagate missed \$500 million in incremental revenue opportunity and about \$200 million in gross margin.

With the guidance of the team from AGI, the Core Team working on the Cheetah X-15 project beat their target date by nearly five weeks! Five weeks in their industry is extremely valuable. The Cheetah X-15 was the first 15,000 rpm drive to ever hit the market. All of Seagate's competitors dropped out due to technological challenges or being late to market.

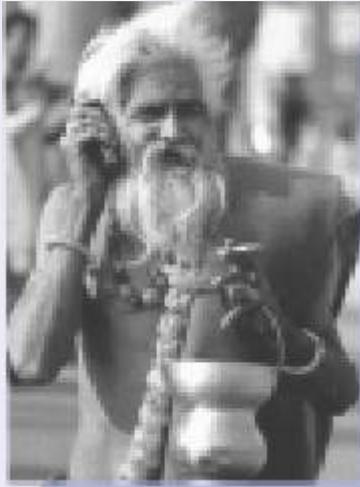
For companies struggling with declining operating margins and profits and those who have ambitious projects on hand 'Viable Vision' may be worth a try.

*Dr Goldratt is speaking in Chennai on June 28th to share his unique thoughts. For details contact Satish Kumar. Phone (080) 25343404.*



# Live innovation, don't simply aspire for it

**M**ost colonised countries in the last three centuries have been politically free in the last four or five decades. But colonisation of the mind and the spirit still persist and only now, in the last five years or so, there are signs of breaking free from it.



India had been the epicentre of knowledge in the last three millennium. But British colonialism sapped the Indian spirit of innovation in the last three centuries. And free India's Socialist policies since 1950 didn't help in reviving it either. But the time seems to have come for India as post World War generation is giving way to the youth, which is largely free from the colonial baggage.

Says Subroto Bagchi, a provocative writer, speaker and the COO of MindTree Consulting: "I believe that we are in the cusp of a millennial shift in which India will, once again, innovate. I see the first signs of spring after the civilizational hibernation that afflicted an entire people for the past few centuries."

Innovation is the buzzword today. Everyone is recognizing that it is the key differentiator between businesses, countries and even individuals. The United States is still the super power in innovation, but others are quickly catching up. What India is doing is significant but there is still a lot of catching up to do. How to get to the forefront of the innovation superhighway is the challenge many Indian leaders are addressing today. The big challenge is not merely in the technology or the IT field, but to figure out ways to address gigantic issues such as finding innovative solutions to deal with poverty, drought, illiteracy and infrastructure in quick time.

Today, innovation is much more than bringing out new products. It is about reinventing business processes and building entirely new markets that meet untapped customer needs. Most important, as the Internet and globalization widen the pool of new ideas, it's about selecting and executing the right ideas and bringing them to market in record time.

If the number of patents filed in the United States' patent office is an indicator of a trend then India has made a fine beginning. For example, in 1994 India filed 70 patents in the

United States, by 2004 this number rose to 1,300. How many of these patents got converted into successful entrepreneurial ventures is not known. The key to spur the innovation movement, experts say, is to create an environment for entrepreneurship among academics and technologists.

## The how factor

Clearly, how to leap from being fantastic support function to the cutting-edge of innovation is staring starkly at the Indians today. The first lesson can be learnt from giant companies like Microsoft, IBM, Intel, SAP, Texas Instruments and Oracle. Even while being excellent performing companies and sustained leaders in their core businesses over a long period of time they have succeeded in creating and sustaining an ecosystem of innovation. For Indian companies to do this they "need to embrace the notion of "living innovation" as against aspiring for it," Bagchi observes in an article in *Business Standard*.

"It is time we structure our institutions of knowledge to be a global player in the 21st century," said Sam Pitroda, chairman of the Indian National Knowledge Commission, speaking at the American Enterprise Institute (AEI) in Washington in February, this year. John Calfee, resident scholar at AEI, said at the meet that the country is developing so rapidly that "pretty soon India will have a mature intellectual-property regime just out of self-interest."

Today, innovation is about reinventing business processes and building entirely new markets that meet untapped customer needs

Education is a challenge in India with a mere six percent of children attending institutions of higher education at present. "We need to increase that number to 25 percent," said Pitroda.

India's President Dr. Abdul Kalam is the most vocal dreamer of the 'New India'. He recently said: "Developed India can only be powered by economic strength. The economic strength has to be powered by competitiveness and competitiveness has to be powered by knowledge power. The knowledge power has to be powered by innovation and business. Business has to be powered by innovative management and management has to be powered by leadership." Enough dose of inspiration to anyone to wake up from inertia.

# Power of domain wisdom

By Satish Kumar

**R**ajendra Singh, popularly known as the waterman of Rajasthan, is India's foremost innovator in community management. Through his unique leadership style, Singh has transformed some drought-prone districts of Rajasthan into a water-sufficient region. What's unique about him is, he did not invent any new method or formula to achieve his goal. He simply trusted the existing knowledge of the local people about their environment and organized them around it. Singh is a recipient of the 2001 Ramon Magsaysay Award for Community Leadership.

"Our community is creative. It has the latent capacity to bring a social change. We woke up this sleeping knowledge bank and encouraged it to work," Singh said. With this mindset, Tarun Bharath Sangh (TBS), the organization he founded, helped the villagers to rejuvenate their style of functioning. In Gopalpura, the first village, it took three years for him to get results. He could achieve the same in 45 villages in the next one year. The success stories of these villages influenced neighboring villages to join hands and work towards another success.

Often companies have to tread unknown paths. Trusting the intuitive knowledge of the people can help the reaching the destination faster, and importantly, it can be replicated with ease. Often managers force 'innovation' down the throat of unwilling people and the results are seldom worth the effort. "The society should feel the necessity for such a work. The methodology should be decided only after understanding the community's notion about soil and water. TBS never used any outside help for water and forest conservation. A work becomes sustainable and replicable only when local knowledge is applied," Singh said.

Farming activities have resumed in hundreds of drought-prone villages with the rivers Ruparel, Arvari, Sarsa, Bhagani and Jahajwali flowing again after remaining dry for decades. The villages, which were deserted by its inhabitants, have been populated once again. There is a sense of belonging among the people as the gram sabhas created by the TBS to facilitate the management of the johads have a say in the general well-being of the community as well.

TBS, which Rajendra Singh leads as its general secretary, has since 1985 built some 4,500 earthen check dams, or johads, to collect rainwater in some 850 villages in 11 districts in the Rajasthan. The TBS has also helped revive five rivers that had gone dry. Neembi's residents, who spent Rs.50,000 in 1994 to construct two earthen dams with the help of the TBS, now produce vegetables and milk worth Rs.3 crores annually.



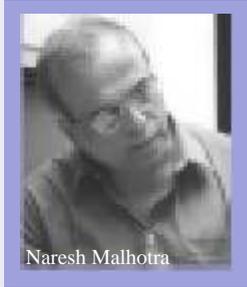
Talking about the success of his experiments Rajendra Singh said: "This is the triumph of the traditional wisdom of the people over classroom learning. It is time the governments recognized their deep knowledge of the land and made use of it for the uplift of the rural masses."

Rajendra Singh, who was associated with Jayaprakash Narayan's Sampurna Kranti (Total Revolution) movement in his student days, has mobilized the people to stand up and speak for themselves and use natural resources in a sustainable manner.

Although Singh's approach can be replicated in most parts of arid regions of India, what is missing is the lack of local leadership in organizing communities around a cause. How to institutionalize success stories is a challenge, which NGOs, Panchayats and non-profit organizations need to put their minds into it. Leaders are not born; they can be groomed. Left to themselves, miracles such as the Amul and TBS will remain confined to small regions and in case studies of management schools.

*How to institutionalize success stories is a challenge which NGOs, Panchayats and non-profit organizations need to put their minds into. Left to themselves miracles such as the Amul and Tarun Bharat Sangh will remain confined to small regions.*

# Café Coffee Day: Brewing innovation



Naresh Malhotra

In the early 90s when the Café Coffee Day was launched, it struck the right chord with the Indian youth, who were seeking a corner for themselves apart from their college canteens or city parks. Gradually, Café Coffee Day (CCD) became the quick-fix stop for anyone wanting a quick bite. Now, with 228 cafés in 55 cities/towns across India, CCD is brewing enough stuff to keep their customers – young or old – wanting to come back for greater moments. Naresh Malhotra, director of Café Coffee Day, shared his innovative journey at an innovation summit in Bangalore last year.

Indian coffee has been sold as a commodity and the beverage as an unbranded product in India for a long time. In the early 90s, when the commodity price of coffee came down seriously, we had to think of ways of doing something different. Those days we were exporting coffee, as the consumption of coffee in India was miniscule. With this new turn of events, we decided to enter the market to sell branded coffee.

With the decision to sell coffee as a brand coming through, the next step was to think of how and what should be the placing and pricing and selling of the branded product as an experimental lifestyle option. As a product we were selling coffee for Rs 50 a kilo, but in the cafes we were selling for Rs 2,700 a kilo. That was the great opportunity to convert Rs 50 to Rs 2,700 a kilo.

But, those were two ends of the spectrum – the coffee shops and the cafés. Our next plan was to provide for the lower ends. And so was born the vending machine. We then looked at something between the common man and the café-goers and came up with the Xpress Kiosks, where coffee was available for two to three Rupees. At present, there are 350 plus retail coffee shops, 228 cafes and 7,000 plus vending machines and over 300 Xpress Kiosks.

## Key Challenges

With rapid growth, came along catapulting problems to deal with. A major worry was attracting, training and retaining the right type of people. Now, we can proudly boast of a well-trained staff and zero rate attrition with a committed senior management team.

Staff excellence is achieved through internal competition. The CCD staff excels in the art of making coffee and the best brew masters are given the opportunity to participate in national and international contests. The staff also has the option of doing vocational retail courses and a residential

vocational school to upgrade to food & beverage retail competencies.

Rapid growth also required systems to be in place - from selecting the right location to strict control on costs and developing a robust supply chain. As the supply chain was very important to us, we invested and continue to invest heavily in technologies.

We couldn't ignore suggestions from the customers. We went back to the customers and sought their suggestions on what they want, what look and feel they expected in the cafés. We were able to achieve a high rate of success because we could innovate to suit the customer enhancement needs – product uniformity and sensible pricing. To avoid delays in

“We were able to achieve a high rate of success because we could innovate to suit the customer enhancement needs – product uniformity and sensible pricing.”

ordering and waiting for bills, we introduced the wi-fi zones.

The best example of customer service enhancement was table service with wi-fi enabled hand-held order-taking devices to avoid delays and bills printed in a jiffy and clipped to the customer table.

Based on the preference of the clientele in different areas, a combination of synergistic tastes was brought about such as books and coffee through Book Cafes, internet and coffee through Cyber Cafes, music and coffee through Music Cafes, round-the-clock road travel coffee through Highway Cafes, cafes at airport, open air seating and coffee through Garden Cafes, and upscale ambience and coffee through lounges.

Always seeking to innovate and improvise for customer enhancement, we introduced a youth magazine called Café Beat. A 12 pages, all color monthly tabloid, Café Beat is available free at all CCD outlets. Nearly 38% of the three million monthly customers read this magazine.

## Social Cause

CCD recruits physically challenged like deaf and dumb persons in the cafes, helping us achieve a social commitment. Such persons work harder as they want the job. They are also found to be more productive.

We have innovated and turned around to suit our customers' needs with a focus on providing them with some great moments while sipping coffee.

Indeed, a lot can happen over coffee.



## Leadership is a practiced art: Arun Sarin

Arun Sarin, CEO of Vodafone, the world's leading mobile telecommunications company, believes there are three traits that effective business executives have in common: a good strategic view of the institution and its future (or as he put it, "how the cookie's going to crumble"), the ability to execute plans flawlessly, and the ability to interact well with other people. "You could be the smartest person," he told the students at Stanford Graduate School in April this year, "but if you don't have good people leadership skills, that's going to stop your growth." The good news is that all of these traits can be learned. Leadership "is a completely practiced art," he said. "You work on it every day, and you get better as time goes on."

Going back into his early years, the 52-year-old London-based CEO said that in 1984 he and a colleague both were hired on the same day to work for the Pacific Telesis Group in San Francisco. The colleague was assigned to assess opportunities for expansion in the publishing business, while Sarin, sitting in the adjacent cubicle, was asked to analyze the emerging cellular phone industry. As it turned out, "the mobile business grew to be huge," he said, "and the publishing business didn't go anywhere. So luck plays a very important role in life."

Sarin graduated near the top of his class at the Indian Institute of Technology and went on to earn a dual master's degree in engineering and MBA from the University of California at Berkeley. But as he told students there was another factor in his stunning career success: luck.

## Infosys' 'voice of youth'

Infosys Technologies Ltd, the Bangalore-based information technology services company popped up at # 10 on *BusinessWeek's* Asia-Pacific list of 'Most Innovative Companies.' Infosys, only Indian company to make it to the list, takes a direct approach to making sure management stays involved in the innovation process.

Chairman and 'chief mentor' N R Narayana Murthy introduced the company's "voice of youth" program seven years ago. Each year the company selects nine top-performing young

*"If an organization becomes too hierarchical, ideas that bubble up from younger people aren't going to be heard."*

guns -- each under 30 -- to participate in its eight yearly senior management council meetings, presenting and discussing their ideas with the top leadership team. "We believe these young ideas need the senior-most attention for them to be identified and fostered," says Sanjay Purohit, associate vice-president and head of corporate planning told the magazine.

Infosys CEO Nandan M. Nilekani concurred: "If an organization becomes too hierarchical, ideas that bubble up from younger people aren't going to be heard."

The company's Software Engineering Technology (SET) Labs are known to have brought in a log of innovation. Mr. Narayana Murthy told *The Economic Times* recently that on an average his company spent 5-6% of its revenue on the labs, research center in Mysore and on the domain

## How to reverse burnout

competency group.

Burnout reflects an uneasy relationship between people and their work. Like relationship problems between two people, those between people and their work usually indicate a bad fit between the two, rather than *just* individual weaknesses, or *just* evil workplaces. And so reversing burnout requires focusing on both individuals and their organizations to bring them back into sync with each other, say Christina Maslach & Michael P. Leiter in an article titled 'Reversing Burnout How to rekindle your passion for your work' in the *Stanford Social Innovation Review* Winter 2005.

Beating burnout is not just a matter of reducing the number of negatives. Indeed, sometimes there is not a lot you can do about the negative aspects of work. Instead, it is often more useful to think about increasing the number of positives, and of building the opposite of burnout. When burnout is counteracted with

engagement, exhaustion is replaced with enthusiasm, bitterness with compassion, and anxiety with efficacy.

A survey among 10,000 people across a wide range of organizations in several different countries have revealed that most person-job mismatches fall into six categories: workload (too much work, not enough resources); control (micromanagement, lack of influence, accountability without power); reward (not enough pay, acknowledgment, or satisfaction); community (isolation, conflict, disrespect); fairness (discrimination, favoritism); and values (ethical conflicts, meaningless tasks).

To fix burnout, individuals and organizations must first identify the areas in which their mismatches lie, and then tailor solutions to improve the fit within each area. There are two paths to banishing burnout: the individual path, and the organizational path. An organizational approach, in contrast, starts with management first identifying mismatches that are commonly

# How to balance conformity with originality

Categorical boundaries constitute ideological fault lines in all industries, but particularly in cultural industries such as music, food, wine, and art. Innovators associated with a genre or a category run the risk of being perceived as inauthentic by their audiences when they break categorical boundaries.

But categorical boundaries are hardly ever that impenetrable, says Professor Hayagreeva Rao, professor of organizational behavior at Stanford Graduate School of Business which should in fact give courage to managers who want to innovate. Authenticity, he says, has two sides: On the one hand, it means conforming to a genre, but on the other, it implies originality. The trick is to balance both.

Prof. Rao and his colleagues observed how categorical boundaries can be blurred over time by studying one of the most categorically constricted industries in the world—the French haute cuisine restaurant business.

Critics, Rao says, whose opinions originally went a long way toward determining the fate of chefs who dared to mix classical sauces with nouvelle-inspired herbs, or fish with

meat dishes, became mere observers as the categorical ground began to shift beneath their feet and new boundaries had to be drawn. “Innovation corresponds with the weakening of the power of critics over time,” Rao says.

Rao's study has numerous implications for business. One is that there is a strong link between innovation and authenticity. Dewar's found that out the hard way when it tried to gain new market share by positioning Scotch as a beverage that could be mixed into fruity drinks. “Scotch aficionados were outraged,” says Rao, and “Dewar's had to backtrack.”

Finally, Rao says, the study suggests that “the early bird can get the worm—but can also be killed,” meaning serious negative financial and personal consequences can hit early boundary busters. “When categories are rigid, people may not understand what you're doing when you cross them.”

In many cases, says Rao, categories sit on ideological fault lines. “What managers need to realize is that a lot of times they're operating in cultural space,” says Rao. “If they don't come up with new ways of doing things that take this into account, their businesses can sometimes be hit hard.”



Hayagreeva Rao

## World's Most Innovative Companies

Asia-Pacific	Europe	North America
1. Apple	Apple	Apple
2. Google	Google	Google
3. 3M	Nokia	P&G
4. Samsung	Microsoft	3M
5. Microsoft	3M	Toyota
6. IBM	Toyota	GE
7. GE	Virgin	Starbucks
8. Toyota	BMW	Microsoft
9. Nokia	GE	IBM
10. <u>Infosys</u>	eBay	Dell
11. Virgin	IKEA	Wal-Mart
12. P&G	RyanAir	IDEO
13. Dell	Sony	Target
14. Sony	Intel	Samsung
15. Intel	Porsche	Southwest

Source: Boston Consulting Group-BusinessWeek survey 2006

## Channel stewardship

Most distribution channels are outdated and unwieldy, serving neither customers nor channel partners adequately. Despite new technologies that have streamlined many transactions and processes, a general lack of leadership combined with flawed and deeply ingrained structures make distribution channels exceedingly difficult to change. What companies need, says V. Kasturi Rangan, is a new approach to going to market – channel stewardship – that simultaneously addresses customers' best interests and drives profits for all channel partners. In *Transforming Your Go-to-Market Strategy*, Rangan shows how any member of a distribution channel can adopt this role and learn how to shape an effective, constantly evolving, and mutually beneficial channel strategy.

His new book *Transforming Your Go-to-Market Strategy: The Three Disciplines of Channel Management*, (June 2006, HBS Press Book) outlines three disciplines that companies must master to navigate the complex distribution environment successfully: map the industry channel, build and edit one's own channel continuously to best serve customers, and align and influence one's channel value chain to ensure that all parties reap appropriate rewards. Rangan also provides guidance on managing multiple channels, integrating the Internet into a channel strategy, and overcoming common barriers that impede transformation.

A fresh approach to designing and managing channels for the long term, this book helps firms expand value for customers, partners, and the bottom line.

## Enter managed recruitment services

Managed recruitment services (MRS), a concept where companies outsource all their non-strategic recruitment functions to an outside firm, is beginning to catch up in India. While this is already a norm in the developed markets, Indian companies still believe in retaining good amount of staff related work which could be easily outsourced.

Patrick Luby, chairman of Clarendon Parker, says that Indian companies would soon see the value in this service since it will not only enhance efficiency but also brings down the cost. Luby's Clarendon Parker expanded into India recently from Dubai and will get into the managed recruitment services space aggressively. To start with MNCs are big MRS users.

A majority of large companies are beginning to be self sufficient in recruitment function. But there are a good number of them who would like to insource – agency person sitting in client site.

## Marketing to women comes of age

Focusing on women's segment exclusively while marketing has not been a widely practiced route for most marketers unless it's a women-only product. When Rebook adapted the format of its stores and introduced a women's collection in apparel and shoes in 2003, it worked out well for the brand.



Taking the grass-root path, Rebook trained fitness instructors in India. In 2004, they started promoting the category by opening women's-only stores that would meet the special needs of our women customers. Today, their women's business is a strategic business unit of its own, which sustains its own distribution stores and touches its audience in a sensitive and special manner.

Kinetic regards marketing to women

very seriously. It has its eye on 40% of the segment that prefers modern scooterettes. HLL is marketing the first female condom in India, thereby opening up the women's segment to a market that was only for men so far.

One medium that's going to aid marketing to women is the internet. With the online population of India expected to climb to 100 million in the next couple of years. In 2004/05 the female segment of this online population was 28%.

According to the Internet And Mobile Association of India, the estimate for male to female ratio in the next 2 years is 60% male and 40% female. The survey over 6300 adults also revealed that 36% of female respondents owned a credit card and 41% have a debit card. Although most users use the net for emailing, 22% female users claim online shopping. It's interesting to note a rather high incidence of stock trading online by Indian women as well. This is surely a segment which marketers can't afford to ignore, be it online or offline

By  
Ranganath Iyengar



*Technology innovation  
in the last mile is  
beginning to drive  
India forward.*

# India's tryst with innovation

**W**ith a large technical talent pool, it is only natural that we debate on how we create technology innovations that impact a large number of people. Let us take a look at some path breaking work that companies in India have been doing.

To start with, let us look at some concepts that are being talked about in technology innovation. 'Disruptive innovation' is used to describe the process that businesses use to produce cheaper alternatives of products and target consumers at the lowest end. The road map adopted here is to start with capturing markets at the low end and move up the value chain and thereby put pressure on market leaders.

'Anytime-anywhere' is a term used in the context of web-based e-marketing where information is pushed especially to create a market place, ensure efficient price discovery and offer an economy of transaction for agricultural trading. 'Paper and IT convergence' is a concept that is used to simplify data entry especially for local languages and is very useful to help include the local language users who are not well versed in English.

'Affordable mobility' is another area that is hotly debated with the universal acceptance of mobile phones yet lack of the ability of mobile phones that are affordable and can carry data and help the user transact. 'Mass Service automation' is a high focus area given the need for using the available technology to pool in information across diverse departments and agencies and offer a single window service.

Each of these is illustrated below using examples of technology that work in India today.

## **Tropicalized low cost PCs and notebooks**

Companies like VIA technologies have set up technology innovation centers in India to produce low cost PCs that are optimized for power usage and fluctuations, are rugged, low cost and can be used in rural conditions/dusty environments. Intel has recently announced a low cost PC as well as a notebook targeted at students which is based on making technology affordable very early on and to a larger set of people.

## **Transforming rural marketing and technology**

HP's Kuppam project using info-kiosks to provide information about several environmental and market parameters to the rural markets in a vernacular format or ITC's e-Chaupal that has caught the fancy of mainstream marketers so much so that a lot of goods are now sold to the rural audience through portals and kiosks. Another example is of BPL Telecom's mobile

weather updates for fishermen, a simple service innovation using technology.

## **Personal productivity and mobility**

Sight, touch and audio are the keywords for the Simputer which is India's answer to affordable mobility and targeted at users who can leverage power and mobility. Most important, since the device is locally developed and produced, support is not an issue. A good example of Simputer usage is by the traffic police in Bangalore. Even from a software perspective, since it uses Linux, it is more affordable than other mainstream products.

*Sight, touch and  
audio are the keywords  
for the Simputer  
which is India's answer  
to affordable mobility*



## **Pen-based low cost text entry in vernacular and local language software**

India is a country with many languages and scripts. This has challenged technologists for many years. While local language keyboards have been around for a while, there is a lot of focus on rendering software in local languages (e.g. Microsoft, Tally) and input devices such as the GKB device from HP Labs India that allows pen-based text entry in vernacular languages. This helps in expanding the user base where English is a barrier to computer usage.

## **E-Governance and automation of utility bill collections**

It is not unusual to see examples of E-Governance centers in India (e.g. Bangalore One) which are a single point of contact for most citizen-related services all offered under one roof and all made possible by technology.

Such innovations are not easy since they involve conceptualization of the technology, competitive pricing, a significant focus on localization and long gestation periods for incubating the concept. However, as can be seen from the above examples, technology innovation is here to stay and is catching the fancy of companies and entrepreneurs.



“ERP has helped us better align ourselves with our customers, who are spread all over India and in 50 countries overseas. We are able to service them more efficiently today.”

Karan Singh, Director, Associated Capsules Group

**A**ssociated Capsules Private Limited (ACPL) is one of the world's largest producers of empty hard gelatin capsules. The company is having five plants situated in Maharashtra servicing about 1,000 customers worldwide. ACPL is part of ACG Worldwide, a global multi-faceted group of companies that delivers an unmatched range of products and services for the pharmaceutical and allied industries focused on solid dosage form delivery.

This group has seven companies in its fold -- one of them make empty hard gelatine capsules, two are into the manufacture of specialty packaging films used by pharmaceutical companies and four are into design and manufacture of equipment (including capsule filling machinery, packaging and formulation processing machines). The group also has its subsidiary offices in the US, the UK, Indonesia and the Philippines and exports to 50 countries across the globe.

The company has been growing at a healthy (compounded annual) rate of 20 per cent for the last 10 years. Our existing business processes could not keep pace with the rapid growth, thus impacting our customer services”, said Karan Singh, Director, Associated Capsules ACG.

Besides this, there was little inter-department communication at Associated Capsules. Finance, store and purchase departments of the company were using Ramco ERP, whereas production and sales were running on FoxPro. “This resulted in disintegration of information, and responding to queries from customers used to take days,” says N. K. Desai, General Manager, Commercial, Associated Capsules Private Ltd. This also resulted in duplication of work, (such as data entry) and reconciliation of this data was cumbersome.

There were certain statutory requirements too (such as meeting the FDA norms) that was facilitated by the installation of an ERP solution.

When the company decided to go in for ERP, various options were weighed, including developing a solution in-house. The benefits of going in for a branded ERP solution far outweighed developing a system in-house. Three ERP vendors were short-listed -- JD Edwards, SAP and Oracle.

Associated Capsules then used a scorecard to rank each of these vendors and their solution. “We chose SAP because of its strong presence in India, good service backup and support. In fact, several pharma companies were already using SAP,” says Mr. Nitin. J. Parekh General Manager -IT.



The company then short-listed three implementation partners - Wipro, Siemens and Oak Brook Technologies. “OBT had domain knowledge and experience of working with pharmaceutical and engineering companies,” says Nitin J. Parekh, G.M. IT, Associated Capsules Private Ltd. It also had the right maintenance and support infrastructure.

### Project Spandan

ERP is being implemented in the group in two phases and a team of 35 is dedicated towards this project. The first phase (December 1, 2004 to May 1, 2005) was completed while the second phase of implementation is currently on. As of today, five locations of ACG – including three capsule plants and two packaging film plants – have implemented ERP. The group also plan to implement SAP in all engineering companies on a different server.

During the implementation of SAP, many problems faced by Associated Capsules were solved. The company now functions on one, integrated IT network. This has resulted in quicker decision-making. And real-time management has also made servicing its customers easier.

Mr. Singh also pointed out that, “SAP has brought transparency into the system. “Very soon, our customers will be able to place orders through the internet,” he says. The company is in the process of implementing a (NetWeaver) customer portal. This will be in place by January 2006. After that, it is going in for CRM, which should be implemented by 2006-end.

A major benefit from ERP has been a reduction in wastage, and an improved communication between departments. Documentation has reduced considerably. Electronic documentation and record keeping has increased in place of paperwork. “Earlier, people used to work till 9pm, now they get to leave office by 6pm,” says Mr. Nitin Desai-G.M. - Commercial.

The implementation of SAP has also resulted in better production planning resulting in lower inventories. “I expect the real benefits to reflect over the next two years or so,” says Mr Singh. “So far, we have implemented only the basic system. Over the next 18 months, we plan to implement CRM and SRM,” he adds. And that’s when Singh expects to see a healthy jump in the group’s bottom-line.

# 'Follow an emergent strategy'

What Gary Hamel or C K Prahalad are to strategy, Clayton M. Christensen, Professor at the Harvard Business School, is to innovation. With innovation becoming the buzzword, Clayton M. Christensen is heard more carefully today. Christensen was in India recently and reiterated his pet subject 'disruptive innovation'. His one line mantra to Indian CEOs: 'Go and disrupt. That's where your future lies.'

But enough has been said about the merits and demerits of 'disruptive innovation.' The bigger question CEOs and business owners are asking is not how important innovation is, rather how

do we go about doing it in the best way possible. Their predicament is accentuated because several innovation gurus have sprung up in the last couple of years and are belting conflicting advices. When someone pointed out this predicament to Christensen, he had something remarkable to say. At first, he puts off managers by saying that they need to know theory. But he starts making eminent sense when he spells out



Clayton M. Christensen

*In highly uncertain situations that typify disruptive innovations, following the typical strategy-making process just doesn't work.*

why it's important to have some grounding in a few theories so that confusions are minimized.

Christensen thinks that managers have historically struggled to successfully manage innovation. Through his recent research he has developed a set of theories to help guide managers as they seek to answer seven critical questions while trying to build new growth businesses.

## How can I beat powerful competitors?

Companies should look for situations where they can introduce disruptive innovations that harness asymmetries of motivation. In other words, they should pick the fights that powerful competitors either cannot or will not contest. They can do this by either seeking out non-consumers who will welcome a simple product or by launching an attack on the low-end of an incumbent's market among customers the incumbent is actually happy to lose.

## How can I connect with customers?

Customers hire products to perform jobs that arise during their day-to-day life. Companies succeed when they develop a product that successfully matches a circumstance that customers find themselves in. Traditional means of defining markets like product categories or demographics often run counter to how customers live their lives and therefore do not help companies successfully connect with customers.

## How integrated should I be?

In circumstances where products are not good enough to meet customer needs, a company needs to be integrated to improve the product's functionality. In circumstances where the product is more than good enough, focused firms can beat competitors with speed, responsiveness and customization.

## How should I set strategy?

In highly uncertain situations that typify disruptive innovations, following the typical strategy-making process just doesn't work. In these uncertain situations, some companies believe they need to fly by the seat of their pants. However, companies can follow a rigorous process by using an emergent strategy supported by a discovery-driven planning process that enables them to adjust their strategy when they encounter unanticipated opportunities, problems and successes.

## From whom should I get funding?

A company's financing source should match its circumstances. Disruptive innovations that need to take root in niche markets need investors who are impatient for growth.

## Where should the innovation reside?

A company's resources, processes and values define its capabilities and resultant disabilities. When an opportunity fits a company's capabilities, the company should run the innovation internally. When opportunities do not fit a company's capabilities, the company either needs to acquire the requisite capabilities or house the innovation in a separate organization.

## What is the role of the CEO?

Many CEOs have a simple theory to help them decide how to spend their time. "Big-ticket" decisions that involve a lot of money, they think, require my close careful attention. Another approach suggests the size of the decision is irrelevant. It suggests that the CEO needs to get involved in circumstances when a company's standard processes are not designed to do what needs to get done.

*Excerpts from different presentations of Prof. Clayton M. Christensen*

# Do you know your profile ?



Dave Rogers

*Paul Dunn and Dave Rogers, in a chat with ManagementNext, share their insights about how entrepreneurs can succeed by knowing their profile first and then leveraging other's profiles*



Paul Dunn

It is true that most of us are so busy we don't know who we are. We keep doing what we normally do. The analogy that we can think of is that of wax and the flame of a candle. Most entrepreneurs regrettably spend a lot of time in the wax instead of in the flame. Once you get the fundamental idea that you can contribute by being in the

flame, you will suddenly grow.

We also need people around us who can keep us in the flame. And I think that once you discover who you are, you will realize that the key to success is to leverage other people's success and being part of their flame.

It's important not just knowing who you are but also understanding that there is a particular strategy that applies to you. For example, if you are a creator and you don't have a strategy about how to capture the value you have created, then that's not the best position to be in. So it is a profoundly important thing to know your profile to derive maximum value out of your business.

Here are eight profiles in which you can fit into

- The Creator - Creating a better product – Eg. Bill Gates,
- The Mechanic – Creating a better system – Eg. Henry Ford, Sam Walton, Michael Dell
- The Star – Creating a Unique Identity – Eg. Bill Clinton, Michael Jackson, Richard Branson
- The Supporter – Adding value to a wealth creator – Eg. Steve Ballmer
- The Dealmaker – Connecting the right people at the right time – Eg. Donald Trump
- The Trader – Buying low and selling high at the right time – Eg. Warren Buffet
- The Accumulator – Buying and building appreciating assets
- The Lord – Controlling cash generating assets
- You can know your profile by taking a simple test by visiting [www.wealthdynamics.org](http://www.wealthdynamics.org)

The eight profiles above represent a very brief summary of wealth profiling. Knowing your wealth profile is like knowing which sport you're most likely to excel in. Discovering the 6 steps to take for your profile to build wealth is like being given a map to

show you which path to take to get from where you are, to your destination. To attain wealth based on your wealth profile, you need to know the rules for your particular wealth creation game, and you need to get on the pitch and play. You'll also need to develop your wealth networks and your financial fitness.

## Entrepreneurship can be lonely

Most people discount their natural talents. They don't know what they are good at. They think everybody can do everything. Things that come naturally to you, what you find easy, you may not even appreciate them. What this profiling system does is, it allows you to acknowledge yourself better.

Entrepreneurship can be lonely especially if you believe in control. It's absolutely invigorating when you decide to build a team and work with it. Sports is one of the greatest metaphors – it allows people to do what they naturally do well.

We ask entrepreneurs what they really want. Most of the time the question is 'how do we attract the right people?' By having an appreciation and respect for different people and their styles, allows people to see the world with new glasses.

How can an entrepreneur start knowing himself other than taking the test? The easiest solution is to work on yourself first. Then you may go to a coach who will make you aware of your attractiveness. It is important to consider a business as a vehicle. While the vehicle may change, the individual remains the same.

But in the days of multitasking and multi-skills how will profiling limit one's potential?

We are talking about doing the best in what you can be. Tiger Woods can be a really good bowling pin polisher if he worked hard. Is that optimizing his wealth? If you know you are good at something you will invest so much time and energy that you will work towards being the best. It's like what Tom Peters says – be a player. It's important for entrepreneurs to get people to play the game they like.



## INDIA'S TELECOMMUNICATIONS INDUSTRY

### History, Analysis, Diagnosis

By *Ashok V Desai*  
The Telegraph, March 2006,  
Rs 395, SAGE India

Since the 1980s, regulation has been a dominant mantra in economic reforms in developed countries. The Government of India (GoI) too, in the wake of reforms in the 1990s, zealously appointed regulators as an alternative to the direct control of industries—in telecommunications, banking, capital markets, insurance, hydrocarbons and electricity. But Indian regulatory authorities have by and large been ineffective.

In this pioneering study of India's telecom sector, Ashok Desai—eminent economist, former advisor to the Government of India on economic reforms and columnist—examines the reasons why regulation does not work in India. In doing so, he:

- challenges the use of naïve indicators—like teledensity and the proportion of villages connected—to claim regulatory success;
- identifies systemic causes for the ineffectiveness of regulators in Indian conditions;
- argues that an independent regulator is incompatible with the government's ownership of operators and retention of a powerful executive department;
- proposes, among other solutions, the opening up of industry to local competition by delicensing last-mile operations.

## TRANSNATIONAL MEDIA AND CONTOURED MARKETS

### Redefining Asian Television and Advertising

By *Amos Owen Thoma*, Maastricht School of Management,  
May 2006, Paper: Rs 395.00

In a world increasingly polarizing into information-rich and media-poor nations, the rapid spread of satellite and cable television has triggered a vigorous debate on the globalization of media and markets.

At the beginning of the twenty-first century, media and communications technologies have been converging at an unprecedented pace worldwide.

Transnational Media and Contoured Markets bring a multi-faceted perspective to bear on the transformation of the broadcast and advertising industries in Asia at the turn of the century.

## GLOBALISING RURAL DEVELOPMENT

### Competing Paradigms and Emerging Realities

By *M C Behera*, Arunachal University, Itanagar, Paper:  
Rs 550.00, May 2006

Ever since rural development emerged as an independent field of inquiry in the 1950s, it has been subjected to many changes in emphasis and ideology. These changing perspectives have resulted in shifts in policies and programs and have influenced the international discourse on rural development. Conceived against this background, this volume examines the impact of the changing paradigm of rural development on poverty alleviation, equity, gender, food security, employment and sustainability.



## FOR THE LOVE OF INDIA

### The life and times of Jamsetji Tata

By *R M Lala*, Penguin Books India,  
May 2006, Rs 295.00

Several books about the legendary businessman have been written but R.M. Lala has drawn upon fresh material from the India Office

Library in London and other archives, as also Jamsetji's letters, to portray the man and his age. It is an absorbing account that makes clear how remarkable Jamsetji's achievement truly was, and why, even now, one hundred years after his death, he seems like a man well ahead of the times.

## THE BACKROOM BRIGADE

### How a few intrepid entrepreneurs brought the world to India

By *Seetha*, Penguin Books India, May 2006, Rs 375.00

Back in 1993, American Express launched its rupee cards in India. It was an operation similar to those it was running in other countries. Except for the curious fact that while the quality of the operations seemed to be better than elsewhere, the costs were much lower. Certain that something was wrong with the figures, the company's comptroller visited India, and found that the reports were indeed correct.

The Amex center, in hindsight, might count as the precursor of the BPO revolution that has spawned close to 400 ITES (IT-enabled services) BPO units in the country. The sector now

employs around 300,000 people ranging from call center staff selling credit cards to Americans to analysts preparing research reports for Wall Street investment bankers, and generates an astounding \$5 billion (Rs 22,500 crore) in revenue.

In *The Backroom Brigade: How a Few Intrepid Entrepreneurs Brought the World to India*, Seetha, a Delhi-based economic journalist, tells the story of this entire phenomenon--how a group of people combining sophisticated technology with the improvisational skills of a street mechanic changed the way the world looked at India.

### MASTERING THE INNOVATION CHALLENGE

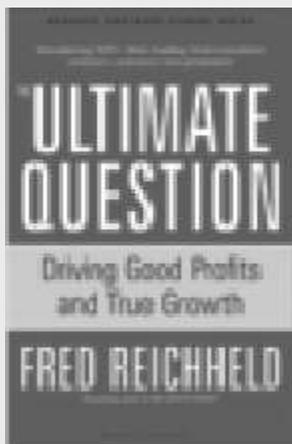
#### Unleashing growth & creating competitive advantage

Edited by Matthew A. Clark; Introduction by Kevin Dehoff, Barry Jaruzelski, and Georg List, from Booz Allen Hamilton, May 2006

Of all the core functions of most companies, innovation has arguably the most competitive value — but is often managed with the least discipline. Now a team of experts from Booz Allen Hamilton brings together some of the best thinking on how companies can step up to the innovation challenge.

Mastering the Innovation Challenge includes the groundbreaking study “Money Isn’t Everything: The Booz Allen Hamilton Global Innovation 1000.” The Economist called it the “most comprehensive effort to date to assess the influence of R&D on corporate performance”.

Chapters by Booz Allen's innovation leaders are interspersed with discerning advice from such distinguished business thinkers as Henry Chesbrough, Yves Doz, Costas Markides, C.K. Prahalad, and Michael Schrage.



### ULTIMATE QUESTION

#### Driving good profits and true growth

March 2006, Fred Reichheld, HBS Press Book

CEOs regularly announce ambitious growth targets, then fail to achieve them. The reason? Their growing addiction to bad profits. These corporate steroids boost short-term

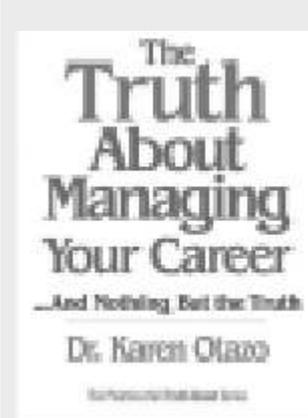
earnings but alienate customers. They undermine growth by creating legions of detractors--customers who complain loudly about the company and switch to competitors at the earliest opportunity. Now loyalty expert Fred Reichheld shows how to

reverse the equation, turning customers into promoters who generate good profits and true, sustainable growth. The key is one simple question--Would you recommend us to a friend?--that allows companies to track promoters and detractors and produces a clear measure of an organization's performance through its customers' eyes.

In industry after industry, this Net Promoter Score is the single most reliable indicator of a company's ability to grow. Based on extensive research, *Ultimate Question* shows how companies can rigorously measure Net Promoter statistics, help managers improve them, and create communities of passionate advocates that stimulate innovation. Vivid stories from leading-edge organizations illustrate the ideas in practice. Practical and compelling, this is the one book--and the one tool--no growth-minded leader can afford to miss.

### TRUTH ABOUT MANAGING YOUR CAREER

#### ...and nothing but the truth



Karen Otazo, January 2006

What do we know, really know about achieving exceptional career success? What are the best ways to get on the fast track, and stay there? This book reveals what really works: 60 proven principles and easy career management techniques you can start using right now. In just minutes, you'll discover powerfully effective ways to start a new job and make a great first impression... work more

smoothly with bosses and colleagues... build a high-performance personal network... manage your workload... decide who to trust (and distrust)... handle your enemies and overcome career setbacks... recognize when to move on... get noticed, get ahead, and get to the top!

Written in an easy, down-to-earth style, this book has been endorsed by some of the best minds in business, including Lois Frankel, NYTimes bestselling author of "Nice Girls Don't Get the Corner Office" and Art Kleiner, Editor of *Strategy+Business* and author of "Who Really Matters: The Core Group Theory of Power, Privilege and Success."

From Lois Frankel, author of "Nice Girls Don't Get the Corner Office": "A cutting-edge pioneer in the field of business coaching, Dr. Karen Otazo knows and speaks the truth about how to get and keep the job you want. Regardless of your age or stage of your career, you'll find practical tips and tools to make your workplace journey smoother, more enjoyable, and potentially more profitable. The Truth about Managing Your Career is a must-have for your career library."

## The effect of the innovative environment on exit of entrepreneurial firms

*M. B. Sarkar, Raj Echambadi, Rajshree Agarwal and Bisakha Sen, Strategic Management Journal, Volume 27, Issue 6, 2006. Pages 519-539*

To foster creative destruction, entrants must survive the turbulent conditions they face in their first crucial years in the industry. This paper investigates how the external knowledge milieu of an entrant, conceptualized as its innovative environment, causes systematic variation in survival patterns. The model is tested in 3,431 firms in 33 industries over 80 years. The paper depicts the innovative environment along two knowledge-related dimensions, namely technology regime and technology intensity. While the aligned state of the innovative environment, where product innovation exists in tandem with abundant innovation opportunities, promotes entrant survival, the paper finds that this beneficial effect is more pronounced for small entrants due to a possible mitigation of scale disadvantages.

## Do modular products lead to modular organizations?

*Glenn Hoetker, Strategic Management Journal, Volume 27, Issue 6, 2006. Pages 501-518*

The tacit assumption that increased product modularity is associated with advantageous increases in organizational modularity underlies much of the literature on modularity. Previous empirical investigations of this assumption, few in number, have faced numerous confounding factors and generated conflicting results.

The paper finds support for only part of the assumed relationship, showing that modularity is a more multifaceted concept than previously recognized. The paper contributes to the emerging stream of research that focuses on the previously under-appreciated costs of designing and maintaining a modular organization.



## Compensation strategy: Does business strategy influence compensation in high-technology firms?

*Yoshio Yanadori and Janet H. Marler, Strategic Management Journal, Volume 27, Issue 6, 2006. Pages 559-570*

Drawing on the strategic employee group concept, this study empirically examines whether a firm's innovation strategy influences compensation systems for strategic employee groups in the high-technology industry. The paper focuses on compensation packages for R&D employees who

play a critical role in successful implementations of innovation strategy. Using compensation data for middle-level managers and professional employees from 237 firms in the high-technology industry, the paper found that a firm's strategic intention to pursue innovation has a significant influence on the relative pay level, compensation time horizon, and stock option vesting period lengths of this strategic employee group.



## Innovation management in organizational context: An empirical study

*Pratibha Malaviya and Subhash Wadhwa, Global Journal of Flexible Systems Management, April-June*

2005, Vol.6, Iss. 2; 1, 14 pgs

Companies have already begun to realize the importance of internal operations and the knowledge driven environment within a company. The effectiveness to contribute towards new knowledge useful for the company, that is, innovation by an employee is dependent on his/her perception of the organization. Using data obtained from an Indian software company, this study examines the effect of some important organizational factors on the "innovation" dimension of its employees, that is, the ability to generate and stimulate creativity and innovation. The study supports the fact that the employee's perception of organizational culture has an impact on the employee's performance on the innovation dimension of performance. Therefore, it is the 'feeling' that guides the individual's behavior. Thus, the perceived congeniality in the working culture duly supported by the supervisor's encouragement and acceptance of an idea and its reinforcement by appropriate recognition and rewards fosters innovation in the organization. The study also discusses its implications for the industry.

## The psychology of novelty-seeking, creativity and innovation: Neurocognitive aspects within a work-psychological perspective

*Tanja Sophie Schweizer,*

Why are some people constantly on the move towards something new, while others feel comfortable with what there is? What motivates us to seek for the new? What helps us in finding it? What leads us to transform what we find into a product that is visible to others and expose us to their judgment? Research in psychology holds fascinating insights concerning the above questions. Surprisingly, neurocognitive and neuropsychological insights that could lead to a better understanding of the processes of novelty-seeking and novelty-finding, have received little attention in innovation literature. Especially for those working in professions where the generation of the new is the core business, it would be highly relevant to know more about those biological

parameters of novelty generation and especially how they make human beings behave in professional environments. The Novelty Generation Model (NGM) introduced in this article offers a new perspective.



**Managing knowledge for innovation: The case of Business-to-Business services**

*Aija Leiponen*, Journal of Product Innovation Management, 2006; Vol. 23, Pg. 238–258

This paper builds a typology of organizational knowledge in business services and empirically examines the effects of knowledge on innovation performance. It is suggested that firms differ with respect to their knowledge creation approaches and that these approaches have implications on firms’ innovation activities. A conceptual framework of knowledge assets with degrees of tacitness and collectiveness as the principal axes is used to ground the empirical analysis. The organizational knowledge framework is empirically operationalized using survey data from 167 business service firms and supplementary case study evidence from 16 other firms. Thus, the knowledge management approach should depend on the strategic orientation of the service firm toward continuous improvement of existing services or development of completely new services.

**Creative errors and heroic failures: Capturing their innovative potential**

*Bernd Kriegesmann; Thomas Kley and Markus G Schwering*, The Journal of Business Strategy; 26(3), 2005, Page 57-64

The purpose of this paper is to highlight an unconventional way out of the “innovation dilemma,” relevant to many business organizations, innovative management and risk friendliness are necessary, but the way in which failure is handled and the resulting fear of making mistakes block the (innovative) efforts of specialists and managers. The paper draws on theoretical as well as empirical work: first, the seemingly crystal-clear concept of “error” is elaborated and the rare category of “creative errors” is introduced. Second, illustrative findings from a case study in the automotive sector are reported.

The findings of the paper suggest that a culturally exacerbated antipathy towards errors leads ultimately to a situation of pronounced innovational incompetence in which creative behavior is avoided.

The paper presents practical implications: An initiative like the “Creative Error of the Month” may help to bring about cultural change towards a climate of trust and confidence in which innovative commitment is treated fairly even if it does not in fact succeed.

**Does technology and innovation management improve market position? Empirical evidence from innovating firms in South Africa**

*Leon Oerlemans; Gerrit Rooks; and Tinus Pretorius*, Knowledge Technology & Policy, 2005, Vol. 18, No. 3, pp. 38–55.

There is a growing recognition of the central role of technology and knowledge management for market success of organizations. Little is empirically known, however, about this relationship. Drawing on the South African Innovation Survey, a unique dataset on innovative behavior of South African firms in manufacturing and services, this paper investigates the question to what extent do technology and innovation management activities affect firms’ market position. Findings show that conducting technology strategy activities pays out. Moreover, especially a combination of internal and external technology audits seems to be beneficial for organizational performance.



**Innovation rules**

*William L Miller*, Research Technology Management; 2006; Vol. 49, No. 2; pg. 8-14

One reality about the future is perfectly clear: radical innovation will determine which nations and which regions will be the real economic powers in the 21<sup>st</sup> century – the beginning of the age of innovation. Research conducted by the McKinsey on more than 1,000 companies in 15 industries over 36 years show that even the best performing companies are unable to sustain their performance for more than 10-15 years. This article develops and discusses innovation rules. These rules are a combination of traditional industrial economies of scales governed by diminishing returns; the new information economy governed by increasing returns and the repeated mastery of radical innovation.

**Stimulating the potential: Creative performance and communication in Innovation Teams**

*Jan Kratzer; Roger Th.A.J. Leenders and Jo M.L. van Engelen*, Creativity and Innovation Management, 2004, Volume 13, Page 63

Creativity is essential to successful new product development efforts. Teams constitute the organizing principle in most modern innovation activities. Although creativity research has revealed many factors influencing individual creativity, little is known about how team-level creativity is determined. Based on a sample of 44 NPD teams in eleven companies, this study examines the effects of team-member communication on team creativity.

# ‘ Nilgiri’s brand is still popular ’



**S**mall ambitions and a conservative approach to business have stunted the growth of the century-old Nilgiris brand. The young Turks in the family are, however, drawing up big plans to scale up operations nationally and professionalize the management. Recent news reports suggest dilutions of equity to fund expansion. Excerpts from a chat with **M. Chenniappan, Chairman, The Nilgiri Farm Pvt Ltd.**

## Why haven't you capitalized on the Nilgiri's brand to take on new competitors in the growing Bangalore market?

Nilgiri's brand is still popular. But, we couldn't develop like the way other supermarkets. We are conservative. We always followed a policy of not borrowing money. We used our funds to develop our business. Unlike Forum or Metro, where customers could buy everything from food to electronic goods and even textiles, our focus was only on food products. We limited our business to just family requirements.

## Does that mean Nilgiri's is nearing its end?

The group has been discussing this for the past five years. As far I am concerned, I have little knowledge in the way of the new world. So, I have left it to the youngsters in the family to develop the business. We have opened a number of franchised branches. That's the only way to grow. Opening our own retail stores and managing them is very difficult. We are thinking of opening hypermarkets in Bangalore and Chennai.

## Didn't you see any merit in professionalising management?

This is one of the reasons we could not grow. There were certain restrictions in the family. In those days, there was opposition in the family even to appoint a manager. The attitude was when we could manage why appoint an outsider. Earlier, in the bakery and dairy division, we had professionals from outside the family. But, we couldn't get along with them. I should put it

down as generation gap. My father was a novice, when he started the diary business. Yet, we developed all the products in our own way and that too, good quality.

Now, we are trying to adapt to the changing conditions and needs of the modern world. In the next two to three years, we will open more outlets and aim at higher turnover. Our turnover now is more than Rs. 100 crores. Other supermarkets don't do business worth hundred crores. We are aiming at developing our supermarket business. There were many others, who borrowed from banks to develop their business. Some of them survived and some of them went down. We didn't want to take such a risk.

## What changes are you introducing?

My son Ramachandran wants to develop the bakery and cheese business. Another son wants to develop the market. We have around 25 branches under franchise. Once, we set up a professional management system we will automatically grow.

In our case, we have survived for 100 years. Now, the young generation has to take it forward. If you ask me what will happen after that, I don't know.

## The story of bread

The autobiography of **M. Chenniappan**, *Saga of the Nilgiri's*, contains vivid stories about how Nilgiri's grew to become one of Bangalore's institutions. One of the fascinating sections is about the bread culture in different parts of South India. An excerpt:

Earlier, if we wanted to buy bread, the shopkeeper would ask if anyone is sick at home. So, bread was associated with illness. Bread was known as the 'sick man's food'. In the 1940s, during the war Koshys were the only manufacturers of quality bread in Bangalore. There were several bakeries, big and small, making bread. But, they were not known for quality or hygiene.

When we came to Bangalore, we were selling only butter. During the war we bagged a military contract to supply butter in huge quantity. Then we started thinking of supplying bread also. But, we didn't have a bakery. So for our store sales, we got bread from Koshys. Then, we set up a bakery. In those days, bakeries never bothered about cleanliness. The dough used to be kneaded on a granite slab or thick wooden plank. The workers, with their dirty feet and smoking beedis, walked on the slab or the wooden plank and also knead bread on the same slab.

Many times, I came across beedis in bread. When we started the bakery, I asked the workers to be clean. But, they refused to "go against tradition" and change their habits. So, we had to expel them because they didn't comply with our conditions.

Our focus was on hygiene. Inside the bakery, we emphasized cleanliness. Then we started wrapping bread, and then slicing the loaves for easy use. We also began educating our customers. We told them how they can pack bread for lunch for kids, how they can add egg in sandwiches. Children were happy. Dry food, not messy.

# Why Xylys rocks

The making of Xylys seems so exciting that it shows in its looks

**W**hat does Xylys mean? Don't rush to the dictionary, you will not find it. The word 'Xylys' simply sprung out of Bates Enterprise chairman Mohammad Khan's pen one day. He wrote it on the board and asked his colleagues to check it out. While everyone found it tough to pronounce at first instance they began liking the way it sounded and the way they had to roll their tongues to say it subsequently.

To check if consumers too like it Titan commissioned a survey and was pleasantly surprised by the results. The survey showed that 'Xylys' had a royal, a premium and an international ring to it. It matched the attributes Titan wanted the watch to represent – that of the new generation youth that is cosmopolitan and demanding. Xylys clearly bears the stamp of innovation in everything it represents – the name, positioning and advertising.

The launch of Xylys in February, this year, has marked Titan's entry into the premium segment of the wristwatch business. The reason for a non-Titan name for the premium watch was because a survey showed that consumers

*Xylys clearly bears the stamp of innovation in everything it represents – the name, positioning and advertising*

associated Titan only with under Rs. 5,000/- watch category. Then the dilemma was whether the discerning Indian youth would buy a premium watch made in India. Titan played it safe and commissioned renowned Swiss designer Laurent Rufenacht. It was decided to make Xylys in a state-of-the-art factory in Switzerland, which has a heritage of 80 years in the art of watch making.

That's where the Swiss connection ends. "Everything we have done – product line, packaging, advertising is very unlike other Swiss-made watches which are staid and classical. Xylys was given a modern and edgy look," Priya Sanghvi, brand manager of Xylys told *ManagementNext* said. Priced between Rs. 10,000 and Rs. 33,000, the Xylys range of watches comes in three collections - Contemporary, Classic and Sport and offers over 60 distinctive models.

But consumers do wonder why Titan is taking shelter behind a Swiss-made tag. "We can't beat

the fact that the Swiss are the best in this category. Xylys Swiss made brand was found most credible among consumers," Priya said.

The most striking is the choice of stars on the Xylys adverts. Titan didn't go the conventional route of getting celebrities to endorse the brand. "We chose people who live life on their terms, take risks, who live on the edge and are unafraid to follow their dream," Priya said. Actor Rahul Bose, tennis star Carlos Moya and supermodel Saira Mohan represent a generation that is hugely talented and also do a variety of very exciting things.

Rahul Bose lives life on his own terms. He's selective about the movies he acts in. These days he also directs movies. Apart from that, he plays rugby and is the oldest player in the Indian team. Rahul started as a copywriter and went on to become one of the youngest creative directors.

Carlos Moya is not just a tennis player, he's acted in Spanish films and is also an entrepreneur. He has his own line of cologne which is retailed in 40 countries. "He is on the cutting edge on and off the court. It shows in his game," Priya says. Carlos has been voted one of the 50 most beautiful people by the *People* magazine.

With her dusky looks and svelte figure Saira Mohan has launched countless products and she has been on the cover of many fashion magazine in the world. *Newsweek* recently called her the "new global standard of beauty". Even while managing a stocks and securities company Saira avidly reads a lot of literature. Her e-book "How to Seduce (and Marry) the Woman of my Dreams" has got her a large fan following. Besides, she puts forth her creativity on the canvas in oil colours.

She is bold and uses her body to paint. "She is a great combination of beauty and intelligence and even spoke at the World Economic Forum," Priya said. Not many of Indian origin living a flashy life in Manhattan will say this about India: "If India was a stock, I would buy the hell out of it. I see beauty everywhere in India - even in her chaos."

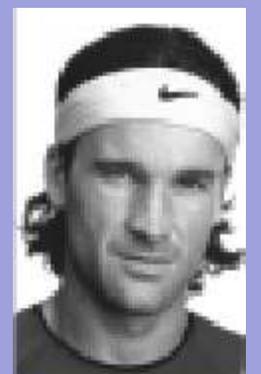
Although the initial response to Xylys has been phenomenal, it's too early to write its success story. Whatever the outcome, Titan should be credited for trying the unusual.



Rahul Bose



Saira Mohan



Carlos Moya

# Want to be Immortal ?

## Own a Breguet Tourbillon

By Vidhya C K

If your passion is classic watches and you don't know what to do with loads of money lying in your closet, you now have a choice. You don't have to go anywhere else to find it. It's right here in India.

Welcome Breguet, the 200-year-old Swiss watchmaker. In fact, Breguet is the king of all Swiss watchmakers and also the watchmaker of the kings. Now part of the Swatch group, Breguet has brought its most expensive pocket-watch, christened Tourbillon with a price tag of, don't fall off your chair, Rs. 3.6 crore. It's for the first time that Tourbillon, made of 18-carat gold and containing 43 jewels for movement, will be sold in India. The pocket-watch is produced on a made-to-order basis.

Teaming up with Ethos Swiss Watch Studios, the country's Swiss watch retail chain, about 400 Breguet timepieces in different models will be up for sale at Ethos luxury boutiques in Delhi and Bangalore. Starting from Rs. 4 lakh, most Breguet watches are priced Rs.10 lakh upwards, with premium watches like the Queen of Naples for women priced at Rs.1.2 crore. Breguet executives claim that watches priced between Rs.20 lakh and Rs. 25 lakh are in great demand in the subcontinent. They weigh around 500 grams and are made of 18-carat gold.

The Tourbillon, unveiled to the world in 1801, is among Breguet's most famed inventions. Founded in the late 18th century by horological expert Abraham-Louis Breguet, Montres Breguet was acquired by the five billion Swiss francs Swatch group in 2000. However, even after its acquisition by the giant Swatch group, the company has refused to customize for new markets, or to have a brand ambassador.

Abraham-Louis Breguet, perhaps rightly credited as the father of watch making, passed on a superior legacy through the Breguet watches. A-L. Breguet founded his watch making company in 1775 in Paris and soon became a jeweler to the French Royal family. Yet, his passion for innovation and technological advancements continued unabated.

During the 18th Century, while the European rulers flaunted Breguet watches as their timeless collections, the writers immortalized it in their works, be it fiction or non-fiction.

### Master craftsmanship

The fine engine-turning on the dial (guilloché) and the blue steel hands with tips in the form of a hollowed-out apple (pomme), known as 'Breguet hands' are a timeless testimony of

*The Tourbillon, unveiled to the world in 1801, is among Breguet's most famed inventions*

the master crafts-man's taste and talent. When first created by A.-L. Breguet in 1783, the Breguet hands were a small revolution, their delicacy and elegance a world apart from the short, bulky, elaborate hands then in fashion.

The lugs made of solid 18-carat gold, with their distinctive rounded ends, are created separately, and hand soldered to the case. An 18-carat gold screw attachment stem then links them.

The neo-classical style of the case was a revolution when introduced by A.-L. Breguet in the last quarter of the 18th century. Cases at that time were round, bulbous and elaborate. Breguet made slim, flat cases. This streamlined form, known for its purity of line and shape, and flawless craftsmanship, remains characteristic of the Breguet watch today.

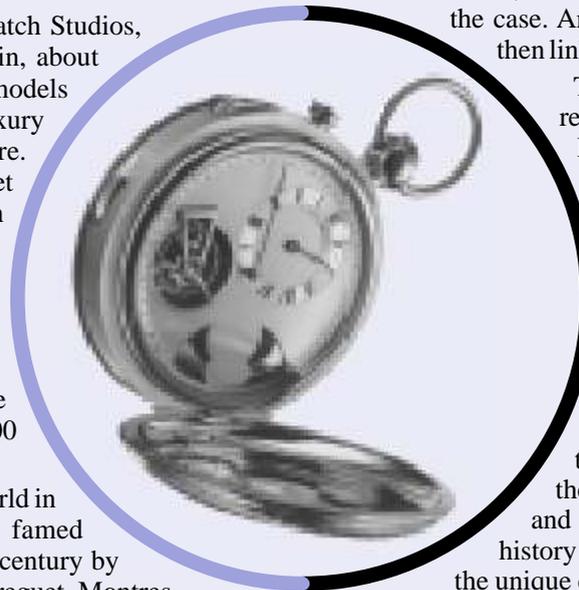
It is customary for a Breguet dial to be individually numbered; a practice that began with the founder. It is a sign of the unique quality of the Breguet watch, and also enables it to be identified, and its history traced. The dial plays a pivotal role in the unique character of the Breguet watch. Created

from a plate of solid gold, it is immediately recognizable by its delicate hand worked guilloché engraving. Yet this was not designed for beauty alone. Introduced by A.-L. Breguet in 1786, the 'guilloché' on the dial enhances legibility.

Their success made Breguet's watches a tempting target for counterfeits. In 1795, A.-L. Breguet came up with a countermeasure: the secret signature. Etched into the dial with the point of a pantograph device, the signature is invisible unless the dial is examined in oblique light.

In 1775, A.-L. Breguet took pains to register the production and sales of the company he founded. Each product was thus recorded under its individual number with a short description of the date, sale and name of the purchaser. Since then, the company has honored this tradition.

With millionaires and billionaires on the rise in India, uber premium consumerism is on the rise. Breguet has made a well-timed entry into super luxury market that's opening up in India.



# Breath-taking innovation



By Vinod Kumar Menon

It began 25 years ago, but even today it provides a breath of fresh air to anybody who ventures to adopt it. But what makes this innovation so unconventional is that it innovates people's mind rather than a product. It shifts people's perception of something as ubiquitous as air.

Often, the buyer does not know that they need the product. And this cannot be truer than in the case of breath when it's pushed as a product. Everybody believes they know how to breathe. So, how do you convince somebody to buy breath? How do you convince somebody to buy my experience of breathing right?

His Holiness Sri Sri Ravi Shankar, the world-renowned spiritual leader, has done just that with a success rate that will make any manager envious. Sri Sri today heads a global conglomerate of happy individuals who swear by his pitch on breath. Over 50 million buyers in over 150 countries and growing by the minute. That's the size of the empire that he built by pushing breath as an innovation. The product is so simple and intimate yet is made to appear strange to the buyer.

This isn't the age of the miracle. So then how did a product which everybody breathes in become strange? The products have always been there but nobody has prompted us to wake up. Sri Sri's call is loud and clear to wake up and innovate. Here is a master who has managed to transfer his experience to seekers wherever they are, whatever their stance is and whoever they are.

The other day I asked a business journalist what he means by innovation and what characteristics are required for a person to qualify to be an innovator. "The ability to take huge unknown risks and do something unusual and extraordinary," he replied after a brief pause.

So where do you stand in this test? Look around and you are in your own little world called your comfort zone. Out-of-the-box thinking is a cliché yet coming out of your comfort zone to a never before experience spells risk and

adventure. Innovation is the process of venturing into the dangers of the unknown.

Sri Sri's innovation not only unravels what exists on the other side of your comfort zone and decodes a complex phenomenon called the mind, but also readies you to cross the levels through people skills to soft skills. Do you recall that you had a sense of belonging to more things as a child than now? Do you recall that as a child you put less effort to do things than today? Do you recall that you smiled more in childhood than in adulthood?

Step out of your comfort zone and you will experience the belongingness, innocence, dynamism and creativity of the childhood. Are you courageous enough to innovate and meet yourself? I was courageous enough to meet an out-of-the-box innovator in Sri Sri. He offered solutions that are not just practical but appealing too.

It began with breathing in the right rhythm as we did as children. The tutoring continued into being friendly, caring and sharing. The innovation of the breath modified itself into simple stretches for the body and simple processes that mirrored my own inadequacies and weaknesses. And it turned into appealing solutions that will ensure my progress by attending to my emotions and feelings. Until I discovered the mind, the matter was supreme and innovation stopped with the tangible. The enhancement of personality and enrichment of skill were mere external parameters of looks and tangible talents and innovation was a lower priority item.

But of what use is hardware without software? The utility of our presence in creation becomes complete only when we have learnt to manage our own mind. The Art of Living has established that managing the mind and knowledge of the breath – perhaps the vital of all products – can well be the starting point of any lasting innovation.



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decodes a complex  
phenomenon  
called the mind*

*(The author is a corporate trainer and director of Art of Living's corporate executive programme)*

# Aashwasan creates *aura* for CEOs

**A** CEO of a software company wanted solutions for his frustratingly low energy levels. He did not understand his 'explosive temperament' (in his own words), which was not his personality. Expectations had not changed but things did not happen the way he had ideally wanted. He was short on patience as well. Migraine would trigger off every time he was stressed. He would not wake up fresh in the morning. Creativity, which was his strength, was beginning to take a back seat.

His journey within himself, during the healing sessions, as recommended by Aashwasan proved to be the exact answer to all his needs. Soon, his creative juices began to flow. He realized high energy levels, within himself, that supported his creativity at a professional level. He became much more easy going and could even control his temper. In fact, this was one of the most significant changes he noticed within himself in a short period of time. He found himself not only bouncing off creative ideas but also being open to the ideas of others. He felt nothing could stop him and was able to opt for the most unusual yet practical options.

His innermost desire to write was realized. There was a heightened sense of awareness in mind and body. He did not feel the conflict within himself. Migraine decreased to an extent and he felt more in control at all planes.

At the end of his healing sessions when asked for a feedback, he said, "Wonderful people. Caring and helpful. What you have done is changing me. It has helped me discover my 'inner being'."

'C' level executives undergo tremendous stress in coping with changes. The executives at the strategic level have to carry the burden of confusion of the employees as well as discomfort of their own. Having realized various such concerns, Aashwasan came up with solutions.

Aashwasan came into existence with a vision to "Transform lives by leading individuals to explore their infinite self." Aashwasan offers solution to bring about all the changes required to lead a complete life.



Aashwasan brings in ESP and dynamics of Aura - Aura Healing, Aura Reading and Aura Harmonization - to transform lives. Aura Science, the science of energy or life force. Every living entity is outer physical aura (physical existence) and the infinite core aura (soul existence). The Aura energy is directed by the soul that guides body-mind mechanism and reveals physiological, psychological and spiritual information about that individual. Each person is born

**Rashmi, founder of Aashwasan, is gifted with the ability to have visions at will**



Rashmi Aiyappa

with a certain mechanism, which functions at an optimal level. The person's thoughts, feelings and experiences alter that mechanism and he stops functioning the way he is supposed to. These changes bring about discomforts, diseases, and psychological issues.

Rashmi Aiyappa, who was born with the gift of ESP and the ability to perceive Aura, laid the foundation of Aashwasan. Rashmi is gifted with the ability to have visions at will. She can see lives of people, see their energy patterns and find out which part of the body is diseased or unhealthy; what is going on the psychological plain; she can also ascertain whether one has any spiritual trauma and also whether there is an impact of such trauma on the psychological and physiological levels. She has spent 11 years with corporates creating new marketing strategies, setting up out-sourced business units, mana-ging products, and assisting CEOs of several companies.

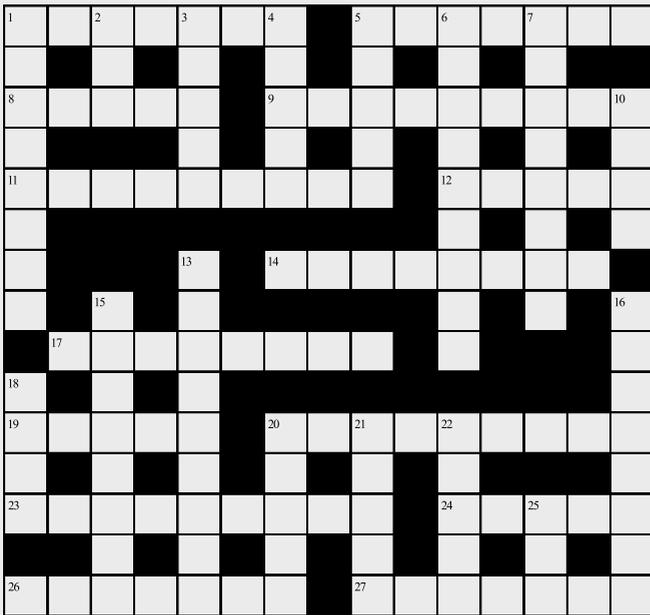
The healing process that Aashwasan offers has specific implications for executives who are responsible for the lives of many others. They are faced with various kinds of issues.

- ◆ Uncertainty while making some important decisions for the company
- ◆ Meeting the bottom lines of the company
- ◆ Keeping their teams motivated
- ◆ Vision alignment of the organization and the employees
- ◆ Sharing confidential matters
- ◆ Balancing personal and professional lives
- ◆ Getting insight into self, and many more.

Through Aura healing, apart from obvious health benefits, CEOs of the companies experience:

- ◆ Intuitiveness to make right decisions
- ◆ Enhancement of creativity at work place
- ◆ High energy levels and clarity of mind
- ◆ Better understanding in relationships
- ◆ Balance between home and professional lives
- ◆ Awareness of one's hidden talents
- ◆ Awareness of one's body and mind so as to take right action at the right time
- ◆ Holistic well-being.

visit : [www.aashwasan.com](http://www.aashwasan.com)



**Across:**

- 1 NDTV has joined hands with this Rs.2300 crore company to form an MPO outfit (7)
- 5 The only super luxury mechanical watch from the Swatch group, now available in India (7)
- 8 A group of people gathered to plan or discuss an issue (5)
- 9 What vests, briefs and panties are now called! (9)
- 11 Existing in name only (9)
- 12 Dubya's wife! (5)
- 14 The tea brand that claims to be healthy (3,5)
- 17 Daikin promises you \_\_\_\_\_ silence (8)
- 19 The \_\_\_\_\_ crust:Louis Philippe tagline (5)
- 20 Luggage brand endorsed by Richard Branson (9)
- 23 "\_\_\_\_\_ Confidence":Bajaj tagline (9)
- 24 The specific grammatical, syntactic, and structural character of a given language (5)
- 26 "Celebrate age" with this magazine (7)
- 27 The fifth largest integrated energy company that has picked up a 5% stake in Reliance Petro (7)

**Down:**

- 1 Business Standard's "Best Innovator of the Year" (8)
- 2 The most talked about initials on the Infy campus! (3)
- 3 \_\_\_\_\_ Solly (5)

- 4 A preliminary competition or test to determine qualifications, as in a sport. (5)
- 5 Playboy's endearing symbol (5)
- 6 \_\_\_\_\_ while you \_\_\_\_\_:a scheme devised to enable one to study whilst being employed (4,5)
- 7 Term used to define a person who utilises IT and software in a highly competent and technical way, as opposed to a layman's utilisation of such resources (4,4)
- 10 "The \_\_\_\_\_ Ahead" by Gates (4)
- 13 Apple's HQ is located here (9)
- 15 AR Rehman is gaining worldwide fame as one (8)
- 16 According to him, the world is flat (8)
- 18 The first car company to offer multitronic transmission technology (4)
- 20 Glistening (5)
- 21 Airtel's prepaid mobile card name (5)
- 22 Type of oil with the highest amount of monounsaturated fat (5)
- 25 International abbreviation for Indian currency (3)

**Solution to Crossword No. 14**

A	R	A	B	I	C	A		O	U	T	L	O	O	K	
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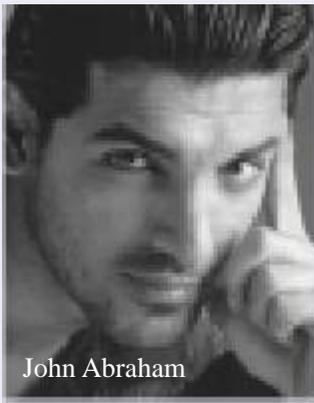
Compiled by RaviNarayan Raghupathi

Send completed Crossword and get surprise gifts

## How Haier tricks Indians

When Haier undertook a dipstick survey among Indian consumers, a whopping 90 percent thought it was a European company, mostly German. But this Chinese megabrand didn't do anything about it. In fact, it has consciously chosen a communication campaign which is quiet about the company's parentage and is simply playing upon its global positioning – as the world's second largest appliances company. A tricky silence indeed!

## Two in one



John Abraham

The most recent ad for Clinic All Clear (aired for the first time on May 15) has Bollywood actor John Abraham riding on a Yamaha motor bike. For the record, Abraham is the brand ambassador for both these brands. Not mere coincidence surely? Well, Lowe, the agency behind the advertisement, has confirmed that it is a co-branding exercise and so has Clinic All Clear. A classic case of hitting two birds with one stone!

## Write a book and prosper

Every entrepreneur has heard the advice: If you want to stand out from the competition, write a book. But does becoming an author really pay off for small business owners? How does having a book affect a firm's bottom line? How important is it to hire professionals such as book agents, ghostwriters, and publicists? Mike Schultz, principal of the Wellesley Hills Group, of Framingham, Massachusetts, decided to find out.

His firm, a marketing consultancy for professional service providers, recently released the results of a survey of 200 authors of business books.

He discussed the highlights of the report, *The Business Impact of Writing A Book*, with Smart Answers columnist Karen E. Klein. The vast majority of the authors they surveyed – 96 percent -- said they did realize a significant positive impact on their businesses from writing a book and would recommend the practice.

Most of them, however, said that the indirect benefits -- generating more leads, closing more deals, charging higher fees, and getting better speaking engagements -- far outweighed the direct benefits of book publishing.

## Copycat CEO



William Swanson

Plagiarism is not the privilege of only writers or journalists, even CEOs lift interesting lines in their books. William Swanson, CEO of Raytheon, a defense contractor based in Boston with annual sales of \$22 billion, received wide acclaim for his book *Swanson's Unwritten rules of Management*, which he claimed were the rules he picked up as an employee with Raytheon for the last 33 years. It turns out that Swanson lifted a great deal from *The Unwritten Rules of Engineering* by W.J.King, written six decades ago.

The spoiler was an HP engineer named Carl Durrenberger who claimed in his blog that of the Swanson's 33 rules, 16 were lifted directly from King, who died two decades ago. Some were taken from US defense secretary Donald Rumsfeld's maxims and the observation about being nice to waiters had been swiped from humorist Dave Berry.

Durrenberger suggests Swanson should add a 34<sup>th</sup> rule: Give credit where it's due.

## Can they stop at 30 seconds?

Balaji Telefilms announced it is getting into the ad and corporate film production business. While no one questions its production abilities, it will be a big challenge for them to stop an ad films at 30 seconds since they are used to imaginatively stretched soaps for years.

## Small risk, big reward

When Google founders, in their teens, didn't have enough money even to pay for stationery, they boldly offered stocks. Once they just had some \$ 400 or so and didn't want to let it go. When they had to pay for getting their power point presentation done, they gave a choice to two ladies in the office – cash or stock. One of the ladies did fall for the stock bait and she's worth \$1.8 million dollars today. Greed does pay.

## Toppers don't reach the top

By now it's common knowledge that top rankers in college don't always make it to the top in any profession. The best case is the Indian Army. Of all the chiefs of army staff since Independence in 1947, only three were among the top three in two of prestigious military academies. The most celebrated among them, in fact, moved up from the ranks.

# The "Difference"



## Professionalism

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