M & A SPECIAL

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New M&A success mantra

By Benedict Paramanand

The nerves of people in the mergers and acquisition (M&A) game today may be made of steel because despite most survey showing failure rate of over 50%, they don't seem to care. Here's a sample of the 'success' rate of M&As:

- **KPMG** : While 82% of the mergers were subjectively viewed as successful, only 17% added value to the merged company.
- **New York University** : In 2/3 of the 168 cases investigated, shareholder value fell after the M&A activity
- **Deloitte Touché** : One in two mergers fail because of inadequate planning and poor management of Human Resources
- **Fortune Magazine** : Of 10 acquisitions studied, none measured up to the median ROI of 13.8%; five of the ten realized negative return!
- **Gemini Consulting Study**: 50% or more fail after 2+ years

After a lull in the M&A activity in the post dotcom bust phase between 2000 and 2003, the pace of is again picking up globally. A large number of Indian business groups are now realizing the advantages of expanding their operations overseas. Last year,100 M&A transactions worth US$ 2.4 billion, a growth of 39% over the previous year, was reported.

According to INDATA, in 2005 alone India recorded 343 mergers and acquisition (M&A) deals, totaling US$ 18.2 billion in 2005, of which US$ 16.2 billion was through acquisitions and US$ 2 billion via private equity investments. The country has witnessed 192 cross-border transactions valued at around $10 billion, with the telecom industry leading the pack with 14 M&A deals valued at $5.4 billion.

The Boston Consulting Group is puzzled. "Given the unappetizing odds of success, this persistence might seem like madness. And in many cases it is."

The year is also expected to be good for M&A activities in India, as the first two months of the year clocked deals worth $3.5 billion. In India, there are a large number of uneconomic capacities due to the fragmentation of the industry, where the need for consolidation is high. Yet, the decision to restructure or merge is still slow leading to a loss of value.

Even as the appetite for M & A activity is growing, caution signals are already in the air. This time around, there appears to be greater wisdom. Tools for turning M & A into success stories are better and companies are beginning to involve the advisors in post merger activities as well. This should ensure that the advisors are not merely interested in collecting

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What's In

NEXT ISSUE INNOVATION SPECIAL

Collaboration model for SMEs

Small businesses, especially in emerging economies, face a big constraint in developing their capabilities to meet market demands. Their inability to innovate in developing technological capabilities have often restricted them from growing large. One of the successful ways of overcoming this handicap is to create or become part of a network of small producers.

In a March 2006 paper titled 'Network of Small Producers for Technological Innovation: Some Models' at IIM Ahmedabad, Pankaj Chandra discusses three successful models that have helped SMEs overcome their size and capability handicap. TAMA in Japan, Wenzhou in China and the engineering network in Rajkot in India have adopted a variety of mechanisms that have helped both capability and demand enhancement.

The collaborative model's aim is to move SMEs away from the survival path and put them on the growth path.

Using the three different models Pankaj Chandra presents a generic model that has the ability to help SMEs acquire distinctive capabilities and linkages with other producers. This collaborative model could also boost technological innovation over a period of time.

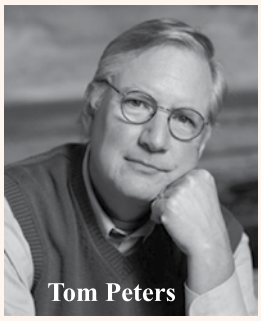
One of the distinct advantages of this model is to spare the innovator-entrepreneur from performing the role of a super-manager and focus on the purpose for which the company was started. The collaborative model's aim is to move SMEs away from the survival path and put them on the growth path.

Pursue profits, not market share

How do companies — where savings from cost-cutting have been exhausted and breakthrough innovations are hard to come by—achieve sustainable increases in profits? For decades, managers have been told the answer lies in pursuing high market share. But Hermann Simon, Frank F. Bilstein, and Frank Luby argue that this misguided advice has destroyed, rather than created, an additional profit potential. In *Manage for Profit, Not for Market Share,* the authors contend that companies can extract a profit potential of 1% to 3% of revenue by pursuing a profit, rather than a market share orientation.

Based on their extensive consulting work, the authors lay out a practical, proven program for making significantly more money by reconfiguring the marketing mix to sell existing products and services in different ways. The book offers practical strategies managers can use to differentiate mature products, raise prices effectively, time promotional activities properly, better understand consumer preferences, and more. A convincing counterargument to the reigning market share dogma, this book outlines the new mind-set and tools managers need to bring their companies closer to peak profit performance.

Say good-bye to 'Build to Last'


Tom Peters

Tom Peters has challenged the "built to last" paradigm and says that "built to make an impact" is so much more important.

"We automatically assume that longevity is a result of greatness. But it so often isn't true. Hey, Mozart died at age 35. Duane Allman and Charlie Christian are two of the 20th century's most influential guitarists, and both died at 24. How ingrained is this obsession with longevity?" he asks. It seems that people are finally breaking away from the "bigger is better" paradigm. Can the same happen with "built to last?"

Tom Peters is alluding to the runaway success 'Built to Last: Successful Habits of Visionary Companies' by James Collins, Jerry Porras.

The book analyses what makes great companies great. The authors, James C Collins and Jerry I Porras, spent six years in research, and they freely admit that their own preconceptions about business success were devastated by their actual findings—along with the preconceptions of virtually everyone else.

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Rishabh Media Network
2, Bilden Park, G.M. Palya, Bangalore - 560 075
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their fees and washing their hands off from what happens after they leave.

There is greater clarity and expertise today about the pre- M&A planning and better integration management. Companies are also consciously addressing post M&A blues through proactive HR policies.

Poor quality of disclosure by Indian companies is still a concern. Contingent liabilities of the acquired company often turn out to be more serious than presented at the time of the deal. Speaking at the India Economic Summit recently Rajeev Gupta, executive president and member of the board, DSP Merrill Lynch, said that Indian acquisitions abroad are largely about strategy and not about bargains.

BCG cites three ingredients for success: strategic focus on growth areas, not target; valuation discipline and early cross-functional integration planning. "While these might seem obvious imperatives, many companies ignore them."

"The acquisition premium in India is extremely high. This cannot be explained by the low multiples in the Indian market or the highly leveraged nature of Indian companies but rather the high value placed on control in India. Mass layoffs have never been important for the Indian acquirer, as added value takes place largely due to differences in the cost of capital. His experience has been that synergistic acquisitions have added significant value in India."

The challenge today therefore is to increase the success rate of M&As from 50% to 75% and to ensure that all stakeholders derive value out of it. Consultants say this is quite optimistic but achievable in the next five years. Lots of mantras for success are doing the rounds these days as the M&A is becoming the flavor of the day.

BCG cites three ingredients for success: strategic focus on growth areas, not target; valuation discipline and early cross-functional integration planning. "While these might seem obvious imperatives, many companies ignore them."

The biggest challenge in acquisitions, not so much in mergers, is managing culture and people. There is greater sensitivity to the people issues these days since what a company acquires is the knowledge and skill base of the company rather than physical or financial assets. These days HR staff is even sent on special training to manage transitions better.

How do you measure the success of a merger or an acquisition? While some go by the shareholder return over a period of time, a few go by the stock market performance. Companies that are driven by the superior value-creation philosophy seem to do well.

If the principle 'practice makes one perfect' is applied to M&A, the success rates of compulsive M&A players is higher. Companies that focus on strategic integration and retain the cultural ethos of the acquired or merged company have greater chance of succeeding in the M& A game. Are you up to it?

Till recently, Arun Thiagarajan was one of Bangalore's most respected CEOs with stints in Wipro, ABB and HP. Today, he enjoys his golf and music, while sharing his expertise as director on several boards. Mr. Thiagarajan spoke to* ManagementNext *about the factors that make or mar mergers

'Good planning key to M&A success'

Why do 70-80 percent of mergers fail?

To begin with mergers must make business sense. Often, mergers are done in haste without much thought or planning. Such mergers will not make much business sense. Several important factors should be kept in mind, before effecting mergers. Planning is an important factor in implementing mergers. You need to spend a lot of time and energy on figuring out how it will impact the employees and customers. Next, dedication is very important. Once the merger takes place speed too is very important. Lastly, communication plays an important role. When two companies get together, there should be synergies and also cost saving. Most importantly, it should be clearly spelt out whether it's a merger or an acquisition.

Despite experienced consultants advising M & A, why is the failure rate so high?

In my view, half the mergers are unviable or they are badly handled from the beginning. Those who advise mergers are mostly investment bankers. Their aim is to get through with the mergers. Once their role is done with, they collect the fees and leave for good. They don't have to fight in the trenches and do the other dirty work. It is important to get advisors who are with you in the execution stage for one to two years.

You have been part of a few big merges like ABB, what's been your experience?

That was the consequence of a decision taken in Europe and implemented here. Well, that was long ago, almost 20 years ago. The mergers that take place globally need not have the same impact in India. Challenges are very clear. Once the decision to merge is taken, the challenge of the local management is to ensure that it is executed efficiently here as well.

"It is important to get advisors who are with you in the execution stage for one to two years."

What are the factors that help the process of merger go smoothly?

The big challenge is how to get the top management motivated. But, before that, it has to be decided who will comprise the top management in the new set up. After a merger or an acquisition, suddenly you have two financial managers, two HR heads, etc. So, the primary challenge is to decide who the CEO will be and what the top management structure will be like. It also helps to get to know the top managements of both organizations although it will take a lot of time.

In India, a lot of restructuring is happening. Though a 'churn' was expected, it has not happened. Why?

You will get to see more M & As in India. Indian industry is highly fragmented and diversified because of the old license Raj. But it is changing. You find the Tatas, TI or the RPG group have decided that they will stay in four or five different areas and sell off the rest. Professionalization of management is beginning to take place strongly. However, the division of ownership and management is happening very slowly.

How can companies manage post merger culture mismatch?

Culture is very important although it is hard to define. If you have a very centralized system there is the possibility of culture shock resulting from M & As. The best way to handle this is to move fast by defining the culture of the new organization. For the new entity to move forward with a new culture communication, even over-communication, is vital. Communication has to be about almost everything, like advantages of merger, why things will be better, who is going or who is coming, what will the new organization culture be. Finally, employees must feel that the merger is a good thing.

Strategic investment gathers steam

As the Indian economy is doing well, the next round of M&A activity could possibly be the mid-sized Indian companies starting to acquire in order to reach scale in operations

The year 2005 has been a record for Indian corporate finance activity. This year has seen the largest number and value of deals take place since the time INDATA began tracking corporate finance activity. The upward trend that we saw in the first half of the year picked up pace dramatically in the second half. INDATA recorded 325 deals valued at Rs. 474.8bn (US$ 10.5 bn) between June and December 2005. The total deal value for the second half has shown a growth of 83 % over the first half and a phenomenal 286% over the same period in 2004. The year 2005 ended at a tally of 625 deals valued at Rs. 734 bn (US$16.3 bn).

The average deal value was at Rs. 1,174 mn (US$ 26.1 mn) in 2005, compared to Rs. 864 mn (US$ 19.2 mn) in 2004, showing a growth of 36%. In 2005 the strategic investors have ruled M&A activity. These investments account for 87% of the total deal value for the year. While private equity does not have a large share in the total deal value for the year, the absolute numbers have also grown since 2004. In 2004, there were private equity deals worth Rs 76.8 bn (US$ 1.7 bn) that grew to Rs 92.9 bn (US$ 2.1 bn) in 2005, a growth of 21%.

The telecom sector was back in the reckoning with consolidation in full swing. The top three deals of the year, accounting for 20% of the total deal value, were all from the telecom sector. This sector has seen restructuring, consolidation and strategic investments, all happening this year.

Looking ahead

With a number of private equity players having announced plans of significant investments in India, the outlook for M&A activity looks very bright in the coming year. Blackstone Group, Carlyle and others have all announced plans to invest in India.

As the Indian economy is doing well and companies are seeing sustained growth, the next round of M&A activity could be the mid- sized Indian companies starting to acquire in order to reach scale in operations.

M&A activity in 2006 will grow as funds raised this year are deployed. The financial services, pharmaceutical and some manufacturing sectors are likely to see high levels of M&A activity with international interest in India as an outsourcing base as well as growth in the domestic market. If the Indian government alters regulations on ownership of banks, this sector could see some big deals.

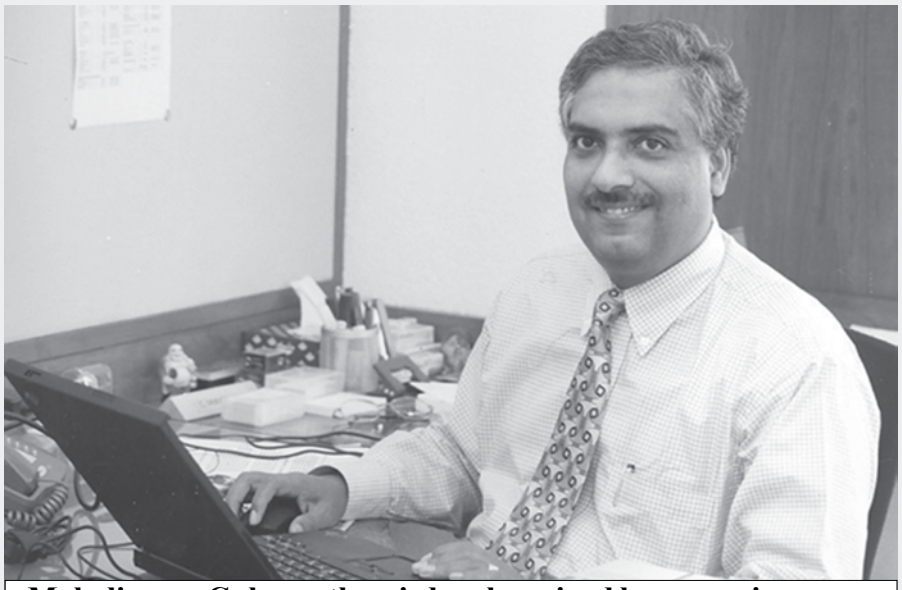
M & A Trends is courtesy India Advisory Partners

Advisors and League Tables 2005

Rank in 2005	Rank in 2004		Number of Deals in 2005	Value of Deals in Rs. Mn.	Value of Deals in US$ Mn.
1	7	Kotak Mahindra Capital Company	16	115,697	2,571
2	4	JM Morgan Stanley	17	84,884	1,856
3	2	DSP Merrill Lynch	19	75,725	1,683
4	13	Standard Chartered Bank	6	65,662	1,459
5	3	Ambit Corporate Finance	28	55,135	1,225
6	-	PricewaterhouseCoopers	13	55,050	1,223
7	9	ICICI Securities	26	41,135	914
8	1	Citigroup	11	40,389	898
9	6	Ernst & Young	28	22,249	494
10	12	KPMG Corporate Finance	6	14,250	317

Source: India Advisory Partners. www.indiaadvisorypartners.com

How HR makes a difference



Mahalingam C shares the wisdom he gained by managing over 10 big and small M & As

If you thought managing the first one was difficult and with this experience, you could manage more with ease, wait until you are involved in the second one and the third one and so on. Each M & A is challenging, uniquely different and demands that nothing be taken for granted.

M & As are extremely complex and studies by different consulting firms have revealed that more than 50% of them fail because of inadequate planning and lack of attention to people issues until it is too late.

The two significant soft issues - culture & communication - often don't get the attention they deserve and as such tend to derail an otherwise well-planned M & A.

HR needs to be involved at the due diligence stage or pre-merger / acquisition stage. I have found interesting differences and practices involving decision-making styles (Cowboy culture of one company & process-oriented Culture of another), communication (completely open sharing including criticism of the merger by employees and other stakeholders in one company & totally selective, defensive sharing of information in another), and downsizing practices. Communication of the bad news to the impacted employees together with exemplary support mechanisms in one company & callous handling.

When communication with employees is poor, flight of key talent inevitably happens. In merger situations, 'cones of confusion' exists everywhere and 'connecting with people and addressing their concerns becomes a key priority both for the CEO and the HR function. Building 'an arch of understanding' is absolutely critical.

Meticulous planning of the first 100 days complete with priorities and action plan is important not only for business functions, but is equally important for the people-related aspects as well. HR should be prepared with **'pocket book'** issues like compensation, grades, titles, responsibility and the like.

While proactively communicating updates on the merger is part of the merger planning & execution process, responding to damaging rumors is nearly as important. The human mind tends to believe bad news more than the good news in such emotionally charged situations. As my experience indicates, handling rumors is particularly important when you are managing merger of two companies with visible cultural differences. Mergers & Acquisitions invariably result in some kind of correction to the employee base. Usually, there is some considerable reduction through lay off. My experience is how we handle people who go, has a tremendous impact on people who stay.

"My experience is how we handle people who go, has a tremendous impact on people who stay"

In a large merger that I handled, I was sent for a week's long training overseas to understand how to 'downsize with a heart.' It had practice sessions on how to communicate the bad news, how to respond to various reactions, be it breaking-down or aggression. In this company, we would always have an ambulance ready before we let an employee know he or she was going to go! I would also train managers who needed to carry out downsizing in how to manage their emotional drains arising out of having to do that.

Post-merger blues do not go away in a few weeks or months. We-They attitudes continue for a long time and not paying attention to this will hurt. HR again plays a crucial role in addressing this head-on rather than being a bystander.

In choosing who stays and who goes, HR has to ensure that the 'managed selection' process is indeed objective and is also perceived as such by the employees, especially the ones that do not make the grade. HR can make or break a merger. HR folks need Courage, Competence and Credibility and demonstrate the same in large measure to make the most difficult mergers work.

The author is senior VP, HR, Symphony Services

Business M&A vs. Technology M&A

By Ranganath Iyengar

We live in a world of constant mergers and de-mergers of businesses. With tight dependence on technology usage, the key topics in a clean room revolve around money (cost), people, customers, business portfolios, intellectual property, technology, process and infrastructure. When mergers fail, technology is normally one of the easiest scapegoats (along with people of course!). Let us take a look at the relevance of today's technologies to keep pace with the rapid changes following an M&A

Key decisions and suitable technologies

Technology decisions need to happen at five levels – infrastructure, data, applications, end users and customers. While the first three are mainly cost issues, the last two are more to do with managing training, perception and process. Also, not all technologies are built for M&A situations since they assume a stable long-term environment and this limits the CIO's choices. Let us briefly consider each one and their impact:

Infrastructure

Look for obsolete technology (hardware, communication gear, storage, networks, security and data centers) and use the opportunity to move towards newer technology. Systems integrators offer migration and consolidation services that include planned upgrade paths. ROI analysis can be done through sizing the combined computing power especially at the data center levels. Get the IT helpdesk integrated immediately thereafter. Use ITIL compliant methods for easier process integration. Most SI vendors such as HP, IBM offers ITIL compliant solutions and network management systems.

Data

Most database vendors offer services for migrating databases. Preference should be given to more widely used databases (Oracle, Microsoft and the like) since it will be easy to obtain, train and retain resources. Data migration can also be delayed to financial year rollovers or other logical points to avoid any mid year / process confusion. Technologies such as EAI/BPM help in managing multiple types of databases and formats and act as glue across generations of technologies.

Applications

Applications depend on what business portfolios would be retained and therefore, should not be touched until the business decisions are in place. Usually, concurrent systems would have to run for a quarter or more until data and output integrity is achieved. Look for technologies that support web services and SOA (service oriented architecture). Examples are SAP, Oracle, SAS and Siebel. Web services help minimize back end replacement in the short term and therefore reduce costs.

End users

The key challenges here are access devices, Email, data mobility & portability. A quick poll from end users would help eliminate defunct applications / platforms even if it takes a couple of weeks to obtain the information. Also, an inventory assessment would help to eliminate redundancies, old technology/devices.

Customers & Suppliers

This is sensitive and needs to be handled with care. Preferably, wait until year end rollovers to push in new technology / applications. Educating customers need not wait to help prepare the ground better prior to transition. Technologies that involve changeover decisions include CRM, SCM etc.

Timing the transition

To time the transition well, a technology representative be involved early on in the decision making process. This helps business users communicate their needs early on especially if the business is technology dependant. Timing is also linked to cost decisions and for this it is appropriate to ask vendors to provide correct sizing and estimates and scenarios for transition to help take informed decisions.

The last word: Technology risk

Technology changes come with different levels of risks; however if the right tools, standards and procedures are used (e.g. ITIL guidelines), it is possible to minimize impact. Prototyping and working with a control group can also help profile user needs better in such situations. Lastly, if your organization frequently does M&As, it is better to have a couple of IT analysts assigned to the M&A team on a permanent basis! So if you are looking for that unique role, you can be a technology change champion.

The writer is Managing Partner, Strategic Interventions India Pvt Ltd.. www.siiplconsulting.com

M&M's M&A experience

By S. Durgashankar

In a world advancing at the speed of light, mergers and acquisitions (M&A) form the basic growth mantra for companies. With greater exposure to markets abroad and increased competitiveness, Indian corporates are successfully facing the challenges of competing on foreign turf and have matured and grown in self-confidence. In the last calendar year alone, Indian companies struck as many as 100 acquisition deals in the overseas market by spending a whopping Rs. 106.70 billion.

For the Mahindra Group, which is fast establishing a strong international footprint, M&As are at the core of the growth strategy. Inorganic growth forms a key part of the group's philosophy in enhancing global reach and competitiveness. Synergy, economies of scale, opportunity to acquire new technology to stay competitive and improve market reach and industry visibility are some of the reasons for an acquisition. M&M's acquisition of Plexion Technologies is a case in point. Plexion is engaged in the business of Computer Aided Engineering Services and has operations in Asia, Germany, U.K.

Companies that have successfully carried out post-merger integration have relied on experienced managers

and the U.S. It is focused on Aerospace & Automotive Engineering business verticals and its delivery model includes offshore and onsite services. The acquisition of Plexion complements the capabilities of Mahindra Engineering Services and provides additional resources that can be brought to bear to meet the increasing needs of OEM's like International Truck.

M&M is currently acquiring firms both in domestic and international markets in order to have access to low cost global scale facilities, large-scale international markets, high-end technologies and competencies of global firms.

Couple of years ago, M&M made a conscious choice to build in-house M&A competencies and the strategy is paying off. It is notable that while most organizations use the services of investment bankers, who are specialists in arranging M&A transactions, M&M's M&A cell most often carries out the activities traditionally carried out by investment bankers, saving millions of dollars for the Group.

Durgashankar

Last year saw a frenetic pace of M&A activity within the Mahindra Group and the pace is further accelerating. For instance, the recent past has witnessed international M&As such as the formation of a tractor JV in China and acquisition of the largest automobile forging company in the UK. Domestic M&As include acquisition of the second largest forging unit, acquisition of an engineering and aircraft design company, formation of a gear manufacturing JV, formation of Renault and International JVs, reorganization and merger of various Group companies etc.

Success mantra

Once the deal is "closed", the bigger picture of attaining synergies comes into play, the success of which decides whether an M&A has been successful or not.

The success of an integration process is dependent on the extent of integration achieved in various critical functions of the two merging firms as well as the ability of the firms to absorb the best practices picked up from each other. Integration planning is not something that takes place after the deal is completed but is part of the acquisition process.

At M&M, post merger integration activities begin well before the acquisition process is completed. In fact, a part of the process starts with evaluation of managerial talent at the target company, even during the initial visits. Also, areas of concern as well as areas of synergies are identified and are part of the valuation process.

During the entire exercise, great tact is employed in communication since even an inadvertent slip could damage deals. For example, when a Joint Venture is being discussed, if words like "acquisition" or "merger" are inadvertently used, it could potentially derail the entire process since it would send wrong signals to the counter party. Hence, great importance is given to communication during the process.

The author is Senior Vice President , Mergers & Acquisition Cell, Mahindra & Mahindra

CNN effect

The negative effect on the economy caused by people staying home to watch CNN or some other news source during a crisis such as a war. This phrase is based on a simple premise, i.e., if a large percentage of the population is glued to their television sets during a crisis situation, then consumer spending will suffer accordingly. Naming this effect after CNN is based on the viewership numbers that network pulled in during the first Gulf war.

Patent Troll

A company that purchases a patent, often from a bankrupt firm, and then sues another company by claiming that one of its products infringes on the purchased patent. Several problems contribute to making this "patent troll" business model a simple and effective source of illegitimate profit irrespective of the quality of the patent.

Even if the chance of the troll winning is low, troll will threaten the legitimate business with a permanent injunction at the end of the patent case, threatening the halt of the sale of a critical product or closing down a production facility. Intel recently faced such a troll who wanted $8 billion and a permanent injunction after purchasing the patent for $50,000.

RSS

"RSS" stands for rich site summary and really simple syndication. RDF is resource description framework. Fans of aggregators have admitted they won't read a Web site's content unless it has an RSS feed available. They prefer doing most of their reading within the RSS reader. It's faster to read content from 50 Web sites within the aggregator as opposed to jumping from site to site, searching for content. Marketers love feed readers, because those who use them want updates from their sites. Therefore, RSS is an important tool to include in marketing's bag of tricks.

Hedonic treadmill

The tendency of a person's economic expectations and desires to rise at the same rate as his or her income, resulting in no net gain of satisfaction or happiness. Studies show that happiness rises with incomes – up to the point at which basic needs are met, after which it stagnates as aspirations. Nobel Prize-winning economist and psychologist Daniel Kahneman calls this a "hedonic treadmill."

Protirement

(also - pro-tirement): Retiring or quitting an unattractive job to pursue work or hobbies more suited to one's personality. Frederic M. Hudson, a man whom the *Los Angeles Times* once described, intriguingly, as "the Don Quixote of midlife realignment", invented the word. Hudson is the author of *The Adult Years: Mastering the Art of Self-Renewal.*

Corporate anorexia

A business disorder, marked by an extreme fear of becoming inefficient that leads to excessive cost-cutting to the point of serious loss of business and sometimes bankruptcy.

Petronoia

A phrase inspired by the Hollywood film "Syriana". Petronoia means an irrational fear of the collapse of the oil industry, followed by global economic crisis.

Proxemics

The study of how humans use space to communicate is termed as Proxemics. In an organizational setting, this behavior has been found to be culturally conditioned and thus may differentially affect the degree of mutual influence and obligation between superiors and subordinates. The hypothesis that differential informal interactional levels and dining arrangements would have different effects on the perceptions of leader-member exchange quality was tested with a sample of employees from organizations across India.

Leveraged buyout

A strategy involving the acquisition of another company using a significant amount of borrowed money (bonds or loans) to meet the cost of acquisition. Often, the assets of the company being acquired are used as collateral for the loans in addition to the assets of the acquiring company. The purpose of leveraged buyouts is to allow companies to make large acquisitions without having to commit a lot of capital.

Innovation is a must do: IBM chief


Sam Palmisano

"Innovation is really a 'must do' unless we want to live in an environment that's commoditized and not unique, not differentiated," IBM Chairman and CEO, Sam Palmisano, told *The 2006 Business Leadership Forum* held early April in Rome.

Palmisano reinforced the urgency of innovation for success in today's global economy. Innovation is all about being unique. In this age where competition for talent and brand share is critical, businesses need to cultivate their uniqueness. They need to encourage an environment that allows people to be open, to be multi-disciplined, to be collaborative, and to be global in their thought process.

Reporting on Palmisano's speech at the forum, an IBM press note stated: The speed of change is much faster — and more disruptive — than seen before. The goal amidst all this change is to find value in the marketplace. Whether it's innovation for money or whether it's innovation for business, society or for governments, the binding force in the end is trying to see the problem differently, to find new value quicker than anyone else. This is what the 21st century is all about — and it's all just beginning.

The IBM CEO warned CEOs about the implications of change among employees. "Done incorrectly, change can create fear and uncertainty within organizations. Unless it is properly managed, too much change can be a great disaster for companies. CEOs and leaders must establish a course, a plot and/or a purpose to lead their people. Constant reorganization is futile. Instead, leaders must look at a company's structure strategically, consider which pieces need to shift and then unfold change bit by bit.

To innovate, CEOs don't need to control all the resources or build within their own frameworks. Partner and collaborate, then disband and go back to doing whatever the individuals' strengths are. CEOs aren't limited to using their own staff or resources. They have to identify the problem and deploy the right people against it over a period of time, partnering with other institutions to get the 'right people' if necessary.

Technology plays a leading role in innovation, but it isn't the only factor. What were once disruptive technologies are now commodities. Technology can be the establishing base for innovation, but people are the ones that drive it forward. Technology is really only the mechanics of the process. Real innovation is about great people generating and then implementing new ideas.

How P & G transformed in-house research

Procter & Gamble Co. has transformed its traditional in-house research and development process into an open-source innovation strategy. Called "connect and develop" the new method embraces the collective brains of the world. Its goal is to get 50 percent of the company's new products come from outside P & G's labs by tapping networks of inventors, scientists, and suppliers for new products that can be developed in-house.

To make this approach P&G had to tear apart and re-stitch much of its research organization. It created new job classifications, such as 70 worldwide "Technology Entrepreneurs," or TEs, who act as scouts, looking for the latest breakthroughs from places such as university labs. TEs also develop "technology game boards" that map out where technology opportunities lie and help P & Gers get inside the minds of its competitors.

To spearhead the connect-and-develop efforts a vice-president for innovation and knowledge was newly created. Each business unit, from household care to family health, added a manager responsible for driving cultural change around the new model. The managers communicate directly with the VP, who oversees the Technology Entrepreneurs and managers, running the external innovation networks.

CSR is core business

Radical innovation is possible only when CEOs transform today's CSR into a vibrant business opportunity, says *Prof. C.K. Prahalad*

Prof. C.K. Prahalad

"Get on with it as a business, sooner than later, because if you keep it as CSR, you will pay a price but if you do it as a business may be you'll be the innovators who can take your innovations to other parts of the world."

The issue of water and energy and its impact on climate change is not any more a CSR (corporate social responsibility) subject for me. It is at the core for managing the business. It is about value creation and how we create value is going to be determined by how we deal with these two central issues. There are few other issues, which are equally important like health, connectivity and access to credit and savings.

But I am not going to talk about those three and am certainly going to talk about energy and certainly water. And, I think we can start looking at the importance of this issue either from the point of view of a company as a producer or as an individual as a producer or an individual as a consumer or from a company's point of view on how to create opportunities for retaining consumers and certainly gaining consumers.

CSR was an extraordinarily important stepping-stone five or 10 years ago. As we look today at the next five years to 10 years, this is core to how we manage our business. So, that's the reason, why I thought it is better for us to jump into the next practice and let us call it how we manage our businesses.

We have to ask the question: How do you do business in such a way that we provide the lifestyles and at the same time conserve resources and are ecologically responsible. It may look like a very difficult thing to do, but I'm going to suggest that there may be a way out. So, for me the real debate is about business and innovative business models. The outcome is sustainable value creation for business and sustainable use of earth's resources and therefore both can coexist. Now, I know, some of you are going to say that this is not possible. I want to drag you back to the debates 20 years ago.

Quality and cost are incompatible goals. What do we do now? If you deeply understand quality, cost follows; if you deeply understand cost, you have to be concerned about quality. And, therefore cost and quality today is not either – it is quality and cost. Ten years ago it was differentiation and cost.

Can we be innovation-oriented and efficiency driven? The answer to that is the same. Can we be global versus local was the debate, in fact that was my first book called the "Multinational Mission" 20 years ago. The real issue is: you have to be global and local simultaneously.

So, the point I'm making is that we tend to phrase and provide a framework, which provides narrative convenience, but that is not reality. If you phrase it as sustainable development or business profits, we are not going to come to an interesting conclusion. But if we say: how to think about sustained value creation and sustained ecological concerns – sustained

CSR was an extraordinarily important stepping-stone five or 10 years ago. As we look at the next five to 10 years, this is core to how we manage our business.

Excerpts from
Prof. C.K. Prahalad's keynote address at CEO Forum hosted by TERI in February 2006 in Delhi
To Read full speech log on to www.managementnext.com

not episodic- then we may find a way to solve the problem. So, I think the real issue is can we change the frame of reference, can we change what I call "the dominant mindset."

Security to me is not about owning more gas fields; it's about growing with less energy for every percentage of GDP growth. And where are these innovations going to come from? How are we going to reframe the question as efficiency question rather than just a security of supply question? And, I believe that India provides an extraordinarily interesting canvas to try something basically new and different. Because out of the one billion people, only about 150– 200 million even have the very basics or access to the basics of modern life. 800 million people still suffer from energy poverty, poor access to clean water and health.

The question is how to convert this problem into the biggest opportunity for innovation that we have. So, I just start by saying why not we just accept them as legitimate consumers because we have no choice.

Ten years ago, I had to preach why don't you accept them as consumers because you can create your markets and you can grow? In the case of energy and water, this is not a question about option this is a necessity.

You have to accept them as consumers. But you can treat them as consumers or not for other products or services. I am willing to say, it is in your general business interest, in this case it is in the interest of sustainable development. They also bring the seeds of radical innovation. Think about what is it that you have to do to create a market at the bottom of the pyramid, therefore they can use energy responsibly and efficiently energy.

How many of you thought that India would be one of the fastest growing markets for wireless five years ago? But you knew it's going to happen, you would get three million customers every month? Why did this happen? Why did India become one of the largest markets for wireless? I think it's an interesting question. It has as much to do with the business model as with technology.

I believe that in energy, especially household needs of energy, we may be up to some very interesting breakthroughs on creating pollution free, extremely efficient *chulhas*, which is not based on one fuel but a portfolio of fuels, which can be simultaneously used safely and iseasily accessible. It's at the verge.

Forgetting Curve

My preoccupation is in the forgetting curve, because we have to learn to forget what we know, otherwise we will not get there. So, the bottom of the pyramid forces radical innovation because it forces the forgetting curve. That business cannot ignore the issue and treat it as CSR but they have to treat it as the core business activity, the creation of new category of opportunities for themselves. I think we would make enormous progress, faster and sooner than to treat it as something apart from the core business where the real resources, real management expertise and the focus of the top management is not on daily basis.

This is an issue which is very important for all of us and for those of you CEOs from India: "Get on with it as a business, sooner than later, because if you keep it as CSR, you will pay a price but if you do it as a business may be you'll be the innovators who can take your innovations to other parts of the world.

So, my suggestion to my friends from India is: Don't wait, leap frog into this with open eyes and both feet firmly on the ground. Thank you very much!

Yoga and Anger Management

Almost all of us experience anger at some point or the other. Anger destroys the peace of mind. One constantly undergoes mental turmoil, uneasiness and frustration when anger is experienced. This disturbed mind is akin to a rudderless boat in a stormy ocean, being tossed around without it being able to focus on the destination ahead.

Anger is terrible for health. Besides symptoms of high blood pressure and ulceration, anger is invariably accompanied by stress. The medical community is also coming around to the view that stress forms the basis of about 90% of all health disorders.

Anger causes hurt. Besides hurting the person whom it is targeted at (emotionally or physically), anger can boomerang causing an even deeper and longer lasting self-hurt in the form of repentance. Moreover, acts of anger invariably result in resentment and portray you as a highly egoistic person. There may be many more 'incentives' to overcome anger but the above are enough to make you give a serious shot at tackling the problem.

Commonly preached remedies focus on the following ways of 'curing' anger – Suppression, expression and diversion**.** In fact, suppression and diversion can be compared to the indiscriminate filling of your grocery bag (the mind) with objects. Up to a point, it is fine; however, there will come a point, where the bag can hold no more and will 'snap' destroying the bag as well as everything around. Similarly, these also result in irreparable damage to your brain.

The way out

The first step at anger management is - do not resist and do not ignore the cause of anger. Experience it fully. What do we mean? It implies that one should develop an attitude of an observer or a witness. Learn to change your role from being the subject to becoming a bystander. See how the anger is operating. See what it is doing to your mind and how. When faced by an anger causing action, immediately get into the mode of exploring and rationalizing:

Why am I getting irritated? What kind of thought pattern is forming in my mind as a consequence of this action? Continue to go deeper and deeper with the "whys" and "more whys". When you start doing this, two things start happening. You start seeing the deeper 'subconscious' elements that form the foundation of your conscious mind. It is these elements that shape your personality without you even realizing it.

Once you reach these elements, you resolve the deepest complexities of the mind. These automatically remove the cause of anger. You will be pleasantly surprised to see how you are no longer provoked by the automatic triggers of the past. Without fighting your anger, you start training your mind to develop a witness-like attitude. This observer attitude results in the anger dissipating.

The first step at anger management is - do not resist and do not ignore the cause of anger. Experience it fully.
By Arun Goel

You start appreciating that it is not necessarily the desire of the person to hurt you - getting angry is your response. You realize that a person is seeing the situation from his point of view to the best of his intellectual and emotional capability - he may not be quite 'capable enough' to appreciate your point of view.

Developing this observer attitude is not difficult. Yoga also has some very powerful tools in the form of "antar mouna" meditation techniques that help you cultivate this attitude.

Over time, you will see that not only do you get angry less often, but also each brush with an unpleasant situation provides a remarkable opportunity to know your subconscious mind better. Every such insight brings you one step closer to the supreme goal - Enlightenment (Perpetual Bliss).

Arun Goel is CEO, HealthAndYoga. www.HealthAndYoga.com

Beyond outbound

Capt S. Ravi

By Benedict Paramanand

A bunch of executives from an IT MNC was made to climb a hillock on a hot afternoon. The terrain and the heat got to them so badly that they thought someone was playing a cruel joke on them. Some were so rattled that they started calling their spouses to complain, while others were liberal in the use of four-letter words.

In the evening, when they were told by the faculty how each one of them responded to the situation, their anger turned to astonishment. They were eager for more feedback as their awareness of their state of mind in their present jobs heightened. When the executives went back to their grind, they were in a different frame of mind and knew exactly what was going on and how to face it.

This is the magic of a unique outbound management experience that Captain S. Ravi's Pegasus Institute of Excellence offers to stressed, confused and mixed-up executives in four centers across India. It's much more than a typical outbound management program. What Capt. Ravi dishes out is a heady concoction of military discipline and real-time strategy with insights from psychometry and behavioral sciences. While the institute looks like an Army recruit camp, the activities are not meant to judge or tell the participants what to do. The focus is more on evoking responses and analyzing them dispassionately. Not answering questions but helping executives raise questions within themselves. To Capt. Ravi: "It is all about behavior and less about skills."

Pegasus is aspiring to blend the best of different learning systems and more importantly, institutionalizing this process. Eight years of rich experience of conducting over 1,500 programs involving over 40,000 executives has already made Pegasus an institution. The client list includes the best of Indian corporates. The institute has branches in Pune, Bhuvaneshvar and Uttranchal. The fourth one is coming up in Pondicherry.

"You succeed when you push yourself to a point of no return. By making commitments, you push yourself forward"

Point of no return

Like a true 'jawan', Capt. Ravi had a clear goal and was ready to apply both conventional and unconventional methods to achieve it. Says Capt. Ravi: "It was about transferring Army values to the corporate world. But then, the question was how to create those values. That's when I thought of Pegasus. If I create an institute like this, will it create value? That was the fundamental thought behind creating Pegasus." But merely Army values were not enough. To make a lasting impact on the participants, Captain Ravi was ready to experiment by bringing in faculty from the behavioral sciences. The faculty profile today is 60 percent from the Services and the rest from the industry.

This sounds great. But Pegasus is essentially an entrepreneurial venture. Captain Ravi has learnt by trial and error and did not mind resorting to risky financial strategies. Says the Captain: "My biggest challenge from the entrepreneur's point of view was funding. Whatever money I had, I invested in the venture. Initially, I used to take loan with an interest rate of, sometimes, even 24-36 percent. But, my obsession was to get the institute going. So, the high interest rate did not bother me. You succeed when you push yourself to a point of no return. By making commitments, you push yourself forward."

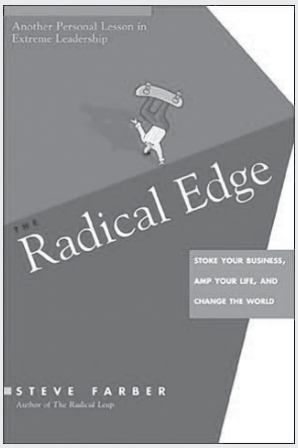
Running a 12.5-acre area in a remote rural setting, on the outskirts of Bangalore, with around 100 employees drawn from local villages and a diverse faculty needed lot of skills and a constant flow of money. One of the reasons for the success of the Bangalore camp is how Pegasus has made the local villagers stakeholders in his venture. The sleepy villages get their schools painted every year and the camp clinic is open to them 24/7. Most of the support staff is from the village.

Captain Ravi's challenge is to spread his idea. "We have a process for capturing knowledge and make it available to the people who want to use it. Hence, we need to become an institution, which will sustain itself," says Captain Ravi.

Clearly, institution building is a tough call and it requires the grit of a 'jawan' and the guile of an entrepreneur to accomplish it. Best of luck!

To know more go to www.pegasusinstitute.com

The Radical Edge: Stoke Your Business, Amp Your Life, and Change the World



By Steve Farber, Kaplan Business, April 2006

In his bestselling book *The Radical Leap*, Steve Farber introduced readers to Extreme Leadership, showing them how to renew their passion and excitement and become committed to changing the world for the better by disregarding normal constraints.

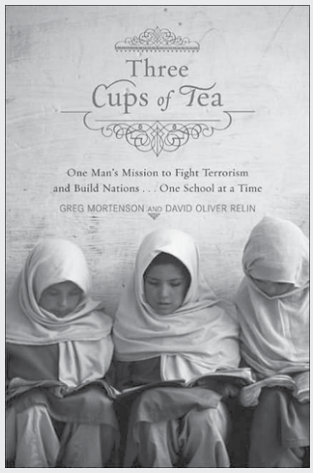
Farber takes readers to an even higher level of self-discovery in *The Radical Edge*. Management guru Steve is back, working with young Senior Vice VP Cameron Summerfield, who has superstar sales skills but a severe and demoralizing leadership style.

FutureShop: How the New Auction Culture Will Revolutionize the Way We Buy, Sell, and Get the Things We Really Want

By Daniel Nissanoff, January 2006, Penguin Group (USA)

Visionary entrepreneur Daniel Nissanoff breaks the news that the eBay auction phenomenon is about to explode in a big new way, revolutionizing how all consumers-not just eBay mavens-do their shopping, not only online but offline as well. The big payoff of this revolution is for consumers. They will be able to "trade up" more often to buy the brands they most want by embracing a new norm of temporary ownership. We will be able to buy more of the things we really want, because we'll also be regularly selling off the things we no longer want

Three Cups of Tea: One Man's Mission to Fight Terrorism and Build Nations ... One School at a Time

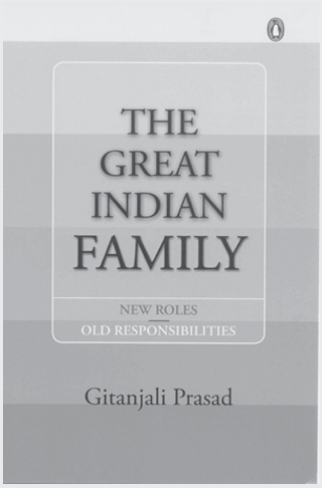


Greg Mortenson, David Oliver Relin, March 2006

In 1993 Greg Mortenson was the exhausted survivor of a failed attempt to ascend K2, an American climbing bum wandering emaciated and lost through Pakistan's Karakoram Himalaya. After he was taken in and nursed back to health by the people of an impoverished Pakistani village, Mortenson promised to build them a school. From that rash, earnest promise grew an incredible humanitarian campaign—Greg Mortenson's one-man mission to counteract extremism by building schools, especially for girls.

The Great Indian Family: New Roles, Old Responsibilites

By Gitanjali Prasad, Penguin Books India, April 2006



This pioneering book offers a stimulating perspective on how new imperatives have affected roles and responsibilities within the middle-class Indian family. Gitanjali Prasad draws upon mythology, history and social science research to provide a scenario of the work—life balance of thefuture family.

"Family" is a metaphor often evoked to describe an organization's culture…but what family values executives aspire to in their personal lives is hardly examined. Gitanjali probes the concept of family amongst middle-class Indians… her journalist's eye for the evocative detail often gives more insight than a scholarly analysis could give.'—Arun Maira, Chairman, Boston Consulting Group, India.

Can Two Rights Make a Wrong? Insights from IBM's Tangible Culture Approach

Sara J. Moulton Reger, Contribution by IBM Business Consulting Services, March 2006, Pearson Education

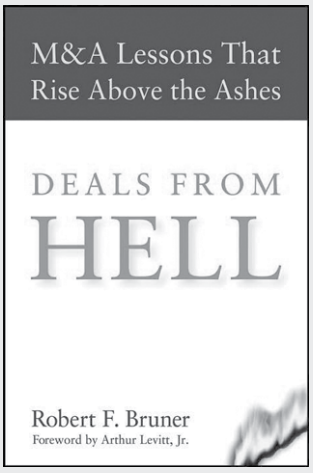
Can Two Rights Make a Wrong? leverages the lessons learned during IBM's $3.5 billion acquisition of Price waterhouse Coopers Consulting: insight that IBM has crystallized into a powerful methodology for transforming business culture.

Whether you're involved with M&As, joint ventures, major transformation, internal restructuring, or any other initiative where culture is important, this book can help you take culture from a worrisome risk to a competitive advantage.

Deals from Hell: M&A Lessons that Rise Above the Ashes

Robert F. Bruner, April 2005, Wiley, John & Sons, Incorporated

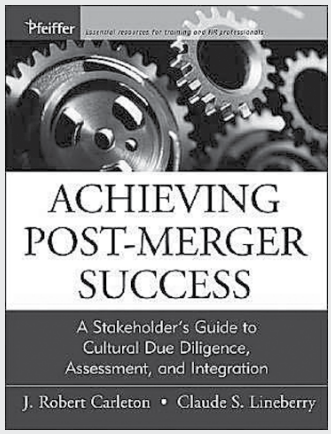
It is common knowledge that about half of all M&A transactions destroy value for the buyer's shareholders, and about three-quarters fall short of the expectations prevailing at the time the deal is announced.



In *Deals from Hell: M&A Lessons that Rise Above the Ashes*, Bruner takes a look at 12 instances of M&A failure, shows what went wrong and why, and converts these cautionary tales into parables for executives about how to successfully navigate their own M&A deals.

Achieving Post-Merger Success: The Stakeholder's Guide to Cultural Due Diligence, Assessment, and Integration

J. Robert Carleton, Claude S. Lineberry, Claude Lineberry, February 2004, Wiley, John & Sons, Incorporated



The failure rate of mergers and acquisitions is unreasonable, unacceptable,and unnecessary," say Claude S. Lineberry and J. Robert Carleton in this much-needed resource, which outlines their unique, proven, and practical process for increasing the success of mergers and acquisitions.

Harvard Business Review on Mergers and Acquisitions

Dennis C. Carey, Alfred Rappaport, Robert G. Eccles, Robert J. Aiello, Michael D. Watkins, January 2001, Harvard Business School Publishing

Almost every day the papers report another merger, buyout, or joint venture. It's difficult enough to keep track of who owns which company, but it's even more difficult to know if your own company should join in the game. From valuation to integration, this collection helps managers think through what such a strategic move would mean for their organizations.

The Harvard Business Review Paperback Series is designed to bring today's managers and professionals the fundamental information they need to stay competitive in a fast-moving world.

From the preeminent thinkers whose work has defined an entire field to the rising stars who will redefine the way we think about business, here are the leading minds and landmark ideas that have established the Harvard Business Review as required reading for ambitious businesspeople in organizations around the globe.

Corporate Governance: Three Views

J J Irani, Subir Rana and Suresh Prabhu; Vikalpa, Volume 30, No 4, 2005, Pg. 1-10

This paper presents a conceptualization of corporate governance from three different perspectives. According to J.J.Irani, being ethical does not mean losing on profits. It is, in fact, most important to make profits and to generate wealth because only then can one have the resources to do good for the community.

In Subir Raha's opinion, while business has always been conducted for profit, the perception about profit has changed. It is now interpreted as creating value and wealth.

Suresh Prabhu attributes all the problems in the country to the deteriorating standards of governance. Governance, in fact, is what we have created — the new functionaries with different responsibilities. If they deliver, governance would be of high order.

How Customer Self-Determination Influences Relational Marketing Outcomes: Evidence from Longitudinal Field Studies

Utpal M. Dholakia, Journal of Marketing Research, Vol. XLIII, 2006, Pg. 109–120

This article examines the role of customers' self-determination, defined as a person's perception of joining a firm on his or her own initiative versus being induced to join, in influencing relational outcomes for firms.

In the first two studies, the author finds evidence of more relational behaviors and higher motivation levels regarding purchase among self-determined (versus firm-determined) customers. This article also examines how customers' self-determination interacts with two types of relational marketing programs: reminder coupons, which consumers view as relatively more controlling, and relational rewards, which they view as relatively more informative of their value to the firm.

The results reveal that sending a stylized reminder coupon to encourage repeat purchase has negative effects and that automatic enrollment in a relational rewards program has positive effects on relational behaviors of self-determined customers. Determined customers are less influenced by rewards in both cases.

Being Good or Being Known: An Empirical Examination of the Dimensions, Antecedents, and Consequences of Organizational Reputation

Violina P. Rindova; Ian O. Williamson and Antoaneta P. Petkova, Academy of Management Journal, Vol. 48, No. 6, 2005, Pg. 1033–1049

This paper examines how an organization's reputation encompasses the stakeholder's perceptions, which may have different effects on economic outcomes. The authors specify that reputation consists of two dimensions: (1) stakeholders' perceptions of an organization as able to produce quality goods and (2) organizations' prominence in the minds of stakeholders.

The paper empirically examines the distinct antecedents and consequences of these two dimensions of reputation in the context of U.S. business schools. The results suggest that prominence, which derives from the choices of influential third parties vis-a'-vis an organization, contributes significantly to the price premium associated with having a favorable reputation.

A Demand-Based Perspective on Sustainable Competitive Advantage

Ron Adner and Peter Zemsky, Strategic Management Journal, Vol. 27, 2006, Pg. 215–239; Website: www.interscience.wiley.com

The paper analyzes the sustainability of competitive advantage that emphasizes demand-side factors. The authors speak of added-value approach to business strategy by introducing an explicit treatment of how firms create value for consumers. This way the authors characterize how consumer heterogeneity and marginal utility from performance improvements on the demand side interact with resource heterogeneity and improving technologies on the supply side.

Value-Based Differentiation in Business Relationships: Gaining and Sustaining Key Supplier Status

Wolfgang Ulaga and Andreas Eggert, Journal of Marketing, Vol. 70, 2006, Pg.119–136

Many business customers today consolidate their supply bases and implement preferred supplier programs. Consequently, vendors increasingly face the alternative of either gaining a key supplier status with their customers or being pushed into the

role of a backup supplier. As product and price become less important differentiators, suppliers of routinely purchased products search for new ways to differentiate in a buyer–seller relationship.

The results suggest that relationship benefits display a stronger potential for differentiation in key supplier relationships than cost considerations. The authors identify service support and personal interaction as core differentiators, followed by a supplier's know-how and its ability to improve a customer's time to market.

Enterprise Resource Planning Implementation: A Case Study

Vineet Kansal, Journal of American Academy of Business, Vol. 9, No. 1, 2006 Pg. 165-170

Enterprise Resource Planning (ERP) implementation is a socio-technical challenge that requires a fundamentally different outlook from technologically driven innovation, and will depend on a balance perspective where the organization as a total system is considered.

It has been widely reported that a large number of ERP implementation fail to meet expectations. The case was prepared using interview and observation techniques. The Situation-Actor-Process paradigm was used to analyze the case. A synthesis was performed in the management context, situational factors, processes used in ERP.

How Regulatory Fit Affects Value in Consumer Choices and Opinions

Tamar Avnet and E. Tory Higgins, Journal of Marketing Research, Vol. XLIII, 2006, Pg. 1–10

Regulatory fit occurs when the manner of peoples' engagement in an activity sustains their current goal orientation or concerns with that activity. It is proposed that regulatory fit changes the significance of consumers' reactions to something, including the perceived monetary value of a choice they have made or the persuasiveness of a message they have received.

The authors discuss how the fit effect on value is distinct from other factors that affect value, such as relevancy, matching, hedonic mood, and arousal. Using prior research on this topic, this article summarizes the current state of knowledge about how fit influences value and offers new ideas for further research.

Knowledge Management in Global Software Teams

Sangeeta Shah Bharadwaj and Kul Bhushan C Saxena. Vikalpa • Volume 30 • No 4 • October - December 2005 Pg. 65-75

Information technology organizations are knowledge-intensive firms where the knowledge is mainly embedded in human beings and is largely in the form of tacit knowledge. Managing knowledge in global software teams is very critical as knowledge is a source of competitive advantage for these organizations.

This study suggests a five-layered knowledge management framework to model the software team knowledge. The study also indicate that the most critical knowledge area is the user requirement knowledge. The Capability Maturity Model (CMM) certification requirement of IT organizations is facilitating this knowledge management area.

Who Competes With Whom? A Demand-Based Perspective for Identifying and Representing Asymmetric Competition

Wayne S. Desarbo, Rajdeep Grewal and Jerry Wind, Strategic Management Journal, Vol. 27, 2006, Pg.101–129 (2006)

It is readily acknowledged that competitive market structures are typically asymmetric; namely, one firm may actively compete with another in a given market but not vice versa. However, empirical efforts to assess these competitive asymmetries have been lacking in the strategy literature.

The authors propose a new spatial methodology to identify and represent asymmetric competitive market structures.

The paper illustrates this with survey data collected from two different commercial applications: one from the U.S. luxury automobile market and the other from the U.S. portable telephone market.

Compiled by Rohtas Kumar

Are you committed?

By Sri Sri Ravi Shankar

A river needs two banks to flow. The difference between flood and a flowing river is that in the latter the water flows in a particular direction whereas in floods the water is muddled and has no direction. Similarly, in our life if the energy is not given a direction, it is all confusion.

The life energy needs some direction to flow. When you are happy, there is so much of life energy in you but when this life energy doesn't know where to go, how to go, it gets stuck and rots! Just as water has to keep flowing, life has to keep moving.

For life energy to move in a direction, commitment is essential. Life runs on commitment. A student takes admission in a school or college with a commitment. You go to a doctor with a commitment saying that you are going to take the medication or listen to whatever the doctor prescribes.

Banks work on commitment. Government works on commitment. Needless to say, a family runs on commitment: the mother is committed to the child, the child is committed to the parents, the husband is committed to the wife, and the wife is committed to the husband. Whether it is love or business or friendship or any area of life, there is commitment.

Smaller commitments suffocate you because you have more capacity, but you are stuck in a small hole!

What really irritates you is non-commitment. You expect some commitment from someone and when they don't do it, you get upset. Or when someone doesn't keep up his or her commitment, you get upset. But see how much commitment have you taken in your life?

Our capacity or capability is also proportionate to our commitment. If you are committed to taking care of your family, that much capacity you gain. If your commitment is to the community, you will get that much energy, joy, that much power.

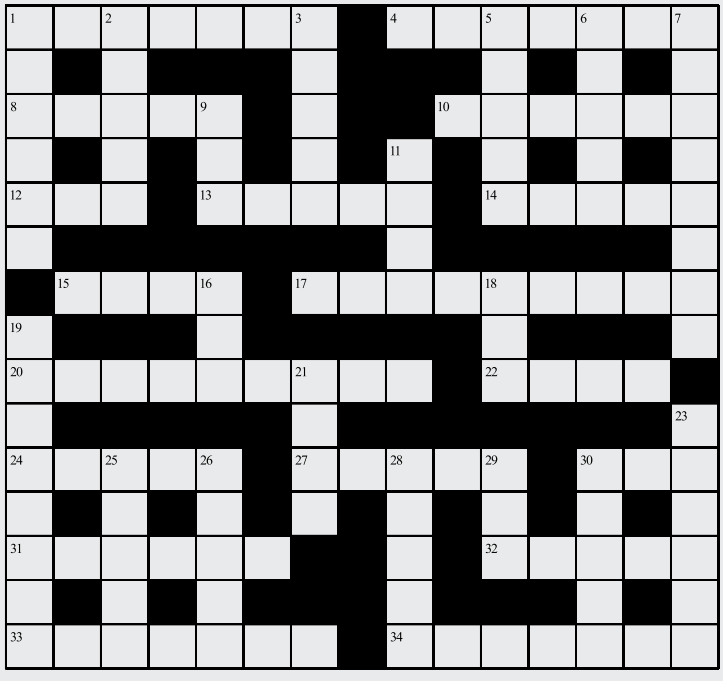
Greater the commitment you take, the greater the power you gain to fulfil that commitment. Smaller commitments suffocate you because you have more capacity, but you are stuck in a small hole! When you have ten things to do and even if one thing goes wrong, you can keep doing the remaining things. But if you have only one thing to do and that goes wrong, then you are stuck with it.

Usually, we think we should have resources and then we will commit ourselves. It is actually therwise. Greater the commitment you take, greater the resources that will come to you automatically. When you have the intention to do something, resources simply flow as needed.

There is no growth in doing what you can do. Stretching a little beyond your capacity makes you grow. If you can take care of your company because it is within your capacity, there is nothing great about it. But if you stretch it little more and take commitment to take care of the whole town, then you gain that much more power.

As you take on greater responsibility, your capability increases, your talents increase, your joy increases and you become one with the Divine force. In whatever capacity you do something for society, for the environment, for the creation, that much you progress both materially and spiritually (value wise). The heart opens up with a feeling that you are part of everyone.

ManagementNext CROSSWORD-14



Across:

1 One of the two types of coffee grown in India (7)
4 Indian magazine that is bringing Newsweek to India (7)
8 World famous watch brand (5)
10 The waste produced by coal-based thermal power plants (6)
12 Type of medical specialisation (3)
13 Tata is the most efficient producer of this commodity in the world (5)
14 To have a strong desire (5)
15 Vijay Govindrajan belongs to this US business school (4)
17 The chief political and executive committee of a Communist party (9)
20 This no-frills airline has rapidly grown to become number 3 in India (3,6)
22 Agency that protects investors in securities (4)
24 _____ Gowda, founder of India's IT capital! (5)
27 The latest men's magazine on Indian newsstands (5)
30 Type of chart that can be eaten!! (3)
31 He is famous for the principle of "the hierarchy of needs" (6)
32 Soft drink that is now a "TV channel"!! (5)
33 Salman Khan is ambassador for this shoe brand (7)
34 Korean electronics major that has overtaken Sony in sales (7)

Down:

1 Mobile provider which has opened over one lakh "music shops"!! (6)
2 Give out or assign (5)
3 The world's most innovative company (5)
5 India's most preferred business accounting software (5)
6 Warren Buffet is called the Sage of _____ (5)
7 The jewel in the crown!! (8)
9 Standard file extension for an Excel spreadsheet (3)
11 Israeli airline (2,2)
16 The second highest rank awarded by the British Empire (abbvn.) (3)
18 India's largest IT company (3)
19 Kannada icon who passed away recently (8)
21 Type of mobile telephony standard (4)
23 World's most coveted quality award (6)
25 Considered thoughtfully or meditated (5)
26 The world's deadliest virus (5)
28 Titan's high-priced stylish watch brand (5)
29 Acronym found on retail goods (3)
30 "_____ pass ho gaya":Cadbury's tagline (5)

Solution to Crossword No. 13

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

Compiled by RaviNarayan Raghupathi

Send completed Crossword and get surprise gifts

Nokia for illiterates

A combination of basic ethnographic and long-term user research in China, India, and Nepal has helped Nokia understand how illiterate people live in a world of numbers and letters. The result? A new "iconic" menu that lets the customers navigate contact lists using images.

By listening to customers in poorer countries, Nokia learned that phones had to be more durable, since they are the most expensive items these customers buy. To suit tropical climate, the phones were made moisture-resistant and used special screens that are more legible in bright sunlight. No wonder Nokia has been a market leader ever since you and I knew what mobile phones are.

Tom Peters gets perverse pleasure

Hindsight is a harsh taskmaster. In a column titled *Beware of Grand Visions and Foresight in Business*, in the *Financial Times* (April11 2006), John Kay showed that four companies singled out in the bestseller *Competing for the Future* by C.K. Prahalad and Gary Hamel have been acquired by competitors, while those Tom Peters picked in his seminal work *In Search of Excellence* have fared better.

Kay quotes a 2002 *Fortune* study which reviewed the companies Tom Peters and Robert Waterman had picked two decades earlier. It showed that they had generated shareholder returns in excess of the Standard & Poor's index. Wang and Atari, while stars in Tom Peters' tome, subsequently performed badly. Still, they yielded 6.2 percent per year against 9 percent for the market as a whole. The four companies Prahalad and Hamel praised for 'regenerating their strategy' were all subsequently acquired by larger companies in the same industry - AT&T, Compaq, J P Morgan and Banker's Trust.

Tom Peters says his reason for perverse pleasure is because almost every "big" management book seems to need to devote a paragraph to trashing the companies he and Waterman had picked. None cites even a dollop of data to support their point. "We did indeed make our share of mistakes—but the bunch-as-a-whole have been remarkably resilient."

Brand God

A fifth grade teacher in a Christian school in the United States asked her class to look at TV commercials and see if they could use them in some way to communicate ideas about God. Here are some of the results:

God is like BAYER ASPIRIN. He works miracles.

God is like a FORD. He's got a better idea.

God is like COKE. He's the real thing.

God is like HALLMARK CARDS. He cares enough to send His very best.

God is like TIDE. He gets the stains out that others leave behind.

God is like GENERAL ELECTRIC. He brings good things to life.

God is like SEARS. He has everything.

God is like ALKA-SELTZER. Try him, you'll like Him.

God is like SCOTCH TAPE. You can 't see him, but you know He's there.

God is like DELTA. He's ready when you are.

God is like ALLSTATE. You're in good hands with Him.

God is like VO-5 Hair Spray. He holds through all kinds of weather.

God is like DIAL SOAP. Aren't you glad you have Him?

God is like the U.S. POST OFFICE. Neither rain, nor snow, nor sleet nor ice will keep Him from His appointed destination.

What's your salary?

Among the many disgusting habits Indians are known for, the one that stands out is their fetish to know what everyone around them and their dog earns. The Indian business media makes it worse.

Nowhere in the world do journalists get so much kick out of religiously reporting the big pay packets top management grads get every year.

Despite the positive effects of globalization some Indian bad habits will not die easily.