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## VSNL – from PSU to a global giant

*VSNL's incredible transformation from a sleepy monopoly to a world leader, all in five years, is a classic case of execution excellence matching gutsy ambition*

By Benedict Paramanand



N Srinath, VSNL CEO

The debate in favor of privatizing public sector companies, especially in the public utilities domain, is tough to win. But the story of the remarkable transformation of VSNL (Videsh Sanchar Nigam Limited) from a sleepy Indian public sector monopoly to one of the top global telecom companies, all in five years, will make the debate one-sided for sure.

A few weeks ago, VSNL celebrated its fifth anniversary of its take-over by the Tata group. The celebrations got wilder because the company was chosen as the world's best wholesale carrier at the World Communications Awards, London, as well as the best wholesale carrier in the Asia

Pacific. Its managing director and CEO, N Srinath, also bagged Telecom Asia's 'CEO of the Year' award in April 2006.

VSNL is today the world's largest player in wholesale voice, carries nearly 20 billion minutes of traffic annually, has operations in 30 countries, and is able to offer voice data and mobile value-added services in 240 territories around the world. Around 25 per cent of its employees are located overseas and nearly 60 per cent of its revenue comes from abroad, making VSNL India's first global telecom company.

"VSNL has transformed itself from an international long distance voice company in India to telecom multi-services MNC," Srinath said.

Like always, the 'how' part of the story is more inspiring. Strategic acquisitions, the backing of the Tata Group, India's largest conglomerate, thinking 'global' from day one, and last but not the least, winning public sector minded people over and turning them into world class employees.

One of the first things VSNL did was to bring in sales and marketing

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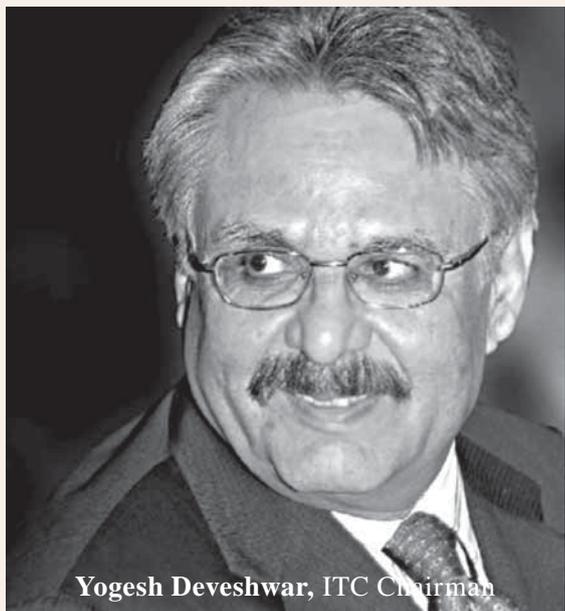
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# How ITC plays the long-term card



Yogesh Deveshwar, ITC Chairman

**A**t a time when short-termism and living by the quarter is rampant, ITC is one of the few companies that appears to have a clear strategy about the long term. Its vision is to get the whole society think about the long-term though innovative pricing.

ITC Chairman Yogesh Deveshwar warned at a CII conference in Bangalore recently that “If everyone takes a short-term view, society will be in danger. But there is need to creatively align the short and the long term.”

The Indian population is 17 percent of the world population but the land resource is only 2.4 percent and the water resources is 4 percent and forest resource is one percent. “If every Indian is to have a sense of well being, imagine the amount of resources that will be needed. Since this is unsustainable we need to begin to look at our long-term accountability. We need to look not at the unidimensional view of business which is return on shareholder capital but a return on societal capital – which is a triple bottom line approach.” he said.

He emphasized that “Consumers and shareholders need to be aroused to the merit of thinking long term. ITC therefore gives the consumer the opportunity to contribute to the long term by taking a small part of the price they pay on its products such as biscuits and flour for social projects.”

Deveshwar believes that the only way people can be made to think long term is by mobilizing consumer choice – giving them an opportunity to contribute to the future

of the society. The demonstration effect of this is that competitors would be compelled to offer the same, which can have a multiplier effect on all businesses. **Companies that connect emotionally and build reputational asset through thinking about the society can build businesses that are sustainable in the long run.**

ITC’s view of the long-term is influenced by its governance philosophy. ITC believes that good governance has only one aim – to create value in a competitive environment. “Value has to be created not only to shareholders on other stakeholders as well. It has impact on ecological balance and income distribution among others. The idea of stakeholders is extremely important. Companies have to be concerned about the value impact they have on the society at large.”

## Repeated partnerships are bad

A phenomenon that has become the focus of recent research on inter-organizational alliance network growth is that firms often enter into repeated relationships with prior partners. The implications of this tendency on corporate performance, however, are not well understood.

A paper titled ‘Alliance networks and firm performance: The impact of repeated partnerships by Anthony Goerzen in the *Strategic Management Journal* (Volume 28, Issue 5, 2007) tests competing hypotheses on a large sample of multinational corporations from transaction cost and network perspectives. The results indicate clearly that firms not only often enter into repeated equity-based partnerships but also that those with a greater propensity to do so experience inferior economic performance. Further, statistical tests indicate that the negative effect of repeated partnerships on performance is particularly strong in environments of greater technological uncertainty.

## Indian promoters back in driver’s seat

The Indian promoter is today a different species compared to what he was even ten years ago. With good corporate performance in the last few years, debt levels in companies have significantly reduced, and the promoter holding in many companies has now gone up. There are many companies where the promoter holding is in excess of 50 percent. This, along with the comparatively low gearing, has put the promoter back in the driving seat of corporate strategy. Perhaps, the rash of M&A transactions this year is an indication of this trend.

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*Continued from page 1...*

experts. It then beefed up infrastructure and simultaneously launched a participative exercise, where the employees themselves took on part of the responsibility of identifying people for specific positions.

Big mergers and acquisitions included the US-based Gemplex, which enabled VSNL to offer enterprise customers international IP-based virtual private network (IP-VPN) services. The jewel in the crown was the acquisition of Tyco Global Network (TGN), in mid-2005, which overnight catapulted VSNL into a global carrier. Tyco had a 60,000-km cable network, including submarine cables linking UK to the US across the Atlantic Ocean, and the US to Japan and Singapore across the Pacific Ocean. It also had a terrestrial cable across the US and two small rings covering Northern and Western Europe. Srinath said, "TGN made our India centric story global." VSNL paid just \$130 million for an asset that was created at a cost several times that figure.

Smart acquisitions have indeed transformed VSNL. TGN has given VSNL phenomenal connectivity, almost unique in the world. Teleglobe brought a huge network that made VSNL's business truly global.

Flexible management, Srinath's engaging leadership style and flexible people approaches turned out to be the key, especially while integrating diverse cultures in acquired businesses. Moreover, the Tatas have a unique record in making mergers and acquisitions (M&A) work. They simply allow the acquired company to function the way it always did without poking their nose around. Sounds simple, but more than 50 percent of the M&As fail to deliver value because of messing around by the new bosses. Clearly, VSNL is among a few corporate success stories because they simply did simple things right!

Can BSNL be the next?

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**Benedict Paramanand**  
Editor and publisher

# Good Samaritans

*Gift economy and voluntary work have already shown big results. The challenge today is how entrepreneurs and organizations can exploit this treasure*

*By Benedict Paramanand*

Ever imagined a scenario where people work for you for free so that you make money off them? We are not talking of charity work here. Instead, it's becoming a serious business.

The open-source operating system called Linux, online free encyclopedia Wikipedia, and free browser Firefox are most popular examples of volunteerism that have contributed to the new study in Economics called the 'Gift Economy.' Gift economy is not an absence of Capitalism but falls somewhere in the intersection of commerce and cooperation.

Consider this. TV channel CNN IBN in India has been getting a lot of its scoops from its program called 'Citizen Journalists' where ordinary people brave retribution and expose corruption and apathy. The channel claims to be number one and is raking in big advertising money.

The shock of what happens when Mentos and Diet Coke are mixed in a bottle is still fresh in the minds of people who do video sharing. Thanks to YouTube, people get to watch things they would never imagine they could even three years ago for free.

What about people like Indian software giant Infosys' founder Narayana Murthy, who is going around the country spreading ideas such as better governance and entrepreneurship for free while people like Clinton charge a hefty sum for their lecture circuit? In his book *The World is Flat*, Thomas Friedman cites examples of scientists' blogs which are on the verge of cracking remedies for tough diseases like cancer while pharmaceutical companies spend billions of dollars on research on them.

It's clear that in a market economy, wealth expands from hoarding. In contrast, in a gift economy, wealth is reduced because of hoarding, for it is the circulation of the gift(s) within the community that leads to increase in connections and relationship strength. In a market economy, the more you 'have', the higher is your status. In a gift economy, the highest status belongs to those who have 'given' the most.

Bill Gates and Warren Buffet are adored today for giving out billions of their wealth for social causes. But the same people were despised for constantly heading the *Fortune* magazine's list of rich people by business tricks that were not always



***In a market economy, the more you 'have', the higher is your status. In a gift economy, the highest status belongs to those who have 'given' the most.***

above board. In contrast, the Sheiks and Sultans in the Middle East may be richer than them but it appears the gift culture is non-existent in the Middle East. Ever heard of significant contributions by oil rich countries during global tragedies like tsunami, earthquake or to Africa?

There are of course skeptics like Nicholas Carr, who hit fame with his article 'Does IT Matter' two years ago.

Carr believe that Web 2.0 media sites like Digg, Flickr and YouTube are able to rely on volunteer contributions simply because a market has yet to emerge to price this "new kind of labor." He and Yale law professor Yochai Benkler then entered into what has come to be widely known in Web circles as the "Carr-Benkler wager": a bet on whether, by 2011, such sites will be driven primarily by volunteers or by professionals. Till then it will be a challenge for clever entrepreneurs and even established companies about how to take advantage of or manage volunteerism better.

## Starbucks with tellers

Can you imagine a bank offering its own blend of coffee to its customers and its own music download service featuring local artists? Can you imagine the bank's receptionist answering the phone with the cheerful 'welcome to the world's greatest bank' when the bank had only 40 employees with assets not worth mentioning? And when the South Umpqua Bank's new CEO, Ray Davis, who took charge in 1994, sent his tellers to Ritz Carlton to learn customer service, bankers thought he had gone bonkers.



Ray Davis,  
CEO, South Umpqua Bank

Recognition followed. The U.S. Banker named Ray Davis as one of the 25 most influential people in the financial industry in 2005. And the New York Times called the Roseburg, Oregon headquartered bank 'The Starbucks with tellers'. The bank also ranked 34th on Fortune Magazine's 2007 list of the country's "100 Best Companies to Work For."

It appears you need to do the unusual if you are to make a mark in the world where competing with little differentiation doesn't take you far. Raymond P. Davis and Alan Shrader in their book *Leading for Growth: How a Bank Got Cool and Created a Culture of Greatness* (Jossey-Bass publication, March 2007), illustrate the remarkable success story of South Umpqua Bank. The bank is a classic case of taking the community banking concept to its limits.

The experiential marketing strategy doesn't end here. Davis hired a cutting-edge design firm to completely rethink retail layout. Now, with a top design award under their belt, a name change and a completely new definition of the banking business, Umpqua has become the darling of the entrepreneurial press and a growth powerhouse.

The rigorous service culture developed by Davis ensured every branch and each employee gets measured on how well they deliver on what they call "return on quality (ROQ)." Umpqua measures ROQ for 29 different departments throughout the bank, including back-office services and marketing. The scores for each branch and department are published every month for all to see. ROQ scores also play a big role in how bonuses and incentives are distributed.

## The strategy paradox

Strategy is about making choices based on assumptions about the future. As the future is filled with uncertainty, managers are faced with a difficult tradeoff. In order to succeed, they need to make bold decisions which call for bold assumptions. But the uncertainty can kill it all. There is, hence, an inherent risk in bold commitments, and yet success demands it.

Michael E. Raynor, in his just released book, *The Strategy Paradox:*

*Why Committing to Success Leads Corporations to Failure... and What to Do About It* offers some counter-intuitive recommendations about what companies need to do to induce its managers to take risks without fear of failure.

- The Board should not evaluate the CEO based on the company's performance, but instead on the firm's strategic risk profile
- The CEO should not drive results, but manage uncertainty
- Business unit leaders should not focus on execution, but on making strategic choices
- Line managers should not worry about strategic risk, but devote themselves to delivering on commitments

Wildly bold indeed. Any takers?

## Strategic purity pays

Twenty-five years of empirical research has failed to resolve a basic strategy question: Does strategic purity pay? Most theorists believe strategic purity - the extent to which a business pursues one type of generic strategy over another - contributes to better performance.

An interesting paper titled 'Strategic purity: A multi-industry evaluation of pure vs. hybrid business strategies, by Stewart Thornhill and Roderick E. White (Strategic Management Journal, Volume 28, Issue 5, 2007) defines the strategy space consistent with the theory and employs improved design and methods. This study of 2,351 businesses finds a significant relationship between strategic purity and performance. Purity does appear to pay. Some variations in strategic purity and performance relationship were observed across four major industry sectors: manufacturing, construction, retail, and business services. But in all instances pure strategies never did less well, and often did better than hybrid strategies.

# Stop reading management books!



Phil Rosenzweig

**E**very business leader wants to contribute to his company's success and very often looks to management gurus who claim to have found the secrets of high performance. But most of these business bestsellers are deeply flawed, and divert executives' attention from the real drivers of company success.

In *The Halo Effect: . . . and the Eight Other Business Delusions That Deceive Managers* (Feb. 2007), Phil Rosenzweig takes potshots at fashionable management theories and the glut of simplistic books about achieving high performance. Rosenzweig, a veteran business manager turned professor, argues that most popular business ideas are no more than soothing platitudes that promise easy success to harried managers.

Rosenzweig finds that research underpinning management gurus' advice is often deeply flawed and, worse, obscures the basic truth that success in the business world is based on decisions made under uncertainty and in the face of

factors executives cannot control. He tries to destroy myths concerning the attribution of success in the management literature using potent empirical arguments. Rosenzweig is a Professor at IMD, the International Institute for Management Development, in Lausanne, Switzerland, where he works on executive development programs for leading companies on questions of strategy and organization.

A central problem, which he calls the Halo Effect, is the tendency for past company performance to create a halo that shapes our evaluations of strategy, leadership, culture and more. This basic error distorts the data in many well-known studies and undermines their ability to explain company performance. The formulas for success espoused by management gurus are often misguided and can lead in dangerous directions.

In the book, Rosenzweig helps managers navigate their way through the minefield of mistaken notions and errors in judgment that pervade the business world. He has developed a way to think about business strategy that **keeps you creative and independent** of all the bad ideas that pass as business knowledge. Phil will not tell you what to think, but provides insights on how to think about business and management.

## Stay ahead of the curve

**I**n 2002, Toyota was not only Japan's No. 1 carmaker; it was the third largest manufacturer of automobiles in the world and the top-selling foreign brand in the United States, with the most envied balance sheet in the industry. When Toyota was seen as a perfect company, Fujio Cho, the then president of Toyota Motor Corporation, kicked off a transformational program called Global Vision 2010. When everything was going great for them, why did Cho decide to shake things up in his company and introduce changes? "Any company not willing to take the risk of reinventing itself is doomed," he answered.

True to his word, Toyota used its transformation program to dramatically improve its market share and jumped to the position of No. 2 automaker in the world.

In 1999, P&G was the biggest producer of household good in the US and yet launched a massive organization restructuring. They are doing one more restructuring now. In 2005 Pepsico was the leading US convenience food and beverage company and yet it kicked off a transformation which has yielded results now.

Why do companies that are doing great still shake things up and introduce changes? Because these high-performing

companies know that today's success is no guarantee of tomorrow's.

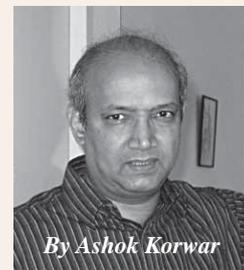


Accenture research ( published in *Outlook Journal* January 2007) into high-performance business has found that these successful companies are able to change ahead of the curve by embracing four critical goals.

- Increase the company's capacity for early change by deliberately fostering continuous renewal as part of its everyday operations.
- Generate confidence in early change by sharpening the company's business acuity through the development of comprehensive market sensing and responding capabilities.
- Overcome management resistance to early change by carefully and continuously evolving top management teams.
- Accelerate the behavior changes needed to start and sustain transformation by using leading-edge tools and techniques for sensing and responding to organizational change barriers and opportunities.

# Where the rubber meets the road

*The business model of India's IT companies needs urgent rewriting to include long-term sustainable strategy*



By Ashok Korwar

**'Business Model'** was such a popular word in the mad, wild days of the Internet boom but it seems to have gone into obscurity along with its many exponents of those heady days. Unfortunate. Because a 'business model' is really something worth understanding.

In the B-schools I am familiar with, they teach strategy, they teach operations, marketing, every function useful and not useful, but they don't teach business models. On the principle that if it is not taught in B-schools it must be containing some rare gem of truth (like TQM, Kaizen, BPR, ToC.. none of which were taught in B-schools until the revolution had come and gone..), let us give this 'business model' the benefit of doubt and try to see what it means for us.

Conceptually, the business model fits between strategy and execution. It answers the most basic and most important of all questions: How will we make money doing this (whatever your service or product offering is) ? An example will make it more clear. Take a company in the pure software services business. Its business model is to win business by persuading large companies (mostly abroad) to outsource their software development and/or maintenance to you by offering significant cost savings while assuring the customer that the quality of the

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***Most software companies I know are choking as they grow. They are choking on their own complexity. Their complexity comes from the fact that they are trying to execute too many business models at the same time***

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service will be much better than if he had done it in-house; run large software factories back in India where your basic cost saving comes from paying Indian salaries; keep the costs down by steadily building economies of scale, and recruiting more and more fresh people to keep the base of the people pyramid broad.

This business model is a familiar one. Now consider another one: Product development outsourcing, (perhaps the next wave of outsourcing to India).

The elements of this business model are:

- Persuade software product companies abroad that it makes more sense to get the development done in India (by you).
- Because you can scale up faster than your customer can, and can manage the software development world, especially people, better than he can.
- Set up teams in India who can understand product

specifications and, more important, the lifecycle and cadence of a product development cycle

- Focus on rapid release cycles, version control, protection of your customer's IPR

Observe how different these are from the traditional software services model. In the traditional model, it was cost, large factories, economies of scale, and large-scale recruitment of cheap fresh talent, that mattered. Here it is speed, understanding of the product world and security.

Of course there are common features as well – managing people is a challenge in both worlds, though the specific challenges are different.

Ok, so they are different. So what?

If a company tries to do both businesses with the same people, same organization, same management and business processes, it will fail. Because the rhythms of the two businesses are different. If your recruitment engine gears up to raid every college campus to suck up every fresher in sight, it cannot at the same time do a good job of recruiting people who understand what a product is. If your sales engine is busy selling 'cost arbitrage' to a customer, it cannot turn around and sell 'speed, time to market' etc. in the same breath. No man can serve two masters; no organization can serve two business models.

Well, you will say, are you telling me, Wipro, for instance, doesn't do product outsourcing and conventional services at the same time? My answer is – being big and successful can cover a multitude of inefficiencies. It doesn't mean it is not an inefficiency.

Isn't it possible to do them in two different business units? Of course it is, as long as you remember they are two different business units and don't try to run them the same way (which is what usually happens!).

Most software companies I know are choking as they grow. They are choking on their own complexity. Their complexity comes from the fact that they are trying to execute too many business models at the same time: fixed price and time & material, maintenance services and outsourced product development, body-shopping and high-end consulting, all together. As each begins to make some headway, they demand more and more trade-offs, until the organization brings itself to a standstill if the current spectacular run of the Indian software industry eventually grinds to a halt, it will be because of complexity, not because of Chinese competition!

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*Ashok Korwar, formerly professor at IIMA, runs Growth Catalyst (Helps SMEs get to the next level)*

# Welcome to the innovation capitalist

*Innovation capitalists offer market-ready ideas to businesses - thereby minimizing risk and cost*

**I**nnovation capitalists are firms, often with a particular industry expertise, that seek and evaluate ideas and technologies from the inventor community and other external sources. They develop and refine those ideas to the point where their market potential is validated, and they then pitch them to large client firms. An innovation capitalist reduces a client company's acquisition costs and early-stage risks. In return, it shares in the proceeds from the innovation.

Satish Nambisan and Mohanbir Sawhney, who coined this term in their article in the March 2007 issue of *Harvard Business Review*, say that innovation capitalists are emerging as the new species in the big game of external sourcing innovation. Because sourcing innovation requires complex stages involving licensing raw ideas or technology to acquiring companies with market-ready products, businesses are seeking help from a variety of "innomediaries." Product scouts, electronic R&D marketplaces, and patent brokers are helping them identify early-stage ideas with potential, while venture capitalists are adept at introducing firms to start-ups that have products ready for commercialization.

But these 'innomediaries' are not enough. There is a need for someone in the middle of the spectrum for acquiring a fully developed technology or concept not yet ready for market. "This gap has forced companies to make critical trade-offs in their innovation outsourcing. Those that buy innovation already packaged pay a premium and sacrifice access to a variety of technologies in exchange for reduced risk and a shorter time to market. Those that seek help in identifying potentially useful but still far from market-ready ideas or technology reduce their costs but raise their risks," say the authors.

Innovation capitalists do more than just broker the idea. By investing in concept development and market validation, they may not always improve the invention, but they reduce risks and offer a concept that's more business ready.

The authors suggest that large companies seeking to work with innovation capitalists should forget the short-term transactions they usually make with innomediaries and instead try to establish long-term strategic partnerships with them—partnerships designed to improve the fuzzy front end of their own innovation processes. In this way, companies can become the portals of choice for innovation capitalists' ideas.

They foresee that innovation capitalists will play a crucial role in the next decade, much as venture capitalists did during the technology boom of the 1990s. They expect them to add value not through capital investments, as venture capitalists do, but through a unique combination of market expertise, networking skills, and early-stage innovation management acumen. This combination—and the unique value proposition derived from it—makes innovation capitalists key players in meeting the challenge of sustained innovation.

Satish Nambisan is an associate professor of technology strategy and innovation management at Rensselaer Polytechnic Institute's Lally School of Management and Technology in Troy, New York. Mohanbir Sawhney is the McCormick Tribune Professor of Technology and the director of the Center for Research in Technology and Innovation at Northwestern University's Kellogg School of Management in Evanston, Illinois.



**Mohanbir Sawhney**

*Innovation capitalists  
will play a crucial role  
in the next decade,  
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did during the technology  
boom of the 1990s*

# Want to be a social entrepreneur?

*Social entrepreneurship is becoming an alternative career option to both managers and business people. In an email interview to Sangeeta Mansur, Bill Drayton, the father of social entrepreneurship, dispels fears and highlights the opportunities*

If the 20th Century belonged to individual entrepreneurs, the 21st Century is showing signs of entrepreneurs with a social conscience. Social entrepreneurs world over are beginning to improve lives of people who are not directly connected with business. Social entrepreneurs are creating hybrid organizations that are focussed both on bottom line and social value creation.

**What's your advice to managers in India who want to become social entrepreneurs? How should they go about it?**

Give yourself permission but also be a little humble.

When people tell you "you can't," give yourself the quiet inner permission to ignore it. If you do not know that you are a change maker, you will not even see the opportunities: Why make yourself feel ineffective by seeing a problem you cannot solve? This is the chief reason why change makers have such little competition!

Once you have internally given yourself permission, not only will you see the opportunities, but you will really enjoy and be good at the years of iterative problem-solving that follow.

An effective change maker, regardless of sector, also has the self-confidence to be humble. In other words, one must truly listen to one's clients and also to the broader environment. There is no success without doing so. For a business entrepreneur shifting to the citizen sector, there is also the inevitable need to learn a significantly different language, institutional setup and anthropology.

**Can an entrepreneur or a manager or a CEO shift gears and play the role of a social entrepreneur? If so, how can s/he do it?**

Absolutely!

Just consider the case of Fazle Abed (an Ashoka World Council Member), the founder and CEO of Bangladesh's BRAC. He shifted from business into the citizen sector to set up BRAC

several decades ago. He has built an organization that has, just in Bangladesh, four times the number of full-time equivalent employees of the biggest business in the country.

There are many Ashoka Fellows who shifted from business. Rohit Baluja of New Delhi shifted from shoe manufacturing to traffic reform. Manuel Guerra of Mexico City shifted from Merck product development to launch a series of environmentally transformative institutions.

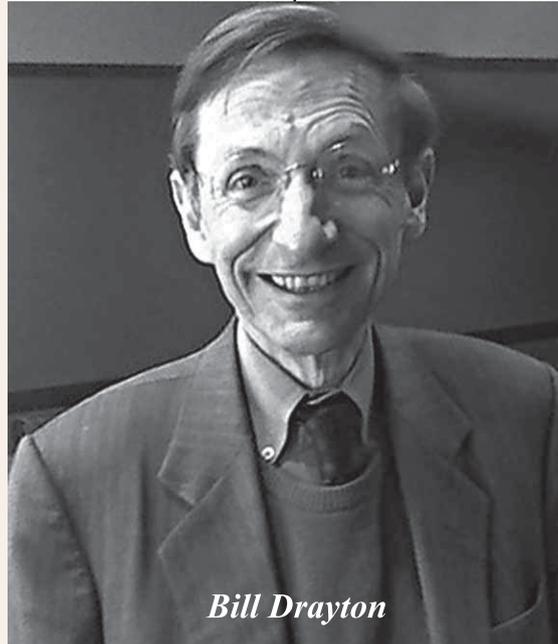
This trend will only increase as the artificial division between the business and citizen sectors becomes

progressively more and more obsolete and the new citizen sector - newly entrepreneurial and competitive in exactly the same sense as business - rapidly closes the productivity gap between business and society. The multiplication of social businesses will need a huge influx of entrepreneurs, managers and CEOs!

**Apart from making a difference, can a social entrepreneur in India make money as well?**

As the citizen sector's architecture became entrepreneurial/competitive over the last five decades, it has been closing the previously huge productivity gap between it and business. As a result, resources have been flooding into the sector. In the advanced economies, the citizen sector is growing employment at roughly three times the rate of the rest of the economy. Just as one would expect, relative productivity growth is causing citizen sector salaries to move up but are still way behind, but the salary catch-up is well underway.

As we develop a vigorous social business hybrid sector you will see more and more citizen sector businesses not only making money but being very strong partners or competitors for traditional businesses. The citizen sector, within each nation's boundaries, has lower costs, great strengths (e.g. relationships, understanding, and trust with large sections of society), and now enormous momentum and élan as well.



*Bill Drayton*

# Pradeep Kar's new gambit

Not many know that Pradeep Kar has been a true pioneer of Indian IT. He pioneered networking in the 1990s, the internet economy space in the late 1990s, and today, he aspires to be a leader in the infrastructure management business. In a chat with Benedict Paramanand, Kar shares his values and learnings as an entrepreneur

## What are your biggest learnings as an entrepreneur?

I firmly believe in the philosophy – nothing ventured, nothing gained. My experience has been that entrepreneurs underestimate two big things in their journey for glory. One, they underestimate the need for money. They think it is their CFO's job to raise the money, not theirs. It's important to realize the importance of money when you don't need the money, because, when you need it, it gets too messy and too late.

The second one is, key recruitments should always be done by the entrepreneur. He conveys the story much better than the head of HR. So it is critical that an entrepreneur finds the time and hires key talent himself. I'd say, recruit for tomorrow, not today.

The third thing is to understand the role of the brand early enough. This is because what you do later may not resonate with the requirements of the brand.

## Is it fair to say that you started on a par with the current big IT guys but seem to have strayed?

When you talk of the very successful top five IT companies today, all of them were founded between 1977 and 81. We were founded in 1989. Even though they started much earlier than us (1989) most of them found glory 1998 onwards.

We were very different. They focused on the international software market and I was focused on the domestic hardware market. It was much easy for us in the initial period. But with the advent of the Internet age, we realized that we might end up with a very large company but very little money. In 1998, the interest rate was 18 percent. We realized that if we continue in the hardware business, we may be very large but will be very working capital intensive. We were focused in a different value-chain creation. In fact, very few companies in this line of business survived. Those who survived were distributors-that too with a gross margin of a mere 4 percent. The difference was, we had the guts and pulled out. A lot of them were carried away by their success and had to shut shop.

But in the software services landscape, whoever stayed long enough survived. From hardware we entered the Internet economy with terrific speed. We set up six companies in the span of 3 years. Had the internet economy not collapsed in the manner it did, we may have been a very different company today. If you look back, we were the pioneers in India. We brought networking in the first phase and internet space in phase two.

Moving out of hardware was by choice, and in the second phase no one knew how long the downturn would last. We had the money and there was no point going to office without knowing how long the downturn would last. So we decided to get out of this business as well.



***Whenever you go through difficult times, the essence is to be transparent, fair, assuming honesty and integrity as given***

We feel we have the task cut out for us in IT infrastructure outsourcing space. We think the market for this is huge. This is a more difficult line of business than other IT businesses because it is real time.

Come to think of it, we were the number one network company, we were the number one internet company and we certainly want to be the number one infrastructure management company in India.

## Timely exit is as important as getting into a new business...

You must know when things are changing. We had the guts to get out in time. We said let us build a new business in what we know best – networks. What has changed between what we know best and now is telecom infrastructure. Now, there is a possibility for us to manage

telecom networks globally from here. We are now in excess of 1,800 people. We are opening nine network operation centers and are taking big steps.

And the other critical element in our strategy is the speed at which we got out. If you decide on something, go for it, don't linger on it for too long. The ability to figure out as you go along and not get hassled is a big trait.

## How have these experiences impacted you as a person?

Despite all the uncertainties, at no time were we close to going bust. Customers and people have stayed with us. The average tenure of people with us is 13 years.

Whenever you go through difficult times, the essence especially if you have outside investors, is to be transparent, fair, assuming honesty and integrity as given. Get investors on the same page as you. If you see ICICI Ventures, they invested in every company of our's right through. Always ensure that investors know everything that goes on. Mistakes can happen. If you are working hard and honest, and if things go wrong, so be it.

The ability to fail and get out is a big trait that is required, not just for an entrepreneur but the society at large. The society needs to understand that businesses can fail as well.

When you are perceived to be successful by the outside world – always respect the people when you go up the ladder because you will never know whom you will meet if you were to come down.

One should be clear that who you are and the role you play must be different. If you get confused between the two, you will start identifying with the role you play and forget who you are.

End of the day, entrepreneur needs to be optimistic. The only thing that will take you through is your conviction. And you should be able to share the optimism with others.

# Unified communications

*Ranganath Iyengar looks at different value propositions, benefits and leverage that unified communications brings as a service offering. If you are on a constant communication overload mode, read on.....*



By Ranganath Iyengar

Unified Communications (UC) is not a new concept and has been talked about initially as Unified Messaging [more popular during the early days of internet data centers (IDCs)]. However, it is only now that we can say that unified communications is truly feasible and viable. UC is the integration of different streams of messaging and communication (email, voice-mail, videos, fax, SMS, photos etc.) and makes them available through a common service platform which makes it very convenient for the user.



Communication is about fewer barriers in connecting people when they are not face to face. However, with the advent of several devices (phones, mobiles, PCs, PDAs etc), communication has only become more complex. UC covers a range of communication systems that

include unified messaging, collaboration, interaction systems, real-time and near-real time communications and any transactional application.

Multimedia services include messages of mixed types of media such as pictures, video clips, sound clips, SMS and MMS. Collaboration services focus on applications such as calendaring, scheduling, workflow, IVR etc. which are mostly offline communication. Online (real time and near real time) communication applications include conferencing, IM (instant messaging), traditional and next generation PBX systems whereas transactional applications deal with live information feeds (e.g. news and information feeds, weather, satellite imagery, GPS/GPRS etc.) mostly through the web or through a push mode on to mobile phones / PDAs.

## User agony and how UC addresses the problem

A typical user today accesses a range of devices, namely, wireline phones at home and work (voice calls, text messages and voice mails, VPN access and fax), computers and mobile devices (voice calls, conference calls, chat, email and browsing), ISP and web portals (telecommuting, emails, transactional services) and mobile devices (voice, teleconferencing, web, M commerce, wireless messaging and push to talk)

People want to be reached at all costs, anytime and there are also people who want to control their communication better. UC allows users both these types of flexibility depending on how the user configures the service. A good example is that

of IM platforms that follow through on to your mobile as soon as the laptop is switched off (e.g. Yahoo messenger). Another example is of VoIP providers like Jajah who can interconnect disparate devices for a voice call and can alert the user before starting the call pretty much like an office assistant.

UC is also very effective for small remote offices as large corporations become more global and widespread and allows users to have roaming numbers, special types of voice mail, follow through services across different types of services providers and devices when people travel and communication alerts that can be user customized. A good example is the SIP phones made popular by ISPs to harness the power of VoIP.

## UC evolution and types of service providers

Unified messaging is the best example of a natural evolution of how existing technologies have been harnessed to give a UC experience to the user. Voice mail, email, e-fax, text to speech, SMS, MMS etc., are now available through common interfaces. Segway communication offers UM services that is built around a hosted communication platform and allows phones on demand with a local or toll free number, follow me services, customized on hold messages, push voice mail, deliver voice mails and faxes to email inboxes, SMS alerts to email boxes etc.

TraiTel offers a hosted fax solution that eliminates paper and traditional fax equipment including dedicated phone lines for fax. Microsoft, IBM, Cisco, Avaya and Nortel are some of the others who offer UC / UM platforms and also offer customized information / communication pull that are industry customized (banking alerts, emergency or contingency alerts, travel alerts etc.- most of which we take for granted in our daily lives). Higher end applications include information feeds from ERP and CRM systems for decision makers that are pulled in to UC platforms for instant decision making. Another example is Taridium which has built its UM/UC solutions using VoIP as the central theme of technology.

UC is about true communication convergence and rationalization of such technologies and will take time to scale up and penetrate to being as ubiquitous as emails. However, if you had all your communication needs figured out with your blackberry, maybe you could try an iPBX, secure conferencing, visual voicemail or encrypted messaging to find out what UC is all about!

*e-mail: ranga@siplconsulting.com*

# Role of probability in success stories

*Allowing for the role of probabilistic element goes a long way in placing life in proper perspective*



By V. Raghunathan



Consider this good old game familiar to market theorists. Say, we put 1024 individuals in a hall and ask each

one to flip a coin. Those who land Heads are declared winners and Tail landers are the losers, who will be asked to leave the hall. After the first throw, you expect 512 “winners” to remain in the hall. You repeat the process, asking them all to flip the coin again; and you expect 256 “winners” to remain in the hall. With the third throw, you expect 128 winners; then 64, 32...and so on and at the end of the tenth throw, you expect a single winner in the hall. Let us say this winner is rewarded with a huge sum of money.

Now imagine our making a hero out of this individual; interviewing him or her; making him/her out to be a genius at throwing coins and a self-made person; thrusting half-a-dozen mikes into this worthy’s face and asking where he/she learnt to throw so well; analyzing the natural twist in his/her elbow joint; writing his/her life sketch in newspapers; even suggesting that this individual, who has been so successful must therefore head our National Education Policy, National Flood Prevention Plan and National Nuclear Policy and so forth. How much sense would that make?

We rarely realize that anyone can land a Head ten out of ten times. Theoretically, that is; with a probability of one in 1024. In real life, we frequently forget the role of probability in the “success stories” that we come across. And if that thrower of ten Heads in a row happens to be us, in time we come to believe in our own success, and

*Remember that a Sabeer Bhatia at a tender age, without little money or experience was hugely successful with his Hotmail. And yet, 20 years of experience and hundreds of millions of dollars later, the same Bhatia had a flop with his Arzoo.*

drop our humility on the wayside and may not be averse to accepting those positions relating to Education, Flood or Nuclear Policy!

Obviously I am not trying to say that all successes and all heroes in our lives are remainders of a game of probability. What I am trying to say is that we need to recognize that most successes, particularly in the stock markets, trade and various entrepreneurial ventures have a large role of pure probability, which is often ignored.

If a thousand odd mutual funds started their operations ten years ago, and one of them turns out to have outperformed the market every single one of these ten years, chances are that this mutual fund will be the cynosure of all eyes. The Chief Executive of such a fund is bound to be written about more than most in business magazines and journals, not speak of bagging the most awards and probably a nine-digit salary and bonuses.

On the other hand, if only 50 odd mutual funds started out ten years ago and one of them beat the market each one of the last ten years, the achievement of this fund or fund manager is likely to impress us less than the achievement of the previous one. And yet, the fact is that the achievement of the first one is more consistent with pure chance (one in 1024 - assuming that outperforming or not outperforming the market is akin to landing Heads or Tails), while that of the latter is not!

Look at it this way. If out of the 1000 odd funds, had there been 20 funds

that outperformed the market for ten consecutive years, one could say that the fund managers of all these 20 funds are truly skilled stock pickers. This is because, going by pure chance, only one of them could have been expected to outperform the market 10 years in a row; but the fact that there are 20 such implies that their achievement is not owing so much to chance as owing to their skill.

Remember that a Sabeer Bhatia at a tender age, without little money or experience was hugely successful with his hotmail. And yet, 20 years of experience and hundreds of millions of dollars later, the same Bhatia had a flop with his Arzoo. So can you really delink an element of good luck in a case such as this? Sabeer Bhatia may be undoubtedly a hugely talented technocrat. But the point is that there may well have been 1000 other hugely talented technocrats, who started around the same time, but weren’t as lucky. In stock markets and entrepreneurial ventures, the successes must beat the odds of random streaks of successes for the feats to be considered replicable.

Allowing for the role of probabilistic element in life goes a long way in placing life in proper perspective. It allows for a truer assessment of people and leaders. It ensures that successful people aren’t given roles that they are entirely unfit to hold. And lastly, it makes way for humility.

*The author is CEO of GMR Industries and former faculty at IIMA*

**Hedgehog concept:**

An idea or concept that, if done extremely well and to the exclusion of almost everything else, can help a person's career or a company's business achieve their full potential.

**Freemium:** Relating to a business model that offers basic services free, but charges a premium for advanced or special features.

**Celeblog:** A blog written by a celebrity; a blog devoted to a particular celebrity or to celebrity news and gossip.

**Bitcom:** A short, sitcom-style video available over the Internet.

**Food miles:** The distance that a food item travels from its source to the consumer.

**Last-mover advantage:** The advantage a company gains by building its business slowly and then benefiting down the road from improved technology or lower costs, especially during an economic downturn.

**Fume date:** The date on which a company runs out or is expected to run out of cash.

**Sneakerization:** The proliferation of choices available for a product or service.

**Masstige:** A retail category that includes relatively low priced goods that come with a relatively prestigious brand name; goods and services priced between low-end, mass market items and high-end, prestigious items. (Derived from Mass Prestige)

**Web 2.0:** A second phase in the evolution of the World Wide Web where developers use new technologies to create websites that look and act like desktop programs and encourage collaboration and communication between users.

**Knowledge angel:** An individual with extensive knowledge in one or more aspects of business who helps a start-up company that lacks expertise in those areas.

**Buns of Steel:** Jocular physical trait required to sit through an extremely long meeting.

**Underload syndrome:** Ill health or depression caused by a lack of challenges or stimulation at work.

**Buzzword bingo:** A word game played during corporate meetings. Players are issued bingo-like cards with lists of buzzwords such as paradigm and proactive. Players check off these words as they come up in the meeting, and the first to fill in a "line" of words is the winner who coughs instead of shouting 'Bingo'

**Vocal grooming:** Gossip and other forms of casual conversation that act as linguistic equivalents of the social grooming performed by some primates.

# Peter Lynch's investment mantra

**P**eter Lynch is a successful Wall Street stock investor whose record ranks him as one of the best stock-pickers in the world. He is currently a research consultant at Fidelity investments and remains the primary marketing face of the company. Before being hired as a stock analyst for Fidelity, Lynch served for two years in United States Army and studied at Boston College and at Wharton School of the University of Pennsylvania.



Lynch is one of the most successful fund managers in America as he was able to consistently deliver high returns to investors, year after year. Lynch managed the wildly successful Fidelity Magellan Fund from 1977 up until 1990. When he started managing the Fund it had **assets of \$20 million**, when he retired in 1990 it had **assets of \$14 billion**. During the 13 years that Lynch ran the fund, Magellan **outperformed the S&P 500 stock index 11/13 times**. No fund manager in history has ever ran so large a fund, so successfully, for so long. Magellan was the top-ranked general-equity mutual fund. A \$10,000 investment in Magellan in 1977 would have grown to \$288,000 by 1990. During this period Lynch achieved an average annual return of 29%. His investing success is partly due to investing in quality companies early on in their growth, with Taco Bell and Dunkin Donuts being among some of his more profitable investments.

Lynch insists that small investors can research stocks better than most professionals. This is because individual investors are often better positioned to spot profitable investments earlier. Moreover, they are always free to act independently.

**Below are a few of Peter Lynch's investment principals:**

***Invest in what you know***

Lynch always invested in industries he

understood, even if that business operated in a sector or industries that were forecasted to deliver lackluster performance. This simple principle resonates well with average non-professional investors who don't have time to learn complicated quantitative stock measures or read lengthy financial reports.

### ***Do not hold cash***

He believes in being fully invested rather than sitting on cash. He says not to worry about the ups and downs of the market as he believes that profits and losses do not depend on the economy as a whole. Buy whenever you come across an attractive idea with a compelling story behind it.

### ***Know when to sell***

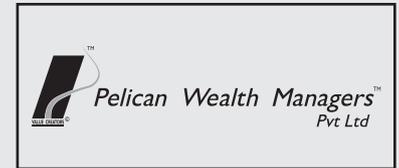
Sell the holdings when their PEGs (calculated as PE divided by a firm's projected earnings growth rate) reach around 1.2-1.4, or when a company's long-term growth rate starts to slow. The stock to be also sold when there appears to be no further scope for growth of that particular company. Sell asset plays when they are taken over, or when assets that are sold off fetch lower-than-expected prices

Besides his fame as an exceptional investor and fund manager, Peter is also well known for writing three books on investing that became best sellers. They are: *One up on Wall Street*, *Beating the Street*, and *Learn to Earn*. Lynch also wrote a series of investment articles for *Worth* magazine.

Lynch's best quote: "In this business if you're good, you're right six times out of ten. You're never going to be right nine times out of ten."

Currently, Peter Lynch focuses a great deal of time on philanthropy. The Lynchs give money primarily in five ways: as individuals, through the Lynch Foundation, through a Fidelity Charitable Gift Fund, and through two charitable trusts.

The Lynch Foundation, which had \$74 million in assets in 2003, supports education, religious organisations, cultural and historic organisations, hospitals and medical research.



*By Babu Krishnamurthy*

*Lynch insists that small investors can research stocks better than most professionals. This is because individual investors are often better positioned to spot profitable investments earlier. Moreover, they are always free to act independently.*

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# Don't get stuck in a small hole



*Greater the  
commitment  
you take,  
greater the power  
you gain to fulfill  
that commitment.*

*Greater the  
commitment,  
easier things  
are. Smaller the  
commitment,  
suffocating it is  
for you.*

**T**here are two ways of looking at life. One is thinking that, "I'll be happy after achieving a certain objective." The second is saying that "I am happy come what may!" Which one do you want to live?

Just examine why your spirits go down. More often than not, it is because somebody said something stupid to you. And why did they say a stupid thing? Because they had some garbage and they needed to throw it out; and you were there, ready to catch it. And once you have caught it, you hold on to it so passionately! Wake up! Don't let your smile be snatched away by anybody!

Nobody can feel bad or good all the time; the good and bad feelings come like waves. You can't stop a wave that has already arisen; nor can you make a wave rise just like that. Just as waves come and go, clouds come and go, so also emotions come and go. Waves of different emotions come. And they disappear. But we make such a big issue and it keeps bombarding our minds. This emotional garbage is so useless; and it is also a sign of emotional immaturity.

Our life is like a river. A river needs two banks to flow. The difference between flood and a flowing river is that water flows regulated in a direction in a river. During floods the water is muddled and has no direction. Similarly, the energy in our life needs some direction to flow. If you don't give direction, it is all confusion. Today, most of the people are in a confused state because there is no direction in life. 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. When it stagnates, it rots! Just like how the water has to keep flowing, in the same way, life has to keep moving.

For life energy to move in a direction, commitment is essential. Life runs on commitment. You cannot stand someone who does not commit, but see how much commitment have you taken in



*By Sri Sri Sri Ravi Shankar*

your life? Of course, our commitment is proportional to what we have, our power, our capacity or capability. If you are committed to taking care of your family, that much capacity or power you gain. If your commitment is for the community, you will get that much energy, joy, that much power. More will be given to you only if you utilize properly what you already have! This is the law of Nature. Why should Nature give you more when you are stuck with your little mind?

## **Commitment**

Greater the commitment you take, greater the power you gain to fulfill that commitment. Greater the commitment, easier things are. Smaller the commitment, the more suffocating it is for you. Smaller commitments suffocate you because you have more capacity, but you are stuck in a small hole!

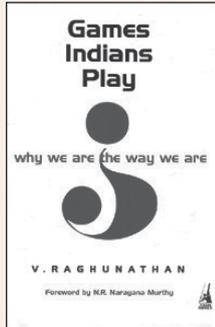
Usually, we think we should have resource and then we will commit. Greater the commitment you take, greater the resources that come to you automatically. You don't have to sit and worry about how you will get resources. When you have the intention to do something, resources simply flow when it is needed and however much is needed.

A commitment can only be felt when it oversteps convenience. That which is convenient, you do not call commitment. If you just go on your convenience, your commitment falls apart causing more inconvenience! If you keep dropping your commitment because it is inconvenient, can you be comfortable? Often, what is convenient does not bring comfort, but gives an illusion of comfort. Whatever you are committed to brings you strength.

**Games Indians Play: Why We Are the Way We Are**

By V Raghunathan, Penguin Books, December 2006

V. Raghunathan uses the props of game theory and behavioural economics to provide an insight into this most difficult question: Why are we the way we are? Raghunathan tackles the question by putting under the scanner our attitudes towards rationality and irrationality, egotism and selfishness, our penchant for antagonism and competition, and our aversion to collaboration and cooperation.

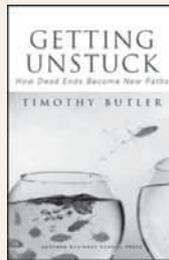


Drawing examples from the way we behave in day-to-day situations—from our attitude towards a cheating vendor to our attitude in a joint venture; from our tearing off a page from a library book to the way we leave our public toilets—he shows how in the long run even the most self-serving of us—businessmen, politicians, bureaucrats, common people—stand to profit more if we were to adopt a little self-regulation, give fairness a little more credence and cooperate instead of cheat.

**Getting Unstuck: How Dead Ends Become New Paths**

by Timothy Butler, Client Distribution Services, March 2007

Everyone feels stuck every now and again, paralyzed by the gnawing feeling that something must change – whether in one’s work or work environment, or in a life situation or way of living. But when is this feeling an indication of major psychological impasse? And when will this failure to get “unstuck” threaten not only your personal life and career, but even the healthy functioning of the rest of your team or organization? What are the steps to navigate out of this kind of rut and find a meaningful way forward?

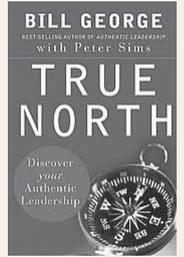


In *Getting Unstuck*, psychologist Timothy Butler shares a proven model for moving from a state of career or life impasse to a new vision based on deeper knowledge of the work and life structures that will ultimately be most meaningful. Outlining a process that he has used with thousands of executives and MBA students, Butler explains how to recognize a state of psychological impasse and shows that this state is, in fact, the beginning of a necessary and predictable process of psychological development that is repeated many times throughout one’s life. Further, he shows how to turn impasse into a vision of meaning and purpose, first by awakening and deepening one’s imagination, then by recognizing patterns of meaning in one’s life, and finally, by taking action to turn one’s meaningful vision into a daily reality.

**True North: Discover Your Authentic Leadership**

by Bill George, Peter Sims, Jossey-Bass publication, March 2007

Based on research and first-person interviews with 125 of the top leaders in business, Bill George—the highly respected former CEO of Medtronic and current Harvard Business School professor—and co-author Peter Sims, describe how anyone can become an authentic leader. In this leadership tour de force, George presents many surprising conclusions as to what makes a great leader, some of which are actually contrary to previous research. The book presents a concrete and comprehensive program for leadership success, showing readers how to create their own Personal Leadership Development Plan, centered on five key areas:

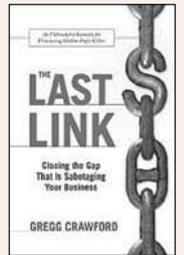


The book includes personal, original and illuminating stories from Warren Bennis, Sir Adrian Cadbury, George Schultz (former U.S. secretary of state), Charles Schwab, John Whitehead (Co-chairman, Goldman Sachs), Anne Mulcahy (CEO, Xerox), Howard Shultz (CEO, Starbucks), Dan Vasella (CEO, Novartis), John Brennan (Chairman, Vanguard).

**The Last Link: Closing the Gap That Is Sabotaging Your Business**

by Gregg Crawford, Greenleaf Book Group Llc, March 2007

In *The Last Link*, Gregg Crawford, CEO of the multinational performance-improvement firm BayGroup International, exposes the money pit that impotent strategies create. For over twenty-five years, he has worked with major global companies to help them function better. He has found countless companies spending millions of dollars to develop and disseminate a strategy they believe will lead them to corporate growth, strong profits, and secure margins. Companies hope such plans will emphasize their competitive advantages and garner approval from Wall Street, but often they become expensive bookends, never used or looked at beyond the planning process. The Last Link offers hard-hitting practical advice and a watertight implementation process to move the numbers in the right direction by linking strategy with sales.



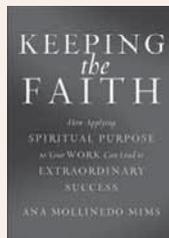
**Keeping the Faith: How Applying Spiritual Purpose to Your Work Can Lead to Extraordinary Success**

by Ana Mollinedo Mims, HarperCollins Publishers, February 2007

The key to Ana Mollinedo Mims’s professional fulfillment

has been the faith-based philosophy she believes is the foundation for finding meaning, and thus success, in all aspects of her professional life.

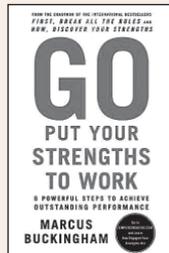
The principles Ana discusses in this book -faith, integrity, humility, prayer, forgiveness, stewardship and legacy - are concepts which have carried her well into a very distinguished career. They are principles that underlie a spirit-led career she believes is possible for anyone wanting to give purpose to one of the single most time-consuming aspects of our lives: Work.



## Go Put Your Strengths to Work: Six Powerful Steps to Achieve Outstanding Performance

by Marcus Buckingham, Simon & Schuster Adult Publishing Group, March 2007

Beginning with the million-copy bestsellers *First, Break All the Rules* and now, *Discover Your Strengths*, Marcus Buckingham jump-started the strengths movement that is now sweeping the work world, from business to government to education. Now that the movement is in full swing, Buckingham's new book answers the ultimate question: How can you actually apply your strengths for maximum success at work?

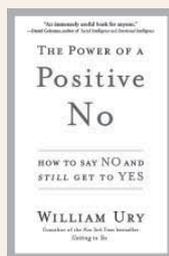


Research data show that most people do not come close to making full use of their assets at work - in fact, only 17 percent of the workforce believe they use all of their strengths on the job. *Go Put Your Strengths to Work* aims to change that through a six-step, six-week experience that will reveal the hidden dimensions of your strengths. Buckingham shows you how to seize control of your assets and rewrite your job description under the nose of your boss.

## The Power of a Positive No: How to Say No and Still Get to Yes

by William Ury, Randomhouse, February 2007

In today's world of high stress and limitless choices, the pressure to give in and say Yes grows greater every day, producing overload and overwork, expanding e-mail and eroding ethics. Never has No been more needed. A Positive No has the power to profoundly transform our lives by enabling us to say Yes to what counts—our own needs, values and priorities.



This indispensable book gives you a simple three-step

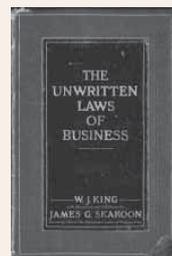
method for saying a 'Positive No'. It will show you how to assert and defend your key interests; how to make your 'No' firm and strong; how to resist the other side's aggression and manipulation; and how to do all this while still getting to 'Yes'. In the end, the 'Positive No' will help you get not just to any 'Yes' but to the 'right Yes', the one that truly serves your interests. The book is based on Ury's celebrated Harvard University course for managers and professionals.

## The Unwritten Laws of Business

by J.W. King, revised by James G. Skakoon, Random House, February 2007

Every once in a while, there is a book with a message so timeless, so universal, that it transcends generations. *The Unwritten Laws of Business* is such a book. Originally published over 60 years ago as *The Unwritten Laws of Engineering*, it has sold over 100,000 copies, despite the fact that it has never been available before to general readers. Fully revised for business readers today, here are but a few of the gems you'll find in this little-known business classic.

Refreshingly free of the latest business fads and jargon, this is a book that is wise and insightful, capturing and distilling the timeless truths and principles that underlie management and business the world over.

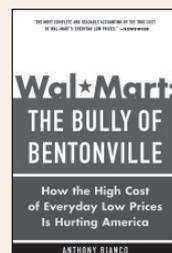


## Wal-Mart: The Bully of Bentonville: How the High Cost of Everyday Low Prices is Hurting America

by Anthony Bianco, Random House, February 2007

The largest company in the world by far, Wal-Mart takes in revenues in excess of \$280 billion, employs 1.4 million American workers, and controls a large share of the business done by almost every U.S. consumer-product company.

But Wal-Mart's "everyday low prices" come at a tremendous cost to workers, suppliers, competitors, and consumers. *The Bully of Bentonville* exposes the zealous, secretive, small-town mentality that rules Wal-Mart and chronicles its far-reaching consequences. In a gripping, richly textured narrative, Anthony Bianco shows how Wal-Mart has driven down retail wages throughout the country, how their substandard pay and meager health-care policy and anti-union mentality have led to a large scales exploitation of workers, why their aggressive expansion inevitably puts locally owned stores out of business, and how their pricing policies have forced suppliers to outsource work and move thousands of jobs overseas.



## Choice, chance, and inevitability in strategy

Mark de Rond and Raymond-Alain Thietart. *Strategic Management Journal*. Volume 28, Issue 5, 2007

This paper proposes a theory to manage the uneasy relation between strategic choice, chance, and determinism (or inevitability). To do so, the authors locate arguments in intellectual history that have a clear bearing on this relation. The paper introduces and defends four conjectures that outline the relationship between each of them and their comparative significance. The paper thus aims at achieving three objectives: (a) to articulate a philosophically sustainable theory of strategic choice that corroborates experience (without being induced by it); (b) to synthesize what remains one of the most sustained debates in strategy, namely the nature, role, and relation of choice, chance and determinism; and (c) to contribute to developing a foundation for multilevel research.

## Global airline alliances: sparking profitability for a troubled industry

Christian Czipura and Dominique R. Jolly. *Journal of Business Strategy*. Volume: 28 Issue: 2, 2007



More than ever, as far as legislation permits, long-haul airlines tend to group in alliances. This paper examines the historic developments of two alliances in terms of

their potential for increasing profitability of individual airlines. Fourteen in-depth interviews were conducted with airline executives belonging to the two leading alliances, SkyTeam and Star Alliance, as well as with aviation experts. In addition to the recent literature on alliances theory, the Internet was used to obtain data from international organizations, consultancies, universities and airlines – members and non-members of an alliance. Star Alliance might be one step ahead of SkyTeam (in terms of scope, number of members, organization, age ...).

## Untapped: strategies for success in underserved markets

John Weiser. *Journal of Business Strategy*. Volume: 28 Issue: 2, 2007

Domestic and international underserved markets represent a multi-trillion-dollar opportunity that is largely untapped. They offer the chance both to build significant profits and to meet social needs as well. But, recent experience shows there are significant risks as well. The purpose of this paper is to

present strategies, which can help guide companies through these complex markets, building sustainable advantage and avoiding painful pitfalls.

The paper presents two case studies of companies – Citibank and Manpower – which are successfully selling to and hiring from underserved markets. It also presents five success strategies derived from an analysis of over a hundred similar case studies. It focuses on some of the key differences between underserved markets and mainstream markets, and how to address these differences.

## Taking by storm: A breakout strategy

Thomas Lawton, Sydney Finkelstein and Charles Harvey. *Journal of Business Strategy*. Volume: 28 Issue: 2, 2007

The purpose of this paper is to focus on “breakout” – a forceful emergence from a restrictive form or position – pursued through a structured and purposeful course of strategic action. The objective is to secure and retain business routes to double-digit growth and market prominence. This paper addresses a key question foremost in the minds of all start-up business leaders: how do I manage and consolidate what I have achieved and simultaneously continue to grow the business and expand my market?

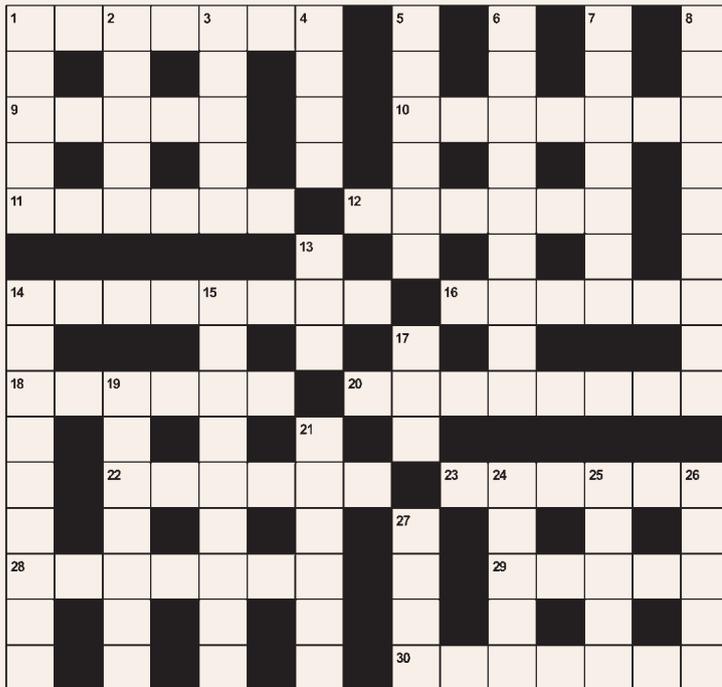
The paper is based on more than five years of research into over 100 companies around the world. This involved in-depth interviews with strategic leaders, company observations and case analysis. The findings of the paper indicate that breakouts are led, from beginning to end, by dynamic strategic leaders and typically are accompanied by sudden and dramatic increases in output and levels of activity. For business entrepreneurs who want to raise a company from a subordinate to a more dominant market position, through meeting the challenge of double-digit growth, it is crucial both to pursue the optimal strategy and excel in its execution.

## Entrepreneurs and the Process of Obtaining Resources

Thomas Hellmann. *Journal of Economics & Management Strategy*. Volume 16. Number 1, 2007

This paper examines the process of how entrepreneurs assemble resources. In the model, the entrepreneur’s challenge is to convince two complementary resource providers to commit their resources to a new venture. Before committing their resources, one of them needs to perform a costly evaluation.

The entrepreneur has a problem with getting sufficient attention, because each provider has an incentive to wait and free-ride on the other’s evaluation. For some parameters the entrepreneur solicits both partners with equal intensity (“knocking on every door”); for others, the entrepreneur always solicits the same partner (“pestering”).



**Across:**

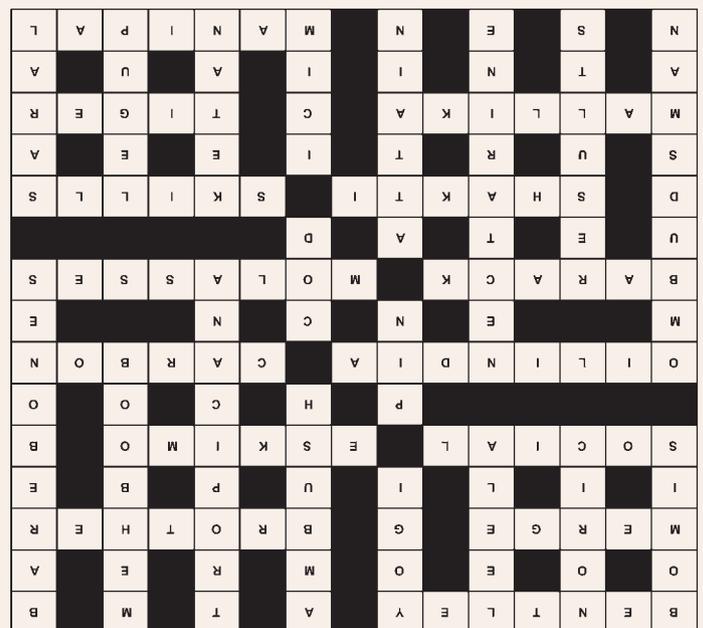
- 1 Brand of car that was “gifted” to Abhishek Bachchan on his birthday recently (7)
- 9 Financially combine two companies (5)
- 10 Big \_\_\_\_:the show that garnered Shilpa Shetty fame and fortune! (7)
- 11 Type of entrepreneur not always solely interested in cash profits (6)
- 12 Term for a native of the Arctic coastal regions of North America and Greenland (6)
- 14 Public Sector pioneer in the exploration and production of hydrocarbons in India (3,5)
- 16 Companies in developing economies can earn this type of credit if they use ecologically sensitive systems (6)
- 18 \_\_\_\_\_ Obama, US Democratic Presidential candidate for 2008 (6)
- 20 Popular starting source for biofuels (8)
- 22 The Branson/Chopra/Kapoor (Virgin LLC) international comic book series based on Indian characters (6)
- 23 A good HR manager needs to have soft \_\_\_\_\_ (6)
- 28 \_\_\_\_\_ Srinivasan:Director of TAFE (7)
- 29 Azim Premji is likened to this animal in his recent biography (5)
- 30 Corporation Bank, Syndicate Bank and Canara Bank all originated from this university town (7)

Compiled by RaviNarayan Raghupathi

**Down:**

- 1 Jimmy Wales’ and Tim Shell’s adult-oriented dot com that supported the creation of Wikipedia (5)
- 2 2000 year old breed of horse from the Austrian Alps (5)
- 3 Capt. Krishnan Nair’s inspiration for his hotels’ name! (5)
- 4 Amul’s latest flavoured yoghurt brand (4)
- 5 Type of marketing that capitalises on the main sponsors of an event (6)
- 6 Fruit drink company recently acquired by Pepsi (9)
- 7 One of India’s oldest and most popular film studios located in Mumbai (7)
- 8 Term used to describe a very basic computer system (4,5)
- 13 What you need to successfully use an ATM card! (3)
- 14 Complaints against public sector banks can be directed to this type of arbitrator (9)
- 15 Type of peach with a waxy skin (9)
- 17 Abbnv. used for a transaction when goods are paid for on delivery (3)
- 19 What every CEO wants!!! (7)
- 21 To gain as an objective or achieve (6)
- 24 \_\_\_\_\_ Parekh:famous stockbroker and scamster (5)
- 25 Slang term for a position of advantage (3,2)
- 26 Name of the IT return forms that are meant to be simple to complete (5)
- 27 Accel Frontline had this as part of its name earlier (4)

**Solution**



## Bosses still prefer suck ups



All bosses have, by now, memorized these lines – ‘I strive to see the value of differing opinions in my company/department and avoid playing favorites.’ Organizations are projecting an image that favoritism or nepotism are passé and the ones that are

replacing them are diversity, fairness, excellence. But a recent survey shows that old habits die hard and that suck ups are still having a field day.

Marshall Goldsmith reviewed custom-designed leadership profiles at more than 100 major corporations. He has found that almost every company says it wants people to “challenge the system,” “be empowered to express their opinion,” and “say what they really think,” but there sure are a lot of companies that are stuck on sucking up.

In a report published in *Strategy & Business* (Spring 2007) Goldsmith states: “If leaders say they discourage sucking up, why does it dominate the workplace? Keep in mind that these leaders are generally very shrewd judges of character. They spend their lives sizing people up: taking in first impressions and recalibrating them against later impressions. And yet, they still fall for the super-skilled suck-up. They still play favorites.

Marshall Goldsmith is a leadership development trainer and is the author of *What Got You Here Won't Get You There* (Hyperion, 2007). He conducted an irrefutable test with his clients to show how we all unknowingly encourage sucking up. He asked a group of leaders: “How many of you own a dog that you love?” Big smiles cross the executives’ faces as they wave their hands in the air. They beam as they tell him the names of their faithful hounds.

He then asked them: “At home, who gets most of your unabashed affection? Is it (a) your husband, wife, or partner; (b) your kids; or (c) your dog?” More than 80 percent of the time, the winner is the dog.

He then asked the executives if they love their dogs more than their family members. The answer was a resounding no. His follow-up question: “So why does the dog get most of your attention?” Their replies all sounded the same: “The dog is always happy to see me.” “The dog never talks back.” “The dog gives me unconditional love.” In other words, the dog is a suck-up.

His findings: “If we aren’t careful, we will end up treating people at work like dogs: continually rewarding those who heap unthinking, unconditional admiration upon us. What behavior do we get in return? A virulent case of the suck-ups.

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## Toyota’s number one dilemma

*Time* magazine did a story about an unusual dilemma Toyota is going through in the United States. Statistics indicate that Toyota could have overtaken the Detroit duo General Motors and Ford in sales this year but fearing patriotic backlash, it is not going to town with the news. If you see the way the two gargantuan American companies are going through their labor pains, Toyota cannot hold on to the news for too long. Just like its ‘ahead of the curve’ strategy (see page 7) on business, it needs a similar one for its communications and PR. Good luck!

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## Richard Branson’s green house offer

Richard Branson knows how to stay in the news and most of the time for good reasons. His latest PR stunt is his bold offer of prize money of \$25 million to anyone or any organization that first comes up with the technology to eat up green gases from the atmosphere. It’s a funny case of good money going after bad.

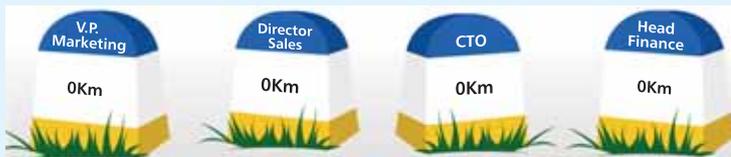
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## Princely CSR

The *Guardian* recently reported how a few big companies are shelling out 16,000-pound trip a piece for their executives for a trip to Antarctica to learn team work and to gain higher consciousness for environment. It turns out that most of these executives are from oil companies who are out to prove their green credentials. The recent inclusion was from Coca-Cola, perhaps inspired by the pesticide controversy in India.

The course is aptly titled – Leadership on the Edge. For its critics, including a few of the participants, it is an indulgent booze-cruise on ice masquerading as corporate social responsibility.

Robert Swan of 2041, who conducts voyages to Antarctica, asked each member of the course to deliver a 30-second speech. Nearly everyone said the experience had changed them. They promised to do more for climate change and said they would make sure their boss sent someone on next year’s course. This is indeed a case of the more you pollute, the more you pay to learn how not to.



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**Post : IT Director**

Company : Oracle India Pvt. Ltd.  
Co. Profile: Oracle Corporation is the world's leading supplier of software for information management and the world's second largest independent software company.  
Job Desc. : Responsible for strengthen the middle management by active and direct involvement in the division's projects and able to handle 4-5 Projects Globally.  
Profile : Should be B.E/B.Tech/MCA/MCM/M.Tech with experience in IT Software and must be from Product Development IT Industry Background.  
Exp : 18-28  
Location : Bangalore  
Email : prashant.x.singh@oracle.com

**Post : Director- Technology**

Company : Bioimagene India Pvt. Ltd.  
Co. Profile: Bioimagene Inc. is a leading company pioneering a new generation of image informatics solutions targeted to the specific needs of the life science research and medical diagnostic workspace.  
Job Desc. : Have to manage a small team of Project Managers. Works closely with Account Management and & Business Development group Good experience in latest Java technologies.  
Profile : Must be ME / M.Tech / BE / B.Tech (Computer Science / Electronics / Communications) from reputed institute with good experience in latest Java technologies (Java, EJB, JMS, Servlet, JSP, Swing).  
Exp : 12-18  
Location : Pune  
Email : sheetal@bioimagene.com

**Post : Administration Head**

Company : Patni Computer Systems Ltd.  
Co. Profile: Patni Computer Systems Limited is a global IT Services provider with revenues of over US\$ 450 million for the year 2005.  
Job Desc. : The jobholder will assist the Head Facilities & corporate Services in formulating and implementing the administration and facilities support strategy and business plan for the Company.  
Profile : Should be Electrical or Mechanical Engineer or from a reputed university/ Institute Skills/ with knowledge of planning and budgeting skills.  
Exp : 10-15  
Location : Delhi/NCR  
Email : careers@patni.com

**Post : Administration Head**

Company : Videocon Industries Ltd.  
Co. Profile: The Videocon group emerges as a USD 2.5 Billion global conglomerate continuing to set trends in every sphere of its activities from a conference room sized assembly line in 1979.  
Job Desc. : Has to implement HR Systems and Policies and follow them strictly. To review the HR Systems on regular basis and initiate corrective actions whenever and wherever needed.  
Profile : Should have sound knowledge of Laws, Statutory Compliances, and good leadership qualities  
Exp : 8-13  
Location : Aurangabad  
Email : jobs@videoconmail.com

**Post : Finance Head**

Company : Telemart Communication  
Co. Profile: We are premier distribution org. with a proven track in the mobile phone industry. We have been appointed as distributor of Samsung Telecommunication in India both GSM & CDMA.  
Job Desc. : The candidate would be responsible for the complete financial planning, budgeting and monitoring of the commercial activities in the organization.  
Profile : Candidate should be a CA/ MBA Finance with experiences in heading and handling the complete financial activities of a reputed company with multiple branch locations.  
Exp : 10-12  
Location : Delhi  
Email : telemart\_hr1\_telemart.co.in

**Post : General Manager**

Company : Transport Corporation of India Ltd.  
Co. Profile: A leading 100% EOU Garment Manufacturing Unit specializing in ladies and children wear. The company supplies to some of the top boutiques and up market stores in Europe.  
Job Desc. : Will be responsible for execution of business orders directly from procurement to shipment. He should be creative, well versed in computers, and possess good interpersonal skills.  
Profile : Will be responsible for execution of business orders directly from procurement to shipment. Should be creative, well versed in computers, have good command of English language.  
Exp : 9-10  
Location : Gurgaon  
Email : rajesh.thareja@tcil.com

**Post : Dy.General Manager**

Company : Omaxe Ltd.  
Co. Profile: Omaxe is an ISO 9001:2000,D&B 5A2 rated organization, pursuing it's mission of building superior real estate matching the highest world standards.  
Job Desc. : Incumbent will be responsible for material management, quality check of materials and overseeing store management.  
Profile : Should have Degree/ Diploma in Material Management with experience in construction industry. Proficiency in computers is essential.  
Exp : 12-15  
Location : Delhi  
Email : sumeetgoyal@oamxe.com

**Post : Systems Head**

Company : Peregrine Security Pvt. Ltd.  
Co. Profile: Peregrine is an ISO certified company with 39 branch offices across India and International set up at Zambia. We have top of the brass MNC clients along with prestigious Indian clients.  
Job Desc. : Profit Centre Head provide solutions towards designing, installing and servicing IT protection systems, electronic surveillance etc as an Institutional Selling.  
Profile : Techno commercial (Electronics Engineering + MBA). Own conveyance, exposure in Electronic security Systems, Exposure in designs, execution for the Fire fighting jobs, CCTV, Access Control etc.  
Exp : 8-12  
Location : Gurgaon  
Email : hr@peregrinsecurity.com

**Post : Finance Head**

Company : Pinaki Technologies  
Co. Profile: Pinaki Technologies is a global transaction technology services integrator. We help companies implement intelligent simplified solutions that solve business and operational issues.  
Job Desc. : Candidate should be from insurance background. A largest Insurance Group is looking for Head Finance.  
Profile : Candidate should be from insurance background.  
Exp : 8-13  
Location : Delhi  
Email : position.admin@pinakitech.com

**Post : General Manager- Sales**

Company : Modicare Ltd.  
Co. Profile: Modicare, is one of Indias leading Direct Selling companies and is a major player in an industry dominated by multinational giants.  
Job Desc. : Responsible for the complete business in South with both top line & bottom line accountability. Drive sales in the region through a team of ASM, Trainers, BDM's.  
Profile : Should be self motivation and looking for continuous improvement in the department. Must have 'hands-on' management style Team player with good leadership skills.  
Exp : 8-10  
Location : Nepal  
Email : careers@modi.com

**Post : HR Head**

Company : NexxStep-Talent Source and Searching Consultancy  
Co. Profile: We are a Manpower Source and Searching Consultancy. Our Forte is into IT and ITES recruitment.  
Job Desc. : The role will require you manage the complete HR and the recruitment functions for this BPO based out of Chennai. You will have a team of Divisional HR Heads reporting to you.  
Profile : Should have relevant experience in the BPO sector. Manpower retention and Motivation would be your primary focus areas.  
Exp : 8-12  
Location : Chennai  
Email : nexxstep\_06@yahoo.co.in

**Post : Technical Architect- PL/SQL**

Company : Strydz Corporate Services Pvt. Ltd.  
Co. Profile: Strydz Corporate Services Pvt Ltd is an Executive Search firm which works with industry leaders to help them meet their Hiring requirements.  
Job Desc. : Must have strong technical and communication skills. Should be open to relocate to Bangalore.  
Profile : Incumbent must be BE/MCA/BTech/MSc with experience in IT and as a Technical Architect specializing in PL/SQL. Must have strong technical and communication skills.  
Exp : 8-12  
Location : Bangalore  
Email : bangalore@strydz.com

**Post : Chief Technical Officer**

Company : Germinait Solutions Pvt. Ltd.  
Co. Profile: Germinait is an IT start up focused on partnering with Artificial Intelligence researchers from around the world in order to build commercially viable IT products.  
Job Desc. : Will have to lead the design of IT products, set up processes for entire product lifecycle, and lead team comprising of programmers and renowned researchers from around the world.  
Profile : IT product development experience including design lead for least two IT products that were launched, responsible for setting up processes for product development and delivery, system integration experience.  
Exp : 10-15  
Location : Mumbai  
Email : careers@germinait.com

**Post : Director**

Company : S S Inc  
Co. Profile: Sprint Software is a team of experienced professionals working together for information technology solutions.  
Job Desc. : Our Client in Pune is in need of a senior testing profile, who should have experience in testing and managing large team sizes of automation, manual testers.  
Profile : The ideal candidate should have been in testing with experience in managing large team sizes of automation, manual testers.  
Exp : 15-20  
Location : Pune  
Email : rohini@sprintsoftware.net

**Post : Head- QA & Testing**

Company : NAVIS  
Co. Profile: Navis, headquartered in United States, is the world's leading provider of mission-critical software solutions that manage and optimize the flow of goods within and between facilities in the supply chain.  
Job Desc. : Should have experience in Software Quality Assurance and have as an individual contributor. The candidate must have designed, implemented, and executed tests for complex applications.  
Profile : Must be very well versed in testing tools from companies such as Mercury (Winrunner & Loadrunner), Segue (Silktest), and IBM (Rational tool set), or open source tools such as Grinder and Selenium.  
Exp : 10-12  
Location : Chennai  
Email : jobsindia@navis.com