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Monthly for CEOs & Aspiring CEOs

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## Go, get a coach!

*If you don't have a coach yet, go get one. It can make a world of difference to your business and to your career*

By Benedict Paramanand



Vijay Govindarajan

C K Prahalad

*India's top executive coaches*

**W**hy do Tiger Woods, Roger Federer and Sachin Tendulkar need coaches even after they have reached the top? They are supremely talented and know the game better than anyone. They may be firing their coaches often but quickly go and get another.

Isn't it time to ask - if the world's greatest athletes still rely on daily coaching - wouldn't executives in the business world benefit from applying the same principle?

A tough question indeed ! Except for a few American and Harvard-Stanford-educated Indian CEOs who have access to top management gurus, the executive

coaching concept is yet to catch on. CEOs have been finding a midway by hiring consultants. But consultants, by their very nature, are good for specific projects.

The B-school legacy extends even to whatever little coaching there is - CEOs still prefer professors as their coaches and not practicing/retired executives. However, Indian executives are beginning to be more open to being challenged and are ready to pay big bucks for external support. The popularity of executive or management development programs is an indication that it is the first step towards the acceptance of a full-fledged executive coaching concept.

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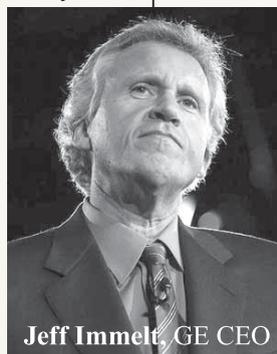
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## Bottom-of-the-pyramid for the rich

When management guru C K Prahalad wrote *Fortune at the Bottom of the Pyramid*, he had American and European multinational companies in mind. He wanted them not to despair because of saturating domestic markets and highly competitive emerging markets. He wanted them to see an untapped and unknown market in the developing world. What's turned out is a happy discovery of a sizable market in their own backyard.

Perhaps GE discovered this secret first. CEO Jeff Immelt called his globalization strategy "in country, for the world." He believes that by figuring out how to meet demand in the still relatively poor growth markets, he's going to achieve hard-to-imagine price breakthroughs. And here's what's truly radical: As GE and others do this, these products won't just be sold in emerging markets. Instead they'll filter back into the rich economies - a new deflationary force that should delight buyers but devastate competitors who lack a global footprint.

Immelt has his eyes on, of all the things, water. He told *Fortune* recently that "There's a shortage everywhere, even in places like California and Florida. Some systems we're working on in the Middle East, India, and China are trying to do water desalination at \$0.001 per milliliter,



Jeff Immelt, GE CEO

which is an off-the-chart low cost. We'll never hit that in the U.S. But we'll hit it some place outside. And the second we do, a huge market is going to open up inside as well." Immelt sees the same thing happening with coal-sequestration technology or MRI scanners, where GE is working on a product in China that could cut prices in half. "At the right cost point, you not only sell it in China, you open up a market among the 35 percent of U.S. hospitals that today cannot afford to have an MR scanner," he told a journal recently. "We've got 15 or 20 projects like this that are going to open up big markets around the world over the next five years."

GE's not alone. Another market to watch: small cars, where the big American, Japanese, and Korean makers are now tussling with locals to grab share in China and India. The new models that emerge will first be sold locally and then to other emerging countries. "But believe me, the goal isn't just emerging markets," says Hari Nair, president of international for auto parts maker Tenneco, which today gets 58 percent of its sales overseas. This intense competition is spurring innovation, such as the work Nair's team is doing in India to help Tata Motors introduce a "Rupee one lakh" car by 2009.

## Go on, get complex

The popular belief that simplification generally creates value by removing unnecessary costs is turned upside down by a recent research by McKinsey. The research studied more than 1,000 middle and senior managers around the world and the findings are available in McKinsey Quarterly 2007, Number 2.

If complexity is seen as a challenge to be managed and not as a problem to be eliminated, businesses can generate additional sources of profit and competitive advantage, and this can be better than reaping advantages of being 'simple', concludes the study. Managed well, complexity can also increase the resilience of a company by enhancing its ability to adapt to a changing world.

Complexity should be understood at two levels: institutional complexity, which is a function of the structure and operations of the business, and individual complexity, which is about how an individual manages them.

Interestingly, institutional complexity doesn't necessarily generate individual complexity, although many people would assume this is so. Most companies focus exclusively on

institutional complexity and try to deal with it and reduce it. But the research recommends that instead of focusing on institutional complexity, organizations should focus on reducing the degree of individual complexity because this creates room to increase institutional complexity. Institutional complexity can create value if organizations manage individual complexity well. This means, if you reduce the degree of individual complexity, you can manage higher degrees of institutional complexity.

You can reduce individual complexity either by distributing institutional complexity across larger numbers of employees or by focusing it in a few pivotal roles and mitigating it with strong capabilities in those positions. Institutional complexity can then be exploited to pursue more challenging and value-creating strategies and to increase the organization's resilience.

It's worth doing all this since companies that manage complexity well are arguably harder to imitate, are more adaptive to changes in the environment and hence have better resilience.

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Mentoring as a concept is beginning to gain acceptance in India, but to a limited extent because HR is ill-equipped to drive it. Mentoring is perhaps the first step in making an organization believe in external support systems like coaching to drive innovation and growth. With retention becoming a big challenge, mentoring and executive coaching will have to become a strategic necessity for organizations and be driven by senior management, not left to HR alone.

The case for an executive coach is no longer a debate. Satish Pradhan, executive VP, group HR, Tata Sons, told a newspaper recently: "The fact is that a CEO is very lonely. And having someone who can share that space, be realistic and provide guidance is extremely important." More than anyone today, entrepreneurs and smaller businesses need coaching the most because they're so isolated.

American football player, Tom Landry, best known for his successes as coach of the Dallas Cowboys had famously said: "A coach is someone who tells you what you don't want to hear, and has you see what you don't want to see, so that you can be what you have always known you can be."

Having made a case for executive coaching, it's important to know that they don't guarantee miracles. They typically provide expertise in facilitating personal discovery; help executives work through a specific problem; support formulation and application of specific strategies, and guide in acquisition of specific competencies. Good enough to make a difference to an executive's life.

Why should only CEOs have coaches? At a time when the flat world is forcing businesses to be on the edge all the time, senior management and functional heads need more than their experience and qualification to stay ahead.

### *Where are the coaches?*

Even if the executives were to be ready, where are the coaches in India? The Indian cricket board is looking for foreign coaches even though the country has cricketing giants willing to offer their services. Clearly, the 'executive coach' species is yet to be born in India.

Seeing an opportunity, the Indian School of Business (ISB), Hyderabad, is starting a CEO-coach training program in August 2007, which will be conducted by the American firm Goldsmith.

It will be worthwhile for budding Indian coaches to read *The Art and Practice of Leadership Coaching: 50 Top Executive Coaches Reveal Their Secrets* by Howard Morgan, Phil Harkins, Marshall Goldsmith. Two Indians – C K Prahalad and Vijay Govindarajan are among the top 50 and specialize in strategic coaching.

Clearly, for Indian businesses to scale up not merely in size but also in practicing best-of-breed management value systems, executive coaching has to take off in a big way.

***If you want an executive coach or if you want to be a coach to senior management, please send your CV to [benedict@managementnext.com](mailto:benedict@managementnext.com)***

## Indian management skills poor

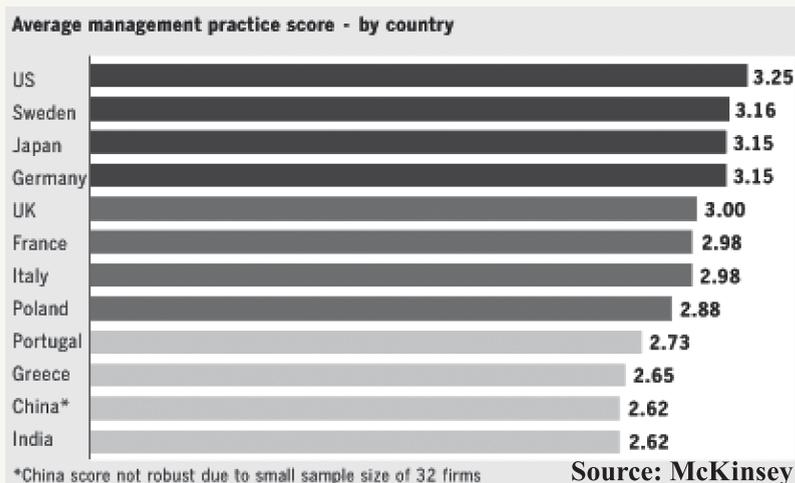
India's image as a 'transforming' economy and its impending 'economic super power' status has taken a beating. A recent finding by McKinsey and London School of Economics finds that management skills among Indian manufacturing companies lags behind ten countries but is equal to that of China.

The study was based on quizzing plant managers in medium-sized companies about their approach to 18 areas of manufacturing management, including ways to reduce defects and ensuring employees meet targets. The 4,000 businesses in the survey included some multinational subsidiaries, as well as independent businesses. The average annual sales of all the companies is \$44m while their average number of employees is 250.

The US scored most highly for management capabilities of all manufacturers, followed closely by Sweden, Japan, Germany and, after a relatively large gap, the UK. According to John Van Reenen, director of the centre for economic performance at the LSE, the US' good standing stems from the country's high degree of worker flexibility and tough competition. "In the US you see a relatively small proportion of badly managed firms [out of the total sample], which is I think

due to a competitive process of 'weeding out' of poor ones," said Prof Van Reenen.

The good news is management skills among multinational companies operating in India is second only to US. This indicates that the best of Indian management brains still go to MNCs. India's poor position in the overall league table of management skills of all companies may be related to the country's historically weak economic performance and restrictive government rules that have been eased only in the past decade.



## Indian companies' scare on pay rise 'unwarranted'

If the latest Hay Group's 2007 report on global pay trends is any indication, Indian IT and technology companies' scary projection of becoming uncompetitive soon appears an over-reaction. Their fear is understandable because IT and ITES companies had got so used to 30 percent year-on-year growth for the last five years that even a 10 percent rise in pay hurts, not to mention the bruising they are getting due to rupee depreciation.

At 36 and a packet of \$92,750 in the global pay stakes, managers in India are paid much lower than most other emerging economies. Among the other emerging economies Russia came in at fourth at \$157,348, China at No 14 with \$126,281, and Brazil at No 17 with \$123,766. Management pay in Western European countries fares poorly by comparison. The UK is ranked just 40th in the management pay stakes, Germany is placed just 19th, with France 31st, and Italy 28th. Only Spain, where the cost of living is lower, remains reasonably placed, taking 12th spot with disposable incomes of around \$128,197.



Surprisingly, American managers are ranked 24th in the world pay league table of 46 countries, with a buying power equivalent to an average salary of \$104,905 when tax and cost of living are taken into account.

Why is Indian managers' pay that low? Hern Yin Goh, reward information services manager for Hay Group China, seems to have an answer. "India benefits from a large tier of well-educated, English-speaking local talent, making management pay more immune to the international market. That said, managers' pay is increasing at double-digit rates in India - between 15-20 per cent - so it is unlikely to stay at the bottom of the pay table for long."

Despite mushrooming B-schools, India is facing severe shortage of middle and senior management skills. Bharati chief Sunil Mittal vouches for this. "There is shortage of skill at the top level and more specifically in the service sector, which is why pay packages of senior executives are high," Mittal said at a CII conference recently. He said this before the Hay report was out.

# India is finally serious about innovation

*NASSCOM, BCG report is bang on but not futuristic on patents*

**N**ASSCOM and The Boston Consulting Group (BCG) released 'Innovation Report 2007' consists of findings for unleashing the innovative power of the Indian IT-ITES industry, recently. Also, the CII recently launched the India Innovation Index to trigger comparison so that people start asking questions and come up with new ideas.

According to the Global Innovation Index 2007 of INSEAD, India ranks a respectable 23rd, well ahead of countries such as China (29th), Brazil (40th), Italy (24th) and Spain (27th). India has realized that there is big money in innovation as a business (\$50 billion by 2012 in IT & ITES alone), other than the feel-good factor of moving up the ranks.

The NASSCOM-BCG Innovation report is bang on and means business. While the debate so far has been about what's holding India back, seeing opportunities and creating conditions to go after them is refreshing.

Clearly, the Indian IT and ITES sector is entering the third phase of its evolution and this requires different sets of competencies. "Traditional factors that led local firms through the first two phases are being eroded by rising factor costs, geographical and cultural affinity to other destinations, global firms building sizeable Indian capabilities, very few big Indian players and future governance and management challenges for firms if they follow the current linear expansion model," says Kiran Karnik, head of NASSCOM.

## Key initiatives

NASSCOM will recognize breakthrough innovations and support innovative ideas with necessary global marketing and funding support. It will also institutionalize an annual innovation survey that will track and capture the performance and perspectives of Indian IT-ITES companies on different aspects of innovation.

Relative to several international examples, the Indian ecosystem is weak and requires significant bolstering. The study identifies specific initiatives which need to be undertaken by different stakeholders.

Set-up an India Innovation Fund – focused on seed / angel stage funding, a stage where the risk is the highest and least



amount of funding exists. It wants to engage the government in a public-private-partnership model so that professional management of funding can be ensured and the cost of funds can be competitive.

The proposal for bringing about synergy among disparate innovation initiatives of the government and the private sector to drive a focused national innovation agenda is timely. An extension of this idea is the proposal to set up National Innovation Commission, a nodal body to provide innovation thought leadership to both the government and the private sector.

What's commendable about the report is the importance to the social impact of IT.

"Irrespective of the chosen coordinating mechanism(s), the three guiding principles for a national innovation agenda should be social welfare goals such as IT-enabled healthcare or education delivery among others; academia and research interests and commercial and usability considerations for technology."

However, the bold innovation initiative falls short on one count – prominence to patents and copyrights. While the debate between patents and innovation is still fresh, the future is moving towards Open source and collaboration. In fact, patents are now seen as hindering innovation.

The bigger challenge for the Indian innovation drive is to pull together innovation efforts in several spheres. One of the things to watch out for is not to dissipate funds and efforts in going after too many ideas. Focusing on India's strength areas will ensure bigger rewards.

**Want to be an Innovation Reporter?**

If you have seen or heard of an innovative product, process or a service in your company or around your friends and professional circles, try your hand at reporting it to us. We will be happy to publish them.

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# Life is easier with ERP II

*SMEs are spoilt for choice today. But they should go for technology that is need-based and not for glamour*

By Satish Kumar

ERP II is more than an extension of ERP. ERP did not cater much to the individual elements but focused more on macro parameters like departments, process and procedures. Since the micro elements escaped attention, there was no proper remedy for defects, and even if they were implemented, they were not highly effective. ERP II has some comprehensive features that not only concentrate on individual elements but also synergize them and makes the functioning of the component more meaningful. The beauty of ERP II is that it can be used by sectors irrespective of the nature of business or volume of transactions.

ERP II has more functions than its predecessor. It has not only facilitated in bringing non-conventional, core and supportive functions but also the best practices followed in other industries, reports ERPWire.com.

ERP II has been able to draw the most benefits from the internet. Its contemporaries Wireless ERP and Web-enabled ERP have helped in making this possible in addition to the existing features of ERP. The operation of ERP is more focused within the organization and has a far reaching impact on external factors. On the contrary, ERP II includes both internal and external factors and remains internal even in the connection part. In the meanwhile, every other area is given due importance when it comes to ERP II.

## Open source

Open Source Technologies have made the job of ERP easier. It has helped the consumer in many ways other than cost and many companies are increasingly using them.

It is literally available free of cost. All that the user has to do is to download the software and install it - an unbelievable fact is that even the source code comes free. This in itself has encouraged many companies to go for ERP, as they are not burdened by investments. Open Source accounting ERP and Open source ERP payment are becoming popular. Open source ERP payment has helped in facilitating easy disbursement of cash.

However, there is a flip side to this. Unlike the usual ERP applications, it is not possible to avail the services of a vendor

as the company handles everything independently. This has many dimensions. Firstly, the company enjoys a sole liability. Secondly, a simple error when not rectified (when in-house personnel do not know to) could prove to be a costly affair for the company.

Open source ERP has resulted in many lawsuits and incidental claims. There is still ambiguity in the copying aspects. The question of infringement and indemnification remains unanswered as seen from previous cases, the report adds.

## Web-enabled

Web-enabled ERP services have helped in removing many drawbacks of the earlier applications. This has gained momentum as it has made ERP functions more meaningful and dynamic.

Web-enabled ERP services help companies keep track of what is going on. Since the entire system comes under the purview of the internet, it is not possible for employees to engage in any sort of misappropriation of funds. In addition, the errors could be easily deduced and corrected.

Web-enabled ERP has reduced response time to a few seconds. In addition, the customer can access the details from his

personal computer and need not even depend on the company for trivial information.

A CEO can know the status of the company's business and problems by sitting anywhere in the world. Similarly, any other person can obtain the desired information in the shortest possible span of time. However, the worry in this is confidentiality of information. Web-enabled ERP is the future but it needs to evolve further.

## Wireless

The latest is wireless ERP. It facilitates up-to-date information on enterprise operations as and when required through the use of modern communication devices like mobile phones and laptops.

Though privacy is a burning issue here, wireless ERP has a huge market potential. This is evident from the fact that big players like SAP and Peoplesoft have penetrated the segment.



# ERP for SME in SaaS Model



*SaaS model has the power of big organizations and at the same time simplicity of an SME*

By S Vijay Venkatesh

As a term, SaaS (software as a service) is generally associated with business software and is typically thought of as a low-cost way for businesses to obtain the same benefits of commercially licensed, internally operated software without the associated complexity and high initial cost. Many types of software are well suited to the SaaS model, where customers may have little interest or capability in software deployment, but do have substantial computing needs.

Application areas such as customer relations management, video conferencing, human resources, accounting and email are just a few of the initial markets showing success of SaaS. The distinction between SaaS and earlier applications delivered over the internet is that SaaS solutions were developed specifically to leverage web technologies such as the browser, thereby making them web-native.

With abundant internet bandwidth, like Gmail and Yahoo mail, ERP applications can also be comfortably accessed through Internet.

## Shrink-wrap Indian ERPs

Over the period, like accounting and HR applications, ERP also has grown with diversified functional features. Several ERP vendors are offering vertical specific ERP application with practically no customization. Hence the same can be put into direct deployment. Over the period, handful of Indian ERP products with right functionalities and technology have emerged and are ready to deliver in this model. The MNC ERP products need localization, which is done as a part of customization. Some of the well-known international ERPs, while upgrading to newer versions,

need such customizations have to be re-done. The long and short of it is that the SMEs will really not know what they are buying.

## Functionality scores above technology

Flexible technology and openness to customization might not work in one's favour of SMEs. It is like an impressed king gifting an elephant to a poor poet - while it is prestigious for the king to gift an elephant, the animal is a liability to a poor poet.

Industrial associations have to take the initiative to bring like-minded industries as a cluster to adopt ERP in SaaS model and create success stories.

As a cluster these industries can take up the basic training in a common facility to leverage cost and time.

## *SMEs need to come out of hand-holding beyond a point and look for remote support from vendors*

## Security and Reliability

As we all know, keeping gold and jewels in a bank's safety locker is better than keeping it in one's own house and so the data is always more safe in a standard data center.

In a SaaS model, the ERP application will be hosted in a robust server and the same will be co-located in a secured data center. The data center will have infrastructures like server racks, data backup devices, secured networks, anti-virus and firewalls (with constant upgrades), adequate internet bandwidth equipped with well trained IT professionals to maintain all these 24x7.

Even though the application is accessed by several organizations and several users, the application design is such that one company's data cannot be accessed by unauthorized persons. Within a company, each user will have access only to the specific data access as per their business functions. For example, a sales person can see the sales data and the debtors outstanding status (DOS), but he/she cannot access the general ledger, P & L or balance sheet.

## Accessibility

For application access, the SME organization needs to have a reliable internet broad band connectivity. The advantage is that the application can be accessed even from a cybercafé.

## Cost is shared and continuous support

Under SaaS model, with marginal initial setup cost and training cost, the application usage payment can be made on a monthly basis. Unlike the ownership model, the vendor relationship is on an ongoing basis - they are bound to provide service levels as agreed.

## Upgrades

It is Convenient for the ERP vendor to provide the patches and upgrades on a regular basis.

SMEs who are planning to go in for ERP may look for vendors providing ERP application on a SaaS model. This model will have the genius of both ends, power of big organizations and at the same time simplicity (low cost and less complex) of an SME.

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# ERP for SMEs – To buy or not to buy?

*ERP opens up new markets for SMEs*

by Nagaraj Bhargava



**Y**ou will have a problem of plenty today if you are the CIO in a large company. You will have many unopened IT product mailers on your desk, quite a few 3 dimensional product teasers at your mail-room and many IT salespersons outside your cabin waiting to tell you of the brilliance of their software.

However, if you happen to run an SME company or the IT/Finance department in it, and are struggling with trying to go home on time on account of the quarterly MIS or the inventory scheduling, life is a bit different. Your mailbox is healthier and you do not suffer from an information overload. You can decide whether you really need ERP by asking yourself the following questions?

## Isn't ERP for the big guys?

The right question to ask, but the answer has changed drastically over the last few years.

Once reserved for big corporations, ERP applications are gaining traction among entrepreneurs who need real-time insight into sales patterns, inventory availability, cash flow and the like. According to industry analysts, more than a million small businesses worldwide implemented an ERP system last year.

Yesterday's ERP systems carried seven-figure price-tags and required painful two-year deployments, not to mention battalions of expensive IT consultants to keep them up and running. Today's products can be deployed in less than a week and are unlikely to let you down in moments of crisis (or create a crisis by crashing!). And the total cost of ownership has made it affordable.

## Does the ERP really help me in growing the bottom line?

SMEs are typically successful because of their founding father's individuality & their agility.

And as the company grows, spreadsheets are not enough to meet their needs. SMEs need to decide which business problem they are trying to solve. Do they need a software for accounting purpose only or do they need insight into sales patterns, inventory availability, cash flow et al? Or are they tired of custom built solutions for each department and now want a single view of data and a correct rendering of their business processes on software.

The uniqueness of your requirement should drive what ERP you need to go for.

## How long will it take to implement my ERP?

One valid question in the mind of SME leaders is the timeline for ERP implementation. SMEs have limited resources. There's only so much time they can devote IT and business staff to getting an ERP system up and running. ERP for SMEs can be implemented in a matter of days – going from a week to a month. Similarly, for Mid-sized businesses, the time line can vary from a fortnight to a month. And smart implementation planning could lead to zero downtime.

## Can ERP help me strategically also?

Traditionally most SMEs use ERP for cost management and control. Chris Andersen, editor of Wired magazine has coined the term 'long tail' to explain millions of low-volume but collectively huge niche markets opened up because of the web.

An IDC whitepaper sponsored by SAP: Enterprise Long Tail: Will IT Matter says that "smart SMBs in the enterprise long tail will not see cost reduction and revenue generation activities as mutually exclusive. They will strive towards all rounded operational excellence across the customer, design, and supply chains – resulting in higher revenues from improved customer experience; and more innovative, higher quality product/services." The study surveyed SAP Asia Pacific customers – including India - and found that majority of the respondents considered among the top business benefits from their SAP solution deployment: higher operation/process efficiency, greater business visibility leading to faster decision making and higher levels of internal/external collaboration.

### SAP in SMEs

SAP has been in India for over 10 years and counts on 1400 SME customers out of its 2000 strong customer base. SAP ERP is the brand name of SAP's flagship enterprise resource planning (ERP) software used largely by Large Enterprises. For mid-sized enterprises, SAP offers SAP All-in-One - a collection of preconfigured, vertically designed software packages based on the flagship SAP ERP. SAP also offers a separate product for Small Enterprises - SAP Business One - an affordable, easy-to-use way to manage critical business functions across sales, distribution, and financials – all in a single integrated software system.

If you like to have more information on whether ERP is right for you, please visit:[http://www.sap.com/smallbusiness/resource\\_kit.epx](http://www.sap.com/smallbusiness/resource_kit.epx)

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# ERP for SMEs – Keep it lean



By Ranganath Iyengar

*The best approach to good implementation is to have a cross functional team*

ERPs were well known to large organizations but over the last decade several small and mid-sized organizations have adopted ERP to gain similar competitive edge through mainstreaming of processes, high quality reporting, enhanced business controls and well-defined organizational workflows.

Interestingly, the basic process questions for ERP have not changed over the last 35 years – i.e. what do you want to make, what material does it take, what materials do you have and what materials do you need to get. The big difference however, in modern ERPs, is about its ability to run forecasts and simulations (the ‘what if’ scenario) to understand constraints and define performance – both of which are very useful to planners and operational managers alike.

ERP needs a lot of process discipline and the classic challenge that is faced by an SME is – should we change our business process for the ERP (presumably coming with ‘industry best practices’) or look for an ERP that is flexible to accommodate existing processes. The high cost of BPR (business process re-engineering) often puts off SMEs that have very limited budgets.

ERP also needs people involvement, training and lots of patience – given the management bandwidth of SMEs, this is often a challenge and hence unless one of the senior management is involved with the project, it is bound to fail. This is mainly because the test of an ERP is in the end result, functional acceptance as well as employee productivity. These can best be tangibly measured only through senior management involvement.

## Technology choices

Technology choices are plenty since industry verticals differ significantly and for SMEs the basic thinking has been altered on many counts – for example, there are ERPs with inbuilt databases (e.g. powerERPro from Vishesh Infotech); ERPs with no databases (e.g. SpApp from Sysnet); stripped down light versions of high end ERPs that are configurable by implementation service partners (e.g. ORION Lite from 3i Infotech, SAP Business One, Microsoft Dynamics AX or NAV (Axapta or Navision) that can be run with free / low end database versions); open source ERPs that are built mostly on Java platforms and have web front ends (e.g. CODAF - a combo pack of Compiere, JBOSS and Daffodil DB, Tiny ERP, Opentaps ERP, Open MFG, Open Bravo etc.); software specification based ERPs for niche industry applications (e.g. Agile Labs P5RM).

In addition to traditional deployment options that offer higher security of data and are designed for in house deployment, ERP is also available ‘on tap’ from several providers for SMEs as a service (e.g. Salesboom, OpenBravo, XL suite etc) which further reduces the risk for a user when selecting an open source platform.

## Cost of implementation

Irrespective of the size of the SME, implementation costs are often not clearly understood beyond the software acquisition cost, which is insignificant for open source. However, costs for ERP deployment include bought out components (hardware, software, communication gear), upgradation of access devices (PCs and other hardware) which may call for integration as well (e.g. POS, Barcode), services costs on customization, configuration, project management; data preparation and control costs; training and education costs; documentation costs (since business rules and calculations would have to be customized for the organization); consulting costs (if process definitions need to be done) etc.



## Implementation approach and challenges

ERP implementation for SME needs clarity on processes, implementation discipline, a clear understanding of business objectives to be met through the implementation and priorities for the business on adoption of the various modules. The best approach is to have a cross functional team which consists of end users, IT department, senior management representation and a process / domain expert (internal or external). The implementation should be phased out over 3-6 months and not more than 2 modules per month since functional acceptance or the ERP is extremely important and time consuming when reconciling calculations / old data.

ERP for SME’s is a big decision and if implemented in the right doses, very effective: alignment with business objectives and outcomes help reduce deployment risk and keep the implementation team focused; usually 8-10 modules form a reasonably good sized implementation leaving the rest to small standalone applications. So for SMEs – lesser modules is better. Keep it LEAN !

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*“SAP Business One made us a better business.”*

**Ankit Patel**, Managing Director, Ankit Forgings

## Ankit Forgings

*SAP® Business One has helped Ankit Forgings have an accurate, up-to-the-minute picture of their business*

**A**nkit Forgings is an ISO 9002 company, established in the year 1989. It manufactures Precision Fasteners for various applications in Aerospace, Automobile, Textile, Electronic and Home appliance industries, with two manufacturing facilities in Bangalore. Ankit's customers in various industries include leading organizations like Hindustan Aeronautics Limited. In 2002, the Society of Indian Aerospace Technologies and Industries awarded Ankit in the field of development and production of a variety of critical fasteners for satellite launch vehicles.

As the company is in a growth phase, it needs a higher level of efficiency and accessibility to information. Ankit wanted a solution that could integrate data, streamline business operations, and grow with the company.

### Why SAP

Ankit Patel, Managing Director, had the experience of working on SAP in a Fortune 500 company in Baltimore, USA, and he wanted a similar solution to be implemented at Ankit Forgings in Bangalore. The company finally decided to go for SAP® Business One, after evaluating SAP and Adpac solutions.

“We found out that a similar, smaller solution will work for Ankit, so we chose SAP Business One. We also wanted a Management Information System in place. SAP Business One met most of our requirements,” says Patel.

“It is ideal for SMEs and so user-friendly. Also, we are in a growth phase, we are growing at 40 % every year,” says Patel.

### Implementation of SAP Business One

The SAP Business One was implemented in April 2006, with final touches still being given, and it will be another six months before the 15 users can use it. Customization has been carried out to meet Ankit's needs. “I am very satisfied with the Implementation,” says Patel.

Clockwork Business Solutions is the implementing partner, who is also training the employees. For the employees, it will mean working with information and applications in a new setting, and training them has been a challenge. Once they are trained, the integration of business functions will mean the staff will enjoy an increased visibility of information across the business.

### Benefits

The SAP Business One application is an integrated

system, and with one central database, the user can access across all transactions, activities and documents relating to a customer, a supplier or even a product.

“Though the business cycle is longer, the system acts as a check ensuring the accuracy of reports,” says Patel. As the information is consolidated, tracing and verifying data has become easier. SAP Business One has brought in the presentation of data in the right form, and data is more structured leading to faster decision making.

*“Earlier, there was a lot of data, and often, duplication of work. With SAP Business One, up-to-date information on time has led to faster decision making and reduction in manpower,” adds Patel.*

Mr. Patel believes that the company will experience the advantages of the SAP Business One application in the next 18 - 24 months, and major benefits will be seen in key areas like sales, marketing in the near future. One of Ankit's major customers is the aerospace industry, and supplying components for this segment was often time-consuming and cumbersome.

“We have to provide traceability of components and other information. With SAP Business One, we have solved this problem,” says Patel.

SAP Business One has helped Ankit to serve its customers better, in terms of delivery, and meet their needs. As the company is growing, it becomes vital to have analytical reports and up-to-the-minute information in order to know what is happening to the business on a day-to-day basis, and SAP Business One has proved to be very useful in this regard.

*“I need just 15 seconds to get the information I want, and I do not have to cross-check with different departments, like I had to, before the implementation of SAP,” says Patel.*

### Future Plans

“I do like SAP Business One,” concludes Patel. Consequently, the company is on the look-out for other SAP solutions in sync with its future plans, and would like to add specific modules on material requirements planning (MRP), quality etc., and invest in IT as well, after a year.

SAP Business One has helped Ankit Forgings have an accurate, up-to-the-minute picture of their business “SAP Business One made us a better business, concludes Ankit Patel, Managing Director, Ankit Forgings.

# What is your competitive advantage?



*Jaynie L. Smith is surprised how many executives and owners are unable to articulate their competitive advantage lucidly. She lists a few ways to do that*

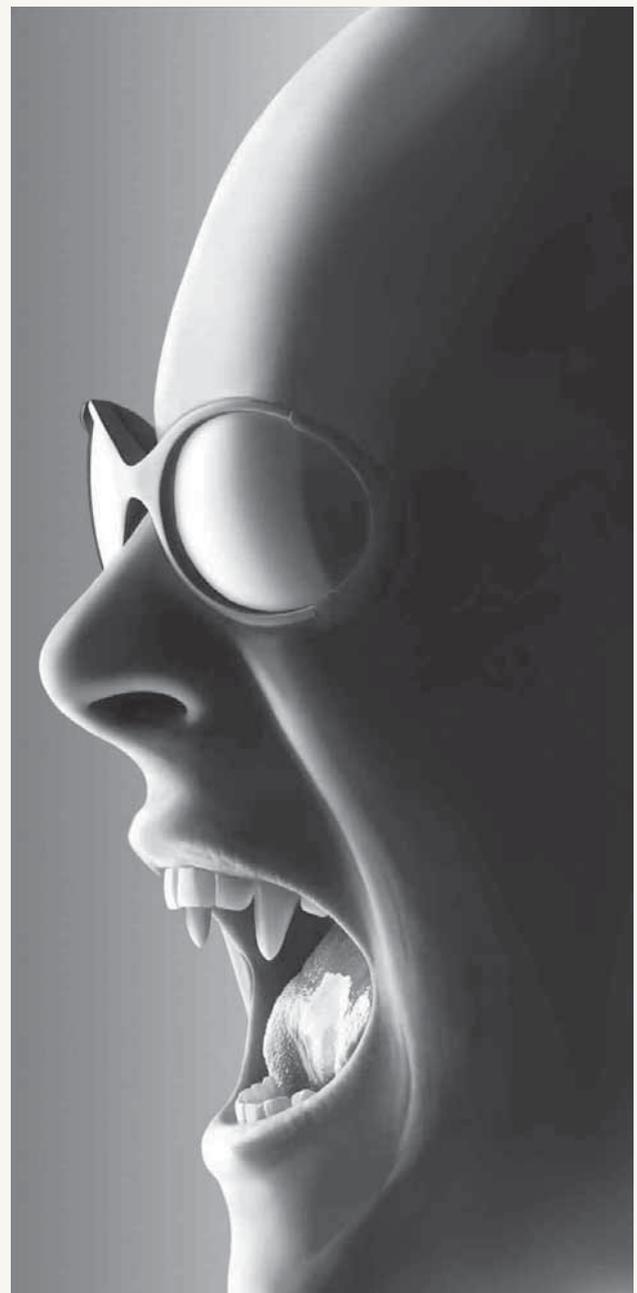
The single most significant strategic flaw in most businesses is that they don't have a competitive advantage, or they don't know what it is, or they fail to toot their horns about it. It's as true for General Motors as it is for the folks who run a general store.

It can be a fatal mistake. Why? If you properly identify and exploit your competitive advantage it will impact your bottom line, early and often. Because your competitive advantage can bring your deal closer. It answers the customer's key question: Why should I do business with you? What are you offering that the other guy doesn't?

If you can answer that question, you have your competitive advantage. Yet most CEOs and business owners cannot. It is not enough to say that you have good products, nice people, and snappy service. So does the guy across the street. Based on my research with middle market companies, *I found only two CEOs in 1,000 who could name their companies' competitive advantages.* The other 99.8% could only offer vague, imprecise generalities.

It's awfully easy for today's business managers to lose sight of the basics, and to focus attention on other reasons why profit margins may be shrinking. You read and hear a lot about the threats of offshore outsourcing. You worry about falling behind in your use of new communications tools and in making the most of the internet. These threats are real, but you may not have to worry about those threats - if something else kills you first. As a business manager or owner, the biggest threat you face is losing your customers. She or he is the one who can blow up your business, simply by going elsewhere. You may play golf with her, bend over backwards to rush a delivery to her, and even consider her a friend. But you still might lose her to a lower-cost competitor.

All too often, managers who see their business drifting and their margins shrinking will adopt what is often the last resort: compete on price. But the manager who drops his prices while his market share is shrinking is inviting tragedy. You remember the old joke: "He's losing \$3 on every shirt he sells, but he hopes to make it up on volume." Most business cannot exist by being the lowest-cost providers. Wal-Mart can, but you probably can't. If you make price everything, you accept commodity status.



In my work with clients, we do not even discuss price. Play the price game and you are tossing margins to the wind. Of course, your customers might find you cheaper to buy from you not because of price, but because your products and services are more reliable. That reliability can save your customers costly downtime. Your service might be worth more because you provide it 24/7, which reduces your customers' need for inventory. Your products might be worth more because you might be the only company in the business that offers guarantees or free installation or free replacement, or employee training or marketing support. Even unique packaging can sometimes make a critical difference.

To remain competitive, you have to become more conscious about why you are in business in the first place and what you are delivering that makes you special. And you must make sure that your customers know why you are so special.

Technology is often the source of competitive advantages. For a while. In the 1990s, for example, the late Ely Callaway made a bigger and better golf club using space-age materials and innovative design. Yet technology now moves at the speed of summer lightning. Callaway's competitors eventually introduced their own over-size metal drivers following the success of Big Bertha. That club alone was not a sustainable competitive advantage. Nor were Bigger Bertha and Great Big Bertha clubs, which likewise could be imitated. But what Callaway developed was a reputation and a culture for being cutting edge - for developing products that improve your game. Or at least make it more enjoyable. That reputation and culture is the company's competitive advantage--and it is sustainable. If your competitive advantage is a sustainable one, your business will thrive.

If you are the owner or manager of a business, your mind is now probably racing trying to pin down your own company's competitive advantages. And remember this: Most companies do indeed have them (or had them) or they wouldn't be in business in the first place. Failing that, you can invent them.

So get out pen and paper, or spark up your laptop, and write down the answers to the questions below. Let your imagination go. Bounce your answers off colleagues, if you like, just as we do in the workshops. In fact, it is better if you involve several of your top staff in the exercise. The more ideas the better. You want a long laundry list of possible competitive advantages, which you will refine, winnow,

reject and rethink, and finally vet with your customers. (Their opinions matter most).

Note: You might settle on a single, clear competitive advantage with which to go to war. Or, you might have five to ten or more competitive advantages with which to arm your sales staff. Sometimes a single shot will level your enemy; sometimes it takes a shotgun blast.

But before you begin, here are some words of caution. As you make up your list, bear in mind the following:

Competitive Advantage is objective, not subjective. How many times do we hear a company say "you should do business with us because we deliver good quality and great customer service?" Well, your idea of quality and my idea of quality may be galaxies apart. Words like quality, reputation and trust are so hackneyed that we tune them out.

It is quantifiable, not arbitrary. Which is more compelling: "We have great customer service," or "Ninety-five percent of our business comes from referrals"? When you make objective, quantifiable statements such as these, the customer is more likely to believe your claims.

It isn't claimed by the competition. If your sales force goes out with a list of attributes that your dreaded competitors can match or exceed, you are courting disaster. (In fact, it is the principal reason so many sales calls don't result in closings).

Find out exactly what you provide that the other guy doesn't and harp on it. Explore what that advantage means to the customer. If it can save him money - and it often can--make sure you stress that. Even better, tell the customer exactly how much he saves by using you. Even if your goods or services are more expensive than that of the competition, you can still save your customers money because of fewer breakdowns, guaranteed on-time delivery, training assistance, better payment terms and so on.

It is not a cliché. Please don't tell me that you "exceed your customer's expectations." How do you know what their expectations are? Your customers expect good service. How do they define good service, and how do you? I bet they are not the same. Who says he provides bad service? Again, be specific. If you provide service 24 hours a day, seven days a week--and the others guys don't, say so.

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*Jaynie Smith is President, Smart Advantage – a US based consultancy which helps organizations in defining their competitive advantage. Website [www.smartadvantage.com](http://www.smartadvantage.com)*

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***To remain competitive, you have to become more conscious about why you are in business in the first place and what you are delivering that makes you special. And you must make sure that your customers know why you are so special.***

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# Rockets to trees



**S Venkatesam's**

*journey from soldiering to  
avionics project management  
to a top corporate job  
and now into eco-socio-  
entrepreneurship is full of  
thrills and excitement.  
He shares a bit of it with  
ManagementNext*

Sam got only five minutes of acclaimed scientist M S Swaminathan's time to showcase his dream project. But when the meeting got over, no one knew how 45 minutes had passed. Perhaps, Sam's is an idea whose time has come. He set out to green hundreds of acres of arid land, to start with, in the interior Tamil Nadu with a project which will produce good amount of cheap electricity.

At 65, Venkatesam, popularly known as Sam, is busier than when he was a rocket scientist during his Air Force days or as the Managing Director of Motorola's GSG (Global Software Group), China. He is not complaining because what he is doing today is giving him a different kind of a high— of that of a social entrepreneur. Alumnus of IIT Kharagpur and an officer with the Indian Air Force, SAM has seen the best of many worlds. But he is most excited about what he has ventured into now.

Sam has got together about forty educated and highly placed professionals with disposal incomes from around the world, but mostly from Bangalore. They contributed their resources to start a company called the Energy Plantation Projects India Private Limited, known as EPPI locally. It is a power company with biomass as the feedstock. The project initially involves planting of Melia Dubia (a variety of Neem tree, called Hebbewoo in Kannada) in 500 acres of arid land near Shivagangai, an hour's drive from Madurai. The tree is known to grow very fast – good enough to harvest firewood in four years. The Biomass thus generated is meant for a six Megawatts Power Plant. EPPI plans to grow into a Billion dollar company without growing organically, but using an ingenious horizontal expansion method involving thousands of acres of land and a large number of professionals who will take up Energy as their future profession.

The concept of captive biomass plantations for captive power stations is said to be one of its kind in the world. The cost per unit of power, when the plant comes up in the next four years, is likely to be the cheapest in the world. Land acquisition and planting of thousands of saplings has already started. EPPI hopes to be a profitable venture not only because of the power from the biomass, but also due to various other factors like the byproducts, carbon credit, intermediate crops etc. Sam points out the ecological, social and Industrial advantages of growing forests in millions of acres of arid land in the country to produce electricity. Will this spawn a green power revolution? Why not?

## People skills

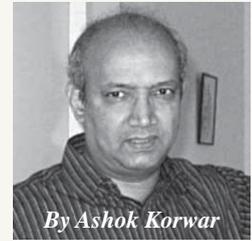
Sam's people skills have come to good use in interacting with the local leaders in Shivagangai, a stronghold of Left parties. Support to the project by local population was achieved, Sam says, by simply being fair and open in dealing with them and their lands in every conceivable aspect.

Being a Rotarian too has helped in networking and finding business partners with a social bent of mind. But such skills fall short without enterprise, perseverance and an ability to manage constraints. Sam had pitched his concept to some 600 people over two years and was lucky to get about forty of them to back him. Three of them have quit their jobs to promote this project full-time. Even the banks, which had no reference to fall upon, were skeptical to fund the project for a long time. But the promoters went ahead despite that and after seeing the work on the ground, loans are said to be on their way.

The green project is in implementation stage and it may be too early to write the success story. As they say, a task well begun is half done. Sam seems to have all it takes to make a tough project work.

# What is your constraint? (part 2)

*The most insidious of blinders are the ones we put on ourselves while we look for constraints that block our growth*



By Ashok Korwar

In the first part of this article, which appeared in the previous issue, we discussed some common high-level constraints to growth. In this article, we will explore where these constraints come from, why they are hard to find and how best to find them. Just to recapitulate, we listed the following as common constraints: excessive focus on short-term results, a weak front engine pulling too long a train, the bandwidth of the CEO, inertia in the management team.

## Who fashions the strands that make the rope?

The most insidious of blinders are the ones we put on ourselves. It is rightly said that there are none so blind as those who WILL not see! For instance, who makes the decision to focus on short-term results? It is not something imposed by anyone from outside. Clearly, the culprit is the one who made the decision, usually top management, sometimes (but rarely, except in very large public companies) the board.

This is bad news, but is also good news. If the problem is caused by us, then the solution is also in our hands. Thus can a constraint become a lever.

## First, be clear on your business model

Do all companies have the same constraints? Except for a few, like top management bandwidth (which is, in fact, exceedingly common), different companies are likely to have different constraints. Typically, the constraint to growth comes from the business model (an important and much neglected strategic construct!)

If your business model is to build, enhance, test and maintain software products for ISVs abroad, as with companies like Symphony and Persistent, for instance, your constraint is likely to be the fact that there simply aren't that many people at the mid-to-senior level in India who have had any experience of working with the product life cycle. You can get developers, team leads, even project managers who can manage Time and

Materials contracts, but the real challenge is to find people who can manage the intricacies of building a product and even CEOs of such companies spend much of their energies finding such people, often abroad, and luring them back to India.

If your business model is to build large infrastructure projects, the constraint becomes finding people who can manage complex multi-vendor contracts, and get a large number of diverse suppliers to perform to levels that match each other and don't pull each other down. This is a much under-rated skill, mastered by the great project companies like Bechtel and even EDS in the heyday of facilities management, but it is not a skill found much in India yet.



If the business model is to keep market share in a competitive consumer market by coming up with refreshed brands, the constraint is likely to be in the number of people who can understand the mentality of consumers well enough, and the technology of the product well enough, to come up with 'new improved' products again and again. Companies like HLL are aware of this, and invest enormous resources in building the product management function.

Clearly, then, the first step in identifying the constraint is to be clear what your business model is, for the constraint is a natural consequence of your business model. Most Indian companies are quite unaware what their business model really is, and muddle along trying to run in three races at the same time. Let us assume this is done.

## Finding the Constraint

Having clarified the business model, then, how does one look for the

constraint? Is it always obvious what it is? How does one decide whether the constraint is at the back end or the front end? With people or with technology?

Now is the time to step back and ask yourself a few simple questions:

- are you consistently losing money on engagements because of shortage of one or two skills?
- Do you find yourself and your competitors bemoaning the lack of these skills in the entire market?
- Do you find people with such skills becoming too expensive or acting like prima donnas?
- Are you able to launch new products but find them bombing once they hit the market? Then the constraint is not likely to be money or technology.
- Are you able to open accounts but unable to grow them? Then the constraint is account management capability.
- Do you find competitors moving in from unrelated industries and succeeding in your industry? What did they have that you didn't?
- Do you find the same one or two people constantly in demand to work on assignments? Even though they are not Albert Einstein material?
- Is this person the CEO?! If so, then maybe the fact that the CEO only has 24 hours in his day has become the constraint!
- Do you find the same strategic action items at the end of every top management meeting, with nobody able to do much about them?

As Goldratt rightly says in Goal, there is no great trick to finding the constraint. Where work piles up is where the bottleneck is located. The trick is recognizing it and doing something about it. Which is the role of top management, of vision, leadership, and all the rest of it!

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

# Spirituality brings profits



By Sri Sri Ravi Shankar

*Many people think that spirituality is against economic prosperity. Look at the benefits of spirituality. It enhances one's creativity and increases energy levels. Awareness, belongingness and commitment hold the key to success.*

**B**usiness is like the proverbial golden goose. The objective of business is to make more profit with less effort. But the very life of business will be lost when one resorts to unethical means to make quick money. For any enterprise to flourish, adherence to ethical means is of utmost importance. Often corporates lose sight of this.

Unethical practices may bring short-term gains, but they will be counterproductive in the long run. Ethics will ensure long-term success and sustainable growth even if you have to hold your breath for a short period of time! It is intellectual bankruptcy which leads to unethical means in business. To do something unethical, it needs a lot of creativity and to do something unethical and to get away with it, one needs much more creativity. If the same creativity can be channelled to create something more productive or invested in R&D, then there will be no need for adopting any unethical means.

If you want to know the real health of a company, you should see how enthusiastic its R&D department is. Companies go only by the academic qualification while staffing their R&D department. But an illiterate or a villager could turn out to be more intelligent and more creative than a doctorate degree holder. Indian companies need to recognise this.

When there is creativity, there is no need for resorting to unethical practices to run a business. By attending to the source of creativity, a successful enterprise can be built in an ethical manner. Our consciousness is the

source of all creativity. That's why it is very important for us to probe into the source of thought. Often we are called great thinkers, but what is a thought? A thought is nothing but an impulse of energy and intelligence. For a correct thought to arise, you need 16 impulses to meet at a point in the cerebral cortex at the speed of 10 to the power of minus 30 cycles per second.

By training our brain, our mind, we can improve our thought process. This is very pertinent for managers. Management begins with the mind, it happens in the mind. **When mind manages itself better, it can manage anything.** Our mind is always focussed on what we want and we are busy wanting something all the time. Before one want vanishes, another comes up; they are in a queue!

Train the mind a little to be in the present moment, drop the stress, tension and strain that you are carrying for nothing. This is where a little knowledge about the consciousness helps. And that's the essence of spirituality.

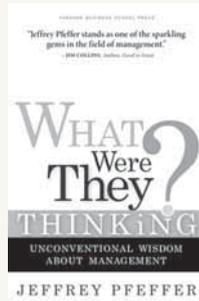
Many people think that spirituality is against economic prosperity. Look at the benefits of spirituality. It enhances one's creativity and increases energy levels. Awareness, belongingness and commitment hold the key to success. And I call it the ABC of life. And you get this through spiritual practices. In any field, you need the ABC. In business, you need them the most. Devoid of spirituality, religion breeds terrorism, business breeds greed and exploitation and politics breeds corruption. Spirituality will liberalise politics, socialise business and secularise religion.



## What Were They Thinking? Unconventional Wisdom About Management

by Jeffrey Pfeffer, Harvard Business School Press, July 2007

Every day companies and their leaders fail to capitalize on opportunities because they misunderstand the real sources of business success. Jeffrey Pfeffer delivers wise and timely business commentary that challenges conventional wisdom while providing data and insights to help companies make smarter decisions. The book contains a series of short chapters filled with examples, data, and insights that challenge questionable assumptions and much conventional management wisdom. Each chapter also provides guidelines about how to think more deeply and intelligently about critical management issues.



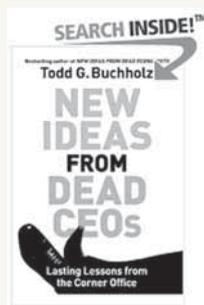
*What Were They Thinking?* clearly explains why executives make human mistakes and how these common mistakes can be avoided. The book takes the principle of ‘learning from the mistakes of others’ and helps put it into applied practice for business leaders..

Covering topics ranging from managing people to leadership to measurement and strategy, it’s good organizational advice from Dr. Pfeffer.

## New Ideas from Dead CEOs: Lasting Lessons from the Corner Office

by Todd G. Buchholz, Collins, May 2007

*New Ideas from Dead CEOs* uncovers the secrets of success of great CEOs by giving readers an intimate look at their professional and personal lives. Why did Ray Kroc’s plan for McDonald’s thrive when many burger joints failed? And how, decades later, did Krispy Kreme fail to heed Kroc’s hard-won lessons? How did Walt Disney’s most dismal day as a young cartoonist radically change his career? When Estée Lauder was a child in Queens, New York, the average American spent \$8 a year on toiletries. Why did she spot an opportunity in selling high-priced cosmetics, and why did she pound on Saks’s doors? How did Thomas Watson Jr. decide to roll the dice and put all of IBM’s chips on computing, when his father thought it could be a losing idea? We learn about these CEOs’ greatest challenges and failures, and how they successfully rode the waves of demographic and technological change.



*New Ideas from Dead CEOs* not only gives us fascinating insights into these CEOs’ lives, but also shows how we can

apply their ideas to the present-day triumphs and struggles of Sony, Dell, Costco, Carnival Cruises, Time Warner, and numerous other companies trying to figure out how to stay on top or climb back up.

## FROM SERVANTS TO MASTERS: The Evolution of Professional Management in India

by S. L. Rao, Global Business Press, May 2007

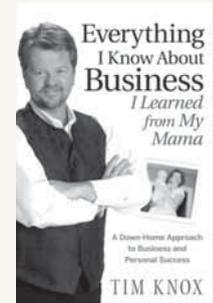
The book brings out how the conflicting interests of owner’s profit motive, the exploitative goals of colonialism, and the emergence of an indigenous business management culture were managed in India. It was not by any central planning body but by historical forces including the two World Wars, he maintains. The pre-Independence historical perspective is followed by the planning era and economic liberalisation. Then there are sections on institutions, the management development movement, the role of the IIMs and AIMA. Crisp pen portraits of a number of prominent contributors to action, leadership and thought follow.

The book makes for easy reading and Rao’s keen eye and sense of irony are evident in the pithy summing up of several key issues. We have developed management schools into an industry, he says perceptively, “that does little education but provides employment to the faculty, makes selections easier for large companies, and is of no use to small and medium companies.”

## Everything I Know About Business I Learned from my Mama: A Down-Home Approach to Business and Personal Success

by Tim Knox, Wiley, June 2007

In *Everything I Know About Business I Learned from My Mama*, Knox offers a refreshingly funny account of his rise from backwoods poverty to wealth and success. Along the way, he presents commonsense lessons on the basics of business—lessons learned from owning and operating businesses in the real world, not in some business school fantasyland.



Knox might be funny, but his message is pretty serious—you’re responsible for your own happiness, not the world, not those around you. Just you. If you believe in yourself and your abilities, and you accept responsibility for your own life, achievement and fulfillment are right around the corner. If you’re waiting for success to find you, you’ll need a much longer book to keep you busy while you wait. Instead, follow the ancient advice of mamas the world over: If you work hard, treat people right, and use your common sense, you can be anything, do anything, accomplish anything.

## Stereotype Threat at Work

Loriann Roberson and Carol T Kulik. *The Academy of Management Perspectives*, Volume 21, Number 2, 2007

Managing diversity in organizations requires creating an environment where all employees can succeed. This paper explains how understanding “stereotype threat”—the fear of being judged according to a negative stereotype—can help managers create positive environments for diverse employees. While stereotype threat has received a great deal of academic research attention, the issue is usually framed in the organizational literature as a problem affecting performance on tests used for admission and selection decisions. Further, articles discussing stereotype threat usually report the results of experimental studies and are targeted to an academic audience.

This paper summarizes 12 years of research findings on stereotype threat, addresses its commonplace occurrence in the workplace, and considers how interventions effective in laboratory settings for reducing stereotype threat might be implemented by managers in organizational contexts.

## Sourcing Strategy, Supplier Relationships and Firm Performance: An Empirical Investigation of UK Organizations

Paul D. Cousins and Benn Lawson. *British Journal of Management*, Volume 18 Issue 2, 2007

This article conceptualizes and empirically examines buyer–supplier relationships in respect of supply sourcing strategies, relationship characteristics and firm performance. Two sourcing strategies available to organizations are examined, critical and leverage, which in turn, influence the approach to managing the supplier relationship (arms-length or collaborative). The paper argues that different relationship approaches are appropriate to achieving different performance outcomes. A structural equation model, using a sample of 142 manufacturing firms based in the United Kingdom, is used to test this hypothesized model.

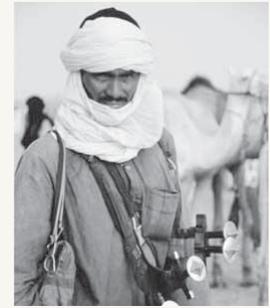
The results indicate that a critical sourcing strategy requires collaborative supplier relationships in order to achieve higher relationship and business outcomes, while leverage sourcing strategies have a direct impact on these same performance outcomes.

## Scheduling periodic customer visits for a traveling salesperson

Michael Polacek, Karl F. Doerner, Richard F. Hart, Guenter Kiechle and Marc Reimann. *European Journal of Operational Research*; Volume 179, Issue 3, 2007

The problem considered in this paper deals with determining daily routes for a traveling salesperson who provides customers in Upper Austria with product range

information of a large, global food wholesaler. Each customer has to be visited at least once a year, with some customers requiring up to one visit per month. Further, some customers may not be visited each day of the week. The decision support system uses a commercial GIS software to extract customer data for input into the optimization procedure and to visualize the results obtained by the algorithm.



The optimization approach is based on the variable neighborhood search algorithm, which assigns customers to days and determines routes for the salesperson for each day with the primary objective to minimize the total travel time of the salesperson. Another objective studied is to minimize the number of days needed by the salesperson to visit all customers in a given month.

## Cooperation Between Corporations and Environmental Groups: A Transaction Cost Perspective

Andrew King. *The Academy of Management Review*, Volume 32, Number 3, July 2007

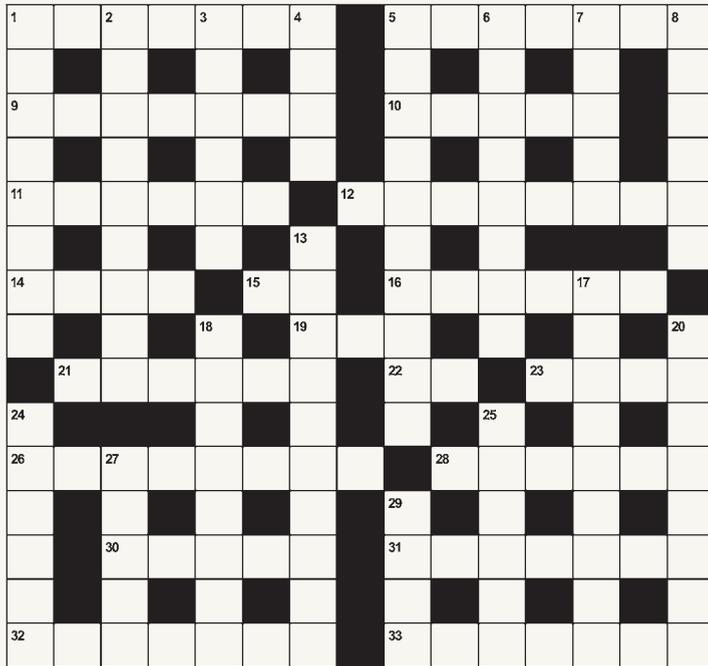
Theory suggests that when transaction costs are low, corporations and stakeholders can minimize social costs by transacting to their mutual advantage, but when transaction costs are high, reducing social costs requires the intervention of a centralized institution. Surprisingly little work has considered what happens in between – when transaction costs exist but recourse to hierarchical institution is barred. This paper uses transaction cost analysis to hypothesize how collaboration between corporations and environmental stakeholder groups will be structured.

## Order Without Law? The Role of Certified Management Standards in Shaping Socially Desired Firm Behaviors

Ann Katrin Terlaak. *The Academy of Management Review*, Volume 32, Number 3, July 2007

Certified management standards (CMS), like norms, rely on decentralized enforcement processes to guide firm behaviors. This paper analyzes how two elements of CMS – codification and certification – enable this institution to shape firm behaviors in settings in which norms are ineffective. The paper further theorizes that these same two elements limit the effectiveness of CMS by weakening enforcement processes. The paper contributes to institutional theory by identifying possibilities and limitations for norm-like institutions to function beyond established boundary conditions.

*Compiled by Rohtas Kumar, IIMB*



**Across:**

- 1 World renowned artist who said “Every creation has to first start with destruction” (7)
- 5 World No. 2 Rafael Nadal uses this branded racquet (7)
- 9 German pioneer of the internal combustion engine (7)
- 10 Kofi \_\_\_\_\_, former UN Secretary General (5)
- 11 \_\_\_\_\_ Ali, famous Pakistani ghazal singer (6)
- 12 A minor battle or conflict (8)
- 14 NATO phonetic alphabet for the letter “E” (4)
- 15 & 22 *Across* Short phrase often uttered in dismay or shock! (2,2)
- 16 DuPont’s famous non-stick material (6)
- 19 The organisation that produces worldwide industrial and commercial standards (3)
- 21 The famous and almost exclusively American short form term for dangerous goods (6)
- 22 *See 15 Across*
- 23 To get off \_\_\_\_\_-free is to avoid deserved punishment (4)
- 26 Term used to refer to the people and institutions that make up the Royal establishment, as in Britain (8)
- 28 Popular Mexican coffee-flavoured liqueur (6)
- 30 Musical ensemble of singers often led by a conductor (5)
- 31 Motorola-backed satellite phone system inaugurated by Al Gore but which eventually failed to succeed commercially (7)
- 32 The company whose world-famous edible gold-covered chocolates were offered to all the nominees at the 2006 Academy Awards! (7)

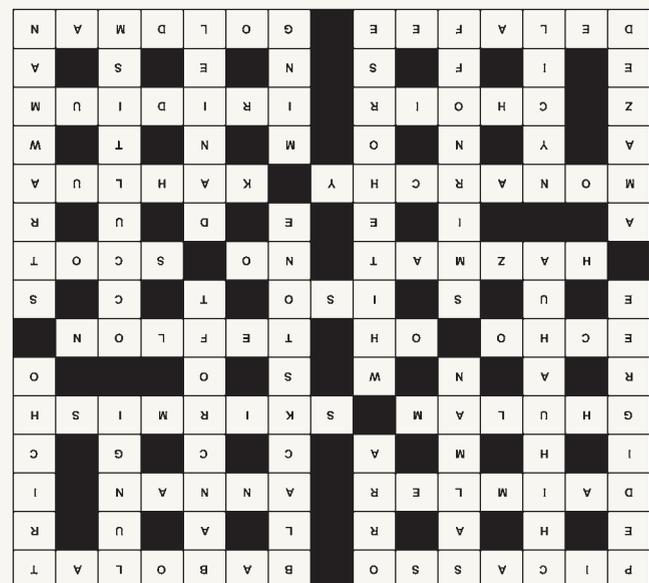
**Compiled by Ravinarayan Raghupathi**

33 \_\_\_\_\_ Sachs, the consultancy that coined the acronym BRIC (7)

**Down:**

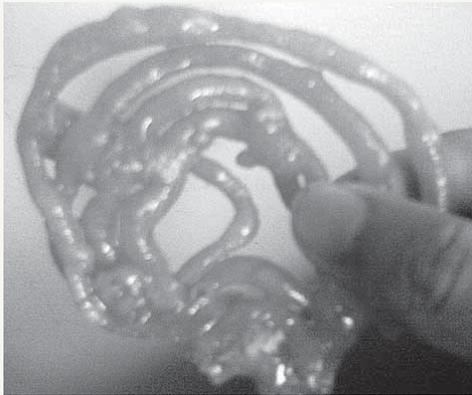
- 1 Famous dog food brand (8)
- 2 World’s smallest canine pet! (9)
- 3 As of 2007, he is Sir \_\_\_\_\_ Rushdie!! (6)
- 4 Company that claims it is the “Diamond Destination” (4)
- 5 China is riding this private equity horse to gobble up global companies (10)
- 6 Family that controls the WSJ and Dow Jones (8)
- 7 Traditional skirt-like garment popular amongst South Indian men (5)
- 8 \_\_\_\_\_logist: one who studies the health of the hair and scalp (6)
- 13 Not only a whisky brand, British judges’ traditional wigs are made from the hair of this animal!! (5,5)
- 17 The study of hidden wisdom that is said to form the basis of religions like Kabbalah (9)
- 18 World-famous brand of vodka (8)
- 20 A first proposal for a solution to a problem in business, or a weak and fallacious argument (5,3)
- 24 Astonished or stunned (6)
- 25 Jack \_\_\_\_\_, founder of the famous Tennessee sourmash whisky distillery (6)
- 27 Leading brand in the prickly heat powder market in India (5)
- 29 Chinese dynasty that built the Great Wall (4)

**Solution**



## Jalebi Management

“Jalebi” (‘jilebi’ in South India), could well be India’s national sweet. But business strategist Sombit Sengupta equates the complexity of business management to the fascinating, asymmetrical jalebi sweetmeat. He associates the several swirls of a jalebi that touch one another to the seamless interconnections that organizational processes and functions must have to make their deliverables appetizing.



Sengupta believes that consumers across the world say they don’t understand business jargon. Through Jalebi Management, he hopes to describe the different concepts practiced in

corporate management in a language that even those outside the world of business can understand. And reading about business in the consumer’s words may help management professionals.

Mr. Azim Premji, Chairman of Wipro, thinks the book has a “gripping story to tell”. So, pick up your dripping jalebi and start reading Jalebi Management.

## Fuel from waste food

City folks waste a lot of food in India, resulting in filthy street corners breeding all kinds of diseases and stray animals. Disgusted, Saji Das set up a firm in Kerala and called it BIOTECH to focus on ways of managing organic waste to produce alternative sources of energy. Biotech, has till now, built and installed 12,000 domestic, 220 institutional and 17 municipal biogas plants to generate power from such waste.

Das won the recent international Ashden Award in London for sustainable energy. He plans to use the money he got to publicize the benefits of the program and to extend the use of the technology to other parts of India. Will other cities emulate him?

## Buddy colleague

A recent survey by California-based temping firm, Accountemps, has found that there are on-the-job performance benefits when co-workers are friends outside

the office. A majority of executives (57%) and workers (63%) agreed that productivity improves when co-workers are buddies off the job as well as on. although employees think it has more of an effect than do senior executives (22% vs. 2%, respectively).

“Colleagues who are friends are more likely to support one another when presented with challenges or new responsibilities, enhancing workflow and team spirit.” So, managers can increase camaraderie by sponsoring team-building events and giving staff members the opportunity to get to know each other outside the office setting. While there used to be a taboo about working with friends, workers from Generation Y “want the office to be a place where their life is being lived out.” Go for it!

## New Stammtisch!

There’s a German concept called Stammtisch, which is a table in a pub or a restaurant reserved for regular customers or alternatively, outside Germany, a table reserved for people who would like to meet to practice their German.

But a new experiment is on by bending the concept a little further and creating tables in bars, cafes and large conferences where people can sit if they wish to have conversations with strangers. Many people just need a little bit of an excuse to start up a conversation and this would provide it; but maybe it needs a new label - a “knowledge table” or “conversation table”.

## Christian Yoga

Americans’ love for the East is growing and Buddhism is likely to become the second largest religion in the US very soon. Prof. Jagish Seth, an American of



Indian origin and a top management guru, says the Buddhist dharmasalas are increasing in number and the lure of the Eastern religion, vegetarianism and business opportunity is finding new converts. He estimates that there Buddhists number to be over six million. Attraction toward Islam was growing especially among African Americans but with 9/11 the growth in numbers is negligible. A byproduct of this trend is the emergence of a new form of Yoga which has a good bit of Christian influence.

**Contribute and win**  
 Readers can share offbeat incidents they experience or interesting trivia they come across. The one that will be used in this page will get a gift voucher of Rs. 500/-.

# TOP MANAGEMENT JOBS

## Company : B Raheja Builders

Post : General Manager- Finance  
 Co. Profile : B Raheja Builders have been in the construction business for the past 55 years. The company specializes in developing high-end residential and commercial properties.  
 Job Desc. : Candidate should liaison to practice for managing the audit & finance functions.  
 Profile : The selected candidate should have prior experience in the similar profile.  
 Exp : 10-15  
 Location : Mumbai  
 Email : jobs@braheja.com

## Company : Celtem Knowledge Solutions

Post : Technical Architect  
 Co. Profile : CELTEM is a Consulting and Corporate Training organization for IT and ITES companies.  
 Job Desc. : We are seeking outstanding technology professionals with a software development background in IT products or services, to help meet our clients' most pressing technology needs.  
 Profile : Ideal candidate would have exceptional educational background and strong technical skills. Solid experience in developing software on Unix-based and/or Microsoft platforms.  
 Exp : 12-20  
 Location : Bangalore  
 Email : Apply-technology@celtem.com

## Company : Dell International Services

Post : Consultant- HR Generalist  
 Co. Profile : One of the world's largest PC Manufacturers. Dell India Key driver of the Dell Direct Model 14,500 employees in India and offices at Bangalore, Hyderabad, Gurgaon, Chandigarh, Chennai and Pune  
 Job Desc. : Responsible for design, implementation, administration and operation of high value quality human resources programs, practices and procedures to all levels of personnel.  
 Profile : Assists in the integration of complex business factors to build business capability, develop leaders, succession plan and drive business change efforts.  
 Exp : 10-15  
 Location : Pune  
 Email : lalit\_khosla@dell.com

## Company : DNB Enterprises

Post : Head- Operation  
 Co. Profile : A Leading HR Out sourcing Company providing placement solutions to Automobile, Hospitality, FMCG, Real Estate and Engineering Companies looking for Operation Head for leading Path Lab  
 Job Desc. : Will be responsible for all the activities of a leading Path Lab  
 Profile : Operation head activities with a leading Path Lab  
 Exp : 12-20  
 Location : Delhi/NCR  
 Email : dnbglobal@gmail.com

## Company : Emas Engineers & Contractors Pvt. Ltd.

Post : General Manager- Finance  
 Co. Profile : We are a reputed construction/contracting company with vast overseas exposure in the Construction industry.  
 Job Desc. : Profile includes Funds Management, Cost Control, Liason with Banks, project financing, Insurance matters, Income Tax and other related Statutory provisions etc.  
 Profile : Ideal shall have an experienced in Funds Management, Cost Control, Liason with Banks etc.  
 Exp : 7-12  
 Location : Chennai  
 Email : emas@vsnl.net

## Company : ERA Construction India Ltd.

Post : Vice President  
 Co. Profile : Era group, a renowned name in construction industry with turnover exceeding Rs 750 crores and growing exponentially.  
 Job Desc. : Candidate will head the team of professionals of Finance, purchase, HR & Administration.  
 Profile : Should have an experience of 20 yrs, out of which at least 5 yrs in Construction industry.  
 Exp : 18-22  
 Location : Delhi  
 Email : career@eragroup.in

## Company : GenX Infotech

Post : Vice President- Sales  
 Co. Profile : Established Consultant ,based at Pune.  
 Job Desc. : Would be heading sales manager of all locations, Designing of new sales/business plan for company and implementing it, setting targets and deadlines for the sales manager  
 Profile : Should be an MBA from renowned institute with very good academics, Sales experience in enterprise level software & in selling at CXO level to IT and end users.  
 Exp : 10-15  
 Location : Pune  
 Email : manshi@genxinfotech.com

## Company : Go Airways

Post : Vice President - Network Planning & Sales  
 Co. Profile : It is a leading low cost carrier with an endeavour to offer airline seats at marginally higher than train prices to all cities in India. Its main objective is to offer its passengers quality & time efficient traveling through affordable fares.  
 Job Desc. : Strategizing, planning & implementing the business plans of the company. Identifying, acquiring & developing new market segments.  
 Profile : Required a Post Graduate in Management (preferably Marketing) with 15-20 years experience in service industry / hotel / travel / airline.  
 Exp : 15-20  
 Location : Mumbai  
 Email : hr@goair.in

## Company : Golden Homes Pvt. Ltd.

Post : Chief Engineer  
 Co. Profile : M/s. Golden Homes (P) Ltd., is a private limited Company engaged in the real estate construction and development activity.  
 Job Desc. : Responsible for conceptual planning of Projects & for planning, Monitoring and completion of projects as per schedule.  
 Profile : The Candidate should be dynamic Civil Engineering graduate with 14-17 years of rich professional experience in the execution of mega residential Projects.  
 Exp : 14-17  
 Location : Chennai  
 Email : hrd@goldenhomeschennai.com

## Company : HCL Technologies Ltd.

Post : Delivery Manager  
 Co. Profile : HCL is one of the leading global Technology and IT enterprises with annual revenues of \$2.0 billion, with IT Products and Services contributing to revenues of \$1.1 billion  
 Job Desc. : Will have to strategically engage a USA based Tier 1 OEM, across their organization, along with the HCL Account Manager, to understand opportunities and requirements.

Profile : Must have Development experience in data communication protocols IP, ATM, MPLS; System SW, Drivers, Testing of data communication eqpt; Architecture/Design of communications equipment.  
 Exp : 15-20  
 Location : Chennai  
 Email : ramalingamr@hcl.in

## Company : JCBL Ltd.

Post : Head- Costing  
 Co. Profile : We are market leaders for mobility solutions under the banner of JCBL GROUP and to global standards since its inception in 1989.  
 Job Desc. : Should be well versed in valuation of raw materials, finished goods, to ensure valuation of products in cost audits.  
 Profile : The ideal should be ICWA with 15-20 yrs of experience in automobile/ auto ancillary industry.  
 Exp : 15-20  
 Location : Chennai  
 Email : hrm@jcbll.com

## Company : MB Holdings LLC

Post : General Manager- Training  
 Co. Profile : Established in 1982, MB Holding Company is a multinational organization with offices in Middle East, Asia, Europe, Africa, and Asia Pacific with over 4,000 employees of 49 nationalities  
 Job Desc. : The incumbent will be responsible for setting up a petroleum training crew academy. Should have good experience in working with qualification awarding bodies worldwide.  
 Profile : Candidate should have a Post Graduate qualification in training preferably with an engineering degree with at least 15- 20 years of experience in establishing and managing technical training academies/institutions.  
 Exp : 15-25  
 Location : Oman  
 Email : recruit@mbpetroleum.com

## Company : MGM Group of Companies

Post : Head- Marketing  
 Co. Profile : A Leading Group having interests in Logistics, Liquor, Hotels & Resorts, International Trading. The Liquor division (Southern Agrifurane Industries Ltd.) is on an expansion mode at national level.  
 Job Desc. : Conceptualize & create brands to identify opportunities in the country as well as Overseas. Prepare Marketing Plans and understand Marketing support in close co-ordination with all functions like Sales, Finance, Manufacturing.  
 Profile : Experience in Liquor Industry will be a added advantage.  
 Exp : 15-20  
 Location : Chennai  
 Email : gsrnivasan@mgm.co.in

## Company : National Mining Company

Post : International Buyer  
 Co. Profile : National Mining Company, a subsidiary of M.B Holdings Company is the first private sector mining company in the Sultanate of Oman and is engaged in the exploration and development of copper and gold deposits in Oman  
 Job Desc. : Responsible for purchasing goods and services required for the mining/ concentrator activities  
 Profile : Should be a Degree holder in engineering preferably in Mining or Mechanical with experience in international sourcing of goods and services required in a mining or mineral processing industry.  
 Exp : 10-12  
 Location : Oman  
 Email : recruit@mbpetroleum.co.om



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