

# Obama: Radical Innovator

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## Art of structuring winning deals



Phaneesh Murthy

*When economic slowdowns force acquisitions and mergers, and when strategic alliances have to be forged just to survive, the art and craft of structuring contracts become very important. Phaneesh Murthy, master of structuring innovative deals, shares his winning formula with Benedict Paramanand*

Phaneesh Murthy, founder and CEO of iGate Global Solutions, doesn't look as somber as many of his peers in the IT/ITES industry do these days. Instead of worrying about how the slowdown will hurt him, he says he is busy getting his company ready when the markets come back.

Mr. Murthy's passions, apart from saving the Indian tiger, includes structuring contracts that stick - where the partners work for each others' interests, not to get one up against the other. He lists three formulas for success.

**First formula:** When you are structuring the deal, you have to walk a thin line in protecting both the client's interest and your company's interest. If you go towards one you will let down the other. The fact is, if you get too good a deal for yourself, stickiness will become an issue. The right word to use is alignment of interests and objectives of both the parties.

The important thing to remember here is, how vendor organizations are motivated to innovate and do things differently. Most deals are structured in such a way that

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what's in

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there is little room for innovation and very little room for efficiency improvement.

Typically, if there is a budget for innovation or for trying to do things differently, and if there is a share in the outcome of this effort, chances of making more money than a conventional deal would offer are good. A typical deal should be more than a win - win.

**Second formula:** The second formula for a successful deal structuring is ensuring that you capture what you intend in a contract. Typically, the deals are structured at the CXO level, and by the time it percolates down, it will look very different. Normally, what you set out to build a partnership and what you capture in the contract on the way are so different that it creates a discord. **The key is, whatever spirit you started off with, make sure that spirit is maintained in the contract.**

**The third winning formula:** I firmly believe that having negotiated the contract between the two parties for four-five months, **you should throw it away as soon as you have signed it.** If you have to resort to a contract, the faith and trust are gone. You should fundamentally have to work in each others' interests for partnerships to work. While the contract is there to protect legal interests, you have to work as true partners.

Interestingly, **less than two percent of Indian IT industry's contracts end in legal disputes.** That's an amazing statistic which goes to show how well Indian companies have assimilated the concepts of customer service. The statistics for American companies would be ten times that number.

## On how the innovative iTops model is evolving

In this model, a company's revenue essentially depends on business outcomes of the customer and not simply by delivering what the customer asked for. This model has helped us create the differentiator and it clearly shows how the future should go. Also known as the true variable cost model, this model will catch on in a big way sooner than later.

As Shared Services 2.0 begins to kick in with services on demand becoming part of it, the iTops model will catch on. Our model will sit on the Global Delivery Model. This is not a competition to GDM, it uses the GDM. We feel that our model is really what we call 'going up the value chain'.

**The future for Indian IT sector, I believe, is in shared services, integrating technology and services** and offering it on a single platform to multiple customers. In areas like telecom, India has a chance of coming up with telecom applications where it can be a global player.

## Entrepreneur/Intrapreneur - what's the best success formula?

Whether it is intra or entre, there is one common factor and that is passion. Do you believe in what you are doing? And if you believe in what you are doing, it never seems like work. That's what gives energy.

The important thing is if you want to be successful because you have to **set your pace yourself**, because what you do today will result in value one year later or two years later. A lot of motivation, energy source and drive have to come from within. The only way it can come is if you believe in what you are doing.

As an entrepreneur my advice is to learn to share the kitty. If you share early, you bank goodwill with the team and I can guarantee that there will be times when you have to encash that goodwill. And if you have got the goodwill pre-done it becomes a lot easier.

# Resilience, not momentum need of the hour



**Gary Hamel**

Very few old books and articles have relevance for a long long time. Management guru Gary Hamel's September 2003 article in HBR titled 'The Quest for Resilience' is one of them.

He said the world is becoming turbulent faster than organizations are becoming resilient. The companies Tom Peters and Jim Collins celebrated in their

seminal books *In Search of Excellence* and *Built to Last*, respectively, seem to disappear faster than they thought they would. "Any way you cut it, success has never been so fragile," Hamel wrote.

In 1993, he wrote "Of the 20 largest U.S. bankruptcies in the past two decades, ten occurred in the last two years. Corporate earnings are more erratic. Over the past four decades, year-to-year volatility in the earnings growth rate of S&P 500 companies has increased by nearly 50% despite vigorous efforts to "manage" earnings. Performance slumps are proliferating." Fifteen years hence this trend would have almost doubled and the present global crisis is testimony to it.

What are the lessons then for managers? Or will they ever learn? Hamel said: "In a turbulent age, the only dependable advantage is a superior capacity for reinventing your business model before circumstances force you to."

The fact that success has become less persistent strongly suggests that momentum is not the force it once was. "But that value has steadily dissipated as the enemies of momentum have multiplied. Technological discontinuities, regulatory upheavals, geopolitical shocks, industry deverticalization and disintermediation, abrupt shifts in consumer tastes, and hordes of nontraditional competitors—these are just a few of the forces undermining the advantages of incumbency."

The big fall of marquee investment banks and shameful begging for help by General Motors and Citibank show that "continued success no longer hinges on momentum. Rather, it rides on resilience—on the ability to dynamically reinvent business models and strategies as circumstances change."

Hamel adds: "Strategic resilience is not about responding to a one-time crisis. It's not about rebounding from a setback. It's about continuously anticipating and adjusting to deep, secular

trends that can permanently impair the earning power of a core business. It's about having the capacity to change before the case for change becomes desperately obvious."

Even if some companies manage to turnaround, it still means that "However celebrated, a turnaround is a testament to a company's lack of resilience. A turnaround is transformation tragically delayed. To thrive in turbulent times, companies must become as efficient at renewal as they are at producing today's products and services. Renewal must be the natural consequence of innate resilience." A bitter medicine indeed!

## Sex doesn't sell

Indian advertisers and agencies still seem to believe that skimpily-clad women and six-pack touting models sells, here's a new book that debunks this theory.

In *Buyology: Truth and Lies About Why We Buy* by Martin Lindstrom, Currency, October 2008, the author presents astonishing findings from his groundbreaking, three-year, seven-million-dollar neuro-marketing study. The study peered inside the brains of 2,000 volunteers from all around the world when exposed to various ads, logos, commercials, brands, and products.

Here are some findings:

- Gruesome health warnings on cigarette packages not only fail to discourage smoking, they actually make smokers want to light up.
- Despite government bans, subliminal advertising still surrounds us – from bars to highway billboards to supermarket shelves.
- "Cool" brands, like iPods, trigger our mating instincts.
- Other senses – smell, touch, and sound - are so powerful that they physically arouse us when we see a product.
- Sex doesn't sell. In many cases, people in skimpy clothing and suggestive poses not only fail to persuade us to buy products - they often turn us away.

What the findings mean is that advertisers have to become more innovative and connect with customers' aspirations and needs. The so-called safe route, which most of them tend to adopt, will no longer work.

## Good time to start business

In every trouble there will be some who benefit if they have the eye to see it. It's interesting how downturns are good times to launch new businesses because established companies abandon promising growth opportunities too fast. Oracle and Microsoft were both born in difficult economic times. And entrepreneurs with access to cash stand a better chance of starting their businesses as those without cash, even if they have good ideas, will bide their time.

Companies with comfortable cash are kings today. It's ironic that just a few months ago, these companies were seen suspiciously by the shareholders. A Rupee saved is a rupee earned.

# Human touch to online selling

*Combining human touch at the end of online selling is proving to be most effective, online marketers are finally realizing*

Despite the cookies and the number crunching of customer click prints, online marketers are facing the enormous challenge of converting online visitors into actual buyers. It is believed that conversion rates right now are at an abysmal range of 1% - 3%.



Irrespective of data mining and researching consumer's histories and preferences, the conversion rates have not been going up. The missing piece, apparently, is the touch of the salesman who applies his art of selling to close the deal.

To plug this gap, some help is at hand, finally. 24/7 Customer, a business process outsourcing firm based in Campbell, California, has launched a software called SalesNext. This is software that categorizes customers into those who will buy anyway, those who may not buy at all and those who may buy online only with the help of some human persuasion and help at some point of their interaction with the web.

And the third category is targeted by assigning a salesman to chat with the customers in this category, help them with the

sale and close it. Adobe, a client of 24/7, uses this software and claims a 15% jump in conversion rates, as reported in *strategy+business.com*, October 2008.

This software does amazing things not only to sort people out but to help the salesman at the last mile too. It not only predicts who are likely to buy with additional help and lists them out to the sales team but also assigns them to the right salesman – the one who's most effective in selling that particular product category. What's more, it also helps the salesman with all the relevant, important details about the customer and his preferences. so that the salesman can actually 'tailor' his pitch accordingly. And all this happens in a swift pace so as to enable the conversation going on at a natural pace.

Of course, you cannot get the advantages of a face-to-face selling, like the salesman reading the body language of the prospect and deducing the reaction. But the software tries to get as near to the customer as possible and inform the salesman. For example, it can tell the salesman if the customer is someone who is driven by oral cues or visual cues or kinesthetic cues so that the salesman can highlight that aspect in his pitch.

Some shot at converting the art of selling into a science, on the web, really! It's a win for customers too, in terms of saving time wasted in browsing endlessly.

## Shareholder activism for corporate governance

*Companies get more responsible when shareholders get more responsible and exercise their power*

Shareholder activism has been around in the world for a while, and now seems to be increasing both in its magnitude and effectiveness.

Recently, Nestle Waters North America announced its industry-leading decision to take back and recycle 60% of its PET bottles by 2018. Nestle Waters Director of Corporate Citizenship, Alex McIntosh, acknowledged the role shareholder activism played in its decision. It is the respectful and insistent dialogue the shareholder group kept with the company that played an important role, he acknowledged. This is something that says a lot about the power of enlightened shareholders to effect the needed change in corporate practices, for sure.

Shareholder activists have been at it constantly in the US. Indian shareholders may like to learn a thing or two here. Shareholders in the US are trying hard to integrate ESG (environmental, social, and governance) considerations into corporate reporting. Indexes such as FTSE and KLD are partnering with SRI (Socially Responsible Investing) industry

to integrate ESG considerations into mainstream corporate reporting and decision-making.

When SEC (Securities and Exchange Commission, the USA) required fund firms to file shareholders resolutions on executive pay ('say on pay' resolutions), mutual funds took longer than SRI (socially responsible) funds to offer support. But now, they're coming on track as well, by increasing support, as reported in *csrwire.com*, Nov 2008. Institutional Shareholder Services, or ISS Proxy, which tracks shareholder activism and shareholder proposals in the US, has noted a steady increase in the number of shareholder proposals including a steep rise in 'say on pay' proposals.

Strong fences first come up where transgressions are highest, and hence, all this activism originating from the US makes sense. The added reality is that other parts of the world, like India for instance, need some fencing too, and that's why we hope the movement spreads across the globe and helps companies become more responsible. Activist shareholders, may your tribe grow across continents!

## Arbind Singh is social entrepreneur of 2008



**A**rbind Singh, Executive Director, Nidan, has won the Social Entrepreneur of the Year Award 2008 from Schwab Foundation for Social Entrepreneurship, in association with United Nations Development Program (UNDP). Nidan is developing sustainable businesses, cooperatives, trade unions and “people's institutions” led by the

most excluded categories of the poor in Bihar. It has promoted and built 20 independent profit-making ventures governed and owned by the urban poor including waste workers, rag pickers, vegetable vendors, construction laborers, domestic helpers, micro-farmers, street traders and other marginalized occupation groups. As legitimate competitors in the mainstream economy, the collectives negotiate with the government for their rights and entitlements. Accepting the award, Arbind Singh said this award may influence the entrepreneurs who have abandoned Bihar to retrace their steps and set up their businesses in the state once again.

Other finalists included Prema Gopalan from Swayam Shikshan Prayog who co-creates businesses with rural communities and corporations, and Brij Kothari from PlanetRead and IIM Ahmedabad who uses “same language subtitling” on popular television shows to build literacy across the nation.

Nidan's innovation is based on the following tenets:

- The poorest can be competitive and ethical market players if provided with access to technologies, social security and financial services.
- The poor require infrastructures for aggregation and scale.
- Institutions run by the poor must quickly become financially sustainable.
- Businesses led by the poor must manage strong balance sheets while stopping corruption and civil rights violations.

In 12 years, Nidan has launched and promoted 20 independent businesses and organizations that are governed and owned through shares by 60,000 urban and rural poor members.

100 percent of Nidan's partners and clients are self-employed in professions that have been severely criminalized by the state. Arbind believes that enterprises owned by the poor will move only if individuals break through mindsets of fear and arrest the corruption that corrodes their everyday lives. Thus, Nidan's service continuum expands to legal aid, advocacy initiatives, campaigns and on-going, one-on-one redressal of individual

and group rights violations. In 1995 the Nidan-initiated National Association of Street Vendors of India (NASVI), a platform of 300,000 vendors across 20 states, successfully eliminated the hafta or contract system in Patna and ensured legal status and licenses to more than 2000 street vendors.

## Vivek Pahwa, Ashish Kapur in Business Week Asian Best Entrepreneur list 2008



**T**wo Indians make it to BusinessWeek's Asia's Best Young Entrepreneurs 2008 list. Vivek Pahwa, from Delhi, has an eye for connecting people on the Internet. His first venture was DesiMartini.com, a social networking site in India, in 2006 and sold it to HT Media, which owns the

Hindustan Times, in November 2007.

He then started SecondShaadi.com, a matrimonial site for people looking for a second marriage. With 70,000 registered users, Pahwa estimates that as people seek to shake off the stigma of divorce, his Web site will grow 50% to 70% in the next few years. His third site, Gaadi.com, is a research base for those who are looking to buy a new car. Although only five months old, Gaadi.com claims to be number 2 automobile website in India.

Pahwa's goal is to build one of India's leading internet groups and capture at least 10% of Indian users of the Net. He is optimistic about the online business, which he thinks is relatively untouched by economic downturns.

**A**shish Kapur, a graduate of McGill University in Montreal, where he studied telecom and electronics engineering, left behind a stable and promising career to return to India and started Yo! China, India's first chain of Chinese restaurants. The company, founded in May 2003, now boasts 41 franchises in 14 cities. Yo! China prides itself on its innovative fast-food services like the recently launched dim sum carts called Yo! Dimsum located in cinema halls, universities, and airports. Yo! China recently attracted a \$6 million investment from venture capital firm Matrix Partners.



## World SME conference in December

**M**ilagrow, a Delhi-based venture catalyst ([www.milagrow.in](http://www.milagrow.in)), is organizing an international conclave of SME industry, a first time in India in Delhi between December 12th and 13th 2008. The conference brings together a diverse representation of the SME ecosystem under one roof.

The larger purpose of the conference is to create a network for sharing experience, expertise and resources. Milagrow expects the conference will explore and address common issues and build cross linkages to make the SME industry globally competitive.

Visit: [www.milagrow.in](http://www.milagrow.in) or mail [neha.bhatia@milagrow.in](mailto:neha.bhatia@milagrow.in) or call +91-124-4309570-79

# Entrepreneurs without capital



*The reverse franchisee model enables a band of professionals to become entrepreneurs without any capital investment. Right time for those facing job pressure or those wanting change of career*

**By Srikant S Rao**



**W**ith the economic downturn in pull swing and people worried about their jobs, I believe there is a sliver-lining.

What we need to remember is that the Indian economy is robust and the SME sector is still holding-on. This is a great time for them to look inwards and implement processes enabling

better traceability, traceability and accountability and cut the dead wood. Thus SMEs today, even more than ever are looking professionals ready to implement these processes and hand-hold them as and when required. So my suggestion to young professionals is an option called the Reverse Franchisee model, which can actually help build business at almost no initial investment.

Here is how it works: Are you a young professional in a Tier II/ III city/ town who has always dreamed of an entrepreneurial career – but have not been able to take the plunge due to various personal reasons? Look for companies like ours, Bangalore-based Affordable Business Solutions (ABS) that offers options that addresses exactly this issue.

There are a number of companies like ABS ([www.abs.in](http://www.abs.in)) which focus on Indian Small and Medium Businesses (SMEs) and offer them Business Transformation Consultancy Services to help them transform into globally competitive, professionally managed enterprises. The suite of services offered by ABS include business process evaluation, functional-skill upgradation and information technology solutions leveraging world-class packaged applications on a software-as-a-service model.

It is this offering that the companies plan to offer as an Entrepreneurial option to young professionals in days of tight market realities.

## The Reverse Franchisee (RF) Concept

- A normal franchisee invests capital upfront to set up the office / store, hire people, market the services, etc. – the franchisor provides the management support and collects a royalty as a percentage of the revenue – the franchisor then realizes profits after covering all these expenses, including the royalty. Hence, a typical franchisee is someone who has the ability to invest / finance the operations and has very little to do with the management of the operations.
- The RF concept is meant to attract professionals who have

the ability and the desire to be entrepreneurs – but, who do not have the financial ability to do so. Hence, in the RF concept, the capital investment and the intellectual property would be from ABS, the ABS RF would be responsible for operations and management (with guidance from ABS). ABS would underwrite the costs for the first six months or so till the RF operations stabilise. The RF then shares the risks and the rewards of the operations with ABS.

A RF team typically consists of at least three young professionals who have been friends/ colleagues united with ambition and an entrepreneurial spirit with the ability to communicate with people from the CEO/CFO level to the factory worker level. Between them, the “Team-of-Three” should include a qualified CA or MBA Finance with 3-5 years experience as a finance professional in a commercial establishment, an engineer with about 3-5 years manufacturing experience in a line function, and a sales & marketing/supply chain professional.

Companies are offering these “Teams of Three” an opportunity to join, work and learn from their parent firms and then branch off as their Reverse Franchisee.

## The Reverse Franchisees’ role includes

- Contacting the decision makers at the local geography and be responsible for creating awareness among the local SMEs.
- Responsible for evaluation of the SMEs and enabling these customers for implementing the processes. These include audit of IT infrastructure, audit of existing skill sets of personnel, audit of business implementation issues like payment, sales etc. And enable the customer to have these processes implemented and ABS in delivering the targets.
- Providing ongoing support and training under the ABS umbrella to the customer with close association with the Training Centre (CE-ABS) personnel.

In short, he will be the partner/representative for the company at the local-level.

The advantage with the entrepreneurial career option for young professionals that we are offering is that it is extremely flexible, and does not require ANY capital investment.

Personally, as first-generation entrepreneurs coming from a professionally qualified background ourselves, our vision is to enable a thousand entrepreneurs across India to fulfil their dreams”.

*The author is CEO of Affordable Business Solutions. [www.abs.in](http://www.abs.in)*

# A radical management innovator

*Obama's spherical organization model, unique strategy and suave marketing are more radical than what management gurus and CEOs can comprehend*



Barak Obama's historic win to the US presidency has made pundits out of almost every aspiring management guru. While reams of what has been written so far say more or less the same in different words, **ManagementNext** found two articles that capture not just the essence but also the profoundness of Obama's mind, his ideas and more importantly, their execution of the campaign plans.

In a post in **HBR Hotlist**, an online blog, recently, Umair Haque, Director of the Havas Media Lab, said Barack Obama is one of the most radical management innovators in the world today. He backs his statement by saying: "Obama's team built something truly world-changing: a new kind of political organization for the 21st century. It differs from yesterday's political organizations as much as Google and Threadless differ from yesterday's corporations: all are a tiny handful of truly new, 21st century institutions in the world today. Obama presidential bid succeeded through the power of new DNA: new rules for new kinds of institutions. The new DNA outlines seven rules for tomorrow's radical innovators. They are:

## A spherical organization

Organizations are designed to be either tall and flat, which is a legacy of the industrial mindset. They force us to think - spatially and literally - in two dimensions: tall organizations command unresponsively, and flat organizations respond uncontrollably.

Haque observes that "Obama's organization blew past these orthodoxies: it was able to combine the virtues of both tall and flat organizations. How? By tapping the game-changing **power of self-organization**. Obama's organization was less tall or flat than spherical - a tightly controlled core, surrounded by self-organizing cells of volunteers, donors, contributors, and other participants at the fuzzy edges. The result? Obama's organization was able to reverse tremendous asymmetries in finance, marketing, and distribution - while McCain's organization was left trapped by a stifling command-and-control paradigm.

Obama dispensed with strategy as we know it (gamesmanship, positioning) because "he realized that strategy, too often, kills a deeply-lived sense of purpose, destroys credibility, and corrupts meaning."

"Bigness of purpose is what separates 20th Century and 21st Century organizations: yesterday, we built huge corporations to do tiny, incremental things - tomorrow, we must build small organizations that can do tremendously massive things."

Unlike marketers who segment and target, slice and dice, divide markets into tinier and tinier bits, Obama succeeded through unification. "We are," he contended, "not a collection of Red States and Blue States -- We are the *United States of America*".

## Marketing genius

In an article in media portal agencyfaqs ([www.agencyfaqs.com](http://www.agencyfaqs.com)), Vijay Sankaran of Urja Communications, Mumbai, has an interesting take on Obama's marketing genius. While Obama's application of digital strategy was a roaring success, which has been reported sufficiently, his team of savvy marketing minds including 24 year old Chris Hughes, co-founder of Facebook, takes the cake. "Just as Obama put the voter at the centre of change (Yes We Can, not Yes I Can), his digital strategy was built around empowerment of the individual supporter," Sankaran wrote.

"Customer experience" was another big differentiator - friendly and one to one. The language was informal, and the tone and tools encouraged participation. In contrast, the McCain site was described by one branding guru as a "1988 Sears circular".

Obama's team exploited every digital tool and channel to the hilt. Obama has more than 1,20,000 followers on Twitter, a microblogging channel touted as the next Facebook. His digital team was quick to release a cool new widget for the iPhone. Obama was the first candidate to ever place **ads in online games**.

"Be the first to know" was the email campaign theme, asking voters to sign up for exclusive email and mobile alerts. The result: Obama's database grew even further.

The big differentiator Sankaran wrote: "Amidst all the idealistic philosophy of hope and change, the Obama campaign never diluted its single-minded "get out the votes" focus. Obama supporters who signed up with the candidate received emails and text messages during the primaries and the elections, reminding them to vote. The text message included a phone number to help them find their polling station - a key feature that helped get out the votes.

# Comat's new trajectory

*Sriram Raghavan of Comat Technologies has tasted success in India's rural hinterland through a combination of innovations and social entrepreneurship. Now his focus is on extending his innovations to other verticals. a ManagementNext report*



▲ Sriram Raghavan, CEO, Comat Technologies receiving a Nasscom award

◀ People receiving land records made simple, fast and affordable

The spirit of enterprise, risk-taking, an eye for innovation coupled with a social conscience can enable an entrepreneur to bring about transformation in less-privileged corners of the country. India is seeing the rise of such entrepreneurs today.

Started over a decade ago, social entrepreneur Sriram Raghavan's dream is nearly coming true. Today, Comat has become an icon to anyone wanting to dabble with entrepreneurship in the hinterland.

The impact in rural India is massive, and with several other plans scheduled to come out of the drawing board soon, the company is busy. Here are a few impact numbers:

- Reach 10 million rural lives through a network of over 2000 Rural Business Centers
- Present in 6 Indian states and reaching nearly 50,000 villages
- Deliver Citizen records and Government benefits to over 50,000 rural citizens every day
- Provide Training, Education and Financial services to nearly 250,000 rural citizens

Is the company making money? Yes, indeed! In an interview with a Nasscom blog EMERGE, CEO Sriram Raghavan, said: "We are profitable. We have a turnover of over Rs. 55 crore and that is reasonably large. Comat is also testimony to the fact that you can make money by doing good. It is the same reason that our employees continue to work with us – they feel that they are not just making money but also doing something for the benefit of society."

Comat's larger objective is "to benefit the citizens, to empower

them by giving them access to information. All these years, rural India has been isolated; they have been "informationally disabled". It is now time for a change and we want to ensure that."

***Comat is now busy bringing about a services revolution in the hinterland of the country which has been alienated from decent services***

Speaking at a CII summit on Innovation in Bangalore recently, Raghavan said "We are focusing on three verticals – government, training and financial and insurance services. We have plans to introduce healthcare services too."

Comat Technologies shot to fame when it boldly implemented the Bhoomi project in Karnataka. The project digitized 20 million land records across 176 locations. And that was a project done for the government. Now, the social organization is also going directly to the end consumer - the rural citizen.

Comat is now busy bringing about a services revolution in the hinterland of the country which has been alienated from a decent amount of services. And this, it does with a combination of a business objective and a social objective of reaching educational and financial services to rural India. The business involves a set of innovations. One of the reasons why Raghavan will enhance his portfolio is his ability to raise funds from 'like-minded' investment companies, a big thing for a social entrepreneur.



# Built to last, Japanese style

*A new book looks into how and why Japanese companies have survived the longest despite major setbacks*

- *By Sangeeta Mansur*

Jim Collins & Jerry Porras' classic *Built to Last* (Harper Collins 1994) picked eighteen visionary habits of great American companies that are responsible for their longevity and brand image.

The Japanese have now revealed the secrets of their impressive corporate longevity. Considering that Japan today has 20,000 companies that are more than 100 years old, 1,200 that are 200 years, 600 that are 300 years, 30 that are 500 years old and five that are 1000 years old, the secrets must be a treasure of sorts for corporates.

Haruo Funabashi, a visiting professor at Hitotsubashi University, Tokyo, has taken great pains to study 32 Japanese companies to know why and how they have survived so long. He has dug into their history and produced a string of stories, each with valuable insights into what has been central to its sustainability.

The stories are grouped under eight principles and presented in his book *Eight Principles of Long Lived Companies*, launched in India in November, 2008. The book was published by Tata McGraw Hill and was supported by the Tata Group, India's own long-living organization.

## Funabashi's findings

The core principle of these small and medium companies is not strategy or survival but spirit – spirit of service. These organizations are designed to serve the society and the nation, and not so much the self or the individual.

The principle that Trust comes first, for instance, has been practiced by a 300 years old company in liquor and foodstuff where trust is regarded 'the rightful motto'. Another company makes it a point to choose the Right over the Easy, for it believes in no shortcuts.

An organization in social forestry responds to business imperatives not by giving up its core objective but by building flexibility around the same core. A company that sells books sees itself in the business of selling mind/spiritual food and thus finds and follows its higher purpose. One trains its employees long and long, to approach the work Zen-like. Another has its own book of principles and lives by them each workday. Principles like 'virtue comes first and fortune last' feature here.



*Haruo Funabashi*

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*The core of sustainable organizations is not about strategy or survival but spirit of service*

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These long-living companies are not the ones given to excesses; they're guided by values of moderation, frugality, austerity and a certain bandwidth for multiple intelligences. And they know the art of passing on the treasure of these values and multiple intelligences from one generation to the other.

Funabashi's work seems to suggest that if you want to seek an alternative model for the corporation other than what we know today, there is a different path. If you want to be stable, sustainable, value-creating and serving over a long, long time, and if you're not obsessed with obscene profits, then you need a different kind of wisdom-not the kind taught in B-schools but the kind you'd want to bring up your child on. Like patience versus instant gratification, spirit of service versus greedy consumption or accumulation, moderation versus aggrandizement, to name some. And because these sorts of values emanate from a spiritual core, concepts like inclusivity, co-existence, harmony, co-creation of value, CSR etc. do not become buzzwords or appendages for these Japanese companies but a way of life itself.

The author traces the origin of the business principles of these Japanese companies to Zen, Buddhism and Confucianism. It's amazing how these companies have kept their religion, philosophy and spirituality alive in their workplace. It has helped them align the individual to the organization most naturally. This book allows the reader to appreciate how spiritual values and business principles are not different.

# Chop processes, not toilet papers

*It's high time organizations look beyond the obvious to cut costs. Redundant processes could be the first, says **Indraneel Mukerjee***



In trying times, cutting wasteful costs has been a known fight back mechanism. However, most often, we get obsessed with the more obvious and perhaps not-so-yielding cost cuts such as cutting down on toilet paper and mineral water consumption. More so, cutting such costs does not release any latent values into the system.



What about costs of instituting and maintaining such processes and the associated cost of enabling technology? How often do we examine the relevance of the processes instituted across functions in our enterprise? How about some of these processes, which were perhaps historically instituted to ensure legal, contractual and statutory compliances at some point in time and have now become redundant in the context of changed business realities?

Process rationalization and cutting costs on instituting and maintaining redundant processes could lead enterprises to exponential profitability. Besides saving on direct cost, rationalization and elimination of redundant processes, it may also lead to significant improvement in people efficiency.

Most of these processes are instituted to ensure consistency and predictability in the area of customer fulfillment – both internal as well as external. However, in practice, very often, such processes are abused to breed consistent mediocrity if not frigidity, when it comes to human responsiveness. Some of the obvious areas of potential unlocking of human responsiveness are:



## Customer service

Straddled by a complex straitjacket of processes, today we hardly get to experience customer service responses, no par excellence. What we experience at best is templated information seeking and providing which hardly ever leads to customer delight. And the professional gets away with such mediocrity if all items required for adherence of the process have been ticked. Freeing up customer service judiciously from the shackles of redundant processes may provide portals for sprouting of natural human instincts and innovation leading delightful engagements. The increase in lifetime value of delighted customers far outweighs the assumed risks of non-adherence.

## Onsite engagements

Onsite engineers and developers are hardly seen doubling

up as business influencers in a customer account which can lead to more up-selling and cross-selling opportunities. This may be because of the assumed restrictiveness of the process governing customer engagement, the interpretation of the Service Level Agreement (SLA) and process-driven compartmentalization in terms of cross-functional participation. In reality, an existing onsite resource – be it for engineering, development or support – is generally more accepted and trusted by clients when it comes to extending business associations beyond existing engagements. Empowering onsite professionals to go beyond laid down/assumed engagement norms and guidelines and take on the role of an ambassador will lead to deeper engagements with existing clients. And there are umpteen examples to support the same.

## Vendor management

Vendor management still continues to be cost and time ineffective, thanks to, what many vendor managers believe, in the procurement and fulfillment processes. If those into vendor management were exposed to being measured on cost and time effective vendor management and not on adherence to the policies of procurement and fulfillment, enterprises would not only save on cost duplication but also receive better quality of deliverables from the vendors.

Behind the proud statement of ‘we are a process driven company’ is often hidden a weak excuse of staying in one's comfort zone and not unleashing the human potential, to strive for excellence. In fact, the rather robotic behavior and presence of most people in some so-called process driven businesses that I have encountered are perhaps because of a convenient assumption that all individuals need to be streamlined to behave consistently and predictably across board, aided by policies, procedures and processes. The basic principle remaining that all individuals are unique and can contribute at their best when allowed to harness the uniqueness, seems to get diluted in our obsession for process-driven standardization. The need of the hour is to examine the processes a) for their currency and validity in the given reality and b) for their flexibility to accommodate spontaneity of human response.

We must not forget that the river flows to create its own banks. When we create a structure for a river to flow into, it results in a stagnated body of water which at best could be a dam or a reservoir, but never a flowing, meandering stream, along the banks of which civilizations can flourish.

*The author is founder and MD, iProdigy Learning Service Private Limited, Bangalore Indraneel@iprodigy.net; www.iprodigy.net*

## The Buffett Effect

Mr Buffett, in a New York Times op-ed published recently, says it's time to buy stocks. Even if you can't command a 10% annual dividend on your stake. His simple logic—"Be fearful when others are greedy, and be greedy when others are fearful."

Given the current scenario, not many have spare cash nor the patience. But the reason Buffett is able to be as successful as he has been is that so few others have the resources and patience to do as he does.



## Stockdale Paradox – how to survive during tough times

According to Jim Collins in Good to Great "Every good-to-great company faced significant adversity along the way to greatness, of one sort or another—Gillette and the takeover battles, Nucor and imports, Wells Fargo and deregulation, Pitney Bowes losing its monopoly, Abbott Labs and a huge product recall, Kroger and the need to replace nearly 100 percent of its stores, and so forth. In every case, the management team responded with a powerful psychological duality. On the one hand, they stoically accepted the brutal facts of reality. On the other hand, they maintained an unwavering faith in the endgame, and a commitment to prevail as a great company despite the brutal facts. We came to call this duality the Stockdale Paradox."

## Twitter

Twitter, a microblogging channel touted as the next Facebook. Twitter is a service for friends, family, and co-workers to communicate and stay connected through the exchange of quick, frequent answers to one simple question: What are you doing? In India Twitter phone number is 5566511.

Twitter uses various short codes to send and receive your updates. Sending a text message to a short code is just like sending a text message to a phone number. Short codes are made specifically for text messaging, so you can't send an email to a short code, or call a short code. Charges for using our short codes are the same as standard text messaging rates to full-length phone numbers. www.twitter.com

## Paradox of thrift

The current cash squeeze is a huge problem for the world economy, because as firms cut discretionary spending wherever they can, the result is likely to be a corporate version of what John Maynard Keynes called the "paradox of thrift". That is, if every firm does what is prudent for itself, but by cutting its spending it slows down the economy still further and thus hurts everybody, including itself.

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# Animated star vs. film star

*It is proved that animated logos or animation films have a better and longer impact on a brand. Yet, why do most Indian companies go the beaten path? Surudha Kulkarni chats up flamboyant animation guru Ashish Kulkarni*



At 42, Ashish Kulkarni, CEO of Pune-based Big Animation, appears to have seen it all and done it all. Well, almost. He founded the Art and Technique Institute at the now famous Whistling Woods International (Asia's largest film production campus) and taught animation there. When he has the time he champions the cause of marrying creativity with technological excellence in the fledgling animation industry. He sits on the jury of the Emmy Awards, the most prestigious awards of the Academy of Television Arts & Sciences.

Does he spend all his life on animation then? No. He runs his company pretty well with a fine blend of creativity and managerial skills – a rare gift indeed. He loves his horse riding, flying and music.

## How effective is animation for marketing and branding?

Communication through animation has slowly matured. It has been there in legal processes, explanation of army processes, picturizing military proceedings and even to explain terrorist activities. Since it is a neutral form of communication without human involvement, it goes beyond caste, creed and religion. The characters remain neutral and friendly.

Also, animation has great reusability. In India, audiences love to watch it repeatedly and enjoy it every time as the characters are animated. It is remembered more often. Communication through this process is unique and products get positioned very well. While the combination of jingles and characters can remain the same products can vary. We have specific clients who upgrade their products using the same animation line.

The Veneta Cuccini ad, where excellent jingles and animated characters



**Ashish Kulkarni**

were first used, became popular and won awards. The company has now launched a higher range of products using the same jingles and animation. This is a niche kitchen product and has great recall among audiences.

Also, animation shots are used by corporates who are into social service. Their CSR is backed by animation. These short films showing the companies' efforts are very popular and at times become collectors' items.

I did a film for Britannia biscuits where the Tiger brand became popular among children. A film for Kellogg's, NutriGenie which I did with J.W.Thomson, was very popular. This showed the characters of Kellogg's in a jungle as they explained the importance of vitamins and other elements to school children. This was shown across 50,000 schools in Asia. One such remarkable film was made for the Tata Cancer Hospital in Mumbai. Children suffering from the disease were explained the need to go in for radiation therapy with the use of an animated film. This film told them what cancer was doing to their bodies and mentally prepared them for treatment.

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*It is strategic to have an animated mascot for your product rather than a film star as an animated imagery never dies out*

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## How does it help brand building?

The two important elements of marketing - communication and branding are well achieved by animation. A brand is strongly built and remains forever, thanks to animated characters like Fido Dido. It is strategic to have an animated mascot for your product rather than a film star as an animated imagery never dies out. Even company logos, when animated, have an emotional and behavioural expression and become popular. However, animation has a long way to go as a medium of marketing. The good news is it is no longer a kids' genre as previously conceived.

## Do the responsibilities of a CEO bog down your creativity?

I am into this line because I enjoy the creative arts. I enjoy story telling. But to be a good manager in animation, one has to have a great acumen to manage both administration and creativity. There is a lot of HR activity involved in striking a synergy between the artists and the content creation.

# Collaborative e-learning

*E-learning is becoming community oriented and collaborative, says Ranganath Iyengar*



**E**-learning is a very vast subject with immense potential and has caught the fancy of technology companies and educational institutions like never before. Clearly it is one range of technologies that has evolved to maturity very quickly since the deployment models are highly service oriented (read 'brick and mortar').

E-learning consists of several sets of technologies for design and creation of content, hosting and proliferation of content, learning management, assessment tools and a range of plug-ins and tools to enhance the learning process. The interesting part however, is to think of e-learning beyond classrooms and when you do that, even a humble browser, social bookmarking tools, blogging tools, presentation tools, IM tools, document management tools, become e-learning enablers.

Some popular tools are Delicious, Firefox, GoogleReader, Skype, Wordpress, Moodle, Audacity, YouTube, Slideshare, Wikispaces, Snagit, VoiceThread, Camtasia Studio, Zoho Suite, Elluminate, Basecamp, Joomla!, Wink, Dokeos, Photostory, Blackboard, Super, WebEx etc. They expect to fulfill several niches in the learning process – developing basic content, adding multimedia, organizing the information, converting the data into convenient formats, sharing through collaborative platforms that are easily replicable into learning platforms.

Other than the above listed tools and technologies most of which are public domain or free, there are several more serious mainstream learning platforms that are developed by e-learning companies for their proprietary use – some Indian companies Educomp, Edurite, Aptech, NIIT, Manipal, 24 x 7 Learning, MeritTrac, 24 x 7 Guru, Raptivity, Epistreme, Globarena, Think Brik etc – such companies combine their

own proprietary systems and technologies listed above to offer a range of 'service products' to learners.

## Market positioning

Companies in the E-learning space straddle one or more logical groups depending on the technology strengths they possess – the more traditional older players are more focused on leveraging tools and developing content whereas the newer players grow their technology with the penetration into certain segments.

E-learning companies are positioned at young learners (K-12), colleges and universities (e-varsities), third party learning services (skill development for everyone), public-private initiatives (social education initiatives run by NGOs) and industry specific learning that are run either by industry groups / associations or private organizations.

However, E-learning continues to be an evolving space and it is hard to slot companies into a specific part of the value chain – so at one end of the spectrum we would find strong education brands like NIIT and Aptech while a lot of the new players are positioned as niche providers lower down in the value chain as content developers and service product companies. At the other end of the spectrum, there are again large managed services providers and hosting companies that manage these large infrastructures.

## Future trends in E-Learning

The traditional approach of E-learning has been to provide learners with a Virtual Learning Environment and offer a range of services that are more aligned to the institution rather than the learner since the emphasis was structured around courses, timetables and testing. However, current trends indicate the move towards creating E-learning communities – good examples for this are Teachade's teacher

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*What is fast catching on is Edublogging which has been used very effectively to get learners to collaborate and work together for a common learning goal*

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community and Globarena's www.evarsity.in which is a career community. Another interesting example is Elgg, which is a social networking software for education and provides each user with a range of tools to create, publish and maintain their 'learning landscape' and also do podcasts.

So, while the emphasis is still on E-learning, it is also meant to get learners to collaborate more meaningfully rather than a 1:1 relationship with the institution. Another such concept that is fast catching on is Edu-blogging which has been used very effectively to get learners to collaborate and work together for a common learning goal. Even sites like Flickr are finding use in E-learning through a creative common licensing program that allows users to share digital assets for presentations and coursework.

## In summary....

E-learning will continue to have a keen contest between the quality of the tools and delivery platform to the content itself. Added to this is the novelty and innovativeness of the service model that will continue to attract learners. So with plenty of E-learning, career managers and placement support, we will have a hard time to make optimal choices! So, if you want to beat the recession, keep in touch with your E-learning....

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*e-mail: ranga@siiplconsulting.com*

# Inner Engineering



By Sadhguru

If you are really interested in knowing life in its depth, you must see how to enhance your perception. This moment, if you fall asleep, suddenly people around you will disappear, the world will disappear and you also disappear. You are still alive, everybody around is alive, the existence is on, but in your experience everything disappeared, because these five sense organs have shut down. Right now your whole perception of life is limited to five sense organs - seeing, smelling, hearing, tasting, touching. And these sense organs, in the very nature of things, can perceive only that which is physical.

Now the question of going beyond the physical arises in your life only when you are done with survival. You are not just interested in living a good life; you want to know the very source of life. So it does not matter whether you want to know the process of creation or you just want to live peacefully - what you need to do is enhance this perception to its ultimate level, to know the Ultimate, or at least enhance your perception to some level where your body, and mind, and emotion, and energy happen the way you want them.

See, anything that is not in your awareness does not exist for you; and only what you are aware of, you can handle and do things about. If you carefully examine, you will see a large part of you is not in your awareness. If you bring more and more of this into

your awareness, you will see suddenly your life begins to happen on all levels, the way you want it.

So 'Inner Engineering' means having an inner perception of life – a perception which is not limited to the five sense organs. When I say 'an inner perception', am I talking about some airy things? Let us start from the mundane - if your perception is beyond the senses, and food appears in front of you, you can simply know how this food will behave in your system. But this perception is more and more going away from human beings. From something as simple as that to the ultimate possibility, the inner perception would bring a completely new dimension into one's life.

All the activity that we are doing in our lives - whether you are a doctor, or you are a policeman, or you are an engineer, or whatever you are - fundamentally, your perception of what is right now in front of you decides the effectiveness of who you are, and how much you do on this planet.

People are always asking me, "Sadhguru, you're talking about so many subjects. Where do you get the time to read?" I say, "I don't read." What is there in front of me, I perceive it as it is and that is it. There is no need to carry the burden of knowledge on your head, if your perception is keen enough.

So perception can be raised to various levels through certain inner instruments.

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**'Inner Engineering' means having an inner perception of life – a perception which is not limited to the five sense organs**

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Is it very difficult? Can I rise beyond my senses? Do I have to withdraw to a Himalayan cave to do this? There is no such thing; any human being who is willing to dedicate just a few minutes of his life per day can begin to know this. Because it is not sitting somewhere in the Himalayas, it is within you. What is within you is not inaccessible to you. You are just too busy and enamored with what is happening outside; you never paid any attention to the inside. It is just lack of attention which has denied people this possibility. If people develop this simple process of paying a little bit of attention to themselves, rather than expecting other people's attention to them, it would definitely change the fundamentals of their life in so many ways. I can show you millions of people, whose lives have been transformed in so many different ways by just spending fifteen to twenty minutes a day on this process. That is all it takes."

[www.ishafoundation.org](http://www.ishafoundation.org)

### Imagining India: Ideas for the New Century by Nandan Nilekani

Penguin Books India, Imprint: Allen Lane, November 24, 2008

Books on India these days are the flavor of the season one too many. India offers multiple perspectives to multiple interpreters.

Nandan Nilekani's book on India is a work of an original thinker who is also a dynamic doer. And that's a rare combination to come by in a writer on India. Thomas Friedman, whose book title *The World is Flat* was inspired by his conversation with Nilekani, said Nandan is a great explainer.



For those familiar with the technocrat businessman, it was a surprise to see a historian and a policy and polity analyst in him. He takes a historical perspective of India right from the Indus Valley civilization to the British rule and to the present. He examines both the contributors to its growth and barriers. Unearths limitations of the old model for growth and unravels the potential of the current, open model.

He calls for reform and innovation in all sectors of public life. This is not a book on India with the skeptical slant of a typical historian but a book brimming with optimism about India's future. It's interesting to see the emphasis he places on the younger generation of India and the role that they will play in the transformation ahead. Going beyond analysis he also offers his views on a safety net of ideas-like inclusive democracy, social security, public health, sustainable energy that transcends political agendas and secure India's future growth.

It's believed that Penguin Books India is betting huge on this one. Note that the book is being published under the Allen Lane imprint for the first time in India. Allen Lane was the Founder of Penguin and the imprint label is non-fiction that includes works of writers such as Amartya Sen, Thomas Friedman and Joseph Stiglitz; journalist Malcolm Gladwell, American filmmaker Michael Moore and biologist Richard Dawkins.

### The Indian Renaissance: India's Rise After A Thousand Years Of Decline

Penguin Books India

Another brilliant book on India. This one is from an economist. Sanjeev Sanyal is currently Deutsche Bank's Chief Economist for the region as well as Adjunct Fellow at the Institute of Policy Studies, National University of Singapore. The book is not only about India's economic resurgence but a cultural one, too.

Sanyal first reminds us about the golden age of India where both it economic as well



as civilization terms, India was a huge power and influence in the world and then points out how and why this power steadily declined after the 11th century onwards. His core argument is that, after this steady decline, things are looking up so much in India that, if taken advantage of, India can find back the lost glory.

Well, his interpretations and optimism are not so simplistic as these words sound, for his take is well-backed by rigorous research, logic, sense of history and analysis.

For instance, his research quotes that till the 11th century, India accounted for more than 30% of the world economy. Between 1000 and 1820, India's share of the world gross domestic product (GDP) fell from 29% to 16%.

The 'wounding of the civilization', in Naipaul's terms, may have been a contributing factor, but Sanyal points out at not-so-obvious factors: the closing of the minds, and the narrowing of attitudes, which was contrary to the openness and innovation mindset of the pre-11th century era. "A change in cultural attitudes by the 11th century created a fossilized society obsessed with regulating all aspects of life according to fixed rules," he says. "Not surprisingly, this discouraged the spirit of innovation and led to a long and painful decline. India fell behind not just as an economy but as a civilization." Nehruvian policies further added to the closed mindset and lost a new chance for opening up.

This is one book that not only acknowledges or celebrates the birth of innovation in India but one that puts it in perspective and gives it a historical significance with future implications.

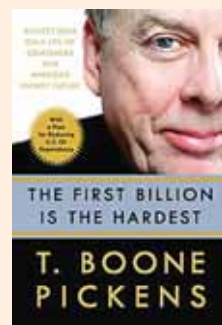
### The First Billion Is the Hardest: How Believing It's Still Early in the Game Can Lead to Life's Greatest Comebacks

T. Boone Pickens, Crown Publisher, Sept 2008

Now eighty years old, T. Boone Pickens is a legendary figure in the business world. Known as the "Oracle of Oil" because of his uncanny ability to predict the direction of fuel prices, he built Mesa Petroleum, one of the largest independent oil companies in the United States, from a \$2,500 investment.

When Pickens left Mesa at age sixty-eight after a spectacular downward spiral in the company's profits, many counted him out. From that personal and professional nadir, Pickens staged one of the most impressive comebacks in the industry, turning his investment fund's remaining \$3 million into \$8 billion in profit in just a few years.

Today, Pickens is making some of the world's most colossal energy bets. Pickens is staking billions on the conviction that he knows what's coming. In this book, he spells out that future in detail, not only presenting a comprehensive plan for American energy independence but also providing a fascinating glimpse



into key resources such as water—yet another area where he is putting billions on the line.

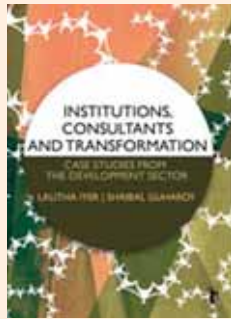
From a businessman who considered one of the world's most visionary, *The First Billion Is the Hardest* is both a riveting account of a life spent pulling off improbable triumphs and a report back from the front of the global energy and natural-resource wars.

## Institutions, Consultants and Transformation: Case Studies from the Development Sector

Lalitha Iyer and Shaibal Guharoy, *Response Books*, 2009

*Institutions, Consultants and Transformation: Case Studies from the Development Sector* shares the experiences of and collectively reflects on the work of Organization Development practitioners for contextual understanding and knowledge sharing, particularly in the social development sector. The case studies are composed of three elements—a narrative report on activities, a reflective essay on the challenges faced during the change process and a review of the aspects retained and absorbed in the organization. The unique feature of these studies is the identification, by practitioners themselves, of their assumptions and earlier experiences.

The cases capture a range of issues that the social development sector faces—from leadership transitions, gender issues at the workplace and the challenges of reorienting large systems to their development agenda.



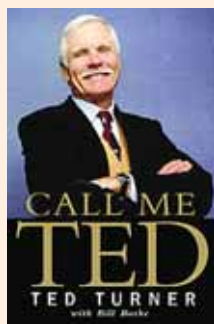
## Call Me Ted

Bill Burke, *Ted Turner, Business Plus publication*, Nov. 2008

One of the richest men in the world, the largest land owner in the United States, one who revolutionized the television business with the creation of TBS and CNN, a champion sailor and winner of the America's Cup, who is also an innovative entrepreneur, outspoken nonconformist, and groundbreaking philanthropist, Ted Turner is truly a living legend.

Now, for the first time, he reveals his personal story. From his difficult childhood to the successful launch of his media empire to the catastrophic AOL/Time Warner deal, Turner spares no details or feelings and takes the reader along on a wild and sometimes bumpy ride. You'll also hear Ted's personal take on how we can save the world.

In *Call Me Ted*, you'll hear Ted Turner's distinctive voice on every page. Always forthright, he tells you what makes him tick and what ticks him off, and delivers an honest account of



what he's all about. Inspiring and entertaining, *Call Me Ted* sheds new light on one of the greatest visionaries of our time.

## ManagementNext 10 Best Management Books 2008

### Made to Stick: Why Some Ideas Survive and Others Die

By Chip Heath, Dan Heath, *Random House*, Jan 2008

### Predictably Irrational: The Hidden Forces That Shape Our Decisions

by Dan Ariely, *HarperCollins*, February 2008

### The Logic of Life: The Rational Economics of an Irrational World

by Tim Harford, *Random House Publishing Group*, January 2008

### Built to Serve: How to Drive the Bottom Line with People-First Practices

by Dan Sanders, Stephen Covey, Ken Blanchard, *Tata McGraw-Hill India*, 2008

### PASSION: The Untold Story of LG Electronics India

By Yasho V. Verma, *Biztantra*, March 2008

### The Game-changer: How Every Leader Can Drive Everyday Innovation

by Ram Charan, A. G. Lafley, *Random House*, April 2008

### Harmonic Wealth: The Secret of Attracting the Life You Want

by James Arthur Ray (Author), Linda Sivertsen (Collaborator), *Hyperion*, April 2008

### Innovation Power Plays: How the World's Hottest Change Agents Reach the Top of Their Game

By *BusinessWeek*, January 2008

### Always on: The Future of Advertising and Marketing

by Chris Vollmer, Geoffry Precourt, *McGraw-Hill*, March 2008

### The Ten Commandments for Business Failure

by Donald R. Keough, *Portfolio*, July 2008



## Obama beats Apple, Nike in branding

No one will dispute that the battle for the American Presidency has been a fascinating and historic one. However, not many have noticed that a few weeks ago, the President-elect of the US, Barack Hussein Obama won hands down in another equally improbable contest. He was voted Advertising Age Marketer of the Year, beating global icons such as Apple and Nike.



Obama has been in the news for his extraordinary online fundraising and TV ad blitz. But what won him acclaim from American chief marketing officers and chief executive officers was his path breaking digital strategy and campaign. The results have been a game changer: \$640 million in funds, 3.1 million contributors, more than a 100 million page views of official and unofficial YouTube videos, five million volunteers, 2.2 million “fans” on his main Facebook page, 800,000 on his MySpace page, and more than a million more names on the official campaign website.

At a rough estimate, this translates into one in 10 possible Obama voters engaged and transformed into “brand advocates”! How did Obama and his campaign team do it? And what can managers learn from it? It’s worth spending a day figuring it out.

## Number crunching on recovery

Here’s a treat for number crunchers. According to respondents to an EE Times Europe poll, the global economy will have recovered from recession within 2 years, 229 days, 5 hours, 7 minutes and 40 seconds, that would put the recovery as being complete on May 20, 2011, which happens to be a Friday.

The precise date was achieved by discounting the 13 percent of respondents who said the global economy will never return to free-market capitalism, and taking the average of the remaining responses to the question “How long will it take after the ‘meltdown’ banking crisis for the global economy to recover from the recession?”

The most popular response was “three years,” which received 36 percent of the vote, closely followed by “one year” which received 30 percent. Outlying response figures were the 5 percent who said there would be no recession, 7 percent who said it would be over within 3 months and the 9 percent of the vote who forecast a 10 year depression. The average of these responses, weighted according to how many voted for each period, produced the 2 year 229 day figure.

## Industry associations sans generals

It’s been a tradition of most business and trade associations to have retired officers from the Indian armed forces as heads. The reasoning was that they would run them efficiently and perhaps won’t take sides in faction-ridden bodies.

But the tradition seems to be changing. The Confederation of Indian Industry (CII), perhaps the most organized and professional of industry bodies, replaced their outgoing head with a long-serving insider. The All India Management Association (AIMA) poached a senior functionary of CII as its head replacing a retired lieutenant-general. The same is the story in many state-level trade bodies.

It’s too early to say whether the civilian heads are better than the generals. But the change is welcome considering the new demands on these bodies.

## Optimistic Indians

According to a global survey on consumer confidence levels, spending and attitudes to recession, Indians have the second most optimistic attitude on the current world financial crisis after Norway.

Conducted by The Nielsen Company in 52 countries, the survey revealed that one in two Indians, 45 per cent of Vietnamese and approximately a third of Russians and Chinese expect the global recession to end within a year. The survey adds that in India, employment rates will rise in inverse proportion to the developed world, aided by the adoption of workforce optimization. Only time will tell if this is foolish optimism or wishful thinking.

## Vampire Power

Best Buy Company has an interesting video featuring what it calls vampire power. That is the evil power of technology that sucks the blood (electricity) of your home even when you’ve put them on standby or switched off mode. Best Buy estimates that this ‘Vampire Power’ is responsible for wasting an estimated \$4 billion in the U.S. annually, with the Department of Energy noting that this figure could rise by 20 percent by 2010.



To fight the monster, it recommends unplugging chargers completely from the power socket when not in use and using a power strip so multiple devices can be switched off at the same time. <http://vcr.csrwire.com/node/11606>.

# Over a cup of Naple coffee!



By Sharmila Chand

“O’caffè” is what I would call my coffee rendezvous with Ravi Bajaj. Just like the Neapolitans, we found our special cup aromatic and stimulating. Because it took us straight down the memory lane, his visit to Italy last year and my trip to Rome a couple of months back. So the coffee did its job well, as traditionally the ‘Naple Coffee’ symbolizes Naples like the Vesuvius or the pizza, and it reflects friendship and sociability.

A Neapolitan is generally very critical when it comes to judging a coffee. It is said that Naples has the best Italian *caffè*, even though “de gustibus non disputandum est” or “There’s no arguing taste”. It is undisputed, however, that all Italian advertising spots for coffee are set in a Neapolitan ambience – and there’s certainly a reason for that!

Known for his creative genius, the sober designer, Ravi always has something interesting up his sleeve, whether it’s his classy winter collection or a great destination he has visited.

Over 2,800 years old Naples (Italian: *Napoli*), synonymous with pizza, which perhaps originated here, is the capital city of the Italian region of Campania, and of the province of Naples. The city is known for its rich history, art, culture and gastronomy, playing an important role throughout much of its existence. Naples is located halfway between two volcanic areas, the volcano Mount Vesuvius and the Phlegraean Fields, sitting on the coast by the Gulf of Naples.

Founded by the Ancient Greeks as “*Νεάπολις*”, *Neápolis* (New City), it held an important role in *Magna Graecia* and then as part of the Roman Republic in the central province of the Empire. Today the historic centre of the city is listed by UNESCO as a World Heritage Site. We shift gears and zoom into the other subject, the music and cuisine of Naples.

## Music

A strong part of Neapolitan culture which has had wide reaching effects is music, including the invention of the romantic

## Ravi Bajaj’s sips ‘n bites

**Your favorite holiday destination:** Italy, all of it!

**Last time you went there:** Last year.

**You like the place because:** It has everything one can hope for - food, sights, shopping!

**Any outstanding eateries?** Italy is a treasure house of food! Even a road side restaurant serves you decent panini and café.

**Where did you stay?** While in Italy my hotels are usually last minute decisions. Since one is driving through most of the country where you are staying usually depends on where you wanna be the next morning. Last time one memorable hotel was the Vesuvio! Which is in Napoli. Facing the boat club!

**Highlight of your trip:** For me highlight of any trip is my hotel suite and the food. I almost always get that right!

**Any interesting/memorable anecdote:** Yes, reaching Napoli at 1 a.m. and still finding a restaurant serving dinner!

**Any travel tips?** All of Italy is a must visit, preferably do it in a car!



guitar and the mandolin as well as strong contributions to opera and folk standards. There are popular characters and figures who have come to symbolise Naples; these include the patron saint of the city Januarius, Pulcinella, and the Sirens from the epic Greek poem the *Odyssey*.

## Neapolitan cuisine

At last, I got to know the origin of my favourite Margherita pizza. You guessed it right, after Queen Margherita.

Naples also has some famous sweet dishes, including colourful gelato, similar though more fruit-based than ice cream. Some of the pastry dishes include: *zeppole*, *babà*, *sfogliatelle* and *pastiera*, the latter of which is prepared especially for Easter. Another seasonal sweet is *struffoli*, a sweet tasting honey dough decorated and eaten around Christmas.

Beverages from Naples are popular too. Like wines from the Vesuvius area such as *Lacryma Christi* ("tear of Christ") and *Terzigno*. Also from Naples is limoncello the highly popular lemon liqueur.

Naples is a true shopping paradise: Clothes, shoes, and leather articles of any kind are relatively inexpensive, and fashion always follows the most current trends. Italy is a treasure house of food! Even a road side restaurant serves you decent panini and café.

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