

# Managing during tough times

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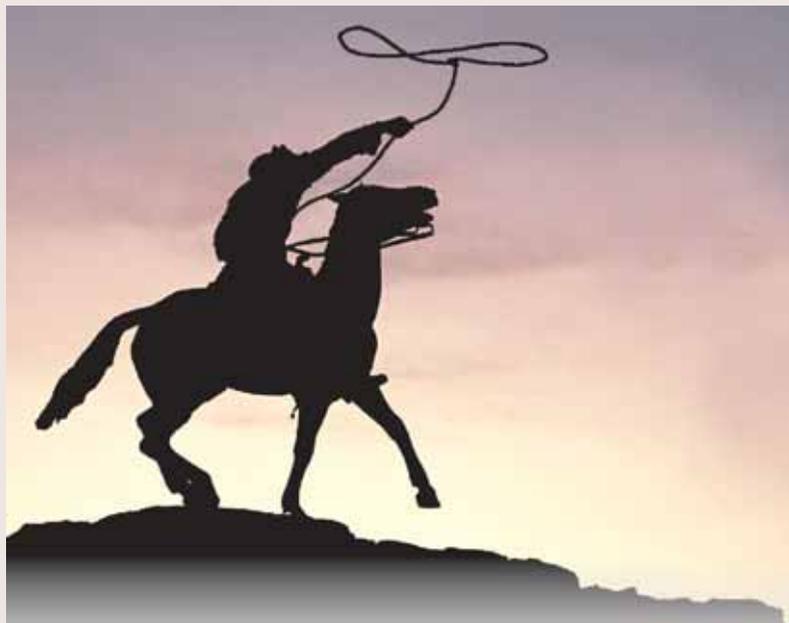
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## Downturn cowboys

*Research shows that leaders who invest during tough times emerge stronger than those who recoil and wait for the winter to pass*

- By Sangeeta Mansur



An economic slowdown, more so a recession, really tests the mettle of a company, the tenacity of its leaders and the confidence of every executive. Surprisingly, a majority of the leaders and executives seem to panic at the first sign of slowdown. In the name of cost rationalization, they even sell off parts of businesses and let good people go.

Why does this happen when evidence and research by credible agencies have shown that leaders and managers who use the slump to position their companies for superior performance emerge as winners ?

Mehrdad Baghai, Sven Smit and Patrick Viguerie in their article in McKinsey Quarterly (August 2008) titled 'M&A strategies in a down market' say

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# Have soft arrogance

*Subroto Bagchi shakes up quality professionals from their stupor and asks them to have the guts to challenge top management*



If people like us are not creative and innovative, how can we expect a 22 year-old to be creative and innovative? The fact is, we don't want them to be innovative.

I think quality professionals have leveled out in this country just the way the Japanese quality professionals leveled out in the 1970s. Most quality professionals then were associated with manufacturing quality in software. Then Japan realized its mistake and extended the definition of quality to total quality.

Now, who is going to do this paradigm shift (in India)? Why aren't quality professionals challenging top management? If quality professionals are not challenging basic business fundamentals, then who will do it?

You cannot blame it on CEO engagement or top management's commitment to quality. The Japanese quality captains in the 60s and the 70s took on the top management and the rest is history.

If we look at the record of the Indian quality professional in the last 25 years, it is not a nice record at all. Where is the content? What have we generated? If this is the situation, you cannot expect the CEO to listen to you. To do it you need soft arrogance, not hard arrogance, so that CEO listens to you. A CEO's job is not to listen to you. A CEO thinks he is god. How can you get to his ears?

**You can show soft arrogance when you know you are thinking two steps ahead. When you are learning from unusual sources; when you have a point of view and are willing to put your foot down and are willing to face consequences**

When you are willing to say no and want to be a living example of experimentation. When you are all this, you will get the glow without being arrogant.

The quality professionals are not pushing back enough. Don't agree with top management as easily as you are doing. You have more powers than you think you do. You are conceding too easily. If you are getting rotten by doing transactions, refuse

to do transactions. Don't fall in line so easily. That's a very individual journey. To do this you should be individually good. Assert yourself because you are more powerful than you think you are.

What have the quality personnel done to fundamentally change the paradigm in education? What have they done to produce outstanding globally readable content? I don't want to make the quality people feel bad, but the time has come for us to reflect. If you change tracks, if the industry changes tracks, society will take notice.

## Social quality

We have to make innovation and creativity an important agenda of our existence. We must develop the capacity to dialogue with the non software part of India. In Japan, quality is not just there in manufacturing. The quality principles are taught to children in schools.

I think the Indian society has the spermicidal impact on quality. That is, it is meant to kill quality. You cannot be islands of quality when nuns are being raped and killed a few hundred kilometers from the city. We have to take society with us.

I think the time has come to expand quality the way we know in business and extend it to social quality. We cannot say that we are different outside the office and different once we step inside our plush offices.

What has the software industry done? We are an internally-focused industry. We are a profits-focused industry. We are a shareholder-focused industry. And then we expect the world to come and pay obeisance. If we don't change, the world will not have any use for us because the world does not have a place for uninteresting faces.

However, I think quality professionals are a national resource. You are the islands of sanity. But the individual journeys of companies and also that of individuals needs to be externalized.

*Excerpts from a talk at the Nasscom Quality Summit October 2008. Mr. Bagchi calls himself 'Gardener' at MindTree Consulting*

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their research indicated that although most executives know and pay lip service to the maxim “Invest in a downturn,” few act on it. They created a database of 200 global companies and showed the most important sources of growth. Two sets of results stuck out. First, the potential strategic moves companies took to grow in a downturn created significant value for shareholders. During an upturn, on the other hand, divestments created slightly more value than acquisitions did.

**Clearly, the study showed that great companies view downturn as a time to increase their leads and make acquisitions. They believe that countercyclical investment can separate the leaders from the laggards.** Arguments that growth is risky in a downturn don't seem to stick. What's more, good companies even hire good people from scared companies and they get them cheap.

McKinsey research also includes the impact of downturn on retail. Retailers are quick to suffer the effects of downturns in the overall economy but often slow to bounce back. “So, retailers need to move quickly to minimize performance deterioration.” The authors suggest a tough self-assessment, combined with a hard-nosed scan of a retailer's external environment.

For retailers operating with decent financial strength in reasonably attractive markets, their advice is for investing for future growth, rather than hunkering down to minimize losses, which often yield the best long-term results.

## Stronger after recession

Another 2000-2001 McKinsey study on the impact of recession in the early 90s on the corporate world unequivocally establishes that companies that emerged less bruised or stronger went in for deals and transactions that offered an opportunity to shape their industries in the future. If that meant growth by acquisition or larger deal sizes or many deals of small sizes, it was all done. All this while their anxious peers stayed clearly away from fresh deals. These findings were based on a study of 100 companies during 1982-1999 but published only in June 2002.

What did these companies do differently than their not-so-successful peers? Quite a few counterintuitive things indeed! They made strategic decisions during recession that defied conventional wisdom and emerged highly valued.

They did one more unconventional thing. They spent money unlike others who clutched it close to their reserves. They did not cut spending but simply refocused their spending. They spent more on selling, marketing, advertising and administration than the other companies did. They doubled their already higher than average spend on R&D during the recession. And they maintained a lower than average employee-to-sales ratio to maintain efficiencies. The results were evident in the form of the financial market valuing the investment when the market soared.

McKinsey would certainly do a similar survey when this recession passes. Will the results be any different? Less likely!

## The power of daydreaming and free time



"Nearly every major decision of my business career was, to some degree, the result of daydreaming. ... To be sure, in every case I had to collect a lot of data, do detailed analysis, and make a data-based argument to convince superiors, colleagues and business partners. But all that came later. In the beginning, there was the daydream", says Dov Frohman in a chapter on 'Daydreaming' in his book *Leadership the Hard Way: Why Leadership Can't Be Taught—and How You Can Learn It Anyway*. (April 2008, Jossey-Bass)

By daydreaming, he means loose, unstructured thinking with no particular goal in mind. **He thinks daydreaming is a distinctive mode of cognition especially well suited to the complex, 'fuzzy' problems that characterize a more turbulent business environment.** "Daydreaming is an effective way of coping with complexity. When a problem has a high degree of complexity, the level of detail can be overwhelming. The more one focuses on the details, the more one risks being lost in them. ... Every child knows how to daydream. But many, perhaps most, lose the capacity as they grow up. ..."

*Leadership the Hard Way* presents a method of living and working that aspires to facilitate the learning of leadership. **The method is how to go against the current, fight conventional wisdom, and embrace the unexpected.** It is about trusting oneself and valuing intuition, principles and imagination as much as hard skills and analysis. Frohman combines his counterintuitive ideas with experiences from his own background, from escaping the Nazis as a child to becoming a leading innovator in the semiconductor industry, to show how readers can build their own leadership abilities

### The power of Unschedule

In another chapter on the power of 'Unschedule', Frohman says that most managers spend a great deal of time thinking about what they plan to do, but relatively little time thinking about what they plan not to do. As a result, they become so caught up in fighting the fires of the moment that they cannot really attend to the long-term threats and risks facing the organization. So, the first soft skill of leadership the hard way is to cultivate the perspective of Marcus Aurelius: avoid busyness, free up your time, stay focused on what really matters.

He puts it bluntly: "Every leader should routinely keep a substantial portion of his or her time—I would say as much as 50 percent—unscheduled. **Only when you have substantial 'slop' in your schedule—unscheduled time—will you have the space to reflect on what you are doing,** learn from experience, and recover from your inevitable mistakes."

Managers' typical response to the author's argument about free time is, 'That's all well and good, but there are things I have to do.' Yet we waste so much time in unproductive activity—it takes an enormous effort on the part of the leader to keep free time for the truly important things."

## Branson's Golden Rules

Richard Branson's books are as much fun to read as the way he runs his business. The latest one to follow *Losing My Virginity – The Autobiography; Screw it; Let's Do it – Lessons in Life and Business is Business Stripped Bare – Adventures of a Global Entrepreneur*.

In his new book (Random House, September 2008) Branson takes on the management gurus who consider the Virgin Group as some sort of an exception or maverick like to the way businesses are built and sustained. The book offers rare insights for serious businessmen, entrepreneurs, managers, academia, students and anyone who loves adventure.

Here's a list of Branson's 10 golden rules

- Employees are number one. The way you treat your employees is the way they will treat your customers.
- Think small to grow big
- Manage in the good time for the bad times
- Irreverence is OK
- It's OK to be yourself
- Have fun at work
- Take the competition seriously, but not yourself
- Think of the company as a service organization that happens to be in the airline (any) business
- Do whatever it takes
- Always practice the Golden Rule, internally and externally



### Entrepreneurship, Branson style

A lot of people are not sure what being an entrepreneur is like. To Branson "Entrepreneurship is not about getting one over on the customers. It's not about working on your own. It's not about looking out for number one. It's not necessarily about making a lot of money. It is absolutely not about letting work take over your life. On the contrary, **it's about turning what excites you in life into capital, so that you can do more of it and move forward with it.** I think entrepreneurship is our natural state – a big adult word that probably boils down to something much more obvious like playfulness."

He asks managers to inspire their people to think like entrepreneurs, and treat them like adults. "The hardest taskmaster of all is a person's conscience, so the more responsibility you give people, the better they will work for you."

## Seven things that surprise new CEOs

Here's a treat for all Professor Michael Porter fans. Porter's new book *On Competition* is just out (Oct 2008 Harvard Press). This book is a collection of Porter's most influential articles from HBR, and new work on health care, philanthropy, social responsibility and leadership. The portion on advice for new CEOs, co-authored by HBS faculty Jay W. Lorsch and Nitin Nohria, who look at common surprises faced by new CEOs. Porter's most influential article (1979) *How Competitive Forces Shape Strategy* launched a business management revolution among academics and practitioners.



**The CEO must learn to manage organizational context rather than focus on daily operations. He must not get totally absorbed in the role**

The article warns new CEOs to be acutely aware of the environment and people, and suggests ways of avoiding common pitfalls. He says that most new chief executives are taken aback by unfamiliar new roles, time and information limitations and altered professional relationships.

### **The seven surprises are:**

Surprise One: You Can't Run the Company

Surprise Two: Giving Orders is Very Costly

Surprise Three: It Is Hard To Know What Is Really Going On

Surprise Four: You Are Always Sending A Message

Surprise Five: You Are Not The Boss

Surprise Six: Pleasing Shareholders Is Not The Goal

Surprise Seven: You Are Still Only Human

To manage the outcome of their surprises, the authors' advice includes; The CEO must learn to manage organizational context rather than focus on daily operations; The CEO must not get totally absorbed in the role. Even if others think he is omnipotent, he is still only human. Failing to recognize this will lead to arrogance, exhaustion and a shortened tenure.

CEOs must recognize that their position does not confer the right to lead, nor does it guarantee the organization's loyalty.

They must perpetually earn and maintain the moral mandate to lead. CEOs can easily lose their legitimacy if their vision is unconvincing, if their actions are inconsistent with the values they espouse, or if their self-interest appears to trump the welfare of the organization. They must realize that success ultimately depends on their ability to enlist the voluntary commitment rather than the forced obedience of others. While mastering the conventional tools of management may have won the CEO his job, these tools alone will not keep him there. Good CEOs enjoy surprises.

## Frugality and growth can coexist during a recession

**While you may think it's possible to focus on only one (either growth or frugality) during recession, a line of thinking suggests, both having the cake and eating it too are possible, by design**

Can frugality and growth co-exist? Logically, they can, since savings from frugality can feed growth. But practically tough, since savings often come from compromising on growth.

Is there a way to have both in tough times? Yes, suggests a paper, 'Design for Frugal Growth' in *Strategy-business.com*, Autumn 2008, by Jaya Pandrangi, Steffen Lauster and Gary L. Neilson. The authors suggest a re-look at organisation design. Taking a fictitious company as a case to demonstrate their views, they cite some enablers to having both frugality and growth intact during rough weather: enablers such as accountability, innovation, autonomous and linked behavior in organizational design.

- Revamping your organization design into business units with accountability to their top line and bottom line growth and strategies would encourage growth. The core or the head office can only set targets and leave the strategy route to the units. The core then acts like sports coaches, guiding the units but not involving in operations of the units. Or, like a private equity investor investing in a venture, demanding returns, yet not interfering in strategy or operations. This turns CEOs of the business units into instant entrepreneurs and unleashes new energy.
- Innovation is inspired by connection to consumer insight which should be taken care of by fundamental research and this should be done by the core.
- The structure in the organization design should involve the core, the business units and a pull-based functional, support infrastructure (like IT, for instance) that's co-created or co-designed by all the units and it gets co-shared by them.
- Choices must be made at the corporate core about the capabilities in which the organization will invest and the support to give them. The most important capabilities to invest in are those that distinguish a company from its competitors and this is where the core should make its decision and invest in.

## Harvard's highest alumni award to Anand Mahindra

As part of its Centennial celebrations, the Harvard Business School (HBS) recently conferred its highest recognition, the Alumni Achievement Award, on Vice-Chairman and Managing Director of Mahindra & Mahindra, Anand G. Mahindra.



The other awardees included John Doerr, a partner in the venture capital firm Kleiner Perkins Caufield & Byers; Jeffrey R. Immelt, Chairman & CEO of General Electric; Meg Whitman, former President & CEO of eBay; and James D. Wolfensohn, former President of the World Bank.

HBS Dean, Jay Light presented the awards at the HBS Centennial Global Business Summit, a two-day event being held on the School's campus in Boston. Presented annually since 1968, the HBS Alumni Achievement Award recognizes individuals who have contributed immensely to their profession, industry and community.

Anand Mahindra completed his MBA from Harvard College, Cambridge, Massachusetts, Magna cum Laude (high honors) in 1981. Mr. Mahindra has been driving Mahindra & Mahindra (M&M) into the ranks of the world's global corporations since 1991, when he joined the utility vehicle and tractor maker founded by his grandfather and granduncle in 1945.

As part of a philosophy of diversification and globalization Anand Mahindra implemented in 1994, M&M today is a \$6.6 billion enterprise involved in many activities, including information technology, logistics, infrastructure development, and financial services, as well as automotive and farm equipment

## MindTree wins Asian MAKE award

MindTree, a global IT and R&D services company, announced that it has been awarded the Asian Most Admired Knowledge Enterprise (MAKE) Award by Teleos, in association with The KNOW Network. The Asian MAKE Award recognizes Asian organizations that are front leaders in effectively transforming enterprise knowledge into wealth-creating ideas, products and solutions.

A panel of Asian Fortune Global 500 business executives and leading knowledge management and intellectual capital experts found MindTree to be the best among Asian organization in the area of Knowledge Management.

MindTree's Knowledge Management function allows the firm to harness the knowledge and ideas of its people towards

innovation, better service delivery, and organizational learning. MindTree's approach to Knowledge Management is holistic and is focused on building a knowledge ecosystem, which it defines as four 'spaces' within which its people interact to create value: physical space, virtual space, social space, and mind space. "Our knowledge strategy is differentiated in the industry by its completeness of vision and scope," said MindTree Vice President and Chief Knowledge Officer Raj Datta. "In addition to deploying feature-rich technical platforms, we are differentiated by our focus on softer enablers like social networking, culture-building and creative thinking."

In the MAKE study performance dimensions, MindTree was the top ranked company in Asia in 'innovation in knowledge-based products/services/solutions' and 'maximizing enterprise intellectual capital'. It was ranked second in 'developing knowledge workers through senior management leadership'.

In 2007, MindTree was declared the Number 1 ranked Most Admired Knowledge Enterprise in India. MindTree also won the NASSCOM Innovation Award 2007 for its knowledge ecosystem. Teleos, an independent knowledge management and intellectual capital research firm, administers the Most Admired Knowledge Enterprises (MAKE) program.

## IIMB offers full time executive MBA

IIM Bangalore announced that it is offering full-time one year executive MBA to mid-career professionals, a first in its history. The course includes a five-week international internship in an emerging economy. The objective of the course is to help build leadership capacity in senior management in India. (see page 23 for details).

## Prasad Kaipa to head centre for excellence at ISB

Prasad Kaipa has taken a new role as the executive director of Center for Leadership Innovation and Change (CLIC) at the Indian School of Business in Hyderabad. The focus of the center is applied knowledge creation and dissemination in the areas of innovation, change and leadership.



Kaipa is an acclaimed executive coach in the areas of innovation, business transformation, decision making, strategic thinking and personal mastery. He believes that business, technology and spirituality are the three most influential forces that affect our capacity and our genius. And they have conflicting agendas. He believes that by operating at the nexus, we draw upon the confluence of the three domains and assist our clients in being innovative, effective and successful.

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# What's your server?



*Ranganath Iyengar offers a bird's eye view of the data management solutions and the smart choices SME's can make*

*By Ranganath Iyengar*

Server hardware is often a crucial buy for any organization owing to cost, criticality in the data center and the expected reliability – moreso for an SME which often cannot afford additional standby equipment. However, industry statistics reveal the following – as per a 2007 Forrester report, SME/SMBs spend 27% on hardware of which 38% is kept aside for hardware and of this 50% is reserved for spending on servers (new and upgrades) – considering that an entry level server hardware costs at least 4-5 times a desktop, that is not a whole lot of money set aside!

Shopping for servers is a bit like shopping for a wedding – there are many options and accessories (memory, disk space, cooling, external and attached storage, operating environment etc) to be considered before deciding on the server and more often than not, server benchmark reports focus more on the server performance and not on presenting the server as part of a data center solution.

This article considers key activities for SME and SMB companies when it comes to server hardware selection, datacenter and the industry players.

## Creating a datacenter for servers

SMEs often do not have structured datacenter spaces – this is of primal importance when selecting a server since it needs excellent air circulation or efficient cooling / air-conditioning it positioned in a cramped space. Other important aspects are the network architecture and design, numbers of servers, number of users / branches. The flip side however, is that the more servers, the more you have to worry about keeping them cool especially if they are to run 24/7.

Servers can also be application

specific and may need to be separated on an isolated subnet for security reasons – such servers are called department servers (e.g. for EDM, PDM applications) wherein the department has a separate systems administrator to manage the same. Since servers are often 'always on', uninterrupted power and fire safety is a key support requirement and it does help if the office is manned at all hours.

*It is always good to specify operational requirements in the form of an IT policy so that users understand such limitations*

## Server selection and configuration

Software and hardware are never released at the same time and this is one of the reasons that SMEs find it hard to manage server assets since they do not have the budget or the bandwidth to frequently change and upgrade hardware because the software demands so. Check with other SMEs of your size before buying a server.

While historically SMEs have gone in for tower configurations owing to better pricing and easier cooling, datacenter space constraints has pushed several organizations to consider rack / blade options which are now affordable as well. Basic technology options are available around organization sizes of 25, 50, 100 and suitable upward scale. Operationally servers are designed to function as part of local clusters, manage information from branches, manage local and remote storage and also facilitate business continuity and redundancy.

Servers come in standard tower options, standard rack options and blade servers (where power, cooling and networking can be moved to the blade enclosure or even virtualized). The standard racks can stack 42 1U units today.

## The players

There are many players in the SME/SMB space who offer a wide range of options – key players include Dell, HP, IBM, Sun, Egenera, Hitachi and Lenovo and many other regional leaders in different countries. Most of them offer upgrade paths wherein many server components such as power supplies, memory, add on disks, storage units and many other such plug and play add on devices can be bought along the way. Most of these companies have kept user cluster sizes and number of concurrent users to define server computing capacity. With the market heavily oriented towards rack and blade equipment, budgets can be easily managed as the organization grows.

## What's the catch?

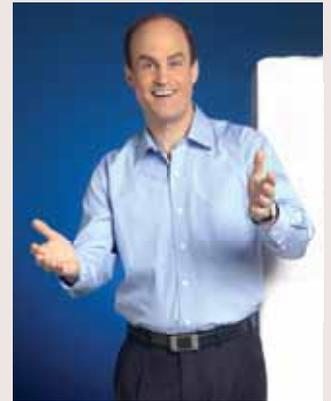
Servers need to be cared for since they are on 24/7 and unless the company can support this with suitable redundant power, cooling, storage, monitoring etc, organization data and services will always be at risk. This is where it is better for SMEs to virtualize their server assets and worry more about IT service levels than the server hardware itself.

Did you know that servers have been around since 1970? So if you want to get to know more about servers, latch on to the relevant jargon such as EPROMs, VMEbus, PCI, CompactPCI, PICMG, AdvancedTCA, HA and Blades.

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# The power of doing it first

*Ron Kaufman digs deep into the Indian psyche and suggests ways of making Indians more service oriented in a chat with ManagementNext*



**You say you are leading the global service revolution. What do you mean by that?**

If you look from a spiritual dimension, service is always happening in life; if you look at this from a political dimension, you find governments serving people; if you look at commercial "customer service", it is really teaching people to care for other people. This is what service means –it's just that we also exchange money in the process.

Businesses exist to take care of the concerns of other people, but we tend to forget that. For example, when we talk about quality, the focus often becomes the metric. The focus becomes technical specifications rather than the people who are going to make use of whatever it is you are building.

So when we say revolution, it is something where you come back. It is not like a revolution that's not happened before. It has been here all the time. But the 'caring for others' concept got lost on the way. What I am doing now is bringing back the focus in business to people listening, caring, and taking care of other people.

The focus is not about getting business out of the customer. The service revolution is all about what you can give to them. How can you serve them? If your service is truly positive, money will come to you, business will come to you. So the service revolution essentially is bringing people back to taking care of other people.

**From your experience of working with Indian companies, How do you rate Indian executives on service?**

Indian spirituality is very much an internal affair. It is the internal alignment, flow of energy. It is a very internal style of practice. It's me and my connection to the universal energy of life.

This is quite a different orientation compared to many other spiritual practices which are about participating in a collective. In fact, there are some tribes where the heart is considered to be a collective phenomenon.

Within this context, when Indians understand that taking care of others is good for them personally, they naturally become service-oriented.

On the contrary, if caring is seen as a burden or a pain or a hassle, you will not get Indians joyfully engaged. The Indian CEO needs to convey that by providing value or service to someone else, everyone stands to benefit. It's like a yoga of service to others resulting in enlightenment for yourself.

An Indian CEO or executive simply needs to shift his thinking so that 'power' no longer sits with them but rather rests with the customer. This mindset change has to start from the top.

**If a business manager drives people only on metrics which are disconnected from people, from real customers, then what you get is a group of disconnected technicians. That's a problem India is wrestling with right now.**

Indians are very good technically, but when asked to add value they tend to fumble. In a moving target environment where you have to ask continuously "How do I add more value?", you must be more reflective and sensitive to the fact that you are working for another human being, not just working on a machine.

**Is there a tool to teach Indian managers how to become customer centric?**

In the book 'Why We Are The Way We Are' Dr. Raghunathan talks about the Prisoner's Dilemma where he suggests a solution called 'tit-for-tat' – that is, if you cheat me, next time I'll cheat you. But after that, if you don't cheat me, I won't cheat you.

**What I'm saying is, Indians can use the tit-for-tat strategy but the catch is – you have to begin by taking a positive action first. First give a piece of value beyond what's expected, and then see what happens.** Many other people will notice this and will say 'You did something extra for me. Now how can I work more effectively with you?' Here you can begin the journey of a value-adding partnership.

This is where the Indian managers should start asking other teams – "What value can we add? How could we help you? What are your concerns or priorities? What new flexibility or responsiveness will you value from us?"

So the key is 'set's do it first'. Do something the other party values. Not what you value – what they value. It's like you bringing home a gift which you like, not what your wife likes. That won't work. You've got to think about the other party and bring them what they will appreciate, what they will value.

**Is there a short-cut to this process, since it looks like a long haul to service excellence in India?**

The short-cut is to hire people who already understand this and believe in this "Do it first" approach. In your recruitment, don't just recruit for technical expertise but for people who are proactive in creating value for other people.

Customer service is not what you get at the end of purchase. It must be built into everything a company does.

*Ron Kaufman is a leading evangelist of the service approach to business. He is the author of the popular book 'Up Your Service' [www.UpYourService.com](http://www.UpYourService.com)*

## How ad agencies can beat recession

Advertising agencies are particularly sensitive to economic downturns, because their clients - whether consumer or business-to-business - tend to precipitously chop their ad budgets when business takes a nosedive.

Amnon Levav, Managing Director of the groundbreaking Israeli company Systematic Inventive Thinking (SIT), discusses thinking inside-the-box innovation in his SIT blog. He said, now is not the time to curl up in the foetal position and enter a defensive, cost-cutting, wait-and-see mode. His suggestions on how forward-thinking ad agencies can weather the downturn contain numerous lessons for the rest of us. Some of his innovative recommendations include these:

- Use the slowdown in business to innovate your internal processes - something you normally don't have time to do when business is very busy.
- As your competitors founder, use this as an opportunity to pick up new customers or clients. Sure, you may not pick up much business from them in the short term, but longer term they could become excellent revenue generators for your firm.
- Focus your efforts on developing innovative ideas that help to save your customers and clients' money, or to be more efficient.

The bottom line is that by approaching the looming economic crisis with the right mindset, you can position your firm to come out of it better and stronger.

## Economic crisis because of 'Innovations'

Joseph E. Stiglitz, the 2001 Nobel Prize Laureate in Economics, wrote in a debate organized by the *Economist* that "The economy's current problems are partially related to what were once described as 'INNOVATIONS'—interest-only mortgages, 105% mortgages, low-documentation mortgages. Well-designed regulations would encourage innovations that enhance the efficiency of our economy.



Some people will lose from their imposition—those who would prey on the uninformed, those who would engage in excessively risky gambles with other people's money. But most

of us would benefit—a more stable economy may also be an economy that grows more rapidly."

Indeed, anyone who has seen America's political processes at work knows that after Wall Street gets its money, it will begin fighting the regulations. It will say: Government must be careful not to overreact; we have to maintain the financial markets' creativity. The fact of the matter is that most of that creativity was directed to circumventing regulations and regulatory arbitrage, creative accounting so no one, not even the banks, knew their financial position, and tax arbitrage.

Meanwhile, the financial system didn't create the innovations which would have addressed the real risks people face—for instance, enabling ordinary Americans to stay in their home when interest rates change—and indeed, has resisted many of the innovations which would have increased the efficiency of our economy. In some places, there has been real innovation—the Danish mortgage market (though it's hardly new) is an excellent example, with low transactions costs and much greater security. But elsewhere in Europe, there has been resistance to adopting this model.

Innovation is important but so is regulation - and they're not mutually exclusive.

### Reader's View

## Innovation is organic, not fix 'n fit

This is my quick response on the excellent issue of *ManagementNext* on Innovation. Innovation is now on the top of everyone's mind. I have just one observation: Innovation in our times has somehow got trapped into the paradigm of "Innovate because we need it to survive"! I had a long conversation with a Japanese author Haruo Funabashi whose book I am trying to translate into English. His whole approach to "Innovation" like in Indian philosophy, is that it is first the 'self-expression of the creative facets of our human nature'. For instance the *Gita* says: *Yogaha Karmasu Kaushalyam*. It says Yoga is excellence in work! It is a done thing, not just because it is necessary. Human kind is by nature creative.

There is no concept of a competitive edge out of Innovation! Success factors for Innovation seem very definitive and Western in approach. Innovation comes from a work ambience that is free from judgment. People can talk quite freely. There is freedom to make small experiments which are appreciated. Open space and readiness for fair criticism and other maturation in the work culture are those that foster Innovation. One keeps trying to foster the culture - one fine morning an Innovation is there at the door step!! It is a bit organic in nature and not a fix 'n fit thing.

Anant G Nadkarni, Vice President – Group CS, Tata Council for Community Initiatives, Mumbai

# 'Intentional Economics' answer to economic crisis



**Marilyn Mehlmann**

*Can 'Intentional Economics'  
be the answer to the current debate  
about why the global  
financial system is failing  
the tax payer?  
Marilyn Mehlmann  
looks at the root cause of  
the current financial crisis  
and suggests possible  
alternatives*

**'D**o you know who *makes* money?', challenges Bernard Lietaer, Belgian former professor in Boulder, Colorado, now back in Europe. The answer turns out to be simple, but takes us on a journey from the first Sumerian temples via 17<sup>th</sup> Century Sweden to the World Bank, with side glances at Ken Wilber's philosophy of the lack of the Europe-based scientific journals and a revival of the ancient soil-improvement technique of the Amazon Indians.

This unassuming but authoritative economist is a world name in sustainable development and Economics. 'There's a systemic bias in money flow,' he says unequivocally over breakfast at a kitchen table in Brussels. 'It's against sustainable development. There's a whole new scientific field waiting to be created – the field of 'Intentional Economics.'

**Intentional economics is a theory and practice of Economics that puts money at the service of the long-term wellbeing of humanity.** It's about a monetary system that would enable us not to predict what money will do, but to use it to design the society we want. Now, that's a revolutionary thought.

How could it ever happen that a human invention – money – could take over both our thoughts and the development of our societies? How is it possible that a crisis or impending disaster (for humans) is left unmitigated, because we 'can't afford' to do anything about it? Lietaer has some ideas on the subject, related to his first question: 'Who *makes* money?'

The answer is unexpectedly simple. Whoever is in power in a society creates its money. If you want to know who is in power, look for the money-maker.

## Wheat and sex

Beginning as far back as the Sumerians, it was the priests. They gave receipts for wheat delivered to the temples as tax. The receipts could be used as currency to pay for sex with the temple priestesses. Something like a modern-day tax-funded welfare system – the wheat was a buffer stock, the sex fertility ritual a charm (insurance) against harvest failure.

After the priests came the kings. They re-invented both tax and money to pay for wars. At this point the tax (money) was no longer backed by a commodity and was expended on

perishables; instead, the coins themselves embodied their own face value in metal. Most kings at some point of time tried short-changing their citizens by degrading the quality (value) of the coins.

Somewhere in the 17<sup>th</sup> Century in Europe (much earlier in China), the power passed to new 'national' banks. Kings gave them the monopoly to issue paper money in return for help to raise (more) money for wars. The banks were theoretically required to hold gold to guarantee the value of the money they issued, so the metal itself no longer needed to pass from hand to hand. After that, it was the 'gold standard' (first half of 20<sup>th</sup> Century), and then of the dollar-gold equivalence standard (1971).

Anyone who has a credit card today understands that no gold is involved in 'creating' money. And in fact, yes, the power passed from the national banks to – well, not really to you and me, but to the banking system, i.e. private companies. Each time you or I borrow money, says Bernard Lietaer, we enable the lending institution to 'create' about 90 percent of that amount of money; he refers to it as "debt money", because interest is charged by the lender to the borrower. This debt money underpins "fiat money", which now takes the form of electronic bits in the financial system's computers, or our familiar "national" notes and coins.

What! No wheat stores, no gold reserves, or even copper? So who or what guarantees *that* money? The answer could be 'no one', but in fact this time it is you and me. It suited governments to drop the gold standard, but then how could they convince people it was safe to trade in their currencies? **Answer: by creating a 'bank guarantee' funded by taxes that rescues banks on the verge of bankruptcy.**

## Banks have free lunch

So, may be, there is such a thing as a free lunch? This idea later sent me browsing the web, and indeed it's the title of at least one article on monetary matters. James Robertson, speaking in London in 2000, points out that the banks have been enjoying free-lunch for many years. In three decades there have been over 100 bank crashes in the world. That's an average of more than three a year. There's surely a lesson here! *Part One* of the lesson is that money is made out of nothing except the trust between you and me and the system. That's easy.

*Part Two* of the lesson is also very simple; it's 'heads they win, tails we lose'. If the banks are successful, they keep the profits. If they fail, the public pays.

So I ask Bernard Lietaer to talk about what should be *Part Three* – what to do about it. 'That's tricky,' he says. There's no point in tackling the problem head-on, just because money and power are so inextricably entwined. Who's going to voluntarily walk away from the table offering the only free lunch in the



universe? The free-lunch system may not continue to work for very much longer, but it's still tempting.

No, what we need to do is to create complements to today's currencies. They need to be based on human needs and potential rather than on a spuriously scientific determinism – and they need, if possible, to contribute to the graceful transformation of current systems, not undermine them.

## There are alternatives!

Such complementary currencies already exist, 'nested' within current mainstream Economics. They are not widely known, and often treated with suspicion. Well, they would be, wouldn't they? But they may be our life-line: the mechanisms that will enable us (taxpayers as well as banks!) to survive the future convulsions of fiat money.

A lot of interesting questions remain. How is it that the Grameen Bank model of Bangladesh, for instance, is not really part of the solution – even though it mitigates some of the problems? How can an ancient soil-improvement technique provide a complementary currency? Why is it important that international scientific journals are increasingly based in the USA? And how did Ken Wilber get into our conversation?

It will take at least another breakfast to understand the rudiments of *intentional economics*. In the meantime, there's a trail of websites to visit and reading to be done. And mysteries to unfold – 'Money is both mysterious and magical,' says Bernard Lietaer as he leaves the breakfast table. Right!

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Marilyn Mehlmann is with Global ActionPlan  
([www.globalactionplan.com](http://www.globalactionplan.com))

# Hassle-free IT?

*Small businesses today can invest in the best of IT solutions by outsourcing and can aspire to stay competitive even during tough times, says Chetan Pathak*

Small and Medium Enterprises (SMEs) have become a key focus area for a majority of IT service providers who want to tap the growth potential of this market. A report by AMI partners early this year has revealed that the SMEs in the country are likely to spend \$9.7 billion on IT this year, an increase of 22% over the previous year. The dynamic growth in the vibrant SMB segment has also made a significant contribution to the GDP, industrial production and exports.

With the aim of creating globally competitive enterprises, this particular sector plays a dominant role in increasingly acquiring foreign companies to gain the advantages of quick scale-up, technology acquisition and the benefits of innovation.

SMEs have complex business scenarios irrespective of their size. One of the most challenging tasks of the SMEs is to lower the total cost of operations and address the market issues and developments. For most of the smaller SMEs, monitoring global issues and dealing with complexities such as multiple currencies, standards and languages prevailing in the market is a major challenge.

The growth and evolution of SME sector has led to an increase in demand for IT solutions. Many smaller companies are not satisfied with their existing disparate solutions and legacy systems and are showing a keen interest in IT solutions which provide maximum business benefits. Many of the CIOs in the SME sector are of the opinion that hosted IT services would facilitate them to work more, spend less and gain remarkable benefits by concentrating on their businesses, rather than on managing IT. Standard applications enable to integrate customers and suppliers,



*Studies reveal that SMBs that outsource their IT infrastructure are utilizing the technology resources that bring in additional top-line revenues while improving bottom-line results*

streamline the supply chain, reduce time for project deployment and optimize portfolio management. Last but not the least, integrated solutions facilitate to manage business complexities better, and thus endow them with the foundation for innovation.

## Pay-per-use

Studies reveal that SMBs that outsource their IT infrastructure are utilizing the technology resources that bring in additional top-line revenues while improving bottom-line results. SMBs are mostly likely to use cutting-edge technologies and approaches such as Software as a Service (SaaS). Analysts are of the opinion that the increase in use of hosted infrastructure models is enabling smaller companies to compete on an equal IT footing with bigger enterprises.

SMBs are choosing a hosted infrastructure model as it provides organizations with software solutions that can be implemented quickly, while avoiding the incremental infrastructure costs and eliminating the recurring administrative resources as in traditional on-premise applications.

The other area where the SMEs are focused is on the issue of compliances. Software as a Service offerings ensure compliance with the current statutory requirements. For a solution to meet these requirements, it should be quick and

easy to deploy and integrate smoothly and help keep the cost of ownership as low as possible.

The new generation of Software as a Service offerings have standard features and it have been designed to integrate all the business processes. The software has all the standard applications and industry specific functions which otherwise have to be procured at a high cost and take a lot of time and effort to deploy. As already mentioned, success for most of the small and mid-sized businesses depends a lot on the IT. Small companies cannot afford to make inappropriate investments in IT as a failure may also endanger the profitability of the company.

The new generation SaaS offerings will enable the SMEs to integrate and streamline the business processes and reduce the internal dependency on IT departments. There is no huge capital expenditure involved while installing the software and there is an increase in ROI as the model facilitates "Pay per user". Usage of hosted applications is gaining momentum in the current scenario. Introduction of ERP under SaaS model with enough functionality, robustness and high-level security for mission-critical enterprise applications has already enabled several organizations to reap their benefits.

*The author is VP – India Operations, Ramco Systems. info@rsi.ramco.com*

# SaaS can beat IT shyness out of SMEs

*Out of 12 million SMEs, only 1,000 are using ERP solutions. The software-as-services model has the potential to revolutionize the Indian SME sector, says Srikant S Rao*

With India Inc.'s growth trajectory threatening to stall due to the turbulence in the global financial markets, the "mantra" increasingly being recited by everybody – the Government, banks, the financial services industry, large business houses and economists – is "SME" or "Small Business Enterprise".

SMEs have become the engine driving industrial growth rates. SMEs which took more than a decade to cross the Rs.10 crore mark have grown to Rs.25-30 crore over the last 3 years. With the market growth that SMEs are experiencing, they know that, if they focus on business development, they can grow to Rs.100 crore in the next five years! The same frenetic pace of growth is visible for SMEs who are in the sub Rs.10 crore segment and also with organizations who are in the Rs.250-500 crore segments.

Indian SMEs realize that they need to become more effective and efficient to be able to compete in a more globally competitive world. Essentially, they need to transform their businesses.

Though SMEs are aware that implementing Information Technology solutions like ERP would address their transformation technology solutions, they balk at the capital expenditure involved and are also very skeptical about the applicability of the solution, the ability of the implementation partner and the capability of their own employees to start using these solutions.

To address these challenges, SMEs are not left without any help. In today's market, there are local & affordable business transformation consultancy services offered by some companies. While these companies are offering variety of services to SMEs, out of the 12-odd million SMEs in India, a smaller subset (less than a thousand SMEs in India) has experimented with integrated

*SaaS offers substantial opportunities for organizations of all sizes to shift the risks of software acquisition, and to move IT from a reactive cost center to being a proactive, value-producing part of the enterprise*



ERP solutions from local solution providers. To put together an estimate of overall cumulative customer base of all the ERP vendors across India, the total number so far would probably not exceed 7-8 thousand organizations. The above statistics show that most of the SMEs are not still aware of these affordable business transformation services.

Today, SaaS applications are expected to take advantage of the benefits of centralization through a single-instance, multi-tenant architecture, and to provide a feature-rich experience competitive with comparable on-premise applications. A typical SaaS application is offered either directly by the vendor or by an intermediary party called an aggregator, who bundles SaaS offerings from different vendors and offers them as part of a unified application platform.

SaaS offers substantial opportunities for organizations of all sizes to shift the risks of software acquisition, and to move IT from a reactive cost center to being a proactive, value-producing part of the enterprise.

The on-demand delivery model of SaaS applications do not require the deployment of a large infrastructure at the client's location, which eliminates or drastically reduces the upfront commitment of resources. With no significant initial investment to amortize, an enterprise can take the risk of deploying a SaaS application and pay per use.

Additionally, if custom integration is not required, SaaS applications can

be planned and executed with minimal effort and roll-out activities, creating one of the shortest time-to-value intervals possible for a major IT investment. This has also made it possible for a number of SaaS vendors to offer risk-free (and often literally free) "test drives" of their software for a limited period, such as 30 days. Giving prospective customers a chance to try the software before they buy it helps eliminate much of the risk surrounding software purchase.

#### Business benefits

- Cycle Time reduction of 40 percent from an initial of 75 days to 45 days.
- Rejection rates dropping from 5 percent to 2 percent
- Capacity utilization increase by 10 percent.
- Reduction in delayed/ air-shipments.
- Superior vendor/sub-contractor tracking
- Capital Expenditure has been minimal – the new system is paid for on a revenue-expenditure model
- The operational and management team's functional skills were upgraded
- The need to hire, train, and retain expensive software resources is obviated
- The management now has access to real-time information – anywhere, any time.
- The Service Levels are 99.99 percent

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

## Siddhartha Das wins Young Design Entrepreneur Award 2008

Siddhartha Das, designer head, Spaced Out Production Pvt. Ltd.; won the International Young Design Entrepreneur 2008 award, organized by the British Council of India in September 2008.

Siddhartha received the accolade at 100% Design, the UK's foremost contemporary interiors show. The award was presented by 100% Design Exhibition Director Peter Massey.

Siddhartha is the director of Siddhartha and Spaced Out Productions and is a Delhi-based cultural professional who works through art and design. As a designer, Siddhartha plans, designs and implements projects often by forming a network of professionals. He largely works with cultural, heritage and public spaces with a focus on branding and publications. He has a strong interest in developmental issues addressed through design and works with various traditional craft communities across India.

As an entrepreneur he aims to create links between traditional craft communities and urban markets, be it India or abroad, through design that is modern, and a business model that provides a sustainable livelihood.

**Other young entrepreneurs in the top list are:**

### Anand Prakash – Handmade paper

Anand is a self-taught artist. At the age of 22 he started his company Anand's Creation which specializes in handmade paper and its products. His work has been showcased at Trendshows at Paperworld – Frankfurt (Germany) and the National Stationery Show (New York).

His creative products are retailed from over 24 lifestyle stores across India and is exported to USA, South-East Asia and Europe. Nature has inspired his commitment to the environment through handcrafted paper products that are eco-friendly and made from wood-free re-cycled paper.



### Priya Mani - Fennel

Trained as a textile designer, Priya's links the vast skill pool of India's textile craft sector with modern design relevance and aesthetics. She promotes the brand Fennel that works with economically backward craft communities in South India and tries to connect them to a global audience. Fennel is a brand about contemporary, elegant, hand made lifestyle products made using sustainable method having minimal carbon footprint.

### Santha Gour Mattoo – Planet 3

Planet3 Studios represents the vanguard of futuristic architecture and interior design in India. It offers fresh insights in planning, design and implementation. The company represents the coming of age of new Indian design that draws from everywhere, but is rooted in local context.

### Santosh Wadekar - Interior Design

Catering primarily to the high-end residential interior market, Santosh Wadekar's unique approach to space design, meticulous client service, and freshness of design solutions have landed him some of the most prestigious projects. From designing a period auditorium near the Taj Mahal, Agra to recently winning an international competition for a high end residential township, his firm has, and continues to cover, a huge and varied spectrum of design challenges.

### Krupa Patel - Space Management

Krupa Patel and Associates (KPA), a Mumbai-based venture, deals in conceptualizing, designing and executing 'space improvement project', both commercial and residential.

Based on the design philosophy of 'minimalism', Krupa's approach is to transform spaces in ways that go beyond meeting the clients' requirement, 'wows' them with the aesthetic appeal achieved with pre-defined budgets. A practicing Buddhist, Krupa is also a 'leader' of a Japan based spiritual movement.

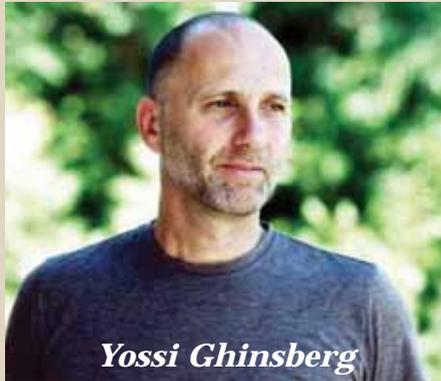
### Simran Lal - GoodEarth

Simran Lal, 35, is the young, driving force behind GoodEarth. With a Masters degree in History of Art and a graduate degree in Product Development and Marketing from FIT, New York, she brings a fine sensibility and a professional approach to the business.

Currently a director at GoodEarth, Simran has spearheaded the exponential growth of the company in the past two years. GoodEarth opened its 20,000 sq ft flagship store in Mumbai over a year ago and has increased its turnover by over 3 times. GoodEarth today is seen as a leading design based brand that reflects contemporary Indian style in home décor and interiors.

# Why naivety succeeds

*Life lessons from a teacher who survived twenty days of near-death adventure in Amazon jungles*



**Yossi Ghinsberg**

Naive people have greater chances of succeeding than professionals in new ventures. This is vindicated in hundreds of instances where those without any business or professional background go out and achieve big success. Take a name of a few successful entrepreneurs and you know what he is talking about.

Yossi Ghinsberg, ([www.ghinsberg.com](http://www.ghinsberg.com)) in a talk 'Connecting People to Life's Meaning' in India' recently demonstrated using his own example of how he was able to raise funds, prepare a business plan, conceptualize and make a success out of one of the world's most exotic jungle resorts, owned and run by the local tribal community on the Amazon called CHALALÁN. ([www.chalalan.com](http://www.chalalan.com)).

He said people don't have to be scared of venturing into anything if they have a purpose. Naive people often raise fundamental questions and use commonsense to achieve their goal. On the contrary, professionals tend to ignore the basic principles and focus largely on the externalities which, many a time, lead to crisis situations. (He spoke before the current financial crisis).

Yossi is turning out to be one of the most powerful motivational speakers today because he weaves a gripping

tale of his own survival in the Amazon forests for over 20 days, against all odds, into a story that has practical application in everyone's personal and professional life.

Yossi is a gifted storyteller; he does not teach; he does not preach but rather he makes his audience imagine his experience. He instills the power to trust oneself and engage in life fully and passionately regardless of the circumstances.

His recent book *The Laws of the Jungle* is a pioneering work incorporating principles and guidelines from Nature, the natural world, the planet as a whole and the cosmos we are a part.

## Excerpts from his talk

### Happiness

Adversity is part of life, no can avoid it. Here no one is a victim it is only a state of mind. It is not happiness I pursue but happiness. Happiness is an illusion. It is waiting for good things to happen in the future, if things go your way. Whereas happiness is living each moment with proper attitude and appropriate action.

### Get out of the box

Very often I have been asked to speak the question about thinking out of the box. I realized that people lead a boxed life right from the minute they wake up to the time they go to sleep. They wake up in a boxy apartment, eat out of a cereal box, drive in a boxy car, go to a boxy office, return home into a box and sit in front of another box. How can you think out of the box if you live in a box?

By living in a box one associates with the box; one conforms with the

box. By doing this we forget the plan of the Natural Law. We need to realize that you are the plan. You are the planet, and the awe inspiring Nature is a great adventure. Go to Nature. Sleep under the night sky; remember where you are and who you are!

### Hero in the mundane

The common perception is that heroes are those who do extraordinary, brave or courageous things. To me when faced with extreme situations everyone does what is needed because he/she has no choice. However, a true hero is one who does the common stuff like bringing up the kids well, taking care of parents, a teacher who teaches with passion to the best of his/her ability.

### Yossi's gems

- Is someone tells you your dream, follow it. There is a secret in tapping into other's dreams.
- If you are responsible, you have the power
- Life is not tough enough, that's why we complain
- Acceptance gives peace
- We have more power when we give it to others
- True value of business is vision; without that it is project management
- Scarcity is an illusion, abundance is the reality. Shower in it.

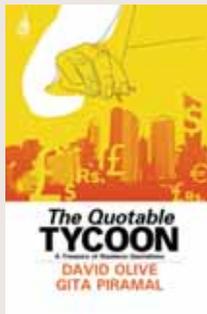
To sum up, Yossi quotes Michael Angelo who said: "The real danger is not in aiming high and missing it but aiming low and achieving it."

*Excerpts from Yossi Ghinsberg's talk in Bangalore at India Times Strategy Summit July 2008*

### The Quotable Tycoon

by David Olive and Gita Piramal, Penguin Books India, October 2008

Containing more than 700 instructive, perceptive and often outrageous views on business from the world's most powerful corporate leaders and entrepreneurs, *The Quotable Tycoon* covers more than a century of inspirational, irreverent and timely insights.



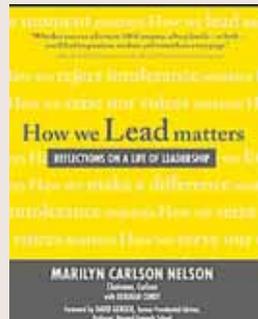
Dhirubhai Ambani, Warren Buffett, Narayana Murthy, John D. Rockefeller, Akio Morita, Jack Welch, J.R.D. Tata, Donald Trump, Aditya Vikram Birla, Oprah Winfrey, Shikha Sharma and Bill Gates are among the scores of tycoons from Asia, North America and Europe whose witty and provocative comments appear in this book.

They are complemented by wry reflections on business by such varied observers as Mark Twain, Mae West, Winston Churchill and Peter Drucker. The quotes are arranged thematically so that the thoughts of business leaders throughout history can be easily scanned. In this wonderful treasury, David Olive and Gita Piramal not only provide the reader with hours of entertaining and stimulating reading, but also present anyone in search of a witty, sharp remark on business with the perfect reference book.

### How We Lead Matters: Reflections on a Life of Leadership

by Marilyn Carlson Nelson, MacGraw-Hill, August 2008

This one is a book on insights by the woman named one of "America's Best Leaders" by U.S. News & Report.



This thoughtful book offers a surprisingly personal glimpse into Marilyn Carlson, head of Carlson brands of hotels, restaurants, cruise, travel and marketing services, a multi-faceted woman who happens to be one of the most successful CEOs in the world.

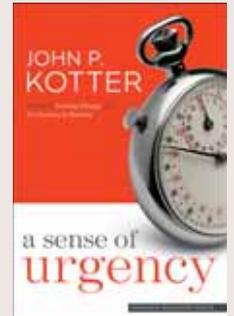
She describes in this book the thrill of flying in an F16 over Death Valley (without getting sick), and throwing a barbecue for the KGB (who preferred vodka to the traditional beer). She shares the difficulty of making choices and sacrifices to run her family's business and the heartbreak of losing a child.

Her insights are sprinkled with the timeless words of Mahatma Gandhi, Anne Frank, Oscar Wilde, Albert Einstein, Mark Twain and others, as she talks about what it's like to be a woman in today's business world, while reflecting on an engaging array of subjects-from equal rights to corporate wrongs to motherhood. Most compelling of all, she reveals how a meaningful legacy is built one day at a time.

### A Sense of Urgency

by John P Kotter, Harvard Business School Press, September 2008

Most organizational change initiatives fail spectacularly or deliver lukewarm results. In his international bestseller *Leading Change*, John Kotter revealed why change is so hard, and provided an actionable, eight-step process for implementing successful transformations. The book became the change bible for managers worldwide.



Now, in *A Sense of Urgency*, Kotter shines the spotlight on the crucial first step in his framework: creating a sense of urgency by getting people to actually see and feel the need for change.

In this exciting new book, Kotter explains:

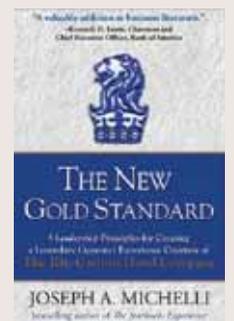
- \* How to go beyond "the business case" for change to overcome the fear and anger that can suppress urgency
- \* Ways to ensure that your actions and behaviors -- not just your words -- communicate the need for change
- \* How to keep fanning the flames of urgency even after your transformation effort has scored some early successes

Written in Kotter's signature no-nonsense style, this concise and authoritative guide helps you set the stage for leading a successful transformation in your company.

### The New Gold Standard: 5 Leadership Principles for Creating a Legendary Customer Experience Courtesy of the Ritz-Carlton Hotel Company

by Joseph Michelli, Tata McGraw-Hill 2008

When it comes to refined service and exquisite hospitality, one name stands high above the rest: The Ritz-Carlton Hotel Company. With ceaseless attention to every luxurious detail, the company has set the bar for creating memorable customer experiences in world-class settings. Now, for the first time, the leadership secrets behind the company's extraordinary success are revealed.



*The New Gold Standard* takes you on an exclusive tour behind the scenes of The Ritz-Carlton Hotel Company. Granted unprecedented access to the company's executives, staff, and its award-winning Leadership Center training facilities, bestselling author, Joseph Michelli, explored every level of leadership within the organization. He emerged with the key principles leaders at any company can use to provide a customer experience unlike any other.

*The New Gold Standard* weaves practical how-to advice, proven leadership tools and the wisdom of experts to help

you create and embed superior customer-service principles, processes and practices in your own organization

## The Nonverbal Advantage: Secrets and Science of Body Language at Work

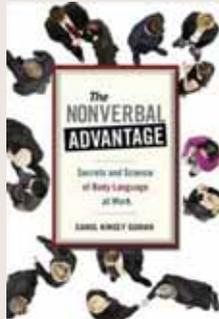
by Carol Kinsey Goman, Berrett-Koehler, June 2008

The workplace is a 'blink' world - studies confirm that people form opinions of one another within the first seven seconds of meeting.

Nonverbal communication is more powerful and primitive than verbal expression. The use of personal space, physical gestures, posture, facial expressions and eye contact - all communicate, either congruently or incongruently, with the spoken message.

By correctly reading other people's nonverbal cues, you can discover their underlying meaning. And by understanding what your body is saying, you can become more confident, credible, and persuasive.

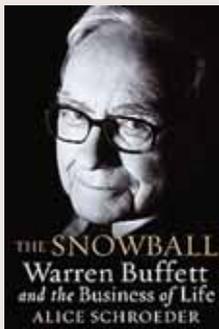
To help business readers both re-master the lost skills of in-person communication and prepare for the coming visual tech revolution, Carol Kinsey Goman shows how to accurately decode the body language of others and how to use your own body language in the workplace to help build trust and credibility with customers, colleagues and clients.



## The Snowball: Warren Buffett and the Business of Life

by Alice Schroeder, Bantam Dell Pub Group, September 2008

Here is the book recounting the life and times of one of the most respected men in the world, Warren Buffett. The legendary Omaha investor has never written a memoir, but now he has allowed one writer, Alice Schroeder, unprecedented access to explore directly with him and with those closest to him, his work, opinions, struggles, triumphs, follies, and wisdom. The result is a personally revealing and complete biography of the man known everywhere as "The Oracle of Omaha."



While much had been written on the subject of his investing style, no one had moved beyond that to explore his larger philosophy, which is bound up in a complex personality and the details of his life. This book does exactly that.

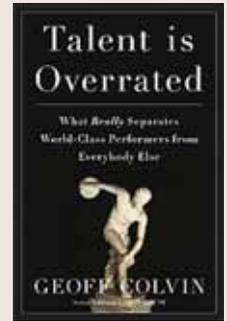
Never before has Buffett spent countless hours responding to a writer's questions, talking, giving complete access to his wife, children, friends, and business associates—opening his files, recalling his childhood. It was an act of courage, as *The Snowball* makes it immensely clear. Being human, his own life, like most lives, has been a mix of strengths and frailties. Yet,

notable though his wealth may be, Buffett's legacy will not be his ranking on the scorecard of wealth; it will be his principles and ideas that have enriched people's lives. This book tells you why Warren Buffett is the most fascinating American success story of our time.

## Talent Is Overrated: What Really Separates World-Class Performers from Everybody Else

by Geoff Colvin, Portfolio, October 2008

Geoff Colvin offered new evidence that top performers in any field are not determined by their inborn talents. Greatness doesn't come from DNA but from practice and perseverance honed over decades. The key is how you practice, how you analyze the results of your progress and learn from your mistakes that enables you to achieve greatness.



Colvin has expanded his thought with much more scientific background and real-world examples. He shows that the skills of business—negotiating deals, evaluating financial statements, and all the rest—obey the principles that lead to greatness, so that anyone can get better at them with the right kind of effort. Even the hardest decisions and interactions can be systematically improved.

This new mind-set, combined with Colvin's practical advice, will change the way you think about your job and career—and will inspire you to achieve more in all you do.

## India Express: The Future of a New Superpower

by Daniel Lak, Penguin Books India, September 2008

India Express is a fast-paced analysis of India's potential role as 'Asia's America'. Daniel Lak has covered the region for two decades and draws on his detailed knowledge of the country's lesser-known byways to bring together a complex canvas of interviews, anecdotes, statistics and history. From the ghats of Varanasi to the campus of IIT Kharagpur to a polling booth in rural Bihar, Lak argues that India's plural democracy, its rule of law, entrepreneurial talent and military might are together fashioning a country that is globally respected and increasingly influential.

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## Fox in charge of henhouse



The phrase 'putting a fox in charge of the henhouse' could never have been this apt. Indian-American Neel Kashkari, 35, a former Goldman Sachs banker, has been entrusted with the responsibility of overseeing the \$700 billion bail-out fund for

the US Treasury.

What's more, his boss, Treasury Secretary Hank Paulson, is also a former Goldman Sachs banker. Paulson's inner circle also includes former Goldmanites Dan Jester, a financial institutions banker, and retired banker Steve Shafran.

Is it comforting that this is only an interim job for Kashkari because the new administration is all set to take over soon? Obama may have other ideas!

## Security guards as receptionists

Are receptionists with a smile become redundant or is it 'smart' cost cutting?

It's true that mobile phones are replacing land lines in offices. Clients prefer to call the service providers directly. Yet, the first call to a company, either by a potential client or a future employee, happens with the landline. And when people visit offices, it is turning out to be a joke that the security guard, who doubles up as the receptionist, rarely knows who is who in the company and who sits where. Forget politeness.

What's more, in the IT capital of India, several instances have been reported where the guard doesn't even know which floor the CEO or the Chairman sits. It's indeed turning out to be a sham. No clue why this trend is catching on, much to the dismay of people calling in. Is it because companies have been doing so well that they don't need to bother about the impact of the first interface on the perception or the reputation? Perhaps the slow down may force them to go back to the smiling receptionist.

## How Jack Welch ensured quality in GE

There is a lot of folklore attached to Jack Welch's legendary stint in GE. One of them is how he got his reluctant managers to depute best talent to the quality department.

When Jack first asked his managers to depute the best people to the quality department (Six Sigma), they, like it normally happens, saw it as an opportunity to get rid of the not-so-good. Dismayed by this, Jack announced that the bonuses of the managers depended on how the quality function performed, and so he automatically got the best. Smart aleck!

## Slow down good for fat cat Indian IT

Professor S Sadagopan, Director of International Institute of Information Technology, Bangalore, is certain that the current slow down in the global economy is good for the Indian IT industry.



He thinks that the IT industry had developed some fat in the last ten years and it needed a jolt to shed it. It's like a case when gas is cheap, no one thinks of car pooling. It's also like people who collect fat when they cross 40 and unless they do something about it, it keeps accumulating.

It's a good time to head for the gym!

## Why financial crisis is good for Gen Y



It's hard to imagine that the severe global recessionary trends will benefit someone. Tammy Erickson, McKinsey Award-winning author of *Plugged In: The Generation Y Guide to Thriving at Work* and

president of nGenera's innovation network, has this interesting view – "Despite a slowdown in immediate career opportunities, the current financial crisis is likely to reinforce the overall happy, fortuitous economic life of Generation Y." While her view is based on her reading of the American scenario, it could well be the same for Gen Y everywhere.

She says that the Ys are fresh from a childhood of generally positive economic times, and are not currently in a heavy money-oriented phase of life. Rather, they're in a time of learning and exploration, content in the knowledge that they have long lives ahead to "make it big".

Unlike Xers, many of whom are currently struggling to balance EMIs, high cost of living and other adult responsibilities, most Y's have not yet taken on these financial commitments.

And unlike Boomers (born after Second World War), who are racing to build up a nest egg before retirement hits and in many cases trying to make up for a life of limited savings, Y's have no such time pressure. The key job challenge for Y's will be to find the opportunities for learning that they crave. In many ways, their greater financial flexibility may give them an advantage over older generations for some of the interesting opportunities. Indeed, there's a silver lining amidst dark clouds!