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Start business during recession

Recessions are normally associated with lay-offs, shut-downs and despair. Yet, many successful companies were born during these times

By Benedict Paramanand

Recessions are known to push people into entrepreneurship. They force employers to layoff, making people, who might otherwise start a business at a time of their own choosing, to take the leap.

While most people sulk during these times what goes on quietly is the sowing of thousands of seeds of entrepreneurship all around – in homes, in garages, among friends and among former and current colleagues. For them, the real high is starting a business while others are scared to get in.

It appears that it 's easier to start a business than to look for a job at the start of a recession. People still buy things, but companies are reluctant to take on the cost of an employee when revenue prospects are uncertain.

The good news is that unlike earlier recessions, now, the world, including India, is passing through a more entrepreneur-friendly period with fewer restrictions, a better and cheaper communications network, access to global markets, lower transcation costs and lower marketing costs if the power of the Web and social networks are used smartly. Even good people would be available for salaries that they would have spurned when things were hunky dory.

The good news in India is that the economy is likely to be only in a sluggish mode even if the recession gets deeper in the developed economies. What this means to future entrepreneurs is - identify what the market needs and use the available funds most judiciously.

Recessions are also good for people or companies with cash on hand. They can acquire good companies that are badly managed or are hit by working capital woes at prices they wouldn't have imagined during good times.

Recessions, however, aren't advantageous only to start-ups. Pre-existing companies can also make incredible gains.

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what'sIn

Fair & Lovely

The biggest fear facing HR managers today is how to tell employees that they have to go. Two panelists at a recent CII Human Capital forum discuss the challenge and other critical issues facing the HR community.

C Mahalingam, VP, Symphony Services and Chairman CII HR Panel:

The Fair & Lovely cream is used to change colors. But my description is different. Be fair and be lovely to people. Don't change your colors depending on the situations. Be predictable. People want to work for winning companies. It is important to keep communicating with people, whether small or big, about the company.

We need to break all paradigms on engagement including productivity. It is time to stop talking about motivation, empowerment, etc. It is important to create an environment that motivates people. Every individual has a motivation of his/her own which does not come under any theoretical framework.

It is not enough for people to be employed. It's important to know how well engaged they are. Going a step further, it is important to measure return on engagement. It is shown that profits of companies is greater where the percentage of people engaged is higher.

The Berlin Wall had two walls of the same height not just one as is commonly believed. People had to climb both of them if they wished to cross over. Similarly, we need to climb two walls to engage people. We cannot have engaged workforce if you do not have engaged managers. The question is: Are we focusing enough on engaging the engagers – managers? Studies suggest that a third of HR managers are disengaged.

To ensure that the people function is effective, companies such as IBM have the 'Ten Percent Rule'. The rule suggests that 10 percent of people managers are shipped out every year. This creates vitality in the HR department.

Many companies have competency mapping for all departments except HR. HR should also be brought into this and good HR managers also need to be rewarded.

The term HR managers and senior management should be wary of is 'Empowerment'. "Empowerment is a con. Leave people alone. They will find their own power."

Radical Transparency

According to **Pranesh Anthapur, COO of Yahoo India,** the only way companies can engage with people is to be radically transparent.

The biggest frustration for employees in the current business climate is not the fear of losing their jobs but uncertainty. What they want from companies is to be transparent about the real developments within and outside the company. Employees should not read about their company from newspapers but should be communicated well on time.

In difficult times, earlier, companies would say 'everything will be alright'. Today, we don't say that. Today we say, 'we don't know how the economy will shape up, however, let's executive what we have on our hands.'

According to me, complete transparency is what will keep employees engaged. Organizations fear how the employees will take bad news and end up masking the real story. "Today, people are more capable and mature and are able to see and face reality better than any time before."

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To be an effective resource of information, knowledge and perspective to CEOs and aspiring CEOs

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Some of the most recent success stories are those of Google, PayPal and Salesforce.com Inc. From 2000 to 2001 dot.com bubble, each of these companies thrived, leading PayPal to go public in 2002, followed by Google and Salesforce.com in 2004.

What's more, potential innovators who were spoilt by comfort zones of high salary and perks, can cobble together talented teams and follow their suspended dreams. For people stuck in middle management and those passing through their 40s blues, this recession can be a boon. This is the best time to reflect on long-term goals and career choices and the adjustments or shifts could be less risky.

What are you waiting for?

RECESSION'S GOLDEN BOYS

Hyatt Corp. opened during the Eisenhower recession (1957 - 1958). The chain rose to worldwide fame in the following decades and now operates more than 365 hotels in 25 countries.

Burger King Corp. is another recession startup. The company began in 1954 during the 1957 recession. The company introduced its successful signature burger — the Whopper. Today, the company operates more than 11,100 locations in 65 countries.

FedEx Corp. began operations in 1973 as Federal Express. The company that delivered 186 packages to 25 cities on its first night of operations now manages more than 7.5 million shipments everyday worldwide.

Microsoft Corp. wasn't always the jaw-dropping enterprise it is today. In 1975, when it was created by Harvard University dropout Bill Gates, Microsoft was just a little company. It dealt in rudimentary computing languages and began its climb to business stardom with the success of MS-DOS. Today, the company is estimated to earn more than $60 billion in revenue per year and is branching into new areas including VoIP and CRM.

CNN In recession-plagued 1980, CNN was a little-known station called The Cable Network News. It revolutionized how people received information when it premiered as the first 24-hour all-news channel. Today, 1.5 billion people across the globe watch CNN.

MTV Networks brought something new and different to the music scene when it debuted in the economic slump of 1981. Intended to be an all-music-video channel, MTV used VJs to host programs and facilitate transitions between videos. Today, MTV is a global brand.

GE (General Electric Co.) was established in 1876 by famed American inventor Thomas Edison. In the middle of the Panic of 1873.

HP was inauspiciously born in a Palo Alto garage at the end of the Great Depression. The electronic company, initially supported by a mere $538 investment, has grown into the first technology business to exceed $100 billion in revenue, earning $104 billion in 2007.

Marketing mantras in recession

The old recession playbook won't work this time around, says David Court in the December 08 issue of McKinsey Quarterly. An excerpt:

Around the world, marketing and sales executives are being asked to do more with less. It's a demand many have heard in previous hard times, and most managers muddled through then. But the nature of the current downturn—and of the changes the marketing and sales environment has undergone since the 2001–02 recession—suggests that those who follow the survival techniques of past slowdowns risk betting on the wrong markets, customers, advertising vehicles, or sales approaches.

In previous downturns, many marketers doubled down on large, historically profitable customers, geographies and market segments. Today, this approach may prove ineffective because the world's economic woes are affecting customers and markets in unexpected and extremely specific ways. Marketers should therefore toss out those historical expectations and focus on the emerging pockets of customer profitability.

Cash-strapped marketers have also typically emphasized traditional media, such as television and newspaper ads, while cutting back on new advertising vehicles. But marketing has evolved rapidly over the past decade, with traditional media declining in importance as the Internet and social networking achieved meaningful scale. **Marketing executives trying to rationalize media spending must factor this new balance into their austerity programs.**

Another common approach for marketers trying both to cut costs and safeguard revenue has been to slash back-office sales overhead while continuing to invest in frontline salespeople. The evolution of the sales force in recent years means that marketers should take a much more nuanced approach. Companies used to regard the "feet on the street" model as their primary lever for increasing sales. Now they rely on a mixed model—customer-centric frontline product specialists and industry-specific sales managers who play a coordinating role—to provide better service and target new revenue opportunities.

If executives ignore these new practices when they rationalize sales programs, hard-won customer relationships, revenue streams and margin gains may be at risk.

Of course, not everything from the past is outmoded: marketers must still reexamine the value propositions of their brands, fine-tune products and pricing, and manage the cost of media agencies and other vendors carefully. But these steps aren't enough. To weather the storm, it will be necessary to identify anew who and where the profitable customers are and to prioritize the most effective marketing and sales vehicles for reaching them.

There's something that critical marketing and sales executives have to bear in mind: the broader forces at work in the global economy mean that the underlying economics of strategies could continue shifting with unprecedented speed and scale. Such extreme uncertainty demands constant attention, frequent reprioritization and strategies that anticipate and respond to a changing landscape.

Business-to-business (B2B) companies must go a step further. A fresh look at segments isn't enough; instead, such companies must reexamine their opportunities and risks on a customer-by-customer basis.

Why MBA will not help you

Henry Mintzberg's critique on MBA education made regularly through articles and books such as 'Managers, not MBAs' has become more relevant today than ever before. It's not surprising that most failed and discredited companies in recent months were managed by managers with MBAs from top universities.

What does a typical manager do in his job day-in-and-day-out. Here's how Mintzberg narrates his version – 'The pressures of his job drive the manager to be superficial in his actions—to overload himself with work, encourage interruption, respond quickly to every stimulus, seek the tangible and avoid the abstract, make decisions in small increments, and do everything abruptly.'

Can this go on if managers are to succeed during trying times?

What managers need to do simply is this – Listen, Synthesize, not analyse all the time, and Lead. These traits will become a norm because future organisations, frequently found in the computer world, are full of flexible teams working on specific projects. "It is also the structure found in Hollywood and it is the structure of the future," Mintzberg said.

RTI for corporates?

'Corporate governance' must be the most searched concept on the net these days, thanks to Satyam. Examples of governance failures and violations of business ethics have raised their ugly heads from time to time and have led to new regulations and standards.

Governance failures come in various forms - Worldcomm and Merck for accounting failures, NYSE and Tyco for compensation - the big ones in stakeholder memory. The US abounds in such failures and the UK hasn't been innocent either. Both have now gone in for stricter regulations after series of committee reports.

India has largely believed in voluntary governance code for its companies, and whatever little regulation exists, has fallen short of recommendations of several committees (KM Birla , Naresh Chandra, Narayan Murthy). Voluntary disclosure of governance practices is rare.

A positive fallout of the Satyam fiasco is the growing demand for rating of companies on corporate governance. Crisil, Icra and CARE have expertise in this area. Yet there are few takers. Out of 4,700 listed companies in India, only 50 have gone in for rating and only 19 have made their ratings public.

While the demand for RTI on government departments and even judges is so vocal these days, the moot question is: Isn't it high time to confer the same right to information on consumers, shareholders, vendors, employees, and make corporate governance disclosures mandatory? It's time companies came clean on this count.

Grameen Danone

Danone's low-cost-high-nutrition yoghurt in Bangladesh is a classic BOP model worth emulating

Bottom of the pyramid gives you the advantage of huge numbers and volume but only after you crack the innovation challenge involved in getting there. It means not just product innovation but innovation in service, technology, delivery and financing as well. Low cost yoghurt introduced by Danone in Bangladesh makes for an interesting case study.

Yoghurt that's retailed by Danone across countries is something that the poor cannot afford. But Danone teamed up with Grameen Bank of Bangaldesh in 2006 to form Grameen Danone, a 50-50 joint venture to crack the challenge of making nutritious yoghurt available to the malnourished poor in Bangladesh. The yoghurt sells at only 5 Taka (around Rs.3) per serving of 80gms.

Danone's challenge was product innovation. It got its R&D to come up with an inexpensive recipe to almost match the quality and texture of other more expensive yoghurts. Right from the beginning Danone has been clear that it will recover only its initial investment after a couple of years and plough back the profits for further growth in order to help not only improve nutrition but also in creation of livestock-farming and distribution jobs in the local community around the plants dotting rural Bangaldesh.

The Grameen Bank financed the poor farmers to buy the feedstock for their cattle so that they could sell milk to Danone. Danone set up its first, environmental-friendly factory with low energy-consuming technology with bio-gas at Bogra in northern Bangaldesh last year. The factory also transforms manufacturing wastes into gas that powers some of the plant's lighting and heating systems.

It also helped farmers organize cooperatives to set up refrigerated collection centers where they can deliver milk. It employed the local ladies (called 'Grameen ladies') to sell yoghurt door-to-door on a small commission.

It was a right blend of local labour, local ingredients, low cost technology, low cost finance, local distribution agents and the innovative product recipe. And that's how *Shaktidoi* came into the market and started feeding the poor with nutrition yoghurt at affordable price.

The project is yet to break even but that's just a couple of years away. The challenge is making the model work when input costs rise. That's were continuous innovation comes in.

Can Indian companies such as Amul, which have excelled as cooperatives, emulate this bottom-of-the-pyramid model?

Companies get 'F' grade in 2008 Innovation Tracker

Organizations' innovation efforts aren't making the grade. Despite much buzz in the marketplace, success from innovation remains elusive for many organizations. According to results from this year's Innovation Tracker, overall innovation scores averaged only 8.34 out of a possible 20, the equivalent of 42 percent – or by educational standards, an "F."

It's clear that most organizations still do not know how to consistently make innovation a part of what they do and how they operate, and their employees don't feel organizations are putting the right things in place to make it a sustainable initiative that drives long-term success.

Morpheus Media Fund: India's true media innovation

Smaller companies now have a chance to advertise in big papers and channels, while media companies can offload their excess inventory

The media-for-equity business, pioneered by the Bennett Coleman group some four years ago, is getting a new sting in its tail. Ozone Capital Advisors (o3 Capital) with media agency Maxus as the media advisor, is getting publishers together through a Rs. 900 crore mutual fund called Morpheus Media Fund (MMF).

Morpheus is the Greek god of dreams. The fund expects to raise about $300 million (Rs.1,293 crore) worth of advertising space from about 15 media houses in India across print, broadcast, radio and outdoor advertising, in its first round. The MMF's objective is to procure inventory from leading media owners across the country and buy equity in small and mid-sized companies across sectors that need advertising for growth. The media inventories will be provided to these companies and, in return, media companies will get units in the MMF in proportion to the inventory utilized.

MMF's larger objective is to help spawn the growth of new Indian brands in FMCG, consumer services, including education, health care, telecom and financial services. The Morpheus Media Fund aims to garner 48 per cent of its media inventory from print companies, 38 per cent from television, 10 per cent from outdoor media owners and 4 per cent from radio players.

The need for MMF is simply just because like the airline business with its empty seats, the media business worries perennially about liquidating excess media inventory. Firms have tried to create media exchanges as well as platforms to get rid of last-minute inventory. Some publishers have used media barter, either with another publisher or to acquire the odd asset. These approaches have been opportunistic, not strategic. Is equity in return for media the answer that the business has been looking for all these years?

There are no lessons from abroad because, peculiarly, India is the only market in the world where media-equity swaps are being practiced. This is because in the West, there are several opportunities and avenues to fund various activities, including brand building.

Analysts say publishers who harbor a short-term objective of merely cashing in on excess inventory in return for shares are bound to come to grief. For this concept to work, the play has to be long term. It may also be more complicated – and expensive – than it first appears.

The need for MMF is simply because just like the airline business with its empty seats, the media business worries perennially about liquidating excess media inventory

A media fund is a truly original concept and while publishers are intrigued because it gives them a relatively risk-free way of exploring the media-for-equity business, they also have concerns. Primary among them are editorial conflict and potential switching of cash-paying advertisers to the fund model. It would be interesting to watch how this pans out.

To purchase articles on innovation, published in ManagementNext in the last three years, send a mail to radha@managementnext.com

"You cannot shrink your way to greatness": Tom Peters in 'Circle of Innovation'

Spike in innovation during recession

Venture capital firm Draper Fisher Jurvetson believes we should anticipate a spike up in innovation during the current recession. Areas where innovation will get intense are:

* Non-invasive healthcare * Net zero energy homes * Pilotless electric cares * e-education for the masses * All computing from the clouds (think G-mail) * True 3-D technology driving entertainment * Storable instant fresh meals * Genetic disease prediction * 100 MBPS Internet to homes

India slips in 2008 global innovation index

Prof Soumitra Dutta

India has slipped to the 41st position from 23rd last year in the Global Innovation Index (GII) 2008-09, says a study by industry body CII and B-School INSEAD. The US has topped the rankings once again, followed by Germany, Sweden and the UK.

The study, covering 130 countries, reveals that other Asian economies like Malaysia (25th) and China (37th) are ranked above India. INSEAD dean of external affairs, Prof Soumitra Dutta, developed the methodology for calculating GII. Prof Dutta explains:

"In recent years, innovation has pushed itself to the very top of policy-making and senior executive agendas. Simply put, this index speaks about which nations and regions respond best to the challenge of innovation, taking into account a number of factors."

GII uses data compiled by various international agencies including the World Bank and the World Economic Forum. The index has two pillars, input and output, which are further divided into various sub-sectors or variables.

Input consists of categories such as institutions and policies, human capacity, general ICT (information, communication and technology) infrastructure, market and business sophistication — factors that help to create a suitable environment and trigger innovation in a country. Output consists of knowledge, competitiveness and wealth, which gets better if a nation is innovative.

As per the survey, India is at the 49th position in terms of the overall input pillars index and is ranked 34 when it comes to the overall output pillars index. In both cases, China is ranked above India. But India tops the BRIC nations for variables such as institutions and policies that can provide support for innovation. Similarly, in terms of human capacity, which captures the human resource and education aspects of a nation, India is among the top 30 countries in the world and leads among the BRIC countries as well.

Infosys' transformational partnership model

Infosys is fine-tuning its innovative approach to measuring performance in client relations. Its strategy is evolving to build transformational partnerships from its original position as an outsourcer of end-to-end IT projects.

A July 08 Harvard Business Case study offers a peek into the model which is meant to help clients devise and implement strategies that will allow them to achieve a competitive advantage. The traditional paradigm of service-level agreements (SLAs), while sufficient for Infosys' needs early on, is not able to achieve the level of understanding that transformational partnerships require. Infosys applies the principles of the Balanced Scorecard (BSC) to produce a feedback mechanism that allows the partnership to grow to the benefit of both parties.

Beyond user-centric innovation

In the International Journal of Innovation Management (September 2008), PHILINE WARNKE of Fraunhofer Institute for Systems and Innovation Research, MATTHIAS WEBER of Department of Technology Policy, Austrian Research Centers and KARL-HEINZ LEITNER of Department of Technology Policy, Austrian Research Centers titled 'Transition Pathways towards User-Centric Innovation' have come up with an interesting extension to the user-centric innovation model.

They say that the user-centric innovation concepts have proved successful in niche markets and specific industries but offer little understanding how these models may become more widely diffused in manufacturing industries. They apply an evolutionary economics perspective to explore possible transition pathways towards user-centric innovation paradigms.

In order to understand not only the past but also possible future transition trajectories, they complement the co-evolution analysis with prospective elements such as scenario building and road-mapping. Using this combined approach, they identify possible future working configurations of user-centric innovation models and specify a number of diverse elements relevant on different levels of the transition arena. They argue that these insights can be used to define and set-up dedicated learning spaces for user-centric innovation. They suggest similar approaches for companies and policy actors to guide governance of change towards user-centric innovation models.

Top technology trends to watch in 2009

***Global warming and recession do not seem to have dampened the spirit of technologists. Instead, it has presented them with new opportunity to work on cleaner, greener, cheaper, safer and more pervasive technologies. Presented below is a synopsis of some of the key trends to watch in 2009. Interestingly, a lot of the themes represent focus on cost savings, simplification, collaboration and reduced dependence on large IT teams, says* Ranganath Iyengar**

Strategic technologies

Gartner defines these as technologies with a significant impact on the enterprise in the next few years and these can be either disruptive or need significant investment or the risk of being too late to adopt. **Virtualization** of servers, storage and client devices will continue to be a key focus with a thrust on de-duplication. An example is the proliferation of 'netbooks' which represent a move towards leveraging virtualization. **Cloud Computing** is gathering significant momentum to make software more pervasive as a service – from a business perspective this will provide elasticity and scalability and also reduce the need to have large IT teams. **Servers beyond blades** – servers are evolving beyond blades to simplify provisioning of capacity to allow for replenishment of only those resources which are scarce – e.g. memory, storage, power etc. and this approach will help reduce waste and redundancy of resources.

Web oriented architectures – Enterprises will move more towards the web as employees work in disperse and cluster environments demanding higher levels of collaboration and availability of IT round the clock. Good examples are eLearning 2.0 and the availability of 'to go' enterprise class certified managed services. **Enterprise Mashups** - a **mashup** is a web application that combines data from more than one source into a single integrated tool. An example is the use of cartographic data from Google Maps to add location information to real-estate data, thereby creating a new and distinct web service that was not originally provided by either source.

Communications 2.0 – The keyword here is collaborative communication - Communication 2.0 is all about convergence of various communication and collaboration tools and platforms such as VoIP, VoWi-Fi, Wi-MAX, Web and Video Conferencing, Enterprise Social Computing, Presence, and IM Management. This helps deliver cost effective internal communication and enables businesses to connect communities that encompass employees, customers, partners and others "outside the firewall". Skype is a great example for this.

Disruptive technologies

These include technologies that will take performance to the next level or simply usher in an entirely new way of working. **USB 3.0** is the next serious effort on which the technical specification has already been delivered – this promises upto 10 times faster data transfer speeds. **802.11n** standard has been ratified and this promises to deliver data transmission speeds of over 300 Mbps or over 7 times faster than current wireless networks. **Android and Linux phones** – Android is the open source operating system from Google and LiMo is the Linux platform – several new mobile phones are expected to sport these technologies and will make phones inexpensive and competitive.

Instant on Computing – Linux based instant on features are already available using SplashTop's technology and Phonenix Technology is working on extending the trend outside of the Linux realm. With this you don't have to wait for a system boot.

Applied technologies

These include technologies that apply to other 'applied aspects' such as firmware – as an example we can consider some of the technologies going into cars – **Adaptive cruise control** which uses laser guided sensors to determine speed and distance and maintain distance between vehicles; **Traffic and weather navigation alerts** – using real time information superimposed on GPS navigation systems which is scaled and customized for a driver's location and route; **Adaptive headlamps** – that follow a driver's turning the steering wheel which will come integrated into portable navigation systems; **Collision avoidance** – this allows the vehicle to automatically apply brakes if the driver does not heed the warning signs and thus avoid the collision.

So, there is plenty to look forward to and plenty to experiment with – if you have got the cash, the time and the risk taking ability. Maybe with all of the above you could also consider checking out Garmin's Nviphone and ask it "where am I"? or perhaps check out **GE's OLED lighting** for wallpapers with custom lighting!

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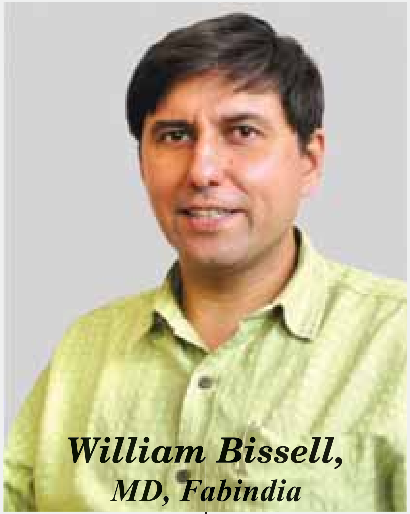
Artisans are owners in Fabindia

Fabindia is turning thousands of its suppliers and rural artisans into shareholders. In terms of scale of impact, this could be the second biggest revolution in stakeholder ownership model in India, after Amul

By Sangeeta Mansur

Starbucks got itself the tag of a responsible business by paying fair price to its suppliers. Fabindia, India's unique garment retailer, has gone many steps ahead by not only ensuring fair prices for raw material but also by turning thousands of rural artisans into shareholders. This could well be the biggest revolution in rural India after the stupendous success of milk cooperatives of Amul. The other revolution waiting to happen is in bio-fuel.



William Bissell,
MD, Fabindia

Co-opting artisans as shareholders is a big leap for John Bissell's dream of ensuring the highest economic value to the unique craftsmanship in textiles. Bissell's dream began in 1960 when he tapped the export market for rural Indian handicrafts. Fifteen years later, the company decided to focus on India as well and opened its first shop in Delhi, selling upholstery fabric and durries. From then on, it gradually moved to garments and later to home accessories, thus becoming a contemporary retail chain that sells hand-made products by rural artisans. While Fabindia now sells in 34 countries and in 500 odd locations in India, William Bissell, the current MD, has taken both the purpose and philosophy of the business to a new level.

This business model innovation makes rural artisans think, partner and operate like businessmen. They share in profits, and part of the profits is ploughed back for common goals. The artisan community will hold 51% stake in 350 odd companies being floated by Fabindia. These are unlisted, organized, community-owned companies that run profitably and declare dividends for the artisans. Today, the company has created 25,000-30,000 shareholder artisans and the target is 100,000.

This business model innovation makes rural artisans think, partner and operate like businessmen

Fabindia has created its own share trading system where a trading window is offered with the objective of offering liquidity so that a fair price is discovered. Seventeen companies spread across Uttar Pradesh, Madhya Pradesh, Rajasthan, Andhra Pradesh, Bihar and Tamil Nadu have already declared good dividends.

Innovative model

The most significant aspect of the model is that it pursues multiple bottom lines. Artisans can leverage their share certificate to get a loan instead of going to a local money lender.

In a Rs.30,000 crore market, of which 80 percent is unorganized, even involving 100,000 weavers among the 65 lakh community is a huge effort. Fabindia's innovative model could well be the beginning of a massive revolution that India needs to come out of abject poverty. It creates sustainable livelihood for a large number of artisans, empowers them and gives them a deep and real sense of ownership. It keeps alive the dying traditional Indian handloom against the onslaught of power looms.

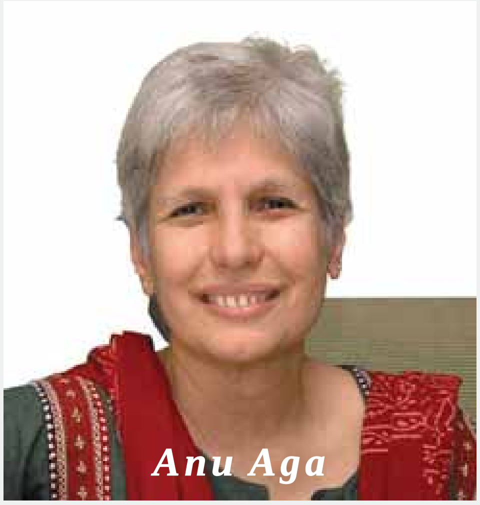
For the company, it's a short-term risk of sharing profits in the interest of long-term sustainability and growth. Bissell says the company has taken 'a bit of a bleed' now to create a better, sustainable future for all. This is, after all, about creating a lasting win-win between the company, suppliers and the society, and not just about shot-term profit making.

Artisans can leverage their share certificate to get a loan instead of going to a local money lender

William Bissell is not a typical MD. He is hands-on and has had grassroots experience of working with farmers in India. He says, "I have worked with farmers and that's where the idea of starting the organic product range originated ... Many of the templates and ideas for my work in Fabindia have come from the stories told to me by farmers."

Bissell's book '*How to Save India*,' expected this year, may well be the bible for prospective and practicing Indian social entrepreneurs. It offers a radical model for eradicating rural economic and social malaise.

Groom two, pick one



*Many family businesses fail because the founders pass on the baton too late by which time the second generation loses interest or the business loses opportunity for creativity and innovation. **Anu Aga**'s passing on the leadership of Thermax in 2004 to her daughter **Meher Pudumjee** is still a classic case of smart succession planning and execution. Despite big personal losses, the mother-daughter duo has been able to get the company going full steam due to a few strong family values. Anu Aga shares them all with **Surhuda Kulkarni***

*** For me, experience without your ability to learn is no use. There has to be humility to learn. I have seen enough stupidity in old people.**

*** In family businesses you cannot shove small things under the carpet, they later emerge as big things. So, values, governance and succession planning with a good dialogue are very necessary for family businesses.**

*** Do not use the business for personal gratification. Do not extract capital out of the businesses.**

*** In India we went berserk with new billionaires and billionaire clubs. No body cared about how these people became billionaires.**

What are the factors that facilitate a smooth transfer of power?

I think planned succession facilitates a smooth succession of power. We have examples in our company when it was not planned. One was when my father decided to step down suddenly and my husband Rohinton took over. My husband romanticised retiring early, but till 60 when he died he was very much in the saddle. He did not plan his succession well. Coming from the HR background, I strongly believe in succession planning and that I have to walk my talk. When I was 61, I consulted my board and called Meher, to say that she should take over from me. She hesitated and begged of me not to discontinue. Her children were small and she needed time for her family. Soon Meher realised that I was firm and got mentally prepared to take over.

Lack of succession creates many problems. Also for the person who retires late, it becomes more difficult to give up. If I had retired by 75-80, I would have said, “I did not find any one better. I wouldn’t have wanted the organisation to be fed up and say, when will this old woman get out?” I was recently at ASMA, the Automobiles Spares Manufacturers' Association. There, the younger generation of business houses approached me and said, please teach our fathers how to let go. They are not ready to give up. How did you do it? I think it’s difficult for anyone who started the organisation to give up as it becomes an emotional issue. I also wonder if it’s easier for a woman to do it. For me, it was relatively easy.

What’s your reading of the current economic slowdown?

It’s a topic beyond my comprehension. From whatever I read,


Meher Pudumjee

greed of the capitalists has caused this. A lot of agencies like the regulatory agencies, the banks, have not come up to face the facts. In India we went berserk with new billionaires and billionaire clubs. Nobody cared about how these people became billionaires. With the Sensex going like a yo-yo, everything is uncertain. Very poor governance, shortcuts and not having long term goals, have been the bane. Only focusing on short term goals and not being concerned about the future is not good for the business or for the stake holders.

How about Thermax's innovation versus discipline conflict? How is the company faring now?

We have all agreed that we have to bury the debate and that innovation is a must. Certain amount of discipline helps innovation. We have a dynamic director on innovation on our board, Dr R.M. Mashelkar, who has recently taken over. We have created the Innovation Council with outside members who help our executives to think out of the box.

What values have you passed on to your daughter which helped her during the succession?

Meher has imbibed the family values and also has the competence and hence the Board chose her as the Chairperson. What she has inherited is not to look at business as a mode of personal gain, but to serve larger societal interests. Not to extract anything from the business for personal gains but to do good work for all the stake holders. My daughter is involved in social initiatives and has interests that she passionately follows. She cares for the company and its people. She can be blunt and caring. She is hard working. In the four years of her governance, the company did very well. I feel I couldn't have found a better successor.

Can we say that good governance is the key to the success of Thermax?

Adherence to good governance has helped Thermax to succeed but we also have an excellent team of dedicated executives. It's a combination of good governance and a great team. The good values are permeated across the company. A lot of credit goes to them. There's continuous and good dialogue. There are no compromises in our team work. There is on-going communication.

Do you discuss business at home?

At times we do discuss business at home and my grandchildren say, "Enough!" So we always meet at lunch time in office to consciously discuss many issues.

How difficult is it to be a parent and to have a business successor in your daughter at the same time?

Don't forget, Meher had the competence plus the values. She is a chemical engineer, she's got the finance background and she is hard working. I never understood engineering, never took interest in finance. I can say, she is intelligent and I found the absolutely right person. My attitude was positive. I focused on her strengths and not on her shortcomings.

So, stepping down is a complex process. How was it playing a mentor to her during the process?

We did a lot of talking during that one year. I helped her mentally prepare herself. She even took the help of a business coach. Yes, I held her hand and helped her arrive at the decision. With her competence and hard work, she is tremendously confident and likes her work. At times I tease her, will you give it back to me now? Her husband Pheroz and in-laws have been very supportive too. He is one of the directors.

What is your message to other family businesses on succession?

There are three. First, keep communicating and do not shy away from problems. Second, do succession planning. Third, passing on values is very important for family businesses. In family businesses you cannot shove small things under the carpet, they later emerge as big problems. So, value-based succession planning with good dialogue is very important for family businesses.

What is the ideal time span for succession planning?

Succession planning is of two kinds. First is drop-dead succession if there is an emergency. There is no guarantee for anybody's life, so a drop-dead succession plan is necessary. The second is planned succession. You must invest in two persons. Give them a chance to make a few mistakes.

The best among the two will emerge. For me, experience without your ability to learn is of no use. There has to be humility to learn. I have seen enough stupidity in old people. Grey hair without learning is not experience. I have seen great wisdom in Meher. The understanding and affection we share, people say is unique. My husband's and son's death glued us together. I have faith in her. She doesn't take any major decisions without consulting me and has no ego hassles. She is humble and a great leader for the team.

Protection first, investments later

Even when attractive investment benefits are clubbed with life insurance products, it is important to be sure that protection always comes first, savings second and market gains third, says Kshitij Jain, CEO, ING Life in a discussion with ManagementNext

How can an executive manage his risk better in the present context?

I find that among the educated elite the understanding or the perception of managing the risk as an individual is pretty low. I'm not sure if it is the fatalist beliefs of our society or just the buoyancy of the market, which people think will go on and on. I think a lot of people don't plan their future very well.

The first thing people should realize is the element of uncertainty both of life and the financial future. The first thing an individual should do is to plan for an uncertain future.

Life insurance companies today offer a wide variety of products depending on the life-stage of the individual. Executives have to be clear of what they need to save for or the risk they are trying to mitigate. It is important to identify what life stage one is in and the only way that can happen is to take the advice from an organization you trust.

When you say there is not enough of risk perception does it mean you are not marketing enough?

Life insurance companies, despite the economic slowdown, are very visible on the media. Earlier, life insurance risk products were largely bought to save income tax. However, this is beginning to change.

People are not depending on the next generation to take care of them as joint families are getting fragmented. Increasingly I find that people are becoming smarter and are planning for their future as they become independent.

What innovations has ING Life brought into the market?

Life insurance is an old industry and there have been no significant innovations for some time. However, what ING has done is to make the understanding of life insurance simpler. We address three basic needs – protection, savings and investments. We have a simple tool called the 'Lifemaker' which helps a customer understand that they should first start with protection, move to savings and then investments. Some customers who are not aware are doing the opposite – they look at life insurance for investments.

The other innovation on which ING prides itself is the transparent nature of its products. The third is focusing on mass markets.

There isn't much difference between products offered by life insurance companies. This is making the life of a prospective customer difficult.

Financial products do exhibit commodity-like qualities. This is good because it offers a wide choice. Customers can choose from some 500 different products in the life insurance category. If someone wants to go through all of them, it will be a trying experience.

The biggest challenge today is to be able to select the best product that serves both life insurance and retirement. How can the choice be made easier?

Before choosing any product the important thing to keep in mind is that inflation is a reality. What something costs today will cost many times over after a few years. The second thing people underestimate is the power of compounding. In all fairness what differentiates life insurance from many others is that this is the only industry which thinks long-term. I think planning for retirement is a question of common sense. Insurance company websites today help people calculate the kind of nest egg they need to create if they are to maintain a certain standard of living.

What's the future of life insurance?

We, by and large, cover every conceivable need. In India the life insurance industry has transformed in a big way. India does have very sophisticated and competitive products. There is scope for further development and maturity and this is not so much a function of the life insurance industry as it is of the financial markets.

Products in Asia-Pacific are more sophisticated as far as the investment management is concerned because of the availability of complex tools for hedging and derivatives which are not allowed yet in India.

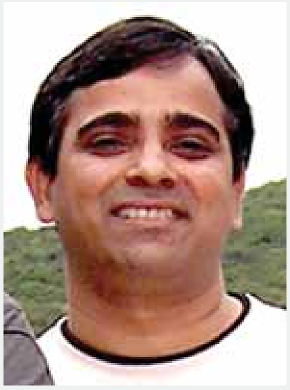
I think the big scope of innovation in the future is not so much in products but in distribution channels.

How can companies manage their employee risk benefits when they are hit by a slowdown?

Companies should share the employee benefits risk with specialist organizations. We can help manage and mitigate the risk better for them. What organizations should do is, make sure that they are taking advice from specialists.

They can also insure their exposure through guarantees, but in India, setting a price for guarantees is still a challenge because its financial markets are not sophisticated enough.

Business interruption cover



Business prudence is in protecting against loss of profit, says V Ramakrishna, Chairman, India Insure Risk Management & Insurance Broking Services in a chat with ManagementNext

How mature is the insurance broking sector in India and what kind of value is it offering to insurance companies and the customers?

The broking industry is now almost 6 years old. It has come a long way from the early stage of "Concept selling" ("why you need a broker?") and head-on collisions with insurers to the current 'acceptance' stage. Brokered premiums have climbed to around Rs. 4200 crores. There are around 270 licensed Brokers in the fray – with around 30 of them having a pan-India footprint.

A professional broker typically adds value to both the customer (by helping them structure the right policy, ensuring that they are adequately insured, assisting them at the time of claims, helping them with the day to day servicing and educating them about the intricacies of insurance), and the insurer (by providing the right kind of submissions, documentation at the time of claims and easing them from the servicing pressure)

Unfortunately, a traditionally soft market and cut-throat price competition without a corresponding choice of coverage have meant that 'aggressive price bargaining' and not 'risk management' remains the focus for most corporates. With de-regulation of coverages round the corner, the broking market is expected to grow much faster in the near future.

Are there perceptible differences in how the Indian and the developed markets behave in the insurance broking space?

India differs fundamentally from developed markets in the absence of a truly free market – benefits from broking are best seen when different underwriters are free to write their own policy wordings – which means a problem of choice and therefore the need for expert advice. Complete de-tariffing should give a big boost to broking.

How active are insurance brokers in the rural market?

At present, the costs far outweigh the benefits of looking at rural markets for brokers. IRDA regulations stipulate a minimum level of post-sale service and compulsory insurance training for all marketing staff. Further, IRDA does not permit a franchisee-type of business model. All these regulations taken together demand a high level of capital and revenue expenditure commitments, which is a clear disincentive.

Other than 'lowest price', what parameters does a professional broker use while recommending an insurance company?

The decision is not always based on PRICING. When it comes to smaller corporates with a lower premium payout, it may be linked to PRICING.

As far as bigger deals are concerned, PRICING alone will not be the only factor influencing the decision. We do have a fairly good knowledge of the Insurance Players in the market and their relevant capacities (underwriting as well as Service) in various types of Insurances. This would be discussed with the Corporates and they are guided by us to take an informed decision.

Do you think there is any other significant area of interest to a CXO on general insurance?

Most decision making is focused on traditional insurance covers like 'property damage' and ignores what is known as "business Interruption" or "loss of profit" insurance.

Recovering the cost of material damaged is only part of the story in any loss. Being able to pump in money for several months till operations stabilise again – that is normally the killer for any business! Protecting against this is business prudence.

What is an ideal insurance strategy for a company and how does it protect them during bad times?

Insurance purchase is about being aware of all the major and minor risks that your business is exposed to and choosing between 'risk transfer' and 'risk retention'.

Once you have listed out all the risks (normally with the help of an expert), you prepare a risk matrix on the twin axes of "probability" of the event and "severity" of the likely loss.

You could then choose to transfer all the risks which have the potential to bring the business to a grinding halt (e.g.: major fire in the godown or factory) and retain those risks where, even if they happen, the losses can be absorbed in the normal course of business.

The credit insurance edge

***Abdul Gaffar Sait** offers a lowdown on credit insurance and emphasizes how it is vital for risk management*

In the current tough times, corporates are looking at risk management with a new set of glasses. Companies are realizing that businesses have many inherent risks which should be noted and timely action planned and not ignored 'till later'. In fact, the realization now is 'Timely Pre-emptive Action to minimize risks'. And this can be achieved, provided there is a focus on it.

The recent downtrend and recession have put a lot of companies in a series of crises, ranging from liquidity issues to payment default issues. The real test started when fear set in, and the liquidity crunch was felt due to fall in demand and reduction in sales. The best of companies today are worried about supplying to their existing clients due to the fear of default, and they are refusing to expand in newer markets as they have no idea about the new prospects` financial position.

This has resulted in a sea change in how insurance is being viewed. Previously, insurance in any form was considered more as an expense, somewhat like a step cousin you were once close to but didn't want to get rid of because it would cause some hurt and too much effort, both you can do without. Today corporates are very keen on having proper risk management analysis and the right solution for unforeseen risks.

Faced with the liquidity crunch, companies have accepted that anything can happen in this corporate world, and thereby, have started hiring the best risk management companies that provide a well integrated best-fit solutions for them.

Credit Insurance

There are two specific queries that one recurrently hears in the market, viz., Credit Insurance and Terrorism Insurance

All though credit insurance was launched a couple of years back in India it did not get promoted well. The current liquidity crunch seems to have naturally created a demand for this product.

Credit insurance is essentially a risk management product that ensures that companies do not end up having bad debts.

At the ground level, we have to understand that, with credit insurance in your pocket, your risk management consultant does a financial stability check on your new customers before you supply the material.

Other features of relevance in credit insurance are:

- BUYER CREDIT ANALYSIS – this includes analysis of the real worth of the buyer so that the seller takes risk exposure accordingly.
- BUYERCREDITMONITORING- monitoring of the credit exposure to the buyer and warn the seller the moment the risk increases.
- RECOVERY SERVICES – They insure clients against bad debts and also help in recovery through legal process

Credit Insurance covers protracted default by buyers as, incase the buyer defaults in payments due to issues of liquidity or any other reason, the risk management company steps in and secures the seller.

Claims have to be settled within 180 days of reporting the situation to the risk management company. Post intimation, the seller is not allowed to sell the goods to the same buyer again till the settlement is done. Credit insurance also secures the clients' payments in case the buyer becomes insolvent and files for insolvency.

The other insurance that corporates are seriously looking into is terrorism insurance. Previously companies used to avoid the terrorism insurance option to reduce the premium marginally; these days they insist on terrorism cover. Even individuals have become wary of these happenings and are showing keenness in taking terrorism insurance along with personal accident cover and health insurance cover.

It is vital that companies immediately analyze the risks involved in their businesses, especially if they do business on credit. Credit insurance ensures against debtors as well and gives them an edge to expand in the unknown markets.

Companies should opt for risk management consultants rather than insurance agents, as they can give them the best-fit and help out with the claims. They should also take extra efforts and ensure proper filling up of the proposal forms as there are various clauses which might create problems during the claim period.

Ultimately, remember that it is all about business and thereby proper risk mechanisms should be adopted for smooth operations. Companies should insist on full policy wordings of the policy and look for exclusions and excess deductions.

Insurance is a subject matter of solicitation and cannot be used for short-term profit motto alone.

The author is CEO of Basket Option
(Going Beyond Investments)

Group insurance still pays

Sophistication of group insurance products will help employers retain talent, says M S Suresh, Associate Director, MetLife India

Group insurance is a life insurance coverage plan in conjunction with some riders, in which individual employees or members are included under one 'master policy' owned by their employers. Because the group insurance plan has so many participants, the policy often provides coverage for more services at a much lower cost per participant.

Group insurance may be provided by other organizations besides for-profit companies. Trade unions, clubs, associations and other service groups can also obtain group insurance for recognized members and possibly their dependents.

Individual members of a group insurance plan sometimes receive insurance certificates which demonstrate their eligibility for benefits. Financing for a group insurance policy is commonly done by companies who will absorb the entire cost of the policy as a benefit for employees, but in a voluntary coverage situation a flexible payroll deduction is also possible.

Members of the group policy don't always require physical examination before issuing a master policy, although some participants may be required to undergo specific medical tests in view of the high coverage that they carry.

Group insurance benefits can vary widely from company to company. Most of the employers in India have a uniform coverage for all their employees. However, internationally, the common pattern of coverage seen is "x" times their annual pay (usually not exceeding 2 to 3 times of their annual pay). Sometimes, we also get to see coverages based on a band of employees.

Since group insurance is considered the first source of social obligation for a salaried employee, the benefit pattern based on the annual pay or equivalent structure is considered to be more appropriate as the benefit would dovetail the lifestyle of employees at various levels. The current trend as seen amongst various corporates in India is that many of them are following a 'band-wise' coverage whereas the multinational companies operating in India follow the international pattern.

Aggressive add-ons

The current trend as seen amongst both the employers as well as life insurers is that there is a concerted effort to promote health riders like critical Illness as an add-on to the basic policy.

Riders like critical Illness, disability riders covering temporary and/or permanent disabilities are becoming quite popular with the employers as they serve as an important addition to their existing Group Mediclaim policies.

Group insurance is definitely more affordable than a similar number of individual policies, but there are a few drawbacks. The choice and type of the coverage is determined by the employer or the Group Policyholder, and therefore, the individual participants do not have any say in the same.

Group insurance is definitely more affordable than a similar number of individual policies, but there are a few drawbacks. The choice and type of the coverage is determined by the employer or the Group policyholder and therefore the individual participants do not have any say in the same

Many employees see group insurance coverage as a major perk for faithful company service. The premium payments are usually paid by the employers or deducted automatically. Extended coverage for spouses and dependents also bring peace of mind and a feeling of security. Group Insurance has become a very popular tool for the employers in India for attracting and retaining talent. A good constructive Group Insurance plan can be sustainable over a long period of time as well as earn and add considerable value to the employers.

ManagementNext bookshelf

Entreprenneurship Development: Indian Cases on Change Agents

by K Ramachandra, Tata McGraw-Hill, January 2009

This is a collection of 16 Indian case studies on entrepreneurship that were selected from a pool of 40 and spread across sectors: food, social service, hospitality, design, software, pharma, education, consulting etc. Although the main intention is to help academic community with good teaching material when it comes to teaching entrepreneurship, the cases present good resource and inspiration material to budding entrepreneurs. All cases trace the enterprise from the start up phase, show how they spotted the opportunity and faced challenges while pursuing their visions and up to the growth stage.

At a time when entrepreneurship is the flavor of the season, good compilations of success stories is a worthy read.

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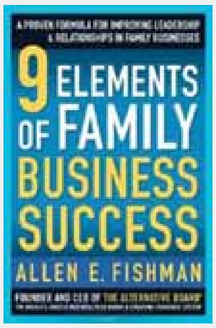
9 Elements of Family Business Success: A Proven Formula for Improving Leadership & Relationships in Family Businesses

by Allen E. Fishman, Tata McGraw-Hill, January 2009



This book uses case studies to address the specific challenges faced by owners of family businesses, and it shows family members employed in the business how to enjoy their positions while helping the organization reach its highest potential.

Fishman provides solutions to the problems unique to a family-run business, along with handy checklist to ensure you're covering all the angles. You'll learn how to:

- Create a written policy for hiring, reviewing, and terminating family member employees
- Avoid family relationship tension regarding compensation
- Choose a successor and create a succession development plan
- Ensure good results-driven family communication and dynamics
- Maintain healthy spousal relations when you work together
- Recruit and retain talented non-family member employees

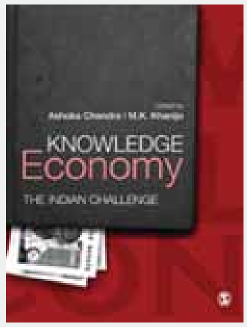
The Next Available Operator: Managing Human Resources in the Indian Business Process Outsourcing Industry

Edited by Mohan Thite and Bob Russell, both at Griffith University, Response books, January 2009

This first-of-its-kind collection intends to fill a vital gap by advancing evidence-based understandings of the issues, challenges and strategies confronting human resource management (HRM) in the Indian call centre/BPO sector. It features empirical research and conceptual advances, presented by well-known academics, researchers and practitioners from around the world and captures the voices of key stakeholders. Apart from presenting a front-line picture of employment relations and HRM in India, this book also provides the stakeholders' perspectives by focusing on the motives, strategic opportunities and constraints confronting management practitioners, trade unions and employees. The book also investigates the similarities and differences between Indian call centers and those located in the United States, United Kingdom, Canada and Australia.

Knowledge Economy: The Indian Challenge

Edited by Ashoka Chandra and MK Khanijo, both at the International Management Institute, Delhi, Sage Publication, February 2009

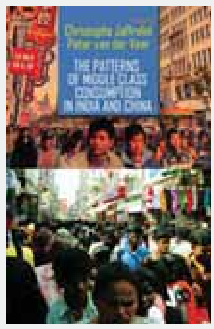


A compilation of 28 papers written by eminent academicians and practitioners, *Knowledge Economy* engages with the challenge of transforming the Indian economy to a knowledge economy. Thus, it looks at change management of the economy with a focus on:

- Economic trends and critical activities contributing to the desired change
- Educational issues for preparing the human resources
- Structural issues for developing institutional frameworks
- Societal issues for ultimately benefiting stakeholders.

Patterns of Middle Class Consumption in India and China

Edited by Christophe Jaffrelot and Peter Van der Veer, Sage Publications, March 2008

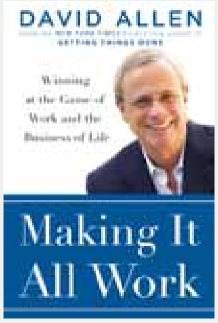


This book comes as a fresh addition to the growing interest in the long neglected sphere of urban studies. The book provides a mine of information on state and society in the two countries and can be an essential reading for all engaged with varied reflections on contemporary urban society.

This is a book about the emerging patterns of consumption among the middle classes of India and China. The book compares cultural shifts as a result of liberalization and globalization in these two emerging Asian powers. This volume does not compare India and China to the West, as books on similar subjects have done in the past. Instead, they are compared with each other. This book is well-timed, considering that both these countries have so much in common in terms of scale, civilization, history, and as emerging economies.

Making It All Work: Winning at the Game of Work and Business of Life

by David Allen, Viking, December 2008

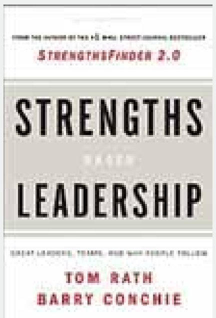


The long-awaited follow-up to the *New York Times* bestseller *Getting Things Done*, this book will make life and work a game you can win. For those who have already experienced the clarity of mind from reading, this book will only take the process to the next level.

David Allen shows us how to excel in dealing with our daily commitments, the unexpected, and the information overload that threatens to drown us. He provides an instantly usable, success-building tool kit for staying ahead of the game.

Strengths-Based Leadership

by Tom Rath, Barry Conchie, Gallup Press, January 2009

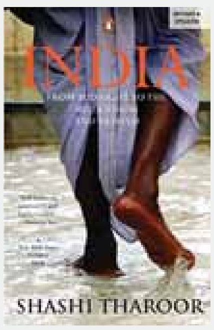


Gallup has been studying the topic of strengths and has been offering StrengthsFinder assessment. Its book *StrengthsFinder 2.0* has been a huge success. Now this book, *Strengths-Based Leadership* is the result of Gallup's research on leadership. The authors studied more than 1 million work teams, conducted more than 20,000 in-depth interviews with leaders and even interviewed more than 10,000 followers around the world to ask exactly why they followed the most important leader in their life.

Based on their discoveries, the book identifies three keys to being a more effective leader: knowing your strengths and investing in others' strengths, getting people with the right strengths on your team, and understanding and meeting the four basic needs of those who look to you for leadership.

India

by Shashi Tharoor, Penguin India, January 2009

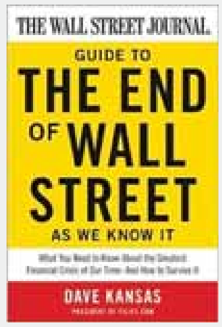


The book combines essayist and prize-winning author Shashi Tharoor's distinctive and clear-sighted prose with Ferrante Ferranti's magnificent photographs to illustrate what makes India the country it is today.

We go from the fast-growing metropolises to 'God's own country', Kerala; from the continuing debates on traditional and modern identities—for instance whether women should wear saris or 'Western dress'—to scenes of unfettered play on the streets. India's sweep captures religious and familial scenes on the banks of Ganga and the sparkling colours of Bollywood; from the Buddhist remains of Ajanta to high-tech IT studios in Bangalore. Here on view are both the familiar and lesser known elements of India.

Wall Street Journal Guide to the End of Wall Street as We Know It

by Dave Kansas, HarperCollins Publishers, January 2009



Written by seasoned financial writer Dave Kansas, *The Wall Street Journal Guide to the End of Wall Street as We Know It* makes sense of the madness, revealing how the crisis is affecting our financial lives and what steps we should take to inform and protect ourselves.

This comprehensive, practical and accessible book delivers: An inside look at the financial wizardry, easy money and overconfidence that drove the subprime crisis, credit crunch and market meltdown

An analysis of the New World Order—the banking behemoths, the government's role -- and how it will affect Main Street

A look at what's safe: a rundown of which investments are protected and which aren't and how fund protection has changed Individual investor strategies: stocks, bonds, retirement and real estate.

Free Market Madness: Why Human Nature is at Odds with Economics - and Why it Matters

by Peter A. Ubel, Harvard Business School Press, January 2009

Humans just aren't entirely rational creatures. All too often, our subconscious causes us to act against our own self-interest.

But our free-market economy is based on the assumption that we always do act in our own self-interest. In this provocative book, physician Peter Ubel uses his understanding of psychology and behavior to show that in some cases government must regulate markets for our own health and well-being. And by understanding and controlling the factors that go into our decisions, big and small, we can all begin to stop the damage we do to our bodies, our finances, and our economy as a whole.

Ubel openly challenges the ways he believes traditional economics have failed us. Despite the book's title, though, Ubel is in no way anti-free market. He recognizes the tremendous wealth "of both opportunity and of consumer goods," that free markets have created, but he also recognizes their fallibility. Free Market Madness is a very well researched and intellectually engaging book.

Vishy likes Welch

World chess champion Vishwanathan Anand told a newspaper recently that he enjoyed reading the biography on GE's former head Jack Welch. He recommends that everyone in the field of business and sports read the book. What he liked most was Welch's belief that if not first, there is no shame in being second in one's area of expertise. Roger Federer may not agree with Vishy because it's a different ball-game if one were to slide from first to second and see little chance of reclaiming the top position.

Get teased and become a leader

In a study, researchers have found that students who had been the butt of jokes during their college days were in leadership positions. And playful teasing and being called names can be good for building character. To reach this conclusion, Dr Erin Heerey, of the University of Bangor in North Wales, studied a group of university students in California and found that their "playful humiliations" led them to becoming better friends.

Heerey found that playground teasing was a normal part of school life and it should not be stopped by politically correct teachers. She said: "Teasing helps children to discover how to use their bodies, voices and faces to communicate nuances of meaning." So, if you were the butt of all the jokes, don't sulk; you still have the chance of making it to the top.

Sony's Green Glove

Green is increasingly becoming not just a feel-good factor, but is also making business sense. Sony has recently launched what is called a Green Glove initiative where buyers of its Bavaria model can send their old TV sets for proper recycling, courtesy Sony. This offer is on in the US and is yet to come to India. Knowing the Indian keenness for 'value', they may want Sony to offer a discount for giving the company the 'privilege' of recycling their old TV sets.

Ghajini and Imagining India

The success of both Aamir Khan's Ghajini and Nandan Nilekani's 'Imagining India' can largely be attributed to unique pre-launch marketing strategies. Co-incidences abound in that both happened nearly at the same time and were led from the front by the actor and the author. Viral marketing played a big part with both the marketing teams through vibrant and interactive websites and other media. Tough to find much differences in marketing strategies except that Nandan retained his hairstyle although his picture on the cover could have been a bit less glum.

Best Buy's best employees

Best Buy, a big American consumer-electronics retailer, was keen to create a new employee portal. It contacted an external consultancy that quoted a price of several million dollars. Shocked by this, the company cajoled a group of young Best Buy employees who put together a small team of developers from their own networks. They produced a new portal for about $250,000.

Another young employee at the company cobbled together a mobile-phone version of Best Buy's website for fun in seven days in his spare time. Moral – adversity brings the best out of your employees.

The less here is - employees can do wonders if they are challenged.

Slowdown closes gap between Gen x & Gen Y

A survey of 4,200 young graduates from 44 countries published in December 2008 by PricewaterhouseCoopers found that they want many of the same things from work as previous generations, including long tenure with a small number of employers. And they are willing to put in the hours to get them, if they are treated well. So, when jobs are under threat, treating people well is a challenge no one would like to take up.