ManagementNext

jump out of the box

Why *power* isn't such a bad word

The recent spurt in high quality management books on 'Managerial Power' has brought the much-maligned subject into the open. The debate is no longer about the good or the bad effects of power but how organizations can benefit from managing it smartly

By Benedict Paramanand

Managerial power has been such an explosive topic that surprisingly it has been missing from most management discussions all these years. Although managerial power is as real as the air we breathe, hardly anyone talks openly about its use or abuse until excesses are uncovered.

In *False Prophets*, Professor of History, James Hoopes of Babson College, USA, examines the writings of eight management experts, from Frederick Taylor to Peter Drucker, and shows the various ways in which they duck the question of managerial power. He makes a compelling case that these writers have been much happier expounding on integrative cultures that empower workers to go beyond the ordinary, and on the virtues of incentive plans that reward high performers, than talking about coercion and threat.

Is it time then for demystifying the subject of managerial power and talk about how organizations can benefit by managing it to their advantage.

Indian managers too are shy of talking about the role power plays in their companies. Therefore, very few studies exist on the positive or the negative effect managerial power has played in shaping the corporate history of India. Perhaps the reason for this is the secondary role professional managers have been playing so far. But as Indian companies get more professionlised managing power will become a major issue.

What is needed, therefore, is recognizing the reality of managerial power in Indian organizations, the constructive role its effective management can play and greater self-awareness on the part of those who wield it. Competent managers are realizing that organizations can be crippled not only by the abuse of power, but also by imbalances in its distribution.

It's easier said than done. Shorter life cycle of products, growing greed of shareholders and the pressure to adhere to stringent corporate governance norms are pulling the managers in opposite directions. To be successful managers are now required to do the balancing act tactfully.

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That six highly regarded management books on managerial power hit the stands globally in 2003 was no coincidence. These books provide sharp insights into the current state of the debate as well as provide a roadmap for unsure managers.

The Company: A Short History of a Revolutionary Idea (Modern Library, 2003), by John Micklethwait and Adrian Wooldridge, tracks the evolution of the corporation from 3000 B.C. to modern times. In *Who Really Matters: The Core Group Theory of Power, Privilege, and Success* (Currency Doubleday, 2003), Art Kleiner examines the nature of power within organizations. *False Prophets: The Gurus Who Created Modern Management and Why Their Ideas Are Bad for Business Today* (Perseus Publishing, 2003), by James Hoopes, takes the management gurus of the past to task for failing to deal squarely with the issue of managerial power.

In *Beyond Budgeting: How Managers Can Break Free from the Annual Performance Trap* (Harvard Business School Press, 2003), Jeremy Hope and Robin Fraser propose a new management model that leads to a radical decentralization of managerial power.

Can high performance legitimize abuse of power?

If, as Hoopes suggests, we need democracy to make us free and managerial capitalism to make us rich, then the only legitimacy for managerial power can be its superior performance. Managers usually say that they employ power only in the cause of improving organizational performance.

The primary tool for performance management at most organizations is the budgeting process. The control of this process, and through it the allocation of resources, are themselves potent sources of managerial power. There is now a demand for abandoning budgeting in favor of stretched goals based on external comparisons rather than on negotiated targets.

It's now clear that exercise of power, both legitimate and illegitimate, can damage people and organizations in many ways. The use and abuse of power is not the only cause of organizational silence, but it is probably the leading one.

Power is needed in organizations at all times, but when the going gets really tough, there will always be the temptation for managers to use raw power to achieve at least part of their objective while cloaking its use with high-flown intellectual alibi.

Who can check abuse of managerial power? We've seen that despite the existence of boards, auditors, compliance officers and shareholders scams have taken place right under their nose. One of the effective ways of preventing abuse, the authors suggest, is by talking and thinking about power in the company. The authors also warn against those who fear using their power at the right juncture. Timid managers are as bad as those who abuse power.

The recent interest in managerial power may help as managers realize its positive connotations even as greater checks and balances are being put in place. ●

Vivek Paul - the super manager

What's the secret of Vivek Paul's phenomenal success as a manager? This question is certainly lurking on every Indian executive's mind, especially after *BusinessWeek* included Wirpo's vice chairman in the 2003 list of top global managers. Sifting through Paul's lectures in business schools, presentations and interviews to the media a few of his secrets do stand out.

The most visible of his secrets is setting audacious goals and backing it up with meticulous execution. On joining Wirpo in 1999 when it was just a $150 million confused company, Paul wanted Wipro to be among the top 10 global tech-services companies in four years time. The global tech-slowdown has tempered his ambitions but he's not strayed from the course. When Paul joined Wipro in August 1999, it was a $150 million company; today, it's nearly $1 billion.

One of the most talked about and controversial execution strategies was unifying quality systems across the company. Although Paul faced internal resistance, he stuck to his conviction and the company is now savoring its benefits. Yet, Paul is not known to be hardheaded. He told a financial daily: "We don't try to architect the perfect solution, we get our hands dirty, play with it as we work, learn, change, adapt and grow."

Paul instilled the value of taking a global approach to business the day he joined Wipro.

He redefined the concept of a global services firm from a low-cost provider of outsourced programmers to an important player in the global IT services industry. He did this by a unique understanding that to gain trust you need to be present where the customer is.

Paul, 45, was lucky to have had great mentors in the companies he worked before joining Wipro. He picked up the art of influencing people by merely exuding joules of energy. That Paul was heading the medical equipment business at GE before joining Wipro meant that his grounding was rock solid. He's surely made Jack Welch proud, although Jeff Immelt was not convinced of Paul's reasons for quitting GE. From GE, Paul has acknowledged that he learnt about poise and not overstating himself.

Paul brought a strong focus on values, building human capital and establishing leadership in quality processes. The resulting process quality orientation, reskilling of the workforce and transparency in management drove customer satisfaction, business growth and recognition as a favored employer. Paul successfully made focused acquisitions to expand the range of offerings, using a small inorganic nucleus in identified practices or verticals to drive organic growth.

Paul is lucky that he reports to a person of Azim Premji's caliber. It's a perfect synthesis of world-class talent and gutsy vision delivering obscene results. Paul, who alternates between Mountain View, California and Bangalore runs the company by remote, using video-conferencing, e-mail, and an internal Web site to communicate with his 25,000 employees. The employees post their achievements on the intranet, and Paul highlights the best of them -- a little trick that is working quite well.

Paul's only remorse is that his jet setting life-style does not allow him to build camaraderie with his colleagues. Now that he's put Wipro into an upward trajectory he could make some time for that.

How 4Ps become 4Cs

Philip Kotler, the renowned guru of marketing, is changing with times. He is admitting that it is time to move from a seller-based to a customer-based view of marketing. Kotler, who invented the 4Ps of marketing - product, price, place and promotion, is suggesting that it's now appropriate to change it to 4Cs. To him, product becomes customer value, price becomes customer costs, place becomes customer convenience and promotion becomes customer communication.

Before 4Ps could become 4Cs, Kotler, who for a long time believed that his 4Ps were enough to explain all marketing related activities, is now cool to the idea of adding as many Ps as one can - packaging, people, personnel, politics, public opinion, passion and for services marketing - people, process and physical evidence.

In India on a lecture, Kotler is livid that marketers are focusing more on promotion and less on the other three of his original Ps. He finds companies that have separate departments handling different marketing activities as wasting resources. "How can marketing be effective if the 4Ps are not under unified planning and control," he questioned.

Kotler wants all marketing people to have a financial mindset as CEOs are increasingly demanding results in terms of impact on sales and profits rather than on mere awareness or preference.

A balanced view of success

As 2004 could prove to be a year of growth, managements are faced with different challenges from those of the past few years. To Ian Davis, managing director of McKinsey, most companies know that they need to cut costs in recession. But in recovery, corporate muscles that have gone unexercised must be flexed anew. In preparation, boards and top managers would do well to ask a few basic questions.

In *The McKinsey Quarterly*, 2004 Number 1, Davis wrote that the definition of success, nurturing talent and the role of business in society have undergone major changes and managements would do well to appreciate them and act upon them if they are to get the best of the recovery process.

Earlier, the success of a company was judged by a mixture of measures, including its fundamental economic performance, its reputation with customers and employees, its stock price, and its responsibility to society at large. That changed in the 1980s and 1990s. Academic theory, the takeover boom, and shareholder activism led to a focus on share-holder value, all too often measured through the narrow prism of short-term movements in stock prices. "This raises troubling questions as companies look to manage the next era of growth while avoiding the pitfalls of the last."

Davis seeks closer alignment and understanding not just of objectives and expectations but of timing too. "How do we reconcile the different time frames of shareholders and management? The average stock is held for less than a year by institutional investors and for even shorter periods by hedge funds. Yet the investments that managers make and the payoffs from their decisions and strategies, occur over much longer periods. We should ask whether a more multidimensional definition of success is required?"

He suggests that management should be evaluated on what it can control-the fundamental economic performance of the business and the institutional strength of the organization. It should set financial and non-financial goals and assess risks with an eye toward the long-term total value of the enterprise. A more balanced view of success, and the time over which it is measured, would ultimately serve shareholders (and society) better by encouraging more innovation and growth.

Passion alone is not enough

Increasingly, senior executives, even entire corporate cultures, are combining classic leadership values, such as discipline, focus, and execution, with more contemporary values, including openness, a greater emphasis on the quality of communication, and naturalness. This bodes well for the future of all companies.

Today no one argues that the restlessness and tempestuousness characteristic of younger men and women who came of age as business leaders in the New Economy's first decade is an appropriate way to lead. Indeed, many of the companies led by such executives discovered that they cannot be innovative and effective at the same time if they're always at the mercy of their passions. Creative free spirits must also be productively guided by discipline, purpose, and accountability. Indian scriptures abound in philosophies that you should be able to lead yourself before you lead others.

Leading a company must be more than a hobby, and certainly more than fun. Leaders must demonstrate realism, maturity, knowledge, and a little wisdom, says Klaus-Peter Gushurst, vice president of consultancy firm Booz Allen Hamilton, based in Munich, Germany. "A distinguishing mark of a ripe human being is his sobriety. Sober is the one who sees things as they really are, not as he would like them to be." He quotes sixth century monk St. Benedict.

"The past years have proven our fateful tendency to cherish illusions about our economic reality. We can only hope that sobriety is now molding the thinking of future managers," he says in a recent report. In these times nobody should underestimate the importance of combining passion with patience and professionalism.

Beware of change-aholics

Most management advice today - whether it's from books or articles, prescribed in courses or by consultants - says that change is good and more change is better. Advice on how to change varies quite a bit, but it has three features in common: "Creative destruction" is its motto. "Change or perish" is its justification. And "no pain, no change" is its rationale for overcoming a purportedly innate human resistance to change, says Eric Abrahamson in the Winter 2004 issue of *MIT Sloan Management Review*.

The author admits that creative destruction may be necessary, and even preferable, in certain situations. Companies that have enjoyed captive markets, docile suppliers and government support may need the rude awakening it provides. In such instances, organizational stability is so ingrained that creative destruction may even be the best way to achieve change with the least amount of pain.

But for every change avoider today, he says, there are many more "change-aholics" -- companies that have changed more aggressively, quickly and repeatedly than any organization could hope to do successfully. In the process, they have often suffered from "more pain, less change." The author urges executives at such companies to continually monitor their organizations for symptoms of repetitive change syndrome: initiative overload, change-related chaos, employee cynicism and burnout.

Marketing challenge is inside your company

Marketing leaders today face many challenges: building brand equity, keeping up with the changing tastes and interests of fickle customers, and generating demand for the company's products and services, to name a few. But according to an Accenture study, marketing leaders' biggest challenge is often found inside the company.

This study, based on a survey of 200 executives, found that marketing is not held in high regard by a large majority of executives at organizations worldwide. When asked to rate each of 11 principal corporate functions in terms of their value contribution to the overall company (where 1=no contribution and 5=very significant contribution), executives gave marketing an average rating of 3.7. By comparison, executives gave an average rating of 4.4 for sales and 4.1 for customer service, making these the top-ranked functions.

Even more telling: Just 23 percent of executives said that marketing makes a very significant value contribution, compared with 61 percent for sales and 43 percent for customer service.

Finally, of those who indicated that marketing is one of their three most important functions, just 28 percent said that the marketing function in their company performs better than the marketing functions at other companies in their industry. That means approximately 20 percent of executives believe their marketing function actually performs worse than their competitors', while 43 percent think their function operates at parity within the industry.

How leaders get good work done

Jim Kouzes and Barry Posner's 20 years of research on real-world leadership practices of more than 250,000 leaders has arrived at five common principles they follow to achieve extraordinary results.

The research is based on a simple premise: Ask ordinary people how they accomplish extraordinary things. The answers were originally compiled in the early 1980s by Kouzes and Posner and published in The Leadership Challenge. In 2003, they released the third edition of their best-selling book.

The Five Practices of exemplary leadership are:

Model the Way - find your voice by clarifying your personal values and aligning actions with shared values

Inspire a Shared Vision - envision the future and enlist others by appealing to shared aspirations

Challenge the Process - take risks and seek innovative ways to change, grow, and improve by generating small wins and learning from mistakes

Enable Others to Act - foster collaboration and strengthen others by promoting cooperative goals, building trust, and sharing power

Encourage the Heart - recognize contributions and celebrate values and victories

Leader is the obstacle

The challenges of leadership are legion. According to leadership experts Warren Bennis and Barbara Kellerman, the greatest obstacle to meeting those challenges is often the leader himself. Bennis and Kellerman maintain that concentration on the technical facets of leadership can overshadow the equally important "sensory" aspects: the ability to pick up cues from your external environment, to understand the information filters you have in place and adapt for them, to develop acuity to keep your finger on the pulse of your followers and, most important, to relentlessly pursue self-knowledge.

Bennis and Kellerman explore how to enhance your leadership "senses" and use them to turn understanding into action.

Regain customer trust

Corporations must make a huge shift in their marketing strategy and rebuild customer trust or risk losing business. Gilligan, C.T. Professor of Marketing, Sheffield Business School, United Kingdom, claims that one of the most fundamental challenges for corporations is how to tackle today's informed consumers who have become increasingly cynical and no longer trust big brands. "The need to rebuild trust is critical and this can only happen if companies start to build meaningful relationships with their customer," he said at the Gulf Marketing Forum in Doha recently.

According to Gilligan, today's consumer is more discriminating in choice than ever before, thanks to an abundance of product information. "The new consumers have very different value systems than they had 10 years ago, and place a greater emphasis on value for money, rather than price. In addition, they have a willingness to experiment with new products and delivery systems - all of which have long-term implications for corporations.

"Marketers have failed to really understand the changing demographics of their consumer. For example, 42 per cent of car buyers in Northern Europe are women, yet car showrooms, manufacturers and advertisers persist in targeting men." Gilligan also highlighted the growth of 'new' consumer sectors such as teenagers, who are becoming more brand-aware, but are less brand-loyal than the more mature consumer.

He also mooted the emergence of a new sector which he named 'kid-ults' - adults who spend on consumer products traditionally targeted at children and teenagers, such as computer games and new technology.

Avoid strategy decay through resilience

Gary Hamel, the super guru of strategy, is asking companies to avoid strategy decay by building nimble organizations. He says that organizations often stick to their tried-and-tested business models for too long, to the point where they become strategically vulnerable but may not realize that until it's too late.

I n a recent article in the *Harvard Business Review*, he argues that the world is becoming more turbulent faster than most organizations can adapt. The result: an ever-expanding list of companies that are experiencing unexpected, and often severe, performance shortfalls. Accelerating change demands accelerating strategic and organizational renewal - which Hamel terms as 'resilience.'

"In today's turbulent times, turning a company around after the market slips out from under, it might be too little, too late. Your company needs to continuously morph to meet new opportunities and challenges, to constantly build the future rather than defend the past.

"Hamel defines resilience as the ability of companies to "face the challenge of a long-term, irreversible decline in the economic efficiency of their core business model." Many companies are the victims of "strategy decay,"

So how can a company begin to build strategic resilience? In a recent interview with *Computerworld* Hamel said: "You can't predict what the world will look like in 10 years, so you try a variety of things. Some will work. The crunch comes because in many organizations it's very hard to move resources from old things to new. All the resources are devoted to perpetuating legacy programs. A young employee has a cool idea for a new merchandising approach. He needs access to technical help, a small amount of money and consulting help.

"How does he get that money and talent? In most organizations, it's extremely difficult unless there's a 90 percent chance of success. Ideas go up a chain of command, and rightly so. How do I divert at least a small amount into things that are more experimental and have a chance to create new alternatives – and not just products – new distribution channels, new customers, new pricing strategies?"

How IT can play a major role

Hamel also notes that information technology can play a major role in helping companies to develop strategic resilience: "The challenge for IT is to use the Internet to build internal markets for ideas, experimental capital and talent to dramatically decrease the time it takes to connect these things. Lots of companies have re-engineered business processes to reduce the time from order to cash flow. But now the challenge is to reduce the time between idea and cash flow. That requires us to re-engineer not business processes but management processes, like capital budgeting and strategic planning. I think IT can play every bit as big a role there as it did in the supply chain."

"I like the concept of "internal markets for ideas." It speaks to the need for companies to adopt commercial idea management systems. I also like the concept of minimizing "the time between idea and cash flow." In other words, how can a company identify the ideas with the best potential earlier, shepherd them through development efficiently and with appropriate levels of investment, and bring them to market quickly?

> **But now the challenge is to reduce the time between idea and cash flow. That requires us to re-engineer not business processes but management processes, like capital budgeting and strategic planning.**

Hamel also states very clearly that putting IT systems in place to manage ideas isn't enough -- companies must also re-engineer "management processes, like capital budgeting and strategic planning." Change is coming at us so quickly that the whole concept of a one-to-three-year strategic plan is becoming something of a dinosaur. Companies must create strategic plans, of course, but more importantly they must build flexibility -- or resilience -- into them, so the firm can adjust its direction as needed to meet new competitive, regulatory, marketplace or other opportunities or threats. Thought-provoking stuff!

In the HBR article Hamel proclaimed that companies always had to work to get better, but they seldom had to get different--not at their core, not in their essence. Today, getting different is the imperative. It's the challenge facing Coca-Cola as it struggles to raise its "share of throat" in noncarbonated beverages. It's the task that bedevils McDonald's as it tries to restart its growth in a burger-weary world. It's the hurdle for Sun Microsystems as it searches for ways to protect its high-margin server business from the Linux onslaught. Continued success no longer hinges on momentum. Rather, it rides on resilience--on the ability to dynamically reinvent business models and strategies as circumstances change. Strategic resilience is not about responding to a onetime crisis or rebounding from a setback.

It's about continually anticipating and adjusting to deep, secular trends that can permanently impair the earning power of a core business. To achieve strategic resilience, companies will have to overcome the cognitive challenge of eliminating denial, nostalgia, and arrogance; the strategic challenge of learning how to create a wealth of small tactical experiments; the political challenge of reallocating financial and human resources to where they can earn the best returns; and the ideological challenge of learning that strategic renewal is as important as optimization.

Eastern philosophy suits innovation

When Amar Bose, the man behind one of the most powerful audio brands in the world, visited Ramakrishna Mission in Bangalore in 1956, a priest asked him if all his ideas that later became patents came after a long analytical process or as a flash of inspiration. Only then did Bose realize that it was the latter.

Bose told The Economic Times recently that the Eastern philosophical systems give a broader view and a willingness to believe that a lot of things are possible. Western tools and analysis, instead, have put technology education in a tunnel where everything outside the realm of physical laws seems to be impossible.

"In future, western scientists with their tunnel vision will increasingly turn to the eastern systems and extra sensory perceptions (ESP) when equations fail to come up with the answers."

e-chaupal

ITC chairman Yogi Deveshwar's e-chaupal has much attracted attention for its brilliant execution of an imaginative retail strategy. But it's interesting to closely see the innovation quotient associated with it. Professor David Upton of the Harvard Business School, where e-chaupal is being taught as a case study, has some interesting observation to make.

In an interview to The Economic Times recently he said: "The combination of the use of internet technologies in a novel way, combined with a clear social benefit for the less advantaged is very innovative."

How does it fit for a case study? "It provides an excellent example of combining social goals with profitability. It demonstrates how a deep understanding of social context, along with a powerful vision can result in a stellar implementation. And it shows how everyone can win when inefficiencies are removed from a supply chain."

Prof. Upton used primary sources while working on the case study. His team met farmers on their farms, and were able to observe mandis and e-chaupals in action. "The model itself is definitely worthwhile as a case study, and it is the brilliance of the concepts (both as an innovation and an implementation) that most caught our eye."

The e-Choupal model demonstrates that a large corporation can play a major role in recognizing markets and increasing the efficiency of an agricultural system, while doing so in ways that benefit farmers and rural communities as well as shareholders. The case also shows the key role of information technology-in this case provided and maintained by a corporation, but used by local farmers-in helping bring about transparency, increased access to information, and rural transformation.

Critical factors in the apparent success of the venture are ITC's extensive knowledge of agriculture, the effort ITC has made to retain many aspects of the existing production system, including maintenance of local partners, the company's commitment to transparency, and the respect and fairness with which both farmers and local partners are treated.

Problems here, solutions elsewhere

TRIZ is a systematic innovation process - a unique method of increasing innovation and radically improving design. Apart from other benefits, TRIZ helps apply common solutions found among the innovative patents of the world - to quickly, effectively, and creatively develop innovative solutions to most difficult engineering problems.

TRIZ is a Russian acronym for Inventive Problem Solving. It was developed by Dr. Genrich Altshuller in 1946. TRIZ works with the assumption that 95 percent of the inventive problems in any particular field have already been solved in some other field. A similar scenario is known to exist in business.

The objective of TRIZ was to develop a science of creativity that would reduce the time taken for any invention. It also explored ways of structuring a process to enhance breakthrough thinking, says Steven Ungvari, vice president, Automotive Consulting Group Inc. USA.

TRIZ is built on a database of hundreds of thousands of patents, principles, operators, contradictions etc., use of software helps engineers with minimal training to achieve timely results.

TRIZ's approach to problem solving is unique. From a large number of typical problems available for consideration TRIZ helps narrow the search to a manageable range and offers one or more solutions to each typical problem.

How to build an effective work culture

Putting the reservoir of creative energy to optimum use is a major challenge for businesses today

By H N Srinivas

Achieving a quality culture is not dependent solely on management's business strategies and theories. It requires a totally committed and empowered team of staff who are always aware of the purpose, vision and goals of the company. Building such a team is a challenge for any company.

When we take a critical look at the efforts that have gone into building a quality culture in organizations, Western scientific management has concentrated on the external manifestations of quality, innovation and service, but not its internal or the human dimension. This internal dimension is both the individual's capacities within the company and the collective capacities of teams to look inward to the individual and collective consciousness. Tapping the human potential and the reservoir of creative energy at a deeper level of mind is at a major challenge for businesses today.
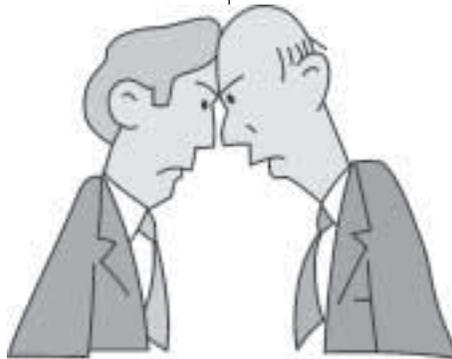
Creating a focused and aligned organization is a major step in this direction. Such an entity clearly establishes linkage and integration of strategic business initiatives to the vision, mission, external environment, internal systems and processes of the organization. Communication of the vision and mission and the business goals of a company to every member of the organization is the key. Also defining performance expectations from various functions/sub-systems and clarifying roles and responsibilities with sufficient empowerment and training will help a great deal.

> **The value fit of the person with the organization is very crucial besides the talent and capability fit. Retaining such people is a major challenge for companies.**

Advance HR Planning

Planning for adequate skilled staff well in time helps in ensuring a smooth supply of trained manpower to offset attrition and expansion needs. An analysis of turnover trend in the previous years and anticipated turnover in the coming year will help. The need for having the right people with necessary talent doesn't need to be overstated. Importantly, the value fit of the person with the organization is very crucial besides the talent and capability fit. Retaining such people is a major challenge for companies.

Planning training as a detailed exercise with content clarity, appropriate training tools and participative methods of delivery and consensus generation for action plans helps in commitment for implementing learning. Any shortcuts and a lack of expertise in this important area would result in inadequate staff in certain key operational jobs with little or no training leading to poor quality work and eventual sub-standard product and service.

Rewards and promotions in today's organizations should be seen as directly linked to achieving high levels of service/product quality and customer satisfaction besides cost efficiency.

Thus a high performing work culture is characterized by the following statements of its employees:

- We are fully aware of the business environment in which we are
- We are also aware of our competitive positions, our strengths and short comings vis-à-vis our competition
- Our core business values are stated very clearly and practiced fully
- The future vision of our organization is very clear to us
- Our strategic direction is clear and flow from our vision
- Our infrastructure, business processes and systems, technology upgradation are aligned to our vision and core business values
- Our top and middle management drive and live the vision and core business values
- Our individual, team and organizational success measurements are clearly defined and guide us in our daily work
- If an employee has a problem, in his workplace, there is an open culture of recognizing it and helping him/her to find a solution
- We are clear about our role and responsibility and take dynamic initiatives to achieve company goals
- We treat our customers and suppliers as our business partners and find them totally satisfied with us

The journey of building culture to attain market leadership, under competitive business conditions is never ending, arduous and wrought with obstacles. But it is in this path an organization finds its fulfillment.

The author is senior vice president HR & Customer Care, BPL Limited, Bangalore

Computers may soon think like consumers

Accenture Technology Labs researchers are currently investigating the next frontier of computing in which applications are emotionally intelligent. This could have major application in business

Today, increasingly sophisticated technologies and tools are coming onto the market that can improve a company's ability to form insights and thereby enhance the quality of the customer relationship. But what about technologies and applications that have the ability to understand a customer as more than a collection of transactions, purchases and order numbers? What about an application that could sense, by itself, the emotional state of a customer?

It's no longer far-fetched or a science fiction. Accenture Technology Labs researchers are currently investigating the next frontier of computing in which applications are smart in the sense of being emotionally intelligent.

In a path-breaking article in Outlook, December 2003 issue, Martin Illsley, director of research at Accenture Technology Labs, writes that business applications of emotionally aware computing are at least five years from maturity. Accenture Technology Labs believes that these capabilities are a logical stage in the development of context-sensitive services businesses provide to consumers based on their unique characteristics: their physical location, preferences, buying habits and, yes, even their current emotional state.

Can computers demonstrate similar capabilities? Can they learn to respond not just to a pre-defined set of inputs (keyboard strokes, mouse movements or speech) but to the more complex range of signals people send out all the time-signals that are traceable ultimately to their emotional state?

How can a machine demonstrate emotional intelligence? "Begin by thinking about how you sense the emotional state of another human being. The voice provides one set of cues. Even on the phone, we're able to tell quite a bit about how someone is feeling. In person, we sense a variety of other things: someone may smile or frown, may squint or raise the eyebrows. Gestures tell us a lot, too. We shrug, put our hands to our eyes, and scratch our chins. "

"With the right kind of associated technologies, computers and applications now have the potential to sense many of these same things and make inferences not too different from the guesses we make about the emotional states of those around us."

Voice recognition technology, for example, is not just a new kind of interface or input device. It also can be adapted to make reasonable guesses about people's emotional states. Face recognition software and software that recognizes gestures through visual data supplied by cameras also are becoming more sophisticated.

## Emotionally Intelligent Computers in Action

While interface technologies can make a computer emotionally aware, the next necessary step is to program a system so it can respond intelligently based on that input, and help to shape some ongoing interaction with the person. With that capability, how might these emotionally intelligent applications or systems make a difference to people's lives, Illsley asks.

● **When customers interact primarily with a machine:** Increasingly, technology is becoming the face of business for customers; how can businesses make that a friendly and caring face? Consider how emotionally intelligent company representatives are able to respond to customers with such phrases as, "You seem to have had some frustrating experiences; what can I do to help?" Computers, on the other hand, tend to say things like, "You are not permitted to perform that action," or "You have exceeded your daily withdrawal limit." Computer applications that can be aware of emotional states, and respond intelligently, could influence a customer's loyalty to a company.

● **Emotionally intelligent computers could encompass elements of human caring:** For instance, an emotionally dumb computer cannot sense whether or not an older person has understood information or even, given age-related hearing loss, heard it in the first place. Consider how we talk to older people in a caring manner, sensing their mood and whether they understand and, in fact, have heard the information. Now consider a typical computer spitting out "Take your medicine" or the heart stopping "Intruder alert!" messages.

● **Finally, emotionally intelligent systems could, over time, enable companies to provide innovative and profitable services based on new technologies:** For example, an emotionally aware system might work to help the world's aging population live independently for longer. One project in the planning stages at Accenture Technology Labs creates what we call a "caring plant" in the home of a senior-let's call her "Mrs. Smith." Cameras, sensors, voice recognition and production software and other capabilities would be embedded in an actual houseplant that Mrs. Smith tends to daily.

Before the current decade is over, Martin Illsley believes that every industry will sense the potential opportunities and attendant responsibilities associated with emotionally aware computing. There is no time like the present to begin the discussion.   **– BP**

Ideas and insights from research papers
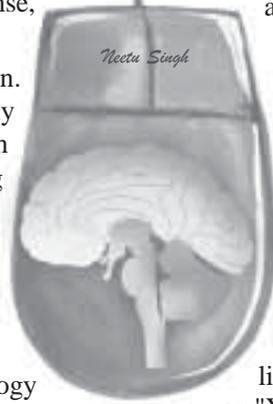
Theory of Trying - Practical Implications for Marketing New-concept Products

Manish Agarwal, Nitin Agarwal, IIMB students

The Theory of Trying emphasises consumer uncertainty when the achievement of a consumption objective is not entirely within one`s volitional control. Bagozzi and Warshaw proposed that the attitude towards trying is formed by a person`s attitude towards the consequence of trying and weighted by the expectation of the consequence. In addition the person`s attitude towards the process itself also has a part in shaping the attitude towards trying. In this award winning student essay, Manish Agarwal and Nitin Agarwal propose a modified version of this model.

The attitude towards the consequence and the process are themselves a function of several generic factors, they believe. Their model applies to any product that requires a substantial change in the mindset of the consumers before being accepted. Nine generic factors that might hinder the trying of these products have been identified. However the relative importance of these factors would vary with each product category.

The product category chosen for this study was slimming pills/capsules. A focussed group discussion followed by primary research was the methodology used for identifying the factors. Next, multivariate regression analysis helped determine the hierarchy of these factors. The results indicate that `Outcome Uncertainty` and `Information Distortion` are the two most important factors that affect the attitude towards trying of any new concept product, followed by `Deferred Gratification` and `Satisfaction with Current Behaviour`.

Based on these findings, the authors suggest a number of strategies for a company producing slimming pills. A case study of a slimming capsule marketed by an ayurvedic company illustrates how these strategies can best be used while leveraging the strengths of the company.

www.iimb.ernet.in - IIMB Management Review December 2003

Transformational Outsourcing: The next stage

The past ten years have seen explosive growth in the use of outsourcing. Its role has evolved from traditional outsourcing to deliver little more than modest improvements in costs, service levels and support capabilities to something called "transformational outsourcing".

Transformational outsourcing aims to deliver tangible results that can be measured in improvements to the share price, market position and return on capital-it also involves extra risk.

It is important to note that transformational outsourcing contracts very often still focus on more visible and readily achievable objectives, such as better reporting and management, stricter procedures around the introduction and management of change and performance improvement, as well as cost control.

According to the models currently available in the market, transformational outsourcing can be achieved by combining a number of key service elements. The outsourcing contract will need to be able to deal with all these service elements. So what are they?

As ever, where extra rewards and benefits can be found, so lurks extra risk. If you are thinking of entering into this type of arrangement, think hard before you simply reach for a well-worn off-the-shelf, outsourcing precedent. It may well need to be extensively re-thought before it can accurately reflect the risk management needs of this new and more ambitious breed of outsourcing relationship.

Julia Thomson, Senior Solicitor in Technology & Outsourcing and Sue Wildey, Mid-range Solicitor in Technology & Outsourcing.

http://www.ey.com/GLOBAL/content.nsf/

The Fisher Effect: A Survey

The Fisher hypothesis has been a much debated topic. Over the years the hypothesis debated and the techniques used have changed. While the majority of early studies on the Fisher effect concentrated primarily on confirming the long and distributed lag in expectations formation, subsequent work saw the integration of the Fisher hypothesis with the theories of rational expectations and efficient markets.

With the incorporation of these theories in the Fisher hypothesis, the methodological advances involved examining the time series properties of the variables in question. This survey reviews previous work from this perspective. In addition, the studies pertaining to developing economies and possible explanations for the failure of the Fisher effect are also reviewed.

The Singapore Economic Review, Vol. 48, No. 2 (2003) 135-150

http://www.worldscinet.com/ser

CSR and the IT Industry in Bangalore: Observations of a Practitioner

In developed countries, with a strong government, and some form of social security, the CSR focus is on limiting the negative environmental impact of industrial activities. In India, according to Bob Hoekstra, CEO, Philips Software Centre, the subject of sustainability is most relevant as the opportunities for corporates are quite different from those in developed countries.

The disparity between the wealth of corporates and the rest of society is an important concern of the IT industry in Bangalore. How can and does the IT industry serve the society it is situated in? The industry provides significant employment

opportunities and while it is not driving any technology innovations right now, with R&D activities moving from the West to India, Indian engineers should soon be at the cutting edge of technology.

The creation of wealth and capability in the workforce spreads beyond the corporate and affects suppliers, partners and the government, a positive reflection of this already being seen in the domain of facilities. The high degree of HR professionalism helps build commitment and engagement on the part of the work force.

Other than the initiatives of community involvement that a company undertakes, how it fares on its triple bottom line reporting and fair product coverage could be factored in the evaluation of the company, and feature in its sustainability report. The government must complement industry efforts by taking an active stand on significant issues. Hoekstra shares the community involvement efforts at Philips Software Centre and details the company`s sustainability policy.

http://www.iimb.ernet.in/ - IIMB Management Review December 2003

Growth Strategies That Work-Again and Again

We're facing a growth crisis: Only 10% of companies enjoyed eight or more years of double-digit growth between 1990 and 2000. Typical growth strategies-international expansion, acquisitions, product proliferation-are running out of steam. Many core businesses are stagnating or even shrinking. As this Harvard Business Review OnPoint collection demonstrates, the most successful companies tackle this challenge by first strengthening their core. Only then do they make considered moves into areas beyond their core where they're confident they can excel.

"The Path to Value Creation: Global Corporate Banking 2003"

by Andreas Regnell, Lionel Aré, Jürgen E. Schwarz, Ranu Dayal, Stefan Frank, Nicholas Glenning, Paul Orlander

Most corporate banks don't generate value and need to address their strategies if they are to change that. Corporate banking revenues and profits declined significantly in 2001 and 2002 and will recover to 2000 levels only by about 2007. The report draws insights from a survey of the performance of 65 of the world's large corporate banks. This group included more than 40 of the world's top 100 banks measured by tier-one capital.

http://www.bcg.com/publications`/

Are unmanaged risks keeping opportunities away? Risk management in the new era of governance

A structured approach to risk management has become an essential element of good corporate governance as companies seek to create value and pursue opportunity.

Every business exists to create value for its shareholders. In doing so, it takes on some level of risk. After all, risks are inherent in the pursuit of opportunity. No business can exist and expect to grow without taking risks.

Cecile R. Galvez, a partner of SGV & Co.

http://www.ey.com/global/content/nsf/

CEO Survey 2004:Values and value: Communicating the Strategic Importance of Corporate Citizenship to Investors

Launched in conjunction with the World Economic Forum's Annual Meeting 2004, this report is based on CEO, CFO and investment relations officers' responses to a written survey and set of personal interviews, conducted primarily with executives in signatory companies of the Global Corporate Citizenship Initiative. They offer perspectives from 14 different industry sectors and with headquarters in 14 different countries.

The report argues that there are signs of change in investor recognition of corporate citizenship as a driver of corporate performance. Although the current interest is mainly coming from the socially responsible investment community, more than 70 percent of the CEOs surveyed believe that mainstream investors will become increasingly interested in these issues.

Based on the feedback from the CEOs and CFOs surveyed, the report outlines four "Golden Rules" for communicating the importance of corporate citizenship to investors:

1. Clearly frame corporate purpose, principles and values

2. Emphasize the social contribution of core business

3. Present a credible and measurable business case

4. Ensure consistency and coherence of messages

http://www.weforum.org/site/homepublic.nsf/Content/

Kenneth Cole: How the King of Sole Got Soul

For more than two decades, Kenneth Cole avoided the limelight. He built a $400 million shoe-and-clothing company, married the daughter of former New York Gov. Mario Cuomo and golfed with Bill Clinton. But unlike such competitors as Calvin Klein and Ralph Lauren, he refused to turn himself into a celebrity. Instead of featuring his face in company ads, he lent his name to social issues - AIDS, homelessness, gun control, abortion. Cite a public controversy, and Cole likely weighed in on it, often with humor and puns.

On guns, his ads proclaimed: "Regardless of the right to bear arms, we condemn the right to bare feet." On abortion: "Women have the right to be pregnant, but not barefoot." On homelessness, as part of a campaign to encourage customers to donate shoes they no longer wore: "Have a heart, give a sole.

"Last fall, with the publication of his history of the company, Footnotes: What You Stand For Is More Important Than What You Stand In, the man behind the ads finally stepped out. During a promotional campaign for Footnotes, he spoke at Wharton under the auspices of Wharton Entrepreneurial Programs and the Musser-Shoemaker Leadership Lecture Series.

The message: His beliefs have been good for business. They have garnered attention for his company, New York-based Kenneth Cole Productions, and have benefited Cole as well, creating value in what he admits can be a frivolous trade. "Nobody needs what I sell," he says. "There is probably not a person in this country who needs another pair of black shoes. Nobody needs more ties, more white shirts. My job is to get people to feel good about buying [these products] ... But at the end of the day, there are things that are more important.

"He insists that the ads are neither cynical - that is, designed to make customers feel good about themselves and righteous for buying his products - nor political. "To the degree that you interpret what I'm doing as political, it potentially loses its validity. It's a corporate message, a community message and a human message," not a political one, he states.

A Permit to Sell Shoes

Cole grew up in the shoe business. His father owned a Brooklyn-based company called El Greco that became known for producing the Candies line of women's shoes. Cole attended Emory University in Atlanta with the goal of becoming a lawyer. But before enrolling in law school, he took a summer off to help his father, who had recently lost one of his top assistants. The son was hooked.

In 1982, he left to start his own company, then called Kenneth Cole Inc. He designed a line of shoes and hired an Italian factory to make them. That fall, he wanted to show off his wares at the industry's main trade show at a Hilton hotel in midtown Manhattan .Designers had two options for showing off their products, Cole says. "You could be one of about 1,100 companies that took a little room at the Hilton. But that wasn't a great way to define yourself. Or you could set up a fancy showroom near the hotel. I clearly didn't have the money for that." So he hit upon the idea of borrowing a friend's tractor-trailer, parking it in front of the Hilton and peddling shoes from there. Unfortunately, that required a permit, which only the city could issue.

"I called the mayor's office and said, 'How does someone get permission to park a 40-foot trailer on the street in New York ?' And they said, 'The answer, son, is that they don't. This is New York . There are only two exceptions - if you are a utility company doing service or a production company shooting a full-length motion picture.'"

The next day, Cole changed the name of his company to Kenneth Cole Productions Inc. and filed for a permit to shoot a full-length motion picture called, The Birth of a Shoe Company. "With the mayor's blessing, I opened for business on December 2, 1982 . I had two New York policemen as my doormen, compliments of the city. I sold 40,000 pairs of shoes in less than three days.

"I tell that story often because we need to remind ourselves that in business and in life, the best solution isn't necessarily

the most expensive one, but it's almost always the most creative one," Cole says.

The first major ad campaign started three years later, as Cole was helping to pioneer what has come to be known as cause-related marketing. In the ad, he highlighted the AIDS epidemic. "You couldn't talk about AIDS then. The president of the United States, Ronald Reagan, didn't mention the word AIDS until 1987. I wanted to talk about the stigma, about not being able to talk about it.

"His ad featured a number of well-known fashion models and small children; everyone was barefoot. The slogan was, "For the future of our children." With the next ad, also about AIDS, he took a more in-your-face approach. In The New York Times, he showed a full-page picture of a condom in its packet. Beneath it was the slogan, "Shoes aren't the only thing we encourage you to wear," and under that, "Support the American Foundation for AIDS Research."

Easy Dressing

While his ads were grabbing attention, Cole began to transform his shoe company, first adding accessories, then clothing. A workplace phenomenon - casual Fridays - helped with the transition. "Until then, every guy in America had the same wardrobe. Suits were gray, sometimes navy. Shirts were white, sometimes blue. Shoes were a pair of black and a pair of brown. On weekends, we all wore torn jeans, t-shirts and sneakers.

"And we were going along happily until someone decided, 'Guys, we're going to change all of this.' Essentially, what they said was, 'Nothing you own works.' People were traumatized. But you trust a brand to the degree it has served you in the past. So I set out on this mission to help. And I knew one day it would be a steppingstone to women's wear.

"It was. As with men, the key to Cole's new women's line was easing the process of dressing fashionably. "For women, there were countless things - shoes, handbags, skirts, blouses - and everything had to match. We figured out a way to simplify the entire equation with one word: It's called black."

The look of Cole's clothing has been called "Prada for the people" by New York magazine. In essence, he takes the high-fashion, urban style of European designers and makes it accessible and affordable for Americans. He also sells perfumes and colognes.

The key to the company's evolution, he says, has been trying to create an equation of price, value and style and tweaking it frequently. "There are no hard and fast rules. That's part of being a successful entrepreneur - the ability to not be married to a specific path.

"In 1994, Cole took his company public, partly to raise money to fund the countrywide expansion of his chain of stores. Through Jan. 5, the company's stock had returned 26.4% for the prior 12 months and 140% for the prior five years. It reported a profit of $10 million, or 49 cents per diluted share, on sales of $132.1 million for the quarter that ended Sept. 30, 2003 , compared with a profit of $6.8 million, or 33 cents a share, on sales of $123.5 million for the comparable quarter a year earlier.

Despite his company's growth, Cole still spends time pondering the importance of fashion in a world battered by calamity and woe. And not surprisingly, he has concluded that fashion does have qualities that redeem it, even if it pales in importance next to the subjects of his ads. "It's an extraordinary opportunity we each have to define ourselves. Most of our encounters during the day, maybe 90% of them, are superficial, frivolous. You don't get to know anything about the person except for how they look.

"Sometimes, I meet people and they say, 'I'm sorry, Kenneth. I don't wear your shoes. Shoes aren't my thing.' And that's OK. It's just a lost opportunity to define yourself. You can choose to be conscious of the process if you want, to be conscious of how you're perceived by people. I'm flattered when people allow me to be part of that individual expression."

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COPC 2000

COPC Performance Management System is a set of management practices and training for customer-centric service operations designed to reduce the cost of providing excellent service, improve customer satisfaction through improved service and quality and increase revenues.

COPC 2000 is a certification mark of Customer Operations Performance Centre Inc. The certification mark is registered with the United States Patent and Trademark Office. COPC was developed based on the criteria and framework of the Malcolm Baldrige National Quality Award of the United States.

COPC Base Standard was developed in 1996 by buyers, providers and senior managers of customer-centric service operations. Companies such as Microsoft, Intel, Novell, Dell, American Express, Motorola. The framework begins with the Driver of customer-focused performance management, embodies in the leadership characteristics and planning.

Processes and people represent the organization's Enablers, skilled and motivated workforce using well-designed processes and managing those processes with appropriate information. It also addresses the Goal of the system, a balanced composite of client and end-user satisfaction, product and service performance, productivity and employee satisfaction.

Knowledge productivity

The term `knowledge productivity` is fast replacing the conceptual and sterile term, `knowledge management`. It helps the innovative organization to capitalize on intellectual human resource assets through continuous learning, generation of new knowledge and understanding.

The knowledge productive organization has been viewed from both the social and the economic framework. Organizations today are dominated by the objectivistic point of view, or the economic perspective, since it helps in taking strategic decisions and performance can be measured. But it destroys the collaborative and interactive forms of reasoning.

Social activities like mentoring in the organization are tools for achieving knowledge productivity. The potential of mentoring in shifting the experience from knowing to wisdom, which is knowledge in action.

A knowledge productive organization must disseminate information on equity and justice and acknowledge different opinions held by its members. Empowerment is an important part of the process of building a knowledge productive organization, which helps decentralize the knowledge generation process
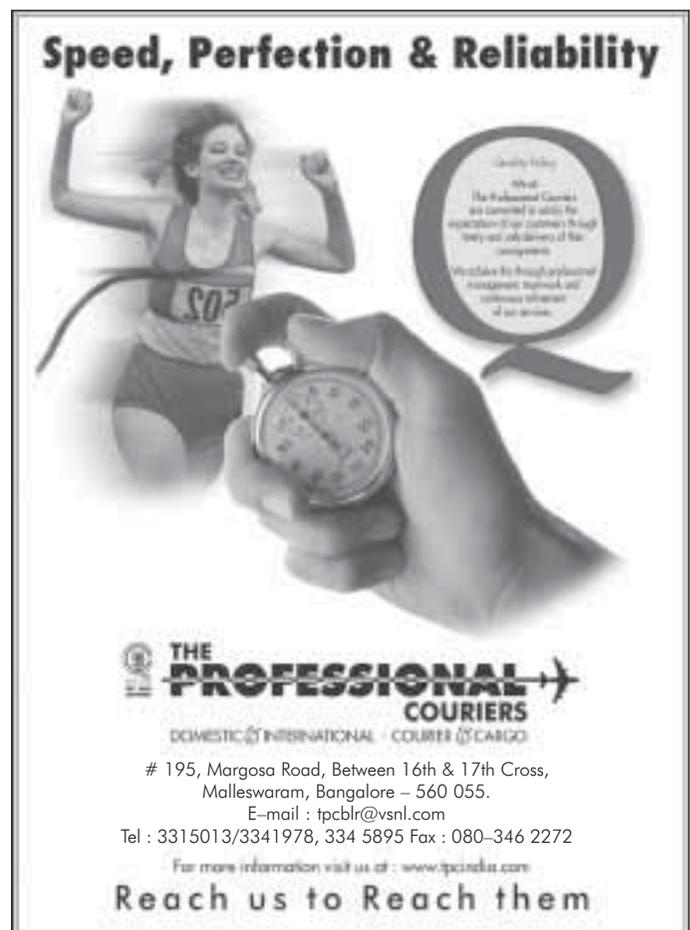
Why entrepreneurs thrive in India

Environment and entrepreneurship have a close relationship. Entrepreneurs who have the ability to sense the changes and are competent to adapt will succeed

By Dr. Mathew J. Manimala

New year is indeed a time of joy for everyone. The health of an economy is best indicated by the level of entrepreneurial activity in it. Going by the criterion of entrepreneurial activity, we could say with confidence that India's economy is healthy and growing. In a 37 country study conducted by IIM Bangalore in collaboration with Babson College, USA, and London Business School, UK, it was found that India had the second highest level of entrepreneurial activity among the 37 countries, with 17.9 percent of its adult population engaged in entrepreneurial activities. The only other country higher than India is Thailand which has 18.9 percent.

The above-mentioned research project is an on-going project for monitoring not only the level of entrepreneurial activity but also the quality of entrepreneurial framework conditions in the country. It is suitably designated as the Global Entrepreneurship Monitor (GEM) project. The underlying assumption is that entrepreneurship thrives under the right kind of environmental conditions. However, the study revealed a paradoxical picture of the country where most of the framework conditions were assessed to be relatively poor in quality while the levels of entrepreneurial activity went on increasing year by year for three consecutive years.

This has necessitated a rethinking on the role of environmental conditions in promoting entrepreneurship and therefore on its implications for what policy-makers can do in order to facilitate the empowerment of entrepreneurs. In this connection, the findings of two other studies done by us assume importance. Both these studies have investigated the impact of environmental conditions, especially changes, on the decisions made by individuals as well as organizations. The first of these studies tried to analyze the relationship between environmental changes and strategy-making, and the second between environmental changes and the emergence of innovative enterprises.

Environmental Impact on Strategy-making

In a study designed for assessing the post-liberalization changes in strategy-making in Indian organizations, 132 top-rated organizations participated. Their responses on the perceived changes in the environment and the strategies contemplated or implemented revealed that the focus of organizational action was on enhancing one's strengths and competencies against international competition.

The internal focus of strategy-making against 'external threats' is obvious from the list of the most-preferred strategies mentioned above. The issue became clearer when an attempt was made to correlate the strategy factors with environmental factors. While the correlations were positive (though not very high), the regression analysis has shown that none of the beta coefficients were statistically significant. An obvious inference from this result is that there is no causal relationship between the environmental changes and strategy-making, even though the traditional theory and common sense would surely make us believe that it is the environmental changes that cause strategy changes.

There is no denying that the environment does influence strategy-making. What then is the nature of this influence? The best explanation for this probably would be through a comparison with the two versions of the Theory of Evolution. While both Darwin and Lamarck believed that the variety of species on the face of the earth came into being through a process of evolution, there is a difference in the finer aspects of their theories.

Lamarck believed in environmental causation - that the changes in the environment necessarily induce changes in the organism; the latter has no option but to change. (Remember his explanation for the elongation of giraffe's neck). Darwin, on the other hand, found that organisms periodically changed because of their internal dynamism. When these changes come out, their compatibility with the emerging environment becomes the most critical factor determining the survival of the changes.

Hence the outcome is characterized as "the survival of the fittest", and the process is that of environmental selection, not causation. The difference here is that the primary initiative for the change is from within the organism, not from the environment. What the latter does is to select the ones that are compatible.

The process of strategy-making in organizations is also not different. It is the organizations' ability to sense what is happening in the environment and their desire and competencies to make themselves compatible with those changes in the environment that help the introduction and success of a strategy - so the initiative is primarily from within the organization. The internal focus of strategy-making in Indian organizations, as observed in our study, is therefore amply justified.

Strengthening of organizational capability and empowerment of the individual have got a lot of similarity between them - both are addressed to the inner core. The study reveals that strengthening of the inner core (in other words, empowerment) is the most effective way to cope with the dynamism in the external environment. Entrepreneurship is nothing but this process of adaptation.

The author is a Professor of Organization Behaviour & Jamuna Raghavan Chair Professor of Entrepreneurship Chairperson-NSRCEL; Editor-SAJM, IIM, Bangalore

"Case studies are the bridges which enable you to see the relevance of one situation to your own circumstances. It is when sparks jump both ways between those two poles - principles or theory and experience or practice - that learning occurs"   - John Adair

Mangalore Chemicals and Fertilizers Limited: Strategic Renewal

Sunil Kumar Maheshwari , N. Ravichandran

Indian Institute of Management, Ahmedabad

This case provides a comprehensive account of the origin, foundation, growth, managerial and operational problems, labor relationship, decline in performance, change of ownership, and the initiatives taken by the new management team to revive the company.

Mangalore was an initiative by Karnataka State Government in India. Originally, MCFL was conceived as a private sector organization. Eventually it was converted to a state-owned public sector undertaking. There was no accountability for the senior managers in managing the plant. Often, they had to make a trade off between their loyalty to the elected representatives and the prosperity of MCFL. Invariably, the operating officers who were usually drawn from Indian Administrative Services chose to neglect the commercial prospects of MCFL.

What Works: Building Social Capital With Aptech's Vidya

Vidya, Hindi for "knowledge," is a computer literacy program run by Aptech Ltd., one of the two largest computer education and training companies in India. As a part of its corporate citizenship effort, Aptech launched the Vidya program in 1999 to expand its course catalog beyond the company's core offerings targeted at computer professionals and corporate markets. Vidya allows Aptech to reach underprivileged students, casual computer users, and those who thus far have had little or no contact with computers, such as retirees. The course is profitable, though with lower margins than most of Aptech's offerings.

However, Vidya acts as a feeder for higher level courses offered by Aptech and has increased Aptech's market share in the IT training/education market in India, opened new markets, particularly in state and national governments and schools, and helped to pave the way for increased international expansion. The success of Vidya has been based on a replicable and effective business model, a highly motivated management and franchise team, and excellent course material.

The Vidya course, and Aptech's experience more generally, shows that for-profit approaches to education and training can fulfill a need in developing countries. Moreover, by providing a high-quality course with up-to-date content, Aptech is providing training that is not typically available in most public schools. By charging a low price and accepting a lower margin, Aptech made Vidya accessible to a wider segment of the population, yet still benefited from gaining market share.

e-Choupals

Traditionally, choupals are community gathering places in the village where locals meet to discuss issues and iron out their problems. The e-choupal initiative is where a choupal is equipped with a computer and Internet connectivity. This concept was pioneered by the Indian Tobacco Company (ITC). The primary objective of the project is to bring efficiency to ITC's procurement process.

A growing section of the farming community has the benefit of real-time information on anything from weather to best agricultural practices to commodity prices, here and abroad. ITC acts as bridge between growers and consumers, ensuring in the process best value for farmers.

In mid-2003, e-Choupal services reached more than 1 million farmers in nearly 11,000 villages, and the system is expanding rapidly. ITC gains additional benefits from using this network as a distribution channel for its products (and those of its partners) and a source of innovation for new products.

India on the Move

By 2003, India had been growing at almost 6% annually since 1992, after it suffered a financial collapse, abandoned import substitution, and moved gradually to adopt the Washington Consensus. Now, financial controls and competition barriers are less burdensome, inflation is lower, and the current account is balanced.

However, the finance minister faces difficulties with massive fiscal deficits and continuing disturbances with Pakistan that seem to deter foreign direct investment (FDI). The question facing him is whether India can reduce these deficits (in the face of a 2004 election) or whether to let them slide, hoping that India's entrepreneurs and high-tech southern states will carry the day.

If you have an interesting case study to share, please write to: editor@managementnext.com

Build cross sector interface

Building learning communities across sectors is essential if India is to make a mark in product development and inventions

By Sarita Nagpal

A good route to building excellence in our organization and creating markets for our products and services is the knowledge of what customers want. We need to refine our abilities to listen to the voice of the customers that we serve and continuously adapt our products.

The winning strategy therefore is to expand the markets and not get into price wars. By expanding the market or the pie, we create new knowledge about our markets and customers and at the same time generate more wealth.

The vision of Indian CEO's needs to have a noble element, in a way that the company and its people look beyond the frontiers of achieving this year's targets or even worse just focusing on quarterly or monthly targets. With a long term

> In today's context, remaining a group that is limited to like-minded thinking in any area is limiting. Countries where inventions and new products are created everyday are because of two reasons - entrepreneurship and successful learning communities that promote cross-functional/sectoral learning.

Vision, we can invest in making our organization into 'learning' organizations, where creative knowledge leads the way for better productivity, quality and prosperity.

The Learning community

How do we actually take this mission forward? The answer is to create a learning community. We have, for example, a repository of highly capable and committed CEOs and engineers. They can actually achieve breakthroughs in productivity and quality if they interact with other communities and sectoral associations.

Across sector learning is the key. Similarly if we interact with a community of scientists who help to validate many scientific principles, we may find applications through just interacting with them, the kinds that have never been found before. If we interact with user community, we can perceive the difficulties they have in their day-to-day life and find ways to solve them.

In today's context, remaining a group that is limited to like-minded thinking in any area is limiting. Countries where inventions and new products are created everyday are because of two reasons - entrepreneurship and successful learning communities that promote cross-functional/sectoral learning.

The second initiative should be to take a lead in making best practices available to the industry at large by creating a knowledge database. There should also be an initiative on international benchmarking. This will help the country to move forward faster and better.

There's a great need to network with international counterparts - for example in China, Indonesia, Malaysia, Korea etc. We must benchmark ourselves with them continuously. This is essential to making India become a world-class player in manufacturing.

The fourth and last recommendation is to network with educational institutions for a two-way interaction. Both must benefit through it. Academics cannot be left behind in this whole race for becoming a competitive industry. Academics need to keep pace with global competitive pressures faced by industry and identify needs for developing the future generation of engineers and professionals. Likewise, academics can help to create models for competitiveness that can help transfer best practices across industry. This partnership has been there, but it needs strengthening and reaffirming.

The author is Principal Counselor, Confederation of Indian Industry, Delhi. The full text of this paper was presented at the CII Quality Summit in December 2003 in Bangalore

The New Financial Order: Risk in the 21st Century

Author: Robert J. Shiller

Publication Date: April 2003

Yes, this is the Yale University economist who wrote the best-selling Irrational Exuberance in March 2000. And, yes, it was bold, brilliant and prescient. He's done it again, at least as far as being bold. This man wants to redesign the entire global financial system.

His contention is that today's institutions don't protect people from some of the biggest financial risks they face. For example, of choosing a profession that will be rendered obsolete by technological change. The risk of buying a house in an area that will go downhill. The risks of living in a country that will under perform. Shiller's solution is to design institutions and arrangements that could allow people and countries to insure themselves against these types of risk.

Relevance to Futurists: This new financial order is based on applying risk management to the major problems of our times. According to Shiller, mitigating the risk of choosing a profession that will go bye-bye could be addressed by "livelihood insurance." A futures market could be created in professions, with trading based on people's forecasts about what will happen to the average income in various professions.

Risk management must look to the future and depends on forecasts. Where should these forecasts come from? From economists, demographers, risk managers and those big-picture folks - futurists. Shiller admits that many people will find his ideas a bit on the unworkable side. That should not discourage good futurists.

The Making of Economics

(4th Edition)

Volume I: The Foundation by E Ray Canterbery (Florida State University, USA)

A classic returns. The third edition of The Making of Economics appeared in 1987. Now, in a major revision, Ray Canterbery brings the book right up to date with new chapters on the "casino economy" (a term the author invented to describe an economy driven by making money with money rather than focusing on real production, now overtaken by reality), Joseph Schumpeter, globalization, and general equilibrium. Canterbery retains the engaging flavor of the earlier editions by covering the times and ideas of the major economists, such as Smith, Ricardo, Malthus, Mill, and Marshall, while giving ample ink to the remarkable dissidents - Marx, Veblen, Galbraith, Heilbroner, and other "radicals". Canterbery again unmasks a traditional economics eschewing value judgments but itself standing on hidden ones even as he traces its origins to Isaac Newton's idea of an orderly universe. Personal references relate the great economists' ideas to the societies in which they lived, making the historical figures really come alive. Economics is displayed as a developing discipline, a discipline still evolving.

Recommending the book John Kenneth Galbraith says: "There are few scholars who have more consistently elicited my respect and admiration. Canterbery has his own position in the world of economics, and a wonderful ability to make it clear. Reading this new edition of **The Making of Economics** is a true pleasure. I urge the attention of all with an interest in this subject."

http://www.wspc.com/books/economics/5237.html

Career Warfare: 10 Rules for Building a Successful Personal Brand and Fighting to Keep It

David F. D'Alessandro
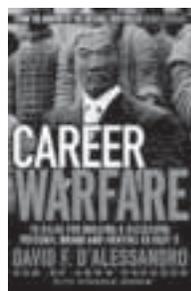
We might like to believe that the way to get ahead in the corporate world lies in hard work and brain power. But in his new book, Career Warfare: 10 Rules for Building a Successful Personal Brand and Fighting to Keep It, David F. D'Alessandro, chairman and CEO of John Hancock Financial Services, a Boston firm that in 2003 managed assets worth $140 billion for its clients, stomps firmly on that idea.

"Organizations are not rational," says D'Alessandro. Don't expect your future to be decided on merit, he warns. You're smart? So what? "People with IQs of 135 or 140 are as common in organization life as bad coffee. They're everywhere," he writes.

So what matters? Your personal reputation. What D'Alessandro calls your "personal brand." You build it by avoiding the myriad ways described in the book of crashing your career - no matter how good your performance appraisals. You build it by, among other things, paying attention to seemingly minor moments that can push you forward.

No matter how bad the boss, be loyal, never complain about him or her to anyone, he advises. Make yourself valuable to a boss by offering good advice. Timing is important, he warns. "You have to figure out when it's appropriate to speak and when something is probably too far gone to be challenged." But if your advice is good - and if you sometimes show yourself willing to stand out in stark contrast to the crowd - you polish your brand.

What he describes is a high wire dance between deference and independence - making the boss happy but also making sure you get to do things that allow you to stand out from your colleagues.

Manufacturing Handbook of Best Practices

An Innovation, Productivity, and Quality Focus

by Jack B ReVelle

Price:US $ 94.95 (Approx. Rs. 4567.00)

Whether your goal is to improve organizational responsiveness, product quality, production scheduling or sensitivity to customer expectations or to reduce process cycle time, cost of quality or variation in products or processes, this book serves you well.

Sometimes it seems as though there is no need to the number of new or nearly new manufacturing methods that are now available. The primary objective for bringing together this book is for it to become your single-source reference to what's currently happening in modern manufacturing.

The book gives you a working knowledge of today's cutting edge tools - preparing you for the way you will be doing your job tomorrow. With contributions from seasoned manufacturing experts, the book provides a single-source reference to what's currently happening in modern manufacturing facilities.

Mapping Strategic Knowledge

Edited by A F Huff and M Jenkins

Quite often one reaches for paper and pen to explain a route to reach some place; or for small everyday objects to create a visual image of the idea we are trying to express. These reflexive actions and visible expressions are simple cognitive maps. Studies in strategic management are focusing on the use of cognitive mapping as a technique to discover, understand, analyze and articulate strategic thought and knowledge. This book looks at the use of mapping perspective in bringing to the fore the tacit variety of strategic knowledge, tools for mapping and some methodological issues involved. The three sections of the edited book deal with direct discovery of managerial knowledge, inferring managerial knowledge and methodological issues.

This book is about the need for organizations to be knowledge productive in today's turbulent competitive conditions, and to adopt a knowledge economy with the help of information technology. The term `knowledge productivity` is fast replacing the conceptual and sterile term, `knowledge management`. It helps the innovative organization to capitalize on intellectual human resource assets through continuous learning, generation of new knowledge and understanding.

The book covers subjects like the emergence of the knowledge economy and its impact on the organization, lays emphasis on the nature of expertise required in the workplace and how its sustenance helps in promoting new learning. It explains the importance of social interaction at the workplace to stimulate learning among employees, and deals with aspects like creativity, improved communication, supportive organizational climate for learning, innovative forms of training and development, and the importance of change management for a knowledge productive organization.

Beyond Knowledge Management

By Garvey and Williamson

This book is about the need for organizations to be knowledge productive in today's turbulent competitive conditions, and to adopt a knowledge economy with the help of information technology. The term `knowledge productivity` is fast replacing the conceptual and sterile term, `knowledge management`. It helps the innovative organization to capitalize on intellectual human resource assets through continuous learning, generation of new knowledge and understanding.

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In the December 2003 issue of *IIMB Management Review* Nihiraka Gaan says Beyond Knowledge Management is well tuned to today's requirements where knowledge based organizations give much importance to organizational processes and their survival. The book avoids taking a prescriptive stance by involving readers in an ongoing dialogue, offering reflections, metaphors and case materials. It gives insightful coverage to those who are involved in organizational renewal and transformation. It will be of interest to managers and leaders who are involved in human resource development and organizational learning.

From Acorns... how to start your brilliant business from scratch

Dec 2003, 192 pages, Caspian Woods

For those of you who have a burning ambition to escape the 9 - 5 routine, the newly released 'From Acorns..How to start your brilliant business from scratch' is the essential 'how to' guide to starting a business that doesn't bog you down in complex financial forecasting and the intricacies of tax law.

Learn the 'ins and outs' of:

a.. how to tell if you've got a great business idea

b.. what goes on in the mind of a bank manager

c.. how to price your product/service

d.. why you need a dragon to look after your cash flow

e.. how to be a great guerilla marketer

Whether you want to build an empire or just earn a comfortable living working for yourself, From Acorns. is an invaluable and hugely enjoyable read.

Want to be a revolutionary leader?

Business leaders who embody their spirituality spark an inner revolution in others around them. This bodes well when both creativity and courage are needed to grow in a turbulent world

by William Miller

Khalil Gibran once wrote in *The Prophet*, "Work is love made visible. When you work with love, you bind yourself to yourself, and to others, and to God." In a way, that is the bold possibility that is available to all of us.

Is it bold to say that executive corporate leadership is a vocation with equal dignity to that of a priest or a teacher? Perhaps. But consider that the average working adult easily spends 40 - 50 percent of their waking life at work. And that doesn't even figure in the average commute. What a shame if that time is spent in spiritual sleep. The invitation to each of us is to be spiritually awake at work, which quite naturally invites others to awaken to their own spiritual nature.

The first faculty of a spiritual-based leader is to establish your spiritual context. Why do I start here? It is because this has you jump right into the "heart" of the matter. The first practice to strengthen this capability is to define your own relationship between spirituality and religion. Many people have been thankful for this distinction between spirituality and religion as it removes a major stumbling block to engaging in this dialogue.

The second faculty is to explore your spirituality from the inside out. Carl Jung once said: "Your vision will become clear only when you can look into your own heart. He who looks outside dreams, he who looks inside awakes." It's important to explore your spirituality deep inside because our spirituality must be lived, not just thought about or talked about.

Embody spiritual principles in your leadership

The third faculty of a spiritual-based leader is to embody spiritual principles in your day-to-day leadership. Ed McKracken, the former CEO of Silicon Graphics, once told me, "My objective in life is not to have a spiritual part of life that is separate from the rest of my life. I meditate each day; it's an important part of my life. It gives me a more balanced point to operate from and the result is more risk taking, less anxiety, and less need to try to control everything." Socrates would add to this: "The shortest and surest way to live with honour in the world is to be in reality what we appear to be."

One practice to strengthen this capability is to see spirituality as the basis of your work success. Another practice is to appreciate work in terms of an opportunity for spiritual growth. This keeps your attention on the two-way street of spiritual growth: that we work in order to grow spiritually and we grow spiritually in order to do better work - it's a self-reinforcing cycle if you will. The third practice is to talk your thought and walk your talk.

As a result of living your spiritual principles day-to-day - by quietly being yourself and engaging in dialogues with others - you strengthen your ability to stay in your spiritual centre even in turbulent times.

Engage in revolutionary activities

The fourth faculty of a spiritual-based leader is to engage in revolutionary activities. A fundamental theme for these activities is found in the writings of Baha'u'llah, the Baha'i scripture, where it says: "Let your thought be fixed upon that which will rehabilitate the fortunes of mankind and sanctify the hearts and souls of men."

Neetu Singh

When you live by your spiritual principles, you cannot help but stimulate revolutionary change naturally because the essential nature of spirituality is creation itself. You can naturally spark an inner revolution in others just by your presence, and from that inner revolution naturally unfolds the transformative, outer change.

One practice for this faculty is to revolutionise wealth creation. A company's culture is built around people; wealth creation is built around what these people do, including product development, strategy and so on. Remember to allow your spiritual principles to drive the decisions for what you innovate and how you innovate as you generate new wealth.

Thus, to be a spiritual-based leader, there are four faculties to cultivate:

- establish your spiritual context
- explore your spirituality from the inside out
- embody spiritual principles in your leadership
- engage in revolutionary activities

Because the 3rd and 4th faculties are natural results of the first two, we can say that spiritual-based leadership is within the capability of anyone who holds a spiritual view of life and sincerely intends to lead from that perspective.

So, this is what a journey of a spiritual-based leader might look like, from a bird's eye view. With these four faculties you will be able to hold the entire consciousness of this spiritual revolution in leadership and can appreciate the strength that you have gained in your ability to actively live and work from your spiritual principles.

Abstract of Sri Sri Ravi Shankar's discourse at Indian Institute of Science, Bangalore, November 2003 on the topic 'The Bhagavad Gita and its relevance to the presnt day' . Courtesy Art of Living

"There's no such thing as a mature market. We need mature executives who can find ways to grow!" - **Lawrence A Bossidy, CEO AlliedSignal**

Companies have defined so much 'best practice' that they are now more less identical **- Jesper Kunde - A Unique Moment**

I think what makes somebody a leader, unfortunately, is a pathological problem. Great leaders of the world look at a complicated world and they see the one answer, so they can galvanize people behind that one mission. It's not because leaders are smarter, it's often because they just are simple-minded - they can see the world in a simple way **- Scott Adams**

Companies win not by doing the same things better than their competitors but by doing things differently **- Philip Kotler**

Companies that are shifting to an insight-driven marketing approach are finding that attending to employee requirements can spell the difference between success and failure of the initiative **- Patrick O'Halloran and Patrick Mosher, Accenture Customer Relationship Management and Human Performance group**

Strategy is a race to get to the position you want to occupy **- Michael Porter**

Individuals should look at creating a package of distinctive skills. You should see your job not just as a way of making money, but of developing human capital. Find a distinct positioning for yourself, consistent with the kind of person you are, and what you are good at. That's why I keep telling my students not to make a career commitment too early **- Michael Porter**

Minimalism Branding

There's a silent movement against brands that splurge on advertising and needless packaging. The future belongs to brands that offer quality and value for money

by Harish Bijoor

There's good news for the small guy in business from the realm of branding. I thought I might as well share it with the small entrepreneur out there waiting with his money-bags to sniff out an opportunity.

The news is about a wave of minimalism branding that is sweeping the Western shores of the consumer world. It is about this nascent yen of the consumer wanting to move towards those items that are not branded at all. A move that takes a reverse direction in the anti-brand path.

This wave is yet a ripple of sorts. But there is just no reason why it must not grow into a wave of significant strength and presence in the variegated consumer markets we live in. It is a new trend. It is actually quite a reaction to the overt branding that an entire generation has seen in consumption markets of the West in particular.

The wave to brand started early. Recognition, identity, recall and consistency became the hallmark of brands. Brands became reliable entities to embrace. The consumer movement gained ground and consumptiveness itself fuelled the brand on to its way of glory.

And a whole generation grew up to the tone and tenor of branding. From the American cradle to the American grave, there has been the unique influence of brands, with the baby-sipper to the coffin being aggressively branded categories.

And then there was too much of it. There is a reaction in the market. Consumers are waking up to the noise and clutter of brands. There are guerilla movements as well, some overt in their operations and others covert in their subversiveness.

International No Buy Day

Take the case of Adbusters.org. They celebrate the International No Buy Day on November 28th every year. Consumers are encouraged not to buy on this sacrosanct day. Credit cards are burned, hoardings are defaced and a motley campaign of anti-consumptivenss is embarked upon.

While organizations such as these are at the other end of the spectrum, polarized in their views, there are a whole segment of consumers emerging who are middle-path in this trajectory. These are consumers who have seen too much of the brand movement in their lives. These are consumers who believe the genuine product lies somewhere in between what the disorganized local market offers and what is touted as the offering of choice by the big brand in the marketplace. These are indeed consumers who tend to see prices inflated on the super-market shelves. These are consumers who

believe strongly that the advertised and aggressively packaged brands are more expensive because they are what they are! Glitzy packaging adds cost. Savvy multi-media advertising campaigns cost as well! And all this is passed on to the consumer!

The consumer in the marketplace is getting politically correct in his inclinations as well. He wants the reliable product but does not want to pay for an economic activity that adds no value to society as well. He is willing to pay if it creates employment. He is willing to pay if it alleviates poverty. But not otherwise!

A multiple of these factors then impinge on this wave of looking at the small but reliable brand to bring into the closets and kitchens of consumers. There is a consumer out there in the wilderness of the marketplace who is looking for the brand that packs quality. The brand that does not necessarily advertise. Remember, this is taken as a USP (Unique Selling Proposition)! This consumer is hunting out the brand that is not necessarily packaged in stuff that is largely cosmetic in its appeal. He is searching for the functional appeal in packaging. And this sure is a reverse trend!

This consumer is also simultaneously looking for the commensurately low price! Give him all this and he might just bite!

For the small marketer in the marketplace, this movement comes as a boon. There is certainly space now for the small marketer to offer his wares, which were otherwise getting eclipsed in the shadow of the big marketer and his glitz. Thankfully then, there is a market that emerges out of this reverse-snobbery!

Time to grab a share of it. But do it with panache. Don't shun the tools of advertising, packaging and marketing altogether. Do it small. Do it low key. Do it selectively. Do it using all the techniques marketing teaches you. But don't splurge on the campaigns; don't go bonkers on the packaging that is anything but functionally right. Do it with style.

Depend a lot on the influence of viral marketing on this. Get active on word-of-mouth and sure, do use the power of PR to take your brand message further.

Small continues to have a niche then! There is always space for everyone in this consumer market of ours!

The author is a brand–domain specialist and CEO, Harish Bijoor Consults Inc. with a presence in Hong Kong, London and Bangalore. e–mail: harishbijoor@hotmail.com

CEO-employee divide

Are the American CEO's getting too greedy or do they really deserve what they earn? To Professor Paul A Argenti, who teaches corporate communication at the Tuck School of Business, USA, the noise about CEOs earning tens of millions of dollars is a little silly when compared with what actors, musicians or even television showmen earn. Even a dead rock n roll king Elvis Priestly earned $34 million in 2003. But what worries Argenti is the expanding divide between the CEO and the employee pay packets. In 1980 the divide was as low as 42 - 1. It shot up over ten times to 430 - 1 in 1990. And in 2000 it went up further to 531 - 1. Karl Marx would have been amused?

Why Scott Adams hates bosses

Scott Adams of the Dilbert fame had this to say to a question on why he regularly picks on the bosses. "The thing that gets to me and gets to everybody is that bosses are in the unique position that they can both be the reason that you fail, because they don't give you the resources or the right direction or whatever, and then they would be the ones to punish you for failing. They're the worst combination – they cause you to fail and they punish you for it."

It pays to be nice to boss's secretary

If you thought good performance appraisals and high IQ will help you move up you are grossly mistaken. You build it by, among other things, paying attention to seemingly minor moments. D'Alessandro, chairman and CEO of John Hancock Financial Services, a Boston firm, has a story to narrate.

"On my first day at John Hancock my boss said to me: 'While you were chosen because you were the right fit, my secretary said to me that of all the people who came here, you were the nicest." D'Alessandro is left to wonder what might have been his fate had he been rude to the boss's secretary.

His second story is even weirder. He was to make a presentation to the board of directors of a firm that had just taken over the company he worked for. He'd spent weeks preparing this presentation. But just before he began, the chairman, who had a mouthful of mints, asked him: "HRS SHYNN RRR TTD U YRRR VRRRY YNN MNN?"

D'Alessandro, taken aback, said he didn't understand. The chairman mumbled a repeat and D'Alessandro still didn't understand. But, then, happily, between mints, the chairman said more clearly: "Has anyone ever told you that you're a very attractive young man?" D'Alessandro still wasn't sure he'd heard correctly but he managed to reply: "Thank you very much, but not in this kind of environment."

The chairman seemed satisfied. D'Alessandro finally got to give his presentation and later discovered that his reputation had been greatly enhanced among top management – not because of his presentation which nobody mentioned – but because he hadn't been rattled by the loony chairman. That, D'Alessandro contends, is what passes for rationality in the corporate world.

Indian car horns

When car horns were imported by the two Indian veteran car companies the number of complaints about their malfunctioning was legendary. Surprisingly, when the technology was indiginised the problem vanished. While the car owners were relieved no one made an effort to know what brought about the change. Someone finally figured out the reason – imported horns were designed for only 20,000 cycles per year whereas Indian cars needed five times that number.

Beat the floor spoil the child!

We've heard of the old English saying – spare the rod, spoil the child. There's an Indian twist to this – Beat the floor, spoil the child. When toddlers trip while either trying to walk or step on some slippery thing, Indian parents normally beat the floor a few times to pacify the child. This Indian trait, some management thinkers believe, is the reason for Indian manager's natural tendency to blame someone else for their mistakes. Whereas in Japan, the opposite happens – The child is told that the mistake is his/hers and not that of the floor. Perhaps that could be reason why the Japanese economy is six times bigger while its population is only one sixth that of India.

Fined for wearing a tie

A CEO of a big corporation was fined for wearing a tie at this year's **World Economic Forum** at Davos. Isn't it unimaginable this could happen at a place where the elite of the world's business community meets every year? The gentleman here obviously didn't pay attention to the new dress code, which was meant to show the world that business, management and economics were no longer tied down in knots.

Readers are invited to share their real–life experience, which has a touch of humour.   *e–mail: editor@managementnext.com*