

Management Ideas



FOR STILL BETTER

RESULTS

RELATIONS

REPUTATION

a monthly newsletter to key executive-leaders
on practices, possibilities and ideas generally
for stepped up performance

edited by

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on problem-solving and creative ideas

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3244 A CORPORATE LEADERSHIP SURVEY: Following are some of the findings of a recent study of Corporate Leadership in Britain, which attracted answers from 256 chief executives of companies in The Times Top 1,000.

Some statistics: The average chief executive in Britain is male aged fifty-two, and married with 2.8 children. He is an inveterate traveller, spending fifty-two nights a year away from home.

He is an early bird, arriving at the office well before 8.20 am. He is health-conscious, setting time aside for tennis or walking. He is relatively well-educated, although only 5% have MBA degrees.

Some dynamics: A third said that their first management job was a key period in their development as leaders. Crucial lessons in leadership almost all came from moments of intense conflict, such as facing bankruptcy, strikes, redundancies, industrial injuries and takeovers.

Britain's average chief executive professes a high degree of concern for the human factors that make his business competitive and profitable. Nearly 70% say that people are their most important responsibility, with only 24% putting profit, financial performance and return to shareholders first.

Asked the personal characteristic that they believed had been the most important in their careers, most said it was the ability to communicate. Next came determination and drive, followed by hard work. Other highly valued characteristics are ambition, integrity, leadership, decisiveness, intelligence, compassion and perseverance. And on the subject of leadership, the vast majority said the prime requirement is vision.

3245 PANIC ATTACKS: These are scary times. Like others elsewhere in the world we too suffer panic disorders - sudden waves of terror that can strike anytime and anywhere.

The extent of occurrence and the implications of the panic attacks have generated programmes that combine education and group support with systematic desensitization to panic causing events.

One body we can take the help of is the Anxiety Disorders Association of America. (6000 Executive Blvd., Suite 200, Rockville, Maryland 20852)

Author of Phobics and Other Panic Victims, Dr. Janice N. McLean has the following tips to offer:

Panic attacks generally strike during periods of high stress. **Common:** The death of a parent or spouse, the loss of a significant relationship, the birth of a child, hospitalization, entering college.

Although panic disorder can affect anyone, most victims worry a lot... drink alcohol infrequently...are overly concerned about what others think of them...bottle up their feelings...never feel **grown up**...see everything as right or wrong...are perfectionists...laugh and cry easily...are strongly affected by bad news...take on the problems of others...are very conscientious.

We live in stressful times in which we constantly read and hear about grisly crimes, cancer-causing foods, child molesters, etc. All this enters our minds...our bodies respond with stress and, in certain people, panic.

Avoiding Panic Attacks: Although there's no sure way to avoid panic attacks, certain things help.

Suggested: Limit caffeine consumption.
Avoid sensational publications.
Limit TV viewing. Watch comedies instead of dramas. Don't watch the news or movies based on illnesses, etc.
Exercise at least 15 minutes a day.
Get enough vitamin B--a potent stress alleviator.

If you suffer a panic attack, don't compound the problem by allowing the attack itself to frighten you. **Keep telling yourself:** I am not in danger. This is just a stress reaction. I need to take a close look at the stresses in my life. Relax and breathe deeply. Inhale through your nose, hold for a count of five, then exhale slowly through your mouth. **Most panic attacks are over in less than 20 minutes.**

Treatment: A single panic attack is not usually enough to require a doctor's care. Seek professional help if you experience more than one.

3246 POINT TO PONDER:Self-Defense

A leading psychiatrist and business consultant, Dr. Martin G. Groder said recently:

To avoid becoming an emotional and mental hostage of the Iraqis--don't watch the news on TV. Virtually no one needs to know about the situation.

Knowing about it doesn't help at all. And frustrating news is addictive. Also avoid: Newspaper, magazine and radio accounts... and people who talk and talk about the problem. Bottom line: The real issues in your life won't improve if you're investing your best time in the wrong things.

3247 AN INTERNATIONAL SALES SURVEY: The coming months will be challenging months. What we need to do is to spot and stop wastes on all front. When we think of cost and waste reduction we usually think of manufacturing and office costs but not sales costs.

The following results of a survey of marketing managers from 12 countries by the Heinz Goldmann International Foundation should provide Top Management for thought, as reported by Heinz Goldmann:

Seventy-five percent of respondents agreed that it is easier to save 15 percent of marketing and sales costs than to increase sales by 15 percent.

Ninety-five percent agreed that cutting costs was ultimately more profitable than increasing sales.

Sixty percent unconditionally agreed that it is possible to save 15 percent of expenses without damaging marketing results. Another 25 percent responded, "yes, but....," implying certain reservations. Only 15 percent believed that the savings would damage marketing results.

Then why aren't managers actively working to cut costs? Three answers emerged in our study: "We are doing something, but nothing very determined or systematic"; "We are concentrating our efforts on expanding sales instead"; and "We honestly don't know how."

In view of these results, we asked another question: "Does any specific formal reward system exist, known to everyone in your company, to stimulate cost-saving efforts and results?"

Sixty-five percent, of our respondents answered "no" 25 percent stated that rewards were handled under the traditional overall suggestion system; and 10 percent said that such a program was in the planning stages.

Our own conclusions were obvious, even though they may be hard to swallow: The level of motivation for cost saving among marketing and sales people is alarmingly low, and very little is being done to improve this situation. Sales and marketing people prefer to push sales--even though they admit that this is less profitable--than to cut costs.

Another way to express this is that marketing and sales people are, by nature, expansionists--even when expansion costs the company money. Additionally, companies lack workable plans for effective and beneficial cost savings.

In response, we strongly advocate ample reward systems to motivate people. Obviously, cost savings require real sacrifices from the people concerned--including loss of power, personnel, facilities, comfort, freedom, spectacular expansion and so on. You can't expect people to act against their own interests unless they are adequately rewarded. Some specific part of the company's savings should go to them, but nonfinancial rewards are equally important, such as individual and group recognition and status benefits.

contd../

Cost saving requires more than motivation, however. It also requires knowledge and skill. Suppose your company required you to reduce your marketing costs by about 15 percent, effective three months from now. Which cost items would you cut? Which would you refuse to cut?

Here are a few of the areas (taken from our check list of 22) that you could address for possible savings:

Personnel. Do you need so many sales people? Are all your service people necessary? Can you manage with less staff?

Administration. Can you speed administrative procedures? Is your office in the most cost-effective location? Can it be stripped down?

Back to basics. Are your operations in secondary markets really profitable? Would you save cost by eliminating them? Is your distribution system economical?

Marketing techniques. Can you eliminate expensive discounts and concessions? Is your participation in the fairs and exhibitions profitable? Have you established the direct and indirect costs involved? Is your advertising money well spent?

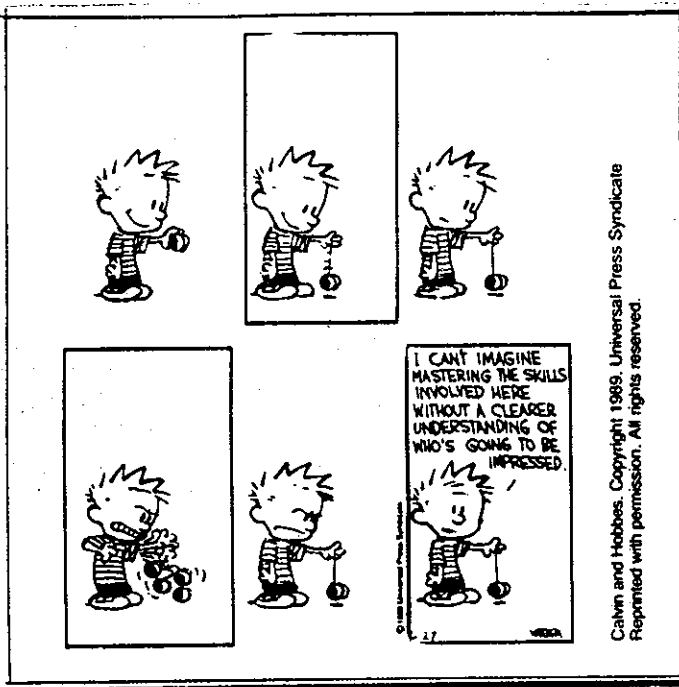
■ **Product quality.** Is it really right? Do customers honor it by giving you more, or better, orders? Or do they buy elsewhere, setting for less?

Experience shows that cost savings succeed provided that they are accompanied by top management support, motivation by everyone concerned, as well as vigorous implementation.

If only a fraction of the brainwork normally applied to marketing plans in general is focused on systematic cost savings, companies operate much more profitably.

Just one word of warning: Don't cut cost at any cost. Just ask yourself the question: "Will this cost-saving action endanger our future business?" If so, don't cut. Otherwise, go ahead.

3248 LAUGHING MATTER?



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10 MILLION JOBS:

Our common challenge and our common opportunity is to create useful productive jobs in the cities and villages all over India, in large numbers, and in record time. Here is a sample of an idea at work. When, dear Reader, you come across such ideas, please do drop us a note. Let us all make gifts of ideas to our Nation.

Editor

Whenever I answer the telephone to sell my low-tech service, I think 'High-tech aids urban survival'. There's no disparity: I run Oslo's only bicycle courier service. Instant telecommunications support it. Granted, bicycles are slower than cars, which was a disadvantage for a long time. No more. Gridlock traffic and limited access now favour cycles within the city centre. What's more, cyclists can now outdo cars downtown. That's why we guarantee pick-up and delivery within an hour.

The concept is so sensible that the business turned a profit in its first year. So I often wonder why someone

Eirik Gullerrud:

FIRST OUT

else wasn't first. Perhaps it's because of circumstance. In 1988, I was a classic urban cast-off of the modern welfare state: young, healthy, headstrong and unemployed. I had been a successful salesman, with my own company car and expense account. So I could have felt wronged and become a chronic complainer. Or gone on the dole. But easy outs are not my way. Work is. Even when fully employed, in my off hours, I sought activity, not leisure. Athletics, cycling, body building: I was forever working out. So, I reasoned, I should work to gain work. I had a commercial education: why not my own business?

It was, I knew, more difficult than commonly presumed, otherwise fewer businesses would fail in their first year. So I took a 14-week course in small business operation. A business concept was the prerequisite and I had one. I knew from salesman travels that the city's burgeoning courier sector would soon be crippled by the very traffic congestion that triggered its birth. So why not go back to the bike, like courier services in London and New York? There were challenges. Oslo weather can be fierce and cycleways are few. But I was undaunted. Besides, I knew there were always young men willing to bike all day for pay. So in mid-1989, equipped with new know-how, a short-term loan, off-road bikes, a telephone and two-way radios, I started with a staff of five other unemployed men. I called the service Første Bud, which means both "Prime Messenger" and "First Commandment."

Pop pundits predicted quick

failure. They were wrong. The first year was tough: days were longer than I had feared and peripheral chores gobbled time, but I realised that in playing a totally new game, only experience could teach rules. One rule was obvious: speed counts. I came to appreciate that perception as well as the clock measures it, which is why we always answer the phone by the third ring. I also found that versatility was vital in the business and essential in its couriers. Good cyclists love to tinker with their bikes, so repairs are part of the job. We also found image important. Increasing environmental awareness has helped the venture and many customers comment on that aspect of our profile, although we have had to work against the misconception that urban cycling is slower than motorised transport. It is if there are few vehicles on the streets and you use only those streets, but it isn't in normally congested city traffic where bicycles can take short cuts closed to motor traffic. For average downtown trips, a skilled rider can beat a car and even a moped, our major motorised competitor. To prove that, one of our riders recently worked for a moped courier service for two days, but slyly cycled. On both days, he managed more paying trips than the fastest moped riders.

The business is doing well, but I still prefer to ride, up to 70 km a day. So when the business expands, as it will soon, I will hire an administrator. That will afford time for my next project: franchising the Første Bud cycle courier service to other cities. ■

COMPLAIN NOT
ABOUT DARKNESS.
LIGHT A CANDLE

Hopeful & Helpful

Positively Exciting

Personally Useful

Good News From Anywhere

Inspiring multiplier models and exemplary acts of excellence are found all over the country. They are hardly written up.

Many miss the point that the positively exciting is also news.

Also, adequate efforts are not made to bring useful information to the illiterate public.

There is a case for collecting and spreading hopeful and helpful information and news.

May I invite our Readers to join me in this quest and share their discoveries and findings through these columns?

NH ATTHREYA Editor

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OPERATION FLOODLIGHT: Operation Floodlight conceived by Collector K.R. Rajan to make all those between the ages of five and 60 in the Ernakulam district literate is now a reality.

It is a story of how concerted human effort can achieve miracles. Of how the determination and commitment of over 22,000 people helped Ernakulam district in Kerala become totally literate.

Interestingly, the operation has been successful in not only stoking the neoliterates' urge to learn, but also in breeding in them an awareness of their rights and potential. The neo-literates are now taking the initiative to demand basic facilities. Some want piped water. Others want better health services, self-employment schemes and so on.

Says an ecstatic Rajan: "This is what we wanted. We just did not want to teach alphabets. Neo-literates have realised that they too have rights and have discovered the self-confidence to demand them." (1)

NEERU NIRVAHANA: A rural training centre at Arasinakunte village of Nelamangala taluk, on the Bangalore-Pune national highway, has rehabilitated minor tanks in five villages.

The significance? Water is becoming a scarce commodity even in areas which earlier used to have adequate rain water storage. The recurring drought cycles have aggravated the situation further. In the last six-seven years there were hardly two good monsoons in most parts of Karnataka. Otherwise it has been unending, the severe drought conditions. The areas which earlier used to get scanty rain have suffered even more. Neglect in maintaining ponds, tanks and lakes has cost the rural communities dearly. Desperate remedies such as large-scale sinking of borewells, have rendered many a tank useless, perhaps for ever, the water table sinking further.

The conventional wisdom of maintaining village tanks is fortunately catching up again.

A voluntary organisation based in Bangalore, the Institute for Youth and Development (IYD) has been a forerunner in this important work.

(2)

Source: 1. India Today: February 28, 1990

2. The Hindu: June 14, 1991