

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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3392 INVESTOR RELATIONS: Essar Group of Companies has developed two innovative schemes for its investors. One is a **Scholarship Scheme**.

Scholarships will be awarded to investors in any of the Essar Group Companies - Essar Gujarat Ltd., Essar Shipping Ltd., South India Shipping Corporation and India Securities Ltd., - who have a minimum investment of Rs.1,000/- in the form of shares, debentures or fixed deposits, their children, brothers or sisters.

10 scholarships will be awarded to the most outstanding candidates, out of which eight are for graduate and post-graduate studies within India and two for post-graduate studies abroad.

The scholarships to be awarded will cover all branches of Engineering, Medicine, Business Management, Advanced Accountancy, Humanities, Science and Sports.

Scholarship Amount: Rs.15,000/- per annum for studies within India.
Rs.50,000/- per annum for studies abroad.

The other is a two-pronged investor Scheme.

The announcement reads in part:

Innovation 2000 Scheme: You have an innovative idea based on new technology for industrial investment which you believe will assist

promote the Essar Group's growth. Tell us about your idea. We will send you an Information Sheet which will enable you to outline your idea and proposal. An independent expert panel will evaluate and short list a maximum of 50 promising proposals and each of these shortlisted investors will receive an award of Rs.10,000/-. After further detailed information and study, the expert panel will recommend a maximum of three best proposals which are technically and economically feasible for award of Rs.5,00,000 each. Essar Group may in due course implement any of these proposals. Here is your chance to win the award.

Entrepreneur Scheme: You are a professional or a technocrat with entrepreneurial skills and you have a sound project you wish to implement. You already have a Project Report which has been appraised by either a State or a Central Financial Institution or a Bank. But you need seed capital. Write to us and tell us about your project. We will mail you the Entry form with details of the Scheme and you can submit details as called for. Your project will be evaluated by a panel of experts and based on the panel's recommendation upto Rs.5,00,000 in seed capital will be made available. We intend supporting five such projects. Here is an opportunity to start your own enterprise with Essar Group's helping hand.

Any investor - Shareholder, Debentureholder or Fixed Depositholder - in any of the Essar Group Companies - Essar Shipping Ltd., Essar Gujarat Ltd, South India Shipping Corporation and India Securities Ltd., as on January 31,1993 will be eligible to participate in these schemes."

Let us hope these and similar thoughtful schemes will be launched by others.

3393 A CLIPPING SERVICE: One way to keep ourselves informed on the subject of our special interest - trade, technical or hobby - is to subscribe to a Clipping Service. The service agency does the pre-reading for us, so to say. You may be already using one of the clipping services available in India. Should you be looking for one in U.S.A. - and much is reported of what is happening there - you may use the following address: Attn: Mr. Vincent Morasco

Int'l Newspaper Clipping Service
3, Cedar Street
Batavia, NY 14020
(716) 343-2544

When you write, you can refer to Management Ideas. Please state your requirements as **specifically** as you can. If possible, send samples.

3394 COMPUTER & EYESTRAIN: *Computers have come to stay. Along with it attendant problems. One relates to eye strain. It is well to be familiar with relevants research studies.*

In a study that could help explain why many computer users complain of eye strain, researchers have found that computer users blink less often and keep their eyes open wider when looking at the screen than when reading or relaxing.

The two conditions can dry out the eye, leading to irritation and eye fatigue.

Japanese researchers, in a letter in the New England Journal of Medicine, said that placing a video display terminal as low as possible and pointing it upward, along with the use of eyedrops known as artificial tears, may help.

Another treatment may be the use of special glasses that retain moisture on the surface of the eye, according to Dr. Kazuo Tsubota of the Tokyo Dental College and Katsu Kakamori of the Taisho Pharmaceutical Co.

In their study of 104 healthy office workers who did not suffer from eye fatigue, Tsubota and Kakamori found that relaxed volunteers blinked 22 times per minute; people reading a book at table level blinked 10 times per minute, and subjects reading text on a VDT blinked only 7 times per minute.

They also found that people reading a book had 0.18 square inches of eyeball exposed, usually because they were looking down while reading and could close their eyes a bit. Relaxed volunteers had 0.34 square inches exposed.

3395 ANTHROPOLOGY & CORPORATE PLANNING: *Knowledge is inter - disciplinary. As we can learn from history, so can we learn from anthropology. How? The answer is found in the following insightful interview, New York Times had with James F. Moore, (President of GeoPartners Research Inc., a business consulting firm in Cambridge, Mass.)*

Question: What ideas does an anthropologist like Gregory Bateson bring to business?

Answer: Bateson focused on patterns. One that he came upon was that behaviors within systems - companies, societies, species or families - co-evolve, Bateson thought co-evolution was more important than competition.

Q: What do you mean by co-evolution?

A: Take the caribou and the wolf. The wolf culls the weaker caribou, which strengthens the herd. The wolf also keeps caribou from overpopulating. But with a stronger herd, wolves also have to evolve and become stronger to succeed. The pattern was not simply competition but co-evolution. Over time, the whole system improves.

Q: How does this work in a business setting?

A: If you look at head-to-head competition among companies, the deciding issues are not the two companies alone but the business ecology that the companies are part of.

Think about the computer industry. If you look at Apple versus Compaq, what really gives Apple its strength is the community within which it is lodged. Apple is co-evolving with independent software developers

who are rather dedicated to the Apple ecology. Apple also built manufacturing relationships with Sony and Sharp. Its semiconductor relationship with Motorola is years old and the designs there are literally co-evolving.

Now Compaq is part of another ecology. It uses Intel chips and Microsoft operating systems, but it occupies a much less pivotal position in its ecology than Apple does in its. Make no mistake, the I.B.M. Intel-Microsoft ecology is a very strong ecosystem, but Compaq, in effect, has been a bit of a free rider in an ecology whose leaders are Microsoft and Intel. In my view, you have to play a leadership role in your community in order to stay in a dominant enough position to get a share of the value that community as a whole produces.

Q: I.B.M. is having trouble in the ecology it invented -- the PC ecology. What went wrong?

A: I.B.M. didn't maintain bargaining power. It didn't retain control over the microprocessor, which is at the heart of the PC ecology. It invested \$250 million in Intel, because Intel needed capital, but was so afraid at the time of being viewed as big and bad that no strings were attached to the deal. With Microsoft, it did the same - no strings. I.B.M. should have kept more control over its ecology.

Q: How do customers fit into these ecologies?

A: The key question here is this: Are your customers the most competitive of their type in their markets? Companies should want to be co-evolving with the leaders in the markets they serve. For example, I.B.M., in its heyday, picked out the commercial companies and industries it thought were going to be successful and then it worked with them. You want your customers to be the leading-edge companies in your community because they will help you stretch. So if you're a computer company, you might want to go with American Airlines because they have the strongest data processing.

Q: And suppliers?

A: With suppliers, it's not just price. If you are going to co-evolve with anyone, it is with your suppliers. But purchasing departments don't really address that important question.

Q: Should companies think only in terms of co-evolution?

A: What companies have to figure out is how to manage their ecologies. They have to make conscious choices about where to encourage competition and where to support relationships with exclusive suppliers. G.M., for example, has to build a strong supplier community that will give it a competitive advantage in serving its customers. That means in some cases it has to make close supplier relationships but in other cases it might have to develop a host of suppliers and then let them battle it out.

Q: Bateson is perhaps most famous for his theories about addiction. Can companies become addicted?

A: Bateson said one powerful reason people become alcoholics is that they get signals that their lives are not working. That produces anxiety. But rather than change their lives to reduce the anxiety, they drink. That shuts off the signals from the environment that tell them something is not right.

Companies behave in a number of analogous ways. The most common is that they manipulate their financials to hide their problems. Or take G.M. All of the executives there drive G.M. cars that are serviced almost daily, and employees are encouraged to do the same. That turns off important signals from the outside environment. They should be driving the competition, painful though it may be, to see what's out there.

Q: Are there other examples?

A: Digital is a wonderful example. Digital was ill-fitted to the new computing environment. It needed to become more focused on semiconductors and services and it needed to embrace the PC world. But Digital simply kept on promoting and developing the minicomputer-based ideas with which it had its initial successes. It became addicted to the mini and when minis stopped selling, Digital simply thought it wasn't selling its products hard enough - that's denial.

Q: So what can companies do?

A: The old idea was that an alcoholic couldn't change until hitting bottom. The more recent idea is that caring friends, confronting the alcoholic, can make a difference. Boards of directors can take on that role. They have to confront the denial in the company. Activist shareholders can take on that role as well. In Japan and Germany, where banks have large equity stakes in companies, they take on that oversight function.

3396 FLEXTIME: *Commuting to the workplace in cities like Bombay is taking more and more time, more and more energy. The public transport system is not able to cater to the maximum load situation. One way out is to switch to flextime, as they have done in major cities round the world.*

Ideally, the initiative should come from the government. We need not wait however. We can make a start with our organisation; and then invite fellow corporations to do the same. That way, flextime may become a reality sooner than we expect, benefiting all concerned.

Here are two reports - one from Japan and another from U.S.A.

A Japanese Labour Ministry survey indicates that 46 per cent of companies have introduced flexible working hours; and 23 per cent of the companies offer "flex holidays" (a limited number of days off at the employees' convenience). The poll further says that flextime is getting a favourable response from the white and blue collar workers - 84 per cent welcomed the flextime innovation. A major reason: Four in five said flextime eases the rush-hour commuting crunch.

Employees will do almost anything to make flexible schedules succeed, companies find.

Fearing managers will lose control over their subordinates, most employers have avoided setting formal flexible-scheduling policies. But the few that do allow job sharing, compressed workweeks and other unconventional routines are finding that 'employees are so eager for flexibility they'll make the program work, says Richard D. McCormick, chairman and chief executive of U S West.

Twenty workers at a West Coast legal-publishing firm, who work from home one or two days a week, saved their employer thousands of dollars in leasing costs by working out a plan to share offices. In a San Francisco law firm, two job-sharing legal secretaries planned their pregnancies so each could cover for the other during maternity leave, says Paul Rupert, associate director of New Ways to Work, a nonprofit San Francisco consulting concern.

Wendy Haedo, a Du Pont systems analyst, does her whole job for 10% less pay because she is so glad to be working four nine-hour days instead of a five-day week. She avoids taking time off for doctor appointments and other distractions and "spends less time at work thinking about personal business," she says.

Suzanne Kirkpatrick, a commercial-lending officer for a New York bank, has expanded her loan portfolio since she cut back to three days a week. "The pressure is there to be more efficient," she says. When a rush deal came up late last year, she worked through the weekend, taking her two children to the office. Nothing that part-time opportunities are rare in her profession, she says. "I have to make this work."

All say flexibility builds loyalty. Ms. Haedo used to consider looking for a new job closer to home to eliminate her two-hour daily commute. Now, "Du Pont has me for life," she says. "I couldn't find this kind of flexibility elsewhere."

3397 LAUGHING MATTER?

At a ceremonial dinner an English bishop once found himself seated next to a Chinese bishop. When the soup was finished, thinking the Chinese bishop didn't know English, he leant across to him and asked:

"Soupy! Soupy! Likey? Likey?"

When the fish was done with he asked: "Fishy! Fishy! Likey? Likey?"

He had similar remarks when the chicken and the pudding were eaten.

Meanwhile the Chinese bishop said nothing. At the end he was asked to speak. To the English bishop's amazement, he got up and delivered a talk in flawless English. Then, as he concluded he turned to the English bishop and asked:

"Speechy! Speechy! Likey? Likey?"