

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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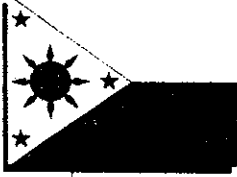



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3430 COUNCIL OF ELDERS

For several reasons, companies have an impressive Board of Directors and it is as well. These Directors are able people but busy people. Because of the changing times, there are compelling reasons for companies to make available to their key executives the counsel of and consultation with Elders, on an on going basis. They may be generalists or they may be specialists. They may be professionals or working executives. They may be working men or retired men. This flexible-size Council of Elders can be available for periodical meeting with key executives individually or in groups. Especially in Europe, there is the practice of company directors who do more than sit on the board. They continually assist the company with their counsel on a one day in a month or so basis. This practice is also common in Australia. A few companies, it is reported, have tried it in USA and found it worthwhile. To the Chief Executive, this Council will be a first class support system. The continuity of and the continuing interaction with informed and objective elders and experts - that makes the difference.

3431 1992 ASIAN MANAGEMENT AWARDS

For the third year, such awards have been made. Seven countries - and India is yet to be included, though two Indians sit on the AIM Board of Governors - and seven categories. A summary list you find on the accompanying pages. You may like to include one or more of them in your next visit to the East.

WINNERS	General Management	Marketing Management	People Development and Management
 INDONESIA	Company PT. Bridgestone Industry Manufacturing of chemicals, rubber and plastic products Reach Asia, Australia, Europe, Middle East No. of employees 1,300 Sales revenues US\$103,239,000 Net profits \$21,236,000	Company PT. Mustika Ratu Industry — Manufacture of herbal medicines, beverages, cosmetics Reach Asia, Middle East, Africa No. of employees 1,600 Sales revenues US\$16,060,653 Market share — 55%	Company PT. Semen Padang Industry Cement manufacturing Reach Asia, Australia, Europe, U.S.A. No. of employees 2,450 Sales revenues US\$100,625,744 Expenditure per employee/year (training) — US\$4,034
 MALAYSIA	Company Sime Darby Bhd. Industry Agriculture, manufacturing, construction, trading, finance, real estate, health care. Reach Worldwide No. of employees 24,500 Sales revenues US\$ 2.5 billion annually Net profits US\$300 million	Company Sapura Holdings Sdn. Berhad Industry Manufacture of telecommunications equipment Reach Asia, Europe, U.S.A. No. of employees 4,000 Sales revenues US\$ 212 million Market share — 22%	Company Sarawak Shell Berhad Industry — Oil and gas extraction Reach Asia, mainly Japan and Korea No. of employees 3,140 Sales revenues US\$1,078 million Expenditure per employee/year (training) — US\$39,000
 PHILIPPINES	Company Kimberly Clark Industry Manufacture of paper and paper products Reach Asia, Australia, U.S.A. No. of employees 935 Sales revenues US\$ 51.2 million Net profits US\$7.2 million	Company Basic, Foote, Cone & Belding Industry Communications and telecommunications Reach Asia, U.S.A. No. of employees 272 Sales revenues US\$36,560 Market share — 11%	Company Matsushita Electric Industry Manufacturing, home appliances Reach Asia, Australia, U.S.A. No. of employees 2,607 Sales revenues US\$116 million Expenditure per employee/year (training) — US\$5,226
 SINGAPORE	Company Neptune Orient Lines Industry Transportation services Reach Worldwide No. of employees 3,300 Sales revenues US\$808 million Net profits US\$ 39 million	Company McDonald's Restaurants Pte. Industry Service, restaurants Reach Asia, U.S.A. No. of employees 4,200 Sales revenues US\$70.2 million Market share — 54%	Company Singapore General Hospital Industry Health services Reach Singapore No. of employees 1,300 Expenditure per employee/year (training) — US\$830
 THAILAND	Company Asia Fiber Industry Textile manufacturing Reach Asia, Australia, Europe, U.S.A. No. of employees US\$ 67,868,000 Sales revenues US\$ 6,401,000 Net profits	Company Du Pont Industry Chemical manufacturing, agricultural services Reach Asia, Australia, Europe, U.S.A. No. of employees 107 Sales revenues US\$47,341,000 US\$249,890,000 (Industry Sales) Market share — 17.6%	Company Thai Farmers Bank Industry Banking and Finance Reach Asia, Australia, Europe, U.S.A. No. of employees 15,813 Sales revenues US\$1,462,000,000 Expenditure per employee/year (training) — US\$7,000
 HONG KONG	Company Motorola Semiconductors Industry Import/Export Reach Asia, Australia, Europe, U.S.A. No. of employees 1,941 Sales revenues US\$ 590,000 Net profits	Company Cafe de Coral Holdings Ltd. Industry Operations and management, restaurants Reach Asia, specifically, Hong Kong, China, Macau No. of employees 3,910 Sales revenues US\$126.6 million Market share — 20.2%	Company Motorola Semiconductors HK Ltd. Industry Import/Export Reach Asia, Australia, Europe, U.S.A. No. of employees 1,941 Sales revenues US\$590,000 Expenditure per employee/year (training) — US\$16,650

Financial Management	Operations Management	Information Management	Development Management
<p>Indorama PT. Bank Bali</p> <p>Textile manufacturing Banking and Finance</p> <p>Asia, Europe, U.S.A. Worldwide</p> <p>4,100 3,419</p> <p>US\$120,000,000 US\$36 million</p>	<p>PT. Bakrie Pipe Industries</p> <p>Manufacture of fabricated metal products, machinery and equipment</p> <p>Asia</p> <p>660</p> <p>US\$28,770,700</p>	<p>No winner</p>	<p>PKK</p> <p>Enterprise and Industrial Development, Rural Development</p> <p>Indonesia</p>
<p>AMMB Holdings Berhad</p> <p>Banking and Finance</p> <p>Asia</p> <p>2,706</p>	<p>Proton</p> <p>Manufacture of machinery and equipment</p> <p>Worldwide</p> <p>3,528</p> <p>US\$762,000</p>	<p>Malayan Banking Berhad</p> <p>Industry — Banking, Finance and Insurance</p> <p>Asia, Australia, Europe, USA</p> <p>13,000</p> <p>US\$ 906 million</p>	<p>Institut Penyelidikan Dan Kemajuan Pertanian Malaysia (MARDI)</p> <p>Rural Development, Agricultural Research</p> <p>Worldwide</p> <p>3,481</p>
<p>Philippine American Life Insurance Co.</p> <p>Insurance</p> <p>Asia, U.S.A.</p> <p>960</p>	<p>Johnson & Johnson</p> <p>Manufacturing</p> <p>Asia, Australia, Europe, U.S.A.</p> <p>548</p> <p>US\$45 million</p>	<p>Megalink</p> <p>Financial intermediary, business and professional services</p> <p>Asia, U.S.A.</p> <p>22</p> <p>US\$293,545</p>	<p>Philippine Business for Social Progress</p> <p>Enterprise and Industrial development and rural development</p> <p>Asia, Australia, Europe, U.S.A.</p> <p>251</p>
<p>Cycle & Carriage</p> <p>Car distribution, food manufacturing, property dev., wholesale/retail and finance</p> <p>Asia, Australia, New Zealand</p> <p>620</p> <p>US\$978 million</p>	<p>Excel Machine Tools, Pte. Ltd.</p> <p>Industry — Manufacture of fabricated metal products</p> <p>Asia, Australia; Europe, U.S.A., Brazil</p> <p>89</p> <p>US\$1.3 million</p>	<p>Singapore Telecoms</p> <p>Telecommunications</p> <p>Worldwide</p> <p>10,732</p> <p>US\$1,425 million</p>	<p>National Trades Union Congress</p> <p>Federation of trade unions</p> <p>Asia, Australia, Europe, U.S.A.</p> <p>254</p>
<p>Bank of Ayudhya</p> <p>Banking and Finance</p> <p>Asia, Australia, Europe, U.S.A.</p> <p>7,779</p>	<p>Dole Thailand</p> <p>Manufacture of food and beverages</p> <p>Worldwide</p> <p>3,500</p> <p>US\$3,216 million</p>	<p>Alphatec</p> <p>Electronics device manufacturing</p> <p>Asia, Europe, U.S.A.</p> <p>1,400</p> <p>US\$ 176 million</p>	<p>Thailand Board of Investment Sukhothai Thammathirat Open University</p> <p>Enterprise and Industrial Development, Rural Development Education and training</p> <p>Worldwide Worldwide</p> <p>341 1,970</p>
<p>JCG Holdings, Ltd.</p> <p>Financial Intermediaries</p> <p>Hong Kong</p> <p>370</p>	<p>Pizza Hut Jardine Pacific</p> <p>Service, restaurants</p> <p>Asia</p> <p>1,950</p> <p>US\$39.67 million</p>	<p>No winner</p>	<p>Hong Kong Management Assoc.</p> <p>Enterprise and Industrial Development, Rural Development</p> <p>Worldwide</p> <p>165</p>

Our own studies in meeting effectiveness show that better results can be had in lesser time - the same results can be had in half the time, in fact better results. In good part, it is a problem of awareness and personal discipline. Some like the computer approach to organizational possibilities. An entrepreneur team has come to meet this 'modern' need with the help of a software, MEET. Here is a report by Eileen Casey in Business First.

Meeting. It seems to be a dirty word in some offices and a waste of time in others. But George Huyler and Kevin Crosby don't wrinkle their noses at it.

Huyler and Crosby, principals in Huyler Productivity Associates Inc., are the innovators behind Meeting Effectiveness Evaluation Tool (MEET), a commercial computer software package.

"We wanted to find a progressive approach to measure professionals," says Crosby, a senior research scientist at the University at Buffalo.

Huyler, an industrial engineer, adds: "Since what gets measured usually gets done, we tried to focus on changing people's behavior through measuring."

About 20 million meetings are conducted every business day in the United States, and some studies estimate that managers spend 40 percent to 60 percent of their time in meetings.

The MEET system works to improve meetings through eight criteria, half of them related to structure and half to processes. The partners suggest these guidelines for successful meetings:

[] Meeting discipline. Distribute an agenda before the meeting to allow participants to adequately prepare. Include times, dates, agenda items and each item's purpose. Start the meeting on schedule or within five minutes of the designated start time, with 80 percent of the participants present.

Huyler and Crosby say only those needed to accomplish the meeting's goals should attend.

At the start of each meeting, review the agenda to make any last-minute changes and plan a time frame for each item. Allot time on the agenda for holdovers from previous meetings and follow-up items.

Identify the roles of certain people attending the meeting. For example, there should be a leader/facilitator, a scribe/secretary and a timekeeper. Sticking to the agenda will keep the meeting on track,

Huyler and Crosby say.

Meeting decisions that need action and determining who will carry them out should be reviewed too.

End the meeting on time and give a brief evaluation to build team cohesiveness.

[] Results. This determines what percentage of the planned agenda was achieved during the meeting. This decreases the likelihood of overloading the agenda with too many items.

[] Meeting investment. The equation for this standard involves the number of people in attendance for more than half the meeting and the meeting's length. The reason for counting only those there for more than half the meeting is to encourage people who don't need to be there for the whole meeting to attend as guests.

To calculate the total "person hours," multiply the hours spent per meeting by the payroll cost. For example if eight mid-level managers - those whose salaries and benefits average \$50,000 per year - meet for four hours a week for a year, the direct cost is \$52,000.

Although the MEET system doesn't calculate the financial investment, it regards those hours as the primary component in meeting investment.

[] Participant satisfaction. The items used to evaluate satisfaction include the meeting's overall quality and thoroughness; stability of the meeting facilities; the meeting participants' preparation; the extent to which disruptions and distractions were handled; and the opportunity for all participants to ask questions and contribute.

[] Communication. Keeping goals and messages clearly in mind is key. If meeting participants use visuals and handouts, decide how well they help communicate the message. Participants should be given a chance to ask questions, and they should also be attentive to the presentation.

[] Idea generation. If the attendees brainstorm, the following components are essential: Involve all participants, encourage innovation, defer judgment, build on one other's ideas and record and display ideas on a flip chart, chalkboard, etc.

[] Decision making. When a meeting is called to make a decision, Huyler and Crosby suggest using an objective system to evaluate the information. Again, the opportunity to ask pertinent questions and an effort at consensus is necessary.

Lastly, defining the decisions and the steps needed to implement them are crucial to this process.

[] Action taking. If the primary purpose is to complete a task during the meeting, participants should use the action-taking process.

Evaluations include: Explaining tasks clearly; setting up the appropriate meeting; using the correct time and people; organizing the task to make the most efficient use of time; providing all necessities; and assuring that all participants are adequately prepared to complete the task.

Not all of the above criteria require the same weight, Crosby says. For example, one meeting may focus on idea generation, and it will therefore receive more weight in that category than, say, the decision-making category.

"The whole system accomplishes what a training program does, but there's no training program," Huyler says.

The MEET program is designed to increase effectiveness, but it is also designed to take little time from meetings for evaluation. The partners have designed a two-hour workshop to accompany the program, although both say that the workshop is not mandatory.

With all the stories we hear of the scams and scums in the country, we may laugh away the very idea. Hard headed businessmen seem to believe that an organized approach to ethics in business can help. Here is a story from USA:

3433
ETHICS OFFICES

ETHICS OFFICERS are springing up at more companies across the country. Businesses hire them to develop ethics policies, listen to employees' complaints, conduct training and investigate abuses such as sexual harassment.

Five years ago, few corporations had ethics officers. Today, 15% to 20% of big companies have them, says W. Michael Hoffman, director of the Center for Business Ethics at Bentley College in Waltham, Mass. An ethics association created by Mr. Hoffman held its first ethics officer workshop for 25 members in September.

An ethics officer typically holds a title from director to vice president and earns \$90,000 to \$200,000 a year, Mr. Hoffman says. In most cases, ethics officers report directly to a company's chief executive. They "tend to be confessors, corporate conscience, enforcers and teachers all rolled into one," he says.

Textron's Bell Helicopter unit started an ethics program in 1987 with an ombudsman. Ombudsmen usually operate at a lower level than ethics officers and handle only ethics infractions and employee complaints.

Bell Helicopter says its program has become more comprehensive. It now employs an ethics officer, Richard Greaves. Besides addressing workers' complaints and questions on issues from expense accounts to possible misconduct by colleagues, Mr. Greaves provides training sessions, helps coordinate meeting for a senior management ethics committee and monitors broader corporate ethics issues.

New federal regulations encourage companies to form ethics offices. Under sentencing guidelines that took effect in November, a corporation fined for ethical breaches such as bid rigging on federal contracts can have such penalties reduced if it has an ethics program or office.

Some consultants, however, say the ethics craze may be fleeting, even counterproductive. Peter J. Neary, a senior program associate for the Center for Creative Leadership, Colorado Springs, Colo., says ethics officers are "a terrible idea" because "You're giving ownership of the corporate conscience to one person, and it becomes that person's responsibility to catch ethics violations." He says the chief executive should be responsible for imposing values throughout a company.

3434
APPROPRIATE
STYLE

Quality is becoming a rage in our country too. It should certainly help all concerned. One trend today, however, is to standardise an approach, make it into a product and sell it worldwide. Many are selling their standardised ways to total quality, and pretty aggressively. Unless we are alert, we may not choose whatever is appropriate to our context. The following report by Margot Gibb-Clark in The Globe and Mail is based on an international study.

Many widely used "total quality" management practices don't work for the companies using them, a new international study shows.

The reason is that organizations identified as low, medium, or high performers need quite different tools to improve what they do, concludes the research by Ernst & Young management consultants and the American Quality Foundation, an independent, non-profit U.S. group.

For example, benchmarking -- comparing your company's performance with leaders in the industry -- works well with high performers, but is likely to have a depressing effect on low performers.

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Increasing the amount of teamwork is much more beneficial to low performers. It helps challenge the status quo in a company and begins to shift corporate culture.

High performers are past that. Teamwork doesn't hurt them, it just doesn't add anything. They need broader and more sophisticated approaches.

The study was undertaken because there was no comprehensive data base of quality management practices, which burgeoned during the 1980s. More than 500 companies in the automotive, banking, computers and health care industries in Canada, Germany, Japan and the United States completed detailed questionnaires about more than 900 management practices, ranging from how they use technology and how they generate new ideas, to how they rate and train various levels of staff.

Questions fell into five major categories: product and service development; delivery process and customer satisfaction; quality and strategic positioning; company culture; and business organization. In each case, companies were asked to talk about performance three years ago, today and their plans for three years into the future.

The report, titled Best Practices Report, comes up with different prescriptions for low, medium and high performers and concludes that very few practices are beneficial for all three. For lower-performance companies, it is critical to focus energy on a few basics rather than imitating the sophisticated practices of the best in the industry, the study says. Since such a company is likely to be seen by outsiders as offering lower quality or lower profitability, the biggest leverage is likely to come from training staff who deal with customers and finding out from those customers -- face to face -- how the company could improve.

Medium-performance companies can make wide use of meetings specifically devoted to quality issues. Widespread measurement is useful as a guide to further improvements, for example, in processes such as billing or payroll.

Higher-performance companies should look more outside themselves and plan for the future, forecasting the actions of competitors as they position themselves. Benchmarking and employee empowerment are appropriate for high performance companies, whose marketing should emphasize product quality, reliability and reputation.

The kindergarten class toured the local fire station. A fireman instructed them to "stop, drop, and roll" if their clothing ever caught fire.

Interested to see whether the children had listened or not, the instructor asked a little boy what he would do if his clothes were on fire.

After a moment, the boy replied: "I wouldn't put them on!"

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LAUGHING
MATTER?

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