

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

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on problem-solving and creative ideas

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3474 DOING BUSINESS WITH CHINA

Alan Livingston, president of Pacific Rim Entertainment Inc., an originator of animated programs that operates a production facility in Shenzhen, China, offers the following tips for those trying to do business in the People's Republic:

- * Be patient. The Chinese move very slowly.
- * Find the proper authorities through experienced local attorneys or individuals.
- * Impress the Chinese with the stature and importance of the western entity or individual involved. They want to know who they are dealing with and their stature.
- * Keep in mind that they are more interested in selling to the West than buying from us.
- * Be prepared to train the Chinese in Western skills or technology.
- * Make certain that the Chinese authority with whom you are dealing is the proper one for the particular purpose involved.
- * Be aware that in China "yes" means "maybe."
- * Do not exert undue pressure. If you press the Chinese to respond quickly, they will back off.
- * Use your own interpreter rather than one supplied by the Chinese.

Source: Investor's Business Daily.

In a recent survey, over 1000 Japanese firms were ranked on the basis of financial soundness and profitability, environmental awareness and fairness, vitality and technological development, character, group identity and legal risk. The following emerge as the 60 winners.

**3475
JAPAN:
EXCELLENT
COMPANIES:**

Excellent companies					
COMPANY RANKINGS		TOTAL SCORE	COMPANY RANKINGS		TOTAL SCORE
1	Fuji Photo Film Co.	1,000	31	Komatsu Ltd.	812
2	Ito-Yokado Co.	936	32	Daiwa House Industry Co.	810
3	Kao Corp.	915	33	Dai Nippon Printing Co.	800
4	Canon Inc.	901	34	Matsushita Communication Industrial Co.	799
4	Takeda Chemical Ind. Ltd.	901	35	Tonen Corp.	793
6	Matsushita Electric Ind. Co.	900	35	Maeda Road Construction Co.	793
7	Kirin Brewery Co.	895	37	Komori Corp.	792
8	Kyocera Corp.	891	38	Horiba Ltd.	790
8	Sega Enterprises Ltd.	891	39	Toshiba Corp.	785
10	Seven-Eleven Japan Co.	890	40	Futaba Corp.	784
11	Yamanouchi Pharmaceutical Co.	889	40	Kinden Corp.	784
12	Nintendo Co.	888	42	Toyo Steel Corp.	783
13	Murata Mfg. Co.	875	42	NEC Corp.	783
14	Matsushita Electric Works Ltd.	865	42	Daiichi Pharmaceutical Co.	783
15	Honda Motor Co.	860	45	Heiwa Corp.	781
16	Sankyo Co.	856	46	Aoyama Trading Co.	779
17	Sony Corp.	854	46	Sharp Corp.	779
18	Sony Music Entertainment Japan Inc.	851	48	Hitachi Ltd.	777
18	Bridgestone Corp.	851	49	Atsugi Nylon Industrial Co.	776
20	National House Industrial Co.	847	50	Toppan Printing Co.	775
21	Tokyo Steel Mfg. Co.	833	50	Yamatake-Honeywell Co.	775
22	Makita Corp.	831	52	Matsushita-Kotobuki Electronics Industries Ltd.	772
23	Mabuchi Motor Co.	829	53	Mitsubishi Corp.	771
23	Toto Ltd.	829	54	Mitsubishi Electric Corp.	770
25	Shiseido Co.	827	54	Sumitomo Electric Ind. Ltd.	770
26	Toyota Motor Corp.	826	54	Yokogawa Electric Corp.	770
27	Rohm Co.	825	57	Sakata Seed Corp.	769
28	Taisho Pharmaceutical Co.	824	58	Banyu Pharmaceutical Co.	767
29	Toyoda Automatic Loom Works Ltd.	823	58	Sanyo Chemical Industries Ltd.	767
30	Ainomoto Co.	818	60	Toyo Communication Equip. Co.	766
			60	FamilyMart Co.	766

Joseph Juran, 89, one of the fathers of the quality movement in management died recently. Here are excerpts from a recent speech to a Conference Board of Canada conference.

**3476
MYTHS
ABOUT
QUALITY**

"Let us look at some myths which have done the most damage to modern managers' efforts to attain quality leadership:"

Restrict imports. Some companies seek government help in restricting imports through tariffs, quotas and other means. The rationale is to save local jobs, protect companies against unfair competition, give companies time to adjust, or whatever. I will stay out of the minefield of free trade versus protectionism.

But I am on safe ground by pointing out that efforts to keep the imports out should be in addition to, not instead of, quality improvement.

The record of the past is that protectionism does nothing to improve competitiveness. Instead, company priorities tend to focus on perpetuating protectionism. The fundamental defence against foreign competition is to become more competitive. Protectionism may be appropriate in some cases, but not if the goal is quality leadership.

The workers are the problem. This myth used to be widespread among managers. Yet when we analyze the causes of errors and defects, we typically find that over 80 per cent originate in managerial and technological processes. The work force contribution is minor.

This myth became the basis for the exhortation drives of the 1970s and 1980s. The important people made the speeches. Colourful wall posters and banners carried the slogans. Workers were urged to sign the pledge cards. The strategy was thoroughly tested and was a fiasco.

Let's delegate. Many senior managers believed that they could limit their involvement through delegation -- through handing the quality crisis off to subordinates. Such senior managers typically established broad, vague goals such as "Quality has top priority" or "Do it right the first time." It was left to the subordinates to meet those goals.

Such well-meaning efforts were doomed to failure. Not only were the goals vague; the entire action plan was vague. Often enough the chief executive officer lost credibility. The exhortation "Do it right the first time" seems like sensible advice to those on the transmitting end. To those on the receiving end it may sound like an insult, and become a source of divisiveness.

In addition, some CEOs sincerely thought they were doing what good managers should do - delegate. But they failed to distinguish what is delegatable from what is non-delegatable. It couldn't work, and it didn't. To subordinates they presented the image not of leaders, but of cheerleaders.

Higher quality costs more. This myth has steered some companies away from reducing chronic wastes. The reason is subtle, and is due to the multiple meanings of words.

The word "quality" has many meanings, but only two of them need concern the practicing manager. One meaning of quality is those features of the product which create customer satisfaction and thereby produce income. In this sense, higher quality means more and better features, and usually does cost more, due to the needed investments in product development and the like.

The second major meaning of quality is freedom from errors, defects, failures and the like. In this sense, the word quality is cost-related. Higher quality means fewer deficiencies, and typically costs less - often a lot less.

Healthy food everybody understands; and everybody does not understand! We learnt of good food at the school but for examination purposes. At home, it is business as usual. At work place, it is the same. Few have used the opportunity to help people eat for health, atleast once a day. Here is a story from New York Times, of one chief who has succeeded even in a free for all country.

**3477
GOOD FOOD
IS GOOD
BUSINESS:**

Listen up, all of you cynics who say there is no free lunch.

The Alliance Capital Management Corporation has been providing free lunches since 1986 for the 300 employees at its headquarters in midtown Manhattan. Free breakfasts and free snacks, too.

People who would rather dine on hot dogs, hamburgers and french fries will point out the catch: free lunch means low calories, low fat and low sodium. There is no butter for the bread, no whole milk for the coffee. If someone wants a regular Coke or Pepsi they will have to descend 30 plus floors to the street to find one.

While it's impossible to prove that the healthy food is the cause, medical claims at the company have declined for the last two years.

This unusual program comes out of the experiences of Dave Williams, 61, the chairman and chief executive of Alliance, and his wife, Reba Williams, 58, who is the director of special projects. They were in the brokerage business when they met in the 1970's. It is a high-stress occupation that produces more than its share of heart attacks. The Williamses watched in shock as many colleagues, like them in their 40's, fell victim to heart attacks and strokes.

But unlike most of us, they thought that the handwriting on the wall might be for them. Mr. Williams quit smoking and began jogging. Today at 5 feet 10 inches, he weighs 150 pounds. Mrs. Williams says it took her longer to change her way of life.

She has been fighting weight all her life. "For one minute this summer," she said, "I was at my ideal weight. Now I've got to lose 20 pounds."

Over a lunch of three-bean pate and herb-cruste chicken with roasted shiitake mushrooms, sauteed spinach and baby vegetables she recounted their culinary odyssey. "Both of us were Mexican food freaks, the more cheese the better. I used to be a world-class baker. The first thing I did was get out of the sweet business. Then we made the great bean leap. We stopped eating meat." Chicken and fish are still on the menu.

By 1986, when the company, which manages investment portfolios for Fortune 100 companies, moved into its present quarters, Mr. Williams decided it should be a smoke-free environment, a move not universally admired at the time.

To make it easier for the employees, a smoking room was provided, as well as subsidized attendance at Smoke Enders. Although membership in health clubs is subsidized only for senior management, everyone is encouraged to exercise; there is a place to change and shower.

When the company moved, it began to offer its first version of a free lunch: first, just cottage cheese, yogurt and fruit juices; later, salad, steamed vegetables and soup.

A subsidized Weight Watchers program was offered, too.

It wasn't until 1991 that the current elaborate free-lunch program began. Low-fat, low-sodium food is served at every level in the company and for every occasion, even when clients come for lunch, cocktail parties and dinners in the executive dining rooms.

"At first it was very difficult to get anyone to cater," Mrs. Williams said. In the early years of this culinary revolution caterers didn't know how to make flavorful low-fat food. One caterer kept sneaking in bacon and pancakes for breakfast. "We tried to reason with her," Mrs. Williams said.

"She retired early."

Now, lunches for a typical week include: three-vegetable bow-tie pasta with sun-dried tomato sauce and sliced beefsteak tomatoes with grilled eggplant and basil; curried lentil salad with tarragon and Caribbean spiced rice; grilled vegetable couscous with Italian mixed greens and tomato vinaigrette; grilled chicken with soba noodles in a spinach ginger pesto and Asian cole slaw.

The ingredients for each day's menu are listed to help those who have allergies.

The food is served cafeteria style from pantries. They have refrigerated cases where fruit-flavored low-fat yogurt, fruit juice, diet soda and sparkling water are available all day, as well as coffee, tea, instant soups, lowfat dressings and fresh fruit.

How could anyone turn down a healthful lunch that could cost \$10?

Some do. Of the 300 employees, on average 100 eat elsewhere.

While the company cannot prove that better health results from the food, the smoke-free air and the exercise, it says its insurance claims suggest a connection.

Walter Kehoe, the director of human resources for the company, said: "There has been a reduction in medical claims for two consecutive years. From 1991 to 1992, we estimate the reduction has been 20 to 25 percent."

Insurance premiums remained flat, he said, even though they rose at most companies in the New York region because total medical expenses in the New York region grew by 25 percent.

Some frown on such paternalism. Mr. Williams says he takes a certain amount of ribbing from his colleagues for his adherence to such rigorous principles of health. But he believes in its benefits and feels that anyone can make the leap. "It can work on any scale," he said. "All it takes is an interest on the part of the senior management."

Countries have realised the need for ombudsman. It is high time companies too realise the same. Silent murmurs can turn into cynical rumours or worse. We need a legitimate functioning agency to do the fair thing by all concerned. The following from the PLAIN DEALER has a valuable pointer for the well meaning.

3478
A COMPANY
OMBUDSMAN:

Where do you go with problems on the job, especially when you fear the boss may be part of the problem?

Marla Erselius' former boss would be "all smiles" one minute and shouting and pounding the desks and walls the next. The front office of eight women had had nearly 100% turnover in less than two years, and the service department was losing veteran skilled workmen.

Erselius suspected a co-worker was smoking marijuana on the job, and she had heard rumors about questionable changes in inventory reports.

Erselius took her complaints to company headquarters in a seven-page letter. The letter prompted an investigation, but by that time, Erselius and two more women had quit. Later, the investigator quit, too.

A growing number of employers are finding a better answer: ombudsman programs that offer employees a friendly ear to solve or ward off problems.

Ray Hilgert, a professor of business ethics at Washington University in St. Louis, said, "If a company is serious about improving things, it has to have a way to make people feel they can report things with impunity. If employees can get nailed for reporting problems, they won't."

Nent Druyvesteyn, who trained ombudsmen at General Dynamics Corp. for eight years and now teaches business at a college, said a successful program must pay attention to everyday concerns.

"Your willingness to deal in a responsive, confidential manner with the employee who has a problem with dirty bathrooms will increase the likelihood that employees will tell you about embezzlements," he said.

Therese Clemente, ombudsman for McDonnell Douglas Aerospace, said concerns brought to her and the company's 14 other ombudsmen fall into three categories:

* Administrative glitches, such as a disagreement about an employee's vacation record or someone parking in an employee's assigned spot.

* "Perceived unfair treatment," particularly in performance ratings.

Of those, complaints of unfair treatment have been the vast majority since the program began in 1985, Clemente said.

At first, most employees just want to let off steam. From there, an ombudsman can help the employee decide what to do about it.

At McDonnell Douglas Corp., ombudsmen can talk to boss and worker separately and interpret in a neutral, clear way one side's position to another.

They can mediate, setting up a "structured conversation with no interruptions, where each side has a chance to give their point of view," Clemente said.

3479
ONE
MINUTE
WONDER:

What can one minute do for us? A thoughtful one minute? Columnist Lona O'Connor has a thought out piece in Free Press (U.S.A.):

A minute is short enough to waste, but valuable enough to use. In a minute you can refresh yourself, relax, refocus your energy, do a good deed. Here are some examples of good things you can do with a minute:

Nothing. Hey, It's only a minute! Take this cheap, relaxing nontoxic escape.

Clean your desk.

Think a good thought.

Curl and uncurl your toes.

Visualize your vacation.

Plan tomorrow.

Put your files on a diet. Review one overstuffed file and toss useless material from it. If possible, toss the whole thing. Aaaaa!

Think about something that's been bothering you. Take at least one action toward solving it.

Meditate on something -- or somebody -- pleasant.

Review your career and life goals. If you don't have any, see below.

Write down your career and life goals.

Think of ways you waste time. Eliminate one, starting today.

Think about what makes you happy.

Focus on a disappointment and how you can turn it around.

Give someone a compliment.

Observe someone you admire. What did you learn?

Time yourself: See how much faster you can complete a routine task.

Get some oxygen to your brain: Yawn and stretch.

Skim something on your reading pile, high-lighter in hand.

Think about how long a minute seems when you're doing something unpleasant -- and how short it is when you're happily occupied.

Time's up. Starting this minute, concentrate on filling those stray minutes with useful activities and ideas, positive thoughts and actions. You'll be amazed how much you can get done in them -- and you'll be saving more than time. You might just save your sanity, sense of humor and health too.



3480
LAUGHING
MATTER?

*"We've lost your stuff, but you get first choice
of any bag off Flight 601 from Athens."*

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