

# 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

N. H. ATTHREYA MA PhD

author, educator & consultant

on problem-solving and creative ideas

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### 3497 TIPS ON TIPPING:

*More and more of our executives travel abroad for international business. While abroad, some excuse themselves by saying, "we are Indians and if we do not observe the local etiquette, we'll be excused." This may be true at certain levels. At certain other levels, the saner thing is to observe the rule, 'while in Rome, do as Romans do.' In this sense, the following item that appeared in a recent issue of the Working Woman will make practical sense.*

Recently, a Manhattan lawyer had lunch with two colleagues, Dutch treat, at a popular spot. At the end of the meal, she collected the cash to pay the bill and mistakenly left a smallish tip. Moments later, their waitress accosted the trio on the sidewalk, demanding to know why they had left a mere 12%. The lawyer, startled by her own error and the waitress's boldness, fumbled for singles, but by then the waitress had stalked back inside. "If I'd been with clients, I'd have been mortified," says the lawyer, "not to mention furious."

In some places 12% might be acceptable, but in mid-Manhattan the average is 15% to 20%--the 10% gratuity is definitely a thing of the past. These days, service workers seem to be everywhere, palm out, and deciding whether and how much to tip them can be confusing indeed. Give too little and you're

cheap; too much and you're a chump. Tip someone whose job title is too lofty for gratuities and you've delivered an insult. Herewith, an update on the touchy subject of tipping.

**Taxis** Tip 15% of the fare, more if you require extra attention (you have six pieces of luggage, are making several stops and it's raining).

**Restaurants** The standard formula of 15% to 20% of the bill (excluding tax) still applies in all but the most expensive restaurants, with one caveat: Some proprietors have adopted the European practice of charging an automatic gratuity for groups of six or more, so make sure you don't double-tip. The rules at pricey, formal restaurants are more complex. Here's the drill, according to Mario Maccioni, co-owner of Manhattan's Le Cirque: Tip 20% total, with 15% going to the waiter and 5% to the captain (credit card receipts at posh restaurants often have spaces for each, though cash is always welcome). In addition, give 8% of the pre-tax wine bill to the wine steward, if there is one, and \$10 (cash) after the meal to an especially attentive maitre d' or hostess. Tip coat-check and rest-room attendants \$1 each; give \$2 (in fair weather) to \$5 (in a blizzard) to the doorman who gets you a cab; if there's valet parking, give \$3 to the attendant. Got that?

**Airports** Tip curbside check-in staff and skycaps 50 cents to \$1 per bag. Give the same to rental-car shuttle drivers and hotel limo drivers who help with your baggage.

**Hotels** Again, 50 cents to \$1 per bag to anyone who handles your luggage, from the doorman who brings it to the lobby to the person who stores it after you've checked out but before you've left for the airport. According to AmEx Travel Related Services, room-service waiters get \$1 plus 5% of the bill, while housekeeping gets at least \$2 per person per day--more if you're in a large suite (or are extremely messy). Give a dollar or two to the person who brings you extra towels; ditto the staffer who delivers a fax to your room. If the concierge has procured tickets to a sold-out play or recommended the restaurant where you closed a deal, at least \$10 is in order. Unless someone has been unforgivably nasty to you, leave an adequate tip and speak with management about any problems. If you're still not satisfied, have the final word--don't go back.

*The 3M company has a formidable reputation for innovation. It was practising 'empowerment' decades before it became fashionable. We found the following story in Financial Times (London) rewarding reading. You too may.*

3498  
SOME LESSONS  
FROM 3M:

At 3M the US manufacturing giant, they never tire of telling one another - and anyone else who will listen - the remarkable story of Richard Drew and William McKnight.

Drew was an enterprising young 3M laboratory assistant in the early 1920s who had a great new product idea: a glue-covered paper which would make it easier for car manufacturers to paint their vehicles without the colours running.

McKnight, his boss at what was then a humdrum sandpaper manufacturing business, was unimpressed and suggested he drop the research. Drew persisted and invented masking tape - the first of the family of Scotch brand sticky tapes which transformed the fortunes of the business.

A chastened McKnight - who as company president played the crucial role in forming the company's shape and culture - proclaimed that from now on all 3M laboratory staff would be free to devote 15 per cent of their time to research of their own - a guideline that persists to this day.

And in 1941, in a paper spelling out 3M's management philosophy, he declared that employees must be allowed to perform their work in their own way - a principle which anticipated by 50 years the current management fashion for worker "empowerment".

People would make mistakes, McKnight declared, but in the long run these would not be as serious as "the mistakes management will make if it is dictatorial and undertakes to tell those under its authority exactly how they must do their job".

The tale is of more than historic interest. 3M managers use it frequently both to explain and reinforce the extraordinarily strong corporate culture which has made the group one of America's most inventive businesses, manufacturing more than 60,000 products, ranging from aerosol inhalers to film, video tape and home cleaning sponges.

"The culture is innovative," says William Coyne, vice president for research and development, "but management has to continue clearly defining that, for example by revisiting the successes of the past." It is no accident that a corporate video sent out this year to subsidiaries around the world opened by quoting McKnight's 1941 remarks.

3M's inventiveness means that it consistently ranks in surveys of businessmen as one of the most admired corporations in the US. It was also prominently featured as one of the country's best-run companies in the early 1980s best seller *In Search of Excellence* by management guru Tom Peters.

Such accolades, and the pride that accompanies them, can often be the prelude to a fall - as graphically demonstrated by the management upheaval over the past two years at struggling IBM, another *In Search of Excellence* star.

But over the past decade 3M has quietly kept up its solid growth, without the fuss, managerial upheaval or vast write-offs common at some big US corporations, from its headquarters near

Minneapolis St Paul - a land of freezing winters and hot summers on the edge of the Great Plains which fosters down-to-earth Mid-western values rather than corporate pretension.

True, its financial results over the past five years have been unexciting, falling short of its own goal of earnings per share growth averaging at least 10 per cent a year.

But this is mainly because 3M is a quintessentially cyclical company, whose earnings rise and fall with the economy of the US - and increasingly that of the world, since some 50 per cent of its sales are now overseas, up from 37 per cent in the mid-1980s.

As the US economy strengthens, and Europe emerges from recession, analysts are predicting earnings per share growth of around 8 per cent this year and 16 per cent in 1995.

However, there can be no room for complacency at 3M, which faces two central management challenges in the 1990s if it is to retain its enviable reputation.

Intense international competition in most of its markets means that customers have come to expect excellent service at very low cost, making it harder for manufacturers to claw back through price increases the impact of inflation on their manufacturing costs.

This pressure on margins means 3M has to improve constantly its productivity in manufacturing and distribution, while trying to steal a march on rivals with the invention of new products which, in the words of R&D chief Coyne, "change the basis of competition". As an example, he cites a new kind of reflective material which 3M says is three times brighter than that previously used on road signs.

"We have to continue creating," says Livio DeSimone, the chemical engineer who has been 3M's chairman and chief executive since November 1991, "but we must bring this more efficiently to the hands of the user. This is the hot topic for us today - and for all those who've got their eyes open and want to survive."

Some Wall Street critics argue that 3M has been too slow to cut manufacturing costs in Europe, where it has been gradually lowering employment through attrition and early retirement.

But Doug Hanson, who heads the region, points out that forced redundancies involve particularly heavy severance costs in Europe and drastic cuts in the workforce are simply not 3M's style. "We always want to do right by the people that leave, because if you don't, the rest of your people are going to be concerned."

Whatever the restructuring record, there can be no doubting 3M's resolve to keep new ideas coming. For many years it had a target - emulated by several other large US companies - that at least 25 per cent of its annual sales must come from products which had been on the market for less than five years.

But two years ago, in the light of increasing competition, it decided to raise the bar. Now 30 per cent of sales should come from products less than four years old. Over 25 per cent did in 1993, and this year 3M hopes to achieve the new target fully for the first time.

This impressive record is due to several factors. Arguably the most important is McKnight's cultural legacy. His 15 per cent rule remains an important company creed (though far from all the group's 8,500 technical staff spend so much time on their own projects).

One of the group's most celebrated inventions in the 1980s - the post-it Notes which people stick to computer screens - was dreamed up by researcher Art Fry in 15-per cent time, though he was initially trying to create a hymn book marker.

Coyne recalls that when he first joined 3M as a junior researcher, "I became convinced in less than a day that this was a company which expected me to make a difference as an individual."

But the culture also encourages the cross-fertilisation of ideas between 3M's more than 40 business units. Much of this is done through informal networking, for example through an employee-run technical forum, which runs a series of lectures by inside and outside speakers.

Technicians are also encouraged to get out and meet customers, on the grounds that the best ideas - such as Drew's masking tape - come not from sitting in a laboratory but from identifying unarticulated customer needs.

Cross fertilisation is also reinforced by official bodies, such as 3M's little-publicised audit teams. Their primary function is to assess the commercial potential of laboratories' new product programmes. But as they go round the group they often come across developments in one lab which can be helpful to another.

There is also a complex system of awards for new ideas, though the company generally eschews financial bonuses for inventions, on the grounds that getting them to market involves extremely complex corporate team-work.

The culture is also underpinned by 3M's low turnover among research staff and the company's insistence on growing top management from within the company.

3M's R&D effort is hardly flawless. Coyne is concerned about productivity, noting that R&D spending is 7.3 per cent of group sales, compared with a target of 6.5 per cent. Other senior officials express concern that inventiveness could be stifled as the group gets bigger.

But this willingness to engage in self-criticism, and benchmark against other companies, may be an important reason why 3M is still expanding healthily, unlike some other corporate superstars of the 1980s.

DeSimone also attributes its lack of complacency to the immense diversity of its product portfolio, which means it has to compete across an unusually broad front against top-notch rivals, such as the Japanese in memory media, Johnson & Johnson in healthcare and Eastman Kodak in film.

"If we have any arrogance we work hard at not retaining that trait," he says. "It's always been a killer in the long run - but it's a very quick killer these days."

*Meetings have a good purpose and the purpose is met if sound practices are adopted. What are some of the meeting practices? The following eleven have been identified by a marketing researcher, EMILIE AILTS:*

**3499  
MARKETING  
MEETINGS:**

1. Marketing meetings should be short, but no less than one hour. Enough time should be allowed to ensure that the pending issues in each market are discussed and that the information relevant to those issues is shared.
2. Marketing meetings should be regular, but absolutely no less than once a month. Marketing thrives on information and creative ideas. If too much time passes between meetings, information can go bad and creativity can sour. Meetings should be set for a regular time and date, and the schedule should be circulated to all concerned at the beginning of a year, quarter or period.
3. Marketing meetings should be run by the head of the marketing department, the marketing director or the marketing manager. The moniker is unimportant, but the strength of his or her relationship with management is. That person must be connected to the top. A credible and empowered leader will ensure that decisions get made.
4. Marketing meetings should be attended by the staff members responsible for developing marketing strategies and those who carry them out. Attendance should be required.
5. As with other important meetings, marketing meetings should not be interrupted by phone calls or departures. The energy generated during those meetings is as important to the marketing effort as is the information. Every effort should be made to sustain it.

6. Marketing meetings need an agenda. Make an outline agenda using primary and secondary markets as the main headings. Subheadings for each market can include but should not be limited to the following: descriptions of leads/prospects, proposals in the works, research activities, product ideas, advertising and/or competition activity. Agree on the time allotted to each item and designate someone to follow up if it isn't fully discussed. The agenda should always include a time to give out kudos to those responsible for new customers/clients and a discussion of what went right.
7. Notes should be taken during marketing meetings. The marketing staff is a group of intelligence officers, and they should be recording the who, what, when, where and why relevant to their markets, products or services. It also is wise to have a meeting secretary for later clarification or reminders.
8. At marketing meetings, everyone should participate. Everyone has something to share that could make a critical difference. Who did you meet at the chamber meeting? What did you clip from the paper the other day? What did the copywriter tell you the other morning? What did your mother like about the product? The answers could lend some insight into getting the next sale or getting better penetration into a market.
9. Marketing meetings are not management meetings. In other words, the day-to-day financial, personnel or technical fires should not be agenda items at the marketing meetings. Those meetings are the time to concentrate on market demands and how the business will address them.
10. Marketing meetings are not annual retreats. This is the time to be working with the objectives/action statements/strategies of the marketing plan; discovering what can and cannot be accomplished in the designated times by the designated individuals. It is not the time to be developing new goals for the marketing plan or the marketing budget, or working with big-picture theories.
11. Marketing meetings are a time to be proactive, not reactive. Problems with products or services should be referred to the appropriate technical people with recommendations for change and a request for a response deadline.

Marketing meetings are the proverbial glue that holds the marketing system together. The regular hours spent sharing and strategizing can pay off considerably when you count the ideas, leads, encouragement and enthusiasm they generate.

## 3500 CODE OF BUSINESS CONDUCT:

Sooner than later, organizations have to spell out, communicate and insist on a code of business conduct. Both for reasons of survival and safety. The following is the text of British Airways Code of Business conduct. This can provide a thought starter for us.

THE success of British Airways is dependent on the quality of the decisions and the behaviour of individuals at all levels throughout the organisation. The code has been developed to provide guidance and assistance to both managers and staff in their dealings with all those with whom we do business, with our customers and suppliers, and with each other.

Adherence to the principles will help ensure that our reputation and success that has been built up over the years through the dedicated hard work of you and your colleagues will continue to grow.

Judgment and discretion will need to be exercised in applying the principles where, at first sight, they appear to be at variance with local custom and practice or commercial common sense.

It is not the intent of the code to anticipate and provide a framework of governing values and advice on how to proceed when making difficult decisions, namely to establish the norms of business behaviour throughout the company.

### General standards:

**Compliance:** Comply with all the laws that regulate and apply to the company, its systems and the conduct of its business.

**Fairness:** Treat all groups and individuals with whom we have a business relationship in a fair, open and respectful manner.

**Integrity:** Show respect for the individual, treating each in a consistent way and honouring commitments made.

**Openness:** Share and declare information on personal and corporate conflicts of interest (political, financial, relationship) including the offer or acceptance of gifts or hospitality of significant value. Seek guidance and where appropriate confirmation from a higher authority before acting.

**Honesty:** This goes beyond simply telling the truth to ensuring that any misrepresentation is quickly corrected. Do not allow people to be misled. Where there are valid reasons for withholding information, be clear about the motives and if possible explain why are doing so.

**Fair competition:** Ensure comparisons drawn with competitors and working partners are

based on fact and avoid innuendo. Competition should be based on the quality value and integrity of British Airways' service and products.

**Determination:** Demonstrate a sense of purpose and commitment to achieving the optimum outcome even in adversity.

**Responsiveness:** Recognise changes in the business environment and use a creative flexible style to respond to them.

**Enablement:** Provide sufficient guidance to enable individuals to act upon their own initiative to solve problems and grow in their role.

**Conformity:** Promote corporate values and competitive edge through the established performance systems of performance and appraisal.

Through employing these practices and behaviours, staff should:

● Use British Airways' stated goals and objectives as guidance, using your values and judgment to interpret against the principles of this code.

● Treat others as you would like to be treated.

● Be prepared to solicit views as to whether something would be appropriate before

action, rather than after.  
● Discuss difficult decisions with those whose values and judgment you respect. Use company process to earn respect.

● Ask whether you would feel comfortable explaining your decision or behaviour to your boss, your family or the media.

● Be prepared to challenge if you believe others are acting in an unethical way. Create the climate and opportunities for people to voice genuinely held concerns about behaviour or decisions that they perceive to be unprofessional or inappropriate.

● Do not tolerate any form of retribution against those who do speak up. Protect individuals' careers and anonymity if necessary. Encourage an environment of learning from mistakes and mutual trust in each others' motives and judgments.

● Treat the assets and property of British Airways and its customers and its suppliers with the same respect as you would your own. Apart from tangible assets this would include company information as well as the name, image and reputation of British Airways.

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