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

IN THIS ISSUE

3665 SELF MANAGEMENT RETREATS: All management starts with self management. Understandably therefore, management retreats are becoming more and more popular. The traditional Indian spirit of education, namely, keeping the commercial element totally out, is observed only by very few organizations. One of them is Vivekananda Kendra (Kanyakumari 629 702). They have camps (15 days duration) for the 20 - 55 and retreats (10 days) for the 25 - 65 years. The project is aimed to help one to transform oneself into a centre of peace, harmony, love and self discipline. The shibirs are held in Hindi, English, Marathi, Gujarathi, Rajasthani, Kannada, Telegu, Malayalam and Tamil. The retreats, however, are held in English. You may write to In Charge Training Centre for details and registrations.

3666 MANAGEMENT TRENDS: *Just as there are China watchers and Japan watchers, there are also Management watchers! What are the trends worldwide? What may be relevant to us? How can one go about? The accompanying article (in two parts) from* ***Globe and Mail*** *(Canada) should help us to answer:*

The hot management trends for the new year aren't a radical shift from 1996, but there is a continuing evolution as companies return to stronger financial strength and gradually refocus their thinking away from the "hunker-down" mentality of the earlier part of the decade.

Anti-trendism: If the popular topics for new management books are any guideline, a backlash against trends should be the top trend of 1997. A host of new books have emerged in the past two months, exhorting managers not to blindly accept ideas just because others are doing so.

In **The Witch Doctors: Making Sense of the Management Gurus,** authors John Micklethwait and Andrian Wooldridge assess popular theories and gurus, and discuss what they can teach a company and especially what they can't.

In the same vein, Frederick Hilmer and Lex Donaldson say the common wisdom today is that less management is better, and that organizations will run more efficiently if they aren't as hindered by bureaucracy and hierarchy. But in their book, **Management Redeemed: Debunking the Fads that Undermine Our Corporations**, they challenge this and four other popular beliefs, saying multiple layers of management and formal hierarchy actually make organizations more effective. Will managers in 1997 decide that the most effective ideas often boil down to common sense? It's probably wishful thinking: Trends in management are surely as unavoidable as trends anywhere else.

Managing growth: It sounds like a "problem" every company would love to have. Many leaders candidly admit that growth can be harder to manage than hard times, when the choices available to a company are limited.

As the economy continues to pick up and corporate earnings improve, the focus of many management writers and consultants is shifting from re-engineering and restructuring to managing growth effectively. Expect to see even more analysis of companies that have made it big in a hurry, notably in the high-tech sector, and how their strategies can be applied more broadly to others. Also look for more writing about the personalities and profiles of "growth" managers, who are supposedly more innovative, more open to ideas and more comfortable with risk.

Creating creativity: This follows on the topic of managing growth. A raft of speakers and books appeared in 1996, which helped companies find ways to make their employees think creatively in a time of rapid growth and apparently limitless options.

While worker bees may be great for pulling together in bad times, companies are now being told they need to foster innovative thinking and look for sources of dissonance within their organizations to find the innovative ideas that will open new industry areas.

Writers such as Gary Hamel and Matthew Kiernan are outlining systems that companies can embrace to tap their organizations' creative potential. It's another way of looking at an emerging trend: a growing feeling that companies have a dearth of real leadership potential coming up through the ranks.

Communicating with employees using technology: Open communications with employees is a continuing trend with a new twist. Technology is increasingly being employed to make sure companies reach more workers with more volumes of information, whether it's about technical standards, sales programs or the latest United Way fund raising drive.

A few leading-edge companies have already set up an intranet, which is a closed, internal Internet, where employees can access an array of information. But intranets are forecast to boom as the technology spreads beyond the tier of "early adopters" and into more mainstream companies.

Economic value added: If you don't know what it is yet, you probably will in 1997. EVA is a trendy new accounting method companies are using to measure and enhance performance. It is intended to measure the total economic impact of decisions and enable managers to better track the tradeoffs between earnings and the cost of generating them. It's being offered to companies as a way to "unleash shareholder value" and boost share prices, and it is used to analyze any number of strategic decisions, including acquisitions, divestitures and even employee compensation plans.

An analysis by Boston Consulting Group says EVA is a beguiling solution because it offers an easy-to-understand measure that recognizes improvements in earnings to the extent they exceed the cost of capital employed to secure them. But the Boston Consulting study also argues that it discourages growth and distorts management. For example, it says EVA is biased against new assets and new investments, and penalizes managers who bet on growth by investing. As a result, they say it favours large, low return business.

That critical view is not widely accepted -- at least not yet. Increasing numbers of big companies continue to embrace EVA in diverse industry sectors, including AT&T Canada Inc. and Domtar Inc.

(to be contd../)

3667 LEARNING FROM THE IDIOT BOX: *T.V. viewing has its darker side and we all feel really concerned for our children who get glued to the idiot box hours on end.*

There is the other side. Since it is a reality, we need to look at the other side and what we can get out of it.

*This piece by Merrie Spaeth (**Wall Street Journal**) should help us with a pointer or two.*

Most senior executives don't watch much television; when surveyed, they say they find TV shallow and sensational. They may be aware that most Americans watch six hours a day, but to them, television is simply not important.

Executives who think like this are right that TV is shallow and sensational. But they're wrong to downplay its significance. Executives need to be students of TV communication skills, whether or not they ever expect to see a camera in their office.

Television is crucially important to today's executives because it has shaped the expectation of how we communicate and present ourselves. That is, Peter Jennings, Tom Brokaw & Co. have set a standard your employees, customers, shareholders and other key constituencies have come to expect. If your style of communication is drastically different from theirs, you risk appearing unprepared, uninteresting and, worst of all, untrustworthy. T.V has rewritten the rules of public speaking. Many executives tell me, "I'm great in individual discussions and small groups. I'm just not as effective in front of larger groups." But on television, all communication is one-on-one. Mr. Jennings and Mr.Brokaw talk to us, and we listen to them, as individuals. They don't shout, speak in a monotone or frown. They don't shout, read from a text -- or at least don't **appear** to. If you want to engage your audience the way they do, keep the following tips in mind:

* **Your job is to tell a story.** Whether you're presenting your budget figures for next year, a pitch to enter a new market or an overture to a potential client, don't approach communication as if your job is merely to transmit a list of facts. A good story has a clear point of view. It has a beginning and an end, interesting characters, a plot, good dialogue, humor and illustration. And to tell a story well, you need to rehearse.

* **Eye contact is critical.** During last year's presidential debates, Bob Dole wasn't sure where to look. His eyes darted up and down, toward and away from the camera. Untrained executives often have the same problem when they appear on television, making them look uncertain and hesitant. Good eye contact is deliberate and slow-paced. Look at an individual long enough for him to realize you're talking to him. In our culture, eye contact goes directly to our belief about whether a person can be trusted. "He wouldn't even look me in the eye," we say to describe someone whose eyes are constantly shifting away. The TV-savvy executive understands how to look at each person in the audience--no matter how large or small the group or whether he can actually see them or not--to create this one-on-one bonding.

* **Even when you're not talking, you're communicating.** MY firm has trademarked the term "listening face" to describe what someone's face looks like when he's waiting or listening. Most of us look very grim instead of animated and pleasant when we're listening, so that the speaker and the audience get the impression we don't want to be

there. The TV-trained executive knows how to animate his face to appear interested.

* **Use a variety of visual elements to make your presentation more interesting.** A reporter doing a story on CBS about the price of a popular children's cough medicine used props (holding up the bottle of medicine), graphics (showing the label and circling parts that had changed) and a video clip of a mother who felt misled. Your presentation should have at least two visual elements, such as slides and props, whether you're speaking to the Economic Club or briefing Wall Street analysts.

* **Contact is personal.** Whether it's a group of 10 fellow executives or 1,000 attendees at a trade show, make your presentation seem intimate. If there are 1,000 people in the audience, use a wireless microphone, move out from the podium and interact with the audience.

* **Speech is spontaneous, even when it's prepared.** Get comfortable with a Tele-PrompTer, and understand that the text it displays must be written for the ear, not the eye. That is, the distributed text of your speech will be very different from the text you use, which will have pauses, half sentences and repetitions, asides and self deprecating lines---just the way regular speech does.

So-called television skills make speakers appear confident, knowledgeable and powerful. They are the new benchmarks that TV viewers--all of us--have come to expect. Sure, there are senior executives who still don't know how to use a word processor or e-mail, but when we encounter them we think that they are behind the times. Those in the next generation have learned to manage computers. They can master TV, too.

3668 ETHICS AT WORK: *Ethics as spelled out in a code of conduct is a continuing challenge for companies and it is universal. We can get a pointer or two from a recent Canadian survey on the subject.*

Canadian companies have no trouble putting ethics codes down on paper, but they could be doing a lot more to implement these policies in the workplace, a survey of senior executives indicates.

Of the 25 companies that responded to a survey by Toronto-based consulting firm KPMG, 66 per cent said they have a published code of ethics. But only 21 per cent offer ethics training to employees. Similarly, just 22 per cent said they have a formal system, such as a confidential hotline, to protect employees who report ethics violations. Companies that fail to encourage reporting of unethical conduct are asking for trouble, says Michael Deck, who heads KPMG's ethics and integrity services.

"If [employees] don't report . . . all of a sudden there's a scandal, there's a blow up, and the folks at the top are saying 'We didn't know anything about it,' and that's not a situation that you want to be in." KPMG surveyed the country's 1,000 largest public and private companies in November. Of the 251 responses, more than half came from chief executive officers, suggesting that ethics is a top priority for many companies. The firms ranged in size from less than $50-million in annual revenue to more than $5-billion.

The most important issue identified as a source of ethical risk was "integrity of books and records," a category that includes accurate reporting and disclosure of transactions. It was rated as "very important" by 71 per cent of respondents. "It's not a sexy issue. . . (but) it's a business fundamental. That's your control system. If you let that go . . . you open yourself up to all kinds of problems fraud, abuse," says Mr.Deck, who until September was executive director of the Clarkson Centre for Business Ethics at the University of Toronto.

As an example, consider a salesperson who, because he or she wants to meet a monthly quota or earn a bonus, books sales in the current quarter that don't close until the next quarter. A company that tolerates such a practice may soon find that sales staff are recording all sorts of transactions six months or a year before they actually happen, he says. Companies that allow off-the-books transactions, such as taking free products from a supplier in exchange for buying a certain number of units, are also opening the door to unethical behaviour, Mr.Deck says.

"It begins communicating to people that that's an okay way to operate,, and then people begin making their own exceptions." Across different industries, the importance placed on certain ethical issues varied widely. Not surprisingly, perhaps, security of intellectual property was ranked first by communications companies, though it placed sixth among all respondents. And environmental practices was the most important issue to energy and petroleum firms, though it was 14th overall. Among other findings of the survey:

* More than 40 per cent of respondents said they have a senior manager whose role includes the implementation, monitoring or assurance of the company's ethics program.
* More than 90 per cent of companies with revenue exceeding $1 billion reported having a code of conduct, while less than half of companies with revenue under $100 million reported having a code.

Mr. Deck says bigger companies are more likely to adopt a code of conduct so the policy can be communicated to a large number of employees, while smaller companies tend to reflect the behaviour and principles of the entrepreneur who founded them. In addition, larger firms have greater resources to launch ethics programs. Companies shouldn't assume that employees know the difference between ethical and unethical behaviour, Mr.Deck says. "There are things you can teach. You can communicate and reinforce and clarify your fundamental values and principles so that nobody is confused at all."

3669 CULTURE AND PROFITABILITY: *Has culture anything to do with profitability? If it has, what are some of the constituents of culture? Is there an empirical study? Such questions are answered in a recent survey.*

A company's culture is more than just its dress code or a nifty logo on fancy stationery.

In an extensive study, University of Michigan business Professor Daniel Denison has linked specific cultural traits to performance measures such as profitability, market share, return on investment and innovation. Most important, Denison says, are four factors: involvement, consistency, adaptability and mission.

"High-involvement companies are ones where the workers see a connection between the work they do and the goals of the organization," he said. "They feel they have an influence over some aspect of the work. Some people even say they own this part of the organization." At low-involvement companies, Denison said people understand only what goes on in their own part of the organization. They don't perceive they have much control over the work they do. The issue is more than academic. Denison found that the difference in return on investment between high-and low-involvement organizations was more than two to one. Consistency, he said, refers to a strong culture or a clear sense of how one company is different from another.

"It's really how well the organization is knitted together," Denison said. "People speak the same language in a figurative sense. But businesses that are the most consistent and well-integrated can sometimes be the least adaptable. So the next trait Denison studied was adaptability, or the ability to create change. He also defines it as the ability to recognize mistakes and learn from them.

"Organizations that are only good at adapting and reacting sometimes have difficulty charting a long-term course," he said. Likewise, mission or direction can affect a company's bottom line by keeping it focused on the market. What grew from Denison's research is a tool companies can use to compare their organization's culture to that of high and low performing businesses. About 70 companies have used The Denison Organizational Culture Survey in the past year to assess their strengths and weaknesses, and to some degree, to predict their performnce.

"It's helped companies get leverage on the culture of the firm," Denison said. "Usually culture is something they look at as being soft and fuzzy. It's usually left to intuition because it's difficult to manage. But this is a tool designed to have impact and application."

Lynn Waldsmith in Democrat & Chronicle.

3670 A STANDING INVITATION: One major aim of this monthly is to bring to the attention of the reader, management practices here and abroad that have been found to be helpful in enhancing results, relations, reputation, renewal or recongition. We invite you to send communications, outling innovative approaches to management and stories of handling challenges. Readers find it easier to relate to local experiences. **EDITOR**

3671 **TOP LEADERSHIP QUALITIES:** What would you consider to be the top leadership qualities? The ability to motivate others? A can-do attitude?

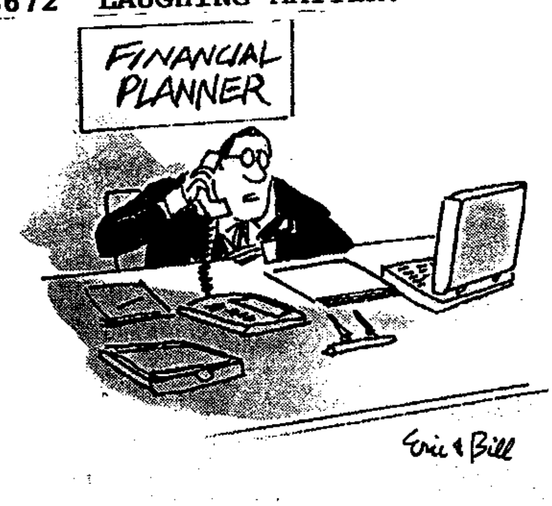
Zenger Miller, a San Jose, Calif., consultant, studied leadership at 450 organizations and surveyed 2,000 people on their views of leadership skills. The firm then came up with the top 10 competencies. They are, in order, the abilities to:

* Take initiative beyond the job requirement.
* Deal with individuals.
* Display technical skills.
* Solve problems and make decisions.
* Take responsibility.
* Support the team and group.
* Manage projects.
* Manage time and resources.
* Focus on the client.
* Manage the business process.

3671 **PRINCIPLE OF LEAST SIGNIFICANT MORALITY:** In any social group, the moral behavior of the group as an average will tend to sink to that of the least moral participant, and the least moral participant will, in that sense, control the group unless he is otherwise restrained and or expelled...Bad money may not always drive out good money, though it almost always does. But 'bad' conduct surely drives out 'good' conduct with predictable vigour and speed.'

-Melvin Tumin-

3672 **LAUGHING MATTER?**



"I have no experience with that kind of investment, but I'll be happy to provide advice."

Edited, Printed & published by N.H.ATTHREYA of **MMC SCHOOL OF MANAGEMENT** 3E1 Court Chambers, New Marine Lines, Mumbai 400 020.

Photo offset by **DAKS COPY SERVICE PVT. LTD.**, Mumbai 400 023.

Annual Subscription Rs.190/-.