



# Management Ideas



**FOR STILL BETTER**

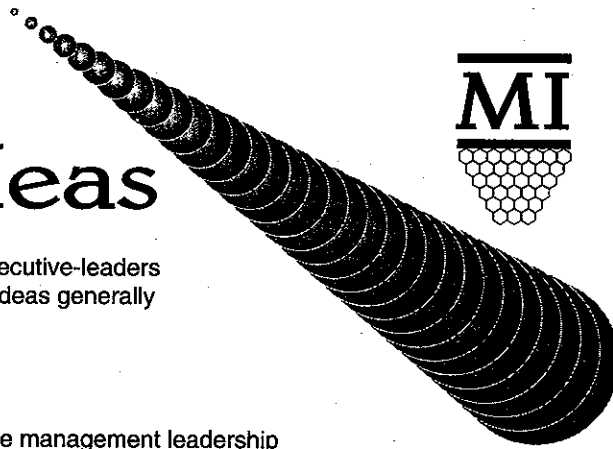
**RESULTS**

**RELATIONS**

**REPUTATION**

**RENEWAL**

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 management leadership



Published by: MMC School of Management III fl. Court Chambers, Bombay 400 020.  
Ph: 200 7911/200 0446 Fax: 208 0404.

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### 3727 FROM THE EDITOR'S DIARY

#### ELECTION THOUGHTS:

Instead of mourning and feeling helpless, may we not do our little to get what the country deserves?

Here are a few thought starters.

1. We can have brainstorming sessions.
2. We can take steps to see that eligible voters are in the voters' list.
3. We can urge voters to exercise their franchise.
4. We can tell party leaders to nominate people of standing, if they care for our support.
5. We can suggest to party leaders names to choose from, yes, for our constituencies.
6. We can have a contingency plan so that we have not to say: Nobody in the list deserves our support.
7. Let us do our very best to get what we want, whom we want.
8. Let us aim at getting into the Parliament 60

of such people who will become a force to reckon with — we can call it the Fourth Force.

9. We can identify worthy men and women to represent us in our constituencies, urge them to give us all a chance, and offer them all help.
10. Let us act in time. Managers is making things happen, and we are in the profession of management.

#### EXPERIENCE UNLIMITED

On the one hand, we maintain there is no substitute for experience. On the other, we unceremoniously let go people at 58 (60). Many of them are good for another ten years. We are letting go to waste the rich experience of thousands of talented and skilled professionals. We can ill afford this waste.

Extending their active life by another five years (as they do in the west) is only one option. I say 'one option' because this will be objected to by a vocal section of the organized workforce. There are fortunately dozen **other** ways of using this experience unlimited.

One is to use these retired people to mentor younger people. Another is to use them for short term assignments.

A third is to keep them on a retainer basis. Making them into panels of braintrusts and picking their brains can be another. Making them into a research team so that they can analyse and synthesise their experience and make it available to the community is yet another possibility.

Since I met a batch of prematurely retired services personnel, I have been feeling intensely for this section of our human wealth. The immediate provocation is that I came to know of one RK, a conveyor technology specialist who has also doubled as a Quality Circle Trainer and another BTD, a materials management specialist of 30 years standing, a master negotiator, a value-oriented, well-informed and highly current professional both of whom have joined this band of (utilised) Experience Unlimited.

Besides looking for and utilising such talents, an agency may be set up to make a national inventory, regularly updated.

### 3728 LEARNING FROM ARTISTS

*In a previous number (3721), we saw how management professionals are learning from teachers. (Incidentally, we came across a book on students management - **Gently and Firmly** is the title and C.J.Varkey is the author. It has parallels for people management in business and administration. The book priced at Rs.40 can be had from Select Books, 3E1 Court Chambers, New Marine Lines, Bombay 400 020). Here we see another source of learning, namely, the artists.*

The names Rembrandt, Picasso and Van Gogh are more likely to evoke images of paintings to covet than people to emulate. Yet success in today's competitive business environment requires the mindset of an artist, argue Richard D'Aveni of the Amos Tuck School of Business at Dartmouth in the US and Gary Hamel of the London Business School.

Both believe management theory has been masquerading as a precise science for too long. Prescriptions for better-run companies are often presented as absolute truths. In the 1980s, for example, building market share

became the Holy Grail of the business world; later re-engineering was the prevailing mantra.

Such ideas are valuable as a point of view, the two theorists told a recent annual Academy of Management meeting in Boston, - but nothing more. "Management is more art than science," says Mr. D'Aveni. "No one can say with certainty which decisions will bring the most profit, any more than they can create instructions over how to sculpt a masterpiece. You just have to feel it as it goes."

Mr. D'Aveni and Mr. Hamel reject formulaic management techniques in favour of a more fluid approach. Once executives realise there are no set rules, they might be more willing to discard conventional ways of thinking. It is a good time to be a maverick, they say, since old ideas have never been as useless as they are in today's business environment. "Companies should throw out the old ideas and let their imagination flow," says Mr Hamel.

Mr. D'Aveni, in particular, believes industries are experiencing a time of such rapid change and "hyper-competition" that companies are in constant danger of losing their position in the market. Improving technologies, globalisation and the speed at which information is disseminated mean barriers to entry have collapsed and corporate advantages can erode almost overnight.

Mr. D'Aveni cites the Seattle-based gourmet coffee chain Starbucks and the software group Microsoft, two companies that went from obscurity to household name-status in the US within a decade. "With things moving this fast, once-important techniques like corporate vision become meaningless," he asserts. "Companies have to constantly rethink the whole business."

To Mr. Hamel, the momentum of brand-names and strong relationships with customers and suppliers provide some degree of continuity. "Microsoft would have to ignore totally their products for at least three years before we'd see its market share fall," he believes. Yet the advantages of seniority are almost beside the point in today's markets, he says. Companies should measure their success not by the fact they are still around and making money, but by how many opportunities they have missed.

Mr. Hamel believes International Business Machines should look on Microsoft's very

existence as a failure on its part to capture a new market. Traditional coffee brands such as Nescafe and Maxwell House should view Starbucks as a golden opportunity for expansion that somehow slipped through their fingers. "The danger in today's environment is that the competition may not attack you head on, but eat away at growth opportunities over time until they've made you irrelevant," says Mr. Hamel.

Avoiding this fate, say Mr. D'Aveni and Mr. Hamel, depends on managers' willingness to discard old orthodoxies. If executives wish to fulfill their true potential, they must be willing to change the rules themselves, in the same way Van Gogh and Picasso revolutionized the art of painting during their lifetimes.

Richard Branson, chief executive of Virgin, is an example of a corporate artist, according to Mr. Hamel. He changed the concept of what an airline should be by stressing the fun of flying. Challenging such conventions is one of the best ways to bring about success in today's business environment.

"Industries are full of meaningless conventions," says Mr. Hamel, pointing to hotels an example. "Why, for instance, should people only be allowed to check in at 2pm and forced to leave by noon the next day, or pay an extra night? I rent a car for 24 hours, and choose the time of pick up and drop off. Hotels could do the same."

While executives must be wary of management techniques that are presented as gospel, certain mind-sets makes original thinking in the business environment more likely, say Mr. D'Aveni and Mr. Hamel.

Concentrating on the customers, may be the best way to spark creativity, they say, pointing to the supermarket chain Tesco. "Tesco changed the way it dealt with its customers by having smart cards to track purchases and reward its most loyal buyers," says Mr. Hamel. "It changed the rules of the industry."

Business people should constantly question the very definition of their industry, they say. Until last year, the US book store chain Barnes & Noble was concentrating most of its efforts on fighting rival Borders for market share in the physical world, building mega-shops within a stone's throw of its competition. "But then along came Amazon.com (the internet book

shop) and all of a sudden, the very idea of a book store is different," says Mr. Hamel. This year, Barnes & Noble made a large commitment to the world wide web to fend off the new threat.

It is easy to accept the argument that companies would be more successful if all managers were as creative as Mr. Branson or Bill Gates, Microsoft's chairman. But is that a realistic goal? Mr. Hamel believes it is, and has started a special consulting group, Strategos, in California, to accomplish that task. "I think being like Branson is something that can be learned, to a certain extent, he says. "Most famous artists went to art school."

While few art school graduates become Picassos, Mr. Hamel believes "You can still elevate the level of their work by teaching them to be heretics. That's what I aim to do."

Source:Victoria Griffith in Financial Times

### 3729 YELLING HURTS:

*That it does, every one knows. Conviction on the part of the modern educated person, however, waits for a research finding! If one has been waiting, here is one.*

Every one knows that. These days, unless there is research to back such a statement, some continue to yell. Here is some news for them.

And now, here's a loud and clear lesson from folks who know what they're talking - or yelling - about.

US Army drill instructors are famous for barking orders at full volume. But this week, at a meeting of the American Academy of Otolaryngology-Head and Neck Surgery Foundation in San Francisco, researchers reported that all that yelling is bad news for the throat.

The researchers, led by Dr. Eric A. Mann, an otolaryngologist at the US Food and Drug Administration, studied 42 drill instructors participating in an intensive training program.

After only five days, special video exams of their throats showed swelling of the vocal cords, redness, and changes in the physical appearance of the edges of the cords, said Julie Barkmeier, a University of Arizona speech

and language pathologist who was a co-author of the study.

"Long-term vocal abuse can cause permanent damage," she warned, "and these subjects showed significant damage in just five days."

Her message to teachers, actors, singers, cheerleaders, police officers, and anyone else who uses his or her voice a lot is to back off a bit. And if you get laryngitis, she said, "let your voice sound crummy. Don't try to make it sound normal".

*Source: Boston Globe*

### **3730 A WORKPLACE SURVEY**

*Some countries conduct national surveys on various work-related issues. Canada is one such country. We too may. The findings will give us an idea of trends. Knowing and managing trends, it is said, is an important function of key executives.*

Most Canadians are happy with their jobs but less so with their employers, says a recent national workplace survey.

And nearly 40 per cent reported they always keep their resumes up to date.

The survey, done for Royal Bank of Canada by the Angus Reid Group, also shows that Canadians are working longer hours than last year - an average of 40, compared with 38.

The happiest people work for themselves or in companies with five or fewer employees. Over all, 87 per cent of 1,000 people interviewed said they are "very" or "somewhat" satisfied with their jobs.

But despite that, a majority feel their companies care more about customers and even about the community than about staff.

Companies get high marks for being flexible in letting employees respond to personal responsibilities, but they fall down on providing feedback and a chance to get ahead. Only 40 per cent felt their companies provided opportunities for advancement.

Top on the list of barriers to job satisfaction was red tape. Office politics and paperwork tied for second with mentions by 30 per cent of respondents. "Your boss" came in at 21 per cent.

Employees reported that the skills that are the most important in today's workplace are flexibility, followed by an ability to take responsibility, teamwork and innovative thinking. But they were less confident about being good at those things.

Despite these concerns, four-fifths of respondents said they feel they have the skills to get another job if they lose their current one. And two-thirds would still rather stay with one employer for most of their careers if they could.

The 1,000 interviews across the country were done by phone between Aug. 28 and Sept. 3. The results are correct to within plus or minus 3.1 percentage points 19 times out of 20.

### **3731 PCs WASTE WORKERS' TIME?**

*It is to save waste of time that we often go for computers. If we are not alert, the solution may create a problem. A recent survey alerts us to this fact.*

Personal computers are a big waste of time, according to a new survey by the European subsidiary of the software company Santa Cruz Operation Inc.

The survey, conducted for SCO by the London-based Harris Research Centre, says that every employee who uses a PC can waste up to three weeks of working time a year, just dealing with the glitches, hiccups and in comprehensibility of their systems.

On an average, each employee surveyed lost 100 minutes a week during the first month a new system was introduced, according to the survey of 400 PC users in medium-sized and large companies in Europe.

"Consequently, the latest software isn't empowering these users - it is disrupting their working day," says Geoffrey Seabrook, general manager of SCO's European division, based in London.

At first glance, it might seem odd that a software company is promoting research that questions the value of PCs, but the Santa Cruz, Calif.-based company has been an ardent supporter of the networker computer.

Network computers rely entirely on the network to which they are connected for all their programs and files. They do not have their own hard drives for storage and consequently, NC

promoters say, they will be cheaper and easier to use because users can't add their own software or change settings on the machines.

The cost benefits of NCs remain to be proved and so far, corporations haven't been lining up to test the theory with the first generation of network computers coming on to the market.

But the SCO survey is not the first piece of research that questions the benefits of technology.

Gartner Group Inc. of Stamford, Conn., has calculated that a PC in a corporate setting costs about \$13,000 (U.S.) a year. Connecting that PC to a network and giving it a few standard programs adds about \$1,700 to that, Gartner says.

Then there's another \$3,500 worth of technical support for each user and about \$1,200 for technicians to keep the network running properly.

On top of those expenses, Gartner adds what it calls "the futz factor," which is the time employees waste futzing with their computers instead of working.

Gartner estimates that adds about \$5,600 a year to the cost of a PC.

Another company, SBT Accounting Systems Inc., of San Rafael, Calif., surveyed 6,000 workers with PCs and calculated the futz factor at 5.1 hours each week per employee. The value of all those wasted hours in the United States was \$100-billion a year in lost productivity, SBT says.

"According to the studies I've been doing over the past four years, problems with using computers take up 4 to 10 per cent of a user's time," says Margaret Hurley, a partner in the Toronto-based management consulting firm Daruma Management Services.

The issue has been dubbed "the productivity paradox," because North American industry has been investing billions of dollars over decades in computer technology, and over that same time productivity growth has declined.

The productivity paradox is largely anecdotal, Ms. Hurley says, because companies rarely define the productivity improvements they expect to get from an investment in technology.

Nevertheless, she says surveys such as SCO's, which question the return on technology investments, have had an effect on the information technology industry.

"For the longest time, the IT department could spend", spend, spend, because they were going to make everybody more productive," she says. "But that game is over because nobody has proven the productivity of the technology. Technology budgets are getting cut."

*Source: Geoffrey Rowan in The Globe and Mail*

### **3732 THE RIGHT WAY TO MAKE STRATEGY - A Global Study**

*Here is a report of a global study on how CEOs strive to achieve sustained growth for their companies.*

Why do 93 per cent of CEOs fail to achieve sustained growth for their companies.

In a single year, 40 per cent of firms can chalk up revenue growth of more than twice the GDP. Yet only 7 to 8 per cent of them can maintain this performance for eight years.

These revelations come from Bain & Co. research covering 65,000 U.S. and European companies across all industry segments.

You might think the winning companies are in high-growth product areas or are operating in benign environments. Not so. Examples abound of winners and losers in every industry. There are no "bad" businesses or "bad" sectors. But clearly there is bad (and good) management.

The problem is that few companies are equipped for the fluidity of market share that has been the pattern over the past decade. The business environment is in constant flux. It punishes organizations that don't have the right strategy.

Indeed, strategy is no longer something you do every three years in a formal exercise and then put on a shelf in a binder. It is something you must live every day by adapting to the rapidly changing environment.

All this brings us to the elusive definition of strategy. Derived from ancient Greek, strategos is a military term meaning "what a general

does" or "the art of the general." It is a set of actions aimed at increasing the chances of victory. Simple as it may sound, the term often get misinterpreted.

Strategy does not lie in a generic, motherhood sentence: "Our strategy is to be the leader in this industry segment." That is an end, not a means. It is seldom developed at an off-site meeting, where opinions fly and turf gets protected. Strategy is the "how" of running a business and it can only be developed after all the industry and competitive data describing a company's position has been collected and analyzed.

We can then arrive at a statement such as, "We will be the leader in customer service to a specific customer segment by outspending our competition in technology, man-power and compensation."

Developing this sort of statements and defining the expected results will yield a strategy. It is not a compromise or a common denominator, and it must be based on facts to provide consensus. It is a robust, data-driven, outwardly focused analysis that should be lived every day.

If having the right strategy is the answer, how should companies create one? There has to be a sharp competitive focus on the following four questions:

**Where should I choose to compete?** If this leads to a simple answer, you are probably thinking too narrowly. Business definition is a fundamental strategy development tool, which must address a number of factors. It should include the economics of customers, their preferences and behaviour. It must consider the economics of the industry, the effects of scale and experience curves.

It should identify the critical levers and actions that stand between current performance and full potential.

**Who should my core customers be?** This question demands that you identify where you make money. You need a strong model of segmentation, based on attitudes, needs and behaviour, not demographics. And you must have a rigorous customer and product profitability model.

One company was amazed to learn that 70 per cent of its direct profit and more than 100 per cent of its full profit was generated by less than 60 per cent of customers. It was losing money on 40 per cent of its clients. Implicit here are some tough choices, but trying to be everything to everyone will lead you to being nothing to nobody.

**How should I differentiate competitively?** Why will a customer in your target segment select your company? Is it price, selection, service, quality, convenience or something else? How does your unique offering to customers compare with that of competitors in the battle for market share?

What advantages do you have (real or perceived by the customer), how large are the competitive gaps, how important is the gap to the customer, and how long-term is the advantage likely to be?

**How should I discourage competitors' investment?** All of the above is useless if your competitors do the same analysis, reach similar conclusions and then act bolder and faster. Many large corporations resist making bold moves in favour of a more modest approach.

Ask Arthur Martinez, CEO of Sears Roebuck, for the secret to his company's turnaround, and he will likely cite management's ability to act swiftly and decisively. If you have done your homework and answered the questions, outinvesting your competition in your key customer segments is not risky at all.

In fact, the risk resides in failing to outflank the competition and just sticking your toe in the water.

*Joe Shlesinger in Globe and Mail.*

### **3733 DISABILITY MANAGEMENT:**

*A problem phenomenon can be made an opportunity, if creatively handled. Disability is one such phenomenon. This is how industry has handled it in one part of the world.*

What began as the sad case of a man known only as D.J. has had a happy ending, sending a message to employers throughout British Columbia and across the country.

D.J., 37, was working on a floating pile of logs when a tugboat rammed it, sending him flying.

His resulting injuries caused him considerable, chronic pain and difficulty in getting around. He returned to work, but couldn't continue because of the pain. Encouraged to stay at home and rest, he found he could no longer play with his children. He became depressed and lost contact with his friends. He said he felt like a "loser" and a "cripple" and depended increasingly on medication.

Then his employer launched a "return-to-work" program and D.J. began meeting with the company's disability management team. They consulted with him, his supervisor, his doctor and others and sent him to a pain management program. From that he gained confidence, and the team helped him develop a plan for his gradual return to work. D.J. did tasks that had been contracted to outside suppliers but were within his capabilities.

He increased his hours and days at work, performing guard duty, security and first aid. Now, once again, D.J. is working full-time.

This case study, from a report titled **Disability Management Program Graduates: Making a Difference in the Workplace**, is typical of the experiences of an increasing number of disabled workers in British Columbia and across Canada as more employers adopt the idea of disability management.

The report was issued in February by the National Institute of Disability Management and Research, based in Port Alberni, B.C. Soon the institute launched a book, **Strategies for Success: Disability Management in the Workplace**.

The book, a compilation of Canadian and international perspectives on the subject, "is good, down-to-earth stuff and important reading for human resources people, union leaders and management," said Peter Lawrie, director of labour relations at MacMillan Bloedel Ltd.

That Vancouver-based company was one of the progenitors of the institute in 1994 and, along with competitors including Canfor Corp., Weyerhaeuser Canada Ltd. and Fletcher Challenge Canada Ltd., is funding the organization to the tune of 3 cents for each hour worked in its operation for three years.

For MacMillan Bloedel, the biggest employer in the B.C. forest industry, that runs up to a total of close to \$450,000, Mr. Lawrie said.

Companies that have set up disability management programs are finding that they pay big dividends. MacMillan Bloedel itself established one last year at its specialty paper operations in Port Alberni on Vancouver Island. Previously, Alberni's long-and-short-term disability costs ran at three times the industry average. "Workers who became injured or disabled...were being largely ignored and forgotten," the report says.

Already, the Alberni program, which the report says "has had strong support and endorsement from upper-level management and the union," has had a significant impact:

- The operations saved \$1.25 million in one year.
- The number of workers on long-term disability plummeted to 48 in July, 1996, from 76 a year earlier.
- The number of lost-time accidents remained essentially unchanged, but the number of days lost as a result of an accident dropped to a little over four days on average from the average before the program of 20 days.
- Alberni's disability insurance rates dropped dramatically, by as much as 25 per cent. Part of that will produce yearly savings of \$480,000 for Alberni's workers.

A study by the institute estimated that the effects of disability cost British Columbia's economy 8 cents for every dollar earned or, in 1994 dollars, \$3.6-billion a year. Employers pay the biggest share of that total, 35 per cent, followed by workers and their families at 27 per cent.

Costs are similar across Canada and the Port Alberni-based institute's message is spreading rapidly across the country as employers, national unions, workers' compensations boards, provincial governments and the federal government come on board.

"It has become a labour of love for many people," Mr. Lawrie said. The biggest benefit is the difference it makes to people who are able to get back to work" when it seemed that all doors were not only shut but bolted and locked."

Obviously there is some financial benefit for both the company and the [workers] and both levels of government as well. It's hard to imagine a downside. It makes you wonder: Why isn't everybody doing it and why wasn't everybody doing it for a thousand years?"

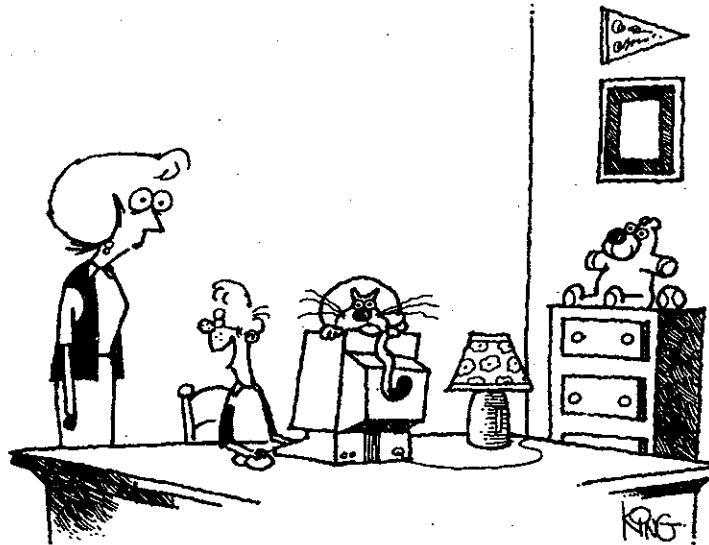
Source: Patricia Lush in *The Globe and Mail*

### 3734 LAUGHING MATTER?

A wealthy man died as all humans die and arrived outside the Pearly Gates. He was annoyed to know that before entering he is to explain why he should deserve admission. He told St. Peter that on a cold winter's day he had given two rupees to an old lady who was starving and on another similar occasion he had given one rupee to a little boy whose parents had been killed in an accident.

St. Peter said : Wait a moment. Let me check with Gabriel.

Gabriel said : Give him his three rupees back and tell him to go to hell



*"Good news, Mom! I've accessed your financial records, and it appears you're well within your means to increase my allowance"*

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**Edited Printed & Published by N.H. ATTREYA of MMC SCHOOL OF MANAGEMENT**  
3E1, Court Chambers, 35 New Marine Lines, Mumbai 400 020

**Annual Subscription Rs.190.**

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