



Management Ideas

FOR STILL BETTER

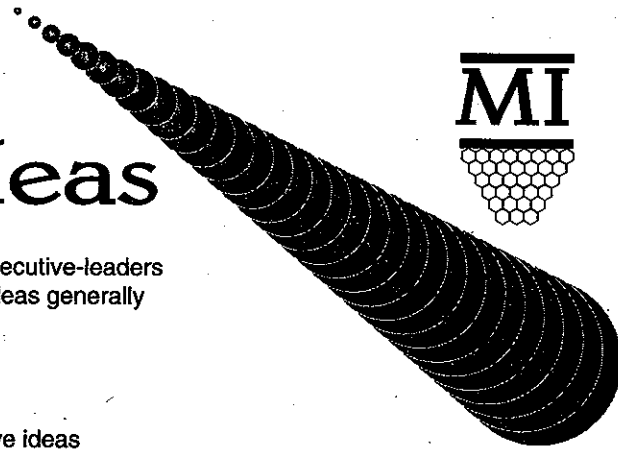
RESULTS

RELATIONS

REPUTATION

RENEWAL

a monthly newsletter to key executive-leaders on practices, possibilities and ideas generally for stepped up performance
edited by
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on problem-solving and creative ideas



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3686. FROM A CONSULTANT'S DIARY:

Three readers have recently written me to the following effect: "You are researching and giving material that will help us add value to our organization. We appreciate it. We would, however, welcome your own experiences, in our country. Professional ethics may not permit you to divulge names of your clients or their special problems. Providing for that, you can probably share your experiences, perceptions and practical guidelines."

I will respond to this suggestion to the extent I can.

Over a period, I found most clients NEED only brief consultations, whether on an ad hoc basis or on a continuing retainer basis. I offer therefore just that. For detailed studies, either I guide the company personnel or work with my associates.

LONELINESS AT THE TOP:

Top Management members have the problem of loneliness. They would like to discuss with an informed and objective and confidential person some of their pressing problems. Not that they are looking for an answer from this person. Talking it over with another helps them clarify their thinking. In a sense, this person is

a sounding board. Ofcourse, he can be more. He can present points of view that may not have occurred to the Chief. The crucial thing is one escapes the tyranny of loneliness and its likely consequences on the individual and organizational wellbeing.

KEEPING GOOD KEY PERSONNEL:

Opportunities in the country and outside the country have increased for key personnel. Head hunters are very active. Any salary decision has to take into account the implications on the other personnel. Key personnel are key personnel and we have to act in time. A short whole brain discussion with a catalytic thinker helps.

CURRENT REALITY AWARENESS:

Companies are bothered about people working together to meet the changing needs of the customer and the challenges liberalization poses. The problem as perceived is that 'they' are still living in the good old days of rationing.

People are NOT dumb or dull. They feel sort of paralysed. Things have changed much too much and much too suddenly. They need gentle, "motherly" help in transition thinking and

strategy. They do not want another study and a report.

PERFORMANCE ASSURANCE OR PERFORMANCE APPRAISAL;

Companies are getting disenchanted with the conventional performance appraisal systems. The appraised are not happy, nor the appraisers. Happiness apart, what is the big purpose of the exercise? Sitting in judgment over someone else? Certainly not. It is ASSURING PERFORMANCE. Why not say so and do whatever is necessary in a straight and simple way?

3687 WHY DON'T WE?

"What you stroke is what you get". This is as true of an organization as it is of an individual. Business journalism has joined the mainstream journalism in recent times. That is good. What is not good is that it has taken to the traditional way of reporting mostly what is sad, bad or mad. What is needed is developmental journalism - a new and healthy tradition of reporting successes in every sphere of corporate life. A beginning can be made by setting up a body like the one described in the accompanying item from Los Angeles Times.

TV producer Norman ("All in the Family") Lear has danced on the entertainment high wire more than a few times. And he has ample rewards to show for his risk taking.

At 74, Lear is in the business these days of rewarding companies that dare to be different in the corporate realm. His Business Enterprise Trust, founded in 1989 in Stanford, Calif., seeks out companies that do good things for their employees and, by so doing, boost their own bottom lines.

President Clinton is slated to be the keynote speaker as the trust presents its 1996 awards to individuals and companies demonstrating courage, vision and integrity.

"The corporate climate is generally judged to be cold to the worker," Lear said in an interview. "Here are some terrific examples of the opposite."

- **McKay Nursery Co.** This retailer and wholesaler of ornamental trees and shrubs, based near Madison, Wis., in the town of Waterloo, is noteworthy for a number of

innovative strategies relating to its employee stock ownership plan. Since its founding a century ago, the company has viewed its goal as "creating success for lots of people," said President Griff Mason.

In the 1960s, McKay realized that competition was fierce for the limited pool of migrant workers from Texas and elsewhere who made their way north to help with seasonal farming. So the company began treating them with respect, providing exemplary living and working conditions.

Under its ESOP, McKay extends ownership stakes to migrant workers, just as it does to full-time, year-round employees. In addition, the company offers profit sharing and bonuses to all employees. As a result, 90% of the seasonal workers return annually.

The company feels strongly that the loyalty of its work force has been key to achieving a string of record sales and earnings.

- **Donna Klein and Marriott International Inc.** Faced with daunting rates of turnover, absenteeism and tardiness among lower-wage workers, who constitute more than 75% of its 180,000 employees, Marriott developed a confidential, 24-hour hotline to provide counseling on personal problems.

The Associate Resource Line was the brainchild of Klein, director of the hotel company's work/life programs, and the Partnership Group, a work/life consulting firm in Philadelphia. Last year, in the program's first full year, more than 3,000 workers tapped the service, asking trained counselors' advice on immigration problems, school and parenting troubles, domestic violence and substance abuse.

"This is part of our holistic approach to supporting employees' personal lives," Klein said from her office in Bethesda, Md.

Turnover has plummeted to 50% a year, half the industry's typical level. About 10% of those using the service said they would have resigned without the help. Workers report that they feel less stressed and more positive toward Marriott.

- **Motorola Inc.** At a time when cost cutting reigns in its ultra-competitive industries, the Schaumburg, Ill., maker of cellular phones

and pagers continues to invest heavily in training. In 1995, it spent \$200 million to upgrade the skills of its 140,000 employees. That amount represented 3% of the company's total payroll budget and three times the average invested by American industry. **Motorola says it reaps \$30 in productivity gains for every dollar spent on training.**

Every employee must complete at least 40 hours of course work annually, with some workers in highly competitive areas needing as much as 700 hours.

- **Yla Eason.** Eason, who holds an MBA from Harvard, was spurred in 1985 to start a company to develop "ethnically correct" toys because of her inability to find an African American action figure for her young son. Her Olmec Toys in Richmond, Va., has helped persuade big retailers to embrace the marketing potential of multicultural toys.

Receiving the lifetime achievement award will be **Max De Pree**, 72, retired chief executive of Herman Miller Inc., a furniture maker based in Zeeland, Mich. As CEO, De Pree instituted work teams and a stock-based profit-sharing program. He is also a best-selling author of books about leadership.

Since the Business Enterprise Trust began spotlighting socially responsible companies, it has also produced short documentaries about award recipients that it has contributed to more than 450 business schools nationwide. With a \$1.1-million grant from the Ford Foundation, to be announced along with the winners on Tuesday, the trust plans this year to assess the effectiveness of its programs. That evaluation will postpone the 1997 awards until the fall of 1998.

Source; Martha Groves in L.A. Times

3688. CULTURAL EDUCATION:

A cultured person is a mature person. More than any other trait, what is needed in the workplace is maturity at all levels. One simple way to give cultural education to our work force is to give them a subscription to a journal that talks of the more basic values of life. Such journals are available in every language. For example, in Gujarathi, there is the monthly,

Shri Ramakrishna Jyoti, ably edited by Swami Nikhileswaranda and published by Ramakrishna Ashrama, Rajkot 360 001. Annual subscription is only Rs.40. If you take 11 subscriptions, you pay only for ten, namely Rs.400, I am told.

3689 DEALING WITH OFFICEMATES

We all wish to produce results for our organization. This we cannot do alone, we find. We want the co-workers to get along well with us. And some of them we find 'terrible'. How may we deal with them - so no one is hurt? Morey Stretner discusses this dilemma in a recent issue of the Investor's Business Daily:

You can pick your friends, but you can't always pick your co-workers.

So whether you supervise someone who's annoying or work with a peer whom you loathe, you must find a way to cope. If you don't they'll bring out the worst in you.

Equal doses of patience and understanding can help you deal with co-workers you don't like, management experts say. The main challenge is to refrain from harsh judgments and to avoid focusing on those personal traits that irritate you.

"You don't have to like someone to work with them," said Stephane Brutus of the Center for Creative Leadership, an executive education group in Greensboro, N.C. "Most people don't get along with others who are different from themselves. So if you're talking with someone who's not like you, don't judge them as right or wrong. Just accept them as different and move on."

Here are some more tips to keep your cool whenever you face co-workers you don't like:

- **Empathize.** Rather than dwell on how much you dislike people, use that same energy to try to understand their behavior. Ask questions to learn how they think and why they act the way they do. Pretend you're a scientist in search of answers

"I take three deep breaths and consider the other person's point of view," said Sue Leonard, an in-house management consultant for Amoco Corp. in Chicago. "My goal is to figure out their own logic, not impose mine."

She gives the example of a colleague who "gets very detailed, to the point where we

just didn't get along." Her solution: "Rather than fight her on her constant need for detail, I tried to understand why she needed it. And I learned that because she works for a very policy-oriented part of the organization, detail was a required part of her job."

- **Identify areas for improvement.** By isolating exactly what you dislike about people, you can come up with ways to help them change whatever bothers you.

Florence Stone, author of the new book, "The Manager's Balancing Act," recalls speaking with a manager who didn't like one of his employees. "He said that this person who worked for him was like a gnat who kept coming up with idea after idea without implementing any of them. He said he just couldn't listen to this person anymore because he knew that regardless of the idea, it wouldn't be pursued."

Stone suggested the manager ask the employee to attach an action plan with at least three specific steps to any new idea. "By asking his employee to research the idea and submit a plan that included the cost of implementation, this very creative person became more disciplined and less annoying to work with."

- **Disengage when possible.** An obvious solution to dealing with people you can't stand is simply to avoid them. But that is not always possible, especially in today's team-crazed workplace.

"If you must be around someone you don't like, take steps not to reinforce the very behavior that drives you crazy," said Suzanne Zoglio, an executive coach in Doylestown, Penn.

Zoglio, the author of "Teams at Work," gives an example of an executive she coached who managed an employee who constantly griped. "The last thing he should have been doing was giving eye contact and engaging the employee in prolonged conversation," she said. "Beware of looking sympathetic while people gripe or even unintentionally supporting what they say by responding, 'I see what you mean.'"

Instead, she recommends looking away from complainers so as not to encourage

them. This should cut the amount of time you spend listening to their whining. It also sends a subtle message that to get your undivided attention, they need to shape up and stop complaining.

- **Direct with questions.** You can make someone aware of unlikely behavior without having a confrontation.

"Rather than simply describe what you don't like about a person, shift to a question," Zoglio said. "If you make a statement, you may make it hard for others to react effectively and do something positively. But by asking a question about their behavior, you can guide them to seek a solution by having them come up with an answer."

For example, if you resent a co-worker's habit of insulting fellow workers behind their backs, you can ask, "Wouldn't you prefer to discuss the matter with that person face-to-face?" or "Would you choose to say the same thing to their face?"

3690 LEADERS IN THE ENGINEERING INDUSTRY: A SURVEY

What are some of the leaders in the engineering industry doing in UK and Germany - to stay as leaders? A survey study was organized by Financial Times. Here is a brief report.

David McMurtry surveys his engineering workshops tacked on to a disused woolen mill in Gloucestershire and says: "I look at this as my hobby. I'm going to keep at it until I drop." He is chairman and chief executive of Renishaw, the world leader in measuring probes for machine tools, which he founded 24 years ago.

While Renishaw is publicly quoted, McMurtry controls 53 per cent of the voting shares. He guides the company with a philosophy based around constant product development, near-obsessive attention to technological detail, and emphasis on building up marketing strengths.

McMurtry is probably Britain's closest equivalent of a Mittelstand - boss of one of the thousands of medium-sized, mainly privately-owned, engineering companies in Germany. The word Mittelstand has no literal English translation, but stands for a community

of independently minded businesses with a strong strand of family ownership.

These companies form the backbone of Germany's economy through a twin focus on advanced technology and niche marketing. Many are having to fight hard to retain their technical and marketing leadership because of high German wage costs and increasing international competition.

Even so, the Mittelstand will almost certainly continue as a source of economic strength for Germany.

There are many lessons to be learnt for countries such as Britain, which has few equivalent companies perhaps a few dozen in total, according to Hermann Simon, a Bonn-based management consultant.

In an effort to draw out some of these lessons, the Financial Times has talked to the chief executives of 20 Mittelstand-style engineering companies, drawn equally from Germany and Britain.

All the companies selected for this series are world or European leaders in their fields. They have annual sales from \$20m to \$3bn, and are specialists in product niches from knitting machinery to combine harvesters.

All 20 depend heavily on sales outside their home country. As a proportion of total revenues this figure is on average 69 per cent for the German companies and 73 per cent for the British ones.

The businesses share a number of other traits, including an accent on product and process innovation and a focus on stable parts of the engineering industry with limited competitors.

Virtually all have a long-term vision for their businesses, often set either by an authoritarian-minded founder who retains a controlling stake, or by managers who have spent most of their careers in the same industry.

The 10 German companies in the sample have average annual sales of \$736m and 4,700 employees, more than twice the comparable figures of \$308m and 1,800 for the UK companies. The German businesses are also longer established, with an average age of 79 years as opposed to the 53 years for the UK businesses.

All but one of the German companies are privately owned - and this exception, Krones, the world's biggest maker of bottling systems for breweries, is quasiprivate, with the members of the founding family having a majority stake.

Of the 10 UK businesses, three are private, two - including Renishaw, are quasi-private - and the other five are publicly quoted with no dominant shareholder.

Possibly the most significant shared characteristic of both the German and British companies is a service-based culture. The companies graft on to the production-oriented disciplines of the conventional manufacturer some of the customer-focused values of businesses such as retailing.

Putzmeister, the German company which is the world's biggest maker of concrete pumps for the construction industry, pays special attention to building customer loyalty. This is done partly through special seminars on concrete science for several thousand customers a year which are held at Putzmeister sites around the world.

"We want to be close to customers so we can react to their needs," says Karl Schiecht, Putzmeister's founder and chairman who, when not quoting from the Bible to spur on his employees, is fond of combing the internet to search for new technical ideas to add value to his pumps.

Spirax-Sarco, a publicly quoted UK company and the world's biggest maker of steam-control equipment, has 650 sales engineers who involve themselves with all the steam-related aspects of their customers' businesses.

Spirax-Sarco relies on this close relationship for repeat orders for half its \$400-a-year sales, 86 per cent of which come from outside Britain and are spread around 100,000 customers. "We are not so much a manufacturing business as a marketing company selling specialist knowledge," says Tim Fortune, the company's chief executive.

The Mittelstand companies in both countries sell almost exclusively to industrial customers - rather than to the more fickle consumer market. "Our marketing is done by engineers who sell on the basis of logic," says Jurgen Schaefer, president of Netzsch, a German

group which is the world's biggest in specialist filters used in the ceramics industry.

This "know your customer" emphasis spills over to a relentless search for product improvements. Viktor Dulger founder and chairman of Prominent, the Heidelberg-based company which is the biggest in the world in metering pumps used in water treatment, travels the globe talking to industry users about new applications in fields as far removed as fish farming and apple orchards.

A third important point of strategy includes a focus on specific areas of business which the companies believe they are good at - and a refusal to stray too widely beyond this.

Otter Controls, a privately owned UK company which is one of the top two suppliers globally of thermostats for domestic appliances and cars, has about 40 engineers working full time on process development and automation for the company's own use. Otter does this "to avoid helping competitors," says Bill Preece, chief executive.

Heinz Hermann Thiele is chairman and owner of Knorr-Bremse, a Munich company which is the world's biggest maker of railway brakes and is also the number two in heavy-truck brakes. "We live and die on brakes - we won't go off and produce doughnuts just to make money," he says.

The most commercially successful of any of the 20 companies has been Halma, a publicly quoted UK company which has a strategy entirely of its own making. Over the past 27 years Halma has bought nearly 70, mainly small, technology companies and turned many into world leaders in niche fields such as fire detectors, electronic leak detectors for water pipes and mechanical fail-safe interlock equipment for railways and chemical plants.

The strategy boils down to the "remorseless application of common sense," according to David Barber, chairman of Buckinghamshire-based Halma. He has headed the company since the early 1970s and, since that time, Halma has turned in one of the best earnings per share records of any quoted UK business, with a 400-fold rise in the share value. Says one UK engineering analyst of Barber "God does exist and he is running a small engineering company in Buckinghamshire."

The biggest difference between the UK and German companies in the sample relates to their ownership: because of their predominantly private ownership the German businesses are subjected to fewer short-term pressures from shareholders, compared to the mainly publicly quoted UK enterprises.

Most of the German companies reckon the British financial system is a handicap to the growth of their type of businesses, and none of the privately held UK companies have any inclination to go public, all stating it would be detrimental to their ambitions of building up their businesses.

But this view is contested by the UK's quoted Mittelstand equivalents. "I haven't found stockmarket pressures terribly distracting. It's our competitors and customers who do most to keep us focused," says Bill Whiteley, chief executive of Rotork, a Bath-based business which is the world's biggest maker of heavy-duty valve controls for fields such as oil refining.

The spirit of the Mittelstanders is summed up by the approach of Renishaw's McMurtry, who with 370 patent fillings over the past 25 years combines an inventive streak with the determination of a marathon runner. McMurtry's ideas are behind many of the new measurement products brought out by the company in the past five years which have helped it to a near doubling in output and a similar rise in profits.

The trick, says McMurtry, is continually to be thinking of "new ways of doing things", and to put these into production before potential customers work out how to do it themselves.

Source: Peter Marsh in Financial Times.

3691 WHAT MAKES A GOOD ASSISTANT?

The words 'employee' and 'subordinate' look awkward to me. We may consider the words 'junior' (in position) or 'follower' (as against a leader in status). Since the function is essentially one of assisting, we may use the word 'assistant'.

Today's assistant is tomorrow's manager or executive - he is manager in the making.

Typically, most writings focus on the manager. Here is a piece on the assistant and that by Bill Gates of Microsoft fame.

I'm often asked how to be a good manager, a topic I've taken on in this column more than once. Less often does anybody ask an equally important question: What makes a good employee? Here are 10 of the qualities I find in the "best and brightest" employees, the people companies should attract and retain.

If you have all of these attributes, you're probably a terrific employee.

First, it's important to have to have a fundamental curiosity about the product or products of your company or group. You have to use the products yourself.

This can't be stressed enough in the computer world. It also carries special weight in other knowledge-based fields where technology and practices are advancing so fast that it's very hard to keep up. If you don't have a fascination with the products, you can get out of date — and become ineffective — pretty quickly.

Second, you need a genuine interest in engaging customers in discussions about how they use products — what they like, what they don't like. You have to be a bit of an evangelist with customers, and yet be realistic about where your company's products are falling short and could be better.

Third, once you understand your customer's needs, you have to enjoy thinking through how a product can help. If you work in the software industry for example you might ask: "How can this product make work more interesting? How can it make learning more interesting? How can it be used in the home in more interesting ways?"

These first three points are related. Success comes, from understanding and caring deeply about your products, your technology and your customers' needs.

Fourth, you as an individual employee should maintain the same type of long-term approach that a good company does. Employees need to focus on lifelong goals such as developing their own skills and those of the people they work with. This kind of self-motivation requires discipline, but it can be quite rewarding.

Management can also encourage motivation, of course. If you're in sales, quotas are important tools for measuring performance, and it's great when employees beat a quota.

But if beating your sales quota or maximizing your next bonus or salary increase is all that motivates you, you're likely to miss out on the kind of teamwork and development that create success in the long term.

Fifth, you need to have specialized knowledge or skills while maintaining a broad perspective. Big companies, in particular, need employees who can learn specialties quickly. No one should assume that the expertise he has today will suffice tomorrow, so a willingness to learn is critical.

Sixth, you have to be flexible enough to take advantage of opportunities that can give you perspective. At Microsoft we try to offer a person lots of different jobs through the course of a career. Anyone interested in joining management is encouraged to work in different customer units, even if it means moving laterally within the organization or relocating to a different part of the world.

We try to move people from our product groups out into the field and move field people into the product groups. We have many people in our U.S. subsidiary from other countries, and we have many U.S. employees who work for subsidiaries in other nations. This helps us better understand world markets, and while we do a pretty good job of cross-pollination, there's still not quite as much of it as I would like.

Seventh, a good employee will want to learn the economics of the business. Why does a company do what it does? What are its business models? How does it make money?

I'm always surprised to learn of a company that doesn't educate its employees in the fundamental financial realities of its industry. Employees need to understand the "make or break" aspects of their industry so that they know what it is about their own job that really counts. Of course, employees have to be willing students who direct attention to the areas where it makes the biggest difference.

Eighth, you must focus on competitors. I like employees who think about what's going on in the marketplace. What are our competitors doing that's smart? What can we learn from them? How can we avoid their mistakes?

Ninth, you've got to use your head. Analyze problems but don't fall prey to "analysis

paralysis." Understand the implications of potential trade-offs of all kinds, including the trade-off between acting sooner with less information and later with more.

Use your head in practical ways, too. Prioritize your time effectively. Think about how to give advice crisply to other groups.

Finally, don't overlook the obvious essentials such as being honest, ethical and hardworking. These attributes are critical and go without saying.

Source: Buffalo News

3692 RECOMMENDED BOOKS

THE FRANCHISE SURVIVAL GUIDE;

*Subtitled "Real World Solutions for Turning your Investment into a Money Making

3693 LAUGHING MATTER?

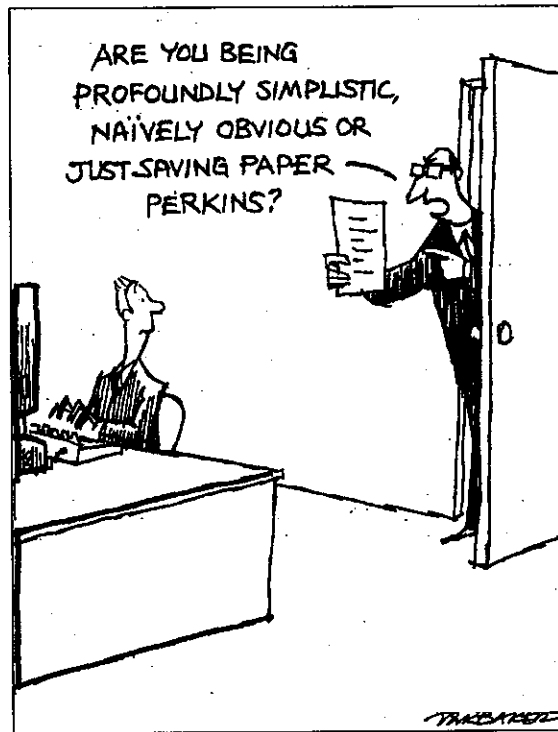
Business", this book by Carol B. Green, a successful, hands on franchise expert, gives in detail how one may go about, if one is considering franchising his product or service operations.

The franchise business is big business in U.S.A. It has great possibilities for many in India who wish to eat the cake and have it too. You have built a good business. Others elsewhere in the country would like to copy you with your permission and pay for so doing for an extended time.

(This ten dollar book can be had for Rs.300 from Select Books, 3E1 Court Chambers, New Marine Lines, Bombay 400 020).



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