



A Monthly Journal from IUP

Effective Executive

Volume XIV

August 2011

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platform

Reputation Management

Reputation can be defined as the opinion (more technically, a social evaluation) of the group of entities towards a person, a group of people, or an organization on a certain criterion. It is an important factor in many fields, such as education, business, online community or social status. Reputation makes or breaks an individual, brand or a business.

These are turbulent times. We are recovering from severe economic crisis. The crisis has made businesses more conscious. In such an environment it is reputation that segregates winners from losers. Both established organizations and startups need to monitor reputation in the public. Positive reputation has better chances of acquiring new customers and retaining old ones.

Good reputation can be destroyed in a matter of minutes on Internet by anyone, even a competitor. Search Engines promote review sites with the hope of protecting the public, but these sites are being abused to damage many good companies. Legal action is expensive and mostly ineffective. A negative online reputation can cost millions of dollars in lost business. In this kind of situation, we require 'Reputation Management'. Reputation management is the response to reputation damaging information – bad postings, negative feedback in blogs, horrible testimonials in popular forums, unrealistic scam allegations and product reviews from false users which can potentially put a company out of business.

Reputation management is both online and off line. Some of the tools of online reputation management are Google Alerts-Twitter-Friends Feed-Technorati-Broad tracker. Some of the tools of offline management are Monitoring-Evaluation-Action.

Without a community 'Reputation' as a concept becomes meaningless. There are two types of communities – real world communities and online communities.

Real world community is of two types – small town and big city

Small town: It is a classic example of Reputation Management. Owing to small population, interactions are face to face. In this case reputation accrues not only throughout one's life-time but also passes on to the next generation. Implicit reputation is the accumulated reputation one gets in a small town from previous actions.

Big City: Since the population is large, face to face interactions are present only in sub communities. They do not function with the efficiency of small town because of high incidence of crime, incompetence of officials and constant war between rival groups.

Following are the Online communities where reputation plays its role. EBay is an online market place forum. The feedback system encourages every user to give a positive or negative feedback; 'Everything2' has a general knowledge base. E2 manages user and article reputation strongly; 'Slashdot' contains little original content. It revolves around short reviews of content exterior to the site; 'Meat ball' is a wiki devoted to discussion of online communities; 'Wikipedia' is an encyclopedia wiki.

Search Engine Reputation Management (SERM) tactics are often employed by companies and individuals to proactively shield their brands or reputations from damaging content brought to light through search engine queries.

Thus 'Reputation Management' helps in removing the harmful and reputation attacking results thereby ensuring a solid reputation.

Dr. Nagendra V Chowdary

QUOTES

A brand for a company is like a reputation for a person. You earn reputation by trying to do hard things well.

– Jeff Bezos

Your premium brand had better be delivering something special, or it's not going to get the business.

– Warren Buffett

Our success is a direct result of knowing how to market a brand and having the right people representing the brand.

– Greg Norman

I've never lived in a building without my name on it.

– Ivanka Trump

Products are made in the factory, but brands are created in the mind.

– Walter Landor

A brand is a set of differentiating promises that link a product to its customers.

– Stuart Agres

A brand that captures your mind gains behavior. A brand that captures your heart gains commitment.

– Scott Talgo

Your brand is created out of customer contact and the experience your customers have of you.

– Stelios Haji-Ioannou

A business based on brand is, very simply, a business primed for success.

– David F. D'Alessandro

Suppliers and especially manufacturers have market power because they have information about a product or a service that the customer does not and cannot have, and does not need if he can trust the brand. This explains the profitability of brands.

– Peter Drucker

My greatest strength is common sense. I'm really a standard brand – like Campbell's tomato soup or Baker's chocolate.

– Katharine Hepburn

Digital brand integration is part of the evolution of product placement. It's simply another tool marketers use to get products integrated into shows. If you can put it in a package, we can put it in a show.

– David Brenner

Even if we give parents all the information they need and we improve school meals and build brand new supermarkets on every corner, none of that matters if when families step into a restaurant, they can't make a healthy choice.

– Michelle Obama

China's 'Conflict Handbags'

On Thursday, June 23rd 2011, more than six workers were beaten and taken away by local security guards as management sought to end a strike at a South Korean-owned factory in Panyu, a satellite city of Guangzhou, the capital of Southern Guangdong province.

Starting Monday, more than 4,000 employees had taken to the streets to protest low pay and harsh working conditions at the factory that produces handbags for upscale brands Michael Kors, DKNY, Burberry, Kate Spade, and Coach. Workers complained they were forced to stand during 12-hour shifts with only two toilet breaks, forbidden to drink water while on the job.

They also charged that the factory, operated by Simone Ltd., was feeding them blackened rice and other substandard food, for which deductions were made from their wages. "The Korean management treats us less than human beings," said one worker. "The male managers walk into female toilets any time they please; we can't contain our anger any more."

Worker anger is evident across Guangdong, which has been hit this month by a wave of strikes. Hundreds of migrant workers fought police in Chaozhou in the eastern part of the province. In the middle of the month, in the industrial center of Dongguan, 2,000 employees struck a plant owned by Japan's Citizen Watch to protest long working hours and low pay.

And in Zengcheng, the 'Blue Jeans Capital of the World', thousands of migrant workers rioted after government-hired thugs knocked down a pregnant 20-year-old itinerant vendor.

The worker unrest in Guangdong is occurring at a time of protests across Chinese cities and a series of bombings directed against government offices. There has been a noticeable increase in social discontent, which seems to have been aggravated by the hardline policies of Hu Jintao,

the country's current leader. According to one report, there were 280,000 protests in China last year. And although it is not possible to verify the number of 'mass incidents', today there are clearly many more of them than in the middle of last decade, when analysts believe there were only 80,000 to 90,000 demonstrations a year.

There are many causes for the increased restiveness. In general, modernizing societies are almost always unstable, especially after periods of sustained prosperity.

China's recent leaders have replicated all the conditions under which protests flourish. They have, without this being their intention, adopted policies that have widened the wealth gap, denied the appearance of justice, and promoted runaway corruption. At the same time, Hu and his predecessor, Jiang Zemin, tried to make their rule appear benign, thereby lessening fear in society. So workers in today's China, more angry and less afraid, are now assertive and defiant. Long-term social trends and the problems of authoritarian rule explain much of the restiveness, but there is another principal reason. Employees these days have much more bargaining power.

Why not? For several years, Guangdong has been short of help. Some residents have become relatively well-off and no longer need mind-dulling employment in factories, something evident in Shenzhen, the booming city bordering even-more-prosperous Hong Kong.

Moreover, China's workforce is starting to level off. Sometime between 2013 and 2016 – and probably at the earlier end of the range – the number of the country's workers will peak and then begin to decline. That will leave employers in Guangdong scrambling for migrants, who now prefer jobs closer to their homes in interior China. That's one reason why Foxconn, operating the world's biggest factory in Shenzhen, is locating facilities in inland provinces.

Last spring, there was labor unrest in Guangdong, triggered by a series of more than a dozen ghastly suicides at Foxconn's mammoth factories, which make products for Apple, Dell, Nokia, and Hewlett-Packard, among others. The difference this year is that the province's migrant workers are now violent, rioting and rampaging.

Across both the province and China as a whole, the disaffected are lashing out. Poor migrants in Guangdong have yet to start a full-scale insurrection and it's too early to speak of 'blood laptops' and 'conflict handbags', but these days they are in the mood to fight.

Source: <http://forbes.com>

Rising Fuel Prices Increase Demand for Fuel Efficient and Lower Running Cost CNG Cars

Those who loved petrol, scoffed at it, and those who admired diesel ridiculed it as its poor cousin; but no more. Increasingly worried over frequent rise in the prices of petrol and diesel, car buyers have fallen in love with Compressed Natural Gas (CNG) that offers higher fuel efficiency and lower running cost. And carmakers are quick to take note of this trend.

"We were expecting this to happen, that's why our CNG-based models have been consistently doing well. But the recent demand has increased the waiting period for CNG models, says Maruti Suzuki India CGM (Marketing) Shashank Srivastava. India's largest carmaker launched five petrol cars-Sx4, Alto, WagonR, Estilo and Eeco -with CNG-integrated injectors in November last year to cater to the demand for the clean fuel-fitted vehicles among customers in urban markets.

Working their strategies around shifting consumer behavior in urban areas, several carmakers have now loaded CNG technology into their popular models such as Hyundai Accent, GM Aveo, Toyota Innova and Corolla, Tata Indica

and Indigo, in order to tap the growing demand for the cleanest and cheapest fuel, which is available only in Delhi, Mumbai, Agra and Gujarat at the moment. While Maruti is planning to extend the CNG technology to its other models, GM India is planning to roll out new cars such as Beat on the same fuel.

In fact, country's second largest carmaker-Hyundai Motor India-is witnessing a revival in demand for its CNG models.

"We have seen a revival in demand for the Accent CNG, which now has a waiting period, as customers are shifting to cheaper fuel options, says Hyundai director for marketing and sales, Arvind Saxena.

Cheaper running cost has been influencing customer decision and the market was gradually moving towards diesel cars, but recent hike in its price has made CNG the best fuel option.

While it costs 4.40 per kilometre to run a petrol version of Maruti Sx4, the diesel variant costs 2.40. Now compare this with a CNG version that costs only 1.50 per km! No wonder, car buyers in National Capital Region have lapped up CNG models over the last year. Sale of CNG-fitted cars in NCR has jumped 43% over the last year to touch 4.5-lakh mark by May-end this year.

Even though electric cars such as Reva have a running cost of around 50 paise per km, they are largely unviable due to the huge battery cost and lack of charging options.

Despite its limited availability, auto analysts feel that CNG has now become reliable as well as popular among car users.

"There is great push for cars offering lower running cost. CNG-based technology has been consistently reliable in India for the past decade, which has become popular as companies have launched the technology in their popular cars", says Abdul Majeed, partner automotive practice with PWC.

Source: <http://economictimes.indiatimes.com>

Xerox PARC: Still Inventing Cool New Stuff After All These Years

The Xerox Palo Alto Research Center is one the legendary places in Silicon Valley, ranking right up there with the original HP garage, or the garage in Los Altos where Steve Jobs and Steve Wozniak started Apple.

Launched in 1970, PARC has given the world an amazing array of inventions: laser printing, graphical user interfaces, object-oriented programming, Ethernet, and various advances in lasers, document printing, data storage, fiber optics and other technologies.

And PARC is still at it, hiring PhD's and putting them to work on some of the world's bigger technology problems. Xerox, though, has gone through a major overhaul: early last year, the company completed the acquisition of Affiliated Computer Systems, a provider of business process outsourcing services. The idea was to combined the Xerox document management capability with a highly skilled service arm that can manage large scale projects like handling toll road receipts, or running state Medicaid systems. Xerox CEO Ursula Burns dropped by PARC this week, and the company invited a small group of reporters to drop by for a chat with her and PARC CEO Stephen Hoover. The obvious question: whether there's a place in the new Xerox for the kind of groundbreaking fundamental research that made PARC famous – or whether the research center will now shift into more applied research, to figure out more efficient ways to handle those large contracts run by the company's new BPO business.

Hoover notes that Xerox nine years ago set up PARC as an independent (but wholly owned) business unit inside Xerox. In the new PARC, Xerox is the largest client, but accounts for just half of the center's overall workload, with the rest for a variety of government and commercial clients. Hoover says PARC has a "solid business base," with

growing revenues. And he contends that the acquisition of ACS has invigorated PARC, expanding the research center's ability to drive innovation.

Burns says Xerox was pushed and dragged into acquiring ACS by customers who wanted the company to be able to manage large, complex business processes. Even before buying Affiliated, she notes, the company had tiptoed into the BPO business: in 2006, the company spent \$174 mn for an "eDiscovery" company called Amici, helping companies dealing with litigation manage document production, and a year later paid \$32 mn for an electronic mortgage processing business called Advectis.

Burns says Xerox now has expertise in a variety of business processing segments, including customer care and call centers, health care, transportation and IT outsourcing. They have a wide range of government clients in 19 states, for instance, they handle the local FastPass or EZPass systems for automatic toll taking.

While PARC may be doing more applied research than it was known for in the past, the research center is still doing work on the cutting edge. Hoover notes, for instance, that PARC has been working on a concept called "content-centric networking" that would radically remake the way information moves around the Internet. The original ARPAnet, Hoover notes, was really engineered for point-to-point communications. But that's not really the way the Internet is generally used now. Ergo, he says, a lot of complex stuff has to happen if millions of people simultaneously want to watch the same YouTube video if you want to avoid bringing the network to a standstill. Hoover says the company is working with a number of mobile phone manufacturers to bring the technology to the edge of the network. But it's still early – so early that the technology hasn't really been productized. Out there on the cutting edge: that's right where the Valley needs PARC to be. ☺

Source: www.forbes.com

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Branding: It's Not Enough These Days That They Know Your Name, It's How They Feel About You That Counts

Richard Earle*

Today, name recognition is still important, a unique benefit is as well, although as we will see a little later, not always. But feelings trump all! Hence, 'branding'. And in this article we will talk a bit about how to create it.

When I first started writing advertising copy over 40 years ago, the objective was quite simple: to make consumers remember your name, and hopefully, a product benefit.

Procter and Gamble's Tide detergent, which I supervised for several years, got your clothes cleaner/whiter/brighter. That was it. The consumer's feelings were not considered all that important, although some of us intuitively thought they were, and made sure our advertising reflected them.

Today, name recognition is still important, a unique benefit is as well, although as we will see a little later, not always. But feelings trump all! Hence, 'branding'. And in this article we will talk a bit about how to create it.

Outgrowth of "Positioning"

I have always felt that branding was an outgrowth of something marketers called 'positioning' which was first described in a book by the owners of a small marketing strategy agency called Trout & Reis.

It resulted from the following technique:

Reviewing all the benefits that products in your

category possess. They all should be things that consumers really want. Then finding the one that none of your competitors is talking about. That would be the benefit on which you would base your strategy; your unique corner of the market. That would become your 'position'.

Trout and Reis liked to quote a song lyric by 1920s jazz icon, Fats Waller:

"Find out what they like and how they like it and let them have it just that way."

Creating an Aura

But today's consumers need so much more. With the advent of social media on the Internet, the desire of most consumers is for a much more personal connection to products and services. Achieving this requires that you concentrate on the aura you present. It should be an expression of your core values; an almost spiritual component, a brand essence. We will discuss ways to create this aura. Everything you do or say must contribute to it.

Today, in the tough economic times some of us are experiencing, your corporate brand essence should say you are unique, solid, adapted,

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and competitive. And you are not going away. Branding for a product or service should promise that using it enrolls you in a unique lifestyle; you become a member of a club. It is rarely about the utility or great taste or other promised benefits of the product or service.

The Branding Experts

A great deal has been written about 'branding' in the US during the last few years. A few quotes from some expert practitioners may be pertinent: John Leland wrote in the New York Times Sunday Magazine: "to establish a brand is to establish a tribe around the brand; a tingle of shared pleasure."

Former Nike Marketing Director Scott Bedbury, in his excellent book, *A New Brand World* (Penguin, 2003) said branding is "Establish(ing) lasting emotional ties with your customers that transcend your product or service . . . tapping in to an essence and an ethos that defines who you are to the folks that matter."

Ron Lawler, Creative Director of the ad agency Arnold Worldwide in Boston, referring to the Volkswagen's Driver's Wanted Campaign, which he supervised, said simply, "We are inviting (them) to join a club."

Sprite Takes a Risk

The makers of the soft drink Sprite had a serious problem with their primary market, teenagers, as chronicled a few years ago on Frontline, a US Public Broadcasting System show. Their advertising was simply being ignored by their primary target.

They first tried to appeal to this demographic segment by producing a series of commercials parodying celebrity endorsements. Sports stars were filmed saying clichéd things about Sprite while bags of money were piled up around them.

This was supposed to appeal to teens as an anti-commercial commercial. It was meant to

say "See? We know that you know that if we pay a lot of money to a celebrity, they will say anything we want. We understand you; we're on your side."

But teens in focus groups rejected the whole idea. They said Sprite was still paying celebrities a lot of money to say what they wanted them to. The fact that the company admitted the whole thing did nothing to win them over. It did not increase their warm feelings for the company. It did not convince them that Sprite was their friend. It did not convince them that Sprite was cool and that they would be seen by their peers to be cool holding a container of it.

So Sprite abandoned the idea of doing a conventional commercial. They did a search to find the coolest rappers. Those selected were instructed to tape a 30-second 'hip-hop' (rap) piece on any subject matter as long as it was considered cool and contemporary. Then they just showed the can of Sprite at the end.

So, product benefit (taste, texture, etc.) was eliminated. Sales were dependent upon pure branding. Teens were invited to think: "If that is the soft drink that those cool rappers drink, then it's the one for me."

Although their sales turned around a bit, I consider that to have been a risky marketing strategy. Somewhere in there should have been a bit of benefit. Unique taste, satisfaction, a health benefit, maybe. Something to build upon when the novelty of the raps was old news, and the 'buzz' that they created had waned.

The Creative Brief

Devising a 'branding creative brief' for any corporate entity or a product or service can actually be a stimulating process. Remember, we are dealing with human emotions! This should be a facilitated group effort with primarily the marketing people, and anyone else intimately involved with the product or group in a leadership

role. Since we are adding an emotional element, we divide our efforts into two categories: left and right brain.

The Left Brain

We start with the left brain, the source of reason and logic. The first thing the marketing group should do is collaborate on an 'elevator speech', which can be defined this way: say you are in an elevator leaving your office. A stranger gets aboard on the 12th floor and says hello. He then says: "I see you all the time on the elevator. Whom do you work for? And what do they do?"

You have 12 floors in which to give him a succinct descriptive answer about your company or group. That is your elevator speech. Probably the best way to create one with a marketing group is to have each person take a few minutes to write their own elevator speech and then go around the room and read them. The official corporate version should be a synthesis of the best parts of each. When it is finished, everyone in the room should be urged to commit it to memory.

Next, you should agree on a mantra. This should be no more than three words, and should succinctly describe what the group or product stands for. Please note that this should not be advertising copy. It should be the brand positioning statement. Some examples of the mantras of several well-known corporate organizations are as follows:

Nike: Authentic Athletic Performance

Disney: Fun Family Entertainment

Starbucks: Rewarding Everyday Moments

Please note again that none of these mantras would ever be used in advertising copy. They, together with the elevator speech are merely corporate positioning statements against which the advertising copy should be measured. They can always form the basis for a 'mission statement' for your website or other corporate documents.

The Right Brain

Now that you have taken care of the left brain elements, the fun part of the exercise starts. The right brain is responsible for all our creativity.

A proper 'branding creative brief' starts with a very important element: a deeply psychographic target statement. Done properly, this description will lead you to an appropriate tone and style statement (the second most important element of the branding brief.) That is how you talk meaningfully to your target.

Gone are the days when the target statement went: "Female, 18 to 34, household income of blah-blah." She is, as copywriter Luke Sullivan described her in his funny and irreverent 'guide to creating great ads' titled *Hey Whipple, Squeeze This!* (An ADWEEK Book, 1998, John Wiley & Sons, Inc.) "A woman named Jill, who's been thinking about getting a newer smaller car. She's sitting in an airport, bored, trying to pick a Gummi Bear out of her back teeth, and reading Time magazine backwards."

A little over the top, perhaps, but you really have a picture of the person you are talking to. And you must have one like it for your target if you are going to touch them emotionally.

A client for whom I was recently doing some branding consulting came up with this description of his target: "he's middle-aged, fairly well off, and often imagines himself riding a Harley-Davidson with the wind blowing through his hair!" Excellent. You know just how to talk to this guy.

The next sections of the 'branding creative brief' are benefit, support, and desired action. Benefit: If you are re-branding a group or corporation, this section should contain some elements of the elevator speech and mantra. If the brief is for a product, it should be simpler, and promise a 'benefit' that is emotionally important to the person you have described so

completely in the target statement. You should ideally just select one benefit out of all the positive attributes of the product or service, particularly if you are writing for a broadcast medium (the ideal word count for a 30-second TV spot is 75!)

If you are branding a corporation or organization, it is permissible to have a primary and a secondary benefit, but going beyond that number can lead to confusion.

Support Points: These typically answer the question, "Why should you believe us?" They do not have to be used in every ad. In fact, a commercial would only contain one or two. They are an arsenal of support available to your copywriters in case they have to write a lengthy print ad or a brochure. Just make sure that all the support points truly support the benefit.

Desired Action: If we are supporting a product or service, 'desired action' is quite simple: buy it! If we are re-branding a corporation it can be any number of things, from changing public perception to introducing a new area of products.

Tone and Style: This is the second most important section of a branding brief. Remember the verbal picture you created of your target? Now you must reach out to them emotionally. You must speak their language. Here, of course, we use a great many tools of our trade. Many branding experts say that if you can appeal to all the five senses, you have done the job extremely well.

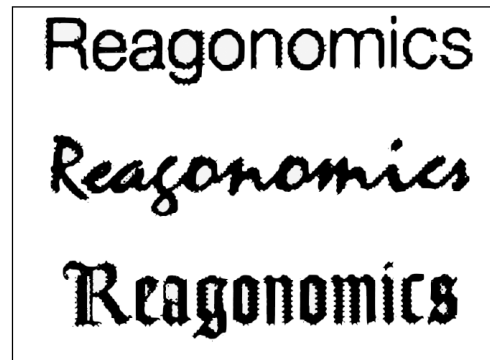
Logos

If you are re-branding a company or organization, the first task is to take a hard look at your identity package, which consists of a corporate logo and usually a tagline. Logo design is an extremely difficult art. Sometimes it consists of an interesting arrangement and typeface applied to your corporate initials. Pure type can have an emotional component. Here are some examples:

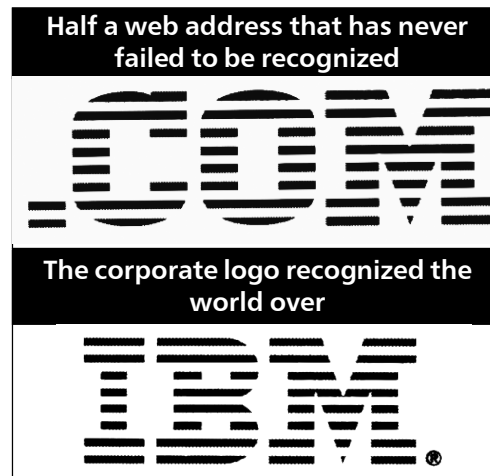
The first two are from the book *Emotional*

Branding by Marc Gobé (Allworth Press, 2001). Gobé comments: "The way letters conveying a message are designed in an important visual element of branding that can utilize powerful emotional connotations." Here is an example from his book that shows three different type settings of a phrase that was very prevalent in the US two administrations ago.

Marc Gobé feels that the first piece of typography emanates seriousness and importance. The second is a phrase such as one might encounter in a mocking satire and the third has a strange and ironic sophistication to it.



The second illustration from Marc's book is of a corporate typeface that is so well-recognized that audience to whom I have shown the second half of their web address, have never failed to identify the company.



The full corporate name, if it is short and memorable should be used in the identity package. Initials are usually only used when the full corporate name is unwieldy or out of date. Sometimes the clever use of typography can create an excellent piece of branding out of a corporate name: such as the smile created for the online vendor Amazon. Another feature of this logo that is not so obvious is that the smile could also be interpreted as an arrow going from A to Z to symbolize their huge inventory.



The search engine Yahoo! has a TV campaign in which their name is shouted as a cowboy would. And their typographic interpretation of the unusual corporate name has pretty much the same impact.



I also like to see, as part of the identity package, particularly if you are re-branding, a unique tagline that summarizes, in simple language, everything you stand for.

Taglines

Creating a unique tagline is probably one of the most daunting tasks in the process of branding. The best taglines currently are the simplest ones. The day of the 'clever' tagline utilizing puns and other verbal devices is over. The best taglines are two or three simple words expressing a simple idea. The best of them hint at a larger concept. I sometimes evaluate taglines as part of my

consulting practice. The only two I have ever recommended against are both in the cause marketing arena and the reason is the same: much too clever! One was for an energy efficiency campaign in the state of California, and the other is for an anti-drug campaign targeted to youth for the US Office of National Drug Control Policy.

The energy line was "Flex your power!" The graphic logo consisted of a cartoonish rendering of a muscular arm flipping a light switch. The thought process upon seeing this identity package might go something like this: "Oh I get it! We should use flexible sources of power. And having achieved this, we should feel good about all that we have done, just as we would flex the muscles in a well-conditioned arm."

With a well-structured tagline, there should be no "Oh I get it!" moment. Incidentally, the state of California is re-thinking the line. This has been a difficult decision. But in reviewing some of the excellent new TV commercials for this campaign along with the writer of these commercials, although it was never articulated, I could sense his embarrassment when we came to this line, which he did not write, but inherited from an earlier campaign.

The other line, which I wrote a long report about, urging them to rethink it, is unfortunately still in use: "Above the Influence". There is an "Oh I get it!" factor in this line, too. It goes something like this: "I could be under the influence of drugs but I will stay above the influence". Don't misunderstand me. That is a very clever bit of thinking, and a good piece of copy for the campaign; but not as the tagline.

Probably the best branding tagline in the US today is for the athletic shoes made by Nike - "Just do it." The line, despite the simplicity of the words, expresses another idea: an implied prior hesitation to engage in athletic activity. Nike also has a distinctive graphic logo, which is

The Nike logo is a registered trademark of Nike.

JUST DO IT.



prominently displayed on all their products. The logo is actually the work of a young designer from Portland State University, where Nike President Phil Knight was teaching while getting his company started.

The design, “The Swoosh,” as it has become known was drawn by Carolyn Davidson in 1972. A recent graduate of Portland State, her total bill for the graphic was \$35. (Phil Knight later gave her a substantial amount of Nike stock.)

Carolyn felt that “The Swoosh” represented a wing of Nike, the Greek Goddess of victory, after whom Knight had named the company. But since the addition of the very positive tagline, some 16 years later by Scott Bedbury and their ad agency, Weiden and Kennedy, it has been interpreted by many to be a checkmark. The graphic and the tagline have become so familiar that Nike was able to create a television commercial with the graphic prominently displayed and only the first word of the tagline “Just...” And consumers got it.

Another tagline that has become very popular in the US was created by the ad agency Goodby Silverstein & Partners for the California Milk Processors Board. The introductory TV spot was voted one of the 10 best commercials of all time in a poll conducted by the national newspaper USA Today.

Directed by Hollywood feature director Michael Bay, it dramatizes the plight of a hapless history buff who misses out on a \$10,000 prize in a telephone contest, because his mouth is full of peanut butter

sandwich when the phone rings, his correct answer is unintelligible and he can't clear his mouth because he is out of milk. The announcer ends the little drama by intoning “Got Milk?”

The tagline was later licensed by them to the National Milk Processors Board who already had a visual “The Milk Mustache”. The wedding of these unlikely partners has tremendous awareness in the US (over 90%). The campaign is based on the idea that milk used to be a staple in everybody's refrigerator and we've lost something essential since that's no longer the case. Since its debut in the early 1990s, it has substantially increased milk sales.

Got Milk? is a registered trademark of the California Milk Processors Board. The “Milk Moustache” is a registered trademark of the National Milk Processors Board



got milk?

Rules are made to be broken, therefore I would be remiss if I did not reference a tagline that has had enormous success, and is constructed of simple language, but is certainly not short. MasterCard has created a campaign that is perfect branding, but which has a long tagline.

The television commercials show families enjoying life and each other in environments in which they could still purchase goods with a credit card. The line is “There are some things money can't buy. For everything else there's MasterCard”.

The MasterCard logo is a registered trademark of MasterCard, Inc.

there are some things money can't buy.
for everything else there's MasterCard!



I mentioned before that a number of branding experts had said that the ideal branding communication would appeal to all the five senses. How is this possible? (I am indebted to the American Marketing Association for some of the following visual examples which were taken from a branding webinar they sponsored.)

The first and most obvious sense is sight. Visual recognition contains color and shape. The first example is somewhat surprising. It is about Christmas, one of our most widely-observed national holidays. Traditional colors have become green and red. One of the key symbols of Christmas is Santa Clause (known in the UK as "Father Christmas.") What most people are surprised to learn was that Santa's original garb (and most Christmas décor) was green.

Then Coca-Cola, one of the world's great branders, decided to put out a campaign at Christmas featuring Santa. Red is Coke's Branding

American Marketing Association's
Visual



Coca-Cola is a registered trademark of The Coca-Cola Company "the pause that refreshes" is a registered trademark of The Coca-Cola Company



color, and they couldn't put a green Santa in their ads, so they redesigned Santa! And it stuck! From that moment on, Santa was red.

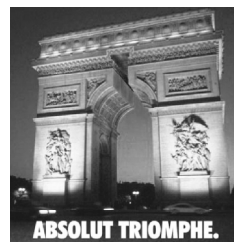
One other visual element that the Coca-Cola folks are very well aware of is shape. The unique shape of the Coke bottle is something they will hang onto for a long time.

Is a bottle shape an important part of branding a drink? Ask the folks at Absolut Vodka.

Let's go on to the next of the five senses: sound. An airline for many years used the iconic sound of the "Ding" that alerts airplane passengers to important announcements from the pilot. It used to precede a rather clever tagline: "You are now free to move about the country!"

The smart marketers at Coca-Cola confirmed their early understanding of the tools of branding when they approved a campaign in 1971 based

Absolut is a registered trademark of the Absolut Company



one of a series of print ads for Absolut, changing iconic structures to reflect the shape of the absolut bottle.

upon a song written by their agency's Creative Director, Bill Backer, and a couple of British song writers, titled "I'd like to teach the world to sing in perfect harmony." It was a warm, congenial song and the commercial was shot on a hill outside of Rome with a multi-racial



group of kids singing together, each clutching that uniquely-shaped bottle. Of course, the song morphed subtly into the Coke jingle at the end. Well-crafted songs can push many emotional buttons.

And in the forty years since, it has not gone away, being recorded by many groups, and ultimately selling nearly 100,000 records (usually without the Coke jingle, but reminding listeners of it). In 1990, it was re-made for the national football 'Super Bowl' and in 2010, it was re-made once again for Coke's sponsorship of the NASCAR Cup. This year, it has been featured on the very

The Coke Jingle

I'd like to buy the world a home and furnish it with love,
 Grow apple trees and honey bees, and snow white turtle doves.
 I'd like to teach the world to sing in perfect harmony,
 I'd like to buy the world a Coke and keep it company
 It's the real thing, Coke is what the world wants today.

© The Coca-Cola Company

popular TV Show 'American Idol'. Effective branding has no time limit.

Probably the next most important sense is the sense of smell. But how do you use an aroma in a marketing campaign? Well, another airline has used it very well. All Singapore Airlines stewardesses wear the same lovely perfume. It is inescapable when you board one of their planes.

Taste is an easy sense to own if your product is a foodstuff or a tooth paste. Touch is not as easy to include unless your product is a fabric or something made of fabric, or is a cosmetic which affects the surface of your skin or hair.

The concept of using some of the sensory stimuli leads me to always ask the following questions at the end of any branding session I am facilitating:



- ◆ What is your favorite color?
- ◆ What is your favorite song?
- ◆ Who is your favorite movie star?

I also ask the following:

- ◆ What adjectives best describe you (or your product)?
- ◆ What slang phrases/clichés best describe you?

The answers are added to the creative brief.

Some Final Questions

If you are branding or re-branding your product or company or group, I would suggest that you

also answer the following questions to ensure success:

- ◆ Do you now understand exactly what your brand is?
- ◆ Have you created a 'brand essence' that is expressed in emotional terms?
- ◆ Do you know how consumers feel about your brand?
- ◆ Do you feel your brand is as strong as it should be?
- ◆ How would you evaluate your brand's value proposition?
- ◆ Does it deliver a single-minded and important benefit to your consumer?

◆ Who is watching over your brand at the company/ organization?

◆ Do you have a Chief Brand Officer?

A positive answer to these questions will ensure a new strength and vitality to your company or group, and your current product line. People will feel an emotional attachment to you and consequently, a loyalty that you may have never had before. Your business should improve, despite tough economic times.

You will be 'branded'! ☺

Reference # 03M-2011-08-02-01

Building Employee Engagement and High Performance in Times of Stress

Bob Murray*

Organizations can make use of the human need to socialize to reduce stress. In order to cope with the stressful arena in which most corporations operate, management must, paradoxically, look at the same time into the distant past to see how humans are hard-wired to operate.

“AIF is an old company,” its CEO told me on the first day we met. “... an old company that needs to rapidly adapt to survive.”

“Adapt?” I asked.

“Yes. Our technology has to change. We have people who’ve been with the company for over thirty years and they cling to 20th Century ways of doing things. We’ve been servicing an aging client base. The company has tried to change, but those change initiatives have not been successful. Frankly we don’t know why, and unless we do we may not be around in ten years’ time.”

Amalgamated International Finance (not its real name) is an Asia-based client, my colleagues at Fortinberry Murray Consulting and I recently worked with, to help resolve a number of crippling problems. Like many firms in their industry, they have been through – and are still facing in many locations – a period of extreme turbulence. The Geelong Football Club (GFC) had eroded their financial base, there have been natural disasters in Japan, Australia and elsewhere and a number of their recent takeovers have not been performing as predicted.

But the real reason for its decline, including its inability to adapt to new circumstances, lay deeper. Over the past few years, AIF has had a number of changes in its top management. Each change has brought new initiatives; each initiative has led to increased staff uncertainty. In one of AIF’s key divisions, the attrition rate was over 75%. When we looked in depth at the internal problems facing the company, two main problems stood out: a complete breakdown of trust and a very high level of stress at all levels. Below the C-suite few felt any degree of safety. The majority of the senior-level managers in AIF had received no management training (though on an internal survey the majority of them rated themselves as “very good” to “exceptional” as managers). Despite the many problems that were particular to the company and its business environment, AIF shared many of the difficulties facing most organizations now and in the foreseeable future.

Most researchers agree that the modern workplace is extremely stressful to human beings. The increasing rate of workplace stress has been noted by researchers studying a wide range of occupations and professions from

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nursing staff¹, to small business owners², lawyers³, and indeed workers at all levels⁴. Stress is believed to trigger 70% of all visits to doctors, and 85% of serious illness.⁵

Commentators also agree that overall workplace engagement is at an all-time low. Active engagement ranges from an average of 18% in Germany to 33% in New Zealand. Engagement is, of course, directly linked to retention but also, as firms are increasingly discovering, to overall profitability.⁶

Workplaces Unfit for Humans

AIF's executives realized this, but had no viable plan to turn their abysmal engagement scores around. As the world becomes more turbulent and more stressful, employee engagement becomes ever more important, and harder to come by. In my experience, businesses and organizations are woefully ignorant about how to create good workplace engagement. In fact, very few companies are creating workplaces that are fit for humans: that sustain rather than burn out, motivate rather than disengage, and foster innovation rather than rigidity.

Why are we not robustly and effectively addressing this imperative? To some extent this is because the priorities of management, as had been the case with AIF, are more focused on cost-containment, productivity enhancing systems, 'strategy' and sales. To a large extent, corporate leaders and managers simply do not understand what makes a human being tick.

There is really no excuse for this, the science is in. However the science is ignored – and not just by corporate management. Our firm did a culture change program for one of the three big management consultancies not long ago and we were struck by how little they knew about this area and, worse, how little they cared. Partly, the problem is that companies take advice from consultancies whose ideas, systems and models

were forged in the days before we knew as much as we do now about neuroscience and genetics. As James O'Shea pointed out in his book, *Dangerous Company*, they are very reluctant to change those models, even when they are shown to be mistaken.

Who Really Works Here?

It shouldn't come as a major surprise to corporate leaders, but the fact is that their employees, their managers and their board members are human beings. It took millions of years for evolution to create our member of the family of great apes. We are the product of a genetic specialization which equipped us to earn our living on the African savanna as hunter-gatherers.

Nothing was more important to a hunter-gatherer than to be surrounded by a nexus of supportive relationships. Exclusion meant death. It's for this reason that approximately 80% of our biology (including our neurobiology) is geared towards forming and maintaining relationships.⁷ Our greatest fear remains exclusion from the groups to which we belong – the family, the tribe, the clubs and associations, the churches and temples, and the workplace;⁸ perhaps especially the workplace.

We are primarily relationship-forming animals, and our prime need is to feel that those around us value us and will support us so that we become attached to the group.

¹ Chang E, et al "Why do Registered Nurses Come to Work When Ill?" *Journal of Nursing Admin*, 35:1:2005.

² McGee J, et al "Occupational Stress and the Small Business Owner" paper submitted to the USASBE/SBIDA conference 2001.

³ Gibb F, "Long Hours and Stress Drive Lawyers to Drink and Drugs" *The Times*, October 6, 2008.

⁴ Survey of 5000 employees by the Australian Council of Trade Unions, 2009.

⁵ UK HSE stress statistics, 2009.

⁶ Cook S, *Employee Engagement* Kogan Page, 2008.

⁷ For more on this see e.g. Grinde B, *Darwinian Happiness* Darwin Press, 2002 and Stevens A & Price J, *Evolutionary Psychiatry* Routledge, 2000.

⁸ Baumeister R, et al "Social Exclusion Reduces Prosocial Behavior" *Journal of Personality and Social Psych* 92:1:2007.

Our hunter-gatherer background has left us other needs as well: for certain kinds of exercise (primarily walking), unprocessed foods (over-processed foods make us ill), for sunlight and an open view (without which we become depressed), for contact with nature (lack of which engenders depression and other mood disorders).⁹ We also have the need not to sit at a computer screen for hours on end – doing so doubles our chances of getting colon cancer and substantially increases our chance of getting rectal cancer.¹⁰

In terms of the workplace, we have the seemingly paradoxical needs to be both in control of our work lives (autonomy) and to feel that there is a parent-like higher power who has a coherent vision and who is in control.¹¹ In today's workplace, this parental or tribal elder figure is the supervisor and ultimately the CEO. Having a vision – or a strategic goal – is one of the indicators that someone is in control.

We have a need to regulate our work ours. If you define work as gathering/hunting, preparing food and making clothes and shelter; hunter-gatherers worked, on an average, 5-10 hours a week. Not a day, a week. And even that was primarily done not just to collect food but because they enjoyed the process of the work.¹² Work was fun. I have observed this for myself having lived for almost a year with a band of hunter-gatherers. The women gossiped as they foraged, and sang as they washed clothes by the river. Men prepared excitedly for the hunt and gossiped for days afterward about their prowess and “the huge antelope that got away.” As many researchers have shown, we are genetically programmed to do best that which gives us the most pleasure.¹³ The conditions at most of the offices and factories are, simply, not fun.

Humans have the need for relationships, but it's not the case of the more the merrier.

Researchers such as Professor Robin Dunbar of Oxford University have shown that the size of the neocortex – that part of the brain which is used for language and thought – limits the number of close friendships or relationships that we can have to 150.¹⁴

It's fairly easy to see that the modern workplace meets very few of these fundamental needs. Why should that matter? Surely, it might be argued, we have moved on since the days when hunting and gathering were the main occupations that humans engaged in. Of course in many ways that's true, we live in a very different social environment with hugely different population pressures and with a completely different technology. NASA bioethicist Paul Root Wolpe, in his wonderful Ted.com lecture, speaks of three kinds of evolution: Darwinian Evolution – essentially how we came to be how we are biologically, Civilization – how we began to change our environment through farming and industrialization, and finally Design – when we began to alter the biological basis of living things, perhaps even, eventually, our workers.¹⁵ My aim as a consultant to many major corporations and professional services firms is to create workplaces that are suitable for human beings. Such workplaces that go with the grain of our biology and neurobiology will be more productive and profitable.

⁹ Murray R and Fortinberry A, *Creating Optimism*, McGraw-Hill, 2004.

¹⁰ Boyle T, et al “Long Term Sedentary Work and the Risk of Subsite-specific Colorectal Cancer” *Am J Epidemiology* 17:10:2011

¹¹ Parker SK, et al “Designing a Safer Workplace: Importance of Job Autonomy, Communication Quality and Supportive Supervisors” *Journal of Occupational Health Psych* 6:3:2001.

¹² For more on this see e.g. Hayward J, *Illustrated History of Early Man*, PRC Publishing, 1995.

¹³ Csikszentmihalyi M, *Flow: The Psychology of Optimal Experience*, Harper and Row, 1990. See also Grinde, B above.

¹⁴ Dunbar R, *How Many Friends does One Person Need?*, Faber, 2010.

¹⁵ http://www.ted.com/talks/paul_root_wolpe_it_s_time_to_question_bio_engineering.html

What is Stress?

Essentially stress in a biological system is the same as stress in a steel bar. It's fine so long as you don't put it to a use that it wasn't designed for, so long as the stress you put it to doesn't exceed its design specs. Because of the advances in modern biology and neuroscience, we know pretty accurately what the design specs of a human being are. Some of them are outlined above.

As any engineer or metallurgist will tell you, no matter how strong a steel bar is, too much stress will break it. The same is the case with a human. Too much stress and we become ill; mentally and physically. We break, just like the steel bar.

That is not to say that all stress is bad; far from it. We need a certain level of stress in order to keep our mental and physical immune system in top condition. We need the occasional cold or bout of flu to keep our immune system in fighting shape, we need the sporadic crisis to keep us mentally on the alert. Without a certain level of stress we die, literally. Employees pulling the occasional all-nighter in the company of people they enjoy working with are doing themselves no harm, quite the reverse.

It's when the late-nighters become the norm, or when you have to pull them alone or with people you don't know or don't get on with, that problems arise. When the crises pile unremittingly on, when a person is bullied or harassed or criticized with few ways to defend him or herself then the stress becomes cumulative and stress hormones such as cortisol literally destroy the system. Our design specs are exceeded and we succumb. The same is true when humans are cut off from nature, companionship or support or when our other physiological, mental or spiritual needs are consistently unmet. We become "stressed out." We are no longer able to cope effectively, or at all.¹⁶

The top-ten stressors in the modern workplace – the ones that cause the most harm – are fairly

well known to researchers, but they are largely ignored by employers such as AIF's previous leaders. They are:

- ◆ Lack of Autonomy (having a sense of some control over your working conditions)
- ◆ Lack of supportive relationships at work
- ◆ Being delegated responsibility without authority
- ◆ Being expected to produce more work with fewer resources
- ◆ Job and career uncertainty or insecurity
- ◆ The pace of change
- ◆ Balancing work and family obligations
- ◆ Bullying, harassment or criticism
- ◆ Being unsure of your role
- ◆ Too many emails.

Not all will affect everyone equally, just as some people are genetically less predisposed to the effects of high stress than others. It's also true that stress most affects those at the lower end of the pecking order. Executives tend to overlook the causes of stress among their employees perhaps because they feel it the least. The more control you have over your work life, the less stressed you will become. However, the persistent presence of one or more of these stressors will rapidly reduce employees' ability to function at their peak and lead to burn-out.

Each of these stressors is amenable to amelioration but it takes the consistent commitment of senior management and their willingness to dedicate resources and money to change the culture of the organization. Is it worth it? Most certainly it is. The annual lost productivity cost of avoidable stress in the US workplace amounts to over \$600 bn according to a 2008 study by Richard Citrin of UPMC Health Plan.¹⁷

¹⁶ McEwan BS, "Stressed or Stressed Out: What is the Difference?" *Journal of Psychiatry and Neuroscience*, 30:5:2005.

¹⁷ Reported in the *Pittsburgh Business Times*, Nov. 14, 2008.

As an example of what can be done, consider sausage maker North Side Foods, which operates in Georgia and Pennsylvania. Recently, it spent \$184,000 in leadership training aimed at employee stress reduction. As a result of its efforts in this space, their gain in productivity alone amounted to over \$905,000 in the first year. It also saw a substantial rise in employee engagement and reported job satisfaction.¹⁸

Why Safety Matters?

Firms such as AIF spend millions in ensuring employees' physical safety, yet in terms of productive engagement, that is not the safety that matters. What does matter most in this context is emotional and relationship safety. People will only work hard for an organization if they believe that the organization has their best interests at heart and will, to the extent that it can, keep them safe; safe in the continuity of relationships that they have created at work. If workers fear being let go, or if those that they have formed relationships with are dismissed, their productivity will decline.

Employers used to think, and some still do, that fear is a motivator. They believed that if they didn't enforce stretch goals and set targets which had to be met under threat of job loss, then their workers would slacken off. Recent research shows that this is the reverse of the truth. Fear is a demotivator.¹⁹

Although the fear of job loss is increasing, it is not the only demotivating factor. The emotional pain of criticism, harassment or bullying also demotivates people. According to the Government of the Australian state of Queensland, the following are some examples of bullying²⁰

- ◆ Yelling or abuse
- ◆ Constant criticism of work
- ◆ Impossible deadlines
- ◆ Constantly changing targets

- ◆ Withholding work-related information or resources
- ◆ Making someone the brunt of teasing, pranks or practical jokes
- ◆ Tampering with personal effects or equipment
- ◆ Giving tasks which are meaningless or beyond the skill of the person.

Most of us have seen examples of these behaviors in the firms we work for, very often with the connivance or active encouragement of the management (especially items 2, 3 and 8). When subjected to any of these, a person's sense of safety, and therefore their productivity and engagement, decline appreciably.²¹

The victim is not the only person who suffers. Those witnessing the bullying become less engaged and less productive as well – especially if there's no obvious and forthright management intervention to stop it.

What Resilience Really is?

Fortunately, most human beings are naturally resilient and if the stressors – the bullying, the lack of autonomy, the job uncertainty and so forth – stop a person will, in all likelihood, eventually recover. However, that eventual recovery may take time and may well happen only after the individual has cost the company a lot of money in presenteeism, absenteeism, sick-pay, disruption, attrition and increasingly in the US and other countries, law-suits.

Resilience is not a trait that people have or don't have; it involves behaviors, thoughts and actions that can be learned and developed in anyone. Perhaps the most powerful behavior

¹⁸ Reported in the *Pittsburgh Business Times*, Nov. 14, 2008.

¹⁹ Burchell B, et all (ed), *Job Insecurity and Work Intensification*, Routledge, 2002.

²⁰ "Bullying at Work" Queensland Govt. Report, 2010.

²¹ Kelly DJ, "Workplace Bullying—a Complex Issue" Conference paper, Conference of Industrial Relations Academics of Australia and New Zealand, 2006.

that can be adopted to cope with stress is to reach out for support to other people, inside and outside of work. People too often try to hide their distress, their fears, from their fellow workers. Yet, research has shown that the primary factor in resilience is having a nexus of supportive relationships around you that you can share your problems with.²² Too often, bullying and harassment go unreported. Studies have shown that something like 64% of victims don't report bullying or harassment.²³ People often see bullying or unfair job loads as 'normal,' something that they just have to get used to. Coping under these conditions soon becomes impossible.

Unfortunately it is almost inevitable, due to the rapid changes in society and in the market place, that work stress in the years to come will get worse, may be much worse. Employers will have to devise strategies to build resilience into their companies. Resilience strategy will become as important, if not more so, than strategic business plans, or marketing or sales strategy.

A way forward can be seen in the experience of Cisco Systems. Some years ago, Cisco tried to improve productivity by doing away with water-coolers. People were spending too much time, they thought, just standing around and chatting rather than getting on with their work. The net result was that their output per employee and employee engagement went down. When they restored the water-coolers and encouraged people to spend more time chatting to each other, engagement and output went up. Cisco has now taken that experience and moved it into the digital age by establishing what they call 'virtual water coolers,' areas where people can get together and, using the latest in teleconferencing technology, chat across company's various national and international locations. Obviously, physical meetings are more powerful mood lifters, but even virtual ones help.

Organizations can make use of the human need to socialize to reduce stress. Like Cisco, they must learn that their workers do better when they can break off from what they are doing and go and chat, have a coffee with mates, be with their children or pets, or even just walk in the park.

Employers can make use of the human need to be in contact with nature to increase output and reduce stress. Macquarie Group, at its new headquarters in Sydney, has an area in which workstations are surrounded by greenery and trees. Staff can go there to work, or just to sit. Other firms allow pets into the workplace and many more have crèches where employees can go and visit their young children. This reduces parental anxiety and is good for the babies. Pets, crèches, gardens and real and virtual water coolers all add up to more resilience, less stress and higher output per employee.

Many firms are coming to realize that output is not necessarily directly related to the amount of time that a person spends 'working.' Giving an employee the autonomy to arrange his or her work time, or even location, is a resilience and productivity enhancer.

Working in Line with Our Genetics?
Members of traditional hunter-gatherer bands would sacrifice almost anything, even their lives, for the wellbeing and preservation of the group. The intense togetherness among hunter-gatherers may well account for the absence of major depressive illness, PTSD or other serious mood disorders which other researchers have also noticed.²⁴ If the band stays united – which it usually does – then

²² See "Road to Resilience" American Psychological Association, <http://www.apa.org/helpcenter/road-resilience.aspx>

²³ Illinois Anti-Harassment/Bullying Taskforce report December 2010.

²⁴ E.g. Turnbull C, *The Forest People*, Pimlico, 1993.

its members can be resilient in the face of almost any crisis²⁵; except, of course, exposure to our ‘civilization.’

Skilled managers can make good use of the way we humans are hard-wired. They can increase productivity and promote resilience by promoting policies which encourage co-operation and collegiality among members of their workforce. They should strive to reduce internal competition. Contrary to popular management assumptions, humans do not work at their best if they are in competition with others of their group, team or tribe.²⁶ A cooperative team will work hard, and well, not just to promote themselves, but also the firm that encouraged them to bond together.

I have seen this happen in many firms and organizations that we have worked in. The high-attrition division I mentioned in AIF was completely fractured when we arrived. There were many ‘personality’ problems, especially among its leadership. My colleagues and I began by getting them to jointly identify values (in their case trust, cooperation and respect) and link them to a “charter” of behaviors that they agreed to abide by as a team. They arranged social gatherings to which they invited their partners and spouses. We introduced a system of peer coaching and persuaded the management of AIF to allow them to jointly set their own work hours as long as they reached their goals. These, together with leadership training for their top managers, turned the division around.

The pilot was so successful that we ran similar programs for the executive and then the entire firm, along with training in leadership, customer care and coaching and mentoring. The result has been a very significant rise in engagement, an attrition rate of around 15% and an overall increase in productivity.

Encouraging Cooperation and Autonomy

By encouraging cooperation rather than competition, management can also insulate employees – and therefore the company – from the worst effects of turbulence.

However, cooperation without some form of joint decision-making is meaningless. Managements often want their employees to be more collegiate without realizing that this necessarily involves some form of meaningful delegation of decisions, affecting such things as work practices and production or sales targets.

In most hunter-gatherer bands, no decisions were taken without the agreement of all the adults: autonomy is an integral part of their culture.²⁷ This autonomy of decision making, I believe, was another factor in their resilience. It meant that no matter what the outcome of any decision, there was universal buy-in to it. Many studies have shown that the human brain only really accepts decisions that it has had a part in arriving at; we probably feel safer and more trusting when we are involved.

Engagement Begins at the Top

Obviously, management in large organizations cannot abdicate its decision-making role. For one thing, their very size would prevent effective decision-making on the hunter-gatherer model. A hunter-gatherer band consisted of perhaps no more than 50 people²⁸ and most decisions were not that complex. Yet engagement, being a meaningful part of the decision-making process, and productivity are all linked – they are parts of the same neurobiological process.

²⁵ Stevens A and Price J, *Evolutionary Psychiatry*, Routledge 1996.

²⁶ Carlson-Gallup Study 1998.

²⁷ Kusimba Sibel, *African Foragers: Environment, Technology, Interactions*, Rowman 2003.

²⁸ Christopher Boehm, *Hierarchy in the Forest: The Evolution of Egalitarian Behavior*, Harvard University Press, 1999.

If Professor Dunbar is right, a sense of engagement with a large organization may simply be impossible. We cannot attach adequately to more than 150 people. To overcome this fact of brain physiology, engagement initiatives must be layered: top management should concentrate on getting engagement among their direct reports, their job is to create engagement among those that report to them, and so forth down to the shop floor. This turns the large corporate body or firm into a series of more manageable (human) 'bands.'

At each of these levels, real autonomy of decision-making is possible and needs to be encouraged.

In order to cope with the stressful arena in which most corporations operate, management must, paradoxically, look at the same time into the distant past to see how humans are hard-wired to operate and into the present-day neuroscience, to see how our brains actually function. This means giving up many commonly held management beliefs and assumptions. In my experience, this is something that most corporate leaders are very reluctant to do. Change

is inevitable in all organizations, but the change that is most urgently needed if companies are to survive is inside the set of assumptions and beliefs that guide the leadership styles of our top executives.

Summary

In short, in order to achieve peak employee performance and raise the level of engagement – both of which are essential to a company's profitability – leaders must:

- ◆ Encourage people to socialize, especially among peers
- ◆ Where possible enable contact with nature, pets and children
- ◆ Offer autonomy and a say in decisions, especially those affecting working conditions
- ◆ Co-create with employees the company values and agreed behaviors
- ◆ Establish a policy of nil tolerance of bullying and harassment
- ◆ Realize that engagement is primarily to teams, workgroups and departments and through them to the company as a whole. ☺

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interVIEW

Richard Cross is a “behavioral scientist”, with practical experience in the research and psychometrics area. In his early career at Xerox he worked with Professor Peter Saville, the leader in the field, pioneering the use of psychometrics to support selection decisions in the UK company and also in Africa, the Communist bloc of Eastern Europe, India and Pakistan. In India he was closely involved with the early days of Modi Xerox, one of the pioneering Joint Ventures in the late 1980s. During his career with Xerox, Richard developed and ran Assessment Centres, researched and implemented best practices and launched quality management initiatives throughout Europe, China and Asia. Xerox won the Malcolm Baldrige Quality Award and European Quality Award during this time. Having contributed to Saville and Hopson’s book *Talent*, he is currently researching in the field of elite sports to understand what makes these great performers so effective and how they compare the talent in the business arena. Richard is Director of Second Wave Solutions and a member of The Inside Knowledge editorial advisory board. The author can be contacted at richard@secondwavesolutions.co.uk



Sport brings out the best in people by enabling them to take their talent to the limit. It helps people get in the game of life and excel in the world of work. We can all be inspired from ‘the field of dreams’ in tackling life and winning in business.

Can you explain the background to the research you’ve been doing on ‘talent’?

There’s a neat symmetry and surreal synchronicity. In the late eighties, I’d been a client of Peter Saville when he’d revolutionized the psychometric world with the OPQ, that’s Occupational Personality Questionnaire for the uninitiated. Having departed from SHL, the company he had founded, the world’s leading business psychologist was planning to repeat history and shake up the 21st century world of psychometric tests through the Saville Wave®, designed from scratch for the internet and global world of work. He was launching a project to research elite performers. We decided to collaborate and that led to a first book, *Talent*, where I was guest author.

In edge, I'm systematically comparing the sports elite to super-achievers in other fields. How can insight and inspiration from those at the top of their game or profession turbo-charge business performance, and individual potential in other fields; or can't it? To complement this, by comparing CEO's to head coaches, there is a dissection of the leadership lessons that can be applied from 'the field of dreams' to the boardroom.

What makes your approach to understanding 'talent' at work?

It's based on state-of-the-art psychometrics, old fashioned ethnography and pragmatic action research. The quantitative rigor of the innovative Saville Wave® gets 'under the skin' of those profiled to make talent visible. It highlights their personality, leadership style, entrepreneurial potential and indications of cultural factors likely to enhance or inhibit success. It's blended with qualitative ethnography, based on anthropology and sociology; watching the talented at work in layman's terms. Action research is "learning by doing" and about creating change.

Can you tell me more about those profiled?

Variety is the spice of success. I've profiled a squad of international, professional and semi-professional rugby players, and head coaches who shaped their success. They are compared to world champions, CEO's of leading companies, and top entrepreneurs. An eclectic cast has been assembled that ranges from an opera star, an international peacekeeper, an alleged spy, an SAS hero, to top leadership consultant Richard Olivier (son of actor Laurence Olivier). Others include, the youngest world champion sommelier (always handy), an international aerobatic pilot, a world-class magician and UK's first surfing champions who went in the quest for 'the perfect wave' and started the Surf School industry in the UK. All have made to the peak of their diverse professions. Finally, I've examined lessons from the dark side by profiling two 'unusual suspects' from the wrong side of the tracks, exemplifying talent 'gone wrong'. We can always learn from worst as well as best practices.

You have referenced rugby in a number of your articles particularly in comparing Head Coaches to CEO's. What do you believe business can learn from this and other sports? The *Invictus*, a poem that kept President Mandela going during his dark days—inspirational spirit of sport, you must be true to your own convictions and master your own fate—suggests a connection to entrepreneurial prowess. I've homed in on comparing rugby players to CEO's, entrepreneurs and world champions. Rugby is expanding internationally and as a team game has more parallels with business, than most sports. Like business, once the preserve of men, increasingly it is played by women. Now with sevens, it is once more an Olympic sport and featured at the Commonwealth Games in Delhi. India has a rich rugby history; one of the oldest competitions in the world is the Calcutta Cup. Men's rugby is growing at 20% and the woman's game where the potential is even higher is taking off at a faster rate. In the last year, they have surprised everyone with some upsets over higher ranked teams. With government support, rugby could easily become fourth best international team sport in India.

And this will have positive spin-offs. It's evident, wherever they played, many former rugby players have done exceptionally well – in the business... and political world. And that's not simply because, as Stalin once castigated the game, it is 'a hobby for capitalists'. Jacques Rogge, the President of the International Olympic Committee as well as being an Olympic yachtsman, represented Belgium

at rugby. President Bush was apparently a rumbustious full back at Yale. President Chirac of France was a decent player too and they once had a former international and resistance leader who was Prime Minister. At the other end of the spectrum, revolutionary “Che” Guevara relished the comradeship of rugby.

A number of leading CEO's were high level players. Ex Scotland winger Sir Bill Gammell built Oil Exploration firm Cairn Energy from scratch. He certainly kept his entrepreneurial eye on the ball when his company took an unfashionable bet on Rajasthan and struck oil there. He has been quoted as saying how any business success achieved was directly related to his sporting success. English born Swiss International Kevin Roberts, the turnaround CEO of Saatchi and Saatchi, and President of US Rugby, one of the world's most inspirational and down to earth CEOs, is constantly invoking the inspirational, emotional and family values of both rugby and other sports. Writer of Lovemarks: the Future Beyond Brands, he believes that by building respect and inspiring love, business can change the world. He loves rugby. There are many other examples

There is certain logic to sports stars doing well in business or politics. They have name, recognition and surely this helps?

True, but whilst there is an emotional appeal from sports, there's far more to their success than being a name or brand. At any level you have to say or offer something of value once you get through the door. Even those who don't make it to the top level develop superior skills relevant to the business world through participation in sports generally and rugby specifically– way more than you'd ever expect.

Let me explain rugby. If you've seen the Hollywood film *Invictus* depicting the sport that united a nation, Nelson Mandela's favourite sport is of course rugby, you'll recognize how it's the ultimate unpredictable team game. It's both brutal and sublime, strategic and straightforward, transparent and hidden, catering as it does to all shapes and sizes. Richard Burton, the great Welsh actor described it 'as a wonderful show: dance, opera and, suddenly, the blood of a killing'. Now retired, Rahul Bose, Bollywood actor and proud to be on the first international rugby team, from all accounts used to play rugby with passion and certainly has had a few injuries in his time. By nature an individualist, of the lessons learned, he cites 'how to lose gradually and enjoy the score, not the result; to be a team player, because; if you try to play alone, you are bound to get hurt; and, to have a hot heart and keep a cool head.'

Certainly, it's physically demanding but it's also a battle of ideas and strategy. More than most sports, rugby has much in common with the world of business. There's the framework of rules, the need to play to the referee's (regulator's) interpretation, yet temptation to play close to the edge. There's an associated choreography, complexity and combinatorial explosion that requires rapid pattern recognition. Then there's the diversity of roles, with 15 players required to be specialists and generalists. Looking like controlled chaos, no timeouts, real time succession planning through substitutes, challenging interpersonal and inter-group (almost front and back office) dynamics, it appeals to the intellectual as much as the practical. The backs view the pitch as if it were a Chess board and like those in sales take the glory when they put points on the board. The front five in the Pack or scrum are the engine room that manufacture success. From time to time they end up being 'revenue earners' as they too score tries. Behind the scenes, the sport takes benchmarking,

job descriptions, competency models and player appraisals as seriously as any business. Unlike American football, it is not driven by analytics; the coaches don't call all the shots. Players and the belief win games rather than coaches or 'management by facts'. To the outsider it might resemble American football which was derived from rugby. Some Harvard/Yale students decided that rugby was too rough and undisciplined so they sat down and redesigned it on rational principles. Harvard has been doing this to natural processes ever since one might argue.

Isn't rugby popular in Japan and how else does the sport mirror the business world?

Yes and their rugby playing Prime Minister Yoshiro Mori, characterized Japan as the fly-half (a pivotal game playing position) of Asia. There's a seminal paper by Takeuchi and Nonaka that linked Japanese product development in which all the phases of the process overlap and the team works together across the different phases, to rugby. More recently, agile software development has extended the concept in a process called 'Scrum' to oversee projects, and manage complex work. All major Internet players are using 'Scrum'. The term 'Scrum' [in rugby] refers to the strategy used for getting an out-of-play ball back into play. As in a rugby match, development teams in 'Scrum' are organized to have 'holistic movement', continuous interaction among team members, and interacting core team members. The rugby-based metaphors, and roles, techniques, moves, rules, organization and chaos, and its creativity have caught on to describe innovation processes.

What makes the game stand out in its similarity to the needs of the modern business arena is the ability of a group to design and implement pre-defined moves while allowing at the same time scope for improvisation. In technology deployment, Jack Whalen, an ethnographer at Xerox PARC used to say, practice triumphs over process. In rugby, empowerment is real – to paraphrase von Moltke, no plan survives engagement with the enemy.

It's a genuine team game, more so than cricket and soccer. One person doesn't become a star except in the media's eyes. As Mori said, "in rugby, one person plays for all, and all play for one. All fifteen players cooperate in order to score. Only when each player exercises his own particular ability to the fullest can the whole team demonstrate genuine strength." Just like business, uncertainty is part and parcel of the game. When he was interviewed by The Indian Express last year, Mori commented how "the interesting thing about rugby is that the ball is not round. When it falls on the ground, you don't know which direction it will take. Once the ball comes, it is player number 10 who decides whether to kick it and where to kick it." He was number 10 or fly-half and had to make important decisions in quick time and observed "as you know, in LDP (his party), there were several changes and playing rugby helped me make those decisions." Relative to the game's values, Pierre de Coubertin was heavily influenced by Tom Brown's Schooldays, where rugby was described in forming the Olympic movement.

The fact that it's World Cup year, I played the game to a reasonable level and enjoying the company, community and camaraderie of the rugby tribe is completely coincidental.

Can you talk about your findings and why you believe sport unleashes entrepreneurial and business related talents?

Let me focus on the power, passion and potential of sport. The first individual profiled was Bob Wilson; the World's best goalkeeper in his prime during Arsenal's double winning season in the seventies. He emerged as having a strong and balanced entrepreneurial profile. Rather like Monsieur

Jourdain in one of Moliere's plays who didn't realize he was speaking prose, was a role model yet reluctant entrepreneur. Yet when you examine how his career has developed, the setbacks as well as challenges conquered, it is an archetypal entrepreneurial journey. As a schoolboy he was about to be signed for Manchester United when his father decided he should get an education. He trained as a teacher and became the last amateur to play first division football. Through natural talent, burning desire, self-belief, inspirational mentors and sheer graft, he became a world-class soccer goalkeeper. Later, as the first professional sportsman to join the BBC, he reinvented his career and was the voice of Saturday sport in the UK for an entire generation. Learning the trade he ended up hosting BBC's live flagship sporting program, Grandstand on a Saturday afternoon. Concurrently, he established one of Britain's first goalkeeping schools whilst a pioneering goalkeeping coach for Arsenal. Along with his wonderful wife Megs, when their daughter Anna died, they spotted a gap and set up a unique charity, the Willow Foundation to provide special days for seriously ill young 16 to 40 year old. Out of the proverbial back bedroom, this has grown from a local to national charity. As most top sports people are, he has both humility and humanity. What an example of how to fulfil your talents.

Profiling a number of world champions and Olympians, I was astounded by the wealth of natural sporting entrepreneurs. Sport might be a hidden social worker; it has the power to change lives. It's also a phenomenal business school. It isn't just that 'winning smile' or being a member of the Olympic Club that propels talented athletes forward after their 'retirement'. Serial World Champions and a high proportion of those who perform at elite level develop talents that are in many ways identical to top entrepreneurs. This is most evident in rugby where on a consistent basis professionals are as aspiring and inspiring as CEO's and entrepreneurs. As Hollywood director Clint Eastwood said based on his experience making 'Invictus', "these are a special breed of cat. And when it's over, it's over."

How do you define an entrepreneur?

For many years they were viewed as troublemakers by the establishment, upstarts playing fast and loose with the rules. The dictionary definition derives from the French meaning entering and taking. You enter a business and take a profit. Professor Hall who developed the entrepreneurial profile used in the Wave, highlights a distinction between a tycoon – an entrepreneur who has become very big, very rich and very famous – and an entrepreneur. He defines an entrepreneur as somebody who starts and builds something of long-term value, often from practically nothing, usually an unsung hero. He emphasizes that however many fallbacks devised, they still have to risk everything in pursuit of their dream. Perhaps not; many top sports stars and their parents risk the same in pursuit of their dreams.

What kind of characteristics do sports stars and entrepreneurs have in common and why do you believe there is such a strong connection between entrepreneurial talent and sporting success?

A 2011 Ernst and Young survey suggests that most successful entrepreneurs share a "unique combination of seeing opportunity where others only see risk. They tend to be optimists and believe they can succeed despite the fact that everyone else is telling them they cannot". The same applies to the majority of sports people. What both entrepreneurs and sports champions have in common is

that they are moulded by the courage of their convictions. They have the experience, often serving an apprenticeship or conforming to Gladwell's 10,000 training hours and are able to minimize risks in taking a leap of faith. Above all, they have energy and are energizing. These two attributes alone are central to executive and entrepreneurial success.

Another shared characteristic is focus and they have the ability to stay in the zone – sports people need to be single-minded – and have persistence. Similarly, an entrepreneur is driven strongly towards achievement and has a compelling vision. That's not hugely different from somebody who is going to the Olympics next year – they operate in four year cycles. Entrepreneurs too might dream about being successful, but they must have the ability to see the bigger picture and make their vision operational. You don't need to delve into the detail to assume that these people are savvy and streetwise – and most sports personalities are too.

How else do sports people stack up against entrepreneurs?

Sports people learn from their failures as much as from their successes. Think how young many of them are when they are under the spotlight and have to make decisions under pressure. Sure they make high profile mistakes under inevitable scrutiny, but most bounce back. That's not too dissimilar to one award-winning entrepreneur who said it took 29 business plans before he succeeded. The successful entrepreneur is someone who is able to get up again and again when knocked back. Words from T S Elliot's comedy *The Cocktail Party* spring to mind, "you will find that you survive humiliation. And that's an experience of incalculable value." The same might be said of those wanting to succeed at elite level. After victory or defeat they are invariably and robotically 'control alt delete' style or press the reset button, let's 'move on'.

There is a mythical quality associated with both world champions and entrepreneurs. They know who they are and what they want out of life. These are modern heroes who on their journey take talent to the limit, yet keep their eye on the prize or ball. In doing so, adversity and failure become learning experiences; setbacks, the earlier the better, shape their success. Usually, they are receptive and strong experiential learners, generally with remarkable levels of humility. Finally, both characters take measured risks – pushing themselves and their businesses to the limits. They are like Economist Schumpeter's classical definition of entrepreneurs: those 'who create at the point of their own self destruction'. Admittedly, like entrepreneurs and CEO's, sports stars can be selfish with their time and energy. Both sports people and entrepreneurs have their vision, goals, and priorities and rarely allow themselves to be distracted by others' priorities or expectations with a laser focus as they zero in on success. They are self-motivated rather than motivated by praise or the need for adulation. They pursue their own objectives rather than trying to fit them around the objectives of others. That's not to say that some are not driven by recognition, the desire to prove others wrong or the name of the fame game but these, particularly in rugby and at multiple World Champion level, are the attention seeking minority.

How does this compare to business and CEOs? Do other sports, say cricket, also help activate entrepreneurial and business related skills?

In the UK if you want to get on the management ladder there is a paradox that varies according to the industry. You have to get noticed by those who matter and performance alone doesn't guarantee promotion. In many cases success is socially defined and high flyers prioritize self-promotion

over performance. About CEOs, curiously many of the younger one's were surprised to have strong entrepreneurial potential. What they shared with the rugby tribe and entrepreneurs was the ability to set the direction, have a long-term vision and combine that with the drive and leadership ability to force the pace. As for attitude to convention, William Web Ellis is said to have started rugby by picking up a football with 'a fine disregard for the rules'; his spirit lives on. Just like CEOs and entrepreneurs, the rugby tribe placed a low priority on conscientiousness. They dislike following the rules and aren't strongly procedural except when it counts. The legends tended to take more measured risks. Across the board from sports to CEOs and entrepreneurs, the successful individuals profiled were more intuitive and particularly Head Coaches asked probing questions more frequently than the managerial norm. One difference is that CEOs exhibit more abstract, political if you wish to say so, skills in catering to competing stakeholders outside their immediate control. They have to envision and operate in a bigger often more complex picture. They were also more inventive and placed more priority on cognitive skills.

Concerning cricket, I've profiled a number of elite players including Jeremy Snape, Performance Coach for Rajasthan Royals. Snape, wasn't surprised by his similarity to an entrepreneur's. He view them as trying to see opportunities and adapting themselves to make those opportunities fit. According to him, "that's what you do in professional sport all the time. You're looking for a gap in a game plan, you make your mark, you try and stay with a style of play for the period of time that it takes you to adapt to the wicket, or conditions, or tempo of game on that day. And the longer you can stay there the more successful you'll be."

Most winning captains in sports are highly entrepreneurial; they have to see the possibilities by keeping the bigger picture in mind spot and create superior opportunities, be open to the world through networking and creating partnerships, setting aside differences as cricket captain Michael Atherton terms it. As leaders they must build capabilities, motivate the team. As individuals they cannot afford to rest on their laurels of last year's success and must continually learn. More than staying on track, they have to inculcate a spirit and reality of Kaizen, although they call it continuous improvement. Along with the need to get and stay in the zone, such attributes go with the territory of entrepreneurial and sporting success winning.

How similar is getting and staying in the zone to 'Flow', the state of mind mentioned by Dr Stenger in his interview in the June edition of this magazine?

It's the same state of total immersion in an activity described by Csikszentmihalyi. Peak performance comes when people are in the zone. This is the optimal mental state which the sports world has known about for years but it is rarely mentioned in the 'analytical', emotionless and mechanistic field of conventional management education. As measured in the profile, it's concerned with qualities discussed earlier such as achievement drive, energy, action orientation, focus, positive mind-set, self-determining and persistence.

You mentioned the use of probing questions. Why are they important?

Good question! In whatever you do, you have to be able to sell, persuade and negotiate. It's about 70% of any executive job. There are four good reasons to ask questions. First, they control attention. Second, if you're trying to sell and change someone's opinion they get the other person talking. Third, in negotiations questions reveal and develop needs: what is important to the other person

or organization and why? Finally it goes back to Socrates; questions persuade, reasons don't. There's an insatiable curiosity and thirst for knowledge that marks out elite performers. If you want to learn and improve as these people do, asking the right questions is fundamental.

How about individual sports – do they activate entrepreneurial talents and what are some of your other learning points?

I had a debate with Olympic swimming legend Ian Thorpe over this. He argued that swimming demanded obsessive compulsive types and many in Australia had ended up as accountants. Yet three of the world champion swimmers were all strongly entrepreneurial. Having an 'obsessive compulsive' nature is part and parcel of many entrepreneurs. Like head coaches who can't go a day without thinking about their sport, they love their work. Even individualistic sports such as running, rowing, skiing and motor sports develop an entrepreneurial outlook. It's the nature of competition and challenge. There are of course other differences. Not all are identikit entrepreneurs; there can be subtle and sometimes not so subtle personality differences. Rebecca Hossack, for example, who introduced Aboriginal art to the UK and now the US has a different set of values and is not as excessively competitive as financially driven counterparts. Similarly, the level of composure and resilience of a skier or motor sports champion is significantly higher than that in other sports.

It's also evident that CEOs and leaders are considerably less resilient than the majority of sports stars whilst they thrive on uncertainty. Like head coaches they tend to be more conceptual than many athletes. Neither CEO's or entrepreneurs are as meticulous as sports stars or head coaches. If they are detail conscious, they over control, constipate an organization with statistics and actions are not aligned to the bigger picture. Having said that they can be painstakingly procedural and meticulous when it counts.....or suits them. What was surprising was how even those in individual sports developed leadership skills. In rugby it was expected; you need at least five inspirational leaders on the pitch at any one time to be world-class.

How about networking, that's a new measure on the Saville Wave I understand?

'Only Connect' from Howards End reflects a key message about the importance of social and business networks. Rugby is one of the most gregarious tribes in sports and networking is second nature. Like any sport, it has tremendous power to break down barriers and to create lifelong friendships. And where the game is played it attracts a cross section of the community. There's a Russian saying 'tell me who's your friend and I'll tell you who you are.' The rugby tribe have brilliant 'power' and 'support' networks, both in terms of who they know and how they position themselves or are positioned within them. Some talent magnets are blissfully unaware of their network value. There is a strong relationship identified too between their mentors, where they fit in with the network, and their subsequent success. We can all learn by reflecting on who our early influencers or inspirations were. All these people had their heroes – they were inspired by them and many fulfilled their dreams in some instances by meeting or playing with them. These people have helped to shape them along the way. Ask someone who their mentors have been and map their network, you can almost get as much indication of their potential as any competency based interview. For some who didn't have strong leadership, particularly high resilience, or willpower, networking was their 'pareto edge'. It made all the difference.

Never forget the magic numbers five, fifteen and one hundred and fifty. As a rule of thumb,

individuals need an inner circle of five that they really trust, at least fifteen diverse mentors, including sponsors or backers across their life and about 150 in their network of key people with whom they have a strong personal relationship so they can extend the edge of their network in 'vouching for them' and create fresh opportunities. It's an open secret; it's always better to be in the know.

Brutal reality is you're only as good as your mentors, backers or sponsors. And we can always develop new ones. It's quite difficult to change your personality in many respects but it's easier to change the network of people that you know – and your position in it. You can structure serendipity and grow your own network. Its hard work, you must consider your reputation – what people say before and after you leave the room. You also have to be honest with yourself in assessing what you offer others in solving their problems. Why should they associate with you?

What do you see as the main implications of your learning from the sports arena?

Competition develops character. Sport helps people get in the game of life and can act as a springboard. World champions and other elite sports people might lack business acumen, knowledge and experience but they have developed the raw ingredients for business success. Furthermore, they are willing and humble enough to learn the new rules of the game when they retire. If you are not open to learning as a sports star you are unlikely to progress to the top level. Certainly the research has confirmed why so many rugby players excelled in sales capacities. It wasn't nepotism. It was that they delivered and had the talent consistent with the culture of the business world. There is a natural fit since, sports is as competitive as business is, although 'impression management', often a critical success factor outside sales roles, being not always a level playing field. But sports people who understand the rules of the game know how to 'play the system.'

So how can these findings help the business world?

To deal with a talent shortage or gender gap in business, investing in sport will pay dividends. The impact goes way beyond the classroom or sports field. This links to Wharton Professor Betsey Stevenson's research last year. She reviewed the impact of Title IX, a 1972 law that banned gender discrimination at federally-funded US schools. As a result, girls' participation in high school sports increased dramatically. She identified a 'cause and effect' relationship between school sports participation and achievement later in life. Increasing girls' sports participation had a direct effect on women's education and employment – a 10% increase in women working full time and a 12% spike in women in traditionally male-dominated occupations, such as accounting, law and veterinary medicine. As she discovered, it's not just that the people who are going to do well in life play sports, but that sports help people do better in life. Equally importantly, she added, it's reasonable to believe it's true for boys as well. In short, sports make both boys and girls more productive...and healthier members of society. And it does this because as shown by the research described here, it activates and enhances talents required to excel in the business world.

Now rugby might be an aggressive game for women but consider how dangerous many developing countries including India are for women. And what about 'how and why' women are under represented in business? Couldn't rugby be a great way to develop talent of the future? One of the stars profiled, England's most capped female player works for Premier Rugby as Program Manager for the Breakthrough program. This scheme uses rugby – combining the physical attributes of speed, skill, strength and aggression, with principles of teamwork and collective responsibility – as a catalyst for social and

community change. By raising aspirations and expectations, the aim is to ultimately move young people towards accredited training, educational support, work placement and employment opportunities. And the scheme is working even with football crazy children. As she said when interviewed, “it was the perfect way to break down social barriers. We got kids coming along who didn’t get on at school, but put them on rugby pitch and they became different people.” Not surprisingly she doesn’t go overboard on probing questions. Rather than do probing questions – it’s potentially threatening to gangs – she started with ‘the general chatty bit and trust arrived anyway’.

Can you elaborate on why rugby works so well?

It’s not just rugby; other sports can also be effective. Sir Tony O’Reilly, a rugby legend and former CEO of Heinz, believes that any game played in school is a great template for life in that it teaches you about teamwork, training, effort, reward, relying on your friends, courage and in Kipling’s words ‘to meet with triumph and disaster and treat these two impostors just the same’. Any successful athlete needs to have a passion for knowledge and learning. But most of all sport provides self-confidence and self-belief and that’s essential in business. Sports is not just about physical prowess; it’s about trainability, attitude and values. By signalling that they are motivated and competitive, those who participate in sports either individually or as part of a team, are preparing themselves for the reality of the world of work. From an ROI point of view, because of the numbers, interpersonal dynamics, leadership skills required and similarity to business, rugby is a better bet and investment than other sports.

Supporting my point about the virtues of sport, when I was responsible for HR in Eastern Europe, we employed a number of defectors including former Olympic medallists: a boxer, a swimmer and a fencer. They had no problems in transferring their learning from sport despite the communist ‘indoctrination’ to the capitalist ethos. They would ruthlessly find out what it took to win and deliver personal and company objectives. They’d played to win under the rules of the communist system and their chosen sport. They quickly adapted to the new rules of the Western business game. These were extraordinarily well connected talents. They genuinely wanted to be the best they could be and gave their all to business. Forget business school, there is the case of someone, who had defected at 19, getting his start in life after he was talent spotted coaching the son of an IBM director in swimming. When I came across him in 1991, he was mixing with ‘violent entrepreneurs’, trying to establish a GP event in Moscow. He became a legend within the company. Above all, like all those in elite sports, he had passion.

Why is passion so critical to success and what does it mean? Energized people get on in life and business. Guru John Seely Brown, a former Xerox colleague, proposes that passionate workers are more likely to take challenges and transform them into opportunities. As he puts it, passion refers to strong emotions that help us get out of our comfort zone and to achieve the potential that resides within us. It orients us; it provides us with focus and direction. People with passion are driven to pursue and create. Passion comes from the Latin word *pati*, meaning suffering or enduring. We forego a lot when we pursue our passions; significant sacrifice is often required. We are motivated to confront any obstacle, no matter how challenging, and persist until we find a way over, around or under it. Passion should not be underestimated. That’s what sports ...and other interests of course such as the arts, cultivate. Combine passion

with the talents developed by sport: leadership, drive, discipline networking skills and receptiveness; then winners can be created who might have their eye on the stars but have their feet firmly on the ground. In business they'll push to the edge, generally without going that one step beyond.

That sounds incredibly positive, almost sporting propaganda.

Sport is inspirational. Sport changes lives for the better. Let's not be naïve, there is a dark side also. A mini-oligarch alerted me to Professor Volkov's sociological study of ex-sportsmen in Russia after the downfall of communism. Historically, most sports heroes were soldiers or police officers, role models for a disciplined, obedient and patriotic citizenry. He found that in the early 1990s chaos, they had to find alternative employment. The local sports hall or rented gym became a place of stability during their anarchic era. The experience of being in a sports team, with regular training, competition as well as shared victories and defeats, created strong trust and group coherence. The gym and the street market became the origin of local capitalism. The willpower, determination, self-discipline and team spirit of ex-sportsmen providing 'security services' led Volkov to coin a new term; the violent entrepreneur'.

And who could blame those sportsmen? As one admitted 'I had a warrior complex, I wanted to test myself in action...and of course there was money.' Now more civilized business enterprises with complex structures have emerged in Russia. These people have changed with the capitalist times. Many are upper-layer managers; they stylize themselves as the 'business elite.'

What's your verdict on the 'War for Talent'?

Guilty of consultancy, hubris and hyperbole par excellence. Mckinsey who coined the phrase did say 'bet on the natural athletes' and their advice went downhill from there. Great stories and metaphors conjure up images that allow us to understand, question, challenge and change how things get done. By the same token, tired metaphors appeal to and perpetuate the risk averse status quo. The fixed notion of talent or adroitly and rhetorically reasoned consultancy-led-fire and brimstone-War-for-Talent mantra fitted the Zeitgeist. It was always brilliant marketing. Gladwell argues that the financial crisis was Enron encore and he raises a valid point. Gordon Gekko eats your heart out. Did we and do we get the leaders we deserve? I much prefer sporting metaphors where redemption is round the corner and people live to fight or compete another day.

And your summary of learning so far?

What makes a champion or what is the anatomy of a CEO might not be the right questions. How people maximize their talent, what they do with it and what makes them effective in diverse contexts and cultures are the right questions. The point is, the profile of a champion in swimming is different from the one in motor sports and that of a top cricketer is different too. A great salesperson in high tech might have the same talent as one in financial services but there will be differences.

If you want the right people in the right jobs you have to contextualize talent – redefine it as 'what it takes to be effective in a role', what does it take to do a job well – rather than glibly ask what does it take to be successful or achieve greatness. Like a decathlon, you can't be good at everything and different talents come into play in different situations. You can spot people who have capability for certain roles, through profiling their personal attributes and networks, and assessing their knowledge and experience. But there is always more potential for people to change

and improve their effectiveness than they are given credit for. And that's what sport and rugby shows – the hero and entrepreneur within us all.

The 21st century workplace should be one where people can fulfil their talent. There's no reason why it can't be a field of dreams like sports where people can make their passion their profession and be fully engaged in the flow of their work. Isn't that what life's all about? Lieben und arbeiten – to love and to work as Freud said or better still to love what you do and leave a positive legacy as sports does, as Bob Wilson has through his Willow Foundation.

Going back to the future in the ancient world, a person of arête would use his faculties to triumph with bravery, strength, and wit. In the modern world this notion of excellence, the idea of living up to one's full potential still applies. There is an entrepreneur in all of us – we all have the ability to be the best we can be. Our task as individuals, as managers and leaders is to make the most of what we start with and in that respect sport can help us better know ourselves from a formative stage. Those who excel in sports, particularly rugby (my bias again) and those who coach champions can show us the way. ☺

The interview was conducted by
Second Wave Solutions, UK
for *Effective Executive*

Reference # 03M-2011-08-04-06

Reputation Management

Robert L. Jolles*

One thing I don't like to do is get political in any of my articles, but I feel if I don't really jump to one side or the other, I can make a small point. During most campaigns you'll notice an interesting phenomenon occurring. Each candidate will begin to label the other with certain tags. These tags are repeated like mantras, and the more they are repeated, the more credibility they seem to have.

In the US, our two major political parties have done it for decades. If you asked the average American to point out on a map where India is they might have some trouble. If you asked them which political party they think of when they hear the phrase, "Tax and spend," they will immediately say, "The Democratic Party."

I remember some years ago a rather heated argument that broke out in the hallways of Xerox where I was working. The White House had come out with its annual budget, and the more conservative friends of mine were furious. "Can you believe it? Tax and spend all over again! Such terrible waste makes me ashamed to even live in this country!"

I was amazed at just how intense this argument was... particularly since that argument occurred the morning after this report came out... and particularly since this report was over 1,000 pages... and particularly since other than some senior government officials, no one had actually seen it yet. How could anyone have such an intense opinion regarding a report they had never even seen? The answer is, the information was coming from a conservative media outlet providing sound bites for its supporters to parrot. It didn't matter what the truth was. It was appearing on television, and it was appearing in print, and it therefore

had to be true. With the explosion of the Internet, these types of problems are no longer the problem of political parties. This is now a problem that has the potential to affect anyone. Anyone has the potential to post almost anything regardless of the truth. What's more, often the individual whose reputation is at stake isn't even aware of the slander they may be subjected to.

What can we do about it? That's the scary part, because the answer seems to be, "not much." This issue affects me all the time. As an author many people buy books online, and on these sites such as Amazon.com or Barnesandnoble.com, anyone can write a review. Of course if someone is going to write a review at least they will be qualified to write it. Wrong. Not only are they not qualified to write it, but sadly it is a common ploy by competitive authors to write scathing reviews on books that are competing with theirs. It appears in print, and therefore it must be true.

The moral of the moment is this. Although there are companies that will attempt to protect reputations by providing routine searches, and following up on untrue or unfair information, there need to be repercussions for those who slander others, and there needs to be clear contact information of those who write, "reviews."

Does the Democratic Party really tax and spend? Is that actually their motto? It doesn't matter because if you say anything, it seems to become true. Another way of saying that is, "Repeat a lie often enough, and it will be believed." Wouldn't it be great if those who posted or repeated these lies were held accountable? It's not going to get any better until they are.☹

Reference # 03M-2011-08-05-01

* Rob Jolles is a bestselling author, speaker and president of Jolles Associates Inc., an international training corporation, (www.Jolles.com). Be sure to sign up for his weekly BLArticle™ at www.Jolles.com/blog.

Management Lessons from Youth Sports

Dan Coughlin*

Being a youth coach is extraordinarily fun to do because of the relationships with the players. You will learn a lot about yourself and about human dynamics in scenarios that are hard to duplicate anywhere else.

A few weeks ago I completed a really enjoyable five-year experience of coaching my son's recreational soccer teams. I was an assistant coach and a head coach for Ben's soccer teams from kindergarten co-ed soccer, where we used nerf soccer balls in indoor soccer, through fourth grade all-boys soccer where things were starting to become a bit more like competitive soccer.

If you've ever been in this situation, you probably have seen a number of parallels from this experience to that of being a business manager. I encourage you to coach a youth sports team even if you don't know that much about the sport. You will learn a lot about yourself and about human dynamics in scenarios that are hard to duplicate anywhere else.

Relationships with Players/ Employees

In the end, being a youth coach is extraordinarily fun to do because of the relationships with the players. It is truly priceless to watch kids literally go from holding hands during a game to working as hard as they can at practice after practice. As

the memories wash over me the multiple personalities and situations I encountered with the kids, it brings back nothing but smiles. Being with kids, at least for me, was pure fun. It was about trying to help them improve and encouraging them along the way. As they got older, it was about trying to teach them how to maintain focus and intensity and stay aggressive throughout an entire practice or game. Whether or not they improved in what they were trying to do was always the primary measuring stick of success for me. If the players worked hard and improved, then that's where the fun came in. It was just so neat to see them do things better and better and better and become more confident in their abilities. This created a sense of camaraderie and coach/player relationships that last for a long time; beyond any one game or season.

Almost every business executive and manager I've ever talked with has said to me that the favorite part of his or her job was the relationships with employees. The excitement of working together with other people to try to achieve a certain outcome creates scenarios that you can

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never have if you are just discussing business situations at a cocktail party or on a committee. Watching employees evolve over time as they aspire to achieve great results is one of the main reasons why people go into and stay in management positions.

Patience

There is an aspect of youth sports that generates endless opportunities to see human dynamics happen in extraordinarily fast time frames. It is called “dealing with parents.” The vast majority of parents in youth sports are wonderful to deal with. They are appreciative of your volunteer efforts and allow you to guide their children in the ways that you think are most effective.

However, and this is where the real learning happens, there are some parents who with the best of intentions will barge into the coach/player relationship and unleash an endless amount of criticism to the coach and direction to the players that is both unsolicited and undesired during the games and after the games. It is not uncommon for parents to stand three feet away from a coach and yell out directions to all of the players even though the parent has never attended a practice and has never played the sport before. This is all done with the belief that the parent is doing the best thing for the kids, which is what the goal of parenting is.

The most precious thing in the world to every parent is his or her child. Consequently, parents will intervene in youth sports and not blink an eye. They will send excessive emails filled with criticisms to volunteer coaches who live a few minutes away. They don't realize that these volunteer coaches are doing the best they can for their child. All they know is that they need to protect their child and to make the situation the best it can be for their child.

Parents will yell at their kids and at other people's kids about where to go during an entire game and never have it dawn on them that this is frustrating to the coaches, and even some of the other parents. Through it all, it is essential that the youth sports coach maintains a very high degree of patience and positivity. Through the crucible of coaching kids and dealing with parents, you will develop much greater levels of patience and self-discipline. Those refined characteristics can then be applied in the business world.

In business, managers experience these same types of unwanted interventions from their employees, peers, and bosses. Suddenly, people who are not responsible for a group or who have no experience in the activity, will start telling members of the group what to do and how to do it. They will give unsolicited criticism in the name of “tough love” or “just trying to help out.” Throughout this unwanted chaos, the effective manager remains patient and positive and only sorts out these problems behind closed doors.

Learn from Coaching

If you ever really want to understand yourself better or to understand what motivates people, I encourage you to coach a youth sports team. You will learn in real-time situations how and when to intervene in situations that can be enormously frustrating. The primary source of this frustration will come from your interactions with other parents. However, that's a good thing because it's hard to recreate these types of situations in normal day-to-day business activities. You can then take the lessons you've learned from these youth coaching situations with parents and use them in business situations. For example, when you are giving an important business presentation there will occasionally be a heckler in the crowd. If you are used to having people yell at you while you are presenting (i.e.

parents telling you what to do during the game and in front of the players and the other parents), then it's much easier to stay patient with the heckler or know-it-all in a business situation. At first it may seem a little shocking to have another adult step right in front of you while you are coaching at a practice or a game, but once you get the hang of dealing with situations like that you will find that it is a very useful skill to have. There are many more examples like this where you have to think quickly in responding to unexpected circumstances in youth sports.

Understand the Roles Involved

In youth sports, adults play a variety of roles: head coach, assistant coach, parent, and referee. Each role has a purpose. When everyone involved performs their role in a given youth sports situation, the experience can be extraordinarily good for the players. The problems occur when people don't understand their roles or intentionally step out of their role because they feel they would be much better at someone else's role than that person. This can create utter chaos, enormous frustration, and a lot of wasted time and energy.

The same thing is true in business. It is very important that everyone involved in a business situation understands his or her role and focuses on fulfilling the responsibilities of that role. When front line employees start changing the strategic direction of an organization or when a CEO steps in and tries to do everyone's jobs, you will quickly have an organization filled with problems. Whenever you enter a new business situation, work to clarify your role and responsibilities and then operate within that role.

Create Classroom Situations

I define a classroom as any way that people come together to learn from each other how to improve their performances. To me, the main objective of youth sports is to create as many classroom

situations as you can. I learned a LOT from my players over the past five years and hopefully they learned from me. This is one reason why I enjoyed the practices more than the games. In a given practice we could create a dozen or more situations for the players to learn how to improve their performance.

In business, managers do not produce results. The biggest myth about business is that a CEO delivers results. Managers guide people who produce results. Front line employees produce results. As a manager, your primary job is to consistently, although not constantly, create classroom experiences so that both you and your employees can learn how to improve future performances. If you do that on a regular basis and if you've hired good employees, you will have an impact on future performances within your organization. Don't just assume success will happen because you've hired good people. Create classroom situations where people steadily learn how to perform better and then give those individuals the freedom to deliver better performances.

Expect Opposite Reactions to the Same Approaches

As a youth coach and as a business manager, you will drive yourself crazy if you try to predict how people will react to your style. Many youth coaches have told me that one day they received an e-mail thanking them for doing a great job of coaching the kids and three weeks later the same person who complimented them will go behind their back and tell all the other parents that they are a terrible coach. In business, you will receive praise when you think you bombed and criticism when you thought you had done your very best work. Responses from other people are what they are. Listen them for a bit, see if there is anything you can learn from the feedback, and then move on.

Don't let it attach itself to you. This can exhaust you in volunteer coaching and as an executive or manager responsible for generating better results.

Conclusion: Go Coach

Go be part of the solution in your community. Go and volunteer to try to make a difference in the lives of kids in your community. Many kids don't get a chance to play because no one was

willing to step out and coach. It can be a frustrating experience at times, but in coaching other people's children you will learn a LOT about yourself and that will help you to be more effective over the long term in your professional life. You will also build some wonderful relationships with kids that you will never forget. ☺

Reference # 03M-2011-08-06-01

interVIEW

Sheena S Iyengar is the inaugural ST Lee Professor of Business at Columbia Business School and the Research Director of the Jerome A Chazen Institute of International Business. A world renowned expert on the subject of 'choice', she says that 'choice' can provide a sense of freedom and control that is essential to our well-being. In her critically acclaimed book *The Art of Choosing*, called "refreshingly thought-provoking" by *The New York Times* and "a page-turning narrative that blends academic rigor with a pop culture sensibility" by *The Boston Globe*, Sheena throws a bright light on the many different facets of 'choice', exposing it in all its mystery, complexity and compelling beauty. She has written for CNN.com, Slate and *strategy + business*, and has been a guest on CNN, CNBC, CBS Sunday Morning News and *The Today Show*.



When competition for market share is very high, the best way to differentiate yourself from your competitors is to offer something they can't offer. That means, your best strategy is to focus on the things that other companies cannot replicate – your company values and identity.

Professor, congratulations for being an accomplished academician. You have examined 'choice' in a multitude of contexts ranging from employee motivation and performance in an MNC, Citigroup, to chocolate displays at Godiva, to the magazine aisles of supermarkets and to mutual fund options in retirement benefit plans. What did this diversity mean to your career, profession, and most importantly to your areas of interest – leadership and change management and operating globally?

'Choice' is a core human motivator and so it's relevant to every aspect of ones' life, including retail choices and employee incentives. So, what may at first seem like different domains for studying 'choice', is actually what helped me to understand the gravity and universality of 'choice'. Ultimately, what are leaders judged by? They're judged by the choices they make.

You have received the 'Presidential Early Career Award' for your ongoing work in examining cultural, individual and situational factors that influence people's choice – making preferences and behaviors. Can you please elaborate on this research project? The Presidential Early Career Award helped fund many of the studies that were described in the book. Namely, the research I've done on Citigroup, Vanguard, and the tragic choices that people may face. The Citigroup study looked at how one's culture affects one's definition of choice. So, even co-workers that share an office may handle autonomy differently. The Vanguard study looked at how too much choice can be de-motivating. When individuals have a hard time choosing what assets to invest in for their retirement plans because there are too many choices and not enough differentiation between their asset choices, they'll often make worse choices. The third set of studies was a look into how people make choices following a tragic personal event. Your work is regularly cited in periodicals as diverse as Fortune and Time magazines, the New York Times and the Wall Street Journal, and in books such as Blink and The Paradox of Choice. And your years of research on choice- making has resulted in a fabulous book, The Art of Choosing. What does this – 'The Art of Choosing' – mean for all the companies vying for ever-discerning customers?

When competition for market share is very high, the best way to differentiate yourself from your competitors is to offer something they can't offer. Nowadays, most products can be replicated and improved upon. That means, your best strategy is to focus on the things that other companies cannot replicate – your company values and identity. Successful companies create an entire persona for their company and/or product. For example, cola is a product that is easily created, however, Coca-Cola is an identity that is unforgettable and inimitable.

Your other area of expertise is in Leadership and Organizational Change. What according to you is leadership all about? Can someone be trained to be a leader? Or is it that the courses can only sensitize and act more like a mirror showing what they are and what they should be? What stylized facts can you infer regarding leadership courses in general?

As mentioned previously, we evaluate our leaders by the choices they make. So, if we aim to become better leaders, we need to study how to improve our choices. We need to learn to harness the power of choice, which can be transformative but also a little unwieldy. What does a leader need to know and do to make the best of choice? This can be trained, but it requires something I like to call informed intuition. Informed intuition is experience (which includes practice and feedback), judgment, and wisdom. I give examples of informed intuition in my book and in my talks to business school students and executives.

Many argue that Indian executives are good managers but not good leaders. Do you agree with this argument? The point of argument is why couldn't India produce someone like Steve Jobs, Reg Jones, Fred Borsch, Jack Welch, AG Lafley, etc.? India has also had its share of leaders, whether they be Mahatma Gandhi or Narayana Murthy. The defining characteristic of today's business environment is turbulence – unprecedented, unstoppable and apparently, unlikely to go away. Can you highlight

some of the recent turbulent factors and how they have impacted businesses across the globe? What did these turbulences mean for “strategy” teams?

I think the world is becoming more competitive, which means competitive advantage will come more and more from strategic thinking.

Are there any good examples of companies navigating turbulent times with success?

To the extent that a company differentiates itself by its values, rather than product differentiation, it does better. We’ll always love Disney World, not for the products, but for the values it stands for. Apple is as successful as how slightly different its newest product is for its newest competitors, which is not as sustainable.

It has largely been observed that in most global markets, international brands build the market initially and local brands take it to the next level by penetrating into smaller cities and rural markets, grabbing a larger share (in China, for instance, the local mobile handset manufacturers’ share of the market is as high as 80%). With increasing globalization, how do you think MNCs should protect their business interests amidst the onslaught of domestic and local players becoming worthy emulators, draining MNCs’ market share?

The MNCs have to sell values associated with their brand because it will be hard to create products that are replicable. All products are replicable, the only way you can differentiate yourself is to create a persona or identity of value.

Business Schools have largely been offering functional specializations – finance, human resources management, marketing, operations, information technology, etc. However, of late, we get to see quite a few organizations offering a newly minted designation, Chief Strategy Officer. Is it therefore appropriate to offer a strategy specialization?

And if it should be, what according to you should a strategy specialization look into and deliver? Should it be a knowledge-based course or a skill-based course?

Both. ☺

The interview was conducted by
Dr. Nagendra V Chowdary
Consulting Editor, *Effective Executive*

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Understanding and Communicating Your Value Proposition

Mike Schultz and John Doerr*

If you know the value you offer and structure the conversation right, you can generate interest and desire subtly as you move along in a conversation. Do this, and you succeed in answering the question, “What do you do?” and position yourself and your value well in any discussion.

Complex problems have simple, easy to understand, wrong answers.

– HLMencken

Let’s say you’ve worked with a customer for two years and you have a great relationship. If we called this customer and asked, “Why do you work with, and keep working with, XYZ and Company?” What would they say?

Because we’ve asked this question so many times when doing research for RAIN Group clients, we expect we’d get long, glowing stories of business impact realized, trust, positive work relationships, respect for our client as a leader in their area, and more.

Now let’s say you’ve been working with a prospect for a number of months on a major sale. If you’ve followed the RAIN-Selling method, you have a clear idea of the impact you can have on the client and what their new reality will be like after they buy from you. They probably do, too.

It’s not like either of these situations when you first meet someone. The person doesn’t know you, what you do, or what you’ve done. When you first meet someone, positioning the great value that you provide and impact you can have isn’t easy. Communicating value when you first meet someone is one of the greatest problems that all salespeople have. They tell us:

- ❖ Our products and services are difficult to describe—it’s impossible to pare down all that we do into a brief statement.
- ❖ Our solutions are customized to each client’s particular need, so it’s impossible to encapsulate.
- ❖ We help our customers in a broad range of areas so it’s difficult to know what will resonate because we could talk about so many things.
- ❖ It’s easy to talk about the specifics of what we do, but difficult to quantify the impact.
- ❖ Our products and services are commodities (or our customers perceive them to be).

* Mike Schultz and John Doerr are Co-Presidents of RAIN Group, a sales training, assessment, and sales performance improvement company that helps leading organizations improve sales results. The two are authors of *Rainmaking Conversations: Influence, Persuade and Sell in Any Situation* (Wiley, 2011) and *Professional Services Marketing* (Wiley, 2009). Mike is also publisher of RainToday.com and writer for the RAIN Selling Blog. John draws upon an extensive career in business leadership which has included senior executive management, business development and marketing, and product and service development. The two can be reached at their emails, Mike: mmschultz@raingroup.com, and John: JDoerr@raingroup.com.

There's no real "value" over what other companies can do.

- ❖ I always feel so contrived and uncomfortable delivering an elevator pitch . . . I never feel like it comes across the way it should.

Whatever you sell, if you can't describe it and the value it offers, you'll always have trouble getting buyers to buy it. The ability to position your value in a way that grabs attention and communicates the benefits of working with you, and does so in a way that naturally leads into the rest of the conversation, is vital to your ability to lead rainmaking conversations.

A Value Proposition is Not a Statement

A value proposition is the collection of reasons why someone buys.

A value proposition positioning statement is a compelling, tangible statement of how a company or individual will benefit from buying from you.

Let's say someone asks you the simple question, "What do you do?" Although you might need to include value in your answer, take note: A value proposition is, in itself, not a statement.

A value proposition is the collection of reasons why someone buys. This, at least, is our definition. Not everyone agrees. From Investopedia:¹ What Does Value Proposition Mean? A business or marketing statement that summarizes why a consumer should buy a product or use a service. This statement should convince a potential consumer that one particular product or service will add more value or better solve a problem than other similar offerings. Companies use this statement to target customers who will benefit most from using the company's products, and this helps maintain an economic moat. The ideal value proposition is concise and appeals to the customer's strongest decision-making drivers.

Companies pay a high price when customers lose sight of the company's value proposition.

You'll note the Investopedia definition characterizes a value proposition as a statement. Trying to boil the concept of value down to a statement is a simple, easy-to-understand, misguided approach.

If you think of a value proposition not as a statement, but as the aggregate sum of the factors that get people to buy, then you've got much more with which to work. It's from that concept – the collection of reasons why people buy from you – that you can put your selling efforts to work much more effectively, communicating different components of that value in different ways for different situations.

One of these situations is, indeed, to describe your value in broad strokes when you introduce yourself and your company. This is when you can use a value proposition positioning statement.

A value proposition positioning statement is a compelling, tangible statement of how a company or individual will benefit from buying from you.

You take parts of your overall value proposition and craft key points into a statement. This way a prospect can get the overall sense of how you can help, and get that sense quickly.

For example, we at RAIN Group help companies to improve their sales performance. If you want your salespeople, professionals, and leaders to sell more, we can help.

This is the umbrella under which we operate. The purpose is to help our clients and prospects wrap their heads around the general area where we help, and to know when they should work with us.

Ultimately, this is why our clients buy from RAIN Group – because we help them increase sales. But there is always a set of underlying factors

¹ www.investopedia.com/terms/v/valueproposition.asp

and specifics that sway them to choose us versus (1) doing something themselves, (2) choosing someone else to help them, or (3) choosing to do nothing at all.

Too many salespeople only craft and practice a statement. They don't investigate the various underlying components of why buyers buy from them. If you think of a value proposition as only a statement, you'll stop here, too. If you can truly understand the collection of reasons why buyers value what you sell, then you can have much richer and more persuasive conversations.

Three Legs of the Value Proposition Stool

The collection of reasons why people buy fall into three major buckets:

1. Prospects have to want and need what you're selling. You have to 'resonate'.
2. Potential buyers have to see why you stand out from the other available options. You

have to 'differentiate'.

3. Potential buyers have to believe that you can deliver on your promises. You have to 'substantiate'.

What happens if you don't attend to this holy trinity of value propositions? Like a three-legged stool, if you take one leg away the entire stool topples over, illustrated in Exhibit I:

- ❖ Remove resonance, and people won't be interested what you're selling.
- ❖ Remove differentiation, and buyers will pressure you on price or attempt to get what you sell someplace else.
- ❖ Remove your ability to substantiate your claims, and although customers may want what you sell (you resonate), and may perceive that you stand out from the crowd (you differentiate), they don't believe you can produce what you say you can. Thus, they won't risk working with you or buying your product.

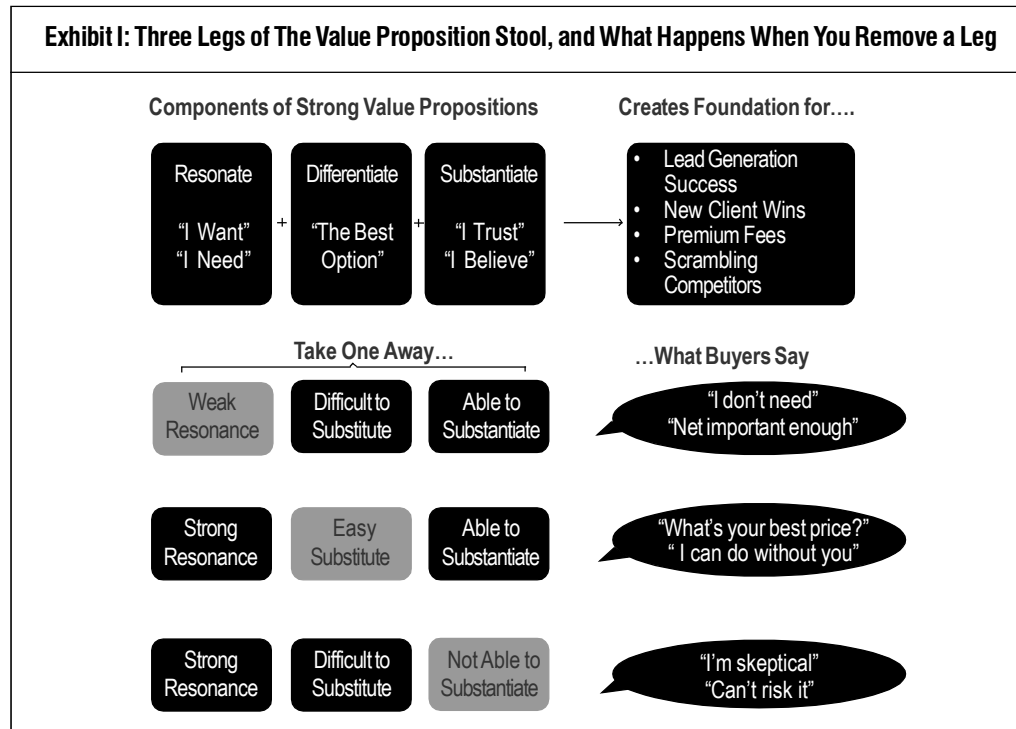


Exhibit II: Six Common Mistakes When Describing What You Do

In addition to the major points outlined, there are six other common mistakes salespeople make when describing what they do.

1. No substance

We offer efficient and effective products and solutions to *Fortune* 500 and emerging growth companies, helping them to uncover and capitalize on known as well as hidden opportunities to provide value to their customers and increase shareholder value. We're unique because . . .

2. Too long

It all started when I was five and read my first book on EPA compliance . . . by the time I was 13, I had capped my first brown field . . . then in the third year after starting the firm, we launched our emissions testing division.

3. Too short/cute/clever

- We're the semi-conductor company that wins.
- We make our clients' financials sing.
- We're the leading-with-integrity technology products company.

4. Laundry list

We are a law firm, and we focus on admiralty law, alternative dispute resolution, antitrust, bankruptcy, appellate litigation, complex litigation, debt financing, environmental law, foreign trade, government relations, ice cream patent and trademark, koala bear adoption.

5. Not prepared for the question

Well, um, you see in capital-intense businesses there sometimes is a situation where the capitalization structure needs to be re-engineered because . . . well, there's really a lot to it. Okay, from a big picture perspective we tend to focus on smokestack businesses, but only where their capital structure . . .

6. Scripted elevator pitch

Many salespeople write a tightly scripted elevator pitch that they practice over and over. When it comes time to use it, it comes out like a canned monologue, and it comes out the same way to every person, regardless of their perspective. It often falls flat, seems impersonal, and doesn't resonate because it doesn't consider the point of view of the receiver of the message.

Before you come up with your value proposition positioning statement, first focus on understanding all of the components that make up the three legs of your value proposition stool. Only then you can communicate your value in your sales conversations. You can sum it all up in a short statement, too, but you'll be way ahead of your competitors who are satisfied with a canned statement.

Focus on Impact, Not Mechanics, to Break Free of the Commodity Trap
When you craft messages about what you do,

think in terms of the customer needs you solve, not what products and services you offer. When you meet someone for the first time, your conversation partner will likely not yet know the details about your offerings, and it's not time to share them. You can, however, quickly position the aspirations you help companies achieve, the afflictions you help solve, and the impact of doing so. When you tell people what you do by describing the tasks you perform, it will lead you down a less fruitful path than when you talk about the outcomes you can deliver.

Consider the following:

A man is walking by a construction site, and he comes upon somebody laying bricks and he asks the person, “What are you doing?” The worker looks at him and says, “I’m laying bricks”.

The man continues walking down the road, and he comes to another worker doing the same thing and he says, “What are you doing?” And this worker says, “I’m building a wall”.

He continues one more step down that building site, and he comes to a third worker laying bricks and he says, “What are you doing?” And the worker turns to him and says, “I’m building a cathedral”.

Laying bricks is a commodity. If you are viewed as selling a commodity, you won’t stand out and you’ll face constant price pressure.

Whatever your “cathedral” is, creates vision in the minds of the buyer, starting you on the path of creating a new reality. Depending on what cathedral you’re selling, by starting with the outcome, you’ll likely elicit emotions from prospects. They’ll think about the last time they tried to do whatever it is that you do. They might think, for example, how poorly it turned out, how upset they were when it failed, how they wish they could get it done well, and how they’d feel if they were successful. (See Exhibit III)

The first step to getting out of the commodity trap is to stop thinking about yourself as a commodity. If you think of yourself as a commodity, that’s how you’ll come across. Then stop talking about the mechanics of your offerings, and start talking about the impact and new reality.

Six Building Blocks of Value Proposition Positioning Statements

You recall from earlier that a value proposition positioning statement is a compelling, tangible statement of how a company or individual will benefit from buying from you. You can use these

statements to introduce yourself competently to another person, and begin a rainmaking conversation.

There are six building blocks you want to consider using in your value proposition positioning statement:

1. Target Customers
Whom do you serve? What makes for an ideal customer regarding industry, location, size, type, and so on? This allows the person on the receiving end to think, “They work with companies like ours”. Know your target customer so you can craft messages that will resonate with them. In addition, the more you can position specialization for a particular buyer set, the more you differentiate.
2. Need/Business Problem
What types of needs and business problems do you address? How do you help? This helps prospects understand how and when they should use you.
3. Impact of Solving Need
What are the financial and emotional benefits of solving the need? How do you provide value? You may be thinking, “We do so much, and the specifics are always different”. When crafting your value proposition positioning statement, choose one or two, generalize the type of impact, and later, in proof of concept, you can give a specific example or two. This helps people see why they should address the needs you can help them address.
4. Your offerings
What’s your product and service approach, how do you run your company, solve problems, and work with customers? Notice that company and offerings are fourth here. Don’t lead with your capabilities. Take a customer-centric approach and frame your offerings within the context of the needs you can help solve.

Exhibit III: Example: Impact versus Mechanics

We worked with a web-consulting firm that had, believe it or not, sent out 25 proposals and won zero. Clearly they were doing something wrong. They were getting called to the table. They had a decent reputation, but they weren't closing the deal.

When we looked at their proposals and the way they talked about their solutions, we found that they were talking only about the technicalities and the process of building websites. They positioned themselves as a commodity. Any of their prospects could leave the conversation, talk to two other providers, line them all up in a row and they'd all seem to "do" exactly the same technical work. Except that with our client they might be overwhelmed and turned off by all the technical talk.

We worked with the firm and asked them to try a different strategy, starting by asking them a series of questions:

- What's it like working with you?
- Forget the building blocks of how you get there, what are the deliverables?
- What is the impact that your clients receive at the end of working with you?
- What frustrations have your clients had when working with other firms?

That's when the web consultants realized that they don't just build websites. They build all different types of company and marketing successes.

They started to articulate this value to prospects in their conversations and in their proposals. They went from going 0 for 25 on proposals, to two for two, generating six figures of revenue from the start.

5. Proof of Concept

How can you demonstrate that your approach has worked to solve similar problems for others? How do you substantiate your claims? How do they know that what you say will happen will actually happen? You can use reference stories and case studies to provide evidence for your customers to substantiate your claims.

6. Distinction

Why is your offering preferable to other options for solving the need? Do you have something unique about you that's worthwhile to share? Is there some way to highlight how you're different from others? This creates differentiation of your company versus others.

These six building blocks dovetail with the "resonate, differentiate, substantiate" concepts to help you develop messages you can use in sales conversations. (See Exhibit IV)

Be careful, though, not to create one canned statement that encapsulates each of these six

positioning points that you use in every conversation. Remember, these are building blocks. Just like the wooden blocks we all had as kids, you can use the same blocks to build all sorts of different shapes, towers, and cathedrals. You pick and choose which blocks to use in your conversations based on the particular situation.

For example, say you're a marketing and brand consultant talking to your cousin Madison, who happens to be a private school teacher. She asks you to explain what you do in more detail after you mention that you are a consultant. You might say something like this:

In private schools, how do you think they get students to enroll? Generally families might look at and evaluate three to five schools before choosing one. But what do you think causes some schools to have thriving enrollment and long waitlists while others struggle to get new students? Large organizations have to ask themselves these same questions – except rather than talking about student enrollment, they are talking about

Exhibit IV: CSO's Research Has Shown That Your Ability To Differentiate From The Competition In Your Initial Discussions Will Significantly Increase Your Ability To Get To The Next Step

Initial Discussion Conversion Rates Based on Ability to Differentiate from the Competition	Discussion Conversion 51%-75%	Discussion Conversion > 75%
Differentiation – Exceeds Expectations	28%	27%
Differentiation – Meets Expectations	30%	11%
Differentiation – Needs Improvement	23%	8%

consumers buying their products. Why do you choose Colgate over Crest? I help large organizations answer these types of questions for their businesses. I just helped a company that sells dog toys reposition a product line and get it into a major department store chain that they've been trying to get into for four years. They tripled their sales.

If you were talking to a prospect you met at a networking event, the answer might sound something like this: I help leaders of large

packaged goods companies understand why consumers decide to buy one brand over another. For example, just last week I presented findings to a client where we uncovered X, Y, and Z. It's really interesting stuff that will likely to lead to \$20 mn in new sales over the next three years if they implement our recommended changes. Our last client in a similar situation got \$30 mn, actually.

Same building blocks, but tailored for the person with whom you are speaking. Exhibit V

Exhibit V: Real-World Example

Genuine

We're accountants. **Distinct** **Target Clients** **Offering**

We make sure our family-owned business clients understand their finances and reach their financial goals. Most people view accounting functions at a business as a cost center. We help our clients make money and save money through the work we do.

Target Need **Proof of Concept**

Here is a good example. Just last week we showed a client that she was using two different vendors to buy the same product for their 22 locations. We brought it to their attention, called the vendors in to compete for all the business. And compete they did!

The new vendor agreement will save our client \$100,000 during next quarter alone.

Business Value

Exhibit VI: Getting Ready to Make RAIN

I work with some of the world's best-known companies to help them protect their brands.

Offering

Target Need

Using our experience in intellectual property law, we help companies like Nike and even organizations like the NBA protect the value of their brands.

Proof of Concept

Target Clients

Just last week we helped a client protect their newest music releases from counterfeiting overseas. They benefited because we had the contacts in that country to make sure their products were protected.

Business Value

That one bit of help will safeguard millions of dollars in revenue for them that would otherwise have gone to unauthorized vendors and costly lawsuits in a foreign country.

and VI are a couple of real-world examples that put these building blocks in practice: Once you have the proper building blocks on reserve, you'll be ready in any rainmaking conversation to properly position your value.

Make It a Rainmaking Conversation
Earlier we wrote, "We at RAIN Group help companies to improve their sales performance. If you want your salespeople, professionals, and leaders to sell more, we can help."

Did we follow our format? Yes, but we kept it short and general. After all, we don't know who you are or what you care about. We could, however, find this out in a conversation.

Rest assured we have:

- ❖ Various industries we have worked with closely. Depending on where we are, we are prepared to talk about our depth of experience in that industry.
- ❖ Specific needs we solve, from figuring out what will boost sales at one company versus another, closing skill and knowledge gaps, hiring

the best salespeople, and others.

- ❖ Detailed knowledge of the impact of solving our clients' needs, from increasing results of each salesperson, to increasing new sales hire success, to speeding up new sales hire ramp-up time.

We have specific success stories in each area, quite a number of differentiators, a long client list, and a lot of research and intellectual capital behind our approaches.

If we were to deliver all these messages at once, however, not knowing our specific audience, we'd fall into the trap of giving a canned, one-size-fits-all value proposition positioning statement. (It would be too long, too.)

The point is this: If you know the value you offer and structure the conversation right, you can generate interest and desire subtly as you move along in a conversation. Do this, and you succeed in answering the question, "What do you do?" and position yourself and your value well in any discussion. ☺

Reference # 03M-2011-08-08-01

interVIEW

Melissa A Schilling is a Professor of Management and Organizations at New York University, Stern School of Business, and is currently a Visiting Professor of Strategy at INSEAD. Before joining NYU, she was an Assistant Professor at Boston University (1997-2001), and has also served as a Visiting Professor at the Bren School of Environmental Science & Management at the University of California at Santa Barbara. She has also taught strategy and innovation courses at Siemens Corporation, IBM, and for the Kauffman Foundation Entrepreneurship Fellows program. Professor Schilling teaches MBA, Executive MBA, and PhD courses in strategic management, corporate strategy, and technology and innovation management. Professor Schilling is widely recognized as an expert on innovation and strategy in high technology industries. Her research in innovation and strategy has appeared in several leading academic journals.



Strategy consulting as an industry is probably maturing, making it seem somewhat less exciting than more nascent industries. Now that their own industry is more competitive and global, it is also probably more difficult for consulting firms to capture the “low hanging fruit” that was previously available to them.

Professor, congratulations for being an accomplished and acclaimed academician. What was it that kept you going and what is it that keeps you pursuing further? Was it the love (the passion for) of the subject or was it a pursuit to either prove or disprove yourself?

I have been fortunate to have a job that I really enjoy. I love reading and contemplating societal problems or industry dynamics, seeking to find patterns that help us answer fundamental questions. I was drawn to the field of strategy precisely because it is broad in scope: you can study a very wide range of questions that affect business and society through the lens of strategy. It is also a field that is more tolerant than most other interdisciplinary fields, which means you can leverage

insights from economics, sociology, psychology, engineering, and others to gain understanding on strategic issues.

Why is it that there is no Indian consulting company in the likes of McKinsey, BCG, PWC, E&Y, etc., although all these and all the other global consulting houses' top management is flooded with Indian talent? What according to you have been the stumbling blocks for having started a world-class consulting house from India? In other words, Indian consultants everywhere. Indian consulting houses nowhere.

Why?

I believe this is purely an issue of early mover advantage. Most of the major global consulting firms have been around a long time – PricewaterhouseCoopers was founded in 1849, Ernst & Young was founded in 1889, Booz & Co was founded in 1914, and McKinsey was founded in 1926. Even the comparatively younger firms (Boston Consulting Group, Bain & Co. and Monitor) were all founded well before India was liberalized. In a business like consulting, there are significant returns to experience and scale. Firms that have been around longer have accrued deep knowledge repositories, dense thickets of relationships with managers of the world's firms, and perhaps most importantly, reputations that confer legitimacy. The quality of service that will be obtained from a consulting firm is difficult to assess in advance, and thus brand and reputation are extremely important. At the same time, because these consultancies are attracting legions of large, interesting, or prestigious clients, they also attract legions of talented recruits who want to be exposed to those clients and to be endowed with the reputation of a credible firm. It's a self-reinforcing cycle that is difficult to break into, though Wipro and TCE are making headway.

Undoubtedly, the 2008 financial crisis brought forth the collective ire at consultants. One of the arguments has been that the consulting houses have always attracted (lured away!) the best talent around and the watchdogs/ the regulatory authorities are left with the mediocre talent (and as a result) and as long as this mismatch is uncorrected, the governance issues would only get repeated. What is your opinion on the talent mismatch between consulting firms and the regulatory bodies? After all if the regulatory authorities are to either preempt or unravel any corporate crime, they should have as good talent, if not more, as the perpetrators of the corporate crimes. This is a good point; however I think there are two important caveats to bear in mind. First, I do not think we should assume that consultants and regulators are always at odds; it is definitely in the consulting industry's best interest that economies grow steadily, and that there are opportunities for firms everywhere, and of any size, to be successful. Thus consultants may make mistakes, and sometimes be myopic or malfeasant, but on an average, they should largely want the same things that regulators want.

Second, there will always be talented people who will recognize the opportunity to have disproportionate influence through a role in government, even if the monetary incentives seem smaller than those in consulting. Regulators have the opportunity to make profound and lasting changes in the world, and the opportunity to make a meaningful contribution of that magnitude is a significant incentive in itself. I believe this is precisely why people in very senior >>

management or academic positions are often successfully lured to take temporary posts in government.

The discipline of strategy has largely been propounded and popularized by consulting houses, especially Bain & Co., BCG and McKinsey (prompting Pankaj Ghemawat to call them “strategy boutiques”), preaching companies what they should be doing. Of late, ironically though, most of the major consulting houses seem to have lost their sheen, as many argue. Is it because they ran out of steam or is it because the companies have built their in-house capabilities?

Strategy consulting as an industry is probably maturing, making it seem somewhat less exciting than more nascent industries. Now that their own industry is more competitive and global, it is also probably more difficult for consulting firms to capture the “low hanging fruit” that was previously available to them. In the 1990s, for example, a consulting firm with experience in Information Technology had more demand than it could serve. It could parlay experience with early clients into contracts with hundreds of new clients. But now that expertise is widely dispersed. Today, a consulting firm that is experienced in helping firms tap the BRIC markets probably has more demand than it can serve, but that expertise will also become quickly dispersed as competitors closely watch each other, gleaning whatever insights they can from their peers.

The defining characteristic of today’s business environment is turbulence – unprecedented, unstoppable and apparently, unlikely to go away. Can you highlight some of the recent turbulent factors and how they have impacted businesses across the globe? What did these turbulences mean for “strategy” teams?

Right now, the issues that have been coming up most often in my strategy discussions are energy (i.e., how can we lessen our dependency on fossil fuels and try to slow global climate change), corporate governance (i.e., prominent models of managing companies to maximize shareholder value are under attack as being too narrow, leading to socially desirable outcomes) and growth through globalization (i.e., firms are under extreme pressure now to grow at almost any cost – a serious cognitive bias in and of itself – and many believe that they are in a race to capture the markets of Brazil, Russia, India and China).

Are there any good examples of companies navigating turbulent times with success? I think there are lots of good examples. One of my favorite examples is Apple. Steve Jobs has always stuck fiercely to his vision, despite being buffeted by criticism from those who thought he was not maximizing shareholder value. He was frequently implored to grow the firm through more open licensing policies and greater compatibility, but he remained firm in his conviction that being a bigger company was not synonymous with being a more valuable company. He maintained a powerful focus on delivering a remarkable consumer experience. In the end we can see how well his convictions served him: despite selling far fewer computers than companies like Dell or HP, Apple was routinely much more profitable. His vision may prove to be true with smartphones and tablets also, as far more users opt to pay for applications for their iPhones and iPads than those for Android-based or Blackberry devices. Jobs is able to successfully navigate turbulent times because he has strong beliefs about what

Apple should be to the world, and he remains true to those core values – this is consistent with what Orit Gadiesh, Executive Chairwoman of Bain & Company would call “true north.”

Globalization, technological innovation, regulatory restructuring, demographic shifts, and environmental pressures have all conspired to continually redraw the competitive landscape. Consequently, the nature of most industries is changing quickly, and companies are seeing their rivals, suppliers and customers transform at breathtaking speed. What do you think companies should be doing to cope with these ultra-dynamic competitive forces?

I think that in times of heightened uncertainty, companies should try to keep things simple by focusing on two things: 1) delivering substantive value to customers (i.e., solving customers’ problems better, faster or cheaper than competitors do) and 2) staying lean and nimble so that they are able to respond to change. Growth and/or diversification for their own sake can lead a firm to disaster – growth should be the outcome of success at creating value, not the objective.

What is the relationship between business model innovation and strategy formulation? Which according to you is more important – having a very sound, exciting business idea accompanied by well-documented business and revenue model or a grandiose strategy?

For me, the development of a business model innovation would be an example of strategy formulation. Most business model innovations are examples of changes in functional-level strategies (e.g., how do we acquire key inputs? How do we reach our customers?) or business-level strategies (e.g., how can we reorganize our value chain to cut costs, or position ourselves in a way that creates more willingness-to-pay?).

It has largely been observed that in most global markets, international brands build the market initially and local brands take it to the next level by penetrating into smaller cities and rural markets, grabbing a larger share (in China, for instance, the local mobile handset manufacturers’ share of the market is as high as 80%). With increasing globalization, how do you think MNCs should protect their business interests amidst the onslaught of domestic and local players becoming worthy emulators draining MNCs’ market share?

Multinational companies often enter a market with learning curve advantages and economies of scale in R&D, marketing, and other functions. Local competitors can take that business away by meeting localized demands more closely (if the multinational fails to recognize or respond to differences in local needs), by having a lower cost structure (if the multinational is still relying on more expensive capital or labor inputs from its home market), or by being willing to accept lower profit margins. The first two mechanisms imply that multinationals have to more aggressively assimilate the knowledge and advantages of the host market they have entered if they want to defend their share; the latter mechanism involves a trade-off the MNC may not wish to make. It may simply not be worthy enough for the MNC to accept the lower margins local competitors may be willing to accept.

Business Schools have largely been offering functional specializations – finance,

human resources management, marketing, operations, information technology, etc. However, of late, we get to see quite a few organizations offering a newly minted designation, Chief Strategy Officer. Is it therefore appropriate to offer a strategy specialization? And if it should be, what according to you should a strategy specialization look into and deliver? Should it be a knowledge-based course or a skill-based course?

Few newly minted MBAs will be able to land a position as a Chief Strategy Officer, highlighting one of the challenges of teaching strategy: much of what we teach in strategy is targeted towards high-level management positions. That said, strategy courses train students to think more strategically, which greatly improves their likelihood of eventually achieving a high level management position. There are a number of schools that offer a strategy specialization, including the Stern School of Business at NYU, where I work, and INSEAD, where I have a visiting appointment. Many of the students who pursue a strategy specialization at these schools are seeking careers in strategy consulting or general management. ☺

The interview was conducted by
Dr. Nagendra V Chowdary
Consulting Editor, *Effective Executive*

Reference # 03M-2011-08-09-06

When the Truth Kills the Sale

Barry Maher*

You can even try telling the truth. What you really want is for the client to close and close today. Not that they don't get the information they need the first time we're out there, but it's hard for people to make a decision.

Some Skeletons Won't Dance

I was conducting a corporate training session on a stifling hot August day in Houston, Texas. Shortly after the session had begun, I'd realized that I had the flu coming on – and coming on quickly. The air conditioning in the meeting room had coughed on just long enough to break down, and my fever blended with the swelter of the day. Fortunately, the air worked great in the room where we were having the lunch break. Unfortunately it was giving me chills and blowing out a chemical odor no one else seemed to notice that was strongly reminiscent of damp sheep. I'd already pushed aside the fatty pastrami and the greasy French fries, though I knew needed to find something I could hold down if I was going to make it through the day.

"So . . ." began the young sales executive to my right, by way of initiating a conversation. I'd warned everyone not to get too close to me. But he was a 275-pound former college football player, and he obviously wasn't worried about some microscopic germs, no matter how badly they seemed to be kicking my puny little butt.

"So?" I answered to show I was tracking. Maybe I could get down some of the pudding.

"So," he repeated, letting the word hang there until I began to wonder if I needed to respond again. I was about to tell him that the pudding wasn't bad when he finally continued. "So what do you do, when you've gone through the entire Skeleton Protocol and you still can't sell the product to yourself. When that big fat ugly negative is still there – unbraggable – sitting like a rank, festering pile of pig manure, creating an ungodly stench in the middle of your sales calls."

So much for the chocolate pudding. I pushed it aside and gathered my thoughts. "I'd wait a week and run through the protocol again," I said. I sipped my coffee and then gestured with the cup. "Sometimes the best ideas need to percolate through your subconscious for a bit. Percolate through your subconscious, I thought, not a bad image.

"You don't know my subconscious," he laughed. "It's more likely to percolate more pig manure. Or some kind of putrid sewer sludge like that coffee you're drinking." So much for the coffee. I had a feeling he was right about his subconscious. "If you've done everything you can do with the protocol but you still can't honestly sell the product to yourself, then you do exactly what all good salespeople do when they find they can't sell something to somebody."

* Barry Maher writes, speaks and consults on leadership, management and communication. Highly regarded as a motivational keynote speaker and trainer, he's the author of 'Filling the Glass', cited by Today's Librarian magazine as "[One of] The Seven Essential Popular Business Books". For more articles by Mr. Maher, to contact him and/or to sign up for his email newsletter, visit www.barrymaher.com.

“You quit and move on down the road?”

“You negotiate.”

“With yourself?”

I nodded, and the entire room began to spin. “You negotiate with yourself,” I muttered, looking for something to hold onto. Then I said, and these were apparently my exact words, “But once the monkey rehabilitates the dreidel, there’s no chance to recompensate your pumpkin. None at all. Remember that.”

Remember that.

Negotiating with Yourself

Truth: As salespeople, we always want to have a better deal to sell. We’d always like our company’s standard offers to be improved in ways we feel would make them more salable and put more money in our pockets.

Many of us do have some leeway to sweeten the deal, perhaps offering add-ons or rebates or discounts or concessions like faster delivery or additional training or free installation. As a general rule, the less effective the salesperson, the more he relies on these sweeteners and the sooner he offers them to the prospect. The better the salesperson, the more likely he is to sweeten only when necessary and only as part of the final negotiation that leads to the close.

Even the greatest salesperson sometimes needs to sweeten the offer to close a sale to customer. The same can be true when you’re selling your product or service to yourself. Sometimes – rarely – you can work through the entire Skeleton Protocol and yet you still can’t honestly sell your product or service to yourself. If that’s the case, you may need to sweeten the offer. If you yourself can’t honestly buy the deal you’re offering customers, you may need to offer them a better deal. You don’t do this to make it easier to sell your product to the customer. You do it to make it possible to sell it to yourself.

However, If your company’s offer is fairly structured, if other salespeople are honestly selling it and customers are routinely finding value in it, you should never have to alter the offer in order to sell the product to yourself.

Never, if other reps are selling it, and selling it honestly, if customers who do buy it know the truth about it and consider it a fair value, then the problem is not with the offer. If the people who buy it consider it worthwhile, why don’t you? Chances are your problem is not with the offer. Chances are your problem is with the fact that you can’t sell the offer. Find out how successful salespeople are selling it and work on your skills.

Adding Sweetener

But let’s say the Skeleton Protocol hasn’t worked for you. And let’s say that no matter what you might personally add to the package in terms of customer service or becoming a resource, you still can’t honestly sell the product to yourself. You just don’t believe that your company’s electron micro-gizmo is as good a deal as you feel you have to claim it is to make the sale. However, the electron microgizmo with the free extended training your boss lets you throw in is a deal you can believe in.

So you sweeten the deal. But when do you sweeten it? Do you offer the electron microgizmo with the free training as your initial offer? I wouldn’t. I’d still work in the sweetener as part of the final negotiations that lead to the sale. We’ll be talking more about that kind of negotiating in the final chapter, but the basic principle is first to sell the original offer and sell it as strongly as you honestly feel you can. Then when you do offer the sweetener, you sell that as well, so the prospect understands the full value of what he or she is getting. And you get something in exchange for that sweetener, ideally the commitment to buy. “If you order today, you’ll also receive . . .” is the

most blatant form of the strategy, but even that works. Whenever you give something in negotiations, you get something. After the sale, of course you deliver more than anyone expects.

A More Complete Offer

Depending on your company, there may be a lot you can do to improve the offer, or there may only be very little. You might be able to offer premiums, training, add-ons, express service, or additional payment options. Even if you can't do anything like that, there are often other things you can do.

Sanjay "Hap" Singhal sells voicemail and other messaging products to wireless companies, phone companies, and Internet service providers. Obviously, these are big-ticket items, and Hap has had as much as \$75 mn a year in sales. He's improved deals by such standard enhancements as speeding up delivery and installation; helping his customers market the product to their customers; and providing free services and price discounts in exchange for letters of recommendation. He's delayed his company's invoicing to match the customer's budget cycle and offered to make his product work exactly like the customer's existing software so retraining wouldn't be necessary. He's also signed up as the purchasing agent's doubles partner in tennis.

Kare Anderson, a strategic communication consultant, recommends partnering and cross-promoting with businesses in related fields as a way to improve the offer. If you're selling swimming pools, for example, you might partner with an outdoor furniture provider. You could bundle the pool with whatever pool furniture the customer needs, giving a discount for the package. Or you could throw in a free period of pool care that an aggressive pool service might be happy to provide to introduce their business to potential new customers. Susan Gilbert is a speaker, an entrepreneur, and an award-winning

author. Back in the mid-1980s, she was selling computer systems to banks and securities firms, which was not an easy sale. Computers were far more expensive in those days and did far less. Most of the decision makers she approached understood computer systems about as well as they understood Martian, and trusted them about as much as they trusted Mao Zedong or the KGB. Then too, there was only a tiny amount of useful off-the-shelf business software on the market, and most of that was intimidating, difficult to master, and not always customizable to the needs of a specific business. Every one of Susan's prospects had heard tales of corporations that had spent thousands and thousands of dollars on hardware that ended up rotting away in dusty basement storerooms. Susan's computers didn't seem like a particularly great deal to her prospects.

So Susan teamed up with a programmer who could create the specialized software to meet her various prospects' needs. She and the programmer made their sales calls together. She sold the hardware; he sold the software. They turned those computers into the type of outstanding investment Susan knew they could be. What you can offer to sweeten the deal depends on your situation, on your company, on your products and services, and – perhaps above all – on your imagination.

Discounts

Truth: Offering discounts is usually the worst way to improve a deal.

Novice salespeople often try to increase their sales by selling at a discount. But if other salespeople are selling the product at full price to customers who aren't later feeling ripped off, the problem by definition isn't price. Customers are obviously willing to pay the full price – just not the novices' customers. Assuming that there is a need, the problem is that they aren't establishing

value, first in their own mind and then in the minds of their prospects.

Truth: If you haven't established value, you can't sell a diamond for a dollar.

Of course, without the efforts of DeBeers and modern marketing, a dollar just might be what a diamond is actually worth. But after one of the most effective jobs of establishing value of all time, what diamonds actually sell for is another story altogether. One summer while I was on vacation from college, I became a tin man, selling aluminum siding and roofing door-to-door in the Boston area. The business has a bad reputation, but our siding and our roofs were the finest available. Our prices were high but fair. In spite of what consumers always want to believe, you can't get the best without paying for it. On the last afternoon I was with the company, I got the best sales lead I received that entire summer. Several weeks earlier, I'd sold a roof in West Roxbury to the Davenports. Now their neighbors, the O'Briens, had called in and asked for me. Their house was identical to the Davenports. They wanted the same roof – our premium roof, the most expensive product we had to sell – at the same price.

I had a plane to catch, but this kind of sure sale was as rare as free money. Last afternoon or not, I was a commission salesperson, this was a big sale, and as long as I wasn't dead and buried – death alone wouldn't have stopped me – I was hauling myself out to West Roxbury.

Naturally, we were having a monsoon at the time. I had trouble finding the house, parked too far away, and got soaked. I was cold and wet and I didn't have much time, but the O'Briens knew exactly what they wanted, and they knew the price. So I figured, why bother with a presentation? I just wrote up the order. Then as I finished filling out the contract, I realized that on that very day the company had started a new promotion designed to give us an additional closing tool.

This sale was already closed, but the O'Briens qualified for the offer. So I told them about it and said, "Because of what you're already spending, with this promotion you can have all new, top-quality gutters installed on your roof for just another \$25." Even in those days, the cost of new gutters would have normally run them hundreds of dollars. And their current gutters were marginal at best. I flipped back to the first page of the contract and started to write it up.

Mr. O'Brien stopped me. "Let's just stay with what I told you I wanted," he said somewhat irritably. "I think we're spending quite enough here."

At first, I honestly didn't understand. To me, the gutters were worth hundreds of dollars. That's what I'd been selling them for all summer. To Mr. O'Brien, they weren't worth \$25. The \$25 was more money back then, but it still was only a tiny fraction of the normal cost of those gutters and a microscopic fraction of what the O'Briens were spending on the roof. The problem was that I hadn't sold him on gutters. I hadn't established that he needed them, and I hadn't established their value.

I felt terrible because in my haste I'd obviously short-changed him. I quickly tried to explain just what a great deal this was, but it was too late. He knew what he wanted, and among the things I hadn't bothered to sell him was myself. To him, I was simply trying to tack a \$25 add-on onto my sale. He wouldn't even allow me to pitch it. I didn't have the time it would take to backtrack and try to sell him from scratch.

"Tell you what," I said munificently. "I'll throw in the gutters. My gift to you." If you give something, you get something. But I'd already gotten what I wanted. This was my way of working on the second part of that adage: Then deliver more than anyone expects. I'd take the \$25 out of my commission.

"Okay," Mr. O'Brien said, completely unimpressed. He never even bothered to thank me. The fact that I'd given the gutters away only

confirmed that low value he put on them. With the condition of the O'Brien's current gutters and their budget, if I'd have gone out there before the promotion started and handled the call the way I normally did, in all likelihood Mr. O'Brien would have been delighted to pay top dollar to have our gutters installed. He would have seen it as a small price to pay for the amount of value he'd be receiving. As it was, he contracted for a very expensive roof without batting an eye but thought I was trying to slicker him when I simply assumed he'd want to spend another \$25 for something he obviously saw no value in.

The Tijuana Shopkeeper

If you're ever in Tijuana, walk into a shop – any shop – pick something up, ask the price, and then try to leave. “Hey, where are you going?” the shopkeeper will cry. “You don't want it for \$200? Okay, how about \$125? No . . . Well, how about \$95 . . . \$70? \$50? My final offer is \$50 No? How about \$30?” If you have the option of offering price discounts, they should usually be a last resort. And when you do use them, use them in a way that might actually work. Too many salespeople offer discounts with about as much credibility as a Tijuana shopkeeper. Free discounts, like free anything, are worth what you pay for them. A discount will be far more meaningful to the customer if it costs him something. If you give something, get something – something of value, even if it's simply a testimonial letter or a recommendation to another potential client.

You can even try telling the truth. What you really want is for the client to close and close today. So for example, you might say something like, “What we've found over the years is that many of our customers don't end up buying from us until we've made two or three or even four visits. Not that they don't get the information they need the first time we're out there, but it's hard for

people to make a decision. I can be terminally indecisive myself, so I can certainly understand that. But all these visits take up our time and keep us from seeing other potential customers. They cost the company money. So what we've decided is this. If we can close the deal on the first visit, today, and you can allow us to schedule the job at our convenience – within the next month but at whatever time suits our scheduling best – that saves us money, and we can give you the exact same job we discussed ... for a full 20% less!”

Selling Your Product, Not Your Soul

If I hadn't grown incoherent with fever and started sputtering about monkeys and dreidels that afternoon in Houston, the young sales executive would have eventually gotten to at least one more obvious question. It's the question I always get at that point: “So what do you do when the Skeleton Protocol doesn't work and there's nothing you can do to sweeten the offer sufficiently so you can sell it to yourself?”

“Then you have two alternatives,” I say. “The first alternative is that you can perfect your acting skills and your sleight of hand, practice those slick responses that sound so good but you don't really believe, and brush up on the Franklin close – while Old Ben does 90 to 120 rpm in his grave, wishing they'd named the damned thing after old King George or Benedict Arnold.”

“And the second alternative?” “It's a lot simpler. You can just find a product to sell that you actually believe in.” As a consultant, a trainer, and a sales professional, I usually recommend the second alternative. But then again, I'm lazy. If I can't sell a product to myself, it's just far too much work to have to sell it to someone else. I'd rather devote the energy to selling a lot more of something I believe in. ☺

Note: This is an extract from the book, *No Lie—Truth is the Ultimate Sales* by Barry Maher.

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