

The Contender

In these tough times, corporate boards resent greedy CEO

The latest trend in CEO hiring in India is that Boards — or in the case of Indian firms, the promoter-owners — resent CEOs who demand high compensation packages. Given the tough economic headwinds, they not only resent high-priced CEO pay deals, they are now regretful of the past deals, when the infrastructure sector driven hiring impetus was high. This should sound as an early warning to CEO aspirants who are pushing their envelope.

There is also an opinion amongst owners that their professional CEOs are not putting their best foot forward to come out of the

slump. The owners seem to be stuck with the double-whammy of high pay and low effort. Even if this fear is misplaced, just a semblance of such a trend, can translate to catastrophic problems for organizational health and enterprise performance. The current and aspiring CEOs should consider that next few years will be tough-ride both in BD and execution front. They can't be just looking at their own personal payroll gains, but take on the onus for rationalizing pay for performance. The mere expression of concerns and minor hair-cuts will go a long way to earn the trust of the promoters and corporate boards. They can take shelter under the familiar adage: Any hair-cut grows back!

Talking pay-for-performance earns trust

R Suresh, MD, Stanton Chase has recruited more than 100 CEOs and witnessed hundreds more trip at the last hurdle. This column is for the hopefuls

Netnama

Just doing the work is not enough

Let's not fool ourselves. To get better you have to do the work, that is a given. Make no mistake that everyone who achieves at a high level does the work. That being said, just doing the work is not enough, anyone can work. It is work with direction and purpose that produces results. We have this mistaken notion, more prevalent today because of the "10,000 hour" myth that all you need to do is to punch the clock, accumulate hours and somehow magically at 10,000 hours you will be a champion. No way! If that work is not mindful, done with a plan that provides specific direction then all you are doing is getting tired and that does not make you better. It is not the work, it is what you put into the work that counts. I know that is a cliché but some clichés are truisms. I have seen nothing in my experi-

ence to disprove this. Plan your work, work the plan, evaluate the results, recalibrate and keep moving forward with direction and purpose. I reminded of the words of a country western song that was popular a few years ago: "Work your fingers to the bone. What do you get? Boney fingers."

Plan your work, work the plan



Vernon Gambetta

Source: <http://www.functionalpathtraining.typepad.com/>

Happiness @work

Risks I have taken in the past have not worked out for me — professionally or financially. At 40+ I am tempted to coast along but that is not very satisfying. I am hesitant to embark on a drastic career change but feel that my current industry does not have good growth prospects. What should I do?

You have fallen into a classic trap. You associate movement and growth with industry. There is some truth to this. Some fields are changing more rapidly than others and growth is greater in some industries than others. But by focusing on this, you are ignoring the opportunities that exist right where you are.

There are plenty of tech companies in the list of 100 fastest growing companies compiled by Fortune magazine for 2012. But the top spot is occupied by Silver Wheaton, a company that enters into buying contracts with silver mining companies. And there are many entries from low growth industries like apparel where Lululemon is turning heads of analysts and customers.

So, if you are hesitant to change industries,

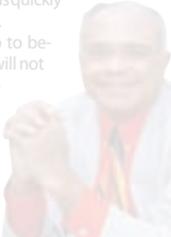
don't do so. Your knowledge of your current industry gives you an edge that you can use. In every industry, even the shrinking ones, there are some companies that are growing and gaining market share. What can you do to make your company one of these? What I hear in your question is that you are concerned about your personal prospects. This is independent of company prospects.

One of my students joined a company whose major distribution partner decided to become a competitor.

Sales nosedived. While people were being laid off in droves, he was promoted rapidly and many times in succession. And no, he is not the hatchet man prized for this ability. He was simply very creative and came up with all kinds of ways to both increase revenues and contain costs. So he was quickly identified as a 'keeper'. See what you can do to become a 'keeper'. You will not only increase your 'job security' but will actually find more fulfillment as well.

Every industry offers opportunities

Professor Srikumar Rao is the author of Happiness at Work: Be Resilient, Motivated and Successful - No Matter What



From Inside-Out to Outside-In Thinking

In Greek myth, Narcissus was a beautiful youth who fell in love with his own reflection. When he couldn't stop admiring himself to the exclusion of all else, he eventually withered and died. Business leaders should view this tale as cautionary. Companies too often become transfixed by themselves and their own products. They view the marketplace from the inside out and end up ignoring the very people who will be using their goods or services. At the extreme, this kind of internal orientation can supplant an organization's very purpose — a dangerous navel-gazing that can permanently alienate customers.



Putting customers first entails more than meets the eye. Harvard's Ranjay Gulati presents a guide to moving beyond deceptive milestones and reaching breakthrough success

ments, without ever fully grasping that segmentation is a business tool, not a business strategy

Milestone 3: Try our solution... please! A tougher task awaits a company that moves beyond Milestone 2. It understands the urgency of comprehending its customers' needs and proactively looking for ways to own some of them. The company cultivates deeper customer relationships, and the more precise knowledge that these relationships generate gives the firm an edge: the agility to be more responsive. But here, too, deception can snare an organization. Though it is intensely focused on customers, it is still trying to solve their problems with the offerings it is optimized to produce. In other words, the thinking process begins outside but ends up back inside, focused on its own products or services.

Milestone 4: Outside-in. The firm's shift in perspective and identity is complete: It engages the market from the outside in rather than jerry-rigging solutions with whatever parts happen to be inside the firm. The company is no longer restricted by a strategy that mandates selling specific products; it has become agnostic about whether it or a partner or even a competitor produces the pieces that solve customer problems. This stage of the journey is close to a destination but not the destination itself. Because markets, customers, and problems are ever-changing targets, the firm must continuously reconfigure itself and its network to keep pace with the market and stay ahead of customers and their unarticulated needs. If successful, the company will both shape-shift with the market and make the market shift with it.

When plateaus look like peaks, organizations risk cutting their journeys short prematurely. Each stage presents deceptions that can mislead a firm into mistaking a mere higher-altitude base camp for the summit. To avoid such misreading, the company must change how it engages the market. The company isn't waiting for customers to "reach in" with a demand; it reaches out first to ascertain market needs. In pursuit of a more thoroughgoing grasp of its customers' businesses and lives, it invites customers to become partners in a collaboration that transcends a mere series of transactions.

Turning "delivering solutions" from marketing cliché to market reality requires vision and fortitude. It also takes the humility to listen to customers, the curiosity to look beyond what they tell you, and an empathetic appreciation of the urgency of their needs. As they were with Narcissus, these qualities are in short supply at companies that take an inside-out view of the world, yet without them, there is no way to build an

outside-in mentality. Leaders need these qualities, and they need to share them enthusiastically throughout their organization, even to the point of overhauling the firm's very mission and identity. Done right, identity work of this kind leads to great products, great top-and-bottom-line growth, and customer stickiness. Outside-in thinking is less about invention than it is about ongoing reinvention.



Ranjay Gulati

To break this spell, a company needs to ask a straightforward but probing question: are we selling or solving? If you define your raison d'être in transactional terms, you are apt to create an organization whose thick boundaries restrict the flow of information. You pour your energy into product or service optimization, training your attention on design, supply chain, and quality control. Your marketing and sales teams see customers through the lens of the company's goods and services, and simply look for creative ways to convince them to buy from you. These internal processes are crucial to get right, but they're far from the whole story.

Companies' intent on winning in the global market ought to pay at least equal attention to external matters. They must look beyond themselves, and initially even beyond their customers, to comprehend the problems that customers need help solving. Hyper-competition, having rendered the old "make-and-sell" model obsolete, calls for probing customers' needs and working backwards from those needs to proactively look for ways to tackle them.

A proactive stance entails not just listening to customers but also digging deeper for the insight to articulate a problem even before the customer recognizes it. Consider a customer who wants a new TV. The retailer can sell a TV at a decent profit and wrap up the transaction. Alternatively, the retailer can ask how the customer intends to use the TV and offer professional advice about how and where to install it, the best cable options, and the like. A truly forward-look-

ing retailer like Apple sees such transactions as an opportunity to develop proactive new offerings that anticipate customers' needs.

This shift in thinking takes time because it alters the company's basic purpose: It is now in the business of identifying a problem space and devising solutions. The shift is not merely a matter of design or manufacturing optimization. Instead, problems that were once out there are now in here too; they become issues that everyone at the company experiences as the customer does.

The journey from inside-out to outside-in thinking is a genuine journey: the road never ends because markets keep changing. In the course of my research, I've pinpointed four milestones to guide companies as they set out to redefine their purpose and identity. Sometimes companies mistake the final two milestones for destinations rather than intermediate way-stations, but seeing beyond partial or illusory victories is imperative.

Milestone 1: Inside-out. The company focuses on the distinctive features and functionality of its products and services. Its offerings are largely shaped by its existing capabilities, and its stance toward customers is "We make; you take." The prevailing belief is that as long as the company builds products that it considers great, and sells them enthusiastically, the venture will succeed. This model may work as long as competition remains limited and/or the market remains stable and predictable.

Milestone 2: Sharpen rusty tools. The company acknowledges the importance of embracing its customers. Recognizing that these customers are heterogeneous, it leverages market research to define the marketplace more precisely. Targeted market research may even shape product design and development, but the governing ideology remains rooted in the make-and-sell model. These initial steps can result in a heady sense of accomplishment that is deceptive. Many companies think they have reached the end game when they build sophisticated segmentation models and design strategies around those seg-



THINKSTOCK

WORD OF THE RINGS FROM PG 1

That was until the 60s, when Britain didn't have competition. In the succeeding years, British industry tanked as a domineering public sector took centre-stage. As the first salvo was fired by Germany Japan and the US, the centre of gravity gradually began shifting to China as a manufacturing hub.

But it is now more than ever, that Bhattacharyya harbours hope of a renewal, for a general slowdown often kick-starts innovations. "Because of unemployment (in the west), the incentives are so great to start up a company (in manufacturing), that the cost difference with the rest of the world is coming down," he says, "Why does GM make cars in China? Not because of arbitrage, but because that they want to make cars for the ever-hungry Chinese market."

As it is, labour cost nowadays is standardized at around 6-7% of the overall cost. He reasons that if transport, fuel and other costs are taken into account, an export hub in China for GM doesn't make sense any more. His mantra: you can source from anywhere in the world, even from your own country, and you don't necessarily need to know who your suppliers are!

Life In a Car



Lord Sushanta Kumar Bhattacharyya

That belief stems from his long-standing experience as a teacher and the current trends that are impacting the global manufacturing base. He takes the recent example of a water sprinkler maker. A young manufacturer apparently designed a water sprinkler and put it out on the web. As people bid for his sprinkler, he placed orders to his suppliers across the world, whom he had never met. "At about a quarter of the price of its equivalent sprinklers, he has the ammo to kill the market," says Bhattacharyya.

Alongside web-based transactions in the B2B domain, companies are getting more bang for their buck online too. Bhattacharyya prefers to illustrate with a Tata acquisition, Jaguar Land Rover. About 70% of

the initial sales of the last car the iconic auto major produced was via social media, he says: "It had nothing to do with big advertisement or promotions."

Bhattacharyya says that the speed of change creates pressure on designers to pack cars with IT, safety and, of course, performance. "In my Range Rover, I don't have to touch anything. I just say 'park' and it goes." The next wave, he says, will belong to composites as machining and welding will be passé as disruptions in technology will be forced by light-weighting. He believes a car will come in the next 4-5 years, which will have no conventional wiring as the composite itself will be embedded with printed circuit boards. "There will also be optimization of driving conditions so that you will get max-

imum fuel economy and also be able to obey the regulations of the road. It will play a pivotal role because you are not just designing the mobility of the car but designing a person's stay in the car and when you stay in a car, you have to optimize, not just the performance of the car, but your life in the car."

As manufacturing goes wireless, India's skill in that domain is suspect. Bhattacharyya, who trains nearly 2,500 Chinese students each year at WMG, believes the gap is widening between India and China in the manufacturing domain. "The speed at which the Chinese do things is unbelievable as the country has a centralized mission to be competitive. The state facilitates everything. The Chinese don't suffer from a centralized economy," he says.

It is that very competitive spirit Bhattacharyya invoked as industrial advisor to the late British Premier Margaret Thatcher throughout the 80s. "Britain then was run by civil servants who had no accountability whatsoever, and as a result, the country ceased to be a major exporter." Despite criticism that manufacturing dipped during her tenure as PM from 1979 to 1990, he supports her by saying that whatever the Iron Lady maintained, got only stronger. One such rock of ages was the Jaguar Land Rover. "She got rid of the automotive sector but kept the Jaguar because she knew there was a nugget there. And when it was finally disappearing, I went and told Ratan to buy it." The rest, as they say is history

moinak.mitra@timesgroup.com