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The Uncertain Miracle

To say that a recession endures is to speak in contradictory terms. A recession is thought to be a temporary departure from the norm - from the substantially full employment of willing workers and a steady expansion in economic product.

There is a need however to distinguish between causes that are obviously temporary and those that are possibly permanent. There were economic legacies from the 1980's that by their nature were temporary in effect; while both precipitating and deepening recession, they would, with the passing of time, release the economy from the depressive influence. Thus, the decade was a period of massive speculation in the financial markets and especially in real estate. After the collapse of this speculation, as all speculative episodes do collapse, there remained the economic wreckage - empty office buildings, an idled construction industry, banks replete with bad collateral and newly discovered executive error, a sharp restriction on new bank lending.

To the depression effect from the banking system and the speculation it financed was added even more visibly the savings and loans associations, by abbreviation the infamous S&Ls. The S&L's were allowed to retain a highly effective access to government funds through public guarantee of their deposits. So endowed, they went on an unparalleled speculative spree which was laced with a far from subtle mixture of both mental delinquency and a forthright larceny.

The inevitable economic result of the ensuing collapse and scandal was not only diminished lending for new construction and home purchases, but also a heavy market overhang of real estate belonging to the enterprises taken over by the government

VINTAGE

for liquidation.

With time the depressive effect of the real estate speculation, the banking trouble and S&L disaster will come to an end. A new confidence leading to the next episode of speculative euphoria will arrive. So it has been, so it will be. Thus does time work its therapy.

The great mergers and acquisitions mania of the 1980's in its several designs was the result of the desire to protect and enhance the profit and also the prestige and power of the managers and the executives. The common result of both the mergers and acquisitions and then leveraged buyouts was the substitution of debt for equity. Money was borrowed to buy out the stock of firms being acquired or preventively to buy the stock that was in danger of giving control. The newly merged firms were burdened with the debt from this exercise. Servicing the debt, in turn, had a strongly depressive effect. Investment expenditures had to be curtailed, and particularly any with a longer-run reward, such as those for research and development. Unpromising units were sold or closed down. Payrolls aggressively trimmed, adding to the already growing unemployment.

With time, these adverse effects also lose their force. The claims of debt diminish; new investment is encouraged; employment and income increase. More substantively, debts are liquidated by default or as bankruptcy proceedings take their course. Empty office buildings eventually gain inhabitants. Banks, their bad loans written off, lend again. All this is part of established experience. This is also the concept of business cycle. That is why the word "recession" carries the connotation of a temporary departure from a better norm.



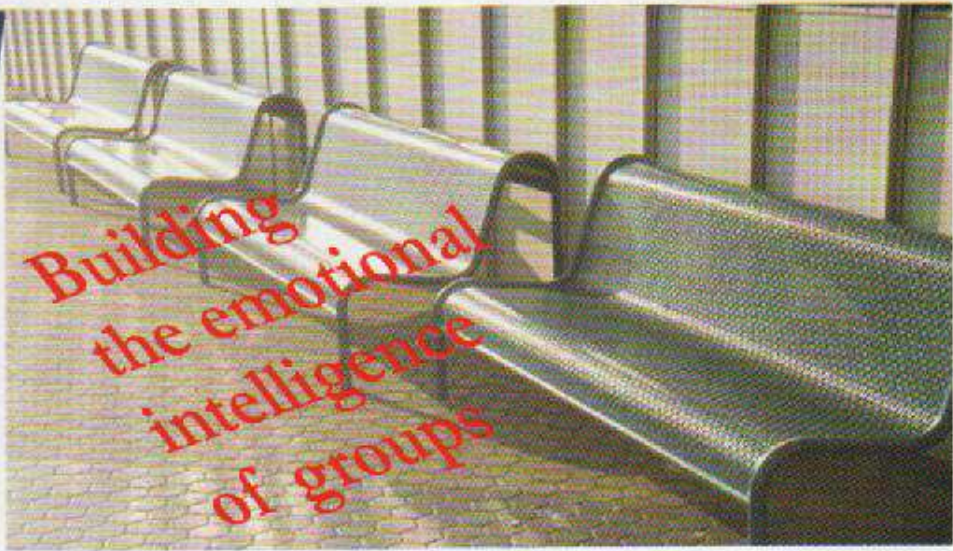
Our Thoughts

No more recessions take shelter under VINTAGE shadows. They only act as a miraculous bridge between the past and the future, expounds Galbraith

Teams set the stage for E.I., backed by culture of trust, group identity and group efficacy.

Jagdish Sheth recommends a 7 - Core formula to retain 'Clients for Life' Ravi - quite appropriately - enhances the evolution of the CORE to make sure that it never withers.

A contradiction in terms! 'Professionals can't afford to be ineffective' but many of them abound in glorious ignorance!



Building the emotional intelligence of groups

Today, most managers do deeply realise that effectiveness in organisations is at least as much about EQ as IQ. Indeed the concept of Emotional Intelligence had real impact. The only issue is that so far EQ is viewed only as an individual competency when the reality is that most work in organisations is done by teams. And one critical need today is making teams work better.

Research tells us that there are three conditions essential to a group's effectiveness: trust among members, a sense of group identity and a sense of group efficacy.

Group Emotional Intelligence leads to a sense of trust, identity, efficacy. This in turn leads to participation, cooperation, collaboration, which means better decisions, more creative solutions and higher productivity.

An appropriate analogy would be a student learning to play the piano - he can be taught to play notes, but will not become a Bach without knowing the music theory and being able to play with the heart.

A team atmosphere is the result of three levels of emotional interaction. In Daniel Goleman's language, personal competence comes from being aware of and regulating one's own emotions. Social competence is awareness and regulation of others' emotions in the group. A group however needs to attend to one more level of awareness and regulation, the emotions of other groups and individuals outside its boundaries.

Group emotional intelligence is about the small acts that make a big difference. It is not about a team member working all night to meet a deadline. It is about saying thank you for doing so. It is about in-depth discussion of ideas. It is about asking a quiet member for his thoughts. It is not about harmony, lack of tension and all members liking each other. It is acknowledging when harmony is false, tension is expressed and treating others with respect.

Some simple practical norms that create awareness of emotions:

- 1. Take time from group tasks to get to know each other
- 2. Have a check at the beginning of every meeting - that is, ask how everyone is doing
- 3. Assume that undesirable behavior takes place for a reason. Find out what that reason is. Ask questions and listen. Avoid negative attributions
- 4. Tell your team mates what you are thinking and how you are feeling.

A model for group intelligence would perhaps be some teams of the celebrated industrial design team-IDEO. IDEO's creative teams are responsible for the look and feel of products like Apple's first mouse, the Crest toothpaste tube, and the Palm V personal digital assistant. The firm routinely wins awards for the form and function of its designs. This nature of work demands a high group emotional intelligence. Under pressure of deadlines and budget estimates, the company must deliver innovative, aesthetically pleasing solutions that balance human needs with engineering realities.

IDEO teams confront each other when breaking norms, constantly seek feedback from inside and outside the organisation. They work very closely with customers. There are fun office-projects that the group can work on when a break is needed.

The key is creating a culture that recognises and celebrates employee emotion.

- Excerpt from HBR-Mar 2001.

Focus

MUST READ

Clients for Life

Jagdish Sheth and Andrew Sobel Simon and Schuster

288 pages. \$ 38.50

Something many executives have been waiting for, a client-tested, in depth guide to building lasting business relationships. It makes for engrossing reading. *Clients for Life* has been hailed as a landmark book.

Two well-versed service professionals share their rare insight at the peak of their brilliant careers. It delves into the depths of the underlying principles that govern professional relationships in today's knowledge-based economy.

Many clients are disappointed and downright dejected with the quality of advice they receive and the attitudes of those who offer it. In general three hurdles prevent business advisers from developing the kind of breakthrough relationships that clients seek.

First most clients seek specialisation which becomes a liability if the adviser wishes to play a broader role. Secondly expertise is becoming automated and reduced to a commodity. And finally, many professionals are constrained by stereotypes about their functions.

Advisers are what clients desire. Advisers behave quite differently from experts and most professionals have not realised this and continue to be "experts".

Seven core interrelated attributes put the client adviser in the "Client value zone". Selfless independence, empathy, judgement, conviction, integrity, becoming a deep generalist and synthesis are the attributes that make the real difference, though motivation, optimism, tenacity, determination and analytical skills are also necessary.

Selfless independence, the delicate balance between dedication to clients and detachment from them is the basis for anyone aspiring to be a trusted adviser. Clients value dedication to their cause but would value independence without which, sycophancy sets in.

Intellectual, emotional and financial independence are the three distinct types of autonomy great advisers practice.

Humility, a genuine interest in others, continuous learning foster empathy and a constant awareness and practice empathy can be developed though it is not a "quick fix" process.

Sound judgement is framing problems, engaging in creative, selective fact gathering. Also exercising intuition to filter judgement through a set of clear personal beliefs and values.

Conviction is asking good questions and applying common sense and also understanding that it is natural for clients to hold their own strong convictions.

Three factors-integrity, competency and risk can be combined into a trust formula

Trust = Integrity multiplied by competency and divided by risk.

Integrity is the backbone of trust and when clients perceive high risk their level of trust diminishes. Thus professionals can increase trust by diminishing risk.

Great advisers are deep generalists who develop a unique fusion of knowledge depth and breadth; they have a core expertise onto which they layer knowledge of related and sometimes unrelated fields.

The essence of synthesis is being able to see the big picture. Rather than just give the client what is-synthesis is helping them to prioritise their issues and make them understand what they actually need to do.

Clients for Life is an excellent synthesis of good counsel sourced not just from the authors' experiences but also from some great advisers in history- the Oracle at Delphi to Henry Kissinger!

You will enjoy and learn....Happy Reading!!

Development of the Core

Listening, Empathy, Humility, Integrity, Seeking, Reflection, Learning, The purpose of Means, Giving, Real Giving

- The Core is definitely evolving

The true test of the core is when it withstands troubled times. That is why, perhaps, it is called 'Core'. When things around us are bright and glowing, it is perhaps easier (I am not very sure) to practise the elements of the Core and constantly enhance one's own core.

This does not put stress on our minds, as we are possibly riding the wave. At times this could have even given us a false feeling that our core is developed and we are what we appear to be. When things are going well, there is little time to reflect, more time to celebrate; little time to analyse, more time to enjoy the output; little time to get into details, more time to paint a big picture.

Perhaps, the core is not tested!

Times are changing.

1. Will my behaviour stand the test of time?
2. Do I hold the beliefs to my heart when I can't see the light?
3. Will I live up to my ideals when the journey is hard?
4. Will I withstand the frost when the spring seems to be no where in sight?
5. Will I be able to demonstrate the values when I see the edifice around me slowly cracking?

Is this perhaps the real core?

- ♦ I need to constantly reflect on this
- ♦ I need to possibly create situations, even in good times to see whether my core stands the test
- ♦ I will probably need to walk in the hot summer when I can ride in a limousine

Tough choices, tough decisions!

Perhaps, that is why the real core never ever withers.

Until next.

Ravi

Six types of ineffective professionals

- Agenda pushers :** Focus on my want and need and not what the client wants - pushing a personal agenda of power and influence.
- One size fits all :** "Where you sit is where you stand" - Applying one good solution to every situation, every client.
- Gurus :** Gurus are all slogans and buzzwords, spellbinding lectures, not specific insight and practical advice. They are certainly catalysts and can offer new ideas but ineffective as advisers.
- Crowd pleasers :** This category of people lack integrity and give the client what they want to hear, paving the way for the next assignment.
- Crowd followers :** Crowd followers rarely challenge status quo. Following the crowd is what made AT&T, Xerox and Exxon make ill fated, expensive forays into computers and related high-tech products that they have since abandoned.
- Recyclers :** The same thing over and over till you are found out, stale cliched counsel.

Do the above sound familiar? If so, wake up before it is too late!

- From the book "Clients for Life"

NOTES FROM ALL OVER

"I live in solitude in the country and notice how the monotony of quiet life stimulates the creative mind"

- Albert Einstein

"I took the road less traveled by and that has made all the difference"

- Robert Frost

"In the beginner's mind there are many possibilities, but in the expert's there are few"

- Shunryu Suzuki

Creativity is all about "throwing away bad ideas before others can"

- Mihaly-author of "Flow"

"Negotiation is the art of letting them have your way"

- Daniel Vane-An Italian diplomat

"Princes like to be helped not surpassed"

- Gracian- 17th century Jesuit priest

"You can stumble only if you are moving"

- Goizueta

"Failure is never fatal, success is never final"

- Anon



"Remember, Henderson give a man a fish and he eats for a day. Teach a man to fish and you've sacrificed your leverage."

COURTESY: HARVARD BUSINESS REVIEW

TAKING SALES
TO A HIGHER LEVEL



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