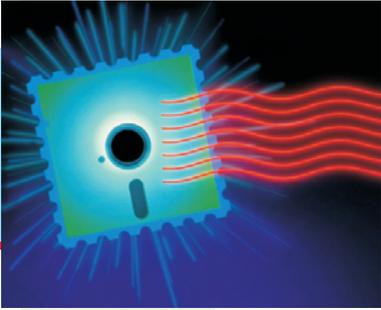


Mercuri Mail

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Businesses have been pulled towards specific locations for hundreds of years. Many cities today retain a garment district, a banking quarter and a theater section, evidence of a mighty force that draws together participants in a particular field.

Auctioneers in UK are well within a few streets of each other, while Danish windmill producers have congregated in the town of Herning. In New York, advertising agencies have flocked to Madison Avenue and in England, the tight knit Film Community is huddled within a few streets in Soho. The pull can be incredibly specific. Novo Hamburgo in Brazil specializes only in women's shoes and Franca in Brazil specializes only in men's footwear.

Yet in spite of such empirical evidence, it was not until 1990 when Michael Porter a Harvard economist wrote *The Competitive Advantage of Nations* that the concept of clustering began to acquire the status of "theory" and to enter common parlance.

Porter described in his book four inter related instances, depicted as a diamond, on a local business environment. These are the cost and quality of inputs, the sophistication of local customers, the nature and intensity of local competition and the presence of related industries. The idea is that the interplay of these four factors creates a reinforcing dynamic that amplifies the pressure to innovate, boosts productivity and encourages similar businesses to locate in the same vicinity.

Porter has said "Clusters are the building blocks of a productive, innovative economy." A cluster is more than a single industry making a single product. Successful clusters involve a variety of related industries, suppliers and institutions, all located in the same place. Success is greatest where the internal competition is most vital, where multiple companies have a lot of pride at stake to see who is going to be the best.

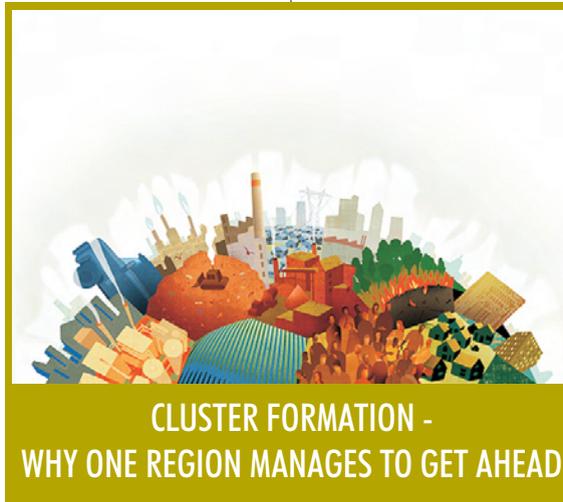
But exactly how is a cluster born? Many clusters have their origin in one important factor that made it logical to start a particular business in that location. This could be availability of leather (for the shoe industry) A deep port (for the shipping, maritime insurance industry) government policy (such as a low tax environment) In the case of Minneapolis, many attribute its specialization in medical devices to the establishment of Medtronic in the region, arguably the most consistently pioneering company in its field. Yet true clusters quickly develop beyond their origins to create a series of competitive advantages that constantly reinforce one another by stimulating innovation and drawing new businesses in.

Advantages include the price and transportation of inputs. In Vigevano, Italy, a high fashion shoe cluster, there are hundreds of small shoemakers serviced by a few leather tanneries, suppliers of accessories such as buckles and beads, as well as the manufacturers of shoe making machinery.

Another advantage is the constant pressure to innovate that such an environment fosters. In Vigevano designers may swap ideas at a cafe of regional trade shows. In Boston a casual remark from one biologist might spark a breakthrough idea at an entirely different company.

How can governments use the cluster theory to boost prosperity – Singapore for example is putting tremendous efforts in turning itself into an Asian Hub for the life science industry, building on its well established role as an important center for pharmaceutical manufacturing. Grants, tax breaks and other incentives are being offered with the aim of luring the best in the biopharmaceutical industry. If successful this may go down as an example of cluster created by sheer force of will.

HBR-2001- Cluster Formation



CLUSTER FORMATION - WHY ONE REGION MANAGES TO GET AHEAD



Our Thoughts

VINTAGE - Know more about Cluster formations

FOCUS - Describes how to handle star performers

Must read - A must, to understand coaching better

Find out how to assess potential in the last page

Managing employee growth is critical to your organization's success. But to develop your employees effectively, you must have certain skills. This volume teaches you to:

- * Assess developmental needs and conduct a career development discussion.
- * Understand and take into account differences between your employees.
- * Use a Performance and Potential grid to determine the next steps.

The Pocket Mentor series, including this volume offers immediate solutions to the challenges managers face on the job every day. Each book in the series is packed with handy tools, self-tests and real-life examples to help you identify strengths and weaknesses and hone critical skills. Whether you are in a meeting or at your desk, this book helps you handle day to day challenges as well. All this with greater skill, efficiency and speed.

The book gives a big picture view of how developing your employee helps your organization and how the process works, comparing old and new approaches to development.

The spotlight is turned on why some managers neglect employee development and what happens if you neglect it. There are simple guidelines on how the manager can fulfill this role. Customizing development strategies for employees focuses on tactics for adapting developmental plans to suit unique employee needs.

Must Read



Developing Employees
-Harvard Business Press-Pocket Mentor
91 pages, Rs 150/-

A lot of emphasis is put on the importance of seeing employees' differences and ways of differentiating employees. The performance and potential grid is a powerful working tool provided in this book and gives simple ways to evaluate performance and potential and decide on action ahead. Ideas to keep the team engaged by providing appropriate challenges and providing mentors for top talent is very elaborate, yet simple to implement.

The style is very simple and hence powerful. All aspects of employee development are covered. The book is

relevant and valuable for every manager to develop his /her team in a systematic and measurable way.

Some of the measures are tangible, some intangible. Of particular value would be-growing competent employees to new levels of achievement - understanding and appreciating your 'corporate backbone',

developing the Solid contributors and providing frequent affirmation. Dealing with Under performers is touched upon - what do do with them, calculating the return - on-management ratio, identifying these players, moving them up or out, deciding whether dismissal is in order. Apart from powerful working tools (development discussion, development plan) there is a self test given at the end of the book which is a helpful review of the concepts covered in the book.

IMAGINE each of your employees performing to the best of his/her potential with expert solutions to everyday challenges!



Happy Reading!

Ravi's Corner



OUR LAND

Old and new - a happy coexistence
 Stark Contrasts
 Technology and Tradition Blends
 DNA fiercely protected
 Different prayer calls
 The more the Gods, the better
 A medley of colours and sounds
 Not for the fainthearted please
 The concrete jungles
 The vibrant villages
 No conflict here
 With myriad complexities
 We still rise above them all
 The Miracle - Our Land

Providing frequent affirmation for STAR Performers

Make a deliberate effort to let these “supporting actors” of the corporate world know that they are important and that you and the rest of the organization value their contributions. Without some level of affirmation, they may lose their motivation and their enthusiasm for the job. For Example:

* Tell them they are valued. Show that you have a genuine interest in them by letting them know how important they are to you, your team and the organization overall.

* Listen to their ideas. When they offer ideas, listen carefully. Take time to respond thoughtfully and respectfully. If you act on their suggestions, be sure to give them credit.

* Praise their accomplishments- Be conscious of the aspects of their job where they are particularly good. Tell them and others how much you appreciate their unique talents.

* Trust them- Show them that you have confidence in them by allowing them to take actions and make decisions that are appropriate for their skill level.

Tips for nurturing Solid Contributors

* Keep track of communication with your employees to ensure that you are not ignoring solid contributors.

* Tell these employees on a regular basis that they are valued.

* Be creative with your rewards, both large and small. Don't be afraid to send a mail, leave a voice mail or give a special bonus to acknowledge his or her contributions.

* Look for ways to make their job interesting, without burdening them with unwanted new responsibilities.

* Allocate resources to Solid contributors with potential. Consider providing a mentor, coaching, interesting learning opportunities, or a combination of these.



Focus

Notes from all over



* “You have to water the flowers you want to grow.”

- **Stephen R Covey**

* “What I need is someone who will make me do what I can.”

- **Ralph Waldo Emerson**

* “Ability is of little account without opportunity.”

- **Napoleon Bonaparte**

* “Treat people as if they were what they ought to be and you help them to become what they are capable of being.”

- **Goethe**

* “It is time for us to stand and cheer for the doer, the achiever, the one who recognizes the challenge and does something about it.”

- **Vince Lombardi**

* “Better than a thousand days of diligent study is one day with a great teacher.”

- **Japanese Proverb**

* “Any genuine teaching will result, if successful, in someone's knowing how to bring about a better condition of things than existed earlier.”

- **John Dewey**

* “You cannot teach a man anything; you can only help him find it within himself.”

- **Galileo Galilei**

* “Example is not the main thing in influencing others, it is the only thing.”

- **Albert Schweitzer**

* “A good coach will make his players see what they can become rather than what they are.”

- **Ara Parseghian**



How can your questions empower your employees to solve their own problems?

Assessing an employee's potential

Ask the following questions

1. Could the person perform at a higher level in a different position or take on increased responsibilities within the next one year/next 2-3 years?
2. Is the organization likely to value the growth of skills and competencies of this employee in the long term?
3. Does the employee display leadership capability?
4. Does the employee display ability to interact with people at a higher level or different level?
5. Does the employee demonstrate comfort with a broader company perspective?
6. Does the employee display flexibility and motivation to move into a new area?
7. Does the employee welcome opportunities for learning and development?



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