

# Gray Matters

## Quarterly



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Opportunities never knock at  
your door.  
It's usually the other way  
round.



## *From the MD's Desk*

**No one can make you serve customers well. That's because great service is a choice.** Years ago, I had read a story which I want to recount for all of you. It's a story about a cab driver that proved this point..

Harvey was waiting in line for a ride at the airport. When a cab pulled up, the first thing Harvey noticed was that the taxi was polished to a bright shine. Smartly dressed in a white shirt, black tie, and freshly pressed black slacks, the cab driver jumped out and rounded the car to open the back passenger door for Harvey. He handed my friend a laminated card and said: "I'm Wally, your driver. While I'm loading your bags in the trunk I'd like you to read my mission statement." Taken aback, Harvey read the card. It said:

**Wally's Mission Statement:** To get my customers to their destination in the quickest, safest and cheapest way possible in a friendly environment.

This blew Harvey away. Especially when he noticed that the inside of the cab matched the outside. Spotlessly clean! As he slid behind the wheel, Wally said, "Would you like a cup of coffee? I have a thermos of regular and one of decaf." My friend said jokingly, "No, I'd prefer a soft drink."

Wally smiled and said, "No problem. I have a cooler up front with regular and Diet Coke, water and orange juice." Almost stuttering, Harvey said, "I'll take a Diet Coke." Handing him his drink, Wally said, "If you'd like something to read, I have The Wall Street Journal, Time, Sports Illustrated and USA Today."

As they were pulling away, Wally handed Harvey another laminated card. "These are the stations I get and the music they play, if you'd like to listen to the radio." And as if that weren't enough, Wally told Harvey that he had the air conditioning on and asked if the temperature was comfortable for him. Then he advised Harvey of the best route to his destination for that time of day. He also let him know that he'd be happy to chat and tell him about some of the sights or, if Harvey preferred, to leave him with his own thoughts.

"Tell me, Wally," Harvey asked the driver, "have you always served customers like this?" Wally smiled into the rearview mirror. "No, not always. In fact, it's only been in the last two years. My first five years driving, I spent most of my time complaining like all the rest of the cabbies do. Then I heard the personal growth guru, Wayne Dyer, on the radio one day. He had just written a book called **"You'll See It When You Believe It"**. Dyer said that if you get up in the morning expecting to have a bad day, you'll rarely disappoint yourself. He said, 'Stop complaining! Differentiate yourself from your competition. Don't be a duck. Be an eagle. Ducks quack and complain. Eagles soar above the crowd.'"

"That hit me right between the eyes," said Wally. "Dyer was really talking about me. I was always quacking and complaining, so I decided to change my attitude and become an eagle. I looked around at the other cabs and their drivers. The cabs were dirty, the drivers were unfriendly, and the customers were unhappy. So I decided to make some changes. I put in a few at a time. When my customers responded well, I did more."

"I take it that has paid off for you," Harvey said. "It sure has," Wally replied. "My first year as an eagle, I doubled my income from the previous year. This year I'll probably quadruple it. You were lucky to get me today. I don't sit at cabstands anymore. My customers call me for appointments on my cell phone or leave a message on my answering machine. If I can't pick them up myself, I get a reliable cabbie friend to do it and I take a piece of the action."

Wally was phenomenal. He was running a limo service out of a Yellow Cab. I've probably told this story to more than fifty cab drivers over the years. Wally the Cab Driver made a different choice. He decided to **stop quacking like ducks and start soaring like eagles.**

Au Revoir

Sanjay Roy Chowdhury  
Managing Director  
Gray Matters Consulting Pvt. Ltd.


## Justell.

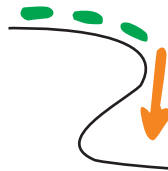
### Changing the way 'work' works

Starbucks encourages its employees, who are called partners, to keep in mind its mission statement, monitor management decisions, and submit comments and questions if they encounter anything that runs counter to any of the six points. Employees submit about 200 such Mission Review queries a month, and a two-person team considers and responds to each one.

"People come to Starbucks to socialize and interact, so our partners do much more than just make coffee," says Dave Pace, executive vice president of partner resources (the company's term for human resources). "They are the ones who create that environment in our stores and make this a place that people feel good about. So they feel empowered and know they are making a contribution. This is a company where we look out for each other and look out for the community. And when people see us responding to them, they feel like this company really 'gets it.'"

The company also encourages community involvement by donating \$10 for each hour that an employee volunteers to a nonprofit or charitable organization. Profits from sales of the company's logo-embellished "coffee gear" are channeled into clubs and services for employees, which include everything from running groups and bowling leagues to quilting and book clubs. Employees can donate an amount of their choice to a voluntary "CUP (Caring Unites Partners) fund," which is used to provide grants to fellow employees who fall on hard times. And every year, as part of its Earthwatch program, the company selects a few employees to travel to coffee-producing parts of the world, where they learn first hand about environmental and conservation issues from the growers.

Caffeine addicts aren't the only fans of Starbucks. 



*Tipping points* are "the levels at which the momentum for change becomes unstoppable." Malcolm Gladwell in his book of the same name defines a tipping point as a sociological term, "the moment of critical mass, the threshold, the boiling point." In this section we would bring out articles / news & views of the unstoppable nature. A potential to become a "cult"

## SERVANT LEADERSHIP

The modern concept of Servant Leadership was articulated by Robert Greenleaf in his 1970 essay "The Servant as Leader"; it has been developed further as a philosophy of leadership and management by Greenleaf and Larry Spears, and others.

The general concept is ancient. Chanakya wrote, in the 4th century B.C., in his book *Arthashastra*: "**the king [leader] shall consider as good, not what pleases himself but what pleases his subjects [followers]"**

**"the king [leader] is a paid servant and enjoys the resources of the state together with the people".**

In approximately 600 B.C., the Chinese sage Lao Tzu wrote *The Tao Te Ching*, a strategic treatise on servant leadership:

The greatest leader forgets himself  
And attends to the development of others.  
Good leaders support excellent workers.  
Great leaders support the bottom ten percent.  
Great leaders know that The diamond in the rough,  
Is always found "in the rough."

(Quote from *The Way of Leading People: Unlocking Your Integral Leadership with the Tao Te Ching*.)


Servant Leadership has parallels with Christian teaching and has been widely adopted in religious contexts. Timothy H. Warneka has applied the Servant Leadership perspective to the Roman Catholic tradition in his book, *Black Belt Leader, Peaceful Leader: An Introduction to Catholic Servant Leadership*.

Greenleaf (1977) described servant leadership in this manner:

"It begins with the natural feeling that one wants to serve, to serve first. Then conscious choice brings one to aspire to lead...The difference manifest itself in the care taken by the servant-first to make sure that other people's highest priority needs are being served. The best test, and difficult to administer, is: do those served grow as persons, do they grow while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants?"

Through extensive work with Greenleaf, Larry Spears identified ten characteristics, which describe the essence of a servant leader. The characteristics are listening, empathy, healing, awareness, persuasion, conceptualization, foresight, stewardship, commitment to the growth of others, and building community.

Educational theorists, such as Bolman, Deal, Covey, Fullan, Sergiovanni, and Heifetz also reference these characteristics as essential components to effective leadership.

Unlike leadership approaches with a top-down hierarchical style, Servant Leadership instead emphasizes collaboration, trust, empathy, and the ethical use of power. At heart, the individual is a servant first, making the conscious decision to lead in order to better serve others, not to increase their own power. The objective is to enhance the growth of individuals in the organization and increase teamwork and personal involvement. 



## DID BEHAVIOURAL DYSFUNCTION LEAD TO THE CURRENT CRISIS?

**Indrajit Lahiri**  
Director, Bangladesh  
Asian Paints Limited



The recent global economic meltdown has spawned a rich literature of what-ifs and what-happened and why-that-happened which will surely continue to provide fodder for the intellectually curious for quite some time to come.

Widespread deregulation, ever increasing need for capital and the influx of highly educated PhDs (the so-called “quants”) into Wall Street, The City in London and other financial hubs like Singapore, Australia, Hong Kong and lately, BRIC countries, had created conditions ripe for the creation of exotic financial products. For a while the system worked well, risk-taking was rewarded, occasionally punished, value was created, sometimes destroyed, capitalism went on its merry course.

But, starting in March 2008 with the fall of Bear Stearns, the meltdown of the Great Credit Bubble (a mixed metaphor if ever there was one) infected even unrelated industries as the global financial and trade systems nearly came close to collapse.

Here I want to concentrate on the role of behavioral factors of the key players in the financial system which could have led to the great meltdown. The factors which made this system dysfunctional may be grouped into three separate areas:

Asymmetrical risk/reward profile for finance professionals (the so-called “trader’s option”)

- Financial model complexity and failure of management oversight
- Behavioral aspects of managing risk and uncertainty

### Trader’s Option:

The “trader’s option” is a term brought into regular use recently

by Nassim Nicholas Taleb, the iconoclastic trader, columnist and writer of such books as

“Fooled by Randomness” and “The Black Swan” to explain why financial professionals, in today’s environment, take the risks that they do.

From his Financial Times article (Feb 24 2009, accessible at <http://www.ft.com>)

: [Take two bankers. The first is conservative. He produces one annual dollar of sound returns, with no risk of blow-up. The second looks no less conservative, but makes \$2 by making complicated transactions that make a steady income, but are bound to blow up on occasion, losing everything made and more. So while the first banker might end up out of business, under competitive strains, the second is going to do a lot better for himself. Why? Because banking is not about true risks but perceived volatility of returns: you earn a stream of steady bonuses for seven or eight years, then when the losses take place, you are not asked to disburse anything. You might even start again, after blaming a “systemic crisis” or a “black swan” for your losses. As you do not disgorge previous compensation, the incentive is to engage in trades that explode rarely, after a period of steady gains]

So, to put it bluntly, it’s a game of “Heads I Win (Big Bonuses)” and “Tails I lose” (My Job, but I get to keep my accumulated wealth).

When one is playing with “house money”, so to speak (not one’s own wealth, but that belonging to some remote, disinterested investor), the traders and “quants” are actually incentivized to take as much risk as possible. The upside

is enormous bonuses (running into the tens of millions of dollars), the downside is that one might get zero bonus, or, at worst, lose his or her job. But, unlike entrepreneurs, one doesn’t lose one’s capital and, after a suitable time, can resume trading with someone else’s money.

### Model Complexity and Human Cognition :


In today’s fast-evolving world of financial engineering populated by Phd’s from particle physics and other esoteric fields, the level of financial and mathematical sophistication required to understand the explicit and hidden risks of financial instruments is dizzyingly high. Most “managers” of quants and traders, far less Boards of organizations several levels up the hierarchy, have the time, inclination and intellectual firepower to analyse and critique these models based on which, multibillion dollar investment decisions are taken. To take just one example, the **Gaussian Copula** model, developed by the Chinese financial engineer David X. Li, and applied by many top global financial firms and rating agencies to rate mortgages, is considered by many to be the progenitor of the current crisis.



The widespread use of the model and its failure, has cascaded across the financial system. Yet, without an advanced understanding of a branch of statistics called multivariate statistics, one cannot understand what the model is all about, far less apply it, or critique its use. Such skills would be rare (but not absent) in today's Corporate Boardrooms and at the Central Bank regulators of many countries. The cognitive abilities required to navigate and successfully master such capabilities are considerable, requiring years of investment of study in highly advanced subjects such as stochastic calculus.

### Human behavior under uncertainty and extreme reward :

Surprise, surprise – when the risk/reward curve becomes wildly skewed, human behavior becomes wildly distorted. In recent years, the prospect of such outsized rewards and little downside risk (read : the trader's option) has attracted a particular species of predator to the canyons of global finance. While some have identified such behaviors with psychopathology, without going that far, one can safely assert that extreme rewards definitely spawned extreme behavior in the (now in the dim past) glory years of the world financial markets.

What should be done about these underlying pathologies of the key players of the world financial system surely would be exercising the imagination of many commentators, regulators and social scientists. What long-term and systemic solutions they come up with (or not) will have ramifications for the common entrepreneur, commodity trader, commercial banker, retail investor or employees of every stripe (manufacturing or services) for quite some time to come. 

**Indrajit Lahiri**, currently **Chief Executive of Asian Paints in Bangladesh** is an alumnus of **IIM Ahmedabad**. He has worked for companies such as **Marico** and **Asian Paints** in sales and marketing and general management roles in India, Nepal and Bangladesh. His areas of interest include competitive strategy and talent management in the South Asian context.



Welcome to Zurrantee. A heritage resort from a faraway time. Set in a seductive landscape, amidst sun kissed tea gardens, it is an ideal destination to decompress.

A two-hour drive from Siliguri across the serpentine passages in the company of sparkling river Teesta, the luxury resort is on one of the highest points of mystical Dooars, North Bengal.

A 119-year old British Bungalow will embrace you soon after you step out of the car. Look around. Discover colors of nature at play in the form of bougainvillea, lily, forget-me-not and other montane flowers.

Look beyond. Discover miles of tea gardens rolling down with the majestic mountains in the backdrop. Inhale oxygen. Tune in to the sound of silence occasionally interrupted by birdsongs.

India is fast falling in love with tea tourism. And Zurrantee has recently opened itself up as a heritage tea tourism destination. Acting as an important bridge from the past to the future, choosing to unwind here is synonymous with travelling through time. Discover heritage travel in its most authentic form.

Here, the Director's Bungalow has been transformed to a luxury resort with much love, sensitivity and devotion. And while doing it, the heritage has been preserved and the history has been kept alive.

Built in 1890, it is one of the oldest and well-maintained bungalows in the region. The estate has passed many hands and currently belongs to Darjeeling Dooars Plantations (Tea) Limited.

The resort is located on the tip of a hill shrouded by the mystical tea gardens. Surrounded by a picturesque lawn studded with fresh colorful flowers, once you reach the bungalow you would feel like you've just reached the playground of nature.

Look around. Discover seas of tea gardens rolling down towards the horizon. Far from the hustle and bustle, this is the place where you could touch and feel tranquillity.

If you are interested, tune in to old classics on vintage gramophone.

For further details please visit [www.zurrantee.com](http://www.zurrantee.com)





### THE GOLDEN GLOW

Single Malts are the most natural of spirits, formed by their environment. For this reason, they are most individualistic. In fact, no other spirit offers such diversity of character.

The same single malt may evolve with age and strength, according to the type of wood in which it has matured. Products of more than a hundred malt distilleries have, at one time or another, been made available as single malts.

Ages vary, as do strengths. Some single malts can currently be found in half a dozen or more bottles.

Which malt is best? Some are clearly more full of character than others, but they also vary in dryness and sweetness, fullness and lightness, crispness and roundness, assertiveness and elegance, and in nose, body, palate and finish. A light, dry, aromatic malt may be better before dinner, a fuller, sweeter, rounder one, after. A soft malt may be restorative after a walk; a heavier, smokier one might be better at bedtime.

#### What's in a name?

"Single" indicates that all of the whisky in the bottle was produced in the same distillery, and not blended with whisky from any distillery

"Malt" indicates the exclusive use of malted barley and no other grain, sugar or fermentable material.

Though both Scotland and Ireland claim to have discovered the 'water of life', it is only the products of a 100 odd malt distilleries in Scotland, that can be called "Scotch". A whisky must be distilled and matured for at least three years in Scotland in order to bear this appellation. Single Malts produced by distilleries in Ireland, North America, New Zealand and Japan may be termed "Single Malt Whisky".



**Sensation commenced in Amsterdam in 2000, and since then over half a million people across the world have experienced one of the most spectacular dance and music phenomenon in the world.**

The first ever sensation took place at the Amsterdam Arena – home of Ajax football club, and was experienced by 20,000 clubbers. The following year, sensation as we know it was born.

World-renowned DJs take to the sensation decks during each eight-hour spectacle of extraordinary stage shows, acrobats, actors, state-of-the-art lightshows, lasers and fireworks. Performers dance across the venue and abseil from the roof, flames shoot from the stage and carnival floats part the crowds.

As sensation's reputation has grown, the music has evolved and taken on it's own style – it's not just about booking the biggest name DJs anymore, it's about choosing the people who can make sensation the best event possible, and play the most cutting edge music of today and tomorrow. Sensation also continually champions the local heroes, the stars of the moment, and the stars of the future, with local DJs always being hand-picked to open or close sensation in their own countries in front of their home crowds.

Besides the DJs and performers, the renowned Megamix is, for many, an exciting climax of any sensation show, setting it apart from all other dance events. This moment during every show is when not the DJs, but the music itself, and the public, are the stars. Compiled by one of the musical masterminds of ID&T sensation, this musical trip through history features a range of old and new classics, accompanied by a spectacular show and fireworks display.

With a different theme every year - from Space, to the Garden of Eden, and Ocean of white - every single show is completely different. The new theme is launched at the Amsterdam edition each year, before travelling the globe.





Over the years, in the Corporate world we have come across various 'concepts' which have now become 'buzzwords'. Often these words have been interpreted differently and interchangeably. In our quest to 'demystify' these concepts, and its meaning to a business practitioner, we have started a series with CEO's / MD's of Corporate India, seeking to address these 'concepts' from their own perspective, sharing experiences and anecdotes.

## Vision

## Values

## Culture

## Strategy

## Leadership

## Talent



**Mr T K Mukherjee** is currently the **Managing Director** of **Phoenix Yule Limited**. Born on 7th July, 1949 – had his formal School Education from Ballygunge Govt. High School, Kolkata. He obtained his M. Sc. Degree from JADAVPUR UNIVERSITY & received his professional learning from Indian Institute of Management, Calcutta.

Mr. Mukherjee started his professional career in 1970 with the then British MNC GKW Ltd. After a short stint, in 1971 he joined BATA INDIA, the footwear major as Management Trainee and contributed in many Divisions & Departments. He left BATA in 1995 and moved to Andrew Yule & Company Limited as Chief Executive Officer to shape the future of Belting Division, from which Phoenix Yule Limited has emerged on 01.02.1999.

PHOENIX YULE today is a part of global Contitech AG and Mr. Mukherjee, the Managing Director, has spearheaded this transformation from an ailing Govt. Undertaking Company to a profitable German Multinational.

Under his guidance PYL has bagged many awards like HIGHEST EXPORTERS (AIRIA & CAPEXIL), BEST ENVIRONMENTALLY FRIENDLY FACTORY to name a few.

He is presently the Senior Vice President of ALL INDIA RUBBER INDUSTRIES ASSOCIATION (AIRIA), an Executive Committee member of Confederation of Indian Industries (Eastern Region). He is also associated with various organisations like Bengal Chamber of Commerce, Indo-German Chamber of Commerce, etc.

## On Leadership

Whenever I refer Leadership, words of Mr. A. G. Lafley, ex CEO Proctor and Gamble, come to my mind wherein he aptly said "Every CEO has four key responsibilities: defining the meaningful outside, asking what business are we in and what business we are not in, balancing short term results and long term goals, shaping the Company's values and standards."

At PYL Leadership is all about Change Management and implementing the Vision, Mission and Core Values of the Company to achieve corporate objectives.

The PSU turned Multinational had several challenges in its path of progress. Legacy of Public Sector vis-à-vis demands of a Multinational had to be coalesced since fundamental changes had to take place in terms of mind setting, attitude building, and decision making and delivering the task. The leadership had two pertinent issues in front, one is to make the Company turnaround and to instill a spirit of change and breakthrough philosophy to come to terms with reality and face the competition ahead. Not only among the white collar employees, also among the blue collar employees, the Company achieved to build leadership qualities

by assigning them the role of Lead Hand, a chosen few across Production, Engineering and Quality Management.

## On Culture

Culture is an integrated set of beliefs, knowledge, rituals and traditions. Culture is actually the personality of an Organization. The Company has a heritage that has built its culture in a span of three decades. Being a joint venture company between Phoenix AG (a German Multinational) and Andrew Yule & Company Limited (a Govt. of India Enterprise) since February 1999, Phoenix Yule Limited witnessed a metamorphosis of culture through the amalgamation of two different set of ethos, retaining the best of both worlds.

Our vibrant Culture can be felt soon after a person steps into PYL world, may it be our manufacturing hub at Kalyani, or our corporate office at Kolkata or any of the branch offices spread throughout India. For us strategizing and thinking sideways is a way of life, we uphold our commitments at all costs.

For us doing the right things, the right way, the first time and getting into the details of data is an every day ritual. I had been with this Company for 14 years, and today when I look back, I really feel proud to lead such a culturally

rich team which operates with all the stakeholders of the Company, with and only with total transparency and fairness, never shying away from accepting and learning from mistakes. This is what Organizational Culture should culminate into.

## On Strategy

Strategy to me is basically discerning and implementing the means to achieve goals – both short term and long term. Strategy of an organization stems from issues of relative importance vis-à-vis the external and internal environment.

As I have already mentioned, strategizing is the way of life in PYL and that's embedded in the culture. In this competitive world, we are always expecting the unexpected, envisioning the future and taking the right measures to achieve the desired goal. And this is what strategizing is all about. We are having a set of strategic intent which we inculcate among the employees through various means of organizational communication.

*People ask the difference between a leader and a boss... The leader works in the open and the boss in covert. The leader leads and the boss drives.*

- Theodore Roosevelt



## On Vision

Vision of an Organization, focus on the purpose of the organization in a way that “defines its character”. It rather reflects “how the organization sees itself now and in the future, and how it wants to be seen by the outside world”. When we started our business, there were very few companies offering rubber conveyor belts especially in India.

The 90s witnessed the globalization and the surge of industrialization. The market bloomed; opportunities increased and so did competitors. Our vision being “consistent competitive advantage through the application of best business practices and quality workforce” we really did come a long way.

Today, from providing reinforced rubber belts for carrying heavy materials, PYL evolved as a socially responsible Company providing not only products, but also services, surfacing into a complete solution provider in conveying bulk industrial goods from one point to another, in the market.

The Company has been recognized by CII for Significant Improvement in Productivity for a consecutive period of 4 years, for Significant Improvement in HR Practices for the year 2006-2007, has been awarded the first position in Environment Excellence Award for 2007 by West Bengal Pollution Control Board along with Indian Chamber of Commerce and has achieved the CII HR Excellence award for the year 2008-2009. This is not a day’s or a month’s work, but the result of a sustained effort with a guiding vision.

## On Values

Values are a set of beliefs that are accepted by each one of the organization as the bedrock, the guiding principle, the spirit of organization culture. Values help take the right decision from the perspective of the organization.

Values evolve and develop with an organization and that is why it gives character to an organization. However, values are best established by the leaders in an organization. Moreover, inculcating the values in an organization is well achieved by the Leaders doing the “walking the talk”. Leaders’ “living the values”, themselves, help the people to comprehend the true spirit of organization values.

PYL Values are driven by “the basics” of Continental Corporation that are to be followed and practiced by all group Companies. The basics are:


**Creating value is our driving force**  
**Our focus is towards our Stakeholders – customers, employees, partners, suppliers and our community**  
**We stand by our social responsibility**  
**We believe in superior technology and services**  
**Our quality is without compromise**  
**Our corporate spirit is to strive for excellence**

## On Talent

“Talent is doing easily what others find difficult”. In an organization each one is talented in one way or other; only, fitting the right employee in the right job position needs to be done. And that’s what makes the process of talent management critical. Nurturing talent positively for company’s benefit should be approached in a systematic manner, and the role of senior leadership is crucial in that regard. Moreover in today’s business scenario, managing talent has emerged as one of the deciding factors for the corporate.

We at PYL believe that the right match between the individual and the job has direct bearing on the Company productivity. For this purpose we take care to make the right job match of an employee and also review the same from time to time.

Besides, we are also having cross functional teams wherein, the employee participates in various cross functional initiatives as per his/her talent which lies unutilized otherwise in his functional/departmental role. A rightly managed talent turns out to be a Gold Mine. It’s inexhaustible and priceless.

It will keep supplying wealth and value to the organization. 

### WORLD OF ECONOMICS

It is the month of August, on the shores of the Black Sea. It is raining, and the little town looks totally deserted. It is tough times, everybody is in debt, and everybody lives on credit.

Suddenly, a rich tourist comes to town. He enters the only hotel, lays a 100 Euro note on the reception counter, and goes to inspect the rooms upstairs in order to choose one.

The hotel proprietor takes the 100 Euro note and runs to pay his debt to the butcher. The butcher takes the 100 Euro note, and runs to pay his debt to the pig grower. The pig grower takes the 100 Euro note, and runs to pay his debt to the supplier of his feed and fuel. The supplier of feed and fuel takes the 100 Euro note and runs to pay his debt to the town’s prostitute that in these hard times, gave her “services” on credit. The hooker runs to the hotel, and pays off her debt with the 100 Euro note to the hotel proprietor to pay for the rooms that she rented when she brought her clients there.

The hotel proprietor then lays the 100 Euro note back on the counter so that the rich tourist will not suspect anything. At that moment, the tourist comes down after inspecting the rooms, and takes his 100 Euro note, after saying that he did not like any of the rooms, and leaves town.

No one earned anything. However, the whole town is now without debt, and looks to the future with a lot of optimism.....



## BUILD TRUST TO BUILD STRONG WORKING RELATIONSHIPS

**Subir Sinha**  
Assistant Vice President & Head HR North Zone  
Reliance Retail Ltd.



***Trust plays a very significant role in any organization. It is important to build employee trust for better productivity and a healthy environment. No organization can grow without a powerful and committed workforce. Without employees' support and trust, progress is just not possible. Therefore it is crucial for any organization to keep reviewing scope for improvement in its own health so that a congenial environment is created which is beneficial for both the employer and the employees.***

Professionals take great pride and are committed to their work but may not feel the same about the organization they work for. They may have a high regard for their manager and yet lack confidence in the top management. To put it straight they are not able to identify with the organization they work for. How important is this – both for the organization as well as for the employees? What binds employees to the organization and how significant is this binding for the health of the organization? The article will discuss these issues and also suggest ways which can help build a healthy environment in any organization.

### **Build Trust – The driving force**

No employer or manager can accomplish any goal without a good, productive workforce. For a healthy and productive environment it is very important that a mutual trust is developed, more so for the organization. How can an organization ensure this? Before we discuss this we need to understand that it is not the organization that can foster trust but it is the people working there. Organization can define policies but essentially it is the way the leaders or managers conduct themselves, which determines the level of trust in any organization. It is of utmost importance that the management understands the value of trust and learns to promote trust.

**The reasons for mistrust** – Every employee needs to feel valued and trusted; and strongly wants to believe that the company is honestly interested in his or her best welfare.

Since managers are the initiators of trust, their behavior plays a crucial role in this. The most damaging behavior of managers is lack of communication and transparency. The moment the managers start saying one thing and doing another, suspicion starts breeding. Company's strategies need to be communicated well by the managers. After all, all employees are part of the company and they need to know what's happening.

*Recent economic turmoil has made it more difficult for companies to maintain trust. Recent layoffs have resulted in reduced company loyalty and low morale. Even people who have remained with the company will try to leave as soon as the market improves because they have lost trust in the company.*

**Cost of mistrust** – *It may not be visible but the company loses in a big way by losing the trust of its employees. There is decreased commitment and productivity, and increased employee turnover. Trust makes employees work harder even if the company is going through bad times. It is a known fact that people work harder for managers they trust and respect. But a non-trusting environment leads to de-motivated, de-energized, unproductive workers. There is total loss of spirit and potential, and people are on the lookout for better opportunities. Majority of workforce cannot focus on their job.*

**Secret about trust** – *The integrity of the leadership of any organization is important to build employee trust.*

*A strong vision combined with transparent communication can work wonders.*

### **Identifying with the organization**

*Somebody said that an employer and an employee's interest can never match. True. But an ideal situation for an organization to grow would be when the employer and the employee's goals match. Only then an employee in a true sense would be able to identify with the company he is working and contribute 100%. How does one achieve this if at all it is possible?*

**Clear Vision** - *Charting out a vision of the organization and communicating it to all employees is the first step to build in trust among employees. Managers need to be clear about the vision and make sure it is shared by all employees. Many a time the employees do the job assigned to them without any idea about the ultimate goal of the company. This often leads to confusion and employees are not able to connect with the organization goal even remotely. This situation can be very dangerous for any organization. An inspiring shared vision can work wonders.*

**Part of the organization** – Employees need to understand that they are part of the organization and are equally responsible for the growth of the company. It is basically a manager's role to ensure that the employees consider themselves a part of the company. The staff has to be encouraged to take responsibility and be creative.

They should be encouraged to come up with questions and solutions should also be sought from them. The moment the staff becomes a party in decision-making, he becomes a part of the company and feels responsible for the growth of the company.

#### **Openness and Transparency-**

*Organizations thrive on clarity and honesty. It is very important that the organizations promote openness and transparency. Strategies and policies of the organization should be communicated to the employees along with the rationale behind the decisions. Employees need to understand why certain decisions were taken. Genuine participation of all employees should be encouraged. Managers need to be truthful and open with information. Though it is true that management cannot become 100% transparent and divulge all details to employees but it is also true that the moment the employees get this feeling that management is hiding facts, this could be the end of a healthy relationship. Managers play a vital role here in building trust and not conveying facts in ambiguous manner.*

**Strong Leadership** –Leaders play a vital role in building trust. Trust is mostly about competence and integrity. These values have to be demonstrated by leaders through action. Leaders have to set examples and be with the team and not consider themselves in a different league. Any rule or policy made in the organization should be followed by the leaders first. If leaders don't follow rules and only the staff is made to follow them, this can lead to a very unhealthy environment. Leaders need to establish credibility, reliability and commitment first to be able to build trust among the staff. Leaders are also part of the workforce and if they are seen to be getting preferential treatment a barrier is immediately created. It becomes 'They' and 'We'. And henceforth no employee can identify with the organization.

**Communication-** This could be considered the key to building trust. It may not be possible to communicate day-to-day business operations to all employees but there could be a system of communication. Weekly or quarterly

meetings could also help. Any change in policy should be communicated in a proper manner by the managers and the employees should not get them through grapevine. Communication should always happen both ways. Staff also should be given enough space to vent out their feelings and views. Organization can use various tools to communicate. It could be in the form of newsletter, bulletin boards, meetings etc. Good communication helps in stopping rumors and the employees also feel connected to the organization. Things should never come as a surprise to employees. They should be made to feel as a part of the system. Employees need to be treated as mature responsible adults and not just as workers who are there only to take orders. Communication could include telling employees about - Where the company stands / Future plans / Where the employee stands / Feedback (both positive and negative) / Policy changes / New policies etc.

**Consistency-** The management needs to be consistent about personnel policies. Any change needs to be communicated well before implementation and the rationale also explained. Managers need to be consistent in what they say. Saying different things on different days can ruin trust immediately and employees will never be able to trust the manager or the organization. They need to know exactly what is happening and not hear different stories and rumors.

**Role Clarity-** All will agree that role clarity is the key to the performance of any employee. Studies have also shown that people with higher role clarity performed better than people with lower role clarity. More than helping in productivity role clarity helps an employee easily identify with the organization he is working for. Role clarity makes him connect to organization better. If he is clear about his role and responsibility, he will be in a better position to handle his duties, and will not be just taking orders. He will consider himself more of a part of the organization and will connect better.

**Growth Opportunities-** Personal growth is very important to all of us. Any organization which provides opportunity to employees for personal development and growth is bound to gain respect of its staff. Managers need to take genuine interest in the personal growth of all employees. Career growth plans and development opportunities for each employee will go a long way in building lasting relationships and strong bonding.

#### **Conclusion**

Trust is essential for both employee retention and employee motivation. Organizations need to demonstrate that they are guided by ethical standards and the same has to be exhibited. The bottom line is being genuine. If the organization gets genuine in the welfare of its employees, the employees will respond in the same manner. Employees are mature adults who can easily identify efforts of employers. The day this trust is built, employees are able to easily identify themselves with the organization and they may stick with the company even during bad times.

#### **Subir Sinha is the Assistant Vice President and Head North Zone for Reliance Retail Ltd.**

Having 18 years of experience in the field of HR, handling Talent Management, Training & Development, Manpower Planning and Change Management initiatives. Subir graduated from XISS and worked in organizations like Atco Industries Ltd., The Arvind Mills Ltd. And ITC Agrotech.





## DIVERSITY IN ORGANIZATIONS

**Mohit James**  
Vice President Human Resources  
VIP Industries Ltd.



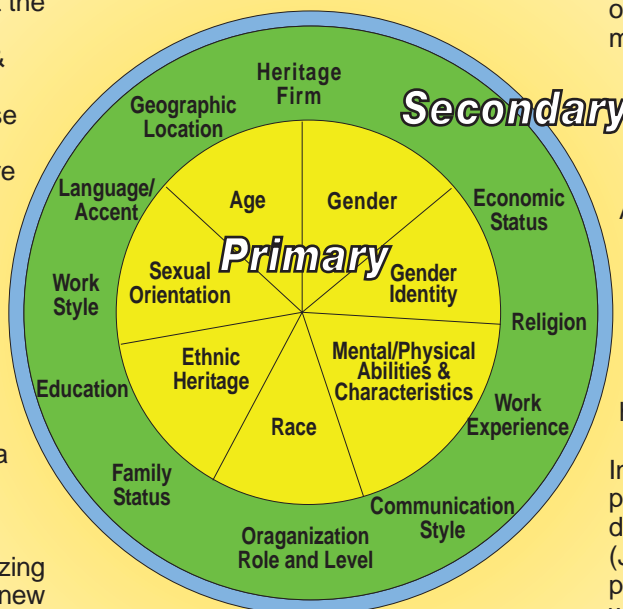
**Organizations are finding that to be successful in a competitive global environment, the traditional model of mass production oriented and “command & control” management no longer suffices. Organizations need to be more responsive to the rapidly changing environment..**

To do this organizations are increasingly relying on teams composed of members from several departments, even other organizations and from any part of the world. At the same time changing **workforce demographics** (e.g., Johnston & Packer, 1987) are forcing organizations to review and revise long held policies and beliefs encompassing the people who are part of and work in these organizations. The new organizational teams combined with the composition of the changing workforce are bringing more and more people from diverse backgrounds together. The backgrounds are diverse based on gender, race, ethnicity, religion, national origin, age, area of expertise, and many other personal characteristics).

Many organizations today, are utilizing inter-department teams to pursue new business strategies, which emphasize quality, innovation, and speed. Work teams often bring together employees from previously segregated areas of the company; creating occupational and knowledge based diversity. For example, Research and Design teams bring together experts with a variety of knowledge backgrounds with the expectation that once combined they will produce more creative thinking and innovation.

Teams also bring together employees from two or more organizations

together. For example, to improve quality of their finished products, manufacturers may include their suppliers as a part of their product design teams. And to ensure that the product is user friendly or appealing to the customers, the end users may be included in the team. Such teams must develop a mode of operating that fits with the differing organizational cultures in which the sub-units are embedded (Kanter, 1989). Finally as trade barriers are removed and



competition intensifies, many companies are beginning to expand their operations to take advantage of foreign labour and consumer markets. The presence of international affiliations is likely to lead eventually to the formation of teams of people with diverse cultural backgrounds, including management teams, design teams, operations teams and marketing teams

**Women** are entering the workforce in growing numbers and the workforce

is becoming more and more gender balanced. According to U.S Government statistics, as of 1991, **46 percent of the workforce was female.**

Furthermore gender -based segregation in the workforce is slowly declining. Women currently represent 41 percent of the executive, administrative, and managerial workforce, although only **2.6 percent of the Fortune 500 companies' corporate officers are women** and only a handful of women have managed to reach the top.

Consequently, all but the highest-level teams in organizations are likely to be characterized by gender diversity.

A poll of 241 Fortune 1000 CEO's found that nearly 80 percent said that there were internal barriers that kept capable women from reaching the top. Until companies remove these barriers, they will not be able to fully utilize the talents of nearly half the employees in their workforce.

In 1987, the U.S department of Labour projected rapid increase in the cultural diversity of the U.S labor supply (Johnston & Packer, 1987). Only 58 percent of the new entrants into the workforce were expected to come from the “majority” white American-born population. The remaining 42 percent were expected to be mostly **immigrants (22 percent)**, followed by approximately African Americans and Hispanic Americans. Despite the fact this is causing a more evolutionary than revolutionary change, the workforce is becoming more diverse.

Around the world, many other countries are facing parallel changes, although the particular ethnicities and nationalities involved differ from one country to the next.

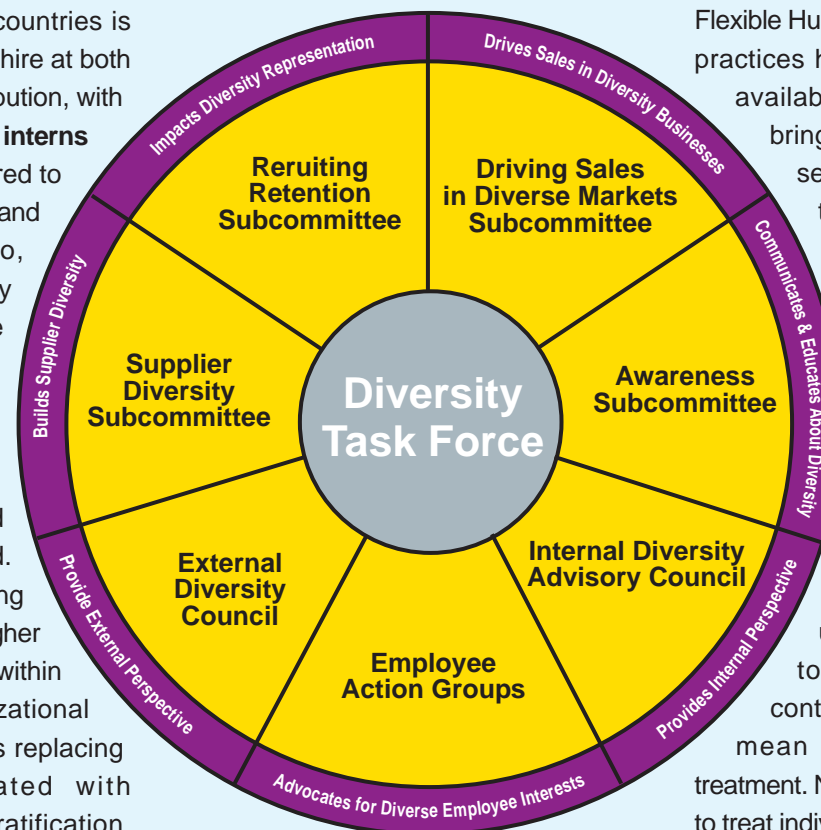
When people with different habits and ways of viewing the world come together in the workplace, misunderstandings inevitably occur as a result of dissimilar expectations and norms.

**Age** is affecting the workplace in two ways. Descriptions of workforce demographics usually emphasize the fact that the average age of the worker is increasing. Additionally the distribution of ages is changing. The shrinking rate of growth in the labour pool in most developed countries is pushing the employers to hire at both extremes of the age distribution, with the result that both student **interns** and **retirees** are being hired to fill vacant positions (Bolick and Nestleroth, 1988). Also, many companies now allow the higher education of many younger employees to substitute for the job experiences and previous cohorts of employees had to accrue to be promoted. As a result, relatively young employees are found in higher level jobs. Consequently, within each level of the organizational hierarchy, age diversity is replacing homogeneity associated with traditional age based stratification. Employees of greatly different ages and generations are now finding themselves working side by side. These different generations differ in their values and attitudes about work, their physical and mental functioning, and the every day concerns that reflect stages in the life cycle.

Diversity influences the organization both in the short term and in the long term. Presently, diversity is simply a fact of life that influences the

recruitment, retention, motivation and performance of today's employees. In the longer term, effectively working through diversity is an imperative for success in a highly competitive and global environment. Short term and long term responses to diversity must address a few challenges.

Some of the "top the mind" challenges that are surfacing are those related to availability of skills, fairness in employment & equity, and cultural/organizational synergy.



Predictions about the future work force indicate that the **skill levels** needed in jobs will surpass the skill levels of the average worker. In effect, the supply of skills will no longer be abundant relative to demand. In the past, organizations had the choice of not hiring employees who would not meet the norms or could not comply with standard operating procedures. There were excuses available in terms of punishing or firing those who were lazy or were regular absentees. These

practices controlled the diversity of the work force; selective recruitment and selection practices were used and those who could not make it were readily replaced with those who would conform. But as qualified employees become scarce, employers can no longer dictate the terms of employment. Now they must adapt themselves to employees who say "This is when and where the work must be available for me to do it, and this is the way I must be treated if you want me to stay".

Flexible Human Resource policies and practices help employers solve the availability issue and inevitably bring them face to face with a second challenge: ensuring that all employees are treated fairly. What is meant by fairness is no longer a simple issue. These practices are now led by legal concerns. The employer's fairness in treating or hiring of employees is judged by judicial machinery, which uses technical standards to do so. In the present context fairness has come to mean more than just equal treatment. Now managers are required to treat individuals in a way best suited to those individuals (i.e. differently), so that employees perceive that they are treated fairly.

The third challenge is unleashing the potential of diverse teams. Work teams can be both productive and more creative than the individuals working alone. But the same social forces that drive people to achieve their fullest potential can push people into unproductive and even destructive behaviour patterns.



But there are hardly any theories that suggest why diversity can be both an asset and a liability. Theory and research suggests that the work force may have positive impact on the performance of individuals, teams, and organizations. Two different mechanisms may be used to explain why diversity leads to better performance. The first is based on differences in perspectives and attitudes and the second is based on differences in skills and ability.

Differences in demographic characteristics are associated with differences in experiences, attitudes, and perspectives of team members. These differences allow team members to approach each situation or problem through different information, from different angles, and with different attitudes. Therefore, teams composed of diverse team members should be expected to produce a variety of ideas, alternatives and solutions than teams composed of similar demographic characteristics.

According to the second mechanism, the presence of high-skill and high-ability members within the team raises the performance of the whole team for the team may be able to find the right solution, or select the best alternative and do so at speeds that are required by the organization. The other reason could be that because of a few highly skilled members, the others might be peer pressurized and motivated to do better and develop divergent cognitive processes that they may have not otherwise tried.

In terms of work force demographic diversity, there is evidence that people who are bicultural and bilingual are more able to use divergent thinking and are more flexible in their thinking (McLeod & Lobel, 1992). Thus performance can be improved because diverse teams add different skills and abilities; and performance may also be improved because diversity stimulates team members to consider more information and more ways of thinking about the information than otherwise.

While differences among organizational and team members may prove useful in the performance of individuals, teams, and organizations, theory and research suggest that diversity has the opposite effect on job attitudes and satisfaction, communication networks, and turnover. Theory and research are based on the assumption that interpersonal similarity is one of the most important determinants of interpersonal attraction (Byrne, 1971), which in turn creates a social and cultural context for relationships among organizational members.

Two theoretical perspectives – **Schneider's ASA model** and **Pfeffer's Organizational Demography model** – illustrate the way in which interpersonal context affects organizational behaviour.

The **ASA (Attraction, Selection, and Attrition)** model suggests that organizations evolve toward a state of interpersonal homogeneity in terms of personality, interests, and values. A **similarity-attraction** effect results in people being attracted or seeking membership in organizations with like minded or which they believe to be similar to them.

When current team members select a new member they are more likely to admit who they believe are similar to them. After the selection, during the socialization process, the similarity attraction effect can influence the behaviour of both the parties. More problems arise when and if the perception is shattered when they discover that the match has been unsatisfactory.

It is then that pressures form to encourage dissimilar members to leave the organization. Over a period of time the homogenizing process becomes legitimized in the human resources system which allows only more homogeneity because selection, promotion, and outflow systems ensure the status quo. This homogeneity is manifested by and manifests itself in such areas as the organization's culture and goals.

**Organizational demography**, according to Pfeffer refers to the demographic composition of organizations. This composition influences many behavioural patterns including communications, transfers, promotions, and turnover. Amongst the important factors are those of age, tenure, sex, race, socio-economic background and religion. Sociological and market research studies have reliably established people's attitudes and values are closely related to their demographic characteristics as mentioned earlier.

Although there is similarity in the phenomena and processes implicated in the ASA and Organizational demography models, they come from two different perspectives. Schneider draws from the psychological perspective whereas Pfeffer from a sociological one. Drawing from both these models and research conducted in this area, it has been found that individuals who differ from their teammates in sex and race are more likely to report a lower commitment to their organization (Tsui, Egan, & O'Reilly, 1992).



**Diversity** has long term consequences for **communication networks** within the organization as well. Employees with minority status in terms of ethnicity or gender often feel they face special barriers to informal communication networks (Morrison & Von Gilnow, 1990). Their reports are consistent with studies of communication patterns in organizations, which indicate their demographic diversity is related to lower amount of communication amongst co-workers.

Several studies have also shown that age and tenure diversity decreases organizational commitment and increase turnover. In addition, in top management teams, diversity in terms of college alma mater, curriculum studied, and industry experience is associated with higher rates of turnover. (Jackson, 1991)

It appears from the theory and research cited above, that organizations, as they deal with and change the organization to accommodate diversity, would have a difficult balancing act to perform. On the one hand organizations might be encouraged to take the full advantage of the potential benefits of the growing diversity of the workforce by ensuring that teams are composed of dissimilar employees. However, organizations that make these changes without regard to the potential detrimental effects of diversity may soon notice lower satisfaction, communication problems, and turnover, unless they undertake remedial actions to solve these problems.

Where do we go from here? Although social and behavioural scientists continue to research the influence of diversity on teams, and companies continue to develop and implement interventions, there has been little systematic evaluation to determine if the diversity interventions taken in companies are having the desired effect of improving productivity while maintaining desired level of job attitudes and satisfaction, communication, and turnover. Nevertheless, management of diversity will continue to effect organizations in both positive and detrimental ways, and will have to be handled with responsibility and gravity of thought it deserves.

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**Mohit James** has over 17 years of work experience across various disciplines of Human Resource Management, Strategy and Information Technology.

Mohit's professional responsibilities have taken him through various managerial and leadership roles across industry. He has served in senior management positions with Arvind Mills Ltd, Kale Consultants Ltd and is currently employed as **Vice President** – Human Resources for **VIP Industries Ltd** and is based out of Mumbai, India.

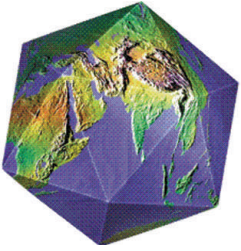
Mohit has undergraduate qualifications in engineering and economics and has completed his Masters in Personnel Management (MPM) from Symbiosis Institute of Business Management, Pune. He has qualifications in Appreciative Inquiry from the Weatherhead School Of Management at Case Western Reserve University in Cleveland; Ohio (USA).

Mohit has been trained in assessment of managerial & leadership competencies, brands and work culture linkages, environment and quality management systems amongst other areas of HR and Organizational Management. His areas of interest include leadership, organizational transformation and strategy. .

## Did You Know



- The word coin comes from the Latin word 'cuneus', meaning a wedge. It refers to a piece of equipment that was used to stamp pictures and writing on a coin. Have you heard of the word 'impecunious'? It means having no wealth, and probably originated by referring to a person who had no coins!.
- During the Middle Ages, around the fifteenth century, metal was expensive and seldom used for household utensils. Instead, dishes and pots were made of economical clay called pygg. Whenever housewives could save an extra coin, they dropped it into one of their clay jars. They called this their pygg bank. That is the origin of the "piggy bank".
- One of the smallest banknotes ever issued was only about two and a half cms long and four cms wide. It was a 10 Bani note issued in 1917, by the Ministry of Finance in Romania.
- The Hong Kong cent is the smallest piece of paper money in use today.



## RE-BRANDING A CORPORATE IMAGE

This case study looks at the Kellogg's **brands** and considers both the **branding** of the corporate image and the individual products. How have they developed and how are they maintained?

### Introduction

When Will Kellogg accidentally invented a new breakfast food in Battle Creek, Michigan in 1894, he did not realise that he was on the threshold of forming a major food manufacturing **company**. His name would become one of the most instantly recognised throughout the world.

Today, Kellogg's is an American owned organisation that has a true global **market**. It has four main divisions covering North America, South & Central America, Asia Pacific, and finally Europe, Africa and the Middle East. The European Headquarters is in the UK, which along with Ireland has the highest per capita consumption in the world. However, Kellogg's has manufacturing **operations** in several different European countries. The **supply chain** management, covering all aspects of production, **logistics** and finance is organised on a pan-European basis, which gives substantial **economies** of scale. However, **marketing** and **sales** tend to be more locally based to meet the different cultural needs as the markets across Europe can vary enormously.

### What Is A Brand

The **marketing** of Kellogg's and the creation of some of the most valuable individual **brand** names has been key to the **Company's** success. Firms are keen to give products their own identity, which will clearly distinguish them from any competition. A successful brand name will encourage loyalty amongst consumers who will be more likely to buy the product on a regular basis. An effective brand will distinguish one product from the next on the supermarket shelves. This familiarity adds extra perceived **value** to the product and means that a **customer's** decision to buy is not purely determined by price.

This sensitivity is called the price elasticity of **demand**. Small changes in the price will not lead to big changes in the amount **demand**ed by consumers. Firms may try to build loyalty by creating a **corporate brand** name that will suggest an identity or characteristics that would apply to all its products. This is known as corporate **branding**.

Alternatively, firms may choose to establish a **brand identity** for each of its products. Kellogg's **effectively** does both. Kellogg's is an example of multiple product branding, where each product within the range is given its own clear identity and personality but is also marketed using the Kellogg's name as an umbrella.

Kellogg's has, over the years, built up some key core brand characteristics, emphasising **quality** and nutritional **benefits** that will apply to any Kellogg's's product. Consumers will trust the Kellogg's brand name to fulfil these requirements whichever type of cereal they choose. To these core **brand values** are added the elements of the individual brand personality. Like **members** of a family, each will bear the same surname, but each individual has its own characteristics and strengths. There are currently 29 products in the Kellogg's family.

One of the key factors is the creation of the brand identity. What characteristics would the company want its products to show? This is known as **positioning**. Kellogg's products are **positioned** to highlight the quality of the goods and to build on the emotional attachments. Consumers who have grown up with Kellogg's breakfast cereals will have strong associations of childhood and home. Having decided on the position

of the products within the cereal market, Kellogg's can consider the elements of the **marketing mix**, the different marketing **tactics** it will employ to make its products more desirable.

### Kellogg's Marketing Mix

When Kellogg's Corn Flakes were launched in the UK in the early 1920's the **company** faced a formidable task of persuading a sceptical nation, accustomed to porridge and bacon and eggs, to try a **brand** new breakfast food. What followed was one of the most remarkable **marketing** achievements of the 20th Century. Kellogg used a **team** of dedicated salesmen who employed armies of casual labourers and Boy Scouts to cover the country, to knock on doors and literally give away millions of sample packets of Corn Flakes and Rice Krispies. The free **samples** encouraged consumers to buy the products and within ten years Kellogg's had revolutionised the eating habits of a nation.

### Advertising The Brands

This was an example of **sales promotion**. Today, advertising and packaging are also key aspects of the **marketing** mix. Kellogg's advertise using a whole range of **media**: in the press, on posters, radio and cinema, **direct mail** and, most recently, on the Internet. However, the main channel for its advertising is on television, where individual **brands** are given their own air time, aimed specifically at a **target audience**. Although breakfast cereals are consumed by the whole population, individual products may be aimed at specific groups. For example, Special K is aimed towards women, Start has a sporty image and Frosties and Coco Pops are primarily aimed at children. Corn Flakes, by contrast, are aimed at the whole family. This **targeting** will determine the content of the advert and the time of broadcast.

Case Study from  
[www.thetimes100.co.uk](http://www.thetimes100.co.uk)





### Packaging The Individual Brands

The packaging of Kellogg's breakfast cereals is also a key element of the **marketing** mix. The packaging has to provide a representation of the **brand** identity and appeal to the **target market**. It also has to have space for nutritional information and any promotional offers. Kellogg's has to deal with the problem that the purchasers of cereal, usually adults and often female, are not always the consumers, often children. The packaging has to appeal to both groups. By combining some elements of corporate **branding** with the individual product's own identity, it can provide the assurances of **quality** and nutrition that come with the Kellogg's name and also appeal to the end user.

In Spring 2000, Kellogg's took the major step of launching a bright, colourful new corporate image for all its cereal **brands**. This is not a course of action that should be taken lightly. Once consumers have a popular **brand image** in mind, it may be risky to change it, but Kellogg's was concerned that, in a highly **competitive** market, it was becoming increasingly difficult to differentiate between supermarket own label and other **manufacturers's** brands. Consumers were becoming confused when confronted with so many similar packs on the supermarket shelves.

### Marketing Research - The Reduction Of Risk

To further reduce any **risk**, Kellogg's undertook a considerable amount of **market** research. One thousand consumers were asked a series of questions about the Kellogg's **brands** and were shown some initial designs. In particular, the researchers wanted information about the impact of the designs on the shelf, the ease of recognition and the clarity of the brand name and product.

The results of the **market research** confirmed that one design led the field. It highlights the 'K' **logo**, which was based on the original signature of W. K. Kellogg. The big advantage of using the 'k' logo was that it was a protectable **brand image**. Other competitors would not be able to imitate it. Having decided on the new **corporate brand icon**, the designers had to incorporate it into the design of the packaging for all 29 individual brands.


The latest computer **technology** was used to digitally generate the artwork and the familiar characters such as Snap, Crackle and Pop, Captain Rik and Tony the Tiger were re-drawn in a more modern style. For each product the image was designed to wrap around the box and each side, including the bottom have also been given a strong branded look.

The only part of the old design to be kept was the nutritional information, which had itself been re-designed in 1998 and had even received recognition from the Plain English Campaign for the clarity of its explanations. This had already proved to be very consumer friendly and abig success so it was simply incorporated into the new design. It was essential not to alienate consumers with radical new designs and it was important to maintain the individuality of each brand. This is known as the brand **equity** and means the **value** of a brand that has been built up over a number of years. Frosties, for example, kept Tony the Tiger, the familiar blue background and typeface, while Corn Flakes still radiates sunshine and keeps the red and green cockerel. Although the changes in the corporate image were quite radical, the designs of the individual brands retained enough elements to be instantly recognisable.

### Communicating With The Consumers

The completed new designs were further tested on **consumers** using sophisticated computerised eye tracking tests to see if the packs stood out on the supermarket shelves. More extensive **market research** was carried out to gauge the reactions of consumers.

Finally, it was necessary to communicate with consumers about the new packaging and the new image was flagged on the old packs for two months before the launch. The top section of the back panels was used to display the new designs to enable the consumers to become familiar with them. The new designs were also featured in a **direct mail** campaign to Kellogg's consumers as the packs went into market.

Changing the appearance of a well-known range of products can be a risky **strategy**, particularly in the highly **competitive environment** of the supermarket, where purchase decisions are made very quickly and **competitors** often try to imitate the packaging of a **market leader**. However, with extremely careful preparation and attention to detail and some state of the art design techniques, Kellogg's has been able to clearly **differentiate** its **product range** from the competition. Extensive market research helped to reduce the risk, and communication with consumers warning them of the new changes, eased the period of changeover. The new designs have been successful in promoting all the familiar attributes associated with the Kellogg's name and have also enhanced and up-dated the personalities of the individual brands. 





## PRODUCTIVITY ROADMAP AT PHOENIX YULE LIMITED



Phoenix Yule Limited (PYL) is a Joint Venture Company between Phoenix Ag, Germany and Andrew Yule & Company Limited (A. Govt. of India Enterprise) formed on 1st February, 1999, by hiving off erstwhile Belting Division of Andrew Yule & Company Limited.

The Company has its Factory at Gayeshpur, Kalyani, Nadia, West Bengal and Branch offices at Delhi, Mumbai, Chennai, Hyderabad and Ahmedabad with Corporate Office at Kolkata.

### Principal Products and Services Product Range:

- Textile Conveyor Belting
- Steel Cord Conveyor Belting Services
- Latest Technology
- Bulk Material Handling solution
- Splicing and Field Engineering
- Dedicated design for every conveyor project

**Recognised R&D Center by Department of Science & Industrial Research, Department of Science and Technology, Govt. of India.**

**We are an ISO 9001, ISO 14001 and OHSAS certified Company.**



### We Believe

*Investment in Human Capital is above all since the rest is merely a result*

*“Not Everything that can be counted counts and not everything that counts can be counted”*  
- Albert Einstein

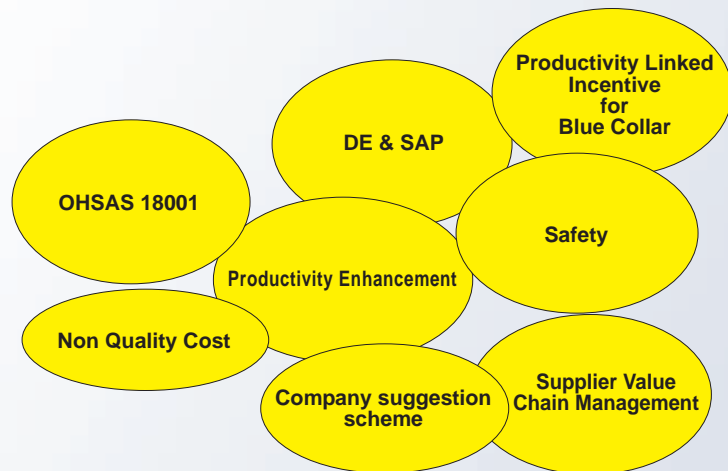
Productivity at PYL stems from the unique “Flight Centre” concept of HR



*“HR Flight Centre: A Springboard for imagination, innovation and thoughts”*

### The Productivity Road Map

People Engagement - Crosss Functional teams beyond functional Silcs



Phoenix Yule, a PSU turned Multinational in 1999, made a turnaround in the year 2000 itself by moving from red to black. Phoenix AG of Germany had acquired AYCL's Belting division with an equity share of 74:26. Phoenix was acquired subsequently by Continental in the year 2006.

Pre privatization, the production capacity was 5000 tonnes with a turnover of 49 cores and a capacity of having only two belt press lines. The manpower also at that point of time was also approximately 700 and the productivity per person was 7 MT.

*ContiTech. One Group. One Spirit.*

#### MISSION STATEMENT

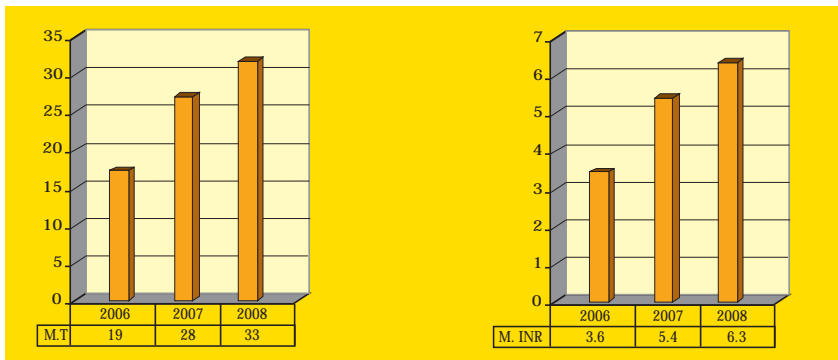
“ACHIEVE GLOBAL COST LEADERSHIP IN PROVIDING BULK MATERIAL CONVEYING SOLUTIONS THROUGH WORLD CLASS TECHNOLOGY ENSURING SATISFACTION OF STAKE HOLDERS”

#### VISION STATEMENT

“TO ENSURE CONSISTANT COMPETATIVE ADVANTAGE THROUGH THE APPLICATION OF BEST BUSINESS PRACTICES AND QUALITY WORKFORCE”

After consolidation, in 2001 and 2002, the Company focused on several HR initiatives, capacity expansion plans, market development and strategies and as a result the Company gained from strength to strength in every succeeding year with a clear mission of a Global Cost Leader and the vision of a consistent competitive advantage in the market place. In 2009, the present capacity stands at 15000 tones with a turnover of 300 crores and a capacity of 4 belt press lines (5th in progress). Manpower has considerably reduced to 450 from 700 through various restructuring programmes. Phoenix Yule is presently a zero debt Company with no borrowings and productivity per person has raised from 7 MT to 33 MT per person.

Meanwhile during its journey from inception PYL has formidably acquired ISO 9001, ISO 14001 and OHSAS certification. It has successfully implemented Balanced Score Card and Competency Mapping as a tool for performance assessment. The Company also amongst other accolades has to its credit the HR Excellence Award from CII in 2 years consecutively, Productivity Award for 4 consecutive years, the Green-tech Award for environment, and the Environment Excellence Award from CII and WBPCB.



### An insight to the people perspective in order to address the Business Needs

ITIs for Mechanical, Electrical and Production areas

Investment in machineries

ERS for Non Performing and aged works

Average Age of Employees 45

Strategic white collar requirements for Succession planning and building efficiency within the organisation

Individual interface with Workmen to address individual needs rather than collective interface through any body / association for better productivity and self gratification



### Key Indicators for the flight.....

- ✓ People engagement
- ✓ Productivity of Employees
- ✓ Reducing Redundancy and talent injection thru ITI trainees
- ✓ Work Environment & infrastructure
- ✓ Trainings and workshops
- ✓ Grievance Handling
- ✓ Implementation of the new Productivity Linked incentive Scheme
- ✓ Safety , Security and Environment
- ✓ Rewards and Recognition

### Rewards, Recognition & Benefits

- ū Housekeeping trophy and T-Shirts
- ū Company suggestion Scheme certificates and Mementoes
- ū CFT project implementation rewards viz SAP, New Incentive Scheme, Productivity Enhancement, Belt Press IV, Global projects
- ū PYL Excellence Awards
- ū PYL watchman for Best Attendance for Both Blue Collar and White Collar employees
- ū Sponsorship for pursuing Management/ technical courses
- ū Exposure overseas for specific projects within group companies
- ū Corporate / Rubber Quiz competition

### Progress so far ...

- Introduction of Duty Resumption Pass DRP for Blue collar employees
- To make people available as per requirement of the Machines
- Prevent overt engagement of Casual / Contractual labour
- Prevent any loss time on account of Planning
- Prevent Overtime
- Reducing unauthorised absenteeism
- Absenteeism has reduced from 10% to 2.5 %
- Sickness Rate has reduced from 5% to 1.9%



## ALCHEMY LEADERSHIP SCHOOL

Gray Matters has partnered with **Alchemy Leadership School** as “knowledge partners” for their specialized 2 years full time course in HR and OD.

Gray Matters would provide Technical support on curriculum design and Marketing support for Industry Interface apart from other aspects of running the Institute.

This is an unique combination wherein a Business School is collaborating with a ‘consulting’ organization with specialization in the ‘people function’.

## OUR PARTNERSHIPS ... SO FAR...

### *Inculcating a Performance Driven Culture*

**Automotive Company:** A well known group with companies dealing with such diverse products such as automotive components, domestic appliances etc. and with operations across India wanted a structured performance appraisal process for their management staff that would promote a performance-driven culture. Gray Matters commenced this assignment by first taking up the goal setting process of one of the units and then designed the appropriate template for documenting the performance standards. Gray Matters would thereafter facilitate the performance feedback and counselling process to inculcate result orientation and ownership of performance among the target group.

**Financial Organization:** A financial management company dealing with stocks, mutual funds and the money market, were struggling with issues of motivation and performance focus among all levels of staff – more so at the leadership level. Gray Matters were invited to help. In this case, the process begun with Gray Matters designing the performance management template and facilitating the recording and documentation process. Thereafter, Gray Matters not only facilitated the performance feedback process but also directly counselled the key members of the management staff. The idea was to help the target group understand their own leadership and performance issues, so that they are able to better manage those under them.

### **Enabling HR Excellence – CII Conference in Bhubaneswar**

Incremental innovation and revolutionary change would be the key for the managers to guide the company in the turbulent times. This was stated by the HR heads of various companies during a conference on “Enabling HR Excellence” with a focus on “Managing People in Turbulent Times” organized by CII at Bhubaneswar.

Human resource management policies are vital for any organization for smooth operation of Company’s business. The business organizations are serious about resolving personnel issues and finding HR solutions. Business owners and HR professionals should come across over issues at work place and tackle the situation in an extra ordinary way.

Speaking at the conference, Mr Sanjay Roy Chowdhury, MD, Gray Matters said that the Differentiating factor today for organizations is “Employer Branding”. He stressed about the twin function of the “face of the brand” and the “base of the brand”.

Other speakers in the conference were Mr T K Mukherjee, MD, Phoenix Yule Limited, Mr S. S. Nandurdikar, MD, Paradeep Phosphates Ltd., Mr. Ganeshan Natarajan, President & CEO, Ennore Coke Ltd., Mr R K Jena, MD, Balasore Alloys, Ms. Suchitra Guha, Head – HR & IR, Tata Steel Ltd., Mrs Janet Gaper Chowdhury, PriceWaterhouse Coopers.

The conference had three sessions namely Employer Branding, People Engagement and Innovation. It was a hugely successful program wherein attendance from Corporates touched 100.



## EXCITEMENT – FUN – LEARNING FEEL THE THRILL !!!



### OUR OFFERINGS

#### Individual Effectiveness

Communication Skills  
Presentation Skills  
Time Management  
Workplace Etiquette  
Assertiveness Skills  
Influencing Skills  
Work-Life Balance  
Transactional Analysis  
Human Process Labs

#### Functional Effectiveness

Negotiation Skills  
Selling Skills  
Interviewing Skills  
Problem Solving & Creativity  
Conflict Management  
Customer Relationship  
Perf. Feedback & Counseling

#### Organizational Effectiveness

Culture Building Workshops  
Competency Management  
Balanced Scorecard  
Basic HR Training  
Advanced HR Skills  
Compensation & Rewards

#### Leadership Development

Basic Leadership  
Facilitative Leadership  
Transformational Leadership

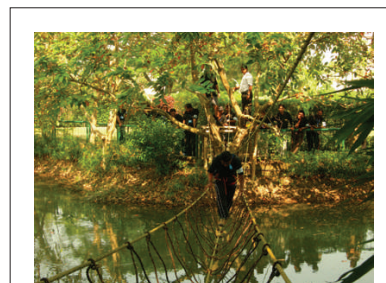
#### Signature Programs

Winning Ways  
High Performance Teams  
Silver Screen-Management thro' movies

### OUR OFFERINGS



Rock Climbing



Burma Bridge

### OUR CLIENTS IN THE PAST TWO YEARS

Bangla Trac Limited (CAT)

Bengal Aerropolis (BAPL)

Bharat Petroleum Corporation Ltd

CGPL ( A Tata Power Company)

Dassault Systemes

Descon Limited

Eveready Industries India Ltd.

First Climate India Pvt. Ltd.

Gontermann Piepers (I) Ltd.

Indian Chamber of Commerce

IXIA Technologies Pvt.Ltd.

ICICI Prudential Life Insurance

IFB Industries Limited

Kotak Securities Ltd.

KDS Group (Bangladesh)

Lafarge Surma (Bangladesh)

Lafarge Umiam Mining Pvt. Ltd.

Mercy Hospital

Pepsico India

Siemens Limited

SKP Securities Ltd.

SREI Infrastructure Finance Ltd.

Standard Chartered (Priority Bank)

Subhas Projects & Marketing Ltd.

Til Limited

Techno Electric & Engg. Co. Ltd.

Tata Steel

VIP Industries Limited

WHAT CAN WE DO FOR YOU?

DO YOU WANT TO SHARE?

WHAT DO YOU WANT TO READ?



People Solutions. Accelerated.

[contact@graymatters.co.in](mailto:contact@graymatters.co.in)

If you need any information of our products and services, you can mail us and we will surely respond to you with adequate details.

If you have an interesting concept in your organization which you would like to share with the community, do write to us and we will get in touch with you for details.

Tell us what else you would like to see in Gray Matters Quarterly and we will definitely try to incorporate your requests in our subsequent publications.

## SOCRATIC LEADERSHIP

Leaders in the twenty-first century would do well to study the habits of great thinkers and leaders of the past. Socrates famously instructed his students through a series of carefully constructed questions designed to force self-examination and lead them to a conclusion. This method for instilling critical-thinking skills is invaluable to leaders in many circumstances as a way to influence and persuade.

Contemporary leaders fill many roles: instructor, mentor, leader, follower, and peer. Each of these roles is well served by the Socratic method.

Socrates was a retired soldier and stonemason in Athens during the fifth century BC. He was unique among the scholars of ancient Athens by presenting himself not as a master of knowledge but as a fellow student working toward the discovery of truth during mostly informal discussions. Such dialogue empowers the student to question the logic and ideas of the instructor even as the teacher gains insight from the student's arguments. As a result, both the instructor and student are better able to order their thoughts and arguments into a stronger, more coherent theory tempered by relentless hammering in the forge of debate.

The **Socratic Method** (or **Method of Elenchus** or **Socratic Debate**), named after the Socrates, is a form of philosophical inquiry in which the questioner explores the implications of others' positions, to stimulate rational thinking and illuminate ideas. **Elenchos** (Greek: ελεγχος, a *cross-examination* for the purpose of *refutation*), more usually spelled 'elenchus', is the central technique of the Socratic method.


This dialectical method often involves an oppositional discussion in which the defense of one point of view is pitted against another; one participant may lead another to contradict himself in some way, strengthening the inquirer's own point.

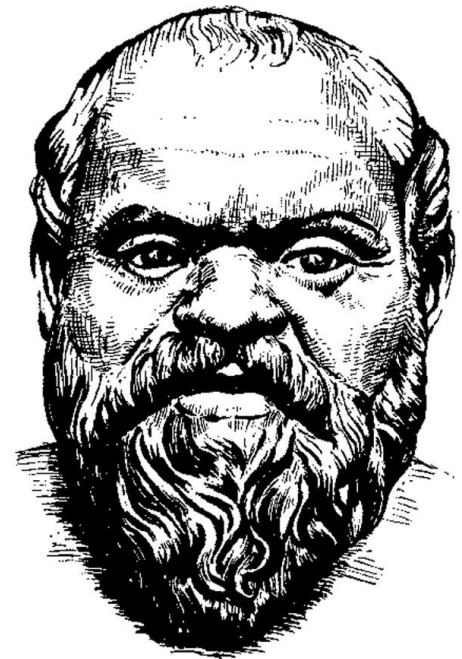
The exact nature of the elenchos is subject to a great deal of debate, in particular concerning whether it is a positive method, leading to knowledge, or a negative method used solely to refute false claims to knowledge. The Socratic method is a *negative* method of hypotheses elimination, in that better hypotheses are found by steadily identifying and eliminating those which lead to contradictions. The method of Socrates is a search for the underlying hypotheses, assumptions, or *axioms*, which may subconsciously shape one's opinion, and to make them the subject of scrutiny, to determine their consistency with other beliefs. The basic form is a series of questions formulated as tests of logic and fact intended to help a person or group discover their beliefs about some topic, exploring the definitions or *logoi* (singular *logos*), seeking to characterize the general characteristics shared by various particular instances.

According to W.K.C. Guthrie's *The Greek Philosophers*, while sometimes erroneously believed to be a method by which one seeks the answer to a problem, or knowledge, the Socratic method was actually intended to demonstrate one's ignorance. Socrates, unlike the Sophists, did believe that knowledge was possible, but believed that the first step to knowledge was recognition of one's ignorance. Guthrie writes, "[Socrates] was accustomed to say that he did not himself know anything, and that the only way in which he was wiser than other men was that he was conscious of his own ignorance, while they were not. The essence of the Socratic method is to convince the interlocutor that whereas he thought he knew something, in fact he does not." Use of the Socratic method serves to produce a strong professional in fields that are mainly self-governing. The largely successful efforts of law and medicine to maintain high professional standards (and remarkably little legislative oversight)

have their foundation in the emphasis on critical thinking and professional dialogue. Commensurate with the level of trust that society places in its practitioners, the fields of law and medicine have managed to transcend simple training.

Training and education bear important distinctions. Military training, for instance, requires knowledge of and adherence to technical-order procedures, regulations, and rules of engagement. By contrast, education emphasizes critical thinking, original thought, and judgment.

Leadership in the twenty-first century has many emerging challenges, and leaders require tools to meet those tests. Taking lessons from an ancient technique for self-inspection provides one such tool for modern leaders to use in their many roles 





For more information on Gray Matters offerings, visit our website at [www.graymatters.co.in](http://www.graymatters.co.in)

Gray Matters comprises of consultants who understand the challenges that businesses face in attracting, retaining and motivating people in this competitive environment. We work in partnership with our clients to deliver people solutions which would help accelerate growth for the organizations, based on our knowledge of businesses and expertise in HR leading practices.

Our solutions and approaches unlock the full potential of an organization – and deliver real, measurable, substantial and meaningful business results.

Organization Vision, Mission & Values  
Job Banding & Evaluation  
Balanced Scorecard Design & Implementation  
Compensation Strategy & Structures  
Leadership Development & Transformation  
HR Effectiveness  
HR Communication & Branding  
HR Governance  
Implementation Support

Organization design and Mapping  
Performance Management System  
Competency Mapping & Assessments  
Reward Strategies  
HR Strategy formulation  
HR Measurements & Audit  
HR Operational Improvement  
HR Technology enablement  
HR for Family Businesses

### Our Key Consultants

**Sanjay Roy Chowdhury**  
Managing Director  
Gray Matters

**Experience:** Formerly **Associate Director** with the Human Capital practice in **Ernst & Young**. He was heading the Eastern Region and the SAARC countries. Over a decade and half years of experience with 8 years in E&Y and previously in Arvind Mills Ltd.

**Consulting exposure** in India, Bangladesh, Nepal, South East Asia and the Middle East.  
**Consulting areas:** Visioning, Organization Design & Structuring, Performance Management System, Balanced Scorecard, Competency based solutions, Rewards Management, Compensation Management, Job Evaluation, Manpower Rationalization, Policies & Systems

**Academic background:** MBA from XLRI, Post Graduation from Calcutta University and Graduation from Presidency College

**Adhir Ghosh**  
Principal Consultant  
Gray Matters

**Experience:** Formerly **Director HR** with the **Galana Refineries, Madagascar**. Has been associated with **Arthur D. Little** for organisational restructuring. Over 30 years of experience with **Bharat Petroleum**, Holman Climax and Shriram Group.

**Academic background:** One of the few professionally trained '**executive coaches**' in India. He has been trained by **Sir John Whitmore** on the GROW model of coaching. He has also been associated with **Innovation Associates of Dr Peter Senge** for 'organizational transformation.

**Consulting exposure:** India, Bangladesh, Sri Lanka, South East Asia and the Middle East.  
**Consulting areas:** Organization Effectiveness, Change Management, Leadership Development, Executive Coaching, Performance Management System, Balanced Scorecard, Competency Mapping & Assessment Centres, Training, Strategic HR and Marketing

**Shruti Dhupia**  
Senior Consultant  
Gray Matters

**Experience:** Formerly heading the Eastern Region (Additional vertical) HR Team for Max New York Life Insurance Company. Over 5 years of experience with Max New York Life Insurance and Scandent Solutions, Chennai.

**Academic background:** MBA in HR from IISWBM

**Work exposure:** Setting up systems and processes in HR, Staffing solutions, Training, Performance Management systems, Policy implementation, Rewards Management, HR MIS / Scorecard, Competency Based recruitment, Balanced Scorecard

**Industries worked with:** Insurance, IT, FMCG, Infrastructure, Manufacturing

**Swarup Debnath**  
Consultant  
Gray Matters

**Experience:** Formerly Assistant Manager – HSBC Global Resourcing, International operations. Over 6 years of experience with HSBC Global Resourcing Hyderabad & Kolkata, Renasonic E Solutions Pvt. Ltd, GE Capital International Services, Gurgaon.

**Academic background:** PGDBA Strategic HR & Marketing from IIT-Kharagpur, VGSOM

**Work exposure:** While being in the role of leading a large span, he managed offshore financial transaction processing operations. Conducted Behavioural Training & coaching for financial processing executives.

**Certified / accredited** on different modules of **Leadership & Management** in HSBC core banking operations comprising of **Coaching & Mentoring, Personal Development Program** for executives, Review System, Business Process Re-engineering, Capacity & Contingency Planning, Quality Compliance, Data Protection, Money Laundering, Customer Service Communication and Collections & Negotiations.

**Priti Chakraborty**  
Consultant  
Gray Matters

**Academic background:** MBA in HR from IISWBM, LLB (Calcutta University)

**Work exposure:** Before joining her course in IISWBM, Priti worked as an Associate Advocate for 4 years handling Writ Petitions, Bail Applications, Criminal Matters and Revisional Petitions.

**Industries worked with:** Service Industry – Hospital, Consulting and Infrastructure

**BOUQUETS  
& BRICKBATS**

Through this newsletter, we intend to bring to you "interesting stuff" from the world of business, nationally and internationally. Please send in your comments and critique on the newsletter. We would like to improve with your suggestions and make this newsletter a "better read". Send your mail to [contact@graymatters.co.in](mailto:contact@graymatters.co.in)

“  
*It is a thousand times  
better to have  
commonsense without  
education than to  
have education  
without commonsense.*”

*- Robert G. Ingersoll*



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