

NINETEEN ninety-seven was a confusing year for Asian managers. Many saw their confidence erode as the values of currencies and stocks fell. Others saw export growth sputter, worried as trade deficits grew, and bristled at headlines proclaiming "the end of the Asian miracle."

Yet East Asia's growth continued to pace the world, and pockets of opportunity proceeded to open up around the region. Information-driven industries blossomed. Executive salaries continued to catch up with levels in the West.

Nineteen ninety-eight promises to be more of the same. Continuing *World Executive's Digest*'s mission to provide you with a competitive edge, here are management ideas to help you face the new year, and leapfrog to the next decade.

1. Don't just be better; be different. When everybody competes on the same grounds -- quality, service, speed -- nobody gets ahead for very long. Strategy, therefore, says strategy guru Michael Porter, "is about setting yourself apart from the competition. It's not just a matter of being better at what you do -- it's a matter of being different at what you do."

2. Stand for something. Concentrating on products or services is a trap, Jim Collins, co-author of *Built to Last*, told *Inc.* magazine. "We'll see more and more companies framing their identity in terms of their core purpose rather than in terms of their products or services. They'll need to. Business cycles of all kinds are getting shorter." So, take note: It's not what you make, it's what you stand for.

3. Build mechanisms. In the same interview, Collins provides an alternative to strategy. "To put your core purpose to work, you need mechanisms -- the practices that bring what you stand for to life and stimulate change. Mechanisms force things to happen that reinforce your company's core purpose, converting that purpose into action." The most famous example: 3M's rule that 25 percent of profits must come from products less than five years old.

4. Develop wide-angle vision. You should be able to see opportunities beyond your peripheral vision. Three conditions could block this, says professional trainer Wayne Burkan: invisibility (you don't see the change), impossibility (you don't react to what you see), and transferability (you react based on previous experience). Open your eyes to these.

5. Execute. In fast-moving industries (aren't they all?), you could spend too much time on strategy. In an interview for *Chiefly Speaking*, Nortel CEO Jean Monty highlighted one key success factor: "Execution. Just be sure you are totally aligned with the business objectives, and execute like hell."

Cyberspace Strategies

We now have a whole collection of Nets: Internet, intranet, extranet. But what has become more critical than the infrastructure is the need to manage corporate strategies for cyberspace.

6. Create a cybercorp. "Most of today's corporations are structured for an age that is gone," says consultant James Martin. The solution: a structure that turns an organization into a "cybercorp" (also the title of Martin's book.) This uses the power of computer networks to respond to manufacturing only. In a cybercorp it describes inventory control, supply, price-setting -- everything.

7. Enter the marketspace. In case you've just come back from a two-year vacation on a desert island, here's the scoop: electronic commerce is exploding (about \$10 billion worth in 1997; \$7 billion for business-to-business sales alone). It's all happening in the "marketspace," as Harvard professors Jeffrey Rayport and John Sviokla call it. The marketspace covers buying and selling through the Internet, cable TV, on-line databases, and anything that can replace a physical store.

8. Go after your best customers. In Asia, where penetration of PCs in households is only about 5 percent, all this talk about marketspace selling sounds like blueskying. Rayport darkens the sky with a warning: "Those who have access to PCs are the most affluent and educated consumers. If you decide to sit by in your physical business and let other people experiment with marketspace avenues into your franchise, they'll go after your best customers. What would your business look like if the top 10 percent of your customer base went away?"

9. Respond in real time. Customers are spoiled with speed, says marketing whiz Regis McKenna in his book, *Real Time: Preparing for the Age of the Never Satisfied Customer*. Therefore: "The companies best equipped for the 21st century consider investment in real-time systems to be essential to keeping their customers. They use information and telecommunications technology to respond to...customer expectations within the smallest possible time lapse."

10. Install perfect-service systems. Adds McKenna: "My definition of perfection in service is customers' serving themselves so effortlessly -- through 'transparent' technological intermediaries -- that they are hardly aware of doing so." Just like in telecommunications. You are your own telephone operator, are you not?

11. Seize this golden opportunity. According to *Upside* magazine, this is the big thing: offering small and midsize Web businesses an outsourced version of the automated transaction-processing capabilities currently available only to large-scale enterprises. "We're talking about a whole new industry: commerce service providers (CSPs), to do for e-commerce what Internet service providers (ISPs) do for Web access and hosting. The benefits of providing affordable e-commerce capabilities to small businesses, which represent the fastest-growing sector of the Internet commercial landscape, would be substantial."

Creating New Asian Rules

The old rules for wealth creation in Asia are giving way to new rules. The latter match the global trends: focused, globally oriented. See how Asia's managers are writing a new manifesto.

12. Merge the best of both styles. Even as the world's interest in Chinese management grows, top Chinese entrepreneurs are starting to practice a universal, timeless management approach. For example, they uphold strong family ties and individualism at the same time.

13. Focus on focusing. Among these entrepreneurs is Philippine retailing king Henry Sy. He has built his fortune through focus on his group's operational strengths. While others diversify, he builds on the core.

14. Reinvent advantage. Toyota's Hiroshi Okuda is a new-style Japanese CEO who is quick to slay Japanese management icons (lifetime employment, consensus management) and raise new ideals (merit promotions, decision-making speed). The result: a hybrid Japanese-Western success formula that strikes fear in competitors' hearts.

15. Compete in new industries. Even as the old paths to Asian fortune -- food, shelter, manufacturing -- endure, new paths emerge, and entrepreneurs like Pacific Century's Richard Li are following them. The clearest one: good information.

16. Enter the seven-figure club. Some of Asia's top executives are being paid salaries of more than a million dollars a year. Not many can enter this club, but many can start to practice the principle that drives it: pay for performance.

17. Join the Electronic Elite. They run the most exciting and successful companies today. Like Masayoshi Son of Softbank, they understand how corporate culture can overthrow old mindsets and install a new framework for business behavior. Author Geoffrey James enumerates the

THE BEST IDEAS FOR 1998

Bewildered by crisis? Or overwhelmed by opportunity? Jet Magsaysay of World Executive's Digest comes up with 98 ways to deal with the management situations, to tackle crises and profit from opportunities.

For this year and beyond.

six shifts in mindset that lead to success.

18. Turn business into an ecosystem, not a battlefield. Instead of seeing business as a competitive conflict, view it as a world of symbiotic relationships.

19. Make the corporation a community, not a machine. In machines, employees are faceless cogs. In communities, they are individuals.

20. Treat management as a service, not as control. Instead of pushing people, pull them...

21. Relate to employees as peers, not children. Hire each employee as if he or she is the most important person in the world.

22. Motivate with vision, not with fear. Fill work with enthusiasm, humor, and energy.

23. See change as growth, not pain. Change is part of growing into new levels of success.

To Market, To Market

The long-term goal for Asia is to build global brands and to build globally competitive sales forces. Much work needs to be done on both fronts.

24. Support global branding. Marketing guru Philip Kotler says Asian marketers lack sound advertising and promotion for successful global branding. This requires "an understanding of branding as an independent discipline, complementary to all the other marketing disciplines."

25. Develop your brand on-line. If you get this right, says *Information Strategy* magazine, "you can leapfrog rival brands." To do that, build your on-line communication on an attitude of "Please let us help you," instead of "We know what you want."

26. Return to individualized purchasing. Mass marketing never existed," argued consultant Lynn Upshaw in an international e-mail summit on branding. "The customer never left individualized purchasing." Interactive marketing tools enable you to return to this natural state.

27. Ask simple questions. When *Fast Company* asked marketing author Don Peppers how he would evaluate a company's customer service performance, he offered four simple questions: Do you treat different customers differently? Do you create a learning relationship with your customers? Do you keep your customers? Do you organize around customers?

28. Kill the sales force. "Sales," as we have known it -- selling products -- is dead. The new model calls for co-managing your customers. That means changing the sales function from where it moves products to where it brings profits to customers. To do that, marketing guru Mack Hanan suggests you:

29. Decide what kind of business strategy you want your sales function to serve.

30. To know that, first find out what kind of business strategies your customers are planning through the year 2000 so your strategy can be compatible with theirs.

31. Then you can determine what kind of sales organization will add value, at least cost, to your customers' strategies.

This Small Blue Ball

After years of abuse, the term "globalization" has now come to mean something -- an interconnected economy where you must the best in the world at what you do.

32. Choose one of four roles. Global explorers fill one of these functions: Captain (the leader with the vision), Mapmaker (the guide), First Mate (the hands-on manager), and Financier (provider of advice, experience, access to capital).

33. If you can't have all four, then at least have two chiefs. *Red Herring* magazine says you'll need different kinds of leadership for each stage of growth -- and rarely is one CEO right for all of them. Oracle thrives on having two leaders: COO Ray Lane ("someone to run the company's day-to-day affairs") while CEO Larry Ellison "concentrates on his strengths -- motivating employees and selling the Oracle message."

34. Create stretch targets. Incremental improvements may not take you to world-class levels, at least not quickly. Stretch targets present big, seemingly unreachable milestones that can force companies to reinvent their processes. *Fortune* magazine says they reflect a major shift in thinking of top management at the top global companies.

35. Select a new growth path. Choose one of five paths for operating globally: Rule Breaking (destabilizing an industry); Game Playing (satisfying existing needs in growing markets); Rule Making (controlling a market's standards); Specializing (focusing on niche markets); or Improvising (profiting from change).

36. Look to China. Even the folks at *Wired* magazine acknowledge this: "Chinese clan-based culture happens to work very well within the fluid demands of the networked global economy. Singapore and Hong Kong prove the point through the 1980s and 1990s, when the two city-states with almost no land mass or natural resources became economic powers through pure human capital, primarily brainpower."

Crisis Management

Beneath the surface of the so-called Asian financial crisis run rivers of growth and opportunity. Paradoxically, the best solution to short-term problems is to adopt long-range solutions.

37. Relearn Economics 101. Understanding Asia's currency woes demands rediscovering the old law of supply and demand, as it applies to money. "An exchange rate is simply the price of one's money relative to foreign money," wrote Hong Kong investment manager Sin-Ming Shaw in an essay in *Newsweek* magazine. "Like any price, it fluctuates." Especially when domestic economic policies -- and national production -- are inconsistent with prevailing exchange rates.

38. Build factories, not hotels. South Korean Foreign Minister Han Sung Jo has a terse explanation of the upheaval in Asian financial markets: "The problem in Southeast Asia is that...the money went into the fancy hotels before it went into the factories."

39. Move out of the low end. Southeast Asia is being squeezed by China's low-cost manufacturing and Japan's depreciated-yen export surge. So argued a commentary in *Business Week* magazine. "The long-term solution for the Tigers is to move into higher-end markets before China does."

40. Practice the four Cs. When managing in tough

times, prescribes author-CEO Sir John Harvey-Jones, the keys are the four Cs: Concentration (be "brutally clear as to what the core business actually is"); Costs (reduce these to essentials), Cash (you can survive without profit, but not without this), and Communication (resist the urge to become secretive).

41. Focus on constraints. If you want to increase profits, it's obvious that the key is not cost reduction. It's obvious, at least, to Eli Goldratt, author of the cult classic, *The Goal*. Every company has to work against at least one constraint. Otherwise, says Goldratt, "companies would be making infinite profits. The key is to focus on the constraints, thereby improving throughput (the rate at which the company generates money through sales) and profits."

The Age of the Individual

Everything converges around this asset. Whether they are in the form of employees or customers, or "intellectual capital," they're best known simply as "people."

42. Redefine "loyalty." Loyalty isn't dead, it's alive in companies that use it to connect everything -- loyal employees create loyal customers and make for loyal investors.

43. Open your books. If you want employees to act like managers -- or owners -- give them all the information you get. Not convinced? Here are a couple of sound bites from *Inc.* magazine: "Sharing results puts my attention on facts, not emotions." (Cecil Ursprung of Reflexite Corp.) "Because I share information and problems, people care more. They have a sense of dignity they never had. I'm not lonely anymore." (Karl Reuther of Reuther Mold & Manufacturing)

44. Hire hard, manage easy. On the subject of hiring, leading companies in a wide range of industries have arrived at the same conclusion, says *Fast Company* magazine: "What people know is less important than who they are. Hiring is not about finding people with the right experience. It's about finding people with the right mindset. These companies hire for attitude and train for skill."

45. Create space and freedom. Author Arie de Geus (*The Living Company*) has studied the factors which allow companies to survive hundreds of years. In an essay in *Management General*, he wrote: "In such companies, it is well-understood that the ultimate potential of the organization is directly related to the extent that the individual members are encouraged to develop their own potential."

46. Put people before profit. Does this sound hokey to you? It evidently doesn't sound that way to Federal Express, which became a \$10-billion business by operating on this and 10 other principles:

47. Believe in human potential. Here's a quote from Goethe that Stephen Covey uses to prescribe great gains in performance: "Treat a man as he is, and he will remain as he is; treat a man as he can and should be, and he will become as he can and should be."

Managing, A.F.

(After the Fads)

There's a universal backlash against trendy management fads, and a move back to the basics of management.

Author Richard G. Hamermesh calls these "the six timeless principles that drive successful companies".

48. Get real. Acknowledge mistakes, see yourself clearly.

49. Get moving. Doing nothing is worse than doing wrong.

50. Speak the truth. Dishonest behavior is damaging.

51. Inspire concretely. Clarify your purpose and mission.

52. Challenge false paradoxes. Replace "either/or" thinking with "and/both."

53. Lead. Set direction, develop trust, produce winning results.

And here are six more, based on "the new logic of organizing," from organizational-thinking guru Edward E. Lawler III:

54. Organization can be the ultimate competitive advantage.

55. Involvement is the most effective source of control.

56. All employees must add significant value.

57. Build lateral processes; they're the key to organizational effectiveness.

58. Organizations should be designed around products and customers.

59. Effective leadership -- defining the organization's agenda -- is central to success.

60. All these lead to one general prescription: **Throw away the cookbook.** Have a good grasp of the fundamental concepts, apply creativity, and tailor-fit management concepts to your firm.

Listen to the Chiefs

During the previous year, *World Executive's Digest* talked to dozens of CEOs in Asia. Listen to them discuss various concerns:

61. Throw out job descriptions. Asian Honda Motor Co. President Satoshi Toshida says his management style is "very much the Honda style." That means encouraging freedom. "I believe in not having job descriptions. If you want one, I'll give you one."

62. Become an Asian multinational. Some companies go global. Some do well by just going regional, like Hong Kong's Gold Peak. Chairman Victor Le says Asians should look at the possibility of at least becoming an Asian regional company.

63. Break up the company. Software developer Infosys runs every project as a mini-company. Chairman N.R. Narayana Murthy says, "Empowerment is important for a service company to succeed. Once budgets are set, the project people are free to take any decision."

64. Don't hold on to power. Giordano Chairman and CEO Peter Lau on succession: "The first generation of managers, the second and succeeding ones, must not hold on to power. They should give way to young, dynamic leaders."

65. Let customers run the company. Taiwan Semiconductor Manufacturing Co. gives customers the run of the factory. Chairman Morris Chang says, "The customer can treat the fab as if he owned it. He can change the production schedule as he wishes."

What's the Buzz?

Now that the fad is to be anti-fad (got that?), you don't

want to get caught mouthing buzzwords. But what's a manager to do without them? In case you're having withdrawal symptoms, here are a few:

66. Reframe the picture. Where will your next competitive advantage come from? More likely, from