

# e-Management Digest

A collection of management articles for the aspiring managers

April 2006

*This Management Digest is prepared for the aspiring managers as an update to what they already know. This newsletter is sent monthly to delegates following courses provided through Consort Management Consultants Ltd. and to members of the Hong Kong Institute of Marketing. It is also posted on the Hong Kong page of the Institute of Administrative Management website.*

ADVERTISING

## A Candy Tale

There is a new commercial on the television. It is set against the background of a busy antiquated train station. A man was impatiently looking at his watch and in the end he picked up his luggage, walked to the waiting train and boarded. Then came a woman, trying to make her way through the crowd to the platform. Then the usual scene, the steam engine started and the carriage began to move. The man saw the woman, but the woman fell and was breathless.

Luckily, a candy-man on the platform saw this, and gave the woman a menthol chewing gum. Her throat was instantly cleared and she was able to shout to the man on the moving carriage "You are on the wrong train!" The story ended with a note that "Air Waves gives you the release".

It is not easy to advertise candy. This is one of the more successful films recently. The factors of the present success are:

1) This film followed the fundamental principle of "Unique Selling Proposition" (USP) to make a point about the benefit of the chewing gum. Chewing gum is a

homogenous product and in order to stand out in a crowded market, having a sound USP is essential. The film creator found the uniqueness of his brand of menthol candy – that it can clear your throat and give you a release.

2) It has a simple but captivating story that surprises the audience. It does not matter if a story is ludicrous as long as it is captivating. Train stations usually bring out emotional scenes of sobbing farewell, but this time, a "wrong train" has completely upset the expectations of the audience. The surprise and humour won a lingering memory from the viewers.

3) A consistent theme. This film came from the same series of another commercial – a church wedding scene where the bride was helped by "Air Waves" to clear her chest so she could take her vow of a lasting marriage. A series of films carrying the same theme and telling a similar story helps the audience to remember the brand.

The success of advertising is about capturing attention and retaining memories of the audience, and this commercial has certainly achieved the aims.

*KM Yim, Chairman  
Hong Kong Institute of Marketing*



## Managing Trains

For almost a week in March 2006, headlines of all Hong Kong newspapers have been dominated by the fiasco in the boardroom of Kowloon-Canton Railway Corporation (KCRC). Corporate management and boardroom politics became a TV soap opera, with each episode being a climax in its own right. The clash between the chairman and the managed resulted in exchanges of words in public. While both sides quoted governance as an area needed overhauling, governance was only a veil to hide fundamental management issues about leadership styles.

### *The Saga*

The local press publicised a letter written by the (Acting) CEO to the Managing Board of KCRC to express his concerns that the Chairman's style of leadership was making it almost impossible for the executives to operate, and it was said that 3000 of the general staff had signed a letter in support of raising the concerns. In response, the Government ordered the Managing Board to resolve the matter within 3 days. The following day, while the Board was meeting to deal with it, 20 KCRC senior managers simultaneously called a press conference to express support to the CEO. What followed? The Chairman and the CEO shook hands to pledge continuous cooperation, but the CEO resigned the next day and one of the 20 senior managers was fired. A new CEO was appointed the day after.

There were three parties to the fiasco – the government who appointed the Chairman, the Chairman himself and the Executives. In 2001, the government appointed the present Chairman to replace the Chairman cum CEO

at the time. The separation of the functions of the Chairman and the CEO was hailed as a step forward and in line with good governance practice.



Hong Kong Rails

However, the separate roles of the Chairman and the CEO had not been clearly specified. In the 3<sup>rd</sup> edition of the Corporate Governance Manual, the Chairman is said to be responsible for “the conduct of the Business of the Managing Board” (October 2005), and the CEO is responsible for “the day-to-day business of the Corporation, and for implementing policies and strategies decided by the Board. He is responsible to the Board for all aspects of the Corporation's performance.” (April 2005) The CEO has authority to make decision on “ ..... matters arising from the business of the Corporation.” (April 2005) These clauses are rather vague, but they do indicate that the CEO has the job of operating the business.

### *“Hands On” Leadership*

Since 2001, there have been a series of operational problems at the KCRC: signalling problems leading to investigation into contract terms with the suppliers, rail cracks, minor train crash in the depot and cracks in compressor mountings in running train cars. Every time a problem is discovered, the

Chairman came out and explained them to the media.

The letter received by the Managing Board from the CEO mentioned that the Chairman was "hands on" and "frequently issues detailed instructions as to how matters should be managed or staff disciplined." (*Ming Pao, March 15, 2006*) This style was aggravating to the managed as the chairman made it known that he expected to be reported to immediately on any incident, large or small. He was making "deliberate interference to the daily operation of the Corporation", said the CEO.

### *Leading vs. Managing*

Interestingly, this allegation goes back to chapter one of any basic management book – the difference between a leader and a manager. Typically, a leader plays the role of developing strategies and policies for the organisation, and the managers carry out the implementation and operational functions. A leader should be visionary, passionate, creative, inspiring, innovative and courageous, and by doing so, he directs and binds his team to achieve a common goal. The chairman does not need to be "hands-on" as long as he is able to direct and guide.

The executives are the mind and hands of a company. They should be stubborn about quality and performance standards, effective in problem solving and efficient in allocating resource.

In the KCRC case, the government had separated the jobs of the leader and the manager, but had not clearly defined the different roles of the chairman and the executives.

Concern for People	1,9 Country Club		9,9 Team
		5,5 Middle of the Road	
	1,1 Impoverished		9,1 Authority Compliant

Concern for Results

### Blake and Mouton's Managerial Grid

At KCRC, the chairman seems to be practicing an *Authority-compliance* (9,1) style of the Blake and Mouton Managerial Grid. The chairman calls for a centralised reporting system and the focus is on achievement of tasks. With a 9,1 style, motivation is through competition between workers.

The managers do not know the levels of details needed to satisfy a "hands on" chairman. The staff saw that the chairman's ideas of accountability and transparency were creating within KCRC "a corporate culture for blames" and "satisfy the often insatiable demands of media for someone to be punished", according to the CEO letter. Challenging an instruction may be viewed as uncooperative, hence the press conference of the 20 managers was an act of defiance.

Being "hands on" is a good thing but the chairman may not have seen the fine line between "hands on" and "interference".

The KCRC has the legacy of being a former government department and a bureaucratic culture. The operating styles have been criticised and the chairman was praised for his efforts in enforcing greater transparency and accountability. However, the chairman's efforts have triggered the present problems. We do not know whether the executives follow a different style (e.g., 5,5 or 1,9), but it

is obvious that the clash today is the result of having different styles and goals in the organisation.

### People for Management Success

Human Relationships is an important aspect of management. The success in managing change relies heavily the involvement of people in an organisation and they have to understand that changes are inevitable and for their benefits.

In a global HR conference in 2005, delegates learned that to manage change effectively, organizations need to understand and address both the external and internal factors affecting it. Most people are good at managing change when it comes to internal factors, but not very good at managing in the context of business in the outside world. External factors such as the erratic world economy and the growth of outsourcing and offshoring meant that businesses were more vulnerable and could not afford to be complacent.

The dot-com crash and 11 September 2001 forced Yahoo! to reinvent its business strategy, and this included a campaign to convince employees that making profit was not an evil, but a necessary part of the business.

HR was also at the centre of organization change at Reuters, which had dwindling share prices and a widening gap in customer satisfaction. In 2003, following 2900 redundancies, the company increased staffing in its offshore locations in Asia as well as in customer service.

Nokia, with 56,000 staff worldwide, used a matrix model that relies on relationships and people networks to manage employees. Networks were the future of organization structure. Organisations were becoming less like pyramids, said Anna Tavis, head of Nokia's global talent management.

*Adapted from People Management, May 2005*

### The Road Ahead

We all live in a world of change and we learn to adapt ourselves to the inevitable. It seems that the KCRC was having more problems in tackling a cultural change than other organisations. The Chairman has been eager to turn the Corporation into a more transparent and accountable organisation. By doing so, he participated (or interfered) in the operations. The efforts have demoralised

the staff and led to a build up of resistance to change which has now exploded. The goals of the chairman and the executives were different and the level of trust was low. What the KCRC need to do now is to rebuild the trust between the managing and the managed, and the chairman has to take initiative to repair the relationship and convince the staff that and his aims deserve support. The KCRC will have to learn fast how to stay on its tracks, repair its management cracks and move forward.

*Tony Lam, General Manager  
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ENGLISH

## Words Worth

WRONG	RIGHT
× A credit card will make you more convenient	✓ A credit card will be more convenient for you.
<i>令你更方便 cannot be translated directly into English.</i>	
× The old couple are very cheerful in their new home.	✓ The old couple are very happy in their new home.
<i>Happy = feeling satisfied or contented. 滿足; Cheerful = tending to smile and laugh, or in good spirits. 高興</i>	
× It's far to the nearest gate.	✓ It's a long way to the nearest gate.
<i>When describing distance, 'far' carries a somewhat negative meaning – that a place is at a distance away and not easily reachable. 'A long way' is more neutral or affirmative.</i>	
× When the bomb exploded, people tried to get as far as possible.	✓ When the bomb exploded, people tried to get as far away as possible.
<i>Use 'away' if distance is to be emphasised.</i>	
× At first, may I thank you for your wonderful hospitality.	✓ First (of all), may I thank you for your wonderful hospitality.
<i>'At first' describes a sequence of events, so a second event is expected after 'at first'. 'At first, I like the weather in New York, but after two years, I hated it.'</i>	