

# e-Management Digest

A collection of management articles for the aspiring managers

August 2005

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

*Note from the Editor*

*From this issue onwards, this Newsletter is distributed to members of the **Hong Kong Institute of Marketing** in addition to the mailing list of Consort Management Consultants Ltd.*

MARKETING

## IMAGE OF SENTIMENTS

'Lion Rock' and 'The Peak' are terms home to everyone in Hong Kong. They are frequently featured in corporate advertising as appeals for the sentiment and support of Hong Kong residents.



Corporate image is not easy to promote. A campaign to promote the goodness of a service, a believe or

an idea requires the use of a recognisable image as a reflection of an intangible concept.

Things intangible may be represented by a variety of images, but the same 'general' images may also reflect upon other corporations or things intangible. Doves generally represent peace. But doves, being a generic symbol for peace, may not be appropriately used to identify the advertiser. Competing corporations or products may also use doves to promote their products in other ways, so the use of generic symbols would only create confusion to minds of the public.



Let us look at the recent commercial promoting a property company.

At the beginning, a flock of birds was flying over tree tops and then when it rained, mother and father birds looked for shelter. They found shelter and when the rain was over, they brought home some worms to feed their chicks 'housed' in a nest somewhere in the bush of the Peak. Then they joined other birds and flew over the skies of Hong Kong. Over the Victoria Harbour, their image faded into the distance and was replaced by the slogan of the property company.

In the background, through the song of a well known singer, Hong Kong folks are reminded by the lyrics of the pains and joys of living through rains, storms and the eventual sunshine. What happened over time have been represented by the struggle for a shelter, the hard work of finding worms, the birds nest and the flight into places afar.

The commercial was obviously successful in conveying the message of the property company – that it is part of Hong Kong and over the years had grown in the same way as any Hong Konger.

But, from a sentimental perspective, this is not a joyous commercial. Through superb filming and the background music, the advertisers used Hong Kong culture to reflect on their corporate goodness. But the background music brought up memories in our hearts about the sadness of struggling



and the difficulties times we went through over the years.

Balancing sentiments with the messages to

be conveyed is an art. The message behind this piece of art is as intangible and abstract as corporate imaging.

The advertisers of this commercial probably had not expected the effect and side-effect a piece of art can contribute to the success of an advertisement.

**KM Yim, Chairman, HKIM**

*Pictures extracted from a video supplied by AdMango*

MOTIVATION

## The Doughnut Principle

Organisations realised some time ago that they no longer needed to have all the people in the same place at the same time in order to get things done. A simple and obvious fact perhaps, but it contained the seeds of an organisational revolution.

To-day, fewer and fewer organisations are doing everything in house by its own employees. In Britain, less than half of the labour force is in a proper full-time job these days while at least one quarter of any organisation's true workforce is outside. Organisations strive to arrange as much as possible of their work on an outplacement basis, with managers becoming, in effect, purchasing officers.

Some now think that outsourcing has gone too far, that we are in danger of creating hollow organisations in which the only people left inside are a few contract managers and accountants. Such organisations, it is claimed, can lose their soul and their reason for existence as well as the continued commitment of the subcontractors, who, in the end, are only accountable to themselves. There is a good deal of truth in this.

In reality, some operations can be pulled back inside we don't need to discard all the benefits of their independence. We could treat many insiders as outsiders, *managing their outcomes rather than their processes*.

If we look at a doughnut, there is a solid core in the middle, surrounded by a rim of white space. The middle solid core represents the essential requirements of the job, the things that have to be done no matter what. But the responsibilities don't end there. The white rim represents the opportunity for initiative and creativity, for going beyond the manual, for adding extra value, for getting more out of less.

In old-fashioned organisations the middle core was too big, offering little room for discretion in most jobs. Everything, as far as possible, was tightly prescribed and controlled. Organisations were designed like railway timetables, with all activities neatly dovetailed together. Then, in an ideal world, you pressed a button and began the clockwork. In such an organisation you did not want the train driver to use his imagination or to try out a quicker route.

These organisations do not appreciate the value of creativity – they only wanted a huge middle core.

The doughnut principle advocates effectiveness for efficiency. It calls for managers to treat insiders as outsiders, to negotiate with groups, specifying minimum delivery requirements, the central core of the doughnut, and the general aims of the project, paying for any increase over the specified minimum outcome.

Those in the core would be treated as far as possible as independent contractors, as outsiders, but would still be insiders, full members of the organisation with security of employment, career development and the sense of belonging to something bigger than themselves.

The group would, however, have every incentive to improve productivity and be creative and would have the space to experiment within their areas of discretion. Incentive and opportunity are the two necessary preconditions of creativity in organisations.

Does it work, treating insiders like outsiders? Ricardo Semler finds that it does. His radical organisation, Semco, in Brazil, encourages every group to think of themselves as a small business. If they come up with a new business idea and the Board gives it the go-ahead, they are required to organise it and they get to keep a fixed proportion, sometimes up to half, of the resulting profits. As a result Semco has grown from a small factory producing marine pumps and industrial mixers into a federation of some sixteen companies including ten internet ventures, all financed from their own earnings.

The workers are free to appoint their own leaders, to agree their own pay, within defined limits, and their own hours of work.

Semler says: "Once employees feel challenged, invigorated and productive, their efforts will naturally translate into profit and growth for the organisation."

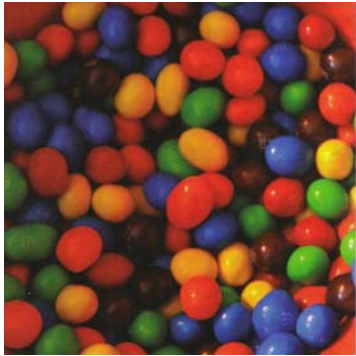
In the end, doughnuts are built on trust. The occupants of the doughnut have to be left alone to get on with it. Trust is more easily given to those whom one knows well over time. It should, therefore, be easier to trust insiders rather than outsiders, yet, perversely, we give a freer rein to outside contractors than we do to our own workforce. That has to be bizarre. Designing doughnuts should be the new organisational priority, finding ways to treat insiders as outsiders and outsiders as insiders and sharing the results. If the organisation chart looks untidy, don't worry.

*(Adapted from Professional Manager, March 2005)*

#### MOTIVATION

## Winning Employee's Heart

Three-quarters of companies rated as the best places to work in the US provide free snacks to their employees. Scott Cawood, president of consultancy Modernthink, which compiles best place to work lists for many US states, says "simple and cheap" things such as snacks can have a big impact on employee engagement. "You have to shape the day-to-day experience of your employees.



They are looking for you to give something back to them," said Cawood.

One financial company provided huge bowls of

M&Ms throughout the workplace, which were changed to all green ones when the firm achieved a particular target.

*(Adapted from People Management, June 30 2005)*

#### TECHNOLOGY

## Data Protection

We are bombarded weekly with tales of security flaws in our computer systems and

articles about yet another virus or cyber attack. Technology allows us greater access to data and information. Technical tools allow us to increase our productivity, but that same technology also increases our risks for security attacks. How managers minimise corporate risks is now a critical component of good business practice.

### Security

Security is about protecting the weakest link but because of rapid changes in technology, regular security audits are essential for continuous monitoring and planning against new threats.

Such audits should include a physical review of computers, associated equipment and software. There should also be external reviews of security policies and procedures for unbiased, independent views and advice of other companies' security measures.

### Security Reviews

Audits and reviews should focus on areas where a minor 'IT disturbance' would cause the most problems – the weakest link. Email management would be a common area where security is often weakest because losing e-mails could often bring about disastrous effects,

Every company's security audit will be different. The following areas are often target for security management and audits.

- *Vulnerability Assessment*

This involves setting up simulated attacks and hacking attempts on the corporate IT communications environment, so that weaknesses can be exposed and problems resolved. Procedures for defending attacks should also be reviewed.

- *Data Access*

Data access is less about exposing security risks than about designing data in a manner that only allows access by authorised users. This involves finding a balance between the security benefits of a centralised data storage system over the convenience of local storage (normally on the user's PC or laptop). Businesses will often have to choose between strong security procedures and usability.

- *Internet Access and Policies*

Firewall systems allow 'filtering' of both incoming and outgoing communications. A security audit should bring out whether such systems are kept up-to-date and the configuration has been tuned to corporate needs.

There should be policies on use of computing facilities, such as logging of access activities and backing up of documents and the staff must be aware of them.

▪ *Data Transmission*

When important data is transferred between two or more parties, methods to protect the communication, such as data encryption should be used..

▪ *Data Storage*

How and where data are kept physically, and the authority of access must be documented.

▪ *Virus Management*

Fixing viruses is a reactive process. Prevention is better. Good practices call for up-to-date anti-virus programs, regular scanning of business systems and a published policy for reporting and treating infections.

Users must be educated about good e-mail management skills and detecting a possible virus infection.

▪ *Backups*

Generally a backup system is seen as a one-off set up which can then be left to run itself. Unfortunately this should not be the case.

Backup systems are normally the last line of defence when dealing with lost, corrupted or deleted data. Management should have the capability to authorise data recovery as an attempt to monitor and control operating effectiveness.

▪ *Data Disposal*

This area is not normally considered, but if an old computer or hard disk has to be changed, there should be a policy on disposal. Sensitive business information left in the system, albeit outdated, can be used maliciously.

▪ *Compliance with Data Protection Regulations*

Jurisdictions around the world differ in the requirements of data protection and all businesses should conform to the relevant local laws.

Compliance with legislation, however, is only part of the story. Many corporations are members of business associations and professional bodies most of which will have best practice policies dealing with data security and they will publish these rules and guidelines for members. These guides should also formulate part of the corporate policies for data security.

**Ongoing Reviews**

Once a security plan has been implemented, it is important to define regular times for reviews and also a method for emergency updating should a new threat occur. Having representatives from the management and the IT staff to jointly keep up to date with industry security changes and emerging technologies will increase the effectiveness of a security protection scheme, for the benefit of the corporation as a whole.

Making sure security is a priority issue at the management level is the real task. Understanding risks and committing to enforcing security policy is a tough job. But this is better than trying to fix a system when it is broken. The goal should always be preventative security maintenance.

*(Adapted from: Company Secretary – June 2005)*

ENGLISH

**Wordsworth**

WRONG	RIGHT
× I will stay in sales as long as <b>it is good pay.</b>	✓ I will stay in sales as long as <b>the pay is good.</b>
▪ <i>'Pay' is the subject matter, so it should come first. The expression 'It is' is unclear.</i>	
× She is full of <b>creative mind.</b>	✓ She is full of <b>creative ideas.</b> ✓ She is full of <b>creativity.</b> ✓ She has a <b>creative mind.</b>
▪ <i>The expression is wrong because it sounds like she has many minds but they have been filled with creativity.</i>	