

# e-Management Digest

A collection of management articles for the aspiring managers

December 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.*

ADVERTISING

## Marketing Health

Governments are keen to promote healthy communities. Health is intangible, so messages preaching health consciousness are better conveyed by way of reflection. It then becomes a test on the creativity of film producers to bring together unrelated topics to deliver messages of good health and health maintenance.

How to bring forth a message that smoking is bad for the health? It defies the imagination of most people that Char Siu Bau (CSB in short) has anything to do with smoking. But the producer made a link between the two.

The film is about a Dim Sum waiter selling CSB in a tea house. As he passed by a customer trying to eat the bun while making a phone call, he saw the man, probably eating a bit too quickly, had breathing problems and struggled to climb to the air conditioning duct for fresh air. But he fell.



At the same time, another customer was lighting up a cigarette and the Dim Sum waiter went to him and put off the light with

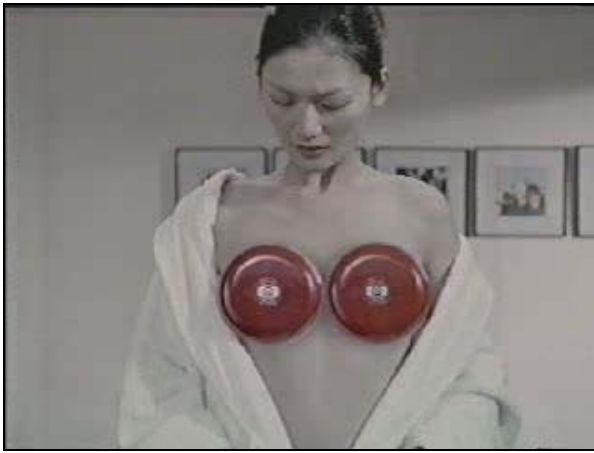
a Dim Sum tray, remarking - 'I have hardly heard of people died from eating CSB, but 1324 people died from passive smoking'.

In another film, the Hong Kong Cancer Fund made a short but effective film. When a woman, with her back to the camera, was taking off the towel around her to try on a dress, the fire alarm went. The camera turned to her front, viewers saw two fire alarm bells hanging over the breasts and then a caption appeared - 'There are no warning bells for breast cancer. Early examination prevents alarms'.

The anti-smoking film was made in a fuming restaurant where passive smoking is rampant. It highlights the risk of 'suffocation' through passive smoking in public areas. Let's look deeper. There is a Cantonese saying that choking by CSB is impossible, but the producer hoped to set viewers wondering about this saying and then reflecting on which is the real choking agent.

It can be argued that government public service films should be direct and to the point. Special effects could lead to misinterpretation and confuse or even damage good intentions. Some would say that direct messages are not imaginative and boring, but public service messages need not become the stage for exhibiting artistic creations. Indeed, the success of a commercial is the ability to deliver exactly the message to be conveyed.





The Cancer film is very short. It is only 15 seconds long if we ignore the time occupied by the ringing bells. The message is simple – reflected by two alarm bells – but it is very effective and unforgettable. It wakes up people to the notion that we all wear two alarm bells that could go off any time.

In contrast to the anti-smoking film, this is a direct and powerful presentation of one single message without calling for the imagination of the viewers. The bells, red and round, successfully associated our minds and the human body to danger.

In advertising, we often associate one thing with another to create linkage. Associating CSB and smoking through difficulty of breathing is not as effective as linking alarm bells with the breast. The Cancer film succeeded by finding the shape, sound and colour to represent a threat to human health.

*(KM Yim Chairman,  
Hong Kong Institute of Marketing)*

CORPORATE GOVERNANCE

## Codes of Ethics

While an increasing number of companies now have a code of ethics, directors appear to have been less zealous about implementation. The Institute of Business Ethics (IBE) have found that although 26% of

boards see themselves as directly responsible for ethical behaviour of their companies, they often fail to train their staff for it.

Poor follow-through can have serious implications. Simon Webley, an IBE director said, “It is a highly risky approach and the company will only have itself to blame when something goes wrong. Often, they only become alerted to ethical issues when there is a scandal in the press or when something is discovered which undermines the firm’s reputation.”

He said that the code is often viewed like an insurance policy – it is good to have one, but unless something goes wrong, no one takes much notice of it. But the code itself is a tool, not an end in itself.

The central ethical issues facing organisations tend to change over time, but the top ten most often cited now are:

1. Bribery and corruption
2. Supply chain management
3. Money laundering
4. Whistle-blowing
5. Gifts and entertainment
6. Conflicts of interest
7. Facilitation payments
8. Harassment and discrimination
9. Work/home balance
10. Security and data protection

Ethical issues have achieved a higher profile as a result of increasing media coverage of corporate scandals, pressure from investors, questions from employees etc. An ethical issue arises when an action was taken without a moral or legal guidance to support the rationale for doing so.

Ethical behaviour must be led from the top and leadership is the key to changing the cultural tone in this respect. Ironically, ethical organisations give away leadership



and the management allowed itself to be 'watched'. Good ethical practices call for enthusiastic support from the top. Companies like BP and Shell have taken a very proactive stance of zero tolerance of bribes at any level.

Successful ethical practices is not just about having a code of ethics, but having a system of compliance within the business so people really do understand what they have to do and what the implications are.

Implementation is often more difficult than setting up the code itself – because of internal conflict or the need for making adjustments to business operations. Ethics started as a boardroom issue may not affect the junior managers. But the implication on the general staff must be considered and the staff must be fully informed so that there is a company-wide understanding for effective implementation.

**Code of Ethics  
Essence for Implementation**

1. Endorsement by Chairman and CEO
2. Integration – Setting a strategy for integrating the code into business operations
3. Circulation to staff and business partners and included in employment contracts
4. Review and Affirmation – regular review and confirmation about understanding and application and reported in companies' annual reports
5. Enforcement – staff and others should be aware of consequences of breaching the code and trained about issues raised in the code

Managers need to be given a strategic framework as a guide to the approach to considering ethics, and shown a route forward in dealing with ethical dilemmas,

which by their very nature have no one right answer. A code of practice must be:

- Communicated right across the workforce
- Brought to life through practical examples tailored to match the day-to-day experiences of different levels of staff
- Enforced regularly

*(Adapted from Professional Manager, July 2005)*

CORPORATE GOVERNANCE

## **Business Dynasty**

Asian business leaders would be surprised and puzzled by the decision of Lachlan Murdoch, Rupert Murdoch's son to withdraw from his family's company, News Corp.

The puzzlement probably occurs at two levels. First, there is surprise that he should walk away from the envious glamour as heir-designate of a large corporation.

Second, and perhaps more profoundly, there may be disquiet over the idea that a company like this should be run by anyone other than a son and heir. It is hard to think of more than a handful of major Asian corporations where this dynastic principle has not been applied.

Hong Kong, which prides itself on being more cosmopolitan and sophisticated than many other Asian financial centres, is no exception.

There are endless examples of this practice in local companies: big or small. Groups like New World, Cheung Kong group, Henderson and Hopewell are probably big practitioners of the principle, but we can find many more die-hard followers listed on the Hong Kong Stock Exchange. Chinese-controlled companies are not alone as followers of the dynastic principle. We see applications in the 'Hong's' too: Jardines, Swires, etc.



It is easy to see why the owners of these companies are so keen to keep control within the family. Having built big corporations, the founders are reluctant to see them falling into the hands of outsiders.

Yet these are public companies. The people who built them had made a conscious decision to share ownership and fortunes with outsiders – the public, who then would have a right to expect that the controlling shareholders will take their responsibilities sufficiently seriously and appoint leaders with the best abilities for the jobs.

When the choice of the top job is confined to family members, or more typically, to one family member who happens to be the son, it is hardly likely that the best person for the job will emerge. It is true that many of these second-generation company leaders are sent away for training and return with pieces of paper supposedly in testament of their managerial abilities.

This is not the case in most leading international companies, not even in Asia where Japanese corporations have started to appreciate that opening the door to non-family talents, even if it means taking in foreigners, can yield impressive results.

Although it is not axiomatic that the hereditary principle will produce inferior corporate leadership, the overwhelming evidence is that this is precisely what happens and this explains why very few of the world's biggest companies are led by second-generation family members and even few are led by third-generation family members. Rupert Murdoch happens to provide an example here. He inherited a flourishing local

family business and turned it into a global powerhouse. Lachland Murdoch's decision aside, Rupert's wife – Wendi Deng – is in tight control as a major shareholder of News Corp. Given her mainland background, it may be safely assumed that Deng understand the dynastic principles well.

Second-generation successes do not readily spring to mind in Hong Kong, but Maxims, the caterers, is now run by the grandson of the founders. It may be coincidental that he gained a decade of management experience with IBM before joining the family business.

It is far easier to find examples of companies here that have floundered under the dynastic principle. The well known ones are probably the Orient Shipping and Hang Lung groups.

There is some truth in a Chinese saying that 'Wealth does not pass on beyond three generations'.

*(Adapted from an article in The Standard, August 5, 2005 by Steve Vines)*

ENGLISH

## Words Worth

WRONG	RIGHT
× I took <b>a course of</b> computer last year	✓ I took a computer course last year. ✓ I took <b>a course in</b> computers last year.
<i>The word 'course' has many meanings. When 'course' refers to a process, time or direction, we use 'a course of', e.g. in the course of study, When we <u>describe</u> a programme of study, we say 'a course in'.</i>	
× I am <b>hesitated</b> about buying shares in the company.	✓ I am <b>hesitant</b> about buying shares in the company.
<i>The verb hesitated has no passive form. The adjective hesitant must be used.</i>	

