

e-Management Digest

A collection of management articles for the aspiring managers

October 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.

CYBER MARKETING

Profits from the Web

As users, we surf the web for free information and use free facilities such as email and blog services and so on. Small wonders why goodies can cost nothing? There has to be something to motivate providers to absorb the costs of their charitable services. The obvious incentive for offering free lunches is advertising income.

Yahoo! described its source of income as coming from:

“sales of online display advertising generated from display of rich media advertisements, display of text based links to the advertiser’s website, listing based services, and commerce based transactions”

Google’s company mission is in organising and providing Googol information (Googol is a word coined by mathematicians to mean “1 followed by 100 zeros”). Google generates revenue by providing “advertising that is relevant to the information displayed on any given page.”

Yahoo!, Google and many Internet service providers (let’s call them ‘carriers’) want as many people as possible to click into their websites and then surf on to other sites that carry the needed information – each click will earn them some income. Users type in the key words they are looking for and the carriers, using ‘search engines’ will return the hyperlinks that lead to the information being searched. Search engines are income generators for the carriers. It was said that

85% of websites were found through search engines (September 2004 – the GVV Centre).

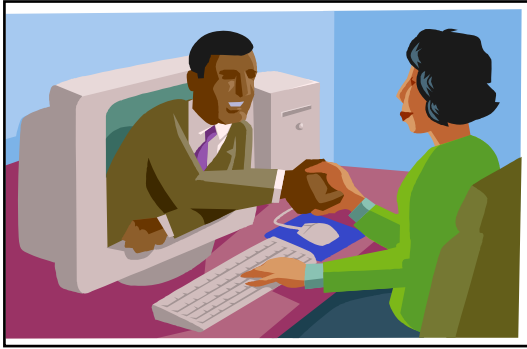
		USER PARTICIPATION	
		Passive	Active
TARGETING	High	* Catalogue Mail * Trade Magazines * Opt-in E-mail * Direct Mail	INTERNET SEARCH
	Low	* Network TV * Radio * Billboards	Yellow Pages

Advertisers, as the ultimate information providers are paying the carriers billions of dollars annually for a place in the hyper-linkage. This service created a new marketing concept – ‘Search Engine Marketing’ (SEM).

A year ago, senior executives from Yahoo! spoke at a seminar of the Hong Kong Institute of Marketing about the effectiveness of this new approach to marketing. Getting ‘prioritised’ is the game – i.e. paying to be listed as the first answer to a search word keyed in by a user.

Marketers realise that web surfers are a captive audience for their products or services. The approach of SEM is therefore different from traditional media advertising where audiences are passively fed with information. SEM is about handling specific enquiries as the ‘cold calling’ stage is eliminated.

There are techniques for using SEM. Consider how surfers would find their information. They



start with searching for a key word, so the first step to capturing the surfer is in getting the same key word into the hyperlink. Finding the right key words to use is more than another copywriting exercise – it requires detailed planning and is more of a science than an art.

Using general words would only get you mixed up with other advertisers (your competitors) and got you lost in a jungle of irrelevant listings. Here are some tips to observe:

- The keywords must be relevant to the content, purpose or theme of the site. If you want to sell “red roses”, say so on your website – in English and Chinese.
- Be clear and precise, and state the facts – surfers looking for information are not interested in exaggerative words like ‘best’, ‘biggest’ etc.
- Beware of words with more than one meaning. ‘Promotion’ can mean ‘advancement’ or ‘publicising’.
- Beware of synonyms or near synonyms. Surfers could use ‘management’ as a key word when they meant HRM.
- Check the words used by competitors – if appropriate, follow them so you can be in the same search list.
- Ask yourself whether you would use the same keywords to find your information.

Search Engine Marketing is a new approach to marketing and cannot be ignored in this new era of cyber mentality. The Internet is not really free but with careful planning, it can be a very inexpensive and effective tool to use.

*(Horace Wong
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CHANGE MANAGEMENT

Making a Change

Change is inevitable for businesses wanting to evolve, grow or simply survive, but so often it is handled badly. In many cases, the majority of time and effort (an estimated 80%) spent on change management is wasted as managers fail to narrow their focus onto the crucial 20% of the process that really makes the difference.

Essentially, effecting a change process involves a number of tasks:

- ◆ Setting up a project or change event to maximize its success.
- ◆ Managing project performance, and the people involved in it.
- ◆ Motivating and organizing others involved in the process.
- ◆ Developing effective teams.
- ◆ Effectively communicating to all involved.
- ◆ Managing risks and issues before they impact on the change event.
- ◆ Developing essential skills to lead and manage others through the process.

Getting these tasks done successfully calls for commitment of time and resources and there will be questions of priorities. Both the public and private sector are suffering from change fatigue – so it is important that change projects have to be realised effectively and economically. Organisations want reliable results quickly – results that can be measured and managed along the way.



Before embarking on any form of change management within an organisation, a range of areas – the crucial 20% of the Pareto Principle – need to be considered and some questions need to be asked.

- ◆ *Is the climate ripe for change?* – Identify whether good preparation has been made for a change and the time now is culturally acceptable.
- ◆ *Are the correct structures in place?* – Consider how personnel resources will be organised, including their roles and responsibilities.
- ◆ *How do we define and plan?* – The next step is to define and plan the whole project. This is best done by asking: What are you going to be doing and when? What are the objectives and deliverables, costs and budgets, legal and compliance issues, training needs, etc.
- ◆ *What do we need to be aware of in executing the project/change event?* – As the project is in process, there will be continuous monitoring and control. There needs to be a system for reporting and communication and for risk management.
- ◆ *What do we do about completion, evaluation and review?* – A sign-off procedure records the fact that the stages of work are complete and that the anticipated benefits have been realised. Final review is essential as a formal part of continuous improvement.

Bearing in mind the Pareto Principle and practicing it is a useful way of making sure that a change project can really make a difference without losing control over costs and resources.

The Pareto Principle

The Pareto Principle was first attributed to Italian economist Wilfredo Pareto (1848 – 1923). He observed that 80% of the wealth in the early 20th Century Italy belongs to 20% of the populace. Management analyst Joseph M Juran applied the 80/20 rule to areas of management science, concluding that 20% of time and efforts yields 80% of the results. This became known as the Pareto Principle. The message is simple: focus on the 20% that really matters if you want to deploy time and resources most productively.

By applying the Pareto Principle to the art of change and project management, businesses can be confident that they are focusing on the processes and procedures that will really make a difference to their success.

(Adapted from Manager, August/September 2006 – The British Journal of Administrative Management)

LAW

Corporate Murder

In Hong Kong and in many other places, negligence of the management had led to the death of employees or members of the public. Many years ago, a ‘cage’ elevator used in a North Point building site fell and the workmen in it were killed. Companies cannot be put into prison, so the directors, by their actions or failure to act would have to bear the responsibility. The directors were charged and jailed for their personal failure in ensuring the equipment provided to workers was safe.

Discussions in the UK have been revived recently about the need to legislate corporate killings as a criminal offence committed by an organisation, not individuals – therefore ruling out the threat of prison sentences for individual directors.

It was proposed that there should be a test of corporate culpability around the idea of 'management failure', rather than individual culpability. The new Bill, therefore, emphasises that the way systems are organised and managed collectively is the key area under question, and stresses that the liability is squarely on the shoulders of senior management, rather than at a localised or junior level.

The extent of management failure will be defined by a new test, which will establish whether conduct of the management has fallen far below what could reasonably have been expected, particularly relating to breaches of health and safety laws, and whether there were 'attitudes, policies, systems or accepted practices within the organisation' which were likely to lead to breaches of health and safety laws. In line with the emphasis on collective management failure, though, the test no longer considers the knowledge, awareness and motives of senior management.

Firms found guilty of corporate manslaughter could face an unlimited fine. The definition of 'relevant duty of care' has also been extended to include duties owed to other persons working or performing services for the organisation (as well as employees). The trade union movement has reacted positively to the Government's latest move.

Certain sector of the community in the UK felt that the Bill should include provisions for directors to be jailed where they are directly responsible for corporate killing. 'If there are no such provisions in the Bill it will not achieve the intended aim of changing the behaviour of directors and senior managers and improving the management of health and safety in the workplace.'

However, the business community continues to oppose any move to hold individual directors liable for corporate manslaughter, with the Confederation of British Industry's John Cridland saying: 'So far the Government has taken a sensible approach and rightly continues to focus on collective responsibility and company liability – rather than trying to hold one person accountable for a corporate failure.'

*(Adapted from
The Chartered Secretary, August 2006)*

ENGLISH

Words Worth

WRONG	RIGHT
<p>× The man next to me picked up my case in mistake. × I dialled the number by error.</p>	<p>✓ The man next to me picked up my case by mistake ✓ I dialled the number in error.</p>
<p><i>'in error' but 'by mistake' ... 'by mistake' is the more common expression.</i></p>	
<p>× I rarely do more than 3 mistakes in an essay.</p>	<p>✓ I rarely make more than 3 mistakes in an essay.</p>
<p><i>mistakes are made not done.</i></p>	
<p>× My computer has broken down. I'll try to find the mistake myself.</p>	<p>✓ My computer has broken down. I'll try to find the fault myself.</p>
<p><i>When something goes wrong with a machine or physical device, their problems are 'faults'. Incorrect writings, calculations, decisions or intangible matters have 'mistakes'.</i></p>	