

# e-Management Digest

A collection of management articles for the aspiring managers

September 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.*

## MARKETING

### Avatars – A New Marketing Tool

Now, advertisers and marketers - who have been experimenting with new ways to reach consumers beyond television commercials, newspaper ads or billboards - are turning to avatars with increased fervor. Avatars represent an important personality in the advertiser's organization, animated in such a way that they can communicate with their customers on-line. As company 'spokesman', avatars spread the marketing message in an ever-more viral and insidious way by using friendships to hawk products.

Marketers worldwide have now found the new way to make the sale by exploitation of the Internet and avatars. Auto giant Daimler-Chrysler has drawn a low-tech avatar of its chief executive, Dieter Zetsche, to answer online questions as "Dr Z." Other companies such as L'Oreal and Global Gillette are also avatar-equipped.

The real-life Zetsche stars in a television commercial campaign that plays up the German engineering of the company. But it's his avatar that's in the spotlight on the Web site, interacting with consumers wanting to learn more about the cars.

The maker of drug Nexium is launching a campaign that lets users create their own avatar, record a greeting for the avatar to repeat and send a "Purple Pill postcard" e-



mail to friends detailing "healthy-living" activities in vacation spots such as the Hawaiian island of Kauai.

Research by New York-based Oddcast, which created the Nexium avatar, shows that if a regular e-mail has only a 15% chance of being opened. But the consumer-created avatars sent to friends - that carry a product pitch with them - get opened about 70 percent of the time.

Additionally, about 30 percent of those who receive such avatars from friends create and send their own, passing along the advertiser's name, product and slogan like a virus. So, basically, such avatars are exploiting the trust of a person receiving an e-mail from a friend.

Oddcast launched a pass-along avatar for CareerBuilder, an online job Web site, five months ago. Starring the monkeys from the CareerBuilder television commercials, users can choose a monkey avatar, dress him and have him speak a short message that the user creates by typing text or dialing a phone number and recording it. The monkeys have made 44 million hops - from one computer to another - around the world since they came online. Prominently displayed on each monkey-e-mail is the tagline: "Brought to you by CareerBuilder.com."

*(Adapted from an article written by Frank Ahrens, The Washington Post, July 2006)*

Have fun, build your own avatars:  
<http://hk.avatars.yahoo.com/?src=yemail>

HR MANAGEMENT

## Office Romance

What did Bill Clinton, Harry Stonecipher (Boeing CEO) and Faria Alam (British Football Association secretary) had in common? They are also said to have indulged themselves in someone they met at work and lost their jobs.



According to a survey earlier this year by a recruitment agency in the UK, 60% of UK workers have enjoyed an office romance.

It is no mystery why office romances are so common. The modern workplace brings together like-minded people who might

otherwise never have met. "From Monday to Friday, most of our waking time is spent at work. Given that we're encouraged to form working relationships with our colleagues, it isn't surprising that some relationships go further," said Richard Edelmann, clinical psychologist. Marna Hayden, an American HR consultant also said, "Americans work too many hours and often the best place to meet their significant other is in the workplace. I met my husband in the workplace. Did I keep it a secret? I sure did."

While the workplace might be a great matchmaking environment, it also has its drawbacks as a romantic arena. Most of these relationships will quietly follow their course without causing undue alarm. Others will end in tears in more ways than one. On many occasions the break-up of a relationship can cause problems to the workplace - break-ups can divide teams as employees take sides.

HR professionals need to perform the delicate balancing act of managing the possibly damaging fallout without intruding into people's private lives. One option is to set out a policy restraining or even banning workplace relationships, but this approach is not popular with UK employers.

"We don't have a formal policy, but we would try to discourage people in the same team [from getting romantically involved]," says Tim Williams, HR director at education services business Edexcel. "If it persisted, we would try to move one of them to a different department to avoid the complications that could arise as a result of a break-up." Who to move? Ian Anderson, HR director at the Post Office, found it enlightening that the policy of one of his former employers was to move the more senior person.

A policy on relationship is not like a policy on equal opportunities. It should not be seen as banning workplace romances outright, but should instead be considered as guidelines outlining what is and what isn't acceptable. These guidelines are "fire alarms" to tell the staff what is expected of them so there is no subsequent misunderstanding and the argument of 'So what? It's my personal life.'

Relationship between two colleagues can be particularly complicated for businesses regulated by law. A relationship between a senior IT manager and senior accounts manager in a financial services company could cause concerns about what could happen outside the office. Any such company should have some kind of policy.

In America, some companies have employment contracts banning workplace romances. Recently US retail giant Wal-Mart tried to import a 28-page document into its German operations banning employees from relationships and going out "with someone who could influence your employment situation or whose employment situation you could influence", and even from "lustful glances and ambiguous jokes".

Ultimately, the joke was on Wal-Mart, as its policy was slapped down by a German court and then again on appeal.

*(Adapted from People Management, August 2006)*

ECONOMICS

## **Taxing Issues**

The economic success of the Hong Kong taxation system is being put to test by the government proposal to introduce a goods and services tax.

Government revenue from direct taxes, historically, has been between 40 and 50%, except for the year 2003, a time when Hong Kong was attacked by SARS and direct taxes accounted for only 27% of public income. (The norm has returned to 42% in 2004). Government feels the public purse cannot suffer even one fluctuation so it is planning on spreading the tax net by bringing in GST.

This sounds reasonable but has ignored the impact on the marketers, the consumers and the public generally. A simple analysis of the proposal will reveal that the idea would not only benefit the rich but also accountants and administrators as part of a huge bureaucracy to operate a new tax system.

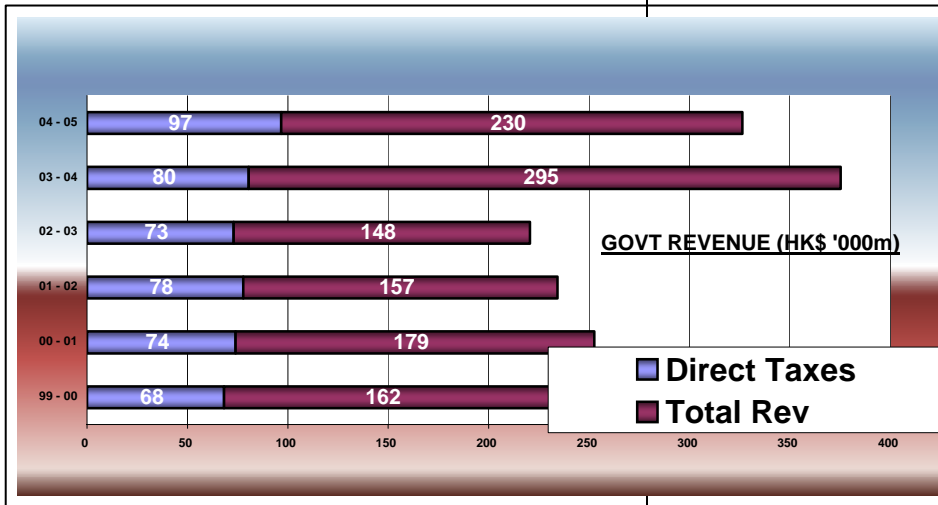
The Financial Secretary had once said it that spending of all kinds will not escape from the next tax, including those on foods, medical and education services, but excluding property sales and rentals.

Hong Kong will be one of the first regimes to design such a tax system.

The GST aims to shift some of the tax burden to consumers, but to make the change easier to swallow, compensation is offered to the small number of INCOME tax payers we have. The proposed GST is a tax on consumers but small businesses would be exempt from it. The approach is as inconsistent as offering compensation to the income tax payers for GST paid by the whole community. If the GST is a community wide levy, why should compensation only go to one sector (the income tax payers), or exemptions go to the sellers for payments made by the buyers? The government is confused, and all marketers, except the property developers, will now have to reconsider their pricing strategies.

What is also confusing is the use of the phrase 'narrow tax base' instead of 'narrow income base'. We all know that the sources

something for an unsympathetic government to do. But these were probably thrown in as a negotiation tactic (as with the 5% instead



of 3% as originally hinted, and a VAT instead of a simple sales tax system). It appears that there are lots of rooms for discussions and negotiations, and the government would eventually give away a few percentage points, exempting certain products and services,

but is determined to introduce GST.

of public revenue are not confined to direct taxes only. Hong Kong has a system of levies for years: import duties on perfume, cars, petrol, etc. are levies on wholesalers, which do not impact across all sectors of the economy and do not need an army of administrators to implement. Broadening these levies will only impact on those who can afford luxury goods, but this may not be equitable because only one community sector is affected?

but is determined to introduce GST.

(Horace Wong  
Consort Management Consultants Ltd.)

Of course, if we go for a full-blown wholesale tax, Hong Kong could no longer claim to be a duty free port.

## ENGLISH Words Worth

It has been said that our top income earners are paying meagre tax and the government sees it logical and opportunistic to shift the tax burden to the poor. The impact of adding one or two percentage points to the ceiling tax rates would not drive away the rich, but the same percentage on consumers would drive the poor to destitute and drive away tourists too. Is this ethical, moral and socially responsible?

WRONG	RIGHT
× Would it be possible to exchange this watch with a new one?	✓ Would it be possible to change this watch for a new one?
<ul style="list-style-type: none"> <li>'Exchange' is : give and receive something at the same time, e.g. exchanging HK\$ for US\$, exchanging gifts. 'Change' is to replace something with another, e.g. the dress she bought did not fit, so she took it back to the shop to change it.</li> <li>Change something 'for', not 'with'.</li> </ul>	
× I asked the teacher if I could be pardoned for a few minutes.	✓ I asked the teacher if I could be excused for a few minutes.
<ul style="list-style-type: none"> <li>Pardon = forgive, in a formal usage. 'I am sure they will pardon the occasional mistake.'</li> <li>Excuse = allow (someone) to do something different, e.g. to leave a meeting, a room or place.</li> </ul>	

Taxing foods, health services, education and other matters of livelihood are certainly