

AGSM



ASIA'S LEADING BUSINESS SCHOOL* 2001 ★ ISSUE: 3

Front runners

How a customised MBA puts executives a step ahead

HARRIS SCARFE COLLAPSE

Greg Whittred reveals what went wrong

Asia's deans give AGSM academics top ranking

New fellowships encourage research with business



DEAN'S MESSAGE

Since becoming dean of the AGSM in January, I have had the opportunity to meet with AGSM alumni in Melbourne, Singapore and Hong Kong, as well as in Sydney. I've enjoyed these conversations, and I've been impressed with the obvious passion and enthusiasm that many alumni feel for the School.

These interactions have led me to understand what at first appears to be a paradox – *alumni are the future of the AGSM*. Support from alumni is vital in recruiting highly qualified applicants, arranging management projects and internships for students, and finding jobs for graduates. Alumni also have a crucial role in helping the School to maintain its position at the leading edge of management research and education. Alumni Rob Cartwright and David Harrington are members of the AGSM's board of directors. Other alumni are working closely with Dr Anne Lytle and other members of faculty to develop the School's Life Long Learning initiative. Many of our graduates are taking part in similar ways, all of which contributes importantly to building the AGSM's reputation.

In North America, graduates of business schools are also accustomed to being asked frequently for their financial support. My own view is that if we concentrate on building a mutually beneficial relationship between the School and alumni, then support will grow.

Several recent events at the School have offered alumni opportunities to hear excellent speakers, as well as to network with peers. Lieutenant General Peter J. Cosgrove addressed more than 150 alumni on management and leadership; and London Business School's associate professor Julian Birkinshaw gave a joint AGSM-LBS alumni audience advice about managing overseas subsidiaries. More activities are planned for the coming year, including events in Melbourne, Singapore and Hong Kong. Sydney alumni will want to set aside the afternoon of Friday, 9 November for the annual Alumni Program. It will feature research updates from AGSM faculty in response to practitioner needs, along with an opportunity for audience interaction. I look forward to seeing you there.

Michael R Vitale

Professor Michael Vitale
Dean
Australian Graduate School of Management

ASIA'S LEADING BUSINESS SCHOOL*

*Financial Times (UK) MBA 2001 ranking of the top 100 full-time MBA programs worldwide.



The AGSM is a School of both The University of Sydney and The University of New South Wales

A customised MBA program cuts to the quick of emerging trends in business education.

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BOOK OFFER

New in this issue of the *AGSM Magazine* is a books page that offers you a 20 per cent discount on a selection of business books. Turn to page 27 to browse the list, compiled in association with UNSW Bookshop and John Wiley publishers.

NEXT MAGAZINE

This is the final issue for 2001. We hope you have enjoyed the new-look format, as well as our efforts to broaden the content and communicate in a more practitioner-relevant way. In 2002 we introduce a quarterly frequency, and you will receive your first issue in March.

First Dean's Awards

Seven top graduates of Hong Kong's MBA class of 2000 received inaugural Dean's Awards, at the joint graduation ceremony held on 29 June. The awards paid tribute to outstanding performance in each of the core MBA subjects.

"We were pleased that many alumni showed their support by attending a reception at the Conrad Hotel following the ceremony, and photos of the graduating class appeared in some of Hong Kong's leading newspapers," said Richard Petty of the Hong Kong office.



TOP SCORE Michael Vitale, dean, presents an award to Sheena Cheung.



Smart thinking

“Each fellowship is expected to be unique.”

The AGSM's Centre for Corporate Change has launched an initiative to give senior executives access to academic expertise for testing solutions to leading edge business problems.

The Corporate Fellows Program (CTP) invites executives to spend a period of time at the AGSM, working with researchers and faculty to develop their ideas.

The fellowships are designed to foster interaction between the business and academic communities, and to promote highly relevant thinking and analysis. Executives who take up a fellowship are also assisted in getting their ideas published – as an industry report, MBA case study or an article submitted to a high-level practitioner journal, such as *Harvard Business Review* or *Sloan Management Review*.

"The program is about giving executives the opportunity to inject academic rigour into their business thinking, and also to get their ideas published," says CCC director Timothy Devinney.

"We want to increase the relevance of the CCC's work through interaction with our fellows. We also want to generate a close group of external advocates of leadership in management thinking in the business community."

Eligible executives must have senior managerial roles and be

prepared to pre-commit a specific period of time to the fellowship. The number of days and time frame are flexible according to the project, but must be sufficient to complete the proposed work.

How to apply

There is no set application form for a fellowship. Those seeking to be considered are asked to provide the CCC with an expression of interest containing an abstract of the proposed project, a résumé showing educational attainment and managerial experience, and the suggested amount of time the candidate wants to commit to the project.

Corporate fellows are chosen by a panel comprising CCC director Timothy Devinney and deputy director Robert Wood, Booz•Allen & Hamilton's Ian Buchanan and Bart de Haan of A.T. Kearney.

Each fellowship is expected to be unique, and the CCC will provide workspace, secretarial services and organisational support for each project.

Executives seeking to be considered for a fellowship can send their expressions of interest to: Anne Fitzsimmons, Centre for Corporate Change, Australian Graduate School of Management, University of New South Wales, Sydney NSW 2052.

Tel: (02) 9931 9502, Fax: (02) 9663 4672, or e-mail: ccc@agsm.edu.au.

“If a company’s culture is really powerful, then good strategies become easy to implement and results soar.”



POWER OF CHANGE Lynn Odland, chairman of Deloitte Touche Tomatsu Australia, presented a case study on the power of cultural change in business at the AGSM in August as part of the Dean’s Series – a program that brings distinguished speakers to the School.

The key to successful cultural change is being able to make people the most important part of the business, says Odland. A successful culture, he says, embraces a notion of colleagues: “That means recognising the power of people and behaving in a way to demonstrate that.” It was also about creating an organisation to which people were proud to belong, as well as one in which they would be innovative and creative.

According to Odland, successful cultural shift came from being able to: define your culture; ask how you’re going to change behaviour to achieve that culture; carry out and listen to company-wide discussion and feedback on cultural definition; identify the kinds of behaviour that will achieve cultural shift; and make those behaviours central to everything you do.

For your diary

31 October – 2 November: ‘Leadership and Decision Making’ executive program. Provides participants with the practical skills, frameworks and techniques required to lead staff and influence others effectively.

5 – 6 November: ‘Negotiation and Conflict Management’ executive program. Covers the theoretical knowledge and practical skills required to achieve successfully negotiated outcomes.

16 November: AIB Executive Program, ‘Managing in Asia’. It will offer participants an opportunity to hear authoritative speakers on the challenges facing managers with responsibilities in Asia.

16 – 19 November: AIB Conference at the Sheraton on the Park hotel, Elizabeth Street, Sydney. The AIB is the world’s leading society of international business academics with more than 6000 members. The event is expected to bring to Australia more than 400 academics from some of the best business schools and universities in the world.

18 – 23 November: the ‘General Manager Program’ is designed to assist general and

senior managers to survive and prosper in a world of rapid change.

19 November: The Honourable Gareth Evans AO QC, former foreign minister in the Keating ministry, will visit the AGSM to address faculty, alumni and students on his role as president of the International Crisis Group in Brussels. In the evening, he will be a keynote speaker at the gala dinner of the AIB Conference.

19 – 21 November: ‘Strategic Leadership’ executive program. Presented by Sydney Finkelstein, professor of strategy and leadership, Amos Tuck School of Business, Dartmouth College (Hanover, US).

20 November: Centre for Corporate Change research day for AGSM staff and PhD students. Speakers include: Tarun Khanna, Harvard Business School; Arie Lewin, Fuqua School, Duke University; Bernard Yeung, Stern School, NYU; and Pradeep Khandwalla, Indian Institute of Management. The presentations will be followed by dinner. For more information, contact the Centre for Corporate Change at: ccc@agsm.edu.au.

20 November: Research Briefing Series seminar, ‘Competition and Strategy’,

presented by professor Tarun Khanna of Harvard Business School. For more information, contact Fran Prior at: franp@agsm.edu.au.

26 – 27 November: ‘Creating and Managing Successful Strategic Alliances’ executive program. It is presented by professor David Wilson, The Smeal College of Business Administration, Pennsylvania State University, US.

29 – 30 November: the ‘Developing and Exploiting Brand Equity’ executive program is co-presented by Kevin Lane Keller, Freehills visiting fellow and E.B. Osborn professor of marketing, Amos Tuck School of Business, Dartmouth College (Hanover, US); and John Roberts, National Australia Bank professor of marketing, AGSM.

2 – 7 December: ‘Strategic Human Resource Management Program’. For senior HR managers and other thought leaders with a focus on new research identifying the frontiers of human resource practice.

Research Briefing speaker, Les Cupper, head of group HR, Commonwealth Bank of Australia.



Places in the AIB ‘Managing in Asia’ program are limited. If you wish to attend, contact the Centre for Corporate Change at: ccc@agsm.edu.au or Tel: (02) 9931 9500. For information on any of the upcoming executive programs, call Client Services, Tel: (02) 9931 9333 or go to: www.agsm.edu.au



Economics prize

The AGSM's economics faculty has awarded Fernand Doucet (MBA2) the inaugural prize for best performance in an economics gateway of the full-time MBA program. The prize has been created in honour of the late Malcolm Fisher, foundation professor of economics at the AGSM.

Fisher was acting dean of the AGSM from 1979 to 1980. He was born in New Zealand and graduated from the University of Auckland. He continued his studies at the University of Cambridge, where he completed his postgraduate education under professor Richard Stone, later a Nobel Laureate in economics.

Doucet received a certificate and a book, *The Wealth of Nations*, by Adam Smith.

TRIBUTE
(from left):
Associate professor
Bob Marks,
Michael Vitale, dean,
Fernand Doucet and
Jenny Fisher.

Best academic ranking

The AGSM is Asia's top business school for academic reputation, according to Asia's business school deans. The vote formed part of Asia-Inc's 2001 rankings of business schools in Asia.

"This result reflects the hard work by AGSM faculty over a sustained period. The challenge now is to use our reputation and forge new global alliances that will expand the networks and opportunities for the School," says professor Michael Vitale, dean.

Overall, the Asia-Inc 2001 Business Schools survey placed AGSM second, behind the Hong Kong University of Science and Technology. The AGSM was the top-performing Australian school, ahead of Melbourne Business School (fifth) and Monash University (10th).

The Asia-Inc survey ranks schools from throughout the

region. The position of a school in the table is determined by the academic resources made available to students, the calibre of the student community and the reputation of the school among its peers.

The full survey results and in-depth commentary were published in the August edition of Asia-Inc. The survey is also available online at: www.asia-inc.com.

Asia-Inc's top 10 business schools

HKUST (Hong Kong)
AGSM (Australia)
NUS (Singapore)
Chinese University of Hong Kong (Hong Kong)
Melbourne Business School (Australia)
Indian Institute of Management Ahmedabad (India)
Nanyang Business School (Singapore)
Asian Institute of Management (Philippines)
International University of Japan (Japan)
Monash University (Australia)

Mobilise resources for innovation, says West

Jonathan West, an Australian associate professor at Harvard University, gave a presentation at the AGSM in August on building a successful national innovation system. His talk was part of the Australia's Choice conference to mark the Centenary of Federation.

"Economic history of the last 10 years has shown quite convincingly that nations that succeed in promoting innovation have dramatically outperformed those that don't, achieving superior wealth creation, productivity increase and living-standard improvement," said West.

Commenting on Australia's performance in national innovation and life sciences development, he said: "Australia's resource mobilisation is poor, and its capital allocation and risk management systems show bias against technological innovation. Large corporations invest little in research and development, and few technologically innovative companies are formed or grow to substantial size. The result is a broken national innovation system.

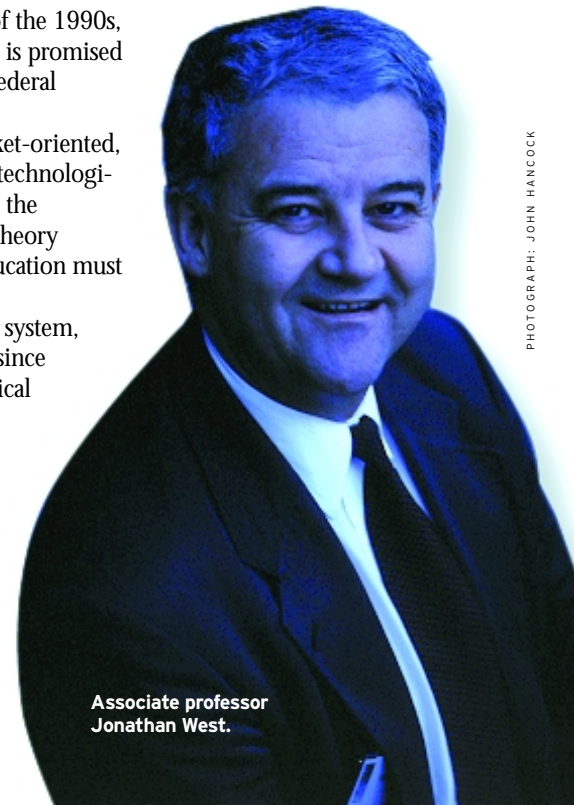
"Australia is one of the very few nations worldwide that appears to have reduced its commitment to higher education and publicly sponsored research over the last decade. It is

estimated that Australia stripped \$5 billion from its government spending on innovation and education in the second half of the 1990s, far more than the \$2.9 billion that is promised to be returned under the current federal innovation strategy.

"If Australia is to rely on a market-oriented, entrepreneurship-based model of technological innovation, as it espouses, then the majority of academic studies and theory suggest that basic research and education must receive higher not lower priority.

"Australia's national innovation system, as it has developed in the century since Federation, is characterised by critical gaps: in its ability to mobilise resources, its system for allocating investment to innovation and – most significantly – its institutions for managing the risk of science-based innovation."

To view his paper, 'The mystery of innovation: aligning the triangle of technology, institutions and organisation', go to: www2.agsm.edu.au/agsmweb.nsf/Content/NewsandEvents-SpeakerSeries-West.



Associate professor
Jonathan West.

PHOTOGRAPH: JOHN HANCOCK



High flyers

Steve Langton (MBA '96), former helicopter training pilot turned management consultant, met with Lieutenant General Peter J. Cosgrove "for the first time since my Enoggera days at the Australian Army Aviation base in 1992". The meeting took place at the AGSM in July, when Cosgrove gave a presentation on leadership versus management at what proved to be one of the most popular alumni events of the year.

"For me, it was the highlight of recent alumni activities; his presentation was a great combination of personal experience, both inside and outside the military, with insights into his significant training as a leader," says Langton.

Langton's first career was in military aviation. He moved from the UK to Australia to train helicopter pilots.

"I piloted Cosgrove on several

Alumnus Steve Langton meets Lieutenant General Peter J. Cosgrove for the first time since trading in helicopter flying for management consulting.

occasions, and it was amusing that he remembered I wore a helmet with a sticker on it that read, 'Contents under pressure, do not puncture'," says Steve.

Several alumni with military backgrounds also took the opportunity to attend Cosgrove's presentation. They included MBA students David Ng, who formerly worked for the Singapore Defence Force and who served in East Timor, and James O'Brien, who has worked for the Australian Defence Force.

To view Lieutenant General Cosgrove's presentation on leadership versus management, go to: www2.agsm.edu.au/agsm/web.nsf/Content/NewsandEvents-SpeakerSeries-Cosgrove.

Managing foreign subsidiaries

London Business School's associate professor Julian Birkinshaw presented a one-day seminar on managing foreign subsidiaries in August as part of the AGSM's 2001 Visitor Program.

Birkinshaw is a leading authority on the strategic management of foreign subsidiaries. He addressed questions such as, "Is Australia turning into a 'branch plant' economy?" and "What impact can the subsidiary manager have on the direction of the business?"

Drawing from his extensive research, Birkinshaw showed by example how some subsidiary companies achieve extraordinary results, while others never break free from their corporate comfort zone. ★

LONDON ALUMNI Associate professor Julian Birkinshaw (centre, left) caught up with Sydney-based London Business School alumni at the AGSM.



PHOTOGRAPH: BILLY RYAN

Stunning statistics, says ASA



In August at an awards ceremony in Atlanta, US, the AGSM's professor Simon Sheather (right) was elected an honorary fellow of the American Statistical Association (ASA). A great honour, this title is given in recognition of outstanding professional contributions in the field of statistical science. The ASA cited Sheather's "fundamental contribution to statistical methodology in nonparametric and robust statistics; for teaching of business statistics; for editorial service".

This year's list of 48 honorary fellows included a Nobel Prize winner and only five people who are currently working outside the US.

According to distinguished professor Raymond J. Carroll of Texas A&M University, Sheather's "work in the field of regression diagnostics for robust estimators is by far the most important in the field".

"In his other area, bandwidth estimation for kernel density and regression estimation, there are seemingly hundreds of proposed methods, by a vast array of authors. Stunningly, the two most widely used methods have been co-authored by Sheather," says Carroll.

Sheather has also made outstanding contributions to teaching at the AGSM as winner of the School's Alumni Association Award for Excellence in Teaching in 1991, 1997 and 2000. He was also awarded a UNSW Vice-Chancellor's Award for Teaching Excellence in 1994. His love of teaching and his enthusiasm for statistics are supplemented by a wealth of examples of statistical applications in business and government from his work as a consultant.

Sheather has also made a significant contribution to editorial services in the statistics profession. Following the merger of the *Australian Journal of Statistics* and the *New Zealand Statistician* at the beginning of 1998, Sheather was appointed foundation managing editor of the newly formed *Australian and New Zealand Journal of Statistics* (ANZJS).

"Simon has proved to be an exceptional, proactive managing editor who has done much to improve the standing of ANZJS in the international market," says professor Ian James of Murdoch University, a former president of the Statistical Society of Australia.

Sheather is spending the second half of 2001 on sabbatical at the Stern School of Business, New York University, where he is working on a number of research projects in nonparametric statistics, as well as teaching the core statistics course on the part-time MBA program.

"Naturally, I am very proud of being elected a fellow of the ASA. I see this not only as a personal award but also, more importantly, as an award that recognises the world-class standing of the AGSM's statistics and operations cluster. I would particularly like to acknowledge professor Robert Kohn for his tireless support, ever since I joined the AGSM in 1987 as a lecturer," says Sheather.



VENTURING

(from left): Sunil Rao, Carmella Law, UCLA's Jennifer Taguchi, professor Jeremy Davis and Dr Geoff Waring.

It's a capital plan

Trans-Pacific business school teams are putting their expertise to the test for the benefit of Australian start-ups.

The AGSM has become a partner in a global entrepreneurship study program that gives the AGSM's MBA candidates an opportunity to work at the cutting edge of technology commercialisation.

The Global Access Program (GAP) is run by Los Angeles-based Anderson Business School at UCLA. It assigns final-year student teams to high-growth technology companies from Australia, Chile, Finland, France, Switzerland and the US. The teams work closely with selected companies to evaluate their businesses and prepare strategic business plans with a view to raising venture capital.

AGSM MBA candidates Sunil Rao and Carmella Law are members of teams assigned to Australian start-ups. They are SDX (creator of a new process for generating accurate land survey data), and FuCell (a bio-medical producer of customised antibodies for treating chronic diseases).

"I gave up an exchange to New York University to take part in this project because there is nothing like intensified learning in a real environment, and I'm excited by the possibility that our business plan could raise US venture capital for FuCell," says Law.

A practising medical specialist, Law says FuCell's monoclonal antibodies are exciting because of the way the company can produce them to match an individual's unique cell make-up. "I call them designer antibodies because they are not mass produced and,

as a result, they are highly targeted for treating chronic diseases such as hepatitis B and cancer."

The GAP is an educational process for both the companies and the students. They work together, revising and testing business strategy. The teams also receive guidance and advice from UCLA and AGSM faculty. After six months of work the honed business plans are presented at the Knapp International Venture Forum in Los Angeles to an audience of international investment and technology professionals, potential strategic partners and members of the US and international media.

At SDX, the study team is focusing its attention on helping the company to develop national distribution strategies for its survey data. There are broad customer and application opportunities, including telecommunications, councils, energy companies, conveyancing, defence, national parks and water boards. SDX can generate the data as a map, three-dimensional model or text-based table.

"We're very excited about the professionalism of this team, which brings a wide range of skills to our business, and the guidance they're providing both for the future direction of our company and for raising capital," says SDX chief executive Ian Mathieson.

Mathieson will travel to Los Angeles for the Venture Forum pitch, which, he says, "is a great motivation for everyone".

Nominated as the 'point man' for the SDX student team, AGSM MBA student Sunil Rao has spent time on-site at SDX in Brisbane to get a hands-on understanding of the business.

"I'm the only member of my team locally based, the others are at UCLA, and we communicate weekly by telephone conference and by e-mail," says Rao.

"It's fantastic to have the opportunity to get this practical experience; we're talking about real decision-making in a fast-paced business, and it is already making a huge difference to me for career possibilities," says Rao.

AGSM adviser on the SDX team is senior lecturer, Dr Geoff Waring, who says there is networking value in the program for the 16 participating high-growth companies.

"At the beginning of the program, all the teams and companies got together for an intensive five-day dialogue in Los Angeles, which was a great opportunity for the companies to share experiences and problems with each other and to potentially find business partners, whether that's technology providers or customers," says Waring.

At FuCell, Law and the team have been focusing on establishing marketplace needs and suitable pharmaceutical and biotechnology partners.

The team's AGSM supervisor is professor Jeremy Davis. His international experience and corporate background, says Law, "are invaluable for understanding how to manage company expectations, and also in working towards raising capital and finding partners".

A third Australian start-up selected for the 2001 GAP program is knowledge management software start-up MAXIM Technology, whose GAP team members are all based at UCLA. ✪

by Debra Maynard

Bent racquets, skunk works and corporate success

A new MBA course examines the strategic management of product innovation.

A GSM lecturer, Dr Hann Kim, has put together a new course for the full-time MBA program. Called Innovation and Strategy, it examines how general managers can keep their companies' products and processes moving in the best direction for future success.

The main theme of the course is managerial rather than technical. Kim takes the modern approach, in which technology strategy is viewed as a responsibility of general managers rather than IT or scientific specialists.

The course presents conceptual frameworks and analytical tools managers can use to identify changes in the marketplace, develop their companies' capabilities and exploit new opportunities. As a result, students don't need high-level technical expertise to benefit from the course.

This is just as well, because the readings and case studies include products as diverse as 18th-century pocket watches, heavy earthmoving equipment, computer peripherals, theme parks, stealth fighters and tennis racquets.

Racquet design formed the basis of Kim's presentation to the AGSM's Centre for Corporate Change research briefing on knowledge and innovation to practitioners last July. The crux of his message was that technology can win in the laboratory yet lose in the marketplace. He cited pioneering 'ergonomic' racquet designs featuring bent handles and skewed heads. In performance tests these designs rated consistently higher than conventional racquets, in some cases up to 18 per cent higher. Yet they never succeeded as products, because tennis players didn't like the way they looked.

Kim stresses that a key element of most successful innovation strategies is the inclusion of operations and marketing people in the team. Their purpose is to act as spokespersons for the shop floor and



WINNERS AND LOSERS Pioneering racquet designs featuring bent handles and skewed heads performed well yet didn't succeed. Tennis players didn't like the way they looked.

the consumer. Because even when a new product performs brilliantly, if the company can't actually make it – or customers won't buy it – it remains merely a technical masterstroke.

He also warns that too often companies facing technological breakthroughs retain outdated definitions of their competencies and their customers. "In terms of both their products and their customer bases, established companies tend to exploit the known rather than to explore the unknown," says Kim.

The famous solution to this problem is a 'skunk works'. Pioneered by aero engineer Kelly Johnson at Lockheed in the 1940s, and named after the moonshine distillery in the cartoon strip *Li'l Abner*, skunk works now exist – often tenuously – in all sorts of technology-based

companies. They avoid technological myopia by subverting the dominant corporate culture. They operate outside normal channels of communication, in some cases without the permission, or even the knowledge, of senior management.

Kim's course notes include a marvellous quote from Skip Ulmer, a DuPont skunk worker whose six-person team wanted to see if it could replace the rubber in disposable nappies with Lycra™ Spandex. "Everybody expected us to fail," he recalled, "so we had unlimited licence and were not checked on weekly". Four years later it was a US\$25 million business. Ten years later DuPont had 30 per cent of the

global market.

Practising managers in the MBA program will appreciate Kim's applied approach. For instance, the last two weeks of the course cover 'Delivering innovation to the market' and 'Profiting from innovation'. The course notes include a useful modelling tool that allows a manager to assess quickly even a global business idea (the example is Kao's multi-billion-yen entry into the floppy disk sector) on a simple spreadsheet.

Hann Kim is a native of Seoul and received his BBA and MBA from the University of Korea. He received his PhD from Wharton in the US. His current research is in the fields of technological innovation, corporate strategy and evolutionary economics. 🌟

by John Hancock

“A key element of most successful innovation strategies is the inclusion of operations and marketing people in the team.”

“ If we’re going to transform organisations, we have to have a critical mass of people changing the corporate culture. ”





Front runners

Vodafone Pacific is putting its next generation of leaders through a rigorous three-year MBA program. **Helene Zampetakis* reports**

Knowledge is power. But in today's uncompromising global marketplace, power comes only with the right application of knowledge. Telecommunications player Vodafone Pacific recognised this when it went looking for a source of knowledge for its rising stars. It sought out a program that would not only offer a sound foundation in the principles of management but also the skills to effectively apply them.

Vodafone's chief executive, Dr Brian Clark, puts it like this: "As a global organisation, Vodafone recognises the importance of leadership in achieving competitive advantage.

"We were looking for a program that could give us increased leadership capability, a group of key leaders who are significantly more committed to the business, increased cross-functional innovation and increased creativity and innovation around specific business issues.

"And we hoped to embed the learning from the program into the workplace," Clark says.

With this in mind, Vodafone approached the AGSM to help it put together a powerful leadership program. The outcome is a customised MBA program that combines the cut and thrust of business practice with the academic rigour of a high-calibre research-based business school.

The AGSM's corporate education unit, as the incubator for this approach, has the responsibility for managing the client relationship on the Vodafone program. Sheena Frenkel, the unit's director, says creating a link between the formal award programs and other forms of management development meets changing market needs.

Vodafone has made a substantial investment in the initiative, this year committing up to 20 of its top-tier managers to a three-year course, with another group likely to follow in 2002.

In August, the first group of Vodafone managers took their initial bite of the program, making a five-year commitment to stay with the company.

The program, called The Leading Edge, has passed the same academic scrutiny as, and is the equivalent qualification of, the AGSM's Executive MBA. Much of the

“We were looking for a program that could give us

material is the same as the EMBA, which Vodafone participants join for certain subjects. However, a substantial part of the program is designed to cater for Vodafone's specific needs.

A series of intensive residential components encourage participants to brainstorm ideas and create solutions to problems. Participants also team up with mentors from the ranks of senior executives, and corporate coaches are provided to stimulate personal development.

The program also emphasises on-the-ground learning. From the second year, participants are encouraged to take on a global secondment by working with a supplier such as Nokia, or undertake a cross-functional project.

Program executives are drawn from New Zealand, Fiji and the Pacific, as well as Australia, which requires the initiative to incorporate some online learning via the AGSM's dedicated Web environment.

FORWARD THINKING

Vodafone's program cuts to the quick of emerging trends in business education. It is highly customised, incorporates e-learning, embraces leadership development as a driving force and focuses on collective education. It also takes a long-term, relationship-based approach to the AGSM.

This approach represents a fundamental shift from traditional management learning practice, where theory ruled and course content was defined by the academic institution. Instead, companies are demanding programs that can react quickly to changes in their circumstances and be more closely aligned to their particular needs.

Globalisation, rapid changes in technology and the accelerating pace of mergers and acquisitions are driving the trend.

In a recent survey on executive education, the *Financial Times* disclosed a growing sophistication in corporate education requirements and demands. It also found that only 10 per cent of companies surveyed would consider cutting back on customised business school training and only then in the case of a severe economic squeeze or dissatisfaction with the program.

In Australia, customised in-house study is the biggest growth area in executive education, according to recent AGSM client research.

Globally, relationships between business and academic institutions are spreading. Business giants such as Microsoft Corp and Ford run their own universities and subcontract the teaching to educational partners. Deutsche Bank, for example, has an alliance with Babson College in the US. In Australia, the Coles Institute partners with Deakin University, although such relationships are thinner on the ground here.

As an alternative, companies like Vodafone are increasingly outsourcing their requirements to design or produce learning materials for in-house courses, provide distance education or evaluate the impact of training.

The AGSM's dean, professor Michael Vitale, says this development will increasingly blur the boundaries between business and education.

“I believe the relationship between business schools and the marketplace is becoming closer, and both could benefit by collaborating to make research more relevant to business needs,” he says.

David Hoare, AGSM chairman and former chairman of Telstra, says companies are increasingly looking for ways to improve the leadership skills of their senior managers.

“Leadership is very important for companies that run global operations. In a time when people are looking at managing

expense they will need to be more rigorous about how training at management level is carried out,” Hoare says.

CUSTOMISED SOLUTIONS

For Vodafone, a requirement for close collaboration with the AGSM was just the first step. Initially inspired by a similar, five-year EMBA program run by Vodafone's head office in the UK, the Australian operation identified an opportunity to add value to its own executive development program by injecting a strong dose of leadership development.

The initiative sits well with emerging trends for companies to nudge their most promising performers away from excessive reliance on formal strategy towards more individual responsibility.

Rachel Laws, Vodafone's senior organisational development manager, says, “From our perspective, the combination [of theory with leadership training] will be incredibly powerful”.

Consequently, the customised MBA is designed to develop leadership qualities that support best practice management theory. The Leading Edge program tackles this in two ways. It teaches management skills through the AGSM modules and supports that via executive coaches from corporate education firm, Corporate Spirit.

Best practice

Employees who take on executive education must be extensively supported if the organisation is to extract full value from their learning.

AGSM professor of management, Roger Collins, says this support should be given before, during and after the course. Ahead of the program, the company needs to identify clear objectives that are specific to the individual's undertaking and the organisation.

Employers should offer encouragement before courses begin. Part of this is to acknowledge that at times there will be a conflict between the student's job, study and private life.

A company needs to understand that students' workload should decrease, given that they will be spending an additional 15 to 20 hours a week studying.

During the course, managers should set up regular reviews in which they debrief the student and provide further encouragement. One way of doing this is to offer students opportunities to apply their knowledge in the business environment so that they can see the immediate benefit of their learning.

After the course, companies should appoint the graduate as a mentor or coach so that their learning can be passed on to peers or subordinates. “You need to reward them for making that extra effort,” says professor Collins.

It is also essential to extend these employees by giving them extra challenges such as stimulating projects. “Very often new graduates leave a company soon after they complete their course because they find that they are losing their knowledge,” says professor Collins.

increased leadership capability. 7

Marcus Cohen, adjunct faculty at the AGSM and program leader, says the emphasis on personal development is predicated on the understanding that good management of others arises out of good self-management.

“Leaders are people who can cope with change and a turbulent environment, and who think creatively, flexibly and laterally. Leaders are people who can champion change and inspire others,” he says.

“We try to differentiate between these people and those who are constrained by order and routine.

“We want the students to understand success and failure, and how organisations can turn around by having managers who let go rather than hold on.”

The managerial skills component of the program aims to build on individuals’ strengths and help them develop a skills set they can draw upon in any situation. This module incorporates online learning, with participants sometimes working asynchronously via the Internet. The intensive residencies employ hands-on learning techniques such as simulation games and role playing to foster personal growth.

Gai Roper, managing director of Corporate Spirit, notes that many old-school executives are extremely smart people with poor social skills. “There’s a recognition now that emotional intelligence is critical in the workplace,” says Roper.

“Workplaces today are much bigger, much more competitive and more alienating. There’s high staff turnover, so employees are much more self-oriented.

“The focus on academic qualifications has left the development of emotional intelligence behind and some executives are almost Neanderthal socially.”

Roper says that over the past five years, demand for training in personal skills has burgeoned, with client requests for coaching leaping from six times a year to three or four times a week.

That growth is reflected in a recent survey by business research firm RightD&A, which found that more than half of 34 major Australian companies across industry provide external personal coaching for executives.

Roper says: “A large part of our work involves teaching basic social skills, like greeting people and acknowledging their efforts. Evidence suggests that there’s a huge



Vodafone CEO Dr Brian Clark.

return on that in terms of increased productivity and motivation.”

The overriding message is that managers need first to change themselves. Those changes then filter down the organisation to transform the corporate culture.

COLLECTIVE KNOWLEDGE

In its bid to invigorate its organisation through the program, Vodafone has also recognised the compound value of educating its high performers collectively.

Laws says Vodafone set out to develop a group of people as a cohort which would ultimately be able to address issues pertinent to the company’s operations in the region. The objective fits in with current thinking on executive education.

Until recently, most tertiary education has focused on the individual, says AGSM professor of management, Roger Collins. That emphasis is now changing.

“If we’re going to transform organisations, we have to have a critical mass of people changing the corporate culture. We have to move to collective learning.

“That enables you to transfer knowledge to the work environment so that even if people leave, the knowledge remains within the organisation.”

Professor Collins says another trend is to move beyond one-off degrees to life-long learning for knowledge workers.

Indeed, Vodafone’s objective in committing its senior staff to a three-year course was to embed learning.

As Vodafone sees it, longer programs give participants greater opportunity to apply their knowledge and help them become more committed to the organisa-

tion. This also helps address critical issues of staff retention in an industry where the skills shortfall is around 30,000 people, according to the industry-backed IT&T Skills Exchange.

Chief executive Brian Clark notes: “The telecommunications sector is highly competitive, and Vodafone faces the same issues of attraction and retention as do many other information technology and communications organisations.

“We recognise that the market for talent is highly competitive and aim to attract and retain people by providing an environment in which they can make a real contribution to the business whilst, at the same time, developing their skills and broadening their exposure and experience.”

The Leading Edge participant Jonathan Shinn believes the program will provide “the broad business framework which will assist my move to executive leadership”.

Another participant, Adam Sandiford, notes the AGSM is “paramount for my career development and personal credibility with employers of choice, like Vodafone”.

“Integrating the MBA with a highly focused internal leadership program completes the cycle.

“As a participant in the program you are not just a student doing assignments based on the company in which you work; you are an integral part of a team using the latest management principles to work on projects internally to effect change.

“I see this as an exciting opportunity for personal and professional growth at the highest level,” Sandiford says.

Education specialists believe that as corporate requirements for executive training and knowledge management expand, more Australian-based companies will undertake customised programs that go all the way through to an MBA.

According to professor Vitale, changing work practices will generate a trend in which students may undertake executive education courses that deliver credits that will add up to an MBA.

“The original impetus for executive education was set by market demand 20 years ago,” he says.

“We need to keep changing our approach and responding to changing needs to remain fresh and relevant.” ☺

* Helene Zampetakis is a freelance writer.

The road to insolvency

A post-collapse financial analysis of Harris Scarfe Holdings is a cogent reminder of the importance of corporate governance and sufficient control of costs.

by Greg Whittred*

At the time of its collapse, Harris Scarfe Holdings was one of Australia's largest department store chains, boasting more than 150 years of continuous operation. It had 35 stores in a national network, sales of \$406 million, more than 2500 employees and 10,500 individual shareholders.

When the end came it was swift. What happened to HSH – and why – are questions that, with the passage of time, will no doubt be answered. However, why the symptoms of the company's prolonged illness were not diagnosed and treated earlier is difficult to understand.

READING THE ENTRAILS

Since its reorganisation in late 1995, HSH had reported bottom-line profit growth. Table 1 and Figure 1 show that reported profit grew from \$4.6 million to \$13.2 million. However, a closer look at the accounts reveals that the growth is attributable to a profitable receivables securitisation operation rather than its department store operations per se. Included in total revenues are miscellaneous non-retail revenues, including the results of the 'securitisation' operation.

Unfortunately, existing accounting requirements do not require the disclosure of operating costs by line of business. This makes it difficult, but not impossible, to estimate the relative contribution of each to overall profitability. When you remove non-retail revenues (interest, dividends, trust distributions and sundry), net of the estimated costs of generating these revenues¹, along with any gain/loss on asset disposals, it is possible to draw the inference that in only one of the last six years has the



NO PANACEA Prolonged financial illness led to collapse.

department store operation been other than marginally profitable. And this was despite continuing sales growth, both in total and on a like-for-like basis, up until 2000.

There are many things that must be done well to run a successful discount department store – but among the most critical are efficient management of space, inventories, receivables and margins. In the case of dis-

counters, the last translates into tight control of revenues.

USE OF SPACE

HSH's growth on a store-for-store basis was impressive in a tough retail market. Though much less impressive was the declining yield per square metre (p.s.m.) devoted to retail. In his 1999 report, the chairman

Fast-track demise

3 OCTOBER 2000,
chairman's address

"...I believe we can look back with pride on the service and dedication of our employees, and the loyalty of our customers. Your board believes we can face the future with confidence, building upon the strong foundations for growth which have been created."

— Adam Trescowthick, HSH executive chairman.

16 MARCH 2001,
HSH half-yearly report

The company posted an interim profit of \$5.03 million, down from \$9.2 million a year earlier, on sales of \$204.2 million. These sales were down from \$219.9 million for the corresponding period a year earlier. The interim dividend was axed.

27 MARCH 2001

HSH chief operating officer, Dan McLaughlin, resigns.

30 MARCH 2001

Directors request the suspension of trading in HSH's shares.

3 APRIL

HSH appoints KPMG as voluntary administrator and calls for an investigation into accounting irregularities. Within a day shareholders are reported to be considering a class action, and by the end of a tumultuous week the company's principal creditor, ANZ banking group (with a total exposure of around \$67 million), appoints Ferrier Hodgson as receiver and manager.

Table 1: HSH financials – financial year ending July

Year	1995	1996	1997	1998	1999	2000
Retail sales (\$000)	255,000	246,060	236,527	348,110	373,452	406,586
Operating profit, reported (\$000)	401	4,622	7,558	12,428	12,502	13,245
Dept. store profit, estimate 1 (\$000)	-7,841	-3,958	3,338	-1,063	-1,006	-2,056
Dept. store profit, estimate 2 (\$000)	-4,906	-1,473	5,881	1,866	2,421	1,653
Dept. stores, y/end (no.)	18	20	24	32	32	35
Sq. metres (e) = estimate	94,000	105,000	138,000	178,352(e)	178,352(e)	195,506(e)
Sales p.s.m. (\$000)	2.71	2.34	1.71	1.95	2.09	2.08
Inventory						
Finished goods inventory (\$000)	39,300	38,640	54,414	76,128	91,717	95,395
HSH inv. turnover (times)	4.9	4.7	3.8	4.0	3.3	3.3
Inventory (days)	74.2	77.1	95.7	91.3	109.4	112.0
David Jones's inv. turnover (times)		3.8	3.6	3.8	3.8	3.7
Receivables						
Trade debtors, as reported (\$000)	11,289	7,528	7,150	11,091	11,957	10,657
Trade debtors, ex securitisation (\$000)	32,289	29,828	33,750	39,469	46,204	46,518
Estimated securitisation costs						
– financing, av. receivable* 6% (\$000)	1,931	1,864	1,907	2,197	2,570	2,782
– mgnt. fee, av. receivable* 2% (\$000)	644	621	636	732	857	927
Total	2,575	2,485	2,543	2,929	3,427	3,709
Receivables turnover (times)	15.4	21.7	31.3	38.2	32.4	36
Receivables (days)	23.6	16.8	11.6	9.6	11.3	10.2
Receivables turn, ex sec. (times)	7.9	7.9	7.4	9.5	8.7	8.8
Receivables, ex sec. (days)	46.1	46.1	49.1	38.4	41.9	41.6
Operating lease rentals (\$000)	11,876	13,024	15,334	20,708	22,531	25,119
Rentals/sales (%)	4.7%	5.3%	6.5%	5.9%	6.0%	6.2%

observed that HSH had acquired or opened 15 new stores in an 18-month period. Table 1 shows that as the network expanded from 18 to 35 stores, sales declined from \$2710 to \$2110 p.s.m. (or 23 per cent). In contrast, Wal-Mart, which is arguably the world's leading discount department store, achieved sales of around \$US3333 p.s.m.

Even in the upmarket retail sector, the David Jones department store business averages around \$4200 p.s.m. Coles Myer, which sits in between the discount and upmarket sectors, averages between \$3000 p.s.m. (Apparel and Home) and \$4000 p.s.m. (Myer Grace Bros). The comparisons are noteworthy since players at the discount end of the market require higher (not lower) turnover to compensate for the lower margins.

HSH's aggressive growth strategy also should have raised concerns. Not only did HSH expand into two States where it had never before operated, it did so with stores significantly larger than its existing ones. At the end of financial 1997 the average net retail space in HSH's 24 stores was 5750 square metres. Yet, three of the five stores it acquired from David Jones in 1998 were two to three times larger than this.²

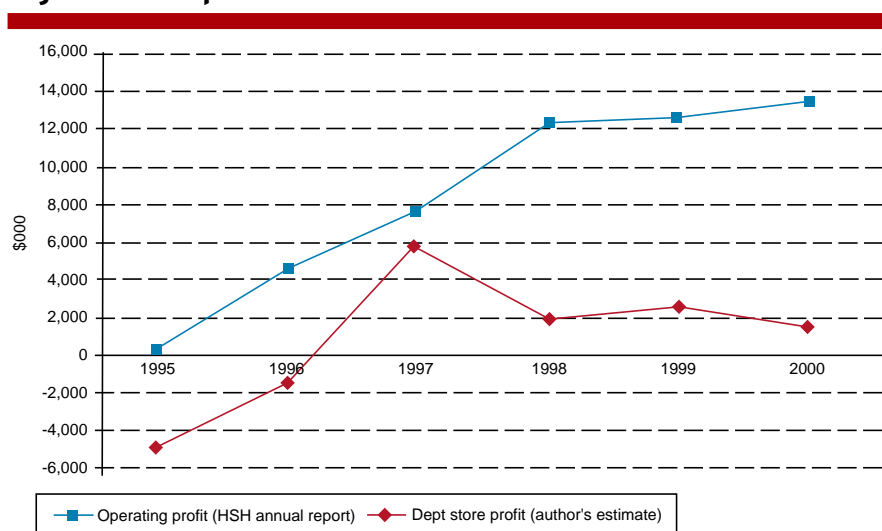
INVENTORIES

Any analysis of this aspect of HSH performance is complicated by the suggestion of significant accounting irregularities, related in part to the company's inventories.³The irregularities are reported to have resulted in a cumulative overstatement of profits of \$125 million – an amount far in excess of the cumulative reported profits for the last six years. But this is after the fact. What inferences might have been drawn before the fact?

Getting a feel for HSH's retail efficiency (or inventory turnover) is problematic in the absence of disclosure of its cost of goods sold (COGS) – although given the recently proposed changes in accounting standards, this situation will soon be remedied. At a macro-level, it is evident that while HSH sales grew by 65 per cent between 1996 and 2000, its inventories grew by 146 per cent in the same period. For each dollar of sales in 1996, HSH held \$0.16 of stocks at year-end. In 2000 the value of stock held had risen to \$0.23 (Wal-Mart held \$0.17 of stock for each dollar of sales at this time, and David Jones held \$0.19).

Another approach is to assume HSH's ratio of COGS:Sales is equal to world best practice. For at least the last decade Wal-Mart has operated at a gross margin of around 25 per cent – with COGS sitting consistently at around 75 per cent of retail sales. On this basis, HSH's inventory turnover (COGS: Average Inventory) is as reported in Table 1. Turnover declined by about one-third – from 4.9 times in 1996 to 3.3 times in 2000, with the number of days in inventory increas-

Figure 1: HSH profits



ing from 74 to 112. Different (higher) estimates of the ratio of COGS:Sales do not change the underlying downward spiral. By 2000 HSH's inventory turnover was less than half that of Wal-Mart (3.3 versus 7.3). In recent years it has been even lower than the inventory turnover of David Jones, which sits at the top end of the department store market (see Figure 2).⁴

In short, while the 'true' inventory position of HSH may not have been clear, even the reported numbers ought to have raised questions regarding the company's operating performance.

RECEIVABLES

On the basis of the reported figures, HSH's receivables turnover increased from around 15 to 36 times, with a reduction in the number of days in receivables from 23 to 10. This performance is due entirely to the fact that from 1993 HSH had securitised increasing proportions of its credit card receivables portfolio – a practice that both frees up capital and typically generates a revenue stream for the department store operation (as discussed above).

The notes to the accounts explain that these receivables were sold into a securitisation trust (in which the company retained a 10 per cent interest). The department store subsidiaries had the right of first refusal to repurchase any doubtful debts offered for sale by the trust and, as a matter of practice,

had always exercised that right.

This practice means that the receivables have been effectively, though not technically, sold on a 'with recourse' basis. Over the period of interest, the year-end balance of receivables in the trust grew from \$26 to \$43 million.

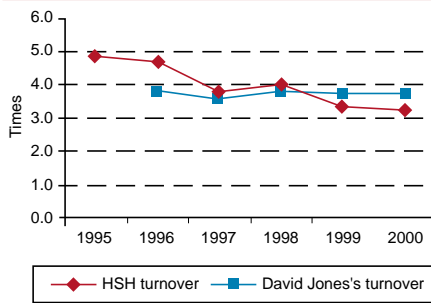
An alternate picture of how well the receivables were being managed is to recalculate the figures as if their sale had not taken place. On this basis, receivables turnover runs at between 7.4 and 9.5 times; with days in receivables sitting between 38 and 49 (see Table 1 and Figure 3).

The receivables operation does appear to have been the end of the business at which earnings were being generated. What can be said about the quality of these earnings? Two observations are possible – neither of which is fatal, but both of which would warrant further investigation. These observations relate to: (1) the adequacy of the provisioning for receivables; and (2) the revenue recognition principles adopted for the sale of receivables.

With respect to the former, note that the provisions for doubtful debts relate to the estimated buy-backs from the trust. In recent years there have been no disclosures regarding this matter. But between 1993 and 1997 the company's footnote disclosures are instructive. Repurchases from the trusts exceeded the provisions for doubtful

Unfortunately, existing accounting requirements do not require the disclosure of operating costs by line of business. ¶

Figure 2: Inventory turnover



debts in four of the five years – by amounts ranging from 10 to 214 per cent! Repurchases ran at 1.7 per cent of year-end receivables in 1997. The provisions set aside in the three most recent years are somewhat lower and sit at around 1.3 per cent of year-end receivables.

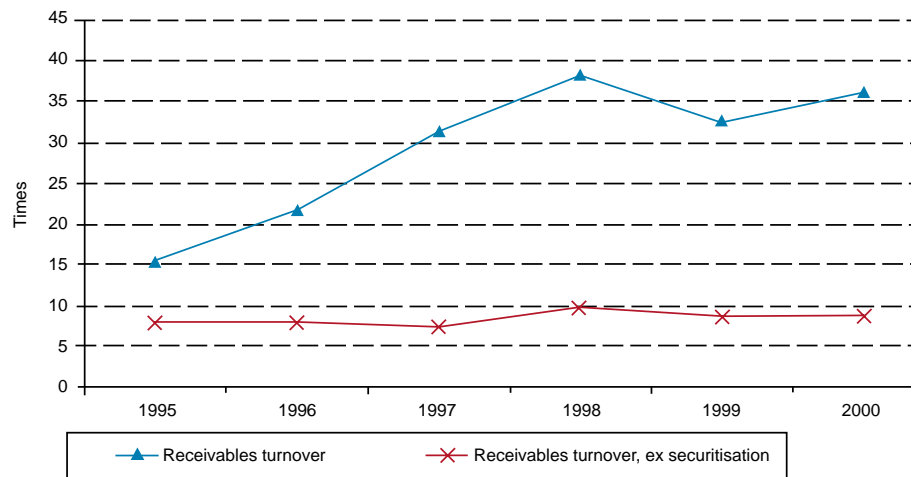
It has already been observed that HSH was effectively selling its receivables with recourse. Under generally accepted accounting principles in the US, receivables sold with recourse can only be accounted for as a sale if: (a) the seller gives up control of the economic benefits associated with the receivables; (b) the seller can make a reliable estimate of any obligations due to the default and prepayment risks; and (c) the buyer cannot require the seller to repurchase the receivables. Otherwise the transaction should be treated as a loan (collateralised by the receivables).

MARGINS

While HSH provides the required statutory disclosures in its operating statement, these are of limited assistance in assessing this aspect of the company's performance. It is clear from references in the chairman's address from 1999 forward that the company was concerned about declining margins. While gross margins were presumably positive, it is also clear that operating costs (selling, general and administrative costs) quickly eroded these.

One of the company's largest single expenses was store rental (non-cancellable operating leases). These had more than doubled in size between 1995 and 2000 – from \$11.9 million to \$25.1 million, or from 4.7 per cent to 6.2 per cent of retail sales – a number that ought to have raised a red flag. Discount operators, by definition, operate out of stores that are low-cost to fit out and cheap to run. Wal-Mart, for example,

Figure 3: Receivables turnover ratios



has rental expenses of 3 per cent of retail sales. The average for the US discount department store industry is 3.3 per cent. Closer to home, David Jones, whose stores should cost more than HSH's to fit out and operate, has rental expenses estimated at around 4 per cent of sales – lower than those of its discount competitor.⁵

MISSED SIGNALS

With the advantage of hindsight, detective work is comparatively easy. However, it does seem that, with some effort, the signs were there to be seen and had been for some time. It is, therefore, difficult to understand why the problems were not diagnosed and treated earlier.

There are many contributors in a

corporate collapse. Those that my analysis suggests are present in this case include: the adequacy of the disclosures being made – particularly the lack of data on margins (by line of business)⁶; the adequacy of the corporate governance mechanisms in place; and management's strategy development and implementation. What is clear is that HSH is a textbook example of how to 'grow broke' and a cogent reminder that we seem doomed to repeat the lessons of history. ⚡

** Greg Whittred is a professor of accounting and finance at the Australian Graduate School of Management. In 2002 he will join the University of New South Wales as dean of the faculty of commerce and economics.*

FOOTNOTES

- 1 Assuming the securitisation trust operates along similar lines to others in this sector, it is likely that the receivables were sold into the trust at face value, the financiers being paid their cost of capital (around 6.5 per cent), plus a management fee – say 2 per cent on the average balance in the portfolio. The coupon on the credit card receivables is around 21.5 per cent – with an effective interest rate around 15 per cent. The spread, net of the costs of generating it, is returned to HSH.
- 2 For example, Campbelltown (NSW) was 12,243 square metres and Elizabethtown (SA) was 18,062 square metres. As a rule of thumb, around 75 per cent of the gross area is available for selling space.
- 3 Concerns were first raised by the HSH board in its April 3 advice to the Australian Stock Exchange regarding the suspension of trading in the company's shares. That the accounting irregularities may have been more pervasive has become evident in recent court proceedings brought by the receivers (see Katherine Towers, 'Auditor questioned retailer's expansion' and 'Harris Scarfe inflated 1997 profit by \$7m, court told', in *The Australian Financial Review*, October 3 and 5, respectively).
- 4 David Jones has operated on a gross margin of around 35 per cent (COGS:Sales of 65 per cent) since its reorganisation in 1995. On this basis its inventory turn fluctuates around four times. The differences in retail strategy imply HSH should have a lower margin and higher turnover than David Jones.
- 5 Note that in 2000, DJs still owned its major stores in Sydney and Melbourne, though in October 2000 it entered into sale and leaseback arrangements for these properties. The implied rental on these properties was backed out of analysts' forecasts of property contributions to EBIT for the period 2001–2002.
- 6 While it is not possible to know exactly what information on margins went to the board, the various stakeholders in the company would, arguably, have been better served by this sort of disclosure.



“ Buckman completely redefined its business by basing it on the intellectual capability of the organisation. ”

CAPITALISE ON KNOWLEDGE

Timothy Devinney (left) is director of the Centre for Corporate Change at the AGSM. Adam Liberman is an IP specialist and partner at Freehills.

The value of knowledge

The payoff to managing knowledge effectively has never been greater. But are companies making the most of what knowledge assets can do for their competitive advantage? The AGSM's **Timothy Devinney*** talks with Freehills partner **Adam Liberman*** about managing knowledge and intellectual property rights.

The rapid expansion of information technology, globalisation and the increasing complexity of markets have made knowledge and related intangibles key drivers of competitive advantage in developed nations. Is there sufficient recognition by companies that competitive differentiation will flow from effectively exploiting intangibles such as knowledge, intellectual property, reputation, technological know-how and brands?

AL: We are certainly finding that intellectual property [IP] is becoming a much more important part of the deals in which we're involved. Many of the deals rise and fall on the issue of the IP rights. I think that's a phenomenon that will continue.

TD: If you look at the nature of competitive advantage, and identify what drives rates of return beyond the exploitation of physical assets, particularly, say, for multinational corporations in Western developed countries, then it becomes obvious that you have to exploit your knowledge capital.

However, when you start looking into the knowledge capital of your organisation, you start moving towards things that are far more difficult to manage and control. How do you manage what people know? How do you deal with the fact that most of what you know is embedded in complex systems and processes, brand names, trade marks and patents? How do you manage that process, when it's so different to managing a manufacturing or service process?

You only have to look at the way investment bankers focus on the evaluation of intangibles for company takeovers or flotations to see the growing emphasis on knowledge capital. What's particularly interesting about

that is the managers, up to that point, have not been focused on the value of their intangibles.

AL: That's exactly right. I think in the Australian environment business people don't really think about making their knowledge proprietary or the results of their knowledge proprietary as much as Americans do. That culture of seeking proprietary rights to make the business work is not innate in Australia. It's something that is starting to be taught now, but is not inherent in the business culture of Australians.

TD: When you look at the nature of most Australian businesses, they really don't understand, or haven't understood in the past, that by capturing the rights to their intellectual property, to their knowledge capital, they at least have an option to do something with that asset in the future. In the past, many corporations were simply giving away free options to competitors. They were engaging in developing practices, perhaps unknowingly, and then they would find later on that this know-how had somehow filtered out into other companies who were operating offshore.

AL: It's also a matter of recognising that before you make an invention known to the marketplace, whether it's by publication or use, you need to lodge a patent application. Otherwise you lose your rights. I attended a seminar recently involving the establishment of biotechnology hubs in New South Wales. An issue that still comes up in the biotechnology environment is that the researchers and the scientists aren't getting the message that before you publish an invention you need to lodge a patent application for that invention. The concept is simply this: there is knowledge that the law will protect for you, from which you will get value. Why waste it by not using the system in the right way? It's



mechanisms for capturing knowledge capital. They can include building brand equity, interacting with customers in sophisticated ways and, internally, using incentive systems to encourage people to release what they know to other people in the organisation.

EXTRA-LEGAL MECHANISMS

TD: The Buckman Laboratories case is a classic example of the

Legal protection mechanisms

There are a number of ways to legally protect your knowledge.

- Copyright protects the form of expression of ideas.
- Patents give exclusive rights to inventions for a period of 20 years. Business process patents are a new category of inventions for which patents are being granted in the US and are being sought in Australia.
- Innovation patents are a new form of patent that is granted for a shorter term. Legislation was introduced earlier this year. It is intended to deal with some of the cost issues of getting a normal patent through, and to offer a lower threshold of inventiveness.
- Trade marks protect the distinctive elements of goods and services supplied by a business. Nowadays trade marks are much more broadly defined. The distinctive factor of a business may be the scent of a product, it may be the shape of a bottle. The law is now beginning to protect less traditional elements of a product in a way that it hadn't before. Reputation and goodwill are not limited to words. Harley Davidson tried to register the sound of the Harley motorbike as a trade mark, and that's a good example of the trade mark law expanding to fit the concept of what is distinctive about a product or service.
- Design elements are also protectable. For instance, a shoe design can be protected by design registration.
- To harness knowledge capital in order to create competitive advantage, you first need to have a system of capturing that knowledge and then protect it in the right way.

– Adam Liberman

important to remember that a patent protects something that's novel. Once you publish it, it's no longer novel.

It's interesting now at the University of New South Wales that they're teaching undergraduate students about the importance of IP in the Entrepreneurs in Science program run by the Life Sciences faculty. But Australia won't get the benefits of that change in educational emphasis until some years further down the track.

I do think that Americans have a much more proprietary way of thinking about these things. They tend not to invest in something unless they can make it proprietary to themselves in some way. The business process patent, which happened in the American environment, is an example of that way of thinking.

TD: With State Street, which was the first business process patent case in the US, the attitude would have been, 'This is worth a try, worth some legal experimentation to see if we can put a case forward that will justify this'. I don't think many Australian corporations look on this as innovation.

While I don't wish to be too American-centric, a lot of the real developments in the service environment do filter out of the US. Because of this requirement in process patents to be linked with technology, you find that companies testing this area are ahead of the game in the more sophisticated ways in which services can be delivered. This kind of innovation is, of course, a forte of the US economy; it is far more Darwinian than the Australian or European economies.

Of course, legal protection, be it patent arrangements or rights associated with trade marks, are not the only way to protect what you know. There are all these extra-legal

use of extra-legal mechanisms to capture and exploit knowledge capital. It was a traditional chemical company, nothing terribly exciting, based out of Memphis, Tennessee in the US. It began looking at its internal information systems worldwide, and soon realised that as it grew globally there were people who were isolated in distant areas that would try to solve problems that other people had already solved. It sought to get these inefficiencies out of the system by making it easier for people to communicate with one another. This started to defeat the tyranny of distance.

The main reason it began to invest in better communication was to allow its people on the ground to more rapidly develop relationships with customers, and customise products so that customers could be serviced quickly. The people on the ground liked that, and it quickly allowed them to diffuse best practice across the organisation. So, all of a sudden, everybody knew what everybody else needed to know.

Buckman then began building systems to expand what people knew, encouraging people to use information to influence others. Over time, the business evolved from one where all it did was provide chemical solutions to customers' problems, in a narrow area of interest, to a business where customers asked them to come in-house to manage entire processes for them.

Buckman completely redefined its business by basing it on the intellectual capability of the organisation. Now it offers people, through the company, bachelors and masters degrees, and also PhDs. It wants that knowledge to be developed inside the organisation. If employees get a PhD elsewhere, the university might take part

of the intellectual property rights associated with that. By internalising all of this, Buckman has set up an extra-legal system that develops ideas and captures the intellectual property of the company in a very effective way.

AL: From a legal protection perspective, we're finding it hard enough to convince corporate Australia to have systems in place to protect those elements of knowledge that are protectable as intellectual property rights, let alone the big picture systems that you're talking about!

TD: One of the things that's important is that if you look at the companies that have done this, such as Buckman or Dow Chemicals, by tapping what people know early, you can get the system to say, 'This is what needs to be protected early'. In other words, you track and evaluate your research projects with patent applications in mind. That way you know when to invest further, or pull back, or when patents are going to expire.

The best companies have multi-faceted ways of discovering and exploiting IP in an effective way. The mechanisms at one level can be complementary in the sense that by linking patents or trade marks to brands, advertising and other extra-legal mechanisms, you can go beyond legal protection by getting into the minds of consumers.

Take McDonald's as an example. If you want to compete with it, you not only have to deal with the fact that McDonald's has a recognised trade mark, but also that it has a recognised cognitive space in people's minds.

Within an organisation, it's important to find ways to get people to understand that it is not effective for them to hoard data. In many organisations, the individual's power and position has been driven by the fact that they hold what they know and nobody else does. Companies need systems aimed at releasing what people know throughout the organisation – so the patent attorneys can do what they need to do, so that individuals who are working in other areas of the organisation can get access to information more quickly.

There are also interesting sets of circumstances, given the nature of patent regimes, where companies will not share information across borders. They're afraid they will abrogate their rights to patent in

another country. Multinational corporations, therefore, need to have a strategy that allows them to be able to get these rights protected all around the world in an effective way. A company like Microsoft has to have protection in all of the countries in which it operates. In some countries where patent law is not well established, it will use extra-legal mechanisms to do that.

Jurisdiction is also an important issue. Companies can run into a lot of difficulties if they fail to have adequate strategies to globalise their technology. It is a growing concern because most technologies are disseminated very quickly, whether you like it or not. If you're going to sell it in countries that have weaker IP protection, then you have to have a strategy that goes beyond that mechanism. It can be very costly.

AL: From a global strategy perspective, it's obviously important to patent and register trade marks in the US, Europe and Japan, where there are established IP systems and significant markets. Markets that have less sophisticated IP systems need to be entered with greater caution.

TD: A lot of technology companies put all the technology in one location and dispense the solution in others. For example, you may have an operation in China where all the engineering and customisation is done in Australia and simply broadcast to China where the engineers implement it. You effectively keep the technology in one jurisdiction and the implementation in another.

AL: I still don't believe that corporate Australia has sufficiently recognised or responded to the paradigm shift that has occurred in relation to intellectual property rights. You very rarely hear Australian business people talk about intellectual property rights in the way that *Fortune Magazine's* Tom Stewart refers to those rights; he says they warrant 'placement at the very heart of corporate consciousness'. Whether Australian management has a process for dealing effectively with IP rights or not, this is an issue they're going to have to deal with more proactively. To date, it's been dealt with more reactively. 🌟

** Timothy Devinney is director of the Centre for Corporate Change at the AGSM. Adam Liberman is a partner at Freehills. They have designed and taught an AGSM executive education course, 'Capturing, Managing and Protecting your Intellectual Property'.*

A checklist for knowledge capture

- Corporate culture. If the culture is not one that respects knowledge, or understands the importance of converting that knowledge to IP rights, then you're not going to succeed.
- Type of business. Identify and understand your distinctive know-how in order to capture and exploit it. IP is important to all kinds of businesses – from a software development house to a circus.
- Your competitor's attitude. The level of protection required will need to factor in how active your competitors are in protecting their intellectual property rights. If they are lazy then you may be able to steal a march on them by seeking to protect the products of knowledge that were not previously protected. That's where you see developments like the business process patent.
- Systems for capturing and converting. A chemical company might install a patent attorney outside its scientists' laboratory as a capture mechanism to convert innovation into patents.
- Use inventories to identify your IP. Before you can manage an asset you must know what it comprises. Any inventory of IP must be dynamic.
- Develop and apply a strategy to what you've got that is consistent with your company's overall business plan. That could involve licensing, selling or acquiring IP rights.

– Adam Liberman

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RESEARCH

When cultural values are in a state of flux, brands can represent some surprising, even paradoxical, ideas and meanings.

Brands and culture in China



BRAND WISE

Dr Giana Eckhardt (left) is a lecturer in marketing at the AGSM. Steve Mason (below, left) is Lion Nathan's chief marketer.



In China today, ancient belief systems seated in Confucianism and Taoism are intermingling with Western ideologies,¹ especially in relation to consumption, consumerism and brands. According to the AGSM's Giana Eckhardt, there has been remarkably little work done in the marketing field on the relationship between brand meaning and cultural change in transitional markets. She talks with Lion Nathan's chief marketer, Steve Mason, who spent several years in China, about the impact of social and political change on brand consumption and marketing.

SM: I think any company seeking to invest and build brands in another country needs to understand the market in its social and geo-political contexts. In China, consumer differences by life stage are much more exaggerated than in most Western markets because of unique geo-political factors, and that has a real impact in terms of building brands.

People over the age of 60 have grown up in either the Communist regime or in the harsh dynastic regimes before it, and their outlook is very much affected by that. They are frugal and buy commodities.

Then you have people aged 45 to 60 years, who were most dramatically affected by the Cultural Revolution. Many missed out on an education and endured a social experiment

that shattered self-confidence, their trust in authority, even in family and friends.

The under 35s are a stark contrast. They grew up when China was opening up to the world, building a market economy and phenomenal growth. They got the education and haven't had any significant setbacks in their lives. When foreign companies come in seeking skilled people, this age group is the only talent pool. So you'll sometimes have 25-year-olds who are paid 30 times more than the combined income of their parents. They've grown up with television, advertising and branding, whereas their parents didn't. Their receptiveness to branding is in strong contrast to their parents and grandparents.

GE: I've found from a market research perspective, as well, that to get people over the age of 35 to respond to different branding propositions is extremely difficult in the way we typically do market research.

SM: Agreed. Even the younger Chinese tend to be rather literal and functional in their interpretations and there is quite a degree of reserve compared to a similar age group in the West.

GE: One of the ways I've tried to get around that is by embedding the brand in a specific context. So, in my paper on McDonald's,² respondents were given three specific scenarios or situations in which they would go to McDonald's. They gave their impres-

sions about the product via that very specific situation, and that proved to be an effective way to get over the reticence.

SM: Absolutely, we can see that in terms of beer purchase behaviour and how context influences it.

When you are dining out, giving face to your guests and also to yourself to reassert your status and position is an important behavioural factor in China. Cognac at a meal is a high-status thing. When people buy beer it is primarily intended as a sociability signal, but they can also express status by drinking the more expensive foreign beers rather than cheaper local brands. For example, our Steinlager in Shanghai is very successful in restaurants – it has an upmarket, modern image, and it's expensive. At home, it's a real contrast. Those same people, despite the fact that they can afford anything, will buy the local product; the purchase decision is much more pragmatic and functional.

GE: One of the things that motivated my research with McDonald's was that it is assumed that at all times McDonald's would be used in this status affirming way because it is consumed in a public setting. What I found, though, was that in some situations that was true, and it is talked about in my paper as giving face, but in other situations it wasn't necessarily the case. For instance, if you go to McDonald's by yourself when



China is littered with examples of optimistic Western or even Japanese companies coming in, advertising a brand heavily above-the-line and expecting consumer demand to pull through.

you're at work, a lot of the status connotations are taken out. That specific area interests me. What we would consider to be an innate characteristic of a brand, such as status giving, can be dependent on the specific situation in which it is used.

SM: When a brand owns some powerful emotional territory you do see the degree to which that is varied by context. Take Suntory, a very successful mainstream beer. The product itself has a taste and physical appearance that is highly attractive based on the current Chinese perception of quality. Then in its advertising, Suntory has tapped into a core emotional need – personal freedom and relaxation. This is in stark contrast to what we said earlier about sociability and beer, but in China it's very appealing to be able to escape into your own private space. It's still a strongly conformist society and large populations are jammed into small areas, so you can see why it's a powerful proposition.

But Suntory is also popular in restaurants, which is very public, so that personal freedom imagery doesn't really influence the purchase choice in this social situation. This is where you have face and status in play, and even though it's a mid-priced brand it is making inroads into the premium sector. That is due to other stimuli, such as the premium product quality perception, packaging presentation and ubiquity of the brand; ubiquity implies popular, which means a no-risk choice.

GE: I think that's a great example. It also brings up a good point about changing values in China, especially for those under-35 consumers we've talked about. The sort of values that are represented in the Suntory positioning, these ideas of individual freedom and relaxation, are not something you would have seen discussed in China even 20 years ago. For instance, in the McDonald's example, people mentioned the fact that there were seats for two people, providing them with this individual freedom that they hadn't been able to experience before. Suntory has also been able to tap

into those sorts of changing values.

SM: So there is a perfect parallel between the tables for two in a McDonald's restaurant and the beer brand which evokes a sense of private space. And while time out is a universal thing, it has a particular spin and is very powerful in that sort of a culture.

GE: It's these transitional cultural values that interest me. If, because of the influence of societal change in China, brand evaluations can be inconsistent, even paradoxical, depending on the context, marketers should be placing a positioning within a specific context in order to make the product more applicable to the consumer's life.

SM: I think the fundamentals of branding still apply. With beer it is all about being able to make an emotional connection as well as achieve functional relevance. Because of the difficulty in China of achieving reach because of the complexity of media, it's of paramount importance to have a single proposition, but one that represents a high enough value to allow it to be interpreted differently in different contexts.

GE: Well, that would be conventional marketing wisdom. But the nature of Chinese psychology, a more holistic way of thinking, means attitudes, beliefs and values are more malleable. And that lends itself towards breaking out of the conventional positioning wisdom. What my research is suggesting is that in societies where consumer psychology varies substantially, that having a value proposition that would provide a different value in different situations will be more appropriate.

SM: I think there are two real factors here. First, your brand must have the ability to build critical mass to be able to afford to communicate in a multi-tiered way; and, second, the fact that McDonald's is more than just a product and a venue, it is an experience. Which means it's able to tell different stories about that venue or experience, and I can fully buy into that. But when we're talking about a single product, I subscribe to having a single-minded

proposition that is totally unambiguous to establish the brand.

I think another issue is that advertising alone can't achieve clear pull-through in China. China is littered with examples of optimistic Western or even Japanese companies coming in, advertising a brand heavily above-the-line and expecting consumer demand to pull through – and it just doesn't happen that way.

You have a consumer who's much more passive in terms of consumer power than in the West – the ability of a restaurateur to dictate the choice of product to the consumer is very strong. Nine out of 10 diners say that they will accept what they are given, so you need to invest heavily below-the-line to get the trade support. We've found in China that brand loyalty as we know it is hard to build; today's Chinese consumers love to experiment, they are always trying something new.

GE: I think I've seen consumer passivity starting to change a little. In some of my other work I have researched the link between Confucian hierarchies within society and brand preference. For example, in the workplace if people at a managerial level wear a certain brand of clothing, their subordinates won't buy that brand because it has a specific place within the hierarchy.

I think my research can help marketers to understand traditional values and cultures, and also help them to understand exactly who their customers are going to be and the sorts of decisions and processes they're going to go through that might be quite different. People won't be necessarily engaging in aspirational purchases through brands because of other factors such as the workplace hierarchy; it's important to recognise that the decision-making process is substantially different from what we would see in Australia or in other countries in the West. 🌟

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Washington think-tank

AGSM academics report on the Academy of Management meeting in Washington, DC.

Australia had more delegates (130) than any other nation outside the US at this year's Academy of Management meeting in Washington, DC. The meeting attracted more than 8000 participants. The Academy of Management is one of the world's leading business academic societies with 10,000 members in over 80 countries. It has a strong organisational behaviour focus, and the AGSM faculty members who attended specialise in that field of research.

CONTRACT KNOWLEDGE WORKERS RESPECTED AND RESENTED

At the 'Emerging Trends in Asia' session, professor **Steve Frenkel** chaired 'CMS: Critical Perspectives on Knowledge Workers' and co-presented 'Globalisation and Logics of Action: Changing Employment Relations in India and China', with Sarosh Kuruvilla of Cornell University.

Professor Steve Barley of Stanford presented the first major study of part-time knowledge workers. His study highlighted how these workers need to be managed differently, but also found these differences caused resentment from regular staff.

Barley noted that contractors tend to be paid 50 per cent more than salaried employees, partly because they provide their own health insurance, but also because they are usually better at what they do. "There's a view in Silicon Valley," he says, "that one very good programmer is worth 10 average ones." He cites Cisco as one company where contractors make up 30 per cent of the staff.

KNOWLEDGE MANAGEMENT

Well-known knowledge management consultant Larry Prusak says managers are keen to change technology, but not the social organisation it supports. At a company that called itself a 'learning organisation', Prusak asked the employees in one department to bring a book to work and read it for half an



hour, to see what management's reaction would be.

No surprise, the managers asked staff what they were doing reading books on company time. Once again, good strategy and fine words are undone by managers who insist on managing knowledge workers like they do process workers. Read an interview with Larry Prusak and Tom Davenport about their new book, *Working Knowledge*. at: www.brint.com/km/davenport/working.htm.

SOCIAL NETWORKS MATTER

Professor **Bob Wood** co-chaired 'Social-cognitive Approaches to Personality and Motivation in Organisational Behaviour', with Svenja Tams of London Business School.

Among the issues discussed were the use of social identity theory to analyse organisational issues such as mergers, negotiation strategies and corporate cultures. New research considers company performance as a function of both the individual personalities of the employees and their positions in social networks within the organisation. Most results indicate that

employees who have a greater number of social links with co-workers outside their formal area of work produce the greatest benefits to the business, as well as receiving faster promotions.

CORPORATE VALUES

Professor **Lex Donaldson** sits on the editorial board of the Academy of Management Review and attended their annual board meeting. He was also a panellist on 'Conversations on Corporate Leadership and Governance', a pre-conference workshop.

He reports heightened interest in corporate governance among the Australian delegates, following the highly-publicised collapses of HIH and One.Tel. He suggests future

research should look at the role of the board in evaluating strategy.

Donaldson was impressed by William W. George, chairman and CEO of Medtronic, who was honoured as Executive of the Year. Medtronic, developers of the first implantable pacemakers, is famous for its highly ethical approach to business, and is often cited in case studies. "We read about them so often, we tend to become a bit cynical about their high-minded values," says Donaldson, "but hearing their CEO in person was truly impressive. He told how at the Christmas staff meeting, they bring someone on stage whose life was saved by a Medtronic product."

At their induction ceremony, new Medtronic employees are given a medal on which the company's values are engraved. They are encouraged to keep it with them at all times, and consult it when faced with a tough ethical decision. Read the full text of George's keynote address at: www.medtronic.com/newsroom/mgmt_speech_08052001.html. 🌟

by John Hancock

Unleash the power of your workforce

Strategies that enrich employees' jobs and stimulate their intrinsic motivation will unlock a workforce's creativity, writes **Sharon K. Parker***

As organisations struggle to be competitive in the global marketplace, employees who 'do as they are told' are no longer sufficient. The times require employees who think for themselves, use their judgment and make self-directed improvements, especially where their responses cannot be anticipated and scripted. Creative individuals who come up with novel and useful ideas for products, services and processes are also of fundamental importance in the modern workplace, where innovation provides a competitive edge.

Our research program at the AGSM addresses the fundamental question of how organisations can obtain this type of workforce.

TYPICAL APPROACHES

A popular approach in the search for talent is to recruit and hire the most creative and proactive individuals. This seems logical in a world where human capital and knowledge have never been so important, but it is both limited and limiting.

First, there is little point placing the most proactive and creative employees in work situations that do not allow or motivate them to use their talents.

Second, the recruitment approach is based on the traditional assumption that creativity and innovation are the rare talents of extraordinary people. So it doesn't help the majority of employees to become more creative, and it ignores the role of the work environment.

A more contemporary assumption is that all humans with normal capacities are able to produce at least moderately creative and proactive work in some domain, some of the time, and that the work

environment influences the level and frequency of these behaviours.

Organisations can, therefore, do something more effective than chasing after a limited number of talented people; they can promote creativity and proactivity in their entire workforce.

Competitive advantage will not come from either focusing entirely on selecting creative and proactive employees or concentrating on creativity training. Employees might come back from training programs energised and enthused for a few weeks, but this eventually wanes. There is little systematic research evidence to suggest that such programs have benefits beyond the initial, feel-good phase. Creativity training, like talent searches, makes no odds if employees are not motivated or given the opportunity to be creative in their workplace.

THE IMPORTANCE OF INTRINSIC MOTIVATION

Research has identified three broad determinants of creativity and innovation:¹

- high-level expertise
- creative thinking
- motivation.

Expertise is the foundation for all creative work. People are unlikely to generate creative ideas in areas where they do not have considerable expertise. Creative thinking, such as taking on new perspectives and suspending judgment of novel ideas, provides the 'something extra' in creative performance.

Expertise and creative thinking largely determine what a person can do, but motivation determines what a person will do. Without motivation, an individual is unlikely even to suggest, much less to implement, creative ideas they might have as a result of

their expertise and creative thinking.

People are motivated by intrinsic and extrinsic factors. Intrinsic motivation comes from a deep interest and involvement in the task, from curiosity, enjoyment or personal sense of challenge. Extrinsic motivation comes from trying to attain a goal apart from the work itself, such as obtaining rewards, a high salary or meeting a deadline.

All evidence suggests that intrinsic motivation is more important than extrinsic motivation for stimulating proactivity and creativity. There is even evidence that some forms of extrinsic reward can stifle creativity and innovation. Managers should, therefore, aim to enhance their employees' intrinsic motivation, rather than focusing solely on aspects such as tight deadlines, salaries or other extrinsic factors.

One of the most important factors is enrichment of jobs. Unfortunately, many executives talk about empowering people, but the reality is usually far from the rhetoric. Many employees still work within bureaucratic constraints, unable to fully utilise or develop their talents.

Enriched jobs are those in which employees can use a variety of skills and talents; have the opportunity for skill development; can complete a whole and identifiable set of tasks from beginning to end; have autonomy and discretion over key decisions, such as how and when tasks are carried out; receive feedback about their performance so that they can monitor progress; and have clear goals and consistent performance expectations.

Enriched jobs have been shown to promote learning, develop the confidence to carry out broader tasks and encourage an active approach to solving problems. Jobs



Designing work environments to enhance intrinsic motivation

Research has identified three ways that organisations enhance intrinsic motivation and, hence, creativity:

1 Enriched jobs and supportive management practices. These are characterised by challenging and autonomous work, diverse but cohesive work groups and supportive and non-controlling supervision.

2 A culture that supports innovation. The company or organisation has goals for creativity, encourages risk taking and free exchange of ideas, legitimises constructive dissent and stimulates participation.

3 Adequate resources. Creativity needs time, funding, expertise and training.

supervisors, set and monitored their goals, allocated tasks and liaised with customers. Employees moved from an attitude of 'that's not my job' to a more flexible and proactive

view of their role. They achieved dramatic performance gains, including slashing lead times from 14 weeks to two days.

In another study, jobs were made less challenging with the introduction of a moving assembly line.³ The line moved every two hours, and employees were powerless to change it. A year after the line was installed employees were less motivated, less interested in learning new things, more depressed, less confident in their abilities and less committed to the organisation. Lead times were shorter, but there was also evidence that accidents increased and quality deteriorated.

A similar study by Harvard professor Teresa Amabile and her colleagues showed that downsizing can also have a negative effect on employees' creativity.

‘ All evidence suggests that intrinsic motivation is more important than extrinsic motivation for stimulating proactivity and creativity. ’

that are tightly supervised offer little opportunity for decision-making and provide insufficient motivation for employees to be proactive and creative.

HOW TO DESIGN CHALLENGING AND ENRICHED JOBS

One of our studies compared employees' intrinsic motivation in two companies.² The first introduced a just-in-time initiative with

training and communication to increase people's understanding of the strategic principles involved, but there was no change to the design of work. This company achieved only modest performance improvements from its JIT system.

The second company also used training and communication, but dramatically redesigned the work to enrich jobs. Self-managing team members, rather than direct



Associate professor Sharon K. Parker.

These examples show how the introduction of challenging and enriched jobs can enhance employees' intrinsic motivation and, hence, their proactivity and creativity, while the removal of challenge and autonomy can dampen and diminish these behaviours.

IT'S REALITY, NOT RHETORIC, THAT COUNTS

The company that introduced the moving assembly line published a mission statement claiming: "We are dedicated to exceeding customer and company expectations with high quality, superior products and services, in an environment of employee involvement and commitment." They further stated that one of their core values was "... empowerment; devolving decisions to the lowest level of knowledge."

Unfortunately, the gulf between what organisations espouse and what they actually do is all too common. Many executives

report having 'self-managing teams' in place, but in reality their employees are constrained by bureaucratic procedures. Job feedback is punitive rather than informative, and the opportunities for employees to develop new skills are blocked by excess workloads and understaffing

Empowerment initiatives will have little or no impact on employee innovation unless they are aligned with what supervisors and managers actually do. The fact that so few organisations actually implement appropriate work designs and management practices means that those that do are likely to obtain a strategic advantage.

BEST PRACTICE

Studies have shown that organisations with innovative human resource and management practices perform more effectively.

For example, one study⁴ showed that companies that were one standard deviation higher in their use of high-performance work practices outperformed their mainstream competition in profits, market capitalisation and employee turnover. Most dramatically, their sales per employee were US\$27,000 higher.

The conclusion from this more general research is that developing people through enlightened HR and management practices provides a competitive edge. Researchers are now trying to establish why this is so. One hypothesis is that these practices stimulate greater proactivity and creativity. This is yet to be empirically tested, but the research described suggests it is a plausible one. ☺

Future research

Our future research program at the AGSM aims to continue rigorous investigation into how to enhance proactivity and creativity in the existing workforce. Organisations that choose to participate in our research program can benefit from the following research activities:

- a systematic assessment of the intrinsic motivation, creativity and proactivity of the workforce.
- an evaluation of the organisation's culture, job design and management practices.
- the design of an evidence-based intervention to enhance employee creativity and proactivity, such as introducing enriched jobs.
- evaluation of the effects of the intervention on employees' intrinsic motivation, creativity and proactivity.
- development of recommendations for further enhancement of employee creativity and proactivity.

Strategically focused organisations interested in participating in the research program should contact Sharon Parker, e-mail:

sharonp@agsm.edu.au.

* Associate professor Sharon K. Parker is the subject leader for 'Redesigning the Organisation' in the AGSM's Graduate Certificate in Change Management, and a senior research fellow in the Centre for Corporate Change.

FOOTNOTES

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- 4 M. Hucelid, 'The impact of human resource management practices on turnover, productivity and corporate financial performance' in *Academy of Management Journal*, 38, p. 645, 1995.

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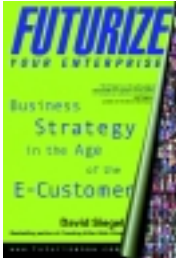
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FUTURIZE YOUR ENTERPRISE: BUSINESS STRATEGY IN THE AGE OF THE E-CUSTOMER

David Siegel, Hardback, \$62.95 (Wiley, 1999)

Futurize Your Enterprise shows how businesses can strategically realign to take advantage of the Internet. In working with clients like Hewlett-Packard, Lucent, Sony, NASA and numerous start-ups, Siegel has built a reputation as an expert in planning long-term Web strategy. "This is one of the best books I have read recently because it cuts through the e-hype to the core of the issue. The Internet provides organisations with a chance to fundamentally alter their relationships with an important segment of their markets. The book provides a host of practical examples and cases of how to take advantage of this unprecedented opportunity."

— Dr James Carlopia, AGSM senior lecturer.

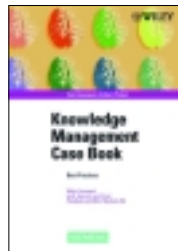


ZERO GRAVITY 2.0: LAUNCHING TECHNOLOGY COMPANIES IN A TOUGHER VENTURE CAPITAL WORLD

Steve Harmon, Hardback, \$62.95 (Bloomberg, 2001)

Zero Gravity 2.0 is an insider's view of Internet venture capital and its role in the world economy. The book features analysis of the

1999–2000 dot com correction, which affected the portfolios, psychology, expectations and metrics of venture capitalists. Harmon is one of the technology industry's most recognised analysts and investors. Harmon is currently CEO of High Velocity Ventures, which helps entrepreneurs and venture capitalists build businesses.



KNOWLEDGE MANAGEMENT CASE BOOK: BEST PRACTICES

Tom Davenport and Gilbert Probst, Hardback, \$96.95 (Publicis MCD Verlag and Wiley, 2000)

This case book provides a comprehensive account of how organisational knowledge assets can be managed effectively. The book also offers a road map to building a 'mature knowledge enterprise', thereby enhancing our understanding of the steps that need to be taken to sustain competitive dominance in the knowledge economy.

VALUATION OF INTELLECTUAL PROPERTY AND INTANGIBLE ASSETS

(3rd Edition) Gordon V. Smith and Russell L. Parr, Hardback, \$365.95 (Wiley, 2000)

While intellectual property plays an increasingly important role in today's business world, it remains difficult to quantify its economic value. Considered the foremost US work on the subject, this book helps simplify the process of attaching a dollar amount to intangible assets.

MERGERS AND ACQUISITIONS IN INTELLECTUAL PROPERTY

Lanning Bryer and Melvin Simensky, Hardback, \$156.95 (Wiley, October 2001)

Intellectual property is emerging as a new source of wealth. At the same time mergers are increasingly frequent. This book brings together the perspectives of leading economists, valuation experts, lawyers and accountants.

EARLY-STAGE TECHNOLOGIES: VALUATION AND PRICING

Richard Razgaitis, Hardback, \$156.95 (Wiley, 1999)

Comprehensive coverage of the issues, art and methods of valuing and pricing early-stage technologies that are critical to companies that are dependent on intellectual property.



CHINA'S CENTURY: THE AWAKENING OF THE NEXT ECONOMIC POWERHOUSE

Laurence Brahm, Hardback, \$49.95 (Wiley, 2001)

This is a collection of essays on China's future from specialists in the field. With commentary from Laurence Brahm, the book features contributors from both China and the West, including a foreword by Premier Zhu Rongji. Other contributors include

Claude Smadja, the managing director of the World Economic Forum; George Fischer, CEO, Kodak; Tang Jiaxuan, China's minister, foreign affairs; and Heinrich Pierer, CEO, Siemens.

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WHARTON ON MANAGING EMERGING TECHNOLOGIES

George S. Day, Paul J. H. Schoemaker and Robert E. Gunther (eds.), Hardback, \$73.95 (Wiley, 2000)

This book offers managers an approach to engaging emerging technologies, both electronic and otherwise.

ENTREPRENEURIAL MARKETING: STEP ONE STRATEGIES FOR NEW VENTURES

Leonard Lodish, Howard Lee Morgan and Amy Kallianpur, Hardback \$62.95 (Wiley, 2001)

The authors provide sophisticated marketing approaches, such as Web-based segmentation and positioning that will allow the entrepreneur to build a sound core proposition for their business.

PROFITING FROM INTELLECTUAL CAPITAL: EXTRACTING VALUE FROM INNOVATION

Patrick Sullivan, Paperback, \$62.95 (Wiley, 2001)

This book explains why intellectual property is a financial asset, where it resides and how it can be harvested to optimise shareholder value. It breaks down the process of working with intellectual capital into two areas: creating value and extracting value. ★

HOW TO ORDER: Phone: (02) 9385 6622, Fax: (02) 9385 6633, e-mail: info@bookshop.unsw.edu.au.

Web: www.bookshop.unsw.edu.au (a secure site by VeriSign, from where you can search, order and query the UNSW Bookshop's range). Delivery in Australia is \$8.80 for the first book, \$3 for each additional book. Overseas delivery is \$15 for the first book, \$3 for every additional book. All orders are despatched within 48 hours.

publications & papers

PUBLISHED WORK AND RESEARCH PRESENTATIONS

BOOK CHAPTERS

Professor **Simon Sheather**

(co-authored with T.P. Hettmansperger and J.W. McKean), 'Robust nonparametric methods', in A.E. Raftery, M.A. Tanner and M.T. Wells (eds.), *Statistics in the 21st Century*, Chapman and Hall/CRC, London, 2001.

JOURNAL PUBLICATIONS

Professor **Robert Kohn**, Mike Smith (University of Sydney) and PhD candidate **David Chan**, 'Nonparametric regression using linear combinations of basis functions', *Statistics and Computing*, 11, pp. 301–310, October 2001.

Professor **Lex Donaldson**, 'Reflections on knowledge and knowledge-intensive firms', *Human Relations*, 54, 7, pp. 955–996, 3 July 2001.

Professor **Grahame Dowling**, 'The alpha, beta, gamma approach to measuring change and its use for interpreting the effectiveness of service quality', *Australian Journal of Management*, vol. 26, no. 1, pp. 55–67, June 2001.

Dr **Marc Orlitzky**, 'Does organisational size confound the relationship between corporate social performance and firm financial performance?' in *Journal of Business Ethics*, vol. 33, no. 3, September 2001.

Professor **Thomas Powell**, 'Competitive advantage: logical and philosophical considerations', *Strategic Management Journal*, September 2001.

Professor **Simon Sheather** and J.W. McKean, 'Dimension reduction and visualisation in discriminant analysis – discussion', *Australian and New Zealand Journal of Statistics*, 43 (2), pp. 185–190, June 2001.

Professor **Robert Wood** (co-authored with S. Debowksi and A. Bandura), 'Impact of guided exploration and enactive exploration on self-regulatory mechanisms and information acquisition through electronic

search', *Journal of Applied Psychology*, December 2001.

CONFERENCE PRESENTATIONS

Catherine Collins (PhD candidate) and Peter Caputi (University of Wollongong), 'Self-efficacy and performance: the difference between behaviours and outcomes with novel software', presented at the 4th Industrial and Organisational Psychology Conference, Australian Psychological

Society, Sydney, June 2001.

Wendy Grusin (PhD candidate) and associate professor **Sharon Parker**, 'Managerial cognition: the forgotten variable in strategy formulation', 4th Industrial and Organisational Psychology Conference, Australian Psychological Society, Sydney, June 2001.

Dr **Ujwal Kayande** (with PhD candidate **Paul Yau** and professor **Robert Kohn**), 'Uncertainty of reliability estimates and its

impact on efficient survey design'; and with Adam Finn (University of Alberta), 'A generalisability theory paradigm to develop scales' in a special session on generalisability theory at the American Marketing Association's Summer Educators Conference, Washington DC, US. Professor **Robert Kohn**, PhD candidate **Frederick Wong** and Chris Carter (Hong Kong University of Science and Technology), 'Efficient estimation of covariance selection models',

★ Faculty News

Harvard joins AGSM for memorial book

Associate professor **Robert Marks**, Dr **Robin Stonecash** and senior research associate **Paul Jensen** have obtained the agreement of Harvard University's professor Oliver Hart (chair of the department of economics) to co-edit a book on outsourcing theory and cases. Harvard's professor Andrei Schleifer also will contribute two chapters.

The book is planned as a tribute to the memory of the late professor Simon Domberger, who was a world-renowned scholar in the field of outsourcing. He served as professor of economics at both the AGSM and Sydney University's Graduate School of Business.

The business of world health

Professor **Lex Donaldson** has been invited to become a temporary adviser to the World Health Organisation (WHO). He will participate in a panel of experts on governance. The panel, which will focus on stewardship issues in health, will meet for two days in Geneva, working through the WHO's department of health financing and stewardship. Donaldson's published studies in corporate stewardship and the role of CEOs attracted the attention of researchers at the WHO and secured this highly-rated invitation.

Stanford panel

Professor **Donaldson** has also been invited to participate in a mini conference at Stanford University to mark the retirement of professor W.R. Scott, who is one of the world's leading contributors to organisational studies.

Back from Kellogg

Professor **Robert Wood** has returned to the AGSM after two years as a professor at Kellogg Graduate School of Management at Northwestern University in the US. Wood taught on the Kellogg MBA there, as well as continuing his PhD student supervision and conducting several research projects. While in the US, he gave invited presentations on his research at Carnegie Mellon, UCLA, Purdue, Michigan State, Washington, Maryland and Northwestern universities.

Industrial relations

Professor **Steve Frenkel** was the keynote speaker at an international conference, 'Globalisation and Transformation of Industrial Relations in the Asia-Pacific Region' in Taipei on 27–28 September.

Energy market research

Professor **Eddie Anderson** has returned to the AGSM after a six-month sabbatical. He spent his time at Cambridge University, where he was a visiting fellow at Clare College and a visitor at the Judge Institute of Management Studies. He completed a number of research papers, delivered eight lectures and gave several research seminars. His work focused on the behaviour of wholesale electricity markets, a topical issue in the face of worldwide market deregulation.

PHD News

David Chan has completed a three-month fellowship at IBM, New York, working on financial time series models.

Thai Doan Hoang Cau has taken up an internship with Snowy Hydro Trading to conduct research work on real market operations.

an invited presentation at the Annual Meeting of the American Statistical Association, 7 August 2001.

Dr **Peter Lok**, and M. Jones, 'Globalisation and management perceptions of corporate social responsibility: a comparative study', Hawaii Conference on Business, University of Hawaii at Manoa, Honolulu, pp.85-91, 14-17 June 2001.

Professor **Simon Sheather**, 'Using modern regression methods to predict wine quality', Annual Meeting of the American Statistical Association, Atlanta, Georgia, August 2001.

Dr **Robert Westwood**, 'Violent language: monstrous openings to organising beyond meaning' (with Steve Linstead) and 'Institutional violence: an autobiographical account', presented at the XIX International SCOS Conference - Organisations, Institutions and Violence, Trinity College, Dublin, 30 June to 4 July 2001; 'Shiny, happy people: or eros rampant - the systematic promotion of the positive and elision of the negative in western motivation theory', EGOS 17th Colloquium, Lyon, 5-8 July 2001; and 'Pratting about in the boardroom: corporate jesters and the humour of challenge, catharsis and recuperation', Critical Management Studies Conference, Manchester, 11-13 July 2001.

CONFERENCE PROCEEDINGS

Thai Doan Hoang Cau (PhD candidate) and R.J. Kaye (UNSW), 'Multiple distributed energy storage scheduling using constructive evolutionary programming' in *Proceedings of Power Industry Computer Applications (PICA) conference*, pp. 402-407, 20-24 May 2001.

OTHER PUBLICATIONS

Catrina Wallace (PhD candidate) and professor **Geoff Eagleson**, 'Working together: leadership and technology in call centres: Australia and New Zealand', ACA Research, Sydney, 2001. ☼

AGSM

EMBA

1999

Sue Tuffley has now moved into a regional role for Korn/Ferry International Futurestep - manager Asia-Pacific, learning and development. Together with **Tim Nelson** and **Nathan Smyth**, that makes three EMBA 1999 alumni from the same cohort in regional roles.

Eric Bardy returned to Australia recently from an assignment with Exxon Mobil Corporation in the US and has moved into the position of business development manager for Mobil Oil Australia's Adelaide refinery.

Matthew Dunstan, for the last year or so, has been leading a team of 20 people and working with another 40 to deliver a new portal sponsored by Brisbane City Council: ourbrisbane.com.

Matthew writes: "At the moment you can do most things you would find on any other portal like ninemsn, but the difference with this one is that it's Brisbane-specific and designed to foster the use of the Internet/e-commerce by the residents, community groups and businesses of Brisbane. It's the first portal of its type in Australia. In the near future, we will have things like free business directory listings and the ability to put catalogues up which allow users to search by suburb or by brand name. There is also going to be a very strong local community flavour to help people and their local businesses interact more. We're already working with various local trading associations to get their business community up and running.

"Brisbane City Council is investing about \$12 million a year in the initiative, which is projected to drive economic growth of around \$240 million in the city."

2000

Kate Gunton has left StrategicFM to join Integral Energy as manager, property services.

Craig MacPhee, together with his partner Tania, is busy planning their new business venture. MacPhee's, a specialised private wine cellarage and services business, will be launched later this year.

Craig Saphin has relocated with Electronics for Imaging KK from the Sydney office to Tokyo. Craig is senior director of sales, Asia-Pacific.

Michelle Robertson married Tony Wall at a service in Yallingup, on the south-west coast of WA, on 9 June 2001. They are now making plans to move to Perth, and are looking for opportunities in the West!

GCM

1999

Ward Roberts reports that he is no longer working as a manager at Telstra Corporation Limited, having accepted a job at TransACT Communications as workflow manager.

Also on the career front, **William Yeung** has taken up a position at Citibank Limited as assistant vice-president. Prior to this William was senior analyst at ABN AMRO Australia.

2000

Steve Laughton has left the comfort of salaried employment at CSR Limited and purchased a Mortgage Choice franchise. He's still in business eight months later thanks to the knowledge he gained from the GCM. E-mail him at steve.laughton@mortgagechoice.com.au.

MBA

1999

Celine Choi married Samson Yeung on 1 April 2000 and gave birth to baby Justin on 12 April 2001. He arrived at a whopping 7 lbs 4 oz!

2000

Tracey Coster is pleased to report that she and husband, Andrew Hogg, have just had a new addition to the family. Elizabeth Melanie was born on 7 July 2001.

UNSW

EMBA

1995

Ian Hodge is now director, sales operations at Epiphany Australia/New Zealand. Previously Ian was business unit director at SAP Australia.

1997

Greig Swebeck is now working as sales and marketing manager at BYNX Australia. Previously, Greig was in the same job role, but at International Decision Systems.

1998

Catherine Rusby reports that **Mark Prior (EMBA '95)**, **Vicki Papachristos (EMBA '95)** and herself have recently returned from a visit to Havana Cuba in order to celebrate Mark's 40th. Catherine writes, "A thorough study of Cuban refreshments and cigars was undertaken and are highly recommended ... well maybe not the cigars! We also enjoyed fabulous music and salsa dancing, and visited the many establishments in old Havana. Improvement opportunities exist for the local winemaking and customer service culture, however, this was not a serious issue!" Catherine is also now working as group and commerce manager at NRMA Insurance.

Peter Annear is working with Kayser Hosierey Australia - part of Pacific Brands within Pacific Dunlop (all soon to be sold, again!). Peter is IT manager and gun troubleshooter. He is married to Kerry, and they have a baby boy, Joseph Anthony Brancatisano

(Kelly's name, they tossed for it), born on Anzac Day, 25 April.

Boon Yap is director of APac BioMed Solutions, a consultancy in the biomedical industry, specialising in commercialisation of innovation and business development in the Asia-Pacific region. While in the US, she met former US president Bill Clinton in Washington, DC. See [alumni at large](#).

GMQ

1996

Irwin Hapiuk has just taken up a position as operations manager at FAL. Irwin was previously with Capral Aluminium Limited as WA state distribution manager.

MBA

1983

Gordon Ramsay has set up his own business as a specialist mentor to senior executives. Gordon says that he is "engaged in an immensely challenging role that I thoroughly enjoy". You may visit Gordon's Web site at www.gordonramsay.com.au.

Susan Silvan has retired from the Department of Public Works and Services after a long career in management positions in the architectural, construction and development areas. While contemplating what challenges she might tackle in the future, Susan has, among other activities, taken on the role of president of GRADS, a social club for single graduates over 45. The club seeks to provide a friendly environment for graduates to interact socially in a wide range of activities. If any alumni are interested in finding out more about this group, they can contact Susan by e-mail at: silvans@idx.com.au or sydneygrads@sia.net.au to receive a complimentary newsletter.

Peter Lim has left his position as systems engineer, public sector marketing at IBM World Trade Corporation and taken up a position at SAP Malaysia as senior director.

1985

Brett Nan-Tie is now working as director, The Roc Group. He was previously a principal at CSC Consulting.

1988

Michael O'Rourke, after a secondment last year to the Olympics, is back in Canberra with the Department of the Prime Minister and Cabinet (PM&C).

During his time with the Games, Michael helped to smooth communications between the State Government's Olympic Coordination Authority and SOCOG, which he says "were not always good".

At PM&C he has joined an interdepartmental team doing a "pricing review" of the department, working with or, perhaps, defending PM&C from officers of the Department of Finance and Administration. This will involve assessing both the cost and the price of the frank and fearless policy advice that PM&C always gives to federal ministers. Or as Michael translates it into AGSM-speak: "Net future value rather than net present value." E-mail:

michael.o'rourke@pmc.gov.au.

David Stephens has left Lend Lease in Boston, where he was heading an e-business incubator and being CEO of AECventure.com. He has joined Thomson Legal and Regulatory (TLR),

www.tlrg.com, still in Boston. He heads a strategy and corporate development team focused on international growth. TLR is the largest of four groups of the giant Thomson Corporation (www.thomson.com). Thomson has sales of US\$8 billion and a market capitalisation of over US\$25 billion. David, Sue, Ella and Clare will stay in Boston a little longer. He says he needs the extra time to get his skiing – both cross-country and

downhill – a little better.

Contact David at:

david_stephens@bigpond.com.

1997

Ian Littler, after three years in international strategy, now finds himself in the film industry. He will be in Mudgee until late October working on the latest Bill Bennett (*Kiss or Kill, In a Savage Land*) production called *Nugget*, starring Eric Bana. Ian writes that if anyone is in the neighbourhood they should drop by for a beer or some Mudgee wine. Contact Ian on Tel: 0410 330 559.

Daniel Saman reports that he is no longer with United Web. He is now working as market maker, FreeMarkets. Contact Daniel at: wujuiopin@yahoo.com.

1998

Jono Herrman reports that wife Caroline has given birth to their first child, Raphael, who was born on 25 May 2001. "All are doing fine."

ADP

1998

Cameron McLean has been appointed director, payment services, for eSign Australia, VeriSign's sole business affiliate in Australia and New Zealand. Previously he was director, business development, for MarketNet Corporation. VeriSign is the world's leading provider of Internet Trust Services, Internet Domain Name Services and Internet Payment Services. In his new role he will be responsible for the establishment of VeriSign's payment services business within this region.

Graham Oswin has moved on from his previous position at Boulderstone Hornibrook as construction manager to operations manager. Graham can be contacted at: goswin@bh.com.au.

USYD

MBA

1989

Brad Kay has just moved with his family from Melbourne to Washington, DC to open a US office for Redflex Communication Systems. Redflex manufactures communications systems for air traffic control, emergency centres and defence applications. Over the past three years Brad has developed export markets for the company in the Middle East, Mauritius, Fiji and the US. In this new role Brad will be seeking to develop significant business in North and South America.

1995

After completing his MBA, **Hemanta Mahanta** joined the Government of India as revenue officer. Hemanta writes that the management tools he has learnt are useful in many aspects of his life. Most importantly he has understood the concept of the service industry and image building.

Annette Quinn writes that aside from her day job, she is in the midst of setting up a Corporate Innovation and Venturing Society, which she plans to launch in conjunction with some very large companies in September 2001.

1997

After some time with Caltex Oil (Thailand), **Akavit Prayurasiddhi** has taken up a new position with Accenture as a consultant.

1998

Brian Kernick has recently been appointed senior executive at KPMG. Brian was previously development manager at APP Property. ☆

alumni at large

THE AGSM ALUMNI BULLETIN BOARD



Networker Jonathan Herrman.

Good connections

Jonathan Herrman (MBA '98) has been helping the entrepreneurial cause at the AGSM and encourages other alumni to do the same.

He's working with a group of AGSM MBA students and Computer Engineering and Science undergraduates from UNSW and the University of Sydney. Known as Connector, the program is designed to help student-entrepreneurs commercialise their ideas. Their annual Business Planning Competition offers \$39,000 in prize money, and this year they called on alumni to act as mentors for the teams. As a member of the alumni board who supports the School's entrepreneurial activities, Herrman volunteered to do the recruiting.

"It's been totally a networking process to find alumni who have the right skills and interests to help as mentors," he says. "Alumni are also volunteering to present at a business plan writing workshop on 13 September, participate in a November conference at the School and provide for summer internships in start-up environments. Alumni interested in any of these activities should e-mail me at: AGSM_eClub-owner@yahoo.com."

"Alumni should become involved in AGSM projects, so that the learning and friendships developed at the School do not become fading memories after graduation. Attending reunions and dinners goes a long way to maintaining this connection, but volunteering to mentor students is satisfying and creates real value for the students, the School and the alumni," says Herrman.

by John Hancock

Ideas dynamic

Executive mentor and author Margo Cairnes (MBA '86) has been included in the 2000 *Outstanding Intellectuals of the 21st Century*, published by the International Biographical Centre of Cambridge, England.

She is also profiled in *Who's Who in Business in Australia* and the *Marquis Who's Who in the World*. The IBC has also nominated her for its 21st Century Award for Outstanding Achievement in Organisational Transformation.

Through her company, The Change Dynamic (www.changedynamic.com), Cairnes helps multinationals like BP Oil, Mobil Oil Europe, BHP, Telstra and Chase AMP manage the turmoil of mergers, takeovers and dramatic turnarounds, "... anything that involves a big leap in performance and a rapid change at the same time". She is one of a handful of experts working as confidential mentors to world leaders and Fortune 500 CEOs.

She says, "For most people work is an emotionally and spiritually deadening experience. This makes neither human nor business sense. By going on a journey of self-



Executive mentor Margo Cairnes.

discovery and growth in relationships with people and the world around you, each one of us can use work as a place of spiritual and emotional growth and enrichment."

Playwright David Williamson acknowledged Margot's book, *Approaching the Corporate Heart* (Simon & Schuster, 1998) as the inspiration for his hit play *CorporateVibes*.

Cairnes is also the author of *Peaceful Chaos: The Art of Leadership in Time of Rapid Change* (Change Dynamic, 1992) and *Reaching for the Stars: The Politics and Process of Bringing Vision into Reality* (Change Dynamic, 1994). ★

by John Hancock



NICE NETWORKING

"Yes, he *is* charming," says **Boon Yap (EMBA '98)**, who met former US president, Bill Clinton in Washington, DC. Yap was on a business trip when she spotted Clinton at her hotel. What made her suggest a photo? "I guess I have an opportunistic nature, and as we were chatting it seemed natural," says Yap.

INVESTING IN LEADERSHIP: 2001 corporate scholarships

Several corporate sponsors of the AGSM support superior learning by offering scholarships to top students. Congratulations to this year's recipients.

IOLE D'ANGELO

The Booz•Allen Professional Advancement Scholarship

This \$21,000 scholarship is awarded to a first-year student in the full-time MBA program. Candidates must show both academic achievement and professional accomplishment, including how they have applied problem solving and team leadership skills to drive change in a major organisation.

"At Booz•Allen we think the most effective business leaders are those who not only have vision and courage themselves, but who also implement programs to make their organisations more visionary and courageous," says Chris Manning, principal.

Booz•Allen & Hamilton consults with the senior managements of leading industrial, financial, service and technology companies worldwide. It offers advanced strategic concepts, deep industry insight and strong capabilities in operations management and information technology. Over 7000 employees are based in more than 40 offices around the world, including Sydney, Melbourne, Wellington, Tokyo, Seoul, Shanghai, Hong Kong, Jakarta, Singapore, Bangkok, Mumbai and Abu Dhabi.

KAREN KAH LING KWAN

The Maurie Koop Scholarship

The Boston Consulting Group offers this \$21,000 scholarship to full-time MBA students at the AGSM. In addition to academic excellence and professional experience, the selectors look for candidates who have accomplished something they are proud of that falls outside of traditional measures of success.

The Boston Consulting Group has developed leading-edge business concepts like the experience curve and time-based competition. With 1500 consultants in 40 offices worldwide, BCG has worked with clients in every major industry.

BCG's David Pitman looks for young people who understand that "leadership is knowing when you've done enough analysis to make a decision".

ANGELA SEDRAN

Computer Associates Management Excellence Scholarship

Computer Associates provides \$21,000 to a first-year full-time MBA student from Australia



SCHOLARS (from left): Steve Steggerda, Peter Humphries, Sonia Prasad, Frances Yu, Harold Willaby, Iole D'Angelo and Hamish Findlater.

or New Zealand. In addition to academic criteria, the selectors consider how candidates interpret the proposition that, 'At Computer Associates, everyone runs their own business'.

Computer Associates is the world's fourth-largest computer software company. It develops and supports the software that manages e-business. CA's world-class software solutions address all aspects of e-business process, information and infrastructure management, with a focus on six key technology areas. Founded in 1976, CA serves organisations in more than 100 countries, including 99 per cent of Fortune 500 companies. For more information, visit: <http://ca.com>.

SONIA PRASAD

Deutsche Bank Scholarship for Developing Australian Women in Management

HAMISH FINDLATER and STEVE STEGGERDA

Deutsche Bank Scholarship for Developing Australian Management

Scholarships of \$10,500 are awarded to full-time MBA students with strong potential for future leadership roles. They are available to Australian citizens or permanent residents, and one is reserved for women. The selectors consider candidates' work experience and accomplishments outside of academic and professional life.

Deutsche Bank Group is one of the world's largest financial institutions and one

of Australia's largest asset managers with more than \$37 billion under management. They have conducted some of the country's most significant transactions, like Texas Utilities' \$1.1 billion acquisition of Westar-Kintec and the \$1.97 billion acquisition of Multinet-Ikon by Utilicorp-AMP.

FRANCES YU

A.T. Kearney Scholarship

The scholarship of \$21,000 is awarded to a first-year MBA student who exhibits exceptional team and interpersonal skills, demonstrated leadership ability, superior verbal and written communication skills, personal integrity and a record of achievement both within and outside of their business lives.

A.T. Kearney is one of the original management consulting firms, having worked for more than 70 per cent of the world's largest corporations. A.T. Kearney is a major sponsor of the AGSM and has several AGSM alumni serving as vice-presidents.

A.T. Kearney's Andrew Wilson (MBA '96) says, "We've seen business leadership shift from a more quantitative to a more qualitative approach. Today's young guns have a broader perspective ... they understand the organisation as patterns and interactions rather than just components."

Other corporate scholarship winners were: Harold Willaby (Bluefire Corporation) and Peter Humphries (McKinsey & Company). ☆



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