This issue of Templeton Views opens up a diversity of perspectives: social, personal, managerial and global. Their common theme, though, is challenge: challenge both in the sense of the crises that business and we as individuals face – but also, and more positively, the opportunities and solutions those dilemmas elicit.

We open with a variety of views on the ethical and governance challenges confronting business and finance, then extend the perspective to look at issues facing government and our communities and public services. In the second half of the magazine we turn more directly to management issues. Articles outline the thinking behind a range of imaginative new programmes on leadership development, scenario planning and high performance work practices and describe the latest developments in supply chain and retail management.

At the same time we keep an eye on the broader global scene – hearing how one of our executive alumni, Kanja Sesay, has been grappling with social catastrophe in Sierra Leone and of new approaches to globalisation and of the opportunities opening up in China.

Nearer home, Templeton is also facing new challenges and opportunities as a college. With the increase in our graduate student community, the arrival of the first executive MBA students and the continuing development of partnership with the Saïd Business School in the Oxford Executive Education initiative we are enjoying exciting times.

We also welcome a new Chairman, Richard Greenhalgh (interviewed on pages seven and eight) and bid farewell to our retiring President, Sir David Rowland. In the concluding article Sir David reveals his long perspective on the College. There can be no more fitting final message than his belief that ‘excellence is the only goal worth striving for’ and that with ‘staff of the highest quality and students of wonderful ability and flair, there is no limit to the achievement possible for tomorrow’.

Michael Earl
Viewpoint:
Testing the Limits of Tolerance

Sir Michael Perry CBE, Chairman, Centrica PLC

Businesses operate within a social context which provides implicit public consent for what they do. The trouble is its limits are constantly moving. We are going through such an accelerated process right now. The conduct of business is being seriously challenged, and with that challenge goes an ever-increasing demand for public accountability. When a gap opens up between practice and public consent, the state is tempted, or feels obliged, to intervene.

‘Corporate greed’ is probably the most frequently heard criticism. Directors of public companies are of course only a small part of a much wider issue, but a very visible part, because our compensation is published every year, and we have become a lighting conductor for much wider public unease. Do we deserve the public opprobrium that is constantly heaped upon us? Yes, I think we do – at least in some degree.

Some CEOs undoubtedly are greedy. Far too many remuneration committees bow to peer group pressure. We all wave our Towers-Perrin reports in the air, and announce indignantly that we have no choice but to maintain our position at the median, in the upper quartile, or whatever it may be: a rock-solid guarantee for inbuilt wage inflation.

Much of the problem has been caused by the advent of variable pay, and by the choice of criteria for pay awards. Striking a balance between executive, shareholder and public perception of performance remains elusive. ‘Fat cats’ is still how they see us.

‘Concentration and abuse of power’ is a second cause for erosion of public trust. Here I think we have a real dilemma. Great companies are built by great entrepreneurs. Names like Gates and Murdoch, Branson and Sorrell are just four on a long and distinguished list of corporate heroes. They took their own risks, with their own money to start with, and they succeeded. Their success enables them to do pretty much what they want, and their other shareholders (if they have any) are by and large grateful that they do. They are even permitted a little personal eccentricity – from balloon stunts to nepotism – after all they made all the money.

It’s not risk-takers we like, if we’re honest with ourselves, it’s successful risk-takers.

We wouldn’t dream of surrounding such people with externally imposed controls, checks and balances, other than the minimum necessary to demonstrate public accountability. Or would we?

Of course we would. Ask PIRC. It’s not power that has struck us in recent years, but abuse of power. Success that has gone to the head, ambition that just cannot be denied, flagrant excesses that have made the public’s stomach turn, gross mismanagement – we have seen them all. So now we’re in reaction.

It’s not risk-takers we like, if we’re honest with ourselves, it’s successful risk-takers. As investors we like predictability, not uncertainty. As members of society we think it’s better to limit power than to risk the abuse of power. Big corporate failures like Enron and Worldcom have us all running to constrain and limit future risk. The real question is: ‘do new requirements of corporate governance actually shake the very entrepreneurial spirit that breeds success?’ Do they help or hinder the creation of shareholder value?

If I run down the list of requirements in the heady cocktail of Sarbanes Oxley, Higgs, Smith, Tabaksblat and new combined codes, I see real cause for concern. Item for item it’s all very sensible, but there’s a real risk of burying wealth-creating entrepreneurial risk-taking in a mire of box-ticking bureaucracy.

Of course there should be proper separation of powers between chairman and CEO. Of course non-execs should be independent, well-informed and influential. Of course audit committees should be able to read a profit and loss account and a balance sheet. Of course markets should be told the truth and nothing but the truth.

But the central point remains this. When trust breaks down, governments and others feel obliged to intervene with a plethora of imposed checks and balances. But in reality only companies themselves can rebuild trust. It may only be a small minority of offenders, but the rest of us are tarred with the same brush.

We have to find a more proactive way of reminding and persuading people that despite occasional excesses, the western system of capitalism is not only the only survivor of all the models tried, but it is essentially good and beneficial. If we don’t do that our young lions will find themselves too hog-tied to build the great businesses of tomorrow.

An extract from the introductory talk by Sir Michael Perry at the Templeton CEO Dinner Discussion, ‘Corporate Governance and Shareholder Value’ on 11 November.
The CEO as Rock Star

Roger Parry traces the evolution of the chief executive

Before 1920, most companies started life as a family business where father was the boss. Many were built around an invention or a vision; many were built by one man acting on a personal mission.

As the founding families lost interest or ran out of suitable children they needed to find professional managers. Unlike today’s CEOs many of these professional administrators were simply paid a salary, albeit often a very generous one, for looking after the day-to-day affairs of the business.

After the Second World War, however, many big corporations started to get heavy with layers of management, and the suspicion grew that senior executives looked after themselves with feather-bedded expense accounts and corporate perks while shareholders were getting a raw deal. The stage was set for a more active management approach.

The notion of shareholder value took hold. Companies began to be run in a far more aggressive fashion. Shareholders wanted to see earnings and share prices grow. Business was under far more pressure to create value. The hostile takeover and the leveraged buyout entered the language as ways of removing underperforming complacent managers. Business leaders were expected to be radical and tough.

The CEOs who succeeded under these conditions got rich on options. But they were still, essentially, professional managers whose skill lay in building great businesses. If the stock market rose by five per cent a year and the star companies rose by ten per cent a year, the options became valuable and the manager became justly wealthy. The alignment with shareholders seemed close as both were focused on increasing the long-term value of the business reflected by the share price. However, with the advent of the 1990s bull market, that was about to change.

As stock markets kept booming, things started getting out of hand. When overall share prices went up year after year by double digits, people with large numbers of options started to make obscene amounts of money simply as a reward for just turning up. Even a below-average performance would produce a bonanza of option gains.

Even more worrying was that investors purchased shares not because of a deep understanding of an industry that led them to believe that a company was going to grow, but simply in the relief that the share price was going to keep rising because people liked the company’s ‘story’. Momentum investing was born. Companies and investors became more obsessed with news flow than with cash flow. By and large, the entire investment industry thrived on the boom. And the new breed of CEOs was at the heart of it.

The rise to prominence of the sell-side analysts – the stock pickers – who were in some ways specialist journalists, and the huge growth in the investment banking industry created a lust for deals. The bankers needed deals and the analysts needed heroes. They looked for charismatic, larger-than-life CEOs who were felt to add sizzle to a share price.

And when investors started to believe that CEOs as individuals could have a huge and immediate influence on the share price, the era of the CEO as a superstar came into its own. On the day that Michael Armstrong was announced as CEO of AT&T the market value went up by $3.8 billion and on the day that George Fisher was...

Dance of Death?

On 2 December Professor Charles Handy gave the 2003 Barclay Lecture at Templeton on ‘The Dance of Death: Can Capitalists Save Capitalism?’

Capitalism’s greatest problem, Professor Handy began, was the ‘arithmetic problem’ – the inequality to which it gives rise. Good at generating economic growth and wealth, it nevertheless opens up a gap between those who have a lot and those who have a little. The challenge is to reverse the arithmetic. But that is more easily done at the level of countries than within countries.

A related problem is the ‘calculus problem’ – of money acting as a substitute for direction and of providing the compensation for not making up your mind about what you really want to do. Then there is the problem of Chindogu – a Japanese word to describe trivial and unnecessary objects. ‘Capitalism generates a mass of chindogu and we need to rid ourselves of it.’

Business is becoming polarised into the ‘elephants’ – the giant multinationals – and the ‘fleas’ – the mass of freelances who serve them. Increasingly the ‘elephants’ are outsourcing functions and shedding workforces who try to become fleas. ‘“Fleadom” is wonderful if you have the assets, the markets for your skills and the courage,’ said Professor Handy, ‘but not that easy – especially those who had expected a career for life.’
announced as Kodak’s CEO its value leapt by $1.4 billion. Fortune looked at its own role in the star CEO phenomenon and reported that since 1986 it had put Bill Gates on the cover no fewer than 25 times and Jack Welch 13 times. The impression was given that corporate success was all down to one man or, very occasionally, woman. The era of CEO as rock star had arrived.

The problem got worse when CEOs started to believe their own publicity. CEOs became fabulously rich not through making great profits but by having a great story. Momentum investing meant that perceptions of future value became more important than actual performance. Ramping the share price by pumping quarterly earnings to drive the option value became, for many CEOs, the only objective. Long-term value was ignored; social responsibility and commercial integrity were denigrated.

Success was measured not in terms of being well paid but in making hundreds of millions of dollars in capital gains.

Now, the image of the CEO as heroic corporate titan has taken a substantial hit. CEOs have been seen on national television doing the ‘perp walk’ arraigned in handcuffs and prison uniforms as they stand accused of a wide range of corporate crimes as well as excess and hubris. The newspapers have enjoyed themselves.

On the great yardstick of the boom, EBITDA (Earnings Before Taxes, Depreciation and Amortisation), Warren Buffett commented it made him shudder. ‘It makes sense only if you think capital expenditures are funded by the tooth fairy. In hindsight some cynics now refer to the famous acronym as “Earnings Before I Tricked the Dumb Auditor.”’

EBITDA is in disgrace. Momentum investing has hit a wall. Audit reports are suspect. Sustainable growth in free cash flow combined with long-term strategic goals and social responsibility are the new orders. The new style is about balance, consistency and action management. The stock market slump, the dot.com implosion and various accounting scandals have taken the reputation of CEOs to an all-time low. But we cannot abolish the post.

Someone has to lead companies. What sort of person, though?

Roger Parry, a Templeton alumnus and member of the College Development Advisory Board, spoke on ‘The evolution of the role of the CEO’, at the 2003 Templeton Alumni Reunion. His book, ‘Enterprise’, from which this is an edited extract, was published last year by Profile Books.

Together these problems Handy characterised as ‘capitalism’s dance of death’. Capitalism depends on self interest. But there is also the morality of obligation, and a civilised society needs both. Capitalism brings choice but too much choice is confusing. We resort to ‘agents of choice’ but one cannot fully trust them because they too are pursuing the morality of self interest. The result is a vacuum of trust. In turn, this vacuum gives rise to a ghetto society.

‘We are getting very choosey about our neighbours,’ said Handy. ‘Increasingly we want to live in gated communities of people like us. If we cannot achieve that, we try to bring it about through the internet – creating electronic communities of choice. But how can you have sympathy for people that you never actually meet?’

The cumulative effect is a guilt gap – an uneasy sense of being in some way responsible but not able to do anything about it. But the guilt gap can be bridged. Government could do something to reverse the arithmetic problem, in particular to reverse the educational gap. The problem is that the appetite for education seems unlimited. How do governments fund this out of general taxation? One answer would be to put more resources into earlier rather than later stage education.

Business must ask what its purpose is and give people more of a chance to become themselves.

‘As individuals, we have got to take charge of our own lives in order to fulfil them,’ concluded Professor Handy. ‘We all at times have different lives and different personalities. Your duty is to bring yourself alive and then bring as much of that to the world as possible. A life not lived in the service of others is not worth living.’
Ethics as Competitive Edge

Ex-FT editor, Richard Lambert, believes financial services should invest in trust

For a long time I believed greater transparency and accountability would solve most of the world’s business problems. Corruption would die in the sunshine. But a few years ago I realised they were not having the desired effect. Growing volumes of disclosure covering just about everything in public life did not seem to be making the world any happier or more efficient.

So is this a counsel of despair? No. The people best placed to grab hold of the industry and attack the culture of suspicion are the leaders of the industry themselves, and there is a good chance that they will do so. There are many reasons for thinking that the industry may be at a tipping point.

The excesses now working their way through the system have their roots in the expansive business environment of the past decade. It’s going to pay people to be prudent, at least until the scars have healed. The dust is beginning to settle after the enormous explosions that have reshaped the City in the past 20 years. The period of consolidation in the securities industry is largely over, and in a more stable environment, it will make sense for companies to pay more attention to developing a cohesive corporate culture, and to building a corporate ethic. Recruits will be looking for some kind of a career structure. They’ll want to work for a firm they feel they can respect.

One of the few areas in the financial industry where growth is reasonably predictable is personal finance. By educating their customers, and providing them with simple and fairly priced products, companies will be able to seize one of the great business opportunities of the next decade. Companies are going to realise that trust is a competitive advantage.

The end of a financial bubble comes when it becomes most clear that ethical behaviour is not an optional extra but the glue that holds businesses together. As the City moves into a new and very different world, the most successful firms are going to discover that this sense of trust – carefully nurtured and built on a set of shared values and ethical practices – will turn out to be a real competitive advantage.

My final thought for the Financial Services Authority is this: make chief executives of financial services which misbehave pay a savage personal price. A system in which personal responsibility for the integrity of a company lies unequivocally in the hands of the person at the top will do more to change the behaviour of business than all the FSA fines and rule books put together!

Taken from a speech given at the symposium, Ethical Frameworks for Financial Services, sponsored by Standard Chartered Bank and held at Templeton on 21 November.

Having Their Pat Scott (Oxford Strategic Leadership Programme, 1989) thinks business and the City need to have a new direction

Marconi, the pensions crisis, public loss of confidence in financial services, lower R&D spend in 2000 than 1981, and a depressing list of companies where the accounts have been misleading or just plain wrong. Unfortunate coincidences? No! They are a symptom of something larger.

Let’s go back to basics. Managers of consistently successful companies develop their organisations to generate business in ways that benefit all stakeholders and the economy in general. Sometimes these companies require outside capital. At the same time investors seek to enjoy financial security and a decent standard of living when they can no longer work. Financial markets exist to bring these investors and companies together.

Since Big Bang we have seen a sea change in the way the City is managed. A good thing you might say. There is no room for amateurism in today’s complex markets. However, market players tend to focus on instruments rather than the underlying substance. League tables and short time frame reporting demands increase pressure to deliver performance quickly and consistently. Fund managers don’t always have the time to wait for good businesses to build slowly.

Neither do chief executives. With an average tenure of 4.2 years, and the need to be seen to perform, more rapid results are needed. So both bosses and the financial markets need faster results, and more often than not find them in transactions.

What’s wrong with that? Mergers and takeovers are good for business. They keep management on their toes and drive cost efficiency and global consolidation. The trouble is that,
firstly, we don’t do them very well. Over a dozen pieces of research show failure rates as high as 70 per cent. According to the FT, over half the deals done in 1999/2000 were already being undone in 2003! Secondly, with attention on transactions, the underlying business often gets neglected. Over time this leads to a rundown of the business – which itself becomes a takeover target!

All this results from two significant disconnections.

Short tenure chief executives tend to do things to rather than with the organisation. It’s easier and quicker to get improvements by cost cutting exercises and bringing in old colleagues and consultants to make them happen, rather than grow the business organically. Any growth that’s needed can come from acquisitions.

Equity fund managers’ actions have the most impact on the career of a chief executive. Investment decisions are made on expected share price movements rather than specifics of the underlying business. Fund managers are also disconnected from their clients. If they weren’t, we might not have seen some of the recent scandals, involving misleading analyst reports, investment trust cross-holdings and general mis-selling.

We have an informal system that has lost touch with what it was created for. The crises quoted earlier are just the tip of an iceberg of damage wreaked by the disconnections in the system. If they result in less real investment in industry, in more disenchantment with companies and investment managers, and a widening gap between ‘big bosses’ and their workforces, we will all suffer.

Solutions won’t come from self-regulation or single-issue committees set up to provide sticking plasters for specific problems. Real change will only happen when the regulatory environment encourages responsible investment behaviour and management. And, as pure market ideologists groan ‘Not more regulation’ I quote Adair Turner, that deregulation has become a dogma rather than a tool and that governments need to focus on the difficult things which we cannot rely on the private profit motive to achieve.

Rather than seek rigid answers, let’s just consider what objectives we might have if our society could marshal the will to declare the success of the industrial economy to be more important than narrow, vested interests.

We have an informal system that has lost touch with what it was created for

To create a more balanced economy, with attention paid to enterprises requiring consistently high investment in advanced knowledge, science and technology as well as in basic service and leisure based industries.

To re-create management and investment cultures that nurture and sustain high performing enterprises.

To develop an ample supply of top managers with deep business and organisation building skills, and a predominantly high knowledge – high skill, highly rewarded workforce.

If we agree about these important and balanced aims, ways and means might include:

– An environment that encourages investors (including fund managers) to focus on the long-term health of companies rather than short-term index related performance. Self-regulation will not do this as the system makes the punishments for ‘different’ behaviour far outweigh the possible rewards. An outside ‘shove’ will be needed.

– Real board transformation with non-executives with the time and motivation to fully understand the complex issues being presented to them and therefore able to challenge and support the executive management.

Finally, some real action is needed to educate a population increasingly responsible for its own long-term financial provision, so that they are able to make better decisions and be less vulnerable to financial services providers.

‘Having Their Cake … How the City and Big Bosses Are Consuming UK Business’ by Don Young and Pat Scott, has just been published by Kogan Page, price £17.99. To get a copy post-free, contact LBS on 01903 828503 or mailorders@lbsltd.co.uk, quoting MF 68.
Laid Back Leader

Templeton’s new Chairman, Richard Greenhalgh, Unilever’s UK Executive CEO is interviewed by Peter Snow

How do you see Templeton’s role?
You have got to see it in the context of Oxford Executive Education. SBS and Templeton are stronger together than apart. Their sites in the centre of Oxford and at Templeton offer a lot of advantages. If you go on an executive course you’re happier where you can park your car! That said, Oxford should be careful not to be driven by considerations of location and property. In business you should be driven by your brands, not your factories. Oxford with its huge academic leverage needs to have that sort of activity within it.

You’ve had a long and successful business career. What are the biggest changes you’ve seen?
The shift from believing that as a company you could do most things to realising that your capabilities are very much narrower. Take Unilever as an example: the business that I joined was a conglomerate: it is now a tightly focused group. We used to be in many different industries but then in the 1980s we decided to focus on a core number of these. In the 1990s we realised that we had far too many brands so we cut back and consolidated from around 1,600 to the 400 or so that we have today. We have also expanded into far more countries. So I have also seen the meteoric rise of the multinational.

You have strong views on globalisation, I believe?
I believe it has largely been positive as regards quality, price and choice. Globalisation is sometimes portrayed – most notably by Naomi Klein in her book, No Logo – as the removal of choice. I see no evidence of that. Take food – a field I know. Yes, people want to buy, say, Lipton tea around the world. But the types of blends that they are buying still differ significantly.

There are still plenty of local competitors. To give another example, the fastest growing market in my town is the farmers’ market.

What changes do you foresee for the future?
The emergence of China and India – then of Russia and Brazil and possibly South Africa – is going to have an enormous impact on the developed economies. We are going to lose from Europe and the US a large part of our manufacturing to China and of our services to India. Why I am passionate about globalisation is that – provided that tariff barriers come down in these countries – they also offer terrific opportunities.

But can our economies change fast enough?
The answer has to do with education, creating the right climate of enterprise and having a broad view of the world. I worry about companies whose horizons are limited to this country. There are even some multinationals that have pulled back to the UK. A lot of innovation will come from small businesses. But we are not good at converting these into middle-sized businesses.

I am hopeful that we are going to see a better relationship between business and government. The old battles – such as nationalisation – are behind us. We will see more partnerships. I think Blair’s policies are beginning to have an effect in education. In primary education we are succeeding but in secondary education we are only just starting and in higher education we still don’t know what we want to do next. It is terribly important that we get it right. Financially, the universities are in a sense living on borrowed time. At least the top-up fees debate has shown the public that more funds are needed.

Will business and education become more closely connected?
Yes, especially in the developed world where successful competencies are going to come from the successful application of knowledge. Businesses simply making widgets are going to find it very difficult. Those designing new widgets or, better still, finding an alternative to widgets altogether will have a place in the UK. I am concerned though, that we go can overboard in saying the role of education is to prepare people for business. You sometimes think, talking to government, that the purpose of education is to prepare people for work. The role of education is to prepare people for life generally and, within that, to prepare them for work.

And, in the face of these changes, how do you think Templeton’s role might evolve?
The implications for Templeton are interesting. There will be greater opportunities to work with organisations in India and China. There will be opportunities to work with small...
companies. And to work with the public sector (where our institutions still have some way to go) as a partner in leadership development.

As a CEO you have a distinctively ‘laid back’ management style. Do you think that CEO management styles generally need to change?

My wife and I regularly go for an evening meal at a pub in my Dorset village. About five years ago I was describing it to someone who worked for me. He asked: ‘What are you like there?’ I replied ‘Good, pretty relaxed.’ He then said: ‘Then why don’t you act like that at work? You can come across as being stiff, formal and cold.’ It must have taken considerable courage to say that, as he was a subordinate of mine, but he was spot-on. That shook me and made me entirely re-evaluate the way I behaved. I took on a management coach and went through all sorts of assessments – 360 degree feedback, etc. There seems to be a common phenomenon among CEOs – rottweiler at work and poodle at home. That is such a pity. I do think being yourself at all times is so important. There is something about organisations that makes people behave differently from what they are.

Another comment that had a big impact on me came from someone who had worked for me for years. He said: ‘In the time we have worked together I’ve taken many a problem to you, which you solved perfectly, but, you know, I always went away disappointed. I wanted to find the solutions myself, and you didn’t let me.’ That brought home to me that it is the job of a CEO to help people find answers, not just provide them.

Would you like to do some CEO coaching yourself at Templeton?

I’d love to – if it could be done. Leadership development has changed enormously but it still has a long way to go. At Unilever we have identified three things that produce effective leadership: skills, knowledge and personality. We think a lot about the first and second but too little about the last. But the thing that really makes a difference among leaders today is personality.

New Fellows

Loizos Heracleous

Dr Loizos Heracleous has been elected to a Fellowship in Strategy and Organisation and will take up his post at the beginning of November – but may well be evident in the College before then. Loizos, who says he considers himself ‘relatively international in outlook and understanding of the differences in cultures’, has lived and worked in five countries: Cyprus (where he was born), the UK, Ireland, Hong Kong and Singapore. After graduating with a first class honours degree at Lancaster, he did an MPhil and a doctorate at the Judge Institute, Cambridge University. Currently, he holds an Associate Professorship in Corporate Strategy at the National University of Singapore School of Business.

At Templeton Loizos has four goals. He would like to help in market development, by extending the College’s penetration, especially in Asia, and help create new programmes in areas such as organisational strategy and change and corporate governance. ‘I also have ideas for brand building,’ Loizos adds, pointing to his knowledge of marketing. ‘There is a lot more that could be done, without much additional outlay, to get our brand out.’

He would also like to contribute in strengthening our research profile. Loizos already has a wide range of books and articles, either published or in the pipeline. Some reflect his Asian experience, including a book of case studies on Asian business and an analysis of Singapore Airlines. His more theoretical interests centre on the link between language and organisational strategy and change. Influenced by linguists such as Benjamin Whorf, Loizos believes language ‘is not only an instrumental means of information transfer, but fundamental to the way we think and act’. But analysis is not enough in itself: ‘I am interested in sensitising leaders to the nuances of how people think and behave, helping them pay attention to language to diagnose organisational problems and to adapt or shift their “vocabulary” to bring about change and create a context for creativity.’

Jeff Sampler

Dr Jeff Sampler has been elected to a Fellowship in Management of Strategy and Technology at Templeton from the beginning of June but has already hit the ground running.

If the first thing that comes across from Jeff is his good-humoured approachability, the second is his passionate interest in the way IT is transforming the world in which we work and live.

The author, with Gary Hamel, of a much-quoted article in Fortune some years ago, ‘The E-Corporation’, Jeff is currently engaged in a range of books and articles. These include: IT Concepts for Business Leaders; ‘Competing in Turbulent Times: Ten Commandments for the Digital Age’, The Technology Peloton; and From Sand to Silicon: Lessons From Dubai in Creating an Entrepreneurial Region.

Currently lecturing at LBS, Jeff Sampler originally took a BSc in Computer Science at Texas A&M University, then worked for six years for IBM in the US and the UK. An MBA at Southern Methodist University in 1988 was followed by a doctorate at Pittsburgh University on the role of expertise and problem formulation in framing strategic information systems.

Jeff has already had exposure to executive education, working with companies such as Daimler Benz and several international financial service firms, but is especially looking forward to the opportunity of working alongside executives and organisations at Templeton.
Civic revolutionaries are renewing America’s roots, reports Douglas Henton (Oxford Strategic Leadership Programme, 2001)

America today faces both a crisis of confidence and a crisis of capacity in tackling its economic and social problems, while grappling with international challenges that include war and terrorism.

It is not the first time that the American people have felt restless and uneasy about losing touch with the fundamental principles of our republic. At the end of the nineteenth century, as we moved from an agricultural to an industrial era, dislocations caused by the rapid growth of cities and the economic decline of farms gave rise to populist and later progressive movements that influenced political thinking well into the middle of the twentieth century. In response, Theodore Roosevelt re-invented the national government and brought renewed leadership to the public sector to deal with abuses and ethical misconduct.

Sometimes wars such as the Revolutionary War, the Civil War, and the Vietnam War have helped mobilise the nation and bring forth new leaders. Economic crises and excesses can also spur change, such as the downturns of the late 1800s and 1930s, which stimulated new progressive movements. Demographic shifts and social forces can also stimulate change and helped give rise to the Civil Rights movement of the 1950s and 1960s and the women’s movement of the 1970s.

Today civic revolutionaries across the nation are igniting the passion for change in America’s communities. They are revolutionaries in that they are willing to experiment with new approaches to complex problems. Although their methods differ and the pace of change varies, their essential motivation is the same: a long-term commitment to fundamental change that improves the well-being of people and their communities.

The crucial interplay between economics and society is the arena for many of these experiments. They include the Chicago Metropolis 2020 program, aiming to secure the long-term well-being of the city; a constellation of community initiatives in Austin to foster local high tech activity; the Sierra Business Council, over 500 businesses in California’s Sierra Nevada working to balance regional economic development with environmental conservation; and San Antonio’s project QUEST to counter unemployment among its (largely Latino) workforce.

Perhaps the longest and most successful of these experiments has been in Tupelo, Mississippi. In 1940 it was the poorest county in the poorest state in the Union. By 1990 it had become the second richest county in the state. Education – leveraging its human ‘raw material’ – was always at the heart of Tupelo’s community initiatives. In turn, these worked by building a broad consensus and by being constantly adaptable. Rather than pursuing a strategy Tupelo has created a durable process for continuous re-invention. The upward mobility it has set in motion is a tribute to what such civic initiatives can achieve.

Our country’s founding generation grappled with a fundamental question: how to balance competing values in the birth of the first modern democracy. The task of every succeeding generation has been to revisit these values under changing conditions, within the framework of the nation’s guiding philosophy, and to try to reconcile them so that America can move forward. Following in their footsteps, we must recognise that the time has come for this generation of Americans to take its place as stewards of the American Experiment.

‘Civic Revolutionaries: Igniting the Passion for Change in America’s Communities’ by Douglas Henton, John Melville and Kim Walsh has just been published by Jossey Bass.
Re-Inventing Government Ten Years On

Keith Ruddle argues that leadership, not more initiatives, is the answer

Blair’s ministers in waiting famously spent eight weekends at Templeton College in 1995/96 looking at how to manage change once in government. I hope we made a difference! Other influences included the book Re-inventing Government published in 1993 by two American gurus, Osborne and Gaebler. Their mantra was ‘entrepreneurial government’: the centre sets and funds the ‘mission’, but solutions are driven by customers and generated by communities that are given the power and resources to act and innovate.

In 2003 Phil Collins and Liam Byrne at the Social Market Foundation (SMF) asked Templeton to host two events at which 40 public service leaders including head teachers, health managers, policy-makers and chief constables, assessed progress.

Since Labour’s 1997 victory there has been an inexorable march of modernisation and reorganisation initiatives. The public perception is of centralisation, an over-emphasis on targets, bureaucratic control – and a lack of real progress. But both SMF and I take a more optimistic view, as did many of the leaders who contributed to the events.

Centrally driven initiatives, often involving many government departments, have brought about change: examples include national numeracy and literacy programmes, Sure Start for children, and the New Deal welfare-to-work programme. At the same time ‘bottom up’ innovations involving a range of local parties can overcome problems and spark new solutions. Heads, governors and staff working together in local schools for real change is an example.

Osborne and Gaebler, however, left one big question hanging: what kind of leaders would be needed for the great revolution. Leaders would be needed who could not only embrace the new philosophies but grapple with the ambiguity of large and complex systems. But did these leaders exist or could they be developed?

I believe that, rather than leaders, ‘managers’ have been unleashed by New Labour, often creating an even worse bureaucratic nightmare. A memo asking for ‘all local mission statements to be sent to head office for review’ springs to mind. New Labour and the public services have countered this problem with a raft of programmes, institutes, academies, and agencies.

I worked in the Cabinet Office in 2000 looking at how to develop leadership ‘out in the system’ rather than in the hallowed corridors of Whitehall. My experience of working with local agencies on a future vision for my home market town in Oxfordshire has convinced me that collective leadership and a ‘can-do’ approach can overcome complexity and centralised mind-sets.

Public perception is of centralisation, over-emphasis on targets and a lack of real progress

So, we know what needs fixing, there has been progress and there are plenty of initiatives to move ‘Re-invention’ along. What lessons should the next government – Labour or Tory – take on board? At the root of poor progress lies a lack of understanding of effective leadership in complex systems. My experience in the Cabinet Office identified far too many solutions that required the centre to determine and act on the problem – rather than allowing the system the freedom to lead itself. Here are some pointers:

– We need to re-invent trust without losing accountability. In reality, as Onora O’Neill pointed out in her Reith Lectures (and at a recent Templeton College ethics symposium) detailed central targets (the favourite vehicle of the political manager) themselves undermine both trust and accountability.

– We need wise central control. Local freedom is often there but functions under constraint and receives wrong or discouraging signals. Local government Best Value programmes still have over 200 prescribed indicators in them. Primary health care trusts are great in principle but often too small to be effective. The Home Office wags its finger at police. Ofsted has gone over the top in criticising teachers.

Finally, we need a new kind of leadership at the centre. The Civil Service is struggling to reform but still needs to adopt a new kind of adaptive leadership that can work in context across the range of system. Almost certainly this will involve a switch to having far more leaders in the centre who have actually seen and felt the delivery of public services in the field.

‘Re-inventing Government – 10 Years On’, containing two chapters by Keith Ruddle, Fellow in Leadership, Organisation and Change, will be published by the SMF later this year (keith.ruddle@templeton.ox.ac.uk).
No Magic Targets
Sue Dopson finds that not all medical evidence is equal

For over five years I have been studying ‘knowledge’: what makes medical knowledge credible and therefore likely to be put into practice? What influences practitioners to take it up? And what is the role of the professional context in which practitioners operate?

In UK health care the diffusion of knowledge is both a growth area for research and – reflecting the push to apply ‘evidence-based medicine’ (EBM) to clinical practice – a key topic of policy debate. The EBM movement advocates that clinical practice be continually informed by robust research and is seen by many policy-makers, managers and clinicians as an important tool to make clinical practice more effective and better value for money.

I found that, although change was more likely when evidence was seen as strong, robustness of evidence was not in itself enough to ensure diffusion. Despite growing acceptance of evidence-based practice amongst clinicians, the relationship between the strength of evidence and changes in clinical behaviour was still weak.

It quickly became clear from my research that the production and interpretation of evidence is as much a social as a scientific process. There is no such thing as pure ‘evidence’, even within precise clinical boundaries, capable of scientific testing and proof.

I found there were ‘hierarchies’ of evidence. Some forms of evidence were considered by clinicians to be more valid than others. Randomised Controlled Trials (RCTs) were most frequently quoted by clinicians as the ‘gold standard’ of scientific evidence. But I found the different medical professions had hierarchies of their own. In addition, evidence is not equally available to all medical professions, being relatively scarcer for nurses and for professions allied to medicine like physiotherapy and speech therapy.

Generally, evidence was more powerful when it chimed with experience. In practice, medical behaviour is shaped as much by experience and peers as by scientific evidence from RCTs or other high quality studies. Since for many clinical professionals there remain vast ‘grey’ areas where only limited evidence is available, professionals rely on trusted colleagues for advice. Locally, medical professionals seek advice and support from colleagues to make changes in practice.

Professionals described to me how they selected mentors and advisors and how trust was built up. Doctors, it became clear, retain a high degree of professional autonomy and authority. Their opinion was more likely to be accepted unchallenged by other professionals and translated into organisational policy.

Professional boundaries can inhibit the free movement of knowledge. Knowledge is ‘viscous’ and does not readily flow across such boundaries. Historically, professions developed in different ways and over different periods. The educational preparation underpinning professions varies markedly and can result in members of different professions having different views about what makes evidence credible.

The role of clinical opinion leaders is complex and not always ‘positive’, in the...
The extent to which these new roles are welcomed by colleagues and public sees assistants. Is being dealt with by an assistant seen as ‘second best’ or does the user actually feel more comfortable? Assistants are more likely to be drawn from and reflect the local communities in which they work. In Tower Hamlets, over half the pupils have a Bangladeshi background and over a third of the teaching assistants are Bangladeshi. It is, however, a relationship that people should use a range of methods. The individuals and groups involved in changing clinical policy are part of highly complex networks and social relationships. It is hardly surprising, therefore, that there are no easy formulas for introducing evidence-based improvements into care. The complexity and variability of contexts means not only that there are no magic bullets but not even any magic targets.

Sue Dopson is Fellow in Organisational Behaviour. Her new book, ‘Getting Knowledge into Practice’, will be published by OUP later this year. (sue.dopson@templeton.ox.ac.uk).

Second, are assistants welcomed by teachers, nurses and social workers, freeing them to concentrate on core tasks or seen as threats to their professional identity and an additional managerial burden? In general, professionals welcome all the help they can get and are increasingly relying on assistants. It is, however, a relationship riven with tension. As one school head exclaimed ‘The teachers are the frustration. The single thing that always comes up for me is how on earth I am going to get teachers to recognise that teaching assistants can be trusted to deliver the curriculum.’

The final dilemma relates to how the public sees assistants. Is being dealt with by an assistant seen as ‘second best’ or does the user actually feel more comfortable? Assistants are more likely to be drawn from and reflect the local communities in which they work. In some of its schools teaching assistants are routinely referred to as ‘affa’ – Bangladeshi for ‘sister’. Clearly children in these schools see assistants in a very different light to teachers.

Assistants are a key part of the public sector workforce and their efficient management is crucial to improving public service performance. Templeton research aims to throw light on this important development.

Ian Kessler, Fellow in HRM, is working on a two-year ESRC-funded project on changing job roles in public services (ian.kessler@templeton.ox.ac.uk).
The Quiet Revolution

DPhil Students François Collet and Michael Smets chart the growth of Templeton’s graduate student community

Over the past four years Templeton’s graduate student community has experienced a quiet but spectacular explosion. Student numbers have increased from 36 in 2000/01 to 91 in 2004/04, counting MBAs, MScs, DPhils and the first EMBA intake (see below).

Until 2003 the graduate student community was split equally between MBA and research students, with an additional small cohort of MSc students. About half the students – mostly MSc and MBA students – lived on-site while most DPhil students lived off-site.

The rapid growth of the Templeton College student body over the last couple of years has opened up a whole array of new opportunities. On the positive side are the greater dynamism of a larger group and the greater variety of activities that becomes possible.

Templeton’s student community has now achieved a critical mass that allows for differentiation according to different interests without running the risk of becoming an anonymous crowd. Currently, students seem very well able to accommodate different styles of study and life as well as different interests in a harmonious fashion. In Templeton’s expanded graduate community students are more likely to find a match in terms of their studies, research interests and social life. In an academic community such as ours this fact is not simply about making social life more pleasant,

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Oxford’s New Executive MBA Students

January saw the launch of a major new initiative in management studies in Oxford – the foundation module of the Oxford Executive MBA. The new programme attracted a sizeable initial intake of 31 students. Over half come from outside the UK, and sectors such as IT, telecommunications, science enterprise, manufacturing, construction, finance and leisure are strongly represented in the group.

All are members of colleges throughout the university, 17 of them at Templeton. Here, three of the college’s new EMBA students introduce themselves.

Chris Fitch, Senior Manager, LEGO Company

‘It’s very important, with globalisation, to be sensitive to different cultures and able to navigate within them. Originally from the suburbs of New York I had an early desire to ’go international’ and immediately after my BA in Philosophy at Fordham I went to work in Denmark. With the Maastricht referendum at the top of the Danish political agenda, I became absorbed by European political dynamics and studied EU and US Competition Law at Copenhagen Business School before returning to the States to take an MA in Political Science, focusing on international affairs.

At the same time I continued my career. I’ve tried to collect tools and skills that might be useful in different contexts. After six years in biotech, pharmaceuticals and transportation, I moved to Accenture for five years before moving back into industry with LEGO in Denmark. Currently I’m on assignment to the UK, involved in a new venture for the company – the global launch of its LEGO Brand Stores.

So far I’m very pleased with Oxford’s EMBA. I like the approach of combining practical and theoretical and the wide range of backgrounds among the students. Before coming to Oxford, I’d also considered the added value that might come from College membership but I hadn’t fully grasped the importance of strong collegiate connections here. While it is early days, I’m hoping there will be advantages to being attached to Templeton, with its resources and business focus and the personal exposure it encourages with individuals in the business community.’

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but also about making academic work more productive.

Of particular importance, though, is student involvement in social life at Templeton. In a larger community not only does the work of organising events get spread more evenly and fairly but the span of activities becomes broader. This year, student activities have ranged from intensive rowing and well-received guest dinners to a musical trip to London and a college-wide squash tournament.

The squash tournament – involving students, staff, fellows, and friends of the College – illustrated particularly well the pervasive power an active graduate student body can exercise. An energetic and active student community seems to exercise a beneficial effect on the College community as a whole. The more active and diverse that community is, the more points of contact are generated, both academically and socially, with fellows and staff. Moreover, the positive attitude that the College takes towards its increased student body feeds back to the students and encourages even more activity, creating an ever-more vibrant College community.

The Egrove complex with its kitchens and common room is the hub of Templeton student social life. There, students have the chance to interact and forge networks and personal friendships. Student feed-back constantly highlights the very friendly and family-like Templeton atmosphere that makes students feel so much at home here.

Summer is the season when Egrove blossoms. By then students have settled in and can find time to join in sports and the other social activities for which Egrove provides ample facilities. The more leisurely can enjoy themselves over a pint of beer along the Thames or at an open-air barbeque. The more athletically-minded begin to train for Summer Eights as soon as temperatures rise. They meet people to discuss research and careers. In addition, students with particular interests can mix with students from other larger colleges or participate in university societies.

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Templeton Students Celebrate Venice Carnival Party

The two guest dinner officers, Stéphane Girod & Heather Hrousalas, capture the hijinks

The Venice Carnival Party at Templeton College, the first of a series of themed student festivities, was held on 13 February and was a fantastic success. Never had the turn-out for a student event been so high – more than 150 guests and tens of people on our waiting lists – or the guests so elegantly and amazingly costumed!

The costume competition was hotly disputed. Our three jurors, Templeton MBA students Fabrizio Giordano, Denise Au Yeung and Ralitza Hristov, were hard pressed to choose the three best costumes of the night since so many of the participants clearly deserved an award. Finally, after much heart-searching the first prize was awarded to Megan Moore and Johannes Becker (Templeton’s Junior Dean) who appeared in a co-ordinated and very elegant 18th century nobleman’s suit. They each received a bottle of Asti Spumante, kindly donated by the Italian wine merchant Wine Square, and a distinguished Egrovius diploma drawn up by one of our leading doctoral students, Andromache Athanasopoulou.

For pre-dinner cocktails, guests gathered around a huge Venetian or Byzantine-type tent erected in the Norman Leyland Information Centre. This tent, made of colourful ribbons and decorated with fine accessories and fabrics, was specially created by Tim Royal, Templeton’s Hotel Services Manager, and his catering staff for the occasion. Vivid lights flashed during the

On the negative side, however, there are still some challenges that the College has to meet if it is to sustain current momentum. The Templeton graduate student community is now dominated by students on one-year as opposed to longer-term courses. In 2003, only a quarter of students lived on-site, and Egrove – numerically at least – can no longer be called the centre of gravity of the student community. A significant proportion of MSc and MBA students live off-site in private accommodation scattered around Oxford.

Accommodation is an issue of utmost importance, as it is the source of many of the social barriers currently experienced by students. The problems that shortage of accommodation brings are aggravated in Templeton’s case by the fact that a large majority of its students come to Oxford from overseas and only for one year. The pressure to get settled in quickly and the lack of opportunity to browse extensively in the local real estate market can make accommodation a major headache for Templeton’s students. In extreme cases, students can spend much of their first term moving from one place to another in search of an acceptable flat. To remedy the problem of students worrying more about their accommodation than about their studies, the College is planning to sub-let property in town.

That, however, can only be a mid-range solution. While small clusters of Templeton students living in different Oxford neighbourhoods will allow some form of social get-together, they can

Quiet Revolution continued ...
whole hour, heightening the aesthetic impact of the amazing costumes.

A marvellous dinner followed. Exquisite Italian food and wines were served, chosen by Templeton’s chef Darren Lomas with the help of Nicoletta Occhiocupo, a visiting DPhil student from Parma University who was nominated our gastronomy-delegate for the event. The unique atmosphere was enhanced by hundreds of candles on the tables and in the lounges (electricity was totally banned) and by the rhythm and sounds of the best European baroque music. In keeping with the occasion Linda, Mandy and the dining staff were dressed in black and white harlequins and served the guests wearing beautiful masks.

All guests then moved to the graduate common room for a wild dancing party which raged until three in the morning. There they were regaled with even more liquor and special confectionery and nougats donated and specially shipped from Italy by the Leaf/Sperlari group.

Great moments not only strengthen the bonds of our student community at Templeton but keep a warm place in our memories. Let’s hope that the Venice Carnival Party becomes an annual tradition at Templeton and pencil a second one into our diaries for next year …

Heather Hrousalas and Stéphane Girod

Student News

- Michael Gestrin (DPhil) has been promoted to Senior Economist of the Investment Division of the OECD
- DPhil students, Samantha Fairclough and Michael Smets, have been awarded scholarships of the Clifford Chance Centre for the Management of Professional Service Firms at Said Business School
- A paper, ‘Investing in Politically Unstable Countries: A Real Options Approach’ by DPhil student, Alina Kudina, has been accepted for the 2004 Academy of Management meeting in New Orleans.
- Stéphane Girod has been awarded an ESRC fee scholarship to support the completion of his DPhil.
New Commissioned Programmes

Standard Chartered Bank Programme

Hard on the heels of the leadership workshops successfully created for the Standard Chartered Bank, OEE is developing a series of week-long general management programmes for the Bank. ‘This new programme will target SCB’s middle managers,’ explains Ron Emerson, the Associate Fellow of Templeton, who co-directs the programme along with Kunal Basu, Fellow in Strategic Marketing. ‘More functional and topic-based than the original programmes, they will aim to link theory to practice.’ The first programme, attended by 34 participants from some 12 countries, was held on 22–27 February and will be followed by a second programme on 6–11 June.

O2 Calls on Templeton

Templeton has won a major new executive development contract from O2, the mobile phone company that, following its spin-out from BT, has become one of the UK’s leading international operators. The College has crafted for the company’s top 100 managers an integrated ‘development experience’ with a highly innovative structure. Over six months cadres of 25 will progress through three residential modules – the ‘Informed Leader’, the ‘Bold Leader’ and the ‘Inspirational Leader’ – which will be combined with a range of executive projects and away-day presentations. The programme will be directed by David Feeny, Fellow in Information Management.

The RWE Innogy Oxford Leadership Programme at Templeton

David Pendleton describes an innovative company programme

How does the management team of a newly formed company create confidence in the City and among its own people? How does it honour its past while avoiding the mistakes that were only too evident in its immediate predecessor? How does it create a coherent strategy for itself when it knows that the market is in a mess and in need of considerable consolidation? These were some of the challenges facing Innogy when it was de-merged from National Power in 2001.

Innogy is the UK power company now owned by RWE of Germany. When this story began, it was an independent FTSE100 company that had just emerged as a company in its own right upon the de-merger of National Power. National Power had been criticised in the City for lacking direction and a coherent strategy. Innogy’s newly formed management team were determined not to be in the same position and had concentrated on a strategy to exploit its vertical integration. Dr Brian Count, who became the company’s CEO, was passionate about it:

‘I was a member of the National Power management team and when I saw the company criticised in the press, it hurt. Innogy is never going to be in that position. We are going to lead this company more effectively.’

He set about creating a management team that was focused, strong and fiercely determined. He charged me with the task of developing a leadership cadre that would take the company forward: working within the devolved organisation structure that he had created and yet binding the company together at the top through values, common purpose and shared ideas about leadership. We focused on developing the top 150.

The research we examined demonstrated the powerful effect that leadership could have on the bottom line results of a company. The effect was not direct, but mediated through its impact on the culture and climate of the organisation. The leaders had to create the conditions in which everyone chose to give more of their discretionary effort, and hence to maximise productivity. We considered that these conditions were best created when leaders put into place five basic elements. These were summarised in five verbs:

- Inspire: build a powerful vision and create confidence, trust and commitment
- Focus: translate the vision into effective strategy, plans, objectives and priorities
- Enable: ensure people have the mandate, skills and resources they need
- Reward: leave no-one in any doubt about their performance, celebrating successes and dealing effectively with performance that falls short of requirements
- Learn: create a learning ethos at all levels and avoid blame.

The management team signed up to this approach and we searched for a development partner: a business school that could work with these ideas and go beyond them. We considered and spoke to several, but we ended up with Templeton. Their approach to leader development seemed to us to be unique.
Templeton’s approach to leader development stemmed from a powerful conviction born of both academic rigour and deep personal experience. The pervading view seemed to be that leadership was hard to reduce to a formula or even to a set of principles. It was based on insight.

The leadership literature was littered with attempts to encapsulate leadership that only seemed to trivialise it. Instead, what was required was the bringing together of management science and the arts into a more human description of leadership. Richard Marshall, then an Associate Fellow of Templeton before his untimely death, put it like this ‘Great leaders seem able to capture and work with the spirit of their times. The study of leadership and its development in organisations needs a language that is richer than that of traditional business school teaching.’

Templeton brought together experts from three domains to shed light on leadership. They offered world-class business school faculty, experienced managers and consultants, and remarkably talented exponents of the arts: poetry, drama and music. These elements could so easily have produced a disjointed and pretentious confusion of styles, approaches and insights but they did not. Remarkably, they produced an exciting blend of perspectives that shed warm and rich light on the subject.

Alongside sessions devoted to strategy, leadership of change, scenario planning and forms of association between organisations, Templeton provided opportunities to learn about leadership from more unexpected sources. Richard Olivier taught about inspirational leadership from Shakespeare’s Henry V, David Whyte used poetry to encourage authenticity in our leaders, and Harald Knudsen used the metaphor of jazz to teach about bringing together disparate elements, within a clear and agreed framework, to produce a context for extraordinary achievement.

Perhaps more importantly, these multiple perspectives reached everyone who came on the courses since there was something for everyone, irrespective of their preferred learning style. One delegate, Yvonne Constance, who had been a non-executive director of Innogy before its takeover by RWE and still chaired its social responsibility committee, said: ‘The course took me to places I didn’t know existed.’

Since the programme has now ended, we look for evidence of its legacy. We see a leadership cadre brimming with confidence, a network that extends between all the Innogy companies and into Thames Water (RWE’s other UK acquisition) and into RWE itself. We hear the language of courageous conversations and we see ad hoc groups of leaders beginning to tackle issues without needing to be asked to do so. We see people seeking, in the words of George Bernard Shaw, to be used for a purpose they perceive as a mighty one.

‘Being back in Oxford was like a meeting of old friends, with participants flying in from all around the world, getting together in the common room to report on how they were progressing with their projects and anticipating the work of the next few days. The participants brought some great experience to bear, as did many others – Templeton’s Fellow in Organisational Behaviour, Keith Grint with his enormously wide-ranging analysis of research into change and leadership; executives who have run major operations for top companies; coaches with long experience of advising senior managers; and consultants who’ve carried out change assignments for blue chip companies around the world. All joined together to explore what leadership under conditions of change means. Most thought-provoking of all perhaps was the session on complex adaptive systems.’

Participant, Jason Sheper, comments:

‘The programme provides a lot of imaginative ways to understand and manage change. To do so, it asks some very fundamental and searching questions about what change actually is. In order to deliver answers to those questions it has to be soul-searching and reflective and raise even more questions in our minds. And it definitely does all of those things.’
Safe Area for Action

Rafael Ramírez on the background behind the new Oxford Introduction to Scenarios Programme

A work that deeply affected how I work is *The Social Engagement of Social Science*. This trilogy, co-edited by my mentor Eric Trist, traces the efforts of Tavistock Institute researchers and the many others with whom they collaborated, to apply social science to intractable social problems. While this laudable purpose sounds obvious, it is bedevilled with obstacles.

The first is that intractable social problems do not come in pre-defined packages. They do not fit the ‘discipline-based’ organisation of knowledge that social science has generated. Venezuela today, for example, does not really suffer from an ‘economic’ problem, nor does it have a ‘sociological’, a ‘social psychological’, a ‘cultural’ or a ‘political’ problem. Each social science discipline only highlights aspects of the mess Venezuela is in, just as a projector on a dark stage highlights (from its own angle, with its own light and power) only a particular aspect of a scene.

To interpret such problems entirely in terms of a single discipline is to reduce them into the proverbial nail which the hammer-discipline can then deal with. Instead, a ‘conversation’ among disciplines is needed. Yet in many places – but not Templeton College! – straying from your discipline is the academic equivalent of committing hara-kiri.

The second difficulty is that the researcher’s detachment from a situation like Venezuela’s will not automatically help that country or any of its citizens. Yet the detached research ideal that social science enshrines is deeply embedded in the values it has acquired from natural science. These include the requirement to keep oneself value-free and at arm’s length from what is being studied in order to obtain ‘objectivity’. Engaging with complex social problems demands a deep re-examination of social science practice and principle.

To help people and organisations tackle ill-defined problems, it is simply impossible to remain detached. Instead, one must engage with people. Success cannot be solely based on ‘statistically significant’ results of ‘representative samples’, checked by peer reviews – though such considerations can, and do help, engagement to become more rigorous. To succeed, these traditional social science practices must be pursued within a broader framework. Success results from re-perception. And the new perceptual map actually changes the landscape, as another

Intangible Assets

Marc Thompson argues we should be competing through people

Thirty-two per cent of the market value of the top 500 US firms in 1982 was estimated to be ‘intangible assets’ – the intellectual and human capital that an organisation creates and possesses. By 2001, according to data from the National Bureau of Economic Research, it had rocketed to more than 85 per cent. While we can argue about what is meant by the ‘knowledge economy’, these data indicate that something quite extraordinary is affecting how firms create value.

This dramatic rise in the value of intangibles highlights the importance of understanding how firms can develop such value. Increasing numbers of researchers and business theorists are expressing interest in the role of internal and external relationships in creating value – what has been called the ‘relational wealth’ or ‘relational assets’ of the corporation.

Such wealth is a product of how well an organisation manages both its internal relationships with employees *and* its external alliances and reputation. Competence in managing relationships is increasingly seen as central to competitive advantage. An example is the pharmaceutical sector where the complexity of problems is encouraging more and more firms to enter into alliances in order to create new products and services. It has been estimated that 40 per cent of all future value in the pharmaceutical sector will be the result of alliances, often between big pharmaceutical and smaller bio-tech firms. However, it seems as much as 70 per cent of these alliances do not deliver successfully.

The third difficulty has to do with learning. People in situations like Venezuela’s have to learn to get out of them, and social science must, and can, help them do so. But learning involves accepting error, demonstrating the mismatch between outcome and expectation and developing ways to avoid it. Acknowledging error is risky in the best of times (it can destroy your professional reputation!) but truly dangerous in messy social conditions. One solution is to shift the problems into a safe area – the future – and deal with them as possibilities, with no blame attached.

Scenario planning, therefore, is one way of getting social science actually to engage with the issues that affect us. It is not only a technique but also a way of thinking and practising social science:

- Scenario planning constructively disturbs a system in ways that help us understand how it is – or could become – stuck.
- Scenario planning fosters a ‘conversation’ among disciplines (and among functions and professions and other forms of expertise) that is truly strategic, in the sense that it helps people and organisations better address the future.
- It enables those who can influence a mess to re-perceive it and understand its context.
- It places issues in the safety of the future but it brings the common ground created there back to the present. This enables failures of judgement that would otherwise remain skillfully hidden to emerge and be addressed.

This new introductory course is part of a much wider effort at Templeton to apply futurising to the problems among organisations and the problems of individuals in organisations. It represents a first step, but there will be more. Watch this (safe) space!

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Programme details: www.execed.oxford.edu

Relationship failures can be costly. For example, the poor quality of Firestone’s off-road SUV tyres (which led to large compensation claims and a mass recall of all tyres) has been directly linked to strikes and poor employee relations at its main plant. Shell’s relationship with the investment community has been damaged because of late revelations about the scale of its estimates of oil reserves. Relationships matter and, if badly managed, can seriously damage wealth creation.

So how do firms build their relational wealth? At Templeton College, we have been grappling with these issues over a number of years in our teaching and research. Janine Nahapiet, Fellow in Strategic Management, has developed a model which shows how the quality of relationships – ‘social capital’ – can contribute to the creation of intellectual capital in firms. As Senior Research Fellow in Employee Relations, I have been investigating how the quality of the employment relationship influences knowledge creation amongst R&D scientists and engineers. David Feeny, Fellow in Information Management, has been exploring how the quality of outsourcing relationships in HR and IT contribute to value creation, and Ian Kessler, Fellow in Human Resource Management, has identified some of the factors enabling high quality employment relationships to be built in the public services area.

In the course of these activities it became clear to us there was an important role to be played by senior line managers and in particular HR leaders in building the organisational structure, systems and processes that create social capital. The challenge now is to get this knowledge into practice. Consequently, we are launching in June a new open programme with Cornell University’s Centre for Advanced Human Resource Studies (CAHRS) called ‘Competing Through People’.

This new programme grew out of conversations I had been having with both Professor Scott Snell and Professor Patrick Wright of CAHRS over the last year about Strategic HRM, in particular the slow diffusion of high performance work systems despite strong evidence of their positive bottom-line impact. We felt that there was a golden opportunity to start working with leaders of organisations to understand how value creation can be driven by successful people management strategies.

Marc Thompson is Senior Research Fellow in Employee Relations and director of Competing Through People (marc.thompson@templeton.ox.ac.uk).

Programme details: www.execed.oxford.edu
I was up-country when renegade soldiers in the national army launched their coup in 1997. I managed to get across the border into Guinea, where I spent nine months as part of the internationally acknowledged government-in-exile, then returned to resume my duties as head of the Commission responsible for resettling the two million or more people displaced by the civil war. That task is now coming to an end, but we are still faced with repatriating refugees and rebuilding the social and economic infrastructure.

The scars of war still hurt, physically and emotionally. Changing minds – that is the challenge. You have boys and girls who were conscripted into the rebel movement since the age of five and knew only war. Then you have the maimed – the hundred thousand, among whom were those who had their limbs amputated as a terror tactic. How do you get those people to forget and forgive? The only way we can forge ahead is through reconciliation. We have established a Truth & Reconciliation Commission on the South African model and a special court to try those who bear the greatest responsibility for the war, thereby facilitating sustainable peace in the country.

Economic empowerment is also crucial. If the possibility exists of taking care of your basic needs and look after your family, then it is easier for your wounds to heal. But many of our able-bodied young men are dead. So, among other things, we have set up a micro-credit scheme for female heads of households to enable them to look after their families.

When you see the worst you also see the best

My career began in 1980 as a newly graduated student in modern history. Graduates were expected to teach for a period: it was a bit like national service. But to me it felt like a waiting room. I taught for two years, then got out and joined the Catholic Relief Service (CRS) as a projects officer. While with the CRS, I did a master’s degree in Development Studies in The Hague, and then in 1986, set up a local NGO, the Association for Rural Development.

But then the civil war broke out in 1991 and proceeded to rip Sierra Leone apart. To cope with the displacement that resulted, the newly elected government of President Ahmad Tejan Kabbah established the Ministry of Reconstruction, Resettlement and Rehabilitation in 1996 and I was appointed Deputy Minister. We functioned as best as we could for about a year, before the renegade soldiers launched their coup and pushed Sierra Leone to a whole new pitch of social disintegration.

Now we are making progress. There are still problems but at least they are not leading to violence. I think that from the feedback we are getting, we have done well in NaCSA. But I have never had any formal training in management or leadership – that is why I came to Templeton. I wanted to rationalise the things that I had been doing right and identify those that I was not doing well – or not doing at all.

Kunal Basu, the AMP programme director, asked participants at the outset to identify the key challenges confronting them at work. I explained that I was facing two mega-challenges. The first was to maintain the high level of trust that we had managed to engender in our three main constituencies – the people who are beneficiaries of our work, the Sierra Leone government and the international donors (90 per cent of our funds are from outside sources).

Secondly, we have achieved some of the significant successes, which observers have credit me with. But I know that I have benefited from a very competent, highly motivated team. So the other challenge was to sustain that
team spirit – that hard work and motivation – by developing my own leadership skills. I wanted not only to run an effective organisation but also to provide leadership and inspiration.

As part of this I wanted a chance to think strategically about NaCSA’s role and its relationships. Given the scale of the crisis with which it was grappling, NaCSA was deliberately taken out of the bureaucratic system and did not have to go through normal governmental channels. For the disaster-hit people it served almost as a whole government in itself. But when NaCSA is disbanded, say in five years, and its functions go back to the ministries and district councils, I need to think how best its type of work can be continued, either by specialist projects or helping build capacity across departments or some other leadership role.

I have seen some very terrible things since 1996 but I don’t feel any hopelessness or despair. We have a committed leadership, and I have a feeling that the country will turn itself round economically. My faith in human nature – in its capacity for forgiveness and self-renewal – remains unshaken. Oddly, when you see the worst you also see the best. I have witnessed in our internally displaced camps, for instance, amputees meeting face-to-face – and then having to live alongside – those who had hacked off their limbs and somehow managing to put the horror behind them and forgive their attackers. And my experiences have also reinforced my belief in education. Our situation has a lot to do with ignorance. The young rebels were hoodwinked and brainwashed. It is only when people are illiterate and cannot define their priorities for themselves that they get taken for a ride by the unscrupulous and cruel.

Oddly enough, it is the little things that upset me now. I get easily irritated if I hear someone making a fuss about an ordinary everyday problem like a broken-down car. Given the scale of the horrors that I have seen it all seems so trivial. The resilience, adaptability and hope of our long-suffering people should guide our every action.

Out of Africa

The sub-text of the most recent AMP was undoubtedly Africa.

In the most recent programme 65 per cent of participants came from that continent, including Michael Gondwe, President of the Eastern & South African Trade & Development Bank, and Abdul-Kader Mohamed, Chief Development Officer of the Development Bank of Southern Africa. Its content, including its talks by Oxford experts, had a strongly African orientation.

Chris Adam, Lecturer in Development Economics at Oxford, in his lecture, ‘The quiet revolution: the re-engineering of economic management in Africa’, highlighted some promising developments. Per capita income growth in the countries targeted by poverty reduction programmes has almost doubled in the last 20 years. Average inflation is down from 25 per cent in the early 1990s to below five per cent. And private investors are noticing the change. Looking at country risk ratings, countries like Ghana, Mozambique, Tanzania and Zambia have significantly improved their positions. Uganda in the last ten years, said Adam, ‘has in growth been one of the world’s most successful economies’.

International trading conditions are not responsible – if anything they have become increasingly unfavourable. The root cause is better budgetary and fiscal policy: Uganda in particular ‘has gone to the edge of the cliff, taken courageous macro-economic decisions and flown’. There has also been a welcome decline in ‘clientism’ – the propping up of politically useful regimes even if they are economic basket cases.

But African countries remain well down the world income ladder. Even if they maintain current growth it will be two generations before they catch up with other developing countries. And many countries will not stay the course. It has been calculated that fiscally stable regimes among low income countries last on average little over two years. So far, in terms of the international economy, Africa’s growth has been about ‘getting to the frontier’.

Going further will mean more private investment from abroad.

Aid flows are high and rising, accounting on average for over half of government spending among southern African countries. Aid has got a lot to answer for. It distorts economies, creates dependency and is fickle and volatile. But we should not be too hard on aid, said Adam. The issue is not its volume but its delivery. It should go had-in-hand with donor trade liberalisation. The way forward is ‘a judicious combination of aid and engagement to lock in good fiscal policy, stabilise the political economy and increase returns on private investment’.

Post-lecture debate ranged across competition to Africa from Eastern Europe, African investment prospects among the cash-rich Asian NICs and the pivotal role of South Africa. ‘We must tackle our own problems,’ said Michael Gondwe after the lectures. To progress economically, Africa has to set its own house in order regarding issues of governance, democracy, human rights and corruption.

AMP’s director, Kunal Basu, chipped in: ‘And Africa must promote Brand Africa. Who, 20 years ago, would have been interested in what was going in little Asian countries? Now there is great interest everywhere – and the same could happen in Africa.’
The Myth of Globalisation

Globalisation, as commonly understood, is a myth. Far from taking place in a single global market, business activity by most large multinationals takes place within any one of the world’s three great regional blocks – North America, Europe and Asia-Pacific.

Of the world’s largest 500 multinationals in 2000, 430 were in the US, the EU and Japan, and only a handful – nine by my definition were truly global. These took at least a fifth of their sales from each of the three regions but less than half from any one region. Most – 320 out of 380 – were stay-at-home multinationals, deriving four-fifths of their sales from their home regions.

There is no discernible trend towards either global branding or standardisation. Only a few multinational brands, with Coca-Cola leading the way, are global. Even McDonalds is bi-regional, not global. In terms of the value chain, a few multinationals source offshore. Nike has 99 per cent of its production outside of the United States, almost all of it in South East Asia. Yet its brand name drives sales on a regional basis: most of its sales in North America and Europe.

International manufacturing is dominated by large multinationals in location-bound clusters. The best example is the automobile industry. The data on foreign sales of the world’s largest automobile multinationals shows that the majority of these sales were made in their home regions. GM had 81 per cent of its sales in North America, Ford has 61 per cent. BMW and VW made most of their sales in Europe. Assembly and production of vehicles, however, is generally carried out regionally in each market served.

The service sectors are even more regional. In retail, only one of the largest 49 retail firms was global – LVMH. In banking, all the companies had the vast majority of their assets in their home regions. Citigroup had 80 per cent of its assets in North America. Insurance is even more local. Even knowledge-intensive services industries are largely local. For example, professional service firms are located locally with partners largely immobile and their networks, at best, regionally-based.

Most R&D is undertaken by the world’s largest 500 multinationals in their backyards. Patents, for instance, are registered in local regions. Active Regional multinationals are the new reality, believes Alan Rugman

It is possible that the ‘back end’ production of the value chain is more globalised than the ‘front end’ of sales. However, even there we find a picture of regionally-based production clusters and networks similar to the automobile sector. Only in electronics is production likely to be globalised, as transportation costs are low relative to assembly. Otherwise, production in chemicals, resources and services is likely to be highly localised. In retailing, a few multinationals, such as Nike and Wal-Mart, outsource a significant part of their products from other regions but, again, most production is localised in order to address national preferences.

All of this has major implications for business. Managers need to design regional strategies, not global ones. Only in a few sectors does a global strategy make sense. For most other sectors strategies of national responsiveness are required.

However, there is nothing to stop a multinational pursuing a ‘global’ strategy within its home region. By this, a multinational will sell the same product or service in the same way across all the countries of its home region, allowing it to gain economies of scale. Only when a multinational exhausts the possibilities for growth in its home region, does it need to venture into other regions.

In other words, all the advantages of global homogeneity can be achieved regionally, especially if the governments of that region pursue internal market policies such as social, cultural and political harmonisation (as in the EU) or economic integration (as in NAFTA and in Asia).

The Reality of Globalisation: The Rise of the Regional Multinational” by Alan Rugman, Associate Fellow, is available in PDF format via the College website (www.templeton.ox.ac.uk/research).
China Returns to Centre Stage
A special report by Gerd Islei

China’s goal is to quadruple its 2000 GDP by 2020, making it the largest trader in the world. Two decades ago this would have been unthinkable. Now it is perfectly possible. Recent developments underline the enormous potential for developing business in China.

China’s accession to the World Trade Organisation in 2001 was a milestone, promoting market discipline and access to technology and complementing domestic economic reform. China aims to continue to develop its labour-intensive manufacturing with a more gradual and balanced regional emphasis. Taking small steps will enable China to learn from past failures and strengthen its industrial policy. As autonomy increases, barriers to domestic expansion will fall, opening up opportunities not just for Chinese but also Western companies.

Retailing exemplifies this. Given that development cycles are much shorter than in Europe, deregulation could allow China’s domestic expansion to leapfrog the conventional stages of retail growth. However, only recently has China opened up to external retail investment. China has so far trodden warily in its accommodation of external retail investment – and quite rightly so. The requirement that foreign retailers form partnerships with indigenous companies can be off-putting. However, this protectionism could be valuable. Controls on external retail investors will give local entrepreneurs time to develop retail chains, attuned to the Chinese market. Improving logistics and infrastructure in less developed provinces will encourage low income groups to participate in economic development.

There will also be growing investment opportunities in IT, with the outsourcing of software and hardware development expanding most rapidly. China will soon be offering a highly attractive environment for innovation and capital intensive high-value manufacture. As global businesses expand in China, vast labour-intensive structures will gradually be replaced with reliable, modern systems coordinated by state-of-the-art information technology. Currently state-owned enterprises develop acumen through major acquisitions abroad. But most of their expansion is aimed at less developed countries. Some, however, are pursuing more global ambitions, like the Chinese electronics company TCL who recently formed a joint venture with Thomson, the French electronic company, to develop, manufacture and distribute TV sets and related products and services.

Modern information technology is already having a substantial impact on China’s transition towards a market economy and will accelerate the evolution of civil society. China’s agreement to eliminate technology transfer requirements shows its confidence in its own capability and readiness to progress rapidly towards a knowledge society.

The financial sector plays a central role in the reform team’s programme. Besides exports and FDI, they intend to use the stock market as a third pillar to finance rapid economic development. The banking authority recently introduced a basket of modernising regulations. Commercial banks are still tightly constrained by the central bank, but there will be increasing opportunities for foreign financial institutions to gain a foothold.

However China’s banks have inherited two major liabilities: an enormous debt burden, and a lack of transparency and efficiency. They are responding with major restructuring. The Bank of China has collaborated with Goldman Sachs to achieve this. The workforce was drastically cut and many branches were closed. Internationally, BoC is more advanced than other Chinese banks. More than 50 per cent of its business is conducted abroad. BoC has the potential to become a world-class player.

After a year of breakneck growth Beijing recently touched the brakes. The cabinet has slowed approvals for projects and agreed to ‘limit market entry’. Concerns remain about red tape, corruption, judicial independence and trade barriers. But recent developments underline China’s enormous business potential. Most foreign companies operating there are profitable. Those losing money have usually made mistakes right at the outset. Finding the right partners remains a critical factor. The move of China centre-stage is one of the most exciting stories of our times.

Gerd Islei is Fellow in Information Management. A fuller version of this article appeared in The Times on 2 March (gerd.islei@templeton.ox.ac.uk).
Supply chain management is moving up the corporate agenda. New technology has enabled supply chains to become more global and decision-making more central, but the seamlessly linked network based on cutting-edge technology remains a myth rather than reality.

Collaborative business models do not easily translate into retailing where retailers have to maintain relationships with thousands of suppliers.

Overcoming long-standing competitive practices and effectively integrating a complex chain remains a major challenge. In the past, trading partners have been reluctant to share key data. Even where companies are now prepared to do so, the lack of common taxonomy or standards is a major barrier. Also, organisations, which have invested heavily in technology in order to drive efficiency into the supply chain, have often lost flexibility in the process.

As strategies evolve, it is vital constantly to monitor and adjust supply chain strategy to ensure alignment. Strategy should drive measurement. For instance, a retailer deciding to be operationally excellent will focus on cost reduction. A firm emphasising a customer orientation will value flexibility and responsiveness.

Unfortunately, few organisations adopt a tidy and transparent process to align strategies with capabilities. In practice, performance indicators are consolidated upwards in the decision-making hierarchy and emphasise an internally oriented, operational perspective rather than service. The focus is on productivity, utilisation, basic activity costings, and so on. These measures are relevant but they tell little about customer satisfaction. Performance measures must add up! They are only relevant when linked to overall business strategy and to the customer.

A research team at Templeton, headed by Gerd Islei, has been addressing these issues with leading retailers and FMCG suppliers across the world. Its research has resulted in a benchmarking service, Glosup, which provides an in-depth view of global supply chain performance. Glosup provides a diagnostic tool that enables management to identify priorities and invest resources where the highest returns can be achieved.

The best measures accomplish four things – validity, usefulness, robustness and integration. Unfortunately these criteria cannot be satisfied simultaneously. Operationally, measures of validity and usefulness are most applicable. As measures are consolidated into higher and more strategic levels, their value diminishes. The reverse is true for the criteria of robustness and integration whose value is greatest at the strategic level.

The challenge is to compare performance across different countries, different organisations and different departments. But the usefulness of universal approaches can be limited, because companies may hide data that shows poor performance and also because of the lack of industry standards. The Glosup research has been most successful where we have engaged with retailers in a partnership and collaborated to resolve fundamental issues.

One example involved a major UK grocery retailer. This retailer operated a supplier benchmarking scorecard developed by its Supply Chain Director but then adopted at a more operational level by buyers, product suppliers and demand planners. While the scorecard provided a robust and integrated tool at the strategic level, its validity and usefulness was questionable at the operational level. Through interviews and a detailed analysis of scorecard results, the team was able to propose changes to the indicators that improved the validity and usefulness of the benchmarking.

For supply chain directors, Glosup provides a foundation for performance measurement but only if aligned with business strategy. Performance measures should be part of a framework that provides the right management focus, creates a common language, facilitates continuous improvement, and allows all to see how they contribute to business goals. The research team at Templeton continues to develop a performance management framework to meet these requirements.

Gerd Islei is Fellow in Information Management, Richard Cuthbertson is a Research Fellow and Johannes Becker a DPhil student at Templeton.

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Are We Being Served?

Jonathan Reynolds argues efficiency in retailing isn’t everything

Fighting your way around supermarket aisles searching for last minute gifts or tonight’s dinner, you might be forgiven for thinking UK retailing is a temple to efficiency and productivity. Stories about the profitability of leading UK retailers reinforce an impression of a burgeoning sector, employing over three million people and contributing over £74 billion to UK plc each year. Not everyone agrees.

For some time economists have been concerned about the labour productivity gap between the UK and Europe and especially the US. Productivity has become an obsession of the present government, as it seeks to improve the UK’s competitive position. Attention has increasingly focused on services and on retailing in particular. Reports by McKinsey and the National Institute of Economic and Social Research have ‘fingered’ the sector. How do we resolve the contradiction between good performance and poor productivity? We suggest that there are three explanations: measurement, structure and regulation.

Most assessments of UK retail productivity focus on labour and take little account of land and capital. Further, the availability of appropriate data on retailing at all and, even when available, its consistency and comparability, are problematic. We undertook our own analysis of UK retail efficiency and performance compared with French and US firms, focusing on larger, publicly quoted companies and using measures of employee, space, and asset and financial productivity. On three of these measures the UK performs well (see graph). Only on the sales/profit per employee measure does the UK lag. Space productivity is particularly impressive.

Secondly, culture and history mean that countries exhibit a different set of ‘retail propositions’. Such differences are hard to erode. UK retailing has relatively fewer hypermarket, category killer or discount format stores, and more variety stores, supermarkets and supermarkets than our comparators. The largest UK companies are smaller than the largest global competitors. There are also fewer very small shops and firms than in Europe.

The concept of output lies at the heart of productivity analysis. Yet retail output includes a large service element, with considerable scope for trade-offs between different elements in different retail formats. Retailers must be effective in achieving consumer satisfaction relevant to their market, as well as being efficient. International analyses which fail to take such structural factors into account risk comparing apples and pears.

Regulation can also limit retailing efficiency. Two examples illustrate this. The UK is 40 per cent more expensive per square metre of selling space than the US and 15 per cent more than France. UK retailers make good use of space, but they may be unable to trade at an optimally efficient size. Furthermore, one of retailing’s most significant costs is property rental. There has been lack of progress over the years in reforming the UK retail leasing system – indeed, major change might undermine some fundamental workings of the UK investment market. But the consequences for retailing are significant.

Regulations on location also limit efficiency. Companies like B&Q and IKEA are concerned that they cannot develop commercially optimum large store formats to satisfy consumer needs because of planning policy guidelines which intervene in the market to safeguard the vitality and viability of our existing town and city centres.

Finally, the overall cost of compliance with regulation is significantly higher than in the US: one estimate of the cost of bureaucracy for independent retailers is £23 million per annum – or the equivalent of £10 per week for every shop and store. UK retailers also face an effective tax rate (including property taxes) of 33 per cent.

These explanations should not be grounds for complacency. Even the most successful UK retailers continually need to find ways to become more efficient in the context of their customer offers and the competitive and regulatory environments in which they trade. We have made a range of recommendations, including new and more useful measures (looking at what US retailers use and the possibility of an integrated consumer satisfaction index). We also believe performance could be improved by better benchmarking and standards, in areas such as training, development and ICT project management.

Retailing contributes to the UK in many ways, not all of which are measurable in productivity terms. Perhaps we should see retailing as a series of trade-offs. The price we pay as consumers for the retailing we want (and the places we want it) may be at the expense of some degree of efficiency.

Jonathan Reynolds heads Templeton’s Institute of Retail Management which has been commissioned by the UK’s Department of Trade and Industry and its Retail Strategy Group to examine the comparative productivity and performance of UK retailing. Details are available from oxirm@templeton.ox.ac.uk.
Beyond Google?  
A pan-European consortium including Templeton College, Oxford, has received an EU grant of €3.7 million (approximately £2.5 million) to study the future of automated information searching and manipulation. The METOKIS (Methodology & Tools Infrastructure for the Creation of Knowledge Units) project will run for two years starting from January 2004, and at Templeton will be carried out by a project team led by Dr Marshall Young, Fellow in Strategic Management.

Strategic Renewal  
Templeton has been awarded a joint grant of £100,000 by Shell International and the European Patent Office to carry out the first year of a three-year collaborative research project on strategic renewal and innovation in organisations.

Partnering  
A new project, ‘Partnering for Success’, funded by Amersham International, will begin in September and last several months. Carried out by Janine Nahapiet, Fellow in Strategic Management, and Marc Thompson, Senior Research Fellow in Employee Relations, it will look at how organisations can improve the management of their external relationships.

HR Directors Question Government Strategy  
Templeton’s Personnel Directors Forum (PDF) highlighted a mismatch between the strategy of the Department for Education & Skills and employer demand at a DFES presentation to the PDF on its workforce development strategy on 26 January. DFES strategy aims to increase the number of workers with NVQ Level 2 competence and stimulate further learning among this group. PDF members reported that most of their companies were now outsourcing low value work at Level 2, taking advantage of more highly qualified workforces overseas.

Workplace of the Future  
Marc Thompson, Templeton’s Senior Research Fellow in Employee Relations, opened the Forum on the Workplace of the Future organised by the National Centre for Partnership and Productivity in Dublin on Thursday 5 February. His lecture, ‘Building wealth through relationships: the role of internal and external relationships in a knowledge-intensive workplace’ was attended by an audience of over 100, including representatives of government, unions and related interest groups. Marc has also recently been appointed an Associate of the Labor in Aerospace Research Agency (LARA) at the Massachusetts Institute of Technology.

Do the NHS’s Information Systems Deliver Value?  
On 21 and 22 January 30 NHS chief information officers (CIOs) and their deputies attended a workshop at Templeton on leading change, facilitated by two of our Fellows in Information Management, David Feeny and Chris Sauer. The meeting highlighted the challenges facing the NHS’s National Programme for IT (NPfIT), including those involved in initiatives by the NHS’s Modernisation Agency and the emerging agenda for patient choice.

Improving IT Project Management  
A study by Chris Sauer, Fellow in Information Management, and Christine Cuthbertson of the state-of-the-art in IT-based project management in the UK, conducted with support from The French Thornton Partnership and Computer Weekly has been published on the Computer Weekly website. Its main finding is that we are now getting better at managing major IT projects but there is still plenty of room for improvement. The report can be downloaded from www.computerweekly.co.uk

Retail View  
Retail Strategy: the View from the Bridge, edited by Jonathan Reynolds and Christine Cuthbertson, has been published by Elsevier. It includes detailed analyses by Templeton fellows and associates as well as case studies and interviews with 17 leading retailers (including Tesco, Legoland, Screwfix, HMV and B&Q in China).

US-European Relations  
On 23 March Maria Livanos Cattaui, Secretary General of the International Chamber of Commerce, gave a guest lecture at Templeton on ‘US-European Relations and the Prospects for International Trade’.

International Business Honour  
Professor Alan Rugman of Indiana University, and an Associate Fellow of Templeton, has been elected to the presidency of the Academy of International Business, to run for two years from July.
Building the College on Water

Templeton rowing is gaining speed, reports Boat Club Captain Michael Smets

The 2003/2004 student body has clearly embraced rowing as a Templeton experience not to be missed. Still affiliated with Hertford College and racing under its banner, Templeton College Boat Club includes 34 members this year. The Boat Club represents a good cross-section of the College, encompassing MBAs, MScs, DPhils and students’ spouses. Participants of executive education courses are also offered rowing lessons as part of their ‘Oxford experience’ at Templeton, and efforts are made as well to integrate the part-time EMBAs into our activities.

The Boat Club has gained great momentum this year. Enthusiasm among the students was matched by support from the college community. Sir David Rowland on his retirement as President donated two brand new Aylings boats, a Pair and a Four including correspondent sets of oars. The boats are to be named ‘Diana’ and ‘David’ at a ceremony before Summer Eights. This gift follows the earlier generosity of W P Carey who made possible the purchase of the College’s first boat in 1984, when his nephew, Gus Carey, was a student here. The Boat Club has taken this and the promising prospect of entering a Templeton Eight in Summer Eights as a welcome opportunity to re-apply for a distinctive Templeton blade design. Although still formally racing for Hertford, Templeton College will then be recognisable on the river by a Nautilus shell on blue blades. We hope this will further strengthen the sense of community among Templeton’s rowers and intensify identification with the College.

If you wish to be included – if only virtually – in our community of rowers, please contact
michael.smets@templeton.ox.ac.uk

Sports Successes

– Anton Van Zyl (MSc) has won a Blue, playing in the starting line-up of the Rugby Varsity Match
– Madhav Kanoria (MSc) has also gained a Blue, playing for Oxford’s second squash team
– Alexandra Klimi (MSc) gained a Half-Blue in the university team that recently beat Cambridge at Volleyball. She and her team are also playing in the BUSA Top Eight Volleyball Tournament
– Johannes Becker (DPhil) is a member of the Oxford Varsity Yacht Racing Team
– Rory Maxwell (MSc), Michael Smets (DPhil), Nicholas Barton (MBA), and Heather Hrousalas (MSc), as affiliated members of Hertford College Boat Club, helped take Hertford to third position in Oxford Torpids, and Rory won Torpids Blades with Hertford 1st VIII
– Rory and Nicholas with two fellow rowers from Hertford College also won the Windsor Oarsmen Cross-Country Championships.
Royal Progress

Tim Royal, Hotel Services Manager, describes his work

Being asked to describe my working life at Templeton has made me try to work out what have been the anchors that have held me here for over 20 years.

Being a chef at Templeton has been hugely fulfilling. Over the years I have cooked for royalty, for government ministers and for many VIPs, and while these have all been memorable and impressive events, my biggest highs have always come from producing a meal on a normal day, and then overhearing customers comment how much they enjoyed it.

As Head Chef at Templeton I witnessed a huge change in customers’ expectations. The explosion of interest in all things ‘foodie’ has vastly changed people’s perceptions of life in the kitchen. They now know intimately a diverse range of characters from Delia to Gordon. Thankfully, Templeton chefs seem to fit somewhere in the middle!

Developing relationships with suppliers, following the product from source to table is a particularly interesting aspect of the job. Sourcing and promoting local artisan producers adds interest to the dishes we serve. This will become even more important in the future, as customers’ appetites for information about the products they eat increases.

Working with a close-knit team under the pressure of tight deadlines has always given me great pleasure and has helped build some extremely strong working relationships. In my time at Templeton I have been lucky to work under a variety of chefs, all of whom combined a passion for food with an enthusiasm for passing on their skills and developing their staff. Being able to hand on the kitchen successfully to Darren Lomas has again shown me the value of investing in staff for the future.

I have now taken on responsibility for all aspects of hotel services at Templeton College. The need to be flexible in our approach to customers helps to make Templeton the busy and vibrant place it is, and I am directly involved in the delicate balancing act of managing programme and conference business. The importance of hotel services to the quality of participants’ experience is constantly emphasised to the department’s staff, the goal being to generate an atmosphere that complements the academic aspects of their time at Templeton.

Templeton College is a unique building. Although it no longer aims to provide – as its founding benefactor, Clifford Barclay, intended – a ‘bone-shaking’ experience for British management, it does give executives and students the immediate sense of being involved in an dynamic educational process. This flows out from the hub of the building in the central area right through the teaching rooms and the bedrooms.

Templeton’s design separates us from the general motel-type environment that is the norm elsewhere. The College has remained faithful to the values behind its original designs, and I am keen that these should be maintained, as they help take participants out of their normal environment and encourage them to mix academically and socially rather than retreat individually.

With the recent increase in the graduate student body the College faces a new challenge. At present it is only able to accommodate a small proportion of its graduate students in-house. This makes it increasingly important to ensure that the remaining students have the opportunity to interact regularly with members of College and with executive programme participants. This will help strengthen the sense of community that has always been such an important part of College life.

A subject I feel very passionately about is College sports. The increase in student numbers has enabled some Templeton sporting clubs to taste success once again. Sport is a hugely important part of College life and one we should fully support. Having been a token member of many different college teams in the past, I understand what great publicity Templeton teams participating in Oxford sport can generate.

It is many years since I spoke at the opening of the Templeton Boat House alongside a fellow rower, Matthew Pinsent – someone who has gone on to a rather more successful rowing career than myself! It is great now to see the boathouse in use and the Templeton flag flying at major university events. The donation of two new boats by Sir David Rowland will undoubtedly help this continue long into the future.

So, to return to my original question, my anchors to Templeton are obvious: self development, and having to meet an ever-changing menu of demands – yes certainly, both of these. But, just as importantly, being able to play my part in building a community.
My introduction to Templeton College, then the Oxford Centre for Management Studies, took place in the mid-1970s when I came to Oxford as a customer, bringing my senior colleagues to a series of specially designed executive programmes. I chose the Centre because it felt and looked so very different, yet I thought it would also offer some of the benefits of a close relationship with the University. Remarkably, the qualities which I recognised then are still present today: the buildings and the quality of their maintenance, the staff offering friendly efficiency and the ever-present desire to identify with the interests of their customers, the somewhat spartan living conditions contrasting so wonderfully with the excellence of the catering. The decision was obvious.

Did it work? My company prospered, and my colleagues believed that their Oxford experience made a substantial contribution to that success. Personally, I learned much, and sometime later I welcomed an invitation to join the governing Council of the Oxford Centre. I remain deeply grateful to Clifford Barclay, to Ashley Raeburn and to so many others who opened the doors to an experience from which I have gained so much over the last 25 years.

Not only was I fascinated by the pioneering work of the Centre, with its undergraduates, graduates and with a wide variety of international businesses, but it seemed blindingly obvious that the University was sitting on the brink of a great opportunity.

In the 1960s Oxford and Cambridge had turned away from the creation of business schools, allowing London, Manchester and Cranfield to lay the foundation of possible competition with the great transatlantic schools in the United States. By the early 1980s Cambridge University had done little, but a group of distinguished dons at Oxford in partnership with Clifford Barclay, an enlightened benefactor, had already established the Oxford Centre in 1965. Its growing reputation could so easily have been enhanced by the University to form the basis of a major initiative.

I was an undergraduate at Trinity College Cambridge in the early 1950s. I was completely ignorant of the issues of governance of either College or University. I took what I was offered. I was in awe of Trinity’s grandeur and riches. I loved the wonderful building and marvelled at the brilliance of its fellows upon whom Nobel prizes seemed to shower as regularly as rosettes at an annual gymkhana. So ancient and so distinguished was the College that it seemed obvious that wisdom distilled over generations must have transferred to leadership of the highest quality for both College and University.

So it was with real optimism that I became involved with the governance of the Centre. Oxford had the greatest international “brand” name in education, it had a wonderful nucleus from which to develop business studies, and, as it had the same intellectual resources that had captivated me at Cambridge as an undergraduate, there would be no question about Oxford becoming the true centre of excellence in business studies that Britain so badly needed.

It took a little longer! Slowly a change in attitude towards business studies in the University came about, greatly aided by the generous benefactions of Sir John Templeton and Wafic Said, who goaded and provoked the University into action to create Templeton College and the Said Business School.

Now, nearly 30 years after I first came to the Centre we are really getting there: a unique partnership between School and specialist graduate College based on a common belief that excellence is the only goal worth striving for. With leadership and staff of the highest quality and students of wonderful ability and flair, there is no limit to the achievement possible for tomorrow.

Despite the frustrations of opportunities missed, maybe that curious mixture of accumulated wisdom, judgement and happenstance now allows Oxford to stretch towards a structure relevant to the 21st century.

Whatever happens, I believe that Templeton’s traditions will continue to play a crucial role in creating the atmosphere for learning which has generated such loyalty and affection in all of us fortunate to have been involved with the College.
Why the Nautilus?

This emblem goes back to 1984, when the College, following Sir John Templeton’s initial benefaction, changed its name from the Oxford Centre for Management Studies to Templeton College. It was chosen for several reasons:

– The self-propelling nautilus symbolised independent development and organic growth – two features that Sir John’s benefaction aimed to foster. Its structure of separate chambers suggested the many different sectors that the College brings together – business and academe, theory and practice, rigour and relevance, etc.

– It also rather resembled a spiral nebula or vortex, and this ‘space age’ image was thought appropriate to the high tech modernity of management studies. (This aspect was enhanced by the angularity of the device, which, incidentally, echoes certain features of the College building. If you look down on some of its staircases, you will see a similar shape.)

In addition, when it was shown to Sir John Templeton, it reminded him of the ‘horn of plenty’ in classical mythology. Management represents to him the means of bringing prosperity and choice to the world. It also reminded him of a poem by the American writer, Oliver Wendell Holmes, which takes the nautilus shell as a symbol of spiritual growth, beginning ‘Build thee more stately mansions, O my soul’ and ending ‘Till thou at length art free, Leaving thine outgrown shell by life’s unresting sea’.