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Front Cover: Fountain designed by Casper Taylor. Commissioned by the Oxford Centre for Management Studies Association as a gift in recognition of the services of Bob Vause, Acting Director; three times Dean, and Fellow in Accounting 1968 – 2000, and Bill Impey, Administrator, Estates and Domestic Bursar, Administrative Fellow 1967 – 1998
Dean’s Message

This is the last issue of Templeton Views as we look forward to our merger with Green College. However, Green Templeton will be publishing a similar periodical not only capturing the full life of our new college, but carrying articles about human welfare and sustainability in the twenty first century – our intellectual mission. Actually this issue goes a long way towards that intent already. Perhaps this is an indication of what a good fit Green and Templeton are.

I hope that all our students, alumni, friends, staff and fellows will want to engage with Green Templeton as we seek to be an exciting model, modern graduate college. I am most grateful to you all for the myriad ways in which you have contributed to Templeton College and, of course, its predecessor the Oxford Centre for Management Studies, and I hope we will see you at one of our forthcoming events.

Professor Michael Earl
California greening

Based on West Coast experience, Doug Henton sees innovation as the key to both a healthy environment and economic growth

What ever happened to the acclaimed Club of Rome report *Limits to Growth*? As its dire predictions failed to come true, it faded into history. In short, its computer model cried wolf. The environment and economy are much too complex to predict through simple computer simulations based on fixed technical relations between resource inputs and valued outputs. Innovation constantly changes those critical input-output relationships and offers us a real chance for the future.

In 1973, the Nobel prize-winning economist James Tobin and William Nordhaus wrote a paper ‘Is Growth Obsolete?’ in response to the Club of Rome report that predicted that the world’s resources would run out due to population growth. Tobin and Nordhaus found that in a market economy, the prices of resources rise as they become more scarce, creating opportunities for alternatives. Innovation plays a key role in developing those alternatives.

There has been much debate about whether it is possible to reduce global warming without harming the economy. The lessons of California suggest that it is possible both to grow the economy and reduce greenhouse gas emissions through innovation.

From the 1970s energy crisis to the current decade of rising oil prices and growing concerns over global warming, California has followed the basic Tobin-Nordhaus model, demonstrating that innovation makes it possible to promote energy efficiency and develop clean energy alternatives to address global warming while growing the economy.

Today, with one of the lowest greenhouse gas emissions and highest gross domestic product ratings per capita, California is more energy efficient and has lower greenhouse gas emissions per person than the United States as a whole. It leads many countries, including Germany, the UK and Japan.

Innovation has come from two directions. Economic innovation occurs as firms become more energy-efficient while policy innovation creates standards and incentives that promote energy efficiency. For example, in the 1970s California adopted energy-saving standards and enacted ‘decoupling’ policies which rewarded electric utilities for promoting conservation rather than selling more electricity. As a result, per capita energy use has declined steadily since the 1970s. Economic and policy innovation work best when they operate hand-in-hand.

As a result of the first wave of innovation in response to the 1970s energy crisis, California has become much more energy-efficient, resulting in savings to consumers of $56 billion, based on a 15 per cent reduction in electricity use. Californian businesses responded by adopting energy saving technologies; consumers responded through conservation as the state of California adopted utility efficiency programmes and building and appliance standards, reducing the need to build 24 power plants between 1975 and 2003.

Now, as a result of rising energy prices, new technologies and public policies that encourage the creation and adoption of alternatives, a growing market for clean energy is driving the next wave of innovation in California. A major new policy was the enactment of the California
Global Warming Solutions Act (AB32), which requires that greenhouse gas emission returns to 1990 levels by 2020 and authorises the first cap and trade system in the USA. This has stimulated private sector investment in clean technologies to meet the new requirements.

California has become an innovator in clean energy. In 2006 California received 44 per cent of US patents in solar energy. Californians are installing solar systems at an increasing rate, with over 200 megawatts of solar power now installed, equivalent to 40 per cent of a large power plant. Venture capital investment in Californian clean energy technology is growing rapidly and now represents 36 per cent of the national total. Green establishments and jobs are also increasing, especially in energy generation and energy efficiency, with total employment doubling in the past decade. Sales of alternative fuel vehicles increased 18 times between 2000 and 2005.

What lessons can be learned by the USA and other countries? As markets, new technologies, and policy come into alignment, we see an opportunity for innovation to play an increasing role in reducing greenhouse gas emissions while growing the economy and jobs. There does not have to be a trade-off between the environment and the economy.

We need a clearer understanding of the role of innovation in promoting greater efficiency and finding new alternatives, and the role of markets in signalling prices when resources become scarcer. This will encourage greater efficiency and create an opportunity for the development and adoption of new alternatives. Countries need to support innovation that promotes significant reduction in greenhouse gases while growing the economy through markets, new technologies, and supportive policies that recognise the true price of carbon and encourage investment in alternatives.

Doug Henton participated in the Oxford Strategic Leadership Programme in 2001. He is President of Collaborative Economics, an economic research and consulting firm based in Mountain View, California, and co-author of the California Green Innovation Index.
Tell the story, take the risks

The successful leaders of tomorrow must find new ways to address the challenge of sustainability, says Carmen Juravle

Should free-market capitalism be moral? In 1970, Milton Friedman provided us with a straightforward answer: ‘The social responsibility of business is to increase its profits’. However, corporate governance scandals, environmental disasters, and human rights abuses associated with global brands have challenged Friedman’s conception. These violations of the public’s trust force markets, governments, and consumers to redefine the role of business in society. There are three principles of sustainability which I believe have great bearing on this matter.

Sustainability leaders are good translators

Every innovative idea, by definition, is ahead of its time. People are rarely ready to incorporate innovations into their way of thinking and acting. We know that sustainability is an idea that has been aired for decades but somehow businesses, governments, and consumers are conspicuous by their absence in the sustainability front line. Why? I believe there are two reasons.

First, decades of research on behavioural decision-making tell us that at their core, people have short-term horizons, are risk-averse and over-confident about themselves and the future. The benefits of sustainability, which may stretch over many years, may be less conspicuous, especially when the implementation of sustainability initiatives within organisations could potentially trigger short-term costs. Secondly, sustainability itself is still, to some individuals, a vague and contentious concept, often leading people to avoid the problem rather than address it.

This is where the role of sustainability leaders comes into play. The leaders of tomorrow know that what is crucial about the sustainability vision is not its morality or originality, but how promptly it can be translated into a business case. They also know that turning this concept into corporate practice requires them to strike a magic balance between innovation and conventionality. During interviews with some of the champions of sustainable investment in the City, I often encountered the situation in which champions of sustainability – who usually have different skills and educational backgrounds – first had to get the right investment credentials (e.g. CFA) before they could be taken seriously by any mainstream investor.

Sustainability leaders are good storytellers

The business case for sustainability has its limits. There are many cases where companies could mismanage common goods without suffering tangible penalties from government, financial market or society. I believe that through the narrow lens of the business case, companies are often encouraged to ignore sustainability issues which are fundamental to society, such as public health and human rights, but which do not always have a readily ascertainable market value.

Sustainability leaders need to employ the powers of emotional persuasion and storytelling when faced with market failures, human ignorance or peer incredulity. Anita Roddick emphasised the power of visuals and storytelling in making customers and employees believe in a fledgling business. The same principle can be used by the leaders of tomorrow in an effort to spur a ‘sense of urgency’ within the business, government, and civil community.

The stories are powerful and need to be voiced. For example, there is the story of more than 2.5 million people in Asia and the Pacific who die each year as a result...
Sustainability leaders are risk-taking and tolerant of ambiguity

Even when a leader has a clear vision of the technological and cultural transformation of the company, the outcomes are not always predictable. In this context of ambiguity and market complexity, the leaders of tomorrow need to take the risk of investing resources in the short-term in order to implement a long-term vision of sustainability. Cultural transformations take time, and the risk of losing momentum should never be ignored. Fortunately, there are always positive signs of change warranting praise: higher customer satisfaction, growing interest in a new carbon-light product, stronger brands, and higher work satisfaction among employees. In a market system where companies still issue quarterly earnings announcements and investors’ incentives are mainly short-term, small but timed gains boost confidence and cut incredulity. Sustainability leaders also need to create the right conditions for organisational members to be at the core of change. The ‘multiplication’ of leaders is possible only when people are given longer term incentives, professionally assessed on multiple criteria and listened to from the bottom of the organisation up. Furthermore, the leaders of tomorrow will know that ignorance is no longer an excuse; sustainability literacy is a must. Governments and businesses need to step up and create the business schools of tomorrow.

Beyond the traditional model of leadership

The tenacity of green champions has, to a large extent, been the driving force behind the crystallisation of public green consciousness. For example, Al Gore decided to champion sustainability in the City by co-founding the first investment management house aimed at delivering superior investment performance by taking a long-term investment view. Carbon watchdogs such as Paul Dickinson and Tessa Tennant, who co-founded the Carbon Disclosure Project, the world’s largest registry of greenhouse gas emissions, are also examples of visionary leaders who, in the late 1980s, decided to be ahead of the game. Lessons can be drawn from those corporations which try to reinvent themselves as more responsible actors and from the champions behind such organisational changes.

There are points of intersection between conventional and emerging models of leadership. A sustainability vision associated with the conventional values of modernity such as rationality, progress and efficiency has a better chance of being accepted and so the leaders of tomorrow will have to master translating the concept of sustainability into familiar business terms and practices. Building a business case for sustainability is not the final goal—it is a preliminary tool required by the conventions of the current capitalist market. If sustainability is replicated in mainstream accounting and reporting practices, little is gained. If it is to be taken seriously, long-term sustainability will require a radical change in our short-term and over-confident beliefs about the world, the future and ourselves.

The organisational change for corporate sustainability does not fit smoothly with the familiar model of planned and rational change. The magnitude of the change required often creates uncertainties regarding outcomes. ‘Sustainability literacy’, rational and emotional persuasion, and tolerance of ambiguity are required to continue the journey.

Carmen Juravel, a Green College alumna, who has an MSc in Social Policy from the University of Oxford, won the 2007 Oxford Leadership Prize for the paper on which this article is based. The full paper and list of references are available at www.oxfordleadershipprize.org/submission/Carmen_Juravel.pdf. Now a researcher at the University of Bath, Carmen works on a project funded by Mistra, the Swedish Foundation for Strategic Environmental Research, on behavioural impediments to
Hitting the headlines recently was the acquisition by Tata Steel, an Indian multinational, of Corus, a larger UK company. Asked what Tata would do about retaining the existing workforce at Corus, Tata Steel’s managing director, Mr B Muthuraman, said: ‘This deal ensures that there will be no job losses at Corus. Tata has a long history of taking good care of people.’ Tata’s position as a multinational company in a substantial merger begs several ethical and cultural questions. Are ethical standards in business the same throughout the world? Do Indian companies ‘take good care of people’ in the same way that UK workers would expect? In taking over a UK company, should Tata continue to follow its own ethical policies, or should it try to adopt UK practices instead?

As globalisation comes of age and developing and developed nations of the world forge new relationships, such questions increasingly arise. More and more firms in developing nations are showing their economic power by investing overseas, especially in developed countries. Such ‘reverse colonisation’ — outward foreign direct investment by developing countries in developed countries — has become noticeable over the past decade. Indian foreign investment in the UK, for instance, increased by 110 per cent in 2005–06. India now ranks as the third largest foreign investor in the UK and the second largest from the Asia Pacific region. Tata itself is becoming one of the fastest growing global players. From the Eight O’clock Coffee Co in the USA, to Tata Steel-Corus, and the ultra-luxurious worldwide Taj Group of hotels, Tata is everywhere. It has established a presence in mature markets very different to that in its base market of India.
Developing world companies often suffer not only from a lack of recognition but also the perception that a poor society is less ethical than a rich one. Fears arise from stereotypes of the developing world as a place of corruption, illiteracy and inadequate infrastructure. There are also cultural tensions. Following the Tata-Corus acquisition fears were expressed by some in Corus. ‘Corus workers are nervous,’ one worker is reported as saying. ‘The boys were asking if we would have to wear safety turbans now.’

In fact, Tata has a history of corporate social responsibility (CSR) stretching back more than 100 years. Its CSR programmes date back to 1892 when the J N Tata Endowment was set up. This was the first Tata benefit in the field of education, and it preceded Andrew Carnegie’s ground-breaking endowment of $1 million to the Carnegie Mellon University. Reportedly Tata spends 66 per cent of the profits of its highly successful social investment arm, Tata Sons, on social spending. Tata’s policy is to maintain social spending regardless of its economic performance, and its social spending has been unaffected by fluctuations in its profits.

Strategic CSR?

‘It’s not CSR if there are any ulterior objectives behind it,’ said Mr Muthuraman. The motivation for Tata’s engagement in such activities is quite different from that of companies involved in so-called ‘strategic CSR’, which is built on the view that CSR and profit maximisation are inseparable – that what is good for society will be good for business. Many of Tata’s CSR activities have little to do with its core business, steel. Some commentators say this approach to CSR helps Tata differentiate itself in a very competitive market.

Despite the lack of a strategic profit motive behind its CSR activities, Tata does seem to accrue financial benefits from these. One example is the growth and success of JUSCO (Jhmsapur Utilities and Services Company Limited). This company was established by Tata Steel mainly to manage Jamshedpur’s water, power, sewage, roads, municipal services, solid waste management, and integrated township maintenance. JUSCO’s expertise, as the only private operator in India to provide comprehensive municipal services, has become a competitive advantage. The company has taken the initiative in converting a public service into a profit-making, customer-oriented company which provides municipal services with a high degree of user satisfaction. It recently won the bid for developing and managing water supply and sewerage systems for Sector V, Salt Lake, Kolkata on a 30-year build-operate-transfer contract. It has also secured other water projects outside Jamshedpur at Haldia, Muzaffarpur, Bhopal, and Turamdih mines for the Uranium Corporation of India in Jharkhand.

The financial success of JUSCO, however, is really a by-product of its CSR. That said, programmes like JUSCO are not narrowly philanthropic. They should be seen as instruments for creating broader societal value – which indirectly make the conditions for business more favourable. It has been argued that the business world should stop treating corporations as autonomous entities independent of their context and start seeing firms as part of the communities which created them. Human fulfilment can be achieved in many ways, and is often the by-product of self-sacrificing acts. This is something that businesses must emulate, and not merely so that they can be on good terms with their workers.

The Hindu tradition of giving

All this suggests that Tata Steel is taking a long-term perspective which favours ‘giving’ over gaining immediate results. It has been said that the roots of Indian CSR lie in the Hindu traditions of giving rather than the need-based theories of the West. Exchanging gifts is a well-known Indian tradition based on the Hindu belief that happiness multiplies when it is disseminated. For Indians, performing one’s duty to society comes before fulfilling one’s individual desires. In India, this higher order goal is achieved when each and every individual takes the interests of others seriously and is forgetful of self, and a common good emerges which is worth some self-sacrifice.

The tradition of giving in India has many facets. Giving is seen as essential to business success. A common Indian belief is that power is maintained through renunciation, giving away, self-sacrifice and self-denial. Followers are attracted to transformational leaders because these leaders provide an opportunity to fulfill such higher order needs. Some have argued that a world of giving may actually increase the efficiency of the economic system. This idea challenges western economic thought from Adam Smith onwards. According to this view, giving bridges the gap between subject and object – in this case, giver and receiver. Giving, in an economic context, means care, responsibility, respect, and knowledge – and far more than the mere transfer of concrete favours or goods.

Tata’s philosophy applies everywhere it does business, although the means of ‘giving’ vary according to the circumstances and lifestyle of the people involved. It may be too early to predict how the merger between Tata and Corus will play out, but the idea of improving the quality of life in communities through investment will continue to be a driving source of business for companies like Tata.

A Templeton DPhil student, Sunyoung Lee specialises in strategy and international business. Her research interests lie in the intersection of business and government, with special emphasis on the role business plays in developing countries. She has worked extensively on CSR from a comparative perspective and with particular focus on Indian companies. Her current project involves studying the process by which developing world multinationals engage in strategic CSR, as an integral part of their enterprise strategy and operations.


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**Damaging stereotypes**

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All businesses today are subject to turbulence and accelerating change. Asian companies experience this to a greater degree than most as they try to catch up and overtake the competition. Periods of profound and rapid change put a premium on the ability to survive. Look at the Fortune 500. A surprising number of corporations which were on the list a decade ago no longer feature, while recent economic and social crises have eliminated others entirely. But Coca-Cola, Colgate, Kellogg’s and other top brands of the 1920s have maintained their industry leadership in many disparate and changing markets, despite changes of management over the years.

Strong brands are amazingly durable. But relative newcomers such as Nokia have rapidly come to dominate markets, and are also likely to stand the test of time. The key to the success of all these companies is their meticulous attention to developing and managing their brands; this is the key driver for achieving corporate goals. The pursuit of longevity and sustainability has always been a powerful part of Asian cultural thinking. However, Asian companies have not helped themselves in managing their futures via the branding route. Leaving Japan aside, there are few truly global Asian brands, except perhaps Samsung from Korea. And even Japanese brands like Sony are suffering, why?

Many Asian businesses still suffer from strategic myopia, often settling for complacency and short-term gains. Symptomatic of this is the OEM trap, where companies build components and end products or assemble them for their customers, who then place their own brand names on the finished products, adding large price premiums to the production cost. The strategy of relying on OEM business can reap rewards in good times, but the same customers usually turn out to be fair weather friends, disposing of the OEM companies’ services whenever demand drops.

Secondly, many Asian companies have desperately pursued operational efficiency through quality programmes, re-engineering, and other prevailing trends that promise success. Necessary though these may be, they are not sufficient to help companies differentiate themselves in this world of parity. Long-term profitability depends on
Asian companies have failed to create strong brands, but faced with increasing market deregulation, they are now starting to adopt a more strategic brand-centred focus to achieve sustainable growth. Interestingly, governments have had to kick start this revolution. For example, significant financial assistance is available in Singapore, Malaysia and South Korea to companies wishing to undergo branding activities. The public sector rationale is that the more successful the private sector brand ambassadors, the better the national brand image will be.

This wake-up call from governments, coupled with outright fear of even more intense competition, has ensured that branding is now firmly on boardroom agendas. Both sectors understand the benefits branding brings and the consequences of not pursuing it. Chinese and Indian companies are so desperate to get into the branding game that they are buying western brands; witness Lenovo’s purchase of the IBM PC business, a loss-making entity, and Tata Group’s acquisition of the Jaguar and Land Rover brands from Ford.

Buying a brand is one thing, developing and managing it another. There is no quick fix, and few companies have sufficient experience or knowledge of brand management. As a Chinese minister explained: ‘We have plenty of people, low costs of production, the latest technology and high quality products. But our weakness is branding. We do not know how to do it and yet it is essential for our future success.’

It is sometimes said that Asian companies find it incredibly difficult to build global brands because world markets and product categories are already dominated by powerful western brands. It is also claimed that Asian companies have to overcome a deep-rooted and widespread consumer perception of low quality.

There is some truth in this, but the nature of the fast-changing business world can help Asian companies. There are no hard and fast rules anymore. Innovation no longer belongs to the privileged few. We now find Asian corporate leaders who are harnessing technology and ideas, both of which are freely available. For example, Samsung and LG are at the forefront of innovation in consumer electronics, but neither bothers to create costly new technologies with large R&D budgets. Instead, they have realised that not many of the existing global giants are good at getting new products to market quickly; so they take new technologies and beat their creators on speed. Toyota can build a car in 50 minutes and continually innovates with design and product to give consumers what they want; as a result, it is now the world leader in automotive sales.

Asian companies are making similar strides forward with regard to negative perceptions of quality. For example, the Chinese brand Haier has made inroads into the highly competitive US market for consumer durable white goods. It is now the number two brand in the world. But it took one CEO lining up his factory workers and taking a sledgehammer to each unit to impress upon those workers the critical importance of product quality.

What should Asian brands do now?

At a corporate level, organisations must stop focusing rigidly on short-term profits and concentrate more on long-term brand building. Brands are assets that require investment, and there has to be a better balance here.

Top management must change its mind about the strategic role of branding and what building a brand really involves. A brand is not merely a logo, slogan, or advertising. Too many companies in Asia have made promises to consumers via market communications that they could not deliver; with the result that a great deal of money has been wasted and consumers disappointed. As Dixon Chew, group managing director of Pensonic Holdings, says: ‘We want all ranks in the organisation to live the brand – from the cleaner to the CEO. We want all employees to carry and display the brand values in their daily work, and be the future driving force for turning our company into a powerful brand.’

Behind all corporate success these days are solid brand strategies, with clearly defined brand visions, values, positioning statements and plans for fulfilment. Brand strategies have to be brought to life by people, and the development of a brand culture is vital if companies are to deliver on the messages of market communications. Brand successes and failures are linked directly to levels of consumer delight, and consumers want new things fast. The great brands of the future will be those that consistently generate emotionally engaging and innovative products and experiences.

For Asian companies wishing to create sustainable, profitable, global market positions, branding is the way to go. This is the strategy missing from many boardroom discussions in recent years that could have saved a number of firms. With more turbulence on the way, strong brands built on innovation and speed to market will be essential for survival and sustainability in the twenty-first century.

An alumnus and Associate Fellow of Templeton College, Dr Paul Temporal is one of Asia’s leading global experts on brand creation, development and management. With over 25 years of experience in consultancy and training, Dr Temporal is an adviser to the Singapore, Malaysia, Dubai, China and UK governments as well as to many leading companies. Paul gained his Oxford MPhil in Management Studies in 1974. Having recently re-established contact with the College, he expressed his interest in ‘giving back’ something to Oxford as well as the desire to collaborate in research. During visits to Oxford he met Linda Scott, and they established areas of common interest, including country branding, technology branding, Asian branding and Islamic branding, and in Hilary Term he participated in a series of student seminars. ‘Having Paul Temporal in residence greatly enriched our ability to teach marketing and branding from a global perspective and not just a northern, western view,’ says Linda. ‘I’m sure that our students benefited immensely. Paul is bringing research ideas that I believe will lead to some very exciting projects.’ The Dean, Michael Earl, comments: ‘Paul’s first visit to Templeton as an Associate Fellow was a huge success and it was so good that he could take part in both College and School activities. We look forward to his early return.’

‘One CEO lined his factory workers up and took a sledgehammer to each unit to impress on them the importance of product quality’
Small changes that make a big difference

Adema Sangale talks to Caroline Scotter Mainprize about returning to Africa after completing her Oxford MBA

One of the problems facing many African countries is that of the brain drain. Bright young graduates, the potential future leaders in the continent, are lured to the USA and Europe with the offer of scholarships for further study. Once there, the temptations of high salaries and a concomitant standard of living, myriad career opportunities, and not having to fight against turbulent economic and political conditions mean that most of them never go back.

But Adema Sangale did.

Adema is the sort of person who not only seems to excel at everything she turns her hand to, but does so at a notably young age. She had finished High School at the age of 15, and graduated from university at the age of 19. By 29 she had both a child and an MBA, as well as years of experience working in Africa and in Poland. Having studied Information Systems at university, she was convinced into marketing by recruiters for FMCG firm Procter and Gamble (P&G), and was quickly promoted from assistant brand manager to brand manager, based in Warsaw. She then moved back to Nigeria and to a larger portfolio of brands and wider territory, covering West and East Africa. After short stints in external relations and human resources, she was offered the chance to do an MBA. Adema found Oxford to be more ‘welcoming’ than Cambridge, and, impressed by the Saïd Business School’s willingness to show her around even during the vacation, opted to study here. She is currently Associate Director, External Relations, Southern and Eastern Africa.

Perhaps one of the things that sent her back to Africa was the fact that before she started her MBA she had been, as she described it, ‘looking outside my job. I was thinking about big questions such as how to sustain society, and how to help disadvantaged children.’ Through Templeton’s External Relations Director Dorothy Cooke, Adema met Fellow Gerd Islei, and they kept in touch. ‘I don’t think he took me seriously at first,’ she said, ‘but when he visited Kenya I set up a series of interviews for him with some senior and influential people. He realised how committed I was, and since then we have worked on a number of projects together.’ These included Adema’s acting as ‘sponsor’ for an MBA project researching the potential for leadership programmes in Africa.

Another factor that contributed to Adema’s return was her employer, P&G. Not only has it been able to offer her personally a succession of challenging jobs and interesting opportunities, but it gave her the opportunity to make a difference: working for a large company gave her influence, and the space to think laterally.

‘There is a lot of talk about businesses investing in Africa, but I would question how deeply some of them are committed,’ said Adema. ‘Also, Africa is a big continent! There is a world of difference between setting up in, say, South Africa and in the Republic of Congo. In many countries in Africa, sustainability is more than a buzzword—it is the difference between life and death. For that reason, I don’t think, as a business, you can take Africa lightly.’

P&G, a global business in its 170th year of operation, clearly does not take anything lightly. ‘Sustainability’ has been written into its global statement and into its corporate philanthropic programme, ‘Live, learn, and thrive’, which focuses the company’s charitable contributions and sustainability efforts on improving life for children in need.

For people in the developed world it is perhaps difficult to
appreciate how far consumer goods really can help to achieve 'a better quality of life' as P&G’s website claims. But consider the knock-on benefits of, simply, a good quality detergent. Most people in Africa use cloth nappies, and washing them is the job of the mother (men don’t do laundry). A complicated system of ‘pailing’ and handwashing nappies, combined with nappy changes and feeds, can occupy a woman all night—after which she may still have to put in a full day’s work. ‘With a good detergent, she could get a decent night’s sleep for the price of a coke,’ said Adema.

But for the price of a coke, or at least so some of the big charities would have us believe, a child could be immunised against a plethora of deadly diseases. Or food might be bought to make a healthier meal. Is it acceptable to divert a family’s limited funds from the essentials to the frivolities of convenience products?

‘Poverty does not mean stupidity,’ said Adema. ‘Just because people are poor does not mean that we should deny them the dignity of choosing what to spend their money on. Besides, every act of buying a product is value creation. The poorer consumer is more discerning: they are more likely to ask does it deliver at the right price?’

And if we return to the woman who is now sleeping rather than scrubbing nappies all night, she is not only better-tempered during the day, but more productive at work. She is perhaps already able to earn a little more money, or has the time and energy to learn more about keeping her children healthy.

As Fellow Linda Scott said in a previous Templeton Views, the key to lifting communities out of poverty is to invest in women. They in turn will invest in their children, and in particular will always try to make sure that their children have more education than they did. ‘Tiny increments can have a massive effect,’ said Adema. ‘There is a link between as little as one additional year of education for women and a decline in infant mortality.' The more educated woman understands more about what needs to be done to keep her children alive. It can be as simple as providing better sanitation in the home.

The importance of educating women is behind Always Keeping Girls in School, a programme run in Kenya in conjunction with the Girl Child Network, an NGO that aims to promote the rights and empowerment of the girl child in the home, school, and community. ‘Many girls in Africa do not have access to sanitary products,’ said Adema, ‘and either don’t go to school when they have a period or drop out altogether when they reach puberty. That means that even those who stay in school are missing out on education for about a week each month.’ The programme aims to provide sanitary pads to more than 15 000 girls in southern Africa, along with education on health, hygiene, and puberty. This has been extended to the ‘Protecting Futures’ programme where P&G brands Always and Tampax are working with the United Nations Association’s HERO campaign in Southern Africa to extend the theme to the provision of sanitation facilities in schools.

‘To most people within Africa, aid programmes from the West seem more to do with the people running the country, and they sometimes seem to have political strings attached,’ said Adema. ‘I’m convinced that it’s programmes such as these, which focus on making small changes in the everyday lives of ordinary people, which are likely to have a greater effect in alleviating poverty. And, of course, with a healthier and better educated potential workforce to mobilise, for the companies who are in it for the long haul, it is an investment that will eventually pay dividends.’

Anyone interested in engaging further in this discussion can contact Adema at ademasangale@yahoo.com.
Prizes for College DPhil at the ‘Woxford’ Doctoral Conference

On 16–17 April, two Templeton DPhil students, Tomas Farchi and Danielle Logue, were honoured with awards at the Spring Doctoral Students’ Conference for students from the business schools at Oxford, Cambridge and Warwick universities. Templeton student Tomas Farchi was awarded the prize for Best Paper of all submissions to the conference, for his paper on knowledge sharing among teams, a case based on the NHS, and Danielle Logue was awarded the Best Presentation award for her paper on global policies to address the scientific ‘brain drain’.

Academy of Management Best Paper

The paper by DPhil student Trudi Lang, ‘Systematising the organisational scenario literature using Morgan’s metaphors’, has not only been accepted for the 2008 Academy of Management Meeting in Anaheim, California, but also judged to be one of the best accepted papers in the programme, entitling it to be published in the Best Paper Proceedings of the 2008 meeting. Some 10 per cent of the papers accepted for the conference are nominated to be published in this way.

Reunion in New York

The Dean, Professor Michael Earl, his wife Alison, and Fellow and Director of External Relations Dorothy Cooke were pleased to represent the College at Oxford University’s North American Reunion in New York during the weekend 4–6 April. At the welcoming ceremony, the banners of Templeton and Green colleges hanging side by side above a shared table attracted widespread interest in view of the forthcoming merger between the two colleges. At the end of a busy day of seminars on Saturday, Templeton and Green hosted a joint reception and dinner at the Princeton Club, attended by some 50 alumni drawn roughly equally from both colleges. A further bonus was the participation of Barclay Fellow Stephen Barclay, and his wife Jane in the events, and in particular the hosting by Stephen of one of the tables at the combined dinner. After Dr Bundy’s welcome speech on progress with the merger, last year’s Green College MCR President, Rich McKay, currently engaged in research in New York, commented on the involvement and enthusiasm shown by the two student bodies in support of merger. Michael Earl concluded proceedings with some thoughts on the benefits of our merger and an exhortation to all present to help it become the success we anticipate.

Students share in the second Oxford Futures Forum

Three Templeton students – Trudi Lang (DPhil), Cesar Aya (MBA) and Deniza Hazarbassanova (MSc in Management Research) – together with four other Oxford Management students played an important role in the second Oxford Futures Forum, ‘Sensemaking and Scenarios’, held on 14 and 15 April. Trudi comments: ‘It was a wonderful event with about 60 people in attendance. From a student perspective the opportunity to meet with academics and practitioners was unique. We listened and participated in many of the conversations being held due to our role as note-takers. We were also able to meet and talk with many people about our research and future work interests.’
Leadership Programme’s silver jubilee

Friday 16 November witnessed a glittering dinner to celebrate the silver jubilee of the Strategic Leadership Programme. The event (marked also by the publication of a commemorative book) brought together some 80 guests, including representatives from the first to the most recent programme; Oxford University’s Registrar Julie Maxton, herself an alumna of the programme, was among these. ‘We may not have changed the world as we initially hoped,’ said Sir Douglas Hague in his pre-dinner speech, ‘but we have certainly had an impact on the careers of our alumni.’ He paid tribute to the programme’s many faculty, tutors and speakers and the administrators ‘who this week have really surpassed themselves’, in particular Dorothy Cooke, ‘the ultimate completer-finisher in team role terms’. In the final speech of the evening, current programme director Marshall Young paid tribute to the ‘amazing institution that Douglas and Norman established. In its 25 years it has never lost its hallmark buzz of excitement. The wonderful DNA they created continues and will continue.’

Seizing the moment

College Fellow in Leadership, Organisation and Change Keith Ruddle and Associate Fellow Kathryn Bishop are among the leaders of a ground-breaking new research project, working with Deloitte UK, which looks at how CEOs respond at key moments of crisis and opportunity and how their responses are conditioned by personal and organisational contextual factors and the ‘dynamic capabilities’ to which these give rise. A pilot study has been completed and the intention is to interview up to 30 CEOs, leading to a conference and other publications later in 2008. Meanwhile, College Fellow in Information Management Chris Sauer is devoting his 12-month sabbatical (which started in October) to completing a range of publications drawing on his previous research in project management and developing new ways to make his findings accessible to project managers.

New book crowns 20 years of studying union mergers

Emeritus Fellow Roger Undy has published Trade Union Merger Strategies: purpose, process, and performance (Oxford University Press, May 2008), the first major study of Union mergers and amalgamations.

Roger has drawn on a wealth of material gathered over the past 20 years via surveys, interviews and action research to assess the effects of union mergers on both the merging unions and the wider union movement.

The book describes the merger processes (transfers and amalgamations) and the extent of British unions’ merger activities, placed in context by an examination of the generally hostile environment in which such mergers were sought and concluded. It covers the different non-merger strategies adopted by unions to mitigate their membership loss and reduced political status, as well as the factors shaping unions’ merger searches; the consequent merger negotiations; and the merged unions’ subsequent performance.

Launched at the final College Dinner on 29 May 2008, this authoritative study of British unions’ merger strategies is essential reading for all those interested in the future of trade unions and the potential that mergers offer for generating significant reforms.

A musical first

Templeton hosted its first ever chamber concert on 1 March – St David’s Day. Musicians from The Oxford Philomusica, the University’s Professional Symphony Orchestra in Residence, gave an unforgettable and virtuoso programme. The Dean, sporting a daffodil buttonhole for St David’s Day, welcomed everyone, even venturing a few words in Welsh. In the interval he also gave a short talk about the Oxford Philomusica as it approaches its tenth anniversary. The Barclay Lecture Theatre proved just the ‘chamber’ for chamber music. We enjoyed an intimacy, intensity and clarity of sound which will live long in our memories. Perhaps this experiment will evolve into regular musical events when we become Green Templeton. However this performance by the Oxford Philomusica will be difficult to surpass. What a privilege it was for us all!’ said Professor Earl.
It is commonly asserted that in the corporate world, 75 per cent of mergers and acquisitions fail. In truth, the failure (or success) rate seems to depend on how success is measured, the methodological and theoretical underpinnings of the studies, the time period chosen and whether an acquirer or acquiree perspective is adopted. Thus reported failure rates vary from 49 to 75 per cent and where success is recorded as financial growth, success rates vary between 0 and 20 per cent. In contrast, systematic evidence on mergers in the academic sector is scarce and we might hypothesise that motives may differ between the two sectors.

However, the merger process is likely to be similar in both cases; namely three stages of analysis, due diligence, and implementation. As regards analysis, corporate mergers and acquisitions (M&As) are mostly justified around any of several motives including economies of scale; repositioning in, or restructuring, a sector; entering new markets; acquiring new skills and capabilities; financial engineering; or diversifying. The holy grail of M&A is the pursuit of synergy, that is by combining two organisations making the $2 + 2 = 5$. Thus the aim of the analysis stage is identifying other businesses that, if combined with the initiator, will generate superior returns for both.

In the academic sector, an analysis of college mergers in North America suggests that historically most have been born out of financial crisis where it was hoped a financial or cost-saving synergy would be the equivalent of a white knight for one or both parties. In recent years, it is suggested that college mergers have mostly been concerned with mutual growth in the form of such benefits as complementary missions; pooling resources to improve student offerings, academic pursuits, support of faculty and enhancing the alumni base and services; and making operational efficiencies and pursuing economies of scale.

**Courtship or analysis**

Such a mutual growth strategy describes well the rationale of the merger between Green and Templeton. In our ‘courtship’ phase, we identified a common mission of becoming a strong and competitive graduate college where our complementary specialities could come together to focus on the advancement of human welfare and leadership for a sustainable world. We agreed enthusiastically on how to allocate the merger dividend of increased resources to secure a fit-for-purpose graduate college, enhanced scholarships and services for students, and the support of intellectual endeavours in management and medicine, enterprise and environment, and public engagement in the understanding of science and society.

Such agreement around a shared vision was achieved by joint meetings of Green and Templeton Fellows – and also importantly of students; several joint working groups; and, inevitably, by producing papers and reports. This joint exploration or co-design of Green Templeton also meant the analysis phase partly expanded into the due diligence phase. We have learnt much about each other, especially where we are alike and where we differ in how we view and do things. Similarities and complementarities far outweigh differences.

Interestingly, this exploration phase took about 18 months, a timescale which would seem geological in the corporate world. But when two people-based, knowledge-oriented organisations consider amalgamating, it is important that each partner builds confidence in the other as well as in the shared vision which emerges. This may be even more necessary when a merger of two Oxford colleges is seen as somewhat revolutionary in an ancient university.

**Engagement or due diligence**

Of course, the two colleges and, indeed, the University have to engage in traditional legally-framed due diligences, but all three parties do know each other well in quite some detail. And a merger which has the enthusiastic support of the three parties means that the exercise of due diligence is simpler, although both governing bodies and the University Council do have to take their self-governing, trustee responsibilities seriously and matters of regulation, taxation and proper transfer of assets are not trivial.

In the corporate world, such mutual knowledge is rare and two businesses coming together are unlikely to be members of the same family – as we are members of the same collegiate university. So corporate due diligence is normally much more ‘heavy duty’ – although discovering the
strengths and weaknesses of each partner’s resources, especially the non-financial resources, can be quite a challenge and is often sub-optimal. Two relatively new Oxford colleges on the other hand are not reticent about exchanging information.

Marriage or implementation

If a college merger has the rationale of mutual growth, as does ours, then being confident about each partner’s resources – financial, capabilities, skills, reputations, etc – is vital. In business strategy-speak a mutual growth rationale is a resource-based view of organisational strategy. And this is hugely important in the third phase of mergers – post-merger implementation or integration (PMI).

The challenges and options of PMI can be classified and analysed in the framework above. Its vertical axis suggests that pursuit of sustainable synergies (typified by mutual growth and a wide view of resource-based advantages rather than short-term financial, transactional or structural merger dividends) can be high or low. The horizontal axis suggests that a dominant model of resource integration may or may not apply.

If quick fix and immediate synergies are sought, a bold approach is to consolidate the way things are done and resources are deployed in a dominant, one-way, takeover-style approach. On the other hand, if synergies have been identified but disruption is to be kept to a minimum, even perhaps at the cost of slow synergy release, a co-exist approach can be adopted where the two organisations largely run their operations separately in much the same way as in the pre-merger phase.

If it is thought that sustainable, mutual growth synergies can be released by selecting the better operations, systems and traditions from either of the two parties then a combine approach to integration may work – a ‘best of breed’ approach. A particularly ambitious approach based on the pursuit of sustainable synergies and creation of a new organisation with new models, systems, processes and so on makes sense if a new business (or college) model is the goal.

The spirit of the merger between Green and Templeton has been the creation of a new and twenty-first century college in a traditional setting. Thus we are planning some new ways of doing things – from how we organise dining through a new college identity with new communications channels to new investments in alumni relations and development.

However, we also recognise that each college brings distinctive and valuable capabilities to the merger. Green has admirable student monitoring and mentoring and a strong commitment to common table; Templeton has a high service ethos, concern with its environment and a commitment to funding student scholarships, bursaries and prizes. Each has experimented with different academic and outreach events. So we need a combine approach as well as a create approach.

What we are not doing is a brash consolidation in takeover mode (although technically Templeton is taking over Green). We are seeking to achieve a merger of equals which we hope will result in the creation of a model graduate college. This high ambition also rules out a co-exist approach.

Of course, all the above reflection is rather structural or mechanical. Both colleges worked hard and successfully in the analysis and due diligence phase with attention to process. The first two years of post-merger implementation or integration will be just as critical. Succeeding in this mix of ‘create and combine’ will depend on all members of the college – our students, staff, Fellows and old members – playing their part. Our synergy potential is high and the enthusiasm of all parties has matched this ambition. Our merger is seen as both ground-breaking and an obvious move by external observers. However, it is our insiders, all our members, who have to make sure this merger is one of the successes in the history of M&A and a memorable landmark in the continuing evolution of our collegiate university.

Michael Earl is Dean of Templeton College and Professor Emeritus of Information Management at the Saïd Business School. This article draws both on his experience of the Green Templeton College merger and on the framework contained in his forthcoming study written with B Khan, *IT in Mergers and Acquisitions.*
Turning insights into action

Associate Fellow Kees van der Heijden finds scenario thinking is now both more strategic and more practical

The overwhelming first impression on surveying the field of scenarios today is its vibrancy. This is not an area stuck in orthodoxy. It is still largely a practitioner’s art. While in some academic circles there are attempts to develop conceptual frameworks and theories of scenario planning, out in the field demand is racing ahead and new thinking is developing. Most practitioners are not just ‘doing it’: they are involved in progressing the state of the art.

We see many new aspects. There are attempts to get on top of the field by mapping out territory with new conceptual frameworks – the contextual versus the transactional environment; inductive versus deductive processes; and so on. These attempts to delineate the field prove powerful in gaining an overview of what it is about.

The field of scenario work is no longer satisfied with ‘making sense’ of the environment as a goal in itself, leaving it to managers to think about what this means for them. Practitioners are increasingly considering strategic implications as an intrinsic part of the process. We see this as part of the general shift in the field of strategy: from ‘business-as-usual’ to ‘game changing’; from ‘adapting’ to ‘shaping’; from ‘inside the box’ to ‘outside the box’ innovation; from ‘managing’ to ‘leading’.

Gaining a new deep understanding of the strategic situation, now and in the future, remains one of the key objectives of scenario practice. Without this there can be no ‘seeing the situation in a new way’ and therefore no strategic insight and renewal. Awareness is growing of the overlap between scenarios and systems approaches.

We see fascinating attempts to use concepts from systems theory, such as dominant loops, to help scenario thinkers distil the essence of the situation they are describing. Some go so far as to describe scenarios as ‘systems in disguise’ and scenario building as systems analysis ‘without the need for specialists’. In this connection practitioners emphasise that good scenarios must be plausible, internally consistent, and based on a casual structure. In addition, they see the power of the narrative in terms of efficiency of expression and weight in the battle for attention. It seems obvious that we can expect further developments in this general direction.

It is fascinating to see how the field is starting to produce new links to entrepreneurial invention. Although strategic invention will always remain highly personal, scenario practitioners are finding ways to prepare the ground for the ‘magic moment’ when things fall into place; when you feel that you now understand the basic forces driving value in the situation and that what you need to do is staring you in the face. While scenario practitioners do not, on the whole, see themselves as being in the business of making strategic decisions, they do increasingly subscribe to Pasteur’s dictum that ‘luck favours the prepared mind’.

The strategic moment of truth is the discovery of a way to be distinctive in an area of value (i.e. a scarcity) in the world. Two things are vital to success: understanding where the bottlenecks will develop in the new world, and discovering how to develop a distinctive capability in some of these areas. We are starting to see how scenarios can contribute to both of these.

Another area under development is the psychological perspective of scenario thinking. It is suggested that the main benefit of scenario work is in avoiding the flawed thought which is natural to the human mind. Scenario practitioners are becoming increasingly interested in the psychology of scenario thinking as a way to improve their facilitation effectiveness in general. This is related to the increased interest in scenarios as management tools. Although management was previously associated with the implementation of strategy thought out at the top of the organisation, modern practice recognises the social nature of knowledge and the need to harness the thinking capability of the whole organisation in the development of superior strategy. We have discovered that scenarios are the ideal tool to turn the power of social networking into the effectiveness of the ‘strategic conversation’. This is where facilitation skills and knowledge infrastructure
‘You cannot legislate for invention but it will always come if you prepare the ground’


The collection also includes an essay, ‘When Strangers Meet: Scenarios and the Legal Profession’, by Karim Medjad and Templeton Fellow in Strategic Management Rafael Ramirez. The two authors argue that, although scenarios are rarely applied in the legal field, ‘there is in fact a considerable market for scenario activity in the legal world, where different stakeholders (legislators, the legislated, law enforcers, interest groups, lobbies) must adopt in their own way the type of scenario thinking that large multinational companies, military planners and policy-makers have so far dominated’. Casting an eye towards the regulation of the financial services sector, they add that ‘if the legal profession were to use scenarios, it might be able to legislate in more proactive or interactive modes’. The essay concludes with two imaginary case studies or ‘thought experiments’. In the first, on the future of corporate social responsibility (CSR), scenarios are used to probe a legal expert’s forecasts. In the second, scenarios are used to make best use of the limited legal resources of a NGO in identifying weaknesses in the legal armour of a tobacco company. The authors conclude not only that the legal world could benefit from interacting more routinely with scenario thinking but that ‘scenario thinking might itself be rendered more robust, and certainly more relevant to an influential population of decision makers, if it were to lend itself to this profession’.

are becoming increasingly important. However, some people see danger signals ahead and warn of negative developments. The most important of these concerns superficial work by practitioners who find it difficult to stand up to clients’ demands for standardised processes, fixed budgets, and deadlines. New clients do not always clearly understand that this is not another version of the mechanistic forecasting we did in the past, but about new and original ways of strategic thinking. This is a big dilemma for most practitioners. At what point do you become constrained to such a degree that it becomes highly unlikely that any sort of ‘magic’ will arrive, leading to a dissatisfied client and making the whole thing counter-productive? There are too many reports of projects that ended in a big ‘so what’ question for the client because the conditions for creating original insights and turning them into effective actions were ignored.

You cannot legislate for invention. It will take its own sweet time to arrive. But the good news is that it will always come if you prepare the ground and give it enough time.
Central to psychoanalysis is the notion that symbols – words, jokes, dreams, slips of the tongue, actions or objects – have unconscious hidden meanings. These meanings are unconscious because they are too painful to enter consciousness. Similarly, employees’ words and deeds in the service industries often have a deeper hidden significance.

Three images have so far been used to illuminate the employee–customer relationship. One image depicts the employee–customer interface as a theatre in which workers are paid to perform in the presence of customers. A second, rather different, image is that of the panopticon, a prison built round a central observation tower from which inmates are observed. There are some occasions in which the panopticon theme has positive connotations for employees. More often than not, however, this notion has a pejorative meaning that conveys the idea that employees feel intruded upon, observed and judged. The panopticon image is valuable because it emphasises the continuing presence of the customer as observer, spy or judge, where customers’ feelings and views have a critical impact on the working lives of employees.

A third image portrays the employee as a whore or prostitute and the customer as a ‘consumer of sexuality’. In some cases, such as prostitution, the sexual aspects of the exchange may be entirely explicit. However, in other work settings there may be a more implicit, albeit widely acknowledged, sexual dimension.

‘Revenge is sometimes the only remaining option’

Troubled times at the check-out?

Mark Stein explores a damaging unconscious world at the employee-customer interface
The image of toxicity

Despite the value of these images, they do not convey various issues within this relationship. These concerns have less to do with being observed, abused, or losing a sense of identity and more with the employee’s experience of being ‘poisoned’ and ‘polluted’, so that not only is the immediate task made more problematic but the damage is transferred to other areas of the employee’s work and relationships.

Employees may feel themselves to be subject to toxicity when in face-to-face contact with customers, but cases where customers are not physically present can exemplify even more starkly the toxic quality that words alone can have in the customer–employee interchange. Toxicity may affect other parts of employees’ work as well as their relationships with colleagues. Such pressures can also affect relationships between employees and their bosses, and relationships between employees and workers in other organisations may also be affected. There is also evidence that such toxicity may remain with employees well after the end of the working day and that it may affect their home lives and relationships with family and friends.

It is especially problematic that employees cannot process or absorb toxic experiences and may consequently carry the effects of such experiences for significant periods of time. This may result in a number of responses, such as employees engaging in subversive forms of humour. While many of these may involve escaping the problem, there may come a point when flight is no longer possible. In such cases, front-line workers feel they can neither manage nor flee, and one way to deal with this is to engage in revenge and attempt to expel the toxicity into someone else. Revenge, therefore, is sometimes the only remaining option.

Employees sometimes respond to customer toxicity not only by wanting revenge but by acting it out. At Disneyland, for example, various repertoires of revenge activity have been mentioned by ride operators, although these have only been used rarely. These have included the ‘seatbelt squeeze’ that leaves the customer ‘gasping’ for the duration of the trip; the ‘brake-toss’ so that ‘the driver flies on the hood of the car (or beyond)’; the ‘seatbelt slap’ involving the customer receiving a snap of the hard plastic belt across the face or body; or the ‘sorry-I-did-not-see-your-hand’ tactic, a ‘savage move designed to crunch a particularly irksome customer’s hand (foot, finger, arm, leg, etc.’).

A toxic environment

Problems of toxicity become particularly acute when they extend over space and time. In such cases we may speak of the experience of a ‘toxic environment’. One example which emerged from my research was a state-run airport authority. Employees taking payments at the airport car park exits frequently faced customers who were in a distressed state. Like workers elsewhere, car park staff repeatedly referred to customers as ‘obnoxious’, suggesting an experience of something polluting or poisonous being transferred to them; they also complained bitterly about the levels of pollution in the car park. One employee, especially angry that staff numbers were being reduced as a result of the requirement to use a ‘car starter machine’ to assist those unable to start their vehicles, spoke of the new machine as ‘that bloody thing’. When he offered me a cup of coffee (I interviewed him in the small work cabin situated in the car park), his colleague said that he would have to ‘scrape the carbon out of the cup’ before he gave it to me. Although I accepted the offer, he never poured the cup.

What this suggests is a pervasive feeling among these staff that they inhabit a contaminated world, permeated by a range of toxic substances which had dangerously transgressed their boundary regions. Like poisonous gases – where combinations of substances may vastly increase toxicity – these sources spiralled in a mutually reinforcing way.

The idea of toxicity undercuts the concept of employees as autonomous, conscious subjects who should have little difficulty controlling their feelings, and thereby influencing their fate; this concept is implicit, for example, in notions of employees as ‘empowered’ or becoming ‘winners’. Statements from managers that ‘we own our own emotions’ and from employees that ‘no one makes you feel the way you do without your permission’ are therefore necessarily grounded in illusion: employees are vulnerable to the indeterminacy and difficulty of the work environment in which they operate, as well as to the shaping of that environment by their feelings and by the unconscious. The undermining of the autonomy of the subject is especially poignant when we examine the relationship between frontline workers and customers: frontline workers are expected not to defend themselves, to accept abuse, and to appease those who try to provoke them.

The toxicity image goes further than the other images in that it casts light on some of the systemic and dynamic phenomena associated with work in the service sector. In particular, the image throws into stark relief the complex manner in which excessive permeability across one boundary may transfer and cause difficulties in other areas. Thus toxicity across an employee–customer boundary can produce problems across a range of other boundaries — for example, the employee–team boundary, the employee–external employee boundary, the employee–boss boundary, and the work–home boundary. In extreme cases, the systemic inter-relatedness of these boundary transgressions may lead to a downward spiral of toxicity and the development of a toxic environment.

The essay on which this article is based won Mark Stein, a senior lecturer in Management Studies at Imperial College, the first Richard Normann Prize last year. The prize is awarded for the submission that in the service sector best furthers the intellectual legacy of the seminal management thinker Richard Normann. ‘Of all the entries to this year’s prize, this is the one which most furthers Richard Normann’s work,’ wrote Fellow in Strategy Rafael Ramirez. Stein’s work offers grounds to deeply re-think how realistic the empowerment of the front line worker can be, questioning not only whether ‘inverting the pyramid’ … is possible, but also and more importantly whether attempting to do so unfairly renders front-line workers and assistants more vulnerable than bureaucracies … thus in the end decreasing, rather than increasing, service quality. Stein’s work has profound implications for the customer-service employee boundary and its design and management. The essay, which was originally published in the journal Organization Studies, can be read in full at http://os.sagepub.com/cgi/reprint/28/8/1223.
Unreasonable expectations, Greek choruses and the games institutions play

Chris Sauer, Fellow in Information Management, argues that honesty is the best policy

Looming over us is the NHS’s mega-programme, the National Programme for IT. The programme’s challenge has been to establish a shared health IT infrastructure for a range of applications including patient care records, appointment booking, prescriptions, and a data communications spine to permit record transfer throughout England.

The initial costs of the National Programme for IT were stated as £6 billion. By April 2007 the House of Commons Committee of Public Accounts was estimating planned national expenditure as £4.1 billion and related local expenditure as £8.3 billion. One can safely predict from previous experience that these figures will rise to at least three times the original estimates and end up in excess of £18 billion. Implementation problems also soon emerged at places like Oxford’s Nuffield Orthopaedic Hospital, where introduction of a new system over December and January 2005/6 caused the hospital trust to identify a potential risk to patients.

Why is there such a fuss around the delays and mounting costs of the National Programme for IT? We argue that the programme is caught at the heart of institutional webs that take a simplistic view of mega-programmes. The public interest would be better served by widespread recognition of the complex and indeterminate nature of such programmes.

At least three major interconnected groupings of interest can be discerned in the National Programme. Each forms its own Greek chorus commenting on the main themes and showing how an ideal audience might react to the drama as it unfolds. While a Greek play had one chorus, the NHS drama has at least three. The first is between the relevant government offices and politicians, Connecting for Health senior management and senior supplier executives. In the second part of the web are the institutions of the NHS itself, related professional institutes and patient representatives. The third nexus of institutions that forms a separate Greek chorus constitutes the ‘professional critics’.

Academia as an institution can have many positions on policy and practice issues. One tendency is to believe that it is the guardian of knowledge that practitioners imperfectly apply. Academics, particularly in technical disciplines, tend to view the implementation of their ideas as straightforward and to be intolerant of the argument that practice is messy and complex. Academics make a better name for themselves by promoting their ‘knowledge’ of how to do things right rather than by focussing on practical dilemmas. Either the programme team should have executed it more effectively and efficiently, or the programme was set up incorrectly in the first place. The logic is incontrovertible – there are no other alternatives.

Be that as it may, the set of institutions has multiple powers. They not only act independently, they feed off each other. Academics pick up on press reports, the press reports on the NAO and PAC. The PAC reacts to what the NAO says. The press coopts the PAC chairman and reports his opinion together with academic and professional body opinion, for example that of the British Computer Society, and so on. It is an institutional web.

Within these three webs, we argue that it is too easy to engage in games of deception of both self and others. We recently heard an ex-cabinet minister talk of a billion-pound project he was promoting, ‘I knew when I was telling Treasury that it would only cost so much that this was a massive understatement; they knew that I knew this; and I knew that they knew.’ In other words everyone was complicit in playing a game that deliberately avoided confronting the question of what the actual cost would be and whether the
benefits would be worth it. Those who ultimately fund such programmes, whether they be taxpayers or shareholders, deserve that the key players engage in better quality debate about the real prospects for the programme and greater honesty about the reasons for proceeding.

There are three options. First, we may believe that mega-programmes are inappropriate. Secondly, we may believe that they are appropriate but that stakeholders will never accept the reality that they will not go to plan or deliver what they promise. Thirdly, we may believe that they can be appropriate and that they will achieve better outcomes if stakeholders understand and manage the realities of mega-programmes, based on previous experiences of their workings.

The third option, which we support, accepts that there may be circumstances under which mega-programmes are required — say where speed, 100 per cent coverage, or overall coordination are essential. Where we differ is in our belief that you can and should have a sensible conversation about the reality of mega-programmes with the funders.

Honesty has three virtues. First, it is ethical and duly respectful of others’ interests. Knowingly to misrepresent and ‘protect’ stakeholders from the truth, that is deliberately to understatement the downside and overstate the upside to those whose money is at risk, is arrogant and unethical. Secondly, honesty engenders better and more supportive relationships with the funders. Untruth damages relationships because whether or not funders believed what was promised, any efforts to renegotiate will be tinged with adversarialism because of perceived under-performance. The third virtue of honesty is that all parties can then engage in a more open discussion of whether the proposed benefits are worth the costs and risks involved. This has two facets. One is that a more widely informed judgement can be made about whether to proceed. We recognise that this courts the risk that funders may withdraw their support, putting greater pressure on promoters to justify their programme adequately. If through honest efforts they are unable to persuade the funders, it is not unreasonable that the programme be aborted. The other facet is that it helps everyone to prepare for what to do when problems arise. There is less need for cover-ups and excuses. Scenarios can be developed for alternatives.

To return to Connecting for Health, it was apparent from the outset to any experienced and unbiased commentator that the programme would encounter many storms and would end up being a different deal for the taxpayer. That it was not transparent to all concerned that initial statements of cost were only for the contracts with local service providers, not for the total transformation that would be necessary to secure significant benefits from the programme was alone sufficient to give the more critical institutions in the web a target.

It is time for the many parties to mega-programmes like Connecting for Health to recognise that all the other parties are intelligent and knowledgeable about programmes as investments and as risks to be managed. Mutual respect and a willingness to talk openly and sensibly about the realities will better serve the interests of the taxpayers and shareholders than continuation of the pretence that there is some significant probability that everything will go exactly as initially proposed. It is time for game-playing to end and mature interaction to begin.
Historically, alphabet-based systems have become the dominant writing form, not through any lack of subtlety on the part of pictorial writing, but simply because they are much easier to learn. Because the ancient systems contained so many signs and variations in coding logic, learning pictographic writing took a great deal of time, as well as access to scarce resources, such as pen and paper. The scripts tended therefore to be used only by aristocrats and scribes.

However, over the past hundred years or so, the development of mass media such as colour printing, television, and the internet has paved the way for the emergence of a new pictorial writing system that is available to everyone: the first democratic pictography. Through their sophistication, easy access, and ubiquity, the new technologies are teaching a large vocabulary of images to a very broad, even a global, audience for the first time.

Through a series of experiments and interviews, we discovered that pictures, particularly in the context of advertising, were being ‘read’ in the same way that people read writing. While they held the object constant (an apple is always an apple), its meaning could vary according to style and context. This meant that pictures could be used to communicate a wide range of specific information, both hard and soft.

Take, for example, this picture of an apple with a slash through a cigarette in its centre, a variation on the slashed circle so familiar to us in traffic signals and elsewhere. We know what it means: that the object or practice in the centre is forbidden in that place. The slashed circle sign has been broadly in use for less than fifty years – but it is already so familiar that it can be altered, as here, to take on additional meaning without losing intelligibility.

The apple in this case could refer to ‘health’ via a common proverb: ‘an apple a day keeps the doctor away’. Indeed, it is common to see apple imagery in health care graphics. However, this particular image, because it appears in New York City taxicabs, could also be referring to the city’s nickname, ‘The Big Apple.’ In fact, because the graphic in use is accompanied by the legend, ‘New York Department of Public Health,’ either the ‘health’ or the ‘city’ interpretation – or indeed both – would be valid.

Interestingly, although we might tend to think of images as transcending language barriers, a proper understanding of this particular sign is dependent on familiarity with both a proverb and a slang name: that is, it requires not only some knowledge of English but of idiomatic usage, and in the American English dialect. So translation depends on the viewer’s cultural and language experiences. It is certainly insufficient merely to recognise the object pictured.

If, however, we look at another apple, this time linked with a green snake, we instantly make a link with the story of the Garden of Eden, again by freeplaying against previous cultural experiences. In this case, however, while shared cultural experience is a prerequisite for understanding, shared language isn’t. ‘Eve’s apple’ would be the interpretation of this image if the viewer live in any predominantly Judeo-Christian culture, whether the language were English or, say, Italian. Indeed, the frequency with which the Garden of Eden appears in Italian Renaissance art would have made this narrative image easily accessible to its citizens even hundreds of years ago.

Still with apples, the multi-coloured logo
of Apple Computers has been layered with associations that give it a particular identity, going well beyond product attributes to notions of play, rebelliousness, innovation, and creativity. These associations have been added using advertising, but also the myths and personalities of the company’s founders, daring breaks in product design, confrontations with other companies and so on.

We devised a hypothetical advertisement to show how the seemingly simple Apple icon can merge with style and context to produce complex propositional statements. We’re guessing that the joke here would be instantly evident to most readers in postindustrial Western culture, even though it would rest on knowledge of Judeo-Christian mythology as well as the mythology of Apple Computer, and would stand on the shoulders of a long series of creative and technological developments from the woodcuts of Albrecht Durer to the innovations of Steve Jobs. Notice, too, that the meaning expressed could only be awkwardly and incompletely translated into a (lengthy) verbal statement: one that would have to be simultaneously a joke, a story, a metaphor, an irony, and a competitive challenge.

So how do we learn this sophisticated new language? As children we are taught to read using the alphabet—but no one has lessons in pictography.

Except, of course, they do. In the hard-paged, rounded-edge books now widely used to teach very small children to speak, count, and spell, we can observe the same image abstraction logic as that in our Apple ad. Often an apple image appears with the initial letter of the alphabet, and a cat usually stands for the letter C. Both of these associations are long-standing conventions, supported in print media and practice throughout the past century.

Yet children eventually learn that A stands for more than ‘apple’, and that C is used in other words besides ‘cat’. Similarly, they are learning that pictures of both apples and cats may stand for other concepts besides their object referents and they can recognise those object referents in multiple stylistic manifestations.

In one example, an apple appears alongside a cat and a bag. This arrangement is potentially a reference to the initial letters, A, B, and C. However, because the letter a is at the top of the page, and because the second page goes on to b, then c, the adult teaching the child is instead supposed to deduce that they should ‘abstract out’ for the child the short ‘a’ sound common to ‘apple’, ‘bag’, and ‘cat’. In contrast, a book on naming and recognising colours again shows a cat, but this time the abstracted quality is the colour black. In another book, the cat picture is used not to represent the letter C, but instead the W sound in ‘whiskers’. We can see, therefore, that children are being taught very early to abstract out various qualities (colour, number, shape, sound) and then to jump nimbly from one coding logic to another, even when the pictures of the objects are the same.

To make matters even more complicated, the books available to children show a wide variety of visual styles. A cat may appear one way in a book at school, another very different way in a book at daycare, and still another in a book at grandma’s. Indeed, there may be many kinds of kittens in the book in the child’s own room — not to mention those printed on pyjamas and pillow cases. What children seem to be learning are no mere one-to-one correspondences between image and object, but a complex regression of representations under which multiple rubrics may be invoked and various purposes applied.

It seems that consumers, even at an early age, must bring to bear much learning, logic, and judgement upon every image they see, and that they are probably always learning to see images in new ways. In many cases, the academic world is lagging behind in its understanding of the way in which consumers view and interpret visual information. The time is now ripe for a full reappraisal.
Arguing that business schools have sold out on their original goal of legitimising management as a profession in order to serve the global (MBA) market, Khurana sees the symptoms everywhere: dodgy grading, declining student enrolments, less valued graduates, growing reliance on an army of auxiliary teachers and the dethroning of scholarship and research.

‘Having entered the university as supplicants a century or so ago, business schools now occupy the commanding heights of higher education, their contributions to university revenues giving them unchallengeable status in the institutional hierarchy. Universities,’ he continues, ‘increasingly look to their business schools to develop the enlightened and responsible leadership that can help address the major challenges of our global age.’ But the current vogue for leadership studies is a sorry substitute for professionalisation. Similarly, the fashion for business school courses in ethics in response to scandals like Enron is hopelessly narrow. Salvation lies in a return to ‘the lodestars of professionalism and professionalisation’.

Can management achieve the defined stability of a profession? It is a dynamic, changing, inchoate, often chaotic activity. Therein lies its strength and its exasperating fascination. The idea of matriculating an earnest priesthood of managers, an organisational clerisy to set the world to rights is surely a chimera. And hasn’t Khurana spotted what is going on in the professions? They are increasingly importing managerial models in response to the demands of an ever younger, less hidebound workforce.

There is little or nothing in this book on new enterprise and the fast-moving currents of information and knowledge economies. Little on academic-practitioner intellectual co-production. Little too on Euro-land, the BRICs and the ‘tigers’. To be fair, the subtitle makes it clear that the author is singling out American business schools, but the book’s US-centricity is symptomatic of a larger blindness. There is something almost Canute-like in Khurana’s refusal to countenance the tides not just of globalisation but of individualisation in society. As the iron hands of deference and want loosen their grip, we are increasingly less and less tolerant of the imposition of defining frameworks and identities, professionally as well as personally.

‘My answer is rooted in the idea of institutions as mechanisms for the establishment and maintenance of social order, and in a conception of the utility of particular types of institutions for particular forms of order-making in the contemporary world,’ comments Khurana. ‘Order’: dire word. Throughout this book one senses not so much horror at the state of business education but the old academic itch to freeze and control. And perhaps beneath the layers of liberal concern lies something else: a hard pea of resentment at being sidelined and stinted of respect:

‘many business school faculty members are losing … their “cultural authority” as experts in the very jurisdiction within which their students intend to work. The undermining of faculty authority is exacerbated by everything from lax grading policies to the dramatic growth in the number of practitioners employed as lecturers and adjunct faculty in order to compensate for the diminished credibility of the full-time faculty, to the lavish facilities with which the more affluent business schools try to lure students, as if they were already potentates rather than apprentices …’

Yet if management academics feel marginalised they have only themselves to blame. Much management research has been a displacement activity, an attempt to gain cloister credibility among peers in the separate arena of the quantitative social sciences. Yet there is a world of seething activity out there begging to be described, interpreted and prepared for.

From Higher Aims to Hired Hands is solidly researched, well-written and blessedly free of jargon. A pity it gets it so wrong.

Peter Snow
Bird bath by Casper Taylor
Honours the work of Alan Mitchell, who landscaped the grounds. Donated by the P&O Senior Executive Group Members 1994 – 1996 and the Carey Benefaction
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