

The home is more than an office.

(continued)

and unproductive events. Many workers sneak out for a break from things they dislike, for example bosses, colleagues and activities like gift exchanges and “team building activities”. Therefore, working at home may be more productive. This notion is supported by a recent comprehensive study by Nicholas Bloom from Stanford University and his co-workers. They had the opportunity to study productivity in a randomized experiment with 13.000 employees from a NASDAQ listed Chinese travel company. Home workers proved to be 12% more productive and reported fewer breaks and sick days. In addition, their work satisfaction was higher.

Antagonizing work at home and in the office is an outdated approach as both places have their obvious benefits and disadvantages. The debate obscures the fact that both places often need

optimization. That home workers can be more productive indicates that they have a talent to create a supporting work environment; perhaps this talent could also be used to inspire office design.

Links and Literature

What People Really Do When They're 'Working From Home' (Venessa Wong)

www.managing-essentials.com/2fa

Workplace Survey Reveals Surprises About Traditional Office Life, Working from Home (CITRIX)

www.managing-essentials.com/2fb

Does working from home work? Evidence from a Chinese experiment. (Nicholas Bloom, James Liang, John Roberts, Zhichun Jenny Ying)

www.managing-essentials.com/2fc

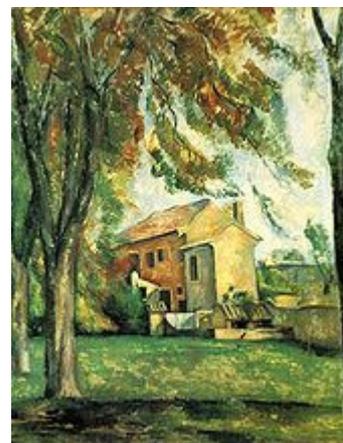
Attention control: A prerequisite of success.

It is often said that the ability to “multitask” is overrated anyway. Kare Anderson advises in her “Harvard Business Review” blog to focus and control attention more strongly.

Anderson noted in a field study that the main attractions for small children in Disney World are not the carefully created sensations but the cell phones of their parents. The children identified the phones correctly as the real action centers. This example demonstrates the semi-autonomy of attention and how early in life it forms and develops. Anderson stresses the importance of focusing attention and warns not to become a victim of the many automatics connected to it. Automatics can shape “the tone” of perception as in perceiving a glass pessimistically as half empty or optimistically as half full. In addition, many associations and classifications are learned or, as she calls it, “pre-wired”. Psychological research indicates

that cultural traditions play a major role in the formation of attention. Shown a chicken, cow and grass, American children put the cow and the chicken together since they are both animals while Asian children put the cow and the grass together since cows eat grass. To learn about one’s own attention patterns can help to discard idiosyncrasies. To govern them is of special importance for executives whose attention control serves as an example for others.

In fact attention seems to be a victim in the modern world of team interaction and multilayered communication. Work environments are more designed to foster these aspects of work than to assist individuals to concentrate and focus. This is worrying since attention is a process which should not freely float, but needs guidance and reflection.



Sa résidence du Jas de Bouffan, Paul Cézanne*

**Let not your
attention control
you**

Links and Literature

What Captures Your Attention Controls Your Life (Kare Anderson)

www.managing-essentials.com/2fd

Cultural Issues

International Day of Happiness: Not for everyone.

The United Nations (UN) recently declared that from 2013 March, 20th will be the “International Day of Happiness”. As in previous reports, the recently released “Happy World Index” confirms the strong link between economics and well-being. Like Thando Mgaga from the “Timeslive” in South Africa many journalists discuss the standings of their country.

Happiness and misery indexes have become a growth industry. In spring the UN published its first official report to compete with the established “Happy World Index”. There are a variety of methodological issues connected to these indexes, nevertheless, there is agreement that life expectancy, a feeling of well-being and a country’s GNP are central indicators. Not surprisingly countries in the developed world fare much better than those classed as developing. Therefore, the happiest populations are found in Northern Europe, namely Denmark, Norway and

Finland, with the most miserable are the African counties of Togo, Benin and the Central African Republic. The “Happy World Index” also considers a country’s ecological footprint, defined as the amount of resources consumed, a measure established by the environmental charity WWF. If this indicator is considered, countries like Costa Rica, Vietnam and Colombia take top spots and the resource consuming industrialized countries fall back into the middle field of the rankings.

However the happiness of countries will be assessed in the future there is likely to remain for a long time considerable variance between them. There are still many countries not participating in economic progress with their populations living in miserable conditions. In addition, the variance within countries is considerable. It will take many decades until the “International Day of Happiness” can be celebrated by everyone.

Links and Literature

Happy Planet Index: 2012 Report
www.managing-essentials.com/2fk

Happiness: No longer the dismal science? (Economist staff)
www.managing-essentials.com/2fi

First World Happiness Report Launched at the United Nations
www.managing-essentials.com/2fm

Zimbabwe is happier than SA (Thando Mgaga)
www.managing-essentials.com/2fn

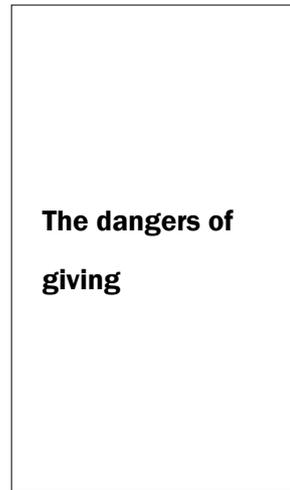
Bribes vs. gifts: Consequences of a cultural misunderstanding.

A Chinese business woman had to close down her massage parlor in California because she gave many gifts to city officials which were perceived as bribes. Austin Walsh reports about this cultural misunderstanding in Redwood City.

In 2009 the Chinese woman obtained a license to operate a spa and she continued to send presents to the county officials guiding her in that process. She repeatedly offered cash, movie passes, candy and US\$100 gift cards. County officials revoked the license and charged her with bribery. She spent 5 days in jail for not contesting the charges. In the court proceedings assisted by an interpreter she argued that she just followed the Chinese cultural customs of Zen-ping and Guanxi; her lawyer claimed she felt a sense of obligation. Even the county’ supervisors of the industry

admitted that her behavior may be blamed on a cultural misunderstanding. However, in the end this did not help her and her licenses were revoked. She may not reapply until 2013.

This short story highlights the significance of cultural misunderstandings and the problems in finding a satisfactory solution when things have gone wrong. It would seem that the woman did not contest the charges initially as she just did not understand that a gift may be perceived as a bribe and in fact, bribery was never necessary. In the proceedings, all parties concerned seemed to be aware of the misunderstanding, but the revocation was upheld by a majority vote. Bribery is not only a question of intentions but of context.



Links and Literature

Cultural Misunderstanding Closes Massage Parlor : Supervisors shut down business over gifts perceived as bribes. (Austin Walsh)
www.managing-essentials.com/2fo

Business Cases

Repeatabily: The base for enduring business.

Schumpeter’s “creative destruction” has become a favorite term in business development; but does one not often destroy more than create? Yes, answers Chris Zook from consulting giant Bain in his “Harvard Business Review” blog which also introduces his new book “Repeatabily: Build Enduring Businesses for a World of Constant Change”, co-written with James Allan.

The researchers from Bain analyzed the data from 70,000 companies and found that the majority, 42.000, earned shareholder returns below inflation rates. Only 9% were characterized by sustained and profitable growth. Overall, all companies combined aggregated net returns of US\$ 19 trillion, however only 100 companies generated more than half of that total. These 100 companies are characterized by their ability to replicate success in what the author calls the “Great Repeatable Model”. To repeat success depends on a business model which keeps internal complexity

low, is based on a long term perspective and concentrates on the genuine strengths of the model. Consequently three design principles are proposed: a well differentiated core, closed loop learning, and clear non negotiables. They point to companies like IKEA, Nike and financial services company Vanguard Group as examples of this approach.

It is in fact much easier to talk about “creative destruction” and “disruption” than to endure it; the frequent failures rarely make headlines. The model draws attention to the need to reconsider two historical principles of organizational design, simplicity and stability. Some companies like KODAK developed problems because their success made them blind to technological innovation, but many more fail because they become too complex in both their internal structure and the business fields they want to cover. To keep it simple is always a good idea.

Links and Literature

When "Creative Destruction" Destroys More than It Creates (Chris Zook)

www.managing-essentials.com/2fw

Website and book (Bain & Company)

www.managing-essentials.com/2fx

Motorsport: An unregulated market?

A German Court sentenced the former chief risk officer of a major German Bank to eight and a half years in prison after he admitted taking a bribe from senior Formula One official Bernie Ecclestone. Jonathan Russell gives details in the British newspaper, “The Telegraph”.

In 2005, Gerhard Gribkowsky, at that time chief risk officer of BayernLB based in Munich, sold the banks 48% stake in the Formula One holding company for US\$ 840m to CVC Capital Partners in Luxembourg. The business connection to CVC was arranged by Bernie Ecclestone, the principal of Formula One. As a side deal Gribkowsky received US\$ 44m and Ecclestone US\$ 41m. Since the banker hid the money from his employer BayernLB and German authorities, German prosecutors charged him for tax evasion, bribery and embezzlement and close to the end of court proceedings

Gribkowsky confessed. However, the status of the payments is still disputed; while the court judged them as acts of bribery and “unjustified commissions”, Ecclestone perceives his part as a justly earned 5 per cent commission fee. He stated that he paid Gribkowsky only because he felt blackmailed by the banker.

The deal and its consequences demonstrate that the much needed Corporate Governance is still under development in some business areas. Provisions and commissions are connected to many business transactions but shady backroom deals are a risk for employers and the public. The risk is not limited to possible bribery and blackmail as a major allegation in the case was that the stake was sold for a price far under its actual value.

**Backroom deals
are risky**

Links and Literature

German banker Gerhard Gribkowsky who took bribes over F1 sale jailed (Jonathan Russell)

www.managing-essentials.com/2fy

(Continued from page 1)

the majority of the staff does not work there. For this majority daily business means to report and to engage in many meetings to find compromises and spread responsibilities. This is not a criticism since a stable best practice needs the support of all and, in fact, responsibilities are spread.

This proclaimed search for “talent” or high “potentials” expresses primarily two miseries of corporate human relations management. First, after some initial enthusiasm companies and consultancies encountered soon the limits of the assessment center. Modeling task demands in a realistic manner is essentially impossible. These demands are just too complex and vary too much with their context to be simulated in a meaningful way. Consequently, assessment centers focus on attributes like presentational and social skills together with more general aspects of knowledge and reasoning. These attributes are, however, secondary. As important as social skills may be, some genuine expertise and experience can be helpful. Secondly, companies have realized how difficult it has become to define task demands and a career path to which the profile of a candidate might be fitted. Functions and structures in organizations can change fairly fast nowadays. We are not in the glorious 50ties anymore when companies had a sizable department named “personnel development” for

educating, preparing, and training their leaders looking towards the next decade. It’s a pity, of course. But it’s also the reflection of the reality that many small and big leaders would hesitate to bet that their department or company will still exist in a decade with a structure predictable today.

Thereby, many ideals meet in the “high potential”. It is the individual all head hunters want to offer and all companies want to employ: somebody, who can do nearly everything, everywhere, and under changing conditions. Obviously, such a person is hard to find, even if one allows for some exaggeration in “personnel marketing”. There are two main reasons for this. Firstly, the “best and brightest” often do not pursue a management career. In contrast to popular opinion in corporate human resources departments, selection does not start there but some years earlier when young adults choose the subject of their studies. Many “high potentials” end up in the “free professions” becoming doctors or lawyers; others stay in the academic world. In addition, those already holding a job and being bright are often unwilling to change. Finally, in many cultures including the industrialized countries businesses are family affairs. The question where talented daughters and sons will work does not even come up. Secondly, many graduates entering the potential corporate labor market just do not fit into corporations. Individuals with “entrepreneurial spirit” have not



Ercole e l'Idra, Antonio del Pollaiuolo*

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surprisingly a tendency to become indeed entrepreneurs. You find them in the universe of startups where many of them, by the way, prove also the limits of their talent. Of course, their idealism and enthusiasm could help a corporation, but what does it help and what would it cost? These individuals do not like the inevitable hierarchies, reporting, and meetings. Corporations dislike their individualism, non-conformity, and risk taking. In fact, you can see every year in the rankings of preferred employers by university graduates that they want to combine the best of both worlds in companies like Google, Apple, Facebook or Microsoft. These companies have a reputation for advancing individualism, seem to be safe havens with regard to salaries and job security – and offer credible opportunities of individual careers in a rapid expansion which is not to be found in most companies of the “old economy”.

This does not mean that most corporations have to settle with the dumb and untalented residual of a strongly self-selecting labor market. If you should be working in one of these many non-exceptional companies and look around, you will find a lot of able and motivated colleagues who never fitted the label “high potential”. They are good, decent, and motivated people you can rely on. They work hard. Yes, they want to be with their family in the evening and would hesitate a lot when presented with the prospect of having to work in the Australian outback for two years. But they will go loyally through the ups and downs, cope with change, and mentor new colleagues informally. They form the backbone of corporate operations. As far as “talent” is concerned, these people display something even more important than big potential: actual performance. Corporations are well advised to strengthen their backbone instead of snapping the finger for somebody they often hardly can retain.

Links and Literature

The war for talent

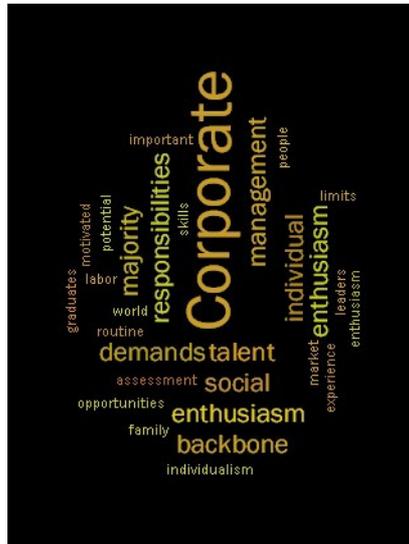
www.managing-essentials.com/2f4

The war for talent II: 7 ways to win

www.managing-essentials.com/2f5

Are you ready for war for Talent 2.0?

www.managing-essentials.com/2f6



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