



# Managing Essentials

## International

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### Editorial: Goal-setting - You can reach the peak, but stay there only for a moment.

By Wolfgang Battmann

Life is regularly viewed as a pathway, working life as a career and the actual work as a series of steps to be accomplished or goals to be achieved. Graduations and promotions are the milestones on this pathway, or more prosaically, the gems in this chain of pearls. The moments when these milestones are reached ought to be happy ones and they often are. Promotions are met with a smile and many colleges advertise with their happy students airing hats at graduation. Nevertheless, some individuals experience a day when the step taken in life is not a happy one but a day of worries and depression. The most prominent example outside the area of work, and probably the saddest one, is post-natal depression in women which has a prevalence of up to 10 per cent in some western countries.

Why does the achievement of a goal not necessarily make us happy? There are several factors contributing to this unexpected effect. First, many individuals pursue goals they are not really confident about, but are unable to change course. In higher education a significant minority does not study their "most preferred" subjects, but for financial reasons, following a family tradition or just to be on the safe side regarding potential employment, they study something "more reasonable or acceptable". Secondly, in the long phase of anticipation, goals tend to be overestimated in their value and importance. If the activities leading to them are very absorbing they can serve as shining stars but their qualities will

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## Managing people

### Reading: An essential for leaders.

From Winston Churchill to Steve Jobs, as diverse as they are, many leaders have been avid readers. In a contribution to "The Harvard Business Review" John Coleman explains why reading is an essential for every leader.

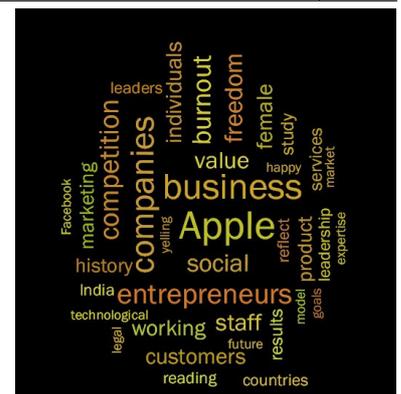
Worldwide literacy rates have increased, but less and less individuals are deepening and exploiting this skill by reading literature. For the USA, the

National Endowment for the Arts estimates that only half of the population regularly touches a book physically or on screen. Reading books, journals, magazines and newspapers not only has the primary value that one can learn about the ideas of others, broaden one's perspective and gather insights and inspirations; there are also

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## Reading: An essential for leaders.

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important secondary values. A variety of studies two decades ago summarized by Keith E. Stanovich indicate that reading positively influences verbal intelligence. Furthermore, the figures and situations encountered in novels can improve sensibility and situational awareness. Reading therefore helps leaders to express their ideas in a more elaborate and refined manner. Finally, reading can be fun and a very effective way of relaxing.

To make the case for reading literature is worthwhile in a time of verbal and electronic communication. Literature focuses on a level these forms of communication regularly do not offer, in-depth knowledge. Books combine this aspect with a second important one, permanency. For expertise or life events, books regularly summarize and condense in a way which allows readers

access and for novels to re-live them for eternity. Also, when it comes to expertise, permanency can have a very practical side. It is much easier to study and recollect with a book than with other media. In whatever form, the book will survive or even have its comeback.

### Links and Literature

For Those Who Want to Lead, Read (John Coleman)

[www.managing-essentials.com/2ia](http://www.managing-essentials.com/2ia)

Importance of Reading (National Endowment of the Arts)

[www.managing-essentials.com/2ib](http://www.managing-essentials.com/2ib)

Does reading make you smarter? Literacy and the development of verbal intelligence. (Keith E. Stanovich)

[www.managing-essentials.com/2ic](http://www.managing-essentials.com/2ic)

## Sales: A question of wording, style and behavioral analysis.

The “Genius Bar”, often in the back of the store, is a cornerstone in Apple’s marketing. Now the confidential in-house training manual for its staff has emerged and was partly reprinted by Sam Biddle from “Gizmodo”.

The “Genius Bar” for services and expertise is used by about 40% of Apple’s customers and 90% rate the experience as very or extremely positive. One reason, argues Killian Bell in “Cult of Mac”, is certainly that 88% did not have to pay for the services they received. Another is most likely the skill of the staff who receive intensive training on customer care for two weeks. The confidential manual was leaked to “Gizmodo”. The staff learns to mind its words, e.g. Apple computers do not “crash” but “unexpectedly stop” or do not “respond”. There are no “bugs” or “problems” but “situations” and “conditions”. The wording is part of a broad approach in which the “Geniuses”, as staff working at the bar are called, are

trained to become graceful educators of their clients. Expressions of empathy and compassion as well as the interpretation of clients’ non-verbal behavior play a major role in the program.

The focus on expressing and transforming emotions, together with the detailed analysis of a client’s behavioral repertoire has also drawn some criticism. To what extent should customers be won over by faking emotions and exploiting their behavioral cues? Decades ago Arlie Russell Hochschild had already spoken of the “Managed Heart”, a book still worth reading today.



Leitura, José Ferraz Almeida Júnior\*

## The heart of sales

### Links and Literature

Why Do Apple Customers Love The Genius Bar? It’s Free (Killian Bell)

[www.managing-essentials.com/2id](http://www.managing-essentials.com/2id)

How To Be a Genius: This Is Apple’s Secret Employee Training Manual (Sam Biddle)

[www.managing-essentials.com/2ie](http://www.managing-essentials.com/2ie)

Arlie Russell Hochschild (2003). The Managed Heart: Commercialization of Human Feeling (Twentieth Anniversary Edition). University of California Press.



## European entrepreneurs have a hard time.

The crisis in Europe has many roots beyond the Euro, its currency. The lack of growth and innovation is also due to the hard time most countries give to entrepreneurs. "The Economist" describes some of the hurdles.

The Global Entrepreneur Monitor ranks many European countries far down the list when it comes to early stage entrepreneurs with Italy (2.3%), Germany (4.2%) and France (5.8%) lagging significantly behind countries like the US (7.6%), China (14%) and Brazil (17%). In addition, small companies grow more slowly in Europe than in the US and Asia with psychological, financial, and structural problems being regarded as responsible for this problem. From the psychological side the populations of the "Old World" seem more risk averse with a history of total destruction in wars and operating in a union with a common currency but within local markets. This conservatism can also be found in rigid

ways of financing and outdated bankruptcy legislation. Private investors are in short supply and nowadays bruised by the burst of the dotcom bubble. A failing innovative company puts a severe burden on its executives because it takes years to close it and there is regularly the assumption of misconduct. To pay new staff with stock options and free shares is close to impossible since small companies cannot incorporate a way of facilitating this. Finally labor laws and the social security systems are not very flexible. Temporary contracting is complicated and the costs of laying off individuals are especially high as in most countries six months severance pay is obligatory.

Bureaucracy and over-regulation are the names of the entrepreneurial game in most European countries. Small innovative companies with strong fluctuations in size and staff during their first years meet a legislative order

making adjustments difficult. In many countries semi-legal ways of working around labor laws have developed, but fines are stiff and a disgruntled employee will find a court putting things right. Many European entrepreneurs consequently move to friendlier shores on the other side of the Atlantic or in the Far East to set up their companies. However, innovation, labor markets and tax income suffer from this trend.

### Links and Literature

European entrepreneurs: Les misérables (The Economist)

[www.managing-essentials.com/2ip](http://www.managing-essentials.com/2ip)

Global Entrepreneur Monitor 2011 Global Report

[www.managing-essentials.com/2iq](http://www.managing-essentials.com/2iq)

## Freedom vs. agitation on the Internet: The riots in India.

The US government has asked the Indian government to respect the freedom of the internet after Indian authorities blocked about 250 websites to prevent bloody communal tensions. Margherita Stancati and Tom Wright from the "The Wall Street Journal" and authors from the "India Times" examine the problems of preventing abuse using the internet.

Thousands of Indians tried to escape from the northwest of the country afraid of a backlash in communal tensions which had risen up in the weeks before. A conflict about land between the two major religious groups had claimed around 80 lives and was further incited on the internet. Fake pictures and videos with titles like "Bodies of Muslims killed by Buddhists" circulated; inflammatory texts were posted on websites and spread by text messages. To prevent further violence the Indian government blocked about 250 sites in accordance with local legislation in an attempt to

stop offensive content. However closing access to offensive pages by Google or on Facebook caused considerable problems. The situation put both countries at odds, with India being disappointed by the lack of support and the US criticizing India for what it perceived as censorship.

Concepts of freedom, especially when defined in legal terms, differ considerably between cultures and the extent to which potentially hateful and inflammatory content is accepted as part of the freedom of expression is discussed worldwide. Countries with developing literacy and education programs may, with perhaps understandable justification, be more conservative as they may have to fear that rumors and misinformation are used to weaken labile social structures or that minorities are harassed. Freedom is also freedom of hatred and offense by others.

**Cultural  
differences in  
freedom**

### Links and Literature

U.S. Calls on India to Respect Internet Freedom (Margherita Stancati and Tom Wright)

[www.managing-essentials.com/2ir](http://www.managing-essentials.com/2ir)

India to seek US help to track down origins of offensive web pages (Times of India)

[www.managing-essentials.com/2is](http://www.managing-essentials.com/2is)



## Business plans five years later: Results of a follow-up study.

Fame and glory for entrepreneurship makes headlines, but the majority of such enterprises fail. As Victoria Black reports in “Bloomberg Businessweek”, this fact also holds true for elite startups.

Bloomberg Businessweek tracked the winners of the Rice Business Plan Competition from 2007; this competition is one of the largest worldwide. Since it targets Business Schools and their MBAs the competition attracts the cream of future entrepreneurs relating to educational background and institutional support. Respected venture capital companies, consulting firms and other actors from the start-up ecosystem sit on the other side of the table. In 2011, the winners received US\$ 1.3mn in cash awards. Despite this background of expertise and financial support only three of the seven winners from the contest of 2007 are still in business and one of these three was unwilling to

provide detailed information. This data is in line with a less fine-grained analysis of all participants since the inception of the competition in 2001. From the 354 participants only 128 are still in business or had a successful exit.

The specialty of this contest is the expertise and support entered from all sides. An entrepreneur will hardly get better advice and more support than gathered here. The failure of the vast majority of businesses points to the limits of human judgment in predicting the value of an idea and the probability of its realization. Unfortunately, the design of this and comparable studies does not allow inferences on how many business ideas succeed which were prognosticated as failures by experts. Anecdotal evidence of inventors like Graham Bell carry however the comforting message that experts can err on both sides.

### Links and Literature

For MBA Startups, High Potential, Mixed Results (Victoria Black)

[www.managing-essentials.com/2i2](http://www.managing-essentials.com/2i2)

Rice Business Plan Competition

[www.managing-essentials.com/2i3](http://www.managing-essentials.com/2i3)

**Reality hits  
business plans**

## Partners must fit: Lessons from an Indian-Norwegian venture.

A Norwegian telecom corporation wants to sell a joint venture which it set up with an Indian partner. In a contribution to “Harvard Business Review” Laurence Capron and Will Mitchell describe the end of what was only a temporarily happy marriage.

Telenor, a major Norwegian telecommunication company looked for a partner in India some years ago to set up operations there and found Unitech. It seemed to be a fairly happy partnership starting because Telenor needed a local partner to meet the legal requirements in India. On the other side, Unitech needed a partner with competence in the telecom business because its main business had been property development when in 2008 it won a bid for telecommunications spectrum licenses. The joint venture started well with 35 million subscribers

and a staff of 15,000 in India. However, from early on there had been differences on central strategic questions ranging from investment strategies to pricing details. Telenor holds a two thirds majority stake in the joint venture and had to provide the technological and business knowhow. The struggle between the partners is now being fought in public after a former Indian chairman of the joint venture was arrested over corruption charges. Also, board appointments were disputed and, last but not least, no agreement could be reached about the current material and strategic worth of the partnership.

The separation quarrels are now filling the press. Most likely, both partners discovered too late that they had not much in common beyond the basic deal which was licenses and legal cover from Unitech in exchange for expertise in the

field and business knowhow from Telenor. This demonstrates that an agreement on some basics is not necessarily enough to make cross-cultural joint ventures successful in the long term.

### Links and Literature

How Not to Partner in India (Laurence Capron and Will Mitchell)

[www.managing-essentials.com/2i4](http://www.managing-essentials.com/2i4)

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and cannot be deeply reflected. One quality will especially become evident when a goal is reached: Besides the hopefully expected result there are other consequences which are often not intended. The two aspects of a goal, results on the one hand and the consequences on the other, are often not differentiated on the way. Actors focus on the result. However, when the goal is achieved, the consequences unfold their full power. They often overshadow the result and do so with justification since the result reflects the past and the consequences reach into the future. Graduation is not only the happy day when school or college is completed, but also the day when an often more insecure and uncertain future with even higher demands begins.

This sober or melancholic view on life is complemented by the fact that not all goals are met in the way hoped for and life's pathway is not a permanent upwards one. Many physical and cognitive performance peaks are reached before the age of 30 and most professional careers reach their maximum before 40, one of the many elements adding to the infamous "midlife crisis". Career models since the 1970s suggest preparing for a long time of stagnation or even decline in mid-life. There will come the time when your boss may be younger than you and it is a good idea to switch from competitiveness to becoming a mentor for the young

achievers then.

Scientists in the tradition of Feigenbaum have spoken since the 1960s of the "hill climbing" model of life in which one reaches a peak not to enjoy the sight of the plains but to see from there the next one. This next peak may be even higher and the way to it may lead through a dark valley. The phenomenon was more picturesquely paraphrased in the early 1920s by the British philosopher G.B. Shaw in his famous statement "you can get to the highest peak, but can't stay there for long". And of course in this aphorism, those many individuals who did not make it to the peak but had to return to their base half-way or just in sight are disregarded

Due to the humiliation and public shame connected to "not having made it" the concept of "goal setting" has become a major element of structuring human action far more in the West than in the East. In the West goal setting serves not only as a management technique but has generalized into a life philosophy. With his "management by objectives" Peter Drucker has now influenced three generations of managers. However, already in the early 1980s there has been an Eastern counter movement spearheaded by Ouchi with his "Organization J", a not so well known predecessor of the later famous "Kaizen". Ouchi contrasts the concepts of goals and technological revolutions from the West with the concepts of resources and incremental development



The first ascent of the Matterhorn, Gustave Doré\*

**From the top of  
the mountain,  
all paths lead  
only downward**

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in the East. This does not mean organizations in the East have no goals, but in the West the concept of the goal serves as both a sign post indicating the direction and as an individual motivator. In the East the goal is primarily a sign post and shows the way not for an individual but for a team. Individual motivation is seen as something which is best socially influenced by embedding the individual into a good organization.

Consequently, goals should be set with care and not be overloaded with hopes and expectations. First of all a goal should serve a purpose, this is the crucial point as graduation cannot be a happy moment for students completing study they never really liked. To avoid frustration at the peak the goal should be an identifiable part of a general life philosophy and it is important to look beyond the peak when climbing the hill. Furthermore, a goal has to be realistic and if possible the activities leading to it should be structured in a way that some success can be achieved on a daily basis, even in small steps. It should tax the abilities but not be over demanding. Over- and under demanding goals are regularly just a way of escapism.

Certainly life needs highlights to reflect on and to look forward to. However, life and work satisfaction should neither be founded on the past nor delayed into the future. The most satisfying professions

are not accidently those in which individuals feel rewarded daily be it socially as clergy and firefighters or out of the process of creation like artists. For the vast majority of these individuals the rewards do not reflect riches, fame or preparation but are side effects of all the small activities making up daily working-life. "The truth of the pudding lies in the eating" states a famous American proverb and this seems to be true for life and work in general.

**Links and Literature**

Feigenbaum, E.A. & Feldman, J. (Eds.) (1963). Computers and thought. New York: McGraw-Hill.

Ouchi, W.G. (1981). Theory Z: How American Business Can Meet the Japanese Challenge. Reading, MA: Addison-Wesley.



## About Managing Essentials

Managing Essentials is on its way to become the premier newsletter for general managers, specialists in organizational development and human resources professionals. Managing Essentials biweekly reviews and abstracts recent articles about new approaches and best practice in the "human side of enterprise" with special reference to the challenges encountered in international management.

We focus on the essentials of leadership, change management, organizational learning, recruiting and retaining, organizational (mis-) behavior and ways to improve the impact of management. For these topics we identify and pinpoint those approaches and insights which contain "actionable knowledge" or have proved themselves in practice. In addition, Managing Essentials tries to identify inspiring new ideas in and outside academia. Our editorials evaluate and give the background of those central issues from which many pragmatic solutions derive.

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