In this exclusive issue of Strategic Innovators, management professors come together to expound the factors that demand urgent consideration by strategic heads of global corporations.
Afzal Guru interview: I do not care for any resolution
Look around – and you’ll easily find a plethora of visionless CEOs arbitrarily deciding which business areas should a company enter and which it should leave, without giving a glimmer of thought to whether their organisations have the wherewithal to succeed in chosen battlefield. The astoundingly mammoth list of failed M&As is evidence of the same. More evidence is provided by the speed with which CEOs are being eased out of their jobs – from Yahoo to Google to Tiger Airways to Wipro to RIM, from new-age to traditional industries, companies and CEOs seem to be deciding on new businesses based more on the “fools dare where...” ideology than basing the same on a logical and structured capability and competence advancement agenda. I usually write what my readers term ‘light stuff’ – easy on the eyes and amusing on the brain – and would have used this column to simply berate those organisations that don’t have structured plans to develop competencies and would have praised those that did. But I realized that even for an organisation that in all sincerity wants to set in motion a long term plan that could match its capabilities and vision, there practically exists no ‘ready-made’ model that one could implement straight off the board to document one’s competencies. Worse, there’s no telling which competence fits where and is how important for future growth!

Guess what, for a change, I decided to ditch the ‘light stuff’ trademark and to go ahead and benchmark the methodology that is followed by the best in class to match vision with strengths, goals with skills, objectives with focused training – I call it the C2A2 model; in other words, the ‘Capabilities and Competencies Advancement Agenda’! Of course, the ‘C2A2’ term might seem pure limerick at its best, meant to invoke ‘term recall’ in the minds of the reader. But irrespective of the play of the term, the fact is that implementing such a competence development agenda in your organisation – whatever you call it, as long you have a process that does it – might just save your firm from getting decimated in the near future.

**C2A2: AN IMPERATIVE FOR IMPLEMENTING STRATEGIC INTENTIONS**

An imperative reason for corporations to take up the C2A2 model is the fact that immediately, the top management within the organisation is forced – or encouraged – to match their irreverent business vision (which may have been earlier propagated more due to their ego) with the competencies that are documented within the organisation. In other words, call it what you may, but even if you have documents...
floating around in various business of your organisation that have mapped out various strengths and weaknesses of those businesses, you're well started already. But wait, there’s much more left – and that’s where I hit you with the jargon.

‘CAPABILITY MODULATION’ IN C2A2: KNOW YOUR HARDCAPS Vs. SOFTCAPS
Capabilities within any organisation should be visibly perceived in two basic forms, namely HardCaps and SoftCaps. Hard capabilities, or HardCaps, show themselves in the forms of visible ‘hard’ items that can be seen. For example, machinery, cash, personnel, number of patents et al, are HardCaps. Soft capabilities, or SoftCaps, show themselves up in the form of ‘soft’ items that cannot be necessarily seen, rather can be perceived. The backbone of any company’s strategic architecture is made up of the combination of HardCaps & SoftCaps. HardCaps can be quantified. But Hard Capabilities are ruled by Soft Capabilities and this is where the problem arises. It is much difficult to maintain and understand SoftCaps. Knowledge management, process manuals, ISO et al, are all attempts by any organisation to maintain a Hard interface on Soft Capabilities. The corollary is that SoftCaps are most difficult for competitors to replicate and hence can become the basis for extremely long sustainable competitive advantages. But a corporation cannot succeed on SoftCaps alone. There has to be a most practicable combination of Soft Capabilities and Hard Capabilities for any company to succeed.

So how does one understand which ‘Caps’ is more important? And which less? And how does one know which capability does one need to develop and which to destroy? Differentiating your capabilities using the Structural Capabilities Architecture is one solution that provides the answers.

THE STRUCTURAL CAPABILITIES ARCHITECTURE
Structural Capabilities within any organisation belong to four categories. Doorway, Elemental, Enrichment and Power Leadership Capabilities. Once you have categorised each and every capability under these heads, you would automatically understand which ones you need to maintain, develop and which ones you need to leave go.

DOORWAY CAPABILITIES: These are essential capacities which allow entry of the organisation into targeted businesses/markets/industries by dissolving entry barriers. These capabilities could relate to any of the functional areas (marketing, human resources, manufacturing, finance, research & development, legal, advertising et al). For example, any corporation wishing to enter the business of manufacturing aircraft needs to have all-encompassing financial capabilities, technology backup with respect to personnel, plant & machinery, necessary government licences, patent clarifications et al. Similarly, every industry has a set of Doorway Capabilities (Porter slantingly refers to these as Entry Barriers), which one has to obtain ‘before’ entering an industry. The simple corollary which most CEOs forget: if you don’t have Doorway Capabilities, it makes quite less sense to enter a new industry, however attractive it might be. Ergo, first document what Doorway

C2A2 model frameworks that organisations can implement on the go
It is critical for all companies to match external business possibilities with an agenda to develop capabilities and competencies

![C2A2 Model Diagram](source: 'Power Business Strategies')
Capabilities are required to enter an industry, then acquire those capabilities, and subsequently enter.

**ELEMENTAL CAPABILITIES:** These are capacities that, after an organisation has procured the Doorway Capabilities, sustain any organisation’s functioning on a day-to-day basis. When Barista took leadership of the narrow market of café sales through Barista stores all over, competitors were more moved by the glamour of it all, rather than the pure profit dynamics. Also-ran competitors did not realise that coffee parlours were not a source of industry leadership, but were rather only a source of industry survival and continuance (Elemental) capabilities. Duncans (a G. P. Goenka group company) went into setting up Barista style tea parlours in various East Indian territories with the collaboration of retail outlets like Pantaloons (Café Bollywood). At the same time, Café Coffee Day was bent on targeting the highest potential markets by opening up coffee parlours all over India. Even though Nestle also has Café Nescafe outlets all across relevant markets, Nestlé is the leader in the overall coffee segment (with HUL, following in at second rank) not because of Café Nescafe coffee parlours, but thoroughly because of the focus on converting traditional supply chain channels (institutional sales, vending machines, retail sales et al) into ‘Enrichment capabilities’ (definition further up). Nestle & HUL have clearly realised that in this industry, the maximum sales growth can occur only through leadership in traditional channels, rather than through fashionable outlets.

But wait, there are two groups of Elemental Capabilities – Pure & Derived.

Derived Elemental Capabilities are those that are continuations & combinations of improved Doorway Capabilities. For example, for an automobile manufacturer, having a plant is a Doorway Capability, but continuing production in the plant is an Elemental Capability derived from already existing Doorway Capabilities like the plant, personnel, electricity availability etc. The fact that Maruti Suzuki India Limited’s plant in Manesar (Gurgaon), rolls out the maximum number of vehicles per day (1200 units, as of September 6, 2011) and has been attaining similar benchmarks for the past 14 years (since it started) is a brilliant example of excelling at attaining derived elemental capabilities. Setting up marketing channels are invaluable Doorway Capabilities for retail corporations to start operations; maintaining these marketing channels using a combination of Doorway Capabilities like sales personnel, dealer network, and transportation et al, is a Derived Elemental Capability. Globally, Walmart is an example of this.

The other group of Elemental Capabilities is known as Pure Elemental Capabilities. These are capabilities that have not been derived from Doorway Capabilities but have
been developed or acquired anew. Having detailed customer query handling processes, in spite of not being Doorway Capabilities, are essential for almost all airlines and computer selling organisations for able day-to-day customer relationship management, thus becoming Pure Elemental Capabilities that should be acquired & developed by any computer organisation. Virgin Atlantic’s customer relationship management programme, being currently handled by loyalty marketing specialists ICLP (which also works with airline group Star Alliance and for several carriers like Cathay Pacific, Air New Zealand and Qatar Airways) is an example.

ENRICHMENT CAPABILITIES: Any capability that provides the basis for growth over and above the current standards of the organisation is known as an Enrichment Capability. Enrichment Capabilities are not about gaining leadership in the industry, neither are they about obtaining competitive advantage. Rather they are about gaining absolute growth in areas that are critical to the organisation. Jet Airways entered the Indian market in May 1993, and has since then, carried millions of passengers. Since the start of its operation, Jet was clinically involved with a radical focus on improvement of structural capabilities. It continuously attempted to upgrade the most critical structural capability, namely the aircraft fleet. In 2003, Jet Airways started with an operational fleet of 34 Boeing 737s and 8 ATR72-500 aircraft. Since then the airline has earned a reputation for “constantly maintaining its average fleet age below 10 years”, which is characterised by frequent phasing out of aircraft that exceed 10 years of age. As of May 2011, the average age of the airline’s fleet stood at just 5.4 years – the lowest in the industry! Today, the airline’s total fleet of 97 aircraft consists of 12 A330s, 55 B737s, 10 B777s and 20 ATR72s. Aircraft are nothing but Enrichment Capabilities for Jet, as growth of the airline increases with the number of aircraft acquired by Jet, ceterus paribus. In fact, today, despite not being at the top in terms of the number of aircraft in their fleet, Jet Airways has the largest market share of 25.5% (June 2011) and is the only profitable FSC (with a positive bottomline of Rs.96.9 million during FY2010-11) in the domestic market.

But wait. Even Enrichment Capabilities can be pure or derived.

The capabilities that have been derived from Elemental Capabilities are known as Derived Enrichment Capabilities. For example, a food services organisation might believe after research and inference that improvement of the marketing channel reach might result in improvement of its market share. In this case, the organisation would attempt to Derive Enrichment Capabilities from the already existing Elemental Capabilities by combining factors like PR campaigns, advertising et al. The food services organisation might replicate this combination of its Elemental Capabilities in expanding marketing channels to other geographic regions, thus providing the much needed growth. For an automobile manufacturer, having a plant is an Elemental Capability, but improving production process efficiencies in order to be more cost effective are Derived Enrichment Capabilities.

The other group of Enrichment Capabilities is known as Pure Enrichment Capabilities. These are capabilities that have not been derived from previous Capabilities but have been developed or acquired anew. Capability processes covering PR, market scanning & research, training & development, technology & capital asset acquisitions, research & development are all examples of capabilities that can take the form of Pure Enrichment Capabilities if directly acquired or taken over from the external environment. Brand takeovers, joint ventures, plant acquisitions, marketing channel purchases are all examples of Pure Enrichment Capabilities.

POWER LEADERSHIP CAPABILITIES (OR COMPETENCIES): Capabilities that provide the basis for gaining leadership and sustainable competitive advantages in various industries and markets – those that give you Power Brands too – are known as Power Leadership Capabilities or Competencies. This set is what a company should strive to maintain.

For example, becoming the lowest cost manufacturer in any industry could be a direct result of a previous Enrichment capability of cost effective manufacturing becoming extremely superior to those of competitors. Do not forget that this ‘cost effective manufacturing’ must have been obtained after combining various Elemental Capabilities like relevant training of personnel, process improvements & IT systems integration being refined to the highest degree and thus becoming a reason for industry leadership (see chart on previous page for progression). But this can be bought in one straight shot too!

Yes, Power Leadership Capabilities can also be obtained without necessarily going through the progression of organic development of capabilities. M&As are typical examples of how companies attempt in one go to gain Power Leadership Capabilities external to the organisation by taking over targeted companies that have critical and strategically important assets, products, brands, structures and processes. But given the ever-present risk within M&As, it’s better (but not necessary) if Power Leadership Capabilities are developed organically within the organisation.

What I’ve attempted in this massively theoretical editorial is to tell you – the CEO – that the first step to becoming a world class organisation setting superlative benchmarks, is documenting a plan to know, maintain and develop your capabilities and competencies. And if you had no idea how to prepare that document, just blindly implement what I’ve presented here – and keep sending me the royalty.

(SMS your views with your name and topic to 0-9818101234)
DECISION MAKING
THE RISK OF USING COMMON SENSE

HOW DANGEROUS IS COMMON SENSE TO LEADERS?

Prof. James L. Heskett, Baker Foundation Professor, Emeritus at Harvard Business School, elaborates on one of the biggest dangers to strategy makers and managers – their very own experience, intuition, and even common sense. Is there a saner option for the men-on-top?

CO-ORDINATED BY STEVEN PHILIP WARNER

Some of the more interesting writing that is relevant to management these days is found in out-of-the-way places in my local bookstore. In addition to the management and economics sections, you should check out neuroscience, psychology, and sociology – the research being reported there on how the mind and body work, is thought provoking.

For example, in *Everything is Obvious, Once You Know the Answer: How Common Sense Fails Us*, sociologist Duncan Watts’ thesis is that, in predicting outcomes and acting accordingly, we give far too much credence to such things as our own experiences, our ability to determine what is important, and history itself –
mainly because complex phenomena are based on events that never repeat themselves and can’t be examined scientifically. Once we know the outcome of a situation, we rationalise the reasons why it occurred and convince ourselves that we’ve learned something from it that we can use in making future decisions. As a result, we give unwarranted credit to such things as experience, intuition, and even common sense.

Watts challenges our ability to assess the validity of experiences on which common sense is based, thereby raising the question of whether common sense based on accumulated experience can be of any help to decision-makers forced to predict the future in complex situations. Watts questions much of the recent work that purports to identify causes and effects in complex, unique situations involving such things as tipping points and many of the phenomena examined by the Freakonomists. In fact, nearly all writing about management and behavioral economics that seeks to credit performance to one cause or another is suspect. Anything based on this faux knowledge, including our common sense, is challenged.

If this research were valid, Watts argues, why wouldn’t we be able to predict the success of a strategy, a new disruptive technology, a product, or an advertisement? The reasons he gives are that these phenomena are too complex, involving so many variables that they can’t be repeated or even tested effectively. (The Vanguard Group’s founder, John Bogle, has been arguing this for years, concluding that mutual funds are more successful when they are not managed.)

What are we to do? According to Watts, it may mean confining our use of common sense to everyday routine decisions for which recent experience can truly be helpful, such as the best route to take to work to avoid traffic. Newer technologies such as the Internet, social networks, and specialised hardware may come to the rescue by providing easy ways of surveying customers, testing product features, and conducting business experiments. Rapid-response systems may, in some cases, eliminate the need to predict the future by allowing managers to respond only to events that have just occurred. A variation on this was proposed years ago by Henry Mintzberg in his critique of strategic planning when he suggested that instead of long-term planning, managers should practice “emergent” strategy formulation in which long-term predictions are replaced by efforts to better understand what is going on at present.

According to Watts, leaders run the risk of injecting too much common sense into decisions, uninformed by experimentation that could be designed to identify cause and effect. Does Watts have something here? Are too few strategies based on testing before investing? Do we make too much use of our common sense under the wrong circumstances? Do we use it unreliably to emphasize some and ignore other information? Do we give common sense too much credit for success? What do you think?

Common sense is the decision-maker’s friend when the decision has to be made rapidly, with a minimum of research or for-
DECISION MAKING
THE RISK OF USING COMMON SENSE

Once we know the outcome of a situation, we rationalise the reasons why it occurred and convince ourselves that we’ve learned something from it that we can use in future.
THE COST OF THE GENDER GAP

STRATEGIC CONCERN
GENDER GAP: LOSS TO THE ECONOMY

Dr. Heleen Mees
Dutch Economist and Lawyer
Working women throughout the world have long complained of the unfairness implied by lower pay than what men receive. But the wage disparity between men and women is more than unjust. It is also economically harmful.

Economists at the International Monetary Fund (IMF) have calculated that the “gender gap” costs the world billions of dollars in economic growth each year. A cross section of 40 poor and rich countries shows that there is a strong relationship between women’s economic and social status and overall economic growth. Women’s lack of education, health care, and economic and social opportunities – both absolutely and relative to men – inhibits economic growth. By contrast, economic growth ameliorates women’s subordinated condition.

In ‘The State Of The World’s Children 2007’, UNICEF reports that gender equality renders a double dividend: healthy, educated women rear healthy, educated children. According to UNICEF, women feel greater responsibility than men for the household, and they spend more money on food, medicine, and educating children. But what UNICEF suggests as the solution for developing nations – that women be made responsible for the household and childrearing – is in fact the cause of the problem.

Indeed, the “double dividend” is a curse rather than a blessing, because it confines women to the home. Policy measures that cultivate traditional role patterns should be abolished. Instead, one must promote the economic empowerment of women to help generate economic growth.

Evidence for this can be found in Western Europe. According to the Dutch historians Tine de Moor and Jan Luyten van Zanden, the early break with patriarchy in Europe in the late Middle-Ages (1200-1500) accounts for the rise of capitalism and growing prosperity in the Western World. Girls were no longer married off, but selected their own spouses. As a result, it became worthwhile for parents to invest in girls’ education and wellbeing.

As a result, Europe’s economy advanced much more than China’s over the next five centuries. However, the tables have turned. As The Economist pointed out in 2006, women have become the engine of global growth, especially in China and other Asian countries. The Asian economies seem to make much better use of the resources that women have to offer than Europeans do.

In Asia, more women work, they work more hours, and they advance on the corpo-
rate ladder much faster than European women. In the Philippines, 89% of companies have women in senior management positions. China, Hong Kong, Indonesia, Taiwan, and Singapore follow closely in terms of women in top jobs. Even in India, where more than half of girls and women are illiterate, more women hold senior management positions than in countries like Germany and the Netherlands.

In Europe, women long ago bridged the education gap with their male peers. Still, they occupy a mere 8.5% of corporate boardroom seats. Except for Scandinavia, the number of women on Europe’s top company boards is stagnating.

In part, this is a classic insider-outsider tale. Male dominance in the marketplace works like a cartel, barring talented women from top jobs. On average, women’s take-home pay is half that of men.

But European women are to blame as well. In European countries like Germany and the Netherlands, college-educated women often choose to be stay-at-home mothers or work part-time. Only one of 10 female professionals with children works full-time in the Netherlands, compared to nine of 10 male professionals with children. So it should not come as a surprise that employers don’t take women seriously.

Women’s contribution to the Dutch economy is around 27%. A raw estimate shows that if women would work a bit more outside the home and thus increase their contribution to the Dutch economy to, say, 35%, this would generate an additional 11% in GDP growth, some €60 billion per year. Women would still be working only half as much as men outside the home. With the extra money women would generate, the government could take care of the aging population and still have billions to spend on education and childcare.

What is true in the Netherlands and Europe is true all over the world: reducing the inequalities that exist between men and women is not only a matter of justice; it also makes economic sense.
DOES STRATEGIC MANAGEMENT MAKE A DIFFERENCE?
Lack of well-directed strategic management, may send all businesses – irrespective of their size and strength – into oblivion or beyond a point, force them to restructure themselves just to survive.

CO-ORDINATED BY KARAN ARORA

Businesses, large and small, for profit and nonprofit alike have encountered stress as a result of the downturn of the worldwide economy. Business owners and managers confront lower demand for their products and services. Nonprofit organisations face reductions in contributions and support from foundations and government entities. Whereas it is easier in “good times” to be profitable, and, at times, perceive success, our business fundamentals are tested when the economy changes.

Michael Porter addressed a similar issue at the time that the Internet bubble burst. Many believed that the Internet was a strategy and not a tool. Companies built web-based businesses based on the internet as a strategy with little thought about the customer. The objective of many of these start-up companies was to build a presence based on selling advertising and then selling their company or pursuing an IPO. What did they forget? As Peter Drucker said, “Who’s your customer?” The days are past when your business model did not require you to have revenues in excess of your expenses.

The real need today is to have the ability to choose and focus. Many companies today are like a ship without a rudder. It is important to answer three basic questions: (1) Where are you now? (You should examine your current market position, your financial position, your human re-
source position and your other resources.) (2) Where do you want to go? (Are you simply trying to make a profit or do you have a direction you wish to pursue, businesses in which you wish to operate, and outcomes you wish to achieve?) (3) How will you get there? (This is fundamental to your ability to succeed. Simply having an idea is not sufficient if you haven’t determined how you will achieve your chosen direction.)

When you consider your strategy, you need to be specific about your market position, how you will attract and please customers, how you will compete successfully, how you will conduct your operations and how you will achieve your organisational objectives. Strategy is not magic. It requires moves to strengthen your long-term competitive position as well as your financial performance. As is the case with sports, both offense and defense are required. Strategy deals with a company’s competitive initiatives and business opportunities, whereas your business model concerns whether revenues and costs flowing from your strategy demonstrate that the business can be amply profitable and viable.

Crafting your vision is an exciting activity. Many businesses fail to do this, to create a vision that is electrifying and provides energy to the organisation. Employees at all levels want to be part of an organisation that has a clear direction to their future. Companies without a clear vision do not inspire employees. As I work with executive students and fully-employed students, I find that a large number of them are disenchanted with their companies because they are not inspired by the direction of their companies. When I ask them to find out what the vision of their company is, I generally meet blank stares. If your employees are only working for a paycheck, you have not captured their hearts and minds; you only have their hands and brains for the time they are “on the clock.”

As I examined nonprofit, social service organisations, I discovered that people with great capacity spend their time volunteering at a nonprofit organisation because they believe in the mission of the organisation. These same employees work somewhere else for their paycheck but focus their energy on their nonprofit organisation. The interesting question is “how do we engage employees with the same level of commitment in our organisation that they have when volunteering?” Without an inspiring vision and mission, I suggest this will not happen. So what is the mission? Your mission must be specific and idiosyncratic to your organisation. It needs to capture “who you are and what you do.” It needs to be something that captures the essence of the organisation in a very short statement — something that employees easily remember.

Consider my idea — if you and your employees have an exciting vision of where you are going and a clear vision of the mission that you have, then you engage the entire organisation on a very different level.
the commitment to devoting the company’s resources and energies to achieving this BHAG.

Strategy making is an entrepreneurial activity to do new things or do existing things in a new or better way. It involves picking up on happenings in the external environment and steering your company activities in appropriate directions dictated by market conditions. Some of the activities involved in crafting your strategy include (1) studying market trends and actions of your competitors; (2) listening to customers and anticipating their changing needs; (3) scrutinizing business possibilities based on new technology; (4) building your company’s market position via acquisitions or new products; and, (5) pursuing ways to strengthen your organisation’s competitive capabilities.

It is important to unite the organisation in the formulation and implementation of your strategy. The more the people are involved, the more committed they will be to the success of the company’s strategy. In establishing your strategy, basic questions need to be addressed such as how to grow the business, how to please customers, how to outcompete rivals, how to respond to changing market conditions, how to manage the functional pieces of your business, and how to achieve your objectives.

It is important to unite the organisation in the formulation and implementation of your strategy. The more people are involved, the more committed they will be to the success of the company’s strategy. The organisation’s strategy is a collection of initiatives that are implemented by those in the organisation; however, these separate levels of strategy must be unified into a cohesive, company-wide action plan. The pieces of your strategy fit together like the pieces of a puzzle.

The basic question is: “If you went out of business, would you be missed?” Clearly, those who work for your organisation would miss their employment; however, this is not a sufficient response. Would you be missed by your customers, your suppliers or the community? In order to respond to the question, “would you be missed”, you should evaluate what you do and how you do it. Have you established an engaging vision and mission that captures the emotions of your employees? Have you chosen your direction and focused on your customers? Does your community value your products or services or are substitutes or alternatives readily available? Do you have a business model that creates value for you, your employees and your shareholders?

There are companies that find a specific niche to provide a product or service to a group of customers. Often they are very successful for a period of time; however, due to changing customer interests, this niche loses its attractiveness but the owners are unwilling to change or adapt. The end of the story generally is the same – whereas, they did choose and focus, they were not willing to change from that which was successful in the past and many of these companies are now out of business or have been forced into restructuring. Strategy is never ending – it constantly evolves. This requires management to be relentlessly vigilant to these changes and be willing to adapt. If you fail to ask the question: “if you went out of business, would you be missed?” If you fail to choose and focus, if you fail to adapt to changing customer needs or, you fail to adapt to changing conditions, then you may find your company in the graveyard of the “also rans” and the likelihood is that you won’t be missed.
MENTAL IMAGERY IN MANAGEMENT DEVELOPMENT

A PROMISING METHOD TO LIMIT THE PROBLEM OF SKILL TRANSFERABILITY

Despite the presence of numerous leadership development programs, one of the most daunting tasks facing corporations is the transferability of skill. Mental imagery offers some hope.

CO-ORDINATED BY LATIKA SHARMA
A major problem with the development of managers or executives is the transfer of skills. This refers to how skills that are meant to be developed during training (that can, for example, stretch to two or three days in an executive development centre) are transferred in actual work activities. For instance, it is very usual for middle level managers to attend leadership training programs. Will these managers actually use what they have learnt in the leadership course to manage their subordinates or to deal with colleagues and superiors when they are back to their workplace? Unfortunately, the answer is not even halfheartedly positive. There are many reasons for not being able to apply theory in practice. But one of the major reasons is insufficient rehearsal of the behaviours (i.e. ways to act) we are supposed to learn during training in real situations. We consciously know what we must do, but we are not sufficiently familiar with the execution part of it. And when we return to work, we find that there is usually no opportunity for trials. Hence, we abandon the idea of using the new techniques and we revert back to the ways we, and the others (subordinates, colleagues, superiors), are comfortable with.

To provide an illustration, imagine someone learning to play tennis. This person goes to the tennis court, where trainers put up a very impressive PowerPoint presentation which talks about the art of playing tennis in detail (serve, left and right hand drive, feet motion and movement, ascending to the net et al). And this process is complimented brilliantly well linking it to the legacy of tennis champions. Does this mean that this individual now knows everything about tennis, and therefore can play tennis very well? To be more precise, the protagonist is physically fit and strong can he/she compete head on with a champion? Evidently no. After such a training course, it is unlikely that anyone will be able to gain even a single point against an average tennis player. The simple reason is that our aspiring tennis player may know tennis very well in theory, but has not had any opportunity to apply this knowledge to practice in a way that this becomes part of his or her unconscious repertoire of behaviours. On the other hand, it is very likely that our aspiring champion will score very well during theoretical evaluations. But in terms of applicability or transferability of skills, the course will certainly claim no laurels.

Our simplistic yet appropriate example illustrates the issue of ‘transferability of skills’. This problem is especially pronounced in management and executive development, mostly in the critical areas of leading and managing relationships with others. These are so called ‘soft’ skills – sometimes also referred to as ‘people’ or ‘interpersonal’ skills – where one, simply being consciously aware of what he or she must do is not sufficient for actually doing it well (in other terms, for achieving results). The reason there is a problem with transferability of training in the domain of ‘soft’ skills is that effective leadership or people management requires a consistent display of particular behaviours, ability to perceive others in certain ways, and interpersonal approaches that we may of but need substantial practice in order to display these in a natural and consistent manner. Successful interaction with others is a function of personality of the person and of others coupled with environmental constraints (for example, the culture of the organisation, the situation in which we are placed).

The ‘Mental Imagery’ technique offers promise in reducing the gap between what is learnt in leadership training and what is actually applied at the workplace. Mental imagery training means that the individual ‘mentally’ or visually executes the patterns of behaviour he or she is meant to learn. This can be done as many times as it is needed, so it becomes ‘imprinted’ into the repertoire of naturally executed behavioural patterns (behaviours we do not need to make any conscious calculation in order to execute). This means that conditions in the workplace pose much less of a difficulty for implementation of these behavioural patterns (talking in simple terms about our visions, being overtly encouraging to people), because acting in these ways is now part of our nature.

Mental imagery training in leadership has been inspired by the training of athletes. Experiments have shown that for the brain, there is no difference between physically performing an act and thinking of performing it under conditions of strong concentration (this means strong involvement of emotion and senses as well). A dramatic illustration of this phenomenon is the presence of scientific research which proves that thinking intensely about engaging in weight-lifting increases our muscle mass in the same way as actually lifting weights does!

Of course, the incorporation of mental imagery techniques in leadership training or in training for other ‘soft’ skills, requires careful design and adaptation of the learning material. It also requires very strong involvement from both the leadership coach as well as the executive. This is because the learner must be fully engrossed in the situation (cognitively, emotionally and sexually), in order to concentrate rigorously. Nevertheless, considering the shortage of leadership skills and the demand for such behavioural patter in today’s competitive environment, this technique promises to reduce the gap between training and transfer of skills acquired.
CAN BPOs SERVE AS A BUDDING GROUND FOR FUTURE STRATEGISTS? EVIDENCE FROM INDIA

In the last 30 years, globalisation has dramatically changed job opportunities in the developing world, and India is no exception. In fact, existing evidence on India suggests that cities and districts with a major IT presence have experienced changes in education patterns with the growth in ITES jobs. But the question is: Are they also producing future strategists?

CO-ORDINATED BY AMIR MOIN
Globalisation has changed job opportunities in much of the developing world. In India, outsourcing has created a new class of high-skill jobs which have increased overall returns to schooling. Existing evidence suggests education may broadly respond to this change. We use microdata to evaluate the impact of these jobs on local school enrollment in areas outside of major IT centers. We merge panel data on school enrollment from a comprehensive school-level administrative dataset with detailed data on Information Technology Enabled Services (ITES) center location and founding dates. Using school fixed effects, we found that introducing a new ITES center causes a 4% to 7% increase in the number of children enrolled in primary school; this effect is localised to within a few kilometers. We show the effect is driven by English-language schools, consistent with the claim that the impacts are due to changes in returns to schooling, and is not driven by changes in population or income resulting from the ITES center. Supplementary survey evidence suggests that the localisation of the effects is driven by limited information diffusion.

In the last thirty years, globalisation has dramatically changed job opportunities in the developing world. In many countries this change has increased the skill premium. In India, the focus of this paper, this change has been particularly striking. The number of individuals employed in outsourcing-related businesses has increased from roughly 50,000 in 1991 to over 2 million in 2010 (NASSCOM, 2010); these jobs demand employees with high levels of education and a good command of English, and pay high salaries by Indian standards. The availability of these new opportunities increases the return to education which may, in turn, increase school enrollment. Popular median suggests the availability of jobs of this type may have broad geographic impacts in India, including impacts outside of areas where these new jobs locate (Giridharadas, 2010). Understanding the magnitude of this change, and how widespread the impacts are, is important for understanding the consequences of globalisation.

Existing evidence on India suggests that cities and districts with a major IT presence have experienced changes in education patterns with the growth in these jobs. In this vein, Munshi and Rosenzweig (2006) demonstrate evidence of increased returns to English in Mumbai between 1980 and 2000, and simultaneous increases in English-language enrollment among groups best able to take advantage of new job opportunities. Shastry (2010) shows evidence that districts with greater IT growth over the 1990s have greater schooling growth following this period. This paper makes two significant contributions to the evidence on globalisation’s impact on school enrollment. First, we estimate the effect of the introduction of these businesses outside of the major IT areas. This allows us to evaluate the validity of the popular claim that these businesses will have broad geographic impacts in all of India, and consider the question of whether these changes will ameliorate or exacerbate inequality across areas. Our data is sufficient to allow us to distinguish the magnitude of impacts over quite small distances, and we argue we are able to make strong causal statements about the impact of BPOs. As we detail below, we find that the impacts of call centers on school enrollment are large but very localised. Second, with a more qualitative survey we are able to provide some preliminary evidence on the mechanisms behind these effects and their relatively narrow geographic range. We argue this effect is due to limited information dissemination across areas. This suggests that in the absence of any intervention impacts may not be geographically broad, although better information provision about job opportunities could have large impacts.

The paper proceeds in two parts. We first use panel data on school enrollment and Information Technology Enabled Services (ITES) to estimate the impact of new businesses on school enrollment, both overall and in English-language schools specially. This estimation is done within school, using the sharp timing of ITES center introduction, and we argue the impacts we observe can be interpreted causally. The second part of the paper uses data from a survey in one area which provides GPS data on the location of
households and ITES centers and detailed data on the quality of information about these jobs. This allows us to estimate how information decays as people move further from the BPO locations. Although it is more difficult to make causal claims in this case, we will be able to focus our estimation on people within a very small area (within 1 kilometer of a BPO) which limits possible confounds.

We begin with panel data on enrollment at the school level from a comprehensive administrative dataset in three states in India (Karnataka, Andhra Pradesh and Tamil Nadu); each school is observed for a period of four to eight years between 2001 and 2008. We combine this with a newly collected dataset on ITES business locations and founding dates. Our ITES center data includes areas outside of Chennai, Hyderabad and Bangalore, which allows us to estimate the impact of jobs in areas which have not had an overwhelming IT presence. Our ITES center location data allows us to identify the PIN code (similar to a ZIP code) location of each center, which we can link to school location. We use a school fixed effects estimator to analyse how enrollment changes within an individual school upon the introduction of a new ITES center to the area.

We estimate the impact of ITES center introduction on schools in the same PIN code and find strong (and immediate) positive effects: the introduction of one additional ITES center to the PIN code is associated with between a 4% and 7% increase in number of children enrolled in the school in the year after the center introduction. In addition to school fixed effects, varying school infrastructure controls and year fixed effects interacted with state dummies and area demographics. Our preferred specification is one in which we limit to areas most comparable to the areas with ITES centers: areas with English-language schools. This specification yields a coefficient of 7.0%. Our effects are robust to controlling for district specific trends and to limiting to areas which ever have ITES centers.

We next estimate the geographic range of these impacts, and find they are extremely localised. ITES centers in the two closest neighbouring PIN codes (an average of 3.2 kilometers away) have a positive impact on school enrollment, but it is smaller and less significant than the own-PIN code effects. ITES centers in the 3rd to 5th closest neighbouring PIN codes (an average of 5.8 kilometers away) have no significant impact.

An issue with interpreting these results causally is the possibility that the introduction of ITES centers anticipates increased school enrollment rather than causing it. The inclusion of school fixed effects in our specification addresses the concern that ITES center introduction is associated with some fixed area characteristic, but they do not address the concern that ITES centers might be introduced to areas which are changing more rapidly. There are two specific concerns: (1) ITES center operators may be targeting areas where school enrollment is increasing, since those areas will produce more potential workers in the future and (2) there maybe changes in unobservables which drive both ITES center introduction and increased school enrollment.

To address both issues, we analyse the impact of ITES centers introduced in future years on current enrollment. If ITES center operators are targeting areas which have more rapidly increasing schooling, future ITES centers should also correlate with changes in schooling. Similarly, if other variables are changing continuously and driving both variables, then future ITES centers should correlate with current changes. We do not find evidence for an impact of future ITES centers. The inclusion of the future ITES center measure does not affect our estimate of the impact of current ITES centers and future ITES centers are never a significant predictor of school enrollment. As a further test, we show that there are no trends in enrollment in years leading up to ITES center introduction.

We next explore whether these impacts vary by language of instruction. These jobs almost universally require knowledge of English in addition to high levels of education. Consistent with this, we find that enrollment in English-language schools increases by about 15% with the introduction of each ITES center, whereas there is no change for local-

The total number of individuals employed in outsourcing-related businesses in India has increased from 50,000 in 1991 to over 2 million in 2010.
language schools. Further, we argue the impact for English-language schools should be particularly strong when the ITES center that is introduced is a call center (as opposed to data processing), and we find support for this in the data. Again, these results are if anything stronger when we limit the sample to areas which are more comparable to the areas which have ITES centers introduced.

These results point to a causal impact of ITES centers on school enrollment. In terms of magnitude, the results suggest that introducing an ITES center (median size of 80 employees) increases enrollment in the PIN code by 280 children. A lingering concern, given that our outcome variable is number of children enrolled, is that this reflects changes in population which result from the ITES center opening. We argue this is unlikely to be due to ITES center employees themselves: our ITES centers are small and only a very small share of employees either have children or migrate to work there. It is also possible that when people get jobs at ITES centers, they employ other individuals (e.g. drivers, maids) who migrate in. We provide a calibration and several pieces of direct evidence that this is not driving our results. Most concretely, the effects we observe do not scale with number of ITES center employees, which would be expected if they were driven by changes in the number of schools or by changes in income. We find no changes in number of schools, and argue that only a small fraction of our enrollment increase could be explained by income changes.

We therefore interpret our results as reflecting a reaction to changes in returns to schooling. We distinguish two possibilities. First, the introduction of an ITES center may impact actual returns to schooling in the local area by providing new jobs at that center; this can explain our results only if labour markets are very localised. Alternatively, it may impact perceived returns to schooling by providing better information about these jobs in general; this can explain our results only if information is very localised.

To distinguish between these possible mechanisms, we conducted a survey in one district in Tamil Nadu (Madurai), which allows us to observe (a) the localisation of the labour market and (b) how widely information diffuses. We find evidence in favour of the information story. Our data indicate that people do travel several kilometers for work, which suggests the narrow geographic range of ITES center impacts is not due to localisation of labour markets. In contrast, knowledge is very localised. Even limiting the sample to individuals who live within one kilometer of an ITES center we find that those who live closer are more likely to report they know of a center in the local area and to correctly identify what qualifications are required for the job. Although less well identified, this provides suggestive evidence that the localised impacts we observe reflect slow information diffusion.

In terms of policy, the results here suggest that the very presence of job opportunities may be enough to prompt changes in local area schooling, while supporting the claim that policies which provide better information may be effective in promoting school enrollment in areas further from new job options. Although this paper focuses on the case of India, the results may well have implications for other countries. In the broadest sense, they suggest that poor understanding of job opportunities is a potentially important factor in limiting school enrollment in the developing world.
Finding another job may be the most difficult “work” you have done in a long time. You have to design your overall strategy while focusing on and executing each tactical step in order to make your job search successful. There are certain things you can do to accelerate that process and make it more productive. Here are eight of them:

1. **Understand what you want and why:**
   Identify what you “Must have” in your next position, what you “Would like to have”, then what you “Want to avoid”, and “What you need to consider” for your next job. You are developing a profile of the perfect position. Then you can compare this profile with the realities of the marketplace during your search process. “Must haves” are givens that cannot be negotiated, like a higher level of responsibility or a salary level. “Avoids” are elements that you cannot accept in your next position, like an autocratic boss. Segment what are the flexible items and which are firm. Define how you will differentiate yourself from all others. What makes you unique? Maintain a professional continuity strategy by reprioritising this profile as you learn more about the marketplace and your place in it.

2. **Develop targets:**
   Develop a set of building block-targets for your search. Design a Career Map to show the steps along the way. Build in alternatives or detours like getting an advanced MBA degree or specialised training. You’ll need some decisions around long/short term objectives, horizontal versus vertical experiences, and line versus staff functions. Develop a flexible action plan and time line, by week, over the next 60 to 120 days. Define where in your search you want to be within 3 months, like a goal of interviewing with at least 2 companies.

3. **Research, research, research:**
   Research the industries of interest, then the sectors within them, then the segments, then potential companies. Identify at least 100 people you know, either directly or indirectly, in priority of their potential value: Associates and friends who know of your performance results, people who know you socially, connections from those associates who can provide referrals on to someone

---

**SUGGESTIONS OF A CEO**

CEOs hate attrition. Especially when it’s a valued employee in question. But the issue continues to challenge modern day corporations. As well-wishers, here are some suggestions that CEOs – even at the cost of strengthening the armours of their globalised competitors – can offer to subordinates who have made up their mind to jump ship.

**COORDINATED BY: KARAN ARORA**

Prof. Bill Kaufman
Adjunct Professor, The College of William & Mary in Virginia
Design a networking strategy connecting all of the above. Since most jobs are found through networking and not through ads, focus 80% of your time and effort on making the connects work.

4. Tell a compelling story (two ways):
Compile an historical list of major accomplishments over your career to date, with measurable results for each one. This is the core material for your resume and interview. The resume will focus on the “what” items (What was the issue? What did you do? What were the results?) The interview will focus on the “how” items. (How did you achieve those results? How did you manage the project? How were the alternatives developed?) Take each job, activity and result and develop 30-second “mini-pitches”. A mini-pitch is a well-practiced articulation of your primary achievements that parallel the function for which you are interviewing. Describe why you are the right candidate above all others. Focus on results, not on activities.

5. Find and connect your dots:
Begin contacting the prioritised list of 100. Determine the most effective way to make contact, using electronic and non-electronic connections to people and opportunities. It’s a numbers game. The more connections, the more exposure, and the greater the potential to be “discovered” in your target areas, the better the chances of finding the right person and job. Your objective is to convert the power of your resume and cover letter to an interview. Your resume, no matter in what form, must be compelling. A compelling resume documents results, preferably with a number, followed by the activity, that describes your contribution (12.3% increase in revenue through an incentive plan designed for field sales, or $500,000 cost elimination of obsolete inventory through a program of products to resellers).

6. Use a pro to give you the edge:
A professional, becomes your personal and committed mentor, dedicated to your results. Using a mentor gives you an edge that others do not have available to them. A mentor can spell out alternatives to penetrate the marketplace, create a powerful resume, strategies for different interviews, practice interviews, and help to negotiate an offer. A pro has broad experiences to draw upon, from both a strategic perspective and to develop the best tactics for results. Make sure the pro that you use is a full-service organisation and not just a resume writing business or hobby for someone.

7. Be consistent, persistent and assertive:
Be assertive but not aggressive. Hiring managers are not only looking for talented individuals to fulfill a function, but also employees they are comfortable with, who can fit in with the rest of his/her “team”. Maintain a consistent approach to the search process in time and effort. This is your full time job until you replace it. Look for alternative opportunities to demonstrate your value to an organization. This can be achieved through a part-time job, business coaching, consulting or a project that can convert into a permanent position. Volunteering on a non-profit board of directors puts you in touch with area businesses and owners who may either be looking for a talented individual or can become one of the 100-referral points. Keep active, persistent and always positive.

8. Close the deal:
When you interview and get an offer, find out what is possible and what is not when it comes to pay, travel, moving, expectations, title, and so on. The higher in an organisation the position, the greater the flexibility of expanding the offer to include other considerations. You’ll first get a phone call with the job offer, to make sure you are still interested and available. Try to see how flexible the compensation package?” or “Is there opportunity to discuss the offer in more detail?” But always ask for the offer and respond in writing. Lastly, design an entry strategy into the new organisation to guarantee your performance results and success over the first year.
It is difficult to pick up a newspaper without finding articles showing how some firm has experienced serious quality problems due to outsourcing. Outsourcing to developing countries has been a trend for decades. But recent events show that outsourcing can be a risky venture. Mattel has recalled millions of toys due to leaded paint – when in fact, they had provided their standard paint to a long-term, trusted supplier who used leaded paint anyway. RC2 Corp., the company that makes Thomas the Train toys had to recall several models for leaded paint. Interestingly they rewarded affected customers with a free toy for their troubles and ended up having to recall the free toy for leaded paint!

It should be recognized that this is not just an international outsourcing problem. Similar things could happen to firms who outsource anywhere – across the street or across the world. The issue is not one nation. It is outsourcing. It is clear that we need to rethink outsourcing practices and implement new quality practices to mitigate the loss of control associated with outsourcing.

Changing the focus from cost to quality

In point 4 of his 14 points for management, Deming stated, “End the practice of awarding business on the basis of price tag alone. Instead, minimise total costs.” These words seem more prescient now than when they were first written. It appears that the primary motivation for many firms outsourcing production has been to take advantage of lower labor, land, and production costs. However, many firms have found that moving overseas is not always cheap when the entire array of life cycle costs for products and services are considered.

Firms outsourcing place tremendous pressure for low cost on their suppliers. This external pressure, when coupled with internal and external pressures to turn profits, will inevitably lead to cutting of corners. Realize that the same rules apply to suppliers overseas as domestic suppliers – these are partners. We do not want our partners to go broke. Otherwise, it is not a true partnership. Negotiated costs should include room for the supplier to succeed without cutting corners.

Firms who win in outsourcing internationally will be those companies who understand that quality is of primary importance – coupled with price. This is what is termed a value proposition. Customers will not return to a company or retail chain that provides a poor value proposition. To do this properly, you must know your suppliers and enhance their perfor-
mance through development and partnering. Below are some keys to improving your results from outsourcing.

Know your cores
Core competencies: Business strategists have long maintained that the primary consideration in deciding whether or not to outsource was to know your core competencies. It’s suicidal to outsource a core competency as a firm would hollow itself out to the extent of becoming uncompetitive.

Core processes: Firms have core processes. They help to distinguish a firm and can provide a foundation for competitive advantage. When we outsource, we may lose capabilities or special inherent abilities that will not be recovered. Again, this may be a manufacturing process or a service process. Core processes can possibly be outsourced. But it can be detrimental to competitiveness.

Core products: Every company has signature products or services. These are flagships for the company that must adhere to the highest standards of quality and performance. For example, Harman Corporation of Sandy, Utah, a producer of special effects products for guitarists, chooses to

Firms who win in outsourcing globally will be those who understand that quality is of primary importance – coupled with price
make all of its new products in-house. They want to ensure that these products get to market with reliability and design conformance. Once they have proven their processes and their products are mature in the market, they have the option of moving production of legacy products to Korea or China. This also protects them from IP considerations that sometimes emerge from producing in countries where IP is less protected.

Core markets: We need to understand our key customers and take great care of products & services that serve them. Markets consist of customers in certain demographics who have supported the company over the years. A type of social contract exists between these customers. When trust and that social contract is damaged, customers are lost permanently, thereby damaging reputation and future prospects.

Know your quality costs
In the current interconnected world of outsourcing, the prevention, appraisal and failure (PAF) categorizations of quality costs may not encompass all of our quality-related exposures. Supply chain costs must be considered. Traditionally, supply chain costs have focused on shipping and total cost of ownership. However, supply chain costs must also include exposure due to loss of control. Therefore, we must comprehensively quantify costs of outsourcing. These may include increased liability, increased supplier development, increased monitoring and an increased probability of lost goodwill. If we outsource non-core processes, products & markets, costs will be less.

Outsourcing costs may include increased liability, increased supplier development, increased monitoring and an increased probability of lost goodwill

Communicate with your suppliers
In working with their supplier for tires, Foreign Tire Sales, Inc. (FTS) had a problem. They had experienced field failures with their tires from a Chinese partner, Hangzhou Zhongce Rubber Co. This supplier had provided FTS with reliable tires for a number of years. While the cause for the tire failures is disputed, FTS’s owner Richard Kushkin claims that the problem resulted from a design decision made by their supplier to eliminate gum strips from the tire design to save money. The interesting part of the story is that when Kushkin tried to contact the supplier, they would not answer his e-mails. Since FTS was a small company operating on a shoestring budget, they did not have close contact with their supplier. If FTS had been more active in working with this supplier, problems could have been averted. Face-to-face interaction is essential on a regular basis. At times, firms can contract with an international representative to handle their affairs in a foreign country.

We all know of problems associated with communication that can lead to quality issues. Suppliers must show that they understand and will follow the specifications. After that, experience has shown that you must work closely with international suppliers to ensure that specs are followed over time. One executive refers to this as “performance drift.”

Understand the legal framework
Legal differences are magnified when going overseas. Less-developed countries may have less-developed legal systems. By the same token, socialist countries may more closely monitor activities. Firms have long complained about import laws in Japan. Firms should consider Hong Kong their legal window to China. Chinese contracts should be written such that their suppliers must settle disputes in Hong Kong courts. The Hong Kong legal system has case law and follows traditional English contract law for handling disputes relating to liability and supplier issues.

An international purchasing agent at SkullCandy Corporation has the tongue-in-cheek title of Sourcerer. While this is humorous, it is also somewhat true. When sourcing internationally, there needs to be a special kind of magic based in smart business practices. Instead of pointing fingers at suppliers, firms need to examine their own decision-making and carefully evaluate where outsourcing makes sense.
IS ANOTHER EQUITY BUBBLE ON THE HORIZON?
Why do asset bubbles occur? Normally because of widespread denial and not due to a lack of clear indications. Thinking back to the times of the dotcom crash, the S&P 500 was trading at almost 30x trailing earnings, slightly less than double its historic mean. Back then, experts explained it with the fast penetration of Internet in all sectors of life, which led to the slight misinterpretation that cash burn rates and revenue/share price multiples are better indicators of a company’s well-being than profitability ratios. Late 2006, before the 40+% decline in US housing prices, the ratio of prices to rents was double the ‘old normal’, well reasoned again by experts due to Fannie and Freddie’s generous financing practices, governmental subsidies and, thanks to Alan Greenspan, low interest rates.

This time is different? Well, Rogoff’s and Reinhart’s publication late 2009 should have disillusioned our hopes of paradigm shifts in the avoidance of bubble/bust cycles in economies and markets. It is still not different. Why? Let’s have a closer look at the V-shape recoveries of western stock markets and if they show signs of overheating.

Filtering the most impacting factors on global stock market performances, the US consumer’s recovery and the sustainability of China’s growth path need to be top ranked.

Let’s take the US consumer’s pulse

Listening to talking heads on the big media channels, one could believe the spin of “reasonably valued stocks” due to an impressive turnaround in margins and earnings of, in particular, larger corporations. Even if a new equity bubble is arising on the horizon, signs for it are less obvious.

Now, going beyond main stream sentiment, is always worth the effort. Taking the S&P 500 current PER (Price-Earnings Ratio; trailing earnings) of 15x, we trade at levels slightly above the 14.6x of its historic mean. Reasonably priced? Applying the more realistic Shiller PER (based on average inflation-adjusted earnings from the previous 10 years), we find a fundamentally different picture. The current Shiller PER of 24x, has only been higher twice, before the Great Depression and at the peak of the dotcom boom. A statistical outlier? Let’s dig deeper. An economy with a GDP still relying on consumption at close to 70%, requires a consumer that participates in the creation of wealth. Otherwise the equation is not satisfied. The ‘real median household income’ doesn’t mince the message: no increase in over 14 years. Is the consumer at
Filtering the most impacting factors on global stock market performances, the US consumer’s recovery and the sustainability of China’s growth path need to be top ranked.

least deleveraged, after the roller-coaster real-estate ride during the last cycle? No, not even mean reverted. In fact, CoreLogic’s latest release sees more than 23% (!) of all mortgages in negative equity.

How can we expect the US consumer leading the economy out of the ‘muddle through’ period of sluggish growth, turning around the housing market and, as a consequence, justifying higher equity prices, when neither the participation rate in the US job market, nor the wages paid for work are supporting a sustainable recovery?

No wonder, why Ben Bernanke felt the pressure in August last year to announce QE II, compensating for President Obama’s lack of political capital for a second stimulus (Bush tax cut extensions late 2010 only had a marginal effect on the economy). Did the recently ended QE II at least work? Bernanke’s goal to stimulate Main Street activities expanded the central bank’s balance sheet to $2.72 trillion (or about 18% of US GDP). Inofficial M3 money supply was shrinking until spring 2011 since crisis outbreak. The Fed’s activities might not have helped the Main Street to recover (US GDP growth in Q1/11 at marginal +0.4% QoQ, compared to Germany’s +1.5% QoQ), but successfully fought deflationary pressure. We can call it consolation money. In short, the current state of the US consumer doesn’t justify the market’s assumption of a sustainable economic recovery.

Sustainable Chinese growth path
Is China the last man standing? Not so much. Since the Chinese Vice Prime Minister Li Keqiang admitted “man-made” GDP numbers that are “for reference only” (WikiLeaks, 2007 cable, published January 2011), we now officially know what to do with those numbers: to ignore them. He himself recommended to better measure the economic health via electricity consumption and similar second and third row indicators. How could we refuse the advice of a high ranked party member. Electricity consumption increased in 2010 by 14%, indicating stronger growth of the economy than the GDP numbers tell. Interestingly, the quarterly growth pattern has shown a significant slowdown during 2010. Starting with +22.7% in the first quarter; the year ended with only +5.5%. China’s gross fixed capital formation of close to 50% end of 2010, indicate a significant overcapacity not only in real estate. Also, the rise of inflation is clearly not under control yet. Instead, quoting Simon Hunt, the National Bureau of Statistics has reduced the weighting of food prices in the CPI basket as per January 1, 2011, to lower the official inflation numbers. Statistical tricks might do the job for some time to keep the public quiet. Global investors should be warned by those red flags.

Conclusion
Equity investors: beware of the market’s confidence in the US consumer and the Chinese short term strength. We see emerging market indices down 20+% from their post-crisis highs. Flow of funds for Q1/11 report an outflow from EM, back to the old world’s equity markets. But also this assumption is built on sand. In short, we are bearish on global equity for the second half of 2011.
THE GIANT WITHIN: GROWING THROUGH STRATEGIC INNOVATION
Growth is a strategic imperative for most organizations, both because it allows the firm to seize new opportunities and also because it helps firms to adapt to changes in the environment. This lesson has been well learned. Consequently, the vast majority of firms are constantly on the lookout, trying to detect new opportunities in their markets.

Our research, however, indicates that most firms face a different set of problems: the inability to take advantage of the opportunities they have found, wasting the resources they have spent during the search process and weakening their competitive advantage. In short, we have observed that firms do not necessarily take advantage of the opportunities that they have found; focusing instead on newer and more remote opportunities.

Let’s begin our conversation by stating that finding opportunities and taking advantage of them are two different activities that require (and mobilize) very different resources and skills. This is so because opportunities expose the firm to unfamiliar territories: innovation, for most firms, isn’t defined as doing something no one has ever done before in the history of humankind: rather, innovation is defined as something the firm has never done before. That unfamiliarity with the conditions that make the opportunity palatable for the firm can create a great deal of suspicion among those who are in charge of implementing it, and suspicion brings doubts and later contempt. This is both natural and avoidable, as I will mention below.

Finding opportunities requires an outwards orientation, a deep understanding of the market conditions and a good degree of customer intimacy that allows the organization to understand what creates value for the customer; why, and where. Seizing opportunities, however, requires making at least some transformation in the organization, and it is unreasonable to think that the ones who detected the opportunity are also the ones who have the power or the skills to change the organization. In short, this is a game where the ones who know what to do can’t do it, and the ones who could do it do not know very well what to do.

To address this wasteful problem, my colleagues and I have developed a method that facilitates both the detection of opportunities, especially those opportunities that are most interesting to the firm. This is intuitive: not all opportunities are necessarily good, and not all good opportunities are good for the firm. By ensuring that the firm pursues only those opportunities whose degree of fit with the firm is adequate, we reduce the chances that they will not be implemented by the organization or perceived as alien, unnatural or downright impossible to use. The first part of the exercise, then, involves the search for the largest number of opportunities possible, very much like a session of brainstorming seeks to obtain the largest number of ideas, or names, or anything else with little regard to the quality of these ideas.

On the second phase of the method, we focus now on a calibration of the ideas found. We use three variables to construct a space where the opportunities are placed. The first variable is the magnitude of the opportunity: assuming everything goes according to plan, and not a single problem affects the development of the opportunity; will this be a small, medium or large opportunity? Will it revolutionize the industry, or is it just a tiny fraction of actual sales? The second dimension is distance to implementation. Assuming we want to implement this opportunity, how many steps will we need to take? Is the opportunity ready to be seized, or will we have to go through many steps, each one of them feeding the next one? Our third and final dimension...
has to do with the resources needed to take advantage of the opportunity: in some cases, we have all the resources needed, and in others, we have no resources at all.

This tridimensional space allows managers to select among the ideas. By locating them on their right position, it is possible to see which opportunities are more interesting to the focal firm: obviously, those whose impact tends to be larger; the steps shorter and the resources present. Of course, managers do have a lot to say on the final choice of the opportunities to be pursued, and they need to use their judgment to decide whether it is better for their firm to pursue a smaller opportunity that is ready to be seized or a large one that requires more time, or both. This does not mean that we need to pursue only one opportunity. Rather, it means the selection of the ones we will pursue is done with some analytical rigour.

After the opportunities are selected, it is necessary to plan for implementation. This is done by elaborating an implementation plan, which will include the sequence of steps that will take the organization from the moment it starts until the opportunity is fully implemented, with a heavy emphasis on the early steps; that is, on the steps closer to us. Since it is nearly impossible to forecast with any precision what will happen in the distant future; we focus on small steps, and among those, on the ones that are closer to us. In so doing, we see each step as an investment that buys us information and time, and allows us to have an “escape point” if, for whatever reason, things do not turn out the way we expected. This “slicing” of the implementation plan is an excellent way to be able to reduce our exposure to the new opportunity, avoiding excessive commitment to an uncertain idea while allowing us to try little-by-little and acquiring knowledge about the opportunity as cheaply as possible.

Readers familiar with financial techniques will have noted how this idea is based on two relevant techniques: the notion of portfolio and the notion of options. Portfolio is simply a technique that allows to reduce the risk of a particular financial instrument (or in this case, an innovation opportunity) by bundling it with other financial instruments that are not correlated to it (or in our case, by bundling it with other opportunities that are not correlated with the first one). Options, that is, the right but not the obligation to do something, allow us to only commit to the first steps without having to commit to the whole opportunity. Instead of forcing managers to choose the “winning” innovation from a group of uncertain opportunities, this technique allows to test different opportunities step-by-step, discarding the ones that do not deliver their promises and pursuing the other ones, very much like a shopper asks the ice-cream vendor to give him a spoonful of ice-cream when s/he is unsure of the flavor, rather than buying the ice-cream itself.

This method has been applied successfully by firms on three continents, ranging from the medium-sized industrial firms to the multinational professional services firms, and has generated outstanding results, which are based not only on the parsimony of the method, but also on the abundance of “low-hanging opportunities” in many firms. By creating a space where these opportunities can be analyzed and deployed, firms ensure minimal risk and low financial exposure. In so doing, firms gain in strategic innovation, consolidate their competitive advantage and provide a healthy space where experimentation, creativity and customer-driven innovation can emerge; often, in unpredictable ways but invariably with satisfactory (and positive) results.
WILL BIG SOCIETY WORK? THE SIMPLE LOGIC OF ECONOMICS
The concept of “Big Society” is an important and appealing issue characterising the current coalition government in Great Britain. The Conservative Party has won a relative majority at the 2010 United Kingdom general elections by presenting a platform aiming at massively reducing the role of public spending, motivated by an ideological passion for bringing public services back to ordinary people and relying on volunteering instead of fiscal policy for their funding. This is certainly desirable, but it is worth checking if this ideology, like many others of the past, passes the test of the dry logic of the “dismal science”, i.e. the somewhat unpleasant economic theory.

A lot of informal arguments and anecdotal evidence have been raised in favour and against the desirability or feasibility of this project, and after one year of governmental implementation, evidence seems to be still quite mixed on its chances of success.

Along with striving to promote the grand project of Big Society, the British government is also engaging in the biggest wave of public spending cuts ever experienced so far in the UK. While fiscal consolidation finds motivation from the international financial and macroeconomic conditions, the huge budget cuts and the increase in volunteering activities seem to be so strongly tied to it that it becomes important to see if their relationship is supported by rigorous economics or not. In fact, according to the government, the budget cuts are not going to be temporary, as the financial instability argument might suggest, and the Big Society ideology is what should support their persistence.

Therefore we need to test the following logic of argument: government budget cuts should lead to increased volunteering activity, which would therefore compensate the local communities of the potentially negative social effects of the reduction of public services. Fewer paid policemen would entail more tax savings, while encouraging more voluntary constables; fewer paid nurses would encourage more health support by altruistic carers; less litter collection by councils would stimulate families to spend more time cleaning parks et al.

Under the basic premise that the individuals are not only selfishly motivated, but instead they also like to spend some of their spare time providing “good things” for free to other individuals, economics should help clarify if direct and indirect effects of the budget cuts will eventually induce them to spend a larger or a smaller fraction of their time volunteering.

The most important long term effect of the massive reduction in government expenditure is a persistent decrease in income tax rates. This is what many voters are hoping for the future, after this highly painful transition, and it would be the...
Provision of public goods & services by average citizens in spare time will decrease if structural public spending cuts are successful & increase if public spending & taxation get higher
Be it politics or business, women can make equally able and successful leaders with an unmatchable vision to take the nation or the company forward. The bias that we see today, is clearly wrong!

Co-ordinated by Anirudh Raheja

Often a strong connection/relationship has existed between business and political leadership. There has been one trend which has emerged over time — that of women gaining more power and being given more authority over the years. Talk of business, there are 13 women CEOs on the Fortune 500 list today. That as compared to just 7 three years back, shows quite a change. Look on the other side. Michele Bachmann, a Republican (and currently the Senator from Minnesota) is per-
haps considered one of the strongest contenders for the 2012 Presidential election to beat Obama. Business has always seen entrepreneurs fail and succeed, but history is proof that a man being in charge is no proof of a new venture succeeding – as per various researches, the odds for failure of a new project remains anywhere between 50-75% – whether the founder is a man or a woman! So why the gender bias?

Given my area of expertise, I will try and connect this issue of gender bias in the business sphere, with that in the political sphere, and prove metaphorically how the glass ceiling is something which we should do away with, even when it comes to business, for a woman – whether it be business or politics – can make as visionary a leader as a male leader. An often used political analyst metaphor is that the Arab world is experiencing its ‘89 revolutions right now. In this brief contribution I would like to share my ideas about the similarities between 89 in Central Europe and the Arab Spring as far as shaping of gender fair citizenship is concerned.

The year of 1989 serves as a case study to provide lesson to be learned for today. This is an especially timely enterprise because we are very often trapped into the fantasy of a new beginning. The 1968 generation also believed that what they were doing then was totally new. I am quoting the charismatic feminist intellectual, Rowbotham: “The extraordinary sequence of events during 1968 led my generation to believe we are moving the same direction as history. We considered that, unlike our elders, we had no apologies to make … We were convinced that we could make everything a new”.

Should we read memories written by those women who were active in 1989 we would also come across with the special temporality of women initiating change. It is not a surprise that those, let me say few women who are interviewed today about their activity in North Africa are also underlining the uniqueness of their own movements. Therefore I would like to take a different road here than pointing out the uniqueness of the event but searching for similarities and common lessons to learn how to set up feminist genealogy and not to be trapped again in the myth of a new beginning.

In Central Europe 1989 was the moment when the Soviet empire started to collapse, while opening up space for the reemerging national states. This is an important difference with the situation of today – the states now do not have one unified enemy but a proliferation of enemies is expected.

It is always an obvious approach to political
changes to count the number of women who are participating in democratic processes — to count the visible women in political parties, movements or parliaments. Should we look at 1989 we see that the more historically rooted an organisation the less women were there. Attracting more women, new organisations, and new institutions such as new parties served as spaces of opportunity in the early phases of the revolutions. Later of course the situation changed and women were marginalised in political parties and in decision making processes. Shall we suspect an eternal conspiracy of men against women to get power and to reject a gender fair definition of democracy? I think this is not the case. The answer can be found, beside other factors in re-definition of spaces, especially gendering those spaces.

Saskia Sassen speaks about the reconsidering the spatiality of our activity and she introduces the term – Third Space, the space between global and national, transnational and national. That is the space where women’s demands are mostly articulated in a strong relationship with the global but not independently from the national, where most of the legislation influencing the possibility of introducing gender fair citizenship is enacted. Why is this Third Space important? It helps us to move beyond the conspiracy theory (namely men need women in heated moments of political change and later on they forgetting about them) and to look at analytically to the political possibilities of gendering democracy.

I know from the interviews I made with Hungarian female politicians who joined politics that they narrated the experience of 1989 as a transformative event which suddenly happened to them in an unexpectedly open space of seemingly borderless opportunities. Is this the case now? Watching the news coverage of the Arab revolutions we are seeing very few women. However, in the back stage, or in front of the computers, in the Third Space we see lot of women with serious impact. Just think for example about the Egyptian female blogger Dalia Ziada. Enabled by digital networks and imaginary, women have as much an impact now on what is happening in these countries as they had in 1989 in Central Europe. The question is how long this impact will last. In the case of 1989 the impact was quickly gone with the first democratic elections. Let me list briefly some of the reasons why the events came to this end.

First of all the weakness of civil society is one reason contributing to the lack of women’s participation in democracy. The third space is a place with having specific infrastructure of the global civil society which is driven by the values of human rights. Gender fairness should find its place in this space in the framework of human rights. In 1989 in Central Europe the civil society was weak, but there were different spaces where resistance to communist state was articulated. The term by Habermas: alternative public sphere is useful to speak about “flying universities”, student clubs, saloons and samizdat publishing to break the state-imposed censorship and to describe this space which had at time no connection to global therefore it was limited in a way.

To summarise, we live in the age of globalisation which is a parallel phenomena to the re-nationalisation. As in 1989, now we clearly see how political changes are rooted in concrete struggles against the local authority. The question is how to secure rights and guarantees from the national state for women. Sassen’s suggestion about national and global is to: “dislodge them form their particular historical constructed encaissement and examine their constitution and institutional location in these different formations, and their possible shifting valence as the global grows”. So borders between global and local are not fixed, and the space between national and global can effectively challenge both of them by actors as women activists. So the boundaries of the space which lies between global and national are subtle and from here both global and national can well be criticised by political actors.

The Third Space can serve as a guarantee and also as a trap. Especially when women and democracy are at stake, so we should be vigilant and persistent and should learn from the experiences of our fore-mothers.
HOW THE IDEA OF STRATEGICALLY GLOBALISING FINANCE BACKFIRED

Years of planning went into deregulating the financial sector. Management schools continue to teach concepts which promote free markets. However, the strategy has cost us dearly.

Co-ordinated by Amir Moin

Prof. Alice Guilhon
Dean
Skema Business School

Prof. Michel H. Bouchet
Faculty of Finance
Skema Business School

Financial globalisation has generated more crises since its emergence in the 1980s than in the whole of the last century. The global system has become an echo chamber which amplifies and propagates the spill-over effects of economic and financial imbalances.

What has emerged from the combination of economic liberalisation, market globalisation and technology revolution is ‘Hyperfinance’, with its two-fold emancipation of the economic sphere from the political sphere, and, more recently, of the financial system from the economic system. Increasingly, “free wheel” Hyperfinance flutters independently from the underlying production of goods and services in the real economy. Its rationality is profit and stockholder value maximisation.

A number of scholars have raised doubts regarding an analytical framework where ideology takes precedence over scientific consistency. Nevertheless, in the classroom, the same hypotheses, the same econometric models, and the same short-termism continue to prevail. Textbooks and lectures still rely on the efficient capital market hypothesis that states that asset prices are equal to their fundamental value. Markets are to behave like deus ex machina which instantaneously allocates resources efficiently. Why such a disregard for the real world?

The economics profession has failed once again to forecast the inevitable consequences of years of deregulation, financial liberalisation and greedy speculation within a globalised financial system. The simple reason is its focus on abstract economic agents at the expense of the social dimension of the real economy which aggregates the behavior of households, workers, investors, employers, and retirees. Teaching still holds that markets and economies are inherently stable even though the combination of herd instincts and speculation has proved deeply disruptive. Each individual, clearly, has access to a wide range of information sources, and uses ratings and rankings as well as sophisticated technology. All
this firepower provides an illusion of control and convincing nonsense. Information is not economic intelligence unless it is processed into careful analysis and strategy decisions.

An intellectual and academic myopia has thus prevailed in both universities and business schools. In the former, professors did not bother to read the 2007 BIS Annual Report which rang warnings of mounting financial risks and clear signs of eroding credit standards. In the latter, prominent industry luminaries and practitioners boast first-hand market experience but they often lack a critical view of their own technical skills. Academic finance curricula claim that “Coming out of such top notch training, you can hit the ground running.” More practically, the trader might get laid off abruptly when the next crisis hits and he will end up selling hamburgers.

Observing a number of “plain vanilla” Master programmes in finance gives a feeling of suspended time. Quantitative Pavlovian finance is still well promoted and teaching is rooted in financial engineering including technical analysis and chartism, derivatives and structured products, econometric modeling, stochastic calculus, Algo trading and the like. Little time is devoted to giving students some background in the history of economic thought and of financial crises so that they see where finance fits in and what its social functions should be.

All in all, promoting sustainable finance depends as much on an academic revolution as on radical policy decisions made in G20 meetings. What is needed is a delicate rebalancing between technical tools and grasping the institutional and structural dimensions of the financial markets. This requires putting a new emphasis on compliance and regulation, law, financial crisis analysis, economic intelligence, psychology, and ethics. These fields will give rise to tomorrow’s jobs. Meanwhile, banks have announced thousands of job cuts in the summer of 2011 as they seek to reshape their businesses in the face of a slump in investment banking profits. It is somewhat ironic that this welcome shift is being supported by a Goldman Sachs Executive Director who notes: “The focus on more prudent investment strategy has never been greater. The compliance teams are there to ensure banks work in line with the regulations imposed in the country in which they’re operating.” Market finance would also benefit from a gender rebalancing as good financial analysts need more neurons than testosterone. Male risk managers tend to focus on fast, short-term abstractions, while the feminine mentality is more concerned with the importance of social relations on the ground - a more concrete, slower and usually more ethical dimension.

All in all, universities and business schools should be at the forefront of in-depth rethinking of academic programmes in finance. Their commitment is not only to load the job market with young professionals, but rather to provide students with the intellectual tools to bring social value to a field that is saturated with “value at risk”.

---

**STRATEGIC CHALLENGE**

**GLOBALISATION OF FINANCE**
1991 AND 2011...
THE REAL JOURNEY
OF REFORMS IN INDIA

COMPANIES THAT HAVE JOINED SENSEX:
BAJAJ AUTO, BHEL, BRAMAN CHROME, CEF, CGL, COA, INDIA, HDFC, HOF, BANK, ICG, HERO MOTOCORP, ITO, JAGHAROH ASHOK, JSW STEEL & POWER, MARUTI SUZUKI, MTIC, ONDC, SR, RIL, R&i PHARMA, TCS, Wipro, CIL.

COMPANIES THAT HAVE DROPPED OUT OF SENSEX:
ACC, BALARDAR INDUSTRIES, BANAR PAN JUNGLE, CENTRE, SHYAMAL CHANDRA, CENTRE, B.H. INDUSTRIES, CEF, CHEMICALS, INDIA, HINDUSTAN MOTOR, INDIAN HOTEL, INDIAN ORGANIC CHEMICALS, INDIAN RAYON INDUSTRIES, VODAFONE, ZENITH PHILLIPS ELECTRICALS, PRIME MINISTERS, SIAM, SULVAY STATE FERTILISERS & CHEMICALS.

ADDITIONAL EXCLUSIVE INTERVIEWS OF: K. K. OSWAL, AJS, EXECUTIVE CHAIRMAN, ATOS INDIA LTD, K. K. OSWAL, AJS, CREATIVE DIRECTOR, BANJAL STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEEL, SOUTHWEST INDIAN STEE