

For decades Amol Titus has given expression to his thought leadership through his insights, columns and opinion pieces that are widely read

Collaborating to give our youth a bright and secure future



Amol Titus
CONTRIBUTOR/IAKARTA

Despite shortcomings and challenges, India and Indonesia are both hopeful and optimistic societies. Although the two countries stem from ancient civilizations, they have very young populations with around 65 percent below the age of 35. This presents a great opportunity in terms of the "demographic dividend," but also presents the risk of a "demographic drag."

The former is the opportunity that a fit and energetic workforce presents in driving economic growth and helping the nation compete more effectively in an increasingly competitive globalized world. They can boost demand for goods and services, shore up national savings and contribute to social infrastructure programs.

The latter refers to a scary scenario in which weak, inconsistent and uneven economic growth is unable to absorb the millions joining the labor market annually. Around 10 million young Indians and 2 million young Indonesians join the labor market each year with their dreams of starting a career and obtaining sustainable employment.

If these dreams are dashed, frustration can easily set in with a potential for social unrest. The coming decade is crucial, as it will determine whether India and Indonesia will benefit from a demographic dividend or suffer from a demographic drag.

To realize a demographic dividend, there needs to be an overhaul of education policies and delivery using what I call the "4A Overhaul". The 4As are Allocation, Access, Affordability and Alignment.

In terms of allocation, India is allocating around 3.6 percent of its GDP to education and Indonesia, 3.3 percent. Given the demographic challenges, both governments should ideally target 4.5 percent with a sharper focus

on quality, outcomes and speed of implementation.

To get the maximum "bang for the buck", there is tremendous scope for collaboration in developing curriculums, methodologies, research materials, digital libraries and mobile, internet-based and distance learning tools. Instead of duplicating efforts and wasting scarce resources in reinventing the wheel every few years, much can be gained from sharing and utilizing local knowledge rather than simply copying international models.

The challenge of access is common to both countries, as there is a pressing need to make education more egalitarian rather than elitist by providing opportunities to learn, improve and advance to children and youth in second-tier towns and cities, rural and remote areas. Here, technology is becoming a major game changer.

According to a study by the Global System for Mobile Communications Association (GSMA), an association of mobile operators, smartphone penetration in Indonesia is expected to increase from 52 percent in 2016 to 67 percent in 2020, and in India from 28 percent to 49 percent. E-commerce driven by smart devices has already disrupted the traditional retail sector based on bricks-and-mortar outlets, and a similar disruption is expected in the education sector.

However, to make technology effective, much work needs to be done on the quality, rigor and delivery of education through smart devices and distance learning tools. Some good initiatives, programs and apps have been developed already and can be shared and enhanced.

Affordability in education remains elusive and this is surprising, as although contemporary India and Indonesia seem to be faring better in providing affordable food, clothing and transportation, this is not seen to be the case in terms of housing, health care and education. Specifically in education, there has been a mushrooming of expensive private schools and colleges that place a substantial burden on working-class parents.

However, they offer and, at times, deliver better outcomes that can translate into social and economic mobility. Affordability is critical because economic hardships faced by large segments of the populations at the

bottom of the societal pyramid are triggering high dropout rates. The involvement of religious institutions and corporate social responsibility programs and engaging international multilateral aid agencies and civil society organizations are vital in complementing government efforts to ensure that the fundamental right to education exists in practice, not just on paper.

The fourth aspect is alignment. A 7-billion human population places relentless pressure on labor markets around the planet. In the disruptive digital age, careers are getting shorter, part-time work and remote contracts are becoming the rule rather than the exception, and the prospect of human beings reporting to robots and tasks controlled by algorithms is a very real likelihood, not science fiction.

While continuing to strengthen theoretical foundations, education must also prepare students with adequate skills (technical and soft skills), competencies, proficiencies and values. Students need to be readied both for jobs and life through proper coaching, counseling and mentoring that supplement traditional teaching methods. Some good initiatives are under way in Indonesia and India related to industry-academia linkages, including vocational training, teacher up-skilling by companies and sponsored innovation hubs and labs.

Both President Joko "Jokowi" Widodo and Prime Minister Narendra Modi are passionate about education and have tried to improve the scale and quality of education in their first terms. Several initiatives are being implemented that have overlap and applications in both countries.

A major outcome of improving bilateral ties could be significantly enhancing collaboration in education, with tangible projects identified for implementation in both countries. If such educational collaborations can help improve allocation, access, affordability and alignment, then the much talked-about "demographic dividend" could well become a reality that can transform both countries.

A major outcome of improving bilateral ties could be significantly enhancing collaboration in education, with tangible projects identified for implementation in both countries. If such educational collaborations can help improve allocation, access, affordability and alignment, then the much talked-about "demographic dividend" could well become a reality that can transform both countries.

The writer is a recognized, award-winning educationist based in Jakarta.

Inspirational leaders are great teachers

"The mediocre teacher tells. The good teacher explains. The superior teacher demonstrates. The great teacher inspires," stated William Arthur Ward.

All those readers aspiring to make the transition from managers to leaders should pause for a moment and consider their current operating style at work.

Like the majority of managers, do you simply tell instructions and demand obedience based on your positions of authority? Explaining tasks, it is also not enough. If you have developed standard operating procedures, it is, of course, your role to familiarize and clarify them to your employees. That is task management, not people development. If your operating style is just focused on that, it is not enough and you are certainly not ready for leadership roles. And your organization is losing out if it has put you into such roles.

A good beginning for both the organization and the aspiring manager is to first understand that contemporary leadership now requires a serious commitment to teaching or to use corporate speak coaching related to skills development activities. The nature of business complexities is such

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that employees need to constantly refresh, upgrade and re-orient.

Unfortunately, most companies opt for the easy way out on this. Create and clarify them to your employees. That is task management, not people development. If your operating style is just focused on that, it is not enough and you are certainly not ready for leadership roles. And your organization is losing out if it has put you into such roles.

A good beginning for both the organization and the aspiring manager is to first understand that contemporary leadership now requires a serious commitment to teaching or to use corporate speak coaching related to skills development activities. The nature of business complexities is such

titude of the pompous "Mr. Know It All". In Indonesia, another commonly observed reason is the preference for status quo. According to John Gardner "one of the reasons mature people stop learning is that they become less and less willing to risk failure".

While retreating into the comfort zone might be beneficial to the lazy manager, such a retreat can spell disaster for companies that are constantly facing ferocious headwinds of change.

With business cycles, consumers, competitors, technology and risks all changing organizations have no choice but to create the buzz of learning and development inside their boundary walls. Each day should embody a serious new learning experience. The corporate culture should be characterized by open knowledge transfer and sharing. Seniors should spend less time in cabins and offices on paperwork and more at the front-line and factory floors observing, listening and suggesting.

"We are drowning in information but starved for knowledge" is the astute observation of John Naisbitt, and when corporate training does take place often participants are seen drowning under an informa-

tion overload. Meetings and presentations are only a first step. What is more critical is a laser like focus on the objective of teaching, its correlation to the strategy or business transformation taking place and time bound follow up to monitor behavior change and action. Teaching concepts like six sigma, governance, supervisory skills or customer relationship management is good, but what is more critical is how the concepts are customized and applied to the specific situation of the industry and company.

This is where the "demonstration" aspect of teaching comes into play. Superior teachers and managers have a passion for demonstrating. They roll up their sleeves, dive into projects and activities and like to experiment. Their energy is infectious and a loyal following develops when employees see seniors in action. This is particularly important when companies are facing major technical challenges, targets are stiff and the external environment is uncertain.

Inspirational leaders recognize first foremost that they are what Peter Drucker termed "Knowledge Workers". According to Drucker, "Knowledge work requires con-

tinuous learning on the part of the knowledge worker, but equally continuous teaching on the part of the knowledge worker". Thus, inside the organization, there is a positive circulation of ideas, transfer of best practices and continuous improvement of processes, products and services. Such activity does not happen in isolation but it is demanded by the organization. Training is a right not a favor and teaching is a duty not an option. When leaders start to be held accountable for skills development and knowledge-driven competitive advantages then they give the activity the seriousness it deserves.

Like Jack Welch, who writes in his book *Jack Straight from the Gut* - "When all is said and done, teaching is what I try to do for a living. Truth is, I've always liked teaching."

His passion resulted in the company's training and leadership development center. Crotonville, becoming a hub of GE's energy and drive. Welch was a regular at Crotonville claiming "I loved the wide-open exchanges. The students taught me as much as I taught them. I became a facilitator, helping everyone learn from one another. I had ideas that I brought to every class,

and our exchanges enriched them. I wanted everyone to push back and challenge."

In doing so, he set an example of great leadership imbuing the essence of inspirational teaching. Apart from internal teaching there are also plenty of opportunities for corporate leaders to engage with academic institutions and teach university and school students. It is unfair to expect ready-made pipelines of talent without getting involved, helping impart key concepts and developing critical competencies in graduating students.

Inspirational teaching, like inspirational leadership, is about sharing lessons from the past, showing how to excel in the present and preparing individuals well for challenges of the future. The lessons taught by such business leaders continue to define the successful journeys of their organizations long after their tenures have ended.

The columnist is president director of strategic advisory firm IndonesiaWISE and a senior visiting faculty at leading academic institutions in the region.

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MANAGEMENT

The diversity of intelligence

The most well rounded definitions of intelligence describe it as a combination of ability, learning and experience. In other words, intelligence is learned from compartmentalizing intelligence narrowly as simply being numerical or verbal or technical abilities.

Intelligence is much more multifaceted, continuously evolving and capable of spurring various dimensions of development. The contemporary information age has also highlighted the complexities and richness of diversity.

In a seminal work in 1983 Howard Gardner explained that there are seven distinct kinds of intelligence - linguistic, logical-mathematical, spatial (space related), bodily kinesthetic (movement related), interpersonal, intrapersonal (individual's innermost feelings, awareness and intentions related) and musical.

If we pause and look around it becomes clear that there are great examples of intelligence to learn from - the farmers creating the beautiful and eco friendly rice paddies in Bali demonstrate their spatial intelligence; great business leaders turned philanthropists often display a sense of awareness built on intrapersonal intelligence; wish kids behind the Internet revolution are clearly strong in logical-mathematical intelligence while successful

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diplomatic careers are built around high interpersonal intelligence. Creative individuals in music, art, design, writing, etc. embody one or more of the above intelligences.

Should intelligences be compared and contrasted? Certainly not, and frankly it's near impossible to do so. For example, who is greater Mozart (musical intelligence) or Einstein (logical-mathematical), Gandhi (intrapersonal) or Yeats (linguistic), Mother Teresa (intrapersonal) or Norman Foster (spatial). Trying to debate this is pointless as each left an indelible mark in history due to the full blooming of his or her special intelligence. And yet unfortunately the development of additional forms of intelligence apart from the standard verbal, numerical and emotional intelligence that companies appear to be reasonably familiar with.

intelligences being extolled while others are downplayed and shown inadequate respect.

Technical expert in logical-mathematical intelligence has resulted in disproportionate appreciation of engineers, investment bankers, programmers who are considered to be superior to say teachers, interior designers, physiotherapists or even gardeners. Why?

The inability to understand the diversity of intelligence and build it into the functioning balance of modern societies can have devastating consequences as we have seen with the unprecedented Wall Street collapse collectively caused by those whose logical-numerical intelligence was assumed to have predicted, calculated and mitigated every quantifiable risk possible.

While the one dimensional imbalance perpetuates a herd mentality, absence of sufficiently robust contrarian views and erosion in curiosity and questioning without which no enterprise is sustainable in the long run.

Within the context of management, current challenges and professional demands necessitate the development of additional forms of intelligence apart from the standard verbal, numerical and emotional intelligence that companies appear to be reasonably familiar with.

In order for an organization to progress there must be development of six key offshoots of intelligence - business, creative and practical. Business intelligence relates to the ability of the company's think tank to be entrepreneurial, identify opportunities while balancing risks, read trends and develop a strategically viable business model.

This is an important intelligence and often a key differentiator between proactive companies ahead of the curve and the slow moving followers.

Market intelligence relates to expertise and know-how - the exhaustive knowledge of a sector's competition (existing as well as future), regulation and the inherent volatilities and vulnerabilities (currency, access to funding, export markets, raw material supplies, etc.).

Linked but requiring a distinct proficiency is technological intelligence as this requires managements to keep abreast of the daunting pace of technological change that impacts not just products and processes but increasingly delivery channels, communication, supply chains and alliances.

Being "tech-savvy" is increasingly a mandatory competency not just a nice to have. Customer intelligence is also

lutely critical and despite it being touted in words it is often inconsistently practiced.

The more direct "face-to-face customer time" is logged by the management (especially middle to upper) the more the chances of a company being in tune with dynamic customer demands, trends, options and preferences.

Given the high turnover rates in companies it is vital that there is an institutional capture of this information and knowledge in generating and periodically refreshing the "customer portrait". Nothing irritates a customer more than having to repeat again and again to corporate marketers their requirements and history.

Creative intelligence determines which companies are truly innovative - across all functions and are able to create a culture in which ideas can blossom. Again contradictions abound when senior managers extol the creativity seen externally but appear obsessed with the "lack of English proficiency" inside their offices.

Why? Lack of English has not prevented the Chinese, Koreans, Japanese, Brazilians, Vietnamese or Russians from becoming world beaters in several fields. Find ways to unleash the power of creative Indonesians within your workforce

and you will find impacts that are far more satisfying to customers than simply a focus on linguistic intelligence.

Another mindset issue is that all ideas must trickle from the top - nothing could be far from the truth. No one is a sole repository of all wisdom or ideas.

Finally, practical intelligence is about the workforce "thinking on its feet" when responding to peak level pressure, extraordinary requests, competitive curve balls and unexpected crisis.

Practical people are solutions and applications driven and can often navigate the bureaucracy and procedural gridlocks that deter most employees. The higher the practical intelligence the more responsive is an organization.

The diversity of intelligence inspires us as it shows us the limitless potential of the human mind and the range of trail blazing efforts built around these varied intelligences.

By recognizing and imbuing these in our corporate models we stand a much better chance of coping and winning.

The columnist is CEO of international management consulting firm IndonesiaWISE. He can be contacted at amol@itusid.com

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Dawn of the smart SME - Part I

As the sweeping changes of globalization and social connectivity drive information age continue to redraw the corporate landscape of nations, one segment that stands to benefit is the small and medium enterprise (SME).

Traditionally, SMEs have been outmuscled by larger corporations - both public and private - that have erected artificial barriers based upon privileged access to licenses, resources, funding and knowledge.

While these still exist and conglomerates across most emerging markets continue to remain a formidable force, there does exist greater scope for SMEs that possess agility, risk-taking ability and willingness to improve their business model.

Definitions of SMEs vary and criteria on sales turnover, number of staff, manufacturing capacity, etc. are used to classify them. By some accounts Indonesia has over 30 million SMEs, including many individually run and operated businesses.

The more accurate number of SMEs based on the conventional definition of a corporate enterprise is perhaps closer to a third of this figure or 10 million.

If one compares this figure with the 400 or so listed companies on the IDX it becomes clear that Indonesia is really an SME country and these companies are the real drivers of the economy.

They are all around us in the form of the supply chain, distribution, logistics, service providers, vendors, drivers and collaborators.

While the activities of large corporations might dominate the media, it is the mood and condition of the millions of SMEs that ultimately provides the sentiment of the domestic industry.

Odds have always been and continue to be stacked against SMEs. Despite their numbers, policymakers inexplicably devote the bulk of their time and attention to large corporations.

Look at the disproportionate time and effort spent on large bailouts with taxpayer funds as opposed to ensuring better funding support, tax incentives and preferential tariffs on vital inputs like electricity and water for SMEs.

Banks and financial institutions have also been lagging behind, preferring to finance motorcycles, consumer goods and credit cards as opposed to genuine funding of SME needs related to expansion, technology upgrade and routine operational working capital.

The sorry state of the country's garment industry bears this out. SMEs also bear the brunt of infra-

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structure issues. While large companies can set up captive power units, SMEs are vulnerable to power blackouts or voltage issues. Similarly, gridlocks, congestion and connectivity issues also impair their financial health.

While several despair, the smart SME finds ways to survive and even thrive despite these difficulties. They do so by creating a nimble business model.

Under this the SME is clear about its specific niche that will enable it to survive.

This specific niche arises from four aspects. The first is a fresh entrepreneurial idea.

Smart SMEs avoid these pitfalls by observation, learning and emulation from the several good role models that exist in most sectors. This helps them adopt acceptable criteria on quality, efficiency, delivery and service from the beginning.

The trump card of the smart SME is responsiveness - by being available 24/7 to its "big fish" customers, bringing ideas to the table, demonstrating energy and networking constantly.

By doing so the SME occupies a position - even if it is a dot - on the radar screen. If it has achieved this and can stay there then its business model has a chance of succeeding.

Ironically, as big corporations become too impersonal and individual customers excessively demanding, it is the responsive SME that can form the engaging link in the relationship chain.

Smart SMEs determine a way to link up into this "food chain". The third opportunity for grabbing a niche comes from local knowledge. Beneath the four to five national noodle, food or beverage brands are hundreds of brands built on local knowledge of needs, tastes and price points.

The fourth opportunity arises from change. In fast-growing countries like Indonesia the business landscape is experiencing rapid change. Monopolies are being broken, the economy is opening up under free trade agreements and the Internet has brought buyers and sellers together and made available vast amounts of information that are drastically shortening the learning curve. New avenues for business such as e-commerce and franchising have blossomed.

Together these factors constitute the dawn of the smart SME. There are some important attributes that can shape and differentiate the smart SME from the rest.

The most important of this is how the business model is constructed. Often SMEs get this wrong by overestimating demand, not investing in qualified manpower, buying substandard technology which in turn produces substandard quality and mismanaging cash flow.

Promoters do not develop proper procedures, standards and systems that are crucial for consistency of performance and for taking the business to the next stage.

Thinking through the business model is critical and getting the foundations right even after a few mistakes is vital for long-term viability.

Unfortunately, media glorification of the rich and super rich is setting a bad precedent, with patience, hard work and planning being sacrificed for short-term gains and corner cutting.

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Economic foundations are a base for bilateral ties

Amol Titus

Of late it has become fashionable for diplomats to talk about 'soft power' implying the power of cultural affinity to boost bilateral ties. While there is no doubt that historical and cultural factors play a critical role, the development priorities of emerging nations such as India and Indonesia necessitate that the foundation of such ties firmly rests on win-win economic and trade realities. This is aptly underlined by the ten-fold increase in bilateral trade between the two countries since the turn of the century. During this period Indian businesses have discovered two excellent business drivers in Indonesia.

The first is that the country can provide a secure and lasting supply chain for minerals and agricultural products. India is today a major market for Indonesian coal, iron ore and other ores. Similarly, it is the largest market for CPO while also consuming vast quantities of Indonesian agricultural products like wood based pulp, cocoa, nuts and spices. Since these supply chains are closely linked with India's core energy and food security priorities, Indonesia will feature prominently as a source of resources. Geographical proximity and the absence of security risks will enhance its importance. As far as energy is concerned there is also another as yet untapped resource - natural gas. For decades Indonesian natural gas has been exported to East Asian markets. As the country accelerates its development of its vast reserves (approximately 98 trillion cubic feet) there will be potential for greater exports to India. Indeed, policy makers should seriously evaluate options like a dedicated LNG terminal at Andaman & Nicobar Islands in maritime terms a stone's throw away from Aceh province or a pipeline from Sumatra to Chennai.

Volcano prone Indonesia also has the world's largest geothermal resources (40 percent of the world's) enough to produce 28,100 megawatts over 30 years and Indian companies can bid for



these projects to cater to the country's growing domestic demand as well as make a profitable play under CDM or other mechanisms in future. Another the country's 'resource pull' has drawn groups like Tata Power, Adani, Essar and others who have made firm investments while others like NALCO and Reliance are at advanced stages of finalizing investments.

With India having infrastructure development plans exceeding USD 500 billion and Indonesia exceeding USD 150 billion, over the medium term, there is sufficient space for both private and public sector players to participate



Keen to arrest declining oil volumes Indonesia is also keen to jump start its oil and gas business and India's public sector oil majors have an opportunity to actively participate in bidding for new oil blocks.

Similarly with India having infrastructure development plans exceeding USD 500 billion and Indonesia exceeding USD 150 billion over the medium term there is sufficient space for both private and public sector players to participate in these projects. But any such foray must be based on thorough market and regulatory knowledge, developing trustworthy local partners and realistic business models that take into account hurdles faced by late entrants especially in the form of entrenched competition.

While India has made commendable strides in achieving food self sufficiency through successive phases of green and white revolutions, Indonesia is still dependent on food imports principally wheat, rice, dairy, sugar and meat. Depending on domestic demand and surplus situations some of these commodities can be exported to Indonesia. But these years will also require concerted lobbying since the Australia-New Zealand producers that have penetrated the lucrative food business. Indonesia is keen to develop its food processing industry and has recently announced tax incentives for palm oil processing plants and this is another area where Indian companies can penetrate the

prospective Indonesian economy. While bilateral trade of approximately USD 10.8 Billion is to be celebrated it is still far too significantly skewed by commodity oriented trade and this makes the trade relationship vulnerable to cyclical volatilities as well as short term opportunists. There is need to diversify the trade basket and this can be achieved by targeting the complementary strengths of the two economies. Indian IT, pharmaceuticals, engineering, automotive, healthcare and services firms can not only export products but consider long term investments in the country. Groups such as Aditya Birla and Indorama who were pioneering investors from the 1970s onwards have systematically and profitably grown their operations and are well respected. More recent arrivals such as TVS, Bajaj, State Bank of India, Bank of India and Tata Consultancy Services are making good progress and putting building blocks in place for long innings.

It might come as a surprise to Indian readers that the Indonesian Stock Exchange is been one of the best performers in the last few years and part of its sustained growth is due to the professional excellence achieved by Indonesian blue chips. Unlike Korean, Chinese, Japanese and Malaysian companies these have been slow off the mark regarding investments in India to participate in the country's booming domestic economy. However, this trend is changing and with the acceleration in high level ministerial visits and business

delegations the non commodity majors such as Indofood, Astra International, Bank Mandiri, Ciputra, Adhi Karya, Para Group, Bakrie, Lippo, Garuda Foods and others can be expected to intensify efforts to gain overdue footholds. As G20 neighbors with challenges of ushering inclusive development amid at times chaotic democratic frameworks, India and

Indonesia can also share learning and experiences from their economic experiments. For example, the business landscape of both countries is dominated by small and medium enterprises. Sharing on equipping these SMEs with capital, access to markets and management tools would be beneficial. As would be a understanding of each other's regulatory mechanisms especially those linked to independent market oversight and governance. Indonesia's progress with road connectivity and privatization of retail sector has some noteworthy lessons for India. Likewise Indonesia can emulate India's grass roots cooperative movements, management of capital markets and expansion of railway networks including achievements like the Delhi Metro.

In this knowledge transfer Indian corporate professionals can play an important role since several of them are also holding senior positions in companies, MNCs and international bodies in Indonesia. However, this knowledge transfer must be two way and it is vital to listen to the Indonesian perspective with respect and patience. For it is only when both countries aspire to forging economic and investment ties as equals that the true potential of this relationship can be realized. As the new decade commences there is much to look forward from these rising giants that are finally changing in sync.

The writer is CEO of a consulting firm and secretary general of the Economic Association of India and Indonesia



Wall Street's Body Blows to the Millenium Development Goals

Amol Titus | 15 September 2008

An assessment of the carnage on Wall Street and its still painfully reverberating consequences on the rest of the world, particularly third world countries like Indonesia, highlights the severity of the "body blows" this bastion of modern capitalism is dealing to the millennium development goals. As losses due to the sub-prime crisis mount-some analysts have estimated a whop-ping US\$7 trillion loss due to global stock market declines and others have estimated a direct hit to international banks, insurance companies and other entrenched players of over US\$500 billion-attention of key stakeholders (governments, financial institutions, regulators, media, ordinary consumers) has shifted away from pressing development issues to this costly and messy distraction that could take years to clean up.

Nelson Mandela's lessons for faltering contemporary leaders

Amol Titus
Contributor Jakarta

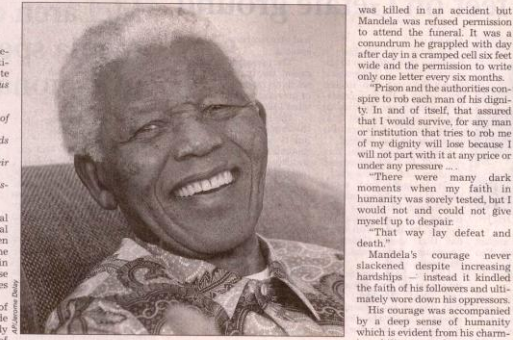
The bard, William Shakespeare, with characteristically great insight wrote about leadership in Julius Caesar:

*There is a tide in the affairs of men
Which, taken at the flood, leads on to fortune
Omitted, all the voyage of their life
Is bound in shallows and in miseries.*

Portune refers not to personal grandeur, but to general societal well being. And life is to be seen not in the narrow context of the self and immediate family, but in relation to the populace whose existence is impacted by choices made by leaders.

With a severe buffeting of violence and dogma, consumerism and waste, globalization and divides, disasters and pandemics, corruption and moral dilemmas, immigration and cultural clashes, mega cities and magnified chaos. A combination of these vicissitudes, perhaps on an unprecedented scale, requires contemporary leaders with qualities that can help unify, inspire and facilitate the search for solutions with wisdom and humanity.

Yet if visual artists and headline writers are to be believed, today's leaders resemble a rather sorry and average lot. They are depicted with fingers stuck in their ears and Pinocchio-like noses highlighting an absence of truth. They are shrunken forms in oversized clothes emphasizing mediocre stature and they have bandages over eyes that allude to blurred perspectives. Words such as childish, bitter, ruthless, stubborn or lightweight are often used in headlines across the world's media. Such personalities can only end up exacerbating problems.



NELSON MANDELA

"And yet we only have to glance at the second half of the 20th century to find in the life of Nelson Mandela, whose 89th birthday is being celebrated today, lessons that can help current leaders cope with and hopefully help overcome modern traumas. Four prominent lessons exemplified by his lifelong struggle include a strong spirit of sacrifice, an unwavering adherence to principle, courage in the face of extreme and prolonged adversity and a deep sense of humanity.

"I had no epiphany, no singular revelation, no moment of truth, but a steady accumulation of a thousand slights, a thousand indignities and a thousand unremembered moments produced in me an anger, a rebelliousness, a desire to fight the system that imprisoned my people," writes Mandela in his moving autobiography *Long Walk to Freedom*. And the system against which he rebelled was one in which an African was forced to lead a life "circumscribed by racist laws and regulations that cripple his growth, dim his potential and stunt his life."



Peran Institusi Keuangan dalam Keberlanjutan Korporat



AMOL TITUS

Sebuah perusahaan yang berkelanjutan adalah yang dapat berlangsung hidup dalam jangka waktu yang lama. Dalam artian tradisional, kelangsungan hidup didefinisikan lebih ke dalam pengertian parameter keuangan seperti pertumbuhan pendapatan, keuntungan, dan pangsa pasar. Hal ini masih kritis, namun dalam konteks modern bukanlah satu-satunya kriteria atas keberlangsungan. Hari ini, perusahaan diharapkan mempertunjukkan keberlanjutan dan hal ini menyiratkan sejumlah tanggung jawab terkait kode etik, operasi yang aman, praktik buruh yang progresif, pemberian kembali kepada masyarakat dan kesadaran keberadaannya bersama dengan lingkungan. Perusahaan yang berkelanjutan dapat menciptakan nilai bagi ekonomi sebuah negara, sementara yang tidak berkelanjutan dapat menghancurkan nilai seringkali dengan konsekuensi yang luas.

Terlepas dari pemangku-kepentingan internal - pemegang saham, manajer senior dan karyawan - pemangku-kepentingan eksternal juga tertarik dengan keberlanjutan korporat. Satu kelompok penting pemangku-kepentingan eksternal adalah institusi keuangan. Perusahaan berurusan dengan sejumlah institusi keuangan seperti bank, dana pensiun, perusahaan asuransi,

piutang sekuritas dan juga institusi pasar modal seperti Bursa Efek Indonesia jika mereka perusahaan terdaftar. Kebanyakan perusahaan memiliki hubungan dengan bank dan beberapa lebih ke dalam pengertian parameter keuangan seperti pertumbuhan pendapatan, keuntungan, dan pangsa pasar. Hal ini masih kritis, namun dalam konteks modern bukanlah satu-satunya kriteria atas keberlangsungan. Hari ini, perusahaan diharapkan mempertunjukkan keberlanjutan dan hal ini menyiratkan sejumlah tanggung jawab terkait kode etik, operasi yang aman, praktik buruh yang progresif, pemberian kembali kepada masyarakat dan kesadaran keberadaannya bersama dengan lingkungan. Perusahaan yang berkelanjutan dapat menciptakan nilai bagi ekonomi sebuah negara, sementara yang tidak berkelanjutan dapat menghancurkan nilai seringkali dengan konsekuensi yang luas.

Karena prosedur internal mereka dan regulasi dari Bank Indonesia, bank mengambil sebuah proses *due diligence* yang detail sebelum mereka setuju untuk membiayai sebuah perusahaan. Surat persetujuan mereka juga mengandung sejumlah persyaratan dan kondisi dimana salah satunya adalah *review* tahunan atas pinjaman yang disetujui. Biasanya, proses *due diligence* ini berfokus pada kinerja keuangan perusahaan dengan petugas bank menelusuri dengan detail neraca keuangan, keuntungan & kerugian dan parameter keuangan lainnya. Kredit yang aman adalah dimana terdapat kepastian arus kas, tanpanya maka keberlangsungan di masa depan tidaklah mungkin. Disinilah keberlanjutan masuk. Dilihat dengan cara yang berbeda, keberlanjutan sama

SEKTOR KEUANGAN ADALAH PILAR KRITIKAL DARI EKONOMI DAN HAL INI ADALAH ALASAN MENGAPA SEKTOR INI MENDAPATKAN SEMUA PERHATIAN DAN DUKUNGAN KETIKA MASA-MASA SULIT. SEKTOR INI DI NEGERA SEPERTI INDONESIA YANG MENGHADAPI TANTANGAN LINGKUNGAN, SOSIAL DAN TATA KELOLA SERIUS HARUS MENJADI INSTRUMEN PERUBAHAN.

PENULIS ADALAH CEO INDONESIA SEBAGAI SEBUAH PERUSAHAAN KONSULTAN STRATEGIS INTERNASIONAL MEMBANTU MEMELORNI INSIASTIF KEBERLANJUTAN DI NEGERA-NEGERA PASAR BERKEMBANG. KOLLIANSI JUGA DOSEN TAMU SENIOR DI SMA ITB DAN BINUS INTERNATIONAL.

For decades Amol Titus has given expression to his thought leadership through his insights, columns and opinion pieces that are widely read

The Jakarta Post

MANAGEMENT

Wednesday, April 16, 2008 18

Respecting customer rights to corporate information

The fine print is getting smaller, disclaimers longer, documentation more complex and product and service features more wordy and jargon filled. Often sales are not genuine, discounts have a catch, pricing is full of hidden extras, guarantee clauses replete with exclusions and refund or replacement policies are too cumbersome.



AMOL TITUS

At one level there is an information overload but at another level basic and reliable summaries of features and benefits, risks and returns, do's and don'ts ingredients and raw materials, quality and safety is often hard to find and difficult to track.

At a time when Indonesia has recently undertaken the commendable act of passing a right to information aimed at facilitating greater transparency for ordinary citizens, it is opportune for companies here to renew their respect for and commitment to customer rights to corporate information.

The last 12 to 18 months are replete with instances of hazardous and toxic ingredients being used in a variety of products (toys, foodstuffs, medicines), controversial selling practices engaged in a variety of industries (mutual funds, property, tour packages), misleading discounts and tariffs (telephone costs, retail sales gift schemes) and insufficiently explained safety

The "win-win" negotiation technique that forms the ABC of management skills emphasizes the importance of full and candid upfront disclosure and careful screening to ensure the product or service matches the genuine client need.

Instead, as events suggest some participants are guilty of encouraging or at the very least tolerating a "win-lose" sales culture under which the focus was on satisfying temptation rather than need, offering selective rather than complete information and then denying rather than admitting the scale of the problem until it was too late.

The simply said dot-to-dot syndrome has left thousands of customers with financial loss, bankruptcy and home foreclosures. Class action lawsuits citing wrongful and misleading claims now abound and will grow.

No criteria (two job-to-be-understand the various facets of customer rights related to corporate information) that were not slickly packaged with misleading ratings that did not reflect the underlying risk. A multitude of reckless investors jumped onto the bandwagon and as a result the malaise got compounded.

At its most basic level, the subprime crisis highlights a lack of respect for customer rights to corporate information. Any buyer of a product or service can reasonably expect (rather than demand) adequate information that can enable informed decision-making.

The "during sales" phase is the testing period for the quality of information. For having narrowed their options, thousands of customers with financial loss, bankruptcy and home foreclosures, warranties (etc) and consultant fees, colleagues or even other customers. This is the phase when word-of-mouth recommendations are a double-edged sword and the mettle of the company's sales force is tested.

An that is meant to clearly communicate the product or service proposition? Can they take the time to explain the details of the product or service? How do they relate to our specific Indonesian market? Are they using more tangible beyond repeatedly used and abused adjectives - "best", "top rated", "leading", and so on - to describe their products, awards, accreditations, reliability? Can financial disclosure be trusted or is it all window

dressed? Is there scientific basis to back claims especially in products concerning health, safety and the environment? How detailed and reliable are the brochures or website? Customers are also part of a wider community that has rights to learn more about how corporate behavior and practices will impact its well-being. One pressing example is the treatment of hazardous chemicals and waste or safety clauses to prevent industrial accidents.

Yet over two decades after the 1984 Bhopal gas tragedy in India (when toxic gas leaked from an old Union Carbide plant with substandard controls and killed thousands), transparency by many hazardous materials producing handling companies located in crowded emerging markets remains low with a "need to know basis" resistance to disclose. Unfortunately, when accidents occur negligence and cover-ups are routinely discovered.

Disclosure during crisis is the other major challenge for companies. Three approaches are commonly found. First, denial which is often coupled with such a climate of denial that cannot mask the underlying problem for too long - Best example is an investment bank that collapsed in the current subprime crisis. Second, a preference for protracted and complex litigation but where tragedy has

Need for ethics-oriented management

The New Zealand Teachers Council has adopted a detailed Code of Ethics for Registered Teachers which states that "teachers are vested by the public with trust and responsibility together with an expectation that they will help prepare students for life in society in the broadest sense".

Among the several obligations to society the Code of Ethics states that teachers will strive to "teach and model those positive values which are widely accepted in society and encourage learners to apply them and critically appreciate their significance".

As we are prepared almost daily by politicians, economists and business leaders that the "worst of the recession is yet to come" and are forced to sift through the Wall Street triggered economic catastrophe, it is clear that business schools have also failed to sufficiently instill the "positive values" in their batches of high-flying graduates, many of whom were directly or indirectly complicit in the shenanigans that have led to the second great depression.

Apart from having the odd rudimentary core program or elective in "business ethics", most business schools actually have let their independence get eroded and were content to become talent producing assembly lines for the corporate sector, primarily banks and the financial sector that tend to absorb over 50 percent of the intake.

The problem with reducing higher education to an assembly line is that the products turn out to be of the one dimensional conformist variety. Lacking the courage of conviction or moral fiber to internally challenge or reverse the corrosion caused by greed, self interest, corruption and gambling with the trust of customers, employees, regulators and society at large, Corporate excesses, like grossly speculative and irresponsible investment banking and private banking practices, appear to have been going on for years

The Jakarta Post PAGE 17
Wednesday, February 11, 2009

COLUMN

A Year of Reckoning for Indonesia's Economic Resilience

Amol Titus*



In the 1997/98 Asian financial crisis Indonesia was one of the worst-hit ASEAN economies with several predictions of prolonged doom and gloom. Yet in the following decade the country has shown a remarkably stable growth trajectory. There is even cautious optimism that it will survive the current Wall Street-triggered global economic crisis relatively well.

In fact 2009 could turn out to be the first true test of whether the various economic, institutional and policy reforms initiated since 2000 have actually taken hold sufficiently so that they can help the nation survive the severe buffeting that lie ahead. The year, which will also see general elections, will also highlight the degree to which key economic issues can be managed within a sometimes messy democratic context.

There is no doubt that growth will slow and a 4 percent GDP growth rate appears likely. Though below the 6 percent growth rate of previous years and well below the 7-8 percent needed to seriously dent rising poverty levels, the reduced rate if achieved would not be bad given the global meltdown.

During the past few years the commodity bubble had become a distraction hogging planning, forecasts and media attention. While the abundance of resources is a blessing, the fact remains that there is a substantial exploitative component linked to them. Due to fancy corporate structuring, inter-company diversion of funds, lack of transparency and weak enforcement of tax and royalty laws, the wider populace did not benefit to the extent it should have during from the commodities boom.

This distraction also meant that not enough policy support was given to critical manufacturing sectors which employ millions but remain largely shunned by banks. As a result many units are reeling as export orders reduce and productivity becomes critical for survival. In terms of productivity the absence of bank funding has meant outdated machines; and rigid labor laws have meant lack of flexibility in adapting to change. Agriculture has also been neglected and prices and availability of food grains remain contentious issues.

Although commendable efforts were made to attract FDI, the majority of the MoUs promising billions of dollars in investments remain on paper only. SOE reform, especially of key players has also not been sufficiently robust and these organizations remain a burden on the exchequer with poor return on taxpayer capital.

The banking sector which required a "generational funding dose" of around US\$60 billion from taxpayers in the aftermath of 1997/98 remains vulnerable as the saga of Bank Century has shown. However, better internal governance at some of the larger banks and avoidance of exposure to some of the toxic aspects of the global financial sector has helped avert a more serious situation.

However, the Finance Department and central bank must act proactively to prevent banks from entering into their "risk-averse comfort zone" under which they stop lending to

needy and vulnerable segments like SMEs, proprietors and micro projects as well as to struggling sectors like textiles, tourism and infrastructure development. If banks simply stop or reduce lending and park funds in SBIs or inter-bank lending, the economy will be dealt serious internal shocks.

Despite election-year posturing the financial, economics and industry team must remain focused on shoring up the country's economic resilience by coordinating five urgent actions. First, there is need to announce a fiscal stimulus package of around US\$10 billion that supports domestic infrastructure overhaul. By kick starting certain critical portions the government will send a message that it is committed to long-term infrastructure development and hopefully attract some serious partners.

Unemployment must be the second policy focus. There is real danger of unemployment rising to around 15 percent. The return of workers from ASEAN and East Asian countries due to the slowdown will aggravate the problem. A comprehensive employment generation program must be announced with broad consensus by the first quarter of 2010.

Specific steps should include labor law reforms, tax incentives for companies demonstrating net workforce increases, negotiating with multilateral funding agencies for support of large capital projects, and support for the services sector that has the potential to provide at least short-term contract-based employment. Without seriously addressing the unemployment issue revival of domestic consumption will remain a pipe dream.

The third policy focus must be inflation. The reality remains that the cost of basics like food, medicines, education, housing, electricity and transport remains high even relative to other developing countries. While there has been good progress at macro inflation targeting, the government has been lax in dismantling inefficiencies at micro sector levels that have resulted in the country becoming a high-cost economy.

Fourth, Java-centric policymakers must realize that for the economy to fire on all cylinders they must accelerate infrastructure improvements and spending in other key economic zones like Kalimantan, Riau, Bali, Sulawesi and Papua. Despite their importance it is shocking to see the neglect of basic infrastructure. Underdeveloped infrastructure breeds inefficiencies, facilitates rent-extorting mafia and hampers the cause of sustainable development.

Finally, Indonesia must review the extent of its economic openness which is much more than even developing countries that it seeks to emulate. Unfortunately, free markets are not self-regulating as is mistakenly assumed and the institutions tasked to police these have proven to be negligent, incompetent and impotent.

2009 could prove to be a defining year for Indonesia's economic revival. The promise of resilience is there but it needs concerted policy reform and far-sighted action that transcends short-term election-year politicking.

*Amol Titus is a senior management professional and writer based in Jakarta.

Competency of intercultural management

Some 20 years ago, Peter Brabeck-Letitia was highlighting the competency of intercultural management peculiarly crucial in the 21st century. Toyota's International Guiding Principles require managers to respect the culture and customs everywhere in which it operates, like diversified Indian garment and accessories lists "global mind" as a core competency or a must for all managers. The five qualities listed as part of "21st businessperson" included the trait of being "externally focused and able to read moods and situations". And yet most

product development and consumer buying behavior. According to Walter Lippman, "culture is the name for what people are interested in - their thoughts, their models, their hopes, their fears and the speeches they hear, their table talk, gossip, controversies, historical scene and scientific training, the values they appreciate, the quality of life they admire. All communities have culture. It is the climate of their civilization." This climate can be called a culture. It is not a religion or a call report to HQ after a flying visit to a country's capital.

Companies engaged in international marketing need to go through three phases of intercultural management - adaptation, socialization and application. A central tenet of adaptation is open-mindedness. The word "not just your home base is your" and "not just a healthy respect for different perceptions, points of view, perspectives and diversity are needed. Rather than imposing practices or transplanting solutions, diversity can be used to successful corporate advantage. Under the charismatic Carlos Ghosn, of Brazilian and Lebanese descent who has skillfully adapted to both

French and Japanese cultures, Nissan has made diversity a key area of focus in its corporate strategy. "Diversity is Our Advantage" is his My Advantage". The company believes that "it is not reasonable to expect one particular age group or cultural group to have all the answers about what it takes to appeal to customers around the world. The richest solutions are found when diverse groups of people work together to address needs or develop innovative solutions. Solutions come from using the talents of both men and women, young and old, from all levels in the organization or from different cultures".

Contrast this with struggling automaker Ford which when launching its Escort model in India in the mid 1990s touted its claim as "Britain's best loved car". The response from many Indian consumers was "So what?" The challenge for global companies - whether airlines, banks, consumer goods, hotels, festival related working men and women, Korea Inc's successful penetration of Indian markets in less than two decades is also a good example of socialization as firms like Samsung, LG and Hyundai spent considerable time and energy in absorbing regional, ethnic and lifestyle patterns on the subcontinent. Over time they honed in on Bollywood in its popular "Nehru is What" campaign. Samsung uses iconic actor Aamir Khan who is well known for path-breaking roles in Bollywood to highlight its image in products, cricket, music and the aspirations of consumers in secondary and tertiary towns.

but if the products and services are not tailored to their cultural preferences the chances of enduring success are remote. The process of socialization helps to determine this degree of relevance. Footwear giant Bata is a good example of cultural socialization, especially in its association with middle-class consumption values in different emerging markets. Within the same "value for money" demand pull, Bata cleverly adjusts colors, motifs, festival related promotions and trend-based appeals to working men and women. Korea Inc's successful penetration of Indian markets in less than two decades is also a good example of socialization as firms like Samsung, LG and Hyundai spent considerable time and energy in absorbing regional, ethnic and lifestyle patterns on the subcontinent. Over time they honed in on Bollywood in its popular "Nehru is What" campaign. Samsung uses iconic actor Aamir Khan who is well known for path-breaking roles in Bollywood to highlight its image in products, cricket, music and the aspirations of consumers in secondary and tertiary towns.

Consumers might initially be attracted to international standards but the proof ultimately lies in application and in this phase of a company has to entrench itself as an integral participant within a culture. Toyota's success with its Kijang model in Indonesia with an egalitarian ethos of consumers since its launch in 1977, Nestle's success in making Milo the nation's health drink of Malaysia or Gillette's clever modifications of its basic shaving products in different cultural "male facial hair" contexts are examples of well-executed applications. In such companies the quest for high intelligence and competency are given an added edge by the development of strong "cultural quotients". The key insights to what extent the competency of intercultural management has been internalized by organizations. Those with low cultural quotients struggle to understand existing local value evolving cultural patterns and are rendered peripheral.

The writer is CEO of IndonesiaWIS, an international strategic consulting company that also specializes in intercultural management. Next month's insight continues the exploration of cultural application.

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For decades Amol Titus has given expression to his thoughts through leadership through his insights, columns and opinion pieces that are widely read

The Jakarta Post

Keys to business survival in inflationary times

Amol Titus

INSIGHT



AMOL TITUS

It was not very long ago that the term "double whammy" conjured a sense of foreboding among businesses fearing the impact of two unexpected or uncontrollable factors. In the last decade we heard about "triple" even "quadruple" whammies with the rise of even more inexplicable and volatile variables. As oil prices hover around US\$140/barrel, commodity prices (copper, zinc, lead, coal, cash and food crops, even scrap and waste) reach record highs, inflation and unemployment hit double digits and the distinctions between demand and speculation blur, it's welcome to the time of "multiple whammies".

For domestic market oriented companies in Indonesia this represents a particularly challenging period. At the input end costs of production are rising significantly while at the sales end customers are becoming more careful, choosy and demanding. Caught between commodity cartels and opportunistic punters, and product value and bargain hunters, managements are understandably concerned and wondering what's within their power to control and improve.

The previous two Insight columns addressed the challenges of managing the supply chains (input end) and distribution and availability (customer end). With bargaining power resting with raw material suppliers and close linkages to global commodity fluctuations companies have limited control over supply stability and raw material prices. Proactive contract management and hedging should be pursued, but these cannot reverse or reduce the seemingly relentless cost inflation.

Similarly, deft segmentation, well researched product positioning and tactical campaigns are only able to drive marketing strategies up to a point. Product push in Indonesia nowadays requires a slew of incentives in the form of discounts, gifts, vouchers, cash back schemes, fee and charge waivers, introductory offers and free trials.

Cutthroat pricing and value for money are the actual volume and

tations of at least 10 to 15 percent. If the cost of public holidays (among the highest in the world), work disruptions due to natural causes, compulsory bonus payments, rising cost of health coverage and real (though seldom understood) costs of absenteeism and transportation gridlocks is added up, companies need a commensurate increase in productivity of at least 25 percent per employee or risk negative correlations where costs rise faster than revenues and bottom line contribution becomes a moving target.

And yet few companies develop their organizational DNA along indicators like profit per employee, incremental sales per team, increased market share per business unit or contribution per new production line.

Developing smart workers is important, but so is creating smart working conditions in which such workers can excel and be productive. Expecting people to commute long distances and then perform in cramped offices with aging systems, paper intensive procedures and a politicized environment is totally unrealistic.

Likewise, overly layered or hierarchical structures end up masking duplication and suffocate a free flow of ideas, creativity and innovation.

Pioneering companies like Apple, Nike, Infosys and Google to name a few have invested in creating smart working environments that mirror flexible college campuses more than stuffy office blocks. As a result, they have benefited from high employee morale, energy and innovation-led productivity. If the world is indeed flat companies need to get flatter — lean, seamless, knowledge-based and ideas-driven.

Weak implementation, of which the Jakarta Busway is a telling symbol, is one of the major causes behind the premature death of bright ideas. In addition, budgets are overshoot, project milestones get deferred and organizational potential remains only partially tapped. The end result is unfulfilled customer expectations, dilution of focus and a low return on investment.

Missed opportunities can come from their stirring speeches and smart interviews and carefully choreographed TV Obama made excellent use of online communication through the Internet. He used the Net to connect with millions of youngsters, garner funding through an extensive e-collection drive as well as draw youth into his campaign, philosophy and "change" mission. Podcasts, blogs, YouTube, text messages and a variety of tools were used to communicate the core themes.

Finally, for communication to create a lasting impression it must have substance. No amount of style can mask mediocrity. Apart from being a skilled orator Obama is also adept at written communication and in *The Audacity of Hope* he lays out succinctly, by far the best, recipe for rejecting extremes and adopting the middle path — "I am convinced that whenever we exaggerate or demonize, oversimplify or overstate our case, we lose. Whenever we dumb down the political debate, we lose. For it's precisely the pursuit of ideological purity, the rigid orthodoxy of the sheer predictability of our current political debate that keeps us from finding new ways to meet the challenges we face."

It's what keeps us locked in "either/or" thinking — the notion that we can only have big government or no government; the assumption that we must either tolerate forty six million without health insurance or embrace "socialized medicine".

The opportunity for hope and change, Obama made the case, had to come from the moderate middle. And largely in part due to his outstanding communication ability it did.

The columnist is a senior management professional and writer based in Jakarta. Next month's Insight continues the discussion on communication principles and their application in the local corporate context.

menters. These companies consciously turn implementation into their competitive advantage hiring and grooming experts equipping them with resour and decision-making authority and maintaining an unrelent focus on execution even dur cyclical downturns. Teams ar re-inventing the wheel, are qu to imbibing best practice and time develop implementat records in testing th world environments. Excuses generally not brooked and lau or completion dates are con ered sacrosanct.

Contrast Jakarta's incoherent y progressing Busway with mammoth infrastructure crea for the Beijing Olympics, com ed almost a year ahead of sche — a testimony to the implemen tion prowess of the organizers the very many contractors ' have combined to deliver the ished project with a strong s of pride.

If implementation helps a struct a particular business m or infrastructure it is efficac that helps maximize the v; from it. Efficiency differenti winners from losers by aimin extract the best out of resou available — people, machi inputs, systems and processes. I a shop floor engineer obse with fine tuning, an effe leader needs to constantly c the efficiency mantra — raw m rial usage, inventory managea headcount deployment, en savings, cost reductions, pre re-engineering, waste treat and recycling and measureme quality parameters. All shou quantified and tracked, leavin room for subjectivity.

The efficiency discipline helps periodically trim the org zational flab that invari builds up during periods of booms as was experienced d 2006-07. While blame car passed around to opportun suppliers, cutthroat compet or fickle customers, as reg efficiency the buck stops wit management.

Inflationary times are he stay and over the next 12 months they will test the met companies. Make no mistake

from his stirring speeches and smart interviews and carefully choreographed TV Obama made excellent use of online communication through the Internet. He used the Net to connect with millions of youngsters, garner funding through an extensive e-collection drive as well as draw youth into his campaign, philosophy and "change" mission. Podcasts, blogs, YouTube, text messages and a variety of tools were used to communicate the core themes.

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The Jakarta Post

MANAGEMENT

Wednesday, December 5, 2007 19

Amol Titus climate change conference and corporate responsibility

INSIGHT

AMOL TITUS

A committed group of cyclists has stolen the lead over the Indonesian corporate sector in demonstrating their concern for the environment. Flagged off by President Susilo Bambang Yudhoyono, the group has begun a 1,450 kilometer ride called Bicycles for Earth Goes to Bali, aiming to reach the island in time for the United Nations Climate Change Conference scheduled to be held from Dec. 3-14.

The significance of this high profile conference is threefold. First, it caps a year which has seen growing global awareness and concern over climate change epitomized by the Nobel Peace Prize being awarded to Al Gore and the Intergovernmental Panel on Climate Change (IPCC).

Second, it is being held in a country which is at the frontline of pressing issues related to deforestation, species extinction, vulnerability to natural forces and climate change, including an increasingly flood-prone Jakarta, industrial disasters and the difficult challenge of balancing development with environmental action.

Third, it will bring together some of the leading minds on the subject including several from other third world countries who have already identified collaborative solutions.

Solutions must be now sought in the face of more stringent regulations, soaring and already prohibitive energy costs, a growing awareness among consumers about "green" choices and the mounting risks associated with irresponsible corporate behavior which can adversely impact reputations, brands, availability of finance and even share prices.

Sustainable solutions and practices need to be developed across a range of Indonesian sectors including oil and gas, mining, chemicals, packaging, transportation, aviation, shipping, forestry, plantations, power, construction, the automotive industry and retailing, among others. Granted there are several high

communities and conservation of high conservation value forests and species.

Since rain forest clearance-related fires and peat land burning accounts for a significant amount of annual greenhouse gas emissions from Indonesia, the forestry, pulp and paper, plantations and agriculture sectors will continue to be under the spotlight. Proactive companies that make an effort to understand the issues and modify practices to adopt higher standards are actually improving their business prospects and ensuring that they continue to benefit from the industry upswing.

Thus, investment in progressive environmental practices has definite and real payback just like investments in other corporate imperatives like quality, distribution or customer service.

Development Mechanism (CDM) will also be reviewed and there is potential for many more projects in Indonesia to be covered under this scheme including those at the critical rural and SME levels.

The major supporters of the Bali Conference are all united in their call for urgent action. UN Secretary General Ban Ki-Moon has called for "a comprehensive agreement that tackles climate change on all fronts — including adaptation, mitigation, deforestation, clean technologies and resource mobilization." Vice

Boer, UNFCCC executive secretary, has stressed the need to understand the wider impacts of climate change for economic growth, water and food security and for people's survival." And California Governor Arnold Schwarzenegger, in his historic "Berninaty" style has emphasized "the one responsibility we

accelerating the search for innovative solutions and by spreading awareness among consumers, employees and the wider community.

The IPCC has issued studies highlighting how in 2050 the concentration of carbon dioxide exceeded the natural range that has existed for over 650,000 years. And the disturbing finding that eleven of the warmest years since instrumental records have been kept have occurred in the last 12 years.

The Indonesian archipelago is highly vulnerable to the chain reactions triggered by such temperature increases from rising sea levels to more ferocious storms and droughts. According to a scenario outlined by the IPCC the global surface temperature can still be limited to an increase of 2 degrees Celsius above the pre-industrial level but this will require a reduction in greenhouse gas emissions of at least 50% by the 1990 level by 2050. This is a reality a huge task for all nations, but we seriously impact corporate activities the world over.

Business leaders, executives, lawmakers and NGOs can flash the warnings and will certainly do so with urgency at Bali. But it will fall on responsible companies

Bali07 is a good starting point for companies to understand the seriousness of climate change issues and their significance for Indonesia's future.

The Jakarta Post

MANAGEMENT

Wednesday, June 13, 2007 19

The three dimensions of service quality

INSIGHT

AMOL TITUS

Customers who are increasingly savvy are not just looking for the high potentials that companies have tended to place on. Since the post-World War II era, the service industry has grown (when growth in services challenged the traditional down side of agriculture, manufacturing, customers have been regularly referred to as "king", "queen", "guest", "business partner" and in the case of use last food chain even to the "klingling").

They are constantly pre-issuing higher standards of service with adjectives like "magical", "exclusive", "unique", "irreplaceable", "life-changing" and to glitzy promotional material. And yet decades after competition first started to chart the service mantra, savvy after savvy highlights a growing dissatisfaction with service levels and quality.

Brand loyals are low and demand is high. They provide switching is high and rising. Customers have become more transactional rather than relationship oriented and many managers are perplexed as to why price continues to top service as the key determinant in many purchase decisions.

There is good and bad news in this for managers in service industries. The good news is that one of the foundations of organizational success — quality — has not been eroded. The bad news is that getting experience

after experience (at least the "right" — consistency, cooperation and coordination) — across individuals and teams, front and back, top, middle and bottom of the organization. Everyone has a stake in service quality and in ensuring that their piece of the pie fits well into the larger picture that contributes to a troubling riddle.

You can have strong alignment but not necessarily the favorable impression rating that contributing to a troubling riddle.

Several new start-ups, although in Indonesia would well learn from the focused alignment practiced by Jet Blue, one of the successful American airlines whose success is attributed to its "customer-centric" approach. The challenge of achieving quality is to ensure that the customer's needs are met through a portfolio of diverse customer benefits that much exceed their expectations.

It follows that service quality hinges on three dimensions — alignment, con-

tent and process. Alignment getting the basic "CX" right — consistency, cooperation and coordination — across individuals and teams, front and back, top, middle and bottom of the organization. Everyone has a stake in service quality and in ensuring that their piece of the pie fits well into the larger picture that contributes to a troubling riddle.

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the noble but challenging goal of service quality needs to be based on an understanding of some of the inherent characteristics that differentiate services from products.

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getting the basic right time after time. This new balancing act between customer service and innovation or creative solutions is a challenge for all organizations. The challenge is to ensure that the customer's needs are met through a portfolio of diverse customer benefits that much exceed their expectations.

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and process. Alignment getting the basic "CX" right — consistency, cooperation and coordination — across individuals and teams, front and back, top, middle and bottom of the organization. Everyone has a stake in service quality and in ensuring that their piece of the pie fits well into the larger picture that contributes to a troubling riddle.

You can have strong alignment but not necessarily the favorable impression rating that contributing to a troubling riddle.

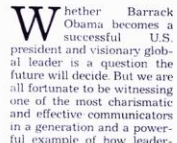
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The Jakarta Post

Leadership success on the wings of inspirational communication

INSIGHT



AMOL TITUS

Whether Barack Obama becomes a successful U.S. president and visionary global leader is a question the future will decide. But we are all fortunate to be witnessing one of the most charismatic and effective communicators in a generation and a powerful example of how leadership success is propelled on the wings of inspirational communication.

"Hope is the bedrock of this nation; the belief that our destiny will not be written for us, but by us; by all those men and women who are not content to settle for the world as it is; who have courage to remake the world as it should be." This quotation highlights how he communicated his message of "hope" to millions of Americans collectively fatigued by prolonged war, partisan politics and economic collapse.

But in most countries voters like employees in many corporations — are fatigued and likely switched off the same old rhetoric, talk and hollow sounding promises. So the challenge for Obama was to energize his core supporters, make the doubters pause and give him a chance and more strategically expand his base by appealing to the undecided. In doing so he demonstrated an amazing mastery over some core principles of communication.

The first principle is that only uplifting and positive messages resonate over a length of time. Achieving this is not easy given the negativity all around us and the pervading sense of cynicism. Rather than waging a losing battle with the cynics, Obama reached out to a prospective constituency — young voters below age 30. And the message to this generation was that "change doesn't come from Washington". His signal was Wash-

ing, connecting, listening, smiling and reassuring. He was forceful yet polite, tough yet respectful, intellectual yet accessible. These were consistently on display not just under the glare of cameras and publicity. These also shone through during times of pressure — scrutiny of his past associations with Rice, Wright and Bill Ayers as well as during the tough negotiations surrounding the Wall Street bailout package. As a result he looked presidential to the neutrals in contrast to his opponent, who at times appeared surly and overly reactive.

The fifth principle of effective communication is strategic usage of the various forms of contemporary media. Apart



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young voters had a historic opportunity to prevent a "Bush third term" or accept this nation; the belief that our destiny will not be written for us, but by us; by all those men and women who are not content to settle for the world as it is; who have courage to remake the world as it should be." This quotation highlights how he communicated his message of "hope" to millions of Americans collectively fatigued by prolonged war, partisan politics and economic collapse.

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from his stirring speeches and smart interviews and carefully choreographed TV Obama made excellent use of online communication through the Internet. He used the Net to connect with millions of youngsters, garner funding through an extensive e-collection drive as well as draw youth into his campaign, philosophy and "change" mission. Podcasts, blogs, YouTube, text messages and a variety of tools were used to communicate the core themes.

Finally, for communication to create a lasting impression it must have substance. No amount of style can mask mediocrity. Apart from being a skilled orator Obama is also adept at written communication and in *The Audacity of Hope* he lays out succinctly, by far the best, recipe for rejecting extremes and adopting the middle path — "I am convinced that whenever we exaggerate or demonize, oversimplify or overstate our case, we lose. Whenever we dumb down the political debate, we lose. For it's precisely the pursuit of ideological purity, the rigid orthodoxy of the sheer predictability of our current political debate that keeps us from finding new ways to meet the challenges we face."

It's what keeps us locked in "either/or" thinking — the notion that we can only have big government or no government; the assumption that we must either tolerate forty six million without health insurance or embrace "socialized medicine".

The opportunity for hope and change, Obama made the case, had to come from the moderate middle. And largely in part due to his outstanding communication ability it did.

The columnist is a senior management professional and writer based in Jakarta. Next month's Insight continues the discussion on communication principles and their application in the local corporate context.

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For event speaker and guest lecture arrangements or a book compilation of the articles of Amol Titus contact information@indonesiawise.com