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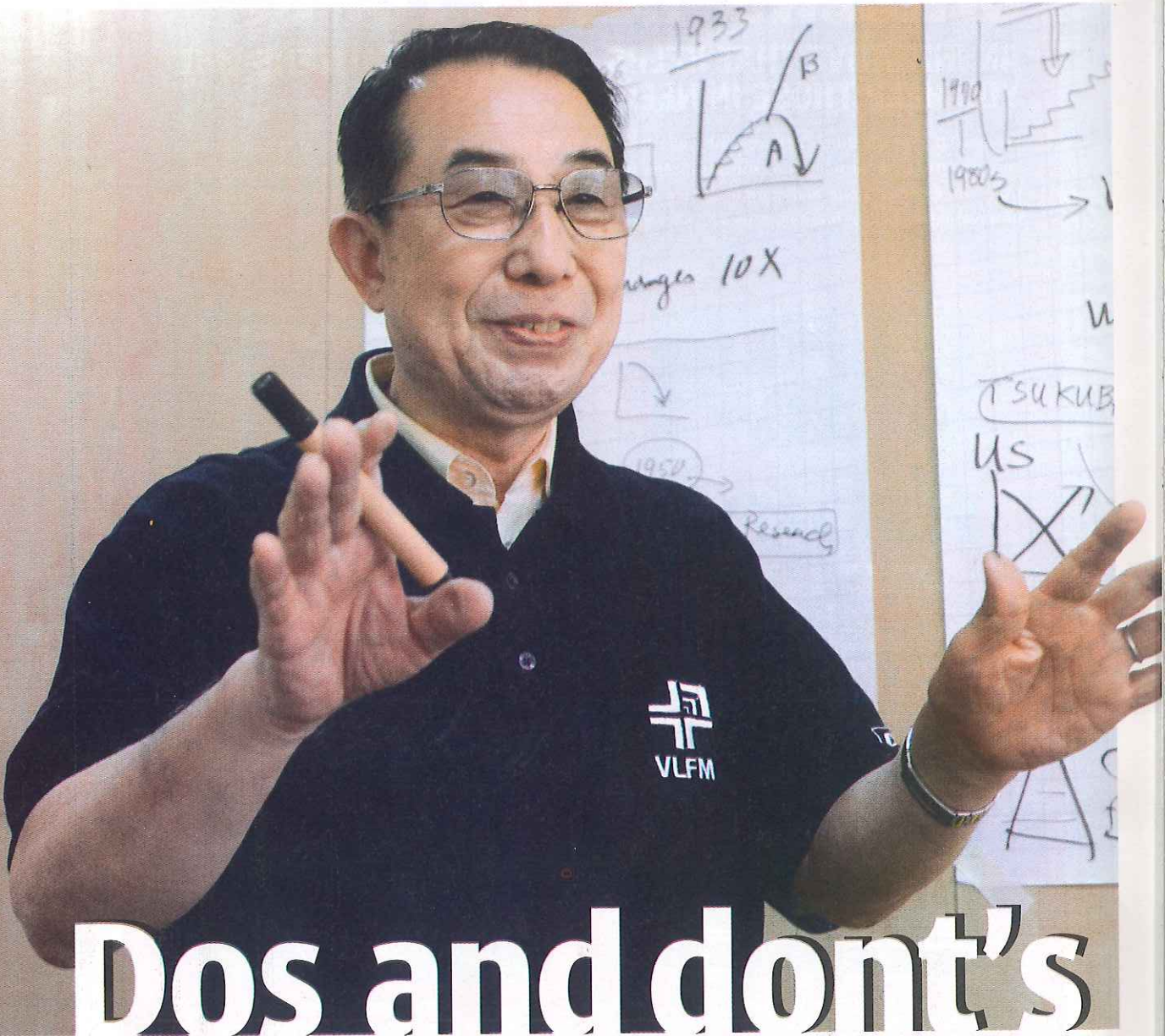
COVER STORY

**MANAGEMENT
GURU
SHOJI SHIBA'S**

DOS AND DON'TS

FOR ENTREPRENEURS

**WHAT THEY DON'T
TEACH YOU AT HARVARD**



Dos and don't's for entrepreneurs

Lessons from Japanese management guru Shoji Shiba

■ VERGHIS CHANDY

ONE KEY fault that Prof. Shoji Shiba finds with Indian entrepreneurs is that they “try to do so many things” at a time. They get into related and unrelated businesses to hedge the risks of one vertical against the other. The result of this Jack-of-all-trade approach is mastery in none. That is why India doesn't have a Sony or an Apple. One product or company (think Nokia) can lift the brand value of the entire country, but that is not happening for India. Or that one Hindu product for the world is still elusive.

FOR THE MSMEs OF INDIA, PROF SHIBA HAS ONE ADVICE: “DON'T TRY TO DO THINGS ALONE. JOIN THE VALUE CHAIN, AND PROGRESS FROM TIER-3 TO TIER-1. THAT'S MUCH EASIER

A silver lining, however, is that Prof Shiba believes “India has already reached the Japanese standards” in products and processes. Of course, Prof Shiba has been working with Indian industry to make that happen from 2004, as part of the Visionary Leaders for Manufacturing Programme.

For the micro, small and medium enterprises (MSMEs) of India, Prof Shiba has one advice: “Don't try to do things alone. Join the value chain, and progress from Tier-3 to Tier-1. That's much easier. Join the flow.” He also advises them to “Get success in a small area, then enlarge. That is what we call snowball.”

Prof Shiba observes that most Indian entrepreneurs and CEOs have a noble



GURU GLOBAL

JAPANESE management guru, Prof. Shoji Shiba, the pioneer of Breakthrough Management, is an international expert in Total Quality Management (TQM). He has been mentoring over 300 Indian companies and managers, as Chief Advisor, under the Visionary Leaders for Manufacturing Programme (VLFM), a joint effort of the Japan International Cooperation Agency (JICA), Confederation of Indian Industry (CII) and IIM-C, IIT Kanpur and Chennai, and the National Manufacturing Competitiveness Council.

Globally, Prof Shiba is best known for developing the “Five Step Discovery Process” for Breakthrough Management. A Deming Prize winner in an individual capacity for propagating TQM amongst corporates and

governments. Prof Shiba was conferred Padma Shri in 2012 for his contribution to Indian manufacturing, Prof Shiba has authored books like *A New American TQM* (co-authored by David Walden and Alan Graham), *Integrated Management Systems* (co-authored by Thomas H Lee and Robert Chapman Wood), *Four Practical Revolutions in Management* (with David Walden) and *Breakthrough Management* (with David Walden). His latest work is *7 Dreams to Reality*, and which narrates the transformation and success of seven Indian companies.

Prof Shiba is Professor Emeritus of the University of Tsukuba in Japan, Advisory Professor, Shanghai Jiao Tong University, China, and Distinguished Honorary Professor,

[COVER STORY: INDIAN WAYS]



Indian Institute of Technology, Kanpur. From 1990 to 2004, he taught at the Sloan School of Management, MIT.

Prof Shiba has also diffused TQM concepts to industry and governments of various countries, including Chile, China, France, Hungary, Ireland, Italy, Malaysia, Norway, Portugal, Spain, Sweden, Switzerland, Thailand, the USA, the UK, and the former USSR.

mind—an essential attribute for success and societal impact—but key people down the line are not so socially-driven. The spirituality of Indian businessmen is still a surprise to him. (“Indians are spiritual. It is important. They have a noble cause. Every CEO I meet has a spiritual path. It’s different in other countries.”) While he admires that, he believes, perhaps businessmen need a different orientation. He draws three circles to explain this.

The top circle represents spirituality, the middle one, execution attributes

and the bottom circle, the goal. While a Japanese businessman may start from the middle to the bottom straightaway, the Indian businessman is perhaps stuck in the noble top circle, not knowing how to reach the bottom circle. Is there a contradiction here? No. Perhaps, Indian entrepreneurs are not yet hard-nosed businessmen. “In India, the owner is a philosopher. Japan doesn’t have philosophers. They are all executors”, he jokes.

But he feels that Indian businessmen are “more open and transparent” than the Japanese. “The Japanese businessmen hesitate to talk frankly; they would rather try to assess the situation from a distance.” That makes the difference in business approaches clearer now. Was “open and transparent” a back-handed compliment?

HIS ADVICE TO ENTREPRENEURS: “HAVE A NOBLE VIEW. THINK LONG-TERM. IF INDUSTRY PROGRESSES AND SOCIETY DOES NOT, IT IS NOT SUSTAINABLE. THE TWO SHOULD GO TOGETHER”

He also notices a flawed thinking in Indian entrepreneurs. He calls it MFA, or Me First Attitude. Businesses will be more successful if the focus shifts to CFA, that is, Customer First Attitude. Japan, he says, started from CFA.

He also feels that India’s weakness in electronics had hurt its progress. “It’s a big challenge. Most engineers are mechanical engineers. You need to create more electronic engineers.” India, he says, perhaps should use IT in mechanical engineering to leverage its twin strengths. He is also all praise for In-

dia’s pharmaceutical industry, a reason Japanese drug majors are swallowing Indian companies.

Japanese manufacturers, he says, are willing to shift from China to India, but the country’s poor power, road and port situations are a huge deterrent. He says labour cost is no longer an issue because of automation, and the good quality of labour in India is an added advantage. He notes that “India has been advancing very fast, especially in the last five years. Infrastructure, quality, all are getting better.”

He feels India is a very fortunate country, because of its young population, and that it can catch-up with the top countries faster. If it took Japan 30 years (1950-80) to emerge as a top economy, perhaps India can do the catch-up in 10 or 15 years. “I tried to create Indian ways of success models (through VLFM). Once you develop these ways, you can develop faster.” His book, *7 Dreams to Reality* discusses these models so that others can emulate and learn from them.

Businesses, he says, should keenly watch and understand societal changes. “Society is changing much faster than people think. Watch more carefully the changes which you are not familiar with, than focusing on your own territory.. If you see that something is changing, then, go and capture it. Don’t be afraid to jump into the fish-bowl.” He says Indian villages are progressing beyond one’s imagination, and industry should experience this change first hand.

His advice to entrepreneurs: “Have a noble view. Think long-term. If industry progresses and society does not, it is not sustainable. The two should go together.”

(The article is based on a recent interview with Prof Shiba and contains interpretations by the writer)

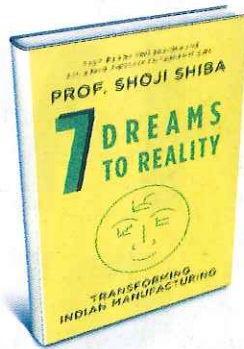
SUCCESS IS THE FIRST STEP TOWARDS FAILURE

Shiba's principles from the book, *7 Dreams to Reality*

- A company has to proactively make change happen to create new markets
- Car-maker Toyota constantly renews itself by thinking of how to kill the current Toyota to create a new one
- What worked in one situation may not work in another
- You need to always unlearn your past successes and continuously acquire new methods
- Success is the first step towards failure
- The world is experiencing 10X changes. A visionary leader must realise Breakthroughs in the future direction
- Managers must think of the larger world outside their organisations and see the society as a manufacturing idea
- The market that exists can be understood and measured, but the market that doesn't exist is the entire community, the entire society
- Observation is the key to learning and breakthrough thinking
- Instead of looking at the fish from the outside, jump into the fishbowl
- Show someone how something can be done by doing it yourself

Emotional connect

- For any management approach to succeed, an emotional connect is needed among all team members—not just a hierarchical connect
- Three processes are necessary for this: a mindset change of the leader; transformation of the organisation and business; and diffusion of this transformation to the entire organisation and the society
- Apply the snowball concept: create an early and small visible success, then roll



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it down to others, let it—like a snowball—gather more and more mass as it travels further

Dream team

- There are three critical requirements for a dream team to succeed: the team leader and the CEO/COO must have an emotional tie—without this, a project will fail; the team leader and his deputy must be experts in the relevant technology; and the entire team must be passionate about the project
- A Breakthrough project has no standards or well-defined processes, and there are many instances of failures. Without an emotional tie, there will be mutual suspicion and blaming
- A creative organisation has three characteristics: it is flexible, it is flat and there is unity among team members
- A Breakthrough project generally faces resistance from the main organisation because it is a drain on the resources. Its future is uncertain and any payback would come after a long time

Indian managers

- I found three behavioural problems with Indian managers: they talked a lot, had a 'Me First' Attitude and were always passing the buck
- I exhorted the managers to move from, 'Talk, Talk, Talk (TTT)', to 'Listen, Listen, Listen'; from a Me First Attitude (MFA) to a Customer First Attitude'; and from 'Pass the Buck' (PTB) to 'The Buck Stops Here'
- At a very simplistic level, there are two types of Indian managers. 'Type 1' managers are absolutely first class, and far superior to the rest. They have an attractive character, high levels of intelligence, and are wise and mature. They also have a strong backbone of spirituality and a noble mind, which influences their commitment to contributing their bit towards the nation and society at large
- 'Type 2' managers have the 'TTT, MFA, PTB' habits. A large number of them are extremely talented, but these three negative qualities overshadow those talents. Unfortunately, the bulk of the managers tend to belong to this type

Community

- An organisation is part of the larger society and so it must discharge its responsibilities towards the society just like any individual would
- The people working in the organisation and in the environment around it form a part of an organisation's community. Any organisation to grow, it is important for it to build an emotional connect with these people. ■