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From the President



Dato' Ng Tieh Chuan
President

Companies from around the world are leveraging on Asia's innovations and talent to drive growth within their organisations, and this comes as no surprise. The key factor being that the focus in Asia is no longer just on research and development, but on innovation as well. With so much going on within the region, we have compiled a fresh new host of articles to inspire new ideas and polish current practices to support this continuously growing talent hub that is Asia.

We have come to the final issue for the year 2017, and it is with great pride that we see through to completion a full year of shared articles from around the region focusing on management, leadership and business. It is my wish that as we end this year we also look to see this publication grow in readership strength to maximize the value that it brings to a wider audience.

As the Asian Association of Management Organisations, our aim with this publication is to provoke thoughts and gear managers in the region for changes in the future. With articles from different countries we hope to broaden the perspectives of our readers and enhance thought leadership.

This issue will delve into various topics ranging from management styles, increasing productivity, management & technology, partnerships & alliances to enter new markets, and agile leadership.

An age old consideration and one we will always revisit is the matter of productivity. From India we gain some insights on this in the article "People, Productivity and Pink Slips" and from Malaysia the concept of a 6 hour work day.

Next, when it comes to technology, it is without a doubt that "Alibaba" has become a household name today. This company is making waves when it comes to business paired with digital initiatives. Our colleagues in Macau explain to us what the Macau government and Alibaba group have embarked upon together with a common goal of transforming Macau into a Smart City. From the land down under they share with us why we have no reason to fear the coming and growth of artificial intelligence in our work force.

These are just some of the topics covered in this issue, and there is more to be discovered within. I hope that you enjoy this content from around the region, may it continue to enrich you as an individual and assist you to enhance your professional life.

Dato' Ng Tieh Chuan
President

INDIA

MANAGEMENT IS TEAM WORK AND NOT SOLO PRACTICE

By: Jagdish N Sheth is Charles H Kellstadt
Professor of Marketing, Goizueta Business
School, Emory University.



What makes a good manager? No one knows for sure. Just as we really do not know the origin of the universe and the evolution of mankind. With more scientific discoveries about the moons and the stars, we are revising our knowledge of the solar system and about climate change. So is the case with the science of management.

What makes a good manager is a discovery science. Therefore, we will revise our theories and perspectives as we accumulate more knowledge. However, just as I know quality when I see it, even though I cannot articulate or explain it, we know a good manager when we see one.

We definitely know bad managers. A bad manager is rude, authoritative, and has a management caste mindset. Also, bad managers genuinely believe that they are superior in intellect as compared to those reporting to them; and that their job is to demand work, loyalty, and favours from their subordinates.

This still does not answer the question: What makes a good manager? As I was reflecting on this question, it reminded me of a research study we had carried out in the 70's about what makes a great teacher. Contrary to expectations, a great teacher was great not just because of subject matter expertise but also because of listening skills (empathy) and passion for their work.

I am pointing out this example to make a point. It is clinical in nature and hands-on experience matters. Good managers come from diverse experiences and encounters. Good management is as much an experiential science as it is a cognitive science. And surprisingly, whereas the half-life of cognitive knowledge is getting shorter, the half-life of experiential knowledge is getting longer. It is therefore not enough to have a good MBA, unless it is blended with experiential learning.

Based on my own research and consulting experiences, I find that there are certain common behaviours, attitudes, and traits among all good managers. And here they are:

- **Tend to be great listeners:** They care about their subordinates' perspectives and solutions to a managerial issue. Listening enables them to understand that there are multiple perspectives to a situation. They do not believe 'it is my way or the high way'. In other words, they are good learners and they tend to be pragmatic and not dogmatic about their professional discipline.
- **Value the time of their subordinates:** They do not like to keep others waiting just to prove the point that their time is more valuable than their subordinates' or that they are the boss. It also means that they are comfortable going to the subordinates' office place or factory as much as they are comfortable with others coming to their office.

It is therefore not enough to have a good MBA, unless it is blended with experiential learning.

- **Love to mentor and coach:** They believe the real purpose of management is to make ordinary people extraordinary. Good managers are like diamond cutters. They take pride in getting the brilliance and value of the rough diamond. The best managers are therefore more like athletic coaches and trainers who take pride in their athletes and put the spotlight on their star athletes while they remain in the background. In team sports such as basketball and football, it seems this is even more necessary. Management is team work and not solo practice.

- **Practise detached commitment:** I also refer to this as selfless independence. They tend to be independent of politics and ethos of the organisations. They tend not to be 'yes men' to their own bosses. And finally, while fair and equitable compensation is important, they are not obsessed with it. In short, good managers tend to have political, personal, and economic detachment with respect to the job at hand.
- **Hands-on:** They like to be more like player-coaches. Of course, this is very common in cricket. The captain of the team is a player also. This hands-on mindset not only gains respect from their subordinates but the managers also acquire greater compassion and understanding of the hardship the subordinates experience. Unfortunately, as we move up the organisation ladder, it becomes more difficult to be hands-on managers. This is why it is better to have a flatter organization with as few levels of management as possible.
- **Deep generalists:** In other words, they are not only experts in their field of specialization (R&D, customer service, sales, marketing, supply chain, or manufacturing) but they also have knowledge about other functions, especially about staff functions such as legal, IT, accounting, finance, and HR. In addition, they tend to have a general knowledge of the industry and all of its stakeholders.
- **Generate great 'Ah ha' moments:** They suggest new initiatives and new ways of doing things. They tend not to be content with status quo and they do not believe in the orthodoxy of their profession. In other words, good managers change, and embrace innovation and risk taking. They practise anticipatory management in favour of status quo or crisis management.

So what makes a good manager? Nobody knows for sure, but we are getting there.

About the Author

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Disclaimer

Article originally published in Indian Management (Vol 56 Issue 7) an AIMA and Spenta Multimedia Pvt Ltd publication

INDIA

PEOPLE, PRODUCTIVITY, AND PINK SLIPS

By: ASIF UPADHYE, Director and Chief Fun Officer, Never Grow Up

'People first' orientation is a sure-shot path to productivity.
ASIF UPADHYE, NEVER GROW UP

How do you decide what idea can enhance the level of productivity for a particular campaign? Or even, which employee will continue to be the most productive in the week following appraisals?

Have you ever given this a second thought?

Keeping up with competition, adapting to the changing market trends, obliging to ever-increasing customer demands and lastly, pushing back talent poachers. Phew! In spite of living up to every protocol stated in the book, struggling to ensure that you maintain a good standing within the industry at all times can be a daunting task. Bottom line? Delivering value that provides continuous improvement, over and above the barriers you encounter.

A pile of ifs and buts

There are guidelines but no surety. And while one cannot forecast the future, understanding whether an employee is productive at any given point of time or not, is measurable. Who oversees this? The manager. It might just work retrospectively but there are metrics that can quite easily help you objectively understand the ROI on each employee.

The most preferred choice of metric aka the easiest form of evaluation is the performance rating obtained during internal reviews. But here is the catch. Any average report will only state the surface-level problem, just as it would explain the surface-level progress. What actually needs to be measured, is the 'level of impact'—a detailed 'employee value metric' that meticulously determines a break up of an 'employee value proposition'.

While re-alignment allows the opportunity to restructure the organisation, it might also have adverse effects on performance, thus bringing down the overall productivity matrix.

Expecting results before investments

Judging people's potential without giving them the opportunity to prove their calibre is definitely jumping the gun. It is like the crude technique of selling, when you tell somebody 'You can claim for an x amount of free purchase, 'only' if you first spend y amount in making a purchase of z product'.

The culture of ownership should flow top down, and stay interruption free from the beginning to the end of a designated project—leading to a value structure that drives individuals to improve upon their own productivity levels. If the approach is 'People First', productivity will follow.

The productivity equation

You may have been 'in the industry', all your life. What's your guarantee of 'understanding the industry'? You might have read every book in the management section in every library. Even had a private tête-à-tête with Peter Drucker, Elton Mayo, George Gallup, and every other leadership guru, employee engagement expert, and team management maestro for that matter.

Whether you have accomplished either one or all of the above, you cannot derive an equation that clearly explains, accurately predicts, and truly answers the question of 'whether an employee will be productive or not'.

The game of clones

Downsizing cannot be about companies playing 'inky-pinky-ponky' with their staff. While realignment allows the opportunity to restructure the organisation, it might also have adverse effects on performance, thus bringing down the overall productivity matrix. Minimising redundancy, increasing competition, allowing for better resource planning as lesser people take up wider roles may often lead to severe job insecurities among those retained. While you may think that the fear of 'being next' might urge them to work harder, smarter and faster, the stress that accompanies deters productive engagement.



Majority of companies strongly advocate against downsizing, and yet, countless IT and telecom companies have made up their minds about 'going lean'. No matter what euphemism is being used to sugar-coat it, whether you call it adjusting to shifts in demand, corporate outplacing, and rightsizing or simply smartizing, the blow does not seem to be quite as effectively muted as organisations would hope. Earlier this year, top organisations in the IT arena were keen to follow the trend of entertaining the size-zero figure!

Are you too wondering if layoffs are simply the deserved, expected, and accepted outcome for being underproductive? Well, what if there are two employees of equal potential and performance, each delivering on their respective ROIs equally, both equally skilled, but you can retain only one? Not that simple a decision to make, is it?

The people riddle

An organisation might decide to opt for a leaner team for various reasons—ranging from mergers and acquisitions, to pocket crunches, to a restructuring of products and services. The people puzzle should change based on the reason for downsizing. Moreover, no matter how accepted and normal it might seem to be, any restructuring leads to a sense of upheaval and insecurity. How will you battle these with the high performers, when you have just fired many of their friends—dedicated and hardworking colleagues—who failed to meet the set standard of being efficient?

No matter how accepted and normal it might seem to be, any restructuring leads to a sense of upheaval and insecurity.

Transparency coupled with communication is the key. Make sure to not only give your employees a heads up before they hear it from elsewhere, but also, be open about it. Ensure that you are honest in terms of justifying the need for such a drastic move and in terms of the criteria for the necessary decision-making. While there may be no perfect way to avoid the obvious dip in morale, you could have initiatives, meetings, and forums in place that encourage open communication and idea-sharing. Look out for opportunities that convey your efforts of being a people-oriented organisation.

The 'pink' of health

Some companies tend to uproot employees by the thousands, much like clearing a garden of weeds. But pruning your staff does not necessarily ensure a healthier organisation. Moreover, slashing through your workforce without a justification gives you a pretty nasty reputation. Most people tend to view downsizing as an effect of financial ill-health and that leads to them regarding your company as 'not the safest' or 'least credible' of organisations to be associated with. That, in turn, leads your corporate brand and employer brand to take a severe hit.

Handing out pink slips will 'not' directly lead to a greater turnover. Why? Because it needs intelligent damage control (for the employees that remain and those that you might want to hire later). Besides, it does not have to be the ultimate truth. Today, with options like remote working, off-shoring, outsourcing, and more effective freelancing, you might not have to lose out on your existing talent. You can together figure out arrangements that would help the team and individual employees cope better and continue to deliver their best.



What is the perfect solution you ask

Being the sentient, thinking, feeling creatures that we are, we ought to sympathise with those facing the brunt of 'rationalising resources'. We simply nod our heads in a curious mix of disapproval, sympathy, and relief when we read the headlines of the all too frequent news of downsizing. Because silently, the feeling of empathy gets overridden by the thought of 'better them than me'!

If it is the talent that you seek to retain, it is the circumstances that you will have to manage. Instead of striving to be economical today because of reasons that you cannot discuss with your management, take that risk of investing in good workforce and you will definitely reap the benefits years down the line. One may not be able to pre-determine an individual's productivity. But if given the right environment to grow, it will be the very same person you shortlisted 'to let go of' during the round of elimination, who could tomorrow surprise you by becoming the highest contributor to the organisation's bottom line.

If you do not invest in an engine for a long time or leave it to rust, you cannot claim that it was not worth its value. Observe. Engage. Challenge. Your employees are your driving force. Give them a reason to add value to your organisation.

About the Author

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Article originally published in Indian Management (Vol 56 Issue 9) an AIMA and Spenta Multimedia Pvt Ltd publication

MACAO

INNOVATION AND TRANSFORMATION OF MACAO TO BE A SMART CITY

By: Macau Management Association



The concept of "smart city" was first originated from IBM's idea of "smart earth" in 2008. A smart city is to integrate the internet of things (IoT) technology and the information and communication technology (ICT) in a secure way to govern the assets of the city. With the fast development of the big data and cloud computing technology, "smart city" is no longer a concept, but become an urban development trend globally.

This August, Macao government had signed a four-year strategic co-operation agreement with Alibaba Group aiming to promote the gradual transformation of Macao as a new smart city. As one of the leading organizations in cloud computing technology industry in the world, Alibaba Group will get involved in establishing a cloud computation center in Macao and improving the construction of the city's infrastructure, such as optimizing the overall system of transportation as well as the information system of the government. By building Macao a smart city, we are going to improve the industrial environment, enhance people's standard of living, and strengthen the city's competitiveness.

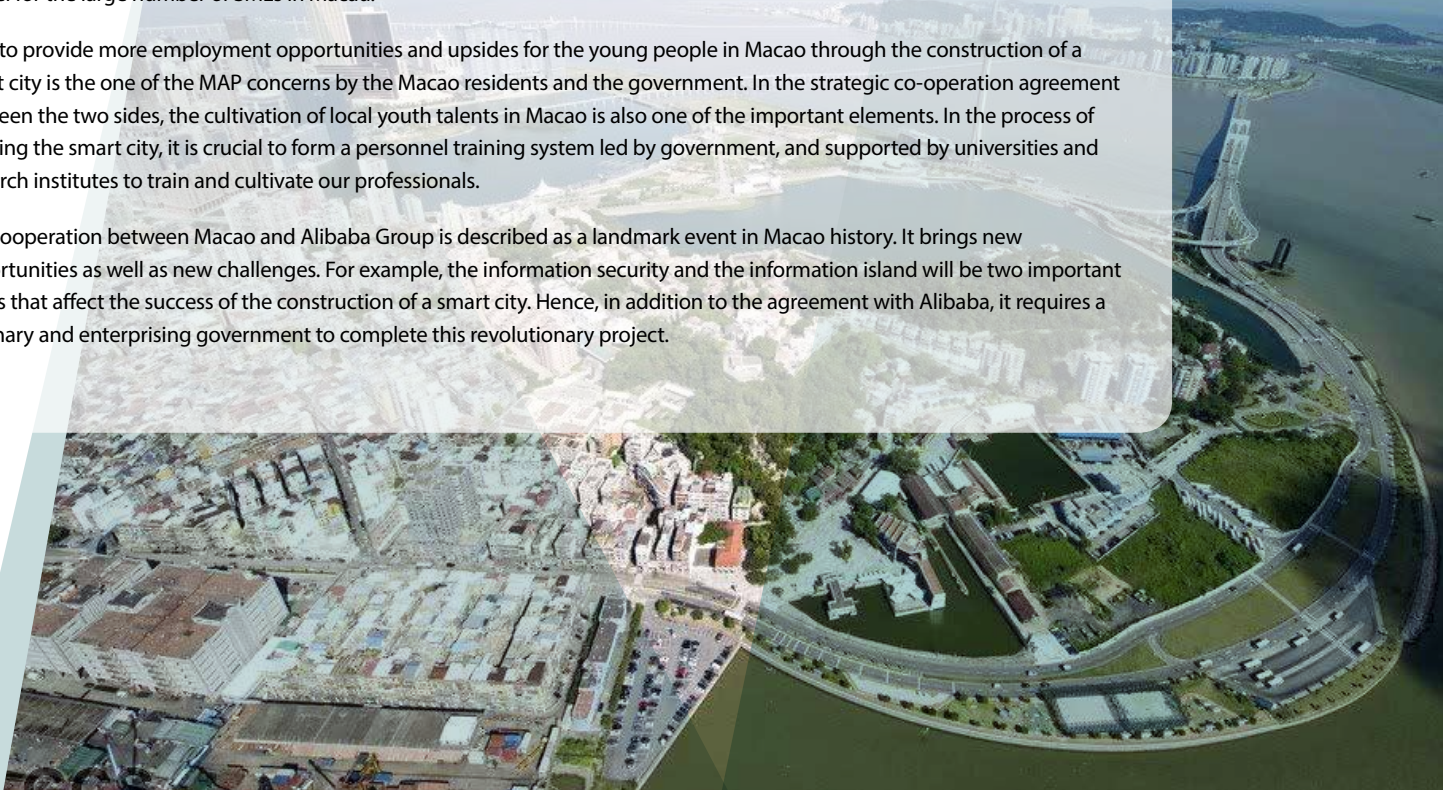
It is foreseeable that Macao will step in the "cloud era" and receive a rapid technological leap in the next few years. It will alleviate the problem of social livelihoods that have plagued the local society for many years and improve the overall livability. On the other hand, it will enable Macao to fully integrate with the cities within the "Guangdong-Hong Kong-Macao Greater Bay Area" and accelerate its further involvement in "one belt one road".

Summarizing from the past experiences, a smart city's construction is based on the establishment of big data. A key factor is to fulfill the intelligent processing of the digital information in order to support the smooth operation of the city. Understanding the data can dominate the market! The way we process the big data will determine the core competitiveness of enterprises. In the big data era, enterprises obtain valuable information by collecting and analyzing a large number of internal and external data. By digging this data, companies are able to predict the market demand and trend thus make an intelligent analysis for decision making.

Although Macao's economy is dominated by the gaming and tourism industry, the society is currently experiencing the structural adjustment period. The government is paying more attention to the innovative value of small and medium-sized enterprises (SME). Local SMEs are encouraged to achieve sustainable development through creation and innovation. As we know that Alibaba is "the expert" at transforming the innovative atmosphere and industrial structure. We would expect that our local SMEs will have a comprehensive upgrade in their e-business capacity. It is believed that there will be a strong wave of innovation in the business model for the large number of SMEs in Macao.

How to provide more employment opportunities and upsides for the young people in Macao through the construction of a smart city is the one of the MAP concerns by the Macao residents and the government. In the strategic co-operation agreement between the two sides, the cultivation of local youth talents in Macao is also one of the important elements. In the process of building the smart city, it is crucial to form a personnel training system led by government, and supported by universities and research institutes to train and cultivate our professionals.

The cooperation between Macao and Alibaba Group is described as a landmark event in Macao history. It brings new opportunities as well as new challenges. For example, the information security and the information island will be two important issues that affect the success of the construction of a smart city. Hence, in addition to the agreement with Alibaba, it requires a visionary and enterprising government to complete this revolutionary project.



MALAYSIA

THE 6 HOUR WORK DAY

By: Malaysian Institute of Management, Member Corner



Interview with
KRISHNAN NACHIAPPEN
Chartered Account, MMIM

PERSONAL BACKGROUND

M Tell us a bit about yourself and your career journey so far.

K I graduated from University of Malaya with a Bachelor of Accounting degree in 1992. After graduating, I worked for an Audit firm for 9 years continuously before starting out on my own.

Currently, I am the Managing Partner of NK Associates, a firm with 3 partners. The firm was started in the year 2000 and has grown from a staff size of 2 to the present staff size of about 55. Apart from its present headquarters in Puchong, Selangor, the firm also has 3 branches – in Ipoh, Sitiawan and Johor Bahru.

I am also a member of the following professional bodies:

- a) Malaysian Institute of Management
- b) Malaysian Institute of Accountants;
- c) Institute of Certified Public Accountants of Australia;
- d) Institute of Chartered Secretaries & Administrators, UK;
- e) Chartered Institute of Taxation, Malaysia.

M What attracted you to become a member of MIM?

K I am of the opinion that MIM plays a significant role in the advancement of management practice locally and regionally.

Through MIM membership, I can participate more actively in their initiatives and at the same time utilise the resources available to further enhance my knowledge and management skills.

DISRUPTIVE THINKING

M You are a big proponent of a six hour working day. Why?

K To sustain productivity in the long run, which is the key to any organisation's success, we have to work within parameters that don't overburden people and maintain balanced stress levels. Various research has shown that happy people with less stress tend to produce quality results.

With a 6 hour work arrangement, we can significantly improve on resource planning, staff morale and health, and asset optimisation.

We can also resolve various issues such as avoiding traffic jams, providing time for childcare to young working mothers, family time, attending classes to enhance knowledge, etc without disrupting their roles and obligations to the organisation.

As a whole, it provides a holistic approach towards integrating the work-leisure aspirations of the current generation in an organisation.

TELL US YOUR STORY

Please share your insights and inspiring ideas with MIM. If you have something that people have not seen before and won't be able to forget, we're looking for it. MIM is always on the hunt for articles that hold a mirror up to the world around us and engage in a larger conversation about policies, management trends, business, economics and more!

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management@mim.org.my**

M This idea is still far from mainstream thinking in corporate Malaysia. How have your employees reacted to it?

M Do you see this concept working in all areas of industry?

M Why do you think it has yet to catch on among mainstream employers?

M What advice do you have for an employer considering such a change?

GENERAL

M Which famous leader, current or historical, do you most admire and why?

M Do you have a personal motto you live by?

M What tips or advice would you give to a young manager just starting out?

K Even though it was challenging at the beginning when we started in 2015, upon seeing the result in their performance by themselves and the management being transparent in its implementation with appropriate processes and tools, we have almost achieved 95% acceptance level with a significant improvement in staff retention levels.

K Yes, it is possible to most sectors or industries. We need to customise and fine tune the industry specific parameters which relates to operations and people's functions.

K I believe the main reason could be the lack of information and awareness on the possibilities and benefits of this initiative. They are still unsure whether it's a zero sum game with winner-loser or a win-win situation for all stakeholders.

K The initiatives need to be discussed through active participation from all levels in the organisation in order to arrive at a collective decision, which binds everyone.

It should be driven by the needs of all the stakeholders, which is also the organisation's goal and not by specific goal of certain interest group.

K I admire Tan Sri Tony Fernandes of Air Asia who brought the air travel experience to an average person, who could only afford to have a glance of an aeroplane from the glass windows of the airport. He made air travel affordable and that made a difference in people's lives.

His model also changed the way the air travel industry works and service their customers.

K Work diligently and think out of the box; The IMPOSSIBLE today will become POSSIBLE tomorrow.

K Keep your mind open and read something every day. Be fair, transparent and empower the people below you, they will ensure your success in achieving your goal.

Practice 'UBUNTU' in every aspect of management – *I am because of who we all are.*

AUSTRALIA

KNOWING WHAT'S RIGHT VERSUS DOING WHAT'S RIGHT

By: Trevor O'Hara FIML, volunteer, Chairman of Crime Stoppers Australia Ltd.

When we let cynicism creep into our daily lives, it becomes harder to do the right thing.

That's because when we allow ourselves to believe the worst about other people, we may actually be giving ourselves permission to water-down our own ethical standards.

One of the world's most influential management thinkers, and Wharton School professor, Adam Grant said, "People often rationalise selfishness by convincing themselves that everyone else is selfish."

When we act in ways designed only to advantage ourselves, we lose sight of what's best for our team and our organisation. We may even act in ways that cause significant harm to our colleagues or employer.

We know what's wrong

At a surface level, we all know the difference between 'right' and 'wrong'. We know it's wrong to steal, to cheat, to lie, to cut corners, to betray others.

The idea that most other people are already committing and 'getting away with' bad behaviour is powerful and incredibly damaging. An individual who begins to think this way can justify all sorts of unethical acts.

To alleviate any guilt they feel, such an individual may tell themselves that 'everybody does it'. To believe otherwise would contradict how they view themselves – nobody wants to believe they are bad. Instead, they tell themselves they're a realist, operating in a corrupt, dog-eat-dog world.

You can see how in the business world, this line of thought allows some people to put ethics aside in favour of getting results, making deals or lining their own pockets.

What if they're right?

A problem that some organisations experience, is that undesirable behaviour becomes normalised. Such behaviour is seen as acceptable because management practices and systems lack transparency and accountability.

Small acts of dishonesty and mistrust are enough to breed cynicism in a workplace.

Consider the way some organisations conduct staff satisfaction surveys. Many of us would be aware of situations where despite claims of, 'we want to know what you think' and 'we want to improve', results that are less than favourable are either dismissed, ignored or even challenged by leadership.

What about the disconnect between an organisation's no alcohol policy and the team manager attending a boozy lunch meeting? If something is



important enough to put into a policy then it should apply to everyone, every time.

When words and actions do not align – people stop believing you. Some of those people become pessimistic, and then deliberately disruptive or deceptive.

Integrity requires concrete foundations

An organisation where people do what's right requires more than good intentions.

You need to create clear boundaries. And then follow through when standards aren't met.

That's where courage comes in: how genuine are your efforts to identify and address lapses? How are you making it clear that you actually *want to know* when standards aren't met – and creating safe avenues for people to tell you?

To make this work, you need fool-proof systems that cannot be overridden by an individual just because they hold a position of power, or because they are 'well-liked'.

It requires processes and training that equips people with the 'ethical intelligence' they need to work through inconsistencies between principles and behaviours.

A values statement that includes the word integrity is never enough. There are too many cracks for people to fall through and become disillusioned.

Bringing out the best in others means vigilance in supporting them to do what's right in a structured, uncompromising way that cultivates a culture of openness and confidence.

AUSTRALIA

WHY THERE'S NOTHING TO FEAR FROM AI

EMOTIONAL INTELLIGENCE WILL STILL BE A KEY ATTRIBUTE ONCE AI TAKES OVER OUR RUDIMENTARY WORK.

By: Candice Chung

It's a question straight out of a science fiction novel . . . will artificial intelligence eventually replace us?

As machines continue to get smarter, and our appetite for quotidian technology grows, it makes sense that the most rudimentary work involving rote tasks and mass information processing are being automated. Think of a time when the ATM didn't exist, or when ticket sales were only done over the phone or in person; or the idle nights at video stores where memories of summer jobs — once a rite of passage for cash-strapped teens — grew faint as well-worn VHS tapes. All those tasks were once performed by humans, but now, a world of digital providers await us.

But while it's true that artificial intelligence is changing the labour landscape, experts believe it will also bring forth opportunities for a different kind of talent.

"There's a lot of speculation that many employees will lose their jobs due to new technology, [but it has actually] allowed us to more effectively pinpoint where, and how, we want people to work for us," says Sue Howse, managing director of Harrier Talent Solutions.

"What automation and robotics can't do is strategically manage themselves, staff, clients or take into account the unknown or the Black Swan events of the world. To be successful companies will always need those with a high level of emotional intelligence (EQ) who can navigate different circumstances."

Areas that will see a rise in demand for high-EQ employees include client-facing and decision-making roles. In fact, according to findings on Harvard Business Review, skills like "persuasion, social understanding, and empathy" are going to become "more and more prized over the next decade", as artificial intelligence take over menial tasks.

"When the limits of technology have been reached and human interaction is required to solve a problem, a new type of person needs to show up"

– Linda Simonsen, CEO of Future People

There will also be a spike in demand for roles that require emotional labour. "Emotional labour refers to work that involves managing one's own emotions or those of others. This especially applies to leadership roles and project managers leading change and transformation, as well as front line roles that involve engaging people, such as contact centre and face-to-face customer service and sales," says Linda Simonsen, CEO of FuturePeople.

"When the limits of technology have been reached and human interaction is required to solve a problem, a new type of person needs to show up. This in-demand person will be a highly engaged, knowledgeable and emotionally intelligent brand ambassador who can connect emotionally, show empathy and personalise the solution."

The key to thriving in the era of AI is a willingness to embrace change and demonstrate flexibility. "It's an exciting time. AI is a positive step for the business world," says Simonsen.

"It will see non-value-add and transactional tasks automated, freeing up people to do what makes them human – that is, their ability to feel and impact how others feel; think creatively; collaborate and engage with others to solve complex problems.

NEW ZEALAND

DON'T GO CHASING WATERFALLS: WHY TRADITIONAL PROJECT MANAGERS MUST MAKE WAY FOR AGILE LEADERS.

By: Erika Barden, 1st NZ MALP graduate (with Distinction), 2017

Project managers and PMOs all over the world have been duped. While the waterfall delivery framework has enjoyed global popularity for over 40 years, project success rates continue to decline. For those of you involved in projects, this probably comes as no surprise. Fortunately, an alternative to traditional project failure is available – in the form of agile delivery, and more importantly, agile leadership.

But first, let's take a step back to the 1970s...

In 1970 Dr. Winstone Royce, a director at the Lockheed Technology Centre, identified activities that were common across software development programmes regardless of their size or complexity. They consisted of six consecutive steps: requirements definition, analysis, design, coding, testing and deployment. This approach became known as the 'waterfall' framework due to the sequential process flowing downward like a waterfall, as shown in Figure 1.

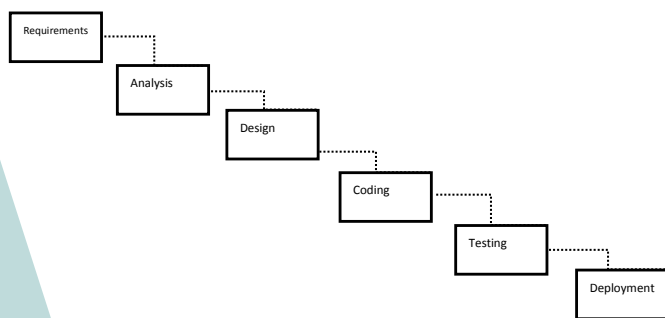


Figure 1. The waterfall project delivery framework

Research is scarce as to how this framework became so prevalent, but one popular theory is that when the US Department of Defence (DoD) required a software development process to develop a new system, it implemented the simple waterfall approach depicted at the start of Royce's paper. NATO then adopted this model, assuming it was the best (given the US military had implemented it) and this combined endorsement generated global replication. As a result, 'waterfall' became an embedded project approach in organisations worldwide.

With the recognition of a structured project delivery framework came the need for a structured approach to support project managers and help them control schedule, budget and scope. Consequently, PROMPTII was created in 1975 – mainly in response to the UK government's technology projects significantly overrunning their budgets and timeframes. This has since evolved into PRINCE2 (PProjects IN a Controlled Environment) and offers a structured, process-based project management framework that divides projects into 'controllable' stages. Then in 1996 the Project Management Institute developed PMBOK (the Project Management Body of Knowledge). Now in its 5th edition, this guide was instrumental in introducing a leadership lens to the project management discipline.

Managing projects using one of these internationally recognised frameworks, or in-house adaptations, has been the norm for almost 30 years, with related certifications, such as PRINCE2 or PMP (Project Management Professional) being a pre-requisite for many project manager roles.

Shortcomings of traditional project management

While following the waterfall delivery framework and implementing a project management methodology is often considered best practice, it does not guarantee project success. By the 1980s, even the US Department of Defence was experiencing significant issues with the sequential approach it endorsed, and a review of their project outcomes in 1999 determined that 75% of their projects failed or were never used.

Similarly, the most referenced study of project failure rates – the 1995 Standish Group 'Chaos Report' – revealed that only 16% of the technology projects reviewed were delivered on time, within budget, and with all features and functions as specified. The study also identified that 53% of projects spent more money than originally estimated and were completed behind schedule, while 31% of projects were terminated prior to completion.

The Standish Group now annually publishes its findings on software development projects from around the world. Their 2015 report studied 50,000 projects and indicates that only 11% of projects following a waterfall approach were successful.

New Zealand projects are not immune to this trend. The 2016 Planit Testing Index reports on data collected across projects run in Australia and New Zealand, and last year 254 organisations participated in their survey. Only 34% of projects were reported to be 'completed optimally' – meaning that they were delivered on time, within budget and to scope.

This suggests that a structured project management approach is not appropriate for successful delivery in our current project environment.

The call for change

While research suggests that a structured project management framework can be effective in times of stability; deregulation, globalisation and new technologies have disrupted project environments. Businesses – and business processes – are more complex, interconnected and interrelated than ever before. As organisations adapt to changing markets and technology, management based on a linear approach is mismatched with such a dynamic environment. Fundamentally, the waterfall approach is too inflexible to meet the challenges of constant change, uncertainty, and instability.

Interestingly, the oft-named 'founder' of the waterfall approach, Royce himself, stated that the sequential process he described in 1970 was 'risky and invites failure'. One example he provided was testing, which traditionally takes place at the end of the development process. He indicated that if the product did not meet customer requirements, the required change is likely to be so disruptive that 'one can expect up to a 100% overrun in schedule and / or costs'.

Royce suggested several ways to avoid project overruns, such as creating an iterative relationship between phases; starting the design process with designers (not analysts or programmers); and running a pilot to test design and development principles. He also stated the need for up-front customer involvement and buy-in:

It is important to involve the customer in a formal way so that he has committed himself at earlier points before final delivery. To give the contractor free rein between requirement definition and operation is inviting trouble (Royce, 1970, p. 335).

In the same paper that is errantly referenced as supporting waterfall, Royce illustrated the steps he deemed necessary to deliver the desired product outcome. Ironically, the result looks nothing like a waterfall and is instead iterative and 'agile' in its depiction, with several feedback loops to encourage adaption.

If the Implementation Manager from the DoD had read further through Royce's paper, he would have seen a very different framework recommended for achieving project success.

Agile as an alternative

'Agile' is an umbrella term for a set of practices based on the values and principles expressed in the Agile Manifesto. Created in 2001 by a group of software developers who felt there was a better delivery approach than waterfall, the Manifesto stresses the value of:

1. Individuals and interactions over processes and tools;
2. Working software over comprehensive documentation;
3. Customer collaboration over contract negotiation; and
4. Responding to change over following a plan.

The Manifesto acknowledges that "while there is value in the items on the right, we value the items on the left more". Essentially this means that while processes, tools, documentation, contracts and plans are still important in agile; people, flexibility and working software are more important.

Although there are over a dozen different techniques under the agile umbrella, such as Scrum; Lean; XP; Kanban; Feature Driven Design and Six Sigma, their foundations lie in the four values and 12 supporting principles of the Agile Manifesto. Common attributes across agile approaches can be summarised as:

- iteration (several cycles)
- incremental delivery (not delivering the entire project at once)
- self-organisation (teams determine the best way to deliver) and
- emergence (tasks are identified and allocated during the project rather than being predetermined at the start).

With potential benefits such as faster time to market; higher customer satisfaction; enhanced product quality, improved performance visibility; reduced risk and a faster return on investment, it is not surprising that an increasing number of organisations want to run agile projects.

However, this is creating significant challenges for project managers who are not be skilled in the art of agile leadership. Just as traditional and agile project management approaches are diametrically opposed, so too are some of the skills and behaviours required to lead a successful agile project.

Comparing leadership styles

To develop a better understanding of leadership skills and behaviours that contribute to successful agile projects, as part of the authors' 2016 research into 'How leaders enable the successful delivery of agile projects', she interviewed 10 project managers who had recently delivered, or were currently leading, an agile project. Participants contributed leadership experiences from 13 industries and 15 different organisations. These ranged from an Auckland-based, independent creative design agency with less than 10 staff, to a construction company that employs approximately 19,000 people globally. The sample also included project managers who had experience leading agile projects in local government, banking, tertiary education, entertainment, consultancy, agriculture, television, insurance and telecommunications sectors.

While participants stated that 'traditional' project management competencies, such as planning and budgeting, were required to deliver any manner of project, a different type of planning and forecasting was required to be successful within an agile framework: no longer should project managers sit behind their desks and create detailed schedules at the start of a project and allocate tasks. Instead, agile leaders should help establish a guiding vision and then work with their team to co-create plans and estimates in relatively small, successive iterations. Collaborative, visual techniques like Kanban boards and burndown charts were also preferred over traditional artefacts such as Gantt charts and spreadsheets.

Another recurring theme was the importance of 'soft' skills, such as communication and stakeholder engagement. While these skills are also vital within the waterfall framework, a different type of communication is required, and indeed expected, in agile. There should be limited reliance on group emails and more focus on personal interactions – whether they be face-to-face conversations and scrums, or utilising technology such as Slack or Zoom to build relationships and buy-in.

Another 'traditional' project management skill noted was managing risks and issues. Again, this is required across all project genres, and has been 'rebranded' under agile as the 'removal of obstacles and roadblocks'.

Agile-specific leadership skills

As well as shared skills across waterfall and agile practitioners, some specific skills were highlighted as a requirement for agile project success. Rather than functional competencies like planning and scheduling, these tended more towards 'leadership' skills, such as "creating an environment for the team to be successful" as well as behaviours including being open and transparent, "modelling the change" and "leading from the front". Emotional intelligence is also essential.

The most significant difference from waterfall managers though, is attitude towards change. Traditional project managers follow a sequential order of activities and utilise deliberate control methods to 'manage out' change and uncertainty. In contrast, agile leaders must encourage and embrace change, as constant re-prioritisation provides the opportunity to respond to marketplace challenges and keep the customer's needs at the forefront of delivery.

As agile approaches deal with unpredictability by relying on people rather than on processes, it is critical to a project's success to have the right type of person leading the charge. Personal characteristics such as a desire to mentor and develop others, and the confidence to not require validation through positional power, are positive indicators of a successful agile leader.

So too is the ability to relinquish command and control. In traditional environments, the project manager makes decisions and directs activity. This is no longer relevant in agile leadership. Instead, a leadership-collaboration model should be followed, where leadership replaces command, and collaboration supersedes control. Here team members are empowered with decision making, so the project manager's role is to ensure they have access to the right information at the right time to enable informed decisions.

Given that a core principle of agile is self-organising teams, this can cause even greater tension for traditional project managers who are already experiencing challenges in an agile environment. While some project managers may see their role as redundant, self-organising teams are not leaderless teams. Instead, agile leaders need to support their team to work better together, and focus on removing roadblocks. Essentially an agile leader 'serves' the team, and makes the needs of others a priority.

Wrap up

With project success rates frighteningly low, and the resulting cost so high, a review of the waterfall project delivery framework revealed a misrepresentation of Royce's recommendations. However, recent agile approaches have built on his iterative, collaborative model, and can offer fast paced delivery; improved visibility of performance; reduced operational risk; increased customer satisfaction, and team development.

Agile isn't a 'silver bullet' though, and traditional project managers often can't transform into successful agile leaders. While some core competencies are the same, agile requires adapted implementation of these skills plus a heightened importance on soft skills and EQ.

What is most significant however, is that a different type of person is required. In stark contrast to command and control project managers, agile managers reflect servant leader behaviours. In practice this requires a project leader to embrace a support role; create an environment in which their team can succeed; and encourage individuals to reach their full potential.

If more project managers could transition to agile leaders, then we could abandon our dependence on traditional, often misguided, processes and instead trust our people to deliver greater project success.

Erika's next article will discuss servant leadership and the importance of followership in an agile environment. This will be followed by suggestions to overcome the challenge of transitioning from waterfall to agile.

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PHILIPPINES

CEOs prefer partnerships and alliances to access new markets

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“Alone we can do so little, together we can do so much.”

– Helen Keller

This is PwC Philippines’ third consecutive year as Knowledge Partner of the Management Association of the Philippines (M.A.P.) for its International CEO Conference. We are very excited to present the results of the 3rd Philippine CEO Survey during the Conference. In the last three (3) years, we have conducted online surveys to gauge CEOs’ and business leaders’ sentiments on matters involving the economy, business opportunities and threats, as well as hot topics relating to the Conference theme.

We have also spoken to selected CEOs to gather more insights and to gain knowledge from their experiences. As one of the Zen proverbs puts it, “It takes a wise man to learn from mistakes, but an even wiser man to learn from others.” It is such an invaluable experience to listen to the stories of these CEOs.

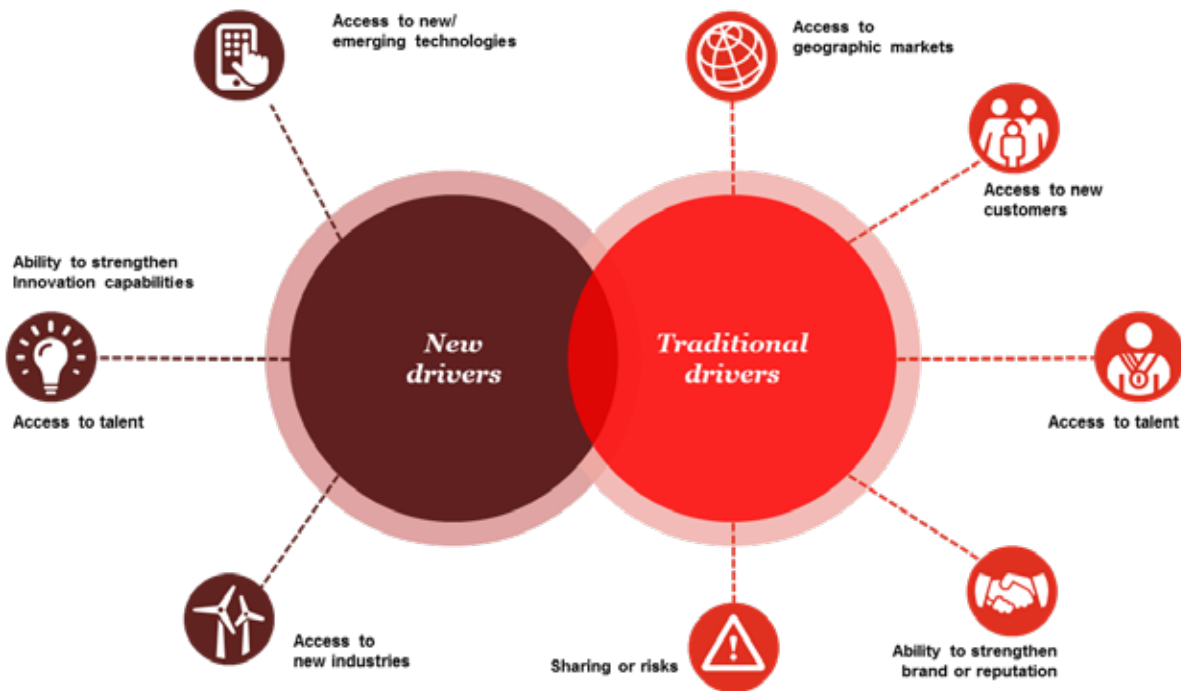
On its 15th International CEO Conference, the M.A.P. has aptly selected the theme “ASEAN in Business: Building Partnerships in a Growth Network”. It is timely and relevant as demonstrated in the initial results of our recently concluded Philippine CEO survey.



More and more business leaders are realizing that in today's fast-paced, innovation-driven environment, "doing it alone" is no longer a wise decision, even for the most private of family businesses. Almost 78% of the CEO respondents say that they have plans to engage in partnership and collaboration for the next 12 months.

Increasingly, CEOs choose partnerships over traditional acquisition models to drive business growth, whether expanding locally or abroad. In the same survey, only 36% of the CEOs surveyed have said that they will complete a domestic M&A and 27% have said they will complete cross-border M&A. Needless to say, both partnerships and M&A are important to pursuing growth objectives. However, unlike M&A where it often involves buying into or adding a business, partnerships or strategic alliances are arrangements where two or more organizations pool resources or knowledge to pursue a common objective while remaining independent organizations. The process starts with having a shared vision or aspiration where all parties mutually benefit. This vision should be regularly monitored to ensure that the parties are still aligned and continue to profit from the relationship.

The most common reasons for these partnerships are still the traditional drivers, at least insofar as Philippine CEOs are concerned. The top three reasons cited by CEOs are access to new customers, access to new geographic markets, and ability to strengthen brand or reputation.



Source: PwC's 18th Annual Global CEO Survey



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Access to new customers

Growing a customer base can be expensive and challenging. Forging a strategic partnership with another organization who has a ready market base to tap is a compelling proposition.

This could also apply to attracting a different segment of the market than what the organization currently has. For instance, when Hyundai decided to target the higher end of the market segment, they partnered with Prada and co-branded their Hyundai Genesis model.

Access to new geographic markets

Expanding into a new territory can be daunting and risky. This has given rise to partnerships and alliances to spread the risks and address regulatory and operational issues. For some countries, even in ASEAN, finding a local partner is a requirement due to foreign ownership limitations. About a third of the CEOs surveyed cited that entering into a partnership is one of their strategies in expanding abroad.

Ability to strengthen brand or reputation

Building a brand can take years and will require significant investments. Partnering with an entity that is already known in the market is a quicker way to gain "brand equity by association."

We see this more often in consumer goods like Oreo-flavored ice cream or Tide with Downy.

As opposed to CEOs surveyed globally and even in the US alone, Philippine CEOs ranked access to new and emerging technology only fourth in the list. Though we have seen major transactions completed recently which were motivated by technology transfer, market expansion appears to be the primary concern of most CEOs in the country.

In particular, CEOs of mature companies in mature industries enter what many might think as unlikely alliances: Telecommunications companies working with entertainment firms to offer content; competitors pooling their resources to bid for an infrastructure project; or organizations partnering with their customers to pursue corporate social responsibility initiatives. There is an adage that says "If you want to go fast, go alone but if you want to go far, go together." The former no longer holds true as, in the latter, partnerships can bring quicker results. Instead of the organization developing the technology and investing significantly, they can now partner with someone who has that capability. More and more companies are choosing to collaborate and explore complementary capabilities and resources.

While the benefits are clear, entering a partnership can likewise be complex. Finding the right partner is a critical first step. As the relationship requires sharing of resources and risks, trust is an important ingredient in a partnership. Well-articulated plans, clear roles and responsibilities, and fair allocation of risks and rewards should be tabled at the outset.

As competition intensify and delineation among industries blur, we will likely see an increasing number of companies embracing partnership and alliances as a way forward.

More insights from CEOs will be presented at the M.A.P. PwC CEO Survey Report which comes out on 12 September 2017 in time for the 15th M.A.P. International CEO Conference.

For previous reports, you can visit our website at www.pwc.com/ph/



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Designed & published by AMMO Members:
The Management Association of the Philippines and
The Macau Management Association