

OBAMA'S CHALLENGE



Yes we can: how European businesses can learn from Obama's success.

Russell Evans, MD of organisational development consultancy Primeast, says Barack Obama's success provides five key lessons for European CEOs facing a tough economic climate.

1 Stay positive but recognise the reality of your situation.

Obama's campaign is the clearest possible demonstration of the power of positive thought. Do not allow negative thinking to overcome your business.

2 Take a new approach.

Be creative. Use the downturn as an opportunity to search for better ways to deliver your services and develop new areas.

3 Have clear objectives.

Pin down what you want to achieve and stick to the strategy while being prepared to adapt and be flexible. Do not let competitor pressures pull you off course.

4 Focus on people's strengths.

This is the crux of 'talent liberation'. Recognise the talents within your team and align their roles and responsibilities to maximise that talent.

5 Lead.

This is no time to hide in the boardroom. CEOs and managers need to be engaging more than ever with staff, clients and stakeholders and communicating their vision for the business.

SUSTAINABLE SOLUTION



Despite the fact that governments have stepped in around the world with financial rescue packages, there is still growing concern around the safety of our savings. For Colin Melvin, CEO of Hermes Equity Ownership, few people have completely grasped how members of the public all over the world own large swathes of corporate America, through pension funds and investments.

'Shareholders' rights in the US are weak and though you

and I are owners, by default, of big companies, our powers to hold these businesses to account are limited, all things considered,' Melvin says.

However, there may be hope as Washington will be powerfully motivated to protect hard-hit pension funds.

'In Barack Obama's first 100 days of office we can expect to see the rights of shareholders strengthened. He understands the need for change to the economic landscape to prevent a recurrence of the greed and overtrading which have driven the current crisis. Obama needs owners to shoulder their responsibilities so that the

regulators can focus where they can best add value,' he says.

'This will spur institutional investors such as pension fund trustees to take up their responsibilities as owners and will create tools to do the job. A more constructive dialogue between companies and shareholders in the US will create a more sustainable solution to the credit crisis and a better future for all of us.'

FOR MORE ON LEADERSHIP
www.the-chiefexecutive.com

YEAR OF INNOVATION

Mark Turrell, CEO of Imaginatik, identifies the latest strategy trends for facing the downturn.

1. Top performers are pushing for innovation, while others are hitting the brakes.
2. Innovation tools and methods are being used for cost reduction, process improvement and survival in the marketplace.
3. There is greater opportunity and openness to try new things.
4. Older leaders are moving out of the way as Generation X takes over.
5. Old prediction and forecasting models are being broken.
6. Mistrust of self-proclaimed experts is on the increase.
7. The multi-job world is opening an entrepreneurship explosion and greater diversity of thought.
8. Leaders are adopting technology-supported collaboration systems with IT nowhere to be seen.
9. A technology revolution is underway.
10. Governments are striving to boost innovation.



Creators and destroyers

During 2008, the 30 companies included in the Dow Jones destroyed \$1.6 trillion for their shareholders, according to Pablo Fernández and Vicente J Bermejo of IESE Business School. Only Wal-Mart and McDonalds created value. The top shareholder value destroyers were General Electric (\$233 billion) and Microsoft (\$178 billion). The market value of the 30 companies was \$2.9 trillion in 2008 and \$4.4 trillion in 2007.

On average, the maximum share price of 2008 was 2.6

times the minimum price. 2008 had 11 of the 20 days with lowest returns in the period 1963-2008, and eight of the 20 days with highest returns in the same 45-year period.

The average return of 2008 was -32.3% (six companies had returns below -50% and 20 below -20%). However, the investors that bought shares in the years 1987-1998 and 2001-2002 had positive returns on December 2008.

FOR MORE ON THE DOWNTURN
see page 20



Virtual effort

According to Katherine Woods, MD of Meeting Magic Ltd, globalisation and the economic downturn are leading to an increased use of virtual meetings. As more employers offer teleworking, the technology is becoming more commonplace, requiring new behaviours.

Meeting Magic has facilitated hundreds of meetings with cross-functional teams in multinational organisations. Below are its key steps for effective virtual meetings:

- Complete pre-work ahead of the meeting.
- Have open dialogue with each meeting participant ahead of the meeting. This provides an opportunity to voice any concerns in advance.
- Each location can be used as a syndicate group. Discussions can be broken up into smaller parts for in-depth debate.
- Take regular breaks.
- Give participants time to gather their thoughts before re-joining the meeting.

Virtual meetings often begin with an introduction and follow with open discussion; this either results in deathly silence or one or two individuals dominating. This can be avoided by replicating face-to-face meeting practices in a virtual environment.

While virtual meetings are sometimes the only solution, they may not be the best way forward. When complex business decisions have to be made, it is difficult to beat a face-to-face meeting where you can engage with people and understand their real concerns.

RESPONSIBLE ACTIONS?

'That is the height of irresponsibility. It is shameful.'

US PRESIDENT BARACK OBAMA ON THE NEW YORK STATE REPORT THAT \$18.4BN (£12.8BN) IN WALL STREET BONUSES WERE PAID IN 2008.

'I brought some. Here, I'll let them roam around. There is no reason only poor people should be infected.'

BILL GATES RAISES AWARENESS ABOUT MALARIA BEFORE UNLEASHING A JAR OF (MALARIA-FREE) MOSQUITOES AT THE TECHNOLOGY, ENTERTAINMENT, DESIGN CONFERENCE IN FEBRUARY.



OUTSOURCE TO SUCCESS

Liz Samandi, MD of sourcing company Darien, explains the five benefits of outsourcing:

1. Outsourcing enables an organisation to maintain quality, but at a competitive cost.
2. When a supplier knows you can go elsewhere, they are more likely to offer competitive prices.
3. An outsourcing partner represents your company in that particular country.
4. Encompassing different countries, suppliers and diverse ways of doing things can help give you ideas for products.
5. The right supplier may become a one-stop shop for a variety of components.

