



Harvard Business School Alumni Club of Malaysia

NEWSLETTER

January 2004

*Wishing All HBSACM
Members &
Associates Members
Happy New Year 2004*

Committee Members 2003/04

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Haji Ahmad Rosdi

The 13th SENIOR MANAGEMENT DEVELOPMENT PROGRAMME

The 13th Senior Management Development Programme will be held from 8th August to 21st August, 2004, at the Awana Resort, Genting Highlands. Professors Warren McFarlan, Kasturi Rangan and Tarun Khanna will be here again. The fourth HBS faculty member is Richard Viotor who will be with us for the first time.

Professor Richard Viotor, Senator John Heinz Professor of Environmental Management, is a faculty member in the Business Government and the International Economy Unit and was formerly the senior associate dean of Executive Education. He teaches courses in international political economy, business regulation, and environmental management, the latter being the focus of his current large-scale field study of best practices. His research on business and government policy is widely published. The most recent of his six books are *Business Management and the National Environment: Contrived Competition*; and *Globalization and Growth*. In addition to more than three dozen case studies, he has written numerous articles, including the latest title, 'Italy's Economic Half - Miracle' in *Strategy and Business*. Professor Viotor has consulted with several corporations, as well as with the Hudson Institute and the Energy and Research and Development Administration. He also serves on the infrastructure committee of the

Competitiveness Policy Council and on the advisory boards of IPADE in Mexico and IESE in Spain.

Many will remember that every facet of our Program from the selection of participants to the design of living groups to team-building activities is purposefully structured to promote dynamic interaction among a diverse group of peers. Participants live together, eat together, socialize with one another, and work closely together, both in and out of the classroom. This constant interchange not only produces a rich pool of knowledge, but also allows participants to share their business and professional experiences, challenge and motivate one another, and provoke new ways of thinking.

The fee is RM19,500 per participant. Early registration before 31st March, 2004 will enjoy a rebate of RM500. Groups of 3 or more participants from the same company will enjoy a RM500 rebate each.

The fees cover tuition fees, study materials, board, lodging throughout the Programme at the Awana Resort, Genting Highlands, entrance and subscription fees as an Associate Member of the Harvard Business School Alumni Club of Malaysia plus Graduation Dinner with spouse on 21st August, 2004.

Application can be made on the prescribed application form which can be obtained from the Secretariat, telephone 03-20950899 or fax 03-20933005.



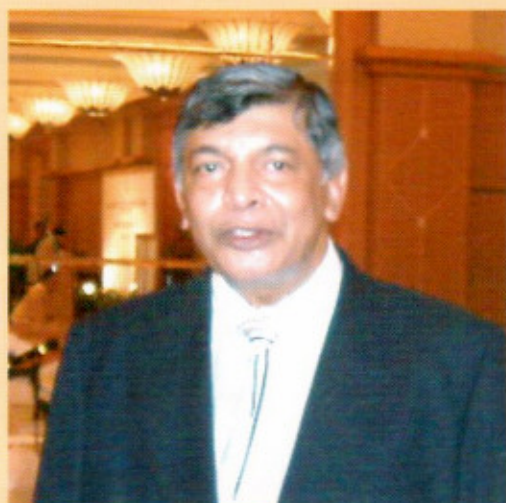
Prof. Warren McFarlan at SMDP 2002

CHANGING OF THE GUARDS

The 27th Annual General Meeting of the HBSACM was held on 9th December, 2003, at the KLGCC. Thirty-six members and associate members signed up for the meeting.

The office-bearers of the Club for 2003/2004 are:

President:	YBhg Tan Sri Gnanalingam
Vice-presidents:	Tuan Haji Anuar Hamdan Encik Mohd Nadzir Mahmud
Hon. Secretary:	Tuan Haji Ahmad Rosdi Mohd Razali
Asst. Hon. Secretary:	Encik Ghazali Kamal Bahrein
Hon. Treasurer:	YBhg Dato Tay Ah Lek
Director of Activities:	YBhg Datuk Haji Othman Yusof
Committee members:	Encik Mohan Ramalingam Encik Wong Heng Wee Encik Azizan Abdul Rahman YBhg Dato A Rahim Osman
Ex-Officio member:	YM Raja Sharifuddin Abidin



← Tan Sri Gnanalingam
The President



Y M Raja Sharifuddin Abidin
Ex-Officio member →
(Immediate Past President)

THE NEW FACES ELECTED FOR 2003/04 OFFICE-BEARERS



Mohd Nadzir



Azizan



Dato A Rahim

HBSACM BUSINESS FORUM

The Harvard Business School Alumni Club of Malaysia in conjunction with The CEO Circle has launched a knowledge-sharing forum, known as the HBSACM Business Forum. The programme aims at facilitating continuous learning amongst members of the business community. It is designed to integrate

members of the various organizations into common interest groups for the purpose of providing interactive exchange of knowledge, experiences and perspectives in groups of about 15 people. Each group will meet bimonthly for a full morning session, i.e. 9:00 am to 1:30 pm. with an independent,

professional Chairman who will serve as moderator/facilitator for each group. The Programme will provide for measurable outcomes for the participants and their organizations. This programme is introduced on the initiative of the Committee Members of the SMDP wing of the Club.

HBSACM Family Retreat and Reunion Dinner at Awana on 11 and 12 October 2003

After weeks of planning and preparation, the long-awaited HBSACM Family Retreat and Reunion Dinner was successfully held on October 11 and 12, 2003 at Awana Genting.

To ensure a smooth weekend, CM Mak, the lead organiser who had been keeping everyone on their toes, "insisted" that a number of committee members should arrive a day earlier to get things moving.

Mak couldn't have dangled a more delectable carrot to seduce the committee members - a treat of the Lady Salsa show on Friday night. With such enticing entertainment promised, some committee members immediately got down to work that Friday to ensure that the various venues for the events were in order.

Three of our own ladies, Manimala, Aishah and Carol were assigned to sort out the goody bags. Alas, the task had to be postponed to the next day after the three salsa-ed too much and were too tired after the show.

The next morning, D-day, the committee members had to drag themselves out of bed early to sort out the goody bags. Many were pleasantly surprised to note that there were a number of contributions from various sponsors. But this also meant that it was no easy task preparing the goody bags. Fortunately, the committee members managed to sort everything out in time for the registration of HBSACM Associate members and their families.

Although the process of registration was not complicated, it still took four ladies to man the registration table (Carol to register, Adlyana to collect money, Aishah to distribute room keys and Manimala to give away goody bags)!

Except for a couple of members, the others had arrived in time for the luncheon talk. Our guest-of-honour, YB Dato' Donald Lim, (Deputy Minister of Information), shared with the audience, including some exco members, insights into the challenges and future plans of RTM. The talk was informative and resulted in quite a few questions from the floor. However, due to time constraints (the golfers' urgent need to get onto the course and the others' rush to the mountain), the Q&A session had to be limited.

The golf game, organised by Surjan, Aziz and Ruslan started as planned at the beautiful and challenging Awana course. The weather was fine and the five flights teed-off without any hitches, except for a few OBs and embarrassed players. However, weather conditions took a turn for the worse around 4:30pm and as a result, most golfers came back soaked.

For those who did not participate in the golf game, the Theme Park offered an exciting alternative. Fariz and Puva played tour guides for the day and led 19 adults and 14 children to the Theme Park.

The participants took the bus to the Awana cable car station for a 15-minute cable car ride up to Genting. Although it was a long walk to the Theme Park from the cable car station, most participants were in high spirits. However, there was a slight confusion when they got to the Theme Park entrance as the tickets were for "indoor rides" although a fax that had been sent to the Genting people earlier read "outdoor rides". The participants decided to stick to "outdoor rides" against the team leader's better judgment.

Although the committee had been told that the weather would be fine, it turned out otherwise. It was drizzling and was really cold. There was also thick fog and some rides had to be cancelled, much to the disappointment

of the children in the group. Lesson learnt, a check should be made with the Meteorological Department in future.

The Theme Park group arrived back at the Awana hotel just after 6:40pm. The team leaders were happy that everyone was accounted for and none was left up on the mountain.

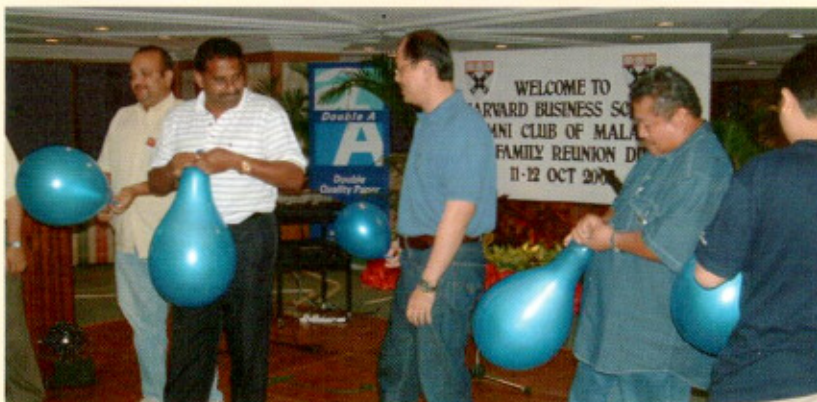
After a long day, everyone was looking forward to having fun at the dinner. As the appointed MC, Andre, was sick, Mak had to take over the MC's role. Associate Members Exco, Halim Hamid gave a speech and took the opportunity to introduce the committee members. He also requested for suggestions and expressed the hope that members would continue to support and participate in future events of the Associate Members Wing.

After the dinner, members were entertained by the in-house band and games conducted by a professional DJ. The entertainment was organized by committee member, Raymond. Prizes for the golf game were also given away followed by lucky draws. Every participant went home with at least one prize, and some of the lucky one even had two prizes. The kids had the most fun while members showed their sporting side by participating in some of the events, which were funny but also embarrassing. The evening came to an end at 11.15pm.

As the night was still young, some proceeded to the lounge for a few more round of drinks. Others went to the mamak stall to watch a football match at 1am.

Finally, the weekend came to a close on Sunday morning. The committee members appreciated the feedback and suggestions given by various members and looked forward to meeting everyone again in future events.

Ready to Tee-off



Mine (balloon) is bigger !!

**The 27th AGM of the HBSACM
On 9th December, 2003**



**HBSACM Family Retreat and Reunion Dinner
at Awana on 11 and 12 October 2003**



How to Build a Better Board

December 22, 2003



Boards need to work smarter and with a design in mind, says professor **Jay Lorsch**. Lorsch discusses his new book *Back to the Drawing Board*, co-written with **Colin B. Carter**.

by Martha Lagace, Senior Editor, *HBS Working Knowledge*

As more and more corporate executives have been paraded on perp walks these last few years, a question has repeatedly been raised: *Where was the board?* After all, isn't it the board's responsibility to make sure the fox isn't hired to run the hen house? Doesn't the board help protect the interests of investors and employees?

It turns out that many of the boards of imploded companies such as Enron were composed of smart, honest, well-meaning, people. So what went wrong? How did these massive failures of corporate governance occur? More to the point, how do we fix the problem?

Perhaps the problem lies not with the people who serve on boards, but rather the structure of boards themselves, argue Harvard Business School professor Jay Lorsch and consultant Colin B. Carter. In *Back to the Drawing Board: Designing Corporate Boards for a Complex World*, the co-authors observe this underlying problem: Board members are time-pressured part-timers who lack the knowledge they need to successfully oversee the companies they serve. The remedy isn't necessarily in staggered terms or requirements for outside directors - rather it's making sure board members have the time and information necessary to fundamentally understand the business. And that means a fundamental rethinking of how boards operate.

This going back to the drawing board, Lorsch and Carter conclude, includes reviewing the roles boards serve, how the work is structured, the criteria for choosing board members, methods for keeping board members current, and the behaviors that lead to successful teamwork at the board level. *HBS*

Working Knowledge's Martha Lagace recently talked with Lorsch about his findings.

Martha Lagace: Tell us why the design element of corporate boards is so important.

Jay W. Lorsch: What concerns us is that corporate governance activists focus on things that can be seen from the outside. The reality is that what makes boards effective - and this is the point we make in the book over and over again - is the behavior of the directors inside the boardroom. That really is produced by what we call the design of the board, which is a complex set of variables. Very little of that can be seen from the outside.

Q: Why do you focus on the redesign of boards?

A: Boards face a lot of external pressure to change. It comes from government, e.g., Sarbanes-Oxley; it's true in other countries as well. Some of it also comes from certain institutional investors. But when you come to the internal factors, looking at it from the point of view of a director, you should make changes because they will enable the board to do a better job. The fact is, because of the emphasis on independent directors, boards have limited time and limited knowledge. Therefore, it's very important for independent directors to be in the best positions they can be for developing their knowledge. Those internal pressures are real. Dealing with them should be one of the criteria by which you judge the effectiveness of the design that you put together.

The basic motivating pressures for change inside the boardroom, I think,

should be, "How do we do a better job? And to do a better job we've got to use the limited time we have efficiently, and we've got to get the right kind of information." Obviously, if you don't have the right information and you have limited time, you can't do the right thing.

Q: What are some important ways in which boards could improve their own design?

A: The design that a board chooses depends on the role that the board decides to play. And boards do have a lot of leeway within legal frameworks to decide exactly what they're going to do, what decisions they're going to make, what things they want to monitor and oversee, and also the areas in which they want to offer advice and counsel to their CEO.

So given that fact, the first thing a board needs to decide is, "What mix of these things do we want to do which define our role?" Having done that, they then can think more intelligently about how they want to design the board itself and answer questions such as "Who do we want on the board? What committees do we need? What leadership structure do we want for the company and for the board? How frequently do we want to meet? What do we want to put on the agenda at meetings?" and so forth.

Some of the best practices that have been identified should be rolled into that. We believe every board should evaluate its chief executive officer; every board should oversee formulation of strategy, approve the strategic direction of the company, and monitor how well the strategy is working. It should be concerned about succession; it should

The fact is, because of the emphasis on independent directors, boards have limited time and limited knowledge.

-- Jay Lorsch

have effective audit and compensation committees and all of that.

Q: Around 130 CEOs of major corporations responded to a questionnaire you and Colin Carter sent them. Tell us about how the CEOs saw their boards. Did any of their responses surprise you?

A: Rather than keep talking to directors about how they see their boards, we thought it would be interesting to get the perspective of CEOs and try to understand how they saw their boards. At the end of the day, CEOs are as concerned with the impact of the boards as anybody else. They have got to work with them, and in fact boards are their bosses.

How do they see this? I would say the response that surprised me the most was the extent to which so many CEOs were really concerned that their directors were unable to retain information from one meeting to the next. I think it reflects very well the concern that we had: that directors have limited knowledge. These CEOs were saying the same thing. They were not saying that the directors are lazy; they were not saying that the directors aren't trying to do the job. They were just saying, "Look, given the number of meetings we have and all the other things on these very busy individuals' minds, there are times when we really wonder if they are 'getting it.'"

Therefore, the warning signal to all of us, not just in the United States and the U.K., but also around the world, is that there is a very common problem of directors who have difficulty keeping up with what's going on in the company because of the number of meetings and the time between them. It is one of the things that leads us to be concerned about design - providing better information.

Q: What can be done? Hold more meetings?

A: You could have more meetings; but I think a better remedy is more efficient use of their time by providing directors

with better information. As we mention in the book, encourage directors to get out and do things between the meetings to learn more about the business. Provide them with interim reports about what's going on, not just a report at the meetings.

With information technology, there is no reason why directors can't get much more frequent reports about what's going on. The CEOs can also do some things themselves, such as writing memoranda and emails to the board between board meetings. There is a lot of stuff that could be done to help directors keep up.

Q: As you wrote in your book, more and more boards have been adopting at least some best practices. But even boards that have adopted all of them find it difficult to integrate theory and practice. Tell us about some of the stumbling blocks.

A: First of all, two stumbling blocks - often - are time and knowledge. But there are other stumbling blocks as well. The fact that boards are groups of people is in a sense a stumbling block, because groups have a hard time working together and so they need effective leadership. One of the things we think that you need to pay more attention to is how the discussions of the board are being led. Even experienced CEOs and chairmen sometimes find it difficult to lead a discussion among people who are essentially their peers or even in some cases their bosses. It isn't easy to tell somebody to shut up when he or she is heading off in the wrong direction. Leading such discussions is much more complicated than people realize.

I think another stumbling block, though, is that sometimes boards tend to operate as though they are in a rut. They tend to operate from habit. Why is that? I think in many respects it goes back to the fact that these are very busy people with limited time, and they never stop to ask, "Can we do this better?"

One of the pleas of our book is, "For God's sake, stop and design this stuff. It

isn't rocket science once you stop to think about it." But many boards just don't take the time to do that and as a consequence they either respond to some of this nonsense that comes from external institutional investors, such as "Should we have a staggered board?" or "How many boards can directors serve on?" Things like that really don't have much to do with anything. So boards are so distracted by all that, they don't really focus on "How can we do our job better?" That's what this book is all about: trying to get the focus on working smarter.

You can talk about the limits of time, the limits of knowledge, the complications of group process; but you've also got to recognize that there is a negative inertia and that that is a huge stumbling block. So while the book is about design, it's also really a plea for recognizing that change has to come from the inside.

Q: You have studied boards of directors for a number of years. How would you like to see boards evolve in the next ten years or so?

A: I'd like to see more boards paying attention to the ideas that we put forward in the book, which are about really designing themselves so that they have developed a way of operating which is consistent with the needs of their company. And that they don't do this just once, but realize that they have a responsibility to examine their design and the way they are working periodically. It doesn't have to be every year, perhaps; but every couple of years they should pause and ask, "Are we working the way we want to work, have conditions changed, should we do something different because we have a new CEO or because the new CEO is a more experienced person in whom we have more confidence?"

It is important to stress that companies are likely to get more complex in the future. As they get more complex, it is going to become even more difficult for directors to meet their responsibilities. This is another reason why design is so important.

About Faculty in this Article:

Jay W. Lorsch is the Louis Kirstein Professor of Human Relations at Harvard Business School.

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HBS Working Knowledge.



EXECUTIVE EDUCATION AT THE HBS

'In this time of extraordinary change throughout the world, our clarity of purpose gives the School unmatched strength and influence. Our commitment to general management education focuses on building a deep understanding of business, teaching with skill and passion, and communicating ideas that have power in practice. Our dedication to field-based, problem-focused research, and to the case method of instruction, remains as meaningful today as it was at the beginning of this century.'

- Kim B. Clark, Dean of the Faculty

Throughout the year, the Harvard Business School, Boston, USA offers more than 45 specialised Executive Education programmes. Ranging in length from 2 days to 9 weeks, these programmes challenge participants to think differently in order to improve their organisation's performance.



Dean Kim B. Clark

Participants from Malaysia usually attend the Advanced Management Programme (9 weeks, fees USD 51,000), or Programme for Management Development (9 weeks, fees USD 51,000). A few attend the Owner/President Management Programme (3 weeks, fees USD 20,500).

Some other programmes available are Key Executives Programme (2 weeks, fees USD 10,000), The General Manager Programme (7 weeks, fees USD 41,000), Business Marketing Strategy (7 days, fees USD 8,000), Delivering Information Services (5 days, fees USD 8,000), High Potentials Leadership Programme (6 days, fees USD 9,000), and Creating Corporate Advantage: Strategy in the Multibusiness Firm (3 days, fees USD 5,500).

For more information you may visit
[http:// www.exed.hbs.edu/calendar.title.html](http://www.exed.hbs.edu/calendar.title.html)

Book Review

Creativity Inc.: Building an Inventive Organization

Publisher: Harvard Business School Press, 2003

ISBN: 1578512077

Description:

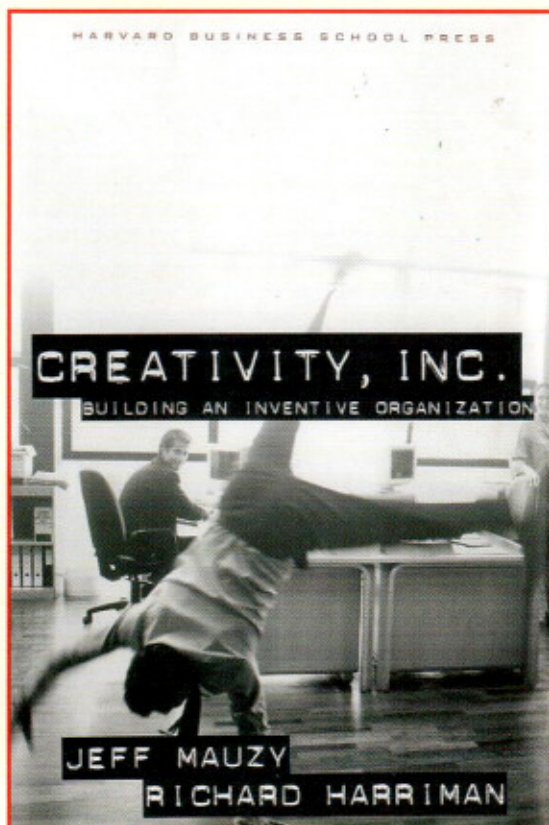
Radical innovations always start with creativity—but many companies are allowing this critical wellspring to run dry. Jeff Maury and Richard Harriman argue that sustained leadership depends on making creativity a broad, enterprise-wide capability that is "on" all the time. In *Creativity, Inc.*, they marshal forty years of research into how creative ideas happen and how they become innovations to reveal a set of fundamental principles for infusing creativity into every aspect of an organization. Through vivid examples from a wide range of industries, this book shows how companies can rework organizational climate, creative thinking, and actions to foster systemic creativity in individuals, in teams, and at the corporate level.

FOSTERING COMPANYWIDE CREATIVITY

Innovations, by definition, change and improve the status quo. Mostly, they do so in small ways, such as a twist on an already existing idea. But when they do so in big ways—such as a new idea altogether—innovations can catapult the inventing company years ahead of competitors.

Those kinds of innovations—from the wheel to the assembly line, from the pen to the PC—are born of creativity. And many companies are allowing this critical wellspring to run dry. In *Creativity, Inc.*, Jeff Maury and Richard Harriman marshal forty years of research into how creative ideas happen and how they become innovations to reveal a set of fundamental principles for infusing creativity into every aspect of an organization.

The authors argue that sustained leadership comes from making creativity a broad, enterprise-wide capability that is "on" all the time—to fuel day-to-day innovative responses, to imagine multiple future possibilities, and to develop the foundation from which fundamental, purposeful innovations can be launched. Through vivid examples from a wide range of industries, they show how companies can rework organizational climate, structures, and procedures to build systemic creativity in individuals, in teams, and at the corporate level.



The book's creativity framework—designed to be customized to a company's unique needs—walks readers through four interacting dynamics that make up the creative process: motivation, curiosity and fear, the making and breaking of connections, and evaluation.

Individuals will learn how to:

- Reclaim their own creative wellspring
- Exercise creativity in all aspects of their work
- Strengthen their ideas to address corporate response

Leaders of teams and organizations will learn how to:

- Build a climate that supports constant creativity
- Fuel daily creative response and long-term vision
- Develop a ready foundation for transforming ideas into innovations

Marrying practical strategies with theoretical research, *Creativity, Inc.* shows how entire organizations can embody and implement creativity and innovation.

JEFF MAURY is a Consulting Manager and RICHARD HARRIMAN is Managing Partner at Syntectics, a pioneering consulting firm specializing in business creativity and innovation.

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