

**Strategic Management**  
**Prof. Kalyan Chakravarti**  
**Vinod Gupta School of Management**  
**Indian Institute of Technology, Kharagpur**

**Lecture No. # 08**  
**Strategy; Design; Process; Managing Strategic Change**

One Mr Ashok Shrivastav is giving you a talk. He is retired as vice president of Procter and Gamble in Bombay, manufacturing vice president. So you will have an interactive session.

(Refer Slide Time: 01:14)



Okay, shall we start? All right. Tell me Saloni. Have you read this short case? Yes sir. Just tell me in summary about this Disney. Sir, this case basically emphasizes on the employees of the Disney world. Yeah. How they are recruited, how they have been trained and they have been treated just like a not as a workers but as a cast members. How they have to treat their customers, not be not treating them as customers but as guests and they have been given training about how to deal with customer very friendly. And so that is Disney world we won't the customer won't get any problem and also it is emphasis is on that if employees are being rewarded and there will be proper check of their performance measurement. They have to. So there is lot of training involved and so on okay. Yes sir. Now let me ask you, what is the business of Disney? As they stated their business is to entertain people. Are they in the show business? Is this vacation business or resort business? What is it? They are in the emotion business. What is their mission, Kalyan? Disney we are discussing. Have you read the case? Yes sir. So what is the mission of Disney? What is their business? Someone said they sell emotions. No sir. They are into the entrainment industry but their vision is to give emotional experience to the people. So there are definitely not into vacation resorts. No no. No they are in the entertainment industry. All right, okay. Now it says here, Disney is in the business of providing emotional experiences, all right? Now, what kind of emotional experiences? Where is it written? Read it out. In the talk. Disney

world has always remained a vacation spot for the children and adults alike. Yeah. Then after that what does it say? Have they defined their business as a vacation spot? No they haven't defined but it is more than a vacation spot... What is that more? Sir, emotional experience. Yeah, there that that is that is much more, isn't it, than a resort? So it is a highly specialized type of business that they are in and they have defined that. So what are these emotional experiences that they sell? Pleasure, delight, adventure, excitement even fear, okay. Now, if that is the mission then what sort of strategy they have to evolve to run their business successfully? Sir, interaction with the customer. Let us hear him. He is a thinker basically, he doesn't talk much. Tell me.

Sir, actually the strategy is that, is organizational structures so that they can be given their... So they must have good organization structure that is what you are saying all right? So that they can implement their strategy. So that they can implement. That is you are saying unless you have good structure they cannot do the next thing that is implementing strategy, okay. So what is the strategy then? Strategy is to make systems, structure, all right, design the whole organization in such a manner that it fulfills the strategic goal. That is, you continue to provide emotional experiences, all right, which gives joy and fear and delight and excitement and adventure and so on, okay?

So, how have they gone about, how have they gone about in seeing that their strategy to fulfill the mission? Broadly how have they gone? Did they say anything about the structure, organization structure? It appears they haven't put much thought on the structure. Sir, they have stressed more on the... Well, let us hear. Let us argue this out. There doesn't seem to be any evidence about the structure, not that not that not to say they don't have a structure. We know that they have thirty three thousand employees and in the magic park, which is one of the key to these excitement provider they have about ten thousand more than ten thousand employees but does it say how many departments they have, how many levels of reporting, the formalization?

Have they said anything about their departments? No sir. Yes they have no. What does it say? They call it discipline. What does it say? Safety, courtesy, show and efficiency. In a sense, are they not departments because what is the formalization process, which we learnt last semester? Why do you divisionalize or departmentalize? You try and have similar jobs specialized so that you get more efficient performance of the job. So it seems safety, courtesy, so are these departments? Not departments? Sir, there will be something for ensuring the safety of the customer. All right, good. I accept that. So it is not a department, all right. Good. So they haven't said anything about really the structure. They have various they have various roles but they don't have jobs. That means they are like actors there are a cast. They have a special vocabulary too, don't they?

So, so again we are coming to, today, what we are trying to discuss today is having made a strategy how do you manage strategic change? How do you manage that or having established a strategy how do you perpetuate the strategy to see that your objective and goals are continued to be fulfilled? Of course you can't do it in perpetuity because the environment keeps changing you have to keep making adjustment in your strategy also. But the burden of today's discussion is that if you have one pillar of a strategic management plan, which is a structure, we have dealt a lot in the structure, isn't it? We said according to the type of business that you define yourself to be in, it is important for you to provide a structure, which will facilitate your performance

towards your goal. So that is important. But today, reading this case and the next case two we come across apart from the structure there is something called organization design. You have to design it. By what? Some systems, procedures okay? Ways of working and these are as important, if not more important, than the structure to see that you implement your strategy. So the broad area is strategy implementation-to make a plan that is all very well. You have done an excellent job, you have your vision, you have your mission, you made a strategic plan, you know the goal you want to reach but how to reach it is the implementation of the strategy. And in implementing the strategy, managing strategic change is very important and we manage it basically by having some sort of systems, procedures all right? And ways of working by which you can efficiently manage, all right, implementations, okay?

Coming back to this case here. What do you think of the system and procedure that that they have put in place, having defined their mission? So, one of the systems is recruitment of people. Have they done anything special there? They try to recruit people who are attractive. So anyone who is not attractive or good looking or smart, they don't recruit there. These are right? Means they don't recruit by merit, they recruit by looks, good grooming. So, none of us, may be only a few would have been recruited by Disney's. Would we shout foul and say unfair?

The kind of business they are in, all right, it is not unethical. For instance, if you are recruiting military police, you know they have a rule. They have to be minimum six-foot height otherwise you cannot. Now I don't know whether if someone makes a litigation in the court, whether it will be upheld or not as discrimination. But any way for our purpose they have defined a policy of recruitment where they have said very clearly that we are limiting our recruitment to those who are attractive, all right, well groomed, okay? Are you with me? Yeah. Yeah. Are you talking to me or saying something? No sir. No. Okay. Well groomed and they like working with people. Remember it mentioned that. Interacting all the time, they want people of that type. So does their recruitment. And do you think that is helping them towards their objective? Yes. Why? What has that got to do with selling emotional experiences? What's the connection?

Right. So, who are coming? You have nearly one billion visitors who visit that magic park at Orlando, one billion. Twenty three million that means one billion is amount of money they made, all right?

23 million means nearly 2 million a month. That is, everyday how many thousand are visiting? it is a mind- boggling ten thousand people in that park. So it is it is some, it is some feat know, to manage and when people come all right, they are interacting with them all the time. So, therefore they want people who are attractive, well groomed, who like interacting with people, okay? What else? Have they provided any other kind of policy?

The training, the training and the socialization, which emphasizes on many of the people to people relationships and how they have to present themselves across. That is the main emphasis that they have made because ultimately it is all an entertainment industry and they have to entertain the customer or the guest as they put it across and people go back with a better experience. Right.

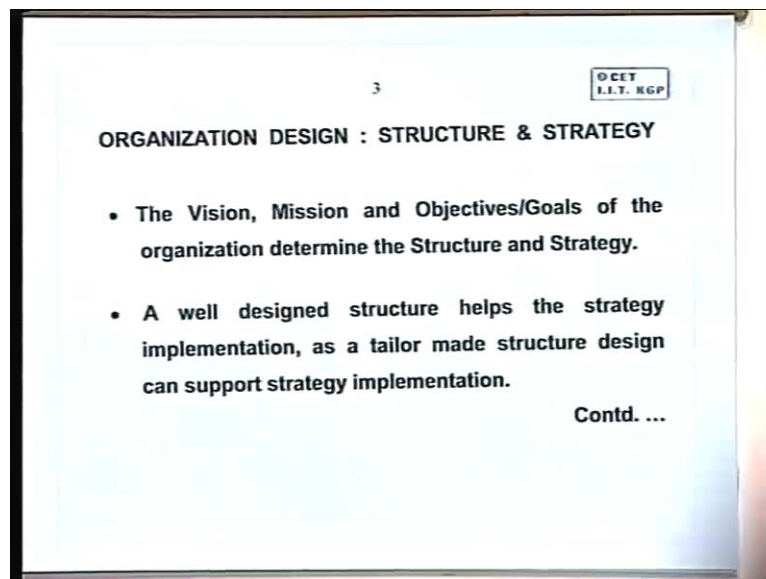
You have guests you don't have customers, all right. You play roles, all right, you don't do a job. You wear costumes you don't wear uniforms and what else? You are cast members, yeah not

caste, but cast cast all right. What else? What about the physical environment that they are provided? After all they are selling you emotional experiences, no? See, romance, for instance. It is emotional. You want to sell that. What you do? You create moonlight, am I right? You create romantic surroundings. So aren't the physical facilities important? Yes. See, after all if you are putting on a show don't you have to have sets? So, what have they done? Most fantastic kind of sets they have provided no? They have created the Amazon, the dinosaur park, what else? What about the sea, Grand Canyon, so all this is tying in with their strategy, all right, of selling selling emotional experiences.

Now, hiring people, spending money, investing and setting up these facilities is good but interacting with people, that is a tough part of it and particularly ten thousand people. Even if one of those ten thousand doesn't behave well with one guest also, what do you think will be the cascading effect of that? You have one dissatisfied guest, unhappy, goes away and he is from India particularly. He has gone to Orlando, all Indians go there. That is the destination if you are on the east coast. And he says I have heard so much about it but see I ask someone, I was lost and he didn't reply to me, says he didn't care. So you tell all your friends and what happens? Bad news spreads very fast. If you do good thing they don't spread so fast. So how are they going to manage? This is really mind-boggling. Can you think about it? How they have managed to create a training system, all right, to create the culture where at the end of the case they say, that they don't pay more than other people in that region, they pay about the same. So it is not money that makes people come there but what people say that they love, it is fun, first is fun to be there your costumes your show it is fun. And you learn lot of things which last you a lifetime, isn't it? Special skills you learn and people skills.

So let us look at a few slides and see how managing strategic change, all right, relates to this case, all right?

(Refer Slide Time: 17:04)



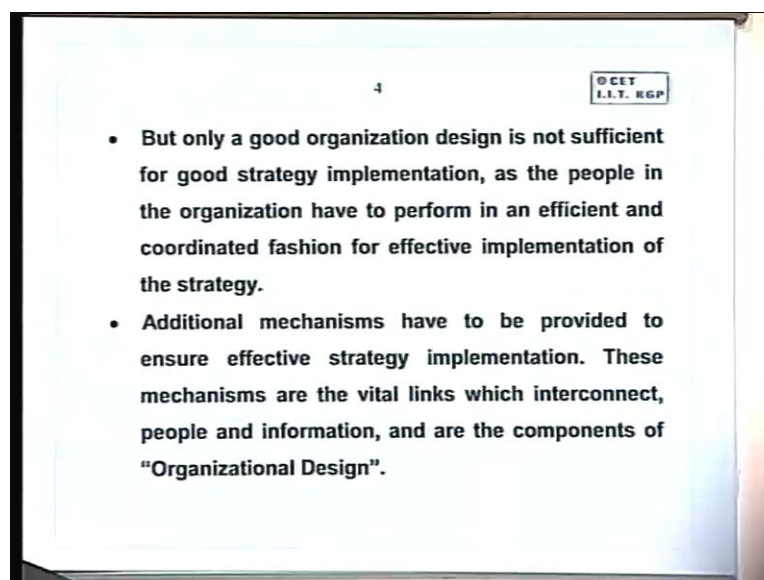
Organization design: structure and strategy, okay. What drives what? Does structure drive strategy or strategy drive structure? Strategy drives structure. Sure about it? Yes. He says both. That is the way it should be. That is the way it should be. How do you say both? How does structure drive a strategy? Say, I make a bureaucratic structure, then what strategy am I driving? Which is horse and which is cart? Bureaucracy is a cart, is a horse. So you decide that you are in the business of being bureaucratic then you create a structure to suit that. What happens in real life? Say we had a green field, we are setting up a company few of us here and we say we are in the business of doing x y z, that is our business, we define a business. How do you make a structure? Based on the resources we have. Based on resources. So the structure has yet to come right? We are three promoters, let us say or four promoters. We decide a business and the business decides the mission. So, structure will follow that. So, do you agree that your strategy will usually drive your structure unless unless what? Unless you buy a company all right? You have inherited a legacy, you have a structure or you are starting afresh like we have.

If you are starting afresh you have no baggage. You have a clean slate if you are starting afresh. You can design what you want. That, we have to take the structure that you already have into consideration. We cannot just destroy the structure.

Okay. Do you agree with what he is saying? Yes because these are the practicalities of real business life, is it not? So what are you coming to, the conclusion? That finally a structure is never ideal, all right. You can approach a kind of structure, which will more or less support the kind of strategy that you have to fulfill your goals but you will never be ideal.

So, it as to be supplemented it is important but you can't get an ideal structure all the time. So you have to supplement it-supplement it by systems, procedures so that within the structure even though it is not too good, it is not the best you can still deliver the outcome in a very optimal kind of way. So the vision, mission, objectives, goals of the organization determine the structure and strategy. I put purposely for this discussion instead of saying strategy and structure all right. A well-designed structure helps the strategy implementation. Do you all agree?

(Refer Slide Time: 20:42)

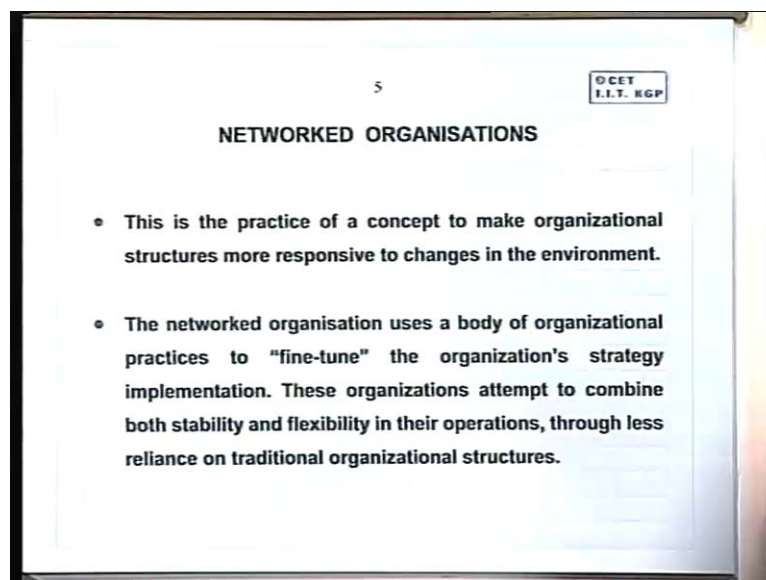


As a tailor made structure, design can support strategy implementation but only a good organization design will not support, is not good for strategy as the people in the organization have to perform in an efficient and coordinated fashion for effective implementation of the strategy. So, we are coming to people and in the case that we are they have been talking about Disney's, I think they have identified very very clearly that their business stands or falls on the people because in the business they are in, having so many millions of people come in and paying good money, cash also, no account receivable right across you can buy your ticket.

Why are you laughing? That is the best kind of business, immediately you get cash. So there, the people are what we have to focus on and they highly focus on it. Additional mechanisms have to be provided to ensure effective strategy implementation. These mechanisms are vital links, which interconnect people and information and are the components of organizational design, okay? Right. So tell me what kind of linkages you find from this case? These mechanisms are vital links, which interconnect people and information. They have talked of five mechanisms here, am I right? One is recruitment. What else? Socializing, training. Socializing then training, measurement of performance and rewards.

So this is what they have identified that if you are in the people business these are your focus areas to see that the people deliver. It says somewhere that they spent considerable amount of time in doing what? In changing, influencing employee behavior. Training is a tool but what are they aiming at? Disney exerts deliberate effort to control and influence all right employee behavior. That is a stated objective. Any one who joins you control their behavior all right and you influence them. That is very very vital for their operations.

(Refer Slide Time: 23:34)



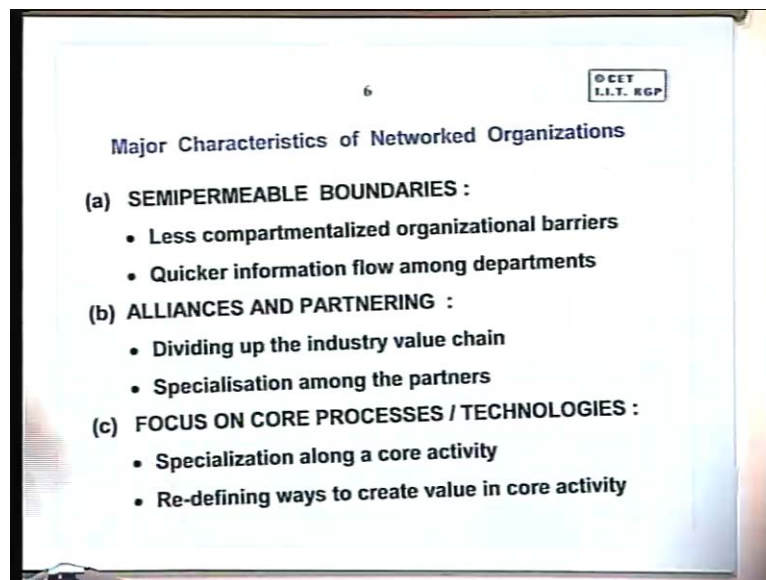
What is a networked organization? Have you heard of this concept? Network means, everyone knows everyone, they keep talking on the telephone whole day, network. Networked organization? All networked components of the organization are well-linked so that... All the

components are? Welding? Well linked. Well linked, all right. So that is the changes can be implemented easily and everything can be implemented easily and everything can be monitored easily. Any other understanding of networked organization?

Every level is in touch that is department heads talk often. Is that the thing? Then? Information flow, information flow, it is not limited to one department only and it is not vertical, going from top to bottom only but it is lateral also. Okay. That is that is, yes, that is one way of networking. What else? Sir its... blend of both vertical and horizontal, okay. The networked organization uses a body of organizational practices to fine tune the organization's strategy implementation. These organizations attempt to combine both stability and flexibility in their operations through less reliance on traditional organizational design.

So what we are just discussing, these are not traditional. Traditional is departmentalization, isn't it, through proper channel, the bureaucratic design. So these are attempts to have flexibility. Why flexibility-to respond to changes faster, in order to respond faster and in order to implement faster. So they are looking for a combination of flexibility as well as stability.

(Refer Slide Time: 25:43)



What do they mean by stability? Say, I say why not make it fully flexible? Then you are nimble, agile, any changes in the environment you can immediately respond to it. Why not that way? Why bring in stability in the first place? Just flexibility, why? Sir, stability will bring in the proper functioning. Why?

Flexibility. I am giving you flexibility. Sir, stability for continuing with the operations. Stability is continuing, is to prevent chaos, is it not? Day to day, day to day, you have to have a base of operational rules, procedures and structure, is it not? Otherwise you will go to chaos. So you need stability and stability finally aim, is aimed at what? The bureaucratic organizing. Isn't it aimed at efficiency after all? Isn't it? A rigid organization bureaucratic, why do they make it rigid? They are not fools. They do it because you can have intense supervision, you can have



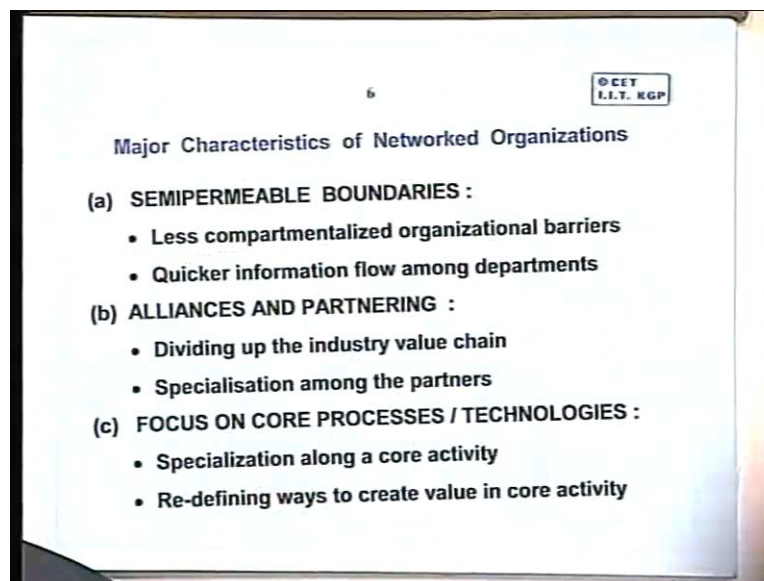
intense control measurement of each of the specialize work which is going on with the idea of having very very efficient organizations or efficient departments. That is the idea.

So, stability does that. So, major characteristic of networked organizations is semipermeable boundaries. Semipermeable, so what does that mean? That means it is not rigid. Semipermeable means something can filter through; don't have walls, okay? Do we have kind of walls like that here in VGSOM?

No? Everyone knows what is happening? I know which professor is teaching what. Similarly all professors know what I am teaching. Is that so? How have we provided that? Is there any mechanism we use for that? We don't use no so we have walls.

I am trying to establish that. Is it really dependent only on size? Ya partly I agree with you. After all we are all there under the same roof but is that enough? What about information flow? Isn't that important? Even if you have got ten ten people, if there is no information flow, unless you have got mechanisms, you know, to have a minimum basic information flow at least on topics which are important, all right, then what is going to happen? You are not going to have successful operation. So one example is your timetable. Timetable is an institution no? So at least each faculty member knows what his what is his time slot for teaching and what are the other time slots. As if he didn't know about it could we be able to change our timings, say I want take a special class. We can't do it. If we do it, it will clash into something else, as it happened, it clashed into something yesterday no? Doctor Jeetu Singh's class clashed with doctor Ghosh I believe. Was it your first year or second year? Second year.

(Refer Slide Time: 29:25)



So, semipermeable means having a system and mechanisms which allow some amount of cross flow of information so that, you know, you have response and performance which is more efficient, quicker information flow among department. So another major is alliances and partnering; it says you are dividing up the industry value chain.



What is the value chain? You have, you have learnt about value chain now. Tell me. Who will tell me what is value chain? What is a value chain? Is it a chain? it is a chain. Yes sir. What is the material of the chain? Activity. So, it is a chain of activities, all right. So, how am I interested in this chain of activities? How will it link to strategy? Give me an example. So a chain automatically signifies the interdependence, okay? In a serial manner one activity to the other activity. Does it not? Thus every link in the chain is linked together. it is a chain, which starts from the beginning of the activities of that organization till the end of the activity. That is the value chain.

And it says here alliances and partnering, says dividing of the industry value chain. What does it mean by cut the chain? Then how you are going to do your operations? What does it mean by dividing it up? Making them distinct all those. Example? Let us take a few links, say supplier is one link all right, then? Production. Production is another link, so you divide them up? I thought you should integrate them. Integration in the sense critical data link but all of them are responsible for their own activity. Okay. In any case they are.

Outsourcing. Out sourcing, out sourcing, right. You have make by decisions isn't it? Things, which are not in your area of core competency because it is let us, say it is quite simple to do. You need not do it. You have specialist vendors who can do it at a cost which is lower than the cost at which you can do it and also they have got the expertise to do it okay under some supervision, your quality requirements and so on. It is cheaper for you to divide that value chain. Instead of having a fabrication shop, let us say, providing the fabrication to the assembly shop you can have the fabrication vendor and the people who are deployed there, they can rather be trained for assembly so that once it comes in, in one fell swoop that space you have of the shop, the people, all right, you get rid of the machines. Sell them, make a little money and make the people into assemblers now after due training.

So, you are dividing the value chain essentially. So major characteristic of networked is that. Now now you understand how you what you mean by networking. Networking is (A) within your organization, that is less compartmentalized organizational design, so you network between or intra organization and then you move further a field and you network inter organization also, okay? Partnering, alliances and partnering, what is the connotation? A supplier is a partner in a sense but do you think a competitor can be a partner? Can be? Technology partner. Why should you give you a techno his technology to you? He will guard it zealously. He would? Yes. Okay. Yes. A industry association. Right right all right. Some components, which are manufactured, particularly in electronic industry, you'll find an example. If you have people you know, in Southeast Asia, who are low cost, high quality manufacturers of components and intermediaries, you know, for your final product you need not try and make it or outsource it. In your own country you can rather get it, you enter into a partnership. Right.

And the last is focus on core processes and technologies. Specialization along a core activity and redefining ways to create value in core activity-is this self-evident? What did Westinghouse do? Let us come to Westinghouse, were they following these these principles here-specializing along the core activity? They were? So we are shifting activity to Westinghouse now from Disney. We will come back to Disney again. How was Westinghouse? What was their strategy and what was their mission? How did they define themselves? Is it self evident from the little case? What was

Westinghouse's vision and mission? Were they were they in the industrial sector? Were they in the home appliances sector? Were they in the entertainment like Disney's? They are in everything. That is their mission: we will do everything, anything that makes money. Did they end up making money? No. They did not. What happened? They became extinct like the dinosaurs. People of my generation, all right who did electrical engineering in Westinghouse, was a force to reckon with in our time.

It was a fantastic, it was a pioneer of power equipment power plants, you know Westinghouse. There is this point being made in the case. I don't know whether you have noticed. It says even after twenty years that they discontinued making home appliances, people were still familiar, you know like a Westinghouse refrigerator, even in India. What does that say about his brand equity? Massive brand equity, he had. Quality rely what did they do with it? They flattered it away right? Here are people spending perpetually huge amount of money in not only creating the brand equity but sustaining it because we have to sustain a brand equity and we have Westinghouse, at one time, a nine billion dollar corporation. In those days, I am talking forty years ago, the biggest corporation, General Motor was only forty five billion, not not like now. So nine billion was a very big organization and a very respected organization, is a pioneer in the engineering and power plant area. At that time they also went in to something quite different. They went into home appliances, household. They made a success of it there also. So, a powerful company like that which could handle a portfolio or product as diverse as power plants and home appliances, office furnitures, it died at an early age of about fifty or so, killed itself. it is a very interesting case. Why did that happen?

You know there was an era in the seventy's, that that is the era of the conglomerates. Have you have you been taught about that? We did cases like litton industries. Those were the days of conglomerates. You just bought organization gobble them up and grew and grew and grew and grew. So it was this same philosophy. Anything that you can make money of let us get into that business. It happened in India too-the Mallya group, the RPG group, okay? The they they also but now then what happened? Now there seems to be a cyclic change; the concept seems to have changed. They say you go back to core competence, focus on core competence.

So, if you have to do an MBA, focus on what is MBA's core competence. What is an MBA or MBM's core competence? Tell me your learning strategy. What is MBM's core competence? Is it computers, systems, marketing, finance? What is your core competence? Management. Management management. So, what are MBA's? They are all specially some specialist or the other. Yes they are specialists or no? Yes. Generalist. See people are confused. We must clear our own thoughts before we proceed. MBA's, yes Nityashree, what are, what are we? Are we are we generalist, specialist what are we? If I submit to you that you are specialist but specialist in the special thing all right and that special is your expertise is how to manage businesses any business whether is the business all right of broadcasting entertainment or is in the business of building battle ships and selling them, all right. You specialize in that business of managing any business because there are underlying core principles, isn't it, which are applicable in running organizations whether profit or not for profit organizations. Anyone who disagrees raise your hand then we will debate it. So you are a conductor of an orchestra, you are not a specialist of trombone or cattle rums or clarinet but without you there would be cacophony, that music will not come out. That is your expertise.

You have the insights which are holistic; you understand the interdependence between all these functions which are so diverse and you understand clearly that there is a magic in how to make these diverse functions come together in congruence and deliver outcome which is which is matching your strategy. That is what you are. So now, what did Westinghouse, where they did go wrong? They were the first movers in every field. Why do you say that? Which field were they first movers? Surely they were not first movers in every field. Ya, they pioneered power plants no doubt. It was the, let us hear this for a moment, it was a inability to compete against more focused competitors. More focused competitors. Why why? If you focus more, what is that that you gain? Special knowledge. Special knowledge and that special knowledge helps you to do what? Cost. I was I was waiting for people to say that. As businessmen remember costs are very very important. At all times you should try to be the cost leader. Quality is a given. Without quality you might as well as close your shop, go home. Don't be in business but not quality at any cost. That is what differentiates the the good people you know in the industry from the not so good people, quality at a very acceptable cost and so what happened? The Japanese competition, which came, all right, it wiped out. What's the other learning point about strategy, implementation of strategy, information, it is to do with the information. Is it enough to have information? It is not enough to have information. The first step in the information gain is what to acquire the information, isn't it?

We will nimbly switch back to the Disney case. They wanted some vital information, they recognize it, about compliments and complaints right and they are ten thousand people there in that park. How did they go about collecting that?

What did they rely on? Did they have these managers roaming around everyday in the park, eavesdropping, is there a complainer, compliment? No. Guest reports. They encourage, you know, customers writing and then they had some people who collected those, collated and then gave it to the managers.

What else? They were acquiring information because it is vital. What else? What else? The industrial engineering, what did they do? Right, they continually it was a continual basis. Those those factors which could give customer delight or satisfaction were pinpointed. You don't want long queues, isn't it, to buy a ticket to get into a show in the park? So study that. Are the queues becoming too long? What else? Quality-is there any complaint about quality? As you are going through the dinosaur park, does the vehicle stop because it has run out of oil or fuel? By the way have any, has any of you visited Disney? No, okay. it is quite awesome, I can tell you. I mean you can spend a whole week. it is massive and all right, I won't I won't steal it is thunder. You go and see it for yourself. When you see it you will find it is really awesome and management of that. To be so efficient really really takes a lot of skill.

So, coming back then to information acquiring, acquiring of information and information is infinite. It is also an art and a skill, what is to identify and focus on what is the information, which is most vital to you. So this prioritization has to be done depending on what business you are in. In our case what is the information, which is vital to us, VGSOM? Performance of the students. Performance of the student. Is attendance a vital information? Are we collecting it? Yes yes. All professors are taking it? No. Not all. So may be we are failing there. They take random, then they collate it, isn't it? So coming back to it. First we acquire the information, have you

acquire, having acquired say I get all your attendance and then do nothing about it. Is that going to help you in performing successfully? No. So having acquired the information, you have to analyze it and then next step is? Act on it. Action. Okay. So focusing on core processes and technologies specialization along the core activity redefining ways to create value in core activity.

Westinghouse, the case says that they were three, I am getting disturbed you know, these people talking in the back there. Are you, are you two, what are you talking about? Share it with us. What were you talking about because there is a hum, you know, at the back and it disturbs me? I am sure it disturbs the others too. So please don't do it or I will have to ask you to sit here you know from the next class. Now, so there are some things mentioned which were the key critical factors which made Westinghouse become extinct so to say because finally, in nineteen ninety eight I think they changed their name and became CBS Corporation, okay? So which is a totally different business and the whole character was changed. What are those three examples? Is there any learning point of failure or strategy implementation? Who will tell me point one? Yes? Did you read the case? No. You didn't read the case. Why? No time?

Sir, one is poorly managed organization control system. Poorly managed organization control. Example? All right. Let us say, one case, let us take the nuclear plants. What went wrong there? Yes.

They got into an agreement with separate, say at a lower price, but they are ready to go into an agreement with buying at the lower prices. So the forward contracts in one side they went into high amounts but then when the prices rose they were unable to meet the demands. So why did they do that? I mean everyone knows that that is a. Why did they do that? I mean they were all smart managers there also. What why what happened? They could not predict. Long terms contracts you are taking, any one of us know that there is a risk. I think there was another explanation for it. Lies elsewhere. You think there was a pressure to grow fast, show growth all the time. I think I think I agree with him. Don't you get a feeling that the orientation for performance for managers was a very short-term orientation-rapid growth, rapid expansion that means the bottom line had to show very rapidly. And there is always in every business, there is a struggle between showing a good bottom line in the short run and making investments for long-term sustainability of profits. Any investment you do, it will cut back on your immediate profit. I think it is quite evident to me. Look at the financial sector business. What did they do? To whom did they advance money? Tell me. Who are those people to whom they gave loans? Right. You see, people who could not get loans from others because others thought they were high risk, so they refused the loan, they finally ended up giving loans and their portfolio was eighty five percent of such loans. Obviously where the business plans are too risky, others were not advancing loans, they gave loans. What could be the reason for it? Personal incentive of the management there, of that unit for short term, they want to show short term.

So, if you, if you neglect the long term and take high risk in the short run, all right, you are doomed. This brings it out dramatically the Westinghouse case, more dramatic because it was such a huge reputed organization. It failed. What about the other case, the automation, robotics what happened there? Was it a good product when they bought Unimation? Was it a good product? Products was good. They were selling to good clients? Yes. General Motors, Ford, I

mean this is one industry. The automotive industry is a big buyer of robotics no? And they were selling to big daddy, GM Ford. What went wrong there? Was it really wrong? I refuse to believe Westinghouse has stupid people there. They knew what is the problem. They were thinking of making money even more there. Quite right. What they what were they doing? It was leaking. They were selling oil because it was a proprietary oil with high margins. It must have been the proprietary oil for the robots. They were selling more and more oil; selling away their future for the immediate present gain. These are cultural issues. These are cultural issues. Culture is a very very important component of strategy implementation, to have strategic change. We will come to that after a five minutes break.

Thank you.