

Dear Readers,

The euphoria of POWER OF ONE does not stop at stating the obvious.

More powerful than the powerful idea is the powerful execution. In this issue, Mr. Sharu Rangnekar puts across his views on the actions beyond the hype and hyper activities.

As members of ABC, we not only face the challenge but we are a part of the solution too.

Cheers,

Rajiv Khurana
CMC, FIMC

Editor

One SONG can spark a moment
 One FLOWER can wake the dream
 One TREE can start a forest
 One BIRD can herald spring
 One SMILE begins a friendship
 One HANDCLASP lifts a soul
 One STAR can guide a ship at sea
 One WORD can frame the goal
 One VOTE can change a nation
 One SUNBEAM lights a room
 One CANDLE wipes out darkness
 One LAUGH will conquer gloom
 One STEP must start each journey
 One WORD must start a prayer
 One HOPE will raise our spirits
 One TOUCH can show you care
 One VOICE can speak with wisdom
 One HEART can know what is true
 One LIFE can make a difference
 - Author Unknown

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Crisis of Credibility:

Management Analysis of Anna Hazare Agitation

Managing any situation requires "Power". Power is best defined by Sanskrit phrase : "Kartum, Akartum, Anyatha Kartum Wa" (To do, To undo or To do otherwise). Thirty five hundred years ago Confucius gave the basic sources of power which he called "Guns, Rice and Faith". Translated into management language it means power comes from fear created by possibility of damage, inducement through ability of giving benefit and credibility which gives the affinity amongst those involved. During Anna Hazare Agitation the word "blackmailing" was banded about as a bad word. In fact all means of power involve blackmail by fear, temptation or faith.

Anna Hazare made a significant statement during his agitation that he is not only using Gandhiji, but he also using Shivaji. Gandhiji's approach was to create faith through non-violent agitation. Shivaji's strategy was to use what was called in history as "Ganimi Kawa" (guerilla tactics). It comprised having a force attacking suddenly and moving away before it was dealt with - causing damage without suffering much damage itself. With his Ganimi Kawa attacks, Shivaji created terror in the heart of the mighty Mogul army; once he attacked even the tent of Aurangzeb and cut the summit of his tent. These tactics demoralized the Mogul army and ultimately led to their retreat.



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Anna Hazare used the basic source of power: Faith/Credibility. Everybody was talking against corruption but most political party leaders were suspected of being corrupt themselves and hence did not have credibility. Anna Hazare used this to his advantage. His agitation for the last twenty years did not generate any assets for himself. He did not have even his own house and stayed in a temple. This created a high credibility for him.



Government on the other hand tried to fight this credibility by using force. Force or temptations tend to have a rebound effect. The Government steps to imprison Anna Hazare and harass “Team Anna” had this rebound effect. Government tactics did work in Baba Ramdev case because Baba Ramdev having accumulated thousands of crores of rupees did not have credibility in the eyes of the common man - only his loyal followers believed him. Anna did not create any such followers. He encouraged people to wear a cap saying “I am Anna Hazare”. This created a sense of identity which is the source of highest motivation. Consequently the tactics that worked in the case of Baba Ramdev had an opposite effect when used against Anna Hazare. As somebody put it, these were instrumental in recruiting followers for Anna Hazare. He insisted on non-violence causing no damage to any public or private property. This increased his credibility. The Government had no antidote for this and even now is in confusion as how to deal with this situation.

Historically we had experience of similar agitation in 1930’s by Gandhiji and 1974 by Jayprakash Narayan. Gandhiji’s agitation along with the economic and political upheavals of the Second World War forced all colonial nations to give up their colonies and Gandhiji was considered the father of our independence.

In the case of Jayprakash Narayan, the agitation led to a change of regime and the opposition came into power under the banner of “Janata Party”. However, the credibility can be lost faster than it can be acquired and the Janata Party lost its credibility due to internal strife. As put by M.J.Akbar:

Barbad chaman ko karne ko
Ek hi ullu kafi hai
Har shakh pe ullu baithe ho
Anjam-e-Gulistan kya hoga

To ruin a garden
One owl is sufficient
When every tree has a owl on it -
What can be the state of garden !

The internal strife diminished the credibility of Janata Party and brought back Mrs.Indira Gandhi into power.

The government is trying to create internal strife in Team Anna and in the opposite parties which are backing Anna Hazare. Only if the government is successful in breaking the group through the internal strife it has a chance to reduce the credibility of Anna Hazare and rebuild its own credibility.





The government is losing credibility for the following reasons:

- Cases of government ministers and bureaucrats involved in corruption,
- Weak and delayed efforts to deal with corruption cases,
- Increase in consumer prices: The rising prices are affecting people more directly and daily – even more than corruption.
- Delay in taking steps (even when government committees have recommended these steps) to curb terrorism – including naxalite activities.



The steps to improve government's credibility are:

- Leadership which is relatively free from the stigma of corruption.
- Visible efforts to curb corruption and recovery of black money
- Control on rising prices.
- Integrated nation-wide efforts to deal with terrorism.

The traditional strategies using affinity groups of caste, community, language, religion, state etc., to create vote-banks might not prove effective in the onslaught of the Anna Hazare type of agitation. Concrete and visible demonstration of steps taken to improve the situation will be the only way the agitation can be countered.

Particularly in the next step, Anna is likely to use the Shivaji Strategy. He will get people to gherao each of the Loksabha member to ensure voting for Anna version of the bill. It will be again called coercion and blackmailing, but as long as the "aam public" is behind it, it will succeed. Anna cannot be countered by force or inducements – because this is a battle for credibility.



Facilitators We Dread

We have all been to workshops or meetings run by poor facilitators. But some facilitators can drive us nuts. When you encounter one of the bad facilitator types listed below, you know you are in for a long day.

The Drill Sergeant—The facilitator who is rigidly stuck on the agenda and puts the clock above content

The Guardian—The facilitator who makes certain that all conversation goes through him or her and not from participant to participant

The Know-it-all —The facilitator who always has the answer. The know-it-all can't say "I don't know."

The Ice Cube—The distant and aloof facilitator who is unwilling to personalize the experience

The Blabber—The facilitator who loves the sound of his or her own voice.

The Pretender—The facilitator who doesn't ask real questions but only "pretense questions" that are really designed to give the facilitator an excuse to pontificate.

The "I Can't Hear You" Guy—The facilitator who refuses to listen.

The Marathon Man—The facilitator who piles activities on top of one another, doesn't allow for breaks, and ignores the need for groups to reflect on a topic or idea

The Parrot—The facilitator who relentlessly recaps information, restates ideas, and summarizes the obvious

The Molasses Man—The facilitator who is painfully slow and doesn't have a feel for pacing, variety, or style

The Passenger—The facilitator who lets people talk too long and gives up the reins of facilitation,

The Storyteller—The facilitator who tells far too many cutesy stories and never really gets to the content.

The Centerpiece—The facilitator who makes himself or herself the real content of the workshop

The Tunnel Driver—The facilitator who keeps doing the same thing hour after hour



Financial Analysis: A short note on the tools and techniques

Financial Analysis is defined as being a process of identifying financial strength and weakness of a business by establishing relationship between the elements of the balance sheet and the income statement. The information pertaining to the financial statements is of great importance through which interpretation and analysis is made. It is through the process of financial analysis that the key performance indicators, such as, liquidity solvency, profitability as well as the efficiency of operations of a business entity may be known, while short term and long term prospects of the business may be evaluated. Thus, identifying the weakness, the intent is to arrive at recommendations as well as forecasts for the future of a business entity.

Financial analysis focuses on the financial statements as they are a disclosure of a financial performance of a business entity. "A *Financial Statement is an organized collection of data according to logical and consistent accounting procedures. Its purpose is to convey an understanding of some financial aspects of a business firm. It may show assets position at a moment of time as in the case of balance sheet, or may reveal a series of activities over a given period of times, as in the case of an income statement.*" Since there is recurring need to evaluate the past performance, present financial position and the position of liquidity and to assist in forecasting the future prospective of the organization, various financial statements are to be examined in order that the forecast on the earnings may be made and the progress of the company be ascertained.

The financial statements are: The income statement, balance sheet, statement of earnings, statement of changes in financial position and the cash flow statement. The income statement, having been termed as profit and loss account is the most useful financial statement to enlighten what has happened to the business between the specified time intervals while showing, revenues, expenses gains and losses. Balance sheet is a statement which shows the financial position of a business at certain point of time. The distinction between income statement and the balance sheet is that the former is for a period and the latter indicates the financial position on a particular date. However, on the basis of financial statements, the objective of financial analysis is to draw information to facilitate decision making, to evaluate the strength and the weakness of a business, to determine the earning capacity, to provide insights on liquidity, solvency and profitability and to decide the future prospects of a business entity.



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There are various types of Financial analysis. They are briefly mentioned herein:

External analysis: The external analysis is done on the basis of published financial statements by those who do not have access to the accounting information, such as, stock holders, banks, creditors, and the general public. **Internal Analysis:** This type of analysis is done by the finance and accounting department. The objective of such analysis is to provide the information to the top management, while assisting in the decision making process. **Short term Analysis:** It is concerned with the working capital analysis. It involves the analysis of both current assets and current liabilities so that the cash position (liquidity) may be determined. **Horizontal Analysis:** The comparative financial statements are an example of horizontal analysis as it involves analysis of financial statements for a number of years. Horizontal analysis is also regarded as Dynamic Analysis. **Vertical Analysis:** it is performed when financial ratios are to be calculated for one year only. It is also called as static analysis.

An assortment of techniques is employed in analyzing financial statements. They are: Comparative Financial Statements, statement of changes in working capital, common size balance sheets and income statements, trend analysis and ratio analysis.

Comparative Financial Statements: It is an important method of analysis which is used to make comparison between two financial statements. Being a technique of horizontal analysis and applicable to both financial statements, income statement and balance sheet, it provides meaningful information when compared to the similar data of prior periods. The comparative statement of income statements enables to review the operational performance and to draw conclusions, whereas the balance sheets, presenting a change in the financial position during the period, show the effects of operations on the assets and liabilities. Thus, the absolute change from one period to another may be determined.

Statement of Changes in Working Capital: The objective of such analysis is to extract the information relating to working capital. The amount of net working capital is determined by deducting the total of current liabilities from the total of current assets. The statement of changes in working capital provides the information in relation to working capital between two financial periods.

Common Size Statements: The figures of financial statements are converted to percentages. It is performed by taking the total balance sheet as 100. The balance sheet items are expressed as the ratio of each asset to total assets and the ratio of each liability to total liabilities. Thus, it shows the relation of each component to the whole - Hence, the name common size.

Trend Analysis: It is an important tool of horizontal analysis. Under this analysis, ratios of different items of the financial statements for various periods are calculated and the comparison is made accordingly. The analysis over the prior years indicates the trend or direction. Trend analysis is a useful tool to know whether the financial health of a business entity is improving in the course of time or it is deteriorating. .

Ratio Analysis: The most popular way to analyze the financial statements is computing ratios. It is an important and widely used tool of analysis of financial statements. While developing a meaningful relationship between the individual items or group of items of balance sheets and income statements, it highlights the key performance indicators, such as, liquidity, solvency and profitability of a business entity. The tool of ratio analysis performs in a way that it makes the process of comprehension of financial statements simpler, at the same time, it reveals a lot about the changes in the financial condition of a business entity.

Last but not least, financial analysis is a continuous process being applicable to every business to evaluate its past performance and current financial position. It is useful in various situations to provide managers the information that is needed for critical decisions. The process of financial analysis provides the information about the ability of a business entity to earn income while sustaining both short term and long term growth.

I am building a prospect pipeline with a contact application and have prepared for a series of networking events to attend to kick off my initial contacts. Other than capturing the names and relevant information from people I met and consider potential leads, what else do I need?

You are off to a good start. Capturing leads in a formal way, whether it is on a sheet of paper or in a software contact manager on your smartphone, is essential to managing a prospect pipeline. A box of scraps of paper and business cards as a strategy for getting clients is looking for trouble. Let's not get into how the contacts make it into your list, but the critical next step after first contact: the follow up call. Following up means doing it before the memory fades (yours and theirs) and doing it in a way that leads to a higher probability of a good business relationship. Once you have identified a person who is marginally qualified, you should follow up to set a time to discuss a mutual business relationship. This is your chance to decide whether and how you commit valuable time to pursue the relationship or you will drop them in the "cool" (as in not worth pursuing right now) contact list.

Tips for Consultants

ICMCI

The International Council of Management Consulting Institutes is the global association of national management consulting institutes from around the world. These national institutes administer, in accordance with world class standards, the international "CMC" certification [Certified Management Consultant](#) earned by individual professional management consultants.

More details: icmci.org

IMCI

The Institute of Management Consultants of India (IMCI) is the apex body of management consulting professionals, being the only registered institute of established management consultancy firms and practicing individuals in the country.

Constituted in 1991, IMCI was formerly known as the Management Consultants' Association of India (MCAI), which was founded in 1963.

In 1989, IMCI became the first Asian organisation to be accepted for membership of the International Council of Management Consulting Institutes (ICMCI), the global apex body of Management Consulting Institutes. ICMCI has 46 member countries in the world.

The Executive Secretariat of IMCI is located in Mumbai. The Institute has regional Chapters in Ahmedabad, Bangalore, Calcutta, Chennai (Madras), Delhi, Hyderabad, Mumbai (Bombay) and Pune.

CMC Designation

IMCI endeavors to raise the standards of management consulting by awarding Certified Management Consultant (CMC) designation to individual members who have passed a qualifying examination and have met the profession's standards of competence and ethics. The CMC designation implies international recognition to worldwide standards.

More details: imcindia.co.in

Code of Professional Conduct for IMCI members



Minimum Guidelines

Confidentiality

A member will treat client information as confidential and will not take personal advantage of privileged information gathered during an assignment, or enable others to do so.

Unrealistic Expectations

A member will refrain from encouraging unrealistic expectations or promising clients that benefits are certain from specific consulting services.

Commissions / Financial Interests

A member will neither accept commissions, remuneration or other benefits from a third party in connection with recommendations to a client without the client's knowledge and consent, nor fail to disclose any financial interest in goods or services which form part of such recommendations.

Assignments

A member will only accept assignments for which the member has the skill and knowledge to perform.

Conflicting Assignments

A member will avoid acting simultaneously (in potentially conflicting situations) without informing all parties in advance that this is intended.

Conferring with Clients

A member will ensure that before accepting any engagement, a mutual understanding of the objectives, scope, work plan and fee arrangements is established and any personal, financial or other interests which might influence the conduct of the work are disclosed.

Recruiting

A member will refrain from inviting an employee of a client to consider alternate employment without prior discussion with the client.

Approach

A member will maintain a fully professional approach in all dealings with clients, the general public and fellow members.

Code of Professional Conduct

A member will ensure that other management consultants carrying out work on the member's behalf are conversant with and abide by the Code of Professional Conduct.

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Imagine

You are asked, "How does a consultant practice ethics?"
How would you respond?

We await your ideas,
suggestions,
contribution,
support ...

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**FEED
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Alag Tewar,
Alag Flavour