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The Ford Model T celebrates its centenary (1908-2008)...



If there was one revolutionary development that defined the Industrial Age, it was, without a doubt, the Ford Model T. Introduced in 1908 for \$ 825, it changed forever the lifestyle of Americans and indeed, the world. Consider these facts:

- In 1903, just five years before the Model T was introduced, there were just 144 miles of paved road in the entire United States.
- Before the Model T, most people in the US never travelled more than 20 miles from home in their entire lifetime.

At the centenary celebrations, Bill Ford aptly stated:

'The Model T was an affordable vehicle which brought freedom to live where you wanted, freedom to work where you wanted and freedom to vacation and play where you wanted.'

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Subordinates relentlessly copy bosses' mannerisms **By D. Murali, *The Hindu***

Visualise this: The top executives of Microsoft Corp. are in a meeting and Bill Gates is talking. "As he grows intense he starts rocking and bobbing back and forth in his chair, the rocking and bobbing speeding up as he continues. Seated around him, several of his lieutenants soon are rocking and bobbing. Gates periodically pushes his glasses up on his nose; his associates push their glasses up."

Amusing stuff, but this is a snatch from *Harvard Business Review* that Anna Rowley cites in 'Leadership Therapy' (www.landmarkonthenet.com). Subordinates relentlessly copy their bosses' mannerisms, gestures, and ways of speaking, she adds.

With the benefit of her experience as 'consulting psychologist to Microsoft for over a decade' the author goes 'inside the mind' of the company to offer 'solutions to the top problems managers face'.

After the logging out by the iconic Gates, the new boss, Steve Ballmer has a whole lot of problems to be busy with, and I wonder if mimicking by subordinates may appeal to him. In all probability, he may work the way our netas do, with a penchant for slogans.

"At the 2000 Microsoft annual briefing he used narrative to get a crowd of over 30,000 demoralised employees to chant 'Ali Bomaye, Ali Bomaye,' the same chant that helped carry Muhammad Ali to one of his most famous victories, winning the World Heavyweight Championship against George Foreman," recounts Rowley.

At that time, Microsoft was on the ropes, she reminisces. "The Department of Justice was investigating whether the company had abused its monopoly power, and many employees feared the company would be broken up. Anxiety at the company was high..."

What did Ballmer do at the dank auditorium, then? He showed 'clips of the landmark fight in which Ali conquered his greatest nemesis' and used the story to share his belief in what Microsoft was capable of: 'courage, inspiration, commitment, daring.' Employees left the meeting charged with a sense of invincibility, narrates Rowley. "From then on, 'Ali Bomaye' became the equivalent of a secret handshake. It's clear that after this meeting you would have been hard-pressed to find a single employee who wasn't giving 110 per cent to their job, and smiling about it."

Wikipedia has a page titled 'The Rumble in the Jungle,' in which you can know more about the phrase, thus: "Ali was a very endearing figure to the people of Zaire, and his mind games played out well, turning the Congolese people in his favour and against Foreman. A popular chant of theirs leading up to, and during the fight was 'Ali bomaye!', which means 'Ali, kill him!'" Eerie, isn't it, that software staff required such hard messages.

Going back to the Gates part of the tale, Rowley informs that Billspeak pervades the organisation; his syntax has become part of the normal Microsoft vocabulary. "People don't think, they 'cycle'; going deep on a subject is 'drilling down'; being analytical is 'being granular'; being concise is 'netting it out'; and 'brainstorming' is 'riffing on an idea.'"

This type of contagion, she says, is healthy as it provides employees with a sense of identity and belonging. "There are, however, situations where this contagion can be damaging," reads a meek note of caution, which may all the more be relevant in the post-Gates era at the Redmond colossus.

FOOD FOR THOUGHT

"I don't know the key to success, but the key to failure is trying to please everybody."
- *Bill Cosby*

"The man who doesn't read good books has no advantage over the man who can't read."
- *Mark Twain*

"There is no pleasure in having nothing to do; the fun is having lots to do and not doing it."
- *John Raper*

It's buyback time

By Vijay Gurav, *The Economic Times*

Companies like Reliance Infrastructure, Mastek and Great Offshore have used buyback route, taking advantage of falling valuations.

Does it make sense buying back shares in a bad market? Ask this to companies currently implementing their buyback programmes and you would definitely get an affirmative answer. Companies like Reliance Infrastructure (formerly Reliance Energy), Mastek and Great Offshore have successfully used the buy back route to take advantage of falling valuations on the Indian bourses. A few other relatively medium and small-sized companies, including Patni Computer, SRF and Goldiam International, have also been buying shares in the open market. These six companies are estimated to have bought back shares worth Rs 820 crore, or 66% of the combined size of their offers, over the past four months. They have been successfully implementing buyback programmes despite the fact that investor confidence is shaken badly because of extremely negative global and domestic cues.

Leading the pack, Reliance Infrastructure is estimated to have bought back shares worth nearly Rs 700 crore against the buyback size of Rs 800 crore in just four months of the opening of the offer. Mastek and Great Offshore bought back shares worth Rs 63 crore and Rs 50 crore, against their respective offer sizes of Rs 65 crore and Rs 55 crore. While a few others such as Patni Computer and SRF have just begun their programmes, analysts expect more companies to join the buyback bandwagon, given several advantages of buying back shares in a bearish market.

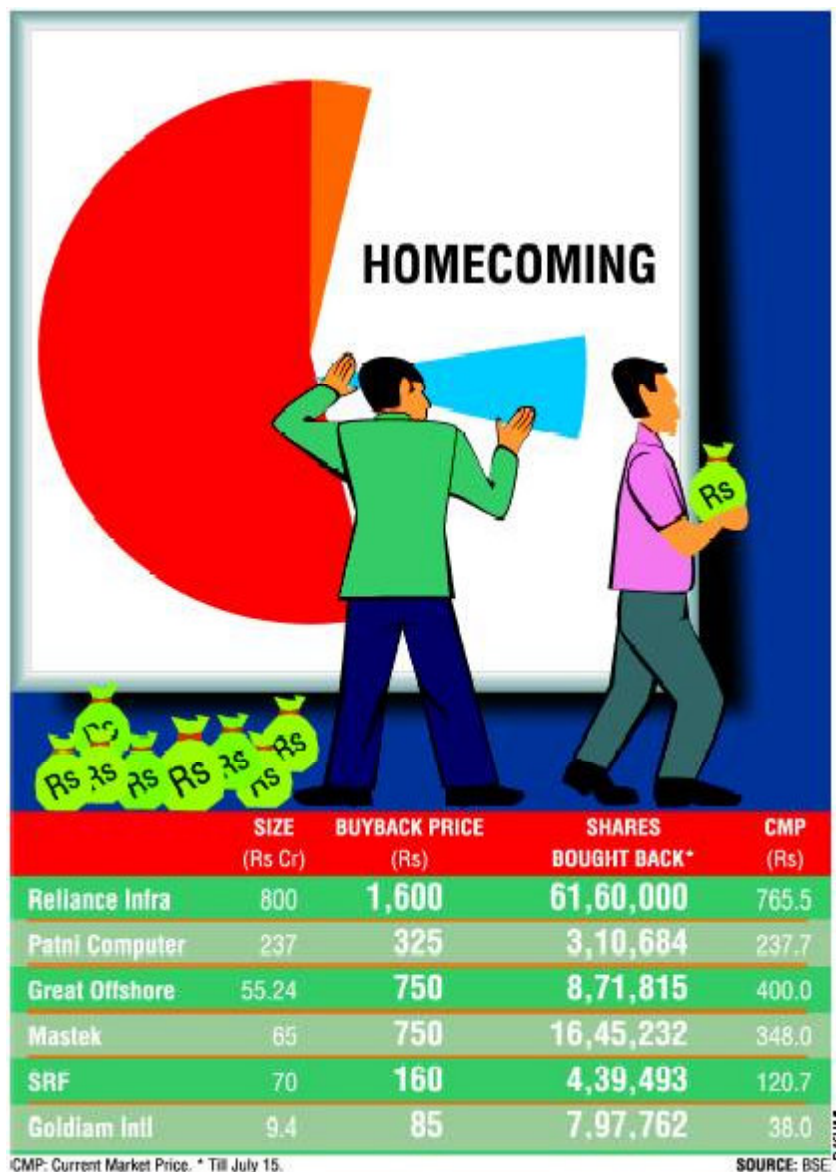
“Buyback of shares helps promoters hike their holdings at company’s expenses” said Prithvi Haldea, managing director, Prime Database, a Delhi-based research firm. “It leads to improvement in earnings per share (EPS) as the equity is reduced to the extent of shares bought back. Buyback also helps keep investor morale high as it shows that the concerned company is financially sound and has enough cash to buy its own shares,” he added.

While corporates are trying to benefit from the current weak market, investors may not have gained much out of buyback offers, say analysts. Even though the offers from the six companies were at a premium to the prevailing market prices, the fact remains that their respective shares have not witnessed any major uptrend during the buyback period, thus benefiting the companies and not investors, feel analysts.

For instance, Reliance Infrastructure has bought back a total of 61,60,000 shares through open market purchases on 23 days between March 25 and July 2, 2008. Assuming that the purchases have been made at a closing price on those days, the company is estimated to have paid Rs 689 crore to buy these shares. The average acquisition price works out to around Rs 1,200 against the buyback price of Rs 1,600 per share, which is again much lower than the peak of Rs 2,631.7 recorded on January 10, '08.

The BSE statistics shows that Reliance Infrastructure bought 16 lakh shares on June 24, June 30 and July 2 when the market price was significantly lower at Rs 911, Rs 784.8 and Rs 790.5 respectively.

IT company Mastek, whose offer opened on May 20 '08, has purchased a total of 16,52,532 shares till July 15. Based on daily closing prices during this period, the value of shares amounted to Rs 63 crore. The daily average market price works out to Rs 385.8 against the buyback price of Rs 750 per share.



Centenary of Ford Model T

The West Australian, October 3, 2008

Ford's iconic Model T was built for the common man and began to transform the American landscape soon after it first rolled out of a Detroit factory 100 years ago this week. It wasn't the first car aimed at the masses, but it was the first to succeed in getting average Americans to look past horses and trolleys to the freedom of the open road.

The Model T changed more than just the layout of American cities, as more mobile workers moved out of crowded tenements into spacious suburban homes.

Henry Ford's moving assembly line revolutionised manufacturing and his decision to double the wages of factory workers set a new standard that helped swell the ranks of the middle class. It all started with a lightweight frame and a flexible suspension system which allowed the Model T to offer more power for less money and a smoother ride on the country's rut-filled dirt roads.

"The Model T moved the car from being a toy to being a useful tool," said Robert Casey, curator of transportation at The Henry Ford Museum.

"Another car could have done it if somebody else had come along with the idea of a car that was not only inexpensive but had the capabilities the Model T had," said Casey, who authored a book on the history of the Model T.

"Ford was just the first guy to put it all together."

Expensive, hard to drive, and unreliable, the early automobiles were essentially the playthings of the rich.

The Model T's low price and easy handling made it an instant winner when it hit the market on October 1, 1908. Ford temporarily halted sales in May of 1909 because every vehicle scheduled for production through July had been sold. But Henry Ford was not satisfied: he was obsessed with finding ways to cut costs and improve productivity.

The first Model T sold for \$US825 (\$A990). By 1925, it cost only \$US260 (\$A310). Ford managed this by streamlining his assembly process, using fully interchangeable parts, efficiently handling materials and building his parts in-house.

By 1913 he had implemented a moving assembly line at his hulking factory in Highland Park, Michigan that cut the time it took to build a single chassis from 14 hours to just 1.5 hours.

While this groundbreaking technique allowed Ford to rapidly expand production, it presented him with a major turnover problem. The assembly line was exhausting and repetitive work that turned people into machines. Workers quit so often that Ford had to

hire 963 men in 1913 in order to expand the workforce by 100, Casey wrote in The Model T.

"What they finally found worked was just pay people a whole lot more and make this new kind of work which was relentless and tiring rewarding in another way," Casey said in a telephone interview.

In January 1914 Ford found a solution: he more than doubled the wages of plant employee, offering them a five-dollar, eight-hour day.

"The other auto makers realised they'd have to adopt some of these methods," Casey said. "They also had to adopt Ford's pay scales."

Wages soon rose at plants across the country and Ford was able to create a new market for his automobile as unskilled labourers finally earned enough to buy them. Ford further expanded his customer base by establishing factories in Europe, Asia and Latin America, and by 1921 the Model T accounted for almost 57 per cent of the world's automobile production.

"It maintained its dominance because it was always the cheapest car and there's a certain momentum after a while: everybody owns a Ford so why would you own another car," Casey said.

The Model T was eventually replaced with the Model A in 1927 after more than 15 million had been sold. It held onto the title of best-selling car until 1972 when it was supplanted by the Volkswagen Bug.

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