

CAROCP MARKET WATCH

(A Monthly Trends & Forecasting Report)
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EQ AND IQ

From American Express to Avon, businesses have begun to embrace the concept of emotional intelligence (EQ), which the Harvard Business Review calls the key to professional success. There is now a considerable body of research suggesting that a person's ability to perceive, identify and manage emotion provides the basis for the kind of social and emotional competencies that are important for success in almost any job. According to author, Daniel Goldman, we are being judged by a new yardstick: not just how smart we are, or by our training and expertise, but also how well we handle ourselves and each other. [On the QT Newsletter](#), Issue 41, March 30, 2005

TECHNICIANS IN HIGH GEAR

This is not your father's mechanic. Instead of popping the hood and grabbing a wrench, today's auto techs peer at a computer screen and read codes that offer clues to an automobile's ailments. For the ability to understand computers, electronics, and cars, top-notch auto technicians are paid handsomely. A lead technician at Irvine BMW earned \$140,000 last year to make sick BMWs tick. According to the Department of Labor, the industry is expected to add 31,900 jobs annually through 2012. [The Orange County Register](#), April 25, 2005

GATES VS. GOOGLE

Google isn't just a hugely successful search engine; it has morphed into a software company and is emerging as a major threat to Microsoft's dominance. You can use Google software with any Internet browser to search the web and your desktop for just about anything; send and store up to two gigabytes of e-mail; manage, edit, and send digital photographs using Google's Picasa software, easily the best PC photo software out there and through Google's Blogger, create, post online, and print formatted documents—all without applications from Microsoft.

Just how big is Microsoft's Google problem? First, a reality check: Microsoft, with nearly \$40 billion in revenues, is ten times the size of Google. But four years have passed since Microsoft released a piece of software that generated the kind of buzz Google seems to generate every month. For years Microsoft has prided itself on having the smartest employees on the planet. Now many of those overachievers feel as though they've gotten their first B. Google, not Microsoft, is the hot place to work for young engineers. Every month it seems as if Google hires away one of Microsoft's top developers. Since March, Microsoft has lost roughly 100 employees to Google. [Fortune](#), May 9, 2005

ORGANIZED CRIME ONLINE

Recent investigation of online identity-theft rings show a disturbing pattern emerging. Large groups of criminals are banding together to steal financial data from individuals, and then trading or selling that data on underground Internet sites. U.S. agents recently shut down a Web site with some 4000 members that served as the backbone of a criminal organization that traded at least 1.5 million stolen credit card numbers and caused losses in excess of \$4 million.

Members stole banking and other personal information by sending fake e-mails and using other hacker methods. They logged on to the organization's Web site and posted stolen card numbers, counterfeit drivers' licenses, passports and Social Security cards. Members bought and sold information using registration and checkout features similar to mainstream online shopping sites. [The Wall Street Journal](#), April 7, 2005

BANKING WITH A BIG GULP

7-Eleven may be best known as the place to buy a Slurpee, pick up a gallon of milk, or grab coffee and a doughnut. But the company also sells \$4.5 billion worth of money orders each year; and, after Wal-Mart, is the second largest retailer of prepaid telecom products, such as phone cards and prepaid phones. Over the past several years, 7-Eleven has been experimenting with a host of other financial services from cashing payroll checks to paying utility bills. Now 7-Eleven is offering a one-stop destination for existing and new customers.

The one-stop destination is centered on a machine called Vcom, which is short for "virtual commerce." The Vcom looks like a souped-up ATM and is now in more than 1,000 of the company's 5300 domestic stores. The target customers are the "unbanked," the estimated 10 percent of the U.S. population who don't have a bank account and who use cash or money orders to pay their bills and the "underbanked," those who use banking accounts only for savings. Signing up is easy—it only takes an ID, Social Security card, and personal information—and is done right at the machine via a phone. [U.S. News and World Report](#), April 25, 2005

HOURGLASS OR RECTANGLE?

Most apparel manufacturers and retailers size clothes arbitrarily, often as a competitive tool and it is virtually impossible to get everybody on the same page. A size 8 for one manufacturer could be a size 6 or 10 for another. It's probably the most complex, relevant issue in the apparel industry today. Apparel industry standards are geared to women with an hourglass figure, yet most women have a figure that is closer to a rectangle.

A Pennsylvania company called Intellifit Corp. is peddling a machine that offers one possible solution to the arbitrary sizing. Their machine uses radio waves to scan a woman's shape, calculate measurements and identify styles best suited to her body. The scanner will make its California debut this week at the Levi's store in Santa Monica. [The Los Angeles Times](#), May 1, 2005

“WHO’S IN CHARGE?”

Semco, a Brazilian company founded in 1952, originally specialized in manufacturing marine pumps. Today it makes industrial machinery, runs office buildings’ data centers, provides consulting services on environmental issues, creates software for Internet applications and manages human resources activities for major companies. Although these operations are vastly different, they have three things in common. They’re complex enough to discourage new competitors; their quality and price are on the high end; and they occupy a unique niche in their markets.

This concept has proven successful for Ricardo Semler, whose management style is a little different. Semco has no job titles, no organizational charts and no headquarters. If you need an office, you go online and reserve space at one of the few satellite offices. Semler claims that if you don’t know where your people are, you can’t possibly keep an eye on them. All that’s left to judge is performance.

Employee compensation is tied directly to the company’s profits so there is enormous peer pressure to keep budgets inline. Many workers set their own schedules and their own salaries and all of the salary information is public. Not long ago, union members argued that their pay increase was too high and would hurt profitability. Associates must reapply for their jobs every six months. Workers choose their managers and evaluate them twice per year. The results are publicly posted. Meetings are voluntary; if no one shows up, it means that the topic to be discussed must be untimely or unimportant.

Semler, who has no title, has built a reputation for encouraging people to ask “Why?” The company has a policy of no policies, only a 21 page “Survival Manual” filled with cartoons and brief declarations designed to help assimilate people into its culture. Here are two examples:

- Organizational Chart: Semco doesn’t use a formal organizational chart. Only the respect of the led creates a leader.
- Clothing and Appearance: Neither has any importance at Semco; a person’s appearance is not a factor in hiring or promotion. Wear only your common sense.

Does Semler’s philosophy work? Over the last decade, the company’s sales increased by 600 percent and profitability by 500 percent. Semco has had less than 1 percent turnover among its 3,000 employees in the last six years. When no one’s in charge, everyone is responsible—for acting in the team’s best interest, for providing the kind of product and service experience that customers demand, and for growing the business. [AdvantEdge](#), March/April, 2005

SMALL BUT GOOD NEWS IN MANUFACTURING

Los Angeles (No.1), Orange County (No. 8) and San Jose (No. 10) rank among the nation's top manufacturing centers in the nation. Fueling much of the growth in Orange County are defense contracts. The jobs have a trickle down effect. For every aerospace hire, roughly two support jobs are created. In February, Orange County added 2300 jobs, up 1.3 percent. Job growth in Los Angeles County dropped 2 percent, increased .8 percent in Oakland, increased .4 percent in San Jose and increased 1.1 percent in the Riverside-San Bernardino area. [The Orange County Register](#), April 5, 2005

HOME IMPROVEMENT 2005

Handyman services are going national. Several nationwide companies have networks of independent contractors who can be contacted by phone or e-mail. Services range from plumbing and electrical to hanging a heavy mirror. Three of the largest include Case Handyman Services, 800-426-9434, www.casehandyman.com; House Doctors Handyman Service, 888-468-7336, www.housedoctors.com; and Service Master, 888-937-3783, www.servicemasters.com. [Bottom Line Personal](#), May 1, 2005

ESCAPE THE CULTURE OF COMPLAINT

The feeling of entitlement—the idea that we are entitled to things—a job, financial security, opportunities for achievement, is so prevalent in our culture today. This attitude has led to the culture of complaint, a chronic sense of dissatisfaction that focuses on other people or society as the cause of one's problems. It is estimated that we spend a minimum of 25 percent of our time either listening to or participating in the “culture of complaint.”

How do you combat this problem? Develop an entrepreneurial attitude. Entrepreneurs are value creators. Ask yourself, “How can I create value?” If we eliminate or significantly reduce the percentage of time spent complaining, imagine what this would mean for our productivity! [AdvantEdge](#), March/April, 2005

THE BEST ADVICE I EVER GOT

Howard Schultz, Chairman of Starbucks

“Leave your ego at the door and recognize the skills and traits you don't possess, and hire people who have them. This was harder than it sounds, because I wanted to build a different kind of company—a company that had a conscience. So it wasn't only that I needed people with skills and discipline and business acumen that complemented my own qualities, but most important, I needed to attract and retain people with like-minded values. What tied us together was not our respective disciplines, and it was not chasing an exit strategy driven by money. What tied us together was the dream of building a company that would achieve the fragile balance of profitability, shareholder value, a sense of benevolence, and a social conscience.” [Fortune](#), March 21, 2005

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