



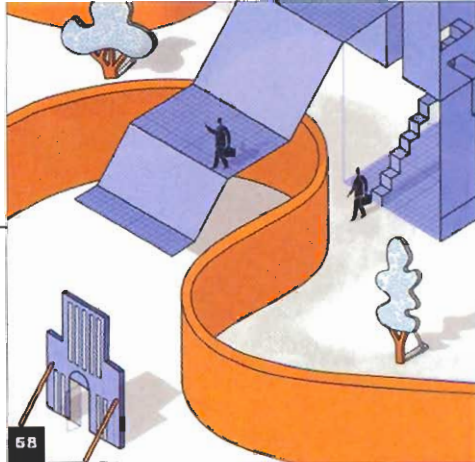
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## Features

### 58 Managing Differences: The Central Challenge of Global Strategy

Pankaj Ghemawat

To build competitive advantage, executives need to manage the differences that arise at the borders of markets. Three types of strategy are at their disposal: adaptation, aggregation, and arbitrage. The trick is figuring out when to use which ones.



**HBR**  
Spotlight

### How to Manage the Most Talented

#### 70 Introduction

### 72 Leading Clever People

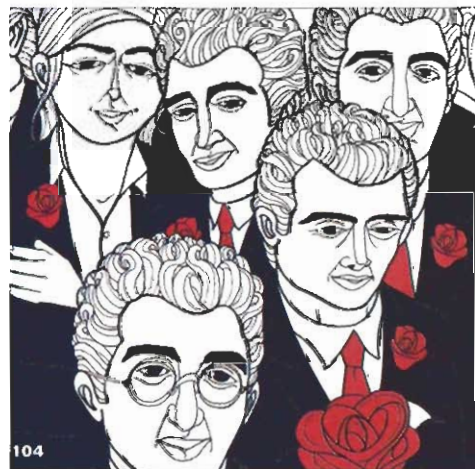
Rob Goffee and Gareth Jones

It's not quite as bad as herding cats, but attracting and retaining the smart, creative people on whom your organization depends can be a challenge—especially because they don't like to be led. Approaching them as a benevolent guardian rather than as a traditional leader will improve your odds of success.

### 80 Crisis at the Summit

George D. Parsons and Richard T. Pascale

Some superstars thrive on the adrenaline rush of mastering a challenge. Once they're at the top of their game, however, the rush disappears, and a dangerous affliction can set in. If they don't recognize the early warning signs, these talented performers may derail what should be a brilliant career.



### 94 Competitive Advantage on a Warming Planet

Jonathan Lash and Fred Wellington

Whatever business you're in, your company will increasingly feel the effects of climate change. Firms that manage and mitigate their exposure to the associated risks while seeking new opportunities for profit will gain a competitive advantage over rivals in a carbon-constrained future.

### 104 What It Means to Work Here

Tamara J. Erickson and Lynda Gratton

You won't find—and keep—deeply engaged employees by aping your rivals' talent-management practices. Potential hires need to know what's unique about your company. By creating "signature experiences" that convey your firm's values and heritage, you can attract the people who are most likely to be productive for the long term.



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#### Making a Difference

This issue is all about the **discriminations and moves that good leaders make. Success comes to those who tack tirelessly in the face of adversity, who exploit every puff in the doldrums, who seize the chance for a long run downwind.**

### 20 FORETHOUGHT

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A worldwide gauge of happiness...Keep customers'—not just retailers'—shelves full...Build B2B brands...Innovation capitalists can lower your R&D risk...How unknown brands can get consumers' attention...Novartis bets on China as the next global scientific power...A better way to cut back-office costs...Lousy service leads to lower stock prices.

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#### Good Money After Bad?

John W. Mullins

Jack Brandon is a committed entrepreneur with a sound proprietary technology but not much marketing expertise. Should his VC backers put more money into a second product when he hasn't succeeded in selling the first? With commentary by Ivan Farneti, Fred Hassan, Robert M. Johnson, and Christoph Zott.

### 51 DIFFERENT VOICE

#### The Ethical Mind

A Conversation with Psychologist

Howard Gardner

Leaders have earned their reputation as ethical miscreants—a huge cost to public trust and organizational health. It's time to take a look in the mirror and step up to the ethical plate. Here's how.

### 90 STRATEGIC HUMOR

### 115 TOOL KIT

#### Maximizing Your Return on People

Laurie Bassi and Daniel McMurrer  
An innovative tool can measure how effectively your company manages human capital and, unlike current HR metrics, can predict organizational performance. Use this new survey to find out where your company stands. Are you maximizing your return on people?

### 125 FIRST PERSON

#### Realizing What You're Made Of

Glenn E. Manguian  
If you hit rock bottom, would you recover? Here's the story of an executive who did—and learned volumes about resilience and leadership in the process.

### 136 LETTERS TO THE EDITOR

Readers caution against overemphasizing cultural differences within teams and dehumanizing employees and customers by treating them like tools or overwhelming them with technical language.

### 140 EXECUTIVE SUMMARIES

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#### Who's Next?

Don Moyer

Why do 40% of new CEOs fail in their first 18 months? It may be because of how they are chosen.

