

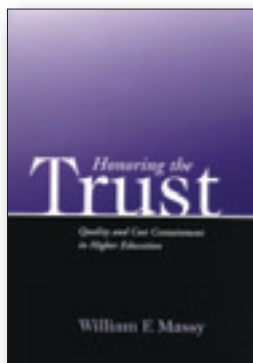
# Bookshelf

## How to Fix Education

Many people believe that America's institutions of higher learning are in trouble, and William F. Massy states the situation plainly in *Honoring the Trust*: "The public trust in colleges and universities has eroded significantly in recent years and will continue to do so unless considerable reforms are taken....Improvements in quality and cost containment are required not only for the well being of individual institutions, but more importantly, to honor the trust placed in academe by the broader society."

You'd expect any book that opens so bluntly to be equally outspoken about the problems and the potential solutions facing today's schools, and you'd be right. Massy goes on to explore the various crises facing colleges and universities: the broader student base that attends school today, though its needs aren't always being served; the tension between research and teaching; the increasingly market-driven nature of education; the technological advances that have changed the way education is delivered and the way schools compete. Massy doesn't stop with pointing out the problems. He also offers his thoughts about what "academic leaders and board members can do to rebuild their institution's core competency in education."

In between, Massy takes a sharp, focused look at how American schools operate today. He discusses the differences between schools that are prestige-based, prestige-seeking, and reputation-based; examines the conflicting imperatives of academic



excellence and market responsiveness; and delves into the controversial topic of cross-subsidies designed to keep less profitable programs afloat and pay for unfunded research. Through it all, he examines how money is raised and how money is used—and what better methods might be used for both. Meticulously detailed and thoughtfully presented, his book is an eye-opener for anyone wondering what might be wrong with education today. Anker Publishing Company, \$39.95)

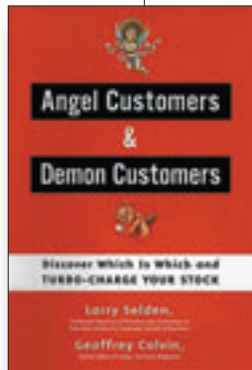
## Customer-Based Business

"Customers are where the money comes from." Larry Selden and Geoffrey Colvin, authors of *Angel Customers & Demon Customers*, can't repeat that line too often. Executives who don't understand that basic axiom usually fail to understand their profit centers, their P/E ratios, and their market potential. Instead of organizing themselves around customers, they organize themselves around products, without realizing that unprofitable customers can sink a company.

Selden and Colvin admit that managers find it hard to believe that any customers might be unprofitable, but they provide sophisticated mathematical examples that show how a paying customer can actually cost a company money—and ultimately, destroy it. An unprofitable customer might be one who makes

only small purchases, or ties up the salesperson's time without buying anything, or pays off her credit card right away, or makes frequent returns. A profitable customer, on the other hand, spends a great deal, buys high-margin items, pays top commissions, and is loyal for a considerable length of time.

Selden and Colvin quote the old 20-80 rule—20 percent of your customers account for 80 percent of your sales—but they've refined the concept. According to them, "150 percent of your economic profit comes from 20 percent of your customers. At the same time, the bottom 20 percent may actually lose money equal to 150 percent of profit, with the middle 60 percent of customers making up the difference, often yielding anemic levels of overall economic profit."

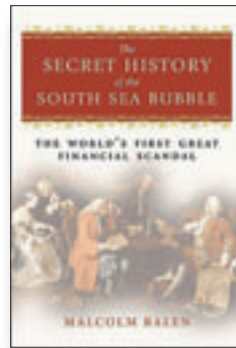


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The trick, then, is for managers to figure out how to identify those profitable customers, and how to either cut themselves loose from the unprofitable ones or convert them. The authors start with the Customer Segment Value Creation Scorecard to help managers break their cus-

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*The Secret History of the South Sea Bubble*



tomers into categories, and then explain how companies can achieve success by organizing around these categories. As the anecdotes in the case studies suggest, such a shift in perspective isn’t easy for most companies to attain, but the authors believe it’s well worth the pain. (Portfolio, \$27.95)

### **The First Stock Market Crash**

“The ages of great financial speculation, which occur as irregular outcrops of fool’s gold in the landscape of global economic history, have brought with them riches and ruin in almost equal measure.” So says Malcolm Balen about midway through *The Secret History of the South Sea Bubble*, his detailed and absorbing account of “the world’s first great financial scandal.” This particular disaster occurred in London in 1720 when a group of unscrupulous speculators sold stock in an unsuccessful trading company to finance a scheme to wipe out the national debt.

Balen sets his story against a backdrop of international competitiveness among England, France, and other European countries, and peoples his tale with the thoughtful, arrogant, brilliant, or dishonest personalities of the day. He also is deft at creating a historical context for his chapters, bringing to life the bustling financial districts of Exchange Alley in London and rue Quincampoix in Paris. His financial calculations, although complex, are clearly stated, and the enormity of what is about to occur becomes truly appalling as the events unfold.

It’s impossible to overlook the similarities between the South Sea bubble and the recent rise and fall of

Internet-based companies. In fact, to make sure readers don’t miss the parallels, Balen opens each chapter with a newspaper account about

some more modern financial disaster. It’s hard to know if it’s horrifying or comforting to realize that people are no smarter about money today than they were 300 years ago. It’s more sobering to reflect that, if history is any guide, the same mistakes will be made over and over in the future. (Fourth Estate/Harper Collins, \$24.95)

### **Quick Looks**

In an early chapter of Patrick Brans’s *Mobilize Your Enterprise*, he quotes science fiction author Arthur C. Clarke’s famous comment that “any sufficiently advanced technology is indistinguishable from magic.” He then proceeds to explain the current state of the magic in the wireless revolution, which he believes will ultimately change the way all business is done. His book is a detailed but highly understandable critique of the services wireless technology can offer and the devices now on the market to perform these functions. He also offers caveats about the drawbacks that hamper existing technology. But he’s pretty certain that when technology catches up to human desire, it really will seem like sorcery. “What would companies do if they could work magic?” Brans asks. “Companies would really like for all of their employees to have telepathic powers that allow them to

access any information available to the company, at any time, and from any place.” We all know enough about cell phones, PDAs, and other wireless devices to know we’re already halfway there. (Prentice Hall, \$34.99)

The first time a person meets you, it only takes him seconds to decide if he likes you or if he doesn’t, and many of your succeeding interactions with him will be determined by his initial snap judgment. If you’re in business, how can you make sure that you always make a positive impression on people, so that they want to hear your offer, buy your product, or entrust you with a million-dollar contract? Nicholas Boothman lays out the answers in *How to Connect in Business in 90 Seconds or Less*, a book that’s part pop psychology, part pep talk, and part a blueprint for getting along with others. His chapters on body language, attitude, personal style, and personal space are all familiar from other sources, but they combine here to reinforce the idea that by projecting the right mix of interest and attention, almost anyone can win over anyone else. “There are only six ways you can get people to do things: by law, with money, by emotional force, physical force, the lure of physical beauty, or by persuasion,” he writes. “Of these, persuasion is the most efficient.” By the end of the book, you’ll be persuaded, too. (Workman Publishing, \$16.95) **Z**

