

TWO PERSONALITIES, TWO SOLUTIONS FOR BUSINESS DEVELOPMENT IN ROMANIA: ROBERT KIYOSAKI OR JIM COLLINS?

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Abstract:

Romania, for that matter, all countries in the world can not overcome the financial crisis without business development. Robert Kiyosaki believes that financial education promoted since primary school may decisively contribute in better to the changing of business environment in a country. Jim Collins studied the activity of over 1400 U.S.A. companies during 1980-1998 and concluded that only 11 companies managed good results in financial terms because they have been able to practice a management of excellence, based on six concepts: five level leader, first "who" ... then "what", dealing with reality (without losing your trust), the hedgehog concept (simplicity within the three circles), culture of discipline, technology accelerators, the flywheel and chain destiny. The conclusion of this study is that the Romanian economic school should promote widespread economic, financial, legal and accounting knowledge in order to encourage private sector to develop. Robert Kiyosaki and Jim Collins are among the best writers of the world's economic literature. Both have sold over fifty million books in over 100 countries. Principles and concepts promoted by them in the Romanian economy will certainly trigger energies latent in each of us. In times of crisis every Romanian should gain revenue from all four lucrative poses: employee, freelancer, owner or investor.

Keywords: financial education, good debt, bad debt, fast track, leading, hedgehog, discipline, technological accelerators.

JEL Classification: M11, M21

INTRODUCTION

Facing with lower demand, companies from Romania and from other countries from EU, once the crisis started, have decided to reduce production and to send some employees in unemployed. Job security became a concern for the remaining employees, which, as a result, have reduced their consumption, increasing trend in reduction demand. Only public investment can now revive the economy.

In the euro area recession has increased strongly in the fourth quarter of 2008, when GDP was compressed by 1.5% (in annual terms). This year is expected quarterly decline of more than 1%, the economy will revert to a growth phase, only in the middle of 2011's. In some countries such as Spain, the crisis will be even longer, growth being delayed until 2012. The sector most affected by the financial crisis was industry, which dropped with 6% in the fourth quarter of year 2008. For this reason, countries where the sector has a major contribution in economy (such is Germany) were fully affected.

And the countries of Central and Eastern Europe - and Romania too - have suffered the effects, because were faced with lower demand for exports. Being highly open economies (exports and imports occupy a major share in GDP), the contraction appeared on their main market (euro area) could not have but negative consequences.

Obviously, this is accompanied by an increase in unemployment, which will only increase the economic crisis. Uncertainty over jobs causes people to postpone consumption, thereby reducing aggregate demand. And the only factor that can get euro area economy from numbness in the is public spending. The scenario that takes place in the euro area is the same as that which manifests itself to us. The only difference is that in Romania's case we're not witness to a recession, but a sharp slowdown in economic growth, with the same effects: **reduced production, increased unemployment, reduced consumption and the economy slows**. IMF program is designed to remove the stalled economy by boosting public investment, after the model adopted by West European countries.

1. ROBERT KIYOSAKI SOLUTION: BE A BANK, NOT A BANKER

Robert Toru Kiyosaki was born in 1947, is an investor, businessman and motivational literature American author. Kiyosaki is best known through a series of motivational books "*Rich Dad, Poor Dad*." He wrote 18 books which have sold in a total of 26 million copies. Although he initially self-published, then, Warner Books, a division of Hachette Book Group USA, took over publication of his books, they now defending as publisher Rich Dad. Three of his books, *Rich Dad, Poor Dad*, *Money Quadrant and Investor's Guide* were simultaneously in the top 10 best books sold, ranking compiled by the Wall Street Journal, USA Today and The New York Times. *Rich kid, smart child*, was published in 2001, the author having the desire to help parents to familiarize children with financial concepts.

He also created the educational game "Cashflow" published in both traditional and software version. The game knows three versions and addresses both parents and children. He released numerous cassettes and discs of the series "Rich Dad".

In Robert Kiyosaki's view, this means that early in career we should be aware that there are four situations in which making money ie: employee, self employed, owner and investor [1].

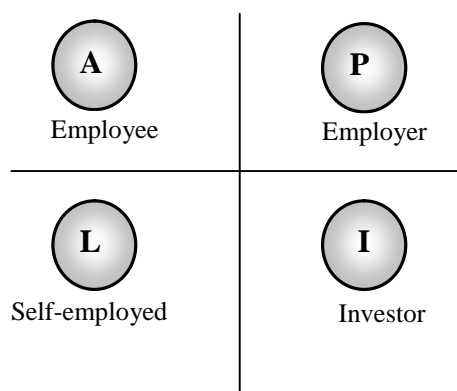


Figure no. 1. Money quadrant

The emergence of the financial crisis has created a feature based on money quadrant by Robert Kiyosaki namely that from the outset, an employee must be a good worker and a good investor. The peculiarity is that once the first month of employment, a graduate school should opt for Pillar 2, private, for pension and for pillar 3, optional, if he want a soothing pension at the end of the active part of life.

In conditions of economic crisis, financial analyst role in a company grow substantially. According to Robert Kiyosaki, operators should exercise caution in the market of bank loans and debt and is appropriate to divide into two categories: good and bad. In essence, good debt liabilities are those which lead to increase in real assets and reduced real liabilities and bad debts are those which reduce the actual asset and increases actual liability.

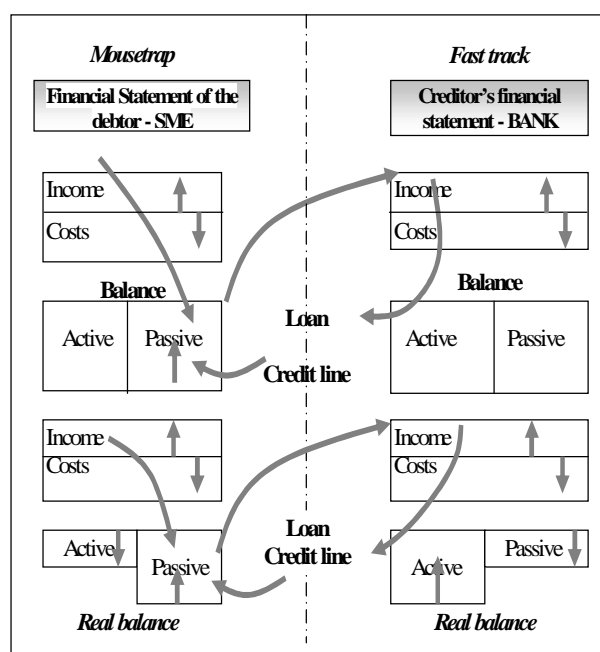


Figure no. 2. – From „Mousetrap” to „Fast Track”

Table no. 1 – Fundamental correlations in economic cycle in financial crisis

SME		Bank	
Income	< Costs	Income	> Costs
Debts	< Receipts	Loans	< Capital
Asset accounting=Sheet liabilities		Asset accounting=Sheet liabilities	
Real asset	< Actual liability	Real asset	> Actual liability

2. JIM COLLINS - BUSINESS EXCELLENCE. EVALUATION METHODOLOGY FOR HUMAN RESOURCES

Jim Collins is probably the most read writer in the world economy. The book "Business Excellence" was the result of efforts to analyze more than 1,400 companies included in Fortune 500 companies, from which ultimately only 11 met the criteria of excellence in business. And the results of these research efforts have rapidly developed. In less than three years of its appearance, the English edition of this book is already sold 1.5 million copies. And from then until now has been translated into over 30 languages, quickly became a bestseller worldwide.

2.1. EVALUATION OF MANAGEMENT SKILLS. TOPPROFIL PRESENTATION

The model proposed by Jim Collins (Collins, Jim (2007)) on promoting excellence in business is one of the strongest currently available on the market. TopProfil (TopProfil (2009)) instrument built in Romania is the only evidence, starting from the premises to promote business excellence by Collins. From this point of view, using the sample may be useful in identifying people and team performance, especially in identifying a number of strengths and areas for further development to increase performance at work.

The data collected indicate the usefulness of proof segment of coaching and training, enabling people and teams alike to become more competitive, by implementing the suggestions offered by HR consultants, after the review of TopProfil [2].

Test validation studies show a positive correlation between the results of the test and job performance of individuals tested, while internal consistency coefficients are found between 70 and 90, favorably securities rated appreciated by the scientific community.

Top Profile is a comprehensive assessment tools based on managerial behavior "Business principles of excellence" identified by Jim Collins.

Operational core model

Operational core: the heart of the organization, responsible for business performance motor.

Core operational areas:

- People - people who are responsible and accountable to employees and their job duties - creation and action capacity of the core operations;
- Processes - the processes governing the organization and structure work - thinking of all the shares in the form of strategies, tactics and procedures;
- Technology - how the act occurs or when the organization performs the process.

In Romania there is a concept "business tuning" promoted by 4 Business Tuning Company, which essentially consists in applying the principles of Jim Collins for a business in Romania. We present, in short, this concept, in the figure below.

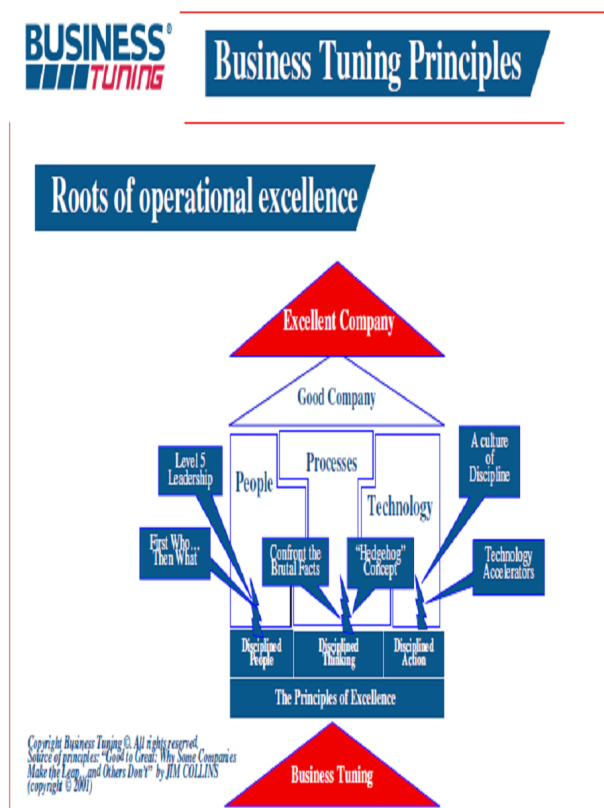


Figure no. 3. Business Tuning

2.2. JIM COLLINS PRINCIPLES

a. Principle I: The leader of level V

"Every employee of an excellent company is the leader of the V - one who manages to build a lasting excellence in his performance and those who follow him through a paradoxical blend of personal humility and professional will." [3]

- focusing on important goals determined by the concept of hedgehogs, dropping things wrong goals.

Organisational culture is what it is and make the organization and reflects the beliefs, attitudes and commitments of its leaders.

- Excellent organization - innovate and show self-discipline within their Hedgehog Concept.
- Organization beginner - innovate by taking advantage of every opportunity;
- Hierarchical organization - inhibit innovation and self-discipline in harmony with the standards required;
- Bureaucratic Organization - inhibit innovation and self-discipline through procedural restrictions which makes thinking.

Skills characteristic behavior that reflects the principle of "**Culture Discipline**":

- growing freedom and responsibility in a given condition;
- distinguish between the culture of discipline and discipline tyranny;
- focusing on important goals (subordinate "Hedgehog Concept").

Skills to "**foster freedom and responsibility in a given condition**":

- Build a framework for consistent system with clear rules;
- Giving people freedom of action and responsibility within the given system;
- Continuous improvement framework for system self-discipline to maintain its level.

Skills to "**make the difference between discipline and tyranny culture of discipline**"

- Encourage self-discipline without imposing discipline;
- Management system and not of men;
- Improved participation by encouraging employees and not on its own unilateral decisions.

Skills to "**focus on important goals (subordinate" Hedgehog Concept ")**"

- To say "No thanks" great opportunities that do not match "Hedgehog Concept"
- Give priority lists "do not do that" than with "what to do";
- Allocation of budgets to support activities that sustain "Hedgehog Concept"
- Make a distinction between what is important and what is urgent.

3. IMPACT OF EXCELLENCE PRINCIPLES

"We are what we repeatedly do. Excellence is not accidental but a skill action "-Aristotle

Individual Tuning

- maximize professional behavior management individually evaluated with Top Profile tool. Each manager may choose to use "plug individual tuning" based on skills development skills to increase individual performance excellence in management

Powers of excellence:

- behavior acquired by learning to think and act on the principles of business excellence.

Performance:

- transforming powers of excellence in results or actual visible effects and measurable to assumed objectives.
- Individual excellent disciplined = Disciplined individual performance x (Disciplined thinking + Actions disciplined).

4. CONCLUSIONS

Robert Kiyosaki and Jim Collins are among the best writers of the world's economic literature. Both books have in their books possible solutions implemented for better management, both individually and socially. Principles and concepts promoted by them in the Romanian economy will certainly trigger energies latent in each of us. Briefly, the solutions offered by the two writers are: Robert Kiyosaki solution: "Be a bank, not a banker" and Jim Collins solution: "Change the management you practice, pass from good to excellent".

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