



MANAGING PRESSURE AT WORK

Resilience sets achievers apart

By CAROLE SPIERS  
Special to Gulf News

I think many experts would have called it impossible, that eleven-hour Wimbledon match between John Isner and Nicolas Mahut, the longest in tennis history and played in temperatures of 30 degrees Celsius. "It can't go on..." we kept saying, as we followed that incredible sequence of 'sets' and 'aces'.

Even the computerised scoreboard assumed that 59-59 was impossible. It was only programmed to go up to 47-47! Certainly it is worth keeping that thought in mind — that through resilience and stamina, they achieved the impossible.

The theme of resilience has featured more than once in this column, as an antidote against workplace stress. Usually I emphasise physical fitness as the first step towards building-up a resilient mindset.

But this case shows the reverse effect: two men who must have made the most thorough psychological preparations for their marathon, physical duel that has already passed into modern, sporting legend.

And did you ever hear such a gracious exchange of compliments between the two of them after the match? Truly these champions had scaled the heights, not only of athleticism but of human nobility.

In my counselling and training sessions about resilience, I divide this important quality into a six-part split.

**1. Integrity:** Be sure that the challenge is worth your effort in the first place. Don't waste it on dubious ventures that will taint your integrity. That Wimbledon record is a shining prize, which will have helped to inspire that magnificent performance.

**2. Proportion:** Try to maintain a perspective view, and keep the big tests sensibly in proportion. Don't become so

WINNING HABIT  
KEY POINTS

- The Wimbledon record 59-set match was a triumph of resilience.
- Resilience seems to help to achieve the impossible.
- It can be analysed as a mix of human qualities.

committed to winning that you overstrain your system and threaten your health. Have a fall-back philosophy for the prospect of losing.

**3. Humour:** People with a sense of humour are very often winners. They refuse to let life beat them down, whatever the challenges, they are able to rise above them.

**4. Support:** Tennis may look like a solo effort. But behind those big winners, you can be sure that there is usually an emotional support network of family, friends and colleagues.

**5. Spirituality:** Resilience is often heightened and strengthened by some spiritual feeling for the world. Such people are more balanced and rounded characters, more at ease with themselves. That crucial burst of adrenaline at the critical moment may have something to do with a connection to one's spinner beliefs.

**6. Tenacity:** It's largely inborn, simply the hallmark of a stubbornly single-minded character. But it can also be acquired by observing and emulating those who show evidence of it. Significantly, it is the one quality that top business tycoons universally agree on, as being the key to success.

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No monopoly in mobile wars

THERE IS A CONTINUALLY SHIFTING DYNAMIC IN WHICH APPLE'S IPHONE GRAPPLES WITH BLACKBERRIES, ANDROID PHONES, SYMBIAN PHONES FOR TEMPORARY DOMINANCE

By JOHN GAPPER

The mobile revolution has broken out and there are casualties.

Mobile technology is on the rise as hardware and software companies face a new competitive landscape. The smartphone, along with the tablet computer, is coming of age, pulling the attention of software developers and consumers away from desktop computers and laptops.

Apple launched the iPhone 4 and sold 1.7 million units in three days; Microsoft dropped its Kin phones after two months following a senior management shake-up; Nokia plans a new high-end smartphone after two profit warnings this year; and the Android operating system backed by Google has overtaken Microsoft's Windows Phone.

Amid this upheaval, a familiar battleground is re-emerging, similar to the tussle between Apple and Microsoft over personal computers in the 1980s. Apple is reprising its role as the high-end, beauty-is-truth contender while Microsoft's part is, unfortunately for Microsoft, being taken by Android.

So it is tempting to believe that smartphones will follow personal computers into a winner-takes-all world, in which a Windows equivalent crushes the opposition through sheer ubiquity and business leverage. There are many people waiting for Steve Jobs of Apple to repeat his earlier mistake — creating a ground-breaking product but then getting stuck in a small niche.

Different dynamics

I don't believe that will happen; more likely is a continually shifting dynamic in which Apple's iPhone grapples with BlackBerries, Android phones, Symbian phones, maybe even Palm phones, for temporary dominance.

Winner will not take all because the dynamics of mobile competition differ from the desktop battles in crucial respects.

There is one clear similarity — we are reaching a tipping point in which hardware matters less. As phones become smarter, software and services are be-



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coming the critical differentiating factor, as in 1982 when Microsoft's MS-DOS operating system took the lion's share of value from IBM personal computers.

In the most compelling devices, software and services have been integrated with hardware to form a whole, as with Research in Motion's BlackBerry and Apple's iPhone. But the rapid ascent of Android, which now powers devices from the Verizon Droid to Samsung's new Galaxy S, shows the power of software.

Taking the market share figures at face value, talk of a duopoly between Apple and Android is ridiculous since Nokia and Research in Motion still beat them in sales of smartphones. But the momentum, particularly at the expensive end of the market, is with iPhones and Android phones.

The global market share of the Symbian platform backed by Nokia fell slightly in the first quarter to 44 per cent, according to Gartner, while the iPhone OS rose

to 15 per cent from 11 per cent in 2009. Android grew rapidly, supported by mobile operators without the iPhone, rising from 2 per cent to 10 per cent.

Nokia is facing its biggest crisis since it was first challenged by Samsung in 2004, with its shares now trading at 10-year lows as it still struggles to find an adequate response to the iPhone. "There is no denying, that as a challenger now, we have a fight on our hands," Anssi Vanjoki, Nokia's new head of mobile, blogged this month.

Less trouble

Research in Motion is in less serious trouble — it has broken into the ranks of the top five global phone makers, passing Sony Ericsson and Motorola — but is racing to match Apple's iOS 4 software with its BlackBerry 6 system.

Microsoft, meanwhile, hopes for the Windows Phone 7 to reverse its deterioration.

Taxes will not kill innovation

Worldly Wise

HAROLD BRADLEY AND PAUL KEDROSKY

Innovation is precious in any modern economy. It creates jobs and economic growth, and can help ameliorate or even eliminate intractable social problems.

But a flawed and misleading connection is being made in the US between innovation and favourable tax treatment of certain investment partnerships, including venture capitalists, as well as hedge funds and real-estate investment funds.

Partners in these funds are paid 'two and 20'. They receive income of roughly 2 per cent (a management fee) of their financial assets under management, plus 20 per cent (called carried interest) of any eventual gains once their investors have been paid back their original capital. The management fee is intended to cover base salaries and the cost of business, while the carried interest is a bonus for performance.

At present, partners' management fees are taxed as ordinary income, or as much as 35 per cent, while any gains on carried interest are taxed at a lower capital-gains rate of 15 per cent. Some have proposed that this loophole be closed.

A principle of tax policy is that people who do similar work should be treated similarly for tax purposes.

Most venture capitalists received zero carried interest over the last decade, and that hasn't materially shrunk the industry, so a higher income-tax rate will hardly hurt.

Now, the fact that many of the people whose work most resembles that of venture capitalists — mutual-fund managers, for example — don't get favoured tax treatment is a problem for this argument.

Specious argument

A version of the broad argument was recently made by a venture capitalist in the *New York Times*. He suggested that partnerships' investments in private companies using other investors' money resemble the transactions of consumers buying homes with borrowed capital, in which, upon sale, any gains are taxed as capital gains with no relation to the capital loaned.

This is a specious argument. First, the US government has decided for policy reasons to favour home ownership, a tax distortion with many consequences that helped in-

cubate the economic pain we still endure.

Second, homeowners don't earn a management fee from lenders, while venture-fund general partners do. General partners serve in a fiduciary role for their own investors. This relationship illustrates that carried interest is a bonus and not a share in partnership profits based on capital contributions.

Loss of capital

Finally, a homeowner's equity may be reduced or eliminated by declining prices, while poor investments made by venture-capital general partners cause loss of capital only to the investors and usually not to the managers of the fund's investments.

Let's now turn to the innovation argument: that changing carried-interest tax treatment will make less venture capital available, thus damaging innovation and economic growth. There are multiple arguments embedded here, so we need to unpack them.

It is true that venture capital is important in catalysing some kinds of innovations.

No serious person argues that new drug development would happen on credit cards; then again, it is worth pointing out that less than 1 per cent of all startups ever receive venture capital.

Yes, groups such as the National Venture Capital Association make much grander claims for the to-

tal employment, wealth and economic activity created by venture-backed firms, but these are largely indefensible public-relations exercises.

It is simply wrong to say all the jobs at a huge company such as Cisco Systems are attributable to a long-ago cash infusion from a venture capitalist. One might as well make the same claim for PG&E Corp, Cisco's provider of alternating current.

As for the latter arguments: Will we see a tax-driven venture-capital contraction? Almost certainly not.

First, the investors who provide the capital will continue to receive favourable tax treatment.

Second, arguing that many of the best and brightest will leave venture capital runs counter to recent experience. Most venture capitalists received zero carried interest over the last decade, and that hasn't materially shrunk the industry, so a higher income-tax rate will hardly hurt.

Similarly, treating bonuses as ordinary income has done nothing to slow the flow of people into other areas of money management.

Finally, even if some of these people are dissuaded from entering this business, it wouldn't be entirely a bad thing, as the industry's negative 10-year results show that it must shrink in order to produce competitive returns.

— Bloomberg



Rex Features

Ambiguity of stress test is not creditworthy

How are European officials orchestrating the bank stress tests like some Pacific islanders speaking into coconuts and waiting for cargo to drop from the skies?

They both make the elemental error at the heart of all cargo cults; they mistake necessity for sufficiency and hope that imitation and affect will make up for a lack of substance.

Most often associated with the south Pacific after the Second World War, cargo cults are religions whose practitioners try to use magic to produce the results of more powerful technologically sophisticated cultures.

In the Pacific that meant making clearings in the jungle to serve as runways and donning coconut earphones and microphones with vines for wires, all in hopes that the cargo that came with American or Japanese occupation would somehow return.

In Europe it means running a bank stress test that officials hope will, like the one in the US in 2009, restore confidence in its banks.

Methodology

The European Union has not disclosed the methodology of the stress tests, the results of which are expected to be released on July 23 and which will cover banks with assets equalling about half of banking assets in each country.

The purpose of a stress test is to restore confidence in the banking system and, thereby, resume the flow of credit between banks, and between banks

and the investors who supply banks with debt and equity capital.

The US stress tests probably worked not simply because they were rigorous enough; they worked because they helped to create the belief that behind the banks stood a mighty backstop — the US government.

It is not technology that Europe lacks, it is a strong central authority which lets it be known, by wink or nod, that it will stand behind the banks that pass the test or take the remedial steps that are required. That message has to get out, and even more important, the market needs to believe not just that the government will stand behind the banks, but that they have the will, means and plausible motivation to do so.

Scenarios

Stress tests run scenarios to see how bank balance sheets and capital levels will be affected given different circumstances. Those scenarios make assumptions; about economic growth, unemployment, corporate profits and other factors that might lead to loan losses and bank capital erosion.

The European stress tests appear to be heading towards making, surprise, surprise, very optimistic assumptions about the value of sovereign bonds held by banks.

As the logic of this dawns on investors, expect European authorities to start clearing more pretend runways and calling in ever bigger shipments of phantom material.

— Reuters

STAT OF THE DAY

100b

Indian rupees (Dh7.87 billion) is the value that Indian handicraft exports is expected to increase to in 2010.

Source: PTI

WRITE TO US!  
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