

Faster and Bolder: Business Strategy for the Global Future

| Professor John C. Camillus

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by Cristina Muntean

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Professor John C. Camillus has been on the faculty of the University of Pittsburgh's Joseph M. Katz Graduate School of Business since 1977. He has held the Donald R. Beall Endowed Chair in Strategic Management since 1991. In addition to teaching in the MBA and doctoral programs, Camillus has been extensively involved in designing and offering executive education programs for practicing managers in the United States, Europe, and Asia. Prior to joining the University of Pittsburgh, he was Professor of Management at the Indian Institute of Management, Ahmedabad. His research focuses on strategic planning and management control. He has published extensively in professional journals including Harvard Business Review, Sloan Management Review, Long Range Planning, Management Science and the European Management Journal.

Q: Currently CEE managers face a double challenge. On the one hand the market isn't growing anymore, so managers need to find new ways to bring fresh business to their companies. On the other hand they have no one to learn from, because it is for the first time these markets are confronted with such challenges. What does it mean for strategic management in CEE under these circumstances?

A: CEE managers have an advantage here because they recognize the uncertainty and are not committed to management processes that will not work here. In strategic management in the US, economists have had an enormous impact, for example Michael Porter. However, they rely on one assumption that is very suspect, and this assumption is that the future can be predicted if we spend enough time on analysis and use the right techniques. This lies at the core of everything that American companies do. So, there is an enormous amount of emphasis on analysis and if things don't go according to the plan it's perceived as bad planning. Here, you are aware that the future isn't predictable. The consequences are that countries like the Czech Republic and the BRIC countries, which are very dynamic, develop the next generation of strategic management techniques, which should be designed to cope not only with an unpredictable but an unknowable future.

Q: So, it's not just a matter of uncertainty in CEE, we are talking about a global challenge?

A: Of course. If you look at the Middle East, now I have heard it said that perhaps even God does not know what's going to happen there! If you look at Syria or Libya or Egypt – there is no way you can predict what's going to happen there. It's the same thing with technology. On top of that even the mindsets of global political leaders – there is no way one can anticipate whether they will be Keynesian in character and provide economic stimulus, or if they will go blindly with austerity and deficit reductions, or a combination of both. That's why traditional strategic management techniques at companies in democratic countries are really not as useful anymore. Yet, managers keep doing it because that's all they know what to do. I think in countries like the Czech Republic, India or Brazil, they are more motivated and able to find a new solution to these wicked problems.



Professor John C. Camillus

Q: What is, in your view, a wicked problem?

A: Wicked problems are those problems that are difficult to define, where you have multiple stakeholders with different and probably conflicting priorities, with no precedents, and where there is no way of telling whether you have the right answer. Experimentation is necessary and more needed than it was over a few years ago. The kind of processes we need here are different and the mindset used in strategic management needs to be dramatically different. Another cliché that has a core of truth is that when you have a chaotic situation, where there is total ambiguity, you have to create the events that you want to have happen. You don't sit down and see what's going to happen. You define what you'd like to see happening, and then you work the organization in that direction. Context is also very important.

Economists tend to take the context as a given. When you're a strategic manager, you try to manage the context as well. Transformation of the environment needs to take place together with the transformation of the organization. There are special analytical techniques to be employed to respond to wicked problems. The fundamental difference is that most strategic management is oriented, if I can use two pieces of jargon, towards "feedback," learning from what has happened in the past, but what is needed is "feedforward" – learning from the future. It may sound crazy, but you actually have to learn from the future. But the future is often "unknowable," so special techniques are needed to learn from it. I have described useful feedforward techniques such as possibility scenarios and robust actions in an article entitled "Strategy as a Wicked Problem" in the May 2008 issue of Harvard Business Review.

Q: Countries across CEE have received a lot of foreign investments from Western countries, and together also the style of management that you say is no longer valid. How should local managers cope when they are placed between the pressures from headquarters and the uncertainty pressure of their local environment?

A: I have encountered this in my consulting work. The only way to deal with that is to try to educate the senior managers. You have to show them the advantages of providing the freedom to act in a contextually relevant manner. So you have to take some risk and do something on your own and then present it to the senior management – now it's risky and there is a distinct possibility you will be in trouble. But I don't see any other way to convince them other than in an academic sense sitting down and saying, "Look, the future is not predictable, so here's what we need to do. We need to experiment, to take thoughtful risks and be prepared to learn from whatever happens." It depends a lot on the culture of the organization. I think more and more companies like General Electric (GE) are consciously pushing decision making down.

For example, GE has moved from product line profitability to a geographic profitability. This is something that Czech companies need to think about because the growth is not in the traditional triad. The growth is not in the European Union, in Japan or in North America. It will be in the BRICS countries – I don't really know about South Africa, but when we are talking about Brazil, Russia, India and China it is a completely different ball game. Right now companies sell to somewhere between one and two billion, let's say a best case scenario of two billion people across the world – that is what every company is focused on. There are four to four and a half billion people who are not being served. That is where the growth is.

And the challenge really for companies is how they serve those four and a half billion people in a way that enables them to move into a higher income bracket and also for the company to make money doing it. This is my personal vision for the "Business of Humanity" project where I am the principal investigator.

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