

# OWWP 2009

news

ORCHESTRATING WINNING PERFORMANCE

JUNE 2009

## Leading in turbulent times

By Professor Bettina Büchel, OWP Program Director

The current business environment is characterized by the “DUC” phenomenon: Doubt, Uncertainty, accelerated Change. While the past years have seen steady market environments, we are now faced with a level of turbulence where existing management practices have to be questioned.

Keeping abreast of global business trends during these turbulent times is key.

The Orchestrating Winning Performance program (OWP) provides exposure to a broad cross-section of managerial responses to situations that require new approaches during this turbulent environment – responses ranging from tough decision-making to grasping new, previously unavailable business opportunities. In this newsletter, we focus on some of the OWP streams and their key takeaways.

Finally, learning is a continuous journey, and OWP is just one stop on that journey. During your time with us, you have no doubt established a network of peers and acquired a lot of knowledge. Now it is up to you to make sure you continue to leverage that network and knowledge. IMD offers a number of resources to help you do this along the way.

### Ensuring program impact: How to apply your learning

The impact of OWP is greatest when you define at least one goal and create an action plan based on the insights you gained from the program. Teams returning to their companies with jointly agreed upon goals and action plans can also benefit from this exercise.

To formulate your takeaways and reflect upon lessons learned, use the sheet provided in this newsletter to help define and put into practice your newly acquired skills and knowledge.

### Alumni networking

As an IMD alumna/alumnus, you have access to learning and networking benefits that go far beyond OWP. The most important benefit is the global network of over 60,000 alumni around the world. As Jim Pulcrano, one of IMD’s Executive Directors, says, “You’ll find that wherever you are, there is someone from IMD who shares your respect and thirst for learning, and we urge you to connect, share, learn and do business.”

Finishing an IMD program is just the beginning. Continue to build your competence as a global player by participating in the variety of lifelong learning and networking events offered by the IMD Alumni Network. To learn more, go to [www.imd.ch/networks/alumni](http://www.imd.ch/networks/alumni).

### Continuous learning

You can also continue to interact with IMD Faculty and executives around the world through IMD’s Corporate Learning Network – your gateway to ongoing learning and networking. Access IMD’s cutting-edge research and development as you become an integral part of an international learning community. Benefit from virtual learning through our exclusive Learning Hub – an interactive multimedia platform of videos, podcasts and articles. Tune into weekly webcasts to keep up to speed with the latest in thought leadership. Attend Discovery Events at IMD and Global Business Forums in cities around the globe, to discuss regional and global business issues.

“The 180 companies that make up our Corporate Learning Network are industry leaders who share a commitment to lifelong learning and world-class networking,” says Paul Hunter, Director of the Corporate Learning Network. “Fostering an intuitive reflex to continuous learning is a key foundation for personal and professional success.”





Professor Martha Maznevski

Professor Stuart Read

## Leading through uncertainty

Uncertainty is one of the few certainties in the business world. Whether it's new products, competitor actions, consumer demand or just the price of a barrel of oil, executives have to move ahead without useful prediction of what will happen in the future. Here at IMD, we presented hundreds of executives with a management problem, and were surprised to find that the more uncertain it got, the harder they tried to use prediction. Precisely when prediction works worst, they wanted to use it most.

Given that intuition may mislead executives in the uncertain situations they are likely to face, we discussed approaches for effectively managing uncertainty. Using a combination of decision-making and leadership research and current case examples, we offered new perspectives on questions like:

- What kinds of leadership approaches perform well without a map?
- What can we learn from experts in uncertain situations?
- If prediction doesn't work, what does?
- How might we overcome our (misleading) intuition?



"We have just had a broad reorganization so it's essential for me and my team to stay motivated and positive. I am learning the importance of empathy, having a certain state of mind and giving people space. Most important is to be able to see opportunity in every situation."

**Saskia Leonard**

Manager Implementation  
Management – Vice President  
**Robeco Nederland BV,  
The Netherlands**



"My clients have already taken the first, usual steps in dealing with the current crisis – like cutting costs. Now they need to invent something new. This platform gave clear, practical tools for this – like the need for big corporations to make decisions like an entrepreneur and keeping the organizational structure simple to make fast decisions."

**Claudia von der Linden**

Managing Director  
**Permion Consulting GmbH,  
Austria**



"For leading through uncertainty, a company needs a culture of mutual respect, confidence, service to the company and the nation, dedication and total sincerity of purpose. You need to understand a situation, make decisions, follow through, and lead with self-example, proper supervision and inspiring leadership."

**Mushtaq Hussain**

Managing Director  
**Mari Gas Company Ltd (MGCL),  
Pakistan**



"I've heard interesting ideas on how those in the financial sector should change at this time, including a model that we are applying which focuses on building local-level partnerships. This new strategy is more viable because you can better serve your clients when you know them better."

**Jacek Bartkiewicz**

President of the Management Board  
**BGZ – Bank Gospodarki  
Zywnosciowej SA, Poland**



"One of my key takeaways from this managerial platform is the importance of flexibility in an organization. We have a strong organization and structure, but we need to develop a type of sub-culture to turn surprises into opportunities more quickly. In times of uncertainty, it is a natural reaction to become very internally focused, to try and take control, but you need to be more externally focused, to get closer to your customers. When I return to Australia I will be focusing on customer relations and pursuing a new business line. Coming to OWP has given me clarity about this new business opportunity as well as a framework for moving forward."

**Leif Larsen**

General Manager, WesternGeco  
**Schlumberger Australia Pty Ltd,  
Australia**



"The world is facing an extreme crisis and it's not just a financial crisis. To be successful and sustainable in the future we need to redefine our values and establish new relationships with all stakeholders, from business to governments to society. This managerial platform has been extremely enlightening in helping to formulate what the new uncertainties are, and how to make sustainability work. For example, we were already focusing on people development, but what I have seen here motivates me to put even more stress on this and to stay away from easy measures like cost cutting."

**Wilson Bricio**

President South America  
**ZF DO Brasil SA, Brazil**



"The concept of affordable loss – where you define how much you can afford to lose on a venture if it doesn't work out – was extremely relevant to our company. All we deal with is risk, so diversifying our product line is key. The concept of affordable loss will help us present new ventures in a more understandable way and so get better general buy-in."

**Stuart Davies**

Managing Director  
**Associated Electric & Gas  
Insurance Services Ltd (AEGIS)  
London, United Kingdom**



"Last year we came to IMD and have since revised our strategic plan. We have great customer focus and work on making the collaboration smoother to optimize the amount of business that clients outsource to us. The theme of 'customer centric innovation' reconfirmed that we are doing the right thing from a strategic point of view."

**Lars Iversen**

Senior Vice President  
**Santa Fe Transport International Ltd,  
Hong Kong**



"I recently hired a CEO who will take over my position and who is also reorganizing our company. This platform helped me to focus on a number of things to prepare for this transition, such as the risks involved with changing an organization and moving in a new direction."

**Karlheinz Kaiser**

Chairman of the Board  
**Christinger Partner AG,  
Switzerland**





Professor Didier Cossin

## From crises to business opportunities

By Professor Didier Cossin



"One very difficult task of management is to sense crises and opportunities, and respond appropriately. In the crisis we're in now, it's also very important for companies to enhance their risk thinking and risk management capabilities. The stream gave me an appreciation of the need to spread risk as a way to mitigate and manage it. This is much more pragmatic than just talking about the general concept of risk management. The issue of talent management also came to the fore. When I get back home I especially intend to focus on this as a tool for organizational renewal and development."

**Ibrahim Umaru**

Executive Director Corporate Services  
**Nigeria Deposit Insurance Corporation, Nigeria**



"I believe that we all need to change our style of thinking about present and future risks. World economics show that we have been rather blind to these issues. Fortunately our company was not too heavily impacted by the crisis, but I still think it is important to change minds and be much more aware of the dangers which can come from unexpected sides as well. Through discussions and talks with my colleagues, I will try to raise their awareness of risk in general."

**Dmitry Savinykh**

CEO

**Cubio Communications OY, Finland**



"OWP has really crystallized my awareness. You often find yourself sitting in your job focused on your objectives and you don't look outside the box. I've realized we need simplification in all aspects of business and I have some ideas for how I will apply this to my work in reporting, which is an internal project that is tremendously complex and detailed with a lot of workflows. I've gained new strategies for passing this awareness on to others in my team. For example, when challenged to turn risk into opportunities, one of the learning points is that with all the complex tools available, we should not be driven by the tools but rather by the brain behind the tools. For me, this is also a message about simplicity. In our business, we are now challenged to accelerate. To accelerate, you have to be leaner, and that means simplify."

**Olivier Helfer**

Assistant VP, Head of Financial Accounting Services  
**Nestec Ltd, Switzerland**



"This stream reinforced the importance of recognizing risk and viewing potential options as opportunities for growth. Total predictability is not the core issue, but rather the recognition that risks are omnipresent. We must understand their underlying biases, parameters and potential consequences and act accordingly. It is extremely important to ensure that we have in place the right checks throughout the business and to be rigorous in construction and application of governance structures, applying the different test scenarios and methods to the various processes in our business."

**Gonzalve Bich**

General Manager  
**BIC Northern Europe, United Kingdom**

This stream explored the lessons learned from the current crisis. Crises are times of reinvention, and the best players, sometimes from unexpected regions and industries, have adapted fast, becoming stronger after the crisis than they were before. What did they do differently to become stronger competitors?

- First, the risk thinking they have adopted is more rigorous. The world is at risk, and those players that are the best at assessing, managing and structuring risks are a cut above the rest. This ability to deal with risk was not as strong a differentiator before the crisis as it has become during and after. Some of the risk-management techniques that have been developed are akin to financial techniques, and this raises a question about our technical skill at assessing and managing our exposure. Some of the best at this have differentiated themselves, not by sheer conservatism, but by truly intelligent and sometimes opportunistic risk taking and risk avoidance.
- We explored strategic failures and how to differentiate smart vs. dumb strategic moves as companies reinvent their strategies under the new economic environment.
- We investigated how managers can overcome the knowing, leading and doing gaps that arise when companies fail to sense and respond to "surprises" (low probability, high impact events) in their environments.
- Finally, we explored the consequences for organizational design. While the organizational design of companies seems to have settled in the past few years, some players are rethinking and redesigning their organizations beyond the classical – from functional, divisional and matrix to horizontal, hollow, modular and virtual. These new organizational designs can create flexibility and responsiveness and thus foster significant value in tough times.



"This is my third OWP and it has been very useful for me from both a personal and business perspective. I think we live in a world of great opportunities and challenges, so it is important to see the trends, keep an open mind and keep the mind's eye focused. This stream will help me reinforce skills in partnering with equity groups to unleash the potential value of their portfolio. In the financial sector, the challenge is to fix operational problems. To transform problems into opportunities, I've learned that you need to look at the problems with an open mind and different glasses from those you use every day."

**Carlos Bartolo**

President  
**Fininter SA, Portugal**



"In a crisis like the current recession, the easiest thing is to be defensive – to cut costs and increase efficiency. But as this stream emphasized, the current crisis is not only about risk, it is also about opportunity, and so should be seen as a positive and not a negative. We have already implemented measures in our company to manage risk, but we want to proactively look for opportunities as well. The stream gave an excellent analysis of how to overcome current risks, explore opportunities and think outside of the box."

**Henry Wang**

Country Head  
**Noble China, China**



Professor Donald A. Marchand

## Mastering new technologies: Opportunities for innovation By Professor Donald A. Marchand

When the global economy starts improving, the best positioned companies will be those that did not mortgage their futures to cost cutting, especially in investments in innovation and new technologies for product, service, process and business model changes. The time to test and learn is now, but to do so efficiently. This stream was about innovating during a recession and learning how to lead business change by using technologies effectively. The key takeaways from the sessions and invited speakers were:

- Disrupting established competitors with Web 2.0 business models that lower costs of operations and deliver products faster to market.
- Innovating with customers through changing their roles as users, buyers and payers of products and services.
- Using social networks to generate demand for products and sustain "buzz" in markets.

- Jump-starting innovations and bundling known technologies in new ways in a risk-averse corporate climate.
- Reducing R&D waste by clearly linking innovation investments to business strategy.
- Driving ideas to products with radical reductions in time-to-market through product life cycle management.

The IMD professors, executives and experts in this stream believe that there is no contradiction between being tough on cost and pooling company ideas, people and resources for targeted innovation using new and emerging technologies. We hope you enjoyed sharing your company's experiences and learning together how to create the future in these tough times.



"Our organization is in the midst of transforming from being driven solely by productivity and quality competitiveness to being driven by innovation. I now see innovation as a change of mindset rather than technological innovation per se. One idea I will take back is to set up small innovative creative groups – a sort of 'buzz group concept.' Instead of top-down leading, it creates the right mindset and conditions to tap into the mass of ideas in the workforce."

**Saw Hoon Lee**

Senior Director, Productivity Research & Development  
Malaysia Productivity Corporation, Malaysia



"I really enjoyed this stream as it opened up my view and so much of what I learned can be implemented in my company. One of my key learning points is that I need to take more time to reflect. I'm here as part of a team, and we have decided that we will now take the time to sit down together and reflect on the external environment and what it means for our future. This is strategic thinking, something we all do but should spend more time on."

**Birgit Otto**

Director Asset Management  
Schiphol Group, The Netherlands



"My biggest takeaway: you don't compete against a low-end brand with a premium brand. It's a simple concept! Another is how to capitalize on not just the mass market, but also on the customized experience that customers want. I will strategically look at how to target both ends of the market as well as new market segments."

**Daniel Flynn**

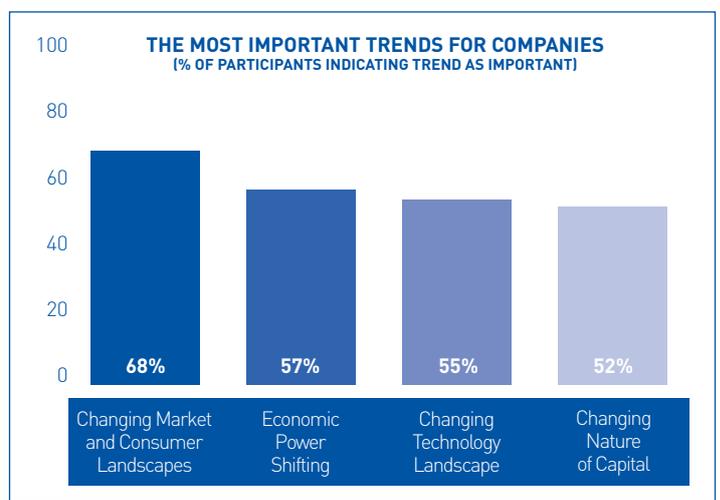
Vice President Global Program  
Management Office  
Hertz Corporation, United States

## Global trends survey: Your results

A regular feature at OWP is the Global Trends Networking, which gives you the opportunity to review and discuss major global trends. We asked you to indicate which of the 11 trends are most important to your company. We also asked how your company is approaching these trends.

Based on the survey results we received from you, the most important trends for business today are Changing Market and Consumer Landscapes, Economic Power Shifting, Changing Technology Landscape and Changing Nature of Capital. The least important at company and industry levels was the Fracturing Global Social Fabric trend.

Participants who took the survey will receive detailed information on the Global Trends via email. If you did not complete the survey but would like a copy, please contact [darren.willman@imd.ch](mailto:darren.willman@imd.ch).



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**See you next year!**

The next OWP session  
runs from  
June 19 to June 24, 2010

