

"People, Innovation, and Lifelong Learning - Strategic Options & Business Imperatives"

Learning in a Turbulent Environment

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Some mega trends in the education space...

- Quality variance is emerging among the 3000+ business schools
 - Polarization is happening
- Information over-load
 - US Bill of Rights, 600 words ; EU circular on Cod Fish Quota for 2014, 6.5 lac words
- Half-life of knowledge is shrinking
 - Greater reliance on MOOCS and online resources
- PLC of knowledge is decreasing,
 - 5th curve is getting active
- Much of the knowledge generated is not relevant to industry requirements

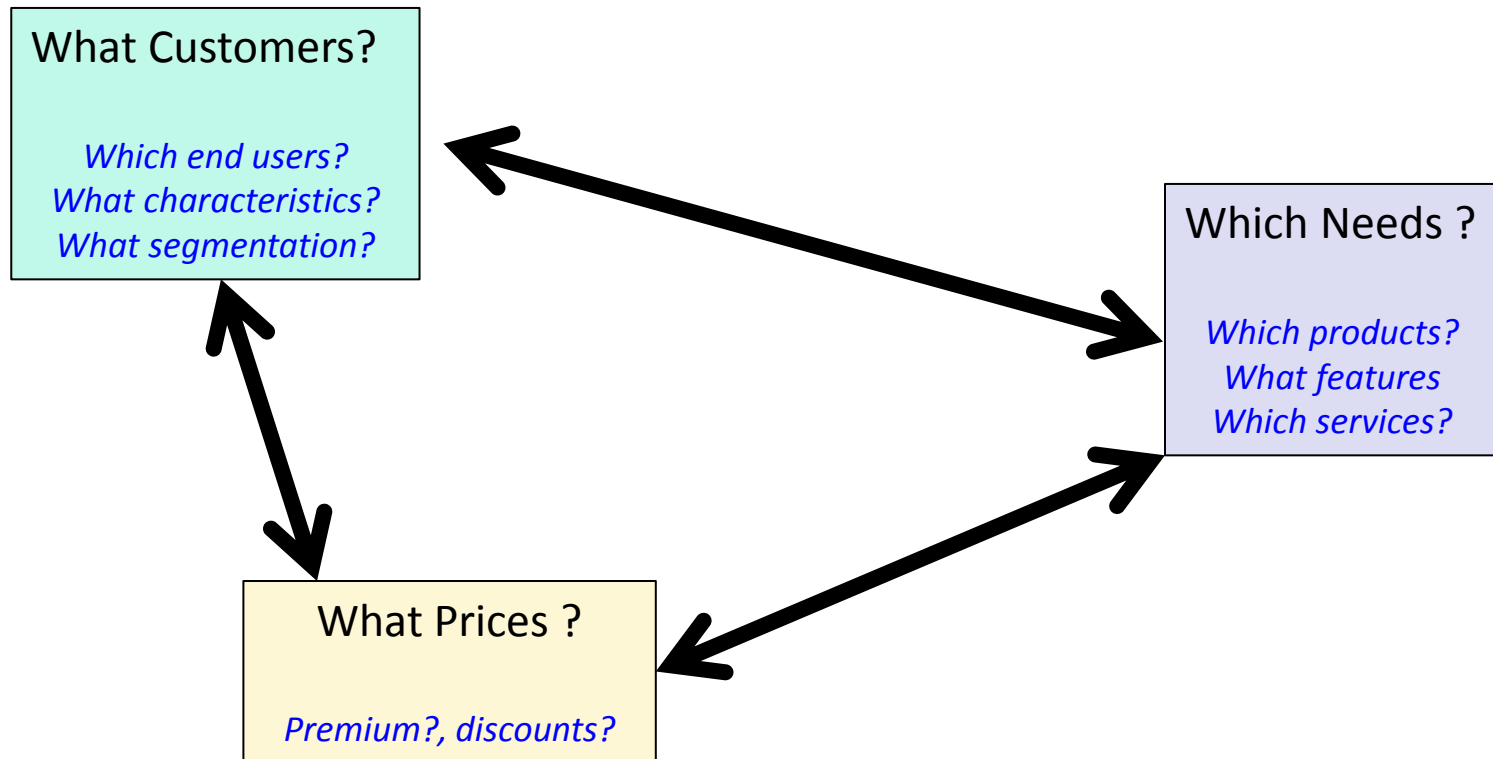


Different Types of Uncertainty

Uncertainty Type	Description		Analytical Tools	Examples
I	Past Predictive	1960s	Regression Analysis	Predicting the demand for pizzas next week
II	Binary Options	1970-80s	Game Theory	The outcome of 2019 elections
III	Bounded rationality	2001->	General Equilibrium Models	What will happen after Brexit ?
IV	True Ambiguity	2010->	"black hole" outcomes	Nature of life in outer space

We are rapidly moving towards Type IV uncertainty

Decisions in the Learning Strategy



A sound value proposition often expands the market !



The problems with decisions

- Every decision has a trade-off
 - Some times trade-offs are not explicit
- Problems in decision making
 - Corruption of data
 - Subjective interpretation (**Shoes exercise**)
 - Ethics and morality, (consequentialist Vs categorical)
 - Is there an inter-temporal pattern
 - Do values change over time ?



The Shoe Story !

- Harsh is an honest shopkeeper who sells shoes. One day he welcomes a customer who buys a pair of shoes for Rs 120/-. He gives Harsh, 2 one hundred rupee notes. Harsh does not have change, and goes to the next door shopkeeper, who gives him ten, Rs 20/- notes. Harsh gives the customer, 4 of the Rs 20/- notes, and keeps the rest in his safe. In the evening the next door shop-keeper comes, and informs him that the hundred rupee notes that he had given were fake. Harsh takes out two hundred rupee notes from his own pocket and gives it to his neighbor.
- **At the end of the day, Harsh is taking stock. What has been his loss?**



Why could we not answer this question ?

- Is it a Lack of arithmetic skills
 - After all this is a Class 4 problem
- Is it a Lack of data interpretation
 - What cognitive skills are required ?
- Is it the Existence of personal biases
 - Pre-assumptions colors the solution



Why is strategic thinking important?

- If every one comes up with the same solution, no one is the winner.
- If we have to win a competitive battle, we have to come up with different and better solutions than our competitor
- This is why strategic thinking is important in management.

Why cant we do strategic thinking all the time?



- There are hidden traps.
- Some are inherited biases
- Others are deliberate distortions
 - Asymmetric information
- Decision making thus becomes imperfect



The news paper headlines exercise

[1] India reports a record buffer stock of food grains of 22 mt

- [d] so what...this is a price surplus not a quantity surplus

[2] Sardar Sarovar Project to issue 17.5% NCBs

- [b] this shows that the irrigation sector is more risky than the power sector

[3] India's forex reserves cross US\$ 370 billion

- [b] this is bad, represents idle money

[4] IIM Ahmedabad allows women graduates to go for placement in sarees

- [a] average salaries will go up

[5] WR to lay dedicated lines for local suburban trains in Mumbai.

- [d] Bad, this is good capital substituting for bad management



Implementing strategic learning ...

- Overcoming biases
- Reading wide
- Take a neuro-surgeon out for lunch!
- Set filters at low

- Listen...
 - Wife : You have not bought me a saree for a long time...

 - Husband : I changed the gear oil in your car this morning

- Process information into knowledge



Hidden traps in strategic thinking!

1. **Anchoring trap**

What is the population of turkey/ how different is population of Turkey different from 40 million ?

2. **Status quo trap**

"I am sorry, that's the way we do things around here..."

3. **Sunk cost trap**

Probability of saying yes to an incremental demand over an existing loan

4. **Confirming evidence trap**

"you don't love me any more..."

5. **Framing trap**

"have you stopped beating your wife /"

6. **Overconfidence trap**

"It cant happen to us, we are too big/ good/ smart etc"

7. **Prudence trap**

Under-financing an entrep project, SBI case

8. **Recallibility/ precedence trap**

Last year we did this, so lets do similar



The **Seven** Crises affecting Global Strategy in Education



1. The Crisis of Operational Efficiency
2. The Crisis of Growth
3. The Crisis of Positioning
4. The Crisis of Planning
5. The Crisis of Future Shock (time)
6. The Crisis of Uncertainty
7. The Crisis of Implementation

1. Strategy Vs Op Efficiency

Porter (1996) “OE is a necessary, but not a sufficient condition for sustained competitive advantage”

Which is what ? Strg or OE

- Globalization
- Quality
- Cost reduction
- Customer satisfaction

**Globalization is self limiting :
Arbitrage advantage is short lived**



2. Strategy Vs Growth

Porter (1996): “the managerial obsession with growth is hazardous to strategy..”



Problems with Growth

- Resource allocation, Width Vs Depth
- Declining MEC
- Competences
- Unwilling to take risk, and therefore low return

3. Strategy & Positioning

Porter (1985): “the kiss of death : ...being stuck in the middle”





4. Strategy, Planning & Passion

Drucker (1994) “its not that wrong things are being in organizations, right things are done...but fruitlessly”



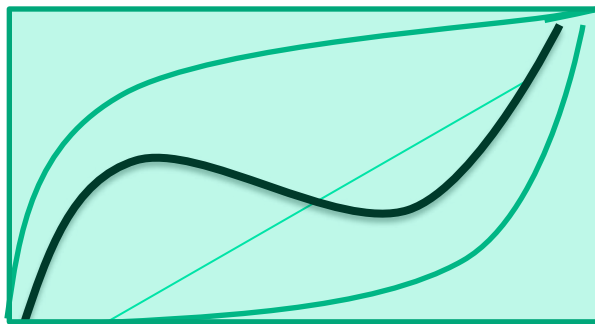
- Strategy without passion, will have faulty implementation
- Passion for
 - Precision
 - Planning
 - Perfection

5. Strategy with Future Shock

Lennon (1968) : “life is what happens when you are making other plans...”



- Three vital components to the planning box
 - Initial condition
 - Terminal point
 - Time



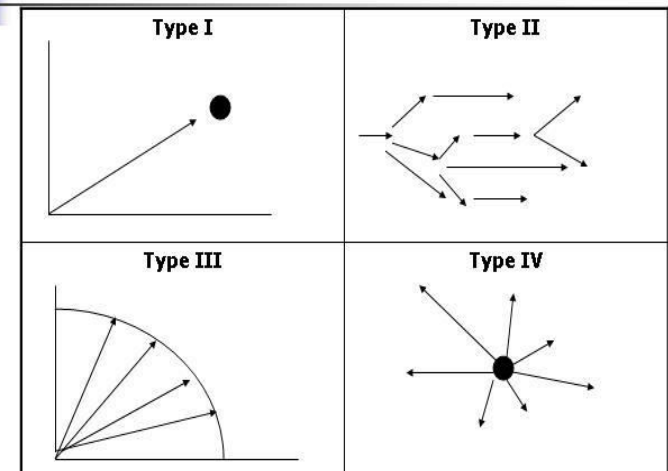
- Future Shock and the PLC
 - 2088-20826 (8 years)
 - 20826-20836 (6 years)
 - 20836-20486 (2 years)
 - 20486-pentium (6 years)
 - P1-P2 (4 years)
 - P2-P3 (2 years)
 - P3-P4 (1 year)
- The PLC is getting shorter...managerial implications ?

6. Strategy under Uncertainty

Wilde (c1912) “the very essence of romance is uncertainty”

- Most strategy errs in trying to reduce uncertainty
 - We should be trying to leverage it
- Determining the correct level of uncertainty
- In a world of zero uncertainty, we strategists would be out of a job !

Different levels of Uncertainty



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7. Strategy & Implementation

Russell (1932): “Good resolutions are useless attempts to interfere with scientific laws. Their origin is pure vanity. Their result is absolutely nil”.

Barriers to the implementation process (Chandler, 1965)

- Structure
- Systems
- Culture
- Ethics
- Leadership

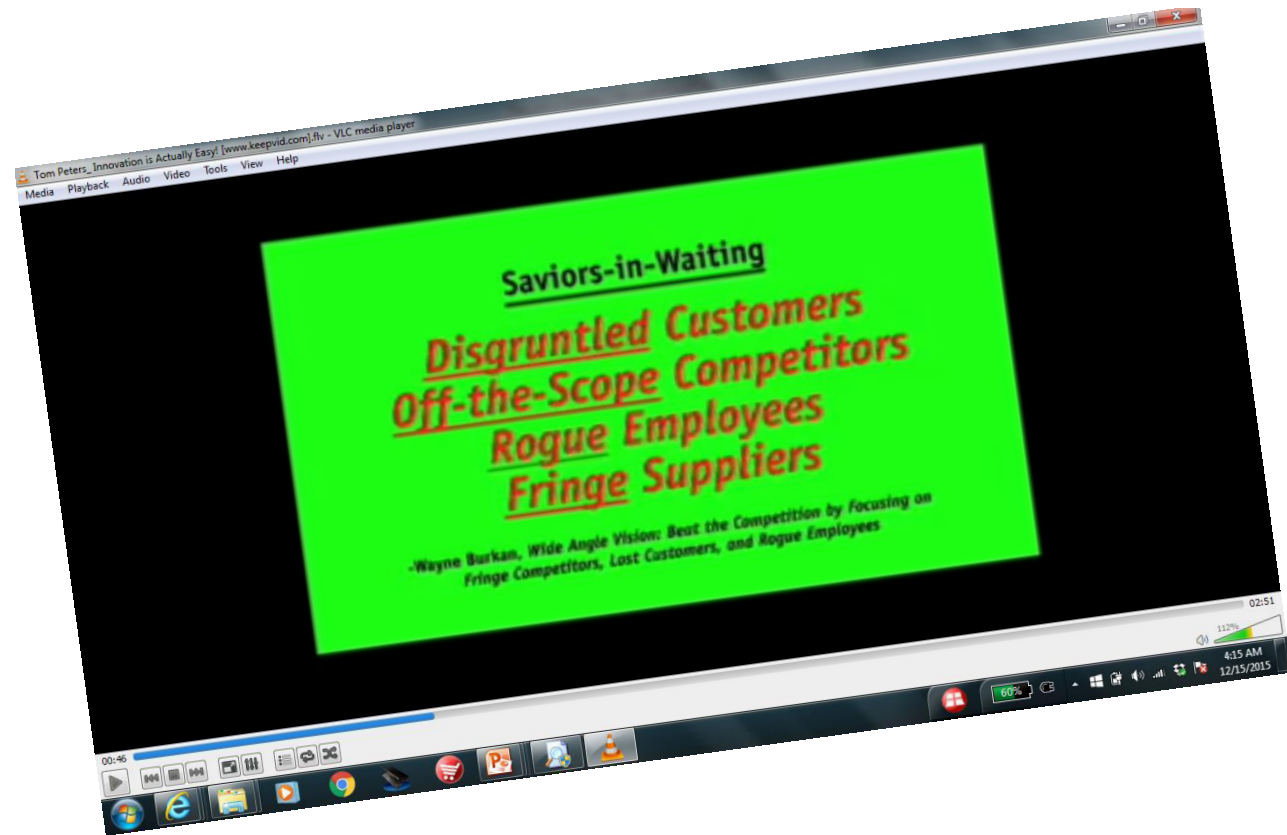
- Which would be the most important obstacle ?

N5



StrAP BPSH

Tom Peters ... “Think Different”



Mintzberg (2002), ...the worst thing that Porter could have done was to write the book on Competitive Strategy...(sadly) he reduced strategy from being a horizontal subject to a vertical one !)



The future of Learning Strategy !

- Horizontal learning
 - Politics, philosophy, history, community ethnography
- Behavioral economics
 - Questioning the “irrationality” of man
- For Service Providers : Focus on implementation
 - Too much emphasis is on formulation
- Globalization is self limiting
 - Opportunities for arbitrage vanish over time, at best globalization can be looked upon as a “tactic” rather than a “strategy”



Gaps in B-School Curriculum

- To train and educate an individual beyond “marketing” or “finance” – moving back to being a general management program.
- To create an atmosphere [and eventually a habit] where he can have a “borderless mind”
- The ability to correlate issues in business to any other subject
 - E.g. The Mercedes Tata relationship dates from the time when Germany was ruled by Hitler till date
- Make them “street smart” and not mere managers.
- Stress more on skills like selling, negotiating, managing- yourself and the organization, communication skills and entrepreneurship.
- Remove the use of Internet from the curriculum. Make the computer a mere typing tool !



Some Suggested Topics for Inclusion

- The role of ethics in commercial decision making
- labor laws and dealing with practices like child labor/ social clauses
- Ecological imperatives including trade in environmentally friendly products, the role of the “green dot”
- The concerns with profitability and the definition of “fair” profits; related to this the reconciliation of profits with rent seeking behavior.
- The individual vs. the organization, the role of HR is converging individual aspirations with organizational ones.
- the broader issue of leadership, motivation and the questionable “follower-ship”.

Suggested Subjects to be taught in MBA



Subjects	Example of content
Philosophy	Why do business exist, what is the goal of a corporation etc
Politics / Geo-Politics	How does politics affect economic choices, selling American cars in Japan...?
Development of thought	"Strategy as Choice" made famous by Porter can actually be traced to Lionel Robbins, [1932]
History related to business	Keynes vs. Friedman and World War II
English Literature	Hamlet as a study in Leadership
Business relationships	Till today Britain is India's longest trade partner: why and how has this relationship being maintained?
Religion & Culture	Understanding the differences between Indian Buddhists and Thai Buddhists
Social Sciences like Anthropology, sociology& psychology	Shakespeare said (there are) "seven ages of a man", lifecycle of a businessman!
Learning from Movies/fiction/non fiction	The Godfather, The Sting, War and Peace etc
Business planning	The chairman of Panasonic plans for the next 250 years!], or Nippon Steels' plan 2050.
Skill development	Negotiating, managing, communication, and entrepreneurship
Law	Differences in Contract law in China and Europe
Environmental Concerns in a Business	How this can be both a short term cost and a long term revenue



Why study History ?

- History helps us understand peoples and cultures
 - Specific inputs into the course of consumer behavior
 - Jethro Tull and Max Webber
- History contributes to Moral Understanding
 - The study of certifiable heroes
 - Role of JP in shaping democracy in India
 - The role of Churchill in giving India's Independence
 - The role of Patel/ Nehru in creating the Kashmir problem
- What skills will a student of business develop by reading history?
 - The Ability to Assess Evidence
 - The Ability to Assess Conflicting Interpretations
 - Experience in Assessing Past Examples of Change

"The reasons history of some level should be taught is to identify a broad perspective that gives them the range and flexibility required in many work situations. Students develop research skills, the ability to find and evaluate sources of information, and the means to identify and evaluate diverse interpretations. Work in history also improves basic writing and speaking skills and is directly relevant to many of the analytical requirements in the public and private sectors, where the capacities to identify, assess, and explain trends is essential." Bertrand Russel, circa 1948



Why study Philosophy ?

- Philosophy helps us to understand the way society has evolved
 - Bentham Vs Mills Vs Adams
 - The Consequentialist Vs the Categorical approach to decision making
 - Gandhi and the “Swatch Bharat movement”
- The study of kinship to understand dowry, inheritance laws, etc.
 - The role of the land settlements and its impact on income inequality
 - The Zamindari, Ryotwari and the Mahalwari systems : geographical dispersion
 - Prof Veena Das and the impact of the HUF on economic production
- To look at the integration of philosophy and religion and the impact it has had on economics
 - Weber, The Protestant Ethic and the Spirit of capitalism
 - Russel, on Power as also Orwell
 - Jesus was Born a Jew, Strategy and the PLC.



Why study literature ?

- The business schools have to re-enforce the basics of few subjects and relate it to business. For example if a professor is teaching about power and leadership, Shakespeare can be a great example.
 - Hamlet can thus be looked as an exercise not only in leadership but also the divergence between Mission and Vision.
 - Julius Caesar two speeches about “Friends Romans, Countrymen ...” can be used effectively to teach the basics of communication.
- Some examples of Literature in support of Business Education
 - 1984 by George Orwell, understanding Power and Politics in Organizations
 - To Kill a Mocking Bird by Harper Lee, understanding culture and society
 - Idgah, by Premchand to understand the concept of tradeoffs.
- Hence if professors use English literature as a form of explaining a business concept, the students gain the following:
 - They shall be forced to read at least the relevant aspect of the play [enhancing Reading]
 - Reading the lines is not enough, reading in between is the key to the problem
 - Enhances them to think way beyond the text or lecture and get solutions from a very totally diverse, “non-management” subject
 - Encouraging out of the box thinking.



Limited advice for NIIT

- You are technology providers
 - You need to partner with B Schools that are capable of providing the content
- You need to exploit economies of scale
 - You cannot afford to have a very narrow focus
- Your market is extremely competitive
 - Competition from Harvard's "X" programs, as also IIM-B's MOOCS
- At some point of time you need to broaden your portfolio
 - What about Oxford's PPE course



Vertical Vs Horizontal learning

Even unrelated events can influence the fate of your industry

“Should the Marketing Manager for Revlon Lipsticks read the “*Scientific American*?”

Strategic thinking and Decision making becomes the basis of your competitive advantage....education technology must support this.