



# The Challenge of Uncertainty

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# Headlines: A Small Exercise

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- Please make a list of headlines, real or imaginary, that help remind us of **events** that might impact the organization where you work. Make a list of 5 if you can.

1.

2.

3.

4.

5.



# Impact of Events

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- Using the real or imaginary headlines, or new ones, please make a list of events that might impact Kloster Isee, Bararia, Germany...

1.

2.

3.

4.

5.



# Exercise

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- **April 2003. SARS hit China! Imagine you are Mark Decocinas, GM of Ritz Carlton, Shanghai, Your occupancy rate went down from 100% to 10%. What would you have done?**

1.

2.

3.

4.

5.

# Competing on the Edge

## Where do you want to go?

Semicoherent strategic direction

- Unpredictable
- Uncontrolled
- Inefficient
- Proactive
- Continuous
- Diverse



## How do you get there?

Edge of chaos

- Structure
- Chaos

Edge of time

- Past
- Future

Time pacing

- Transitions
- Rhythm

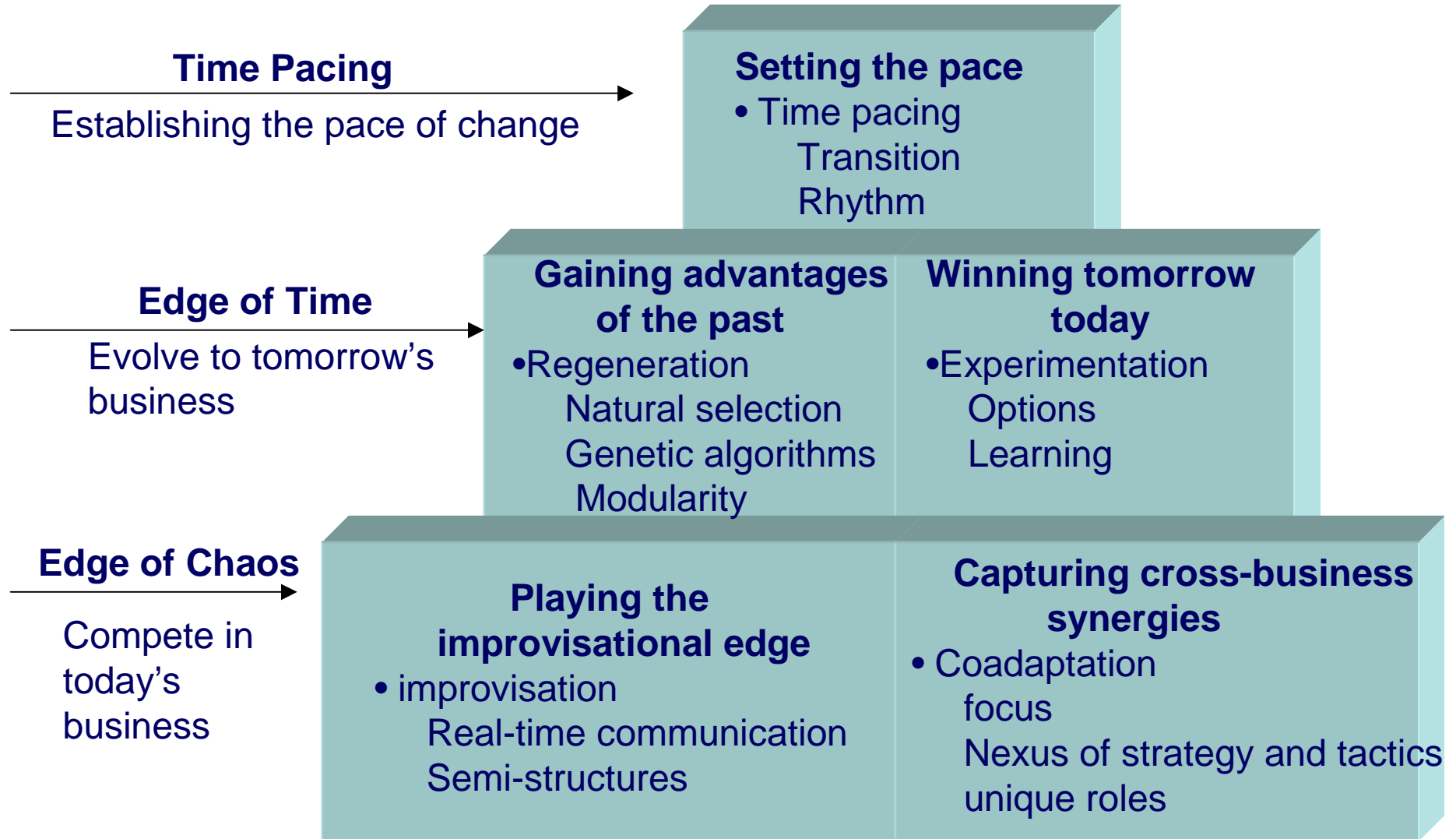


## What is the results?

Continuous flow of competitive advantages

- Survive
- Change
- Reinvent

# Building Blocks





# Improvisational Edge

**Dilemma:  
Adaptively  
innovate  
and  
consistently  
execute**

**Real time  
Communication**

**Adaptive Culture**

**Semi-structures**

**Break all the rules**

**Follow all the rules**

**Loose structure**

**Too much structure  
and process**

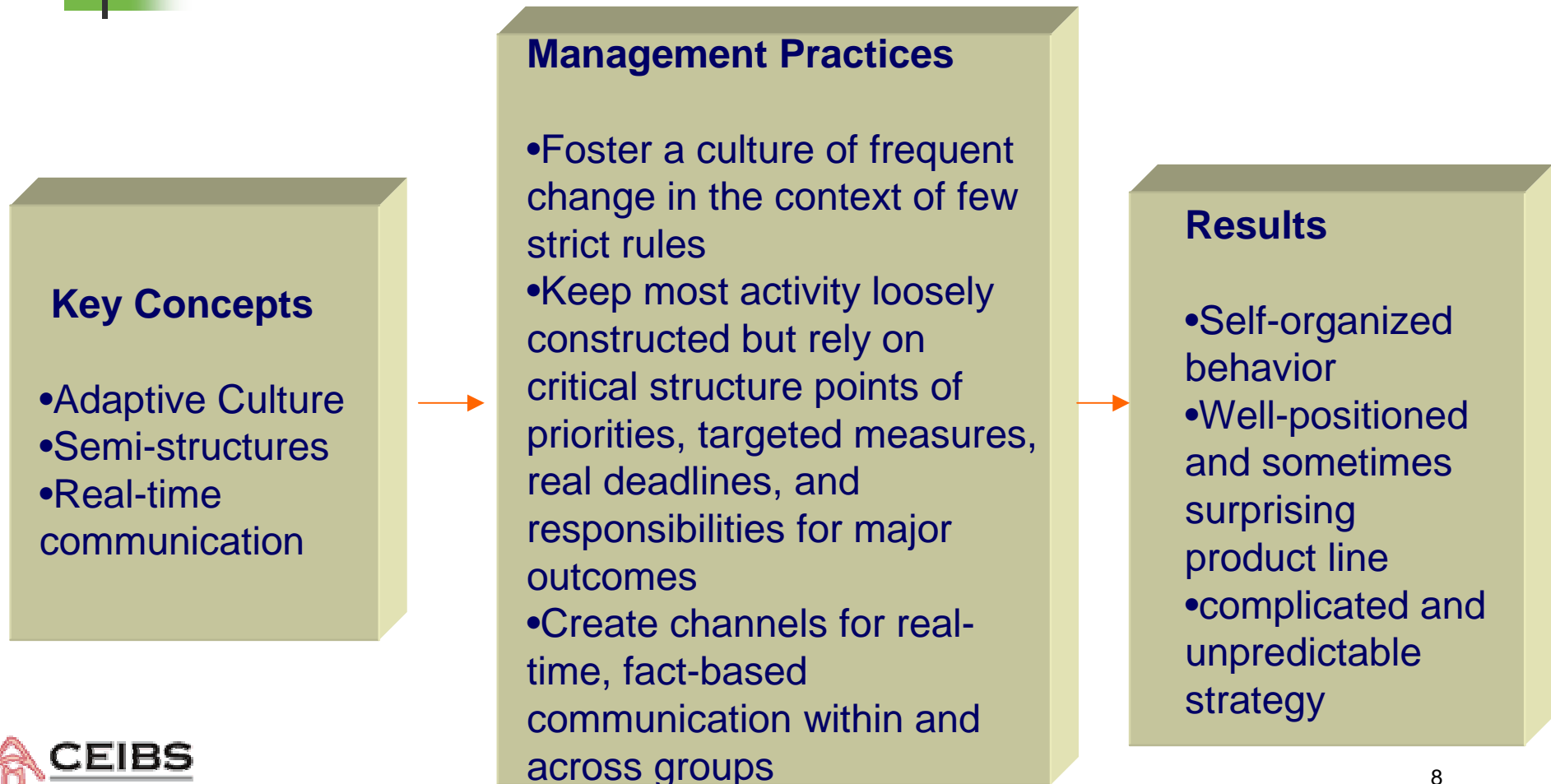
**Lots of random  
communication**

**Narrowly channeled  
Communication**

**Chaos Trap**

**Bureaucratic Trap**

# Navigating the Edge of Chaos: Improvisation



# Coadaptive Edge

**Dilemma:  
Collaborative  
synergies  
and  
individual  
success**

**Focused  
collaboration**

**Collaboration at  
nexus of strategy  
and tactics**

**Every business  
is unique**

**Collaboration on  
everything**

**Collaborate on  
anything**

**Skybox perspective**

**No one in Charge**

**Every business is  
the same**

**Every business  
is a star**

**Lockstep Trap**

**Star Trap**



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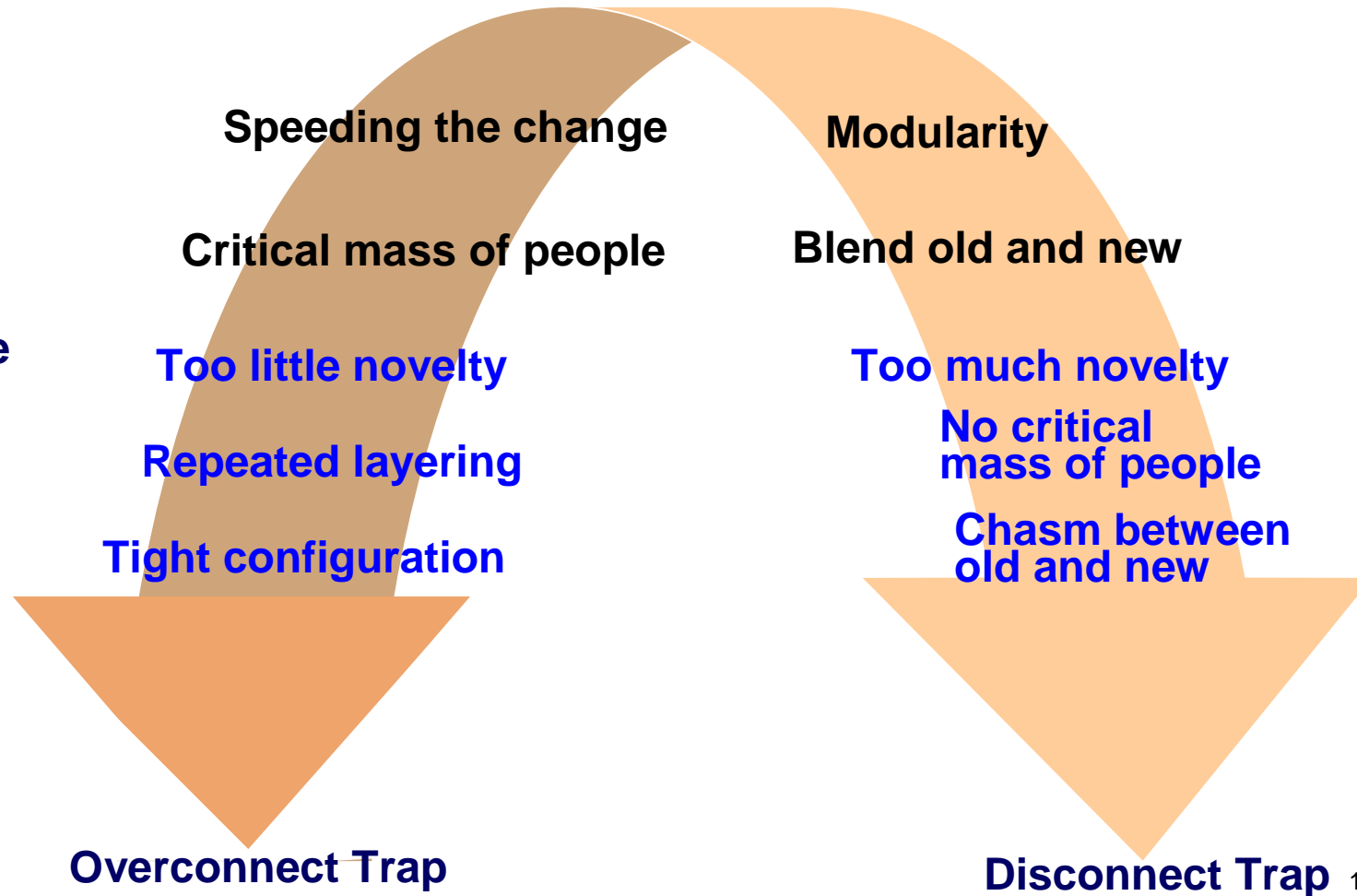
*From Brown & Eisenhardt, 1998*



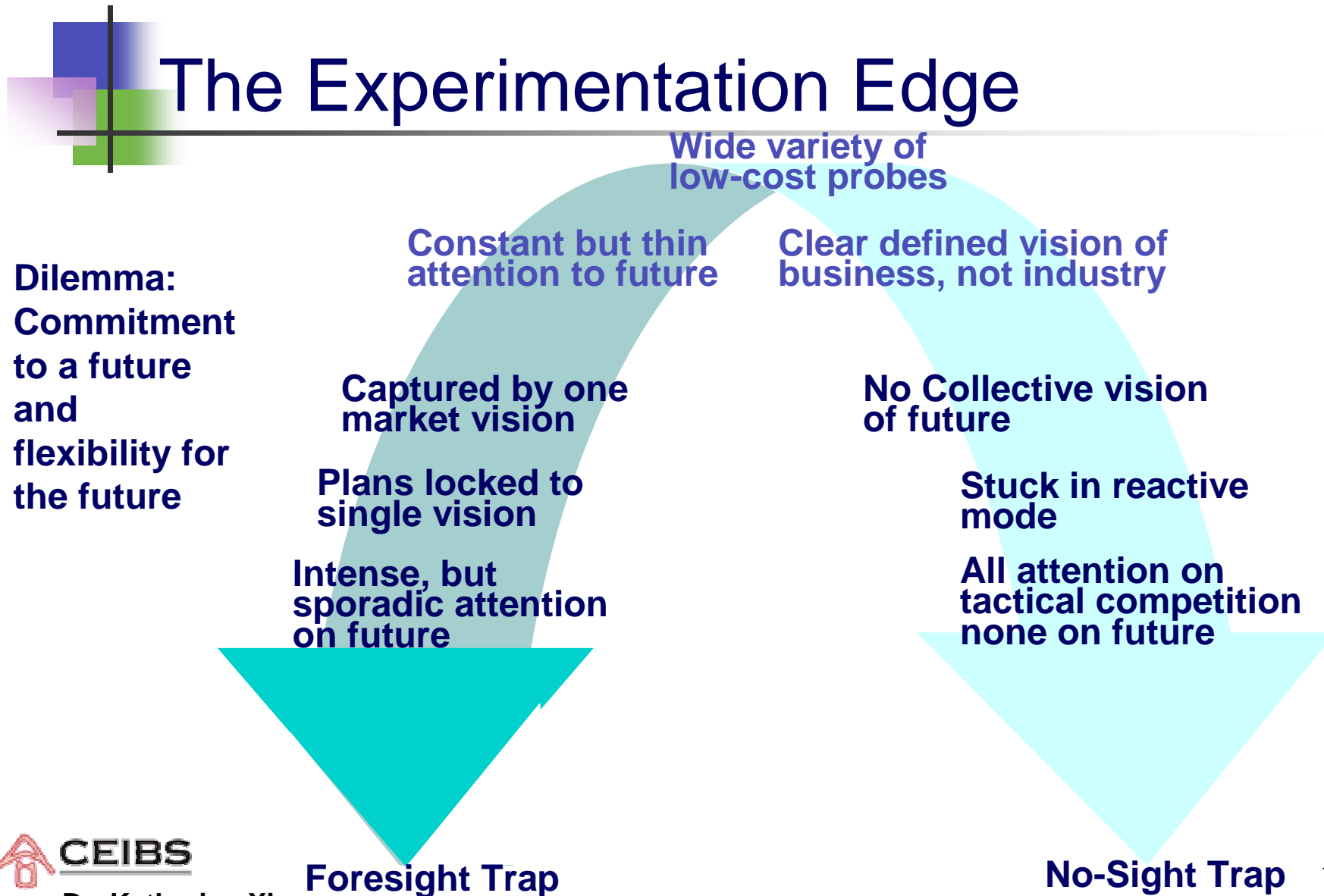
# Regenerative Edge

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**Dilemma:**  
Exploit the old and explore the new



# The Experimentation Edge



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*From Brown & Eisenhardt, 1998*



# Developing Competing on the Edge

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# Begin with Current Operations

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- **Never forget that transforming the current businesses is the first priority.**
- **Move to the edge of chaos**





## Begin with Current Operations

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- **Think small, if you can. Pick targeted areas to launch the transformation.**
- **As you build your improvisational and coadaptive skills, reproduce in closely related strategic opportunities.**



# Once Your Current Strategy is Under Control

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- **Move to the edge of time.**
- **Examine your product or service development portfolio.**
- **Add meetings focused on the future.**
- **Don't forget your past.**
- **Take your successes in new businesses and use them to regenerate your established businesses where you can**



## Once Your Operations in Each Timeframe are Effective...

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- **Develop time pacing.**
- **Watch for missing links.**

# The Challenge of Uncertainty

- 3 October 9 AM: TURBULENT TIMES: How do individuals cope in complex, confusing situations?
- 4 October 9:30 AM: PREPARING FOR THE UNEXPECTED: Risk and opportunity in the business world. How do companies assess risk...? How can they anticipate opportunities...? How can especially small businesses react appropriately to situations of crisis?
- This session: no PowerPoint. No printed Case Studies. No fancy handouts. Nothing to lose or misplace...you will keep what you experience here in your brain... or will not keep it at all.
- Let's compare ideas....
- Three short small group assignments!  
  
1: what sorts of EVENTS help describe TURBULENT TIMES. Make a list of headlines, real or imaginary, that help remind us of EVENTS that might impact the organization where you work... Make a list of TEN if you can...