

Rise to the Challenge of Uncertainty

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The Europe-Asia Young Leaders Forum 2003 has wisely selected the “challenge of uncertainty” as its theme, as uncertainty proves to be pervasive in management and constitutes a major threat to leadership. It is almost certain that the 21st century, characterized by increasing complexities and competition, will see more and more uncertainties, and therefore, whether the leadership can rise to such a challenge will be critical for the success of any organization. Honored as the keynote speaker this evening, I would like to share with the young leaders here some of my thoughts on the topic.

Hegel, the great German philosopher, told us with his famous dialectics that all things in the world exist in unity of opposites, which means that whenever there is uncertainty, there is certainty. The primary responsibility of a leader is to identify certainties and maximize their roles in management. When certainties are brought into full play, many uncertainties will be turned into certainties. In the 21st century, albeit its growing complexities and constant changes, the world’s economy and market are witnessing a number of great trends which are increasingly obvious and certain.

First and foremost, the globalization of the world’s economy has become an irresistible historical trend, in which all of us will be involved in one way or another, regardless of our emotions and willingness. Resistance or passiveness is futile, and can only lead to “marginalization”, or isolate oneself from the historical progress. The wave against economic globalization, though well-grounded from narrow perspectives, is merely an episode in history, like the smashing of machines and factories during the Industrial Revolution, or the tearing of railways when Stevenson invented trains.

Second, hegemonism is a reverse current in the process of economic globalization, which is still strong and should never be ignored. Hegemonism also talks about globalization, but in essence, it advocates and practices global hegemony. In the struggle against hegemonism, the unifying and prospering Europe and the emerging Asia have shared interests, not only by history but also in strategy.

Third, the two continents do not have any conflict of interests in geography or politics. Europe enjoys advantages in capital, technology and management expertise, while Asia has a huge market, abundant resources and premium labor. These complementarities form a strong basis for a potential strategic partnership between the two sides in the 21st century in the process of economic globalization.

Last but not the least, the rapid, sustainable growth of China has become a focus of economic attention in the emerging Asia. China will be a major driving force and a key engine of world’s economy in the 21st century. This is something certain, and China has almost unlimited potentials and innumerable opportunities for young, ambitious entrepreneurs like you.

Of course, there are always uncertainties even in China. Any project can entail unknown factors and new uncertainties can arise in its implementation. In fact, uncertainty is an everlasting theme in business management. Here I would like to introduce you some traditional approaches of Chinese medicine, which I believe is helpful for you to make right decisions and seek growth in the context of uncertainty.

The fundamental principle in Western medicine is to identify the causes of disease – which bacteria or virus has caused the disease, or which part of organ has gone wrong? Before the focus is identified, Western medicine tends to prescribe a conservative treatment. However, traditional Chinese medicine adopts a totally different approach. It takes the human body as a closely linked whole – whatever the cause or focus, problem with one part will invariably induce reaction of the whole body. When the overall body information (symptoms) is available, a tailored treatment can be found.

How does traditional Chinese medicine make a diagnosis?

There are basically four methods of diagnosis and eight principal syndromes in traditional Chinese medicine. The four methods of diagnosis refer to observation, smelling, interrogation, and pulse feeling, through which the overall body information is obtained.

Observation means examining a patient’s language and watching his or her expression, including color of skin, tongue, hair, eyes and face. Eyes can often give away important information – your overall spirit and physical condition.

Smelling means observing a patient’s excrements as well as abnormal smells from his or her body.

Interrogation means asking about the medical history, the process of disease attack and the prominent symptoms.

Pulse feeling means touching the body directly. Pulse feeling in traditional Chinese medicine is widely different from Western medicine – the former can produce abundant information on a patient’s health and disease, while the latter is merely a measure of pulsation. Over thousands of years, traditional Chinese medicine has accumulated rich experience and expertise in this area, and a good doctor can distinguish between 128 types of pulse.

To conclude, the first step in traditional Chinese medicine is to make a comprehensive investigation and obtain the overall body information. The next important step is to analyze information in line with eight principal syndromes - Yin and Yang, exterior and interior, cold and heat, and deficiency and excess – which constitute a body’s unity of opposites. Imbalance in any of the eight areas will lead to disease.

Yin and Yang refer to the types of disease; exterior and interior refer to the degree of disease; cold and heat refer to the properties of disease; deficiency and excess refer to the struggle between evil and healthy energy. Among the eight principal syndromes, the overriding opposite is Yin and Yang, which can often provide the general direction for treatment. Therefore, “a good doctor should be good at observation and pulse feeling, and start with Yin and Yang.” What is Yin and Yang? Yin means hypofunction and Yang means hyperfunction.

The principles of traditional Chinese medicine can also apply to business and management. Like a doctor, an investor needs to use “the four methods of diagnosis” to investigate the political, economic, cultural and market conditions of a country, even the facial expressions of its people (smiling? indifferent? or miserable?) before he or she can form any judgment on investment prospects. What is critical is to distinguish between “Yin and Yang” to judge whether the overall prospect is promising or dangerous.

How does traditional Chinese medicine make a prescription and give treatment?

A good doctor prescribes only one pack of Chinese drug for the first time to test the accuracy of the initial judgment of “Yin” or “Yang”. “Yin” is balanced by drugs of “Yang”, while “Yang” is balanced by drugs of “Yin”. Large dosage is dangerous and should be always avoided for the first prescription. If the judgment of “Yin” or “Yang” goes wrong, then the treatment will go to the wrong direction. As the saying goes, “the harm done by one pack of wrong drug cannot be compensated even by ten packs of right drug”.

An important implication of traditional Chinese treatment is that the initial investment of a project should not be too big when there are still uncertainties – it is too risky to put all the eggs in one basket. A mistake in judgment can lead to bankruptcy of an individual or a business. A better and more sensible option is to start with a small investment to test its risk and prospect. If the first pack of drug proves effective, then the dosage should be increased in this direction to reinforce the effect; if the first pack does not have an obvious effect, then a second test is needed; if the first pack has an opposite effect to allow the disease to turn for the worse, then the direction must be changed without delay. It is the same with investment and management.

What about the medication in traditional Chinese medicine?

The medication in traditional Chinese medicine is widely different from that of Western medicine. The latter emphasizes special effect of each drug for a particular disease, while the former underscores “matching” to maximize the “systematic effect” with a combination of drugs. Matching adheres to four basic principles: king, minister, assistant, and ambassador. “King” is the major drug, and functions as the king in the drug combination. “Minister” is the second important drug in the combination, without whom the king cannot function as the commander in chief. Assistant is the adjuvant drug which helps reduce any potential side effect brought by the “king” and the “minister”. “Ambassador” is the guide in the combination to find a breakthrough for effect maximization.

It is the same with business and management. All forms of effective cooperation and coordination are more than necessary since individuals’ talents and wisdom are never enough by themselves. The design of any project is a systems engineering, which depends on the coordination of all elements. Cooperation and coordination are invisible forces, and together they eliminate numerous uncertainties in an invisible way.

One important feature in traditional Chinese medicine is the “increase or decrease of dosage according to the symptoms” – the change of external environment, the patient’s condition and the development of disease. For example, the dosage should be increased if the patient is a strong, young man who can withstand even with some side effects. For an old man, however, such an approach seems out of place.

Young leaders as you are should cherish risk-taking and entrepreneurial spirit in practices. Age is your greatest wealth, and you still have time and chance for a comeback even if you fail. In the meantime, you can learn from your mistakes, as failure is often the mother of success. But for an old man like me, risks should be avoided – once I fall down, I will never have the chance to stand up again.

Another important implication from the increase or decrease of dosage is that uncertainties are not dreadful as long as you have developed the adaptability.

The philosophy and approach of traditional Chinese medicine can be helpful in coping with uncertainties in management, but managers still need to learn from practice as practice makes perfect. This accounts for why the best doctors are always old-agers in traditional Chinese medicine. However, the importance of first-hand experience does not mean that you have to go through everything by yourself. Only a fool will follow suit blindly and repeat others' mistakes. Therefore, it is the same important to learn from experienced people or from our predecessors.

Where to learn? My recommendation for you is China Europe International Business School (CEIBS) who has been listed for two consecutive years as one of the world's top 100 business schools by the distinguished media *Financial Times*. This is the first business school in Asia with all its MBA program, Executive MBA program and Executive Development programs breaking into the ranking. As a fully-fledged world-class business school, CEIBS boasts a large faculty pool as well as a large number of international and China-related cases to help you cope with uncertainties in management.

Let me welcome you all at CEIBS!