

Globalization: “Going Fast and Doing Well”

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Abstract

During the last decade we have seen how the speed of business has grow. Also many companies have increased their international deployment. High level managers and boards have clearly understood that business is becoming global, digitalization is helping in many business processes and all this may transform companies, those going faster gain market and become leaders and those going slow may not have a future. It is important to reflect on these things. And this is the objective of the article.

Keywords: *digitalization, globalization, acceleration, internationalization, uncertainty, speed*

As we progress towards 2025 the complexity of innovation is growing in many sectors. If we look at two of the most important, automotive, and healthcare, we can see this very clearly.

In the automotive sector it is not clear if cars would evolve towards being electric, or they will continue to be of internal combustion (with improvements to reduce contamination—already very small), or the transition will be through hybrids. The automotive companies must have all the alternatives and be prepared to attract the customers whatever the preferred alternative is. Following the customer, the global customer, is basic and a fast reaction is crucial.

But this is not only for car manufacturers. This is for the whole value chain. Car distributors, dealers, may need to adapt also to the preferences of the customers but, in addition, they must be well prepared online because every day more customers choose their preferred car online although in almost all cases they go to the dealer or to more than one dealer to see and even test the selected cars, in many cases selected through their computers as the best alternative for them.

And also the suppliers of components and raw materials are affected by these changes. If cars are electric or hybrid they will need batteries, electric engines, and many components can be from steel

or aluminum or even plastic.

For many years cars are increasing its connection with other vehicles, with sources of information, with obstacles. These connections can advise the driver or even “drive the car” (move it, stop it) to avoid accidents with other vehicles not respecting well their traffic lights, their speed limits, or the required channels on streets or highways.

We could look to other sectors like healthcare and see the evolution of digitalization and biotechnology. Some insurance companies offer online services that facilitate communication with doctors, second opinions, guide to treatments, etc. In serious cases direct relationships of doctors with patients or those who take care and are close to them tends to be necessary but if at the end of the information chain is a leading expert, the likelihood of a successful result is higher.

Biotechnology is taking space in pharmacy. There are possible biotechnology treatments that can have better results than conventional pharmaceutical ones. Pharmacy uses chemistry but sometimes these chemical treatments can have a negative impact on the body because some people are very sensitive to some chemistry. Many pharmaceutical companies believe that they must do research in both areas, chemical and biotechnological treatments.

In all sectors the growing availability of data is supporting processes. Today it is possible to follow markets, consumers, suppliers, competitors, technologies, because data are available. But it is important to have clear ideas of what data are relevant for each problem area. Data plus information technology can help to design a strategy that fits well to act with speed. We have a world market growing fast but we have new competitors appearing in these markets. If we take the example of China, we have high technology companies starting there and, given the size of the market, growing fast, and reaching a level that facilitates their next jump to Europe and the USA. We need to follow these processes closely if we are European, American, or Chinese. The markets tend to be global with the same products.

These processes of advancing in technology and globalization are difficult and may require relevant investments. If a European company invests in China or in the USA, the first year (or more than one year) the investment will not be profitable and probably will require to invest more. If one company cannot be a successful global player, it is better to sell the company to another with more potential. But as the difficulties of one company become clearer its value goes down. Therefore, we must act also with speed in these situations.

But in this global economy there are very important changes. In my first years as a professor two international movements had an impact on business and therefore in business research and teaching. On one hand, Latin America appeared as an important market with a growth potential and many companies invested there to benefit from the big size of the markets (Brazil, Chile, Argentina, Colombia, Mexico, etc.). On the other hand, Japan appeared as a developer of operations systems like what we called "Just-in-time" systems for improving effectiveness in operations through a better training of employees and ways to incorporate their ideas to improve processes. These internationalizations required travelling a lot to Latin America and Japan.

In Latin America several business schools were launched, IAE in Argentina, INALDE in Colombia, IPADE in Mexico. At IESE we reached an agreement with Toyota, Kawasaki, and Panasonic to organize

just-in-time seminars in Japan for international managers and visit the three companies observing how they were applying the operations innovation. This happened in the decade of the 1980's.

Years later, in the decade of the 1990's, China became the main interest because of its big size, its market growth and the political stability. CEIBS was launched in 1994 as a joint venture between the European Union (50%) and the Shanghai Government (50%). The leading European business schools helped in this project with faculty who were interested in the project, believed in the growth potential of China and with a lot of generosity put a relevant part of their time in the project. Many, mainly European companies, some European governments, the European Union, helped the school that was able to build a beautiful campus in Shanghai designed by the office of probably the leading world architect at that time, I.M. Pei. CEIBS soon became the leading business school in Asia and one of the leading in the world.

Today we can say that we have reached a globalization in economy, industry, services, education, healthcare. We maintain different cultures, but we are accepting English as the global language. As we progress towards 2025 this process is likely to continue and companies and institutions that do not react to this and adapt to it may have difficulties to survive. If we look into a European leading business school, we find MBA students from all over the world. And the same in a leading American or Chinese business school. If cars become electric in the USA, most likely will also become electric in the rest of the world. The interest in biotechnology is global and leading healthcare companies supply the same products and services in the USA, in Europe and in China.

But managing this process requires managers who know well their companies, their industries, but also have a good level of management knowledge with the approaches necessary to extend their companies worldwide under good control, with the adequate places to focus more on R&D, on manufacturing or on financing. If people are basic, it is necessary to train them well and to motivate them well. Training motivates because people understand that they are important for their companies. And it is necessary also to

compensate the extra efforts that globalization may require (traveling, spending some periods of time in other locations, understanding other cultures,

designing the adequate approaches to manage, sell, manufacture, purchase, etc.). Compensation can be key to retain good managers. People are the key.

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