Vijay Govindarajan

Personal Statement: 1970-2010

In 1971, after graduating at the young age of 20, I was one of twelve students among thousands of applicants who were offered a position in a management rotation program for one of the most prestigious firms in India. According to the logic accepted within my circle of friends, my life was set. All I had to do was follow the path in front of me.

Within just a couple of years, however, I felt trapped within the rigid boundaries inside my company. The accumulation of frustration, painful at the time, later became a positive force in my career. It created a curiosity and source of energy that sustained me for decades of inquiry into one simple question: How can organizations become more effective?

I did not follow the path in front of me. Instead, at great personal and financial risk, I emigrated from India to attend the Harvard Business School. Most students at Harvard Business School, then and now, have a great deal of intellectual curiosity. My own was in overdrive. To satisfy this curiosity, I chose to pursue a doctorate at Harvard. As I worked towards my degree, I naturally gravitated to questions of organizational effectiveness.

For the past 30 years, I have built expertise in *strategy execution*. What choices must senior executives make to ensure that their organizations can achieve their strategic intent? Of course, senior executives cannot make every decision on their own. Instead, they must establish an environment which favors actions that are consistent with strategy. They create such an environment through practices and policies for hiring, promoting, compensating, budgeting, assigning authority, formalizing work processes and information flows, evaluating business performance, evaluating individual performance, and more. They strengthen the environment through their own leadership style and by reinforcing certain values, mindsets, and assumptions about what constitutes desirable behaviors and what it will take for the company to succeed.

There have been several paradigm shifts in the field of strategy over the past few decades, and these have opened compelling questions in my own field of strategy execution. I have been fascinated by the process by which radically new strategic ideas are translated into action. Corporations can adopt new strategies relatively quickly – that is just a matter of changing the way they think and plan. But figuring out how to actually achieve newfangled strategies is a much tougher challenge, one that takes many years. Throughout my career, I have tried to understand how organizations need to be modified so that corporations can fulfill their latest strategic ambitions.

Phase I Strategy Execution Within The Diversified Firm

In the 1960s and early 1970s, while I was still a student, many corporations were vast conglomerations of disparate businesses. The only evident logic seemed to be that bigger was better. Little thought was given to the question of which combinations of businesses made sense and which did not. The field of strategy barely existed.

As “strategic thinking” began to take hold, thinkers like Michael Porter began to analyze sources of competitive advantage for each individual business unit (see Porter, *Competitive Strategy).* His key insight: corporations win and lose at the business unit level, not at the corporate level. There are several reasons. Business units have different missions, they are in different stages in product life cycles, they have different competitive strategies, and more. For example, at General Electric, the light bulb business and the jet engine business are worlds apart. Success or failure in these businesses has more to do with individual business unit strategies than it has to do with General Electric’s overall corporate blueprint.

Also in the 1970s, “portfolio planning” became all the rage. Strategists began to carefully analyze the pros and cons of combining specific business units under the same corporate umbrella. They examined potential linkages between businesses, and argued that where companies could achieve synergies between businesses, they could win tremendous competitive advantage.

As is consistently the case, the strategists were several years ahead of what executives knew how to achieve. When I came onto the scene in September 1980, the notions of business unit strategy and portfolio planning had been fully adopted by strategic planners. But what would it take for individual business units to succeed? And, how should linkages be created within the organization so that each business unit benefits from being a part of large corporation? For the top management of General Electric, for example, it is critical to know how the light bulb organization should be shaped differently from the jet engine organization.

Researchers were only beginning to tackle the question of how to build a coordinated, multi-business-unit organization. Companies needed to achieve a tricky balance. They needed some differentiation between business units — each business unit had a distinct strategy, and thus each needed a distinct organization to achieve that strategy. At the same time, they needed to create linkages between business units so that they could share hard assets, brands, expertise, and more — and these linkages worked best when there was homogeneity throughout the corporation. How could the two needs be reconciled?

Nobody really knew. I spent the entire decade of the 1980s researching how to systematically vary approaches to execution across business units with different strategies. This period constituted the first of four distinct phases in my career. I conducted in depth empirical research consisting of hundreds of interviews and surveys of executives at dozens of Fortune 500 corporations, and ultimately was able to advance thinking on the important question of strategy execution in multi-business-unit organizations. (See Exhibit 1, Publications in Phase I.)

During that time, it became clear to me that I had embarked on an unusual line of inquiry. There were far more scholars interested in questions of strategy formulation (what should the company do) than strategy execution (how can the company achieve its strategy). I believe that the reason for this is that research in execution is more difficult. It is more behavioral than economic, and thus more qualitative than quantitative. Many top-notch academic journals frown on qualitative research, and thus many young professors seeking tenure will see this line of work as too risky to their career prospects. In addition, this research is extremely expensive and time consuming. Finally, it can only be conducted with deep access within corporations because public sources of information are woefully inadequate. Put it all together, and this kind of research is pursued only by the few that not only are interested in the issues, but are also well-funded, tenured, and in possession of a deep rolodex. This is a small set indeed. Through luck, through hard work, and by dedicating a great deal of time building relationships with practicing executives (See Exhibit 2, Consulting Experience), I have managed to succeed in this unusual career path (See Exhibit 3, Awards and Recognition).

The central theme in my work has always been achieving the right balance of organizational differentiation and organizational integration between distinct business units. After the evolution to business unit strategy and portfolio planning presented the initial impetus for this line of work, subsequent advances in strategy afforded me the opportunity to ask similar questions in different contexts.

Phase II Strategy Execution Within The Multinational Firm

In the 1980s, following an onslaught of foreign competition, companies began to consider strategy from a global perspective. No longer was the "rest of the world" viewed strictly as an export opportunity. Companies acquired a much more extensive global presence, and located different value-chain activities such as basic research, product development, manufacturing, etc, wherever it made the most sense. Classic books from the era included *Managing Across Borders* (Ghoshal and Bartlett), *Multinational Missons* (Prahalad), and *Global Strategy* (Porter).

Corporations began building complex global operations before they really understood how they could work. Different subsidiaries faced entirely different strategic contexts, with different demands from customers, different competitors and so forth.

In the second phase of my career, I spent the 1990s investigating how global companies can achieve the most effective balance of differentiation and integration among country subsidiaries. For example, how should the relationship between global headquarters and individual country subsidiaries vary? What processes ensure that each country subsidiary can tailor its operations to the local environment? How can companies identify which aspects of their operations must be consistent around the world? Again, through this phase in my work, I contributed significant advances. (See Exhibit 4, Publications in Phase II.)

Phase III Executing Breakthrough Strategies

As I was conducting this work through the 1990s, a new dominant business force came on the scene: the internet. Suddenly, the most influential strategic thinkers were the most radical ones — those who argued that no competitive advantage was secure. Strategy was a matter of creating a new and better future, not finding the best way to compete within the existing boundaries and conventions of an industry. Notable books of the time were *Competing for the Future* (CK Prahalad and Gary Hamel) and *The Innovator's Dilemma* (Clayton Christensen). The ideas in these books and others like them generated a great deal of energy among CEOs. Many launched new high-growth business – but again, the field of strategy was well ahead of knowledge about how to execute.

In the third phase of my career, since 2000, I have focused on exactly how corporations can build breakthrough businesses while simultaneously sustaining excellence in their core business. I have observed that the prevailing wisdom is that the key success factors are discovering a great idea and finding a great leader capable of building the new business. But a great idea can only get you started, and even the best leader cannot build tomorrow's business inside an organization that is fully dedicated to efficient operation of today's. Companies must shift focus from ideas to execution, and from leadership excellence to organizational excellence.

Based on ten years of field research in 10 corporations, I have completed two books *Ten Rules for Strategic Innovators — from Idea to Execution* and *Great Idea What's Next: How To Execute An Innovation Initiative* (see Exhibit 5, Publications in Phase 3, for related works). In these books, we explain three central challenges of building breakthrough businesses within organizations that are already established and successful. You must forget some of what to this point has made your company a success. You must borrow some of your company's existing resources - the most important advantage you have. And, because experimental businesses rarely stay on plan, you must learn as you proceed.

A natural instinct is to create a separate organization - one in which a more entrepreneurial culture can flourish. But that leaves far too many questions unanswered. True, the new business unit must be distinct from the core organization. But what distinctions should there be? And how are those differences achieved? Further, distinct does not imply isolated. So where should there be interaction? And how can the natural tensions between new and old be overcome? Finally, how exactly do you learn as you proceed?

Phase IV Organization For Innovation in Emerging Markets

I plan to continue to focus on issues of innovation within large corporations for several more years, to complete this phase of research. I am also entering a rich and rewarding fourth phase. The next generation of global strategy will focus on the emerging economies.

CEOs are spending more and more time wrestling with the rise of China and India. We have learned a great deal about how to work across cultural differences within a global organization. But the asymmetries between the developed world and the developing world go far beyond just cultural difference. There is vast economic asymmetry as well. We are only just beginning to understand the full nature of the challenge of building organizations that can be simultaneously effective both in a country with a GDP of $30,000 per capita and one with a GDP of $300 per capita. In parallel with the vast economic disparities are stark distinctions in consumer buying habits, distribution systems, dynamics of local competition, environmental sustainability, and the role of government. Global corporations are only beginning to understand the extent they will have to stretch and innovate to succeed in such environments.

Finally, in Phase IV, it appears, I got the opportunity to return home, and give my full energies to India. In January 2008, I was invited by General Electric to be their first Professor in Residence and Chief Innovation Consultant. As part of this assignment, I was asked to operationalize a concept that Jeff Immelt coined, Connected and Scalable Localization (CSL), as a way to talk about GE's globalization efforts in emerging economics like China and India. Under the CSL concept, GE intends to develop and commercial *local* solutions in China and India talking a "market back" view; these solutions will not be developed in isolation but emerging economy efforts will be *connected* to GE's global resource base. GE will then use global brand and global distribution to *scale* those solutions to the rest of the world as opportunities allow.

I published an article with Jeff Immelt, the CEO of GE, in the October 2009 issue of *Harvard Business Review* based on my work on CSL. (See Exhibit 6 for publications in Phase IV and Exhibit 7 for an overview of each phase of my research).

Exhibit 1

Publications in Phase 1

"Strategic Cost Analysis of Technology Investments," *MIT Sloan Management Review*, Vol. 34, No. 1, Fall 1992, pp. 39-51 (with John K. Shank).

“Profit Center Manager Compensation: Impact of Market, Political, and Human Capital Factors,” *Strategic Management Journal*, 1992, 13 (3), pp. 205-217 (with Joe Fisher).

"Impact of Output versus Behavior Controls and Resource Sharing on Performance: Strategy as a Mediating Variable," *Academy of Management Journal* (with Joe Fisher), June 1990, 33,2, pp. 259-285.

"Implementing Competitive Strategies at the Business Unit Level: Implications of Matching Managers with Strategies," *Strategic Management Journal*, 1989, 10, 251- 269.

"A Contingency Approach to Strategy Implementation at the Business Unit Level: Integrating Administrative Mechanisms with Strategy," *Academy of Management Journal*, 31, 4, 1988, 828-853.

"Decentralization, Strategy, and Effectiveness of Strategic Business Units in Multi-Business Organizations," *Academy of Management Review*, 11, 4, 1986, 844-856.

"Resource Sharing Among SBUs: Strategic Antecedents and Administrative Implications," *Academy of Management Journal* (with Anil K. Gupta), 29, 4, 1986, 695-714.

"Impact of Participation in the Budgetary Process on Managerial Attitudes and Performance: Universalistic and Contingency Perspectives," *Decision Sciences*, 17, 4, Fall 1986, 496-516.

"Linking Control Systems to Business Unit Strategy: Impact on Performance," *Accounting, Organizations and Society* (with Anil K. Gupta), 1985, pp. 51-66.

"Appropriateness of Accounting Data in Performance Evaluation: Environmental Uncertainty as an Intervening Variable," *Accounting, Organizations and Society,* 9, 2, 1984, pp. 125-135.

"Business Unit Strategy, Managerial Characteristics, and Business Unit Effectiveness at Strategy Implementation," *Academy of Management Journal* (with Anil K. Gupta), 27, 1, March 1984, pp. 25-41.

"Build, Hold, Harvest: Converting Strategic Intentions into Reality," *Journal of Business Strategy* (with Anil K. Gupta), 4, 3, Winter 1984, pp. 34-47.

Exhibit 2

Consulting Clients

Automobiles
Chrysler
Volvo

Chemicals
Celanese Corporation
(Hoechst Celanese)
The Dow Chemical Company

Computers
Hewlett-Packard
IBM
Microsoft

Consumer Products
Bang & Olufsen
Bausch & Lomb
Campbell Soup
Clorox
Coca-Cola
Colgate
General Electric
Hershey
Kodak
Louis Vuitton Moet Hennessy
Procter & Gamble
Quaker Oats
SAB/Miller
The Gap

Defense and Aerospace
BAE Systems
Boeing
General Dynamics
Honeywell
Raytheon
TRW Automotive

Family Entertainment
Hasbro
Sony

Financial Services
Capital One
Fidelity
General Electric
JP Morgan Chase
Moody's
Orion Capital Management
Principal Financial Group
Thomas Cook
UBS

Forest Products
Champion International
(acquired by International
Paper)
International Paper
Meadwestvaco
Stora Enso
Weyerhaeuser

Government
IRS
U.S. Postal Service

Insurance
Aetna
Albermale
Chubb
Continental Casualty(CNA)
The Hartford
ING
Manulife Financial
MetLife
Midland Mutual Life
North Atlantic
Reliastar
(acquired by ING)
Manufacturing
Alcan
B.F. Goodrich Tires
John Deere
Eaton
Ford
General Electric
Honeywell
Ingersoll-Rand
J.I.Case
J.M. Huber
Johns Manville
Johnson Controls
Phelps Dodge
Quaker Fabric
Tamrock
The Tata Group
Thermo Electron

Media, Communication, and Information
McGraw-Hill
Motorola
New York Times
Omnicom Medica Group
Pitney Bowes
The E.W. Scripps Company
Thomson Corporation
Viacom

Petroleum, Utilities & Energy
American Electric Power
Amoco
(acquired by BP)
Atlantic Energy
Chevron
ConocoPhillips
Entergy
Exxon Mobil
Maxus Energy
Schneider Electric
Square D

Pharmaceuticals
Abbott Laboratories
Becton, Dickinson and
Company
Johnson & Johnson
Purdue Pharma
Wyeth

Professional Services
Accenture
Gemini Consulting
(affiliated with CapGemini)
KPMG
Mckinsey & Company
PriceWaterhouseCoopers
US Chamber of Commerce

Retailers
Reynolds & Reynolds
The Home Depot
Wal-Mart

Technology
Flextronics

Telecommunications
ADC Telecommunications
AT&T
Avaya
Bellcore
(acquired by Telcordia)
British Telecom
Corning
GTE
Lucent
QUALCOMM
Telcordia Technologies

Transportation
FedEx

Exhibit 3

Awards and Honors

Emerging Business Brain
By *London Times*

"Winner of the 2006 Accenture Award"
By *California Management Review* for his article "Organizational DNA for Strategic Innovation" (co-authored with Chris Trimble)

Global Indian Thought Leader
Rated by *Across The Board*

Global Indian Thought Leader
Rated by *India Today*

Cited as a Top 50 Management Thinker
Rated by *London Times*

Top Five Most Respected Executive Coach on Strategy
Rated by *Forbes*

Top Ten Professor in Corporate Executive Education
Rated by *Business Week*

Top 50 Non-Resident Indian of the Year
By *NRI World*, the lifestyle and business magazine for Indians living abroad.

Top 10 Indian Global Management Guru
Selected by *BusinessWorld* as one of the top Indian-born management gurus who have made it big overseas.

Outstanding Faculty
Named in *Business Week* Guide to Best Business Schools

Outstanding Teacher of the Year
Voted by *MBA students*

Top Ten Most Frequently Cited Research Paper
In the 40-year history of the *Academy of Management Journal* (AMJ) (reference to "Business Unit Strategy, Managerial Characteristics, and Business Unit Effectiveness at Strategy Implementation," with Anil K. Gupta.)

Second Most Frequently Cited Research Paper
Survey of *"The Fifty Most-Noted Strategy Works of 1980-1985"* by Donald C. Hambrick

of Columbia University (reference to "Business Unit Strategy, Managerial Characteristics, and Business Unit Effectiveness at Strategy Implementation," with Anil K. Gupta.)

Top 20 Academic Superstar
In North America for research in strategy and organization by *Management International Review*

Gluek Best Research Paper Award
In business policy and strategy from the *Academy of Management*

Academy of Management Hall of Fame
Honorable Mention, Recognition for the number of articles published in the *Academy Journals*

Notable Contribution to Management Accounting Literature Award
The Management Accounting Section, *American Accounting Association*

Robert Bowne Prize
For Best Thesis Proposal, *Harvard Business School*

President's Gold Medal
First rank nationwide in Chartered Accountancy (Equivalent of CPA), *The Institute of Chartered Accountants of India*

15th Annual Dartmouth Presidential Lecture
Selected by *Dartmouth College's President Wright* to share expertise on global business strategy

Exhibit 4

Publications in Phase II

Books

The Quest for Global Dominance, Jossey-Bass, 2008 (with Anil K. Gupta). Translated into one foreign language.

Global Strategy and Organization, John Wiley & Sons, 2003 (with Anil K. Gupta and Haiyan Wang).

Articles

“Building an Effective Global Business Team,” *MIT Sloan Management Review*, Summer 2001 (with Anil K. Gupta).

“Knowledge Management’s Social Dimension: Lessons from Nucor Steel,” *MIT Sloan Management Review*, Fall 2000, 42, 1, 71-80 (with Anil K. Gupta).

"Taking Wal-Mart Global," *Strategy and Business*, 17, Fourth Quarter 1999 (with Anil K. Gupta).

"Knowledge Flows Within Multinational Corporations," *Strategic Management Journal*, 21, 2000, 473-496 (with Anil K. Gupta).

“Antecedents of Feedback Seeking Behavior of Subsidiary Presidents in Multinational Corporations,” *Strategic Management Journal*, 1999, 20, 205-222 (with Anil K. Gupta and Ayesha Malhatra).

"Knowledge Flows and Structure of Controls in Multinational Corporations," *Academy of Management Review* (with Anil K. Gupta), October 1991, 16, 4, pp. 768-792.

Exhibit 5

Publications in Phase III

Books

Great Idea, What's Next: How To Execute an Innovation Initiative, Harvard Business School Press, 2010 (with Chris Trimble).

Ten Rules for Strategic Innovators – from Idea to Execution, Harvard Business School Press, 2005 (with Chris Trimble).

Articles

"Disruptiveness of Innovations: Measurement and An Assessment of Reliability and Validity" *Strategic Management Journal*, February 2006, 27(2), pp. 189-199 (with Praveen Kopalle).

"Building Breakthrough Businesses Within Established Organizations," *Harvard Business Review*, May 2005 (with Chris Trimble).

"Organizational DNA for Strategic Innovation," *California Management Review*, Spring 2005 (with Chris Trimble).

"Strategic Innovation and the Science of Learning," *MIT Sloan Management Review*, Winter 2004 (with Chris Trimble).

Exhibit 6

Publications in Phase IV

"The Future is Far From Home: How GE is Tackling the Next Great Globalization Challenge," *Harvard Business Review*, October 2009 (with Jeff Immelt and Chris Trimble).

Exhibit 7

Phases in Career Path

Balancing Organizational Differentiation and Integration

Phase	Years	Strategy	Analysis	Illustration
I	1980s	Business Unit Strategy; Portfolio Strategy	Multiple business units	Johnson & Johnson is in both pharmaceuticals and surgical equipment – two very different businesses with some commonalities
II	1990s	Global Strategy	Multiple country subsidiaries	The French and Japanese subsidiaries of Unilever.
III	2000-2010	Breakthrough Strategy	A proven business and a related experimental business	New York Times newspaper launches New York Times Digital long before anyone understands how the world of online media will evolve.
IV	2008-2010	Strategy for Emerging Economies	Organizing across Highly Asymmetric Borders	Ford expands operations in India