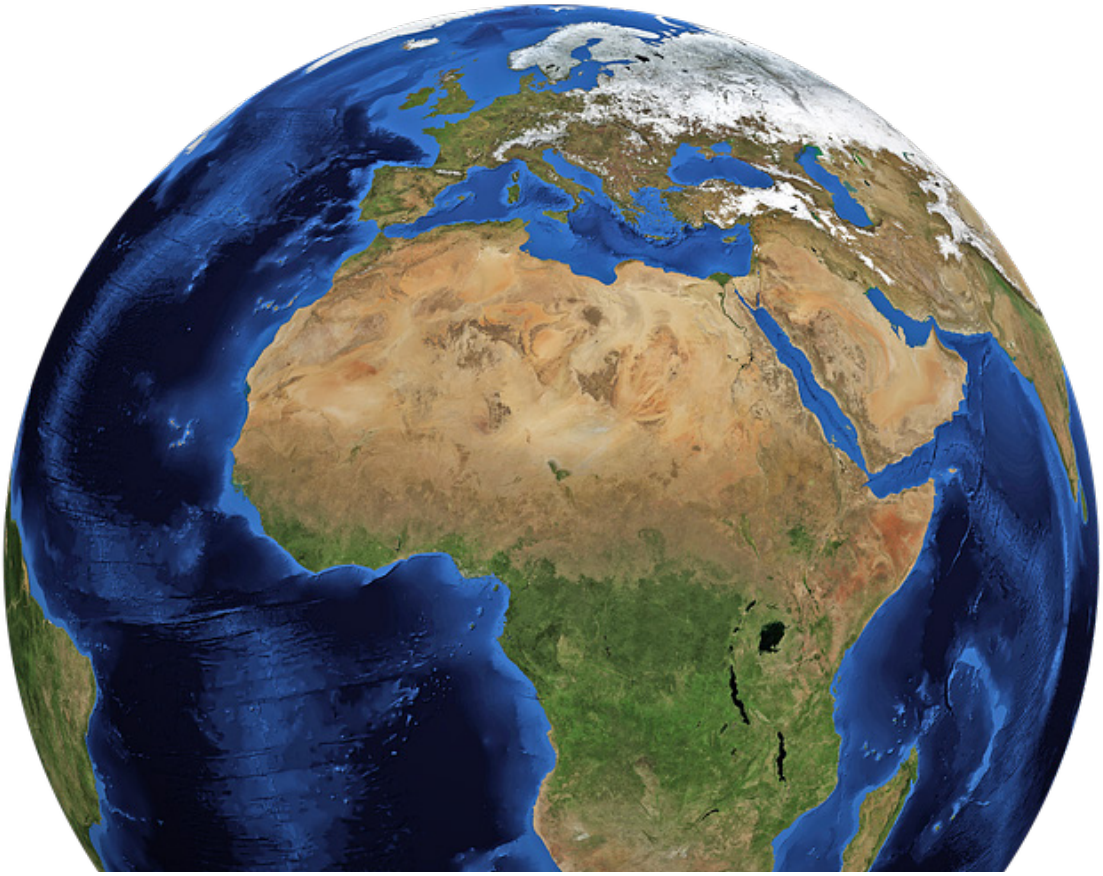
Volatile. Uncertain. Complex. Ambiguous.



THRIVING IN A VUCA WORLD

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EDITORIAL

Take Charge with a Positive Mindset

Srivipa Pongpanyaporn

In a world characterized by disruptions, change happens more frequently with more unsettling consequences. The business reality of banking in Thailand today is that more than 200 branches are closed while existing branches are refurbished to sport modern interior and futuristic architecture. For some of the top banks, accepting the disruptive transformation of the market means preparing the workforce to cope with future business challenges through increased investments while lowering the headcount and resource allocation in other departments. The demands of excellent business performance and lower operations costs are made in a competitively integrated market with fluctuating values. Only the strongest will survive in the current world of business that is trying to cope with volatility, uncertainty, complexity and ambiguity (VUCA). To do so, many organizations choose to focus on their people and strengths in order to survive and thrive.

Overcoming Worry

One of the most overlooked factors during change is the danger of overthinking among leaders in organizationa. In his book How to Stop Worrying and Start Living, Dale Carnegie maintains that overcoming worry is the key to survival and success. How true is this? We may not realize it but we often let the negative energy of our perceived future influence our perception of the present. We focus on matters that upset and worry us and as our thoughts stray, we find ourselves overwhelmed and worked into a frenzy. This can be detrimental to anyone, not just leaders who drive organizations, from analyzing challenges and determining the sacrifices to be made.

Live in Day-Tight Compartments

In the world of VUCA, learning how to "live in day-tight compartments" is not just an option but a necessity for leaders. Practising the mindset to focus on the here and now encourages leaders to focus on ensuring that organizations operates at the optimum level. We need to move from inaction to action as this prevents small problems from growing into something bigger. While many organizations waste mental energy and precious time on predicting the future, successful leaders use their mental powers to shape and build it. The only ingredient needed is discipline.

About

Srivipa Ponpanyaporn is a senior consultant at Dale Carnegie Thailand.

STAYING FLEXIBLE

Overcoming Uncertainty and Volatility

Mr. Steven Ong, executive vice president at WIKA Instrumentation, shares his thoughts on how we can thrive in a volatile world.

> The good times will come back, but we need to see through any challenging period.

Uncertainty

It goes without saying that all eyes are on trade relations between the United States and China. If the world's two biggest economies do not come to a mutually beneficial agreement on how both parties can conduct trade with each other, or worse still, if it degenerates into a trade war, we will live in an environment characterized by greater uncertainty. Focusing on my company alone, we are already witnessing the negative fallout from the increased trade (and some might even say political) tension between them. For example, we are finding it more challenging to export technology from our American-based operations to China. Similarly, the import of semi-finished and finished products from China to the United States have been impacted. In addition, it is getting increasingly difficult to send the Chinese to America for training.

This negativity is somewhat of a paradox. I say this because 2018 was a good year for WIKA. The recovery in global oil prices last year was a boom for us because our business is heavily concentrated in the oil, gas and petrochemical sectors. As the world moves away from relying heavily on petroleum to alternative energy sources, especially gas, we saw more gas projects coming in. This was a good development for us. Also, as China develops further, the Chinese market becomes even more significant as the Chinese market needs to improve on its

local capability. This was another area that spurred growth for us as the Chinese market provided up to half of the revenue from the Asia-Pacific region. The backdrop to this growth spurt is also that there are more and more downstream petrochemical projects coming online in Asia.

Short term volatility

When we recognize that the global economy does not move in a linear fashion, it will not seem like a contradiction if both positive and negative developments take place at the same time and even in the same place. This phenomenon can be seen in many industries. In the petrochemical industry, projects were put on hold when oil prices suffered. When projects came back online, only the gas projects came back on and not the oil projects. In the semi-conductor industry, business cycles seem to be lengthening and that was seen to be a good sign. There was close to three good years (previously, two-year cycles were common). However, this January, there was a sudden dip and not many saw it coming. Hence, peaks and troughs can all take place at the same time. It may seem bizarre but that is what the prevailing global business environment is like. The key to handling unpredictable times such as the current one we are seeing is to keep our powder dry – the good times will come back, but we need to see through any challenging period.

Plans

How we can do this is through having the right strategies in place. We plan for the long term and hence despite the short term hiccups that we may encounter in China and with its trading partners, there must be a commitment to China because it is a major and important market, trade war with the United States or not. WIKA has set up alternative production bases in the rest of Asia, like Singapore and South Korea, to cope with the challenges posed by any increased trade tension between the Americans and the Chinese. There are also opportunities to be exploited in Southeast Asia precisely because of the looming trade war. Manufacturing in Southeast Asia will in fact benefit from it because the region can provide some support to the needs of the

> “Within Asia, more cooperation is needed to reduce reliance on American and European economies.

Chinese. Within Asia, more cooperation is needed to reduce reliance on the American and European economies and WIKA is actively promoting it.
We can see that we need to be flexible to deal with the ever-changing global business climate. To stay nimble, we empower business leaders to have more ownership by making the leader of each subsidiary responsible for their own profit and loss. In this way, each subsidiary will be more pro-active and look for solutions independently. Just having a good brand name and good product quality does not guarantee that we will have a bigger share of the pie.

Communication

In this fluid and unpredictable climate, the most important trait to cultivate is good communication. This is because frequent communication between business leaders allow them to adapt to business changes more quickly. We also need to communicate down the line to stress to our team members the importance of adaptability and focus. For example, our organization is big on continued investments in product and market training so that we are better prepared to deal with changes on a global scale as more projects are now global in nature. For instance, WIKA has set up a global project team to bid on global projects. This helps to minimize organizational barriers and it is far more effective at managing global projects because the knowledge is not lost in a different region and efforts are not duplicated.

> Frequent communication between business leaders allow them to adapt to changes more quickly.

Advice in uncertain times

- **Invest in China** and understand it. It's a huge market and it may very well be the centre of excellence for all of Asia in the future.
- **Invest to boost capability** that can serve the whole of Asia and not just your current market.
- **Invest in people**. Find the right people that are at the appropriate talent level for the work that you are trying to accomplish and groom them.

About

Steven Ong is executive vice president of WIKA. He is responsible for WIKA's business in Asia, including China and Australia.

WIKA is a global leader in the field of measurement technology. Every year, WIKA manufactures more than 50 million products and deliver them to more than 100 countries. Approximately 600 million WIKA measuring instruments are in use worldwide.

TACKLING COMPLEXITY

Rex Petersen

> It is best to invest in employees and have them help solve the challenges of the future.

- Mr. Rex Petersen, *Intel Corporation's post-silicon microprocessor debug lead since 2005. He holds three United States patents for innovative design and he was awarded best paper at the International Test Conference in 2009.*

Challenges

In the microprocessor industry, some of the challenges we face are the growing number of products under development, teams that are spread out across many geographical locations and time zones, growing and training engineers and organizing teams for efficiency. All these challenges come together when new products become increasingly complex. As a result, more teams are required to design and support them. For example, as the size of transistors becomes smaller, more and more of them can be fitted on each microprocessor chip. That is a benefit to consumers because products become cheaper and more powerful. However, each chip gets more complex for us to design, test and debug.

Coordination

That is not all. We used to design products mostly at a single design site. The benefits were simplicity and speed of execution. The downside was that each design team could end up duplicating some of the same or similar work done by another team. Since the industry has now moved to design more complex system-on-a-chip, the design became distributed across many teams and sites. Some standard building blocks would be designed by one team, for example USB which is used in lots of products, and then that design would be used over and over again. The concept was that lots of little "Lego" pieces could be designed and then put together to make a variety of products to meet the

needs of different markets. The advantage is the reuse of common designs. This requires lots of standard interfaces so things can fit together easily like Lego blocks do. One disadvantage is that for any product, the little pieces might come from all over the world. Gone are the days when we could just walk down the hall and talk to all the other designers of a chip that was done at a single site. Now, it involves conference calls, tracking down the right owners and people from many different sites, time zones, cultures and ways of doing designing, testing and debugging. This requires a lot coordination, networking and communication. Achieving full efficiency will be challenging.

Solutions

To overcome these roadblocks, we use horizontal and vertical teams. Vertical teams are focused on just one product even if that duplicates some effort for the same job done on other products. In this way, there is focus and efficiency. Horizontal teams pull in everyone who does the same kind of task or job to work closely together, share best practices, and they support all the products for that function. Like my team that does post silicon debug, we get the first prototypes for each new processor and test it and find out what does not work so we can fix it and make it faster so that we can release it into the market. Each project used to have a small team to do this job for their product. But years ago, we merged as a horizontal team for all the best debuggers and we work together to support all the products.

There are advantages to each way of organizing and some functions work better in different scenarios. Often, after a few years of moving to more horizontal organizations and reaping the benefits, we start feeling some of the disadvantages and the pendulum will swing the other way to balance things out.

Cohesion

To deal with the complexity of teams that are spread out across geographical locations, we use lots of teleconferencing and video conferencing. Even with the most advanced telecommunications devices, we find that the most successful teams take the time to build personal relationships with people from other sites. Only then are they able to work more effectively together.

> The most successful teams take the time to build personal relationships.

Cohesion is very important and so a big no-no when it comes to working in this industry is mass layoffs. I have lived through many such episodes and witnessed how they demoralize staff and strain organizations. I believe that if bright, enthusiastic and flexible people are hired, they can be trained in new areas and they will be able to adapt. It is best to invest in employees and have them help solve the challenges of the future. Short term financial gains made from big layoffs are often near sighted and as a result, organizations spend years trying to recover from the negative fallout.

Industry Outlook

"The 2019 outlook for my industry is exciting. With 5G technology, we will see huge growth in data and computer technology, artificial intelligence, and autonomous driving. Look out for lots of exciting products that push the cutting edge of technology from Intel."

About

Intel Corporation is one of the world's leading manufacturer of semiconductor chips. The American multinational corporation and technology company headquartered in the Silicon Valley invented the x86 series of microprocessors found in most personal computers.

SIMPLE SOLUTIONS

Meidy Fitranto

NodeFlux

Driving change with video analytics

About

Meidy Fitrano founded **Nodeflux** as an analytics platform for big data and distributed computation. He has experience in software development, supply chain management and business analysis

> How we manage people and organizations will determine the efficacy of our solutions.

Logic amidst chaos

Urban motor traffic in Jakarta and many other large Indonesian cities is notorious. Commuters in Jakarta, for instance, dread the country's capital city's rush hour as they know with absolute certainty that the sheer volume of vehicles during that time will only mean getting stuck in traffic jam after traffic jam for hours on end. Yet, despite this gridlock, there can be a method to manage this complexity. It is possible to automate the monitoring and enforcement of traffic violations even in this seemingly impossible scenario. Since October 2018, Indonesian police has started to implement electronic Traffic Law Enforcement, or e-TLE. Using video analytics, the traffic police can monitor several busy main traffic intersections using video cameras and identify traffic violations.

The solution to handle this task of gargantuan intricacy is provided by Nodeflux. As one of the Jakarta-based tech startup's founders, Nodeflux was created as an analytics platform for big data and distributed computation. We deploy Intelligent Video Analytics (IVA) into any kind of source – CCTV, webcam, phone, camera, and others. Many kinds of logic rules can be applied, such as for smart city, defense and security, traffic management, retail, advertisement, among others. Nodeflux is the first, and so far, the only IVA platform in Indonesia.

Challenges

Using artificial intelligence (AI) for video analytics is a massive, complex and challenging task. This is because video as a data package is large and it comes with heavy data flow compare to text, image, or sound. The current challenges related to the main characteristics of the video stream is how we design efficient data transfer architecture (data path infrastructure) and computing (algorithms & hardware) to achieve optimal performance.

Also, technological developments occur at an extremely rapid pace. At the same time, technological solutions are also dependent on and limited by infrastructure and hardware. Our solutions need to keep up with new technology while working with the limitations of the physical infrastructure available at that point in time.

For example, at the beginning, the implementation of video analytics in the world was hindered by limitations of algorithms and computational power at that time. After entering the era of GPU utilization for high computation, the video data stream needs to be drawn to the server for a more flexible and powerful analysis. After finding a tradeoff with bandwidth size and connection reliability, computing and analytics can be done in the front line again with a much higher capability as an alternative. Changes that seem small in practice will have the consequences of designing a solution that is much different.

Coping strategies

How we manage people and organizations will determine the efficacy of our solutions. A more specific business strategy is a derivative of these two elements. The company must be able to have adaptive, productive, effective and efficient capabilities to be able to always be aware of these challenges. Only then will it be able to carry out optimal execution and be aligned with the long-term direction. If these are not dealt with, even if the business outlook is bright, companies may not be able to ride on the coming wave of opportunities.

Right now, for my industry and business, the prospects look good. The outlook for my industry is very bright because the practical implementation of AI comes with

huge potential. Some positive outcomes, such as consistency and accuracy of results, have improved processes as well as led to changes in people's behavior and mindset.

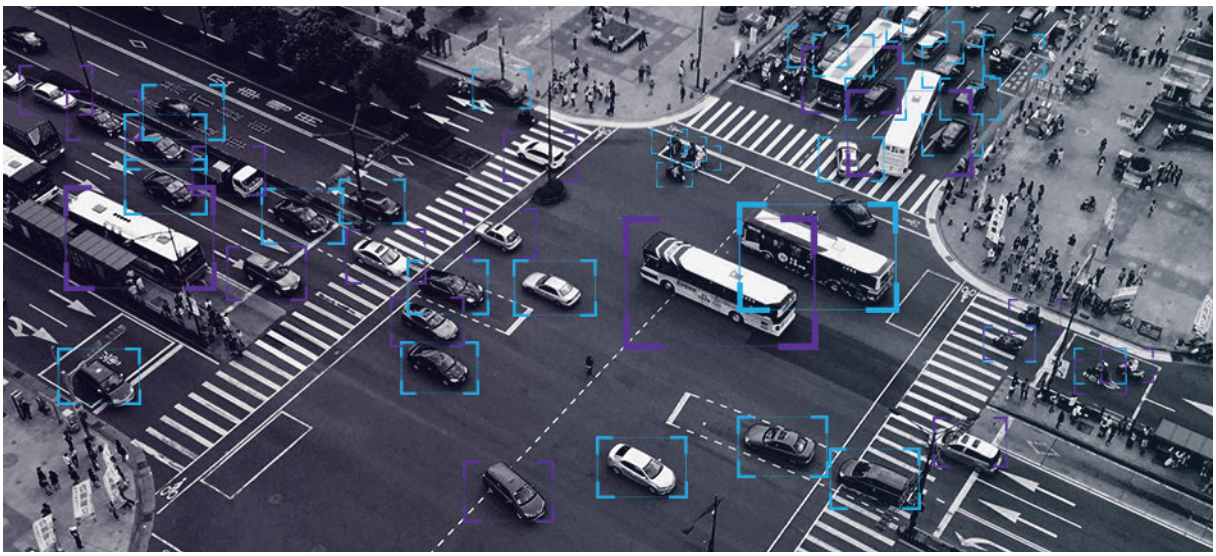
> Businesses must keep up with the latest evolution of technology to remain relevant.

In recent years, this industry has witnessed an accelerated development of science in the field, supported by much improved hardware speed and technology development support. These have sparked market excitement that sees the potential of AI in video analytics. Basically, it is improving many fundamental functions which previously relied entirely on the human eye with significant results that were impossible to produce in the past. So, as far as the industry is concern, there are many exciting developments taking place at an exponential rate. This includes the rise in demand from the market that sees something new and "sexy"; the market is excited to welcome and implement them.

From the business side, especially for the players in the industry, Nodeflux included, one of the critical factors is how we can be agile in coping with the speed of this change. We need to continuously explore the possibility of its application along with the technological development in order to provide more and more added value that might have not been thought of previously. Also crucial is the ability to pursue and maintain a balance between development and technological change. Research and development (R&D) is a very time consuming process. Businesses must be able to pursue R&D while at the same time ensure that they keep up with the latest evolution of technology to remain relevant.

Outlook

The ability to see the direction of future trends, keep pace with technological changes, combined with the ability to adapt to those changes will very likely determine the sustainability of our business. Competition will be very tight and interesting because new players also have great opportunities to find gaps and niches in the market. For Nodeflux, we have the first mover advantage in Indonesia. Our ability to quickly put in place strong and adaptive R&D fundamentals and our aggressive market penetration will determine our position going forward.



Constantly coping with CHANGE

Take charge or be left behind

Le Tan Phuoc

Be pro-active

As cliché as it may sound, change is the only constant in the world that we currently find ourselves in. Think about the change of state from solid to liquid and gas. What about the transformation of a caterpillar to a beautiful butterfly? As Heraclitus once said, we cannot step into the same river twice. The water where we step in today is not the same water at the same spot tomorrow as the river is continuously flowing.

So, we live in a world that is becoming more volatile, uncertain, complex and ambiguous. But if we really think about it, it is us, people, who are making it so. For instance, organizations try to avoid ambiguity by creating procedures and internal regulations. However, the outcome is more complexity as more obstacles surface that prevent us to do more with less. In places where multi-level management systems exist, a complex organizational hierarchy hinders staff from direct contact with leaders and clients. This makes the career development of staff not as straightforward as it could be.

From this perspective, it is clear that we can reduce volatility, uncertainty, complexity and ambiguity by managing and changing ourselves. After all, if we created this multi-faceted phenomenon, we can also undo it. We can either be passive observers of this ever-changing landscape or take charge and prepare ourselves to control and manage the process.

> We can take charge and manage volatility, uncertainty, complexity and ambiguity.

Prospects

In spite of this landscape, the outlook for industrial refrigeration, mechanical and electrical services for buildings and industries is bright in Vietnam. First, large amount of investment capital from developed economies are pouring into Vietnam. For example, Japan has continuously increased its investment in the country. As of February 2019, Japanese investors ranked second with US$56.7 billion (representing 16.4 per cent of total investment capital), placing it behind Korea in terms of capital invested in Vietnam. This creates great potential for market development, opening up many businesses and investment opportunities. Besides, Vietnam has a huge advantage in terms of young, abundant labor resources.

The combination of large foreign investment inflow and readily available resources has created favorable conditions for the development of mechanical electrical refrigeration and construction management in Vietnam. At Searefico, we started to expand our market, not only focusing on projects in big cities like Ho Chi Minh, but also in neighboring provinces that show lots of potential, such as Nha Trang, Phu Quoc, Tien Giang, Binh Duong, among others. We have even expanded into Myanmar. We minimize risks by varying our project structures. Through vertical and horizontal integration, we expand and maximize our profits and enhance the value chain. As a result, Searefico always keeps its leading position in the market and adapt to the changing business environment in these seemingly challenging times.

Obstacles

Talking about man-made problems, corruption contributes to uncertainty as it increases project risks and results in many negative outcomes. Take the real estate industry for example. Corruption results in less projects granted and an increased rate of idle labor because there is no work. Corruption can be tied to politics, which in turn will impact businesses directly. In Da Nang, we had to deal with a case that involved a major player in the real estate sector. When this player was arrested for corruption and abuse of power, billions of dong belonging to our business was frozen in a signed project.

> Many issues can be resolved when leaders set out clear visions and are flexible in the way they operate.

In addition, Vietnam lags behind in labor productivity. Even though the country has a youthful workforce, compared to other countries in Southeast Asia, labor productivity has yet to catch up with regional standards.

The lack of application of science and technology and the level of workers' competency are key reasons behind the underperformance in labor productivity. However, the most important factor lies in leadership and governance. Many issues can be resolved when leaders set out clear visions and are flexible in the way they operate. This is what I mean when I wrote earlier that the solutions to tackle a challenging environment lie in people's willingness to take charge of managing challenges.

Tips to manage change

Be flexible

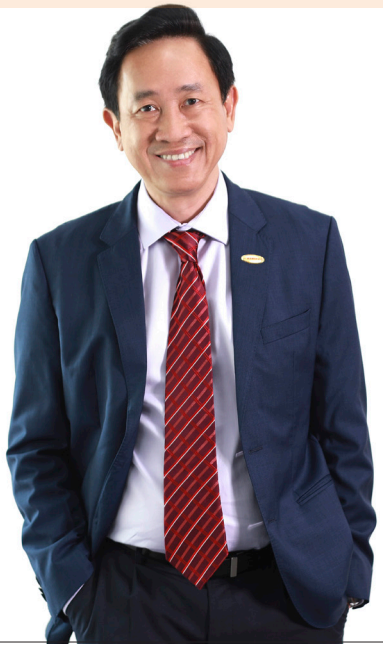
Leaders must always be ready to change. For example, when we saw that the construction market was slowing down, we immediately formulated a plan to expand and build manufacturing plants. We also expanded our operating markets with a focus on provinces with growth potential.

Improvize

We should not rigidly stick to a plan no matter what. Instead of making a plan for the whole year, we should set a long-term vision towards the common goal and adjust our plan as we go along, such as by increasing or decreasing revenue, or changing the revenue structure for the company during the year.

Minimalism

Life is not complicated; we make it complicated. My point is "think simple, live simple", minimizing all unnecessary elements and always aiming at "do more with less". For example, we can streamline our workflow in handling problems so that our businesses become more adaptable and flexible when we want to change.



About

Le Tan Phouc is the chief executive officer of **Searefico.**

Searifico is the leader in industrial refrigeration, mechanical and electrical services for buildings and industries in Vietnam. It offers high-tech solutions in consultancy, design, installation and maintenance. Searefico became a joint stock company and has been listed on the stock market since 2009.

Latest Trends & Thoughts

BUILDING THE FOUNDATION FOR ORGANIZATIONAL AGILITY

Dale Carnegie's latest research on the role of agility in adapting to the rapidly evolving workplace is now available for download on www.dalecarnegie.com. In the paper, we discuss agility specifically in the context of the massive changes that are anticipated from the implementation of artifical intelligence (AI), and we provide a framework for leaders, addressing important considerations for those who want to approach building agility within their organization in a deliberate way.

Heard of SLOWBALIZATION?

Every business person is intuitively familiar with the notion of "globalization". But what is "slowbalization"?

The term "slowbalization" was originally coined by the Dutch trend watcher, author and speaker Adjiedj Bakas in 2015. Bakas claims that digitalization and globalization have turned passive consumers into active prosumer-financiers, and globalization is losing pace.

"The Economist" observed in its January 24, 2019 issue that the latest bout of globalization started in the 1990s with China, India and Russia joining the market economy and the creation of the European common market. The costs of moving goods around the world plummeted as America signed the NAFTA, helped create the WTO and advocated global tariff cuts. Financial liberalization freed capital to access every corner of the planet.

Then came 2008 and the global financial crisis triggered by the US subprime mortgage situation. It was considered by many economists as the most serious financial crisis since the Great Depression of the 1930s., and we have seen a slowdown in cross-border trade flows and global economic integration since - hence the use of the term "slowbalization".

What is the implication of "slowbalization" for emerging economies in Southeast Asia? In the aftermath of the 2008 crisis, there have been two significant trends impacting emerging economies:

1. Foreign Direct Investment (FDI) worldwide tumbled from 3.5% of world GDP in 2007, to 1.3 % of world GDP in 2018.

2. Cross-border bank loans collapsed from 60% of GDP to 26% over the same period.

As a consequence of this slowdown, it is becoming more difficult for emerging economies to catch up with the developed world in terms of output per person and prosperity in general. One way to overcome this challenge is for firms, countries, regions to shift their reliance from physical goods to intangible ones. According to IMF, the flow of ideas can have a significant impact: over 40% of the productivity growth in emerging economies between 2004 and 2014 came from knowledge flows.

This underpins the crucial importance of education and continuous learning for all of us to stay ahead in an era of "slowbalization".

- Dale Carnegie Myanmar