I AM VERY PLEASED TO BE HERE TODAY, I WAS ESPECIALLY PLEASED THAT PROFESSORS HACKLEMAN AND LAPLACA INVITED ME BECAUSE OF THE THEME OF THE CONFERENCE AND ITS ENORMOUS CHALLENGE TO ALL OF US.

ON THE OTHER HAND, LEST WE OVERCOMPLICATE THE SUBJECT, SOME SIMPLE PERSPECTIVE ON THE DILEMMA OF UNCERTAINTY MAY HELP. I'M REMINDED OF THE GEORGIA FARMER WHO TIRING OF NIGHT TIME RAIDS PUT A SIGN IN FRONT OF HIS WATERMELON PATCH:

"ONE WATERMELON IN THIS PATCH HAS BEEN POISONED."

THE NEXT MORNING SOMEONE HAD CHANGED THE SIGN TO READ:

"TWO WATERMELONS IN THIS PATCH HAVE BEEN POISONED."

THERE IS A PARTICULAR EMOTIONAL OVERTONE TO THE WORD "UNCERTAINTY" THAT IS MORE UNSETTLING THAN ANY OTHER WE FACE IN BUSINESS PLANNING OR FOR THAT MATTER IN OUR PERSONAL LINES. "THREAT", "OPPORTUNITY", "STRENGTH", "WEAKNESS" -- THESE WORDS REPRESENT THINGS THAT MIGHT BE PLEASANT OR UNPLEASANT -- BUT THE WORDS NEVERTHELESS GENERALLY LEAVE US WITH A FEELING OF COMPETENCE -- THE ABILITY TO COPE. "UNCERTAINTY", ON THE OTHER HAND, -- DIRECTLY IMPLIES INCOMPETENCE -- NOT KNOWING EXACTLY WHAT'S GOING ON, NOT KNOWING EXACTLY WHAT IS GOING TO HAPPEN -- NOT KNOWING EXACTLY WHAT TO DO. AND SO WE FIGHT BACK -- WE INVENT PRESCRIPTIONS AND PROSCRIPTIONS FOR COPING WITH UNCERTAINTY. TO FEND IT OFF, TO BOX IT IN, TO BE ABLE TO REACT. BUT BASICALLY WE REMAIN FEARFUL.

WELL, IF YOU THINK FROM THE TITLE OF MY SPEECH I'M HERE TODAY TO SING THE PRAISES OF UNCERTAINTY -- LIKE TELLING SOMEONE THAT SULFER MOLASSES IS NOT ONLY GOOD FOR THEM, BUT THAT IT ALSO TASTES GOOD -- WELL, YOU'RE RIGHT!

UNCERTAINTY IS GOOD FOR YOU AND ALL I WILL ADMIT IS THAT IT MAY TASTE A BIT STRANGE AT FIRST. FIRST, LET'S LOOK AT IT IN THE SIMPLEST SENSE POSSIBLE. CONSIDER A WORLD WITH NO UNCERTAINTY, THAT IS, PERFECT KNOWLEDGE OF EVERYTHING. WHAT WOULD BUSINESS LOOK LIKE? EVERY MARKET WOULD BE DOMINATED ALMOST COMPLETELY BY ONE MAJOR SUPPLIER. THAT SUPPLIER WOULD HAVE NO EFFECTIVE COMPETITORS BECAUSE HE IS MAKING EVERY DECISION WITH PERFECT
KNOWLEDGE. ALL WE WOULD HAVE TO DO IS LOOK AT WHO WAS NUMBER ONE TEN YEARS AGO AND YOU COULD ASSUME THEY WOULD BE NUMBER ONE TODAY. UNCERTAINTY GIVES RISE TO OPPORTUNITIES. THESE OPPORTUNITIES CREATE SUBSTANTIAL CHANGES IN THE MARKETPLACE AND ALLOW NEW BUSINESSES TO BE BORN AND OLD BUSINESSES TO DIE. THE BENEFICIARY OF THIS UNCERTAINTY IS THE OVERALL ECONOMY AS IT GETS THE REWARD FROM INNOVATION AND REGENERATION.


NOW TODAY, I'M NOT GOING TO TALK MUCH ABOUT THE PROCESS OF CREATING STRATEGY. RATHER, I WILL CONCENTRATE ON TWO THINGS: FIRST, HOW UNCERTAINTY HAS CREATED AN AWARENESS OF THE NEED FOR A NEW AND DIFFERENT TYPE OF STRATEGIC PLANNING; AND SECOND, AND FOR THE MOST PART: THE CHANGES THIS WILL BRING TO STRATEGIC THINKING IN THE 1980'S.

FIRST THOUGH, LET'S LOOK BACK AT THE CHANGES THAT HAVE OCCURRED IN STRATEGIC PLANNING OVER THE PAST THIRTY YEARS. AT BEST, STRATEGIC PLANNING THIRTY YEARS AGO WAS KIND OF A LONG-RANGE BUDGET EXERCISE -- THAT IS, THE TYPE OF PLANNING TYPICAL OF THE LATE 50'S AND EARLY 60'S WAS, FOR THE MOST PART, A STRAIGHT-LINE EXTENSION OF EXISTING OPERATIONS. AND, IN TRUTH, THERE WAS NEED FOR LITTLE MORE THAN THAT. THERE WAS THE EXPLODING DEMAND OF THE POSTWAR PERIOD; AND THE ENORMOUS TECHNOLOGICAL CREATIVITY OF THE PRECEDING TWENTY YEARS WAS LARGELY UNAPPLIED TO THE CIVILIAN ECONOMY. FEW CORPORATIONS KNEW THE KIND OF UNCERTAINTY EXPRESSED BY AN ASSOCIATE OF SOME YEARS AGO. IN FACT, IN THE EARLY 1960'S, IS WHEN THIS STORY TAKES PLACE.

(PRICE PERSONAL EXPERIENCE)
(SAMARUGHI: UNCERTAINTY & FILLING IN THE FORMS)

AND INDEED "FILLING IN THE FORMS" IS WHAT A LOT OF STRATEGIC PLANNING AMOUNTED TO. BY THE MIDDLE SIXTIES, HOWEVER, PLANNING WAS ALREADY BEGINNING TO CHANGE AS EXTERNAL PRESSURES BEGAN TO CRACK AN IDEALISTIC ECONOMIC PICTURE. THESE PRESSURES WERE CREATED AS THE NEW TECHNOLOGIES FINALLY CAUGHT UP WITH AND MADE OBSOLETE BUSINESS PRACTICES BASED ON THE PRODUCTS OF THE THIRTIES. GROWTH OF EVER LARGER CORPORATIONS CHANGED COMPETITIVE STRUCTURES WITHIN WHOLE INDUSTRIES, AND AS THE PENT-UP POST WORLD WAR II DEMAND WAS FINALLY MET PROFIT MARGINS WERE SQUEEZED.

THUS THE EMPHASIS OF PLANNING SHIFTED TO SEEKING NEW AREAS THAT WOULD CONTRIBUTE TO CORPORATE SIZE, GROWTH AND STABILITY. AT
THE SAME TIME, INFLATED STOCK MULTIPLES LED TO THE "GO-GO" ACQUISITION SPREE OF THE LATE 60'S AND EARLY 70'S. PLANNING SEEMED MORE CONCERNED WITH THE "FREE LUNCH" ASPECT OF THIS ACQUISITION ORGY THAN WITH FUNDAMENTALS.

BUT ALL THAT CAME TO A SUDDEN HALT IN THE MID-70'S. THE COMBINED EFFECT OF INFLATION, RECESSION AND PLUMMETING STOCK PRICES PRODUCED A RASH OF STRATEGIC FINGER POINTING: ENERGY CRISIS, PRODUCTIVITY DECLINE, GOVERNMENT REGULATION, DWINDLING INNOVATION, FISCAL AND MONETARY POLICY FAILURE. AND SO ON, AND SO ON. UNCERTAINTY WAS UPON US.....AND WITH UNERRING CERTAINTY IT HAS DEMONSTRATED THE FAILURE OF "STRAIGHT-LINE" AND "FREE-LUNCH" THINKING. FORMAL STRATEGIC PLANNING MUST MOVE AWAY FROM THE EASY WAY OUT OF JUST KEEP ON DOING WHAT WE HAVE BEEN DOING, OF COSMETIC INNOVATION, AND CONCENTRATION ON SHORT-TERM PROFITABILITY. INSTEAD, FORMAL STRATEGIC PLANNING MUST MOVE TO EXAMINING FUNDAMENTAL TRENDS, TO FOSTERING MORE LASTING -- EVEN IF MORE DIFFICULT ALTERNATIVES.

 UNCERTAINTY HAS DONE US YET ANOTHER FAVOR. IT HAS ILLUMINATED A MOST COMMON CONFUSION IN BUSINESS -- THE CONFUSION BETWEEN FORECASTING AND STRATEGIC PLANNING. THE CONFUSION IS SO PREVELANT, BY THE WAY, THAT WE TALK ABOUT "BAD PLANNING" WHEN SOME PARTICULAR SET OF NUMBERS -- A FORECAST -- FAILS TO MATERIALIZE. I'M REMINDED THAT ONE OF THE MORE FAMOUS RESIDENTS OF CONNECTICUT -- VICTOR BORGE -- ONCE QUIPPED "FORECASTING IS VERY DIFFICULT -- PARTICULARLY ABOUT THE FUTURE." SO THERE'S NOTHING NEW IN THAT REGARD EITHER.

BUT, AGAIN, THE FEAR OF UNCERTAINTY -- THE DRIVE TO DISPEL IT -- IS SO GREAT THAT WE GRASP AT FORECASTS AS PREDICTIONS OF THINGS TO COME -- "IF ONLY WE COULD BELIEVE THE FORECASTS", WE SAY, MEANING ALL THE WHILE "WON'T SOMEONE PLEASE FORTELL THE FUTURE".

THIS PHENOMENON IS AS OLD AS MAN. IN ANCIENT GREECE ORACLES WERE HELD IN AWE BECAUSE, SEEMINGLY, THEY HAD THE MYSTERIOUS ABILITY TO FORTELL THE FUTURE. AND, IN A VERY REAL SENSE, THEY DID. BUT THERE WAS NOTHING MYSTERIOUS ABOUT IT. THE ORACLE WAS SIMPLY A HUMAN DATA BASE. PEOPLE FLOCKED TO THEM. RICH MEN, POOR MEN, KINGS AND SLAVES -- ALL LEAVING BEHIND THEIR BITS OF KNOWLEDGE. USING THIS VAST RESOURCE OF INFORMATION, ORACLES, MORE OFTEN THAN NOT, WERE TRULY ABLE TO ADVISE PEOPLE THAT CERTAIN THINGS WOULD HAPPEN UNLESS STEPS WERE TAKEN TO CHANGE THEM. AND IT WAS THE ORACLE'S SUPERIOR KNOWLEDGE -- OF SEEMINGLY UNRELATED FACTS OR TRENDS -- THAT MADE THE DIFFERENCE. THEY LOOKED BEHIND THE FACADE OF THE HERE AND NOW. I SHOULD ALSO ADD THAT A FAIR DOSE OF SHOW BIZ WENT INTO SELLING THE WHOLE AFFAIR AS WELL.
AND TODAY IN BUSINESS, ON THE EVE OF OUR STRATEGIC BATTLES, WHERE DO WE GO? TO THE ECONOMIST. THE FORECASTER. "OH, TELL US WHAT THE FUTURE HOLDS!" WELL, THE ECONOMISTS GOT THE SHOW BIZ PART RIGHT BUT SOMETHING MORE FUNDAMENTAL IS MISSING.

UNCERTAINTY WAS ESSENTIAL TO THE ORACLES. AND FOR QUITE DIFFERENT REASONS IT IS ESSENTIAL TO US. FOR WITHOUT IT STRATEGIC PLANNING AND ITS COMPONENT FORECASTS WILL ALMOST INEVitably BECOME A PURELY MECHANISTIC SUBSTITUTE FOR THINKING.

ALL OF US KNOW WELL THE PROBLEM OF A PLAN BEING JUST A RATIONALIZATION OF A DECISION MADE IN ADVANCE. AND CERTAINLY IN THAT REGARD ONE OF THE GREATEST PLANNING PLACEBOS KNOWN TO MAN IS THE SO-CALLED "STRATEGIC HURDLE RATE" FOR ROI AGAINST WHICH WE TEST OUR PLANS. WE JUST FEEL SO GOOD WHEN THE PLAN SHOWS WE CAN MEET THAT MAGIC NUMBER. FORTUNATELY TODAY, UNCERTAINTY HAS SHOWN THE FOLLY OF PREDETERMINED RATIONALIZATION.

UNCERTAINTY IS FORCING ORGANIZATIONS TO SEEK OUT STRENGTHS AND LOOK TO THEIR BASIC REASON FOR BEING AS A MEANS OF SURVIVAL. UNCERTAINTY IS HIGHLIGHTING ONE OF THE MOST FUNDAMENTAL NEEDS -- THAT OF TECHNOLOGICAL COOPERATION.


IN THEIR SINGLE-MINDED PURSUIT OF PROMOTING BIG CARS, U.S. AUTO MANUFACTURERS HAVE BEEN ADDRESSING "WANTS" INSTEAD OF "NEEDS" FOR OVER FORTY YEARS. MORE IMPORTANT THERE HAS BEEN A LACK OF COOPERATION TO ACHIEVE TECHNOLOGICAL INNOVATION AND COMPLIANCE WITH GOVERNMENT ENVIRONMENTAL REGULATIONS. JUST THINK WHAT MIGHT HAVE BEEN IF ALL THAT POWER HAD WORKED TOGETHER TO DEVELOP NEW TECHNOLOGIES FOR MUTUAL INDUSTRY BENEFITS, AND ULTIMATE CONSUMER BENEFITS? THEN THE INROADS OF FOREIGN COMPETITION MIGHT WELL HAVE BEEN FAR LESS THAN THE NEARLY 25 PERCENT OF THE CURRENT SALES OVERSEAS MANUFACTURERS HAVE NOW ACHIEVED.

THE EXCUSE FOR NOT COOPERATING IS THE U.S. ANTI-TRUST LAWS. CERTAINLY ANTI-TRUST LAWS WERE AND ARE A BARRIER. HOWEVER, LAWS CAN BE CHANGED WITH CONCERTED EFFORT. AND NO REAL EFFORT WAS MADE BECAUSE EXTENSIVE COOPERATION WASN'T SERIOUSLY CONTEMPLATED IN THE FIRST PLACE.
THE SUDDENNESS WITH WHICH PROFITABILITY EVAPORATED IN THE U.S. AUTO INDUSTRY IS A POINT TO ETCH IN OUR MEMORIES. AND IF THE STORY OF AUTOMOBILES IS SAD THAT OF THE STEEL INDUSTRY IS TRAGIC. BUT TIME DOESN'T PERMIT THAT SORRY TALE!

IT SHOULD BE OBVIOUS ENOUGH THAT A CHANGED APPROACH IS NEEDED. ONE WHICH EMBRACES WIDESPREAD INDUSTRY COOPERATION, A CLOSER WORKING RELATIONSHIP BETWEEN INDUSTRY AND GOVERNMENT AND SOME POLICY CHANGES AS WELL.

AND, BY THE WAY, THIS CHANGED APPROACH APPLIES TO ALL INDUSTRIES. CERTAINLY IT APPLIES TO MY OWN INDUSTRY BECAUSE THE MAIN DIFFERENCE AT THE MOMENT BETWEEN COMPUTERS AND AUTOMOBILES IS JUST ONE OF MATURITY.

UNFORTUNATELY, WITH ONE OR TWO EXCEPTIONS, THE BIG COMPANIES IN THE COMPUTER INDUSTRY APPEAR TO BE AS NEARSIGHTED AS U.S. STEEL, GENERAL MOTORS, FORD OR CHRYSLER EVER WERE. SOMEHOW THE TOP EXECUTIVES OF OUR INDUSTRY DON'T SEEM TO BE ABLE TO FORESEE THAT THEIR COMPANIES COULD EVER BE STRUGGLING FOR EXISTENCE IN THE FACE OF SOME OTHER COMPETITION -- SAY FROM THE JAPANESE.

YES, AND FROM OTHERS. HOWEVER, AS COMPUTER COMPONENTS AND SYSTEMS TECHNOLOGIES APPROACH MATURITY, IT CAN HAPPEN. THE JAPANESE GOVERNMENT WILL CONTINUE ITS SUBSIDIES. A CLOSE INDUSTRY-GOVERNMENT RELATIONSHIP IN JAPAN HAS ENORMOUS LEVERAGE. SO "BUSINESS AS USUAL" IN THE UNITED STATES IS A SURE PATHWAY TO PROBLEMS.

FOR EXAMPLE, DESPITE A SMALLER INVESTMENT, AT ABOUT 1/3 THAT OF IBM ALONE, FOR EXAMPLE THE JAPANESE ARE GENERALLY CONSIDERED TO BE AT PARITY WITH THE U.S. ON VLSI DEVELOPMENT. FURTHERMORE, THERE IS MARKETING TO BE CONSIDERED AND JAPAN, WITH ITS TRADING COMPANIES, IS POSITIONED BETTER THAN U.S. COMPANIES TO PARTICIPATE IN ONE HUGE MARKET OF THE FUTURE -- DEVELOPING COUNTRIES, ESPECIALLY CHINA AND OTHER COUNTRIES IN ASIA. A STRAW IN THE WIND IS THAT THE U.S. IS PRESENTLY LOSING SHARE OF TOTAL EXPORT MARKET FOR ALL PRODUCTS AND COMMODITIES -- INCLUDING COMPUTERS -- WITH DEVELOPING COUNTRIES.

YES, INDEED, THE SIGNALS ARE VERY CLEAR THAT WE NEED NEW APPROACHES IF WE ARE TO PRESERVE THE ECONOMIC SYSTEM WE HOLD SO DEAR. IN FACT, THE SIGNALS ARE SO OBVIOUS THAT ONE CAN ONLY ASK -- WHY ISN'T MORE BEING DONE? AND THE ANSWER IS: BECAUSE THERE ARE BARRIERS TO COOPERATION.

ONE BARRIER IS JUST THE FINANCIAL ANALYSIS PROCESS ITSELF. TECHNOLOGICAL COOPERATION HAS TO ADDRESS FUNDAMENTAL LONG-RANGE PROBLEMS, AND IT IS VERY DIFFICULT TO DO MEANINGFUL FINANCIAL ANALYSIS ON PROBLEMS WITH SO MANY UNKNOWNS. AVAILABILITY OF R&D FUNDS. THAT'S ANOTHER BARRIER. COMPETITION FOR R&D IN
Most big companies is fierce anyway -- nobody wants to give up anything and so all kinds of rationalization takes place as to why any given cooperative program won't work. Yet another powerful barrier is NIH, which is the ever present ogre of big, rich companies. These are just a few of the barriers to meaningful strategic planning for change. In a world of certainty they would be impossible barriers to scale.

Fortunately, such is not the situation today and uncertainty is creating a new awareness that strategic thinking must change. As I noted earlier, time does not really permit me to explore the many aspects of what all this means to the mechanics of the strategic planning process itself -- but I would like to speak further to the benefit that uncertainty has in changing and refocusing our strategic thinking.

I have already mentioned the demonstrable need for greater technological cooperation if our society is to continue a successful evolution.

But there is an even more fundamental aspect of today's uncertainty. The social and economic upheaval in our world is particularly great. Fundamental changes -- for example in energy sources -- are underway. But in the turbulence of change there always exist basic needs which must be met. So the best way -- indeed the only practical way -- to cope with uncertainty is to make sure that strategies are focused on meeting fundamental societal needs. Ironically, in our world today, while business struggles with its survival, major societal needs -- the very vehicle of that survival -- are going largely unmet. The list of woes is large and growing: energy, food, adequate health care, quality and equality of education, revitalization of small business and small farms and, above all, more jobs. Perhaps the problem is that uncertainty is not yet great enough to force us to grasp the solutions at hand -- we are still too much living in the past without benefitting from the lessons of the past. Basic to our economic system is the "prudent man" theory. Does what I've been talking about mean that somehow the "prudent man" is dead? I believe not. I believe that ultimately the prudent man will prevail just as he has prevailed through centuries of business history.

At present, however, the prudent man is an ostrich with his head in the sand. He is long overdue to raise it and see that turning societal needs into business opportunities is good sound business.

Somehow the prudent man has forgotten what he learned at the turn of the century from Henry Ford and other entrepreneurs.
FORD ADDRESSED THE URGENT NEED OF A GROWING RURAL AMERICA FOR BETTER TRANSPORTATION. AND IN THE PROCESS HE BUILT ONE OF THE GREAT CORPORATIONS IN THE WORLD THAT PROVIDED HUNDREDS OF THOUSANDS OF JOBS AND MADE FORTUNES FOR UNTOLD NUMBERS OF PEOPLE.

GENERAL WOOD OF SEARS ROEBUCK BUILT A HIGHLY PROFITABLE RETAIL NETWORK TO SERVE THE DIVERSIFYING NEEDS OF A NEW AMERICAN MIDDLE CLASS. GENERAL ELECTRIC AND WESTINGHOUSE BUILT GREAT BUSINESSES SERVING THE GROWING NEEDS OF A NATION FOR ELECTRICAL POWER. OTHERS COULD BE MENTIONED, HOWEVER THE POINT IS CLEAR ENOUGH. YES, HISTORY TEACHES US THAT ADDRESSING SOCIETAL NEEDS CAN BE GOOD SOUND BUSINESS.

THE SPECIFIC NEEDS ADDRESSED BY BUSINESS MUST BE APPROPRIATE FOR BUSINESS. FOR THIS, THERE IS A STRAIGHT-FORWARD TEST: THE UNDERTAKING MUST BE AMENABLE TO THE DISCIPLINE TO WHICH ALL BUSINESS ACTIVITY IS SUBJECT, WHICH MEANS SIMPLY THAT THE REVENUES LIKELY TO BE GENERATED MUST BE SUFFICIENT TO COVER COSTS AND ULTIMATELY PROVIDE A RETURN COMMEMSURATE WITH THE RISKS.

HERE IS A SENSITIVE TERRITORY. THE PROFIT MOTIVE IS HIGHLY SUSPECT AND POORLY UNDERSTOOD AMONG BROAD SEGMENTS OF THE PUBLIC, AND MANY PEOPLE ARE LIKELY TO SEE A PROFIT-MAKING APPROACH TO SOME SOCIETAL NEEDS AS AN EFFORT TO MAKE MONEY OUT OF HUMAN MISERY. WITHOUT GETTING INTO THAT COMPLEX SUBJECT, IT IS SUFFICIENT TO NOTE THAT MAKING A PROFIT IN MEETING HUMAN NEEDS FOR FOOD, CLOTHING AND HOUSING IS GENERALLY CONSIDERED LEGITIMATE, SO THERE IS YET HOPE FOR OTHER BASIC NEEDS AS WELL.

LET ME TURN TO FINANCING FOR A MOMENT. HISTORICALLY, AS SOCIETY AND THE ECONOMY MOVED INTO NEW AREAS OF ENDEAVOR NEW FORMS OF FINANCING USUALLY HAD TO BE CREATED. THE GREAT NATIONWIDE RAILWAY SYSTEM COULD NOT HAVE BEEN BUILT WITHOUT DEVISING NEW FORMS OF FEDERAL AID. THE VAST UTILITY INDUSTRY WAS FINANCED BY THE INVENTION OF THE OPEN-ENDED MORTGAGE BOND.

DEVELOPMENT OF TODAY'S MARKETS IN MEETING SOCIETAL NEEDS PRESENTS A SPECIAL KIND OF FINANCING PROBLEM BECAUSE THE PERSONS WHOSE NEEDS ARE TO BE SERVED DO NOT THEMSELVES HAVE THE RESOURCES TO GENERATE THE REVENUES REQUIRED. THE PATTERN IS ALREADY WELL EMBRACED THAT THE PROVISION OF FUNDS TO SERVE MANY OF THE MORE PRESSING NEEDS IS A RESPONSIBILITY OF GOVERNMENT AND VAST SUMS ARE ALREADY BEING APPROPRIATED FOR THESE PURPOSES. WHAT IS MISSING IS NOT THE AVAILABILITY OF FUNDS BUT ENOUGH CREATIVE PROBLEM-SOLVING APPROACHES TO MAKE EFFECTIVE USE OF THEM.
WHAT IT NETS DOWN TO IS THIS: THE BUSINESS OPPORTUNITIES OF OUR UNCERTAIN WORLD ARE MANIFOLD. SURVIVAL, STABILITY AND LONG-TERM PROFITABILITY WILL BE FOUND IN ADDRESSING THESE MANIFOLD NEEDS. THIS IS NO DIFFERENT THAN IT HAS BEEN THROUGHOUT HISTORY. BUT THERE ARE DIFFERENCES IN OUR WORLD BECAUSE SOLUTIONS REQUIRE MASSIVE RESOURCES, THEY MUST BE HOLISTIC NOT PARTIAL, EFFECTIVE PLANNING AND MANAGEMENT ARE ESSENTIAL, ABOVE ALL, COOPERATION AMONGST MANY ELEMENTS OF SOCIETY -- BUSINESS, GOVERNMENT, ACADEMIA AND OTHERS -- IS ESSENTIAL AND, IN ADDITION, NEW FORMS OF FINANCING ARE REQUIRED.

WHAT I AM ADVOCATING IS NOT MERE THEORY. IT IS BEING DONE TODAY BY CONTROL DATA AND A NUMBER OF OTHER COMPANIES. TWO EXAMPLES MAY SUFFICE TO ILLUSTRATE MY POINT:

(EXAMPLE #1) NEW PLANTS IN INNER CITY.
THE FIRST EXAMPLE IS A DECISION CONTROL DATA MADE MORE THAN TEN YEARS AGO TO LOCATE NEW PLANTS IN THE INNER CITY. WE HAVE SUCCESSFULLY SITED NEW PLANTS IN FIVE DEPRESSED AREAS AND TWO MORE ARE UNDER CONSTRUCTION. WHEN THEY ARE COMPLETED, EMPLOYMENT IN THE SEVEN PLANTS WILL REACH NEARLY 2000 PEOPLE.

THESE PLANTS, LOCATED IN POVERTY AREAS, HAVE BECOME PROFITABLE AT A LEVEL COMPETITIVE WITH CONVENTIONAL OPERATIONS. AT THE SAME TIME, THE INTERESTS OF EACH COMMUNITY ARE BEING SERVED AND A PATH IS BEING PROVIDED FOR DISADVANTAGED PERSONS TO ENTER THE MAINSTREAM OF INDUSTRY.

THE DECISION PROCESS TO PLACE THESE PLANTS WAS A SIMPLE, LOGICAL ONE AND BASED ON BROAD EXPERIENCE.

RACE RIOTS DURING 1967 DRAMATICALLY SIGNALED THE URGENT NEED FOR MORE JOBS IN INNER CITIES. HAVING BEEN INVOLVED IN MOSTLY UNSUCCESSFUL EFFORTS TO ATTRACT INNER CITY DISADVANTAGED PEOPLE TO ACCEPT AND RETAIN JOBS IN SUBURBAN PLANTS, CONTROL DATA DECIDED THAT THE BARRIERS TO SUCCESS COULD BE ELIMINATED BY LOCATING PLANTS WITHIN INNER CITY COMMUNITIES. THE DECISION WAS MADE BY THE CHIEF EXECUTIVE OFFICER AND TWO EXPERIENCED AND INNOVATIVE PERSONNEL STAFF EXECUTIVES. THE ONUS OF START-UP LOSSES WAS RETAINED BY THESE THREE EXECUTIVES, EVEN THOUGH THE P&L AND OPERATING RESPONSIBILITY FOR EACH PLANT WAS ASSIGNED TO A LINE EXECUTIVE.

BUT THERE WERE IMPORTANT DIFFERENCES BEYOND THAT IN THE IMPLEMENTATION PROCESS. ONE WAS THAT GREATER RELIANCE THAN NORMAL HAD TO BE PLACED ON OUTSIDE RESOURCES. FOR EXAMPLE, CLOSE COOPERATION WITH THE CITY AND COMMUNITY WAS MANDATORY. COMMUNITY HELP WAS MOST CRITICAL. IT INCLUDED THE IDENTIFICATION AND REMOVAL OF BARRIERS TO EMPLOYMENT. IT ALSO
INVOLVED HELP WITH THE PROBLEMS OF PLANT SECURITY AND CHILD DAY CARE. CITY ASSISTANCE INCLUDED OBTAINING LAND FOR A PLANT SITE AT A REASONABLE COST AND MORE IMPORTANTLY, HELPING TO SECURE GOVERNMENT FUNDS FOR EMPLOYEE TRAINING.

ANOTHER DIFFERENCE RECOGNIZED IN THE INNER CITY PLANT PROGRAM WAS THE NEED FOR SPECIAL PROBLEM-SOLVING HELP TO EMPLOYEES, MOST OF WHOM WERE NEW TO THE WORLD OF WORK; HELP INCLUDED COUNSELING, LEGAL AID, BAIL BONDS AND SPECIAL PERSONAL LOANS; HELP THAT ENABLED THEM TO COPE WITH PERSONAL PROBLEMS AND, THEREFORE, BE MORE PRODUCTIVE WHILE AT WORK.

AT THE SAME TIME, NORMAL BUSINESS CRITERIA WERE USED IN EVALUATING THE PROGRAM. NO CONCESSIONS WERE MADE IN THE STANDARDS FOR COST, QUALITY AND SCHEDULE OF ASSIGNED PRODUCTS. THIS INSTILLED THE PRIDE AND SENSE OF RESPONSIBILITY THAT ARE NECESSARY FOR ANY ORGANIZATION TO SUCCEED. IT MADE CLEAR THAT EVERYONE HAD A SUBSTANTIAL STAKE IN THE PLANT'S SUCCESS.

(EXAMPLE #2 CITY VENTURE). CONTROL DATA'S EXPERIENCE WITH SITING AND OPERATING INNER CITY PLANTS PAVED THE WAY FOR A SERENDIPITOUS DISCOVERY OF ANOTHER BUSINESS OPPORTUNITY. AND, BY THE WAY, ONE TEST FOR GOOD STRATEGY IS THE PRESENCE OF SERENDIPITY. THE OPPORTUNITY WE CAME UPON WAS THE COMPREHENSIVE REVITALIZATION OF WHOLE URBAN COMMUNITIES. THE FUTURE OF MANY URBAN COMMUNITIES HAS BEEN SO UNCERTAIN THAT EVEN GOVERNMENT HAS HESITATED TO DO BUSINESS IN THEM.

BECAUSE THE NEEDS OF INNER CITY COMMUNITIES ARE CLEARLY BEYOND THOSE WHICH COULD BE MET BY A SINGLE COMPANY, CONTROL DATA FORMED CITY VENTURE CORPORATION — A CONSORTIUM OF CORPORATIONS AND CHURCH ORGANIZATIONS. CITY VENTURE IS ASSEMBLING THE SOCIAL AS WELL AS THE PHYSICAL TECHNOLOGIES TO PLAN, IMPLEMENT AND MANAGE THE RE-CREATION OF DESIRABLE URBAN AREAS. CITY VENTURE'S STRATEGY FOCUSES ON THE RESIDENTS' NEED FOR DECENT JOBS.

UNDER THIS APPROACH, SMALL ENTERPRISES WILL BE FORMED TO BE THE MAJOR SOURCE OF JOBS. SMALL BUSINESSES WILL ALSO PROVIDE SERVICES SUCH AS HEALTH CARE, EDUCATION, FOOD PRODUCTION, AND WASTE RECYCLING. THOUGH CITY VENTURE HAS ONLY BEEN IN BUSINESS A SHORT TIME, CONTRACTS HAVE BEEN SIGNED WITH TWO MAJOR CITIES AND OTHER CONTRACTS ARE IMMINENT.

AT PRESENT, THE LARGE CORPORATE PARTICIPANTS IN CITY VENTURE, BESIDES CONTROL DATA, ARE: REYNOLDS METALS, DAYTON HUDSON, HONEYWELL, ST. PAUL COMPANIES, NORTHWEST BANKCORPORATION, FIRST BANK SYSTEM, MINNEAPOLIS STAR AND TRIBUNE AND MEDTRONIC. CHURCH SHAREHOLDERS INCLUDE THE UNITED CHURCH OF CHRIST AND THE AMERICAN LUTHERAN CHURCH.
WHEN WE FIRST APPROACHED POTENTIAL CORPORATE PARTNERS FOR CITY VENTURE, MANY HESITATED TO BE INVOLVED UNLESS THEIR INVOLVEMENT TOOK THE FORM OF A PHILANTHROPIC CONTRIBUTION. IRONICALLY, MANY OF THE CHURCH ORGANIZATIONS WE APPROACHED AS POSSIBLE SHAREHOLDERS SHYED AWAY BECAUSE THEY FEARED ALIGNMENT WITH A PROFIT MAKING VENTURE. THE CHURCH REPRESENTATIVES SAW THE BUSINESS OPPORTUNITY AND THE BUSINESS REPRESENTATIVES SAW THE UNCERTAINTIES.

I CAN TELL YOU THAT WE HAD TO DEAL WITH A GREAT MANY UNCERTAINTIES IN THE PROCESS.

SO, THE GUT ISSUES FOR STRATEGIC PLANNING IN THE FACE OF UNCERTAINTY, ARE ADAPTATION TO CURRENT SOCIETAL NEEDS, CREATIVITY AND TECHNOLOGICAL COOPERATION. BUT THOSE ARE THE GUT ISSUES ANYWAY. FORTUNATELY, UNCERTAINTY WILL SEE TO IT THAT "BASIC NEEDS", "CREATIVITY" AND "COOPERATION" ARE THE WATCHWORDS OF STRATEGIC THINKING FOR THE 80'S. UNCERTAINTY WILL REQUIRE DECISIONS AND ACTION IN FUNDAMENTAL WAYS RATHER THAN CREATING RATIONALIZATION FOR BUSINESS AS USUAL. UNCERTAINTY CAN, HAS, AND PROBABLY WILL "FREEZE" SOME ORGANIZATIONS INTO INACTION OR "HUNKERING DOWN" AS THE SAYING GOES OUT WEST. BUT IT NEED NOT -- IT CAN BE RATHER THE STIMULUS, THE DRIVING FORCE TO GREATER ACCOMPLISHMENT FOR OUR COMPANIES.

WE NEED BUT REMEMBER, AS UNCERTAINTY SWIRLS AROUND US, THAT PEOPLE -- SOCIETY -- IS WAITING FOR US TO ACT TO TAKE THE INITIATIVE TO MEET THEIR BASIC NEEDS. IF WE DO, WE WILL FIND THAT THE REWARDS OF UNCERTAINTY WILL BE VERY GREAT INDEED.

THANK YOU.