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PLANNING IN TIMES OF UNCERTAINTY

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LONG HORIZON: FASHION OR NECESSITY?

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If the economic woes are to teach us anything then, undoubtedly, it was that the recent crisis that has forced us to review our thinking about planning. It has forced us to rediscover the need for and benefits of thinking in the long run. This applies to both the business world and state institutions alike.

TWO EXTREMES

In fact, the first reaction to the economic shock was that politicians and businessmen focused their entire attention on the short-term horizon. The former hastened to bail-out the corporations, banks and countries that all seemed too large to fail. The latter began the race of cutting costs in areas less critical to survival.

However, when the excitement wore off, both politicians and businessmen began turning back towards the longer term: trying to anticipate and understand things and thus be able to better plan for the future. There is a kind of paradox here. How is one to think far into the future in a world that (as demonstrated by the recent crisis) is becoming ever more unpredictable and complicated? Reasonable doubts can be entertained whether the long horizon really is what we most need right now. Or, perhaps, should we rather try to come to terms with the fact that stability has all but collapsed with Lehman Brothers? Maybe we should get used to the idea that reality will mutate in a way impossible for us to predict – as if anything in the past was predictable anyway.

Those who are convinced by this argument may have a hard time understanding why the sudden buzz about the long horizon. They can even get the impression that we are dealing with another 'lemming-like rush' here – a dangerous fashion which again will lead the governments and businesses alike (followed by the whole society) astray.

LESSONS FROM THE CRISIS

However, this would be a simplistic way to go about it, because the paradox of a renewed love for planning is only apparent. In fact, there are strong arguments in favour of returning to the long run thinking.

Taming Uncertainty

First, planning is crucial now precisely because uncertainty has spread and the world has become more diverse and complex than ever before. This new situation is the result of the progressive development of economic, financial, political, social and cultural ties – which, in a nutshell, is what is referred to as 'globalisation'. This is also driven by the implementation of new Internet-based technologies that not only draw us closer to each other, but also more often take us to the virtual space that is becoming ever more difficult to control.

To cope with this new reality, one must be prepared for the inevitable shocks and changes. This requires good knowledge of the current situation to be able to address the possible scenarios for the future. This is why the scenario planning, promoted among others by Peter Schwartz, has been gaining popularity in recent years.

In Poland, the authors of the National 'Poland 2020' Foresight Programme, have applied it, followed by authors of the 'Poland 2030' strategy.

The scenarios are analysed not only by the governments but also by the business world that is increasingly using the services of the so-called 'trend–watchers' – professionals who watch long-term developments in global consumption and production. They observe, for example, that the consumers of today prefer personalized products; that tastes have distinctively changed towards feminisation; that simplicity and functionality are becoming the key ingredients for success, and that the criterion of friendliness towards the environment and local communities sometimes proves to be decisive. Businesses that listen to this advice realize that to create a product that would satisfy a customer of today is much harder than it was ever before. And even if you succeed, your success isn't likely to survive for long. But that's no reason to fly the white flag of surrender! You just have to better adapt to these conditions.

Changing Incentives

The current popularity of long-term planning seems rooted in other, equally important, factors that are also associated with the crisis. The point is that – generally speaking – the crisis has sparked widespread public disappointment with the way modern capitalism works. The people are blaming the short-sighted politicians and the(believed) greedy financiers and businessmen alike for the current situation. The movement of 'those outraged' is spreading out to more and more countries, and in their critique of capitalism the protesters get support from great authorities, with Nobel prize-winner Joseph Stiglitz leading the charge.

It seems that if governments and businesses want to regain credibility with citizens and consumers they must accept the fact that there is no going back to capitalism from before the crisis. And if anyone has an idea of what 'capitalism with a human face' should look like, then they usually point out to the need for two changes. First, the need for designing incentives so that everyone involved in economic and political activity has a good reason to think about the long term, not just about short-term profits, is emphasised. Second, the need for greater social responsibility and solidarity is increasingly mentioned, including the focus on long-term social and environmental consequences of policy and economic activity and building long-term, stable relationships.

Let's start with the incentives. There is so much talk today about introducing new rules for executive pay at large corporations (including investment funds) and remuneration of investors themselves, so as to achieve a situation where neither the first nor the latter are primarily motivated by short-term profits, but rather interested in long-term development. One of the most widely debated ideas today is that the heads of corporations should be offered shares that they could sell only after a year of leaving office[1]. This is thought to eliminate the risk of actions that, although effective in the short term, are harmful in the long run. In the case of investors 'loyalty bonuses, i.e, higher profits, are proposed for those shareholders who have not sold out their shares for, let's say, three consecutive years. The average shares holding period is estimated to have declined over the past two decades from a few years to a mere seven months[2].

Attempts are being made to introduce similar changes to the world of politics. The European Commission has recently introduced new rules whereby each member state must annually submit a list of planned reforms that will then be assessed by the EU experts. It is entirely possible that, in the new financial perspective, obtaining European funds will depend on the conduct of governments: on whether they set themselves goals that are ambitious enough and consistent with the Europe 2020 strategy, and whether they are doing their best to achieve these goals. Of course, it raises doubts whether it would not be too far-reaching an interference of Community institutions with the sovereign policies of the member states. However, the 'European semester' and the discussion on

[1] M. Bishop, „Now for the long term", *The Economist*, 13 November 2009

[2] „Blood, Gore and capitalism", *The Economist*, 16 February 2012

the future cohesion policy have a strong educational and discipline value, forcing the governments to adopt more strategic thinking.

Domestication of Capitalism

The modification of incentives for entrepreneurs, investors and politicians takes place against a broader background of a profound revolution in the way capitalism itself is understood. In a situation in which societies doubt the credibility of their governments, business and financial world, these three groups must clearly demonstrate that in the modern system it is not so much about making money but rather about building a better world.

There has been a lot of talk recently about 'sustainable capitalism' proposed by Al Gore and David Blood. Their idea is, first of all, to reform the markets in such a way that the most important environmental and social challenges are fully integrated into the decision-making processes[3]. They argue that embracing sustainable capitalism would bring benefits for the companies themselves. Why is that?

First, the market increasingly rewards companies that integrate sustainability into their business practices, thus allowing them to increase their profits, enhance their brands, and improve their competitive positioning.

Second, the focus on sustainability can help companies save money by reducing waste and increasing energy efficiency in the supply chain, and by improving human-capital practices so that retention rates rise and the costs of training new employees decline.

Third, (and perhaps most interesting from the viewpoint of long-term planning), integrating environmental, social and governance metrics allows companies to achieve higher compliance standards and better manage risk since they have a more holistic understanding of the material issues affecting their business.

Apart from this, Gore and Blood argue that sustainable development is increasingly recognized by the investors. They cite research that suggests that sustainable companies outperform their unsustainable peers in the long term. Therefore, investors who identify companies that have embedded sustainability into their strategies can earn substantial returns, while experiencing low volatility.

However, what Gore and Blood say is just a piece of the broader picture. In reality, signs could be seen for many years to indicate that, here and there, capitalism is becoming more and more human. In some countries, manufacturers are now required to inform customers about the social and environmental effects of the products sold. A central intervention is not always necessary. Many of the changes are usually initiated by the grassroots movements: when the customers begin to pay more attention to whether, for example, the coffee they buy is 'fair trade' certified or has an environmentally friendly package. More and more companies are discovering that in these days they can no longer afford to stay disengaged from voluntary services or charity and the CSR departments have become a corporate standard. Even innovations, hitherto regarded as the key to boosting growth, are looked at with ever greater distance. Many business representatives would agree today with the words of Richard Wurman, founder of TED: 'When I wake up in the morning, I don't think about creating something new, but about doing something good.'

NEW BUSINESS, NEW STATE

"In the long run, we are all dead", Maynard Keynes said once. Nevertheless, it appears that if we are too short-sighted we will also be dead, only much quicker.

The message from the recent financial crisis seems to be clear: there is no return to capitalism that focused exclusively on the short term. Capitalism needs to be improved, and its key ingredient should be the expansion of

[3] A. Gore, D. Blood, „Sustainable capitalism", Al Gore's blog, http://blog.algore.com/2011/12/sustainable_capitalism.html

the time horizon. This however means different things for the business and for the state.

In the case of businesses, it is all about adapting to greater uncertainty and gaining the confidence of customers who are increasingly favouring initiatives that go beyond strict 'profitability'. Therefore, companies must become ever more far-sighted and 'sustainable' at the same time. Anyway, both these elements can be seen as two sides of the same coin.

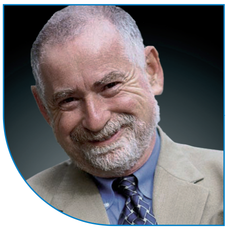
In addition to the previously mentioned ideas (such as integrating environmental, social and governance issues; changing pay incentives; or using the services of trendwatchers), another way to address these two challenges is to focus on developing lasting customer relationships. Today, this can be achieved with the use of modern technologies, including the Internet and the increasingly popular social media. Companies have many more tools to build lasting relationships with customers and tailor their products to fit their individual needs. In addition, in the spirit of the so-called "co-creation", the customer is increasingly participating in the design and production process.

So much about the business. As regards the state, in addition to the previously described need for changing the decision-making incentives, a deeper reform seems to be necessary – one that would redefine the role of the state in the economy and the society. What emerges to become the main goal of the state, and thus its primary reason for existence, is to mitigate the social and economic consequences of uncertainty. This is where the state has a key role to play, because neither businesses nor citizens have the necessary (financial, human and organizational) resources to have an overlook of the whole of reality – past, present and future. The state has a chance, however slight, to break through the cloud of uncertainty and prepare the society for the future scenarios.

The modern state should write the long-term thinking into its genetic code. The world has become more complex and unpredictable, but that's why one cannot afford ad hoc and improvised solutions. The problem is that completely different approaches and tools are required than those to which today's governments and administrations have become used to. The current administrative structures carry out routine tasks, while out-of-the-box thinking, flexibility and courage are needed. Unfortunately, many politicians are embedded deep in the past, ignoring the fundamental challenges of a changing world – such as international migration, changes in the worlds of work, culture and education, and the economic and political centre of gravity of the globe shifting from the Atlantic to the Pacific. And these are the topics requiring long-term planning and an integrated approach to many seemingly detached areas that the post-crisis state should be dealing with.

Perhaps we will not be able to prevent another crisis from happening. But its depth will depend on in how far we all: the politicians, companies and citizens are able to learn from our past mistakes.

PLANNING TO WIN IN AN UNCERTAIN WORLD



PETER SCHWARTZ[1]

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MONITOR

It's not hard to make the case today that we face profoundly uncertain times. The magnitude of the economic, political, social, environmental, and technological changes encountered by nearly every organization in the world is unprecedented. Whether it's continued financial volatility in global capital markets, devastating floods triggered by climate change, political upheavals across the Middle East, or technology-driven transformations in industries like media that then reverberate more broadly, uncertainty is the "new normal."

EMBRACING UNCERTAINTY

This mounting uncertainty is not an accident of time, however, but a consequence of how the basic conditions for doing business around the world have changed. First, the speed of everything is accelerating. In the financial exchanges, hundreds of millions of shares are bought and sold every second as computers trigger complex transactions based on decision rules. Product life-cycles are measured in months, not decades. Mutually reinforcing and accelerating technologies are producing continuous innovation, not just incremental improvement.

Second, the scale of interconnection is increasing profoundly. The dense web of Internet connections now provides instantaneous and near-ubiquitous global access to information, which flows to and from everywhere. At the same time, the growth of logistics—aviation and shipping—has produced a physical network that extends worldwide. All of these systems now operate on a much larger scale than ever before. One example of how this speed and scale converge is the global flower market in Aalsmeer, The Netherlands. Cut flowers from all over the world arrive at this facility every morning to be auc-

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[1] **Peter Schwartz** is the cofounder of Global Business Network, a Monitor company renowned for the application and evolution of scenario planning. The former head of scenario planning at Royal Dutch Shell, he is the author of five books, including *The Art of the Long View* and *Inevitable Surprises*.

[2] **Eamonn Kelly** is a senior Monitor partner, a member of its Global Executive Team, and head of the firm's Thought Leadership, Networks, Marketing, and Client Experience. He was the CEO of GBN for 10 years and is the author of *Powerful Times: Rising to the Challenge of Our Uncertain World* and coauthor of *What's Next: Exploring the New Terrain for Business.*

tioned off and then flown back out all over the planet. This operation depends not just on jumbo jets, but also on computers and telecommunications that enable the wholesale flower buyers to monitor the shipments as they arrive and instantly bid and set prices. This unprecedented level of physical and virtual interconnection makes the fresh-cut flower business possible on a global scale. If any one part of the system broke down, the global flower market would come apart—and indeed, that began to happen when the Icelandic volcano grounded air traffic in Europe.

Together these phenomena have created a system that's incredibly complex, incredibly interconnected, incredibly fast, and which generates enormous volatility in the marketplace. This is fertile ground for new, disruptive business models and practices that may prove to be game changers. Yet, such complexity also poses challenges as organizations strive to anticipate and adapt quickly and effectively to unprecedented levels of change—change that may be coming from unexpected competitors, different parts of the world, or forces entirely out of our control. Successfully navigating and claiming this future demands a whole new level of strategic resilience, including better tools and approaches for making sense of and managing uncertainty.

EXPLORING NEW BUSINESS MODELS

Wikipedia, Facebook, Twitter: these companies exemplify the exciting, new business and organizational models that have emerged in the last decade. Yet, these enterprises—and undoubtedly thousands more poised in the wings—are not anomalies. Rather, they are driven by a set of deep structural shifts that have been in motion for some time: globalization that is reshaping markets, political power, the respective roles of government and business, and the innovation landscape; the rising imperative of sustainability; and of course, ubiquitous connective technologies. These trends are already leading to more networked and fluid ways to organize and conduct business. They are also placing a premium on our ability to co-create across networks and to deploy assets that we don't own or control.

Unfortunately, we can't predict which business models will appear and when and which will succeed and fail. But we can identify at least four key dynamics that will shape them going forward and some of the steps that our organizations can take now to prepare.

The "New Social Contract"

A re-examination of the traditional social contract between enterprises, public and social sectors will force businesses to navigate more challenging paths to and models for growth. Although the degree of change to the social contract remains uncertain (and will differ by country and culture), we can expect it to become more nuanced and complex as the world seeks to achieve "good growth" – a wider prosperity that produces fewer adverse environmental and social consequences. This re-examination offers rich opportunities for those willing to take a bold and proactive stance. At a minimum, that will mean revisiting and making explicit the organization's moral purpose, shifting from stakeholder management to constituency engagement, and protecting and enhancing reputational assets in a world where relationships, trust, and confidence are among the most critical underpinnings of enduring success.

Changing Customers and Engagement

Meeting the needs of four billion people in emerging economies, who are unlikely to conform to typical western demand patterns represents an extraordinary growth opportunity that requires engaging with customers in more dynamic ways. We already know that economic growth will increasingly come from new places and new sources, especially the under-tapped megacities of Central and Southeast Asia, Latin America, and Africa. Simply rolling out Western-derived goods and services is unlikely to satisfy this diverse customer base. Rising concerns about sustainability and widespread generational shifts in expectations, behavior and consumption only reinforce the likelihood that customer demand will be very different and more fragmented.

At the same time, how we engage with customers is also being transformed, thanks to the co-evolution of marketing, new media, and "big data." As the relationships between producers and consumers continue to change, organizations are less able to control and influence perceptions of their brands, products, and services. On the flip side, harnessing social media, combined with more and better information about customers, will enable us to engage and co-create with them in effective and authentic ways.

Innovations in Innovation

The conditions that have made innovation increasingly critical—collapsing product life cycles, increasing global competitiveness, and growing and spreading consumption—are more pronounced than ever. With emergent competitors around the world able to quickly follow established market leaders, commoditization pressures increase. And new customers will have new and different demands that are likely to become a particularly important source of innovation.

Just as the nature of the innovations is changing, so are the ways in which we can innovate. Co-creation with customers and open innovation (which can include partners, suppliers, and employees, as well as customers) enable us to harness the ideas, skills, capabilities, and energies of broader networks of contributors. Nor is innovation limited to products and services—substantial value can now be created and realized through innovations in business models, partnerships, processes, and customer experiences.

Evolving Organizational Models

To succeed in this changing, networked, global environment, organizations must also innovate in how they structure, mobilize, align and focus their own assets and relationships. And as new business models continue to emerge and evolve, so will the organizational structures that support them. This is likely to require more seamless integration of assets, knowledge, people, and activities; greater participation, openness, and transparency across the organization; and the development of leaders who are capable of "liberating" not just "harnessing" the energies and talents of their employees, partners, and customers.

PLANNING FOR SUCCESS AND RESILIENCE

Anticipating the future—not to mention addressing the opportunities (and challenges) posed by new customers, competitors, and business models from all corners of the globe—can seem daunting. So what methods can we use to manage that uncertainty and enhance our strategic resilience? How do we foresee surprises and discontinuities, and take advantage of opportunities in a timely way? Scenario planning is a proven approach to navigating these rapids, thereby increasing the likelihood that your organization will be one of the winners.

Why Scenarios?

A fundamental premise of scenario planning is that we make decisions based on perception, not on "the real world." Perceptions can be informed by the real world, but they are also shaped by our experiences, interests, knowledge base, capacity for denial, and the communities to which we belong. So when we make decisions based on an informed set of perceptions, it reflects the mental map that we have about how the world works.

The problem that decision-makers in organizations face, particularly those who are senior and successful, is that they have benefitted from good mental maps. But given the pace and nature of change, it's highly likely that the mental maps needed to move forward are different from the maps that worked in the past. Scenario planning plays a critical role in challenging the mental maps that we all have so that we can foresee surprise and re-perceive what the future might be.

A classic example of the failure to re-perceive is IBM's introduction of the personal computer. When the Apple II, the Osborne, and the Kaypro began taking off, IBM decided to bring a personal computer to the market. But because their five-year forecasts estimated sales of only a few hundred thousand machines they chose to limit their investment, using a free operating system from a young entrepreneur named Bill Gates and buying chips from Intel, a relatively new manufacturer. The rest is history. Millions of PCs were sold; Gates became one of the richest men in history; and Intel established a dominant position in the chip industry. IBM ultimately sold its PC business.

What did IBM do wrong? Its decision makers were certainly intelligent and deeply knowledgeable, but they were also prisoners of their pasts. They imagined that most people would want a mainframe, and that the value of, and demand for, a small, weakly powered personal computer with few applications would be very limited. IBM completely failed to see that consumers wanted control, not power. That's the kind of missed opportunity that scenario planning is designed to prevent.

So what do we mean by scenarios? Scenarios are rich, data-driven stories about tomorrow that address important choices we have to make now. Good scenarios incorporate rigorous analysis and data, but they are also are driven by profound and insightful imagination. They are not about getting the future right, but about making better decisions today. Scenarios are not predictions; they are hypotheses that describe very different possibilities for the future. Good scenarios stretch our thinking and provide a coherent framework that allows us to make sense of the complexity around us, explore possibilities systematically, and push the boundaries of plausibility.

Scenarios are often confused with sensitivity analysis. Most people have an "official future"— what they assume will happen — even if it is not explicit. This usually involves projecting the present into the future, and then considering some variations; for example, how would we fare if sales or energy costs turned out to be 15 percent worse or 15 percent better? The problem with sensitivity analysis is that it doesn't really challenge underlying assumptions but simply runs one model several times. Scenarios, in contrast, reflect very different interpretations of reality. They start with the future and come together around the "predetermined elements" and "critical uncertainties" that will drive meaningful change. What trends do we think are inevitable in all scenarios, and where do we think the major uncertainties lie that will lead to big differences not marginal changes, in the future?

In developing scenarios, it's also important to understand that all companies operate across three distinct environments: the contextual; transactional; and organizational. Think about these environments as a bulls-eye comprising three concentric circles. The contextual environment occupies the outer ring and includes the external social, technological, economic, environmental, and political (STEEP) trends that are beyond our control but produce change. The middle level or ring is the more immediate transactional environment—the industry trends, financial markets, competitors, customers, and key stakeholders that shape the direct operational and strategic choices of the business. The inner ring is the organizational environment: the organization's products and services, human and financial assets, brand, cost structure, design, etc.

The "focal question" that the scenarios are developed to address is often anchored in the organizational domain, such as: Should we make this new investment? How will our talent needs change in the next 10 years? How do we succeed in this new market? The scenarios, however, start from the "outside in"—looking at the meta-forces driving change and how those interact with industry trends, in order to identify the options and decisions at the organizational level. This contrasts with many planning processes that start "inside" with the organization (its vision and objectives, assets, capabilities) and move outward.

Building Scenarios

Actually creating the scenarios is best done in interactive workshops by teams composed of participants drawn from different regions, business units, backgrounds, genders, and ages. Diversity is critical—without it we're far less likely to really stretch our thinking. A lot of quantitative and qualitative research in advance is needed to inform the workshops—for example, on economic and demographic trends, energy issues, customer portraits, etc. Sometimes we take learning journeys to see cutting edge laboratories, business innovations, or emerging social phenomena, or to meet political actors and regulators. But at the heart of scenario planning is collaborating and learning together as a team.

It can only help to bring in original and provocative thinkers, what we call "remarkable people," to challenge the conventional wisdom. They may be scientists, social activists, rock stars, writers, inventors, economists or anthropologists. These are not just experts. Although uniquely credible in their own fields, they can play with ideas, connect the dots and generate fresh insights. This contributes both rigor and imagination to the scenarios.

The actual scenario building process can employ several approaches. It may be deductive (i.e., crossing the most important critical uncertainties to create a matrix) or inductive (e.g., starting with the "official future " and then imagining how and why things could unfold very differently) or some combination of the two. But the process is not very important; it's the quality of the conversation and learning that matters.

Once we have a set of novel, challenging, divergent and plausible stories about the future, we can recognize which scenarios are unfolding in front of us. That's done by identifying early indicators: the types of events, developments, or breakthroughs that are likely to occur as a particular scenario plays out. Good scenarios help us to organize the weak signals we observe, understand the cause and effect relationships, and then trigger timely contingency moves. Over the years, we've identified a number of these indicators: "negawatts" (vs. megawatts), in which utilities would "sell" conservation; "the Interconnect" that would deliver high-speed data, music, and video via computers; catastrophic storms, droughts, and floods due to climate change; and the bursting U.S. real estate bubble. (In all fairness, we also missed more than a few, including the 1991 invasion of Kuwait, the 1994 collapse of the Mexican peso, and the magnitude of the financial crisis.)

Rehearsing the Future

So we've crafted our scenarios and identified their indicators. Now it's time to rehearse the future—to figure out what to do in these different worlds. Since we know the future that each scenario portrays, we answer the original "focal" question in each of them. What would we have to do—or stop doing to succeed? What are the big risks—and opportunities in each? In effect we build an initial plan for each world so that later we can choose among the options. We also look for robust actions: what would we do in all of the scenarios?

Of course, we don't have to get everything precisely right. In the late 1990s, a global financial services company grew concerned about Y2K and how their critical computer systems might be affected by the "Millennial Bug". After exploring different scenarios, they established a backup center at a distance from their headquarters. Fortunately Y2K fizzled. But 18 months later, on 9/11, terrorists attacked New York. Data centers throughout Manhattan were disrupted and the firm's was destroyed. Because of the backup center, however, they restored service quickly—and importantly, were able to find and communicate with their dispersed staff. Did they get the future right? No. Did they make the right decision? Yes. Their scenarios enabled them to rehearse the highly consequential disruption of their systems and to put in place the appropriate solution. The source of the problem was less relevant than having made the right choice.

Moreover, scenarios are not very useful if they sit on a shelf. They must be kept alive through regular strategic conversations among the leadership and ongoing scanning and monitoring of changes in the environment. Which scenario seems to be playing out? What are the indicators telling us? What anomalies are we seeing that don't fit? When it comes to anticipating new business models connecting the dots across indicators and anomalies can be a particularly illuminating exercise. From time to time it's also useful to go back and revisit the scenarios as new information and developments occur.

Boosting Strategic Resilience

In the end, scenarios are really about improving the quality of strategic thinking, conversation, and option generation. The real strategy of an organization emerges out of that ongoing conversation, often informal, that gets ratified in the formal process. Good scenarios continually inform and enhance that conversation. They constructively challenge our thinking so we aren't doomed to denial or blindsided by surprise. They add new knowledge, perspectives, and insights. They build and engage internal and external networks. They enable new strategies to emerge and existing strategies to be tested. They allow us to imagine and play with the shape of new business models.

Ultimately, scenario planning helps to increase our strategic resilience in a complex world that requires vision, flexibility, and the ability to respond and adapt to continuous change. Scenarios improve our long view and peripheral vision. Yet, they also enable leaders to make better decisions today with greater insight, clarity, and confidence. It is these leaders and their organizations that are more likely to succeed—and indeed, claim—the future.

LONG-TERM PLANNING FOR LONG-TERM CHALLENGES

DOMINIC BARTON

GLOBAL MANAGING DIRECTOR
MCKINSEY & COMPANY

Poland, like many other countries, faces a number of long-term challenges, notably increasing productivity and competitiveness, modernizing its infrastructure, and raising education standards. And Poland must do this under the constraints of an aging population and constitutional cap on its national debt. The key to meeting these challenges will be long-term planning and action by the government and strategic partnerships with the private sector.

Around the world, many governments face a common challenge – short-termism. Democratic governments run at the clock speed of elections - 2-, 4-, or 6- year cycles depending on the country. And pressures from the media, interest groups, and the public for instant answers and results drive political leaders to focus on the next headline or initiative. Yet many of the challenges governments face – ranging from modernizing aging infrastructure, to caring for aging populations, to better educating the young – are problems that can only be fixed with sustained efforts over decade or longer time frames.

This is not a new problem – democracies have struggled with the mismatch between short-term governance and long-term problems since the days of the Ancient Greeks. But the forces of global competition have put this issue under a glaring spotlight in many Western countries. Rising economies in Asia and elsewhere – with different cultures and systems of government from the West – have shown a remarkable ability to think and act long-term.

President Lee Myung-bak of South Korea once asked me if McKinsey could support his government in developing a 60-year view of his country's future – at first I thought I had misheard and he meant 6 years – but he really did mean 60 years. In the end we settled on producing a vision for 2020. Likewise, Malaysia has developed a 30 -year roadmap for its path to becoming a fully developed economy. China's leadership is also famously long-term in its thinking (though Mao Zedong's widely quoted quip that it was "too soon to judge" the French Revolution turns out to have been a mistranslation). China's leadership explicitly thinks in multi-decade time frames about China's development, and this thinking directly shapes its 5-year plans.

The results of this long-term thinking, planning, and acting, are visible to any traveller to emerging Asia with its massive investments in transport and energy infrastructure, new universities and technology parks, investments in culture, and perhaps most striking – increasing performance on global education benchmarks. While the accomplishments of emerging Asia are impressive, many of these countries still face significant challenges from environmental degradation, to inadequate healthcare safety nets – but there is both a willingness and ability to look to the next decade rather than just the next news-cycle.

Thus a common challenge across many Western democracies – including Poland – is to create institutions and processes in government that help push back against the pressures for short-termism and enable the society to address multi-decade challenges and invest in its long-term future.

POLAND'S LONG-TERM CHALLENGES

While Poland's economy has grown more robustly than many other EU economies in recent years, it nonetheless has its own specific set of long-term challenges. There are five that stand out in particular:
First is increasing the productivity and competitiveness of Poland's economy. Today, Poland's productivity is on average 35% of Germany, but its growing average wages are already 29% of Germany's. According to the World Bank, Poland's global rank for "ease of doing business" stood at only 62 in 2011. And Poland is under pressure from increasingly productive low labour cost rivals in both Central and Eastern Europe, as well as Asia. The IMF projects that Poland's annual export growth will slow from 8% in 2011 to 6% in the coming years. Poland needs to add more high-value goods to its export mix and increase its exports to high-growth emerging markets which account for only 9% of exports today. Overall, Poland will need to increase its annual productivity improvement ca. 4% per annum to sustain an annual long-term GDP growth rate of 3.5% which may allow to reach the EU15 per capita level only by 2040.

With 45% of Poland's GDP still in the hands of state-owned enterprises (SOEs), improving productivity in the SOE sector of the economy will be essential. In particular, these companies need to become more globally competitive. Poland has several large companies in the energy, telecom, and industrial sectors, but it has no true national champions competing on the global stage.

Likewise, with government spending accounting for around 45% of GDP, improving productivity in the public sector will be critical. Poland's public sector is even less productive on a relative basis than its private sector – only 25% as productive as Germany's public sector. In many Western countries – including Poland, public sector productivity growth has badly lagged private sector improvements as the private sector has more readily adopted advances in information technology and management techniques. For example, EU private sector annual productivity increases has typically averaged around 1.5% while government productivity has been flattening out.

Second, Poland will need to continue to modernize and develop its infrastructure. Progress has been made recently in increasing highway capacity and improving railroad quality. But Poland's growing cities, and its telecommunications and energy infrastructure will all need significant investment. For example, energy in Poland is currently as expensive as in Germany, and its costs put Polish industry at a disadvantage. Poland's aging power generation fleet requires significant modernization and investment – McKinsey estimates 40 billion euros over the next 8-10 years. And Poland will be under pressure to get its energy costs down, while at the same time reducing its dependence on high-carbon emitting coal. At the same time Poland has the potential to be a major exporter of shale gas if it makes the necessary investments to develop its reserves in an environmentally sustainable way.

Third, bringing its education system to world class standards. There is a very high correlation between relative long-term economic performance and relative educational achievement. If Poland is to climb the ladder of global economic performance it must climb the ladder of education performance. In 2009 Polish students ranked a strong 15th out of the 64 countries in reading, but only 19th in science and 25th in math. Notably, in higher education, Poland only has two universities – Warsaw University and Jagiellonian University – in the global top 500 ranking put together by the Institute of Higher Education at Jiao Tong University in Shanghai. But education has the potential to be a source of competitive advantage for Poland in attracting investment from international businesses. McKinsey, for example, recently invested in locating one of its global knowledge hubs in Wroclaw largely due to its high quality local talent pool. But more can be done and investments in raising Polish education standards to world class levels could have a substantial long-term economic payoff.

Fourth will be managing the demographic shift of an aging population. In Poland the share of the elderly (60 years or older) will double its proportion from today and reach about 30% of the population by 2050 – well above the projected global average of 22%. Such a shift has profound implications, from rising medical and pension costs, to a relatively smaller tax base from the working population, to the potential for labor shortages. Such a shift will likely have political and policy implications as well, e.g, will an older population be as willing to invest in long-term infrastructure or educating the young, or more focused on protecting pensions and other benefits?

Fifth and finally, all of these challenges will need to be met under tight fiscal constraints. Poland has a constitutional mandate that its national debt cannot exceed 60% of GDP. With debt currently at around 55% there is not a lot of headroom for government spending to outpace economic growth. Yet the challenges given above require the government to make significant investments in public goods such as infrastructure and education ahead of future growth in order to help ensure that future growth materializes. This places even greater pressure on the imperative to improve public sector productivity. If there are limits to tax increases and limits to borrowing, then the funds for future investment will need to come from government doing more with less – by closing the gap to productivity levels achieved by other governments in the EU and around the world, and by closing the productivity gap versus the private sector.

PLANNING V.2.0

The above challenges will not be addressed by piecemeal policy solutions developed under the pressure of short-term politics. An example that illustrates the point is how Poland deals with investment in its SOEs. Every political leader would surely say that they support long-term investment in Poland's SOEs to help them grow, increase employment, and become not just national but global champions. Yet decisions about whether the government should harvest short-term dividends from SOEs, or leave cash in companies for long-term investment are made on an annual cycle and subject to the vagaries of near-term budget and political considerations. This means company boards have little certainty or visibility as to whether long-term expansion plans will be approved or funded. Other countries with significant SOE sectors such as Sweden, Norway, France, and Spain have managed this problem by creating dedicated institutions to ensure the SOEs are managed to benefit citizens and taxpayers, but to separate near-term politics from business.

The pressures of short-termism – especially in democracies, particularly parliamentary ones – will never go away, they are a fact of life. But instead, governments such as Poland's need to think about how they can create institutional structures and processes that insulate long-term decision making from such pressures, while at the same time maintaining democratic accountability.

A process that can be particularly helpful in this is the use of long-term strategic planning by governments. The words "government plan" can have a particularly negative resonance in formerly communist countries because they bring back memories of rigid and ineffective 5-year-plans. But what governments around the world are finding is that just as centrally planning how many tubes of toothpaste to produce each year led to poor results and all sorts of economic absurdities, not planning how an economy will meet its long-term infrastructure, energy, or education needs will in most cases also yield poor results.

The best private sector companies that McKinsey works with do not view strategic planning as an effort to produce a rigid plan – the world is too rapidly changing and uncertain for that to be effective. Rather, planning is a learning exercise where key decision makers come together to develop a mutual understanding of the challenges they face, the facts about the world they are operating in, and to develop a common vision of where they would like to go. This shared fact-base, understanding, and vision then provide a framework and stability for more detailed operational planning, which by necessity changes on a more frequent basis. Such an exercise does not end debates, disagreements, or rivalries (companies have their politics too), but it creates a common playing field – one grounded in the fact-based reality – for those debates to occur in. Likewise, the shared understanding such an exercise creates is also valuable when the unexpected inevitably occurs and the world changes as it helps enable a more coherent response.

Many governments, individual ministries and government departments do go through regular planning exercises. But they tend to be focused on budgets, or short-term operational issues, or political strategies for winning the next election. With the exception of militaries, they rarely tend to be long-term strategic exercises, and they even more rarely still involve stakeholders and decision makers from outside government. The best companies regularly involve their customers, employees, suppliers, and investors in their strategic planning exercises. Likewise, governments need to find ways to involve key stakeholders in long-term planning on economic issues. For example, the Australian government in its "2020" strategy exercise held in 2008 involved stakeholders ranging from business, to culture and the arts, to science and technology, to its aboriginal tribes. Singapore is another example where long-term planning with multiple stakeholders has had tangible success. Its Agency for Science, Technology, and Research (A*STAR) has partnered effectively with Singapore's universities, local and international businesses, finance providers, and ministries across Singapore's government to support the long-term development of key growth clusters, such as biomedical research.

Business in particular needs to play a critical role in partnering with governments on long-term planning. Western governments often complain about the closeness of Asian businesses and their governments – and while there may sometimes be grounds for those complaints in terms of trade policy – the benefit of that closeness is a greater shared understanding of issues, and a greater sense of a strategic partnership in growing the economy. One sees the mind-set of such a strategic partnership in Taiwan's support of its semiconductor industry, South Korea's development of its consumer electronics businesses, or China's actions to encourage the growth of a clean energy sector.

While Poland's economy and government are very different from these Asian examples on many dimensions, what can be taken away is the mind-set of government and business working together strategically to foster long-term growth and competitiveness. Surely long-term infrastructure planning will be more effective if the government is well aware of the growth plans and needs of businesses, and likewise businesses will have more confidence to invest if it has visibility on and confidence in the government's infrastructure investments. Similarly, successfully managing Poland's demographic transition will require a close partnership between business and government on issues ranging from worker training to pensions. The specifics of how such interactions happen will need to be done in ways that fit with Poland's specific governmental and business institutions and culture, but the key is that they should happen.

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Poland has made tremendous progress over the past decades in its development as a market economy and in its eight years as a member of the EU. Its future is potentially even brighter. The key to realizing that future will be finding ways to sustain long-term action to increase its productivity, modernize its infrastructure, improve its education system, manage an aging population, and doing all of this under constitutional fiscal limits. Overcoming such long-term challenges will require fact-based, apolitical, long-term planning in strategic partnership with Poland's business community as well as other stakeholders. There will not be any easy answers to these challenges, but creating a shared understanding of the issues and a shared vision for what must be achieved is a good starting point.

WHAT STRATEGY MEANS IN POLITICS AND BUSINESS

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The word "strategy" made its way into the language of politics and business from military terminology. In ancient Greece the term *strategos* was used to refer to a military commander: ten Athenian *strategoi* commanded the hoplites during the victorious battle of Marathon, the *strategos* Themistocles dealt the Persians a crushing defeat at Salamis, and the *strategos* Alcibiades planned a grand invasion of Sicily. The Greek word *strategia*, from the title *strategos*, originally meant the skill of defeating a hostile army, and frankly speaking, – to use the PWN dictionary definition – "a carefully prepared plan of action in any field". In any situation in which we are dealing with a complex and difficult problem requiring meticulous analysis, appraisal of difficulties, review of the available forces and means, and finally planning of actions – strategy is needed.

It quickly turned out that in today's world strategy is needed not only in military campaigns. After all, according to von Clausewitz's famous saying, "war is nothing more than the continuation of politics by other means". Both politics and business turned out to be complicated games in which success depends precisely upon adopting the right strategy, a strategy by which we can fully exploit our strengths and disguise our weaknesses – and at the same time exploit the weaknesses and counteract the strengths of our opponents, and above all a strategy which is a long-term plan of action aimed at achieving the envisaged goals, taken in consistent fashion and well thought out, in line with the overall plan.

There are of course a multitude of examples of instant, successfully implemented strategies in the sphere of politics. One example that might always be presented as a model of effectiveness is Otto von Bismarck and the way in which he brought about the unification of Germany. When he became Chancellor of Prussia in 1862 this seemed like a pipe dream with absolutely no basis in reality. The Prussians naturally had their strengths – a well-trained army, an excellent team of commanders, a highly-developed steel industry, modern railway infrastructure, and well-educated society, but the four greatest powers at the time – Austria, France, Russia and the United Kingdom, each of which on their own had greater influence, a larger population, higher GDP and greater military power than Prussia[1], stood in the way. How was this insurmountable problem to be overcome? The principal aim of Bismarck's strategy was to create divisions between the four powers in order to neutralize some of them, and deal with the others one by one. By 1863 he had already removed Russia from among his enemies, by signing a convention with Russia making it easier for the tsar to put down the January uprising (although the majority of the Prussian public were opposed to the convention, disgusted at the acts of cruelty committed by Russia in Poland). Then, in 1866, he declared

[1] The total population of the four powers was 9 times higher than the population of Prussia, the total GDP 6 times higher than Prussia's and the total size of the army 10 times greater than the Prussian army (Paul Kennedy, *The Rise and Fall of the Great Powers*, Vintage Books, New York 1989).

war on and quickly defeated Austria, assuring neutrality of France thanks to promises of support for France's annexing of Belgium and the Rhineland. He next made sure he had the well-meaning neutrality of the United Kingdom, exploiting to this end information about France's annex plans, which Emperor Napoleon III himself had asked him to do beforehand. During a very brief war, making use of his excellent army, he broke up the then lone France in 1870, at the same time forcing the other German states to consent to unification of the Reich. By these means, over the course of just under a decade, he achieved something that would have seemed completely impossible in 1862. He unified Germany through a strategy implemented with uncommon boldness, effectiveness and iron consistency, in which diplomatic checkmate, concessions, and secret negotiations and treaties were used as unusually effective tools to achieve his goals by way of artillery, speeches, press articles and fake telegrams. Should we see Bismarck as an example to follow, one could have doubts of course (especially in Poland, because in Polish history he is perceived rather as a menacing character). This is however , textbook political strategy – of an excellent analyst capable of rapid planning, consistent implementation, and deadly effectiveness – this is undeniable.

Are there any examples of equally rapid successful strategies in the world of business? There are many. My favorite is the mastermind behind mass introduction of the motor vehicle, Henry Ford. He started – as befits an American billionaire – in humble beginnings, as the simple son of a farmer building a prototype of his first car in a workshop in his house. By the time he died in 1947 he had amassed a fortune (in today's terms worth nearly USD 180 billion) and was the founder of one of the most powerful corporations in the world, the Ford Motor Company. The fact that Henry Ford earned his billions was in no way an accident of fate. He was a visionary of an economy based on universal consumption, mass production and reduction of costs through the application of industrial work organization procedures. Above all he abandoned the previously existing craftsmanship principle that the manufacturer's goal is to sell products at the highest possible price – and did the opposite. The goal is to supply the market with the cheapest product manufactured at the lowest possible cost, with a moderate profit margin per item. A high level of profit is obtained therefore not by pushing up the price but through mass production and mass sales. It was with this in mind that he designed the famous Ford T model – an automobile that cost USD 850 (today USD 17 thousand) in 1908, and by the mid-1920s, due to drastic reduction of production costs, only cost USD 290 (USD 3500 in today's terms) – less than the annual pay of an ordinary worker. He was able to reduce costs by revolutionizing production methods: in the morning Ford's steelworks were supplied with coal and iron ore from his mines (transported by barges belonging to Ford), and then the parts and the components were assembled by employees on the production line, and within 28 hours the automobile was ready and left the production line[2]. The genius of mass consumption knew that not only ensuring supply was a prerequisite for sales, but that the appropriate level of demand had to be assured as well. He paid his workers twice the market rate so that they too could afford to buy themselves the Ford T on hire purchase. By these means he sold more than 16 million cars of one model, setting a record not beaten until decades later by the Volkswagen Beetle, and became not only the second most wealthy person in history, not only a symbol of the triumph of the „second wave" society, but also the thinker behind one of the most rapidly implemented development strategies in the history of business. A strategy based frequently on measures that were the opposite of those taken by Ford's contemporary rivals but always on considered measures focused on the goal and well integrated with the strategic plan.

Strategy and leadership issues are inextricably linked. It is precisely of a leader that the ability to make choices followed by the ability to successfully put strategy into practice when faced with all kinds of opposition and hur-

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[2] The story of how the Ford empire came to be built is told in a book by Richard Bak, *Henry and Edsel: The Creation of the Ford Empire,* John Wiley & Sons, Hoboken, New Yersey, 2003.

dles, is expected. In politics, Otto von Bismarck, Winston Churchill and Charles de Gaulle were leaders and strategists of this kind. In business, Henry Ford, Steve Jobs and Jack Welch were leader-strategists of this kind. They are respected above all for their success in a struggle against mighty opponents, with too few resources at their disposal, and not letting themselves be defeated in times of despair. We should value them however above all for something else, for their vision, determination to achieve their goal, and their single-mindedness, i.e., for their strategy.

Should the conclusion be drawn from those examples – as well as many others – that strategy in politics and business can only be based on a struggle, aggression, and catching unawares and destroying one's opponent? Today's lecturers on management have an obsession with treating business strategy in quasi-military terms. Elusive models of effectiveness used to give instruction to those seeking a formula for becoming a leader of managers can be found in military leaders: Attila, Napoleon, Alexander the Great. Well, it is true that they knew how to motivate their people to make an effort and they achieved success (although their empires did not last long). Lecturers dealing with the issue of leadership go on endlessly about the military advice of Sun-Tzu or inviting commanders of elite special combat units, drumming into the heads of members of a fascinated audience that politics and business only make sense when they are an unending struggle and effort to destroy the opponent and make others submit to their will. This "militaristic" approach to leadership and strategy issues can be seen to the maximum extent in the famous book published by the Boston Consulting Group "Hardball", analyzing the experiences of the toughest market players[3]. The advice given to business strategists includes, for instance, "attack with devastating force", "force your rivals to retreat", "destroy the status quo", and "observe shifts on the battlefield". In a nutshell: if you want to be successful in politics and business, treat these as a battlefield. Treat everyone as an opponent that has to be fooled, dominated or destroyed. Do not trust anyone, do not depend on anyone, and form alliances only when that will enhance your strength in the fight. Voters are to be mainly a target of manipulation for a politician – in exactly the same way as customers for a manager. Partners are to be seen as rivals with which one can work only on a temporary basis, in an insincere way, turning against them as soon as this becomes more beneficial than working with them.

This approach to strategy is not necessarily the one that is most suited to today's world. There are of course areas of politics and business in which the only strategy that offers a chance of success is a sustained struggle. When proclaiming their candidacy in elections a politician must realize that at that moment it is all or nothing: either they beat the opponent, or the opponent beats them, but they should also remember that if their objective is more than just becoming president or premier, on the very next day after victory in the elections they have to be ready to work with those they defeated.

The issue is that today's world is extraordinarily complex, and the problems that have to be solved in it are equally complex. The West might be losing its position in the world, the most wonderful institutions that it has created and over time refined – great banks, corporations, universities, political parties, the media – are going through a leadership crisis. Eurozone leaders are unable to reach a consensus on a manageable issue of bankruptcy of Greece, US politicians cannot reach an understanding over the budget. Politicians live by the opinion polls and adapt their major activities according to them. The largest elements of the media focus on social discussion regarding gossip about the lives of the stars. There is no strategic plan, only survival until the next elections, the next profit statements, or the next viewing figures.

Meanwhile it is not a grueling struggle that world politics requires nowadays – although of course this cannot be avoided – but more a strategy of intelligent cooperation. First of all, what is needed is cooperation between

[3] George Stalk, Rob Lachenauer, *Hardball*, Helion, Gliwice 2005.

countries, because without this a new order conducive to development and stability cannot be created. Another great challenge is that the appropriate cooperation be entered into not only between governments, but between all of the major players in the global economy. The world has undergone a permanent change – globalization and technological changes mean that the period of omnipotence of a great state is becoming a thing of the past, and supra-national concerns and financial groups have become partners on an equal footing with governments. Without cooperation between them there can be no long-term stabilization of the market, and nor can the key development issues that the world is facing be resolved. Because the problems of the 21st century extend far beyond pure economics and politics, the third sector – civil society institutions[4] – also needs to be brought into the dialogue between governments and great economic organizations.

The main challenge that arises in connection with the appropriate strategy in politics is today no longer therefore the mere ability to fight (which was dominant during the 19th and 20th centuries), but rather the ability to enter into intelligent cooperation. Partners, and even competitors, should be seen not only in terms of what divides us from them, but also what we have in common. The US and China have many opposing economic and political interests but in the end both of these great countries are interested in developing the world economy, stability of the financial markets, and the restoration of normal economic mechanisms and the globalization processes hampered by the crisis. They also need to take into account a key factor in strategy – time. The same phenomenon that in the short term is a threat, in the long term could turn out to be beneficial. The intelligent measures taken today could help to bring about a better scenario in the future. The Chinese do not need to be told this after all – it is precisely their understanding of strategy that requires actions to be taken well in advance and to patiently wait for the results. When at the end of the 14th century at the emperor's court a decision was made to embark on the great ocean voyages of Admiral Zheng He, trees were planted many years before them, suitable for masts for large ships. When at the beginning of the 1970s communist China decided to enter into what was in practice an alliance with the US, designed to be a move against the Soviet Union, it was specified at once in Beijing that this was an alliance for "50 and perhaps 100 years"[5].

The West can learn a lot in this area from China, and Western democracy actually has to learn to plan measures taken as part of a long-term strategy if it is to remain an attractive form of government for the societies of the world. This requires that mechanisms be created for planning and implementation of plans that transcend political divisions. If it is evident for example that the societies of the European countries have to reconcile themselves to changes to the pension system and the raising of retirement age, the measures taken towards this end need to be supported by all of the relevant political forces, and not only the party that happens to be in power at the time. Similarly, the Republicans and Democrats in the US have to be capable of reaching a consensus regarding a solution to the problem of the deficit and sovereign debt, regardless of whether Barack Obama or his Republican opponent comes to power in the forthcoming elections.

It is interesting that business realized this before politics, despite the fact that confrontation in competition occurs much more on the market than elsewhere. Contemplation of the search for means of development that do not focus on a permanent ruthless struggle has occurred, if only in the form of the popular „blue ocean strategy"[6]. This strategy is more the seeking of new market

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[4] I discuss this issue more openly in the book: Witold M.Orłowski, „*Świat do przeróbki*", Agora, Warszawa 2011.

[5] Interesting facts about the background to that agreement can be found in: Yafeng Xia, China's Elite Politics and Sino-American Rapprochement, *Journal of Cold War Studies*, Vol. 8, No. 4, Fall 2006. Note that we happen to be approaching the end of the half-century of cooperation between the US and China.

[6] As opposed to the red ocean strategy, which means permanent struggle, this strategy is described in a book by W. Chan Kim i Renée Mauborgne, *Blue Ocean Strategy*, Harvard Business School Press, Boston 2005.

areas not yet occupied by the competition – and thus for example new and as yet unknown products and services, or opportunities to meet new consumer needs. This is a strategy according to which opportunities for expansion will be sought mainly in innovativeness, requiring a long-term approach at the same time. In this approach vision and the strategic goal are more important than the short-term balance of costs and benefits as well as profitability. When applying this strategy – as the old anecdote goes – it is worth a manufacturer of shoes seeking countries where large groups of people walk barefoot, even if convincing them to purchase their first pair of shoes might be difficult and costly, and it might be years before any profit is made. Before anyone wrote this, however, large firms learnt to invest in new products and markets, and did not expect a quick return on the investment. It is precisely in this way that the walkman and PC came to be built, and thanks to this large investments were made in China and Central and Eastern Europe.

Strategic thinking that enables long-term combination of competition with cooperation can however go even further in business. Positive cases are known of the so-called co-opetition (a combination of the words cooperation and competition), i.e. a joining of forces even with direct competitors in areas where there is a common interest. The commonly known example are the activities of large motor vehicle concerns that in mutual cooperation share the huge costs of development of new engines – after which, once they are installed in their own models, they once again become competitors fighting for customers[7]. The need to enter into cooperation, when there is a need to be competitive at the same time, is probably the most difficult dimension of strategy in business today.

According to the great management theorist Peter Drucker, every organization, including a business organization, must determine above all what its fundamental strategy is – i.e., the purpose of its existence. Contrary to popular opinion, even in the case of a business organization this aim is not simply maximization of profit. The principal aim is always to meet customer needs, because that is the only basis allowing a firm to function in the long term[8]. A state also exists to meet the collective needs of the people, and politics is a means of finding the road to that goal that is most suitable for the people – for example shaping a bonding identity. Without an effective, long-term, well-considered strategy it is not possible for any organization to achieve the fundamental purpose of its existence, and this is why the ability to think and plan strategically is a gift which every organization should care the most about.

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[7] An analysis of co-opetition can be found in: PricewaterhouseCoopers, *Compete & Collaborate*, 11th Annual Global CEO Survey, London 2008.
[8] Peter Druckner, *Myśli przewodnie*, MT Biznes, Warszawa 2008.

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