

An interview with John Camillus, Professor of the University of Pittsburgh, for Hospodarske Noviny

Czech managers are gaining a sound self-confidence

When companies have a problem, they call John Camillus. This American consultant has given advice on business strategy to 70 organizations including some of the 500 biggest companies listed in Fortune magazine and as a professor of the University of Pittsburgh, he has been advising students as well.

You have been giving advice to the biggest companies from Fortune 500 and cooperating with companies in Europe, Asia and the USA. What are the differences between the individual countries?

European companies emphasize values – such as “green” or “partnership” in business. They are more global in their thinking. The perfect example is Unilever. They take ideas and innovation from all countries, from all cultures and they are able to utilize them.

America is too focused on itself. We have American football and baseball tournaments and we call them the world championships, even though they only involve American teams. This also happens in business. European companies appear to be more sensitive to global considerations.

Is there a difference in managers as well?

Formerly there was a common stereotype that American managers are confident, are at the forefront and nobody else was up to their level. On the other hand, managers from the Czech Republic or India were the ones seeking to learn from Americans. This is changing. For instance, I have a diploma from Harvard. There used to be a perception that whoever has a diploma from Harvard, knows a lot and is the best. With globalization and development of excellent managers in other countries this perception is changing. A good example of such development is the Sharp Company. The whole company was almost “paranoid” that their competition would be better. It was good because they were consequently open to innovation, debates and the company is now successful, self-confident and prospering. Sound self-confidence is useful to develop and Czech managers are on the right trajectory.

What is generally the problem of Czech managers, if there is any?

Instead of holding on to a stereotype – I am in this position so I should do this and this – they should get out of their shell and try to do things differently and better. In Czech companies there appears to be a complicated hierarchy and people may be overly concerned about what the company historically has required of them instead of thinking about what they should really do to help the company succeed. That could be a problem over time.

Does the school system and the way students learn to think have any influence on that?

In the Czech Republic, as well as in India with which I am familiar, people study to succeed at exams and education is focused on formal knowledge. On the contrary, at the best schools in the USA, what is stressed is how you think about a problem. Half of the graduate students at the Business School at the University of Pittsburgh are from abroad and I have noticed that, for example, the Asian students are inclined to believe that if they do best at exams, they will get the best jobs. That may not happen, though. The social interactions, activities and learning outside the formal classrooms are also important – helping people to better understand life and business. It is

very important for the MBA students to interact with companies during their studies, participate in team projects and co-curricular activities in order to understand what a real business is about. Such opportunities should be offered by more schools.

It is not common to invest in education in the Czech Republic. Is it going to change and more and more people will be willing to pay large amounts of money for titles like MBA?

Of course, even here, people will be investing much more in their education. It is already getting better and we can see the difference. It will be growing. For example, in Asia the fees for MBA programs are ten times higher than in other schools but we do not have a problem to fill up the class. People have realized that their chances for a good career will grow.

What are the biggest weaknesses of Czech business in general?

Czech business has great potential, but what holds things back probably is bureaucracy. That involves taxes, the amount of paperwork and related regulatory matters. It is difficult to start a business, it is even more difficult to maintain it. And if you want to close the business, you face big problems and a lot of paperwork. All these regulations slow down the economy.

You have said that there is a great potential here – what are the strong points of the Czech business?

The Czech Republic has one great advantage – everyone is surrounded by and stimulated by a lot of culture and that is unique. For example, even a secretary goes to see an opera with her family. Something like that does not happen very often in the world. Only the upper social class attends these events in the USA. Life in the Czech Republic revolves around art, culture and thought, from buildings to sidewalks, to concerts and clothing. People who live here may not notice it, but it is so. This advantage of culture and thinking is also visible in managers and shows itself in business. The biggest strength of Czech business is in its people.

There was a research among Czech companies recently showing that one third of them has a personal experience with blackmailing. Are blackmailing and corruption a problem of all countries?

Corruption is a worldwide problem affecting the economy. The Fortune 500 companies, fortunately, while they are, of course, focused on making money and on innovation, are expected to adhere to ethical practices.

Are morals the number one advice that you give to companies?

Many years ago, when I was studying, there was a common idea that the most important and enduring thing is the company's strategy. Today, strategy changes – in some companies every three or six months! Companies transform. For example, a few years ago IBM was strictly a mainframe computer company and shunned partnerships with other companies. They have fundamentally changed, though. Today their largest source of income is consulting and they are trying to collaborate with as many companies as possible. Strategy changes. Technology, products and markets change, but the company's values remain constant. Values are of fundamental importance.

And what are your other most common pieces of advice?

Ten years ago there was a commonly held idea in the USA that the shareholders are the most important. Some companies stick to this opinion even today. Focusing solely on shareholders and

short-term profits has brought many companies to bankruptcy. I will use an example again – Westinghouse used to be a Pittsburgh company, at one time on the same level as GE. In the eighties it focused merely on the satisfaction of the shareholders and on profit and today it does not exist. (The current Westinghouse in Pittsburgh is comprised of just the nuclear division of the old Westinghouse and is owned by Toshiba.) In contrast, GE management focused the company on employees and customers. The satisfaction of the shareholders followed. Today, I believe that employees should be the center of attention. Their knowledge, capability and commitment will take care of the customers and the shareholders.

What was the most difficult problem you had to solve during your career?

I was working with an international company headquartered in Chicago. They did not realize that the accounting information they received was not helpful to their managers. Economic information and accounting information are two different things. Accounting information does not provide true economic information. Accounting information is historical, it does not show true incremental costs, and it does not take into account potential value, opportunities and so on. This provides a very poor basis for making sound economic decisions. I advised the Chicago company to rework the data so that the managers could make better decisions. For instance, I advised them to use direct costs instead of full costs that distorted information by inappropriately allocating fixed costs. Initially they thought this was wrong, that my advice would ruin them, and it took a lot of effort to convince them to change.