



## Take 5:

# Dr Daniel Han Ming Chng


■ By Charmaine N Clarke

If you're looking for advice on how to cope when business isn't doing so great, you need to have a chat with Dr Daniel Han Ming Chng. The former infantry officer in the Singapore Armed Forces has had a hand in launching two start-up ventures himself, plus he's done award winning research on how managers and entrepreneurs make strategic decisions during tough times. Dr Chng is Associate Professor of Strategy at CEIBS.

He's spent much of his career studying how organisations – and those who manage them – make strategic decisions when things don't go as

planned, and if they're able to learn from their experiences with failure. He's also looked at how entrepreneurs launching new ventures in emerging economies react to bumps in the road. In fact in 2011, his paper on that topic won the Entrepreneurship Division of the Academy of Management's Entrepreneurship Theory & Practice Best Conceptual Paper Award. Another paper that looked at how top managers form social ties after disruption in their organisation was among the Top Ten Most Downloaded in the prestigious Social Science Research Network (SSRN).

Dr Chng has spent years learning



how to hone his craft. He was a Sloan Faculty Fellow at MIT Sloan, and he has consulted on projects for companies including Siemens, SK Group, Wing Tai Group, G2000 Apparel, Singapore General Hospital, and the Housing Development Board of Singapore. These days he teaches strategic management, corporate turnaround, global strategy, organisational theory & design, managerial decision making, and strategic consulting to MBA students. Managers and top executives of multinational firms and government agencies in China, South Korea, and Singapore also benefit from his expertise in these areas.

Read on as Dr Daniel Han Ming Chng takes 5 questions from *TheLINK*:

***TheLINK*: Who is Daniel Chng?**

I am a pretty “open-book” kind of person, so there is not much about me you won’t know from my CV. One thing I could perhaps share is why I decided to join academia even though I had a reasonably successful entrepreneurial career earlier on. From my early business experiences, I realised that I was pretty decent in “doing” business. Yet, I did not quite enjoy the actual process of “doing” business. Neither did I want to go work for other people and help *them* do business. So the next best thing I could do was to teach people how to do business. Even as I was starting my second venture, I knew that I would eventually leave for further studies and become a professor. Fortunately, the venture was successful and I left to complete my doctoral studies; since then

I have been in academia. Still, I do keep a very close eye on business practices and I particularly enjoy helping my students, informally, in their various business projects.

***TheLINK*: What made you decide to focus on this very specific area of research?**

I was fortunate to be successful in both my entrepreneurial ventures. Yet, I know of many failed new ventures, some of which were founded by people I know very well. In observing these entrepreneurs and their managers, I realised very early on that how they make decisions during good times and during bad times was substantively different. Regardless of how successful they were before, when their business got into trouble, I saw how they struggled to get on top of the problems they were facing. The challenges they face are often complex, inter-related, and difficult to analyse and understand. As Leo Tolstoy said in *Anna Karenina*: “Happy families are all alike; every unhappy family is unhappy in its own way.” In the same way, successful companies all look alike, but every business failure is unique. Yet, we know so little about business failures and how we can learn from them. My goal is to help us better understand the challenges of dealing with adversity and failure and hopefully we can become better at dealing with them. However, studying adversity and failure is very difficult as no one really wants to dwell on these topics. Still, I believe that this is something meaningful that I can do.



**TheLINK: What makes your research so significant?**

Few managers know how to manage well under conditions of adversity. This is because of our general obsession with success. Success is sexy and interesting, and it dominates our discussions in business school as well as in practice, even though successes are often the exception rather than the norm. Adversity or failure is ugly and dull. No one wants to talk about failure. Yet, the most successful top executives in the world rose from adversity: Lou Gerstner at IBM, Jack Welch at GE, and Carlos Ghosn at Nissan. To manage well under adversity and failure, top executives require knowledge, skills, and abilities beyond those that serve them well under normal situations. These include exceptional business judgement and insights, strong personal as well as strategic leadership, and an

understanding of how to manage the competing interests of key stakeholders. Even though many management scholars and top executives recognise the value of understanding and learning from adversity and failure, our knowledge about these issues is relatively underdeveloped. My research is an on-going attempt to understand how organisations and their top executives are able to better deal with adversity and failure.

**TheLINK: What are you working on now, or have just completed, and why did you select this research topic?**

I have recently completed a series of research projects that examined managerial decision-making under conditions of adversity (i.e., organisational decline) and how organisational mechanisms, like incentive pay, as well as individual

characteristics of managers, like their self-confidence, can influence strategic behaviours. The papers have been published in *Strategic Management Journal*, *The Leadership Quarterly*, and the *Journal of the Academy of Marketing Science*. The rationale behind this research is to illustrate how managerial decision-making can differ significantly under conditions of adversity than under growth conditions. At present, I am working on research that explores the causes and consequences of organisational distress in emerging markets with a particular emphasis on China. I am developing a model to better understand how conditions in the emerging Chinese market present unique challenges to domestic firms that have had growth at an unprecedented pace in the last two decades but are experiencing or starting to experience substantive



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difficulties in recent years. I started this research because, again, we know so little about organisational decline in emerging markets. Sustaining growth is paramount in many emerging markets and only by gaining a better understanding of the causes and consequences of organisational distress can we gain insights into how to prevent and also overcome distress in these economies.

***TheLINK: Why is your research especially relevant now?***

There are an increasing number of

leading Chinese companies getting into difficulties recently. The decline of these companies is rather sudden and substantial. One example is the difficulties facing Li-Ning Co., Ltd. Once the leading Chinese sportswear brand in China, the company is now facing severe distress as the Chinese consumer market changes and a series of new strategic initiatives have failed. Even with the involvement of TPG Capital and Singapore Government Investment Corporation, the company is struggling with its turnaround efforts as the conditions

facing the company in China are substantively different from what many experts know about financial distress in developed economies. The convergence of undeveloped institutional voids, organisational capabilities, strategic orientation, and strategic leadership in Chinese firms present unique challenges as they try to turnaround. The research I am working on will hopefully more carefully specify why Chinese firms get into trouble and how they can more effectively extract themselves from these difficulties.