

COMING ATTRACTIONS

WHAT ARE THE BIG BUSINESS IDEAS
THAT WILL SHAPE TOMORROW'S
AGENDA? IN EVERY ISSUE OF
BUSINESS STRATEGY REVIEW WE
PROVIDE AN UPDATE ON WHAT SOME
OF THE WORLD'S LEADING THINKERS
ARE CURRENTLY WORKING ON.

→ products but not profits. What they need is a more sophisticated approach that gives them more long-term control of the situation. And that, I hope, is what *Beating the Commodity Trap* provides.

Andrew Kakabadse

Academic (Cranfield University School of Management)

Recent work: *Leading the Board* (Palgrave, 2007)

What I am working on at the moment goes back to an experience I had in the mid-1990s when I was invited to an outlying province of China called Hunan. I was there acting as an advisor to a multinational company setting up in the area. On arriving, I was introduced to the Chinese minister and offered a refreshing, if potent, local rice wine called Maotai. No negotiations, I was told, would take place until the local customs were complete. What I later realized was that in this particular province, strangers are required to drink 19 shots of the local liquor to prove they are worthy to be admitted to the negotiating table. Drawing on my early experiences, I drained my glass – 21 times. By still being able to walk after 21 shots of rice wine, I passed the test. The hangover was memorable, though temporary, but the metaphor remained with me.

Since then I have observed time and time again how local culture and global leadership are entwined. Every situation is different. Every country and even every province has its own unique ways and nuances. Global citizens beware. What is regarded as unprofessional in one part of the world is a test of a leader's character in another. What is seen as corruption in one place is seen as deep-seated familial loyalty in another. But it is only by navigating the differences that business leaders can operate effectively on the global stage. And when it comes to global commerce, Western leaders have as much to learn as, if not more than, their Eastern counterparts.

I am now working on a book that looks at what it takes to succeed as a global leader of a modern organization.

Rosabeth Moss Kanter

Academic (Harvard Business School)

Recent work: *Confidence* (Three Rivers Press, 2006) and *SuperCorp: How Vanguard Companies Create Innovation, Profits, Growth, and Social Good* (Crown, 2009)

My new book, to be published later this year, is about a handful of companies that set a model for how values and principles can drive every aspect of a business – strategies, innovation models, sources

of innovation, approaches to acquisitions and merger integration, workplaces, the new shape of careers, and influence in the workplace. It's also about their approaches to diversity, a major issue as companies increasingly globalize whether they operate outside of their home country or not. I also consider their contributions to the public sphere. At each of the companies we investigated, we conducted interviews; in many cases we did 50–75 interviews. I ended up with about 375 interviews in 20 countries.

My conclusion is that this set of companies, while not perfect, still represents a source of hope for the world; and they could potentially even serve as a buffer against oppressive governments and oppressive religions – even oppressive ideologies – because they have an interest that transcends the merely cosmetic. They have an interest in improving standards around the world, and they tend to carry these standards with them from place to place.

These companies – what I call *supercorps* – manage to be very large and yet highly personalized in the ways they connect to people and the ways they allow identity to be expressed. They are global in orientation and in their thinking and yet are intensely local and locally embedded in their on-the-ground activities.

The changes they've made are very 21st-century. For most of the companies – which include IBM, Procter & Gamble, Cemex, ICICI Bank in India, and Omron in Japan – the emphasis on their values and principles as guidance systems for every aspect of the company is really a 21st-century emphasis. They may have had statements before that, but they were all renewed, refurbished, and updated to fit the new realities and are much more apparent as a management tool than they had been previously.

An interview with Rosabeth Moss Kanter will appear in the Summer issue of Business Strategy Review.

Markus Reitzig

Academic (London Business School)

Recent work: (with Joachim Henkel) “Patent sharks” (*Harvard Business Review*, June 2008)

If you look at all the mega trends – climate change, population growth and so on, all can be seen as threats or opportunities. Managers who view them as opportunities can, despite all the associated uncertainty, be sure of one thing: innovative solutions are needed and will sell. As a result, the study of “innovation” has gained a lot of attention. In this domain, you can talk much of people, procedures and processes, but undoubtedly the solutions will have a lot to do with technology, technology that we currently don't have control over



Markus Reitzig: Threats and opportunities

and that needs to be developed. How to make money through technological innovation is thus more topical than ever, and the literature on *value creation* through technology is rich. One thing people haven't written so much about, however, is who gets the highest return on investment in this whole technology game and *captures* most value. Interestingly, these are not necessarily the most creative, technologically advanced or the most futuristic firms. Finally, we know even less about how value creation and value capture in the technology game are related; in other words, how a firm should strategically go about developing technology contingent on its appropriation strategy.

This myopia is undesired, yet easily understood. If you look at the history of strategy, everyone's theoretically concerned with three things: value creation, value appropriation and how they are linked. Yet, because creation is the seemingly sexy part, that is what most people write about. Creation is the thing that resonates with managers, but a lot of profit differences are driven by appropriation. And innovation strategies that tailor initial value creation to the envisaged exploitation appear to be the most profitable.

Why did Motorola make more money in its GSM venture than any other firm? Not because it was necessarily more inventive, not because it had the better technology, but it participated in the technology game with an eye on what it could finally drive home. In contrast, other companies started to invest hoping that in the end there would be something for everybody out there.

IBM donated 500 patents to the open source community, basically because it understands that if you want to manage that trade-off between value creation and value appropriation, there are certain actions you need to take that can seem counter-intuitive at first sight.

The biggest challenge in innovation management, and indeed strategic management, is to understand how certain firms make more money than others, despite drawing on similar resources. I am fundamentally concerned in my research with answering two questions: how do I make more money out of my technology investment than someone who is technologically equally capable? And how can I strategically tailor my early-stage value-creation activities to subsequent exploitation?

There are a number of strands to this research. First, I am looking at how companies can use all of the options that the legal system gives them to appropriate returns for their innovation investment. Particularly, I wonder how legal appropriation considerations influence early stage R&D decisions.

Second, in the area of open source, I'm trying to understand how it can happen that firms apparently turn the system of intellectual property rights around by making their costly exclusion rights accessible to the public. What my co-authors and I appear to find in the data we're currently collecting is that benefits accrue to firms that are trying to shape an open movement so that it perfectly suits their corporate purposes. This is a very sophisticated approach to managing the trade-off between the creation and appropriation of value.

Another research project I'm working on with several partners is trying to understand how to custom tailor corporate idea generation so it will yield the highest number of actually useable ideas. Behind this, we always have an eye on the fact that innovation is about more than just generation of value. It is about the generation *conditional on the expected exploitation* of value. Firms do not care about making the pie as big as possible, they do not care about getting the biggest slice of any given cake – they care about how much finally ends up on their plate.

Fons Trompenaars

Founder of Trompenaars Hampden-Turner, an Amsterdam-based consultancy.

Recent work: Author of the bestselling *Riding the Waves of Culture* (Nicholas Brealey, 1997) and *Riding the Whirlwind* (Infinite Ideas, 2007).

Our next book will be on the integral organization, in which we will discuss sustainability and reconciling what we call the *10 Golden Dilemmas*. This is an enormous piece of work, and that's why the book has already been simmering in the →