The phoenix effect

Why innovation and entrepreneurial spirit will ignite recovery
Many people feel that in these uncertain times, it is difficult to find the
courage to test a new idea in the marketplace. Yet the courage to try
something new and to risk failure is precisely what we need today.
That courage can best be found among entrepreneurs across the
globe. Entrepreneurs are the lifeblood of the world economy and
deliver growth in a slow-growth environment. They look externally to
find a need in society and the vision to develop a product, service,
solution or idea to meet that need. They have the courage to risk
everything to try to develop it, and importantly, they have the
perseverance to keep trying until they get it right.

This is why, when talk turns to restarting economic growth and
creating a long-term economic expansion, we should first look in the
direction of the world’s best entrepreneurs. Throughout history,
innovative individuals and companies have seen periods of adversity as
the most promising moments of opportunity. Earlier this year, Ernst &
Young released a white paper, Entrepreneurship and innovation: the
keys to global economic recovery, detailing the clear connection
between entrepreneurship, innovation and economic growth. Drawing
on academic research, leading business minds and real-world
experience, the report showed how developing new products and
services, revamping organizational processes or adopting fresh
approaches to partnerships can enable companies to take advantage
of the current economic climate.

Entrepreneurship and innovation inherently thrive in downturns;
in fact, some of the world’s largest companies were born during a
recession or a period of significant market weakness. In times like we
have been living through recently, it’s especially evident that
entrepreneurial thinking isn’t optional. It’s more than a buzz word –
it’s a business strategy. In many respects, entrepreneurship and
innovation are not just about growth – they are about survival.
Because the market leaders of today are not necessarily the market

“Throughout history, innovative individuals and companies have seen periods of adversity as the
most promising moments of opportunity.”
leaders of tomorrow. Globally, the names at the top of all the major indexes turn over every five years. For example, the Global Forbes 2000 has experienced a 51% turnover; the HDAX (Germany), 50%; the FTSE 350 (UK), 50%; the KOSPI 200 (South Korea), 49%; and the Bombay 200 (India), 91%.

In conversations Ernst & Young has had with innovative leaders across the globe, we are hearing the same thing: now is the time to start a new business, because if you succeed, there is no telling how successful you will be. This is true no matter whether you are a startup or an established business. Entrepreneurship is not about size, it’s about a state of mind. We have discovered, through our own experience and the research of others, that every organization is capable of embracing change and innovation in order to seize a market opportunity. So when society wants to spur innovation, we should look everywhere because the best ideas come from diverse sources. If we are to encourage businesses of all sizes to act more entrepreneurially and to focus on innovation, then we need to create a global business environment where fresh thinking is rewarded and ideas can be shared broadly.

Asia’s experience over the past several decades is proof of that. The leading economies of this region have not only rapidly closed the production gap with the West, they have also significantly closed the innovation gap. Asia’s leading industries and companies are now as capable of innovative production and idea generation as their counterparts in the West. And in many critical industries, Asia’s innovation output is now market-leading.

The pace of change in Asia proves that not only is innovation the key to growth, but that our global demographic shifts are having a profound impact on the world economy. Asia’s growing innovation class, led by rising generations of eager young minds, are redefining how good ideas find their way to market. Asia’s innovators are creating new networks of entrepreneurial activity across the globe, as capital and economic power continues to shift from West to East and from developed to emerging markets. These trends are likely to accelerate in coming years.

In this paper we explore the strides Asia is making to become an engine room for innovation. We publish insights from Kishore Mahbubani, Dean of the Lee Kuan Yew School of Public Policy, National University of Singapore, and seven successful Asian business leaders. We also examine the latest thinking on how business leaders around the world should seek to embrace the diversity of their workforce to create an environment where innovation and creativity can really thrive.

I hope you find the publication illuminating and insightful and look forward to continuing the conversation around the role of entrepreneurship and innovation in the global economy and the prosperity it will bring.

James S. Turley
Chairman and CEO
Ernst & Young
Ten years ago, I wrote a book entitled *Can Asians Think?* Today, after the spectacular success of Asian minds in leading universities, this question is unthinkable. Instead, the new question is “Can Asians innovate?”

The answer from many in the West could well be: “probably not.” There is a deeply held Western belief that a potent mix of political liberalism, economic entrepreneurship, social freedom and a culture of individualism is needed to ignite innovation. By contrast, Asian cultures have been associated with despotism or feudalism, social conservatism and conformity, all of which combine to stifle the spirit of innovation.

It will therefore come as a great shock for the West to learn that the epicenter of innovation has begun to shift to Asia. In one of the major shifts that sometimes happens silently, the culture of innovation and entrepreneurship has begun to spread successfully all around Asia. Some social scientists have begun to take note and measure the spread.

The Information Technology and Innovation Foundation (ITIF), headed by Robert Atkinson, recently published a report using 16 indicators to examine the innovation-based competitiveness of 40 nations. In the top five were two Asian nations, Singapore and South Korea. The US was ranked sixth and, amazingly, ranked last among 40 nations in progress made towards an innovative economy in the last decade. Among Asian nations, China made the most progress followed by Singapore (second), Japan (10th), India (14th) and South Korea (17th).

All of this is counterintuitive. Surely the US leads the world in absolute innovation? Yes, it does. Size matters. But others are catching up fast. In a recent *Harvard Business Review* article, John Kao notes that “China, currently the world’s center of outsourced manufacturing, will be the next hub of brute force innovation.” He adds that “The Chinese automobile industry offers a glimpse of the brute force model in action. Thanks to an outpouring of educated innovators from Chinese universities, there are now an estimated 50 car companies in China, producing a Precambrian explosion of new business models and automobile designs.” Many heads will shake in disbelief. Those who do so should remember one fact. Twenty years ago, it seemed almost inconceivable that the dominance of the US automotive industry could be challenged. The inconceivable has happened.

Still, many in the West will make a distinction between product innovation and intellectual innovation. Beginning with the Japanese, Asians have excelled in product innovation for decades. Yet, when it comes to big breakthroughs, creating giant new companies like Microsoft or Google, Amazon or eBay, America leads the world. This is true. No Asian society has produced a Silicon Valley to match California’s.

Yet, it is also true that Silicon Valley has become “Asianized.” Some people quip that the IC industry stands for Indians and Chinese. Indeed, there are stories that Californian venture capitalists have turned down startup funding for companies that had no Indians or Chinese in their teams. Equally important, the success of Indians and Chinese in North America has led to a powerful reverse brain drain. As a consequence, China and India, Japan and South Korea, Taiwan and Singapore have created enabling environments, which have allowed both innovation and entrepreneurship to thrive.
John Kao adds that “Singapore has made an impressive commitment to scientific research.” The 2 million square feet Biopolis will house 4,000 biomedical researchers and nearby Fusionopolis will house another 6,000 scientists in fields such as materials science, clean technology and digital media. As a consequence, the journal Science named Mr. Lim Chuan Poh, head of A*STAR Singapore, as one of the research world’s top eight people to watch in 2009.

Despite these successes, the big question remains: how did Asian societies reach the frontiers of innovation so quickly? There is no simple answer. However, some key facts need to be absorbed. From the year 1 A.D. to 1820 A.D., China and India were consistently the two largest economies. It took massive underperformance by both societies for them to fall so far behind. This era of underperformance is over.

It is vital to emphasize here that innovation in Asia has spread across a wide range of fields. The biggest challenge humanity faces today is global warming. There is global interest in developing alternative energy products. Remarkably, Asian countries are among the top five in a wide range of new products. The nonprofit company Grameen Shakti currently leads the world in the installation of solar panels for the rural poor. From 1996 to 2009, Grameen Shakti installed 750,000 solar home systems in Bangladesh to provide emissions-free electricity to more than 2 million people. China operated the world’s most successful improved cook stove program from 1983 to 1998, in which they doubled the efficiency of rural energy consumption by distributing safer and cleaner stoves to 185 million households. In Singapore, regulators are developing an innovative Electricity Vending System to give 1.2 million consumers real-time price signals so that they can learn to conserve electricity during peak periods.

There is another new feature of the global landscape which we have not fully understood. When the Asian mind is fused with Western education, there is an explosive burst of creativity. There has always been an intense culture of learning in Asian societies. But this culture of learning was side-tracked by the emphasis on rote learning, especially in Confucian societies in previous centuries.

Western education, therefore, arrived as a huge gift to Asia. W.B. Yeats wisely advised us that education is not about filling a bucket; it is about lighting a fire. The simple story about Asia is that the fire has been lit. The culture of innovation and entrepreneurship has been ignited. Since Asian societies will naturally produce the largest number of new people, and therefore the largest new pools of brainpower for the world, it is only natural the epicenter of innovation and entrepreneurship will shift to Asia.

Kishore Mahbubani, Dean of the Lee Kuan Yew School of Public Policy, National University of Singapore has recently published “The New Asian Hemisphere: The Irresistible Shift of Global Power to the East.”
Asian entrepreneurs and the alchemy of growth

Like all entrepreneurs, those from Asia have a fire within, which drives them to seek opportunity. They have a special zeal for recognizing unmet needs in obscure places, building teams of talented individuals, instilling a spirit of innovation and discovery throughout their firms and responding nimbly to change. And while the current global economic downturn has shaken the confidence of so many others, these men and women have remained undaunted in their ambition.

Conversations with some of Asia’s most successful entrepreneurs, all honored with the Ernst & Young Entrepreneur Of The Year Award, reveal a remarkable consensus. Despite vast differences in geography, culture and language, they all believe in the positive future of the region, and the qualities that they believe will allow Asian business to innovate and thrive in the future.

“Half the world’s population is in Asia, and the region now accounts for the majority of the world’s growth, so there is massive potential for Asian companies.”

Haryanto Adikoesoemo, President Director of PT AKR Corporindo Tbk.
Asia focused on growth

While some export-driven Asian economies have been severely affected by the global economic downturn, the region as a whole seems poised for sustained long-term growth, and entrepreneurs expect to lead the way forward. “Innovation and entrepreneurship are the keys to an enterprise’s success,” says Daisy Poon Wai, CEO of Ajisen Holdings, Ltd., the first China-focused chain of affordable restaurants listed on the Hong Kong Stock Exchange. “Only those who have the courage to innovate and take risks will lead the economic recovery.”

Asian entrepreneurs consider themselves fortunate to operate in a region with strong long-term growth prospects. “Asia is on the crest of a wave that is going to drive fantastic growth,” says Dr. Christopher Tsai, Chairman of BIONET Corp., the first global company to develop genetic diagnostics for prenatal testing. “So much potential exists in Asia for penetration in terms of new businesses.”

“Asia’s economy is still growing, and we are growing faster than Europe and the US, so opportunity is there,” agrees Haryanto Adikoesoemo, CEO of PT AKR Corporindo Tbk., Indonesia’s largest chemicals and petroleum distributor. “Half the world’s population is in Asia, and the region now accounts for the majority of the world’s growth, so there is massive potential for Asian companies.”

Innovate to grow

Entrepreneurs view adversity, of any type, as opportunity – and inspiration can strike at any time. “The day after Lehman Brothers collapsed, we held 12-hour internal meetings with every manager in every department,” says Dr. Tsai. “We came up with a two-year plan that calls for us to speed up our product launches, our acquisitions and innovation. We see this downturn as a great opportunity to expand and increase our market share.”
For Tony Fernandes, CEO of AirAsia, a fast-growing low-cost airline flying across Southeast Asia and connecting the region to the rest of the world, a key challenge has been to grow revenues in order to manage fluctuations in fuel costs. “We’ve done that by developing our merchandising, selling insurance, creating a courier service and a megastore online, opening new channels for ancillary income – all kinds of things,” he says. Haryanto Adikoesoemo operates in Indonesia, whose far-flung islands with diverse ethnic populations create logistical difficulties. Despite this, Adikoesoemo moved his business aggressively into smaller cities on more remote islands. “By moving away from the main population we can increase our sales volume, and once we are there, competitors find it difficult to come in, because the market is not big enough for two,” he says.

Sunny Verghese, Group Managing Director and CEO of Olam International Limited, supplies agricultural commodities such as cocoa and coffee to customers around the world. “The only way to build pricing power in a commoditized environment is if you can innovate and differentiate yourself,” says Verghese. “We offer six or seven value-added services and customized marketing solutions to our customers that set us apart from our competitors.”

Grow without losing control
Entrepreneurial business leaders have always been willing to assume risks that more cautious business owners might shun, but the most successful leaders employ innovative methods to minimize risk even when pursuing growth. “We have been very cautious in terms of delivering and launching new products,” says Tsai. “If possible, we will develop a new product but still sell it to our existing customers, since we already have a large database of customers.”

Sunny Verghese has followed a similar strategy at Olam, growing its cashew business, moving to peanuts, and from there to all types of nuts. This approach to developing new products and entering new markets serves his company well in managing economic risk. “Companies must build strategic flexibility and work across a range of potential economic scenarios,” he says. “It’s a clear advantage when you’re not strategizing in the midst of a crisis.”

Innovate to fund growth
The worldwide credit crisis has made financing very difficult for many entrepreneurs. “It’s a big challenge, because even though many banks are healthy, they do not want to lend because of the fear factor,” says Dato’ A K Nathan, Group Managing Director of Eversendai Corporation Sdn Bhd., a design-and-build steel contractor whose projects include some of the largest structures in the world. “Banks will have to realize that they must partner with entrepreneurs in order to create viable business for both of them.”

As with other challenges, entrepreneurs tend to view the credit crisis as an opportunity. Haryanto Adikoesoemo, whose company is well funded, saw a chance to enhance his reputation with clients that were having difficulties obtaining credit. “I tell the customer that I will put my product in his factory, and they only need to pay me when it passes into their production tanks,” he says. “In this way we become a single supplier to many of the customers who formerly used multiple suppliers. We also can get better margins, while the customer can lower his working capital and they don’t need to keep inventory.”

Capitalizing on strengths when others are struggling is the mark of a successful entrepreneur. Tsai believes the credit crisis is an ideal time for companies with confidence and a sound business plan to step up and obtain funding. “I didn’t stop fundraising during the credit crisis, I sped up my efforts,” he says. “It is a time when a lot of money is available.”

“Companies must build strategic flexibility and work across a range of potential economic scenarios. It’s a clear advantage when you’re not strategizing in the midst of a crisis.”

Sunny George Verghese, Group Managing Director and CEO of Olam International Limited.
“It is a time when a lot of money is chasing after a select number of companies, and when you come out with an attractive and concrete plan, and speak with confidence, the money will chase after you instead of you having to chase after the money.”

Dr. Christopher Tsai, Chairman of BIONET Corp.

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Olam has also become innovative in obtaining financing. Olam issued convertible bonds when yields rose past 30%, then bought them back in an open tender offer, the first of its kind in Asia. “We have also brought in a new pool of funds from the Islamic funding market,” says Verghese. “We brought in Sharia [Islamic law] scholars to look at our underlying trade flows, and they have certified that ours are more Sharia-compliant than the existing funding based on the London Metals Exchange contract. This gives us dramatic leverage in being able to access that pool of funding.”

Making acquisitions: opportunities and pitfalls

While the entrepreneurs see acquisitions as a way to grow quickly, there were those who cautioned against blindly adopting that strategy. Tony Fernandes has created a strong entrepreneurial culture at AirAsia, and strongly believes that growing his company through acquisitions would compromise that culture. “When you buy companies, you acquire different cultures. You acquire all kinds of things which are not on the balance sheet,” he says. “I think acquisitions are generally value-destroying.” Daisy Poon Wai of Ajisen Holdings doesn’t rule acquisitions out completely, but recognizes the danger of importing outside cultures into her successful enterprise. “We are very cautious in selecting M&A (merger and acquisition) targets,” she says. “The ideal target must have the same ideology that we do.”

As growth leaders in markets that are expected to grow quickly once the world economy recovers, other Asian entrepreneurs are seizing the chance to strengthen their competitive position in a buyer’s market. “During a hurricane only the very big boat can continue to sail,” says Dr. Tsai. “We have accelerated our plans for partnerships, acquisitions and joint ventures. Other small- and medium-sized companies in our business do not have the resources to do this, while we’re actually doubling and tripling our company’s scale.”

Sunny Verghese also views the downturn as a prime opportunity to acquire assets, and is particularly proud of the fact that, of the 14 companies Olam has acquired, only one required the use of investment bankers. “This just shows that our line management teams have a clear sense of where the opportunities lie, and what kind of assets will transform our business,” he says. “They are encouraged to be entrepreneurial, and always look for these opportunities.”

Creating an entrepreneurial, innovative culture

The entrepreneurial culture at Olam goes beyond allowing line managers to seek out and perform their own acquisitions. Olam’s strategy is to build an “ownership mentality” among its senior managers. “Out of our 9,500 employees, we have 500 in the senior management pool, and of those I could name over 100 entrepreneurs in the company who have started their own businesses for us,” says Sunny Verghese.

Verghese believes that entrepreneurship is a learned, not an innate talent. “We define an entrepreneur as somebody who, first, has got some of his or her own money at risk, second, can manage and
organize a business and, third, has the capacity to scale and grow that business profitably,” he says.

Dr. Christopher Tsai agrees that entrepreneurship can be instilled in all employees. “The same people put into a different organization might behave differently than they do at our company,” he says. “A spirit of innovation needs to be an integral part of the system.” All of Dr. Tsai’s employees must write a job innovation or modification plan every month, and the best ideas for change are given an award at year-end. “We also encourage our people to make new proposals, and once they create a new product or revenue source we always celebrate, either with a party or monetary incentive,” he says. “On the other side, we tolerate their mistakes, and can do that because we clearly define the risks that can be taken.”

One risk that cannot be taken, Asian entrepreneurs say, is not focusing on education and training. They routinely stress the value of education as a goal for both their employees and employees’ families. “My enterprise is not only a factory,” says Cao Dewang of Fuyao Glass Industry Group, the leading auto glass manufacturer in China. “It is also a school.”

Cao Dewang also believes that traditional Asian cultural and religious beliefs based on Confucianism, Buddhism and Taoism help strengthen corporate culture. “To me, these philosophies, with their emphasis on kindness, diligence and meditation, definitely help in building an innovative and constructive spirit within Asian enterprises,” he says. “Asian entrepreneurs emphasize collectivism and teamwork,” adds Daisy Poon Wai of Ajisen Holdings. “They stress the development of collective goals for all employees.”

Dato’ A K Nathan is a firm believer in the value of two-way communication to generate new ideas. “I do a lot of interaction with my people down the line,” he says. “I am willing to listen to their ideas and views, and by doing that, my employees know they are being valued and respected. The more collective discussions you have, the more new ideas are revealed.” Haryanto Adikesoemo makes sure his teams of workers make regular presentations when they come up with new ideas within the company. “People want to show that they can do better than the other team,” he says. “By giving them an avenue to present their ideas for improvement, we’re encouraging people to innovate. It’s a very cheap but effective way to make people more creative. We’re also careful not to shoot down or laugh at unusual ideas. It’s important to let people think in a different way.”

Building a diverse family

Entrepreneurs whose businesses operate in multiple Asian markets must address the wide ethnic, racial and religious diversity that exists across the region. Tony Fernandes’ AirAsia mostly employs staff from the 10 ASEAN countries. “We proudly call ourselves an ASEAN company,” he says, referring to the Association of Southeast Asian Nations. “We are building a Southeast Asian culture within AirAsia,” he adds. “We all work together, creating a very unique company environment.”

Sunny Verghese’s company Olam operates in 60 countries. “Having diversity in terms of ethnic or national backgrounds definitely adds to a company’s entrepreneurial capacity,” he says. “Having a team culture is also critical, because our business is about shared services; it is about transferring learning seamlessly from one country to another, from one function to another.” Haryanto Adikesoemo of AKR Corporindo also emphasizes the importance of blending diverse individuals into one team. “In our organization we want our workers to feel that we are one family,” he says. Regardless of race or religion, regardless of ethnicity, we want them to work together as one AKR

“Innovation is not just a prescription, used in emergency when crises arise. It is a sustainable strategy that enterprises should insist on adopting.”

Cao Dewang, Chairman of Fuyao Glass Industry Group.
“The tenacity and persistence of Asian entrepreneurs and their down-to-earth nature and perseverance in achieving predetermined goals, these are what I think characterize our unique and valuable entrepreneurial spirit.”

Daisy Poon Wai, Chief Executive Officer of Ajisen (China) Holdings Ltd.

group family.” Tony Fernandes agrees. Even though his employees are encouraged to be highly entrepreneurial and innovative, “you have to create an organization where people say, ‘well, my idea is going to benefit the whole company, as opposed to benefiting just me,’ and you have to create that entrepreneurial social environment where all ideas are good for the entire company,” he says.

Closing thoughts

Gather together successful entrepreneurs from anywhere in the world, and their shared enthusiasm for taking on challenges, finding opportunity where others see only roadblocks and inspiring others will become readily apparent. What sets Asian entrepreneurs apart, especially in the current economic environment, is their ability to build successful companies in a region where, until very recently, many economies were under tight government control or in the earliest stages of development.

These entrepreneurs have been able to harness some of the unique characteristics of Asia’s culture, veneration of education and teamwork to their advantage. Dr. Christopher Tsai believes that innovation combined with the deep history of Asian culture can reap big rewards for Asian entrepreneurs. “If we can take the cultural element into consideration, we can create something very innovative and successful,” he says. Daisy Poon Wai of Ajisen Holdings agrees. “The tenacity and persistence of Asian entrepreneurs and their down-to-earth nature and perseverance in achieving predetermined goals, these are what I think characterize our unique and valuable entrepreneurial spirit,” she says.

What’s more, these men and women see in their efforts a lasting economic strategy designed to turn growth into lasting and widely shared prosperity. “Innovation is not just a prescription, used in emergency when crises arise. It is a sustainable strategy that enterprises should insist on adopting,” says Cao Dewang of Fuyao Glass Industry Group.

Asian entrepreneurs prove that innovation is a vital tool, intrinsic to their corporate cultures in their response to all sorts of challenges and in their management of all aspects of their businesses. For these successful entrepreneurs, the world economic downturn has become just one of many challenges that they can meet and transform into opportunity.
Diversity

a business strategy to drive innovation

In these tough economic times, when entire economies and industries are still reeling from the global economic crisis, business leaders around the world are looking for ways to do things differently.

Many of today’s most innovative companies — be they large multinationals or fast-growth entrepreneurial businesses — are looking closely at how they can leverage the diversity of their workforce and create an inclusive environment where ideas are nurtured and valued.

Today, business leaders are struggling to balance the near-term needs of recovery with the long-term demand to find new sources of growth. Never has the need to innovate been more urgent. Thriving in this challenging business climate requires flexibility, creativity and imagination — qualities that can be nurtured only by a diversity of ideas and viewpoints. But while it remains common to view diversity in traditional terms of gender or race, companies operating in a global market are finding that this view has become too narrow. Diversity today must encompass multiple dimensions, such as age, personality, skill, training, education, cultural background and life experience. This broader diversity supports the level of innovation needed to regenerate the global economy.

Diversity propels innovation

The positive relationship between diversity and innovation holds true for both individual organizations and entire countries. In the public sector, the innovative delivery of government services and programs has enhanced the quality of life in many developing countries. In the corporate domain, leading global companies such as Nokia, American Express, PepsiCo and Google have proven themselves adept at leveraging diversity to generate innovative products and services that deliver quantifiable benefits to the bottom line. PepsiCo attributes one percentage point of its 7.4% revenue growth, or about US$250 million, to new products inspired by diversity efforts. At Google’s facilities in India, the company has hired 1,300 employees who come from a spectrum of religious backgrounds and speak several Indian languages in addition to English. This diversity has resulted in Google Finance, Google’s first innovation born in a foreign research and development center.

Recent academic research, led by Professor Scott Page at the University of Michigan at Ann Arbor, has established that diverse groups tend to outperform homogeneous groups, even if the members of the latter group are more capable. “Innovation provides the seeds for economic growth, and for that innovation to happen depends as much on collective difference as on aggregate ability,” says Page. “If people think alike, then no matter how smart they are, they will most likely get stuck at the same locally optimal solutions. Finding new and better solutions — innovating — requires thinking differently. That’s why diversity powers innovation.”

Other studies by universities and research organizations around the world have found that:

- Diversity can improve an organization’s performance by enhancing creativity or team problem-solving. By “stirring up the pot” in positive ways, diversity encourages the intellectual debate and
conflict that lead to innovation (Various studies from Cornell University and Standford Graduate School of Business).

- Research also shows that where innovation is critical, companies should construct teams with equal proportions of men and women so that they can benefit from the most diverse talent pool (Innovative Potential: Men and Women in Teams, 2007, London Business School).

- In a study of high-tech firms, teams composed of people with different functional specialties worked more effectively with other internal teams and showed a higher product innovation rate (Human Resource Management, 2003).

These research conclusions match the real-life experience of the Asian entrepreneurs interviewed for this paper. Several spoke of the benefits to their corporate culture of tapping into the broad mix of cultures, ethnicities and experiences that Asia contains.

Embracing inclusiveness

While the global playing field makes it impractical to define any diversity leading practices, organizations anywhere can adopt certain broad strategies to manage diversity and innovation.

The linchpin of these strategies should be to create a corporate culture based on inclusiveness. However, standard diversity training is no longer sufficient for senior leaders to accomplish what can often be a major cultural shift. The work of Mahzarin Banaji, a leading researcher of implicit prejudices, highlights the importance of developing transformational leadership capabilities. She highlights the need for leaders to recognize the effect of unintended biases and build their skills and practices to transform their corporate culture.

Senior leaders must keep in mind that to enhance corporate performance, diversity must be managed properly. Nancy Adler, a scholar of organizational behavior, has conducted extensive research on the importance of intercultural competencies. She believes that business leaders need to embrace intercultural training to really manage diversity effectively. Not only will this enable more successful communication, but it will also encourage multicultural teamwork and negotiation that will lay the groundwork for innovation.

It is also critical to make a sound business case for diversity and connect it to the company’s strategy. That strategy should include measuring the effects of diversity programs. One of the key challenges for organizations is drawing correlations between diversity and innovation, productivity and business outcomes.

“It thrives in this challenging business climate requires flexibility, creativity and imagination - qualities that can be nurtured only by a diversity of ideas...”

It is vital for companies to build a measurement component into their diversity initiatives to monitor progress and document results. Organizations that set realistic and measurable diversity and inclusion goals (e.g., forming more diverse professional teams), reward successful efforts and evaluate and document outcomes stand the best chance of creating the groundbreaking products, processes and services that will move the global economy forward.
Our commitment to entrepreneurs

**Highlighting exceptional entrepreneurs**

At Ernst & Young, we have long celebrated the spirit of entrepreneurs. Since 1986, our Entrepreneur Of The Year® program has been recognizing and rewarding the people behind many of the world’s most innovative businesses.

The program has expanded to more than 135 cities in 50 countries, with over 900 exceptional entrepreneurs receiving an award each year. The culmination of this program happens when the best entrepreneur from each country gather in Monte Carlo to compete for the title of World Entrepreneur Of The Year. We are proud to recognize the achievements of these outstanding individuals and remain committed to highlighting and encouraging entrepreneurial activity around the world.

**Stimulating the debate**

Our people work with innovators at every level of society: fresh thinkers at global corporations, visionaries at pre-IPO firms and social entrepreneurs working on society’s most intractable problems. We have learned a great deal from these interactions and recognize that entrepreneurialism isn’t about size; it’s about a state of mind. We believe it’s something that all businesses can — and should — embrace.

To do this we want to share our insight with business leaders, financiers, politicians and policy makers around the world. We want to encourage them to enter into a meaningful dialogue around the importance of entrepreneurialism and innovation in all businesses. In our ongoing series of white papers, webcasts and events we are ensuring that the voices of the best entrepreneurs are heard. We aim to encourage people to think about what it takes to be an entrepreneur and how we can create an environment where innovation and creativity can thrive. This is a dialogue that spans every continent, every industry and businesses of all sizes and types.

Here are a number of our recent programs that have been created to raise awareness and stimulate debate on the power of entrepreneurship and innovation.

For more information visit us at ey.com

Entrepreneurs matter. Today, in the midst of the most challenging economic climate in recent history, they matter more than ever. They are natural innovators who refuse to accept the status quo. They thrive in adversity and make a difference by creating products, services, jobs and wealth that drive the economy and improve the quality of life for those around them.
This series of short films and accompanying white paper feature insights from 35 of the world’s best entrepreneurs. Highlighting their opinions on the current economic climate, the role of governments, the future of regulation and what’s next for entrepreneurs, it provides a compelling view of the challenges and successes of twenty-first century entrepreneurship.

This report documents academic research and real-world business experience to establish a clear connection between entrepreneurship, innovation and economic growth. It highlights that now is the time for policy makers and business leaders to focus on the long term – by supporting and embracing entrepreneurs and innovators in every market.

Exceptional is produced for fast growth, entrepreneurial companies and distributed to over 50,000 readers across Ernst & Young’s EMEIA network. It features interviews with leaders of successful fast-growth companies and related articles. It is currently available in three languages – English, French and Russian.

The Strategic Growth Forum, held each November in the United States, is one of the largest and most prestigious gatherings of high-growth companies in the world. Over the course of four days, participants have the unparalleled opportunity to network, form strategic alliances, find new customers and gain access to innovative sources of funding. Top executives will also learn potential strategies to sustain and turbocharge their company’s growth, get the latest thinking on what is happening in the transaction marketplace and hear game-changing innovation practices and success stories from many of the world’s best entrepreneurs.

As part of our long-standing commitment to the advancement of women, Ernst & Young invites outstanding women entrepreneurs across the United States to accelerate the growth of their businesses and realize the potential they envision for their companies. The Ernst & Young Entrepreneurial Winning Women program is designed to identify a select group of women entrepreneurs to join an elite network of the country’s best entrepreneurs, high-growth companies and the advisors who can guide and support them in becoming Entrepreneurial Winning Women.

Experienced entrepreneurs and business leaders know that a successful IPO is not up to chance – it takes a great deal of thought and planning. This study lays out the steps businesses can take to help achieve IPO expectations. Featuring insight from C-level executives and institutional investors, it identifies the key actions taken by companies that have successfully gone public and outperformed the market.
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