

## **Toward an Asian Century!**

"When you have hundreds of millions of people regaining their cultural confidence, it is explosive" At a time, when Western economic and management thought has dominated the strategy and direction of global corporations. Kishore Mahbubani stands out with his teachings and writings. For, he is one of the pioneers who has steadfastly believed and taught that the time for Asia is finally here. Mahbubani spent time with *Asian Management Review's* George Skaria in Singapore for an interview on the making of the Asian Century. Excerpts from a riveting conversation: What is the implication of an Asian Century for Global and Asian Corporations? The thing that amazes me is how corporate leaders are ahead of government leaders in preparing for the Asian Century. No major global corporation knows they can survive if they do not have an Asian strategy. That is where the markets and new production possibilities are. I think the governments are much slower in reacting. On the other hand, while many companies see this as an opportunity for themselves, governments see this as a threat, because they have a different incentive structure.

### **China : Key to Asia**

China is today the most important factor in terms of changing the global economy and financial markets now and into the future. It is careening down the path towards a market economy and every company in the world that's not completely asleep sees it as either a threat or an opportunity or, in most cases, as both a threat and an opportunity. China , in short, is the one factor most likely to change the business landscape in the next decade.

### **Fertile Ground for Innovation**

In 1985, US chip giant Texas Instruments Inc. made a pioneering-and largely unnoticed-decision to open the first ever offshore development centre by a multinational company (MNC) in Bangalore, India.

As the 21st century unfolds, fundamental changes in technology innovation are sweeping across Asia and the West. Emerging talent, governments, technologies and sectors in many innovation hubs across Asia pose opportunities and threats to investors and corporations worldwide. This article examines some of the factors driving these hubs, and analyses two high-potential sectors that exemplify rising Asian innovation.

### **The Emerging Global Manager**

The concept of `the country' or `the nation' developed only around the 1860s. According to Hobsbawm, the Dictionary of the Royal Spanish Academy did not use the words `nation' or `state' till their edition of 1884. The concept of the nation-state changed the perception of self-interest and led to certain developments during the years between the two world wars. The fact is that the idea of the nation-state had taken root. Nationalistic and inward-looking policies were adopted and implemented by governments in a manner that took no cognizance of its potential deleterious effect on other nations. R Gopalakrishnan, executive director at Tata Sons Ltd. suggests four T's early and across borders - Training, Transfer, Teams and Travel. According to him, these are not sufficient for success, but they are necessary conditions for success.

### **Reviewing the 360 Degree Approach**

At the tables, the friendly banter and laughter has a nervous edge. You can see an element of bravado in the conversations that are taking place, a sort of mental and sometimes physical squaring of the shoulders preparing for what is to come. But as the papers are handed out, the noise dies down and an expectant hush comes over the room. You could hear a pin drop and some of those present gulp or take a deep breath before turning to the first page. I am reminded of final examinations at university, the feeling that what you are about to read and how you react to it will have an impact on your life, but that it is too late to do anything about it now.

This is the scene that takes place at least once a week, somewhere in the world, at any one of the centres for creative leadership's - leadership development programs as a group of experienced and successful business leaders, experts in their fields, receive 360 degree feedback reports.

### **Viewing Business through a Finance Lens**

Finance executives play an ever increasing role in determining the larger strategy for their companies, weighing in on questions about risk management, growth opportunities, business process outsourcing, IT strategy, and marketing returns.

In this special report, Wharton faculty discuss the role finance can - and should - play in guiding key decisions in companies, and they address the changing role of the CFO in light of the need to balance intense reporting requirements with strategic objectives. The first one is CFOs are in most cases reduced to accountants. At least that's the way it used to be, at companies large and small. It's still true at many small ones, but at larger firms CFOs have gradually taken on more duties, working in partnership with chief executives to chart the future.

Secondly, with outsourcing, being the buzz today, CFOs today need to find value for BPO through revenue distance. In the last decade, companies have discovered that outsourcing some tasks to cheaper locations is one way to deliver efficiencies and cut costs. Finally, CFOs should also be marketing for the bottom line. General accounting rules require marketing investments to be treated as a short-term expense, which is the primary reason that most companies focus narrowly on the short-term revenue generated by marketing dollars.

### **Office of Strategy Management**

Most companies have ambitious plans for growth. Few ever realize them. In their book *Profit from the Core*, Chris Zook and James Allen report that between 1988 and 1998, seven out of eight companies in a global sample of 1,854 large corporations failed to achieve profitable growth. That is, these companies were unable to deliver 5.5 percent annual real growth in revenues and earnings while earning their cost of capital (a rather modest hurdle). Yet 90 percent of the companies in the study had developed detailed strategic plans with much higher targets.

Some companies, of course, have achieved better and longer-lasting improvements than others. The organizations that have managed to sustain their strategy focus have typically established a new unit at the corporate level to oversee all strategy related activities, an Office Strategy Management (OSM) as we call it.

### **Benchmarking Network Readiness**

The Network Readiness Index (NRI) is defined as a nation's or community's degree of preparedness for participating in and benefiting from Information and Communication Technology (ICT) developments. Recent years have seen strong shifts in the global landscape of information and communication technologies. Countries such as India have transformed their economies in good part due to the ICT revolution. Others, such as Ireland and Israel have also benefited from the contribution of ICT, and their emergence as centres of software development. In this light, INSEAD collaborated with the World Economic Forum towards the fifth computation of the NRI. A detailed report.

### **Hatching a Talent Development Plan**

King Ashoka's legacy offers insight into a powerful, compassionate, and insightful ruler's attempt to establish an empire on the foundation of what we might call "doing the right thing" by making the moral and spiritual welfare of his subjects his primary concern.

Cross-cultural training is part of many leadership development programs, but few programs get into the depth of Ashoka's leadership style. There is a lot of leadership talent waiting to be developed in emerging markets that have a strong economic growth trajectory. What can leadership experts learn from Ashoka and how he lived and worked?

**Source: Asian Association of Management Organisations** at: [www.aamo.net](http://www.aamo.net)