

Designed to win: Strategies for Building a Thriving Global Business

P. K. Das

Hiroaki Yoshihara & Marry Pat McCarthy (2006). Designed to win: Strategies for building a thriving global business (New Delhi: Tata McGraw-Hill Publishing Co. Ltd.), pp. 274, Rs. 399. ISBN 0-07-061897-6.

Hiroaki Yoshihara and Marry Pat McCarthy, the authors for the book tried to analyze the complexities of global business and came out with recommendations those would navigate companies to success. The advisors from the global consultancy giant, KPMG, interviewed CEO, CFO and Presidents from BMW, Caterpillar, Intel capital Matsushita Electric and Toyota motors to gain necessary insight. In the global arena, operation of business is changing along with the modes of operation within it. Consistent quality to meet multiplicity of customer needs calls for discipline amid chaos. When we go back to early roots of globalization, the burgeoning military and industrial infrastructure off Western countries added to their global influence. Western principles of democracy, representative government, free speech and free trade continued to spread. The beginning of internet uses from early 1990s, enabled unprecedented productivity and collaboration which rendered national focus inefficient. It also articulated the controversy over modern day globalization, global competitiveness and acceptance of broader leadership role.

Formula for global competitiveness although rely on trade liberalization and increased flow of goods, services, capital and foreign direct investment; according to the authors, is not a uniform solution. The stories of China and India were in contrast to the recommendations of the IMF and the World Bank. But they do better than the early adopters of liberalization like Vietnam, Taiwan and South Korea. It might be because liberalization's role as a catalyst in the early stages of economic expansion was in doubt. According to authors, dependence on commodity exports, less manufacturing value addition, higher tariff protection from established economies and importantly, provisions that perpetuate less than equal playing field would add to the financial and social imbalances. Those would affect perspectives of peace and stability in the third world. C.K.Prahalad's "Bottom of the pyramid" though talks of enabling poor to gain access to power by transforming products and business practices through innovation; the authors expressed doubt on it. The historical hegemony by the European and American businesses was slowly being challenged. Multinationals might have hard time if they failed to keep foothold in newly emerging markets. The traditional competitive model would undergo radical transformation.

The challenges for the global CEO would be:

- To visualize the external and internal changes,
- Talent acquisition and maintaining productive relationships,
- Integrating corporate culture and proper strategy execution.

The authors recommended new equations for success. Those would be: delivering right product at right time, at right place and for right price.

Fundamental characteristics for comparative advantage would be:

- size and scale, preparedness and quick response to change through out of box thinking,
- Inward focus, performance meritocracy, and removal of internal boundaries,
- Fostering innovation through market knowledge, and
- Disciplined execution with acquired success.

The straight path for complex times would be to recruit the best and the brightest. Inducting growth culture, notion of addition for employee development, and homely atmosphere would create stakeholders value. The authors suggested for creating value through reliance on operational core and lean business model. Speed and responsiveness, financial edge, and compliance to set norms along with accuracy, reliability and productivity would take care of operational risk.

The corporate ecosystem would play an important role in the era of tightly woven supply chain. The authors assert that the business community would need to be deft and responsive. The agility of small players, just-in-time assembling and decisions at right time would put the things straight for them. Complexity being the chief bottleneck to supply chain optimization, it would be necessary to simplify the business through core offerings, streamlined costs, and focus on primary brands. Focused factory approach would work well for serving multiple markets around the world. Rationalization of manufacturing and out-sourcing distribution elsewhere around the world would help asset utilization. Adopting Triple 'A' (agility, adaptability and alignment) could create defensive and enduring competitive position.

The book argued that capital scarcity, volatile M&A market, and economic climate are exerting pressure on global business leaders to revitalize existing operations. Out-sourcing path is taken to save up to 50% in operational expenses. Supply chain leverage, customized products and stringent timelines would not allow opening for the competitors to exploit. In the globalized business, brands and trademarks would enjoy high importance. The book recommends that the companies would go beyond advertising to find investment returns. Common core values, shared family identity, and employees' genuine belief would instill core competence. Expanding at a measured pace, maintaining clear oversight, and consistency would be useful globally. What is more, learning faster than the competition without being the first to the market would be more beneficial. A clear path for increasing cash flow and guarding against unwanted exposure along with continual innovation would be considered a handiwork of exceptional leadership. Regular customer feedback, industry analyses, bench-marking, and performance measurement would drive optimal value. A series of small and sustainable steps to test the waters before being involved more directly would be useful before global expansion. Businesses like pharmaceuticals and telecommunication should be close to home for better synergy.

Authors suggest a self-sufficient model to manufacture and sell in a given region with links to shared services. Strategy on high-efficient global networks and cost and quality metrics would guide decision making. For optimizing value across enterprise hybrid, importance would be given to intangibles. Better reporting, separating intangibles to discrete categories would ensure clear understanding. An attempt may also be made to leverage the intangible for better income. The intellectual property

(IP) would improve the new business model. According to authors licenses, joint ventures, alliances, and securitization would shine with the leveraging of IP.

The book suggests that return to the key metrics like economic and share holders' profit would be helpful. Adherence to ethical, operative and regulatory standards would add to the reputation. A global business needs to prepare for geo-political volatility, rising interest rates in the developed world and their trade imbalance. Risk tolerance capacity, and effective scenario planning would set the process right. Commercial diplomacy of local economic progress, cautious steps in every sphere of business dealing, home work before every move and finding a common ground would help. Team building, understanding sensitive issues of cultural deal making, and subtle understanding of government intervention would set the ball moving in the right direction.

A gentle command, grooming future leaders, and cultivating people through competency mapping would be the steps for erecting global empire. Yoshihara and McCarthy made a reasonable attempt to bring forth the issues that would help business leaders to win in the global arena. Their advice on sensitivity, customer benefit, advancing the interest of all involved and building trusted relationship across the border would be some of the soft characteristics in the hard-nosed world. Those would be some of the human skills to be successful in any sphere of life. The book should prove to be a useful read for those who look for a global business career.

Author's Profile

Prafulla Kumar Das is a professor of marketing at Regional College of Management, Bhubaneswar. He is an accredited management teacher and a life member of AIMA. He submitted his D.Litt. thesis to the Utkal University on 1st November, 2008. He has got sixteen publications to his credit, two are accepted for publication and four are under review in reputed national and international journals. His case study "Will the market leader be the leader of tomorrow?" won the 2nd Prize at the AIMS Educational Convention, 2009 at ISB, Hyderabad.