

presents emerging issues and ideas that call for action or rethinking by managers, administrators, and policy makers in organizations

**C K Prahalad**

## *Executive Summary*

All large firms around the world are concerned about value creation through organic growth and innovation. In fact, continuous innovation is the only source of sustainable advantage. Indian industry can be a source of innovations, not just for the Indian market but also for the global market. And for this, India has to focus on the *next* practices, not just be content with the *best* practices.

The competitive landscape is being altered by five major forces that will reshape the basis for competition: They are: i) *Deregulation* of a large number of industries such as telecom, power, health, and financial services bringing a significant change; ii) *Globalization* giving rise to 'micro multinationals'; iii) *Emerging markets* like India and China growing rapidly and already positioned to be the No. 2 and No. 3 economies of the world; iv) *Convergence of technologies* and industries wiping out old business boundaries and creating new ones; and v) *Ubiquitous connectivity* having a big impact on how business is done as more than a billion people are connected through wireless and personal computers (PCs).

The innovation and the value creation debate around the world are centring on these five issues and the firms that adapt themselves fast to the changing scenario are going to be the winners. In this lecture, the author addresses the following questions:

- Where will the 'next practices' come from?
- How do we start seeing a pattern of opportunity that others may not yet recognize?
- How do we commercialize complex technologies?
- How do we understand the changing nature of the key driving forces that will create the next world economic order?
- How do we create a global perspective irrespective of our work or our current preoccupations?

The author cites, as examples, specific case studies of innovation taking place in India in a wide variety of areas: hospitality industry, adult education, automotive, health care, and communications and computing. He believes that these examples represent the harbingers of *next* practices.

The author has the following suggestions for the Indian industry to move to the next phase – to lead:

- Indians need to have the confidence and commitment to leverage their capacity for experimentation into the global marketplace.
- India needs to recognize the emerging patterns and develop a methodology for radical innovations.
- India needs a full measure of knowledge creators and thinkers.
- Indian companies are in a cusp of a very good opportunity and those who have the courage and imagination to move forward, experiment, consolidate, and leverage will be at an advantage. ♡

**Note:** This is a transcript of the lecture given by Prof. C K Prahalad under the aegis of the Ahmedabad Management Association, Ahmedabad on January 31st 2005 at the IIMA campus.

### KEY WORDS

**Innovation**

**Globalization**

**'Next' Practices**

**Emerging Markets**

**Strategic Process**

**I**n the past lectures I have been focusing on how the Indian industry can catch up with the best of breed. So, we spent a lot of time looking at how to benchmark and to get access to best practices. I believe that the conditions are now ripe for India to move to the next phase — *to lead*. India has to focus on what I call the *next* practices and not just be content with the *best* practices. That means the Indian industry must become a source of innovation for the world.

All large firms around the world are concerned about value creation through organic growth and innovation. This renewed focus on innovation forces us to re-examine the emerging drivers of organic growth. Is there a discernible pattern of shift in the sources of innovation? Can the developing countries innovate for the world? We are socialized to believe that the West is the primary source of world class innovations and the emerging markets like India will accept and adapt these to their needs. My suggestion that India can be a source of innovations, not just for the Indian market but for the global market, is likely to be met with some skepticism, not just in the West but in India as well. Nevertheless, we should ask ourselves these questions. Before we embark on the journey to examine this premise, I want to make sure that all my assumptions that lead to this conclusion are made explicit.

I make four distinct set of inter-related assumptions. I will state my beliefs about strategy, the strategic process for creating the future (therefore the process for breakthrough innovations), the discontinuous changes that are taking place in the economy that will impact strategies of all firms, and, therefore, the core drivers of a new economic order that is emerging.

## WHAT IS STRATEGY?

**Strategy is all about searching for new sources of advantage:** A strategist must continually strive for new advantages. No advantage is sustainable. Competitors will figure a way of replicating advantages of a firm. In fact, benchmarking best practices is all about this process of replicating the advantages of any one firm in the industry. Continuous innovation is the only source of sustainable advantage.

**Strategy is about being unique and creating wealth:** Being strategic is not about taking unreasonable risks. Neither should it become an explanation for sustaining unprofitable businesses.

**Strategy is about reducing risk:** Strategy is concerned

with de-risking big opportunities. It is about reducing risk, size of investment, and the time-frame for market and profit impact.

**Strategy is inventing new rules and new games:** The focus of the strategist must be on inventing new competitive space with new rules of competitive engagement. This requires a strategist to recognize the importance of weak signals, identify new patterns of opportunity, and build a consistent and innovative business model to shape that opportunity.

## STRATEGIC PROCESS

The traditional approach to strategy is focused on ‘extrapolating the past.’ The energy is spent on finding opportunities to improve the current businesses. It often turns out to be a ‘budgeting exercise’ with a longer horizon. While this is necessary and useful, shaping the future needs a different process. We must start with a ‘point of view about the future’ and develop a migration path towards that future. We must ‘fold the future in.’ The traditional and the suggested processes for developing strategies in an era of discontinuous change are visualized in Figure 1.

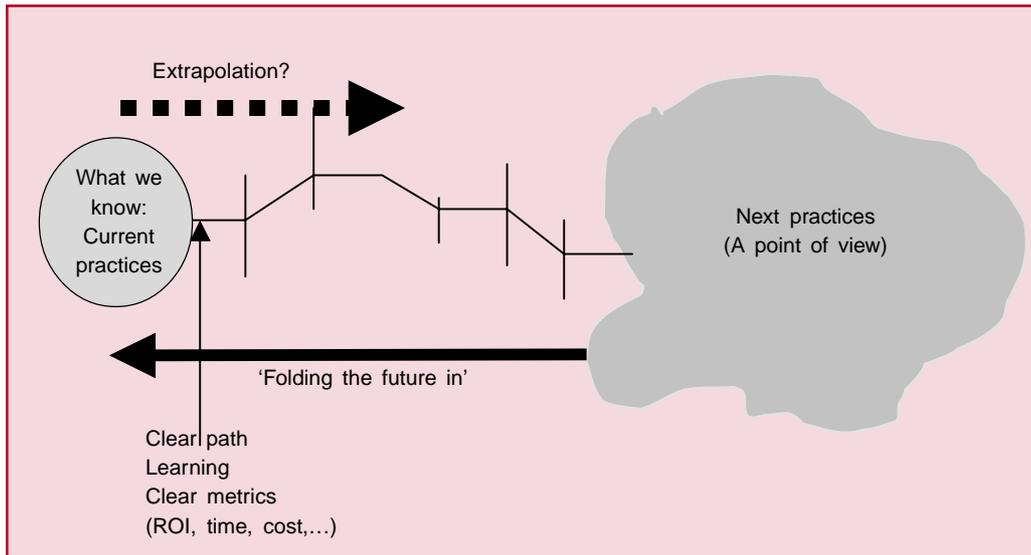
## DISCONTINUOUS CHANGE

During the eighties, the life of a strategist was quite simple. All firms in an industry benchmarked each other and played by very similar rules. The advantages accrued not from being different but from being more efficient. Asymmetric efficiency gains resulting from TQM, restructuring, and such similar practices were the basis for competitive advantage. Since 1995, strategists have been living in a different and rapidly changing world. The competitive landscape is now being altered by five major forces that will reshape the basis for competition: They are:

**Deregulation:** A worldwide phenomenon due to which a large number of industries such as telecom, power, health, financial services, etc., have undergone significant change.

**Globalization:** The world is witnessing new forms of globalization. For example, we have traditionally associated globalization with large multinational firms. Today, small firms are going global. I call this phenomenon the emergence of ‘micro multinationals.’ If we look at the IT sector in India, for example, very small firms with \$ 2-3 million in revenues are as global as the traditional multinationals; may be even more so. For

**Figure 1: Strategy Process for Breakthrough Innovations**



many of these micro multinationals, more than 90 per cent of their work may come from overseas customers. They have to follow the same set of rules that large companies do. At the same time, they find a way to do it. The Indian firms may already be inventing a way of managing global operations at low cost.

**Emerging markets:** Countries like India and China are going to play a significant role in the global economy. They are growing rapidly and are already poised to be the No. 2 and No. 3 economies of the world. What are the implications of this geographical shift in the growth opportunities in the world?

**Convergence of technologies:** The convergence of technologies and industries is wiping out the old business boundaries and creating new ones. For example, consumer electronics, computing, communications, entertainment, and software are totally co-mingled today. So is pharmaceutical industry, food, and FMCG.

**Ubiquitous connectivity:** For the first time in human history, more than a billion people are connected through wireless and PCs. This is cutting across developed and developing countries. China and India are emerging as large markets for wireless. This ubiquitous connectivity will have a big impact on how business is done.

The impact of these five forces represents good news for the strategist. To start with, there are more strategic options. The bad news is that old recipes may not work. We have to learn to navigate through the fog. We have to invent new games with new rules. This forces us to ask the question: What are the 'next practices?' Where will it come from? How do we amplify weak

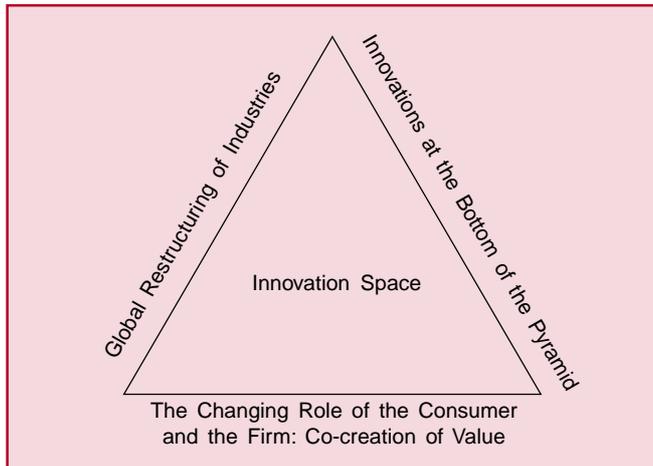
signals, 'connect the dots as it were' so that we start seeing a pattern of opportunity that others may not yet recognize? How do we commercialize complex technologies and how do we understand the changing nature of the key driving forces that will create the next world economic order? And, how do we create a global perspective irrespective of what our current preoccupations are? The innovation and the value creation debate around the world are centring on those five issues and the firms that learn to do it well are going to be the winners.

Now going to the next practice is not straight-forward. It is never a straight line. It is at best described as an 'expeditionary process' — a process of trial and rapid learning and adjustment. While the broad point of view about the future is clearly articulated, the progress towards it must be tactical. Put another way, "goals must be clear and means have to be invented." How do we imagine a different world and change the way we do business — the business processes, the skills, the analytics, and the revenue and profit models?

### CORE DRIVERS OF NEXT PRACTICE

Given the major discontinuities in the competitive landscape, I believe that three forces will drive the next practices. I like to represent them as three sides of a triangle as shown in Figure 2. First, the nature of relationship between the firm and the consumer will undergo a radical change. We have assumed, implicitly, that the firm has an influence on the consumer. It has more resources, more information, and, therefore, more influence. Given ubiquitous connectivity and convergence of

**Figure 2: Drivers of Innovation and Growth—The Next Practices\***



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industries and businesses, there is an emergence of consumer activism. Consumer activism combined with the role of thematic consumer communities is tilting the bargaining power towards the consumer. The implication of this shift in the balance of power is quite staggering. We have outlined the implications of this shift in our book (Prahalad and Ramaswamy, 2004).<sup>1</sup>

The second side of the triangle represents the emergence of the five billion poor as a market. For the first time, the very poor have an opportunity to be included in the benefits of globalization. They represent 80 per cent of the humanity which has been under the radar screen of large businesses. There are still a large number of people who advocate aid and subsidies to deal with the problem of poverty. I believe that sustainable solutions to global poverty will come from treating them as consumers — with respect and dignity. I happen to be the champion of the solution that creates markets benefiting the poor and the firms — a win-win solution. That is the substance of my book titled *The Fortune at the Bottom of the Pyramid*.<sup>2</sup> This is going to be the centre-stage of every long-term debate. I believe that we have the chance in India, and I will show you why, to shift the nature of the debate to the bottom of the pyramid. We have more than 600 million people living in poverty. We have to move away from subsidies and more aid to more markets and more transparency. We must enable

<sup>1</sup>Prahalad, C K and Ramaswamy, Venkatram (2004). *The Future of Competition: Co-creating Value with Customers*, Harvard Business School Press.

<sup>2</sup>Prahalad, C K (2004). *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profit*, Wharton Business Publishing.

people to have the ability to deal with their own problems, on their own terms.

The third side of the triangle reflects the emerging patterns of restructuring of businesses on a global basis. Unfortunately, it is called outsourcing. This process of fundamental restructuring is fragmenting the value-chain in ways that nobody thought possible. I remember well that managers focused on software quality argued for co-locating developers. The first thing the Indian software industry did was to break this assumption. They created the 'offsite-onsite' model of software development and deployment at better quality and lower costs. The Indian pharma industry is also breaking the well-established paradigms. These may be just early signals of the changing nature of competition and competitive advantage. The Indian automotive industry may also be on the verge of breaking the paradigm on a worldwide basis. So 'bigness' — being an established multinational — may not be the only source of competitive advantage. Smartness may override 'bigness.'

## CASE STUDIES

Specific case studies will illustrate how innovation is taking place in India. They can be the harbingers of the next practices. I have drawn five examples from the following:

1. hospitality industry
2. adult education
3. automotive industry
4. health care
5. communications and computing.

Considering that a lot has already been written on the IT and ITES industry or the pharmaceutical industry, a discussion of these industries will add little additional value here.

### Hospitality Industry

The hospitality industry is a clearly defined industry with clear segments. In India, the major players in the hospitality industry are established firms. Can they innovate? Can they innovate by incorporating *world class, world scale, speed, low cost, and good aesthetics* at the same time? Indians love to travel. Pilgrimages are an ancient custom. The Indian railways carry more than 15 million people everyday. Further, an estimated 10 million travel by bus. This represents a very predictable, non-cyclical, evolving demand for the hospitality industry. *I am shifting the focus from foreign tourists, critical as they are to India,*

to domestic travel by Indians — poor and rich. The tourist business is less predictable. The SARS epidemic in Asia, the 9/11 in the US or riots in Gujarat can have a crippling effect on the industry. Secondly, the organized hospitality sector is limited in its scope in India. There are less high quality rooms in this country in the organized sector than in Florida. We know that everybody cannot live in a five-star hotel — be it a foreign tourist or an Indian. Most travellers in India have to rely on the huge unorganized sector. This should tell us that India represents a significant *underserved market*. Finally, the expectations of Indians are changing. There is a new Indian who is emerging. This new Indian is growing up with Barista and Coffee Day, MTV, and Indica. He wants *world class at Indian prices*. He wants global quality at local prices. For the Taj Group of hotels, where I did the work, this represents a challenge. However, this challenge is consistent with the transformation of Tatas. Tatas have been reinventing from within traditional industries like watches (Titan), steel (TISCO), and automotive (Indica). Therefore, the desire to take on the hospitality industry was obvious. The message is simple: *There are emerging opportunities which are large-scale, India-centric, demanding world class, and which require reinventing*. The business plan is straight-forward. But, we cannot get to innovating a new hospitality product appropriate for this 'latent market' from a five-star mentality. Defeating a five-star hotel will lead us to a traditional budget hotel with which the world is familiar. So we said we are not going to create a budget hotel. Instead, we decided to create a fundamentally new category and write new rules. However, first, we had to define what a new category is:

- It should be a seamless and a robust bundle of functions and features that will deliver a unique value.
- It must open up a new competitive space that is not occupied by anybody else.
- It must have new rules and create a new game in the industry.

We must challenge all current industry assumptions. We have to selectively forget the past to create the future because, often, the forgetting curve is more important for breakthrough innovation than the learning curve. And, we must focus on that. So what I did was to start with a simple *sand box that specified the 'non-negotiable' elements of the innovation process* as follows:

- The room must have a minimum space: We had to

make sure that in our desire to cut costs, we do not totally compromise on the size of the room.

- It must be scalable: If we want to create 50,000 rooms in the next five years, we should be able to scale and replicate that model.
- It must be extremely modern: The facilities could, for instance, include flat panel TV, wireless broadband connection, refrigerator in the room, air-conditioning, coffee-makers, clean beds, and attached bathrooms.
- The rent must be less than Rs. 1,000 (\$20 per day).

These features meant violating everything that we knew about this industry. However, the CEO of Taj Group was willing to bet on the idea even though it sounded unworkable. Although, there were many skeptics in the system, yet, in less than 24 months, the concept moved on to become a reality. (The project group, at no time, consisted of more than eight people.) The Taj Group today has a model hotel working in Bangalore. Ten similar hotels are planned this year.

The process of innovation, needless to say, involved some benchmarking of hotels around the world. But, the key insights came from our own work. We visited many different types of hotels and did research using the tools of video ethnography. We placed cameras with the permission of the guests to find out how they used the hotel rooms. We did content analysis of these videos to see how people actually used their rooms, not depending on how we thought they used the rooms or what they told us about how they used the rooms. And, accordingly, we built prototypes. However, the project team was not allowed to relax the self-imposed constraints. They had to play within the sand box. Therefore, the question was: How do we creatively combine aesthetics, modernity, world class, speed, scalability, low-cost — all at the same time? The time-frame to prototype the concept was less than six months. Hence, we did a lot of financial sensitivity analysis and focused on re-doing all the operations, primarily, the IT, HR, maintenance, and vendor management systems. We picked three sites to assess the robustness of the model: a site which was frequented by the typical IT crowd, a hi-tech destination such as Bangalore, a pilgrimage centre such as Hardwar, and a local business town such as Ludhiana or Coimbatore. We needed all the three sites to validate the innovation. Thus evolved IndiOne which was not a typical budget hotel, so familiar to the industry and consumers. It had what we called the 'smart basics.' The

whole idea of a brand promise is *simplicity, convenience, informality, warmth, style, affordability, and modernity*. IndiOne is a breakthrough in the price-performance of the hospitality industry. If we compare it with the Marriott group, as it is one of the chains with a whole range of hotels, the price-performance innovation becomes obvious, as shown in Figure 3.

As Figure 3 indicates, the plot looks at the performance (subjective and objective) on the Y-axis and price on the X-axis. Price-performance is the true measure of value for the consumer. With IndiOne, we broke the price-performance curve. At \$20, we got a performance which was better than what we got in Marriott for \$100 - 120. Stated differently, for the same performance, there is a significant price difference, or for the same price, a huge performance difference. We can do the same with the unorganized sector. If we compare the differences in performance between what one gets for less than Rs.1,000 at IndiOne with the traditional hotels, the breakthrough is obvious. Further, IndiOne has been profitable from the start. Seldom do investors in the hospitality sector expect to make profit in the first month especially with a new category. This category in hospitality can be taken around the world. Once the model is perfected in India, I do see a global opportunity — in South East Asia, China, Africa, and the Middle East.

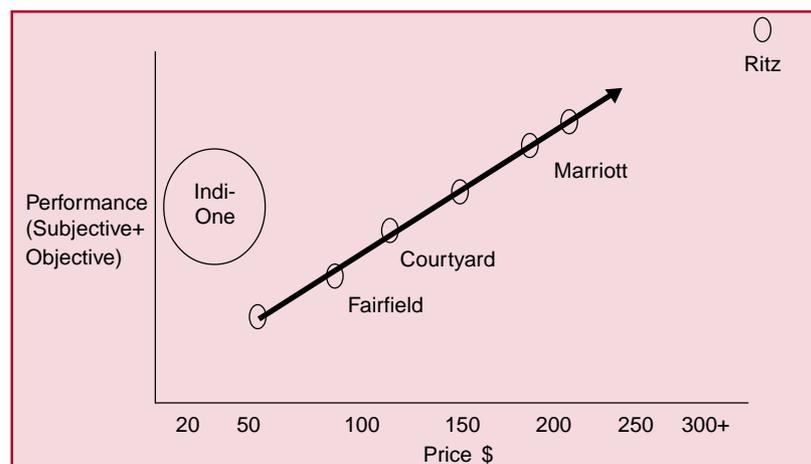
### Adult Education

The good news in India is that there is a big market for every product and service. Adult education is one of them. The Indian market consists of 200 million adults who cannot read and it provides us a chance to innovate and help educate them. There cannot be a traditional solution. The ‘three Rs’ that we believe in — reading,

writing, and arithmetic — will take 300-400 hours of learning. It is unrealistic to expect contract labourers or agricultural workers to come back after a hard day’s work and sit in the classroom for three hours in the evening for six months. Further, reading is more important than writing for most adults. They want reading — the first level of communication. Writing and arithmetic may follow.

The innovation had to focus on the time requirement to teach adequate reading skills and its cost. The goal was to reduce the cycle time from the estimated 300-400 hours for the ‘three Rs’ to three hours for the ‘single R’ — reading in a language that a person speaks. Stated differently, it is about changing the cycle time for human cognition. The innovators at Tata Consulting Services (TCS) focused on a new approach. Instead of learning alphabets, words, and reading (the traditional sequence), they relied on ‘seeing, hearing, learning by associating sound patterns with word patterns, and then learning the alphabets. This is a 180 degree change in teaching. The innovation here is going from seeing and hearing to the alphabets. The traditional way is to first teach the alphabets, then the words and only then the people are expected to understand. The experiment at TCS started with Telugu and is now done in 1,200 centres in six Indian languages covering more than 50,000 people. In three hours, people are able to read and this is happening in India. In fact, there is a lot of demand for this work in Africa, Latin America, and all over the world because illiteracy is not uniquely an India phenomenon. A very fascinating aspect in these experiments is that we are learning about patterns of cognition and learning. This approach to teaching focuses on a personalized learning system. Any student wanting to review the materials can

**Figure 3: Breaking the Price-Performance Envelope**



access the computer. What is important is that the process is totally self-explanatory and one can learn at one's own pace. By experimenting in six languages, TCS is able to sort out the universal from the idiosyncratic. They did find a universal pattern. The process is scalable at a very low cost. Now, the question is: Is the TCS experiment in adult education or education in general an isolated experiment? Fortunately not. Another experimenter is probably NIIT which pioneered computer education in India. It has now started developing computer instruction that may cost only ten cents/hour — the cheapest anywhere in the world. And in the process of experimentation, it is learning how people learn, including the role of collaboration among children in enhancing learning. These large-scale experiments have global implications for adult training as they fundamentally change the approach to learning and teaching.

### **Automotive Industry**

The Indian automotive industry has evolved in a distinctly different way. The centre of gravity for the automotive industry in India (i.e., 82% of all the cars sold in India) is about \$4,500 to 5,000. The centre of gravity for the US auto industry is about \$20,000. This means that there is a 4X difference in price between the Indian and the US auto industry. Probably, the fit and finish of an Indian car may not match that of an American car. But, the components that are used in the car may hide a different story. If we cannot export cars, we should be able to export components with 4X price advantage. This is only the starting point. When we consider the transportation needs of India, we have two-wheelers at about \$1000 or a car at \$5,000. There is nothing in between. The way the two-wheelers are used in India with two adults and three children all hanging on to each other suggests that there is likely to be an opportunity for a \$3,000 car. Increasingly, a large number of firms are looking at this opportunity seriously. A \$3,000 car has two implications. The size of the Indian market will dramatically increase. India will create, for itself, a 5-6X advantage over the US competitors especially in components.

The evolution of the automotive industry in India has also followed a pattern. In spite of the government policies, there is an emerging automotive ecosystem in India in three locations — one in the north centred on Delhi-Noida, one around Mumbai-Pune, and one in Chennai. These ecosystems have both two-and four-

wheeler capacity. They are also home of the component industry. Therefore, there is significant domain knowledge in the ecosystems. The auto component manufacturers have also significantly improved their quality. They have won the Deming prize, Japanese quality award, TQM, ISO certification and so on. So not only are these units capable of producing sub-systems with a 5-6X advantage over US suppliers, their quality is as good as most global players in the automotive component business. The Indian industry may have one more 'hidden advantage.' What if we could add software or Indian IT capabilities to traditional manufacturing capabilities? It so happens that the ecosystems for the software industry are also concentrated in the same geographical locations: Noida, Mumbai-Pune corridor, and Chennai-Bangalore corridor. There are not many places in the world where the automotive industry, the components industry, and the software industry are all co-located. What is the advantage? Suddenly there is a new possibility. What if we combine automotive domain knowledge, manufacturing quality, small batch capability (because we have so many models with small volumes), extremely low-cost, and embedded software (intelligence)? Can this fortuitous combination help redefine manufacturing in India by making intelligent products and components? It is the Holy Grail of the automotive industry — to create intelligent products. In fact, it can be said that, before long, the car is going to become a node in a global network. One has to pay \$70,000 in the US to buy a car which on reversing would show an obstruction on a screen and give a sound signal. We can do it today in India with the help of software. India can build an intelligent car with an embedded software worth \$5,000 and export it to the rest of the world. Can we leverage this hardware, software, and ecosystem to create a new concept of manufacturing excellence? Not just manufacturing excellence with no defects but manufacturing excellence which creates intelligent products?

### **Health Care**

India has a large number of people with cardiac problems some of which are not diagnosed. The same is true with diabetes — the number of people suffering from diabetes is probably more than anywhere else in the world. This is bad news in a poor country. However, if India can leverage this problem by helping poor people get access to world class care at affordable prices, it may lead to a breakthrough innovation. The specification for

innovation is: develop accessible and affordable high quality cardiac care for the rural (bottom of the pyramid) consumers. If we can do this, we are likely to innovate. The development of telecardiology by Narayana Hrudayalaya in Bangalore illustrates how this can be done.

The hospital has evolved a new approach in cardiac care and has disaggregated it into three segments — primary, secondary, and tertiary care. At the district level, a primary care centre provides basic care to patients. The skills available are limited. Trained technicians and junior physicians man the cardiac care clinics at the district level. The basic measurements are digitized and are available to senior doctors through a network of satellite hook-ups. Thus, if the local technician feels that there is a problem which he cannot handle, then the data are fed to the main hospital where the experienced doctors can, in a video conference mode, gain access to the data of the patient on one screen and the patient on the other. This allows the doctors at the main hospital *to do a real time consultation remotely*. If the patient needs further consultation or surgery, he/she is asked to come to the main hospital in Bangalore. This early screening at the district level identifies patients who need help. The hospital in Bangalore is only specializing in cardiac care, especially paediatric cardiac care. It is emerging as a very large system; in fact, it is becoming the world's largest. It does about 7,500 to 8,000 surgeries a year which is the largest in the world. Nearly 23 to 25 surgeries are performed in a day as against the best hospitals in the US which perform about four or less. The patients pay a fixed rate of about \$1,500 per surgery. It could be as high as \$150,000-200,000 in the US. With a 100X advantage in costs, the outcomes are world class.

### **Computing and Communication**

Can India be the source of the next paradigm in computing? Can the bottom of the pyramid user of the cell phone be the person who challenges the computing paradigm we are so used to? This is an interesting question. In India, as all of us know, it is possible to get a cell phone with \$10 down and for about \$9 a month. If we have prepaid cards, it could be even less. The cost of less than one cent per minute is also the lowest in the world. It is no surprise that India is adding about two million new customers per month. Imagine India having 150 million cell phones. What does it mean for the common man?

The US has progressed systematically over a hundred years from land lines, radio, TV, PCs, internet, and wireless to video games. Each of these transitions was punctuated by an interval of 15 to 20 years. Therefore, the US had the opportunity to develop an entire infrastructure and socialize people with each major transition. As a result, the US consumer is stuck with a large legacy system and mindset. The situation is not very different in Europe or in Japan. Now the interesting question is this. In India, we see a collapsing of functions and features of the traditional radio, TV, PCs, cell phones, and video games. It is happening rapidly as well. The question is: Why should India need a lighter version of a traditional PC? Is it not possible to innovate a new device that does away with all the past and incorporates the key functions and features into a new and seamless bundle? Just as PCs changed the 'mainframe paradigm' in computing, can India create a new device and a new operating system that challenges the dominant 'PC paradigm?' The PC paradigm rose to prominence as an efficiency-oriented, productivity-oriented tool. It is only after the internet that the PCs started becoming a part of communication and entertainment. Now, with video games, it is primarily used for entertainment by many. In India, a new device may be designed around the features that people use the PC and cell phone most for rather than their intended use in the US. A not so scientific market research revealed that they were using it for e-mail, video games, downloading of movies and music, teleconferencing, financial transactions, adult literacy, and may be some e-governance.

Who is going to drive this industry in India or in similar markets? Is it PC vendors, telecom, and/or cable operators? Is it going to be productivity-driven or entertainment, logistics, financial services; telemedicine-driven? In other words, can we create a communication-based paradigm of computing rather than computing-based paradigm of communication?

Having given five examples of possible areas where India can lead, I come back to this question: Who is influencing whom? Are the 150 million consumers going to influence what happens to the wireless and computing industry? We cannot recognize the opportunity to innovate in India if we do not recognize a pattern and develop a methodology for radical innovations.

In a large meeting on poverty and private sector in San Francisco, it was indeed very touching to find two

Indian presentations on 'how to do things on the ground' getting most of the attention. The two Indian examples — one from ICICI Bank and another from ITC — stood out by its sheer magnitude, its commercial underpinnings, business models, and the passion behind it. In other words, there is vibrant experimentation going on in India. The question is: Do Indians have the confidence and the commitment to leverage this capacity into the global marketplace? And that, I think, is the key.

## SUMMING UP

India may be constrained by her imagination, passion, and courage and not by intellect or resources. In fact, I would now stop saying that India is full of knowledge workers. India needs a full measure of knowledge creators and thinkers. Knowledge work is a good start. A

country of knowledge workers simply means that somebody thinks and we do the work. I would want Indians to become 'thinkers' and 'doers' at the same time. I do believe that we are in a cusp of a very good opportunity for India and the Indian companies. And those who have the courage and the imagination to move forward, experiment, consolidate, and leverage are going to rewrite the book around the world. If we do not capitalize on the opportunities, the multinational companies will do it here because they understand the emerging opportunity. It is up to us to figure out whether we want the Indian companies or the multinational companies to lead the next round. So, the question is: Are we ready to compete for global leadership and to become a source of innovation? I hope, we are ready to face the challenge! ♡

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*Action is a great restorer and builder of confidence. Inaction is not only the result, but the cause, of fear. Perhaps the action you take will be successful; perhaps different action or adjustments will have to follow. But any action is better than no action at all.*

*Norman Vincent Peale*