World Bank 2001, including Ajay Shah’s article, etc. besides ‘popular’ books like P V Subramanyam’s, ‘Retire Rich by Saving Just Rs.40 per Day’, CNBC-TV18, 2007, etc.)

Finally, it should be mentioned that the book has a fair sprinkling of grammatical and spelling errors, but they are obvious and mentally context-correctible (e.g. ‘unfounded’ is meant to be ‘unfunded’ liability); so, they do not distract from the flow of knowledge.

I recommend this book as a strong resource book, to pension designers, policy-makers, students, and above all, NPS members and managers! I learnt as well as enjoyed a lot! The book has come at a timely juncture, just when the PFRDA BILL was passed (September 6, 2013)!

Appendix on Nuances:

There is one implied suggestion by the author, in Chapter10 on Annuities, which this reviewer is finding hard to believe. From the pages 324, 329, 350 and 355, it seems as if it is a smooth and straightforward matter to purchase an (Actual) Inflation Indexed/Linked Annuity. If so, it is just like the Old Pension System’s feature called ‘Dearness Relief’ – even if actual post-retirement inflation goes high, you can feel at peace that income will adjust accordingly! Now, who bears the hyper-inflation risk? Apparently, the annuity provider. And, how will the provider manage this, without suffering loss on its books? By investing in (RBI’s) inflation indexed bonds – but where are such bonds? Only in December end, 2013 did RBI, for the first time, issue such bonds linked to CPI (the earlier issues were WPI linked, i.e. practically half the return than CPI type’s). Further, will RBI issue an unlimited quantity of such bonds and permanently (on tap)? That will be too costly for RBI/Government! There is great doubt whether they would agree (As of now RBI has rationed them). As an alternate, the ‘fee’ charged to a member for this risk, may be very high! If hyper-inflation does not occur, the member will ‘suffer’ this fee as a ‘loss’!

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The Wide Lens: A New Strategy for Innovation

Ron Adner

There has been an exponential increase in the interest that both strategy practitioners and researchers are taking in the subject of innovation in recent years. In fact innovation has been touted as a cure-all medicine for all kinds of issues that firms face – including ensuring profitability, revenue growth, loyal customer base, and increased efficiency. Innovations in products, services, technologies, business models or a combination of all these and more are said to be essential if a firm needs to thrive in the current hyper-competitive environment. Needless to say, a lot has been written about innovation in both research journals and in the popular press – so, what is the need for another book on innovation? Well, the real problem is that while innovation has been recognized as a key capability for ensuring firm success, there is no secret formula or set of steps available that firms can follow to ensure successful innovation initiatives. In fact, empirical studies show that most innovation initiatives fail – most do not reach a commercial launch stage, and of those that do, almost half end up not being adequately profitable.

The strength of Ron Adner’s new book is that it makes a simple but vital contribution to the innovation literature by insightfully explicating that in a world that is increasingly becoming inter-dependent, companies cannot innovate successfully entirely by themselves. Unless they manage, not just their own innovation processes, but also orchestrate their entire innovation ecosystem, they are unlikely to succeed. In doing so, Adner highlights the oft neglected third-leg of the innovation processes. While most innovation initiatives focus on customer insight and execution – which are the more internally controllable aspects of innovation, they miss out on the ecosystem of partners who make crucial contributions to the innovation’s success. While business ecosystems or open inno-
The book is divided into three parts. In part one, Adner starts off by explaining why firms need to focus on the entire innovation ecosystem. He elaborates how mishandling of the co-innovation risks and adoption chain risks are major reasons for brilliant innovations not resulting in commercial success. In part two, Adner provides essential pointers on how firms can map their innovation ecosystem to understand the various stakeholders and their contribution to the ecosystem and highlights the importance of getting the timing right. In the final chapters in part three of the book, Adner explains how firms can manipulate their innovation ecosystem to their own advantage and thereby improve the probability of their innovations being successful in the market and contributing to firm profitability and competitive advantage.

Adner begins by introducing the importance of innovation ecosystems. In the context of open innovation, Adner states that while inter-firm collaboration in innovation initiatives has become popular in recent times, it brings with it a variety of risks that need to be managed. He highlights three risks that every innovation initiative needs to overcome. These are (1) Execution risk – which is largely internal to the firm; (2) Co-innovation risk – which highlights inter-dependencies with the various innovations carried out in parallel by the innovating firm’s partners; and (3) Adoption chain risk – which focuses on the adoptions required by intermediaries and partners to enable the innovating firm’s offerings being made available to end customers. Whether or not partnering firms in the innovation ecosystem will innovate in parallel and adopt changes needed to support your firm’s innovation would depend upon how the value is shared. Adner states that the co-adoption risk and adoption risk have often been completely missed out or seriously underestimated by innovating firms and this has resulted in the commercial failure of many brilliant technological innovations.

In part two of the book, Adner explains how using a wide lens of innovation ecosystem helps firms make the right strategic choices thereby increasing probability of commercially successful innovation initiatives. Using the value blueprint framework, companies can avoid the typical innovator’s blind spot. This is because by using this tool one can explicitly visualize the dependencies on other firms, both suppliers and complementors, in the value chain on whose actions the success of a firm’s innovation depends. Pouring more resources into one’s own innovation project will not help if all the external players in the innovation ecosystem do not deliver their part of the overall value proposition. Analysing the value blueprint also forces a firm to communicate better with partners and make explicit the key assumptions.

The next important strategic choice is whether the firm should be the leader or a follower in the innovation ecosystem. An ecosystem leadership role entails upfront investments, large risks, and delayed rewards. However, in the event of innovation being successful, the leader reaps the highest value of rewards. Adner provides the leadership prism as a tool that firms can use to establish the roles and responsibilities of various players in the ecosystem. It is a tool to assess the ratio of total cost to relative benefit for each player to help decide who would benefit from taking a leadership role. Adner also highlights that it is not always more beneficial for a firm to take up a leadership role – sometimes being a follower gives higher benefits. He provides useful tips for follower firms to evaluate who they should follow and what value blueprint they should be part of. While strategy and marketing literature has highlighted the role of first mover advantage, Adner cautions that this may not always be the best strategy. Using examples of Sony and Apple from the music industry, Adner explores the conditions under which a firm should follow a deliberate strategy of either being early or being late. Firms can benefit by using the first mover matrix provided to get their timing right and thereby optimally exploit the opportunity provided by the innovation ecosystem.

In part three, using the electric vehicle ecosystem as an illustration, Adner discusses the five levers that innovator firms can use to influence and change their ecosystem to their own benefit. Starting off with the value blueprint, the firm needs to analyse what all elements can be decoupled from each other, which elements can be bundled together, which ones can be repositioned, and the ones that can be added or removed from the ecosystem to improve viability. The innovation ecosystem which entails multiple levels of alignment between a diverse set of partnering firms needs to be built gradually over time. A planned sequence is essential for building the ecosystem. Adner states that the three guiding principles to en-
sure successful innovation ecosystems are: (a) a minimum viable footprint, (b) staged expansion and (c) ecosystem carryover to leverage from one system to another. He uses the examples of the Kenyan mobile-payments firm M-PESA and Apple to illustrate the concept of how appropriate sequencing and construction of innovation ecosystems are essential for success. Adner ends with chapter 9 providing an excellent summary of the entire book and explaining how firms who follow an innovation ecosystem approach can multiply the probability of success of their initiatives. The wide-lens toolbox consists of three parts. Firstly, getting a clear value blueprint in place and understanding various risks; then, using tools like the leadership prism to establish roles and relationships among partnering firms; and finally, using the five levers to appropriately reconfigure the ecosystem to your benefit.

One key reason why I found this book to be so interesting and informative to read was the plethora of real life examples, of both innovation success stories and failures that Adner has provided. Among the success stories, Adner highlights the successful adoption of digital technology in the movie industry, Amazon’s success at e-readers while Sony had previously failed, and Apple’s success with the iPod music player. Among the innovation initiatives that did not succeed, Adner discusses Michelin’s failed attempt at run-flat tyres, Nokia’s early attempts at 3G telephony, Philips wrong timing of introduction of high definition televisions, the story of super-abrasive grinding wheels, and the mega failure of Pfizer’s innovation to launch inhalable insulin in USA.

The book is clearly aimed at anyone involved in innovation initiatives – from CEOs and organizational leaders to managers, project team members and investors. Adner’s writing is clear, concise, and structured – one which will clearly appeal to busy executives in the corporate world.

While the book provides a strong conceptual base, it would have been even better if Adner had provided a few tips and pointers on how firms can use data to quantify some of the risks and benefits that are mentioned in the various frameworks of innovation ecosystem that the book provides. Without these quantitative tools, corporate executives may neither be able to sell their ideas internally nor find it easy to gain the trust of partners in the ecosystem.

Throughout the book, Adner has provided excellent illustrations and frameworks that explain concepts such as innovation risks, how risks get multiplied, innovation adoption chain links, and the first-mover matrix. Busy executives may do well to pin to their work desks as a ready reference to provide quick guidance during their innovation journeys.

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Before and After the Global Crisis

T T Ram Mohan
New Delhi: Gyan Publishing House, 2013, pp 352, ₹ 990

A nyone interested in snapshots of the leading issues in the Indian and world economy, particularly relating to the banking and financial crises during the last eight years or so (2004 to 2012), will find these crisp pieces of commentary by T T Ram Mohan handy enough. Most pieces are simple, conclusive briefs rather than technical research-based results.

The select articles from The Economic Times (ET) (the author is one of its columnists), and Economic and Political Weekly (EPW) have been grouped in five parts: Indian economy, Indian banking, World economy, Management and Governance, and Indian polity.

Thus the book is like a packet of assorted cookies (themes), ranging from ‘inflation’ to ‘corporate governance’ and ‘disinvestment’ to ‘IMF’s recipe for recovery’. For that reason, the author himself clarifies that ‘this collection is not meant to be a systematic chronicle of events under different heads covered’.

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