

## Vijay Govindarajan

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**Strategy Is Innovation.** We now live in an era of constant change, driven by the dynamic forces of technology, globalization, the Internet, changing demographics, and shifting customer preferences. As a result, companies find that their strategies need almost constant redefinition—either because the old assumptions are no longer valid, or because the previous strategy has been imitated and neutralized by competitors. Rooted in these premises, the strategic and organizational challenges become:

- How do we identify the market discontinuities that could transform our industry?
- How can we create new growth platforms that exploit new market realities?
- What are our core competencies and how can we leverage them to generate growth?
- What new core competencies do we need to build?
- What organizational DNA will allow us to anticipate and respond to changes on a continual basis?
- How do we execute breakthrough strategies?

### **The Other Side of Innovation: Solving Breakthrough Businesses Within Established Organizations.**

Leading strategic experiments is the triple-flip-with-a-quadruple-twist of general management. No matter how talented and experienced the leader, chances are that this is a new and unfamiliar challenge. VG can help you understand the three fundamental challenges faced by strategic experiments, and can offer several specific recommendations to help you overcome them.

Even world-class companies with successful business models eventually hit the ceiling on growth. That's what makes emerging industries so attractive. These markets represent huge opportunities for capturing long term growth and competitive advantage. But because they lack a proven formula for making a profit, they are risky and expensive—with dire consequences for failure.

Vijay Govindarajan argues that every organization's survival depends on strategic experiments that target such untested markets, but few firms understand how to implement them successfully. Too many managers think that a great idea is enough to get them from business plan to profitability, but somewhere in the middle of the innovation process, most organizations stumble. Govindarajan reveals where firms go wrong on their journey from idea to execution—and outline exactly what it takes to build a breakthrough business while sustaining excellence in an existing one.

Based on an in-depth, multi-year research study of innovative initiatives at over 25 large corporations, Vijay Govindarajan identifies the following three central challenges to strategic innovation:

- Forgetting some key assumptions that made the current business successful
- Borrowing assets from the established organization to fuel the new one
- Learning how to succeed in an emerging and uncertain market

Govindarajan illustrates ten rules to help organizations overcome these challenges, and show how firms must rewire their "organizational DNA" across four main areas: staffing, structure, systems, and culture, in order for a promising new venture to succeed. He also spells out the critical role senior executives must play in managing the inevitable

tensions that arise between today's business and tomorrow's.

Breakthrough growth opportunities can make or break companies and careers. Govindarajan can present a guide to execution in unexplored territory.

**Innovation Execution.** This presentation focuses on executing Box 3 strategies. VG has developed the 3 Box Thinking to Strategy: Box 1 (Manage the Present), Box 2 (Selectively Forget the Past), Box 3 (Create the Future). Box 1 is about Efficiency and Boxes 2&3 are about Breakthrough Innovation. Not surprisingly, way too many businesses invest dominantly in Box 1 and pay little attention to Boxes 2&3. VG's mission is to help companies successfully create the future (Boxes 2&3) while managing the present (Box 1)—simultaneously excel in innovation and efficiency.

**Reverse Innovation.** In this Reverse Innovation Module, VG introduces the idea of developing in emerging markets first – instead of scaling down rich-world products – to unlock a world of opportunities for your business. Stemming from a pivotal article in *Harvard Business Review*, his reverse innovation presentation offers an important next step for companies looking to derive long-term value from emerging markets. According to VG, "Reverse innovation is a potent force that will transform the global economy over the next few decades. It will redistribute power and wealth to countries and companies who understand it and diminish those who do not."

VG offers a glimpse at strategies from some of the world's leading companies – from GE and Deere & Company to P&G and PepsiCo. There is no one industry that needs to reverse innovate; instead, all industries must have interest in the needs and opportunities in the developing world in order to thrive in tomorrow's global marketplace.

**Global Strategy and Organization.** The ideas in VG's presentation on Global Strategy and Organization are drawn from the book he wrote with Anil K. Gupta titled, *The Quest for Global Dominance: Transforming Global Presence into Global Competitive Advantage*. The book is an outstanding guide for executives charged with global expansion and maximizing the potential of a global organization.

Securing global presence is anything but synonymous with possessing global competitive advantage. Presence in strategically important markets is certainly a precondition for creating global competitive advantage. To convert global presence into global competitive advantage, the company must pursue three value creation opportunities: Adapting to local market differences, exploiting economies of global scale, and maximizing the knowledge transfer across borders. Pursuing these value creation opportunities requires the firm to design the right type of organization (in terms of structure, systems, people, process, and culture), an organization that can simultaneously optimize local responsiveness, global scale, and knowledge transfer.

During Govindarajan's interactive presentation, participants develop an understanding of the following issues:

1. How global presence creates three potential avenues for value creation: Adapting to local markets, capturing economies of global scale, and leveraging knowledge across subsidiaries
2. How to design the structures, systems, incentives, people, and processes to realize the three value creation opportunities
3. How to build a global organization that promotes a "global mindset"