

Place China, India at core of firm's strategy

■ BOOK REVIEW

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Australian Prime Minister Kevin Rudd said it best last week when he told a nightly news programme in the United States that the world's economic centre of gravity was shifting to the Asia-Pacific.

The Putonghua-speaking former diplomat said China represented a huge opportunity for all in the 21st century, and it should not be simply viewed as "all threats and all risks".

Anil Gupta and Haiyan Wang make a convincing case that India is also a growing core global business hub and the two countries must be an integral part of any worldwide corporate strategy.

In *Getting China and India Right*, the authors insist that multinationals must leverage the best of both Bangalore and **Beijing** to create a network of international centres as they move away from a command-and-control style of organisation to a connect-and-co-ordinate structure straddling the planet.

Gupta and Wang argue that it is not enough for companies to have a beachhead in India or China, or even both countries. The activities there need to be part of the corporate DNA if the firms are to capitalise on the growth, human resources and capacity for innovation that the two countries offer.

They suggest that India and China are similar and different enough to offer opportunities for convergence and technology transfer.

The two countries not only have similarly large populations and rates of economic growth, they also share energy shortages, environmental problems and family values. The differences are in the population's average age and in infrastructure, experience in delivering services and political institutions.

The authors identify International Business Machines Corp as an example of a multinational company that is making the most of both worlds by merging China's edge in manufacturing with India's complementary strengths in IT services to corporate advantage.

In terms of cross-pollination, Gupta and Wang point to the concept of frugal design. They suggest that products and services that make efficient and innovative use of resources and sell well in one market have the potential to work in the other - and beyond. General Electric's Indian-developed, portable electrocardiograph fits neatly into this category. Deere's small, cheap tractors go one step further, proving a hit in rural parts of the subcontinent and among US hobby farmers.

Whether or not established corporate giants choose to go down the co-ordinate-and-connect route, they will come up against head-on competitors from the two emerging markets.

China and India are producing global champions at a much faster rate than Japan and South Korea did just a few decades ago. Home appliance maker Haier Group is increasingly making its presence felt in markets such as the US and Europe, while Suzlon Energy is among the world's top five wind turbine manufacturers.

These "tigers" and "dragons" do have weaknesses in reputation, technical pedigree and organisational discipline, but they are working to overcome them through a combination of "learning from the ground up" and mergers and acquisitions, the authors say. samantha.kierath@scmp.com