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**Breaking News :** 11.30am: KLCI 900.11 (+0.79); Emas 211.88 (+0.19); SBI 106.97 (+0.05); Ups 245; Downs 271; Unchanged 276;  
Volume: 186.03 million shares.

## Growing the Asian giant

The Young Presidents' Organisation/Young Entrepreneurs' Organisation (YEO) Malaysian Chapter are organising a business summit on May 10 in Kuala Lumpur. Titled "Taipan 2005 — The Making of Asian Giants", the event will see, among others, Verne Harnish as one of the key speakers. Harnish is the founder of the YEO and has a string of achievements and accolades to his name. He is also founder of the Association of Collegiate Entrepreneurs and chairs the "Birthing of Giants" entrepreneurship leadership programme at MIT. Harnish is the author of Mastering the Rockefeller Habits: What You Must Do to Increase the Value of Your Fast-Growth Firm, which was released in April 2002.

He takes some questions from netv@lue2.0 via e-mail on the challenges in growing an Asian giant.

### netv@lue2.0: Many experts are giving advice on how to be an Asian giant. How different is your message?

Harnish: I'm reminded of [Apple founder] Steve Jobs' quote, 'I'm amazed how overnight successes take a helluva long time!' I'm not sure what the other experts are saying but the real giants take a while to 'get it right' — there are no real short cuts. In addition, there aren't a lot of fancy things necessary to create a giant. Instead, it's having the discipline to stick to a handful of fundamentals [the Rockefeller Habits, as I call them] and get five specific decisions right — and there are right and wrong answers to this handful of key questions. This is what we're going to cover in our workshops.

Another favourite quote is, 'We have the answers, all the answers; it's the question we do not know.' I focus entrepreneurs on figuring out the right questions. Most entrepreneurs can find answers to most questions; it's just that they are working on the wrong set of questions. And the right question can take years to find an answer. What the giant creators do is spend time figuring out the right question and then persevere until they find the answer. So I focus business leaders more on discovering the right questions as much as getting the right answers.

### In the West, merger and acquisition activity seems to be a key strategy for fast growth and scale but this rarely happens in Asia. How important is this in the quest for an Asian firm to be global.

First, there is no such thing as a merger, it's always an acquisition situation — one firm is always the dominant company in the relationship, so I've never understood why we continue to use the term 'merger'. One of the real business gurus of our time is coming with us to Malaysia — Neil Rackham, the author of four pioneering books on sales. He's going to discuss that in this decade, the real gains are at the boundaries of firms rather than within them — it's the productivity and value gains created when two firms agree to both change the way they do business together so that the synergy is positive. Thus, whether you create this synergy via acquisition or true partnering, growth will happen when firms go beyond a simple supplier/customer relationship. This is key in becoming global.

### There is a global war for talent and it is said Asian firms lose out in the hunt for the best talent, especially Asian, as many talented Asians study in the West and then end up picking western firms to work for. How can Asian firms compete for the best

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**talent?**

I've seen a real shift over the last four years in Malaysia. When we first came over, Asian audiences thought we were crazy pushing the various disciplines and approaches that drive productivity and value. At that time, most firms were fundamentally competitive, building their business on cheap labour. However, all that has changed. Now it's mind over muscle, brains versus backs.

In the US, the global war for talent is even more apparent. More and more international students are studying in the US and then going back to where they see bigger opportunities than in the US — places like China and India. To counter this, what we've been pushing in the US is to drive aggressively on productivity so that a firm is able to double revenue per employee over the next 5 to 10 years, allowing them to drive up real wages by 50% or more.

Never kid yourself, wages do matter and we have several firms in the US where their people make 50% to 100% more than their counterparts at other firms. This is a powerful way to keep people. It's equally important to have a powerful purpose and BHAG [big hairy audacious goal] that capture the hearts of your people so they are willing to give that 40% extra discretionary effort that makes you globally competitive — à la Malaysia's Vision 2020. The March 2005 issue of Harvard Business Review has an excellent interview with Michael Dell and Kevin Rollins [Dell founder and CEO, respectively] on this very subject — what you do to keep people when they are already rich!

**Outside of Japan and South Korea, and lately, apart from two or three Indian tech firms, Asia has no global firms. Can you pin down the reasons for this and what can be done about it?**

When I visited China in 1986 and led the first official delegation of young entrepreneurs to that emerging country; we met several leaders of the country. I remember them explaining bluntly that the demand was so huge for products and services in Asia that there would be no need for Chinese firms to do business beyond its borders. It's somewhere around this idea that answers your question. Why build a brand in other countries when there is so much business to do in your own country and region?

And I think the other reason is that these firms have been built around a cheap labour model. It's when a firm starts competing from an intellectual capital standpoint that it also becomes more global in perspective and approach.

**Ambition is another challenge. Many Asian firms have no desire to be global, regional perhaps. Also, many of the leading firms are family-owned businesses which are risk-averse. Is this a key reason that's holding back the growth of more Asian giants?**

Again, when there is more business than you can handle in your own backyard and/or beating your door down, there's no reason to be more global. And don't blame 'being risk-averse'. Real entrepreneurs are risk-averse. They may do things that appear risky to others, but the best business owners have a plan B, C, D and E to cover their downside.

True risk-takers are simply gamblers. I believe as the regional markets become more competitive, firms naturally start expanding elsewhere.

I think it's also related to the relative newness of capitalism. If the US has a key export, it's business education. As the general business knowledge base of a region increases, the quality of the competition improves, driving productivity, value and moves to expand more globally. This will all occur naturally over time.

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