Asian innovators face challenges: SMU head

These include organisational philosophy and protection of IP

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WHILE Asia increasingly plays a bigger role in driving innovation, economies in the region still present challenges for innovators in four key areas which are crucial for good innovation management, says Singapore Management University (SMU) president Arnoud De Meyer.

In recent years, the monopoly on innovation has been lifted, with the major hotbeds for innovation becoming spread out across the world, he said in an interview with BT.

The Belgian, who took on the role of SMU’s fourth president in 2010, was previously director of Judge Business School at the University of Cambridge and dean of Insead’s Asia Campus here.

“In the late 70s and 80s, you could almost associate innovation with a few places in the world,” he added, pointing to Silicon Valley and Basel. “Then the rest of the world could adopt those innovations. Today, the world has changed. Asia has become a source of innovation for the rest of the world.”

But even as Asia, with its sizeable market, carves out a bigger slice of the pie, its innate differences can also create tougher conditions.

One of the challenges that emerging economies in Asia may struggle with is organisational philosophy, given that Asian companies are often hierarchical or a family-run business. Organisations are also often incorporated to cater to the needs of an agent based in another, far-away market.

“People don’t always challenge the boss,” Prof De Meyer noted. “And that’s what you need to do in innovation – constantly challenge the common wisdom.”

Protection of intellectual property (IP) is often another issue, as products can be copied to the letter in some Asian markets, suggesting that Asian entrepreneurs may value tangibles such as raw materials or property over intangibles such as brands and know-how.

Good innovation, says Prof De Meyer, goes beyond research – it also encapsulates design, financial engineering, branding, communication and good marketing.

“There, the strengths in Asia – particularly for design – are not very strong. We don’t have that ecosystem that is needed,” he added.

In the short term, companies need to tie up with firms which can provide the missing links. From a long-term perspective, there have to be significant investments in training to develop local talent.

Finally, emerging Asian economies may lack access to reliable market data, partly because market research techniques are very often developed in the West and may not take into account cultural differences.

He relates an anecdote where a French producer of luxury goods highlighted the different approaches to the French and Asian markets. “In France, he sells luxury products to people who want to stand out. Here, he sells to people who want to belong to a group,” said Prof De Meyer.

At the same time, he acknowledges that Asia itself is a diversified region, a mix of emerging economies and more developed ones which differ significantly.

Ultimately, what companies in Asia must understand is that innovation today is very often in business models, as opposed to products, he stressed.

American technology giant Apple, for instance, revolutionised the music business with iTunes and its range of other Apple products.

“My plea would be for companies in Singapore not to think in terms of products but in terms of what we offer as a business model,” said Prof De Meyer. “I think business models developed here can find their application elsewhere.”