FREDRIK HÄRÉN

One World. One Company.

It is time to update the way we view the world of business. **In this book, Fredrik Härén argues for why—and how—companies need to become global in the way they conduct business.**

Learn how some of the most successful companies, big and small, have been able to make this transition; what other companies can learn from them; the challenges you will face when going global; and the dangers that loom for those who choose not to.

Be inspired by what Fredrik learned by interviewing the CEO of *SKF* in a hotel in Beijing, the CMO of *Jones Lang LaSalle* in an office in London and a marketing executive of *Google* at the Googleplex in San Francisco, among many other things.

For his research, Fredrik Härén traveled to more than 20 countries, conducting interviews with professionals working for successful organizations such as *Mindshare, Volvo, IKEA, Rovio, Siemens, Jotun, Manpower, Ericsson, Maersk* and many, many more.

Prepare to be surprised, challenged and inspired—and to look at the world of business in a brand new way.

ABOUT THE AUTHOR:

Fredrik Härén is a professional speaker and author of eight management books. **His book, "The Idea Book," was included in 'The 100 Best Business Books of All Time' and has been translated into 15 languages. Fredrik Härén has been invited to speak in 45 countries,** and has been awarded *Speaker of The Year* in Sweden. Last year he delivered over 140 speeches in 17 different countries on 5 continents. His style of writing—and speaking—is a unique mix of content and entertainment… inspirational and thought provoking at the same time.

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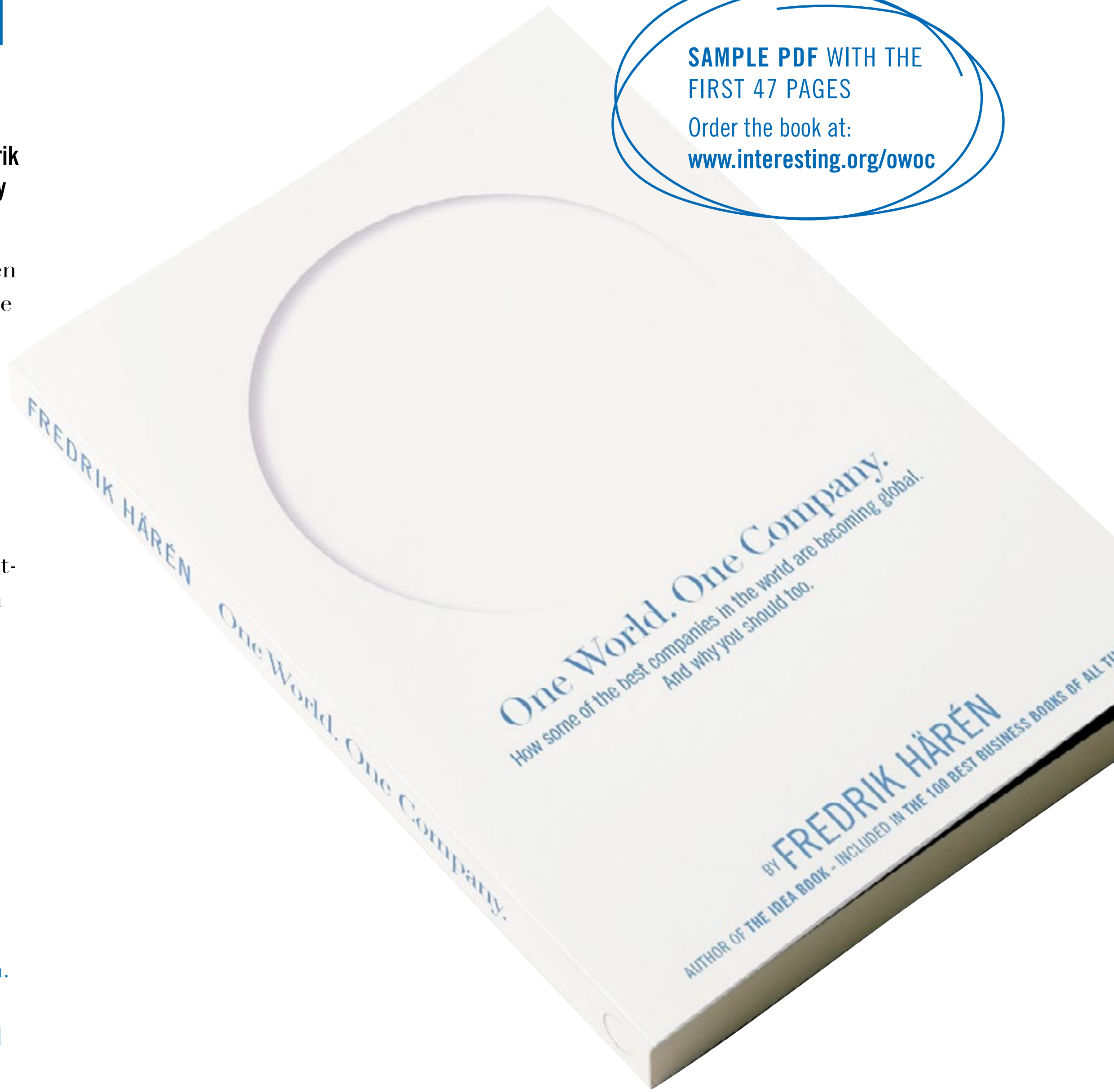


Introduction

I want to begin with a couple of quotes from two top managers that I interviewed for this book. I asked them, *"What do you say to the people who say that the corporate world is not becoming more global?"*

One of them replied, *"I say that they are full of s***, and I believe that they have been living with their head in the sand the last few years."*

Another senior manager smiled and said, in a more gentle manner, *"In our world this is just not true. I can give you thousands of examples of how we are operating in a truly global business environment. And how we relocate our resources around the world according to where we think they will be the most profitable. We [now] look at the market on a global scale."*

This book is written specifically for business leaders, managers and employees of companies where the organization has realized how the world of business has changed and become more global.

The readers I target with this book are people who want to understand what this change will mean, and who want to know what they—as companies and as managers—need to do to adapt and change.

In a survey done around the theme of this book to the delegates of the Cannes Creative Festival, a vast majority of the respondents agreed that there had been increased competition from global companies in the last five years. At the same time, 100 percent of the respondents replied that they saw "increased global competition as an opportunity" I agree with this viewpoint. And so do all the people I have interviewed for this book.

Treat this book as an inspiration about this opportunity, and as guidance on how to seize it.

Why I wrote this book. And why I wrote it now.

I wrote my first book in 1995. It was a book about this new thing called "the Internet," and how it would change the way companies would be run. It was one of the first books on Internet and business published in Sweden. I wrote that book because I had come to realize how the Internet was starting to change business, and because I could see how it would transform many industries in the near future.

I can still remember how most business people at the time thought that I was out of my mind. Today we talk about the "Digital Divide"—how some people saw new opportunities because they were able to understand how new digital technology, like the Internet, would transform our lives. Other people, and companies, did not understand the change that the digital revolution created and therefore lived in ignorance of its possibilities.

I wrote this book now, because I am feeling just like I did in 1994. I feel that some business people, and some companies, are truly grasping how changes in recent years have created a new landscape with new opportunities—while others live in ignorance of how the world has changed.

I call it the "Global Divide."

Some get it.

Some do not.

This is a book about the people and companies that do. And what we can learn from them.

FREDRIK HÄRÉN

THIS IS A PREVIEW. THE NUMBER OF PAGES DISPLAYED IS LIMITED. THE FULL VERSION OF THE BOOK HAS OVER 35 CHAPTERS.

Disclaimer

Writing a book about global companies is tricky. Some will tell you that this is nothing new—that it's been around since the Romans, or at least since Columbus. Others will tell you that the whole idea of "being global" is an over-hyped buzzword with little in common with how most people live their lives.

Both objections have some merit, though they aim their criticism from opposite viewpoints. Let's clarify why these objections miss their mark.

CRITICISM:
"THIS HAS ALREADY HAPPENED."

Response:

There are literally hundreds of books on globalization, and many of them were written 20, 30 or even 40 years ago. So why a book on global companies now? Isn't this an old story?

This is not a book about globalization. It is a book about how companies, because of globalization (and other events), have started to become more global in the way they are run. How they went from being "international companies," to "MNCs" (Multi National Corporations)—and now to "TGCs" (Truly Global Companies).

It is this shift to Truly Global Companies that this book is about—a shift that has happened in the last three to seven years for most of the companies I have interviewed for this book.

For example: SKF was founded in 1907 and was an "international Swedish company" for about 100 years. According to its CEO, it was not until 2005 that they truly started to become a "global company." In their case, it was due in large part to the rapid growth of China. (Read more about SKF in the chapter "A Global Case Study".) For most large companies in the world, it is a shift that they have yet to make.

CRITICISM:
"THIS HAS NOT HAPPENED YET."

Response:

There are others who will argue that the world is not as global as some may think. (Actually there is a whole book, called "World 3.0," on that thesis.) Only seven percent of rice is exported. Close to 97% of the world's population is living in the same country they were born in, and so on.

But, again, this is not a book on globalization, at least not in the sense that most people think about globalization. It is not about jobs being "stolen" from one country to another. It is actually not about countries at all. It is about how some companies have been able to act as one company, everywhere.

Again, it is a book about global companies. Not a book about globalization.

If a Swedish-born media buyer lives and work as an consultant for a media agency in Sweden, giving advice to a local Swedish chain of hair salons on which local media to buy, then there is not a lot of that work that would be counted as being "global." But if she works for Mindshare, then she is also part of a global organization that is sharing best practices, news and information across its network of 113 offices in 82 countries. (Read more about Mindshare in the chapter "Share Your Mind…".)

Thus, companies can be more global than they seem.

How to use this book

The companies featured in this book are included because I think they have done something remarkable that others can learn from, when it comes to how to be a global organization. That does not mean that they do everything right. No company does everything right. No person is a saint, and no company is perfect. Actually, many of the companies in this book will readily, and honestly, concede that they have a long way to go before they are truly global companies. But they have embarked on the journey and, by doing so, have something to teach others.

Each chapter in this book features a different company and ends with the take away I personally found most interesting, refreshing or beneficial. While the companies I write about might be heading in the right direction toward being global companies, or have already arrived, they may also fail in other ways that I choose not to highlight. My purpose with the setup of this book is to provide a smorgasbord of different lessons revolving around the ways some of the best companies in the world are doing things correctly.

If you are looking for a simple list of "Ten-ways-to-become-a-global-company," you will be disappointed. This book revolves around real-life stories and examples of what others are doing. The conclusion of what you can learn from them and what you can take away is something that has to be part of your reading experience.

I am not a strong supporter of top ten lists or easy-to-remember abbreviations, but I am a strong believer in the power of example and the impact of stories.

As always, take the advice that makes the most sense to you, and discard what you find irrelevant, not applicable, or just plain

wrong for you. Take the best from the best, and merge it with what you are doing right yourself.

Let's begin.

The first thing I want you to do is to write down a few words that come into your mind when you think about "TGCs" (Truly Global Companies).

What is a global company to you? Which company is the most global company you can think of? Why? How global is your company? How global are you?

"One World, One Company" TOYOTA

One World. One Company.

About the title for this book.

SCENE: SLOVENIA, SINGAPORE & FRANKFURT

In September 2011, a couple of hundred employees of Deloitte Sweden flew to a hotel in the beautiful countryside of Slovenia for their yearly company conference. The theme of the conference was "As One."

Later that year, a couple of hundred sales representatives of HP Asia flew in to the massive Marina Bay Sands hotel and conference center in Singapore for their yearly company conference. The theme of their conference was "One Team, One Way. One Mission."

I was the keynote speaker at both conferences, which meant that I heard firsthand how these companies were preparing for the future. By 2012, the title for the book I was writing seemed obvious. The phrase, in one way or another, kept recurring.

BACKGROUND

Then in March 2012 I delivered a speech for a couple of hundred sales and marketing professionals of Sapa Profiles who had flown to conveniently located Frankfurt for their yearly company conference.

The theme of that conference was "One Sapa. One Sales and Marketing."

The change Sapa was in the middle of was, in many ways, a perfect example of the *"One World. One Company"* transition so many companies are trying to perform right now.

I had the opportunity to sit down with John Thuestad, President of Sapa Profiles, to talk about how Sapa was changing.

Sapa produces and sells aluminum profiles. Founded in 1963, for the longest time Sapa operated and thrived as a local European company. But in the last few years, something changed. When I asked Thuestad when the change occurred, he replied, "It started in 2003–2005, and intensified in 2009. Before that we did not act like a global company." And they didn't have to. Most business was local, with few customers wanting global contracts and the threat from cheap competition from Asia not yet an issue. Then everything changed at once.

"We saw that structural change in our customer base, and as the world changed, they wanted us to globalize with them," said Thuestad. Then he told me how some of their biggest customers, like IKEA, Ahlstrom and Siemens, began asking for global contracts.

If Sapa was able to piggyback on their customers' drive to become global, Sapa would be able to get large contracts from customers who were driving innovation and willing to pay a premium to a supplier able to deliver its products with consistent quality worldwide.

If Sapa was not able to keep up with this demand, they would find themselves cut off from substantial deals, left to compete with smaller local clients against low cost suppliers from Asia.

It was clear which of those two scenarios Sapa wanted to be part of. Thuestad looked me in the eyes to ensure I understood just how committed he and his company were to this change, and said, "We will move with our customers. Our ambition now is to be a global company."

Sapa is not there yet. Thuestad labels Sapa today as a "globally regional company." For many of their offices in Europe, just 10–15% of their business is from global contracts. But it is increasing, and in the cutthroat business of aluminum profile, those orders could be the difference between thriving and suffering. Sapa is not on a mission to become "One" because it is a nice thing to do. They are doing it to stay alive.

TAKE AWAY

The title of this book—*One World. One Company.*—was not chosen to be unique. It was chosen because the phrase, in slight variations, often and increasingly, has been used by companies trying to get their stakeholders to grasp the transition to global company that these organizations are trying to pull off.

Throughout this book I include some of the companies I observed using a variation of the *"One World. One Company."* slogan for internal or external use.

Like all slogans, the "*One World. One Company.*" phrase can be mocked by cynics as empty corporate B.S. But, like all slogans, it can also be seen as a profound truth condensed into an easily communicated package.

I hope you will read the phrase—and this book—as it was intended: As an inspirational tale about how some companies and organizations are trying to transform themselves to better handle the challenges of a smaller, faster, more interconnected and interdependent business world.

Notes

"One World. One Company." NETWORK TELEPHONE SERVICES INC.

“Bad English:” A Good Idea

How a simple idea releases more power at Volvo Group.

SCENE: A RESORT OUTSIDE GOTHENBURG

A few years back I had the privilege to deliver a session on business creativity for the top management of Volvo Group. After the session I got to sit down for lunch with Leif Johansson, then the CEO of Volvo Group, to talk about how the company looked at running the company as one.

BACKGROUND

Volvo Group is a company that has realized the symbolic value that rules and regulations can play when a company is trying to become truly global. With about 100,000 employees, production facilities in 20 countries, and sales in more than 190 markets, this manufacturer of trucks, buses and construction equipment is a global company. They sell their products under more than ten different brands, including Volvo, Mack, Renault Trucks, Eicher, SDLG and so forth. Many may connect the different brands to different countries, but Volvo Group is focused on running the company as one global entity. They synchronize production between different brands to get economy of scale.

Leif Johansson told me how, inside the company, they half jokingly talk about the “official language of Volvo Group” as “Bad English.”

I find that brilliant.

“Bad English” means that, in a conversation, each person should speak a level of English that the other person can understand. If, say, an American fluent in English is speaking to a Korean who is not, and the Korean doesn’t understand the American,

then it is the American who is not speaking correctly. Bad English means that it is okay for a person who is not very good in English to speak up anyway. The less fluent English speakers in an organization are encouraged to speak up. The native speakers are encouraged to aim at being understood, instead of flaunting their most advanced English. The focus moves to the message, and away from the grammar. Remember: It is not necessarily the person with the biggest vocabulary who has the best ideas.

According to a study I read, just four percent of all English conversations are between two people both fluent in the language. Ninety-six percent are conversations where at least one person does not have English as his or her native tongue. That means, I guess, that “Bad English” is the official language of the world…

By the way, this whole book is written in “Bad English.” Being a Swede, English is not my native language, but I have chosen to write this book in English anyway. I did so as a celebration of the idea behind “Bad English”—that we should encourage people to dare to speak—and write—their own English in order to get their thoughts and ideas out to the world.

TAKE AWAY

If you—like me—are not a native English speaker, be inspired by Volvo Group and begin to communicate your ideas in your best English, however bad it might be. What you have to say is more important than how you say it.

If you are a native English speaker, encourage non-English speakers to speak up. By inviting everyone to speak, you are helping create a broader dialogue, which will increase the chance of information and ideas getting spread around the organization.

Can You Have a Google Passport?

Recruiting without borders.

SCENE: THE GOOGLEPLEX

More precisely: The outdoor café at the corporate headquarters complex of Google at 1,600 Amphitheatre Parkway in Mountain View, California. I was having a smoothie with Rikard Steiber, Global Marketing Director for Mobile Ads at Google.

BACKGROUND

My first question to Rikard was, "Is Google a global company or an American company?" He pondered this, then said, "We are on our way to becoming a global company."

In many ways Google already is. The company has more than a billion (1,000,000,000!) users in 200 countries and territories, which means one in seven people on the face of the Earth is using a Google product. Not bad for a company founded 14 years ago.

I asked Rikard to explain how Google had been effective in building a global company. Rikard looked around at the people sitting at the small tables and explained, "One of the most interesting things with the Google headquarters is that we have people of so many different nationalities, religions and cultures working side by side. Google's recruitment process is very good at finding people with the same values, regardless of what country they might come from."

As Global Marketing Director for Mobile Ads, Rikard's working day is a microcosm of Google and the world. He has a small team of 25 people reporting to him—literally spread out around the

world—in London, Paris, Hamburg, New York, San Francisco, Tokyo… and, of course, Mountain View, California. Rikard uses email, phone, video chat and other electronic tools to communicate with his team members, who work together with teams in the local markets to develop new and innovative advertising solutions for the mobile market.

After discussing how global the work environment at Google is, Rikard corrected his initial comment. As he once again looked around at the people sitting under the colorful parasols at the tables in the café, he said, "Actually, what makes Google interesting is not that we have a lot of nationalities working here—but that we have *no* nationalities working here! They are all just 'googlers.'"

TAKE AWAY

The better a company's recruitment process is at making sure that the people who come into the company have the same values and beliefs, the stronger the corporate culture becomes. The stronger the corporate culture becomes, the less relevant nationalities become. And the less relevant nationalities and borders become, the easier it will be for people to cross them in order to work together with the people who happen to be the best people to work with for any specific task… no matter where they sit. Are you doing that?

Share Your Mind…

How Mindshare shares ideas across the world.

SCENE: THE SHANGRI-LA HOTEL IN KOTA KINABALU, BORNEO

It was at their 2011 Asian regional conference at the Shangri-La Resort hotel in Kota Kinabalu, Borneo, that I was first introduced to Mindshare. I was there to give a keynote speech, and during the conference I spoke to some of the Mindshare employees about my upcoming book on global companies. It quickly became clear to me that Mindshare was one company I just had to include in my book. A few months later I was in London to learn more about this interesting company. The more I learned, the more impressed I became.

BACKGROUND

Mindshare calls itself "The Global Media Network," and that is not just a slogan. With over 113 offices, this media agency has more than 6,000 employees in over 82 countries. They have no global headquarters, a flat structure, and 80% of their business comes from global clients. That's not bad, considering that the company, which is a member of the WPP Group, was created less than 15 years ago.

"When we launched the company, people thought we were mad. When they heard what we named it, they laughed," Nick Emery said to me. As Global CEO of Mindshare, Nick has been with the company from the start. Back then, the concept of a global media agency working across borders with global clients was frowned upon. With the assumption that media and advertising, like many other businesses, should be local, few saw any advantages in creating a media agency with global reach.

But Nick and his colleagues did not launch Mindshare for what the world used to be like: They launched it for what the world would become.

"We were set up for this world. We built [the company] for the modern world," Nick explained, adding, "And we picked our name for a reason."

The reason? "Sharing." The most important skill in an interconnected, rapidly developing world.

Nick looked at me and said, "It's about sharing across borders, across competencies, across clients. It's about spotting trends and seeing ideas." Then he added, "The answer is not [only] in London or New York anymore…"

What he said reminded me of a passage on the Mindshare website. Under the heading "Who We Are," the company writes:

"[…] because the future arrives faster in some industries, countries, even cities, we can rapidly tailor what we learn in one sector or region to another. Which means our clients benefit from the very latest knowledge, expertise and insights they would probably otherwise be unaware of."

To ensure I understood the importance Mindshare places on the sharing of information, Nick said, "If you see something, you can quickly change." He left it to me to conclude that if you do not see something, you cannot adapt to it. Many companies may have operations around the globe, but they do not have global operations. And global sharing of information does not happen by itself.

As one Mindshare employee put it, "Without [actively developing and nurturing] the network, 'global' is just a nice word."

I asked Nick how they were able to maintain an ethos of sharing. As with so many fundamental truths, the lesson is easy, but the mastering hard. "It's not difficult—but it is hard work." Then he began to tell me about some of the things they do.

For starters, all salaries, bonuses and KPIs (Key Performance Indicators) are set centrally. Everyone at Mindshare works for the same company, and compensations are therefore aligned around the globe. The company has two global conferences per year and global calls between all the leaders every other week. Their IT systems are aligned across the company, and so on.

But most important is the focus on sharing at Mindshare. It is not just about processes—it is about a mindset. A client win for Mindshare is celebrated throughout the organization, whether from Peru, Vietnam or New York.

When the Mindshare office in Moscow had some problems due to low morale, the company offered some of the employees at that office the chance to transfer temporarily to India and New Zealand to get new inspiration, new ideas and new energy, by seeing how things work in other parts of the world. The intention was that they could then take these ideas back to their Moscow office and implement them in their own market. It was not meant as a perk, but as a way to get the office focused on being part of the sharing of information across the network again.

One of my favorite stories about how this culture of sharing manifests itself at Mindshare is a story about an email sent in error…

A while back, someone intended to send an email to a small group of Mindshare employees, but mistakenly chose an email address that sent an email to every single Mindshare employee. All 6,000+ of them! Quickly, people from around the world started making

funny replies to the obviously misaddressed email—and they did that by pressing Reply All, flooding everyone's mailboxes. The IT Department considered shutting down the entire email system because of the pressure those thousands of emails put on the IT infrastructure. But the CEO wouldn't let them.

"This is exactly what Mindshare is about!" he exclaimed. And no, Mindshare is not about overloading the IT system with jokes. But it is about building a culture of sharing.

How many companies with more than 6,000 employees in 113 offices do you know of that have an email system where anyone, anywhere, can email everyone else in the organization—including the CEO—with a single email?

Of course, this "email-all" address is mostly used to share great work and communicate important announcements. But occasionally it is used for other purposes, such as sharing a joke.

I asked a woman at the London office of Mindshare what this meant to her.

"We get this email from Bolivia saying 'We are entering this competition,' and then someone in Russia wants us to reply to a survey, and then suddenly there is an email from a woman in Poland who wants to tell [all of] us about this cookbook that she has written. [Reading these emails] you get a feeling of 'Wow, we really work for a global company…' It makes us proud."

I asked what this commitment to sharing created. Nick thought for a moment before answering, "It allows us to be more free, more flexible, less limited—and faster. It is also more democratic. And it creates a structure to enjoy change. It is in our DNA to be a global company."

An organization is defined as “a social group which distributes tasks for a collective goal.” The word “organization” is derived from the Greek word “ergon” (as in “organ”). It means “a compartment for a particular job.” Maybe what Mindshare has figured out is that the best organizations are not actual organizations, meaning they do not see themselves merely as “compartments,”and they do not just “distribute tasks.” They encourage and thrive on the sharing of information. Sharing, to quote Nick Emery again, “across borders, across competencies and across clients.”

How often do you do that? As a company and as a person?

TAKE AWAY

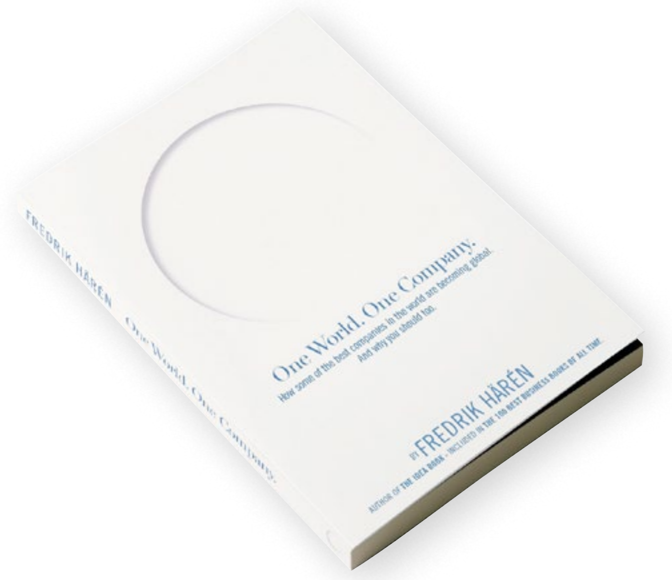
How many of the people in your mobile phone address book are in a different country from you? How many are from another culture? How many emails do you receive or send across a border? How many of the web pages that you visit on the World Wide Web are from around the world? Enough? Honestly?

Notes

“One Company. One World. One Source.” OPW, A DOVER COMPANY

This is a preview. The number of pages displayed is limited. The full version of the book has over 35 chapters.

Read about Facebook, Emirates, Cognizant, KPMG, Philips, and many, many more.



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SKF: A Global Case Study

How a 100 year old international company became global.

SCENE: CHINA WORLD HOTEL IN BEIJING

I had my choice of Chinese Peking Duck, Japanese sushi, Indian Tandoori Chicken, or a sea of shrimp nestled under a swan carved out of ice. There were 600 of us from all over Asia attending the SKF ASIA Pacific Distributors Convention. At the opening dinner reception, we mingled in the ballroom of the China World Hotel in Beijing—aptly named, it seemed, for the occasion. The buffet featured a wide variety of international offerings.

Going with the theme of a global evening, the organizers provided an interesting twist to the band playing traditional Chinese songs: The singer was not Chinese, but a blond Caucasian women from Europe, singing in what seemed to be flawless Chinese. SKF had obviously invested a lot to make this a successful event. After all, Asia is a very important market for this world-leading bearings company.

During dinner I had the opportunity to have a long discussion with SKF Global CEO, Tom Johnstone. I was curious how a bearings company founded in 1907, which had well-established operations in Europe, Asia, Africa, North America, and Latin America as early as the 1920s, looked at the concept of *"One World. One Company."*

BACKGROUND

Tom Johnstone began by telling me the history of the company, "I remember seeing an interview where someone was talking about the importance of having a presence in the BRIC markets. Well, we were selling in China in 1912. Russia in 1916. India in 1923 and Brazil in 1914. By 1932, we were in 40 countries."

He was obviously quite proud of how quickly his company built a successful international business. So I asked him, "How was SKF able to become such an international company so fast?"

He began telling the story about how there were many domestic bearing companies already present in each of the main European markets. The only way for the new Swedish startup challenger to compete was to go where the competition was not, which meant going out in the world. "We did not have a home market," explained the CEO.

According to the SKF CEO, SKF is not a "Swedish company." "We have a Swedish heritage, but we are not Swedish." When I asked him "So, if you are not Swedish, then what are you?" He answered with a big smile on his face, "We are SKF!"

He continued, "We are a global company, with Swedish values." He then clarified, "We have these common values—a base—but we are a Swedish company ... in Sweden, and SKF is a Chinese company in China, an Indian company in India, and a German company in Germany."

To stress how important this mindset was to him, he added, "The best compliment I have received was when I was in the U.S. and met with an Indian investor who said, 'I was born in Bangalore, and I grow up next to an SKF factory. All the time growing up I thought that SKF was an Indian company. All the people working there were Indians.'"

The best compliment the CEO has ever received was when an Indian investor thought SKF was Indian? This is a CEO who gets excited when people do not know the origin of his company. SKF is global, and that's exactly the way he likes it.

When did SKF go from being "international," meaning being a

"Swedish company with operations internationally," to being a "truly global company?" I thought he would answer, "1940" or so. I was wrong by almost half a century…

Tom explained how he had been traveling to Asia on business for the last 25 years, and how Asia continued to grow in importance. But, less than 10 years ago, something happened: Growth really took off, and China went from being an "emerging market" to one of the most important markets for SKF. The world had changed, and therefore so had SKF.

Johnstone pinpointed the time when SKF had to start behaving as a global company to the shift of importance of the markets in Asia, especially China. "I would say [it happened] in 2005, when we brought 150 of the top managers to Shanghai for our annual conference. I still remember sitting in a taxi on the way into Shanghai from the airport, with a Swedish manager who had never been to China. He kept staring out of the window, mouth open, saying "Wow." That [conference] was a defining moment for the company." With the rapid, almost explosive growth of China and the rest of Asia, it was impossible to continue to be a "Swedish company." Or as Tom put it, "We stopped 'selling to Asia' and started to 'develop in Asia.'"

And grow in Asia they do. SKF is opening two new factories in Asia each year, and hires 1,500 new employees every year. With more factories, employees and customers in Asia, SKF became global. Today, SKF has 100 manufacturing sites and 15,000 distributor locations in over 130 countries.

With 3,500 employees in its native Sweden and more than 5,000 employees in China, the concept of SKF as a "Swedish company"becomes absurd.

Additionally, SKF has started to move its R&D to Asia, and will soon have 400 people in their Asian R&D centers. SKF used to have its motorcycle products' R&D in Italy (since Italy was a major player in two-wheelers in the 20th century). However, with the explosion of motorcycles sales in India in recent years, it became clear that the new global epicenter for two-wheelers would be India. So SKF moved its R&D center from Italy to India. "You need to develop close to the customers," explained Johnstone, "and the customers moved." So SKF moved as well.

After the move to India, the rate of innovation from the R&D center exploded. Johnstone is convinced that this increase in innovation would not have happened if they'd kept the center in Italy. Moving an R&D center from Europe to Asia is probably easier for a company that has been international for over 100 years and which already had R&D in more than one place. Johnstone thought it might be more difficult to make these necessary moves for a company with all its R&D and other corporate functions in one place. But he insists that companies still need to move important functions closer to the markets.

He ended our conversation with a bit of advice to his fellow CEOs, "You have to let go," he said. "We need to change into a [global company]—not be changed by [globalization]."

TAKE AWAY

A global company has no exports, because it has no "home market" or "export markets." Instead, it has "markets" and "clients." When this way of thinking becomes second nature, you realize you cannot "export" to someone close to you. So, the closer you are to your customers, the more absurd the idea of exports becomes. How close are you to your customers?

Notes

"One World One Company" ORANGE DESIGN

Notes

"One World One Company" CARGO LOGISTICS

THIS IS A PREVIEW. THE NUMBER OF PAGES DISPLAYED IS LIMITED. THE FULL VERSION OF THE BOOK HAS OVER 35 CHAPTERS.

The World Runs SAP

SAP goes to the world.

SCENE: THE SAP OFFICE IN SINGAPORE

The reception area at the SAP office in Singapore is larger than many companies' entire offices. I was recently there to ask a series of questions about innovation to Simon Dale, Head of Technology and Innovation at SAP Asia/Pacific/Japan. We sat down in two big chairs. Behind us was a massive wall of television screens playing an animation about SAP.

One of the animations read, "SAP: Turns questions to innovations." So, let's start this chapter with a question about SAP and innovation: Where do you think SAP has its research center?

BACKGROUND

Well, if you guessed its research center is at its headquarters in Walldorf, Germany, you would be correct.

But you'd also be right if you answered Montreal, Palo Alto, Vancouver, Belfast, Darmstadt, Karlsruhe, Zurich, Bangalore, Pretoria, Ra'anana, Brisbane, Singapore, Sydney, or Tokyo.

I asked Simon Dale why SAP has 20 research locations in 12 countries. He began by saying, "We are still expanding!" It seemed as though he thought I was suggesting that 20 different research centers was too few! As it turns out, SAP has a very open minded and broad view on innovation.

Basically SAP finds where the world's most interesting academic research is being done, and then opens up a research center targeted on the same theme next to this university, making sure that SAP gets deep, and direct, connections with the world's best experts on this field.

One example of this is how SAP, in cooperation with EDB, recently opened a research center in Singapore focused on urbanization and logistics. SAP is hiring 100 people, of which at least 25 are PhDs, to research new ways to use software to improve the way we build cities and transport things. Of all the places on Earth, they decided to put this research team in a small city state on the equator. This makes perfect sense, since Singapore is one of the most urbanized countries in the world, with the world's best airport and the world's busiest shipping port. By sitting next to these experts, the SAP researchers get close access to the latest research, which they can then channel to the rest of the company—and to SAP customers around the world.

Another example of how SAP puts its research centers near the talent was when SAP decided that China would be the place for their research on the cutting edge work of in-memory computing. Why China? "We built a great team of around 45 Chinese PhDs there. They are the best in the world. We give them free rein to experiment on the new technology, to find new business applications that were not possible before—even dreamed of," explained Simon Dale.

I was very intrigued by SAP's approach to research. Instead of trying to lure the most creative people in the world to their headquarters, SAP turned the question on its head and asked, "Where is the most interesting academic research being done?" Then they put one of their research centers there.

I asked Simon Dale if there were added advantages to the strategy of having so many different research centers dotted around the world rather than just the close connection to world leading experts. He answered, "You won't get real breakthrough innovation if you limit your thinking. You have to have people who think differently. And if you want different thinking, you cannot rely on a single mental model [the Western way of thinking]. If we have Chinese researchers, they think differently from an Indian researcher or an American researcher." He sat back in his big chair and repeated his message to stress his point, "I do not think we should limit ourselves."

Clearly SAP is not limiting itself, and it's apparent the strategy is working. When we were nearing the end of our interview, I asked Simon Dale to describe SAP to me. His reply was simple, "We are the world's largest business software company." And the company is doing great. The share price is currently at its highest since the dotcom craze of 2000, and SAP just reported its best year in its 40-year history.

The company has over 180,000 customers worldwide. Its 55,000 employees are unusually widely spread out around the world. Of its 15,000 developers, approximately 6,000 are in Germany, but more than 2,000 developers are in China, 4,000 in India, and hundreds in Vietnam, Korea, the U.S., other European countries, and so on. SAP is not focusing so much on where they come from, but on what they are doing… and why. With this approach, they can deliver the best solutions in the world by tapping into the best research in the world.

TAKE AWAY

Where is the world's most leading academic research being done on the subjects that are most relevant to your company's future? Do you have your research center next to them? If not, why not?

Notes

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All the World's a Platform

The third wave that changed everything.

SCENE: THE WORLD'S A STAGE

In the play As You Like It by William Shakespeare, the monologue begins with, "All the world's a stage." In contrast, the world's mobile phone operators could pen a play titled, As They Don't Like It, and open with, "All the world's a platform." Let me explain.

BACKGROUND

For years, being a "telco" was a pleasant and comfortable thing. A few local players competed against each other in small, local, lucrative markets.

Then the first wave of global competition set in, when local players started crossing borders to buy a few licenses in other countries, in order to operate in more than one country. At nearly the same time, in a second wave, the telecom industry started merging with Internet, IT, and entertainment industries. Local telcos began adding all kinds of new services, like video-on-demand, city guides, and new communications solutions.

SingTel is typical of a telco that has taken this journey. For most of its 130-year history, it was simply a telephone operator in Singapore. In the mid-90s, it started expanding within the Asia Pacific region, buying interests in major operators in countries such as India, Indonesia and Thailand. SingTel no longer officially calls itself a "telco." Instead, it brands itself as a "multimedia company,"offering a wide range of services including mobile, Internet, television, corporate solutions, and the like.

The group now operates with fully owned companies in Singa-

pore and Australia (Optus). Since the first wave of expansion, it has also become a strategic investor in Telkomsel (Indonesia), Globe Telecom (the Philippines), Advanced Info Service (Thailand), Warid Telecom (Pakistan), PBTL (Bangladesh), and Bharti Airtel (India), which also has significant presence in Bangladesh, Sri Lanka and Africa.

For years now, the telco industry has entered the third wave of global competition where they find themselves fighting huge specialists building global platforms.

To better understand the dynamics of change in this industry, I booked a meeting with Pelle Maerkedahl Larsen, Director of Group Strategy at SingTel. Larsen started our two-hour conversation by saying, "[As a telco] these days you find yourself attacked by the whole world, not just your local competitors. With the [emergence of the] Internet players, the game changed. If you want a good example, just look at the impact WhatsApp, a small startup, had on Dutch operator KPN's SMS revenues."

What Larsen labels "the Internet companies" are companies that are not primarily built around countries, but around using technology to create platforms, or ecosystems, around different parts of our lives, and which do so with a global mindset. He refers to them as "The Facebooks of the world."

He is talking about companies like Amazon, built around creating a platform that makes it easy and convenient to shop for books and other products online, and in the process becoming the world's #1 cloud provider.

Likewise Apple, which is built around creating beautiful, well-designed platforms around our digital life, or Google, which is built

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around creating a platform around the world's information that can be used for advertising. And, of course, we can't forget about Facebook, which is built around creating a platform around social connections.

For a long time, local mobile phone operators thought they could compete with these companies by building local versions of these services. A local book store for one country, a local search engine, a local social network, and so on.

Larsen remarked, "Many of my colleagues used to think that, as long as we as an industry did local products really well, we'd continue to prosper. Before, we would build really advanced things but only be able to market them to, for example, five million people [in Singapore]." He reflected on what he just said and sighed, "It is amazing what kind of investment went into serving a five-million-person market."

Larsen was not saying that SingTel is not an innovative company. "If you look at products like AMPed, or InSing, or deFind, or our PowerOn cloud services, they are really nice products. They were in many cases, the first to market here, and there were—and still are in many cases—no local[ized] equivalents." Then he explained, "But building very good local products is now the wrong perspective to use, as your competitive benchmark should be 'best in the world.'"

SingTel is now competing with companies that make global platforms really well and then localize them. Companies that can access tens of thousands of developers around the world, and thousands of partners working together to expand the platform. Think, for example, of Apple's App Store or Google Play, with legions of app developers and hundreds of thousands of products.

So when did the telcos start to realize what was going on? When operators realized customers didn't want to use the closed, controlled mobile portals that the operators were building. They wanted the freedom to go out to the Internet and choose by themselves.

Larsen chuckled at how his industry thought they could compete with services like YouTube by building their own local video-sharing sites accessible only by their own customers.

"We [as an industry] are where we are because a lot of people slept through a technological revolution, and did not take advantage of the web and the cloud to build global platforms and go global with them. In a way, you might say we were not the giant ruling a country that we thought we were—instead we were a sitting duck to the new global Internet players."

Reflecting on a lot of the services that local telcos have launched over the years, Larsen continued, "We have lost a lot of battles needlessly through this local mindset. As an example, at my previous company, with just a few months of development we built a cloud-based virtual operator platform that enables the launch of a mobile service in multiple countries in seconds, not months. We could have built this years earlier if people had seen the potential. But the thought that you don't need much of a local network and can run millions of transactions or messages over a cloud service somewhere in the world was heresy to many. Yet that is exactly what WhatsApp is doing now. Any telco could probably have done the same, but they were likely too busy thinking about their local 'home turf' of SMS revenue to imagine going global with a messaging platform."

It turned out that SingTel was not ready to throw in the towel just yet. I met with Pelle Maerkedahl Larsen one day after SingTel announced a huge reorganization across all its companies. The new organization is not structured around national borders—but around functions. There are three main groups:

The consumer group (focused on consumers)

The ICT group (focused on corporate services)

The digital life group (focused on developing new global products).

Larsen explained, "One of the key messages with the new organization is: You may have worked in Singapore for Singapore before, but now you have to work with your Australian colleague or your colleague in Karachi… We need to send a message that you cannot continue with this mindset of thinking about just 'my market.' Anything we build will be built to be, at a minimum, marketed regionally. And everything we build should be able to be used globally."

This was obviously a huge change in how SingTel viewed itself. I asked why SingTel was doing this. Larsen replied, "Yes, this is a big step. But we need to create a global growth platform offering for the global market. There is one way to respond, and that is to grow as quickly as possible in that direction. The world is moving to a set of global platforms. Only a few local experts will survive. There is no escape—to compete, you must do the same. As a group we can access 430 million customers across Asia. If we start leveraging that as a platform, we'll be in the same league as Google's Gmail (350 million users). And that is what we are working on now."

One example of how SingTel is not just talking: The company recently bought Amobee. Amobee is not exactly next door to

SingTel. It's an 18-hour flight away from Singapore, in San Francisco. And it is not a mobile operator, but a mobile advertising company, with 120 employees. It was obviously not bought to simply increase SingTel's mobile operators in Asia, but to help the company become a global player in the booming industry of mobile marketing.

Most mobile phone users might not have fully understood the changes happening in the background, in the dynamic mobile/Internet/IT/media industry. However, for operators like SingTel, the change is real. The consumer may not (yet) be living in a global world. But the operators increasingly are.

The day after the interview with Pelle Larsen, I got an email from him that summarized our discussion clearly. It read, "Reflecting a bit more on lessons learned, I guess the key thing we came to [during our talk] yesterday is that if you are on a playing field that is getting globalized in some form, the best way to respond is to globalize yourself as fast as possible. Telco's may have been giants in their countries, but are dwarfs compared to Apple and Google and the ecosystems growing around them."

"With global platforms, partnerships and alliances we will build the scale needed to respond. If you look at our recent move in advertising [including the acquisition of Amobee], our ambition is to be the #3 mobile marketing player worldwide and #1 in Asia. That's the mindset we need to drive. You don't do that in an organization [structured] around countries."

TAKE AWAY

Are you on a playing field that is being globalized in some form? How are you responding? How are you organized? What is your strategy to respond to a market with a new kind of competitor?

It's Not a Small World — It's a MINI World

How one car brand moved into a global position.

SCENE: THE MINI OFFICE IN GERMANY

It was Friday afternoon in the MINI office in Germany where Jörg Dohmen was sitting in his office. It had just become Saturday morning in Singapore, and I'd just come home from an evening out with friends. Before Jörg could call it a day, and before I could call it a night, we needed to make one more phone call. We picked up our phones to have a conversation about brand history and globalization from a MINI perspective.

BACKGROUND

Jörg Dohmen is Brand Strategy Manager for MINI, the small, and very successful, car favored by modern metropolitan city dwellers around the world. This cute little car has 4.3 million fans on its various Facebook pages, and 285,000 of those cute little cars were sold in 2011.

I started our conversation by asking him a question, "To many people, most car companies are very much connected to a country—Japanese cars, American cars, German cars, and so on. How do you approach that at MINI?"

He replied, "We are not limited to one country. We are proud to be an international brand, certainly with British roots."

Jörg explained that, when they re-launched the MINI in 2001, being perceived as a British car was not a good thing. "At that time there was a saying that went, 'You need two British cars in order to have one running.'"

So MINI wanted to distance itself from the perception of being British. But, of course, it did not do that by trying to become a "German brand." MINI is owned by BMW—and some might therefore argue, more or less angrily, that "the Germans stole the MINI brand from the British." But Jörg doesn't give much credence to arguments like that. "The thinking of 'one car = one country' is an old story, and an old discussion," he said.

MINI moved on. Because the world did.

"It is a new business battleground." Jörg said and he then went on to explain how the car industry is becoming increasingly more global. There are people of over 70 nationalities at their plant in Oxford. The MINI is sold in over 100 countries. The MINI Countryman is made in Graz, Austria; the diesel engine, developed by the BMW Groups R&D center in Munich, is made by PSA in France; a wide variety of products in the car are made by international parts suppliers like Bosh, Magna, and so forth. Parts in a MINI can be traced to production facilities in a long list of countries—and a lot of the design is done at the BMW Group's office in Germany.

Jörg himself is an example of the new "internationalism" of the car industry. He was born in Germany, studied in France, Barcelona and Toronto, sits in Germany, and has a British boss. Fittingly, he oversees the global brand strategy of the MINI.

"MINI is inviting, warm hearted and unconventional. It is all of that. But it is not a one-country brand," he explained.

Jörg provided me with examples of how they managed the transition from British to global while remaining proud of their heritage.

They took the iconic MINI with the Union Jack flag on its roof, and launched MINIs sporting flags of 26 other countries. During the FIFA World Cup in Germany, they lent out MINIs for one night to people from around the world so that they could drive around waving their home country flags in celebration of their own country's national team, communicating, not a specific country, but the brand values of the MINI—"inviting," "warm hearted" and "welcoming." Making the MINI global did not weaken the brand, according to Jörg Dohmen, "Disconnecting ourselves from a specific country made us more independent. It has strengthened the brand."

I ended our phone call by asking the Brand Strategy Manager of MINI what the next step is for a global brand like his. He laughed and shouted, "Let's go to Mars!" It was obviously a joke, but it was a joke from someone who doesn't let national borders define what is, or is not, possible.

My biggest take away from the conversation I had with Jörg Dohmen was how he looked at branding from the point of where you are more than where you came from. He said, "When you define your brand identity, you need to identify what it stands for [right now] and then execute on those strengths. Yes, we are proud of our British heritage, but a brand has to be not so much about where you come from, but what you are—and where you are going."

TAKE AWAY

In a sense a brand is like a person. You need to remember where you came from, but it is more important to remember who you are—and to remember where you are going.

Where are you from? Where are you now? Where are you going?

Notes

"One World, One Company, One OS." Microsoft

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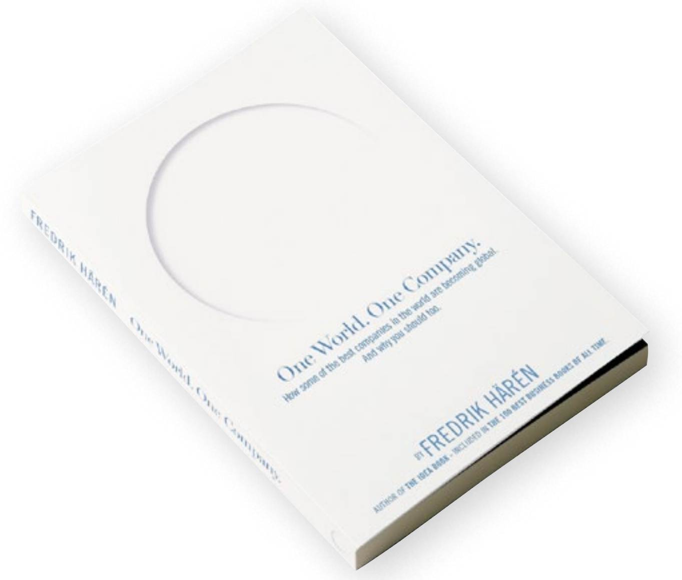

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