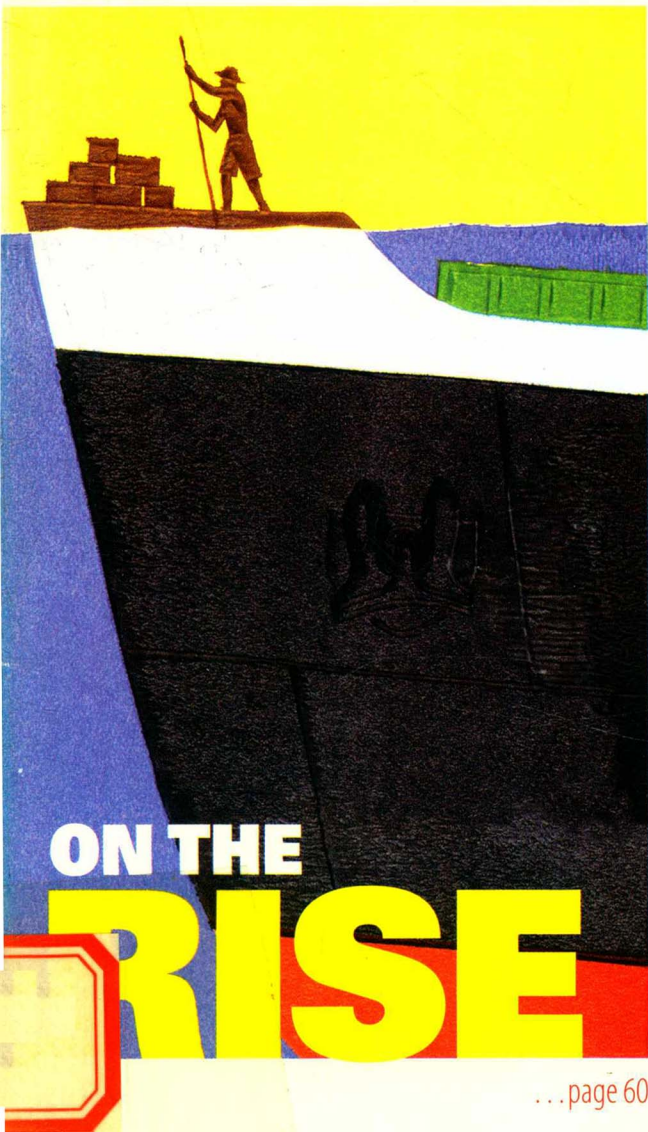


Harvard Business Review

www.hbr.org



October 2006



...page 60

- 60 **Emerging Giants: Building World-Class Companies in Developing Countries**
Tarun Khanna and Krishna G. Palepu
- 72 **The Tools of Cooperation and Change**
Clayton M. Christensen, Matt Marx, and Howard H. Stevenson
- 82 **THE HBR INTERVIEW**
Ideas as Art
James G. March
- 92 **Strategies for Two-Sided Markets**
Thomas Eisenmann, Geoffrey Parker, and Marshall W. Van Alstyne
- 102 **Meeting the Challenge of Corporate Entrepreneurship**
David A. Garvin and Lynne C. Levesque
-
- 20 **FORETHOUGHT**
- 37 **HBR CASE STUDY**
What Serves the Customer Best?
Paul F. Nunes and Woodruff W. Driggs
- 53 **DIFFERENT VOICE**
Sleep Deficit: The Performance Killer
A Conversation with Harvard Medical School Professor Charles A. Czeisler
- 114 **BIG PICTURE**
Can Science Be a Business?
Lessons from Biotech
Gary P. Pisano
- 126 **What Business Are You In?**
Classic Advice from Theodore Levitt
- 146 **EXECUTIVE SUMMARIES**
- 152 **PANEL DISCUSSION**



In a **people**  **ready** business, ROI stands for



October 2006

60 Emerging Giants: Building World-Class Companies in Developing Countries

Tarun Khanna and Krishna G. Palepu

Western, Japanese, and South Korean companies appear to hold near-insurmountable advantages over businesses in newly industrializing countries—primarily because of their access to vast reservoirs of finance and talent. But some emerging-market companies are turning perceived disadvantages into business opportunities and competing successfully at home and abroad. Here's how.



72 The Tools of Cooperation and Change

Clayton M. Christensen, Matt Marx, and Howard H. Stevenson

Employers can use all kinds of tools to get their employees to cooperate with a major change program, from vision statements to financial incentives to threats. Choosing the right cooperation tool starts with knowing to what extent employees agree on two crucial issues: what they want out of the organization and how to get it.

82 THE HBR INTERVIEW Ideas as Art

James G. March
Interviewed by Diane Coutu

Stanford University's James March shares his thinking on aesthetics, leadership, the role of folly, and the irrelevance of relevance.



92 Strategies for Two-Sided Markets

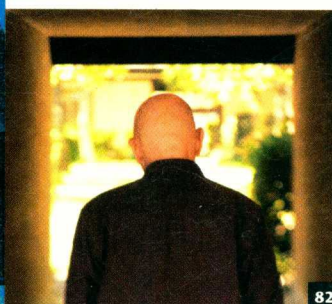
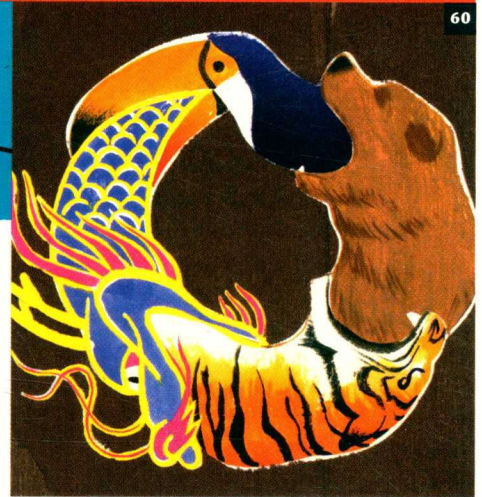
Thomas Eisenmann, Geoffrey Parker, and Marshall W. Van Alstyne

Many of the blockbuster products and services that have redefined the global business landscape tie together two distinct groups of users in a network. Credit cards link consumers and merchants; search engines connect Web users with advertisers. The distinct character of these two-sided network businesses demands a new approach to strategy.

102 Meeting the Challenge of Corporate Entrepreneurship

David A. Garvin and Lynne C. Levesque

To grow innovative emerging businesses, companies must effectively blend new traits with old ones. They can do that by performing balancing acts in three crucial areas: strategy, operations, and organization.



continued on page 10

October 2006

12 COMPANY INDEX

14 FROM THE EDITOR Fair Business Is as Fair Business Does

Western companies expect to be treated fairly as they expand into emerging markets like China, India, and Brazil. Staring them in the face at home, however, is the stock-option-dating scandal. Shouldn't decency translate equally across cultures and economies?

20 FORETHOUGHT

The nationality of firms is becoming more, not less, clear...When so-called best practices fail to deliver...Indians are getting more materialistic...No one likes a perfect brand...Sending consistent corporate messages...Online shopping in 3-D...Following in the footsteps of an icon...Is the globalization apocalypse upon us?

37 HBR CASE STUDY What Serves the Customer Best?

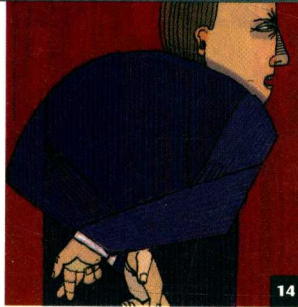
Paul F. Nunes and Woodruff W. Driggs

Whiskey maker Glenmeadie is facing a trade-off: Front-office innovations are increasing sales and customer loyalty. But by siphoning money away from product innovation, they might produce the opposite effect in the long term.

53 DIFFERENT VOICE Sleep Deficit: The Performance Killer

A Conversation with Harvard Medical School Professor Charles A. Czeisler

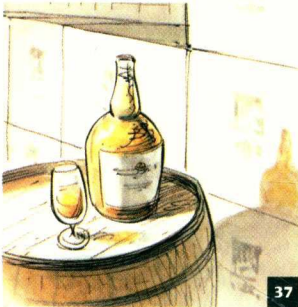
Corporations try to protect employees with rules against workplace smoking, drinking, drugs, sexual harassment, and so on. Yet they keep asking people to work too hard, too long, and with too little sleep. The toll on morale and performance can be significant. So why are so few companies doing anything about it?



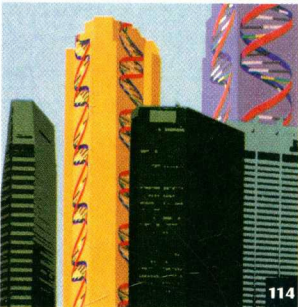
14



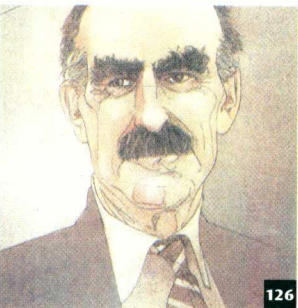
20



37



114



126

90 STRATEGIC HUMOR

114 BIG PICTURE Can Science Be a Business? Lessons from Biotech

Gary P. Pisano

The birth of biotechnology created high hopes for a revolution in drug R&D. Three decades later, those hopes are largely unrealized. Can companies that conduct basic scientific research as a core activity be profitable? Yes—with a different anatomy.

126 What Business Are You In? Classic Advice from Theodore Levitt

An early proponent of the need for companies to focus on customers, Theodore Levitt was one of business's great minds. Read excerpts from six of his most influential HBR articles.

139 LETTERS TO THE EDITOR

Consumer-directed health plans don't necessarily create any true savings for the U.S. health care system. They only help employers shift the responsibility and the cost of health care to their employees.

146 EXECUTIVE SUMMARIES

152 PANEL DISCUSSION On Stage

Don Moyer

For a leader, there's no such thing as a casual conversation.

Are your people ready?

Where do new products come from? How about new services? Or new and better ways of working? A people-ready business has the answer: It's people, empowered by the right software. Software that streamlines the creative process, organizes the production process, and connects people who have ideas with people who can manufacture, distribute, and sell them. That's the foundation of a successful business. A people-ready business. Microsoft.[®] Software for the people-ready business.SM microsoft.com/peopleready

Your potential. Our passion.[™]

Microsoft[®]



"return on imagination."

试读结束，需要全本请在线购买 www.ertongbook.com

023804

64

HU

HUMAN

7E+09

DISCOVERING CHEMISTRY ON HUMAN TERMS. The Human Element has always

been there. We just put it on the Periodic Table. A simple thing that changes everything.



Suddenly, we see the whole world of science turning on the issue of solving human

problems. From addressing the challenges of climate change to providing



a glass of clean water. Anything is possible when you empower the Human Element.

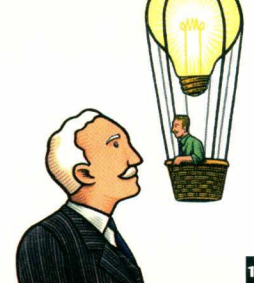
DRAWN TO THE EXTRAORDINARY.

Elevate your perspective at landroverusa.com.

Point Conception, California
July 24, 2006

THE NEW RANGE ROVER FOR 2007 DESIGNED FOR THE EXTRAORDINARY





October 2006

60 Emerging Giants: Building World-Class Companies in Developing Countries

Tarun Khanna and Krishna G. Palepu

Western, Japanese, and South Korean companies appear to hold near-insurmountable advantages over businesses in newly industrializing countries—primarily because of their access to vast reservoirs of finance and talent. But some emerging-market companies are turning perceived disadvantages into business opportunities and competing successfully at home and abroad. Here's how.

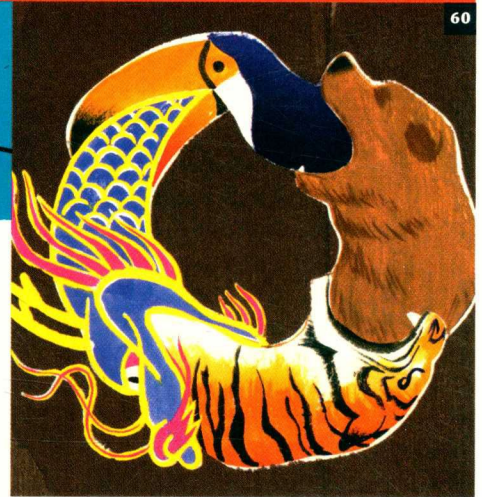


92

72 The Tools of Cooperation and Change

Clayton M. Christensen, Matt Marx, and Howard H. Stevenson

Employers can use all kinds of tools to get their employees to cooperate with a major change program, from vision statements to financial incentives to threats. Choosing the right cooperation tool starts with knowing to what extent employees agree on two crucial issues: what they want out of the organization and how to get it.



60

82 THE HBR INTERVIEW Ideas as Art

James G. March
Interviewed by Diane Coutu

Stanford University's James March shares his thinking on aesthetics, leadership, the role of folly, and the irrelevance of relevance.

92 Strategies for Two-Sided Markets

Thomas Eisenmann, Geoffrey Parker, and Marshall W. Van Alstyne

Many of the blockbuster products and services that have redefined the global business landscape tie together two distinct groups of users in a network. Credit cards link consumers and merchants; search engines connect Web users with advertisers. The distinct character of these two-sided network businesses demands a new approach to strategy.

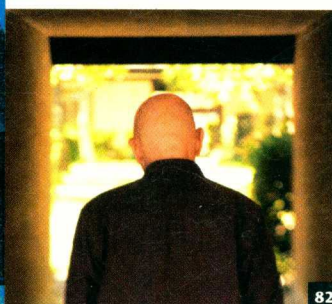
102 Meeting the Challenge of Corporate Entrepreneurship

David A. Garvin and Lynne C. Levesque

To grow innovative emerging businesses, companies must effectively blend new traits with old ones. They can do that by performing balancing acts in three crucial areas: strategy, operations, and organization.



72



82

continued on page 10

The #1 killer of teenagers *doesn't have a trigger.*



IT HAS A STEERING WHEEL.



Motor vehicle crashes are the #1 cause of death for teens in America. They take nearly 6,000 lives and injure another 300,000 every year. Those numbers remain unacceptably high, despite safer cars, better roads and decades of safe-driving programs. We think it's time for a change.

So The Allstate Foundation has developed a new, nationwide program: "Keep the Drive." It mobilizes teens to become safe-driving activists by involving them in designing a new safe-driving program. And it uses the power of peer influence to help teens think and act smarter every time they get into a car — as a driver or a passenger.

Peers are some of the most important influences in getting teens to drive more safely. "Keep the Drive"

can help them realize that smart driving is the key to keeping their licenses, their cars, their friends and their futures.

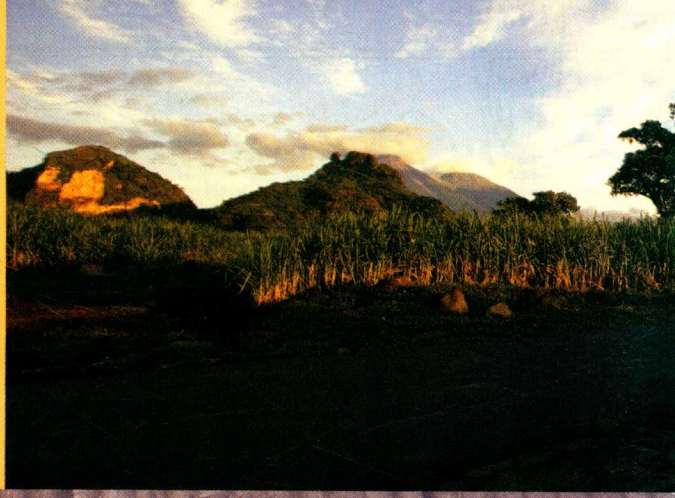
To learn more about this issue and what you can do to help, go to Allstate.com/community

If you're a parent, you'll also find a link to the Allstate Parent-Teen Driving contract. Use it to help you and your teen set driving limits and make smarter decisions on the road.

It's time to make the world a better place to drive.
THAT'S ALLSTATE'S STAND

Auto
Home
Life
Retirement





WE CREATED A
SUPPLY CHAIN
THAT GOES
WHERE TRUCKS
ONLY DREAM OF.

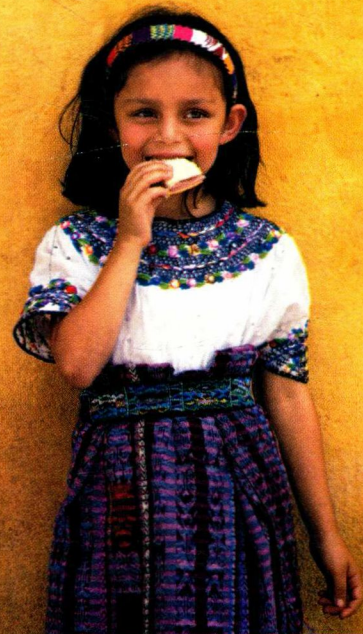
TIENDA
LA
ESPERA





On thousands of narrow streets in cities and villages all over Central America, you'll find tiendas ... tiny stores selling groceries and essentials. Food companies face a unique challenge delivering refrigerated foods to these out-of-the-way places. So Cargill's supply chain specialists fit a solution to the need. Sales representatives travel on maneuverable motorcycles equipped with iceboxes and handheld computers... delivering the products tiendas need, when they need them. Proving that a delivery system doesn't have to be big to be efficient. This is how Cargill works with customers.

collaborate > create > succeed



Cargill™

Nourishing Ideas. Nourishing People.™

October 2006

12 COMPANY INDEX

14 FROM THE EDITOR Fair Business Is as Fair Business Does

Western companies expect to be treated fairly as they expand into emerging markets like China, India, and Brazil. Staring them in the face at home, however, is the stock-option-dating scandal. Shouldn't decency translate equally across cultures and economies?

20 FORETHOUGHT

The nationality of firms is becoming more, not less, clear...When so-called best practices fail to deliver...Indians are getting more materialistic...No one likes a perfect brand...Sending consistent corporate messages...Online shopping in 3-D...Following in the footsteps of an icon...Is the globalization apocalypse upon us?

37 HBR CASE STUDY What Serves the Customer Best?

Paul F. Nunes and Woodruff W. Driggs

Whiskey maker Glenmeadie is facing a trade-off: Front-office innovations are increasing sales and customer loyalty. But by siphoning money away from product innovation, they might produce the opposite effect in the long term.

53 DIFFERENT VOICE Sleep Deficit: The Performance Killer

A Conversation with Harvard Medical School Professor Charles A. Czeisler

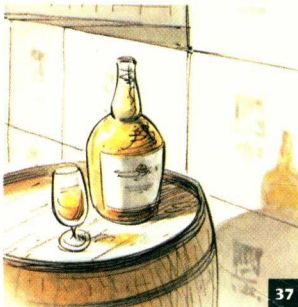
Corporations try to protect employees with rules against workplace smoking, drinking, drugs, sexual harassment, and so on. Yet they keep asking people to work too hard, too long, and with too little sleep. The toll on morale and performance can be significant. So why are so few companies doing anything about it?



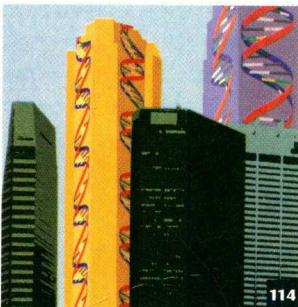
14



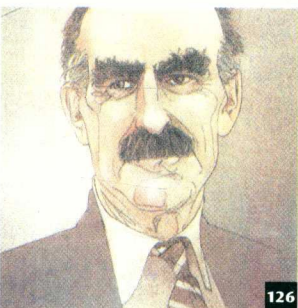
20



37



114



126

90 STRATEGIC HUMOR

114 BIG PICTURE Can Science Be a Business? Lessons from Biotech

Gary P. Pisano

The birth of biotechnology created high hopes for a revolution in drug R&D. Three decades later, those hopes are largely unrealized. Can companies that conduct basic scientific research as a core activity be profitable? Yes—with a different anatomy.

126 What Business Are You In? Classic Advice from Theodore Levitt

An early proponent of the need for companies to focus on customers, Theodore Levitt was one of business's great minds. Read excerpts from six of his most influential HBR articles.

139 LETTERS TO THE EDITOR

Consumer-directed health plans don't necessarily create any true savings for the U.S. health care system. They only help employers shift the responsibility and the cost of health care to their employees.

146 EXECUTIVE SUMMARIES

152 PANEL DISCUSSION On Stage

Don Moyer


For a leader, there's no such thing as a casual conversation.


Available on select flights from BOS, EWR, IAD, JFK, ORD, PHL, YYZ ©2006 British Airways Plc



Dine pre-flight and sleep longer in-flight.

The best service anticipates your needs. To give you an extra hour of sleep in business class, we welcome you with gourmet meals before you fly. It's part of The Sleeper Service,SM allowing you to go straight to sleep in our more comfortable flat beds right after takeoff. Our goal is simple: to deliver the best service you could ask for, without you having to ask. Whether you're enjoying pre-flight champagne, or more flights when you need them, we think you'll find our business class like no other.

 Visit ba.com/clubworld

Business class is different on **BRITISH AIRWAYS** 

Organizations in this issue are indexed to the first page of each article in which they are mentioned. Subsidiaries are listed under their own names.

AB Electrolux	60	Guangdong Galanz Group	60	RealNetworks	92
Accenture	60	Haier Group	60	Roche	114
Adobe Systems	92	Hangzhou Wahaha Group	60	RR Donnelley	102
Agora	60	Harrods	37	SABMiller	60
Akbank	60	Hartmann Incorporated	37	S.A.C.I. Falabella	60
Allied Domecq	37	Henkel	102	Safeway	126
American Apparel	20	Hero Honda	20	Samsung	20, 92
American Express	92	Hewlett-Packard	60, 72, 92	Sanofi-Aventis	53
Amgen	114	Home Depot	60, 102	Satyam Computer Services	60
Apple Computer	72, 92	Hoover	126	Shanghai Baosteel Group	60
Ashland	102	Huawei Technologies	60	Shell Group	20, 92
AT&T	114	Hutch	20	Skype	92
Autobytel	92	IBM	72, 92, 102, 114	Sony	92
Ayala Group	60	InBev	60	Southdale Center	92
Bajaj Auto	20	Infosys Technologies	20, 60	Southland	126
Bank One	72	Intel	72, 102	Sprint	92
BellSouth	92	Interbrew	60	Standard & Poor's	20
Best Buy	60	Intuit	102	Staples	102
Bharti Tele-Ventures	60	Inventec	60	Starbucks	102
Bill & Melinda Gates Foundation	114	ITC Limited	60	Sun Microsystems	92
Biogen Idec	114	JD Power and Associates	60	Symbol Technologies	92
Bloomingdale's	37	Johnson & Johnson	20, 114	Takeda	53
Boeing	102	Jollibee Foods	60	Tata Group	20, 60
Broad Institute	114	JPMorgan Chase	72	Teva Pharmaceutical Industries	60
Bunge	60	Kaiser	92	3M	102
CareerBuilder	92	KFC	60	Time Warner	92
Carrefour	60	Koç Group	60	Toshiba	60, 92
Cemex	60	Kodak	102	Toyota	60, 92
Cephalon	53	Lenovo Group	60	Türkiye Garanti Bankasi	60
Cetus	114	Linksys	92	Unilever	20
Chiron	114	Livingston Healthcare Services	102	UPS	102
Cingular Wireless	92	L.L. Bean	102	Verizon	92
Cisco Systems	92, 102	Lucent Technologies	102	VF Corporation	37
Citibank	60, 82	Mahindra & Mahindra	60	Visa	92
Companhia de Bebidas das Américas (AmBev)	60	Mall of America	92	Volvo	53
Continental Airlines	72	McDonald's	60	Wal-Mart	20, 60
Covisint	92	Menlo Worldwide Forwarding	102	WellPoint	92
Cox Enterprises	60	Merck	114	Whirlpool	60
Craigslist	92	Michael J. Fox Foundation		Wipro	60
DaimlerChrysler	60	for Parkinson's Research	114	Xerox	102, 114
Dell	20, 72, 92	Microsoft	72, 92, 102	Yahoo	92
Doğuş Group	60	Mitsukoshi Limited	37		
Dr. Reddy's Laboratories	60	Monster	92		
Dubai Ports World	20	Multiple Myeloma Research Foundation	114		
Dunkin' Brands	37	Nandos	60		
DuPont	102	National Institutes of Health	114		
Eastern Air Lines	72	NCR	92		
eBay	92	Netscape	72, 92		
Electronic Arts	92	New York Stock Exchange	82		
Electronic Data Systems	60	New York Times Company	20		
Eli Lilly	114	NIIT Technologies	60		
Emerge Logistics	60	Nokia	20, 102		
Enron	102	Novartis	114		
Exxon Mobil	92, 102	Old Mutual	60		
FedEx	20	Overture	92		
Ford	20, 53, 102	PayPal	92		
FreePC	92	PepsiCo	20		
Genentech	114	Philips	20		
General Electric	60, 72, 102, 114, 126	Polaroid	102		
General Motors	20, 60, 92, 102, 126	Pollo Campero	60		
Genzyme	114	Procter & Gamble	72, 102		
Godrej	20	Prostate Cancer Foundation	114		
Google	72, 92	Ranbaxy Laboratories	60		

AUTHOR AFFILIATIONS

Accenture	37
<i>Annals of Improbable Research</i>	20
Boston Pops	20
Boston University	92
Dartmouth's Tuck School of Business	20
Dunkin' Brands	37
Gallup Organization	20
Glen Avenue Communications	20
Hartmann Incorporated	37
Harvard Business School	20, 60, 72, 92, 102, 114
Harvard Medical School	53
IESE Business School	20
Marketspace	37
MIT	92
Stanford University	82
Tulane University's A.B. Freeman School of Business	92
University of Massachusetts	20
Utah Symphony	20
VF Corporation	37



TRUST.

At Perot Systems, earning our clients' trust is not just a goal — it is what distinguishes us in our industry. With a global network of more than 18,000 associates, and a deep portfolio of consulting, applications, business process, and IT infrastructure services, we are trusted by organizations around the globe for solutions that help control costs, optimize efficiency, and cultivate growth.

Discover how Perot Systems can help lift your business to new heights. Call us at 1 888 317 3768, or visit www.perotsystems.com.

For tips on building greater trust, download our popular white paper "Avoiding the Seven Deadly Sins of Outsourcing Relationships" at www.perotsystems.com/thoughtleadership.