

Asia 2.0

AAPBS Conference

June 2012

3 Big Themes



The Macro Environmental Forces



The Asian Leadership Talent Pool



The Skills Required to succeed in Asia 2.0

Asia 1.0 : From 1990 to 2005 the basic Asian growth narrative had been remarkably simple



- Export Driven Growth
- Fueled by Easy Credit and western consumers on a spending spree
- Production and Services back office
- Global products for Asian consumers

CHAIN GOT BROKEN DURING THE FINANCIAL CRISIS

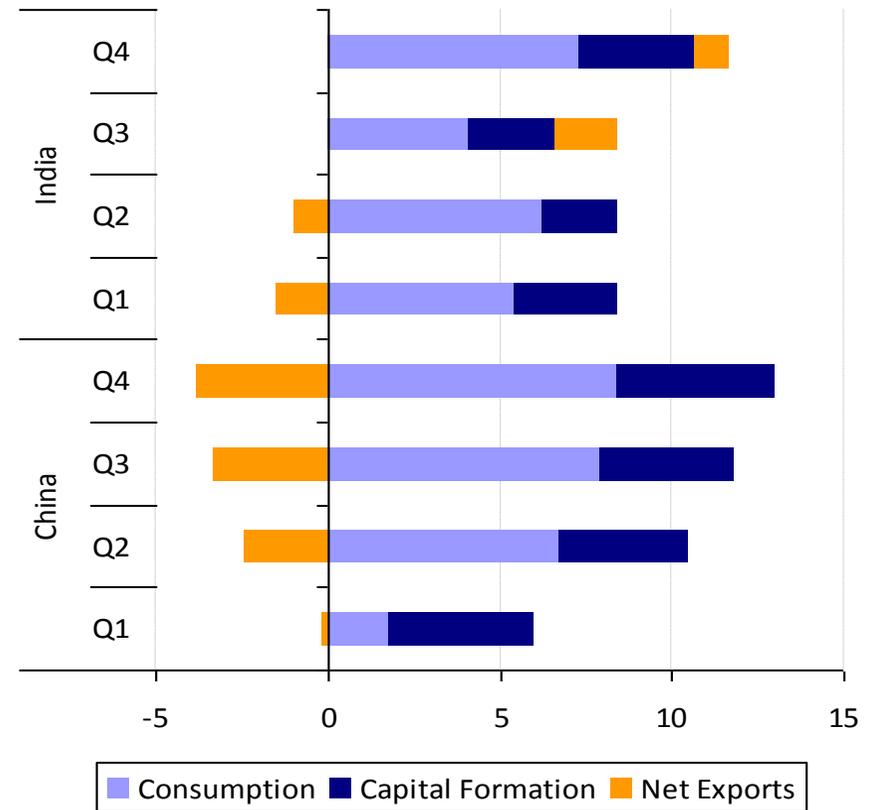
Asia has since recovered quickly ... but the new world is different

On the surface, Asia's growth looks secular ...

	2008	2009	2010	2011
China	9.6	8.7	10.0	9.9
India	7.3	5.7	8.8	8.4
Asia	5.2	3.5	6.9	7.0
US	0.4	-2.4	3.1	2.6
EU	0.6	-4.1	1.0	1.5

Source: IMF, World Economic Outlook, April 2010
ADB, Momentum for Sustained Recovery, 2010

... but the composition of GDP growth in 2009 tells a different story



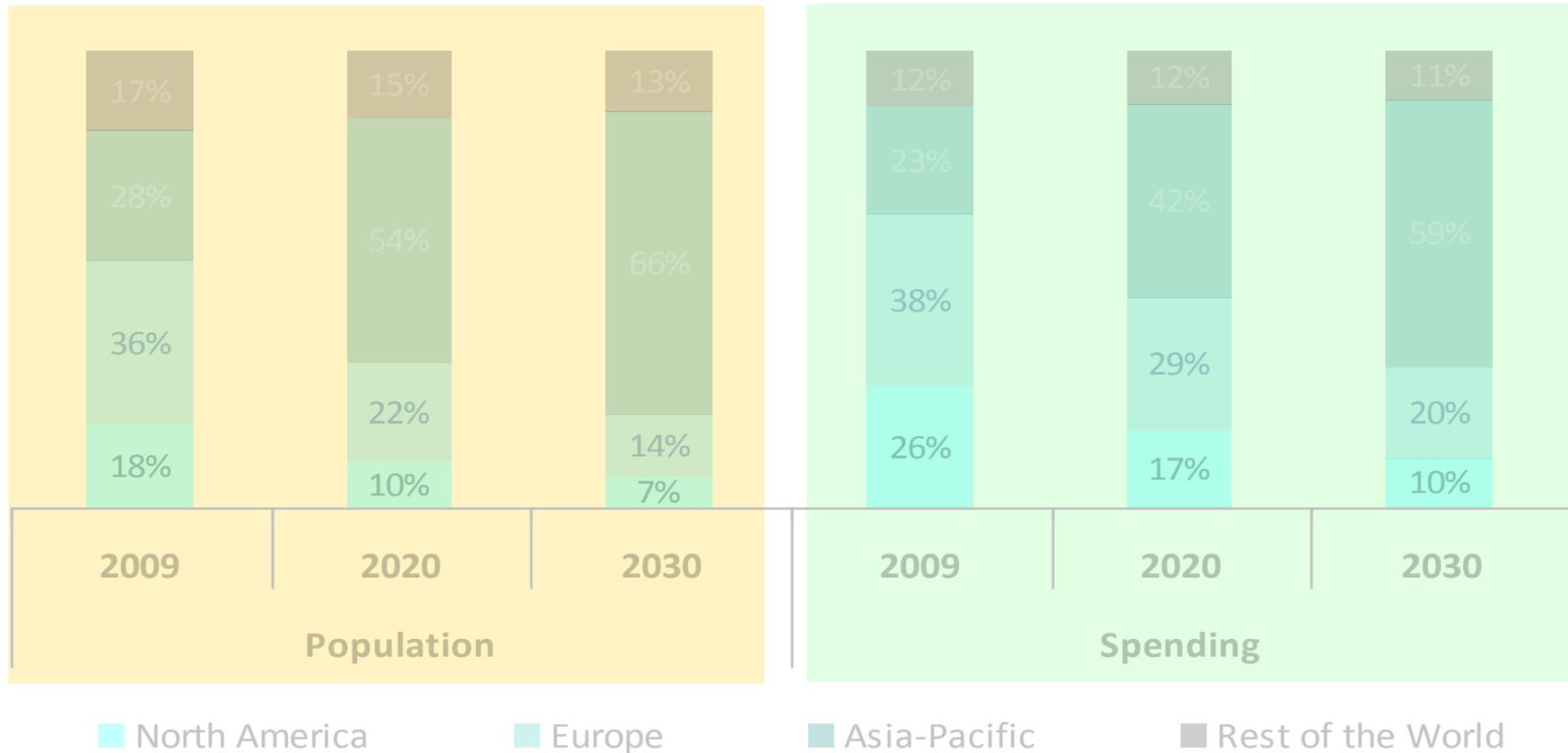
Asia 2.0 will be characterized by 3 shifts



	Asia 1.0 <i>(1990 to 2010)</i>	Asia 2.0 <i>(2010 to 2020)</i>
CONSUMER SHIFT	Serving the western consumer with goods and services produced in Asia	Understanding the emerging Asian consumer and serving local needs
INNOVATION SHIFT	Building production capacity to deliver cost efficiencies to western brands and consumers	Building innovation capacity to create new products, services and brands for the emerging consumer
WORKFORCE SHIFT	The ability to hire and retain a productive workforce, skilled to deliver to specifications	The ability to hire, engage and nurture a creative talent pool, skilled to deliver new ideas and solutions

... and Asia's middle class is set to grow at an unprecedented rate over the next 2 decades

% of World's Middle Class : Population and Spending (PPP 2005 USD)

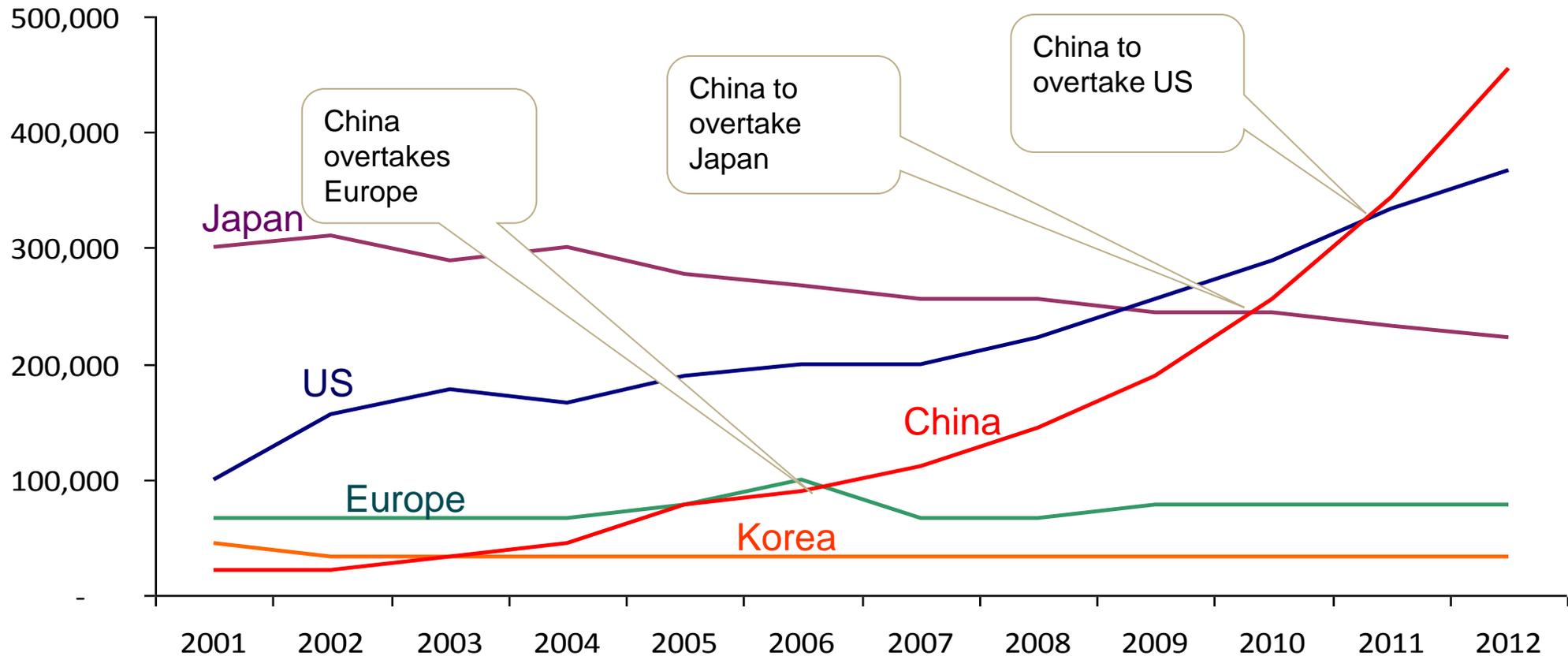


Source : The New Global Middle Class: A Cross-Over from West to East, Homi Kharas and Geoffrey Gertz, Wolfensohn Center for Development at Brookings, 2010

INNOVATION SHIFT : The Asian Innovation Model is beginning to work ...

of Basic (Domestic) Annual Patent Filings

Forecast →



Source : Thomson-Reuters, "Patented in China", 2008

... and a new wave of innovative products are emerging from Asia



Tata Nano : the \$3,000 car was conceived and developed in India



LG LX9500 : the world's first 3D LED TV



Mac 400 : a hand-held cardiogram (\$800) developed by GE in India



Kaohsiung Stadium : World's first solar powered stadium – in Taiwan



The USB Credit Card
: developed by Shinhan Card in Korea



Eko Hybrid: World's first hybrid 2-wheeler (\$500) – in Bangalore



F1 Night Race : World's first night race in Singapore



Harmony Express: World's fastest train (394 kmph) in China

WORKFORCE SHIFT : Asia is home to an increasingly global and talented workforce ...



- China alone is home to more than 1200 foreign invested R&D centers (according to the Ministry of Commerce), creating more than 1.5 million high end, knowledge-intensive jobs in the country over the next 3 years.
- Novartis, for example, plans for invest more 1 billion USD over the next 5 years in its R&D center in China, creating the largest comprehensive R&D facility in the country
- 35% of Accenture's global workforce is estimated to be working from India
- Cisco is building its 2nd global headquarters in Bangalore, shifting 100's of senior, global governance and strategic roles to Asia.
- Companies like Huawei, Acer, Infosys, Wipro, Tata Group and LG are fundamentally re-shaping their talent management capabilities to be able to attract, develop and nurture leaders with a new set of global management skills and multi-cultural mindset.

Navigating Asia 2.0 : Strategies and Implication

Asia 2.0 – Understanding the Capability Implications of the New Growth Paradigm

MARKET SHIFTS	ASIA 2.0 CAPABILITIES
CONSUMER SHIFT	<ul style="list-style-type: none"> - Consumer insight – understanding the emerging customer - Building and leveraging brand equity - Re-shaping value propositions for diverse segments - Strategic pricing targeted at emerging income segments - Managing across a portfolio of products and businesses
INNOVATION SHIFT	<ul style="list-style-type: none"> - Managing innovation cycles and disruptive innovation - Commercialization of innovation in emerging markets - Collaboration and co-development - IP management and protection - Global relevance of local innovation
WORKFORCE SHIFT	<ul style="list-style-type: none"> - Ability to develop and retain knowledge-intensive talent - Creating a learning environment - Talent magnet – creating a talent brand that attracts and retains the best - Multi-cultural management - Leadership skills to engage and motivate high-end talent

Companies are responding : moving closer to the emerging customer base

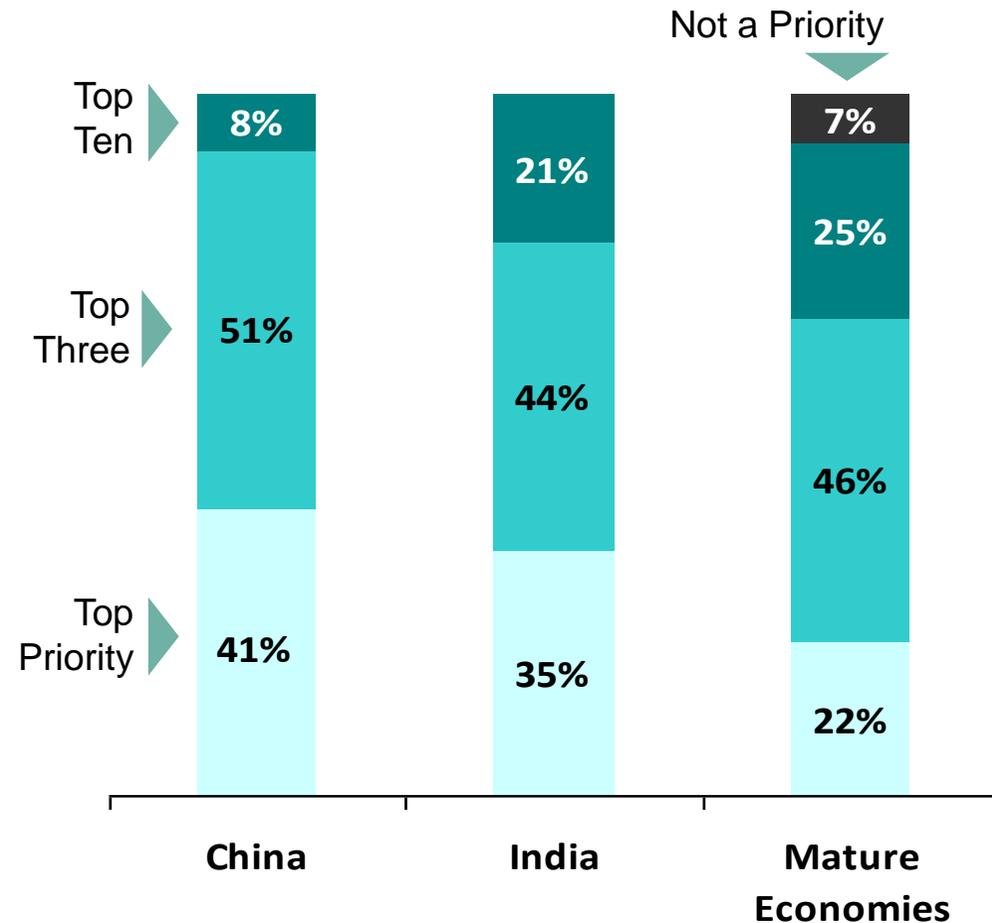
- ABB Group: Global robotics business HQ to Shanghai (2005)
- Cisco Systems : 2nd 'global headquarters' in Bangalore (2006)
- Honeywell : Electronics Materials Business HQ to Shanghai (2007)
- Standard Chartered Bank : Global Private Banking HQ to Singapore (2008)
- Rolls Royce : Global Marine Business HQ to Singapore (Mar '09)
- Medtronic : Medtronic International HQ to Singapore (Dec '09)
- Paypal : Paypal International (non-NA) HQ to Singapore (Feb '10)
- HSBC : Chief Executive moves to Hong Kong (Feb '10)
- Thomson Reuters : Global Investment and Advisory to Asia (Mar '10)
- Wynn Resorts : actively considering moving global HQ to Macau (Apr '10)

Companies are responding ... increased focus on innovation and R&D Spending

Asian companies in the Top 50 Global Innovators 2010

- Toyota Motors, Japan
- Honda Motor Company, Japan
- Fast Retailing Company, Japan
- Nintendo, Japan
- Sony Corporation, Japan
- LG Electronics, Korea
- Samsung Electronics, Korea
- Hyundai Motor Company, Korea
- BYD Company, China
- Haier Electronics, China
- China Mobile, China
- Lenovo, China
- HTC Corporation, Taiwan
- Tata Group, India
- Reliance Industries, India

Companies placing priority on innovation



Source : BCG Business Week, Innovation 2010

The rise of the Local Enterprise as the employer of choice is amazing...

TOP COMPANIES FOR LEADERS IN ASIA PACIFIC

2011	2010	2009
1. Aditya Birla Management Corp. Pte. Ltd. (India)	1. Hindustan Unilever Limited (India)	1. ICICI Bank Ltd (India)
2. Hindustan Unilever Ltd. (India)	2. Infosys Technologies Ltd. (India)	2. China Mobile Communications Group Shanghai Co. Ltd. (China)
3. ICICI Bank Ltd. (India)	3. Australia & New Zealand Banking Group Ltd. (Australia)	3. TCL Corporation (China)
4. China Vanke Co., Ltd (China)	4. ICICI Bank Limited (India)	4. Hindustan Unilever Ltd. (India)
5. Infosys Technologies Ltd. (India)	5. WIPRO Ltd. (India)	5. Olam Int'l (Singapore)

Source: Aon Hewitt , RBL & Forbes

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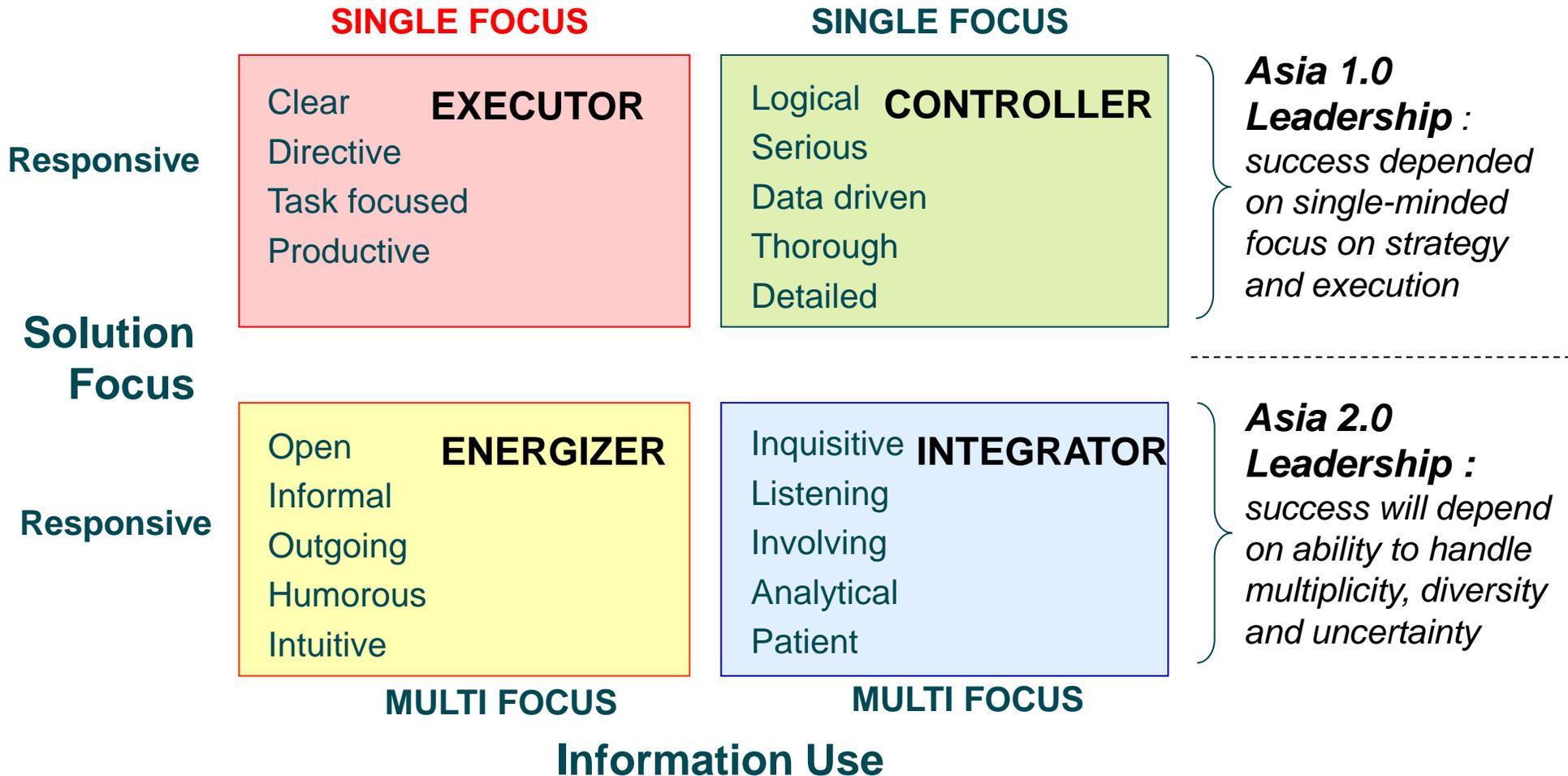
BEST EMPLOYERS IN ASIA PACIFIC 2011

Best Employers in APAC 2011		
Aditya Birla Group (India)	Golden Arches Restaurants Sdn. Bhd. (Malaysia)	S P Setia Berhad (Malaysia)
Al Rajhi Bank (Malaysia)	LG Electronics India Pvt. Ltd. (India)	Samsung Securities (Korea)
Bain & Company (Singapore)	McDonald's Co., Ltd. (China)	Singapore Prison Service
China Telecom Shanghai Branch (China)	McDonald's Restaurants Pte. Ltd. (Singapore)	Swensen's Ltd. (Thailand)
Citi Singapore (Singapore)	McThai Co., Ltd. (Thailand)	Tata Teleservices Ltd. (India)
GD Midea Holding Co., Ltd. (China)	Neusoft Corporation (China)	Whirlpool Of India Ltd. (India)
Godrej Consumer Products Ltd. (India)	NTPC Ltd. (India)	

Source: Hewitt Associates

A New Breed of Leadership needed in
Asia...fast !

Asia 2.0 leaders will lead with multi-focus (non-linear) thinking and style of decision making



Source: Korn/Ferry Leadership and Thinking Styles

Leadership styles in Asia are still 1.0 focused

Indian and Chinese senior leaders show a more task-focused, more hierarchical, more socially distant style compared with successful global executives

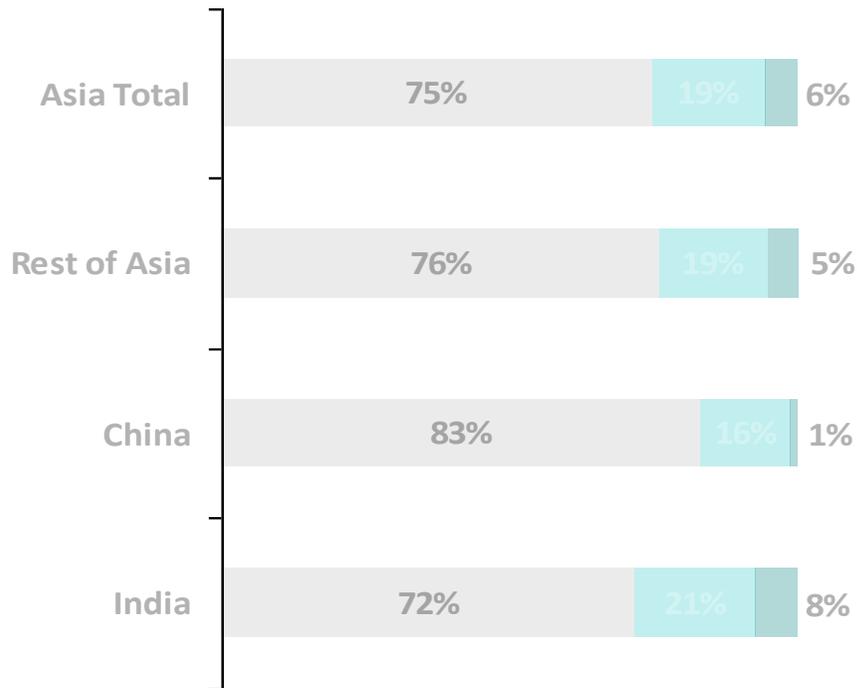
	Primary	Secondary	Least Used
Successful “Best in Class” Global Executives (n= 1,000 +)	ENERGIZER	INTEGRATOR	EXECUTOR
Chinese C-suite Leaders (n=100)	EXECUTOR	CONTROLLER	ENERGIZER
Indian C-Suite Leaders (n=99)	CONTROLLER	EXECUTOR	ENERGIZER

Source: Korn/Ferry’s research using *Leadership and Thinking Styles* assessment

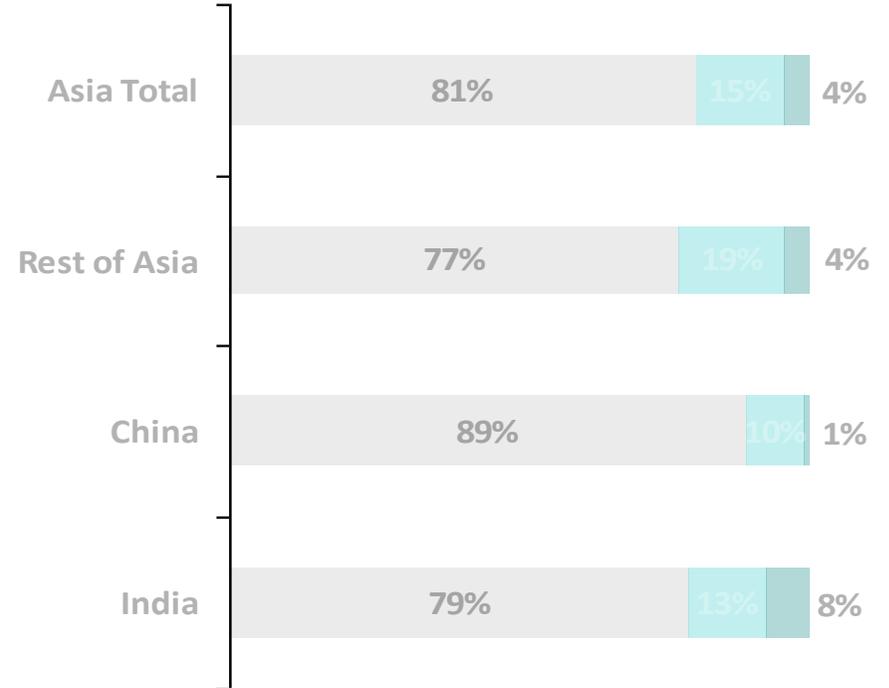
The attraction challenge : finding Asia 2.0 leaders will be incredibly challenging

% of Finalist Candidates (*candidates who passed all job related criteria*) with Asia 2.0 Leadership Styles

Executive Finalists (n=1246)



Non-Executive Finalists (n=642)



Less developed to lead in Asia 2.0
 Can be developed to lead in Asia 2.0
 Towering strength to lead in Asia 2.0

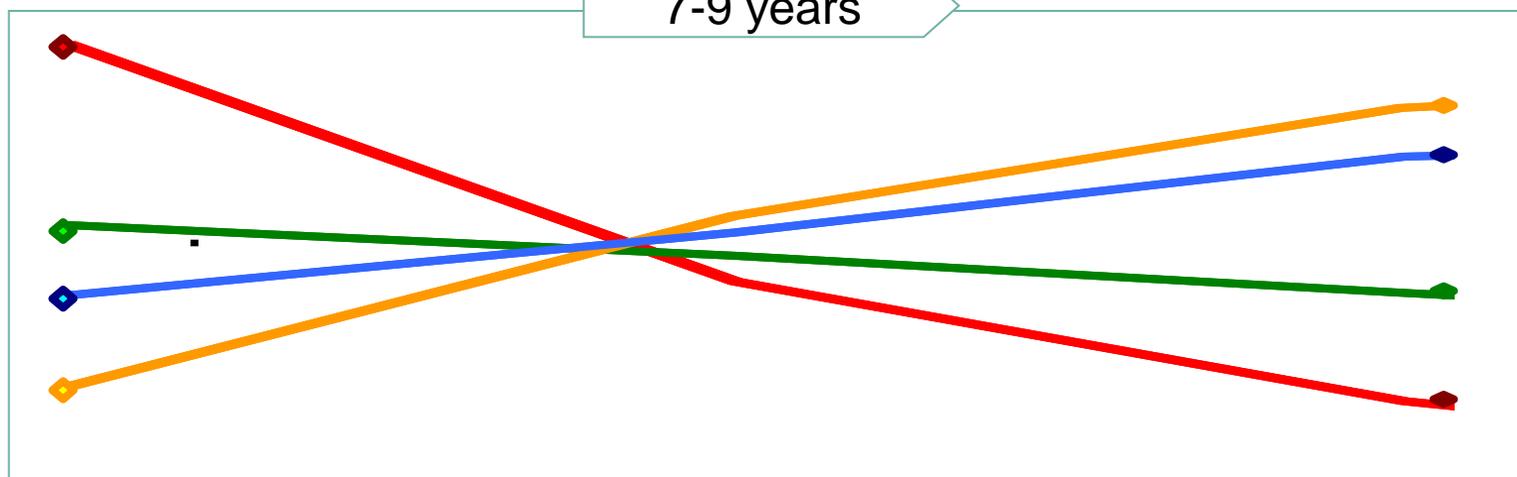
Source: Korn/Ferry's research using Leadership and Thinking Styles assessment

Asian Leaders are 'stuck' at the Supervisor level from a skills perspective...

Global Best in Class Supervisor Profile

Global Best in Class Director Profile

7-9 years



Matches Asia 1.0 Leader Profile

Matches Asia 2.0 Leader Profile

Task

Social

Intellectual

Participative

Source: Korn/Ferry's research using Leadership and Thinking Styles assessment

The Leadership Gap – finding 2.0 ready leaders in Asia will be a challenge

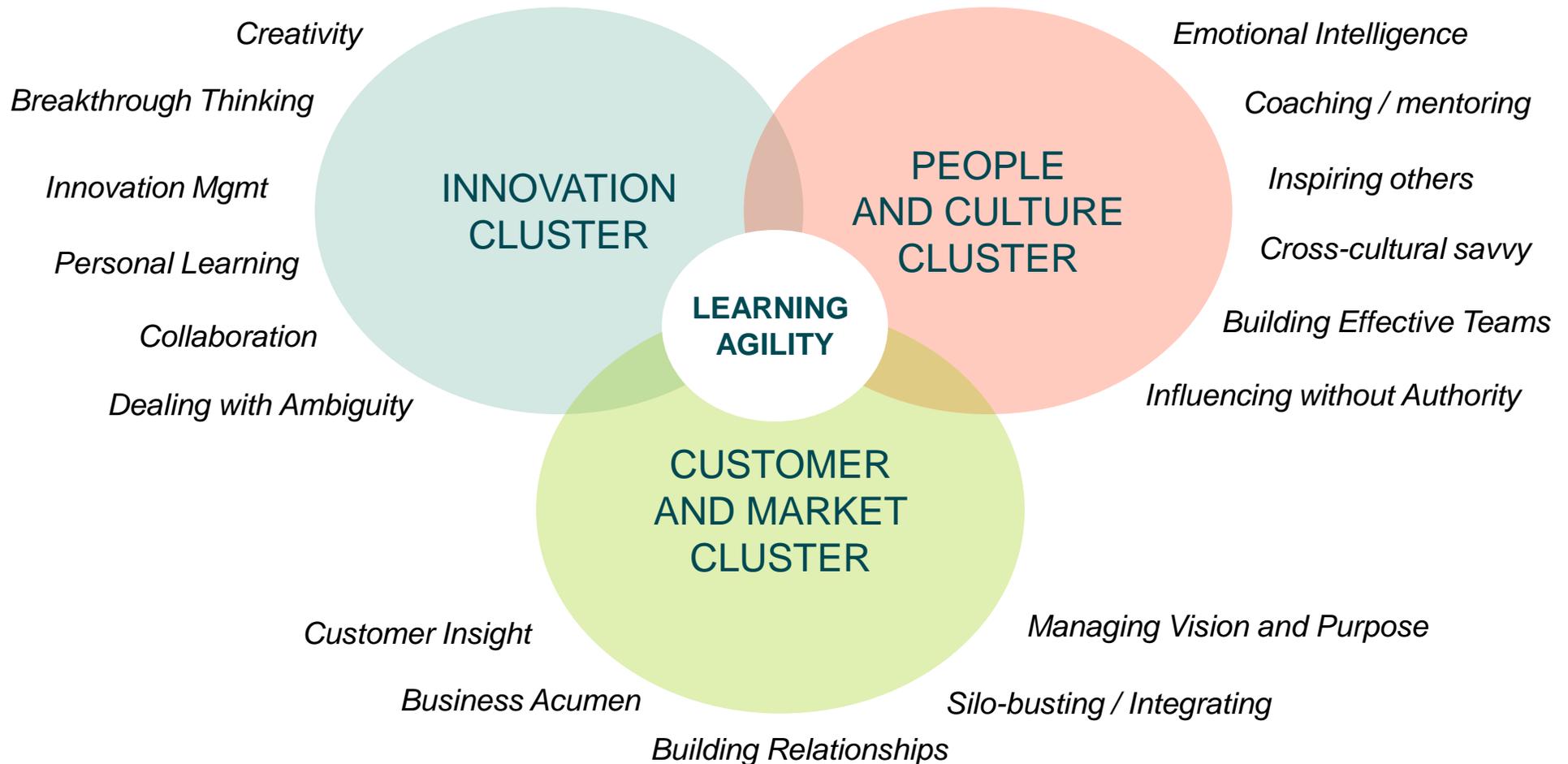
Top 10 Strengths and Top 10 Development Areas for Asian Leaders (2010)

Top 10 Areas of Strength	Top 10 Areas of Development
1. Integrity/Trust	1. Personal Learning ●
2. Ethics and Values	2. Managing Through Systems
3. Functional/Technical Skills	3. Conflict Management ●
4. Approachability	4. Strategic Agility ●
5. Action Oriented	5. Creativity ●
6. Intellectual Horsepower	6. Motivating Others ●
7. Perseverance	7. Dealing with Paradox
8. Boss Relationships	8. Developing Direct Reports and Others
9. Driver for Results	9. Innovation Management ●
10. Customer Focus	10. Managing Vision and Purpose ●

Source: Korn/Ferry Executive Competency Assessment Database, Asia Pacific

● Critical for Asia 2.0 Leadership

The New Breed of Leaders : 3 skills clusters



The challenge for Talent Managers in Asia

- **Shallow pool** : Asia 2.0 talent is very hard to find (*4 times harder than finding job qualified candidates*)
- **Attracting Talent** : Asia 2.0 talent will not be attracted by 1.0 value propositions : *'brand' or 'pay'*
- **Development** : converting Asia 1.0 managers to Asia 2.0 leaders will be very challenging
- **Retention** : retaining Asia 2.0 talent is impossible without a 'constant stream of opportunities and challenges'
- **Motivating** : quality of leadership will be key to motivation

Building Asia 2.0 pipeline requires a new set of “thought-ware” in talent management

	Asia 1.0 thought-ware	Asia 2.0 thought-ware
How to hire	Educational background Experience profile	Diversity of experience Behavioral profile
What to assess	Competence Performance	Leadership Style Learning Agility
What to develop	Managerial Skills Rational Thinking	Self-awareness Emotional Competence
How to develop	Training Apprenticeship	Challenging assignments Feedback and coaching Internal networking
Career growth	Functional career Uni-dimensional	Cross-functional career Multi-dimensional

A checklist of questions to get going ...

- What is our Asia 2.0 readiness? What gaps do we have in strategy, investments and people?
- What is the proportion of Asia 2.0 leaders in our talent pool?
- Are we hiring the right leaders to drive our Asia 2.0 agenda?
- Do our talent management mechanisms support the talent we need to succeed in Asia 2.0?
- Are we developing Asia 2.0 capability in our next generation of leaders?

Developing Asia 2.0 Leaders

What role can Universities and Business Schools play ?