

A Book Review
By Prof.H.S.Raju

The New Age of Innovation : Driving co-created value through global networks

This book has been co-authored by C. K. Prahalad and M. S. Krishnan, both professors at Ross School of Business, University of Michigan. C. K. Prahalad is known as the world's most influential management and business strategy thinker. He is also the co-author of *The Future of Competition* and *Competing for the Future*. He is also the author of *The Fortune at the Bottom of the Pyramid*.

The authors acknowledge that the nature of the relationships between businesses and consumers has changed radically. The product centric market is being replaced by a personalized service. They present a theory called The New House of Innovation as a key to creating value and achieving future growth of every business.

The house essentially has two pillars. The first pillar signifies the $N = 1$ concept. This says that every firm should create services and products according to the individual needs of the customers. The second pillar stands for the $R = G$ concept. This says that any one firm cannot provide all the requirements to support the $N = 1$. So it is important for companies to get external resources as the needs arise in order to deliver a personalized experience for the customer.

The foundation of this house is the technical architecture of the firm and the roof is the social architecture of the firm. The pillars, roof and foundation are all held together by the flexible and resilient business processes and focused analytics. So the focus is aptly on this glue that holds the house together

It was interesting to read about the importance of business processes in the future growth of the company. The authors say that in order to meet the growing trend of satisfying individual needs of the customer, it is important to have a flexible and resilient business processes. Efficiency and flexibility are the keys to future growth

The business process of the ICICI Prudential was an eye-opener that some companies are already following an $N = 1$ and $R = G$ approach in dealing with their customers. The global growth and success of this company has been very inspiring. ICICI has already built an ecosystem of partners including pharmaceutical companies, local gyms, doctors and nutritionists to provide access to its consumers. ICICI is offering personalized services and adjusts premiums to its customers by understanding the diseases and the individual levels of conformance.

The need of the hour is creating a transparent, predictable and flexible business processes in companies. The company culture and management must have the capacity to learn and adapt. Only that can bring about cost effectiveness and consistent quality and provide the capacity to change and support innovation. But this is clearly not easy and smooth sailing. There is bound to be tension between the flexibility and efficiency. So it is of utmost importance that the top managers must be committed to change and innovations.

The diabetes care program at ICICI and the Pomarfin deliver services based on the collected data on the individual customer. But it could prove to be a herculean task to consolidate and analyze all that data. There's also a growing danger of identity theft and information leaks.

Overall, it is a must-read for all managers.