

Leveraging the power of global innovation

A briefing paper from the Economist Intelligence Unit
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Preface

*L*everaging the power of global innovation is an Economist Intelligence Unit briefing paper, sponsored by Oracle. The Economist Intelligence Unit bears sole responsibility for this report. The Economist Intelligence Unit's editorial team wrote the report, and the findings and views expressed do not necessarily reflect the views of the sponsor. Robert Hertzberg was the author of the report and Debra D'Agostino was the editor. Danielle Noble was responsible for layout and design.

Our research drew on two main initiatives. We conducted a global online survey in September 2008 of 197 executives. Of them, 28% are based in the Asia-Pacific region, 25% in North America, 22% in Western Europe and 15% in the Middle East and Africa. Twenty-three per cent of respondents come from financial services, 13% from professional services, 8% from information technology (IT) and technology, and 8% from manufacturing; the remainder work in a variety of industries, including energy, construction and education. Forty-seven per cent of respondents hail from companies with US\$500m or less in annual revenue, while 23% come from firms with revenue of US\$10bn or more. Chief executive officers make up 27% of the respondent pool; chief financial officers and chief information officers account for 7% and 4%, respectively. Fifteen per cent hold senior vice-president or director titles.

To supplement the survey results, we conducted in-depth interviews with several business executives around the world, in order to gain an understanding of the specific opportunities and challenges related to global innovation. Our thanks are due to all survey respondents and interviewees for their time and insights.

February 2009



Executive summary

Globalisation has become a premier source of revenue growth for corporations, whether based in mature nations or emerging ones. But successfully getting to new markets—particularly in a slumping economy—requires companies to extend what they are doing nationally, or to do completely new things, with new resources, in new geographic regions. Either way, growth initiatives put the onus on corporations to innovate—whether through people, processes or technologies.

In a weakened economy, some executives consider innovation a luxury. Others argue that the development of fresh ideas is even more critical at times of retrenchment than during periods of rapid growth. By encouraging global teams to work together to improve processes and products and even to create new revenue streams, companies will be better prepared to compete once the market recovers. This paper examines the opportunities, risks, benefits and challenges that companies are facing when working to leverage innovation across the global landscape. The major findings are as follows:

- With regard to overall business imperatives, top-line growth, not cost savings, is the primary goal. International expansion used to be mainly about accessing cheaper labour. No more. Seventy per cent of respondents say that the goal is market expansion, whereas only 12% say reduced headcount is a key metric that they track. Companies clearly see the need to expand beyond their national borders to achieve long-term growth and balance market fluctuations.
- The ideal of a unified global team can be elusive. While 74% of respondents say that they have worked with colleagues from other countries to improve business processes, initiatives that cross

Who took the survey?

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services, 8% from IT and technology, and 8% manufacturing; the remainder work in a variety of industries, including energy, construction and education. Forty-seven per cent of respondents hail from companies with US\$500m or less in annual revenues; 23% have revenues of \$10bn or more. CEOs comprised 27% of the respondent pool; CFOs and CIOs comprised 7% and 4%, respectively. Fifteen per cent held SVP or director titles.



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borders succeed only to the extent that people with different backgrounds, speaking different languages and motivated by different incentives can put those differences aside and work together. It is not always easy: 45% of respondents say that cultural differences create problems, and 38% say that internal politics gets in the way.

- Success for harnessing global innovation hinges on the skill of senior management in encouraging workers to collaborate and share ideas. It is usually a company's top executives who decide that a global business transformation is needed: survey respondents say that senior management are "very influential" in 71% of such efforts. The three main things that those executives need to do, according to respondents, are to create the right incentive systems, to provide training, and to explain the reason for the initiative in terms that resonate with those executing it. "Communicate, communicate, communicate," is the way one executive interviewed for this paper put it. "There needs to be an unwavering commitment from the top."
- Technology is as likely to inhibit global innovation as to enable it. The companies that are farthest along in their global initiatives tend to have a multiplicity of systems, few of which work seamlessly together. Indeed, one-fifth of all companies say that there is no consistency at all to their technology applications. This lack of consistency can impede innovation. Thus far, Web 2.0 technologies have not done much to help; tools like social-networking software and cloud computing (software accessed over the Internet) have not figured prominently in global innovation initiatives. The data suggest that information technology (IT) departments need to think more carefully about how to integrate disparate systems globally, particularly as companies tighten budgets.



Key points

- Globalisation is a key goal for large and small companies.
- Diversifying globally protects firms when markets shift.
- Leveraging innovation across the corporate landscape is key to greater sales and profits.

Reaching new markets: the globalisation imperative

To nobody's surprise, globalisation has become the great aspiration for businesses. Many of the world's biggest and most successful companies today derive the bulk of their revenue from countries other than those in which they are headquartered. This is true of Hewlett-Packard of the US and Nokia of Finland in technology, of Toyota of Japan in cars, of Coca-Cola of the US in beverages and of GlaxoSmithKline of the UK in pharmaceuticals. Workforces are global too: Romanians work for the Luxembourg-based steel giant, Arcelor-Mittal; Israelis work for Google of the US; and Americans work for the Saudi-based chemicals company, Saudi Basic Industries (SABIC). This cross-pollination of nationalities is evident at the top of companies as well—PepsiCo's Indra Nooyi, Ford's Jacques Nasser and Carlos Gutierrez of Kellogg are all examples of current or former chief executive officers (CEOs) who were not born in the countries in which their companies are headquartered.

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Conceptually, international expansion has several advantages. The most important is access to new customers. But regional diversification is also useful: when revenue growth slows in one geographic area, having a strong presence in faster-growing markets can allow overall company profits to continue to rise, or can at least mitigate the decline. One of the main advantages of globalisation is that it tends to smooth out the peaks and troughs—a particularly important strategy when global markets are weak.

Some of the reasons for international expansion are highlighted in our survey. More than two-thirds of respondents (70%) say that operating globally gives them the chance to expand into new markets. Forty-one per cent say that globalisation means more sales in foreign markets, and 36% say that it gives them access to more skilled sources of labour.

To be sure, there are some companies that have been operating for so long outside their national borders that their identities are truly international. But even some firms that have been operating globally for some time see themselves as just getting started. For instance, A G Lafley, the CEO of Procter & Gamble (P&G), admitted in mid-2008 that his company was "underdeveloped" in emerging markets, which he said accounted for only about US\$3 in every US\$10 that the US\$84bn company takes in. "In Mexico", he said, "P&G generates sales of approximately US\$20 per person per year. In Brazil that number is less than US\$10, in China less than US\$5 and in India still less than US\$1."

Of course, the challenges for a company like P&G are very different from those faced by emerging-market players eyeing the global opportunity. Yet even among smaller companies, there



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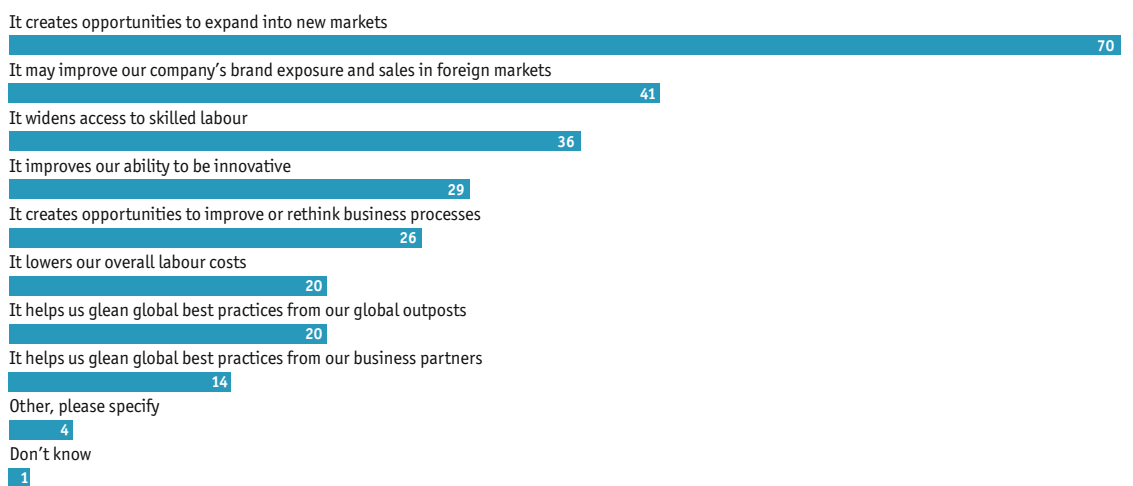
More than 80% of respondents who work for companies with less than US\$500m in annual revenue say that globalisation is a major focus of their companies (45%) or will become so in the next five years (38%).

is considerable interest in geographical expansion. More than 80% of respondents who work for companies with less than US\$500m in annual revenue say that globalisation is a major focus of their companies (45%) or will become so in the next five years (38%). Clearly, globalisation—and the benefits that can be gleaned by leveraging the expertise and innovative ideas of global teams—is crucial for companies of all sizes.

By contrast, a relatively small percentage of respondents (20%) say that lower overall labour costs are a primary benefit of operating internationally. This signals a shift from an earlier era, when inexpensive labour was one of the main reasons that US companies, in particular, set up factories or other operations in less economically mature countries. In the same vein, the sourcing of components and manufacturing are seen as focuses of global innovation efforts by only 30% and 25% of our respondents, respectively. It may be that the cost benefits of setting up offshore facilities have already been captured, and that managers are now focusing on more strategic benefits.

Companies' expansion priorities are also reflected in the metrics that their workers say are used to measure their global innovation initiatives. Increased sales is the top metric: 60% of workers say their companies pay attention to it. Higher profit margins are a metric among 54% of companies, and reduced costs among 45%. Only 12% say that they judge their global innovation initiatives by the extent to which those initiatives allow them to reduce headcount. It seems clear that the effort to improve collaboration and innovative thinking among global teams is a strategic rather than a tactical goal.

What are the most important benefits your company gets from operating internationally? Select the top three.
(% respondents)





Key points

- Product development is a primary area for global innovation efforts.
- Functionally, globalisation has helped firms innovate in sales and knowledge management.
- Companies should consider creating formal, global teams to better share innovative ideas.

Areas of innovation at global firms

Survey respondents say that their companies are focusing their global innovation efforts on a number of areas. Product development is one key area (say 63% of respondents), followed by sales (58%), technology (56%) and marketing (52%). On a functional level, respondents say that globalisation has been “very beneficial” in allowing them to innovate in the areas of general management (31%), sales and marketing (25%), and technology (24%).

Like a lot of multi-billion-dollar companies, Hertz Global Holdings, a US-based equipment- and car-rental firm with revenue of US\$8.6bn, has a highly structured approach to innovation—one that

Svenska Handelsbanken: a new approach to managing innovation

Most banks tie up their branch managers in an annual budget process that requires them to estimate the number of new customers they will add in a given year, the assets they will have under management and the percentage of loans that will prove unrecoverable.

Svenska Handelsbanken of Sweden eliminated that kind of traditional budgeting more than 30 years ago. Instead, the managers who run its 600-plus branches—the bank now operates in the UK as well as in Sweden, Denmark, Finland and Norway—are required to contribute to a level of overall bank profitability that exceeds that of the competition.

The idea of doing away with traditional budgeting came from Jan Wallander, the bank’s chief executive officer from 1970 to 1997. Mr Wallander was a social scientist who believed that decentralisation was the best management approach. He also believed that giving employees autonomy and decision-making responsibility would redound to the benefit of customers—and, indirectly, that of shareholders.

One practical result at Handelsbanken is that there is less focus

on product. A bank employee, whether in Stockholm or London, is more likely to look at a customer’s overall financial situation than to try to sell a product for the sake of a commission. “Customers feel the difference,” says Lennart Francke, who spent 37 years at the bank, including a stint as its chief financial officer, before leaving in November 2008 to join a consulting firm.

The strategy entails a number of technical challenges. Handelsbanken has to write more of its own software than other banks, partly because its individual branches handle operations differently and partly because senior management has not wanted to pay for functionality that it does not need.

A culture of decentralisation encouraged by a social scientist might amount to so much pabulum had Mr Wallander not also insisted that Handelsbanken as a whole have a higher return on equity (ROE) than a weighted average of its peer banks. In other words, staff at Handelsbanken are free to make decisions but know that the company must outperform its rivals. The result is that Handelsbanken’s ROE has been higher than that of its competitors in every year since 1972.

“It’s the principle of simplicity,” Mr Francke says. “We want the system to be open and frank and trustworthy and transparent, but we don’t want it to be complicated.”



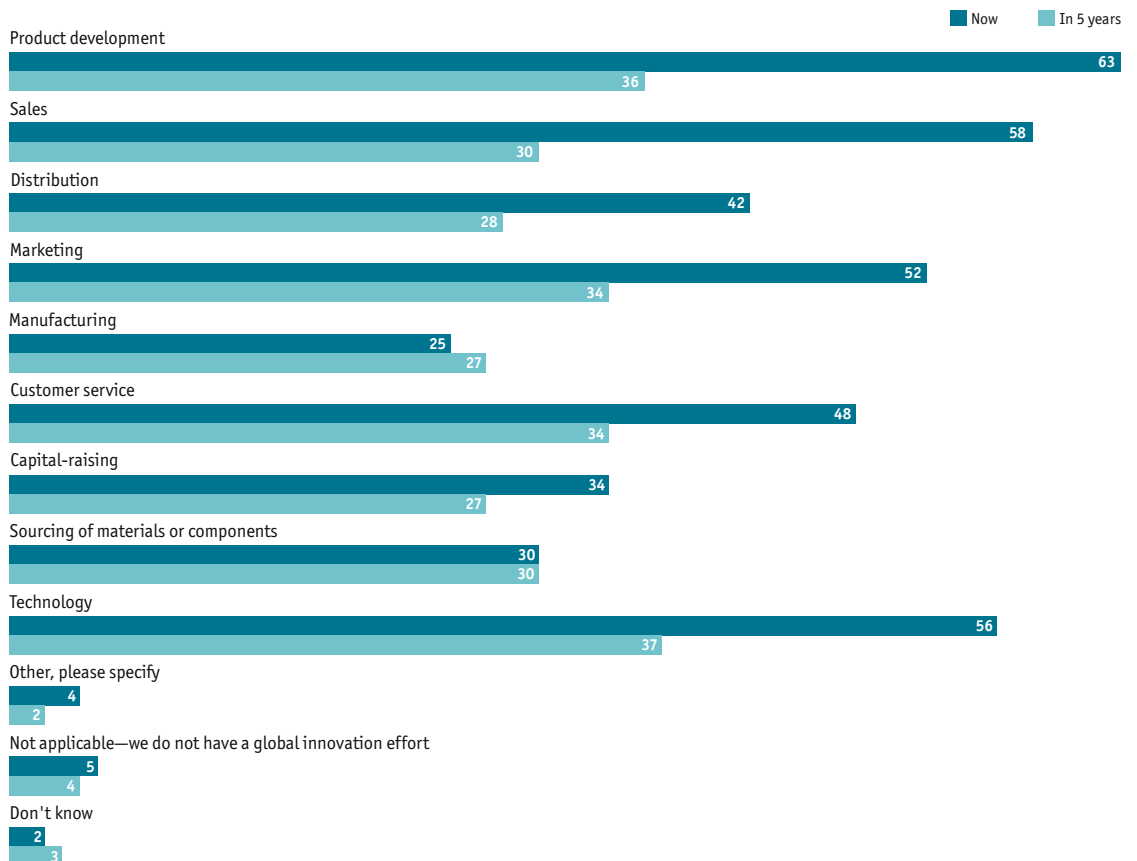
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has become more global in recent years. The company operates eight “centres of excellence” (COEs) around the world, covering areas like finance, supply chain/vehicle fleet practices, human resources and IT. The COEs are responsible for coming up with a centralised set of best practices, says Hertz’s senior vice-president for process improvement, Lois Boyd. For instance, in 2008 the finance COE has looked at claims processing, dissecting the individual workflows. “It’s never 100% perfect,” Ms Boyd says: not everything in Hertz’s car-rental business translates to the company’s equipment-rental operation, and not everything that makes sense in North America does so in Asia. But there has been enough commonality to enable Hertz to identify new approaches to improving the claims function company-wide.

Innovation often begins when senior managers see an opportunity to add a service that customers want or resolve a frustration that customers are experiencing. That explains a change that Hertz, with the help of technology, is making in its car-rental business. To help Hertz to compete better with low-cost, flexible car-rental services like Zipcar, the company will let consumers pick up a rental car from its parking spot in a city, use it for a few hours and then park it elsewhere in the city, paying an hourly rate. The Hertz website lets the consumer type in their location and obtain a list of available cars; a card with

In which areas has your company focused its global innovation efforts, and in which areas do you think your company will focus its efforts over the next five years?

Select all that apply.
(% respondents)





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a radio-frequency identification chip is passed over a reader on the windscreen, letting the consumer unlock the car; and an OnStar (an interactive in-vehicle communications device) system in the car lets the consumer talk live with a Hertz customer-service agent, confirming that the car is clean, has a full tank and so on. Hertz's new car-sharing service is the brainchild of managers in many parts of the world, and is being launched in New York, London and Paris.



Key points

- Many companies are slow to recognise opportunities with regard to global innovation.
- Benefits in the areas of finance, customer service and human resources have been difficult to quantify.
- Disparate technology platforms make it difficult to share data and ideas across regions.

What hinders innovation: lack of incentives and incompatible technology

A high percentage of respondents say that they have worked with peers in other countries to develop products, services and processes. Indeed, and perhaps not surprisingly, direct experience of working with foreign colleagues is even more common among workers with chief (c-level) job titles than among workers without them: 84% of people with C-level titles say that they have worked with overseas colleagues in developing a new service, and 82% say they have worked with colleagues abroad to improve a process. The number of non-C-level staff who say that they have had such experiences is lower, but still significant, at 61% and 69%, respectively.

However, respondents also say that global innovation is not successful in all areas. Around two-thirds say that globalisation has either been “not beneficial” or only “somewhat beneficial” in helping them to innovate in the critical area of human resources. Finance and customer service also are areas that have seen lacklustre results.

Why is this the case? There is apparently not any theoretical resistance to the idea of global collaboration: 65% of respondents disagree with the statement, “My company does not encourage collaboration between regional teams.” In some cases, companies simply do not know how to innovate globally: 45% of respondents say that their firms are “slow to recognise opportunities”, and the same percentage cites cultural differences as factors that prevent their companies from innovating globally. Internal politics is another problem, and is cited by 38% of respondents.

Alan Cullop, a technology executive who has spent most of his career working for global companies and is currently chief information officer (CIO) at US-based NetJets, a fractional jet-ownership company that is owned by Warren Buffett’s Berkshire Hathaway and has half a dozen operating units around the globe, says that organisations sometimes unwittingly build incentive structures that inhibit global innovation. This stems partly from the fact that companies have far more detailed information about their own operations than about those of competitors. Their response—to use inward-focused performance measures—is often unproductive, he says. “They set their people up to compete against each other fundamentally,” he says. “If you just compensate on how someone’s division performs, that to me does not facilitate people wanting to co-operate. You’ve got to compensate people to all win if the company as a whole wins, yet still compensate them on their individual performance.”

Svenska Handelsbanken, a Swedish bank, has figured out a way to do this. Workers at the bank,

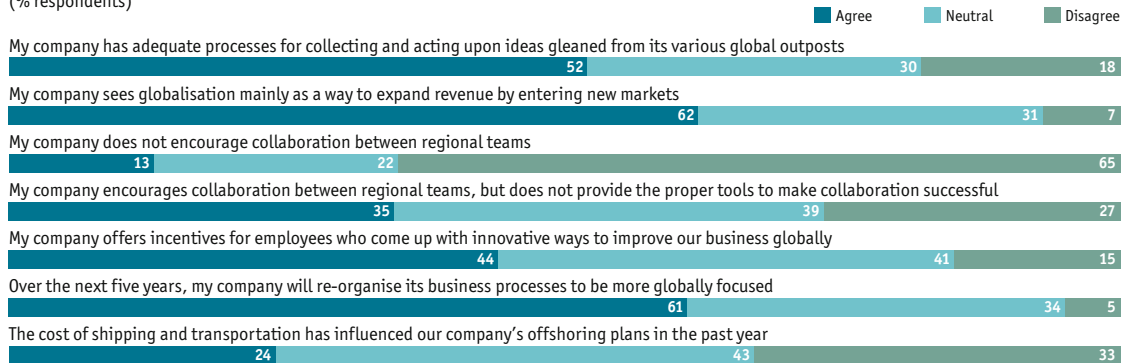
In some cases, companies simply do not know how to innovate globally: 45% of respondents say their firms are “slow to recognise opportunities”.



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Do you agree or disagree with the following statements?

(% respondents)



which is based in Stockholm with branches in all five Nordic countries as well as in the UK, have individual annual salary discussions but also share in a central fund, Octogonen, that is primarily invested in the company's shares. This incentive programme, along with the company's innovative approach to decentralisation, is partly responsible for Handelsbanken's superior profit performance. Since 1972 the bank has seen higher returns on equity than its peer banks in Sweden, and the value of the average 60-year-old employee's Octogonen holdings is about US\$1m. Jan Wallander, a social scientist who set Handelsbanken on its current course, believed that "it was only fair if the staff of the bank shared part of the excess profitability," says Lennart Francke, who was the bank's chief financial officer (CFO) and then an adviser until November 2008.

Technology is another barrier that companies often have to surmount in innovating globally. Only 31% of all respondents say that the technology architecture at their company is consistent enough to prevent it from impeding global transformation efforts. At the biggest companies surveyed—those with US\$10bn or more in revenue—only 17% of respondents say that there is a consistent technology architecture. Many workers (39% of those surveyed, and 50% at companies with over US\$10bn in revenue) say that their IT systems have some similarities but do not work seamlessly. In addition, about one-fifth of all respondents say that there is no consistency to their companies' technology systems.

Consistency of technology was certainly a problem when Mr Cullop arrived at NetJets in 2005. The companies under the NetJets umbrella—including European and Middle Eastern units—"were following separate tracks" when it came to IT, he says. For example, Business Unit A might have a problem for which Unit B had built a technical solution, but Unit B would have no way of knowing that Unit A could benefit from its services. Mr Cullop instituted a governance process that made different units aware of projects that might be of use to them, simultaneously laying the foundation for more projects to receive joint funding. Today, he says, 34 of the 36 IT projects at NetJets with budgets of more than US\$1m are funded by multiple business units.

Given the lack of consistency in IT systems, it is no surprise that most companies rely on old "common-denominator" technologies, rather than fancy Web 2.0 ones, to help them in their global transformation efforts. Intranets are cited by 44% of respondents as being helpful, followed by business intelligence systems (34%), databases (28%), customer relationship management systems (27%) and customer-facing web extranets (23%). Newer Web 2.0 technologies, such as corporate



wikis, are less common; to the extent that they are in use, it tends to be at bigger companies. For instance, 18% of respondents at companies with revenue higher than US\$10bn say that they use some kind of social-networking software, and 13% use cloud computing (accessing software over the Internet). The usage rates of these two technologies are lower among small companies.

Procter & Gamble: process innovation via the “wicked workout”

Procter & Gamble (P&G) has not become the world’s biggest consumer-products company solely on the basis of the quality of brands such as Pantene shampoo, Tide detergent and Pringles potato chips. The US-based company is also a master of point-of-sale displays—the posters and other materials that influence a consumer’s initial buying decision. Yet at a company like P&G, which does business in tens of thousands of stores in hundreds of countries, the right marketing materials do not always arrive when they are supposed to. The result can be wasted marketing dollars and lost sales.

To Carlos Amesquita of P&G’s global business services (GBS) organisation, this was a challenge that fit his charter perfectly. GBS is responsible for incubating process changes that can benefit P&G’s worldwide businesses, and Mr Amesquita is its director of innovation. Settling on China as the initial site for the work, Mr Amesquita flew to the city of Guangzhou and assembled a

multifunctional team to participate in what P&G calls a “wicked workout”. Two days later the team of finance, sales, marketing and purchasing managers had identified the problem (poor compliance), a goal (improving the level of compliance) and a set of obstacles to overcome (non-transparent supply-chain activities).

Mr Amesquita and his team used a business-process management system to help identify supply-chain bottlenecks. They decided that the marketing materials, which came from a different supply chain than the products themselves, would have a better chance of arriving at the right time if a single manager oversaw the co-ordination. “Getting visibility across the organisations that contribute to the process was really a game-changer for us,” says Eleodor Sotropa, another member of the GBS team. The problem’s applicability to other markets—in-store initiatives are no easier to co-ordinate in Romania than they are in China—convinced P&G to pursue the initiative globally. “For innovation opportunities, we always try to assess at the concept level [how the initiative will] scale,” Mr Amesquita says. With this initiative, “we got a lot of interest from business units in a variety of regions.”



Key points

- Fifty-four per cent of respondents say that globalisation is a major business focus for their firms today.
- Firms must consider how global innovation can improve business process and lower costs.
- To adopt a culture of innovation, incremental steps are best.

Looking towards the future

For many firms an international footprint furnishes an opportunity to leverage best practices from its various outposts to improve or rethink business processes.

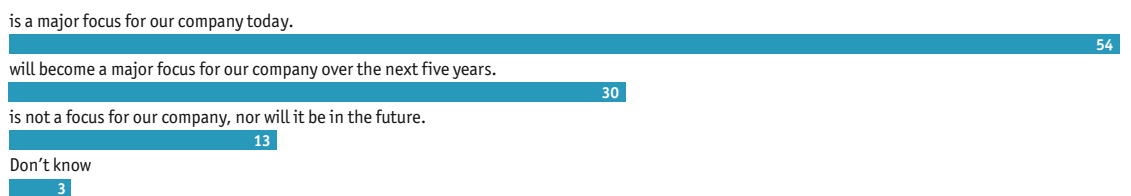
Today, not to have global ambitions is to be out of step with the world of business. Fifty-four per cent of those responding to our survey say that globalisation is a major focus of their companies. Another 30% say that globalisation will be a major focus for their firms five years from now. With international money flows, digital technology and the ease of travel in the modern world, many companies that have historically concentrated on local customers have been able to expand into neighbouring countries or even to new continents.

Of course, merely operating in a foreign country does not prove that a company is sophisticated in its ability to innovate globally. Reminders of this come whenever such forays end in failure. In 2004 Charles Prince, then chairman of US-based financial services giant, Citigroup, was forced to apologise to Japanese regulators after the bank’s Japanese office violated local securities laws. More recently, Citigroup has withdrawn altogether from the Japanese consumer-finance market.

Still, for many firms an international footprint furnishes an opportunity to leverage best practices from its various outposts to improve or rethink business processes. Hertz is one example: since joining the company in the summer of 2006, its CEO, Mark Frissora, has been spearheading an initiative called Project Genesis, in which Hertz has been re-engineering or outsourcing more than 200 of its internal processes, with the twin goals of enhancing the customer experience and cutting costs. “It’s a culture change,” Mr Frissora says of the effort, which is improving common processes that the company has in place in North America, Europe and Asia. “It’s about doing things faster, cheaper and better every day. Our goal is to be the lowest-cost, highest-quality rental provider in the world.”

Which of the following statements best describes your company’s outlook on globalisation? Globalisation...

(% respondents)





But such large-scale changes do not happen overnight. Take the example of Yuriy Kosyuk, principal owner of Mironovsky, one of Ukraine's biggest poultry producers. By using inexpensive home-grown sunflower seeds as chicken feed and vertically integrating his operation, Mr Kosyuk has turned Mironovsky into a low-cost provider of chicken meat, one that he says will have revenue of US\$800m in 2008 and US\$900m in 2009. But Mr Kosyuk does not plan to stop at his country's borders; with the help of a loan from the World Bank's private-sector finance arm, the International Finance Corporation, he has built a new factory, conforming to European and worldwide food safety standards, that will allow him eventually to sell to consumers in the EU. This expansion is "our main competitive advantage", Mr Kosyuk says, comparing Mironovsky with other Ukrainian poultry producers. Still, he says it will probably be five years before Mironovsky, which employs 20,000 Ukrainians, starts exporting chicken in a big way. When it does, the company's challenge will be to transfer its innovations in low-cost production to a brand-new market.

Taking a cautious approach to expansion is not necessarily a bad idea. For instance, Handelsbanken waited 19 years after launching its strategy of decentralisation to make a push with it outside Sweden. "We have been very cautious in launching new initiatives in new countries," says Mr Francke. "We have wanted to make really sure that we have the correct set-up and that our working methods will be effective."

NetJets: highlighting the ROI of global IT innovation

"Information technology (IT) governance" has an alarming sound to it—suggesting something backward-looking at best, and punitive at worst. But Alan Cullop has found a way to turn the governance process into a springboard for global technology innovation.

Mr Cullop is the chief information officer of US-based NetJets, a multi-billion-dollar subsidiary of Berkshire Hathaway that leases Cessnas, Gulfstreams and other small business jets through operating companies in the US, Europe and the Middle East. He presides over monthly conference calls intended to ensure that every business unit knows about any significant technology application being developed by a peer business unit.

During the governance call, participants hear ideas for IT-business innovations that have already been hammered out by an executive and a business analyst and have been examined by a NetJets financial manager, whose job is to figure out the revenue or cost-savings potential. Only ideas that have gone through this

vetting process are presented during the monthly call. As many as 40 people, many of them senior vice-presidents and executive vice-presidents, typically dial in, says Mr Cullop, who started the meetings as a way to break down the intra-company barriers that he observed when he joined NetJets in 2005. "The reason why we have huge participation in our governance process is [that] they're getting huge value out of it," he says.

Thirty-six technology projects worth over US\$1m are now under way at NetJets, and all but two of them share funding. One early project that had wide applicability was an invoice and payment system for the many small shops that NetJets works with in the areas of catering and ground services. NetJets' operating companies had previously processed the invoices, for items such as fruit trays, cheeseburgers and taxi trips, manually. Now the workflow is part of a supply-chain management system in which vendors type invoice numbers into a NetJets extranet and NetJets sends them a cheque. "It was a multi-million-dollar system, but it literally paid for itself within the first 60 days of operation," Mr Cullop says. "It was a quick win to show how IT added value."



Conclusion

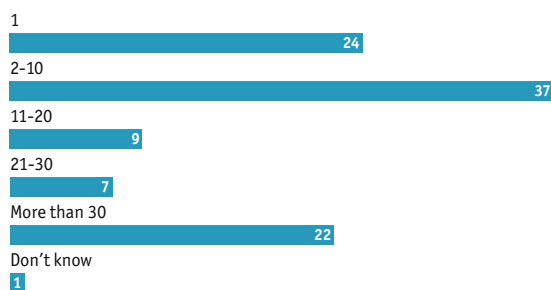
At a time when firms are slashing budgets and looking to do more with fewer resources, it is perhaps more important than ever to consider how to wring the very best ideas from the company's employees. The ability to innovate globally will determine who wins in the interconnected world of the future. Here are three guiding principles that the best-run companies follow:

- Focus on the projects that make the most of your company's strengths. Most companies do not suffer from a shortage of ideas; their problem is not knowing which ones to pursue. When it comes to global innovation, the right ideas are often the ones that can be applied across the corporate landscape.
- Accept—and expect—mis-steps. Companies sometimes have to stumble in their global innovation efforts before they settle on an approach that suits them. Handelsbanken, for instance, initially experimented with international joint ventures before realising that it made more sense to open its own branches in foreign countries using the innovative management techniques that it had perfected in Sweden.
- Tap every worker's ideas and energy. Companies need to get employees to share their sense of mission. "You've got to create an atmosphere where people feel there's value in their participating," says Mr Cullop of NetJets. Hertz manages this by providing training in lean techniques and Kaizen, the philosophy of continuous improvement that lies at the core of the company's transformation programme, to more than 15,000 employees. Ms Boyd says that Hertz has also "implemented hundreds of projects that employees have brought forward".
- Understand the obstacles created by internal politics and misaligned incentive structures. New undertakings may be great in theory, but a lack of clear responsibilities and divisional incentives that conflict with wider project goals can get in the way. Executives need to show workers at every level what is in it for them.

Appendix: survey results

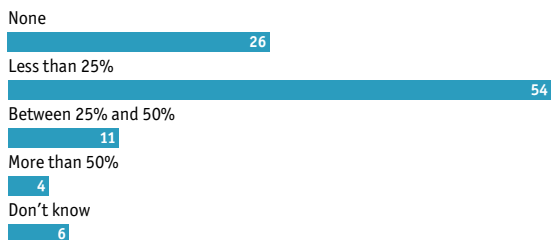
In how many countries does your company have a physical presence?

(% respondents)



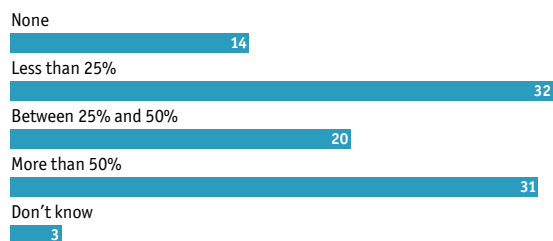
In your estimation, what percentage of your company's overall business operations is offshored to a third party?

(% respondents)



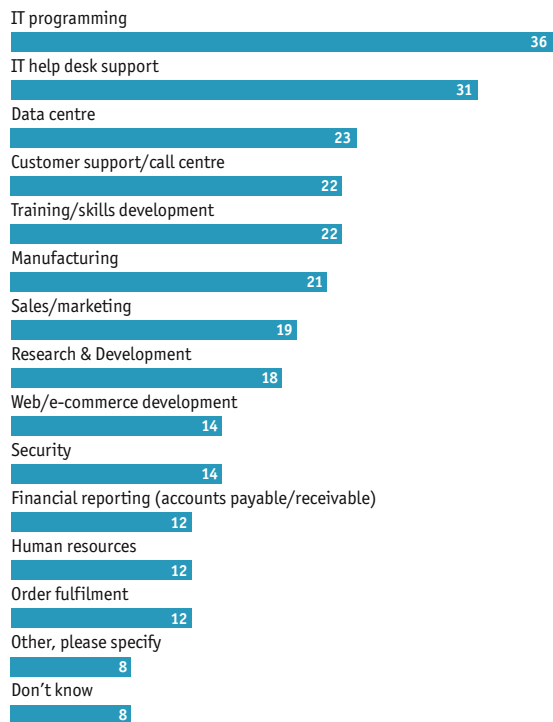
Approximately how much of your company's revenue is derived from countries outside the one in which it is headquartered?

(% respondents)



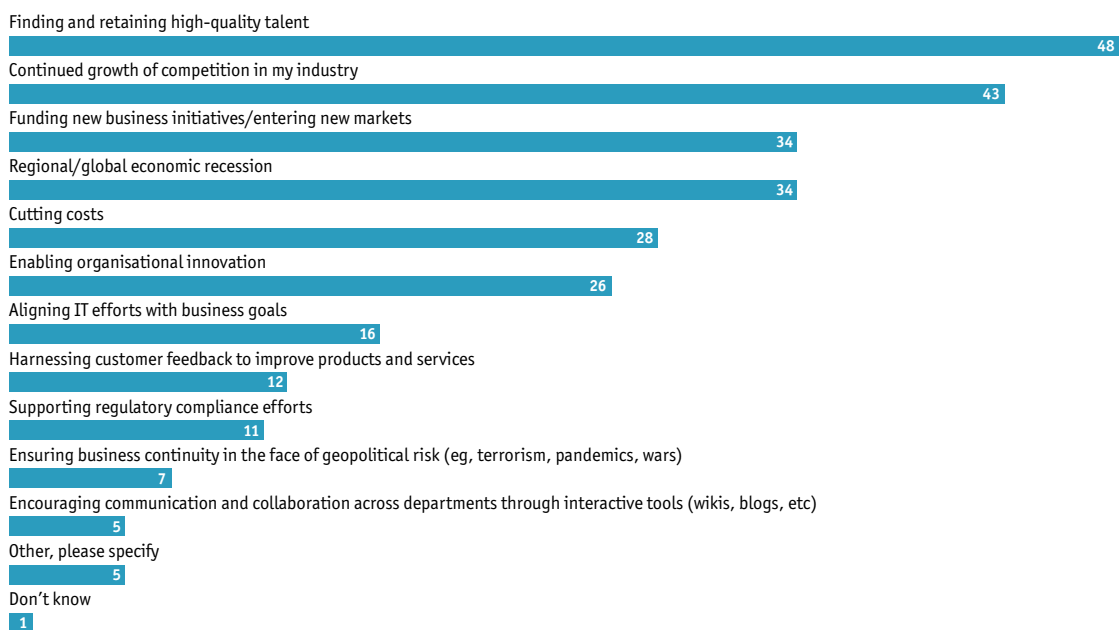
What types of third-party offshoring activities is your company engaged in? Select all that apply.

(% respondents)

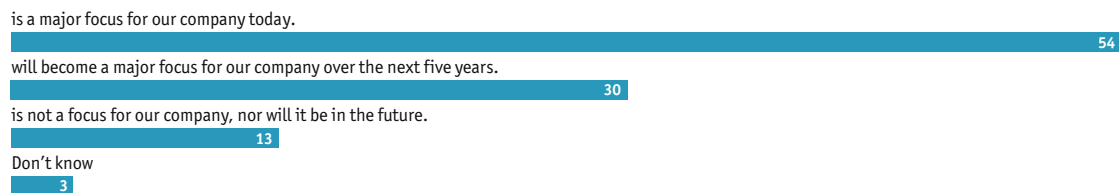


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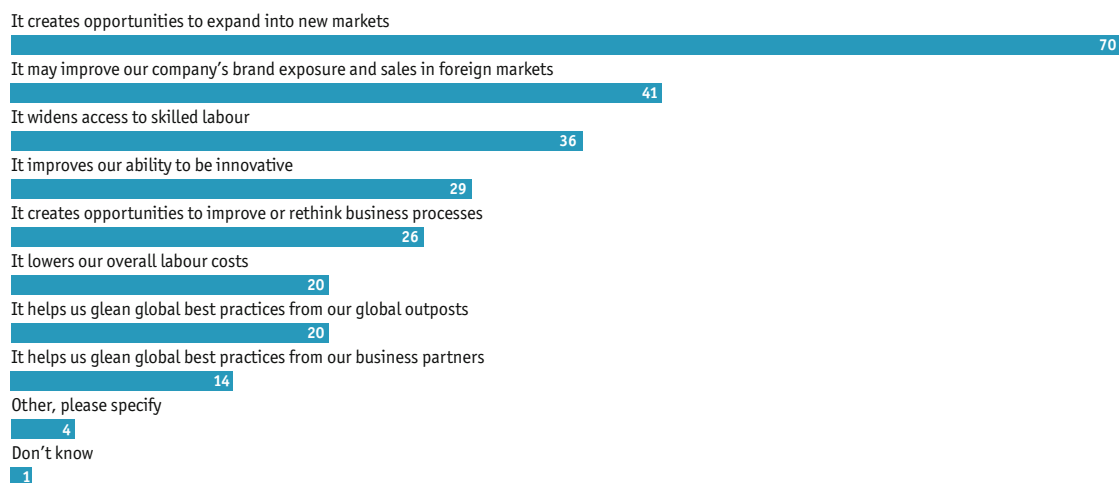
What do you see as the biggest challenges to your organisation's success over the next five years? Select up to three.
(% respondents)



Which of the following statements best describes your company's outlook on globalisation? Globalisation...
(% respondents)



What are the most important benefits your company gets from operating internationally? Select the top three.
(% respondents)

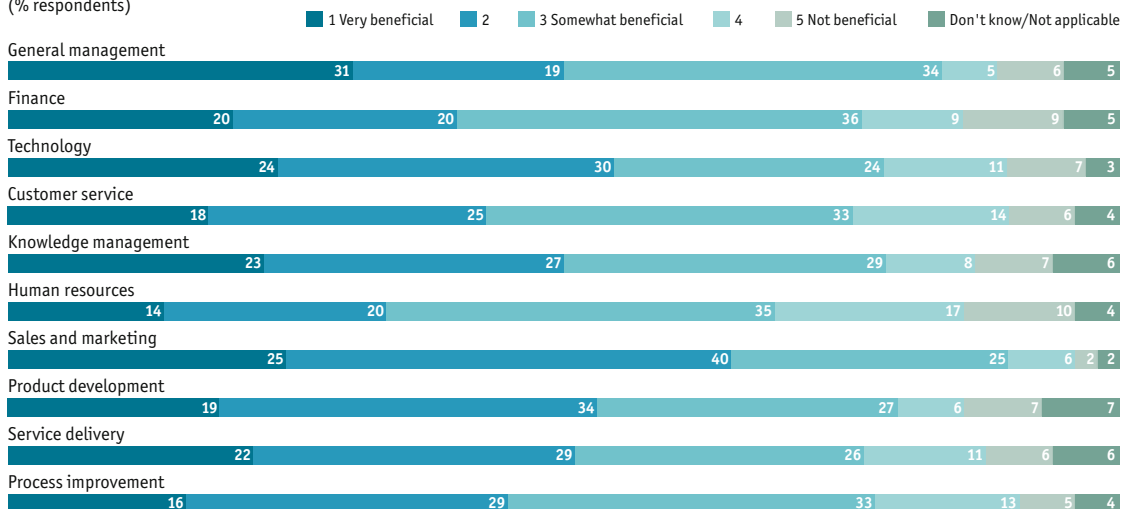


Leveraging the power of global innovation

How beneficial has globalisation been in helping your company innovate in the following areas?

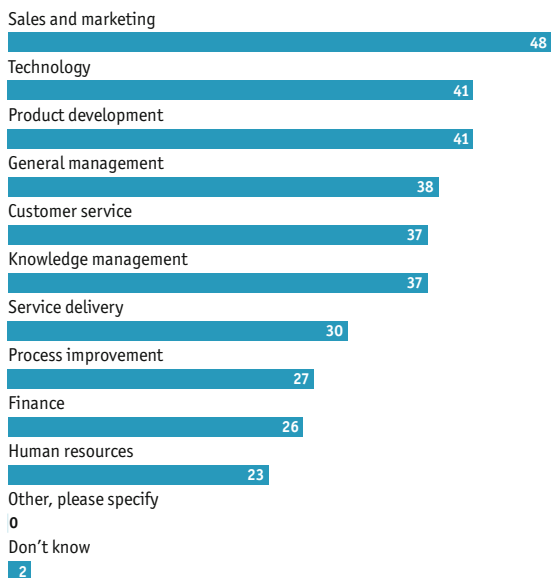
Rate on a scale of 1 to 5, where 1=Very beneficial, 3=Somewhat beneficial and 5=Not beneficial.

(% respondents)



In what areas has globalisation helped your company identify and adopt best practices? Select all that apply.

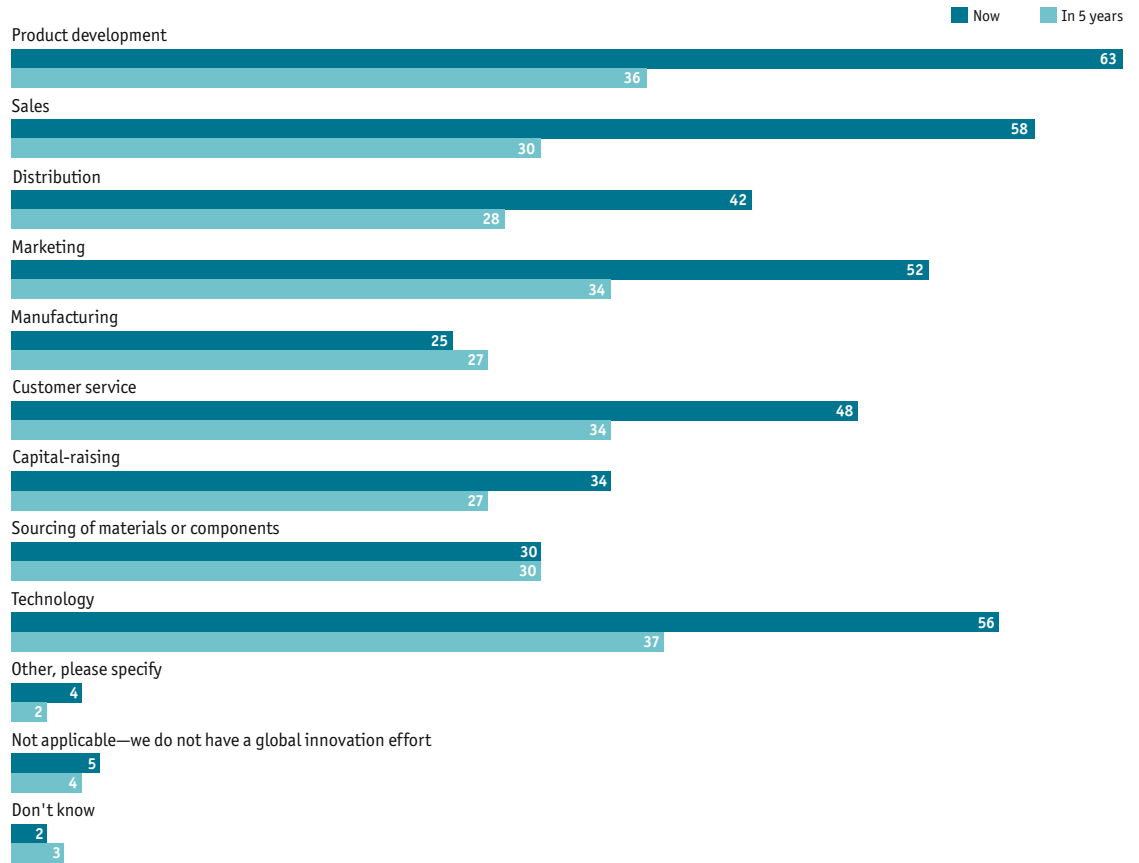
(% respondents)



Leveraging the power of global innovation

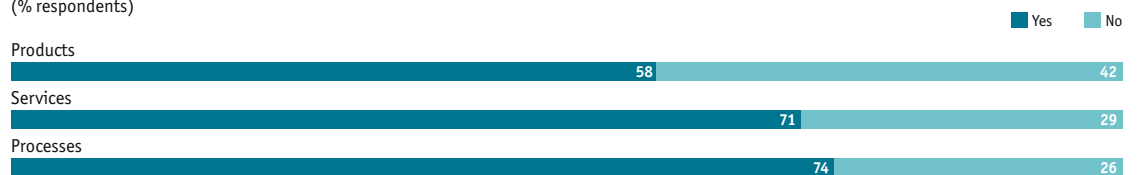
In which areas has your company focused its global innovation efforts, and in which areas do you think your company will focus its efforts over the next five years?

Select all that apply.
(% respondents)



Have you personally worked with colleagues or business partners from other countries to develop new products and services, or to improve business processes?

(% respondents)



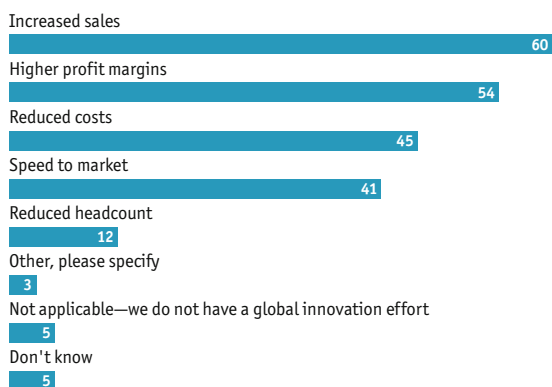
Do you agree or disagree with the following statements?

(% respondents)



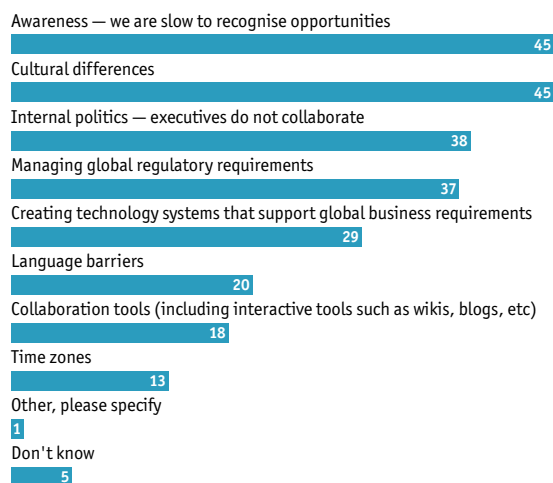
What metrics does your company use to measure its global innovation initiatives? Select all that apply.

(% respondents)



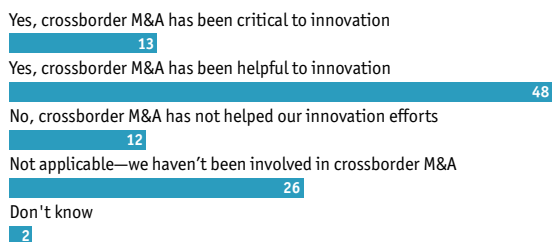
In your view, what are the biggest challenges to supporting global innovation? Select the top three.

(% respondents)



Have crossborder acquisitions and joint ventures helped your company innovate globally?

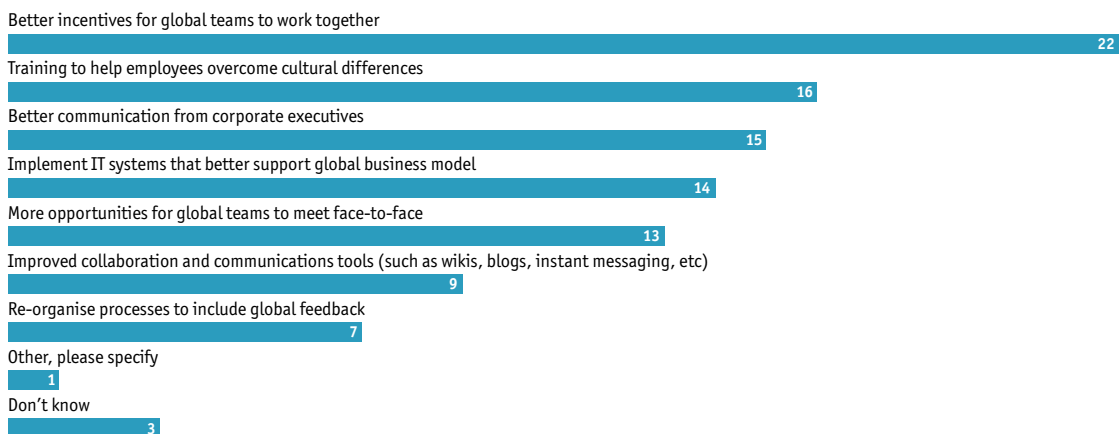
(% respondents)



Leveraging the power of global innovation

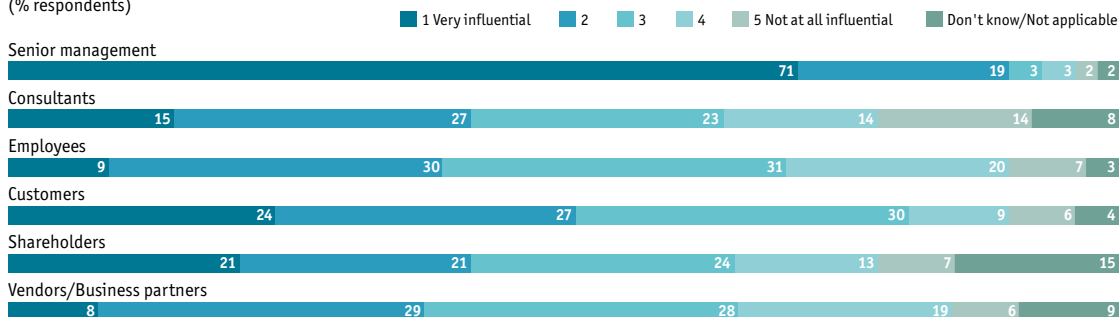
In your view, how can your company best improve its ability to support global innovation?

(% respondents)



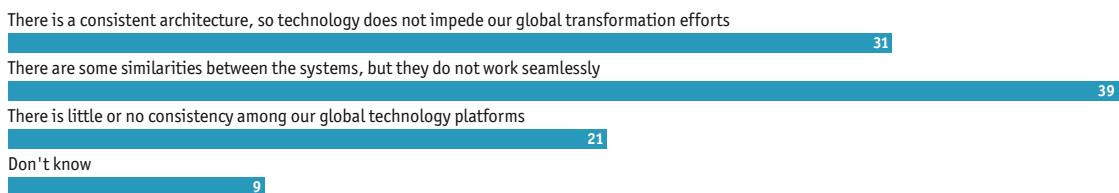
To what extent do the following groups influence decisions at your company to implement global business transformation initiatives? Rate on a scale of 1 to 5, where 1=Very influential and 5=Not at all influential.

(% respondents)



Which single statement most accurately describes the global technology systems in place at your company?

(% respondents)



Leveraging the power of global innovation

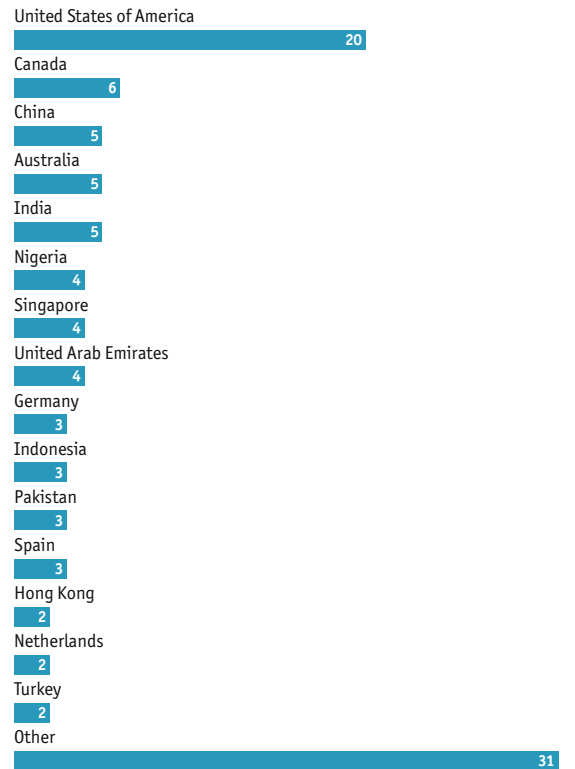
Which technologies do you think have the most potential to help with your company's global transformation efforts?

Select up to three.
(% respondents)



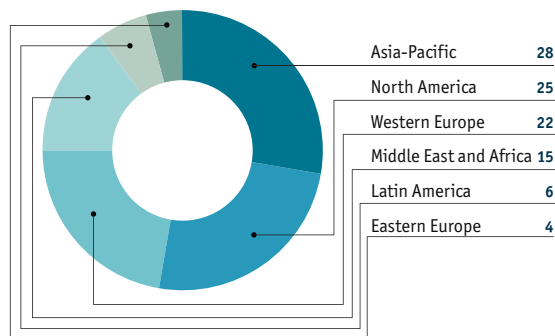
In which country are you personally located?

(% respondents)



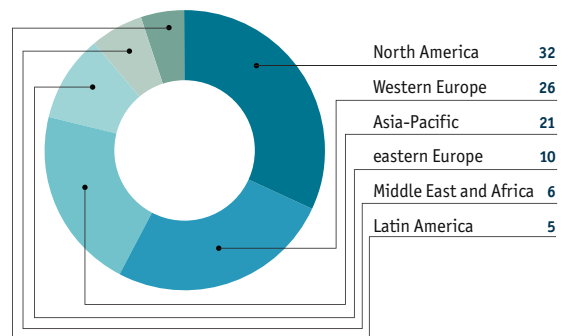
In which region are you personally based?

(% respondents)



In which region is your company headquartered?

(% respondents)

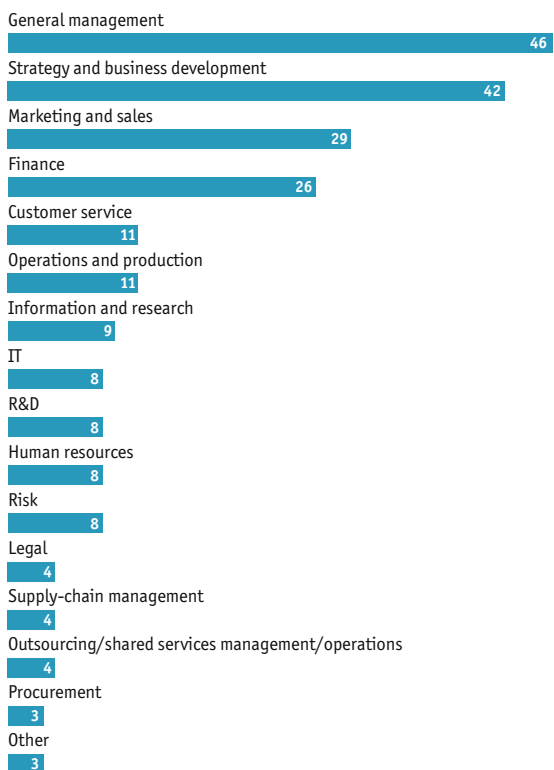


Leveraging the power of global innovation

What are your main functional roles?

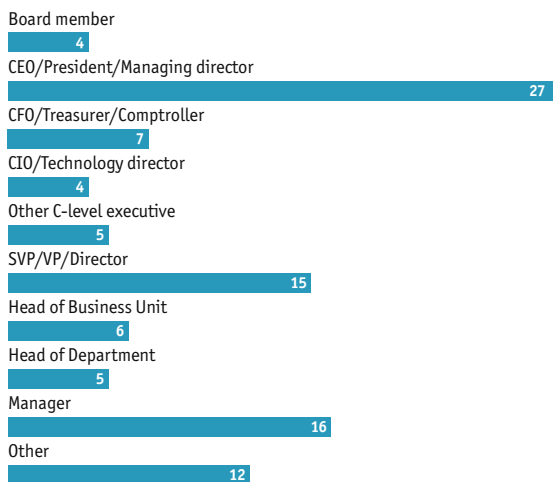
Please choose no more than three functions.

(% respondents)



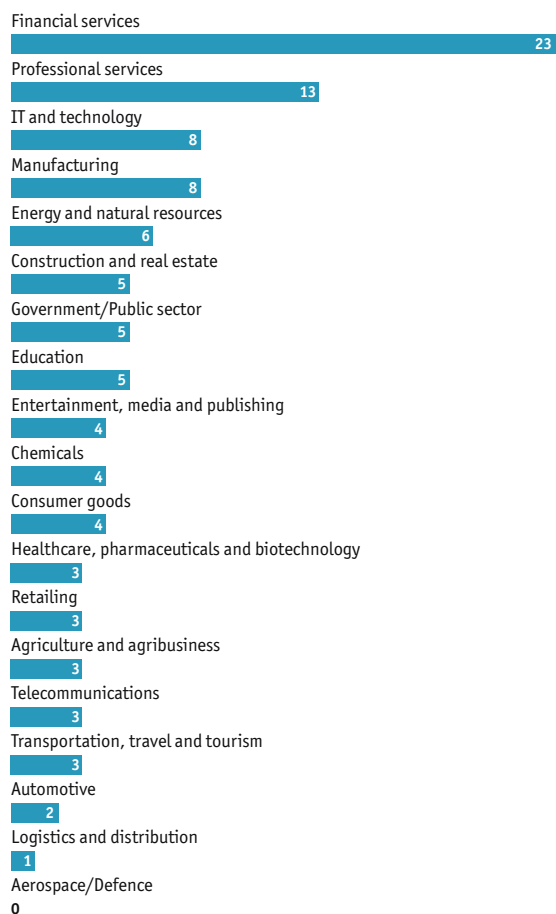
What is your title?

(% respondents)



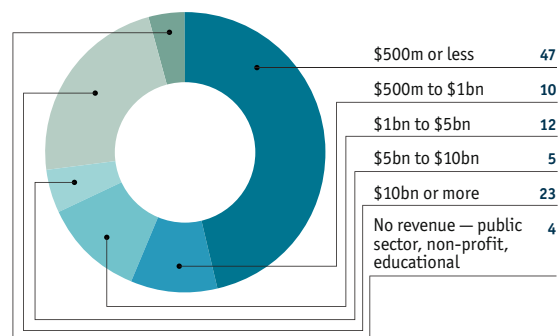
What is your primary industry?

(% respondents)



What are your company's annual global revenues in US dollars?

(% respondents)



Whilst every effort has been taken to verify the accuracy of this information, neither The Economist Intelligence Unit Ltd. nor the sponsor of this report can accept any responsibility or liability for reliance by any person on this white paper or any of the information, opinions or conclusions set out in the white paper.

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