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The New Age of Innovation – Driving Co-Created Value through Global Networks

"N = 1 and R = G"

Prahalad and Krishnan (P and K) is a mix of both a lay-man read and what would seem as an academic journal article. It is a lay-man read in the sense that it does not make an assumption towards what industry the reader is in (and uses somewhat easy terminology) but it is more complicated in the sense that it assumes that the reader has had a little bit of managerial experience (if one were to actually apply what they are saying). Another thing of note for the reading is that it was printed in 2008; many issues they talk about have been changed. Throughout the book the authors make the argument that the world is changing/needs to change towards a landscape where corporations are looking at their customers on a one by one basis (where their N = 1) and where the corporations gather their resources on a global scale (R = G; resources can range from human capital to natural resources). P and K use a multitude of different case studies from large multi-national corporations to prove their point ranging from IBM in the United States to ICICI in India (although it seems that most of the case studies are either Hi-Tech or financial). The easiest way to summarize P and K's argument would be to go over chapter by chapter (since there are only 8 and each one builds off of one another).

The first chapter sets the whole outline of the N = 1 and R = G. Probably the best case study P and K give is how an online tutor company has a multitude of tutors around the globe (R = G) that treat each customer as an individually (N = 1). The contrast, according to P and K, would be a shoe manufacturer assuming that everyone fits within a certain shoe size or would want a limited amount of colors (even though the customer can choose within that limited amount). The second chapter focuses more on actually changing how a business operates (or does its processes; which is seen as another theme throughout the book) in the sense that firms should become more "granular" (keep in mind this is different from compartmentalized) so that sections of business can be changed according to different needs without affecting the whole. It is in this chapter that P and K introduce ICICI as a bank that completely oriented their processes by their customer needs in India (they use the example of how ATM's disperse money in "blocks" as opposed to single bills due to the Indian climate being harsher on paper bills than that in the US and EU).

The 3rd chapter focuses more on how "analytics" are being used to "drive innovation" in the sense of helping out their customers. Netflix (before the advent of its online viewing platform) was able to use analytics to focus on each customer one by one (N = 1, a similar situation would be with how online ads can now "track" you to make specific ads just for you). Not only that, but according to P and K, Netflix also used "global experts" in order to help with their analytical needs (R = G). The fourth chapter may be the most complicated and technical chapter of the book as it focuses on the "architecture" of a firm and how they can promote N = 1 and R = G. P and K are really telling the author more than anything what the architecture of a firm should be by going through a series of requirements for (N = 1 and R = G) and their Internet Communication Technologies (ICT's) (i.e. "capacity to link large systems and multiple databases" requires "integrate and mine large databases both internal and external to the firm" p. 124).

Chapter 5 goes into what is called the "organizational legacies" and how they can hinder innovation. This chapter is assuming that the firm has been around for a while and that it has both technical legacies and social legacies (e.g. "dominant logic"). The technical legacies include how old coding languages prevent growth within a firm (i.e. some firms are stuck with COBOL which can be seen as an outdated programming language and not very many people know it anymore). The dominant logic is more on the human capital side when a manager says “This is how we’ve always done it and we are going to keep it that way.” Chapter 6 makes the argument that to transform a firm to (N = 1 and R = G), a firm is going to have issues between flexibility and efficiency (i.e. we want a project done fast [efficient] but it will limit are available options [flexibility]).

Chapter 7 focuses on an issue where firms are constantly rearranging their talent to fit individual project needs. Instead of teams being constantly the team, there is a constant rearranging (e.g. consultants are currently on the rise in the world today). Teams can be formed throughout the world in order to fit needs not being met (R = G). The final chapter (8) simply tells the reader to be a manager of innovation and constantly looking at each customer/case individually while knowing that you will not have all of the resources (so you need to go out into the world and find some!).