

Research as a Journey

C.K. Prahalad

Paul and Ruth McCracken Distinguished University Professor
of Corporate Strategy and International Business
The Ross School of Business
The University of Michigan

August 15, 2006

© C.K. Prahalad

1

My Starting Points:

1. *Next Practices* not Best Practices
2. Amplifying *Weak Signals*
3. Strategy and *Value Creation Process*
4. Focus on *Global Perspective*
5. Changing *Nature of the Firm*



Innovation Debate = Value Creation Debate

© C.K. Prahalad

2

Six Steps in the Journey:

<u>Focus</u>	<u>Result</u>	<u>Coauthor</u>
1. Strategy + IB	Multinational Mission (1987)	Yves Doz
2. Managerial "blindness"	Dominant Logic (1986)	Rich Bettis
3. Focus on Growth Resource Leverage	Competing for the Future (1994)	Gary Hamel
.....		
4. Co Creation of Value	The Future of Competition (2004)	Venkat Ramaswamy
5. A Latent Market	The Fortune at the Bottom of the Pyramid (2004)	-----
6. Global Resource Leverage	XYZ (2007)	M. S. Krishnan

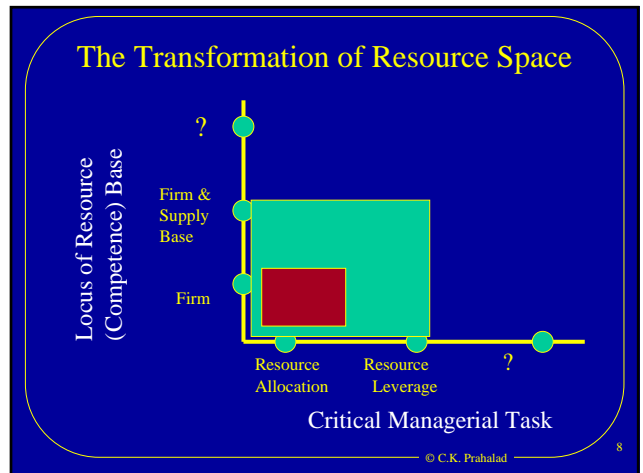
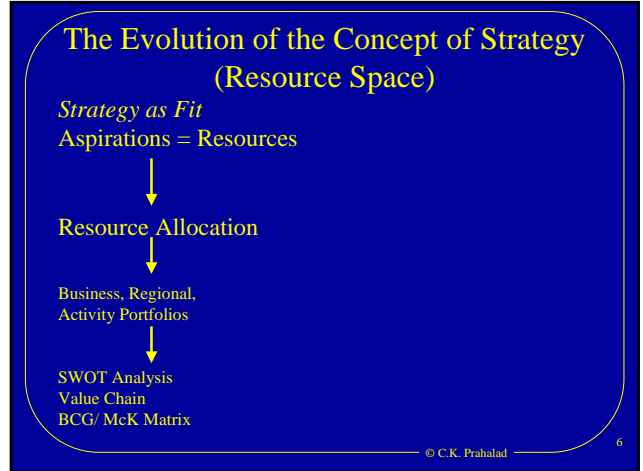
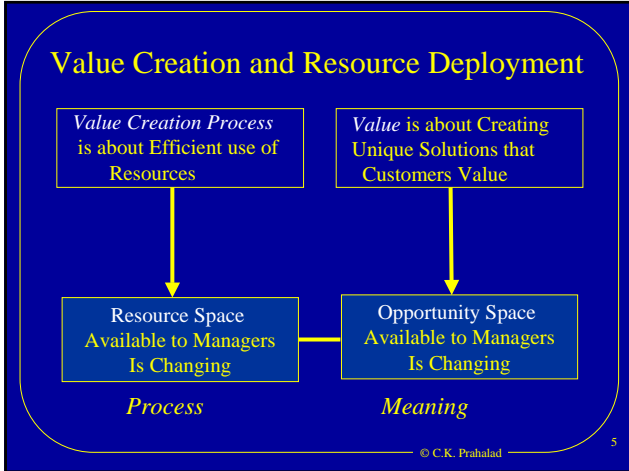
© C.K. Prahalad

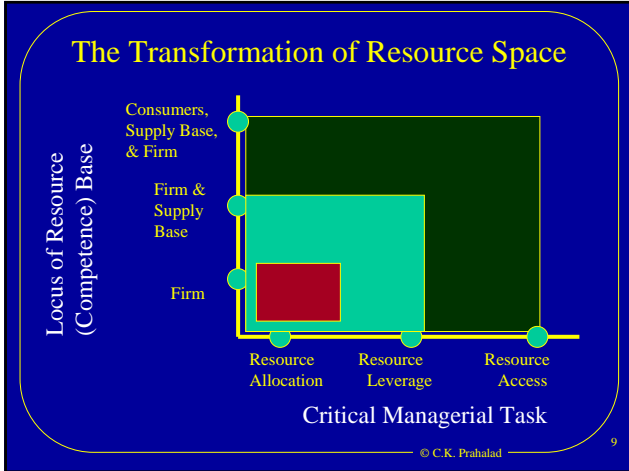
3

Focus on Value Creation Process: Resources Opportunities

© C.K. Prahalad

4

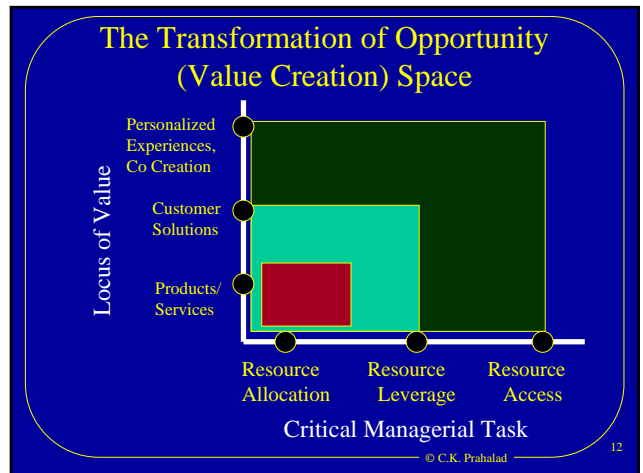
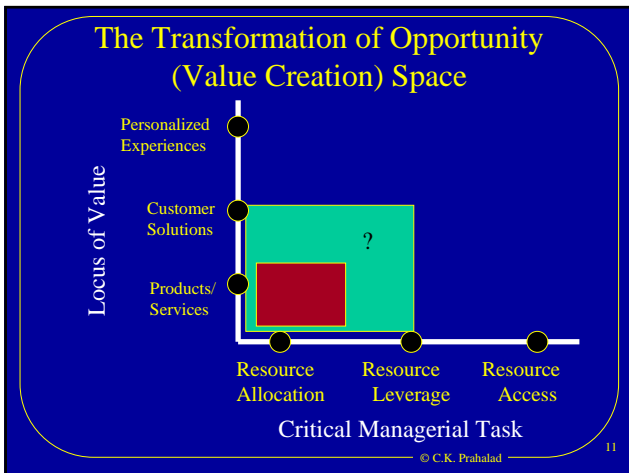




The Shifting Perspectives on Resources and Value Creation Process

	Resources Internal to the Firm		Resources Internal & External to the Firm	
	Stage 1	Stage 2	Stage 3	Stage 4
Unit of Analysis	Stand alone Business Units	Corporation as a portfolio of competencies	Corporation as an extended network of suppliers	Corporation as an enhanced network of suppliers and customers
Concept of Strategy	Asp. = Res.	Aspirations > Resources		Shared Aspirations > Joint Resources
Key Dynamic	Competition	Competition and collaboration		Co Creation and Extraction of value
Connection between Resources and Value Creation	<i>Fit</i>	<i>Leverage and Access</i>		<i>Co Creation</i>

© C.K. Prahalad 10

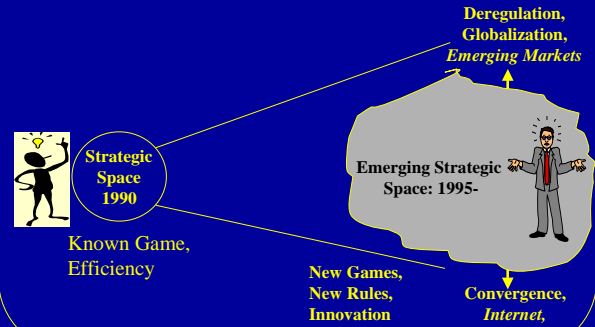


Focus on Emerging Competitive Landscape: A Point of View

© C.K. Prahalad

13

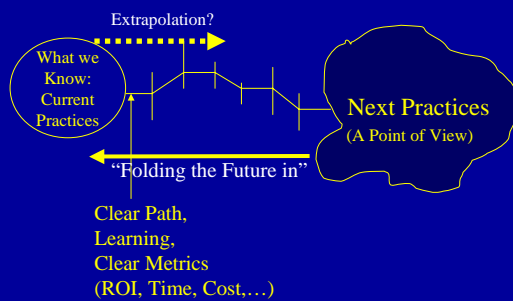
Business Transformation: Forces of Change in the Competitive Landscape:



© C.K. Prahalad

14

Implications of "Next Practices"



© C.K. Prahalad

15

Emerging Entertainment Space

Digital TV set	Cable TV	Web TV	FAX	PC	
		Interactive TV	Printers	PCTV	Laptop
HDTV	Satellite TV				
Flat Displays	Digital Set-top Box	Tablet PC	Handheld		
	Digital Broadcasting	Scanners	Home Networking	PDA	
Video on demand	Digital Video Recorder	Wearable Computer	Telematics		
DVD	Digital Camera		E-mail	Pager	
Video Camera	Digital Imaging System		Cell Phone		
	Digital Jukebox	Multimedia Storage			
CD Player		MP3 Player	Reality TV	Electronic Toys	
	Stereo System		Internet Video	Game Console	

© C.K. Prahalad

16

Drivers of Innovation and Growth: The Next Practices*

Global Restructuring
Of Industries

Innovation
Space

The Fortune at the
Bottom of the Pyramid

The Future of Competition:
Co Creation of Value

* copyright

© C.K. Prahalad 17

The Current Paradigm: Firm Centric

Value = f (Internal Efficiency)

Suppliers ← The Firm → Channel →

SCM ERP CRM

Quality
Cycle time
"Innovation"

© C.K. Prahalad 18

The Basic Transformation

Suppliers ← The Firm → Channel →

SCM ERP CRM

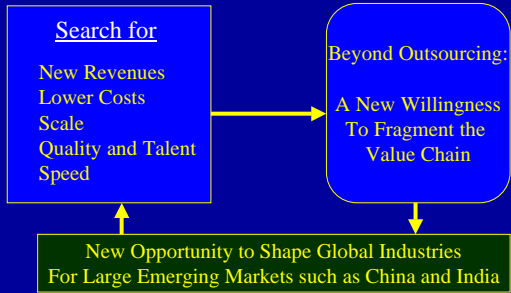
Nodal Firm

© C.K. Prahalad 19

Will She Change our World?

© C.K. Prahalad 20

Changing Role of Developed and Developing Countries?



© C.K. Prahalad

21

What does it all add up to?

© C.K. Prahalad

22

20th Century was focused on
Political Freedom:
from Colonialism and Communism
to Representative Democracy.

21st Century is about Economic
Freedom: We must focus on
Democratizing Commerce

© C.K. Prahalad

23

Democratizing Commerce:

Every Person to have Access to the Benefits
of the Global Economy.

Every Person as a Consumer:
Afford world class products and services,
Shape their own experiences.

+

Every Person as a Producer:
Have Access to Global Markets

© C.K. Prahalad

24

