



Finding Great Ideas In Emerging Markets

Why your managers need to double as idea scouts
by Nathan T. Washburn
and B. Tom Hunsaker

Too many companies in mature markets assume that the only reason to enter emerging countries is to pursue new customers. They fail to perceive the potential for innovation in those countries or to notice that a few visionary multinationals are successfully tapping that potential for much-needed ideas in products and services. Think of General Electric's portable ultrasound technology and Intel's inexpensive Classmate PC.

Others see the opportunities but are unable to act on them. They find that it's hugely difficult to develop ideas in unfamiliar settings, much less turn them into global businesses. C-level executives too often resist disruptive concepts or view international managers as teachers rather than learners. And many companies lack

the necessary processes to absorb outside innovation.

Our research shows, however, that multinationals can position themselves to take advantage of the innovative energy that permeates emerging markets. The key is committing to the deployment of a new kind of manager: what we call a global bridger.

Over the past two years we have interviewed 52 managers in Africa, Asia, Eastern Europe, Latin America, the Middle East, and Russia who work for companies such as AT&T, ConocoPhillips, Exxon Mobil, and Walmart. We have learned how global bridgers come up with innovations in emerging markets and bring home tested ideas that are integrated into their companies' offerings worldwide.

ABOVE In Jakarta a sidewalk food and fuel kiosk sells petrol by the liter in repurposed soda bottles.

How One Global Bridger Brought Home a Great Idea

In the early 2000s the U.S.-based engine maker Briggs & Stratton was assembling pumps and generators in Shanghai for the Chinese market, but the products were meeting resistance from customers.

SEEKING THE PROBLEM

Mark Plum, the VP of sales and marketing in Asia, saw two challenges: The U.S.-designed machines, although built with Chinese-made Briggs & Stratton engines, required other components that had to be imported, and the end products were too big and bulky for customers' tastes.

FINDING A SOLUTION

With the help of an advocate—a newly hired vice president with long experience in Asia—Plum persuaded headquarters to invest in creating new end products specifically for China and other Asian markets.

CHANGING DIRECTION

The company allowed the lease on the Shanghai plant to expire and shifted funds to the development of a China-based R&D and design center.



Multinationals' survival will depend on these bridgers. Emerging markets have already produced a dazzling array of disruptive innovations, from Tata's \$2,500 Nano car in India to BYD's battery technology in China to Embraer's advances in jet design in Brazil. We suspect the flow of ideas will only accelerate in the years to come. Multinationals that continue to ignore emerging markets' potential for innovation will be left behind.

In this article we will show how to identify and develop global bridgers and, just as important, how to create organizational structures to incorporate their ideas.

Who Are Bridgers?

Abner Portillo is the 52-year-old head of ConocoPhillips's Mexico and Central America region, and a veteran of more than two decades with the energy giant. In 2009 he identified an important opportunity for innovation in packaging, tested the idea, and took it back to headquarters, where it spurred the company to launch a new line of offerings.

Having noticed that lubricants for trucks and heavy machinery were losing market share to unlikely competitors—local companies that offered low-quality products at similar prices—Portillo recruited a trusted colleague, a local distributor, to help him investigate. By observing and speaking with customers, they discovered that some preferred to buy lubricants in five-gallon con-

tainers rather than 55-gallon drums. In the U.S. these lubricants are typically sold to machine maintenance facilities and repair shops that buy in bulk on credit, but many Latin American purchasers run cash-based businesses and need to carry lubricants with them in manageable containers for use on the road. Portillo ran this discovery by another group of customers and then arranged for a test run of one lubricant in five-gallon containers. The smaller quantities proved popular.

Portillo then approached a close colleague at Houston headquarters, the head of the international lubricants division, to see whether ConocoPhillips could benefit from reformulating container sizes. The resulting line of repackaged lubricants has helped the company grow sales in several markets around the world as well as in Mexico and Central America.

This experience and others like it have changed ConocoPhillips's approach in developing countries. International managers are now required to seek innovative insights in those countries and transfer them to the company through formal channels.

Successful bridgers like Portillo are relatively rare: Only 28 of the 52 managers we interviewed reported that they had sought out and identified potentially company-changing innovations during their assignments in emerging markets. (See the sidebar "Searching for Bridgers.") We considered 14 of these to be effective bridgers.

They were all senior managers—some in new-business development, others overseeing sales or manufacturing functions—who had taken on bridging in addition to their regular significant responsibilities. Many had become bridgers on their own, sometimes in spite of the company rather than with its support.

Conducting interviews, testing hypotheses, and drafting proposals for new products and services might fill up only half a day per week. Nevertheless, bridging is intertwined with virtually all the other tasks of an international assignment. Because almost any interaction with a customer, a supplier, or an employee might spark innovation, bridgers continually gather impressions and ideas.

Bridgers share a number of characteristics. They may differ widely in education, experience, and age, but they tend to be good at developing and maintaining relationships of trust; they understand emerging markets; they have been with their companies a long time; and they are skilled at selling their ideas internally.

Maintaining relationships of trust.

Bridgers need to develop relationships with valuable contacts in their regions and with senior executives who can support their ideas back home. A manager at a multinational retailer told us that it was usually the frontline workers who knew best which initiatives were working (or not) and why. She made a point of establishing relation-



BREAKING THE MOLD

The designers created pumps and generators equal in quality to U.S. models, but that would be built with locally sourced parts (and the company's Chinese-made engines). The end products' smaller, more aesthetically pleasing profile was a departure from Briggs & Stratton's classic muscular-looking U.S. products.

GETTING RESULTS

The new engines, pumps, and generators have helped the company to more than triple its Asia business over the past three years.

ships with them, even taking them out to dinner, and ultimately developed a reputation at the home office for having a deep understanding of what was going on in the stores. She identified effective innovations and applied them as best practices in other areas; on occasion, the company even adopted her innovations in the U.S. market—the “ultimate success” for an idea from a developing country, she said.

Research shows that people can create trust if others see them as benevolent, competent, and possessing integrity—that is, having the best interests of others and the organization at heart, being able to get things done, and reliably adhering to agreed-upon principles. A benevolent, competent manager with integrity might, for example, take steps to alleviate employees' crushing workload by rearranging staffing assignments without breaching the company's established hiring and firing practices.

Integrity and benevolence require incessant attention to interpersonal details. The retail manager was successful at cultivating relationships with lower-level employees in part because she understood that trust is fragile. She told us that even a small misstep—such as being rude to her driver—would have irreparably damaged her reputation, and her ability to glean information would have suffered.

Understanding emerging markets. Successful bridgers are often the product

of multiple overseas assignments, or they have studied at schools that focus on global business and the importance of emerging markets. Such preparation is crucial if bridgers are to see value in ideas that arise in developing countries. Lila Ibrahim, who until 2010 headed Intel's emerging markets platform group, told us, “Some managers believe that emerging markets have potential for innovation, and others don't.” The latter won't be on the lookout for disruptive innovations.

Ibrahim had a well-developed global perspective long before she became a manager, having traveled widely with her family as a child and having rotated through various regions and product divisions at Intel. When she assumed the leadership of the emerging markets group, in 2007, its function was to provide technology for classrooms to support Intel's philanthropic investments in education. Ibrahim came to believe that the unit could also create a low-cost notebook PC that would be a viable product for emerging markets.

She worked with a team of other bridgers, including anthropologists, and had them spend time in Brazil, China, India, Nigeria, and elsewhere, analyzing local needs and preferences. Team members in Brazil heard from students that the PC should include a camera. Ibrahim didn't understand the logic of that request until she visited Brazil and saw that a camera would be an important way to make the computer what

Searching for Bridgers

the students wanted it to be: a social tool that connected them with one another. She backed the idea—along with a suggestion that the camera be capable of moving—and she advocated for the experts' proposals regarding elements such as screen size, durability, and charging and wireless functions. The resulting Classmate PC was the forerunner of the company's Netbook project, which created a new market for Intel in the segment of portable, durable, inexpensive, socially oriented PCs. (Intel doesn't build the computers itself; it produces the chips that power them and licenses other manufacturers to build them.) Intel has sold more than 85 million Netbook chips to ASUS and other companies over the past two and a half years.

Having long tenure. Scouting and implementing ideas is a job for company insiders. Bridgers say they rely heavily on their deep knowledge of the companies' competitive advantages, history, and business models. That knowledge is what makes them good at identifying viable innovations. The effective bridgers we found had an average of 12 years' experience with their companies.

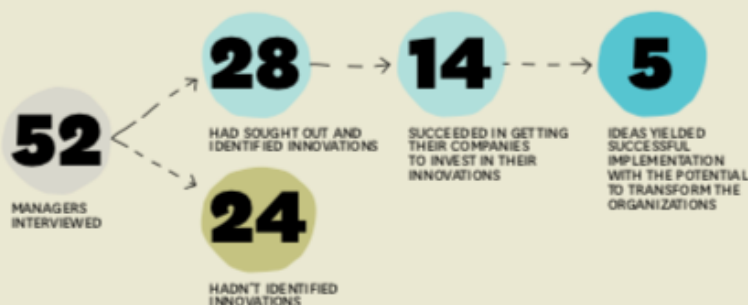
Selling ideas. Those bridgers were also excellent communicators and particularly skilled at persuading others of the validity of their ideas. In 1998, when he was Nike's general manager for the Americas, Tom Hartge succeeded in getting the company to support the production of a \$10 athletic shoe—the World Shoe—for emerging markets. Hartge was able to accomplish this in part because he could speak the Nike language. He drew on his tenure of 15-plus years to help him articulate why a cheap shoe for the masses would not damage Nike's potent brand. His team included an experienced designer who made sure the shoe embodied Nike's design philosophy. Hartge presented the World Shoe as being infused with the company ideal of putting everyday athletes on a par with sports stars. He argued that barefoot athletes kicking rag balls in slums were just as serious about their sport as any other athletes and deserved a shoe they could afford.

Once we had identified successful global bridgers in a few forward-looking companies such as General Electric, Intel, ConocoPhillips, and Briggs & Stratton, we were surprised to find how rare this type of manager is. The scarcity is due mainly to a lack of corporate awareness of the importance of the bridging role. In some of these companies it was only after headquarters had seen the value of the bridgers' ideas that corporate leaders began to view their overseas managers as sources of innovation.

We interviewed managers who worked in Africa, Asia, Eastern Europe, Latin America, the Middle East, and Russia for 49 multinational companies. Most of those who hadn't identified innovations said they believed that the emerging markets weren't developed enough to produce useful ideas. Some said their job was to bring best practices to the regional business rather than to find ideas there.

Managers who had identified innovations but were unable to persuade their organizations to act on the ideas cited reasons including poor presentation of concepts, the managers' lack of relationships with senior-executive advocates, and the companies' lack of commitment to developing insights from emerging markets. "We've found some great things, but it doesn't seem to go anywhere when we pass it on, so there isn't a huge incentive to do it," a manager from a global chemical company told us.

Managers whose companies invested in but did not follow through on their innovations cited the products' lack of alignment with the rest of the company's offerings, personnel changes that left the innovations without crucial advocates, or opposition from other units.



Although the project ultimately founded—one challenge was that Nike lacked the capacity to distribute the inexpensive shoes effectively—it wasn't for lack of enthusiasm on Hartge's part. Whether he was addressing five people in a hallway or 500 in an auditorium, he became an evangelist, constantly promoting the idea, using language and images that resonated with those he spoke to.

Executives should keep these characteristics of successful bridgers in mind when choosing managers for overseas assignments. In many corporations, the selection criteria for international positions are narrow, including only such qualities as expertise in a functional area, knowledge of the local environment and culture, and proficiency in the local language. Those characteristics alone don't make a global bridger:

If companies want to unearth innovative ideas in emerging markets, they must take a more expansive view of the role of overseas managers.

Get the Most Out Of Bridgers' Ideas

In order to be effective at cultivating, training, and supporting global bridgers, companies should understand what the most successful bridgers typically do: how they find ideas, cultivate local "translators," test the ideas, and take them back to headquarters.

Finding ideas. Bridging requires a subtle but essential shift from seeing what one wants to see to seeing what one ought to see. That often means managers must identify the limitations of their institutional viewpoints, a point underscored by Portillo. "Even though I speak Spanish and am of the

same culture [as the region where I work]," he told us, "it is important to recognize that my view on things usually starts from the home-office perspective."

The best bridgers intentionally observe customers, suppliers, and competitors, seeking to understand the conditions underlying these groups' behavior. The value of intentional observation is evident from an experiment we conducted with a group of 67 managers. Shown a video of department-store shoppers, the managers who had been explicitly asked to look for sources of customer frustration were more likely than others to notice shoppers who were stuck in traffic bottlenecks, having difficulty finding desired products, unfamiliar with the store layout, or unable to find the dressing room—all potential seeds of store innovation. Unless managers are told that observing is part of their job, they overlook problems, trends, and incipient innovations that are happening around them. Some bridgers go as far as keeping journals for recording and distilling their insights. This enables them to look for behavioral clues suggesting customers' challenges or frustrations and to develop hypotheses about new business ideas, products, or services.

In her role as a manager of other bridgers, Lila Ibrahim made sure that Intel managers visited international customers and actively looked for innovations based on customers' needs. Managing bridgers not only facilitates the transfer of ideas; it also sends a message about their value. Our research shows that when both the company and the bridger expect opportunities to be properly considered, the quality of the insights increases.

Cultivating translators. Another important activity for global bridgers is developing people who have insights into the local environment and who can help explain what the bridger is seeing. The need to forge relationships with these people (we call them translators, but language is only part of it) is one reason bridging requires significant time on the ground: Quick hits and short hotel stays won't do. Translators

tend to be bridgers' colleagues or subordinates, but we believe that individuals from outside the organization may be more effective, because they can provide greater insight into the strategies of local competitors, which are often hard for outsiders to discern. Companies should teach overseas managers about the value of relationships with potential translators, and managers should be evaluated on their ability to build and sustain such relationships.

Ibrahim spent 20% of her time mentoring managers who reported to her, helping them draft effective e-mails to corporate headquarters and assisting them in preparing for presentations. She also advised would-be bridgers to mix socially with local people by hosting holiday parties and entertaining colleagues at home. She sometimes sent translators to Intel's U.S. headquarters so that they could become familiar

with the corporate outlook. For example, a well-liked engineer in China was a font of local information, but his effectiveness as a translator was hampered by his limited understanding of the corporate perspective. A stint at headquarters allowed him to frame his ideas in ways that were more helpful to bridgers.

Experimenting. A third aspect of successful bridging is conducting experiments. It would do global bridgers little good to dump untested ideas on corporate headquarters—executives would pay no attention. So successful bridgers sift through their observations to find the most valuable ones, and conduct experiments on their own or with translators' help.

General Electric is among the few global corporations that have developed explicit innovation-hunting strategies. CEO Jeffrey Immelt has committed significant

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resources to tapping what he calls the “explosive” idea potential in developing countries. Witness the creation of the company’s newly formed Global Growth and Operations unit, headed by John Rice, widely considered to be Immelt’s number two at GE. According to Reinaldo Garcia, GE’s chief executive officer for Latin America, this unit reflects GE’s recognition that “many of the ideas and innovations in emerging markets have not been acted on—either because the ideas were not prioritized or strongly advocated for or simply because of a lack of local resources.” The new organization is designed to accelerate localization and to focus attention and resources on ideas “that have always been there but have not had a strong enough voice to come to fruition.”

As at GE, innovation gathering should be an explicit part of overseas assignment descriptions, metrics, and deliverables. Formal incentives for bridging are rare, we’ve found. Among companies that explicitly value the search for ideas, the most common reward is recognition and promotion. But companies will need to learn to compensate bridgers, and as they do, it will be important to structure incentives appropriately, rewarding intermediate behaviors—such as working with translators and identifying innovations—as well as final outcomes, which often take years to become clear.

Bringing It All Back Home

Because new ideas threaten existing power structures, corporate leaders often tend to reject insights from distant colleagues. A manager who works for a U.S. conveyor-belt maker experienced this from two perspectives. When he worked at headquarters, he frequently heard peers comment that they didn’t put much credence in the ideas that came from international managers. When he was later assigned to an emerging market, he found, not surprisingly, that his ideas were deflected by people at headquarters without full consideration. That’s why bridgers need to take a multifaceted approach to ensure that their

ideas reach the core of the company. They must speak in headquarters terminology, provide evidence from experiments, sell their ideas, and enlist other executives as advocates.

The 14 effective bridgers in our study relied on such advocates. Managers who didn’t have them were unsuccessful in promoting their ideas. Advocates prevent ideas from being shot down and facilitate the rich conversations necessary to persuade others of their value. Although some of the successful advocates we studied were newly recruited executives, all were senior people who had direct access to top

Advocates should spend time with bridgers in the field as well as offer them advice and support.

decision makers and were willing to get deeply involved in assisting bridgers. Deep involvement is critical: Hartge’s advocate at Nike believed in the World Shoe but didn’t have the bandwidth to spend much time on the project.

Omar Ishrak, the CEO of Medtronic and formerly the CEO of GE Healthcare Systems, is another advocate. Ishrak was the head of GE’s medical ultrasound division when a pair of GE bridgers—Diana Tang and J.K. Koo—developed the idea for the portable ultrasound technology. He roundly supported their efforts and formed a new ultrasound division specifically for China, giving the team the autonomy it needed to develop a product for that market. The smaller, cheaper device that resulted has proved attractive in many other markets, too.

Advocates like Ishrak can be instrumental in persuading a company to create new corporate structures for disruptive innovations. This is often a necessity: Innovations from emerging markets tend to dramatically alter existing products, and companies struggle to produce and sell the altered versions through existing channels without creating inefficiencies and confusing customers. According to Immelt, the ultrasound project’s success is largely at-


tributable to its being managed separately from GE’s other ultrasound segments.

Smart companies recognize the importance of the bridger-advocate relationship and reward advocates for championing others’ ideas. Leaders should encourage bridgers to form relationships with advocates while working at headquarters and advise them to maintain those relationships while on assignment. Moreover, organizations should ensure that advocates do more than simply offer advice and support. They must get out into the field and spend time with bridgers to better understand emerging ideas.

Another key to success is giving bridgers the responsibility for bringing ideas to market. Our interviewees told us that otherwise, innovations are likely to stall in the face of resistance or lack of interest from other departments. Ibrahim and her team were successful, she told us, because they had the freedom to develop a new product and new capabilities to support it.

THE MOST effective bridging strategies do all of the above and also create solid structures at headquarters that allow for an increasing infusion of ideas from emerging markets. By encouraging overseas managers to keep journals, write reports, or participate in web-based internal forums, organizations can ensure that bridgers’ knowledge is preserved for others to build on. Such documentation allows multinationals to create, over time, a trove of contacts, insights, and records of experimentation that international managers can use to systematically and effectively search across emerging markets for the next great idea. ▣

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 **Nathan T. Washburn** is an assistant professor at Thunderbird School of Global Management. **B. Tom Hunsaker** teaches in the MBA program at Thunderbird.