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As part of the *Café Insights* series of interviews with inspiring speakers, The Insight Bureau recently caught up with Hellmut Schütte, Dean Emeritus of the INSEAD Business School in Singapore and a respected authority on international business and international marketing and management. He talks to us about the changes in Asia he has observed over the years.



AV: Well, hello and welcome to another in the series of Cafe Insights. I'm Andrew Vine, CEO of The Insight Bureau and today I'm in conversation with Professor Hellmut Schütte from INSEAD.

HS: Hello.

AV: Hellmut is the Dean Emeritus of the INSEAD Business School here in Singapore and until recently was the dean and distinguished professor at CEIBS in China, so you've just come back to Singapore, welcome back!

HS: Thank you.

AV: How long were you in China?

HS: Five and a half years, very good years, enjoyable years, but also tough years to work in an environment such as China.

AV: Well I wanted to have a conversation with you because you are one of the first people I ever met in Asia when I came here -- and I've been here 23 years. But you've been in and around Asia studying this part of the world and how businesses have taken advantage of this region for over 30 years. You started with INSEAD at Fontainebleau in France and you came out to Singapore in about 1993?

HS: Something like that, yes. But I came out to Asia in the 1970s selling detergents and hair cream for Unilever in Indonesia.

AV: That was in your previous work ...

HS: And I was here in Investment Banking as well.

AV: Well your other claim to fame of course you had a very successful book, "Strategies for Asia Pacific" – which you co-wrote in 1995, and it was actually re-updated in 1999, and "Market Management – an Asian case book," and also another book on consumer behaviour in Asia. So, your focus all along has been how international companies have taken advantage of this part of the world.

HS: Yes, most companies from the outside and how they operate in Asia, and vice versa now more recently.

AV: So, my intriguing first question would be, in all of this time, you have seen massive change: What are the most significant things that you think have changed since you started coming out to Asia?

HS: When we look back, we had a period that we thought we'd moved towards an Asian Century, right? Asia would take over! Now, while the growth has continued, and I think Asia has delivered on many aspects, the West has not given up! The West has remained very strong, so we don't have an Asia perspective. But we seem to have something else; when we go back 30 years, Japan was the star and Japan's star is obviously not shining so brightly any more, and Japan has been taken over by China in every respect, both micro-economically as well as in the attention it gets from the senior management of companies.

AV: China has taken over in every regard, grown-up in terms of size of market, in terms of its population, in terms of its might, if you like, power around the world but also people are also pretty excited about the other big Asian country, India. In our conversation earlier we were saying well we have to really weigh that up and put it in proper perspective.

HS: 30 years ago, India and China were about the same size; today China is five times as large. So to believe that India will be something like China, I think is a bit daring; that is not the case anymore.

AV: Because even if China grows modestly, and this is what people are worried about, saying China is slowing down and so it gets less interesting, there's almost an air of pessimism which is rather strange, because it's going to remain the biggest, most vibrant market for many years.

HS: And growth rate is coming down we know historically that is the case everywhere but 5% growth would be the same as 10% growth ten years ago. So the momentum has remained incredible.

AV: And how are multinationals faring? I mean globalisation is a great thing because it opens up new markets but also exposes people to whole new competitors which they never had before, so are multinationals making money in this region.

HS: Yes, very clearly yes. Multinationals don't like to talk about it but most of them do well. Then there are some, especially those who are starting here, who are not doing well and experience huge losses especially during the first years. But, overall companies which have something to offer in terms of competitive advantage have also a lot to offer to Asia, and it shows.

AV: And I think many multinational companies from the West -- from the UK, Europe and North America -- have come with some level of new innovation and I think there is a big debate about whether Asia is going to have a chance to be a centre for research, development and innovation to actually be a driver, not just a receiver.

HS: I guess in certain industries, yes, in others not, and that's very difficult to predict what we see, for example, in e-commerce was the AliBabas of this world, is spectacular. Whether now those companies which had beaten the incumbents, the large American firms, so extraordinarily well, whether they will now be turned around and will beat U.S. companies in their own territories is an open question.

AV: Well there are aspirations that many new growing Asian firms have to go into Western markets, Europe and North America, but they lack the history of development in terms of being able to embrace that -- no short cuts whatsoever.

HS: Sure, no short cuts! At this very moment we see more failures than successes. That will change and in certain industries we will see Asian companies -- Chinese companies -- as we have seen in Japan before, dominating the world market, and many others that won't.

AV: So you have been looking at this region for the last 30 years, how about the next decade or so? How do you think multinationals should be looking at this region strategically in their global portfolio of growth markets.

HS: Now it's very clear that Asia's share in the world economy will continue to grow, and as such, a true multinational which wants to be present in many parts of the world and exploit these opportunities has therefore to grow its part in Asia as well. So if you have companies which still have only 5-10 percent of sales in Asia, there's something wrong. Or they are in a very specific industry for which there is no market in Asia, and that of course, can happen as well.

AV: Well I know a lot of mid-sized companies will typically grow in their home market first and then start to go international. Rather than going, say, from the UK to France, they are actually taking a big step coming into a very unfamiliar territory like Asia. Some will get it right and some will struggle if they fail to understand the nuances of how to do business here. That's one of the things I know you do when you talk to companies about, having both a historical perspective of showing how Asia has grown to where it is, and showing how companies have had to face up to certain challenges.

HS: Yes, some of these companies are very successful, others not. Many of them have very good technology which they could use here in Asia to gain traction. To my mind, when you look at smaller companies, they depend on a few individuals who push their companies very hard into the region and are fully committed. If you don't have that, and if you are short of people even in your home country then most probably Asia may not be the right place. You need fully devoted people. The best, to me, is the large family-owned company where the son of the owner or the daughter of the owner says, "OK, for five or ten years, I will push Asia before I go back to headquarters." I've seen that a few times -- that works very well.

AV: So you've now shed your administrative duties as Dean. What will you focus on now as you look forward?

HS: I will continue to be staying close with the business community. I think Asia, whether Singapore or China or what have you, these are not places where you relax and go to the beach, at least not for somebody like me and I guess not for you either, right? The dynamism, which is around us, will just push us further and will want us to be intellectually challenged, and for us to be knowledgeable about what is happening at this very moment in the region.

AV: Yes, absolutely! I couldn't agree more. Well thank you very much for spending a little bit of time with me Hellmut. We look forward to seeing more of you now you're back in Singapore.

HS: Good.

AV: Cheers.

<http://www.insightbureau.com/HellmutSchutte.html>