

Innovation in the era of rapid changes



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INNOVATION enables resources to create or enhance value. It is an integral part of successful entrepreneurship and sustenance of a business. While innovation has been part of our lives since the beginning of human civilisation, it requires reassessment in the context of the rapid technological advancements being made today.

There have been a few notable innovation initiatives in Bangladesh. As part of the access to information (a2i) programme of the government of Bangladesh, an innovation lab has been set up. The goal of this lab is to foster a hands-on, action-oriented approach to solve some of the complex problems of the country and society. According to the website of a2i, a total of \$3.1 million has been awarded to fund various innovation initiatives.

Bangladesh, like any other country in the world, is also witnessing five global megatrends that are changing its economy and society. Rapid urbanisation is exerting pressure on cities. Shifts in economic power are helping the country to advance its world ranking. There is demographic change, with the average age of the national population falling below 27 years. Climate change looms large and is set to alter the country's agricultural and coastal livelihoods significantly. Finally, technological advancements pose both risks and opportunities for the country. Innovation in all these five areas can provide Bangladesh ample opportunities to grow faster.

Technological advancements, in particular, are going to change business and life significantly. They are happening at such a rapid pace that the speed of innovation will also require recalibration. Moreover, most of the innovation of the future is going to be led by technology. It is important for businesses and the government in Bangladesh to plan how they

are going to manage the speed of innovation successfully.

Quite often, innovators tend to borrow an idea from the West, localise the idea, and try to implement it in Bangladesh. For example, a mobile app-based ride-sharing business was innovated and incubated in Silicon Valley since 2009. We have seen the emergence of similar services in the Dhaka region about six years later. Such an approach provides necessary products and services for the market faster, but does not always solve local problems, such as the problem of traffic congestion in this case.

With technological advancements happening at such a rapid pace, innovators need to innovate for present problems instead of problems of the future. It is easy to comprehend an existing problem and create a solution quickly for the same. The solution can be tested fast in the real environment and deployed into the market. The traditional practice of 'ready-aim-fire' should be reformed to a new paradigm of 'ready-fire-aim' to improve the speed and agility of innovation. In this fast-changing environment, it's acceptable if an innovative attempt fails, but it has to fail fast.

Successful innovators are disruptors. They adopt new technologies and disrupt the existing market or business model. Through the cycle of disruption, innovators also create value for stakeholders across society. If a company wants to thrive with innovation, it should prepare to disrupt its own products and services too. For example, the apparel manufacturing sector is on the cusp of disruption due to the emergence of robotics and other automation devices. A company with an innovation mindset is expected to embrace these new technologies and disrupt its own business models. Those who wait will get disrupted by the innovators.

An innovation mindset requires openness of information exchange. The innovators in Silicon Valley regularly submit their ideas for critical evaluation by other innovators in the region. Even successful entrepreneurs don't shy away from letting others challenge their solutions and ask tough questions. Such openness fosters an environment of excellence and accelerates the innovation process overall.

Innovation does not necessarily entail a huge of research and development cost. While research and development work results in many innovative products and solutions, quite often, the high spenders lag behind the top innovators. Innovation can be frugal too.



STAR/FILE

As rapid urbanisation is exerting pressure on cities, innovation can provide Bangladesh ample opportunities to grow faster.

Frugal innovation is going to be more important for emerging countries like Bangladesh where there is a significant demand to deliver products and services at affordable prices.

Innovation can be managed for producing systematic output. This is particularly useful for established companies that are already governed by their own rules and procedures. The popular belief is that a structured environment stifles innovation. On the contrary, a structured environment can offer ample opportunities for innovation. Existing problems and opportunities can be articulated better in a structured environment. The solution to an identified problem may be found within or outside the organisation if it is well articulated. In fact, at times, solutions from outside are faster and cheaper than those produced inside the organisation. The entire process can be managed to deliver the benefits of innovation to large organisations. Bangladesh is

witnessing the emergence of large organisations with high revenue and large workforce. As these companies are implementing mature processes, systems and structures, they will also require a platform for managing and incubating innovation.

Innovation is a process that opens up opportunities collaboration between industry and academia. Businesses can submit their problems to the student groups of engineering and management schools for solving. This creates an opportunity for the students to work on contemporary industry problems. In addition, it allows businesses to access external knowledge for problem solving. Bangladesh has some high-quality educational institutions for engineering and management studies. Thus, there is an opportunity to innovate through such collaboration.

Finally, successful innovators don't innovate alone. They create a collaborative environment where companies work together to

solve a problem. Many large companies form their own cohort of start-up companies to accelerate technology-led innovation.

Allowing start-ups to try new products or services helps large companies to ring-fence the associated business risk. Once successful, the concerned start-up can be integrated with the mainstream business. In the near future, such innovative cohorts of start-up companies are expected to flourish.

Bangladesh has already made some notable progress in technology-led innovation. With an environment that fosters innovation with speed and agility, innovators in Bangladesh will be able to deliver world-class results. Industry forums, along with government agencies, can provide such environments for innovators to thrive and become successful.

The writer is partner at PwC. The views expressed here are personal.

Boeing opens first 737 plant in China



REUTERS

Boeing Senior Vice President (commercial sales, marketing) Ihssane Mounir speaks at a ceremony marking the first delivery of a Boeing 737 Max plane to Air China at the Boeing Zhoushan completion centre yesterday.

REUTERS, Zhoushan

BOEING Co opened its first 737 completion plant in China on Saturday, a strategic investment aimed at building a sales lead over arch-rival Airbus in one of the world's top travel markets that has been overshadowed by the US-China trade war.

The world's largest planemaker also delivered the first of its top-selling 737s completed at the facility in Zhoushan, about 290 km (180 miles) southeast of Shanghai, to state carrier Air China during a ceremony on Saturday with top executives from both companies.

The executives, alongside representatives from China's state planner and aviation regulator, unveiled the plane at an event attended by hundreds of people.

Boeing and Airbus have been expanding their footprint in China as they vie for orders in the fast-growing aviation market, which is expected to overtake the United States as the world's largest in the next decade.

Boeing invested \$33 million last year to take a majority stake in a

joint venture with state-owned Commercial Aircraft Corp of China (COMAC) to build the completion center, which installs interiors and paints liveries.

Chicago-based Boeing calls itself the top US exporter and delivered more than one out of every four jetliners it made last year to customers in China, where it forecasts demand for 7,700 new airplanes over the next 20 years valued at \$1.2 trillion.

However, the plant's inaugural ceremony was overshadowed by tensions between the United States and China as they engage in a bruising tit-for-tat tariff war. The world's two largest economies are in a 90-day detente to negotiate a trade deal.

"Am I nervous about the situation? Yeah, of course. It's a challenging environment," John Bruns, President of Boeing China, told reporters on a conference call earlier on Saturday.

"We have to keep our eye on the long game in China. Long term, I'm optimistic we will work our way through this," he said.

While the trade frictions have hurt

businesses such as US soy bean farmers and Chinese manufacturers, their impact on Boeing has been unclear. US-made aircraft have so far escaped Beijing's tariffs.

Bruns said he remained optimistic about the outcome of trade talks between the United States and China and described aviation as a "bright spot" amid tensions between the two countries.

Asked about the possibility of technology transfer agreements between Boeing and COMAC, Bruns stressed that the purpose of the plant was for installing seats, painting vehicles, and completing the planes' final delivery.

"That's only a part of what we do in the production of airplanes," he said.

Officials and executives made no direct reference to the trade tensions in public remarks at the planemaker's Zhoushan facility.

Boeing aims eventually to hit a delivery target of 100 planes a year at Zhoushan, although Bruns deflected a question on how quickly it would reach that level and said Boeing had no plans to expand work to other aircraft types.

US sets March 2 for China tariff increases amid talks

REUTERS, Washington

THE US Trade Representative's office on Friday officially changed the scheduled date of a tariff rate increase on \$200 billion worth of Chinese goods to 12:01 a.m. EST (0501 GMT) on March 2, 2019 as the United States and China pursue talks on trade and intellectual property.

The change was made in a Federal Register filing from a previously scheduled effective date of Jan. 1, 2019 for the increase to 25 percent from 10 percent.

The notice does not affect the 25 percent tariff rate already in place on \$50 billion worth of Chinese technology items, including semiconductors, printed circuit boards and other electronic components, machinery and vehicles.

The filing was added to documents associated with USTR's "Section 301" investigation into China's intellectual property practices, which has been the basis of US tariffs on Chinese goods that led to tit-for-tat retaliation from Beijing.

It attributed the change to new US-Chinese engagement "with the goal

of obtaining the elimination of the acts, policies, and practices covered in the investigation" following a Dec. 1 meeting between US President Donald Trump and Chinese President Xi Jinping in Buenos Aires.

The USTR statement did not specify any expected outcomes of the negotiation. It made reference to goals set forth in a statement issued by the White House to negotiate over a 90-day period structural changes by China on forced technology transfer, intellectual property protection, non tariff barriers, cyber intrusions and theft, services and agriculture.

Trade worries push eurozone business growth to 4-year low: survey

AFP, Paris

WORRIES about a global trade war and disruptions caused by anti-government protests in France pushed business growth in the eurozone to a four-year low in December, an influential survey showed Friday.

The flash reading of a survey of eurozone businesses conducted by data firm IHS Markit, the composite eurozone PMI, fell to 51.3 points from 52.7 points in November.

A reading above 50 points indicates business is still expanding.

IHS Markit said new business inflows almost stalled, job creation slipped to a two-year low and business optimism deteriorated.

"An undercurrent of slowing economic growth was exacerbated by protests in France and on-going weak demand for autos," said the firm.

The survey for France showed business there has flipped into reverse, with the index plunging to 49.3 in December from 54.2 in November.

"While some of the slowdown reflected disruptions to business and travel arising from the 'yellow vest' protests in France, the weaker picture



REUTERS/FILE

Employees of German car manufacturer Porsche work at a factory in Stuttgart-Zuffenhausen, Germany.

also reflects growing evidence that the underlying rate of economic growth has slowed across the euro area as a whole," said IHS Markit's Chief Business Economist Chris Williamson.

"Companies are worried about the global economic and political climate, with trade wars and Brexit adding to increased political tensions within the euro area," he added.

The data point to a weak economic

expansion of 0.3 percent in the final quarter of the year for the eurozone, he said.

But December's data alone show GDP growth is slowing to a 0.1 percent rate, and forward-looking information such as orders and sentiment show demand growth is stalling, he added.

The flash reading of Germany's composite PMI dipped by a tenth of a percentage point to 52.2.