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Future of Asia Podcast

Innovating for the future: Building new businesses in Asia

One of the most important elements of business building is creativity—disrupters stand out from the pack with their ability to rethink our most basic assumptions and identify opportunities to break the monotony of the status quo.

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Asia has the suite of capabilities needed for building new businesses—a skilled talent pool, a strong start-up culture and robust investment. This podcast episode, featuring Michael Gryseels, President of True Digital Group highlights how Asian companies can capture the business-building opportunities that come with the region's unique characteristics.

Oliver Tonby: You are listening to the *Future of Asia Podcast* by McKinsey & Company. I am Oliver Tonby, your host and Chairman of McKinsey Asia. In this series, we feature leaders from across the region to discuss the forces, the opportunities, and the challenges that are shaping the future of Asia.

Welcome to the *Future of Asia Podcast* series. Today, we are talking about business building and innovation in Asia. I am joined by two distinguished gentlemen; I am joined by Michael Gryseels. Dr. Gryseels is the president of True Digital Group, which is the innovation arm of CP Group in Thailand. He also happens to be an alumni of McKinsey & Company. Welcome Michael.

Michael Gryseels: Thanks for having me.

Oliver Tonby: I'm also joined by Dilip Mistry. Dilip is a partner in the Singapore office. He is a leader of our business building practice known as Leap by McKinsey. And as such, he focuses on rapidly building new digital businesses across the region. Welcome, gentlemen. Let me just warm us up a little bit. We are now months into the COVID-19 era. Michael, what are some personal reflections from you over the last few months?

Michael Gryseels: Well, I think it's been an unusual period. I think all of our assumptions of businesses are now no longer true. We've seen massive disruptions in our lives, in business, and in society. I'm an optimist, so I always try to see the positive in things. And as we are working a lot on technology, we've seen just an acceleration of many initiatives that we were already taking to bring our businesses digital. So, there's been an opportunity in this crisis to get on faster with what we were planning to do or

to kind of respond very fast in the situations we have never anticipated.

Oliver Tonby: And I also know that you have several children. How has that been over the last few months? Some of them are young children as well, right, Michael?

Michael Gryseels: Oh, yeah. I happen to be a happy father of six kids. I guess we've learned to do a lot of things virtual. I've been—circumstances—stuck in Bangkok for a few months. So, I've played virtual games, I've discovered online gaming with my sons, as well as just a lot of Zoom and Skype family calls. But it's actually been heartening that at least technology can also keep a family together in times like this.

Oliver Tonby: Excellent. Thank you, Michael. Dilip, before we dig in, how have you fared during the last few months of COVID-19?

Dilip Mistry: Thanks, Oliver. Yeah, I think the biggest reflection for me is some of the behaviors, which one needs to be engaged in, like travel—we get to reflect the engaging with clients remotely, engaging with colleagues remotely. I think there's a new normal, which is being established, and I'm kind of looking forward and excited about how we're going to behave going forward. We don't need to constantly be on a plane 24/7 and I think more and more of us becoming comfortable with using online and video to go about our business, both professionally and personally. So, looking forward to the new normal.

Oliver Tonby: Indeed. Thank you. Thank you, Dilip. Listen, let's shift to the content in today's podcast. Let me start with you, Michael. Let's start off with tell us a little bit about True Digital. What is it? What is your vision for True Digital?

Michael Gryseels: Well, the vision for True Digital is sort of defined by our parents. Our parent shareholder is the Charoen Pokphand Group, also known as CP Group. It's 100-year old conglomerate with roots in very old industries, particularly in

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—Michael Gryseels

agriculture and farming. Our claim to fame is we are the largest producer of shrimp in the world and the second largest producer of chicken and eggs. As many other Asian conglomerates, we have diversified quite a bit over those 100 years and we have now businesses in retail, in automotive, in transport, we are building the high speed rail in Thailand, in healthcare, pharma, and some of our pharma business, we're also working on cures for the COVID-19, then we have telecom media, real estate, etc. So, it's a very diversified conglomerate. And my chairman, who took over from his father few years ago, has the ambition to use technology to transform that group into the 21st century and make sure that we stay competitive and innovative.

So, the mission and vision of True Digital is to be an enabler of digital transformation for that entire group. So, what we do within True Digital is we incubate new businesses, as well as new technology solutions that could be relevant wherever in the group. I guess what is similar to McKinsey is that for me as an executive, it offers a wide diversity because one day, I'll be working on smart farming solutions, the next day I'll be working on what we can do in digital healthcare and how we can create a virtual clinic. So, in short, we are building technologies for 15 sectors in our group. To do that, I have an organization of technically competent people. We are about 1,200 people right now, of

which 70 percent are really technical data scientists, software engineers working together.

Oliver Tonby: A 100-year-old conglomerate, shrimp, chicken, eggs in about 15 sectors. This does not sound like an easy challenge. Tell us a little bit about what are some of the learnings that you've had from trying to do this innovation, to do this business building?

Michael Gryseels: I think it is a challenge because you're working on one hand with a company that is huge, has its way of doing things, and it has also a lot of inertia, due to the size, and then you try to marry that with a fast-moving digital company that needs to help them. I guess a few of the learnings, I actually believe that there is power in interesting creative tension in having a 100-year old business collaborate with a new organization that's only a few years old, where you've got people that actually won't—you know, I've never worked in industries; I've got software engineers that never been on a farm—and suddenly, we need to work on very advanced technologies to make, for example, contactless farming work. I think the lesson learned is that it's really in making that collaboration work. I guess one way of putting it requires a translation.

I believe, the best innovation happens if you marry subject matter expertise, which we have in our

traditional businesses, with depth in technology, and you bring together people that are passionate about using technology to solve a particular use case and you bring people that understand the use case inside out. And I think making that happen has required us to do a couple of things; it's really about making sure that we've got a good mapping of the use cases, taking a product approach to developing the technologies, and then also working on the people side. We've got our own academy, so we need to do a lot of skill-building while we're building this technology.

Oliver Tonby: So, Dilip, some reactions to what Michael just said around, what are some of those challenges in building these businesses?

Dilip Mistry: Absolutely. Michael talked about the ambition of conglomerates embracing digital and use technology to, in many ways, reinvent themselves. And what's unique about conglomerates is they have all these different assets. They know how to build your businesses, they've been doing it for many, many years in all the sectors that have been mentioned previously. But how do you do this in the digital world? Well, frankly, there are new challenges when it comes to talent, when it comes to go-to-markets, and many conglomerates have focused on traditional transformation that is kind of reinventing their core businesses by reimagining processes. What's interesting about the approach that Michael talked about is how do you use digital business building specifically as a lever to kind of be a catalyst for the broader conglomerate transformation. This is something, which I find interesting as an approach as opposed to just traditional digital transformation.

Oliver Tonby: And say a little bit more about that. What is different in this approach?

Michael Gryseels: Maybe let me just build on what Dilip said. I think when we solve a problem, let me try to contrast the two approaches, when one of the people in our traditional business, let's say in our farming businesses, comes to us with a problem, we will not just kind of pull some resources and problem-solve them, we will take it as an opportunity to build a new business. So, for example, in our shrimp farming, we built a software solution using artificial intelligence (AI) to figure out what's the best way to optimize further the operations of a shrimp farm, whatever it's in ventilation of ponds, in adding chemicals or adding feed. And as we did that, we basically saw that software solution, we approach it as an opportunity almost like a start-up. Like if we were to create a start-up that builds software for shrimp ponds, what will be the market opportunity for that and what would the product need to be accepted not just by our own farms, but by all the farms in the world, which don't always have the same for their own farms? We approached it like that. We set it up as a start-up. I put a 28-year old guy in charge [as] the CEO. We gave him five people using the product approach to think through what we needed to build. And right now, it is being sold not just through our own shrimp farms, but also to companies outside of our group.

Oliver Tonby: Fascinating. I love that example. Thank you. And can we also zoom in a little bit on as companies are trying to transform, what are some of the pitfalls that you see?

Dilip Mistry: One of the biggest pitfalls is sometimes taking a short-term view. Although many, many companies would attest to taking a long-term view, it sometimes takes a while to get what is referred to as the product-market fit to really deliver on the market expectations. So, one of the biggest mistakes is after four months or six months of trying to build a product, trying to get the revenue as quickly as possible. That's one big pitfall. The second biggest pitfall I see is not paying enough attention to culture because it's all too easy for this new company to just absorb the culture of the mother ship, so to speak. And one of the things that makes a new digital business kind of unique is the distinctive culture to attract talent, to be innovative, to take experiments. So, keeping a vigil on culture, values that is going to be required to succeed is really, really important. That's the second kind of pitfall. And then the final one is just sponsorship is absolutely critical. We

need senior sponsorship to give this new digital business runway to experiment, like I mentioned, fail and make sure they've got the backing of the support from the senior most levels so that they can continue to innovate and win in the marketplace.

Oliver Tonby: Thank you. Michael, any reactions to that?

Michael Gryseels: No, I think Dilip brought a lot of good points. Maybe I'll just double click on one, which is culture and the role of leaders. In our organization, we are probably right now dealing with somewhere between 80 and 100 use cases that are spread across our group. As the CEO, there is just no way that I can add value to all of them. It's interesting because our group has historically had—because it's also family ownership—a very top-down leadership approach, where people were waiting for their boss. And in my organization, I see myself as a chief cheerleader. What I do is to basically sponsor initiative-taking, coach, as opposed to direct. What I spend time on is resource allocation, which teams need more resources and what type of resources do they need. But if I'm going to try to solve how we do 3D modeling on chickens, or virtual COVID-19 clinics, or smart retail applications, we'll very quickly get lost. And it's not just me, it's my entire senior management team and our people that I think we're open to such a mindset of seeing the organization, turning it upside down. I'll just share one concept. We call our organization a village. What we mean by village is it's not well-organized. It's a little bit perhaps parochial, but where you have small groups. We've got an agricultural village, they've got 10 people. We've got a healthcare village, and they've got 10 people, and we got villages that are each working on a domain. And then within those villages, there's specific subteams. And the idea behind the village concept is to empower teams and to let the teams figure out what use cases they believe are going to be most relevant to solve, that we can solve.

We've also learned over time that we cannot solve everything. And then as a leader, you focus more on figuring out which of these teams are actually doing well, which are not doing well, what type of coaching do they need, what type of support they need, what type of resources they need. So, that in my view, is the role of a leader. It's very different from a traditional corporate where they have a very KPI-focused approach and you can instruct people top-down.

Dilip Mistry: Just to add to the village concept. To me, it's not just diversity of ideas, which I think is interesting, but having a village where you've got diversity of people. Village, we often think about it as being a kind of a local theme. But one of the interesting things about a village, you can truly be global, hiring, and then getting the best talent

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from the world to be part of your village is, I think, an important attribute as well. As a conglomerate, there might be a temptation to keep things local. With a true global village, you're able to access the best talent from around the world, which I think Michael can talk to as well.

Oliver Tonby: Let's double click on this. I know that the topic of talent is something that many CEOs and senior executives struggle with. And Michael, villages do need people. What you're trying to do, I assume, actually needs a level of expertise and skillset that is not common. How do you go about that? You said initially that you have 1,200 people or so. How do you go about finding the talent?

Michael Gryseels: I'm happy to talk about that. I spend a lot of time, and it's one of the things I'm most proud of. Because we are 100-year-old conglomerate, that traditionally creates a certain perception in the market. Three years ago, people were skeptical about what we were set out to do as a digital company there. I believe, in the last few years, we've really built the employer brand reputation. We've won some awards upon that. I think by particularly engaging candidates about our culture, by being quite open about how we work. We are very active on LinkedIn, we publish interviews with our employees, we are quite open about what we do. We host ourselves a lot of meetups where we share with other companies about insights we have in technology. All that has made people believe that our culture is very different. Diversity is a word that is used often these days, but it's been with us from the start.

Our shareholder is an Asian conglomerate. I've had the blessing of my chairman and the management to hire the best in the world, which was needed to do what we had to do. So, right now, we have more than 20 nationalities working in our organization. The youngest person in my organization is 20-years old and the oldest is 60-years old. We have pretty good gender diversity in the top three layers of our organization. I believe that matters. I believe diversity matters if you want to bring innovation, if you want to bring in culture, and then just

relentlessly hammering. I make it a point to speak to every group of new joiners myself for half an hour about our culture. Every Monday, I will spend half an hour with about 10–15 people that just have joined the company to explain them what our culture is about and talk about the things that matter. I believe these kinds of efforts really are very important when you're building an organization that has a mandate like ours to grow, to build businesses very fast.

So, sometimes fail fast as well and accept that failure is part of learning, and to be able to cope with diversity and pace of innovation, the very broad range of diversity and scope that we back up. Over the last year, we've built a digital academy. The reason we build that is that we felt that in our group, we have 350,000 employees. If we want to be a digital company, we need to upgrade the skills of a significant portion of our employees to be relevant in the digital age and there is no way that we can solve that problem through recruiting. There's just not enough talent in the market. That academy was, in the first place, for our own companies. We've started to open it up to some external companies that have heard about it. But now, what we're seeing is that as we're going through a very rapid and unexpected reconfiguration of our economy, where there will be need for more automation in order to avoid contact between people and perhaps there will be less jobs in the service sector, we're seeing that the economy, as a whole, needs a reconfiguration and it's more of those digital skills.

So, we are now working together with other institutions and the government to figure out how we can create an academy for the country where people that are currently unemployed due to COVID-19 and can actually use their time productively and learn skills. There are some fascinating stories. We've converted hairdressers into software engineers in our academy. I'm personally very excited about that and I believe that is something that will need to happen in many more markets to deal also with the changes in workforce that are required to enable additional companies to do something about social impact that this crisis have set on employment in many markets.

Oliver Tonby: Say more about that. We're going to come back a little bit to talent. But I heard you saying also "failing" and it sounds like failing is okay. What percent of your projects, or how many fail, Michael, and how do you think about failure?

Michael Gryseels: The key is to fail fast. I'll be honest, I don't think we were initially good at it. Let me give you a specific example. We're not talking a lot about the low-pressure economy. Above all, from a public health perspective, low touch or no touch is important. In farming, this has been around for a while. The biggest source of diseases in farms is the contact with humans. So, we've been working for a while making our farms contactless or avoiding that any human gets into the farm. And as part of that, we have to solve, "Why does a farmer go into the farm?" Well, to check on his animals. For example, if you have a chicken farm, typical house would have around 10,000 chickens. The farmer will spend a couple of hours a day in checking on the chickens, checking on their weight, checking on whether there's any disease, checking on their behavior. So, we can automate that through computer vision and AI.

Turns out, we managed to solve a couple of problems. We know the 3D camera can take a 3D scan of a chicken, and based on computational modeling, can estimate its weight. They don't need to be weighed anymore by the farmer taking the chicken out, which is quite stressful for the one taking care of the farm. So, we've been able to solve that problem. We've not been able to solve early detection of diseases in the bird. You also got to admit that sometimes you're not solving something, and you got to admit that early on. Right now, I think our teams are getting better at that. Probably for 50 percent of the problems, we're saying we can't solve it. That doesn't mean we can't solve it at all. But I think a different approach for digital company is to be open to working with your partners that can help you solve those problems. So, we've been building an ecosystem of all the start-ups, of other companies, that can help us solve the problem that we can't solve on our own. It's also about knowing when

it's better to not try to do it yourself, but to look for someone else that has a better way to solve it.

Oliver Tonby: Asia's standing in the world has changed. And it's clear that where the focus once was on how quickly the region would rise, the reality is now all about how Asia will lead. Keep listening to the *Future of Asia Podcast.*

Let me bring us back to the talent topic. We've heard about the importance of getting the right talent. We heard about the importance of building teams. Now, when you do have diverse talent, when you do have a mix—globally best—how do you make that into a team that has a common purpose, a common goal, and as a well-performing team? Dilip, is there something that I know that you have spent quite a bit of time on in practice.

Dilip Mistry: Yeah. It's also a cross-functional team with very different skills. It could be engineers, designers, product people, marketeers. How do you get them all to work together as one? It does begin with purpose. Everyone needs to be aligned around what the common mission is, and ideally, it should also be involved in scoping that out from day one. Frankly, to attract, to retain, and to keep this type of talent engaged, they need to believe and want to work on this mission. This type of talent has opportunities everywhere. You get them involved in helping shape that vision, number one. Number two, you help them, you work with them to create this environment where they are constantly, the word here is usually "shipped," "shipping," they're constantly producing something to market. Sooner is better than later. The most important thing related to the comments earlier on failure is, "Are they learning?". So, you create an environment with a shared mission and an environment where you're constantly producing something out to the market and testing it with customers. And thirdly, creating an environment where there's constant learning and the ability to unlearn when required and get external help when that's required. If you can get those three things together, then you have a great environment where innovation becomes the norm.

Michael Gryseels: Let me just build on what Dilip said and how we are doing it. There are some lessons learned on this, Oliver. First of all, I believe teams need to be small to be effective. Amazon has a metaphor they called two-pizza concept, which means a team needs to be fed by two pizza, and no more, which tells you how many team members should be there. And the reason why small teams work is that they can be focused. If you make them too large, they tend to drift. You can align them on one problem statement—also something that I borrowed from McKinsey—but we use problem statements like, "What's the problem, team? What does this team know so far?" If you spend time with them on that problem statement and get them motivated from that we're going to make a difference in this industry and this is the specific problem we're going to solve, you're able to create a purpose for that team as a whole instead as just part of an organization working on certain KPIs. They're going to solve a problem for the world, and you empower them to solve that.

Now, with that empowerment also comes accountability. So, we do check in every month and we have a demo day type of concept every three months where teams need to come, show—do they have a product? If they have a product that fits the market, then they get more resources. A little, just to allow them to kind of scale to the next phase. And then the next few months, we'll give them a little bit more, etc. And so, I think this kind of applying is what we need to get going. It took us a while. Again, some of our teams are doing very well, some need some interventions. They have small teams focused on a problem, empowered to solve that problem, and they get help from the system to get the right people in their team. And then they do wonders. And I've seen that magic also happen in our organization when we get [the] problem safe and clear, the team composition is right, and we get management to understand that their role is to support.

Oliver Tonby: One other thing that I have seen here, let me ask you, Michael, this, is how do you get your teams, your business building teams, your teams of technology specialists, if you will, to be accepted

by the business line? This is something that we see. There's a little bit of, "I'll call you when I have a problem. Solve that problem for me but otherwise …" how do you get accepted by the broader company and the broader leadership?

Michael Gryseels: I've definitely seen also that "organ rejection" type of dynamic. It's particularly funny when you're put in front of a 50-year old executive that has worked for 20 years in an industry or more and a 30-year old guy who says, "I'm going to solve your problem, that problem that you were not able to solve in the last couple of years." Those meetings are always interesting. I think it's about building a track record and bringing the right people to the table. So, one thing that I've noticed when we almost put it as a condition now is the person we put in charge of a team, he needs to have some relationship to the industry that he is going to work in. Let me again go to my example of the person that we put in charge of our smart farming business. His family was in farming, so he could empathize, and it's also about making sure that at the senior level, we do extend the commitment and say, "There's a certain process, there's a methodology. We've done this before, trust us."

Oliver Tonby: Dilip?

Dilip Mistry: Just to add to that, empathy is really critical, as Michael mentioned, but there's also a role in education. If you have been running a business for 40, 50 years, it's sometimes difficult to anticipate who's really going to "shake the tree," so to speak. A newer executive or a technology executive has a responsibility, frankly, to show what's possible with the new technology. This could be by demonstrating the technology, it could be talking and identifying start-ups, which are coming into that space, and then get into an environment where you're co-creating, problem solving together to basically get the solution. There are traditional kind of barriers that can get in the way, but as long as they both align on a common sense of purpose, they'll be both wanting to take the business in a new light. Michael also mentioned the word "translator." Technologists need to

pick up the business language, and traditional businesspeople need to appreciate the role of technology going forward. As long as you can create the environment where there's a sharing of ideas, then we can get to a win-win.

Oliver Tonby: Understand. But implicit in all that you're saying is also that, at the end of the day, you also need to be delivering results for and with the business. That's where the credibility comes from. It's actually delivering a new business, an improved business.

Michael Gryseels: My organization is not a cost center. We have a P&L. We only get paid if we deliver the results. We have a commercial incentive to please our customer by solving their problem. If you can't structure this again, as what Dilip said, as a business building effort, where the business, the heads of my villagers, they have a P&L and their business needs to, on point in time, be profitable. That kind of entrepreneurial approach focus on building a business with products that customers are willing to pay for, puts our people on the edge and makes them customer centric. They listen to the other side and understand, "Okay, what do we need to do to solve your problems with great business value?"

On the other side, what we have done in our group, and I have the benefit that I have two roles, Oliver, I'm also the Chief Digital Officer for the entire group. We have toned down pressure on our traditional companies to make sure that they are doing this transformation at a certain pace. We are measuring how many initiatives they are taking on digital transformation. We are asking them to report showcase initiatives on a quarterly basis. We are monitoring the adoption of advanced technologies like blockchain, AI, and Internet of Things into our different companies. They have a toned-down pressure from that end. If suddenly, for example, again, our agriculture business, they need to do something with blockchain, they have no capability, so they come to us and say, "Help us with blockchain. Help us figure out how we implement traceability with this approach."

Oliver Tonby: Got it. Listen, guys. I'm going to change topic a little bit. Start with a little bit of a global view. We know that we live in times where many things are changing. Pace is picking up. If you look at innovation and business building, what are the sectors that you see that are going to be provided more opportunity for that kind of innovation?

Dilip Mistry: I think we've already seen traditional service industries like media and retail. They've definitely gone online and there's many, many new businesses in that space. What's really interesting, especially in light of the recent pandemic, is industries like healthcare have also been shaken. Obviously, because of the restrictions and the lockdown, people have to kind of avail those services in new ways. This has really been a catalyst for industries like healthcare. There's a number of innovations which we've seen where companies like Practo, for example, which is a medical consultancy, they've come about in helping their patients get access to services. We've seen traditional marketplaces. The driver sharing companies reimagine what they're doing to deliver medicine as well.

So, I think healthcare is an area, which [has] definitely been disrupted and will continue to be disrupted. The most obvious one, which is kind of new, is education. I mean, why can't a student get the best possible education regardless of other teachers around the world? It's really the pandemic, which has really forced us to relook at the way in which we deliver education. I think there's going to be a lot of innovation in that space, not just in Asia but the world over.

Oliver Tonby: Michael, you mentioned 15 sectors, you said earlier. What are the hot sectors in your view?

Michael Gryseels: We have a forum every quarter where the 500 most senior executives of our group come together. It's happened over Zoom, but we continue to have that. It's fascinating, Oliver. None of our sectors is immune. Our retail has been hit, probably, in the most dramatic way. Our shops have had to close down, on very short notice. That puts

imperatives on e-commerce to not just grow to double digit, no. Our ambitions in e-commerce for some of our retail businesses is to grow by 10x in one quarter. We've had to solve how we suddenly scale our delivery fleet with a factor of 10 in just a matter of months. So, retail for sure has had an immediate hit. In healthcare, we've had to set up 34 virtual COVID-19 clinics in Thailand in a matter of months.

I agree with Dilip. We always spoke about teleconsultation, teleprescription, but now, there is no alternative. We have to do it, and I believe what you see is the governments are actually quite willing to collaborate with the industry on regulations that made it happen faster, and that only is going to foster innovation. Even in our agriculture, we've had concerns in many of our markets. We are a key player in the food chain, so we've had many discussions with government on how we can ensure that there will not be food shortages with the pandemic. We've had to invest in our supply chains to ensure feasibility. We've had to invest more rapidly in automation to make sure that we could continue to operate key parts of our supply chain with less people due to the social distancing guidelines. We have a big real estate unit, as many conglomerates. We've had to figure out how we'll have virtual showrooms. We have an automotive division, which on one hand, there has been actually more demand because people don't want to take public transport, and on the other hand, people can't go to showrooms.

Oliver Tonby: If you look across the world, do you see any differences, Asia versus other parts, differences within Asia?

Michael Gryseels: First of all, the differences Asia versus the West. What I find fascinating about Asia is that we've had, in many markets, a quite mature dialogue between different stakeholders, between companies in the same industry, industry and government, about how to deal with some of the disruptions. I believe that's been helpful for innovation. I believe that has happened in some Western countries, but not all. I'm personally hopeful that there will be, coming out, a lot of interesting innovations. I believe Asia also needs it more. If you

talk about, for example, healthcare across Asia in many emerging markets, there is not enough infrastructure. Unless we solve teleconsultation, telediagnostics, we can't possibly solve the healthcare infrastructural challenges that we have. The same is true with education. Online education has often been seen as a solution to solve some of the infrastructure challenges in education in this part of the world. We might be an innovator in that area.

Again, I'm an optimist, Oliver. I believe that part of this crisis is that it has put stakeholders around the table in sectors, which traditionally have been constrained by regulation. It has facilitated a very constructive and collaborative debate about how we can make some of these innovations happen in a shorter period of time. That might, over time, even lead to Asia bringing innovations for the rest of the world.

Oliver Tonby: Dilip, go for it.

Dilip Mistry: I'd like to concur in the sense that I have no doubt Asia is where innovation will continue to accelerate. It's almost like the perfect storm. You've got a large pool of young, very talented population. If you look at the number of even patents that have been registered, I think two-thirds of all the global patents, for example, being registered in Asia with China, India, Korea, Singapore, those kinds of countries showing leadership in that space. You've got this talented pool, which is emerging out of Asia, number one. Secondly, capital inflows into Asia are at an unprecedented high. I think something like 41 percent of the invested capital in start-ups around the globe is now in Asia. That's a 10 percent increase from a decade ago. So, the inflows are coming in, in terms of capital. And then the third and probably the most interesting dynamic is—this is what the market is. You've got a growing middle-class market and these consumers as well as businesses have needs.

So, you've got innovators with talent, you've got money flowing in, and you've got customers as well. From my experience, this is a perfect recipe. It's a very fertile ground for innovation to take place. With COVID-19, we saw a number of innovations from

countries like Korea and in Singapore, for example, the tracing app, where those innovations actually started in this part of the world first. I'm really excited about Asia being the hub of innovation going forward.

Oliver Tonby: Excellent. Listen, Michael and Dilip, we've had a great conversation. I have learned many things. I'm not going to try to summarize all but we have heard about business problems as the start of a business building opportunity. We've heard about the role of leaders as cheerleaders. We've heard about accepting significant number of fails so long as they fail fast. We've heard about the importance of small two-pizza sized teams, empowered teams, and many other things. So, this has been a fascinating discussion around the importance of innovation and how to build businesses. I would love just to round us out by asking each of you, if you put yourselves in the shoes of the senior executives that are listening to the podcast, what is the one or two pieces of advice or suggestions that you would have for them? Let's start with Dilip.

Dilip Mistry: Sure. The one piece of advice I'd give is, we all know change is the only constant in business and with technology and with digital, it's just accelerated. Business building is just the fundamental capability that's required to make any business more resilient. Markets are going to change, environments are going to change, but if you've got this fundamental business building capability, you'll be able to take your organization in many different directions. My one piece of advice is don't just transform your organization but build new businesses.

Oliver Tonby: Michael.

Michael Gryseels: Yeah. I've not lost the habit of giving advices in three points, but I'll keep them short. My first one is I spend a lot of time on thinking and listening, actually, hearing from others—I believe it's going to look quite different. The concept of the low-touch or the no-touch economy, it brings many changes. I encourage my management teams to understand what are the business opportunities that that world would bring. I'd share that advice with other executives. Number two is I believe innovation only works if you have the right structure and people. From a structural point of view, we've spoken about this concept of village and you can give it different names, but it's a loosely organized organization where resources are allocated on a flexible basis and relocated quickly. Diversity, there's many good reasons for having diversity in an organization. I can tell you that I believe diversity is essential for innovation. You bring people together with different vantage points, different competencies, different backgrounds, different nationalities. Great things happen, you get just better ideas.

Oliver Tonby: Excellent. On that note, a huge thank you to Michael and to you, Dilip. Thank you so much for a fascinating conversation and I hope all of the listeners had an interesting time tuning into this conversation. Take care, everybody.

Michael Gryseels: Thank you, Oliver. It was a pleasure being on the show.

Dilip Mistry: Thank you.

Oliver Tonby: You have been listening to the *Future of Asia Podcast* by McKinsey & Company. To learn more about McKinsey, our people, our latest thinking, visit us at mckinsey.com/futureofasia or find us on LinkedIn, Twitter, and Facebook.

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