

“What’s in the balance?”

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Australian Business Foundation
“A Decade of Discovery”

November 14, 2007

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Globalization

- **More players as sources of production and as markets, and they may not think or act like us**
- **Offshoring, outsourcing, and networked production further fragment production chains**
- **Competitiveness for firms and locations will be based on individual activities or subactivities rather than complete industries**
- **Renewed importance of place, cities as nodes of globalization**
- **New requirements for business and for public policy**

Information Technologies

- **Completely new ways of transacting business, or accelerating existing ways of transacting (Alibaba versus Li & Fung)**
- **New ways of accessing information on customers, competitors, suppliers, partners, etc.**
- **New ways of creating /managing networks and opportunities to leverage “online town squares”**
- **Supermobility, distributed processing, new coordination mechanisms, new work days**
- **Empowering new groups and forms of organization**

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Technology in General

- **The core technologies that will be commercially valuable in the next ten years already exist**
- **Existing technologies will get faster, cheaper, more efficient, greener, cleaner, etc. The cumulative impact will be substantial**
- **New products and services will come from improvements in existing technologies and new bundles of existing technologies**

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The Rise of China and India

- **2.5 billion new competitors, but 2.5 billion new customers too (eventually)**
- **In some ways simply reasserting the pre-industrial revolution status quo**
- **Massive implications for globalized production, resources, energy, new materials**
- **The rise of China and India are international, not just national phenomena**
- **Understanding roles on an industry by industry and activity by activity basis**

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The Real “Knowledge Economy”

- **Not just R&D or technology**
- **Knowledge, innovation, and creativity in the boardroom is critical**
- **The “Bill Gates / Michael Dell fallacy”**
- **Markets generally don’t lie, so follow the money**
- **What continues to cluster? The knowledge, innovation, and creativity-based activities!**

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Pressure on Resources

- **New customers with vast potential demand with few new supplies or suppliers, or long lead times**
- **Energy and resource security will be political and strategic issues as well as economic issues**
- **Green technologies and practices will have increased momentum, in some cases despite the economics**
- **Strong pressure to develop substitute materials and commercialize relevant technologies**

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Paradigm Shift

- **From industries to activities**
- **From 8 hour-a-day to 24-hour-a-day activities**
- **From affluent markets to accessible markets**
- **From interaction to integration and collaboration**
- **From going with the flow to managing the flow**
- **From selling to the world to learning from the world**
- **From home-based strategies to “China plus one” and “India plus one” strategies**
- **From “flatenee to flattenor”**

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Dichotomies or False Dichotomies?

- The knowledge economy for some or for all?
- Large firms or small firms?
- Asset light or asset heavy strategies?
- Location less important or more important?
- Cities, (subnational) regions, nations, or (supranational) regions?
- The rise of China and India and the fall of others?
- Flat world or hierarchical world?

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The Two Sides of Australia

- The kangaroo
- Aussie rules football
- Some Australian managers
- Deep professional and scientific expertise
- International outlook and cosmopolitan nature
- Unmatched network in the Asia-Pacific region
- Ability to be “Western” in the East

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For Australian Firms and Offices

- **Unprecedented opportunities for those that**
 - Use knowledge/ innovation/ creativity
 - Leverage international production systems
 - Plug into international information flows
 - Become world class in individual activities
 - Create and manage new networks
 - Use Australian networks in the Asia-Pacific region
- **Unprecedented challenges for the rest**

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For Australia in General

- **The new economy will not benefit all equally**
- **Australia will be well-suited for some activities, not all**
- **Education and training at all levels is vital**
- **“Place” more important than before**
- **Leverage of resource base and related technologies**
- **Regional clustering a vital basis for policy / development**
- **The need to stay plugged in, tuned in, turned on**
- **Work with the trends rather than debate their merits**

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What's in the balance?

- **Only the survival of Australian companies and the livelihoods of people, cities, and regions in the nation.**
- **So no pressure!**
- **But there are at least as many opportunities as challenges and the outcomes depend on the ability of Australians and Australian companies to seize these opportunities going forward.**

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Thank You!

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