

August 23, 2006 Wednesd



Business News

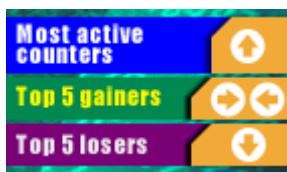
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Financial Ticker

index	last	change	vol
CI	944.81	-0.21	1,183,249
Emas	208.60	0.00	575,643
2nd Brd	84.33	-0.10	81,708

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Business

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M'sia, S'pore Business Leaders Face New Challenges From India & China

KUALA LUMPUR, Aug 23 (Bernama) -- Competition China and India will intensify as these two countries move up the knowledge economy ladder, said London-based business consultant Tan Kee Hian.

These two densely-populated countries not only enjoy lower cost structures but have become more innovative in their business and product offerings, he told Bernama today.

Such developments mean greater challenges for the Malaysian and Singaporean business communities, said Tan, who is also a Senior Global Expert in the Blue Ocean Strategy Network.

"We do not enjoy the low cost of production compared to China and India nor do we have the innovations of the Western countries," he added.

Citing the words of Esko Aho, a former prime minister of Finland that "more of the same is just not good enough," Tan said a paradigm shift had to take place in the mindsets of local business leaders towards value innovation if they wanted to create uncontested market space.

Uncontested market space is a main idea taught by Professors W. Chan Kim and Renee Mauborgne in their international best-seller, "Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant."

Tan explained that the Blue Ocean Strategy was a thinking process which took time to internalise before it becomes part of the corporate culture.

His observation from 25 years of consultancy work with multinationals, is that most chief executive officers in Malaysia and Singapore expect to see quick results, thinking that by reading a book or attending a two-day business conference will help them achieve the returns within a short timeframe.

"This is one reason why business communities in Malaysia and Singapore are not seeing innovation breakthroughs," he said.

Tan observed that innovation was also given very little priority by CEOs in Malaysia and Singapore.

"While the rewards are there for making the additional sales, are we rewarding enough of staff who contribute to value-added innovations that will become the company's next big income earner?" he asked.

Tan said too much was being done to survey what clients want, which would always end up with the same conclusion 'better quality at lower cost', instead of getting inspirations from the non-customers, who often could help the company to create new market space.

But he lauded the example of AirAsia, saying that since the budget airline introduced its compelling tagline of 'Now, everyone can fly', it had attracted more people to fly who would otherwise not have the financial means to travel by air.

On Khazanah Nasional's impact study to assess the YTL proposal to build a high-speed train between Singapore and Kuala Lumpur, Tan said a new approach would be to see how the bullet train could well create a new market of its own while adding value to the existing customers who travel by train, coach or air.

"The existing transport operators could also look for their uncontested market space in the blue ocean somewhere else," he said.

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