



LEADING THE EPIC REVOLUTION

HOW CIOs
DRIVE INNOVATION AND
CREATE VALUE ACROSS THE ENTERPRISE

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I was recently introduced to Bruce Bachenheimer, clinical professor of management at Pace University's Lubin School of Business and director of the university's Entrepreneurship Lab. I think it is fair to say that Bruce lives and breathes innovation and entrepreneurship. A serial entrepreneur himself, Bruce is an expert on the important role that innovation plays in business growth.

In a lengthy interview, Bruce outlined some of the reasons he's passionate about innovation and entrepreneurship. Here's a summary of what he said:

As Thomas Friedman says, the world is flat. Countries compete on a much more equal basis than in the past. On a national level, the only sustainable competitive advantages come from innovation.

Competing on the basis of low labor costs is a temporary strategy. It's a race to the bottom and it won't keep you competitive in the long run. Nations with high standards of living, low unemployment, trade surpluses, and general prosperity tend to compete on innovation.

For a while, it seemed like Japan's strategy of competing on the basis of manufacturing efficiency was a winning strategy, but the gains they achieved disappeared as competition drove down prices, which benefited consumers, not manufacturers. It was a temporary victory, and now they've been in a recession for nearly two decades.

If you look at countries that are leaders in innovation—the U.S., Australia, New Zealand, Israel, and the countries in northern Europe—you see high levels of education and high levels of entrepreneurship. In Japan, for example, the culture and regulatory system make it very difficult for entrepreneurs to succeed. If you are an entrepreneur in Japan, you face a lot of barriers. As a society, Japan is very intolerant of failure. That fear of failure stops people from taking risks, and you need to take risks to succeed as an entrepreneur.

On the other hand, countries like the U.S. and Israel are much more tolerant of failure—especially when you fail on someone else's dime. Failure isn't exactly a badge of honor, but it's not a death sentence either. In the U.S., when someone's business fails, people are likely to say, "That guy really learned a lesson. He sure won't make that mistake again." People in entrepreneurial cultures tend to see failure as a learning experience.

Company cultures have a similar impact on innovation. Companies that encourage innovation and tolerate a certain amount of failure are more likely to be the serial innovators.

And it's important to remember that innovation does not have to be about technology. We all tend to think of Dell as a tech company, but Michael Dell's greatest innovations were selling PCs direct to consumers and mass customization. Neither of those innovations required advanced technologies; Dell used existing technology to do a great job of marketing and selling its products.

Same thing holds true for Facebook. Most of the technology had already been pioneered by Friendster,

MySpace, and other social networking platforms. Mark Zuckerberg's innovation was creating something that everyone could use.

I love how Bruce puts innovation and entrepreneurship into context, and show us the impact of innovation on multiple levels. Bruce also advises his students to think like innovative entrepreneurs when envisioning their career paths. In today's rapidly evolving and ever-changing economy, I think that is excellent advice for all of us.

Leveraging the Cloud and Thriving on Innovation

I had a great conversation recently with John Engates, the chief technology officer at Rackspace. John is a genuinely brilliant guy, and in our conversation he reminded me why the cloud has become such an important piece of innovation strategy.

First, some background on John: He joined Rackspace in August 2000, just a year after the company was founded, as vice president of operations, managing the data center operations and customer service teams. Two years later, when Rackspace decided to add new services for larger enterprise customers, John created and helped develop the Intensive Hosting business unit.

John plays an active role in the evolution and evangelism of Rackspace's cloud computing strategy and cloud products. He meets frequently with customers to hear about their needs and concerns, and to discuss Rackspace's vision for the future

Saad has diverse experience ranging from applied research to management consulting. He has worked as a research scientist in the field of artificial intelligence at GE Corporate Research and Development and GTE Labs. He has worked as a management consultant with McKinsey & Company, where he worked with clients on technology strategy and transformation of IT organizations. Additionally, he worked as a divisional CIO at The Hartford and Aetna.

Saad has published numerous papers in the field of artificial intelligence. He has been a speaker on a number of IT leadership topics at various conferences. Saad is a recipient of the *Computerworld* Premier 100 IT Leaders Award. He has a BSc in computer engineering from METU in Ankara, Turkey, an MBA from Rensselaer Polytechnic Institute, and a PhD in computer science, also from Rensselaer.



Bruce Bachenheimer is a clinical professor of management, the director of the Entrepreneurship Lab, and a faculty

fellow of the Wilson Center for Social Entrepreneurship at Pace University. He teaches undergraduate and graduate courses, primarily in the areas of entrepreneurship, management, and strategy. He is also the organizer of the annual Pace Pitch Contest and Business Plan competition.

He is a member of the board and past chair of the New York City chapter of the MIT Enterprise Forum and has served on the organization's global board. He serves on the board of directors and advisors of LeadAmerica and has served as a consultant to the New York City Department of Small Business Services, the New York City Economic Development Corporation, and a variety of new ventures. Bruce has been widely quoted in a variety of domestic and international publications, interviewed on radio and television, and spoken on entrepreneurship for numerous organizations, including the Youth Assembly at the United Nations, the Global Consortium of Entrepreneurship Centers, the Kairos Society, and the U.S. Department of State's International Visitor Leadership Program and Foreign Press Center.

His earlier career includes serving as a vice president of iQ Venture Partners, an assistant vice president of Westpac Banking Corp., and an international banking officer for the Bank of Tokyo. As the international product manager for MSI, an SBA-certified 8(a) firm, he was responsible for the initial commercialization of a high-technology forensic science system. In that position, he conducted business in over 20 countries. Bruce was also the founder of Annapolis Maritime Corp. and the cofounder of StockCentral Australia. Other

activities include having sailed his 36-foot boat from New England through the Caribbean to South America and back.

Bruce holds a BBA, summa cum laude, from Pace University. He spent a semester at Tsukuba National University in Japan as an undergraduate and continued to study Japanese at NYU after graduating. He later received the McKinsey & Company Leadership Scholarship to pursue an MBA degree, which he earned from the Australian Graduate School of Management. You can visit his web page at <http://webpage.pace.edu/bbachenheimer>.

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