



■ *In both China and India, business leaders are creating multifaceted companies with broad operations and astounding growth targets.*

■ *As these leaders take their companies global, they are taking their mindset with them—and it could be their most enduring export.*

■ *Does your company's management team have an accelerator mindset?*

■ *Have you done enough to prepare for the boom in consumer spending in China and India—a projected \$10 trillion in 2020?*

The Accelerator Mindset

Ever since Frederick Taylor's early writing on industrial efficiency—followed by the work of Peter Drucker, Alfred Chandler, and others—the modern Western corporation has been managed according to a tightly defined set of rules and norms. A clear corporate strategy calls for earning at least the cost of capital, growing at a higher rate than the overall market, and managing the portfolio to a “logic”—periodically pruning poorly performing businesses. And with Wall Street analysts ready to applaud CEOs for making their numbers or pulverize them for a one cent per share miss, there is often little opportunity to change course.

But speak to entrepreneurs in China and India, and you'll learn that they think about strategy in a strikingly different way. For instance, these leaders recognize that traditional return-on-investment calculations are not very relevant. This is because all the value sits in the terminal value of the company—given the massive growth. They believe that when growth is this dynamic you need to be faster, more creative, and more willing to learn as you go. For them, value creation derives from confidence and comfort with ambiguity, backed by investment, talent, and fast cycles—and not from preprogrammed business plans and projections to two decimal places.

Ambitious, audacious, adaptive, aggressive if necessary—these business leaders have what we call the *accelerator mindset*.

You can get a sense of the accelerator mindset by watching a two-minute video on YouTube that shows a 15-story hotel in China being constructed in a few days using prefabricated parts.¹ It is an astonishing spectacle. But there are many business leaders who are carrying out such feats: creating multifaceted companies with broad operations and astounding growth targets. With their fast-forward approach to business, they are turning what can seem like colossal dreams into reality, and in so doing, transforming the world economy.

Already, many of these leaders are taking their companies global—and they are taking their mindset with them, too. We think that it could be their most enduring export.

1. See www.youtube.com/watch?v=Ps0DSihggio.

The Accelerator Mindset and the \$10 Trillion Prize

We calculate that the consumer markets of China and India will roughly *triple* by 2020 to reach \$10 trillion annually. In the years ahead, consumers in these two countries will purchase ever-increasing quantities of food, clothing, household items, cars and trucks, health care services, computers, electronics—indeed, just about everything associated with modern comfort and convenience. The purchase of these finished goods will fuel the demand for steel, cement, coal, wood, cotton, chemicals, and all the other building blocks of life today.

But to capture a slice of this prize, business leaders will have to adopt an accelerator mindset of the kind exhibited by the entrepreneurs described here—pioneers in these markets who have capitalized on an unprecedented level of growth and opportunity.

Anand Mahindra: Chairman and Managing Director, Mahindra & Mahindra

“If you had looked at us ten years ago, and if I had said that we would grow from \$1 billion to \$14 billion, no one would have believed it. Yet that is what we have accomplished. In ten years’ time, we want to be one of the 50 most admired brands in the world on the basis of metrics that are both quantitative and qualitative.”

—Anand Mahindra

Educated abroad, graduating magna cum laude from Harvard in 1977 and then earning an MBA from Harvard Business School in 1981, Anand Mahindra is a brilliant steward of the accelerator mindset.

When Mahindra came home after attending Harvard, he joined his uncle’s business, rising through the ranks to become managing director. He combined Western management styles with Eastern ambition and innovation to turn Mahindra & Mahindra (M&M), India’s top producer of off-road vehicles and agricultural tractors, into a global powerhouse in just three decades.

Under his leadership, the company has acquired a Korean automotive company, an electric car manufacturer, multiple European auto-components manufacturers, assorted IT companies, and aerospace interests. M&M’s constellation of businesses also includes real estate, metallurgy, and private-equity investment. One of the company’s successes is the first Indian multimar-

ket SUV—the Scorpio—and the company’s tractors today command more than 40 percent of the market in India.

In the United States, M&M, competing with companies such as Deere & Company, has achieved a share of the small-tractor market as high as 20 percent in some states. It has also become one of the top tractor companies in China, although Mahindra’s target is number one. “Life’s too short to be number two,” he says.

But even with M&M’s global position, Mahindra sees plenty of opportunities for investment at home. “If I had an incremental billion dollars, I would, of course, continue to invest in India,” he points out. “We have scale and size. In fact, I believe that when you invest in an Indian company that is going global, you are investing in the world.”

Liu Jiren: Chairman and CEO, Neusoft Corporation and Founder of Neusoft University

“We are not China’s IBM or Microsoft. We have our own business model.”

—Liu Jiren

Liu Jiren grew up in poverty in postwar Liaoning, a province in the country’s northeast. As a teenager, he did dangerous work in a steel mill that left many of his co-workers with burned faces and other wounds. He was able to get out of the fire crew because he had other self-taught skills, including watch repair and photography. Clawing his way up in a state-run enterprise, he was accepted as one of only two applicants from the factory to attend Northeastern University of China in Shenyang, where he ultimately completed his PhD. It was while working as a research fellow at the U.S. National Bureau of Standards that Liu first dreamed of building a software park in China. When he returned to China, he set up a research lab at Northeastern University, whose Web address is neu.edu.cn—hence his company’s name.

Neusoft went public in 1996 with sales of \$7.5 million and profits of less than \$2 million. Sales have increased nearly a hundredfold since then, with profits running at about 10 percent of sales. With a market capitalization of \$1.6 billion today, the company provides IT solutions for multiple industries, including telecom, energy, finance, social security, health care, manufacturing, transportation, and education. It is the largest IT solutions and services company in China, and Neusoft’s embedded software is in a large number of digital home

products, mobile terminals, automobiles, and IT products around the world.

But Liu is proudest of his decision to set up three IT university campuses in China, with more than 14,000 students at the largest campus, in Dalian. Neusoft University resembles an American college, with 34 majors, including computer science, software engineering, IT management, digital arts, English, and Japanese. “It is my dream to give back to my country,” Liu says. “It is my dream to have a legacy of students with the ability to innovate, create new businesses, and compete on a world scale.” Liu is defying limitations to create growth at an exponential rate. Like other entrepreneurs with the accelerator mindset, the more opportunities he creates, the greater are his ambitions.

Adi Godrej: Chairman of the Godrej Group

“Today, we have just announced what we call a ten-by-ten vision—ten times bigger in ten years.”
—Adi Godrej

Adi Godrej is slight, speaks with a soft Indian accent, and exudes hope, ambition, and a history of success. “We have had much success,” he says. “But there is much to do—many, many more opportunities to conquer.”

Since inheriting a small household-products company nearly 40 years ago, Godrej has grown the family company from \$25 million in sales to the \$3 billion company that it is today. The company founded by his grandfather in 1897 was a lock manufacturer. Now, it is a conglomerate with a presence in fast-moving consumer goods and durables, chemicals, and real estate. Educated at the Massachusetts Institute of Technology, Godrej, aged 69, remains ambitious for his company and his country, dreaming of an even bigger, more diverse set of businesses.

Godrej firmly believes in his projection that his company will grow tenfold in just ten years. He says that this ten-by-ten leap is fully possible because India is at a “tipping point,” providing unprecedented opportunities for massive wealth creation—and fertile ground for entrepreneurs.

“I don’t look at it as an unachievable goal,” he says of growing from \$3 billion to \$30 billion in ten years. “But it’s going to be tough, and it’s going to need not only strong strategic thinking but also excellent execution.”

Adopting Your Own Accelerator Mindset

Much like the innovators and risk-takers who made the Industrial Revolution possible in nineteenth-century America, Anand Mahindra, Liu Jiren, and Adi Godrej are adventurers—and pioneers. They display an extraordinary creativity and industriousness, a confidence to invest and take actions to spur growth in markets that are already booming around them, and an exceptional determination: they really do not take “no” for an answer.

But they are not alone. At all levels of Chinese and Indian society, there are dynamic people who approach life in a fast and furious way. The poor, hungry, and driven—the “PhDs,” whose only qualification is a bountiful supply of energy and enterprise—also dream about success, achievement, hope, material wealth, and a better life. They are shaping their own version of the “American dream,” and they are prepared to work hard for it: the 50 hours of weekly practice for an eight-year-old aspiring concert pianist; the 90-hour study weeks for students competing for a coveted slot at a prestigious university; the 16-hour days, seven days a week, put in by the engineers who are developing electronics products that will have twice the functionality of those of their Western competitors and will sell at half the price.

As you consider this wave of optimism, growth, and new possibilities, you should ask yourself, Do *I* have an accelerator mindset? Can *I* take part in China’s and India’s impending \$10 trillion prize?

As you prepare to mobilize, consider the following critical set of questions:

- ◇ Can I paint a detailed picture of the hopes, dreams, and evolving needs of China’s and India’s newly affluent consumers? Do I know enough about these consumers to spur a generation of innovation and secure their lasting loyalty and recommendations? Have I set a sustainable business model that permits profits now—at low prices—yet provides funds for continued innovation?
- ◇ Do I have our best and brightest deployed in the long-term growth markets of China and India, where the world’s new middle class is being born? Have I done enough throughout my company to portray these market growth opportunities and inspire our most curious and ambitious employees to go there to pursue them?

- ◇ Am I taking the lessons home—and to other markets around the world? Am I creating sufficient dialogue around what we are learning in China and India so that our other international subsidiaries can see and grasp the lessons?
- ◇ When it comes to China and India, have I set a bold enough overall aspiration for myself and my organization? Is our level of investment sufficient—in size, scale, and timing—so that in 2020, we will have no regrets, no hesitations, no “should have, could have” conversations around the boardroom? Am I certain that we will earn our fair share of the \$10 trillion prize?

To seize this opportunity, you must act now. There is no time to lose.

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