



Creating and Sustaining the Innovative Edge

The United States may be the centre of the 21st century invention and ideas renaissance, but a new ranking shows Asia's emerging markets are catching up.

The top four businesses ranked in Forbes 2012 list of World's Most Innovative Companies are based in the United States. But Robin Li, China's self-made billionaire who studied in New York before returning home to set up Baidu, the Google of China, is proof innovation can spread.

The Forbes ranking builds on the book, *The Innovator's DNA*, by **Hal Gregersen**, INSEAD's Abu Dhabi Commercial Bank Chaired Professor of Innovation and Leadership, with input from Credit Suisse HOLT. It measures companies based on an "Innovation Premium", an indication of the premium the stock market gives a company because investors expect it to launch new offerings and enter new markets.

Baidu entered the Forbes list for the first time in 2012 as the world's fifth most innovative company. Other newcomers include Japan's internet retailer Rakuten, ranked number seven, and the Indian construction and engineering conglomerate, Larsen & Toubro which was placed in ninth spot.

"One of the things we've noticed this year is there's quite a few Asian countries who weren't there before or they're higher than they were before," Gregersen told INSEAD Knowledge in an interview at the school's Abu Dhabi campus.

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THE WORLD'S MOST INNOVATIVE COMPANIES

RANK	COMPANY	COUNTRY	INDUSTRY
1	SALESFORCE.COM	USA	APPLICATION SOFTWARE
2	ALEXION PHARMACEUTICALS	USA	BIOTECHNOLOGY
3	AMAZON.COM	USA	INTERNET RETAIL
4	RED HAT	USA	SYSTEMS SOFTWARE
5	BAIDU	CHN	INTERNET SOFTWARE & SERVICES
6	INTUITIVE SURGICAL	USA	HEALTHCARE EQUIPMENT
7	RAKUTEN	JPN	INTERNET RETAIL
8	EDWARDS LIFESCIENCES	USA	HEALTHCARE EQUIPMENT
9	LARSEN & TOUBRO	IND	CONSTRUCTION & ENGINEERING
10	ARM HOLDINGS	GBR	SEMICONDUCTORS
11	TENCENT HOLDINGS	CHN	INTERNET SOFTWARE & SERVICES
12	HINDUSTAN UNILEVER	IND	HOUSEHOLD PRODUCTS
13	FMC TECHNOLOGIES	USA	OIL & GAS EQUIPMENT & SERVICES
14	CERNER	USA	HEALTHCARE TECHNOLOGY
15	PERNOD RICARD	FRA	DISTILLERS & VINTNERS

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Combining perspectives

Many of these companies are led by people who studied or worked overseas before returning home to set up their companies. “One of the things we know from our data,” says Gregersen, “is that when people either live in other countries and immerse themselves in other cultures or work at length in more than one industry, statistically they have better thoughts about getting new ideas for their products, services and businesses just because they’ve lived in two worlds. They’re better able to combine perspectives and deliver creative results.”

Other Asian countries in the top 15 include India’s largest consumer goods company Hindustan Unilever which was ranked number 12, falling from number 6 in 2011 and China’s largest internet software and services company, Tencent Holdings in 11th spot down from fourth last year.

Space to bump

While the innovative capabilities of Asian companies are on the rise, the United States remains home to eight of the top 15 most innovative companies.

How has the U.S. managed to maintain this innovative edge?

“Any environment that creates an open space or context where people from different perspectives can come together and bump at the intersection will be pretty successful at creating good ideas,” Gregersen says, noting that at this stage in history, America with its open creative spaces (like Silicon Valley), diverse population, and strong entrepreneurial support system just happens to be one of those places.

“But I think that an innovation renaissance can happen in a company, in a country, or in a continent, wherever leaders create a space for people with different perspectives to bump into each other and

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where it’s not so oppressive or stifling that when new, disruptive ideas surface, they can flourish.”

Hal Gregersen is Senior Affiliate Professor of Leadership and The Abu Dhabi Commercial Bank Chaired Professor at INSEAD.

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