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Thinker's 50: CK Prahalad

The man who introduced the term 'core competencies' to the management lexicon shares his thoughts on 'co-creation'

Des Dearlove and Stuart Crainer

Who is the world's most influential living management thinker?

We want to know who wins your vote in our biannual *Thinker's 50* survey. Since its introduction in 2001, the *Thinkers 50* has established itself as the definitive guide to the gurus and ideas that matter most in management today.

Each week, until voting closes at midnight on August 18, we will question some of the contenders for this year's list, beginning this week with CK Prahalad, the winner in 2007.

Coimbatore Krishna Rao Prahalad — better known as CK Prahalad — is Professor of Strategy at the Ross School of Business at the University of Michigan.

Professor Prahalad, born in 1941, introduced the term “core competencies” to the management lexicon. He is author of several bestselling management books, including *Competing for the Future*, written with Gary Hamel, which set the strategy agenda for a generation of chief executives.

In 2004, he published two books. *The Future of Competition*, written with Venkat Ramaswamy, introduced the idea of “co-creation”; *The Fortune at the Bottom of the Pyramid* argued that the world's poor represented a market worth up to \$13 trillion a year. In his most recent book, *The New Age of Innovation*, he describes a new competitive landscape based around web 2.0, individualism and creativity.

You grew up in India as one of nine children. What did those early experiences teach you?

“Growing up in India is an extraordinary preparation for management. You grow up in large families so you always have to make compromises; you have to learn to accommodate. And India is a very diverse culture, in terms of languages, religions, income levels, so you start coping with diversity at a very personal level as a child.

The second point is that I was lucky because my parents were very academically oriented. My father was a judge and a great scholar. He told us very early in life:

'There is only one thing you have more of when you give more — and that's knowledge.' That has stuck with me.

Then, in the plant in Union Carbide, I had to work with communist unions — and negotiating with them taught me a lot. They were very clever and I learnt not to see them as adversaries but as collaborators."

Running through your recent work is the idea of co-creation. What does it mean?

"Co-creation is an important idea. What it says is that we need two joint problem solvers, not one.

In the traditional industrial system, the firm was the centre of the universe, but when you move along to the new information age, consumers are given the opportunity to shape their own personal experiences.

So with co-creation consumers can personalise their offerings and the firm can benefit. Can you give an example?

Think of Google. I can personalise my own page, I can create iGoogle. I decide what I want. Google understands that it can have a hundred million consumers, but each one can do what they want with its platform. That is an extreme case of personalised co-created value. We call that $N=1$.

On the other hand, Google does not produce the content at all. The content comes from institutions and individuals around the world. Google aggregates it and makes it available to me. So resources are not contained within the firm but accessed from a wide variety of institutions; so resources are global. Our shorthand for that is $R=G$.