

Innovating in emerging markets:

The Big T Paradigm

Originally published in February 04, and republished in November 07 because it was elected the best Latinamerican article published in HBR América Latina in its fifth anniversary.

By Alejandro Ruelas-Gossi

Innovation is not only related to the product and advanced technologies, where the companies in Latin America have little to show. But there is a huge opportunity to innovate in the business world. It is the Big T innovation and, as shown by the Cemex case, it can catapult a Regional company to the global leagues.

WHEN WE TALK ABOUT INNOVATION the first thing that comes to our mind are the high-tech products, in industries highly appealing that spin at a high speed. Put this way, it seems as there is little hope to innovate in the Latin American companies since they don't have a trajectory of technological development nor do they have the necessary resources for Research and Development (R&D) in order to compete in the big leagues. So, the companies of the Region drop behind to the role of simple spectators and imitators of the innovations devised by the pioneering companies of the developed countries, right? Wrong. Let's stop for a while

in an example. At the beginning of the 90's the Mexican cement company Cemex was facing a challenge: How to deliver in the same day and as fast as possible the cement mix to contractors who were used to change their orders at the last minute. Looking for an answer, Cemex's managers visited the 911 Emergency Call Center in Houston. Realizing that there they were able to gather a group of paramedics in a vehicle in just 10 minutes in order to save a life, they concluded that there also had to be way to improve the delivery of their mixes. Inspired in the medical emergency model, Cemex established a shipping method using a GPS system known as Concrete Business Integral Management (GINCO which stands for the abbreviation of *Gestión Integral del Negocio de Concreto*), a system that lies on a specialized information technology (IT) platform. Today, most part of the fleet of concrete mixer trucks operating in Mexico is equipped with GPS locators and information terminals. This makes it possible to get with the exact mix to the construction places whose demand constantly varies. Besides, the company guarantees the delivery of the cement in a period of 20 minutes, rather than the three hours that it took before. Because of this, *Los Angeles Times* wrote: "Cemex delivers faster than Domino's Pizza." The cement factory's clients not only receive a service substantially more sensitive to their demands but the costs to delivering the ready cement mix lowered 35%.

How can this achievement be characterized? None of the technologies used by Cemex in this process are especially innovative by themselves: Neither is the IT tools platform, GPS, or the information terminal. But the merge of these technologies in a new logistic process is an admirable innovation. It is not an innovation in the product –the cement mix continues to be the same–, but it is an innovation in the business model.

If we limit the innovation concept to gradual or radical improvements in the products, or to the creation of new high-tech products, Latin American companies have little to show. It is a kind of innovation that I call of "small t", because it is mainly focused in one aspect of the business: the product.

In contrast to the small t, I want to introduce the concept of innovation with capital letter, with "Big T". It is about innovations that are introduced in the business model, and not in the product, and that in such way it is possible to change the rules of the competitive game. In this innovation field, Latin American companies certainly have a lot more to show and some of them have done it so well

Alejandro Ruelas-Gossi is Managing Director in the Centre for Corporate Governance & Strategy for Latin America and academic director of Adolfo Ibáñez School of Management, in Miami, EE.UU. He has written several articles for HBR América Latina.

that they have become powerful global players. Cemex, itself, is the third biggest company of its sector in the world, with annual net sales of US\$ 6,500 millions in more than 30 countries. The Mexican company Corona also excels in this kind of innovation, considered the fourth biggest beer brand in the world, and which is currently the number one imported beer in United States, European Union, and in most part of the 150 countries where it is sold. Or, at a regional sphere, Kola Real which from Peru set itself in motion to conquer the beverage markets in Central America and Mexico. And the list goes on.

What are these companies doing differently? As the chaos theory states, life finds its way. With a lack of technological trajectory, companies in Latin America and in emerging economies in general have defined their own

Cost of mistaking T to t

FOR MOST OF LATIN AMERICAN COMPANIES, the great opportunity to innovate lies more than anything on the Big T, that is, on the introduction of innovations in the business model. But companies in developed countries have a wide background of technological trajectory and powerful and well financed Research and Development (R&D) units, which allows them to strongly emphasize on small t innovations, that is, on the product itself. Like this, an interaction between small t and Big T takes place at which center emerges the key question regarding which should be the company's strategic focus for the different development stages of a product and for the maturity of a market.

Not having a clear strategic focus and try to innovate both in the business model and the product itself is an unusual mistake. This mistake has a high cost, since it doesn't deliver clear signs to the company and the market about which are the organization's business priorities. Another mistake is emphasizing the wrong type of innovation for the market's and product's development conditions.

Computer industry well illustrates this interaction and the need to emphasize one or the other type of innovation.

Dell was the first company to realize that the sector needed to be stimulated by the Big T, specifically in logistic, in order to compress the value chain. Its slogan

idea of Big T innovation. Being aware of this open innovation route and efficiently practicing it opens a whole new competitiveness potential.

In this article, I will describe a new paradigm: The dynamic interaction of the Big T and the small t. I will show how the Big T is an open innovation path for Latin American companies and maybe even an imperative for the Regional companies that not only seek to survive to the next innovating onslaughts devised in the R&D labs of companies in developed countries but that aspire to compete on an equal footing in the world business field.

For more than 10 years I have studied Cemex's development, both as former manager and external advisor of the company, and in my position as academician, and I will mainly use the example of this company which has

known how to transform the Big T innovation in a widespread, deliberate and consistent practice in its organization, achieving corporate results.

Big T versus small t

The small t economy happens when a company bases its competitive advantage on one unique source: Improving its product. Small t is driven by technology, and it requires having the specialized knowledge through patents or licenses in order to be able to add value to the product. Innovations in the biotech industry, for example, are usually driven by the small t.

On the other hand, Big T happens when a company seeks its competitive advantage in other working areas of

“There is nobody between Dell and its clients” is eloquent. In 1984, precisely when Dell recognizes the need of a Big T innovative focus, Apple and Compaq incline to the small t and loose the game.

Let's take a look first at Apple's case. Steve Jobs didn't realize that the computer industry, which initially pointed towards the higher consumer segment, was starting to do so towards the pyramid's base, where users are more price sensitive and care less about more sophisticated features of the product. So, Jobs introduced LISA, a super computer easy to use (everything could be done with the mouse), but very expensive (its cost was US\$ 10,000). Jobs had a small t strategy with LISA, but the computer market was already widening itself, demanding lower prices, that is to say, demanding Big T-type innovations. Soon after LISA, the Board pushed Steve Jobs to leave the company.

Apple's subsequent story shows a back and forth between small t and Big T innovations, proving in many times a lack of strategic focus. Shortly after Steve Jobs came back as Apple's CEO in 1997, he realized that it was necessary to go for a Big T strategy, among other things through decremental innovations in the products. This was how he launched the iMac –computer from which the floppy drive and other features were taken away and which the client doesn't value so much–, but it was introduced as the “computer for the Internet generation.”

In the case of Compaq, its strategy was small t and incremental, that is, it offered higher performance at the same

price. The market appreciated the improvement offered by Compaq in the price/performance relation and it gave it the market leadership for a while. But its advantage didn't last much. Compaq sold through distributors. It was so concentrated in the small t, that it didn't care about logistic. Compaq's bet didn't last and soon Dell snatched leadership. At the end, Compaq would be acquired by HP.

The tough battle for the computer market shows that the key question which needs to be figured out by a company is whether to concentrate on Big T or small t. How is it possible to know where to go? What can illuminate the answer is the old and loved supply and demand theory. From the supply point of view, the exhaustion sign of the small t strategy happens when the supply curve becomes asymptotic, that is, when a lot is invested in R&D, but performance barely increases. That is a clear warning sign to shift to Big T innovations. But such vision must be combined with the demand's point of view. There are times in which even if R&D produce significant increases in the performance or in the number of features of a product, the demand no longer wants more of that but instead it is going towards the base of the pyramid, as the Apple's LISA computer case shows.

So, the dynamic interaction between Big T and small t innovations is determined by a simultaneous action of supply and demand. It is necessary to be a great observer of tendencies in order to get it right regarding where the strategic focus should be at each stage.

the organization, such as operations, commercial, finance, marketing, among others. We talk about Big T because the change comes from more than one source. Big T, rather than focusing on the product, implies changes in the business model and is driven by “ideas.”

An example illustrating Big T innovation is Grupo Modelo, which produces Corona beer. Without changing at all its product—in fact, the company strongly promotes that its brand is produced 100% in Mexico—in 1997 Corona managed to snatch decades of leadership from Heineken as the imported beer with the biggest sales in United States. Innovations in the business model which allowed Corona to win global presence came from, among others, the marketing area (the brand sells the idea of “beach, sun and fun,” and has been extremely consistent in its advertising) and the commercial area (it has positioned itself as a premium brand outside of Mexico, with a price 30% to 40% higher compared to local beers, breaking the costume of the Latin brands of appealing to the Hispanic consumer in United States.)

When Big T does involve a change in the product, it is decremental. That is, it takes away features from the product to achieve radically expanding the markets and the business field, and in this way be more congruent with the consumers’ needs in the emerging markets.

Procter & Gamble, for instance, decided to launch a line of “basic” disposable diapers for Latin America. That is, it took away almost all the sophisticated features that had assured primacy in the developed markets. Through that decremental innovation the company managed to expand 12 times the diapers market in the Region, keeping a substantial participation and becoming the Regional leader in that category.

Rather than being mutually exclusive, Big T and small t have a dynamic interaction between them. They are different emphasis on the innovation activity and because of that, strategic answers of the companies. Many companies perform both kinds of innovation. Companies are strategically inclined towards one or the other pole depending of diverse factors, much of them that coincide with the differences between the emerging and developed economies. So, it is possible to state that:

- The more commoditized or undifferentiated the product, the bigger the T.
- The less commoditized the product, the smaller the t.
- The faster the technological cycle of the product, the smaller the t.
- The slower the technological cycle of the product, the bigger the T.
- The small t economy is driven by technology.
- The Big T economy is driven by “ideas.”
- The more developed the economy, the smaller the t.
- The less developed the economy, the bigger the T.

Each company shall choose in which pole to focus, either small t or Big T, according to its competencies, level of technological advance of its environment, markets and sectors in which it acts, maturity of the product’s cycle with which it competes and therefore its commoditization level. In developed countries that is one of the companies’ key dilemmas. And the strategic emphasis mistakes have a high cost, as shown by the experience of Apple and Compaq in the 80’s (See the box “Cost of mistaking T to t.”). In the emerging markets, in turn, this dilemma is smaller because the companies usually don’t have the resources and the technological background necessary to excel in small t innovations, that is to say, technological innovations focused on the product. But the good news is that that allows, and it even demands to seek for Big T innovations.

Does this mean that the small t lacks of importance as an innovation source for the Latin American company? The answer is, of course, no. The organizations in the Region must pay attention to the small t, but as consumers and adaptors of it (for example, through decremental innovation.) But their competitive advantage lies more in how to use that technological base in order to ease innovation in business models, rather than in the technological change itself. The example of how Cemex faced its logistic challenge illustrates this point: It took advantage of the best in technology and in telecommunications in order to develop an innovation which substantially improved its client service.

Creating innovation biosphere for Big T

When it’s about small t it is clear regarding where the innovation will lie: It will be in the product, and accordingly, the innovation effort will come from a specific department, Research and Development. The small t follows a linear course of innovation since it is possible to foresee that the innovation will emerge from that company’s unit. Innovation does not flow from all the company’s areas.

On the other hand, when it’s about Big T, that clarity isn’t present. Big T follows a non-linear course of innovation. The lack of technological background in the companies whose engine is the Big T leads to the fact that the innovating effort derives from the whole firm. It isn’t associated to one specific department. Innovation “finds its way” in all the company’s areas.

The biological evolution can be used as a metaphor to explain the Big T paradigm. In the evolution of a variety of organisms which coexist in a particular biosphere, there is no “clarity” about which organism will first present a variation in its biological adjustment path towards

the environment. Faced to an unfriendly environment and which never stops changing, organisms develop variations as defense mechanisms. In the firms driven by the Big T, the different organization's different areas also develop "variations" in order to survive. There isn't "clarity" about which department will produce a "successful variety." Just like the evolutionary effort is present in the entire biosphere, the innovation effort is present in all the organization's areas.

In the biosphere, the biological evolution happens through three processes generally identified as variation, selection and retention/dissemination. In a similar way, the company driven by the Big T applies three categories of innovation processes: variation, the mechanisms in order to detect and stimulate innovation suggestions; selection, the mechanisms to choose which of them will be accepted; and, dissemination, the mechanisms to transfer innovations to the diverse company's operations.

Just like there are certain conditions in the biosphere for evolution, the firms driven by the Big T also establish previous conditions in order to promote an atmosphere where innovation can emerge. And, as we will see, Cemex has been especially successful creating this biosphere.

Small t economy hasn't played an important role in the cement industry. In fact, since modern cement was invented in England at the beginning of the 19th century, its production process has had little variation. In contrast, Big T economy certainly has allowed many innovations. Or, as a senior executive of the company (Cemex) says, "we have a bag full of tricks."

Cemex's top management knew that good ideas can emerge from the most remote places of the company and that a proper atmosphere was needed to encourage innovation. That made top management impose itself three challenges in order to create a series of preconditions: stimulate experiments across the entire organization; select those experiments of higher impact, and quickly disseminate the experiments across the company.

So there were no doubts regarding that innovation in the business model, or that Big T was of high priority for the company, Cemex México's top management formalized an innovation process. On one side, it established the Innovation Committee, composed of three vice-presidents, three directors and an external advisor, in charge of defining a small number of innovation platforms, which are always aligned with the company's corporate strategy. Each platform has a working team with the mission of seeking innovative answers to different questions. Some of the recent platforms are: How to achieve advances in manufacture, development of integral solutions for accessible housings, and make it easier for the clients to perform businesses with Cemex.

On the other hand, the company created the Bank of

Ideas, an electronic data base to capture ideas from all the employees in all the hierarchical levels. Each employee in Cemex México has been trained to incorporate his/her ideas into this base. This not only reflects the top management's strong belief that Big T innovations can emerge from any department or level, but also that it allows Cemex to deliberately boost an innovation contagion strategy across its entire organization.

By establishing the Innovation Committee with its platform teams and the Bank of Ideas, Cemex generated an intern biosphere where innovations are identified, selected and disseminated.

Big T Innovation in Marketing and Financing

One of Cemex's innovation platforms confirmed that the cement projected demand growth in emerging countries is five times higher compared to the developed world. And the consumption of cement in sacks, which represents the higher percentage in the emerging countries, basically comes from the poorest people. Faced to this perspective, Cemex gathered a team of managers willing to work for a year at an extremely poor neighborhood of the crowded city of Guadalajara. The purpose was to understand the consuming habits and the problems faced by that population.

One of the things discovered on site by Cemex's managers is that 20% of the almost US\$ 12,000 millions sent by Mexican immigrants from United States to their homes in Mexico is destined to construction. Unfortunately, between 10% and 20% of that money was lost in transfer costs and commissions. With this information, in 2001 Cemex began a pilot project in Los Angeles, California, called Construmex. By means of this system, Mexican workers can go to a Cemex Office in Los Angeles and receive advice regarding plans and material necessary for a specific project. After paying the products, Cemex communicates with the local distributor in Mexico and gathers the materials and delivers them to the relatives. This way, Cemex has managed to venture in a market that moves more than US\$ 2,000 millions per year and of which existence it was barely aware before starting with this project.

But this wasn't the only experiment. Given the lack of credit to finance construction projects, people in Guadalajara's neighborhoods have developed for years a common fund called "lots". The lot has become the financing and saving system for the people with low income in Mexico. It's a kind of lottery organized by the community's most respected leaders. Each week, dozens of families contribute to that lottery with a pre-established amount. And each week a family receives the total amount in order to destine it to its different needs. The lottery goes on

week after week until finally all the numbers have been selected. But the financial cost for each family increases as it has to wait during weeks to obtain the lot's amount. After knowing this, Cemex created new experiments. Marketing experts at the company talked with some of the organizers of these lotteries, generally women, and suggested that Cemex could help them to establish a similar common fund system with the purpose of financing housing construction projects. Cemex offered advice in construction, design and a small contribution to finance projects of the fund. After three years, some 13,000 fami-

lies were participating in the project and the company expects incorporating 800,000 more in the following years.

Another Mexican company, Elektra, also captured the message that in order to be able to sell to the great volume of people with low income, the "lot" mechanism had to be the credit system. Today, Elektra is the biggest household store chain in that country, and its products are sold in "weekly payments" (emulating the "lots"). Elektra is already exploring in United States' Hispanic market as well, with great success in Los Angeles. And like Cemex, Elektra also discovered that a percentage of the sendings is des-

Creating Big T Innovation Atmosphere

Good ideas can emerge in the most remote places of the organization. But innovation is like life itself: In order for it to emerge, a favorable biosphere must exist. At Cemex this implied the creation of a series of pre-conditions. So, the top management's challenge has been:

Stimulate experiments across the entire organization

Select those experiments of higher impact

Quickly disseminate them across the entire company

In 2000, Cemex México created the Innovation Committee formed by three vice-presidents, three directors and an external advisor. The Committee received all the support from Cemex Norteamérica's top management, and it was its chairman himself, Francisco Garza Zambrano, who gave a boost to it and who actively participates in the Committee's activities. The Committee's responsibilities are:

DEFINE a small number of "topics", which are the platforms that will guide the innovation processes. These topics are completely aligned with the organization's corporate strategy. Some of Cemex's recent platforms have been:

- How to provide construction integrated solutions and accessible for the highest number of people;
- How to contribute to the Regional development;
- How to make it easier for the clients to do business with Cemex.

SELECT four to six teams whose task is to identify three innovation opportunities for the business model. These opportunities must be consistent with the Big T platforms, and count with 12 to 18 impact ideas per year.

Teams are integrated by up to 10 persons, who during three to four months dedicate 25% of their time to the platforms. Participating in this is considered a privileged assignment, not only because innovation is a top management's express priority, but also because it gives team members a great exposure. They must conceive detailed action plans in order to implement their ideas.

PROVIDE a structure for the Big T innovation process.

Members of the innovation platforms receive training in how to identify an opportunity; how to generate ideas in order to reach a gap in the market; and how to formulate an action plan. Cemex's innovation process emulates entrepreneurs' *boot-camps*.

tined to buying its products, so it is possible to pay the products in its stores in United States, which are picked up later in Mexico. Again, this is a Big T innovation. The company's product hasn't changed a bit, since the innovation was in the business model.

Big T Innovation in Production

Another Big T innovation came from the platform *How to make things easier for the clients to perform businesses with Cemex* and it emerged in a conversation with a contractor specialized in building houses for low income sectors. The contractor said that his problem, rather than being the sale of the houses (the housings were financed by the government), was "the time it takes to build a house." Since construction workers constantly change jobs, the contractor lost up to 20% of his team each week. Besides, he had to deal with the cultural factor called "Saint Monday", when labor absenteeism dramatically increases after the week-end. As a result, the contractor often didn't reach his production goals.

Listening to these claims, most cement companies would answer: "Sorry, but your turnover and labor absenteeism is not our problem." But Cemex was different. Constructors' frustration not only helped to crystallize the team's mindset regarding a new micro-problem –construction velocity– but also encouraged a practical solution proposal. Cemex's team proposed a way to reduce the amount of work: the use of metal molds where the cement could be poured and in that way quickly build walls and floor.

These molds were already available in United States and Europe (Cemex's innovation platforms researched that the country with the fastest construction was Finland, where because of climate reasons they have only four months to finish the work), but there were two other obstacles for the application of molds in Mexico. First, if the ready mix was poured in the molds, air bubbles would appear in the walls that would make the construction less secure in terms of structure. In a country with frequent earthquakes this wasn't a minor problem. Second, the molds were too expensive for most of the local constructors. Upon declaring the problems, the team found out that the company itself had recently developed a more fluent form of ready mix that would be perfect for this application, since it would fill the molds evenly. And the second issue was solved with a new Cemex Capital program, the company's finance arm, which would help contractors to buy the required molds. The Innovation Committee approved the project which promptly became a Cemex's new successful offering. During the project's first year, Cemex expected to build 30,000 houses in this way.

This case shows a technical innovation in the production

process (utilization of molds and a new mix), but driven and emerged from the commercial area (how contractor clients can accelerate the construction process of this kind of houses). Added to the innovations in the financing area it turned out to be a modification of the business model in the segment of popular houses financed by the government. There is a dynamic interaction between the Big T and the small t, as that in the use of GPS and the GINCO model in the logistic area. But in both cases the strategic focus is placed on the Big T.

Big T Innovation in the Supply Chain

Developing economies are flooded with products which have no or few differentiation opportunities. And Cemex faced just that challenge: How could it achieve a competitive differentiation for cement which is, or is perceived as a commodity? The company's commercial area and its innovation platform *How to deliver integral solutions to constructors and contractors* gave an effective answer.

Only between five and seven cents out of each Dollar invested in construction are spent in cement. In what are the other 93 to 95 cents spent? And the answer led to another Big T innovation. Rather than selling only cement, Cemex now also sells construction solutions.

In its business model innovation, Cemex offers logistic services to distributors which cover the entire spectrum of the construction industry. In Mexico, more than 75% of cement is sold in sacks. These sacks are generally commercialized in small construction stores, where cement represents almost half of the business. Cemex selected 1,000 distributors, from 4,000 existing in the country, and started to offer valuable services around the cement.

From this, the company created Construrama, a franchise-type program for distributors and construction material stores. Cemex invested US\$ 10,000 in each store, which was destined to the construction of a new front, Cemex signs, and a computer and inventory tracking software. Cemex trained Construrama's distributors in diverse business management skills, such as marketing, finance planning, taxes and inventory control. In turn, it receives the loyalty to its brand.

Of course, Cemex does not manufacture the great spectrum of construction materials. The idea is to take advantage of the company's logistic capacity to administer the supply chain between the manufacturing companies and the network of distributors. The project turned out to be so appealing that now Cemex expects to take Construrama to other countries. Through this Big T innovation, Cemex became a "node company" in the construction process.

Big T innovation not only happens inside the organization but also outsider of it. Just as Big T innovation

involves each area of the organization, outside the organization the conception of the business model broadens to the client's vision. The most pragmatic way to change the paradigm from selling products to selling solutions is to watch the business model from the client's point of view. For example, at John Deere, an agricultural machinery manufacturer, a Big T kind of paradigm change took place. A questioning similar to the one at Cemex was raised, and the company discovered that 35 cents out of each Dollar used in the agricultural process, are spent in the agricultural equipment, and the rest in fertilizers, maintenance and aerial works. The new paradigm therefore is also to sell solutions for the farm and not only tractors.

Big T Innovation in the Organization

"Running a company which operates in countries so different as Egypt, Philippines, Costa Rica and United States clearly demands a common language," affirmed Lorenzo Zambrano, CEO at Cemex, in a meeting with analysts held in Houston on July 2001. "And I'm not referring to English, which is our operative language but to common reports, common systems, common practices, and common technological platforms, so that we can efficiently and effectively talk amongst us."

The Big T innovation that answered this challenge was baptized as "The Cemex Way." It's about the creation of a common language and practices for the entire organization implemented by the top management as the company was globally growing due to its aggressive acquisition strategy.

In a certain way, we could say that organizational innovation is a kind of "mother of all innovations" in Cemex, because it has allowed the creation of a common cultural platform. This allows encouraging, selecting and disseminating innovations which may emerge in any part and level of the company. Besides, "The Cemex Way" also differentiates the company from its main competitors, most of them European, whose internationalization model is more diffused from the organizational point of view. The European model in this sector is focused on having shares in a series of local markets, resulting in a shares portfolio, but with little knowledge transfer. In contrast, at the Mexican company, they aspire to "transform knowledge into profitability, and the Cemex Way is our tool to accelerate and intensify this process," according to Zambrano's own words.

These common language and practices were translated into a series of initiatives to face the company's accelerated growth resulting from the acquisitions. So, Cemex created multi-cultural teams that supervise the integration post-merge and encourages monthly meet-


ings with country managers (few multinationals gather their country managers so frequently, but Cemex believes that frequent and face-to-face communication is key for innovation). Like this, while in 1992 it took 18 months to integrate the Spaniard acquisitions, the Southdown acquisition in 2001 reached the standard level in only four months.

IT infrastructure has been a crucial vehicle in order to achieve this common language. IT served as tool –and previous condition– for many of Cemex's Big T innovations, but it wasn't the focus of the innovation itself.

As many developing economies suffer from a poor telecommunications infrastructure (which serves to justify the absence or delay of the information requested by the headquarters), Cemex had to install satellite phones at each plant. The satellite system served as backbone for a new computer platform which connected all the company's plants, warehouses and offices. Information in real time of each Cemex's entity gave a boost to the proper atmosphere so that the innovations' dissemination process could naturally emerge. Along with this, the intense information demand by CEO Lorenzo Zambrano produced a double result. On the one hand, development of a common base of practices and business knowledge. On the other, knowledge transfer through the different production areas. Each plant manager knew that if Zambrano's information system didn't reflect that the agreed common indicators were being fulfilled, it was likely for that plant manager to receive a call from the CEO. Therefore, the manager asked the plants which didn't show discrepancies in order to discover what they did different. That is a good example of Big T innovation. Traditionally, in the cement industry the production units used to work as a set of independent and unconnected islands. The cement industry was conceived as local. Cemex changed the rules of the industry, transforming a domestic and static industry into a big, global and extremely dynamic industry.

...

None of these company's innovations has been in the product itself. Cement continues to be cement. But in many cases its innovations have been able to change the sector's competitive game's rules.

Innovation isn't monopoly of the countries most technologically advanced. Without doubt, these countries have developed innovation advantages in the product and in the creation of technology-intensive products. But opportunities to make innovations in business models, that is, to make Big T innovations, are completely open, being a fertile path for Latin American companies and others in emerging countries in general. 

Reprint R0711R-E