


Interview with Dr Jagdish Sheth: Author of Several Books and Papers, and the Recent Book, *The Accidental Scholar*

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Gautam Mahajan: Hello Professor Sheth. We are honoured to have you discuss value creation with us. With so many different management ideas, do you think value creation is just one more, or do you think it has more to offer in the future for organizations and individuals?

Professor Sheth: Value creation for the customer is the most fundamental management concept. It is the end objective and most other management concepts such as TQM, cycle time, JIT, innovation and even leadership are all means or ways to achieve the ultimate goal of an entity, namely, creating value for the customer.

This concept also transcends for-profit corporations to all institutions if we simply redefine the end user as a customer. For example, in non-profit organizations, the end users would be the beneficiaries of the charity's mission whether they are school children or people with disability or foster children to refugees.

Similarly, it will equally apply to government services if we define the citizen as the end user or the beneficiary.

Gautam Mahajan: Do you think value creation can be used positively by companies/organizations to improve business results?

Professor Sheth: Yes, I am a firm believer that value creation can be positively used by companies to improve or achieve business results. In my book (with Banwari Mittal) *Value Space*, this was well documented. What matters most, however, to create superior value for customers and at the same time, achieve business results is mindset change and linking the value creation initiative to financial performance. Lean operations and computerization have all showed that companies reduce waste, inefficiency and improve productivity which results in bottom line improvement while also benefiting the customer. In other words, the initiative must be customer-centric.

Gautam Mahajan: What needs to be done by companies for value creation to become an important part of the company's management practice to improve business performance?

Professor Sheth: Unfortunately, most successful, companies have a difficult time to embrace change. In my book, *Self Destructive Habits of Good Companies*, I found that good companies are either unwilling or unable to change when the external context changes dramatically. They manifest denial, complacency and arrogance with their success even though most successes in business are by accident.

Therefore, often, it takes a crisis to emerge before the leadership is willing to change. In other words, an 'If it ain't broke, don't fix it' attitude is widely prevalent in most successful organizations. Inertia takes over until a change in technology, regulation or completion compels change.

Gautam Mahajan: How can business schools help? Why are they not teaching value creation?

Professor Sheth: Business schools mostly teach success case histories. It gives a false sense that management is all science when we know it is more clinical and contextual. One way to motivate business schools to embrace value creation is to develop a course on value creation and offer it as a field of specialization. This is similar to new courses we offer on digital and social media. However, this will require either significant empirical research or a good framework or conceptual model about value creation.

Gautam Mahajan: Can you give an example of a company that does value creation well?

Professor Sheth: Most obvious examples are in digital technology. This includes Samsung in HDTV, Apple in mobile phones, Amazon and Alibaba in e-commerce and others. The best examples come from companies that create apps which remove the friction in market behaviour.

Gautam Mahajan: What do the CEO and/or other senior leaders do (including the interviewee) to make this happen?

Professor Sheth: You have to evangelize the concept. In order to do that, you have to have a belief system. In order for the belief system to appeal to others, you must show how value creation is good for the company and society. In other words, it has to demonstrate with practical steps and know-how that 'doing well by doing good' is the only purpose of business existence.

Gautam Mahajan: How is value creation for customers connected to value creation for the company?

Professor Sheth: As I mentioned above, any value-creation initiative must benefit both the customers (and other stakeholders including suppliers, community and employees) as well as the investors.

Gautam Mahajan: How are employees motivated and empowered to create value?

Professor Sheth: The best way to motivate and energize employees is to make their employment meaningful to the society. A purpose-driven work force is the most productive and powerful asset. It is more powerful than a profit-driven motive even though the employees benefit financially.

Gautam Mahajan: Thank you so much...