

## Publication

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# NICOLAS BUCK: FROM INVENTORS TO CUSTOMERS

First of all, let me congratulate all the people in this room who are being recognized for their achievements. What you do matters!

My objective tonight is to put your work in the context of entrepreneurship and potentially, add meaning to it.

Let me start with the word “inventor” which I find particularly inspiring. Inspiring, because it deals with an outcome rather than a position or a function within a corporation.

In his book, *Führen, Leisten, Leben*, which translates into *Managing, Performing, Living*, Fredmund Malik, a well-known Austrian economist, highlights the importance of being aware of “What our contribution to the organization should be” rather than “What are we responsible for”. Plainly said: “How does our contribution fit into a desired outcome for the whole organization?”

The word “invention” is also closely associated two words I deeply care about: entrepreneurship and innovation. We live in exciting, yet uncertain times. The forces of globalization are permanent, the shift to the new world order is ongoing and if I add the challenges we face through climate change and lastly the shift from a hardware world to a software world, we can all envision the enormous challenges any organization faces irrespective of size and location.

The world of enterprise does not live in isolation from society.

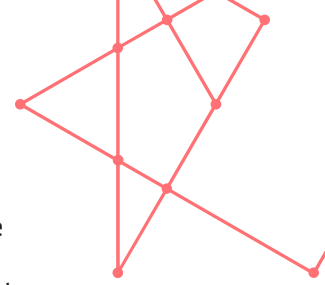
In the Western World globalization has given rise to resentment and fear – we should recognize this, even if it does not make our task any easier. It is an expression of the consequences of the rebalancing of the world economy, with the rise of China in particular.

These macro trends are complex and powerful. However, we must not feel powerless and totally exposed.

We can shape our future by focusing on the problems and challenges that we can actually address. What is in our toolbox? I see 3 essential tools – Firstly knowledge or science, secondly technology, and finally entrepreneurship.

All technology is based on knowledge or scientific knowledge if you like.

I am told the Goodyear Innovation Center employs more than a 1000 people.



1000 people that endeavor every day to increase the collective base of knowledge for example in the area of material science. This knowledge will be turned into technology that in turn the entrepreneurial spirit inside of your organization will turn into product consumers want to buy. Innovation cannot prosper without the end customer. Peter Drucker once wrote that the purpose of any organization is to win the choices of customers. I believe him to be right and that this conviction gives purpose and direction to all of our organizations.

As an outsider but an admirer of your industry I can only feel very humble when I consider the technical and often opposing problems you are trying to solve. A tire is an exceptionally complex product. And yes, I realize that it is the only thing between me and the road. We have incredible demands – perfect grip, no noise, efficient consumption and all of this in an industry that is witnessing all the macro changes I mentioned before.

And the challenge we all face is to structure this process of innovation. How do we deal with the noise? How do we deal with artificial intelligence, with what our customers are telling us and finally, how do we deal with the new entrants into our industry. There is a fine line between the confidence in the strength and the capabilities of our companies and the denial we may show to how the market is responding to products of competitors.

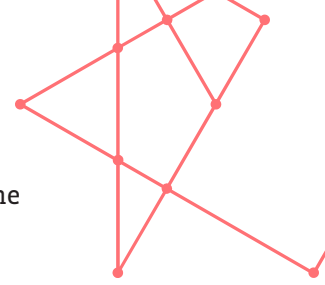
How do we balance speed and the urgency we need to show, with the time we need to develop, test and introduce innovation? These are complex and relevant questions. And if it can be of any comfort to all of you sitting in this room, I ask myself the same questions and the company I run today employs only 22 people!

But in this race for innovation, the contribution of everybody in an organization is needed however qualified and experienced they are. Diversity of age, race and gender are in my opinion a key enabler to push innovation inside of our companies. What we need are conflicting views, passionate arguments to achieve better decisions because our resources and time are limited.

ESG – environmental, social and governance standards will continue to set the context in which companies operate. It will guide the choices of consumers and especially the millennial generation and determine the allocation of capital through financial markets. Financial markets will not tell us how to produce a product but will increasingly determine what is produced.

I am a strong advocate of entrepreneurship. I have experienced both success and failure on this journey. Entrepreneurs or entrepreneurial organizations which can range from quoted companies, startups and even the state bring the new into the world. How do you bring the new into the world? I have often thought about that question- and after 25 years I would probably argue that it is a combination of two processes- firstly the lonely exercise of a person sitting in an office, on a park bench or in a car absorbing information and creating a mental image of a problem and developing a solution to that problem. Then comes the terrifying time where you in your work or me in mine will have to put these ideas on paper. I imagine that your ideas find representation through formulas and technical diagrams and simulations. In my world – I am an economist – these assumptions are expressed in words and at the end of the document there may be a spreadsheet highlighting the cost of this investment. Revenues are pure speculation.

This process of bringing the new into the world is a lonely process – somebody must make the first step and bring an idea forward. It takes the right culture to help develop this idea forward. Validate the idea or dismiss it – this is where the team comes in. Luckily in today's world we have access to a thriving world



of new startups. At SEQVOIA, the company I run, our ideas always emerge in the context in which we operate. We are a part of the asset management industry and it is this intimacy with our industry that makes us different – not the technology we use. Startups give us access to technology that is generic but that can dramatically accelerate our time to market.

But the process of bringing the new into the world produces a dangerous side-effect. We believe that our ideas are relevant to customers and reflect their needs and priorities. We want to be right. It is a form of bias. This is why including potential users at an early stage is such an important step to consider. Sounds pretty basic as a recommendation but of few us actually do this in a structured way.

I wanted to leave you with some thoughts on digitalization and the digital economy. Data and our ability to turn it into information and knowledge will be a key enabler for companies to prosper and develop. Hardware and software are converging. This is the age of hyper industrialization – a virtual and a physical world intertwined. Not all software companies will become hardware companies but all hardware companies will need to become software companies while retaining their DNA, their market intimacy. For you this means all the knowledge you may have acquired since the creation of Goodyear in the areas of materials or on how to create a tire optimized for a particular vehicle for example.

I highlighted tonight some of the challenges we face in the world of enterprise. All companies are global today. Even those that don't realize it. We all deal in uncertainty in our jobs and responsibilities. At the end of the day one thing has not changed over the last 30 years or 200 years. And that is the role of the customer. He or she has a choice and we need to win that choice. That thought helps me through the day when faced with all the complexity I highlighted before.

I hope that thought can help you too from the inventors to senior management. Let's celebrate tonight innovation and the entrepreneurial spirit!