



Stanford eCorner

Being Successful in the Global Economy

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Autodesk prices and packages its products differently in different countries. Bartz discusses how Autodesk has been successful doing business in emerging markets. She talks about the importance of looking at wage standards and labor standards of the country when selling global products like AutoCad across the world.



Transcript

There's actually something more important than how you do business in emerging markets that I personally think a lot of companies aren't doing enough of, and that is really paying attention, I mean, we call it kind of the McDonald's-Starbucks factor. We literally have a pricing index. I mean, if somebody, you know, what do you pay for Starbucks in this country? What do you pay for McDonald's in this country? And why is it that you would pay the same for AutoCAD in that country? I mean, I go, I was in Chile a couple of months ago and the Minister of Education said, "You know, Ms. Bartz, if our average worker only makes X amount, how can they pay 3X to buy your product?" Well, they can't! So what are they going to do? Are they going to steal it? Or they're going to do it by hand. And it's usually the first. About eight products are stolen for every one bought from us. So that gives you idea of how deep the piracy is. So we'd be a 10-billion-plus company if we could monetize all the products that have been stolen. So you have to pay attention. What are the wages in this country? What's the living pattern in this country? Get the price accordingly and you get a package accordingly.

I know a lot of multinational companies get very nervous about that concept because they think, "Well then, this country is going to feel cheated. Why do they pay 6000 and these people pay 600?" Well, you know, get over it. That's how it works, and so one of the smartest things we do emerge in the emerging countries is really look at wage standards, labor standards, that sort of thing, and we price accordingly. You also, of course, have to, you know, certain things you have to do with language, certain things you have to do with their particular manufacture billing standards, but that's pretty obvious kind of stuff. The other thing we do very, very importantly is we don't send expats into these countries. We hire locally. The whole operation is local and it works very, very well for us. We just have not ever been a company that sent our Americans out over the world. That just does not make a lot of sense. So, from a global strategy, let me just say one more thing about the flat world, because I love the fact that Freeman did the book because it gives us all a language.

The whole concept though is, it is forever changed how we find resources as a company, how we deploy resources as a company, how we sell as a company, where we manufacture and market as a company, etc., etc., etc. -- forever changed. And what I tell my customers, we just had major account seminars around the U.S. in the last few weeks, and so we bring CEOs and then I kind of do a CEO-to-CEO talk. What I say to customers is if you aren't thinking about how you're changing your company, you will not be a relevant company. If you are not figuring out how you do your work 7/24; and by 7/24 it's not only, you know, are you waking up with the clock which is OK when, you know, Europe goes to sleep, the U.S. wakes up, and Asians so on and so forth, but how could people actually be doing jobs simultaneously, how you get information over your new China customer in the hands of your sales people so they can be effective first shot in their first presentation. And you know

most people are just scared to death with this whole concept. So it is forever changed. So the idea of not only viewing emerging markets as a great potential; I mean, India just past the magic \$500 per capita income, which turns a country to have a vibrant middle class.

That's huge! That's a huge deal. They're going to buy things like shampoo. Why is that important to us? Guess what, shampoo bottles are stamped out with big hunk of machines. Who designs these machines? Guess what, engineers that use our products. Who designs the building that those big hunk of machines goes in? Guess what, architects that use our products. On, and on, and on. And I love going into a drugstore. I mean, I get off and say, "There's a hundred different bottle types here." Now, it's not just that somebody draw this design for that bottle. Why do I care? That's a different mold, that's a different machine. Really! So, I mean, not only the consumer power but how we're going actually operate in this global economy is just such a kick to learn about.