

## ***A Position Paper from the Summit Global Network***

### **The Attributes and Processes of Powerful Innovation**

We consider innovation to be “applied creativity.” That is, innovation is never for its own sake, but rather for the advancement of the organization’s competitive position and performance. Here is a global view of what that means.

#### **1. Kill the Innovation Killers To Accelerate Growth**

Innovation has never been more important to companies as it is now. Economic, technological and social turbulence is creating new needs, and new forms of value are needed to fulfill them.

Yet many companies fail to achieve their innovation potential. So what holds our companies back, and why is breakthrough innovation so rare? In my experience many organisations suffer from a number of insidious, almost invisible, innovation killers that stifle, strangle and snuff out innovation.

Here are my top five innovation killers.

1. **An intolerance of failure.** The #1 top tactic for innovation, according to expert innovators, is to ‘experiment fearlessly’. Nothing works first time, so you may as well get it wrong as soon as you can. If you cannot accept failure you are unlikely to see too much innovation, no matter how much money you throw at it.
2. **An excessive customer focus.** Professional managers are great at using customer research to improve existing products and services. But, faced with a radically new proposition, customers are poor predictors of their own future behaviour.<sup>1</sup> Italian designer, Alberto Alessi has described how he eschews market research and, instead, evaluates new ideas in order to help take informed risks and not as a simple yes/no exercise.
3. **A desire for a magic pill, not a daily exercise regime.** Innovation should be a way of life rather than an isolated change programme. 3M is the avatar of this approach, allowing its developers to spend a proportion of their time on their own development projects as a way of encouraging a stream of bottom-up ideas.
4. **An unwillingness to cannibalise sales.** The only way to prolong success is, paradoxically, to destroy it and create something even more valuable. Technology companies know that they must consistently add new features at lower prices if they want to stay ahead in the market. The same principles are true in other

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<sup>1</sup> We use the spelling and language native to our contributors’ country.

markets. Gillette has consistently strengthened its leadership in razors through its willingness to make its existing ranges redundant and introduce new, higher performing products and brands.

5. **A reliance on a small cadre of innovators.** Relying on a small development team to identify, create and deliver game-changing innovations is unrealistic. You have to cast your net much wider.

How many of these 'killers' are present in your company? Once you are willing to welcome failure, lead rather than follow customers, involve your whole organization and beyond, cannibalise your existing businesses and see innovation as a way of life, you're likely to create the organisational foundations for greater innovation.

On its own, however, killing the innovation killers is not enough. It is necessary, but not sufficient. You must also build a systematic approach to innovation so that it is not reliant on specific individuals or initiatives. A systematic focus on innovation requires these five steps:

1. **Make innovation your #1 priority.** As a leader of your business, innovation must be your #1 priority, driving your company's future growth. If you only give it *ad hoc* focus, your organisation will not believe that you are serious and will not give it the commitment you are after.
2. **Align your innovation focus with your strategy.** What is the thrust of your strategic direction, and what kind of company are you seeking to create? Your innovation must directly contribute to your strategic ambitions. Amazon's leadership team, for example, has decided to transform the company's customer offer in three areas – greater choice, faster speed and lower prices – and their innovation resources and initiatives are targeted precisely at these three objectives.
3. **Engage and empower the whole organisation—and beyond.** Systematic, rapid innovation cannot be achieved by relying on a small team of R&D specialists; it requires the focus and commitment of the entire organisation and beyond (suppliers, partners, customers) if you want to create sustainable growth. In the past 10 years Procter & Gamble has dramatically increased its willingness to source ideas from and work with external organisations, and the company now develops at least half of its new growth ideas through these external networks.
4. **Avoid bureaucracy.** Innovation benefits from some simple processes to aid its creation, but it does not respond well to rigid process management. Err on the side of chaos if you want to create breakthrough growth opportunities for your business.

5. **Commit to action.** There is no innovation without action. You will trip and fail along the way, but the fastest way to success is to avoid seeking perfection. Your aim is not to avoid failure, but to fail as quickly and cheaply as you possibly can and that means that you should take rapid action, learn quickly and adapt your way to growth.

**So what should you do now? I propose that you take the following three actions:**

1. For each of the five innovation killers score yourself on a scale of 0-10 on its presence in your business (where 0 = irrelevant and 10 = endemic), and for each killer with a score of 5 or more, work with your team to identify the root causes of its existence and to assess ways in which it can be removed.
2. Put innovation at the heart of your business and your growth strategy, and ensure that each of your strategic priorities are delivering truly innovative solutions and not just 'me-too' initiatives.
3. Reward, promote and recruit those people that embody the principles and skills required for innovation, and continuously find ways to involve individuals, teams and organisations – from both within and outside your business – in your innovation processes and projects, maximising the impact of their expertise on your future growth.

Innovation does not respond to passive management. Even if you are able to eradicate the innovation killers, without your ongoing, systematic attention they will simply return, severely limiting your company's ability to grow and prosper. Innovation is a critical leadership task that must be reinforced and strengthened on a daily basis. The task may be difficult, but the rewards are enormous.

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## **2. Six Principles of Successful Innovation**

Innovation is nothing if not successful. If you've read the innovation literature, I know you've heard about letting your people be creative and maintaining a tolerance for mistakes. You've seen the lists that include things like: play, curiosity, intuition, collaboration, and failure.

I'll probably tick a lot of innovation pundits off when I say this: business leaders work hard to minimize failure and innovation is no exception. Qualities like play and curiosity are a wonderful part of everyday life, but they are not nearly enough to drive results in commerce. Here's my bottom line: if you're not innovating to win in the marketplace, you're not doing business innovation.

Innovation is the development of new products or services that succeed in the market. Everything else is something else: an experiment, a mistake, a failure, a missed opportunity, or a foray in creativity. Call it what you will. It's not business innovation.

Business innovation is welded to customer value. They are inseparable. You must - no exceptions - generate value for your clients. If you do not, you have failed. Your efforts will not last.

Likewise business innovation is indivisible from revenue growth. It must result in increased profits one way or another - in the near term or the long term - or it's a waste of time. That's why it's called business.

Sometimes business innovation is about introducing new ways of working. Often these days it means dealing successfully with disruption. Of particular interest is coping with our down economy, responding to a revolutionary product that is sweeping through the marketplace and laying waste to existing industries, and the rapid rise of new competitors and business models.

Here are six principles for accelerating innovation that meet the market successfully:

**1. Bring in experts who have forged their mettle in battle.**

Getting the right people into play is always the way to go. Bring in folks who know the territory, who can apply their hard earned experience to your circumstances. They will slash your learning curve, getting you into productive gear fast.

**2. Listen to the market - do your competitive intelligence.**

When people think of due diligence, they think of slowing down and waiting... but they're wrong. It does mean taking the time to identify the trends at play. But, then you begin your product and service development ahead of the game and your results come faster.

Consult with other players, partners, people on the front lines and thought leaders. Cut the right balance between the past (data and experience) and the future (trends and patterns). Gather customer intelligence and analyze business trends. Put the puzzle together before you figure out how you fit in.

### **3. Don't abandon business basics.**

Business is still business. Don't confuse new applications and models with changing the fundamentals. That will really slow you down. Then you'll be spending your time and money recovering from stupid mistakes. You always need to know your audience, build the relationships that provide traction, generate value people want, and provide the best products and service in ways that build your gravity and brand. Revenues must exceed expenses - the sooner the better; profits are all important. Keep to the fundamentals.

### **4. Study and leverage emerging trends.**

Don't live with your head in the sand. Make a point of monitoring the frontiers in your field. Learn what others have done, why they succeed and fail. There is nothing to accelerate innovation like building on others' successes and failures.

### **5. Build bridges to the future.**

Internal stress can slow you down. Business processes that are slow to evolve are killers. So are internal mindsets that give all the reasons why new things cannot be done. Invest first in your own mind, then in your people. Develop the skill of working toward the future. Evolve your business processes to take advantage of new technologies.

### **6. Prepare for success so you're drawing it to you, not running after it.**

Too many business leaders are chasing carrots or running from sticks. Be a center of gravity. Carve out the space that is yours and pull others toward you. When you represent the future, when you are leaning headlong into new ways of generating value in the market, you will find resources coming your way. Everyone wants to be part of success. Associate yourself with the way forward.

Business innovation is a nonstop enterprise, especially these days. Technology continues to revolutionize our environment. The economy is an ongoing challenge. New business models are popping up like daisies on a warm spring day. Lean into it all and push for success. Do it smartly and speed will be your ally. Business innovation that succeeds in the market is your best accelerant.

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### **3. How to Accelerate Innovation**

Organizations can accelerate innovation by reducing weight and drag,

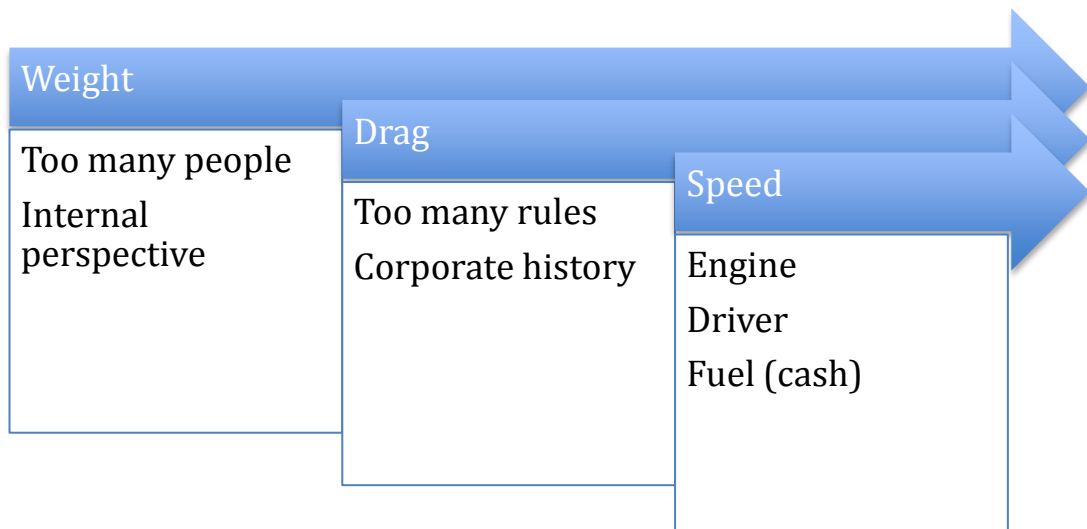
like a racecar, in order to increase speed. Ultimately, it's the car and the driver that win the race.

To reduce weight, reduce the number of people down to the minimum that can work effectively as a team. We've seen small teams of two or larger teams of eight work together to look at future opportunities. The best view of the future is from the customer's perspective, not from your factory floor. Therefore, adding customers to your team is definitely a best practice.

To reduce drag, all innovators need to let go of the corporate rulebook, let go of corporate history, and essentially 'strip the car down' to the bare essentials of a frame, steering, brakes and an engine. If the essentials are to improve the customer's experience or value, then strip everything else away.

To increase speed, cars need powerful engines, skilled drivers who know when to draft and when to accelerate to take and retain the lead, and good fuel management so they can finish the race with fewer pit stops. The engine is your creative process of how to achieve the fastest results possible for your customer. The drivers are smart people who are willing to put the customer's interests ahead of their own egos, who aren't afraid of failure and who are persistent. The fuel is your cash and resources for innovation.

Ironically, many large companies have more resources to spend on innovation but they may lack the drivers or people who can take risks. Entrepreneurs, on the other hand, can go fast but lack the fuel to fund innovation prototypes and they can't afford a crash.



All organizations, large or small, can accelerate innovation by reducing the size of the innovation team, throwing out the corporate rulebook, and fueling the venture with talented people and cash.

Ladies and gentlemen, start your engines!

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*Our intent was to provide a cross-section of ideas about the creation, management, and sustaining of innovative practices. We hope you've been able to identify some immediate application for your organizations. Please see other position papers on a variety of topics on the Summit Global Network site, and visit these contributors' sites to find out much more about their approaches to client productivity and market leadership.*

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