

Innovation

Survival of the Fittest

Darwin's theory of evolution could have just as well been called the "theory of plant and animal innovation." Darwin contended all plants and animals developed from earlier forms that, through hereditary transmission of information from generation after successive generation, produced changes that either helped species adapt and survive or die. We often colloquially refer to this theory as "survival of the fittest." I believe that the same line of reasoning applies to business and the process we call "innovation."

Let's begin with a definition: Innovation is the process of applying experience, knowledge, intuition, and creativity to continually improve the way we do things; to address needs that are either not being satisfied or being satisfied inadequately; or address needs that are embryonic (not yet understood or realized).

Although innovation is typically referenced in terms of new products and technologies, it clearly applies to anything that addresses a need for a product, service, knowledge, and even a state of mind (the need to feel good, important, satisfied, etc.). In all cases, innovation is about progression and continuous improvement.

Companies recognized as leaders in developing innovative products such as Microsoft, IBM, Canon, Proctor and Gamble, for example, are also those who have developed an environment that cultivates innovation throughout the enterprise. This does not mean once an innovator always an innovator. Although it is a natural social tendency to collaborate, share ideas, and forever seek to "survive better," the structures, politics, and organizational processes that are supposed to drive performance often times suppress it.

Innovation is not a constant and rarely can it be dictated. However, it does happen and can be successful, especially in research intense industries. Often times in these industries a consumer need is identified, followed by focused analytical efforts to generate solutions as quickly as possible. Nonetheless, there are examples of companies that once were considered "the innovators" that have had their share of struggles. Apple, Motorola, Lucent, Sears, and Formica were all once considered great innovators. What issues did they face?

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- ◆ Losing ground to competitors;
- ◆ Being negatively impacted by changing or contracting markets;
- ◆ Failure to recognize innovation as an enterprise-wide responsibility that requires continual nurturing;
- ◆ Creating corporate silos;
- ◆ Tolerating divisional and departmental parochialism, politics, information barriers; and,
- ◆ Excluding outside opinion.

Any of these prevents enterprises from capitalizing on the natural evolution that comes from social interaction.

Perspectives Shared

Innovation is fueled by information that is shared, processed and analytically and semantically interpreted by individuals who share perspectives. This process transforms singularly-fashioned thoughts into multidimensional and multifaceted ideas that create possibilities (concepts) exponentially. What drives thousands of groups each day to participate in brainstorming sessions? Imagine the power of an organization that has developed the culture and tendency to brainstorm on an ongoing basis, capture and catalogue ideas, distill

these through the application of business priorities and considerations, and then execute accordingly. As much as the process of innovation may be a latent natural tendency, it needs to be catalyzed and organized if it is to ultimately transform ideas from concepts to useful products (solutions).

To drive innovation, you have to understand it. The critical factors that I referenced above include leadership, environment (culture), knowledge creation and sharing, organization (process), and execution.

The leadership team, serving as the catalyst for innovation and continuous improvement, is essential. It is responsible for creating both the philosophical and pragmatic structure that shapes the behaviors of the organization.

Philosophically, the leadership team promotes collaboration and social interface, open-mindedness, teamwork, values, recognition, responsibility, and accountability. It is everyone's obligation to look for ways that will make the enterprise better than the competition. Pragmatically, the leadership team establishes the business priorities and clearly communicates the strategy that is being employed in order for the business to prosper. Within the strategy, the dependency on and criticality of innovation must be clear. This occurs with explanation of competitive influences, market intelligence, social trends, and other factors that help fashion an understanding of the challenges and opportunities facing the business.

Leaders insist on feeding their organization with knowledge that enables participation in innovation, and provides the platform to allow this to occur naturally and continuously. In addition to sharing information with the organization, the leadership team establishes a management structure that is cross-linked, discourages silos and creates interdependencies. How many employees in your company

have an awareness and understanding of the extraordinarily critical initiatives and issues whose resolution depends on generating new ideas and concepts? For those who do, are they able to participate? Too often leaders conclude that only through technical knowledge can innovation occur and therefore rely too heavily on their R&D people. The fact is that many of the breakthrough ideas, especially in consumer goods, are generated by those who recognize the need before anyone else. Once the need is defined, then R&D does its thing!


Another thought to consider: it is often easier to buy R&D support to transform an idea into a concept and product than it is to generate the breakthrough

idea. Different skills are required to be really good at each. The best researchers are very focused and extraordinarily skilled at applying scientific principles, performing experiments, and applying explicit knowledge. On the other hand, innovation thrives on the integration of tacit and scientific knowledge. Innovative leaders understand this and use the entire organization's creativity to prime the R&D engine.

Knowledge Free-Flow

Although the organization's leadership team is vital to creating and sustaining the knowledge-sharing environment critical to affect innovation, everyone in the organization must accept knowledge sharing as a responsibility. Here are "must dos" to keep knowledge, and ideas, flowing:

- ◆ Establish cross-functional teams to address specific issues and opportunities requiring innovations. These teams, microcosms of the entire organization's capabilities, can more effectively reach out and solicit input from their respective groups.
- ◆ Make the teams part of an overall company strategy toward continuous improvement. They



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should evolve to include different participants. The process should not be arduous but rather free-flowing; social, but organized.

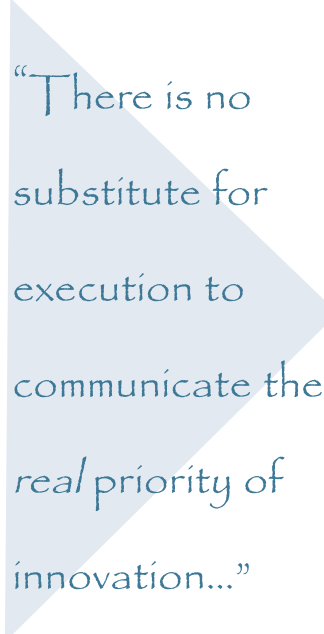
- ◆ Make knowledge-sharing a natural environmental tendency. Knowledge creation and sharing cannot be limited by the bounds of a corporate office or a company's own ideas in this day and age of globalization and increased competition.
- ◆ Continually tap your customers for information. Companies with the outreach capabilities of franchises have a huge advantage. Direct access to customers, understanding of local demographics and related uniqueness, owner/operator insight, and other knowledge generating sources are invaluable if utilized. For companies that do not enjoy the franchise structure benefits, there are still a multitude of alternatives including consultants, summits with related and non-related businesses, etc.

Recently, I met with the CEO of a glass manufacturer in Chicago who shared a very exciting new product that his company is developing. My company, Integrated Project Management Company Inc., is working on a sales and marketing related project for another company in Cincinnati that is very aggressive in establishing new product lines. It occurred to me that the technology developed by the Chicago-based company could be used as a component of a new product idea that is being considered by our Cincinnati client. The incorporation of the new technology would make the product like no other. Both CEOs were receptive to meeting and are

currently discussing the potential.

A last word on environment and knowledge-creation and sharing: follow-up is everything. There are many well-intentioned companies that place a great deal of emphasis on developing processes and communicating priorities, but fail time and time again in execution. There is no substitute for execution to communicate the *real* priority of innovation . . . or any other initiative! Great ideas are useless unless acted upon.

Establishing a creative environment does not necessarily result in innovations that move the organization to a competitive advantage. Creativity needs to be focused and harnessed to generate value for the business. That is why it is so important



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for leaders to communicate business strategy and priorities. The idea generation process has an objective: to develop better products, services, processes, or in some way produce tangible benefits. Without an understanding of the company's strategic direction and priorities, it is virtually impossible to establish the distillation process that allows ideas to be quickly assessed to determine which deserve organization support. Ultimately, innovation, like evolution, is a process; however, it is one that is as much social, creative, and semantic as it is structured, analytical, and measurable.

C. Richard Panico is president of Integrated Project Management Company, Inc., a professional project management firm in Burr Ridge, Illinois. IPM plans and leads execution on client objectives, helping companies meet them faster and more effectively.

As published in the December, 2003 Global Cosmetic Industry magazine.
