
business growth strategy Article: Innovation Doesn't Just Happen

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Innovation Doesn't Just Happen by Sharon Daniels Down economic cycles can spur reinvention, but organizations need processes and senior leadership to guide dynamic change. Economic recession and strategic innovation present a powerful combination for organizations of all kinds. It's a cause-and-effect relationship that can generate sustainable change for the future. Many companies started in a recession era, particularly brands reliant on innovation, such as FedEx, McDonald's and Microsoft. Founders uncovered a market need and responded with smart innovation. The PC and the iPod, for instance, emerged during recessionary times. Today, the zeal for innovation penetrates workplace cultures on multiple fronts. The White House says a strategy for innovation will generate sustainable growth and quality jobs. The governor of New York says the key to a growing economy is investing in innovation. And numerous columnists remind audiences that as tough times push organizations to evaluate all expenditures, businesses create ways to maintain product quality and service levels. Philips Lighting, for example, has become a global development leader for fluorescent lighting. The company's compact fluorescent bulbs last up to 15 times longer than standard incandescent bulbs and demand 70 percent less energy. Gaining market share during this downturn is entirely possible; Philips encourages innovation rather than reduces it. In times of recession, the last thing you want to do is to cut off the oxygen, Philips Lighting CEO Rudy Provoost said. In times of recession, you need to work harder, run faster, so you need a lot of oxygen - and for me innovation is oxygen.

Customers Must Be at the Center Despite the demonstrable need for innovation, strategic change won't happen by itself. So how do organizations make innovation happen? In 2009, AchieveGlobal conducted a study called *Leading Innovation: Insights from the Real World*, which sought to find the answer via in-depth interviews with a diverse group of executives and senior managers from multiple industry sectors around the world. Organizations must define what they mean by innovation. Having a shared definition - a common language to describe innovation - is an important first step, research respondents said. Leaders define innovation in terms of two broad categories: breakthrough, which is something new that no one has experienced before, and advances or enhancements, which are incremental improvements to existing products, services and processes. But whether defined as breakthrough or incremental, innovation produces three fundamental themes: 1. Customers are at the center. 2. Creativity is one part of the equation, implementation the other. 3. Innovation means change. Innovation and customers are inextricably linked. An innovation doesn't exist until it is in the hands of those customers or end users who will benefit. Breakthrough innovations change customer behavior and the nature of the market because they create the need for new structures and systems to support them, which may impact or conflict with the way products and services are currently managed. Innovations that alter existing products and services can cause ripple-effect changes inside organizations as expectations, job roles and responsibilities shift. These changes need to happen fast, requiring agility among teams and individuals. For some organizations, innovation will require deeper change - a new mindset, a rebalancing of priorities, a shift in leadership style or perhaps even organizational structure. Change-capable organizations and the people within them would seem to have a built-in innovation advantage.

Challenges for Achieving Innovation The road leading toward innovation has its dips and curves - challenges that make change difficult. One is time. Another is existing organizational structures. Time is an ever-present dilemma for managers and executives. Both groups struggle to make innovation a top priority, even when its value and strategic importance is crystal clear. There is tension between the requirements of fulfilling existing product demand and existing customer needs and hitting monthly targets and hitting budgets. Executives often cite the big-picture need for innovation speed. They are keenly aware that to stay ahead, business must innovate faster than their competitors. One of the challenges we're faced with today in business is that every business has been restructured, and there is more work than there are people, a Xerox executive said in the survey. We've got our heads down on the ground trying to get all the stuff done, and there isn't a lot of time spent on innovative types of thinking and trying things differently. We're just trying to get the things that are sitting on our plates. Managers and executives alike are frustrated by the need and effort it takes to maneuver through organizational layers, paperwork and bureaucracy to make innovation happen. Governance, compliance and strict guidelines are givens that must be managed. Functional silos can spark internal competition for success and resources, and navigating the organizational politics that result is a challenge and a chore. For executives, funding rounds out the trio of top innovation challenges. Several executives mentioned that what adds to the challenge is the very nature of innovation itself - its inherent, varying degree of uncertainty and financial risk, which is particularly tough in a business environment with an intense focus on short-term profits and gains. These issues hinder the pace at which innovation can occur. The big question seems to be: What structures facilitate meeting the current business goals while also sparking innovative thinking and action?

What Does It Take to Win? A number of factors play vital roles in helping to deliver innovative results. *1. Make innovation a strategic priority.* Successful leaders internalize the idea that innovation is a core part of their organization's business strategy for continued success, growth and even survival. For them, innovation is essential to moving organizations from a defensive to an offensive position in the marketplace and being ahead rather than continually playing catch-up. For example, a Blue Cross Blue Shield executive in the survey said innovation is now an explicit part of the organization's strategic plan. In an ever-changing global economy, innovation is critical to sustainability and long-term growth to help differentiate an organization from the competition. A key factor in innovation success is consistent messaging that innovation is critical to the organization's strategy, not a fad or a passing pet interest of a select few individuals. Innovation is a priority and, as such, should be taken seriously. *2. Demonstrate leader commitment.* Demonstrated executive engagement makes up another essential element of innovation success. Saying innovation is important is not the same as showing it. Some organizational initiatives can take hold at the front line and generate results from a modest grass-roots start. Innovation requires a different

approach. To gain needed momentum and sustain it, top-down support is a prerequisite. It's imperative for the senior team to demonstrate that innovation is a priority. Without that top level of commitment, the challenges working against innovation will win out, and business as usual will reign - and it doesn't stop with executives. Leaders throughout organizational levels must be prepared to demonstrate their commitment. Staying the course and properly allocating time and resources add mightily to the effort. *3. Create a culture that supports innovation.* Winning through innovation requires equal attention to two elements that might in years past have brought success alone. Leaders must create an environment that nurtures innovation and establish the systems and processes to produce results. Innovation can only flourish in a fear-free zone - a culture that promotes customer focus and advocacy, constructive questioning and curiosity, and individual initiative. Experimentation must be encouraged as a primary means to learn and advance ideas to the next level. *4. Collaborate broadly.* Innovation is an effort for all hands, hearts and minds. Everyone's strengths and talents need to be deployed, whether for creative idea generation or rigorous implementation. Everyone has a role to play. Central to this innovation brand of collaboration is diversity. The richness of perspectives that exist among those with highly technical expertise as well as those with nearly none; those with a depth of historical knowledge or years on the job as well as new comers; analytical thinkers and those who think imaginatively; those with varied educations and backgrounds - all those differences need to be celebrated and leveraged. Finally, information sharing, idea exchange and generation, implementation planning and follow-through must occur within groups, between departments, functions, divisions, brands and plants, and even among countries. Customers, suppliers and outside experts also offer insights that spark new thinking. Everyone in an organization owns responsibility for innovation. Effective collaboration across the organization and outside of it creates the synergies required for breakthrough thinking and sound execution. There is almost nothing that executives, managers or staff could achieve by their own knowledge or expertise. When it comes to innovation, more minds can create better and swifter change. ** Regards, Harvinder <http://harvinderjit.multiply.com>

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