



The Seeds of Innovation

Cultivating the Synergy That Fosters New Ideas

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Introduction

Many organizations are beginning to realize that whatever got them to where they are today might not get them through the next five years. According to Peter Drucker, “Every organization — not just business — needs one core competence: innovation.”

Unfortunately, the concept of innovation has been so widely used and misused that many people are now confused about what it really is. Innovation involves four key components:

- *Creativity* — the discovery of a new idea.
- *Strategy* — determining whether a new idea is a useful idea.
- *Implementation* — putting the new and useful idea into action.
- *Profitability* — maximizing the added value from the implementation of the new and useful idea.

Innovation, therefore, can be defined as “the profitable implementation of strategic creativity.” This reminds us that innovation is more than the act of creativity or the identification of new ideas.

Indeed, it’s in the area of implementation that many excellent creative and potentially innovative ideas become blocked and never have a chance to deliver value. Managers are often afraid to accept the risk of new ideas and throw up a lot of hurdles to prevent change. In addition, the ideas are often not presented or packaged in the right way to allow people to understand their potential.

With respect to gaining profit from innovation,

it’s important to recognize there can be other benefits in addition to financial gain — such as an improvement in employee morale or retention, or an increase in the contribution to society.

What Innovation Isn’t

Innovation isn’t just new technology. It isn’t sector-specific — many innovative organizations exist beyond technology and manufacturing. It isn’t just for the R&D department — innovation can occur at all stages of the planning process and in any area of the organization.

Innovation isn’t isolated at special teams or hidden “skunkworks,” but can be applied to the day-to-day activities of all departments. Innovation isn’t just creativity training — it also involves strategic skills to develop ideas to bring added value to the organization and transformational skills to win acceptance for implementing the new ideas.

Innovation isn’t just applicable to new products. It can be applied as well to existing products, services or programs, or the processes an organization uses to plan and manage its activities. It can also lead to totally new business models or concepts.

The Three Types of Innovation

There are three types of innovation: Efficiency Innovation, Evolutionary Innovation and Revolutionary Innovation. They’re best understood as a continuum, from small, efficiency innovations to large, rev-

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olutionary innovations. It's important for every organization to determine what type of innovation it currently does and wants.

Efficiency Innovation focuses on identifying new ideas for improving what already exists. This approach requires minimal investment since the team is building on the past and only looking for small changes in what's already being done. The strategy for efficiency innovations is usually to cut costs, reduce cycle time, improve quality, offset a competitor's move or attract new customers. Typically, only small gains are realized.

Evolutionary Innovation focuses on identifying ideas that represent something distinctly new and better. An example was the introduction of automated banking machines, which changed the way banks viewed their staffing needs and shifted banking habits from set hours to banking at any hour. Evolutionary innovation requires looking more broadly than Total Quality Management improvements and cost savings to see the bigger picture of what's really needed in the organization and marketplace. Instead of duplicating what already exists, the team must look for new ways to bring value to the organization and the customer.

Revolutionary Innovation focuses on radically new and better ideas that don't operate within the existing structure of the organization and marketplace but may in fact dismantle that structure. For example, McDonald's approach to fast food revolutionized the restaurant industry. Dell Computer's direct-to-consumer sales strategy did the same in the computer industry.

Choosing the Type of Innovation

In reality, only a very few organizations and individuals are working on anything revolutionary. The majority of innovation effort is focused not on revolutionary innovation or even evolutionary innovation but on efficiency innovation. The problem with that arises when organizations spend too much time tinkering with small, low-impact innovations instead of rallying their teams around the potential to do something extraordinary.

Although efficiency innovation may be too limiting, revolutionary innovation may be too disruptive. If the marketplace and organization aren't ready for the revolutionary idea, there will be a tremendous amount of resistance to change that could sabotage acceptance of the new ideas. Just as many football games have been won by a ground game with continual yardage rather

than trying for long-distance touchdowns, continual focus on evolutionary ideas may be the optimal approach for your team.

It's important to be honest about the type of innovation your team really wants. Many leaders send out conflicting signals. They ask for revolutionary innovation ideas only to criticize them for fear of the unknown once they're presented. The only ideas such leaders will support are very small-impact efficiency ideas.

It's very important from the start of any project to discuss the type of innovation the team is expecting. What's do-able in light of the available resources and the core competencies and culture of the team and organization?

The Nine-Step Innovation Process

As every good farmer knows, you can't expect new plants to sprout from old seeds. It takes the seeds of creative thinking, strategic thinking and transformational thinking to cultivate the synergy that fosters new ideas.

Based on those seeds, a nine-step innovation can be used in most projects in any industry. It calls for alternating exploratory and concentrated thinking at each step. Exploratory thinking involves seeking new ideas, withholding judgment, accepting all possibilities and looking for a quantity of ideas through new connections. By contrast, concentrated thinking includes narrowing thinking to be more direct, making judgments and evaluating options, and looking for quality in line with overall strategic objectives.

There are three stages to the process — understanding, imagination and action — with three steps in each stage.

UNDERSTANDING

STEP 1: Gathering Information. Gather facts, opinions and details from different perspectives. Then analyze the problem and choose the best information that helps you understand the problem better.

STEP 2: Clarifying the Real Problem. Identify and list the likely causes of the problem, drafting alternative statements that describe the problem. Choose the problem statement that best describes what's believed to be the most significant or real problem.

STEP 3: Setting Innovation Goalposts. Explore the range of acceptability for options and solutions for this particular problem. Set the innovation goalposts — the

limits on the range of ideas that would satisfy the need of the particular situation.

IMAGINATION

STEP 4: Seeking Stimuli. Explore the environment for signals and other information. Research the past, present and future, exploring multiple perspectives. Then analyze and narrow down the stimuli.

STEP 5: Uncovering Insights. Use your chosen stimuli and imagination to identify potential insights and discoveries. Then choose the high-priority insights for further reflection.

STEP 6: Identifying Ideas. Explore those high-priority insights for potential ideas to solve your real problem. Compare and select the best ideas based on the innovation goalposts, building the ideas into fuller concepts.

ACTION

STEP 7: Develop the Innovation Roadmap. Now develop these concepts into plans, investigating resource needs, timing and responsibilities. Choose the optimal plan based on the goalposts and predetermined criteria.

STEP 8: Gaining Commitment. Explore commitment to the optimal plan, identifying who will support it. Present the plan to decision-makers, readjust as necessary, then test it as desired and readjust accordingly.

STEP 9: Implementing the Innovation Roadmap. Put the plan into final action. Review the entire process and results, and share this learning.

Conclusion

Creativity can be defined as “the discovery of a new idea or connection.” Almost all the ideas you need exist somewhere. Creative thinking is about finding those ideas and connecting them in a new way.

But innovation is much more than finding and connecting those creative ideas. It’s also about strategy and action — bringing value to the organization through the implementation of creative and strategic ideas.

Innovation is hard work. It’s hard to move people from their sacred traditions and their propensity to conform to industry norms. It’s hard to get people to admit that what they’re doing today isn’t working anymore. It’s hard to get people to drop their emotional attachment to “the way we do things around here” and take the leap in a new way. And it’s hard to stay the course and confront the natural tendency for people to return to their old and comfortable ways of doing things.

In the spirit of Walt Disney, whose innovations captivated us all: “Dream. Believe. Dare. Do.” **e**

ABOUT THE AUTHOR: Elaine Dundon is a trainer and consultant who divides her time between Santa Fe, N.M., and Toronto, Ont. She is founder and chief strategist for The Innovation Management Consulting Group Inc. and adjunct professor of innovation management at the University of Toronto.

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