

HELPING ORGANIZATIONS

TO INNOVATE

By Lori L. Silverman



I recently read Gary Hamel's latest book, *Leading the Revolution* where he describes the role that radical innovation has in an organization.

While no one may question standardization and continual improvement initiatives, which often are necessitated by the need to cut costs and improve quality, organizations also need to create new value for stakeholders through innovation of products, services, and processes/systems. This is not an either/or proposition. Innovation is as much a daily activity as other sorts of business improvement initiatives.

WHAT IS INNOVATION?

Hamel describes radical innovation as "the capacity to reconceive existing business models in ways that create new value for customers, rude surprises for competitors, and new wealth for investors." In 1990, I traveled to Japan on a three-week study mission. During our trip we stayed at the Hawaiian Spa Resort. Imagine my surprise when I discovered that the Spa had originally been the Joban Coal Mining Company. During a strategy session several years earlier, company leadership realized there was not enough coal to be mined to keep their children's children employed. So they took stock of their assets: a significant amount of vacant land (for a golf course), underground hot springs, and the skills of their employees. While not all innovation is this extreme, its purpose is still the same: to give customers something they find of value that they currently do not have, to catch competitors off guard, and to generate new revenues for stakeholders.

THE FOUNDATION FOR INNOVATION

Innovation begins with an organization's culture and its approach to strategic planning. Consider your own organization. Are innovative ideas fostered and positively recognized? How much resistance do people face when attempting to try something completely new? Is failure accepted as part of ongoing learning? While attempts to thwart innovation may not be all that obvious, they influence the mind-set and behaviors of employees. Thus, innovation begins with developing a culture that values and fosters innovative actions on a daily basis.

Next, take a look at your organization's strategic plan for the next three to five years. Would you consider the strategies embodied in it to be breakthrough in nature? A breakthrough is an opportunity to completely transform current products, services, and process/systems and/or create new ones that can position the organization favorably in light of anticipated changes in consumer demands and/or the emergence of new markets. Do these strategies and the organization's vision for the future reach beyond what the organization has done in the past and where it is currently? How well do the strategies anticipate and capitalize upon future consumer and marketplace trends? Strategies and strategic plans can be sorted into two categories: those that speak to making improvements and those that reach beyond today and outline breakthrough possibilities for the future. It is the latter type that encourages and fuels ongoing innovative thinking throughout an organization.

TOOLS AND TECHNIQUES FOR INNOVATION

On average, current customers cannot communicate their future needs and wants because they themselves are not fully aware of them. However, observing customers at the points of product/service acquisition and usage can give you hints to their future needs and wants. Listen to their challenges at the point of purchase. Observe how they are trying to use what you give them. Wide angle lenses and automatic focus on cameras came about because employees in a dark room years ago observed that some photos were fuzzy and that people were taking multiple photos of large objects that they could not fit into a single frame. Go out and watch how customers are using your products/services. Or, follow what some footwear manufacturers do and have customers return products to you for repair; use what you observe to fuel innovations.

Who should you listen to? Enthusiasts form a small subset of customers who can help your organization innovate. They are the most involved users of a product/service or system. Also pay attention to thought leaders in your industry and what are they suggesting about the future and to outside observers—those who track customer and user trends. Do not ignore those who are responsible for making or delivering the product/service or system within your organization. They have a wealth of expertise and often see possibilities others cannot imagine. Talk to outside suppliers and partners chain experts;

they will see some trends before they ever reach your organization. Each of these market voices has valuable information you can use to trigger innovations.

Consider making analogies between your business and experiences people have with other organizations. Investment firms are doing this today by drawing an analogy between investing and going to see a physician. Organizations do this frequently with Disney by asking how they can offer customers “memorable experiences” instead of individual products and services.

Finally, spearhead the use of methods such as scenario planning—planning for the future in a world of uncertainty—and step-by-step approaches to creating and implementing innovation. Some organizations actually have innovation workbooks which teams of employees work

through to help the organization foster significant change. Both of these approaches recognize that people have the capacity to stretch and think beyond today into the future.

A FINAL THOUGHT

Innovation is a capacity which organizations need to build and use on a daily basis. We have a key role to play in helping to integrate innovative thinking with other methods for improving organizational performance. This work is a necessity in a world that is changing at a rapid pace.

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