

It's Time to Grow Again...and Innovation is the Way

By Ron Porter



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It is over yet?

I don't know about you, but I am tired of the talking and hearing about the Great Recession. And I think most employees are, too. With all of the downsizing, cost cutting, doing more with less, resource limitations, and constant change, employees are wondering if their contributions really count or make a difference anymore. Generally, they don't feel as engaged or committed to organizational success as in the past. This is troubling for leaders because they know that future organizational success depends on getting employees to re-engage and re-commit in the post Great Recession era. But how to get that engagement and commitment back is something that organizations are struggling with.

In my opinion, the way to get re-engagement and re-commitment is to start shifting the focus back to growth—to create excitement again so that employees feel they can make a difference. Just think about the difference in your environment when employees are helping the organization grow rather than cutting in order to survive. But growth isn't easy in any environment, especially this one. And, it is in this type of environment that growth opportunities present themselves, but they can be missed easily because organizations are not as focused on growth now.

Based on the research, there is only one demonstrated way that organizations are going to get the type of growth necessary to recover and thrive in the future—and that is to innovate. Focusing on innovation can be an effective way to re-engage employees to commit to delivering results and driving the changes necessary for success.

Organizations talk all the time about the need to innovate—that isn't new. I mean, really, who doesn't want to be more innovative? But, how do you get everyone to focus on innovation as an important part of their daily work? How do you make it easy for people to be more innovative? What innovation process can you use to take advantages of opportunities and solve problems more effectively?

What Is Innovation?

Simply put, innovation is something different that has impact. Often, the goal of innovation is to solve a problem or satisfy an unmet customer need.

According to Clayton Christiansen, the innovation guru, and his consulting firm, Innosight, there are two types of innovation—each is important but they have different objectives:

- ◆ Sustaining innovation occurs when organizations continue to improve their existing product or services to meet the emerging needs of their customers, especially the most demanding ones (e.g., continuous improvement). All customers benefit by these improvements to existing products or services. This type of innovation is a good strategy for market leaders to use to protect their positions.
- ◆ Disruptive innovation occurs when organizations focus on removing barriers for non-customers in a way that satisfies a need better than anything existing today. The focus is on adding new dimensions of performance that don't exist in current offerings—ones that the customer values more than current measures of performance. For example, cell

phones, home pregnancy tests and the Wii video gaming system. This type of innovation changes the way entire markets and industries operate and conduct business.

Organizations, in order to grow, need to focus on both types of innovation. They need to develop sustaining innovations in order to protect and expand their market positions; they need to develop disruptive innovations if they want explosive growth.

Innovation is a strategic business process . . . it is sustainable and repeatable

In my experience, most organizations do not have a common way to think about innovation, nor do they have a common innovation process. This makes innovation more difficult, slower, more risky, and inconsistent—not things you want if your future success depends on it. Like any other successful business function, innovation needs to be a rigorous process. Without a common process and set of tools and techniques in place, it becomes difficult to make innovation a repeatable, sustainable process that everyone can practice. Lack of a common process also gets in the way of creating a culture that encourages and perpetuates innovation.

Based on Christiansen's research of successful, innovative organizations, there is a proven, repeatable, best practice innovation process that works in the real world:

- ◆ Spot opportunities: Look for areas of customer (or non-customer) dissatisfaction with what exists today, where important jobs that customers cannot get done are causing frustration or workarounds.
- ◆ Generate ideas: Consider ways unsatisfied jobs might be fulfilled by analyzing the customer's behavior, barriers, and underlying needs.
- ◆ Shape solutions: Create possible solutions to satisfy important dimensions of performance that the customer cares most about, without overshooting the customer's needs.
- ◆ Test and move forward: Surface and verify underlying assumptions about the solution, testing and improving it through inexpensive, rapid prototyping process.
- ◆ Implement: Once you know you have a solution that satisfies customer needs, build commitment in the organization to implementing that solution.

There are a number of advantages to using this type of process—it can be applied to both sustaining innovation and disruptive innovation. It is the ultimate customer-centric approach, whether the customer is internal or external, because it targets a current unmet, important customer need, focuses on what the customer cares most about and targets a solution in a way that there is little current “competition.” In addition, it reduces the risk of failure. Also, it is incredibly actionable and can provide a clear change roadmap.

Clearly, this process can be applied to helping organizations offer new products and services to new and existing customers. But, it goes beyond that. This process can be applied to:

- ◆ New business models: Reaching out to existing and new customers in new ways.
- ◆ Enabling technology: Platforms and technology that allow different business units to produce products / services that solve customer needs.

- ◆ Upgraded packaging: How you package an existing product.
- ◆ Improved internal processes: How you improve how things are done within the company.
- ◆ Marketing approaches: How you interact with your customers and influence purchases.

The Innovation Process in Action

Through Linkage's exclusive partnership with Christiansen and Innosight, we have helped clients better understand this innovation process and the tools that bring it to life, as well as teach others how to apply it to their organizations' issues, challenges, problems and opportunities. We have implemented this innovation process in a number of clients and helped employees think this way in their daily work—key elements in creating a culture of innovation.

For example, for the last 1 ½ years, we have been working with one global client to educate their entire marketing function on the process and to apply it to their annual brand planning approach. In addition, we have worked with the client's internal consulting group to educate them on the innovation process and apply it more broadly. Also, we have applied these concepts around of the world. In all situations, we have worked on REAL issues and opportunities and developed innovative solutions to deal with them, improving the quality of ideas generated and implemented.

The Innovative Solution is Only the Beginning

But developing and testing the innovative solution is only part of the process. Most innovative solutions will cause the need for additional changes in the organization. Identifying all to the changes associated with an innovative solution requires a systems approach to change—making sure that you anticipate the ripple effects of the change throughout the organization. In addition, the success of the change greatly depends on how effectively the innovation process has been executed—it is the results of this process that provides the basis for building organizational commitment and helps to answer questions like:

- ◆ Is there a compelling case for the new innovative solution? What important job does this innovative solution help the customer do now that they couldn't do before?
- ◆ Have the right people been involved during the innovation process? How can we leverage them to implement the innovative solution?
- ◆ What's the roadmap for change? What parts of the organization need to change in order for the innovative solution to work? What processes and systems need to be different?
- ◆ What elements of culture will help drive the innovative solution forward? What would get in the way? How will we deal with these?
- ◆ What barriers do we anticipate implementing the innovative solution? Have we checked all of the major assumptions we are making about our innovative solution, especially ones that will have a big negative impact if we are wrong?

- ◆ Will the innovative solution be able to be implemented in our current organizational structure?
- ◆ What additional competencies are required to implement the innovative solution?
- ◆ How will we measure success? What success measures need to change?

Putting it all together

We are learning, too, as we help clients apply these innovation concepts. For example, while it is important that everyone in the organization understands and uses a common innovation process and tools, that alone might not be enough to ensure success. In fact, when working with organizations, we noticed that there are several capabilities that need to be present for the innovation process to be successful.

We have developed a way to make sure organizations have these capabilities—the Linkage “Innovation Academy”. The Innovation Academy focuses on three major capabilities required to be successful at innovation:

- ◆ How to think more strategically and systemically?
- ◆ How to apply the innovation process with less risk?
- ◆ How to drive change in a more committed way?

Getting Started

Start with the executives—they need to understand the innovation concepts, model them and encourage their use. They also need to carry the message that innovation is the way the organization will grow and prosper, and that a culture of innovation in everything we do needs to start today. Also, executives need to understand that this is an iterative learning process and we are not going to get it right the first couple of times—and the best way to get that understanding is to experience it.

Then, branch out. Some organizations begin by rolling out the innovation process to the more externally focused functions—strategic planning, marketing, and sales. This approach might help identify disruptive growth opportunities in the marketplace more quickly. Others focus on improving the sustaining innovation capabilities by improving existing processes and systems. Start where you have your biggest opportunities to drive the business strategy forward. Regardless of where you start, the goal should be that eventually everyone will use the innovation process, tools and concepts to identify opportunities and solve problems.

It is time to move on from the Great Recession and focus on growth. Let's start to get the excitement back. At Linkage, we believe that innovation is the key to growth and re-engaging employees in a committed way. Innovation needs to be a sustainable, repeatable process that can be taught to all employees. An “if you build it, they will come” approach to innovation only works in the movies. When everyone uses the same models, tools and techniques, it will improve the chances of successfully implementing any innovative solution, so that you will meet your growth targets.

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