THE CAVALRY ISN’T COMING
What’s Innovation in Your Book?

1. Apple ☑
2. Google
3. Microsoft 😞
4. IBM ☑
5. Toyota Motor 😞
6. Amazon.com ☑
7. LG Electronics ☑
8. BYD
9. General Electric
10. Sony 😞
11. Samsung Electronics ☑
12. Intel
13. Ford Motor ☑
14. Research In Motion 😞
15. Volkswagen
16. Hewlett-Packard
17. Tata Group
18. BMW
19. Coca-Cola ☑
20. Nintendo ☑
21. Wal-Mart Stores 😞
22. Hyundai Motor
23. Nokia 😞
24. Virgin Group
25. Procter & Gamble ☑

2010 1\textsuperscript{st} Time Over ½ of Companies Not US

BusinessWeek, April 15, 2010
BCG survey of 2,700 executives in 70 countries
What do Executives want from Innovation?

Priorities

- Minor changes to existing products & services
- Cost reductions to existing products & services
- New to world products
- New products & services to expand new customers
- New products & services for existing customers

BCG survey of 2,700 executives in 70 countries

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What Stops Them from Having Innovation?

- Marketing or Communication Failure: 18
- Dearth of Ideas: 18
- Inadequate Measurement Tools: 21
- Poor Idea Selection: 21
- Limited Customer Insight: 25
- Risk-Averse Culture: 26
- Lack of Coordination: 28
- Lengthy Development Times: 32

Barriers to Innovation

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BusinessWeek, April 15, 2010
BCG survey of 2,700 executives in 70 countries
THERE IS NO DATA ON THE FUTURE WHERE GROWTH HAPPENS

“Life can only be understood backwards; but it must be lived forwards.”
— Søren Kierkegaard
What Are You Willing to Give Up to Get Growth?

What if the key to growth in your organization doesn’t entail STARTING something new but STOPPING something old?

What would you STOP?

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## What are the Key Approaches to Innovation?

### Social Approaches
- Knowledge management
- Collaborative communities of practice
- Search and reapply
- Culture and competency development
- Collaborating with customers
- Open source

### Generative Approaches
- Futuring and scenario planning
- New market speculation
- Diversified radical experiments
- Early technology adaptation
- Innovation societies and fellows
- Corporate venturing and spin-offs
- Greenhouse funds

### Technological Approaches
- Continuous process improvement
- Lean manufacturing
- Total quality management
- Simulations
- Platform innovation
- End to end IT systems
- Supply chain innovation

### Business Approaches
- Mergers and acquisitions
- Portfolio management
- Rapid action problem solving teams
- Revenue insight processes
- Branding
- Market adjacencies
- Business solutions
Ashoka

Workplace
- Stimulating projects
- Flexible hours
- Free from everyday constraints
- New initiatives
- Independent work streams
- Diverse workforce

Leaders
- Visionary dreamers
- Clever
- Optimistic
- Enthusiastic
- Quick on their feet
- Expressive
- Big-picture thinkers

Innovation Practices
- Futuring and scenario planning
- New market speculation
- Innovation societies and fellows
- Diversified radical experiments
- Early technology adaptation
- Corporate venturing and spin-offs
- Greenhouse funds

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Workplace
- Clear roles and responsibilities
- Stable project management
- Logical objectives
- Methodical processes
- Standards and regulations
- Ordered and structured work

Leaders
- Pragmatic
- Organized and methodical
- Scientific or technical
- By the book
- Problem solver
- Objective
- Persistent

Innovation Practices
- Continuous process improvement
- Reverse engineering
- Benchmarking
- Lean manufacturing
- Total quality management
- Simulations
- Platform innovation
- End to end IT systems
- Supply chain innovation
Gates Foundation

- Workplace
  - Competitive
  - High pressure and impact
  - Fast moving and high energy
  - Image enhancing deal making
  - Quantifiable results
  - Winners and losers

- Leaders
  - Goal and action oriented
  - Impatient
  - Assertive
  - Driven
  - Decisive
  - Challenging
  - Competitive

- Innovation Practices
  - Mergers and acquisitions
  - Portfolio management
  - Rapid action problem solving teams
  - Revenue insight processes
  - Branding
  - Market adjacencies
  - Business solutions
  - Leverage and repurpose resources
Habitat for Humanity

- **Workplace**
  - Family atmosphere
  - Collaborative workplace
  - Shared values and vision
  - Integrates personal goals
  - Informal
  - Teaching and coaching

- **Leaders**
  - Sees potential
  - Builds commitment and trust
  - Sensitive and caring
  - Patient listeners
  - Encourage participation
  - Respects differences
  - Empowers people

- **Innovation Practices**
  - Knowledge management
  - Mentoring and coaching
  - Team building
  - Collaborative communities of practice
  - Search and reapply
  - Culture and competency development
  - Collaborating with customers
  - Open source

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<th>COLLABORATE</th>
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<td>Doesn’t</td>
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Does a Firm Have One Conscious Approach to Innovation?

No

- But it does play to it’s strong hand by…
  - Industry
  - Department function
  - Location

What is your organization’s dominant hand?

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Connect the Dots

- Creativity is just connecting things. When you ask creative people how they did something, they feel a little guilty because they didn't really do it, they just saw something. It seemed obvious to them after a while. That's because they were able to connect experiences they've had and synthesize new things.
How Do We Manage these Positive Tensions?

Collaborate
Social Approaches

- Long term relationships
- Community decides
- Sustainability
- Inclusive
- Evolutionary

Create
Generative Approaches

- First adaptor customers and markets
- Customized offering
- Segment specific
- Diversify
- Channel pull

Control
Technical Approaches

- Core customers and markets
- Generic offering
- Widest possible market
- Align
- Corporate push

Compete
Business Approaches

- Limited window of market opportunity
- Markets decide
- Time to market
- Exclusive
- Ballistic

Solutions

Platforms

Suppliers

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How do These Tensions Appear in Organizational Development?

Where is Your Organization on the growth curve?
Forget the 80/20 Rule and Follow the 20/80 Rule

It’s Easier to Change 20% of the Organization 80% Than 80% of the Organization 20%

Crisis
• Seeks to survive
• Risk of change low
• Reward of change high

20/80 rule

Outstanding
• Seeks to grow
• Risk of change low
• Reward of change high

20/80 rule

Normal
• Seeks to maintain equilibrium
• Risk of change high
• Reward of change low

80/20 rule

The more radical the innovation, the more it needs to start on the fringes

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What Happens if You Try to Get it Right the First Time?

- April: Explosion and fire on rig, 11 killed, multiple injuries, leak 18,000 ft. below surface (3.5 miles) one of deepest in world
- Operating officer says under control, estimates 5,000 barrels (actual was 53,000 per day)
- We have a plan, all four failed to contain leak failed: Junk Shot, Tube, Chamber and Dome
- Presidential visits, congressional hearings, BP share price tumbles, animals and business suffer
- September: Second relief well reaches leak, Blowout preventer and Locking sleeve installed, well is dead
CREATIVIZE PROCESS
MACRO VIEW:

1. Set high quality Targets
2. Enlist deep and diverse domain expertise
3. Take multiple shots on goal
4. Learn from experience and experiments
SET HIGH QUALITY TARGETS
WATCH THE WEATHER
ENLIST DEEP & DIVERSE DOMAIN EXPERTISE
MAKE STONE SOUP
TAKE MULTIPLE SHOTS ON GOAL
FAIL EARLY AND OFF BROADWAY
LEARN FROM EXPERIENCE & EXPERIMENTS
SHOW;
DON’T TELL
LEAVE ROOM FOR THE STUFF YOU DON’T KNOW NOW
“The amount of innovation a person produces is inversely related to the number of goals or elaborate plans they make about innovation.”

— The DeGraff Hypothesis