

Cultivate innovation

Fresh ideas generate growth when part of corporate strategy

David Yeghiaian

At the root of the innovation debate — and there seems to be some debate — is whether leaders believe innovation is integral to strategic planning. Ultimately, organizations that build innovation into their strategy are more successful, benefiting all touchpoints.

Innovation is good for customers. They may tell you what they want ... if asked. And completely satisfied customers are more loyal.

Innovation is good for organizations. By refining best practices — those which create a competitive advantage — organizations retain customers and attract new ones.

Innovation is also good for people (employees). As people innovate, they generate growth for organizations, which reward them with recognition and incentives.

If all reap the benefits, all should partake.

Innovation stimulation

Results from a recent Business Pulse survey of Northeast Wisconsin chief executive officers showed a different story. Thirty percent of CEOs designate a specific employee to innovation. And 80 percent believe senior leaders are the No. 1 source as chief innovators. Talent notwithstanding, are other employees simply innovation-challenged? Not likely.

Since innovation is the continuous development of products, services and/or processes working in tandem with the development of an organization, all of an organization's people should be responsible for innovation.

More than 60 percent of Northeast Wisconsin CEOs ranked customers as an "extremely important" source of innovation. Customer input is crucial and observing customers captures subliminal knowledge of what they

want. Observation, however, is not enough. Research shows organizations achieve greater success by proactively asking, listening and learning from customers; and then acting — innovatively. Organizations cannot merely ask customers for innovation. Organizations should add value through innovation.

By setting goals to completely satisfy customers, employees and customers drive organizational goals. And it is the CEO's responsibility to lead people toward innovation by making it part of corporate strategy, communicating it to everyone within the organization.

Innovation derivation

While many factors impact innovation, the source is less relevant than its alignment with strategy. There are six types of innovation, including:

Big Bang. These come out of nowhere. The most well known, Big Bangs are rare and frequently set trends (i.e., Pet Rock).

Quick Hitter. These are preceded by market demand. Braille, for example, was invented to allow soldiers to read in the dark.

Always Broken. These are continuous improvements, driven by customers' buying habits. MP3 players are this type.

Incognito. These are unexpected enhancements to existing commodities. Satellite radio — thriving despite television and Internet — delves into space capabilities.

Survival. These prevent extinction of an existing product or service. One example is fuel injectors, brought about by stricter emission regulations.

Sleeping Giant. These are uncommon, rescuing a declining product or service when the market does not demand improvements. To



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boost sales, GM introduced Cadillac bicycles in pursuit of a younger market for its automobiles.

Due to the Big Bang's swift rise in popularity, people habitually see it as the only route to innovation. Other types are usually attributed to something other than true innovation. Instead, all innovations follow a similar process with predictable steps. This knowledge helps implement the Business Pulse suggestion to find ways to add value — whether the idea is brand new or an enhancement.

Brand new ideas are often demanded by the market, either proactively or subliminally. Proactively, customers express wants to the market; reactively, organizations collect information through customers' buying habits.

Enhancements arise in products that are either flourishing or failing. Improvements to flourishing products can prolong their life. Failing products are improved to raise them from the ashes.

Successful organizations create a culture for innovation. Led by CEOs as a goal within an organization's overall strategy, all people accept the responsibility of innovation.

In all cases, all people — internal and external — provide input toward innovation.

Innovation orchestration

Leaders who recognize innovation as a process and goal foster an innovative corporate culture.

Innovation sessions, with 15 to 20 impartial and creative people, proactively energize the process.

In some cases, people are more comfortable expressing opinions in the presence of a facilitator, ensuring a neutral environment. Business Pulse survey CEOs rank consultants and others outside their business low in importance for innovation. This is interesting as GE, Intuit and many other top-performing organizations have leveraged external resources and others with industry knowledge to uncover what they cannot, by learning a different — innovative — perspective. Open-minded ideas, without censorship, breed innovation.

Innovation provocation

Successful organizations create a culture for innovation. Led by CEOs as a goal within an organization's overall strategy, all people accept the responsibility of innovation. As a result, innovations reward customers, organizations and their people. *M_p*

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