7 Myths of Business Innovation and solutions for the future...
What is innovation?

- **Innovation** is the process and outcome of creating something new, which is also of value.

- Innovation involves the **whole process** from opportunity identification, ideation or invention to development, prototyping, production marketing and sales, while entrepreneurship only needs to involve commercialization (Schumpeter).
“A focus on cost-cutting and efficiency has helped many organizations weather the downturn, but this approach will ultimately render them obsolete.

*Only the constant pursuit of innovation can ensure long-term success.*

—Daniel Muzyka, Dean, Sauder School of Business, Univ of British Columbia (FT/09.17.04)
The innovation process in 5 Steps (how to create the perfect woman..)

1. The objective
2. Quantity
3. Feedback
4. Integration
5. Deciding
The Hard Facts

- **99%** companies value innovation, **5%** are innovative.

- The perception gap: **29%** of companies think they had a major innovation in the last 6 months. **5%** of consumers agree.

- The hard road from ideas to impact: **85%** of valuable ideas do not reach their full implementation.
Innovation is not always an accident

In a **rapidly changing** and **increasingly uncertain world**, it would be foolish to rely on **innovation by accidental good fortune** or **occasional inspiration**
The Innovation paradigm

- It is about what we do behind closed doors
- Innovation just happens
- We need to reward innovation
- It is about effective processes
- We need experts
- We need our brightest and best on the case..
- It is all about selecting the best ideas and doing more
These are comfortable, logical business ideas and what we have been taught....

But, they are not the whole story
It is about what we do behind closed doors

It is about opening doors and listening
Conversations are the key driver of growth

*But we are afraid to manage or join them.*
The power laws of innovation

As cities grow and contact increases... innovation **increases**

As companies get bigger and have more resources... innovation **falls**

Why: because contact decreases

\[
\text{Innovation} = \text{Size} ^ \text{power value}
\]

<table>
<thead>
<tr>
<th>Power value</th>
<th>Cities</th>
<th>Companies</th>
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<tbody>
<tr>
<td>1.3</td>
<td>0.7</td>
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<tr>
<th>Innovation output</th>
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<th>Innovation per person</th>
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*Source: Geoffrey West: The surprising math of cities and corporations*
Innovation just happens

Innovation is something you make happen
Innovation is about

• Being committed to better satisfying unmet/unarticulated needs
• Working to build insights
• Staying focused on consumer (customer) value
• Making it a habit
Needs first, not ideas first!

* According to Strategyn research on outcome driven innovation...

Success Rate *

5-10%

70%
We need to reward innovation

More importantly you need to reward good failures
The big innovation Paradox

Whoever Makes the Most Mistakes Wins

Richard Farson & Ralph Keyes
“Beware of the tyranny of making Small Changes to Small Things. Rather, make Big Changes to Big Things.”

—Roger Enrico, former Chairman, PepsiCo
The danger of the Internet...
Is there anything someone hasn’t done on the internet?

A big idea → Look it up on the internet → Someone has done it already

People stop before doing anything
How many would succeed if they don’t know...
“Reward excellent failures. Punish mediocre successes.”

Phil Daniels, Sydney exec
It is about effective processes

Often it is about ineffective processes
“Ninety percent of what we call ‘management’ consists of making it difficult for people to get things done.”

- Peter Drucker
10 reasons why your best ideas come in the shower

1. You’re usually alone, with time to reflect.
2. Interruptions are rare.
3. Showering is a metaphor for “getting rid of the dirt” — the stuff that covers up what’s beneath.
4. Showering is a ritual. Lots of creative people like to have little rituals to get their head in the right place.
5. There’s not a lot of judgment or analysis going on in a shower.
6. Showering wakes up you. It makes you more alert.
7. Showering is a relaxing experience. With nothing to stress about, your mind is free to roam new territories.
8. It’s hard to check your iPhone or Blackberry in a shower.
9. There is no deliverable expected of you.
10. Not a lot of thinking is required to make it happen, which frees your mind to think about other things.
Successful organization are simply those with successful habits.

Brian Tracy

(Time to think / do can be a habit you build through organizational processes)
We need to have experts

You need to find idea catalysts
Catalysts are the key to chemical reactions, the same is true in business.
If your organization is analytical you need artists
If your organization is artistic you need analysts
We need our brightest and best on the case..

Actually what you need is people that think differently
Two Groups

- Group 1: Best 20 agents
- Group 2: Random 20 agents

Have each group work collectively –

When one agent gets stuck at a point, another agent tries to find a further improvement.

Group stops when no one can find a better solution.
The IQ View

Alpha Group

139
138
137
135
132
135

Diverse Group

121
84
111
75
135
31
The Toolbox View

Alpha Group

ABD
ACD
ADE
BCD

Diverse Group

AHK
FD
EZ
BCD
AEG
IL
“Bringing new members into the organization, even if they’re less experienced and less capable, actually makes the group smarter simply because what little the new members do know is not redundant with what everyone else knows.”
It is all about selecting the best ideas and doing more.

What you decide not to do is just as important.
“FAIL. FORWARD. FAST.”

High Tech CEO, Pennsylvania
“Fail. Fail again. Fail better.”

—Samuel Beckett
“With so many things to do and so many great ideas... what we decide not to do is infinitely more important than what we decide to do” - Steve Jobs
From myths to solutions...

7 ways to get started ...
1

It is about opening doors and listening
It is about dialogue and hard listening...

You can't just ask customers what they want and then try to give that to them. By the time you get it built, they'll want something new.

It is often about “golden questions” and “golden answers”
2
Innovation is something you make happen
“Execution is a **systematic** process of rigorously discussing how's and what's, tenaciously following through, and ensuring accountability.”

—Larry Bossidy & Ram Charan/ *Execution: The Discipline of Getting Things Done*
“Go Innovate!”

“That product serves a market we are not interested in... try again.”

“That product will be too expensive - nobody will buy... try again.”

“That product is built on a technology platform that we cannot support... try again.”

“That product will not enable us to achieve our desired profit margins... try again.”

“They are never going to go this right.”
More importantly you need to reward good failures
• Internal communication
  “How many bad ideas have you had this week?”

• A system to publish and reward “good” bad ideas...
  (this can be fun..)
Pfizer

Sildenafil, 1991

First tested on humans in 1991, Sildenafil didn’t prove effective for its initial indication: angina, or chest pain. After patients reported erections as a side effect, Pfizer began testing the compound for erectile dysfunction. In 1998, Viagra became the first drug to treat the condition, and the blockbuster has been a household name ever since.
Apple
Lisa, 1983

The first commercial personal computer featuring a graphical user interface (GUI), Lisa didn't sell because it was sluggish and expensive. But Lisa's GUI helped to inspire Apple's famously user-friendly product line, from the crisp Macintosh interface of the iMac to the sleek and simple iPod.
Often it is about ineffective processes
Don't you have time to think?
Getting started ...

- Time in the field to visit customer and clients
- Skunk work projects
- Make people feel comfortable “wasting some time”
You need to find idea catalysts
Idea catalysts

- Shop people
- The Dove brand manager or agency
- Internal people (Crowdsourcing)
- Other companies with similar issues (Fashion companies, make-up...etc)
Thinking inside the box

An example...

What do ... Roller blades, Ben and Jerry’s Ice Cream, Gourmet Jelly Beans, Space tourism have in common

“Something children loved, and turned it into a more expensive form for adults…”

“Ask the right questions, and the ideas will start to flow”

Mihaly Csikszentmihalyi
A quick test...

Write all the things inside your refrigerator right now...

List all the white things (red things, yellow things) inside your refrigerator right now...
Actually what you need is people that think different
Helping people think different

- An understanding of the value of diversity (Training)
- Different types of teams
- Different rules for innovation teams
You have to start seeing the bright spots in your organization ...
What you decide not to do is just as important
Research markets

• 10 new product ideas
  ▫ Classic monadic concept with careful sampling vs.
  ▫ Predictive Market with a convenience sample of 500 people.

• The crowd was asked
  ▫ to imagine they owned shares in all 10 ideas and decide which one they would immediately sell their shares in (and why) and
  ▫ which one they would double their shares in and why.

• The results aggregated to mimic a top 2 box purchase intentions result
## Conclusions
Cheap crowds ≈ Expensive research
Greater discrimination between ideas

### Fig. 1, Top Two Box Purchase Intention Results – Research Market 1*

<table>
<thead>
<tr>
<th>New Product Concepts</th>
<th>Monadic Test (Top 2 Box Purchase Intent)</th>
<th>Research Market 1* (Top 2 Box Purchase Intent)</th>
<th>Significant Differences</th>
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<tbody>
<tr>
<td>A</td>
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<td>UK Norms (top 2 box)</td>
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**Respondent Base Sizes:** Monadic = 100 per cell / Research Market *Betting = 502
Let’s put some **magic** back into your company!
What Fast Bridge can do

• Tailor the innovative processes for your company
• Work with your staff to make things happen
• Facilitate meetings and workshops

Most importantly, we can be your good conscience helping you do the things you know you should do better
What is the real danger?

**FLAVOR OF THE MONTH...**

Suggestions:

- **No** announcement of a big new innovation program/focus
- Building enthusiasm for innovation from the **bottom up**
The solution...

go slow to go fast...
build on what you have...

you don’t need to change everything to be innovative
Moving forwards...

For more information please contact us by email innovation@fast-bridge.com

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We have a simple 'strategic plan.' It's all about getting things done.

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