



CUSTOMER MANUFACTURING GROUP

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THE FOUNDATION FOR INNOVATION

IS YOUR GROUNDWORK IN PLACE?

For a successful enterprise, innovation is a key element that initiates and then sustains continued forward movement. It is not achieved, however, without careful thought, planning and execution. That is, it is purposeful and intentional. Successful, consistent innovation requires its own framework, structures, and support systems. Innovation works where it is designed into an organization's modus operandi. This paper will address some of these "innovation by design" considerations.

Creativity is Not Innovation

Innovation is just "creative thinking" until those ideas begin to produce consistent results. Maybe your company is the master of creativity (that is, there is no lack of "bright" ideas), but you need to see consistent ROI on implementation. Perhaps your staff isn't comfortable with the idea of being innovative; "why isn't one good trick for the pony enough"? Or, if your deliverable is a customer-centric process, thinking that you've just developed a "process for the ages" is in a word, naïve. What's stopping you – the constraint – (or, is it *restraint*?) from being innovative?

Why There Must Be a Foundation

While creative ideas may come from a research fellow, from members of a "think tank," or from practically anyone, the pragmatic challenge of creativity is to then birth the resulting product or process successfully into the demanding reality of the competitive marketplace. The transformation of creativity into innovation requires a special process imbedded within an organization's culture and environment. This process often becomes a "group think" and involves people of many and varied "stripes" all focused on a common objective; marketplace success. Again and again.

To do this continuously – and as near to predictably as possible – requires an organizational "way" in which the total environment and the process protocols

shepherd and pull the right ideas into market fruition.

Peter Drucker (*Innovation and Entrepreneurship*, Harper Business, 1993) said this about the need for innovation:

Innovation is the specific instrument of entrepreneurship. It is the act that endows resources with a new capacity to create wealth.

Developing the concept further, Paul Schuman, Donna Prestwood, et al. (Schuman, Prestwood, Tong, Vanston, *Innovate*, McGraw Hill, 1994), dropped the altitude a bit in describing why innovation is so important:

Innovation is the basis of all competitive advantage; the means by which organizations anticipate and fill customer needs and the method by which organizations utilize technology.

Innovation is the organization's way of implementing new ideas, of turning the creative concepts of its members into realities.

The quotations above reflect a common theme; innovate or fade. Once the corporate commitment to innovate is made – or perhaps innovation is the very nature of the product or process strategy – what next needs to be constructed is the one thing from which creativity is consistently turned into innovation. We call this the *Foundation of Innovation*.

The *Foundation* is really a set of intertwined pillars or foundation elements, so closely connected and so interdependent that if even one is weak or missing, innovation will be rendered more problematic than reliable.

There are five such foundation elements, all critical and each equally important: *People, Culture, Structure, Process, and Technology*. Further, some of the sub-elements of which these are comprised are linked into two supporting cross members, the load bearing beams that bind these elements together: overall *Corporate Strategy* and *Innovation Strategy*.

This then is the *Foundation for Innovation*. The whole works because all the parts are present and work together.

Viewing the foundation elements – people, culture, structure, process, technology – it can be said that these must be correctly present in almost any successful enterprise regardless of its nature and mission. However, how these are defined, implemented and practiced in an innovatively successful organization requires a special set of definitions, linkages, and coordination.

The real issue with innovation is to be repeatedly, reliably successful. A really great idea that becomes a "one trick pony" or the current "process of the month" usually provides only temporary organization success, and yet many such organizations burgeon and fatten up around this one-time "innovation."

When the vagaries of the market rear up – and they will – and the competition begins to encroach on your previously hallowed domain – and they will – with what will you

answer, how will you respond? Has your "system" provided you with a process that breeds a continuing string of innovative successes?

Assuming, for the sake of discussion, that your organization has been reasonably innovatively successful, what degree or type of innovation does your track record point to? Incremental innovations? Distinctive innovations? Truly breakthrough innovations? Each and all are fine . . . but what has your competition been doing, and why?

Has your company's innovative performance been commensurate with its strategy and objectives? Consistently? Has your revenue and profit and market share performance reflected an organization that possesses innovative know-how? If so, is it due to a solid environment and infrastructure that breeds these successes, or is it because that "research fellow" has been consistently able to come up with yet another good idea in the nick of time?

The Vital Role of Foundation Elements

Remembering that the foundation for continued innovation is comprised of the elements of people, culture, structure, process, and technology, let's see why they are necessary. Technology, as key as it is, is not enough by itself. What is equally important is what you do with it and how you employ it. The other elements must be equally present and supportive. Let's do a brief examination of why these "unsung" four elements are so important:

People

You of course hire people who are compatible with and can enhance your core competencies, but how do you put them together; individuals and/or

teams? How are they empowered (if they are)? How are they rewarded? What role do your non-technologists play; are they a part of your innovativeness?

Highly creative people, in any field, tend to be independent thinkers . . . and doers . . . all of the time. How do you marshal their talents (and behavior styles) within the operating norms of others whose creativity may lie in planning, managing, analysis and the like (that is, in the business of managing the business)?

Culture

If you have a clearly defined policy of product/process innovation, is it understood, how is it practiced, by all? Does everyone – individual contributors, managers, executives – participate, and "pull their weight"? Do your "good management practices" encourage and support an innovative environment? How? Do you recognize and instill the belief that innovative ideas may come from any source, even unexpected ones, and does your radar screen have a broad enough sweep to pick them all up?

Structure

Does your organizational structure facilitate open communication and cooperation within and between departments and operating units? Is this communication timely and rapid (and these are not the same)? What about ownership and accountability for the successes and the failures? Does your structure serve to enhance non-parochial innovation or does it provide a hiding place, a convenient dodge for any who may have a different view of "moving forward"?

Process

Have you ever mapped your innovation process? How does it *really* work, really? Are innovative opportunities market driven? Are they proactively sought out and encouraged? Do you periodically review the market status of all your products and processes; are they continuing to meet their goals?

How is employee innovation encouraged and followed up? Do you systematically measure innovative performance to plan, and how do you know what success looks like? How many new products and or processes have you successfully inserted in the marketplace in the last measurably significant period . . . versus your competitors? Are your processes enabling or disabling?

and then . . .

Technology

Does your technology (it can be any "degree" or type of technology) continuously result in product and process benefits that produce recognizable and significant customer value? How do you know if your technology is continuing to serve you and your customers well? Do you have a formal, documented new product and processes assessment system and do you follow it? Does your technology lend itself to rapid response changes in the market and competitors' strategies? Are you locked-in to "home grown" innovation or do you consider all sources as potentially viable?

Final Thoughts

Instilling (Random House Dictionary: "to infuse slowly into the mind") a process for innovation is, as the definition implies, a time consuming commitment. This commitment encompasses plans, strategy, and

execution all of which ensue from a statement, an understanding, and an agreement of purpose. This purpose becomes part of the organization's foundation and begins at its creation or as the result of a subsequent, and usually massive, re-engineering of the operation.

An organization's technology, whatever it is, is not enough to sustain continued, profitable enterprise. The people you hire, the structure you build, the culture you and your employees create together, and the processes you develop, follow, and continuously improve must all be energized from and bound together by your Corporate and Innovation Strategy.

Without these strategies, properly executed, you will simply wind up somewhere you had never intended to be, instead of continuing successfully on the path to where you wanted to go.

How We Can Help

Customer Manufacturing Group has developed a set of proprietary assessment tools and programs which, in conjunction with our selected evaluation instruments, will allow you to establish both perspective and insight into your company's innovation and team performance foundation (the latter we call TeamFormance®). We have developed an *Innovation Foundation Profile* which will provide you the ability to see your innovation foundation in two dimensions; how you currently operate and how you regard each of the Foundation elements with respect to their importance to your success.

More Information

If you would like more information on our Managing for Innovation programs, our team building tools, or how to apply a process to improve your marketing/sales function, simply contact us and we'd be happy to get you started. From sweeping marketing/sales management process strategies to specific branding or product launch services, Customer Manufacturing Group can help.

If you'd like to learn more about Customer Manufacturing Group, or for a complimentary subscription to *Customer Manufacturing Updates*, give us a call at (800) 947-0140, fax us at (408) 727-3949, visit our website at www.customermanufacturing.com, or e-mail us at info@customermanufacturing.com.

We have offices in major cities in the United States, and our experts travel extensively throughout the world. If you'd like to schedule a meeting when we're in your area, just let us know.

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