

Innovate or Die!

Opinion Piece

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Innovation is like managing a football team, everyone thinks that they can do it, a few people actually do it, but only a handful make a success of it. It is also widely recognised as being one of the most important pre-requisites for building a sustainable business in the 21st Century. But what is it? Why is it so important and how can we foster an innovative climate within the professional service sector?

Delving into a dictionary would support a proposition that innovation is simply introducing something new - nothing more, nothing less. If it's that straightforward, why then is the creation of an innovative organisation the corporate equivalent of plaiting fog. Much of the answer lies in the mindsets of the people who control businesses.

Like a parachute, the mind works far better if it's open. Unfortunately for business, the scarcity of parachute thinkers is a major pinch point in the innovation process. Traditional business has relied upon, and promoted, the logical, incremental, process oriented personality. It follows that the lateral, creative thinker has an uphill struggle in many business situations.

Innovation, of course, can take many forms. It can be either internal or external and "new" can often mean new to that particular use or situation rather than new to the world. Many modern innovations are more to do with the service package around a product, the way in which it is distributed and how it is marketed through emerging media than they are about the core product or service itself. The ground breaking organisation in domestic insurance, Direct Line, did not innovate in terms of an insurance product but rather through the method of distribution. By removing the middle man and going direct to the consumer they reinvented the industry and fundamentally changed its competitive structure.

All too often in our normal business life we are constrained from being innovative and creative by the manner in which business operates and decisions are made. Gary Hamel, the world renowned strategy guru, likens normal business life to making a series of two-foot putts on the golf course. We are expected to hole the ball each and every time. If someone misses more than a small fraction of two-foot putts they are regarded as being an unsuitable partner for the corporate match play team.

An innovation led approach is like taking a 200 yard drive out of the rough, over the trees onto a green that you cannot see. On the golf course no one would expect the golfer in this position to

hole the ball. However, often in business the same expectation of instant and error free success is applied to the innovator as to the incrementalist.

In a climate where occasionally taking those long shots is frowned upon, or even prevented, opportunities will be missed and innovation dampened. Thinking is free. There is an argument that the application of “standard” business processes should only be made once substantive resource is to be committed.

It is easy to think that the traditional professional service firm can have little to learn from the approach to fostering innovation taken by high-tech organisations. Nothing could be further from the truth. A climate in which innovation can thrive is essential for any business if it is to prosper in the years to come.

In the past a very plausible strategy was to be an excellent imitator rather than a ground breaking innovator. Innovation was seen as risky, whereas with imitation the trail had already been blazed and the mistakes which are part of any new product development process made.

However, in the 21st Century, being a good imitator is no longer enough. A much more discerning client base, a wider variety of choice and ever shortening service and product life cycles make a follower strategy an increasingly difficult base from which to build sustainable, profitable growth.

Shortening business cycles drive innovative approaches. In the past there was plenty of time to imitate successful approaches and services as they meandered through their life cycle. Today the lifecycle is compressed to the point where the innovator captures market share, exploits it to the full and moves on before the imitator is off the starting blocks.

Above all everyone in business should remember the maxim, which every innovator knows implicitly, that he who lives by the sword dies by the bullet!

