

INNOVATION: A Conversation with Leland Barnecut

What is innovation?

The following is a sample of recent innovation-related workshops that we have run:

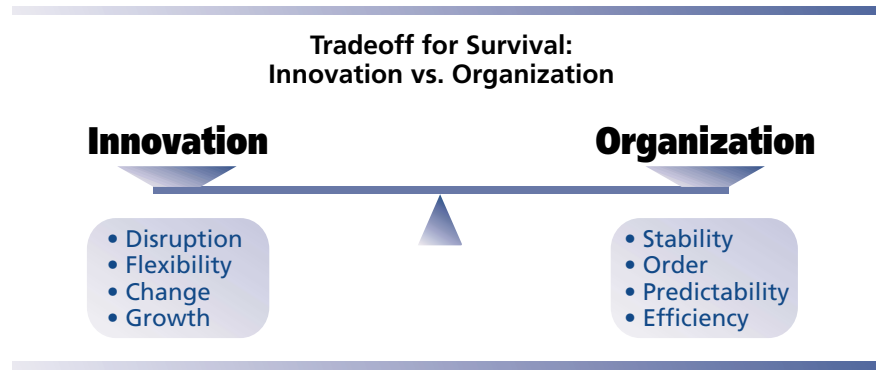
New product marketing. When one of the world's largest consumer products companies acquired an ethical pharmaceutical product that they were going to take over the counter, we came in to help them develop clear marketing strategies. They had crafted a psychographic profile of their target market consumer, so we recreated her physical environment and conducted a brainstorming session to imagine what her life was like and how the product would help her. It was a kind of excursion, if you will, through her story, to the point of bringing in a Latin dance instructor for 30 minutes: Jane goes to dance aerobics at lunch and takes Latin dance lessons on weekends.

Helping people be innovative, even when they are working at "hyper speed." We gathered together the top 200 people from a PR agency, including the chairman and the top executive, brought in a percussionist who plays only on found objects, and over the course of the afternoon built towards a "junk jam." There are several lessons in the exercise, such as looking at old objects (junk) in new ways (sound opportunities). The performance also helped to illustrate that leaders are "keepers of the beat" but don't attempt to call every beat by every player. Finally, with regard to the fast pace of business, we found that you can adapt to "hyper-speed" (a fast rhythm) if you are willing to cut out a few beats.

Looking at the whole process of innovation to inspire inventors and innovators. We familiarized R&D scientists, who live and die by innovation, with how their ideas are implemented, teaming them up with people who manufacture and market the products they create. It energized them to see downstream from where they were. And the downstream people got excited by working upstream. Oftentimes, such interchanges will influence the way we look at what we do and lead to new ideas.

The Latin root of innovation is *novus*, meaning new. Innovation means "bringing into effect new and more effective products, services, or approaches." Continuous innovation allows companies to adapt to constantly changing conditions – both positive and negative. It makes companies more resilient and cost effective. Breakthrough innovations make headlines, but in fact successful organizations value incremental innovation as well. In order to stay in synch with the times, they must develop new markets, products, and services, find ancillary uses for existing products, latch on to new economic trends, and grow or streamline operations as needed.

That said, companies have to strike a balance between innovation on one hand and order/organization on the other. Innovation to a company is like cell renewal in the human body. Without it there is stagnation and death, so it is absolutely vital. On the other hand, no company can stand unrestrained innovation. There has to be some degree of order, organization, and control or costs will go wild and chaos will reign. Profitability demands efficiency, and efficiency demands repetition, which can put short-term profits at odds with the longer-term growth provided by innovation.



Whether the natural tension between innovation and order turns into paralyzing conflict or creative interplay really depends on how the company is led. Each company needs to find its own balance between life-giving innovation and life-sustaining organization.

So all companies need to be innovative at some level?

Yes! I don't want to torture the metaphor, but a company really is like a living organism. It has to renew itself to adapt to changing conditions. Most of the big companies that we now see as pillars of stability were founded on innovative ideas and have had innovative shifts of direction along the way. A lot of other companies that were giants in their day failed to adapt effectively and are history.

Why is innovative thinking important under current conditions?

Innovation helps companies to:

- Find creative ways of keeping the same level of service without using the same level of resources.
- Retain top performers. People get a sense of satisfaction from creating something new (breakthrough) or making something better (incremental). I personally stayed with a company six years longer than I had planned to

continued on next page

Innovation Workshops

Breaking into new markets.

I worked with a team in a large company that was charged with coming up with four \$200 million new products in a year's time for the senior market. They brought me in because the marketing team had immersed themselves so deeply in the senior market, and had come to have so much respect for the "greatest generation," that their creative thinking was a bit paralyzed. In order to get the creative juices flowing, we started talking in a joking way about what the worst products for senior citizens would be. We then inverted those into things that would be productive and useful for senior citizens.

At a senior level, creating an environment for innovation. I take executive teams through a Leadership for Innovation process to help them understand how to create an innovative climate inside a company. Participants step up to the plate with regard to their respective areas of responsibility – how do they create an environment for innovation in their own areas and commit to that? Not just on their own, but in teams, as consultants to each other. This process is extremely productive because it brings the leadership team together in a way that isn't common at senior levels.

Systems or process innovations. I was running an innovation workshop at an insurance company for middle managers and required each person to come up with an innovation and to go through the process of how they would get their ideas implemented. One participant expressed his innovation as "claims processing you can take to the bank." Not a particularly exciting "vision," at least on the surface of it. However, at that time the company took 30 days to process claims from agents, and he had come up with a process for trimming it down to five. The dollar volume of money that would go back into circulation and the accompanying savings was enormous.

Streamlining functions. On several occasions the heads of departments or units used the innovation thinking process of our programs to reorganize so that they could provide more services with the same number of people. Most recently we did this with the help desks of a large systems support group for a Fortune-500 company.

What is Innovation?

because of the variety of projects I had there and the level of creativity my management encouraged.

- Enhance Teambuilding efforts. Teamwork and innovation go hand-in-hand. Where you have innovation, you almost always find cross-functional and specialist teams working to carry it out. I would also support the notion that a truly team-based organization is more likely to foster an innovative environment.

Today, are companies giving more weight to their stable side in order to make stakeholders, employees, and customers feel more secure?

These are obviously unusual times and leaders can't be faulted for feeling anxious. Companies will have reactions to stress as varied as individuals have. Some are paralyzed by the slightest threat; I have seen companies doing things akin to applying the brakes to a car that is already stopped, as if that will somehow help. Others are naturally agile or are shaken out of their complacency, and they take advantage of the turmoil to try something new. Overall, I sense a kind of uneasy optimism right now, as if the nascent economic recovery is like wet cement that we hope will dry soon before too much graffiti gets scrawled into it.

What can a company do to foster innovation?

Some people are always innovative and some people never are. Most people are somewhere in the middle. I firmly believe that those in the middle take their cues from the overall environment and their immediate leaders. Companies and their leaders need to send a clear message that innovation is valued, refrain from micromanaging employees (because nothing kills the urge to innovate faster), and give employees recognition for their ideas. Since innovation is never a sure-fire thing, some level of failure must be tolerated.

That is the dilemma. Our business world is results-oriented, but much of the experimentation that eventually leads to successful innovation is unsuccessful, there's a lot of "failure" involved in success. Companies that understand that are more likely to give innovators the time, resources, and political support they need to produce something new and better. Companies that are impatient or superficial in their support of innovation remind me of the Chinese proverb about the farmer who felt that his crops were growing too slowly so he decided to help them along by pulling on the roots.

What is the task of an innovative leader?

Independent of whether the leadership of a company openly supports innovation or transmits signals against change, I think that individual people experience the same ambivalence toward innovation that organizations experience. People are often skeptical of new things at the same time that they are excited by them. The job of the innovator is to minimize the perception of risk on the one hand and maximize the perception of benefit on the other.

Perception of risk is minimized by helping others see that change is not necessarily loss. Risk is also minimized by familiarizing people with the change so that it is not seen as so strange after all. It takes a lot of communicating, and successful innovators are usually great lobbyists in their organizations.

Increasing perception of benefit involves helping the individual constituencies affected by the innovation to see how their goals will be met by its implementation. It is about answering the question "what's in it for me – or others?"

Leland Barneut is an Ayers Group consultant. He has consulted in innovation since 1985 and has worked with clients in over 20 industries around the world. He is a former Senior Vice President at D'Arcy Advertising (DMB&B), Managing Director at PricewaterhouseCoopers LLP, and Partner of Harbridge House, Inc.