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## Value through Innovation

Peter Drucker, the father of modern management once declared that the one core competency every organization must have is the ability to innovate. One of the reasons innovation is so critically important is because of change. With change, you are forced to innovate and you can elect to be reactive, forcing yourself to innovate (change what you are doing) or you can be pro-active, purposely seeking to innovate so as to control the changes forced upon you. As you might expect, the latter, the deliberate pursuit of innovation is the "value added" option.

So how do we create innovation? Start by fueling innovation through ideas. Ideas bring about innovation and ideas are fueled by creativity. Creativity emerges from people with varied skill sets, working together to spark innovation from one another. One ingredient behind creativity is having the right environment. People need to feel they can raise questions and take initiatives for innovation. The combination of competent people and the right environment is a powerful driver for creativity and innovation.

One common approach to innovation is through new product development. There's nothing wrong with redesign of products and services. However, you shouldn't confine innovation to this single area. For example, innovation can take place by changing the customer mix, adjusting the business strategy, rethinking how you apply your core competencies and managing complex differently. There are numerous areas where innovation can take place.

The timing of innovation can be important. The best time to pursue innovation is when you least need it! Since innovation is not easy to come by, it's best to pursue innovation when all is going well. You do not want to find yourself trying to force innovation during bad times or especially, during a crisis. You need time to test alternatives, run pilot programs, and discuss "lessons learned" before full-scale implementation of new ideas can be launched.

In his book *Idea Power: Techniques and Resources to Unleash Creativity in Your Organization*, author Arthur B. VanGundy outlines seven important factors for creating a climate for innovation:

1. Risk Taking – Any change requires some acceptance of risk.
2. Autonomy – Creative ideas are best generated when there is some degree of freedom of thought.
3. Performance / Reward – You must link rewards to specific performance.
4. Tolerance of Differences – An innovative climate recognizes that everyone is not alike and innovation works when everyone can express their ideas.
5. Top Management Support – Creating an innovative climate begins at the top, not at the bottom.
6. Initiating and Encouraging Ideas – Innovation requires a continuous flow of ideas – lifeblood of the organization.
7. Positive Response – Innovative ideas should receive strong positive response, not just passive encouragement.

Another powerful driver behind innovation is comparing what you are doing against others. Study the ideas of your competitor's, other companies, monitor business innovation on a large scale and see how you can adapt it to your organization. The best ideas that fuel innovation usually come from existing ideas. This is how the Japanese captured market share in the United States .

"It's OK to borrow an existing idea. The genius comes in adopting it for your needs:

- What could you adopt?
- What could you substitute in the approach, materials, ingredients, or appearance?
- What could you combine with an existing idea?
- What could you magnify or minimize?
- How could you put it to other uses?
- What could you eliminate?
- What could you reverse?
- What could you bring back?

And the best news of all – you can do it! Are you ready to borrow the best of existing ideas?"

- *IdeaWise: How to Transform Your Ideas into Tomorrow's Innovations* by Steve Rivkin and Fraser Seitel

In conclusion, most business experts seem to agree, innovation is what drives business growth. Over half of all growth in the United States comes from new products and services. We now see books titled: *If It Ain't Broke, Break It* – emphasizing the need to jump start innovation or in Tom Peter's book *The Circle of Innovation* – the transformation of the CEO into a Chief Destruction Officer. Two major drivers behind innovation are creativity and existing ideas. Creativity involves risk and the acceptance of failure while ideas are usually a function of watching and learning from others, finding ways of how you can apply and fit the best ideas of others into your business.

" . . . the greatest rewards go to companies that create new business models – ideas that spark new sources of revenue based on changing technology, demographics, and consumer habits. By definition, new business models destroy old ones, which is why creating new wealth is a threat to every traditional, unimaginative business. Never before have strategy life cycles been shorter and has market leadership counted for less. Call it the First Law of the Innovative Economy: Companies that are not constantly pursuing innovation will soon be overwhelmed by it. Strategy innovation is the only way to deal with discontinuous – and disruptive – change." - *On Creativity, Innovation, and Renewal*, edited by Frances Hesselbein and Rob Johnston