

Summary

Innovation is a tricky thing. While there is great attraction to the creative process and the idea of opening up new opportunity, getting there can be fraught with peril. Innovation without discipline can be disastrous. Innovation with discipline can lead to success. Look at these findings to make sure you maximize success.



Innovation: A Report Card of Findings

Companies around the world have tried many different things in the quest to be innovative and create value and opportunity. Some have been successful while others just can't seem to get it right. This ACTIVTips sheet covers mistakes you should avoid and lessons you would be well advised to consider. Innovation can contribute to great leaps in business value and profitability. Make sure you're well prepared to take full advantage.

The Mistakes: They vary from industry to industry, but the most common innovation failures come from companies that confuse...

R&D with Innovation.

Hiking R&D spending does not automatically raise innovation success. Cutting internal R&D spending and seeking new idea from around the world and from outsiders can often be more productive.

Marketing with Understanding.

Marketing has few tools for ferreting out the unarticulated needs of customers. Marketing often takes legacy thinking into programs and campaigns, not taking into account shifts in need and want.

Design with Design Strategy.

Traditional design is about style and color. New design strategy provides tools for fashioning products, visualizing the future, and understanding customer emotion.

Innovation with Technology.

Technology-centric innovation generates feature-ridden products that can frustrate customers. Customer-centric innovation generates products that people crave.

"Out of the Box" Thinking with Innovation.

Creativity is key to innovation but must be part of a broader discipline that includes management incentives, CEO leadership, and financial hurdles.

The Lessons: After years of integrating information technologies and expanding R&D spending, companies are frustrated by how much progress they have made. Here are some key lessons from their efforts:

Open Up.

End the "not invented here" cultures by linking R&D work to on-line networks of scientists and overseas labs; bring in outside design and innovation expertise; send top execs out shopping for products and services their companies sell.

Lead the Revolution.

CEOs should lead a cultural revolution inside their companies; personally championing the goal of raising innovation success rates, and hiring designers and scattering them to work with engineering, marketing, and brand units.

Change Managers.

Only some managers trained in Six Sigma and other traditional business process methods will 'get' the new thinking about design and innovation. Companies should hire more anthropologists and social psychologists and fewer engineers.

Change the Incentives.

Link bonuses to new ideas, customer satisfaction, and top-line revenue. Tie spending to big breakthroughs in projects that identify new markets, sell to new customers, and create new brands.

Turn Innovation Process Upside Down.

Innovation in the 90's meant developing and designing new products in the labs, and tossing it at the customer. Innovation today means observing customers to discover what they want and satisfying them with new products.

ACTIVTips

Summary information or practical advice for business leaders, ACTIVTips represents best practices for businesses seeking new opportunity, predictable growth, and leadership excellence. Integrating ACTIVTips into your business can help you consistently **"Lead Like Never Before."**

The Rewards: Innovation translates into higher prices by moving up the experience chain:

\$.01-\$.02
per cup



\$.05-\$.25
per cup



\$.75-\$1.50
per cup



\$2-\$5
per cup



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