



# Continuous innovation

## A service ethic is the starting point

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*"Now, more than ever, management is a balancing act - the juggling of contradictions to try to get the best of attractive but opposing alternatives. Order is a temporary illusion, strategy a moving target. Leaders cannot impose authority on a world of constant motion; they can only hope to steer some of that action toward productive ends."* - Rosabeth Moss Kanter, Harvard Business School professor, consultant, and author

Today's leading organizations are knowledge creating companies that thrive on continuous innovation. It's a big competitive edge. New products and services can be "knocked off" or copied. But it's much harder for competitors to duplicate a management system and corporate culture that produces a continuous stream of successful product and service improvements, innovations, adaptations, and extensions.

That continuous innovation stream comes from controlled chaos. It's a tricky process that has four main stages. The first two stages are dependent on people or leadership skills. Stages three and four lean heavily on disciplined management systems and processes.

1. **Exploration** - a broad, open search for strategic partnerships, unresolved problems, latent or unmet needs, new markets and customer segments that *potentially* fit the organization's context and focus (vision, values, and purpose) as well as core competencies.
2. **Experimentation** - pilots, clumsy tries, and "mucking around" to test the potential opportunity for viability and to learn what would be needed to make it successful.
3. **Development** - major resources are now committed to fully *developing or refining* the few new products, services, or businesses that are clearly ready to be capitalized on.
4. **Integration** - the new product, service, or business enters the organization's mainstream.

Of course, these four innovation stages aren't always so neat and orderly. They run in parallel, overlap each other, and sometimes clash. For example, stage two often involves field and development people. That means that stage three work may already be proceeding while the project is still in stage two. In smaller or centralized companies, the close

involvement of field people in stages two and three mean that many of them are already trained by the time the company is in stage four.

An organization's emphasis on the unstable, chaotic first two leadership stages or the last two stable and more controllable management stages tends to pulse. At some point, there may be many exploration and experimentation activities underway. That entrepreneurial environment is both exciting and unstable. Too much can be dangerous to the health of ongoing business and the people who are trying to hold core operating processes together.

As all those experiments and pilots become developed, the organization may go through a "settling down" period. That can be comforting, but dangerously stable. Spend too much time here and the company won't have enough exploring and experimenting going on to ensure future innovations. The challenge is to find a rough balance between exploring and experimenting while developing and integrating - and keeping the core business operating every day. That's the unsolvable paradox of controlled chaos. It's about as easy as changing the tyres on a moving car.

The first two innovation stages are broad and fairly inclusive. The wider a company's scope of focus and people, the higher their chances of "lucking out" on significant breakthroughs that will soar. But without some limits and controls, an organization can lose its way exploring every interesting path and side road.

That's where a strong and clear context and focus (vision, values, and purpose) is very helpful. It will help everyone easily assess whether a potential opportunity should be pursued further or dropped now. Strong vision, values, and purpose will also "magnetize" and draw "lucky" opportunities, relationships, or people to the team or organization.

The cost and determination to never turn back rises steeply in stages three and four.

That underscores the importance of intense learning from high levels of exploration and experimentation.

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# Building in creativity

## Installing a corporate innovation system

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'Creativity' and 'innovation' have become management buzzwords over the last number of years. They crop up in numerous press releases, promotional material and adverts. An increasing number of organizations have developed the habit of incorporating either word into annual reports, prospectuses and corporate identity campaigns. It would be interesting to know how many of the organizations that use these two interrelated terms really follow the guidelines for a successful innovation system.

Let's take a look at a few important guidelines when installing or re-launching an effective corporate innovation system.

### Always create the motivation first

Many leaders believe that inspiring employees to "be innovative" is the responsibility of the training department; in reality, however, it is the environment (or the climate, business culture) - which the leaders themselves create - that is perhaps the biggest single factor governing the success of the organization's total innovation effort.

Essential characteristics for organizational creativity include the establishment of an appropriate creative climate, the implementation of an effective system of communicating ideas and the introduction of procedures for managing innovation. At the opposite end of the spectrum, barriers to organizational creativity include excessive bureaucracy, rigid organizational structure and poor lateral communication.

### Ensure management commitment

Select a visionary person in your company who can get things started, and name him or her your "idea champion" or "innovation ambassador". Larger organizations could consider the introduction of a director of innovation to whom everybody would report. Show your employees that you value and recognize their input, contribution and effort.

Show your corporate commitment to innovation, otherwise employees may think of it as another flavour-of-the-month management initiative.

Avoid situations where there is a lot of talk but no action. That is a sure way to erode the credibility of the entire effort for years to come. Open up the strategy dialogue about innovation, so that general managers talk to each other, to their organizations, and to top management. Then create a platform that has commitments such as:

- I will invest 5 per cent of my budget in the innovation pipeline.
- I will dedicate 10 per cent of my time to mentoring innovators in my business - 10 per cent of innovation projects in the pipeline receiving support from my organization in the form of labour, seed capital or use of other assets.

### Start the innovation engines

Innovation is hard work. Most managers make the mistake of assuming it will just happen. There may be a few ideas floating out there that are going to be easy to harvest, but beyond such easy catch, it is going to take time, energy and dedication. Create your innovation engines that will drive the effort over time.

Key employees should be trained in creativity techniques and in the management of innovation. There should be regular workshops for all employees as well as journeys to the extraordinary ("innovation shake-outs") that remind and engage people in the cause of innovation.

Ensure that a senior innovation ambassador is always supporting the "newbie" team or individual in idea- and in business-concept development. Invite "idea coaches" or "facilitators" to present new ideas, concepts, tools and innovation best practices to stimulate and enhance your on-going efforts.

### Put the checks and balances in place

It is difficult to get the criteria, metrics and innovation incentives right the first time. Adjust them periodically, based on your accumulating experience.

Focus on quantity first to develop an innovation habit. Then slowly move to quality to make the most efficient use of resources. Over time, link the use of the best-practice innovation routines to the evaluation.

And, most important, reward your executives as entrepreneurs and intrapreneurs for their extra effort and commitment to your innovation journey.

### The secret of innovation?

There is no secret, because there is no perfect recipe. You need a lot of hard work, a bit of good luck, and patience. Make innovation systemic, or forget about it. If you are going to spark innovation in your organization, make sure you have the right drivers in place to keep the sparks burning. Otherwise, you lot of energy and enthusiasm. □