

Annual Report to Our Clients

By Jane Gannon

Like Janus, the legendary two-headed lion, each January we too look back on the past year and forward to the coming year. 2007 turned out to be a very full year and we feel a deep sense of gratitude and humility for the confidence that many of you place in us to provide advice, counsel and facilitative support to you and your innovation efforts. It is a privilege and joy to work with so many committed and experienced innovators, and we thank you for that honor.

Our seventeenth year in business saw engagements with 20 different companies, three of which were new clients. With

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Dear Clients,

Thank you for your continued interest in innovations that work®. We are deeply gratified to be a part of the investments you make in your company's future.

The courage, faith and risk that so many of you demonstrate simply as a matter of course is truly inspiring, especially in the context of the chronic pressures to conform, control and stay in line.

And so, with this issue of Innovating Perspectives, we report back to you—our clients and investors—with gratitude and humility how Vincent & Associates, Ltd. continues to grow, thanks to your confidence in us.

Thank you for that continued trust. May this new year be full of discovery, invention and innovations that work®.

Lanny

2007: The Year in Review

By Lanny Vincent

Last year turned out to be another great year for Vincent & Associates, Ltd. While trading time on the golf course with time in the air (over 200,000 miles) was not so great, what made 2007 great were the assignments you invited us to contribute to and engage in. What we gained is:

- foresight for sustaining and aiming innovation efforts;
- insight for more effectively parenting innovations currently in development portfolios; and
- clarity for courses of action and strategies contributing to the growth of your businesses.

Halfway through reading Walter Isaacson's recent biography of Albert Einstein has already left many lingering impressions in my consciousness (and probably

sub-consciousness). Isaacson starts the book with a picture of and quote from Einstein. The picture is of Einstein riding a bicycle, slightly tilted and turning, but not off balance, relying on his forward movement to keep him upright. The quote printed below the picture comes from a letter Einstein wrote to his younger son who was suffering from a bout of depression at the time. Einstein wrote, "Life is like riding a bicycle. To maintain your balance you must be moving."

While we kept moving physically this past year—perhaps logging more air miles than any year we have been in business—we also kept moving in what we continue to learn about innovation and its "parenting" principles and practices. Thanks in large measure to folks like Tom Ruhe and Greg Blythe (from Hewlett-Packard Company) who opened our eyes and minds about Toyota's innovation manage-

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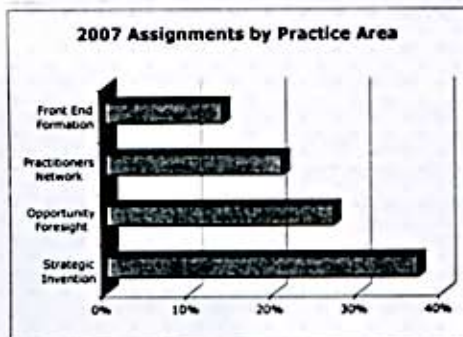


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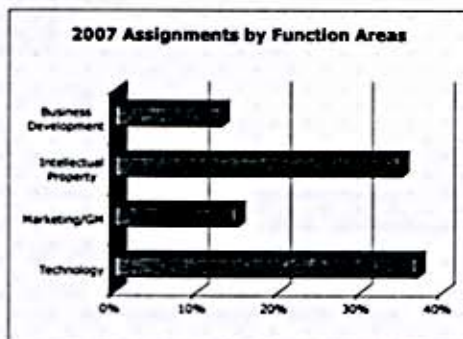
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the help of six subscribing client companies, we completed the fourth year of the Innovation Practitioners Network, our community of practice; and most of these companies have re-subscribed for 2008.

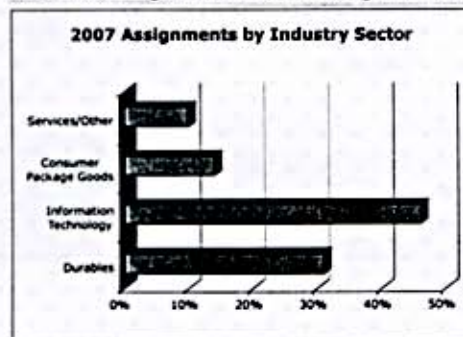
Consistent with the previous 16 years we have been in business, over 80% of our revenues came from clients who have previously engaged our services, several for over 10 years. We worked on 27 different assignments across our four practice areas: strategic invention (37%), opportunity foresight (27%), front end formation (14%), and the balance of our efforts being with our innovator community of practice devoted to the health and development of innovation networks in our subscriber companies (21%).



Last year, we were sponsored by the chief technology office or research and development side of our client companies in 37% of our engagements, by intellectual property leadership in 35% of our assignments, with the chief executive office, strategic marketing and business development sponsoring the rest of our assignments (28%).



Every year the mix of industry sectors represented in our client assignments shifts and 2007 was no exception. The variety of industry sectors in which we found ourselves included durable goods (31%), information technology (46%), and consumer package goods (14%), with services and "other" representing the remaining 10% of our assignments.



As we begin 2008, we look forward to collaborating with you again and remain deeply grateful for each assignment. We appreciate your continued confidence in the value we can bring to your innovation efforts. Thank you for another great year; a year full of learning, growth and innovations that work®.

R. S. V. P.

Please send us your thoughts on this issue of *Innovating Perspectives*.
We appreciate your ideas and enjoy hearing from you.

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The Year in Review

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ment system and the interrelationships between emergent ("living") and deterministic systems as it applies to innovation; and thanks to Bruce Biehoff (from Whirlpool Corporation) who also opened our eyes and minds to Toyota's wisdom.

This year we learned that:

- There are likely more important aspects to innovation parenting than determining whether the innovation is more of an incremental improvement or a radical "breakthrough."
- A "knowledge-creation" driven innovation system provides an important complement to the people side of the system; i.e., innovation sponsors, mentors (or "midwives") and champions.
- Adapting to emerging realities may not only be an essential to the development of innovations, adapting may be as important to leading as planning is to managing.
- How essential story-making and story-telling skills are to innovators, especially intrapreneurs and their mentors, and to increasing a company's ability to perceive both threats and opportunities on its horizon.

We are excited to learn more, staying balanced between general innovation management principles and the special circumstances of each innovation itself, as we keep moving forward with you and innovations that work®.

"Life is like riding a bicycle. To maintain your balance you must be moving."

—Albert Einstein