

## Annual Report to Our Clients

Looking back on the past year, we feel a sense of deep gratitude for the opportunity to work with so many committed and experienced innovators. 2010 was noteworthy for Vincent & Associates, Ltd. for at least three reasons.

First, it was our 20th year in business. The “shingle” was hung in June of 1990 in Oakland, California, though we had been practicing in the field of innovation management for almost 10 years prior to that. Whether a function of age or experience—perhaps both—the past three decades have provided us with a rich and diverse inventory of engagements, which have left us more of a student than an “expert.”

Thanks to the many veteran innovators with whom we have been privileged to collaborate, a few clear signals are consistently recognizable amidst the noise—mixed signals that seems to have grown in volume especially in the past couple of years. Here are a few of the mixed and clear signals we have heard amid the noise:

**Mixed Signal:** *Innovation requires everybody.*

**Clear Signal:** Insulation (not isolation) is necessary to innovate effectively.

**Mixed Signal:** *New is better.*

**Clear Signal:** The new will at first be rejected (if it is truly new).

**Mixed Signal:** *More innovation is needed.*

**Clear Signal:** Indigestion kills innovation more than starvation.

**Mixed Signal:** *A passionate champion is key.*

**Clear Signal:** Innovating is not an *a capella* or solo performance.

**Mixed Signal:** *Sponsorship is necessary.*

*Continued on the next page*

**Vincent & Associates, Ltd.**

[innovationsthatwork.com](http://innovationsthatwork.com)

## Drifting Dreams?

By Lanny Vincent

*“To accomplish great things, we must not only act, but also dream; not only plan, but also believe.”*

—Anatole France (Winner of the 1921 Nobel Prize in Literature)

Back in August I was listening to a National Public Radio talk show debating the merits of owning versus renting a house. It was a standard call-in format with Alyssa Katz, author of the book, *Our Lot: How Real Estate Came to Own Us*. What she said regarding the “American Dream” in the aftermath of the housing and mortgage debacle has stuck with me.

According to Katz, most people now equate the American Dream with owning their own home. However, the American Dream originally meant having meaningful employment. Meaningful employment connotes a means through which one can both provide for one’s family and make a contribution to the needs of the broader community and society. Just as

individuals, and perhaps whole societies, can unwittingly allow their dreams to drift, so too can companies.

When a company first starts out it is often fueled by a cause. The cause frequently either corrects an incongruity between the way things are and the way things should be or it fills a process need. In his classic book *Innovation and Entrepreneurship*, Peter Drucker cites incongruities and process needs as the second and third most reliable sources of innovation, respectively. (The first is the unexpected success or failure.)

Dreams of entrepreneurial-stage companies are inseparable from the challenges and intrinsic satisfactions of “advancing the cause.” While extrinsic rewards may be enticing and necessary, they are seldom

*Continued on the next page*



Innovation Management Services

(415) 460-1313

# Annual Report to Our Clients

*Continued from the previous page*

**Clear Signal:** An innovation midwife is essential.

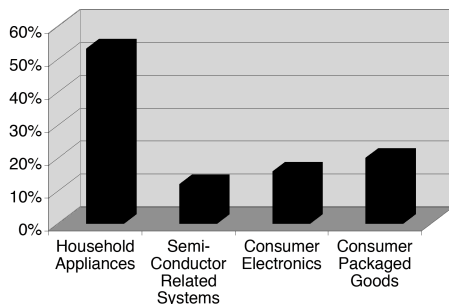
**Mixed Signal:** Companies want to be innovative.

**Clear Signal:** “Success is the enemy of innovation.”

Despite all the mixed signals, the need for an experienced but neutral facilitator persists so that innovators can concentrate on content, divergence can be sequenced with convergence, parochial interests can be balanced with corporate and customer interests, process can be made explicit, and the “not invented here” syndrome can be preempted.

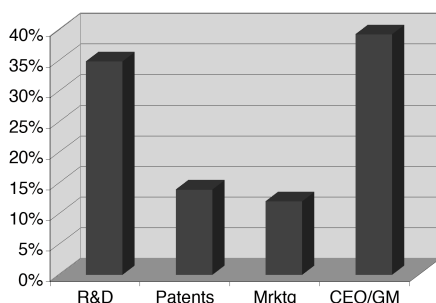
Second, for the first time since we have been keeping track, as many new clients used our services this year as did former clients, many with whom we have worked for over 10 years, and one of whom we worked with since we started the business 20 years ago. 2010 client engagements came from household appliances (53%), consumer packaged good (20%), consumer electronics (16%), and semi-conductor related systems (12%).

**Client Assignments by Industry Sector**



As in past years, equal numbers of assignments came to us from clients on the technology side (R&D and patent counsel) of the business equation (49%) as did assignments from clients on the marketing or CEO/GM side of the business (51%).

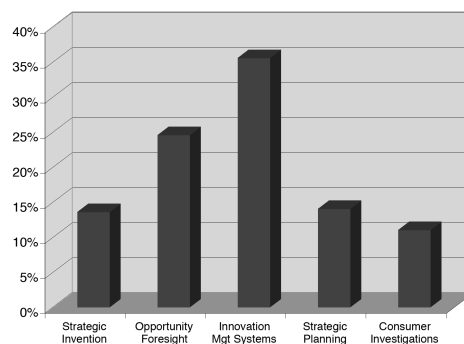
**Client Assignments by Sponsor**



Third, the re-emergence of systems thinking broke through early in the year and remained a robust theme in client assignments throughout the year. Our traditional emphasis on the front-end became reframed in the context of growing numbers of our clients who are interested in sustaining their flows of innovations. Development pipelines, stage-gate frameworks, and portfolio management remain in the foreground of innovation management language. However, the less visible but no less important background architectures, organizational interfaces, and mechanisms, not to mention the foundational knowledge-creation commons are getting more interest and attention for the high impact leverage points they reveal.

As a result, one of our practice areas focused on installing, improving and aligning “front ends” has expanded its scope to include a systems view. This Innovation Management Systems work represented over 35% of our efforts last year, while Opportunity Foresight (content targets for the front end) represented 25% and Strategic Invention and Strategic Planning each representing 15%, with Customer Investigations occupying 11% of our time for 2010.

**Client Assignments by Practice Area**



As we plow into 2011 we expect both the Innovation Management Systems and Opportunity Foresight practice areas to increase, given the current and anticipated interest of clients. Both areas represent significant advantages that can be gained by clients. One of which is the perennial tension between marketing and R&D. With a systems view it can become a source of creative tension rather than debilitating conflict. We are grateful for our clients' continued confidence and look forward to the more that will undoubtedly be revealed to you and to us in 2011. □

# Drifting Dreams?

*Continued from the previous page*

sufficient to meet the demands of a start up effort. An underlying passion fueled by the higher octane of addressing a cause is typically necessary to stir and sustain the commitment of innovators. Yet often when the effort has achieved some success and finds itself growing, the rich octane of recognition and success can make the original dream drift away from the underlying “cause.”

And as with all causes—vocational or phenomenological—there are effects, some of which are unintended. One of these derives from the effect of a company’s success more than its cause. When a company begins to defend its success more than pursue its cause it has probably crossed a line, often unwittingly. The vocational baton unconsciously passes to another—a David not a Goliath. Innovations from baton-less companies may be new and different, but they are no longer compelling, at least in the context of what society needs. Wants, perhaps, but not needs.

Is the drift our society has made with the American Dream quietly and subtly going on with the dreams and underlying “causes” of many companies? While much innovation may be new and different, how compelling is it? Are attempts at so-called “cause marketing” but symptoms of this drift? Driven to defend their “share,” a company’s home (or “core”) can become empty and confused with the house of its success rather than the foundation of its cause.

When an American’s dream attaches itself to a house, with or without a mortgage, some degree of spirit dissolves. So also with a company: when its collective dream morphs in the mirror of itself or its peers, something is lost: a something that just may be its entrepreneurial vocation.

As innovators, are we allowing our dreams to drift? Are we more comfortable staying close to “home” with the momentum of success than getting out into the weather of cause and effect—vocational and phenomenological?

Here is to a new year’s resolution for innovators: look for the underlying cause (and effects) that might just drive the creation of new value, look not simply for what is wanted but for what is needed. □