

## Reducing “Waste” from Innovating

By Lanny Vincent

“We already know we need to keep innovating. What we don’t know is how to do it more cost effectively.”

A client and colleague said this in a recent phone conversation. He had just returned from giving some bad news to an outside patent counsel regarding the need to curtail their services. It was one of many similar conversations he has had in the past several months. Absorbing reactions was getting to be a real drag. His remark – understandable given the economic “reset” most are experiencing – caught my ear.

Just what are the costs, hidden and otherwise, of innovating? Certainly there is cash. Perhaps more “costly,” however, are the time and attention of our more experienced innovators and inventors. These costs are

felt even more acutely with fierce internal competition for the time and attention of these veterans.

Innovating costs, of course, must be weighed against risks of not innovating. Opportunity costs. Most innovation portfolios are designed to hedge against opportunity costs through some form of diversification. Given the risks associated with innovating, the conventional wisdom goes, if several options are kept open, risk can be spread across multiple, simultaneous efforts.

There are implicit costs associated with spreading risk, however. When too few innovators are chasing too many opportunities, delays, interruptions, divided attention and diffused effort is the result. Innovating waste. These two words don’t

normally appear so close together (not to be confused with innovations from waste, which is a well-mapped territory.)

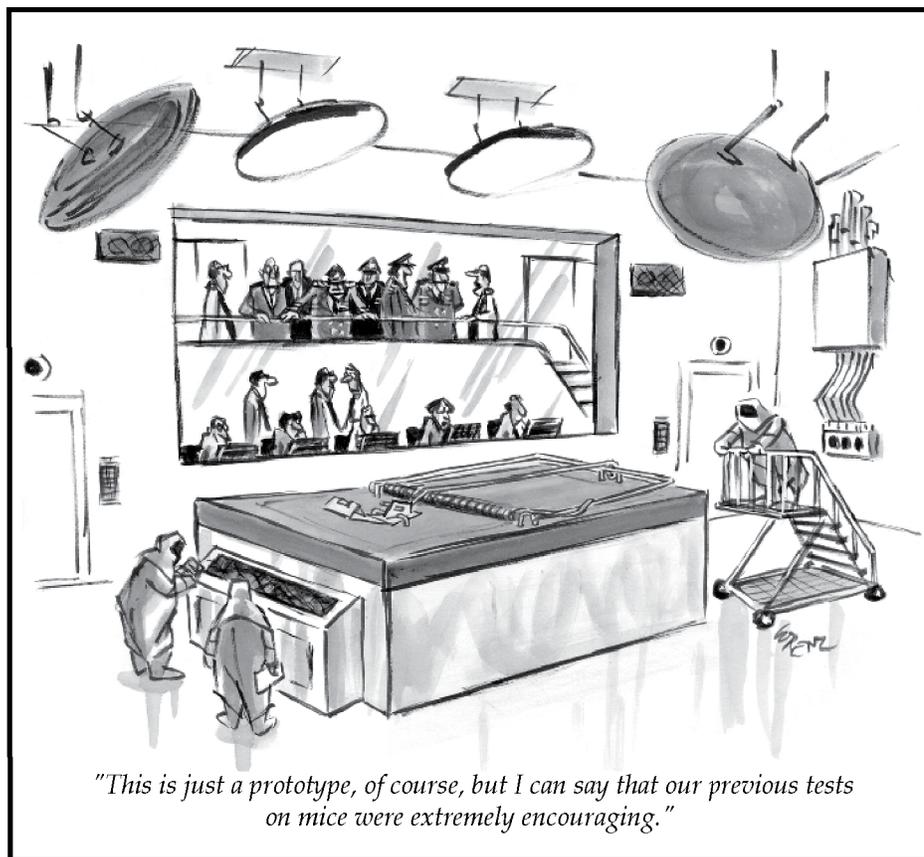
Most conversations about innovation and its management concern themselves with effectiveness. Few address reducing waste, partly because waste from innovating may be more difficult to pinpoint. Identification and elimination of waste can and should be a part of the conversation about innovating.

Without a coherent diagnosis of innovating waste, managers are left with little alternative but to treat symptoms rather than causes. And if Ikujiro Nonaka and Hirotaka Takeuchi (*The Knowledge Creating Company*, Oxford, 1995) are correct—it is not merely what a company knows which creates wealth, but its ability to create new knowledge where it matters most—then relearning and reinvention may be the most costly form of innovating waste.

In operations and production environments what flows are standard units. In an assembly process, specified parts go in, and what comes out are multiples of a standard, assembled product. In a continuous process, specified ingredients or raw materials go in, and predictable material in an expected form comes out. It is appropriate to seek and possible to approximate, a repeatable process. This is the world where scale matters.

In innovating environments, however, what flows is not standard, nor fixed. What flows also develops, morphs and grows. When we fill our pipelines (or funnels) so full, we do not leave room for development, morphing or growth. We defeat the very thing we are trying to achieve, largely because we are hedging our bets and spreading our risk. This is the world where scope matters and repeatable process may be a misguided quest.

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*Continued from the previous page*

Scope requires making difficult choices. Healthy choosing requires having viable options to choose from. Keeping options open may mean no choice has been made. Perhaps there is dissatisfaction with the option sets being presented. Perhaps there is insufficient clarity about where innovations are needed in the ecosystem, and why. Perhaps keeping options fresh is better than keeping them open.

## **Innovation Trustee**

One way to reduce the cost and waste so often associated with innovating—real and perceived—is to have a mechanism that regularly creates better sets of options. This will improve the quality of the choices made. However, when these mechanisms on the front end start, stop and then start up again, delays, relearning and reinvention are the result.

Generating (or percolating) option sets is necessary, but not sufficient. Someone (or a few) must make a selection when a

set is presented. You can hedge bets and spread risk. But as we all know, hedges and spreads don't solve, resolve, or eliminate risk. Someone still has to make a selection. Waste is generated when we are not clear who the trustee is, when there are too many of them, and when the trustee lacks a clear understanding of the context (i.e., future ecosystem emerging).

One diagnostic principle of systems theory and systems engineering—that a system has a purpose that governs it—invites us to ask what and who is governing the company's innovating system.

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While there is often plenty of attention being paid to the management of innovating, often there is an absence of governance. Perhaps the innovating governors (sponsors) might take on the responsibility not only of selecting what to work on next, but also reducing the waste that comes from attempts to reduce risk.

Instead of filling development pipelines with many options, a less wasteful approach might be to see to it that options are continually generated and continually pruned. Keeping track of what is being learned—the knowledge created—is likely a key lever in avoiding innovating waste to begin with. □

## **Proto. . . Typing**

Innovations emerge. Embryonic, form intertwines with substance, text winds out of context.

In this early stage, the value proposed and proto typed, if forced, will still born. If nurtured, just may thrive.

In this early stage, weak signals signal nonetheless; discerning which is system which ecosystem is part discovery part invention.

We want to describe and prescribe a repeatable process to parenting has never really worked we love our kids too much for that.

With all our innovating experience we still seek the repeatable, the process, the systematic; shorting substance, vision, vocation, and hoping to fend off the dark night of the innovator.

With our parenting, all we can really hope for is description not prescription, understanding not prediction, at least with any precision, except through our experience of what not to do.

With all our desire to create, invent, to innovate, perhaps we might learn to be still, to watch, to wonder, and seek understanding and learn, proto (before) typing.

Innovations emerge. Innovators coax them out of hiding. They may not ever be generated, ideated, stage-gated or pipelined.

Inspired? If not, perhaps that's what we should proto type first.

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*Editor's Note: This piece was inspired by a recent visit and conversation with colleague Greg Blythe, senior technologist at Hewlett-Packard Company.*

## **Innovation Practitioners Network 2012**

The focus of the 2012 Innovation Practitioners Network is on diagnosing innovating waste and applying principles codified from complexity theory and systems engineering. When applied to both the inventing process and innovation management and governance, these diagnostic principles hold immediate and longer term potential for high leverage/low cost improvements, reducing “innovating waste” and accelerating efforts, not by brute force but finesse.

To subscribe to or learn more about the Innovation Practitioners Network, contact [lanny@innovationsthatwork.com](mailto:lanny@innovationsthatwork.com).

### **R. S. V. P.**

Please send us your thoughts and opinions on this issue of *Innovating Perspectives*.

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