



Practicing Innovation

by Jane Gannon

A group of veteran innovation practitioners from seven companies, who participate in the Innovation Practitioners Network, gathered in La Jolla, California on October 2-4, 2006 for their second inter-company conference of the year.

Using Geoffrey Moore's book, *Dealing with Darwin*, as a foil to kick off the discussion on innovation, we reviewed Moore's central premise that there are many and diverse types of innovations and the suitability of each innovation is determined in part by the category's life cycle dynamics. There are two fundamentally different business model architectures and what is true for one may not be directly transferable to the other. As the cycle of innovation moves from core to context so innovation expertise should counter cycle from context to core, to make sure the right people are in the right place at the right time.

Moore's distinction of the four primary areas for innovation: Product Leadership Zone (pre-empt), Customer Intimacy Zone (differentiation); Operational Excellence Zone (lower costs); and Category Renewal Zone (reposition) were also discussed. [Editor's note: If you haven't already, we highly recommend you read Moore's book.]

Then over the course of the next day and a half, in between meals and time for networking, each company shared a current innovation management practice or challenge they recently experienced and led the group in a discussion about their experiences (topics ranged from developing go-to-market strategies to developing expertise to discover new worlds to determining what is the right criteria to judge the health of your patent portfolio).

With each practice, the group attempted to clarify and extract the principles in order that the value of the practices might be

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Argue with Success

by Lanny Vincent

“Success is the enemy of innovation.” Peter Chernin, chairman and chief executive of the Fox Group, said this a couple of years ago. Whether he originated it or not, the tone of his voice when he said it convinced me that he understood its truth first hand.

Its truth is what makes innovation efforts in an “only-child” entrepreneurial start-up so very different from those efforts in a “multi-sibling” enterprise, or when the former grows into the latter. Without strong parenting, the older, better established “siblings” often protect their own interests to the detriment of the younger sibling. In families, it's called sibling rivalry; in corporations, it's called competition for resources.

While this rivalry for resources may take many forms, there is also another reason why success can become the enemy of innovation. Operations, which is defined as any part of the enterprise that generates cash from customers, comes to rely upon the disciplines of focus, alignment and tight

coordination. These disciplines are essential for improving efficiencies and maintaining profitability. However, these very same practices are not conducive to the open dissent and debate required to discover and pursue new market opportunities and new value propositions.

By definition, novelty is an essential characteristic of any innovation: incremental, radical, disruptive or otherwise. Because of its very nature, novelty has to be understood, played with and debated so that the value there within is understood. What is new requires an introduction; and effective introductions, paradoxically, work when they make the new more familiar. Often there is some positioning, or framework for making the new seem, well, not so new that it scares off the potential user or customer. Getting the introduction right can be as important as the innovation itself.

A poor introduction—based upon an incomplete or misunderstood value proposition—can make or break the innovation's

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future. This is precisely what happened when Kimberly-Clark back in the 1980s attempted to introduce Avert™ as an antiviral facial tissue. Though it was a facial tissue in form; in function, Avert—recognized as one of the most innovative new products in the year it was tested—belonged not on the shelf next to facial tissues, but next to cold remedies.

In their book, *Innovation: The Missing Dimension*, authors Richard Lester and Michael Piore differentiate between analytical and interpretive kinds of innovation sub-processes. Their premise is that an all too common mistake in our innovations efforts arises when we apply analytical practices too soon and don't do enough interpretive work early in the process. The impatience of operating entities is one reason; discomfort with the open dissent necessary for the exercise of interpretive skills is another.

When we avoid anything outside our comfort zone, the seeds of "group-think" get planted and one of the first things to go is a climate of open dissent. Focus and alignment become more important than purpose and vocation and the successful company begins to lose its feel for the signs and still small voices of its next entrepreneurial opportunity. Examples are easy to come by: the traditional airline carriers and GM, Ford and Chrysler (not long ago we called them the big three.)

In a recent *New Yorker* essay, James Surowiecki quoted Yale Professor of Management Jeffrey Sonnenfeld as saying that a successful board of directors needs a "culture of open dissent." This could apply as well to the leadership and management of our innovation efforts—our innovation boards. A climate of open dissent is "where members are free to criticize the CEO or each other, and there is no artificial attempt to impose consensus on the group."

Surowiecki writes, "This is hard to achieve, because dissenting opinions often get interpreted as personal attacks. Social scientists like to say that good decision-making groups engage in 'task conflict,' fighting over the best solution to particular problems, while bad ones engage in 'relationship

conflict," interpreting differences of opinion as differences of character.

But, as Tony Simmons and Randall Peterson of Cornell University mention in their study of seventy top management teams, groups that engage in task conflict also often suffer from relationship conflict. In other words, it seems you can be collegial and friendly and make bad decisions, or you can be locked in a room with people who can't stand each other and make better decisions!

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"Simmons and Peterson identified a surprisingly simple way out of this dilemma: trust. They found that groups whose members trusted one another's competence and integrity were more likely to engage in task conflict without succumbing to relationship conflict. Paradoxically the more people trust one another, the more willing they are to fight with each other."

We hear the same message from Matthew May's book, *The Elegant Solution*, on Toyota's formula for managing innovation, points to the way Toyota attempts to institutionalize this climate of open dissent. "Hierarchy stifles innovation, and we need open and honest disagreement about every idea. [Because] every idea counts!" □

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more easily transferred to fellow subscribing companies.

The group also spent a morning at Hewlett-Packard Company in San Diego for a tour and site visit, where the innovation practitioners got to look at HP's manufacturing prototyping facilities and customer experience center.

Heading into its fourth year, the Innovation Practitioners Network, which developed out of the annual Mavericks Roundtable gatherings, consists of a group of innovation practitioners from corporations who are engaged in research and development, new business creation and product development. Participating companies have included Whirlpool Corporation, Hewlett-Packard Company, Rockwell Automation, Clif Bar & Company, Sealed Air Corporation, Capital One Services, Molecular Devices, Inc., ArvinMeritor, The Sperry Group, Inc., and Weyerhaeuser Company.

Subscribing companies are currently re-enrolling in the 2007 Innovation Practitioners Network, and we have an opening for a new subscriber. A subscription offers companies an opportunity to deliberately invest in the health and development of their implicit, informal innovation networks and, in an appropriate way, to compare notes with other non-competing companies. It also offers an avenue for corporations to focus on their own company-specific network development needs.

For more information on the Innovation Practitioners Network, please contact Lanny Vincent at (415) 460-1313 or lanny@innovationthatwork.com. □

R. S. V. P.

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

Vincent & Associates, Ltd.

Innovation Management Services

412 Red Hill Avenue, Suite 22 • San Anselmo, CA 94960
(415) 460-1313 • (415) 460-1341 fax • lanny@innovationthatwork.com