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Built for Innovation

Google, Apple, 3M, Best Buy, Facebook, Goldman Sachs, Sony, Vodaphone and Henry Ford all share a single trait – innovation. Thus, for a business to become innovative, thereby successful, all they need to do is copy these company's examples. Not so fast, there cowboy.

Back in the 1970s when Toyota outperformed almost every American company, many corporations determined if they copied their Quality Circle movement (allowing workers to contribute more than just muscle power) they too would reap the financial benefits enjoyed by Toyota http://www.strategosinc.com/just_in_time.htm. One company, which was already superb without these quality circles, embraced this philosophy and created a quality circle team to determine - now hear this - if the "white collar" workers should wear ties on Friday. Two disturbing elements ultimately proved the demise of the program. First, the project team was rather gratuitous (who the heck cared if ties could be forgone on Fridays?) and second, the project teams were dictated by management, not by workers, which was the essence of the Toyota model.

Fast forward to 2007 and innovation is the new buzzword. Similarly to the Quality Circle movement, if applied correctly it can catapult a company to the top. In a recent *Forbes* magazine article Wunker and Pohle offer some suggestions that may actually work <http://www.forbes.com/claytonchristensen/forbes/2007/1112/137.html>. They segment innovation into four categories and describe the type of leadership, staff, process and environment that are necessary to be innovative.

As displayed in the following table, there are four models that define the types of innovation: Marketplace of ideas, visionary leader, systematic innovation and collaborative innovation. Some of the more revealing examples of each follow. Google tells their people that up to 20% of their time may be spent pursuing personal ideas. Steve Jobs (Apple) is an expert in spotting high potential concepts and inspiring teams to pursue them. Samsung invests 10% of its revenues in R&D and devotes 15% of its R&D team to looking at needs and lifestyles ten years from now. Vodafone's strength lies not only in its global brand and customer service but also with the outside firms it has partnered with, such as Ericsson, Carphone Warehouses and various wireless networks around the world.

Mapping Your Innovation DNA

While there is no set formula for creating an innovative enterprise, the following four models account for the majority of today's most successful companies.

ARCHETYPE	LEADERSHIP	STAFF	PROCESS	ENVIRONMENT	EXAMPLES
MARKETPLACE OF IDEAS	Executives content with "leading from behind"	Staff recruited for their creativity and passion	Well-stated goals and boundaries; ability to trial quickly; clear metrics for success	Should allow for and encourage experimentation	Google, 3M, Best Buy, television companies
VISIONARY LEADER	An executive with insight and creativity who motivates employees to pursue a vision	Staff who are adept at teamwork and can execute leader's plans	Well-understood mechanisms that link executive vision to daily activities	Few interdependencies with outside parties; a business model that supports pursuing just a handful of big initiatives	Steve Jobs (Apple) Akio Morita (Sony) Henry Ford
SYSTEMATIC INNOVATION	Strong executive leadership that sets priorities, raises urgency and allocates resources appropriately	Staffing policies that dedicate small numbers of employees to discrete tasks and do not penalize failure	Cross-functional approaches and a high tolerance for dissent and experimentation	Diffuse product lines that are impossible for a small set of individuals to dictate and control	Samsung, Procter & Gamble, Goldman Sachs
COLLABORATIVE INNOVATION	Recognizes when to outsource; has expertise in forming strategic alliances and navigating conflicts with partners	Staff empowered to make deals with outside vendors without onerous approval policies	Competency in finding external partners; technology or infrastructure that enables dynamic reconfiguration	Excellent understanding of customer needs, a strategic advantage (economic, brand, channel) that maintains differentiation	Vodafone, Facebook

Source: Strategy & Innovation.

From <http://www.forbes.com/claytonchristensen/forbes/2007/1112/137.html>

Essentially there is no one-size-fits-all and the bottom line is that innovation takes on many characteristics that need to be the right fit for a specific company. In order to be truly innovative, a company should first determine which model it occupies and next take the necessary steps to fill in the gaps, such as obtaining better leadership, staff, processes, environments or any

combination thereof. Notwithstanding, innovation can only help a company be more successful than where it is now.