

# ENTR 6200 – Innovation and Enterprise Growth

## Introduction to Innovation Video Transcript

Experts believe that innovation is critical to sustain our modern economy. CEOs across this country also believe innovation should be a priority. Yet, the cold hard truth is that most companies and their employees are not ready for true innovation. And, business schools must accept that fact that they are contributing to this lack of preparedness.

Tucker suggests that “innovation in America is analogous to the mating of pandas; infrequent, clumsy, and not often effective.” And, Keeley suggests corporate America is only successful with innovation 4 percent of the time. That is a dreadful statistic.

The first thing to keep in mind is that innovation is “not simply new product development.” “Innovation is creating and implementing ideas that create new customer value and sustain the growth of the enterprise.” It includes: discontinuous innovations, new channel innovation, branding innovation, value migration, value engineering, process improvements, and business model innovation. In essence, innovation can contribute to enterprise growth at both the top-line and bottom-line.

Innovation is not creativity. It is possible to be creative and not be innovative, and conversely, be innovative and not necessarily be creative. I have a friend with 400 patents, not one is commercialized. I have another friend to licenses ideas from inventors and makes money from those inventions. In short, creativity is coming up with ideas, innovation is putting ideas to work! Importantly, the question to the question: can innovation be taught, is YES!

There is ample evidence that demonstrates that innovation can be taught.

What kills innovation? Years of research indicate the following: (1) fear of failure, both organizationally and personally, is one of the big killers of innovation. (2) most organizations do not have a working definition of innovation: if you cannot define it how can you lead and/or manage innovation? (3) most organizations say they believe in innovation, but the truth is that innovation is not part of organizational culture (4) most organization have no idea management system – in other words, they have no process for generating innovative ideas (5) most organizations have either no innovation process at all, or have a bureaucratic structure that denies or prevents innovation.

(6) some organizations focus on incrementalism while others focus on the big hit only. There is no appreciation for a balanced portfolio approach to innovation (7) most organization focus their innovation on core customers only and miss the opportunity to be truly innovative and attract non-customers (8) most organizations have no clue what their customers really need and want and do not invest in research to uncover those needs/wants (9) most organizations do not reward employees for innovation and most do not offer employees any share in the success of innovation (10) because innovation is not really a priority in most organizations, that is no dedicated resources set aside for true innovation, either people or money.

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The prescriptions to encourage and sustain innovation are simple: (1) remove fear from the organization, (2) define innovation and communicate it throughout the organization (3) embed innovation as a cultural value within the organization (4) buy or construct a good idea management system that provides innovative ideas on an ongoing basis (5) construct an innovation process – something flexible and not too rigid but one that works (6) take a balanced approach to innovation – a portfolio based on risk-reward, time-frame etc.

(7) look for ways to innovative beyond your existing customers – what we call avoiding the tyranny of the core (8) do good research, particularly user-centered research and this means immersing yourself with your customers (and non-customers) (9) tied rewards/compensation to innovation results - in other words share the wealth. (10) the best way to jumpstart innovation is to hire innovative people and invest in innovation – do not view it as a cost but as an investment.

You must be able to understand, lead, and deal with the consequences (good and bad) of innovation. Business leaders must believe in and lead innovation. Innovation must be advanced as a discipline in business schools. If not, we might lose the global innovation race!