

THE OTHER SIDE OF INNOVATION

Solving the Execution Challenge

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MAIN IDEA

Companies the world over are struggling to make innovation happen. Some (like 3M and Google) give their workers free time to come up with new ideas, but this approach (innovation = ideas) tends to generate a thousand small initiatives rather than one or two big ideas which move the needle. Other companies have detailed processes for closing the loop between ideas and execution but this approach (innovation = ideas + processes) only tends to generate improvements on existing products rather than game changing breakthroughs. Other companies put the burden of innovation on talented individuals (innovation = ideas + leaders).

The undeniable fact is organizations are not designed for innovation. They are optimized for ongoing operations. Innovation is always going to be in conflict at some level with the repeatable and predictable processes which make money for a company – its Performance Engine. To be useful, innovation must be carried out in partnership with the corporation’s Performance Engine if it is to be useful over the long haul. A more accurate formula for innovation is:

Innovation = Idea + Leader + Team + Plan

Idea: Breakthrough innovations are always based on great ideas.

Leader: To make things happen, you need someone who steps up and thinks and acts differently to drive execution.

Team: You have to bring together the right project team and let them do their stuff if your idea is to gain any traction.

Plan: Your innovation initiative must have a business plan which gets improved through a rigorous learning process.

Many firms have people who are generating interesting new ideas all the time. Similarly, leaders tend to be in favor of innovation as a way to grow revenues and profits. The choke points in making innovation happen are generally how to bring the right project team together and then how to plan the innovation initiative so it bears fruit. If you want to make innovation happen, these are the two areas where most attention should be focused.

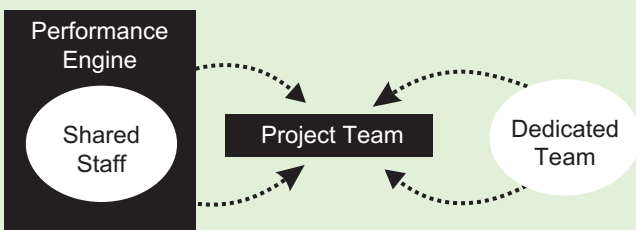
“Our fundamental prescription is that each innovation initiative needs a special kind of team and a special kind of plan. Each innovation challenge requires a team with a custom organizational model and a plan that is revised through a rigorous learning process. The real innovation challenge lies beyond the idea. It lies in a hard journey – from imagination to impact.”

– Vijay Govindarajan and Chris Trimble

Team

Plan

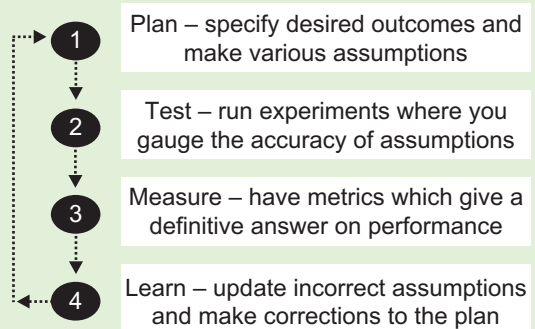
Successful innovation teams come in a wide variety of configurations. They all have one common trait – they’re all internal partnerships between the staff who are involved in the existing Performance Engine of the firm and a team which is dedicated exclusively to the new innovation.



These project team partnerships are tricky because the shared staff and the dedicated team members have different priorities and interests. The three key steps for making this kind of partnership work are:

- ▶ 1 Divide the labor
- ▶ 2 Assemble the dedicated team
- ▶ 3 Manage the partnership

In running your enterprise’s existing operations, you strive for operational excellence and performance discipline. When you’re managing an innovation initiative, however, what you need to work for is disciplined experimentation. You want to follow this sequence as quickly and as cost effectively as feasible:



As the initiative moves forward, you want to replace earlier guesses with hard facts and learn what works and what doesn’t quickly. This kind of rigorous learning process takes discipline. The three steps involved are:

- ▶ 1 Formalize the experiment
- ▶ 2 Break down the hypothesis
- ▶ 3 Seek the truth

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