

## WHO'S JOB IS INNOVATION?

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*"The enterprise that does not innovate, inevitably ages and declines"*

Peter Drucker



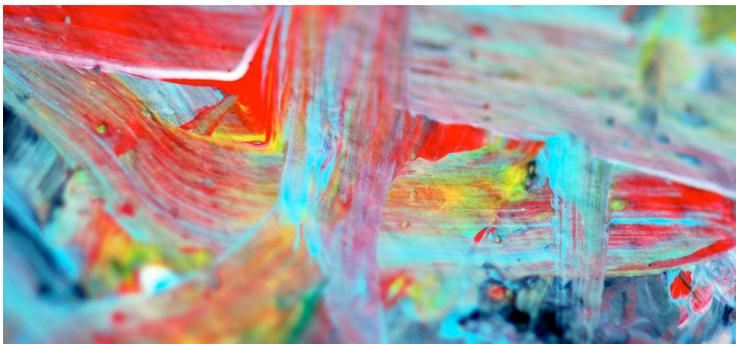
# Who's Job is Innovation?

## Why Innovate?

Whenever two or more business leaders or CEOs are in a room for more than five minutes, the topic of innovation will come up, directly or indirectly. More than any other area of focus, a recent roundtable of CEOs identified the need to be innovative in their products and services as one of their key business objectives in their strategic plans.

Why this focus? Innovation enables organizations to differentiate themselves in the marketplace. Transformational innovation can transport a business overnight from one of the pack to a leader. However beyond the lure of creating the next, best million dollar product, innovation is simply an essential survival facet in the current economy. Without innovation, organizations will fall behind their competition, with little chance of catching up. Even having a reputation for being innovative can move portions of the market favorably.

Most organizations that are industry leaders have specific innovation processes, and can even be described as innovation-centric organizations. Their culture highly regards the innovation life cycle as part of what keeps the engine of their success moving, to achieve organizational sustainability and strong market position. So it's an imperative. So, how do organizations do it well, and who manages this to fruition? Can it be a component of a certain role, or does there need to be a dedicated team to achieve this? These are the questions that this article was targeted to support.



Creative, visionary, colorful, spatial views



Seeing old things in a new way

## **What is and isn't innovation?**

First, let's clarify what innovation is and isn't. We'll use the definition of Innovation from the American Society for Quality (ASQ), a nationally recognized knowledge source, which states:

Innovation is the successful conversion of new concepts and knowledge into new products, services, and processes, that deliver new value to the marketplace.

One key attribute of true innovation is the concept of value creation. Innovation has great business value when it is changing the market by bringing forth new value that customers are willing to pay for, as new products or services. Innovation that does not create market value is considered failed innovation, and a learning opportunity for the next attempt. Even if the product or service was successfully created, if there is no value to the consumer market, it's not innovation. Countless historic examples show the multiple trials required to achieve successful radical innovation. Radical, transformative innovation is relatively rare, though can be incredibly lucrative. A better plan is intentional innovation, which is the foundation process used in the most innovative companies, and accounts for the greatest volume of significant innovation.

Innovation differs from improvement, which is a systematic approach to help an organization optimize its underlying processes, to achieve more efficient results. Many leaders believe that if they are improving their business, they are being innovative. In short, while innovation may bring improvement, it is not a given. Likewise, while improvement may be innovative, it also may not be, especially related to creating market value.

## **Developing an Innovation Approach**

Innovation is typically a cyclical, versus linear process, similar to the improvement process cycle. In fact, an organization that has a strong business improvement process, has a good foundation for a strong innovation process.

Developing an effective approach to innovation involves a process framework suited to the type of business and expert talent (may be internal or guided by external talent). Knowledge experts in the field of innovation recognize two key phases in the innovation cycle or process framework - a creative phase, and an execution phase.

Personalities of those in the creative phase include Creators and Connectors. Creators are individuals who bring new ideas to the team for discussion. Connectors are those who turn an idea into a solution that may have value. While these aren't the job description titles, they do represent unique skill and personality sets that are ideal for the creative phase of innovation. Typically these individuals are the visionaries, the brainstormers, design and marketing talent, and the ones prone to "out of the box" thinking.

The creative phase can often be advanced by knowledge sharing among different work teams, to explore new connections from a different perspective. The pace of this phase is progressive, but more controlled, largely because this is a phase of testing many new concepts with a minimum investment, such that market success or failure can be predicted with minimal organizational risk. Early failure helps through the learning process to improve products and services; late failure can be very costly.

A different group of talents are needed to rapidly produce the new product or service in the execution phase. Personalities in the execution phase are Developers and Doers. The Developer takes new solutions and puts structure around them to build a clear understanding of the next process steps, a planner. The Doer can transform the concept solution into reality. The execution phase is very fast paced, with "speed to market" as a primary goal. Problem-solving ability, project-management, engineering, and quality improvement skills are a great asset in this phase.

There are two key drivers that support effective innovation cultures:

- 1) The importance of innovation needs to be viewed as a clear leadership priority from the top, often initially led by the CEO.
- 2) Innovation needs to be part of the organization's long-term strategy, manifested by corporate leader's appropriations of money in processes and people as visible commitments to the importance of innovation.

If the cultural foundation is in place, and the necessary talent is available, then one needs to determine the process framework that will be used. There are two key types of innovation, intentional and serendipitous. The most effective form of innovation is intentional, involving a supportive culture and vision, a disciplined process, and diverse thinking. Serendipitous innovation, on the other hand, is not planned but occurs as a result of an unexpected creation or event. While some serendipitous innovations have been revolutionary, these are clearly the rare exceptions.

Focusing on intentional innovation then, there are four foundation process elements:

- 1) An environmental scan - This process determines unmet desires of the market, and areas of possible expansion
- 2) Constant knowledge transfer - When workforce members from different work units regularly converge with a common purpose of creating market innovation, novel ideas emerge. Support for this process requires a means of constant communication, feedback and recognition, coupled with a culture supportive of failure and learning.
- 3) Data collection - There must be a measurable basis for movement within the innovation project, such that progress can be measured and celebrated.
- 4) Core competencies basis - Successful innovation emerges from a position of unique organizational strengths, as responding to unmet needs of the market. Leveraging the organization's unique strengths helps to make a competitor's duplication of the new product or service more challenging, thereby providing a market advantage.

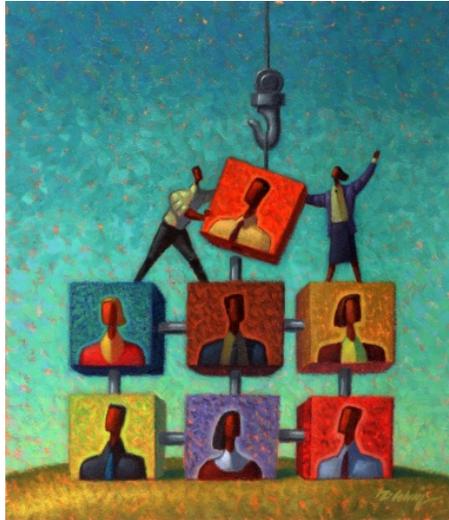
Once the foundation is present, the innovation process can begin, generally following the following steps:

- Finding an opportunity
- Connecting the opportunity to a solution
- Making the solution user-friendly
- Producing the goods

Now that innovation has been clarified and detailed, let's explore which common roles may support a flourishing innovation process.

## **Creating an Innovation Team**

So who does the work of innovation? The most successful innovation engines come from a collaborative team of marketing and product development roles, such that there is a clear connection between knowledge of products and services, and the wants and needs of the consumer market. Consideration of the personality traits and talents of the team, respective to the phases of innovation, provides great synergy and speed in the process. To be most effective, the innovation process should provide clarity to the key functions that each involved role contributes to the overall process. The following role descriptions provide some best practice guidance, although each culture should identify roles respective to the particular organization's purpose, mission and vision.



Collaborative teams; diverse thinking

## CEO's Role

Essentially the most important role of the CEO in innovation is to inspire the vision throughout the workforce of innovation's importance to the future of the organization. In addition, the CEO needs to support the establishment of a management system to drive innovation through a framework, or systematic process. The CEO leads a top down, bottom-up discovery process with leadership as a key element. While all members of the organization are involved in innovation in some way, it's the example led by the CEO that shows this as a valued infrastructure process, worthy of their attention and recognition.

## Senior Leader's Role

Senior leadership provides a connection from the CEO's vision to the operationalization of the innovation process. Senior leaders should provide the destinations, not the directions of innovation, such that those closest to the products, services and consumers are most closely involved in the innovation design and execution process. Senior leaders support the development of an innovation process infrastructure, ensuring that resources are allocated, timelines and outcomes are achieved, and that barriers are resolved if team members need assistance. Senior leaders are also involved in support of communication, project management, and recognition, based upon their level of influence in the organization. Senior leaders should avoid being viewed by the workforce as an innovation driver. Rather, they should be viewed as a key visible supporter.

## Other Common Roles

*An Innovation Manager* often serves as the leader of one or multiple innovation initiatives, providing a focus on managing resources to timelines and targeted outcomes. This role often serves as project manager, and works in collaboration with individuals from varied departments in the organization. This role should ideally have strength in project management, business improvement, change management, and team leadership at a minimum.

*A Business Unit Manager* is often involved in innovation due to their knowledge of the specific services and consumer requirements of the business unit, as well as their ability to support innovative ideas from their employees. This role may serve as a leader of an innovation team, or as a member. Some of the most important innovation contributions of this role are related to capture of ideas, support and recognition of ideas, and synergistic connections with others in the organization to support idea development.

*A Quality Manager* is also often involved in innovation projects based upon their knowledge and skills in the improvement process, a foundation for effective intentional innovation. This role supports effective planning, control, assurance, and improvement of innovation concepts as developed into products or services. One other advantage of this role is their organizational view, enabling collaboration and synthesis as a part of routine work processes.

*Mid-Level Managers*, similar to Business Unit Managers, support innovation by encouraging the capture and spread of ideas, support and recognition of the importance of the innovation process, and synergistic connections throughout the organization in support of innovation ideas. The active role modeling, support, encouragement, communication, and value-sharing of innovation through these roles is critical to the development and sustainability of an innovation culture, and serves as a consistent strength in those organizations recognized as innovation leaders. These managers also provide key innovation operational supports through resource investments in meeting time, project time, testing and validation of innovation prototypes.

*Employees* are the primary producers of innovation, and are often the process owners based upon their close contact to the consumer, in support of the mission. Effective innovation is a cross-departmental process that is embedded into the culture, recog-

nized both in success and failure, is effectively resourced, and understood to be vital to organizational sustainability.

## **Who's Job is Innovation?**

So, we knew who was responsible for innovation - everyone. However, knowledge of the elements of successful innovation, and a clear process framework to achieve this, may provide significant benefit to organizations seeking a market advantage. Enabling design and execution of effective innovation approaches supports a survival imperative for organizational health.

For consideration of how your organization fares in the innovation process, consider your answers to the following self-assessment questions:

- 1) What is the *need* that the customer has expressed, or you have identified?
- 2) What is your *approach* to meeting that unmet need?
- 3) What will be the *benefits* (quantified if possible) for the customer in choosing you and your approach?
- 4) Why is your approach superior to that of your *competitors*?

If you struggle with the answers to these questions, you likely have an improvement opportunity in your innovation process.

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