

THE NURTURING INNOVATION POCKETBOOK











By Douglas Miller

Drawings by Phil Hailstone

“Current economic conditions are challenging everyone in business to think and act differently and to move on from ‘steady state’ thinking. These unprecedented conditions offer the perfect environment in which innovation can flourish and Douglas' book provides a rich source of ideas on how to nurture – and benefit from – that innovation.”

Jonathan Bond, Director of HR & Learning, Pinsent Masons LLP

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SHOULD WE ACT?

INNOVATION TYPES



There are broadly four types of innovation:



These tinker with your habits – what you do 90% of the time.



These introduce incremental or evolutionary change – ‘thinking inside the box’.



Type 3 innovations are likely to be dynamic and transformational – what we might describe as ‘thinking outside the box but in the box’s container’.



Meta-change – ‘What box?’

This chapter looks at the characteristics of these four innovation types. This information is essential in helping managers to assess risk.

SHOULD WE ACT?

TYPE **1** MODEST CHANGE



Don't ignore the small innovations for the sake of the grand gesture. Innovation has not been served well by gurus who advise throwing aside everything you have done in the past – almost as though you are in perennial 'start-up' mode. The 1 in 100 times when this is necessary is balanced by the 99 times in 100 when it is not.

For the 99% of the time when you are not throwing everything out, you need to think through what kind of innovation is needed – if any.

The right time to act?

Type 1 innovations are the easiest to act on because they tinker (in the best possible way) with existing practices and procedures. The effect, however, may be significant though probably not revolutionary.

People are more likely to act on innovative ideas they have thought up themselves *and* ones they can personally act on. If the idea is in Box 2 of the 4-box model and is fairly simple to act on – then why not do it?

SHOULD WE ACT?

TYPE **1** MODEST CHANGE



Justifying small actions:

- 90% of what you are doing is superb. Innovation is not about throwing everything you do out of the window. Your existing 'habits' are essential
- Your beautiful routine is part of what has made you successful – once gone it never comes back
- Yesterday's innovation is today's habit
- It is innovative to think through all of your existing practices and develop and gradually improve that which you do already. Innovation does not always mean radical revolution
- Saying 'yes' to small actions encourages people to think that their ideas do get taken seriously and can make a difference

SHOULD WE ACT?

TYPE **2** INCREMENTAL CHANGE



Type 2 innovations are conventional ideas that have a frame of reference most people will identify with.

The right time to act?

Type 2 ideas may have the following characteristics:

- Ideas that are being used in other parts of the business – easier to act on because people are familiar with the concept
- Industry innovations that have been introduced to the market by competitors. If the innovation is becoming the industry norm then you must act, eg MP3 players replacing old style personal stereos. But can you improve on the new standard?
- Old practices, now neglected, that still have relevance to your current situation. In the rush to change we sometimes drop the good stuff as well as the bad. If the rethink sounds sensible – why not?

SHOULD WE ACT?

TYPE **2** INCREMENTAL CHANGE CHARACTERISTICS (CONT'D)

- New recruits bringing suggestions adopted from previous jobs, particularly if they were working for a competitor. New recruits are untainted by your own conventions. What seems obvious to them may seem very different to you. At least some of their suggestions must be acted on. Remind me why you employed them?
- Service improvement suggestions from customers, that seem obvious once suggested but which no one had previously thought of. These could be truly revolutionary. Take customer suggestions very, very seriously

Because they won't be a shock to the system, Type 2 ideas are generally less risky – some of them at least warrant action. Failure will result, however, if the market – internal or external – needs a more radical (Type 3 or 4) shake-up.



SHOULD WE ACT?



TRANSFORMATIONAL CHANGE



Type 3 ideas are likely to be different from what your market (internal or external) is used to but not, perhaps, so 'out there' that there is no frame of reference (hence 'in the box's container'). Thus the action, while risky, is not at the extreme end of risk.

The right time to act?

Type 3 innovations are likely to transform what you do. They may, however, be a major and uncomfortable challenge to many in your organisation. You must act if you need to transform what you do now. But, do ask: *'is this the right idea to act on?'* Don't act on an idea because it's the only one you currently have.

There will be a limited frame of reference for those about to be exposed to the new idea – action will mean discomfort for those affected by it so consider the implications seriously.

SHOULD WE ACT?

TYPE **3** TRANSFORMATIONAL CHANGE



LEARNING FROM OTHERS

- Type 3 innovations are often introduced initially by organisations outside your industry, that you can then adapt for your own
- New recruits may bring Type 3 suggestions adopted from their previous places of work – particularly where they come from non-competitors
- They may be ideas adopted from history which have been re-applied

Example

Taking note of the production line techniques used in Detroit's car manufacturing businesses of the 1950s, music entrepreneur Berry Gordy decided to apply them to his fledgling record label. The result was Motown Records, one of the most successful record labels of the 20th century.



SHOULD WE ACT?

TYPE **4** META-CHANGE



'You can't cross a chasm with two small steps. A big step is needed.'
Lloyd George

There are times when only the biggest, boldest innovation will do. The market is changing; new kids on the block are changing the way your industry operates; your products or services are becoming obsolete; internal practices are cumbersome and costly. Perhaps your internal systems are causing stasis and a revolution is needed. Or perhaps you are seeking to create an entirely new market.

If this is you and your situation then you **must** act.



SHOULD WE ACT?

TYPE **4** META-CHANGE



Type 4 innovations have the following characteristics:

- Ideas for which people say, '*that's impossible*' but where the step is being taken to make it possible
- Innovative ideas where there are no precedents
- Ideas that present true paradigm shifts in your internal and/or external practices – 'when a paradigm shifts everyone goes back to zero'. That means you *and* your competitors
- Ideas where customers are either 'religiously converted' by the new 'offer' or reject it for its madness
- Sometimes, as with Types 2 and 3, these new innovations can come from competitors or other businesses. The Swiss for example invented the quartz watch but it was the Japanese who developed the watch into a commercial product (and almost finished the Swiss watch industry in the process)

SHOULD WE ACT?

WHEN CONSIDERING ACTION



We know that a lack of innovation means organisational decay and death. Innovation is essential but:

- You must assess when and where to innovate
- You must assess to what extent you need to innovate – tinkering, evolution or revolution?
- When you start again you become the start-up you once were. You go back to zero – is it necessary for everything to go back to zero? Some things? Or just a very few things?
- You must assess and minimise the effects of the risk factors in any innovation

Assessing risk forms the basis for chapter 7.

About the Author

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Douglas is a writer, speaker, trainer and regular radio performer. He has had seven books published in the last three years on a variety of personal development issues. He works regularly as a trainer for: UN and OSCE Missions and Agencies in Kosovo, Bosnia, Georgia, Haiti, Poland, Italy and Germany; the European Central Bank in Frankfurt; and a number of public and private sector organisations in the UK.



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Credits

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