

# 'Innovation' can be a very problematic business solution

After the financial meltdown of 2008, business leaders feverishly stripped cost out of their businesses and are now shifting their quest to increasing revenue. Innovation is touted by many to be the means by which this will occur.

A recent Time magazine cover article observed that 72 percent of business leaders say innovation is a top-three priority and 84 percent claim that only greater in-house innovation will enable them to make the most of the economic recovery they hope is coming. Commentaries on Steve Jobs's passing are filled with laments about America's loss of a great innovator. Even President Obama included a homage to innovation in his 2011 State of the Union address.

Despite widespread infatuation with the concept of innovation, it's a slippery idea that can easily become a fool's errand costing more than it pays back.

Don't misread me: not only am I a business consultant, I'm also a practicing artist trained in industrial design. I am a committed innovator. I am certified to teach skills in creativity. But let's slow down so we can speed up. Before we declare innovation to be the answer to our economic troubles, let's open our eyes a bit more widely about both the problem and the solution.

I see four problems with how business leaders are thinking about innovation:

1. The term innovation is almost always used as an antidote, but the business problems this solution is supposed to solve are innumerable and hugely varied, so much so that the word "panacea" comes to mind. Innovation is supposedly a cure for broken processes, a remedy for moribund products and services, and even a therapy for bad HR practices. Whatever might be the virtues of innovation, it is not a magic wand.

2. When it comes to creating advantage in the marketplace, what one company needs to do to be innovative and what another needs to do is almost certainly different — even when they are close competitors!

While Apple Inc. is held up as the exemplar of innovation, what does Apple really have to teach a car dealer in a rural town or Costco's manager of logistics? When Apple's employees are being innovative, the targets of their efforts are almost certainly very different from those of employees at amazon.com, Microsoft, or a large law firm.

3. Many business people perceive innovation to be the blinding flash of genius spontaneously emerging from creative individuals.

Americans are perpetually vulnerable to the "Great Man" theory. If only we had more Thomas Edisons or Henry Fords or Thomas Watsons! Yet, it's when small groups of people pool their knowledge, expertise and perspectives that breakthroughs happen. To boil down a lot of good research on the organizational dynamics surrounding breakthroughs, "None of us is as smart as all of us."

4. Related to and probably because of the above factors, many companies invest unwisely in the pursuit of innovation, failing to identify the precise improvements needed and throwing money way too casu-



## Perspective on People

Richard McKnight

ally at broad-based innovation training programs, software and culture change.

I've encountered cases where eye-pop-

ping budgets have been handed over to staff groups whose job is to pursue a vague goal like "enhance innovation throughout the company." How innovative can you be when you do not know the specific points where improvements would most pay off in your company?

If you wish to make your company more innovative, be clear that innovation per se is not your goal: producing and delivering customer value is. Don't let the quest for innovation get in the way of this!

What specific improvements does your business need to make? Apply your emphasis here. Bring all the parties together who have knowledge of the problem. Use good facilitation techniques. Then stand back as the breakthroughs begin.

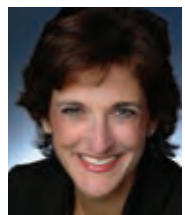
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