

The chicken-and-egg challenge of innovation

Alan Nicol, Executive Member, AlanNicolSolutions

A significant barrier to improving innovation capabilities is the large extent to which an organization must change to enable a sustainable innovative environment.



Innovation is a very popular topic right now, and has been for several years. The inventive spirit and a long history of innovative prowess has kept United States industry on top of the global pile for, arguably, nearly a century. It's hard to argue that it has been so for the last half-century.

However, with the extraordinary rise in Chinese and Indian industry, just to name two of the many Asian and eastern European industrial bases to become substantial competitors for the product development king-of-the-hill competition, a cry for the revitalization of U.S. innovation has rung out across the nation. Coincidentally, many European and Asian businesses are also chasing the same strengths to increase momentum toward the title of "king."

Unfortunately, while a great many businesses recognize a need to become more innovative, and many declare an objective to do so, and many of those seek out methods and skill sets to get it done, relatively few succeed. The businesses that we model for innovative prowess are often those with a very long history of it. It's hard to find old businesses with newly demonstrated innovative powers.

I believe that the reason for such difficulty is a failure to make the systemic changes required to enable an innovation environment that lasts longer than one or two projects. Many of the innovation methods and advice available to us also do not address the total challenge either. Most only address the "chicken" part of the challenge, or the "egg" part of the challenge.

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How many of us have been in a meeting or part of a discussion in which a manager says to a group of engineers something like the following. "We need to be more innovative. Our competition is beating us with better designs. So, I want all of you to start sharing your ideas for new or better products or enhancements." I confess I have been that manager. I have also been one of the engineers. How well does that approach work?

If the engineers have been around awhile, they grumble and leave the room with no intent of turning in any ideas. If they are fresh and enthusiastic, like I was, they start turning in ideas with great "fecundity." Soon they become much like their seasoned veterans and they stop trying. The reason is that there isn't anywhere for the ideas to go.

We have seen it many times. An engineer proposes an idea. Does the customer want that feature? Would the customer pay for that feature? Would the benefit of the feature be enough to generate profit over the cost of the feature? If the business doesn't have the answers to these questions, or can't or won't go get the answers, then the business leaders don't know if the idea is a good one.

One of two things happens. Either indecision or insecurity causes the idea to sit until it is forgotten, or the business takes a gamble and develops the idea. Maybe the development goes well or maybe it doesn't. There is a whole set of challenges in the development of an innovative idea that any given business might struggle to overcome. Supposing it is well developed, it may not sell. The enthusiastic engineer's brilliant idea bombs.

Unless the business and the engineer get lucky and the product takes off, (a very big "if" in the list of the failure modes described so far) that engineer and his or her companions are done submitting ideas. The greater probability is that everyone who submitted ideas is very discouraged from ever doing so again.

Suppose that a business has a method or ability to determine if a customer will pay for an idea an engineer submits. It seems to be the nature of things that the engineer's motto "if it aint broke, it don't have enough features," does not comply with the customer's motto of, "I want it all, especially the lower price." Very few ideas will prove to be moneymakers and, after a while, engineers will grow tired of submitting ideas only to be told they won't sell.

The challenge described so far is what I call the "chicken-producing-eggs," part of the problem. We are asking our "end" part of the innovation process to feed the "beginning" part of the process. It's like the proverbial, bring-me-another-rock game. No one likes to bring rocks only to be told, "that's not the rock I'm looking for." We hate wasting our energy. Thus, the initiative to become more innovative by asking our engineers to submit ideas dies.

The other approach, the one that focuses on the beginning part of the process, the "egg," also has its challenges. Instead of challenging our engineers to generate ideas and then throwing them at customers to see if they like them, we ask

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customers what they want and tell the engineers to make it happen.

In theory, this is a very smart way to go. In practice it is very difficult. Asking customers what they want tends to be unproductive. Chances are, those things the customers can and will readily identify as things they all agree they want are things we already know about but can't or won't execute because it is too much of a threat to our business to accommodate it.

If you need an example, think about checked baggage fees. The airlines already know customers despise the fees and many customers plan carefully to avoid them.

However, the reported revenue for those fees cannot be written off by a starving airline.

We must find ideas that customers don't necessarily know they want. For this, I am a fan of the Outcome Driven Innovation method, which explores customers' regular activities in an effort to identify places where some process step or other function can be made easier. Customers are generally poor at identifying things we haven't thought of, but will tell us quickly if we present them with something truly inspired. This is because we don't always know what is possible or that something better could be available.

Many of the innovation methods, like Outcome Driven Innovation, focus on the challenge of identifying those few great ideas that will rob competitors of customers. It is a very important approach, but it too will run into challenge with discouraging results.

Again, how many of us have been privy to an announcement similar to what follows. "Our marketing team has done a fantastic job, and we have determined the new product that will put us on top of the market. Are you ready for it? We are going to make [insert your favorite absurdity here, something like anti-gravity shoes]. You have one year to get it ready for market! We have every confidence in you."

Our sales and marketing professionals get just as discouraged when their great many hours of phone calls, surveys, customer interviews, statistical analyses, and process mapping are met with curmudgeon engineers' declarations that it can't be done. Where is that enthusiastic, inventive engineer with creative fecundity when we need him? We probably killed him with oppressive processes and decades of engineering the same thing over and over and over again.

Even when we do have design teams that can and will do these new innovations, we tend to build a list. Inevitably, the list grows faster than our ability to execute the projects on that list. Pretty soon, people stop feeding the list. It is both expensive and energy intensive to go out and find what customers are willing to buy that no one else already does. So, the list stagnates and by the time the design teams are developing the product ideas, the ones lingering on the list are no longer as innovative as they once were.

The successfully innovative businesses have conquered both challenges. They have

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development teams (the chicken) fueled by creativity and a drive to explore new ideas and possibilities, and they have product managers and marketing teams (the egg) skilled at regularly identifying what customers want. If we want to create an organization, or transform an organization, to be highly innovative, year after year, we must address the whole product development system from customer inquiry to product launch.

As we put together our annual plans and objectives for the coming year, and we try to figure out how to become more innovative, we must examine where our strengths and gaps are in the total system. If we have creative engineers but little method to make the most of their ideas, we must bolster our customer interface methods. If we have an input system generating ideas, but a product design and development system that isn't driven to execute the ideas, we must build up that part of the system.

The successful innovation environment is one where the business is skilled at identifying what customers want, and enthusiastically challenged to come up with another idea even better than the last, and that business also has a design and development team readily engaged in exploring ways to make the next great ideas feasible. When we have a team saying, "our customers want this," and a team answering, "we have several options for making these ideas possible," we have an innovative environment.

Take a good look at your own innovation agenda and methods. Find your weaknesses in either the chicken or the egg and address them both. Keep in mind that most innovation methods and consultants don't address the entire system. Look for all of the pieces you need, not just the ones others are selling. Address the whole system to achieve real results.

Stay wise, friends.

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