Turning Ideas into Income

Simon Jones

Innovation is widely considered to be the best approach for extracting maximum value from assets old and new. In the high-growth ICT sector, where markets are world-wide, barriers to entry are low, and there is always a small start-up waiting to take over, innovation may well be the best approach for long-term survival.
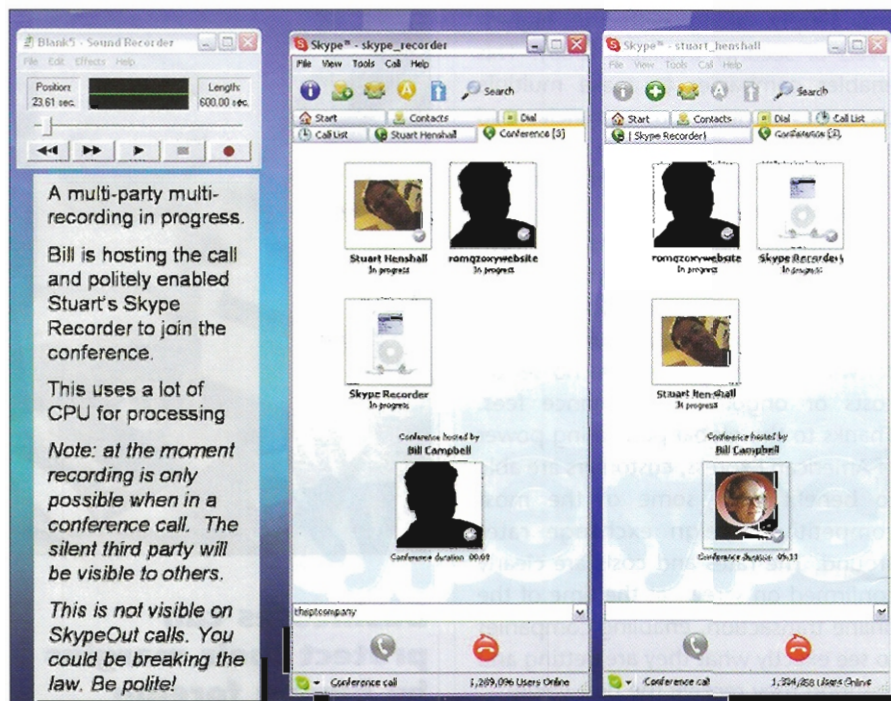
Why then have so many approaches to extracting wealth from innovation not succeeded; or after a glamorous launch have been reduced to minor developments? This article tries to identify some of the elements involved in making innovation work and some of the more common pitfalls.

Millenialist or Utopian?

People who write or speak about innovation are sometimes seen as Millenialist ('it's all going to change utterly') and/or Utopian ('all our problems will be solved'). Such techno-evangelism is neither accurate nor helpful. Let's nail this myth right now: Innovation takes you from one place to another quickly, but it is a regular journey, not a Star-Trek Transporter. You end up in a different place, but perhaps not always a better one (look at all the telcos struggling against voice-over IP start-ups such as Skype and Vonage).

The troublesome path from Idea to Income has three elements:

- Creating Innovation: Coming up with the ideas in the first place (easy)
- Managing Innovation: Connecting ideas to relevant business units and connecting the needs of the business unit to people tasked with innovating (hard)
- Deploying Innovation: Generating income and profit from the innovation, or achieving non-monetary measures

A multi-party multi-recording in progress.

Bill is hosting the call and politely enabled Stuart's Skype Recorder to join the conference.

This uses a lot of CPU for processing

Note: at the moment recording is only possible when in a conference call. The silent third party will be visible to others.

This is not visible on SkypeOut calls. You could be breaking the law. Be polite!

Skype's voice-over internet phone service is a powerful innovation

like Key Performance Indicators (harder still)

So what is innovation? There are many definitions, but one I find helpful is 'a new concept which takes you in a different direction to the way you are currently going or gets you to a desired goal on a quicker or more cost-effective route'.

How do you innovate then? Telling people 'Please be innovative' is as helpful and as effective as telling small children to go to sleep faster. They might try it with the best of intentions, but it rarely works and usually ends up with frustration on all sides. Fortunately creating innovation is not some magical event that you just hope for. Many people, given the right encouragement and support, can produce astonishing innovations.

Innovation comes from differences: people who do things in different ways,

have been educated 'unusually', or just whose heads are wired up differently - all are prime candidates for producing innovation. At MIT's Media Lab Europe we looked for people with a track-record in interdisciplinary work or who had studied one discipline but worked in another. However, the key people are those prepared to continually challenge and to adapt new ideas. Such people don't have to be the most senior or skilled to be the most innovative (but they are always a challenge to manage).

To create innovative ideas in your organisation, bring together four to six people of differing backgrounds, seniority and roles in your company. Try to maximise the differences between these people; then get them to meet informally off-site to break the ice. Brief them on issues (not problems or requirements) that face the company. Have a skilful facilitator to keep the

discussion moving and make sure everyone contributes.

Two or three of these meetings, each no longer than 90 minutes, will result in a large number of potentially exciting ideas. Prioritise these ideas into four or five premium ones which are exciting and address the important issues (don't lose the other ideas - you will find you come back to some of them).

Very quickly you have generated a host of good ideas. However, there are many more good ideas than successful ones. One reason for this is the management of the innovation process. Innovation management is the link between the spark of human creativity and the extraction of stakeholder value. Without effective innovation management, some good ideas will remain unexploited and the promise of new approaches will be viewed increasingly sceptically within the organisation.

The creation of innovation by definition produces unexpected assets for an organisation. Furthermore, the way in which that piece of innovation can deliver value is not yet clear. The process of innovation management is therefore bi-directional, connecting innovation to stakeholders and their requirements back to the innovators in a non-prescriptive manner (innovation by numbers rarely succeeds). Without this process, either unhelpful ideas emerge or good ones are left on the shelf because of lack of understanding and commitment.

Innovation management has three distinct elements:

- Managing the innovation group or centre. An essential element is enabling feedback from those who the innovation could benefit about their world and the issues they face.
- Owning the process whereby

innovation is assessed and connected to those who can make the most use of it.
- Acting as cheerleader and 'Innovator #1' for innovation in the company.

Having invested in creating and nurturing innovation, organisations will seek to extract value from this investment. Where there is a close match between an innovative idea and a company's existing operations, then deploying innovation is at its easiest - for change management is straightforward. Indeed, it is probably fair to say that the benefit a company can make out of innovation very strongly depends on its change management capability. Ideas are plentiful; the capability to deploy them is scarce.

Experience shows time and time again that active involvement of the original innovation team is essential. They should not, however, drive the exploitation task: better to leave it to a project team in which innovators have some minority involvement. It is rare for a good idea from one team to be accepted rapidly by another. Part of the key to deploying innovation is to judiciously support the transfer of ideas between the teams.

Maintaining a company-wide commitment to innovation is challenging. Unless results start coming through within a year (two years for the not-for-profit sector), disillusionment will set in, and the innovation project will be permanently on the back foot until success emerges - or it is closed down or absorbed elsewhere. The prudent innovation team may want to use a multi-tiered approach to deploying results, for the results of innovation need to address three distinct communities within a company:

- 'Stuff for Today' - making a difference to current operations: *Audience - Sales and Marketing*

- 'Stuff for Tomorrow' - taking you further and faster in a direction you are already going: *Audience - Product Development*
- 'Stuff for the Future' - where we should be three to five years from now: *Audience - CEO/VP Strategy.*

Because innovation offers the indistinct rather than the clear, the unexpected rather than the clearly understood and the long-term rather than the short-term, it operates in a very unforgiving corporate climate. Long-term commitment to innovation policy depends on all three of the above stakeholders feeling that their needs are being met.

Much more could be said about the fostering of innovation and its exploitation. The Ictinos web site (www.ictinos-innovation.com) contains a collection of articles and leaflets on 'Making Innovation Work' for downloading.

It's clear that, in the next few years, innovation will be an important element in any business strategy. Moreover, the absence of an effective innovation strategy may soon be as serious an omission as the absence of a quality system. You ignore an innovation strategy at your peril. It is far better to embrace it as a still evolving but workable approach for continuing profitability and growth. ∎

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