



# The Advisor

Organizational Effectiveness News & Trends

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## Unleashing Innovation for Growth & Market-Share



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ClearPath Alliance is a GPS for executives navigating change. We enable leaders to accelerate strategic initiatives for superior results.

How are you fostering innovation in your organization? Creating value and delivering new solutions to customers will define and drive success in 2011-2012. The challenge, and the opportunity, is to unleash your organization's innovation energy and break away from recession-induced cost-cutting. Read on to learn five essential actions to take now to drive top-line revenue growth and increase market-share.

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## Unleashing Innovation for Growth & Market-Share

### **Break-Through and Break Away:**

ClearPath Alliance has noticed an increased appetite for innovation over the last few months. Executives are ready to consider ideas that will fuel top-line revenue and grow market-share. Exclusively lowering operating expenses is no longer sufficient to satisfy shareholders. Nearly 90% of companies are unable to sustain above-average financial returns for more than a few years. There is an imperative for growth!

### **Two Tales of Innovation:**

Recent conversations with clients highlight several powerful insights about fostering innovation. One organization is a prominent global technology manufacturer and the other a well-known national retailer. Both have strong cultures, rich heritages, and are industry leaders. And, both are currently focused on innovation initiatives. However, their single biggest challenge is the same ... how to make innovation a part of the fabric of their companies.

### **Innovation vs. Invention:**

Innovation is about turning insights into income by commercializing an idea, and renewing or improving something that already exists (e.g., a product, service, or process). Examples include: cell

phones and Fed-Ex package delivery, to disruptive innovations such as digital cameras and iPads. This is different than invention,

Our customized approach facilitates innovation and effectively weaving it into the fabric of an organization.

which is introducing something better or new by turning cash into insights (e.g., scientific research funded by grants).

**An Innovation Playbook:**

Most organizations seem to have plenty of creative individuals. We see them at strategy off-sites and on organizational change teams. So, why is innovation so challenging? Our work with clients suggests it is because of misaligned organizational systems that constrain collective creativity in unintended and subtle ways.

For innovation to take hold and thrive, it must be viewed like other business functions. Namely, as a management process with its own unique set of tools, guidelines, and metrics. There need to be clear steps for generating, evaluating, and acting on new ideas and insights. The following five essential actions, if done together, can unleash innovation and enable revenue growth:

- 1) Create a innovation strategy - be deliberate & use stretch goals (BHAG's)
- 2) Allocate resources - be committed to strategy execution
- 3) Create a safe place - stop strangling new ideas
- 4) Change incentives - reward the process & behaviors vs. just outcomes
- 5) Engage senior leadership - calendar time reflects commitment

**Creating a Safe Place:**

Creating a safe environment for innovation is often the biggest barrier. At the global technology manufacturer, a skunk-works project team was formed and tasked with innovation. However, they spent 90 days focused on their competitor's superior product, rather than generating actionable ideas they could pursue to meet customer's under-served needs. Their organizational culture limited their thinking. The pay-off would have been greater had they interviewed customers to learn what functional job needed to get done, key concerns, and desired outcomes.

At the national retailer, a cross-functional team of key talent was formed. Surprisingly, it took considerable effort and encouragement just to get them comfortable brainstorming. The team generated many fresh ideas worth exploring. Then, at the very first toll-gate meeting, the company's senior executives reacted with comments like, "That's a stupid idea", and "Do you know how much that's gonna' cost us?!" The innovation team was immediately discouraged and became fearful about their careers. The team lost their nerve and stopped their out-of-the-box thinking.

**Summary:**

Innovation comes from combining information, imagination, and determination. It can enable top-line revenue growth and market-share if it is intentionally and thoughtfully nurtured. To effectively weave innovation into the fabric of an organization, it must be viewed as a management process with clear steps for generating, evaluating, and acting on new ideas and insights that add value for

customers.

Most importantly, leaders must demonstrate courage, be willing to let go of preconceived ideas, and remain open-minded. One secret to innovative companies such as Intel, 3M, and Apple are cultures that embrace and learn from failure while attempting to break new ground and out-pace the competition. Yes, innovation is challenging - yet worth it with the right success factors in place!

**Actions to Take Now!**

**ClearPath Alliance** has worked with numerous leaders in helping them more effectively drive and sustain innovation with improved outcomes. If you're thinking your company would benefit from an innovation assessment and customized action plan we can help. **A conversation or meeting is free** - and may be the next step you need to move forward in achieving break-through results for 2011-2012.

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