

What is Innovation?

A simple definition of my own coining is that, “ Innovation occurs when an idea, action or activity creates new markets or transforms the way business is done, thereby adding new VALUE.” Creating new (additional) Value is the center-point of ideation and innovation.

Many people mistakenly equate ideation and innovation with creative new ideas, products or services. This may be accurate, but it can also be antithetical of true innovation. Allow me to illustrate:

Some years ago, I was asked by a Vice President of Manufacturing to consult with a bio-tech company. The company had been founded some years earlier by a brilliant research scientist. The company grew and prospered until it employed several hundred people. Unfortunately, by this time, it had begun to stagnate. The company had outgrown the leadership and management capacities of the founder, who viewed the company as one large research lab where fellow scientists could ‘play’.

Over half of the company’s operating budget was allocated to research and development, not in itself a problem for a research and development driven company. However, each of the many Phd. project team leaders exercised exclusive control over their personal projects and budget, without accountability to the other business functions. Each decided, literally in a vacuum, which areas of research they would pursue.

Although the scientists enjoyed this freedom and achieved many spectacular discoveries, the problem with this approach surfaced when the time came to market these inventions. As marketing had never been consulted, they soon found that many of the new products lacked any significant markets. Furthermore, the Manufacturing V.P. arrived at the unhappy realization that where potential markets did exist, what had been produced in test tube quantities in the lab, often could not be readily or reliably replicated in production quantities and at costs resulting in competitive products.

In short, the scientists’ eye-popping ‘creations’ could not be commercialized. Rather than being dismayed, the scientists would simply move on to a new project, convinced that the ‘product failures’ were not their problem, but rather the fault of manufacturing, marketing and sales.

At the point I entered the picture, the company was staggering under the burden of a huge pipeline of costly new research, possessed rapidly expiring patents and virtually no new commercial products ready to go to market. Although the company was still flush with positive cash flow from the existing patents, the handwriting on the wall was clear - time was running out!

I have sometimes entertained the thought of making up a big sign with the word 'CREATIVITY' on it with a red circle and strikethrough. Not that I am against creativity, on the contrary, I am a dedicated proponent of developing a culture where creativity flourishes. However, the 'creativity' I encourage is 'focused creativity'.

Focused creativity feeds ideation and innovation. Random, unfocused creativity may have value as an art form, but cannot of itself produce high value, commercially viable business innovations.

In business, we are seeking to innovate in order to achieve added value. Thus, we must seek to encourage creativity and ideation that leads to commercialization, whether it be through new markets, products and services or innovations such as improved customer service, product design and line extensions, delivery and service, upgraded internal processes and systems or a host of other opportunities that add real value to what we do. This added value is the essential mark of successful Ideation and Innovation.

John Di Frances is a recognized authority on business Creativity, Ideation and Innovation. He is the Executive Director of the Red Door Innovation Center. He facilitates and consults for clients on Creativity, Ideation and Innovation both at the Red Door Innovation Center and at client sites. John is also a respected Motivational Keynote Ideation and Innovation Speaker addressing audiences globally.