

I am an idea factory!

the leader's guide

I wrote this book based on two observations:

1. Many good ideas already exist in organizations: they are in the minds of staff, suppliers and customers.
2. Few organizations have dedicated processes or systems to regularly harness and use those ideas.

I also noticed that there are already hundreds of books full of stories of heroic acts of innovation from companies and industries. I wanted to write a different kind of book, one that could help you be more innovative, because talking about something does not help you actually do it. This is particularly crucial for our service sectors. This book is revised and expanded from the original in 2001.

Professional Marketing magazine in the UK concluded its review of the original book with this insight perspective:

"It's hardly a serious review of the significant research or academic information about developing creativity and innovation; for those already versed in the topic, the book may appear superficial and repetitive. But for those encountering it for the first time and looking for pragmatic guidance, it will prove a relatively quick, painless and profitable read ... I couldn't help thinking that it would be better for our senior executives to read it—as it sells the need for creativity management and provides a way to allocate time and space to allow ordinary employees to drive the process."

This is a jargon-free book that talks of ideas, not “paradigm-shifting strategic initiatives” and other management clichés that add little insight and understanding.

This book is for you if ...

1. You want your teams to improve the way they solve problems and deal with change.
2. You want a strategy to help your staff develop new skills for more innovative thinking.
3. You want a practical way to focus on important challenges that need to be addressed.
4. You are prepared to dedicate time and resources to help grow your capacity to innovate.

creating business

growth

through **ideas**

and **innovation**

part one



1 new ideas from innovative thinking

You know a great idea when you see one. Your customers know a great idea when they see one. Your staff know a great idea when they see one. Exactly what is a great idea? How do you find a great idea?

How can you tell the difference between a good idea and a great idea?

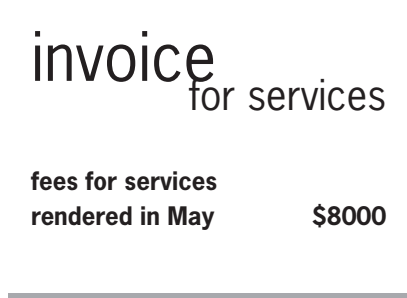
To describe a great idea is somewhat like talking about quality or love—you know when you feel it or see it but how do you measure it or define it? Rather than trying to be too specific, consider this definition. A good idea is simply one of the flashes of the obvious when we see something and say, “Why didn’t I think of that? It’s so obvious!”

Perhaps one of the most frustrating experiences in business happens when you recognise how easy it would have been to fix a problem had you thought of it. Similarly, how easy it would have been to create an opportunity had you noticed it sooner.

Most people have stories that fit into both categories. The most unfortunate stories involve a customer who took their business elsewhere when some small and trivial problem became too much for the customer to accept.

Sometimes market research can help a business to find these problems before it is too late. A research exercise for a large professional services firm uncovered a fact that was quite a surprise to the

senior partners. Most assumed that the quality of their advice was the critical factor in the relationship with the client. In fact, a significant issue was invoicing. Many of the invoices were simply worded,



These invoices were often mailed a month or two after the work was finished. The research found that clients assumed quality would be high. The problem that clients had was that they could not remember the work that occurred months ago.

The solution was simple. Add some explanation to the invoice (or add a short covering letter) to outline the project, the work that was done, and the value or benefit that had been provided to the client. In essence, turn the invoice into a management report. In this way the problem was solved before it become an issue. Clients want value for money. The same principle applies for auto repairs, office cleaning, or virtually any service. Customers or clients should always have the option to raise the issue of cost without feeling intimidated.

When you finally become aware of the situation and examine it, the problem starts to define itself. Finding a solution to a problem is fairly straightforward once you recognise that there is a problem. Once the problem is defined, you can look for options to fix it. As you then narrow down the options, based on costs, benefits or any other criteria, quite often the “ideal” solution starts to appear.

By narrowing down your focus, you can identify the key steps that you need to follow to solve the problem. With this in place, you can create that “to do” list of tasks necessary to fix the problem.

wow! that's a great idea!

A key to successful problem-solving for any organisation is understanding the role of decision-making in business. Decision-making is one of the most important skills for every manager in every organisation. Much of the creativity work is aimed at improving people's ability to make decisions on important issues by instilling a sense of discipline into the decision-making process. Creativity tools and techniques help to:

1. Better define the issue or challenge at hand.
2. Expand the search for options that could satisfy the issue or challenge (including the option of "doing nothing").
3. Enhance the potential benefits of each option.
4. Improve the selection process to find the most beneficial option while building consensus and conviction around the decision.

This sounds rather obvious. Your decisions have a tremendous impact on an organisation. Management writer and researcher Bernard Bass compiled an extensive review of research on decision-making in organisations and found a number of common factors across many industries and cultures. His findings have very little to say that is positive about the quality and ability of management to make decisions in the best long-term interests of the organisations that they work for. Some of the common findings are: we have a tendency to focus on problems, pay attention to the boss, take the easy route, and fall in line with the status quo. This hardly supports innovative thinking.

Pick a handful of decisions and see how many of these observations you can find in your own decisions.

In general, decision-makers in organisations:

- Are slower to react to opportunities than to the alarm bells of problems.
- Pay more attention to superiors than to subordinates.
- Often pick the first alternative that minimally meets the standards of acceptability.
- Make decisions that tend to support other people within the organisation.

How did you rate yourself? The first conclusion is perhaps one of the most troublesome for business. We are reactive to problems but not proactive in getting something right the first time.

Creativity in business in context

Innovation programs and the use of ideas seem like modern concepts but let's put them in historical context. Recognising that decision-making in business is less than optimum is certainly not new.

In 1938, Alex Osborn introduced a process to help teams of people in his advertising agency to use their “brain to storm” through a problem. He later published a highly successful book called *Applied Imagination* on this process. (Reprinted by the Creative Education Foundation.)

{ definition }

Creativity – reflects the processes that result in generating something “new” or original or unique.

Innovation – is the process of generating something new and viable that adds “value” to an individual, organisation or society.

Consider a broader definition of innovation to include two aspects of all organizations:

Tangible Innovation – this reflects the business of our businesses. The business of the business is what you sell to customers or other stakeholders. The traditional focus for innovation is new product development with a subset being technology. There is now growing awareness of the need for greater service innovations in terms of packaging new services.

Intangible Innovation – people working together effectively to deliver the business of the business. How you work together needs to be as innovative as the products and services you want to deliver to customers. Focus on creating new ways of management “thinking” to foster more innovative results in human resources, operations, marketing, accounting, and so on to make your organizations more effective.

The original purposes of brainstorming were:

- To improve the quality of decision-making in group meetings by getting people to contribute their ideas.
- To improve communication within the teams of people.

Osborn saw that too much time was wasted in meetings that produced few new ideas. This original definition is as relevant today as

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it was then. In time he modified his model for brainstorming to focus on three phases: fact finding, idea finding and solution finding.

I discovered the value of revisiting the ideas of original thinkers on creativity after reading *Applied Imagination* by Alex Osborn. The first 287 pages help you apply your imagination in more structured ways. He suggests we have two types of imagination:

- Our creative mind visualizes, foresees and generates ideas.
- Our judicial mind analyzes, compares and chooses.

Osborn then suggests that if you can't solve a problem by applying your own imagination, you can involve other people in the process. He added 20 pages to help you engage other people in solving the problem by harnessing their "*brains to storm a creative problem—and do(ing) so in commando fashion, with each stormer audaciously attacking the same objective!*" The term "brainstorming" was coined from this process. I found it insightful that Osborn noted how we start the problem-solving process on our own. He assumed that people need to develop their skills for applying their imagination in more structured ways to solve problems. As such, you would not brainstorm with those who have not had some training in techniques for solving problems and managing ideas.

Osborn did provide several well-quoted guidelines to help people effectively harness the brains of a group to storm through a problem:

1. Quantity of ideas is more important than quality—at first!
2. Don't judge ideas until all are raised.
3. Word your ideas in a positive and enthusiastic way.
4. Record and save ideas. Some will be gems.

Osborn's key insights can be summed up in two lessons:

1. Learn to harness your imagination in more structured ways to solve a problem.
2. If you need more resources, harness the brains of those around you to solve the problem.

They say that great ideas are timeless. This was definitely the case with Osborn's thinking on problem solving and creativity. His focus was to improve the quality of decisions that were conceived in the advertising agency he created. Yet, he concluded his book with a chapter on the importance of new ideas to solve the challenges of all

aspects of society. With remarkable wisdom, he ended with this thought: “*We need new ideas to win wars. We need even more and better new ideas to win peace.*”

How profound. This message is still crucial 50 years later as we try to solve the global conflicts of the new century.

Improving manufacturing by improving the thinking

About the same time, the American government realised it had to improve its industrial capacity to supply the war effort. To achieve this goal, a national consulting service was set up to work with industry to improve its effectiveness in delivering the many products needed to supply American soldiers overseas. This was greatly complicated when America entered the war and many of its skilled employees enlisted. This loss of skilled management and labour created a tremendous pressure on the many factories across the country—a pressure that proved too great for many organisations.

The consulting approach was soon abandoned. It was not able to deliver systematic results across the country. It would have been impossible for a small army of consultants to work with thousands of companies that needed to enhance their effectiveness. This led to the investigation of the potential for a national training program to work with the people in those businesses.

A program called “Training Within Industries” was created to maximise America’s production. It was a train-the-trainer program designed to train a set of managers whose skills would cascade across the company, and eventually the country. It was this multiplier effect that was missing with the traditional consulting approach.

“Training Within Industries” focused on three areas and targeted supervisors and management, who were seen as the major inhibitors of productivity. The three areas were:

- **Job Instruction Training**, which taught supervisors the importance of proper training for the workforce and how to provide the training.
- **Job Methods Training**, which taught how to generate and implement ideas for continuous improvement.

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- **Job Relations Training**, which taught leadership and human relations.

The structure for this program was very powerful and is as relevant today as it was 60 years ago. It could be the latest theory on managing knowledge workers. Why do we not recognise the value of these more subjective areas in today's business schools? An underlying theme throughout the program is that every employee is capable of finding new and better ways to do their job. The program also emphasised that employees should never stop thinking about improvements that can be made.

In the reviews of the "Training Within Industries" program some impressive results were discovered. These included:

- 86 per cent of companies reported an increase in production of at least 25 per cent.
- 100 per cent of the companies reported that training time had decreased by 25 per cent.
- 86 per cent of the companies reported labour hours reduced by 25 per cent.
- 55 per cent of the companies reported that scrap was reduced by 25 per cent.
- 100 per cent of the companies reported that grievances had been reduced by at least 25 per cent.

In his review of the program, Alan Robinson, author of *Corporate Creativity*, (published by Berrett-Koehler, ISBN: 1576750493) quoted this paragraph from a letter sent by a company president who had been involved with "Training Within Industries".

"Under no circumstances do I want you to make public my name or that of my company. While I want you to know what this program has done for us, still I must not have it known to some of my stockholders who would immediately ask, 'What have you, Mr President, been doing all these years to overlook such a possible reduction in expenses which would have meant increased dividends to us?'"

“Training Within Industries” was built on the premise that we recognise the importance of leaders in business who can lead by maximising the contribution of employees. They provide people with the skills they need, recognise the value of the ideas employees contribute to the success of the organisation, and provide the direction and understanding necessary to lead a diverse group of people.

After the war, these principles were not forgotten. The biggest threat to America at the time was seen to be a devastated Japan. The industrial output of Japan fell to 10 per cent of its pre-war days. The threat to America was that Japan would look to Communism as the way to rebuild the country. To ensure that this would not happen, the Americans thought it would be useful to train the new managers as Japan had lost much of its pre-war workforce. The model of “Training Within Industries” was exported to Japan and over the next 25 years, vast numbers of Japanese managers were trained to deliver these principles within their organisations. As a result, thousands of companies and millions of employees learned how to find and manage ideas that led to improvements.

Building your capacity to innovate starts with basic skills

By definition, creativity involves finding new insights and ideas. The vast majority of new ideas come from insights generated by people in pursuit of everyday challenges. Group processes are used when individual effort is not enough to satisfy a challenge (or in cases when a deliberate attempt is made to generate new ideas).

It’s obvious that everyone has a basic ability to solve problems, as this is what all humans must do each day to survive and thrive. There are many recommendations for helping people do this—ranging from basic training such as Edward de Bono’s brilliant techniques in *Six Thinking Hats*, useful for any team, to extremely sophisticated tools such as TRIZ, the Russian acronym for the Theory of Inventive Problem Solving (www.aitriz.org).

The value of learning problem-solving skills is the simple fact that they can prompt people to think in new ways to create ideas they would not normally conceive. After a simple explanation of the

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Six Thinking Hats to a class of Grade 10 students, I asked them what they saw as the value of creative thinking techniques. One girl said, “It helps you have ideas outside of your own opinion.” Her insight is something all executives need to appreciate.

We exist in a knowledge economy and every economy has its currency. I believe that ideas are the new currency for the knowledge economy. The most value or profit will always be created by the best ideas that are applied to benefit customers, staff and other stakeholders.

With this in mind, it makes sense to help people in organizations develop their creative abilities to solve problems effectively. As with everything, there are many recommendations offered by a multitude of books and advisors to build the capacity to create. Yet, this leads to an interesting paradox. From my research and experience, two concepts seem to be confused and need clarification to become useful to help people in our organizations: the difference between the skills for innovative thinking and the words we use to describe innovative thinkers in action.

Some books talk about the qualities and attributes of innovative thinkers:

- Ready to challenge the status quo
- Enthusiastic and passionate
- Curious and inquisitive
- Visionary in making connections that others miss
- Willing to experiment, fail and learn from the experience
- Constantly seeking new stimuli
- Limiting criticism of their own ideas
- Flexible and adaptive
- Reflective
- Perceptive of patterns and systems
- Seeing both the “big” picture and the details
- Tolerant of ambiguity
- Committed to learning and knowledge
- Ability to balance intuition and analysis
- Collaborative yet individual thinkers
- Persevering and diligent

These behaviours, qualities and attitudes are necessary for innovative thinking. They reflect the inner motivations of people to

create. To use Alex Osborn's terms, these are the attributes of those who apply their imaginations to solve problems effectively.

Wanting people to behave more "creatively" by encouraging these behaviours tends to lead to recommendations such as "creating an organizational climate open to new ideas." Yet, this ignores the question: how do we enhance the skills of people to make them more effective?

This challenge was tackled by the Singapore Prime Minister's Office when it was looking for a practical way to grow the innovative capacity of its public sector. The need was clear: the more effective people were in the day-to-day working of the government, the more effective would be its ability to solve the many challenges of society. The solution was to define a core set of basic innovative thinking skills and then provide training programs that focused on each skill.

The approach is no different for a sports team. When players start out, they need to learn the basics of the sport. They begin with individual skills such as ball handling, running, catching and so on. These must be practiced over and over again until players gain mastery of the skills. Even one of the greatest golfers of all time, Tiger Woods, credits his success to his continual practice of basic golf shots. In team sports, all players need to master individual skills and positional skills; only then can they learn how to work together as a team to achieve success. When we see an athlete or a team win an Olympic gold medal, we are seeing the results of years of basic training, practice and experience.

In Singapore, major efforts were undertaken to develop a framework of skills. Competencies comprise insights, skills and experiences that can be gained through directed training and learning activities. Skills can be learned, refined and enhanced when used on a daily basis. The framework involves the following:

1. Ability to generate new ideas

- Defining a problem or challenge
- Searching options for a solution
- Using "tools" to "brainstorm" stronger and more sophisticated options
- Being able to refine and reduce options to recommend a solution

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2. Ability to develop ideas

- Understanding the need to manage ideas through stages of development
- Using a process to generate enhancements to an idea

3. Ability to judge ideas

- Understanding that ideas are not equal and they need to be judged/evaluated/measured
- Judging through intuition and use of “tools” to distinguish between ideas (for example, which one is better?) and to evaluate the wholeness of an idea (for example, is this a good idea or a great idea?)
- Using models to enhance personal insights for judging the value of ideas

4. Ability to communicate new ideas

- Recognizing that the presentation of an idea is as important as the original idea
- Being able to explain an idea—to convert something conceptual into something meaningful that other people will understand
- Defining the value of an idea and presenting it to earn the commitment of others

5. Ability to translate ideas into actions

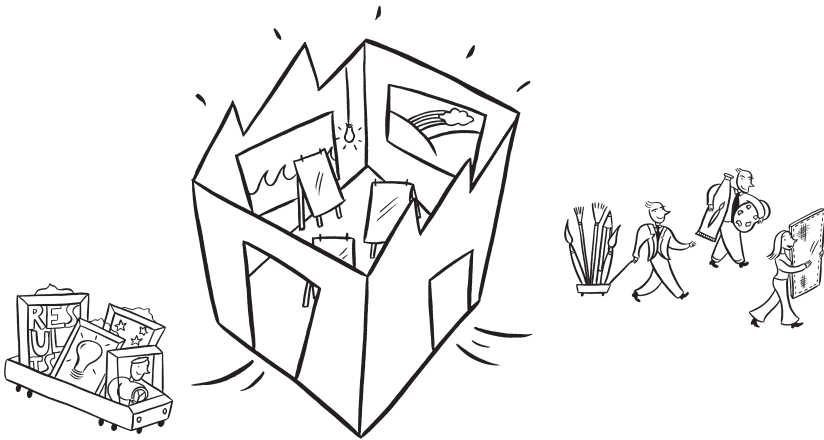
- Being able to translate a workable idea into a series of stages, phases or steps
- Comprehension of planning and distinguishing between goals, strategies and actions

Once people gain new skills and experience in using those skills in everyday ways, there are further competencies for management and leadership related to the need to nurture and support people.

Each of these skills has been expanded to a full page as an appendix to this book. You can copy these pages and use them for your learning and internal training programs.

The idea for creating a factory to find ideas

We are generally good at solving problems when we want to solve them. There are many books and training programs written on this topic that can help you understand the process of solving problems. We are far less skilled at developing the opportunities that we face. Why? Opportunities are almost the reverse of a problem. They are harder to identify. They tend to have many options. As such, it is harder to focus on an opportunity. It is hard to research an opportunity. People have a very hard time of giving you comments on something that does not yet exist.



Imagine spending a lot of money to develop glue only to find that it barely sticks to paper. For most of us, such a situation is one of those problems that you want to sweep under the carpet. For 3M, it led to the idea of Post It Notes. It went on to become a multi-million dollar idea. Have you ever considered how many other companies may have developed similar ineffective glue and wrote off the investment as a failure? Or have you ever considered how a company could have put in place a process to come up with new ideas that could have led to the opportunity for Post It Notes and the need for a glue that barely sticks?

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Every one of us has torn up bits of paper to use as bookmarks. We have all folded a page to help us find our way back to that spot. However, none of us came up with the Post It Note, and yet it is so blatantly obvious!

The Idea Factory came out of direct experience with many organisations in North America, Australia and New Zealand. They were a mixture of entrepreneurial not-for-profit organisations, very staid professional service organisations, and for-profit businesses that make you wonder how they survive in business. Some were small while others had thousands of employees. The degree of interest in innovative thinking and new ideas had little to do with size, profit motive, complexity or structure. It was more to do with attitude. You can summarise much management research on leadership, training and organisation development and suggest that businesses fall into one of two categories:

1. Those that welcome new creative ideas, learn from them, are not scared of the changes that new ideas may require, and are led by people who are not threatened by those who find new or better ways to do things.
2. Those that do not welcome ideas or new ways of thinking about the organisation.

As an ideas person, experiencing a product, an event or a service has often made me wonder, "If they only added this option, it would be so much better!" Other ideas people find that it is better to hide their ability within the corporate world as they quickly learn that people with ideas are often thought of as being troublemakers, complainers or too ambitious. The reaction they meet is, "What's wrong with the way we do it? It's worked for us in the past! If you don't like the way we do it..."

With that, ideas people learn to ignore the creative spark and settle down to a life of frustration in a mediocre organisation. In reality, many managers who have uttered such creativity-killer criticisms actually meant, "I'm the boss. It's my job to think. I can't have someone else, particularly a junior, make me look bad!"

There are books written on the creativity-killer lines in business. How many of these do you recognise?

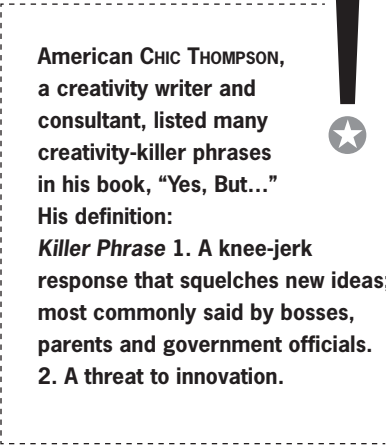
- We've tried that before!
- It'll never work.
- There's no budget for anything new.
- It'll be more trouble than it's worth.
- We've always done it this way.

The list could go on for pages. Ultimately, many ideas people develop stories, which go this way: "I thought of that last year, months before our competitors came out with the same thing. If only they had listened to me."

A study in New Zealand looked at the most critical issues hindering innovation in business. These results are certainly not limited to any one country. How many do you recognise from your organisation? The key factors hindering innovation were found to be:

- Creative people are squashed or controlled.
- The incentives for "champions" are low.
- The emphasis for compensation is short term.
- Top management takes a short-term perspective.
- Mergers rather than innovation drive growth strategies.
- A strong influence of accountants and lawyers who try to control companies.
- There is a high personal risk of failure for innovative people.
- There are limited incentives for "intrapreneurs" (those inside an organisation).
- Centralised decision-making often does not allow for variation.
- Management's reluctance to invest in real training.

As a test of your business, ask your staff to comment on these findings. Their responses may surprise you.



American CHIC THOMPSON, a creativity writer and consultant, listed many creativity-killer phrases in his book, "Yes, But..."

His definition:

Killer Phrase 1. A knee-jerk response that squelches new ideas; most commonly said by bosses, parents and government officials.

2. A threat to innovation.

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The concept of the Idea Factory

The Idea Factory does not have walls or any other fixed assets. The only cost may be coffee and sandwiches to fuel the people involved with generating ideas.

The Idea Factory is a series of processes and tools designed to generate a continuous source of new ideas. If this sounds appealing, then you are set to tackle the competition and prepare for the future. If you think it is wasted management time, start looking for a new career. You may not be in business in 2010. Though forecasts vary tremendously, the vast majority of today's companies will not operate under their existing structures in 10 years time. This reality is vastly more complicated by the Internet. The ability to link customers locally or globally can produce new business ideas and revenue sources that were not even imaginable a decade ago.

Here's what the Idea Factory system is:

The Idea Factory is a business innovation strategy stressing **ideas and knowledge** as a competitive edge. It is based on two observations:

1. Many "good" business ideas already exist in the minds of staff, suppliers or customers but they remain buried. At best, managers don't ask staff or customers for ideas. At worst, the corporate culture kills any innovative streaks the staff may have had within weeks of joining the company.
2. Few businesses use a system to access the knowledge that exists within the organisation or to enhance it further. In some cases, good ideas happen despite the "system" rather than because of it.

The Idea Factory is a system for developing ideas and results (not just training) and building them into your day-to-day plans. As with any factory, there are certain requirements. For example:

- You need raw materials such as a challenge to focus on, a commitment to the process, time, creative energy, background information and personal preparation.
- You need to "process" the raw materials in ways that add value to the organisation. This is your machinery for brainstorming from new or different perspectives, which often leads to new insights and ideas.

- You need to ship a result out the door to get a value and ultimately business growth. For example, you develop an action plan, start a new service or improve customer service in specific ways.

As with any factory, it can be used as needed. You can do it by yourself, with a small team of staff or in combination with some outsiders to get that special perspective.

The Idea Factory is a step-by-step process to teach business how to find ideas and develop these into profitable results. The process can focus on a challenge to:

- Develop business opportunities.
- Solve business problems.
- Manage issues critical for your future success.

Many companies already undertake some form of idea factory within their business. Whatever we call it, a well-conceived “idea” strategy will always help a company to achieve better results, for one simple reason. If you harness the creative energy of people—from secretaries and night watchmen to the CEO and customers—and focus them on specific challenges, a mix of intuition and experience combines to produce good ideas. Someone may have a “part” idea. Someone else adds another concept before a third adds the final piece to the puzzle. Suddenly a fourth looks at the overall situation and sees the total idea—the solution to the challenge.

Though it seems mysterious, it’s how good ideas happen. Sometimes brainstorming workshops go nowhere until someone sees something, which then triggers the entire group. For the next hour ideas can fly through the room. Many of these ideas will have dollar signs attached to them. Those who regularly work with the tools of creativity and innovation will have seen many big ideas worth a lot of money being created.

The consulting firm PriceWaterhouseCoopers found a powerful link between innovative thinking and profits when it studied the factors that help UK-based organisations innovate. It later surveyed 800 companies in various countries. The message the survey delivered was simple yet sophisticated.

According to the author of the survey Trevor Davis, the biggest surprise was that “there was such a close relationship between innovation and financial performance. We found that those major

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companies that were generating more than 80 per cent turnover from new products and services at least doubled their market capitalisation over a five year period". The 300 companies studied were large multinationals, part of the Times 1000, including Gerber Foods, IBM, Johnson & Johnson, Nike, The Post Office, Bayer and Shell Research.

To translate the survey findings into insights, the conclusions from this study on the long-term profitability of a business are:

- **The only way to do better than a competitor is by doing something noticeably different.**
- **The ability to innovate, learn and change is the hallmark of lasting corporate success.**

The survey looked at the factors that hinder or enhance the capability for innovation. It looked at factors relating to an organisation's ability to implement new ideas. Much of the focus was on launching new products and services but the research found a strong correlation between those companies that continually commercialise new ideas and the ability to also focus ideas on internal systems and processes. The very top companies apply new ideas anywhere and anytime, be it to conceptualise new products or to enhance internal processes.

It also dealt with some myths, such as that certain industries are more innovative than others. Some people mistakenly think that technology and innovation are linked. They may be. Innovation may be technologically driven. R&D may be driven by technology but what drives the scientists to be inquisitive, curious and creative so they find new, unique or original solutions to challenges? These are people management issues.

PriceWaterhouseCoopers found that top performers could turn over their whole product and service portfolio every five years and innovate broadly across the entire business. How do they achieve this?

The most innovative businesses make innovation a priority at board level, releasing risk capital whenever and wherever it is needed to support bold ideas. They continually examine where they should focus innovation efforts for maximum benefit and are passionate about what they do and how they do it.

The survey reveals the 10 characteristics that separate the highest performers from the lowest, with trust as the number one differen-

tiator. These 10 factors are grouped together as three underlying capabilities. Each is worth noting:

1. Idea management processes

These high performers focus on developing critical underlying capabilities that underpin their success and distance them from the competition. The top 20 per cent in the survey turn their ideas into action via well-defined idea management processes which:

- Seek ideas and knowledge widely from customers, suppliers, employees, other industries and competitors.
- Allow ideas and knowledge captured to be shared, stored in user-friendly form and made freely accessible.
- Actively encourage diversity of viewpoint, talent and expertise.
- Delay the premature evaluation of new ideas by giving managers considerable discretion to pursue ideas without subjecting them to a formal appraisal.

2. Shaping a creative climate

The most innovative companies bring their idea management processes to life by creating a climate that encourages ideas to flow freely through the business by:

- Developing and promoting people who share a common set of values and using both values and competence as criteria for appraisals.
- Using carefully designed reward and recognition systems to reinforce management behaviour that encourages innovation.
- Training managers to support as well as challenge and to coach rather than direct so that they create a climate more favourable to innovation.

3. Balancing leadership and delegation

An effective balance between leaders and followers is crucial to sustaining an innovative working environment. For the highest performers this means:

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- Defining which decisions can be taken unilaterally and which must be based on consensus, so that the social contract between leaders and followers is made explicit.
- Recognising and rewarding people who take the lead in encouraging others to challenge current ways of working by, for example, sponsoring and protecting mavericks.
- Employing human resource processes, which, by recognising that leadership roles are often separate from management positions, selectively promote role models at all levels of the organisation.

PriceWaterhouseCoopers' important global review of innovation concluded with the powerful realisation that, "Successful growth will come from those businesses that harness all of their people in the elusive pursuit of future market needs. We are leaving behind a period in which new ideas were associated exclusively with individuals (like a corporate Einstein), or specialist functional departments such as R&D or Marketing. Now we recognise the importance of involving all levels of management and employees in business innovation.

"The poor performers were in effect like portfolio managers putting all their money into one company called R&D and praying that a single big idea would come through. The successful performers were spreading their bets across a much wider range of companies called brand, process, shop floor, office workers, distribution and others, as well as R&D, to produce results. In the opposite of what would be expected, where risk brings rewards, it was the high risk takers who were under-performing and the ones adopting a more conservative, inclusive approach who gained benefits.

"In high performing companies, innovation has become a corporate-wide habit, where anyone can come forward with an idea and expect to be at least considered seriously. In certain industries, the flow of fresh thinking is encouraged by its structure. Employees in these sectors are seen less as permanent staff and more as freelancers contracted to complete specific projects. Once they have done so, they move to solve new problems with new employees."

To focus on managing ideas and creating a climate open to new ideas almost seems at odds to the focus of so many business schools and management text books. In company after company, the most

profitable were those that managed the “soft issues” as they are often referred to; the people issues and the skills that people have to create value. Yet we rarely teach these valuable skills.

Starting the process to harness ideas

Though it has few costs, the Idea Factory and all innovation processes must be fuelled with these resources.

Energy and enthusiasm are necessary to sell the concept of an “idea factory” to your organisation. When you are trying to introduce something new, nothing is more contagious than energy and enthusiasm. However, staff and managers may be cynical about any new program. Too many fads have come and gone.

Time is the key raw material. People must have time to think, ask questions, and talk to customers or others important to the issue. Years ago, a university professor gave me some valuable advice when he suggested that the biggest challenge you have is getting time to put your feet up on the desk to think about the things you did that day (more on this later).

Honesty and integrity are necessary to share company information. Hiding information hinders participation. All staff, from the newest recruit to the longest-serving employee, will see through any short-term attempt to take advantage of their ideas. Respect and reward are part of the integral process.

Executive and organisational commitment is necessary to convince everyone that innovative thinking by everyone is important to the organisation’s survival and growth.

With the fundamentals in place, you will be guaranteed a return. At minimum, the organisation will be stronger because it can harness its knowledge, experience and expertise. At best, you will find more million-dollar ideas than you can possibly deal with.

Focus on results

Critical to the overall process is defining what you want to achieve from your Idea Factory.

Further practical experience can be gained by attending formal workshops that are driven to create a particular strategy or build a

wow! that's a great idea!

new type of service. These introduce some key concepts and challenge traditional perspectives; you can even arrange some team-building to lubricate the process.

The Idea Factory should only be used when you have defined a “challenge”. Consider this to be the first result—a well-defined statement is easy to understand. For example, a customer service challenge could be worded:

Our company is getting a growing number of complaints from customers telling us that they have problems installing our product. Our challenge is to learn why customers have this perception, why the problem(s) exist and what process and steps we will undertake to satisfy our customers' concerns.

Commit yourself to writing down the problem in terms of specific words and actions. Often this process alone will help you to solve the problem.

The purpose of the challenge statement is to focus everyone involved on the results. The challenge is a one- or two-sentence summary of what you want to achieve. It should outline your understanding of the problem or the potential opportunity or need. The focus on results is critical for two key reasons:

1. A positive result will easily justify the investment in terms of cost of time and resources that are used.
2. A challenge that ends with a good result will be very satisfying for those involved. Success is very motivating. People will feel that the process is worthwhile.

At all times, focus on achieving the result that was set for the session (eg get a key strategy in place along with the key actions necessary to make it work). If you achieve your results, the by-products of the Idea Factory will be fun, team-building and training.

Not every idea session will end with a million-dollar idea. Sometimes you have to recognise other types of important results.

To start with, a good result will be to have your team believe that the Idea Factory is worthwhile and worthy of their contribution. Once people become comfortable with the process, results will be more defined and specific. Ultimately, you will find ideas that save you money, ideas that make you money and ideas that protect the long-term value of your business.

Even bad ideas are good

While I completed my MBA at the University of Otago in New Zealand, an opportunity arose to work with New Zealand Post. The postal business was in a state of flux as the former government department had been restructured into a State Owned Enterprise (a business model in which the organisation is expected to show a profit with the government being the sole shareholder).

The project involved a study to conceptualise new ways to deliver mail to the business sector. People in the marketing department, who were busy developing plans to market the numerous postal services, always seemed to be too busy to look at a new concept.

On the last day of the project, the only person left to approach was Elmar Toime then the general manager of marketing. His office was on the executive floor. I thought, rather hopefully, that he could spare five minutes to review the concept. He did listen for five minutes, and he said to continue. Ninety minutes later the meeting ended with an assignment to produce a report on the idea.

Overall he did not think it was practical to implement the idea but he was intrigued and wanted to spend more time with it. What he said always remains with me as a key indicator of the leadership necessary for an innovative culture. He said, “I wish more people would come to me with ideas, even bad ideas, because it means people are thinking.”

Several years later, New Zealand Post was awarded the title of Company of the Year by a national business publication and Elmar Toime, by then the chief executive, was selected as the CEO of the Year. After a particularly profitable year, New Zealand Post lowered the cost of all domestic mail by 12 per cent. New Zealand Post has a formal system of studying trends and issues important to its busi-

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ness in the future. It keeps an eye on the impact of technology and change on its markets and services.

Looking back at our meeting, I recognised the value of his comments. If he had used a creativity-killer line like “It will never work”, I would have left frustrated and very reluctant to invest my time in thinking up new ideas. His support spoke volumes for his belief in the value of new ideas. His leadership was more important than any formal programs the organisation could create.

To find innovative ideas takes people with the right tools and perspectives. More importantly, it takes the right environment that allows people to think and contribute, and it takes leaders who are prepared to “walk the talk”. After all, the best ideas are already inside most companies. We need to create the systems and processes to find, nurture and act on them.

Your job title? Every organization needs an *innovationalist*

Businesses were once organized with a simple model of manufacturing to sell to a market. Since then our business models have evolved to focus more on expertise in hiring and retaining employees. A personnel function grew into today's strategic human resource function. Advertising also started with a basic job function to create product announcements where potential customers could see them. This advertising function evolved into a very sophisticated marketing and branding expertise.

All along, companies talked of hiring people with the right skills and attitude to help them innovate. The problem is that this did not happen for most businesses.

I once listened to David Suzuki, the scientist and environmentalist, talk about the challenges facing our society. He said what had to be said: our current way of living is not sustainable. He said this knowing that he might be criticized by those who have a vested interest in the status quo.

It occurred to me that the world of ideas needs people like Suzuki. We need people to become *innovationalists*. We need people with the conviction and courage to say what needs to be said knowing

that they may be criticized. What is long overdue is a specialist who takes the key concepts of innovation and makes them meaningful to people. The innovationalist can learn a great deal from the environmentalist:

Communication is crucial: Attempts to innovate often fail due to a limited understanding of what it means at a personal level. I recently interviewed a woman at a company whose lobby is filled with signs stating, “Innovation is our future.” I ask, “What does this mean to you in your job?” She had no idea.

Be a role model: People learn by watching others in action. I worked for a law firm in which senior partners mentor new staff by having them sit in their offices to watch and listen. The same could be applied in the pursuit of innovative future leaders.

Everyone is part of the solution: Every organization has two functions in creating a profitable business. Both functions need to be innovative:

1. *The business of the business:* Innovative solutions are needed for designing services or products that customers will want to buy at prices that allow a profitable future.
2. *The business of managing people to effectively deliver services and products:* Other people provide the support and infrastructure necessary for success.

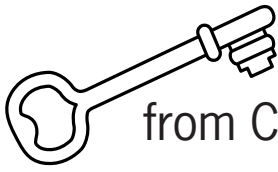
What needs to be said in your organization?

While the role of an *innovationalist* is not new, it is rare. A job description would include leading problem-solving sessions, coaching people to help generate more effective solutions, providing strategies to improve the efficiency and effectiveness of the business, and saying what needs to be said. Here are some ideas that an *innovationalist* might adopt in deciding what needs to be said in an organization:

1. **Question everything to explore ideas:** Some people will judge you negatively for questioning everything. Some people will see little need to change.

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2. **Notice mediocrity:** Be resistant to indifference, status quo and apathy.
3. **Encourage courageousness:** It takes courage to solve problems in new ways. Encourage staff at all levels to focus on both the alarm bells of problems and new initiatives to make systems, processes and services more effective.
4. **Highlight myths:** Do not accept excuses for the status quo. Managing to maintain the status quo fails to fulfill the potential of people and the resources of an organization.
5. **Focus on ideas, not stereotypes:** No sector, organization or job has a monopoly on creativity. Any thought that a traditional job such as accounting cannot be creative is wrong. Accountants do not need to be artists, yet they do need to solve problems effectively and make good decisions. This is idea creativity. The same applies to executives and the mailroom staff. Also, do not be sidetracked with discussions on private sector versus public sector, right wing versus left wing, and so on. These are meaningless distinctions to the innovationalists. What counts is whether they deliver innovative products and services to their customers.



Insights

from Chapter One

- ★ Creativity helps us to make better decisions in business.
- ★ Ideas, no matter how small, that lead to innovative solutions are the seeds of business growth and success.
- ★ Learning to manage ideas and creating a climate open to new thinking is crucial for any organisation to grow and develop.
- ★ Most of the best ideas already exist within a business but few businesses have systems or processes to find, nurture and execute new ideas when and where they are needed.
- ★ The Idea Factory approach provides the insights and tools to allow you to focus your thinking on finding new ideas wherever they are needed.

Convert these insights into **action** for your organisation.

What great ideas can you apply right away?

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What questions come to mind that you need to answer?

Which thoughts, quotes or statements are worth repeating to others?

“

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a

“a” is for action. What actions will you take as a result of this chapter?