

Who Develops Innovative Ideas? Everybody!

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“Our people are our greatest assets!” Is this just another cliché management uses to create window dressing for the stakeholders? Or do they mean it and if so, in what sense? If it is used as window dressing then businesses are truly underestimating the power the “regular” employee brings to the table when it comes to creating new competitive advantage initiatives. If it isn’t, then has management efficiently harnessed that power? Let’s explore!

Competitive advantages are, for example, the services, products, tasks, activities, etc. that enhance value to companies, their customers and their customers’ customers. This value comes in all forms and from all people in the company. For example, people who design and develop products (solutions to their customers’ problems) provide very visible value to their customers. But the person who improves, for example, product packaging in order to keep overall product costs down provides the “invisible” value. Just as the product provides a competitive advantage, so does the less costly packaging. The point is that competitive advantage comes from all points in the “value chain” (the collective set of business processes that result in company value). And the ideas for these advantages can come from anybody in the company.

“Anybody” is the operative word. It refers to all the employees of a company, those individuals who perform the tasks and activities that gather requirements about customer’s needs (understanding value), create the value, and deliver the value. It is these individuals who best know the tasks, activities and the results they produce. Who could be better at developing new ideas or improvements that result in increased competitive advantage? No one comes to mind! Why? Because innovation requires intuition and insight which comes with experience. What are the possible reasons these new ideas and improvements are not created? Missing skills, processes and tools!

But first, let’s look at what could be the blocking factor in using the “power” of the individual job performer. Management! As surprising as it might seem, there is a small number of managers who may feel threatened by the individual contributor who comes up with new ideas and improvements because “that’s their (management’s) job!” Usually, the manager was promoted to management because they became proficient at how the job should function. They feel they should be capable of identifying job function improvements and changes and they should be coaching their charges on how to implement them. They may even feel less secure about their position because those who work for them may know more about the job than they do.

In order to fully utilize the innovation power of the job performer, management has to, basically, do two things:

- Encourage (even develop performance goals for) employees to learn as much as possible about the job they perform. They should learn about the “supplier” functions that act as input to their activities and the “internal customer” (could be the external customer) functions that receive the results of their efforts.
- Hire people that already know more about the job function or industry than they do. Hire people who are “smarter” than they are, those individuals who, for example, can develop and articulate a vision of the future (business/job operations) more ably than those who do the hiring. In order to introduce “new thinking”, hire people from closely related but different industries, maybe even non-related different industries.

This doesn’t mean that management shouldn’t participate in the development of new competitive advantage ideas and improvements. They should (they are also part of the “anybody” group). But they should remember that their primary job is to efficiently maximize the value contribution their group produces and to influence the value produced by neighboring organizations. If they maximize the number of people in their and other organizations who can develop new and innovative ideas to create

competitive advantage, then they won't have to worry about who's "smarter" or who knows more. Their group will be effectively producing value, which can't do anything but enhance their position with the company and the customer.

Earlier it was mentioned that innovation requires insight and intuition, which comes with experience. Experience alone won't do the trick. It may be the catalyst to generate ideas but it may not be enough to get the idea implemented. Therefore, individuals also need to learn *how* to innovate which is getting the idea into shape for practical, effective, and efficient deployment. Innovation comes from applying experience to discussions and interaction individuals have with other organization members, management, members of neighboring organizations, and customers. It comes from attending seminars, training courses, expositions, and "surfing the net." Innovation requires that individuals, for example, learn how to listen, conduct experiments and tests, brainstorm, and explore customer needs.

By learning how to listen, individuals will be more capable to acquire the right information needed for new ideas to germinate. Information like: new technology advances, what the competition is doing, corporate strategies and direction, operation problems, and customer issues.

Employees need to learn how to conduct experiments, that is try out new ideas and identify what works and what doesn't. They need to experience failed tests since failure leads to success. It's considered successful not to implement unworkable ideas, to find out as early as possible why they won't work, or to eliminate the unworkable features. Innovators need to learn to "suspend assumptions" about the relative worth of their ideas so they can fully explore how the concept produces value.

Brainstorming is the process of generating and validating ideas. It requires participating individuals to clearly state the new idea in terms of requirements and results then to re-state the idea in as many different ways as possible. The participants need to learn to "suspend judgement" about any of the generated ideas until they are fully explored. It's a skill essential to successful idea generators as they realize the importance of engaging other (inter and intra) group members in validating, defining, and implementing any new initiatives.

Learning how to explore customer (internal or external) needs/problems/requirements is, without question, the primary skill that generates new ideas for competitive advantage initiatives. This skill consists of listening (again), questions to ask, questions not to ask (let your customer's shortcomings be resolved with a product or service solution, not the question), what to look for, what to ignore, and learning to recognize what the customer doesn't see or know about their business that could lead to future products and services.

Now, skills require practice. If a company wants their employees to produce new value based initiatives then management needs to let the work force practice innovation skills. Practice requires time and that's usually the commodity that companies are short of. Also, management needs to do more than encourage their people. They need to actively support the innovation process by developing processes and tools that enables efficient implementation.

The process that most effectively enables the "listening" skill is one that fosters communication about the company's mission, strategies and customers. The company mission should be clear enough so that each individual can relate their job to the mission's results. It's even more important that company strategies be clearly communicated to all since they will be developing the tactics to implement the strategies. The development of new and improved tactics often leads to new competitive advantages. New, improved tactics are a product of a clear understanding of how each individual's job fits into the successful implementation of the strategy. Management should make sure that the connection between job and strategy is clear. Nothing motivates an employee more than knowing that their job is essential to the success of the company. Nothing motivates a person to innovate more than knowing that new ideas create company success, as well as their own.

Getting information about the company's customers should be easy. Information, for example, about who they are, their problems, their customers, their future needs, and their business strategies should be made available to all members of the company. If all work force members understand the customer's profile then that maximizes the chances that an innovation that produces value for the company will also,

produce value for the customer. Remember the re-packaging innovation? If it saves the company and the customer product costs but doesn't fit the customer's ease of use criteria then the value is lost to both.

Tools, such as the Intranet, are useful in deploying the processes developed to support innovation. It allows easy access to the information outlined above. It also allows easy access to other tools needed for innovation analysis, such as spreadsheets that compile competitive analysis and market analysis, so everyone is using a standard and up-to-date set.

What's the bottom line? Don't expect organizations to become innovative without involving the entire work force. Don't expect a few good ideas to carry the company into an extremely competitive global economy. Expect that lots of ideas are needed from each and every point in the "value chain" in order to develop lots of small, innovative competitive advantage initiatives. All these ideas have to come from those who know the jobs the best. Management should make sure that they have the skills, processes, and tools that foster efficient innovation. For it's constant, across the board, innovation that ensures a company's long-term success.

Lessons learned.

1. "Our innovative work force is our greatest asset."
2. Innovation requires certain skills in addition to experience. Management should make sure the work force is trained in those skills.
3. Innovation doesn't occur without up-to-date information, conveyed to the entire work force, about customers, company and market.
4. Management is the chief enabler for getting innovative ideas from all members of the work force.
5. Support any innovation process with subordinate processes and tools to make it efficient.

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