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INSIDE BUSINESS

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How Much Innovation Can You Take?

So you find yourself thinking, “Here comes another business fad,” referring to the proliferation of books and articles on the “new” topic of innovation. And if you actually invest the time for even a casual reading of many of these books and articles, you are likely to be more confused than before you started. How can I swim to “Blue Oceans” of innovative opportunity while simultaneously finding the formula to get to that magical “Tipping Point?” You don’t just want to be good – you want to be great! How do you get from *Good* to *Great* anyway, and who ultimately determines greatness? Do I really have to understand the *Innovator’s Dilemma* before I get to know about the *Innovator’s Solution*?

“Aaargh!” you shout. Innovation is destined to become the next late buzzword and passé business trend.

But wait! If the world really is becoming flat and manufacturing and services continue to shift offshore, what are we left with, and how will we win in the new global economy? The discipline of innovation is multi-faceted and requires you to either think hard and develop good strategy or risk being left behind.

A key to understanding any complicated topic is to start with a solid framework that facilitates new understanding. This is especially true regarding innovation. To build this framework, start by considering what you do, how you do it and who it is that values what you do. Successful innovation will always bring about improvement in at least one of these areas.

Three Drivers of Innovation

Successful innovation occurs when an organization figures out how to deliver new value to the market. A careful study of market reaction reveals three primary drivers of innovation – product/service (what you do), process (how you do it) and market (who benefits from the value you provide).

Product/Service Driven Innovation

What is it about your products or services that makes them valuable? To whom is your value most attractive? How do your competitors attempt to provide similar value? What possible products/services could be substituted to provide equal or greater value less expensively or more conveniently? Study the source of value that your products and/or services offer to the market. You must identify these attributes through careful and factual scrutiny. Only then can you logically consider how to improve the value delivered and improve your competitive advantage.

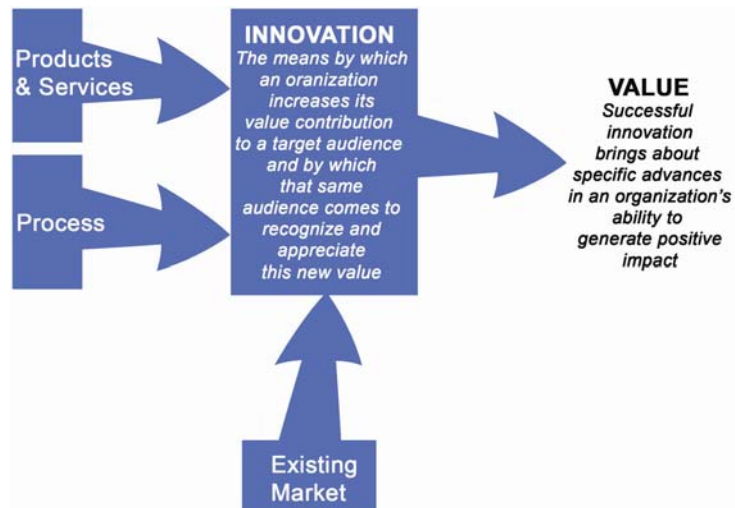
Process Driven Innovation

Examine your business process – even if you have done so in the past. Be sure to evaluate it from the perspective of your customer. Markets shift, procedures change and your customers remain loyal only to their own desires. Your process must keep up with these changes. Saying that your business process is on par with most of your competitors is not good enough because your competitors are not the ones contributing to your revenue. Make it a regular discipline to consider the efficiency and effectiveness of your business process from your customer’s perspective.

Market Driven Innovation

Finally, be sure to understand your market. Study your customers, group them by segments, and identify non-customers who are attractive to your organization. In each segment, identify where gaps exist between customer expectation and customer satisfaction. A thoughtful analysis of these gaps can provide keen insights into areas where you can add/increase

value as well as areas where you should decrease/eliminate costs that do not add value. If the idea of eliminating something seems contrary to innovation, remember the market (customers) ultimately determines value. If your product/service or process provides a wonderful benefit that your customers do not value – it is time to rethink your approach.



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