



Be Ready For Enterprise Innovation

Innovation for most companies is the source and lifeblood of continuing profitable operations. Yet many companies are not prepared or even ready to manage their innovation. If your company is not ready for innovation you will be passed over by the customer for another organization that will serve them best. So let's be ready to serve customers and be ready to innovate our enterprise.

Innovation Impact

We have seen innovation impact and change entire industries. Some very obvious observation is in the transportation industry. From horse carriages to canal boats to steam trains to automobiles to airplanes. We have seen companies rise and fall like the C&O Canal Boat Building Company. The canal boats from 1827-1861 in North America were the main source of transportation for much of mid-America. When the railroads, the new innovation, came through the valleys canal usage fell significantly and boat builders, including the C&O Canal Boat Building Company, went out of business. If the organization was ready for innovation, they could have shifted to another part of the shipping industry like steamboats.

Innovation can change customer delivery methods like in the case of Blockbuster Video. They did not consider the impact of the internet based delivery system. But Netflix did. Leveraging the internet to streamline the delivery method of content with either DVD's and eventually direct content streaming basically changed the industry. While Netflix was developing this new method Blockbuster continued to build brick and mortar stores. Because Blockbuster waited too long to adapt to the internet and most of their capital was leveraged to build stores, they could not catch up. The result is Blockbuster is virtually gone.

Even the cell phone giant Nokia did not understand product innovation. Nokia once was the leader in cell phones. In fact, during 1996-1998 the Finish based company was the most purchased cell phone in the world. Then the innovation of the interactive touch full-screen cell phone was developed also known as the "smartphone". Nokia failed to realize the impact of smartphones like iPhone and Android-based devices. They tried to develop their own operating system for smartphones but had too many software problems and were just too late. Nokia eventually sold to Microsoft. Leaving

the once largest cell phone producer in the world to basically a lost brand and made insignificant in the cell phone market.

Be ready to innovate. Do not end up as a statistic and just another report of leadership failing to understand the impact of innovation. Whether it is products, services or your core business operation, your company will be able to keep pace with its industry and maintain its brand in every changing market environment. There are low capital investments that can be done in your organization to engage and understand the innovation that will be most impactful including core business innovation.

Traditional Methods Are Ineffective

Traditional methods to embrace innovation do not work because they are too slow. Many organizations react to the latest innovation based on perceived merit. Companies form groups or committees to investigate separate or specific innovation. Other companies will hire non-informed consultants that do not have the expertise to evaluate the latest innovation to your specific core business model. Typically, consulting firms are in the same position as the organization that hired them, trying to catch up while spending resources from their clients.

By forming these groups as a reaction to innovation means that these organizations are starting from ground zero. No expertise, no background and in some cases no understanding of the impact to the organization. It is all reactive. This reaction will create shortcuts and a cursory perspective will be considered instead of serious thought and debate of each innovation. The result will be a less than optimal, either the opportunity will be missed or even worse initiating projects that will fail and waste valuable capital.

Enterprise Innovation Readiness Model

Many companies do not consider innovation until it becomes critical and then it might be too late. Each company must embrace innovation otherwise, the demise of the company will be either an exit from the industry or complete dissolution.

The new enterprise innovation readiness model will embrace four major areas. For an organization to have innovation readiness these four areas must be developed and consistently maintained. It is paramount that these areas are active in an organization to fully understand and embrace innovation impact and then be in a readiness state when and if the innovation is designated as necessary and ensure implementation success.

These areas are as follows:

- The organization's Core Business Model, operations, and enablement
- Customer / Industry Trends - innovations that are industry-current
- Innovations / Technology – evolving trends and impact on Operation Model
- Responsive Delivery Methods – Rapid implementation leveraged operation

Core Business Model and Operation is defined as why does a company exist to serve its customers and how does it operate in a profitable way. This includes company operations and current enablement. Current enablement is what technology and resources are being used for enablement. Also what part of the operation is considered with the innovation evaluation.

Customer and Industry Trends. Your organization needs to understand the changing environment for your customer. Customer and industry trends are required to understand what customer ideas and needs for that will impact your product. An example is if a customer has a need to access your services from a mobile device then that is also a consideration for enablement.

Understand Technology Innovation. Not just capabilities but the usage and impact of your company and your core business model. The main consideration is business operation, process enablement and customer experience impact with the understanding of real benefit for each new innovation.

Responsive Delivery Methods. A standard delivery method for production is not adequate for innovation. Most innovation requires full circle repetitive testing. Also prototyping with mock mini production operations are necessary to understand in a controlled environment the impact to your organization's operation. I have seen far too many times an innovation not fully vetted to an operation just to see the negative impact that requires the organization to repeal the innovation. Also is the structure impact. Meaning the innovation might be great but the transition might be difficult or not attainable with the current structure. The degree of transformation impact is evaluated with each proposed innovation.

The Innovation Environment

The most successful practice is to develop a complete innovation environment built separately from the standard delivery process. This includes all the production enablement's in a controlled environment plus allows the specific testing and innovation requirements. It is also the innovation laboratory to make sure any purchased technology will connect to the enterprise with controlling the impact of the entire organization.

The largest barrier to innovation in an organization is the organization itself. Actually realizing these groups will require developing expertise and skills necessary to test and implement the innovation. Cost is also a barrier. It is a constant battle to obtain a budget for an R&D group. This barrier is overcome by leveraging each major area in existing projects and structure groups such as Enterprise Architecture and the Program Management Office group.

Build the group based on your organization's needs to respond. Fully understanding what your customer needs and how your organization does that in a profitable way. When that is understood then build a smaller version of your production environment in a lab environment. Staff the group with people that have skills to build quickly for both functional and technical capabilities. Then develop a process method that can quickly examine the most important aspects of each innovation to your organization. In this way, you can quickly eliminate the "flash in the pan" innovation from the ones that will be most impactful.

Then lastly, understand the culture impacts on your organization. That aspect is one that can quickly sink any idea before it even gets into your innovation lab. You need to understand what is your organization's current propensity toward innovation. This is all about culture in your organization. If your culture is adverse towards innovation or sizable alteration than any large change will be resisted regardless if your core business model is in jeopardy. Believe it or not, companies have folded because the culture resists a major innovation. You can find more about innovation culture and enterprise innovation acuity in the Insight Paper "Innovation Reformation".

Recap

Being reactive to innovation will have consequences including lost capital and even organizational dissolution. Your company needs to innovate and needs to take advantage of innovation that impacts your organization as cost effectively as possible. To do this your organization needs to build a process that is responsive to innovation based on methods that will further your organization's core business model. This new method will build an innovation environment that will represent both production and the innovation that will be required. Also, resources that are skilled in business and technology will need to be leveraged to make sure the innovation is accurate and core business functional. Then you will be ready for any innovation and further your organization performance and serve your customers profitably.