

Perfision Consulting

CONTINUOUS INNOVATION

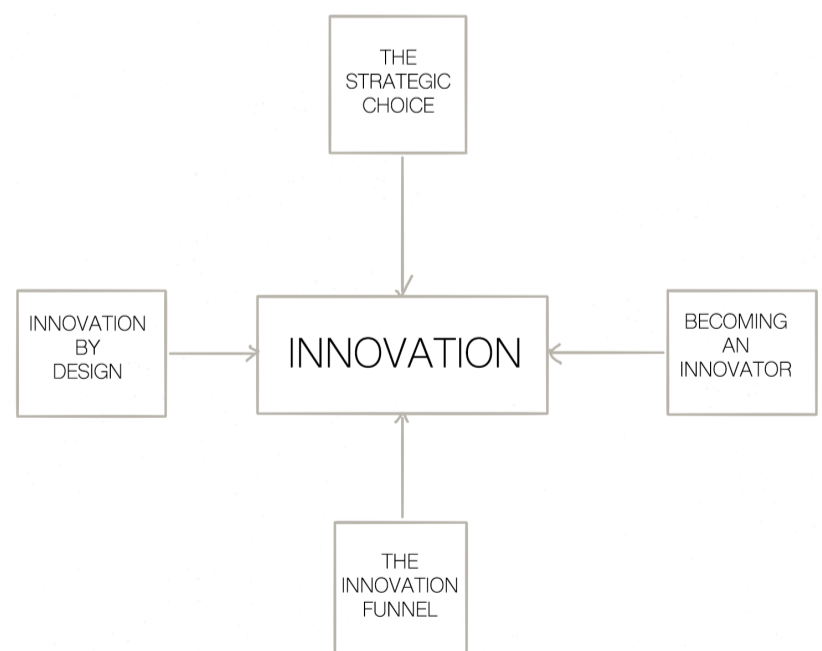


INTRODUCTION

Innovation is seen by many as an important value adding element to their business. It's often associated with product development and technology. Technology is indeed a critical source of innovation and it's often driven by it, but we would like to uncouple innovation from technology in order to improve our understanding of what separates companies that are able to innovate in a sustained fashion and those that struggle to keep up. We've often seen examples of companies that were technologically superior to others and yet failed to compete successfully in the market. A sign that technology is not enough to win.

In order to understand innovation in a non-technical sense, we've focused on the spirit of innovation. We've found 4 core areas which are important sources of innovation:

1. Developing a unique offering - *the strategic choice*
2. Develop an effective innovation process - *the innovation funnel*
3. Creating a workspace for innovators to thrive - *innovation by design*
4. Embedding an innovation mindset in individuals - *becoming an innovator*





Developing a unique offering

THE STRATEGIC CHOICE

The uniqueness of a company's offering is a key indication for the level of innovation in its strategic choice. Developing such an offering requires the desire to innovate,

being different to the competition and a flexible route-to-vision.

LEADERSHIP MUST HAVE THE DESIRE TO INNOVATE

Whether it's the leadership team of a large company or a small business owner, a clear desire by the top is needed to go for innovation. As leaders, they are uniquely positioned to deeply embed innovation in the fundamental elements of a company's strategic framework: its vision and mission, its strategies, its business pillars, and its enablers. Leaders can use this to crystalize their intent to go for innovation as a key strategic deliverable. However, it is what the leaders say and how they behave in the day-to-day encounters with their people that determine the position of

innovation in their hearts and minds. This approach encourages mindsets, behaviors and processes that lead to the sustained delivery of innovation.

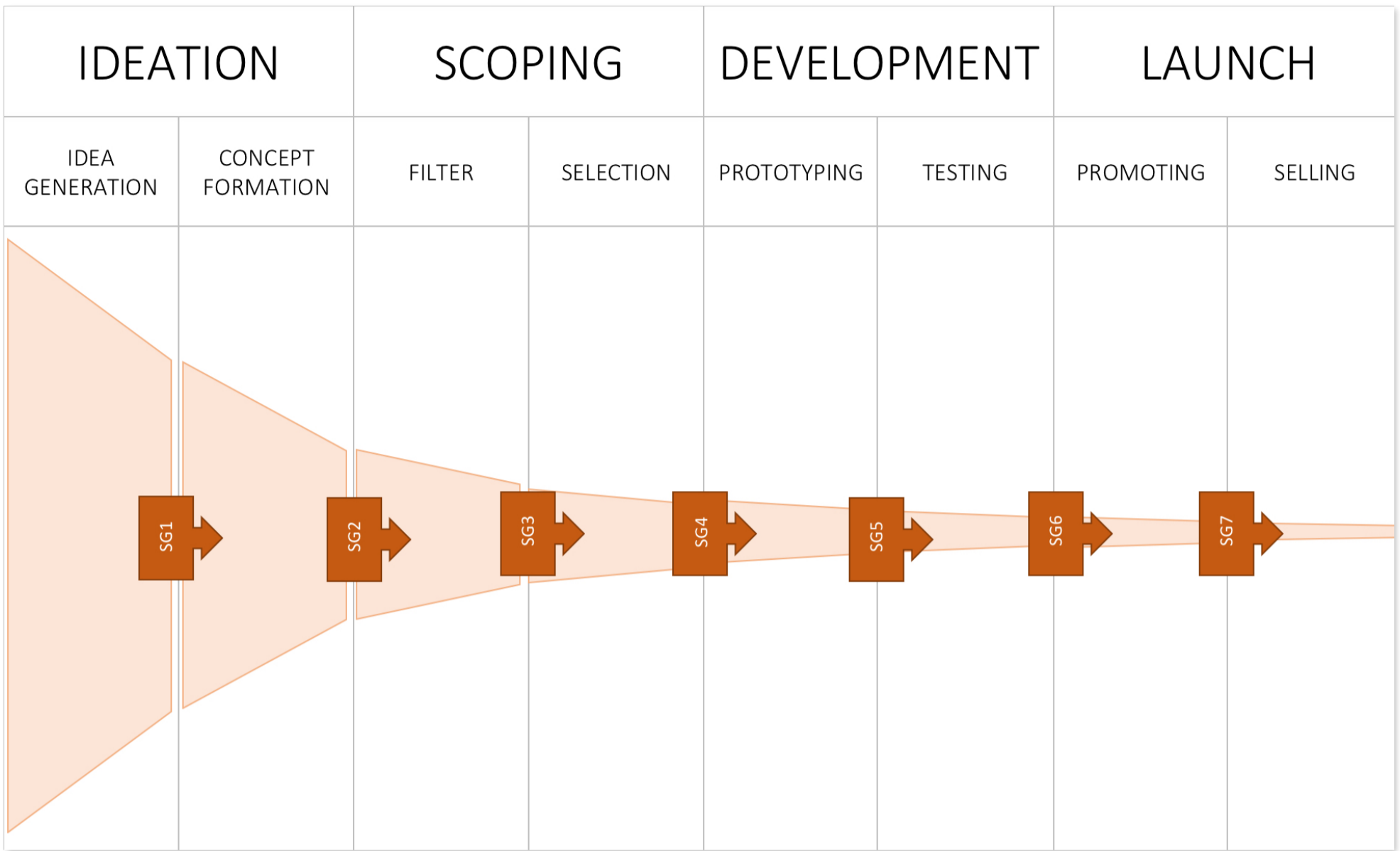
BEAT THE COMPETITION BY INNOVATING

In order to be innovative in a way that puts your organization in a league of its own, your best option is to become different by doing things in ways that no one else is able to. This is about fundamentally changing your offering to the customer and not competing based on your competitor's strengths. Another option is to improve current processes through discovering best practices across industries. Even though this is an effective way of gaining competitive advantage, it is still possible for other companies to copy it. In contrast, being different catches other companies off guard and makes it less easy for them to respond to what your doing in order to protect their market position.

FLEXIBLE ROUTE-TO-VISION

The criteria and assumptions upon which we base our decisions to commit to a particular vision and accompanying long term plan often change. This is one of those moments when leaders need to make a decision with important consequences for the company and its employees: Stick to your strategies or change them. In such a position, leaders face an apparent paradox between, on the

one hand, a reluctance to let go of a well developed vision and plan to which people have invested much of their time and effort, and on the other hand, disappointing these by letting go of the current strategies in order to protect the company from pursuing a failing direction. When the changes to the criteria and assumptions are significant, the strategies need to change. The impact of the changes on the strategies' success might require total replacement, adjustment or finding new options. The key is not to give up on the vision, but instead to take responsibility and find other routes to deliver it. This implies innovation.



Choosing ideas to launch winning products

THE INNOVATION FUNNEL

The success of a business can often be tied to its ability to develop products and services that are distinctive, fresh and generate customer demand. Using the

right structured process to deliver innovation is an effective way for companies to ensure sustainable business results and longevity. This process is often depicted as a funnel where you start with many ideas or concepts, and by applying filters at key decision moments, end up with a handful of innovative products or services that are ready to launch.

MAKING THE FUNNEL WORK

We have found that any good funnel will do the job. Where the difference is made is in being sharp and staying true to the criteria which will be used to filter the product and service ideas as they move through it. It's important to filter out as many ideas in the early stages in order to reduce complexity and avoid wasted effort

and assets later in the process where the costs are higher. In addition, filtering out ideas should happen on the basis of their relevance to customer demand, market competitiveness and size of the prize. The effectiveness of the filtering process is determined by the decision making during stage gate (SG) meetings and how fit-for-purpose the criteria used is.

DEMAND DRIVEN

The funnel needs to be demand driven, meaning that it's customer centric and based on market insights. The outcome we are looking for is that the company delivers products and services that are desired by its customers and are competitive in relation to other offerings in the market. By keeping the customer central to our business focus we ensure that the output of our funnel will foster sales growth. On the other hand, by finding criteria that advances our competitiveness our funnel will increase market share.

STRATEGIC ALIGNMENT

Products that are launched need to contribute to the company vision and ambition. The innovation funnel can do this by aligning the stage gate criteria to the strategies. Customer centricity means that the criteria needs to focus on the customer segments that we are targeting. Market competitiveness refers to our market positioning with respect to our strategic competitors.

STAGE GATE MEETINGS

An innovative company needs to carry out a series of structured decision moments that assess and judge whether the ideas, concepts, and prototypes that are being developed meet the criteria to move to the next phase. The innovation process goes through several stage gates that allows the right products to move through the funnel and be launched.

INNOVATION COMMITTEES

Some companies form innovation committees and develop a committee charter that describes the composition of the committee, their function, their duties, responsibilities, and decision making authority. The committee meets regularly to evaluate and provide advice on the progress and pursuit of innovation and innovative offerings. It provides guidance in terms of the strategic alignment of this pursuit, sheds light on new trends and global developments that are relevant to the company's innovation goals, and keeps an overview of the commercial aspect of innovation. Additionally, the innovation committee often reports to the board of the company, providing the link between a company's strategic direction, pursuit of innovation, and key stakeholders. They are also responsible for determining the need for stage gate operational committees and putting them in place. In small to medium size companies the innovation committee will carry out the duties of the stage gate roles.



Creating a workspace for innovators to thrive

INNOVATION BY DESIGN

Most companies are lucky enough to have people that are creative and inventive. However, we tend to drain the energy of these people by not allowing them to pursue their urge to generate and think of new ideas. We struggle to cope with the flood of unfocused emotional creativity. In

the name of efficiency and results, we channel and structure their efforts to ensure short-term productivity. The innovative spirit may slowly fizzle out.

NURTURE COLLABORATION

Good ideas often come from individual deep thinking and reflection, but they can benefit by people coming together focused on achieving a desired outcome. When people have different points of view and try to find a third option it tends to generate creativity. A few pointers that could make the collaboration more effective are:

- Ensure the people that come together want to achieve a common goal.

- The participants need to have a work process.
- People need to leave their ego outside the room.
- Ideas are valued on their contribution to the outcome and how different they are.
- You might not have a solution after one meeting. Leave space for the right idea to emerge.

COMMON UNDERSTANDING ON THE RULES OF THE GAME AND WHAT ROLES PEOPLE PLAY

People need to understand the rules of the game and what role they and others play. This allows people to focus, organize themselves and come together at crucial moments when relevant to their areas of responsibility. The rules shouldn't be over-structured or too strict to the point that they impede people from making choices on how they can maximize their value.

FOCUS ON DOING THE BUSINESS

If your desire to innovate leads to a bias towards choosing new offerings even when they generate significantly less business than existing ones, this sub-optimizes your business. This is not being innovative, it's just poor business. Instead, the goal of an innovative business is to generate new offerings that surpass the old ones in business value.

PROVIDE DEGREES OF FREEDOM TO ACT

Empowering people to choose how to deliver the responsibilities of their role determines the level of innovation in the outcome. Leaving the "how" open, gives them ownership of the issue and the opportunity to create how they will deliver it. When collaborating with others they need to also have the freedom to determine deadlines and the number of iterations they need to reach an acceptable outcome for innovation. Setting such an empowering behavioral context should become one of the prime objectives of those that have people reporting to them.



*Embedding an innovation mindset in
individuals*

BECOMING AN INNOVATOR

Innovation is often viewed through the lens of what it produces: products, services, technologies or processes that are innovative. The outcomes are important, but it is crucial to not ignore that people are who drive innovation. They are the ones that create new products and

services, develop new technologies, and engineer new processes. There are certain elements that distinguish people that are able to innovate from those that copy those innovations or continue doing things the traditional way. These are both personal traits and conditions present in their work environment. Our goal should not be to hire proven innovators, but to develop the mindsets of every individual for innovation to happen. Here are the ones we think are crucial for any business.

STEAL THE MOMENT

People need to have the space to “steal the moment” without asking for permission. It’s crucial that people are on the lookout for windows of opportunity when these present themselves, since it’s

easy to miss them. Unfortunately, people that spot such opportunities are not always in a position to take advantage of them, often due to behavioral and group norms established in the company, and lack of support to take advantage of them. For example, it might be unclear to them whether they are allowed to take a decision and decide to play it safe and not act. Furthermore, if they haven't seen their leaders encourage and support people to steal the moment or haven't understood that it is not only accepted, but it's actually what the company expects, they will fail to act on it.

EXPLORING A NEW WAY OF WORKING

Leaders need to address in the company direction the desire and strategic choice to go for innovation, and provide clarity in terms of the implications for people's work and way of working. *How will we as individuals, teams, and departments work differently to accomplish our goal to innovate?* The extent to which leaders are able to bring people on board with the strategic direction and support them in exploring the role that they can play towards achieving it while removing resistance, determines in large part the company's ability to innovate.

AIM FOR INNOVATION EFFECTIVENESS, NOT EFFICIENCY

The mindset of individuals that focus on efficiency will most likely kill innovation. The noble pursuit of efficiency should be subjective to innovation being guaranteed. From this perspective, efficiency becomes a secondary priority. Innovation effectiveness requires that sufficient time for reflexion and discussion is available, and that mistakes and the generation of non-usable ideas and products are allowed and expected. People in the company see these as necessary inputs for successful innovation.

FOSTER CURIOSITY

The nature of innovation implies something new or something different. If we think we know something already we don't tend to look for alternatives. *"If you think you know something, apply curiosity"*.

BE INVENTIVE

You can't be inventive by doing what others have done before. Applying tried-and-proven methods will reduce your risk but won't get you breakthrough outcomes. When you don't know something, you might be tempted to seek how others have done it, but always reserve your choice until you've done the deep thinking and reflexion of your own. *"When you don't know something, don't settle for tried-and-tested methods - be inventive"*.

PERFISION CONSULTING

Perfision was founded on the concept of magnifying impact by supporting companies to achieve better *PER*formance through *vi*SION driven approaches. We believe in improving tried and tested methodologies as well as in bringing new innovation to the organizations we work with, thus ensuring that we are practical in our approach by going for what works. In addition, we explore new mindsets and behaviors that will enable individuals and teams to deliver more impact.



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