

# Innovate the Way You Innovate

By Stephen Shaprio

**In today's fast-paced business environment, the ability to innovate is not enough. You need to innovate efficiently, quickly, and with less risk. Tradition innovation methods, such as asking employees or customers for ideas, have proven to be a bad idea. Instead of "thinking outside the box" you want to define a better box. This article describes a five-step process that will help you accelerate the way you innovate. You will learn how to ask the right question, the right way, to the right people, in the right way, while implementing through experimentation.**

**O**n April 20, 2010, the Deepwater Horizon oilrig exploded spewing 180 million gallons of crude oil into the Gulf Coast of the United States. After several failed attempts to stop the flow of oil, the Deepwater Horizon Unified Command turned to a technique used by many organizations when looking to innovate: crowd-sourcing. They established a website where concerned citizens could submit ideas on how to stop the flow of oil. It is reported that they received nearly 123,000 submissions. On the surface, this might sound like a huge success. People were clearly engaged. But out of all of these ideas, only a dozen or so were deemed as having *any* value. This means that 99.99 percent were duds. The amount of energy required to submit and process this many bad ideas is massive.

A major UK bank tried a similar approach, asking their employees for

suggestions on how to improve the business. Although they received several thousand ideas, none were implemented, and the entire innovation team was sacked. A well-known software company used the same strategy, hoping for different results. After receiving over 10,000 ideas yet only implementing two, the program was shut down.

I could give you dozens of other innovation programs that suffered the same fate.

These examples lend credence to Einstein's perspective when he reputedly professed, "If I had an hour to save the world, I would spend 59 minutes defining the problem and one minute finding solutions." From my experience, most organizations are running around spending 60 minutes working on things that don't matter.

Your organization is probably drowning in ideas, suggestions, and opinions. Although there might be some nuggets of value, it takes a lot of panning to find the gold. Instead of focusing on *ideas*, get everyone focused on finding *solutions* to important challenges.

How can you do this effectively?

Following five simple steps will instill a pervasive innovation mindset that zeros in on finding solutions to what matters most while reducing the risk of implementation:

- Ask the right question,
- The right way,
- To the right people,
- In the right way, and
- Implement through experimentation.

Let's explore each step.



## 1. Ask the right question

The first step in driving a culture of innovation is to make sure you're working on challenges of strategic importance. Don't innovate everywhere. Instead, innovate where you differentiate. That is, focus your energies on those capabilities that set you apart from the competition and make a difference to your customers. Progressive, an American insurance company, differentiated themselves by using mobile vans to issue claims checks at the site of an accident. This service was distinct from their competition and sated a clear customer need in a time-savvy way.

Unfortunately, to identify needs, most companies rely too heavily on surveys, focus groups, and statistics, which are often misleading and incomplete. To discover latent and unarticulated needs, you must leave the four walls of your organization and observe. For example, Whirlpool identified the need for pedestals by observing a woman who propped her dryer on cinder blocks to make loading and unloading easier. A drug-store learned how difficult it was to open their prescription bottles when they saw a woman using a hacksaw to cut one open. And a textbook publisher watched teachers lug heavy books from class to class, identifying the need for segmented instruction manuals. Customers never provided this feedback during focus group sessions and surveys.

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Based on the identified market needs, you then want to create a balanced innovation portfolio that invests in both incremental and radical challenges. Investing in incremental innovation alone will never keep you competitive against changing marketing conditions. Blockbuster, Inc., the video rental chain, was constantly innovating incrementally but would have been better served by also tackling a more radical innovation: their business model. Instead, they invested a lot of energy to land in bankruptcy.

These questions and related tips will help you focus on what matters most:

- Do you know what your competitors are doing? How do you differentiate yourself in the marketplace? Innovate where you differentiate.
- Have you connected with your customers to understand their wants and needs? Have you done ethnographic studies to identify latent needs? Don't rely on focus groups and surveys, which are notoriously inaccurate.
- Are you addressing your customers' pains? People are wired to ease their pain *before* seeking 'gains.'
- Do you have a balanced portfolio of challenges? Do you have a complement of incremental and radical innovations? Do you have a blend of both technological and marketing challenges?
- Are you focused on simplification? Too often we over-innovate. But sometimes, the best innovations simply reduce complexity and provide accessibility.

## 2. Ask the question the right way

Once you have identified your critical challenges, the next step is to frame them properly.

In order to accomplish this, use what I call "The Goldilocks Principle." In that children's fable, Goldilocks enters the house of the three bears and tests out their respective beds. One was too soft, another was too hard, yet the third was "just right." Like the bed, you want to frame your challenges "just right." Ensure they are not too broad or abstract. It is quite common for a company to ask

its employees to find ways to increase revenue — a broad question that leads to abstract and irrelevant solutions. Conversely, make sure that your questions are not overly specific, as this reduces the possible areas where you can find solutions (e.g., implying that an extremely technical problem can be solved only by one discipline).

Sometimes, our challenges are so specific they imply a particular area of expertise will be required for finding the solution. This was the case with the Exxon Valdez oil spill cleanup efforts back in 1989. Although some of the oil was recovered, a large amount remained trapped under the ice. When teams tried to move the oil, the water/oil mixture "froze." For two decades, oil engineers worked on this challenge without any viable solutions. Only when they stopped thinking about the issue as an oil problem, and reframed it as a more general fluid dynamics issue, were they able to find a suitable solution. As it turns out, the construction industry has a related problem. When pouring wet cement in the chutes, it often appears to 'freeze,' preventing flow. The solution that solved the cement problem was successfully adapted to solve the oil challenge.

A not-for-profit organization was tasked with improving the educational system of England. But a challenge of this magnitude was too large and needed to be deconstructed. After doing some research, they discovered that the greatest factor in a child's education was not the educational system itself, but rather parental involvement in a child's education. Looking for ways to improve parental involvement led them to a school in Bogota, Colombia that has 100% parental involvement and a workable solution for the UK.

Consider these useful factors to frame your questions 'just right':

- What are the leverage points for finding a solution? What is the one thing that has the greatest impact in delivering the desired result?
- Does your question imply a solution? What are you really looking to achieve? Frame the question so you

consider other approaches.

- Does your question imply a particular area of expertise? If so, re-frame it so that other domains of expertise can offer solutions.
- Is your question overly complex? Find ways to deconstruct it into smaller and more solvable parts.
- Have you researched the facts your question involves? Too many questions are formulated on conjecture rather than on real data.

Contrary to conventional wisdom, to create a culture of innovation, you do *not* want people 'thinking outside the box.' The belief behind this overused and potentially damaging philosophy is that by eliminating constraints and allowing people to think freely, they will increase creativity. Unfortunately, as we saw with the Deepwater Horizon and education examples, this unbounded approach actually *reduces* creative thinking and leads to abstract or impractical solutions.

Instead, help them 'find a better box,' a well-defined question with proper constraints. This will reduce the low-quality solutions while increasing the speed of finding good ones.

Establishing boundaries does not necessarily put constraints on innovation efforts. In actuality, if done correctly, it has the capacity to dramatically enhance creativity and increase organizational effectiveness.

This leads us to the third step finding solutions.

## 3. Ask the question to the right people

Innovation requires 'fresh thinking.' You need to look at challenges and opportunities from different angles. Unfortunately, when you are an expert and know a topic really well, it is difficult to look at it from a different perspective. As a result, the best breakthroughs are often found by connecting with entirely different areas of expertise.

Instead of asking the experts, ask 'who else has solved a problem *like* this?'

Here are some successes:

- Airlines improved airplane turn-around times when they studied Indianapolis 500 pit crews.
  - Hospitals improved their check-in process when they consulted hotels.
  - Oil transmission companies found better ways to seal cracked pipelines when they studied the self-healing properties of capillaries.
  - Medical device manufacturers were able to better understand how angioplasty balloons expand and contract in blood vessels by analyzing automobile airbag deployment.
  - A whitening toothpaste was developed by studying how laundry detergent whitens clothes.
- this exact problem before? If so, use tech scouting or another method to find existing solutions that you can buy or license.
  - Is there someone else who has solved a problem *like* this but not this exact problem? If so, look to other areas of expertise for solutions.
  - Can open innovation or crowdsourcing help find solutions? Such an approach is likely to help reduce costs and timeframes. InnoCentive is an example of a tried-and-true open innovation platform for sourcing solutions. NineSigma is a way of finding solution providers.
  - How much context knowledge is necessary to solve this? If a lot of

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Experts are great at finding incremental improvements that build on past successes. But we face completely new challenges each and every day. Instead of best practices, we need ‘next practices.’

The issue is one of depth versus breadth. Depth is useful for incremental improvements. But breadth is what is often needed for breakthroughs. Or, as Steve Jobs once said, “Creativity is having enough dots to connect.” Experts focus deeply on one dot, making it difficult to look at your business with fresh eyes.

Posing your questions to the ‘right people’ requires some up-front thinking. Consider these points when you’re finding your solutions:

- Is this in the sweet spot of what your internal experts and employees can solve? If so, let them give it a try.
- Is there a chance that someone internally, but in a different area of the business, may have a solution? Perhaps a customer service representative has a unique branding idea. Or maybe you can tap into R&D people who are in different parts of the organization. If so, consider internal crowdsourcing.
- Is it likely that someone has solved

background is needed, forget crowdsourcing, but look into alliance partners (e.g., universities).

These are only a few of the many approaches available. If one technique (e.g., internal team) does not yield a workable solution, try a different approach (e.g., external crowdsourcing).

#### 4. Motivate in the right way

Once you determine the best method for sourcing a solution, you now need to motivate people to participate in providing innovative perspectives.

One way to do this is to *stop recognizing people for doing their job*. When you hire someone to work for you, it should be expected that they are competent. When you recognize people for doing what they are hired to do, it reinforces a ‘culture’ where the status quo is good enough.

Instead, recognize (and reward) people for going beyond their job — for doing things that are unexpected.

If you want to encourage open innovation or cross-business unit collaboration, then recognize people for that. If you want employees to take risks, make

a big deal out of individuals who do that. If you want to let people know that failure is OK — when done the right way — then promote situations where something didn’t work as planned yet powerful lessons were learned and risk was mitigated.

Define what your organization values and then reward it.

Individuals are motivated on three core levels:

1. Compensation
2. Community
3. Contribution.

##### *Level 1: Compensation*

The most basic motivation involves compensation: bonuses, pay raises, or gift cards. This is a direct pay-out for participation.

##### *Level 2: Community*

Inside organizations, this level is actually the most useful and practical. Here is where we get status, competition, and peer recognition. This can be extremely effective, especially in organizations where ‘intelligence’ is highly valued, such as in pharmaceutical companies or R&D departments.

For some individuals, being recognized by their peers is in fact the highest form of motivation. In some circles, being published in a peer-reviewed journal is an incredible honor. Therefore, find ways of recognizing people, especially when it involves peer recognition.

##### *Level 3: Contribution*

The highest level of intrinsic motivation is ‘the work is its own reward.’ The open source software movement was largely built on this model. Millions of people have helped develop software without any formal extrinsic compensation. People often get involved just because it feels good to contribute.

Although this is an incredibly effective motivator for many, this is difficult to put into practice inside a ‘typical’ organization. When I worked for a Formula 1 team, I could see that people truly loved what they did because they were fans of the sport. But this is usually the exception, not the rule.

Regardless of what motivation strategies you use, remember that your

organization's culture is nothing more than what individuals *say* to each other and what they *think* to themselves. When you shift the conversations, you shift the culture. These types of programs are a great opportunity to create an environment of innovation and promote the values/conversations you want to instill.

## 5. Implementation as Experimentation

The final step of the innovation process is converting solutions into reality.

The best way to do this is to view innovation through the lens of experimentation. When you do this, failure means something completely different.

An experiment is a test or investigation, designed to provide evidence for or against a hypothesis.

*The only way an experiment can fail is if you don't get the evidence.*

Even if the evidence proves your hypothesis was wrong, the experiment itself was a huge success.

When you view innovation through the lens of experimentation, it redefines failure and can give you one of four outcomes:

- Our hypothesis was validated by the experiment. Let's make a larger investment in a larger experiment.
- Our original hypothesis was wrong, but we found a different direction that looks promising. Let's create a new experiment with a new hypothesis.
- Our original hypothesis was wrong, and we should kill the idea.
- Our experiment did not give us enough data to determine whether or not the hypothesis was correct.

Of these four outcomes, only the last one is a failure, because you invested time and money with no new insights. However, the other three experiments were successful. They either confirmed that we are on the right path, or they stopped us from making further investments.

One of the biggest barriers to innovation success is analysis paralysis: the belief that studying the marketplace ad infinitum will yield better results. This is just not true. You can never predict what

will happen in the real world, no matter how much data you have, how many focus groups you conduct, or how many consulting firms you hire.

Therefore, as part of your experimentation approach, use the 'build it, try it, fix it' model: build something, try it out for a while, and learn from your experiments. Each iteration will give you valuable information about the real world.

A clothing manufacturer wanted to venture into the direct-to-consumer retail business. Rather than developing a detailed strategy based on years of analysis, they rented an empty space in a local mall and set up a trial shop in a matter of weeks. The store was set up with video cameras and other equipment to help analyze the results. Although the store concept ultimately failed, they learned more during two months of running the experiment than they would have spending a year analyzing the marketplace. They quickly reworked the store, tested out a second version, and continued the process with frequent iterations. Over time, they increased the size of the experiments until the stores were rolled out on a national level.

Learn by doing. When implementing innovations, the best approach (especially when there is market uncertainty) is to create small experiments that can be scaled over time.

Be sure that you don't get too attached to your ideas. Your brain is wired for something psychologists call confirmation bias. Your brain will reject anything that is inconsistent with your belief structure. This is why two people can listen to the same political candidate and hear completely different things. From an innovation perspective, this may lead you to become attached to certain ideas, despite evidence that indicates they may be duds. Instead, get someone to play devil's advocate. Any time you have a great idea, get someone to poke holes in your logic. Don't go to the same people for input. Seek out those who you suspect would reject the idea. Learn from them. Refine your solution based on numerous perspectives, not just your own biases.


## Accelerate the Way You Innovate

Given the daily pressures associated with just running the business, it is not enough to be innovative. You need to innovate quickly and efficiently. This is the only way that your organization will have the time to adapt to rapidly changing market conditions.

When used properly, this five-step approach will help your organization:

- Create a culture that focuses on strategic challenges.
- Frame questions in a way that accelerates solution-finding.
- Source solutions from a variety of places, reducing costs and increasing speed.
- Motivate employees to participate and keep them engaged.
- Reduce implementation risks by applying an experimentation mindset.

These five steps are only part of the process. You also need ownership/accountability, measures, organization structures, skills building, and more to create a sustainable innovation capability.

The point is to make innovation nimble, sustainable, and fast. When the pace of change outside your organization is faster than the pace within, you will be out of business. And as we all know, today's pace of change is crazier than ever. 

## About the Author

During the past twenty years, **Stephen Shapiro**'s message to hundreds of thousands of people in over 40 countries around the world has focused on how to enable innovation by bringing together divergent points of view in an efficient manner. He is the author of five books on innovation, including his latest book, *Best Practices Are Stupid*, (Portfolio Penguin) which was selected as the best innovation and creativity book of 2011 by 800-CEO-READ, and was a #1 international bestseller. During a 15-year tenure with Accenture, he led a 20,000-person process and innovation practice. Learn more at [www.StephenShapiro.com](http://www.StephenShapiro.com)