

Further Insights

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Looking to the Future:

We have decided to take a unique approach to the next few Insights, given that we will be engaged in some “high altitude thinking” in northern New Mexico over the coming weeks! In this connection, the next three Insights have been combined into one, focused on the topic of “looking to the future.”

As background, the book, *The Seeds of Innovation*, highlights the 9 key areas or *seeds* where individuals can build their innovative thinking skills. One of the seeds related to strategic thinking skills is *looking to the future*. The chapter dedicated to this topic is available through the [American Management Association’s website](#), which has designated *The Seeds of Innovation* as its featured “*Book of the Month*” for August 2002.

Please refer to this sample Chapter for the following three Insights:

Insight #1: Seek lots of stimuli to stimulate imagination and uncover insights

Read about analyzing the current state of your organization or business, understanding your customer's needs, and researching existing solutions within, as well as outside, your category or industry sector.

Insight #2: Trend watching

Understanding the difference between fads, shifts, and leaps. Once you have discovered a trend, ask yourself the five important questions.

Insight #3: Ideas for future expansion

Check the list of 24 different ways to build your business or organization.

Are you, as an Innovation Guru®, *looking to the future*?

Magnetworks:

All too often, organizations rely primarily on ideas generated within their borders, instead of capitalizing on ideas from both inside and outside the organization. Consider forming a “Magnetwork” (coined from the words, magnet and network), that is, a network of competing and collaborating teams or entities that innovate together for mutual benefit. These teams could include members from a “community” of extended stakeholders, including customers, suppliers, regulatory agencies, other partners, and even competitors.

Examples of magnetworks include: those that are geographically-based, such as Hollywood for the film industry and Silicon Valley for the technology industry; those that are supplier-based, such as convenience stores that benefit from strengthened buying power; those that are service-based, such as the AARP (American Association of Retired Persons) which negotiates price discounts and special offers for its members; those that involve on-line products and services, such as Amazon.com, e-Bay, and Monster.com; and those based on financial cooperation, such as VISA,

which centralizes processing of transactions for various, including competing, financial organizations, thus allowing each of them to offer essential services to their customers at a lower cost and more conveniently.

Success breeds success. The stronger the success of the magnetnetwork, the more it can attract new innovators, which, in turn, further energize the momentum of the magnetnetwork.

As an Innovation Guru®, consider strengthening your magnetnetworks by: (1) Sharing ideas and best practices with other organizations and agencies; and (2) Inviting more participation from your external stakeholders. Sponsor collaborative innovation planning sessions with partners, suppliers, and customers to identify new ideas. Design a process to gather their input on an ongoing basis.

Innovating in Mature Categories:

Many people characterize their business as operating in a so-called “mature” category, where they experience only incremental growth and also only expect to see modest gains in the future. Two simple solutions to this innovation challenge are:

- 1) *Look to combine one category with another in order to create a new category.* For example, a new category was created in the alcoholic beverage market with the introduction of wine coolers, a wine and fruit-based beverage. Instead of introducing just another wine product, these businesses chose to innovate and develop an entirely new category, one that combined the wine and fruit drink categories. In fact, this new category can be seen to bridge several categories--wine, beer, fruit juice, and soft drinks--since the new product could be a substitute for any of these drinks and could draw sales away from any of these traditional categories. We are also now seeing new products that seek to bridge the beer and soft drink categories (a beer/coca-cola drink combination and a beer/fruit juice combination).
- 2) *Another way is innovate in mature categories is simply to look for new products in your category that are popular in one region but may not be known in your region.* For example, in the prepared foods/snack foods/fast food categories, Tamale Molly, a maker of gourmet tamales (made from cornmeal dough and mixed with meat, chicken, vegetables, or cheese), has been introducing this popular Southwestern U.S. food to other regions of the United States and, indeed, the rest of the world where it is unknown.

Are you, as an Innovation Guru®, on the look-out for *new combinations or new products* that you can bring to your so-called “mature” categories?

Outrunning Nike, Reebok, and Adidas:

Now, we might think that all the possible improvements for jogging shoes have already been invented or at least identified by the *big guys* in the footwear industry: Nike, Reebok, and Adidas. Well, along came Alvaro Gallegos, a 71-year old jogger from Albuquerque, New Mexico, USA. While out jogging one day, he came up with the idea for a shoe that had a steel spring imbedded in its heel to give you, as he says, “a little more spring in your step.” Believing he was on to something, he started the Z-Coil Footwear Company, which now designs and markets these spring coil running shoes. Users of the Z-Coil shoe have stated that it absorbs the impact of walking and running and makes it less painful for people to exercise, especially as they age. Through word-of-mouth advertising, the company is now enjoying tremendous sales growth. (Next on the drawing board is a basketball shoe with built-in ankle support and, of course, spring coils in the heel.)

Alvaro Gallegos is an example of a *lead user* (a term coined by MIT Professor Eric von Hippel), someone who has already tried to meet a need or solve a problem/issue in a unique, innovative way. While established footwear companies focused on other design elements, Mr. Gallegos focused on the relief of pain in the heel of the foot and, in doing so, invented a solution that these manufacturers had missed.

Are you, as an Innovation Guru®, on the look-out for *innovative lead users* (big and small) within your category who may have already solved your customers' issues in an unique way?

Challenging Your Assumptions:

Often progress is blocked by our assumptions or our belief that there is one *right way* to do something. Don't let the way things have been done in the past dictate the way things should or could be done in the future, especially with the advent of new technologies that may enable you to do things faster, better, and cheaper.

For example, Delta Air Lines is actively challenging its assumptions about the time it takes to check-in passengers at the airport. The current process involves a long wait time as passengers line up to speak with one of the ticket agents who are on duty at any one time. In order to reduce the airport wait times, Delta is challenging the assumption that passengers need to wait in line to speak with these agents. Instead, the airline has installed kiosks where passengers can serve themselves, and it is now in the process of testing telephone hook-ups (at La Guardia Airport in New York) where passengers can talk to an agent "remotely". These remote agents can help passengers check-in, select a seat, check baggage, and even change flights. Delta has challenged its assumptions that the check-in agents had to actually be on-site, at the airport.

Are you, as an Innovation Guru®, *actively challenging* your assumptions?

External Stakeholder Innovation Sessions:

How often has your favorite airline asked you for input into redesigning its operations or marketing programs? Well, Singapore Airlines has gone even one step further by asking some of its frequent flier passengers to share their insights into the *actual design* of its next fleet of Airbus planes. In addition to holding innovation sessions with in-flight crews, Singapore Airlines is asking its best customers to help design the interior of their new planes--a task usually led by engineers and one that ordinarily excludes any input from the actual end user or customer!

Some of the interesting ideas that passengers contributed through these unique innovation sessions included: more space in which to walk around; *an interaction area* where chatty passengers could mingle while the quieter ones could visit *yoga or meditation areas*; multiple levels to give the illusion of more space; more self-service areas where passengers could serve themselves drinks and snacks; a larger selection of music and video options; lay-down flat beds, especially for overseas trips that can last up to 18 hours; and overall, just more *personal space*.

Are you, as an Innovation Guru®, conducting innovation sessions with your *end-users* and other *external stakeholders* to truly tap into their wealth of knowledge and insights?

Using Your Imagination:

In today's world, it is no longer enough to do the same thing as the competition. As the boundaries between countries and industries crumble, everyone is facing a plethora of competition. In order to stand out from the crowd, one must be able to see something distinctly new and better than what others are seeing and then, of course, put this new insight into action.

That's exactly what Japanese manufacturers of toilets have done! Known for their constant pursuit of innovation, Japanese manufacturers, such as Toto, Matsushita, and Inax, have put their imaginations to work in reinventing the common place toilet. Gone are the days of plain and basic toilets. The Japanese manufacturers have included many exotic features, such as:

- A toilet that glows in the dark
- A talking toilet that plays back pre-recorded messages or soundtracks of relaxing music
- A toilet that blasts cool air in the summer or warm air in the winter to cool or heat the bathroom
- A lid that opens when a sensor detects a human being
- A toilet with numerous jet sprays, and
- A toilet with electrodes in the seat to measure weight, body fat ratios, blood pressure, and which can also measure sugar levels in the urine and other health care measures.

Are you, as an Innovation Guru®, using your imagination to the fullest (as these Japanese manufacturers have done)?

Looking Beyond:

Recently, *Fast Company* magazine (Polly LaBarre, May 2002, see fastcompany.com) profiled The Children's Hospital at Montefiore, a hospital located in the Bronx, New York. What is so unique about this hospital is that it has taken a different perspective towards the nature of hospitals, the role of doctors, and the standard approach to health care. It has shifted from the classic "doctor-centric, information scarce, intimidating institutions" to a "family-centered care facility with much better information systems and a focus on parents as partners in their children's health".

One of the most important shifts in perspective at Montefiore has been a change from viewing the hospital as just a place of *healing* to a place of *learning*. This new perspective is communicated in all aspects of the hospital's operations. For example:

- The hospital's unique mission is "to take children on a journey to health, discovery, and possibility".
- The hospital's overall design theme is "children are explorers in the journey of health". All design elements support this theme, including the model of the solar system, high tech learning centers, replacing room numbers with theme rooms, such as the Big Dipper room or Bumblebee room, providing each patient and family with a smart card to access customized information and feedback, etc..

- The hospital also “process maps” each child’s experience and where ever the experience might be terrifying or lacks information, appropriate changes are made so that it can become a more pleasant experience.

Are you, as an Innovation Guru®, *looking beyond* the classic definition of what your business or agency is to what it *could be* in the future?

Finding Passion:

Two construction workers were asked what they were doing. The first replied, “I’m here to cut wood.” The second replied, “I’m here to build a *home*.”

Two physicians were asked what they were doing. The first replied, “I’m here to see 40 patients today.” The second replied, “I’m here to bring wellness to the community.”

Two sales people were asked what they were doing. The first replied, “I’m here to sell my quota.” The second replied, “I’m here to solve my customers' problems”.

Fulfillment is not found in what we do but in why we do it. Look for the deeper meaning behind your tasks and responsibilities, no matter how small or trivial you may think they are. People who find the deeper meaning in their work also find that they are more passionate and authentic about what they are doing. Conversely, those who lack passion and authenticity also have not found the deeper meaning.

Are you, as an Innovation Guru®, taking the time to look for the deeper meaning in why you do what you do?

Innovation Experimentation:

Lack of experimentation and fear of failure build organizational systems that work against innovation. Innovation requires time and an environment that supports risk-taking and experimentation. Examples of organizations that support the concept of innovation experimentation are: 3M, where 15% of each employee’s time is spent investigating new ideas not related to their immediate project list; GE, where mistakes are rewarded and viewed as learning experiences; and Penn State University-Harrisburg, where an engineering lab course, subtitled "Failure 101", requires students to take risks and experiment in order to get a better grade; in fact, the more they "fail", the greater their chance of receiving an “A” grade in the course!

Who says that it is always possible (or necessary) to bat 1000? How can you, as an Innovation Guru®, help your organization develop a more supportive attitude toward innovation experimentation?

Ideas for Future Expansion (Part I):

The following ideas may help expand your current portfolio of products and services:

- Reminding current customers by advertising your products and services or by advertising specific benefits or aspects of the products or services of which customers may be unaware;
- Selling more to your current customers by offering promotions or volume discounts for a limited time, such as a “buy 2, get 1 free” offer;

- Selling more often to your current customers by promoting frequent purchases via a loyalty card campaign;
- Finding other uses for your product or service (for example, Arm and Hammer encouraged consumers to place an open box of baking soda in their refrigerator to mask food odors; Absorbine, once only a remedy for animals, is now available in a less potent formula, Absorbine Junior, for relieving sore muscles in humans);
- Finding a new distribution channel, such as eBay or Amazon.com;
- Creating a new occasion (for example, Hallmark Cards is famous for promoting new holidays in order to encourage higher sales; cereal manufacturers encourage consumers to eat cereal as a snack in addition to the breakfast occasion);
- Decreasing the price with special events, such as Back-to-School sales;
- Offering various price points (as hotels do with standard and deluxe suites);
- Adding a service to the product, such as free ski wax with the purchase of new skis;
- Bundling with other products or services, such as offering airfare, hotel, and car rental packages.

Are you, as an Innovation Guru®, using any of the above ideas to help expand your current portfolio of products and/or services?

Ideas for Future Expansion (Part 2):

The following ideas may help expand your current portfolio of products and services:

- Developing line extensions. Disney is a master at expanding the use of its movie properties;
- Introducing new levels of service, such as American Express does with its card programs or as dry cleaning stores do with rush or regular service;
- Expanding by offering new services. Restaurants are expanding into the rental market where they are offering to rent their premises for cooking lessons, cooking parties, and even executive team training courses where team members can learn to break down their communications barriers by learning to cook together;
- Developing new products within the same category;
- Developing new products in a new category. For products and services operating in so-called “mature categories”, it is wise to expand the definition of the category by combining one category with another, or by creating an entirely new category.

Are you, as an Innovation Guru®, overlooking any of the above ideas to help *expand* your current portfolio of products and/or services?

Ideas for Future Expansion (Part 3):

The following ideas may help expand your current portfolio of products and services:

- Finding new customers via a *new distribution channel*, such as Avon and Tupperware successfully did. Vending machines, for instance, represent a viable distribution channel to target new customers for many products.
- Finding new customers in *new geographic zones*. Expand your distribution globally.

- *Redefining* the target market. Attract new customer groups, such as teens or families. For example, Tilley, the Canadian hat manufacturer, supplied hats for soldiers who were serving in the US Army's Desert Storm mission.
- *Repositioning* the product or service from a niche to a mainstream category in order to attract a larger customer base.
- *Cross-selling* your products to new customers who are already your customers! Financial institutions, for example, are learning to sell their loan services to those customers who are holding savings accounts at the same branch.
- *Removing* barriers to your current products or services. Find out what the barriers to using your product or service have been among potential new or returning customers. Decide if these barriers warrant corrective action in order to attract these new customers.
- *Selling your knowledge* to others outside of your industry sector. For example, Second City, well known for SCTV and comedy shows, has expanded its portfolio by offering knowledge through improvisation training courses targeted to business people who want to improve their presentation and communication skills.
- Identifying totally *new business concepts*. Nokia began operations in 1865 as a wood pulp mill and, over time, changed its business focus to chemicals, rubber, and, most recently, to telecommunications.
- Creating new categories and industries. *Go where no one has gone before.*

Are you, as an Innovation Guru®, exploring the above ideas to help *expand* your current portfolio of products and/or services?