

Innovating For Business Impact

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"Innovation distinguishes between a leader and a follower." - Steve Jobs

"Learning and innovation go hand in hand. The arrogance of success is to think that what you did yesterday will be sufficient for tomorrow." - William Pollard

Apple has clearly demonstrated innovation at its best – Macintosh, iPod, iTunes, iPhone and now iPad. Except for Macintosh and iPad, the other products are not really computer related. Yet they produced the iPod, iTunes and iPhone that were game changers to the existing industry. What would Apple be if it did not innovate? What is Innovating for business impact?

Definition

Surprisingly, there is no set definition for *"innovation"*. A more probable definition I found is by *Hutch Carpenter* who defines Innovation as: *A change in a product offering, service, business model or operations which meaningfully improves the experience of a large number of stakeholders.*

Business Impact Areas:

In business, opportunities to make changes are generally in the following areas:

Business model – this involves changing the way on how revenue is generated, e.g. Apple not only introduced iPod and iPhone. They also introduced iTunes on-line music service which is considered a workable business model for downloading music. That capability had eluded the music industry for years.

Processes and infrastructure - this involves changing the way it is processed, such as value engineering where the process would result in lower cost and better functionality e.g. automation.

Distribution Channels and Sales – In recent years, many unconventional selling methods have surfaced. Amazon for example, sells books and products through the web. Now all the major bookstores had followed suit, but some are not as successful, such as Borders.

Products and Services – this could be for example, product extensions such as low cost airlines where pricing is unbundled and priced individually. Low cost carriers such as Jetstar and AirAsia charges individual services for food, baggage, etc., whereas traditional carriers priced these services within the airfare itself.

Environment

In order for innovation to flourish, the organization has to create the right environment. An environment which typically has the characteristics of being profitable, proactive, urgency for change and leadership practices that encourage experimentation and opens to new ideas.

Implementation

"Definitely, success doesn't necessarily come from breakthrough innovation alone, but from flawless execution." - Naveen Jain

According to him, having an idea is a starting point. But how do we bring into reality and translate that to positive business results? A general approach is to -

1. Conceptualize – i.e. Develop an initial concept
2. Build – i.e. Further develop a working prototype or a pilot – *Leading to a Go/no go decision*
3. Launch the concept - *By engaging all the stakeholders*
4. Evaluate the result - *To extend/ expand or eliminate/ stop*

In summary, the right environment has to be established to encourage innovation. However the key to innovation is to have the courage to *"make small bets"*. Final commercialization will depend on flawless execution in order to have a positive impact in terms of customers and business results.

We say...

In the ever changing business world, an organisation needs to constantly innovate to keep up with the market needs. Today, innovation is about much more than new products. It is about reinventing business processes and building entirely new markets that meet the untapped customer needs. Read on the article as Thomas shares how you can impact your business through innovation.

To know more about how LHH can help your company's leader to innovate for business impact, please contact us at 6732 3123 or custcare@lh.com to find out more. Visit our website lh.com.sg!



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