



BUSINESS INSIGHTS FOR ACTION

IXL White Paper Series

Volume 2; Issue No. 10

October 2009

INNOVATION REQUIRES A STANDARDS BODY

ANALYSES BY

Dr. Hitendra Patel
Center for Innovation, Excellence and Leadership

Ronald Jonash
Center for Innovation, Excellence and Leadership



IXL CENTER

Contents

Innovation Requires a Standards Body 1
Business Insights for Action 2
About IXL 2

Innovation Requires a Standards Body

Over the last thirty years, the importance of innovation as a core driver of business value has increased to the point where few CEOs would disagree. Unfortunately, most companies are not able to innovate in financially meaningful ways. And for those companies that appear to have “cracked the nut,” like Motorola, Sony and even GM, usually end up regressing after a period of time. This raises the following questions:

- Why is innovation elusive and difficult to sustain over time?
- How can we make innovation systematic and sustainable?

Over the many years of providing innovation consulting and building innovation capability in companies across industries and geographies, we have observed that organizations go through the same cycle of hope and despair. This cycle begins when a firm’s leadership realizes that there is an emerging earnings growth gap which requires them to make growth a strategic business imperative. These leaders often progress by paying millions of dollars in consulting fees to identify new areas for growth and by building an innovation organization to drive that growth. In a very short time, consultants use proven innovation concepts like platforms, pipelines and partners to develop a common language within small groups of people in the organization. These teams master techniques for idea management, prototyping and project management to drive concepts to commercialization. Eventually the innovation management process generates some innovation breakthroughs that begin to fill the growth gap. However, all too frequently, the unlearning process of innovation management then begins.

While there is no single cause for this institutional unlearning, several reoccurring themes emerge:

- Innovation strategy moves from the exploration and discovery of adjacencies and white spaces to more disciplined execution and launch which decreases the organizational tolerance for those individuals still wishing to diverge or “look outside the box”
- The strategic planning and budgeting process takes over and demands predictable outcomes and timelines instead of managing options and contingency plans to deal with the uncertainty and ambiguity of What’s Next and What If?
- Six Sigma and Lean processes begin to dominate as efforts are put in place to increase consistency of offerings and decrease waste in development and manufacturing processes at the expense of experimentation and learning
- Significant profits are generated as company processes and organizations are streamlined and focused on what works today reinforcing pressure from shareholders to stay the path and not deviate from the core business

The result of all this is that Innovation Management often becomes a nice-to-have and not a must-have capability and, as a result, it begins to wither and die. The total sum of investments made in getting innovation started is often wasted as initiatives stagnate. This waste is in the hundreds of millions of dollars and is clearly unacceptable.

So how do companies create a sustainable innovation capability that can proactively and consistently drive organic growth and profitability? The answer is to make this capability more ubiquitous across organizations and a requirement for all managers, not unlike training and standards

programs in accounting, marketing, strategy or operations. To take this one step further, we see the need for the creation of a globally recognized innovation management certification similar to the Chartered Financial Analyst (CFA) in finance and Project Management Professional (PMP) in operations.

We believe that Innovation Management has emerged as a new management discipline not so different than the management discipline of Information Technology (1960 – 1980) and Quality Management (1970 – 1990). These two disciplines became management disciplines because each:

- Provided an opportunity to create significant competitive advantage and company value
- Had an emerging body of knowledge, experience and best practices
- Had an emerging profession with more standardized core competencies and certifications
- Provided an opportunity for Executive Leadership Roles

This is the case for Innovation Management. The time for clear innovation standards and certifications has arrived and the Center for Innovation, Excellence and Leadership has begun the process to champion this effort through an innovation management standards board composed of leaders from corporations, academia, government organizations and innovation consultancies. This board is creating innovation management standards governing three key competencies to make innovation real in organizations.

Specifically these competencies focus on:

- Where and When to innovate?
- How and With Whom to innovate?
- How to Drive Disciplined Execution and finish what you start?

Missing any of these competencies or not being able to develop this capability across individuals, teams and organizations will result in failure or at best mediocre innovation results.

The certification program will create a larger pool of individuals with the relevant skills to make innovation real and make it easier for companies to recruit and hire for this specific, specialized skill set. The standards will create a common language and frameworks around innovation across companies and industries. This combination will drive rapid growth of innovation experts and managers who can cross-fertilize ideas across industries to drive even more valuable innovations. We expect industry organizations and economic development agencies to support this initiative as the benefits are clearly at the national and international level.

Business Insights for Action

Business Insights for Action is a collection of ideas generated through surveys, work with clients, education and workshops that provide unique insights. The objective is to demystify what it takes to make innovation real and to add practical and actionable ways to help practitioners and create the foundation to drive the next generation of thought.

About IXL

The Center for Innovation, Excellence and Leadership (IXL Center) was founded by individuals who previously led the Innovation Practice of Arthur D. Little, IMI and the Monitor Group. The mission of IXL Center is to (1) provide training for practitioners and managers to become high performing innovation managers, (2) develop and publish deep insights on the topic of innovation breakthroughs and innovation management, and (3) build a community of innovation thought leaders and practitioners. The IXL Center has locations in Boston, Dubai, London, Shanghai and São Paulo. The Center has strategic partnerships with Hult International Business School, Imaginatik, InnovationTools and Arthur D Little. IXL Center's faculty includes innovation leaders from companies like Motorola, Osram Sylvania, Natura, GEN3, Palladium Group and Arthur D. Little. For more information, please contact milagros.masini@ixl-center.com, call +1 857 212 3430 or go to <http://www.ixl-center.com>.