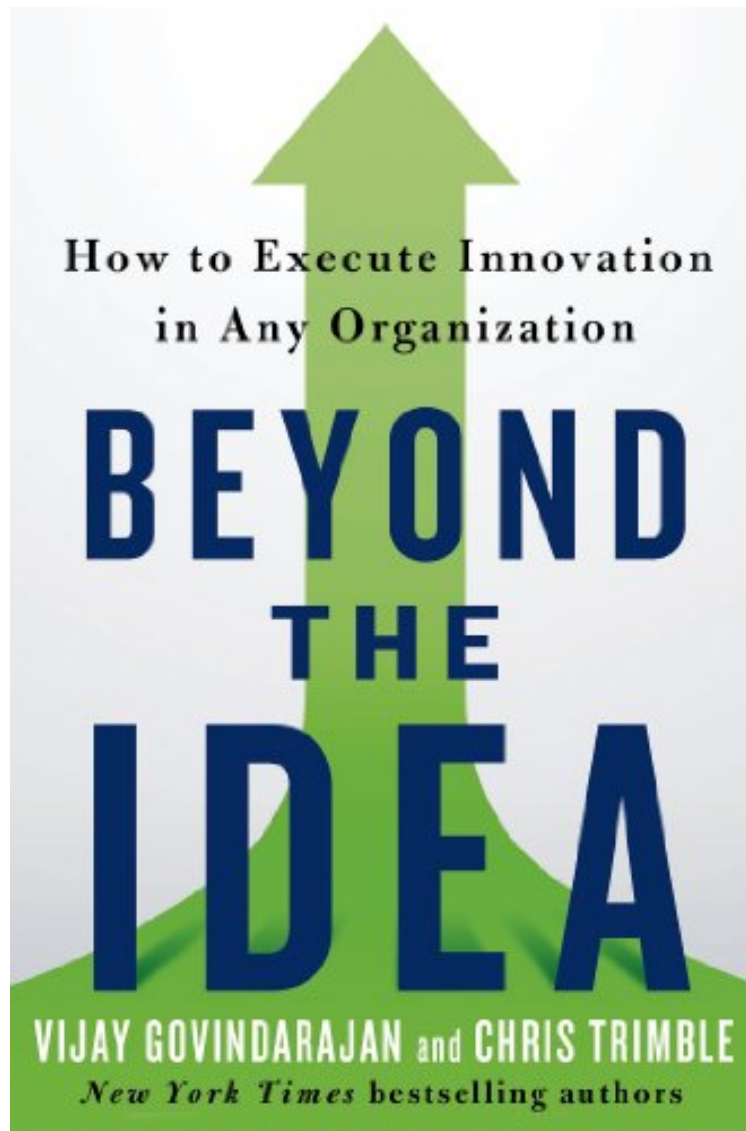


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Beyond the Idea: How to Execute Innovation in Any Organization

Vijay Govindarajan, Chris Trimble
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Vijay Govindarajan, Chris Trimble : Beyond the Idea: How to Execute Innovation in Any Organization before purchasing it in order to gauge whether or not it would be worth my time, and all praised Beyond the Idea: How to Execute Innovation in Any Organization:

0 of 0 people found the following review helpful. much simplerBy Paulo PeresThe book itself is an interesting exercise for small business managers - as I see it. However, the authors give such a high overhead in approaching topics such as "innovation team management", "innovation projects", "project management" for example, that have lost a richness and a reality of the theme. An attempt to be simple, transformed the content for much simpler.Vijay's earlier books were for the readings, but this one for a positive attempt, with a median result. Valuing only its chapters

that talk about the three models of Innovation Initiatives. 0 of 0 people found the following review helpful. Fresh Perspective By Susie In Arkansas Beyond the Idea offers a fresh perspective in understanding the dynamics of innovation in relation to the performance engine, and why each should respect the other. The performance engine is geared toward incremental improvements, and typically uncomfortable with innovation. Both are needed for the long term sustainability of an organization. Innovation makes room for failure, where the performance engine does not. The key is controlled measurements and recognizing as early as possible when an innovative concept will not work and needs to be abandoned or re-directed. The only true failure is to stop creating and testing innovative concepts. 0 of 0 people found the following review helpful. If you wish to understand the key to successful corporate innovation then you must read this book By ahig True innovation starts only after the parties and fanfare are over. As someone who runs an innovation program for a fortune 50 company I can attest to the validity and significant value of the work done by the authors. Highly recommended. A lighter version would be their earlier work "How Stella saved the farm" which this book accompanies.

The New York Times bestselling authors of Reverse Innovation and How Stella Saved the Farm distill more than a decade of exclusive research into one short, powerful, action-oriented book. Companies stumble when they imagine that innovation is mostly about ideas. The reality is that ideas are only beginnings. Indeed, even a company with the world's best idea still faces a devilish challenge: it must build the business of tomorrow without endangering the business of today. Vijay Govindarajan and Chris Trimble are the world's leading authorities on the successful management of innovation. In Beyond the Idea, they distill more than a decade of research and insight into a practical, accessible, read-at-one-sitting handbook that offers invaluable guidance for anyone charged with making innovation happen: executives, managers, consultants, project leaders, and teams. By offering specific action steps, Beyond the Idea extends the elegant conceptual insights from How Stella Saved the Farm, Govindarajan and Trimble's parable. Beyond the Idea shows exactly how to: - Build a team with a very particular structure, one that makes it possible to simultaneously build something new and sustain what exists. - Manage any innovation initiative as a disciplined experiment. - Implement three distinct models for moving from ideas to action. Beyond the Idea is an essential book for any business that recognizes that innovation always has been, and always will be, the key to long term growth and vitality.

"This book is a defining work on how we invest in and engage in the future." William Green, Executive Chairman, Accenture, on Reverse Innovation "Unique and important work, hard-hitting examples, detailed and actionable steps, and clear explanations." Omar Ishrak, Chairman and CEO, Medtronic, Inc., on Reverse Innovation "The global community is now so networked that innovation can come from just about anywhere and make an impact everywhere." John T. Chambers, Chairman and CEO, Cisco Systems, on Reverse Innovation "This elegant story, rich in insight into what it takes to make innovation happen, has already had tremendous impact in GE executive development programs and on key innovation projects." Stephen Liguori, Executive Director, Global Innovation and New Models, General Electric, on How Stella Saved the Farm "Govindarajan and Trimble have managed to do the unthinkable -- develop a case study that is both seriously thought-provoking and truly entertaining." Dolph Johnson, Senior Vice President, Human Resources, Hasbro, on How Stella Saved the Farm "We have found How Stella Saved the Farm to be a very useful tool for raising the key challenges in organizing and executing innovation initiatives." James Euchner, VP, Global Innovation at The Goodyear Tire Rubber Company "Deere has already held innovation workshops based on Stella, with very positive results. This is a powerful, practical tool for learning and executive development." Mary Jones, Vice President Global Human Resources, Deere Company, on How Stella Saved the Farm "At first glance, I was skeptical. By the end, I was blown away. In a quick, fun read I found brilliant simplicity, capturing best practices for enabling and managing innovation. I continue to recommend Stella to executives seeking to turn new ideas into material business outcomes." Roy Rosin, former Vice President of Innovation, Intuit, on How Stella Saved the Farm About the Author VIJAY GOVINDARAJAN (VG) is the Earl C. Daum 1924 Professor of International Business at Tuck at Dartmouth. In the latest global ranking of management thinkers, VG came in third place. He lives in New Hampshire. CHRIS TRIMBLE, also on the faculty at Tuck, has been an advisor for dozens of top corporations. With Govindarajan he co-authored The New York Times bestseller Reverse Innovation (2012) and How Stella Saved the Farm (2013). He lives in Vermont. Excerpt. copy; Reprinted by permission. All rights reserved. CHAPTER 1 THE OTHER SIDE OF INNOVATION Innovation is a two-part challenge. Part one is ideas; part two is execution. To win, you have to succeed at both. Many companies, however, expend most or nearly all of their energies on part one. As such, they tend to produce a great many ideas on paper that never become anything more than ideas on paper. The most important message in Beyond the Idea is very simple: Part two, innovation execution, is its own unique discipline. It requires time, energy, and distinct thinking. Unfortunately, few companies treat it as such. In fact, few companies give it much thought at all. FIRST, SHIFT ATTENTION TO EXECUTION Companies wishing to improve at innovation must shift a substantial portion of their time and energy to

part two, the other side of innovation. Doing so is not easy. The gravitational pull toward the front end of innovation is powerful. For one thing, the front end has the natural advantage of being first in the sequence. You can't even get started without an idea! That's not all. Most everyone instinctively agrees that the world needs more front-end activity—more imagination, more creativity, more out-of-the-box thinking. Strategists see innovation as the pathway to disrupting your competition. Scientists and engineers link innovation to technological breakthroughs. Romantics see innovation as dramatic advances delivered by chance meetings and chance occurrences; by magic and by luck. And then there is the icing on the cake—the rewards. We put idea people on a pedestal. We celebrate them, we promote them. We mythologize inventors and their inventions. As such, it's a snap to entice people into the front end. Getting people to attend creative brainstorming sessions, for example, rarely requires heavy persuasion. The front end offers the possibility of an exciting discovery, a eureka moment, an unexpected insight. It is, plainly put, fun. The other side of innovation, on the other hand, is about practical matters. It is about getting the work done. It is blood, sweat, and tears. It is, plainly put, less fun. Indeed, many people withdraw when it comes time to execute. Suddenly, innovation becomes just one more thing on a crowded agenda. Rather than the promise of outside rewards, many will anticipate being blamed if the initiative does not go as well as hoped. No wonder, then, that the front end gets all of the attention. No wonder that part two lives in part one's long shadow. This imbalance of attention shows up on many maps that companies create of the innovation process. The typical map breaks down the front end of innovation into several substeps—for example, generating ideas, cross-pollinating ideas, evaluating ideas, selecting the best ideas. Then, on the far right side of the page, just barely hanging on in the consciousness of the mapmakers, is that one final step: execution. These maps speak volumes. They show just how dramatically innovation execution is underestimated. The attitude is: The real innovation challenge is the epic search for the breakthrough idea! What is part two? That's just getting the work done! Be careful. Many companies are quite confident that they excel at execution of day-to-day operations. Therefore, they mistakenly conclude, they must be equally good at executing innovation. Unfortunately, comparing the two is like comparing a simple somersault to a triple flip with a quadruple twist. There really is no comparison. **ORGANIZATIONS ARE NOT BUILT TO EXECUTE INNOVATIONS** So why is innovation execution so hard? Simply put, organizations are not built for it. Quite to the contrary, they are built for ongoing operations. They are built to be Performance Engines. A well-run Performance Engine is the master of many challenges. It excels at serving today's customers and fighting today's rivals. It is terrific at driving for efficiency by holding employees accountable. It is on time, on budget, and on spec—every day, every week, and every month. It delivers bottom-line results each and every quarter. Like a finely crafted Swiss timepiece, a great Performance Engine never misses a beat. As impressive as this may be, the Performance Engine confronts innovation with high hurdles. Innovation promises short-term pain for long-term gain, but the Performance Engine wants to win now. Innovation requires experimentation; the Performance Engine demands efficiency. Innovations sometimes fail; the Performance Engine struggles to forgive. These contrasts illustrate the first law of the other side of innovation: Innovation and ongoing operations are always and inevitably in conflict. One indicator of just how deep the incompatibilities run is the fundamental accounting premise that a business is an ongoing concern, meaning that the current period will look an awful lot like the prior one. This is, of course, the antithesis of innovation. The most fundamental source of conflict, however, lies in the method of the Performance Engine. This method is the same in every industry, in every part of the world, and in every type of organization—including private sector, public sector, and social sector organizations. It is to try to make every process and every activity as repeatable and as predictable as possible. There is great power in both. When a process is repeatable, it is possible to break the process into small tasks and have people specialize. For centuries, specialization of labor has been recognized as a remarkable expedient to efficiency. Of equal importance, when a process becomes predictable, performance standards can be set and employees can be held accountable for very specific and quantified results. Repeatability and predictability may be foundational for the Performance Engine, but they are also the antithesis of innovation. Far from being repeatable, innovation initiatives are intentional departures from the past. Far from being predictable, innovation initiatives proceed into territory in which there is no precedent upon which to base any forecast. The Performance Engine strives for repeatable and predictable, but innovation is, by nature, nonroutine and uncertain. These are the fundamental incompatibilities between innovation and ongoing operations. They strike right at the heart of how managers are trained and how organizations are designed. With such deep incompatibilities, perhaps the solution is to tear down the Performance Engine and rebuild organizations from scratch! Alas, we cannot. It is not that simple. A well-run Performance Engine is a very powerful asset. Indeed, it is the foundation for an organization's well-being. Great companies have great Performance Engines. Without one, customers leave, costs rise, profits fall, and organizations fall apart. There may be deep incompatibilities, but that does not make the Performance Engine the enemy. In fact, without profits from the Performance Engine, there is no funding for innovation. Furthermore, the aspiration of every innovation initiative is to someday be just like the Performance Engine—successful, stable, and profitable. Therefore, throughout this book, we have taken as our first obligation that we must do no harm. The challenge is not just to make innovation happen, but to do so while simultaneously excelling at ongoing operations. The challenge is to tackle two very different activities—in fact, two diametrically

opposed activities—;at the same time. We think you will agree, then, that we have our work cut out for us.

DEFINE TERMS

Learning about innovation can feel daunting, in part because there are so many innovation types. Beyond the familiar distinction between sustaining and disruptive categories, innovations have also been described as incremental, radical, strategic, reverse, architectural, modular, competence enhancing, and competence destroying. There are also process innovations, product innovations, adjacency innovations, and business model innovations. It is enough to make your head spin. These categorizations are useful—but only on the front end of innovation. When setting strategy, when selecting the best of many possible ideas, or when trying to estimate an innovation's potential market impact, understanding the distinctions between the many innovation types can help. The good news for *Beyond the Idea*, however, is that all of these categorizations are absolutely irrelevant on the other side. As such, we can leave this complexity behind and go with a very simple definition: An innovation initiative is any project that is new to your organization (not necessarily new to the world) and has an uncertain outcome.

Definition of an Innovation Initiative

Any project that is new to your organization and has an uncertain outcome. The word project is important. On the other side of innovation, ideas become projects that need to be executed. In a sense, *Beyond the Idea* is about project management. That makes it sound pedestrian, but our focus is on projects that carry a high degree of difficulty because they are new and uncertain, and because they are in direct conflict with the Performance Engine. This takes us well outside of the realm of traditional project management techniques—which presume that a project has a precedent, that the necessary resources are well understood and available, and that the outcomes are relatively predictable. Many people may want to judge some initiatives as more “innovative” than others. Some may even want to draw a line. These initiatives “count” as innovative, those do not. However, we have never found it to be useful to try to assess “innovativeness” or to draw a line that excludes some initiatives. The criteria for doing so are inevitably vague. Besides, doing so only seems to start arguments and diminish those whose ideas are deemed “less innovative” or “not innovative.” Therefore, for our purposes, any initiative that is new to your organization and has an uncertain outcome “counts” as innovation. Our definition is deliberately broad and inclusive. That said, not all innovation initiatives are equally difficult to execute. We will find it quite useful to imagine a spectrum, from those that are relatively easy to those that are extremely difficult. (We are rating the managerial degree of difficulty, which might be quite different from the technological degree of difficulty.) At the far left end of the spectrum are projects that any one employee might execute on their own initiative and in their free time—something as simple, for example, as a salesperson trying a new sales pitch. On the far right end of the spectrum lie high-risk, high-growth-potential new ventures.

ONLY THREE MODELS MAKE SENSE

Our research has shown us that there are three distinct models for executing innovation initiatives. We will call them Model S, Model R, and Model C—for Small, Repeatable, and Custom initiatives.

Three Models for Executing Innovation Initiatives

All three models are important. All three models are powerful. Furthermore, companies need not commit to just one of the three models. All three can be used simultaneously. However, each initiative must be matched with the proper model for execution. There is only one correct answer per initiative. So, a single company can have multiple Model S initiatives, multiple Model R initiatives, and multiple Model C initiatives at any one moment. However, trying to execute a Model C initiative with a Model R approach (or any other possible mismatch) is a recipe for heartaches and headaches. To match each initiative to the right model, it is crucial to understand that Models S and R have brick-wall limitations. These models will only take you so far across the innovation spectrum, which is why Model C is so crucial. It is the most robust of the three, but also the most difficult and the least familiar. The principles, mechanics, and limitations of the three models will become clear over the next three chapters. In the remainder of this chapter, we introduce just the basics.

WORKING AROUND THE PERFORMANCE ENGINE

The fundamental incompatibilities between innovation and ongoing operations are daunting, but there is more than one way to deal with them. Each of the three models, in fact, has a distinct strategy. Model S recognizes that even the most efficient and tightly managed Performance Engines fall short of perfection. There is always at least some slack in the system, and that slack can be put to work for innovation. Model S's core strategy is to try to squeeze innovation into the slack. This is certainly possible, at least for small initiatives. The philosophy underlying Model R is completely different. It is to try to make innovation as repeatable and predictable as possible, just like the Performance Engine. This can also work, but only when a company executes a series of similar innovation initiatives. Initiatives that are too big for Model S or too different from past efforts for Model R require the third option, Model C. Here, the fundamental incompatibilities between innovation and ongoing operations are severe, and can only be addressed by separating some of the innovation work from that of ongoing operations. The three models, their strategies for dealing with the Performance Engine, and the types of initiatives they can produce are summarized below.

Each Model Has Its Own Strategy for Dealing with the Performance Engine

WHERE DO THE RESOURCES COME FROM?

Beyond a distinct strategy for dealing with the Performance Engine, each of the three models has its own approach to acquiring the resources needed to make innovation happen. Anyone who has worked for an established organization knows that resources for innovation are difficult to come by. Nearly all resources are consumed by the Performance Engine. Dividing the resources that an organization expends into two categories—resources allocated to ongoing operations and

resources allocated to innovation initiatives—proves useful: Generally speaking, this division of resources is not one that is explicitly considered or budgeted. Instead, it is the result of many decisions. Some are made in formal plans while others are made informally, such as the choices employees make each day about how to allocate their time. As it turns out, time is a critically important innovation resource. After, all, most initiatives start small, with just one or a few employees and a fraction of their time. Nonetheless, the resource of time often remains hidden from formal innovation plans. In general, companies spend far too little time thinking about it. A chart that is rectangular but otherwise similar to a pie chart is helpful in visualizing the resource of people's time. The people in an organization are on the horizontal axis, from 0 to 100 percent, and their time on the vertical axis, from 0 to 100 percent. Of course, most of people's time is consumed by ongoing operations. If you were to ask a sampling of employees in your organization what fraction of their time is left over for innovation after their obligations to the Performance Engine have been met, what do you suspect the average response would be? Ten percent? Five percent? Two percent? So, how can innovation be squeezed in? One possibility, certainly, is to ask everyone to be an innovator during their slack time, which appears as a thin horizontal stripe across the top of the chart. Alternatively, a small group of people could be asked to dedicate all of their time to innovation. This would show up as a small vertical stripe at the right side of the chart. Some combination of both is also possible. Indeed, one of the keys to success on the other side of innovation is simply breaking innovation initiatives into tasks, and assigning tasks to people. This sounds simple. In fact, it sounds like basic project management blocking and tackling. Nonetheless, well-managed companies get this wrong all of the time. There is a hidden dimension of trickiness for innovation initiatives: It makes a great deal of difference which tasks are assigned to people working on innovation full-time (the vertical stripe on the chart) and which are assigned to people working on innovation only part-time (the horizontal stripe on the chart)—and the distinction is vastly underappreciated. In subsequent chapters, we will fill in the table below, showing how each of the three models takes a distinct approach to assigning innovation tasks to people, full-time and part-time.

Assigning Innovation Tasks to Part-Time and Full-Time Innovators
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