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Dr. Susan Cain, Ed. D | Corporate Learning Institute

Innovation-Needed, Wanted, Hard to Understand, but Worth the Journey: Innovation Lessons from Startups that You Can Use

By Susan Cain, Ed.D.

I was sitting on an airport monorail not too long ago and as the train pulled out of the station I saw something that I had never seen before. There in a large hallway were people gathered in what looked like a faux grocery store, touching labels embedded in the walls and swiping their credit cards at an unmanned checkout counter.

What could this be, I wondered as we sped away.

I found out later that people were grocery shopping at the airport and that their groceries would be delivered to their homes on the date and time they specified.

All of this is made possible because of innovation. I like to use this definition of innovation, because even the definition of innovation changes and has to be updated continuously. Innovation (circa 2012) is the act of creating breakthrough products or services that never existed before, and creativity is the engine that drives it. Both are needed in your organization. In fact, to be nit-picky, you can break innovation down into three approaches; incremental, semi-radical and radical.

When I was much, much younger, I worked with the giant firm Amway. They were trying to decide how to rebrand their company. In one of their glitzy meeting rooms, one of the partners finally said, “Well, aren’t; we just trying to put earrings on the pig here, or are we trying to build an actual ark and sail away?” What she said was profound and simple all at once. She was asking if the innovations needed to build the future of the company should be an incremental or radical innovation.

Let the Guru's Speak

In your organization, you can take some lessons from the guys who took it on the chin and have learned from raw experience. Take Eric Ries for example. He is Silicon Valley's latest guru and wrote the book, *The Lean Startup*. His blog, *Startup Lessons Learned* has over 75,000 followers. Ries offers his essential thinking about how to make innovation work for startups: assumptions have to be tested rigorously via customer responses.

He talks about the notion of a minimal, viable product, or MVP. This is a cost-effective scaled-down version of a final product or service. Gaining the feedback from clients before launch allows you to "pivot" a product to gain the best product-to-market fit. This type of innovation has a new name-agile, because it allows extreme flexibility and relies on failure as the way to understand how to pivot the product or service to get it right.

Innovation and creativity are teachable, but most companies and organizations lack a process for teaching, culling and leveraging innovation. In his book, *The Four Steps to the Epiphany*, author and startup veteran Steven G. Blank says he has discovered a definable path to innovation success with startups. I would argue that his lessons are easily transferable to those of us who are initiating innovations right in our own organizations.

After pointing out that 9 out of 10 new products are failures, Blank states that the glaring difference between winning and losing innovations is simple; products developed with senior leadership put in front of customers early and often-win.

Customer Feedback: Your Go-to Guarantee for Success

How many of us beta-test our business proposals, new initiatives or products like this? The new "customer development model" involves customer discovery, customer validation, customer creation and then...company building. The model suggests that going backwards, making mistakes, is a needed and natural part of developing an innovative product or service. Getting it wrong is part of getting it right.

Beyond the usefulness of Blank's model is the detailed approach it takes to the first step, customer discovery. The notion of discovering a customer not having a customer discover you is powerful. To do that, Blank says you have to have followed several crucial steps:

- 1. State your hypothesis.** Get buy-in to an innovation from your board and/or staff, and create a hypothesis that contains all of your assumptions about the new product or service and its potential customers, market impact, and competition.
- 2. Test problem hypothesis.** Think deeply about your customer's real needs, their problems, their customers, their workflow and organization.
- 3. Test product concept.** The goal is not to sell customers on your innovative product or service, but to test their reactions. If they say, "Yes, this solves our problem", then you have validation of your phase one hypothesis. If not, you pivot your product or service to fit the needs of the customer and re-pitch.

4. Verify. In this phase you develop a rigorous plan to ensure that the now-acceptable product or service is viable and can go to market.

I think that the key take-a way's for my small business are that we all must listen to the customer and their objections without seeing that as a problem.

We have to move fluidly to meet those needs between idea creation and solution provision. We need to embrace on-going change and the never-ending need to look at customer's reality and know their problems. To do all of that, you need people who are constantly talking, trust each other to disagree and wrestle with problems, support risk-taking, see change as on-going, and are excited by challenge. In short, you need people behaving like high performance teams.

Enabling a culture that supports those capacities starts with top leader support and cascades down, creating a culture that values training and time allowed for people to work collaboratively. CLI has helped many clients assess their culture to see how to improve innovation. See the Denison Culture Survey offerings at www.mystrategicsolution.com.

Innovation: Needed, wanted, hard to understand, but worth the journey.

What can you do in your own organization to leverage it? Here is CLI's short list of Innovation must-do's:

- 1. Have a curious mind, and wonder about any gap that may exist between what your customers need and what you are providing them with.**
- 2. Teach creativity, innovation and basic project management for non-project managers in your organization (CLI does this...go to CLI's strategy site at www.mystrategicsolution.com).**
- 3. Develop collaborative skills in your organization-trust, communication, commitment, risk-taking and mutual support.**
- 4. Treat failures as learning opportunities.**
- 5. Model learning from failure by top leadership all the way down.**
- 6. Use the agile model above to re-think products and services and ask clients what they need and how they need it.**

I hope that you have enjoyed this paper and revisit the concepts again and again. For more information, contact me at scain@corplearning.com.

Quick Read List

- The Four Steps to the Epiphany, (2005), Steve Blank.
- The Innovator's Dilemma (1997), Clayton M. Christensen.
- The Lean Startup, (2011), Eric Ries.

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