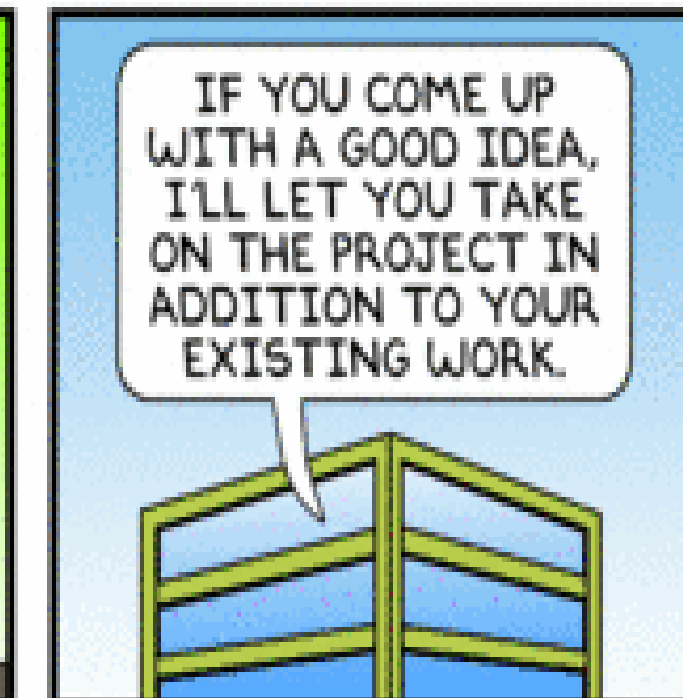
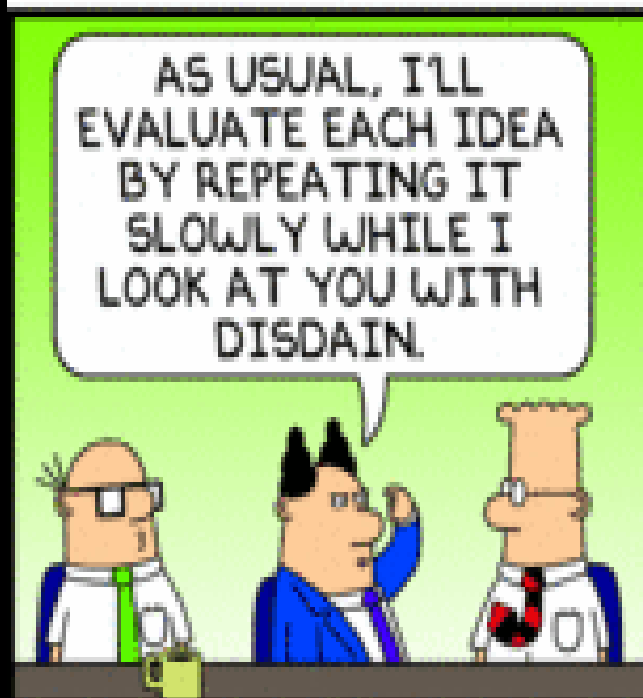
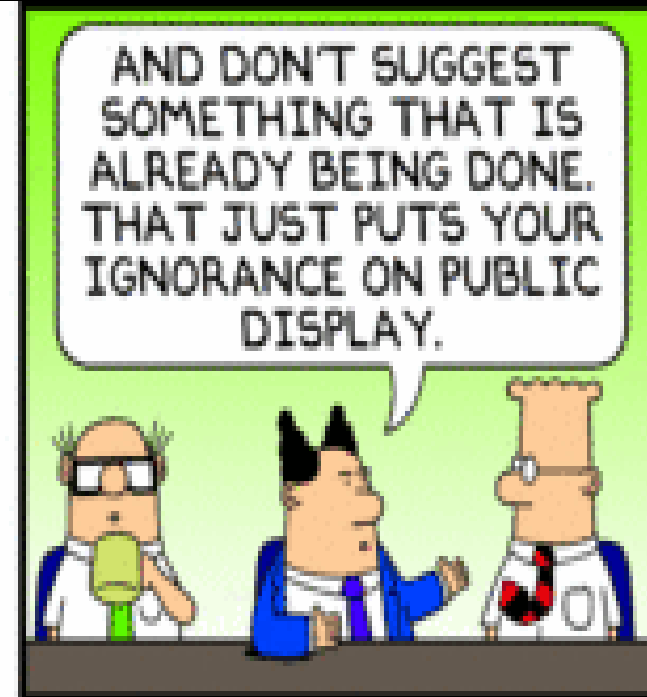


Making Innovation Work For You!: *Bridging the gap between Creativity and Applied Innovation*

Marty Wartenberg for
AME Innovation Summit
March 2014





Scoping this presentation?

- Four Fantastic Key Note Speakers
- Nine other Value Stream Presenters
- Topics include
 - * Innovative Entrepreneurship
 - * Using Lean for Innovation
 - * Innovative Product Development
 - * Innovative Processes and much much more!
- So what is left to talk about?



Business Mantras-

They are Changing...

- **50's and 60's:**
 - Duplicate what others have done but do it cheaper
- **70's and 80's:**
 - Improve your quality
- **90's:**
 - Faster. Faster.
- **Early 2000's:**
 - Customize (EOQ = 1)



- **Now and immediate future:**
 - Innovate. Commercialize.

**Every organization - not just business -
needs one core competence: . Innovation**

Peter F. Drucker
1909 - 2005



Just as there are basic laws that underlie biological ecosystems, there is a set of core values that must work in balance to support innovation: questioning, risk taking, openness, patience and trust.

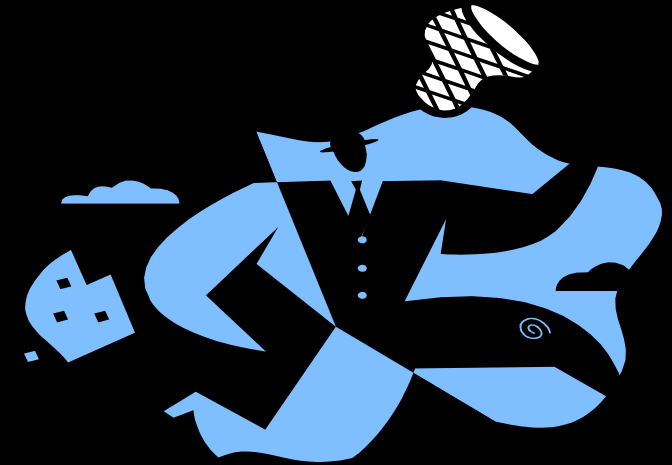
Judy Estrin

Closing the Innovation Gap

Innovation is the productive
implementation of strategic
creativity.

THE CHARACTERISTICS OF CREATIVE PEOPLE

- Bright
- **Good at generating many ideas quickly**
- Positive self-image
- Sensitive to the world and others
- **Motivated by challenges**
- **Can withhold a decision until facts have been collected**
- Value independence
- Rich fantasy life
- **Flexible and adaptable**
- **Concerned with meanings and implications of a problem and not small details**



THE CREATIVE CLIMATE

- Trusting management
- Open channels of communication
- Contact and communication with outsiders
- Large variety of personality types among employees
- Willingness to accept change
- Experimentation with new ideas
- Minimal fear of negative consequences of making a mistake
- Merit-based selection/promotion of employees
- Techniques that encourage ideas
- Financial, managerial, human and time resources to accomplish goals

Lack of any one or more of these constitutes a barrier to be overcome

Sound
like
IDEO

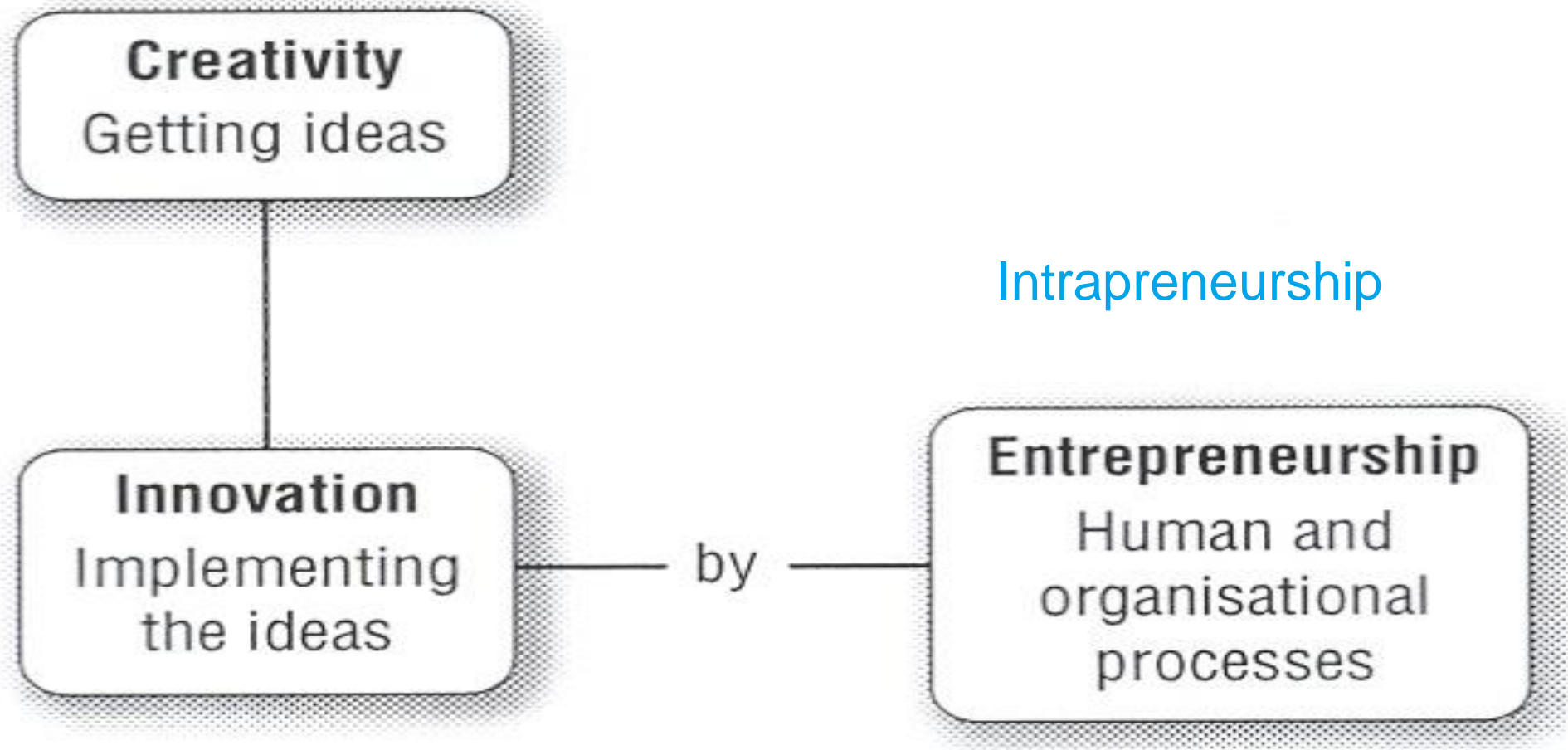


Figure 19.2 Distinctions between innovation, creativity and entrepreneurship

Types and Levels of Innovation

- Type

- Product
- Process
- Procedure

- Levels

- Incremental
- Distinctive
- Breakthrough

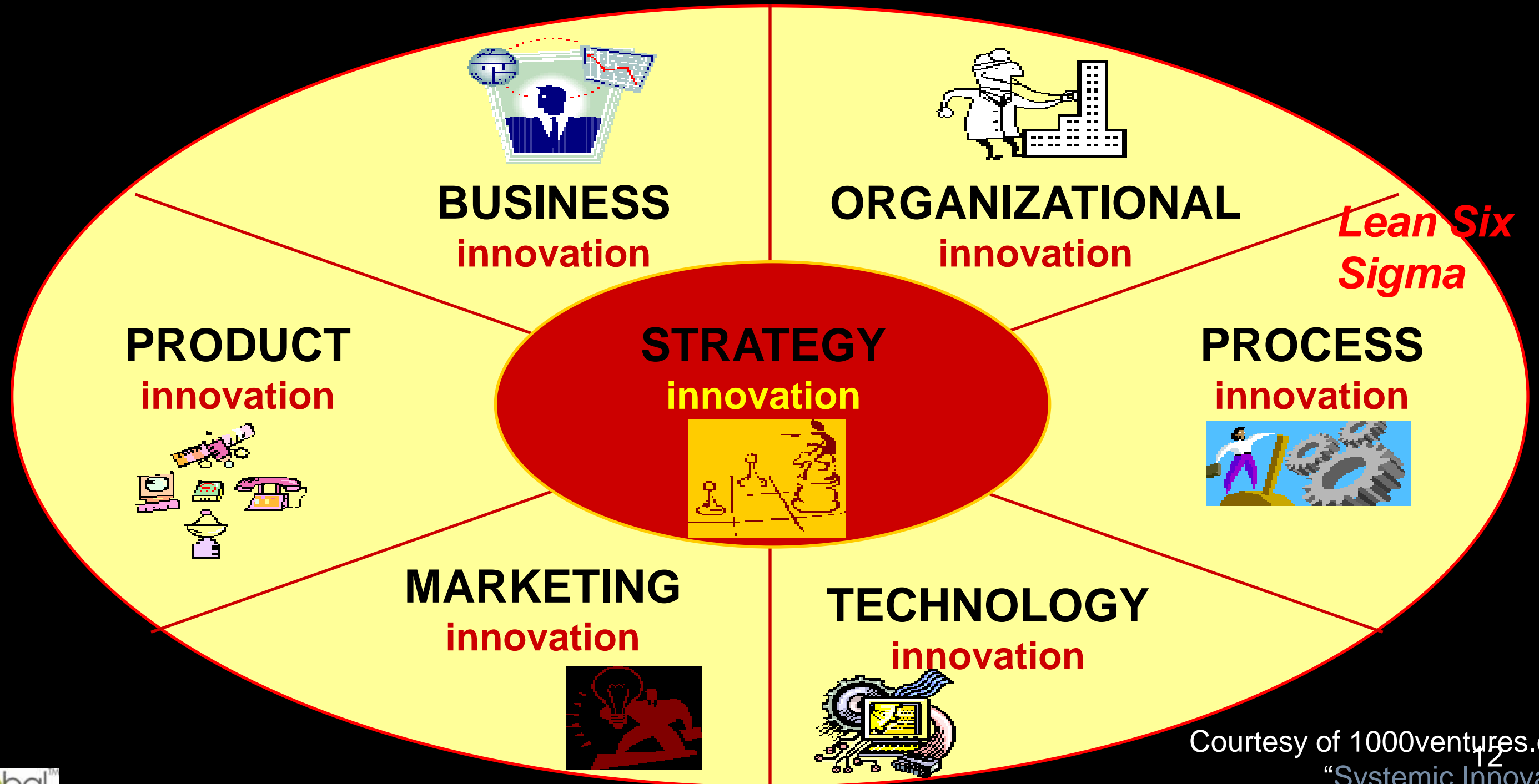
Where should innovation and creativity reside in the company?

- The Front End of the Development Process – Discovery and Research
- Design and Development
- Systems and Business Modeling
- Trials and testing
- Transition to manufacturing

- Manufacturing
- Quality control and testing
- Regulatory affairs
- Marketing and Sales
- Alliance management
- Finance
- Human Resources



Company Areas for Innovation



Courtesy of 1000ventures.com:
"Systemic Innovation"

DEFINITION OF INTRAPRENEURSHIP

“...Any of the dreamers who do. Those who take hands-on responsibility for creating innovation of any kind, within a business. The intrapreneur may or may not be the creator or inventor but is always the dreamer who figures out how to turn an idea into a profitable reality.”

- Intrapreneurs are therefore people who put new ideas into action within established businesses. (It's either Intrapreneurs or Intrepeneurs?)
- Although employed in a corporate position intrepeneurs are nevertheless given freedom and incentives to create and market their own ideas.

Intrapreneurship Characteristics

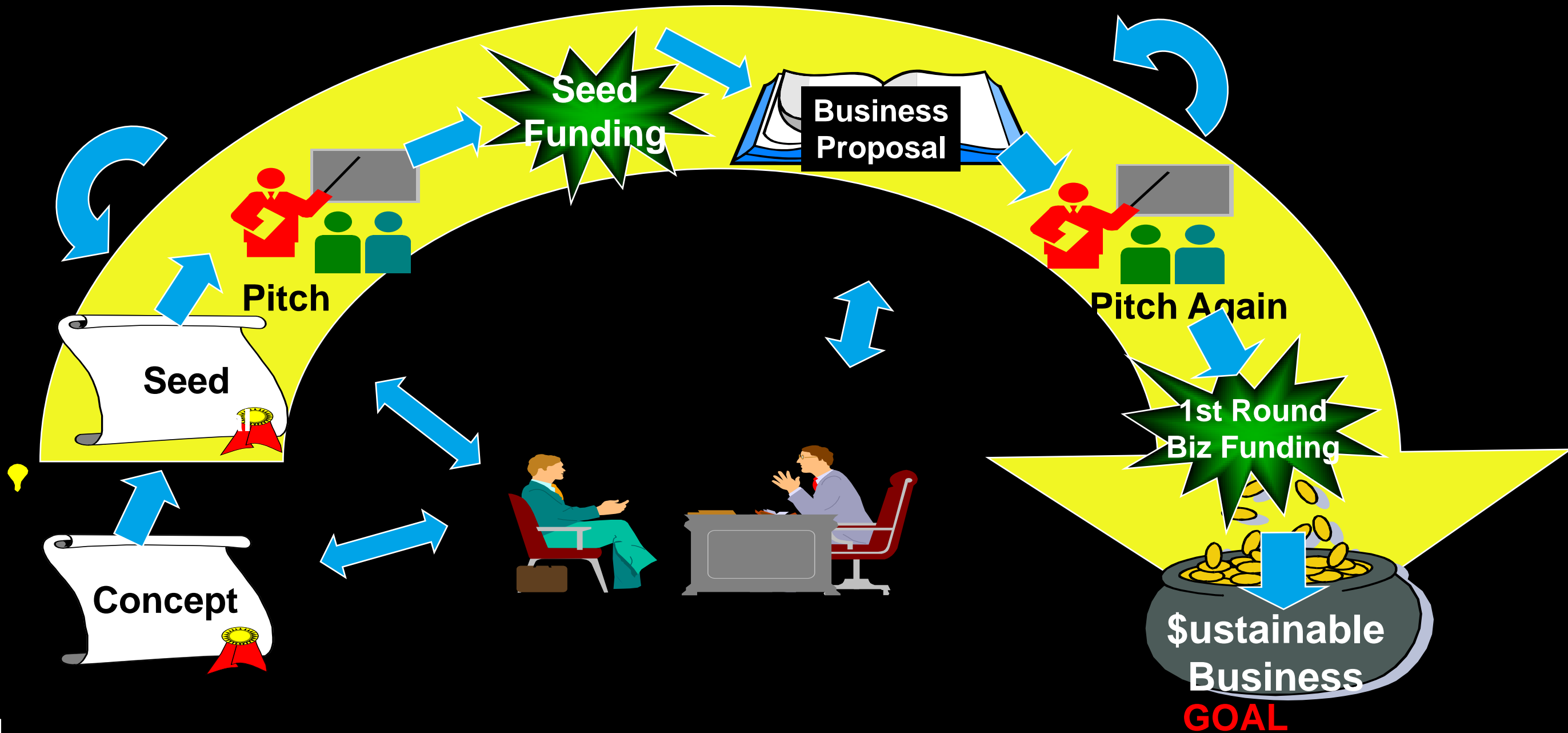
- Understands the environment and its politics.
- Visionary and flexible.
- Creates management options.
- Encourages teamwork.
- Encourages open discussion.
- Builds a coalition of supporters.
- Persists.

How to Start An Insurrection

1. Build a point of view
2. Write a manifesto
3. Create a coalition
4. Pick your targets and pick your moments
5. Co-opt and neutralize (create win-win propositions)
6. Find a translator
7. Win small, win early, win often
8. Isolate, infiltrate, integrate



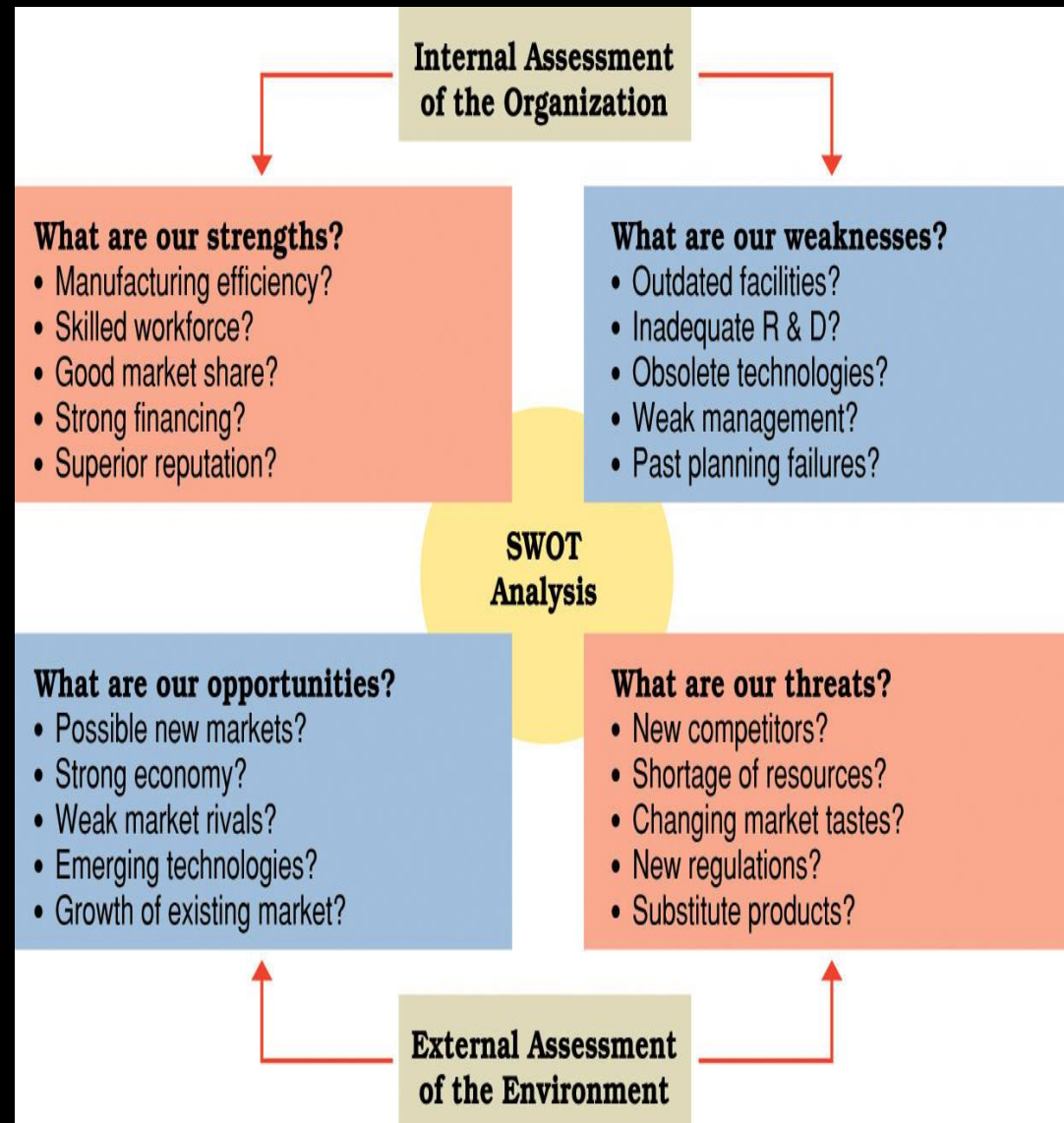
Overview of the Process



Building Your Case Study

- Time to discuss your potential selections
- Review the business plan concepts
- Business Plan
- First Cut SWOT on Concept
- Presentations

SWOT on the Intrapreneurship Concept



- This is your first cut at the SWOT
- You will be refining it as you develop plans, identify threats and weaknesses
- Develop plans to over come or diminish the threats or weaknesses
- SWOT is one of the key elements of strategic planning

Your Presentation

- The Business Plan must be solid in terms of answering the basic questions regarding “why should we do this”? Value and the WIFM for the Organization
- The Presentation is your sales pitch.
- Make it compelling and convincing
- Show passion for your concepts and ideas
- Boring and its just another day on the job doesn't sell that well to Executive Management or Venture folks



Let me tell you about my Son Paul's approach when he and his partners presented their plan to Silicon Valley Bank to raise money for their new company!

Evaluating Intrapreneurship Proposals

- Corporate Fit
- Initial Investment
- Experienced Venture Champion
- Experience With Product/Service



- Competitive Threat
- Proprietary Technology
- Gross Margin
- Rate Of Return

ROLES IN INTRAPRENEURSHIP

- Initiator
- Sponsor/facilitator
- Champion/manager
- Team supporter
- Reactor



FACTORS HAMPERING INTRAPRENEURSHIP

- Costs and rewards
- Inertia
- Fear
- Apathy
- Hierarchy



Tactics to help a new intrapreneurs to succeed.

- Test ideas casually with friends who can point out basic flaws and ask challenging questions.
- Keep ideas from natural enemies as long as possible to avoid opposition.
- Promote ideas modestly and constructively.
- Test casually on potential customers to check the project is realisable and profitable.
- Accept suggestions gratefully.
- Always look to network the idea so it can be thought about from many aspects.
- Don't give up at the first sign of disappointment.

Tips for the Budding Entrepreneur

- People in senior positions “own” certain territories. Don’t scare them of a takeover!
- Show how your idea can help them expand their territories.
- When these people become your allies, you will have the powers to dodge any politics.
- Remember that sexiness or coolness + high quality will win over the toughest supporters.

More Tips

- Corporate sharks eat small idea fishes.
- Hide until you grow big. Stay under the radar. Do not brag about your ideas. Haven't you heard –“Silence is Golden”?
- Show your idea in execution.
- Never propose an idea without a prototype in hand

Special Issues for Classically Trained Managers

- Over reliance on quantitative tools like Decision Tree Analysis
- Using only financial measures to make development decisions (i.e.: Expected Monetary Value or EMV)
- Over reliance on logic and process to the detriment of intuition and “gut feel”
- Can being too “lean” impact Innovation in an organization



“..most business managers are deaf, dumb and blind when it comes to the creative process. They learned about life through a bounded tradition of spread-sheet based theory and are trained to distrust anything that can’t be quantified”

R. Clarke – Former Dean HBS

Innovation Hurdles

"Ideas aren't our problem, it's knowing what to then do with them."



"Our evaluation process always squelches the innovative ideas."



Innovation Hurdles

"We don't have a way to tap into the thinking of employees, partners, and users."



"I don't have time to be innovative."



Innovation Hurdles

“Where can I go to **exchange** thinking with other innovation leaders?”



“We have no way to track innovation progress or **success.**”



Questions???????



Developing Metrics

- Financial - ROI type for new innovation initiatives
- Market Share and extent of revenue from new (less than) products or processes
- Industry and Public perceptions – Are you considered the World Class in your industry as seen by competitors and consumers
- Technical Leadership – Papers, patents, technical breakthroughs, invitations to key presentations
- Do other companies ask to tour or visit your site to find out how you do wonderful things

Key Performance Metrics (The Standard Set)

UNITS

- Number of ideas generated
- WIP, Yield, Kill Rate
- Strategic Mix (Incremental, Strategic, Breakthrough)

You will need to develop your own unique metrics

TIME

- Average Completion Time
- Average Time to Launch
- Average Aging

QUALITY

- Tollgate Achievement Rate
- Rolled Throughput Yield without major changes (RTY)

BENEFITS

- Percent of total revenue from new products
- Percent of benefits achieved
- Number of patents issued
- Value of patents as determined by a third party

Top 5

1. R & D as a % sales
2. Patents issued
3. % of new product sales
4. Standing in business magazine rankings
5. 3rd party evaluations

The Intrapreneur's 10 Commandments:

- 1) Build your team. Intrapreneuring is not a solo activity.
- 2) Share credit widely.
- 3) Ask for advice before you ask for resources.
- 4) Underpromise and overdeliver — publicity triggers the corporate immune system.
- 5) Do any job needed to make your dream work, regardless of your job description.
- 6) Remember it is easier to ask for forgiveness than for permission.
- 7) Keep the best interests of the company and its customers in mind, especially when you have to bend the rules or circumvent the bureaucracy.
- 8) Come to work each day willing to be fired.
- 9) Be true to your goals, but be realistic about how to achieve them.
- 10) Honor and educate your sponsors.

Thank You!

Barriers to Big Company Innovation – Steve Jobs in 2013



When asked about barriers he responded:

“What are the greatest challenges impeding innovation in large companies? It’s really simple,

1.prioritization

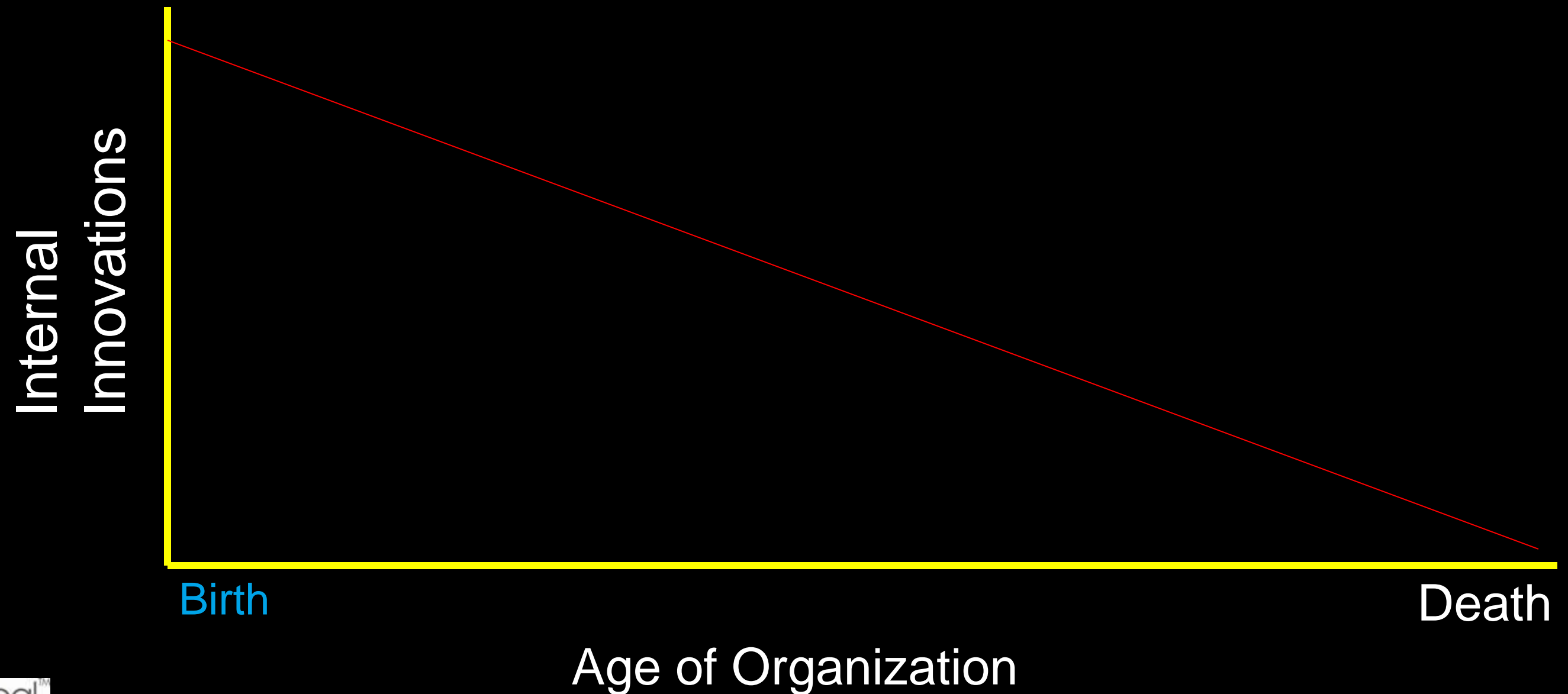
2, talent

3. execution are the critical issues.

From Both Steve Jobs and Jack Welch

- Excessive Six sigma and lean Movements are counter to innovation. Many companies have adopted and become fanatical about six sigma and lean. They boast about it how efficient they are and how it allows them to maximize the return on their core business. But six sigma and lean are diametrically opposite from what it takes to create a successful startup. Eventually the core business will falter, technologies will change and competitors with disruptive new business models will emerge. If the company has not been innovating they risk extinction. It is a formidable challenge and as the pace of technology development and commoditization continue to accelerate must be addressed.

The Infamous Decline of Innovation



The Growth of Innovation through Acquisition

