

# The Other Side of Innovation



## Inside:

- What makes a company successful for an extended period of time?
- Different models of innovation
- Characteristics of strong innovative companies
- Building strong innovative teams



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## An Idea is Only the Beginning

Gathering a group of people and having them brainstorm ideas for innovation can be an empowering experience. People will often “jump on board” and help develop new thoughts and ideas.

Developing the ideas can often be referred to as the “honeymoon.” Once this portion of the innovation is complete, the ideas will lose momentum.

The real challenge is the

execution. People rarely think about the “leg work” involved in the plan. A solid innovative change that is finished with expert execution is one that carries true change.

# An Example of a Company with Weak Innovation



One of Canada's  
Top 100 Fastest  
Growing  
Companies in  
1995, 1996, and  
1998.

## The E-zee Wrap 1000

The E-Zee Wrap 1000 is an example of an idea and a company that has weak innovation. The original idea of the E-Zee Wrap was a great idea. It is a quick and efficient way to make things more convenient. There are a lot of E-Zee wraps that exist in the world, but the

need for the E-Zee Wrap 1000 is deteriorating. With a recent paradigm shift in environment, the use of plastics is on the outs. The E-Zee wrap has failed to evolve with time and with the needs of current society.

The company still exists and has a website, but the

product is still the same as when it first hit the markets.

In its time, the original idea of the E-Zee wrap was an amazing innovation. In order for the company to continue to grow, change is needed.

# An Example of a Company with Strong Innovation



# JOHN DEERE

## John Deere Machinery

John Deere has been a staple on the prairies for years. Growing up in an agricultural community, many people in Saskatchewan have seen the evolution of John Deere farm equipment. For years they have been at the forefront of the business.

Their ability to adapt to the needs of agriculture with speed and reliability has kept them at the head of their field. As technology changes, they have been able to stay ahead of the curve.

John Deere has successfully demonstrated an ability to be inno-

vative and remain profitable. The formula that they have applied is working, and one that other companies should emulate.

**John Deere was founded in 1837, Moline, Illinois, United States.**

Innovation!  
Where can we  
find it and what  
is the is the best  
formula?

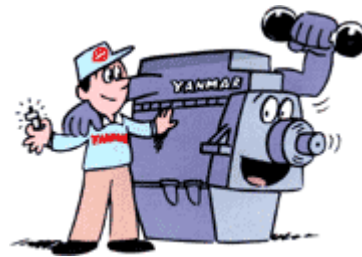


The Other Side of  
Innovation

# The Performance Engine

An organization's goal is to become as efficient as possible. Organizations look to become REPEATABLE AND PREDICTABLE. Once they have this process perfected, they begin to make more money.

Innovation, on the other hand, is not predictable. The purpose of innovation is to break away from the norm and have people think outside the box.



not predictable to break people think out-

INNOVATION and ONGOING OPERATIONS are in constant battle with one another. They work against each other. Innovation slows down the every day workings of the performance engine and temporarily cuts into profits. However, it is innovation that adds to the longevity and overall success of a company.

# Standard Organizations

Standard organizations have the idea of the leader over-emphasized. The innovation side of the organization often lags behind and they see a natural reduction in profit.

The standard organization often neglects the "team" and "plan" phase in order to keep things fresh and new.

In order for an organization to have an effective innovative department, it must exist separately from the rest of the business. This way, the two of them will not bog each other down and work against one another.

## ORGANISATION DISECTED



# Three General Models of Innovation

## Model 1: Innovation = IDEAs + Motivation

In this model, employees thrived in the environment of innovation.

Companies that thrive off of this strategy have developed a “culture of innovation.” In this atmosphere, creative ideas are plentiful and the employees are empowered.

One of the biggest drawbacks of this approach is that there are a lot of ideas but not much “finish.” It is easy to come up with plenty of different ideas, but there is little follow through.

This model lacks efficiency and does not develop the results that most leaders are looking for.



**Companies can't survive without innovating, but most put far more emphasis on generating “Big Ideas” than on executing them.**

## Model 2: Innovation = IDEAs + Process

This model is created for efficiency. This model is built to be used over and over. This approach can be very powerful and drives great results.

One of the drawbacks of this model is it can be very specialized. If things tend to go awry, people will not know how to react. There

is not a lot of room to adapt and make changes on the fly.

The efficiency of the model can ultimately be its downfall. Failing to adapt and change in order to stay current may result in an undesirable outcome.



## Model 3: Innovation = IDEAs + Leaders

This model is the most popular model. Once the innovation process is complete, many companies find a great leader and allow him or her to run with it. There is no new innovation in this model. The new ideas that are added are there to make things run more efficiently and improve the bottom line.

If you are an individual who has put a great innovation forward, this process is the best and most efficient way to make money in the short term.

In the long term, the company will eventually lose momentum and ultimately fail.

# Part 1 – Building the “Right Team”

## Step 1—Divide the labor.

It is crucial to divide the labor properly. You must find each individual’s strengths and place them in an area in which they can succeed. Success is a great motivator, and in order to have a motivator that is driving innovation, you must set your team up to succeed.

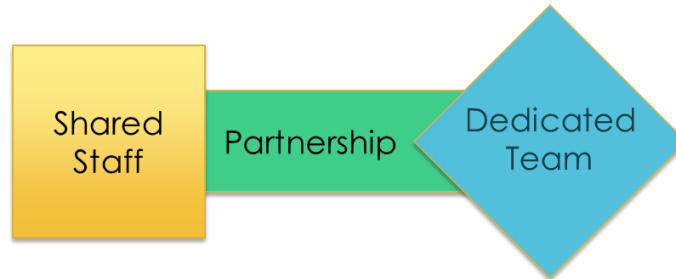
## Step 2—Assemble the dedicated team.

Decide who will be on your team. This is not always an easy task. You must man-

age your employees while carefully making sure not to offend employees left off

## Step 3—Manage the Partnership.

important. You must establish clear goals and expectations. Conflict will happen, so it is a matter of finding a compromise after conflict to keep moving forward.



the team. Choosing the right people to take part in the innovation can make or break your project.

Understanding the difference between the roles of the performance engine and the innovative team is

## Tips for Building a Strong Dedicated Performance Team

- A) Try to break out of your comfort zone. Do not have a bias for people you are comfortable working with.
- B) Find new roles for people. Try new people in leadership roles.
- C) Set attainable goals for the team.
- D) Creativity is key, try to break away from the mindset of being primarily quick and efficient.
- E) Try a new process, and take risks.



**“Taking risks and breaking away from the norm creates new ideas and innovation.”**

## Mediation

Having strong mediation skills is an asset. As previously discussed, there will no doubt be conflict. Finding ways to compromise is essential.

You must keep the needs of both teams in mind while making sure not to hinder the innovation.

Harmony between the two can be tough. Developing a “working relationship” is most likely the best approach to resolving conflicts.



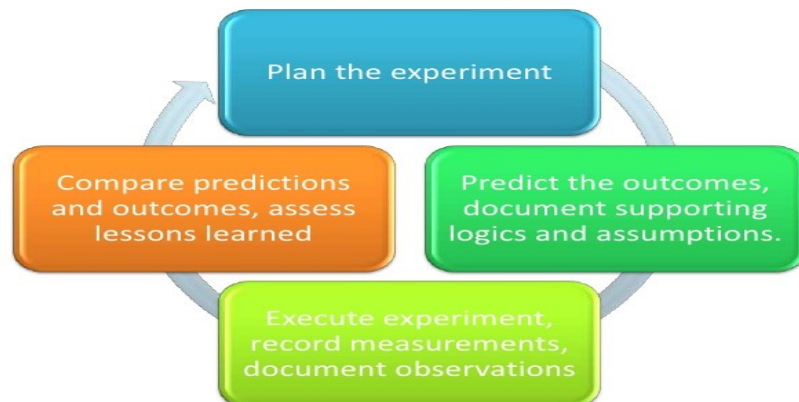
# Part 2 – “The Planning Phase”

Once the innovation team has come up with an idea, developing the plan is the next step. The plan is a very important process, but it should be noted that the plan must not be written in stone. Adapting the plan and making adjustments to unforeseen circumstances is important.



**“The original plan is riddled with guesswork. As a result, the competitor that wins is rarely the one with the best initial plan; it is the one that learns the fastest.”**

## Formalizing the experiment



Book Summary - Other Side of Innovation  
by Amol Gupta

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## Tips for the Planning Stage

1. Do not underestimate the planning stage.
2. Begin with the end in mind.
3. Use data.
4. Have a clear hypothesis.
5. Take a break and assess where you are at.
6. Be confident in adaptations.
7. Evaluate the leaders.
8. Take time to self-reflect and improve

# Watch Out!!!! Biases can Exist.

The trick is, can you see them?

After the performance engine has invested a significant amount of time on an idea, it is possible that biases can develop. The team can become overconfident in the process, and they are unable to discover why the plan is not working as well as the team had intended.

Making sure your team is honest with themselves is a required trait. Trying to keep a fresh mindset and looking in

“from the outside” are what a successful team is able to do.

There are plenty of different ways that this can happen. It is only natural for people to believe in their hard work. In fact, that is what you want. However, finding the balance between confidence and overconfidence can be the difference between being successful and failing to accomplish your goals.



## Common Biases as recognized by Govindarajan and Trimble:

1. **Overconfidence in predictions:** When the results are lower than the expectations, there can be two reasons:
  - Poor assumptions
  - Poor Execution
2. **The Ego Bias**
  - Successful experiments: Due to actions planned and executed.
  - Unsuccessful experiments: Due to external influences
3. **The Familiarity Bias:** Become too familiar and cannot see your project objectively.
4. **The Size Bias:** Belief that big outcomes are a result of big actions.
5. **Simplicity Bias:** Using the first answer that pops up to explain a phenomenon.
6. **Political Bias:** Trying to force a result that outside opinions are looking for.

**Bias: prejudice in favor of or against one thing, person, or group compared with another, usually in a way considered to be unfair.**



# Summary

Govindarajan and Trimble have spent most of their careers researching successful companies. In this particular book, they focused on strong companies and discovered what they do well and what common characteristics they share.

The word “team” shows up repeatedly. Allowing people to work together and use each others’ strengths is a re-occurring theme.

They also discuss in-depth strategies companies use to make sure teams succeed. Providing strategies for mediation to avoid political pressure is one such strategy.

According to Govindarajan and Trimble, leadership is important, but the leaders need to guide the team instead of dictating to them where to go. The leader is more of a mediator who works with the team; they guide the thinking process and make sure that the team stays on track.

Lastly, execution is a point of interest. Execution of the plan put in place is what the company will ultimately be judged upon. In all cases, the plan will not stay on course but whichever team

evolves and adapts the quickest will be the most successful. While the plan is put in place, reflecting on the process is a skill that is necessary. Taking a look at what is working and what isn't working and being honest with the team will help make the final product even more impressive.

The last challenge is being able to avoid biases. You must watch out for influences that may skew your reflection process and ultimately taint your final product.

Self-reflection proves difficult:



Bennett Chattanooga Times Free Press



# Reference

Govindarajan, V., & Trimble, C. (2010). *The other side of innovation: Solving the execution challenge*. Boston: Harvard Business Review Press.

