

Seven Shortcuts to Innovation

By Howard Baldwin, CIO Leadership Forum

Companies Sometimes Need to Change Quickly—Here's How IT Can Help

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In the closing days of the 20th century, when we were learning just how fast "Internet time" really was, a colleague hired me to help him create the first issue of a new magazine in an ungodly short period of time. "Nothing to it," my friend promised. "We've been doing this a long time. We know all the rules. We know how to break them."

Everything he said was true—and we made our deadline.

Today, in the IT sector, circumstances are slightly different, but not much. You no longer have to worry as much about a dot-com undercutting your business model, but the fact remains that competitive pressures sometimes require that you innovate quickly. That doesn't mean creating a new product category, as Apple did with the iPod. Rather, it means gaining traction and steadily increasing your proficiency in a way that strengthens your profit, improves your manufacturing practices, or increases your efficiency before your competition does.

How do you do it? By following these seven shortcuts.

Getting The Ideas

Don't Think Big: When you start thinking about innovation, the odds are against you creating another iPod (which required not only new technology but new distribution models as well). Instead, concentrate on the things you already do and develop new ways to do them more efficiently. Take the dictum issued by UPS a few years ago that its drivers would, as much as possible, make only right turns. The company's goal was to speed up deliveries by eliminating the time drivers spend idling at stoplights or waiting for oncoming traffic to break. UPS drivers now follow that rule 90 percent of the time. And the company reaped an ancillary benefit: it found that it now travels fewer miles to cover its routes, which in 2006 saved an estimated three million gallons of fuel.

Another way to innovate, suggests Dan Starta, a partner at the consulting firm A.T. Kearney, is to become a fast follower—thinking about how you can develop new applications for upcoming technology. "You may not be the one who comes up with the idea, but you can come up with the first solution," he says. "As telephones

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become wallets, for example, think of ways you can tag along on that trend.”

Get Out of the Office: To break away from the constraints of daily business, go to a future-oriented conference, preferably with a group of colleagues. (Turn off your BlackBerry when you go.) “Innovation comes from being surrounded by interesting people and interesting ideas,” says Charles Nebolsky, a director at Accenture Technology Labs. “Get out of your routine and spend a day or two looking at things way out of the box. When you’re not surrounded by your day-to-day responsibilities, you start thinking differently.”

Keep an Eye on the Horizon: Want to galvanize your IT staff? Let them spend a few days each month traveling into the future—either by attending future-oriented conferences or by conducting self-directed research. Have them post their insights on a blog or a wiki or with some other collaborative tool. Let other IT staffers comment and vote on their favorites. However you do it, dedicate some resources to focusing on the future.

After the concepts have simmered, clean them up and present the best ones to the rest of the company through the same kind of collaborative technology. “That’s where you’ll get some real business case–driven innovation,” says Nebolsky, who employs this technique to propagate ideas from Accenture’s lab among the company’s consultants. “Our practitioners who are out in the market tell us how they can apply that technology to problems they’re encountering.” Similarly, your business folks can look at your ideas and suggest applications.

A final key in this: Squirrel away a portion of your budget to develop innovations. Laurence Shaw, senior vice-president of international operations and global solutions for the consulting firm Keane, suggests that 5-7 percent is sufficient. (Don’t believe the myth that the more you spend on R&D, the more innovative you are; according to Lem Lasher, chief innovation officer at the consulting firm CSC, General Motors spends more on R&D than any other U.S. company.) With that money set aside, you won’t have to wait for a new budget cycle when you want to innovate quickly.

Developing the Ideas

Set Up a Separate Entity: Getting innovative ideas off the ground can be a challenge, especially if your corporate culture isn’t set up to reward such efforts. “If you don’t have an innovative culture, you’re stuck,” says Lasher. “That doesn’t mean you don’t innovate. It just means the probability of it happening is low.” You’ll probably have to work that much harder to make it happen, and corporate “antibodies” may even attack your group as if it were a foreign object.

In that situation, Lasher says, there needs to be strong leadership—someone who can clarify objectives, identify measures of success, and be committed to the effort. In many cases, companies will create a separate entity devoted to this particular effort, just as some companies did during the Internet boom. (The practical term is “skunk works,” but Lockheed has copyrighted use of that term based on its efforts in World War II.) Keane’s Shaw calls it “forgetting the legacy” or “creating the organization within.”

Set an Extreme Target: Parkinson’s Law states that work expands to fill the time

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allotted to it. Egg Bank, a division of Prudential devoted to online banking, wanted to offer a credit card to its customers. Traditionally, it takes eight months to launch a new credit card, but Egg's CEO wanted it done in eight weeks. If you asked why it takes eight months, says Shaw, who worked with Egg, the answer would come back, "We do it this way, therefore it must always be done this way." To counter that, you have to ask how you'd do it without the organizational constraints and the bureaucracy. "Break the operational rhythm," Shaw says, "and introduce an innovative rhythm."

Aim for Small Deliverables: Think of the innovation effort like a software project, suggests Jeff Smith, senior consultant at BT INS. Even consider using some software methodologies, such as the agile technique, with short deadlines and frequent analysis. "That way, you can see what is working and what is not. You can fix something that doesn't work right away," he says.

Learn from Your Mistakes: Don't forget that you're embarking on something new, something you may not have experience in. If you encounter problems, resist the temptation to quit, even if those corporate antibodies do attack. Keep plugging. But if the project does fail, learn from it. "Capture what you learn at each step of the way, and then again at the end of the project," says Smith. "Regardless of whether the project was cancelled or produced, you'll have those lessons to apply the next time. And remember that most people learn more from their failures than their successes."

Howard Baldwin is managing editor of the CIO Leadership Forum. Based in Silicon Valley, he's been an editor at Corporate Computing, CIO, and Optimize.

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