



## Keep the Fires of Innovation Burning

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### Wait and See

Imagine you are sitting in a racecar at the start line, revving the engine, and waiting intently for the lights to blink through the sequence and turn green. When do you react and step on the accelerator? Too soon, and you will jump the gun and be disqualified. Too late, and you will give the edge to your competitor. And how hard do you slam your foot down? Too hard, and the tires will spin and smoke without gaining traction. Too soft, and the trip down the raceway will be more like a Sunday drive than a rocket ride. **It's a balancing act and a test of nerve.**

In a way, this is the dilemma that business leaders face today. The economic downturn caused a shift from expansion to survival mode, followed by budget cuts, layoffs, plant closures, and divestitures. The timing and magnitude of the recovery (that we all want) are still uncertain, and the specter of a double-dip recession still lurks. **The business watchwords remain *caution* and *wait-and-see*. Many wonder when and how hard to step on the accelerator again – in terms of hiring staff, procuring new equipment, and expanding operations.** Too soon or too much, and cost structures will expand too far ahead of demand, dragging down financial performance and cash reserves. Too late or too little, and you may be late to the party for the first big surge in demand, potentially ceding market share to competitors. There is no easy formula for the *timing of scaling up*, and leaders must call upon their best analysis, expertise, and intuition.

### But Innovate Now

However, there is a real danger in allowing this wait-and-see attitude to creep into an area where it does not belong – namely, the area of *innovation*. The importance of timing mentioned above concerns the size and scale of operations, but innovation is another matter. It is about doing things differently and better, not necessarily larger. Innovation is about creating more value for customers or delivering existing value propositions more efficiently:

- **New products and features** that meet customer needs and set your enterprise apart from the pack,
- **New applications and markets** for existing products and services that provide an opportunity for expansion, and
- **Improved business processes** that achieve more with less and enhance productivity.

**The time for innovation is always now.** In a free market, and at a point in history where change of all sorts (political, economic, social) is happening so quickly, there is no such thing as coasting or standing still. **An enterprise stretches, adapts, and evolves, or it withers on the vine.** What worked in the past no longer works today. In fact, it is often the very obstacle to success. **Innovation is the only way to cope, to keep up, and to win in this age.** And it should not be put on hold, whether in good times or bad.

The problem with innovation is that it is chaotic and unpredictable. One never knows for sure which

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idea will work or where the next breakthrough will come. **Innovation defies control.** This is why bureaucracies are afraid of it and rarely can do it, but entrepreneurs, rebels, and free thinkers can. By nature, innovation is the exercise of creativity in an ambiguous and dynamic world. **It requires hard work and action. It requires taking risks. It does not respect caution and hesitation.** Innovation is a continual process of purging and renewal, *and it works.*

So what does innovation in business look like? It is developing a new kind of notepad with a dab of adhesive on the back of each sheet (*Post-It Notes* by 3M). It is competing with the US Postal Service by offering something as crazy as overnight delivery (Federal Express). It is building a huge, profitable business in commodity-like technology products by assembling a hyper-efficient supply chain based on the Internet (Dell). It is baking and selling authentic, French-style pastries in a suburban American town (Stephane's in Wellesley, Massachusetts). **It is the next, great thing your enterprise will accomplish.**

### IT: Tool of Innovation

In this Information Age, information technology happens to be an excellent tool of innovation. But we must be clear: IT is not innovation itself. **IT is a means to, but not the end of, innovation (unless you are a developer of IT products).** For example, Wal-Mart became largest retailer the world by, among other things, organizing an amazingly efficient inventory and distribution system that employs a sophisticated information system. As soon as a customer buys a shirt or a basketball, Wal-Mart knows it. Moreover, Wal-Mart's *suppliers* know it, and a whole chain of events is triggered to replenish those items in the most cost-effective manner. The innovation is a superior supply chain, and the information system is a tool that supports it.

Unfortunately, some think that deploying the latest technology will cure corporate ills and thrust an enterprise past its competition. It won't, and this sort of thinking has led to wasted resources and much disappointment. **To deliver real value, an information system must be attached to a good business idea.** It is like the booster rocket on the Apollo spacecraft. The great innovation was to put a man on the moon, but he never would have escaped earth's atmosphere without the powerful rocket.

That said, most enterprises would be remiss not to consider how IT might enable the next, great thing. Like splitting an atom, there is a tremendous potential in unlocking the value of information. **Thanks to the digital economy, enterprises now compete on the basis of information more than any other asset.** Properly collected, analyzed, and acted upon, it can take an enterprise to new heights of success.

And the best is yet to come. For instance, IT will eventually fulfill the vision of the *real-time enterprise*. **Like a pilot in a cockpit, managers will be able to monitor and interpret business vital signs in real time, taking immediate action to navigate through these turbulent times.** No longer acting based on hindsight and hunches, completely current information on sales, costs, inventory, profits, and so forth will take the enterprise to new heights of responsiveness and efficiency. **This day has not yet arrived, but the path forward will be marked by steady and continuous progress.**

### Conclusion

So here we are in a period of uncertainty and lackluster growth. The natural reflex is to batten down the hatches and wait out the storm. This makes sense in regard to scaling back operations to match reduced market demand – though one wonders if a little “irrational exuberance” is in order, just to kick-start everything.

**Nevertheless, keep the fires of innovation burning** – through thick and thin. Smart enterprises will innovate all the more during periods of economic malaise, in hopes that the competition misses a few beats. When the economy picks up speed again, the rising tide will float all boats (that are left standing). But it does not offer anyone a competitive advantage. **It is innovation – possibly assisted by information technology – that can set your enterprise apart from the pack.**

**So think big. Take the long view of success. And keep on innovating!**



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