

HOW INNOVATION WORKS

FAST THINKING

BUSINESS • MANAGEMENT • EDUCATION • SCIENCE & TECHNOLOGY • POLITICS • PEOPLE • LIFE

ENERGY

SPECIAL REPORT
FUEL, CARS, CITIES
& BUILDINGS

SECRETS OF SUCCESS
ARE PATENTS BAD FOR YOU?

THE BRAIN & THE BRAND

How neuromarketing is reading your mind

PLUS

MOBILITY
MORALITY
SECURITY
MONOPOLY
SOCCER
AND OTHER
SUCH ESSENTIALS



BE AN ANIMAL!

Organisations adapt or die

BARRIERS TO INNOVATION

WHY WE NEED PERMISSION TO CHANGE

CHARITY AT WORK

GOOD FOR US, GOOD FOR THEM

THE ART OF BUSINESS

Think and work like an artist

THE IXC'S NEW MOVE

Network spins out from AI and goes out on its own

SPRING 2006

RRP \$8.95
INC. GST





FIRST GLANCE

A letter from the editor-in-chief.

The more we look at innovation, the more we conclude that at its heart is education of one sort or another. Creating an educational system or a method of looking at the world is in itself a profound innovation. Additionally, education systems and facilities are themselves the cornerstone of other innovations.

There are many definitions of what education is, and these might for convenience be grouped under three general headings: childhood instruction; on-going learning throughout life; and learning directed at acquiring specific skills. The last category includes endeavours such as learning the piano, martial arts and memory training. Or golf. Or bridge.

There is no doubt that any of these categories can benefit from innovative methods. In fact, all of them deserve a continual revolution of thought as to how to improve the speed and quality of knowledge acquisition.

On that topic, one of our friends recently drew attention to a special school for children in Melbourne. It is based on freedom and a host of liberal attitudes about children and

their innate abilities not commonly adopted by larger institutions. The school is built on the ideas of A.S. Neill, founder of Summerhill School, whose once famous book has been re-issued. Let me recommend it please - it remains as fresh and controversial as the day it was first printed in 1960. Revisiting Summerhill lead me back to two other classics: "How Children Learn" and "How Children Fail", both by John Holt and written in the same era. No parent should be without them.

This train of thought encourages me to look at the other end of the educational spectrum, the Open University, a great Australian innovation which has prospered quietly over the past decade and deserves wider understanding. Not unlike similar "work from home" programs in the US and elsewhere, it is distinct in offering a wider menu of choice, derived from seven universities.

The philosophy is simple: work from home, primarily on-line, rely on your own discipline, and progress to a variety of degrees. No USP required. Fees are lower.

Currently there are 42,000 students enrolled - a big increase from the 25,000 in 2004. As Stuart Hamilton, CEO of the University notes: "We're adding courses all of the time with an eye to both the purely vocational, such as business and IT, as well as the arts and philosophy". Have a further look at www.open.edu.au/wps/portal.

This magazine will continue to observe and comment on educational methods and new developments within them, as they are such an intrinsic part of the innovation process, both as a trainer in innovation and as a subject of innovative approach. We invite reader responses.

John Keeney
Editor-in-Chief



SECOND GLANCE

A letter from the editor.

Like love, the course of innovation rarely runs smoothly. If it were that easy, we would all be doing it and doing it damn well.

Several articles in this issue talk about the barriers to innovations. This theme – not what to do but what not to do – has cropped up regularly in these pages, and forms a counterpoint to the technological gee-whiz that is the stuff of popular journalism.

As Thomas Edison said: “Genius is one per cent inspiration, and 99 per cent perspiration.” But there is more to innovation even than hard work and sweat. As well as perseverance, some times it requires other skills, such as persuasiveness and perspicacity. The barriers are not just hills to climb, but sometimes also walls that need breaching, and whether they are personal or institutional, financial or technological, apathetic or antipathetic, you will require skills as much as energy to get by.

The same applies to those who manage innovation – they might not be the sources of the innovative concept, but they certainly require just as much innovative skill in

encouraging and supporting the creative minds at the heart of innovation, and grasping and realising the benefits of that concept.

The biggest problem that applies to innovation, though, is the well-meaning but ultimately non-effective lip-service that many organisations, executives and politicians pay to innovation without making any serious moves to actually encourage or implement it. It’s almost as if they believe that innovation just happens, as if their thinking is stuck in childhood images of a lightbulb over the head (stretch up and turn it on) or the desk-diary platitudes of better mousetraps and paths reaching to your door.

I’m reminded of the old story of the CEO and chairman of a company who decided to get on board this innovation thing, so they hired an R&D manager. After lunch on the first day, they thought it would be a good idea to pay him a visit to see what he had invented.

Innovation doesn’t just happen. Edison, who had more personal lightbulbs of both the real and the cartoon variety than just about anyone else, certainly recognised that. (And

he certainly benefited from the innovative skills of his staff, who he encouraged and actively managed.)

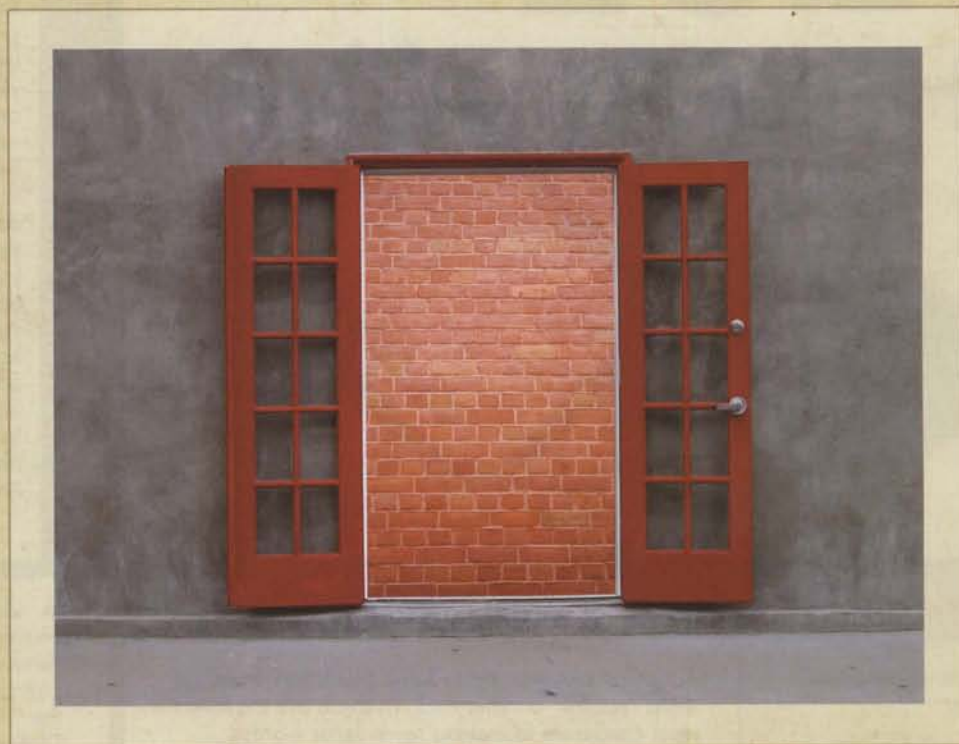
With that in mind, in this issue I recommend you have a look at Ken Hudson’s column on measurements of performance, Fran Molloy’s article on the secrets of success, and most importantly Marcus Barber’s excellent guide to organisational barriers and how to overcome them. (Not to mention all the other good stuff in this issue, of course!)

A little more understanding of the 99 per cent portion of the innovation process will go a long way to ensuring that good innovation doesn’t go the way of good intentions.

Tim Mendham
Editor



VISION



REALITY

PERMISSION TO CHANGE



Marcus Barber looks at how to identify and overcome organisational barriers to innovation, most of which are the organisation itself.

If you listen to most business reports or watch the news or read a paper it would be easy to believe that innovation is something that everyone is doing, wants to do or has done. Based on a lot of personal experience working with organisations, I have my doubts that this is reality.

For the most part, organisations are very good at talking about innovation. They might express the desire to be more ‘entrepreneurial’ or that they are actively developing an innovative culture. For me there are two questions that typically remain unanswered:

- Why exactly is it that so much focus is being directed to this concept we call innovation?
- How can organisations make the transition from talking about innovation to the physical process of actually innovating?

To answer the first question I suggest that the idea behind innovation is that organisations of all types (be they business, government or not-for-profit entities) want to improve what they do and how they do it in order to succeed at achieving their stated intentions. In other words, “innovation” is about constantly striving to be better in order to remain relevant and useful to the marketplace, hence the investment of energy and resources.

And that surely is a good thing?

Of course there are lots of studies that show why innovation is important and why some companies seem to do better than others as a result of a more innovative product mix or offering.

Allow me to go out on a limb here and make a conceptual leap. Innovation is tied to the concept of sustainability – sustainability of the enterprise (or the society). By innovating the aim is to ensure relevancy; relevancy can only come through adding value; one of the best ways to add value is to continue to improve what it is you or your organisation does and how it does it. And innovation is one very good way to ensure you are relevant and therein survive. The following is based on my

“Theory of Advanced Societies” and today I’m calling it the “Theory of Advanced Organisations”: Advanced organisations are those that seek and encourage ways for members of their organisation to improve the processes to ensure their future existence. Organisations that attempt to maintain the status quo ultimately decay.

The more a company tries to stay the way it is today, the more likely it is that it will decay.

Take a moment to re-read that statement. It goes to the very heart of the challenge organisations face when trying to become more innovative. Having established a degree of “success” the typical organisation (and probably not the one where you work, but one you might know of) invests considerable energy and resources “staying the same”. Yet doing so will lead to its ultimate failure.

Let us take this thinking a step further by this time borrowing from my “Sustainable Society Paradox”, renaming it the “Sustainable Organisation Paradox”: The degree to which an organisation can be considered “truly advanced” is in direct inverse proportion to the energy invested in maintaining their current operational framework.

In other words, the more a company tries to stay the way it is today, the less advanced it can be considered and the more likely it is that it will decay. By clinging to activities that made it successful in the first place, the organisation establishes the paradox that will see it fail.

But the simple fact is that too few organisations understand the barriers that prevent them from moving from words to action! They simply do not appreciate the “must haves” that enable their organisation to in fact do what they say they want to do! The rest of this article will answer the second question I posed – how can organisations make the transition from talking about innovation to the physical process of actually innovating?

STEP ONE - DEFINITION

You need to define what you mean by the term innovation. Until you do so you run the risk of any activity being ascribed the label of “innovative” when the reality may be far from the truth. “New” or “different” do not by default mean the same thing as “innovative”. New means “never seen before”. Different means “not the same as what we have seen before”. Neither of those characteristics can be claimed to be innovative per se. They may be, but I place far higher criteria on true innovative practices or outcomes.

Organisations that fail to define what innovation means for them continually chase rabbits down holes. A clearly stated and accepted definition establishes context and ground rules for the organisation to follow. It allows for the development of purpose and commitment.

STEP TWO - IDENTIFICATION

You next need to identify organisational barriers to innovation. Having established clear criteria for what will be accepted as representative of the term innovation, ask the following question: What areas in our business are likely to hinder the development of innovative practises?

Let me be clear here, there may be certain areas of your business that should not undertake a pursuit of innovation – often they are areas to do with safety of your employees or customers or compliance to legal requirements. While they may improve what they do, you might feel that incremental change is sufficient. Arguably the last thing you need are ‘innovative ways’ to comply with the law!

The purpose of identifying possible locations of organisational barriers is to understand that innovation requires commitment from the organisation. It is not about speeches and mission statements and organisational value texts. It is about truly committing to the idea of innovation and pursuing that relentlessly. Ask yourself the question: When it comes to innovation in our organisation, who wins, who loses, who is doing the saying?

This question will highlight potential supporters, potential counter views and an understanding of whose views are being pushed. Vested interests will find a way to kill innovative attempts. If it is perceived that an innovative suggestion will

Organisations that fail to identify barriers to innovation never develop innovative culture.

force change, silo management structures and fiefdom-building demi-gods will go to battle against an innovative idea regardless of the potential good to the overall organisation. There are many other barriers that you will be able to identify, resources typically being the next major hurdle.

Organisations that fail to identify their barriers to innovation never develop an innovative culture. They may on occasion strike it lucky, but it is as equally likely to be by chance as by design. Innovative organisations understand that innovation can be a messy, painful and delightful process and cannot develop with continuous barriers in the way.

STEP THREE PART A- PERMISSION

You must ensure you have “permission to change”. A stated intention to pursue innovation is a stated intention to change something. Your organisation must have an explicit permission-to-change statement that may be worded something like the following: “The purpose of the innovation business unit is to actively seek out and establish processes, products and tools that will help us substantially improve the way we do things here at XYZ Widgets. To that end, the innovation unit shall not treat any cows as sacred, nor shall it treat them with disrespect.”

That is your verbal commitment in writing. But permission to change needs an action commitment that is also expressly stated.

STEP THREE PART B - NURTURING

You will need to create a safe environment for innovation. Probably the step most often overlooked in creating and nurturing an innovative culture is the process that allows time, embraces mistakes, understands difference and leverages opportunities for change.

A safe environment is established by the implicit and explicit actions of a senior management group. They need to refer to the innovation team often, to publicly celebrate its successes and its failures. They need to protect it from short-sighted budget cutting or over zealous budget commitments. They need to set clear goals of intended actions of the innovative team and approve of the innovative team’s permission to look for alternatives beyond the “this is the way we do things at the XYZ Widget company”. The expectations should be realistic given the existing culture and capabilities and the organisation’s appetite for innovation.

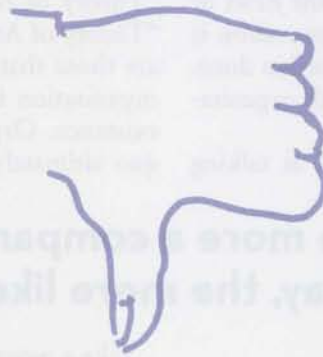
STEP THREE PART C - SUPPORTING

You must provide sufficient support to give innovation a chance. The support is found in opportunities to expand thinking through training and programs; meeting different people from different industry sectors, business units, and job functions. Support comes from a sufficient funding level. Support comes most of all from providing sufficient intellectual capacity and having that capacity committed to the pursuit of an innovative approach to business for your organisation. Having people “pop in and out” as part of another job function sends the message that innova-

tion is something to toy with, is a distraction from the “real” work, and should be easy to do with the “right creative types” in the room.

Innovation is not easy and let me make a conceptual leap for the second time by saying that I do not see creativity as being the same as innovation. In the work I do with organisations I show them explicitly that while all innovations require a high level of creativity, very few creative ideas are truly innovative. Beneficial, yes. Innovative? Hardly!

Organisations that do not explicitly and implicitly establish a permission-to-change statement backed up by establishing a safe and supportive environment will waste huge financial and time resources and generate a negative framework in the minds of those vested with helping the organisation develop an innovation-centred focus.



STEP FOUR - THE SCALE OF INNOVATION

Is what is brought to the innovation table going to be snacks or smorgasbord? This is the stage at which you establish just how big an approach to innovation you wish to take – how hungry are we for innovation? Should you be building an innovative capacity through bite size snacks and projects, or should you go all out to provide a full smorgasbord of opportunities for your organisation to innovate?

Depending on what your organisation's current level of acceptance for innovation, you may find that certain approaches fit your profile better. When in doubt, start small. Give the team time to generate a small win and then embed that win into the operational practices. Give them time to understand what works and what doesn't. As they build capacity and as they create successful outcomes, they'll be more inclined to tackle bigger tasks and the organisation will be more ready to accept their next area of interest.

All the time you are ensuring the organisation is aware of and has permission to change. All the time you are ensuring a safe place for innovation to test, fail, grow and succeed. All the time you are providing and assessing the required levels of support. All the time you are looking for the appropriate level of organisational hunger.

Organisations that bite off too little will stifle the innovative mindset. Organisations that take too big a bite risk pushing the organisation beyond its capacity to embrace the benefits of innovation. In both circumstances, the organisation ends up fighting for the status quo and that is simply an unsustainable choice for the organisation.

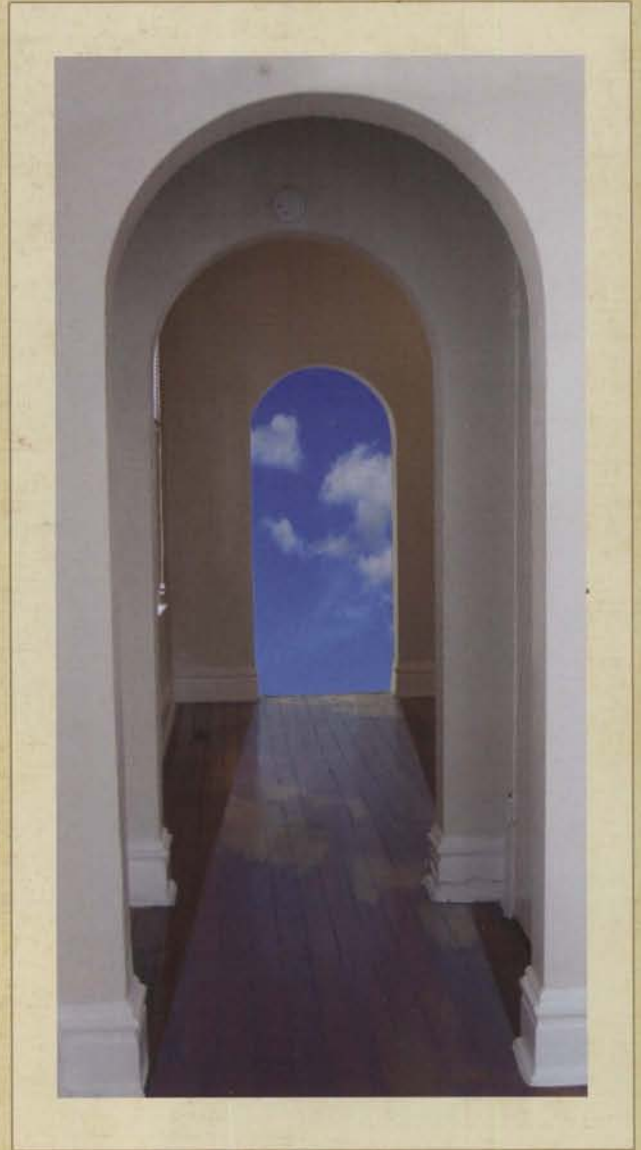
STEP FIVE - THE END

Finally, you should establish built-in sunset clauses. My recommendation is that you avoid establishing another 'fiefdom' or business silo. That means that, from the outset, you establish sunset timeframes by which the organisation's innovation unit will be closed down. Say three years. And if in three years time you want to keep the unit running, you close it down, readvertise positions and start a new unit with its own sunset clause and new faces in new positions. The same goes for people within the unit – give them a sunset clause of time commitment – say a year or two years. Keep rotating your staff through the unit. As fresh thinking and perspectives are brought to the table, you also ensure that an innovative capacity is filtered out into areas where previous members of the innovation team now work.

Organisations that understand the benefit of sunset clauses know that it prevents innovation stultification – where innovation is just a job function rather than an organic process.--

The steps outlined above are, of course, merely a thumb-sketch of what is required – much more work takes place during each phase. However, it should be sufficient to show you the bare minimum and essential elements to developing an innovative culture – whatever you determine that to be for your organisation. May you earn the results of your innovative embrace! ■

Marcus Barber is a strategy and foresight analyst and value systems specialist with Looking Up Feeling Good Pty Ltd. He can be contacted at desiredfutures@netscape.net.



NO BARRIERS

A GOOD MEAL LASTS AN EVENING...

For \$64, around the price of a good meal, FastThinking will nourish your mind for 2 years.

For more details contact nbhatnagar@etncom.com

I wish to receive FastThinking magazine on a regular basis. Please register my subscription.

Name: _____

Address: _____

Organisation: _____

Position: _____

Tel (B): _____ Tel (H): _____

Fax: _____ Mobile: _____

Email: _____

Please tick if you do not wish to receive special promotional offers from FastThinking.

SUBSCRIPTION TERM

1 year - 4 issues \$34

2 year - 8 issues \$64

PAYMENT (TICK ONE)

Cheque Money Order Visa American Express Bankcard Diner's Club Mastercard

Credit card number:

Your signature: _____ Expiry date: ____ / ____

FAST THINKiNG



SUBSCRIBE TO TOMORROW TODAY.