

**“Innovation Is Strategy”:
Imperative #1 for the Crazy World of 2015/2015+**

***It’s been said a million times, but it must be repeated: The pace of change is unprecedented—and staggering.** Robotics, genetics, artificial intelligence, and nanotechnology, among other things, are literally “changing everything.” White-collar work can be augmented (IA/Intelligence Augmented), but high-end white-collar jobs by the tens of millions are under threat (AI/Artificial Intelligence). Robots to vacuum the living room floor are terrific, but roboticized war via “autonomous drones” is too gruesome to contemplate. “Designer babies” (and other genetic “miracles”) may result in extraordinary healthcare advances—but may also introduce the stuff of wild-eyed science fiction. Our organizations—and nations—must take all this into account. The world will change shape—for better, and for worse. And it’s happening more or less in a flash. Leading physicist Albert Bartlett goes so far as to suggest, “The greatest shortcoming of the human race is our inability to understand the exponential function.”

***From a business—and, for that matter, government—perspective there is, in a sense, only one overarching strategy: constant, high-speed innovation.** The likes of efficiency and top quality are imperative for every enterprise—and the achievement thereof is hardly a small thing. (It’s one damn big thing!) But that’s “table stakes” in 2015/2015+. The [only] winning hand for one and virtually all is an organization designed from top to bottom as a de facto “innovation machine.” In three words: “Innovation *is* strategy.”

***A “culture of innovation” must be imbedded and nurtured by top management and made central to every leadership position.** Who are the organization’s innovators? EVERYONE. (Or else.) A culture of innovation turns every organizational unit—from 6 to 6,666—into a school house, a learning machine, a buzzing, blooming experimental laboratory. (*FYI: It goes without saying, implementing and sustaining such a culture is a daunting task in most organizations—it requires daily attention, more or less forever.*)

***Simple as it is to say, but ever so hard to instill, there is a “big secret,” and it is “Whoever tries the most things wins.”** “Move fast, break things” is Facebook’s mantra—and it must become all of our mantras. Translation: Literally everyone must be trying and testing “new stuff” every day. There is an uncomfortable corollary to this, captured in the title of a recent book, *The Paradox of Innovation: Whoever Makes the Most Mistakes Wins*. To try a lot necessarily means to fail a lot—leaders must understand this and make it a centerpiece of the strategy and culture of the organization. “Good tries” that fail are to be celebrated, not punished or hidden. And hustle on an unprecedented scale should go without saying.

***Almost as important as lots of good tries is diversity.** That is, every business unit must become a bubbling, “crazy” mix of views and backgrounds and tastes, feature constant intersection with outsiders of every flavor—constant contact with those who make us uncomfortable. Side by side with this bubbling cauldron is a “culture of curiosity.” We only want team members—in *every* position—who question *every* thing *every* day, keep asking more and better questions—then, of course, tying it all to those constant tries.

***We are citizens of the world—the world is our source of playmates.** The new technologies allow us to play with and partner with, day in and day out, practically everyone on the planet. Our source of ideas and partners is “everybody, every where.” This approach is “not optional.”

***Social media is everybody’s “game.”** One social media baron said, “It takes 20 years to build a reputation, five minutes to lose it.” (True.) And a big-firm financial services CEO said he would rather have a single direct twitter conversation with a customer than spend millions on a Super Bowl ad. (Sensible circa 2015.) Add a dozen like “radical” assertions and you have this: (1) Social media is ubiquitous—and is everybody’s business. (2) Stay as near the forefront as you can—and get personally engaged. Big Time. Best time to start this journey? Today.

***There are two giant, still under-served markets: Women (who buy *everything*) and “oldies” (who have *all* the money).** Women make the large lion’s share of purchasing decisions—of commercial as well as consumer products and services. (Re the latter, in the U.S., for example, over 50% of purchasing professionals are women.) Every aspect of the organization—from strategic planning to R&D to after-sales service should be designed for and take direct aim at the still oft-ignored women’s market. Likewise, the population is aging at an incredible rate; and the “oldies” have more or less all the discretionary income—to say their needs are underserved is gross understatement. What’s at stake? For one thing, the women’s market worldwide is an estimated \$28,000,000,000,000.

***“Design” is an attitude, not prettification—and it has universal application.** With Apple as our role model, we finally understand that “design pays [b-i-g time].” Both aesthetics and user-friendliness rule. But design consciousness that matters is not an afterthought or “add on.” It should infect every decision. And, make no mistake, design consciousness applies to an 8-person training department as much as to a retail outlet!

***Little is as good as big, maybe better.** Innovation over the long haul rarely if ever comes from enormous “breakthrough ideas.” Steve Jobs never “invented” anything. He took extant ideas and polished and polished and polished some more and perfected and repurposed them until, eventually, something magical emerged. Also, and perhaps even more important, time and again (if you’re trying enough stuff quickly enough), a tiny twist or turn will yield gargantuan results—e.g., change the entrance road into a Vegas casino from a harsh 90-degree turn to a gently curved road and the number of people who come to the casino doubles! Walmart significantly increases shopping cart size and small-appliance sales shoot up by 50%! (I could add 100 more similar eye-popping stories if I had the space.)

***Little beats big: Like it or not, our giant firms are rarely our best innovators.** It's our SMEs/Small and Medium-sized Enterprises that spearhead innovation and carry the weight of sustainable economic progress. We must support these firms in every way imaginable, from funding availability to development of large-scale innovation incubators to instilling a national proclivity for entrepreneurial efforts. (FYI: In the U.S., women-owned venture-financed startups out perform—finance, growth—male-owned startups.)

***Little-*within*-big.** The “death of hierarchy” is unlikely—and even unwanted. There must be a structure of accountability in any complex operation. On the other hand, much/most of the work in today's organizations will be done by project teams, project teams with a mishmash of members from all over the map, collections/collages of project teams, and constantly re-forming sets of project teams. Developing and sustaining a fluid organizational “structure” that allows these teams to be rapidly generated, change shape, and disappear—without losing the capability to execute and finish the job—is a major and challenging chore.

***“Sweat the details.”** An old boss of mine in the White House in the '70s said, “Execution *is* strategy.” Great ideas need polishing and polishing—and polishing. It ain't over until the last 1% is in place. Or consider this: A hotel is only as good as the efforts of the housekeeping staff; lousy housekeeping and a poor customer attitude on the part of front-line employees in general can torpedo a \$100,000,000 hotel investment in a perfect location. (FYI: One retail genius said, “Remember, your customers can never be any happier than your employees.”)

***Needless to say (but it always needs saying—and then saying again and again), capturing and keeping an energized, empowered, engaged, growing workforce is the bedrock of all the above.** “Putting people first” must stop being a slogan—and become everyday reality and agenda item #1 in every organization of every size; the payoff is staggering, from retail to biotech. Training and development—with a passion and a big budget—are the bedrock of the bedrock; as one executive put it, “Why go berserk over training? Greed—it pays off in spades.” (E.g., when the financial crisis hit, the Container Store, voted the top company to work for in America a couple of years back, doubled rather than cut the front-line training budget in order to increase the sales tickets from the lesser number of customers coming in the door. It worked. And yes, I did just say that a middle-market retailer, not Google or one of its sexy peers, was the #1 USA company to work for.)

***Women are the best leaders: Toward “gender balance” and more.** The evidence accumulates: Women *are* the most effective leaders. A study reported recently in the Harvard Business Review determined that women top men on 12 of 16 key leadership traits—including “hard ‘male’ stuff” like goal setting and “results orientation.” A McKinsey study showed that boards of giant companies with gender balance had 56% more operating profit than the male-dominated flavor that, alas, remains the norm. It is so so absurd not to act decisively on such information—which is just the tip of the iceberg.

***Forget the “vision”:** Improving leadership effectiveness stems mostly from assiduous attention to a bin full of “tactics.” “Vision” is one thing, but I like to focus on the “[so-called] little stuff”: (1) religiously doing your daily MBWA/Managing By Wandering Around—i.e., staying in direct touch with the likes of front-line employees and customers come hell *and* high water. (2) Visibly and constantly acknowledging staff contributions. (3) Apologizing with an “over the top” response after screw-ups. (4) Acknowledging that meetings are “what you do” as a leader, and turning them from “pains in the butt” into “paragons of excellence”—no kidding! (5) Becoming a Master of Listening—through study and practice. And about 25-50 other things I can readily think of. The “big stuff” (vision) is not unimportant, but longterm improved leadership effectiveness will mostly result from practicing and mastering that hefty bin full of tactics.

***Excellence is *not* an “aspiration.” Excellence is ... *the next five minutes.* Or not.** Excellence is the next conversation in the hall—or not. Excellence is lending someone a helping hand when *you* are under pressure of a crushing deadline and “don’t have the time”—or not. Turning an “insignificant” task into nothing less than a Glorious Exhibition of Excellence—or not. Excellence is not about the long term—it’s about right now, or it’s a bad joke.

***A “culture of innovation” starts early—that is, the traits enumerated above need to permeate the education system, from age five onward.** For one (very big) thing, the experimental attitude—and “whoever makes the most mistakes wins”—are antithetical to traditional education, from the USA to Germany to China; that must change if we are to generate satisfactory and challenging employment and economic growth in the near, let alone far, future.

The challenges enumerated here are monumental; few will get passing grades in every category. But we cannot reduce the pace of change bearing down on us, so we must create a strategy and culture that encompasses a big share of the ideas above. And do so at an unrelenting speed.

In Conclusion and Associated With the Above: A Few of My Favorite Quotes for the Times

“Business has to give people enriching, rewarding lives ... or it's simply not worth doing.”—Richard Branson

“Your customers will never be any happier than your employees.”—John DiJulius, personal services chain superstar

“We have a strategic plan. It's called ‘doing things.’”—Herb Kelleher, Southwest Airlines

“You miss 100% of the shots you never take.”—Wayne Gretzky

“Ready. Fire. Aim.” —Ross Perot

“The essence of capitalism is encouraging failure, not rewarding success.”
—Nassim Nicholas Taleb

“Execution is strategy.”—Fred Malek, entrepreneur, financier

“Amateurs talk about strategy. Professionals talk about logistics.”—General Omar Bradley, commander of American troops/D-Day

“I'm not comfortable unless I'm uncomfortable.”—Jay Chiat, advertising giant

“It takes 20 years to build a reputation and five minutes to ruin it.”
—John DiJulius on social media

“Courtesies of a small and trivial character are the ones which strike deepest in the grateful and appreciating heart.”—Henry Clay, American statesman

“You know a design is cool when you want to lick it.”—Steve Jobs

“This will be the women's century.”—Dilma Rousseff, President of Brazil, at the U.N.

“Avoid moderation.” —Kevin Roberts, marketing's “guru of gurus”

You can't behave in a calm, rational manner. You've got to be out there on the lunatic fringe.”
— Jack Welch

“Be the best. It's the only market that's not crowded.”—George Whalin on great independent retailers thriving in the age of giants