INNOVATION

104. The Audacity of ... Research!

In good times and bad. There are lots of sexy innovation strategies—I've championed many of them. But there's also good, old-fashioned spending on R&D—and protecting-the-hell-out-of R&D in tough times.

In big firms and small. Aggressive R&D is not just the provenance of the big company. In fact, it is arguably more important to the 2-person Professional Service Firm than the lumbering giant.

In every department. AGGRESSIVE R&D IS AS IMPORTANT IN FINANCE and PURCHASING and HR and LOGISTICS as in IT or NEW PRODUCT DEVELOPMENT!!!

Throughout the "supply chain!" Having vendors, suppliers, customers, etc., that are top-quartile in R&D spending in their industries is of the utmost importance.

In Systems! Innovative systems are as important as innovative products.

By giving everyone "play" money—think "Micro-R&D." Giving everyone in the organization the opportunity to get their hands on a few bucks (and a mentor) in order to play around (right term) with a new idea is essential.

By thinking "Venture Capital." Internal VC funds can run to billions of $$$ at an Intel, but the animating idea is to cast a wide, speculative net for potential investments. This could mean, for a restaurant owner, the likes of a $10,000 scholarship for a star-in-the-making chef to attend a top-flight cooking course in France.

By reaching out to universities. Associations, large and small, with research universities are an important part of the innovative enterprise's R&D strategy.

105. Adhocracy—Love It or Leave It.   In my experience, most truly innovative projects invent themselves, as opposed to being the product of a formal planning process; and their growth, too, is mostly organic, and constantly punctuated by odd twists and turns. An effective culture of innovation, then, is largely ad hoc—which drives many traditional senior managers crazy. To them, "adhocracy" is little better than "mobocracy." But if they can't "get it," they don't belong.

106. Beyond Excellence: The "Berserk Standard."

Amazon has changed the world.
eBay has changed the world.
Craigslist has changed the world—put about a zillion nails in the coffins of newspapers, among many other Richter 8.0+ things. Craigslist has more traffic than Amazon or eBay; though a private company, Craigslist has a projected market capitalization numbering in the billions of dollars.

Amazon has 20,000 employees.
eBay has 16,000 employees.
Craigslist has ... 30 employees.

There is more than one way to skin a cat—even a thoroughly modern cat.

Message: Never get seriously underway on a project of any sort until you've surfaced a couple of ideas that score perfect 10s, or at least 8s, on what I call … The Berserk Scale—e.g. 14,000 or 20,000 vs. 30.

107. Out of the Shadows: Skunkworks, Revisited.   Lockheed invented the term "Skunk Works"—a small unit born in 1943 and based in Burbank, CA, that used a totally unconventional approach to developing essential military aircraft such as the famous SR-71 Blackbird spy plane, a pillar of our Cold War tactical package, in record time at minimum cost with maximum innovation executed by an astonishingly small group of astonishingly motivated people. (Their 1st project was the XP80, the 1st tactical jet fighter—75 guys, 143 days start to prototype.) I came across the Skunk Works in the early 1980s—and immediately fell madly in love. I had long been convinced that "normal pathways" would not yield innovation at Big Companies. And I was on the lookout for byways—places that stunk to the reigning bureaucrats. And Skunk Works, or Skunkworks as I prefer, filled the bill perfectly.

So the generic "Skunk Works idea" is a "band of brothers and sisters," contrarian in nature and determined to do it their own way, who live in the netherworld, who stink-up-the-central-culture as they pursue what they believe is an earth-shattering dream. (Companies like Xerox and Apple have used these units to great—yes, earth-shattering—advantage.) The idea as we packaged it was picked up by numerous companies-e.g., a Pitney Bowes unit rented an unused restaurant about 12 miles from HQ, and a little team-of-more-or-less-freaks cobbled together a remarkable product in a few weeks.

108. S.A.V. (No, It's Not a Kind of Truck.)

"If I had said 'yes' to all the projects I turned down and 'no' to all the ones I took, it would have worked out about the same."—David Picker, movie studio exec, quoted in William Goldman's classic *Adventures in the Screen Trade* (cited by Caltech physics professor and author Leonard Mlodinow in *The Drunkard's Walk: How Randomness Rules Our Lives*)

"Ever notice that 'What the hell' is always the right decision?"—a shrewd observation, attributed to an unknown Hollywood scriptwriter

If, as I fervently believe ... Randomness Rules Our Lives ... then your ... *only (logical)* ... defense is-must be taking refuge in the message of the so-called "law of large numbers"—that is, any success follows from tryin' enough stuff so that the odds of doin' *something* right tilt your way.

Ultimate & Perhaps Only "Sure-fire" Winning Formula:

S.A.V.*

*Screw Around Vigorously.

109. What Have You Prototyped Lately?

"Effective prototyping may be the most valuable core competence an innovative organization can hope to have."—Michael Schrage

"You can't be a serious innovator unless and until you are ready, willing and able to seriously play. 'Serious play' is not an oxymoron; it is the essence of innovation."—Michael Schrage, *Serious Play*

Don't let yourself get stuck!
(What a silly statement.)

Fact: There is ... ALWAYS ... *something* ... some *little thing* ... you can start/do in the next ... 30 minutes ... to make a wee, concrete step forward toward solving a problem or creating a new opportunity. My colleagues and I call this the ... "Quick Prototype Attitude." MIT's Michael Schrage tells us that innovation ... *is* ... the reaction to a prototype. To move forward, you must have some eighth-baked thing to talk about and shoot at and tinker with ... ASAP.

110. Hell Hath No Fury: Celebrate "Disturbers of the Peace."

"What drove Trippe? A fury that the future was always being hijacked by people with smaller ideas—by his first partners who did not want to expand airmail routes; by nations that protected flag carriers with subsidies; by elitists who regarded flight, like luxury liners, as a privilege to be enjoyed only by the few; by cartel operators who rigged prices. The democratization he effected was as real as Henry Ford's." —Harold Evans, on legendary PanAm boss Juan Trippe

I believe that the Mother of [Almost] All Innovation is ... *FURY*. Abiding anger at the way things are... coupled with an "irrational" (statistically inappropriate) determination to beat back the innumerable protectors of the status quo and find and implement a better way.

An innovator's life, almost regardless of the size of the innovation (people fight the small ones about as tenaciously as the large ones), is pure hell. All guardians of the status quo are her enemies. That includes about 100 percent of her bosses, appointed stalwart custodians of "the way we do things around here." Why is fury required? Simple: In order to survive the onslaught of these Powerful Guardians of Yesterday, and come out the other end in tact, she has to be really pumped up 100.00% of the time, and equipped with very thick skin indeed—that is, really truly pissed off with the way things are.

111. The Innovation10: What We Know So Far ...   Libraries are full of books written about innovation. Nonetheless, I felt a pressing need here to devote an item to summarizing my four decades of noodling on this subject:

(1) *Try it. Repeat. Repeat. Repeat.* He who tries the most stuff wins.

(2) *Prototype it.* A particular form of trying—some model of some part of "it" that everybody quickly has an opportunity shoot at.

(3) *Celebrate failure.* Keyword: CELEBRATE. Not "tolerate," but "celebrate"—if "most tries" are king, then "most failures" are necessarily crown prince.

(4) *Hang Out Axiom. Every* "hang out" decision is an innovation decision: Yes. Or: No. That is, hang out with interesting, get more interesting. Hang out with ordinary, get more ordinary.

(5) *Diversity*. That is, diversity on any damned dimension imaginable. In any and every situation. More variety = Higher odds of success!

(6) *Parallel Universe*. Frequently the resistance to change is so strenuous that one must, in effect, give up on normal channels. So create a pretty-damn-separate "new world" (new folks, new location, new attitude, etc., etc.)—a parallel universe.

(7) *XFX/Cross-functional Excellence*. Ninety percent (95 percent?) of innovation requires working across functional borders, so Border Bashing/X-border Love is key to innovation success.

(8) *R&D Equality*. "Research" is not the exclusive provenance of the new product folks. Every department needs a well-funded, highly regarded R&D activity; the clear expectation is that every unit/function will be as well-known for its innovation record as for its execution of standard tasks.

(9) *Hire and promote innovators*. The best test of innovation potential is ... a track record in innovation. If you are assessing a 26-year-old candidate and there are no cases-of-innovation-worth-bragging-about in his past—then don't expect much in the future.

(10) *Fun!* Innovating is about breaking the rules—often *our* rules. There is a certain *mischievousness* about innovative organizations—not fun & games, but pleasure in sticking a finger in convention's eye, especially one or more of our own conventions.