

## **The Innovation Umbrella – Defining and Orienting Innovation to Better Meet Customer Needs through Ideas**

By James A. Schwarz, January 2008

Ultimately, all innovation is customer-focused. If we are not able to satisfy our customers' needs (and some would say the needs of *their* customers) then our innovation program is destined to fail. Our revenues and profits depend on meeting those customer needs and if we can't help them meet theirs, we can't meet ours, either.

To further define innovation, we can say that its purpose is to bring new, improved, adapted, and shifted products, services, and processes to our organization so that we can meet those customer needs.

There is much press about breakthrough innovation, and I acknowledge its importance, but most innovation will come from daily small improvements which lead to larger improvements that retain and expand our customer base.

But where will the innovation come from? Traditionally, it has come from a few people, such as those in R&D. But if leadership begins to utilize the talents of all employees rather than a select few, you move into integrated or bottom-up innovation and become much better able to achieve your goals. Research and development (R&D) or related activities will still play a key role in defining new products and services, yet involving a wider range of employees' inputs.

Idea-based innovation efforts (and remember that we are including improvement efforts as a part of innovation) become more effective as you open up the audience to include all employees as well as customers and suppliers. For this to work you need an efficient method of handling a wide range of ideas from an equally wide range of sources. This really requires a powerful idea management software package that can handle all these different forms of ideas. Link that to clear communication of goals to all participants plus an open minded leadership that supports change; you have the potential to drive innovation throughout the organization.

Many efforts become stale with time – I have heard innovation leaders think poorly of Six Sigma and other quality improvement efforts. Often they are right. But the problem often resides with not evolving the quality improvement process and fully involving the entire organization. Leadership rarely got involved with the improvement efforts nor utilized the shining stars from those efforts in larger projects – wasting all of that talent that processes like Six Sigma brought to the surface.

## Ideas Support An Umbrella Of Four Types Of Innovation

My view of innovation is an umbrella of activities that includes daily incremental improvement efforts along with larger scale innovation activities. The incremental improvements are as necessary as a new product or service, since if your product is innovative but flawed, customers will be hard to retain. Secondary benefits to integrating in all forms of improvement under the umbrella of innovation include a far more nimble organization that can provide a new product or service faster and at lower costs. Customers also feel better treated so there is a stronger relationship that helps retain customers and possibly find better future products or services – since the customer will be more willing to dialogue on their needs in a positive way.

Integrating all forms of innovation will take time – it is a shift to a CUSTOMER-FOCUSED organization. Initially, higher level activities will continue to be directed by leadership; such as R&D. However, once a group of top idea submitters is identified, start involving them in higher level activities. This is where I see most quality improvement efforts failing – they do not use the incredible base of employees that have grown from Continuous Improvement or other activities, and involve them in higher level activities.

The umbrella of innovation contains four basic types of innovation. These are described below and the matrix on the following page compares these to organizations in manufacturing, service and public sectors.

**INNOVATION** – As stated before, remember that it is the effort required to create new, improved, adapted or shifted products, services, and processes that ensure your company achieves its financial and strategic goals

- **BREAKTHROUGH** – creating a completely new product, service, or process that is a shift in thinking and not an adaptation of an existing offering. Disruptive innovation forces an organization to evolve to a new paradigm to remain viable.
- **ADAPTIVE** – updating existing product or service as well as new offerings that are closely related to existing ones.
- **SHIFTED** – existing products or services to fit new customer needs.
- **INCREMENTAL** – improvement to an existing product or service. Includes the creation, delivery and maintenance on that product or service.

\*My thanks to Bill Shockley for his valuable input on this section of the book

**Umbrella of Innovation Ideas**

	<b>Breakthrough</b>	<b>Adaptive</b>	<b>Shifted</b>	<b>Incremental</b>
<b>Level of Innovation</b>	Completely new product/service/process that substantially changes how you serve your customers and how they serve theirs.	Changing something to better fit customer needs. Incremental improvement ideas can lead to adapted innovation.	Finding ways to serve new groups customers with existing or improved services/products.	Small ideas that improve the work area or existing services, products, delivery or procedures.
<b>Examples:</b>				
<b>Manufacturing Sector</b>	Completely new product – may require new factories or methods of delivery (e.g., flash thumb drives changed how you store data).	Adapting a product or delivery to better serve customers. This includes updating look/feel of a product to lengthen its viability.	Finding new markets or uses for the same product. Includes cultural, regional and global issues.	Ideas to improve quality, reduce scrap, processing times or how a product is delivered to the customer.
<b>Service Sector</b>	Service that shifts an entire market (e.g., cell phones replaced the need for pagers and music downloads continue to disrupt the music industry).	Adding features or benefits to existing services. This could include moving a service to the web for customers to have easier access to information.	Shifting services to fit new cultures, countries or uses (e.g., shifting a service to fit the Latin community in the US).	Better customer service, simplifying procedures and removing errors.
<b>Public Sector</b>	Completely new method providing something to the community.	Creating a better service or method of providing that service.	Serving new groups of people with a shifted service (e.g., a library created for special needs children).	Reducing costs of providing services and limiting bureaucracy.
<b>Time Frame:</b>	One or more years	Weeks to months	Months to years	Days
<b>Requires:</b>	Willingness to risk writing a stupid idea. Understanding that it takes many ideas to find one great one.	Clear understanding of existing customer needs and the organization’s strengths in adapting a product or service.	Deep knowledge of product or service – this requires a higher level of training with participants.	Clear communication of organizational goals. Mentoring and training to increase creativity.
<b>Methods:</b>	R&D efforts, idea gathering events, task forces, formal innovation programs	Six Sigma projects, Kaizen Blitzes, focused campaigns, larger ideas/suggestions	Marketing, focused idea campaigns, assigned teams	Continuous Improvement, Six Sigma, 5S, traditional suggestion systems, focused idea campaigns
<b>Sources:</b>	Key organizational experts and R&D staff. Leadership starts involving top idea submitters from other three levels	Technical staff, top idea submitters and problem solvers. Customers can be overlooked as a rich source of ideas – link to employee idea efforts for improved products.	Initially marketing/sales but involve high performing idea submitters or teams of top participants.	Initially employees but evolve to include customers and suppliers.



This is an excerpt from the forthcoming 2<sup>nd</sup> edition of *The A to Z of Idea Systems for Organizational Improvement and Innovation*. Jim Schwarz may be reached at 970.252.9115 or [jims@tqs-sim.com](mailto:jims@tqs-sim.com).

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