Better and Faster
The Proven Path to Unstoppable Ideas
Jeremy Gutsche
Crown Publishing Group, 2015
ISBN-10: 0804188459
272 Pages
₹ 189/-

Competing Against Luck
The Story of Innovation and Customer Choice
Clayton M. Christensen, Karen Dillon, Taddy Hall, David S Duncan
HarperCollins Publisher, 2016
ISBN-10: 0062565230
288 Pages
₹ 625/-

The Innovator's DNA
Mastering the Five Skills of Disruptive Innovators
Jeff Dyer, Hal Gregersen, Clayton M. Christensen
Harvard Business Review Press
ISBN-10: 1422134814
304 Pages
₹ 819/-
Good Reads

Issue 1, April-June 2017

Power Forum is pleased to bring out its first issue of Good Reads.

In this issue we are covering the areas of Strategy through Three books, namely:

1) Better and Faster
2) Competing Against Luck
3) The Innovator’s DNA

The insights from these books is provided through Key, Take –Aways, Relevance and Summaries for each of them.

For those who would like to go into details and are interested in reading the complete book, details of the author, publisher, etc. are also provided at the cover page.
Better and Faster
The Proven Path to Unstoppable Ideas

Take-Aways

• Change never stops. If you rest, you face extinction.

• Resist the innate tendency to grow complacent with success; look relentlessly for your next opportunity.

• Seek “patterns of opportunity” in your environment. Don’t chase obvious trends. Look within trends for hidden, “niche” opportunities by using these strategies:

• “Convergence” occurs when you combine disparate ideas to create a new one.

• “Divergence” means you buck a trend deliberately to exploit a niche.

• “Cyclicality” is exploiting cycles, such as the return of a previous generation’s fashion, or taking advantage of a recession to launch a business.

• “Redirection” calls for “spinning” a negative in your favor or using psychology to change people’s thinking.

• “Reduction” means simplifying a successful idea or carving out a microniche within a larger phenomenon.

• “Acceleration” is going all in on a trend or idea quickly to seize the market.

• Look for ideas in other industries and apply them to your own.
Relevance

What You Will Learn

1) Why resting on your laurels and “farming” your familiar ground are dangerous.
2) How to resist natural tendencies toward “complacency,” “repetition” and defensiveness.
3) What strategies will help you spot hidden opportunities and “hunt” for your next big idea.

Review

Ideas and opportunities abound. People surprise you all the time with brilliant new things – concepts you never thought of, or if you did, you were too cautious to pursue them. Most people till their familiar “farm”; that’s your DNA at work. You study to gain a skill, work to attain a position and reap what you sow. But things change so fast today that your comfortable job might disappear or your company could crumble around you. Trend hunter and entrepreneur Jeremy Gutsche urges you to abandon — or, at least, seek beyond — what got you there and to “hunt” aggressively for what’s next. Though you’ve probably heard some of his case histories before, Gutsche’s cautionary tales and amazing success stories fuel this adventurous guide to modern entrepreneurship.

Summary

See Things Differently

Train yourself to see, and you’ll find ideas for new opportunities and ventures everywhere. Shift your mind-set from that of a “farmer” to that of a “hunter.” Farming comes naturally because human beings have farmed successfully for thousands of years. You start out looking for opportunities, you work hard tilling the ground to establish yourself and, once you do, you stop looking. You solidify your position and reap the gains as long as you can. You have seen that a football team that stops pressing late in the game and just tries to protect its lead often loses.

Avoid the “Traps”

Reawaken the opportunity hunter in you by first recognizing the traps you fall into as a farmer:

- **“Complacency”** – Resting on your laurels deadens your curiosity, thereby inviting disaster. Consider BlackBerry, which once held a commanding lead in the business mobile phone market. Smug in its position as the most secure, reliable provider, BlackBerry failed to see its competitors catching up. Its leaders didn’t understand that corporate users might respond to innovative design. Remember singer, rapper and dancer M.C. Hammer? In 1991, he was the music industry’s darling, but he spent his money as if the party would last forever. It didn’t; he declared bankruptcy in 1996.

- **“Repetition”** – Successful organizations and people have a hard time veering away from what made them rich. Blockbuster couldn’t shift its obviously outdated model of renting hard-copy videos until it was too late. Workers stay in jobs and careers too long. Routine blinds people and prevents them from trying new things.

- **“Protectiveness”** – In the 1970s, Kodak invented the digital camera. Instead of pressing its advantage and leading the world into a new age of photography, Kodak suppressed the technology to protect its dominance of the film market. When Kodak realized its mistake many years later, it was too late. In the 1980s, the Encyclopedia Britannica rejected
Microsoft’s offer to digitize its content. At the time, Britannica sold more encyclopedias than any company in the world. Microsoft went ahead with another partner; Encarta emerged, and Wikipedia came not long after.

Uncover New Opportunities

Counter your natural tendencies to become complacent, fall into routines and protect your gains by developing these “hunter instincts”:

1. **“Insatiability”** – Overcome complacency by focusing on your customers. Never assume you know what they want. Meet with them, ask questions and experiment to find better ways to serve them. Consider Capital One, which tests new ideas relentlessly, including issuing cut-rate credit cards and embracing new banking technology.

2. **“Curiosity”** – Break your routine by staying curious. Diane Halffin loved fashion, but she earned an economics degree. Determined to follow her passion for fine clothing, she took apprenticeships with designers throughout Europe. She met and married a prince, but despite her newfound wealth, focused on her dream. Today, Diane von Furstenberg stays curious by working in New York’s meatpacking district, a fashion hub where customers, employees and the buzz surrounding her keep her senses alive and her eyes open.

3. **“Willingness to destroy”** – Keep pushing. Resist overprotecting by committing yourself to destroying the things that made you successful, even if that’s painful. For example, chefs spend years perfecting their craft, but only a select few earn a Michelin star. Eric Ripert has three. He stays at the top because he refuses to keep cooking the same thing, especially his best, most beloved dishes. He experiments and creates continuously. Ripert has everything to lose, but puts his reputation and his three stars on the line constantly.

Now that you know how to change your mind-set from farmer to hunter, look for an opportunity. The secret lies in detecting patterns or trends. Avoid megatrends; for example, knowing that “environmentalism” changes everything only points to an opportunity everyone else already realizes. Look within the megatrend for patterns that reveal what might come next because of it.

The “Six Patterns of Opportunity”

Spotting the rise of social media, even as far back as 2006, wouldn’t have helped you much if you tried to compete head-on with Facebook. But if you looked for patterns within the trend, you might have seen that Facebook focused on sharing among friends. That left open the opportunity to share with everyone. That observation – an example of recognizing a “divergent” pattern – might have helped you create Twitter. Seek patterns of opportunity in your environment. Look at the way markets, products and trends relate. Don’t chase obvious trends; look within them for hidden, “niche” opportunities by using these strategies:

1. **“Divergence”**

Divergent thinking means going against the grain, taking a counterculture stance, “customizing” and, often, focusing on a narrow niche. In the late 18th century, Edward Jenner deliberately exposed healthy people to infectious diseases. The divergent, and gross, idea of ingesting pus from a diseased person contradicted everyone’s idea of health, but it led to the first vaccines.

Robert Hintz wanted to find a girlfriend, but his exploration of big, online dating sites led him to question their screening tools. Hintz wondered whether “attractive women” felt
frustrated by having to wade through hundreds of unattractive men who responded to their profiles. He probably couldn’t have succeeded by building another ordinary dating site, so he built BeautifulPeople.com, a dating site that rejects millions of would-be members as being too ugly. Controversial, polarizing and deliciously divergent, the site attracted enormous free publicity and succeeded wildly.

2. “Convergence”
Convergent thinkers see opportunities in bringing together “unrelated” ideas and trends to create new prospects. For instance, convergence emerges from combining knowledge of one field with experience in another. During Kyla Gutsche’s treatment for cancer, she lost her eyebrows and couldn’t find a satisfactory cosmetic substitute. This started her multiyear journey into tattooing, which led to alliances with a mix of specialists, such as plastic surgeons, Japanese ink masters, Yakuza gangsters and prison inmates. By combining disparate fields and expertise, she advanced tattooing, particularly for those whose skin suffered the effects of radiation therapy.

Gutsche’s major breakthrough came from reaching into the distant past. Previously a University of Oxford art professor, she remembered the breakthroughs the Renaissance artist Titian accomplished in simulating skin tone. The combination of his techniques with the advances she’d made in tattooing provided the solution she was seeking. She launched a new company and achieved widespread recognition as an expert in skin pigmentation.

3. “Cyclicality”
What goes around, comes around. Old fads and trends often enjoy new life years or decades later. It took Matthew Weiner, the creator of Mad Men, almost a decade to convince film studios that the 1960s were trending. When his show finally aired, it led the trend and “redefined” what the ’60s meant. Today, many of Hollywood’s biggest hits feature old comic book heroes brought to life on the big screen. Nike Air running shoes have made a comeback, as well. Look for “story lines” from the past and tap into people’s “memories and nostalgia.” Without fail, economies go through cycles. Entrepreneurs launched many of the world’s signature companies during recessions, often a ripe time for start-ups.

4. “Redirection”
Take what might otherwise be a disadvantage and turn it into a strength. Analyze a trend and “rechannel” it in your favor. For example, when Dutch authorities wanted to reduce the thousands of gallons of urine street festival partygoers sent flowing into canals each year on the queen’s birthday, they installed new “video-game”-style urinals that drew people into the restrooms.

Frederick the Great of Prussia wanted his people to eat potatoes, a food they saw as disgusting. He declared spuds to be a royal food and thus “off limits” to commoners. He had his potato gardens fenced, but lightly guarded. This encouraged people to steal the crop. Before long, potatoes became a staple of the Prussian diet.

DeBeers created demand for a common jewel – the diamond – by making it seem rare and associating it with love and permanence. Advertising Age named DeBeers’s “A Diamond Is Forever” the “best slogan of the 20th century.” Redirection means going with the trend, not fighting it, like the Dutch, or using psychology, like Frederick and DeBeers. “Redirection involves refocusing, shifting, swapping, repurposing, repositioning, righting a wrong and gamifying an experience. It’s the art of the spin.”
5. “Reduction”
In a world of abundance, people want to satisfy their specific, differentiating desires. Reduction means simplifying and narrowing your idea. Rather than trying to cater to everyone, deliberately focus on a narrow niche. By offering only “blow-drys” and not haircuts, the boutique Blo has grown to 25 stores and almost $20 million in revenue. By aiming her Skinnygirl cocktails at women who worry about their weight, Bethany Frankel built a company that sold for $64 million.

The Dollar Shave Club lures a small cohort of men – guys who hate shopping for razors – away from giants like Gillette. It has built a fast-growing subscriber base of 200,000 people and $10 million in annual revenue. Look at what works on a massive scale and think about who within that mass wishes for something different. Consider where giant companies face a disadvantage from bloat and overhead, and carve off a piece of their business. Hyperniches often earn increased customer and brand loyalty.

6. “Acceleration”
When you spot something trending, sometimes going all in and taking “an extreme position” makes sense. Toyota led the charge to electric cars by taking a conservative “hybrid” approach with the Prius. Tesla, on the other hand, went all in, betting the future on an “all-electric car.” Now, it leads the industry.

Nicole DeBoom wanted to buy feminine running clothes. Finding nothing that appealed to her in the stores, she designed “running skirts.” Her designs took off, giving birth to “Skirt Sports.” DeBoom doubled down on her idea by sponsoring races. People dubbed her races the “Skirt Chaser 5K.” Rather than backing down from controversy, she accelerated the idea, adding post-race singles mixers and running ads featuring running skirts with the message “Your Pace or Mine?” DeBoom’s business is flourishing, and six cities now host her races.

Join the Hunt
Now that you understand patterns of opportunity, start hunting. Identify underexploited slices of the action. Seek something viable, but small enough to escape everyone else’s attention. Put your ideas together to spot patterns and “clusters,” throw out your first thoughts, and do it again. Keep narrowing your focus until you find your opportunity.

For example, the fashion industry always operates at the cutting edge. Consider how Zara and H&M flipped their industry upside down through rapid design and fast inventory turnover. Study the food business and learn from exploitation of trends, including healthy eating and home delivery. Consider opportunities in industries that are ripe for disruption, like health care and education, with their outrageous fees and antiquated structures.

Capitalize on constant change, seek patterns, resist your instinct to farm, stay curious and move on from the things that made you successful. Search relentlessly for the next opportunity.

About the Author
Jeremy Gutsche became an entrepreneur at age seven. His fascination with ideas led to the launch of Trendhunter.com, a site where millions of followers seek unique opportunities.
Competing Against Luck
The Story of Innovation and Customer Choice

Take-Aways

• The “Theory of Jobs to Be Done” says consumers “hire” and “fire” products based on whether they do the job that customers want to accomplish.

• A Job to Be Done is the individual progress that a consumer seeks in specific circumstances.

• Concentrating on the consumer’s Job to Be Done can focus your search for successful product innovation.

• The theory clarifies consumer behaviors that impel opportunities for innovation.

• For example, Amazon concentrates on three things that solve jobs for customers: a broad selection of merchandise, competitive prices and rapid delivery.

• Identifying a Job to Be Done requires describing the job in narrative detail.

• Innovation comes from understanding what people are struggling to accomplish.

• Data tabulations are less meaningful than narratives in pinpointing open niches.

• When consumers find ways to work around or compensate for jobs that have no great solutions, this behavior signals new product or service opportunities.

• Often the biggest competitor is not another product, but “nonconsumption” – people’s decisions not to buy anything to solve a job.
Relevance

What You Will Learn
1) How the “Theory of Jobs to Be Done” guides companies toward successful product innovation.
2) How consumers’ decisions to “hire” and “fire” products demonstrate their need for innovative products or services.
3) What risks arise from relying on data to identify innovation opportunities.

Review
The “Theory of Jobs to Be Done” unlocks the mystery of successful product innovation – a mystery often dismissed as luck. “Jobs Theory” holds that people don’t merely buy goods, they “hire” and “fire” products based on whether those products do the “job” that consumers need done. Companies practicing Jobs Theory know their understanding of consumer behavior helps predict successful innovation. Best-selling author and Harvard Business School professor Clayton M. Christensen and his co-authors Taddy Hall, Karen Dillon and David S. Duncan explain that the detailed observation of targeted customers – in their struggle to make progress – leads to a precise narrative that specifies the Job to Be Done. Such a narrative can serve all levels of an organization as a decision-making guide and a map of the need for an innovative product.

Summary

The “Theory of Jobs to Be Done”
According to the Theory of Jobs to Be Done, people do not merely buy products. They “hire” products to help them make personal progress toward a specific objective. Unless the purchase and use of a product helps the consumer make progress toward his or her goal, no amount of fidgeting with its features will translate to successful innovation. Identifying a Job to Be Done calls for a narrative description of a “job” or of the specific type of progress prospective customers seek.

On the surface discerning what exactly caused a customer to purchase one product over all other choices may be difficult. But if you look more closely, what customers hire – and equally importantly, what they “fire” – tells a story. That story is about the functional, emotional and social dimensions of their desire for progress – and what prevents them from getting there. The challenge is in becoming part sleuth and part documentary filmmaker by piecing together clues and observations to reveal what jobs customers are trying to get done. This construct can help product marketers clarify the processes that drive their consumers’ choices to buy and sell.

Ample anecdotal evidence supports the practical utility of “Jobs Theory.” Quantitative critics may wish to fall back on data, but data obscure “real stories of real people in real companies.” Data tell you how many, but they don’t tell you why. Telling these stories unveils a wealth of data. Observing real people in their moments of struggling to make progress can provide deep insights into their purchasing decisions.

Akio Morita, the founder of Sony, dismissed market research. Instead, he searched for intuitive inspiration by observing “how people live.” Sony suspended development of its Walkman cassette tape player when market research indicated that consumers wouldn’t buy it because it was a tape player that didn’t record. Morita ignored the research, trusted his
“Jobs Theory changes not only what you optimize your processes to do, but also how you measure their success.”

“How often do you hear a success dismissed as simply the right product at the right time? We can do better than that.”

“Customers don’t buy products or services; they pull them into their lives to make progress.”

“Competitive advantage is built not just by understanding customers’ jobs, but by creating the experiences that consumers seek both in purchasing and using the product or service.”

beliefs and resumed development. Sony sold more than 330 million units and the Walkman inaugurated the worldwide proliferation of personal music-playing devices.

**Doing Jobs That Customers Need Done**

Jobs Theory defines a job as the progress a person tries to make in particular circumstances. Buyers integrate products into their daily lives to accomplish specific jobs. A job has not only functional dimensions, but critical social and emotional dimensions as well. Grasping the full dimensions of a job requires identifying the buyer’s struggle to make progress, its situational context, the obstacles impeding that progress and the definition of “quality” in a good solution.

Airbnb identified a Job to Be Done by listing homes and rooms available for short-term rental. At its inception, Airbnb wasn’t competing with mainstream hotels. It was competing with being unable to go somewhere at all or with staying on a friend’s couch. With this Jobs-focused perspective on the market, Chip Conley, head of global hospitality and strategy at Airbnb, said that 40% of Airbnb users would have stayed with family or not traveled if Airbnb were unavailable.

**Optimal Level of Abstraction**

Jobs Theory can be useful if companies define a targeted job at an optimal level of abstraction. Don’t rely on a loose definition of a job when applying Jobs Theory. Outlining a Job to Be Done takes nouns and verbs, so you can’t describe a supposed job with adjectives and adverbs. And, a simple consumer preference for certain product features isn’t a job.

Consider the decision to buy a milk shake during your morning commute to work. Just preferring specific product features, like flavor or container size, does not qualify as a Job to Be Done. More abstractly, the milk shake purchase performs a larger job: for some people, it makes driving to work more enjoyable and precludes getting hungry during a morning meeting. Buying or “hiring” the milk shake to do this job means “firing” the diverse set of alternatives to a milk shake, whether a chocolate bar, bagel, doughnut, cup of coffee or banana. When the milkshake does the job best, people will hire it.

**Multidimensional Jobs**

To ensure that a new product will succeed, companies should address each dimension of the job the product does, including its social and emotional facets, and should deliver customer experiences that fulfill expectations and make it hard for competitors to imitate. Fully defined jobs are complex, but that gives Jobs Theory practitioners an advantage. Their mission is “perfectly satisfying someone’s job,” not just inventing a new product or feature.

Focusing on the underlying job the customer wants done is the best guide for innovation. This means companies should jettison pet in-house solutions that fall short of helping customers make personal progress. By understanding the specific circumstances in which consumers make purchases, companies can gain fresh insights.

**Margarine and Jobs Theory**

For example, would margarine be more prevalent in American kitchens today if Unilever, the leading margarine producer, had focused less single-mindedly on how margarine competes with butter as a flavoring agent. Seen through a jobs’ lens, margarine also competes with olive oil as a flavoring agent, with mayonnaise as a spread and with Teflon as a product that keeps food from sticking to pans.
Even great companies veer off course in nailing the job for their customers and focus instead on nailing the job for themselves.

Data has the same agenda as the person who created it, wittingly or unwittingly.

Stories are hidden when they are parsed and distilled into numbers. When stories are told, they are rich in data.

With all theory building, you have to be open to finding things that the theory can't explain – anomalies – and use them as an opportunity to strengthen it.

Big companies too often rely on internal research about products and customers to guide their decision making. They should find out what job their customers are hiring a product to do – and then make sure the product responds to that job very well. In the case of Unilever, by the mid-2000s, US households buying butter outnumbered those buying margarine. The so-called “yellow fats business” has not recovered from medical worries about trans fats in margarine. In 2014, Unilever disposed of its weak “spreads” business as a stand-alone firm, rather than retain a margarine-based subsidiary that slowed company growth. Unilever might have found an innovative solution to declining margarine sales if its marketers had identified the jobs customers want margarine to accomplish.

A common presumption holds that successful innovation arises from good luck. But companies can create successful innovations without leaving it to chance. Jobs Theory can create a shared language for understanding the “causal mechanisms of human behavior.” Successful innovations are based on such an understanding.

Discovering Customer Jobs

Corporate mission statements are often too vague to guide employees’ decision making. But an identified Job to Be Done defines “a clear job spec” so detailed it can guide daily decision making companywide. Jobs Theory practitioners can discover jobs that are being done poorly or not done at all. They learn to see opportunities in “nonconsumption,” discover work-arounds for flawed solutions and monitor products customers use in unusual ways.

Work-arounds, or consumer behaviors that compensate for the shortcomings of unsatisfactory products, provide clues that an opportunity to innovate is at hand. Unusual uses of a product are another harbinger of opportunity, as Church & Dwight, the maker of Arm & Hammer baking soda, found. Consumers used baking soda as a personal deodorant, a laundry additive, a toothpaste, and a deodorizer for refrigerators and kitty litter boxes. Now Church & Dwight markets the brand in a variety of products, including a toothpaste, deodorant, air freshener, and a cleanser for carpets and showers. This generates millions of dollars of revenue atop its baking soda business. Similarly, NyQuil is a decades-old treatment for the common cold. Buyers also use it as a sleep aid, a pattern of unexpected use that led to the introduction of ZzzQuil, a related brand that induces sleep without the cold-symptom medications in NyQuil.

Sometimes firms win more customers by grasping the full scope of their competition. Southern New Hampshire University (SNHU) found that it was competing not just against other colleges, but also against the choice not to attend college – nonconsumption. SNHU then developed online degree programs and marketed them to a largely overlooked niche: adult students trying to make academic progress while working and raising families.

By fiscal 2016, its sharp focus on helping busy adults made SNHU into a fast-growing school with $535 million in annual revenue. SNHU used the language of the Theory of Jobs to Be Done in designing marketing materials aimed at helping older learners bypass obstacles to getting degrees and achieve the progress they want. Among other initiatives, its staffers responded by phone to potential students’ financial aid inquiries within 10 minutes and resolved financial aid queries within days, not weeks or months.

Uncovering Obstacles to Sales

Finding unsolved customer jobs involves observing everyday life and assembling a narrative that details the Job to Be Done. When you’re searching for Jobs, narrative details that identify the real struggle people are having are meaningful.
A construction company asked consultant Bob Moesta to help improve sales of its Detroit-area condos amid a slumping mid-2000s real estate market. The company targeted homeowners downsizing to smaller residences due to divorce, their children’s departure or other circumstances. The company suspected that unfavorable locations, bad weather, poorly performing salespeople, a possible recession, slow holiday traffic and competitive offerings were hurting their sales.

The company could not distinguish serious buyers from uncommitted shoppers, so Moesta interviewed scores of condo buyers to determine their motives. Post-purchase interviews unveiled a common concern: What would buyers do with their outsized, traditional dining tables? Giving up that embodiment of family history blocked the progress that buyers sought by downsizing.

Moesta grasped the multilayered Job to Be Done: His company was not just building condos; it was “moving lives.” The company responded with redesigns that enlarged the dining rooms by shrinking second bedrooms. The company arranged moving companies for buyers and gave them up to two years of free storage. The result was a 25% business growth in 2007, a time when sales dropped 49% in the rest of the Detroit-area condo market.

What Are “Negative Jobs”?
Negative jobs are tasks consumers would rather avoid. A busy parent whose child has a sore throat raises this Job to Be Done: “I don’t want to see the doctor.” Rick Krieger, a graduate of Harvard Business School, addressed this negative job by developing QuickMedx. This predecessor of MinuteClinics in CVS drugstores offers treatment of routine ailments. CVS drug stores in 33 states have more than 1,000 MinuteClinic locations.

American Girl and Amazon
Merely improving a product will translate to unsuccessful innovation unless the firm delivers the experiences people want when they buy and use the product.

Pleasant Rowland didn’t do any research when she started the firm that became the American Girl doll company. Rowland conceived of American Girl dolls as a way for mothers and daughters to enjoy discussions about past generations of women and the challenges they faced. These high-quality dolls are racially and ethnically diverse. Historically accurate storybooks portray the dolls as girls from different places or historic periods. They express feelings their preteen owners may share. American Girl dolls command premium prices because buyers are purchasing both a well-made doll and a rich emotional experience.

Jobs Theory affects how companies design processes and measure success. For instance, Amazon concentrates on three things that solve jobs for customers: a broad selection of merchandise, competitive prices and rapid delivery. Amazon integrates this mission in its processes by prioritizing delivery times over shipment times to measure performance.

About the Authors
Harvard Business School professor Clayton M. Christensen’s nine books include The Innovator’s Dilemma. He and co-author Karen Dillon, former Harvard Business Review, also co-wrote the bestseller How Will You Measure Your Life? Taddy Hall is a principal with the Cambridge Group. David S. Duncan is a senior partner at Innosight.
Take-Aways

• People can improve their innovation techniques, though creativity comes more easily to some than to others.

• Successful innovators use the five “discovery skills that compose the innovator’s DNA.”

• First, practice “associative thinking” by making connections among various ideas from disparate areas.

• Second, “ask questions”; be willing to look foolish.

• Third, “observe” what people do, how they do it and why.

• Fourth, “network” with people from a range of backgrounds.

• Fifth, “experiment”; take something apart, build models and try simulations.

• Innovative organizations hire, reward, retain and encourage innovative people.

• Such companies systematically follow “discovery processes,” support questioning and experimentation, and invest in disruptive innovation.

• If you want your company to succeed at innovation, your top management team must demonstrate excellent creativity skills.
Relevance

What You Will Learn

1) How to adopt the five core skills of innovation.
2) How to be more creative.
3) How organizations’ “people, processes and philosophies” shape their ability to innovate.

Review

Innovation gurus Jeff Dyer, Hal Gregersen and Clayton M. Christensen studied today’s innovators and synthesized their findings into this immediately applicable handbook. They never oversimplify or suggest that innovation always succeeds, but they do indicate that the practices they identified in their research correlate with commercial achievement.

Summary

The Essence of Innovation

Studying innovators reveals a pivotal lesson: While innovation comes more easily to some people than to others, innovation and creativity are not birthrights. Creativity is a learned skill. Since you generate innovation through your actions, you can learn to be more creative by focusing your time and efforts in that direction.

At the executive level, innovative entrepreneurial CEOs spend 50% more time engaged in “discovery activities” – such as experimentation – than entrepreneurs who do not innovate. Different stages in the life cycle of a business can contribute to this difference in emphasis: A start-up may need innovative thinking more than a mature firm. As an organization grows, its leaders may come to prefer the reliable delivery of known goods to the discovery of new ones, but innovation remains relevant to the growth of a company at any stage.

To enhance your ability to innovate and act creatively, use the same five “discovery skills” that compose the “DNA of disruptive innovators”:

- “Associating.”
- "Questioning."
- "Observing."
- "Networking."
- "Experimenting."

Associating – that is, connecting ideas from disparate arenas – is the most important; the other four skills “trigger associational thinking” and support creativity, which lead to innovative business ideas.

Every innovator employs a different blend of these skills:

Discovery Skill #1: Associating

Innovators combine elements of various ideas and practices that other people don’t put together. They draw connections that cross boundaries, linking concepts from one discipline or culture with those from another. Albert Einstein called this process “combinatorial play”
Innovators think differently (to be grammatically correct) but as Steve Jobs put it, they really just think different by connecting the unconnected.

General intelligence (at least the way scientists measure it) is basically a genetic endowment, but creativity is not. Nurture trumps nature as far as creativity goes.

Innovators sometimes practice ‘forced associating’ or combining things that we would never naturally combine.

Innovators constantly question common wisdom.

“Innovators think differently (to be grammatically correct) but as Steve Jobs put it, they really just think different by connecting the unconnected.”

“General intelligence (at least the way scientists measure it) is basically a genetic endowment, but creativity is not. Nurture trumps nature as far as creativity goes.”

“Innovators sometimes practice ‘forced associating’ or combining things that we would never naturally combine.”

“Innovators constantly question common wisdom.”

and saw it as foundational for creative thinking. Innovators make odd combinations by seeing a finer level of detail than most people and by stepping back to view the big picture.

Build the habit of associational thinking through training, travel and exposure. Indra Nooyi, chairman and CEO of PepsiCo, played sports (cricket) and music (rock guitar) when she was young. She studied math, physics and chemistry as an undergraduate, and she earned an MBA and a master’s of public and private management. She worked in the textile, consulting and energy industries. Her diverse résumé is the perfect foundation for an innovative mind-set. To build your associative skills, try “forced association,” linking objects that don’t logically fit together. Use metaphors to highlight associations. Assemble a “curiosity box” of random items and try to relate them to jump-start your creativity. Handle creativity-related problems with the “SCAMPER” method: “Substitute, combine, adapt, magnify, minimize, modify, put to other uses, eliminate, reverse and rearrange” the problem’s elements as you seek a solution.

Discovery Skill #2: Questioning
Innovators ask questions. They challenge conventional wisdom by asking why the essential nature of something is what it is and what caused it to be that way. They follow up with why and why-not questions: Why can’t we do this differently? Why isn’t this feature available? Why has no one tried this before? Never worry about looking foolish. If you don’t know something, ask.

Consider Edwin Land. His three-year-old daughter asked him why the picture he’d taken of her wasn’t available immediately. This led Land to wonder if developing photographs instantly was possible, a question that led to the invention of the Polaroid camera. Innovators ask hypothetical questions: What if we were true? Or they impose hypothetical constraints: What if we could not do Y? Such constraints drive creative solutions. To encourage team members to embark on a round of open-ended “QuestionStorming,” ask what-if questions such as, What if price were no object? Ask better questions through conscious practice. Look for patterns or categories of inquiry. Try to identify obscure questions no one has asked.

Discovery Skill #3: Observing
Innovators examine everything. They pay attention to how things work, to what doesn’t work and why. Innovators study how people solve problems. They find “common threads” in activities that may appear unconnected at first. Seeing a family crowded onto a scooter in the rain inspired Ratan Tata, chairman of India’s Tata Group, to manufacture the Tata Nano. He used futuristic auto building methods to create a groundbreaking, inexpensive car. Tata sent out an investigative team to learn how and why people bought scooters, seeking information that would help the firm introduce its new car. Based on these observations, Tata extended its operations to include car financing, insurance and driving instruction to meet the demands of this target audience.

When you are observing, closely watch how people perform a task to see if you could improve the process. Any job has “a functional, a social and an emotional dimension,” but the role of each aspect varies from job to job. Notice how different people do the same job in different contexts. Try to spot individuals who have developed creative “workarounds” to solve problems. A workaround is often an innovative way to resolve a particular frustration.

Also, pay close attention to the way people buy your product. Note what frustrates your customers about purchasing or using it, where they need help and what makes them abandon
Most innovators are intense observers. They carefully watch the world around them, and as they observe how things work, they often become sensitized to what doesn’t work.

If you ask salient questions, observe salient situations and talk to more diverse people, you will likely need to run fewer experiments.

Discovery-driven leaders need the delivery-driven skills of people who excel at execution.

Thinking outside the box often requires linking the ideas in your area of knowledge with those of others who play in different boxes, who are outside your sphere.

Discovery-driven leaders need the delivery-driven skills of people who excel at execution.

Discovery Skill #4: Networking
Many people network to advance their own careers or to increase their productivity. Innovators network for other reasons. Rather than targeting people like themselves and trying to reach them with tried and true methods, innovators network to learn new information and to draw lessons from other fields. Innovators make a point of meeting people whose lives and training provide new and different perspectives. This is one way to “build a bridge into a different area of knowledge.” Innovators look at different disciplines that solved similar problems and borrow from their ideas.

Travel builds bridges to multiple perspectives; living abroad builds even more. Many innovators seek forums or events that promote interdisciplinary discussion and creativity, like the Technology Entertainment and Design (TED) conferences. These gatherings bring experts and interested thinkers together to address topics that intersect with several of the forum’s broad, complex fields. Attend a conference outside your field, or join a networking group for innovation. Eat lunch with new people, or invite outsiders to join your group to add new perspectives.

Discovery Skill #5: Experimenting
When you say “experiment,” people imagine scientists in labs. But innovators use the entire world as their laboratory. They repeatedly test, develop and rework ideas, which is essential to bringing innovations to fruition. Experimentation is rarely the start of innovation. More often, innovators observe a possibility or ask questions about why some process or device functions as it does, and then they experiment to test it. For example, in 1994 Jeff Bezos spent time considering the rapid growth of the Internet – 2,300% annually at that time. He followed up with questions about what sort of business would make best use of the Internet’s exploding commercial potential. Once he started Amazon, Bezos experimented with new ways to sell innovative products, such as the Kindle. This was a natural extension of his lifelong habits. As a child, he tried to take apart his crib. As he got older, he built toys and helped his grandfather with repairs at his family’s ranch.

Innovators can experiment in at least three ways: They can seek new experiences, like taking a class on an unfamiliar topic; they can take things apart to see if they can improve them, as Michael Dell did when he got his first computer; or they can build prototypes or models to test new ideas. People who conduct such experiments share a similar mind-set. Rather than embarking on experiments designed to reach a specific goal or outcome, they use open-ended testing and pursue its outcomes to see what else they can learn.

Experimentation is closely linked to the other discovery skills of innovation. If you ask more and better questions, pay close attention, and consult people from different fields, you will require fewer experiments to develop your product. To improve experimentation, cross the usual borders, both literally – through travel – and metaphorically – by exploring a new discipline or topic. Learn new skills. Build models and try simulations. Blend experimentation with observation by trying to spot new trends.

Innovative Organizations
“People, processes and philosophies” define innovative organizations. These three factors fit together in a “3P framework,” where each element supports and shapes the others:

People
Processes
Philosophies
1. People – For your firm to do well at innovation, your leading executives must be skilled in creativity, and provide a model of creative, “discovery-driven” behavior and hire like-minded people. These leaders are aware of the skills they have and the skills they lack. For example, eBay founder Pierre Omidyar knew he was stronger at discovery than at execution, so he brought Stanford MBA Jeff Skoll into the firm for balance. Innovative firms assemble teams with “complementary discovery skills” – for example, pairing an insightful observer with a talented experimenter. Team skill requirements vary according to the team’s stage in the innovation process: Some growth phases emphasize discovery, while others focus on delivery and implementation. The design firm IDEO hires people whose knowledge is “T-shaped” – deep in one area and extending across a broad range. When IDEO evaluates innovations, it brings three realms of expertise to bear: business, to evaluate markets and profits; technological, to evaluate feasibility; and professional, to provide knowledge-based services.

2. Processes – Innovative organizations are systematic about developing and following discovery processes. Organizational discovery procedures generally mirror the steps individuals take: groups observe, question, associate, and so on. This often starts with the leader’s behavior. For instance, Steve Jobs repeatedly asked why and what-if questions and led others at Apple to do the same. Innovative organizations systematically seek people who have already developed new discoveries and are eager to continue to innovate. Virgin and Google both explicitly recruit people who think differently, and both require job applicants to display creativity. Innovative organizations extend their discovery processes to an institutional level. For example, rather than just hoping that their employees network, Google and Procter & Gamble swapped staff members for a few weeks so they could see how the other company worked and also experience each other’s processes. Some firms have contests or tournaments in which people outside the organization submit or build ideas, sometimes in response to specific challenges. Innovative companies provide materials, time and funding for prototyping.

3. Philosophies – Forward-looking firms believe “innovation is everyone’s job.” While most companies focus on incremental change, these firms invest heavily in “disruptive innovation.” They set up project teams that mobilize a range of talents and training to strike out in new directions. And they understand the importance of taking the “smart risks” that lead to innovative discoveries. Innovative firms communicate the necessity of innovation throughout their organizations by actions, reward systems and educational campaigns. Innovative leaders encourage people to experiment and give staffers a “safe space” to explore ideas. They probe for questions, praise employees for using discovery skills and provide time for people to innovate. Google’s policy of allowing employees to spend 20% of their time on their own projects is a well-known example of this policy.

The innovation process can be scary. You set out to disrupt the status quo with no guarantee that you’ll get the results you want. But the benefits of innovation are undeniable.

Start today by assessing whether your discovery skills are strong or weak. Then, “identify a compelling innovation challenge that matters.” Practice your skills and find a coach to support your efforts. Develop your creative abilities by helping others develop theirs.

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