

DRIVING GROWTH THROUGH INNOVATION

How Leading Firms Are
Transforming Their Futures

ROBERT TUCKER

ROBERT TUCKER is president of his own consulting firm, The Innovation Resource, which specializes in the field of research and business innovation. A former adjunct professor at the University of California, Los Angeles, Dr. Tucker is the author of *Winning the Innovation Game*, *Managing the Future* and *Win the Value Revolution*. He is also a much sought after public speaker and has more than 15 years experience as a business consultant.

The Web site for this book is www.innovationresource.com.

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MAIN IDEA

The best and only way to actually grow a company is to innovate – to offer customers something new. To state the obvious, innovation increases revenues because existing and new customers buy more of what you have to sell. No amount of reengineering or fine-tuning operational efficiencies can have the same impact as innovation. There is literally no other strategy by which a company can steadily increase its revenues and profits except through ongoing innovation.



To achieve consistent growth through innovation, companies must embrace five key principles:

Five Key Principles of Innovation

- 1 Innovation must be disciplined.
- 2 Innovation needs to be comprehensive.
- 3 Innovation needs to be well organized.
- 4 Innovation must involve everyone.
- 5 Innovation must be customer-centered.

“How will you drive growth in your company? The solution is explainable in one word: innovation. Although cost-cutting efforts can build your bottom line because they increase the spread between gross and net, they cannot increase top-line revenue; they cannot fuel growth. To do that, you must offer customers something new. Something that they cannot get anywhere else but from you, something that solves their problem in a superior way. To do that you must come out with products and strategies that cause existing and new customers to buy more of what you sell. To do that you need to go after new customer groups with new offerings that add revenue to your top and your bottom line. Doing these things is the essence of innovation.”

– Robert Tucker

Principle #1 – Innovation must be disciplined. Pages 2 - 3

To approach innovation as a discipline, you need to differentiate between creativity and innovation:

- Creativity – means to come up with ideas that are novel, new or original.
- Innovation – is the process by which new ideas actually become products and services.

It’s all very well for a company to promote creativity but unless there is a disciplined approach to taking those ideas through to implementation, these ideas are of no practical benefit. Companies that excel at the idea-to-implementation process have a genuine sustainable competitive advantage.

Principle #2 – Innovation needs to be comprehensive. Pages 3 - 4

Innovation can’t just be the responsibility of one specific business unit. Instead, every unit and every functional department must be innovative for the business to excel. The key to achieving this is to provide motivation for managers and leaders built around the appropriate metrics and reward systems. Get these elements right and corporate growth must be the natural result.

Principle #3 – Innovations needs to be well organized. Pages 5 - 6

Innovation is so important it cannot be left to serendipity or chance occurrences. Instead, forward looking organizations run an organized ongoing search for new opportunities. They attempt to understand how external events (like changes in social, demographic or technology trends) will impact on their existing lines of business to create the opportunities of the future. Again, this is too important to leave to random occurrences, but must be approached deliberately and consistently.

Principle #4 – Innovation must involve everyone. Pages 6 - 7

At one time, innovations used to flow from the top down in most organizations. The people at the bottom weren’t really expected to think. Companies can no longer operate that way. Instead, everyone at every level of the organization should be encouraged to put forward their ideas. By harnessing the creative potential of the entire workforce and capturing those ideas for closer evaluation, the firm will be taking better advantage of its people resource.

Principle #5 – Innovation must be customer centered. Page 8

Today’s customers are smart. With the click of a mouse, they can compare and contrast a broad array of value propositions put forward by different companies. In recognition of that, innovative companies let the customer’s voice permeate and color everything they do. They literally live and breathe whatever it takes to create added value for the customer, especially in implementing the new concepts they hope will drive growth and future profitability.

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