Innovation in Manufacturing : Company Culture or a Go-To Word?

Article

Innovation. This word is prominent in most industrial websites, a go-to word in nearly every company description. Yet, 94 percent of managers are displeased with their companies innovation record.

> Innovation is more than a go-to word. It's a culture.

If that's the case, why are so many companies resistant to change? How can we bridge the gap between their expectations and reality?

Unfortunately, even, if they have a steady source of innovative ideas, they are not likely to be implemented. If that's the case in your business, you're better off tackling the sources of resistance than using more time brainstorming. It is becoming more and more difficult for organizations to introduce innovative products or services. With budgets tight, managers are looking for rapid return on investment, but they have less money and time to invest, even if new products will save them time and money in the long run.

Getting bogged down in day to day tasks makes innovation nearly impossible and creates tunnel vision. Managers focus on the current need at hand, not on the future of the company. In many cases the solution to their problem is presented to them by an innovative technology, or by an off-the-wall idea. But, we are too busy working hard to dedicate time and evaluate this innovation opportunity..

One problem that executives and managers face when dealing with innovation is that in many cases they don't even understand what innovation is. Leaders of organizations have to first define innovation and what it looks like to their individual company. A simple product and/or service upgrade is not innovation. A product or service that has developed through incremental advances of its technology or that is new and disruptive can be considered an innovation. Next, the task is to identify metrics that help us evaluate the path required to implement the innovation. These aren't the only steps of course, but they are the first steps.

1. A sharp, shared definition of innovation

In order to have a system in place to cultivate innovation, we have to be sure we know what innovation would look like in our environment. The most difficult part of creating a definition of innovation for our organization is a cultural implementation exercise. As organizational leaders, we want to implement a culture of innovation. As mentioned before, we want to make sure that everyone in the organization can differentiate between a meer product upgrade and true innovation. To help you with your definition, go back over the history of your

company to find the true innovations or what you consider game changers and also those that gave a noticeable change in sales. What did those products have in common and how did they change the lives of your customers?

2. Comprehensive innovation metrics

You have a definition of innovation, so, how do you measure it? The difficulty arises if you have no historical references within your organization of products or services that evolved or caused disruption in the industry and presented great benefits to your customers. However, there are some metrics that can be employed to help you improve your innovation endeavor by setting goals:

- **Investments**: How much time, money or resources do you need to make it go?
- **Throughput**: What is the number and quality of ideas that enter the pipeline? How long does it take for those ideas to move from concept to reality?
- **Results**: How many of the ideas that enter the pipeline actually make it to the market? How much of the company's revenue is from these new products and services? And how much does that compare to the time, money and resources spent on it's development?
- **Leadership**: How much time is spent mentoring projects and other techniques to promote behaviors conducive to innovation.
- **Competence**: the percentage of employees who have been trained as business innovators? Has this training lead to higher quality ideas?
- **Climate**: Is the work for your employees conducive to innovation? Do you have more upsets than progress in the pipeline? What are you doing to remove those upsets?
- **Efficiency**: changes over time in the ratio of innovation outputs to inputs.
- **Balance**: the mix of different types of innovation (product, service, pricing, distribution, operations, etc.); different risk categories (incremental improvements versus speculative ventures); and different time horizons. Once you have these metrics in place, you can set a goal for innovation growth within the company.

Check out the other two articles in this series about how to cultivate innovation in your management and how to conquer your fear of innovation.