



CATALYST CONNECTIONSM

*Your Strategic Partner
for Manufacturing Growth*

Building a Culture of Innovation

Connie Palucka

Managing Director, Business Growth Services

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Why is Innovation Important??

Market

- To survive adverse changes in the business
- To make life easier for customers & help them improve their businesses
- To gain competitive advantage
- To protect market share
- To reposition the company & raise market profile
- To lead the market & reinforce reputation as the market leader
- To open new horizons so as to get out of a rut or avenues with limited potential

External Forces

- To comply with legislation (actual or anticipated)
- To reduce competition &/or the influence of competitors

People & Organization

- To provide a stimulating environment with interesting & challenging work for staff
- To attract & retain higher caliber staff
- To provide stability for the workforce
- To encourage those with good ideas to approach the company
- To attract alliance partners

Financial

- To attract extra funding
- To raise margins and profitability
- To drive total shareholder returns

Source:

<http://www.innovationforgrowth.co.uk/whysisinnovationimportant.pdf>

The Year Was 2009 ...

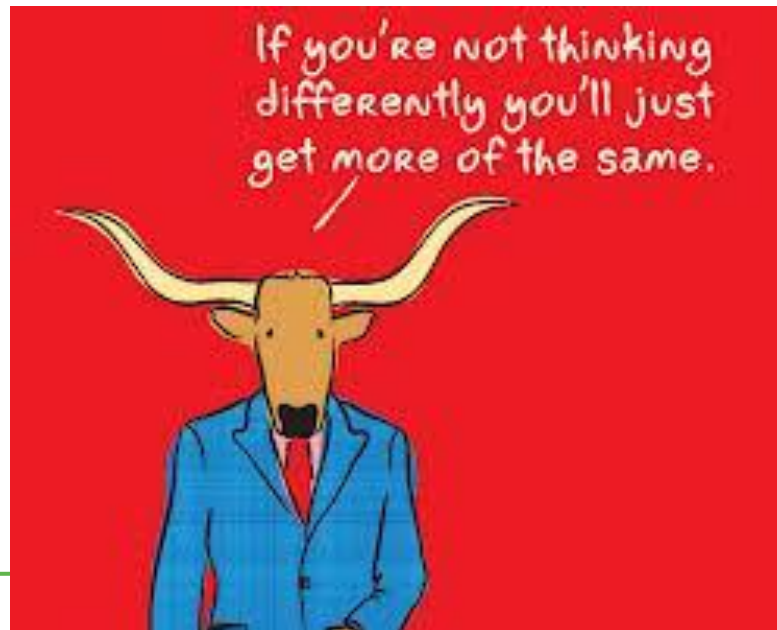
- Quadlogic learned a few years earlier that energy theft in developing countries was a major problem
 - They'd been tinkering with a new product but it was far from complete, and they hadn't identified any potential buyers
- Bold decision made to ramp up production of experimental line and launch an intense marketing push
 - Within 5 months, Quadlogic signed a multimillion-dollar deal with a private utility company in Jamaica
- Today ...
 - New line has a dozen international customers; Demand for original energy-tracking systems is close to pre-recession levels
 - Revenues reached \$20MM (~\$5MM more than previous high)
 - Quadlogic credits turnaround to constantly looking for new opportunities

Quadlogic Lesson Learned

- While it's important to focus on proven models of success, it's also critical to regularly set aside time to investigate potential alternative sources of revenue.
- *"I always have a plan B and a plan C for just in case,"* says Mr. Shafrir, Quadlogic founder ...*"You never know."*

Building an Innovative Culture

- In most companies there are maverick thinkers, people who are always looking for ways to improve things, solve problems and generally make things better, more efficient, more convenient... just because they like to do it.



Step One – Create the Intention to Innovate

- Look to innovative in order to do something different and better than you are doing it today
 - When your purpose is to continue to do what you currently do without disrupting the status quo, innovation doesn't occur
- To produce innovative thinking there has to be the intention to innovate – it's an active process
 - To create a culture of innovative thinking there has to be the company will to do so.

Step Two – Develop the Muscles for Innovative Thinking

- To be innovative, there has to be a launching pad for new ideas and different points of view
 - Your workforce need to know how to think well, to practice rigorous thinking, and believe that their thoughts are valued
- *"The most important thing any company can do (to foster innovation) is hire the smartest people possible and then give them the resources to transform their ideas into reality."* Bill Gates, 2004

Step Three – Establish a Culture of Reasonable Risk Taking

- To act innovatively, you need to be willing to tolerate smart failures, i.e. those where you learn or gain valuable insights
- You should balance these risks against the risk of doing nothing or of doing the same things when they no longer drive significant value

Step Four – Develop Skills at Corporate Imagining

- Anticipate potential future threats and/or opportunities by posing questions to the thinkers in your company:
 - What happens if a rival introduces a significant change in our market?
 - How would we configure our business if we were starting fresh today?
 - Where is our market trending and how can we be prepared for where it is going before it gets there?
- These and similar questions help to build your company's imagination

Companies that are Successful in Innovating

- Work on building ideas, incorporating elements of different perspectives into a new, robust idea
- Encourage their staff to borrow ideas from others, to share credit, and to value the products of good thinking more than the individuals involved in doing the thinking
- Embrace the concept that anyone can learn from anyone
- Have a leadership team that places a premium on rigorous thinking
 - Weak or sloppy thinking is challenged
 - Research is expected
 - People are expected to continue to learn and evolve their ideas based upon that learning

Ten Tips for the Innovative Leader

1. Have a Vision for Change
2. Fight the Fear of Change
3. Think Like a Venture Capitalist
4. Have a Dynamic Suggestions Scheme
5. Break the Rules



Source: <http://www.realinnovation.com/content/c080804a.asp>

Ten Tips for the Innovative Leader

6. Give Everyone Two Jobs
7. Collaborate
8. Welcome Failure
9. Build Prototypes
10. Be Passionate



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THANK YOU

Connie Palucka

Catalyst Connection

cpalucka@catalystconnection.org

Cell: 412-721-8309

