

Ideas in Action

Innovation Skills

Objectives

- A** Describe the importance of innovation in business.
- B** Explain techniques used by businesses to achieve innovation.



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Have you used a smart-phone today? Did you check the weather, watch a video, listen to some tunes, take a photo, get directions, or simply post, text, snap, or tweet? You might take these new features and abilities for granted as you sit on your couch watching YouTube videos and sending texts that will deliver pizza to your doorstep. But when's the last time you used your phone to call someone, which was the original purpose of a telephone? It wasn't that long ago when phones were only used for making phone calls. Today, your phone is a revolutionary device that can help you do nearly anything you want to do! So what changed? If you ask most people, they'll point to Apple.

Although Apple didn't invent the telephone, the mobile phone, or even the smartphone, the company did make phones better, faster, and easier to use. Apple took a device that everyone already used and reworked it so that it fit even more needs. The business turned the phone into something totally new that most people couldn't live without. That's innovation!

Of course, innovation isn't only important for Apple—it's essential for every business. Keep reading to find out more.



What Is Innovation?

Innovation is a word you probably hear all the time. You might hear it in a commercial for a new product, in a news report about technology, or in an article about business. It's clear that innovation is important... but what, exactly, does it mean?

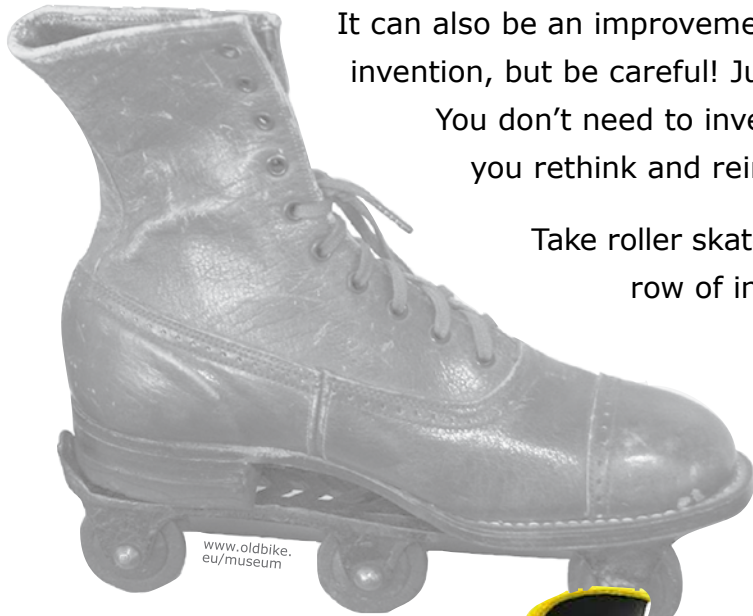


Michael Biann/DigitalVision/Thinkstock

▲ *Innovators use creative problem solving to create better products.*

Simply put, **innovation** is something new. This can mean a new product, method, strategy, or process. It can also be an improvement to something that already exists. Many people confuse innovation with invention, but be careful! Just because the words sound similar doesn't mean they're exactly the same. You don't need to invent an entirely new product to be innovative. Innovation happens when you rethink and reinvent.

Take roller skates, for example. When they were first invented in 1760, they had a single row of in-line wheels similar to the in-line skates you know today. One hundred years later, in 1860, roller skates were innovated into "quad skates" with four wheels set in two side-by-side pairs. This improvement made it easier to turn the skates, and the original design of in-line wheels quickly declined. In 1983, two brothers formed Rollerblade Inc. to reinvent the original in-line skate design. Today's in-line skates are the result of many innovations, such as polyurethane wheels and heel brakes. More recent innovations have even made off-road skating possible! So, as you can see, although invention can be involved in innovation, it doesn't have to be.



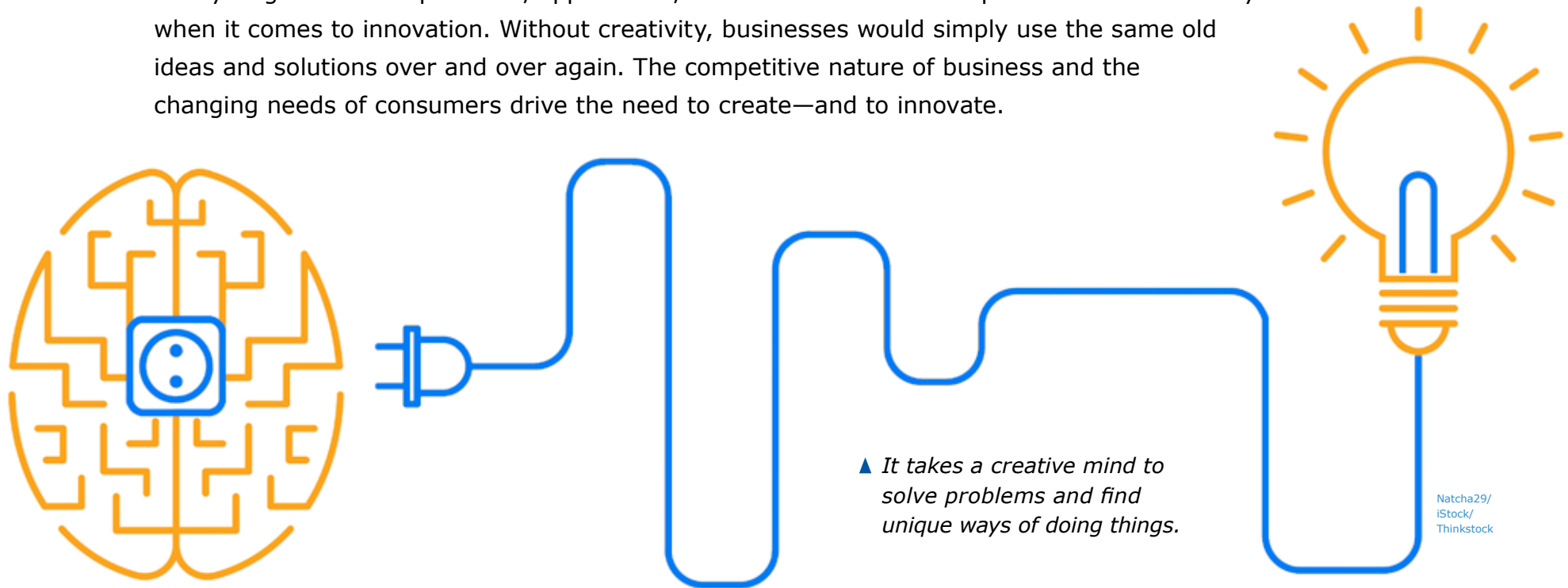
▲ Rollerblades were reinvented based on the first roller skate designs.



"What Is Innovation?" from Rafa Galeano, published in *Fast Company*, will give you a quick visual explanation of innovation: <http://vimeo.com/77911159>.

Creativity and Innovation

What do you think of when you hear the word creativity? Writing a story, creating a piece of artwork, or making something that could be displayed in a gallery somewhere? While it's true that artistic talent is definitely considered creativity, the word actually has a much broader meaning. **Creativity** is the ability to generate unique ideas, approaches, and solutions. Those unique ideas are necessary when it comes to innovation. Without creativity, businesses would simply use the same old ideas and solutions over and over again. The competitive nature of business and the changing needs of consumers drive the need to create—and to innovate.



But don't get confused and think that creativity and innovation are the same thing. Creativity is a skill that requires coming up with new and exciting ideas. Innovation, however, involves the process of putting those ideas into action. When you combine a creative idea with an opportunity to put that idea to work, you may have an innovation!

Types of Innovation: The Four P's

Innovations can be labeled as product, process, positioning, or paradigm. Innovations sometimes overlap, but they can usually be placed into one of the following broad categories:



Product. Product innovation occurs when a business either creates or improves a product. Whether you invent an entirely new product or just tweak one that already exists, that's considered product innovation. The iPhone is one well-known example of product innovation. Apple didn't invent the telephone, the mobile phone, or the smartphone, but the company improved upon what already existed and created a new product.

Although we often think of product innovation as it relates to technology, it's actually involved in every aspect of our daily lives. Think about Swiffer microfiber disposable dusters and sweepers. It may seem as if they have always existed, but they're relatively new products! Many people complained that regular dusting and sweeping just spread dust around, which aggravated their allergies. So, Procter and Gamble designed the electrostatic Swiffer products, which capture dust and remove more allergens than traditional dust rags or brooms. This is an example of innovation that caught on in a big way—in fact, you may have a Swiffer product in your own home!

Examples of product innovation are all around us. Product innovation occurs when a baker creates a new type of cookie or a gaming company adds the element of virtual reality to its games. Product innovation is the type of innovation most of us are familiar with because it's easy to see. New (or improved) products come on the market all the time! Sporting goods like baseball bats and tennis rackets, for example, are regularly updated to be more competitive.

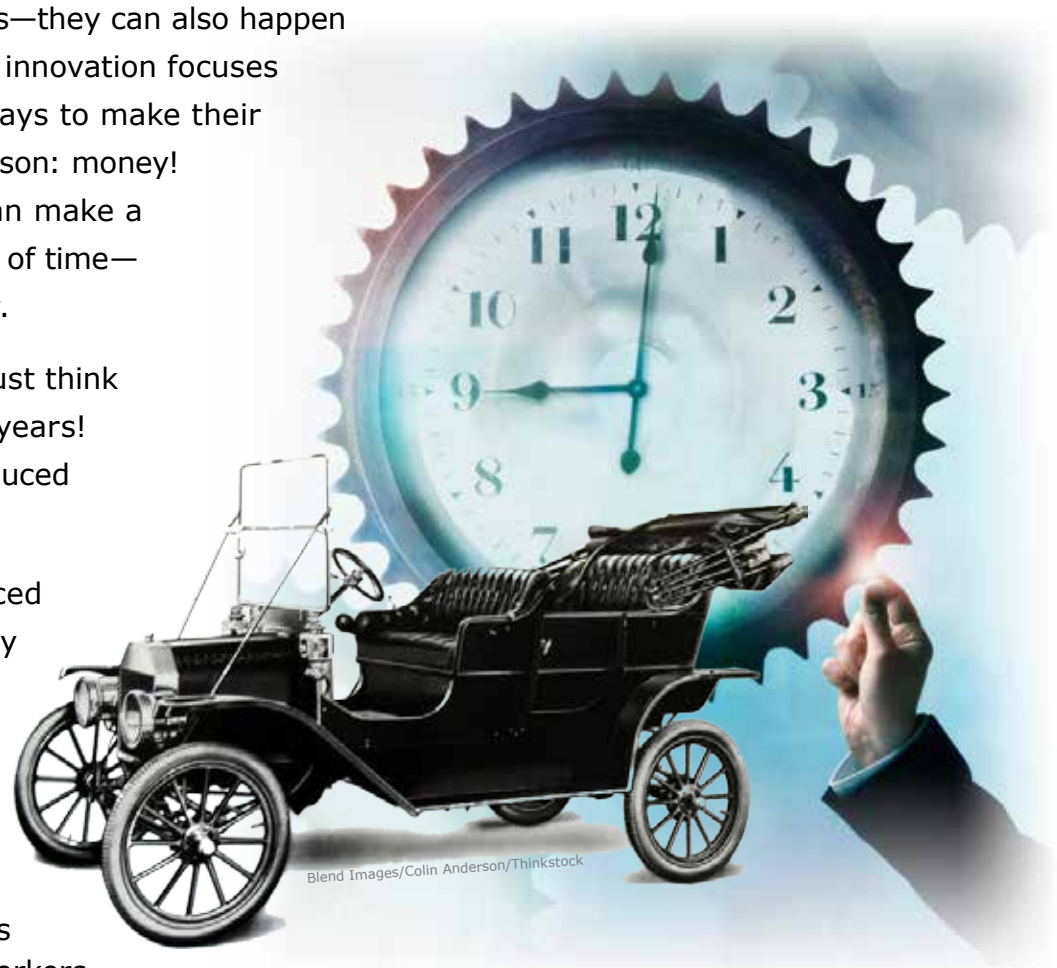
Process. Innovations don't just happen to products themselves—they can also happen to the processes or methods used to create products. Process innovation focuses on *how* something is done. Companies usually want to find ways to make their processes faster, cheaper, or more efficient for one obvious reason: money! Better processes typically mean more profit. If a company can make a product more quickly, it can produce more in the same amount of time—which means it can sell more products and make more money.

Process innovation is also happening around us all the time. Just think about how much manufacturing has changed in the last 100 years! Many things that used to be made slowly by hand are now produced quickly in mass quantities by machines.

In the early 1900s, long before the development of the advanced machinery and robotics involved in manufacturing today, Henry Ford revolutionized the auto industry. His process innovation

of a moving assembly line reduced the 12 hours previously needed to build the iconic Model T to 93 minutes! This meant Ford could produce many more cars and sell them for less, which led to huge profits. In fact, Henry Ford was even able to shorten his employees' work day and pay them more wages. Many of his workers repaid him by purchasing their very own Model T!

Fairness



▲ Ford's advanced methods for making the Model T made car ownership a reality for many Americans.



To see Ford's innovations in action, check out the video "Henry Ford and the Model T" from History.com : <http://www.history.com/topics/henry-ford/videos#henry-ford-and-the-model-t> .

The creation of the Internet has had a tremendous impact on business. It has made communicating across the globe easier than ever and enabled anyone with Internet access to conduct global business, book a hotel, or even order a burrito. Online sales and interactions take place in moments, eliminating the time and cost of producing printed order forms, invoices, and receipts. Customers receive the products they order more quickly and for less money.

There's no doubt that the process innovation of 3D printing, with the ability to create highly customized products and to even eliminate the need for transportation, is changing many industries. But an even newer process innovation—4D printing—is poised to create self-building items and change permanent fixtures to adaptable ones. Check out the Smithsonian article and accompanying videos "Forget the 3D Printer: 4D Printing Could Change Everything" at <http://www.smithsonianmag.com/innovation/Objects-That-Change-Shape-On-Their-Own-180951449/>.

Positioning. Positioning innovation occurs when the *purpose* of a product is changed. The product itself remains the same, but it is marketed differently. In other words, the company focuses on changing the customer's perception of its product. With markets and consumer needs changing rapidly, companies may find out that there's no longer a huge desire for what they produce. If they don't want to go out of business, they need to reposition their products.

As an example, Sony's PlayStation 3 gaming system, which was released in late 2006, didn't compete well initially against other gaming consoles on the market. After nearly three years of lackluster sales and diminished profits, Sony launched a new advertising campaign for the unpopular product—repositioning the PlayStation 3 as an all-in-one entertainment source for playing video games, downloading movies, and watching Blu-ray discs. This successful repositioning strategy gave the PlayStation 3 a unique edge in the marketplace as the only game console at that time that could play Blu-rays.



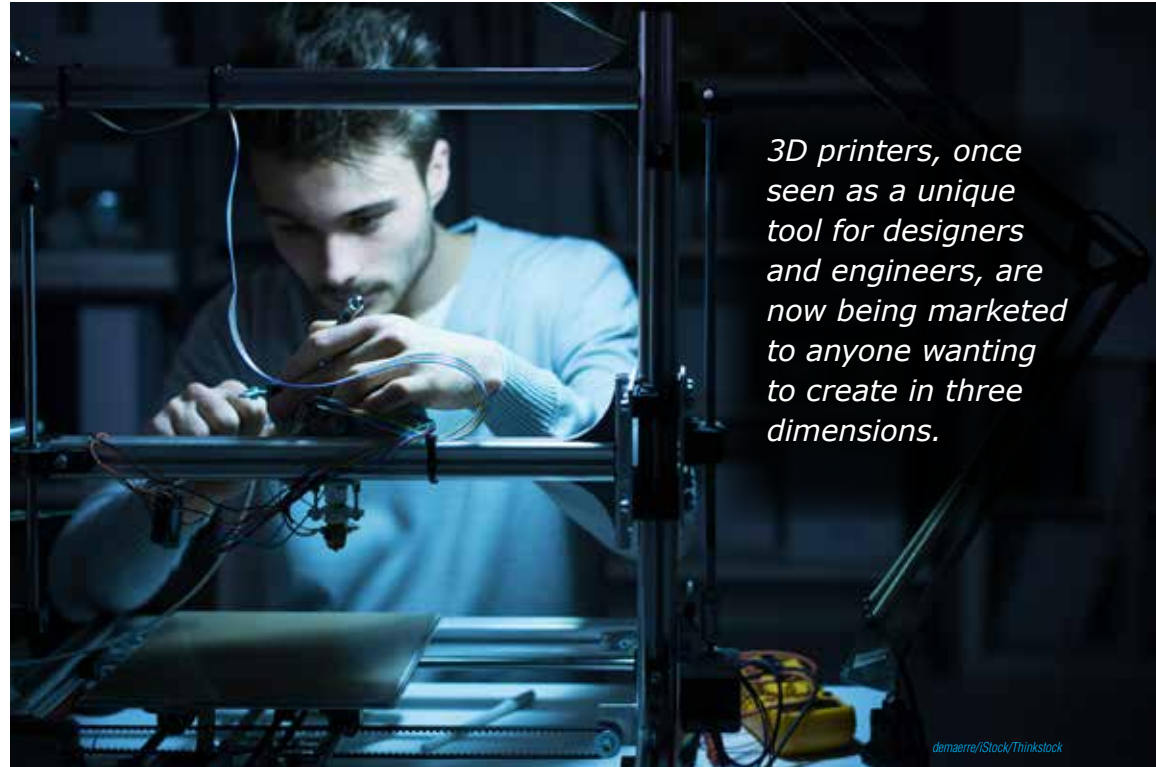
▲ Promoting the PlayStation 3 as a Blu-ray disc player gave Sony a real market advantage.

Do you know anyone who wears Levi Strauss blue jeans? They were originally intended to be heavy-duty work pants for manual laborers. But thanks to positioning innovation, Levi's transformed blue jeans from a work uniform into stylish, everyday wear. Some of Levi's original features, as well as many new ones, can be seen in *Fast Company's* video "Lasers! Gas! Water-Proof Pants! How Levi Strauss & Co. Keeps Improving Jeans" at <https://www.youtube.com/watch?v=nkMwmf57APU>.

Paradigm. Perhaps the most difficult type of innovation to achieve (and understand!) is paradigm innovation. That's because paradigm innovation isn't about changing a product or the way a product is made. Instead, paradigm innovation is a significant change in the way a product is viewed by users and society at large.

Paradigms are the values, assumptions, and beliefs that make up the way people see things. You can understand why paradigm innovation is so hard to achieve—changing the way people think can often be more difficult than creating a new product or process.

A well-known example of paradigm innovation involves personal computers. Once upon a time, computers were only in labs—it would have been downright bizarre for a person to have a computer in his/her own home, office, or school! But that all changed with the creation of the personal computer. Computers quickly became something everyone wanted and needed. This paradigm innovation involved shifting beliefs about computers and redesigning them from a complex tool for a select few into a user-friendly one for many. Similarly, 3D printers are also making the paradigm shift from an advanced tool to a useful device anyone can buy.



3D printers, once seen as a unique tool for designers and engineers, are now being marketed to anyone wanting to create in three dimensions.

demaerre/Stock/Thinkstock

Why Is It Important?

Now that you know what innovation is, you might be wondering: What's the big deal? Why do businesses need to be constantly creating new products, positioning old ones, or developing new processes? As you'll learn soon, innovation isn't optional...it's absolutely *essential* for competition, for survival, and for our entire economy.

Innovation helps businesses compete. Just think about all the companies that sell almost the exact same thing. How can one company ever stand out from the pack? Well, if you've been paying attention, then you probably know the answer...innovation! Simply put, it's impossible for a business to compete if it doesn't innovate. In fact, innovation is an important way for a company to gain a **competitive advantage**—the edge achieved by businesses that offer something better than their competitors. For example, consider the success of Netflix's innovative video service that streams video on demand. Netflix's new and improved methods allowed the company to thrive, while video-rental giant Blockbuster's brick-and-mortar stores went bust. The fallout is explained in the Big Think video "How Netflix Killed Blockbuster" at <http://bigthink.com/videos/how-netflix-killed-blockbuster>.



▲ EARL: Electro Adaptive Reactive Lacing shoe—Nike's self-lacing shoe at the touch of a button.

Innovation helps businesses survive. The business world is always changing, and companies have to change, too. In fact, if they don't innovate, they may go out of business completely. Think about all the companies that have disappeared or faltered in the recent past. If Blockbuster had been more innovative (like Netflix), could it have avoided closing its retail stores and filing for bankruptcy? Technological and cultural changes can make a business's products obsolete, sometimes almost overnight. With changes happening all the time, businesses have to keep up and focus on innovation. Autonomous driving, for instance, is an innovation that automakers and ride-sharing providers alike are focused on to remain competitive. The CNN Tech video "California Is Officially Embracing the Self-driving Car" shows autonomous driving in action: <http://money.cnn.com/2017/03/10/technology/california-dmv-self-driving-car/>.

Innovation helps the economy. Innovation isn't just important for individual companies; it's a necessity for our economy! Innovation creates new products and services that, in turn, create new jobs (someone needs to make those new products!). Innovation can also lead to even more products being created. The creation of the iPhone, for example, led to the development of additional products such as phone cases and apps. Someone has to create or develop the cases and apps, which creates even more jobs. And then, consumers purchase those cases and apps, which pumps more money into the economy. One innovation—the iPhone—led to many other products and jobs. Innovation can kick start a cycle that helps the entire economy to grow.



▲ *Mobile phones have led to the creation of many accessories and services that increase economic activity.*

Risky Business

Innovation isn't all good news, unfortunately. There are some definite downsides and risks, including failure, creative destruction, and loss of jobs.

Failure. Although innovations can be wonderful when they work out, there's always the chance that they won't. For every innovative product or service that you use every day, there are many more attempted innovations that failed before they even reached the market. Failure is just one of the expected costs of innovation, and it can cause a company to lose money or even go out of business.

Creative destruction. Austrian economist Joseph Schumpeter coined the term **creative destruction** to describe how new goods and services can hurt existing products. Think about what happens when a great new restaurant opens in your neighborhood. You and your friends love it, and you start eating there multiple times a week. That's good, right? Well, it's good for the new restaurant...but what about the restaurant you used to eat at before the new one came along? It just lost your business! That's what happens in creative destruction. Innovations can hurt goods and services that are currently on the market. Although e-books were an innovation that revolutionized the publishing industry, they weren't such good news for existing brick-and-mortar bookstores like Borders, which closed its doors for good in 2011.

Loss of jobs. Innovation can certainly lead to the creation of jobs, but on the flipside, it can also lead to job loss. Innovative automation equipment can manufacture goods quickly and efficiently. This can make a company more productive and profitable, but it also eliminates the need for some jobs.



▲ Robotics have become a main element of auto manufacturing, reducing the need for assembly line workers.

You see innovations all the time that lead to job loss. Self-serve kiosks used in restaurants, stores, banks, and airports provide convenience for customers and cost-savings for the companies using them. However, these devices have eliminated many customer service jobs, just as autonomous driving currently threatens the future of jobs in the transportation industry. The Wired video “Robots & Us: When Machines Take the Wheel” explores the future of the trucking industry: <https://www.wired.com/video/2017/05/robots-us-the-ai-and-automation-revolution-when-machines-take-the-wheel/>.

Summary

Innovation is something new—either a product, method, strategy, or process. Innovation is not the same as invention, although invention can be involved in innovation. Creativity is a skill that requires coming up with new and exciting ideas. Innovation, however, involves the process of putting those ideas into *action*. Innovations can be labeled as product, process, positioning, or paradigm. Innovation is important because it helps businesses compete and survive. It also helps the economy. There are some downsides and risks to innovation, though, including failure, creative destruction, and loss of jobs.

TOTAL RECALL

1. What is innovation?
2. What are four types of innovation?
3. Why is it important for businesses to innovate?
4. Why is innovation risky?

THE GRAY ZONE

Innovation has many positives, but there are some downsides, too. Are they always worth it? John, an engineer at a factory, is building an automated machine that will change the way his company makes its products. The company is depending on John's engineering talent to increase production by 50 percent. The new machine will save the company a ton of money and increase profits. However, it will also eliminate the jobs of many people who work on the factory floor. While John is reviewing his blueprints for the machine, he discovers a way to redesign it for an even larger production increase of 70 percent. John wants to help his company be the best it can be, but he also doesn't want to see so many dedicated employees lose their jobs. Should John redesign the machinery for the biggest increase in production? Are lost jobs just one of the collateral costs of innovation? Do the positives of innovation outweigh the negatives?

Innovation In Action

It should be clear by now why innovation is so important for businesses. But what does it really take to be innovative? Although every innovative businessperson is unique and has her/his own specific skills, attitudes, and behaviors, there are a few things that most innovators have in common.



▲ *Innovators can't just rely on proven knowledge; they have to be open to new ideas and new ways of thinking.*

Open-mindedness. Innovative people are open to new ideas. This doesn't mean they take every single new idea they hear to heart, but it does mean they don't automatically reject things that are new or unusual. Can you imagine bubble wrap wallpaper? Well, the makers of the bubbly plastic membrane originally created it as a novel wallpaper design. When bubble wallpaper was not successful, the creators kept their minds open to potential uses and eventually marketed bubble wrap as a way to protect fragile items.

Flexibility. The market changes all the time. Innovators are ready to change along with it. They don't get bogged down in one rigid way of thinking—instead, they stay flexible. When innovators run into a challenge, they adapt. The makers of bubble wrap, for example, flexed when they created a non-inflated version greatly reducing storage needs for customers using massive amounts. Don't worry, they still make our favorite kind—the one that pops!



RKaulitzki/
iStock/Thinkstock

▲ *Les Paul's solid body electric guitar and other innovations amplified and improved the sound of music.*

Curiosity. Innovators are naturally curious people. They ask questions, look for answers, and always want to learn more about their business. Curious people don't always set out to be innovators—they often stumble across ideas when they're pursuing their passions. To see how a musician's pursuit of perfect sound innovated the world of music, view the animation "Les Paul: The Search for New Sound" at <http://www.les-paul.com/timeline/sound-on-sound/>.

Some companies set aside time for employees to pursue the projects that pique their curiosity. Their reasoning? If employees pursue projects they're passionate about, they'll naturally come across new, exciting ideas. 3M's 15 percent time is based on this philosophy, for instance, and imitated by companies around the world. For more on these efforts to nurture innovation, read the *Fast Company Design* article "How 3M Gave Everyone Days Off and Created an Innovation Dynamo" at <https://www.fastcodesign.com/1663137/how-3m-gave-everyone-days-off-and-created-an-innovation-dynamo>.

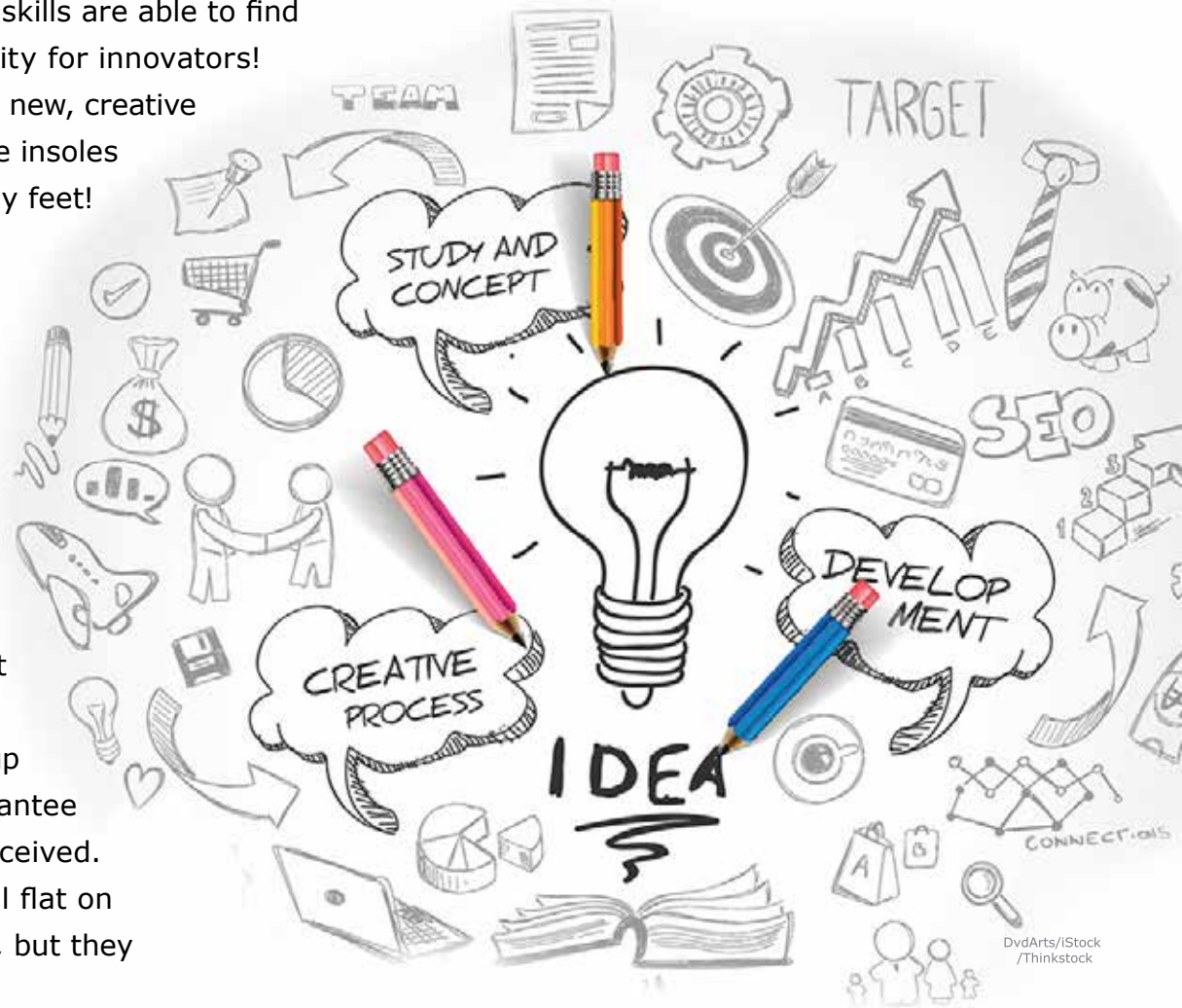
Problem-solving skills. People with problem-solving skills are able to find solutions to obstacles and problems—an essential ability for innovators! Innovators are able to look at problems and think about new, creative ways to solve them. Think of all the innovations to shoe insoles that were created to eliminate foot pain and even stinky feet!

Creativity. As we mentioned earlier, creativity helps people come up with new, inventive ideas. Those ideas lead to innovations. Google is an innovative company with a secret lab—called Google X—where the company’s most creative minds explore new concepts. In the *Fast Company* video “Inside Google X,” Google researchers explain their creative process: <https://www.youtube.com/watch?v=5oKmb7U3H6U>.

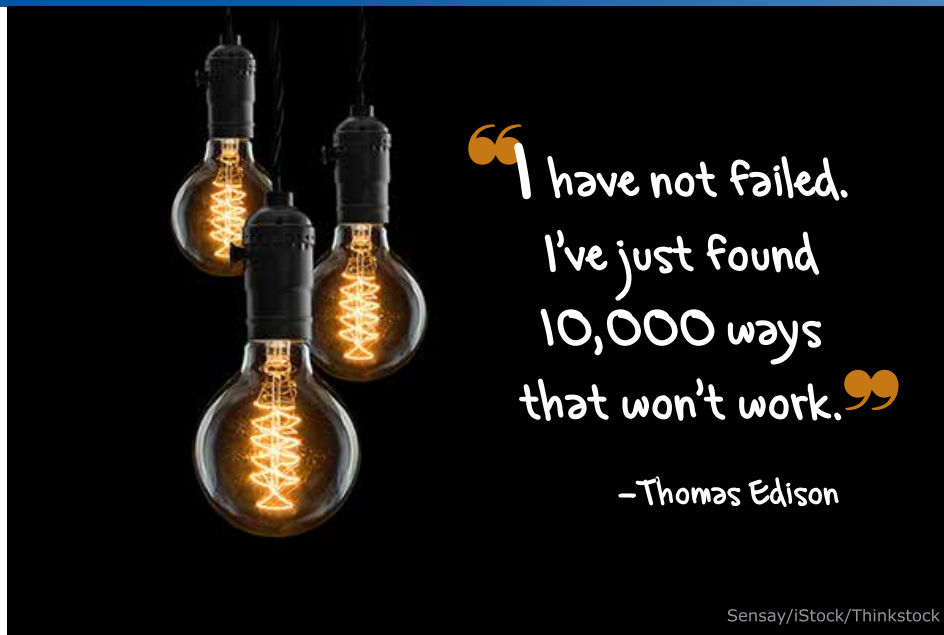
Risk-taking ability. Risk-takers understand and accept the responsibility of not knowing the outcome of their actions. Innovation is essentially risk. When you come up

with a new product or idea, there’s no guarantee that the product or idea will be well received.

There’s always a chance you could fall flat on your face! Innovators are willing and able to take risks, but they also know how to minimize the chance that they’ll fail.



▲ The most innovative companies provide employees with time to create.



Determination and resilience.

Determined individuals keep working until they achieve success. Innovators know that true innovation takes time, work, and even failure! But they don't give up. Because innovators realize that overcoming obstacles and frustrations is part of the creative process, they keep going until they succeed. Did you know that James Dyson, the creator of the Dyson vacuum, made over 5,000 prototypes before he succeeded?

Where Does Innovation Come From?

Innovation doesn't just appear out of thin air. There are many different sources of innovation, some of which include observations, customer needs, demographics, experience, trends, accidents, and looking toward the future.

Observations. Remember the natural curiosity that innovators need to have? It leads them to make observations that can turn into innovations. If businesspeople want to be innovative, they must always be observing life around them—both the business world and the world in general. They should be reading trade publications, newspapers, and industry blogs, as well as attending trade shows and conferences. But observations shouldn't end with the businessperson's chosen industry! It's important to read about and be aware of other industries, as well. You never know where inspiration will strike!

Taking time to observe nature can lead to discovery. In fact, nature has inspired many inventions and innovations. For some examples, view the *Bloomberg* article “14 Smart Inventions Inspired by Nature: Biomimicry” at <https://www.bloomberg.com/news/photo-essays/2015-02-23/14-smart-inventions-inspired-by-nature-biomimicry>.

“In all things of nature,
there is something
of the marvelous.”

– Aristotle

Mike Powell/DigitalVision/Thinkstock

Customer needs. Customers can be the best source of innovation inspiration. Businesses should pay attention to their customers' wants and needs. Simply listening to customers or asking for their thoughts can lead to new ideas and solutions. Some companies accomplish this by asking for customer feedback via surveys and questionnaires.



Have you ever been asked by a company if you were happy with its product or service? Did the company ask if you had ideas for improvement? If so, this company was paying attention to customer needs.

For instance, if a restaurant's customers repeatedly ask for vegan options, the restaurant may decide to develop several new vegan appetizers and entrées. Or, if a company overhears customers complaining about its slow response time, it may consider changing the way it operates via process innovation to provide a faster customer experience. For example, the dreaded security lines at airports led to the development of Alfa 3, a device that can scan people while they are on the move. To learn more, check out CNN's video "New Airport Scanner Could Make Going Through Security a Breeze" at <http://www.cnn.com/2014/10/01/tech/innovation/mci-alfa3-scanner/>.



▲ *Serving customers more efficiently has led to many innovative improvements in airport security systems.*

Demographics. Demographics are the physical and social characteristics of the population. In other words, demographics divide a population by factors like age, race, economic status, income level, and many other things.

So how does this impact innovation? Consider when an entire generation begins to age and their health starts to decline. The need for healthcare services greatly increases. While older adults may need a higher level of care, many desire to remain independent. This dynamic has led to the development of many healthcare services and devices that make it possible for older adults to live alone. Innovations in medical and GPS tracking devices, as well as safe housing with built-in technologies, help aging parents, families, and caregivers live better lives. In the *NZ Herald* article "Tauranga Boy Creates Useful Tool For Elderly" James Zingel explains how his science fair project led to the creation of a simple life-monitoring device: http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11702184.

Experience. Sometimes, businesses can innovate in the future by looking at what they've done in the past. What's worked? What hasn't? Failures can be even more helpful than successes. They can point a business in a new direction and help it figure out what to do next time.

One successful product born from failure is something many people use every day: Post-its. A chemist working for 3M initially thought that he could coat a bulletin board with the weak adhesive he had discovered, so that people could stick papers to the board without using nails or tacks. However, the idea never took off. Several years later, another 3M chemist applied the adhesive directly onto paper and discovered a use for 3M's unique glue. To see the story of Post-its, view Mohit Mangla's video "06 Post-it Notes: Accidental Inventions Documentary" at <https://www.youtube.com/watch?v=AUX4As-QpdM>.

Trends. Trends, or the general directions in which people or events are moving, can be a big source of innovation. The trend toward healthy living, for example, is one that has inspired many companies to create new foods and lifestyle products. Popular health tracking devices like the Fitbit and gym wear with embedded sensors give health conscious consumers the data they need to achieve better fitness. The trend of healthy living has also impacted the workplace, leading to the creation of desktops mounted on treadmills. You can read more about the growing popularity of this innovation in the *Republic* article "Workplace Treadmill Desks Beginning To Make Strides" by Ken Alltucker: <http://www.azcentral.com/story/money/business/2014/08/30/workplace-treadmill-desks-growing/14891817/>.

Another trend, social awareness, has led consumers to demand products that do no harm. Read how consumers are driving innovation in the jewelry industry in the *Fast Company* article "This Startup's Plasma Reactors Create Conflict-Free Diamonds for the Millennial Market" at <https://www.fastcompany.com/40402319/this-startups-plasma-reactors-create-conflict-free-diamonds-for-the-millennial-marke>.



Jacob Ammentorp/
Lund/iStock/Thinkstock

◀ *Active lifestyles have led to innovative sportswear and athletic equipment.*

Accidents. Believe it or not, many innovations aren't planned at all! Just take this vintage Reese's peanut butter cups commercial as an example: <http://www.youtube.com/watch?v=DJLDF6qZUX0>. While we can assume that peanut butter cups weren't *really* invented because someone eating a chocolate bar and someone eating peanut butter ran into each other on the street, many innovations actually are the result of mistakes and accidents.

The development of the artificial sweetener NutraSweet is just one example. A chemist was working on developing a new chemical when he accidentally got some of it in his mouth and noticed it was sweet. This isn't a recommendation to taste random chemicals, but it does show the accidental way innovations can come into being. This is one of the many reasons why innovators need to be open-minded—you never know where your next innovation might show up!

Looking toward the future. It's important for businesses to focus on tomorrow, not just today, if they want to be innovative. Innovative companies are always asking questions like, "What will consumers want in 10 years?" or "How will upcoming technological developments influence our products?"

One technological development that may affect innovation is virtual reality. What was once considered a novelty for gamers holds implications for many businesses. Discover how the e-commerce giant Alibaba is changing retail shopping in CNN's video "Alibaba Offers VR Shopping" at <http://www.cnn.com/videos/world/2016/11/28/alibaba-vr-shopping-stevens-pkg.cnn>. What can companies do to look toward the future and avoid getting lost in a virtual world?



Who's the Most Innovative?

Many people assume that huge corporations are the most innovative. While it's true that innovative giants like Google have extremely talented employees and vast resources, you might be surprised to learn that innovations often come from small businesses. In fact, some studies show that small entrepreneurial companies create twice as many innovations as large companies! Pacemakers, snowboards, photocopiers, and soft contact lenses are just a few of the important innovations from small businesses. Why are small businesses so innovative? Here are two reasons:

They are more flexible. Most small businesses are started by people who are pursuing a passion or trying to fill a market niche. These people probably wouldn't have started their own businesses if they didn't have big ideas! Small businesses have more flexibility to pursue those ideas. They often do not have to stick to rigid schedules or follow a predetermined set of rules. They have the freedom to do the work they want to do, and that freedom can lead to innovation.



▲ *Small companies often possess the most flexibility and can create new innovations without the constraints larger companies have.*

They face fewer judgments.

People who work for large companies often have to run their ideas by their boss, then their boss's boss, etc. While that system of checks and balances can be a great way to minimize risk and prevent mistakes, it can also stifle innovation. When a small-business owner decides to pursue an idea, s/he can start doing so immediately, without running it by any upper level executives.

Making It Work: How Businesses Can Achieve Innovation

There are many steps businesses can take to put innovation into action, including being open-minded and flexible, encouraging employee suggestions, researching, making connections, and reducing risk.

Be open-minded and flexible. Remember how small businesses are often more innovative because they can be more flexible? This is something all businesses should try to imitate. Companies don't become innovative by being rigid or doing everything by the book.

Encourage employee suggestions. A company's employees might have some great ideas, but no one will ever know unless those employees speak up!

It's important for companies to accept and encourage

employee suggestions. Even if an idea seems unrealistic or impossible, it's important to listen to it. Shooting down ideas

immediately will make it much less likely for employees to suggest their ideas in the future. Companies that encourage innovation also reward employees who suggest great ideas.

Research. It's important for companies to be aware of what's happening in the business world around them. This involves staying informed about competitors' actions, being aware of market changes, and, of course, keeping up with customer needs. Research can also include getting customer feedback or suggestions.



▲ Innovative companies genuinely encourage and consider employee suggestions.

Make connections. “Connecting the dots” is a crucial step in the innovation process. It’s important to make connections and figure out how to solve problems. Many people can be creative, but businesses that want to innovate must learn how to generate ideas, locate problems, spot opportunities, create solutions, and put innovation into action. Some companies focus on large-scale problems to identify opportunities and innovate solutions. The Big Think video “How a Smarter Toilet Could Save Millions of Lives a Year” explains how new technologies are solving a very basic problem: <http://bigthink.com/videos/how-a-smarter-toilet-could-save-millions-of-lives-a-year>.

Reduce risk. To be successful innovators, businesses need to reduce risk. Innovation is always risky, but by evaluating the potential market for their innovations and basing new innovations on previous experiences, businesses can decrease risk. It’s also extremely important for a business to make sure it has enough money and resources to handle launching the innovation. Many entrepreneurs and startups reduce the inherent risk of innovation through crowdfunding, which allows innovators to receive valuable feedback and funding from interested consumers. Check out an innovative tool promoted in this Kickstarter video “Makerarm—The First Robotic Arm That Makes Anything, Anywhere” at <https://www.kickstarter.com/projects/1849283018/makerarm-the-first-robotic-arm-that-makes-anything>.



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▲ *Making connections between problems and solutions can lead to successful new products.*



Summary

Many innovators have specific skills, attitudes, and behaviors in common, including open-mindedness, flexibility, curiosity, problem-solving skills, creativity, risk-taking ability, and determination/resilience. Sources of innovation include observations, customer needs, demographics, experience, trends, accidents, and looking toward the future. Small businesses are often more innovative than large companies because they are more flexible and face fewer judgments. Businesses can achieve innovation by being open-minded and flexible, encouraging employee suggestions, researching, making connections, and reducing risk.

TOTAL RECALL

1. What traits do most innovators have in common?
2. What are some common sources of innovation?
3. Why is it easier for small businesses to innovate?
4. What can businesses do to become more innovative?

Make It Pay!

Innovation is all around you! Think about any new products you've purchased recently. Maybe you just bought a new phone or tablet. Or maybe it was something as small as a new sandwich at a fast-food restaurant. Do you think the company that made the product you purchased was innovative? Why or why not? What do you think the company had to do to innovate?