



Developing an Innovation Strategy that Honors God

The economy and conditions of the marketplace in 2020 are marked by unexpected change and unpredictable fluctuations. We will continue to have little or no control over many factors, but an ongoing discipline of strategic innovation affords us many opportunities to thrive amid the changes. Moderate success can induce complacency. If we are *only* maintaining the status quo or what has produced success in the past, our impact and ROI will actually *decline*. We remember companies like Kodak, Blockbuster, or Borders, once at the peak of their markets, that failed to innovate and ultimately declared bankruptcy. These companies and many others highlight how critical it is for us to abandon stale practices of “the way we’ve always done it” and instead empower our teams to explore fresh ideas, new products, and improved processes.

Innovation and management guru Gary Hamel famously said that success is a self-correcting phenomenon in the absence of deliberate and ongoing



offerings and methods.

Your immediate reaction might be that your business model can't compete with the R&D budgets of large corporations. The basic principles and approaches that enable these global firms to perform so well, however, are applicable and practical for companies of any size that want to thrive in their industries.

Considering what your company needs to accomplish to stay relevant and thrive in today's marketplace, what are the primary goals of your innovation efforts?

- Increase market share in existing markets
- Add new value to a current product or service
- Enter new markets
- Introduce a new product or service category
- Reduce the cost of current products or services
- Disrupt current markets by creating a new process or business model
- Revise the current business model
- Preserve relevance and market position
- Expand reach of the business to increase gospel impact and influence
- Ensure generational succession and continuity of the enterprise

“Don't mistake the edge of your rut for the horizon!”

—Gary Hamel, *The Future of Management*

Leverage Internal Thought Leaders

Venture a guess at the percentage of time your team spends on innovation initiatives. You might measure this by how many trials or experiments have been deployed or how many things at which you have failed in pursuit of breakthroughs.



failures. Eliminating fear by making “failure” acceptable and expected prevents employees from suppressing their potentially winning ideas.

Empowering employees requires ongoing, active involvement of leaders at all levels. Companies are recognizing the positive change made possible by an engaged workforce rewarded for generating innovative ideas. Instead of providing financial rewards, **Haier names final products** after the employees that thought of them. Having your name “stamped” on a product encourages well-thought-out ideas that employees are genuinely proud to represent. Intuit hosts a company-wide awards ceremony with a “**failure award**.” This recognizes the team whose idea ultimately failed but provided the business with the most valuable learnings.

Break Down Barriers

Whether for refinement or revolution, innovation might also mean looking outside our own companies and viewing our competitors as partners. Together, we have the opportunity to deliver game-changing ideas to our customers that we otherwise couldn’t. Nearly half of respondents to a **2015 survey by Accenture** indicated they developed their most successful innovations in collaboration with a partner or by acquiring innovation from outside the company.

An excellent example of this is the United Launch Alliance (ULA), a joint venture between Boeing and Lockheed Martin. ULA has launched more than 120 satellites that provide critical capabilities to our military, track severe weather for meteorologists, and enable GPS navigation. The company now serves as the nation’s leading space launch provider with the latest technology for mission success at the lowest possible cost. The JV has achieved the leading market position because each company has looked beyond itself and recognized it could better serve its customers by leveraging the expertise of its strongest competitor.

Create Customer Intimacy



surveys, transactional feedback, etc.) can reveal insight to help narrow our focus and cultivate meaningful, valuable innovation.

We can ask questions like:

- Was our service a good value for you?
- Did we deliver on our promises?
- Would you recommend us to others?
- What can we do to serve you better in the future?

Big data analytics have become increasingly popular to gather this type of information and drive decisions and strategy. While that can be quite helpful, there are potential pitfalls if we don't also gather insight from a small data approach.

Voice of the Customer – Jim Tallman (C12 Member and president of [Tallman Insights, Inc.](#)) recommends a model for companies to hear, understand, and align with their target customers. Jeffrey Palermo (C12 Member and CEO of [Clear Measure, Inc.](#)) shares how the model has helped reorient his approach to innovation.



Engines of Innovation

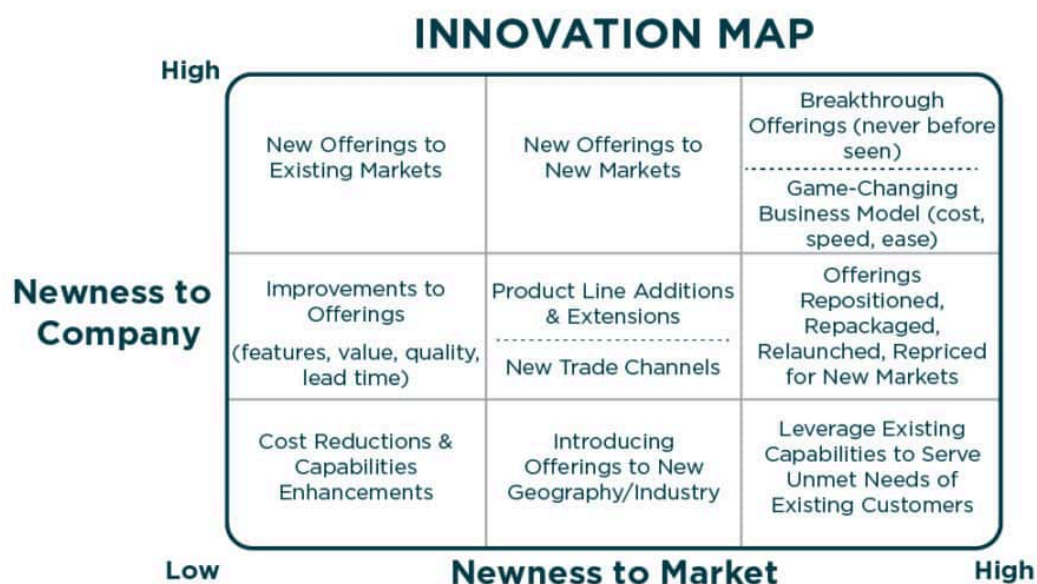
With all of these resources available to us, an organization's capacity for innovation ultimately depends on an *innovation system*: a coherent set of processes that dictate how the company identifies problems and solutions, synthesize ideas into a business concept, and select which projects get funded.

One example of a cutting-edge innovation system is Google Ventures' "sprint," a five-day process for answering critical business decisions through design, prototyping, and testing ideas with customers. GV developed the process in an effort to make teams more efficient in solving problems and serving customers. Before a sprint begins, the process requires the assembly of a team with a leader and a diverse set of skills from within the organization. By the fifth day of the process, the team watches target customers react to their new ideas through one-on-one interviews. This delivers meaningful insight (*why* an idea does or does not work) *before* the expensive commitment is made to launch. Such insight is much more difficult to obtain through large-scale quantitative data.

There is no one-size-fits-all innovation strategy, but there are necessary elements to design one that fits the specific needs of a company.



Once your system is in place, you can use it to guide how you approach innovation. The matrix below demonstrates some of the many avenues we might pursue to renew our performance and value. It can be a diagnostic tool to help you analyze your competitive environment, and it can reveal gaps and potential opportunities for doing something different and upending the market. Highly innovative cultures can end up with low-margin, low-return chaos if they aren't excellent at planning and executing new projects and rollouts. We have to decide how much of our effort should focus on technological or business model innovation based on what will yield the greatest value for our specific needs. Brainstorming radical visionary concepts is a great way to spur smaller innovations.



The Leadership Challenge

Setting an innovation strategy is more than a choice—it is part of **our responsibility as Christian leaders** to steward the gifts, resources, and



1. **Grow faster than the market** (e.g., 10% growth in a 5% market) by setting stretch goals and insisting on strategies and operating plans that require innovation. Based on a SWOT analysis of each major offering, make specific plans to leverage strengths and improve weaknesses.
2. **Fund new initiatives** (e.g., offerings and capabilities) via business model improvement (BMI) and annual cost reduction goals in the core business. Continually challenge the status quo (e.g., organization design, staffing, lead times, tools, methods, communication, supply chain, compensation, packaging, pricing, etc.). Ask key questions about whom we serve, what we provide, how we provide it, how we make money, and how we differentiate ourselves to sustain a competitive advantage.
3. **Establish an innovation culture** through communication, accountability, and celebrating success. Remember, what we measure, report, and reward gets done, repeated, and improved! Challenge staff to imagine breakthrough levels of cost, convenience, volume, and features as well as how to get there.
4. **Track your percentage** of overall sales from new offerings, markets, and approaches (see *Appendix B* for practical help) and develop a toolkit for assessing status and progress (e.g., metrics, reporting, team brainstorming and problem-solving, project protocol, and an innovation “war room”).
5. **Assign champions** responsible for product line performance and innovation, and provide regular spotlight opportunities for fresh feedback and recognition. Regularly review each product line’s performance (e.g., sales trends, margins, ROA) and phase out declining products to spur innovative replacements.
6. **Motivate and educate teams** through continuous learning and planning. Make innovation a constant topic in performance reviews, compensation, hiring, training, lunch-and-learns, and celebrations.

Imitators of Innovation

Scripture describes God as the ultimate innovator. As imitators of God, we, too, are called to innovate. In the garden, God charged mankind with a



Where you think you stand in the marketplace isn't as important as where your customers think you stand!

Our latest e-book, *Assessing and Establishing Market Position*, equips you to:

- Discover where your brand stands
- Strategically improve weaknesses and leverage strengths
- Define and refine your dominant selling idea

Your brand is more than a logo, company mantra, or words on a website. It's the critical foundation for building customer loyalty.





How does your company overcome the mentality of operating “the way we’ve always done it”?

How would you rate your key competitors on this same basis?

How can you challenge and equip your team to plan improvements and growth more aggressively?

How do you plan to ensure that the business performance of new initiatives will improve your future profitability?

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About the Author

C12 Editorial Team



C12 is the largest peer-learning organization for Christian CEOs, business owners, and executives and a leader in the marketplace ministry movement. Located in over 160 major metro areas across the United States, Brazil, Malaysia, Singapore, Taiwan, and South