

## Innovation, Invention and Re- invention

A little while ago I read an article on innovation which said that in western businesses, for every 100 employees only 11 new ideas were forthcoming from the workforce. In Japanese companies the figure was nearer 3500! The report from which this was taken was a little old, so things might have changed. But none-the-less there are implications for us.

The difference comes from the fact that new idea generation is part of a system - or routine. A system that is able to promote new idea generation based on the empowerment of a workforce – in other words it has been motivated to think up, develop and implement new ideas.

### Types of innovation

There are fundamentally two types of innovation

1. **The big idea**, a company transforming idea such as a new product, a piece of new equipment or a new process. What tends to happen here is that once a giant innovative step has been achieved, companies often go to sleep until the next change
2. **The smaller idea**, an incremental improvement – achieved through processes of **continuous improvement**. Here improvement is ongoing and less costly.

You can equate such change to vehicles of innovation;

- The **super tanker** approach represents large step changes often driven by senior managers requiring long time scales to produce results
- The **bicycle approach**. Here everyone can get involved and with minimum

training and often in a process that's rewarding and enjoyable

### How does innovation take place?

In most companies innovation breaks down in 3 ways:

1. 20% of people are actively involved in radical / incremental innovation
2. 60% are quite happy getting on with the job in the same old way No one actively tries to get these routinely involved with improvement or radical innovation
3. 20% are just not bothered or just don't / want to change. These are dinosaurs

### Continuous improvement - incremental innovation

Most businesses tend to focus on transforming innovation, and there are business owners and managers that can foster this type of innovation (as well as incremental innovation) but quite few ignore continuous improvement.

### Invention in the bumper car business

In this imaginary scenario a recurrent problem frequently facing the manager of a travelling bumper car business is that the staff comes across nuts that have fallen off one or other of the bumper cars. On each occasion when these nuts are discovered, the find is reported to the manager. While the manager takes the problem to the manufacturers to resolve he knows that it will take months to before something is done. How on earth is he to resolve the problem? He decides to ask the staff to help.

The big issue is that nuts on the rink present a safety problem and because the rink is painted black it's not easy to find the nuts. Then when the rink is busy during the day it means that staff have to stay behind and look for them.

Taking the viewpoint of a staff member ask...

## The Strategist's Choice

1. What could be done to make the search for the nuts less time consuming and frustrating?
2. What benefits are there by involving others?
3. What would it take to get such a scheme into action in the business?

### The benefits of continuous improvement

The benefits of implementing a system of continuous improvement (C.I.) are numerous. Here are some that are proven:

- Easier working conditions for the individual improver and his/her colleagues
- Improved team spirit and relationships between individuals in and between teams
- More profitable turnover
- Greater individual responsibility and responsiveness to improvement and change
- Increased know-how, knowledge sharing and skills development
- Improved creativity and competitiveness

**Successful continuous improvement depends on harnessing the creativity and enthusiasm latent in all employees in the business**

### What would it take to get such an incremental scheme into action?

Such systems require managers / owners to stand back and allow their people to evolve ideas to make improvements. What else is required?

1. Encouragement and coaching people to develop new ideas without getting involved in their implementation
2. Testing ideas for feasibility by team leaders / managers for financial worth, feel good factors and benefits to the individual
3. Document proposals, confirm before / after benefits and effects, get manager / owner approval and then thank and reward the individual with...
4. A simple reward system, say £10, £15 or £20 per implemented idea

This makes for a much better system than a simple suggestion scheme. The difference is that individuals themselves are involved in such a

programme. Where it's been conducted managers and owners have reported surprise at the number and range of improvements in communications, product, process, equipment, administration and financial efficiency – and in the scale of profit improvement achieved.

### Isobel's initiative...

Isobel, a secretary devised an improvement that tackled her company's order processing system and saved considerable amounts of time and money. Order forms used to have blue, pink, yellow and white copies. One would be sent to the supplier, and the others filed in various parts of the company.

It's as all very time consuming and expensive. Isobel's idea was to print the order on headed paper and retain all the information in the PC. Simple at the time, but it enabled the business to get rid of all bits of paper and the storage necessary for them. Probably something that wouldn't have happened but for continuous improvement system.

If 100 such improvements were achieved in product and process design, communications, finance, distribution, people relationships, production... how much money could be saved and put on the bottom line

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Best wishes

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This is one of a series of articles published by UBS Unique Business Strategies.

## The Strategist's Choice

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