

Creating Problems Creates an Innovative Culture

By Ted Santos and Deborah Brown

Is innovation the result of long arduous trials and errors? Or is it a practice, which can be divided into parts and learned? Does your company know how to effectively position its innovations and differentiation in the marketplace in order to drive sales and increase market share?

Rocking the Boat

Good managers solve problems, but great leaders *create* problems and then empower others in their organization to solve them. Creating problems leads directly to innovation.

Yet, deliberately creating problems is counterintuitive. We're wired to avoid problems, even before we try to solve them. Culturally we're trained to get rid of problems. Businesses are structured to reward managers for their problem-solving skills. However, the keys to the executive suite are not available to managers who only solve problems. Does your organization have structures in place to reward people who create problems? What could happen when you don't have those structures?

More than a century ago, Henry Ford built an innovative company to solve a problem he created: make it possible for every American household to own an affordable automobile. He solved the problem by creating the assembly line. The people of Ford Motor Company changed the world. But, the company didn't look ahead, didn't pose new problems, didn't continue innovating. When GM introduced style and color in its cars, Ford lost market share to this new innovator.

In 1979, Sony brilliantly created the personal audio market with the Walkman. The company created a problem: how to develop a device that will allow individuals to privately listen to music anywhere, anytime. Today, however, Apple dominates the digital personal audio market with 78 percent market share in the U.S.

Signs that Your Company is Lacking an Innovative Culture

How can you tell if your company is lacking an innovative culture?

- Your CEO spends more than 10% of his/her time *solving problems*. Top leadership needs to challenge the CEO to create a problem or take it upon themselves to bring a challenge to him/her.
- Your company is content with the status quo. Being content leaves you vulnerable to competitors who can disrupt your business model. Without risk, innovation becomes happenstance.

- Your company's top line is growing while your bottom line is shrinking. Your products or services have become a commodity. There is nothing to differentiate you from your competitors. This is an ideal time to create a problem for your organization.
- Employees are afraid of failure. A learning and innovative culture embraces failure; a project that fails can still be valuable to the company's larger goals. Employees should be encouraged to create problems themselves.
- Management is disconnected from the employees in terms of innovative ideas and in moving the company forward. Oftentimes, companies make the mistake of going it alone – relying on management and/or research and development in a silo to come up with innovative and creative ideas as opposed to engaging the brainpower of employees throughout the organization.

How to Create an Innovative Culture

Creating an innovative culture incorporates three very important approaches:

1. Lay out the problem clearly, with a definite objective.
2. Make sure people have the tools they need to solve the problem you or your CEO created.
3. Get out of the employees' way as they solve it. Empower them to innovate.

Jack Welch, when taking over as General Electric's CEO, declared that every division must rank No. 1 or No. 2 in its industry – or be sold. Welch dared to imagine a future dramatically different from the past. This was no “cut costs by 3 percent” memo; this was a whole new vision, which could only be fulfilled by committed people with a new perspective on their business units and the possibilities.

The problem Welch created was the catalyst for a quantum leap, which disrupted complacency. Nevertheless, creating problems is counterintuitive. What must happen to ensure buy-in for a vision that appears to be a problem? It's imperative that organizations design a culture that embraces a new mindset toward problems. In addition, Welch's problem gave people in the corporation a greater purpose. He didn't demand that people work harder and do better. He gave them an objective, which didn't require him to micro manage. Individuals were responsible for creating goals for which they could claim ownership.

When a leader declares a future that doesn't exist, it's inherently a problem. It breaks from the past; it may demand new skills and competencies. When the leader is standing for something bigger than the problem, however, that stand becomes the value system of the organization. The value system inspires and motivates people to innovate. When people are empowered to be innovative, their commitment increases; they have a chance to take new actions and be proud of their accomplishments. Indeed, when people are

allowed to create problems themselves, cost efficiencies, new products, and new services are created.

When problems are viewed from another perspective, it becomes fairly obvious that they are derived from opportunity. New opportunities require innovation. Innovation is a solution looking for a problem to solve. What problems does your organization solve?

Also, problems can give your organization a new future. It can bring purpose and values. It can be the catalyst for innovation. And it can differentiate you. What is your problem creation strategy?

Strategically Positioning Your Company

Once you have created a truly innovative culture it's important that you, as a leader, facilitate a communication structure and strategically position your company as an innovator in the marketplace. You've heard that old saying, "If a tree falls in the forest and there's no one to hear it, did it make a sound?" The same is true for companies and their marketing or lack of marketing initiatives. If your company is highly innovative, but prospects and customers don't know it, do your innovations exist?

It's critical that companies understand how to position or reposition themselves in their industry. This involves developing a positioning statement that clearly differentiates your company from competitors, underscores your company's strengths and explains how your company and its products/services provide a solution to a problem. An effective positioning statement can also provide your company with a thought leadership platform.

What's your elevator speech? In other words, if you have 15 seconds to tell an important prospect what your company does and how it differentiates itself, can you? If not, you need a unique positioning statement that is articulated by everyone in the company – from the CEO to the receptionist.

A positioning statement is not a tag line; it's a sentence or two that establishes your leadership position in your industry. It also provides direction for the company and keeps everyone focused toward a common goal. And, it's important that it rings true with all constituents.

Risk and Reward

You can't have reward without risk And, nothing holds greater risks – and rewards – as creating problems in order to create new products and markets and become a recognized leader in your field.

Being complacent and accepting the status quo is a greater risk than taking a risk.

Those who are great leaders create both problems *and* the innovative culture to develop solutions to those challenges. And...through effective positioning and a smart, strategic communications plan, they make sure their industry, shareholders, customers and prospects hear it loud and clear.

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Footnotes:

http://www.sony.net/SonyInfo/News/Press_Archive/199907/99-059/

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