



February 2007 - Issue #12

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Innovation/ R&D - Who Cares?

It is becoming more and more challenging to find a profitable niche in the marketplace, with more and more businesses competing with commodities and/or commodity pricing everyday. How do you escape from that rat race? One way is by beating your competition through innovation/ research and development (R&D).

Innovation /R&D is not nearly as difficult as it appears, and it doesn't have to be product-based and doesn't require a degree from M.I.T. So, why don't more companies choose this path to success? I've found that it is easy to get caught up in the idea of innovation/ R&D and miss the boat in terms of execution. How often do you imagine we get caught up in discussing the exciting aspects of new products and services, the new bells and whistles, etc instead of focusing on what will "work", even if it is less enticing and interesting, doesn't require the latest machinery, equipment, systems etc? I've fallen prey to this concept as well - it is surprising how easy it is to convince yourself that you are thinking of what the customer wants, and so you must continue to tweak the bells and whistles. But, is this what will make a difference to creating a new product and/or service that will lead to profitable growth etc? Typically, I've found the answer to be 'no'. So, what are the keys to successful innovation/ R&D projects?

First, focus on customer value. There is a huge difference between customer desires and customer value. Who has met a customer that didn't want every possible feature, service etc for the lowest cost? Instead, the key is to focus on what the customer values - that which will provide an increased benefit/ end result for your customer such that the customer is willing to pay an increased price for it. By focusing on asking questions and understanding your customer's priorities, the reasons for those priorities, and potential win-win opportunities, you'll find innovation ideas that will yield a significant difference to your business.

Second, remember the team. Focusing on people - the cross-functional team within your company and external to your company - is a critical component. No one is an expert in everything. For example, when designing a new product, what works best from a materials perspective (reducing the cost of materials while meeting the quality standards) might conflict with what works best from a freight perspective (the compression of the product, the packaging etc), which might conflict with what works best from a labor perspective (how it runs on the production lines), etc. And, remember to include what makes the most sense for your suppliers, your suppliers' suppliers, your customers, etc.

Third, choose an objective that is a stretch and keep the team focused on thinking about how to achieve the objective - not why it cannot be achieved. Although this sounds obvious, it is important to keeping creativity alive. It is very easy to focus attention on the problems and tradeoffs (for example, the materials, freight and labor example above), which stifles the process. Now and then, it is a benefit to throw science out the window. Instead, ask how can we achieve this impossible goal? What would we need? Who has an expertise in this area? It's surprising what can be achieved when you think you/ your team can figure it out.

Lisa's Tips: Successful System Implementations

As strange as it might sound, the software and its features is typically the least important ingredient to success. Instead, focus on...

1. Just the critical few key requirements. Although it is natural to think that every piece of functionality is critical (or why not include it since you're spending money on a new system anyway), don't. Take a step back and focus 80% of your efforts on the 20% that drives your business.
2. People. Nothing else matters if the right people aren't on the team. It is 99.9% probable that something will go wrong during the system implementation, and if you have the right people in the right positions (on the implementation team, focused on change management, leading the organization, etc), they will turn these potential boulders into tiny pebbles along the road to success.
3. The process must be led by the business functions, yet the IT project manager is the key. I know this sounds like a contradiction, but it is one of the most important elements to success. The business must lead the process to make sure it is focused on the key elements that will support the business and drive business value/ return; however, they typically are not the best equipped to ensure a successful execution. Therefore, finding an IT project manager proficient in bringing it all together (the business needs, project management, the IT elements, etc) and facilitating the implementation (sometimes behind the scenes in a supporting role) is key to success.
4. Change management. It isn't necessary to be an expert in change management to be successful. Instead, leadership is the key - communicate proactively, provide as much clarity as possible about the future state, the roadmap to get to the future state, ask questions, and listen.
5. Training and education. It is the only way to make sure the business results are achieved. Don't just focus on the how-to's. Remember the whys - we want people to think, ask questions, push back and work as a team to deliver the expected business results.

Recommended Reading

"[Guts! - Companies that Blow the Doors off Business-as-usual](#)" by Kevin and Jackie Freiberg - it is a book by the authors of "Nuts", the story of Southwest Airlines. This book is focused on the secrets behind a number of gutsy companies that have chosen to follow their own, unique path and have achieved success (record profits) through unorthodox leadership. It's an interesting read on achieving the extraordinary.

LMA Consulting Group

2058 N. Mills Ave, PMB 532

Claremont, CA 91711

Main: 909-630-3943

Fax: 909-625-5603

www.lma-consultinggroup.com

landerson@lma-consultinggroup.com