



June 2009 - Issue #40

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Innovate or Die

In today's economic environment, slow and steady progress, a continuous improvement philosophy and a low-cost producer, commodity focus will likely result in death. Why? Because it takes more than "good" to stand out in the crowd and deliver consistent and growing profitability; it takes radical change and innovation. In a recent survey by Deloitte & Touche LLP and the Manufacturing Institute, it was discovered that Americans continue to view manufacturing as the most important industry for a strong national economy. In my experience in working with multiple companies across multiple industries, I wonder how we will survive, let alone thrive, with the current state of our typical manufacturing environments - some are good but how can a commodity business with average customer service compete with products produced in low labor cost countries with minimal cost burdens such as health care costs, regulatory requirements and environmental costs? We can't! Instead, we must change the playing field (and therefore the rules of the game) - throw out the old business models and practices; instead, think innovation.

Until recently while reading "Inside Steve's Brain" by Leander Kahney about Steve Jobs, although I greatly appreciated creative innovators, I thought I came up short in that department. Imagine my delight when I discovered that I actually have a talent in innovation as defined by Steve Jobs (which, of course, I now fully agree with!): "Creativity is just connecting things. When you ask creative people how they did something, they feel a little guilty because they didn't really do it, they just saw something. It seemed obvious to them after awhile. That's because they were able to connect experiences they've had and synthesize new things." Thus, innovation is not some complex, non-understandable phenomenon. In addition to pure creativity, it's about re-packaging (literally and figuratively), connecting the dots in a new way, and seeing trends and hidden profit opportunities. So, how do you go about building innovation into your business to achieve what my consulting mentor, Alan Weiss, calls "a sharp, left turn" (or radical change) to stand out in the crowd and become one of the companies to avoid death and succeed?

1. Focus on the customer: Everyone says they focus on the customer's needs, but do they? Are they doing what they think the customer wants (that happens to fit with their idea of which products have the best features, or with current branding, or with manufacturing capabilities) or are they accessing what the customer values (and is willing to pay for)?
2. It's all about the people: It sounds strange for a discussion about innovation; however, the best people will create innovative ideas, products, and services. I recently heard a story about a company with a competitive advantage in a certain, highly specialized scientific arena which laid off many of the most experienced scientists because it would boost the bottom line during the recession. Of course, the short term effect will be positive but the long term result is likely death - after all, their #1 asset is the people providing the competitive advantage. Do you think this is a unique situation? NO! Be contrarian - instead of jumping on the bandwagon, take a step back and think. What is the smart decision? How can you leverage your #1 asset - your people?
3. Flexibility: Do not become married to one idea, one product, one customer's perceptions, etc. Instead, create solutions that build in flexibility - think of the non-traditional "and" of two, seeming opposites. For example, instead

of thinking that reducing inventory will result in poor customer service (since you might not have as many products available to ship), think about how to reduce inventory and increase customer service simultaneously.

In today's economy, it is not only important to think about how to incorporate innovation into your business, it is fundamental. In the past, being "good" worked; today, it results in a sure death. Instead, focus on how to create and leverage innovation to "take a sharp, left turn" and be one of the companies growing 20% in today's economy.

Lisa's Tips: Budgeting

Always an appropriate topic but especially key during a recession:

1. Plan - as obvious as it sounds, think in advance about your projected income and expenses. I'm constantly surprised how many businesses and households do not plan and then are surprised at the results.
2. Think big picture - forget the details and think big picture. Is there a significant difference from last year? Why? What is the trend? Do the numbers make sense when you step back from adding and subtracting? Again, I cannot begin to count the times the numbers have been wildly off target and missed, yet they "added up".
3. Track progress - don't wait until it's too late; start now. After all, why bother creating a budget if you do not use it? In my experience, those companies and individuals that create value through the budgeting process, track progress and adjust accordingly.
4. Feedback - this is as simple as celebrating success and evaluating areas for improvement.
5. Do not marry yourself to a budget for the sake of the budget - one of the most common mistakes is being too rigid about the budget. If the market changes, if a new priority or opportunity arises, if it looks like you'll make your budget too soon, change it. Think, smart flexibility.
6. Consider your presentation - one of the largest hurdles of budgeting is when you achieve it. Will you continue to be motivated to achieve 30% more? What can you do to plan yet create accountability combined with flexibility for what makes sense on a daily, weekly, and monthly basis?

Recommended Reading

"[Inside Steve's Brain](#)" by Leander Kahney - a fascinating book about Steve Jobs. I found it to contain interesting insights from multiple perspectives, ranging from innovation to marketing to appreciating talent.

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