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An Action Plan for Innovation

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The Brousell Blog

Letting Go . At What Cost? "Let Go to Grow: Escaping the Commodity Trap" reveals how IBM and other industrial powerhouses have outsourced non-essential business functions and created communities of highly collaborative partners to drive bottom- and top-line growth.

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by **[Beth Stackpole](#)**, Contributing Editor

Posted on Monday, January 30, 2006 4:50:07 PM EST

For the last few years, Esselte Corp. (Stamford, CT), a \$1.2 billion global manufacturer of office products, has been relentless and systematic about pursuing innovation. First came a concerted effort on the part of President and CEO Magnus Nicolin to infuse the spirit of innovation throughout Esselte's culture and to impress on employees its importance to the company's future growth. Small divisions were set up specifically to experiment with and test new products. Cross-functional committees were tasked with exploring new ideas and ways of conducting business, and formal practices were put into place to solicit feedback and requirements from

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The latest move in Esselte's innovation makeover has been to create a new senior management position charged with promoting innovation best practices across the company.

"This shows our organization's commitment to innovation -- it's not just words anymore," says Sean Fernandez, Esselte's newly named senior vice president of innovation. "Having someone focused on innovation makes sure that, even under pressure and with multiple priorities, we don't lose our focus on the critical products that will set the future for the company in the long term."

While a lot of manufacturers talk up the need to innovate, few have gone as far as Esselte toward revamping their management and organizational structures and putting formal processes in place to drive innovation enterprise-wide.

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"Despite good intentions and an increasing awareness that we must have a process for innovation, the vast majority of American manufacturing companies are just beginning to take even small steps to outline and execute an innovation strategy," says Robert Tucker, president of the Innovation Resource Consulting Group (Santa Barbara, CA) and author of the book *Driving Growth Through Innovation*. "We have been working to get better, but what we have to do now is turn more attention to working to be different."

Unlike Esselte and other [progressive manufacturers](#), most companies are just climbing out of cost-containment mode, having spent the better part of the last decade trimming the fat and improving productivity. Most of those switching over to innovation mode still associate the strategy exclusively with new product development, meaning their creative resources have been spent on developing the next hot product, not reinventing key supply chain, production, or other processes.

Moreover, most manufacturing companies haven't put in place the processes needed to link customer needs and desires to specific innovation efforts in a consistent and repeatable way. Without that kind of capability, experts say, companies risk wasting precious resources and pursuing ideas that are off-track.

The answer, Tucker maintains, is in developing an action plan for improving enterprise-wide innovation, which he defines on three levels: product, process, and strategy. "Companies have to do all three," Tucker says. "Companies are now starting to recognize that they can't wait for the next happy accident to get to the next breakthrough idea. It's not enough to meet the challenges



manufacturers face today."

Beyond the Suggestion Box

Most U.S. manufacturers today are stuck putting all of their innovation efforts into new-product idea creation. Over the last few years, management, under increasing market pressure to boost innovation, has sunk time and money into tools and programs aimed at boosting creative brainstorming. The investment can be as basic as a simple idea box promoted by management to the more complex collaboration technologies designed to promote idea sharing among cross-functional teams.

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