



Tucker on Innovation

Reporting on best practices, the latest research and upcoming events in the field of innovation, Tucker on Innovation is a free quarterly newsletter for organizational practitioners, thought leaders, and friends of the Global Innovation Movement. Copyright 2006, all rights reserved.

Jennifer Garcia, Editor

Second Quarter, 2006

In This Issue

[Is Your Firm Keeping Pace?](#)

[World's Most Innovative Conference?](#)

[Claus Friis Joins TIR Network](#)

[Three Day Implementing Innovation for Growth Seminar](#)

[Contact Us](#)

Global connectivity continues to reduce transaction and collaboration costs and new disruptors spring up out of nowhere.

Is Your Firm Keeping Pace?

Three Surveys Show Progress in How Companies Practice Innovation

Is your firm keeping pace in the innovation arms race? Three just-released studies, by IBM, Boston Consulting Group, and the American Management Assn., provide an objective means to benchmark your progress against best-in-class firms from around the world, and are must-reads for all innovation practitioners.

The most important of the three is "Expanding the Innovation Horizon: The IBM Global CEO Study 2006," which is based on actual interviews with 765 CEOs in Europe, the Americas and Asia-Pacific. IBM's study shows that even laggard firms now realize that cost-cutting and quality improvements won't be enough to keep pace. The reason: global connectivity continues to reduce transaction and collaboration costs and speed change. New competitors can spring up overnight to disrupt your business model. Thus, in the next two years, companies will need to make fundamental changes to their businesses to remain competitive.

The AMA study, "The Quest for Innovation," based on surveys with 1,356 managers, picks up on this theme of the rising importance of building innovation capability, but offers a new twist. The reason companies believe they need to get better at innovation is not simply to drive growth, but to keep up with ever changing customer demands. All three studies suggest rethinking and broadening your definition of innovation to include areas that are difficult to copy. And all three but especially IBM's study urges the development of new competencies and strategic alliances to make rapid innovation possible.

Innovation's Impact on Profits

For those of you still trying to gain buy-in for an innovation upgrade in your company, two of the three studies provide credible new evidence of innovation's impact on growth, stock returns and profit margins.

BCG's survey of 1,070 executives in 63 countries and analysis of company returns enabled them to identify the World's 25 Most Innovative Companies. Apple, Google, 3M, Toyota, Microsoft, GE, P&G, Nokia, Starbucks and others top this year's list as reported in Business Week April 24, 2006. When compared against the Standard & Poors 1200 Global Stock Index, the Most Innovative

In the News

TEQ helps tech companies dispel innovation myths

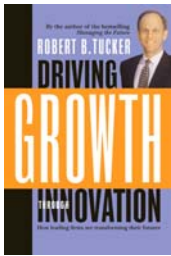
[Read More](#)

[Read More](#)

Companies (MICs) had a mean margin growth of 3.4 percent annually, compared to a .4 percent increase among the total index. MIC stock returns averaged 14.3 percent, compared to 11.1 percent for the mean index.

Products

Driving Growth Through
Innovation by Robert B.
Tucker



[Buy on Amazon.com](#)

To improve margins, CEOs are reinventing not only how they innovate, but what and where they innovate as well, notes the IBM study. The big shift is toward evolving their business models, (“changing the company’s business structure and financial model”) rather than putting all their chips on new products or process innovations. Those that are doing so are seeing financial results. “Companies that have grown their operating margins faster than their competitors were putting twice as much emphasis on business model innovation as under-performers.” As one CEO commented, “It’s not enough to make a difference on product quality or delivery readiness or production scale. We must innovate in areas where our competition does not act, by developing new competencies and alliances.”

Other highlights from the surveys, with my comments in parenthesis:

- While 72 percent of the senior executives in the BCG survey named innovation as one of their top three priorities, almost half said they were dissatisfied with the returns on their investments in this area.
- Outside sources – business partners and customers – spur the most innovative ideas, say IBM’s CEOs. (But companies, consumed by bureaucracy, internal politics and too many initiatives, are ever reluctant to partner or go outside the bubble and must be prodded by the chief to do so. Role model of success: Al Laffley at Procter & Gamble!)
- There is no organizational consensus on how to evaluate ideas in most companies, concludes the AMA study, raising the issue of how best to select which innovations to pursue and which to shelve. (AMA’s survey also gives specific examples of what vanguard companies are doing to implement new ways to invite, shepherd and select ideas, which I found extremely helpful.)
- CEOs are depending less and less on internal R&D to drive growth. (Organizations such as the Washington, DC-based Industrial Research Institute and others should look at this finding as an airhorn-blasting wake up call: “hey, R&D chiefs, how can it be that in the age of innovation, we are being marginalized? What do we need to do to reinvent our practice to become relevant?)
- Internal R&D is decreasing in importance, concludes the IBM survey. Instead, those companies with higher revenue growth use external sources much more than slow growers do.
- While external collaboration may seem challenging, internal collaboration can be even more difficult, say the majority of IBM’s CEO pool (Do I hear an amen??)
- Companies must identify their capabilities that could completely change the value chain in another industry. (Don’t just try to dodge bullets, in other words, fire off a few of them yourself. Be the disruptor, not the disruptee and enter new markets.)

My strong sense from careful reading of these three studies is this: during the next three to five years, innovation will become an essential discipline for

organizations to master. If your efforts to date have been ad hoc, piecemeal, and hit or miss, you're probably not impacting your culture. I urge you to order the printed copy of the two reports (see below) that are available, and put them in the hands of your senior leaders. It just might get the ball rolling.

To obtain your own copy of the IBM survey, click on the link below, fill out the registration and note that you would like to receive the full survey, not just the executive summary.

https://www14.software.ibm.com/webapp/iwm/web/signup.do?lang=en_US&source=ceostudy

The BCG study is not available to the general public. The AMA survey is available in PDF format if you click on the link below and fill out the registration form.

https://register.amanet.org/amapromo/amapromoforms.nsf/p/jhug5qmpxb?Open&source=hri_innovation

World's Most Innovative Conference?

How do you keep a diverse group of customers interested in coming to your conference year after year? Voicemail pioneer Converse gets our vote for hosting one of the more well-run and creative meetings we've had the pleasure of being involved with in recent years.



Held at the Grand Resort Lagonissi near Athens May 22-25, 2006, the annual User Group Conference attracted over 800 CTOs, CEOs, and IT professionals from around the world. Robert Tucker was the keynote speaker at this year's conference, which focused on the theme of innovation for growth in the wireless and wire-line industries.

Converse's mission was to develop a sense of community and fun among guests, while providing learning sessions that made the trip worthwhile. From start to end, Converse conference planners thought through the user experience and looked for ways to add value. Registration, a time-consuming and sometimes frustrating task, was simplified via a seamless web-based check-in system. An on-site Innovation Lab allowed customers to experience new products themselves. And users who creatively implemented new Converse products were honored at an elaborate evening ceremony held at the new Olympic stadium, itself a model of innovation.

After the conference, Converse kept the innovative spirit alive with personalized photo galleries accompanied by a song reinforcing conference activities and themes. Participants wore special markers on their nametags that identified the people in candid photos taken during the conference. Each attendee received a link to a personalized photo album, showing him or her at various conference events.

According to Converse meeting planner Tsipi Joseph, based in Israel, the

innovations resulted in the best attendee response to date. "It created a better sense of community, something for people to bond around," said Joseph, "we definitely felt the difference in responses from attendees."

Claus Friis Joins TIR Network



Veteran consultant and innovation pioneer Claus Friis has become the latest affiliate at TIR.

Robert Tucker first met Claus when Citibank's commercial banking unit launched Team Challenge 2000, a global initiative to bring ideas to market faster and spur organic growth. At a time when innovation was not even on the radar for most financial service companies, Friis championed Citibank's drive and led a cross-functional team to make it happen. Friis tapped Tucker to assist the team in implementing the initiative, and Tucker traveled to the four corners assisting in the roll-out.

Citibank's program became a case study in Tucker's book *Driving Growth Through Innovation*, and their initiative, to this day, is one of the more comprehensive efforts by a global organization to embrace systematic innovation.

"I'm personally delighted to have Claus join us as a TIR affiliate because I consider him among the best consultants in the financial services arena," Tucker noted. "Claus was both a colleague and a teacher on the Citibank project." Prior to joining Citibank in the early 1990s, Friis was an Accenture consultant for many years and is a native of Denmark. A graduate of the Anderson School at UCLA, Friis is currently a partner in the financial services division of PA Consulting Group, based in New York City.

Three Day "Implementing Innovation for Growth" Seminar



In today's global economy, operational excellence is not enough. Trying to improve new product development or bring new technology to market without changing the overall approach to innovation often leads to disappointing results. This practical, hands-on executive workshop is designed for acceleration teams just starting out on the innovation journey.

Participants will create an enterprise-wide blueprint for innovation using a step-by-step process based on Robert Tucker's 20 years experience in the field. Each seminar is customized based on responses to TIR's Comprehensive Innovation Assessment. Modules include:

- Leading Innovation in Your Firm
-

- Leading Innovation in Your Firm
- Maximizing Strategy Innovation
- Fortifying the Idea Factory
- Customer Driven Innovation
- Selecting, Prioritizing, and Implementing Growth Projects
- Taking Action in Your Firm: Translating the Blueprint into Results

Call us to schedule this workshop in Santa Barbara, CA at the Harbor Side Inn conference center or other suitable off-site location.

The Innovation Resource
100 North Hope Avenue, Suite 19
Santa Barbara, CA 93110

Phone 805-682-1012
Fax 805-682-8960

www.innovationresource.com
