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MAXIMIZING RESULTS

A SNAPSHOT OF IMPORTANT ISSUES FOR STRATEGIC LEADERS

Based on the advisory work of David Seregow, Ed. D.

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TEN GUIDELINES FOR FUELING AND SUSTAINING INNOVATION

"There is at least one point in the history of any company when you have to change dramatically to rise to the next performance level. Miss that moment and you start to decline." Andy Grove, founder of Intel.

Staying power—why can some companies maintain star-performer status while other high-flyers fade into obscurity? What makes the difference? Why do previously admired companies like Xerox and Sears lose their leadership position and collapse into also-ran status? A common theme linking these former market leaders and other fallen business icons is an inability to fuel and sustain innovation.

TODAY'S WINNERS OFTEN BECOME TOMORROW'S LOSERS

Your company may own the past and be a market leader today, but the battle for the future is up for grabs and must be continually fought and won. Today's success is no guarantee of tomorrows'.

The lack of inertia and complacency that often follows current success are the biggest obstacles to sustained industry and market leadership. Lou Platt, former CEO of Hewlett-Packard, notes in Fortune, "We have to be willing to cannibalize

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what we're doing today in order to ensure our leadership in the future. It's counter to human nature, but you have to kill your business while it is still working." Innovation is at the heart of this "killing-reinvention" process.

INNOVATION – MUCH MORE THAN CHANGE

In this turbulent market place, change is a given. Change that results from innovation is the deliberate, planned response to both current needs and future opportunities. And it's very different from the reactionary, survival-based behaviors that drive many change efforts.

When innovation is encouraged and rewarded in creative ways, it becomes a part of the very fiber of successful companies. Unlike most change efforts that are initiated only after the organization is faced with a critical challenge, innovation is an on-going and central element of a successful business strategy.

Only those companies that can respond to current challenges and future opportunities in a deliberate, planned manner will thrive.

FORMS OF INNOVATION

Innovation is often measured by the levels of change it generates. There are three distinct levels of change:

1. **Incremental** – Moving from DOS to Windows
2. **Structural** – Repackaging Microsoft Word with other applications into Microsoft Office
3. **Discontinuous, breakout reinvention** – Providing on-demand access to office applications hosted on third-party web servers—a whole new way to deliver software

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All three forms of innovation-based change are critical. Successful companies continually make incremental and structural changes to existing products and services. At the same time they are inventing the next round of break-out products and services that will make their current offerings obsolete. The goal of the successful company is to drive innovation in the market place by anticipating and quickly responding to customer needs and market opportunities with creative, well-executed solutions.

Incremental, structural, and discontinuous innovation each calls for different competencies, organizational structures, and cultures. Leading an innovative company requires managing all three kinds of innovative efforts.

TEN GUIDELINES FOR FUELING AND SUSTAINING INNOVATION:

1. **Develop and relentlessly communicate a set of core values and a compelling mission and vision.** Aligning the different competencies, organizational structures, and cultures required to fuel and sustain the various forms of innovation requires strategic focus. Poor alignment is almost always at the root of poor performance.
2. **Deliberately fuel and sustain innovation.** Creativity and exemplary execution, the building blocks of innovation, must be learned, reinforced, and rewarded down and across the organization – in both word and behavior.
3. **Encourage and support communities of practice.** Regular, informal co-worker interaction facilitates the effective transfer of personal learning that is critical to fostering innovation. Informal, interest-driven interaction is often more effective and long lasting than formal training and knowledge exchanges. Leverage technology to build these virtual communities of practice.
4. **Encourage risk-taking and tolerate mistakes.** Celebrate the well thought out efforts that fail, as well as those that succeed.
5. **Develop a culture that relishes innovation and change.** Identify the values and norms, such as recognition, trust, mutual respect, open communication,

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- teamwork, empowerment, and risk-taking, that encourage creativity and flawless, rapid execution. Then determine whether or not it's reasonable to expect these attitudes and behaviors from employees given the current reward system. Your organizational culture should be a competitive advantage.
6. **Heavily invest in your employees' intellectual capital.** Ensure that your employees are up-to-date in all aspects of your business strategy, industry and market trends, customer expectations and needs, related research, as well as your competitors and their products and services. Creative breakthroughs, the result of innovation, are often the reapplication of already-existing intellectual capital.
 7. **Select the appropriate innovation metrics.** Incremental, structural, and discontinuous innovation each has different goals. While incremental and structural innovation fosters increased revenues and process efficiencies, discontinuous innovation is often a drain on revenue and uses less than optimal development procedures.
 8. **Create threats if none exist. Complacency is the death of innovation.** If your company is currently achieving its strategic goals, develop dissatisfaction with current levels of performance and innovation by increasing and redefining the goals. In other words, if it's working, break it!
 9. **Realign organizational structure.** There is no single best structure. Many organizational structures are a response to yesterday's challenges and strategy. Pick the strategic groupings that most effectively encourage innovation and the exemplary execution of new products and services. Be ready to change structures as your strategy changes.
 10. **Never rest.** While you celebrate the introduction of the current set of break-out products and services, the first round of incremental and structural changes should already be well underway.

Every organization faces change, but only those that fuel and sustain innovation will thrive.

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