

Focus your Innovation Efforts By Ricardo Perret*

Companies have to focus efforts in developing just those innovations that generate the most productivity and profitability, they cannot focus on many being that time, resources and capital are limited and these are centralized. Many companies loose their focus and disappear, others get focused and survive. Every company has to have its innovation focus.

If you were the world CEO of Domino's Pizza and you had to decide what innovation proposal to endorse and support out of 100 ideas that your collaborators presented during an event dedicated to innovation, which would be the most important variable that you would consider to select an idea? You could select from variables such as: the capital needed to execute the idea, the time to implement it, human resources needed to develop the project, sales increase, new market niches that could be targeted and many other variables, but at the end, this variable has to be linked to the underlying reason for being and the differentiation from Domino's to that of other pizza chains, being this so, the most important variable to consider would be: THE INCREASE IN DELIVERY TIME, that is the backbone to the existence of Domino's Pizza, and as a result any innovative initiative would have to fulfill at first instance this variable, it is not the taste nor the pizza price, but the time of delivery. This variable which represents the heart of the business, I call "stem variable". Once an idea proves to meet this variable, the many others could be evaluated. It is not rare to think that the new Domino's Pizza CFO was chosen having this variable in mind, being that he had been the CFO for UPS Supply Chain Solutions.



**Caso hipotético para ilustrar argumento*

No company can develop all and each one of its proposed innovative ideas or the ones that directors come up with, or the ones coming from employees, even when all of them may appear to have some significant impact on the company's outcome. Therefore, each firm has to have a filter of ideas and this filter has to have perfectly defined the stem variable of all innovations, for the Domino's case is the rapidness in delivery time.

It is unquestionable that the stem variable of all innovations implemented by the government of the United States after the terrorist attacks at the airports and airplanes was not to simplify processes and save on costs, that was the least important, the main focus was: THREAT DETECTION.

Now, how does a company decide which is to be its stem variable of its innovation? The most relied on focus is the one based on the mayor differentiator: when you think in Volvo, what is the first thing that comes to mind?, surely you thought of SECURITY, well yes, that is the mayor differentiator of this brand, and as a result, this will have to be part of the most important variable within the company. It may be that this differentiator already is part of your brand or it may be that you want to conquer it. When Dee Hock created VISA, he thought that the great mayor differentiator should be that the card be ACCESSIBLE TO THE MIDDLE CLASS, and not just to the high class such as American Express had done. And so, he approved innovative ideas as long as they met this stem variable. Because of that they came up with the idea to use the banks that already had established relationships with the middle class clients, something unthinkable to American Express who wanted to ensure service management to clients and never thought about transferring them.

Another focus to find the stem variable of innovation in your company is to find the mayor forces when it comes to knowledge, maybe between the team of collaborators and the pizza chain are the most capable gourmet chefs of pizzas in the world, being so, the stem variable of this chain could be TASTE, every innovation capable of developing a better taste and the perception of taste among clients will be approved immediately, even when this may be the cheapest or fastest pizza. If your firm follows this formula, soon you will create a meaning in the mind of the market that your pizza is the better tasting in the market, that will turn into a differentiator among the rest of pizzas.

Many businesses have failed to manage their innovations starting from a stem variable in its filters. Kmart was a clear example of this, it didn't have a focus for innovation, and all it did was to imitate the adversary (Wal Mart) but it dispersed projects in every direction. The result is obvious, it improved everything but it wasn't the best at anything.

Some recommendations to focusing innovation efforts and align teams around a stem variable are:

- *Find the heart of your business
- *Translate this in a clear way, easy and simple to your collaborators.
- *Ask everybody to generate ideas around this focus.
- *Measure and reward efforts concentrated around this focus.

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