What a pleasure to kick off your HMA conference in Savannah last week. Hope these slides are helpful in sharing my message with your team back at the office. Good luck and keep on innovating!

-- Robert B. Tucker
Innovation is a Tool

- A tool for manufacturers
- A tool for managers
- A tool for governments
- A tool for leaders!
“Innovation is a top-three priority for 76 percent of the CEOs we surveyed, and 40 percent ranked it as the top priority.”

Source: Boston Consulting Group Annual Survey 2014
“Very few companies are growing at a rate that will entice investors or ensure long-term survival.”

Source: Harvard Business Review, July 2013
The Differentiation Challenge
The Substitution Challenge

8.4%  27%  40%  42%

Sources: Wall Street Journal, 2/18/14; 2/11/14  
Times Live, 10/8/12; Food Business News 11/22/13
The Age of Sudden Disruption
Embrace the Opportunity Mindset
Lessons from the Innovation Vanguard
P&G Stock Price Under Lafley
“When I became CEO, we had 8,000 R&D people working on innovation. Today, all employees are expected to understand the role they play in innovation.”

- A. G. Lafley, CEO
  Procter & Gamble

Source: Fortune Magazine December 12, 2012
Mohawk Paper Faces Disruption

- Mohawk Fine Papers thrived for 3 generations selling to corporations
- Disrupted by the “paperless” trend
- Annual report business collapsed in 2007
- Mill operations reduced from 7 to 5 to 4 days a week
- Losses mounted
- Bankruptcy loomed
- Embraced their Opportunity Mindset
Mohawk Battles Back

- Borrowed millions to invest in fine paper business
- Launched online division to experiment with personalized stationary & greeting cards
- Partnered with high end custom book publisher Shutterfly
- 2014 revenues expected to reach $46 million from $19 million in 2013

Exercise
How many McDonald’s innovations can you name in 60 seconds?
## Three Types of Innovation

<table>
<thead>
<tr>
<th>Type</th>
<th>Product</th>
<th>Process</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakthrough</td>
<td>APPLE’s iPad</td>
<td>TOYOTA’s Production System</td>
<td>CATERPILLAR’s Dealer Network</td>
</tr>
<tr>
<td>Substantial</td>
<td>GOODYEAR’s Run-Flat Tires</td>
<td>P&amp;G’s Back Office Initiative</td>
<td>AMAZON’s One Click Ordering</td>
</tr>
<tr>
<td>Incremental</td>
<td>PEPSICO’s Pepsi Next</td>
<td>MICROSOFT’s Bike Shops</td>
<td>NIKE’s Mass Customization Program</td>
</tr>
</tbody>
</table>
## Your Innovation Roadmap

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Where will your next breakthrough occur?
Why aren’t boomers skiing as often these days?
Slow Grow for the USA Ski Industry

Source: IBIS World Web-stats 2014
Incremental Innovation: Kids Ski Free Program
Breakthrough Idea: Rethink Summer
Indoor Waterpark at Jay Peak Resort
“We have introduced new products, installed robots, reduced rework, and increased productivity. Last year’s sales were up 62% since 2007.”
“We have become more risk-adverse than in the past. This is due to both the financial struggles and to transitions in leadership. The best catalyst that we have is our rich history of being innovators.”

-- Woodworking Industry Survey Respondent
“We do not know where to start to move our company toward innovation. We are a second generation company that has been living on the innovation that started the company in the first place.”

-- Survey Respondent
Sustainer Mode

Dreamer Mode

Opportunity Mode

Defeatist Mode

The Innovation Resource
Where in your company does innovation most need to take place?

- "Internally based on the realities faced by our customers."
- "Products, information systems, and execution."
- "By Engineers that fit our culture and know our business."
- "Products."
- "Sales."
- "The marketplace."
- "We need innovation in all areas – product development, production, sales, marketing, service, finance, and IT."
- "Sales and production."
- "With the top leadership team."
- "Middle management."
Driving Growth in Your Company

1. Define innovation
2. Craft an innovation strategy
3. Put somebody in charge
4. Decide on metrics
Define and Communicate Your Growth Strategy
Fortify Your Idea Factory
“We had a process for everything else – why not for innovation?”

- Simon Spencer, 
  BW Innovation Champion
Traditional Methods

- Open Door Policy
- Attending Industry Meetings
- Staff Brainstorming Sessions
- Offsite Planning Meetings
- Customer Feedback Forms
- Suggestion Programs
Innovation Catalyst
• Growth Opportunities (GO) Process solicits ideas from everybody
• Mission: Find new uses for thermal paper
• Nine cross-functional teams, each led by senior manager
• Teams report to Executive Committee monthly
Collaborate with Customers
“We innovate by starting with the customer and working backwards. That becomes the touchstone for how we invent.”

- Jeff Bezos, CEO, Amazon.com
Defining Innovation

Innovation is the act of creating *new, unique or exceptional* VALUE for your customers and for your company.

THE INNOVATION RESOURCE
“Whether we admit it or not, virtually all innovation comes from the end user, either through a question that sparks an idea, or a direct request for something new.”
1. What are the mega-trends?

2. What are my customer’s unmet needs?

3. What are their unarticulated needs?

4. What does new technology enable us to do with these trends to lower costs and add value for our customer?
Focus on “there’s got to be a better way” moments.
Be alert to assumptions that need Assaulting
3 Types of Assumptions

“A spring is a spring is a spring.”

“That’s not how we’ve always done it.”

“We don’t have the expertise to export.”

“I don’t have time to think.”

“I’m not creative.”

“You are either born an innovator or you’re not.”
“A spring is a spring is a spring.”
5 Ways to Assault Your Assumptions

1. Ask a different question
2. Look for solutions outside your industry
3. Ask for a 3rd option
4. Encourage people to think big
5. Become aware of your own assumptions

Encourage people to think big
Cultivate a Culture of Innovation
Culture refers to the values, unspoken rules and subtle cues that guide peoples’ behavior and suggest how to act in a particular environment in order to be effective.
Behavior that gets rewarded gets repeated.

What behaviors does your company reward?
Don’t Punish Failure!

1. True failure occurs when we don’t learn from other’s failures, or even our own.

2. Get “failures” out in the open. If you cover them up, others can’t learn from them.

3. The risks associated with “failure” must be born by the organization, not individuals in the organization.

4. Fail fast, fail cheap.
Reward people who are willing to take risks.
Simple Definition of Innovation

Coming up with ideas

& bringing them to life
Cultivate Continually

Medtronic’s Quest Program provides seed funding for “rejected” ideas.

THE INNOVATION RESOURCE
Bust Barriers to Innovation

- Lack of time
- Large corporation syndrome
- Legacy business slows change
- Long era of past success
- Little budget freedom to experiment
- Decision-makers at global level have technical background, not services background
- Short-term focus
- Resource constraints
- Only technological innovation regarded as real
- Matrix structure slows buy-in
- Risk-averse culture
Assess Your Climate for Innovation

- Environment of Trust
- Fosters Collaboration
- Functions Across Silos
- Ideas are Listened to
- Facilitates Flow of Ideas
- Expected to ask Questions
- Provided with Resources
- Embraces Change
- Sense of Urgency for Staying Ahead
- Encouraged to Act on New Ideas

Legend:
- % That consider this attribute important
- % That say we perform well on this attribute
- How Best Practice Companies Perform on this attribute
Michelle N.
Receptionist. Innovator.
“I open up the young brains that work here and they force me to catch up.”

-Company owner
Hire Millennials

- Money
- Flexibility
- Feedback
- Engaging Work
- Career Path
- Ongoing Training
- Work-Life Balance
- Involvement in Decisions
Do Regular Brainstorming
Where do you go to fortify your personal idea factory?
Tucker’s Yurt Santa Barbara, California
Download your ideas
Schedule a "Doug Day"
THANK YOU!

For more information, visit: www.innovationresource.com