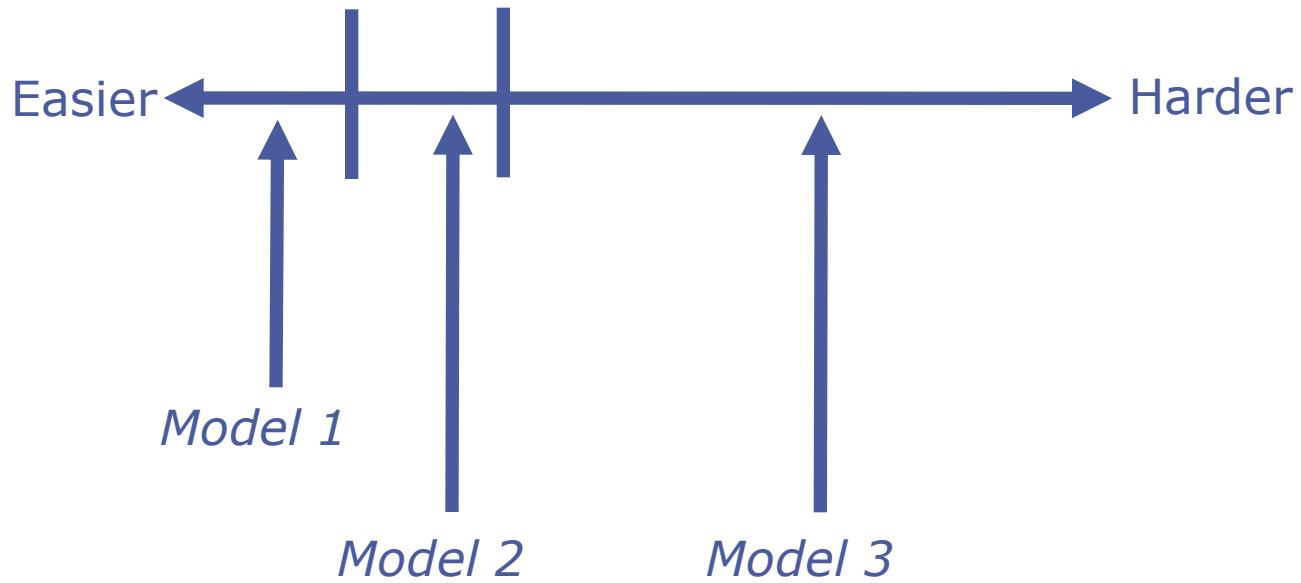# The Other Side Of Innovation

Presented by:
- Chris Trimble
- Professor, Tuck School of Business at Dartmouth

Innovation and ongoing operations are always and inevitably in conflict.

Innovation Spectrum

Easier ⟵——————————————————⟶ Harder

Model 1

Model 2   Model 3

Models for Innovation

1. Innovation = Ideas + Motivation

   Encourage all employees to pursue innovation on their own initiative.

Models for Innovation

1. Innovation = Ideas + Motivation

2. Innovation = Ideas + Process

   Treat innovation like any other business process. Script it. Make it efficient. Make it routine.

Business Organizations Are Designed to be *Performance Engines*

Ongoing Operations

Performance Engine

- Today's Customers
- Today's Competitors
- Efficiency
- Accountability
- On-Spec
- On-Budget
- On-Time
- Profitable

Fundamental Incompatibilities

Method of the Performance Engine	Repeatability	Predictability
Realities of Innovation	Non-Routine	Uncertain

Strive for Mutual Respect

Innovation Leaders, Remember:

Conflict with the Performance Engine arises from the efforts of good people doing good work (not some sort of evil anti-change faction)

Performance Engine Leaders, Remember:

No Performance Engine lasts forever.

Fundamental Incompatibilities

Objectives of Ongoing Operations	Repeatability	Predictability
Realities of Innovation	Non-Routine	Uncertain
Can Lead to Challenges in	Organizing	Planning

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Innovation: The Missing Link

Ongoing Operations

Strategy

↓

Organizing and Planning

↓

Execution

Innovation

Committing to An Innovative Idea

↓

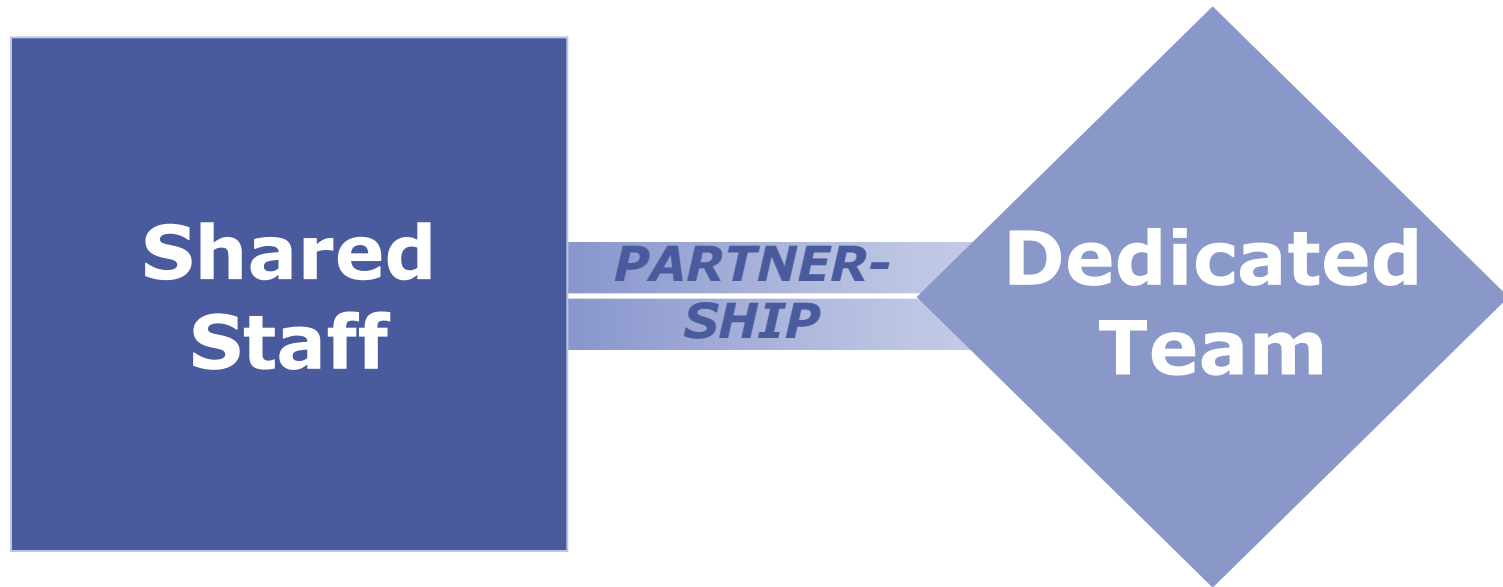**Organizing and Planning**
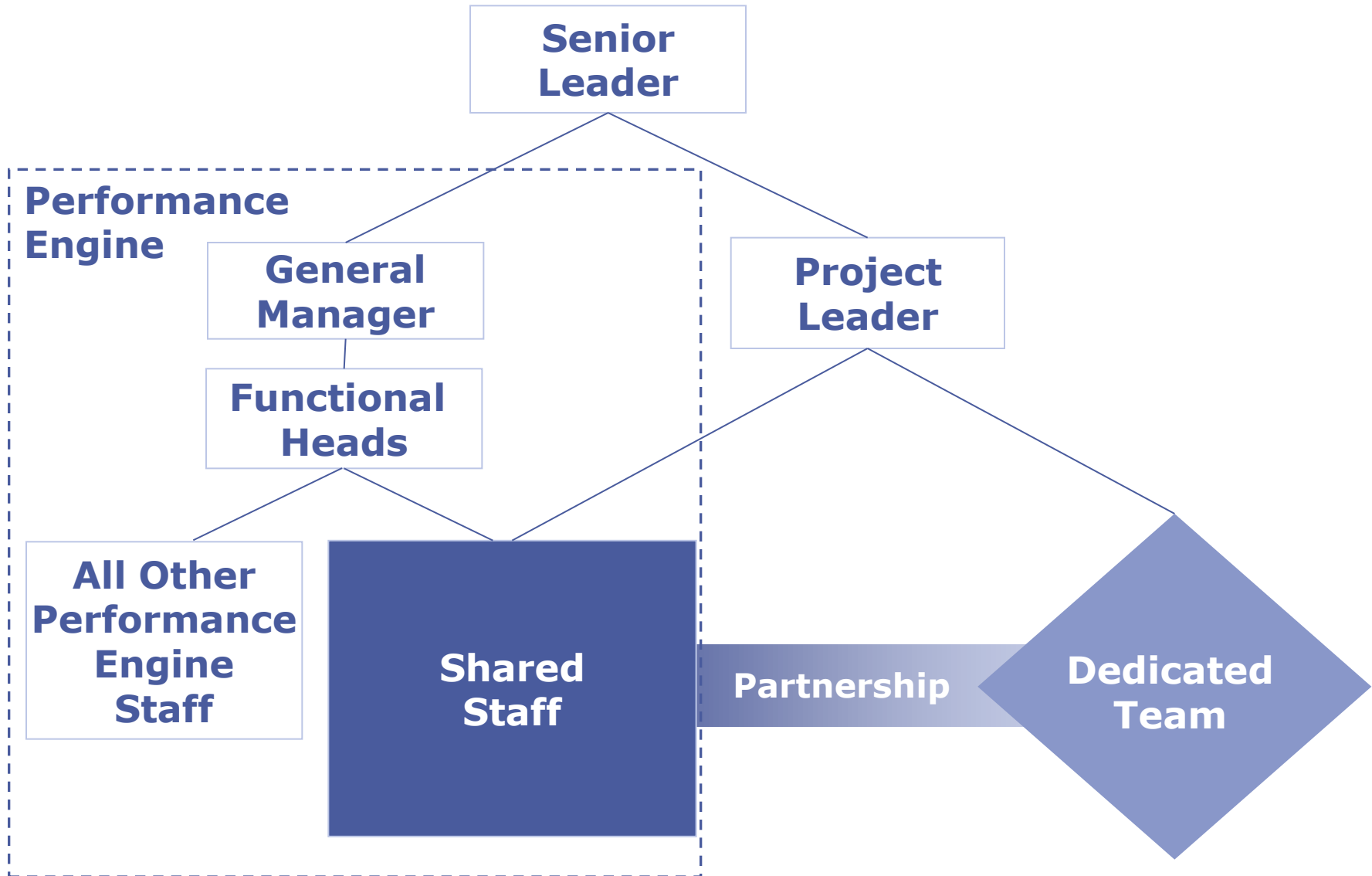
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Making Innovation Happen

11

The Third Model

1. Innovation = Ideas + Motivation

2. Innovation = Ideas + Process

3. Innovation = Ideas + Leaders **+ Team +** Plan

Build the Team

Shared Staff — PARTNER-SHIP — Dedicated Team

Management Structure

Build the Team

1. **Divide the Labor**

    You can ask the Performance Engine to do <u>more</u> work, but you cannot ask it to do <u>different</u> work.

2. **Assemble the Dedicated Team**

    Build a dedicated team as though you are building a new and different company from the ground up.

3. **Manage the Partnership**

    Conflicts between the dedicated team and the existing organization are inevitable. Nonetheless, you must nurture a healthy partnership between the two.

The Third Model

1. Innovation = Ideas + Motivation

2. Innovation = Ideas + Process

3. Innovation = Ideas + Leaders **+** Team **+ Plan**

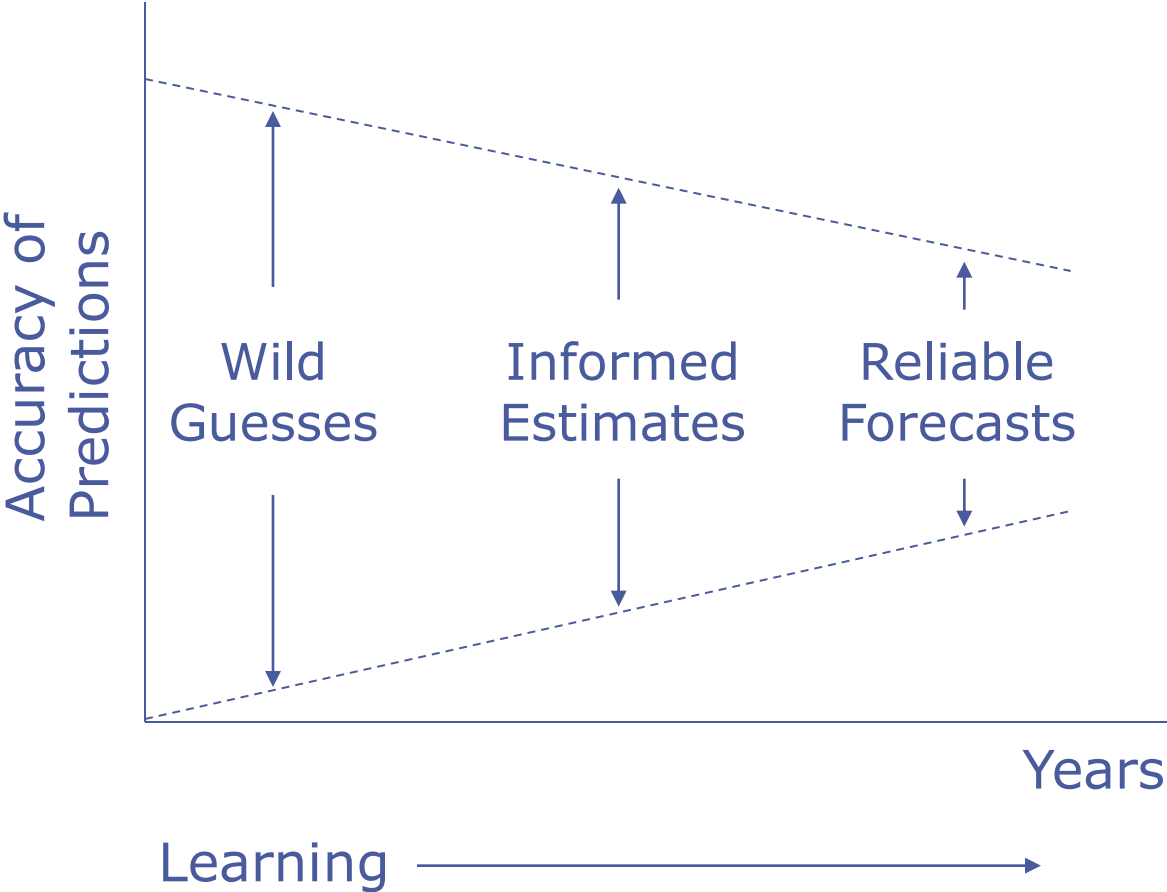# Innovation is
experimentation

Running an experiment
is easy.

Running a *disciplined*
experiment is hard.

If you run a disciplined experiment, you *learn* as quickly as possible.

Learning is Making Better Predictions

Better Predictions

leads to

Better Decisions

which in turn leads to

Better Results

Disciplined Experimentation

State a Hypothesis and
Plan the Experiment

Predict Outcomes;
Document Supporting
Logic and Assumptions

Execute Experiment,
Measure Results,
Document Observations

Compare Predictions and
Outcomes; Assess
Lessons Learned

Three Forms of Accountability

1. Results

Did you hit your targets?

2. Actions

Did you do what we agreed that you would do?

3. Learning

Did you run a disciplined experiment?

Book 1 (left):

VIJAY GOVINDARAJAN
CHRIS TRIMBLE

Authors of
10 RULES FOR STRATEGIC INNOVATORS

the other side of innovation

SOLVING
THE
EXECUTION
CHALLENGE

HARVARD BUSINESS PRESS

Book 2 (right):

How Stella
Saved the Farm

A Wild and Woolly Yarn
About Making Innovation Happen

Vijay Govindarajan
Chris Trimble

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