

# The Bridge™

Bridging the  
Innovation  
Opportunity  
gap™

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an Executive Brief from Agile Northwest

June 2010

## Creating a Culture of Innovation

Welcome to the June issue of The Bridge!

As an entrepreneur, you understand how important it is to capitalize on innovation opportunities that will enable you to grow and improve your company and your bottom line. The challenge is in seeing these opportunities and training yourself to look for them. When you miss them your organization always pays a price. Creating a culture of continuous innovation, that begins at the top, can mean the difference between succeeding and thriving, or falling short and facing extinction.

In thinking through differences between innovators and non-innovators I came across an article that highlights two sample companies that represent these two examples. The article "How to Innovate in Business" describes the cultures of two different organizations and how culture impacts, positively or negatively, the idea of continuous innovation. The first company discourages innovation without even realizing it and the second one rewards it.

As you consider your culture and what you are trying to achieve within your organization I think you will find this article very helpful. It offers examples on how to migrate your culture to one that supports continuous innovation.

Thank you for taking your time to read our Brief, please let us know how we can serve you!

Regards,

Wende Jones  
President, Agile Northwest



## Upcoming Events

Enjoy the Summer!!

### Agile Northwest

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## How to Innovate in Business

### Don't Discourage Innovation

By F. John Reh, About.com Guide

We all know how essential innovation is to business success. If Apple Corp. had not innovated, we would not have iPhones. If Microsoft had stopped innovating when they released DOS, we never would have seen Windows operating systems. If manufacturers had stopped innovating, we would all be driving Model T's and calling each other on candlestick phones that need operator assistance; there would be no television to watch and you wouldn't be reading this because the Internet would never have been created.

### Innovation is Essential

So if innovation is so important, why do so many companies spend all their time making tiny process improvements and watching their competitors steal their customers with innovative new products and services? Clearly the problem is not that business owners and managers don't see the need for innovation. Many just don't know how to encourage innovation. However, most actively discourage innovation - not on purpose, perhaps, but very effectively. Let's look at two small companies. One is an example of how to discourage innovation. The other is an example of how to encourage innovation.

### Discourage Innovation - Kill The Company

Carol runs a small family business. She is very good. She

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knows what she is doing and is able to tell everyone else specifically what to do too. Unfortunately Carol's business has been going downhill. She has had to lower her prices, which reduces her profits. She keeps losing business to her competitors who come up with better products and cheaper ways to do things. Several long-time employees have left and it takes a lot of time and effort to train the new people in the right way to do things.

How can that happen? Carol is smart and works hard. She pays her people well. She tries different things. People are happy in the office, but they don't talk amongst themselves much; they just all stick to their own jobs and try to do them right.

Carol believes in MBWA (Management By Walking Around). You see her walking all around the office watching what people are doing and when they do something "wrong" she steps in and shows them how to do it right. Often people call Carol to their work station to ask how to do something new. They all remember how Carol reprimanded Jeff when he tried something new. She didn't even have time to listen to his explanation of why.

Carol's approach works well when you are training toddlers or teaching math in grade school. It would also work on the battlefield. But it will not produce the innovation Carol's company needs to survive and prosper.

Carol is overlooking the greatest asset of her company, its employees. Each of them has unique experiences, education, and background. They have different perspectives, different problem solving skills and techniques. There may not be a single one of them who is as smart as Carol, who knows the business as well as she does, or who is as good at innovating as Carol. But, as smart as Carol is, she is not smarter than everybody.

## Encourage Innovation - Grow The Company

Valerie has her hands full. Her little company has been growing so quickly that it's hard to keep up. There are a lot of new employees who need to be trained in how the company does things. Without this training, her company would lose some of its product quality. Fortunately, Anna showed a real gift for explaining things and she handles most of the training these days.

Valerie remembers the "old days" when it was just a handful of them. They would sit around an old picnic table out in the shop and have lunch together and talk about kids, movies - and the business. Lots of happy chatter and some crazy ideas came out of those lunches. Everyone seemed to enjoy it except Devon, the new guy. He was always the last one to show up and the first to leave. He would talk occasionally, but not often.

Valerie smiles now when she thinks about how he has developed. Devon wasn't much of a "big thinker" like the rest of them, but when they came up with an idea, Devon was the one who could take it from a rough sketch to a finished product.

Valerie's day is frequently interrupted by phone calls from her team. This morning Eva called to let her know that the new packaging technique had failed - for the fourth time. Valerie suggested she talk with Alicia who had seen a similar problem yesterday in her efforts to streamline the IT operations. There was also the call from the head of sales who wanted Valerie to address the meeting they were having next month for several clients to discuss the industry and what its future needs. And her Operations Manager wants to talk about the SWOT analysis they are doing in his department next week.

The R&D group posted a note on the company intranet asking for volunteers to test a new product prototype. The company softball team posted this season's schedule on the intranet as well. HR is recruiting volunteers to tutor students at the nearby elementary school in reading.

## Why One Company Fails

It's easy to see why Carol's company is in trouble. There is no innovation because Carol unintentionally stifles it. She is so focused on doing things right that she does not give people the freedom to make mistakes by trying new things. Although she tries to think of new things herself, she has limited ability in that area and she doesn't let anyone else try. She micro-manages her employees and treats them like children. Pretty soon, they stop trying to improve things, or they just leave.

## Why One Company Succeeds

Valerie's company is doing great. Why? She has created a company culture that encourages innovation.

- ▲ Encourage Communication - everyone can get together, at lunch, on the softball field, etc. and talk. This cross-functional conversation spurs the imagination of each person and lets them learn from the skills of the others.
- ▲ Allow Failure - Eva is now on the fifth attempt to solve the packaging problem because the first four failed. How many times did Edison fail before he found the right filament for the electric light bulb?
- ▲ Find Patterns - Alicia's solution to the IT problem may be what Eva needs to solve the packaging problem. Look for similarities that can lead to discovery.
- ▲ Know Your Market - There is no point in developing an innovative way to make better buggy whips. Find out what your clients and your industry need and find innovative solutions to those problems. Use a SWOT analysis of your competitors, your own company, and your industry to highlight opportunities for innovation.
- ▲ Use Everyone's Best Skills - Devon wasn't the best innovator, but having him focus on the engineering allowed other people in other areas spend the time to be more creative. R&D recruits their testers from across the company to get many different perspectives.

## Use Innovation To Create Success

Your company (or department, group, or team) has a lot of smart people. Encourage them to be imaginative, give them permission to make mistakes, and give them time to just sit and think. Build a culture that is “flat” and works across organizational lines easily. Build the individuals into a team that enjoys being together at work. Do these things and you will get the innovation you need to succeed.

Article Source: [about.com](http://ht.ly/25nbn) : <http://ht.ly/25nbn>

*John Reh is a senior business executive whose broad management experience encompasses managing projects up to \$125 million and business units including up to 200-plus people. A published author, most recently as a contributing author to Business: The Ultimate Resource, John has set aside time throughout his career to mentor newer managers, often women and minorities, in the art and science of management: a skill that can be taught and learned.*

## Agile Northwest Named to Portland Business Journal's Private 100 Fastest Growing Companies List

Agile Northwest was named to the Portland Business Journal's annual Private 100 Fastest Growing Companies list. The list, to be formally announced at an awards ceremony in June recognizes successful, privately held Portland area businesses that have shown extraordinary growth during the previous year. As a result of their steady growth in sales, Agile was selected to the list.

“My goal from the day I launched in 2004 was to build a sustainable company that would serve our clients and the community for years to come,” said Wende Jones, Agile Northwest's President. “This award acknowledges our commitment to that goal and solidifies us as a strong and viable contender in our space.” When asked about how being named to the Private 100 list will help the company, Jones replied, “The visibility the award provides will enable us to continue our growth as well as position us to hire the best and brightest, so that we can reinvest in the business and the community.”

### About Agile Northwest

Founded in 2004, Agile Northwest designs and builds internal and external web based solutions for businesses. The Agile Northwest team offers over 75 years of expertise in software development, business process innovation and improvement, technology management and other related professional services. Agile has developed a groundbreaking metric called the Innovation Opportunity gap™ - or IOgap - that enables businesses to measure the gap between the innovation required to capture an opportunity, and the current state.

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