

# Fostering innovation

Innovation is the catalyst to business growth, both when starting up and to keep your existing business profitable. It means:

- being open to new ideas, technology and unexplored markets
- committing to adapt to industry and market changes
- welcoming diverse thought.

Research has shown that non-innovative company owners have fewer skills in managing projects and people than innovative company owners. But how do you become more innovative without taking risks that could affect the success of your business? Innovation is built on trust in your intuition and learning from the inevitable mistakes that are a part of succeeding in business.

## Attitude to innovation

What is your attitude to innovation in your business? Could you briefly sum up the culture of your business and how it fosters innovation? Taking this step further, if someone were to phone your business and ask one of your staff members or associates the same question, would their answer be the same as yours? Does everyone in your business understand this?

In innovative businesses, the lines of communication are truly open. Everyone is clear about the purpose and direction of the business (the business culture) and the processes that foster innovation and creativity.

## Open to new ideas

How receptive are you to new ideas, especially those ideas that have the potential to radically change the direction of your company? Are you threatened by new ideas, or do you welcome them? Are you more open to new ideas when things are not going well? Do you dismiss new ideas when business is booming?

Do you have a formal process for evaluating new ideas (such as regular team meetings with selected staff members) or do you accept or reject ideas on an ad hoc basis?

It's not enough to simply say, "That's a great idea, we should try it!" Too many ideas simply disappear because good intentions are not a substitute for action. Consider appointing an idea champion and putting a system in place for tracking good ideas through to completion, along with action deadlines. In addition, many ideas die because they are not properly resourced. A more formal idea evaluation process will allow you to assess and allocate the resources needed to bring ideas to fruition.

Start with research. Establish whether the market is big enough for the new product or service, and identify the points of difference from other similar products or services.

There needs to be genuine demand for the idea, so it helps to know who you're up against – who they are, what they offer, and how much they charge. That'll help you assess whether your proposed pricing is right, and how much you'll need to sell to make a profit.

## Seek diverse thought

If everyone thinks the same, it's unlikely staff will:

- challenge the usual way of doing things
- find the best solutions
- be responsive to customer needs.

Create teams with diverse life experience and connections. Consider diversity when hiring.

When looking for solutions or asking for ideas, encourage diversity of thought:

Draw on other teams — invite people from across the business to contribute to thinking, especially those who might bring different points of view.

Buddy up — encourage workers of different age groups and from different backgrounds to work together.

Respectfully challenge — constructively question each other's ideas and put forward different opinions. For example, "I wonder if [other idea] might also work?" or "I wonder how [idea put forward] might work in [x] situation?"

Pull in diverse viewpoints and you're more likely to:

- understand opportunities and challenges more deeply
- have access to different networks
- build on ideas or add an angle you may not have considered.

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## **A mix of ages, backgrounds and experiences can produce more creative solutions.**

As well as strengthening ideas, people will learn from each other's points of view.

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## Foster and reward creativity

Can one of your staff come directly to you with an innovative idea, or would they have to go through a supervisor? If so, would the supervisor take the credit for the idea?

Experience has shown that if a supervisor routinely takes the credit for cost-saving or improved productivity ideas suggested by others, this can shut off the flow of creativity. After all, who would bother to make improvement suggestions if someone else was going to take the credit?

Suppose an employee comes to you and says: "I have a brilliant new idea that will save the business heaps, but it will make my own job redundant."

The first question to ask yourself is this: Is this ever likely to happen in my own business? Do my employees have sufficient confidence to do this?

The second question is, what would your response be? "Thanks, great idea, here's your redundancy payment," or: "Thanks great idea. I'll find another role in the business for you because we don't want to lose your creative abilities". Your attitude in this respect – which you convey in your everyday business dealings with your staff – will undoubtedly determine whether an idea like that would ever be put forward.

Broadening this concept, what processes do you have in place to encourage a flow of improvement suggestions from your staff? Research done ten years ago into more than 500 innovations showed that small, incremental innovations contribute significantly to the economic success of a business. The Japanese recognised the power of this decades ago, and their concept of kaizen (continuous improvement programmes) produces a number of ideas per year from each employee.

Interestingly, while American businesses tend to reward cost-saving or innovative ideas with cash rewards, Japanese businesses pay their employees comparatively little for their ideas, but get far more ideas per employee. It seems the culture of Japanese businesses encourages people to produce innovative ideas because they are motivated to do so.

The question for you is, how many ideas have your staff submitted to you over the past month or indeed the past year? And what can you do to encourage a greater flow of creativity from your staff? Do you keep records you can use as a benchmark to determine if the flow of ideas is increasing or decreasing?

**If your people are not afraid to experiment and fail, you're more likely to foster a creative environment.**

However, fear of failure is a sure way to stifle creativity.

## Innovation processes

Finally, describe all the things you currently do to encourage innovation in your business. For example:

- Regular brainstorming sessions with staff.
- Encouraging staff to feed through ideas.
- Having in place a continuous improvement type scheme for your products and services, and for your business systems.
- Delegating staff to research online for a designated number of hours each week.
- Encouraging fact-finding travel or visits to similar businesses.
- Encouraging staff to learn new skills and develop through training programmes.
- Mystery shopping your opposition for ideas or gaps that you can fill.
- Thinking about joint ventures with complementary businesses.
- Working on new ways to improve your business systems.
- Exploring greater use of digital platforms and e-commerce possibilities.
- Exploring new marketing promotions.

Reflect on the innovation culture in your business. Try to outline some ideas that will make your business more open and receptive to innovative ideas. In particular, focus on new ways to harness the creativity of your staff. Your task is to provide the right environment for them to unlock their full potential.

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