

BY MICHAEL KRAUSS

MEMO TO THE PRESIDENT: THINK INNOVATION

TOM KUCZMARSKI HAS some advice on innovation for our No. 1 C-level executive, President Barack Obama. Innovation can get the American economy back on track. It also can help you achieve your top policy objectives. There are key principles of innovation you—and C-level executives everywhere—should follow. Innovation

should be a cabinet-level position, Kuczmarksi thinks, but a lot of C-level executives don't give it the credibility it deserves.

Kuczmarksi knows a lot about innovation and its role in strategy. As an author, professor of innovation at the Kellogg School of Management at Northwestern University, and founder and CEO of innovation consultancy Kuczmarksi & Associates, Kuczmarksi is the dean of innovation

advisors. Over the years he's helped executives at Coca-Cola, S.C. Johnson, American Express, Nestle and IBM improve their innovation and new product, service and process success.

"[In this recession,] everyone has gravitated toward cutting costs and cutting jobs," Kuczmarksi says. "That's not going to generate new solutions, new ways to do business and new business models. Now is the perfect time to invest in a leapfrog strategy to get ahead of the competition."

"[For example,] when Kraft Foods CEO Irene Rosenfeld announced they were putting new products on hold given the economic situation, the smart Kraft competitors said: 'Let's double-down now on innovation investments. In two to three years, we'll be significantly ahead of Kraft,'" Kuczmarksi says.

Replace Kraft with the United States and call China or India the innovation investors and you see what Kuczmarksi has in mind for Obama. (To read how other marketers rate Obama the marketer, see story on page 10).

"You can't relegate innovation into some small box. Elevate it. Provide exposure for its importance and its potential. Otherwise, it just turns into one of those words that sounds like motherhood and apple pie," Kuczmarksi adds.

Kuczmarksi says we could better solve the big problems with our

nation's energy policies, healthcare and manufacturing base if we adopt the proven principles of innovation. Government executives, like business managers, haven't broken these issues down into a problem-solving activity to identify solutions and innovations that exist within.

Kuczmarksi got his start in brand management at Quaker Oats in the 1970s. "They put me in what they called 'new areas.' I worked on two projects, Aunt Jemima frozen crepe batter and Chewy nut granola bars. It always intrigued me that Aunt Jemima frozen crepe batter was a bomb and the Chewy granola bar is still around today. What was it that made one a failure and the other a huge success?" Kuczmarksi asks.

That question led Kuczmarksi to a lifelong professional journey. He joined strategy consultancy Booz Allen where he worked on a landmark and oft-quoted study. "It was called 'New Product Management for the 1980s.' We evaluated 700 companies in North America and Europe to understand the key differentiators between the winners and losers. The companies doing well had a separate innovation strategy and a commonly agreed-upon, systematic development process," Kuczmarksi adds. It led Kuczmarksi to write his first book, *Managing New Products*, to elaborate on the need for these elements.

"The second book, *Innovation*, was written because I realized you also need an innovation culture and an innovation mindset," Kuczmarksi says.

Finally, in his most recent book, *Apples Are Square*, Kuczmarksi focuses on the final ingredient of innovation success: leadership.

"We profiled 25 leaders to analyze characteristics that foster a more innovative environment. It's collaboration. It's compassion. It's inclusion. It is understanding and valuing the differences in people. It is transparency, openness and humility—not ego. It's understanding and empathizing with customers."

So whether you're Obama or another C-level executive, Kuczmarksi says you need:

- a stated innovation strategy
- a mutually agreed-upon innovation process
- a culture that supports innovation
- a managerial mindset that stimulates innovation, and
- a visible set of leadership practices that foster innovation

Kuczmarksi believes this journey of discovery he's been on since the

mid-'70s could transform America as well as American companies.

So how do you get started?

"Take on two small projects: one internal and one external innovation project," Kuczmarksi suggests. "The internal project might be a customer service operations efficiency effort. The external one could be how to better serve senior citizens as a market segment."

"Whatever you do, don't announce to the organization that you're going to become this new innovative company. Do these two projects first. Get some results. Then start the story talking within the company on how and why you want to become more innovative as an organization. Be sure to get your C-level executives involved in the two pilot projects.

"As you complete the projects, celebrate your success. Then start providing the vision for what innovation could do for other parts of the organization. That's the time for the innovation summit [with teams from across the company]. Then create an innovation strategy, ensuring there's a commonly agreed-upon innovation methodology. Then put in place the compensation system, the incentives, the human resources and the organizational structure that you need to make sure innovation becomes an ongoing engine for growth."

If you're more junior in your organization, you also can create constructive change for innovation, Kuczmarksi says.

"Find a few colleagues that feel like you do about innovation. Get a research project funded. Explore one segment of customers. Gain some new insights on their desires, problems, needs and issues. Come armed to senior management with some real research insight. That's the way to start," Kuczmarksi adds.

Kuczmarksi is optimistic about America's prospects for recovery through innovation. He says all of us have potential to be more innovative and lead innovation in our organizations.

"Yes, there are people who are inherently born with creative skills, but innovators are people who are successful at innovation. Innovators are absolutely made," Kuczmarksi adds.

I hope our leadership in Washington and C-suites are listening. **m**



Michael Krauss is president of Market Strategy Group based in Chicago, and can be reached at Michael.Krauss@Mkt-strat.com or news@ama.org

