



## **THE INNOVATION PROCESS – STEP BY STEP**

*by Craig M. Cortello*

Leonardo da Vinci was a brilliant artist, a scientist, and one of history's recognized geniuses. He once formulated the plans for a "semi-submersible" vessel that could navigate underwater. Inventor Cornelius van Drebbel is credited with constructing the world's first submarine for the British Navy in 1620. Leonardo's design pre-dated the true submarine by more than 100 years but was never built.

Effective innovation is a four step process: thought, discovery, development, and follow-through. Let's take a look at each of those steps in greater detail.

### **Thought**

The first step is simply the generation of ideas. Idea generation can be further subdivided into organic and sponsored. Organic ideas are those which simply are generated by employees through observation, experience, and reflection. Sponsored ideas are those which are developed through some organizational effort such as a staff meeting, seminar, brainstorming session, or company retreat.

Certainly, company managers facilitate sponsored ideas, but your management style also plays a key role in organic idea generation. The rewarding of not just the success of new ideas, but of the abundance of them is critical. The ability to dissect failures as merely a learning experience and not as a finger pointing exercise will ensure the continued flow of innovative thought. Keeping your employees energized about the organization and its mission is an essential element as well. Employees who see their company simply as a 9-5 job and a way to make a living are rarely motivated to develop innovations that substantively enhance your effectiveness.



## **Discovery**

As the submarine example illustrates, innovative idea generation alone is not enough. Often such innovations die in the minds of employees because managers have failed to implement a systematic approach to uncover great ideas and to convert them into business lines or products.

Ensure that you have evaluation teams in place so that any one manager who might be averse to change or who might have a personal bias against a subordinate doesn't bury a suggestion without at least a second opinion. In an era of rapid change, free-flowing information at all levels of an organization will distinguish firms that thrive from those that simply survive – or worse.

## **Development**

In the development phase, ideas become credible business ventures. People in a position to make a commitment and allocate resources give the go-ahead to move forward. The decision to deliver a new product to market crystallizes when details such as market research, design, production, distribution, marketing analysis, return on investment, sales strategy, distribution, and customer service are developed and refined. Each one of these is essentially a link in a chain. Any one of these elements can make or break the new venture.

For example, the pet supply retail chain *Petsmart* was under severe competitive pressure in 2000 from internet retailer *Pets.com*. With a slick marketing campaign and a trend toward increased internet shopping, the new venture captured significant market share, driving shares of *Petsmart* down to \$2.35 in May of 2000. *Petsmart* had a critical advantage in one distinct area - distribution. Their retail stores provided an efficient system for delivery of products sold via the internet that *Pets.com* needed to build from scratch.

Infrastructure investments crippled the new company at a time when venture capital for “dot-com” companies was drying up. *Pets.com* went from IPO to liquidation in nine months,



shutting down in November 2000. As of September 2006, shares of *Petsmart* were valued at more than 10 times the May 2000 low. One link in the chain buried *Pets.com* and drove *Petsmart* to new heights.

### **Follow-through**

Follow-through activities fall into two categories - the implementation of the plans that were detailed in the development phase, and the loop of ongoing feedback and refinement. Remember that successful companies assign their most talented people to their greatest opportunities for growth, rather than assigning them to problem areas or established products and services that represent significant, yet declining revenues. Get the right people in place during implementation.

Feedback and refinement are most critical during the early stages of the roll-out of a new product or service. In product-oriented businesses, sales staff and customer service representatives are on the “front lines” of the business so to speak. In professional services, consultants, client service managers, or business development representatives are among those who have regular interaction with customers. Get the early feedback from the front lines to the responsible managers, and take action to address problems. Don’t let early missteps become negative perceptions that take hold and pervade the market.

While organizations will naturally evolve over time, it’s important to realize that managers can play the role of a catalyst in expediting and directing that evolutionary process. The environment that we create and the messages we convey will set the tone for innovation. Without meaningful action, cries for innovation and “out of the box” thinking will fall on deaf ears. Take the initiative for innovation – step by step!

### **ABOUT THE AUTHOR:**

Craig Cortello is the President and founder of La Dolce Vita Enterprises, a consulting and training firm that assists companies in creating productive and imaginative work



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**Enterprises, LLC**

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is our Business*

environments that encourage innovative business solutions. He is also the National Sales Manager of Trinity Consultants, a nationwide environmental consulting firm, an author, and an accomplished musician. He credits much of his success in the business world to his creative spirit that was cultivated through exposure to music and the arts.

Craig is a proud resident and native of the New Orleans metropolitan area, and a Hurricane Katrina survivor!

For more info see <http://www.ldv-enterprises.com>.

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