

## **Innovation: Does it really pay?**

Yes it does.

In fact, innovative companies lead in every way. They have well-managed workplaces. And their return on shareholder funds is superior.

Innovation is an imperative for business success. This is a fact that was confirmed in a 2006 Business Council of Australia report.

The report also found that current understanding of innovation is flawed. The Fujitsu Innovation index of 2006 measured the performance of 178 Australian and New Zealand businesses. Those companies that measure innovation believe it positively impacts business, increases customer satisfaction and business profitability. Yet most of the companies in the Fujitsu survey scored poorly. They averaged only 64/100 on the index.

Why is our understanding of innovation flawed? After all, innovation is not a new concept. It has been researched, written about and discussed formally, for more than fifty years. Maybe it's because too few people recognise that there is genius within every individual.

The Fujitsu Index defines innovation as 'strategic business thinking to drive business performance.' The business definition of innovation can include many things: innovation in products, service, process, value, management and more. However, it's not just about these things. It's about creative thinking by people in every part of the organisation.

What a company's innovation amounts to is the creativity of its people. Companies that thrive and grow make the connection between creativity, innovation and entrepreneurship. Such companies embrace creative new ideas. And they translate innovative thinking into real value for shareholders. They use innovation at every stage - from spotting opportunities to overcoming barriers to success.

Every child, student, worker, manager, business owner, and public leader has a brain with the potential for genius. In truth, we are all capable of unlimited creativity and innovation. This is why innovation is the least expensive but most effective investment a company can make.

There are ways that Deliberate Creative Thinking, or the skill of thinking creatively, can be enhanced and encouraged. The key is to focus on technology - the technology of the mind. A software upgrade of your 'neck-top computer' can unleash unlimited potential.

A recent Financial Review article, entitled 'Push for National R&D Overhaul' reported that State governments and most businesses are still looking for Federal Government tax-breaks and handouts to support innovation. Unfortunately, most institutions do little to change from within. Many operate with 19<sup>th</sup> century management structures and 50-year-old economic and business models.

Australian organisations can make innovation pay, and pay well. If we truly foster innovation we will be known globally as leaders in the field. We must be careful not to let the opportunity escape us.

Dr Malcolm McIntosh, the former Chief Executive of CSIRO said: *"In the 21<sup>st</sup> Century, Australia will earn most of its income from industries that draw their competitive edge from ideas. The only alternative would be to compete on low wage costs - and that is not a solution most Australians would accept."* (BRW 9 July 1999)

How then, can Australian organisations succeed through innovation? Here are a few recommendations to start with:

- Develop an innovation strategy aligned to vision and tailored to the organisation;
- Work collaboratively within, across and beyond traditional organisational boundaries;
- Develop structures in which ideas can grow into innovative success strategies;
- Provide the capital, facilities, systems and time for creativity, innovation and entrepreneurial activities; and
- Create an environment where every person is skilled in Deliberate Creative Thinking. Competency is no longer enough, creativity is needed now.

*"While in the past many managers could succeed by imitating another company's strategy or organisational model, today's leaders are forced to invent, not copy: there are no sure-fire strategies or models to copy. Above all, the adaptive manager today must be capable of radical action – willing to think beyond the thinkable: to reconceptualise products, procedures, programs and purposes before crisis makes drastic change inescapable." ... Alvin Toffler*

We have to stop talking and complaining about lack of investment in innovation. It's time to invest in our own genius.

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