

## Why Innovation Efforts Fail

Innovation has never been more important to companies as it is now. The recession is creating new needs and new forms of value are needed to fulfill them.

Yet there remains a yawning gulf between business leaders' rhetoric on innovation and the reality on the ground. So what holds our companies back, and why is breakthrough innovation so rare? Here are five factors that prevent successful innovation.

1. **An intolerance of failure.** The #1 top tactic for innovation, as expressed by leading innovators in *Business Week*, is to 'experiment fearlessly'. Nothing works first time, so you may as well get it wrong as soon as you can. If you cannot accept failure you are unlikely to see too much innovation, no matter how much money you throw at it.
2. **An excessive customer focus.** Professional managers are great at using customer research to improve existing products and services. But, faced with a radically new proposition people are poor predictors of their own future behaviour. In a recent posting on this blog Italian designer, Alberto Alessi, described how he eschews market research and evaluates new ideas in order to help take informed risks and not as a simple yes/no exercise.
3. **A desire for a magic pill, not a daily exercise regime.** This requires innovation as a way of life rather than as an isolated change programme. 3M is the avatar of this approach, allowing its developers to spend a proportion of their time on their own development projects as a way of encouraging a stream of bottom-up ideas.
4. **An unwillingness to cannibalise sales.** The only way to prolong success is, paradoxically, to destroy it and create something even more valuable. All technology companies know that they must consistently add new features at lower prices if they want to stay ahead in the market. The same principles are true in other markets and Gillette, for example, has consistently strengthened its leadership in razors through its willingness to make its existing ranges redundant and introduce new, higher performing products and brands.
5. **A reliance on a small cadre of innovators.** Relying on a small business development team to identify, create and deliver game-changing innovations is unrealistic. You have to cast your net much wider. In the past 5 years P&G has dramatically increased its willingness to work source ideas from and work with external organisations and now aims to develop at least half of its new growth ideas through these external networks.

How many of these factors are present in your company? Until you are willing to welcome failure, lead rather than follow customers, involve your whole organization and beyond, cannibalise your existing businesses and see innovation as a way of life, you are unlikely to make real and material progress.