

# Curing The Innovation “Growing Pain”

How to introduce structure, focus and rigour to your developing business and increase overall profitability.



## Summary

Highly innovative companies drive growth through responding rapidly to new customer and market opportunities.

These organisations typically have a highly customer focused culture and a “can –do” attitude.

However the innovative strengths that deliver early company success can also be a barrier to future growth if the business lacks focus. This is what we call the “Innovation Growing Pain”.

This paper explores how process improvement techniques can be used to cure the pain, accelerate time to market and drive increased profitability.

## Delivering Effective Innovation

Effective Innovation in business isn’t just about coming up with new ideas.

It’s about:

- selecting the rights ideas that will win in the market place and be profitable
- translating early concepts into designs that deliver the customer benefits and can be “operationalized”
- developing new products and services with a “fleetness of foot” that launch things quickly into the market at the right quality

When an organisation is small and lines of communication are relatively simple the innovation process can work well in a fairly informal way. Decisions can get made quickly by a small number of people and the right things made to happen.

However, as the business grows this “informality” can lead to a lack of focus and rigour with different parts of the business pulling in different directions. Too many development projects result in resources being spread too thinly. The high cost of change & complexity due to poorly managed and frequent product modifications can degrade overall business profitability.

At this point it becomes essential to introduce some structure and rigour to the development process – but it is essential to do this with an appropriate “light touch” that doesn’t destroy the innovative behaviours & culture that drove the early success.

Lean Sigma\* (see footnote) techniques can be applied to the innovation process and will provide the answer if they are judiciously applied and tailored to the specific needs of the business.

## Lean Sigma Techniques Can Help Accelerate Innovation

There are many ways that Lean sigma tools can be applied at various points in the design cycle to accelerate the innovation process and maximise the chance of market success:

### 1. Developing Market Driven Priorities

Innovation and new product development is very resource intensive. In many organisations the innovation effort is spread very thinly. Consequently many projects are started but few get through to successful completion. The introduction of simple market planning techniques & processes can help drive a clear business focus on areas where innovation and new products will deliver the biggest bang for the buck. This will support clear project prioritisation and will also result in the stopping of projects which don’t pass clear business criteria (eliminating wasted effort).

\* Lean and Six Sigma are well-developed process improvement methods for improving customer experience, increasing productivity and reducing waste. Developed by large global companies like Toyota & GE, these techniques can be readily adapted to suit the needs of smaller organisations and can have an enormous impact on business profitability & growth.

## 2. Gathering “Voice of Customer”

All new products/ services need to deliver additional customer benefits.

Effectively gathering & interpreting the “voice of the customer” to understand customer needs and opportunities is essential for development of winning products.

Putting simple processes in place to gather and analyse customer feedback is at the heart of all successful innovative companies. They also know how to truly engage the customer in the product design process to rapidly capture customer insights to drive the design activities.

## 3. Designing The Solution

Mis-communication from customer through sales and marketing into the design team is one of the major causes of failure in new product development. – “The customer wants a horse and the project team deliver a donkey”

This can be avoided by translating ideas into clear product concepts with measurable performance characteristics and target specifications. In this way the customer requirements can be turned into clearly stated & objective design goals.

There are a variety of simple but powerful design tools (e.g. House of Quality) that facilitate the early design process and ensure the project team remain focused on delivering a winning solution.

Also get some early prototypes out into the hands of customers to get rapid feedback. Respond and adjust to what your customers are telling you to make sure you really deliver what they need & want.

## 4. Operationalising The Solution

The next challenge is to design solutions that can be effectively “operationalized”.

If solutions are overly complex or not aligned with organisation capabilities (equipment, processes, technology, resources, skills) this will lead to product and service quality problems, inefficiencies, high costs and, ultimately business disappointment.

Simple process improvement tools such as Failure Mode & Effect Analysis (FMEA) and simulation can identify these risks as part of the design process and ensure any potential problems are ironed out early on.

Lean thinking & “mistake proofing” can be applied at this stage to ensure solutions are implemented with low levels of waste and the potential for operating errors eliminated.

In some types of business (particularly manufacturing) DOE techniques (Design of Experiments) can be applied to optimise manufacturing process conditions to ensure robust processes & high yields.

## 5. Launching The Product & Validating The Performance

Piloting or Beta- testing the new product or service with a small number of selected customers can be a very good way to manage the risks associated with a launch. The feedback can be used to carry out any final “fine – tuning” before making the new solution widely available.

However you choose to manage the launch it is vital that you have measures in place that allow you track critical aspects of process performance and to gather customer feedback. This information will be critical to assess both the market response and your capability to deliver.

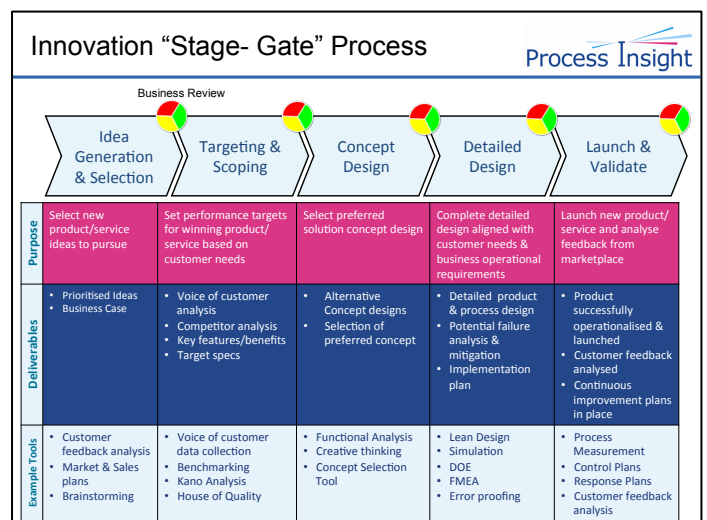
Powerful process tools like control charts and response plans can be a vital part of an effective launch and provide the necessary framework to drive ongoing improvement in response to customer feedback.

## An Innovation “Stage-Gate” Process

All successful innovative companies have a process for managing innovation. Without suitable structure in place innovation can become a “free for all” and a recipe for business chaos.

We have helped many organisations, both small & large, implement pragmatic innovation management through what we call a “stage-gate” process. This breaks down the innovation process into a number of distinct stages. Each stage has a clear set of deliverables and tools that can be used by the project team to effectively manage the project. Between each stage we recommend business review points (“gates”) to ensure the project remains aligned with business priorities and market needs.

An example of a typical stage-gate process we have implemented is given in the illustration below:



The key thing is that this approach can be tailored to suit the needs of the particular organisation and the specific tools and deliverables adapted to suit the particular business environment.

You may already have a stage-gate process in place - If so you may want to consider whether some of the Lean sigma tools (e.g. House of Quality, FMEA etc.) can be applied at the appropriate stages of your current process to further enhance your innovation process and accelerate your development cycle.

## The Business Benefits

Process improvement tools and techniques can be applied to your innovation process to deliver

- Much clearer focus on “vital few” development priorities
- Customer driven designs that win in the market
- Much less rework in the design & launch process
- Significantly enhanced cross – functional teamwork

Overall this results in an accelerated time to market and significantly increased return on your innovation investment.

Introducing appropriate rigour and discipline into the innovation process can be particularly important as organisations transition from early development and “informality” into a more mature phase requiring some structure as the business grows. The secret is to do this in a way that doesn’t destroy the innovative culture and behaviours that drove the early success!

If you are going through “Innovation growing pains” and are looking for some expert guidance on how to address them then please give Andrew Ruddick (+44 7785 927144) or Andy Liddle (+44 7860 622166) a call.

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## About Us

At Process Insight Consulting we help you to design and implement tailored improvement programmes so that your company can respond quickly to changing market situations whilst minimising costs and maximising profit.

Our goal is to understand what you are about, what you need to achieve so we can guide and help you in practical and pragmatic ways to deliver sustained improvements.

These typically include revenue growth and customer experience improvement; quality or productivity improvement and cost reduction.

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