Innovating in a Traditional Industry: Ten Pitfalls to Avoid
The Ten Pitfalls of Innovating in a Traditional Industry:

Pitfall # 1 – Talking Innovation, Acting Commodity

Avoiding Pitfall # 1

– Make a Conscious Decision: Innovation vs. Commodity
– Articulate how you are Different and why that Matters
– Organizational Will when you are Criticized for Being Different
The Ten Pitfalls of Innovating in a Traditional Industry:

Pitfall # 2 – Put the Innovation Group inside the Core Business

Avoiding Pitfall # 2

– Structure the Organization so that the Innovation Group is independent from the Core Business
  – Resources
  – Processes
  – Talent
  – Environment/Culture
Pitfall # 3 – Not having a “Safe Deployment Outlet” for Disruptive Innovations

Avoiding Pitfall # 3

– Establish the Principle: Any innovation can be market tested without core business “approval”.

– Establish a “safe zone” where these market tests will occur

– Include a distribution capability inside of the Innovation Group
The Ten Pitfalls of Innovating in a Traditional Industry:

Pitfall # 4 – Lack of Active CEO Support

Avoiding Pitfall # 4

- The CEO makes innovation one of their top three priorities
- Have the Innovation Group report directly to the CEO
The Ten Pitfalls of Innovating in a Traditional Industry:

Pitfall # 5 – Learning by Studying rather than Learning by Doing

Avoiding Pitfall # 5

– Establish a culture that embraces:
  – Prototypes (even very crude ones)
  – Trial and Error approach
  – Risk taking and the mistakes that will result
  – Taking action without asking permission
– And a culture that rejects:
  – People who are only thinkers, but never doers
  – Projects that result in Power Points rather than additional sold Insurance Policies
Pitfall # 6 – Doing Everything Yourself

Avoiding Pitfall # 6

– Establish a culture and mindset that embraces working with partners

– Establish an organizational core competency of working with external partners

– Continually scan the external environment for new ideas and new capabilities
Pitfall # 7 – Planning that you will only need one try to get it right

Avoiding Pitfall # 7

– Do not spend all of your resources on a single big initial product launch.

– Structure things so that multiple iterations are part of the process:
  
  – Find initial distribution partners who are willing to be market test participants
  
  – Prepare the organization for this iterative approach
The Ten Pitfalls of Innovating in a Traditional Industry:

Pitfall # 8 – The Idea is not Radical Enough

Avoiding Pitfall # 8

- Have a bias toward radical innovation projects instead of incremental projects
- Innovation requires a long term organizational commitment
Pitfall # 9 – One of three areas are not sufficiently considered:

- Identification of the Consumer Need
- Development of a Product that fills that Consumer Need
- The Distribution of that Product

Avoiding Pitfall # 9

- Establish a culture that considers these three items in everything that it does
- Include steps in your Innovation Process that explicitly address these three items
The Ten Pitfalls of Innovating in a Traditional Industry:

Pitfall # 10 – Implementation and Commercialization of the Innovation are not sufficiently considered or valued

Avoiding Pitfall # 10

– Establish a culture that values the commercial implementation of an innovative idea as much as it values the development of that idea

– Develop an implementation capability that minimizes the impact on the core business

– Each person in the Innovation Group should periodically work on the commercial implementation of one of their innovations.