

## **Becoming a Strategic Innovator**

Innovation has long been considered a process to be applied to a service or product so as to develop an evolutionary next-generation, or perhaps a revolutionary first generation, element to be offered to the marketplace. The notion of strategic innovation is when the same process of new outcome oriented creative thinking is applied to a company's business model. By way of example, Dell and Apple are leading strategic innovators, as too is eBay and Google. These companies, while at times perhaps offering new products, actually broke through and created tremendous wealth through the introduction and successful execution of new business models.

The need to innovate strategy is as relevant to a business as the need to innovate product, although the drivers and processes are different. The innovation of a strategy is a far more complex endeavor, beginning with the decision to innovate, and carrying through to the development of the innovations and, most critically, the implementation. A major difference with strategic innovation is the internal corporate considerations, as dramatic shifts in business models tend to shake up a company's management, leaving natural opponents to the changes.

Becoming a strategic innovator, however, has significant advantages. Firstly, your company will have significant competitive advantage as your competitors will be kept constantly off guard, uncertain what innovation you will be introducing next. Secondly, your customers will demonstrate loyalty as they will come to see your innovations as symbolic of your inventiveness and spirit. As long as your innovations do not serve to harm the customer's interests (and at no time should they), your innovative approach will make you admired and respected by your customer base. Thirdly, you will gain unexpected marketing traction as consumers usually really admire companies that prove they are trendsetters.

In product innovation the path, while not easy, has been codified into a number of processes. The companies really good at engaging those processes are good at innovation. The companies that are good at the process and also have a culture of experimentation and idea encouragement are great at innovation. When it comes to strategy innovation are the processes codified? Do the same traits matter? Do all companies need strategic innovation?

The processes to innovate strategy have not been codified as they have for products. The innovation of a strategy includes many additional factors, many of which are vulnerable to human emotions, and therefore, while they can be subjected to procedure, they cannot be completely codified. However, in highly innovative environments, the likelihood of a strategic innovative initiative being embraced is significantly higher than in corporate settings where changes are not embraced. The question of the need for strategic innovation is also complex, as theoretically every company needs some degree of innovation. However, it is fair to say that Coca Cola, for example, has not changed its strategy in 100 years, and while it experienced periods of lower prosperity, it is doubtful that anyone would claim that an innovation in strategy (business model) would have alleviated those tougher times. Therefore the answer to the need for innovation can be answered in a qualified manner – yes, your company needs to consider strategic innovation as a way to insure that the company remains vibrant and relevant, but it should not innovate well constructed and deeply embedded business models that are performing in accordance with expectations.

So how does one innovate a strategy? Tudog has a some hints that can help the process along. The 3 primary steps are:

### 1. Audit for Performance

If your company feels your current strategy is lagging and you wish to introduce changes, you might as well explore the possibility of innovating a new model, as opposed to borrowing a strategy being used by a competitor. The starting point for doing so is the auditing of company performance and determining which part of operations is most capable of supporting a change. For example, if the customer service department is strong and deemed flexible enough to support change maybe the strategy innovation should focus on a customer service point, as opposed to a pricing change that would require cost adjustments in a manufacturing department not as capable of supporting the change.

### 2. Identify Changes & Secure Support

Once you have identified the changes you wish to introduce and the department that will bear the burden of supporting the innovation, make certain to secure the support of that department's management and employees. Innovations in strategy cannot be executed without grassroots support, so even if management is 100% supportive, the need for across-the-board support is also important.

### 3. Implement Gradually

Chances are your infrastructure cannot support an immediate change in strategy, which is okay because most likely the market would not be able to absorb it immediately either. Changes in business model should be introduced as gradually as possible so that the company and the market can get used to it and so that reactions can be monitored. Again, using Coca Cola as an example, when it introduced New Coke, it did so in a very aggressive manner, only to discover that the market rejected the product. Although a product innovation and not a strategy innovation, the incident is illustrative of the dangers of moving too quickly. Obviously moving too slowly is also not advisable, so the trick is to find the appropriate pace.

Innovative strategies, like innovative products, are opportunities to break out and take a commanding market lead. The truly powerful innovations combine brilliance in thought and execution. Innovations without the brilliance are often more risky than advantageous. Build the capacity to innovate with excellence and then, innovate with caution.