

# Bob Legge

We help clients achieve great results by  
improving performance and return on people

March 3, 2009 - Legge & Company, LLC

---

## What are you doing to innovate today?

Hewlett Packard was launched in the middle of the Great Depression. So was Sentry Safes. It's when Birdseye took frozen food to market for the first time and Fortune Magazine began. Television, nylon, fiberglass and synthetic rubber were all introduced then.

After World War II, and during a severe economic crisis in Japan, Toyota figured out how to fund car manufacturing by minimizing the cash tied-up in inventory. The Toyota Production System led to the quality movement and lean manufacturing.

During the 1990-1991 recession Michael Dell perfected his demand-pull production system, Intel launched their "Intel Inside" campaign, and Kodak was at work on the first digital camera for consumers. It's also when we first saw dial-up internet access, the first internet browser, and DVD's.

In 2001, Apple launched the first iPod. Steve Jobs said they increased their investment in innovation at that time, and they're doing the same in this recession.

What's your excuse for holding back on innovation today?

\*\*\*\*\*

## How to create an innovation-driven company

Now is the time to set the stage for future growth and profitability. Innovation-driven companies such as Nokia, DuPont, 3M, Google, and GE, see innovation as an entire company challenge -- not just an R&D project. They know that innovation comes from getting all employees involved and looking for improvements. The key is to rethink your organization.

No matter what size your organization is, consider these objectives:

- Consistently produce a flow of new products and services
- Make innovation a core strength, integrated with the business strategy

- Create a culture of innovation that focuses all employees on a single point: The customer

You'll know you're making progress through measures such as:

- Improved teamwork, information flows, and collaboration
- Building broader capabilities -- including those through external partnerships
- Leaders who can fully leverage employee involvement and cross-functional collaboration
- Managers who continually learn new ways to serve customers, grow revenues, and improve margins
- Every employee is directly connected to innovation, and all innovation is connected to the business strategy

A successful initiative will produce value with measures such as:

- Reliable and sustained growth along with cost reduction
- More value from every dollar invested in innovation
- Better connections with customers as a rich source of information and ideas
- A positive change in attitude and energy throughout the organization
- An organization that works well as a whole, with a common direction and purpose

## A Case Study

Proctor & Gamble decided in 2000 that innovation was the key to their future growth. As a bastion of "not invented here" thinking, the change needed in the culture and how people needed to be led were significant requiring a whole-company approach and experienced change leadership. Since then, they've remade their company creating wholly new products (e.g. Crest Whitestrips and Febreze) and new product categories (e.g. the Swiffer line of products.) The value to the company has been enormous:

- New product successes improved from 15-20% in the 90's to 50-60% in 2007
- R&D spending as a percent of sales *decreased* from 4.5% in the late 90's to 2.8% in 2007
- Sales have more than doubled, from \$39B to more than \$80B

CEO A.G. Lafley credits the cultural and organizational changes of "taking advantage of the skills and interests of people throughout the company," as the key to their transformation.

How important is innovation to your future growth?

What will you do to remake your organization to be innovation-driven?

\*\*\*\*\*

[bob.legge@leggecompany.com](mailto:bob.legge@leggecompany.com)

Copyright 2009 Bob Legge.