

# ***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

# ***The Ten Pitfalls of Innovating in a Traditional Industry:***

## **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

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## **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

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## **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

# ***The Ten Pitfalls of Innovating in a Traditional Industry:***

## **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

# ***The Ten Pitfalls of Innovating in a Traditional Industry:***

## **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.