

## THE 'WHAT IS' HAVE IT

Innovation, or being innovative, is the most over-touted attribute companies across all sectors use to describe themselves. Damien Duhamel, Managing Partner Asia of Solidiance, a Management Consultancy focused on Asia, builds a case for why few companies manage to make the leap from 'What If' to 'What Is'.

**Sure, your company might have invented** many, many things in its 100-year history, but innovation is not about being creative, or having lots of ideas. "I would say it's the transformation of 'What If' to 'What Is', and in a business context, this means you must attach a ROI value to it. So it's a transformation of ideas to shareholder value," says Damien Duhamel.

Shareholder value? Yes, even innovation should be scrutinised and held accountable to a dollars and cents argument. After all, this approach will help separate the men from the boys, and find out if your company is truly making giant strides in innovation or just incremental steps.

Google is one example of how innovation has, in six or seven years, not twenty, turned the company into a multibillion dollar firm which owns the space it's in. But such quantum leaps in innovation are not restricted to global MNCs, as local brand BreadTalk has demonstrated. By taking the very European concept of eating bread (and in a market where Delifrance had already established itself) the company simply added an Asian element to its offering and is further proof that being innovative has little to do with inventing something new.

"It doesn't look Asian... and its not in your face like a curry puff, but it tastes Asian. Did they invent anything? No. But did they create value? Did they go from an idea to shareholder value? Yes. In seven years they've created a 80 million-dollar business," Duhamel says.

Alright, but there's still a multi-billion dollar question which Duhamel needs to answer. Why aren't all good ideas worth a lot of money?

He says, "You and I could have 25 great ideas per day but its just wind...its just air and it goes nowhere.

"Innovation is taking the idea from 'What If' to 'What Is'. It's a painful process. Along the way some people just disappear because they can't sustain their idea. Innovation is very Darwinian. Only the strongest, the fittest survive."



Duhamel

He goes on to say innovative companies look at problems in a different way. Okay, so consumer feedback then, perhaps? "Consumers know nothing," Duhamel says. "Human nature always churns negative feedback. If you ask someone who has used a product for three years what they think about it, naturally they will say, I don't like it, it's too small, too big, too red, too noisy – there's always something wrong," he says.

Duhamel questions that by changing a button or a colour a consumer said they didn't like, "has it changed the marketplace, has it pushed the paradigm of how we do business"?

The answer is no, of course not. "We've done nothing then – what we've done is make incremental innovation and everyone can do that. It improves the consumer experience by a bit but it hasn't created a whole new market for yourself," he adds.

Right. So if being innovative doesn't mean spending a fortune on R&D then how do we innovate for our consumers? "What you have to do, and the Japanese and Koreans do this well, is observe your consumers and how they behave. Then you will see their real needs as opposed to what they think they need," Duhamel says.

Another mistake companies make is recruiting

within the comfort zone. "I am going to recruit someone who is like me because if he's like me, he will like me, and I will like him. And I will never feel challenged. Hence my job is safe and my job is enjoyable. In Asia we're probably a bit more guilty of doing this, and if you feel comfortable you will not innovate," Duhamel says.

He adds, "Look at some of the big French multinationals, the top three guys are all from the same country, and from the same school. Innovation comes from the positive clash of ideas. No one will say 'What If' if we all think the same." In stark contrast to this, leading soft drinks and snack company, PepsiCo announced in September 2006 that Indian-born Indra Nooyi would take over from Chairman and CEO Steve Reinemund to become the first woman to hold the post. Seeing as there aren't too many women CEOs in corporate America, the appointment could be viewed as something of a shock but Duhamel reckons it was exactly her different background and thinking which made her promotion at an innovative company like PepsiCo a smart move.

Of course, the appointment of a so-called innovative thinker as CEO is just a secondary step for the company to actually head in the direction of innovation. But for a company to walk the walk, you need to have a CEO who's engaged and communicates within the firm why it has to be innovative, and how it's going to be innovative.

"Innovation does not come from the CEO. He's busy on his Blackberry, on a plane and he may have two or three good ideas but if he's running a multibillion-dollar business, the likelihood is he is not the driver of innovation. Innovation will come from your own people, the guys who work late – Mr Joe. He will have a great idea one day but if the processes in the firm are not there to recognise, drive and reward innovation then Mr Joe might trash his idea and be a side-man for the rest of his life; or he is young, ambitious and angry and he creates the next Google. A lot of innovation comes from rogue employees," he says.

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