

CHAPTER 4

INNOVATION'S SEVEN DEADLY SINS

How to avoid the pitfalls standing in the way of success

Over the past few years, I've experimented with different ways to talk about the traps that litter the ground in front of the would-be innovator. Finally, during a speech in New Delhi in July 2010, something clicked. The seven deadly sins have very clear parallels in the world of innovation, serving as a useful and memorable way to highlight an innovator's most common mistakes. Four of these sins—pride, sloth, lust, and greed—can trip up all would-be innovators. Envy, wrath, and gluttony are particularly acute within large companies. Table 4-1 summarizes these sins and how to avoid them.

Pride and Overshooting

People love show-and-tell during presentations, so I usually carry a couple of props with me to illustrate key teaching points. One of my favorite props is a simple one that accompanies me on every trip—my razor. I hold up my razor and ask

Laying the Foundation

TABLE 4-1

Innovation's seven deadly sins

Sin	What it is	How to avoid it
Pride	Forcing your view of quality onto the marketplace; often results in overshooting	Take an external viewpoint to make sure you understand how the customer measures quality.
Sloth	Having innovation efforts slow to a crawl	Release your inner Edison (“genius is 1 percent inspiration and 99 percent perspiration”).
Gluttony	Suffering from the curse of abundance; leads to overly slow, overly linear innovation efforts	Embrace selective scarcity—constrain resources in the early stages of innovation to enable creativity.
Lust	Getting distracted by pursuing too many “bright, shiny objects”	Focus your innovation efforts; remember that destruction often precedes creation.
Envy	Creating an us-versus-them relationship between the core and new growth efforts	Actively celebrate both the core business and new growth efforts.
Wrath	Punishing risk takers severely	Reward behavior, not outcomes.
Greed	Impatience for growth; leads to prioritizing low-potential markets	Be patient for growth and impatient for results.

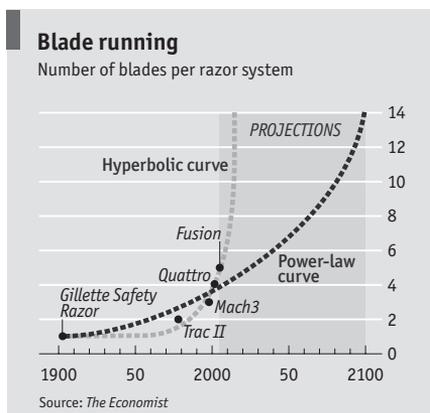
people what it is. Astute shavers in the audience will note that it is the Gillette Fusion ProGlide razor and razor blade system. It is a wonderful product. It has six blades—five on the face of the razor and a blade on the other side for trimming. This loyal customer thinks the ProGlide fulfills Gillette’s brand promise of providing the “best a man can get.”

Innovation's Seven Deadly Sins

I then tell people the hundred-plus-year history of The Gillette Company in ten seconds: “King Gillette started with a single-blade safety razor. Then Gillette introduced a double-edged blade. Then a razor with two blades. Then a razor with three blades. Then a razor with five blades. What do you think comes next?” I ask the audience.

I then show a chart that appeared in *The Economist* a few years ago (figure 4-1). The graph showed that if the technology followed a hyperbolic curve, we’d be looking at ten-plus blades in a few short years. I ask the audience members which of them is looking forward to their ten-blade razor. The question typically elicits a few chuckles. Of course, people would *take* a ten-blade razor. Would they pay premium prices for it? Most would not, as it would be too much performance for their needs. The innovation literature calls this *overshooting*. I call it the sin of *pride*—that is, trying to continue to make

FIGURE 4-1



Source: Reprinted with permission of *The Economist*.

Laying the Foundation

things better in your own mind even if it is not what the customer really wants or needs.

Fortunately, Gillette appears to be avoiding the sin of pride. The Fusion ProGlide was introduced in 2010. Instead of adding blades, Gillette made the blade more ergonomic and simpler to use. The improvements were based on deep research with customers to determine what frustrated them about shaving. That's the easiest way to avoid the sin of pride—make sure you are grounded in what the market wants, not what you want.

Sloth and Sweat

In the old fable “The Tortoise and the Hare,” the slow and steady turtle ends up beating the fast-starting but arrogant hare in a race. While that occasionally happens in the innovation world, more often than not, innovation simply takes too long. By the time a company gets around to doing something, the window of opportunity has closed. Why does innovation take so long? It's not really laziness. It's that people work on the wrong activities, typically by prioritizing analysis over action.

It's easy to fill your day with activities that make it feel as if you are making progress tackling a problem. You can create a list of things to do and cross out some of the simple things on the list. You can create a detailed ninety-day plan that describes how you are going to achieve your objectives. You can research your idea. Or create a ninety-day plan for how you are going to do research. You might even create a spreadsheet that models the impact of the idea you are working on.

Innovation's Seven Deadly Sins

None of these things are bad. But remember, your first idea is almost always wrong. And you can't figure out precisely how it is wrong through analysis alone. You have to, you know, actually *do* something.

Remember innovation master Thomas Edison's teaching: if you're not sweating, you're not innovating.

Gluttony and the Curse of Abundance

Innovation master Richard Foster's first book carried the subtitle "The Attacker's Advantage." Foster described all the factors that give attackers a leg up over market leaders who have more to lose, who get stuck in their entrenched processes, and who find change scary and difficult. Foster is a very smart guy, and his analysis was absolutely right. But here's a challenging conundrum: one of the biggest problems an attacker must face is that the market leader usually has more resources than the attacker.

"Wait a second," you might be saying, "how can *more* resources be a problem?" It is the curse of abundance. Deep pockets allow companies to spend too many resources following the wrong strategy. They throw bodies against a problem, but everyone knows that small teams typically move faster than large teams. Companies are very patient for results, failing to realize that the patience actually hinders their ability to find innovation master Steve Blank's pivots.

I called my last book *The Silver Lining* because I believed that the constraints the economic shock of 2007–2008 placed on many companies would turn out to be good for innovation

Laying the Foundation

by forcing companies to do what they should have been doing already—embracing *selective scarcity* so that the luxury of abundance doesn't turn into a curse.

Lust and Bright, Shiny Objects

In 2007, we had Willy Shih sit in at a couple of Innosight's board meetings. Shih is a very sharp guy. Before joining the faculty of the Harvard Business School, he had an illustrious career at a range of operating companies, including IBM and Thomson. He had either the good fortune or the curse of running Kodak's digital operations in the late 1990s, which showed him firsthand how difficult it is for market leaders to respond to transformational change (in Kodak's case, digital imaging). In 2006, he joined the faculty at HBS as an adjunct professor to help Clayton Christensen teach his course. Shih quickly became a highly rated professor and a prolific writer of case studies.

During his first board meeting, Shih heard us describe our efforts to create a training offering, expand in Asia, step up our venture-capital activities, grow the revenues of our newsletter business, create a market research offering, open a merchant bank, and raise capital for a hedge fund.¹ At the time, we were a thirty-five-person company with about \$8 million in global revenue.

Shih stopped the meeting and said, "You guys have a bright, shiny object problem." We were intellectually curious,

1. I will freely admit that I don't know what a merchant bank is, either.

Innovation's Seven Deadly Sins

which Shih said was good, but that led to us getting distracted by all the seemingly interesting things we *could* do. This meant we couldn't be world class at any of these things. As hard as it can be, innovators have to prioritize. In our case, it meant focusing on our core consulting business, investing in focused geographic expansion, finding a partner to push the training business, shifting and simplifying our publication strategy, and deprioritizing market research and venture capital and hedge fund activities, for the time being at least.

Never forget innovation master Joseph Schumpeter's idea of creative destruction. Stopping is as important as starting. Lust after too many things, and you'll find that you end up with nothing. Good innovators carefully choose the opportunities they go after, balancing breaking free from the sucking sound of the core with getting bogged down pursuing bright, shiny objects.

Envy and Sneetches with Stars

Most people would agree that the most famous graduate of Dartmouth College is a member of the Class of 1925 named Theodor Geisel. You might know him as Dr. Seuss, the author of notable literary works such as *The Cat in the Hat*, *Oh! The Places You'll Go*, and *The Sneetches and Other Stories*.

For those of you who don't remember the main story in that third book, there are two types of Sneetches, the "plain-bellied Sneetches" and the "Sneetches with stars upon thars." The Sneetches with stars generally consider themselves superior to the plain-bellied Sneetches. Then, one day, a man with an

Laying the Foundation

only-in-Seuss-land moniker of Sylvester McMonkey McBean arrives with a machine that can put a star on a Sneetch's belly.² The plain-bellied Sneetches eagerly get the procedure. Then, of course, the star isn't special anymore, so the man creates a star *removal* machine. Hilarity ensues. At the end of the story, the Sneetches have much less money but much more wisdom. The story has obvious lessons about the dangers of conformity and basing social status on silly, superficial things.

The parallel innovation sin occurs when innovators inside an organization proclaim themselves the chosen ones. They deride the core business and the backward mind-sets holding back growth. But remember, without that core business, there is no corporate innovation. And if a corporate innovator *isn't* using anything from the core, that person is picking a direct fight with entrepreneurs. Most of the time, the corporate innovators will lose that fight, decisively. While innovation master Vijay Govindarajan talks about forgetting, he talks about borrowing, too. His 2010 McKinsey Award-winning *Harvard Business Review* article (with co-author Chris Trimble) "Stop the Innovation Wars" urged companies to avoid internal sniping that can derail growth efforts. Leaders can guard against this problem by consistently celebrating both the core business efforts and the new-growth efforts.

There's a second, subtle Sneetches-with-stars problem that has less to do with envy but is still important. Companies

2. I debated for a good six minutes whether it was a Sneetch's belly or a Sneetches' belly, or even a Sneetches's belly. I don't think Strunk & White provides clear guidance on that one.

Innovation's Seven Deadly Sins

starting their innovation efforts often take their best performers, slap a star on their chests, and proclaim them innovators. Sometimes that works. But often the people who are best in the core business can struggle to adopt the new behaviors and mind-sets required for successful innovation. Companies need to think about staffing innovation efforts in different ways, with people who have more developed innovation skills.

Wrath and Big Sticks

Corporate leaders frequently ask something along the lines of “What incentives will motivate my people to be more innovative?” Behind that question often lies a lurking fear that companies—particularly big, publicly traded companies—are hamstrung because they can’t possibly match the upside that is available to entrepreneurs who start their own companies.

Daniel Pink’s wonderful book *Drive* shows how providing financial rewards for creatively oriented tasks actually decreases performance. Instead, Pink suggests that good performance comes from providing autonomy, opportunities to obtain mastery, and a sense of purpose to activities. Beyond what they reward (the carrot), leaders also need to think carefully about what they punish (the stick). A wrathful leader punishes innovation failures, using lines such as “Failure is not an option.” But in innovation failure is most certainly an option. Beautiful business plans don’t always turn into beautiful businesses. Remember, you need to pay at least as much attention to the behaviors people follow as to the

Laying the Foundation

results they achieve. Many venture-capital investors look to invest in entrepreneurs who have a couple failed ventures on their résumé—as long as those entrepreneurs learned lessons from those failures.

Big companies often severely punish people who work on failed ventures. What kind of message does it send if you punish people who take well-thought-out risks that don't pan out? Do you think it motivates people to take any kind of risk at all?

If you want to encourage innovation, think about what gets rewarded and what gets punished. Both are important.

Greed and Impatience for Growth

Michael Douglas's character Gordan Gekko told the world in the movie *Wall Street*, "Greed, for lack of a better word, is good." Legions of corporate titans follow that mantra, believing that the pursuit of profits leads to efficient markets and substantial consumer benefits.

Greed has its advantage, but innovators need to make sure they are greedy for the right thing. Often, innovators get greedy for growth. They want something that is as big as possible. Why could that possibly be a problem? If you look for quick growth, you are forced to look to what exists. After all, it is hard to make the case that a market that doesn't exist will be huge. But innovation master Clayton Christensen's research shows how hard it is for outsiders to realize booming growth in existing markets, because the incumbents in those markets have a lot to lose and will fight fiercely for every dollar of revenue.

Innovation's Seven Deadly Sins

The best innovators avoid the temptation to go after large, obvious, immediate markets. These people can be patient for growth. They should absolutely be greedy for results that demonstrate that the approach they are following has merits.

While chapters 1 through 3 described innovation and the tools and mind-sets needed to foster it, this chapter summarized how to fight the seven deadly sins of innovation that can pull you off course.

Now you are now ready to use these tools and the understanding you have gained to embark on a systematic program to grow innovation in your company. Part 2, “The 28-Day Innovation Program,” will help you do just that.

