



DISCOVERIES COLUMNS - 2006

No Longer a Voice in the Wilderness

FROM Volume 4, #3

For years, we at PDC have been talking about a deep understanding of customer problems -- read: customer value -- as an essential driver of innovation. For years, I have felt alone. From the venture capitalists of the dot-com boom to the voices of academia, it seemed that everyone had a different prescription for successful innovation and none of them included the key ingredient of customer value.

Even Clayton Christensen, a Harvard professor and noted author of several best-selling books on innovation, initially framed the problem this way in his seminal 1997 book, *The Innovator's Dilemma*: "But paradoxically, when the best firms subsequently failed, it was for the same reasons [that they succeeded] -- they listened responsively to their customers and invested aggressively in the technology, products, and manufacturing capabilities that satisfied their customers' next-generation needs." He didn't discuss customer value.

In his subsequent books, and especially in his most recent, *Seeing What's Next*, Mr. Christensen has begun to make a point we have been making for years: *to innovate successfully, you need to understand what problems your customers have in doing their jobs*. He again articulated this in his presentation, *Creating Products that Do the Job*, at the recent Front End of Innovation Conference.

This does not mean (again, as we have been saying, and as we emphasize in our forthcoming book, *Value Innovation Portfolio Management*) that you allow yourself to be led by the nose into inappropriate markets or seduced into investing more than the opportunity would justify. Instead, you devise methods to carefully understand what customers value and balance your findings with strategic and investment considerations.

Being the lone voice in the woods is a little like being the nagging parent of a teen. You can talk all the sense you want but your kid isn't going to listen until he or she hears the same thing from a dozen peers.

We're happy to no longer be shouting into a vast and empty wilderness.

Sincerely,

Sheila

Listen Up!

FROM Volume 4, #4

One of the best parts of working on our new book (*Value Innovation Portfolio Management*, due out in September from J. Ross Publishing) was talking with business leaders at scores of companies in a variety of industries.

Almost all the conversations touched on how companies weave together the innovation process with the customer. Our book captures the subtleties and variations in this process and distills the important ideas so you can be sure you're responding to a real need in the market, not simply creating something cool for cool's sake.

At consumer products company Kimberly-Clark, as at many companies, innovation comes from many sources -- product experts who monitor new technologies and market developments, academia, and, certainly, through interaction with customers. "It can't be just one of those," senior vice president and chief innovation officer Cheryl Perkins told us. "You have to have a broad field of vision, and be open to a lot of different ideas and a lot of different sources. But you do have to engage and be proactive... you really have to be going out and mining for those ideas, prospecting, listening to your customers, listening to your shoppers, listening to your users, listening to other sources of ideas -- the research universities, the academic community, small start ups, technology conferences."

This month's article looks at the ways great ideas can change your customers' world -- *if* you listen, and listen well, to what customers are really telling you about the challenges they face.

Sincerely,

Sheila

Tony Frencham, business director for new business development at Dow Chemical, gave us his take on how customer and innovation intersect at Dow: "Sometimes [ideas come] from customers. Customers will have a great idea that they've been working on for a while, can't get it to work, but it's based on a key need they saw in the marketplace and they come to us and say, 'Can you help us, effectively, make this work?' Sometimes we also just literally have inventors walk up and say, 'I have this great idea.'"

Back to Reality

FROM Issue 4 #5

Think back on your workday (or, if you're reading this in the morning, on yesterday or last Friday). Think about all the irritations, disruptions, or obstacles you may have encountered... the random lightning strike that knocked out power and rebooted your computer just as you were writing the last sentences of an important document (which you had forgotten to save for the previous 15 minutes); the e-mail that didn't reach its intended recipient because the recipient's e-mail system thought it was junk; the meeting that started late because some participants had the wrong time zone set in their calendar software; the shipment of parts that was delayed...

Now imagine that the provider of each product or service that caused the irritation, disruption, or obstacle had an easy, immediately available solution, or, better yet, had created their products in such a way that these problems never occurred in the first place. Would you pay a premium for that product or service? Would you consider it valuable?

In discussing Value Innovation Portfolio (VIP) Management, a new approach to selecting products based on what customers value and will pay a premium to purchase, it's easy to get caught up in abstract discussions. It's helpful to come back to reality. Beyond innovation, strategy, and customer focus, the whole point of looking at portfolio management in this new light is to create products and services that have a real and immediate impact on the lives of customers.

This month's article looks at the question: What is customer value? Until you understand what constitutes value for your customers, you may as well just toss darts at a board to pick products for your portfolio.

-- Sheila Mello

Tell Me a Tale

FROM: Issue 4 # 6

In October, I attended the Institute for International Research's [12th Annual Innovation Convergence Event](#). While innovation gurus from industry-leading businesses filled the speaker slots, I was intrigued by the opening event, in which BJ McCabe of Idein Rise Incorporated led a storytelling session.

Storytelling?

In a companion article to the session, McCabe talks about the use of story as business strategy. This may seem a leap to business people schooled in economics, finance, and traditional marketing theory, but should resonate with those who have used storytelling as a method for understanding customer problems. Stories provide concrete mental pictures that suggest actions and solutions in ways that statistics do not. Learning that 60 percent of your customers switch to a different brand after a year of using your product tells you only that you have a challenge. It's the *story* about that challenge -- the visual image that arises when you observe the customer attempting to use the product to accomplish something -- that holds the key to creating a more successful offering.

As someone who has for years been promoting techniques such as image mapping for creating stories about what customers will value, I couldn't be more pleased that storytelling is finally getting its due as part of an innovation event.

Equally encouraging was the idea introduced by Daniel Pink, author of *A Whole New Mind: Moving from the Information Age to the Conceptual Age*, that the key to success for individuals, companies, and the economy as a whole lies in right-brained activities.

Right-brained? As in random, intuitive, holistic, and subjective?

The premise is that logical, rational, analytical approaches are necessary but not sufficient for solving problems and excelling. In the information age, facts are free. Using Google, you can come up with a thousand facts related to just about anything. The value comes in synthesizing the facts, telling a compelling story, and reaching customers on an emotional level.

Coming up with innovative solutions involves getting out of the left brain and into the right. The challenge for innovators is how to cultivate right-brain thinking in those who have been trained differently. When we work with companies to introduce customer-centric methods of product definition, brainstorming usually is one of the most challenging of our activities. Brainstorming involves letting go of preconceived ideas about what will work.

Luckily, we believe -- as do many other creative thinkers -- that the skills necessary for innovation can be learned. This month's article looks at how you can successfully bring together the art and science of innovation to create greater value for your customers through your product portfolio.

-- [Sheila Mello](#)