

Mastering innovation for growth



By [Nicole Shapiro](#)

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Innovation. It's a buzzword on everyone's lips; a strategic priority of many organisations; and what many consider the ultimate driver to unlocking growth. Those who get it right - the Apples, FNBs and Googles of the world - make it look easy...

But for a number of organisations, innovation is often one of those long-term goals that's often procrastinated, only to remain a long-term goal with limited annual progress.

Although the importance of innovation remains undisputed, organisations and people revere yet fear this concept - many finding it daunting and don't know where to begin. A reason for this is the myths and perceptions around innovation. For many, innovation conjures up imagery of white coats, expensive stainless steel facilities, and complex technology and robotics - the kind of thing from a sci-fi movie or a Japanese laboratory. Yes, in Japan it may often be all about the smallest microchip or the best automated robot, but in South Africa and the broader continent, the best innovation is often quite simple.



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Therefore, a number of myths about innovation can be busted:

MYTH #1 - Innovation comes from a special R&D area within the business

As the great Steve Jobs said: "Innovation has nothing to do with how many R & D dollars you have. When Apple came up with the Mac, IBM was spending at least 100 times more on R & D. It's not about money. It's about the people you have, how you're led, and how much you get it." Local financial services giant, FNB, proved this to be true. By pioneering an internal programme where any person / team in the company could win one million Rand for thinking of, and executing an innovative idea, FNB has busted this myth completely. FNB understood that the best people to come up with great innovative ideas are those who know the business; deal with customers every day and understand the shortcomings. The programme has transformed the bank from being 'just a bank' to one of the world's most respected and innovative banks. And in doing so, has made a lot of employees feel valued and fulfilled and has won FNB numerous Innovation awards.

MYTH #2 - Innovation has to be an expensive project with complicated products

The success of Outsurance is testament that simple equals innovative. In a short space of time this insurance super star has done exceptionally well by cutting out the expensive and tricky-to-manage middleman. In doing this, they've been forced to simplify insurance products as far as possible, so that anyone can understand and purchase them. And by

introducing a direct channel, the cost savings can be relayed directly to the consumer, providing exceptional value.

MYTH #3 - Innovation requires a complete organisation-wide overhaul



The 6 'I's

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Leading retailer Woolworths has received accolades for its innovative retailing practices. With quality always at the centre of everything Woolworths has done, slowly but surely, SKU by SKU Woolworths has moved ahead and innovated. They consider innovation at a product level and make improvements - often marginal, for maximum return. Whether it's tapping into the latest Banting craze with a couple of 'Carb Clever' products; simplifying its packaging; providing convenient prepared fruit solutions; or choosing to stock responsibly sourced fish in its food section, Woolworths always looks, sounds and feels innovative.

Understanding that these 'innovation myths' can be busted is just the start. Although Innovation doesn't need to be daunting and overwhelming, to be successful, innovation still does require inspiration and insight from a number of angles.

To be innovative, you need to be inspired. Not just from your own industry but other areas too.

We've codified this into 6 'innovation inspiration' areas or the "6 I's" image above.

1. INSIGHTS from consumers



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It sounds clichéd but ideas and innovation should be rooted in consumer needs - and the best innovations do just that! Consider the success of Pep & Hollard's 'starter pack' insurance offering. Hollard understood that the traditional insurance channels were not catering efficiently to the needs of their target 'funeral insurance' consumer - with lengthy processes, hordes of complex paperwork and difficult to reach locations. Understanding these barriers for the consumer, they developed an innovative off-the-shelf solution. Simply buy an insurance 'starter pack' at Pep, the cashier writes down the unique code and mobile number of the person; and within 72 hours a Hollard agent phones to complete the application process. No unnecessary paperwork. No hassle. And within 3 years of launch, it created a customer base of nearly 1 million people.

2. INTELLIGENCE from competitors

A company doesn't become innovative when it copies its competitors, but to be innovative requires a good understanding of what your rivals are offering. This way you can anticipate their moves and offer better propositions. Consider the success of Apple's iPod - they weren't the first to do it, they just did portable music better than anyone else. Apple looked at the competitor landscape; identified flaws in the incumbent Creative's 64MB MP3 player that required complicated software to operate, and targeted a sexier looking product than anything else on the market. Because Apple understood the benchmark, they knew what could be done better. iPod was part of the Apple revival story and now there's no list of innovative companies out there without Apple on it.

3. INTERNATIONAL exemplars

Understand what's happening in your category in other markets. Not all markets are the same and cultural differences exist, but often there are great learnings and ideas from like-minded players in other markets. Consider the achievement of Sorbet salons in South Africa: after seeing the success of franchise salons and 'dry-bars' in the UK and USA, the owners of Sorbet realised there was a gap in the local market. There was no branded beauty chain which offered a consistent quality experience where-ever you go, from Northcliff to Nelspruit. In just ten years, Sorbet has filled that gap with over 100 franchises and cemented its brand around the country.

4. INSPIRATION from other categories



Virgin lounge

Be innovative by drawing on learnings from other industries. This way you can approach a staid category in a fresh way and differentiate against competitors. Consider Virgin Atlantic's Upper Class offering: instead of replicating how other airlines were doing Business Class, Virgin drew inspiration from concierge services and hospitality industries to make their offering disruptive. From the limo service; to the clubhouse with salon and spa; to the on-board mingling bar - a Virgin Upper Class passenger has to keep reminding himself that they're flying!

5. INTERNAL learnings

The success of FNB's internal Innovation programme showcases how employees can make a difference to your organisation's innovation 'cred'. Although programmes like these are phenomenally successful, you don't always need a large formal programme. Often, it is merely an internal culture of sharing ideas and innovations that breeds success. For example, Unilever encourages its category teams to constantly share learnings with each other and provides the necessary forums to relay such information upwards from sales staff.

6. INCREMENTAL improvements

As industries mature and become commoditised, new entrants find it difficult to break through the clutter of competition when the incumbent proposition is similar. Thus, to be successful it's necessary to examine the existing customer experience and eliminate any 'pain points' that may exist. Often these are small amendments that make a big difference. Consider the success of Uber around the world: by improving incrementally on the taxi-ordering and payment processes, they've completely revolutionised public transport around the world. Technically, they didn't offer something new - they're just doing taxis better than anyone else!

These principles illustrate that innovation doesn't have to be complex and overwhelming. Part of the reason why innovation in companies often fails is because it is intimidatingly placed on a pedestal at boardroom level. Instead, embedding the abovementioned principles of innovative thinking into everyday action unearth genuine innovation.

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