

INNOVATION IN AN ECONOMIC CRISIS

Tips from acclaimed innovators
across multi-disciplined industries



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The Economist's Innovation Summit celebrates people whose ideas have shaped the world we live in. While it can often be easier to act in a pioneering spirit in rosy economic times, it is when times are tough that true innovation shines.

We have captured top tips from the brightest innovators, including this year's Innovation award winners and judges, keynote speakers at Economist Conferences' Innovation Summit and key supporters who share and embrace the innovation vision.

These contributors share below what innovation means to them, how they feel it impacts real business value and whether during an economic crisis innovation is a luxury or a necessity.

Innovators can be found in different facets of industry and all levels of company structures, but truly successful leaders in innovation are united by making innovation the heart of their business models and driving innovation momentum regardless of the economic conditions. In the words of Russian author Ivan Turgenev, "If we wait for the moment when everything, absolutely everything is ready, we shall never begin".

DR. JOSEPH ADELEGAN

PRESIDENT

GREEN GLOBE TRUST AND FOUNDER, COWS TO KILOWATTS PARTNERSHIP LIMITED

We are living in the most exciting time in human history; it can no longer be business as usual. Innovation would be the air to breathe at this moment of economic meltdown. You either innovate or you die.

In human history, economic meltdown has always triggered unprecedented innovation. This Economic crises usher in dramatic new innovations that mankind have never seen or heard. This is not an occasion to mourn for the world. It is a moment of triumph. It is celebration time!

Environmentally sustainable and green economy would be the hallmark of this business age. You either line up or you perish. There would be no other option. The deployment of eco-innovation would contribute to efficiently addressing current global environmental challenges for sustainable economic development.

There is need for a paradigm shift, to a sense of global environmental responsibility if we are to deliver the millennium development promises and turn current climate change and energy challenges into great business opportunities for the well-being of our imperiled planet.

RATAN N. TATA

CHAIRMAN

TATA GROUP

Innovation is at the root of all progress. Innovation leads to changes in technology; it leads in creative manners of transacting business; and in developing products and services to meet a set goal. If we did not have the mindset of innovation, we would never have had the need or the ability to create new and superior products and services, or new and superior processes to meet the needs of society. Nothing is really impossible. The challenge is to achieve goals ethically, while upholding values, and, most importantly, for the betterment of society.

The Tata Group is making the transition from being a traditional group to one whose mindset is changing to be more creative and innovative. I really believe that every road block we encounter should be viewed as an opportunity to innovate. What we need to ensure is the creation of an environment where innovations are faster, encouraged, and recognised.

An area with high potential for innovation globally, in the immediate future, is in life sciences; in bio-technology and bio-medical areas such as stem cell research, organ re-generation and perhaps new forms of cancer treatment and detection.



SIR ANDREW CAHN

CHIEF EXECUTIVE
UK TRADE AND INVESTMENT

The last year has been extremely challenging for the global economy, but as history has shown us, downturns present a golden opportunity for companies which continue to think and act innovatively.

The UK has a convincing record in scientific and technological leadership and innovative thinking. More than 60% of our SMEs are innovative and nearly 75% of all our large firms continue to put innovation at the heart of their business activity.

The UK's long-established and exceptionally strong science base puts it in a unique position to attract and serve the world's innovators and investors in R&D. An outstanding national reputation for discovery, innovation, science and technology has made the UK Europe's top location for R&D and inward investment.

The UK Government is committed to raising investment in innovation to create one of the most effective and dynamic environments for technology-driven research, development and innovation in the world.

JULIE MEYER

FOUNDER AND CHIEF EXECUTIVE OFFICER
ARIADNE CAPITAL

Economic downturn corresponds with an innovation upturn. Change means winners and losers. Are you going to sit at the dinner or be the duck which is served? Will you embrace the change or resist it?

Henry Ford said that if he had given his customers what they had wanted, he would have delivered a faster horse. Nonetheless, what typically drives innovation is observing what your customers desire, where they have difficulties, and the competition.

An "invention" is the first occurrence of an idea, but an "innovation" is the first attempt to carry it out in practice.

Frequently, I will hear British people bemoan that the Brits have invented so much but failed to commercialise more of their inventions.

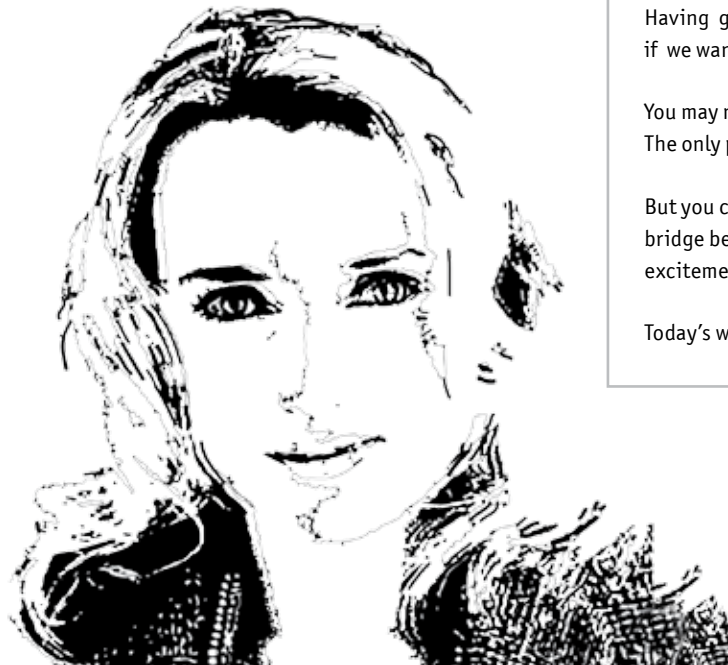
Today more than at the time of the dotcom boom, start-ups rely on corporates for distribution; venture capitalists don't want to fund the scaling of a business. Get partnership deals done with Facebook, Apple's app store, ISP's, carriers, and portals like MSN.

Having great people inside of these established firms who know how to work with start-ups is key if we want to commercialise more of our discoveries in the UK.

You may not be an entrepreneur. Start-ups are a hot kitchen - knives and hot oil flying about. The only people who should go there are those who can stand the heat.

But you can be a champion for innovation inside of an established company. You can be the bridge between the entrepreneurs and the late adopters. You can learn to interpret the excitement of the new new thing into the requirements of scale.

Today's world is an ecosystem, not a hierarchy. Embrace the centre of change.



CHRIS TALAGO

EXECUTIVE VICE PRESIDENT AND GENERAL MANAGER – EMEA
WAGGENER EDSTROM WORLDWIDE

In a poor business climate like the current one, the first instinct of most business leaders is to maintain the status quo and try to ride out the storm, or worse; to reduce operating expenses, working capital, and exposure to risk, and refocus on core businesses. But that's exactly the wrong prescription.

Business textbooks are full of case studies of companies that embraced innovation when their competitors were retrenching and thrived as a result. Downturns present opportunities for the fearless and innovative. When other firms pull back, unmet customer needs emerge. Among the types of products and services that are in increased demand during recessions are those that represent better values or affordable indulgences.

Tough times should also trigger a re-examination of business models, including considering innovative product and pricing options.



LESA ROE

DIRECTOR
NASA'S LANGLEY RESEARCH CENTER

At NASA Langley we do the impossible – routinely.

This requires innovation in our products, our processes, and even our thinking. The process of innovation is not a mystery – but it is hard work. Here is what we do:

- 1) Clearly identify the problem or opportunity. If you can clarify the problem you have the problem 90% solved – then you can innovate.
- 2) Deluge your mind with every bit of information related (and even unrelated) to the problem. Grab information from everywhere and everybody – as your teacher said – study!
- 3) Give the information time to percolate; then brainstorm a thousand ideas to solve the problem or opportunity. Use every trick from every book and class you have been exposed to. The more the better.
- 4) Now do the hard work... down select by what is possible and then what is practical – don't skip the practical part or you will only have a great idea, not a great innovation.
- 5) Then throw yourself and your resources behind the innovation and make it work!
- 6) Finally, celebrate the innovation to reinforce the importance of this process. All of this must be done in a culture that accepts failure along the way, rewards the mavericks, and encourages persistence and risk taking.

During tough economic times step #1 becomes more critical... the innovation must address a problem or opportunity that is real and will have real payoff either technically or economically.

MATT KINGDON

CHAIRMAN AND CHIEF ENTHUSIAST

?WHATIF! THE INNOVATION COMPANY

In tough times, the world needs good ideas more than ever.

In these uncertain times we at ?What If! are still busy innovating – but the nature of our innovation projects has changed. Out go lengthy product and brand development projects and in come innovation projects that hit the bottom line very quickly.

New ideas that drive sales, ideas that make businesses more nimble, ideas that connect us with consumers and weld steel into our backbones.

In short, ideas based on genuine insight that have a big impact. Innovation is nothing without impact. It's not difficult to have ideas, it is difficult to have ideas that can be implemented quickly, efficiently and that truly deliver.

MARK LANGLEY

VICE PRESIDENT AND CHIEF OPERATING OFFICER

PROJECT MANAGEMENT INSTITUTE

In difficult economic times, it is tempting for organisations to lose focus on innovation due to uncertainty, limited resources and increased risk. Whilst it is true that the greatest risks exist during an economic downturn, it is also a time when the greatest rewards can be achieved through product development, service enhancements or business process improvements. The organisations that excel not only have individuals who create great ideas, but they also have project management teams who understand how to implement those pioneering concepts. Without applying the key principles of project management, innovation is simply a good idea without a plan.

Ultimately, project, portfolio and programme management help organisations advance operational excellence and deliver competitive advantage by increasing efficiencies, creating operational alignment and improving decision making, whilst mitigating risk. Only when management understands how to effectively manage change and implement processes can, innovative ideas become reality and help to propel our global economy.



MIKKEL VESTERGAARD FRANDBSEN

CHIEF EXECUTIVE OFFICER
VESTERGAARD FRANDBSEN SA

An economic crisis can be seen as a threat to retreat from, or an opportunity to take advantage of.

Innovation is a constant investment in people and an investment in the environment that challenges assumptions. Not surprisingly, many companies view the current crisis as a time to downsize, to reduce their investments in scientific research and development, and to wait for the financial storm clouds to pass.

In good financial times, and bad, I have always sought to promote innovation within my company and our products. I believe that investing in scientific research and development in challenging economic times is the best—and perhaps only—way for a company to ensure that it will emerge stronger and more stable when the economy rebounds. Innovation, especially within research and development, is for most companies the only true creator of future value.

True innovation requires a passion to make things better, the courage to challenge the status quo, and a willingness to take calculated risks. I believe innovation must be grounded in a clear understanding of the business strategy and future goals.

My company has dedicated its entire innovation platform to developing lifesaving technologies for the biggest killer diseases, including HIV/AIDS, malaria and diarrhoea. Indeed, these investments have led my company into the business of saving lives—and innovation will ensure that we remain a leader in this field.

RAKESH KAPOOR

EXECUTIVE VICE PRESIDENT
RECKITT BENCKISER

In the current economic climate, the consumer value equation is becoming much more complex and changing rapidly.

Successful companies need to keep pace with these changing dynamics by staying closer to their consumers and figuring out how they can deliver better value. RB's experience tells us that consumers expect their favourite brands to provide more benefits and superior value in tougher times.

Don't focus only on price or promotions as a way of delivering better value...this is invariably short term and can easily be copied. It resets the value equation in the market and is a one way road to financial disaster.



NAVI RADJOU

EXECUTIVE DIRECTOR

CENTRE FOR INDIA & GLOBAL BUSINESS,
JUDGE BUSINESS SCHOOL – UNIVERSITY OF CAMBRIDGE

The lingering recession and the worsening of the environment have spawned a value-conscious consumer base worldwide that is clamouring for frugal and sustainable products and services.

But how could Western firms effectively design, build, and deliver affordable and eco-friendly offerings that the market is demanding? The answer: By ditching their industrial-era R&D model, fined-tuned for a world of abundance, and replacing it with a new R&D paradigm fit to help cope with scarcity.

Emerging markets like India offer Western companies a fantastic test-bed for trying out and honing this new frugal and sustainable innovation approach – as evidenced by Tata's Nano — that will serve them well after they emerge out of the current recession.

STEVEN SASSON

CONSULTANT

EASTMAN KODAK

There is a quote from Leopold D Mannes, one of the inventors of colour film that bears remembering in times like these. "Invention is primarily the art of getting out of trouble," he observed in 1952 when recalling the many trials involved with the 30-year effort to develop a practical colour film in the early part of the 20th century. I think that innovation is the practice that gets us into the trouble that invention gets us out of. To innovate is to ask the uncomfortable question, to dare to change, to lead. No successful company can survive without asking the uncomfortable question.

The answer to that question is innovation. In the imaging field, Eastman Kodak has transformed its 120 year old business in response to the opportunities presented by the digital revolution. The digital camera has certainly influenced the way we capture, share and preserve our memories. However, it was this digital camera in combination with other developments such as the internet, desktop photographic printing, wireless interconnectivity, and large flat panel display technology, that has yielded our present world of the instant image experience. Yet all of these transformative developments started out as risky questions with unpredictable outcomes.

Innovation is not easy, comfortable, or predictable, but it is the only tool we have to actively address the future opportunities and challenges our businesses will face. Besides, I think getting in trouble is better than being surprised.



BRIGHT SIMONS

CO-FOUNDER
MPEDIGREE

Some friends of mine, usually unrelenting twittering geeks, get worked up when I tell them that “invention” does not equal “innovation”.

But it is the plain truth.

The threshold for social usefulness is higher for innovations than it is for inventions. An innovation has to carry with it a critical mass of people; critical in the sense of political significance and social influence. So, while an innovation can be quirky, eccentric, disruptive, it reaches that status only if a significant number of social participants are willing to associate with the struggle to see its transformative potential realised.

It is in the above sense that one of the greatest maxims of all time risk being misinterpreted. Many of us have heard it said that, “necessity is the mother of invention”. True. But not necessarily of innovation.

We can't assume to know how crises changes consumers wants and needs. And it is not just that there is a greater stress on “cost-effectiveness” during crises. Crises are profoundly “social moments”. Trends in crises tend to be borne on the back of bigger social currents, generated largely by sudden mass participations in the search for solutions. “Value” becomes socially consolidated, and less fragmented, and certainly not reinvented.

The shrewd innovator is the one who can sift through the momentary trends and identify the long-term ones.

SACHIN DUGGAL

PRESIDENT AND CHIEF EXECUTIVE OFFICER
NIVIO

Innovation is the key differentiator between those that think they can and those that do. Any company not innovating in a downward economy is writing its name on its tombstone almost immediately. It is therefore an upmost necessity!

For me innovation is about breaking the norms. Sometimes it comes as a factor of adversity sometimes as flash of serendipity; at Nivio we have seen both realms in full swing!

Innovation used to be a luxury but in the recent years it has given birth to giants that never existed as little as 3 years ago. Ultimately the fundamental concept of innovation is to create a discontinuity and whilst that is a risk, it is the only way small companies will mushroom and large companies will stay ahead of the game.

The value it brings varies from increasing top line by 100% to surviving. The value is large and in most respects difficult to measure by just dollar value – as for some it can mean existence...

Innovation has been a word that has been used quite sparingly in the last decade but never has it meant so much as it has in the last 24 months. Before innovation was an “incremental” evolutionary process, today companies are fast moving to the other extreme of radical and “discontinuity”-driven innovation.

At Nivio, innovation is in our blood right from how we are structured (a European start-up with research and development farmed out globally), to our use of global markets such as the emerging regions as a measure of the supply/demand equation. Where we fill in the existing gap with new products on demand that start local and then end up global in nature – one such project was our aspiration to connect the digitally divided using our CloudPC (low cost computer as a service) that began in India and is now making an impact in developed regions of the world.



CHRISTINE CORNER

PARTNER

MEDIA TEAM, GRANT THORNTON UK

Investing in innovation is a critical element in maintaining competitiveness for most businesses and actually becomes more important than ever during a downturn.

Top tips for innovating during a downturn include:

- Creating a culture of innovation. This requires four main elements; a positive attitude to risk and an acceptance of some failure, ring-fenced finances for new products/services, a collaborative attitude to development, and a formalised process for evaluating ideas.
- The culture that underpins innovation is an acceptance that good ideas come from anywhere within as well as outside of your organisation. You should therefore make it easy to collect and harvest ideas and ensure appropriate recognition for the good ones.
- Take an open approach to innovation through collaborating with people outside of the business, but wherever your ideas come from, you have to find a way to evaluate quickly the real potential for innovation, to determine the cost of bringing them to market, and to understand the organisation's ability and capacity to deliver.
- Senior management must both encourage and reward innovation and ensure that innovations fit with the direction of the business. Once an idea makes it into a development project then keep the team small and lean, the brief tight, and the goals simple.

J. CRAIG VENTER PHD

PRESIDENT

J CRAIG VENTER INSTITUTE (JCVI)

Innovation results from a fresh way of thinking and looking at the world. It often emerges when a person refuses to accept the dogma of the moment. While I believe innovation can be taught and environments can be created that encourage and reward true innovation, I think that people also possess genetic traits that predispose them to being more optimistic and having a healthy appetite for risk taking. These are two qualities of innovators.

Throughout my career I have seen three critical components of innovation: having original ideas, being able to execute on them and having the right timing (some call this luck). Success usually depends on all three, but to those who are creative thinkers generating the ideas is the easiest part.

My mentor, the late Nathan O. Kaplan PhD, used to argue that good ideas were a dime a dozen. I agree in that I generate a lot of ideas, but not all good ones. In science, and perhaps in most areas, new and revolutionary ideas are usually met with extreme skepticism, making getting to the hard part: the execution of new ideas, even harder.

Much of my innovation has taken large teams and large sums of money and a great deal of time to prove valuable but perhaps I've been successful due to the third area—good timing. As I said, sometimes good timing is just luck, but usually is the result of trying to apply your ideas to a real need. I believe this is best illustrated with my team's new method for sequencing the human genome or the application of synthetic genomic advances to energy and the environment. Perhaps the best time for real innovation is when everyone else, or the economy, is headed in the other direction.



SYL SALLER

GLOBAL INNOVATION DIRECTOR

DIAGEO

- 1) Seize the opportunity. During a recession, achieving growth is tougher and companies are more willing to try new things. Be bold in what you promise – and then work like crazy to deliver it. To do this well, you need to understand your industry, the competition, your internal organisation, and have strong enough relationships to have tough conversations.
- 2) Be the beacon of possibility. If innovation leaders aren't going to be brave now, who will? It is our job to inspire the rest of the organisation to see how innovation can generate much needed growth and calibrate risk appropriately. Winners are generally those who are bold but not foolhardy.
- 3) Focus on beating the competition. Hard times often turn companies inward when the rallying cry should actually be to use this as an opportunity to distance ourselves from the competition. People focused on winning the battle are highly creative and motivated. Agility is key.
- 4) Nurture talent. Talent, not money, is the scarcest resource in innovation. Under no circumstance should you let great people and talent go.
- 5) Make your decisions based on how you want to emerge from the recession versus how to survive it. Putting yourself in the future balances potential knee jerk reactions to the short term. Visualise the organisation, the pipeline, the competitive position you want coming out of the recession and aim for that.



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