

Transform the agenda *Create an innovation culture in your company*

Steve Jobs co-founded Apple in his parents' garage in 1976.

He was ousted in 1985.

He returned to rescue Apple from near bankruptcy in 1997.

He died about a year ago.

Today Apple is projected to become the first company in the U.S. to be worth \$1 trillion.

Under Jobs' leadership, Apple transformed several industries: personal computing, animated movies, cellular phones, portable music devices, tablet computing, retail stores, and digital publishing to become the most innovative company of the 21st century. His product legacy includes: iMac, iPod, iPodnano, iTunes Store, Apple Stores, MacBook, iPhone, iPad, App Store, OS X Lion and every Pixar film.

When asked by Walter Isaacson, author of the biography of Steve Jobs, what was his most important creation Jobs replied, "The company – making an enduring company was far harder than making a great product."

Jobs preferred to choose Apple's fate by imagining a better future, demanding perfection, relentlessly reinventing until it redefined, or most often created, a new market. Apple understood the finer details of its customers and anticipated how they would use their products and services (iTunes Store).

The time has come when innovation has reached a tipping point. It has now entered mass consciousness because it must. Wallowing in past glories doesn't produce continual streams of revenues. The competition can duplicate technology in months, not years.

Innovation has become the new lead topic at conferences and is on the minds of top executives across the globe; but few

are able to define it, and fewer still know how to create an organizational culture that produces it.

Everyone can agree that companies need to improve innovation performance.

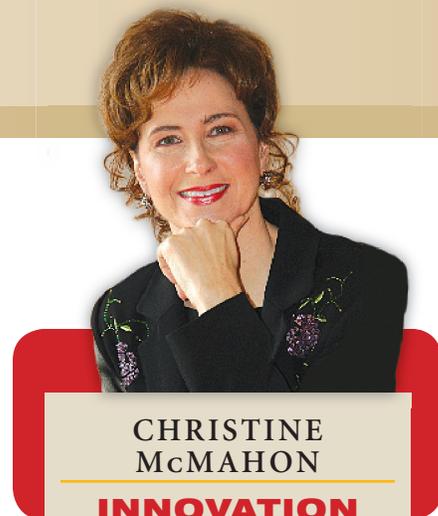
Traditionally, innovation has been limited to R&D and new product development. But in the case of Apple, neither happens without a passionate, unflinching, 1,000 percent commitment from the executive level.

According to joint research produced by the Bay Area Economic Institute and Booz & Company, innovative companies report far greater alignment between their

innovation strategy and business strategy, and have measurably higher cultural support for their innovation strategy than the average company. Of the 595 companies included in the study, 59.2 percent reported that they had an Innovation Strategy (19.7 percent said they had no clear strategy) and within that group, 89.3 percent reported that the agenda was developed and communicated top-down.

Chief executive Stephen Hoover of PARC (Xerox's famous Silicon Valley research facility where Steve Jobs got some of his brilliant ideas) stated that in the business of innovation, it's critical to link strategy and culture together so they support one another.

"My focus today is to have a more integrated and holistic strategy," Hoovers said.



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"We need to make sure that we don't lose the elements that are great about the culture of innovation, but to add the elements of a culture of accountability for long-term business results. That's our greatest challenge."

A commitment to innovation requires more than just a meshing between technical expertise and cultural support – it requires a relentless commitment to understanding the customer at a micro level.

Jobs took a chapter from the Procter &

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Gamble research playbook and then catapulted that strategy into the stratosphere. He put himself into the world of his customers, because he was one. He asked the tough questions and brought innovative ideas to the discussion, even if he thought of them moments before a product launch. He understood "the needs and desires, both articulated and unarticulated" of his present and future customers. He built products that he knew customers would love because he built products for himself. He had the courage to accept nothing less than perfection.

Isaacson wrote that Jobs would "hit the pause button and go back to the drawing board because something wasn't perfect." This occurred just before the opening of the first Apple store, which was delayed

because the layout wasn't just right. It also happened with iPhone. At one point, Jobs told the product design team, "Guys, you have killed yourselves over this design for the last nine months but we're going to change it. We're going to have to work nights and weekends and if you want to, we can hand out some guns so you can kill us now." The whole team committed to making it happen after they understood what needed to be done and why. Jobs is quoted as saying, "It was one of my proudest moments at Apple."

Jobs only surrounded himself with brilliant people who put the company ahead of themselves.

In the Bay Area study, Darlene Solomon, CTO at Agilent Technologies Inc. described how important a change at the executive level can affect culture, "Agilent's roots are certainly in technology," she said. "But when William Sullivan took over as CEO in 2005, he made it very clear that we couldn't just be technology-focused. We needed to be balanced in terms of focusing on the customer and on understanding the market. Since then, he has made sure that we really think about our market focus and customer focus as something that is just as pervasive as technology."

Creating a culture of innovation requires that top-level leaders commit to, build and support a culture that fosters innovation – where outdated habits are replaced with the encouragement of new ideas, diversity of viewpoint and constructive dissent. When a climate of openness is nurtured, disconnected ideas can fuse together with market and customer knowledge to direct product development. ■

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