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### Innovation: The Classic Traps

Key ideas from the [Harvard Business Review](#) article By Rosabeth Moss Kanter

#### The Idea in Brief

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Most companies fuel growth by creating new products and services. Yet too many firms repeat the same growth-sapping mistakes in their efforts to innovate.

For example, some companies adopt the wrong strategy: investing only in ideas they think will become blockbusters. Result? Small ideas that could have generated big profits get rejected. For years, Time, Inc. didn't develop new publications: managers wanted any start-up to succeed on the same scale as the enormously popular *People* magazine. Only after Time decided to gamble on a large number of new publications did revenues rise.

Other companies err on the side of process-strangling innovations by subjecting them to the strict performance criteria their existing businesses must follow. At AlliedSignal, new Internet-based products and services had to satisfy the same financial metrics as established businesses. Budgets contained no funds for investment--so managers working on innovations had to find their own funding. The consequences? Retrofitted versions of old ideas.

To avoid such traps, Kanter advocates applying lessons from past failures to your innovation efforts. For instance, augment potential "big bets" with promising midrange ideas and incremental innovations. And add flexibility to your innovation planning, budgeting, and reviews.

Your reward? Better odds that the new ideas percolating in your company today will score profitable successes in the market tomorrow.

#### The Idea in Practice

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To innovate successfully, replace common mistakes with potent remedies:

##### Strategy Mistakes

- Rejecting opportunities that at first glance appear too small.
- Assuming that only new products count--not new services or improved processes.
- Launching too many minor product extensions that confuse customers and increase internal complexity.

**Remedy: Widen your search and broaden your scope.** Support a few big bets at the top that represent clear directions for the future and receive the lion's share of investment. Also create a

portfolio of promising midrange ideas. And fund a broad base of early stage ideas or incremental innovations.

## Process Mistakes

- Strangling innovation with the same tight planning, budgeting, and reviews applied to existing businesses.
- Rewarding managers for doing only what they committed to do--and discouraging them from making changes as circumstances warrant.

**Remedy: Add flexibility to planning and control systems.** For instance, reserve special funds for unexpected opportunities.

After executives at the struggling UK television network BBC set aside funds in a corporate account to support innovation proposals, a new recruit used money originally allocated for a new BBC training film to make a pilot for *The Office*. The show became the BBC's biggest hit comedy in decades.

## Structure Mistakes

- Isolating fledgling and established enterprises in separate silos.
- Creating two classes of corporate citizens--those who have all the fun (innovators) and those who must make the money (mainstream business managers).

**Remedy: Tighten the human connections between innovators and others throughout your organization.** Convene frequent conversations between innovators and mainstream business managers to promote mutual learning and integration of new businesses into the organization. Create overlapping relationships--by having representatives from mainstream businesses rotate through innovation groups or innovation advisory boards. Identify people who lead informal networks that span innovation and mainstream groups, and encourage them to strengthen those connections.

## Skills Mistakes

- Allowing innovators to rotate out of teams so quickly that team chemistry can't gel.
- Assuming that innovation teams should be led by the best technical people.

**Remedy: Select innovation leaders with strong interpersonal skills.** They'll keep the innovation team intact, help innovation teams embrace collective goals, leverage one another's different strengths, and share hard-to-document knowledge while innovations are under development.

When Williams-Sonoma launched its ultimately successful e-commerce group, it put a manager in charge who wasn't a technology expert but who could assemble the right team. He chose a mixture of employees from other units who could be ambassadors to their former groups and new hires that brought diverse skills.

- [Purchase the full-length Harvard Business Review article here.](#)
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## Further Reading

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### Articles

#### **Building Breakthrough Businesses Within Established Organizations**

*Harvard Business Review*

May 2005

by Vijay Govindarajan and Chris Trimble

The authors provide additional suggestions for avoiding the classic mistakes Kanter describes. For example, to avoid **process** mistakes, forget some of what has made your core business successful--such as how you've delivered value to customers or what performance measures you've used. Accept that your new ventures will require their own unique processes. And to avoid **structure** mistakes, borrow core-business assets (brands, expertise, customer base) to support innovations *if* those assets afford a competitive advantage. But once you've borrowed, manage the resulting tensions between your new and old businesses--by showing how the new business is generating value for the company overall and rewarding managers for cross-unit collaboration.

#### **How to Kill Creativity**

*Harvard Business Review*

September-October 1998

by Teresa M. Amabile

To avoid **skills** mistakes in your innovation efforts, you need to surround innovators with a supportive culture. Amabile provides detailed suggestions for fostering a culture of innovation. The key? Activating all employees' intrinsic motivation--their abiding interest in certain activities or deep love of particular challenges. Employees are *most* creative when their work itself is motivating. To enhance intrinsic motivation, give people assignments that stretch them--but not too thin. Assemble diverse work teams; their different perspectives will generate more creativity than homogeneous teams. Tell employees what your company's goals are, but let them decide how to achieve those goals. And keep those goals stable for a meaningful period of time: It's hard to hit a moving target.

#### **Connect and Develop: Inside Procter & Gamble's New Model for Innovation**

*Harvard Business Review*

March 2006

by Larry Huston and Nabil Sakkab

This article examines how Procter & Gamble successfully changed its innovation **strategy**. Instead of relying solely on innovations developed internally, P&G began forging connections with *external* sources of new ideas, then developing those ideas into profitable new products--swiftly and cheaply--using its R&D, manufacturing, and marketing prowess. Consider Pringles Prints, potato crisps printed with entertaining pictures and words. P&G searched its global networks of individuals and institutions and discovered a small bakery in Italy, run by a university professor who had invented an ink-jet method for printing edible images on cakes and cookies. P&G adapted the method--developing Pringles Prints in record time and at a fraction of typical costs. Its North American Pringles business scored double-digit growth.

## About the Author

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