The Seven Sins of Innovation

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A Strategic Model for
Entrepreneurship

The Seven Sins of Innovation

Dave Richards

palgrave
macmillan

*For my children, Alec, Nick, Tasha, Luke and Bryn,
my grandson James, and my wife Ginny – seven
fabulous entrepreneurs who add value and give my
life meaning, every minute of every day*

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Foreword

Writing about innovation is fraught with difficulty because what seems simple and formulaic in theory is hard and disappointing in practice.

I have known Dave Richards over twenty years. I have observed close-hand his outstanding command of the material. Both theoretical material and more importantly the practicalities of innovation. His new book shows the power of his perspective, brilliantly.

Part I links entrepreneurship with innovation. Part II identifies the (classic) seven sins of innovation, while Part III identifies practical solutions to these challenges for both large and small enterprises.

The Seven Sins of Innovation elevates the thinking on this crucial subject to the highest level. It sets Dave's book alongside the best writing on this subject anywhere.

Roger H.D. Lacey
Former chief strategy officer and senior vice president 3M

Preface

This book reflects my efforts to understand what determines enterprise success, particularly in the realm of innovation and entrepreneurship. Throughout my career, I've struggled to make sense of the successes and failures I witnessed or participated in. I often felt I was at the cutting, bleeding edge of innovation, at Bell-Northern Research (BNR), Nortel Networks, and Oracle, as an adviser to various clients, and as a serial entrepreneur. In spite of all the learning experiences – with the scars to prove it – I could see myself and others repeating similar mistakes. We'd go down familiar blind alleys, rocked by similar bumps along the road, and slam into brick walls that all started to look and feel the same after a while.

In parallel with these experiences, I've been privileged to attend seminars, courses, and talks by some of the greatest thinkers, strategists, entrepreneurs, and business leaders of our times. Their words and writings further shaped my thoughts on what enables effective, successful leaders, strategies, and business models.

My early professional focus was on understanding the concept of value. Working in high technology, I could see that the prevalent approach to innovation was what I termed "technology push." Clever "solutions" seeking problems and customers. Through the 1980s, my research on the value of "datacom" applications, based on benefits such as improved productivity, time savings, and effectiveness, reflected a new approach to innovation, complementing and balancing technology push. I authored Nortel's first user-driven design specification for a small digital phone system called Norstar, which became one of the most profitable and globally successful telecom product lines in history. The core values that emerged from our research, for the integration of applications and convergence of delivery

mechanisms, became the central message in Nortel's vision for an open world, driving the proliferation of the global multimedia network we now know as the Internet (see Tyson, 2014).

In the early 1990s, as Nortel's bosses drove cultural change, embracing the key themes of entrepreneurship, excellence, globalization, and leadership, I was identified as a "high potential key resource" – someone with potential to serve at the top of Nortel's leadership structure. I was selected as one of Nortel's intrapreneurs, appointed business line manager (BLM) for Global Public Networks Data. In theory, I had global P&L responsibility and authority to run the business as my own, but in practice, Nortel had many layers of bosses, with many tricks for disempowerment. Being incentivized as a global GM and BLM for Data sounded grand, but as a business it was a massive money loser. We lost about $100 every time we shipped a data line card, my R&D budget exceeded global sales, and my business strategy for accelerating data investment was adopted but not officially approved. For a time, I received monthly admonishments from the executive office, the very office in which my strategic business plan awaited approval, threatening me with punitive action if I continued "noncompliant" R&D and operational expenditures.

With my very capable team, I transformed the Data business into a highly profitable and strategically essential line of business, before going on to various roles involving breaking into various key markets and customers, delivering many billions of dollars in profits and shareholder value. But we also had some spectacular failures along the way, such as alliances, joint ventures and acquisitions that failed to deliver, and battleground markets such as China where we, and competitors, lost a lot of blood and IP. Following Nortel, I enjoyed and learned from a couple of my own startup ventures I fondly refer to as "dot.bomb" learning experiences, before joining Oracle to champion its ThinkQuest acquisition, which, for a time, was the flagship social enterprise offering of the Oracle Education Foundation.

Now living in the UK and working independently, I enjoy delivering workshops, presentations (keynotes or talks), and some one-to-one mentoring on the topics and ideas reflected in this book, helping leaders, organizations, and teams develop entrepreneurial cultures, strategies, plans of action, and high impact innovation results.

Getting around to writing this book and getting it done both took much longer than I expected. I've long intended to write a book, but until Palgrave Macmillan approached me, and I signed a contract to produce this specific one, writing was just an idea, on the back burner, prioritized below "real" work. Had I known how difficult the writing process would be, I might have declined. Although the writing flowed, the challenge was enormous. This isn't a story, but rather an attempt to understand the psychology that underlies the success or failure of entrepreneurs, efforts to innovate, and business strategies.

The psychological determinants of success and failure include the "human factors" you may expect – creativity, leadership, intelligence, communications, motivations, attitudes, and expertise. However, you may be surprised, as I have been, to come to understand how these and other factors interact. The process of writing about these factors and trying to describe how they interrelate has been a journey of learning and discovery.

The underlying model or framework was something I had a general notion of from the beginning, but my understanding of it kept evolving as the writing emerged. It was a bit like trying to solve a Rubik's cube, which in my view is a nasty invention. No sooner would I get one part of the model in order, when I'd have to revise another part. The "problem" is that the psychological determinants interact in complex ways within the model and in reality, which the model is an effort to describe.

I've explicitly avoided writing an academic, theoretical text, instead seeking to provide an engaging, practical guide and hopefully stimulating personal insights into ways you can improve efforts to innovate and drive success. Thus, the main challenge in writing this is to provide overarching insights while staying "true" to the underlying model, which kept evolving through the writing process.

Some further ideas that have guided my thoughts came from some sources outside mainstream business or psychology:

- the concept of vital human energy, for example Chi or Qi in Chinese
- the notion of "flow," particularly in understanding sport and performance psychology
- the Ayurvedic concept of chakras, energy centers, that enable or block energy flow

- the idea that there are two sides to every coin, yin and yang, including positive and negative aspects of just about everything, energies, energy centers, and all things human
- the human genome, DNA, and the double helix structure of chromosomes, and the notions of an innovator's DNA and organizational DNA
- the latest thinking on left- and right-brain functionality and how they may link
- the idea that perception and reality are connected, that the human mind exists in relationship to the reality it dreams, and the observed reality exists in and through, and is affected by, the observer
- the resulting fact that our mindset is a key determinant of success, not because of any so-called "secret" law of attraction, but because psychological factors are directly related to the central elements of strategy, such that they either undermine or support the efforts of leaders and organizations to survive or thrive.

All the foregoing sources, experiences, ideas, and inspirations have combined in the form of a new model for entrepreneurial innovation, which is all about bridging between "soft stuff" such as psychology and culture and "hard stuff" such as strategy, performance, and bottom line results. I hope you enjoy learning about these relationships or bridges, and that you will derive specific insights that you can apply to benefit yourself, those you work with, organizations you engage with, and the world.

Acknowledgments

There are so many people who have influenced my thoughts on innovation that I won't name them all individually. Key influencers include a range of thought and practice leaders, past managers, colleagues and clients past and present, family, and friends. However, some individuals clearly deserve special mention:

Eric von Hippel, with whom I cofounded the MIT Innovation Lab over 20 years ago, plus Roger Lacey, with 3M, and Jim Euchner, with NYNEX Corporation at the time – both members of the lab from its inception – all frequently and profoundly influenced my thinking about the nature, antecedents, and precedents of innovation.

My favorite bosses at Nortel, Paul Brant, Steve Jones, and Lorne Hinz, and members of my various teams, most especially Stephen Hampshire, William Wallace, and Matt Thomson, who empowered and enabled me to lead.

Some bosses at Nortel who gave me what felt, at the time, like a really "rough ride," who contributed to who I am.

Former colleagues at BNR, especially Alec Lumsden, Charles Whaley, Don Chadwick, Peter Martin, Mark Dallas, Arnold Campbell, Paul Guild, Jock Ferguson, Roger Bushnell, and John Tyson, who shaped my early journey into user needs and evaluation research.

Former Oracle colleagues and partners I met and in many cases actively keep in touch with, including Agnes Vajda, Peter Waker, Harry Tetteh, Jimi Ballard, Nicole Melander, David Pywell, and Bernie Trilling.

List of Abbreviations

B2B	business-to-business
BHAG	big hairy audacious goal
BNR	Bell-Northern Research
BS	balanced scorecard
CEO	chief executive officer
CRM	customer relationship management
CSR	corporate social responsibility
DNA	deoxyribonucleic acid
IP	intellectual property
LGBT	lesbian, gay, bisexual or transgender
MIT	Massachusetts Institute of Technology
NCOs	Non-commissioned officers
NGO	nongovernmental organization
NPS	Net Promoter Score
OECD	Organisation for Economic Co-operation and Development
OEM	original equipment manufacturer
P&L	profit and loss
PESTEL	political, economic, social, technological, environmental, and legal (considerations)
R&D	research and development
ROI	return on investment
SME	small and medium-sized enterprise
SRM	stakeholder relationship management
SWOT	strengths, weaknesses, opportunities, threats (analyses)
USP	unique selling proposition
WTF	working through fear