
M&D Watch

Manufacturing & Distribution

The True Face of Innovation

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Oftentimes, we feel that the best way for our organization to improve is to replicate the successes of other organizations within our industry. While following these best practices may lead to some success, it can also severely limit our ability to achieve a competitive advantage as industry leaders have already implemented these ideas. How can we go beyond buzz words, to create true innovation? Following are specific examples of ways companies have truly innovated, which can serve as inspiration for us all.

Expanding the Innovation Pool by Using the World's Intellectual Capital

According to the United States Census Bureau, the world population exceeded seven billion people in March 2012. With so many people in the world, why do we often look internally for innovative ideas? Mass collaboration between individuals located within and outside of an organization, often referred to as crowdsourcing, can be extremely effective if used properly. General Electric ("GE") has shown that using this crowdsourcing technique can lead to a significant increase in its ability to innovate. GE recognizes that it cannot always create the best ideas. By collaborating with experts in various fields worldwide, the company can help solve some of the world's most important problems. For example, in June 2013 GE created the 3D Printing Quest, a world-wide public challenge to design a light-weight bracket and hangers for jet engines via 3D printing. The best designs were manufactured by GE and the creators received prize money. Instead of

tasking its own engineers with this request, GE tasked the public and in doing so received designs from individuals from over fifty-six different countries. This expanded the overall intellectual capital available for this project and helped the company achieve the best possible outcome.

Implementing Successful Ideas from Unrelated Industries

Innovations can be as simple as process changes that are made to help a company become more efficient. Jim McNerney, CEO of Boeing, looked to technology giant Apple to help innovate Boeing's process for developing new aircraft. In the past, Boeing has looked to develop the most technologically advanced aircraft, and in doing so has created completely new products. During the 2014 annual investor meeting, McNerney said that he would like Boeing's product strategy to be similar to Apple's, where products are developed in incremental steps with new products being similar to old products, plus added innovations. In following this process, Boeing will be undertaking less risk of cost overruns on new products, which occurred in the production of the Boeing 787 Dreamliner.

Fusing Historical Successes with Contemporary Ideas

Historically, the bazaar is a marketplace of shops where goods and services are sold. It originated in the Middle East and remains a popular concept in some areas of the world today; however many industrialized cities have replaced the bazaar with shopping malls. A group

of organizations including Juno Property Group, PWP Asset Based Value Strategy, Glimcher Capital Group, and Caesars Entertainment, agreed that the bazaar, if appropriately modernized, could be an extremely successful endeavor in the United States and created the Grand Bazaar Shops in Las Vegas, Nevada. The Grand Bazaar Shops adopt the concept of the ancient open air marketplace, rather than the contemporary shopping mall in an attempt to compete with the ever-growing online retail industry. The goal is to create a more interesting and interactive shopping experience than a consumer could replicate online or in a standard shopping mall. It combines bartering and negotiation, which are rare in the twenty-first century American shopping experience, with interactive customization, which is only possible with current technology. The creation of the Grand Bazaar Shops illustrates that there are many different places an organization can look for innovative ideas as it looks to create a competitive advantage.

Innovation is a key word for any organization; however it can be overused and at times is so broadly defined it can be perceived as meaningless. We often create intra-organizational groups and task them with the goal of formulating innovative ideas that will take our organization to the top, but in doing so we are forgetting the way that truly innovative ideas are created. We need to look past ideas that are already implemented in our industry and look for inspiration elsewhere, using all available resources including people throughout the world, unrelated organizations and history to help innovate and maximize competitiveness. The journey to create true innovation must begin now!

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