

in this month's issue:

innovation

There have been many journal inches devoted to the subject of innovation recently. Blue Skies have given way to Blue Oceans and a few have even gone on to colour these purple! Some think it's the ideas which are paramount, whilst others think it's the delivery process which counts.

In this issue of Dimensions, we lay out our take on the debate - and explain how we help our clients deliver profitable innovation.



a vital function or just a diversion?

The answer to this question seems to be obvious – of course innovation is a vital function. How else can organisations in high cost economies like the UK compete successfully against low cost global suppliers? Unfortunately in reality the answer is not quite so simple, and it is implicitly linked with another key question - 'what exactly is innovation?'

The authors of 'Blue Ocean Strategy' believe that 86% of what others call innovations are actually just line extensions or incremental improvements. Other particularly harsh commentators think that FMCG companies gave up on true innovation years ago in the face of internal demands for short term returns in hardening retail environments. There are more than a few Marketing Directors who would disagree with both these viewpoints as they might with another which proposes that much of the money currently spent on 'innovation' could more usefully be spent supporting their businesses and brands in other ways.

Quadrant believes that innovation is 'the complete process of generating and then delivering to the market a product or service which has a sustainable and transformative advantage'. To be successful at this, an organisation must encourage and enable continuous, objective and managed risk-taking and experimentation, based on real customer insight. Innovation is not a discrete activity that can be switched on whenever revenues are looking shaky!

Innovation doesn't have to be customer-facing, but it does have to benefit the customer – for example, revolutionising the supply chain can re-engineer a market just as effectively as a substantial new product or service proposition can.

If an organisation is not prepared to define the role of innovation and to build a culture to support it, we would probably advise that they look elsewhere for performance improvements. However this is a finite solution, as incremental change is not going to deliver business breakthroughs - and costs can't be cut forever without eventually impinging on the customer experience.

Delivering truly innovative and often market-disrupting, solutions to satisfy identified customer needs is the only long term way to guarantee continued revenue and profitability. Financial analysis of consistently successful innovators shows that these organisations perform better than their less innovative competitors. In short, innovation is not just vital, it's crucial.



The management team at Eurotunnel recognised they needed to focus on developing additional revenue through non-ticket sales, to support their brand and core services.

Many income-generating opportunities had been identified, but no method of filtering, executing and testing these ideas had been established.

Quadrant designed a simple four-stage process to accelerate the best ideas through market scoping and validation to successful execution. We then set about proving the process using travel insurance and hotel accommodation, the two best concepts that emerged from the filtering.

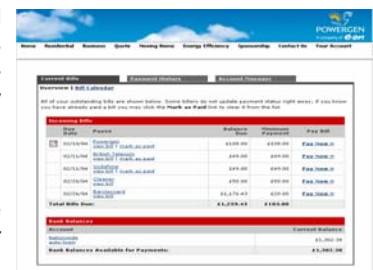
Both proved to be winners, demonstrating that framing new product development within a formal process supports the 'creative spark' and improves the probability of success.

improving the odds

Royal Mail was ahead of the game when it launched an electronic bill presentment and payment service in 2002. However, available investment resource became tighter as the Group entered a period of transformation and renewal.



Quadrant was invited to provide General Management resource to help review Bills Online™ strategy and proposition, and re-structure its cost base. Whilst an early benefit was achieved through re-negotiating system charges, the real breakthrough came through recognising that owning and running a technology platform did not have to be a core competence for Royal Mail, or fundamental to the success of this service.



Bill No.	Bill Description	Amount	Payment	Pay Ref
101	ROYAL MAIL	100.00	100.00	ROY100001
102	ROYAL MAIL	200.00	200.00	ROY100002
103	ROYAL MAIL	300.00	300.00	ROY100003
104	ROYAL MAIL	400.00	400.00	ROY100004
105	ROYAL MAIL	500.00	500.00	ROY100005
106	ROYAL MAIL	600.00	600.00	ROY100006
107	ROYAL MAIL	700.00	700.00	ROY100007
108	ROYAL MAIL	800.00	800.00	ROY100008
109	ROYAL MAIL	900.00	900.00	ROY100009
110	ROYAL MAIL	1000.00	1000.00	ROY100010
Total Bills Due		5,000.00	5,000.00	

By partnering with a third party, and using their developed e-technology expertise, Royal Mail is now free to concentrate on leveraging its own universal client base and brand strengths. The Bills Online relaunch will give this innovative solution market leadership, and a sustainable competitive advantage for this innovative solution, at a fraction of the cost of going it alone.

Extracts from speakers' comments:

TOM PETERS – Guru, Consultant & Author
“Innovation is the only thing that matters – no company will ever beat the Chinese on cost – our only hope is to beat them on better products”.

C.K. PRAHALAD – Univ. Michigan & Author
“Innovation through organic growth is now accepted as generating greater shareholder value than mergers & acquisitions”.

JACK WELCH – ex-CEO of GE & Author
“Let the ‘commodity jobs’ go to China – the rest of the world needs to focus on ‘service jobs’. Ensure Innovation & R&D stay here. And with some passion, a ‘fire in the belly’ beats a degree every time!”

RICHARD BRANSON – Chairman of Virgin
“If you get the accountants in, they will spend weeks going through the numbers & they kill any germ of an idea you had – leaders need to use gut feel & passion when assessing a new idea”.

DENNIS NALLY – Chairman of PWC
“Too many CEOs are focused on Corporate Compliance & not enough on Innovation and Vision. No surprise that their organisations do not grow”.

Please email us at quadstaff@qcl.co.uk for a copy of the full 20-page summary of the forum.

a world of business

Regulars will recall that Quadrant has a long standing relationship with Post Office Ltd., having worked with them on a variety of successful marketing and innovation projects. This autumn Simon Carter, their Head of Marketing, attended the two day World Business Forum in New York.

Quadrant is pleased to use Simon’s own trip report to highlight the subject of innovation. Given that this was a forum about the key issues facing world leaders in business, it was good to see that many of the world-class speakers had something to say on the role of innovation.

INTRODUCTION AND EXTRACT OF SIMON CARTER'S TRIP REPORT

You see presentations from some of the greatest business leaders of the age, together with some 4,000 delegates from 50 different countries – 270 of which are CEOs.

The forum takes the form of key note presentations followed by Q&A sessions (see extracts on the left). In my view, you could sum up the whole two days in just four points:

1. Be optimistic
2. Your people are vital to you
3. Innovation is the focus for future success
4. Be proud of who you are and of your roots




From Quadrant’s perspective, innovative thinking remains the most potent driver for our clients’ growth, and it remains the most fragile. Simon’s four point summary aligns exactly with Quadrant’s core beliefs - that with the right tools and the encouragement to test and learn, anyone from across the enterprise can make an innovative breakthrough for business growth.


In our experience, it is not often that finding people with innovative ideas is the key problem, rather that the organisation itself does not offer the culture, framework and tools necessary to develop the ideas efficiently and effectively.

welcoming new clients

In the last couple of months we have been very pleased to be commissioned by a number of new clients to help them identify and deliver new business streams. These include:

 A leading provider of branded and fully-customised credit management and identity theft detection, protection and recovery services

 Europe's leading distributor of industrial maintenance & repair products

 Provider of a broad portfolio of business and technology solutions which help clients worldwide to improve their business performance

We look forward to working with all our new clients over the coming months.

what we do and who we work for

Quadrant is a leading, London based consultancy offering strategic advice and solutions to major private and public sector organisations.

We help organisations with innovation as a whole – from fully understanding their capabilities and their real need for innovation, right through to the delivery of new products and services to the market.

If you think we might be able to help you deliver more profitable innovation, please give Huw Watkins a call or drop him an email at huw.watkins@qcl.co.uk and we can arrange a no obligation meeting.

