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How do you build an innovation nation?



by Rowan Gibson: A global business strategist, a bestselling author and an expert on radical innovation.

Why do some nations and geographic regions seem to be hotbeds of creative entrepreneurship and economic growth, while others remain innovation laggards?

In his book *The Wealth and Poverty of Nations*, Harvard professor David Landis writes, "If we learn anything from the history of economic development, it is that culture makes almost all the difference." National governments the world over are waking up to this truth as they struggle to improve their countries' global competitiveness and economic prosperity. They now recognise, as *The Economist* puts it, that innovation is "the single most important ingredient in any modern economy." But how exactly can a country create the cultural and constitutional conditions for innovation to flourish? In short, how do you build an "innovation nation"?

In my travels around the world, I've been asked this question many times, in places as diametrically opposite as Sweden and Saudi Arabia, or Moscow and Madrid. Some nations and regions, of course, are already blessed with a culture that is predisposed to innovation. What we usually find in these countries is a historical openness to ideas from all around the world, a lot of cultural diversity, a high degree of connection and conversation, a deep-seated belief that one can build a better future for oneself and one's family – and ultimately one's community and country – through education and hard work and by seeking entrepreneurial opportunities, and a tendency to encourage or at least tolerate free thinking and contrarian views.

On the other hand, there are national cultures that seem to find innovation much more difficult. I would argue that these tend to be in countries or regions that have an "inward focus", where there is little interest in ideas that come from outside. Generally, they are also cultures that discourage free, independent thinking; where kids are taught at school to "know their place" and not to question anything. What these countries seem to lack is a culture of entrepreneurship, opportunism and innovation at the grass-roots level.

Obviously, culture is something that builds up over a very long time and is incredibly difficult to change. You can't just flip a switch and turn a country like Angola – currently occupying last place on INSEAD's Global Innovation Index – into an innovation powerhouse like America (still rather unsurprisingly ranked first). But there are definitely some practical steps governments can take to foster innovation at a national level. John Kao, author of the book *Innovation Nation* notes that Singapore's transformation over the last four decades, from what he calls "a developing country fishing village" to Asia's poster child of innovation and economic growth, has unquestionably been driven by the city-state's visionary government. Other countries of the world would do well to take a page from Singapore's playbook as they seek to define their own national innovation agendas.

One word of caution, though. There's a tendency in government to think that innovation is almost exclusively synonymous with big science. So if you take any company's ten-year innovation strategy, you invariably read about ambitious plans to build national prowess in certain key technologies. These initiatives are all well and good, but I believe they are somewhat misguided – for two reasons.

First, every industrial economy on earth today is pursuing a dominant position in the same set of brainpower industries – nanotech, biotech, pharmaceuticals and so forth. Some countries have an incredible head start in these fields, which means they are already several technology generations ahead, and they may also be lucky enough to have one or more regional industry clusters right on their doorstep, which gives them easy access to skills and other resources. How can other nations hope to compete when they don't have these kinds of advantages? Not by running the same broad, technological race as everybody else – which I believe will ultimately be a loser's game – but by narrowly focusing on a few niches (technological or otherwise) where the country can lead the world.

Second, the idea that innovation is solely about big science and big R&D budgets is an outdated paradigm. The fact is that many of today's most successful innovations are business model innovations, not technological innovations – they are ways of doing business that break from industry norms by serving unmet or unsatisfied customer groups, providing new or different benefits, or delivering value in an unconventional fashion. These kinds of innovations can potentially come from any entrepreneurial individual in any country on earth.

Take Jim Penman in Adelaide, Australia, who turned a part-time grass-cutting job into a global business with 2,600 franchisees. The company, called Jim's Group, does everything from grass cutting and dog walking to car washing, home repairs and pool care – basically all the drudge work you don't want to do, or simply don't have time to do. It's precisely courageous entrepreneurs like Jim Penman who prove that successful innovation can come from the bottom up – and not just top-down through massive government investment programmes.

One of the questions governments should therefore be asking is "Are we creating an environment that is truly supportive to grass-roots entrepreneurs? Or does our bureaucracy continually get in the way?" For example, how difficult is it for someone with an interesting business idea to get the funding for a start-up? How difficult is it for the average citizen to register a company? Are we giving potential entrepreneurs financial incentives and making their lives easier, or do they still have to fight their way through miles of red-tape and legislation? And, to my previous point, do we only take innovators seriously if they work in science labs, or are we open to innovators whose big idea is simply an unconventional new business model? In short, when it comes to bottom-up innovation from entrepreneurs, are we slowing things down or speeding things up?

Let's remember that Silicon Valley grew to be great, not because some politicians in Washington woke up one day and decided that the country's future was hinged on building a scientific industry cluster in California. No, the real fathers of Silicon Valley were tinkerers, risk-takers and opportunists like Hewlett and Packard, Noyce and Moore, Jobs and Wozniak – a legacy that is continued today by heroes like Larry Page and Sergey Brin of Google. The phenomenon we now call Silicon Valley could only happen because the United States is so nurturing – so supportive – to grass-roots entrepreneurs. This is a critical and often overlooked factor in building an innovation nation.



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