



Winnovation

What next?

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This is the second in a series of articles on innovation as a means to achieve business success.

Is your organisation committing enough energy to innovation and strategic renewal?

It's not just a good question. It's *the* question.

Think about the hypercritical speed of change in the external environment. Think about the sheer intensity of global competition. Think about the merciless bargaining power of today's customers.

Then think about your company. How much of your business model has remained essentially unchanged for, say, five years or more?

When was the last time you fundamentally overhauled your competitive strategy? How fast are you currently renewing your products and services?

In a world where what you do now can quickly lose its value and become irrelevant, the issue is increasingly what you do next.

What makes or breaks you in the new innovation economy is whether you are capable of continually rethinking and re-inventing your business as fast as the world is changing around you.

Right now, 'what next?' is the billion dollar question being asked at Motorola, as the firm's global market share continues to shrink. Things looked a lot better for the company in 2005 and 2006 when it was living off the success of the cult Razr handset – one of the most popular mobile phones ever launched.

But mobile telephony is a fickle business and consumer tastes change in the blink of an eye. Struggle as it might, Motorola has not yet been able to create a successful follow-up product to Razr, leaving the company like an aging pop group with a one hit wonder.

At rival Samsung – poised to replace Motorola as the world's second largest handset manufacturer – you might think the picture looks a lot rosier. But think again. When you look beyond mobile phones you find that growth in the Korean group's two other main businesses – semiconductors and LCD panels – has hit a wall.

The *Financial Times* in London reported recently that Samsung is going

through a period of intense "soul searching" as it desperately tries to "figure out how to make the next leap in its corporate development."

It's a situation that is by no means unique. McDonald's, Coca-Cola, Sony, Kodak, Dell – all of these companies have come a long way, but where do they go from here?

As their economic engines run out of fuel, they are faced with a choice: either they feverishly create new sources of profit to replace those that are losing their value or they sit back and watch the margins and profits from yesterday's businesses continue to decline.

The pace of change

The message here is that you can't stand still in a world that is moving at the speed of light. As the pace of change and of business accelerates, the pace at which you invent new products, services, strategies and business models, must accelerate accordingly.

Ask yourself: is our organisation already committing enough energy to innovation and strategic renewal? Will we be overtaken by what's next or will we create it? Could our senior executive team clearly articulate the three to four strategic ways in which we intend to reinvent our company and our industry over the next few years?

Organisations typically devote most of their energy to improving what they are already doing rather than to learning about the future and creating what's next. Whenever this happens, a company is living on borrowed time.

What we need to do is siphon away some of the time, effort and bandwidth that usually go into execution and reallocate it to understanding deep change and to generating new ideas and opportunities for growth.

We need to put learning, creativity and innovation at the top of the business agenda. ■