

# Innovation

## A voyage of discovery or hidden in plain sight?



**Do you need a way to generate the next great idea – or do you need to look no further than the ideas you already have?** With disruptive shifts underway in every part of our economy, companies need innovation now more than ever. But how should you go about it? The linchpin of successful innovation is “the idea,” and for many, this translates into a frenetic drive to generate more and more of them. As Nobel laureate Linus Pauling put it, “to end up with a great idea, first start with a lot of ideas.”

In the corporate world, this can be taken to the extreme, with the success of many innovation programs measured by how many thousands of submissions they generate – the explicit intent being to pry loose the billion-dollar idea hiding in the head of someone, somewhere. And then there’s the systematic process for winnowing down the profusion of proposals to the handful that will eventually see the light of day: innovation tournaments, stage gate evaluations, business development workshops.

Do you need a way to generate and select great ideas? Or do you need a great process for shaping the ideas that you already know have potential into something great?

Here’s the debate:

	Point	Counterpoint
<b>Innovation is about generating new ideas</b> <i>The more the better</i>	Innovation is about what’s new. We don’t know what we don’t know, and we need to be open to radical, off-the-wall ideas.	Every great innovation has pedestrian and readily evident antecedents. Breakthroughs come from finding ways to recombine, shape and extend what we already know.
	The upside of a great idea is so enormous that even if the odds of success are low, it’s worth the effort to get as many ideas from as many people as possible.	There’s no practical way to evaluate hundreds of new ideas without falling back on guessing what might work based on what you already believe. That undermines the intent of casting the net broadly.
	Getting everyone involved in coming up with ideas shows how important innovation is to the organization.	There are other ways to do that – primarily by following through on innovative ideas – that can be even more rewarding.

	Point	Counterpoint
<b>Innovation is about shaping ideas you already have</b>  <i>That's the key to practical implementation</i>	You already know the problems that need to be solved, and where the likely solutions lie. Focus there. There's little likelihood of finding something important from "out of the blue."	If you pursue what everyone else is already talking about, you'll end up with a me-too strategy, unable to truly differentiate yourself.
	Profitable innovation is about identifying specific approaches to big ideas that work for your organization.	Innovation means stretching beyond the comfort zone. If we accept constraints, and bend ideas to our current limitations, we'll never grow.
	A process that captures contributions from a broad cross-section of the company will give a shared sense of involvement: everyone's opinion will matter.	Without "winners" and "champions" there is no sense of ownership or accountability for results.



## My take

### Michael Raynor, Distinguished Fellow, Deloitte Research

Traditional innovation approaches assume there are literally thousands of great ideas to choose – you just have to find the right ones. An alternative approach is based on the premise that every innovation is molded from the same clay – the same set of obvious, generally known and widely discussed ideas. That means the key is not finding great ideas, but shaping them.

Of course, it's not an either-or proposition. An effective innovation process can't help but have elements of both "shaping" and "finding." But in a world of limited resources, there's an unavoidable tradeoff between the two. Consequently, every innovation process will emphasize one element at the expense of the other. Where should you put your emphasis?

We've found that putting "shaping" ideas at the heart of innovation is generally much more productive. No proposal is born fully-formed, and even when the desire is to run an "innovation tournament", the ideas ultimately selected rarely look like what was first proposed. Think back to the last installment of American Idol: the winner, honed by multiple rounds of selection, was light years beyond the timid hopeful who auditioned weeks before. Every process has a shaping element, and that shaping element typically has far more impact on the complexion of proposals that receive funding than the selection process. So why not be deliberate about what matters most?

Here are some principles to keep in mind when designing the "shaping" elements of your innovation process.

**Solve one problem.** Make sure you define the challenge tightly and clearly. If you start with a lot of fuzzy questions, you'll end up with a lot of fuzzy answers.

**Impose strict time constraints.** Instead of taking months to generate and evaluate hundreds of ideas, spend one or two days in a highly concentrated process. You'll get the right people excited and moving into action.

**Show and tell.** A good way to accelerate innovation is to assign the same problem to a number of teams. In the short run, they compete to make their ideas stand out. But they are all part of a larger collaborative process, and all can share in the spoils of success.

**Rapid prototyping.** Solutions to the problem must be actionable now based on the resources available and the realities of the current market. Get something out there so you can learn what works and what doesn't.

**Collaborate with the right people.** Soliciting and giving feedback is time-consuming and hard work, when done well. Take time to identify the people who have relevant knowledge, both inside your company and beyond, and invest in finding out what they really think. Then invest in doing something with what you've learned from them. "Borrow with pride" – that is, steal shamelessly – from anyone with a good suggestion.

For companies with a clear idea of the specific problem they're trying to solve, a highly focused approach is a winning model. You may not want to use it one hundred percent of the time – but then again, you might. It really works.

## New service launches in the financial services sector

**Howard Weinberg, Principal, Growth & Innovation Strategy Practice Leader, Deloitte Consulting LLP**

One of our clients, a provider of credit services to small businesses, was convinced that valuing the equity in small businesses was at least as important as valuing their debt. But how? They couldn't settle on an answer, but the concept just wouldn't go away. Everyone on the leadership team understood the problem they wanted to solve, but they kept hitting the wall when it came to developing a workable business model.

We helped them shift gears, from "looking for an answer" to "shaping a solution" from what they had discovered through their work to that time. In two days, a rapid prototype took shape, and a new service was launched only 16 weeks later. The idea continues to evolve, and promises to become central to the company's future growth.

The lesson? Stay focused on solving the problem in front of you, and don't get seduced by the idea that there's a magic answer "out there" waiting to be found.

## A view from the front lines of innovation

**Frank Sui, Principal, Deloitte Consulting LLP**

There are few jobs more rewarding – and more challenging – than leading innovation in business today. If your job involves making sure innovation happens in your organization, here are some questions to keep out front in your thinking.

What are the key ideas that won't go away? We've all seen ideas that seem to persist over time, no matter how often they fall off the table. If an idea keeps speaking to you, take the time to listen – and then take time to shape it into something great.

What are the big problems that won't go away? Big challenges require big solutions, which often involve many facets. If you keep one eye on the biggest problems, you might be surprised at the opportunities you'll uncover to shape solutions that fit.

If your gut tells you there's a kernel of value hidden in a particular idea or concept, pay attention. Chances are, the idea simply needs shaping and molding to fit the challenge at hand.

For more information, please visit: [www.deloitte.com/us/Debates/HowToInnovate](http://www.deloitte.com/us/Debates/HowToInnovate).

For further information about this debate, please contact:

**Michael Raynor**  
Distinguished Fellow  
Deloitte Research  
[mraynor@deloitte.com](mailto:mraynor@deloitte.com)

**Howard Weinberg**  
Principal  
Growth & Innovation Strategy Practice Leader  
Deloitte Consulting LLP  
[hweinberg@deloitte.com](mailto:hweinberg@deloitte.com)

**Frank Sui**  
Principal  
Deloitte Consulting LLP  
[fsui@deloitte.com](mailto:fsui@deloitte.com)

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