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The rules of innovation

By Ron Kitchens
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There is lots of talk these days about innovation. Most of the discussion focuses on the concept of innovation as if it is something new and mysterious.

This could not be further from the truth.

America is the land of innovation from democracy to jazz. Kalamazoo's history is a testament to innovation from the friable pill at the Upjohn Co. to the world's best public space furniture at Landscape Forms to our own economic strategy, Community Capitalism. We have been and are the place that is constantly seeking new and better ways of creating opportunity, which indeed is what innovation is all about.

While we need to encourage innovation -- that is the creation and development of good ideas -- we need to remember that, while a good idea is worth a buck, a well-executed business plan focused around a good idea can make you a million bucks.

So what does it take to execute around an innovative idea, and where do you start?

Funny you should ask that. I just happen to spend most of my days answering that question. What I have discovered is that there are a few key questions that must be asked to effectively evaluate innovation:

- What changes to an existing product or service are needed, wanted or desired by your current or potential customers? Very little of what is called innovation is about products or services created where none existed before. It is about improvement to the existing.
- Is the innovation the platform for a new company or a new product within an existing company? This is a critical distinction. Too many times people bring ideas to us that simply do not have the ability to sell enough of the product to build a company around.
- Can you build and execute a business plan around the innovation, i.e. will anyone buy it? And are you the one to run the company? The vast majority of innovative companies are not operated by the innovator or investor who does not have the skills or talent or desire to execute a day-to-day business plan.
- Can you put the right team together to execute the plan? Much like a horse race where not just the name of the horse is listed and where it is also important to know the name of the jockey, a plan requires the entire business team. Smart bettors consider the records of both before placing their wager.

- Can you communicate the benefits of the product? If you cannot deliver a convincing argument in two to three minutes, you need to take another look at your approach.

Ronald Reagan once said, "Some may try and tell us that this is the end of an era. But what they overlook is that, in America, every day is a new beginning. For this is the land that has never become but is always in the act of becoming." President Reagan was not particularly talking about the innovation economy when he spoke these words, but I do believe he would agree to their use.

So I lay down this challenge to companies striving to be innovative: Be innovative not only in your thinking and your products but also, most definitely, in your team's composition and marketing effort.

Every day is a new beginning

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Read "The Community Capitalist," the new blog from Ron Kitchens and Southwest Michigan First, at www.mlive.com/businessreview/western.