

Turning Goliath Into A Raging Hordes of David's

By Tim Knox



Q: I am an executive at a large company. In our industry we are seeing a trend wherein smaller companies are gaining market share at an increasing rate over past years. Our CEO believes the reason for this is that smaller companies are faster to innovate and more entrepreneurial than larger companies. He has instructed me to form a committee to study this trend and make recommendations on how we should deal with it. I'm an executive, not an entrepreneur. Any advice would be very much appreciated.

-- Name withheld by request

A: Your question reminds me of the time my teen daughter tricked me into doing a chemistry project for her by asking my advice. "But, daddy, you're so smart..." I wasn't so smart when her/my homework got a B instead of an A. Reckon daddy wasn't so smart after all. At least that was the opinion of the principal and

However, you're in luck, Mr. X, because I know considerably more about innovation and entrepreneurship than mixing combustible chemicals.

Your CEO's opinion, which I believe is dead-on, by the way, may have come from the Conference Board's CEO Challenge 2004, which reported that 87% of the 540 global businesses surveyed cite innovation and enabling entrepreneurship as priorities for their companies. Furthermore, 31% of companies surveyed considered these issues of "greatest concern."

The Conference Board is an 88 year-old, not-for-profit, global, independent membership organization that "conducts research, convenes conferences, makes forecasts, assesses trends, publishes information and analysis, and brings executives together to learn from one another. "

What many Conference Board members are learning is that they are getting their big corporate butts kicked by smaller, more innovative and entrepreneurial companies that are not burdened by the need to have a meeting once an hour or to bury every great idea under a mound of red tape. There's nothing more annoying than a tiny gnat buzzing around your ears. The buzzing of that gnat is what keeps many large company CEOs awake at night, as it should. The CEO who isn't worried about smaller competitors is a CEO that will one day be explaining to his board why that gnat just ate their lunch.

Competitors in your rear view mirror are larger than they appear...

The trend toward innovation and entrepreneurship by smaller companies is nothing new. Management guru Peter Drucker first addressed the trend in his 1985 classic, *Innovation and Entrepreneurship*. Drucker wrote that one of the most often-asked

questions in many a 1985 board room was, "How can we overcome the resistance to innovation that plagues most organizations?"

The question they should have been asking in 1985 and the question that you should be asking today is not how you can overcome the resistance to innovation and entrepreneurship within your organization, but how can you make your organization more receptive to innovation and entrepreneurial by design?

So ask yourself how can you create an organization in which your executives, your managers, and your employees become innovation generators instead of innovation resisters? How can you create an organization that is always shooting for the stars instead of shooting ideas down?

How can you turn your Goliath into a raging horde of David's? Now I don't mean that you should arm your employees with slings and rocks and turn them loose on upper management, although that could be really fun to watch...

What I'm talking about is turning your employees, your managers, your executives, your entire organization into an innovative, entrepreneurial machine, where everyone puts their brains to the task and hand and starts looking to the future with the same eyes. Develop an innovation plan and get everyone on the same page. Innovation is not something that executives can do alone. Get the rest of the company involved and get them excited about being part of the innovation team.

You see, part of the problem with large organizations is everyone is so busy just keeping the wheels in motion and putting out fires and dealing with the day-to-day drama of business that no one has the time to even think about innovation. No one has time to see the opportunities. And unfortunately they are also too busy to see the more innovative companies speeding up in their rear view mirrors. They are too busy to see that their product is becoming dated, that their market share is becoming smaller.

Here's what Peter Drucker advised in 1985. His advice applies today.

First, innovation must be promoted within your organization as the norm, not the exception. Innovation must be seen as the way to perpetuate and improve an organization. There must be a clear understanding throughout your organization that innovation is the best way to preserve and perpetuate the organization, and will be used as the foundation for the company's future success.

Secondly Drucker recommended that companies promote the importance for the need for innovation and that the dimensions of its time frame be clearly defined for the organization. You must express to your entire organization, from the janitor to the CEO, that without innovation, the organization may one day stagnate and die. Can you think of a single product that has not changed and evolved since its original entry in the market? I doubt it. Products that don't evolve and companies that don't innovate eventually fall to the wayside.

And finally, Drucker said that the organization must have an innovation plan, i.e. a very clear understanding of how innovation would come to be and specific objectives outlined so everyone in the organization could understand how the process of innovation would work. Call it an innovation blueprint or an innovation playbook. No

matter the title, give everyone in the organization a copy and get them all on the same page.

Next week we'll talk more about innovation and discuss how large companies can become more entrepreneurial so they can compete with the little guys.

Here's to your success!

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