Innovation: A Key for Long-Term Success

by Elam Esh

I've spent a good part of my life studying economic success and failure. Above all I've learned that everything takes a backseat to innovation." That is a strong statement, but I have come to believe it. A story is told about a teacher and her sixth-grade class. She spent a week teaching her students aerodynamics, and at the end she had a paper airplane contest. She gave each student a piece of paper and fifteen minutes to fold it, at the end of which they were all to launch their creation and see whose went the furthest. All the students got to work, folding their papers—all except Jeff. You see, Jeff was a different young man. He marched to the beat of a different drummer. He just sat there holding his paper and thinking. When the fifteen minutes were up, Jeff still hadn't made any folds in his paper. The teacher wanted to give him some more time, so she told him he could go last. All the students threw their planes; some went far, some didn't. Finally, there stood Jeff, still holding his flat sheet of paper. What happened next is a great example of innovation. Jeff walked up to the starting line, crumpled his paper into a tight ball, and threw it as hard as he could—and it went much further than any of the airplanes. Jeff had found a better way to reach the goal. That is innovation. In fact, here is my definition: innovation is continuously seeking a better way to reach the goal.

Innovation is often very simple. For example, Jeff's design was much simpler than the others. Innovation also means we don't blindly copy what everybody else is doing. Did you ever watch a fly bouncing off the window pane, trying to get outside, when there's an open door a few feet away? Often the fly ends up dying next to the window. We need to be careful that we're not like the fly, trying to get through our window of success. Maybe the window was open the last time we went through, but now we can't get through, so we try harder. We try faster. We try new angles, thinking that we'll eventually get through. Instead, we need to step back and look for the open door of opportunity. Innovation means willingness to change, willingness to think differently, openness to do things differently, and getting out of our routine if necessary.

In fact, routine is one of the obstacles to innovation. Routine is easy, and it can be efficient. Routine is also comfortable—especially as we get older. But routine can blind us to better ways of reaching the goal. Innovation takes work, and requires effort to think about whether there is a better way to reach the goal. We can learn from children, who tend to be very innovative. If they don't succeed one way, they try another, and another, until they figure out a way that works. Another obstacle to innovation is the cost. I will not say much in this article about cost, but it can be expensive to innovate. On the other hand, it costs more in the long run if you do not innovate. You pay in the future if you don't innovate now.

What is the biggest obstacle to innovation? My answer may surprise you: success. Success is one of the reasons we don't innovate. Why fix a model that works? But if we wait until success is fading, it may be too late. Who remembers Polaroid or Kodak? They were leaders in the photography industry until digital cameras came on the scene and pushed them toward bankruptcy. How about Smith-Corona? They were very successful at building typewriters. They

built good typewriters. Word processors came out and put them out of business. Not because they had a bad product, but because they failed to innovate. The lesson we can learn? Innovate to remain successful.

Another obstacle to innovation is the fear that core values and beliefs may be compromised. As Anabaptists, we have certain timeless values we want to preserve at all costs, such as integrity, commitment to family, care for our elders, peace and reconciliation, Christian witness, and many, many more. We want such values and beliefs to remain unchanged. But other areas are open to innovation—such as the way we apply stain or finish to a table top, the way we build a chair, or the way we market our products. If we innovate in the areas that we CAN change, we can preserve the values we care most about.

Here's an example from my furniture company. We have two plants in Lancaster. At one we build the parts, and at the other we assemble and finish. The shop puts the parts on skids and sends them to the warehouse. When the warehouse runs low, they reorder a batch from the shop. Our challenge was to know when to reorder. Under the old system, our manager would watch the inventory and reorder it when he thought we were getting low. It was a waste of time, prone to error, and very ineffective, so we sought a better way to reorder. A lot of businesses use computer systems to control inventory. But in our culture, we are not going to use computers and robots to handle everything. After seeing another company use the Kanban (or pull) system, we began using it as well. It works like this. Based on sales, we set a reorder point for each item. We make a Kanban for that item. It's just a piece of paper with several things written on it: the item number, the batch size, and the reorder point, or the stack position. We put the Kanban in the stack of parts at the reorder point. When the stack gets down to the reorder point, it exposes the Kanban. We send it over to the shop. It's their signal to start on a new batch of parts. Now there's no need to watch inventory, no need to write down what we should order, no need to call the shop and say, "Hey, I need this." They use the Kanban for a work order. When they are done, they put the Kanban back in the stack where it says it's supposed to go. If the sales change, we simply adjust the reorder point. This process is simple, effective—and innovative.

Let's look more closely at how to innovate. Remember our definition? Innovation is continuously seeking a better way to reach the goal. If we're going to innovate, we must have a crystal-clear understanding of our goal. All the other students in Jeff's class thought the goal was to make the best paper airplane. Jeff realized that wasn't exactly right. The goal was to get the piece of paper the furthest from the launching point. Once Jeff realized what the goal really was, he was free to think about a better way to do it.

I used to think our company's goal was to sell furniture, but I read a quote that really changed my thinking. Theodore Levitt, a professor at the Harvard Business School, says, "People don't want to buy a quarter-inch drill bit. What they really want is a quarter-inch hole." I pondered this, and thought about the millions of drill bits that have been sold. And no one needed the bit? What they really wanted was the hole. What's the best way to provide the hole? What's the best way to provide my customers with what they really want? Well, what do my customers

really want? I'll use a coffee table for an example. Homeowners don't really want to buy a coffee table. What they really want is a place to put their books or a cup of coffee. What they want is their living room looking a certain way. What they want is a place to play games with the family. But I don't sell retail. My customers aren't homeowners; they're dealers. Dealers want a coffee table even less. They want furniture that sells quickly off the showroom floor. They want a good return on their investment. They want flawless ordering, short lead times, prompt delivery, efficient pickup, colors, variety, and options. So now what's my goal? It's not just to sell a coffee table. My goal is to satisfy all those things my dealers want. My company can't just be good at building coffee tables. We have to be good at all these things—colors, variety, options, flawless ordering, efficient pickup. Innovation for us is continuously seeking a better way to deliver that whole set of satisfying results to our dealers.

Consider another aspect of innovation. Remember our definition? Innovation is continuously seeking a better way to reach the goal. Notice the word continuously. Innovation is a process which can never be completed. The best way to reach your goal five years ago is not the best way today. The goal five years ago was to build as many tables as we could. Five years ago we were selling a high volume of furniture. Because of the volume, we installed a flat-line finish system. That was innovative for us. Finishing was no longer our bottleneck, and nobody else was doing it. We thought it was really innovative. It worked out well, until along came imports, and offered even higher volumes at lower prices. Five or ten years ago we got away with making lots in one color and one size and one style. Now, all that has changed. We sell to customers who want colors, varieties, and options. Our flat-line system is out of service and gathering dust, and instead we are spray-finishing items to order in far more colors and options than we ever did. The point is, five years from now, we'll be doing something entirely different. It's not going to be the problem we are faced with today. Innovation is something we should do all the time.

However, constant innovation is challenging to your people. That's why successful innovation requires team buy-in. You have to sell your vision to your team and employees. Remember I said earlier that most people prefer routine? In light of that, how do you get people to gladly make change? You can just issue orders. Go do this. Go do that. Most probably would comply. Most of our workers would probably do it, especially now, since they can't just get a job anywhere else. But it's much better if they gladly make changes, and for that, you have to get their buy-in.

Here are some ways to achieve buy-in from your key team leaders. Treat them like a team, and say, "We're in this together." Encourage them to innovate. They are probably your best resources in achieving innovation. Encourage them regularly, and express appreciation. Make sure they know your mission, your values, and the direction you want to take your company. Inform them about your company's situation. Get their input and their perspective about major decisions.

When we were evaluating whether or not we should make some changes last year, we brought in a furniture expert, Art Raymond, to help us think it through. He said something that was completely unexpected: “It’s more important to innovate in the soft stuff than the hard stuff.” Hard stuff is things like manufacturing process or product design. Soft stuff is areas like marketing, relationships with your dealers, understanding the needs of your customers, and so on. Art asked me some questions at the beginning of our session that I couldn’t answer. “What do your dealers like about you? Why do they buy from you? What would they change if they could? What new products would they like to see?” It was embarrassing. I should have been able to answer those questions. We are all business leaders; we should know the answers to those questions. So we decided to do a soft stuff project that’s pretty innovative for us. I’m visiting all of my dealers. It will probably take the rest of the year. I’m not trying to sell anything; I’m just asking questions and listening. My goal is to get answers to those questions from Art. You won’t believe how much I’m learning. One of the questions I ask them is, “What is your biggest challenge in furniture retail?” Imagine for a moment if we could provide a solution for our customer’s biggest challenge; we’d be their hero.

There are other areas in soft stuff to innovate in, such as expressing appreciation to your customers. Think about sending thank-you notes. We send thank-you notes to our customers periodically and get our employees to sign them. It doesn’t take much time, and our customers really appreciate it. Another area is appreciating your employees. Give them notes saying what they bring to the business. Tell them how their actions contribute to your success. It is amazing how much appreciation means to people!

We don’t have a choice about whether innovation is coming, but we do have a choice how we relate to it. Listen to this quote from business writer Gary Hamel: “Out there in some garage is an entrepreneur forging a bullet with your company’s name on it.” You have one choice—shoot first. You have to out-innovate the innovators. Innovation is coming to our market. Here is our choice. We can be its champion or its victim. Let’s be a champion of innovation. Innovation positions our companies for long-term success and preserves the values we treasure most.

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