

Free Book Excerpt

CYCLES: The simplest, proven method to innovate faster while reducing risks
A work from Bryan Cassady and 22 Innovation Experts

CHAPTER 2

KNOWING WHAT AIN'T SO: THE THREE BIG MYTHS OF INNOVATION

“

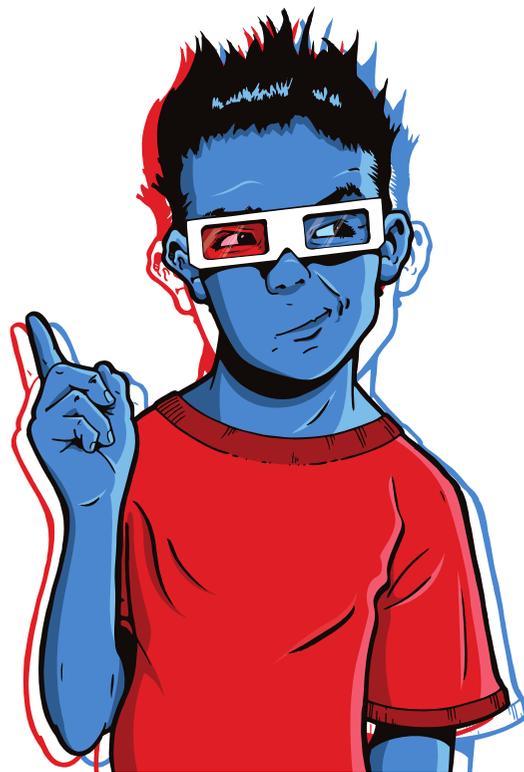
“It ain't what you don't know that gets you into trouble. It's what you know for sure that just ain't so...”

”

BRYAN CASSADY

LEAD AUTHOR OF THE BOOK CYCLES



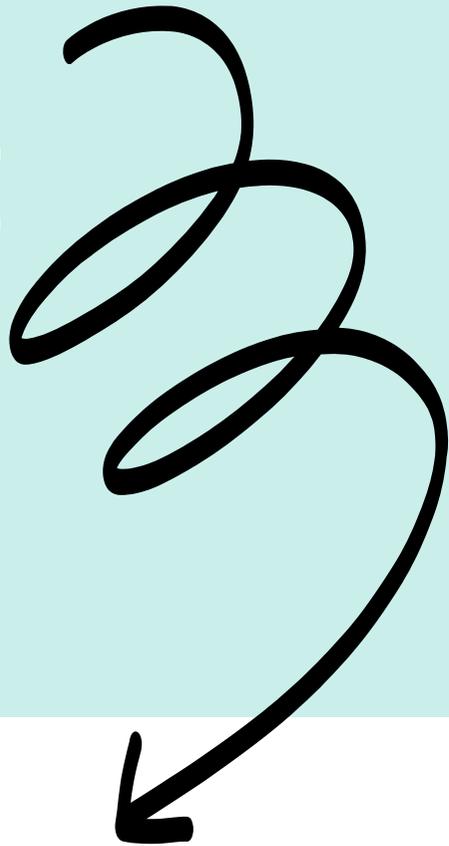


WHAT YOU WILL FIND IN THE CHAPTER

KEY TAKE-AWAYS

- Think in terms of systematically building up ideas and not searching for big ideas.
- There are no recipes for innovation success, but there are practices that will lead to success. The core of these practices is a commitment to building ideas over time.
- Creativity is great when it comes, but systems are the answer if you want to increase your odds of success

CHAPTER FROM THE BOOK CYCLES



PART 1: INTRODUCTION

- Chapter 1: An Honest Introduction
- Chapter 2: Knowing What Ain't So: The Three Big Myths of Innovation
- Chapter 3: The Power of Theory: If You Want Your Innovation to Fly, Theory Is the Wind Beneath Your Wings

PART 2: ALIGNMENT

- Chapter 4: Alignment Introduction
- Chapter 5: Finding Your Mission: Innovation Magic Happens at the Intersection of Significance, Skills and Value
- Chapter 6: Finding the Jobs To Be Done: Aligning Your Business with Customer Value
- Chapter 7: Looking at the Big Picture: Delivering and Capturing More Value Through Business Model Innovation
- Chapter 8: The Value of Culture: How Supportive Cultures Can Reverse the Innovation Slope
- Chapter 9: Alignment: Conclusion

PART 3: BUILD

- Chapter 10: Build Introduction
- Chapter 11: Defining Your Innovation Challenge: What Is the Problem You Need To Solve?
- Chapter 12: Starting with What You Have: Effectuation and the Power of Action
- Chapter 13: No More Brain Drains. It's Time to Start Building Ideas. If You Want More High-Quality Ideas, Look for Stimulus and Diversity.
- Chapter 14: The Power of Persistence: Why You Must Keep Moving Forward While Being Prepared to Change Direction
- Chapter 15: Build Conclusion

PART 4: COMMUNICATE AND CHECK

- Chapter 16: Communicate / Check Introduction
- Chapter 17: The Power of Clarity: Understanding, Humility, and the Curse of Knowledge.
- Chapter 18: What You See Isn't Always What You Get! Good Research, Bad Research and the Art of Really Listening to Feedback
- Chapter 19: Will They Pay? The Question Too Many People Forget to Ask
- Chapter 20: Shoot Your Puppies and Move On: Why Killing Ideas Is as Important as Building New Ideas and How To Do It
- Chapter 21: Communicate / Check Conclusion Make it Clear; See if They Want It and Will Pay. Then Decide To Kill or Continue

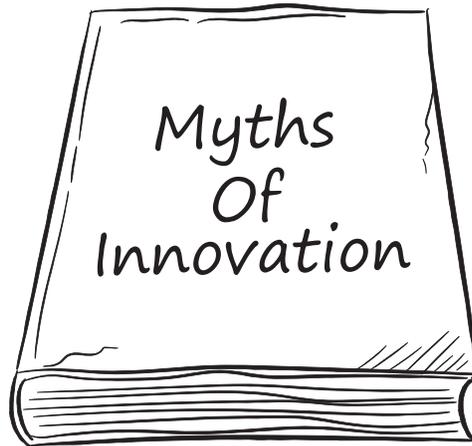
PART 5: LEARNING SYSTEMS

- Chapter 22: Systems Introduction
- Chapter 23: Uncertainty and the Fear of Losing: How to Change Your Mindset To Focus on Winning
- Chapter 24: Systems Thinking and Profound Innovation: Getting to the Heart of Innovation
- Chapter 25: One Thing at a Time: Using Focus and Sequentially To Avoid "Monkey Brain" Innovation
- Chapter 26: Bullets First, Then Cannonballs: The Secrets of a Learning Organization
- Chapter 27: Systems Conclusion

PART 6: CONCLUSION

- Chapter 28: Bringing It All Together: Using Behavioral Science and a Habit-Building Approach To Deliver Sustainable Innovation

CHAPTER 2: KNOWING WHAT AIN'T SO: THE THREE BIG MYTHS OF INNOVATION



“It ain’t what you don’t know that gets you into trouble. It’s what you know for sure that just ain’t so...”

ATTRIBUTED TO MARK TWAIN

Three Myths of Innovation.

Innovate or die! That is not a myth. In a world of high consumer expectations, unrelenting change, and intense competition, it is a fact backed up by the numbers and my own experience. But less well-known is that if you innovate the wrong way, you may die even faster!

I have spent a great deal of time researching what does and what does not work and have identified the three most common mistakes business people make when thinking about innovation:

- Innovation is just about big ideas.
- There are recipes for successful innovation.
- Innovation is about creativity, not systems.

By dispelling these myths, innovation will work harder for you, yielding better results.

Myth 1: Innovation Is Just About Big Ideas.

Today, everyone is looking for a short-cut to the next big idea. We are enamored with the belief that big ideas are the secret to fame, success, and happiness.

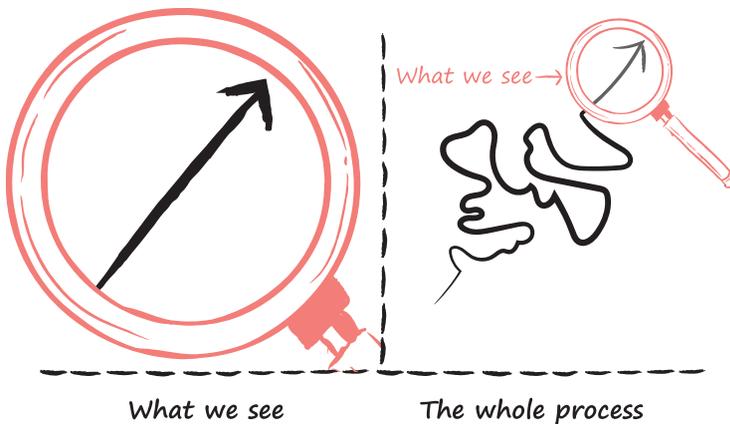
We have all seen the stories in the news, in books, and on television. The story is simple: “*Start with a big idea, work hard, and success will follow.*”

In my opinion, the biggest and most harmful myth a company can believe in is the notion that big ideas will save the day. When companies focus on big ideas, they over-think, over-invest, and over-commit to the wrong ideas. Too often, they waste time doing nothing while waiting for a big idea to arrive.

As they wait, they tend to ignore the process needed to build ideas and make these ideas happen. Worse yet, they create systems that block people who want to innovate, ignoring potentially useful small ideas because they are too focused on waiting for those big ideas! (For a great short video on the craft of building ideas, watch Steve Jobs in this two-minute video: <http://tiny.cc/cyclesjobs>).

Instead of adopting grand strategies, innovation leaders pick a strategic direction, start getting things done, learn along the way, and keep pushing until small ideas become big ideas. Most importantly, they start with what they already have, looking at ways to develop existing products and ideas to make them better and more commercially successful. As long as companies wait for the muse to tap them on the shoulder with a big idea, they will continue waiting.

The reality is that almost anything you see as a big idea today started as a small idea that was nurtured, developed, and changed over time. We believe in big ideas because we tend to see only the result of the innovation process, so it is easy to believe in overnight successes. We do not see the whole process with the changes of direction and backtracking, which led there.



The misconception about big ideas is the notion of overnight successes. With startups, the logic of big, overnight success seems to make the most sense. Success may come after three months, or it may take 15 years – but 6 years is probably the average. Microsoft went public in 1986 – after a 1975 startup. For Google, those milestones were 2004 and 1996.

Moviemaker Sam Goldwyn famously said, “Give me a couple of years, and I’ll make that actress an overnight success.” It is the same with building ideas.

Myth 2: There Are Recipes for Successful Innovation.

Imagine that Steve Jobs could somehow return, as your guardian angel, advising you on what to do. Would that mean that your organization would suddenly develop huge innovations and become a market leader?

Not necessarily.

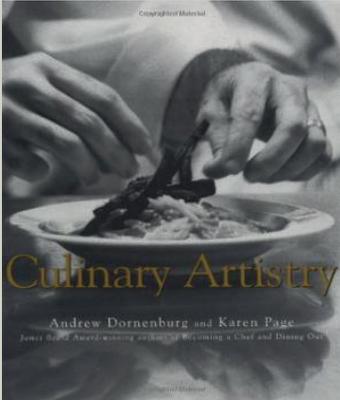
Of course, his advice could be helpful, but his recipe for success may not be *your* recipe for success.

The reasons are simple to understand. The industries Steve Jobs worked in are different from yours. His personality is different from yours. And the ingredients he had to cook with are different from yours.

The challenge is: we all like simple solutions, and we want to believe that there are recipes for success. In the world of innovation, there are thousands of “Gurus” and hundreds of thousands of “cookbooks” which claim to provide those recipes.

In this book, you will not find step-by-step recipes for successful innovation because, in my experience, they do not work. Instead, we will give you methods to combine ingredients in different ways to create something new. What you will learn are techniques that you can apply to your organization to encourage and foster innovation.

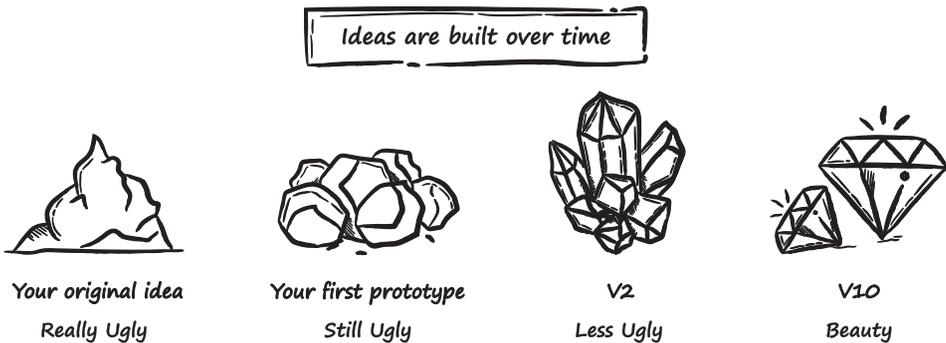
A few years ago, I received what I think is the most ingenious cookbook of all time; *Culinary Artistry*. There are a few recipes, but most of the book is built around ingredients. In the visual below you will see a sample of what can be done if you just have beets in your refrigerator. With this cookbook, you can cook with almost anything...



BEETS		
allspice	fennel	smoked fish, especially trout or whitefish
anchovies	ginger	sour cream
apples	horseradish	tarragon
bacon	lemon	vinaigrette
bechamel sauce	mache	
brown sugar	mustard	vinegar, specially balsamic,
butter	nutmeg	sherry and white wine
cheese	onions	
chives	oranges	walnuts
cloves	paprika	walnut oil
cream	parsley	watercress
crème fraîche	potatoes	
cucumber	prosciutto	bake
curry	salt	boil
dill	salt pork	steam
eggs, hard-cooked	shallots	

Myth 3: Innovation Is About Creativity, Not Systems.

Another deep-seated myth about innovation is that it is about creativity, and processes do not matter. It is a fundamental error; the companies that succeed at innovation invest in systems and processes that encourage, recognize, and implement innovation at every level. It is with systems and processes that we can turn a lump of coal into a diamond.



In J. D. Salinger’s book, *The Catcher in the Rye*, the character Holden Caulfield says, “It’s not too bad when the sun is out, but the sun only comes out when it feels like coming out.” No successful organization can afford to wait for the sun to come out; they must ensure that it is shining all the time. They do that by putting in place processes that make innovation part of business-as-usual, not something that must await a singular burst of inspiration.

Larry Keeley of Doblin, an innovation consultancy, has followed the creativity versus systems debate closely for decades and insists that the answer is clear: “Creativity is maybe 2% of the innovation process. It’s a vanishingly small component, and it’s the part you can acquire from outside the firm.”

Harold Sirkin, a consultant for the Boston Consulting Group, is even more emphatic, saying, “...firms have too many ideas and too much emphasis on creativity – more ideas merely choke the funnel even more.” The more ideas a firm comes up with, the more critical it is to decide very early which of them to kill to avoid heading down countless and costly dead ends.

Of course, creativity is an innovation element, but you must be systematic about how and where you look for this and what you do with it when you find it. In the pages that follow, you will learn how to create systems that will unleash the potential for innovation within your organization, not just occasionally when inspiration strikes but continuously.

The Ingredients of Innovation.

A colleague's wife is among the best cooks I have ever met – possibly the best, and I include professionals in that statement. She loves to cook, and when a dinner invitation comes, it's accepted without question. Recently at dinner, her main course was stunning, and I asked her what she called it. She then explained that when at dinner recently in a restaurant she had never tried before, she had a delicious chicken and chickpeas casserole.

The chef had not been forthcoming when asked what was in the sauce, but the taste had given her some ideas, and she was trying out variations on that sauce. *"I didn't have any chicken, so I tried this monkfish. And John really doesn't care for chickpeas, so I'm trying this mix of three different kinds of beans."*

"But what did the recipe say?"

"I don't often look at recipes. Methods are more important. If you know how monkfish responds to heat, and how different that response is from when you're using chicken – and if you know how the proportion of herbs and spices you would use for chicken will change if it's monkfish in the pot – that's all you really need to know."

That was an eye-opener. One of the best cooks I have ever met doesn't follow recipes. But I believe that is probably true of most successful cooks. Instead, they use their knowledge of ingredients and preparation methods, cooking, and presentation to produce novel and appetizing dishes.

There is a lesson here for innovation. Recipes are prescriptive; they tell you in detail how to choose, prepare, combine, cook, and present ingredients to produce an acceptable meal. That can be helpful, but what you produce will be the same meal as everyone else who follows that recipe. Innovation is not prescriptive. It is about preparing, combining, and presenting ingredients in different ways to produce entirely new dishes. There cannot be a recipe for innovation because you are doing what no-one else has done before; otherwise, you are not innovating.

So, forget about recipes for successful innovation, as they probably won't translate directly to the needs of your industry, you may not have all the ingredients the recipe calls for, and they will simply lead you down the same path as the other companies following the same recipe. Instead, this book is about understanding the theories and processes underpinning innovation and creating systems to make these work for you. Therefore, I will not give you a recipe; I will teach you to cook.

Start with the Ingredients You Already Have.

Even with limited ingredients available, you can still innovate. Pet Rocks was a product developed by Gary Dahl, a freelance advertising copywriter from Northern California. One evening in 1975, he was chatting with friends when the conversation turned to pets and how expensive they were to look after. *"Not a problem for me,"* said Dahl as a joke, *"I have a pet rock..."*

Everyone laughed, but later that evening, Dahl started thinking about it. With his background in advertising, he understood that marketing is the key to selling almost any product. Perhaps there was an opportunity to sell the ultimate, low-maintenance pet.

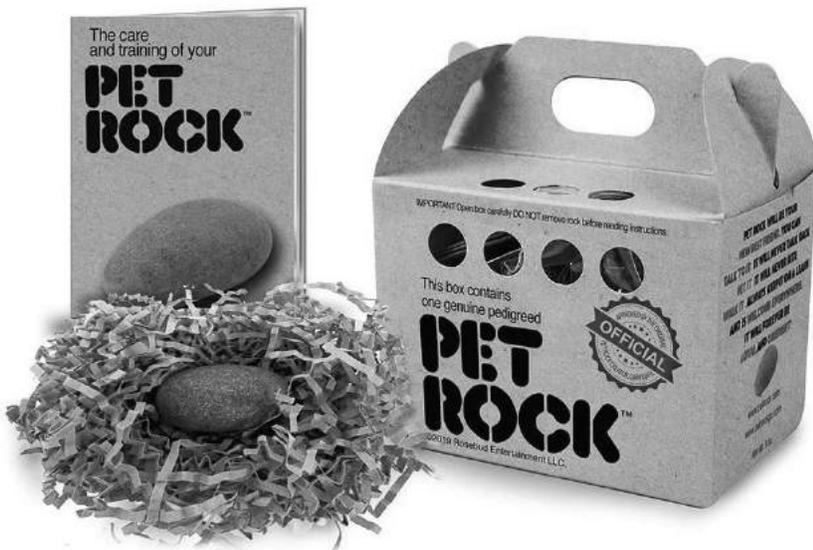
Over the next two weeks, Dahl wrote a thirty-two-page booklet, *The Care and Training of Your Pet*, which he filled with jokes, puns, and clever wording. He then bought a pile of rocks taken from Rosarito Beach in Mexico and packaged each rock in a cardboard box, which could also be used as a pet carrier (it even included breathing holes for the rock!).

By Christmas 1975, Dahl was selling more than 10,000 Pet Rocks each day. The Pet Rock craze did not last long – within six months, it was over, but Gary Dahl was then a multimillionaire.

Many people might think that Pet Rock was a big idea, but it was not. When asked about the unexpected success of Pet Rocks, he said: *"I think the country was feeling sorry for itself. What I mean is that there was Vietnam and Watergate and the recession, and the country needed a laugh. So I packaged a four-dollar giggle in a box."*

Using his skills and experience in marketing and advertising, Dahl understood that he was not selling rocks at all; he was selling fun. The witty and irreverent manual was actually the core element of his product.

When he came up with the original notion for the Pet Rock, Dahl was creative. When he collected the rocks, designed the boxes, painted the rocks to suggest different rock characters, wrote the manual, and launched the product at the San Francisco Gift Show, he was innovating.



It is great to have a big idea, and sometimes that will work. But most successes are new ideas linked to things that have come before. They are in the area of what Steve Johnson called the “*Adjacent Possible*.”

Even when it appears to be exclusively the product of creativity, the most consistently successful innovation actually comes from recognizing small ideas and using available ingredients to grow them.

How Small Ideas Can Change an Organization.

While the story of Pet Rocks is interesting, most businesses are not based on a single big idea. Even in more complex organizations, new products almost always start with a small idea. Over time these simple ideas can grow to the point that they actually change the nature of the organization. Here are three examples:

Starbucks: Starbucks began as a small company selling high-quality coffee beans and equipment through a Seattle store. Only later did it start opening cafes and brewing coffee.

Amazon: Amazon began when Jeff Bezos started selling books by mail order from his two-bedroom house in Seattle in 1995. He intended to sell only books, but it rapidly became clear that he could use his new platform to sell just about anything.

Netflix: Netflix was launched in 1998 as an online DVD rental service. When DVD rental declined in the mid-2000s, the company switched to providing video on demand via the Internet.

All three of these companies have become internationally successful by adopting fundamental changes to their core business. In each case, it was the change that led directly to their success. Harnessing innovation allows organizations to identify such potential changes and to use them to grow and develop.

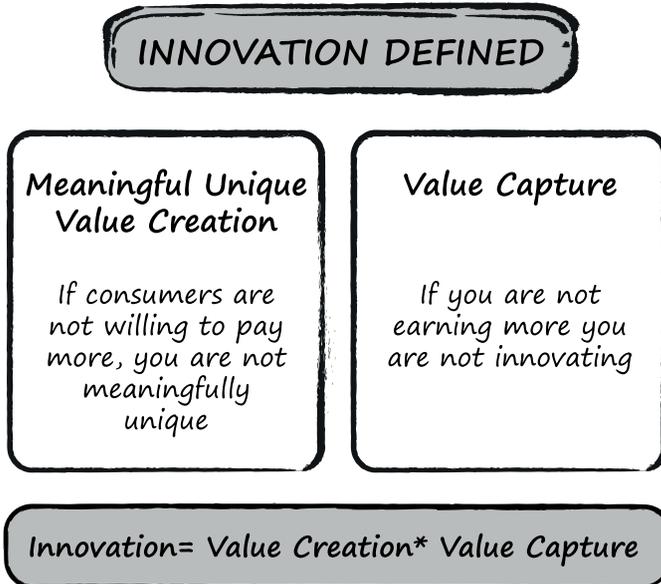
Successful organizations use innovation to identify potential changes in direction. A study of Inc. 500 companies shows that only around 15% are still in the business line in which they started.

Is there a change of direction that could turn your organization into the next Amazon, Netflix, or Starbucks? Only by building systems that allow you to identify, assess, and adopt innovation effectively will you ever be able to find out. Without systems, you may achieve random innovation success. With systems, you will be better positioned to grow small ideas into big ideas reliably, consistently, and repeatedly.

What Is Innovation?

There are hundreds if not thousands of definitions of innovation. Before we talk about succeeding at innovation, it is vital to have a clear definition. My favorite comes from another author, Doug Hall. He defines innovation as something *meaningfully unique*. He argues that innovation needs to provide value (some-

thing meaningful) and do it in a new way (uniqueness). When something is meaningfully unique, customers notice the difference and are willing to pay more. As much as I like this definition, I believe the second, and often forgotten, part is the ability to capture this value created. Simply put, innovation is the ability to create value and capture value for you/your organization.



How to Succeed at Innovation.

Successful innovation comes not from focusing on creativity or big ideas but by making a system – a process – from innovation. The birth of good ideas is not random. That does not mean they never happen by accident because serendipity is a wonderful thing and something most of us would hate to lose in this world. But serendipity is not something any company can afford to wait for or count on to just appear at the right times.

A systemic approach has been proven to reduce risks and increase the speed of innovation. When you put your faith in systems, over time, you will find ways to build ideas. The biggest and perhaps most crucial reality is that successful, one-off big ideas are very rare. The most reliable way to generate successful innovation is to take small ideas and grow them over time.

I want to mention the common wisdom that accepting failure is an implicit part of the innovation process. Failures can undoubtedly be an important part of the learning process, and failures are often the only way to make clear decisions. However, at the risk of going against hundreds of articles, speeches, and studies, I would like to suggest that a focus on success is at least as important as a willingness to accept failure. Why? In our lives and business, what we focus on, we get. Here are five rules for success:

1. Accept that recipes are not enough.

You need to know how important ingredients are, but you also need to know what combinations of ingredients will produce your best results. How do you do that? Trial and error would be one description, though more sensitive managers might prefer to talk about iterative processes and A/B testing.

Whatever you call this process, it amounts to the same thing: work out a combination of ingredients you think would work for you and test them. Analyze the results. Are they positive? Can you do better? How? Now try that new combination and test it again.

2. Take the time to understand the basics of innovation.

Be prepared to discard or modify an idea if it does not give you the level of success you were hoping for, as your first idea may not be your best. Keep innovating. Communicate with your colleagues and employees, asking them what you are doing well, what you are doing badly, and how you could do better.

Forgo the concept (that so many seem to have) that innovation is a desperate race against time. Yes, a degree of urgency is essential – but the most important thing is to keep going, keep testing and refining until you get what you need.

When you arrive at the right result, go with it.

3. Use the ingredients you already have.

Ready – Set – Cook was the American version of a Television show that ran in many countries (and is still running in Italy). Members of the public would turn up with a bag of ingredients expecting a celebrity chef to turn them into a meal. There has probably never been a better example of what we mean when we talk about using the ingredients you have available and not relying on a recipe.

British celebrity chef Anthony Worrall-Thomson was presented with a bag containing, among other things, a coconut. We can only assume that the person who brought that bag along intended to present a challenge that Worrall-Thompson could not meet. The chef, known to be a little testy on occasion, looked more than a little disconcerted as he tapped the coconut on the counter.

It was reasonably clear that he would rather have been tapping it on the head of the individual who brought it. But he used it! He used the milk inside the coconut, and the white coconut flesh, mixing these with other ingredients to produce a meal that may not have been *cordon bleu* but was certainly edible. He then served the meal in the coconut shell.

The same principle applies to your organization. You already have ingredients available, including talent, product, and service. However, yours will be a very

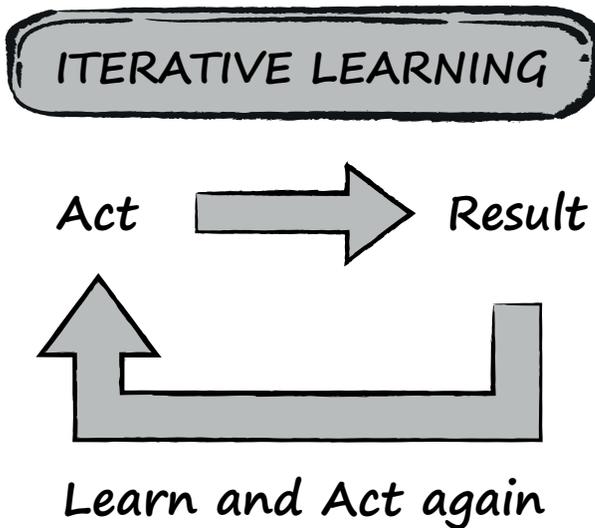
unusual company if any of these resources are being fully utilized. Before you start looking for additional ingredients, consider what else you can do with what you already have available.

4. Not enough ingredients? Buy or build some more.

You may discover that your list of ingredients is missing some essential elements. In that case, it may be a good idea to get some more. Unfortunately, there is no online or walk-in store where you can use your credit card to restock with innovation ingredients. Training and education are good ways to add to your existing ingredients and build what you already have into a successful innovatory business.

5. Build a learning focus.

Learning is intrinsic to successful innovation, and that means learning from failures as well as successes. Transformational products are a result of the systematic development of ideas. But this process is not just about creating new products, as one of the most important and valuable outcomes is learning. Every time you act, you gain information, you can then use it to inform your next action. This process of acting, learning, and using that learning to plan your next action forms an iterative learning cycle:



If you do not learn, you risk making the same mistakes, time, and time again. Innovation is about exploring the unknown, so there will be mistakes.

Creating a learning focus, where the importance of learning is recognized, and systems are put in place to capture that learning means that each step you take is informed by what you learned from the last step.

If you try to innovate without a learning focus, you are relying on luck. To approach innovation systematically, you must understand the importance of learning and use that to inform the development process.

Key Take-Aways



- Think in terms of systematically building up ideas and not searching for big ideas.
- There are no recipes for innovation success, but there are practices that will lead to success. The core of these practices is a commitment to building ideas over time.
- Creativity is great when it comes, but systems are the answer if you want to increase your odds of success.



Next Up: Understanding the three myths of innovation is important because it helps you avoid the most common mistakes. Now you know what not to do, it is time to start talking about what to do and why theory is vital to successful innovation.

ABOUT THE AUTHOR



LEAD AUTHOR

BRYAN CASSADY

(Oostende, Belgium)

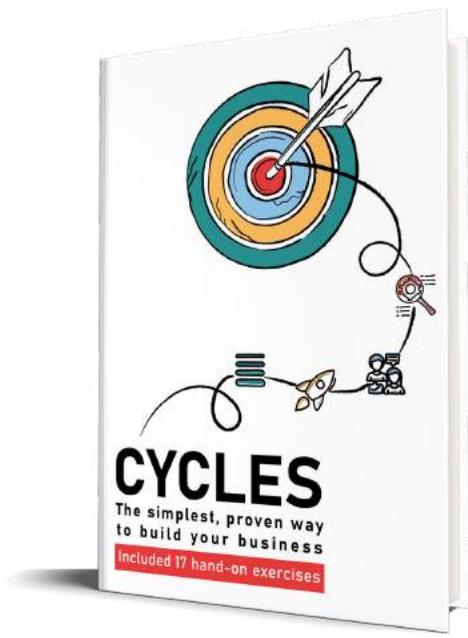
Email: bryan@bryancassady.com

<https://www.linkedin.com/in/bryancassady/>

www.bryancassady.com

Chapters: Lead Author

Bryan is a passionate believer in anyone's ability to innovate and build new businesses. He has personally built 11 companies in 6 countries, with eight of these making money. For the last eight years, Bryan has been coaching startups and scale-ups and trying to help larger companies regain the spirit of startups. He has taught at the KU Leuven, The Solvay business school, EDHEC, ESCLA, and been a guest lecturer at the University of Chicago, INSEAD, Cornell, Berkeley, and many other schools. He has also led programs like Founder Institute Brussels and the European Innovation Academy. This book results from four years of research with over 400 companies on what really drives innovation success.



BOOK CYCLES

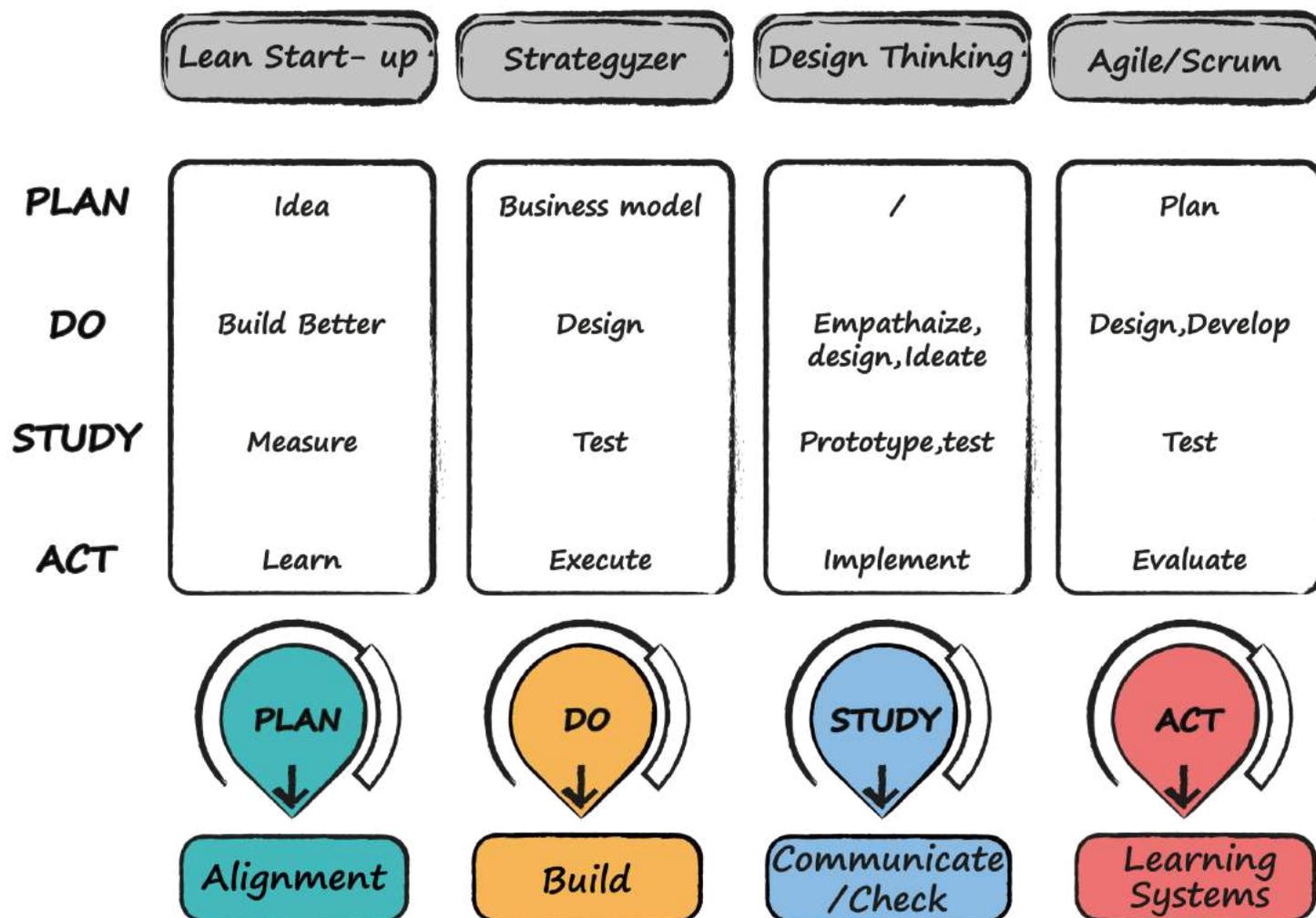
Standing on the shoulders of giants...

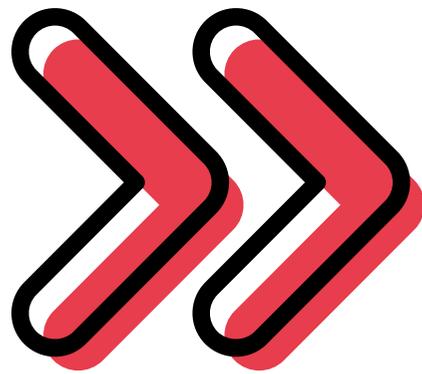
Many of the leading methods- lean start up, scrum, agile are built around the ideas of PDSA (Plan, do , study, act)

This book builds on these ideas, but thanks to the expertise of 22 co-authors, goes one step further.

CYCLES doesn't just tell you what to do, but shows you how to do things step by step.

All the leading methods are Plan, Do, Study, Act and Cycles brings it all together





LEARN MORE

**MORE INFORMATION ON THE CYCLES BOOK.
PLUS MORE SAMPLE CHAPTERS / FREE TOOLS**

www.thecyclesbook.com

**LINK TO OUR CYCLES TOOLKIT
28 CANVASES AND TOOLS FROM 22 INNOVATION EXPERTS TO
HELP GROW LITTLE IDEAS INTO BIG IDEAS.**

www.tiny.cc/cyclestoolkit-ppt

**WOULD YOU LIKE TO KNOW ABOUT COURSES, COMPANY
TRAININGS, GUIDED SPRINTS, PLEASE CONTACT**

bryan@bryancassady.com