

News on Creativity and Innovation related topics

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Dear Reader,

Welcome to the May edition of **Innovation Matters**. This edition is a week later than normal due to the recent public holiday and Royal Wedding. Normal service will be resumed for the remainder of 2011.

There are more top tips this month, simply look to the left and down a little.

With the UK economy still in the doldrums and the government still telling us that the public sector will help us out of the mess we ask about **the forgotten masses** who really could help us all out.

The banking industry is not really known for its innovation but now is the time to do something different. What has been done and what can be done? Will the banks **dare to be different?**

With funds in short supply many businesses will put Innovation at the bottom of their priorities because they think that it costs a lot.



Schedule idle time. The more we study the brain and evolution, the more we're discovering that the idle brain is more likely to come up with new ideas. Yet we're conditioned to be focused, efficient, and task-oriented.

This may be important in terms of executing ideas, but when it comes to 'thinking the big thoughts', it's important to give your mind some **time to rest and wander**. Forget brainstorming or visualising, try doing nothing and see what happens.

This need not be so, read about **innovating on a budget**.

If you have missed previous editions of Innovation Matters you can find them all at www.creative4business.co.uk/archives.html.

Happy reading,

Derek Cheshire



The forgotten masses

Here in the UK we are weighed down by policies for Innovation, and a similar picture exists in many developed countries. There are grants for business, business support, incubators as well as sector clusters defined for aerospace, engineering, biosciences and much more. What is actually happening here? Those in charge of policy making are in effect trying to pick which areas of the economy are going to produce the next exciting technology. It is a little like gambling on a horse but the question is should our money even be bet on a horse?

Currently large companies are able to fund their own Innovation efforts and small companies, particularly those connected to Universities seem to be well catered for in terms of funding and business support. Above a certain size of business there is a large gap into which most of our businesses fall, where external help is not forthcoming and their ability to help themselves is limited. If we forget for a minute about what Innovation outputs might actually be created (iPads, electric cars etc) and make Innovation generic rather than sector specific then surely these forgotten masses are capable of contributing a great deal to the economy. All we have to do is broaden our minds and think of Innovation in terms new products, processes and services not simply shiny new technology.

If every one of our medium sized business could increase its turnover by a small amount, say 10%, and perhaps take on 1 or 2 extra people then our unemployment problems would be solved and perhaps many of the social issues that accompany high unemployment. Better still, by focusing on all businesses we have avoided the situation where we put our eggs in one basket. We really can help everyone if we choose to do so.





Dare to be different - Banking Innovation

Retail banks can no longer assume that the growth and returns that they once enjoyed will continue. Amid a host of banking competitors - including new market entrants, forward-thinking incumbents and non-banks - banks need to differentiate themselves in ways that are not easily copied. To restore confidence and realise strong future returns, banks must set the stage now.

Here are some stories from a few (five) years ago that illustrate potential innovations in banking. Some are with us today. What do you think banking will look like 5 years from now?

Samson lives in Soweto and works at one of the big factories near Johannesburg, South Africa. With Soweto's high crime rate, he is pleased to make small payments free of charge from his account using his mobile phone. Samson can now keep less cash in his pocket, finally making banking affordable, safer and convenient for him.

Luis, in his San Diego office, reads with interest an e-mail from his online bank that shows him how to better manage his finances. It provides a series of steps he can take to improve his credit rating over the next four months, and outlines the potential savings on his outstanding loans and credit debt.

As he walks past a new electronics megastore in Bangalore, Anil receives on his mobile wallet a credit offer to buy a flat panel television. Interestingly the offer is from a U.S.-based bank taking advantage of the booming consumer credit market in India.

Heather, at home in London, is delighted that her bank finally lets her transact across different financial products - even different institutions - through the bank's own portal. No need to visit multiple sites to check account balances or transfer money among institutions. And, it's easy to optimize bonus points earned through her personalized loyalty program.

All of these people share one thing: their banks were giving them useful tools that were tailored to meet their particular needs. These futuristic scenarios demonstrate how retail banks can step beyond the expected; for example, by doing more than just improving the speed of existing processes and offerings.

Today, banks are pushing the limits of organic growth, and of growth via mergers and acquisitions. Increased

competition and more discerning clients around the world mean it's more important than ever to stand out in the marketplace. So, how can retail banks differentiate themselves and continue to grow?

To distinguish themselves, banks must look beyond new product introduction and spread accountability for innovation throughout the organization. Shareholder value will be created by those that nurture the capabilities that support ongoing innovation, not just within bank walls, but also by looking outside the institution for new ideas, including partnering opportunities.

Innovating on a budget

The current recession is a problem. It is hurting businesses of all sizes in all sectors. The solution is innovation. Innovation can help you to cut costs, improve margins, retain customers, acquire new customers, gain market share and ultimately to survive. But when you are cutting costs and squeezing resources in all areas how can you find the people, time and money for innovation? Since experiments are not guaranteed to succeed it can look wasteful to fund large innovation projects.

Here are five tips to help you innovate on a budget:

1. Tell people that you want their ideas. Tell your staff, tell your customers and tell your suppliers that you want ideas that will help streamline the business, improve service, cut costs or delight customers. Tell everyone! If you do not have an effective suggestions scheme then set one up. Listen to all suggestions with an open mind and evaluate them constructively.
2. Allocate a budget for innovation. You do not get innovation for free. You must allocate time, people and money but you do not have to be extravagant. The most important thing is to give people some time and space to generate, evaluate, select and test Ideas. Google famously gives all employees one day a week for this sort of activity. You do not have to be quite so generous - maybe one afternoon a month will work for you. However you do it you allow people to have ideas and experiment.
3. Move quickly. Once you have selected a promising idea move rapidly to building a model that you can show to people. This might be built in Lego, it might be a series of sketches or a role play. Once you show it to selected customers or other stakeholders you can quickly get useful feedback and of course funding.



4. Kill the losers. Set standards for innovations - e.g. Can we make money at this? Is there a real need? Can we make it work? Can we win with this? If the answers are negative then be prepared to cancel the project and move onto something else. Resources are limited and should only be devoted to potential winners. Be ruthless!
5. Pinch other people's ideas, we call this 'creative swiping'. A low cost way to innovate is to copy ideas from other industries or other places and to try them in your business. What are they doing in other countries to solve this kind of problem? What can you use that is new to you but has been proved elsewhere?

Make innovation a priority and add it to people's objectives. You have to make the current model work better and at the same time find ways to replace it with something better. Continuous innovation is demanding but rewarding, and is the best way to survive.

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