

The Case Against "Sexy" Innovation

What the world needs isn't more ideas—it's better, more innovative systems for executing them, says author and ChangeLabs founder Peter Sheahan.

By Christine Lagorio

Peter Sheahan is the founder and CEO of ChangeLabs and the author of *Flip* and *Generation Y*.



More than a decade ago Peter Sheahan left his accounting job to work in a pub and manage a hotel in Sydney, Australia. Managing the staff of about 35 wasn't easy—especially difficult was relaying expectations to younger staff members. "I thought, 'wouldn't it be great to teach workplace expectations in a school setting?'" Sheahan says. But before long, he realized most management struggles are rooted in leadership, rather than simply worker discipline. With companies battling for Gen-Y talent globally, Sheahan's 2005 book, *Generation Y: Thriving (and Surviving) with Generation Y at Work*, was a hit. Since, he's written several other books, including most recently, *Making it Happen: Turning Your Good Ideas Into Great Results*. He's also considered one of the world's best business speakers—and he counsels companies such as HP, AIG, and Apple on

leadership and strategies for bringing ideas into existence. He spoke with Inc.com's Christine Lagorio about why an entrepreneur's greatest strength can become his greatest weakness, how your company might just need to slow down in order to grow, and why you should be focusing on "non-sexy" innovation.

What's the most serious mistake leaders of some of the biggest companies you consult with make?

To be honest, you see the exact same mistakes at multi-billion-dollar companies as you do in start-ups. The problem is they're too broad, and there's an attempt to do too much, too quickly. They spread a few executives around 50 different initiatives, and no one is really able to focus on anything. You see the same thing at a five-person start-up. Usually in a start-up it's about appealing to too broad a market. In a large corporation, it's about spreading around too many initiatives.

How do you go about telling an I-can-do-anything-style CEO or entrepreneur to slow down and do less?

Generally they're crying out for someone to tell them to get more narrow, anyway. It's about how aligned to one objective are you? For example, I was doing some research on a HD videoconferencing solution this morning, and there must be 4,000 people selling these things out there. Ideas are being done and re-done. There are crowded markets out there. Why would you not narrow your focus on one thing, or one specific market?

What topics do you explore in *Making it Happen*?

I think there are three key things, the first being: How do you take what's an abstract concept, and package it in a unique and narrow way, with a targeted buyer. People just consistently make this mistake. The second is understanding the role the individual seller plays in the transaction. There's an aspirational quality of any buyer, and it's not just that they want that product. They also want to be like you, the seller. They choose buyers they want to be like. The third is the idea of control: to get control sometimes you have to give it up.

Let's talk more about that idea of giving up control as an entrepreneur.

Acceleration is this concept that when you start an entrepreneurial start-up, you have this I-can-do-anything drive. At some point you have to give that up, sharing your success with a team. You have to give up margins to other sellers or market shares. You have to slow down momentum. Being prepared to do that collaboration, it can accelerate your market penetration greater than you can on your own. In that way, as an entrepreneur, your greatest strength at one point will become your greatest weakness. Just saying, "I'm an entrepreneur, I'm going to make this happen," at some point can actually rob you of going to the next level. The "no one gets it except me" actually applies the brakes. To accelerate you have to start to give that up from a distribution perspective, and from a team perspective.

One excerpt from your book said: "Improve your margins by driving non-sexy innovation." Why non-sexy?

I've been fortunate in my work to work with some of the coolest companies on the planet. There are about 50 really cool companies out there—but there are another several million non-cool companies that are services and back-of-house businesses. Sometimes we get conned by this Apple pretty-things-you-want-to-lick kind of innovation. Think about the way progressive car insurance has reinvented itself to be more about the customer experience. All the innovation that drives truly successful companies is in their processes—and that's not sexy. By getting executives focused on what are the systems that are locking out value, we can tear them down and destroy them. The really big challenge is not just in having these ideas, but executing these ideas. The world really doesn't need new ideas. We are bombarded with new ideas every day. The idea is how do you influence policy makers, how do you get access to the funding to do it.

You also mention quick response to changing regulations. What should an innovative company's relationship be to Washington?

Some things are inevitable. There is a good change regulation that will come from Washington, for any industry. In financial services right now there's so much angst about fiduciary responsibility...and even after regulation comes they're still out there lobbying. But smart businesses are saying, "OK, here's the new regulation, let's just get on with it." Once you've lost the fight, respond quickly and use it as a trigger to foster innovation, and spur innovation. Remember Michael Porter's EPA regulation research at Harvard? The companies that moved fastest were the ones that actually thrived after regulations, and made money coming out of it.