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An Innovator's Mindset:
Who's to Blame?
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the Problem

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Problems Are Not Necessarily the Problem

By Dayna Hubenthal and Scott Burr

Is American manufacturing hurt by the economy? Or is China to blame? Or the cost of healthcare? Could shortfalls in critical resources be at fault, or the cost of money, or an aging workforce, or outsourcing, or malfeasance by financial institutions, or ...?

Problems exist in our landscape, it's true. Problems will always exist. That is not going to change. What can change is our resignation-to-fate, which is a form of psychological inertia. Now this is important: we are affected by external issues only because the situation-we-nurtured has made us vulnerable to them. External constraints do not equal business impingement. It is not a direct correlation.

For example, during The Great Depression Mr. Kellogg seized the opportunity to build a million dollar plant expansion. He also switched to a six-hour workday so an additional shift could be hired while other companies were laying workers off. He paid one of the best rates in the state, doubled his advertising budget, and created the W. K. Kellogg Foundation. His company prospered.

During The Great Depression, Procter & Gamble became well-known for research laboratories and for creating new products such as synthetic detergents and hair shampoos. Additionally P&G management pioneered new consumer research methods, investigated the basis for product appeal, and introduced a new system of management "one man-one brand" to America. Also, Procter & Gamble made excellent use of new marketing venues - the radio, sponsorship of daytime serials called "soap operas", and eventually television broadcasts. The crisis of The Great Depression seemed not to impinge on Procter & Gamble.

There are many other examples of companies who were not resigned to their fate. Three weeks after Black Tuesday, Thomas Watson (CEO of IBM in 1929) said, "We are not going to wait for something to happen – we are going to make something happen;" and he produced a warehouse full of world-class equipment even though no one was buying capital equipment. When the president of the USA, a friend of his, required all businesses report complex new data to prevent further financial misconduct, IBM was the only company ready to supply that business need.

Chrysler grew during The Great Depression.

Henry R. Luce launched an expensive new media product called Fortune Magazine four months after the stock market crashed.

General Electric Company was a start-up during the panic of 1873 and went on, during depression years, to introduce electric washing machines, air conditioners, the television, new materials (e.g., silicon), the fluorescent lamp, 'invisible glass', electric food waste disposers, radar, the turboprop, autopilot, and the first US jet engine, lights for night-time sports games, numerous small appliances, the first TV network, GE consumer financing as well as supporting a Nobel Prize winning scientist.

General Foods introduced Bisquick (the first baking mix), acquired Clarence Birdseye's frozen-food-preservation-process and company, and developed a freezer cabinet for 'grocery stores', which were just coming into being. GF also developed the puffing gun to create cereal shapes and "the heat unit theory", which predicted crop readiness so peak flavor would be reached upon delivery to canneries. They acquired and patented the Willoughby can for packaging unbaked dough, revolutionized sealing and advertising and coupon offers as well as trying a new company 'divisional' structure that enabled uniting subsidiary companies.

Sears Roebuck & Company, Standard Oil, Texas Company (Texaco), Westinghouse Electric, Woolworth, American Can, Allied Chemical, Frigidaire Company and American Smelting all weathered The Great Depression well. DuPont was successful as a stand alone but also successfully partnered with other companies to expand markets (e.g., General Motors for air conditioned vehicles). Hewlett Packard was established during this time as was Birds Eye Frozen Foods. Disney was a start-up during the 1923-4 recession; Microsoft began during the 1975 recession.

Whole new industries were born within the crucible of crisis: the film industry, radio and modern marketing.

So we can see that external constraints do not directly correlate to business impingement. That myth is debunked! Great competitive advantage comes about in times of great constraint because this is exactly when most people are stuck in psychological inertia. Their experience, education and skills have driven them into a corner they can't think their way out of and their support system - the experts - everyone - agrees that the external situation impinges, thereby calcifying a 'fact' into a paradigm that doesn't serve.

Who wins advantage in these situations is determined by who has the most relevant mindset. A relevant mindset enables proper preparation and intelligent reactions.

"Man must cease attributing his problems to his environment, and learn again to exercise his will - his personal responsibility." Albert Einstein

Once we realize that external problems impinge upon us because our mindset has made us vulnerable to those particular problems, we can re-tool our mindset to enable us to predict market upheavals - and recover more creatively and intelligently once impingement happens. Great external pressures are crucibles for opportunity when you use the proper tools (Structured Innovation, Six Sigma) in a methodical, intelligent manner.

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