

The 7 Laws of Innovation

The human side of innovation in organizations

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Preface

The Dutch edition of *The 7 Laws of Innovation* that appeared in 2005 was met with great enthusiasm. This stimulated us to publish this English edition.

From readers abroad we learned that the observations on the Dutch situation can easily be generalized to other countries. Furthermore, the text serves well in supporting innovative activities by the authors such as: seminars in Innovation Management, and workshops on Inspirational Leadership.

We like to thank Gottfried Mildenberg, Patricia Verweij and Jan Vrijhof for their comments on the first Dutch edition. The English edition was lent support by the professional comments of Laurie Tema-Lyn (USA, New Jersey) who has had more than 20 years experience in helping teams reveal breakthrough experiences.

A preliminary English text was carefully reviewed by Penelope Joy Berkhout (The Netherlands / Australia), who proof-read and improved the English copy.

We have enjoyed our adventure in writing this book together and hope this spirit will be reflected in the reader's appreciation.

Herman Hoving

Rik Plantinga

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1. Introduction

“It ‘s the economy, stupid!” Those were the famous words of Bill Clinton in the Nineties when he was running for president. Nowadays it is all *Knowledge* Economy. This is what matters for economies like those of The Netherlands and other West European countries. Production, whether it is of teaspoons or microchips, will increasingly be moved to East Europe, Russia and Asia. The vast work force of China - 800 million Chinese are still rural dwellers - will hinder a rapid rise in labour costs of Chinese production workers. The competitive advantage of the Chinese will certainly remain during the coming fifteen years. The West, with the Dutch leading, will be challenged to work smarter in order to obtain economic advantage by the use of knowledge as a key production factor.

The Knowledge Economy is all about innovation. Innovation is the engine of the Knowledge Economy where the proper use of knowledge, preferably the use of new applications of new knowledge, is crucial. Nevertheless the alternative use of existing knowledge will also pay off, especially in The Netherlands where there is a lot of knowledge available. This knowledge has to be translated, however, in a proper way to be able to foster innovation.

There is growing realization that the Dutch economy will flourish from the Knowledge Economy and innovation has now become aware to many. For example, the Dutch PM Balkenende established an Innovation Platform in 2003.

So far, without visible results, which is not surprising.

The real character of the Knowledge Economy and its impact on innovation is widely underestimated. The overflow of existing knowledge is not ready-made for innovation. It has to be translated and converted. This insight however is still not recognized, even by the honorable members of the Innovation Platform.

The approach of the Knowledge Economy and innovation has also been suffering from the second 'Dutch Disease', the 'polder model' which refers to endless deliberation about all kinds of issues. Platforms, discussion groups, negotiation structures and so forth are supposed to provide the solution. This means that there is much talking and very little action. Innovation has also become a container concept. Everything will fit into it and all that can be classified under the headline of renewal and innovation is accepted, including the vast amount of meetings that are called for in the pursuit of innovation.

However, no Innovation Platform or consultative body is able to change the real character of innovation: Innovation in essence is a chance process that can be influenced by people. *"Chance is logical"* Johan Crujff, who nowadays is not only the icon of football but also of business life in The Netherlands, summarizes this in his unique way. So there is much more to innovation than a more or less spontaneous idea. Such an idea is far from an innovation. The real innovation process starts after the generation of such an idea. It has to be recognized and adopted. This seldom occurs in a satisfying way. The less so if the resulting innovation is accompanied by change. Resistance to change is a serious problem in the management of innovation. We may add to this that the development process is costly and time consuming. The process can be interrupted at various moments and can even be aborted.

This all means that innovation is seriously hindered and there are more dangers present which cause failure than there are conditions for success.

Nevertheless innovation is a chance process in which people may be able to get more grip on than they realize. We can learn from scientific literature that innovations are successful if they are carried out by a so called product champion. He or she is someone that supports the new idea and runs with it. The product champion carries the innovation in his heart and is prepared to battle with people in the organization who

are used to only maintaining the status quo. The champion must be courageous even when operating alone and in the front line. The innovation will more likely succeed if a product champion has a sponsor who is a powerful official or manager who protects him. The sponsor is in the position to withdraw from the innovation process at the right moment, unlike the product champion who is unable to do this.

Remarkably, the word product champion is translated in Dutch by 'fanatic'. This is interesting and revealing of the Dutch mentality in these matters.

In the Anglo Saxon culture the product champion is a winner, an ultimate winner because there are also losers. We might compare this with the story of Rocky, a boxer coping with a hopeless fight to become the ultimate champion standing in his right. The image of the winner, that little sniff of the American Dream that clings to the product champion, is totally absent in the Dutch translation. What rests in the Dutch concept of the champion is not a winner but merely a fanatic driven by blind ambition. Blind fanaticism, unperceptive to his environment, and not open to reasoning are the characteristics the Dutch attribute to the product champion.

The Dutch struggle with innovation, that much is clear.

Academia does not love the real innovator who is embodied by the product champion either. Also politicians and managers are still not steady on their legs. The élan manifested in the reconstruction period after the World War II has now disappeared in The Netherlands. The Dutch mentality nowadays can be characterized as defensive, conformist and risk averse. One might say that the three A's of Ambition (Dutch: Ambitie), Anxiety (Angst) and Envy (Afgunst) dominate. By consequence there is much talking about innovation and less active experimentation. Often this is defended by the argument that innovation entails a complex process. Consequently one stays passive, thinking that chance should go its own way. This seems especially strange if one realizes that half of the

Dutch population watching TV on Sunday evening agrees with the sportscasters who maintain that luck can be enforced. Then everybody is willing to believe that the more balls one can bring in front of the goal, the higher the chance is to score.

This laissez-faire attitude towards innovation in the Dutch mentality has grown in the last decades and produced a culture that does not encourage innovation. The Dutch mentality - defensive, conformist and risk averse - is the opposite of the necessary characteristics of the innovation champion. The latter is offensive, dares challenging new avenues and takes risks.

A lot has to change in the Netherlands, and this might also hold for other countries, wants to become a champion in the Knowledge Economy. The 3 A's have to be replaced by the 3 V's (in Dutch). Ambition by Vision (Dutch: 'Visie'), Anxiety by Trust ('Vertrouwen') and Envy by Diversity ('Verscheidenheid').

■ **Substitute Ambition, Anxiety and Envy for Vision, Trust and Diversity**

In fact the corporate culture has to be turned 180 degrees, particularly the leadership style. Knowledge Management has to be based on Inspirational Leadership. Inspirational Leaders are the ones who step back in order to give Knowledge Workers the opportunity to be innovative. Whether the current managers and the employees who are socialized by them will be able to do so is a difficult question to answer. For the younger generation, which has already been characterized as the 'Move-over Boomer' generation, it will be crucial to meet the proper conditions to realize the necessary cultural transformation.

Intermezzo

So far we have referred mostly to the situation in the Netherlands- as you all know a small country. Therefore one might question whether this also holds for other countries. We will present in the next chapter a model that can be generalized to the analysis of innovation problems in other countries. Though formulated in a somewhat different way the 7 Laws can also be recognized in the innovation and business literature. Other references to the Dutch situation elsewhere in this book are mainly for the purpose of clarifying the basic statements.

We invite the readers in other countries to apply the insights presented here to their own situation for the improvement of their innovation processes.

In this book the seven elements of the innovation process are fitted into seven pragmatic laws: Navigate On Your Gut Feeling, Use Your Personal Competences, Be Aware Of Your Emotions, Focus On Opportunities, Develop Your Own Vision, Place Yourself Into The Position Of The Other and Experiment As Much As You Can.

These are not seven laws in the sense of strict regulations that will hold exactly and in all cases. These are seven basic rules conditional to innovation while creating and sustaining organizational culture. The seven laws of innovation should be considered as a crucial regimen for organizations if they want to realize autonomous growth in the Knowledge Economy.

In the last chapter the seven laws are integrated into a model that represents, from the beginning to end, the Innovation Flow. This model is an easy road map to innovation in organizations.

So far the reader might have noticed that the seven laws are formulated in a personal tone of voice and this is not without good reason. An innovative culture can only be established if attention is paid to the individual workers and relationships between the various players in the innovation process. The knowledge management and the management of the individual innovation workers has to be tailor made and in

line with human nature. All innovations are made by human creatures and the seven laws are specially appropriate for the human way of innovation.

They represent the significant values for innovation. In this way innovation can be characterized as *intuitive, powerful, value-driven, plausible, visionary, empathic* and *experimental*.

An additional advantage of this accent on the human side of innovation is that anyone can apply these laws to his or her personal life. There is always a possibility that one may get stuck at some stage and the question may arise whether another avenue might be better.

With the help of the seven laws one can work on these problems. It actually does not matter if one innovates for a personal cause or for the company one is committed to. In fact, it is our strong conviction that business innovation can become even more powerful if personal innovation, 're-inventing oneself', takes place simultaneously.

**■ The human way of innovation is intuitive,
powerful, value-driven, plausible, visionary,
empathic and experimental**

2. First Law:

Navigate On Your Gut Feeling.

According to the former prime minister Lubbers of The Netherlands his country was unwell at the beginning of the Eighties. "Ill, weak and sick", he specified later, pointing at the great number of employees falling under the Disability Insurance Act and the many who were absent through illness.

The situation in 2005 is not much better. Although the absence through illness is not as high as in 1984 there are other signals indicating that the Dutch are not at ease with their situation. More than 700.000 of them are depressed and using Prozac or other anti depressives to suppress their emotions.

Whatever the individual causes may be, PM Lubbers was right that something was wrong in the Netherlands at that time and this is an enduring situation. Many Dutch are not happy and not in harmony with what they are doing. This not only applies to the depressive but also to those who are on their way to a burn-out. From a psychological perspective one can say that they maintain insufficient contact with their emotions. Considering the vast amount of people involved this must be a *collective* problem. In analogy with their attitude towards innovation the relationship of the Dutch with their own emotions can be called troublesome.

Therefore many will find it hard to follow the first law of innovation: Navigate On Your Gut Feeling. First, this law assumes you have to know what you feel, what your feelings really are and this is for many people not an easy exercise. Second, you have to be open to your feelings because there are numerous people, especially men, who consider such to be irrelevant. They denounce arguments or statements based on feeling or intuition as nonsense or at least as inferior to an

argument based on facts. In their perspective ‘feelings’ and ‘navigation on gut feeling’ are suspect phenomena. Therefore statements or comments based on these principles will be swept away easily.

Nevertheless it was the Dutch philosopher Spinoza, although being a rationalist, who revealed intuition as the highest form of knowledge. Without precise knowledge someone who uses his gut feelings can be incredibly right. Then we could say that knowledge by the book cannot compete with intuitive knowledge.

However, many people don’t realize that intuitive knowledge is actually based on facts, concepts and logic. Therefore we may label intuitive knowledge as *forgotten rationality*. All we can say of the very moment we get an intuitive insight is that we are unable to make a connection between that insight and well known facts and reasoning. At any rate not consciously. An insight that is intuitively found can be characterized as an immediate insight into something without knowing its fundamentals. The fact that intuition is really based on facts and knowledge also means that an experienced person will usually have a superior intuition compared to someone with little experience.

■ Intuition is forgotten rationality

Why is intuition so important for innovation? We can answer this question by the observation that intuition enables us to sense or feel what will come, be it good or bad, right or wrong. Though someone might fare well it is possible that a feeling of discomfort comes on. As it were this feeling is a negative feedback that tells us something’s wrong. As is so beautifully expressed in the song *Something’s in the way* by Nirvana.

This might happen to the founder of a company that is still selling well but who nevertheless has the feeling that the enterprise is losing spirit. An indefinable feeling but nevertheless not unimportant.

On the contrary!

Feelings of discomfort should be taken seriously. They occur when someone does not recognize himself in the things he does or in the things that happen in his life. Translated to a business situation this implies that one may not be happy with the actual activities or with the ways things are handled. This feeling of discomfort gives us a signal that we have a problem and that we have to cope with it though we might not yet fully understand it. Those who refuse to listen to this feeling or weak signal will later be confronted with the nasty facts. Sooner or later the negation of the wake- up call of your feelings will cause you trouble.

In one's personal life this vague feeling of discomfort may turn into sadness or even into a depression. Then you may feel down and out and life seem meaningless and you feel you are leading a drab existence.

With respect to organizations this can mean that sales are so disappointing that strong measures have to be taken. Wake up calls were ignored and one has not foreseen the bad weather. Once in this stadium harsh interventions seem inevitable. Not seldom the easiest way is chosen: slimming down to do the same work with a smaller labor force. Such a reorganization is the opposite of autonomous growth that is the ultimate objective of this treatise on the seven laws of innovation.

For those who listen to their feelings and who take the wake up call seriously it is important to act. Then we are on familiar ground. Our feelings and the signal that renewing in one way or other is asked for needs to be tested against our knowledge and the facts that are available to us. To be able to do so it is

handy to illuminate here the relationship between intuition, knowledge and facts. This relationship can be represented in the so called Knowledge Pyramid.

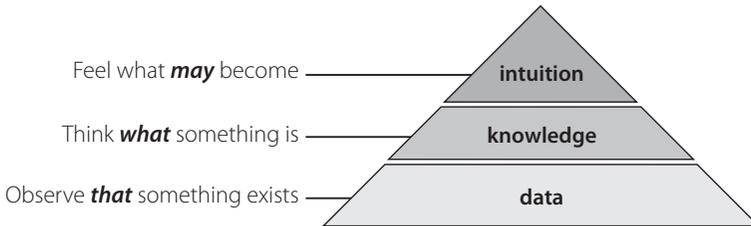


Figure 1: Knowledge Pyramid.

The data, the bare facts, always speak for themselves. They can be obtained by observation and alternatively by a transformation of primary data into proper management information. The knowledge consists of the repertoire of practical knowledge, experience, and theory. In a theory facts are structured in a coherent and systematic way.

The Knowledge Pyramid clearly demonstrates that intuition is on top of the layers that contain theory and facts. However, at the very moment of an intuitive insight these layers are withdrawn from the mind's eye. As it were two barriers have been put between the layers of the pyramid.

Fortunately however, the Knowledge Pyramid is a self-regulating mechanism. Our feelings and emotions are the connection between intuition and rational insight. They tell us that something is not going well. We can test this by observation and by the gathering of facts as well as by testing our feelings against our existing knowledge. If our actual knowledge then appears to be insufficient we have to enlarge our knowledge base by supposing the existence of new possibilities. Like increasing your knowledge by reading this book to be able to cope better with future renewing processes in your personal as well as in your work situation.

So far, we have to admit that we have taken a rather negative approach, but there is more to say about coping with innovation. We not only face problems in our life but are also confronted with chances. Such a pro-active perspective gives us more energy, contrary to the reactive style that is required for solving problems. Chances and challenges are situated in the future and they are important to us. This implies that the aforementioned may not only apply to solving problems but also to the way we deal with chances.

The self regulating mechanism of the Knowledge Pyramid functions in a very simple way. All that counts is that you have to listen to your feelings and think over your situation. The forthcoming chapters will provide you with practical devices to do so. Nevertheless there remains only one question of critical interest to cope with your situation and evaluate your ideas: "Does this feel good?" If the answer is yes then go for it. What matters is that you will feel happy again with the things you are doing or that you are planning to do.

If the answer is no then you have to figure out what's really going on. This will be elaborated on later in this book. For the time being we confine ourselves to advising you to put things together if you are not happy with your life while at the same time not knowing exactly why this is so. Ask yourself "*Where will I be after 10 years if nothing changes?*" What does your already outlined life now look like? Just question yourself.

If you don't know where your sorrow originates from it may help to realize in which life stage you are finding yourself. A transition from one stage to another might be happening. Youth, adolescence, adulthood, pre-pension or an approaching pension may be at hand. The acknowledgement of these transitions and their accompanying feelings may prevent or soften the crises that inherently belong to them.

With respect to organizations the self regulating mechanism of the Knowledge Pyramid can also be observed. The simplest

way is to determine a possible strategic gap, i.e. the difference between actual and desired business results. A big difference between the two is an urgent signal to take action. How to proceed in that case will be dealt with later on in this book.

The same applies to policy making in organizations. Desired policy can be pointed out and this can be compared to the actual or expected policy results if nothing else changes. Again big differences require that steps be taken. The magnitude of the gap doesn't necessarily mean an extra complication. The proverb "the wider the gap the nicer the bridge will be" is of great value here.

Another way to establish a cause for innovation is to scrutinize the life cycle of a product or of a family of products. Like every human being a product has a life cycle. It appears on the market, grows, is adapted and finally disappears. Each stadium requires special demands for innovation. During the introduction stage the product itself will be the innovation. While the product is conquering the market there may be little need for innovation. Later on the product needs improvement and adaptation and this requires continuous innovation. Finally the product may become obsolete leaving the manufacturer with the problem of creating new activities to maintain the continuity of the company. So it might be that the entrepreneur, despite the fine sales figures, has the feeling that the product is at the end of its life cycle, leaving the company without its original spirit.

Like a product a policy also is dependent on cycles. Pieter Winsemius – a popular former minister of Environmental Affairs in The Netherlands - invented the concept of the Policy Life Cycle. Let us take a closer look at an example: the Policy of the Police force in The Netherlands. The Dutch Police force operated for the last 20 years according to the now abhorred Tolerance Policy. Each citizen was judged to be adult enough to behave autonomously and responsibly. In the beginning this worked out very well. This policy however, gradually

resulted in the erosion of Police authority. Police officers were not taken seriously by the public anymore. Violence, until then an unknown phenomenon, increased. Since the year 2000 this policy of tolerance has been abandoned. Nowadays each citizen may expect a repressive response from the police when no respect is shown.

In the foregoing we stressed the importance of emotion and feelings. A feeling of discomfort is seldom merely a feeling. It is based on facts and knowledge though these might not be experienced in a conscious way. With the help of the Knowledge Pyramid we have explained the relationships between intuition, knowledge and facts.

Consequently, we suggested analyzing vague notions and to look for causes however unclear they may seem. What matters here is that a sense of urgency might be a warning signal. It is important to take this seriously. The sooner the better. The feeling of discomfort refers to a need for innovation, whatever that exactly may be. Without such an acknowledgement there will be no innovation.

The morale of the first law of innovation, *Navigate On Your Gut Feeling*, is clear. You have to be open to your feelings. They warn you in time that changes are imminent. The sooner one realizes this personally or the sooner an organization translates this to its situation the sooner the process of personal or organizational renewal can be started. Early recognition means a smaller chance that a crisis may occur.

So far the navigation on gut feeling has been accentuated to pronounce a need for innovation. Sensible people are able to assess the direction of the innovation process. The impression that something is wrong in your life is almost always accompanied by the desire for a better life. Some ideas about renewal may result from this notion. A good example is the GEOX breathing shoe.

The Italian Mario Moretti Polegato, descendent of a renowned winegrowing family, navigated on his gut feeling when he first got the idea for a 'breathing' shoe that regulates moisture. Polegato suffered from sweaty feet when jogging. During a stay in a hotel in the USA he decided to do something about it and simply made some holes in the soles of his shoes to regulate the temperature. It appeared to work well though the solution was far from perfect. Rainwater could enter easily. On return to Italy he managed to elaborate on his idea of the breathing shoe. His company, the GEOX Group, started in 1998 with 5 employees. In 2003 GEOX employed over 5000 people and operated in 55 countries. In the same year Polegato was elected best Italian entrepreneur because of his success with GEOX in such a short space of time.

How vague your desires may be in the beginning, there will always be something worth writing down. In that case let your fantasy run free and include topics such as the work you prefer, the place you want to live, what your environment should be like etc.

Dreaming is permitted and when you reflect on your dreams later they will always appear to contain something useful.

Regarding businesses and organizations it is necessary to be more specific about these desires. In this case a Profile of Desires and Demands may be a useful tool. You can limit this to one A4 paper and it can be based on a Strategic Gap Analysis, and/or a Policy Analysis that is an answer to the question "*What will happen if we continue with what we are doing now while changing nothing?*" and/or an analysis of the Product Life Cycle. Anyway be sure to lay down some ideas first. Of course it would be a bonus to already have an ideal solution for the problem at hand.

A Profile of Desires and Demands is necessary for three reasons. First, you have to begin somewhere. Every journey begins by taking the first step. The Profile of Desires and Demands is an outline of the direction in which you want to go. It may already

contain elements you can elaborate on with the help of the other laws of innovation. Second, your ambition level will be explicated. Will your innovation be a radical one, a total change of course or will it be the result of incremental improvement? How much time do you expect to need for the innovation process? Which internal and external parties will be involved? Are you going to use new technologies? Be aware that most of the time innovation is a collective event. The sharing of the Profile of Desires and Demands with others ensures that from the beginning all heads will be pointed more or less in the same direction.

Third, the Profile of Desires and Demands entails criteria you may use for decision making during the rest of the innovation trajectory.

These are not strict criteria, but that suffices for the moment. Nothing is more to the detriment of innovation than an early rigid circumscription of what is considered worthwhile and what should be explored.

■ **Be guided by your desires**

3. Second Law: Use Your Personal Powers

The Dutch don't innovate enough. Their culture stimulates risk averse behaviour while as a law of nature risk is inherent to innovation. Innovation can even be accompanied by tremendous risks and it would be stupid to risk one's own future or the future of one's organization without taking the necessary precautions. However, reducing risk is one thing, the strong appeal to cautiousness is quite another phenomenon. Product champions are very well aware of the risky character of innovation and they are used to taking calculated risks. The few of them that deny this phenomenon and remain totally lost in their dreams of the future will finally discover to have chased a *fata morgana*.

Innovation is and will for ever be a chance process without a clear guarantee for success. Even at the end of the process it might appear that nothing comes from it and that all effort was in vain. In the Eighties Philips suffered from this phenomenon when developing its Video 2000 system. This Dutch company invented the Rolls Royce among the video recorders but was bluffed by the Japanese with an inferior product that nevertheless became the world standard. Wonderful innovation by Philips but too late on the market to survive. All time, energy, money and creativity invested in the product was squandered.

This may happen to each promising innovation. Any clever person who takes the innovation road therefore might as well reduce the inherent risks right from the start. Then as a first step to risk minimization the second law of innovation comes into play: Use Your Personal Powers. Stated differently: depart from your own talent, stay close to your strengths. Or, as Peters and Waterman once framed it:

"Stay close to your knitting".

The second law of innovation guides our quest for ideas and new activities. When we look at innovation as a radical jump into the future we had better use our strongest leg to be sure to jump the farthest and to avoid the greatest risks.

The second law of innovation not only directs the innovation process, it also creates conditions for renewal. Pejorative to be innovative and to expand your horizon is excellence in the matter at hand. The opportunity to be excellent however has to be created. And this is troublesome in the Netherlands. The innovative culture that empowers innovators is almost totally absent. Living up to the second law of innovation implicates a major disruption with the daily routine in most companies. That routine is embedded in a culture that stresses weaknesses and underestimates the exploitation of strengths. It all starts with a focus on the weaknesses of colleagues. Self esteem undermining comments are popular. Weaknesses are devaluated as failures and rubbed in whether it is relevant or not. Where does this preoccupation with weakness stem from?

In general it might be the Calvinistic background of the Dutch that causes them to refrain from sinning and makes them hide their light under a bushel. On the work floor the stress on other's weaknesses may serve banal purposes such as bullying or teasing. Others use it as office politics to maintain their position or to move upwards in the hierarchy. For some it might be the best way to defend themselves from the bullying by others. It might simply form part of someone's personality or has become a nasty habit. Anyway, all this is counter-productive and serves nobody. It consumes a lot of energy that could be otherwise used and in a positive way. Many weaknesses in an organization are simply not relevant and have to be accepted. According to Meredith Belbin they are allowable weaknesses.

The focus on strengths on the other hand releases a lot of

energy. It is a challenge to use your talents and to play with them. A well balanced team with members who support each other is invincible. Individual weaknesses disappear as snow in the sunshine when weaknesses of one person are compensated by the strengths of another and vice versa. Consequently the second law demands inspirational leadership. This form of servant leadership enables others to use their talents and to follow their ambitions. Inspiring leaders are modest people. They don't need to shine themselves. They make their employees shine and empower them to their ultimate benefit and that of the company. And this subsequently determines the innovation power of the company.

Before starting to direct your innovation process by focusing on the strengths of the organization it is preferable to formulate your strengths thoroughly. This task is easier for organizations to fulfill than for individual persons. The inventor of the moisture regulating shoe, Mario Moretti Polegato, used his personal strength in the development process. As noted earlier he had grown up in a dynasty of winegrowers. The characteristics of the grape and especially its skin were very familiar to him. They formed part of his DNA as it were. This skin is a membrane that regulates the exchange of moisture with the environment of the grape. By crushing the grapes the winegrower counteracts this process. Both aspects can be recognized in the innovation process Polegato went through. In his hotel room in the USA he unscrupulously pricked some holes in the soles of his shoes to let the sweat escape. In the development process of the breathing shoe he chose materials that acted like a membrane. Polegato used his personal strength as a winegrower to solve the problem of sweating feet though this was presumably not clear to himself from the start. His innovation was based on old and perhaps forgotten or only intuitively present knowledge of the characteristics of the grape. The result was a shoe as a *semi permeable system*, a brand new vision on the shoe.

Reflection here is the magic word for everyone who wants to

discover his unique personal strengths. A how to do guideline for reflection on personal strengths is not available. The long and the short of it is to look at yourself in another way. You have to be able to open up your own personal talents. If you lack this ability then you have to find out whether this is caused by a lack of self confidence. An elementary feeling of self confidence is conditional to be able to reflect on yourself.

Crucial then is the right feeling of confidence. A lack of self confidence diminishes your power to reflect as does too much self confidence. It is easier to develop self confidence in people with a self deflated personality structure than for people with a self inflated personality structure. Those who lack self confidence don't have to feel a lesser god. A possibly hidden talent is present or not, but a talent really becomes an asset if it reaches its full potential. The destruction or neutralization of personal barriers and mental blockades is often crucial to allow talent to burgeon.

This process resembles the one that someone goes through when he or she overcomes uncertainties and steadily acquires more and more self confidence. Then the destruction of personal barriers plays an important role and you have to throw all caution to the winds.

Someone who is very conceited does not see any reason to reflect because of his overwhelming feeling of self confidence. There is no room for doubt and not the faintest idea of personal barriers. For this reason reflection and contemplation are almost totally absent in these people. The charismatic leader in his conceitedness is a remarkable example.

It is seldom that someone discovers his talents by mere self reflection. More likely you need others to help you look in the mirror. An innovation psychologist can provide effective methods to help you find your unique talents. When such a professional is not available then you might engage people known to you for this purpose. Consult them and ask them

to sketch your strengths and weaknesses. Choose people who are your allies, who know you well and who at the same time can provide an independent judgment. This needn't be difficult because they in fact select themselves. Somebody who is indifferent to you and shows no empathy will claim to have no time and therefore will refuse to cooperate.

As mentioned before, it is easier for companies to reflect on strengths than to accomplish this task for private persons. The strength of an organization is generally situated in its history and in its current activities. Nevertheless it is no sinecure to formulate their strengths properly. The solution lies in the business definition of the company and to reflect on it. For example a company that fabricates clothes for the younger market doesn't hit the spot with a strength formulated as 'we are good at marketing'. Accordingly a company that sells pots and pans doesn't affiliate well with the slogan "we have the best assortment in kitchen facilities".

It all begins by questioning "In what business are we?" though this does not automatically reveal the real strength of the company. The examples of the clothing factory and the pots and pans shop are reached by too narrow a focus on the business. Tom Peters- co author of the bestseller *In Search Of Excellence* - prefers to speak of a *cause* instead of a business. The cause is the higher goal you try to achieve in your business. It is the answer to the question "What do we stand for?".

Or, what will be different from now on if we implement our efforts and *we* make the difference? That's what it is all about! In that case a company is *one* expression of *a* cause. And we stress the word 'one' because there are more likely alternatives.

**■ Ensure you have a cause,
something you can stand for!**

Alternative causes may crop up when we reformulate the strength of the clothing firm. The cause or strength of this firm could just as well be formulated as "We are excellent in the perception of specific demands for clothes of the young". This entails more opportunities for innovation. The production and sale of clothing accessories for younger people comes into scope. And maybe fashionable shoes for them too. Let's suppose this firm is able to bring these accessories and shoes successfully on the market. This might in turn enhance their self confidence. After a while they might restate their cause on an even more abstract level. Then it could become "*We are good at recognizing the desires of the young*". The noun *clothing* has disappeared and this opens up more innovative paths.

In the literature about creative and strategic thinking the way we derived the alternative causes for the clothing firm is called Progressive Abstraction. Essentially you reach a higher level. A perfect example of Progressive Abstraction is the Cook Point in Rotterdam. Once this was a shop selling pots and pans. A shop by the way that soon acquired a splendid reputation. The owners of the Cook Point however were never blinded by their product. Their cause and their strength is based on everything that is related to the preparation of food. Nowadays you cannot only buy all kinds of pots and pans and espresso machines there but can also follow cooking lessons.

In your personal life you can also use Progressive Abstraction to stretch your strengths in order to bring more opportunities within reach. The trick is to elevate your personal strengths to a higher abstraction level. Many succeed in this during their working career.

For example, in the congress and workshop business a lot of journalists figure as chairman. Their original skills and -without a doubt - also their talents were based on interviewing skills and the ability to understand complex matters quickly and to summarize them adequately. On a higher level these skills can also be seen as discussion and debating skills so then an

interview evolves as a discussion or debate.

When formulating your strength it is important to put yourself in the position of the end users, clients or potential customers and to describe them as functions you can perform in service of a market. Considering the Dutch Railway Organization this is for example “we take care of personal mobility” which is a market oriented strength instead of “we drive trains” which is a process oriented way of looking at the business. In general a business definition, or verbalization of strengths, has the following structure: we do x for y in way z. Then x stands for activities or functions, y for markets or target groups and finally z stands for values. The most complete business definition unfolds in this way.

After formulation of your personal strength you are ready to take the next step. When the application of the first law of innovation- Follow Your Gut Feeling- has already provided you with some ideas you can add them to your personal strength. Ideas that appeal to your personal strength are worth exploring further. They are the most valuable. Your personal strength is a first hand guarantee for success because it is situated within your influence sphere and in a world where you are sure of yourself. There your talents and creativity reside and hence you are able to excel.

Organizations as well as individual persons have also to match their strengths to their Profile of Desires and Demands, which is - as you may remember from the first chapter- the list on an A4 sheet of paper that can be derived from exercising the first law of innovation. This matching process may result in new ideas and again those ideas that match best with the strengths are the most useful. They deserve the most attention.

For those who have not yet had any innovative ideas it is likely that they will have got them by now. The minority that remains without an idea need not despair, though this too can

be a productive emotion. Desperation must trigger you to go on with the process. Then you need to address the next law of innovation in the confidence that somewhere along your innovation path you will find something that will fulfill your Profile of Desires and Demands.

4. Third Law: Be Aware Of Emotions

In 2002 Pim Fortuyn provided a wake up call to the people in The Netherlands. He gave a voice to the feelings of discomfort and the emotions of many of the Dutch. Like no other Fortuyn made clear that the political establishment had failed to connect to the people. The political caste demonstrated their incompetence by showing that they could not cope with circumstances that had their origin outside The Hague which was - and still is - the political capital of The Netherlands. It was shocking to watch how they were exposed as out-dated politicians during a live television debate on the occasion of the municipal elections. The figurehead of the social democrats, the shrewd strategist Ad Melkert who had spent his political career in the shadow of Prime Minister Wim Kok, quirkily shot his mouth and refused to congratulate Pim Fortuyn who stretched out his hand. The nonverbal communication of the liberal leader Hans Dijkstal also made it quite clear that he was confronted with someone he could not relate to. The broadcasting of this encounter was the first and final blow to Melkert's ambitions to become the Dutch Prime Minister.

Mr. Dijkstal soon disappeared from the political arena too, but the significance of the event actually went far beyond these incidents.

The historical images on TV clearly demonstrated the limitations of the established political parties and also made clear that the public no longer accepted the games that were played by them. It was due to Fortuyn that values returned to politics. He turned The Netherlands upside down because the orientation on values had totally vanished in politics as well as in companies. Instead a bureaucratic culture of rules and norms was dominant.

In a very perceptive view the late philosopher Arnold Cornelis analyzed in his book *The logic of emotions* the difference

between norms and values. He maintained that The Netherlands suffered from a cultural neurosis and as a result created psychological problems by the invisibility of values and the abundance of norms, rules and regulations. A culture came into being that fostered neuroses, the behaviour that is meant to suppress fear and anxiety. Many could not cope with the demands of daily life and became ill or depressive.

To really understand Cornelis's analysis we have to know exactly what is meant by values. They can be compared with the human virtues such as faith, hope, love, justice, courage, compassion, moderation, transcendence and caution which have all been studied by philosophers since ancient times. Almost every great philosopher has dwelled on one or more of them.

So far, the concept of value is simple. Unfortunately daily life shows a different situation. Values are mostly invisible and one is seldom aware of their underlying emotions. The distinction between values and emotions makes values seem vague and beyond reach to most people. It is true that values are based on emotions but this is not always obvious. To put it differently, values are emotions which are labelled consciously or unconsciously. This may sound vague but here we reach the heart of the matter.

According to the philosopher Cornelis the lack of focus on values is the cause of the Dutch cultural neurosis. Values help to express emotions. According to the Knowledge Pyramid that figures in the first law of innovation values are the source of inspiration and joy of living. Contrarily this also means that an ignorance of values makes a person sever himself from the sources of life energy and inspiration. Then he loses his sense of direction and contact with his feelings and emotions. It becomes unclear what life is about. This also applies to a society as a whole, albeit on a different level. Those who follow Cornelis in his thinking disagree with

Descartes and favour Damasio. Descartes as the founder of modern philosophy summarized his views by saying "*I think, so I exist!*" Descartes situated the essence of a human being in his or her ability to think. The modern neurologist Damasio takes a different point of view. He paraphrased Descartes by saying "*I feel, so I exist!*"

Damasio maintains that the essence of a human being is situated in his or her ability to feel and he concurs with Spinoza who considered feeling based intuition the highest form of knowledge. Forgotten rationality - it was mentioned in our discussion on the first law of innovation- hides behind feelings. This also means that knowledge and hard facts really count, but seldom do we realize this when we have a moment of intuitive insight.

Within a culture that is dominated by rules and regulations – the culture that typifies the past decades in The Netherlands as well as in other European countries- there is no longer an appeal to emotions. Actually the situation is just the opposite, emotions are repressed. To get a clear insight into the impact of this culture on society we have to be guided by the philosopher Arnold Cornelis. Building upon the knowledge pyramid and Cornelis's social theory of knowledge we are then able to sketch a pyramid of societal stability. Values are intrinsically situated on top of this pyramid while norms are at the bottom.

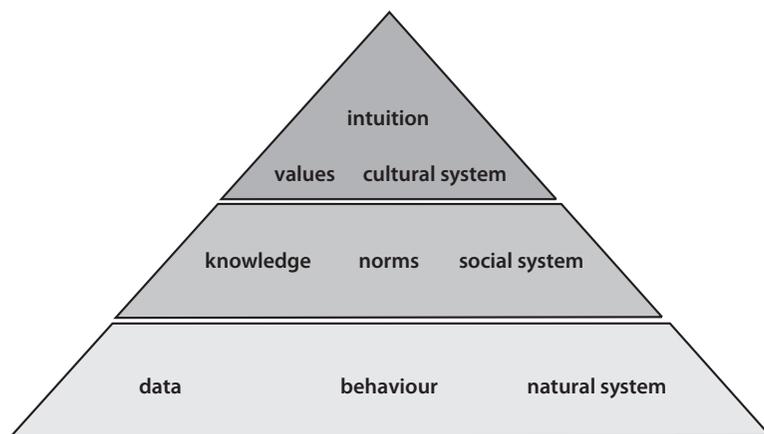


Figure 2: Pyramid of stability: Layers of stability in society

Just like intuitive knowledge emanates from feelings, values – the top layer of society- emerge from emotions. Norms are related to the social system. They are the written and unwritten rules of the system. They occupy a lower place in the Pyramid of Social Stability because norms are elaborations of values. E.g. honesty as a value can be operationalized in the norm or rule ‘thou shalt not steal’. Stated differently, values are the soul of the law and by applying norms we take things literally. Both influence behaviour of individuals and groups. Values give direction to behaviour in the strongest way while norms are less influential. By this we mean norms on their own because they can be imposed on people and followed by sanctions. Then group norms can be very compelling for the single individual. They leave no room for deviant behaviour and violation of the law, as described in legal texts, is penalized.

According to Cornelis the Dutch cultural neurosis is caused by the neglect of values as the inspiring force in human life. Over the past a great deal of attention has been paid to norms which has resulted in an ever-growing system of rules. Considered this way, the Dutch disease has worsened since the time PM Lubbers ruled the country.

When PM Lubbers qualified the Netherlands as “Ill, sick and

weak" he described a syndrome but he failed to make the right diagnosis. His solution was a 'no nonsense' approach to make the Dutch toe the line. Lubbers c. s. supposed the Dutch were calculating citizens. Hence by cutting costs and the construction of fiscal and legal barriers they tried to counteract the abuse of social security and to improve the economic climate. All under the assumption that the citizen – a modern specimen of Homo Economicus - could be managed by financial incentives and sanctions. In this way they ruled using the same vision of mankind as Descartes. Their means were totally based on the middle layer of the pyramid. Though this made the country economically healthier, today it is clear that it did not help Lubbers' s so detested Dutch 'illness'. The increase in the number of disabled continued and people who managed to stay in the race became more and more dissatisfied. Almost everyone now agrees that there are too many rules. The way they are enforced is criticized and this phenomenon is the norm for many European countries.

This spell of technocracy – at least on the political level - in The Netherlands was broken by Pim Fortuyn. He rehabilitated values in politics, for example by being loud and clear. This honesty is a value that many Dutch shared and still share with Fortuyn. They could recognize themselves in this style of behaviour, something they missed in the daily practice of the ruling politicians. If one considers the foregoing expose about the intrinsic vagueness of values it will be no surprise that the established parties devaluated Fortuyn's programme as too vague. This gave Fortuyn the opportunity to communicate on the level of values with his electorate. It also prevented him from becoming part of the 'culture of rules and regulations in The Hague' that would have shuffled him under the carpet if he had complied. With his appeal for values Fortuyn rapidly organized a movement of renewal around his person. He is not the only one in history to have done this, for example Kennedy said *"Don't ask what your country can do for you, but ask what you can do for your country"*.

■ Values are the source of innovation

The third law of innovation, Be Aware Of Emotions, is meant to bring a person or an organization back to its source of inspiration. Otherwise said, to bring people back their passions, the things they stand for and makes them alert.

The start of this quest for values is situated in the emotions that can also be negative as could be observed in the case of Fortuyn. He channelled feelings of fear and anger that were prevalent among his supporters. At the same time he himself evocated these feelings of anger and fear in others, such as seen his assassin Volkert van der Graaf.

Negative feelings have also been interpreted by the Pyramid of Social Stability. Cornelis distinguished in this Pyramid a relationship between various kinds of problems and emotions that play a role in our lives. This has resulted in an elaborated Pyramid which we will not discuss extensively here. The bottom line of this is that emotions as anxiety, anger and sadness can be clearly situated in the layers of societal stability that are represented by the pyramid. This is demonstrated by figure 3.

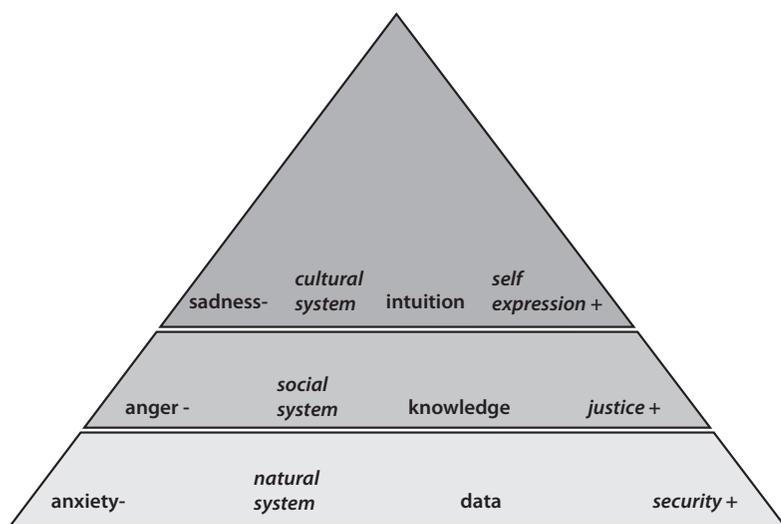


Figure 3: Pyramid of Stability with emotions

Because of the cultural neurosis the negative feelings that are related to specific layers of the pyramid are now predominant in The Netherlands. It is also important to realize that the border between the social and the cultural system is the strongest. Therefore sadness as an emotion is least accessible and not consciously recognized.

Contrarily, the anger that arises from injustice or the stress that is put on rules will be familiar to the Dutch, such as a fine one receives when one drives just four km/h. over the speed limit. For some time anxiety has ruled too. Not overtly but furtively. Anxiety through the fear of losing one's job, insufficient social security, rent increase, fear for 'Europe', terrorism, fundamentalism and so on.

The only way to get rid of these negative emotions is to recognize and accept them. We have to take the negative feedback of emotions seriously. Most important is the experience of sadness that is behind anxiety and anger. People may get fixated on anxiety and anger but the recognition of sadness gives relief and opens one up. Put it another way you can only be receptive to new feelings and emotions after having accepted the sadness.

Returning to the Pyramid Of Social Stability, it is in the cultural system where we can find the solution for emotions that are capturing us nowadays. By going consciously through the emotions of the cultural system emotional room is created that enables us to release anxiety and to transform anger into feelings of justice. The cultural system contains the emotions that create the passions. In this way we find the source that realizes self expression. Passion signifies a renewal force not to be underestimated. It propels and stimulates us to go beyond limits.

What are your emotions and your passions? That's the crucial question and we have to provide some satisfactory answers. Passions 'make your heart sing'. If you don't have an immediate insight into your passions you will have to reflect on the things

that make your life worthwhile and meaningful. By the way, this is more difficult than the reflection on your strengths. The latter can be derived from your social and professional environment but that does not apply to passions and emotions. You might prefer to turn to professionals for help because numerous techniques are available but you need professional help to make them really work for you. At first sight some techniques may seem rather therapeutic and esoteric. Others however are funny and inspiring and very effective. You may exercise a guided fantasy, make a picture or painting of it and discuss its meaning with the help of a psychologist or symbol therapist. In this way values and emotions that are hidden in symbols, metaphors and fantasies can be revealed and specified. In turn these values and emotions exercise strong influences on our behaviour.

Skilful handling of metaphors and symbols forms a trusted method to couple emotion and value to a brand or a target. It is widely used in advertisements. A powerful example of this is a case of Dutch anti - advertisement. Popular stand-up comedian Youp van't Hek spoke in a New Year's show about the 'Buckler prick'. In this way he made drinkers of the alcohol-free beer called Buckler feel a real prick. Sales dropped dramatically and the beer was taken off the market. Nobody wanted to be associated with the Buckler prick. The alcohol free brand of Heineken beer was defeated by a metaphor!

Another Dutch example is the so called 'Betuwe route'. The reader should know that the Betuwe is an area of unspoiled beauty in The Netherlands. A railway line was planned in this landscape. "*Who the hell is planning a railway line in such an archaic landscape?*" the opposition asked rhetorically. One had only to pose this question to frustrate and block the building process for a long time simply because of the name Betuwe which stands for everything that is good, natural and 'the good old times'.

Essentially it is necessary to reflect on your core values to cope effectively with your emotions. We – the Dutch – have to take our time for this and this certainly is the case with other European countries who are always in a hurry. To focus clearly on your passions means that you have to formulate the things you like in a somewhat different way. Peter Block prefers a 'lofty' way to formulate a vision. Columbus -for example - wanted to find a western route to Asia, but his real passion as a sailor was to sail 'behind the weather'. This is an example of a lofty vision.

For organizations the reflection on core values is also crucial to following the third law of innovation. It is preferable to express this in a business definition which has already been defined by us in a general way. In the business definition "We do x for y in way z" and then x stands for functions, y for target groups, customers or clients and z for values. Just try and you will find that x and y are rather easy to define. Finishing the sentence will almost automatically reveal and clarify your values. Let us do this here for each of the companies that was mentioned in the previous chapter. This may imply that the company knows how to focus on fashion trends for the young and that they value making them more self aware. The art of cooking may be a core value for the Cooks Point.

■ Reflect on your core values with the help of symbols and metaphors

Analogies can be used to couple values to ideas. Let us take a closer look at an example of regional development in The Netherlands that might easily be generalized to regions elsewhere in the world. In central Holland there is a region called the Old Rhine zone which is the landscape along the old Rhine between the cities of Leiden and Alphen on the

Rhine. To find a future for this zone a comparison or analogy was made with the area around the river Vecht in de 17th century, the Golden Age of The Netherlands. The deterioration of the Old Rhine zone in the year 2006 is clearly visible. The development of an economic zone with a standard of high living and ecological quality is at stake. In other words, the creation of an area that could be compared to the prosperous Vecht region of the 17th century. This insight by the Chamber of Commerce of the region also paved the way to the discovery of core values for the Old Rhine zone reminiscent of the wise and noble merchant of the 17th century who lived on the Vecht river – and was also known as the Mercator Sapiens or wise merchant. The resulting combination of business sense, culture and science could result in a thriving Old Rhine zone. At least this was the situation at the time one of the authors who was briefly involved in this process left the city of Leiden to continue his life in Rotterdam. Malfunction of the Chamber of Commerce, that can be qualified as a pivot in the social 'rules and regulations' system, probably hindered further development of this vision.

The Third Law Of Innovation - Be Aware Of Emotions - transforms emotions into core values that direct our lives. With the help of the core values that can be found in this way we are able to improve our first ideas and we might even generate more! Anyway, we then have ideas at our disposal that are truly inspiring. As an elaboration of the Profile of Desires and Demands they can now add to the innovation process.

5. Fourth Law: Focus On Opportunities.

Not in professional football but frequently with amateurs one can observe this: a player is in the right position to score but at the same time is so surprised that he fails. He is shocked, misses the ball completely or is so stunned that he doesn't move at all. Who recognises this situation is also able to grasp the fourth law of innovation: Focus On Opportunities. This is expressed in the song in the movie The Lion King, titled "Be prepared". Be prepared for the possibility that you will have an opportunity to do or to realize something. Without this ability you will never be able to recognize or to create opportunities or even to anticipate them. You will miss every chance given.

The ancient Greek were fully aware of the essence of the fourth law. In their mythology this is symbolized by the god Kairos. He was represented by the Greek as a young man who was bald except for a single lock of hair. When Kairos ran by you had to catch his lock of hair to make luck yours. If you were too late you lost your chance and would perhaps never see him again. This Greek story of Kairos teaches us that timing is crucial for the exploitation of chances. The fourth law of innovation precedes this. You first have to be lucky to get a chance. This situation can be enforced by preparing yourself for chances. The French mathematician Blaise Pascal formulated this insight as follows: *"C'est l'hasard qui favorit l'âme préparée"*.
Chance favours the prepared mind.

Few people are geared to chances in daily life. Real Thinkers In Opportunities, TIO's, are seldom seen. Most people are TIPpers, Thinkers In Problems. The predominant fixation on problems instead of chances is easy to understand though the explanation at first might seem odd. It comes down to the observation that you will deserve more honour by solving

problems than by looking for opportunities. This is because problems are easier to distinguish and they can really be felt. They are a nuisance to people and to organizations and are experienced as tricky. That is why the problem solver may expect applause. He makes other people's lives easier by solving their nasty problems and will be honoured by booking results that are visible and appreciated by everyone.

A TIO, a Thinker In Opportunities, will not receive these credits. He will, contrarily to a TIPper, never reach immediate and visible results, because chances are hidden in the future. When a TIO recognizes them as possibilities worthy of further exploration one still can't be sure that something will eventuate.

■ Think In Opportunities

So it is more interesting to live a life as a problem solver than to be an innovator who is focussed on chances. Psychologically it is also easier to be a TIPper than a TIO. Problems have the pleasant characteristic of coming automatically to you. You don't have to do anything. A defensive attitude is sufficient to be a good DIPper and to passively wait for problems to arise and subsequently decide to avoid them, postpone them, to deny them or finally, if the foregoing doesn't help, to cope with them.

A TIO has a more difficult task to accomplish. Opportunity scouting requires an offensive attitude. You have to be creative and observant. It will be necessary to be persistent and not to leave the arena at the first setback. To this we may add that the TIO- the innovator - can count on little cooperation from his environment. He is aware of chances but that doesn't mean that others are. The real TIPper might follow the line of thinking of the TIO but most of the time he will be more prepared to

only see the problems that may accompany the chances. The absence of concrete results and the uncertainty of the vision that is presented by the TIO will temper the enthusiasm of the TIPper. Even worse, the TIO runs the risk of being qualified as a storyteller. This risk increases when chances are situated in the long-distant future and if they are of a futuristic character such as the Hydrogen Economy.

That is why it is recommended that a TIO who is focussing on chances to keep them to himself. In a preliminary stadium only the people you can really trust are the parties to deal with. Prudence is an absolute necessity for the TIO because of two reasons. First, he may reveal too much that may harm his corporate career- the stigma of the story teller is generally not favourable. Second, he may become too enthusiastic, which will be tempting to tell more and thereby too much.

This is exemplified by an interview with the Rotterdam fashion designer Marlies Dekker- designer and seller of the lingerie label *Undressed* who demonstrated how to deal with chances and new ideas. When asked for her expectations for the coming years she answered: " I have a lot of ideas but I don't communicate them. My work is copied a lot and I don't want to make it easier for the competition by revealing too much! "

To be captured by your own enthusiasm is ok in the perspective of the fourth law of innovation but you have to be careful. Free thinking about all possibilities means that you are well-prepared to recognize chances. Then you are open to future renewal and you can forget problems for a while. Problems are related to the past while the recognition of chances will open the future. This is because the solution of problems always originates in the past and in the way a problematic situation has evolved. That is why a problem does not directly lead you to a new idea. Solving problems is like driving in your car and only looking in the rear mirror like Mintzberg said when he handled the related topic of strategy development.

To prepare your mind to recognising chances you will do well to leave the thinking in problems behind you and to protect yourself from TIPpers. You have to focus on your own inner process. Adequate mental preparation starts with letting your fantasy run free, to associate freely and to brainstorm without limits to become familiar with an unconventional way of thinking. You have to take another look at things around you.

To give a concrete example of this, consider the way people move on the streets. Many do so without consciously seeing anything. They are passengers who don't take notice of things around them. A journalist of the classical type however, walks on the same street in a different way. His eye is focused on singular things, things that are different from other streets or he looks at changes in the environment that are new and might mean news. For such a journalist the news lies on the street so to speak. He might notice for example that a lot of houses are for sale which might signify something imminent. There might be a story behind his observations and such a story might be relevant for the next edition of his newspaper.

Policemen will walk in a quite different manner down the same street. They carefully observe the behaviour of people to assess what they have in mind . With a little practice one can accomplish such a task. Most people demonstrate by ostensive behaviour their purpose on the street. They walk from A to B and their destination is often obvious, e.g. a person with an empty shopping bag moving towards a supermarket is surely going shopping. People who are just walking around won't be considered as deviant by a policeman who recognizes this kind of behaviour as harmless. However, between younger people walking around and youngsters hanging around he will notice a significant difference such as there is between younger people just hanging around and young drug dealers. The social interaction between youngsters just hanging around and the interaction in a group of drug dealers will be quite obvious. You only have to see it and you will recognize it.

To recognize 'chances' we have to become 'visionaries'. We have to look behind the facts to see the possibilities. To complicate this somewhat we have to make a distinction between actual facts and future facts, the future reality as it might evolve from the actual situation.

You only see it when you get it, to quote Johan Cruijff who has formulated this phenomenon so characteristically.

To get an impression of the reality we might expect we have to orientate on a broad scale. We have to realize which developments might occur in society before we can glean one or more chances from them. Therefore we might turn to trend watchers and 'gurus' for insight into general developments. They are involved in the sensing, collecting and presenting of trends. Several institutes or 'think tanks', e.g. the World Future Society, also provide in their reports trends that might shape your expectations about the future. You may sharpen your expectations even more by using information provided by data banks but you have to realize that trend watchers and gurus as well as institutes are only able to present *general* trends. They sketch trends in broad outlines as for example the aging of the population, technological developments concerning fuel cells in combination with rising oil prices or they may signal cultural developments such as a free floating electorate, smaller households and a decrease in household time.

You have to realize that chances hide behind such trends. If you recognize such a chance this still doesn't mean however that it will be a chance for you, but you have opened yourself to chances and you might have got several good ideas. Maybe you have recognized the chance to teach Africans in South Africa how to rapidly acquire the ability to speak Dutch. This could enable you to establish a low cost call centre in South Africa that will serve the market in The Netherlands. A bright idea but worthless if you are not experienced in the call centre business, don't know anything about its technology and cannot access skilful people that are able to develop your idea.

It is important to realize that an observed chance only becomes a chance to you if this chance appeals to your unique strength and your values. Schematically :



Figure 4: The recognition of chances.

The aforementioned laws of innovation will direct the selection process towards chances we are able to recognize in all kinds of trends and developments. You should not forget that this process requires you to orient yourself continually and broadly with trends and developments in your business environment. The winegrower that founded GEOX and started to produce damp proof shoes was versed in the latest developments in membrane technology. He probably also noticed that more people suffer from sweaty feet. Others – non sporters - were also likely to suffer enough from this discomfort to buy – of course! - GEOX shoes. One might say he literally had a good nose for this!

■ Focus on chances in your environment

We have finally come to the point where we can direct the innovation process better. The interdependence of the foregoing four laws is crucial. This will be elaborated in the next chapter. The outcome of the combination of the second, third and fourth laws of innovation will be a vision that functions as a springboard to the future.

6. Fifth Law: Develop Your Own Vision.

By the fifth law of innovation - Develop Your Own Vision- we are now going to focus deeper. We do so by the elaboration of the former three laws. With the help of the second law –Use Your Personal Forces- you will have defined your talents and strengths. The third law – Be Aware Of Emotions – has revealed your core values, what you like and what your aims are. The fourth law – Focus on Chances- clearly provided you with the available possibilities. Forces, Values and Chances that were revealed to you by reflection on these laws can be logged. All ideas that have come to mind so far can be added to that logbook.

By applying the fifth law you will use all the elements that have emerged so far. The fifth law will bring together all your Forces, Values and Chances in a coherent vision of the future. By vision we mean an attractive image of the future. Based on our Forces, Values and Chances we formulate an impression of the future state we want to reach. How we will reach it and how this vision will evolve is a matter that will be discussed in our treatment of the next laws of innovation.

The fifth law provides us in with more certainty when we innovate by making a radical jump to an unknown future. First of all it will encourage us to use our strongest leg. Second, the final outcome of the fifth law will give us a clear picture of the situation we will encounter once the jump has been made.

In the foregoing chapters we already introduced one of these two methods of vision building. We argued that a glorious idea takes into account your forces as well as your chances and your values. According to the third law of innovation – Be Aware Of Emotions – the direction of the innovation process is further

defined by ideas that refer to your forces as well as to your emotions. This was further elaborated by the fourth law which states that we also have to build on chances. A recognized chance is defined as a chance that incorporates a force as well as a value you are attached to.

The first method of selecting the best ideas is to use your forces, values and chances as *filters*. The result will include *strategic* ideas we can elaborate on in the following steps of the innovation process. In the classic approach to strategy development - which also includes innovation- ideas evolve into strategic ideas when strengths and weaknesses of a company are adequately coupled with opportunities and threats in its environment. By first filtering ideas through forces, values and chances we follow this approach and even transcend it because we also bring values into play. Values become more and more important in business which is also reflected in corporate governance codes that may be normative based or principle based. A normative based code formulates stringent norms with an obligatory character. A code can also be principle based and then essential values and ambitions are the cornerstones that don't require further clarification. A principle based code, just like a corporate vision, is voluntary and juridical, not obligatory. Besides this a principle based code also has normative power because of its psychological function. It builds a (psychological) contract of trust, just like a vision is able to. In the filtering method for vision building values play the key role but norms are taken into account as well.

There is however a second method to direct the innovation process and to build a vision. Remember that by now we can dispose of a compilation of forces, values and chances. Let us follow Miller's rule of the Magical Number Seven Plus Or Minus Two and limit our selection to 7 ± 2 elements in each category. This will provide us with a manageable number of elements with which to build a vision. We have in each category a

maximum of 9 elements available and all these elements have to be combined. Each force will be combined with each value and each chance.

We prefer to start with 5 elements in each category. Then we can construct $5 \times 5 \times 5 = 125$ theoretical combinations. Potentially each combination may generate one or more ideas about future business activities that are built upon forces, values and chances. This combination method is called our FVC formula for creation of sites where new business activities may be found.

This is not a mathematical formula that will automatically provide you with exact solutions. You have to learn to play with it though this method is derived from a systematic idea generation technique that in scientific literature is known as morphology. We like to stress its intuitive nature by referring to Arthur Koestler who used the word *bisociation* in this context. A bisociation then is an association between two elements that leads to an insight or a new idea. Therefore we recommend coupling first forces to chances and adding values later to play with the result. Actually we suggest you make *trisociations* but there is no simple prescription available for this. *The proof of the pudding is in the eating* as the English say. Anyway, the FVC formula does maximum justice to Schumpeter's definition of innovation: *Neue Kombinationen Erfinden und Durchsetzen*. In doing business you always have to look for new combinations. Schumpeter was the first to consider innovation as being the engine of the economy.

There are several reasons for applying the FVC formula. First of all, it may be that none of your first ideas reflects a force, a value or a chance. Then you would be left with nothing. Fortunately you can also use the formula to generate new ideas! Second, it may appear later in the process that all ideas were killed. The 'enforcement' of the sixth and the seventh law may lead to qualification of your ideas as useless for further

development and introduction to the market would be fatal. In that case you have to reconsider the fifth law and transform the vision you had already developed. Dissatisfaction with ideas that have surpassed the filtering process may be a third reason to apply the FVC formula. You may prefer to look for other alternatives and decide to utilize the fifth law to develop a new vision with new ideas.

■ No innovation without vision

The best and strategic ideas have emerged now, be it by the filtering method or by the utilization of the FVC formula. Based on the best combination of ideas you may subsequently formulate your vision as a desirable and attractive image of the future. Your vision is your personal and unique view on the future. Its uniqueness will guarantee you to develop future activities that will give you a differential advantage over your competitors. This advantage will temporarily give you a monopoly that may increase your market share.

A successful vision was formulated in the Eighties regarding the environment of the Kurhaus at Scheveningen beach, near The Hague. The Kurhaus and its environment formed part of a concession of a large Dutch real estate company. At that time the owners were dissatisfied with the 'french fries culture' that was dominant. This meant that tourists did not spend much during their visits, which was symbolized by the consumption of large quantities of French fries which resulted in littering. Some tourist attractions were also outdated or hopelessly derelict. It was judged necessary to restore the Kurhaus, a former meeting point of grandeur in the hotel and catering industry, to its old glory. Even more important was the renewal of other tourist attractions in the area. If a so called multiplier effect could be created tourists would not only spend their

money in one place but consequently spend more money on each visit than before. This was considered feasible because the strength of the Kurhaus and its surroundings was situated in theatre, cabaret, all sorts of leisure activities and the related hotel and catering industry. Chances were for the taking. Bad public transportation – at that time the tram did not stop at the Kurhaus – could be improved. With renewed public attractions the Kurhaus could once again become the tourist attraction for the better class of customers. The headlines of the vision statement stated that above all the Kurhaus would attract a better public that would spend more money and would fit into the environment better.

Similar examples can be found in other countries. Think of the development of the harbour area of Barcelona at the time of the Olympic games when in 1992 the seaside area underwent a complete metamorphosis (sorry for Barceloneta....).

The vision of the old Rhine Zone as the 'Vecht area of the 21st century' is a vision statement with a metaphorical character. Formulas like this are important for two reasons.

First, they urge you to clarify. A vision statement is formulated in general terms, preferably by the formula ' *we do x for y on way z* '.

In this formula x stands for activities or functions, y for values and z for target or client groups.

One should not confuse the vision statement with a mission statement. A mission statement will contain, unlike a vision statement, one or more concrete objectives. Missions and visions have to be compared with each other like norms and values.

Second, one prepares for the sharing of the vision by proper formulation of a vision statement. One has to share a unique vision to make it become reality. In the next chapter we will consider the presentation of the vision to internal and external

parties that may be involved in its realization. It is crucial to share the vision and you should be careful to consider the best way to do so and beware to share only a *written* statement with others. We suggest other

ways such as a piece of theatre, a metaphor, an analogy, a party (think of the way Richard Branson used to celebrate a new vision), video presentations and so on. The vision statement of the 'Vecht area' will be familiar to every Dutchman and can better be shared than an extensive formulation with a lot of complex sentences and difficult words. And this is not all, because to be able to make the right choice from the different ways of presentation you should use the sixth law: Put Yourself In The Shoes Of The Other.

7. Sixth Law:

Put Yourself In The Shoes Of The Other.

Based on forces, values and chances you may now have formulated **strategic** ideas. The best ideas are related to a vision that is an attractive and coherent image of the future. If everything is right this will enable you to have a differential advantage over your competitors. What will prevent you from realizing your vision at once

- *hands on!* - and to get maximum profit from a first strike? Nothing, many may think, not realizing they are making a big mistake. In their haste to realize their vision they forget to test it in the market. This might seem a big mistake, and it actually really is, but this mistake is made over and over again and the innovation literature is swarming with examples that demonstrate that innovations fail because of the absence of testing their feasibility.

An example is the Ceres container terminal in the port of Amsterdam. Because the transfer of containers was steadily growing in the port of Rotterdam the vision to realize this same activity in the port of Amsterdam seemed ideal. Practice proved this wrong. Almost two years after the terminal was finished the first ship came to unload its cargo. The tremendous innovation power of a vision may turn itself against the innovator. We learn this lesson from the Ceres case and similar cases. The vision seems so attractive that success seems automatic and testing of the vision unnecessary. To those involved the vision has almost become a near reality.

In previous chapters we argued that by using a vision – which is quite different from planning - we take a maximum jump into the future to successively work back again. This is called back casting. Unfortunately a lot of people forget the implications of this in daily life. This is quite understandable because the

real entrepreneur doesn't want to lose time getting on the market. Also defensive policy makers fall just as easily in this pitfall. They are apt to think that the attractive image of the future equals the real existence of the preferred policy. The case of the Ceres terminal in Amsterdam demonstrates this rather well. Besides business people policy makers were also involved in this innovation process and they missed the boat. The terminal stood idle for two years. We learn from this that a strategy without a sound operational plan is useless.

Technology based innovations often suffer from the same problem. Many technological gadgets have been left behind in the shops over the years. The underlying principle of the sixth law was forgotten: the value of a new product is not embodied in its technology, but in the solution the product provides to a user's problem. Technology is a mean and not an end in itself. The enforcement of new technology on consumers, also called 'technology push', doesn't work.

The sixth law of innovation -Put Yourself In The Shoes Of The Other - makes sure that you carefully test your vision. Only by consulting your end users are you able to specify the added value of your vision and test its feasibility. This prevents you from falling into the pitfall of the technology push by putting yourself in someone else's shoes and so more stress is put on market demand.

How to test your vision on potential customers or their representatives ?The clever way is to devise questions or statements from your vision and present them to potential customers in a so called free attitude interview. That will provide you with the necessary information. The interview should be announced carefully and should not be confused with a sales action. It is important to approach people and become familiar with their problems, wishes and demands so you get fresh ideas from them as well. You may also wish to approach experts. Actually the clients or potential customers are also regarded by you as if they were experts. Like no other

they know what they want and they are the first to express their authentic needs. They themselves are the real experts in the field of their own chances.

By finalizing the free attitude research your strategic ideas that emerged from the fifth law – Develop Your Own Vision– will have been tested on the market. Some ideas have been instituted, others blackballed. Even worse, they might have been killed. Don't worry however, because there is a solution for this situation.

Ideas that could have been confirmed are ready for the next step in the innovation process. To select the most promising ideas you can use your Profile Of Desires and Demands that you formulated in the first step of the innovation process.

Now you may approach potential customers with these ideas. Their participation or purchase is important. Stake holders of the Kurhaus area for example approached a large firm that exploited restaurants- the Van der Valk concern- and they also contacted the' theatre tycoon of the Netherlands', Joop van den Ende who at that time produced musicals and was keen to expand. Both parties agreed to invest in the area under specific conditions. Van der Valk decided to renovate the pier of Scheveningen for the price of one Florin (guilder) and Van den Ende asked permission to build a new theatre on the ruins of the old Circus theatre. Nearby an old swimming pool was transformed into Sea Life Scheveningen and the rest is history. The whole nation could enjoy the results. Large theatre productions which have performed for more than a year became famous and have attracted thousands of visitors to the Circus Theatre.

Only large companies figured in the above example, but the majority of companies is small and we have to address them too. For small and medium sized firms the free attitude research may serve another purpose. Besides potential customers it may point to prospective partners in business. Therefore

the interviews may also serve as an investigation into how prospective joint ventures could contribute to the realization of the vision. The same mechanism holds for individuals who have developed their private vision. Collaboration with others may increase their ultimate success considerably.

We now turn to a problem that might have emerged and that we have mentioned before. It could be that not a single idea remains at this stadium of the innovation process! That is bad, but not extreme. It may demonstrate the power of the sixth law. Before -when we were discussing other laws of innovation - we retreated from defensive thinking, i.e. the focus on weaknesses and the TIPPING, Thinking In Problems. At this stage of the innovation process it is functional to severely scrutinize ideas and you should not hesitate doing so. Otherwise you will pay the same price as the builders of the Ceres Terminal in the port of Amsterdam. However, if market parties say 'no' to the vision, they at the same time may be able to tell you how to proceed. The free attitude interview serves two purposes. It is a test for your vision but at the same time it provides you with useful information.

The parties you have interviewed will have presented their demands, needs, problems and ideas. That way they gave you the key to the right focus in the innovation process. That key is actually *their* interest in *your* solution. Be aware that every innovation is an answer to a (latent) problem, need or wish. Put another way: each problem of your (potential) clients is a chance for you. You are on track again when you are able to provide solutions to such problems. The following may sound somewhat cryptic, but the 'wrong' way may eventually cross the right one somewhere along the line.

For the transformation of another's problems into your chances, inspirational leadership comes in handy. You will probably use the Creative Problem Solving (CPS) method that was developed in the USA at the University of Buffalo

(NY). Organisations that are populated with inspirational or transformational leaders are significantly more successful in innovation management than organizations that are crowded with transactional leaders.

Transactional leadership can be characterized by the use of narrow task definitions and the enforcement of formal rules in exchange for salaries and wages. Bluntly speaking this equals a 'nine to five mentality' that limits employees to doing strictly what has been assigned to them. Transactional leadership will do when daily routine predominates and tomorrow mirrors today. Because of the accompanying employee-despondency one cannot expect much problem solving behaviour as a result of this type of leadership, that is – frankly speaking - no more than traditional management.

On the other hand an inspiring person – the real leader !- who gives his employees ample opportunity to explore forces, emotions and chances, will benefit from a creative team that will be inspired to initiating solutions. Ownership and self regulation are the leading principles in inspiring leadership which in practice will amount to the empowerment of the employees. The Brazilian Ricardo Semler applied this extreme in his company Semco. In this way he solved the problem of control that is undermining many companies by paralysing every motivated employee. In Semco style leadership everyone is responsible for his own work, places his own orders to the supply room and determines the remuneration that seems fair. This is in contrast to Dutch schools for example where teachers complain about the written permission they need to order a single pen or eraser and the endless wait for its delivery.

The guts the inspiring leader demonstrates to empower their personnel also means that they are open to innovations that will empower their clients, which should not be underestimated, especially in service companies. A basic innovation in the service sector is the empowerment of customers by making

them responsible for performing more tasks themselves. Many examples of this exist.

Internet banking empowers customers, because they are able to decide on line their own financial affairs so they become financially more independent and autonomous. The Dutch internet site 'marktplaats.nl' that is comparable to E-bay makes a merchant of everybody and another example is the electronic report of crime to the police. Since 2004 electronic report is possible at most police stations. Citizens don't have to visit the station anymore. They can express in their own words what happened to them while formerly this was done during a time consuming interview by a police officer.

So far, the sixth law of innovation - Put Yourself In The Shoes Of The Other- was applied to let the market decide which ideas are promising and to have various parties in the market generate new ideas. However, the sixth law serves yet another objective. We mentioned before that innovations may strand on the existence of a resistance to change. Without a sponsor, someone who supports the innovation, the product champion will not survive or will be in constant jeopardy. This can frequently be observed in The Netherlands where the product champion is marginalized as a fanatic. This Dutch anti-innovation mentality is even more detrimental to the Dutch economy that has become a service economy in the last decades. Over 70% of the GDP is earned in the service economy and it is a fact of life that the sharing of a vision by the total work force is crucial in this sector. An innovation in the service sector frequently will require a new attitude from the workers. That is why an innovator in the service sector has to be very careful to present strategic ideas in his organization.

First, he can be stigmatized as a fanatic. Second, an innovation will only succeed if a vision is shared by a majority of the personnel. Without support of the work force that is supposed to deliver the new service an innovation is doomed to fail.

Effective leadership will make the difference once more. Organizations dominated by transactional leadership are far behind organizations where inspirational leadership prevails. By definition, change implies a violation of the status quo that is so cherished by transactional leaders. As a consequence the personnel will be defensive towards change and chances will be evaluated as threats. Under inspirational leadership this won't be likely to occur. Inspirational leaders are capable of encouraging their personnel to make the most of their opportunities.

Besides this, some general human characteristics may cause resistance to change, ipso facto to innovation. You may probably already be familiar with the 'not invented here syndrome' that can be paraphrased as "We did not generate the idea ourselves, so it will probably be useless".

To recapitulate, it is of major significance to present a vision and strategic ideas very carefully. As many employees as possible have to be motivated for renewal by tactic manoeuvring. Essentially this comes down to a negotiation process in which everyone's position has to be carefully estimated. To this purpose we can use the matrix of parties that has been developed by Peter Block. In this matrix a differentiation is made between parties that agree/don't agree with each other and the amount of trust – high/low- they put in each other. By coupling the dimensions agree/don't agree to high/low trust a matrix with four possibilities emerges (figure 5) .

	High trust	Low trust
High agreement	Allies	Bedfellows
Low agreement	Opponents	Adversaries

Figure 5: Matrix with parties according to Peter Block

With this matrix we can distinguish allies, bedfellows” as they are called by Peter Block, opponents and adversaries. Each group deserves special attention. Most effort has to be put into our allies. It is crucial to keep them inspired and aligned with the vision. Bedfellows may almost be neglected. They blow where the wind blows and they play no role of significance in the decision making process. Neither will they frustrate the process. Among them we may distinguish the so called ‘fence sitters’ who do nothing or bide their time. Unlike the bed fellows the adversaries are sure to try to block the process. Nevertheless it doesn’t serve to pay much attention to them. On the contrary! The more energy we put into this group the more likely they will intensify their resistance. They may even become personal. Then you run the serious risk of being stigmatized as ‘fanatic’ or receive other similar terms of abuse.

Second to the allies the opponents deserve most attention. You should not confuse an opponent with an adversary. You can get along with an opponent very well, but the only difference between you and your opponent is that you don’t agree. It is very useful to cross swords with opponents. It helps to clarify your ideas and arguments and at the same time create the opportunity to turn an opponent into an ally.

You may also get support for your vision from employees by using methods of internal communication such as a staff magazine, the organisation of an event, the internet, intranet, etc. To this we may add the related concept of internal marketing which systematizes the way we can get support from various parties inside the organization. We should not overestimate these approaches however. Their efficacy is sometimes questionable and they can even be counter-productive. Adversaries may qualify the message as totally unfounded. Therefore internal marketing for the purpose of strengthening innovation should be considered carefully and executed accordingly.

■ Innovation is empathic

Now we have applied the sixth law of innovation - Put Yourself In The Shoes Of The Other – the strategic ideas and the vision have been tested on the market and within the organization. Ideas have been made full market pull. At the same time the sixth law was used to give the vision a fair chance inside the organization for the purpose of increasing the support of the work force. After these tests, the moment has arrived to put deeds into words and to practice tangible development of the new product, service or process.

8. Seventh Law: Experiment As Much As You Can.

In the foregoing chapter the vision was tested. Could we define market demands, wishes, ideas and problems of potential customers? Was there enough support within our organization? Various answers to these questions provided useful information to continue the process. Let us assume there was a need for innovation in the market place. This also implies that an answer has been found for a problem that was experienced by potential customers. Let us also assume we have encountered sufficient support for the vision inside our organization to proceed.

In the most perfect situation a solution can now be implemented immediately and introduced to the market. The exceptionally lucky person who invented such a solution may skip the seventh law because it will no longer be necessary to Experiment As Much As You Can as it is formulated by us.

To the majority of innovators there is however no alternative but to roll up one's sleeves and become practical. Before a solution can be implemented and put to the market a lot more has to be done besides invented and investigated. Usually an organization has to be designed, the right people have to be engaged and/or trained, specific technical problems have to be solved and the financing has to be arranged. Those who have arrived at a market oriented innovation by following the first six laws of innovation should feel more comfortable than those who have organized the innovation process in a different way. According to the classical approaches innovation is a matter of 1% inspiration and 99% transpiration. And so it was until now, at least for the classical methods among which we can also share the trial and error method that sadly enough is still popular in business life. He who starts with a wild idea

and proceeds by trial and error will often fall flat on his face. The same applies, remember the Ceres terminal in the port of Amsterdam, to people who forget to test their vision on the market. Whoever doesn't abide by the first six laws of innovation runs the risk that his or her innovation will fail. After so much effort the whole process can then be qualified as spilled energy.

Who does live up to all seven laws of innovation will be confronted with quite a different mixture of inspiration and transpiration. When you live up to the first six laws you will avoid wasted energy in the experimental phase. In the first six laws stress has been put on inspiration. In this way creativity is rewarded more than in other innovation methods. This maximization of inspiration will lead to a rebalancing of the relation between inspiration and transpiration. By following the seven laws of innovation the innovation process will no longer be a matter of 1% inspiration and 99% transpiration. More likely, this relation will shift to 20% inspiration and 80% transpiration!

This new relation between inspiration and transpiration, which is induced by the seven laws, makes the innovation process much more efficient and effective than other innovation methods. We will clarify this by the so-called learning cycle of David Kolb. Learning is a circular process of dreaming, thinking, deciding and doing. Accordingly we can distinguish four learning styles, those of the Dreamer, the Thinker, the Decision-maker and the Do-er. These styles are defined by four factors, Concrete Experience, Reflective Observation, Abstract Conceptualization and Active Experimentation.

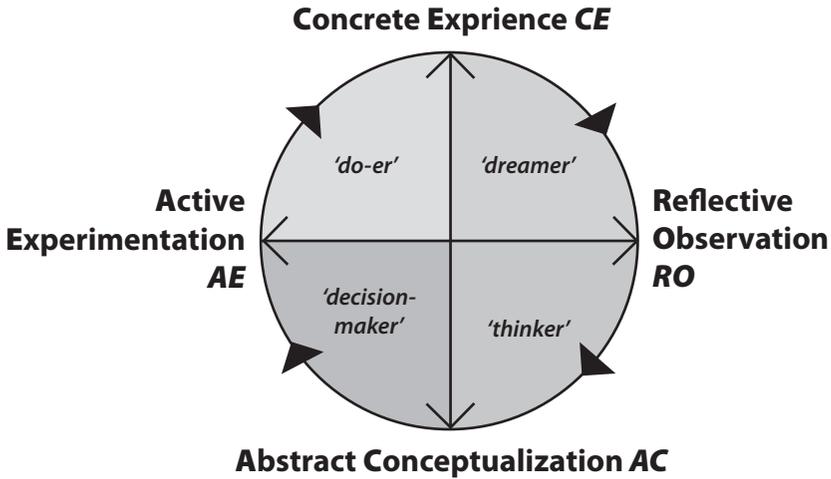


Figure 6: Learning circle with learning styles by David Kolb.

The innovation process in fact equals a learning process. The learning cycle makes explicit in which phase of the innovation process a certain kind of knowledge is acquired. Therefore we can synchronize the seven laws to the learning cycle as shown in figure 7 to observe that most laws fall in the segment between Concrete Experience and Reflective Observation.

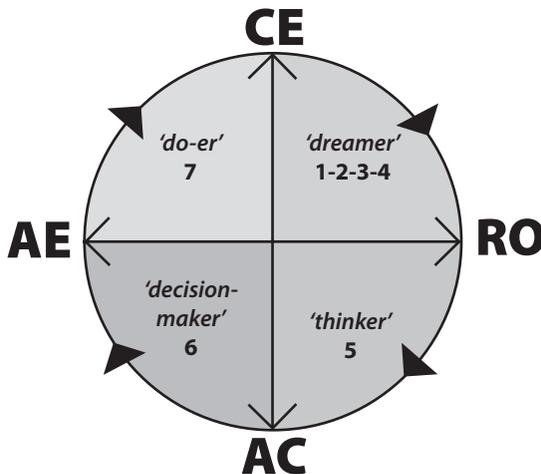


Figure 7: Learning cycle with The 7 Laws Of Innovation.

The first five laws of innovation are situated in the segment of the Dreamer who prefers inspiration, free association and creativity. The fifth law corresponds to the domain of the Thinker who above all lets his acts be guided by theory. The sixth law – Put Yourself In The Shoes Of The Other- falls within the segment of the Decision- maker who is mainly interested in the feasibility of concepts, ideas and plans. The Do-er feels fine with the seventh law - Experiment As Much As You Can- he likes active experimentation.

The Kolb learning cycle clearly shows that inspiration is at the heart of the seven laws and this is significantly different from other methods. In the trial and error method the segment of the Thinker is totally skipped. Using this method an idea generated in the Dreamer quadrant is immediately put into the Do-er quadrant , if any dreaming has occurred at all, because trial and error falls almost totally in the Do-er segment . The Decision-maker segment is almost totally neglected in the trial and error method. The majority of innovation methods puts stress on the segments of the Thinker and the Decision-maker.

The efficiency of the seven laws of innovation can be concluded from evaluation of similar innovation models. All start with reflection on the business and end with an experimental - or product development - phase. Evaluation research of these methods has demonstrated remarkable results. Their success ratio amounts to 80% which means that in eight out of ten innovation projects a new successful business activity is found, while this ratio in the trial and error method is estimated at only one out of 100 innovation trials. From our treatise on the seven laws of innovation we maintain that the success ratio of new activities may be expected to surpass the 80%.

To demonstrate this, the efficiency of the seven laws can also be shown by taking a closer look at the Knowledge Pyramid. Learning processes that take place at the lowest level of this pyramid are most expensive. They require a lot of work.

Costs dramatically decrease when one ascends the pyramid. On top of the pyramid the costs are lowest and the yield is the highest (see figure 8).

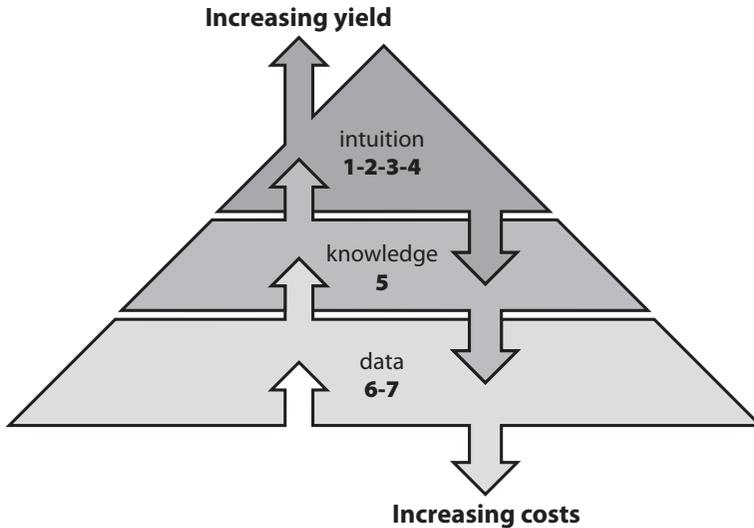


Figure 8 : Knowledge Pyramid with innovation laws, costs and yield of learning processes.

By putting the seven laws in the layers of the Knowledge pyramid we can see that the first four laws are situated at the top of the pyramid. The fifth law is placed in the middle and only the last two laws figure at the base. This means a twofold cost efficiency in the innovation process that is organized according to the seven laws. First, five out of seven learning processes take place in the higher layers of the pyramid. Four of them even occur at the top of the pyramid where the yield is maximal.

Second, cost efficiency is increased by the sequence of the seven laws. Only the last two laws and the learning processes connected to them can be found at the base. Here costs are highest.

The seventh law of innovation entails concrete product development where transpiration prevails. Instead of product development there might of course also be service development. Both types of innovation start with a business plan that will outline the most important go / no go decisions. If you have written down your innovation adventures in a log this book now gets another character. Roughly four topics play a role in a business plan: Organization, Technology, Markets and Finance (OTMF with an acronym). The product development has to be organized by principles of project management. First all projects are defined by their OTMF characteristics. If necessary each aspect can be described in more detailed sub- aspects or projects. We must also pay attention to an F aspect that is called cost innovation. By introducing a *very cheap* product or service on the market a decisive advantage over competitors can be obtained. This was one of the success factors of the introduction of a new video system by the Japanese in the Eighties. The Japanese VHS system was much cheaper and therefore became the world standard.

If several sub projects can be distinguished they have to be organized by the so- called rugby method. This means that all projects have to be started at the same moment and run simultaneously while each project is staffed by a multidisciplinary task force. The rugby method can be contrasted to the relay method for product development. Characteristic of the relay method is the generation of an idea by the R&D Department which is subsequently elaborated on by Design, Manufacturing, Finance and finally Marketing and Sales in a sequential process. Each department finishes its own business before passing the idea on to the next. This takes much more time than the rugby method and capitalizes on coordination problems.

Another disadvantage is the lack of opportunities for creative interaction between various disciplines. Such interaction may significantly improve the idea or even transform it.

So far, there is not much difference from traditional product development. Crucial however, is that the development process is conducted in a proper way. Unfortunately, usually a business plan is only considered as a decision-making machine that generates go/no go decisions. In that case creativity is killed while in this stadium so much may be discovered. The moral of the seventh law of innovation - Experiment As Much As You Can- is that during the phase of product development inspirational leadership is indispensable. The main task of an innovation manager – as a leader- is to take charge of development operations that are consistent with the vision. Furthermore, he should constantly stimulate the creativity of his employees. In this way he demonstrates his faith in their capability to solve difficult problems in their own unique way. The art of real inspirational innovation management is to leave it at that. Your personnel will solve the problems. If they meet any serious difficulties they will consult you. If in doubt perhaps you lack capable knowledge workers, so you would do well to lay out ground rules. Innovation managers should follow OTMF projects at a distance, without interfering with the details of the process.

Most of all they have to remind their employees where they stand and keep them in full swing by inspiring their behavior. In this context the employee is autonomous and self regulatory. With respect to the employees the OTMF process can best be translated as 'Organize The Music Factory'. As long as there is music in it - as a Dutch saying goes – the job will get done and success will be guaranteed.

■ Experiment As Much as You Can. Organize The Music Factory!

9. The Innovation Flow.

All seven laws of innovation have been explained now. By following these laws – as mere guidelines and not as strict rules- everyone can optimize the results of innovative activities in his organization.

Each one of the seven laws of innovation also signifies a step in the innovation process. It all starts with –sometimes vague- feelings. Based on these feelings and an analysis of the situation a Profile of Desires and Demands is formulated. This Profile roughly entails what a person or a company desires for the future. According to the second law, the strengths or Forces of a person or an organization are qualified. Then personal Forces are the special assets of the innovator. In the third law one reflects on significant values and their corresponding emotions that are the personal and organizational drivers. They are the fuel for personal motivation and inspiration for the purpose of change and renewal. In the fourth law one focuses on chances. To seize a chance requires an active attitude. The fifth law of innovation brings together Forces, Values and Chances. Filtering of ideas by Forces, Values and Chances has resulted in strategic ideas. If it was not possible to realize this or a generation of better strategic ideas was needed, the FVC formula could be used. By this formula all Forces, Values and Chances are connected to each other . Each FVC combination is considered a possibility to find innovative ideas for new business activities. From the best strategic ideas a vision can be distilled and laid down in a vision statement. In this way a desirable future is defined from which one can work back to the here and now and make better plans for innovation.

The innovative force of a vision can also be formulated alternatively. When an innovation is a radical jump into the future, the strategic or visionary ideas are the leg you use to jump while the vision is where you are supposed to land.

The sixth and seventh laws are formulated for the purpose of successful realization of the vision. In the sixth law the vision is tested on the market, where it will be made full market pull. The vision statement – formulated as a result of the fifth law- is used to explore the support of the personnel for innovation. Allies are organized and adversaries ignored as much as possible.

In the seventh law of innovation the process of product/ service development is finally launched.

Once more it has been demonstrated that inspirational leadership is the preferred leadership style to stimulate the creative innovation process. The innovation manager has to stick to 'Organize The Music Factory' in order to acquire promising and new products and or services.

In this way coherence is maintained among the explicit steps of the innovation process. This coherence can be represented in a model of the Innovation Flow. Corresponding to each law we can distinguish a core innovation value. Together these elements constitute figure 9.

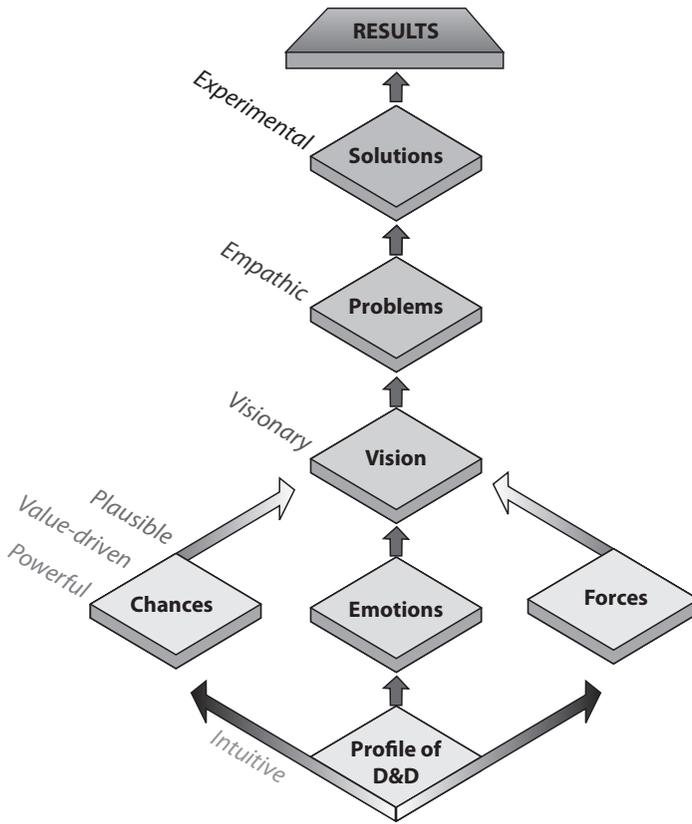


Figure 9: Innovation Flow with core innovation values.

Each step of the innovation process starts with the so-called divergent phase which is the exploration of as many options as possible. This process is finalized by a convergent phase in which

7 ± 2 of the most important options are selected.

The model of the Innovation Flow represents a birds' eye view on the innovation process. It is a road map to innovation, but one should not confuse this with a traditional map that takes you from A to B.

"Logic brings you from A to B, but imagination brings you farther", Einstein mentioned. This applies to the road map for innovation as well as to the seven laws. Imagination here is the key word

and imagination is necessary for the interpretation of the road map as well as for the seven laws that should not be taken too literally. So far the seven laws have been presented as a step by step process. This is only half the truth because the process is not simply linear. The reality is more complex.

From beginning to end the innovation process will always remain a chance process which implies that you can never be certain when and where the real moment of innovation happens. The moment of inspiration and immediate insight that in retrospect can be recognized as decisive for the realisation of the innovation can occur in each of the seven laws. Therefore we now return to the Greek god Kairos, the young god with only one strand of hair which you had to grasp to seize your chance while he ran by. In Greek mythology Kairos is, just like Kronos, a god of time. Kronos, the word already signifies, is the god of *chronological* time while Kairos is the god of the *right* time, the right moment. The difference between both concepts of time is the way time is experienced. Kronos stands for unrelenting time while Kairos stands for 'carpe diem', seize the day.

■ When it comes to Innovation Kairos beats Kronos

To paraphrase a saying by the late Dutch rock musician and painter Herman Brood

"I don't collect cents but only beautiful moments"

we maintain

"Don't strive too much for eternal good fortune, but collect beautiful moments".

The same attitude and peace of mind can be found in the adagio 'trust the process'. This implies that you should live from moment to moment and do what has to be done but not worry about the outcome.

Whoever greets life with this attitude will possess the natural habit to transform the three A's of *Ambitie* (Ambition), *Afgunst* (Envy) and *Angst* (Anxiety) into the preferred three V's of *Visie* (Vision), *Verscheidenheid* (Diversity) and *Vertrouwen* (Trust).

Trust is the basic element. Vision equals one's personal view of the future and makes it possible to go your own way. Diversity signifies the open-mindedness and respect one demonstrates in the encounter with everything that is interesting and worthwhile exploring.

The adagio 'trust the process' is fully applicable to the seven laws of innovation. They provide us with a road map to innovation even though this road may not always be a straight or linear one.

Please note that while an innovation process finds itself in a certain phase all other phases might as well be in motion. If all is well there is a continuous flow of ideas that may result in successful innovations. Sense and emotions are the true source of the Innovation Flow. They foster inspiration over and over again. Challenges are always inevitable if people are aligned to their emotions, able to follow their passions and at the same time allowed to be themselves in their organizations. Inspiring ideas automatically breed optimism for the future. The imagination of an attractive future in turn gives us hope, and hope, the best antidepressant ever, keeps man vigilant. All seven laws and their corresponding innovation values contribute to this.

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