



# Innovation - The Five Disciplines for Creating What Customers Want

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**Abstract:**

On August 18, 2006 Curt Carlson and Bill Wilmot released their new book at a book signing in Menlo Park. Curt Carlson is CEO and President of SRI International ([www.sri.com](http://www.sri.com)). This is a short abstract of the book.

Curt sets the stage for the book by pointing out that business as usual does not work. It is the recipe for disaster. We must innovate or die!

“Who are my customers and what value do I bring to them?”

Competitive price and high quality are no longer enough. The entire organization must focus on all aspects of customer value, the innovation processes must become more reliable, less costly and faster and we must be able to make continuous improvements to today's products and services (incremental innovation) while we work on the breakthrough opportunities for the future (transformational innovation).

We live in an exponential knowledge based economy where one idea builds on another at increasing speed. Moore's law (100% increase in price performance for computers every 18 months) is spreading to other industries such as communications, entertainment and medicine. When exponential technologies converge new unexpected opportunities arise that create major transitions in society.

Innovation teams are advised to adopt an exponential improvement process:

- Work on an **important** need, where you can stay ahead of the exponential wave of improvement in your activity
- Have access to **many new, valuable ideas** to make the largest possible improvement at each step
- Employ an **iterative compounding process** so the magic of compounding can occur



- Have the appropriate financial, human, and other resources to **drive the project**

The five disciplines for creating what customers want are:

### **Discipline 1:** Important needs

Focus your attention on important needs rather than interesting needs. A good test question is “Does anyone care?” if there is not an important customer and market need – forget it.

When you know you have an important need you must make sure that it is feasible and that it will not be overwhelmed by other developments.

- Do you work on innovative activities that can make a demonstrable difference to your customers, whether internal or external?
- Is it aligned with your organization’s goals?
- Are you willing to commit to it?

Work on what is important, not just what is interesting – there is an infinite supply of both.

### **Discipline 2:** Value creation – the NABC model

Every important innovation opportunity must have a strong **value proposition**. When missing, the result is confusion, poor communication within the company/organization, a lack of focus on customer’s actual needs and wasted organizational resources.

The goal is to deliver customer value that is **clearly better** than the competition’s.

A good value proposition addresses four fundamental questions:

- What is the important customer and market **Need**
- What is our unique **Approach** for addressing this need?
- What are the specific **Benefits** per cost that result from this approach?
- How are these benefits per cost superior to the **Competition’s** and the alternatives?

The value proposition must be balanced. Most are not. Most look like this: Need, **Approach**, Benefit, Customers



Developing a solid value proposition requires talking to and interacting with customers. The value proposition is the backbone of the innovation plan, the business model and the elevator pitch. The chapter goes on to address a specific, very structured innovation process that can be used when developing the value proposition.

### **Discipline 3: Innovation Champions**

Every project requires a champion: someone with the skills and commitment to make the project a success. Champions are innovators who master the five disciplines needed to rapidly create new customer value in the exponential economy. Without a champion the project is doomed to fail.

### **Discipline 4: Innovation teams**

The chapter discusses the value of the team and offers a model called the Networked Improvement Community (NIC), which allows a team to capture a community's collective intelligence in order to solve important problems rapidly by creating a general framework for performing knowledge-based activities.

The innovation team must have:

- Shared strategic vision
- Unique complementary skills
- Shared rewards

### **Discipline 5: Organizational alignment**

The key elements of organizational alignment are:

- Shared vision, strategy, values and goals
- Commitment to delivering the highest customer value
- Commitment to continuous improvement processes using innovation best practices: the five disciplines
- Creation of organizational structures and processes with the appropriate staff
- Organizational transparency, including staff communication, knowledge, and intellectual property
- Shared recognition and rewards
- Commitment by the CEO, president and senior management team



Curt closes the book with a very interesting discussion on how the five disciplines of innovation can be used as a foundation for national competitiveness in a world of abundance!

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