



**2002
MARCH**

INNOVATION

You don't need telling times are tough. Business can be so all consuming that we don't always recognise the resources we have available. Opportunities for creating profits are often ignored. The focus is on reducing costs, being squeezed on price and fighting for a share of a stagnant market. Simply survival.

When asked what a screen printing company should do to improve their profitability the advice is often "Get into a niche market". Easier said than done. A niche market by definition is often hidden and specialised. Everyone is looking for the solution. Consequently most niches have been filled. Maybe the way is to create your own specialisms. You may say I am *only* a screen printer who produces to a client's specification and then despatches a finished product. *Only !!!! Cobblers!!!!*

Let's get this straight most of us are entrepreneurs who have worked our (See above) off, created a business, grown it against all the odds and made profits. So we know we can do it. Remember when you started? The excitement, the challenge, the heartache, the enthusiasm, the optimism. Now it is tough. "If I knew then what I know now", lubricated voices speak at Valentine Balls and Gala Dinners. How do we rekindle the positive aspects of starting out and blend it with the experience gained in the mean time? By being INNOVATIVE. Innovation is not the just the property of inventors and mad professors it is also for screen printers. In my business I work with all sectors of industry from sandwich makers to missile scientists. Without exception those who are not au fait with the screen printing process think it is both remarkable and really useful.

What the uninitiated don't know and what we take for granted are all the skills, resources, products and markets that screen printers utilise to create the profits.

Innovation is not necessarily about extraordinary ideas and products, innovation can simply be a change in emphasis that opens up an opportunity.

When we think about the resources a company has they tend to be seen as, money, equipment, premises, staff. Add to this organisation, market, products, history, applied skills. The hidden resource is the untapped intellectual and practical skills of the whole workforce. It is an old truism that with every employee you get a brain for free.

If you were to quantify these resources you would be amazed at what was available to you in the company. Rather than resources it would be useful to call them Company Means. Whatever product or service you develop has to serve a Market Need.

Innovation is: Market Need + Company Means = Business Opportunity

When a company is forced into the situation where the aim is to continuously reduce costs and compete only on price their product becomes a commodity and price is perceived as the only reason for purchasing. In black and white terms this divides companies into two types. Commodity companies who work on continuous rationalisation to cut prices and Innovative companies who try to create unique or speciality services.



In Commodity companies there is a point where the pips start to squeak and more rationalisation will be non-productive. We can screw the ink and substrate suppliers to the point where they are just creating turnover, manning can be cut back to a minimum, we can be a business on survival rations. The fun has gone out of business. We are dominated by; I will say the words in a whisper, bean counters. I just couldn't bring myself to say accountants.

It is possible to run both Rationalisation and Innovation together but they don't get on well and normally Rationalisation will dominate and squeeze out Innovation resulting in Commodity company status.

Companies feel it would be "nice" to be innovative, in reality it is essential.

Innovation does not necessarily mean Diversification where a company rushes off and does something completely different to their core business. It can work but it is a very risky strategy. Our definition innovation = new business creation.

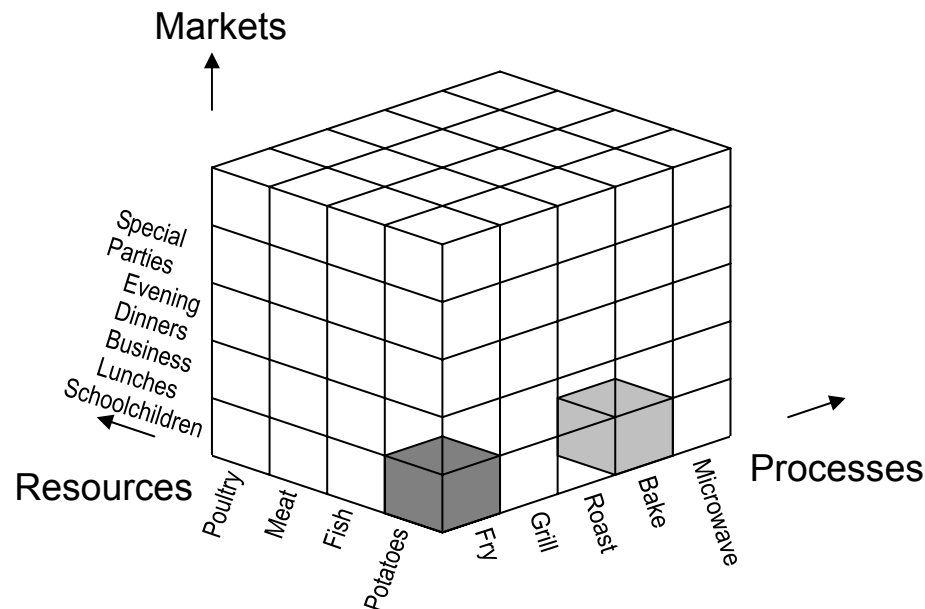
Or doing something new in a business sense. This does not have to be the screen printing equivalent of a new space shuttle! It can be something as simple as finding new and better ways of doing things, or adding additional benefits to your present services or finding new client groups.

There are 3 basic approaches to innovation: -

- 1) Acquisition i.e. going out and buying a new company which adds synergy to your own operation. This can be expensive and there can be problems integrating the new business with your own.
- 2) Licensing i.e. buying "off the peg" a new approach or system which will add value.
- 3) Organic growth using self generated expansion using existing resources and ideas. Organic growth is different to the other 2 in that it is internally generated while both acquisition and licensing make use of somebody else's ideas. However, there are 2 forms of organic growth:-
 - a) Diversification i.e. doing something TOTALLY NEW. As stated above, this is usually a very risky approach.
 - b) Integration i.e. making use of our existing resources, skills etc to offer differentiated services which gives us the edge over the competition. This concept tends to be a low risk, low cost.

For most companies in the screen printing industry integrative organic growth is probably the best way to innovate. So how do we go about it? The approach makes use of our existing skills and resources. Therefore, the first step is to outline all the skills and approaches we have available to us. The best way of doing this is via company

modelling. This is the route chosen by the SWORD System – a very successful approach to innovation. By way of example consider the following model of a cafeteria: -



SWORD uses three dimensions here: -

Process applied – in this example the way the food is cooked.

Resources used in the above - different ingredients.

Market services i.e. who uses the Café.

We then draw the matrix and search it. Initially we find products which are already offered: fry + potatoes + school kids = chips sold to schoolchildren.

If we continue to search the model we will also find combinations which are more intriguing e.g. bake + potatoes + school kids. In the humble world of our cafeteria this could indeed be the beginning of a new product idea.

As we “flesh out” the new concept e.g. different fillings for the baked potatoes + replicating its sale to additional client groups it can become a meaningful new concept for our cafeteria owners. Additionally, it will be noted that this is a low cost, low risk, rapid impact idea. No new capital equipment is needed and client groups are already known i.e. it is an integrative new concept.



**2002
MARCH**
INNOVATION

However, it is important to suspend judgement on all initial ideas generated in this way. Easier said than done!

You could have fried children on baked potatoes. Extreme maybe, but that could evolve to potato fritters formed into shapes. Just like fried gingerbread men or women.

Unless you are experienced in thinking in this unfettered non-judgemental way it is necessary to have skilled facilitators available to guide you into the process.

There are programs available that can take you through the process from generating ideas to product launch. These are effectively part of your business development where you work on real applications that can produce income generating, profitable products in real time.

The SWORD INNOVATION programme is such a structure this assembles a small multidisciplinary team from your company in a workshop environment. Then they: -

- a) Build a model of your particular organisation.
- b) Search the model for integrative ideas.
- c) Assess these ideas for likely winners.
- d) Shortlist promising concepts for further investigation.

The approach is tried and tested and offers hope to many companies who are stuck in a vicious rationalization spiral.

With this exercise alone you can expect to generate at least 150-300 business ideas. Further techniques select out the potential winners and take them to fruition.

The cynical amongst us may say this is fanciful. As a company we have used these techniques and have generated at least 20% of our total profits over a 10-year period as a direct result of the expertise we gained on the program. Currently we have a business opportunity that involves a £15,000,000 investment well on its way to realisation. This started as a two-line hand written concept on a piece of rough paper.

If you wondering what can you do to unlock the potential of your company, send me an e-mail to peter@pdsconsulting.co.uk and I can put you in touch with companies who you can work with and there may be some financial help from your local Business Link.

Whether you are starting out or have a turnover in the millions this may just be the break you were looking for. It is an effective method of fully utilising the resources of your company.

Just two examples from a portfolio of thousands of products developed using these techniques.

A Solar powered Miners Lamp



**2002
MARCH**
INNOVATION

A secretary working for a multinational suggested this idea during one session. It evolved into a system for operating electrical switches underground by shining the miner's lamps onto a photoelectric cell mounted on the outside of an intrinsically safe enclosure. This is now an industry standard.

The Sweet Scent of Lion Dung

Stopping deer eating young trees planted in Scotland was an expensive problem. A team member suggested having lions roaming the Scottish hillsides killing the deer. Tough on ramblers. This evolved to a spray that had a simulated scent of lion dung being sprayed onto the young trees before planting. Deer have an innate fear of lions even though they have never seen one and they keep away from the young trees.

Both these "mad" ideas have resulted in millions of pounds worth of business.