

## Confusing the ends and the means

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I've written before (and often) about challenges around clarity and communication introduce difficulty when corporations try to create new products and services. Notice that for a blog about **innovation**, I didn't use the "i" word in the sentence above. That's because I think corporations confuse the ends from the means, and in doing so create unnecessary barriers to creating valuable products and services.

First, let's get our thinking straight, because clarity and consistency matter. In descending order of importance, executives want profitability, cost control, revenue growth and product differentiation. Many are very good at cost control and will accept profitability achieved by decreasing costs in the face of flat revenues. A real win increases revenues while holding costs flat. Revenue and corresponding profit growth typically come from gaining more business from existing and new customers from existing products, or introducing new products and services to new and existing customers. It's in this latter case (new products and services to new and existing customers) where we typically think of "**innovation**". But note what executives and shareholders "want" - growing revenues and profits. They are willing to get more profit by holding revenue flat and decreasing costs, but the real rewards come from growing revenues and profits.

Now that we've established relatively obvious base principles, let's ask the next important question: how do we discover and create new products and services that existing customers and unserved customers want? And here's where **innovation** becomes important, once we accept that only through creating interesting and valuable new products and services can a corporation drive new revenue and profits from new and existing customers. **Innovation** is a means to an end, not an end to itself. And this is what so many corporations and executives fail to understand.

When these corporations and executives ask their teams for **innovation**, the executives assume that their people know what **innovation** is supposed to do for the company, and how to create interesting new products and services that customers want. There are at least three false assumptions in the previous sentence:

1. Mistaken assumption: Employees know what **innovation** is supposed to do or the benefits it is supposed to create

2. Mistaken assumption: Employees know how to create interesting new products and services
3. Mistaken assumption: Employees understand customers unmet and unspoken needs and understand how to fill them

These mistaken assumptions lead to poorly framed and poorly executed **innovation** activities, which are compounded by a fourth assumption: that employees have the knowledge, time, experience, familiarity with **innovation** tools and cultural acceptance to conduct a good **innovation** activity. In reality, most teams don't understand or appreciate the commitment, time, resources or scope necessary to generate and realize really interesting ideas.

What everyone gets wrong is that **innovation** isn't the "ends" that executives seek. They seek growth, differentiation, inordinate profits. If those factors come from following the existing processes more efficiently, they will be ecstatic. But we all know that doing things more efficiently rarely creates new products or services, so they are frequently disappointed. When executives are clear with their expectations, when they communicate exactly what they want from **innovation** teams, when they provide appropriate scope and time frames, when they apply appropriate resources, they establish that **innovation** is a set of tools to help achieve profits, growth and differentiation through the creation of new products and services.

In a perfect world, we'd use the "i" word much less pervasively, because what we'd talk about are the actual "ends" - new products and services that drive revenue and profits, rather than the means. We need to spend a lot more time about what we want - the ends, and much less time on the means to get there. Once the ends are clear, then we can spend time focusing on the means, which, by all means, need greater focus.

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