



**THINK
SMALL**

Innovation consultant **Doug Hall** on why the courageous, the troublemakers and the little people are winning the day ... most of the time.

FROM SELLING MAGIC TRICKS AT county fairs to advising the high and low on their innovation and invention processes, Doug Hall has followed the footsteps of his ideal, the inventor and commentator Ben Franklin. Indeed, the company he founded in 1986 following a successful stint with Procter & Gamble he called Richard Saunders International, in honour of the pen name Franklin used when writing Poor Richard's Almanac.

As Hall describes it, that company, like so many other business success stories, he started with what he had from the basement of his home. Fortunately, he says, he had "big money" behind him: "In fact, the biggest investor in small businesses, the one investor who supports more new businesses than any other, the VISA credit card corporation."

He founded the Eureka! system based on classical Procter & Gamble beliefs. "It was an 'ask consumers' invention approach. The 'death' of the system occurred in the Procter & Gamble Board Room when then CEO John Smale remarked that the new soft drink that we were so excited about - and that had been developed based on discussions with hundreds of consumers (focus groups and one-on-ones) - was in essence Coca-Cola. In an instant I realised that the Emperor had no clothes on - and I was the Emperor. By listening to customers we had conceptually created a modern version of Coca-Cola. Instead of taking responsibility for our future we had abdicated our leadership responsibility to consumers."

Since then his Eureka company has gone through several evolutionary steps, reaching a stage now where he is a successful consultant,

advisor, mentor and expert on business innovation systems and the needs of inventors and inventions, for both large and small organisations.

Fast Thinking spoke with Doug Hall on the eve of his Australian tour.

Doug Hall: My background is entrepreneurship. At age 12 I started my first company selling juggling kits. I did that right through college, doing a degree in chemical engineering. And then went into advertising at Procter and Gamble's Brand Management Department for 10 years, where I rose to the rank of Master Marketing Inventor. I put nine new business initiatives into the market in 12 months, which is considered something of a record. But that's not what I'm most proud of. What I am most proud of is that my first boss called me a high maintenance subordinate.

I think that's a good thing, the term "subordinate" - you have to allow them to feel important. It's one of those things that you do as an entrepreneur, if it makes them feel good and they give you a raise, who cares.

The primary focus of what we are trying to do is to help people grow their top line. You do that by bringing in something that's unique or different. Show me someone with a proprietary technology that's new to the world and I'll show you a company with a high odds of success. Show me somebody with the same old stuff that's gonna just work harder than the next guy and I'll show you somebody that gets really tired and probably not going to make a lot of money.

At the end of the day the challenge that you face is that it's grow or die, and the global economy has brought this even closer. If you

don't have something that is unique to others then it is just a matter of time because customers are not going to pay more for no good reason. There's always somebody who's willing to make it cheaper.

But, it does take courage and guts. I've worked for big companies and you wonder if they have a pulse sometimes, because it's people just doing a job. Next week I'm meeting with two small businesses and they're just on fire - they love what they do. I don't know why they would but they love it. You get infected by it, and it's so exciting working with people who have fire in the belly and really want to make a difference in the world.

I don't understand why governments [define small and large businesses] by the number of people they employ - it's encouraging the wrong thing. We want to get the maximum amount of money out of the fewest number of people. Not that we don't want people, but your job is to figure out how to be smarter than the next guy. The governments have their heads up their butts, in my mind; they just don't get the concept of what it takes to really start a small business. They should, because we know from research by Babson College that 85 per cent of the major innovations since World War II have come from small business. And for all intents and purposes the US data says that all the new business jobs have come from small business.

Small businesses usually don't have the resources to promote themselves as widely or often as effectively as large businesses. Will the world beat a path to your door if you build a better mousetrap?

Well, fortunately it's getting better. [But] You may not have enough patience for it. In today's

world we have this Web thing where people can find you a lot easier than before. The fact is they will beat a path, it just might take longer than you have the time. It will happen a whole lot faster if you go out and tell people about it.

And how good are individual inventors at doing that?

It varies. The professionals are great at it. And the amateurs are amateurs. We tend to have some stereotypes of inventors. I know a lot of very professional inventors – I mean, I do it – who make incredible amounts of money. But they're very professional business people. They're not kooks and cranks. Some people, to make their self-esteem feel good, will make fun of inventors as the kooky crazy idealist, but there are a lot of those who make money from day to day and they're very smart business people.

What are the barriers to innovation for large organisations?

The biggest thing they lack is courage, and they play it safe. But that's not how their companies were founded. That doesn't mean you have to be rash, but you need to have some courage and you need to do it.

There are some simple principals [successful businesses do]:

- Fail fast, fail cheap. You don't have to make it perfect – you make a little, sell a little, learn a lot. Then you wrap it, test the marks off it.
- Second thing they do is they borrow, don't build or buy. They don't truck out and build a big factory. They borrow the resources from people, they work with people, they bring together alliances and partnerships.
- Third, they deal with the death threats up front – the things that can take them out of business. In the corporate world what happens is they deny that there's a problem and they say, "I did my job, the next department screwed up." Entrepreneurs aren't like that, they take responsibility.

How effective are innovation departments within large organisations?

It varies. As a general rule, we know that small and medium businesses are about twice as effective with smart new products as big companies are. Although I do know some large companies that are exceptionally good at it.

What tends to happen now in the States is a process called "connect and develop" which is about finding entrepreneurs who have breakthroughs and ideas, and licensing or buying them. They're giving up the creation of the stuff, saying "hey, small guys are way better at it."

As long as you don't neuter yourself as a

corporation, some companies are doing very well at it. The challenge is when you do what Ford and GM did, which is that you outsource everything and you just become a marketing company, then you have no control over your supply base and your ability to do anything. As long as you keep it as a blend and you keep the capabilities – the brains – inside the company, but then you connect and develop with the outside, you can be successful. The challenge is if the leaders have the courage because in the short term it's a lot cheaper just to get rid of all your R&D people, and we're seeing that in Detroit.

A company like Cisco is doing yes-yes-yes – they're doing connect and develop, they're doing internal develop, they're doing acquisitions, they're doing everything.

And how well are small businesses doing?

There's never been a better time to be in business for yourself. You have a three times greater chance of becoming a millionaire in the US in a small business than you do in corporate America. Guys, you can't get there from the corporate world.

All the politicians giving money to big business ... they like to cut ribbons in front of big factories. They should be giving all of their money to small business. They're the only people who give them a return on investment.

And the future?

We have massive problems in the US. India is bringing out four times more engineers than we are.

Let me tell you, it is rocket science in this world. I'm happy to hear about emotional intelligence – that's cute – but emotional intelligence is not going to make your cars run and get better gas mileage; emotional intelligence is not going to turn around and help you feed people and take care of health issues. We need to have a healthy balance: I'm a great fan of the arts and the performing arts, but we need real science and real courageous people and courageous leaders for that to happen.

Fortunately we're seeing it in a lot of the youth – the next generation. The generations going into college now are almost twice as likely to want to start their own business than they are to get a reputable job in a reputable firm.

I have a lot of hope. The next generation coming is going to take a lot more responsibility, but where it's going to get tough is that they're not going to pay for all the problems [that they inherit].

The message, then? Do what you really love. Don't do it for the money. Do the thing that you love, that you really care about; and the money will come. ★

HALL ON TV

Doug Hall was one of the judges on the first season of the US ABC-TV network program American Inventor. Produced by the same team as American Idol - FremantleMedia North America, Simon Cowell and British Tycoon Peter Jones – the show aims to find the next big thing in inventors and inventions.

"What's it like? Over-hyped. Over-drama-ed. Typical sappy Simon Cowell fashion. It's edited to be a tear jerker. At one point we had a guy up their crying, I had to ask him, 'What's the name of the show. It's American Inventor, not American Sob Story. Let's talk about your invention.' I wasn't trying to be mean, I was just facing facts.

"That's why they asked me to be a judge. They knew I did this sort of stuff, and that I told the truth – said what I thought of Simon Cowell. He's one of five producers – tell me how that makes any sense."

How realistic are the people who come on there?

"I'd say it is a charade. I mean, let's be clear, you've seen the Idol-type shows. I mean, any one who does that kind of stuff is just plain weird. A real inventor wouldn't go on anything like that. The way you make money is the old fashioned way – you come up with an idea, you put it together, you make a business, you make a payroll and you sell some stuff.

"The real thing is far more fun than reality TV."

Hall has excused himself as a judge for the next season, which premiered in June 2007. The current judges include businessman, former heavyweight champion and ordained minister George Foreman, British tycoon Peter Jones, entrepreneur Pat Croce and Spanx creator Sara Blakely.

HALL ON TOUR

Doug Hall will be visiting Australia in late August, presenting on applying creativity and innovation to the three pillars of growth: more effective sales and marketing; new customers and markets; and new/improved products and services. Overall, the theme of the seminar is "think smarter and more creatively about business growth", and will also feature a number of presentations by Australian industry experts, including Fast Thinking regular correspondent, Dr Ken Hudson.

Events will be held in Melbourne on August 27; in Brisbane on August 29; and Sydney on August 31.

Further information is available from www.FastThinking.com.au/businessconnect