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REIGNITING DISRUPTIVE INNOVATION



WEBINAR Q&A

WITH DOUG HALL, CORIE SPIALEK, LYDIA CARSON & MAGGIE PFEIFER

QUESTION 1:

Regulatory constraints are often an issue in healthcare, but you've gotten around those in the alcohol business. Please discuss how you approached that.

ANSWER 1:

You have to have a mindset that says, these are the rules. Everybody else has to play by these rules. My job is to game them. How do I figure out a way around it? And that means you've got to turn up the disruptive thinking and find ways around it. It's a mindset. Too many times we see companies that face regulations, and it's a woe is me, we can't do it. They give up before they even try. And we tell them, This is awesome. Because your competitors don't have it. We have other whiskey companies coming into our distributor, some of the biggest in the world, saying I don't have any idea how you're doing this. This doesn't seem legal to me. And they go, would you like to explain it? We tell them no. We are good. You figure it out. And so you can do it. You can do it. You just have to have the will to do it. And with healthcare, what we always usually find is people are sick. People need help, dammit. And if we've got something that can make them better, let's do it. And it's our job to figure that out. It means you have to be disruptive and it means you have to think differently. And it means you have to run tests, and you have to get approvals. It isn't easy, but when you get there, guess what you have? Something really cool and it's worth the journey for making people better.

QUESTION 5:

Any words of wisdom for small businesses that may find it hard to prioritize disruptive innovation while at the same time dealing with limited resources?

ANSWER 9:

Monster problem, I would have given you a different answer. served versus what I've got now when I'm running this factory that we're trying to keep production up and deal with budgets and math. My best answer to that today, because I would not have answered the question the same what we're doing now, because we've got this out of control business that makes good money, but I want it to make spectacular money, is what I've got is an incredibly good CEO, was my co founder, Joe Girgash. And he runs the bass business. My job is to go wandering the wilderness and to find the next one. And so I spend probably half my time working on the next one, on Monday, I will be in a bar introducing a blow away event in this on premise, it's never been done before. And I'm, I spent half my time on those next ones. And my job is to validate them and show that they that the money model can work before I disrupt the organization. And so I've got a small team. And we're working on looking around the corner and finding the other stuff. And well, for me, I'm wired that way. So it's just like a ton of fun. But you have to kind of separate those next things with the business. And so having Joe, who is just amazing, running the day to day, because the problem is lower level people. It can be hard if you don't have the support of senior leadership, at least somebody in that team, because you can't always see that view of the hole. And the senior leaders can see the hole in ways that people further down in the organization can so you need that sponsor, you need that mentor, you need that actively involved person who can see that connections on the broader basis if you're going to make disruption happen.

QUESTION 2:

I think people come in for a day or a week or something and short. And it seems like, you know, you can put you can do innovation quickly in a week. And I'm curious about how it lasts after they get out of there for a week and what happens the week after the month after the year after, right? How do you do continuous disruption? Seems he's on a sprint seems hard for a marathon?

ANSWER 2:

DOUG: It was all your reconvening, that was literally the only thing that we did. And part of why we created innovation engineering, and the curriculum and the education on how to do it was because I frankly, got pissed off, excuse me, and we would come up with great things and then they would compromise them to mediocrity. You know, the worst was when I was with, with a major company, I won't mention the name, but we did this thing that got amazing scores, and they called me in in December to show me their Superbowl ad. They said, I need you to see this because we've we chickened out. And they blew it. They blew it because they they chickened out. And so in order to get the institutionalize it, we created the education to help them. And what's really cool about the black belt because basically if you're doing innovation, you do blackbelt there's no there's no other option. You gotta have the best weapons and practice tools you can have. The way the team built this, which was Maggie, Pfeiffer and Brad it's amazing. thing is they built the certification, such that the, when you do black belt training, they coach you through that certification process, which is usually working on a disruptive idea. It can oftentimes be sometimes IT systems, sometimes other things. But by getting support, so you're getting education, but you're also getting reinforcement. And we also encourage, I mean, we used to say for i like to have eight to 12 people, so that you've got a cohort inside there to do it. But it takes I saw Bill Conway, he's the guy that was the first to bring Deming back to a company in the US, the Big Three automakers came, quality was crap. And they learned how to make quality. And Bill Conway was in his 80s. So I talked with him, I said, Bill, if you had to do it all over again, to teach quality, and to teach how to do system thinking, what would you do differently sustained, people need more help, and more support than they think they do? And you think they do. And I explained that the team was working on this process of Black Belt coaching through it or you reconvening projects, we oftentimes stay with it, which is different than others, because most people are doing ideas like to do with ideas and not get their hands dirty, they like to walk away. And to me, that's a chump, you know, I only recommend an idea. My rule is if I'm working on a project, and I do more as creative director now, but which I love to do is I won't say an idea that if you said, Hey, Doug, can you take it to market for me? If I wouldn't do it, that I'm not gonna say it. And so getting more engagement, getting more training, it takes more than you think. And if it's a little incremental thing, it's not worth the effort. But on the disruptive things, the size of the prizes, folks are so amazing. The chain reaction of pauses is so amazing. It is well worth and here's the other thing that happens when you do disruptive. Because people say well, I went a little above chickenshit. That doesn't work. Say it, I only want disruptive things. I remember when head of r&d was beautiful. He said, If any of the ideas can be my team knows how to do them, they don't count on the list, we'll put them in a second pile to process later. I only want things that my r&d team doesn't know how to do. Think about that. That's a game changer. And so it takes getting management. And what I do is when I'm brought in because Maggie and Lydia in Korea will bring me in sometimes to talk because I like to try it out the old guy is I will tell them, this is going to be an experiment, and you need to give them some protection. But then we're going to become the pioneer of what your new culture is going to be. And if you don't get that you come to Cincinnati, you hang around with the ranch people. And then I'll walk you through the distillery and I'll show you cane and a kid with more tattoos in the world needs hair down his back, who is literally transformed a packaging machine that was breaking down every six minutes and now breaks down a couple times a day. And that kid who never went to college, never anything else is doing amazing stuff because he's been taught these things and he's taking action on it. That's what we're looking to do.

MAGGIE P: my addition to Doug's response is to build routines that help keep the momentum alive with teams. That means regular feedback sessions, regular update meetings, pitch outs, etc. Weekly, bi-weekly at the least to keep the team demoing and asking for help and updating others on the progress of the ideas.

QUESTION 3:

Do you have a system that enhances the idea generation and discovery which is what comes first before taking ideas to market?

ANSWER 3:

LYDIA: It is what we teach with Innovation Engineering. And it doesn't just start with with a sprint. We start by getting together with the leaders, which is one of the things Doug talked about - Disrupting the Strategic Planning Process. We get the leaders' Commanders Intent and then spend about six weeks or more doing all stimulus mining with extra focus on Wisdom and Patent mining. This prepares us to bring a group together to create, test, and vet the ideas in an intensive multiple day sprint. But then it doesn't end there.

A lot of places you could work with leave you there. But we prefer to go through the Discovery process, which is usually about eight weeks. That's where we do the Plan, Do, Study, Act cycles to work on the Death Threats. We're going to test and learn like like Doug was talking about. We're also going to build a Business Opportunity Recommendation. That's a venture level development proposal teams put together. The teams are telling the leaders, here's why you should invest in this project for development.

Then the process continues through the Development stages with checklists that enable the teams, not control. The stages and checklists go all the way to market. But the key is that you've got to keep that test and learn mindset. If it is disruptive, you don't want to put it through your core/continuous improvement Stage Gate process, because those checklists are going to kill it or compromise it, like Doug talked about.

You need to have a system that allows for thinking and learning all the way from strategy to shipping and even beyond, because there's still cost and learning that needs to be done when you get in the market. This is really why Doug was frustrated, took the sabbatical, and created Innovation Engineering, to approach the whole process in a systemic way.

DOUG : Let me say just one thing, folks, because I can see faces here, down, and there's a lot of information sharing people. If there's a thing that I think we need to do to really get this disruptive movement that's coming now... In the past, we would talk with leaders, and they would write a Blue Card. I just spent three days in Toronto with Maggie, with a leadership team that has done an annual strategic planning year after year, and nothing ever happens with it. We took them through a process for three days to get them to think about what their disruptive strategy was. And I was vicious with them to say, "Do I really love it?" Or is this just something you're saying to token us.

You gotta get management really bought in such that they're so excited about this thing. They're pulling the idea of disruption to happen, not just sending out a purchase order, and then saying, "I'll review it when it comes in." And so, versus the original innovation, it's much longer and deeper disrupting. That's why Eureka inventing does disrupting of strategy. You've got to disrupt the strategy.

QUESTION 4:

What are best practices for linking grand challenges, core center of excellence, and grassroots innovation?

ANSWER 4:

Well, I think those are all different things. And I think you got to be careful about that.

In a Center of Excellence they likely say, "Our big new idea has to work on what we already know how and what we're great at." But that's not always true of disruption...if that's what you're after. For disruption... I may use part of your center of excellence, and part of something else.

The grassroots stuff is not going to be disruptive. It's just not going to tend to be disruptive by its very nature. The staff doesn't know enough. They can't see enough. They don't know the math, they can't do this stuff. Let it be. It's what it is. It's not that they don't have the ability, it's that they don't have enough exposure, knowledge and visibility to see all the chess pieces on the board.

To me, the Grand Challenge is the place that we got to focus on and then figure out how to do it. I have a blending machine right now. You answer 13 questions in an artificial intelligence app. And 30 seconds later, you have your own custom bottle of bourbon. The bourbon will win three to one in a blind taste test. That required building electronics, doing software, building artificial intelligence, building the whiskey. The normal company would say, "Well, we only do this. We don't do those other things." Okay. You're right. And that's your choice. So don't whine when the competitor does that.

As I said earlier, disruption means you're going to take part of what you are. Not all of it. Saying I'm going to take everything that I am now and somehow a new miracle is going to occur...that would be a definition of insanity.

QUESTION 6:

We've tried implementing something like Blue Cards, but leadership handed down a set of constraints that keeps us from doing disruptive. How do we inspire them to look beyond the obvious incremental stuff?

ANSWER 6:

It starts with education. Many of them don't know what disruptive innovation really is, what it takes to do and what it takes to do repeatedly. Unless your leadership are founders. Founders tend to see the value of disruption because it's most likely what they did to start the organization. In fact, the challenge for most organizations isn't doing the first disruption - it's doing the second, and third, and so on.

A few ideas to help you build the intrinsic motivation within leadership to do disruptive.

- 1) Share this presentation and data. Leaders can often see the risks in an effort. And the risks of doing disruption are easy to spot. What's less obvious are the risks for NOT doing it.
- 2) Offer to do disruption experiments without disrupting. More often than not, leadership needs to base business to keep doing what they're doing. And it's hard to see the value in interrupting that based on a "maybe" or "might" from a potential idea. So incubate the disruption outside of the system. Vet and prove it before creating the interruption into the core business.
- 3) Appeal to the right brain too. Disruption is about more than getting a great return. The ripple effects can be felt in the industry, the board room, the factory floor, everywhere. People want to be part of something incredible, an adventure, some fun. We track data on teams and culture. And nothing gets staff fired up and rating their place as a "better place to work" like having meaningful work and to create something of value.

QUESTION 7:

Every leader talks about "innovation" but when it comes to implementation, they leave it to R&D, CIO, CDO, etc. and don't involve all workforce. Isn't an organization loss by not involving entire workforce into innovation/idea generation?

ANSWER 7:

Absolutely, innovation is too important to be left to one person or department. In fact, multiple studies cite that ideas generated by the workforce can create 300% more impact than ideas from an elite team.

That said, it's helpful to consider 2 things first:

1. What type of innovation do you want?
2. What is the workforce enabled to do?

When you know the answer to those 2 things it sets off a chain reaction of the right ways to engage staff at every level in the organization.

We've always been an advocate for creating a position and team for Innovation Systems. The Innovation Systems team has 4 roles:

1. lead disruptive innovation projects,
2. coach others within the business as they implement core projects,
3. educate and enable staff throughout the organization to be proactive problem solvers, and
4. continuously improve the innovation systems within the organization (education, market research, estimating, prototyping, leadership skills).

QUESTION 8:

I found doing research on the general free internet is worthless, but have found great advantages from peer-reviewed resources (Gartner, Forrester, F&S, McKinsey, etc.)--but especially the ability to talk to the analysts for ideas between spaces. How do you value that and how do I get my org to spend the big cash for multiple costly services (necessary to see from all angles)?

ANSWER 8:

We teach Wisdom Mining in our training programs - which is to dig into academic articles or peer reviewed journals. We look to those sources and the authors behind them for new insights. A great free resource for these articles is your public or university library - you can often gain access to their online databases with your library card.



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