The Infinite Journey of Innovation: An Interview with Microsoft's Simon Floyd

By Amanda Akass
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Simon Floyd is the Director of Innovation & Product Lifecycle Management Solution Strategy at Microsoft. Simon has 22 years of experience in product development spanning automotive and architectural products, to software for 3D visualization, design, and collaboration. He holds patents in residential solar electric power generation and enterprise software methods.

"The innovation journey is never over. I tell people to visualise it like a journey into space. The universe is infinite, and we're not coming home. Sometimes we'll land on a planet and colonize it for a time, but we'll always move on..."

"The problem for many companies is that they find one innovative solution and think their journey is complete.

"You must never stop."

So says Simon Floyd, Director of Innovation and Product Lifecycle Management at Microsoft, the world's seventh most valuable company and one of its most consistently innovative.

Floyd is the man behind Microsoft's newly published Best Practices for Innovation: Microsoft's Innovation Management Framework (PDF), a widely anticipated whitepaper drawn from best practices across the company and developed in collaboration with Pcubed and a number of other partners.

The Framework, years in development, is designed to provide a "repeatable reference architecture of innovation" to help companies develop a comprehensive, integrated approach to implement and support an innovation management strategy.

The Evolution of Innovation

Floyd has been fascinated by the evolution of business innovation and the untapped potential of collaborative idea generation since his days as an industrial design student in Australia.

"As an industrial designer, you're asked to design a new product based on requirements," he says. "But I was often troubled with the question of how companies come up with these requirements in the first place.

"If you look back in time, some of today's biggest companies were founded on an audacious vision, or scientific breakthrough that was the brainchild of the founders, such as Ford, Boeing, or 3M."

"But now the game has changed. It just doesn't work like that anymore. Innovation doesn't just come from the founders or technical elite - it's everyone's business. Now everyone is empowered to create ideas. You need to manage those ideas, strategically, in order to make a significant contribution to the business.

"Before, it was simple. One person had a vision that would last decades. Now you need a new vision every three to five years. This is the new way people work. In producing this Framework, I wanted to find a way to make innovation repeatable and scalable."

Indeed, the need for innovation in today's highly competitive global marketplace is greater than ever before. What with the growing capabilities of India and China, the fall of information-sharing costs due to the Internet, and the recessionary focus on cost cutting, Pcubed's head of innovation, Dr Shan Rajegopal, says there has been an increased focus on innovation in many businesses.
"Most of the things that could be cut, trimmed or outsourced have now already been done," Rajegopal writes in his recent book, *Portfolio Management: How to Innovate and Invest in Successful Projects*. 
"Many businesses are relatively lean and need to return to growth and differentiation. All of these factors contribute to the need for innovation... Innovative thinking is rapidly becoming a capability or enabler that strengthens and focuses corporate strategies and must over time become a key enabler."

**The Silicon Fallacy**

The term "innovation" is bandied around boardrooms, offices, research labs, and factories across the world. For too many organizations however, Floyd says, it's an ill-defined platitude - or worse, a distant, improbable vision, relevant only for snappy start-ups in Silicon Valley, far removed from the day-to-day operations of large corporations.

"Silicon Valley and other places like that have built an inventive economy that promotes innovative thinking, a culture of innovation. People are willing to take risks there, to invest in new ideas, which may or may not be successful," Floyd says.

Dealing with levels of risk is a major factor in innovation management, but Floyd says an undue focus on entrepreneurship is missing the real point of innovation.

"For me innovation isn't just about incubators or breaking out that rare new "Eureka" invention when something completely new emerges into the market. True innovation is a much broader and more practical concept. Any company can accomplish innovation if they put their minds to it.

"Silicon Valley has clouded our view of innovation. If you're not involved in the development of an inventive new product then often, from the outside, it looks like innovation simply happened overnight. In truth innovation is based on a lot of hard work.

"Companies need to be more pragmatic in how they view and practice innovation. I am an optimist: Innovation to me is something everyone can accomplish - you just need to be armed with the right methods."

**The Innovation Death Spiral**

Yet innovation is clearly a real struggle for many companies. Far too many remain caught in what Accenture has described as "the innovation death spiral," in which poorly performing new products soak up valuable resources, reducing the amount available to invest in future initiatives, which in turn are less likely to be successful. With each new product the gap between "innovation savvy" and "innovation challenged" companies widens further.

Simon Floyd identifies two key factors that prove to be a stumbling block for many "innovation challenged" organizations.

"The first is our natural propensity towards risk mitigation," he says. "Trying out something completely new - even if you are absolutely convinced it's a good idea - is risky. It creates a real dilemma: should companies divert resources away from current, successful business activities into a risky, unproven project with great potential?

"The second difficulty for organizations is about making the right choices. All businesses can come up with outstanding ideas. The big question is knowing which ones to choose. When organizations only have finite resources to choose from - then you are always taking a risk with your investment in new ideas. It's a bet."
The Innovation Strategy

"In choosing ideas to invest in, it's incredibly important for companies to understand the outcome they're looking for, which is why they first need to define an innovation strategy," Floyd says. "The biggest mistake many organizations make is not having the right level of expectation or a clear enough definition of what it is they want to accomplish. It's an elementary problem, but a very common one."

The Microsoft Innovation Management Framework sets out the requirements for a workable innovation strategy, starting directly below the corporate strategy and "taking growth targets and business goals from the business planning process to drive acquisition, IT, and product strategies," including high level goals to direct both ideation and the portfolio management process.

"Too often, innovation is still seen as the preserve of a group of brainy engineers, rather than the whole company," Floyd continues. "The reason organizations need an innovation strategy is precisely because innovation should be everyone's business, not just for a few people at the top. That means resetting everyone's comfort level, so it's not an easy realization to come to."

Building Innovation Muscle

In an ideal world, all organizations are looking for their innovation programs to produce a guaranteed market-leading product. Floyd argues that when launching a new program, corporate expectations need to be reset, so that achievable, early successes are defined as part of the innovation strategy.

"Your first goals could be around getting customers excited about your existing products, for example," he says. "You need to set in advance what success will look like, whether that will be improved financial performance, or something else. You could look at getting increased press coverage - making a flat brand buzz again. You can usually begin with something already out there rather than coming up with an entirely new idea. The main thing is just to get started on the journey.

"You won't have a new market-leading product overnight - rather you need to think about how to build a series of small, early successes into something grander over time.

"It's important to do this to start building your innovation muscle and creating a culture of innovation across the business. Don't imagine one person in the company is sitting on a one billion dollar idea. Any number of people in the company could end up developing any number of ideas that could lead to success."

Get Started Quickly

The Innovation Framework includes a number of key lessons learned by Microsoft in developing its own innovation roadmap, which Floyd says are vital for businesses to take on board.

"Get started and get started early. Don't obsess over theory," he advises. "Many people try and implement innovation programs using complex crowd sourcing technology or another complicated business management theory. It's better if you put more effort into establishing what you really want to accomplish first. You can come back to the theory later, but you will learn a lot more by just getting started. The goal of the Framework I have written is to help organizations get going quickly by producing a simple, repeatable method that works."

The second stage of the Framework is about engaging employees (and sometimes customers) in the front end of innovation, in a process of capturing and sharing targeted new ideas.
"The first thing is just to generate a level of excitement about the innovation across the program," Floyd explains. "Tell people you're setting up the new system, explain it will be evolutionary, open to contributions, and highly self-involving. People will get very invested, very quickly.

"I have done many workshops on this and I have rarely seen organizations implement the Framework and suffer a complete revolt. Occasionally people may say, 'Well, this is not good for the business - what we really need to do is this...' If so, then that's what you need to do!"

**Leadership and Accountability**

Another important factor to consider from the beginning of the program is ownership. "Someone needs to own the program, to take responsibility for executing the delivery and ensuring it leads to positive outcomes," Floyd says. "You need charismatic, inspiring leadership to help get people going. Without leadership to drive follow-through, it will fail. It will grow tired and stale."

Recent research carried out by the Economist Intelligence Unit for Accenture underlines the importance of leadership here; firms with a single point of accountability for innovation reported their innovation performance and capabilities were twice as high as those of their peers.

**Choosing Your Innovators**

It is not just about the people at the top however, Floyd says.

"It's very important to make sure you have the right people involved at all levels of the process. While innovation is everyone's business, to be successful, you still need to be choosy. You need to target the right people to participate in the idea generation process.

"A key learning from our experience is really to understand your own community. You could go for a huge group but normally it's better to choose 300 or 400 people who have a real passion for innovation and genuinely want to think things through and drive business results, rather than relying on the big numbers."

By choosing genuine innovators to take part, companies make it much more likely that good ideas will be put into practice.

"Unfortunately there are a lot of 'idea people' but a scarcity of 'innovators'," says Pcubed's Rajegopal. "Organizations need people who can take a good idea and convert it into operating reality."

**Encouraging Idea Ownership**

Floyd agrees the best results occur when people take ownership of their own ideas and have the opportunity to transform them into an actionable business investment.

"Rather than coming up with a brief Twitter-like outline of an idea to hand over to a privileged few at the top of the company, people need to be able to share their ideas and build momentum for them through a community forum. The critical stage is then supporting those with promising ideas to move from the brief initial description to a full five-page summary, followed by a fully-fledged business, risk, and feasibility plan. Only then will the organization have the capacity to understand what it will mean to the business, and whether it is worth the projected investment."

Soft management is essential to give employees the time and guidance needed to build their ideas into full proposals.

"You need to give people the freedom to capture the unclaimed minutes in a day of work to concentrate on their new concepts," Floyd says. "They don't necessarily need to be an expert at the technological or
business side of the plan; they can work with other teams to produce the final documents. But they need the time to be able to capture the essence of their idea in a more actionable form."

Floyd stresses that building an initial idea into a full-blown business plan is not an easy process.

"It's not sexy," he says. "The truth about innovation is that it never is sexy - it looks it from the outside, and certainly the outcomes are very desirable - but the process to get there is hard work. A lot of companies make the mistake of not allocating enough time –or too much governance - to the development of ideas.

"It's no good telling innovators they can have one hour or one day here and there. People need to have the freedom to find time to work on their ideas when they can."

In today's competitive global market, companies need to innovate to survive. It is only by designing and implementing a fully formed innovation strategy, which makes innovation everyone's business, that businesses can be sure to make the most of their latent capacity for driving forward successful market-changing ideas.

In the second part of this article published in Pcubed Insight #53, Simon Floyd will focus on the portfolio management aspects of evaluating and selecting the best strategic ideas and look at tools to help organizations establish a truly innovative culture.

Click here to read Part 2 of this two-part article in Pcubed Insight.