

Competing Values Newsletter

Fall 2006

Kohl's Innovates When the Going is Good

Kohl's department stores have beaten the trend among some apparel retailers, doubling their annual sales to \$13 billion over the last five years. But the company is not resting on the laurels of this trend. They are re-inventing their retail store concept in an effort to win traffic from new customers. See the article in the *New York Times* (www.nytimes.com/2006/10/05/business/05kohls.html). Many companies fail to innovate until they are in a crisis and have few options left, but sometimes the best time to be innovative is when everything is going well.

Teamwork + Design + Marketing = Innovation

The consumer products industry is a highly competitive business. Just walk into a Wal-Mart to buy shampoo, and you'll see what we mean. For companies who market everyday items to consumers, an important innovation for creating customer value might be as simple as product packaging. See the article in *Business 2.0* (<http://money.cnn.com/2006/07/06/technology/packagingthatpays.biz2/index.htm>). Once an afterthought to some companies, product packaging is now a more deliberate process that incorporates package designers into the marketing process for an effective, team-based approach to innovation.

... Speaking of Design

You don't have to have the creative genius of a fashion designer or an industrial designer to embrace the power of design innovation to turn your company around. This is exactly what Jochen Zeitz did with his company – Puma, AG. Now he and his company's story are featured in the latest issue of *Fast Company* (http://www.fastcompany.com/subscr/109/open_design-catalyst.html). Instead of slashing and burning their way to profitability, the company, under Zeitz's leadership, used a portfolio of designers to refocus the company on fashion and other innovations like open source design. The company has since been transformed from near bankruptcy into the world's fourth largest sports apparel company.



Making Change and Innovation Happen!

Creativity and Innovation in the MBA Classroom

Students taking operations management at UC Irvine are likely to find themselves building sandcastles on the beach. Students studying organizational behavior at the HEC Management School outside of Paris might find themselves preparing an elegant dinner for 100 guests. See the article in the *Wall Street Journal* (<http://www.collegejournal.com/mbacenter/mbatrack/20060912-alsop.html>).

Recognizing the Variety of Innovation

At Competing Values, we teach how innovation is different from company to company, from project to project, and from team to team. These differences underlie the methodology we use with clients every day. Innovation is not always about hitting a homerun with a breakthrough, but sometimes it means an incremental improvement. In an interview with the *Wall Street Journal*, Nicholas Carr shares similar insight (<http://www.startupjournal.com/howto/soundadvice/20060918-wsj.html>).

How Do You Brainstorm?

Brainstorming is an essential ingredient to innovation. In brainstorming, judgment is supposed to be checked at the door, and creativity is supposed to run freely. But brainstorming can be a negative experience and counterproductive if it is mishandled. Furthermore, scheduling a brainstorming session is sometimes like trying to install an on/off switch on creativity. Read the *Wall Street Journal* article here: <http://www.post-gazette.com/pg/06164/697891-28.stm>.

Timeless Wisdom

Outward-Focused Project Teams at J&J Facilitate Growth

Like many multi-billion dollar companies, growth becomes exponentially more challenging every year. In an effort to grow and manage their global company, Johnson & Johnson's executive committee reached out to the best leaders from throughout the company to form "FrameworkS" – a team-based approach to addressing corporate issues related to the company's growth. Although this story dates back to 1999 (read the article from *The Chief Executive* here: http://findarticles.com/p/articles/mi_m4070/is_144/ai_54831007/pg_1), the wisdom of team-based problem solving remains relevant.

Leaders Loosen Their Grip, and Employees Show Initiative

In 1997, Herb Kelleher, the former CEO of Southwest Airlines, said the following in an interview with *Leader to Leader*. “A financial analyst once asked me if I was afraid of losing control of our organization. I told him I’ve never had control and I never wanted it. We’re not looking for blind obedience. We’re looking for people who on their own initiative want to be doing what they’re doing because they consider it to be a worthy objective. That I cannot possibly know everything that goes on in our operation—and don’t pretend to—is a source of competitive advantage. The freedom, informality, and interplay that people enjoy allow them to act in the best interests of the company.” Read the full article here:

<http://leadertoleader.org/leaderbooks/121/spring97/kelleher.html>.

Competing Values in the News

What Makes a Company Innovative?

By Jeff DeGraff

ManageSmarter.com, October 18, 2006

Read the article at: http://www.managesmarter.com/msg/search/article_display.jsp?vnu_content_id=1003255982.

Frankly Speaking, Haute Dogs Go Gourmet

Article about growth opportunities in upscale hot dogs - quote by Jeff DeGraff
USA Today, September 17, 2006

Read the article at: http://www.usatoday.com/money/industries/food/2006-09-17-gourmet-dogs-usat_x.htm.

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