The other side of innovation

Interview by: Giles Metcalfe

Vijay Govindarajan, known as VG, is the Earl C. Daum 1924 Professor of International Business at the Tuck School of Business and founding director of Tuck's Center for Global Leadership. He is also the faculty co-director for Global Leadership 2020, Tuck's executive education programme that focuses on global management and is taught on three continents.


Chris Trimble is an expert on making innovation happen in large organizations. He is a frequent speaker on the topic. He has delivered keynote addresses at major conferences and has also worked with dozens of private clients — including GE, IBM, Microsoft, Thomson Reuters, Fidelity, and the New York Times Company — in roundtable discussions and executive education programs. Chris is on the faculty at the Tuck School of Business at Dartmouth and is a senior advisor at Booz & Company.

A book coauthored by Professors Vijay Govindarajan and Christopher Trimble, Ten Rules for Strategic Innovators: From Idea to Execution was named one of the strategy+business's Best Business Books of 2006 in the Strategy category.

GM: What is the other side of innovation?

Vijay Govindarajan and Chris Trimble:

Innovation is a two-part challenge. First you have to come up with a great idea, then you have to execute it. Execution is the other side of innovation.

When hoping to stimulate innovation, companies tend to put almost all of their energies into this side of innovation – the thrilling hunt for the breakthrough idea. That’s unfortunate, because there are severe challenges and hidden dangers on the other side. Complicating matters, the managerial techniques that work well on this side of innovation have almost nothing to do with what works on the other side.

GM: Why do companies overlook the other side of innovation?

Vijay Govindarajan and Chris Trimble:

For one thing, it’s very easy to get involved in, and to generate excitement about, a Big Idea Hunt. Creativity is fun and energizing. Plus, being the person that comes up with the Big Idea confers great status. If you come up with the Big Idea, then you will always be associated with it. Execution, by contrast, seems like the behind-the-scenes dirty work.

In addition, companies tend to make the mistake of underestimating the degree of
difficulty of the other side of innovation. They know how to execute day-to-day operations and thus presume that all execution is easy. But innovation execution is much harder than most companies realize.

**GM: What makes the other side of innovation difficult?**

**Vijay Govindarajan and Chris Trimble:**

Innovation and ongoing operations are always and inevitably in conflict. Worse yet, the forces behind day-to-day operations are typically much stronger than the forces behind innovation.

**GM: What is the root cause of this conflict?**

**Vijay Govindarajan and Chris Trimble:**

Organizations are not designed for innovation, they are designed for ongoing operations. They are designed to be what we call Performance Engines. They are constructed for efficiency and accountability. They are built to be on-time, on-spec, and on-budget — every day, every week, and every month. They are outstanding at delivering consistent and reliable results.

The problem is that there are deep and fundamental incompatibilities between ongoing operations and innovation. The method of the Performance Engine is to make every task, every activity, and every process as repeatable and predictable as possible. But innovation is exactly the opposite. Each innovation initiative is non-routine and uncertain.

**GM: Those sound like insurmountable barriers. Should we even be building Performance Engines?**

**Vijay Govindarajan and Chris Trimble:**

Yes, absolutely. Performance Engines are incredibly powerful. In fact, they are at the very foundation of modern life. By mastering the construction of Performance Engines, the management profession has raised living standards around the world.

While it is true that Performance Engines create barriers to innovation, they are not at all insurmountable. It is entirely possible for a single organization to simultaneously excel at innovation and day-to-day operations.

**GM: Which companies have mastered the other side of innovation?**

**Vijay Govindarajan and Chris Trimble:**

There aren’t any. The other side of innovation is a challenge that vexes even the best-managed corporations. In fact, we’ve worked with companies that show up routinely at or near the top of the Most Innovative and Most Admired lists in the popular press, and they struggle with the other side of innovation just like everyone else. It’s trial and error, and companies get it wrong all of the time.

**GM: What, then, makes you confident that it is even possible to master the other side of innovation?**

**Vijay Govindarajan and Chris Trimble:**

We have been studying the other side of innovation for ten years. We’ve compiled a library of case studies about the other side of innovation that we think is the most
extensive in the world. But what we don’t have is even one example of a company that did everything right the first time. We have stories of failure and stories about initial struggles, corrections, and eventual success.

All of these stories are instructive. All hint at best practices. What we’ve been able to do in our research is piece together a picture of what it would look like if a company were to get it right the first time.

**GM: Was there anything in your studies that shocked or surprised you?**

**Vijay Govindarajan and Chris Trimble:**

When we launched our research, we expected to be writing a lot of conditional recommendations. If you are working on an innovation that meets certain conditions, and if your existing business has certain characteristics, then the following steps are advisable.

What surprised us most was that the general was more powerful than the specific. Not every situation is the same, of course, but you can get much, much further than we anticipated with a one-size-fits-all prescription.

**GM: What is your prescription for the other side of innovation?**

**Vijay Govindarajan and Chris Trimble:**

Every innovation initiative requires a special kind of team and a special kind of plan.

The special team is actually a partnership between a Dedicated Team, which is dedicated full time or nearly full time to the project, and the Shared Staff, which supports the project while sustaining its Performance Engine responsibilities.

The special plan guides a disciplined experiment. Just running an experiment is easy. Doing so in a disciplined fashion insures that you learn quickly. Quicker learning leads to better decisions, and better decisions lead to better results.

**GM: Why not just isolate the team working on an innovation initiative from the Performance Engine? Wouldn’t that eliminate the barriers to innovation?**

**Vijay Govindarajan and Chris Trimble:**

Yes, it would eliminate the barriers. But by taking that extreme approach, established companies would forfeit the one major advantage they have over independent startups – their existing assets, such as brands, manufacturing facilities, relationships with customers, areas of technical expertise, and much more.

**GM: Given that there is so much conflict between innovation and ongoing operations, it seems like the partnership between the Dedicated Team and the Shared Staff would be very hard to manage. What is the key to success?**

**Vijay Govindarajan and Chris Trimble:**

It is hard to manage. It is important that the full-time leader approaches the situation with the right mindset. The Performance Engine is a friend, not an enemy. It is also important that senior executives get directly involved in making the partnership work, even if it means getting their “hands dirty” at levels in the organization that are typically well below their radar screens.”

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GM: What is the key to building a successful Dedicated Team for an innovation initiative?

Vijay Govindarajan and Chris Trimble:

It’s critical to treat the process of building a Dedicated Team literally as though you are building a brand new company from scratch. That means using a mix of both insiders and outsiders, writing new job descriptions, creating new processes and systems, and so forth.

Established companies have a nasty habit of creating new organizational subunits that behave just like the rest of the company – exactly as though a parent has passed along its DNA to its offspring. We call these units “Little Performance Engines” and they are deadly to innovation.

GM: Is innovation everyone’s job?

Vijay Govindarajan and Chris Trimble:

This is a common statement that is frequently interpreted in a vague and exaggerated way. First reaction: If everyone’s job is innovation, then whose job is day-to-day operations?

The reality is that everyone can make contributions to innovation, but it is critical to set clear and specific expectations. Everyone can contribute ideas, and everyone can move forward with small innovations that improve their immediate surroundings. For bigger innovation initiatives, the work can’t possibly be shared equally by every employee. Some people have heavy roles (the Dedicated Team), some lighter roles (the Shared Staff), and some none at all.

GM: Are there more or fewer barriers to innovation now compared to when your studies began?

Vijay Govindarajan and Chris Trimble:

During the current deep recession, innovation is both more important and more difficult. Innovation is the path to a strong recovery, but resources are scarcer than ever.

That said, the fundamental barriers to innovation inside Performance Engines have not changed and they never will. Companies have to learn how to simultaneously manage innovation and ongoing operations despite the inevitable conflicts between the two.

GM: Which example of innovation made the biggest impression on you – positive or negative – and why?

Vijay Govindarajan and Chris Trimble:

Through innovation, corporations can change the world. With that in mind, the case study that was most motivating for us was a story we wrote about IBM’s effort to build the world’s fastest computer, BlueGene. What was so inspiring was not the technology inside the computer but the applications for which it is intended. BlueGene will be used to push the frontiers of science. On the same computer, massive simulations will be run that will help us improve the health of our bodies (through biotechnology) and the health of our planet (through deeper understanding of the processes of climate change).
GM: Your model for innovation seems simple. Yet, innovation often seems akin to alchemy. Can any company turn lead into gold following your prescriptions?

Vijay Govindarajan and Chris Trimble:

On this side of innovation, the alchemy analogy seems apt. The hunt for the breakthrough idea often leads in completely unexpected directions. On the other side of innovation, however, the analogy is completely off the mark. The other side of innovation is a learnable discipline that any company can master.

GM: You have devoted 10 years of your lives to studying innovation. What is next for you?

Vijay Govindarajan and Chris Trimble:

In October 2009 we published “How GE is Disrupting Itself,” co-authored with Jeff Immelt, Chairman and CEO of General Electric. In that article, we introduced the notion of reverse innovation. Quite simply, a reverse innovation is any innovation that is adopted first in the developing world. It is a rising phenomenon with potential to transform the global economy – accelerating the rise of those who understand it and vanquishing those who do not. We are now working on a book on the topic.

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