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## Welcome - The State of Innovation

Lately I've been noticing many companies struggling with similar issues, regardless of the industry vertical in which they compete. These challenges center around the lack of a clear growth strategy coupled with short term thinking and constantly shifting priorities. As markets and technologies are in constant flux, executives must focus; they must choose

the right problems to work on and the right balance of projects - both to achieve financial goals as well as keep teams motivated.

If you're feeling this tension, you're far from alone. Our recent [Innovation and Growth Pulse Survey](#) revealed the gap between strategy and ability to execute is still quite large. This was affirmed by innovation leaders at our [IGL Summit](#) many of whom feel pressure to achieve short term profits at the expense of sustainable, long-term innovation.

As Amazon CEO [Jeff Bezos points out](#) "inventing and pioneering requires a willingness to be misunderstood for long periods of time." You must be in it for the long haul to change the game. Our new [white paper](#) offers insight into Amazon's approaches that you can adopt to step up growth. You can also grow exponentially by selling on Amazon - our [interview](#) with marketing expert Heather Sears explains how.

Finally, check out my chapter on "A Business Case for Strategic Partnerships and Alliances" in the just-released book [Orchestrating Sustainable Innovation: A Symphony in Sound Bites](#). I share examples of how partnerships can create more innovation value as well as pitfalls to avoid and ways to ensure partner competency, alignment, and successful IP sharing. The book features interviews and insights from over 40 innovation leaders - I highly recommend it.

Enjoy reading! If you have a moment, send me an [email](#) and let me know what you're up to. I'd love to hear from you!

— Cheryl



## Pulse Survey Reveals Critical Gaps

Innovationedge recently conducted a brief survey with senior executives to learn how their innovation efforts are coming along. Here's what we found:

- **Innovation needs to be better linked with company strategy.** While long term strategies are generally communicated, the path for innovation is not clearly laid out.

- **Only 5% believe their company is very effective at delivering strategy;** 31% believe their company is *ineffective* and 16% are undecided.
- There's clearly room for improvement in **selecting which projects to fund** and **delivery of new products**.
- **Products and services are the primary focus** of innovation (89%), with 47% focused on **incremental change only**. New markets (44%), channels (35%), business models (33%) and other areas were targeted to a much lesser degree.
- 44% of companies desire to be in a leadership position where they are **changing the rules of the game**, yet only 25% set their sights on new-to-the-world or disruptive innovation.

The gap between game-changing innovation and incrementalism is significant. Common barriers are **short-term thinking, shifting priorities, and leadership expecting pay-off sooner than realistic**. For smaller firms, resource constraints are an additional barrier. As one respondent put it, "**to lead you would have to be a full out pioneer willing to take big risks.**" Few companies appear willing to do this.

To bridge the gap:

- **Know where the future is going.** Emerging technologies and mega trends, changing consumer desires, growth of online B2B sales. Pave the path for long-term innovation by looking further ahead.
- **Leadership.** Communicate the strategy, share the vision and the 'why.' Walk the talk, don't waver.
- **Justify bigger risks.** Know that game changing takes time, find the **right problems** to solve and payback will follow.

The [IE Pulse Survey](#)



## IGL Summit: What's Uppermost on Leaders' Minds

The second [Innovation & Growth Leadership Summit](#), held last quarter in **Phoenix AZ**, brought together a dynamic group of innovation leaders from companies such as **International Flavors & Fragrances, The Clorox Company, Midwest Specialty Products,**

**Kent Corporation, WD-40, Delta Faucet Company, Surpress Dunn,** and others. Responsible for defining and executing growth strategies, participants shared many similar goals and challenges.

### Key takeaways:

**Differentiate by offering products that are personalized, premium, and make life better.** Whether it's multi-sensory, intelligent, or ensures health and longevity, innovations that go beyond what's expected can break the commoditization mold. Sometimes the innovation is not the product, it might be the service, convenience or experience it offers. Product differentiation is not about features, it is about how products and services make life easier, more enjoyable, and perhaps even healthier.

**Sharpen your e-commerce and online sales strategy; an Amazon presence is key.** Summit attendees heard about projections that indicate doubling of online procurement over the next decade (more on this in an upcoming webinar, stay tuned for details).

This means re-thinking how products are produced, priced, packaged, and marketed. Whether B2C or B2B, your online success will impact long-term competitiveness. The time to move is now! (more on this in an upcoming webinar, stayed tuned for details).

**Have a focused vision and communicate it clearly.** Share it with employees, partners, and customers; let them know the "why's" as well as the "what's." Be an effective change agent, emphasizing the need for inclusion, collaboration, diversity, and an outside-in perspective. Make sure actions follow words. Too often leadership creates obstacles; be consistent and make people feel secure, confident, and supported.

**Leverage your strengths and core assets.** This means going beyond adjacencies, it means stepping back and seeing the big picture. What can your company do that is unique? Can you take your business to the next level by combining strengths as Amazon does regularly? Can working with partners further

differentiate the value offered?

Others discussed operational excellence and enabling front-end tools and processes, as well as the changing role of R&D. Innovation requires leaps of faith; success is a mindset. When setbacks occur, try re-framing problems - often much larger opportunities emerge.



## Selling Established Brands on Amazon - The 3 Most Important Success Factors

*Interview with marketing expert Heather Sears*

What is one of the fastest ways to reach more customers, tap new markets, and test new product concepts? If you guessed Amazon, you're right. As e-commerce is becoming integral to companies' go-to-market strategies, having an Amazon strategy is key.

For many of our clients, the shift to selling on Amazon is a priority - and a challenge. How do you stand out in this super-crowded marketplace where customers can instantly compare prices, read customer reviews, see how fast an item will ship, and then click "place your order" (or not) in a flash? No salesperson helps decide, no chance to touch the product first - just the seamless ease of buying and returning.

We recently spoke with marketing expert [Heather Sears](#) to see what she recommends. Heather has over 20 years' experience working with established brands such as AT&T, Coors, Dunkin' Donuts, General Motors, Kimberly-Clark, PayPal, Tiffany & Co, and she understands both the challenges and opportunities large companies face. In addition to consulting, she has first-hand experience with her own Amazon based e-commerce company, *Kensho Kitchen*.

As she points out, "Amazon is a democratizing marketplace that allows early stage, niche brands to have an almost equal playing field with well-established brands. The big guys need to stay on top of the changes and opportunities on Amazon to optimize their sales." So, we asked Heather what the critical success factors are for 'big guys.' Here's what she shared:

### **Q: What are the biggest opportunities for established brands?**

**Heather:** *Amazon is literally the new Google for product search, with 52% of all shoppers saying it's the first source they turn to. Most advertisers are still allocating dollars to more traditional channels like Facebook, not realizing this. **Not only does Amazon attract more shoppers, the conversion rates are much higher** (72% of Prime members will convert from search to shop). So, if you make the move and know how to play the game, you can gain significant competitive advantage. You can also get ahead of the small startups by leveraging your trademark through the [brand registry](#) which offers bigger ads and higher visibility.*

### **Q: How do you ensure your product listings stand out?**

**Heather:** *Amazon ranks by algorithm, velocity, and conversion - **understanding this can enable you to grow as much as 10x in a week!** Your listing is critical: prioritize key words, use videos, images, descriptive terms, focus on customer reviews, offer coupons and rewards to drive traffic. Build relationships with current customers to encourage reviews, follow up with them in the voice of your brand. Monitor the competition; keep your prices low enough and reviews high enough to be an 'Amazon's Choice.' You don't need to offer the lowest prices, though - people will pay more if listing and benefits are strong. Take advantage of the various [third party tools](#) that can help you identify opportunities, analyze results, scrape search terms to optimize listings, and more. Here are some that I have used: [JungleScout.com](#), [keywordtool.io](#), [managebystats.com](#) and [helium10.com](#).*

### **Q: What are the major watch-outs on Amazon?**

**Heather:** *Amazon can be complex, it's not the easiest or prettiest interface but it gets easier once you get the hang of it. Dedicating resources is crucial, otherwise sales will just dribble in. Keep an eye on all the elements, merchant fees can be steep - for*

example, [storage fees \(removal, return, etc.\)](#) just went up and changed from quarterly to monthly. **The biggest watch out, however, would be to NOT list on Amazon.** It's huge, but you must be 'in it to win it!'

## Bottom Line:

We concur with Heather; listing your products on Amazon is a must. To sum up, the three keys to competing successfully are:

1. **Make sure your listing is strong and benefit-oriented.** Recognize that Amazon has become consumers' primary search engine; optimize key words, customer reviews, and pricing.
2. **Dedicate resources,** don't just treat e-commerce as a side project.
3. **Monitor your competition,** stay on top of **Amazon's continuous updates.** New opportunities and capabilities emerge daily. Take advantage of the **myriad third-party tools** that can improve your visibility and conversion to sales.

Heather is glad to provide pointers to build your brand on Amazon. To arrange an exploratory phone consultation with her, just [send us an email](#) and we'll set it up. Overall, we encourage companies to make the commitment now and make it cross-functional – Marketing, Product Development, Supply Chain, and C-suite collaboration is essential for success. Further, e-commerce requires its own strategy; brick-and-mortar approaches don't necessarily transfer. **Innovationedge** will be offering several resources to guide your strategy; be on the lookout for our next issue of *IE Insights* and more.



## Grow Like Amazon: Key Steps Any Company Can Take

You don't need Jeff Bezos at the helm to achieve double-digit growth. Learn how Amazon decides where to expand, focuses on customer happiness, takes the long-term view, leverages core strengths, doesn't fear big bets, and more; how you can adapt these approaches to fit *your* organization.

Amazon's 20-year record of double-digit revenue growth is unmatched in industry. While much of its success can be attributed to CEO Jeff Bezos' leadership, **Innovationedge** has identified key strategies that any company in any industry can use to accelerate growth - even without Bezos.

To learn what these are, download your free copy of **Innovationedge's** exclusive white paper *How Amazon Achieves & Sustains Record Growth* [here](#).



## A Business Case for Strategic Partnerships and Alliances

I am excited to tell you about my chapter on partnerships and alliances in the just-released book **Orchestrating Sustainable Innovation: A Symphony in Sound Bites**. Leaders across all industries are struggling to allocate the time, talent, and resources needed for continual and rapid renovation and innovation. Many have figured out that external partnerships and alliances can often provide opportunities to drive innovation and growth while simultaneously reducing risk and costs.

This book explains how partnership and alliance ecosystems can allow you to leverage combined resources and get economic scale while creating growth just like a symphony orchestra. The collaboration of partnership – with audiences, other orchestras, and musicians – defines the type of music to be played and even how it's to be played to create the desired innovation and growth!

The authors believe there are 6 factors that drive innovation in almost any venue and 10 opposing forces that leaders must successfully balance to sustain it. **To create value, leading innovators often form strategic partnerships with other organizations, even competitors, while effectively partnering with their employees, customers, clients, patients, and patrons.**

My chapter focuses on how to successfully form and nurture such partnerships. I encourage you to [buy the book](#), and I am also happy to send you a PDF of my chapter if you'd like. Send me a quick [email](#) - let me know of any specific questions or challenges you have and I will answer that too!



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**Innovationedge** is a global strategic innovation consultancy with offices in Florida and Wisconsin. Our team's fearless champions of innovation break barriers to help executives define their strategy, develop capabilities, design a winning organizational structure, and deliver breakthrough innovations through a robust growth pipeline of sustainable solutions and new-to-the-world innovations.

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