

Fahrenheit²¹²

12 IDEAS ARE THE EASY PART

THE IDEA IS JUST THE IGNITION KEY.
OUR ROAD MAP TO THE INNOVATION
JOURNEY STARTS WITH TWISTING THE
KEY AND SHIFTING TO DRIVE...



Boiling Points
INNOVATION PERSPECTIVES

THE POINT: It takes catalyzed action to move from brilliant idea to killer innovation. Apply heat to your catalysts by turning incentives into imperatives.

IDEAS ARE THE EASY PART

At Fahrenheit 212, we challenge candidates at their job interviews to show us they can innovate. And we're constantly astounded by the ideas they bring to the table.

Ideas with insight, resonance and clear market opportunities... Drinks that prevent hangovers. Athletic clothes that go beyond wicking and actually hydrate. A service called Dial-A-Mom that provides for you while you're sick – making doctor appointments, picking up your prescriptions, even sending chicken soup. The staff would be actual retired Moms. Moms with EQ levels most of us could never reach, who understand instinctively what we want, and deliver it flawlessly while we rest comfortably in bed. Genius!

In the spirit of complete candor, we have to admit that last idea came from one of our own. Or rather, came to him in a fever-induced hallucination.

But the point is, great ideas are everywhere. Online, offline, even in a line at Starbucks. And yet, while they can come from anywhere, most ideas never really go anywhere.

Why? Why can't I prevent a hangover with a magic tonic? Why don't my gym clothes hydrate? And why must I haul my fever-ridden carcass to Duane Reade?

Because there's a big difference between an idea and an innovation.

IDEA VS. INNOVATION

An idea is a provocative thought that has the power to inspire action.

An innovation is the result of inspired action. It improves life in a manner that's both quantifiable and sustainable. Innovations require the catalytic power of ideas. But it's the catalyzed action that generates the outcomes that change the world.

It's the difference between concept car and Prius. Between Bell Labs and Apple. And unfortunately, between Dial-A-Mom and Amazon.

When we launched Fahrenheit 212, we set out to create a firm specializing in the creation of new products, businesses and services for our clients that would make this critical leap from idea to innovation.

AH, THE BENEFITS OF HINDSIGHT

Without question, one of the smartest things we did was anchor our business model on a performance-based compensation structure. It's a straightforward approach in which we put 2/3 of our potential revenue at risk based on the performance of the innovations we create for our client.

The decision to link our success to that of our clients was driven by two factors. The first was Fahrenheit 212's New Zealand origins, where "put up or shut up" is a defining cultural norm. The second was our initial suspicion that potential clients would welcome the idea of a consulting firm that actually had skin in the game.

What we didn't realize at the outset was that it would be the key to creating successful innovations.

WHEN YOU HAVE TO DELIVER, YOU LEARN TO DELIVER

In 1999, Jim Collins wrote a brilliant piece in the Harvard Business Review entitled, “Turning Goals Into Results: The Power Of Catalytic Mechanisms.” In it, he addressed the problem that many managers face within their organizations: they have a big goal but lack the organizational focus and courage to achieve it. Collins offered catalytic mechanisms as a potential solution.

By his definition, a catalytic mechanism is “the crucial link between objectives and performance, [the] galvanizing device that translates lofty aspirations into concrete reality.”

His central thesis, in short, was: if you’re standing next to a lake and you have to catch a fish to eat, you will catch a fish.

Collins suggests that this same philosophy can be applied to business problems simply by framing a firm’s most ambitious goals in this type of scenario.

Step One: Translate your objective (I would like to catch a fish) into an imperative (I will catch a fish).

Step Two: Give it real teeth (or I will die).

Step Three: Get to work (start fishing... with dynamite).

For Fahrenheit 212, our performance-based compensation model provided us with a powerful catalytic mechanism, as we needed to figure out how to generate true innovations quickly, consistently and across a wide range of categories.

And in so doing, it gave us a much better understanding of the core tenets of effective innovation.

MONEY AND MAGIC

In order for an innovation to gain necessary traction inside a company and ultimately within a competitive market, it has to tap into a real commercial opportunity and it has to capture people's imaginations in a manner that is both unique and compelling. In other words, it needs to have "the money and the magic." Without "the money," it won't likely see the light of day. Without "the magic," it's unlikely to break into consumers' consideration set in a sustainable manner.

As simple as this prescription sounds, it's frequently overlooked. A company's desire to capitalize on a rapidly emerging growth opportunity can overwhelm its better instincts and cause it to rush a me-too product to launch only to discover it lacks the magic necessary to unseat the market leaders (think Microsoft Zune).

Or conversely, a company can be painfully disappointed when it discovers its new magical product hits a gap in the market, but not a market in the gap (sorry, Dean Kamen).

THE WHAT, THE WHY AND THE HOW

Once it's clear the innovation offers a balance of the money and the magic, it's important to create an action plan that will leverage necessary support amongst key stakeholders within your organization.

We believe successful innovations can be distilled into three parts:

- **The What:** The first step is capturing the lightning in a bottle and expressing it in a manner that clearly defines what you are creating that will make the world a better place. The hybrid car. The stain stick. The detergent that's so beautiful, you actually want to keep it above the sink. The What is the loadstone that guides the collective actions necessary to get your vision into the hands of customers. If it's simple and clear, it will drive action. If it's not, you run the risk of giving the world the next Pontiac Aztek.

- **The Why:** The second step is articulating The Why. Today's corporate culture has become a hotbed of risk-aversion. Early stage innovations are often forced to climb a steep hill of inquisition. To succeed, innovators need to be able to convincingly yet succinctly defend why the idea they are championing has strategic and commercial power.
- **The How:** The blinding inspiration of an eureka moment is thrilling, but as any entrepreneur will tell you, the journey from conceptualization to commercialization is often when the real breakthrough happens. It's critical to have a well-defined understanding of what needs to be true for an innovation to get to market. Once you've defined The How, champion it with lateral-thinking people who can react quickly to new challenges without ever losing sight of the true vision.

SKIN IN THE GAME

To make sure you're championing your innovation initiative with champions, remember the lesson we've learned at Fahrenheit 212 about the power of performance-based compensation. Give people a material stake in an outcome, and you will significantly increase your chances of succeeding.

Because when people need to eat, they will come up with brilliant ways to catch a fish.

Sometimes even without the dynamite.

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