



By Stan Pohmer

INNOVATION... A COMPETITIVE ADVANTAGE

Are you an innovator or an improver?

Most companies, whether they are suppliers or retailers, have a very narrow view of innovation, usually focusing on just products and services, and they devote much more energy to optimizing what they are currently doing than to imagining what can be done. The result is that market forces dictate what you do, rather than you leading the pack and gaining control over your destiny. Innovation as we currently know it will not make a substantial change in the way customers perceive the products we offer. The way most industries look at innovation is to “hang earrings on a pig...all you get is a prettier pig,” not something that is truly new and revolutionary.

INNOVATIVE EXAMPLES

Let's consider a few examples of true innovation, those business models and concepts that really challenged the status quo. These are businesses that examined existing ideas from the ground up in unconventional ways to create entirely new models.

Dell created a new model that revolutionized just-in-time manufacturing and responsiveness to customer demand. Starbucks invented a business model that brought convenience and “an experience” positioning to the old model of the coffee shop. 3M encourages its engineers and researchers to devote 20 percent of their time and resources to independent projects of their own choosing. (Remember the story of how post-it notes were “discovered”?) Think of the technology and software breakthroughs introduced by the Silicon Valley think-tanks and loosely managed start-ups. Wal-Mart turned the retail world on its ear by developing a new distribution and technology application model that has continued to evolve, and it continues to innovate, looking at new ideas that translate its core competencies into tangential fields such as neighborhood markets, convenience stores, gas stations, supercenters and international expansion opportunities, as well as applying its business model to selling insurance, financial services and even used cars.

These examples show that the greatest rewards go to companies that “invent” new business models — that create new sources of revenue based on changing technology, demographics and consumer habits and behaviors.

Some of the traits of true business model innovators are that they are always challenging the status quo with the same energy, commitment, persistence and investment that they apply to quality, customer service and supply chain management. Their vision is focused more on the “what you can

become” than the “what you are now.” And these companies reward failures as a learning experience and a recognition that failure breeds future success. Companies such as Wal-Mart have tried and failed at more new strategies than they've successfully rolled out, but the corporate culture recognition that all new ideas don't work fosters a motivational environment to continue to surface and try out new concepts that will ultimately lead to breakthrough thinking.

These companies allow rules to be bent and don't allow conventional thinking to get in the way of the cultivation of new strategies. And everyone in successful, innovative companies is empowered to surface new ideas and take ownership for fleshing them out, without regard to rigid chains of command or hierarchy.

MOVING INTO FLORICULTURE

Today's competitive environment is more than just big box retailers versus independent garden centers. It's more than small growers and manufacturers versus large growers and manufacturers. It's more than specialty producers versus broad line producers. Customers and consumers respond to breakthrough ideas and products, no matter where they find them.

New, different, unique, life-changing and time-saving are all phrases that highlight innovative introductions. But how many of these buzzwords can be used to describe what the floriculture industry offers to our customers and consumers? If we're not perceived as equal to the other category choices the customer can purchase — music, dining, clothing, movies — then we're losing ground to them.

Don't get me wrong, in order to keep pace with and improve our core products, sales and profits, we still need to optimize the “what we

**The greatest rewards go to
companies that “invent”
new business models — that
create new sources of revenue.**

are today” products and services we currently offer. This will continue to be the basic bread and butter of our businesses and industry. And we’ve done a great job over the past few years of ramping up and developing many line and brand extensions and logical program and product expansions, which are an important foundation on which to build the future...optimizing our businesses.

I recognize that all companies are not positioned to do much more than optimize current programs and products...and that’s okay. We can still foster the environment that allows true innovation. You should, however, recognize that becoming more efficient and saving operational costs won’t necessarily grow our industry’s sales, especially if the competitive offerings available to the consumer demonstrate higher levels of true innovation.


BENEFITS OF INNOVATION

True innovators reap many rewards. The first being, there’s little price competition because there’s nothing to compare against; there’s no competition at the front end of the life cycle maturation curve. This means higher retails and higher profits. And business model innovation has a longer “exclusivity” honeymoon because, unlike products, true innovation takes time to build or copy, so you have that new niche to yourself for a longer period of time than you would by adding a new product to your line. This head start allows you to develop a relationship with your customer based on non-price value and to look for new opportunities to leverage your innovative business model.

From a supplier’s standpoint, true innovation puts you in the driver’s seat. Instead of being dictated to by your customer, you have the power to control your own destiny because what you offer isn’t available anywhere else, at least not for a while. While most products or services can be knocked off and improved fairly quickly and easily by competitors, breakthrough innovation can’t be.

In an ultra-competitive environment like we live in today, the change mantra of “lead, follow or get out of the way” rings truer than usual. Those who do nothing will stagnate and fall by the wayside. Those who follow, the optimizers,

will survive, though with great effort and costs. It is the true innovators, the visionary leaders, who will reap the greatest rewards.

“Lead, follow or get out of the way”...it’s your choice. 

Stan Pohmer is president of Pohmer Consulting Group, Minnetonka, Minn. He can be reached by phone at (952) 545-7943 or E-mail at spohmer@pohmer-consulting.com.