

# Big ideas

The art of innovation requires leaders who create vibrant interaction

(and how to put them to work)

BY ROMI HERRON

## An Einstein of accounting? A Picasso of P/E?

Not so far-fetched, considering how business schools have embraced creativity in ways that formerly only liberal arts programs were expected to do. That's because "we've recognized that new ideas are the lifeblood of business," says **Andrew Razeghi**. The adjunct associate professor of marketing at the Kellogg School believes innovation as a discipline has come into its own — good news for companies who need to find a way to stand out in a crowded marketplace.

But innovation is tricky business, Razeghi says, especially in big companies.

"Within large corporations, we have elephants learning to dance," he admits. As they do, chief executives are turning to a "broker model," which holds that creative teams, including a chief innovation officer, deliver better results when tasked with finding ideas, managing intellectual property and leveraging both to solve problems.

One of those charting a course for marketing innovation is **James Ruehlmann '80**, vice president of branding for Jimmy Dean Sausage at Sara Lee Corp. Last year, the Kellogg graduate increased sales in the company's frozen sausage division by \$100 million. How? With swashbuckling camaraderie.

To unite his workers, Ruehlmann introduced a "pirate" theme at Jimmy Dean, complete with pirate décor, slang and performance prizes.

"We are ruthless in the way we pursue the objective but we also want to have fun," says Ruehlmann. "Pirates are rebellious, as are we, inside, and we try to tap that adventurousness." And, like pirates, he says his team isn't afraid to appropriate ideas and apply them in a new way. "It's been said that no idea is new; it's just a rehash. So let's unlock the creativity and build on these ideas."

The Jimmy Dean marketing team is charged with creating ways to reach customers with the company's message — no easy task in the TiVo age when commercials can be zapped. But Ruehlmann says the company's "360-degree marketing" push strives to engage the customer invitingly.

Hitting the road with a colorful semi-trailer adorned with the company's sun-splashed logo to serve free breakfast sandwich to consumers is one way that Ruehlmann's team reaches out. He says the effort, dubbed the "Happy Breakfast Tour," allows the company to take its brand right to the customer. "We also do it with the Sun campaign, our segment of happy news on the Internet, interrupting the consumer's work with positive, cheerful news," he adds.

Collaboration has put wind in the sails for Jimmy Dean, just as it has done at other companies, including Procter & Gamble where its “Connect + Develop” initiative is designed to form creative partnerships with innovators inside and outside the firm. Similarly, Google engineers are given “20 percent time,” one day a week where they are free to work with other teams on projects the participants feel passionate about, even when the work falls outside an individual’s assigned job.

Such collaboration requires the right culture, says Clinical Professor of Entrepreneurship **Barry Merkin**. In the permission-granting Kellogg environment, students have long been trusted co-creators of the academic experience, with team-based learning serving as a hallmark of the school.

“I know of no other school that challenges its students to contribute their insights and creativity,” says Merkin, noting that students significantly influence classes, clubs, conferences and other events — a circumstance that develops collaborative leadership skills that Kellogg graduates take into the organizations that recruit them.

“Today’s world is so complex, competitive and fast-moving that the days of the Lone Ranger are gone,” Merkin says, citing Southwest Airlines as an example of a company who understands this and has created an innovative culture.

“Very few leaders can figure everything out and do everything themselves. Unless there is a true team spirit, the institution will fall behind.”

### Companywide creativity

As senior partner and president of Kuczarski & Associates, a consultancy for the management of new products and services, innovation and marketing strategy, **Thomas Kuczarski** agrees that the No. 1 obstacle to effective innovation is a lack of a proper culture that trusts, and challenges, people to excel.

“The No. 2 barrier is a management perception that innovation deserves its own organization and resources,” not appreciating the importance of making innovation cross-functional across all departments, says Kuczarski, who is also a Kellogg adjunct associate professor of marketing. “It can’t just be marketing or R&D [that’s being creative].”

Other Kellogg faculty, including Professor **Mohanbir Sawhney** and Adjunct Assistant Professor **Robert Wolcott**, share this conviction in their essay “Seven Innovation Myths.” Among these is the belief that new ideas germinate in a single department. In reality, “innovation is a company-wide competency,” they argue. They also debunk the view that having too few new ideas is the main problem for most companies. It’s not, they say. But being unable to nurture existing ideas is. And while intellectual freedom can produce splendid results, teams also need structure to excel. Give employees plenty of imaginative room, but harness their efforts with the necessary frameworks. “Structure and process do not have to be the enemies of innovation,” write Sawhney and Wolcott.

That process for Kuczarski begins by considering customer needs. Without these insights, “you’ll end up with nothing, no matter how many flip charts and brainstorming meetings you have,” he says.

For Ruehlmann, creating innovative solutions hinges on every member of the team striving for exemplary performance — including himself.

Says the Kellogg alum: “The question I ask when I demand excellence in innovation is, ‘Am I doing my job better than the person holding my role in our competitor’s company?’”

“The code of our team is that with our innovations, with our marketing and our PR, we won’t let each other down.” •

## Kellogg makes house-call to computer giant

Even legendary entrepreneurs like Bill Gates can use some outside expertise to keep Microsoft humming. For half a decade, Kellogg professors have helped the software company remain innovative thanks to custom executive offerings delivered directly to the client’s door

“Kellogg is very visible at Microsoft, says McCormick Tribune Professor of Technology **Mohanbir Sawhney**.

He means that literally. Rather than teach a few of Microsoft’s senior executives at the Kellogg School’s James L. Allen Center, Sawhney has helped bring a piece of the school’s expertise to Microsoft.

“We work very closely with them and spend a lot of time understanding their business to develop a series of really customized programs that we deliver on site,” says Sawhney, who also directs the Kellogg School’s Center for Research on Technology and Innovation and its Technology Industry Management Program. “After five years of this partnership, Kellogg has had a significant impact on Microsoft’s marketing strategy.”

He adds, “It’s been a fascinating experience for us.” And the balanced approach that brings theoretical structure to solve practical problems has been a boon for Microsoft.

Sawhney’s team helps Microsoft sell itself to its increasingly savvy and demanding technology consumers, including those who have recently warmed to free Web-based applications and downloadable open-source software. Sawhney says that while such software is “a huge threat to Microsoft’s business,” the company will adapt.

“They have to find ways to work with this open-source software, he says, pointing out that even Linux — a popular open-source operating system designed as an alternative to Windows and Mac OS — is not quite free to the average computer user. That person will likely need help installing and running it. “Linux is like IKEA furniture,” says the Kellogg professor. “Some assembly required.”

Key for Microsoft, he says, will be determining where it can offer the greatest value. Even if the company doesn’t nail its strategy on the first try, Sawhney says that Microsoft will keep working until they refine their efforts.

“Never underestimate Microsoft,” he says. “They are relentless.” — AH •