

# Where's the Big Idea?

With the right people,  
an open atmosphere  
and tuned-in insights,  
you can innovate with  
the best of them.

## How do you encourage people to be innovative?

**Jim Figura:** In general, Colgate allows people to pursue things that they find of interest and that they feel could influence the course of the business.

But we've also done a number of things that are more formalized.

One good example is a company-wide program that was initiated two years ago called "Innovation Everywhere." It encourages Colgate employees to find new ways to solve old problems, or bring in tools to help with the commercial process of the company.

To support that effort, the company started a global innovation fund, which provides seed money to employees who submit ideas. The ideas are then judged by a group of executives covering a broad, cross-functional range of the company. It's not just about marketing and new products—it's really every function in the company that par-

ticipates. Well over 100 projects have been funded so far.

**Mike Linton:** It's usually culture or people, versus some perfect kind of operating system, that produce innovations. At Best Buy, the whole team—people in the media department, brand group or market research department—would get credit for innovating outside their space. We didn't want money and people to become locked up in their current work.

*When you live in times of rapid change,  
growth is going to come from innovation  
because growth is all about fashion.*

SETH GODIN, SQUIDOO

We would always try to do something new every year—new in terms of its impact on the marketplace. We would always dedicate some money and some people—not a ton, but some—to trying new things. If you don't do that, money for innovation is almost always the first to be taken away in a budget crunch because it doesn't have any immediate impact.

**Seth Godin:** Most organizations—big and small—are lying to themselves at the senior-most levels. They are pretending that they want innovation, but they don't really. The number-one way to get your people to be innovative is to welcome the innovations that they've already accomplished, and to do something about them.

Most organizations that are stuck have plenty of innovation floating around that people are trying to pitch but that never goes anywhere. As soon as you accept the fact that your people are smart—and do something about it—you'll discover that they will continue to innovate.

**Stephen Berkov:** Each person on the team needs to bring exactly who they are to the table and not hide that. It's the job of the director,

or the person who is orchestrating, to bring the team together in a dynamic way.

The brand is the guiding light and we are its ambassadors. It's actually not that difficult if we know what our brand is—its DNA, its values, its personality and why it deserves a place in the market. Then each

## A ROUNDTABLE FEATURING

Stephen Berkov  
Audi

Jim Figura  
Colgate-Palmolive

Seth Godin  
Squidoo

Mike Linton  
eBay

Dori Molitor  
WomanWise

person on the team brings unique talents to help make it happen.

**Dori Molitor:** I'm reminded of the Dee Hock quote: "The problem is never how to get new, innovative thoughts into your mind, but how to get the old ones out." That is completely the crux for innovation in marketing. It is about challenging traditional marketing truths.

Achieving that requires bringing in a wider diversity of viewpoints into our innovation discussions and brainstorming—both within our own internal staff as well as from outside experts in trends, design, psychology and retail, for example. We don't put consumers behind a two-way mirror; we bring them in and directly involve them in the process.

We have built a women's insights center that has an at-home relaxed feeling. It takes us out of the usual agency-office environment and puts us much more into a real-world frame of mind. We find that it really changes the way both marketers and consumers contribute to our ideation sessions.

## What are some of the greatest barriers to innovation?

**Figura:** There are three areas in particular that we focus on at Colgate to make sure there are no barriers. Senior management almost always rises to the top as a barrier, often because no one bothered to get them involved at the beginning of the project. So, Colgate senior management has set up a process that gets them involved at a project's initiation, as its champion.

The second barrier is to really challenge the insights that drive the category. A good example is Colgate's

360 toothbrush, where the insight was that consumers didn't feel they were getting as clean a mouth as they really wanted. You can see that kind of insight over and over with really successful innovations.

The third barrier is having the right external partners. In the past, we'd select one partner to work with and expect them to do everything from insight creation through product execution. That just didn't work. Many external partners are great at one thing but not as good at other things.

So, we've set up a process where we have different partners involved at different parts of the process.

**Linton:** In general, the pressure for short-term organic growth puts a huge amount of pressure on marketing that in most cases works against innovation. You have to put your team in a place, structurally and culturally, where they can innovate despite those pressures. You have to accept the risks and pressures of innovation before you can innovate.

You have to accept that anything that's truly innovative is very hard to measure because it's never been done before. In fact, if you are able to measure it, it's probably not true innovation! That's just not how it works. People want to innovate but they also want a set of measures and a certainty of success, but that approach probably will not result in the best innovation.

**Godin:** The biggest barrier is fear. The fear is that changing something will make everything worse. You got what you got by doing what you

did. You want more of what you've gotten, so you're going to keep doing what you did. That's an easy trap to get stuck in. There's this huge inertia in organizations to keep things the way they are.

You need 20 times as much evidence to change something as you do to keep it. This embrace of the *status quo* is the opposite of what innovation is about. That's why so much innovation comes from new companies that have nothing to give up. Their only fear is that they're going to fail if they *don't* innovate.

## Innovation is all about staying relevant. That's all it is.

STEPHEN BERKOV, AUDI

**Berkov:** The wrong kind of environment is the greatest barrier. The wrong kind of environment brings the highest level down and the lowest level up. Everything becomes average, monotone and programmed. You're in corporate Dilbert-land.

The environment has to be free and very stimulating. In the right environment, people are more comfortable and expressive, which leads to asking the right questions. As soon as the environment becomes staid or monotonous, it becomes very difficult to be creative and to innovate.

**Molitor:** Incrementalism is the greatest barrier. Marketers settle far too often for incremental innovation versus going for that big, entrepreneurial idea that can create truly new marketplace opportunities. Business is almost obsessed with looking to cut costs and negotiate lower prices in a bid to win incremental margins on revenues.

As a result, we have a crisis of brand relevancy with consumers because

all they see are parity products and undifferentiated brands. In the end, all things being equal, price wins. Getting at meaningful innovation requires re-defining the category and competing at a higher level by bringing more meaning and purpose into the consumer's lives.

Dove is a perfect example of how to do that. The conventional prem-

**Linton:** I do think innovation is critical not just to brand success, but also to the whole operating model of a company's success. We're in a merciless marketplace that's awash in private-equity money. So, if you don't innovate, someone else will, and you will get out-flanked.

**Godin:** I don't think that most

it helps you create and communicate a relevant message. If you have to innovate because people are not watching as much TV—or they're not watching it in the same way—that's a different story.

**Molitor:** Innovation on its own doesn't ensure success because in today's world it can always be replicated in months, not years. But it can be key to brand success when it's fueled by a profound understanding of your consumer.

You can have a sustained competitive advantage if you have the right insight, and then create an entrepreneurial innovation to pay off the insight.

Innovation without the insight may result in a good idea, but it's not going to ensure brand success because it's not sustainable.

## *The biggest innovations today are really happening with the retailers.*

JIM FIGURA, COLGATE-PALMOLIVE

ise in the beauty industry was *you are broken and we can fix you*. Dove's whole re-direction is a re-definition of beauty beyond physical appearance. They have brought innovation to the category, and that gives them a sustainable competitive advantage.

### **Is innovation always critical to brand success?**

**Figura:** It probably isn't, but it never hurts to have some innovation. For example, a number of years ago we needed to conduct a product test. The research person came to me and recommended a certain research supplier that I didn't feel would challenge our thinking.

Well, the reason the supplier was recommended was that the project was a just a product test and the thinking was that we really didn't need any creativity.

That is one of the worst assumptions to make because you never know when a little bit of creativity might help. No matter how mundane a project may seem, a little bit of creativity could give you a very different, unexpected result.

brands, in the short run, need earth-changing innovation. I do think that when you live in times of rapid change, growth is going to come from innovation because growth is all about fashion.

What the fashion industry has been forced to live with for 100 years is that four times a year they have to come up with new ideas—and they fail a lot.

We're all in the fashion industry. But we're all running around pretending that there's a 10-year life cycle when there's a three-month life cycle. The sooner people acknowledge that they're in the fashion business, the better they will do.

**Berkov:** I actually have a concern about the word "innovation" because there seems to be a lot of innovation for its own sake. Innovation is all about staying relevant. That's all it is. If you are losing relevance, you need to innovate. If you are perfectly relevant, there is less need to innovate.

I have a problem with the whole idea of innovation in the context of media—the "old media versus new media" debate. Television is still a perfectly useful medium if

### **What is the best way to get at consumer insights?**

**Figura:** I believe that there's no single best way, but I also believe the entire marketing and sales organization must be engaged in the process. At Colgate, everyone in the organization has a specific objective that is tied to their bonuses around what's called "getting external."

The objective can cover consumer immersion, shopper marketing, and other activities that put our people in direct contact either with consumers, shoppers, our suppliers, even raw material suppliers, and even more importantly, the retailer.

The other aspect of it that's really critical is having the means to capture the knowledge and learning and then using that to discover the insight. It can't just be just random, one-off or isolated,

without capturing learning. My insight team has put a tremendous amount of energy into developing a process to do that.

It's like a big scientific discovery, where someone has a prepared mind, sees something different, either while interacting with consumers or retailers or looking at data, and then has a *eureka* moment. You really have to be prepared to capture the idea.

**Linton:** We didn't have a specific process at Best Buy. If we could measure the new things we were trying, or we could get some insight into it, we would. But in many instances, we would just try it.

I adhere to the 70 percent rule, which is that when you are about 70 percent certain that something's going to work, you just go with it. Then, objectively, if it's not working, you have to be the first one to shoot it. If you don't, the company will kill it for you, justifiably, and you'll never get another chance.

**Godin:** The best innovations come from people who are making something for themselves. Steve Jobs makes everything he makes for himself. Fashion houses will hire a 26-year-old designer who is part of the community they're trying to reach and put that person in charge. If you don't have someone in your organization who matches the passionate group you're trying to reach, you should hire one of those people.

I like to tell the story of my dad's company, which makes hospital cribs. The good news is, his company has 85 percent market share. The bad news is that a hospital crib never breaks, so it's really hard to grow. Well, my dad's company went to a hospital and let the nurses design the new crib. The crib they

came up with costs ten times as much as their standard crib, and it sells great—because the nurses knew exactly what nurses wanted.

**Berkov:** One thing that I find particularly helpful is the experiential marketing event. We have events where we invite prospects, owners and the media. We try to create a perfect brand world, where instead

signed to get at the subconscious motivators of consumer behavior. For example, we use what we call "girlfriend group" discussions, which are designed to tap into the way women naturally give—and ask for—advice.

It is an informal, casual environment, where we have a group of women who are girlfriends get to-

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MIKE LINTON, EBAY

of pushing as many people through ride-and-drives as possible, our focus is on the *quality* of the experience and getting exactly the right people to attend.

We create an experience where current Audi owners feel at home—and the friends they're bringing to consider Audi are also relaxed. The environment is warm and open. People are comfortable because we're hitting their passion points, and they open up. We get great feedback on what they like, or don't like, about our product and campaigns.

**Molitor:** Traditional research methods are skewed to the rational reasons that motivate consumers. The expectation is that consumers will articulate why they buy what they buy. The problem is that emotions drive most, if not all, decisions. Those emotions are largely subconscious, and you can't expect consumers to articulate what they're not consciously aware of.

What's missing with traditional research is a deep understanding of what really drives consumer behavior. We have developed several techniques that are de-

gether. We moderate a discussion and also introduce a variety of projective exercises, such as role playing. The overall point is to get at that single, subconscious emotional truth that drives the consumer's relationship with your brand.

## **Where do you see the greatest opportunities for innovation today?**

**Figura:** The opportunity for manufacturer innovation today is small. In our category, the kind of innovation consumers are looking for is something they need to be able to understand really quickly. So, we tend to focus more on innovative package design, as we've done with SoftSoap and 3-D inserts.

The biggest innovations today are really happening with the retailers. Just look at the innovation at Whole Foods and Costco in terms of the products they have. The retailer equity is challenging the manufacturer equity today. Retailers are bringing big innovations to market because it takes a lot of energy to change your shopping behavior and go to a Costco.



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**JIM FIGURA** is global vice president of consumer research and insights for **Colgate-Palmolive**, having joined Colgate in 1984. Prior to Colgate, Jim held positions in market research at Richardson Vicks and General Foods.



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Manufacturers have to look at the broader market we're competing in and realize that channel-driven innovation could be the biggest opportunity.

**Linton:** Multi-channel is really an interesting story. Whether in the use of phones, the internet, or any physical presence you may have, there's huge innovation in that space in terms of efficiently spending money against customers so they get what they want at a good rate.

Innovation is truly doing new things and trying to figure out how it all ties together—and more importantly how consumers are using the media differently. It's interesting how easy it is to get stuck on television or print and to innovate only within that space. If you're only looking there you're missing a lot of what might truly change the game.

**Godin:** The greatest opportunities for innovation are only in two places. Place number one is where there is not enough innovation right now—because raising the bar there is really easy. That could be anything from the colors cars

the customer really is and how the brand relates or doesn't relate to the customer. And then try to take more of a long-term view. Brand relationships take time to build but can be destroyed very quickly.

If you have the courage to know who you are and what you stand for, it makes all the rest easier. Audi's DNA is to lead through superior solutions. That's what we're doing. Our values are human, passionate and visionary leadership. It's when brands try to be something they think they need to be for the customer, rather than what they are, that the model falls apart.

## *The greatest opportunity for innovation is to become profoundly relevant to female consumers.*

DORI MOLITOR, WOMANWISE

are painted to the different types of life insurance that are sold.

Place number two is where innovation is very common and insisted upon. In those places, the joints are looser and it's easier to make things change. When Microsoft comes along with an iPod killer that's just sort of like an iPod, it makes you shake your head. You just know that the next real iPod is going to trounce it because Apple is several cycles faster.

What a shame that is. They're in an industry where everything is generic and off-the-shelf, but it's all about fashion. Now that the dynamic is in place where anyone can make something cool, Microsoft should have made something really cool.

**Berkov:** Simplicity—in the product and in the message. We need to step back from the frenetic pace. Step back and look at who

**Molitor:** The greatest opportunity for innovation is to become profoundly relevant to female consumers. The magnitude and urgency of the women's opportunity is staggering. Women are the most powerful economic force on the planet. They are making \$1.6 trillion in purchases every year, which is basically 83 percent of all retail purchases—and yet 80 percent of women feel marketers don't understand them.

There is just so much clutter that women have just stopped listening. Marketers need to re-think and re-set their expectations of the intensity of the relationship they expect to have with women. It's not about a sterile, transaction. That whole buyer-seller mentality needs to be thrown away.

Marketers need to create a higher purpose and more meaningful relationships with their consumers. ■