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Is your Business Held Back by Unnovation?

Most boardrooms around the world today are fanatically focused on one thing: innovation. As badly as business leaders want innovation for their businesses, they rarely seem to get it right. The desperation with which they pursue it often results in something that has recently come to be described by a curious new terminology: unnovation. Quite the way it sounds, unnovation is the exact opposite of innovation. It's what happens in a zombieconomy -- an economy whose largest companies fight hard to resist progress and actually manage to go backwards, making the economy less valuable over time (see the Harvard Business Review article at: blogs.hbr.org/2009/05/zombieconomy-watch/).

What is unnovation?

For a product to be truly innovative, it needs to be more than new or profitable. It needs to be able to add long-term value to the company and the economy, no matter how modest those gains may be. A number of examples can help explain the idea.

- *The Hummer:* Business observers often point to GM's Hummer as a product of unnovation. It was an automobile that seemed innovative when it was conceived because it moved the SUV trend forward on a particularly grand scale. It got people talking and became an aspirational product for many. The Hummer, though, quickly turned into a comedic symbol of senseless excess. Not only was it held up as the very symbol of vulgar ostentation, it dragged down the image of GM and the entire American auto industry, making them look slow and irresponsible.
- *Car finance:* When the auto industry decided to integrate finance for new cars into their business model, it completely upset the auto industry's equilibrium by creating unhealthy incentives. For instance, since there was profit to be made in the interest earned on auto loans, car makers began to see themselves more as finance companies than car companies. They concentrated on building cheap cars that could be sold in great volume (and consequently earn the company interest) rather than building wonderful cars that people would want to buy. Detroit's edge was severely eroded as a result. Auto finance by the carmakers, then, turned out to be an unnovation.
- *Windows:* Both the Windows operating system and traditional newspapers are in an unabated unnovation spiral. While Windows tries to streamline its OS, makes it look prettier and introduces new features, none of this seems to convince anyone that it's new or even useful. The newspaper industry, for its part, keeps trying to monetize its assets through all kinds of new services. It neglects to address the fundamental problem, though. Their core business of delivering news and opinions quickly and in a timely way is often not an improvement over what people are able to obtain through other means such as social media.
- *The financial products industry:* Hedge funds, Collateralized Debt Obligation and other complex financial industry products have been described as a giant vacuum cleaner to suck up the value that others create. While a great amount of novel thought goes into their creation, the end product is completely unnovative, adding no new value to the economy.

To innovate, you have to first stop unnovating.

Certainly, being creative alone doesn't result in innovation that is usable to business. In an attempt to get creative thinking into the boardroom, businesses these days end up tapping the expertise of essentially conventional managers who desperately want to be innovative. They end up pushing through safely innovative ideas without fundamental change. This leads to make-believe innovation or unnovation at the top.

The answer to the unnovation problem could require businesses to completely rethink the way they hire people and hand power to them. They need to develop ways to pick up visionary people who have groundbreaking ideas for startups and give them power to take risks.