

# Business: Think different; Schumpeter

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## ABSTRACT

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## FULL TEXT

[Economist.com/blogs/schumpeter](http://Economist.com/blogs/schumpeter)

Clay Christensen lays down some rules for innovators. But can innovation be learned?

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Which makes Clay Christensen the closest thing we have to Sir Galahad. Fourteen years ago Mr Christensen, a knight of the Harvard Business School, revolutionised the study of the subject with *"The Innovator's Dilemma"*, a book that popularised the term "disruptive innovation". This month he publishes a new study, *"The Innovator's DNA"*, co-written with Jeff Dyer and Hal Gregersen, which tries to take us inside the minds of successful innovators. How do they go about their business? How do they differ from regular suits? And what can companies learn from their mental habits?

Mr Christensen and his colleagues list five habits of mind that characterise disruptive innovators: associating, questioning, observing, networking and experimenting. Innovators excel at connecting seemingly unconnected things. Marc Benioff got the idea for Salesforce.com by looking at enterprise software through the prism of online businesses such as Amazon and eBay. Why were software companies flogging cumbersome products in the form of CD-ROMs rather than as flexible services over the internet? Salesforce.com is now worth \$19 billion.

These creative associations often come from broadening your experience. Mr Benioff had his lucrative epiphany while on sabbatical—swimming with dolphins, he says. Joe Morton, co-founder of XANGO, got the idea for a new health drink when he tasted mangosteen fruit in Malaysia. Mr Christensen and co reckon that businesspeople are 35% more likely to sprout a new idea if they have lived in a foreign country (a rather precise statistic). But this is not a recipe for just hanging loose: IDEO, an innovation consultancy, argues that the best innovators are "T-shaped"—they need to have depth in one area as well as breadth in lots.

Innovators are constantly asking why things aren't done differently. William Hunter, the founder of Angiotech Pharmaceuticals, asked doctors why they didn't cover the stents they use in heart operations with drugs to reduce the amount of scar tissue (which accounts for 20% of rejections). David Neeleman, the founder of JetBlue and Azul, wondered why people treated airline tickets like cash, freaking out when they lose them, whereas customers could instead be given an electronic code?

This taste for questions is linked to a talent for observation. Corey Wride came up with the idea for Movie Mouth, a company that uses popular films to teach foreign languages, when he was working in Brazil. He noticed that the best English speakers had picked it up from film stars, not school teachers. But people without a flair for languages find the "Brad Pitt" method tricky--actors speak too fast. So Mr Wride invented a computer program that allows users to slow films down, hear explanations of various idioms and even speak the actors' lines for them. For all their reputation as misfits, innovators tend to be great networkers. But they hang around gabfests to pick up ideas, not to win contracts. Michael Lazaridis, the founder of Research in Motion, says he had the idea for the BlackBerry at a trade show, when someone told him how Coca-Cola machines used wireless technology to signal that they needed refilling. Kent Bowen has turned CPS Technologies into one of the world's fizziest ceramics companies by encouraging his employees to network with scientists who are confronted with similar problems in different fields: for example, the company eliminated troublesome ice crystals by talking to experts on freezing sperm (really).

Innovators are also inveterate experimenters, who fiddle with both their products and their business models. Jeff Bezos, the founder of Amazon, now sells e-readers and rents out computer power and data storage (by one estimate a quarter of small and medium-sized companies in Silicon Valley use the company's cloud). These experiments are frequently serendipitous. IKEA never planned to base its business on self-assembly. But then a marketing manager discovered that the best way to get some furniture back into a lorry, after a photo-shoot, was to take its legs off, and a new business model was born. Listen to mommy

Messrs Christensen, Dyer and Gregersen argue that companies that have the highest "innovation premiums" (calculated by looking at the proportion of their market value that cannot be accounted for by their current products) display the same five habits of mind as individual innovators. They work hard to recruit creative people. (Mr Bezos asks job applicants to tell him about something they have invented.) They work equally hard at stimulating observation and questioning. Keyence Corporation, a Japanese maker of automation devices for factories, requires its salespeople to spend hours watching its customers' production lines. Procter & Gamble and Google have found that job swaps provoke useful questions: the Googlers were stunned that P&G did not invite "mommy bloggers"--women who write popular blogs on child-rearing--to attend its press conferences. For all their insistence that innovation can be learned, Mr Christensen and co produce a lot of evidence that the disruptive sort requires genius. Nearly all the world's most innovative companies are run by megaminds who set themselves hubristic goals such as "putting a ding in the universe" (Steve Jobs). During Mr Jobs's first tenure at Apple, the company's innovation premium was 37%. In 1985-98, when Mr Jobs was elsewhere, the premium fell to minus 30%. Now that Mr Jobs is back, the premium has risen to 52%. The innovator's DNA is rare, alas. And unlike Mr Jobs's products, it is impossible to clone.

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