

Michael Graber

Finding the new concepts and insights to take your company forward

Speakers:

Nick Skillicorn – Innovation and Creativity Expert and Host of Innovation & Creativity Summit

Michael Graber

Expert Interview transcript:

Nick Skillicorn: Hello everyone and welcome to another expert interview session at the innovation and creativity summit 2017, and I'm very happy once again to have Michael Grabber with me, Michael is the co founder of the southern growth studio, the vice president of the innovation And also the author of going electric, Michael it's good to have you again

Michael Graber: Thank you Nick, it's a pleasure to be here.

Nick Skillicorn: So for people who don't know about you and the work that you do or what southern growth studios does, could you give us a bit of a background as to how you got involved into innovation

Michael Graber: I started out my career as a poetry professor and was allergic to business but had kids rather young and so ended moving into business and what I found first in writing and editing and then user experience and then in creative direction and then in brand strategy and then in management consultancy is that I had this hitch and this hitch was what was driving the engine business and ultimately it was creativity and then a question for me became how do you make the most impact and what I saw by using innovation methods but also skills that can be push innovation methods through enterprises, people's skills, diplomacy skills, such skills rated to give the biggest impact and so that became my quest and the answer had a very romantic sense of what innovation can do at an enterprise as well as in the world, so it's nice to see people really coming alive by using these methods and bringing them implement it to work and then going to do service work in their communities in the way of using these methods.

Nick Skillicorn: And how does that translate to the work that southern growth studio does

Michael Graber: So we founded the southern growth studio almost ten years ago and what we found was that more and more companies were giving lip service to innovation maybe they had a board mandate to do it or a corporate mandate or they just thought that stimulating their truth from the bottom up would be a good thing but it was at the almost the first generation of when innovation was going max so to speak there was a lot of press in fortune and all of them etcetera. And most people saw it as a failed experiment, they may have crowd source something, they may have had an ideation session with their team or even some ideation software and then they would immediately not know what to do with this influx of ideas and they weren't basing their ideas even on insights from the video or insights from people pertaining that solving problems but rather they were just projecting the high hopes and agenda that they've been carrying all these years anyways, so it's almost an just a down low rather than a true ideation that's based on insights. So the whole projects were aboard and with the southern growth studio, what we've seen now is that you have to truly embed innovation and innovation embedment requires to form the middle facets but first is constant right, you have to come up with breakthrough ideas outside of the confinement of the existing business model. And you have to do that in a way that generates new value of the firm but by doing so there's a paradox and that paradox is that by creating new value that's outside of the core business model, it's getting good adjacencies to figure out what happens is that if you don't work on a culture simultaneously, the cultural antibodies are going to flare up and attack all of the concepts with the demons saying you don't belong here my budgets is not attending to you, we don't know how to distribute in this channel, it will come up with a thousand known and unknown reasons to attack the new thinking. So we are at the studio particularly a place is that after a company or a nonprofit has try to one new innovation themselves and fail, Secondly they spend a lot of money going to some of the world class innovation firms and into what we call expensive door stoppers and stacks of concepts and insights and they didn't know how to activate them, the studio can come in as a middle player they can actually work with your team, training the methods by doing so we get into the culture craft and letting the culture plans, the mindset of the place to accept and embrace some of these new thinking about the business, simultaneously using your people and a few of our own to generate these ideas which is its own curative. So the mix of these two pieces is fundamental cornerstone, the concepts yes of course but you have to have the cultural receptivity to it and how the studio helps embed innovation.

Nick Skillicorn: You mentioned these methodologies that you can use to actually help this culture, I am sure a lot of people would love to be at that place, give us some insight not all of them but some highlights of things that companies can try as far as methodologies to improve innovation culture works.

Michael Graber: Right what's been proven time and time again that the single most important factor and innovation success at an organization is executive championship, so you have to have the steering team or the C.E.O. sign off and truly embrace and embody this pieces? They won't sign up on something like an innovation challenge with any sincerity if it conflicts with their corporate strategy. so we won't take on a client unless we can work directly with executives and help the executives get an innovation strategy that dovetails with their corporate strategy. so there are lots

of various methods we bring to bear, I will just mention a few which you said, the first is having the executives go through a session of identifying orthodoxies is very very helpful and the reason is that once they understand that there are mental model of reality, there are paradigm, what we like to call the inside out view of the wall, the part of the business, sees the world is not reality itself it's just one model. so once they're aware of that they then are able to know their limiting behaviors and their own internal biases and can break that strong hold of that paradigm that they created, it's become almost hassled by in a sense that becomes the culture of the blank way of how we make decisions here but when we are able to detach and back up a little bit they see that that plan is just one wins and then maybe other ones, another is just to sort of really dive deeply into definition of words like innovation, what does it mean, it's like one of those scary words like creativity or strategy that means something different to everybody who hears them but if we're going to help them generate their own definition, that goes a long way and there's certainly textbook definition but they have their own understanding, typically the textbook definition include it will give us some value in the word, its new value and it helps us with improv competition and it also gives us a sustainable competitive advantage but there may be something particular to a place that needs to be heard for example if it is a traditionally engineering led culture then may be adding a different criteria such as it must offer some period of consumer experience would be the right medicine in that case.

Nick Skillicorn: Its interesting you say that because just last year I was trying to get insights from many of the experts who are at the summit and some other ones who aren't as well on their view of what exactly is innovation from the innovation expert perspective, what I found was that every single person have a different definition that they used with their clients, it shows how broad the subject really is and I think the overall definition that we came to after we analyzed everything was taking an idea and turning it into a solution that adds value to both the company and the customer and I think that's something that quite often companies forget about, it's about the experience from the end customer that they see value in what's being produced

Michael Graber: That's true, key point the way I like to discuss it is when most people especially executives who typically go to very good MBA schools when they hear innovation process all their precept cortex hear the word process and so I have to hold up two hands and give a visual demonstration like Austin Powers at that point but on one hand when you hear the word process, you think immediately of the scientific management theory, it goes all the way back to the birth of the Industrial revolution, so every bit of the work process if you think of some of the examples scientific management, cosant six sigma all of these things, I could name all of them in my study and taught some of these they are all about process optimization right but they're all about taking what is and making it as optimized and well run and cost efficient as possible. But innovation process and I'm very careful to decouple what we're process from the word innovation. So innovation is not about that type of optimization process but rather it is about creating new balance and that's my definition ,it's it creates net new value and then value is both if you very eloquently set for whoever is using it and the organization itself.

Nick Skillicorn: You have come up with these process driven senior people though and if their focus is on business as usual and keeping the ship of loads and yet some crazy busy guy like yourself coming in and say no you need to think about the future and innovation, part of it is there is a lot of reluctance and a bit of fear about the unknown about this risky new ideas and that's what they know works, how do you talk to people about that?

Michael Graber: The biggest opener from my perspective is that they have kept doing the same thing and repeating really bad results, so the real indicator getting very concrete is that there are in due cause keep rising and there were term keeps them flap or lower, so they keep spending more here and they're getting less results and they keep focusing on optimizing this same model and the model in many cases their category has become commodities where someone else has disrupted it and they can't even begin to say that right, if you were in T and T or Vodacom for example, you would never see Skype coming because they didn't have the infrastructure calls that you are getting, they are outside your mental model to use an example or if your nasal spray and private label is completely commodities you out shell, what do you do, you know you are in a predicament which is a problem without a solution, therefore the old methods don't work anymore so that's an example of how I would begin that conversation.

Nick Skillicorn: You said that you have worked with many companies especially in your own region and certain united states but around the rest of the world as well, so you have got some great war stories or case studies of how a particular company has a challenge, how you will help them through an innovation process to get to a better solution, is there anyone that you will like to share with us?

Michael Graber: Certainly So first I'm going to bore everybody with a quick story about our brand and our name and then I'll get to the case study with your permission of course, so the southern growth studio by name, by brand is intended to take all of the innovation methods, some of the management consulting methods and some of the growth strategy methods, take a particular fusion and we were going to focus on our own postage stamp of the world, kind of to try state area we are, where we are so we went knock on every door in Tennessee, Arkansas and Mississippi every privately owned company and said we have the right medicine to help you grow, you could be great, we went to companies that you can compete with Lora but what we found was that these privately owned companies at that point were almost allergic to growth and certainly got a few as clients and they've done well but we had to go out of the market to acquire what we call the eagle strategy. So we had to leave our own liberal and go to Hamburg to build a reputation and be popular on our own down again so we ended up doing something we said we would never do which is working with Fortune five hundred companies and others and working all over the globe right, so we're back after successfully finding one of those local companies they were in Jackson Mississippi and we applied this particular medicine they ended up doubling their revenue in eighteen months right, eighteen months they'd been around ten years before they doubled their revenue in eighteen months and they sold point five X the investment we did invest however was also invested in this other business that had that same predicament I was talking about like costs are going up, returns are going down

and this was the Jack Nicholas' business the golfer Jack and his team have been long term clients with the studio and it was fascinating so I would like to talk about Jack Nicholas case that's okay with you.

Nick Skillicorn: I would love that, it's always nice to have a non corporate sort of example.

Michael Graber: Certainly, so at this time which was at the time of this prime mortgage meltdown, golf in general was the declining in the U.S. but growing in a few other markets and somewhere along the way the Jack Nicholas brand was starting to outgrow and then couldn't figure out why and they wanted to use some innovation methods to figure out what's happening, who are we and what levels can we change to really.....and so we are applied the whole method of what we do, in this methodology is that mix of design thinking and some more traditional growth strategies. So we mixed inside level data with second very level data and even some business development to come up with the solution, so it's what we call a hybrid strategy in innovation project. So first we went out and we went out and talked to a little bit more than two hundred Harvard and..... that was amazing and we also went and played golf, everyone but me you can detect when you look at me and see I am not very coordinated but we played it, private courses, public courses, in other countries, some of the really renowned courses, we also went shopping at private exclusive golf clubs and some of the masters and just other general sports stores or sporting good divisions and mass stores and online, then we went to a lot of conferences, P.G.A. conferences, we talked to industry analysts like the SPM and other places and we talked to some lifestyle brand experts. So that was our primary research ethnographic so to speak but what we found were more of the human side of the stories, I was in Manhattan doing probably doing a hitch fun trip so a guy that he's not prone to emotion, he's all numbers it's like it's a spreadsheet and he broke down crying over lunch with me and said he hopes and prays his language his son takes up golf because that is the only place where the rule still apply, whatever that means where the rules still apply. So I started asking him what do you mean by that, he said well in the world of business are different world in general it's not a very honorable, people break their word all the time but in golf you live or die by your word, so that sparks something of interest to me, where I also started doing all the secondary things, so outside of two hundred conversations we had we started looking at markets where golf is growing, we surveyed about four thousand core golfers in various markets to see if it dub with the primary market research and some statistics came up really interesting and that was that marriage rate spoke strongly about the world of golf and we noticed this one datum in particular where if you look at the world of basketball about seventeen percent of core amateur basketball players are married to their original spouse, you think of someone like Dennis Rodman who had an affair with Madonna and more than twenty children, many wives some children out of wedlock nobody cares in that world and then if you look at the world of golf what happens if a celebrity golfer has an affair, you know I will just put up the example of Tiger Woods, suddenly you have a riot on your head, he loses all of his endorsement deals, his game starts to suffer, the golfing community is really outraged. So we saw that in the world of golf, eighty seven percent of golfers were married not only married but married to their original first spouse. So we came up with it was an insight, came up with the saying in our war room which was families that tolerated golf stay together, now we also noticed in our

work that the prediction of the P.G.A. was not true. So women are not the savior in the US, in fact they were staying up to say a million women don't tend to play together even if they ride together in those blue bodies, It's really was more of a man's world which was interesting and to excel. So then if you couple that with the conversation is a place where the rules still apply and then we found this really interesting Google algorithm that was floating around what would Jack Nicholas do if you were a mortgage trader at the time of the subprime meltdown. Previously Jack was very well known for keeping his company from falling into bankruptcy, he personally testify it I will not allow it to go into bankruptcy and then so these people go to Jack in this situation, so Jack ran and then became part of this avatar for where the rules never apply, but then you start looking at the psychographics of where golf was growing and it gets even more interesting so what feeling, where, on the layer, under a layer, we're just in an insight generating process and the value generating process, keep that in mind. This will be the last insight to share many of this tale and this is you see that golf is growing in, China in Malaysia, South Korea you see it's growing in Russia, you see it is growing in Brazil and then you just think in the US it's typically males and these males in the conversations we have two hundred plus and then the surveys on top of that, we have the males pick their favorite non-athletic lifestyle and to achieve it was something very clubby, it was either Brooks Brothers or polo also we found out that most belong the private country clubs some of them at homes in these clubs, And so what we saw all after the with the edge fund trader said and many others behind it and this perception of lifestyle and this became one of the other driving insights, is that golf is not a sport but rather it's a crucible for civilizing young men right, it's the teaching of the rules of the road to those who want to be part of the patriarchy in and in fact it's the patriarchy's last stronghold in the world because all the culture would either have the very much Latin American culture, v east or Russia where it's growing and here in the U.S. it's the male dominated world of the country club and believe in we talked to a lot of these people I'm not big sexists and the women in that world like it very much they want to be part of that paradigm, part of that club and in that world, in fact they want to buy from men in that world which leads us to the point where the insights actually get some business value. So first and foremost we found out what the brand of Jack really meant, Jack was well known for after winning a Masters Championship, shaking hands with everybody being very grateful but having to excuse himself because he had a good little Jackie's with the lead game, he was a family man, he was the avatar of this patriarchal world we're talking about but also golf in all the emerging markets and its core markets is a place where once you learn these rules, where the rules still apply, you become a civilized young man that you're able to then ascend the socio economic ladder and you could have this whole sense of luxury so this isn't blue blood luxury that is handed down the generational well but if you focus like Jack the guy from the Midwest of the United States of America, you have your middle game you don't get into peccadilloes like Tiger right and you stay true to these values, you're likely to ascend in the wall and that became the myth thoughts of the mind of our prospects and that also became the brand essence of he is the greatest golfer but he also is the greatest mayor in that world and he's seen and again as the Icon and the avatar of that world, now we didn't have a massive creative restrain for this business, They didn't have any money to develop new products, so they were in the licensing business, they were in a partnership business, they had some products but they had them in the wrong channel, channeled back that world, a world in their brand, so like the golf clubs and castles at that time and believe me that's a closed door for those who don't know them and having low priced okay pretty good quality golf clubs in a closed door does not equal greatness. So sudden research take those out, they had rugs

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and crystal that lows which is not general big box store, that did not equal the brand so the first thing we did is we did an overall inventory of what products, services and licensing deals we should get out of those that are hurting the brand that way and they did it. Surprisingly not up line state or advice but they were in a position to do so and they did but then looking at all the secondary and primary data, we have got this big model and we saw that a very large percentage almost ninety percent of evident core golfers also are avid grillers and then we did a grand match, we looked at the values of Jack as we've talked about and we go to this whole matrix in this model where we were able to find companies that could meet them in co-develop products but I don't know if you've seen or not but it's very successful Sub-zero wall Jack Nicklaus' outdoor kitchen and then we saw a large percent about seventy six percent also live.... so we're able to set up meetings with the Orbits right, all the way down to the three percent that do taekwondo, the two percent that also do yoga where we didn't activate. If you fast forward the business has grown, their organization has been transformed, they were able to take the insights and the re articulation of the brand and so naming rights to a building in China but really asks what the revenue was the past two years immediately and then get into some of these business, product development partnerships that have been able to not only sustain the growth of the business.

Nick Skillicorn: I think it's one of the most fascinating and amazing examples that I have heard in a long time, it's out of the ordinary the way you described it, it's not like you usually describe a sports personality without any products of their own to require any bit of thinking but it's just a perfect example of how if you go out, you get the right insights you can innovate in this in just about any market.

Michael Graber: Very correct and that is the key thing, finding the right insights and really wrestling both insights to know their unique value and with that I just want to give a warning which is the insights have to not only be true in the market but they also have to be true to the product brand or service that you are working on. So it has to be kind of true out, true and open in the market but also resonate with the D.N.A. whatever organization it's representing and that's the intersection you're looking for where it meets with here's the consumer insight in this case the player and it's like and here is the business opportunity in business strategy.

Nick Skillicorn: How long did it actually take you to go out and get these insights because I know a lot of companies they think innovation as a process starts and ends in our brain storming session?

Michael Graber: This was actually a rather quick project for us and it was about three months but if you think about some of the event that has the power to transform an entire business, a three investment is worth the time, it's not that wrong.

Nick Skillicorn: Absolutely I mean the alternative is to just keep clogging along and losing business for six months, a year, and two years.

Michael Graber: That's right.

Nick Skillicorn: Michael it's been wonderful having you here, we are coming up to the end of the interview, if you could leave one actionable piece of insight or a tip with our audience on how they can get more value out of their innovation efforts, what will it be?

Michael Graber: I would say embed the outside into the inside. What I mean is that you first have to leave the building, go and figure out where the customer or consumer pains really are and don't just think about it, don't Google about it but really go meet up with these people, so leave your building but then find a way to dramatize and in the storytelling and all those insights and make it real and out inside the company as well. So you become the carrier of these insights and then everyone gets focused on solving real problems for real people.

Nick Skillicorn: Perfect and the listeners are going to get all of the links to your resources down in the video description below, could you just describe where those links are going to take people and what they can expect to find there.

Michael Graber: Certainly, so you come to the company's website which is a southern growth studio and you'll be able to see everything we do in more color, there is also Michaelgraberinnovations.com and that has all of the pieces that I write for Inc magazine, for innovation excellence meaning which have been compiled in this book, product placement then you can you can order the book or the e-book there as well and then I would invite any of your listeners to link in with me on Facebook.

Nick Skillicorn: Perfect, it's been wonderful having you here; I look forward to speaking again with you soon.

Michael Graber: Thank you for all the work you do in the world thank you.