

## **Innovation fads, fashions, and trends**

**by**

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So much ink; so much paper! So many pixels! So many task forces! Thank God for the bottomless pit to mine for answers to Canadian innovation challenges. The proposals are as many as there are lobbies and hobbies. And every one of them has merit. But every one of them is doomed by narrowness and inadequacy. That's because, as the girl said to the boy: "It's complicated."

The focus of well-meant public musings and counsel tends toward specific, actionable, and obvious drivers of the problem. The result? There ought to be more public *and* private investment at every stage; better training and skills; government intervention; coordinated geographic clusters; stronger commercialization; more creativity and risk taking; a focus on entrepreneurs; or a focus on enterprises. And on and on.

Less considered, probably because they make crystal clear causal arguments cloudy at best, are the softer facets of the ecosystem. There are one or more steps removed from the direct "this-then-that" connection between action and outcome. Also, innovation tends to be diagnosed discretely from other economic and social challenges, such as productivity decay. This is the result of a schooled reductionism that segregates systemic problems into constituent parts as if complex problems can always be solved in pieces and work when reassembled. But that's not how complex systems work.

Setting aside my cynicism about the motives of those voicing positions, each contribution adds valuably to the discussion. But that discussion remains isolated, technocratic, and mired in detail. Consider only the example of innovation and productivity as a holistic pair.

Everyone who has sat through an executive discussion of new revenue contrasted with reduced cost knows that the latter goes straight to the bottom line. CFOs fall all over the second option. And yet, productivity is in decline in Canada. Why? Among the reasons is a “waste not, want not” ethic that would make a Puritan blush. There is also the discount sticker given to Canadian businesses by our chronically weak dollar. Let’s not forget government subsidization/protection. All of this cuffs the market’s invisible hand that might otherwise force *competitive* price drops, in turn demanding greater productivity—perhaps through innovation?

Weak demand for productivity innovation weakens the drive toward technologies, processes, and business models that address these challenges. Only among a few exceptions, such as mining, are businesses innovating—or investing in innovation—for productivity gain. In other cases, such as oil & gas, their cups have spilled over so much that being unproductive is inconsequential.

That leaves the glory of consumer-directed innovations. Consumers want cool technological toys that may (the jury is still out) make them more productive. It’s true—or at least it’s said, which is the same thing apparently—that mobile devices make business people more productive. It’s also true that many consumers are also business people. But is *WhatsApp* or *FaceBook* or the *iPod* creating productive commercial capacity? The argument for “yes” is dubious at best.

Consumers reward these innovations though, or the successful ones anyway, explicitly with revenue or use; less explicitly through the idolatry of consumer products and the business people associated with them. Investors reward such innovations with easier and more valuable rounds of financing, and grand payoffs at Initial Public Offering. This all despite many of the longest-lived and profitable technology businesses, such as *Microsoft* and *Oracle* and *Salesforce*

and *SAP*, innovating around commercial/management productivity. But they're not *Facebook* or *LinkedIn* are they?

Defocus consumer innovation! Blackberry (RIM) lost its edge and lead **not** primarily because of threats in the consumer space but because it chased that space and forgot that its lead and advantage was due to its impact on industrial productivity. Also consider that while it's true Henry Ford made the automobile a mass consumption product, his enduring legacy is the conveyor belt: the productivity innovation that allowed for the consumer delight.

So what's the point? Simply this: all of those many answers to the innovation problem could be instrumental elements of a successful change to Canada's innovation trajectory. Maybe... in some combination... or in some sequence.... But merely refocusing toward innovations that genuinely address how to make Canada's businesses more productive, first at the edges then at the core, would set the stage for solving multiple economic challenges, including productivity and innovation, and fabricating a virtuous cycle updraft to raise all parts of the economy.

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