

**Second**  
thoughts from a  
**GRUMPY**  
innovator



written & illustrated by costas papaikonomou

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*to Patricia, Spiro and Dimi  
my anti-grumpidotes.*

**The future isn't in front of you, but  
*behind* you. Merciless in pursuit, on  
your heels, preying on every last decision  
you made, awaiting your next move.**



## Second Thoughts

In 2012, I published the first Grumpy Innovator book about the ugly reality of innovation in corporate environments and the responses have been heart-warming;

- “Thank god I am not alone, I thought I was the crazy one here at the office.”
- “I read a few lines every time I’m in the toilet. I’ve found it a great inspiration and laxative.”
- “It made me laugh and then cry when I realised I was the topic of the joke myself.”
- “It made me cry in the toilet at the office, thank god I was alone at the time.”

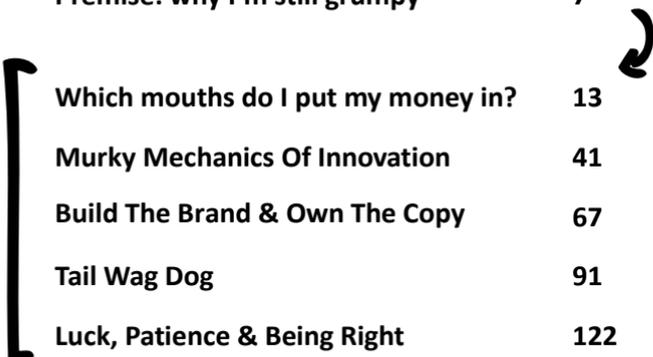
Three years later, there is good news and bad news.

The good news is that the book has put me in touch with countless new friends, who share my amazement of how organisations deal with innovation and get in trouble when they need to do doing things differently in order to grow, or even survive. There is an army of us out there, who will patiently sit through long meetings and tedious processes, waiting for the right moment to do what we know is required to actually get things done.

The bad news is we’re still a minority and I’m still grumpy. Which is why you’re now holding this second book: I’ve had no problem finding more stuff to write about.

Scattered across these pages you will find further thoughts on reasons why innovation is still a painful activity for so many businesses;

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## **Premise: why I'm still grumpy**

In the first Grumpy Innovator book I explored the paradox of innovation<sup>1</sup>. The conflict between a messy, ever-changing outside world which drives the need to innovate, versus wanting a predictable, calm environment in which it is easier to run a profitable business. In corporate ecosystems, this leads to over-relying on models and abstract views of the world, resulting in poor success rates. It was also fun to throw rocks at various functions who we all know get in the way of things more than anything.

What I'd like to explore with you in this second book is a number of perspectives on 'innovation' itself. What is it, how does it strain people & processes and what core competencies does a business need to do it well? But most of all to throw a couple more rocks and have some fun.

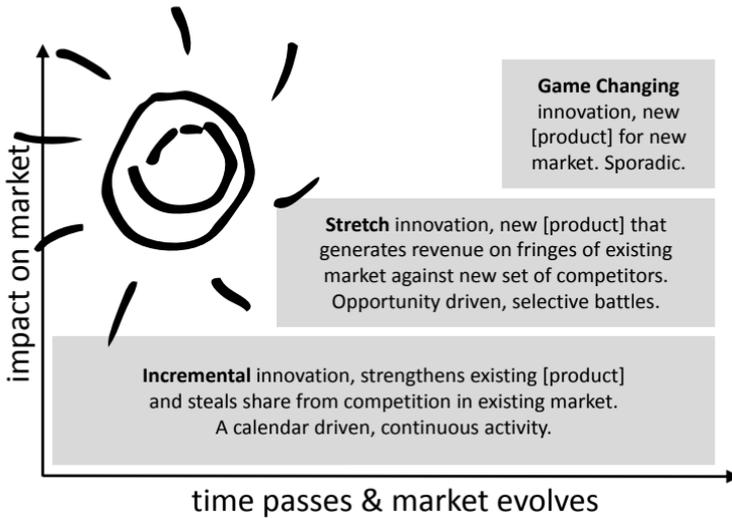
On the next two pages is a diagram showing the Sunny Smile of Innovation alongside its dark mirror image, the Murky Mechanics of Innovation. We'll explore how innovation is more than the business textbook definition of 'doing something new that makes money' or 'drives growth'. It comes in different shades and cannot be seen without its implications on the organisation delivering it.

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<sup>1</sup> You can find the first book's premise on page 146

## Sunny Smile Of Innovation

Innovation is a commercial tool for businesses to continuously seek out new revenue opportunities, and



that's the bright happy side shown here.

- **Incremental:** this is your 'new news' process. Small tweaks to satisfy new questions from existing users/clients and piss off competition.
- **Stretch:** find new occasions and formats to draw in an audience just beyond your current reach. Great if you're starting to lose on price in your current market and things are commoditizing.
- **Game Changers:** The sexy end of the spectrum, where you create a lasting legacy, get your face on magazine covers and re-invent the industry.

## Murky Mechanics Of Innovation

When most business books and creative gurus talk about 'disruption', they refer to messing up your competitors' heads and shaking up the market.



That's *not* it. You are disrupting yourself much more.

- 👉 **Incremental**: a cross-functional effort you can tightly plan and control, within set ecosystems.
- 👉 **Stretch**: Requires understanding new category consumers and business rules, creation of minor new capability and your best bet for growing your market when you're still calling the shots.
- 👉 **Game Changers**: Only when your back is against the wall, your current [product] is completely commoditized or the market is going extinct.

So what does this dark and disheartening mirror image mean? It shows that not only do you need particular functions inside your business to innovate pragmatically in a messy world to keep the machines running<sup>2</sup>, you also need an additional set of meta-capabilities to adapt your organisation as much as the market you're serving;

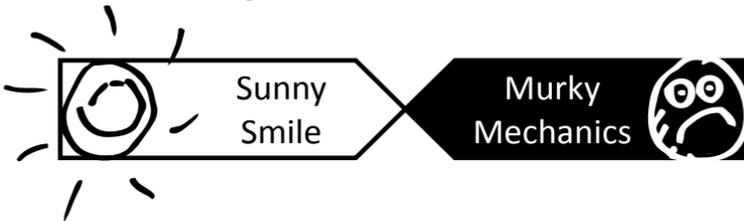
- The ability to share responsibility for innovation across functions; in parallel, not sequentially, with the lead switching sensibly as the work progresses. Similarly, realising that the source of the opportunity can come from anywhere too – sales, technology, distribution, etcetera – *not* just consumer focus groups and market research.
- Acute awareness of the required impact your innovation needs to make in order to achieve your business objective. Create an incremental innovation when that'll do the job, reserve game changers for when you need (or can afford) one.
- Savvy use of expensive assets over time, retaining function and relevance beyond the initially intended launch products and support future revenue as well.
- Install processes across the business functions that drive for value-add to the end result, your product. Not solely to optimize operational efficiency. It is the simplest way to ensure you keep aiming for relevancy *and* pick up early signals of change right at the source: the customers of your products and services.
- Acknowledgment that when you move up into Stretch and Game Changing innovation, you are also moving *away* from daily procedures and into new ball

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<sup>2</sup> See first *Grumpy Innovator* book

games with unknown rules. That means success will depend more than anything on the judgment of the people creating the innovation, not on prescribed ways of working. *Trust* them.

I'll share my grumpy thoughts on pitfalls on these five principles, along with ways that might make life just a little easier. Might. A little.



You may now be thinking... wait a moment, aren't today's celebrated new heroes of innovation in the digital arena doing all that Game Changing in the blink of an eye *and* making a fortune on the go?

Yes – *and*.

Putting those new digital heroes in a more realistic and perhaps even cynical perspective;

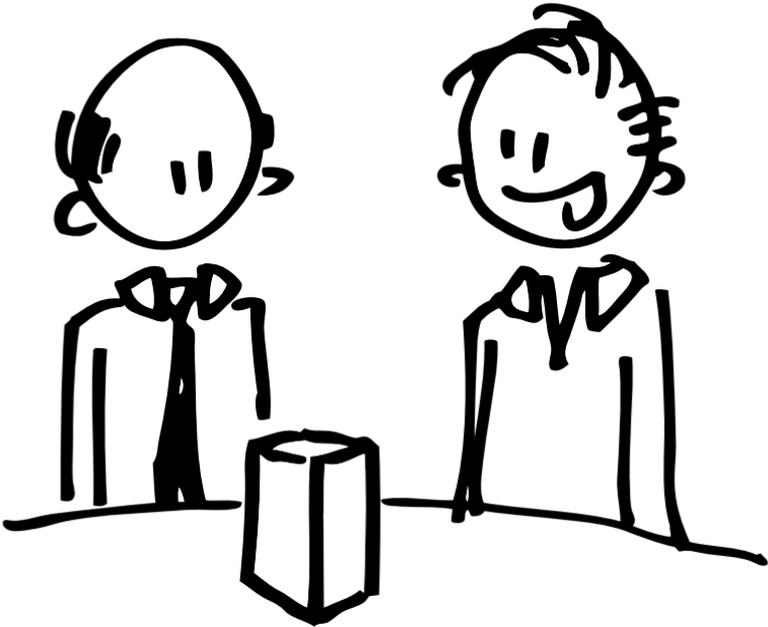
- The vast majority of the global economy runs on businesses who *make* things, not on digital platforms for selling or accessing them. This will remain the case in our lifetime, at least as long as humans consume physical foods & goods.
- Most, if not *all* billion-dollar start-ups prove to be pyramid schemes, not making any profitable revenue stream, ever. Then they collapse.
- The digital space is big and sexy, but it's also an immature Wild West in comparison to say, laundry detergents, chewing gum or dry soups.

This book is for people who are in the business of making and selling real things, to highly competitive mass markets around the globe. People building brands by carefully crafting relevant improvements to win their consumers' hearts. For them, the Murky Mechanics Of Innovation are a reality that tires them by day and keeps them awake at night.

I salute you.

Costas Papaikonomou  
June 2015

**Which mouths do I put my money in?**



**THE FINANCE TEAM IS PRETTY SURE  
THIS IS WHAT OUR CONSUMERS WANT.**

## Which mouths do I put my money in?

*Somewhere, early autumn: a cross-functional discussion in a corporate meeting room.*

- CEO: *Knocks on table with toy hammer.*  
"My dearest Innovation Committee, that was a good start. Now let's move on to agenda item 2. By the way, who's taking notes today? Anyway – ahem – agenda item 2 is to allocate our innovation budgets for the next 5 years. I have 10 million cash-thingies reserved. What do you think?"
- R&D: "Well, that depends. It's €3m more than we had last year before you came on board. Which is great, as we overspent €2m this year on catching up with [competitor]. But it was worth it as we are now ready to file patents of our own and won't need to work with [supplier] anymore."
- Finance: "Did you budget for filing patents? That's expensive."
- R&D: *Ruffles papers.*  
"Well, that depends. We did for US & Europe, but Sales wants to ship [product] to Asia."
- Finance: "So that's a No."  
*Scribbles in notepad, with stern face.*
- Marketing: "Sorry I'm late. What are we discussing today?"
- CEO: "Innovation budgets for the next 5 years. And late arrivals get note-taking duty. We just started and R&D is asking for €2m to plug last year's gap."

- Marketing: “We need to change that notes rule, it’s unfair to busy people. But good to hear we’re talking innovation. I need a game changer next year. After that I don’t know yet. How much does a game changer cost?”
- R&D: “Well, that depends. Do you have a spec?”
- Marketing: “No, I’m waiting for the U&A to come in.”
- Market Research: “Preliminary U&A findings are due in 3 months.”
- Marketing: “Hey, I hadn’t seen you were here. Hi. But wait, you said 3 months at last month’s meeting too.”
- Market Research: “Yes, and then you all-of-a-sudden urgently wanted to include Asia, while fieldwork in Europe and North America had already started. And don’t look at me like that.”  
*Rolls eyes.*
- Marketing: “Ya Ya. Touché. Anyway, without a spec, how much does a game changer cost? Ball-park will do.”
- R&D: “Well, that depends. Last year’s [game changer] was only \$5m but it did take 4 years to develop. Do you want to know what we can do in 1 year or do you want a game changer?”
- Marketing: “I’m not sure I understand but either way, I can’t spec without the U&A and I do need something next year.”
- Manufacturing: *Raises finger.*  
“Sorry, can I say something?”
- Marketing: “Maybe you can work from the segmentation? The infographics are really inspiring and it’s pretty accurate except for France.”