

# Instilling a Culture of Innovation



Scott E. Fuson,  
Chief Marketing  
Officer, Dow Corning  
Corporation



Scott Anthony,  
Partner/Innosight LLC

**How does a company instill and promote an innovative culture? In this dialogue, Scott Anthony, partner/Innosight, LLC, exchanges views with Scott Fuson, chief marketing officer for Dow Corning (Midland, MI).**

**How can companies create an internal environment that promotes innovation and creativity?**

**Anthony:** This is one of the ‘Holy Grail’ questions. There are a few things companies can do to create an environment that fosters innovation and entrepreneurial thinking.

First, companies should consider having their employee teams interact in ways they have not done before. Combining those who have not interacted before provides companies with a group of people who approach an idea with very different lenses. We often use this metaphor at Innosight because it’s symbolic of the transformation that occurs—taking off one set of lenses and putting on another enables things to come into focus that once were not.

Second, have this team look at ideas or problems that they previously rejected as ‘bad’ or ‘unsolvable.’ Companies often find that the group finds ways to reshape bad ideas in new, exciting directions or develops approaches to solve previously unsolvable problems.

Third, it’s important to note that nothing helps drive an innovation-rich culture like success. Success challenges employees to shape and mold ideas in new and different ways.

**Fuson:** We define it using three words—empowerment, commitment, and accountability. We have identified a select group of energetic, charismatic people and placed them in leadership roles. Drawing from differing levels of the organization to comprise the team, we gave them a challenge, empowered them with the right tools for success, and encouraged them to move fast and take risks. This combination produced creativity and energy that our culture had never experienced.

We’ve also taken the power of commitment and applied it to our corporate strategy, our employees, and our culture. And by commitment, I mean we asked them: What do you want your company to stand for? At Dow Corning, innovation drives everything that we do. This ensures that every level of our company is empowered to innovate in its own way—whether that is to think about a product or service in a different way or to take a risk that it may not take customarily.

We also view accountability as a fundamental tenet. We’ve learned that you don’t change a culture by setting out to change it. Instead, you change the working environment and reward the very best people when they give everything they’ve got.

**What role do disruptive innovations play in nurturing innovation-driven cultures?**

**Anthony:** They act as catalysts to inspire new growth and new thinking. More importantly, disruptive innovations should be viewed as a source of growth, rather than a source of fear—the view taken by some established industry leaders. Disruptive innovations can be especially helpful for companies seeking new ways to create prosperous growth businesses.

**Fuson:** Disruptive innovation completely changed the internal landscape at Dow Corning and led to the development of our Xiameter® business model. We realized a need for change as the business environment shifted in 2001. We realized that our long-term formula for success no longer worked, so we used the change as a driver to re-evaluate our position in the market. Our fresh perspective led us to conduct extensive needs-based segmentation research that helped us address customers’ needs exactly based on their priorities and business objectives.

**What best practices can you offer that companies can use to create their own innovation-driven cultures?**

**Anthony:** For companies looking to innovate from the ground up, I’d recommend that they

first take a step back and listen to customers, as well as to what we call non-consumers. Companies should take cues from these learnings—what are their likes and dislikes, why do they choose your products over a competitor’s (or choose not to consume a product at all)?

Take Intuit, the producer of Quicken software, as an example. Through data tracking, the company realized that an untargeted customer segment—small business owners—was purchasing Quicken software that was designed for individuals. Intuit took this information and went straight to the source—the small business owners themselves. They asked how and why they used the software to support their businesses, given that it was made for household and individuals’ finances.

What they learned offered a valuable insight into their product. Small business owners indicated they used Quicken because many of the larger, more expensive business software options were simply too difficult and time-consuming for their needs. Intuit acted on this newfound segment and within 18 months launched their QuickBooks product, which took over the market as a best-selling small business tool.

**Fuson:** Based on our own experience, we’ve seen that there is no one-size-fits-all approach to innovation. What has worked for our company may not work for another. Yet if there was one singular piece of advice I’d offer, it would be for companies to take a hard look at their offering in light of customer needs; to build on what they have in new ways; and to continuously reinvent themselves—even when they are successful. For Dow Corning, this encouraged us to think differently about our business challenges and to learn and adjust to the benefit of our customers.

**For a copy of Innosight’s article, ‘From the What to the How: The Innovator’s Solution Methodology,’ go to: [www.dowcorning/innovate](http://www.dowcorning/innovate) and download the PDF file.**

*Dow Corning is a registered trademark of Dow Corning Corporation.  
©2004 Dow Corning Corporation.  
All rights reserved.*