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What's Happening

- > TransTech USA, in partnership with Clareo Partners, has launched a comprehensive set of services targeted at the clean technology sector.

To learn more visit,
http://www.transtechusa.com/clean_tech.html

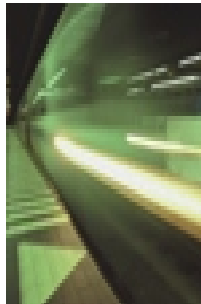
- > The Kellogg Innovation Network, part of the leading Kellogg School of Management, held its 1st landmark annual event on Global Prosperity – check out the video

[Watch for more news](#)

Welcome

Welcome to the October 2009 issue of Global Insight, a regular newsletter from TransTech USA designed to keep you informed of the latest news, issues and trends in business and innovation strategy.

In this edition we discuss the energy policy dilemma – balancing the needs of CO2 reduction with global prosperity and an exclusive piece authored by Kellogg School of Management's Prof. Robert Wolcott on how critical new business design is to innovation and building sustainable success.



Innovation as New Business Design, not Just New Technologies

Robert C. Wolcott the Founder and Executive Director of the Kellogg Innovation Network (KIN) and a professor of Innovation & Entrepreneurship at the Kellogg School of Management.

Somehow, innovation has become synonymous with new technologies, or at least with new products. But Starbucks got Americans to pay \$4.00 for coffee. They didn't invent anything, but they certainly innovated. They create a new comprehensive customer experience and solution for a range of consumer needs—Starbucks is one of the primary locations for casual business meetings—that represents a complete business design, from products to experiences to service processes.

The members of my Kellogg Innovation Network (KIN) at the Kellogg School of Management, leaders of innovation at large global companies like Kraft, Cisco and Raytheon, gather three times a year to explore how to succeed at innovation. One of our core insights together over the past seven years has been that companies must approach innovation as a new business design challenge.

Many development teams become too focused on the products or services

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their developing and neglect the business and go-to-market decisions until much later. This is a costly mistake. Take, for instance, the need for collaboration between the Marketing and R&D functions at companies. In research last year with my colleague at Kellogg, Phil Kotler, we found that senior level executives predominantly felt the Marketing-R&D collaboration to be quite effective at their firms. Less than half of mid-level managers, where the work actually happens, were as positive about the partnership.

But go-to-market planning and execution is where many innovations succeed or fail. We have discovered cases where two companies introduced exactly the same products. One failed while the other succeeded. The results had nothing to do with the quality or functionality of the product. They had to do with business design. How you create, market, sell, distribute, support and evolve products and services, and how you connect

with customers often has more to do with success than the products themselves.

If you're not designing major new product or service launches as comprehensive new businesses, you're likely to miss important factors that could significantly enhance success—or lead to failure. We don't recommend you change every aspect of how your company does business. This makes no sense. However, you should be deliberate about what should change to support an important new launch, as well as what should remain the same.

Don't leave these decisions to chance or assume that the way your company does things is the right way. Make new business design intentional and strategic. You'll not only enhance the performance of product and service launches; you'll unlock the entrepreneurial potential of your employees and significantly enhance your company's ability to build sustainable growth.



The Energy Policy dilemma – are curbing CO2 emissions and global prosperity mutually exclusive?

Peter Bryant President TransTech USA & Senior Fellow Kellogg Innovation Network

The world is at a cross roads, where certain decisions on energy will fundamentally affect global prosperity – in which direction is the wild card. We hurtle towards the watershed December 2009 UN Copenhagen conference, that is chartered with establishing Kyoto II against a back drop of Australia's Senate defeating its proposed Cap and Trade Bill, a centerpiece for the new government; the US Senate saying it will likely not pass a Cap and Trade Bill in 2009; and China and India forcefully telling the developed world not to put restrictions on their CO2 emissions. Whilst some of this can be seen as posturing, it shows a universal concern from the Midwest of the USA, to the cities of Australia to

the bustling streets of metropolises in China and India, around the impact a cost on carbon has on global prosperity – simply put, people do not want to see their standard of living reduced.

So how can we bridge this seemingly impossible impasse?

We can bridge this if we seriously consider the formulation of a holistic energy policy that does not pick winners and addresses 'the four pillars'.

A comprehensive and holistic energy policy that is effective must address the four key pillars of:

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Sustainable economic growth

A country's policy must ensure that it can deliver sufficient power to fuel economic growth. Affordable and accessible electricity is one of the cornerstones of economic development – consider over 1.5 billion people today have no electricity. Many of the countries where these people are located will burn coal to generate the required electricity – because coal is accessible and cheap.

Energy security

Our transportation systems rely heavily on imported oil and we are increasingly going to use natural gas for electricity generation, some of which will be imported in the form of LNG.

The environment

Despite what side of the climate change debate you are on – everyone agrees we must improve our stewardship of our planet and the resources we use to drive our prosperity. There is much more we can do to conserve energy and reduce our demands on the planet. However, given the urgent need to reduce dependence on foreign oil and ensure future prosperity, we must be pragmatic when evaluating energy sources that were once the enemy of environmentalists. As a sign of the times,

Water usage

This is the one resource we depend on for our survival – we can survive without energy but we cannot survive without water. Nearly all forms of energy generation consume significant amounts of water. Solar thermal requires 200,000 liters of water per MWh and coal, one of the lowest consumers of water, requires 78,000 liters per Mwh.

In summary, we cannot trade one of these pillars for another - people will not be prepared to make the trade. We see this clearly in the developing world, in particular India and China. However these are not mutually exclusive goals but the policy makers in many developed countries have treated them as such, sometimes unconsciously, creating policies that have unintended consequences. Furthermore, ideology has blocked our pragmatism and we get distortions that if continued will cost us dearly. Interestingly the command and control style of government in China, who is pursuing all forms of energy, primarily as a necessity to satisfy its prosperity goals, most likely will have more renewable energy than the US in 20 years, both in absolute MWhs generated and as a percentage of the total energy mix – in a way China has a market driven energy policy.

So I advocate a holistic energy policy that seriously addresses each of these 4 pillars, expands renewable energy and drives energy efficiency in both transportation and electricity. The policy must also pursue nuclear energy; ways to reduce the CO2 footprint of coal; an effective way to exploit shale reserves and address water management. This approach, which has many subtleties, will drive a broader and agreed global action plan, which currently totally eludes us.

Spotlight on exciting news & events

Robert C. Wolcott's ground breaking new book, [Grow From Within](#):

Mastering Corporate Entrepreneurship and Innovation, with Michael J. Lippitz, launches this fall from McGraw-Hill. You can order it today on www.amazon.com

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TransTech USA is a boutique strategy consulting firm that provides services to assist companies in formulating sustainable business, innovation and new market growth strategies. TransTech USA has advised companies from the US, UK and Asia Pacific - ranging from emerging companies through to Global Fortune 500 companies, primarily in the resources, energy & technology sectors.