

The Real Value of Innovating

By Lanny Vincent

Innovating is about value—either adding value or creating new value altogether. While the debate continues whether innovating is more about improvement or disruption, the more important question may be how we think about value.

Often “values” and “value” are used interchangeably, though a colleague often corrects me when I get too close to using them in the same sentence. Values, he contends, are about what is held important to a person or a society, whereas value is an economic attribution placed on an object, product or service. He believes the two terms must be kept separate and distinct.

While I understand his viewpoint, I wonder whether our insistence on separating

these two connotations of the same word unintentionally masks an underlying link: a link between extrinsic value with intrinsic value?

While I am unschooled in axiology (the study of value), in economics Adam Smith called out two types of extrinsic value—value in use and value in exchange—in his fourth chapter on money in his famous *Wealth of Nations*. Smith observed that things with the greatest value in use often have little or no value in exchange, while things with great value in exchange frequently have little or no value in use. Take water as an example. Perhaps nothing is more useful than water, but it will purchase scarcely a thing. (Adam Smith was not a

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Innovation Smothering Creativity?

By Scott Smyers

Today we hear the word “innovation” just about everywhere. Wikipedia defines it as “the creation of better or more effective products, processes, services, technologies or ideas...” The word seems to carry virtuous connotations, and is often over-used by marketing departments. To be honest, as defined by Wikipedia, I think it accurately describes what innovators are doing and delivering today—something better. But unfortunately, what this indicates is that we have now come to value the “creation of something better” more than the creation of something new.

When I think of positive, global cultural shifts during which creativity flourished, the Renaissance period comes to mind as well as the hyper creativity embodied in the Impressionist painters in their day. There were notable individuals in these periods, but in fact, these were mass cultural transitions taking place. These transitions were triggered by a palpable change in community principles and the availability of a venue in which concentrations of likeminded creators could discover each other and interact, face to face, such as in the town square or various coffee shops.

Today we have the Internet, and it is heralded as a social meeting ground and as an innovation—something better. But as cultural venues go, the Internet is not a more effective cultural meeting place than the town square or the coffee shop. Having coffee with a friend and locking into a passionate, engaging discourse about painting, then going to the studio and pouring out your soul through your paintbrush is what engaged individuals did when previous

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Californian, clearly.) On the other hand, diamonds have little value in use (except for specialized industrial uses), yet they carry significant exchange value. Smith went on in his next chapter to comment on prices and monetary value but stayed with these two types of extrinsic value.

It is noteworthy that Smith thought his greater opus was not *The Wealth of Nations*, the book for which he is most noted in our time. Instead, Smith regarded his previous work, *The Theory of Moral Sentiments*, to be his masterpiece. In *Moral Sentiments*, Smith puts forward a morality based on proportionality or aesthetics. What is just, good and right is that which is appropriate. And what is appropriate is that which the “detached” conscience of an individual discerns to be a proportioned response. Many historians suggest that Smith’s notion of the “invisible hand” of the marketplace is actually derivative of this “detached” observer theory.

Were Smith alive today he might suggest that when it comes to value there may be an inherent connection between intrinsic and extrinsic value. Yet when this essential link between the two becomes so difficult to perceive, or in the case of my colleague, important to keep separate and distinct, we as a society begin to give ourselves over to a transactional foundation wherein the exchange of value and the means of that exchange (e.g., money) is divorced from intrinsic value.

What does all this have to do with innovating—the creating of new value or the improvement of existing value? If the two—intrinsic and extrinsic value—are inexorably linked, then we cannot avoid the tough questions: Are we focusing our

inventive and innovating energies where we should? Where is our precious engineering talent being directed? Is it toward purely extrinsic value improvements? Are we willing to take on creating new, original, intrinsic value?

Is there a link between the moral economy (typically confined to close-knit communities) and innovating? Are shared moral values the moist rich soil nurturing the collaboration of innovators? Does intrinsic value reflect moral values?

Covance, headquartered in Princeton, New Jersey, is one of the world’s largest and most comprehensive drug development services companies. Beyond its extrinsic value—a highly profitable \$2 billion worldwide company—it has more than economic reasons for being. I spoke recently with John McCartney, a member of the Covance Board. He indicated that several at Covance are driven not merely by economic performance, which is considerable, but by a passion for best-in-class productivity cycles times. With these cycle times, Covance helps large pharma customers get medicines to market faster, thereby improving human health. This intrinsic value—improving human health—may be more related to Covance’s extrinsic value (e.g., market capitalization, profitability, etc.) than we realize.

Richard Rohr, in his recent book *Falling Upward*, tells of Thomas Merton, the American Trappist Monk who pointed out that “we may spend our whole life climbing the ladder of success, only to find when we get to the top that our ladder is leaning against the wrong wall.”

Innovating is ladder climbing of sorts, whether climbing to add or create value. Some efforts are short like stepladders, while others are like extension ladders. In the former we are likely improving on the value already there. With extension ladders, our innovating should be creating some original value, otherwise we would not take the risk to climb up the extension. In these cases, whatever wall we are leaning against as innovators, I hope we are on the solid footing of intrinsic value. □

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cultural shifts occurred. Interacting on Facebook or Twitter is not that.

When people meet in a coffee shop today they are more likely to whip out their phones and shoot off a quick text message to someone else who is not there, than they are to lock into passionate discourse about anything. The ubiquitous Internet is thinning out interpersonal interactions, making them much more shallow. Fortunately, humans are passionate sorts, and I think this epoch of dispersed, shallow communities will evolve despite, but not because of, the Internet.

Therefore, when it comes to the Internet, innovation—or the making better—is indeed what is needed. Right now, to the nascent mass cultural forces that will define the world’s next cultural revolution, the Internet is in the way. But innovation is happening. There is a making better that is tangible and real. Certainly, more time is needed before the Internet becomes as natural to the masses as the town square once was.

There is a very real possibility that social interactions by means of the Internet will never equal the impassioned face to face interaction, where every nuanced expression and utterance is immediately internalized and made part of the experience. The Internet is not as good as it can be, but only through time and both technological and cultural evolution can we experience what benefit the Internet is capable of delivering to the human condition. □

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