



Lovable Innovation

Five Essential Philosophies to Deliver Lovable Products with Lessons from Apple to GM

In recent decades, management consultants who led the charge to “innovate or die!” have deluged industry with a wide range of innovation concepts to consider such as *radical, disruptive, incremental, experience* and more.

Some of these innovation concepts focus on enhancing current products and services, while others focus on creating game-changing technology, products, or business models.

Product companies have responded with a dizzying array of new product innovations, but many are left wondering why they are still dying. I suspect that the root cause to these innovation mishaps is that through all the innovation jargon, they have forgotten the fact that innovation, whether it's radical or incremental, can't be *just* about new features, products, or technology. All innovation efforts must be directed towards products and solutions that *customers desire*.

This article will address innovation challenges and offer a focused approach to innovation – *Lovable Innovation* - using General Motors, Apple, and others as examples. The article will close by providing the five key essential philosophies of Lovable Innovation.

What is Lovable Innovation?

Lovable Innovation may seem like a flippant term for a business *process* as important as innovation, but companies must think about product innovation in the same way that *customers* talk and think about their products.

Customers don't say, “*Have you seen the new Iphone? It has an accelerometer sensor for auto-rotate!*” Instead, they say, “*I love my new iPhone. Look at how I can turn it all ways and still watch a video. It's amazing!*” When a product or service is so good that it creates real emotion, customers often describe this relationship in emotive terms with the ultimate descriptor being “love.” I'll even catch myself using “love” when describing the products that have earned my devotion. I've loved cars, printers, shoes, and calculators (yes, I did love my HP-11C), and there is no question that I've ultimately disliked many other products that have managed to destroy

their relationship with me.

Lovable Innovation is the process of learning what customers *really value* and then using all the resources you have available to deliver complete, lovable products, services and experiences throughout the *entire life cycle of the customer*. This starts with a commitment to thoroughly understand your customers – their problems, needs, and desires - and not compromising until you've delivered the products and services that earn their love and respect. Lovable Innovation doesn't end with the first purchase, but continues with every interaction with the company to the next purchase, and then the next purchase. Lovable Innovation leads to loyal, passionate customers who are inspired to tell friends about your products and your company. Lexus achieves this with cars. Apple achieves this with personal electronics. Nike achieves this with shoes.

While radical, incremental and other forms of innovation are important tools in product development, all innovation efforts must be driven by Lovable Innovation practices and directed toward the goal of lovable products and services. For example, smart-phone companies knew the web offered unlimited customer benefits and included web services on their devices for years. However, it wasn't until Apple decided to focus on making web services a lovable experience, and then relentlessly applied innovation to deliver this experience, that web services became the killer application that thrust the iPhone to the forefront of the industry and allowed them to capture a whole new set of customers that extol their love for Apple.

The Components of Lovable Products

The core of a Lovable Innovation process is the ability to gain a deep understanding of what customers *really* care about and value and then breaking this insight into manageable components. These components, of lovable products are something I refer to as Love Elements. Love Elements include the complete range of product and service attributes that drive customer purchase decisions, long term product satisfaction and company devotion. Love Elements are certainly in the product features, functions and benefits, but they go beyond this; they may show up in the attitude shown by customer service agents, in the way the product manual is written, in the way the buttons feel, and in every other customer touch point with the product and the company.

Apple creates love throughout the entire i-experience starting with clean retail stores, clean industrial designs, thoughtful functionality, and integrated services such as the iPhone App Store. Netflix creates love by allowing customers to keep a DVD *forever* without penalty and unlimited movies streamed directly to their TV. Nike creates love even after a customer retires

their shoes by allowing customers to send them back to be recycled in children's playgrounds as Nike Grind.

Looking for Love

The challenge for companies that desire to implement Lovable Innovation practices is that Love Elements for a given product or service may be different for each customer. It is up to companies to identify, aggregate, *and* quantify these Love Elements and then make tough decisions on which ones they should focus on to deliver lovable products to target customers. And since the *only* people who can tell companies if they've gotten the Love Elements right *are customers*, it only makes sense to discover these Love Elements from customers *before* products are developed and delivered.

Unfortunately, many companies have not yet figured out how to consistently work with customers to *discover* and then *deliver* the Love Elements that make their products truly stand out in the marketplace. Many companies, such as Motorola, Kodak, Xerox, and Schwinn have been publicly chided for their inability to focus innovation efforts on products customers love. Many others are playing catch up and only time will determine their fate. Blackberry is responding to the iPhone. Blockbuster is way behind Netflix in electronic delivery of movies (and behind Redbox in kiosk DVD delivery). And MySpace is struggling to regain leadership in online communities.

All of these companies have a lot of work to do in order to deliver new products and services that regain customers' admiration. One whole segment that has an immediate need to retool their innovation efforts is the American auto industry. While all three US automakers have struggled recently, one of them has had a spotlight on their innovation challenges.

Take GM. (Please.)

Not to pick on General Motors, since most of us want them to succeed, but their current woes provide a good case study on the innovation trials facing many companies today. We all know that GM largely ignored the quality movement in the 1970's, opening wide the door for Japan and others, but they also made a wide range of product decisions that failed to earn customer adoration - the uninspiring "new" Chevy Malibu, the spurious Cadillac Cimarron, the poorly executed Pontiac Aztek, etc., etc.

Throughout their history, even during profitable periods, GM has struggled to deliver lovable products in their attempt to balance engineering, design, quality, and operations needs.

But isn't GM Innovative Today?

In recent decades, GM has invested consistently in both radical and incremental innovation, but unfortunately they did not focus on the Love Elements that customers desired most, leading to mostly unlovable cars. GM invented the On-Star system. Clever, but low on the list of what customers want. They were proud to have invented the Norstar engine for the Cadillac. What is it? Who cares? GM was also way ahead with the EV (the first Electric Vehicle), that *did* create enough passion in customers to inspire not only a full-length documentary, but conspiracy theories on why it was killed, only to abandon it with short-sighted financial decisions. Now we're left waiting to see the results from their latest effort in plug-in electric cars as well as their massive investment in hydrogen cars.

Even GM's tremendous quality improvement efforts have not enabled them to deliver lovable products since these efforts focused on low product defects. Unfortunately, a low defect rate may have been a significant Love Element in 1983, but in 2009 this doesn't count as a Love Element because customers *expect* defect-free products. Time, technology, and competition are always raising the bar on the Love Elements that win customers' affection.

A Family Car Purchasing Experience

Let me share my own experience. My growing family decided to buy a car last year (yes, an SUV). My wife and I discussed the major Love Elements we required in a product we would love: thoughtful roominess, ample seating, great performance, extreme safety, and whisper quiet. But we also both had many more Love Elements that were less obvious and unstated. She needed unfettered access to add and remove children. I wanted to look cool. She needed a way to perfectly nestle her venti latte and I wanted the stereo to be velvet to my ears. In short, we wanted our new car company to *understand us* completely and to deliver to us a product we would love, at a price we could justify.

We started our search and test drove them all, American and foreign alike. The inquisition was fierce: "Why is this piece plastic?" "Did that one seem louder?" "Why did they put that there?" We had dozens of factors to weigh... good, bad, and neutral. We tried to focus on what we considered the most important Love Elements, but even the smaller Love Elements we didn't think about at first, such as interior details and the sound of the doors closing, affected us. After weighing all of these Love Elements, it was a foreign-made vehicle that stole our "love" *away from the American choices*.

The Good News!

The good news is that many companies do practice Lovable Innovation at their core and consistently deliver worthy, lovable products. The Apple argument starts and ends with two words: iPod and iPhone. There were six other major MP3 competitors on the market before Apple got the Love Elements right. Amazon has been a .com survivor by continuing to build on their lovable online book service (and every other product service now). Many companies such as P&G, Google, Hallmark, LEGO and others have fully integrated Lovable Innovation practices into their processes and are being rewarded with great products, valuable brands, loyal customers, and growing profits.

The Bad News!

The bad news, at least for current market leaders, is that emerging foreign competitors in Asia and Eastern Europe are quickly applying these Lovable Innovation lessons. Just like Japan in the 1960's, China is starting with a blank piece of paper and is willing to learn how to deliver truly remarkable products. I regularly conduct product innovation workshops in Shanghai and see aggressive Chinese companies building Lovable Innovation practices to deliver products *Americans* will love, just as we experienced with Japan. For example, US Car companies lost hybrid car dominance to the Toyota Prius because Toyota got the Love Elements right first. Don't be surprised if a Chinese company wins your first electric vehicle purchase... and your heart.

The Five Essential Philosophies of Lovable Innovation

How can companies apply Lovable Innovation principles to consistently capture customers' hearts? They must build the skills to uncover, validate, and make tough decisions on customer Love Elements as the core of a *Lovable Innovation* process. However, discovering and quantifying Love Elements is not obvious, since customers cannot always articulate what they'll love.

Based on my personal experience with clients, and confirmed by hundreds of discussions with product leaders attempting to respond to innovation challenges, here are the five essential philosophies to building Lovable Innovation practices that lead to lovable products and customer devotion:

1. **Marry Your Customers.** The first philosophy is to commit to your customers. A colleague of mine, Jean-Claude Balland of JCB and Associates challenges his clients to "marry" their customers. This is an important commitment to be with your customer through thick and thin. It means you've pledged to listen to them, learn their needs and

desires and find solutions to their problems. This requires you to earn their trust and so they will be more open to sharing challenges and revealing the Love Elements that will win their hearts. Learning more quickly about big problems can give you the edge on discovering major opportunities like the SUV that require radical innovation, but also provides a vast array of insight into smaller Love Elements where you can apply incremental innovation. I hear many companies say something similar to, “We don’t have access to our customers!” Yes, sometimes it does take time, new thinking, and even some creativity to gain direct access to both current and potential customers to gain this insight. Smart companies are creating customer insight systems that create channels of feedback through customer panels, online tools, and customer visits. Quicken is fabled for beating the mighty Microsoft by following customers home to watch them install and use their accounting software to gain this insight.

2. **Become a Love Psychologist.** The second philosophy is learning how to listen. The second thing I often hear is “Customers can’t tell us what they want!” Once you have your customer’s ear, listening is not enough. It takes unique skills to gain real customer insight and determine if you’ve uncovered the right Love Elements. Exploring customers’ minds successfully requires repeatable techniques such as in-depth customer interviews, observation, or other appropriate research methods. These activities shouldn’t always be outsourced to market research agencies as obtaining on-going, high quality insight requires that *you* build a relationship with your customers. As an exercise, find a customer, sit down with her for an hour and really try to *listen versus talking* to her about your plans. As you establish a trusting relationship, you will be able to get beyond her surface needs and obvious wishes. You may need to learn new methods to gain this insight, but with practice and dedication you *will* be able to get inside customers’ heads. These techniques are generally referred to as Voice of the Customer (VOC) and are used by top innovators such as P&G and Toyota to define Lovable Innovations. But you don’t need the resources of a Fortune 100 company to conduct good customer discussions. One small health consultant in Oregon uses surveys to track customer desires and then follows up with those customers who want to talk about her products. This consistent feedback allows her to focus on new services that her customers want instead of what she, as an expert in her field, *thinks* they want (And it’s often surprisingly different!) The result? A thriving business because she is always on top of the latest products that her *customers* care about.
3. **Make Tough Love Decisions.** The third philosophy is to make tough decisions that are guided by what customers really care about. Once

you've uncovered Love Elements that will win customers' hearts, it's time to make difficult tradeoffs. Lovable Innovation decisions range from big strategic decisions such as "should we develop a plug-in car at all?" to detailed feature decisions, such as "how long should the cord be to plug it in?" Without having the tools and methods to rank, prioritize, and quantify your elements, it's easy to want to solve every need and meet every want. But you won't be able to. Successful products have a clear emphasis on the most important Love Elements that only you and your customers can decide. Develop clear methods that focus your innovation efforts on your customers' top Love Elements, such as feature trade-off analysis and other quantitative research tools to make tough decisions. Nintendo was forced to make difficult trade-off decisions between performance, design, and applications when they chose to focus on a new video game experience targeted to families. In the process they had to abdicate the hard-core gamer market to Sony and Microsoft. The decisions have paid off with Wii's success.

4. **Go Deep with Your Commitment.** The fourth philosophy is to get the details right. Once you've made tough decisions to focus on the top Love Elements, it's now time to get the whole product right. Think about the products we love - they all deliver a small set of Love Elements really well, such as enabling web services on the iPhone, and then making the experience lovable for customers. This commitment to the details allows your team to focus on making the experience of these critical product or service attributes even better... and more lovable. For example, the iPod delivers the top Love Elements and has gone deeper to get the details right on the overall music experience, from opening the box, to the feel of the device, to downloading music with ease (I think it also has a calendar... but who cares?). Netflix has gone deep into creating an online movie ordering system complete with a range of recommendation tools and simple mailing procedures. Love Element details don't stop at the product, but may also include better customer service, useful accessories, and set-up improvements. Lost a part to your LEGO Power Miner set? For a nominal fee, LEGO will send you just the missing part, thus avoiding your next toddler tantrum. It's all in the details.
5. **Upset Your Development Team - They Will Love You for It.** The last philosophy is following through on your commitment. If you have successfully married your customers and know what they will love (and buy), you may think you don't have the resources, skills, and commitment to meet those needs. Do not let these challenges limit you. If it is important to your customers (including *potential* customers), take a stand and challenge your development team to

find solutions. Instead of hearing “We can’t do that,” find creative ways to answer, “How can we do that?” such as finding external experts, purchasing technology, or refocusing resources from less important projects. Solving really tough problems leads to radical innovation and big leaps in market advantage. Development teams *thrive* on tough problems and savor the recognition for solving them. The most common refrain I hear from Apple employees? “It’s the toughest job I’ve ever loved.” That cool touch screen with expanding web pages on the Apple iPhone didn’t come without engineering angst.

The results of adhering to these five essential philosophies? The ability to direct all innovation efforts, incremental, radical, and otherwise on products your customers will love.

The Bottom Line

Lovable Innovation requires a place as a standard business process in any company that wants the long term benefit of loyal customers and great brands. Companies must focus their innovation efforts on products and services that customers *really want* and then deliver the goods to earn their love. Global competition is only getting tougher and if your company cannot deliver lovable products, your competitors certainly will.

by Dorian Simpson

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