

### ***Innovation is key to rising out of a down economy***

When White House Chief of Staff Rahm Emanuel famously said, "You never want a serious crisis to go to waste," did he know that more than half of the companies on this year's Fortune 500 list were founded during a recession or bear market? Or that 18 out of 30 companies in the Dow Jones Industrials were founded during an economic downturn, including HP, Johnson & Johnson and Walt Disney? Recession, it seems, breeds innovation.

It was this phenomenon that the 12<sup>th</sup> installment in the SM& Presents panel series explored.

*Rising in a Down Economy*, co-hosted with Goulston & Storrs and held at the Boston Harbor Hotel on Nov. 12, 2009, featured Bennie DiNardo, Deputy Managing Editor for Multimedia, *The Boston Globe*; Ralph Fuccillo, President, The DentaQuest Foundation; Kenneth Hubbard, Executive Vice President, Hines; and Ashley McCown, President, Solomon McCown & Co. The event was moderated by Matthew Kiefer, Director, Goulston & Storrs.

Mr. Kiefer began the discussion by emphasizing the importance of organizational change, saying, "No healthy organization can sit still." The panelists agreed, acknowledging that innovation is crucial to take advantage of a struggling economy. What emerged from their discussion was a unanimous emphasis on sustainability and collaboration. Today's smart companies are looking for the solutions that can endure in the long run. Or as Mr. Hubbard put it, "It just might be that sustainability and productivity in the workplace is really going to be the opportunity that we all focus on as a good business to be in, as well as something that will be transformative as we move through this very difficult period of time."

#### **Ahead of the curve**

In a recent survey conducted by the MIT Sloan Management Review, of the 1,500 corporate executives questioned, more than 92% said their company was addressing sustainability in some way. However, they reported that most actions were limited to those necessary to meet regulatory requirements. Most companies are simply following the regulations. That's not innovating. That's following the pack.

The panelists agreed that innovations that have been most transformative for their organizations have been offensive as opposed to defensive; they've positioned themselves ahead of the trends rather than changing because of regulation.

As Mr. DiNardo pointed out, the audience for boston.com, the online component of *The Boston Globe*, has increased 49% from 2005 to 2009. But the website is still searching for effective ways to monetize this new audience. He drew laughs when he said, quite tellingly, that the “Innovation Team [at *The Globe*] has been re-named the New Revenue Team.”

However, the shortage of incoming revenue hasn’t slowed *The Globe’s* innovation. In fact, in this era of rapidly changing technology, they’ve found it’s best to embrace the evolving media industry even if they haven’t conclusively figured out how to monetize it. This means jumping in to everything at once, including video, user-generated content, mobile phone applications and social media such as Twitter. Mr. DiNardo explained that if *The Globe* can get in stride with its audiences in these new markets, the ways to leverage them to generate new revenue will follow. He also stressed that the organization of office space matters. “How do you foster collaboration based on interaction?” At first, boston.com was in a separate building from the paper’s newsroom so the ideas of old did not “infect” the new. But the 100-year-old news gathering system had a lot of good qualities to share with its new offspring. Today, boston.com is bundled in the same space as the newsroom.

Hines, a real estate firm with 3,500 employees spread around the world, also needed to find a way to build collaboration among its far-flung workers. The firm established a best practices task force to share knowledge. Hines also recently positioned itself in front of a trend. Acknowledging that 40 percent of greenhouse gas emissions come from existing buildings, Hines saw that it was not only a good practice to green their work spaces, but also good business. The firm established HinesGO ®, a program that helps identify and implement no-cost and low-cost alternatives for the company’s own offices. By using a 100-point scale applied to seven categories including Energy Efficiency and People & Atmosphere, Hines recognized individuals at each office for providing measurable effects on the workspace. The program took off and was quickly turned outward, as tenants wanted to participate. It was not only a way for Hines to cut costs and enhance its image, but it also brought in new business as the company implemented green renovations in its buildings. As the new administration in Washington works toward stricter greenhouse gas regulations, Hines has positioned itself as a thought leader in the green building industry.

Mr. Fuccillo of The DentaQuest Foundation explained that his organization’s greatest innovation came from undertaking a fundamentally new approach to their industry’s crisis: the underserved oral health needs of the general public. The DentaQuest Foundation went from funding individual community health centers one at a time to funding an office of oral strategies. Mr. Fuccillo described it as “shifting from a charity approach to really thinking about the whole system of community health centers... and trying to see if we can look at some systematic approaches going forward.” The Foundation’s new approach has been to go from treating the problem

to attacking its causes. At a time when one in ten kindergarteners has mouth pain from dental problems, success cannot be achieved by counting the number of tooth sealants applied. Rather, success will come from making oral health a centerpiece of health care overall, perhaps by pressuring the government to institutionalize change.

SM&'s Ashley McCown agreed that organizations that hope to come out of the current recession stronger and in a position to grow must have a clear message internally as well as externally – and the shifting media landscape is changing how companies do both. The formulation of those messages needs to be strategic. She said, "This is not a 'go in the bunker and wait for the storm to pass scenario.' If you do that, you're not going to be there when the storm's over." Communicating the vision for the future effectively the first time will determine whether or not change will succeed and will better position an organization to manage any subsequent crises that may arise.

Good ideas and initiatives must cross industries. Smart leaders will look at what's working in other spaces and will figure out how they can apply it to their own organizations. Open communication between organizations, thought leaders and the public and private sectors will increase innovation, and the rising tide will lift all boats.

Said Mr. Hubbard, "I anticipate you're going to see a lot more partnership efforts between non-profits, hospitals, cities and the private sector... We're all kind of in this mess together."

*For more information on messaging, branding and strategic communications, please contact Helene Solomon at [hsolomon@solomonmccown.com](mailto:hsolomon@solomonmccown.com) or 617-933-5016 or visit [www.solomonmccown.com](http://www.solomonmccown.com).*