

The Brainstorm: Innovation In A Recession

Tim Bowe, CEO & Co-Founder, Foliage

It has been suggested that the recession is, in part, a result of a lack of innovation in America? Do you buy that?

This question has been discussed by economists for quite some time. The basis of the question is that in the 1980's, the U.S. invested heavily in IT spending (PCs, databases, MRP systems), but had little to show for it for nearly a decade.



Through the 1970's and '80s, productivity growth slowed significantly and it was only when the IT investment, coupled with the new technologies around the internet emerged in the mid-1990's, that these IT investments began to pay off. GDP growth rebounded and continued through the Clinton years.

During the late '90s and early 2000's, heavy investments in nanotechnology, biopharmaceuticals, and entertainment convergence were made and have not yielded much in terms of economic growth.

The delayed return from these fields, coupled with heavy investments in commercialization of green technologies such as batteries, solar, and wind outside of the U.S., has created the impression of limited innovation in the U.S.

This has been exacerbated by the evolution of a world in which cutting-edge work is increasingly done outside the U.S. (due to trade restrictions such as ITAR, immigration restrictions and financial incentives to move meaningful work to low-wage countries) setting up a situation in which the U.S. is having to play catch up.

U.S. leadership in the technologies and industries needed to drive the next economic expansion and support sustainable growth has yet to emerge as the

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

information technology industry continues to mature. Coupling R&D with the revival of manufacturing, associated with employment, will return the U.S. to global prominence.

Andrew Goddard, President & CEO, [Goddard Technologies](#) [1]

Innovation, or that lack of, in America may have had contributory effects to the recession. I believe what we are seeing is America's response to an over-populated product pool.

Products that we may look at and say to ourselves, "Really, do we need another widget that does that?"

I think we're seeing a trend or shift from simply new ideas to new ideas that make the most sense — just because it's new, doesn't mean you need it or, for that matter, want it.

Anyone can make a new mouse trap, but it's the special few that make the better mouse trap with a higher success rate. Apple didn't invent the MP3 player; however, they've arguably just made the best MP3 player. By taking the time to look at its use, its function and its place in your life, Apple created a device that not only stores and plays your music, but becomes an extension of you and your daily routine.

Innovation by itself can sometimes be a difficult concept to quantify.



Sometimes I'm not sure I'm seeing a lack of innovation in product ideas as much as I'm seeing a shift from innovative ideas to really awesome ideas.

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Some innovative ideas can leave out the sheer “coolness” factors — the factors that make you want more, inspire you or drive you to think.

When most people purchase their car, they didn't make the decision based on the GPS equipment, backup camera or the number of air bags, they made it based on the manufacturer's reputation.

They purchase a car for its look, its social acceptance and position — these are the real measurable factors, the solid reasons that make people happy, content and fulfilled. Those who understand this can be more innovative in their ideas.

Challenging existing paradigms in our daily lives can bring innovation to the forefront very quickly as well. In engineering and design firms, the first rule of brainstorming is that no idea is a crazy idea.

As engineers and designers, we are looking for that one gem that might open a doorway into a new way of thinking. Our ability to innovate would be much less productive if there were only one concept or one way of thinking about a solution.

I believe the recession is largely based off of people's fears and their ideas that follow the vast majority of opinions that drive our media and information stream. As a country, we need to look to our leaders and innovators and follow the ones who say, “It's not just a new idea, it's the best idea.”

David Ezekiel, Vice President, Sales, [Servoflo Corporation](#) [2]

There is still great innovation going on in America in every field, from consumer electronics to medical equipment, to industrial valves and controls.

To the extent that these items are still manufactured in America, people working in manufacturing (production, quality, test, etc.) earn money and spend it, save it, or invest it.

However, much of electronics manufacturing is going offshore so we, in America, are now focusing on innovation in design, sales, and marketing.

Innovation to increase performance, lower cost, or make entirely new products is alive and well — we're just not making the innovations to the extent we used to.

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We look forward to the industry (green industries?), which may have both innovation and manufacturing in the U.S.

Because manufacturing is so expensive, we do see some trend that innovation is being focused on Internet and software products with the hope of selling the application to a larger company.

If these start-ups become employers, then there will also be a great benefit to these innovations. If the new ideas benefit just a few people, then the economy as a whole will not grow when we have higher employment in our manufacturing sectors.

In my opinion, when innovation leads to hiring (especially in manufacturing), the overall economy will benefit much more.

There is wonderful innovation happening, but we have not felt the impact in hiring because any related to manufacturing, if any, is going offshore.

Ron Jr. "Reg" Gustafson, Project Manager, [Clinkenbeard](#) [3]

I do not believe that the recession is in part due to a lack of innovation in America.

Having close connections with many large OEM's as well as a range of small- to mid-size customers and suppliers, I see that constant innovation is necessary for survival. I see companies working hard on a daily basis to do it quicker and more cost-effectively than anyone else.



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Global competition demands a constant stream of new ideas for product development, as well as streamlined business processes which drive business function from start to finish.

Most American manufacturing companies have some form of quality system in place. Quality systems typically encourage continuous improvement.

Brainstorming sessions can generate improvement ideas, which shave seconds, minutes, and hours from manufacturing cycles.

These types of improvements, along with lofty American quality standards, have brought many a part number back to America from China and other countries.

Dynamic companies willing to employ truly lean manufacturing systems have found that they can compete with overseas competition.

Steve Schott, President, [Comark Corporation](#) [4]

Did lack of “technical” innovation in America contribute to the recession? Absolutely not.



First of all, the recession is global in nature and not just limited to America. Furthermore, cyclical recessions have occurred many times in parallel with historic periods of technical innovation, from farming, textile and factory automation, to computers and networking, through life sciences.

It could be argued, however, that our current recession was hastened through such “financial” innovations as development of new financial “products,” like Mortgage Backed Securities, Collateralized Debt Obligations, and other vehicles to create a perception of value when there was none.

The lack of innovation of regulations to keep up with the speed of these new offerings had a major contribution to the implosion of the financial markets and the

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start of the recession.

The key to a sound economy is the creation of real value, in the form of innovative and competitive products, services and infrastructure, with enough oversight to keep the fox out of the chicken coop.

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