



# WITH APOLOGIES TO THOMAS EDISON, INNOVATION IS ONE PERCENT INSPIRATION AND NINETY-NINE PERCENT PERSPIRATION.

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## PEOPLE, PRODUCT, PROCESS... AND PERSPIRATION

If a simplistic definition of innovation is to do something better than others (i.e. faster, cheaper, etc.) then common sense tells us that a business can't thrive without it. And maybe most importantly for smaller companies, you'll have to do it over and over in big and small ways.

Why is that? The bad news is that the benefits of successful innovation are variable and often temporary. Worse, innovation attempts can fail.

Ideally a business should build a culture of rapid, ongoing innovation— one that can incrementally learn from failures. To me, the best way to harden an organization for iterative attempts over time is to focus on the basics: People, Product, and Process.

This takes hard work, but truly is the bedrock for innovation. With apologies to Thomas Edison, innovation is one percent inspiration and ninety-nine percent perspiration.

### Companies don't innovate. People innovate.

Innovation can't happen without empowered People, so you must begin there.

We were lucky. Starting as a 6-person custom software shop in 2000, we intuitively focused on People because that is all we had. Being project-based, we baked R&D into our daily grind. Constant innovation at the individual level was natural. Every project incorporated advances.

Unfortunately, this business model was vulnerable to cash flow issues. During the 2007 recession, a consultant told us, "You're a collection of experts providing an expert service. It's not scalable." We learned our past successes weren't worth much to outside investors. Our business was at risk.

For the first time, we had to purposefully innovate. We needed rapid, significant Product innovation to fuel an alternative business model.

Fortunately, by then, we could leverage our investment in our People, who were now a flexible, skilled team of experienced problem-solvers.

### Evolutionary innovation can have revolutionary results.

I am proud to say that we did successfully fully pivot to a SaaS model over a few years' time. It changed our path completely. By necessity, we followed the natural, incremental evolution of our products, with a better way to monetize them. We found you don't have to "bet the company" on product innovation. That does not mean it was easy. It took a lot of blood, sweat, and tears but paid off in spades.



We were able to take the company to the next level: C-corp status, board of directors, CEO search, stock option plan, investment, etc. As the company grew, it became clear we couldn't be as tightly integrated as the first 6 employees without some very rigorous processes.

### Process as innovation.

I'm not talking about development processes, but a proven high-level management framework to ensure the forward progress of the entire organization. A thought-model that could be embraced by all and followed by all, with a common lexicon and clear expectations.

There are many popular options, but we settled on one that emphasized our focus and values. We worked hard and continue to work hard to implement it thoroughly and consistently across the organization. Honestly, it has made a huge difference. I truly consider it to be an innovation. When I come across companies that don't follow something like this, I often spot issues we solved long ago. It helps with all three P's while reducing our Perspiration.

### Partners are the fifth "P."

As we've grown, Partners have become important. Not coincidentally, finding and operationalizing successful partnerships is similarly experimental. Know that you'll likely kiss a lot of frogs, but the right partners can help you innovate faster, broader, and deeper. In conclusion, innovation comes in many forms. It can be built, borrowed, or bought. You need time, resources, and a perpetual commitment to its pursuit, plus the strength to survive failure.

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