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From Innovation to Entrepreneurship



by Merle G. Rocke

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Tips for prospective innovators and/or entrepreneurs...

America is recognized as the global leader in innovation—the creation of new, “out-of-the-box” ideas, processes or things. Many countries desire increased levels of innovation because of linkage to positive changes in efficiency, productivity, quality, employee engagement, customer satisfaction, competitiveness, market share and other significant benefits, such as a higher standard of living for all citizens.

We know that creativity, knowledge and sound judgment are key components in coming up with innovative ideas. However, creativity alone is not sufficient.

Innovation also requires development, production and implementation of these new ideas. The key difference between creativity and innovation is *execution*—the capacity to turn an idea into a successful implementation of a new service, process, product or venture.

Ideas do not make people successful; it's the other way around. What matters is the ability to generate ideas, discover the right opportunities to develop them, and act with drive and dedication to achieve meaningful goals.

We have quite a history of innovation right here in Peoria. In the 1940s, Caterpillar President Louis B. Neumiller coined the popular phrase *I-T-A-B-W-O-D-I* ("Is there a better way of doing it?"). That question still resonates throughout Caterpillar today as Six Sigma teams continue to leverage its historic culture of continuous improvement.

So, what is *entrepreneurship*? Entrepreneurs apply abilities and risk appetite to start and run new businesses often founded on new innovations. Accordingly, innovation offers two different paths to value creation:

1. Enabling an *existing business* to grow and become more successful; and
2. Offering entrepreneurs an opportunity to launch new ventures based upon new innovations.

Three critical questions:

1. How can individuals become more innovative?
2. How can organizations find and develop more innovators?
3. How can teams foster a greater culture of innovation—and reap the benefits year after year?

Experience As an Innovator

Before going any farther, I need to make one key point: I am not an expert at anything, and I don't have all the answers. Only one individual has all the answers: The Lord God Almighty.

But, I do have experience as an innovator. For example, in the early 1980s, Caterpillar lost money for the first time in our corporate history. Demand for our entire product line was down significantly worldwide. We had to develop innovative

ways to increase revenue and return to profitability. One solution was to offer supply chain management services to external clients (e.g., automotive replacement parts), utilizing existing service parts inventory management technology; recently vacated distribution facility space; and available, experienced logistics professionals in locations around the world. Accordingly, we formed Caterpillar Logistics Services, Inc. as a wholly owned subsidiary and steadily grew revenue and profit quarter after quarter, year after year.

After retirement from Caterpillar, I formed M.G. Rocke & Associates, LLC to provide business performance improvement consulting services—focusing on action plans leading to reduced costs, fewer defects, reduced waste, lower levels of risk and reduced time to achieve critical goals. Then I served as senior vice president and chief operating officer of CGN & Associates, adding a staff of 70 consultants in India and China, thus paving the way for CGN to become CGN Global. In early 2008, several of us formed EcoThermics Corporation to commercialize innovative new natural refrigerant technologies and established our office and lab in the just-opened Peoria NEXT Innovation Center.

Keys to Success

I have learned a lot about innovation, and also about entrepreneurship, which can be an exciting way to commercialize new, innovative concepts. The fundamental principles leading to success in simple innovation or challenging entrepreneurial launches are quite similar. Based on my knowledge gained through experience, I'd like to share some insights with the hope that perhaps I can help others.

The fundamental requirements:

1. Clearly understand the **problem** you are trying to solve.
2. Clearly understand the ramifications of your **proposed approach/solution**.
3. Clearly understand your clients/customers—and their **critical requirements**.
4. Periodically perform a deep **SWOT Analysis**
(Strengths/Weaknesses/Opportunities/Threats).
5. Carefully consider all the **critical resources** required for success: time, funding, talent, advisors, partners, facilities and equipment.

The beneficial attributes of any innovator or entrepreneur include:

- **Creativity**—an opportunistic mindset, divergent thinking ability;

- **Passion**—strong desire which is infectious and impacts others with whom you are in contact;
- **Vision**—forward-looking approach to problem solving and opportunity development;
- **Drive**—energy, stamina and insatiable curiosity, all focused on execution;
- **Focus**—on specific strategies and actions, not easily distracted;
- **Integrity**—strong ethics which impact the entire work team culture;
- **Flexibility**—adaptive resilience, tolerant of things you cannot control, always have options;
- **Competence**—achieved through knowledge, education and training;
- **Accountability**—ownership, honest self-appraisals, self-motivation and self-discipline;
- **Determination**—resilience, persistence, perseverance in the face of setbacks;
- **Proactive**—on the lookout for risks and opportunities, avoidance of reactivity where possible;
- **Healthy balance**—physical, mental, professional, financial, relationship and spiritual health;
- **Intellectual balance**—realism vs. idealism, intuition vs. analysis;
- **Pragmatism**—data analysis vs. ideas and theories, stubborn self-confidence vs. humble realism;
- **Open-mindedness**—ask for and consider opinions of others;
- **Resourcefulness**—make the most of what you have: time, talent, funding, etc.;
- **Positive outlook**—confident, giving, sharing, respectful, trusting;
- **Strategic thinking**—challenge the status quo, frequently envision SWOT variables & impacts;
- **Constant love of learning**—never-ending quest for more knowledge and experience;
- **Attention to detail**—without losing the “big picture”;
- **Collaboration**—social networking, always looking for win-win opportunities;
- **Courage**—always do the right thing, not frightened by fear of failure;
- **Commitment**—always do what you say you will do;
- **Prudent risk-taking**—taking calculated risk, considering all the potential losses and benefits;
- **Formal articulation skills**—both oral and written;
- **Recognize patterns**—requires periodic “quiet time” to review and ponder the data;
- **Reflection**—periodically pause to look back and ponder what you might have missed;

- **Leadership**—inspire others to accompany you on the journey, communicate compellingly;
- **Modesty**—always acknowledging that success is the result of a team effort, not individual effort; and
- **Thankfulness**—consistently expressing gratitude and appreciation to God and all other parties.

To summarize, here are what I believe to be the keys to entrepreneurial success:

1. Your team is crucial; you need the strongest performer available in each individual role.
2. Networking, leveraging and collaboration are also crucial—you cannot do it alone.
3. Team members need to push and challenge one another.
4. Recognize that mistakes and setbacks will occur; the team needs to learn and recover quickly.
5. Celebrate successes and give credit where it is due—especially to your team and to God. **iBi**

Merle G. Rocke, CPIM is chairman and CEO of EcoThermics Corporation, a pioneer in the development of natural refrigerant heat pump technologies, located in East Peoria.

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