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# Is it Time to Reinvent Your Business?

Here's how to shake things up

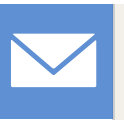
By **Brian O'Connor** • Posted: 02/10/16

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To Patrick Stroh, there are two types of businesses: those that have implemented a culture of innovation





"'Innovation' has become a word very akin to 'strategic'," says Stroh, president of Mercury Business Advisors and author of *Advancing Innovation: Galvanizing, Enabling and Measuring for Innovation Value*. "You can't listen to a pitch from a company without hearing how innovation is in their DNA."

Stroh says that businesses with a true commitment to a culture of innovation all share one commonality: a way to measure it. "Truly innovative companies track how many ideas they're generating," says Stroh. "And they know which ones are being converted into something with monetary value."

When Tatsuya Nakagawa co-founded Castagra, a company that produces an edible, "veggie" plastic coating to protect industrial storage tanks, the idea of innovation was core to his identity. He'd co-authored a book on the subject and participated in more than 100 product launches. Nakagawa's innovation pedigree was helpful, because Castagra faced big challenges. The company was a David facing many industrial Goliaths.

"Competing against really large companies, we knew it would be paramount that we innovate," says Nakagawa, who co-founded the Nevada-based company in 2009. "Exploring different markets, applications and products would be critical to our survival."

*"Competing against really large companies, we knew it would be paramount that we innovate."*

But in order to implement an effective innovation

program, Castagra first had to understand its strengths and weaknesses. "It is not always immediately clear what those are in a company," says Nakagawa, "so there is a lot of trial and error involved."

Tatsuya Nakagawa, Castagra Co-  
Founder

The first step Nakagawa and team took was to deploy the innovator's primary tool: feedback.

## Using Feedback to Move Forward

Jason Fraser, director of the Innovation Practice at Pivotal Labs, a software company in Palo Alto, California, believes that customer feedback is a great way for a business to inspire innovation. "Your customers are using your products or services to fill some role in their lives," he says. "By listening to them, you get valuable information about the role you play and how to play it better."

For Castagra, they initially gathered this feedback by relying on partners and sales teams, even online searches for data. Eventually they were able to leverage customers for product feedback. The feedback was then incorporated into weekly meetings across all teams, where they'd surface questions like "Can we define our marketing strategy in five words or less?" and "Do we know our six best potential customers twice as well as they know themselves?"

Two years ago, however, Nakagawa and his team spotted a red flag. A large percentage of their business relied on customers in the oil and gas industries, both volatile sectors. Castagra wasn't diversified enough. They were vulnerable.

Stroh says these types of red flags are often the impetus for businesses to adopt innovation tactics. "There are several channels that can be leveraged to instill innovation," he says. "There are employee empowerment programs as well as crowdsourcing, but one of the best ways is to start with a business challenge, a problem your company is having."

Stroh recommends that companies set some parameters and data around the problem, and then set up a team challenge — the sales department going against marketing or IT, for example — to solve for it. "There can often be a very productive sibling rivalry that will go on to see which team comes up with the better solution."

Castagra's team decided to crowdsource, to search for partners that could help them diversify. They soon found opportunities for their edible coatings in the food processor industry and wastewater utilities. But, before spending large amounts of money to enter these markets, they experimented with product concepting and testing, other key tools in the innovator's toolbox.

"Experiments can answer lots of questions, including both 'can we do it' feasibility and 'should we do it' trial selling," says Fraser. "Companies should do the smallest, least expensive thing they can to validate the customer need for something."

Nakagawa calls this a philosophy of "failing fast and failing cheap." "Great innovation can be messy," he says, "and the people that do it well are not afraid to jump in and mix things up."

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*Brian O'Connor is a New York City-based editor and journalist and a columnist for Inc.com.*