

Innovation has Many Faces

A conversation with Paul Johan, Partner, Ballast Point Ventures

We spoke with Paul about his thoughts about the role of innovation in business success and how innovation can be developed and nurtured.

Q. How do you define innovation in business?

A. From the point of view of an investor, we look for innovation that is expressed through technology solutions, processes and products that enhance productivity. In a nutshell – “the better mousetrap.” This need not be a sophisticated technological application, but can just as easily be something that enhances and improves existing systems.

Typically we think of bleeding edge technology firms when we talk about innovation, but there are innovative approaches even in the most traditional industries. In these cases, they may be developing unique elements, new distribution channels or a more efficient and effective way to serve their customers.

Even within the technology space, innovation can manifest itself in different ways and need not be a “next generation” application. Take, for example, the difference between Facebook and Google. Facebook took the traditional printed facebook of pictures that every college freshman received and gave it a technology framework. Google, on the other hand, developed highly sophisticated algorithms to create a truly advanced technology. Yet both were innovative approaches.

Q. How important is innovation to business success?

A. Creativity and innovation will always be critical to business success. The most sought-after successful innovators are those who can improve margins through innovation – something that is even more important than ever in today’s economy.

Early stage investment firms place a high premium on innovation, as this will be what will propel a company forward. At Ballast Point, while we certainly value innovation, it is just one element of what we are looking for. Our broader perspective allows us to focus on innovative and creative approaches that will help our portfolio companies achieve profitable long-term growth.

Q. How can innovation be nurtured?

A. Organizations like Tampa Bay Innovation Center can play an important role in developing and nurturing innovative entrepreneurs. You can provide an open forum for people to identify inefficient processes and systems and discuss better and more efficient ways to conduct business. In effect, this allows participants to “exercise” their minds, think more creatively, solve problems or create new business opportunities. Thinking creatively without borders or constraints fosters innovation.

Whether these thought processes follow a case study format or a freer discussion, participants can analyze processes, seek input, listen thoughtfully and compare notes – ultimately expanding their way of thinking. I'm a great advocate of group thinking, as I've seen how it breeds creativity and innovation – and often success.

Q. How does the Tampa Bay area compare with other regions in terms of innovation? What else can we be doing?

A. I've seen a marked increase in innovative thought in the past 10 years. Where other regions traditionally had advantages was their ability to tap into technology and/or engineering-based university systems that were in close geographic proximity, such as is found in Boston, Atlanta or Silicon Valley. Florida, as a state that is newer to this type of industry, lacks that sort of legacy and, with its widespread geography, still has more of a nascent ecosystem. The pieces are there, but suffer from the widespread geography.

An interesting phenomenon is the addition of a different type of innovative population. In the past, people retired and moved to Florida for a life of golf, boating and relaxation. Now, we see a new group of retirees – many of them still young – who quickly tire of the life of leisure and want to be more involved as an investor or even as a company principal. Our challenge is to find ways to engage them at a level that will excite them.

Paul Johan is a partner with [Ballast Point Ventures](http://www.ballastpointventures.com), www.ballastpointventures.com