

“If I were given one hour to save the planet, I would spend 59 minutes defining the problem and one minute resolving it.”

Albert Einstein

## WHAT'S THE PROBLEM

The most important component of innovation is finding the right problem to solve.

You have to find the Right Problem to solve.

On the 4th of September in 1957, amid great fanfare, Ford Motor Company introduced the Edsel line of automobiles to the American public. It immediately stalled. Just over two years later, the product line was officially closed on November 19, 1959.

A number of reasons have been posited for Edsel's spectacular crash including: its name was unusual; its design was considered ugly; its marketing was over-hyped which led consumers to expect something revolutionary when it was not; and the mild recession of 1957. But none of these are the actual reason consumers did not buy it. The consumer was not interested in the Edsel because Ford failed to find the right problem to solve.

In this column I have written about the importance of innovation; and how we are driven to create for a number of reasons. Frequently it is an emergency or crisis that forces us to think outside of the box. Other times we are motivated by curiosity. However, the top reason people innovate is to make money. When you boil it down to its bare essentials, innovation is all about solving problems or satisfying needs. If a company wants to successfully develop a new product or service, they must first find the right problem that needs solving. As Thomas Edison put it, “I find out what the world needs. Then I go ahead and try to invent it.”

The problem that Ford executives thought needed a solution was that young rising professionals wanted a transition line of cars that would bridge the gap between Ford and Mercury and between Mercury and Lincoln. Unfortunately for Ford, their target audience did not see a need for a transition line. The price between the highest-end Ford was equivalent to the lowest-end Edsel, and the highest-end Edsel was equivalent to the lowest-end Mercury (this was also true for the Edsel models priced between Mercury and Lincoln). In short, no gap existed, and consumers were confused.

Only 116,000 Edsels were sold; and Ford lost \$350 million (the equivalent of \$2.7 billion in 2013 dollars). The loss nearly put the company out of business. It was a high price to pay for ignoring the most important component of innovation. If the company had conducted just a little market research - which may not have yielded the right problem to solve - it

would have definitely tipped them off that they were pursuing the wrong problem, and saved them all of that money.

Ford isn't the only company to suffer a huge loss for failing to solve the right problem. There was McDonald's Arch Deluxe (a hamburger targeting adults sold by a restaurant geared toward children lost \$100 million), and Heinz EZ Squirt ketchup (a purple and green ketchup that was assumed would appeal to kids, but grossed out the parents who controlled the purse strings).

On the other hand, there are companies that were trying to solve the correct problem, but simply failed to come up with the right solution. Coca-Cola's “New Coke” was a formula change that attempted to solve the problem of rising sugar costs, but failed the taste test. Frito Lay's “WOW Potato Chips” was a failed attempt at solving the fat content problem of potato chips with a chemical called olestra which brought on diarrhea.

Innovation takes time, and if the goal is making money, then the biggest part of that time should be devoted to finding a problem which satisfies the greatest number of people. Or to quote Thomas Edison again, “Anything that won't sell, I don't want to invent.”

If your goal is to develop a new product, a new service, or a new process for your business, the most important place to begin is by rigorously defining the problem you're attempting to solve. You must know why it is important and to whom; and it must align with your core business strategy. Otherwise you will waste valuable resources and time which could cause you to miss vital opportunities.

Whether your idea is to improve your business or change the world, it all begins with identifying the right problem. That is where you want to spend your creative time.

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