

August 1, 2005

**BUSINESSWEEK
SPECIAL REPORT**

MEET THE INNOVATION GURUS

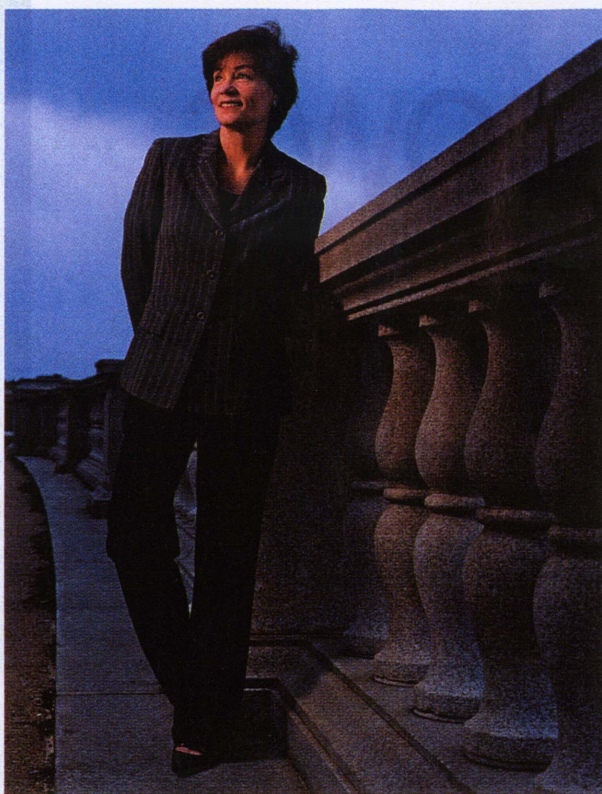
Epiphanies for hire: When it comes to out-of-the-box thinking, these are the Magnificent Seven

THE COACH

Jeneanne Rae

*Peer Insight,
Alexandria, Va.*

JENEANNE RAE IS THE doyenne of service innovation. With her Harvard University MBA and seven years at IDEO, the Palo Alto (Calif.) design-strategy powerhouse, Rae is carving out a niche in showing service companies how to innovate. She co-founded Peer Insight LLC, a service innovation consortium, in which members pay a fee for Rae to run innovation audits. Using Peer Insight as a confidential intermediary (it alone knows the origin of specific information), members then share in the successes and failures of the group and benchmark their progress. With Rae acting as an innovation coach, the goal is to help service companies understand how to shape their consumers' experiences. She uses design principles to rethink company strategies. Peer Insight so far has signed up seven companies as charter members—Diebold, Hewlett-Packard, MasterCard International, Siebel



Systems, Siemens, Starwood Hotels & Resorts, and York International. Peer Insight has also done innovation research for 37 other companies, from FedEx to T-Mobile.

According to Rae, there is little innovation in services. Service companies have good brand and marketing people, she says, but there's no one in charge of innovation. "They're like tech companies," adds Rae. "They come up with new things and just launch them at consumers. They don't get that it's all about interacting with customers first and then giving them great experiences." One exception is Starwood, which has a Chief Creative Officer.

Rae also serves as an adviser to Procter & Gamble Co.'s Claudia Kotchka and other innovation leaders. And her course, Developing New Products and Services, at Georgetown University's McDonough School of Business, is hugely popular. Rae, along with most of these gurus, will be a columnist for *BusinessWeek's* online Innovation & Design portal. There she will discuss the 17 disciplines that can be used as an innovation scorecard for service companies.