

INNOVATE AMERICA

December 2004

NATIONAL INNOVATION INITIATIVE REPORT
thriving in a world of challenge and change



RESOLVED

Innovation will be the single most important factor in determining America's success through the 21st century.

America's Role

The legacy America bequeaths to its children will depend on the creativity and commitment of our nation to lead a new era of prosperity at home and abroad.

America's Challenge

America's challenge is to unleash its innovation capacity to drive productivity, standard of living and leadership in global markets. At a time when macro-economic forces and financial constraints make innovation-driven growth a more urgent imperative than ever before, American businesses, government, workers and universities face an unprecedented accelera-

tion of global change, relentless pressure for short-term results, and fierce competition from countries that seek an innovation-driven future for themselves.

America's Task

For the past 25 years, we have optimized our organizations for efficiency and quality. Over the next quarter century, we must optimize our entire society for innovation.

CALL TO ACTION

Innovate or Abdiccate

The National Innovation Initiative™ (NII) defines innovation as the intersection of invention and insight, leading to the creation of social and economic value.

Innovation has always been deep in America's soul. From the nation's birth, we have most fundamentally been about exploration, opportunity and discovery, about new beginnings, about setting out for the frontier.

America's focus on the horizon reflects our collective faith in a better future. These are the qualities that have made our country a beacon to people around the world for the past 228 years. America, in the end, is all about hope. And innovation is the societal and economic manifestation of hope.

Today, America finds itself at a unique and delicate historical juncture, shaped by two unprecedented shifts - one in the nature of global competition, the other in the nature of innovation itself:

1. The world is becoming dramatically more interconnected and competitive. At the same time that economic interdependencies are growing, America is in the unfamiliar position of the world's sole superpower. It is important to recognize how novel this situation is historically, and what opportunities and dangers it holds - from rivals or potential rivals, to be sure, but perhaps even more from how we ourselves choose to handle this geopolitical reality.
2. Where, how and why innovation occurs are in flux - across geography and industries, in speed and scope of impact, and even in terms of who is innovating. In many ways, the playing field is leveling, and the barriers to innovation are falling. Whenever such a shift occurs, there are always changes in how economies and societies work - including new ways of creating value and measuring success, and realignments of competitive advantage. In the 21st century, the pace of these changes will accelerate. To thrive in this new world, it will not be enough - indeed, it will be counterproductive - simply to intensify current stimuli, policies, management strategies and to

make incremental improvements to organizational structures and curricula.

Together, these large shifts suggest that we stand at an inflection point in history. Whether one looks at demographics, science, culture, technology, geopolitics, economics or the biological state of the planet, major changes are underway that will shape human society for the next century and beyond. The actions that enterprises, governments, educational institutions, communities, regions and nations take right now will determine this future.

What will America do? Will we plan and invest for the long term, rather than just the next quarter, putting in place the talent pool, innovation capital and infrastructure necessary for continuing success throughout the 21st century? Will we recognize the multifaceted nature of this problem and come together across all sectors - business, government, labor and academia - to form a new social and economic compact?

Perhaps most important is whether the United States will continue its historic and unique role as a leader among nations, exporting the vision and tools of hope and the power of innovation. America must champion and lead a new era of openness and competition - fueled by agility and constant motion, and enabled by lifelong learning, technological prowess and the infinite creativity of the innovation process itself.

We live in tumultuous times, yet Americans know instinctively that our way forward is not to retreat or to re-trench. The way forward is to become more open, more experimental and to embrace the unknown. We cannot turn inward, nor can we allow our institutions to become overly centralized, calcified and risk averse.

If America were a company, freedom and exploration would be our core competencies. And the capacity to innovate is the foundation

for bringing our competitiveness into full fruition. The first Americans were innovating when they made the decision to leave an established life for the perils of an unknown world. They were innovating before we had government, a functioning economy, an educational system or national defense. In short, if Americans stop innovating, we stop being Americans.

In the end, the simplest way to describe the purpose of the National Innovation Initiative is to help focus us as a society on what we do best, on our purpose in history. The key to America's future success, finally, is to remember who we are.

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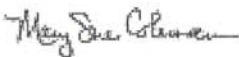
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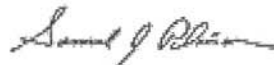


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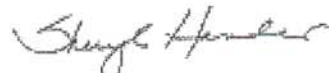
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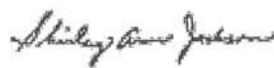
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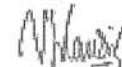
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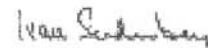
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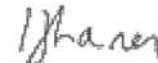
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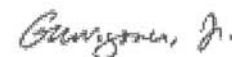
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