Innovation Scout

Five Principles for Making Innovation Work at Your Company

Presented by:

The Innovation Scout
www.theinnovationscout.com

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'Innovation is coming up with new services, products, and processes to transform a company, either through new sources of revenue, new business models, or new ways to consider how the company operates.'

From Tucker Marion, Associate Professor, Northeastern University's D'Amore-McKim School of Business and director of their Master of Science in Innovation program. The Innovation Process – Step by Step Guide.
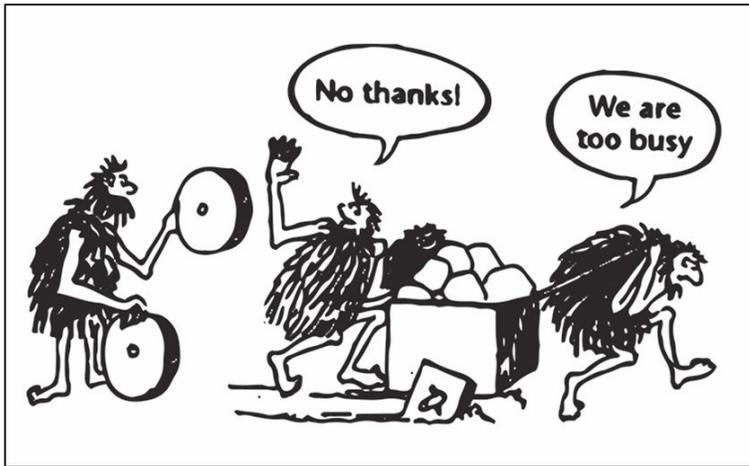
Many corporations don't have an innovation strategy...yet. Innovation at these companies tends to be "ala carte" - in other words, isolated, disjointed, ad hoc or one off. There is nothing that connects the dots.

The companies we work with do innovation in many different ways. Some have a totally separate group carved out to run the process of innovation - on behalf of the executive team. Others keep innovation integrated at the business unit which makes transition of innovations to customers more efficient.

Relative to 'different ways', Innovation Scout Advisors (Mark Zawacki) and SMEs (Brad Power) created a Top Ten Types of Corporate Innovation. This 'Top Ten' is a brief, high-level, global summary of leading innovation organization types, along with the 'pros' and 'cons' for each. Organizations generally experiment with one or more of these types.

Today, a number of corporations are using this model as a hybrid approach:

•	Incremental innovation stays within business units
•	A separate team handles adjacent or disruptive innovation

This hybrid model makes sense. It essentially involves the entire enterprise in innovation. Business units have the institutional know-how to develop and test incremental product or service extensions. They can use Lean Techniques to test new product features with customers, or determine how different business models work with new audiences. Business units can easily tend to product enhancements, while outside teams can manage initiatives that require more experimentation. These outside teams are also better at considering adjacent or disruptive technologies.

While the tactical work of innovation may be accomplished by people across the enterprise, the executive team should establish the strategy and the processes that will enable innovation. The executive team is pivotal to providing the governance and 'architecture' of innovation. This includes 'where' innovation takes place, how it will be financially mangaged, and ultimately, how innovation is measured by corporate performance.

No matter what format your Innovation activities take, there are Five Principles that are essential to get your team on track, accelerate efforts and ensure the executive team is aligned and happy with the outcomes.
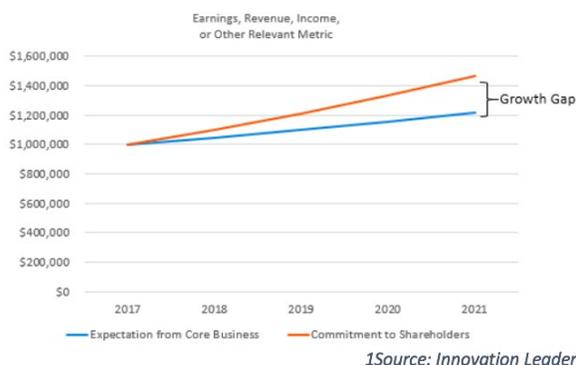
1 | **Make the Case for Innovation**

So why do innovation at all? Let's face it, the success of large global businesses rests on the ability to maximize efficiencies at scale. *Operational Excellence* is based on a set of fine tuned processes. Those involved in operating the current business are not likely to be open to risk taking. Innovation, on the other hand, is about exploring new worlds and that means facing new risks. So why is innovation an imperative? Simply put, avoiding innovation practices puts the business at risk. Advances in new technology alone continue to change customer expectations. By not tending to new endeavors, the business risks becoming unimportant in in the marketplace…or worse becoming one of the numerous new casualties of competition like digital giants, start-ups and companies leveraging emerging technologies. Innovation actions today are the key to survival tomorrow. It's the only rational pathway to ensure the delivery of value to future customers.

You've likely heard this fact: 80% of corporations that were active before 1980 are no longer around. Futher another 17% of companies around today won't be here in 5 years. There's a reason to innovate!

How to make the business case for innovation in your organization?

InnovationLeader provides materials and support to help you make compelling presentations or pitches about the importance and need for innovation, starting with an explaination of how you expect to get from today's operation to the company's future vision. Your case should communicate innovation activities as the positive vehicle for long term success. Another approach is to illustrate the impact to your business if you don't change, if you let emerging technologies and business models pass you by. (Fear can be a great motivator.)

Earnings, Revenue, Income, or Other Relevant Metric

— Expectation from Core Business   — Commitment to Shareholders

Growth Gap

1Source: Innovation Leader

List the benefits of an innovation program from the various stakeholder's point of view. Consider the benefits to your employees, customers and shareholders. Innovation gives employees new career pathways and customers a reason to continue to stay. Giving your organization a shared vision about innovation will help to get alignment around the essentials:

•   Who owns innovation?
•   How will it be measured?
•   Who will participate in innovation governance?
•   What are the processes for innovation in your organization?

This leads to principle #2 – how to develop an Innovation Process for your organization?

2 | Create a 'No Bottlenecks' Innovation Process

Having ideas to get the ball rolling is one thing, but in the corporate environment, having a 'no bottlenecks' approach to the innovation process is essential to get everyone on board and to create a portfolio of ideas that can be legitimately tested. Having a clear innovation strategy will guide which ideas should be prioritized. You may have a plethora of 'Ideas', what's more difficult is knowing how those ideas flow through a well articulated process to achieve fruition.

Developing a coherent process will enable a 'portfolio' approach to innovation that allows you to measure if the company is working on enough innovations to 'move the needle'. If teams are working on one-off innovation projects in different ways, there is not a clear way to measure these activities and judge what it could all mean to corporate performance.

A process to move the needle on innovation

You need a repeatable process to turn ideas into profitable business offerings, and to manage a dynamic group of innovation projects to avoid 'bottlenecking'.

The steps we describe are not difficult. The most important part is alignment around process, governance and success measurement.

Ideation – Internally, there are many (perhaps too many) ideation techniques to choose from: brainstorms, mind mapping, storyboarding, mashups and, more. Techniques for searching new ideas outside of the enterprise can also render viable results. What are startups doing or what research is happening at top universities? Understanding where investors are putting their money can offer hints as to where they think new technologies and business models are headed.

When it comes to ideation the essential question is: what is the problem or job to be done? Starting with a known problem makes the process more effective. Whether to develop a completely new idea or enrich a current idea, the ideation process is an essential step for Innovation.

Defining a known problem is a good place to begin, other approaches include exploring an existing idea in more depth or, taking on the challenge of developing an all new idea that could change your industry. Whether developing an all new concept, solving a problem or enriching a current idea, the ideation process is an essential step for Innovation.

Opportunity Analysis – Once you can articulate both a problem and potential solution to test, the next step is to communicate what this innovation will mean to the company. Understanding the potential costs, revenues and ultimately implementation implications, the analysis of the idea is essential. The articulated analysis will serve as the means for Governance to decide to move forward. It will give direction to the team running a 'proof of concept' and will get people excited about the idea. This is when you tell the story of the idea. The story needs telling from customers, sales, operations and financial perspectives. Now you have a baseline to test and a reason to move forward.

Test and Learn – Innovation practitioners are much like scientists. They see a problem, define a set of hypothesis, formulate a solution and test (early & often). These various tests are the essence of lean innovation practice. Understanding what you are testing will enable you to 'go where the data takes you'. Laying the foundation with sound hypotheses will guide what needs to be measured during the test and learn phase of the process.

This is an iterative practice. It may lead you to a place where you never expected to be. When people talk about working more like a startup; test and learn is a core characteristic of a true entrepreneur. You may be testing customer response or technological implementation, it's all valuable and knowing what to measure will help you decide to move forward, park the concept or kill it - fast.

Scale or Kill – The results of test and learn will guide your decision to either move forward to scale an innovation or kill the project altogether. We suggest that even under the 'kill' scenario, that you keep good records about the idea, the pathway to learning, dates and who was involved. This history will help to save time in the future when the idea may arise again from a different business unit. Also putting an idea on 'hold' is valid. It may be that the idea is too early. Could be that your organization isn't ready to take on the technological architecture needed to scale the offering. Most important is to make a decision and communicate the decision to all interested parties.

The decision to scale will introduce new challenges. Along the way, it will be important to call out what are the variables that need to be in place if the idea were to scale.

Here are some areas that you will want to think through prior to launch:
• Are there technological obstructions for your IT group?
• What if any legal issues may be presented by the launch of this idea?
• Are there training needs across the enterprise when this idea is launched?
• How will marketing enable the scaling of this idea?
• Are there any language implications to rolling out this idea?
• Do we need new skills, do we have the right talent in place to scale?

③ Work Outside-In to Get Better Results - Faster

It wasn't so long ago that corporations believed that if they didn't invent 'it' (from start to finish) it would not be valuable to their long term growth. However, today, useful knowledge and know-how is widely distributed. That's' why Henry Chesbrough developed the concept of Open Innovation. He said "No company, no matter how capable or how big, could innovate effectively on its own." He also said "open innovation is a more profitable way to innovate, because it can reduce costs, accelerate time to market, increase differentiation in the market, and create new revenue streams for the company."
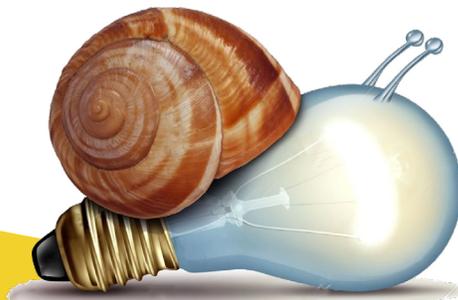
We believe strongly in looking - outside the four walls - to help formulate new ideas. Discovery of new products or business models allows your team to learn faster, and ultimately get to a scalable offering. The Innovation Scout has a mission to help you look outside of your organization to find startups, research and other innovations that match your business challenge. We use machine learning to help you find relevant startups that will accelerate your pursuit. Time is not on your side when you consider how fast emerging technologies are changing the landscape.

**4** **Measure the Right Stuff - make evidence based decisions**

Successful Innovation is about management of the process. Understanding how ideas will be valued and therefore, moved forward in the process is essential. Determining if you are actually working on enough ideas to make a difference is essential (and priceless!) The only way to do this is to measure it. Here are a few ideas for measuring how your innovation practice is doing:

Measure	Determine
What is the potential value of our innovation portfolio?	• Are we investing enough in the future? • Are we investing in the right places? • Are we creating/protecting our future?
How is the pipeline (innovation process) working?	• Are we creating/accessing enough good ideas? • Are our internal and external processes agile? (execution cycle times & responsiveness)? • Are we getting to market fast enough?
How is one innovation doing?	• Is this the right (relative) innovation? • Are we on track to deliver and create value? • Are we delivering strategic value/financials?
How is our org innovation muscle & culture?	• Are we getting broad-based engagement? • Are we accelerating knowledge creation? • Are we effective and efficient?

Learning and Communication is The Key to Organizational Acceptance

The Achilles Heel for existing companies is a shortage of people with real, business innovation experience, management skills and a predisposition for functioning in a rapidly changing playing field.

With this in mind, learning and communication become the cornerstone for making innovation work. Not everyone is cut out to implement innovation initiatives. Skills essential for innovation work typically include high competencies in: creativity, critical thinking, communication, strategic thinking and problem solving. Companies often lack the right talent to take on important new projects that could help create the next big category or product. Talent, Experience, Predisposition drives all.
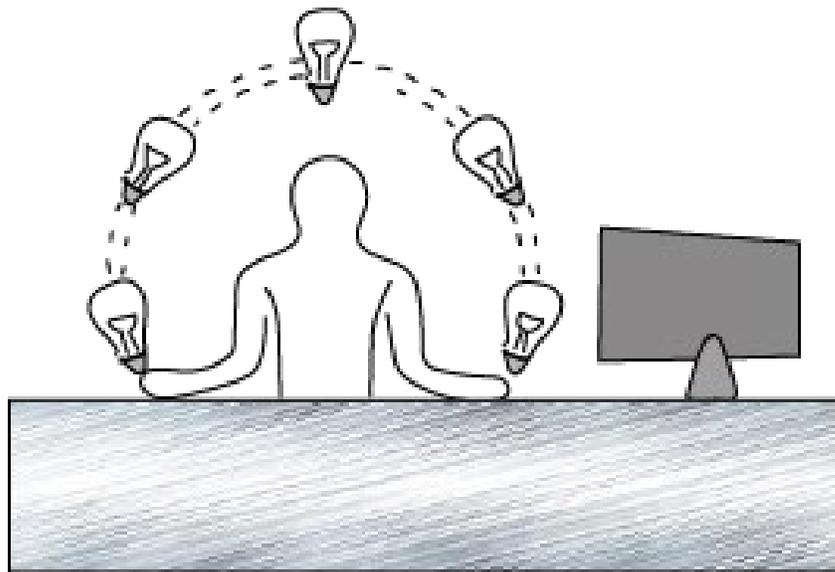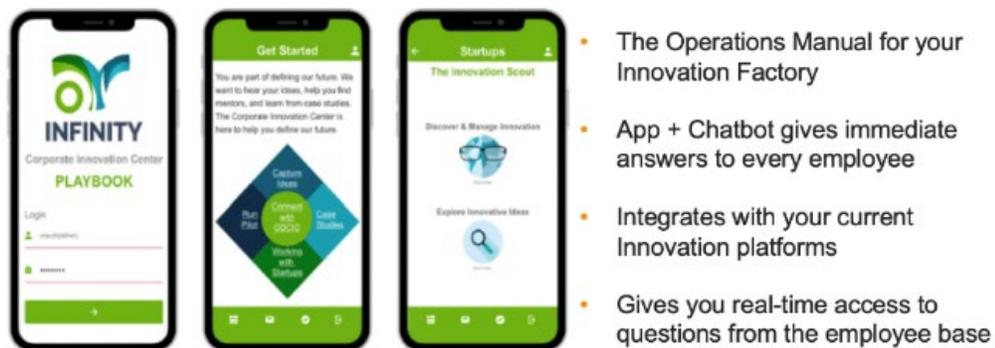
This means that Learning and Communication is critical.
- Sharing intel
- Communicating capabilities
- Sharing past case studies
- Aligning people and resources

All of the above works to build momentum, and keep initiatives on track. Communication will accelerate the innovation process - even when the right talent is not there.

How do we scale the Innovation Process across the enterprise?

Essential to the success of the 'no bottlenecks' process is a reference architecture for everyone to understand how innovation works at your company – a playbook for Innovation. The Innovation Scout Playbook is tailored around the specific needs of the organization's Culture, Organization, Leadership, Talents and Skills (COLTS). Those involved in developing new offerings use the Playbook to identify, share and work through how their business will move a new idea through a process. It helps everyone learn innovation techniques and discover outside innovations. Our playbook is implemented in a way that is easily distributed, accommodating to every question with a Chatbot and, can be integrated with other systems including Innovation Ideation, Process & CRM tools. The playbook gives product and innovation teams insight into every type of question coming from the organizations' corporate users – creating a continuous improvement ability for the app, the content and the process.

- The Operations Manual for your Innovation Factory
- App + Chatbot gives immediate answers to every employee
- Integrates with your current Innovation platforms
- Gives you real-time access to questions from the employee base

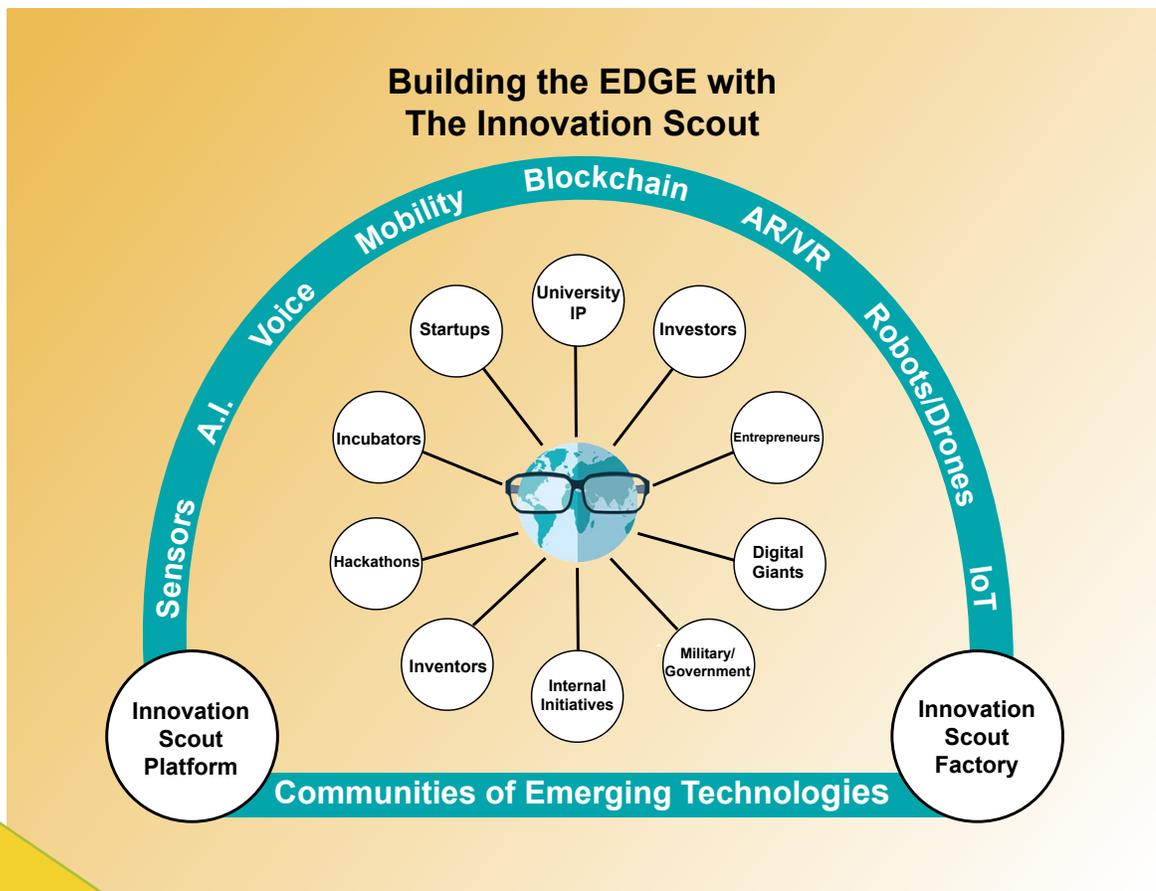The Playbook is the transformational tool for Culture, Organization, Leadership, Technology & Skills

"Four words: **Method to the madness**. In order to find balance between the art and the science of digital disruption, companies need to have a framework in place. I was once taught that frameworks don't suffocate as long as people are empowered to operate liberally within them. That's where guidelines come into play. I've always used the "traffic light" rubric: things you can do, things you can't do, things you might do. Some people prefer a binary 1-2 or black and white approach; others operate beautifully within the 256 shades of grey. Both approaches should be encouraged and embraced. You'd be surprised how high people are able to soar when they have sufficient structure or rules of engagement in place." - **Joseph Jaffe, Super Advisor to Innovation Scout** and author of 5 books, including "Built to Suck: The Inevitable Demise of the Corporation...and how to save it." (March, 2019)

The EDGE: Learning About Emerging Technologies and Business Models

The rapid introduction of new technologies and business models continue to disrupt markets, ecosystems and customer journeys. It's difficult to keep up the pace of continuous learning across a multitude of topics.

You need a systematic way to stay on top of emerging technologies and business models that will affect the way you do business. Time is not on your side as 1000's of startups are born each day and customers continue to change their behaviors and attitudes on a moment's notice.

Consider joining a program like our Scout EDGE. It goes wide and deep on emerging technology topics. We enlist the world's leading entrepreneurs, practitioners and subject-matter-experts to give their point of view and help us understand the possibilities and technology horizons.

Building the EDGE with The Innovation Scout

Blockchain · Mobility · AR/VR · Voice · Robots/Drones · A.I. · Sensors · IoT

Startups · University IP · Investors · Incubators · Entrepreneurs · Hackathons · Digital Giants · Inventors · Internal Initiatives · Military/Government

Innovation Scout Platform · Innovation Scout Factory

Communities of Emerging Technologies

About the Authors

Annette Tonti, CEO & Co-Founder, The Innovation Scout. She is an executive with over 30 years of corporate and entrepreneurial experience. As founder and CEO of 3 high-tech startups, she has developed early stage businesses and raised over $30M from Venture and Angel investors. Early in her career she delivered digital strategies to Fortune 1000 businesses, ran a global program for the MIT Media Labs and headed up operations for a global telecommunications consultancy. Her startups included an early rich media advertising platform, a SaaS platform for mobile web and using AI to match innovations with business challenges.

Michael Glavich, Chief Business Accelerator & Change Catalyst for The Innovation Scout. Michael delivers a unique combination of digital strategy, marketing, and whole-product development that seeks to "change the playing field", creating unique and unbeatable competitive advantage. His background includes business acceleration consulting at Diamond Technology, Index and most recently Maxos.ai; a combination start-up factory and global think-tank. He has spent a lifetime creating innovative new ways to grow successful businesses and representing thought-leadership service offerings from a number of the top fifty living business thinkers in the world.

About The Innovation Scout™

The Innovation Scout works with global corporations to enable the creation and execution of their innovation programs and processes. At our core is an artificial intelligence platform built with proprietary machine learning algorithms and big data. We match corporate business challenges with relevant startups and available research. This speeds their pathway to solutions and key learnings that make them more efficient, extend their offerings and grow their business with innovations. Our work helps corporations understand the impact that emerging technologies and business models will have on their company and what they can do about it.

Our offerings include our SaaS platform for Innovation, together with programs to 'Fast Track' ideas (Lean Innovation), scale innovation across the enterprise (Innovation Playbook,) as well as Innovation Scouting, Assessment and Working with Startups.