



**Innovating On Purpose:
Managing the Innovation Process**

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Who is this Man?



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**The World's First Managed
Innovation Organization**

- Edison
- Menlo Park
- The Muckers
- Other Team Members
- Creating, Capturing, Evaluating, Developing, Launching
- The Wizard of Menlo Park

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What We Want to Accomplish

Understand/Define

- What innovation is and how it relates to creativity
- Why we care about innovation and managing it
- A methodology and framework for innovating on purpose
- How you can get started at your organization



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Innovation is people putting ideas into valuable action

Innovation does not have to be accidental
Innovation is not just creating new ideas
Innovation is a manageable business process

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Types of Innovation

Technology	New	Technology Breakthrough	Game Changer
	Near to Existing	Incremental	Business Breakthrough
		Near to Existing	New
		Business Model	

Adapted from Making Innovation Work by Davila, Epstein, Shelton
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Why Do We Care About Innovation and Managing It?

Do you want fries with that?

- Growth
- Profitability and Value
- Competition

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Why Do We Care About Innovation and Managing It?

- 66% of CEOs: innovation is one of the top 3 strategic priorities for their company
- Over 87% felt that organic growth through innovation is essential to success in their industry
- The Global Innovation 1000 spent \$384 billion on R&D in 2004
- Superior results are a function of the quality of an organization's innovation *process*
- Innovation excellence can boost profit margins by 4%

Sources: Boston Consulting Group *Innovation 2005*
Booz Allen Hamilton *Global Innovation 1000: Money Isn't Everything*
Arthur D Little *Innovation Excellence 2005*

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What Key Business Functions Do Organizations Leave to Chance?

- Not Sales
- Not Quality
- Not Product Management
- Not Finance
- Innovation

Most management is done to extract the most efficiency possible in our processes.

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You can't grow by cutting costs. You grow by innovating new offerings that customers buy.

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Most Organizations Innovate by Accident

- Less than 25% believe they have fully mastered driving business from innovation
- Innovation is generally viewed as an R&D task or an action to be driven by the market

Arthur D. Little survey of 669 global execs

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You Can Innovate on Purpose

- It can and should be part of your business process
- It is a discipline like other business process
- It is creativity applied for the benefit of others



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Innovating On Purpose: Methodology

- Structured approach to managing the innovation process
- Allows for spontaneity as well as taking specific actions
- For each component we'll talk about
 - The purpose and function
 - Examples
 - Questions to ask yourself as you start


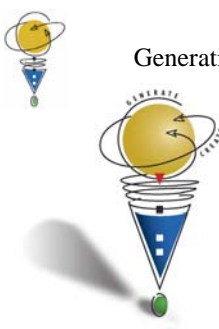
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Innovating On Purpose: Methodology

- Generate/Create
- Capture
- Evaluate
- Develop
- Launch and Build

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Generating and Creating Ideas

- Purpose: Provides raw materials for innovation: ideas
- Example techniques
 - Future mining/farming & scanning
 - Brainstorming: classic and extended
 - Five Levels of Look, Listen, & Learn
 - Articulated and unarticulated customer needs; bugs mes
 - Connecting (including internal, customers, partners, suppliers, outsiders, and more)
 - Recombinant ideation
 - Bright ideas
 - All the things you are learning at this conference!


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Choose Your Innovation Mix



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We have plenty of ideas. What we need is a way to decide on which ones we should develop.

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Start with Better Ideas

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5 Levels of Look, Listen, & Learn



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Magnify Examples

- Dual cups and sleeves
- Drips and runs
- The minivan plan




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 **Lead User Examples**


- Mountain bikes
- Target markets vs. lead users




Lead User concept adapted from
Democratizing Innovation by von Hippel

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 **Lead Users
Stats**

- 10% to 40% users engage in developing or modifying products
- Innovation is concentrated among lead users
- Lead user innovations often become commercial products
- 3M: 8 times revenue from Lead Users vs. internal



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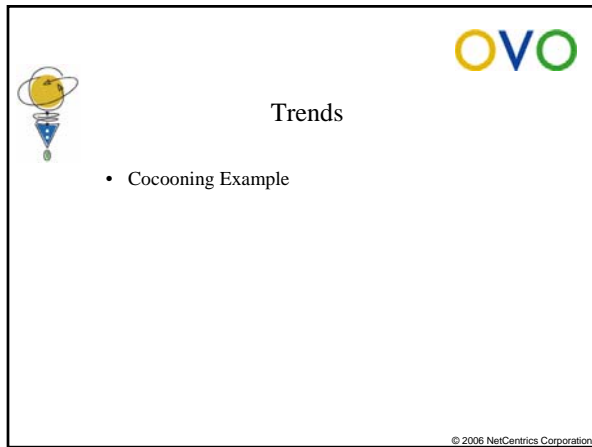


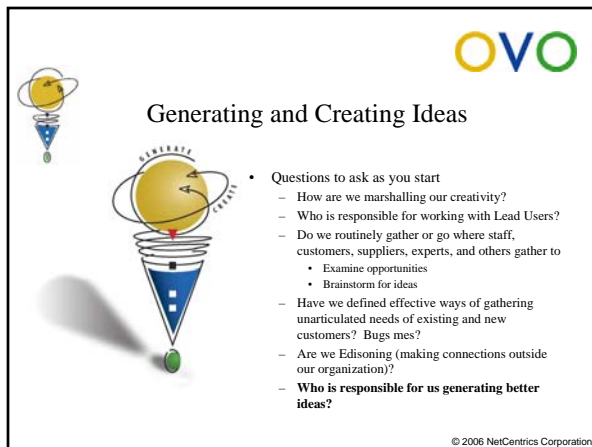
 **How Do You Find Lead Users?**





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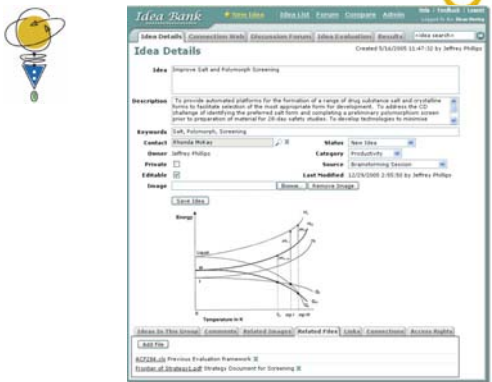




Capturing Ideas

- Purpose:
 - Safely store or "bank" ideas for evaluation and/or future use.
 - To capitalize on generated ideas now and in the future.
 - To incubate ideas—fortify an initial concept with context, improvements connections, and elaboration.
- Examples
 - Suggestion systems
 - Spreadsheets
 - Corporate databases
 - Specialized software

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Capturing Ideas

- Questions to ask:
 - If a staff member, customer, supplier, partner or someone else has an idea, do they know how to submit it?
 - Do contributors know what to expect once they've submitted an idea?
 - Do we have an easy way to capture ideas 24/7?
 - Do we have an easy way to search and connect ideas?
 - Is it easy to add information to the idea?
 - Who is responsible for maintaining our capture system?



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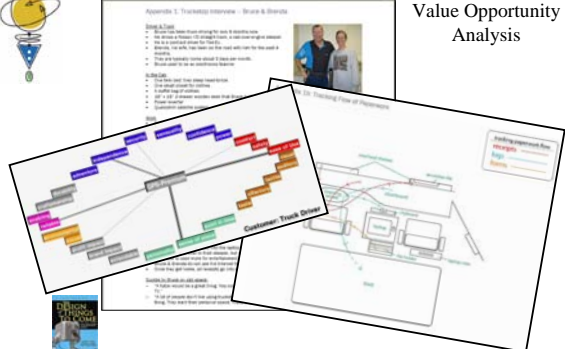
Evaluating Ideas

- Purpose:
 - Provide a structured system to determine which ideas are moved into development and at what pace
- Example Evaluation Components
 - Step-by-step workflow (e.g., Legal then Marketing...)
 - Stage Gate
 - Value Opportunity Analysis
 - Expert interviews
 - Market Research
 - Evaluation scorecards
 - Disruptive potential


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Value Opportunity Analysis



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Evaluating Ideas

- Questions to ask:
 - Do we have a structured mechanism for evaluating contributed ideas?
 - Do contributors know how the process works and what to expect?
 - Do we have innovation savvy reviewers involved in our evaluation?
 - Do we have a means to evaluate the ideas outside of ROI and other standard measures?
 - Do we have a bias for first mover or fast follower?
 - Are we including launch in our evaluation?
 - Who is responsible for this?



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Developing Ideas

- Purpose:
 - Provide a structured means to develop the innovation
- Examples & Questions
 - Most organizations have a new product development process that includes everything but...
- Rapid prototyping
 - Get the idea out into the market in front of customers as quickly as possible
 - Iterate the idea as you gain new insight from customers




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Rapid Prototyping Examples

- Clorox: less than 24 hours concept to prototype
- Caller ID turned meeting display




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Developing Ideas

- Questions to ask:
 - Do we have a process for developing rapid prototypes?
 - Do we expect to throw away the first prototype?
 - What is our mean time from concept to prototype?
 - What is our mean time from prototype to requirements or first product?
 - Does our New Product Development process integrate with the rest of our innovation management system?
 - Who is responsible for this ?




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Launch and Build

- Purpose:
 - Launch innovation into the market and convert idea to value
- Examples:
 - Launch Playbook
 - Disruptive vs sustaining introduction
 - Market positioning
 - Crossing the Chasm

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COMMAND Assessment View Report

Global Alert Revolution Network (GARNET)

Technology Assessment

Cluster number: 00000-010 Assessor: Global Network Exam Date: 06/06/2006

Cluster Name: Global Alert Revolution Network (GARNET) Primary Investor: John Wiley

Recommendation

Action

- 1 - Pursue
- 2 - Purs
- 3 - Monitor
- 4 - Watch
- 5 - Delay
- 6 - Terminate

Conclusions




The market messaging (IM) market is active and growing rapidly. Further, according to the technology users and even some vendors, no one has adequately solved the alerting problem.

Who market and competition are quality existing alternatives, an aggressive campaign to find commercial partners for GARNET, before the large players begin to close this functionality gap, is recommended.

Next Steps

- Develop an overall marketing campaign for GARNET, including:
 - Develop web-based access and a downloadable demo version of the GARNET software for evaluation use.
 - Develop an appropriate evaluation software usage agreement (EUA).
 - Develop marketing materials, including descriptive content for the GTT web site and provide a completion criteria for evaluation.
 - Identify additional prospective business and campaign for the prospect list.
 - Assess the feasibility and benefits of a technology briefing in which interested vendors submit bids for the technology.




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Launch and Build

- Questions to ask:
 - Does my evaluation process include launch?
 - Does everyone have what they need to evangelize the offering?
 - Have we clearly made plain the problem we are solving that customers know they have?
 - Have we identified the market where we little or no competition/where we are supplying something customers can't otherwise get?
 - Who is responsible for offering launches?


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Creating a Culture to Innovate

- Purpose:
 - Create an environment that fosters innovation
- Examples of Innovative Cultures
 - Strategic alignment
 - You get what you measure
 - Compensation
 - Failing forward is ok

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Creating a Culture to Innovate

- Questions to ask
 - How do we compensate/motivate people to submit ideas?
 - Do we provide training in basic creativity and group idea generating?
 - Do people feel that it is ok to fail?
 - How are we measuring management for innovating?
 - Who are our champions for innovation within our organization?
 - What barriers exist to innovation and how can we change them?


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The Innovation Framework



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Innovation As a Business Process

- We've demonstrated a straightforward business process to support innovation
- This process is made up of defined phases
- This process sits within the same organizational structures as other key business processes
- The big question: Do you think innovation can be managed as a business process?

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How to Get Started

- Get Your Leadership On Board
- Pick Your Portfolio
- Decide How to Evaluate
- Establish Metrics, Incentives, and Rewards
- Create Your Capturing System
- Generate Better Ideas





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How to Get Started With Limited Resources

- Key point: do something now
 - Individually:
 - You say tomato, I say Creole
 - In projects you manage
 - In your work group
 - Across your organization
- Start by focusing on how to capture, evaluate, and reward ideas
- Form an innovation group with other interested people in your organization
- Grow as you go



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Resources

	Making Innovation Work: How to Manage It, Measure It, and Profit from It by Tony Davis, Marc J. Epstein, and Robert Shelton (Jul 22, 2005)	All phases
	Driving Growth Through Innovation by Robert B. Tucker (Hardcover - October 2002)	All phases
	Innovation and Entrepreneurship by Peter F. Drucker (Paperback)	All phases
	The Seeds of Innovation: Cultivating the Agency that Fuels New Ideas by Elaine Dundon (Hardcover)	All phases

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Resources

	Seeing What's Next: Using Theories of Innovation to Predict Industry Change by Clayton M. Christensen, et al (Hardcover)	Evaluation and Launch
	The Innovator's Solution: Creating and Sustaining Successful Growth by Clayton M. Christensen, Michael E. Raynor (Hardcover - September 2003)	Evaluation and Launch
	How Breakthroughs Happen: The Surprising Truth About How Companies Innovate	Generating and Launch
	The Art of Innovation: Lessons in Creativity from IDEO, America's Leading Design Firm by Tom Kelley, et al (Hardcover)	Generating, Culture, prototyping

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Resources






 <p>Democratizing Innovation by Eric von Hippel (April 1, 2005)</p>	Lead Users (Generating)
 <p>The Ten Faces of Innovation: IDEO's Strategies for Defeating the Devil's Advocate and Driving Creativity Throughout Your Organization by Thomas Kelley, Jonathan Littman (October 18, 2005)</p>	Generating, Culture, prototyping
 <p>The Design of Things to Come: How Ordinary People Create Extraordinary Products by Craig M. Vogel, et al (June 8, 2005)</p>	Evaluation
 <p>The Tipping Point: How Little Things Can Make a Big Difference by Malcolm Gladwell (Paperback)</p>	Evaluation and Launch

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Resources




 <p>A WHACK ON THE SIDE OF THE HEAD: How You Can Be More Creative by von Oech (Paperback)</p>	Generating
 <p>Thinkertoys (A Handbook of Business Creativity) by Michael Michalek (Paperback)</p>	Generating
 <p>On Intelligence by Jeff Hawkins, Sandra Blakeslee (Hardcover)</p>	General


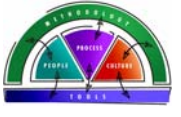
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Q&A



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