

Innovation “locations”

Where innovation happens in your organization
How to organize effectively



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Table of Contents

Introduction.....	3
Locations.....	3
The Rationale for a Corporate Innovation Team	5
Innovation Challenges without a corporate team.....	6
Innovation within a Product Group.....	7
Innovation across product groups/ business functions.....	10
Innovation in the White Space.....	12
Innovation with a business partner – Co-Development.....	14
External, Open Innovation	16
Concurrent innovation in several locations.....	18
Structure, roles and responsibilities of a corporate team	18
Conclusion	20
About OVO.....	21

Introduction

With the increasing focus on innovation as a strategic imperative, it hardly seems necessary to defend the importance of a focus on innovation. What is becoming increasingly important is the manner in which innovation is managed. Most firms immediately recognize innovation as the most valuable driver for organic growth. Yet innovation remains a poorly understood function in most organizations, inadequately defined and staffed, or an initiative that is tucked away in a corner of the business. It is not unusual to find that firms have several simultaneous programs or initiatives in different parts of the business focused on “innovation”. The challenge these innovation initiatives face is their definition, focus and visibility. Innovation *should* happen in different locations within your business, and the location and strategy of the innovation teams should dictate the kind of innovation, its measurements and metrics. Here we are defining an innovation “location” to mean a team or group within the corporate context that is working on innovation, not necessarily a geographic location.

In this paper we’ll stipulate that innovation is exceptionally important as a driver for organic growth, profits and differentiation. What is equally important is how innovation is defined and managed across the enterprise and in the different “locations” where innovation is possible within your organization. Wherever innovation happens, it should be supported with common approaches, tools and processes, but different innovation locations within your business will have unique challenges and needs. Optimally, the organization will sponsor a number of innovation projects or initiatives that follow a consistent approach but have applicability in the “location” where the ideas are generated and captured, but are visible to senior management.

This paper focuses on the need for innovation in a number of different “locations” within your organization, and the need for common processes, tools and cultural expectations about innovation across those locations. Each “location” needs to leverage a consistent approach to reduce rework and redundancy and focus its efforts on bringing valuable ideas to life as new products and services, rather than spend time creating the processes. Further, we’ll examine the concept of a corporate innovation team, to act as innovation facilitators throughout the business and to create and distribute the common tools and processes for the innovation locations.

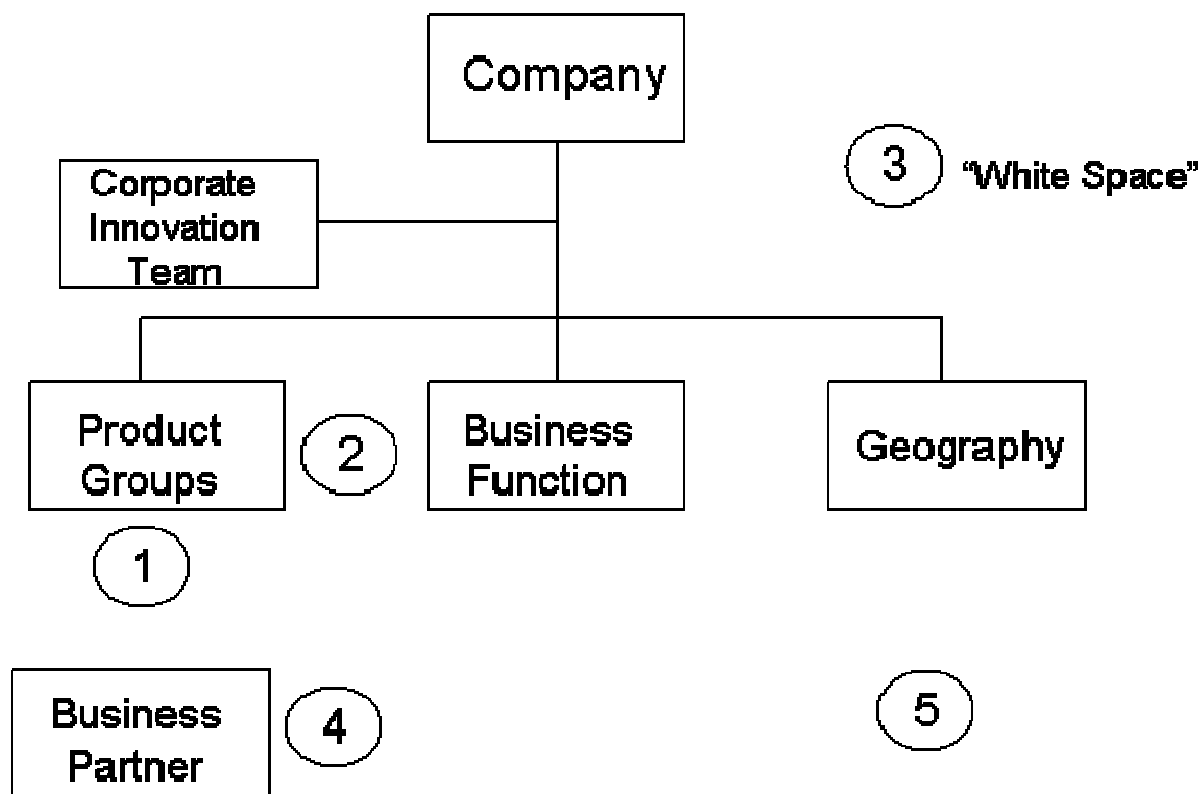
Locations

A typical business can be defined by an organization chart, with product groups, business units, industry verticals and geographies. When we speak of innovation locations, the locations we are defining are virtual locations within and between these teams and functions. The challenges a single product team in one R&D group faces for innovation have some similarities with the challenges a team faces when attempting to create new products and services with an outside partner. However, these two groups face very different challenges while pursuing their innovation initiatives. Our goal is to provide some quick insights into the unique challenges each “location” faces as they innovate, and to examine the similarities of their experience as well.

The “locations” we’ll examine are:

- Innovation within a product group, line of business or business function (1)
- Innovation across several product groups or business functions (2)
- “White Space” innovation – targeting new spaces for the business (3)
- Innovation between a group and a business partner – co-development (4)
- Outside or External innovation – sponsoring or guiding third parties (5)

See the figure below for further details.



What's fairly consistent across these "locations" are attributes like:

- The need to generate and evaluate ideas
- The need to work collaboratively with other individuals or teams
- The ability to balance conflicting goals and metrics

However, there are some key differences across the locations. Innovation with an external business partner may require the review and involvement of your legal counsel, while "white space" innovation may require a higher risk tolerance than your product teams or business units are usually ready to face. Innovation within a specific product group or business unit may be a well-understood technique, while "open" innovation may create an entirely new set of procedures and expectations.

As much as possible, it makes sense to provide one common process, framework and system or database across these disparate locations so each team works with the same approach, regardless of the type of innovation. This provides greater visibility to the management teams who are funding innovation and helps measure the inputs and outputs of each team.

The Rationale for a Corporate Innovation Team

Increasingly, larger firms find value in creating a corporate innovation team or "center of excellence" to sponsor innovation and provide common tools, techniques and processes. This team defines and distributes the common innovation processes and tools that all innovation teams in every location can use and trains individuals in the locations to improve their innovation skills and offers advice and support to the teams in the locations, acting as a facilitator, coach or devil's advocate. Additionally the corporate innovation team can gather insights and trends and begin to synthesize those insights to provide additional input into the ideation process.

The corporate innovation team plays different roles depending on the location and the need for their input and involvement. On a purely incremental product idea within a product team, the corporate team would ensure the innovation team in the "location" used the defined processes and tools. For an idea that is disruptive and not clearly within an established line of business, the innovation team might gather data about the idea, establish evaluation criteria and take more ownership of the idea. Finally, the corporate innovation team can help provide increased visibility to ideas and the investment and return on all the ideas and innovation projects across the enterprise through an innovation portfolio concept.

While creating a corporate innovation team may make the innovation approach, tools and techniques more consistent, the team does risk adding another layer of complexity and clouding the responsibilities and relationships between itself and the "locations" where innovation is underway. In some instances it may make sense for the innovation team to act as coaches or

facilitators, and in some instances it may be best for the innovation team to “own” the generation and evaluation of ideas. This level of involvement will differ on a location by location basis

Innovation Challenges without a corporate team

Without a common approach, teams in each location invent their own approach, process, metrics and systems for innovation. A significant amount of time is spent simply creating the new processes and databases, which are not shared or reused. Management teams trying to evaluate innovation investments and projects receive conflicting information on innovations and compare apples to oranges. Without a common approach and philosophy, there is simply too great an opportunity for redundancy, rework and investment in ideas that are not in line with the corporate strategy. .

Management teams must consider innovation as a corporate investment, and understand that innovation has the same types of risks and returns as an investment portfolio. This means that firms that only invest in incremental innovation will face less risk, but also less potential return and more competition. Firms that anticipate and allow innovation in just one product group or business function are limiting opportunities and not diversifying their risk. Firms that encourage innovation across the locations identified in this paper and across the incremental/disruptive spectrum will diversify and reduce risk and raise potential return. Innovation should be encouraged and managed in all of these innovation locations.

Let’s review the similarities, and differences, when innovating in these various innovation locations.

Innovation within a Product Group

Innovation happens most often within a small, focused team. Traditionally we think of innovation as something that happens in the research and development group, or within the product management function, since most innovation is product oriented and incremental in nature. Innovation within a product group is probably the easiest to manage and measure, and most likely to result in a short-term tangible solution. However, this type of innovation is also the most likely to be a relatively safe “upgrade” to an existing product.

Innovation also happens within other tightly focused teams within your company – within business functions like sales and marketing, or within a vertical industry focus or within a specific geography. In these instances the innovations are likely to be less product focused and more likely oriented towards new services, new processes or new business models. Whether innovation is focused on new technologies or products or new processes, innovation within a small, focused team is important, and is happening all the time within your business.

Effective management of the innovation effort is relatively simple if all innovation is sourced from one group. That team can define its own operating models, processes and outputs and communicate information effectively to other groups. In this example, there is no need for shared processes, culture or framework if all the innovation happens within one small team. However, if there are several groups involved in generating and implementing ideas, this model falls apart fairly quickly, as different groups will almost certainly follow different processes and capture and report different kinds of data. When several innovation teams are at work in disparate product groups, verticals or geographies, management teams have little visibility into the innovation investment and little control of the approach and outcomes. Add to this the fact that other individuals or business functions will be asked to evaluate and comment on ideas that are in work, it’s easy to see that any evaluator may be asked to learn several different idea management systems. This places a significant burden on those whose input is needed most, and makes it difficult to obtain insights from evaluators.

In many firms, it is a fact that innovation is underway in several different product teams and there is no standard approach for idea generation, capture and management. Teams spend an inordinate amount of time developing processes and building software systems to manage ideas, rather than generating and evaluating ideas. These teams need help defining a common innovation process or methodology, and could gain significant benefits if a corporate innovation system or database were available. Where teams are allowed to create their own processes and databases, there is a significant opportunity for redundancy and rework and little opportunity for the teams to learn from each other and take advantage of corporate knowledge.

How a corporate innovation team can help

When a product team or R&D team starts an innovation initiative, the corporate innovation team can act as facilitators and coaches, providing insight on the common methods, techniques, tools and approaches the firm recommends as a standard. The corporate innovation team can provide additional resources as necessary and where possible help gather additional market information or trends. The corporate innovation team can provide resources as facilitators to help the local innovation team as disinterested third parties. Finally the corporate innovation team can identify work that is underway in other locations in the business and reduce the chance that duplicate work may be underway in another team. A corporate innovation team can provide enhanced visibility to the ideas in work, and ensure a consistent approach to idea generation, capture and evaluation.

What kind of innovation to expect

Idea generation within a product group, line of business or business function is most likely to create incremental innovations, small improvements to existing products and services. Most teams at this level don't have the strategic reach and vision, or budget, let alone timeframes, to create disruptive innovations. On the positive side, since these ideas are based on existing products or services, many of these ideas will have high market acceptance, and the risk/reward quotient is very low.

Challenges

Within a single innovation team, the biggest challenge becomes a matter of perspective. Does the team have a good understanding of the needs of the market, prospects and consumers? Is the innovation customer and market centric or product centric? Does your team understand the customers' needs for a whole product?

Risks

There are several risks associated with innovation in a single product group. One is collaboration. Can the team see beyond its functional boundaries to understand what other product lines are building? What keeps the team from "re-creating the wheel"? Does corporate strategy and direction filter down so that research is directed toward ideas and concepts that align to strategic direction?

Another risk is the inability to see or the failure to see approaching changes in the market or competitive landscape. In many cases we assume that an incremental improvement will be sufficient for a product or service and neglect to see a substantial shift happening in the market. Can your team look beyond incremental improvements to the product or service and identify trends in the market?

Need for common tools, processes and approaches

Innovation specific to one product group requires few tools or processes beyond those that the team defines. Generally speaking, most teams will generate a spreadsheet or some other mechanism to capture and manage their ideas. As long as innovation is the responsibility of one team, this does not present a challenge. When several product groups or lines of business have innovation responsibilities, idea databases spring up and have no consistency and lack

collaboration. Each group determines its evaluation criteria and innovation process, so there's little chance for cross-functional collaboration or learning, or providing visibility to ideas to the management team across the product groups.

As innovation teams proliferate, the number of people involved increases and the number of ideas generated increases, common tools and processes become much more important.

Need for management oversight and involvement

Innovation specific to one product group or business function requires little management oversight unless the scope or cost of the innovation is exceptionally large. We'll assume that much of the incremental innovation happens as part of a product or service roadmap, and that most of this innovation is part of the business plan. As long as the work remains within the business plan and within the expectations and capabilities of the product team, the oversight from the management team is relatively low.

Innovation across product groups/ business functions

In many firms, innovation happens when two technologies or capabilities are brought together to create a new product. For this to happen, two product groups or lines of business that have their own approaches and processes must work together to create a new innovation, which means that the groups must overcome their reluctance to share information and process. This reluctance may be made more difficult by poorly aligned compensation schemes, leadership styles and communication challenges.

In this case a cross-functional team may be the best approach to improve the chances of a successful innovation. However, since the product groups have different agendas and may even view each other as competitors for investment and resources, they are unlikely to work together effectively initially, and may need help from a third party to define the objectives and working processes. Combining the ideas, capabilities and technologies of several product groups or business functions will, by definition, create an entirely new product or service solution. The existing teams will need to decide where the new product or service will reside after launch, and how to support and sustain the new product or service.

This innovation “location” presents a completely different set of challenges for innovation than innovation in a single product team. Combining the talents and capabilities of several different product groups or business functions means setting a strategic direction that in all probability changes the way these groups have worked together previously. This will require cultural change, and the definition of new processes, methods, measures and tools. While the innovation team lead may come from one of the groups, often an objective third party from a corporate innovation team may be helpful to establish innovation processes, systems, identify key team members, and break down any barriers to working together that may exist.

How a corporate innovation team can help

A corporate innovation team member can help the team align its goals to strategic goals and achieve greater buy-in from the management team more quickly than if they work alone. A corporate innovation team can provide a common, consistent innovation process and toolset to encourage the teams to work together more effectively, and can act as a disinterested third party to reduce any issues that may arise from politics or bureaucracy. As we’ve discussed previously, the corporate innovation team may provide resources to act as facilitators and coaches as part of the innovation process. In this manner the corporate innovation team shortens the learning curve and helps the product groups or business functions work together successfully in less time and with less investment.

What kind of innovation to expect

Innovations from this “location” have the potential to be a completely new product or service, but not necessarily disruptive. Combining two components or capabilities is something the customer has been forced to do for themselves, and by creating a new integrated solution, the firm is merely delivering a “whole product” that has greater value than the original components, but does not disrupt the existing market. Innovations from this “location” will most often be incremental innovations or “breakthroughs” but will rarely represent truly disruptive innovations.

Challenges

Most challenges that arise from combining several teams for innovation relate to cultural, leadership and process issues. All of the teams involved want what's best for the company, but also want what's best for their division or product group. Overcoming these political, communication and cultural issues requires a trusted, independent third party who can help the teams work together and deliver value. Some of the challenges we identified in the single product group innovation are also relevant here. Just because there are several product teams or lines of business involved does not mean that there is enough customer and prospect input into the innovation process, or that there is adequate review and understanding of the trends in the marketplace. Too often technology companies have a technology or product-centric view of the needs of the market, and fail to understand the customer needs and requirements within the market.

Risks

The primary risks associated with innovation across several functions or product groups are political and operational. The political risk is driven by defining who "owns" the innovation. Usually when combining two product or services, one of the contributing teams adds a significant amount of technology or capability to gain a slightly increased level of customer satisfaction or appreciation of the product or service. The question remains – which product team or service group "owns" the new solution? The operational risk is associated with a learning curve to get several groups that traditionally have not worked together to define quickly a business process and work together effectively.

Need for common tools, processes and approaches

As individuals from different business functions or product groups start an innovation initiative, they'll need one common set of processes, tools and innovation metrics in order to work effectively. In these cases, one team must form around a common approach, otherwise the barriers to effective communication and processes will stymie the team. Once again, a common approach and toolset provided by a disinterested third party such as a corporate innovation team, with demonstrated expertise, will shorten the learning curve and establish a common platform.

Need for management oversight and involvement

As diverse product teams or business teams work together, the executive team will need to be more involved than in the case of a single product team, to ensure the teams work together effectively. The management team must establish common milestones and goals, and eliminate any barriers that exist based on stovepipes or political issues.

Innovation in the White Space

White space is a term used to describe the market opportunities beyond the current scope of the firm's business. The recent book entitled *Blue Ocean Strategy* labels these opportunities "blue oceans" because there is much less competition, if any, as opposed to the "red ocean" where firms compete to offer products with little differentiation other than price. Innovating in the white space provides a firm the chance to be a market leader and innovator, and to command higher revenues and profits. As each firm innovates, it must consider its "innovation portfolio" and evaluate incremental opportunities as well as disruptive opportunities. White Space innovation is one of the best ways to identify ideas that can disrupt an existing market or create an entirely new market.

There are several challenges with "white space" innovation. First, white space innovation should be aligned strategically to the business goals. Free lancing for long periods of time on ideas not well aligned to corporate goals is a recipe for disaster. Second, there's the question of who is responsible for the "white space". Which teams within your business should investigate "white space" opportunities and where should the concepts, products and/or services reside if they are created? Third, there is investment and market risk. White space is open territory but it may be open for a reason – there may be too few customers to warrant creating a product or the market may not be mature enough for a product or service. In each of these instances, it is important to consider the strategic goals of the business when investigating a new innovation, especially when the innovation is creating a new market or new market opportunity.

Each firm will make its own determination about "where" white space innovation resides and who should work on it, but the more strategic the innovation is, the more likely that corporate teams will need to participate. This is because product groups and other operational teams have a very focused quarterly mindset and can rarely afford to spend time on ideas that will not assist in achieving the quarterly numbers. The timeframes are too long and the risks of failure are simply too high for these ideas to be worked by product teams, at least initially. This means that a corporate innovation team aligned to the executive team is well placed to lead these innovation initiatives even if they do not own the eventual product or service. These "white space" ideas may be created by individuals or teams in any part of the business. The challenge for these ideas is the recognition that they are so disruptive, or so far from viability, or are so different from the products and services created by the firm today that they need to be elevated to a different team.

How a corporate innovation team can help

In the case of white space innovation, a corporate innovation team may be best suited to manage and evaluate this type of idea. Since white space innovation tends to be more disruptive, more risky and take longer to come to fruition, management teams will want closer supervision. Product teams and lines of business may find that innovations with this profile are simply too risky or time-consuming to work on effectively. In these cases, the corporate innovation team can gather more information on the idea, perform some trend spotting and examine future scenarios to evolve the ideas until they are ready to find a home in an existing product team or a new team.

What type of innovation to expect

These innovations are likely to produce completely new products or services that dramatically change an existing market space, disrupting other markets or introducing or creating an entirely new market. In that regard there is significant opportunity for return, and a significant opportunity for failure. Few product teams or lines of business will be willing to fund these innovations and investigations by themselves, again requiring the services of the corporate innovation team.

Challenges

There are two significant challenges with white space innovation in the corporate innovation team. The first is the willingness of the management team to spend time examining opportunities beyond the existing corporate “boundaries”. Is your management team ready to create a new market or penetrate an entirely new space? The second challenge has to do with ownership. If a new product or service is created, where will it “reside” in the organization? Does the product or service find a home in an existing product group, or should the organization create a new product or service group?

Risks

The risks associated with innovation in “white space” are concerned with alignment to strategy and the maturation of the market space. When working in the “white space” it can be easy to create new solutions that aren’t needed or for which the market has not been created. What data exists or can be developed to indicate the market will mature quickly for the white space idea?

Need for common tools, processes and approaches

This type of innovation carries more risk than the previous examples, and will attract more management attention. Developing a clear and compelling case for innovation in the white space will require a significant amount of trend spotting, documenting opportunities, developing alternatives and building scenarios that the management team can accept and understand. A consistent, common approach to innovation in the white space is absolutely necessary. Common techniques, tools and processes that are used by other innovation teams will reassure the senior team that white space innovation has a valid, consistent approach.

Need for management oversight and involvement

As noted above, innovation in the “white space” will by its definition involve the management team, so management involvement and oversight can be expected.

Innovation with a business partner – Co-Development

In a shift from traditional product and service development, many firms are working with partners, vendors and customers to create new products and services. The increase in co-development is driven by time pressures, investment risk and marketing risk. Many partnerships are created in which one partner has access to technical insight and the other partner has established brands or distribution power. The combination of the two firms working on a new product or service reduces the time to create the new product and reduces risks for both of the involved parties. This partnership can take on a licensing model – one firm licensing technology or capability from another – or a co-development model, in which both firms commit to contribute their unique capabilities toward the creation of a new product.

Innovation based on co-development is interesting because we know that many innovations occur at the intersection between two seemingly different technologies or capabilities. A commonly cited example is Reebok's "air" running shoes, created by product managers who married air bladder technology with running shoe soles. Reebok did not have the capability to create the air bladders, or the technical know-how to use them in their shoe soles without significant help. Yet today the air bladder in a running shoe seems obvious. It was developed as a co-development innovation.

Obviously innovation with a business partner presents an entirely different set of challenges and opens up a lot of new opportunities as well. Probably the biggest challenge is the identification and protection of intellectual property for each partner. Other considerations include how the teams from each organization should work together, which approaches and procedures they should adopt, and where any new product or service will "reside" once the work is complete. New opportunities arise in the partnership as each firm gains access to new channels, new markets and new capabilities.

How a corporate innovation team can help

A corporate innovation team can help reduce the "ramp up" time to get started with the innovation initiative. Along with a business development executive or legal counsel, the team can help identify the best methods for working with a third party and defining and protecting business interests. Demonstrating a standard, accepted innovation process will convince a partner that your firm is serious about innovation and defining the paths to quick success.

What type of innovation to expect

Most co-development innovations seek to capitalize on existing capabilities and combine different but complementary capabilities. To that end, most of these innovations are incremental innovations, combining existing technologies or features rather than creating a completely new product or service.

Challenges

As noted above, the challenges to co-development are many: identifying the right partner with a similar mindset, investment strategy and risk tolerance, providing the appropriate legal

agreements and safeguarding of intellectual assets, coming up to speed quickly even though the firms each have different cultures and methodologies.

Risks

The biggest risk in co-development is not legal, but operational. Simply finding the approaches to engage the two cultures and have people from each organization work together effectively is a significant task, and will endanger the success of the partnership. Clearly, there are legal risks associated when partnering with another firm, but those are fairly clear and reasonably understood.

Need for common tools, processes and approaches

Similarly to the cross-product team innovation, if two or more different companies are to work together effectively, they must determine a common approach, with common processes and tools. Without a common approach, the co-development partners will spend too much time deciphering the work of their partner firm, and not enough time focused on the potential innovation.

Need for management oversight and involvement

Anytime a business partner is involved in a critical business process, the management team will insist on management oversight. In this example, there will probably be a representative from the business development or strategic partnering team involved to represent each company's management team.

External, Open Innovation

In some instances the firm will want to sponsor innovation, new ideas or new concept creation by its customers, business partners and prospects through two “open” models. These two models are “open innovation” and “external innovation”. Most of us are familiar with Open Innovation as popularized by Henry Chesbrough. This model entails asking for and receiving ideas from customers, business partners and other third parties. External innovation as we define it includes defining new products, services or content in conjunction with third parties. YouTube and Open Source software are a few of the examples that follow this model. We expect many more innovations in the next few years to be guided by companies who shape or sponsor customer ideas in the open, using open techniques to identify ideas and models like the Wisdom of Crowds to evaluate market opportunities.

We’ve made a distinction between “open innovation”, which has traditionally meant encouraging and accepting ideas from partners, customers, consumers and vendors, and external innovation, which is more similar to the YouTube or Open Source model. Open innovation has become an accepted approach due to P&G’s stated goals. Beyond P&G, many other consumer products and services firms have announced initiatives to encourage customers to submit ideas that the firm can then convert into new products or services. External innovation, which we define as sponsoring third party networks of innovators or content creation, is still in its very early stages. As YouTube and other content aggregators and other open source software and business models proliferate, we can expect to see more innovations filter down from these approaches, and businesses will take a hard look at sponsoring these innovation models.

Open innovation and external innovation require more interaction and involvement with entities outside the organization, exposing the ideas to more market insight and feedback, and creating greater risk that the ideas may be more difficult to defend from an intellectual property perspective.

In either of these cases, it is important to very clearly define the challenge the firm is seeking to address or the opportunity or need when one of these models is considered. An open innovation program that does not guide third parties to specific problems or challenges becomes a “grab bag” of ideas with little relevance or importance to the business.

How a corporate innovation team can help

A corporate innovation team can help a business unit or product team define its needs and goals and ascertain whether or not an open innovation approach makes sense given the requirements and goals of the group. A corporate innovation team can act as an interface between the product teams and external companies and individuals who seek to submit ideas and concepts. The corporate innovation team can also act as a sponsor for forums or other external innovation approaches to gain increased customer involvement and insight.

What type of innovation to expect

The ideas and product/service concepts that arise from an external innovation approach will span the gamut from very incremental to completely new and disruptive. Defining the challenge, opportunity or trend carefully and communicating that to the participants will help provide greater context to the ideation and ensure the ideas are useful.

Challenges

Probably one of the biggest challenges to sponsoring innovation communities is the “not invented here” syndrome. Your teams may feel threatened by the fact that you are seeking ideas from external partners, prospects and customers. These feelings may lead some teams to resist ideas from external sources. Additionally, it can be hard to distinguish which ideas are merely “fads” and which ideas represent a long-term trend.

Risks

There are a number of risks associated with open or external innovation. The first and most important risk is identifying the ownership of an idea or any intellectual property. Receiving ideas over the transom is great, but fraught with risk as your team must understand the origin of the idea and whether or not other people would claim the idea as their own. Another risk when accepting ideas from the outside is setting the expectation that your firm will implement ideas that customers send in. Customers may become upset or disappointed if their favorite ideas are not implemented and turn against the company. Finally, when working with open source or shared content models, it is important to understand which approaches are fads, and which ones have sustainability. When reviewing social networking sites for instance, is the idea more like Friendster, which peaked briefly and died away or like MySpace, which is still going strong?

Need for common tools, processes and approaches

As ideas are submitted from a wide range of third parties and individuals, your firm needs to capture the ideas, record the submission and keep the submitters up to date on what is happening with their ideas. As the number of submitters increases and the number of ideas increase, a database becomes necessary to capture and manage the information. Recording the ideas and investigating them from a viability perspective and a legal perspective generates even more data about the ideas, requiring a sophisticated database. Given that legal will have an important role in this process, it may become important to define an evaluation process that is preceded by a legal review of the ideas to ensure there is no intellectual property infringement.

Need for management oversight and involvement

It's important to have management oversight for these activities, as the business can set a number of expectations in the market by opening itself up to receive ideas from its consumers and partners.

Concurrent innovation in several locations

In any firm with more than one product group, business function or geography, the management team should expect that innovation will happen in several of these locations simultaneously. Product groups and R&D groups should be conducting research to create new products or improvements to existing products, so innovation in that location is virtually a “given”. The executive team will constantly seek new market opportunities and opportunities for growth, so “white space” innovation will happen frequently. Many firms are seeking opportunities for co-development, to increase the speed to market for new products and to reduce the cost, timeframe and risk of innovation. All of these locations may sponsor innovation at the same time, while cross-product group innovation and external or open innovation happen periodically. It should be expected that innovation will happen simultaneously in several locations within a business.

As the number of innovation initiatives increase, it becomes more important for the teams to share a common approach and framework to communicate the investments, the work load and the opportunities to the management team consistently and coherently. If each team is allowed to work with its own process, methodology and tools, the management team will struggle to understand the investments and the likely return for innovation. At the same time, too much energy and resource is committed to creating processes that are not consistent across the organization, rather than bringing some of these ideas to life as new products and services.

A common innovation approach and toolset across these innovation locations will:

- increase visibility of the ideas that are investigated
- ensure a consistent approach to innovation across the organization
- reduce redundancy and rework
- ensure the efforts of the team are directed at evaluation and implementation rather than creating a process

At the same time, a small corporate innovation team can jumpstart these processes, acting as facilitators, coaches and trainers for the innovators in the various locations, who are not consistently tasked with innovation as a first priority.

Given these considerations, a central or corporate innovation team sponsoring consistent tools, techniques and processes for innovation across the organization is not only useful, but almost a requirement to keep the appropriate focus on innovation and ensure the concurrent innovation teams work effectively to bring new ideas to life as products and services. In this environment, the question should be “how quickly can we build an effective corporate innovation team” rather than “do we need to manage innovation centrally”?

Structure, roles and responsibilities of a corporate team

The roles and responsibilities of a corporate innovation team must be well-defined, to ensure no duplication of efforts with innovation in the various “locations”. Clearly, the corporate team can become the sponsors of a standard innovation process and shared innovation database. These

standard approaches help ensure everyone throughout the organization uses similar language and methods and can collaborate effectively. Beyond the standard processes and tools, a corporate innovation team can provide a number of other functions, including:

- Facilitation and coaching – members of the corporate team can help innovators in the various locations get started more quickly and provide an outsider’s perspective on ideas
- Idea sponsorship – in some cases, ideas that should be considered but are too risky or have a long gestation timeframe may be discarded by other locations. The corporate innovation team is a logical home for very disruptive ideas, ideas that are considered too risky by other organizations or take a long time to develop
- Trend watching and synthesis – the corporate innovation team can provide an important function in gathering and synthesizing trends, customer research and competitors actions. While much of this data is generated in many organizations, few take the time to evaluate what the information means and place it in context for future decisions.

These corporate innovation teams as we’ve defined them here can be staffed by four or five senior people acting as partners to the innovative locations in the business.

Conclusion

Each of these innovation “locations” presents an opportunity for innovation. Some, like the location within a single product group, offer low risk innovation with lower returns but a fairly high probability of success in creating and launching a new product. White space innovation, on the other hand, offers much higher risk with higher possible return, but a much greater failure rate.

What’s interesting about these different locations is that they share many similarities, but have some distinct differences. Each requires the generation and management of ideas, each is focused on creating something new, each has a higher potential for failure than the “normal” processes within these teams. Each represents a potential investment option by the management team and a potential increase in revenue, share or customer satisfaction.

They differ broadly on the amount of management attention and the requirements for participation from a corporate innovation team, with one exception. Each innovation location is best managed with a common, consistent innovation approach, language, process and database, whether all innovation will be housed in one small product team focused on incremental improvements or enterprise wide focused on disruptive opportunities.

The rationale for a consistent innovation process and idea database across these various innovation locations should be obvious. If each “location” is allowed to invent its own process and devise its own idea database, it will be difficult if not impossible to gain meaningful visibility into the ideas and understand their progress. Identifying and advocating one innovation process and one idea database for any type of innovation in any innovation “location” will provide more consistency and lower the barriers to collaboration.

While innovation should occur in several, if not all of these locations within your business, a common approach, methodology and toolset will ensure that innovation efforts are focused on identifying the best ideas and bringing them to market quickly, rather than focused on developing processes and databases. A corporate innovation team can help identify common methodologies and tools, and assist teams in the different groups

About OVO

OVO is a consulting and software development firm helping our clients improve idea management and innovation initiatives. We help our clients generate, capture, manage and evaluate ideas to speed new product and service development and launch, driving increased revenue and profits. Through our Innovate on Purpose approach we help define innovation processes and align teams to corporate strategic goals. Additionally OVO builds software to help create a collaborative framework for ideas and idea management.

For more information on OVO please see our website at www.OVOinnovation.com or call us at 919-844-5644 x789.