

Subject: Innovation Cycle & Rhythm
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Innovation Cycle & Innovation Rhythm

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Introduction

When organizations decide to “become innovative”, and establish a growth or innovation initiative, they often mistakenly apply many of the rules and morays of traditional planning approaches to the development of their new innovation process.

Two of the most inappropriate rules are:

- Innovation can be managed as a discrete or episodic event
- Innovation activities will yield a right answer for an ideal new product or service

What best-in-class innovative companies know, and what successfully growing companies find out, is that innovation is more than an “event” and more than “one right answer”.

They learn that innovation is based on a regular cycle of activities and that the cycle must be repeated at an appropriate rhythm & cadence to produce a flow of valuable ideas that sustain the growth of the organization.

The Innovation Cycle

Much of the money spent on creativity and innovation consultants flows to supporting pieces of an overall innovation process.

There are experts in ethnographic research, experts in team building, experts in meeting facilitation, experts in rapid prototyping, experts in Stage/Phase Gate processes, etc, etc.

Annual spending on these types of services rises every year, yet the average success rate of new products in the market stays flat. That is because each and every one of these experts can deliver a successful engagement, yet never deliver a result that impacts the top line growth of the organization.

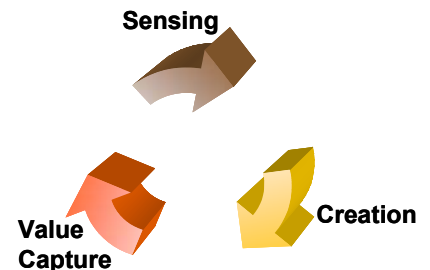
A whole range of activities, approached in a logical sequence, with a rhythmic flow, under the eye of an appropriately empowered governance body is required. Only then will and organization create an output stream that feeds the top line.

Put simply “the magic is in the cycle”, not the individual steps.

This is why we assert that it is better to be decent in all areas required to transform a novel insight into a new product (ie: “the cycle”), than it is to be excellent at any one of the discrete disciplines; and that it is better to strive for an ongoing cadence & flow of innovation rather than hunt for the one big idea.

There are three immutable aspects required of any Innovation Cycle:

- Sensing
- Creation
- Value Capture



Sensing: In order to get new ideas – we need to get new Insights and new Perspectives. In order to get higher quality (higher value/managed risk) ideas, we need to get higher quality Insights and higher quality Perspectives.

This is accomplished through a blend of basic analytical research together with empathic research.

Basic research provides solid data through quantitative & qualitative study and secondary sources; while empathic research provides a deep sense of market needs through unmediated customer interaction.

Most importantly, empathic research yields new perspectives, through which the relevance and significance of the data is interpreted. In reality, many break-through ideas are not the result of new insights – the insights and market research

data have been available for years – but rather are the result of new perspectives through which to view existing data.

A quality Sensing process must deliver both high quality Information and high quality Perspectives.

Empathic research is the domain of face-to-face contact with patients and customers in their own setting to see the world through their eyes. This helps provide radically new ways to look at the problem and unlocks new thinking.

Creation: Given a robust set of insights and a diverse blend of perspectives through which to view them (Sensing), generating new ideas becomes very straightforward.

What you do with the ideas, however, is more important than the idea itself.

"Breakthroughs are often not the result of new insights... but rather new perspectives through which to view existing data."

We have found that ideas and concepts that emanate from a brainstorming session frequently die on the vine or suffocate in a three-ring binder sitting on someone's shelf.

The majority of brainstorming experts consider their jobs to be done when the session is done, when in reality – this is only the true beginning of the next phase we call creation.

We ask clients to implement a 60 to 90 day window during which the top 3 to 5 ideas that were conceived during a brainstorming session can be matured and made ready for a decision.

During this 60 to 90 day window, ideas may be divided among internal and external teams for support. Teams must generate a detailed business case, technical case and product positioning.

It is only then, that a seed of an idea has been sufficiently nurtured to allow an objective evaluation and screening.

Value Capture: Now that an organization has understood the needs/opportunities in its market (Sensing), brainstormed novel ideas and refined those ideas into a tight business case, technical case & positioning (Creation) it must transition them to a fully fledged owner that will take the necessary steps to develop and launch the product into the market.

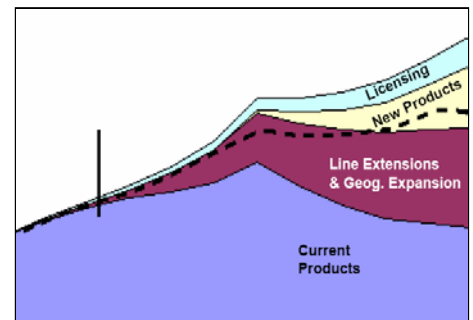
If the idea is a simple improvement or line extension, then the question of ownership is a simple one – it falls squarely in the hands of the line business unit that has P&L responsibility for the product. However, if the idea is a truly novel idea it will likely not fit into any current organization line structure.

By definition, truly novel ideas should not fit into current categories. So, if an idea doesn't fit within a current P&L structure, how can it find the necessary resources and support in order to pay for its development? In most organizations, this is referred to as the "chasm" or the "valley of death". The lack of immediate ownership and the high uncertainty often proves fatal to the program.

Open Innovation paradigms allow for these truly novel ideas to be supported internally, through external collaborations, through co-development programs, etc. By sharing risk and expertise, an external partner can make the difference between a truly novel idea dying in the "chasm" or prospering in collaboration.

Innovation Rhythm & Cadence:

Best-in-class innovators have clarity about their future growth ambitions. They are able to agree on the need for both short and long-term growth and have appropriate governance to drive the process of innovation forward.



With this clarity, it becomes obvious that delivering year-on-year top-line growth requires a healthy flow of new products/services – not just a magic bullet.

Using the metaphor of the human heart beat, we understand that the Innovation Cycle must continue at a predictable pace to produce a strong and sustaining flow of growth ideas.

During times of exercise and exertion, the pulse quickens. During times of rest and contemplation, the pulse slows down. But, the beat must go on to keep the organization thriving.

Summary:

A clear innovation cycle ensures that all steps necessary to transform an opportunity into revenue are taken, and prevents the waste associated with hit-and-miss innovation events.

A steady innovation rhythm & cadence ensures a steady flow of high-value / managed-risk concepts to sustain the top-line growth and health of the organization.

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