Moving towards a new way

Of managing innovation

Is there not a mounting case for designing a new innovation management system?

By Paul Hobcraft

Agility Innovation Specialists
The need for a new innovation management system

A short series discussing critical components of the new innovation management system

Article 1  Shifting Radically the Innovation Business Model
Article 2  Moving towards a new innovation service model
Article 3  The innovating power of ecosystems and platforms
Article 4  Technology leads, innovation exploitation is lagging

In a series of posts I am arguing that innovation management needs to radically be redesigned, based on the thinking around the shift from products to solutions, from transactions to growing far more value-adding ongoing relationships, from a supplier of product services into highly valued network partnerships, exploring innovation across all options, instead of delivering on discrete elements; this requires managing the whole ecosystem of the innovation design differently through technology, driving the design and response capabilities where platforms dominate and transformation becomes an ongoing process, to constantly evolve the business model, so as to seek out constantly changing market opportunities, in agile, adaptive and fluid ways, for successful innovation outcomes that meet those real customer needs and deliver seamless customer experiences.

Published on www.paul4innovating.com site in 2016 in “Insights & Thinking”
Shifting Radically the Innovation Business Model

I have been spending some significant time on questioning the current innovation business model, from both the customers (clients) perspective and the innovation consultants’ one.

Now we all know not all things are equal, many companies have invested significantly in improving their innovation capabilities.

Many of these have been heavily reliant on outside help in achieving this position yet all the effort has led to limited returns for many and still a work-in-progress.

Yet far more of our business organizations are continuing to really struggle on their innovation activity for a whole host of reasons that seem never-ending, disappointing in end result and stuck in management quicksand to ever really change.

*For me, the process and management of innovation really does need to be definitely questioned.*

*Perhaps we are in urgent need to change the very dynamics of how we undertake innovation.*

In my research I certainly felt also the innovation consultant is struggling. They might be in the wrong place for their service offering. Also countless studies on companies’ innovation performance are indicating the ‘needle’ of improving total innovation performance is stuck or gradually being pushed up with a lot of effort, questionable reward. We are failing to push the needle into dramatically improved innovation performances.

Surely this is the time for a more transformational change in how we conduct our innovation business?

*The innovation business failure that lies within our companies continues.*
If we take a current example, Jeffrey Phillips, over at Ovo Innovation has conducted a practitioner’s survey, in what the people who are actually “doing” innovation are actually thinking, to compare this with what the leaders at the top are feeling is happening. It seems a significant yawning gap is apparent but not addressed. In summary, on results gathered so far:

“The results so far suggest that while innovation is a key strategic focus, it’s still taking time to filter down to a day-to-day activity, frequently losing out to other priorities. The front end in many companies is poorly defined and much of the innovation work is incremental. Many of you worry about your internal innovation pace and losing out to competitors and new entrants. Innovation failures are frowned upon and few people have a chance to develop new innovation skills. Over two-thirds of those who responded felt that their company was failing to innovate at the same pace as competitors and new entrants, and almost 75% of respondents felt that they’d accomplished less with innovation than was possible within their organization”

I would say a depressing picture but in many ways ‘par for the course’ in what I feel also. Surely the innovation model within our business companies is indicating that it is not working, it is a broken innovating business model. It needs something radically different to occur.

The innovation consultants’ dilemma

The consulting industry is currently caught in the classic Innovator’s Dilemma, written about by Clayton Christensen. Christensen shows how most companies miss out on new waves of innovation. His answer is surprising and almost paradoxical: it is actually the same practices that lead the business to be successful in the first place that eventually can also result in their eventual demise. The consulting firm has become fairly caught up in a specific transactional business model with their clients and that is progressively not working as well as in the past.

The struggle is to find a different, sustaining business model and one of the keys must lie in the relationships between client and consultant. Constantly relying on outside help has considerable danger as the knowledge often does not reside inside and the employment of the consultant gives the needed expertise and experience that often never gets transferred or embedded. This might be great for reoccurring fees but not for all that is required for internal strengthening. It simply pisses the employee off.

Clients have been progressively attempting to change their reliance on outside help by employing the consultants within the organizations. Many large organizations have their own internal consulting teams deployed to offset external needs and bolster the internal capabilities.

I personally find this solution has not worked as well as intended, as they, the internal consulting team, over time, get sucked into issues detracting them from being the internal force of change, desperately trying to influence the leadership but eventually ending up as being allocated specific projects as project overseers or implementers. This reduces their
impact and has an erosion of influence over time, they become simply part of the furniture, caught up in the ebb and flow, like everyone else.

**So the innovation consultants need to change – why?**

I get the distinct impression the focus of most innovation consultants is still locked into product innovation or improving the process of the pipeline / portfolio, the idea generation and project execution model. It is not evolving into broader services or accounting for the transformations underway at the clients end.

Are the innovation consultants reacting to the massive changes in information asymmetries occurring and proving solutions to these? There is this growing redundancy of idle assets that are struggling to be reconfigured to take on new challenges and new purpose and failing to be agile, flexible and adaptive. The significant shifts deriving from technology change and digital disruption are not yet being translated into new innovation processes, frameworks or methods to extract the value of speed and unique insight and translate that out quickly into new products and services. The exploding position of mobile use and growing engagement opportunities with customers and other vested stakeholders this can offer is yet to be fully embedded into the innovation process.

There is a ‘heady’ mix of change swirling around the clients and are they being resolved with the outside help as much as they can. I’m not talking here of the technology consultant, I am asking is the innovation consultant as up to date on all the changes going on to improve the innovation process?

Equally are innovation consultants engaged across the whole innovation process, or participating in ever-increasing specialized niches of discreet work? Are they as influential on the internal innovation process or just simply providing the necessary resources on a ‘as and when’ need, due to resource constraints at the clients? Are they as ‘tuned-in’ and expert enough to be of value to specialized internal groups, working on their part of the innovation process or equation? Does the innovation consultant have depth in their own bench strength to provide ongoing value to their clients?

**Can innovation consulting firms step up to the plate and deliver differently?**

So I feel the business model mostly worked in consulting firms is broken. It is not in step with the changes going on. It seems ‘steps behind.’ It still wants to focus on the product, product idea generation, and the product pipeline and product portfolio as the main focus point. I think this is rapidly a focus of being in the past and new business models need to address the service provision far more.

The relationship with clients has been firmly in the transactional approach. They worked on specific problems, reviewed, recommended new designs, sold and delivered these and moves on (and out) of the clients.

Today the real value is not so much in transactional work but building longer-term relationship work. The idea of imposing solutions that fit their own capabilities and activities
is missing the mark, I believe, in offering customers distinct, tailored solutions fulfilling their unique needs.

To get to this point, consultants will need a far more networked approach on who they are tapping into, drawing down from an array of outside specialists to deliver the right mix of activities, and expertise. It will lie less in-house, more recognized as specialized, contracted out to work within the solution delivery, seen to resolve the client’s needs. This will require a more ecosystem approach, drawing in those who share in creating, resourcing and designing solutions that deliver to specific customer needs.

We need to accept that innovation is a complex system; it is not any more delivering ‘boiler-plate’ solutions.

**Redesigning the consultants business model**

For this to work consultants need to think through their existing business models and construct these far more towards a service provision that delivers more exactly to customer needs.

Any new business model needs to focus on finding the real overarching value that the client wants from the service provider and what they can deliver. I believe it will be less transactional and will enter a richer-relationship partnership, that makes the consultant far more accountable to deliver on this, in all its forms but more ‘vested’ in the outcomes. The key becomes knowing exactly the value proposition.

Also any new consulting model needs to deliver less on outputs and more on real measurable outcomes, the value delivery part. How this needs to be constructed, to make it specific to unique client challenges, yet scalable in different client work taken on, so as to defray the costs and attract the partnership value into the ecosystem of value partners so as to sustain and nurture what it offers, as leading edge and highly value. One that is constantly adding, so it continues to push in how it evolves and keeps attracting the client to participate, with all its connected value, providing a value proposition that delivers innovation in radically different but highly rewarding ways.

To achieve this the real skill becomes the building up of any existing value proposition and reconfiguring it to create a more appealing and valuable value propositions and offering a better value delivery system to deliver on this, through an ecosystem approach.

**My plans to evolve this thinking**

I have been working on these in my own mind over the recent weeks and I plan to share some of this thinking in the weeks ahead. I have structured my thinking (so far) into six parts. At present I’m still mulling over how to deliver on these as separate posts or some mixing and matching up to bring this altogether.

The six parts planned at present are: 1) the further case for building a new innovation service model, 2) the role of the navigator and orchestrator, 3) transformation- what does that really mean and its impact on whom, 4) plotting this out on an innovation road map, 5)
Moving towards a new way of doing things, adapting to a different world.

It is based on the thinking around the shift from products to solutions, from transactions to growing far more value-adding ongoing relationships, from a supplier of product services into a highly valued network partner, exploring innovation across all options and instead of delivering on discrete elements; it is managing the whole ecosystem of the innovation design differently.

Let’s see where I go in this in the coming weeks, hopefully somewhere of future value, so as to shift our innovation thinking to exploring new solutions to improve on its mediocre current performance. How can the innovation process capitalize on all the changes we are undertaking at present in new ways, so as to adjust to a different world of ushering in greater ‘engagement to deliver on the innovation opportunity’?
The realization that innovation goes way beyond product innovation is a massive hurdle for many of our existing organizations to overcome, certainly in what they are offering today as solutions.

We are also witnessing such significant erosion of long-standing practices, established boundaries between suppliers and customers, you get this feeling that everything is blurring.

This is part two of an extended series on my thoughts on “moving towards a new way of managing innovation” that explores the potential for changing the management of innovation.

How can the innovation process capitalize on all the changes we are undertaking at present in new ways, in broader engagements and collaborations, to deliver more effectively on the promise within our innovation potential?

Well I would suggest we do need to refocus

There is a very strong case we need to rethink the whole management of our innovation activity, as innovation is failing to deliver on its potential promise in the current ways we are attempting to undertake it, highly constrained and under-resourced.

We need to integrate product, service and business model innovation as a very basic must, so we can get closer to the demands within the market place necessary to succeed today, where customers are buying outcomes that they value, that fit their particular needs. The ability to sell solutions that deliver the required outcome is a shift that is extremely challenging and needs a more radical thinking in my opinion on how we value and manage our innovation practices.
We need to find a new way of doing things. I would suggest that it is based on the thinking around the shift from products to solutions, from transactions to growing far more value-adding ongoing relationships, from a supplier of product services into highly valued network partnerships, exploring innovation across all options, instead of delivering on discrete elements; this requires managing the whole ecosystem of the innovation design differently.

I have already started to lay out a case for significant change in my first post “Shifting Radically the Innovation Business Model” suggesting the innovation consultant has to redesign their role, position and service offering, to stay relevant within any management of innovation.

Producers of innovation need to transition radically into a different innovation delivery & design structure.

The radical changes we see occurring all around us requires radical responses. Our business organizations have relied on familiar practices, mostly established and still stuck in the last century, of driving internal efficiencies and effectiveness practices to the exclusion of adopting a more fluid and adaptive approach that continually adjusts to today’s more consistent changes.

Our organizations are far too rigid, still ‘wedded’ to their tangible investments in land, materials, and labour focusing often exclusively on the financial capital part delivering on the short-term returns only and not fully grasping or experimenting with any new framework that is being born out of the digital age, one that extracts from all the capitals that certainly contribute to innovation in such significant ways.

There is this new set of challenges confronting us. We all feel the need for speed as the pace of innovation quickens, as we face shortening life cycles, greater competition and growing market pressure. We are being pushed to look increasingly outside our own organization to seek the multiplier effect, to tap into different scale and diversity, and learn and quickly adapt from others.

We are suffering this ‘blurring effect’ as different, often novel business models in their solutions, are cutting across through past traditional borders, combining different value propositions that are totally disrupting and eradicating established positions, in record-breaking time and no one is immune to this ‘disruptive effect’

We are facing some challenging times with our structures, organization designs and the relevant internal skill-sets, all facing significant challenges and rapidly becoming ‘not fit for purpose’ in this challenging business environment.

We are holding onto the tangibles as our point of value we measure and not understanding the real ‘power’ within our intangibles to invest in them at significantly higher levels. Far too many of our business organization are trapped in the past designs, old business models and product only orientated solutions that fail to excite their customers, who are increasingly
becoming restless and demanding solutions to their unique needs, far more ready to abandon established brands if others deliver on those needs.

**The shift to intangibles within the digital age**

Source from [http://www.hazelnutfilms.com](http://www.hazelnutfilms.com)

There was a report written in 2013 entitled and under, “The New Normal: Competitive advantage in the digital economy” written for the Big Innovation Centre, an initiative of The Work Foundation and Lancaster University.

This was rightly suggesting that the real sources of value creation and competitive advantage in the digital economy lie in fluid and constantly evolving the intangibles. We still are failing to come to grips with this, to understand its force and position in today’s thinking. Technology or digitization has been such an underlying catalyst to this shift going on.

They see through their research, that the increasing digitization of economic activities has improved the detailed measurement of business activities (which aids better strategy formulation and positioning), enabled faster and cheaper experimentation (which fosters organizational ambidexterity and increases the likelihood of spawning innovations), facilitated the easier sharing of observations and ideas (which allows for the capturing of insights and learning from network members), and increased the ability to replicate innovations more quickly (which improves transaction cost efficiency).

These they suggest are the dynamic ‘factors’ of the digital economy, and must be harnessed in addition to the conventional factors of production, if firms seek to not just survive but also thrive in the new normal.

They are also outlining in this report, that there are seven intangible sources of competitive advantage and are in effect, interconnected and complementary. The real sources of value creation today and gaining competitive advantage lies in fluid and constantly evolving intangibles, such as firm strategy and positioning, radical innovation and first mover
advantages, intangible resources and competencies, organizational ambidexterity, network effects and externalities, transaction cost efficiency, and relational optimality.

It is the smart configurations, unique to each organization, of applying several or more of these intangibles that will create the new value in product and services and drive an even greater business model innovation change, to gain and sustain the competitive advantage.

The thinking they suggest requires a new ecosystem paradigm shift, needing a reinvention of the business model. I would suggest on the very way we manage innovation.

We must recognize our existing approaches to innovation need radically changing.

Why? What do I mean here? We seem to be failing at an awful lot.

Take a look at this list, far from exhaustive but it covers many of the problems we still face on innovation management. Opens a PDF file..... A selection of the causes that presently that are still holding innovation back

We are failing to address our failures in innovation. We need a radical transformation.

It is becoming clearer that organizations acting alone or in restricted collaborations are certainly not ideally placed to capture the opportunities available. They are often stifling innovation. The open innovation attests to that, it has helped but it is failing to be the radical catalyst for exceptional growth. After some initial spurts of additional growth it seems to simply settle back into being ‘simply part of the established norm’ and is often simply supporting the ongoing incremental performance. Can we go beyond this?

A radically different orchestration of innovation – highly networked

In my view we must go way beyond “open innovation” as we practice it today. There is a real need for a broader ecosystem approach that taps into a constellation of diverse and specialized players that all come together around a particular challenge, collaborating to deliver growing complex solutions that offer real growth value for the client.

I would argue this fits within a constellation of partners all working towards delivering innovation that is highly valuable, radical, disruptive and distinctive. A network of highly vested ecosystem partners all working towards a common goal on behalf of the organization that holds the principle intellectual property as the foundation partner.

An ecosystem arrangement with a multitude of agents participating in resolving complex challenges, sharing their individual knowledge, pooling their collective expertise, working in a collaborative creative environment, of a platform design where the development and commercialization of the process is established, mutually understood on who shares or owns what, and working on creating real value creation that delivers on the expertise and passion infused into this.

These clearly needs orchestration but we have to think perhaps differently on who this orchestrator might be. This is the subject of a future post within this discussion.
The need for a radical design and more collaborative exacting solution-driven innovation

Value creation and value delivery is proportionally coming from those that provide a real service to customer needs, design their business models to be highly adaptive and flexible. This requires this growing ‘constellation or network’ who provide specialized experience, advice, information, assurance, infrastructure and leasing and far less reliance on the traditional need of owning physical goods, all working within the specific innovation ecosystem and platform’s designed to facilitate and collectively solve bolder innovation issues and challenges.

This I would suggest calls for a very radical ecosystem of design consultants and a partnership of vested stakeholders that work within an innovating hub. They collaborate and build the unique ecosystem required that provides the value delivery system to manage this.

My thinking continues in further posts around this theme of creating a greater collective engagement to deliver on the innovation promise in radically different ways, moving towards a different innovation management system than we have at present.
The innovating power of ecosystems and platforms

Posted on August 17, 2015 by paul4innovating

Our whole understanding of innovation is changing; there are numerous shifts occurring.

We are moving towards a new management of innovation where ‘greater’ collaboration is fueling new business models built on platforms, formed around ecosystems of communities with vested interest, contributing and extracting value.

Today and in the future, the value is created outside the individual company and not within. It is a far more working as a constellation, drawing from an evolving network effect seeking out combined solutions from this design.

In this third post of an extended series on my thoughts on “moving towards a new way of managing innovation” that explores the potential for changing the management of innovation, this looks at the significant value of platforms and ecosystems.

We need to find a new way of doing things differently around innovation and its management.

This is based on a relationship-based, networked designed concept built for collective activities. Relationships where shared value leads to a value creation that no one single organization can provide. This requires open collaboration and an environment seeking mutual promise from individual input, contribution and extraction, delivering an integrated set of services and solutions being constructed on the platform from a sharing of knowledge, for delivering into evolving value propositions, all benefiting from, both collectively and individually.

I am proposing in this series a view that innovation management needs to radically adjust and will be based on the thinking around the shift from products to solutions, from transactions to growing far more value-adding ongoing relationships, from a supplier of product services into highly valued network partnerships, exploring innovation across all
**options, instead of delivering on discrete elements; this requires managing the whole ecosystem of the innovation design differently through technology where platforms dominate.**

**Moving towards an even greater openness**

We are evaluating and changing our existing focus from being closed up and having an exclusive internal orientation to innovation solutions, into ones that are having a far more open stance, more collaborative, open to external ideas and thinking. We are searching for more collaborative innovation combining external partners into more ‘collective thinking’.

These dialogues within the ecosystem, influence and shape each other, they alter the terrain, they compete and collaborate, they share and create resources, they co-evolve and adapt to new understanding, becoming increasing dynamic and interconnected, due to the recognition of mutually building value is greater than individual solutions.

The greater the collaboration improves chances of creating even greater value, finding solutions that are unique, radical in design that customers rate and seek out to resolve their needs. The value of being involved in a dynamic platform offers the provision of constantly building and increasing the value of the services and content found on that platform, it continues to evolve and improve. It proliferates, is dynamic and constantly evolving where everyone contributes, everyone benefits in a shared ‘commons’ but within a unique entity offering sustaining competitive advantage, solving complex problems but providing individual needs and returns.

**Shifting towards many to many (m2m)**

This shift to collaborating on a many to many platform is offering us extra acceleration that is needed to improve our innovation performances in radical designs that can significantly change existing market spaces from concept to market delivery. The phase of “open innovation” connecting one party with another (one to one) is well-established. We are presently entering the phase of ‘many to many’ and the use of platforms to manage this is still in ‘emerging practice’.

Collaborative innovation is also leading us to higher chances of achieving greater impact and success, as nearly all novel ideas lay outside the organization’s domain of understanding. As we increasingly include the customer and their needs within our understanding, these multiple collaborations and dialogues are building this better internal understanding.

There also seems that many organizations are presently searching for their new business models’ of innovation delivery or architecture. I’d say we are presently in a state of flux on adjusting to all of what this might mean, in customer and market offerings, as well as internally adapting our structures to the new forms required in these business model changes.
Loops are replacing the linear

Equally, we are constantly moving from managing in linear innovation processes and making these more adaptive, constantly looping back when new information or data is being discovered, increasing this knowledge and insight in highly dynamic, constantly evolving and informing ways.

We need to adjust and learn the value of platforms, about the power of ecosystems and be significantly open about partnerships and shared intellectual property to tackle far more complex innovation challenges.

If we set about to properly designed business platforms these create and capture new economic value and scale the potential for learning across entire ecosystems of resources and participants that can give new meaning to innovation solutions that tap into our needs and can be scaled and adapted constantly.

Adjusting to many different forms of external relationships

We are forming external relationships in many different ways as this increased diversity does matter to each organization for building different competitive positions in their innovation offerings.

We are creating the potential to deliver innovative products and services through new business models that would not have been enabled by only having the one organization attempting it. Collaborations are significantly adding value into the innovation equation.

Also we are seeing complexity rising considerably. The search for finding greater value is shifting even further, increasingly forming around innovation ecosystems, loose federations of vested interest, forming and dispersing when the job is complete.

So is ecosystem thinking part of your innovation make up? Let me offer some thoughts.

So why are business ecosystems emerging as a real competitive force?

As we begin to open up our thinking the concept of ecosystems will increasingly having a powerful effect on our future growth perspectives, as different partners will all contribute to this often ‘emergent’ thinking to increase the total sum of the value.

Our innovation exploration will become far more evolutionary and requires a completely different way to think and manage these ‘relationship contract’s’ that are forming around a given concept of platform engagements. As we tap into all the expertise up and down the value chain we will become far more aware and will need to explore all the depth in thinking, contributing and making available through extending our connections in deeper and broader ways. Knowing how to adjust, accommodate and shift our thinking requires us to become more agile, finding new ways of connecting and working.
A single industry focus is in decline

Opportunities exist everywhere. We need to look well beyond our own industry to evaluate different perspectives, seek out the potential of different concepts that can be adapted to our own industry. Many companies are exploring the value of becoming involved in a business ecosystem that crosses a variety of industries to build new communities that have the capacity to transform existing environments.

A new battle ground of organizing ecosystems and providing platforms

As an example, let’s take the “battle of mobile devices” has now become a war of building the better ecosystem. It is not one single product it is chasing increasing share of minds, preferences, changing habits and tastes and to achieve this ‘paradigm’ shift the search is on for forming the ecosystem that can deliver this ‘transformation’. This is coming through apps, technology, different value propositions built into a platform of offerings that combine through your mobile device.

Another example is the Autodesk facilities at Pier 9, in San Francisco that includes a cutting edge digital fabrication lab, a woodworking shop, a metalworking shop, a 3D printing lab, laser cutting and printing capabilities, an electronics workshop, a commercial test kitchen, and an industrial sewing center as well as smaller specialty project areas, all highly linked into technology and services.

This is allowing for start-ups, small and medium-sized organizations are given even more chances to bring their concepts to life and finding the opportunity to compete with larger organizations through this approach. The combination is helping you to create real functional end-use parts with additive manufacturing, production processes and software applications all in a one shop environment.

In the car industry, consolidation is forcing a collaborative rethink. Sharing core platforms is driving commonality and global flexibility. There is this industry push for more universal regimes to drive down costs, guarantee quality and standardize the production and supply chains. This approach is cutting across suppliers, extending collaboration between traditional rivals on this need to contain costs and variance and extend global reach. It has enabled a significant shift on redefining competitive positions closer to customer needs by focusing on distinctive propositions, less on car assembly (since industry reliability has universally risen by applying industry ‘best’ practice for much within the manufacturing and production of cars).

Also one outstanding example is Salesforce.com as a platform manager, today positioned as the customer success platform, where they offer a trusted enterprise cloud app platform for building and managing all your customer relationships. Today Salesforce is powering innovation in sales, service, marketing, community, analytics, apps, and more.

Stepping out is stepping up

Today there is growing realization that thinking ecosystems can allow us to have a new framing of possibilities and offer us different mind-sets that tap into different and diverse
relationships, partnerships, alliances and collaborations. This was unthinkable until recently, without the enablers to make these connections through technology and more open platforms where you can come together and collaborate.

Also the positioning of platform thinking is another. To quote, I believe from Marshall Van Alstyne, a professor at Boston University “products have features; platforms have communities”. Today we are realizing that the growth and value lies within communities, we see Uber owning no cars, Airbnb bring ‘idle’ real estate into places to stay, and Facebook creates no significant content itself, it just provides the space (platform) for others to build and extend their communities as part of their social strategy or simply a place to go and keep in touch and aware. In all three of those examples, platform users represent the origin point of the product or service.

What the companies we are valuing the most? Take a look all are based largely on technology with platforms where the ecosystem thrives through the exchange, interactions and collaborations they provide. Google, Apple, Amazon, Alibaba along with GE, Intel, Cisco, Microsoft, IBM, Samsung, Oracle.

We are equally searching for ways to democratize our business model’s today, one way is through crowdsourcing that can represent the future true value of the platform investment by others joining, creating and providing additional new value.

As we embrace “all things digital” and connect between ever-increasing communities, we will tap into and rely far more on a wide partnership of contributions. We are significantly recognizing the limitations of our past products and services, this way of innovating is on the way out, and platforms are the ‘in’.

In summary

The increasing value of participating in ecosystems allows for large and small organizations to create, scale and serve markets in ways unthought of previously. The ability to interact and co-create in increasingly sophisticated and novel ways on platforms opens up new opportunities.

These ecosystems form a bond of shared interest, of recognition and purpose which quickly becomes established as the new ‘commons’ in sharing and contributing and the platform management organizes and shapes the value for all involved to ‘extract’ their share of the innovation solution.

The future of successful innovation management is managing in the cloud, on platforms and through ecosystems. These are radically altering the way we need to manage our innovation designs.
Technology leads, innovation exploitation is lagging

Posted on August 26, 2015 by paul4innovating

There is a growing, perhaps even an overwhelming business case, for transforming the innovation management structure. The new combination is the new connections through people and things (IoT) that we can achieve a new innovation potential.

We will obtain increasing more powerful insights that have the real potential of being turned into new innovation outcomes, through the connected businesses we are presently needing to build. This can generate new value and business propositions.

Today the virtual world of digital is moving much faster than the physical ‘enacted world,’ of turning insights into actual innovation activities, through the innovation pipeline. Our innovation systems are lagging significantly behind. We need to radically redesign them and bring them up to date, fit for managing innovation in the 21st century.

The whole discovery to final execution, is for most organizations still a very fragmented, often disconnected system. It is highly reliant on manual systems with people often disconnected from the real innovation engagement making decisions on inadequate data or insights.

We are failing to leverage all we have gained from our innovation understanding over the years. We have this ongoing inability to adapt, to connect the innovation system through the use of technology and growing value networks, so as to provide the integration, the dedicated resource and accountability to deliver successful innovation outcomes that our customers require. Successful outcomes that are certainly possible, from a well-designed innovation management system brought up to date, adaptive, flexible and responsive, if we apply the time and effort to conceive and construct it.

It is still managed mainly through a linear process of stage-gates and investigation/validation to decide to move on or not. I can’t see this continuing to work in any efficient or effective way in such a digital hyper connected world, where insights flood into the innovation engine room, expecting the same ‘hyper’ response and delivery outcome result.
We need to address this incompatibility, we need to integrate and harness the innovation management system and bring it completely up to date and integrated in design and function.

In a series of posts I have been arguing that innovation management needs to radically be redesigned, based on the thinking around the shift from products to solutions, from transactions to growing far more value-adding ongoing relationships, from a supplier of product services into highly valued network partnerships, exploring innovation across all options, instead of delivering on discrete elements; this requires managing the whole ecosystem of the innovation design differently through technology, driving the design and response capabilities where platforms dominate and transformation becomes an ongoing process, to constantly evolve the business model, so as to seek out constantly changing market opportunities, in agile, adaptive and fluid ways, for successful innovation outcomes that meet those real customer needs and deliver seamless customer experiences.

Mashing up for explosive change

I recall reading that up to now, each digital technology change was a separate era of change, to absorb and adapt towards, yet today we are facing something seemingly different, a collision, a whole mash-up of disparate technologies and systems, that seem to be heading for such an explosion of change, a post-digital transformation.

This merging of cloud, big data, social, and the internet of things is becoming the new system of discovery according to some. Others call it the crossroads where the post-digital reality of bringing together the cloud, mobile, interconnected devices, data analytics and embedded intelligence are pointing us to a hyper-connected world, less tomorrow, more speeding towards us in the here and now.

Digital matters, in its raw innovating power and its potential business impact

I think digital is clearly a transformational phenomena across much of today’s existing business. The unique combining of the cloud, big data, social streaming, the internet of things, mobility, the industrial internet, are all making this the time for new growth opportunities through this digital economy and the radical overhaul of the activities to realize the benefits.

The enterprise integration will need to be constantly evolving, adapting and become highly agile, it will totally redistributed, decision authority will move more rapidly towards evolving business models and distributive decision-making, to seize breaking opportunities far more quickly than in the past.

Business models will not stand alone, they will interlock in intelligent ways, to benefit from scale that becomes the essential need and greater appreciation of sharing services, jointly working towards common outcomes. These strategic connections will open up different partnerships, opportunities for shared cost of new channel developments, separate value
propositions driven through common back office services and increasing requiring a platform management to manage these.

**We are transcending traditional industry and product boundaries**

The dizzy array of strategic choices will totally disrupt existing business models if they are right in their design. The whole world of communicating, transacting and designing all the different negotiations and products that meet the immediate needs of the customer makes this the “digital business era”, where constant redesigning and orchestrating the parts will keep it at the forefront by a constant evolving set of combinations and leveraging a network of diverse capabilities.

It will be how and where a business or entities of business come together and see where ‘people, things and their business offering’ can come together for mutual value based on the unique combinations of the different technologies available.

There will be a constant evolving evaluation of the assets both internal and externally that make up this digital world (people, the business and things) that will take this out beyond the control of one company, into a system within a larger system to make it work at a constantly evolving speed and gain adoption. Innovation will certainly not get any easier; it will be faster, more demanding and a heck of a lot more risky.

**Innovation is caught up in this transformational change.**

To be an innovator, you are always restless but the present structures and frameworks that innovation operates within have been often highly constraining and heavily reliant on manual operations. Innovation as a system has often conflicted within the approaches taken by our organizations. The quest is in finding different approaches to allow the human side to shape, interpret and extract the value not just in what they want to see but through different lenses

**The balance in innovation activity is changing**

What needs changing is the innovation process to accommodate these changes that are occurring all around us. We will need to transform much within our systems but more importantly to orientate our skills to receive, translate and diffuse new knowledge, in significantly different ways.

It is through this combination of people and ‘things’ connecting into our businesses that we will be able to extract new observations, to give us insights that can lead to completely different innovation opportunities. Huge amounts of data can be interpreted through specific algorithms but these will have to have set very clear parameters set within them, for them to be of any worth on what we believe is needed by our customers, for delivering successful innovation outcomes.

**The real need is delivering a new integrated innovation engagement platform**
Without doubt digital and physical operate at really different speeds. We need not just a new innovation management system; we need a modern engagement platform. We need to integrate and sync so many transaction and stand-alone systems that have been allowed to proliferate over the years to meet specific business needs.

The growing pressure will be demanded to find solutions that provide a cohesive and business-focused approach to the new social enterprise where we seek engagement at scale into a multiple array of communities and advocates that has data and innovation as its core.

The Need to Automate the Innovation Process

We still are very reliant on stage gate intervention points, often more due to dogma and imposed oversight by committees occasionally meeting. Decisions are determined by the human, based less on hard knowledge or dynamic intelligence, often these have tended to be thinner on the ground to validate concepts and judgement becomes highly personal and reliant on (past) experience.

What can we change within this? There are leading practices to compare and contrast with but we do need to push this automating the innovation process further, in different ways.

How can we connect, enable and deliver better innovative outcomes?

There is so much to be realized, connected and enabled for the higher scale, richer, more innovative business outcomes but it is a massive undertaking that is only just being ‘kicked off’ by the current internet of things. It will eventually become the integration of everything but the disruption and realization of what needs changing is only just dawning on many.

We need to review organizational engagement. Much has to change, be uprooted and completely revisited to begin to design a new digital and physical integrated innovation system.

The need to respond quickly to new business objectives

We will need to adjust our thinking on risk. Technology insights can provide a better mitigate risk, it can equally fine tune innovation but it can equally make it far more complicated. Massive amounts of data can complicate decision-making, determining the right decisions and next steps.

Technology will require opening up the present risk mitigation process to capitalize on emerging opportunities at greater speed and higher levels of compromise, to meet that emerging opportunity ‘seen’ requiring it to be turned into commercial offering quickly, so competitive advantage can be gained.

Managing digital knowledge that adds value and growth

Digital technology is about to become the precursor for all the changes we have put off for years within our organizations. We need to radically improve our abilities to engage, relate
and discover new innovation opportunities at a completely different level of faster performance.

There are many issues both strategic and tactical to work through, to extract the rich potential from any digital transformation for new innovation growth outcomes.

Digital is presently moving way ahead for the systems our organizations have presently in place. What does need changing to ultimately yield the innovation returns we will be looking for?

Expectations and reality needs resetting, the hard work is not ‘just’ in connecting the technology, it is its impact that it will have across the organization to be able to ‘react, respond and reorganize’ in very different ways from today’s practices.

We are dealing with a completely different set of mindsets, skills, procedures, governance, processes and responsibilities. To gain from the digital evolution taking place we need a robust, comprehensive and radical overhaul of much of what is going on within our organizations.

We need to begin to really think though this as a complete redesign – achieving a clear engagement platform for all to gain from

So in our need to achieve a greater engagement from everyone within our organizations we need to recognize the importance of having a ‘modern’ engagement platform available, a central place for scalable learning to take place, so we can structure the new knowledge and insights that is coming into the organization and manage this through a well-designed innovation system into a final execution of successful innovations.

Moving from ad-hoc approaches to an integrated, synergistic and designed for each organizations unique state for the innovation management process to perform in today’s and tomorrow’s world on a sustaining basis. One where technology is central to its structure, highly connected, highly adaptive and totally fluid in its response to meet the constant array of innovation opportunities, looking to have solutions applied to them.

Is there not a mounting case for designing a new innovation management system?

I clearly am convinced there is and it certainly can be designed today in my opinion.

What is involved in plotting out a new innovation road-map, who is the lead orchestrator or the navigator in this and can we structure this design accordingly, to bring it into our organizations sustaining innovation?

One that offers a system that is fully integrated, connected and compatible with the needs of the business to grow and recognizes the need to build a sustaining innovation capability.

One that can to capitalize on the innovation opportunities being discovered in new and different ways that need connecting and accelerating, into commercial propositions that meet customers’ needs?
About Paul Hobcraft

I simply enjoy innovation. I got ‘hooked’ fifteen years ago and since then have increasingly focused on innovation until it is 100% of my business thinking and activities today.

I research across innovation, looking to develop novel innovation solutions and frameworks where appropriate. I provide possible answers to many issues associated with innovation with a range of solutions that underpin my advisory, coaching and consulting work at www.agilityinnovation.com.

The aim is to support individuals, teams and organisations, in their innovation activity, applying what I have learnt to further develop core innovation understanding, so clients can achieve positive and sustaining results from their innovating activities.

For me, innovation needs to enter the DNA of our organisations and our own individual make-up. In my writing, I try to offer a range of thoughts on different aspects of innovation to help each of us to understand this subject better.

Innovation as a source for our growth fascinates me.

As for my personal journey

How I got to this point I can only say it has been varied, challenging but full of fun and learning. This has taken me to live and work in Saudi Arabia, Kenya, Malaysia, Switzerland, the Netherlands, USA, Hong Kong, Australia, and recently twelve years in Singapore. Today, I live in Switzerland, my adopted home.

I’ve worked in a number of senior positions within global corporations, in global, regional, country and functional levels tackling different challenges that have included start-ups, turn-rounds and significant re-engineering and operational design or automation across a global network.

The work has been varied, the challenges diverse coming from starting up different businesses in emerging markets, turning difficult ones around in challenging economic and market conditions more than once, re-engineering a global organization over a three year period choosing to live permanently out of a suitcase (or two) for months at a time in each
of the major global locations as the best way to deliver the changes, and finally simply accelerating companies, getting them through to critical mass points, for achieving their positive contributing footprint, within the world.

In 2000 I went into my own business of consulting and advisory work, firstly based in Asia and then in recent years, based in Switzerland.

After I moved to Ticino in Switzerland, from Singapore I am spending different times between the two regions, although Europe holds an increasingly more central role. All the time my focus is on innovation and many of the related topics that move it increasingly towards a core within organisations. Innovation understanding does ‘simply span’ globally and I have been fortunate on building on the foundations initially laid down in Asia and advanced while in Europe through an ever-expanding network of collaborators, knowledge and insights.

My present focus is spent building this innovation practice, providing advice on building the right capabilities and capacities, into organisations or individuals wanting to advance on what they have already in place; to improve, accelerate and develop their innovation competencies and understandings of the ‘fit’ of innovation.

**Paul Hobcraft** has been voted into the top innovation bloggers over a consistent period from 2012 on a leading Global Innovation Community- Innovation Excellence-

“These accolades are highly appreciated and valued- they inspire me to keep innovating in my own unique way and style. These recognitions help me believe I can contribute to the wider innovation community we are all part of”

Paul Hobcraft runs Agility Innovation Specialists: [http://agilityinnovation.com](http://agilityinnovation.com)

His Email is: paul@agilityinnovation.com

Direct contact: +41 91 751 4350

The organization is based in Switzerland for Europe & Singapore for Asia.