

Innovation

Practice

Dr. Philippe J.S. De Brouwer

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EMBA@AGH

Outline

Innovation Styles

Embedding Innovation

Useful Tools

- Design Thinking

- The Business Model Canvas

- The Pitch

- Innovation Leadership

- Teamwork

Examples of Expensive Failures

Conclusions

Innovation Styles

Inventions



Figure 1: the wheel was invented 4,500 BCE (image: the Ljubljana Marshes Wheel with axle, the oldest wooden wheel discovered – Copper Age (c. 3,130 BCE) – source: [wikimedia.org](https://www.wikimedia.org))



Figure 2: Alfred Krupa designed as wheeled suitcase circa 1954 –
Source: Public Domain

Inventions and innovations

1. **discovery**: understand or identify something that has been like that for a long time
2. **invention**: create something new ... usable or not
3. **innovation**: convert knowledge into value by modest or radical changes

The Innovation Spectrum



Figure 3: Innovation can be on the spectrum from small and incremental to radical change

The 4 Innovation Dimensions

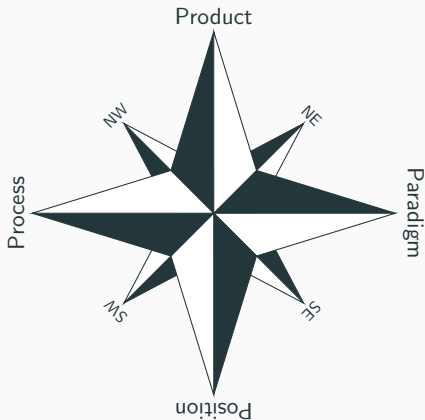


Figure 4: The 4 axis of innovation presented in a compass, but it really is a 4D space and cannot be accurately reduced to 3D – after an idea of John Bessant

The 4 Innovation Dimensions: examples for Product

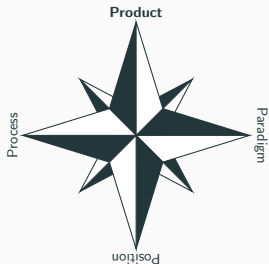
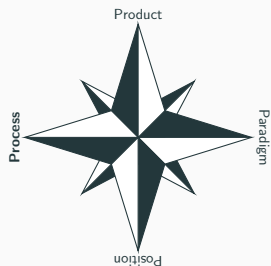


Figure 5: Examples of product innovation.

The 4 Innovation Dimensions: examples for Process



amazon

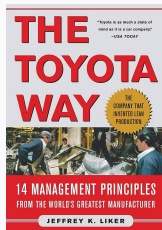


Figure 6: Examples of process innovation.

The 4 Innovation Dimensions: examples for Position

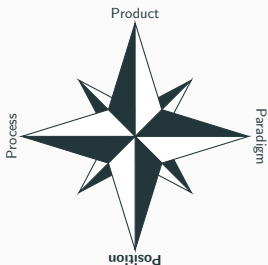


Figure 7: Examples of position innovation: who we offer the product to.

The 4 Innovation Dimensions: examples for Paradigm

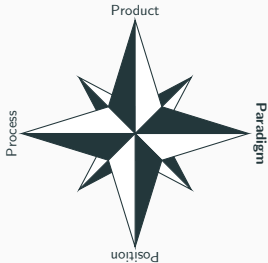


Figure 8: Examples of paradigm innovation: a radical new model.

Usually it is a mix of the four dimensions

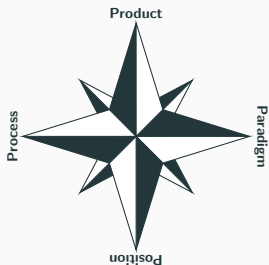


Figure 9: Innovation in one dimension often leads to changes in the other dimensions.

- Innovation can be everywhere in the 4D space of the 4 P's
- Innovation can be everywhere in the spectrum from incremental to radical
- Innovation in one dimension can require or lead to innovations in other dimensions
- There is opportunity in all innovations

Embedding Innovation

The Innovation Trajectory

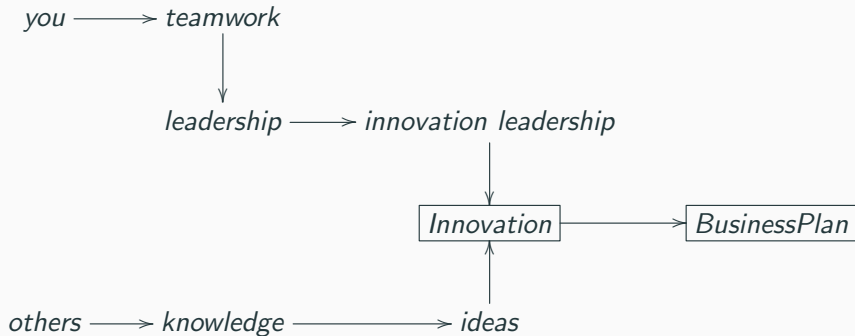
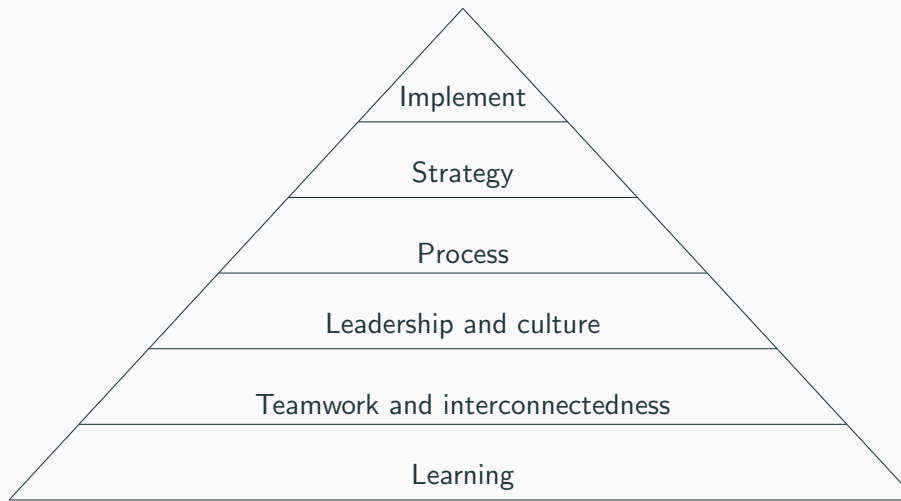


Figure 10: Our path to more efficient innovation illustrated.

The Innovation Pyramid



Innovation Checklist

- Are we a learning organisation?
- Do we have a process that enables innovation?
- Do we have a culture that allows for innovation and risk taking?
- Do we have a strategy to use innovations when they pop up?

Useful Tools

Design Thinking

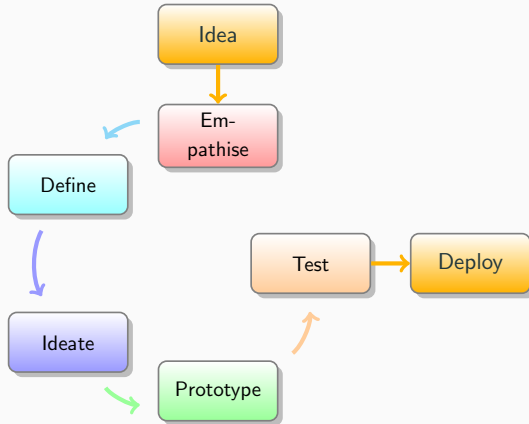


Figure 11: The steps in the Design Thinking Method

What is the Business Canvas Model

Business Model Canvas is a tool to create an overview of the essential elements to run a business. It can be used to start a new business or document an existing.

The Business Model Canvas was initially proposed by Alexander Osterwalder based on his earlier work on business model ontology.

The Business Model Canvas









The Business Model Canvas		Designed for:	Designed by:	Date:	Version:
Key Partners  <p>Who are our key partners? Which are our most important partners? Which Key Activities are we outsourcing to partners? Which Key Activities do we perform per form?</p> <p>Value Propositions What value do we deliver to the customer? Which segments do we target? Which customer needs are we satisfying?</p> <p>Channels How do we reach our customer? Which channels do we use? How do we reach our customer? How do we reach our customer? How do we reach our customer?</p> <p>Customer Relationships  <p>What type of relationships does each of our customer segments expect us to establish? Which ones have the most value? How are they integrated with the rest of our Business Model? How costly are they?</p> <p>Customer Segments  <p>For whom are we creating value? Who are our most important customers? How many? How much? How often?</p> </p></p>	Key Activities  <p>What Key Activities do our Value Propositions require? Our Core Business Channels? Customer Relationships? Channels of Distribution?</p> <p>Key Resources  <p>What Key Resources do our Value Propositions require? Our Core Business Channels? Customer Relationships? Channels of Distribution?</p> <p>Cost Structure What are the most important costs inherent in our Business Model? Which are the most variable costs? Which are the most fixed costs? How do we manage our cost structure?</p> </p>	Value Propositions  <p>What value do we deliver to the customer? Which segments do we target? Which customer needs are we satisfying?</p> <p>Channels  <p>Through which channels do we reach our Customer Segments? How do we reach them? How are we reaching them best? How are our Channels Integrated? Which ones have the most value? Which ones are most cost-efficient? How are we integrating them with customer relationships?</p> <p>Revenue Streams  <p>For what value do our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?</p> </p></p>	<p>Key Partners Which partners are we depending on? Which partners are we outsourcing to? Which partners are we outsourcing to? Which partners are we outsourcing to?</p> <p>Key Activities Which activities do we perform? Which activities do we perform? Which activities do we perform? Which activities do we perform?</p> <p>Key Resources Which resources do we need? Which resources do we need? Which resources do we need? Which resources do we need?</p> <p>Cost Structure Which costs are most important? Which costs are most important? Which costs are most important? Which costs are most important?</p>	<p>Customer Relationships Which relationships do we expect to establish? Which relationships do we expect to establish? Which relationships do we expect to establish? Which relationships do we expect to establish?</p> <p>Customer Segments Which segments are we targeting? Which segments are we targeting? Which segments are we targeting? Which segments are we targeting?</p>	
					Cost Structure

Figure 12: The Business Model Canvas – more and source:
https://en.wikipedia.org/wiki/Business_Model_Canvas

Pitch Definition

In selling technique, a sales presentation or sales pitch is a line of talk that attempts to persuade someone or something, with a planned sales presentation strategy of a product or service designed to initiate and close a sale of the product or service.

A sales pitch is essentially designed to be either an introduction of a product or service to an audience who knows nothing about it, or a descriptive expansion of a product or service that an audience has already expressed interest in.

Hints for an Impactful Pitch i

1. **Make it interesting and get to the point fast** – Attention is not a given, it has to be earned. Attention spans decrease.¹ Maybe use a “soundbite” (catchy phrase).
2. **Practice and time the practice** – plan for 20% less time; remember that reading is faster than speaking
3. **Know who is in the room** – tailor message but not the essence (e.g. customers are more interested in value propositions, investors more in revenue potential)
4. **Have a clear goal** – what do you ask: money, partnership, a loan, an order, . . .

Hints for an Impactful Pitch ii

5. **Be ready for questions** – questions about the idea, what-if questions or even statements disguised as questions (be prepared to brush these off)
6. **Do we clearly communicate who is customer, what is the offer and how the revenue works** – Make the Business Canvas Model and have it with you. Make sure you know why *you* will succeed.
7. **Look competent** – no need to wear a suit and tie if you're not used to it though.
8. **Have a prototype or at least pictures of it** – a picture is more worth than thousand words.

9. **Know who the competition** – it is not necessarily bad if your idea already exists, but you *need* to know that.
10. **Use minimalistic slides with predominantly images** – Guy Kawasaki has the 10-20-30 rule: 10 slides, 20 minutes, 30 point font.
11. **Have a great opener and a great closer** – The opening and the closing words are the most powerful.
12. **Be prepared for technology failures** – no comment ;-)

¹You can check out “How to Pitch Anything in 15 Seconds” from Forbes.

Innovation Leadership

Innovation has the following steps:

1. Idea Generation
2. Evaluation
3. Implementation

Remember the innovation spectrum:

1. incremental innovation – improve existing service or product / minimal risk – requires transactional leadership (e.g. Lean, Six Sigma)
2. radical innovation – new ideas and strategies / risky – needs innovative culture

Leadership Roles

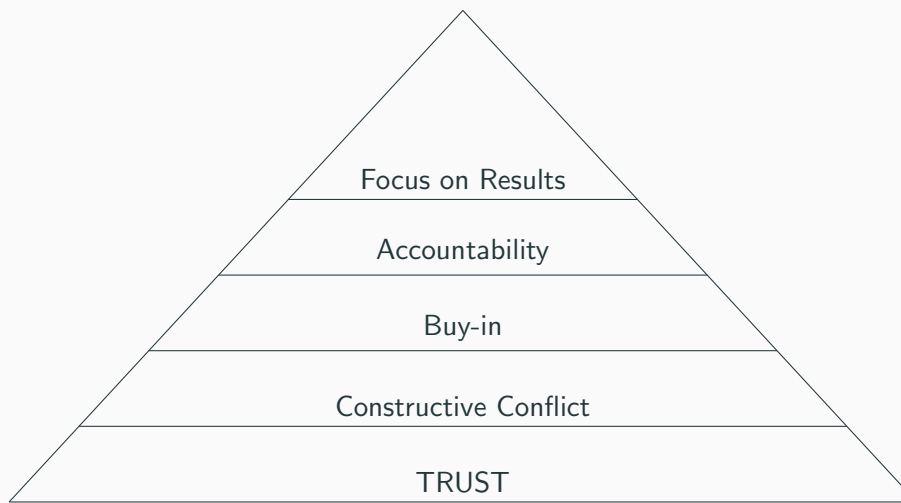
1. Providing creative input and idea suggestion to employees
2. Providing employees with clear and concrete goals
3. Allocating organizational resources (i.e. research and development spending; manpower) for implementing ideas

Leadership Roles

1. Establishing a supportive climate for creativity within the organization
2. Acting as a role model for innovative thinking
3. Providing employees with rewards and recognition for innovative thinking
4. Hiring and team composition (i.e. putting together teams with specific skill sets needed for innovative thinking, or hiring employees with creative personalities without planning what they work on).

Innovative Organizational Culture/Climate

- **Organizational Encouragement**
- **Supervisory Encouragement**
- **Work Group Encouragement**
- **Autonomy**
- **Resources**
- **Pressure**
- **Organizational Impediments to Creativity**



Examples of Expensive Failures

The image shows the classic Yahoo! logo in purple, consisting of the word "YAHOO!" in a bold, serif font with a registered trademark symbol. The logo is centered within a white square.The image shows the Facebook logo, which is a small blue rectangle with the word "facebook" in white lowercase letters. It is positioned below the Yahoo! logo.

- 2006: Yahoo failed to increase bid on Facebook from \$1.0 Bln to \$1.1 Bln

The image shows the classic Yahoo! logo in purple, serif font, with an exclamation point.The image shows the Facebook logo, which consists of the word "facebook" in white, lowercase, sans-serif font on a blue rectangular background.

- 2006: Yahoo failed to increase bid on Facebook from \$1.0 Bln to \$1.1 Bln
- 2010: Yahoo does not buy 4% of Facebook for \$2 Bln.

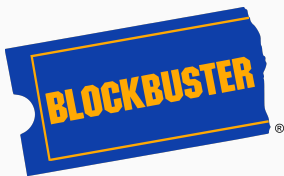


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- 2010: Yahoo does not buy 4% of Facebook for \$2 Bln.
- 2016: Yahoo is worth \$ 4.83 Bln. to Verizon
- today: Facebook is worth \$ 518 Bln.

Corporate Examples



© 2000

- 2000: Blockbuster refuses to buy Netflix for \$ 50 Mln. (late fees vs. monthly subscription)



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- 2007: Netflix moves from delivery of DVDs to online distribution

The Netflix logo, consisting of the word "NETFLIX" in red, bold, sans-serif capital letters, centered within a black rectangular background.

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- today:

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- today:
 - Netflix is worth \$ 151 Bln.

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- 2000: Blockbuster refuses to buy Netflix for \$ 50 Mln. (late fees vs. monthly subscription)
- 2007: Netflix moves from delivery of DVDs to online distribution
- today:
 - Netflix is worth \$ 151 Bln.
 - Blockbuster is worth \$ 0.

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- 1995: Kodak pioneers with the DC40, but did not want to cannibalize its film business . . .
- 2005: Kodak brings the first WiFi enabled camera
- today: Kodak is worth \$ 0.3 Bln., down from 30 Bln in 1997

Conclusions

Conclusions

- Innovation matters (organisations that are around for a while adapt: eg. IBM, HSBC)
- Innovation is not the bright idea, but the value creating from the idea
- Innovation can be incremental or radical
- Innovation can happen along the whole value chain in one or more dimensions like product, process, position, and paradigm
- Active innovation leadership is a key enabler
- Success can depend on the most minor detail or decision
... “all hands on board” (all perspectives are needed)