

What is the next big innovation management theme?

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Abstract. The next big innovation management theme, what could it possibly be? Are we stuck with standardizing the End to End innovation process, using innovation ecosystems and lean forever or is there more to come? There is more to come, the next big thing may be an evolutionary innovation process sucking in all kinds of best practices, it may be white spot analysis, helping companies to look beyond their current horizons, or having the user take over innovation, and pulling their ideas through the corporate ranks to get them to market.

Keywords. End to End innovation process, innovation ecosystems, lean innovation, evolutionary innovation process, best practices, white spot analysis, user driven innovation, meaningful innovation.

Introduction

When Concurrent Engineering and later Collaborative Engineering were coined in the 1990s [1], innovation management practices got a boost. Several institutes were set up to research the topic, like the Concurrent Engineering Research Center, at Morgantown's West Virginia university in the USA. Tools, practices, and methodologies were developed to improve the process of innovation in terms of cost (input), leadtime (throughput), and output (quality). Since then many new innovation management theories and practices have risen.

In 2010, Open innovation, Design thinking, and Blue ocean strategy were well-established innovation management theories. Innovation-related management theories succeed each other more rapidly every time. Today's themes include ecosystems, big data and lean start-ups. What's next?

Philips Innovation Services, Industry consulting, has successfully been identifying trends in innovation management theory to apply them inside and outside Philips. Based on that experience it is always good to reflect on what has happened in innovation management in recent years and, more importantly, what we need to do to be prepared for the future.

As innovation is more and more becoming a core process today, thrives in ecosystems, and needs to become lean and speedy even more, the challenges of today are things we will work with for quite a while more. Still there is more work to do, where we think may be the next big things in innovation, such as continuous best practice implementation, blind spot detection, and user driven innovation.

1. Today: Innovation as a standardized End to End process

Innovation is no longer seen as a separate process hidden somewhere in the company, many companies now see it as a key process in the end to end value chain. The value a new product or service creates is strongly driven by innovation, followed by a smooth transition to the sales & marketing process highlighting the benefits, and enabling operations to provide the required variety at low costs.

It is all about 'How to become an innovation chain master. Innovation is now far more global and based on multi-party collaboration than five years ago. The key is being able to build the innovation chain (scouting, selecting and involving the

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innovation partners), linking the entities and sustaining the chain. And creating a set of control points to ensure ability to win and to rewarding value appropriately. And we have seen that indeed, going beyond the one-on-one open innovation successes to multiparty successes is a challenge.

2. Today: Innovation in ecosystems

That brings us to how value is created today. Understanding your business model is no longer enough, you have to understand the whole ecosystem in which your innovation takes place and how its value finds its way towards the end user [2].

Today there are many different types of value companies can create: not just money for a product or service, but also value of aspects such as brand preference and information. Data is created by all kinds of parties today. Making sense of that data and thus creating new value is something we now call data analytics.

Depicting the value network, i.e. actors and their interactions is nowadays key to understand the value of your innovation to the ecosystem. It turns out everyone has a part of that picture in their heads, but bringing those pictures together and then looking to boost the value in the network is key.

Understanding which connections are missing, blocking or fortifying, drives a business to come up with more meaningful innovations, that can thrive in the ecosystem they are intended for. Thriving may also mean that others build on your platforms to add even more value. That makes innovation a lot more scalable, as we have experienced with the tens of thousands of people that have downloaded the SDK for hue to build home lighting applications themselves.

3. Today: Innovation the lean way

Lean thinking can be applied in innovation as well, especially in the latter more expensive phases of development and launch. It seems that many things, large and small, can still be improved. This reduced waste and speeds up development. Additionally it frees up resources to innovate more.

The lean start up methodology has become rather popular over the last few years, not just for the start up bootcamps of this world, also in the corporate world where early and cyclic testing of ideas surfaces the customers need so much better.

Many companies nowadays are trying to implement Lean thinking for Innovation themselves, including the use of Lean Start-up methods where the emphasis is on how can we learn more quickly what works, and discard what doesn't.

4. Next: Evolutionary innovation processes

There are plenty of theories and practices, and many new ones will be developed over the next few years. The key question is always: How do you incorporate them in your organization? Having this standardized End to End innovation process is a good start, as you only have to find out how to do it once, and then can replicate that in the rest of the organization if it works out.

What is key there is to understand the gaps between your capabilities and your ambition, strategy and the industry's requirements. Once you've determined what you need to work on, pilot the key elements you need from existing innovation approaches. Learn, adapt and roll-out. The innovation process will continuously evolve.

The keen reader will have noticed that this actually follows some of the lean start up lessons above, like finding out what you need to learn up front (the diagnostic), trial fast and cheaply and pilot where needed.

5. Next: Finding the blind spots

Any organization will have them, blind spots. Things that are happening just beyond the horizon and that you don't see until they come charging at you. Whole needs spaces are missed at times and this creates a lot of room for new players. Therefore you need blind spot detection. The advances in ICT make information so readily available that structurally addressing them is becoming possible.

Companies now have decision rooms for strategy and business tracking. These are also applicable in innovation, looking at markets, needs, competitors and upcoming technologies. If a new development could cannibalize your business, you better act on it and be the first, because chances are high that someone else will move and preempt you.

Also literally taking people beyond their horizon in this ever changing world is key. Show innovation leaders new things and they will understand that their current roadmap is flawed. Challenge them to find the blind spots and change course accordingly. That will further increase the chances of success.

6. Next: User innovation

Where currently the majority of innovation spent still comes from companies, users themselves start becoming the innovators. Our research has shown that only 54% of people consider innovation to be meaningful [3]. And today users can innovate themselves. Not necessarily improving existing offerings like lead users can help do, but really building new innovations from scratch themselves. There are so many examples already of user driven innovation in the public domain, one may expect the user to take over the innovation process entirely.

The user will not be asked by the company what they think of their next best idea, no, the user will tell the company what you need to work on. They will use the company as a resource to get their innovation to market. It is no longer a pull from the user, the user is actually pushing the innovation project. And there's tons of these users around. Key is now to understand which capabilities your company can bring to the table to make it happen. Fewer and fewer good ideas will get stuck in the funnel when companies can enable users to innovate. Partly disclosing intellectual property for more meaningful innovation is key there.

Conclusion

The field of innovation science has developed tremendously over the past decades, giving us all kinds of new methodologies and theories that should help companies get better at innovation. Obviously there is still quite some way to go before every brilliant idea converts into a meaningful innovation.

Currently recently introduced methodologies and visions are being implemented in companies and do seem to improve their innovation performance, currently we see a lot of companies embracing innovation as an End to End process, starting to use ecosystems to go beyond business models and making their innovation processes more lean. We expect that these items will still be on the agenda of many companies wanting to innovate better in the next years.

What lies beyond that are newly developing methodologies to continuously implement proven best practices in innovation – so going from a standardized innovation process to an evolutionary one. Furthermore, companies will proactively look beyond their horizons to sensitize themselves of blind spots, things that they have missed because of too much corporate focus. Finally, in the longer run, the users themselves may become our innovation managers, just leveraging corporate capabilities to get their meaning innovations to market.

References

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