



A primer

On building an innovation competence

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Purpose

Doblin's entire practice focuses on effective innovation and has for over two decades. This brief document helps to provide an introduction to the broad pattern of research discoveries Doblin has made about innovation. It responds to the many requests we receive about our extensive research into the challenges firms encounter as they try to move beyond a vague hope that they might innovate to a process that delivers demonstrably superior results. Here we emphasize the specific discoveries we have made and tools we have developed that firms can master and make their own.

In any effort to provide a simple, clear outline the risk is that we make a large body of knowledge seem formulaic. The truth is that every firm is different and every innovation condition needs its own careful tuning. This paper tries to be generous in describing the new tools of innovation. Still, common sense tells us that good tools do not, by themselves, a great carpenter make. The tools and methods described here are carefully considered, extensively tailored, and adapted for each specific situation we encounter.

We have run the methods described here with variations over the past four years. All together, more than 4,700 executives have used some form of the approach described here. They hail from scores of firms, in dozens of industries, from four different continents.

This approach works. On average the firms that use it experience a 10x or greater improvement in innovation ROI.

Overview: Getting past innovation myths

One key to making innovation effective is teaching people to stop believing what they are customarily taught about innovation: what it is, where it comes from, and how to shepherd it along. Among the most common myths about innovation are canards like these:

- ~ ***Innovation is fundamentally about finding new products.*** This is nonsense. Doblin research proves that there are 10 distinct types of innovation and, among these, new products are demonstrably the least valuable to pursue.
- ~ ***Innovation demands great creativity.*** A mistake. Creativity is a plus in innovation, just as it is in floral arrangements or cooking, but it is a very small percentage of the real need, which is exceptional discipline. Anyone can be an effective member of an innovation team if they follow the right disciplines. And it is fair, reasonable, and responsible to expect everyone to innovate, regardless of experience or level in the enterprise.
- ~ ***New technologies will deliver innovation success.*** Technologies now arrive as waves that wash over entire industries: the advances are obvious to all players, and are emulated or licensed swiftly. Indeed, except in rare instances, new technologies are often necessary but not sufficient for an innovation success. This can be a serious blow to engineering-led enterprises placing costly bets on the future.
- ~ ***You must generate hundreds of ideas because of high failure rates.*** Actually, you should generate only a few innovation ideas, not hundreds. The newest methods now author only a handful of very strong ideas, any of which can then get to market faster and more reliably than hundreds or thousands of random brainstormed ideas.
- ~ ***Labs and R&D centers are essential for innovation success.*** They are needed for only one form of innovation, primary discovery. This is an especially rare form of innovation that can be great when it occurs, but is seldom ideal or even necessary at the vast majority of firms.
- ~ ***Patents are important to prevent competitive emulation.*** Until recently patents were used as barbed wire, explicitly to keep others out. While strong patents can be great, these days they are most valuable only if you get others, including competitors, to use them. Now the smart money tries to make them as pervasive as possible, in a race to get them to become the dominant standard in an interconnected economy.
- ~ ***Segmentation methods yield market understanding.*** Today the most valuable innovations routinely disrupt market structures and create entirely new patterns. Relying too heavily on known segment models builds slightly better old ideas—they give you easier to program VCRs, not TiVo-like digital video recorders. Great innovations reframe industries and carve out new, uncontested market spaces.

As a firm, Doblin has worked to shake up these and related misconceptions, substituting powerful methods that build fewer, bolder innovations reliably.

Stage 1: Learning about effective innovation

Sequence

Some firms expect to learn about innovation first, then achieve it. Other firms prefer to innovate first, then generalize any success to a repeatable pattern. Both approaches can work. The “right” choice depends on a company’s own culture and its preferred balance between learning and doing. We favor a form of active learning that provides a credible theory of innovation, then immediately puts it into action so people get practice making it work. This is a skeletal outline of our preferred approach.

Preparatory work

1. Conduct disciplined diagnostics for current and emerging marketplaces.

Most people would never undergo a medical procedure without good diagnostics but, oddly enough, think nothing of jumping into innovation with no preparation using only unfettered brainstorming. Research demonstrates that this is a very direct cause of high failure rates. Doblin uses proprietary innovation diagnostics that reveal patterns of innovation in an industry or company. This pre-work is essential: it materially alters how your teams think about and direct innovation and associated strategies for markets they hope to change or enter. *This requires several planning conversations and takes 3-5 weeks; it produces Innovation Landscapes plus associated precursors and customer discoveries.*

2. Identify the individuals you wish to involve in innovation. Some firms want a broad swath of senior and high potential leaders to be skilled at innovation. Others prefer to focus on just one group or a few select teams first. Either way, here are the most important principles. Try to make sure that everyone who will need to *author* or *approve* a bold new innovation gets invited to participate. *Research shows that there is no special magic to selecting individuals. Often the simplest way is best: ask for volunteers. It turns out that people who self-select for an interest at innovation are actually good at it.*

3. Identify a list of critical change “themes.” Beyond obvious, evergreen topics (like *IT systems; quality programs; cost controls*) firms should identify a series of ascendant themes—concepts that are important and likely to continue to get more important over time. Examples may include concepts like *channel partnering, new solutions, platform branding, life cycle business models*, and the like—ideas that move you into uncontested space and perform functions that customers never knew to ask for. *It takes special research to get these themes at the right level of granularity, specificity, and strategic significance.*

Active Learning Events

4. Plan a series of innovation shaping events. Effective innovation program need to gain traction at different levels and in different ways. Learning events are essential for developing clear and shared goals, plus common language, tools, and metrics. *You will likely have the best results with at least two different tiers of involvement. Everyone should be taught how innovation creates value. Then senior executives should be actively engaged to shape an Innovation Intent. Project team leaders and functional heads should then actively work to author specific Innovation Initiatives. All groups will use a custom-built Business Development Toolkit to guide their tasks step-by-step.*

Collectively these preparatory steps take 4-6 weeks. Once they’re done you’re ready to get people to start innovating more effectively...

Stage 2: Authoring innovation concepts

The overwhelming majority of innovation efforts begin with some form of creative brainstorming. This is a very serious mistake. Brainstorming produces too many ideas and they are far too random—leaving a messy burden to figure out if any have merit later. Innovation must be tackled as a serious discipline for it to have any chance of working reliably. Here's how you treat it like one...

Sponsors

Effective innovation events need to feel important, serious and consequential. As such, the highest ranking executive possible should sponsor the events and stay actively involved as they occur. This may be the enterprise CEO, head of a division, or the program leader for a must succeed, bet-your-company project.

Simple event

At a minimum, participants should be taught about innovation effectiveness then asked to build one effective innovation concept. Ideally workshops will focus on what works and what doesn't by teaching principles, cases, and examples from relevant industries. A centerpiece of this teaching is the focus on the diagnostic discoveries prepared in advance. This makes the conversations real and helps team members do something specifically and consciously different than key industry competitors. Later, participants will be invited to use their custom *Business Development Toolkit* to author one—and only one—specific concept per team. This helps ensure that each team is fully engaged in making their concept as strong as possible. *The toolkit ensures that the concept is different than competitors, appealing to customers, and likely to work well inside the firm.*

Advanced event

Sometimes, when the stakes are high and an innovation simply must succeed, a one day workshop is not enough. With some teams, an early idea will have a bit too much wishful thinking in it. For this reason, Doblin has a capability to use special innovation research teams to assess a concept in development. What makes this capability remarkable is that it is done *overnight*, between the end of the first day of a workshop and the beginning of the second. When this is done, teams arrive just after breakfast to discover a complete dossier that details weaknesses in a concept—similar existing ideas, pre-existing intellectual property, brands that were overlooked, etc. After the initial surprise wears off, teams typically accept that their idea was not novel and flawless, then they get to work fixing the weaknesses. By the end of the second day their ideas change either a little or a lot to become substantially more robust.

Digital tracking

Another key to innovation effectiveness is to track *every concept* with exceptional diligence and care. Doblin does this through a special *digital dashboard*, a secure, web-based, innovation tracking system. While we are not fans of central control of innovation, we are big fans of central monitoring, so that somebody knows what the innovation “hit rates” are—which projects succeed and which do not. We feel so strongly about this discipline that we offer it to every client, and provide it without any IT charges for support or hosting.

Collectively these actions will move you to a handful of clear, compelling, valuable and strategic innovation candidates. Still, there is more to do...

Stage 3: Developing Innovation Initiatives

Even great concepts can fail miserably. Remarkably enough, it's often easier to create an innovation your customers will embrace than it is to build something your own company will accept and pursue. For this reason, some of the best innovation methods have been designed around getting alignment and driving fast, effective execution.

Concept evaluation

Since most firms start innovation efforts with brainstorming, a common problem is to take hundreds, even thousands of concepts and sort the wheat from the chaff. Most teams try this through tasks with fancy-sounding names like prioritization, clustering, and stage gating. All these approaches take time (some take many months), and are really just rituals used to disguise the ways that people pick their personal favorites. But picking favorites is a very common source of error in innovating. What works better is to build prototypes that amaze customers, plus a business case that describes how concepts can evolve through successive stages to become very pervasive. When a firm is considering several concepts and has resources to pursue one or two at most, the trick is to make these judgments fast and well. Our fast concept assessment method is designed to do just that, and takes about ten days. It helps to sharpen the business model, make successive stages of development explicit, and define the key drivers of customer appeal and market success.

Concept prototyping

Even at that point, experience shows that people do not deal well with abstract reports about unfamiliar concepts. Like Rorschach inkblots, unfamiliar ideas can be weird—people project on them their hopes and dreams, their anxieties and phobias. Only rarely are reactions balanced, authoritative and truly predictive of market success. What works better are business concept illustrations that act as if a concept is real and creates detailed, credible, launch promotions plus internal operational guidelines—or anything else necessary to show what the idea is and how it will really work. These efforts take 3 to 5 weeks, then can be used to evaluate concepts with customers, partners, and your own colleagues. This ensures that the concepts feel real, aren't abstract, and gets everyone reacting to the same idea. Invariably, this leads to clear alignment, fast decisions, and concrete action. This is one way to ensure you innovate at the pace of modern markets, instead of taking weeks or months to act.

Platform amplification

Most markets are complex today, as are most products, systems and services. More often than not companies partner with others to get big things done. These partnerships can be hard to manage, especially if they are pursued in the spirit of tough supplier/customer negotiations. One very new way to deal with these new market interdependencies is with joint development sessions, where firms truly committed to partnering with one another can use the same methods, tackled by shared teams, to swiftly create game changing disruptive innovations. Firms famous for innovation excellence, like Target and Pfizer, are finding such sessions to be a fast, smart way to work better together. Joint sessions allow all parties to clearly understand what customers need, then swiftly align around the actions that will help them find frontiers of customer support together.

As ever, effective innovation demands bold actions, not merely impressive plans.