Innovation ways

Alfons Cornella

Founder & CEO

ac@infonomia.com

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Innovation: many flavours, many tools

For many industries and companies, innovation has become a necessity. It is so in industries characterized by short product cycles, where customers are prone to get new value proposals with accelerated regularity. A similar case is found in industries where technology has a relevant role, and the push of new technical possibilities is turned into products in a fast pace. Moreover, some sectors are affected by market saturation of customer fatigue or boredom, which demands for novelties and stimulation that tend to turn current business models upside down.

Innovation is no longer a whim but a must, at least in some industries. It looks like it will become a must in many sectors, including the one now encompassing legal services. It may well be that unprecedented technologies, such as artificial intelligence, will revolutionize the current way of doing business.

It might prove interesting to learn from some approaches and methodologies used in other industries to innovate. The following is a list that does not aim to be complete nor exhaustive. It could be used to inspire you. It aims at demonstrating that innovation is not an individual activity bringing seldom results. Rather, it is a team-based endeavour that has to be carried on a systematic and regular way.

innovation ways
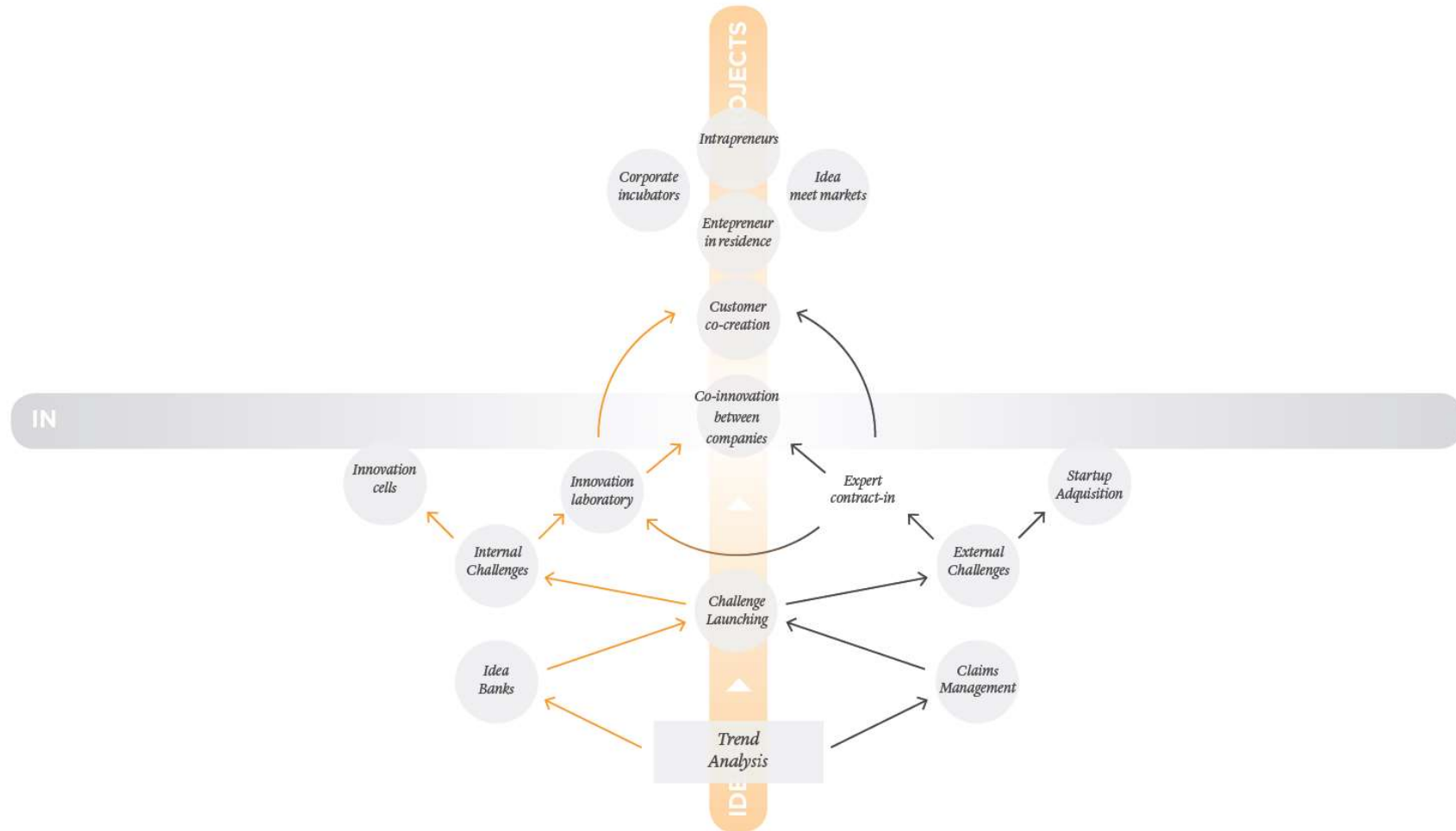
Some innovation models

Shifting from no-innovation to innovation

The first and foremost decision in the path towards innovation is actually understanding that innovation is not a "cosmetic" action but a relevant step towards defining the business of the coming years. Its should be as a necessity (must), not as a mere respond to fashion (nice).

There is a typical bias in any business in favour of exploiting the current and well now way of doing things, in front of exploring new potential business. This bias prevents companies from understanding that the present business can no longer be stable as new disruptors appear.

Unfortunately, there is no innovation science as of yet, that could be used to derive clear new businesses by applying some sort of equation. We do have methodologies and tools, but innovation still requires a lot of space for trials and errors. There is no such a thing as error-free innovation. So, the idea of "experiment", of trying something and see how it actually works, has to be introduced in the normal activities of the company. And that is not easy at all.

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Devoting quality time to trend analysis

There is a huge amount of useful information around us that could be analysed to bring about potential business opportunities. One of the paradoxes of this "information era" is that we have become information overloaded. The more information we have, the worse, since it devours time that could be applied to other more productive activities.

Selecting the right information sources becomes critical. But much more relevant than that, it is necessary to build mechanisms, the space and time, to bring people from diverse components of the company to discuss those trends to bring about potential opportunities that could be directly tested in the market.

In particular, it would be necessary to establish a mechanism to keep regular conversations with some of the more relevant clients, in order to systematically detect products and services that they could need, even before they may even know it.
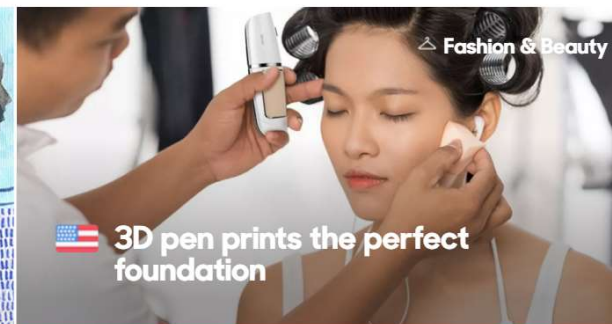
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Idea banks

One of the most typical mechanisms to start an innovation strategy in a company consists of developing an idea bank. Broadly speaking, it is a way to allow all the company members to propose "ideas" that look interesting, promising or that could be tried out. It could be done through a digital tool, but that is no even necessary: a simple polling box could be used.

In our experience, idea banks always look as a good way to start, but lead to nowhere. People tend to respond very well to this "call" for ideas, but once ideas are gathered it becomes clear that converting them into projects is not that easy.

Many of the blockages to these promising ideas come from middle management: people at the bottom are eager to propose ideas, but people at the middle of the hierarchy tend to have problems when accepting those smarts coming from below, or, more practically, don't know how to bring those ideas into real projects that fit into their current portfolios.

And if there is no response or reward to the participants in a first wave of an idea bank, there will be no participation in forthcoming waves.

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▸ the process of social innovation

overview   case studies

▸ **prompts and inspirations**

▸ **proposals and ideas**

  ▸ imagining solutions

  ▸ thinking differently

  ▸ open innovation

    ▸ call for ideas

    ▸ competitions and challenges

    ▸ ideas banks

    ▸ city ideas banks

  ▸ participation

  ▸ facilitating participation

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City ideas banks

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"I am too short to grab a handle in the subway. I need a lower handle". This is one of the ideas that was turned into reality as a result of the Seoul Ideas Bank. Image courtesy of the Hope Institute.

The lack of channels to develop ideas is the main weakness of ideas banks as a method for generating social innovation. However, ideas banks can be more closely tied into action. One successful example is the ideas bank launched by the Seoul Metropolitan Government in 2006. In 2007 it received 74000 proposals, 140 per day. Each entrant received a reply within a week. 1300 ideas were adopted wholesale and many others partially. Examples of successful projects include setting up social enterprises and lowering hand straps in the

socialinnovator.info

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Connecting claims to innovation

One obvious way to start innovating consists of transforming claims into opportunities. The basic idea is that a claim by a client is an insight of something that could be done better, could be improved, or could be done in very different ways.

Claims are most times treated as a mandatory activity, a negative one. Turning it into a source of innovation may bring interesting and unexpected results. It all should start by getting and analyzing claims in a different way. Some companies are starting to streamline claim attention through digital tools based on artificial intelligence.

Claims may not just come from outside the company. They may well come from inside. There are some revealing examples of internal analysis of unnecessary processes, that require lots of effort and resources, that have been killed since somebody picked them as opportunities for improvement.

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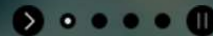
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Open innovation

One of the most promising ideas on how to develop innovation in a company came after some experts proposed that there would always be more intelligence outside a company than within it. By opening its borders up, by systematically looking for new ideas on products and services beyond its current portfolio, a company could detect promising leads that could be turned into business opportunities.

The detection may lead to just trying those ideas by new flavours, with its own clients, or just getting a licence from another company, or even to buying a company that had demonstrated the real value of that innovation.

The single idea that there are more smarts "out" than "in" has led to the establishment of idea markets. Companies publish needs that have to be solved, in exchange for some rewards (typically money) and experts around the world present their solutions. Behind that apparently simple scheme, there are complex rules of the game, that prevent misuse of intellectual property of any of the playing parties.

Challenges

Some companies deal with innovation needs by launching challenges to different sort of actors. Those can just be employees of the company or suppliers (internal challenges). They could even be customers or clients. In other cases, the challenge is launched to potential solvers around the world.

Challenges can be very specific (such as "design a better sole for our sneakers") or very open (such as "come up with a way to print furniture using a 3D-printer").

The challenge can be launched to the world through an orchestrated campaign on the Internet, which demands quite an amount of resources. Or could be targeted to a group of companies (typically startups) selected by a third party, that keeps and curates a database of potential solvers-to-be.

There are different methodologies that could be used to make a call for solving a challenge. If the problem to solve is addressable through software, the challenge could be organized as a hackaton: some tens or even hundreds of software experts are pushed to solve it within a demanding death line, typically one or two days in a row.

xprize.org

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2014-05-14
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Why Do Big Companies Do Hackathons?

It's not about getting to market faster--it's about steering the whole company around obstacles that might otherwise be unavoidable.

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Contracting out

Some companies prefer to outsource there innovation needs to external companies. There are many innovation service companies around the world, most of them focussing on understanding the needs of customers and on the design of products and services that may prove useful to them.

Incubators and accelerators

In recent years, many companies have decided to attract and nurture startups that are developing products, services or business models that seem aligned to its business. For example, a company in the sports business, that is trying to come up with new ways for customers to use its products, may get a deal with some startups in order to develop new ideas from a fresher perspective. It invites those companies to "live under its hood", and to nurture them with resources, in one way or another (some different models exist).

In some cases, those incubators address individuals, rather than small companies or startups. In such a way, they look for detecting relevant talent in a new way.

Sometimes, the main focus of this activity is on accelerating the resident companies, by connecting their capabilities (inspiration and effort) to real markets. The idea is that the big company has the market, while the smaller one has the ideas. It is just here where we generally find the main concerns about the feasibility of this innovation approach. Connecting ideas to markets looks promising, but the ways of large companies and of startups are very different. On top of that, managing the intellectual property issues (who is the final owner of the ideas) is not an easy endeavour.

Nike's mission is to bring inspiration and innovation to every athlete* in the world.
*If you have a body, you're an athlete.

With Nike+ and NikeFuel, our mission is to help athletes* reach their true potential. We know this is an ambitious goal. We know that success takes dedication and teamwork. That's why we've launched the Nike+ Fuel Lab, a partnership program designed to connect Nike with industry leading companies who share our commitment to using emerging technologies to create better solutions for athletes*.

nikefuellab.com

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bmwstartupgarage.com

Acquiring knowledge through startups

Since the start of the digital era, one of the most used methods to grab innovation consisted of acquiring small companies with interesting value proposals. In essence, the idea was to acquire the entire teams that make innovation possible.

For some large companies in the IT sector, gripped under the domain of day-to-day productivity-oriented hierarchies, internal innovation was doomed to fail. It took a lot of time and energy. And employees did not find stimulating or rewarding to enter into an innovation endeavour. Hence, it was much easier to bring innovation from outside by acquiring small companies, mainly startups. In essence that meant hiring their founders as well as the most critical staff.

Nowadays, companies in other industries, such as pharmaceuticals, mimic that successful strategy to get innovation faster: they detect relevant smaller companies that bypass normal portfolios bringing disruption in the marketplace.

acquisition offer. The deals that did go through--predictably--did not disappoint in size, particularly in the case of Facebook's epic purchase of WhatsApp.

But before we get to that, here are the runners-up to the biggest startup acquisition of the year.

10 (tie). Google buys DeepMind
Price: At least $500 million
Date: January 26, 2014
That's deep: As Facebook and other Silicon Valley hulks beef up their artificial-intelligence holdings, Google's acquisition of London-based A.I. company DeepMind appears be an attempt to get a leg up on deep learning.
But what does it do? That's unclear. Larry Wasserman, a Carnegie Mellon professor, wrote in 2012 that DeepMind is "trying to build a system that thinks." Since the acquisition, it hasn't gotten any less secretive.

10 (tie). Google buys Skybox Imaging for $500 million
Price: $500 million
Date: June 10, 2014
The hype: *The Wall Street Journal* said the acquisition of the satellite-launching company "could have a bigger impact on its bottom line and on the world than any other recent acquisition by the search giant or its tech brethren..."
The reality: This deal looked tiny compared with other recent valuations and tech-company hauls: Uber had just been valued at $18 billion, and WhatsApp acquired for $19 billion. That's 38 times the apparent value of Skybox, which has a fleet of 24 satellites.

10 (tie). Disney acquires Maker Studios
Price: At least $500 million (much more contingent on future goals)
Date: March 24, 2014
Big numbers: At the time of purchase, Maker Studios, which produces video for YouTube channels, generated more than 5.5 billion views a month from a subscriber base of 380 million.

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Innovation Labs

Some companies tackle their need for disruptive innovation through their own innovation labs. They are made of professionals coming with very diverse backgrounds. Their aim is to come up with radical new ideas that could bring a relevant competitive advantage.

These laboratories may use the launching of challenges to individuals or startups as a means of collecting new ideas.

The main components of these innovation laboratories are: extensive use of trend analysis, mastery of customer insights analysis, and abilities in prototyping.

One of the problems arising from having your own innovation lab is connected to the fact that having such a team devoted to "think" and "play" may be seem as frivolous from other parts of the organization, mainly those devoted to exploiting the current business. Very typically, the innovation lab becomes an ivory tower of sorts.

amazon Lab126

Kindle Paperwhite: 2015

Amazon Dash Button: 2015

Amazon Echo: 2014

CHAPTER 1

kindle

Bounty

about

welcome

our vision

Welcome

In 2004, the Amazon team had a vision - to improve upon the physical book, making it easier than ever for customers to discover and enjoy books. Gregg Zehr, vice president of hardware engineering at Palm Computing at the time, was part of the team that accepted the challenge. In October 2004, Gregg formed a small team, moved into a shared space in a Palo Alto law library, and got to work as Lab126.

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Co-creation

One company can innovate by calling a common activity with its clients. Either the company tests a new product with its clients, or the clients are required to bring about a new potential product.

Critical to this approach to innovation is the availability of tools for rapid prototyping.

There are different methodologies for co-creation. Some of them use the very customers to "vote" on the best proposals derived by a bunch of them.

Some manufacturing companies are developing co-creation schemes where there is a combination of their own designers, with external experts as well as customers.

One of the advantages of co-creation is that it is obvious that the ideas derived from the participating customers can be tried by themselves, or by other customers related to them, making shorter the test-iteration process.

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How 3 Million Hours Of User-Testing Fixed The Jawbone Up

Pulled from store shelves after a month, the first high-profile wearable activity tracker was a humiliation for Jawbone. Now, the Up is back, and anyone vying for a stake in wearable tech should pay close attention to the product's resurrection.
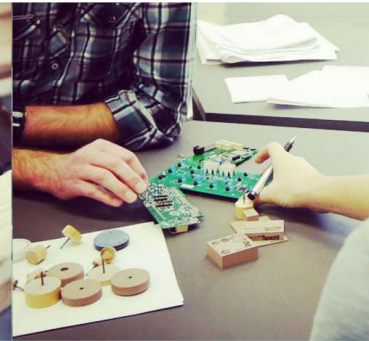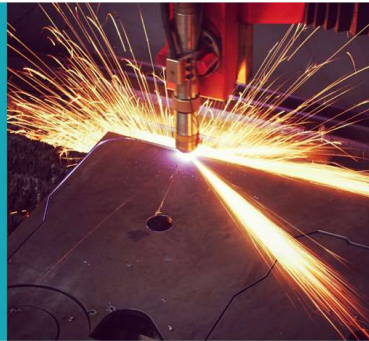
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GE Will 3D Print Your Household Appliances

By Adriana Krasniansky on September 23, 2014 in Design

Test Ideas

Small scale builds help test concepts and learn how to improve them. The microfactory includes woodworking, welding, 3D printing, computer aided milling, and many other tools to help you build your ideas.

Produce Products

The microfactory not only has the ability to prototype ideas, but can also produce products in quantities to meet market demand.

Showroom for New Ideas

Once ideas are ready to be sold, they can be shown off and demonstrated in the showroom. This is a great opportunity to let the public see your ideas and learn how they work.

firstbuild.com

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Co-innovation

A new approach to innovation consists of exploring new products or services by combining the capabilities of two or more companies that operate in different industries. The merging of their ideas, of their market experience, of their teams, make become fruitful when deriving disruptive new value to customers.

As a mere example, one company in the fruit juice industry can combine its know-how with a company in the cosmetics industry to produce a product close to nutraceuticals.

Or one company in the motor industry can innovate on how to manufacture environmentally-friendly car seats by starting a common project with a food company.

Or one established bank can innovate on its approach to restful clients by making a disruptive proposal on how to save energy costs by using the services provided by an startup utility.

Amc Group + Natura Bissé
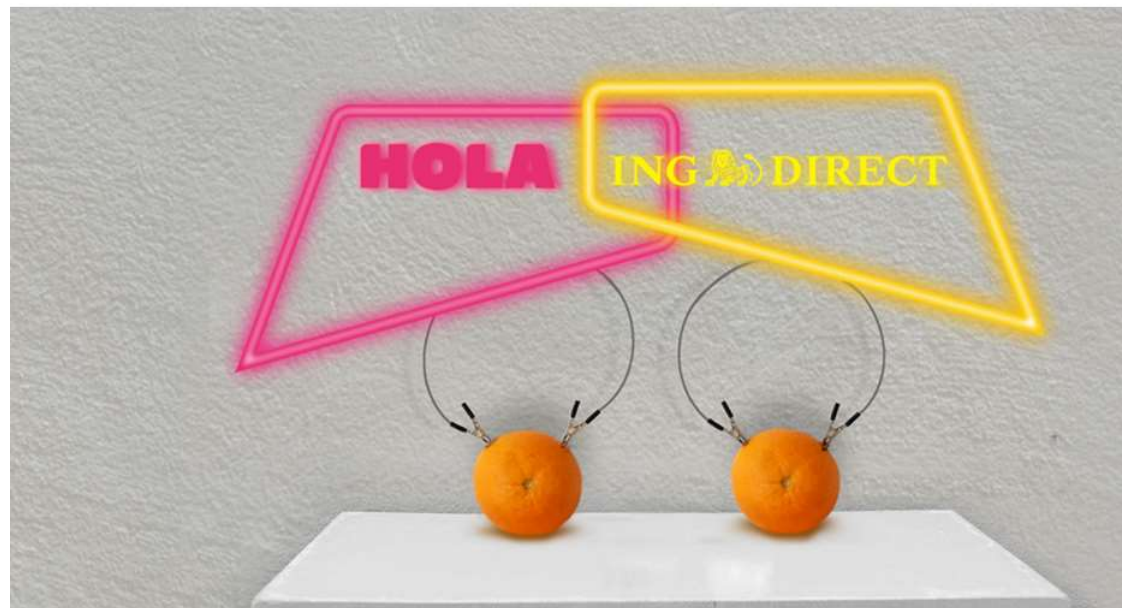
Ford And Heinz Collaborate To Make Car Interiors Out Of Tomatoes

By Leah Gonzalez on June 12, 2014 in Design

Intrapreneurs

It may well be that there is no way to innovate without an entrepreneur. It is the entrepreneur that brings the energy, the determination, the "grit", necessary for a project to become a reality from a mere idea. Execution requires willingness and risk taking. And "normal" employees could find too cumbersome, career-risking, and not rewarding, to participate in an innovation process.

That's why stimulating the emergence of internal entrepreneurs (intrapreneurs) is such a necessity for innovation to happen. One of the main concerns in this issue is that typical recruitment policies do not prioritize "entrepreneurial attitude" in front of other characteristics such as effectiveness or productivity. There will be no innovation of companies do not recruit creative and entrepreneurial people.

The stimulation and facilitation of internal entrepreneurship is a growing mechanism in the innovation arena. And some of the tools (like Adobe's Kickbox) try to get rid of the "permission curse" by supplying anyone proposing one idea with a box with all the components required to come up with an up and running, quick and dirt, prototype. There are even companies that "hire" entrepreneurs to large companies, in order to let the later be infected by the former.

qualcomm.com/invention/impaqt

kickbox.adobe.com

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kickbox.adobe.com

oneleap.com

Lean startup

There are several definition of a startup. According to Eric Ries, "a startup is a human institution designed to create a new product or service under conditions of extreme uncertainty". Thus, the search of novelty is a main characteristic. More precisely, "a startup is an organization formed to search for a repeatable and scalable business model", according to Steve Blank. Once the business model is found, the startup shifts into a "normal" organization: "a company is a permanent organization designed to execute a repeatable and scalable business model".

A critical component of a startup is its focus on rapid growth. Hence, the U.S. Small Business Administration describes a startup as a "business that is typically technology oriented and has high growth potential".

Following the essence of startups, i.e. the quest for a business model and fast growth, Eric Ries and other authors, proposed a method to apply the "test, learn and iterate" model of successful startups to any company. The result, known as the learn startup method, is now been used as a tool to enforce rapid innovation in "incumbent" (conventional) companies. Among the basic tools of the method we can highlight the MVP idea (develop a quick and dirt mockup, knowns as MVP or the minimum viable product), the useful "non-vanity" metrics approach (rapidly measuring feedback from real customers), and the continuous iteration of the proposal according to that feedback.

Two simultaneous operating systems

John Kotter proposes an interesting idea on how to enable the coexistence of the "exploitation" and the "exploration" modes in an organization.

He determined that, while most companies start as a sort of network connecting a very small number of people (mainly their founders and first employees), they tend to become a hierarchy as they grow and start needing processes that bring efficiency and productivity. But, as refers to innovation, it looks that hierarchies kill innovation, since their main (and sometimes only) focus is making the most out of the current business portfolio.
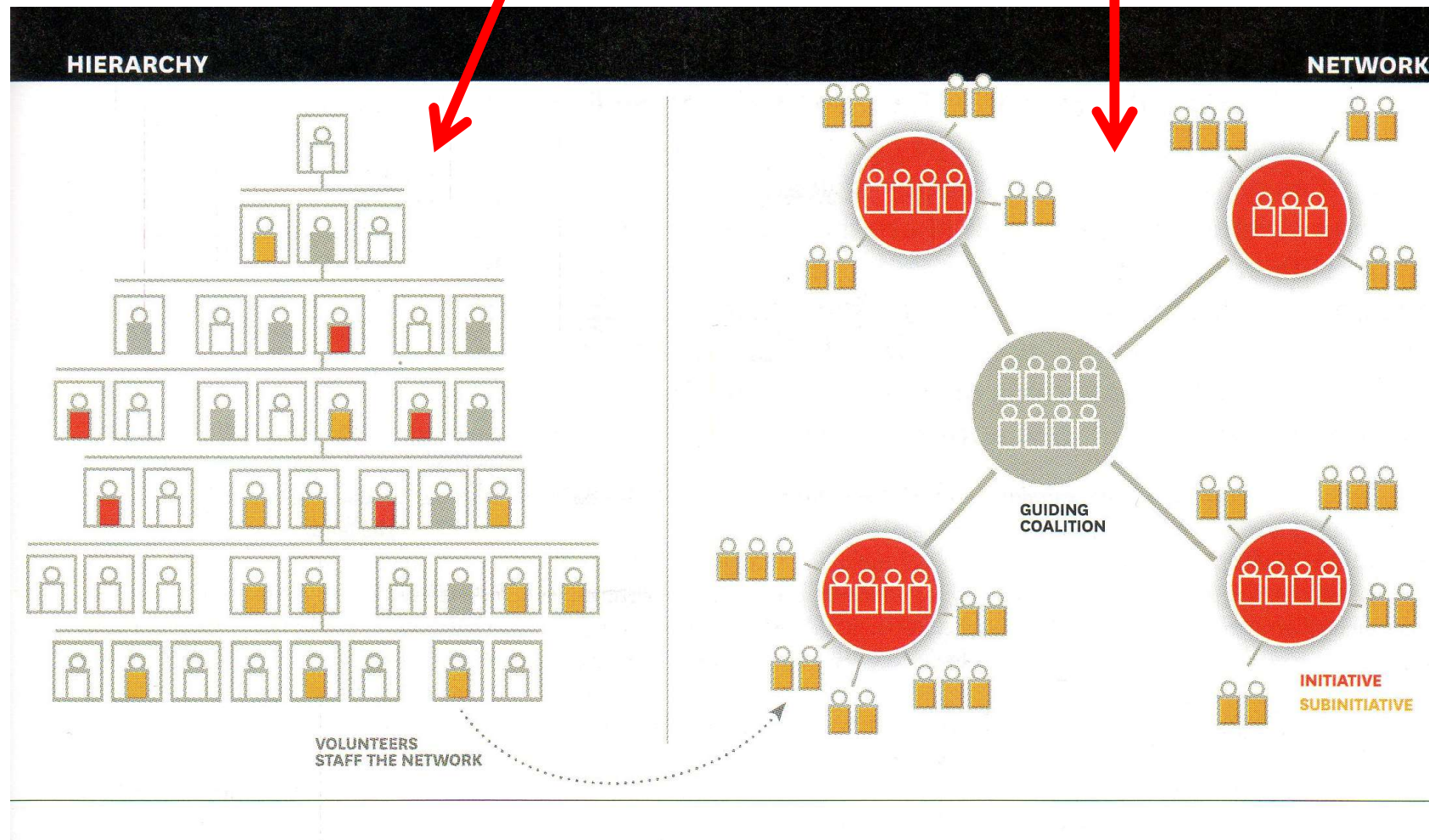
So he proposes that the organization "runs" two operating systems simultaneously. One made of a typical hierarchy to run the current business (exploitation) and another one looking for new business opportunities (exploration). These network is made of volunteers, that do so because they are willing to participate in the detection and building of the products and services of the future. While they have a daily activity in the hierarchy (and they get a salary because of that), they commit to participate in adhoc cells in the network to become better professionals (horizontal career, rather than vertical career in the company).
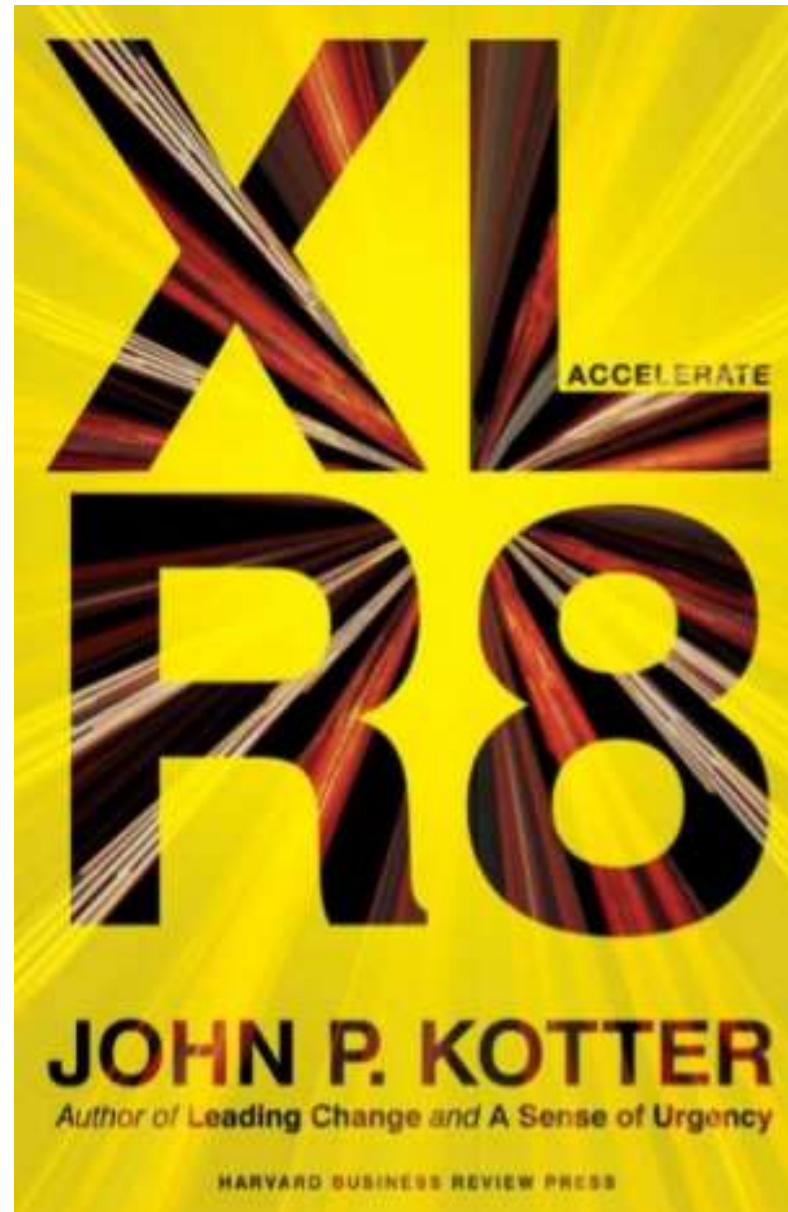
Gestionar el día a día

John P. Kotter, Harvard Business Review 11/12

Gestión del día a día   Responder a los retos

HIERARCHY   NETWORK

GUIDING COALITION

INITIATIVE
SUBINITIATIVE

VOLUNTEERS
STAFF THE NETWORK

John P. Kotter, Harvard Business Review 11/12

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Innovation cells

Infonomia's approach to innovation consists of creating a culture of innovation by training people from across all units in the organization to improve the business model through prototyping.

The analysis of problems and opportunities in the business model brings challenges that are presented to innovation cells. Those are made of people belonging to diverse business units in the company. They have to get to a shared understanding as refers to the challenge they got. And they have to explore potential solutions to it, by participating in active workshops where they end up by defining specific proposals that could be prototyped.

In this way, it is the company's employees who analyze the business, explore opportunities and develop prototypes to submit to the management and be launched as projects by the business units where they belong.
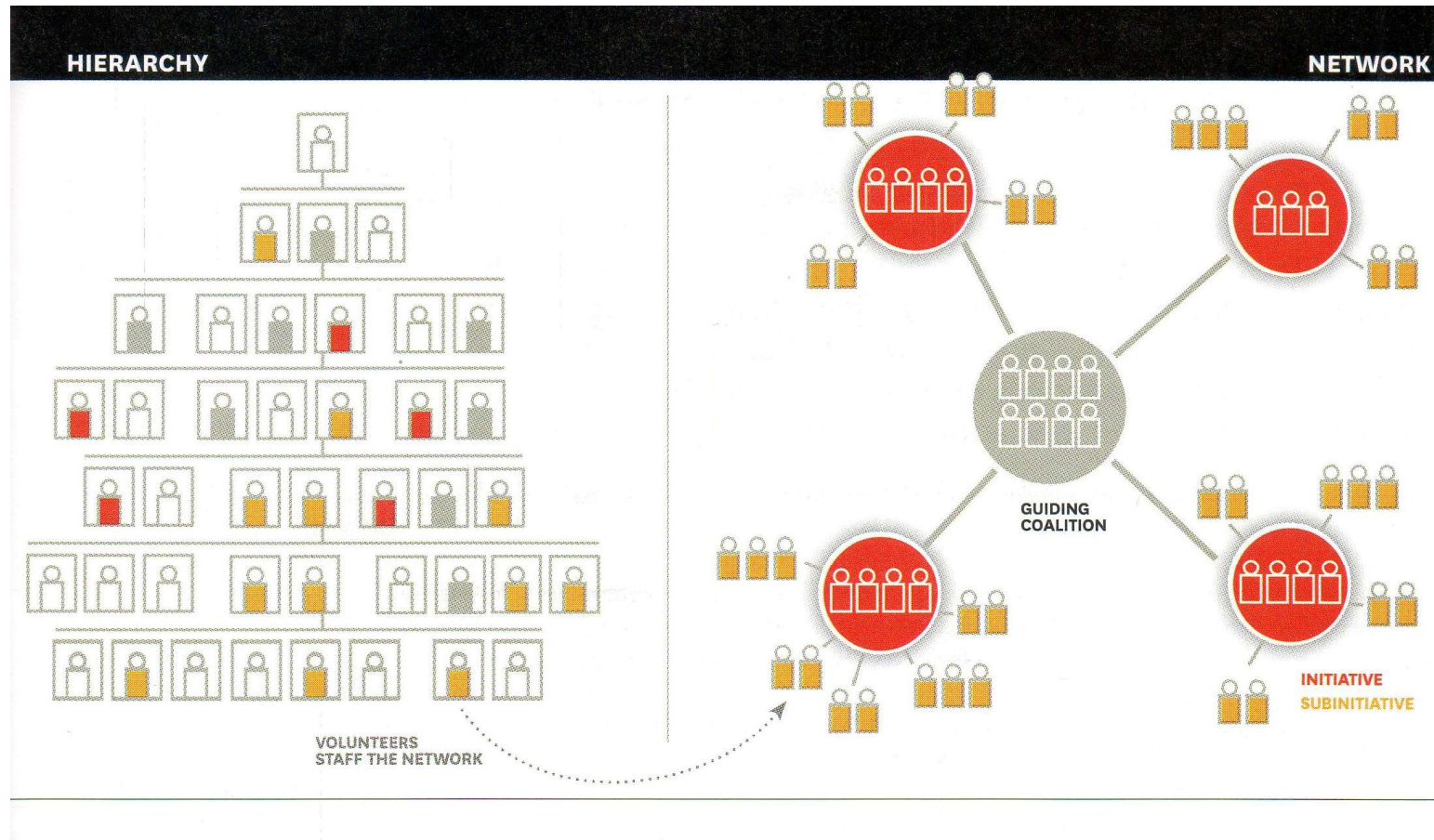
We have applied these methodology to companies in a broad spectrum of companies, with remarkable results.

Summing up

innovation ways
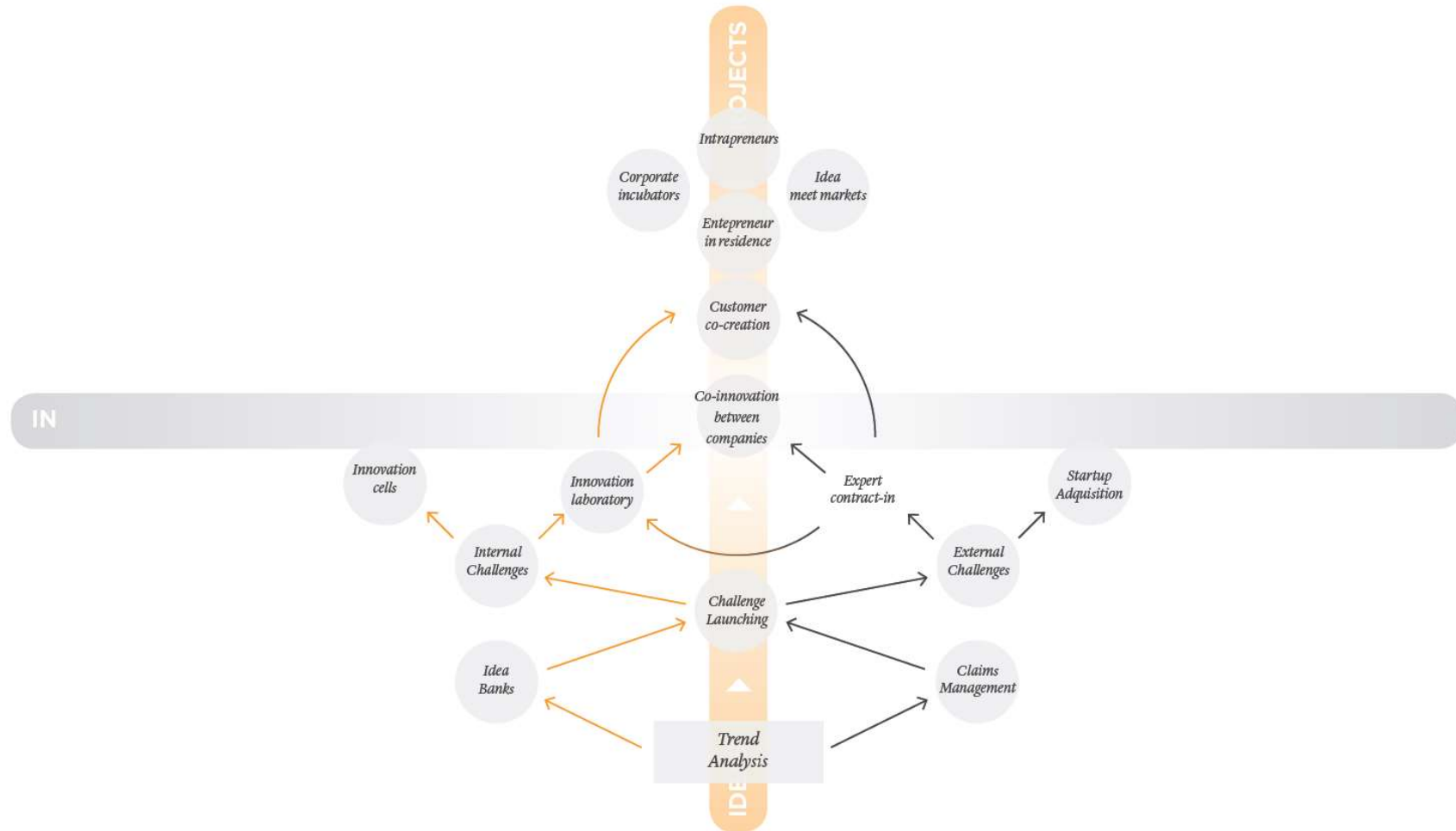
Two simultaneous operating systems

John P. Kotter, Harvard Business Review 11/12

"In times of change **learners** inherit the Earth, while the **learned** find themselves beautifully equipped to deal with a world that no longer exists."

Eric Hoffer

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