

7 Key Decisions Behind Innovation Success

A Roadmap to Master Innovation

Introducing a new tool

THE HI-BOARD

ONLINE LEARNING
From InnovationManagement.se

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Have you ever had an injection? An injection with a plastic syringe? I bet most of us have. Continuing this line of thought, ask yourself if you have ever thought of a commercial product that is able to mimic the blood sucking mechanism of mosquitos! Unless you are a biologist or insect related expert, I guess you didn't. And this is probably because you are unlikely to know how that mechanism actually works and would have little need it for. I bet you might have thought of a commercial product able to eradicate mosquitos instead.

On a similar track, maybe we should wonder why the senior management of certain corporations allocate budget to develop products such as the 'windows sucker', without any client asking for an "octopus'-tentacle-emulator system" and nevertheless getting the commercialization of such a product right. Do you ever wonder? Well, there is a reason for that.

The reason is that this kind of innovation is developed with a focus on functionality and technological prowess, in preference over sole customer centricity (in the sense of asking consumers what they want).

Even if it were completely true that nowadays consumers have more choice than ever before and are hence disloyal, this upsurge in consumer centricity has given rise to an incorrect and over-subscribed belief about grounding everything in the consumer. This belief, rather than helping companies get innovation done, might damper innovative ideas from becoming even "authorized ideas to pursue" by management. Let alone these ideas becoming products or services at all. Why? Firstly, because you can virtually never be done with knowing what your consumers want or need, and secondly, because any innovation proposal conveys a myriad of unknown details for most of those within the corporation, that make the idea seem way too complicated. Too risky. Too frightening.

Regarding risk aversion, Fast Company published an article titled '*Risky innovation: will Starbucks's leap of faith pay off?*' Making reference to the phrase cited by its founder and CEO Howard Schultz "I would rather be first than perfect," editors of the magazine decided to judge the style of innovation the company pursues as "risky" on the *suggested* meaning of this phrase. Let's try to interpret Howard's phrase in a little more detail:

Fragment of the Sentence	Meaning - my deliberate verdict	Your judgment – valid or not?
I would rather...	I think is more worthy	
...be first...	To be faster, to follow some intuition, maybe to run some tests (it doesn't give any hint about the magnitude of the first, It could be first in just two outlets), to be opportune / opportunistic.	
...than perfect	knowing everything, not giving any room to chance, slow and late, flawless, CONSERVATIVE!	

Howard Schultz makes a point. Doesn't he? Any innovation brings with it some level of risk, and we can't deny the generalized fear managers and companies feel about it. Fortunately, overcoming it is just a matter of understanding how it works.

A bad beginning makes a bad ending!

Many strategists and innovation consultants suggest that the best and often only, approach to attain innovation success is by being so customer centered, that you only build what you are somehow sure your selected market will accept and consume. This is very hard to know. As Danish physicist *Niels Bohr* said: "Predictions are very difficult, especially about the future."

In other words, they recommend always starting from the consumer insights 'epicenter.'

When considering consumer insights, one widely accepted practice is to understand the 'pains' a consumer incurs when getting a product, in order to obtain some 'gains' from it¹. An ideal customer value proposal should eliminate as many pains as possible and provide all gains required by the user, hopefully in an innovative way of course. Consumer rules, sure!

Well, let's take a success story in France; where in 2007 a group of scientists developed an award winning system to literally take the pain away from injections.

How is that possible? Any guesses? Yes! By emulating the blood sucking mechanism of the much hated mosquitos. Did the scientists undertake market research with patients, or any syringe user before the design and development process of the product? No! It wouldn't make any sense considering the low level of knowledge we normal people have about mosquitos' blood sucking mechanisms. Is the product a commercial success? Yes it is. A big one.

The right Genesis

'**Eveon**', inspired from the word "injection" in Greek 'ενεση' (you'd pronounce it like this if read in the Latin alphabet), is the name chosen for this bold innovation. It is taking an important share of the market of "Automated Medical Devices" with its automatic syringe, which apart from reducing the pain caused by a conventional needle, delivers many other "gains" to its users.

Eveon proposes the first injection medical device completely automatic and secure to extend the auto injection from subcutaneous to intradermal, intramuscular and intravenous, to blood samplings².

This is a great example of an innovation that was "Technology prompted", one of the innovator types I have identified in the *innovator typology*, (see image 2) as an alternative to merely customer centered innovation.

The HI-Board
Holistic Innovation Board



Innovation Portfolio Management



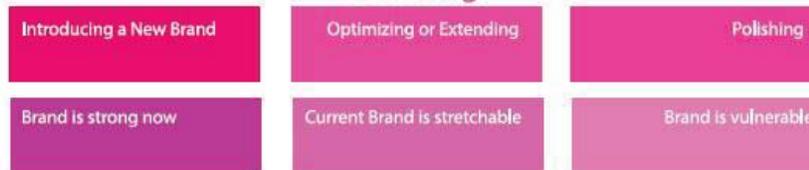
Innovative Business Configuration



Prototype & Test and Pilot



Branding



Risky
Profitable. For Future

Safe
Imitable. For survival

We all know that **bad beginnings make bad endings**, and it is no different regarding innovation attempts.

Throughout experience assisting companies to win the innovation duel, we have found that often managers halt the progress of innovation projects because:

1. The majority of proposed innovations mean trying something different from what “they already know” and
2. It is really difficult to foresee a clear and structured path for the proposed projects, even when thinking optimistically: Way too many things to consider. How to go about that and where to start?

Managers need a higher view of their innovation opportunities, *a ground-map of holistic innovation (HI)*. One in which the idea is not considered ‘innovation’ at all, but just a simple new project, in order to dissipate the dread of risk conveyed by the word *innovation* itself. This way it would almost certainly be easier to spread the idea to the rest of the organization, including the Board of Directors.

The system, or ‘ground-plan’, I propose to make innovation a winning reality, consists of two basic levels of understanding and a method to wrap them both in a unique **innovation model**:

First: You must understand what type of innovator your company is. This depends on which of the 3 basic innovation enablers it excels at;

Second: You must look at the future, based on the present, understanding that your innovation project might need 4 essential supporters to make it big. Getting one of these wrong, would be the slaughterer of your great project.

Structuring the innovation model – Drawing the ground plan

Google, Eveon and P&G are highly innovative companies. If we use the ground plan to analyze and depict where their innovation forces lie on, we can understand how each one of them is innovative in its own way. Following a structured and visual map such as the holistic innovation board allows us to identify our optimal innovation model, depending on where we are standing now as a company, and where we want to go. This means that regardless of the situation, *if you follow this system, you can innovate*. This is how it works:

The zones of the ground plan can be divided into two main sections; the innovation enablers and the innovation supporters.

The innovation enablers

All innovations, irrespective of industry, kind or time, are possible due to at least one of three specific capabilities.

A. Deep consumer insights

The capability to get an unbiased view of consumers from the outside in has been proven as the foremost resource a company can rely on when innovating. Developing methodologies to be closer to consumers than competitors can provide a significant chance to win in the innovation journey, especially considering two aspects of the sublime act of innovating: 1. The obvious need to pursue innovation proposals that are close enough to what consumers need to get done and 2. The vital job advocates do for your innovation. The quicker you get them, the higher the chances your innovation will explode successfully. And the closer you are to consumers, the greater your chances to convert them. As an example we have *Burberry*, the 'Iconic British Luxury Brand Est. 1856' that has shown steep growth in the last few years, positioning itself as an important player in the apparel fashion industry. By June of 2013, the Facebook page of the brand showed 15,208,147 likes, which is less than Adidas, Nike and the industry leader Zara, each with 20,445,978, -18,942,957, and 18,562,912 likes respectively.

However, in despite of this "disadvantage", Burberry's creativity on the use of the tool has provided the brand with a closer relationship with its followers.

Through social media, Burberry makes videos of fashion runways 'shoppable', encouraging fans to order pieces from the new collections during the fashion shows. With this, Burberry is getting a dual benefit: On the one hand allowing its followers to get the most fashionable clothes earlier than others, a little-detail extremely important in the fashion business, and on the other hand getting immediate feedback, about whether the collection being launched is matching expectations or if it would struggle to leave the shelves once launched.

It is known the industry leader brand Zara has built its empire over a neat and magnificent management of its value chain (under Grupo Inditex), which would be really difficult to emulate. Burberry doesn't have the capabilities to match Zara in the process. For Burberrians, it would take a long time, would be very expensive and it would suck resources into the attempt. Burberry needed to find its "innovation enabler" in something else, and it was in the closeness to consumers where it found it. And the brand is excelling on it. The results over the last three years are fiercely encouraging, showing profits of 81.4, 208.4 and 263.3 Million Pounds Sterling in 2010, 2011 and 2012 respectively. Now, whether Burberry is innovative or not can be subject of a discussion, but for those who say it is not, it is clear it has the chance to get "correctly innovative" sooner than others, due to this honed closeness to consumers.

B . Process Mastery and organizational agility

The capability to run agile processes repeatedly in an integrative way offers companies rapidness that pushes innovation attempts further. This rapidness is comprised by *execution*, *learning* and *adaptability*.

The more integrated your systems are and the clearer it is for the whole organization to understand how to react to innovation attempts, the better it can innovate.

GTS from Citi group **built its innovation intent on the basis of getting good at “trying it”**. In their Singapore innovation lab, the financial giant devoted a team solely to the task of pursuing innovation and allocated significant resources to the endeavor. Innovation is a complex task that requires involvement from many other departments, such as customer care, new product development, IT integration, marketing and others, all which work better together, with the innovation lab acting as the axle of the entire mechanism.

The main benefits are that with this approach, the innovation team is able to go ahead with proposals that at first glance might seem too hard to get right. And this is because the results of the project, either good or bad, are attributed to the innovation lab, and not to any functional area, which in turn would have to deal with specific metrics to deliver. What is their key point here? That coping with ‘failure’, an unavoidable element of innovation, is easier for everyone this way. There are no culprits.

The opportunity to work in collaboration with clients is also an interesting part of the process an innovation attempt follows: The innovation lab works with related functional departments in a project, and then invites one or two clients to give the new product a try, with this, GTS gets invaluable early feedback and the chance to amend, polish and enhance the innovation before a continental launch is made.

The Citi innovation lab for Asia has already launched some interesting innovations under the guidance of Keng-Mun Lee, like a new mobile collections solution for Coca-Cola that was a ‘market first’ in India, Korea and China to capture its C2B digital payment flows. The mobile browser-based application allows clients to receive notifications and authorize payments using their mobile phones.

As hard as it might sound, things do not need to be so big when building a systematic approach; the team for the Citi Innovation Lab in Singapore was originally comprised of 12 members from within and outside of the banking industry, maybe following a KISS (Keep It Simple, Stupid) approach.

This way, GTS of Citi group is innovating based on its organizational capability, more than in a strong technological deployment or a dedicated closeness to consumers.

C. A specific technological prowess or high talent advantage

Not so far from the ‘consumer obviousness’ spectrum, we have cases in which a clear focus on technology or the advantage of high talent is the starting point of a game changing innovation. Such is the case of our featured automatic injection device.

Eveon developed a concept that is changing a whole category in the healthcare industry, by deploying high level scientific research aimed to make life easier.

In despite of the ultimate goal of the automated injection device being making injection easier, safer and less painful, its beginnings are underpinned in the deployment of technology.

Why say this? Because their medical injection device, is a complex technology based on four major innovations:

1. A microsystem micro-pump that allows the device to take into account solution viscosity, in order to vary the speed of the injection of the solution.
2. Integrated sensors able to identify and analyze body tissue to differentiate between muscles, nerves, derma and veins.
3. A retractable needle that penetrates until the correct depth and only when in contact with skin.
4. A cartridge that allows for easy and cheap adaptation to existing filling lines in the Pharma industry.

Delving a bit into the story of Eveon we would get to know how this invention was all about technology and performance. Only after having polished the idea up to the final product did the innovation team start looking for market segments in which the innovation could provide the biggest value to all the stakeholders involved.

Contrary to the widely accepted principle of starting any innovation attempt in the creation of a value proposition, this case stands for those in which the technology comes first, and the formulation of a value proposition only later on, once the right market segment has been found.

Google is a more famous case of a technology prompted innovation. Sergey Brin and Larry Page started with a distinctive mathematic formulation to make internet searching more effective. Basically what they had in mind was “retrieving relevant information from a massive set of data”³. However, their intent initially (Larry Page’s originally) was to set up a mechanism able to find out which web pages link to a given page, considering the number and nature of such backlinks to be valuable information about that page, specifically with the role of citations in academic publishing in mind.

In those initial days, the huge massive market currently relying on the company’s number one service - Google Search -, was never envisioned as a potential ‘consumer’. That happened later.

These kinds of technology-based innovation, to a greater extent than the previous two kinds, often need a specific focus in Business Model Configuration, one of the four supporters of innovation attempts, to exploit their full potential value. Let’s have a look to all of them.

The Innovation Supporters

Innovation Portfolio Management

It’s because of METRICS! Yes, we know that you can only manage what you can measure, so everything must be downsized to metrics. Conversely, we also know that in order to expect good results from our organizations, especially nowadays, we must be able to decide and act under uncertain conditions. This poses a contradictory dilemma. We must nullify this old ‘go-for-the-sure’ thinking with a process that allows us to ‘consider’ instead of ‘evaluate’ each project by understanding the kind of innovation it presents. Limiting pursuable proposals to certain ceiling costs - financial and time wise - pushes companies to miss the best chances of providing game changing solutions.

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By managing an innovation portfolio companies will be able to define a clearer innovation strategy and remain congruent and consistent with it along the journey.

Start with understanding what kinds of innovation your organization is willing to pursue and define an appropriate mix.

By asking these, and other questions, you can categorize each project into different labels and attribute different treatment to them accordingly.

1. What are we considering here?
 - a. A product improvement?
 - b. A product's features addition?
 - c. A product line extension?
 - d. A new proposed solution (new /introduction)?
2. What do we know about the potential market?
 - a. Is it within our expertise?
 - b. Do we know its dynamics?
3. About our capabilities:
 - a. How easily can we do it
 - b. Do we need extra resources?
4. About financial issues:
 - a. How expensive it will be?
 - b. How profitable can it get?

and finally

5. About timing:
 - a. How long it will take to get it right and polished?

These and other questions can help you determine your categories:

The typical ones are differentiated by the level of innovation pursued: from low up to high innovation levels.

Codify the "bets" - Andy Grove from Intel developed a system to decide where to bet and where not to bet, by analyzing where the opportunities lay regarding company's cash availability (sufficient or insufficient) and whether the opportunity had been validated or not. It is called "The Strategy Bet Model". Based on a similar logic, we can determine if the projects considered for the innovation portfolio are good bets or bad bets and prioritize them according to the organization's strength and the market's opportunity addressed.

The first benefit of implementing an Innovation Portfolio Management practice is to build an informative pipeline of your innovations. This will support decision-making regarding which projects to pursue, which ones to put on hold and what to expect from each of them.

This way, irrespectively of how risk averse your company is, you wouldn't kill as many projects as fast you would with no proper thinking.

You know the traditional example, without this wider view of innovation Apple would have never launched the iPad.

Business Model Configuration

Continuing with the same example about Apple Inc., we can step in into the business model arena. We know that one key aspect of the success of the iPod was having it offered through an innovative business model, instead of offering just pure technology. The iPod was not the first of its kind, and it was not really different. It was the value offered that meant the core of the success.

For a simple understanding of what shall we consider a business model I would quote Prof. Henry Chesbrough: *“a business model is how a firm generates value, how it delivers this value and how it captures a portion of it back (as profit).”* This includes elements of your business that must work together as a single mechanism with the aim of delivering and retrieving value. In the words of Mark Johnson, the elements of a business model are a Customer Value Proposition, a Profit Formula, Key Processes and Key Resources. So the magic of the iPod was in how it delivered the value offered, through the easiness of use provided by iTunes. With this offer, Apple was able to design their profit formula charging high prices for the hardware in exchange of the value offered by the iTunes.

As I commented about Google and Eveon, these kind of high-tech proposals generally need to be supported by a strong and unique business model configuration. In the case of *Eveon*, the team had to go through a painstaking evaluation of the possible target segments to find the one with the highest potential. They analyzed 6 possible segments of interest:

Bio-medication, vaccines, insulin, heparin, cosmetology/dermatology and first aid for the army. All of them different in their use of the product; dependent on the solution injected and the actors participating in the market. They finally went with vaccines and bio-medication. This decision comprised business model criteria such as pricing (profit formula), given the fact that these markets require high added value injectable solutions (which are expensive), and the price of the device is relatively low if compared with the price of the injected solutions.

They defined the Customer Value proposition. For this, they studied who would benefit more from the value offered and at the same time would give the highest value back to the innovative company. The analysis was downstream from the value chain:

The direct client – Pharmaceutical Laboratories,

The Prescribers – Doctors, and finally

The User – Patients and/or nurses.

For the final decision, it was necessary to understand how the business would look like when thinking of each one of these 3 “decision makers’ involved, in order to define the optimal business model.

Some of the questions asked to define the business model were:

1. How equipped was the company to channel value to each one of them? What about patents and property rights?⁴
2. Which one of the potential customers was the most benefited so the pricing could be accordingly decided?
3. What kind of reaction from competitors should be expected, depending on which niche to start the offer? Can they match our offer easily and fast?

All business model configurations must start from the customer value proposition, and from there, the configuration of the rest of the organization follows.

An important point for considering a viable business model configuration is to understand whether the proposed value can be delivered profitably⁵:

1. using the current (or planned) business configuration,
2. if minor amendments to the current (or planned) business configuration could be needed or
3. if a complete new configuration must be considered in order to gain value.

Depending on this, it would be easier to understand how feasible it is that a new project proposal will become a trusted source of income.

Testing & Pilot

We know about it: *"Try small, fail fast and learn cheap."*

This is a very important need in every new product and innovation attempt and Google knows about it.

There is a great but not-widely told story about this fact with the development of *AdSense*, the underpinning product that propelled the success of Google in 2003.

'Love her or hate her' Marisa Mayer, was part of the management of Google, as director of consumer web products when the product *Gmail* was on its early steps of development. *Gmail* was already working and was considered a potential star product for the technology company. However, it needed a monetization strategy in order to take full advantage of it. Marisa tells the story herself, in one of her many interviews. Back in the year 2002, she was presented with a proposal that would give Google the opportunity to finally make real big money.

The whole idea was to leverage the search engine capability to match key words in the content of the emails of the users of Google-email, with related ads in the company's database of advertisers.

Marissa tells how, one of the tech leads asked her: How are we going to make money with *Gmail*? Given the traditional internet-service business model of the epoch she had embedded in her mind, she said: "Easy, everybody else in the email business gives up to 4GB of storage for free, we will give more than that. Then for a premium fee we give even more storage, there you go". Visionary tech lead, now entrepreneur, 'Paul Buchheit' insisted and said: I really think we need to put [embed] Adwords in the emails. Marissa⁶ panicked saying that this particular idea would be intrusive and would bring them trouble (on a legal basis), and asked Paul to forget it. Buchheit didn't reply. He stayed in the office and over the night built a 'prototype' of the functionality that launched internally for the employees of Google Inc who were using Gmail, that same night. Next day, Marissa comes to her desk, and gets into her Gmail account, which surprisingly, was flooded with ads. Before making any comment, she decided to give it a try, and realized that the ads shown, were fairly accurate with the content of the emails. Her example was about having received an email with an invitation from a friend to go trekking, which showed an ad of trekking boots deployed in the margins of her email. She found it valuable. That day AdSense was born, to eventually become a multibillion-dollar business, which by the end of 2011 had revenues of approximately USD 9 billion.

The interesting point here is how Marissa uses the term 'internal experiment' to try something before going public. This is the power of prototyping, testing and piloting.

This element of innovation can be as simple, cheap and as creative as it works for your team and it can have different stages: A couple of weeks under an internal private mode as the case of Google AdSense, up to a couple of years when trying a complete new concept for a new market in a certain geography. The idea is to allow enough iterations (learning) to happen for the sake of enhancing the concept being tested, whether it is a new product, a different business model or an unknown market.

The benefits can go from learning at a low cost, to quitting fast enough if no profitable future is devised. In the best cases it might lead you to a complete new discovery, as Google did with Google AdSense.

No project should be abandoned before a certain sort of pilot is held, because despite of all our business knowledge, technology available and robust experience, for certain projects the only way to know how things will get, is by trying for real.

Branding

Innovate or Perish is the mantra right?

We live amidst a 'proclaiming innovation' invasion where many companies in virtually every industry are self-proclaimed innovators. It would be hard to accurately know which ones are innovative and which ones just say they are. Big difference!

However, branding must be considered when you are attempting to innovate, basically in two forms:

1. How any given innovation project proposal matches your company's branding and
2. The perception level of 'innovative' your brand has

We know about the product cycle and how difficult it is to make it after the introduction stage without a solid presentation campaign.

How to include 'branding' in the HI-Board to consolidate a more robust innovation launch?

The first spectrum of the Branding layer within the *Hi-board* is about the innovation being considered; what is the company trying to offer.

It may be just about trying to improve some features of an existing product. Maybe is about adding extra features to some existing product line or it can be the introduction of a completely new product for which you might need a new brand. In this order, the difficulty and risk of the launch is lower with the polishing and harder at new brand introduction.

By clarifying what the innovation actually is, your team can gauge the level of difficulty and possible risk.

The second spectrum in the branding layer is about your company's branding position.

This is simply about how strong is your brand regarding expectations of its customers about innovations.

If your brand is perceived as innovative weak - the associations your markets have with it are not of a fresh risk taker - a wild innovation project could face the possibilities of a bad reaction from customers. In this scenario your team would require a stronger introduction campaign, which translates to more money needed and longer time for profits to come. If on the other hand, your brand enjoys the associations of a highly innovative player in your industry, the possibilities of presenting something different to your company's core, or more complex, are more likely to be successful.

Even if we know stockholders of Google Inc. are not the happiest ones with regard to the highly diversified product portfolio the company holds - it still wanders around different arenas to find the next big thing, such as the self-driven cars they are building -. The stockholders, happy or not, are still there.

Consider that *Virgin*, which with a strong 'branded house' model has attempted to take part of several different industries under its iconic brand.

The purpose of considering branding in the HI-Board is to be ready and prepared for what will be imminent when launching an innovation, and this might vary depending on where your company's brand is positioned. So better to take it into account. To be ready.

Image 2. The Innovator Typology

Innovator Type	Customer Centred	Tech Prompted	Opportunity Striver	Capability Striver
Enabler Focus	1. A 2. B 3. C	1. C 2. B 3. A	1. B 2. A 3. C	1. B 2. C 3. A
Source of Innovation	Outside - In	Inside - Out	Process Aligned	Process Aligned
Example	McDonalds™ Milkshakes McCafe	Google™	Procter & Gamble™	Gore & Associates™

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Every company has a core capability. In the case of the innovation model, you can categorize your core capability in one of the three enablers. However, the majority of innovations have some capabilities required from each one of the enablers. The hierarchic way, in which your company deploys capabilities from each enabler, will set its innovation model.

As your company enhances a specific capability, you can realize whether a different model should be approached, or to continue where you are. This core-focus will serve as the base of the criteria to determine which functions of the company shall get boosted or strengthen in the sake of innovation. Consequently, resource allocation will be more efficient.

A.G. Lafley, once retired and current re-appointed CEO of P&G says exactly this in his book co-authored with Roger L. Martin, 'Playing to win; How strategy really works' HBR Press, in page 22: "We wanted to shift from a pure invention mind-set to one of strategic innovation." referring to the core the company was looking to focus on, aiming to pursue innovations that were closer to its consumers.

P&G shifted from mere technology prompted to a process-aligned innovator, by investing in stronger market research and the establishment of the Consumer and Market Knowledge Group, "To create a robust picture of markets, segments, and consumers", which replaced the more traditionally formed "Market Research Department". With the creation of the CMK group together with the already powerful technological prowess plus a well-defined process for product and market development, P&G honed its innovation model to the "Opportunity Striver type" where it can develop more accurate solutions for its consumers in a repeatable basis.

Putting it all together. How to use the board

The HI-Board is a tool that allows innovators to get a holistic view of all the implications that an innovation project can have before pursuing it. As such, it is a visual tool. It brings together the main innovative capabilities of the organization, so that the understanding of what to expect is clearer.

By framing the project inside the tool, you can define the innovation model your company puts together, in order to attain success more smoothly and with less organizational conflict.

After putting together a cross-functional team, members can start discussing (not evaluating) the proposed project by thinking about each one of the elements of the Hi-Board.

Prepare the activity:

1. Print out the template in preferably A0 size.
2. Stick it in the wall. – Ideally in a comfortable, well illuminated room.
3. Bring the (multi-functional) team together.
4. Initiate a conversation following the questions each element from the enablers poses, and continue downwards until your team has reached a consensus on what to do.

The first advice is to think about all innovation proposals as simple business projects, without the innovation word embedded. This will fence off possible prejudice.

For each one the elements (enablers and supporters), write the main aspects to consider in a sticky note (7mm x 101 mm). One aspect per sticky note, and stick them on the Hi-board to get your ground plan visually formed. This way ideas can be traded off between the elements without having to start all over again if the conversation changes direction during the activity.

After having touched all elements in the hi-board, your team will have a colorful visual picture of what to think about your projects.

The board is designed in such a way so that you can have a project situated close to either the risky zone, or the risk free zone. You want to pursue projects that are harder to copy by competitors, hence, the better you can face risky projects, the harder it will be for your competitors to follow you. The closer to the risky zone (also called “future building”) the better for your company. The closer to the ‘risk free” zone (also called “survival”) the easier for them to follow you. Paradoxically, it would be riskier to take on projects on the risk-free zone.

Uses for the Hi-Board

1. **Devise a feasible (iterative) path for an innovation project - project by project -**
 - a. What would the project need in order to be taken until the end (materialization)? –Which departments involved? An idea of the budget needed, an idea of the time and effort invested
 - b. How ready are we to take it further? Knowledge, budget, time, capabilities.
 - c. Is it worth to invest resources (in this particular early stage it would be time) in thinking further?
 - d. What shall we expect? Conflict, discovery, new expectations
2. **Rank each new project in your own company's Innovator thermometer levels**
 - a. Establish a set of indicators to attribute feasibility to each project based on your company's boundaries
 - b. Company might not be willing to step over on expensive and complex testing and pilot stages.
 - c. BUT! / AND you will be able to leave an interesting project on Hold / Stand by until you find a better way to “pilot” –if that was the case
3. **Find trade offers -**
 - a. If the project considered is a no new-to-the-world product, then an innovative business model is needed. It's about the VALUE
 - b. If the project considered is NEW to the world, a cheap, fast and simple prototyping would be crucial
 - c. Go on with these combinations!
4. **Evaluate Project Vs. Project for decision making (elimination)**
 - a. Gauge the average of how tilted is the RISK – SAFE balance (thermometer) of each project. Those tilted towards the left, are better projects, but might be harder to achieve. Those tilted towards right are less desired, but simpler.
 - b. What does your company want? Build your optimal portfolio
5. **Reach agreement, consensus and understanding between different mindsets and specifically from your board of directors [HI – BOARD!].**
 - a. Create a convincing, irrefutable –but always conversational- business cases based on the agreement reached.
6. **Envision a long-run future for either a product / product line or even the company itself.**
 - a. Google started as a tech based innovation. They used internal prototype for *AdSense* and launched it later on. The product exploded only after an innovative business model was designed. Now they are an innovation power-house brand with an intense innovation portfolio to manage. The HI-Board can help you envisioning the future of your entire company regarding innovation intent.
7. **Devise an innovation type transition plan if required. -**
 - a. Going from innovator type to innovator type might need your company to undertake some challenges in the way. Map where are you and where you need to be, and spot out the path to follow regarding innovation supporters.

By Cesar Malacon

About the author

Cesar Malacon's expertise in strategy and innovation development & facilitation has gained him vast international experience in diverse industries. Having lived in North America, The UK, South-East-Asia and Central Asia, he is currently introducing the concept of corporate strategy and innovation in Kazakhstan through the consulting firm Applica Partners, working with corporations and governments. He holds an MBA from The University of Warwick, U.K., and qualifications from the University of Mannheim, Germany. He is an elected member of the council of the [Strategic Management Forum](#), an organization of which he is also a founder member. He researches, practices, writes and teaches business. Life is better with music. And dogs.



¹ C. Christensen, S. Cook and T. Hall “Marketing Malpractice: The cause and the cure” | Harvard Business Review, (November-December 2005) 73-84

²“Products” Eveon. http://www.eveon.eu/en/medical_device_for_injection.html

³ http://en.wikipedia.org/wiki/History_of_Google

⁴ D. Teece, “Profiting from technological innovation: Implications for integration, collaboration, licensing and public policy” (National Academy of Engineering Symposium titled “World Technologies and National Sovereignty,” February 1986). In order to analyse the situation thoroughly, the team used the “Complementary Assets / Appropriation Level” model included in this paper.

⁵ C. Genet and V. Roux-Jallete, “Positioning a Start-up In a Value Network Dominated By Established International Actors,” chap 5. in “Rethinking Business Models For Technological Innovation. Lessons from Entrepreneurial Projects”. (Grenoble, Umanlab research laboratory, 2011) Once the company decides what configuration to pursue, the experience of Eveon proposes to keep a flexible mindset in order to adapt to clients needs, to respect constrains related to profitability (time) and to be able to seize all opportunities that might come up. What Eveon claims to have pursued was ‘strategic trial and error’ so that the company could better adapt to the markets selected to avoid the management deciding to stop the project in case of unexpected conditions presented. –. *Grenoble Ecole de Management and Eveon. 2011*

⁶ Now Marissa Meyer publicly accepts she is the responsible of almost having killed such a multibillion-dollar business for Google Inc. If it was not for the value of piloting, probably you wouldn't be reading this story – Marissa Meyer and Josh Tyrangiel for “92nd Street Y”, March 2012 – https://www.youtube.com/watch?v=2zaAgbXDfbM&list=FL_571QF3C935G016ToKtrw&index=1