

Innovation, The Way Forward



Innovation - The Way Forward

Types of Innovation

Innovation has traditionally characterised by two main factors – Market Stretch and Technology Stretch as shown below in Fig. 1. A business will either deliberately pursue a strategy in each of these directions or be pulled in that direction by external forces.

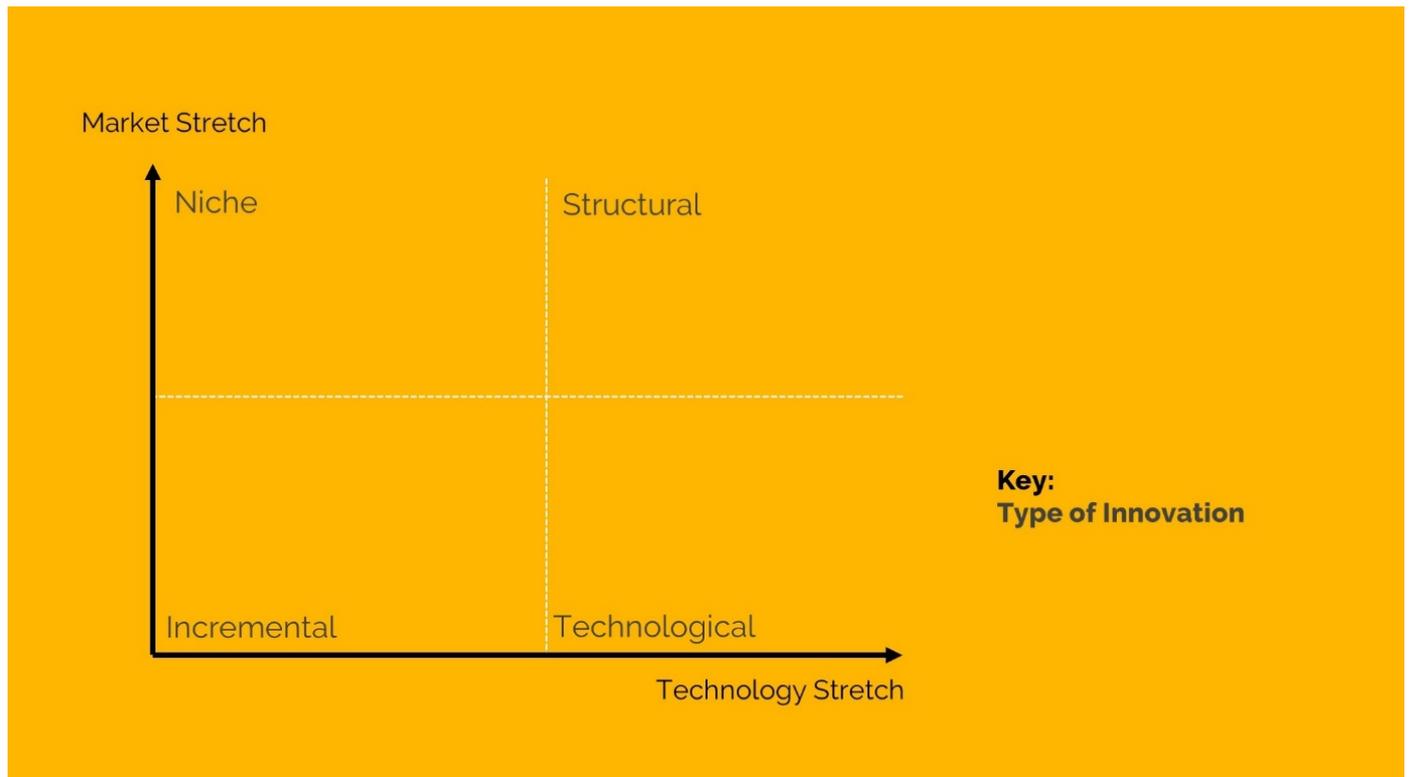


Fig 1.

Near the origin Incremental (or step) Innovation takes place. For example, an electronics company that makes smartphones might use faster or more efficient components in the new products (Technology Stretch) or be driven by the market, perhaps introducing a new screen size or alternative colour.

If a business is solely concerned with the market, then it will be working within a niche but if it is mainly concerned with technology then it will be participating in technological Innovation.

The most interesting type is where a business pushes all the boundaries and Structural Innovation takes place. Several things may happen here. Firstly, competitors may be baffled by what a business is doing (this is Apple with the first iPhone or Sony with the first ever Walkman product) or it propels us into an area where we are able to solve new and more complex problems. This could be global warming, food production or over consumption.

It is this area which is most exciting, and which requires our new Innovation model. We have now moved further than mere disruption.

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Strategic Approaches To Innovation

The Strategic Approaches that are taken for each type of Innovation have been added to the previous diagram and are shown in Fig. 2 below.

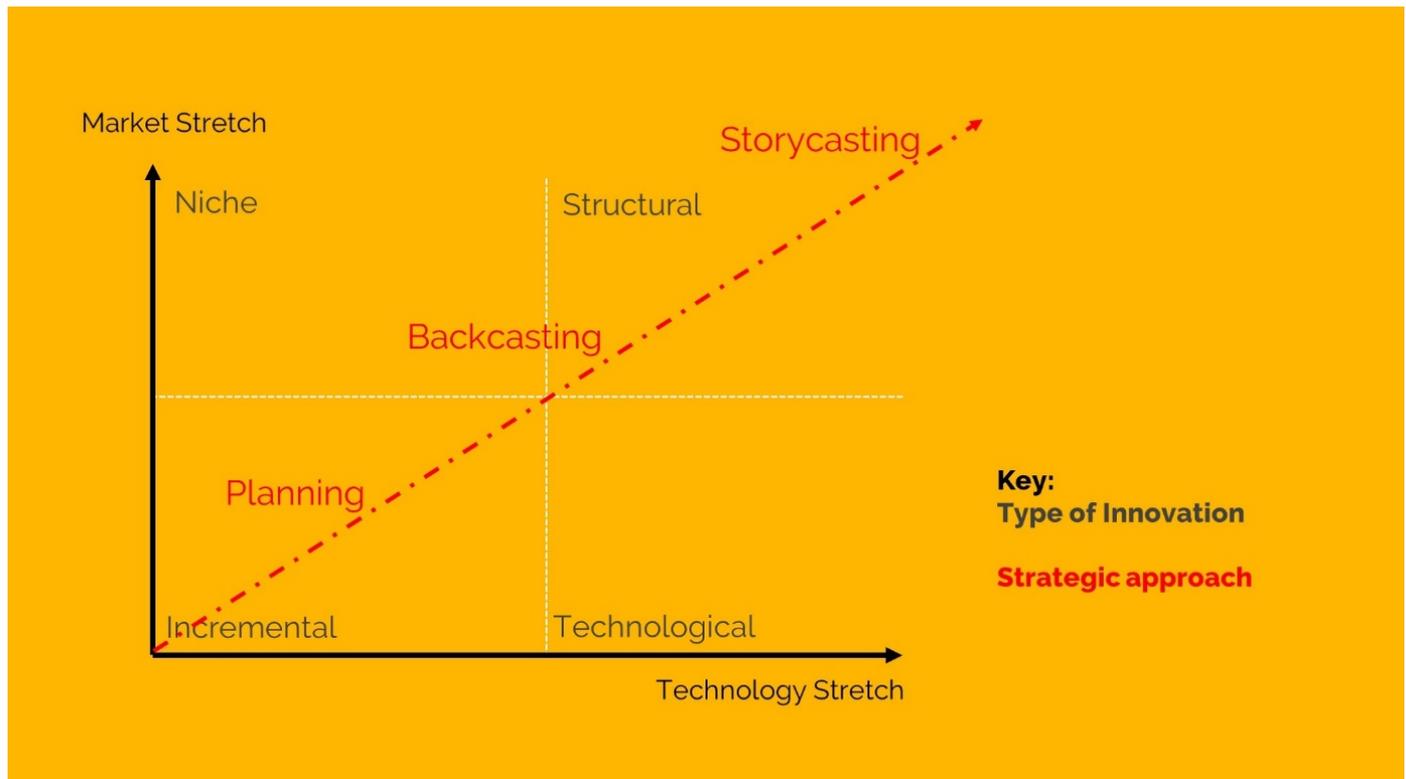


Fig 2.

Whilst engaging in Incremental Innovation, the strategic approach used is Planning. Often plans are not zero based i.e., a business will not plan from scratch but will base their short term plan on what happened in the immediate past. There is almost always an assumption that the future will look very much like the past.

This is not the type of strategic approach that would have been helpful just before COVID-19 came upon us.

As we move further towards Structural Innovation, businesses tend to use Backcasting. This is a technique stolen from the world of Creativity and renamed so that it appears more mainstream for use by Managers and management Consultants. This is in fact plain Storyboarding where a business imagines the future state and then works backwards one large step at a time until they get back to the present hence the term Backcasting rather than Forecasting.

This tends to result in a plan but it is much more focused on the future and requires a degree of stretch. But what about moving beyond Structural Innovation, what sort of approach is required then?

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Storyboarding must be taken a step or two further. Rather than imagine a future state which we might already have defined, we search for something that is not yet defined. To do this we can look for what are commonly known as 'weak signals'. We might employ several alternative techniques to look at trends or consult experts in various fields.

A brief note regarding weak signals. Imagine you are on board a ship which left port say 30 minutes ago. Looking over the stern you see the wake and perhaps some rubbish that might have been thrown overboard. Now switch your viewpoint to the harbour wall of the port. You might not see the ship, but you may just be able to see some signs of the wake and perhaps the jettisoned rubbish. Using all the clues available, an experienced ship watcher might just be able to work out the type of ship and where it was heading.

This is remarkably similar to weak signals. We use a number of techniques to detect small and sometimes seemingly irrelevant or tiny scraps of knowledge that help build a picture of the future.

The aim is to pick up on a number information points which, when combined, will tell us what might be happening in 20 or 30 years time. The more information we can gather, the better. This can then be used in conjunction with Storyboard in a technique known as Storycasting.

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Innovation Processes And Behaviours

The final missing part of the diagram is Innovation processes and Behaviours. These are added to the diagram shown below Fig. 3

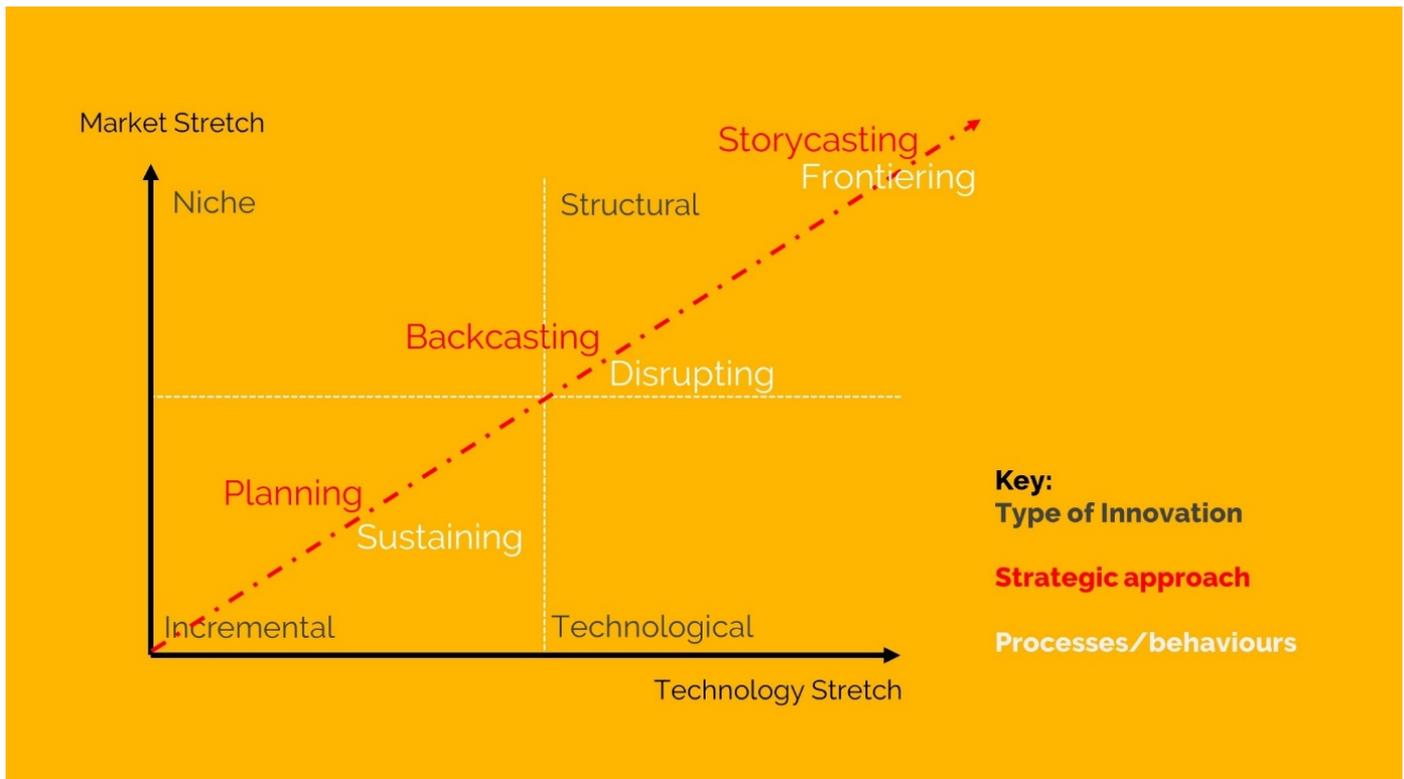


Fig 3.

For Incremental Innovation, behaviours are Sustaining. They support what is necessary to get the job done and keep up with the marketplace or technology, nothing more.

As we move up the line towards Structural Innovation, we find businesses that are using strategic approaches such as Backcasting. Such businesses will exhibit disrupting behaviours. They are likely to have futuristic R & D arms and be looking to out manoeuvre the competition. They will still have to undergo many changes to progress, thus consuming both time and resources.

As we tend towards our ideal, we employ Storycasting and businesses will exhibit behaviours and employ processes consistent with Frontiering. The Frontiering organisation will have a form similar to that previously described as 'Soup With Croutons'. It will not be hierarchical and will have quite different approaches to managing and rewarding employees.

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At this time curiosity, serendipity, empathy, and communications skills will be important as will subject (or expert) knowledge. Organisational culture (think back to Jugaad and Chai) will be prevalent. Our new organisation will be capable of problem solving and adapting to the future without the need for expensive and disruptive change facilitators.