Creating and Sustaining a Culture of Innovation

Dave Jarman

@DaveJarm

European Union

European Social Fund

Planning for a different **tomorrow** whilst delivering your existing business **today** is *hard*.

How do you explore for new opportunities whilst executing and exploiting your existing ones?

How do you sustain that?

~~Innovation = Technology~~

Innovation = doing things differently to get a better outcome.

**For Efficiency,
For Sustainability,
For Transformation.**

Leaders don't create growth.

Leaders create *the conditions* for growth.

Innovation Cultures

"Culture is what we do when no-one is looking."

Individual Cultures

- Diet – where do good ideas come from?

- Exercise – how do we get better at having and acting on good ideas?

Organisational Cultures

- How do we create, spot, and evaluate opportunities?

- How do we act on opportunities without making expensive bets?

Avoiding 'Innovation Theatre'

- Innovation Theatre = events and activity 'for show'

- How can you embed innovation *habits* that lead to impacts?

- Achieving measurable outputs from your efforts.

Individual Innovation

Creative Diet: What are you feeding yourself?

- Where do you find out about the future?

- What good news sources do you read/watch/listen to?

- Do you read your industry press?

- Do you keep or curate your good ideas?

- How diverse are your sources – how good is your *scrapyard* of ideas?

GARBAGE IN,
GARBAGE OUT.

STEALLIKEANARTIST.com

Image: Austin Kleon

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'Spare Parts'

Stephen Johnson 'Where good ideas come from' (2011)
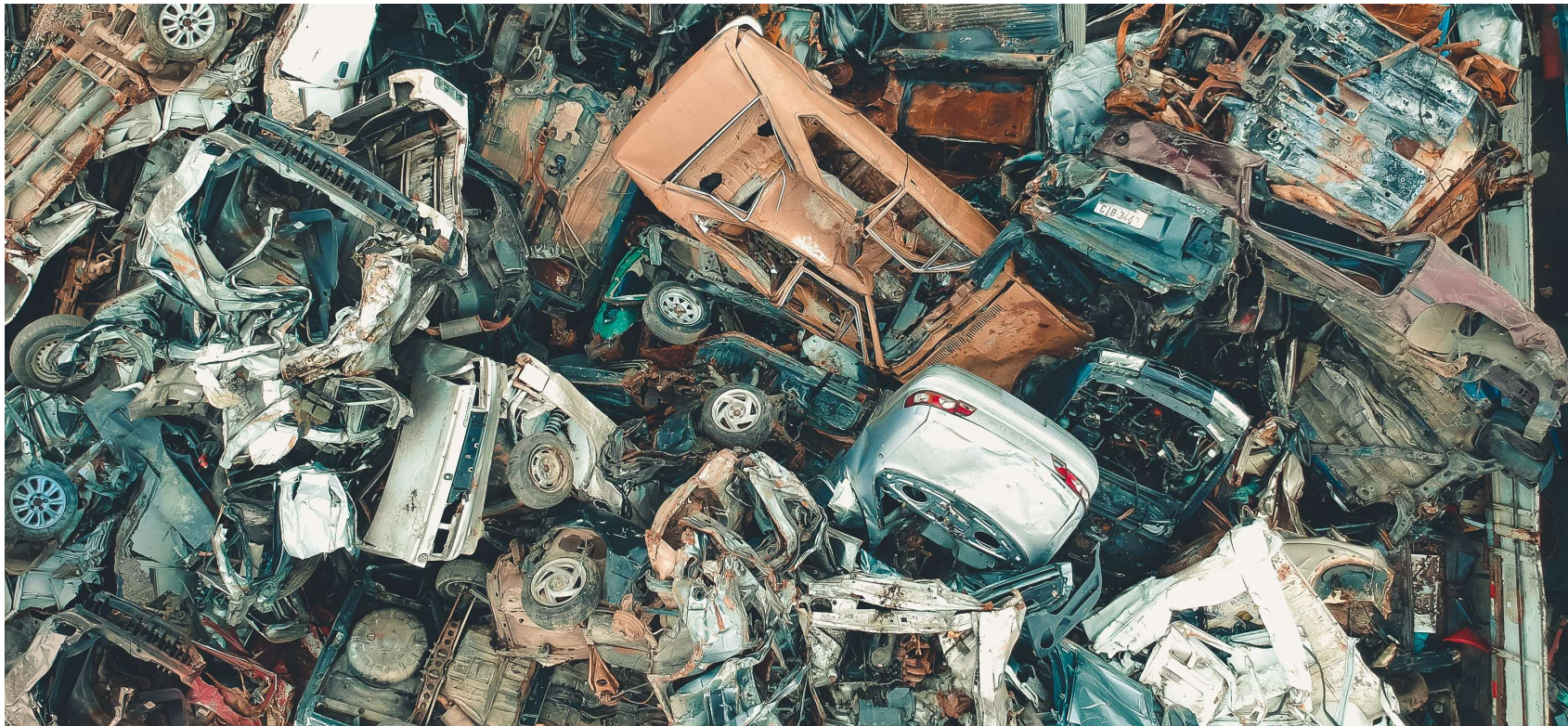

Photo by sergio souza on Unsplash

Exercise

Turn to the person next to you:

- Discuss where you get your good ideas from

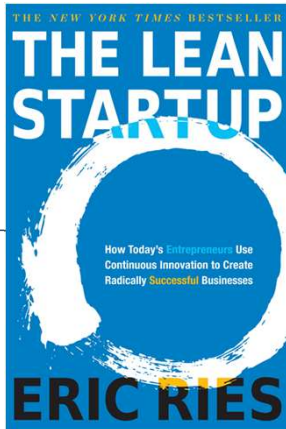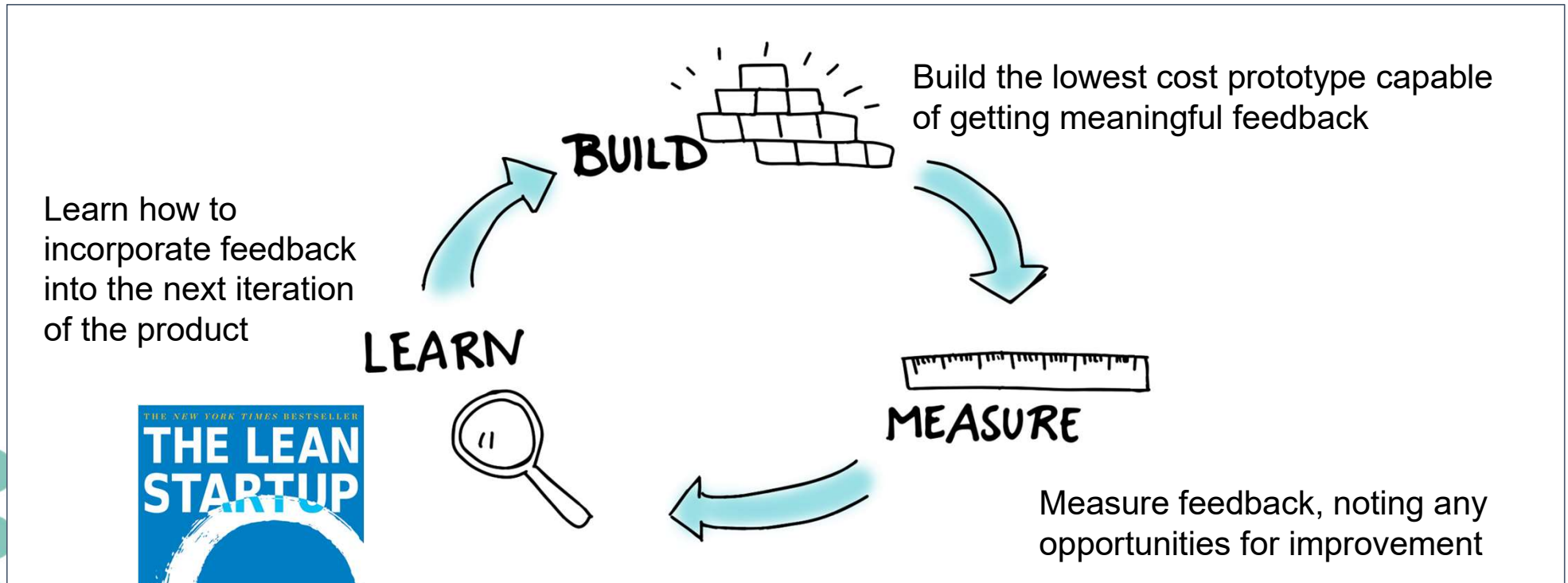- Identify where you find out about the future from

Creative Exercise: Building innovative 'muscle'

- How do you explore, build, evaluate, or test your emerging ideas?

- How do you prototype?

- Initial ideas are often just 'stepping stones' to better ones, but how do you explore around an idea to develop it?

Photo by Alice Dietrich on Unsplash

Lean Testing

Learn how to incorporate feedback into the next iteration of the product

BUILD

Build the lowest cost prototype capable of getting meaningful feedback

LEARN

MEASURE

Measure feedback, noting any opportunities for improvement

THE NEW YORK TIMES BESTSELLER

THE LEAN STARTUP

How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses
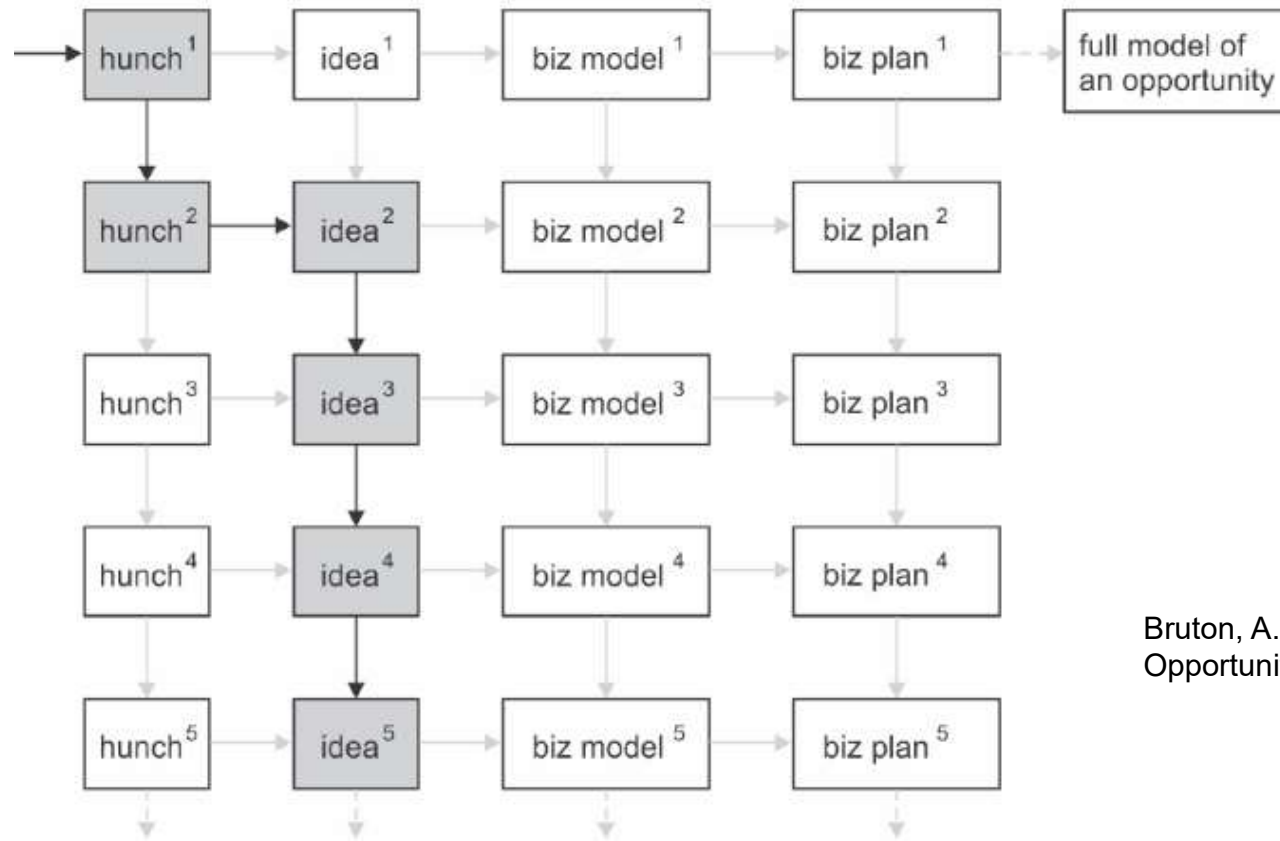
ERIC RIES

Exercise

Turn to the person next to you:

- What do you already do to test/explore/evaluate/develop ideas? How do you 'test-drive' an idea?

- What else could you do?
    - Sketch/illustrate
    - Mock-up/simulate
    - Share/explain to potential contributors
    - Test with stakeholders through interviews/surveys

From Hunch to Launch

Bruton, A. (2016) Deliberate Opportunity Design (DOD)

'Edge' or 'Unfair' advantage

	Limited Skills	Advanced Skills
Deep problem knowledge	Domain expertise.	'Edge'
Limited problem knowledge	"I experienced this once…"	Highly skilled practitioner.

https://medium.com/entrepreneur-first/understanding-founder-idea-fit-f16d658c0e8f

Diet and Exercise won't change overnight.
You might be ill.

Build habits slowly.

They need some space and time to grow and embed.

Make short-term space for long-term plans.

Collective Innovation

Collective Innovation

- Similar principles apply:
  - Diet + Exercise
  - Gather spare parts and build things out of them
  - Where possible go 'lean'
  - Its useful to think of it as a habit

- But its bigger and harder to coordinate...
  - It needs **Leadership** to legitimise
  - It needs **Coordination** to make it efficient
  - It needs **Tools** in the hands of those contributing

Innovation requires different mindsets

Explore Mindset		Exploit Mindset
Search and Breakthrough	Focus	Efficiency and Growth
High	Uncertainty	Low
Venture-capital style risk taking, expecting a few outsized winners	Financial Philosophy	Safe haven with steady returns and dividends
Iterative experimentation, embracing speed, failure, learning, and rapid adaptation	Culture and Processes	Linear execution, embracing planning, predictability, and minimal failure
Explorers who excel in uncertainty and can navigate between big picture and details	People and Skills	Managers who are strong at organising and planning and can deliver efficient processes

The risk is bigger

- *Desirability* Risk – customers won't be interested

- *Feasibility* Risk – we can't build and deliver

- *Viability* Risk – we can't earn enough money

- *Adaptability* Risk – external factors are unfavourable

- *Credibility* Risk – we won't be believed or trusted (again)

**It's tough staking what we have on what we don't yet understand.**

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Innovation Process

Informal steps in the process:

- Notice something
- Have a hunch about an opportunity
- Test the hunch
- Iterate
- Act on the best version
- (Codify the process)

Formal steps in the process:

- Gathering data
- Synthesising insight
- Generating ideas
- Evaluating ideas
- Prototyping and testing
- Reinforcing the habit

Alex Osterwalder.
https://twitter.com/AlexOsterwalder/status/1405065914840649728/photo/2
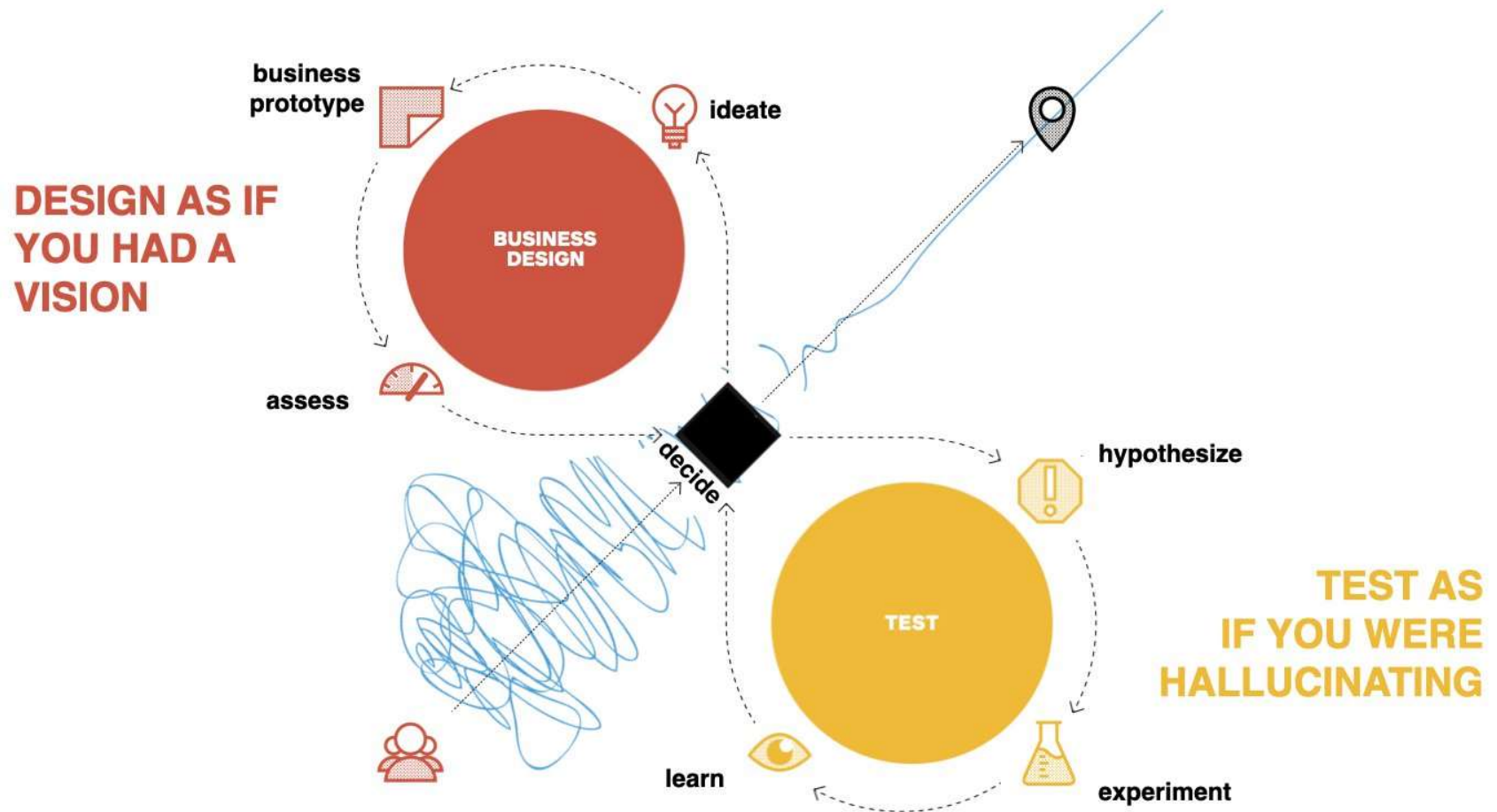
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Image: Austin Kleon

Creative Diet: *Where* do you get insight from?

- Customers?
  - Changes in behaviour
- Suppliers?
  - Changes in processes
- Investors?
  - Changes in appetite
- Competitors?
  - Changes in strategy
- Your own staff?
  - Changes in competency
- Process data?
  - Changes in trends
- What changes in the landscape are they seeing that represent an opportunity or risk to you?

Photo by S O C I A L . C U T on Unsplash

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Creative Diet: *How* do you get insight?

- Desk research

- Conversations

- Surveys

- Feedback mechanisms

- Stakeholder engagement

- Independent reviews

- Events

- Suggestion boxes

Photo by nine koepfer on Unsplash

Exercise

Turn to the person next to you:

- What do you already do to gather useful insights?

- What do you think you could or should be doing to gather more diverse insights?

Once you have insight...

- Who gets to see it?

- Who gets to evaluate it?

- How do you make decisions about it?

Typical blockers to organisational innovation

- Lack of strategy
- Locked into existing business model
- Short-term results focus
- Innovation seen as a specialist 'black box' function
- Lack of insights
- Lack of engagement with process – dominated by HiPPOs

- Bureaucracy
- Rewards model geared to execution not exploration
- Linear processes
- Execution-focused KPIs
- Lack of skills, knowledge, experience or confidence in process of innovation
- Fear of failure

Useful enablers to organisational innovation

- Leadership Support
  - Clear Strategy: who, what, where, when, how, why?
  - Resource allocation
  - Portfolio management
- Organisational Design
  - Power and permission to participate
  - Connection to the core of the business
  - Rewards and incentives

- Innovation Practice
  - Tools and methods
  - Confidence using the tools and methods!
    - Gaining insight
    - Evaluating opportunities
    - Developing ideas
    - Prototyping and testing
  - Process management

Innovation Process

Steps in the process:

- Gathering data
- Synthesising insight
- Generating ideas
- Evaluating ideas
- Prototyping and testing
- Reinforcing the habit

Examples of practice:

- Everyone talks to customers
- Design Sprints
- Suggestion Boxes/Competitions
- Stage-Gates
- Funded experiments
- Awards and accolades

Innovation Project Scorecard

https://www.strategyzer.com/resources/canvas-tools-guides/innovation-project-scorecard

Assesses:

- Strategic Fit
- Opportunity
- Desirability
- Feasibility
- Viability

Strategic Fit	The team has shown that the...		Alignment					
			None	Very weak	Weak	Some	Strong	Very strong
CORPORATE IDENTITY	Idea/project is aligned with our corporate identity (strategic direction, organizationalculture, brand image).		0	1	2	3	4	5
INNOVATION GUIDANCE	Idea/project is aligned with our company's innovation guidance.		0	1	2	3	4	5
LEADERSHIP SUPPORT	Idea/project has support from at least one key sponsor who can help it become reality.		0	1	2	3	4	5

Opportunity	The team has shown the...		Opportunity Size					
			None	Very weak	Weak	Some	Strong	Very strong
TAM / SCALE OPPORTUNITY	Financial potential of our idea.		0	1	2	3	4	5

| Risk Reduction	The team has evidence that shows that...		Evidence & Confidence					
			No evidence	First light evidence (Say)	Light evidence with real artefacts (Say)	Light call-to-action evidence (Do)	Strong call-to-action evidence (Do)	Irrefutable evidence from markets
Desirability								
CUSTOMER SEGMENT	Our critical customer segments have the jobs, pains, and gains relevant for selling our value proposition.		0	1	2	3	4	5
VALUE PROPOSITION	Our value proposition resonates with our critical customer segments.		0	1	2	3	4	5
CHANNELS	We have found the best channel(s) to reach and acquire our critical customer segments.		0	1	2	3	4	5
CUSTOMER RELATIONSHIP	We have developed the right relationships to retain customers and repeatedly earn from them.		0	1	2	3	4	5
Feasibility			Evidence & Confidence					
KEY RESOURCES	We have the right technologies and resources to create our value proposition.		0	1	2	3	4	5
KEY ACTIVITIES	We have the right capabilities to handle the most critical activities for creating our value proposition.		0	1	2	3	4	5
KEY PARTNERS	We have found the right key partners who are willing to work with us to create and deliver our value proposition.		0	1	2	3	4	5
Viability			Evidence & Confidence					
REVENUES	We know how much our customers are willing to pay us and how they will pay.		0	1	2	3	4	5
COSTS	We know our costs for creating and delivering the value proposition.		0	1	2	3	4	5
Adaptability			Evidence & Confidence					
INDUSTRY FORCES	Our idea/project is well positioned to succeed against established competitors and new emerging players.		0	1	2	3	4	5
MARKET FORCES	Our idea/project takes known and emerging market shifts into account.		0	1	2	3	4	5
KEY	Our idea/project is well positioned to benefit from key		0	1	2	3	4	5

Exercise

Turn to the person next to you:

- What's your existing process for innovating?

- What could you add to your existing process?

Embracing Failure

- Failure is inevitable in any process of innovation.
- Make failing quick and cheap.
- Try again.
- Embrace small iterative failures that help you learn things quicker than your competitors.
- Conduct pre-mortems
- Reward zombie-killers

FAILURE IS A BRUISE,
NOT A TATTOO.
- JON SINCLAIR
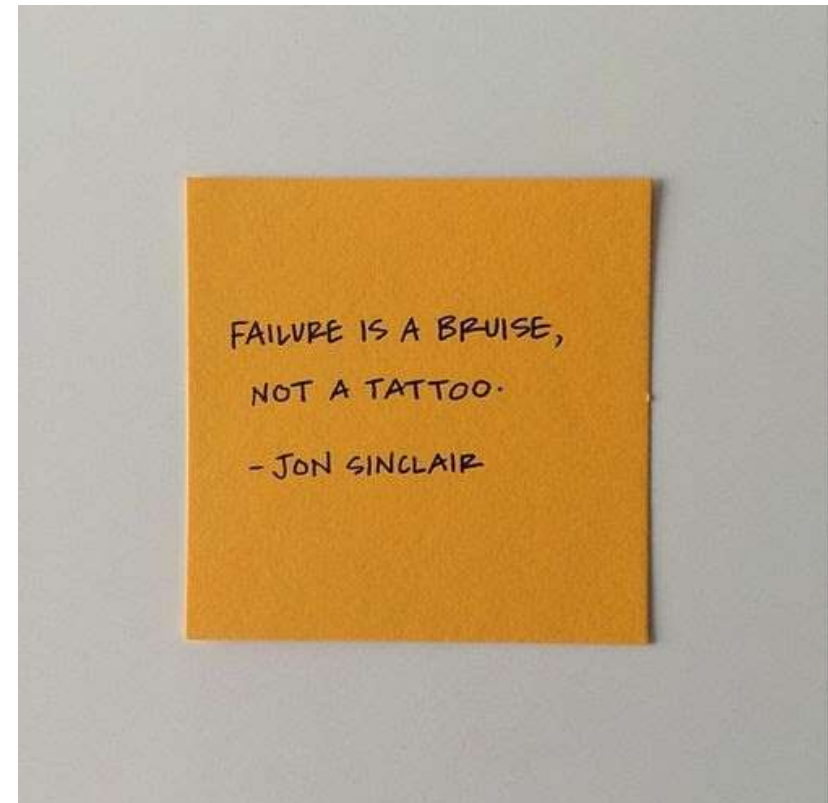
Next steps

- For you:
  - Enrich and diversify your diet
  - Exercise those innovation muscles
- For your organisation:
  - Set an Innovation Strategy – create the conditions
  - Enrich your data
  - Enable synthesis, evaluation, ideation, and prototyping
  - Support a culture in which everyone can contribute to the process and feels confident in doing so

Recommended Reading
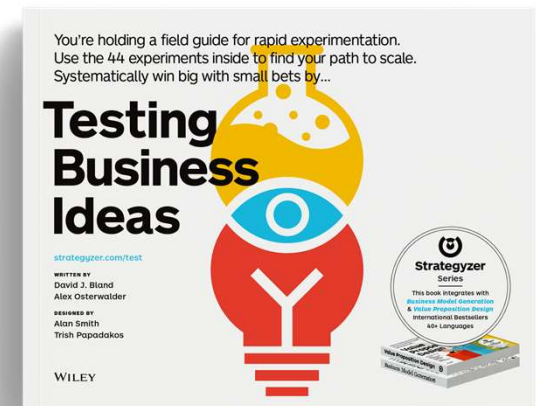
Strategyzer Series – Alex Osterwalder et al

www.davejarman.co.uk
Twitter: @DaveJarm

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