DISRUPTIVE AFRICA
CONFERENCE | EXPO | HACKATHONS

INNOVATION HANDBOOK

"Innovation is the use of uncommon and simpler approaches to solve problems or leverage opportunities"
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Innovation Growth Workshop

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Preface

This handbook focuses on providing organisations with a systematic approach and process flow designing executing Innovation through a roadmap. The document highlights approaches, systems, tools for Innovation growth.

INNOVATION FOR ORGANISATIONS

Enterprises are usually multi-departmental organisations, considering that it is made up of different people operating from different arms of the enterprise running different goals, it is important to find systematic and smart methods to run efficient innovation programs.

Innovation in enterprise works well when there is a buy-in from the C-levels and other decision makers. This is one of the reasons companies need Innovation teams and Innovation officers.

The innovation agenda is typically driven by the CEO's office, a dedicated Chief Innovation Officer's office, or by leaders within a business unit/function.

Methods of Driving Innovation in Organisations

Open Innovation

Open innovation is a set of processes and activities, such as Ideathons, Hackathons (internal/external) or opening an API innovating which allows an organization interested in innovation to work in partnership with those outside of the organisation by sharing the risks of the process and rewards of the outcome. It helps the organization to tap into the creativity and ideas of both internal and external talent.

Corporate Investment Fund

 A vehicle through which corporates invest directly into startup and provide them with industry and management expertise in exchange for equity

Acquisition

The process by which a company purchases most of or the whole of another firm in order to assume complete control over it

Innovation Department

An internal division of corporate in charge of applying both scientific and technological research that will enable the development of new products and /or the development of such new products.

Accelerator / Incubator

A fixed term, cohort-based program that, in most cases, includes seed or pre-seed investment in startups (in return for equity or not) and offers mentorship and networking.

Companies pursuing an open model of innovation use startup accelerators or incubators when they want to develop, test, and validate good ideas. They can drive internal innovation and leverage the zest and genius of startups as well. Apart from networking opportunities for the disruptor and disruptee, incubators and accelerators, which are typically instituted for a short duration, help scale ideas and give firms viable, market-ready solutions to maintain or regain the competitive edge.

Joint Venture

The agreement between two organizations to establish a new entity, over which both exercise control, which may have a defined finite lifespan

Company Builder Partner

An execution-focused approach where corporations explore and validate new business models, products or services by running a startup outside of its regular organization everywhere.

Intrapreneurship

Intrapreneurship Programs are corporate exercises that encourage and train employees to have ideas and execute them for the benefit of the whole company.

Mergers and Acquisitions

Larger companies often acquire entrepreneurial startups with proven business models to enter a new market or get hold of new technologies or products.

Innovation through acquisition is a common strategy across sectors. Companies involved in mergers and acquisitions typically operate in complementary technology areas for better synergies. For example, Oracle acquired dozens of companies over the years such as Sun Microsystems, PeopleSoft, Taleo, Vitrue, Hyperion, Collective Intellect, SelectMinds, and NetSuite to stay on top of the game.

The Innovation stages in enterprise or large organisations are in 3 simple stages:

- Discovery: Discovery refers to the theme identification phase, i.e., discovering what to focus on.
- Ideation: Ideation refers to sourcing ideas for problem statements.
- Execution: Execution refers to the creation of a proof of concept and a market-ready product.
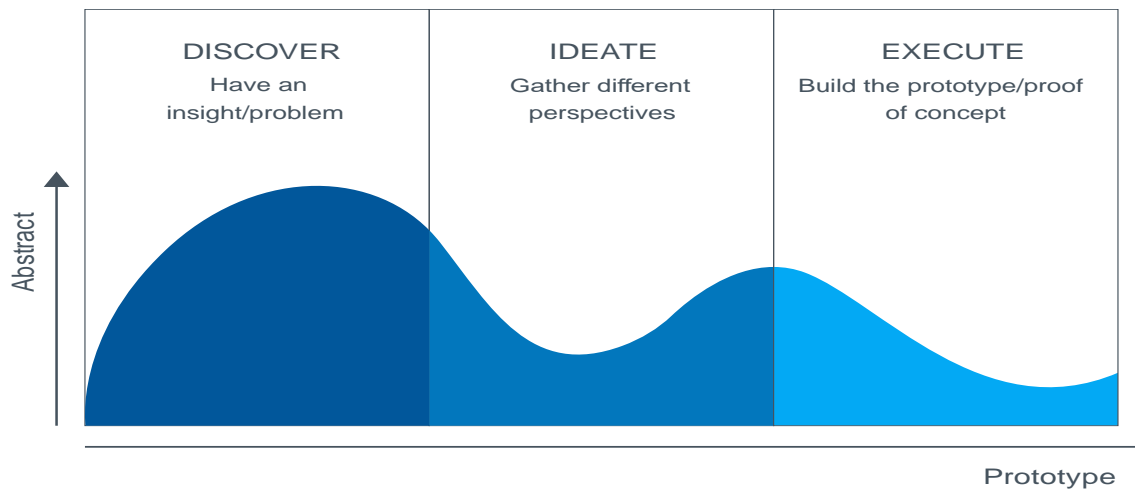
Key areas in driving through the stages of innovation

During the stages of Innovation, some areas of concern arise in all three phases — Discovery, Ideation, and Execution.

In **Discovery**, we discover opportunities, problems, disconnected functions within the enterprise (e.g., Sales does not speak with R&D), lack of synergy between cross-geography teams (e.g., teams in the Lagos, Port-Harcourt, and Abuja do not communicate effectively), lack of right strategic direction for innovation, and so on. Discovery could be identifies by trends, feedback from customers, partners, employees etc.
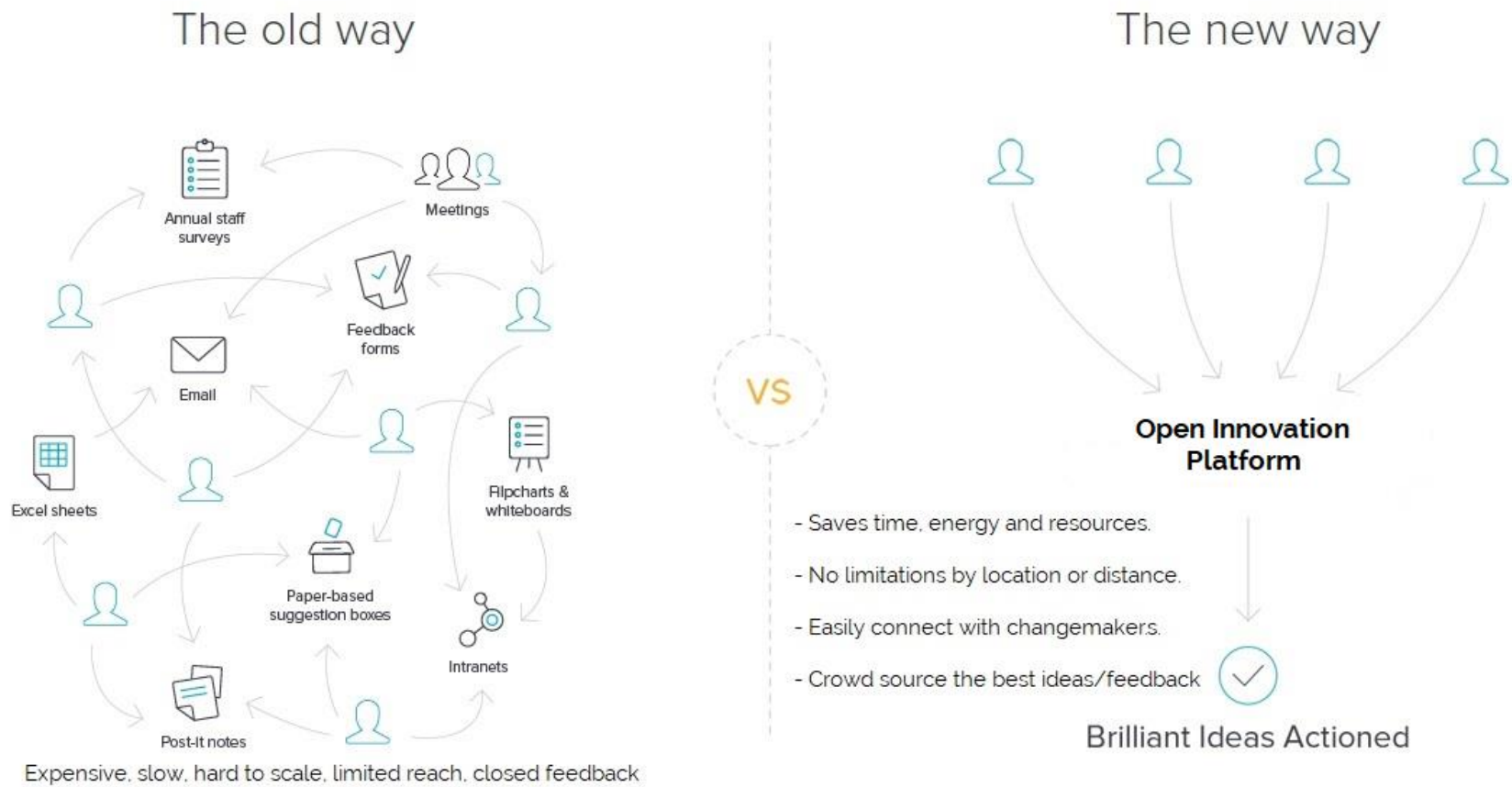
In **Ideation**, often, there is a lack of clear processes. This leads to multiple problems including, and not restricted to, ideas getting lost in the pipeline, difficulty in measuring return on investment from innovation spends, and disengaged employees.

These make it hard to run sustainable innovation programs. Also, in large organizations, getting the leadership to hear an employee's idea becomes a daunting task and can inhibit the process by "lowering" people further.

IDEATION PROCESS
Ideation process encompasses aspects of idea collection, selection of the right idea, and creation of prototypes.

Ideal Open Innovation Platform for Ideation Process

The old way

Annual staff surveys

Meetings

Feedback forms

Email

Excel sheets

Flipcharts & whiteboards

Paper-based suggestion boxes

Intranets

Post-It notes

Expensive, slow, hard to scale, limited reach, closed feedback

VS

The new way

Open Innovation Platform

- Saves time, energy and resources.
- No limitations by location or distance.
- Easily connect with changemakers.
- Crowd source the best ideas/feedback

Brilliant Ideas Actioned

Defining Innovation Goals

Innovation could be vague and ambiguous, translating insights into problems, and problems into solutions, then into business model, could be a herculean pursuits. There is no one-size-fits-all strategy as far as innovation systems are concerned. The front-end of innovation entails defining the opportunity, discovery by generating ideas, developing the design, demonstrating feasibility, and creating the solution portfolio.

The back-end of innovation involves developing new solutions, commercializing them, and then improving them.

| Define the Opportunity | Discover by Generating Ideas | Develop the Design | Demonstrate Flexibility | Solution Portfolio | Develop New Solutions | Commercialize New Solutions | Improve New Solutions |

Front end innovation   Back end exploitation
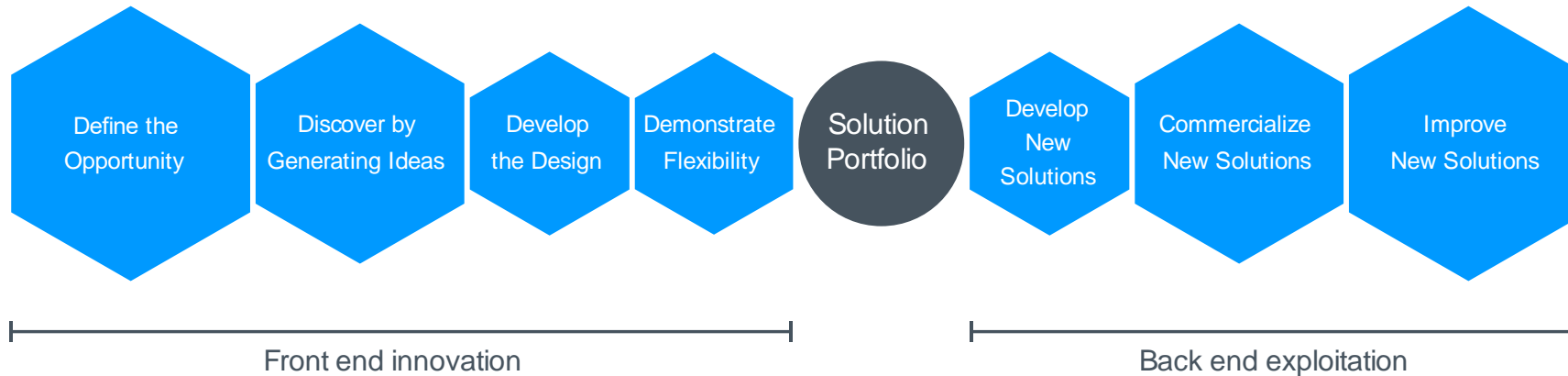
Source: Phil Samuel, Michael Ohler and Mark McMurray, 2013

Criteria for assessing Innovation: Use case of Innovation At Marriott International Inc.

The company tests three risk factors.

• Will customers use a new service or not?

• Does the new underlying technology work and can it scale or not?

• Once implemented across its hotels worldwide, can the service be delivered with almost complete accuracy, consistency, and cost-effectiveness?

Once the new feature (such as beta button engagement, immersive kitchen, and amazing loyalty programs) crosses these hurdles successfully, it is funded and then deployed in over 6000 Marriott properties in more than 120 countries.

Last year, the world's largest hospitality company made it to the Forbes 2017 World's Most Innovative Companies list. "The Marriott Hotels brand has been on a transformation journey, and innovation is in our DNA," says Mike Dearing, MD of Marriott Hotels.

In the process of innovation, insights, skills, and competencies can be inside-out or outside-in.

• Internal innovation typically happens through employees, R&D teams, innovation management teams, and business development teams.

• External innovation usually comes from customers, partners, suppliers, R&D providers, and innovation communities.

Driving internal innovation

According to research, Employees, Partners and customers are the top 3 sources for innovation ideas in organisations. Unlocking hidden value propositions within the company and creating differentiation can be rewarding. This can be done by getting employees to discover feasible and exciting alternatives. Aside from boosting employee engagement, internal innovation helps reduce employee turnover and streamlines operations.

Mobilizing innovation internally in established companies can take long. Employees are hesitant to upset the status quo. A mature firm has a strong culture that does not lend itself easily to reinvention or new practices or path-breaking ideologies. Everyday operations focused toward meeting primary business objectives often leave very little room for experimentation.

However, as author Steven Johnson says:

"If you look at history, innovation doesn't come just from giving people incentives; it comes from creating environments where their ideas can connect."

Before an organization begins to drive innovation internally, it needs to set up the right environment. When the strategic behavior is autonomous, the innovations are primarily radical, while when it is induced (top-down), innovations tend to be incremental.

Building a culture of innovation
• Invite positive influencers to inspire the teams to be intrapreneurs

• Start pilot programs to increase awareness

• Define the roadmap clearly for employees, discussing previous failed attempts and learnings

• Encourage collaboration and develop cross-functional teams

• Provide opportunities for innovators to shine, with adequate reward/recognition

Factors affecting internal innovation
• History of the firm

• Leadership styles

• Skill of the workforce

• Future expectations

• Availability of finance

The advantage of internal innovation is that the company doesn't have to contend with the "**not made here**" bias (involvement) and intellectual property rights (IP) issues.

Examples of Internal innovation teams/programs

Some companies, such as BMW, Hallmark, and MasterCard, have dedicated innovation teams with change agents carefully picked from the existing employee groups.

MasterCard has MasterCard Labs, an internal startup, to allow the company to "ideate, incubate and test new ideas." The Shop This! feature is a product of this in-house innovation arm.

AT&T Foundry innovation centers are another type of internal innovation program for employees to experiment.

Adobe employees who have a red box with a $1000 credit card, candy bar, and a Starbucks gift card are part of Kickbox, "designed to increase innovator effectiveness, accelerate innovation velocity, and measurably improve innovation outcomes."

LinkedIn wants its employees' voices to be heard via an internal incubator.

Autodesk takes its employees through innovation workshops.

Hackathons

With the way the workforce today is connected today, collaborative innovation is easy.

Companies need to be exacting when designing and implementing internal competitions or hackathons for good ROI.

Substantive wins may not be immediately possible, but the team morale and energy of the diverse workforce will be worth the effort. Discovering brilliant minds and ideas that weren't previously considered are positives of internal idea competitions.

With such challenges, companies open product development to every stakeholder. Additionally, by giving employees a risk-free environment to grow, firms garner insights from all levels.

"Hackers" will internalize core principles and develop proposals with a common goal.

**Mentoring programs, pitch days, and crowdsourced platforms are other employee-focused tools for innovation. (Gartner)

Enabling open innovation

Open innovation is involves use of systematic methodologies to identify need/problems through purposive inflows and outflows of knowledge to accelerate internal innovation and expand the markets for external use of innovation, respectively.
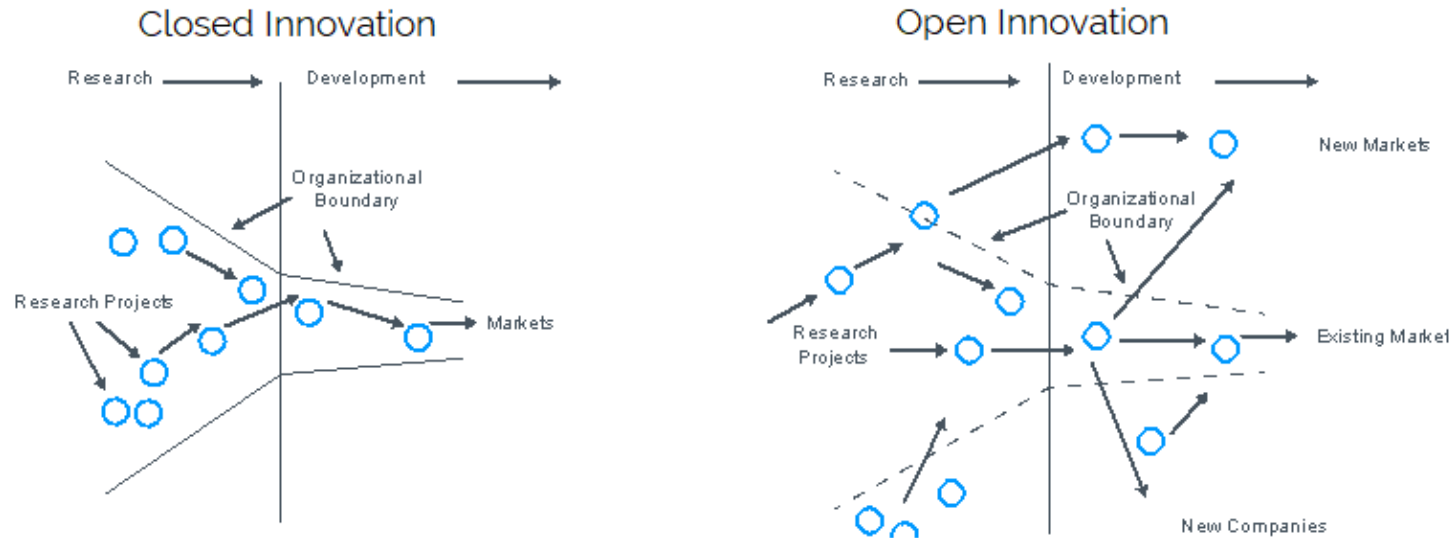
According to PwC's Innovation Benchmark Report, over 61% of companies in advanced economies are now using the open innovation model and co-creating with suppliers, partners, and customers. Web-enabled methods, such as crowdsourcing, has helped many private companies script success stories.

"Truly innovative companies know the importance of leveraging external resources. The benefits include better quantity and quality of ideas, execution support, access to distribution and sales channels, and lower innovation costs—all of which deliver higher returns on innovation. Companies mastering external collaboration—including co-development with customers—may end up having higher growth rates and lower costs." Robert Shelton, Managing Director, Global Innovation Lead, PwC,

Collaborative approach to Open Innovation

The best sources of innovation are customers, employees, partners hence Open innovation will be the dominant model for the near future as companies continue to recognize the effectiveness and speed of collaborating to sustain in the competitive global marketplace.

Advantages

Reduced cost of R&D

Potential for improvement in development productivity

Incorporation of customers early in the development process

Increase in accuracy for market research and customer targeting, and potential for viral marketing

Potential for synergism between internal and external innovations

Disadvantages

Possibility of revealing information not intended for sharing

Potential for the hosting organization to lose its competitive advantage because of revealing IP

Increased complexity of controlling innovation and regulating how contributors affect a project

Devising a means to properly identify and incorporate external innovation

Re-aligning innovation strategies to extend beyond the firm to maximize the return from external innovation.

Other Innovative Processes and Techniques include the following:

- o Setting up an innovation team

- o Choosing the innovation initiatives

- o Discovery / Ideation initiatives

- o Innovation workshops

- o Innovation consultants

- o Ideathons

- o Crowdsourcing platforms

- o Evaluation Idea/ initiatives

- o Execution of initiatives

CONNECTOR

PRODUCER

ACTIVATOR

CULTIVATOR

INFLUENCER

EXPLORER

30
25
20
15
10
5