

Simplified model of the innovation process



A successful innovator?

- Coloplast – Danish medical devices producer
- Dominant market position, multiple award winner for innovation
- Founded 1957, close user/producer synergy
- Developed deep competencies around skin/wound care
- Developed close market linkages – ‘user active’ paradigm – e.g. nurses panels
- Developed robust innovation management routines - e.g. AIM process
- What do they do on Monday morning? More of the same?

More of the same may not be enough

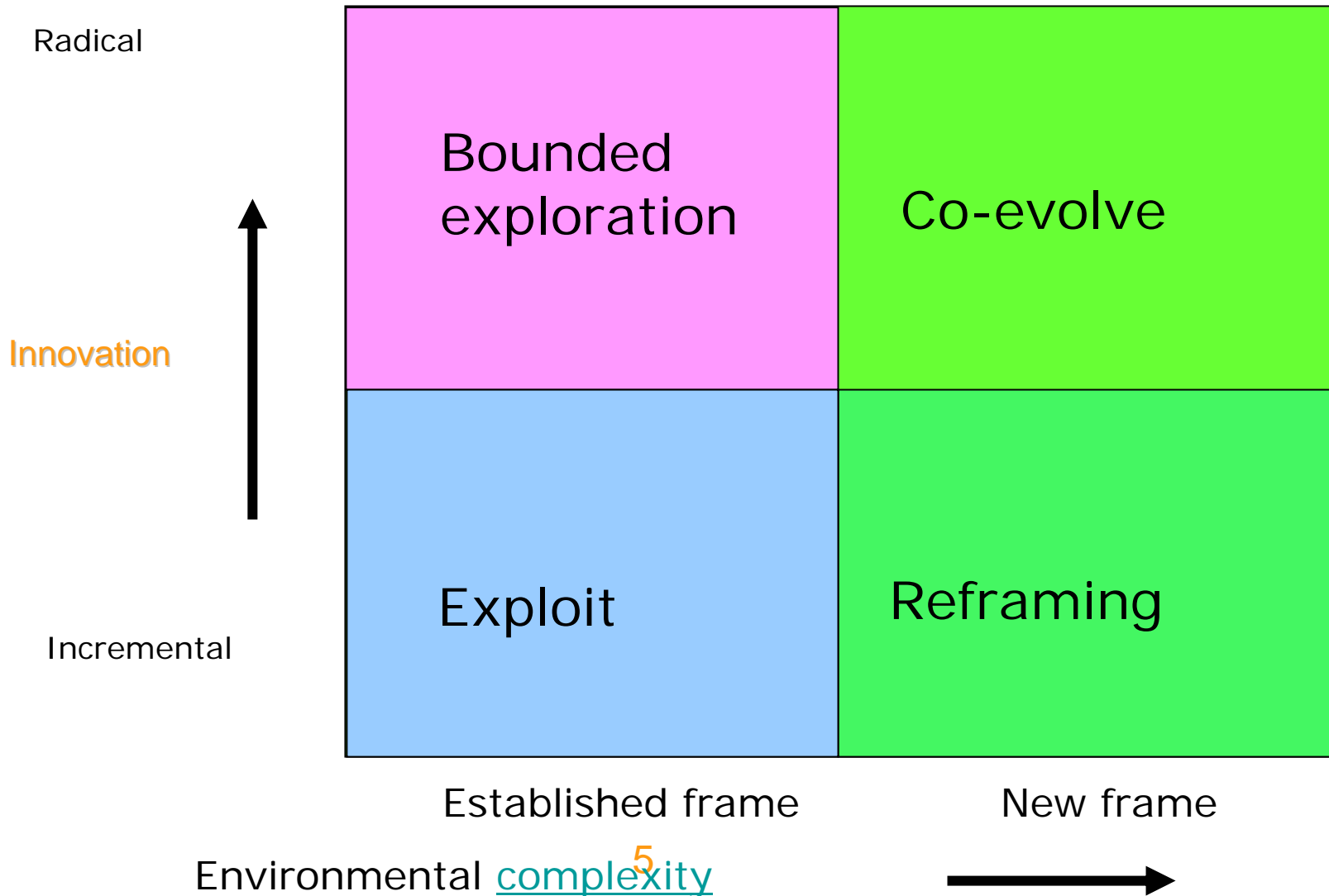
- *'people get all these good ideas but there's nowhere to take them ...'*
- *'it's so structured there's no real room for radical ideas'*
- *... I think we do too little for the radical side - but we're too busy...'*
- *'...out of the box' - the words are there but there is no commitment'*
- *'the improvements have just been minor things in the past few years - not so big innovations' ... it's a long time since we have had a real innovation, a new concept'.*

Is there a problem?

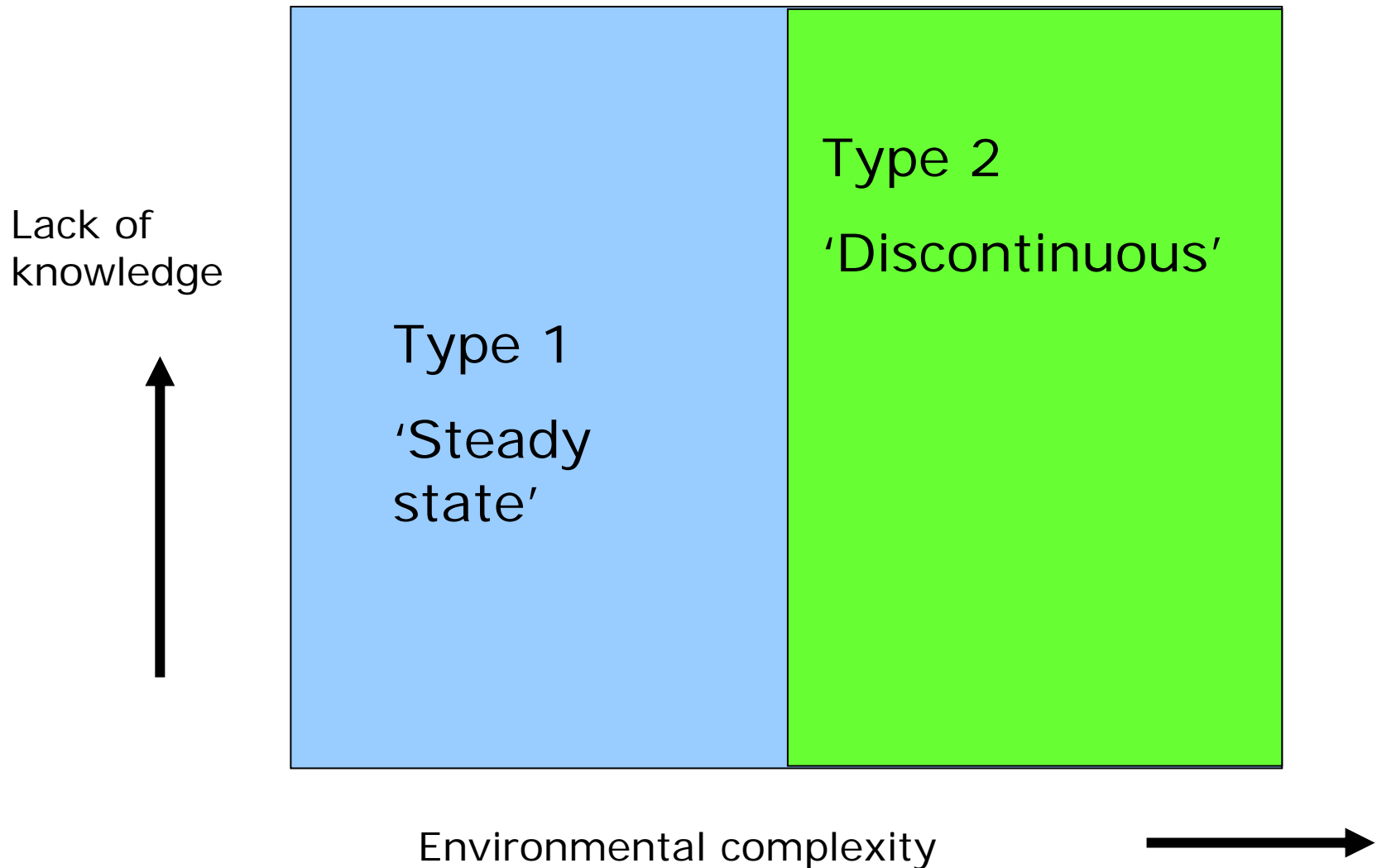
- Not just the old question of explore/exploit balance
- Smart firms – like Coloplast – can manage this – but what happens when the game changes?
- e.g. ‘disruptive’ innovation (Christensen)
- e.g. technology discontinuities
- e.g. new business models
- The discontinuity challenge to existing incumbents – what capabilities do they need to deal with it?
- Exploration – yes. But *how* to do it beyond the lamp-post?



Innovation as unusual



We need two types of innovation organization



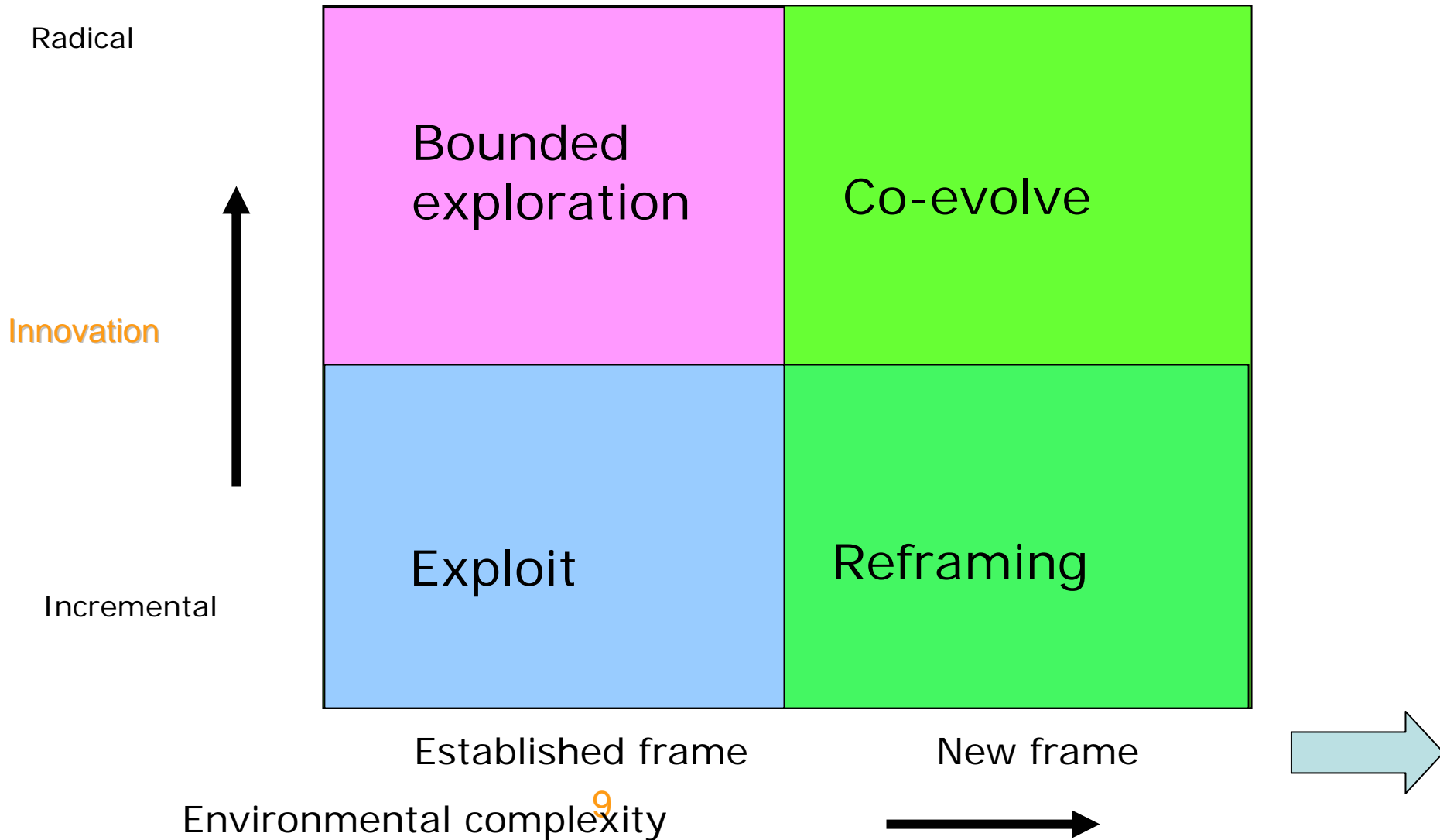
We need two innovation organizations ...

Type 1	Type 2
Clear and accepted set of rules of the game	No clear rules – these emerge over time. High tolerance for ambiguity
Strategies path dependent	Path independent, emergent, probe and learn
Clear selection environment	Fuzzy, emergent selection environment
Selection and resource allocation linked to clear trajectories and criteria for fit	Risk taking, multiple parallel bets, tolerance of (fast) failure
Operating routines refined and stable	Operating patterns emergent and 'fuzzy'
Strong ties and knowledge flows along clear channels	Weak ties and peripheral vision important

An innovation model for discontinuous conditions?



The selection challenge



It's a great idea but

- It's not our business
- It's not a business
- It's not big enough
- Not invented here
- Invented here
- We're not cannibals
- Nice idea but doesn't fit
- It ain't broke so why fix it
- Great minds think alike
- (existing) customers don't want it
- We've never done it before
- We're doing OK
- Let's set up a pilot



Mechanisms for facilitating selection

- Building alternative visions
- Bridge-building to/from outside the box
- Probe and learn methods
- Using alternative evaluation and measurement criteria
- Mobilising sponsorship and championship
- Using alternative decision-making pathways
- Deploying alternative funding structures
- Using alternative – dedicated/ devolved/decentralised - implementation structures
- Mobilising entrepreneurship inside and outside the firm

