# Starting Innovation.
# The Right Way.

Thought Leadership

Better is possible.

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# Executive Summary

When starting or expanding corporate innovation, you will face a flood of potential strategies, methods, and tools. At innosabi, we rely on a five-step approach to identify and shape the best course of action. This guide explains these steps in detail to help you plan and build successful innovation programs. By understanding your challenges and potential solutions as facets of three general categories (better understanding, more ideas, or faster results), you will be able to target specific points of leverage. Maximize impact, get the quick wins, and create the momentum to (re-) define your innovation process step by step.

# Introduction

The field of corporate innovation is complex and fast-lived. Today, companies that are looking for ways to boost their output of new, innovative products or services have a nearly endless selection of possibilities. There is a sea of different innovation methods, tools, consultancies, management advice, and hands-on literature to choose from – all promising to turn organizations into innovative powerhouses.

And new approaches and buzzwords emerge on a near day-to-day basis. While many organizations with extensive experience in structured innovation efforts have learned to successfully master this landscape and know exactly what to adopt at which point of their innovation process, the vast majority of companies – especially small and mediumsize – are still at the beginning of their innovation journey. For them, case studies and best practices from multi-national, billion-dollar corporations can be inspiring. Still, they offer little actual guidance or blueprints when you start to build or formalize innovation programs from the ground up. And we see a lot of that happening right now. There is a significant trend of newly formed innovation teams or innovation manager positions tasked with establishing processes and programs in companies that have only recently embraced structured innovation as a strategic goal. The questions and challenges of these teams or individuals are a lot more complex and difficult to answer than they might appear at first glance: "Where should we start?" "How can we identify the points of most leverage?" "How can we get quick, actionable results?" "How to commit to and plan the right long-term initiatives?" Of course, there are no universal answers to these questions that fit every organization. And that is definitely not something we claim to have. But what we can offer are a series of steps that can help you find a path that suits your specific situation and company.

# Step I:
# Making sense of
# Methods

There will always be buzzwords and hyped, new methods flying around in the realm of innovation. This can be intimidating to people and companies new to the field. Or even worse: it can be tempting to buy into false promises and set out on a path that eventually leads you down a dead end. So, the first thing we suggest at the start of every innovation journey **is to adopt a simple framework or categories to better differentiate the potential methods and approaches.**

Innovation has many different facets, and innovation methods tend to focus on specific ones. Even if everything and everyone promises you "innovation" as the outcome, we can clearly differentiate how they want to achieve it by having a closer look.

Obviously, not everything can be boxed into one of these clear-cut categories. Depending on individual perspectives, there will always be some overlap or multiple fits. But the framework's value is clearly evident once you give it a try with some of the usual innovation methods:

### Design Thinking?

It's the prime example of creating better, innovative solutions by understanding the users' needs and challenges. And even more so, it advocates for iterations at every step to make the right decisions or revise them.

### Trend Scouting?

At its core, nothing more than the effort to better understand what's to come and improve decision-making or strategic focus under uncertainty.

### Innovation Challenges?

The focus on getting more ideas that can potentially turn into real development projects is quite obvious.

**Accelerator programs? Innovation fast tracks?**

**Rapid prototyping?**

It's already in the name …

Of course, our goal is not to classify methods and approaches. We want to help you identify the right ones for you and zoom in on even more specific points of leverage. So, let's move on to the next step.

# Step II:
# Specify your Needs

Insufficient innovative output or struggling to keep up with the market can have many different causes. But it's rarely a lack of effort or some imaginary, unchangeable characteristic of the organization. The three described types of innovation methods provide a great starting point to better define your company's needs. You likely have an understanding or at least an intuitive feeling about which of them should take priority in your organization. If that's the case, you should ask yourself what exactly it is in the status quo that keeps you from getting a **better understanding, more ideas**, or **faster results**.

Again, there are many facets to the seemingly simple categories.

# Better Understanding and Decisions

### Scope of Available Information

**The information** you acquire and use to drive innovation or make decisions **can be incomplete** and not capture the whole picture of the market. **There is always more to include.**

### Recency of Available Information

Successful innovation in a competitive market depends on speed. Not just in developing something new but also in leveraging **the most recent information at the earlier stages of the process**. Is the information you use to understand your market and users really up to date?

### Capacity to Analyze

Acquiring the right information is only the start. Insufficient time, resources, and expertise to turn it into actionable insights **can bring a quick end to any innovation or scouting efforts**.

### Quality and Actionability of Insights

The step from "knowing what should be done" to actually doing it can be challenging, especially in organizations with emphasized vertical structures and silos. In many cases, the **insights** that are **generated by a dedicated innovation team are not yet specific enough for other specialized departments** to take action.

### Searching vs. Understanding

The amount of information that is potentially relevant is unfathomable. It's very easy to get stuck in a loop of searching for more and more input. However, the ideal scenario is the complete opposite: the searching part is done quickly or even automated to leave more time for **turning the information into insights and understanding.**

# More Ideas and Innovation Projects

### Number of Ideas

Considering that most innovations start as ideas, a **constant stream of ideas** is something all organizations should aim for. Unfortunately, this creates a fixation on the number of ideas and the constant drive to increase them. A lack of ideas might be what your company is struggling with but be sure to **challenge this assumption thoroughly** before focusing on solving this problem.

### Quality of Ideas

Of course, **not every idea is worth pursuing.** It's completely normal to pick through the undesired ones to eventually find something great. However, suppose your pile of discarded ideas is growing and growing without any other positive result. In that case, **you have to question whether your structures and processes are even suitable to deliver them.**

### Number and Range of Potential Ideators

Any person in an organization – or even outside of it, not just those tasked with new developments – can have good ideas that could eventually lead to innovation projects or improvements. **A lack of ideas or underperforming innovation efforts is often a side effect of isolating ideation** within a specific circle of people. So, **how many people are involved in your ideation processes** – not just in theory but in actual, everyday business? And more importantly: are they from different parts of your organization or even outside of it entirely?

### Type of Ideas

Innovation can come in many different forms: continuous improvement, incremental, radical, product, process, services, and many others. Similarly, ideas can focus on any one of these. It is not uncommon that companies experiencing a lack of good ideas are actually struggling with **getting ideas of the right type**. So, are you really looking to increase the overall quantity of ideas, or are you trying to get a **better fit between ideas and your strategic pursuits?**

## Faster Results and Streamlined Processes

### Actionability of Ideas and Concepts

The earliest stages of the innovation process are often intentionally held "fuzzy" to allow for a variety of ideas and input. However, this can also cause emerging ideas and concepts to be vague, unspecific, or unaligned with the organization's goals and capabilities. **If ideas are not fit to be easily transferred into real development projects, the innovation program can quickly appear slow and unproductive.**

### Decision Time

Lengthy decision-making and overcomplicated evaluations are the most common causes of slow and sluggish innovation processes. Even if the actual realization of a prototype or final result is achieved quickly, the time to green-light it is essential to an innovation program's overall efficiency and productivity. The same counts for any other decision further along the process. In many cases, the **root cause for slow**

**innovation** is not only found in the actual innovation activities, but **rather in the decisions that have to be made along the way.**

## Prototype Development

In cases where companies are struggling to speed up their innovation process, it is worth looking at how they handle prototypes. If **the process is not built around prototyping and iteration**, the responsible teams will inevitably fall into the trap of "completion". A lot of time will be spent refining minute details or aiming for perfection before presenting the result to a larger audience – not even the general public but also other involved departments or decision-makers. Obviously, this can **significantly slow down development** compared to processes that emphasize the quick development of prototypes and the iterative improvement with feedback from all involved parties.

## Embracing Uncertainty

The faster the market situation and needs of your potential customers change, the **higher the risk of falling behind.** The most streamlined development process will be of little help if your market or customers are expecting something else by the time you get fully started. Sometimes, the best approach to reduce the time pressure in your innovation process is to start earlier. Which means: **relying on your predictions and identifying trends to commit to innovation projects even when there's still uncertainty.**

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# Step III:
# Set your Focus

Once you have specified your need more precisely, it should be easier to pick a suitable tool or method. Especially **at the beginning of your innovation journey**, it is key to focus your attention on the important points of leverage. It can be tempting to try to realize the picture of an ideal, fully integrated, holistic, smoothly running innovation process and innovation programs. But innovation is a marathon, not a 100m sprint. It is even more so when it involves a large number of people and **changing established processes** or **even the company culture.** Disillusionment and demotivation are big risks when you set out to solve everything at once. Of course, we all want to get to the point where we can clearly state the ROI of our innovation programs or proudly present a disruptive, game-changing outcome of our efforts. But to get there, we believe that taking it step by step is what gets you to go.

When researching tools or methods for your focus areas, you will likely talk with software providers, innovation service agencies, or consultants. In our experience from being on the other side of the table, it is **critical for the future success of your innovation program** that companies **clearly formulate and describe what they want to solve**. It is even better if they know what to tackle once the first challenges have been addressed successfully. Providers and specialists in the field of innovation typically have a broad portfolio of solutions. The more specific you understand your own need, the easier it will be to pick what's right for you. Simply "getting more ideas" can be achieved with a simple idea contest within your company, but it might not be the best move when you are actually looking for "more ideas for product improvements".

Here's a selection of what we at innosabi typically recommend for the above-mentioned problems:

## Use Existing Data Bases or Data Aggregation Tools

Extensive, manual data collection and research require a lot of resources – which are better used elsewhere in a small innovation team. **Relying on specialized providers or tools that give you access to a wide range of processed or curated information is a lot easier.** We recommend that this data be aggregated from various sources, i.e., **trends, patents, corporate communications, industry reports, and scientific articles.** Making the different types of information searchable via a single tool is a **huge step towards better and more comprehensive insight generation.**

## Set Up Automated Competition and Industry Monitoring

A well-defined set of alerts, notifications and automated activity tracking is a great way to get immediate, actionable insights from these massive amounts of data. Such a curated database or tool should be used for more than just the occasional search queries. Put competitors, prominent figures in the industry, relevant research institutions, or entire technologies on a watchlist **to stay on top of every important development** – from patent filings to M&A activities and published research. And even better: By seeing who they partner and cooperate with, you get an even **broader understanding of the industry and potential opportunities** to expand your network.

## Establish Wide-Spread Access to Insights

Ideally, everyone involved in innovation and decision-making processes should have access to the mentioned monitoring and data aggregation tools. Or at least be part of a structured approach to spread this information. This includes a lot more than just forwarding some figures and data: their meaning, importance, and potential impact on the organization have to be formulated and shared, as well. Ensuring that **insights are understood throughout the organization** is a great way to establish a **shared basis for decision making and ultimately accelerate innovation**, stimulate the right ideas, and fast-track critical projects.

### Leverage Collaborative Ideation inside the Organization

Obviously, silos or isolated groups of specialists tend to produce ideas that reflect their set of skills or immediate responsibilities. To enable innovative ideas with potentially higher impact and a more "big-picture" perspective, you have to bring a multitude of backgrounds, expertise, and people together. Especially in the early fluid stages of ideation, discussions that include different perspectives or specializations from inside the organization can **greatly increase the quality and feasibility of ideas**. The most practical way to implement such collaborative ideation is through innovation challenges that utilize **discussions and refinement rather than competition**. Keep in mind: this should become stable in your innovation efforts, not a one-time thing.

### Build a Community for Co-Creation with Customers

Suppose you want to improve the actionability of ideas or focus on delivering innovations and improvements with immediate impact. In that case, nothing works better than **directly integrating your customers and users in the development process**. Regardless of the format or shape they will have, you should ensure that two key areas are covered. First, you should **enable customers to express and discuss their needs** or perceived shortcomings of existing products. Second, you should **engage them in a dialogue about potential improvements or new solutions** that address these specific issues: they share their ideas from a user perspective, and you elaborate on them with your technical expertise. Of course, this should not be a one-time thing. Instead, you will want to build a large, **continuously engaged community** that is motivated to improve your products or services.

### Create a Hub for Innovation-Relevant Topics and Information

Directing your organization's innovation efforts towards a certain goal or specific area of innovation can be as simple as providing information. Get everyone in your organization on the same page of what you want to achieve, what is currently going on, your previous

successes, your lessons from past failures, what the competition is up to, and everything else that is relevant to stimulate the concepts and projects your company needs. A solid and comprehensive foundation of shared understanding will help to generate more elaborate and actionable ideas. Of course, all this information has to be made as accessible and digestible as possible for your employees. **There is no alternative to build a central hub or platform for everything related to innovation.** To start with, this hub should allow you to share and explain your strategic areas of innovation, provide the goals and status of ongoing projects, search for existing ideas and topics, present your various innovation programs or initiatives, and **direct potential contributors to the right place** to participate – ideally within the platform itself.

### Implement Early Iteration Loops for Testing and Feedback

Obviously, **it would be great to have iteration and feedback at every step of the innovation process**. But if you are just starting with (re-)shaping your innovation process, you should **focus on where it can have the most immediate impact**. The further down the development process you go, the less room for changes and doovers you will have. That's why **early testing and feedback** are so valuable. Mockups, click-dummy prototypes, sketches, or even a written concept from a user perspective are enough to get some feedback and easily include it in further development steps. You should not overcomplicate this type of early testing. Focus on getting quick, easy-to-analyze responses to check if you are on the right track or what key changes to make. Quickly **reaching testers inside or outside the organization is critical**, which again underlines **the importance of a central hub for innovation topics** and a continuously engaged community of motivated customers. Ideally, this should be so easy that it becomes a normal step in the innovation process that the respective project teams or managers can initiate whenever needed. To get the most out of early feedback, you should focus on qualitative input. Of course, a couple of quantitative survey items to gauge how much testers like the concept or their intention to use it are great. But what you really want are their suggestions for improvement

or explanations for disliking an idea. Obviously, **a tool that can handle both types of information in addition to running these tests can make it a lot easier.**

### Streamline Resource Allocation for Prototyping

Great ideas can lose momentum when no one feels directly responsible for their realization or when the fight for budget and time becomes too tedious. Of course, **setting aside a certain amount of resources for the pursuit of innovative ideas and projects** is already common practice and the first important step. In order to accelerate the innovation process and enable a prototype-driven mindset, **these resources must be easily and quickly accessible.**

One way to make this possible is to **adopt crowdfunding or crowd investing principles**: Rather than managing this budget with a central decision-maker, it can be spread out (virtually) across employees or departments. Each individual or department then has a predefined, virtual amount of money or other types of currency that they can "spend" on pitched ideas and projects. Once such an idea reaches a certain funding goal, the ideation or the team behind it receives the actual money and resources to pursue it further.

Aside from accelerating resource allocation and fostering an entrepreneurial spirit, this approach can also greatly improve the **prioritization of the most impactful suggestions**: Ideas that have a broad impact on the company will quickly receive support from various areas of the company and reach their funding goal.

### Integrate Your Partner Network and Startups in Innovation

**We believe that a closely connected ecosystem is the key to faster innovation and the foundation to successfully adapt to uncertain, quickly evolving markets.** Much like the nerves in your body, strong ties to a vast network of players outside the organization can transport critical information and signals, which

allows you to act quicker, more precisely, and coordinated. These strong ties can only form **when you understand open innovation as more than just searching for and absorbing external solutions.** They require real collaboration and common goals. It all starts with **aligning innovation efforts by making these external partners, suppliers, or startups part of your innovation process as early as possible.**

This can be as straightforward as inviting them to participate in innovation challenges on a confidential platform. Not just when you already have fixed requirements when going towards production, but instead at earlier stages when you can present your concept and ask for input or solutions. Similarly, growing your network of relevant startups is not just about searching and screening them. When you clearly communicate and share your areas of innovation and allow them to proactively suggest their potential contributions, you can expand your ecosystem more organically and related to your needs.

These suggested starting points for your innovation journey are far from a complete list of possibilities. There is so much more that you could do and a lot of great resources to get inspiration or best practices. The measures described above are the ones that have proven **the most successful** in our experience **when it comes to setting a foundation for emerging innovation programs.**

As explained earlier, it all comes down to tackling and improving specific points along the innovation process with **the right approach** and forming what's best for your organization step by step.

We believe that the described measures work so well because they clearly convey what they intend to solve. This brings us right to the next point to consider: **Make sure everyone is on the same page.**

## Step IV:
## Be Clear on the Impact

**Corporate innovation is always under scrutiny when it comes to delivering or predicting conventional metrics** like ROI. Of course, the goal should always be to create something with a measurable impact on the company's bottom line. Given the unpredictable nature of innovation, **even established programs or innovation departments struggle to measure their immediate business impact** with validity. It's much more difficult for newly emerging corporate innovation programs without a fully fleshed-out process and structures to trace the evolution of insights to eventual output. Not to forget: it can also become a significant obstacle to innovative potential.

When emerging innovation teams or programs are under too much pressure to deliver ROI, the safe bets and easy-to-achieve incremental improvements will take priority over the disruptive, uncertain ideas. Everyone tasked with innovation is aware of this conundrum. But in many cases, upper management or the ones giving the directive to become more innovative are not. That's why **we want to emphasize the importance of getting everybody on the same page and clearly formulating the intended impact** of your chosen measures – beyond financial returns. **Pick the right goals and KPIs** that reflect what you want to tackle in the short run, for example, the number of ideas, engaged employees, generated insights, or tested prototypes. And make sure to lay out how and why these will contribute to creating more innovation in the long run.

While it's easy to see why the upper management needs to understand what your innovation efforts aim to achieve, **you should not forget about all the other involved employees and teams.** We quickly start to talk about the grand innovations, the flashy gamechangers, or the matching company culture. **All of this is intangible and abstract to the people who are not working in the context of innovation every day,** and they might have a hard time seeing what you want to accomplish for the company. And even worse: they won't understand how they can contribute, what is expected of them, or how they benefit from the outcomes. Of course, avoiding these issues starts with

explaining the purpose of the innovation programs and establishing some guidelines for the desired contributions. But it also goes a little bit deeper than that.

**Getting everyone on the same page about what "innovation" actually is to you and your organization is equally important.** Not everyone sees a new service designed to specifically address customer needs as an innovation – the same thing for changes in the production process that help increase quantity or quality. But innovations and improvements like these are equally important to your company's long-term success and growth as the disruptive, headline-worthy advancements. You can only expect the involved people to think in these directions when they understand them as part of the innovation process.

# Step V:
# Expand Your Efforts

Having a clear plan laid out for your first steps and measures is only the beginning. When focusing on specific points of the innovation process, you will quickly get the first successes and learn what works best in your company's context. **What comes after that is what separates the truly innovative leaders from the mainstream market. It's the question of how to turn your successful initiatives from individual campaigns into long-term pillars in the company's strategy**. In today's fast-paced, digitalized business world, this goes hand in hand with picking **the right software** to build and grow your innovation program.

**The first key aspect to consider is scalability**. Can you expand your chosen initiatives to include more people or departments? Can you increase the frequency of challenges and projects?

You should use this momentum once you have achieved the first success with a method or initiative. You don't want to be slowed down by waiting for more resources or potential new hires. With the right software tools, you will not have to face this issue. **Tools that are specifically built for scalable innovation initiatives** allow you to ramp up with little to none additional effort. Even if you are at the beginning of building your corporate innovation programs, you should already have this in mind. The right tools for you are the ones that **empower and accelerate the growth of your innovation efforts.**

Expanding your initiatives does not only mean increasing their size or frequency. It also means **broadening your set of approaches and continuing to explore new formats or adapt them to your specific needs.** Once you have picked and improved the most relevant steps in your innovation process, **you will want to tackle the next issues**. This is exactly what we want to encourage you to do – **shape your innovation process with new approaches one step at a time.** To do this successfully, you will want to **consider the capabilities of your chosen software tools regarding flexibility and orchestration.** One of

the biggest challenges for larger, established innovation departments is an overload of different, specialized tools that stands in the way of a smooth, interconnected, and controllable innovation process. You can only manage the innovation initiatives and align them with larger strategic goals when you have one central point where all information converges.

Even if your various approaches and initiatives are not directly connected, **you will want to make sure that they are working towards a common goal – and that you are able to set the direction when necessary**.

**That's what we understand as orchestrating your innovation programs**. Again, even if you are still at the beginning of your innovation journey, you should keep this in mind. You don't want to end up with a loose patchwork of isolated tools and initiatives that take up large amounts of energy and resources for coordination and administration.

# Let's Get Started!

Of course, it's always easy to talk about innovation in theory and give general recommendations. In reality, however, your company's specific needs, structure, culture, and market will determine what's feasible and most impactful. There is no one-size-fits-all blueprint for successful innovation processes. **So, the best thing to do is get started and make adjustments as you go.** As obvious and cliché as this might sound, it really is worth emphasizing.

Don't spend too much time planning out every little detail of your future innovation process in theory before getting hands-on. Instead, **embrace iteration and continuous refinement**. Pick your starting points and grow your corporate innovation program from there. And find a set of tools that can grow with you: from a basic set of features for quick results at the beginning to deep customizations and numerous forms of innovation projects for when you want to expand.

# About

innosabi is for those who believe that better is always possible. Our Innovation Management Platform (IMP) enables seamless collaboration, adapts to your workflows, and scales with your needs. Companies like Coca-Cola, Danone, AstraZeneca, BASF, and Deutsche Telekom trust innosabi to accelerate progress and create lasting impact.

As part of the Questel Group, we go beyond innovation management – linking ideation, intellectual property, and commercialization to turn ideas into real value.

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