

Challenge

improved innovation & commercialisation

The Challenge Being Addressed

The under-performance in the operational and commercial benefits currently being derived from individual company's innovation efforts.

Why Innovate

- Solve Problems
- Create New Growth
- Improve Your Performance
- Enhance Team Performance
- Improve Impacts & Outcomes
- Deliver Breakthrough Leadership

Key Research Insights

Innovation is about the Execution, despite the Myths - Forbes 2011

<http://www.forbes.com/sites/martinzwilling/2011/10/24/innovation-is-about-execution-despite-the-myths/>

“Most people think innovation is about ideas, when in fact it is more about delivering (execution), people and processes”.

- Without focus, discipline, and resources nothing happens
- There is nothing simple about execution
- Conflicts between innovation and day-to-day operations are too powerful for just one person to overcome
- Need for formal, intentional resource allocation
- Most people have no interest or motivation to innovate
- Continuous improvement is possible through day-to-day structures. However discontinuous innovation needs new structures
- Innovations and operations have to be linked as innovation often needs to leverage existing assets and capabilities
- Innovation and execution must be closely and carefully managed
- Ideation (Creation of ideas) is the glamorous exciting bit. Execution is the hard unattractive slog that is the essential part.

Key Research Insights

Innovation and Commercialization, 2010, McKinsey Global Survey

http://www.mckinsey.com/insights/innovation/innovation_and_commercialization_2010_mckinsey_global_survey_results

Commercialisation Problems

- Hand over from ideas to commercialisation
- Idea selection
- Lack of a formal decision making process
- Lack of regular corporate review (tends to be reviewed at a lower departmental level)
- How to manage when facts are scarce and there is a level of uncertainty
- Lack of formal organisation processes to align the necessary internal resources

Execution Problems

- Relationship between R&D and Marketing
- Translating an idea to a prototype
- Ineffective process for manufacturing and roll-out
- Aligning human and financial resources

Definitions

Creativity - New ideas, solutions and ways of doing things

Invention - Something new to the world

Innovation - Something new & beneficial to you & your business

Commercialisation - monetising those ideas - through sales or 'business and operational financial returns'

Entrepreneur - shifts resources from an area of lower to an area of higher productivity and returns

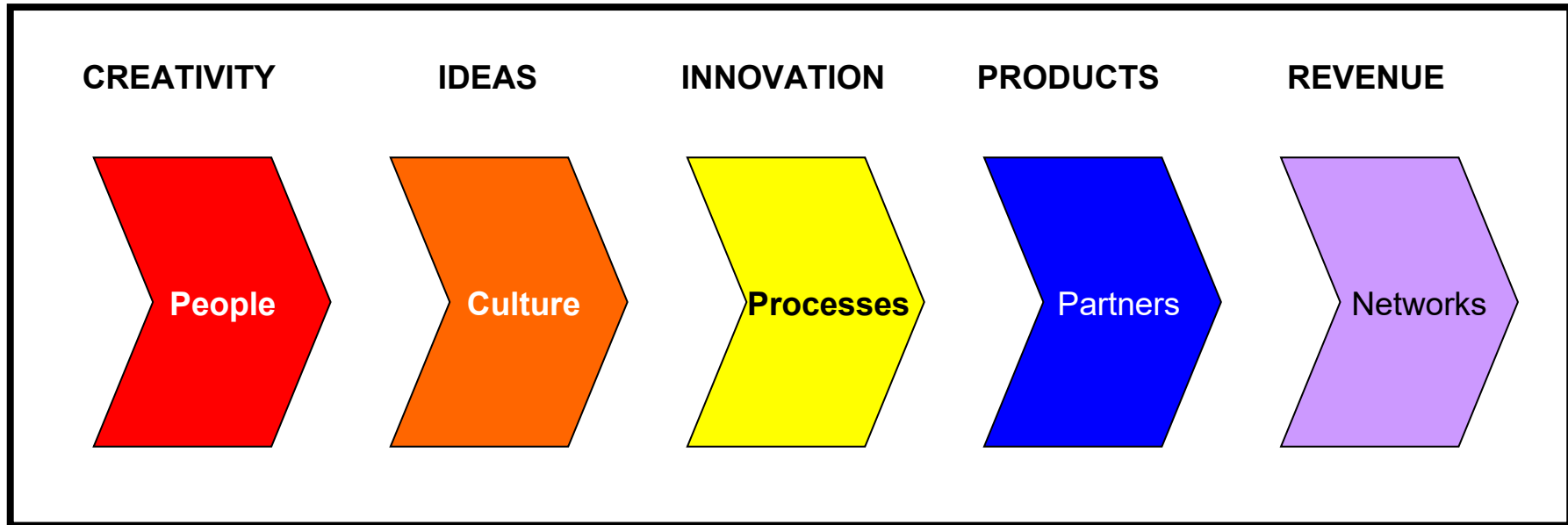
Innovation

The design / invention / development / implementation of new or altered:

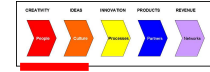
- Products / Services,
 - Processes & Systems
 - Organisational Structures
- or
- Business Models

for the purpose of creating new value for customers and financial returns for the firm

Building Blocks



Culture & Environment



Creativity
Ideas

1. Leadership

- i. Role Model
- ii. Inspirational
- iii. Engender performance and commitment
- iv. Engender loyalty and trust

2. Communication

- i. Motivating
- ii. Open, honest and timely
- iii. Fluid, frequent and multi-directional
- iv. Accessible for questions, support and encouragement
- v. Share the successes and failures
- vi. Systematic and predictable (not random)

3. Culture & Environment

- i. Seen as a good place to work
- ii. Culture and values are deeply ingrained
- iii. Staff bought into, identify with and promote the ethos
- iv. Hire the right people with the right fit
- v. Teach and reinforce the organisations values
- vi. Holding managers accountable to act in ways that support the culture

4. Rewards & Recognition

- i. Employees performance gets noticed and are appropriately acted on
- ii. Recognition schemes such as years of service and employee of the month
- iii. Informal daily recognition and rewards
- iv. Effectively differentiates between good and bad performance
- v. Aligns employees to the business goals and objectives
- vi. Results in positive business impacts

5. Professional & Personal Growth

- i. Opportunities to learn new skills and capabilities
- ii. Access to new projects and / or new responsibilities
- iii. Encourages self development
- iv. Allows people to learn from their mistakes
- v. Being challenged with meaningful work and opportunities
- vi. Progression path for advancement

6. Accountability and Performance

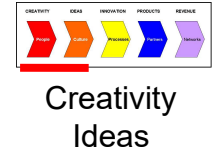
- i. Good performance drives self-worth, pride and self-esteem
- ii. Everyone wants to be part of a winning team and help contribute to it
- iii. Top performers hate to lose
- iv. Coached and supported to deliver results
- v. Top performers should inspire others
- vi. Managers held accountable to keep performance on track for the individual, team and organisation

7. Vision and Values

- i. Starts with a clear compelling vision and core values on how that vision will be achieved
- ii. Engaged employees understand the big picture and how they fit into it
- iii. A unifying structure for everyone to unite around
- iv. Belief they help make a difference in achieving the overall success

8. Corporate Social Responsibility

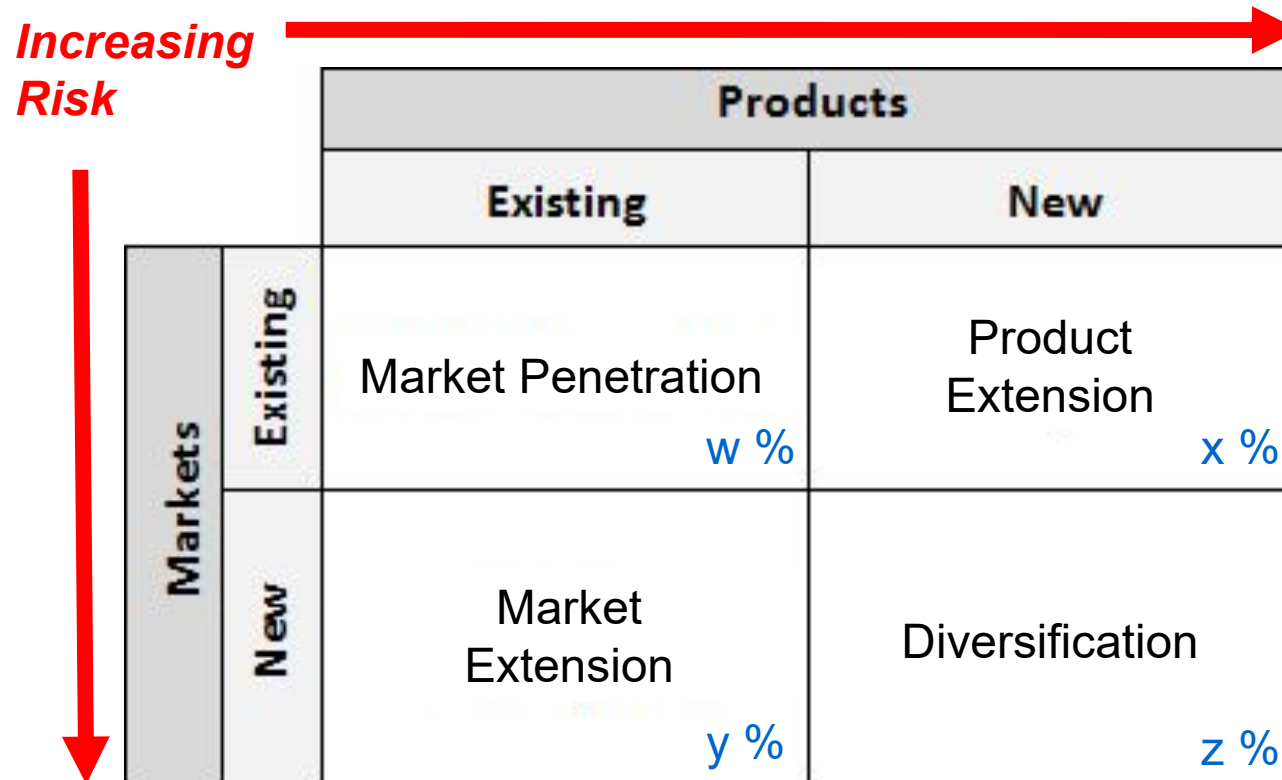
- i. Want to see the companies they work for and themselves as having a positive impact through their products, services, business practices and the communities in which they operate
- ii. Engage in the community, charities, social causes and the environment
- iii. Encourage employees to participate in worthy causes that make the world a better place



5 Steps to Make Sure Your Employees Succeed

1. Make sure your employees understand how their job affects the bigger picture of the company
2. Create a strategy with employees to reach those goals
3. Find out what kind of feedback works best for each employee and then provide it constantly
4. Tie personal goals in with company goals
5. Handle and manage failure

Growth/Development Options



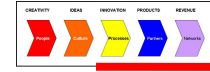
INNOVATION RISK PORTFOLIO
% focus split for budget, effort and resources allocated to innovation & commercialisation

1. **Market Penetration** (& Continuous Improvement): Do what we currently do (better and) more of with our existing markets and existing products
2. **Market Extension**: Sell more existing products/services to new markets
3. **Product Extension**: Sell new products/services to existing markets
4. **Diversification**: Sell new products/services to new customers

Technical - Market - Financial



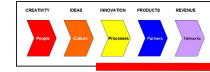
STAGE	Technical / Capability	Market / Customer	Finance / Business
1. Investigation	Idea	Market Opportunity	Commercial Opportunity
2. Feasibility	Concept Validation	Market Research	Business Case
3. Development	Prototype	Market Plan & Resources	Business Plan & Resources
4. Introduction	First Article	Advanced Sales & Lead Customer	Operational Plan & Operational Ownership
5. Growth	Ramp-up	Sales Growth	Operations
6. Maturity	Optimisation	Market Retention & Next Opportunity	Revenue, Profit, Business Sustainability Optimisation



Innovation
Products
Revenue

Review Mechanism

Stage Reviews	Technical / Capability	Market / Customer	Financial / Business Case
CONCEPT			
Investigation	Is the product / service new, unique & technically feasible?	Does the product / service meet a clear market demand or solve a problem?	Will the product / service make a profit?
DEVELOPMENT			
Feasibility	Can we make it? What are the total costs and technical challenges associated with producing it?	Who will buy the product, how many will they buy and at what price?	Will it generate sufficient returns to justify the investment, time and effort?
Development	Do you have a prototype that exactly represents it?	Have you profiled and finalised the target market?	Have you finalised the Business Model, identified the total financial needs & secured the necessary financing?
Introduction	Have you done a limited short run production to test repeatability, reliability & performance?	Have you made any sales / pre-order commitments from lead / test customers?	Is the management team in place and operational?
COMMERCIALISATION			
Growth	Are production processes dependable, consistent and optimised?	Are you growing market share?	Are you on course to achieve your Business Plan objectives?
Maturity	Are you providing support for the product in service?	Have you identified new markets and next generation products?	Are you generating and / or maximising your returns on investment?



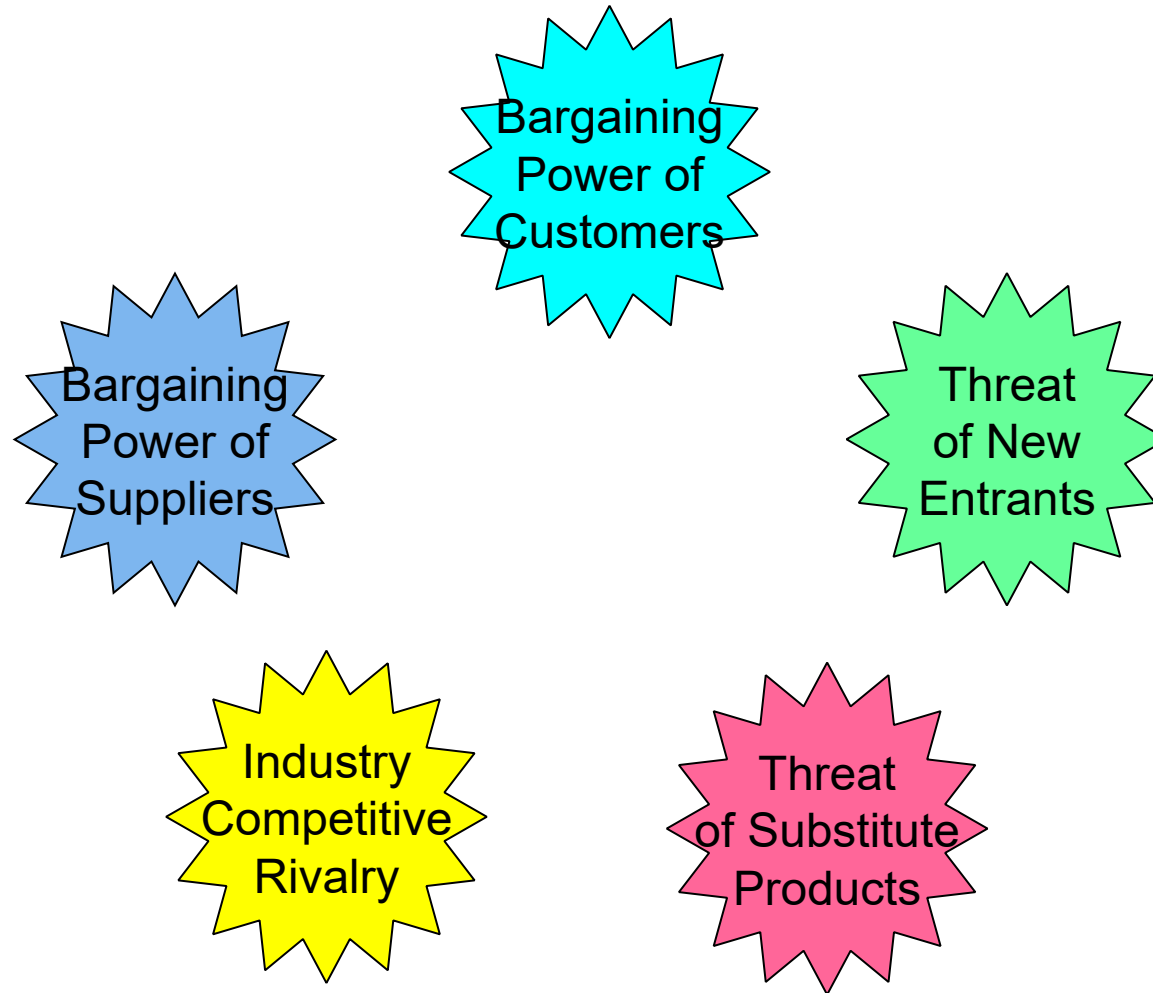
Innovation
Products
Revenue

The Business Model Canvas

can be applied to the innovation activities

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
	Key Resources		Channels to Market	
Cost Structures			Revenue Streams	

Porter's 5-Forces



Innovation Mechanism

- Do it yourself In House
- Purchased service (from university, college etc)
- New machinery / equipment / ICT
- Purchased the license to deliver
- Training
- Design
- Market preparation for innovation

Need for Basics in Place 1/3

- Who are we?
- What do we do?
- What markets do we serve?
- Why do people buy from us?
- Who are our current customers. What level of business do they do with us? Are we making sufficient margin from them: overall and individually?
- Who are our current competitors / who else can our customers or potential customers buy from? Why do they buy from them?
- What differentiates us from the competition?
- What are we good at? What do we need to improve? What do we need to stop doing? What do we need to do to achieve this?
- How do potential customers get to know about us, hear about the benefits our products and services have to offer them and enables them to purchase, receive and get the follow-on customer support?
- What potential threats or changes could impact our business PESTLE (Political; Economic; Social; Technological; Legal; Environmental) and the 5-Forces (Competition; Threat of new entrants; Threat of substitutes; Buyer power; Supplier power)?
- What will we need to do well or change to grow and become more competitive?
- What are the main challenges we need to overcome and how are we going to achieve this?

Need for Basics in Place 2/3

- Mission - What we do. Who we do it for.
- Vision - Where we are going. What we aspire to
- Values - The core ethics, principles and beliefs that guide what we do
- SWOT - The existing business environment and where we sit within it
- Strategy - The plan
- Strategic Priorities - What areas we need to concentrate on
- Strategic Objectives - What we need to achieve in these areas
- Actions - What specifically we need to do achieve the objectives
- The implementation authority, responsibilities & accountabilities
- KPIs - How we will know if we have been successful
- The markets and customers
- Capabilities & competencies
- Resources
- Skills

Finances

- Time

Competing needs & requirements

Risks and Rewards

Contingency Plans

Leadership

Management

Communications

People Systems

Customer Systems

Process Systems

Business Model & Financial Systems

Back-office support systems

Marketing & sales systems

Partnerships

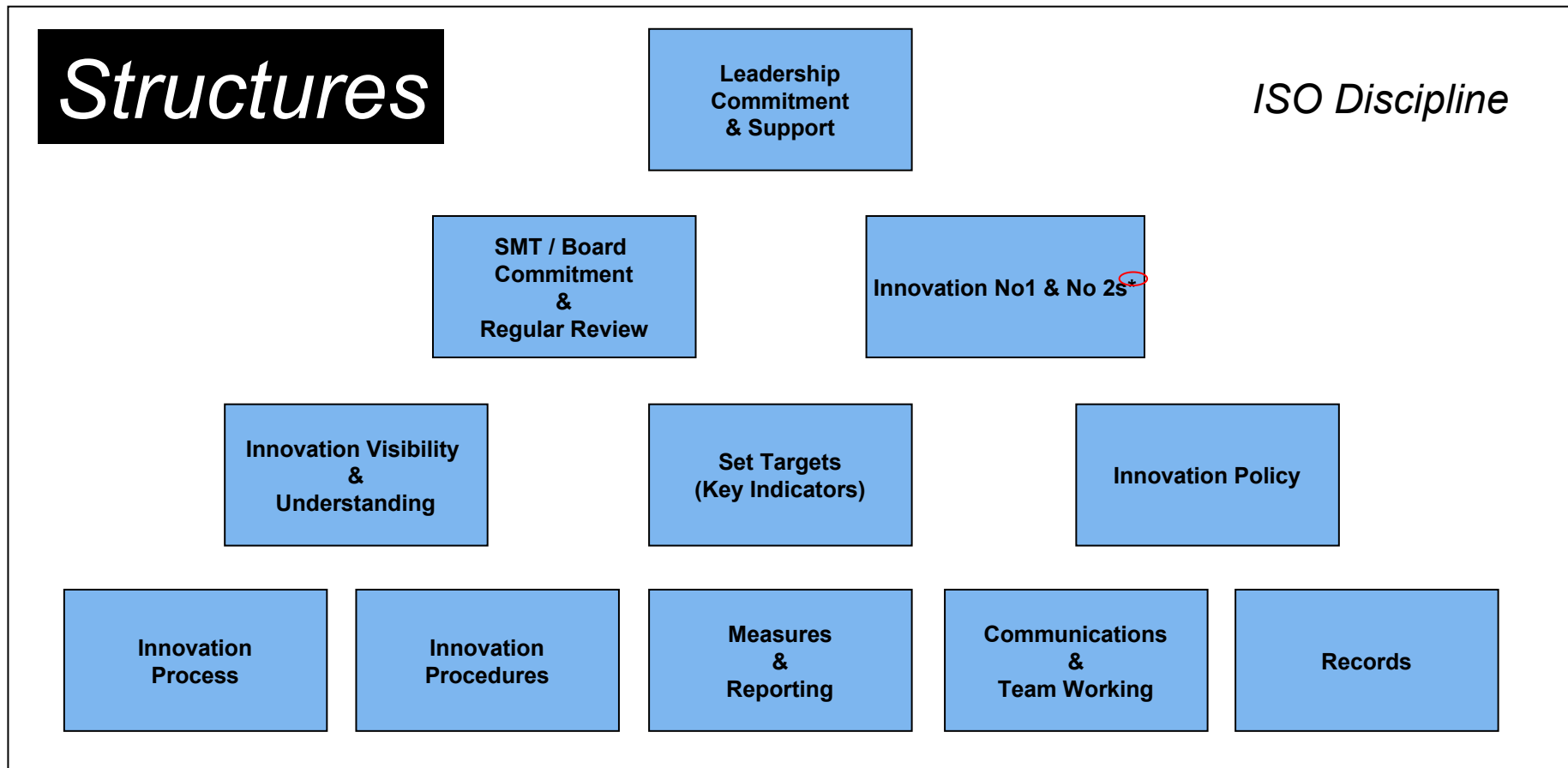
Supply Chain

Rewards and Recognition

Reviews

External scanning

Need for Basics in Place 3/3



Management Style - Organisational Culture - Enforcement Discipline

Management '**Principles**' inform and define your '**Processes**' and '**Structures**' which combine to give your '**Practices**'.

Does Not Neet to be Complex

Concept Selection Process

- Can we do it ?
- Should we do it ?
- Will we do it ?

3 Monthly Review Cycle

- On track - keep going
- Off track - modify / take corrective action & continue
- Off track - 'kill'

Idea To Commercial Exploitation Process 1

