Augmenti Consulting

INNOVATE YOUR WAY TO MORE PROFITS

Six Guidelines for Enhancing Your Return-On-Innovation.

How do you increase the return on innovation initiatives? This is a frequent topic of conversation at board meetings. Returns can be increased in a variety of ways but are contingent on the operating environment and capabilities of each company.

In this document, we will discuss the best practices that have well served multiple clients. This is outlined in the 5W1H framework that follows.

The 5W1H of innovation

- Why. Set clear business goals and persistent focus on priorities.
- What. Put clarity and the customer at the heart of everything you do.
- Where. Tweak your environment to generate excitement and foster imagination.
- When. Promote an ongoing sense of disruption and opportunity.
- Who. Give your staff the skills, will and mindset to switch.
- How. To make sound decisions, employ the proper approach.

Each organization implements each dimension with a unique degree of rigor based on its business and culture. Let's revisit each one individually.

1. WHY

Set clear business goals and have a persistent focus on priorities.

Innovative companies rely on all of their employees' insights and ideas. Frequently, these ideas are squandered because they are not aligned with the company's objectives. Or because they are not channeled through the most suitable internal channels. In other words, aimless creative thinking doesn't produce significant business outcomes.

Effective leaders utilize their strategic vision to develop innovation themes, also known as "growth and innovation platforms." They are bundles of existing and emergent competencies, technologies, assets, and partners organized around a compelling and differentiated value proposition and aimed at a clearly defined set of customers and markets.

These platforms enable businesses to manage continuous streams of innovation across traditional business unit boundaries and to direct them on themes that will have a substantial impact on the end market. Healthy snacks developed by food and beverage companies and novel insurance products aimed at youthful, underinsured individuals are examples of growth platforms.

2. WHAT

Put clarity and customer at the heart of everything you do.

Numerous businesses have implemented design thinking initiatives with no thorough regard for the consumer experience. A few years ago, device manufacturers created 3D phones with a screen that simulates depth and a camera that can capture 3D photos and videos. The product failed because average consumers could not envision themselves using the phone daily.

On the other hand, Amazon is renowned for its consistent application of two product development principles: "Start with the customer and work backwards" and "Six-page memo format." The first concept emphasizes simplicity and clarity; non-essential features and tools are swiftly eliminated. The memo imitates a press release for a new Amazon product or service and is silently read at the start of the meeting; PowerPoint presentations are prohibited.

3. WHERE

Tweak your environment to generate excitement and foster imagination.

If we want everyone to contribute meaningfully to innovation efforts, we must establish a conducive environment. Keep in mind that it is simple to become tired and disinterested at work if the environment is dull and uninviting. If you allow your employees to make changes in their workspaces, they will be enthusiastic and respond kindly.

Animation studios, like Pixar, allow their employees to personalize their workstations, letting them express their dreams and aspirations, and setting their imagination free. In addition, the location and design of the central cafeteria facilitates the interchange of ideas between individuals who cross paths on the way to lunch.

When the innovation endeavor does not (yet) fit into the current business model, it is a good practice to isolate the Development Team in a separate location or in an independent organization so that they can grow and thrive on their own. The team can be recombined with the primary business later.

4. WHEN

Promote an ongoing sense of disruption and opportunity.

We inhabit a volatile, uncertain, complex, and ambiguous (VUCA) world. Predicting the future is difficult and nearly impossible to do with absolute certainty. It is important to ensure that you are prepared.

You can profit from a volatile market without comprehending its underlying principles if you have options and the opportunity, but not the obligation, to act. To profit, you just need to know whether to use your option when the time comes. For example, a friend asks you to "come to a party, if you have the chance." That's an option. There's no need to forecast your plans or mood for that evening. You just need to decide if you want to go when the time comes.

Thus, manage for the upside (not downsides) by placing bets (or experiments) that are reversible but have the potential to generate huge wins (if the opportunity is seized). A prudent strategy is to cover your basis for the 80 to 90 percent probability and construct options for the 10 to 20 percent of wagers that may generate wild returns. This is a common method employed by software developers and commodity traders.

5. WHO

Give your staff the skills, will, and mindset to switch.

The only way a company's culture can be creative is if emphasis is placed on creating a trustworthy team.

The most essential aspect of successful teams, according to research, is not the talent of their individual members. Instead, their effectiveness is determined by how these individuals interact with one another. In loose groups of individuals, individuals frequently compete rather than genuinely collaborate. This results in lackluster outcomes. Therefore, to achieve the finest business results, you will need genuine teamwork. If you give them skin in the game, they will reciprocate.

Individual autonomy is a defining characteristic of effective and productive organizations. Provide your team with all the necessary information, and they will be equipped to make their own informed decisions. The top teams consist of seven players, give or take two. Any smaller, and your team may lack the necessary skills and knowledge to achieve its objectives. Any larger, and communication would be too delayed. This is reflected in Amazon's two-pizza team rule.

To make sound decisions, employ the proper approach.

Agile and Scrum have gained significant traction in recent years. To reap the benefits of employing agile methodologies to product development, a set of assumptions must hold true. In addition to many others, these include: cooperation and face-to-face interactions among customers and the development team; evolving and changing project requirements; developers with strong individual skills and experiences; and working in small teams. If these assumptions cannot be fulfilled, it may be preferable to employ a different methodology for a more successful project result.

Disruptive companies, like Apple, don't use agile because they don't trust customer feedback to develop their new products. Apple has a culture of secrecy prior to releasing its innovative products. Therefore, when selecting your approach, make sure that you have a clear understanding of its constraints and benefits.

In conclusion, the innovation process is an art that demands constant client contact and regular refinement. The execution of a plan is fraught with obstacles, but the rewards can be substantial.

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