

A glowing lightbulb is the central focus on the left side of the slide. The background is a warm, golden-brown color with soft, abstract, organic shapes that resemble light rays or flowing liquid. The overall mood is one of inspiration and innovation.

A Framework for Innovation In A Large Organization

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March 30, 2005



Life Is Not Fair

- Without innovation you die
- Innovation in a large company is different because big companies are different
- Disruption favours the small player who has the advantage of not being successful!
- You can hide from it, run from it or learn from it

You need a framework for innovation

The Small Company Advantage

The
Marketplace

The
Company

The
Shareholders

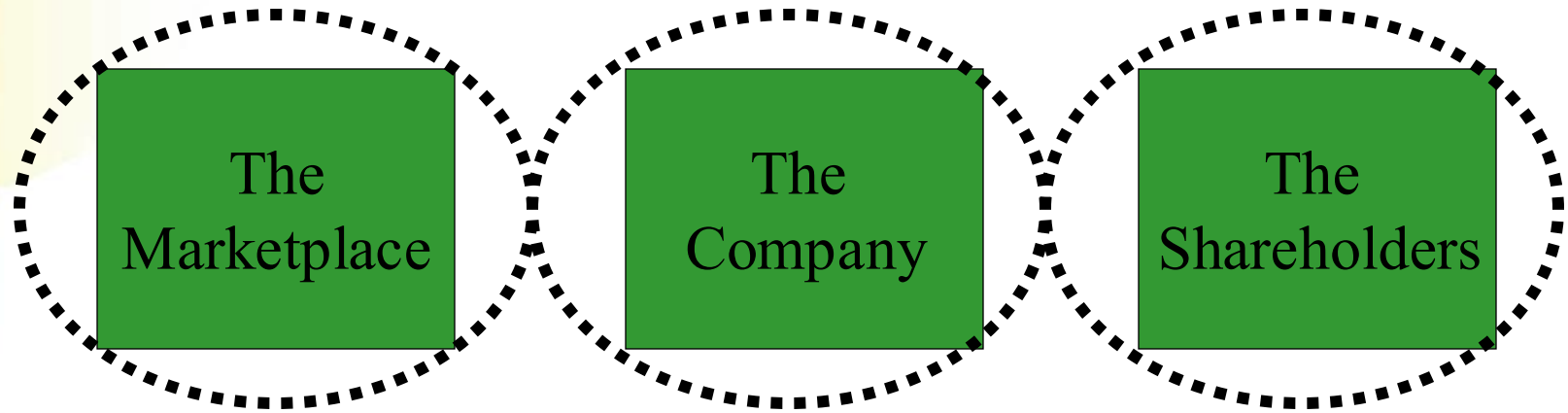
TIGHTLY COUPLED & ALLIGNED

- Small number of customers

- Clear leadership
- Small team
- Focused
- Shareholders
- Experiment

- Small
- Involved
- Aware
- Committed

The Large Company Disadvantage



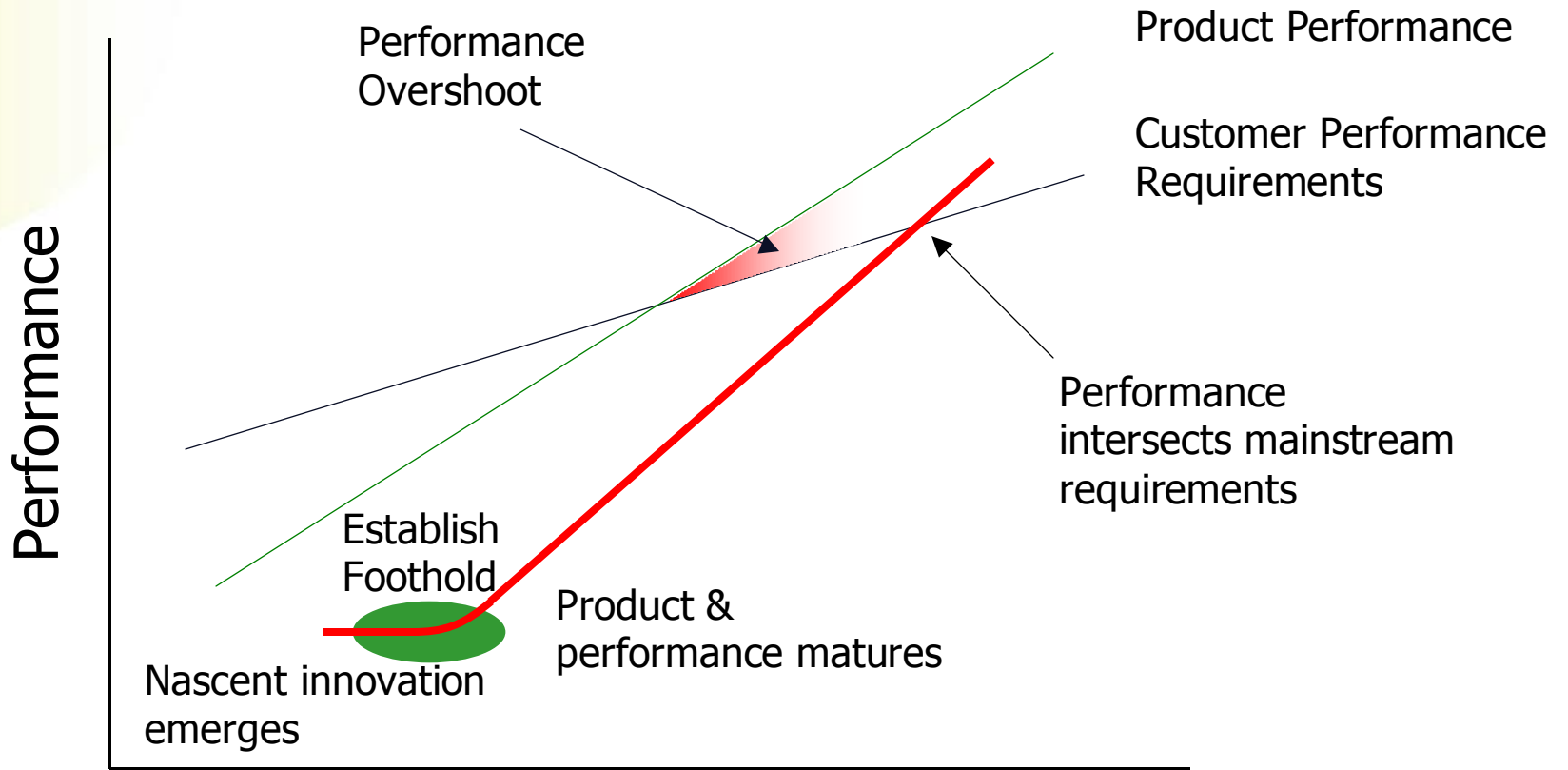
Loosely coupled Silos form

- Large number of customers
- Multiple Offerings
- Multiple choices

- Complex leadership
- Large team
- Not focused
- Not shareholders

- Large
- Diversified
- Not involved
- Not aware
- Not committed

Disruptive Strategy Process



Customer Circumstance

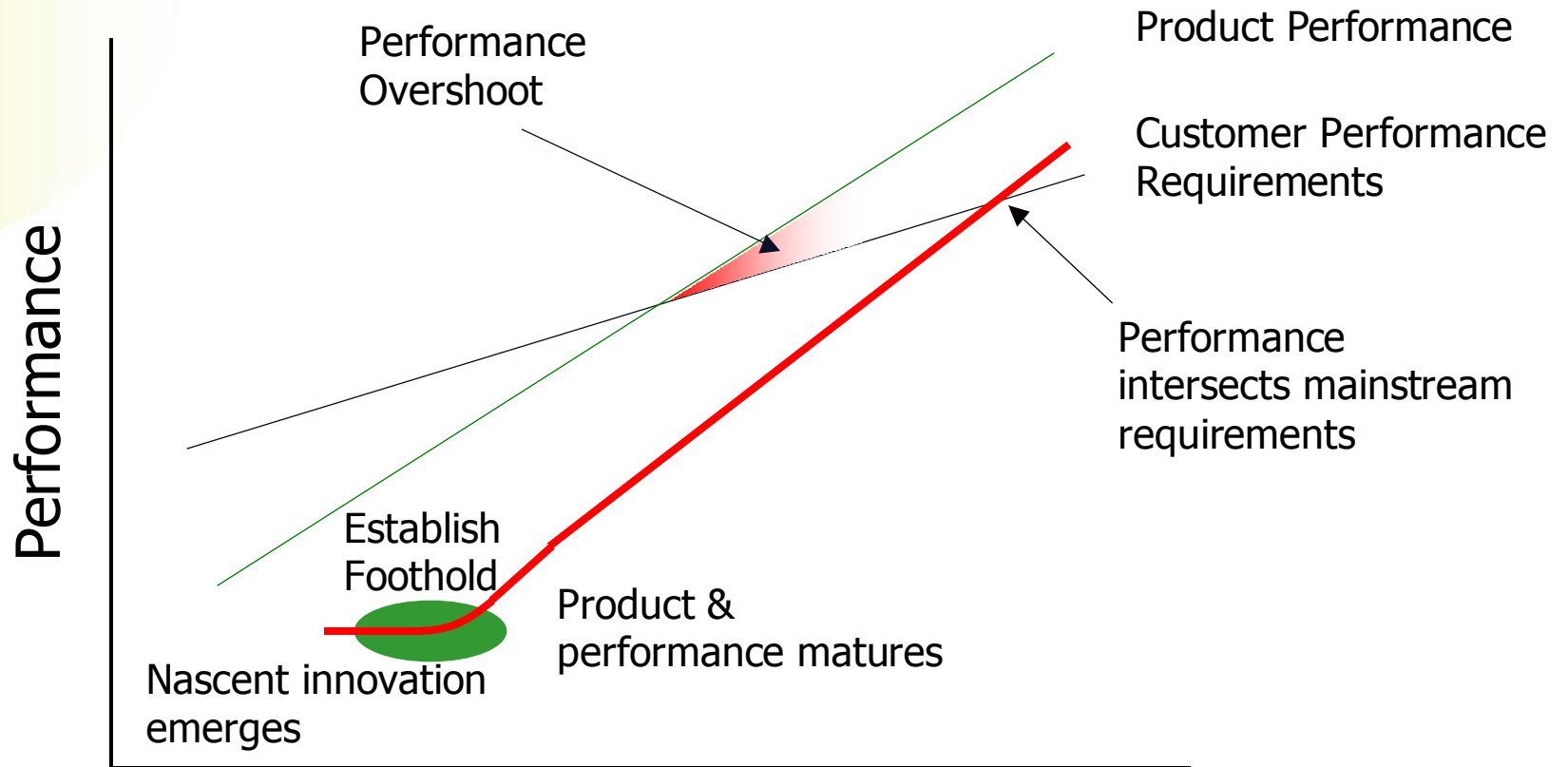
Identify Overshoot

Establish Foothold

Mature Product

Disrupt Mainstream

Disruptive Strategy Process



Time

Customer Circumstance

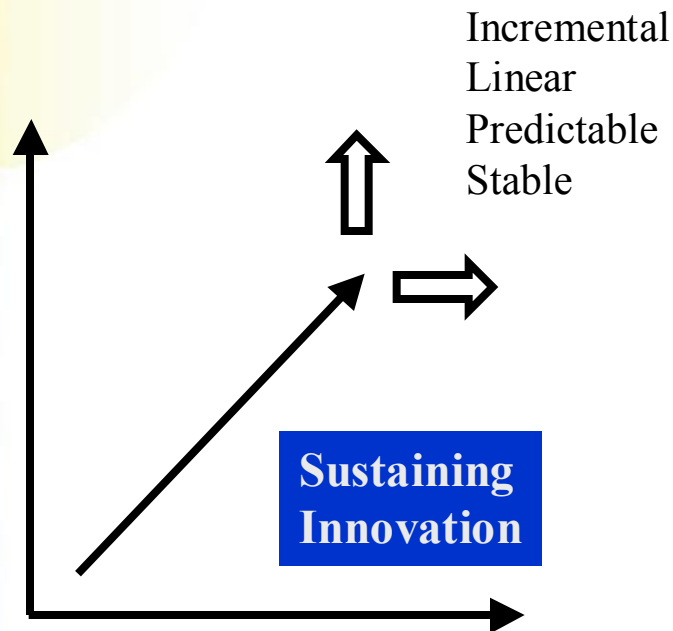
Identify Overshoot

Establish Foothold

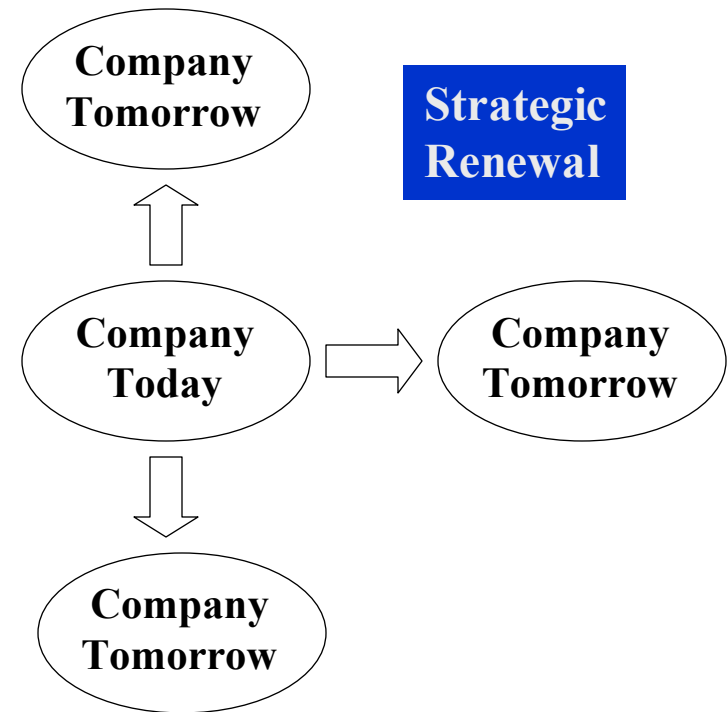
Mature Product

Disrupt Mainstream

Putting Innovation into Context

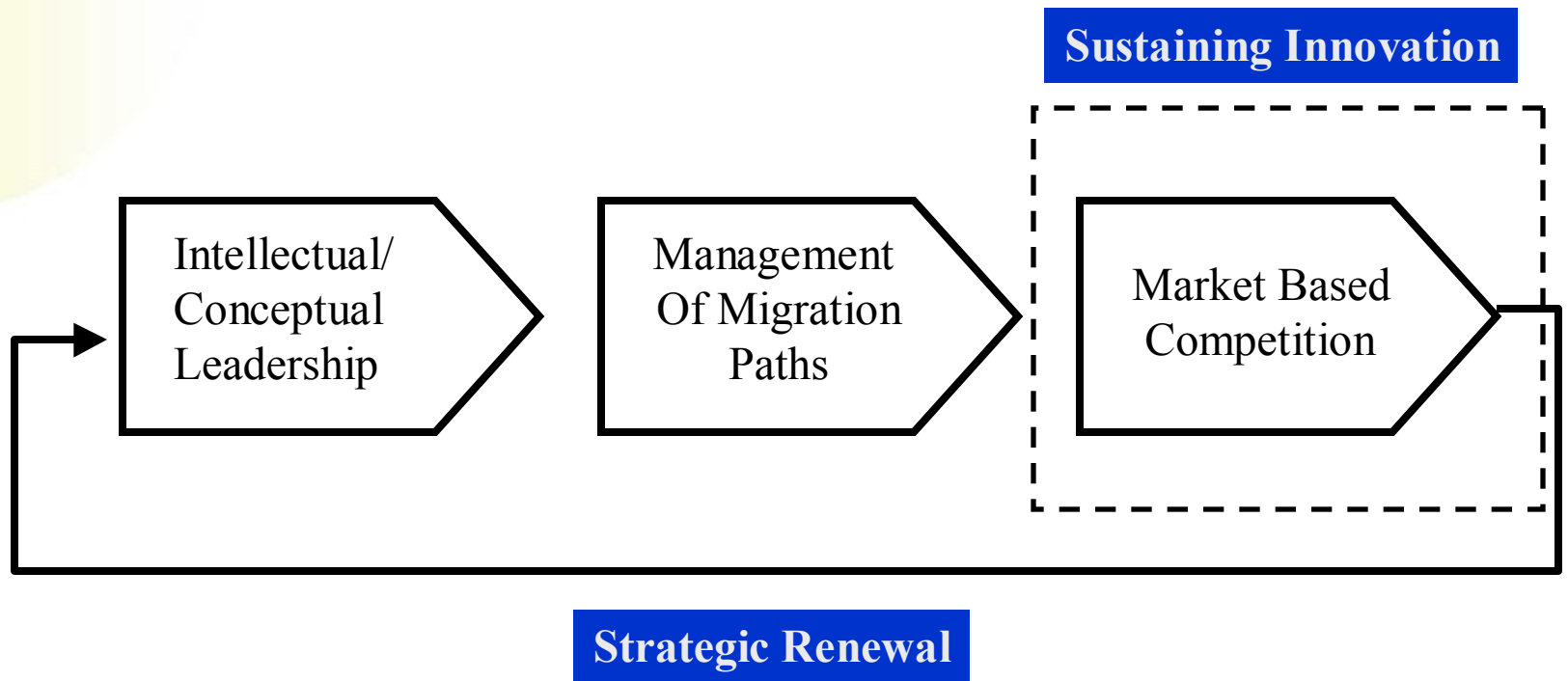


- No change in the basis of competition
- Low need to reassert/reinvent strategy
- Low need for fresh “data”
- Company is already programmed



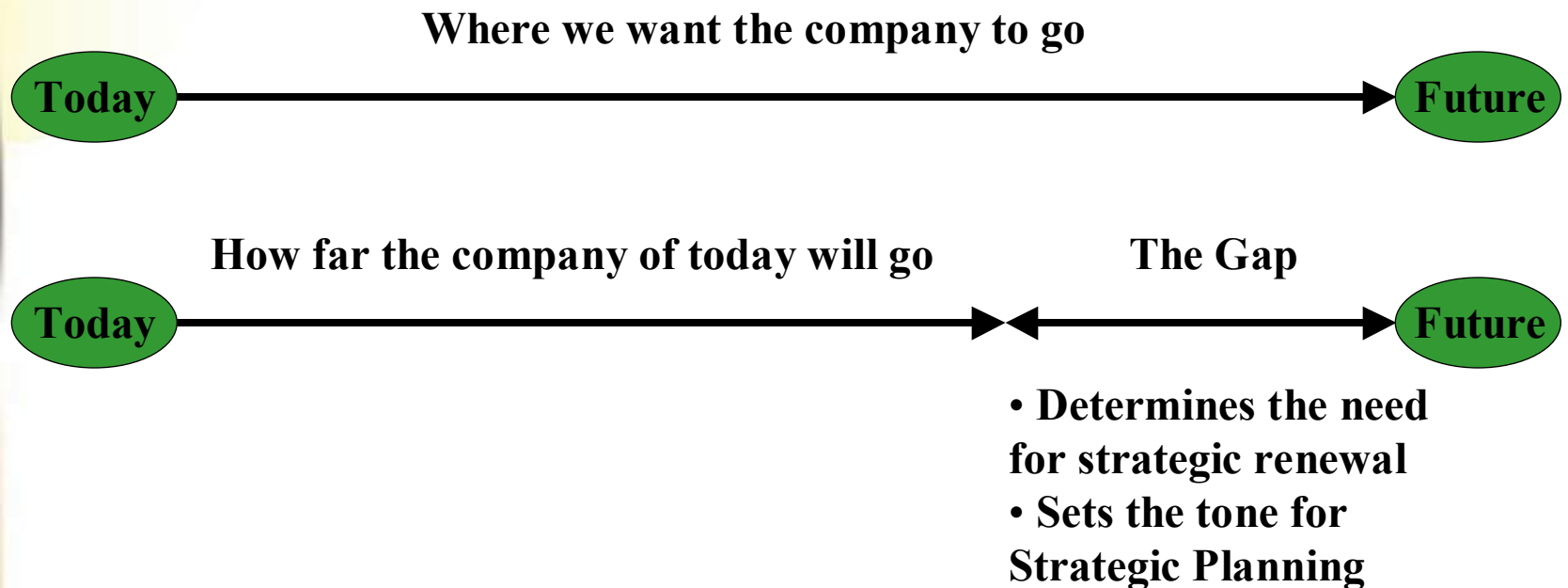
- New basis of competition
- High need for new vision
- High need for fresh “data”
- Company needs reprogramming

Strategic Renewal



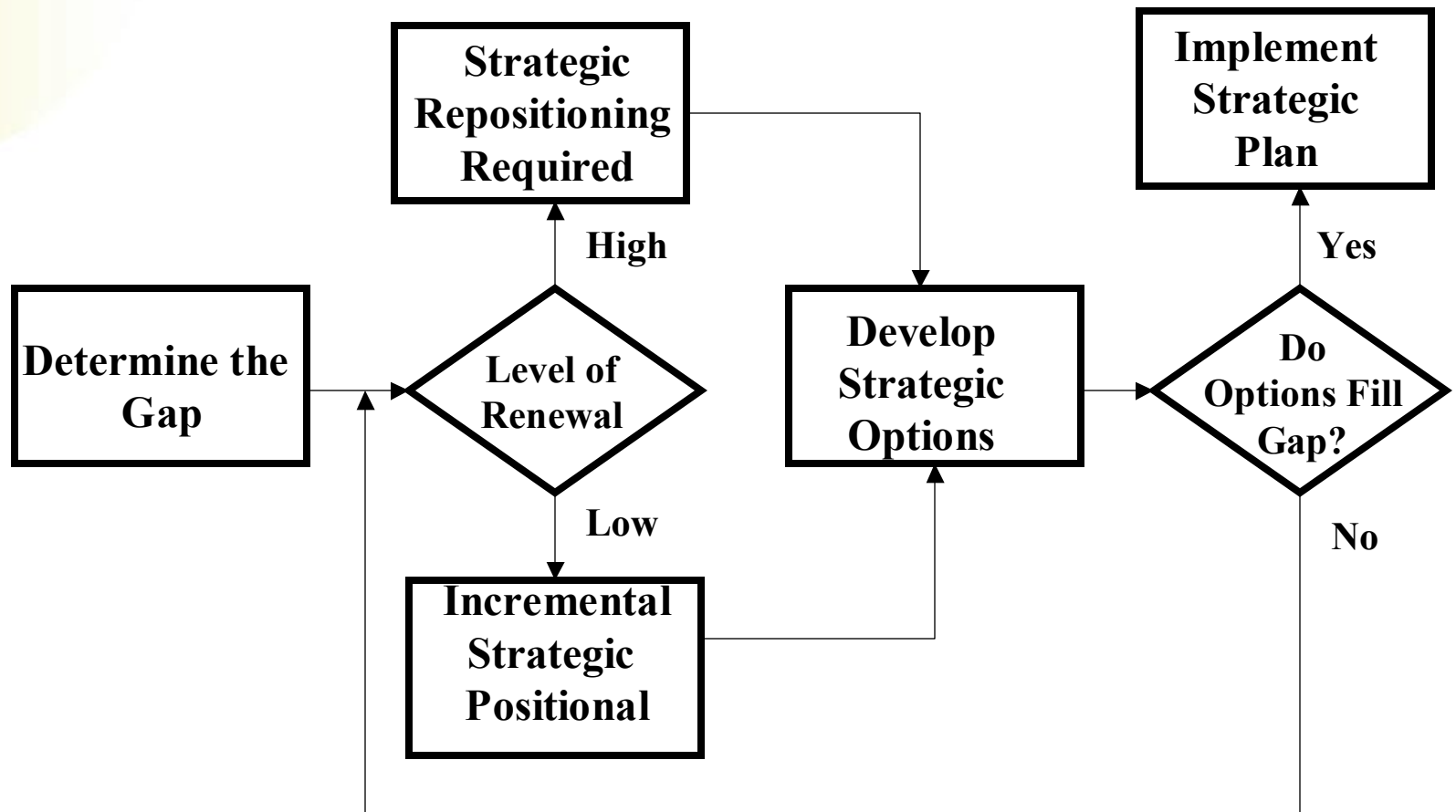
Disruptive Innovation Requires Strategic Renewal

Defining the Gap



**The Gap is the forcing function for change
... you must define the gap!**

Strategic Renewal Process





The Evolution of Capabilities

Resources

- People or things
- Flexible and mobile
- Includes leadership

Processes

- Interaction, coordination & communication
- Decision support – planning & operational
- Formal & informal
- Less flexible than resources

Values

- Standards used for prioritization
- Allows autonomous action
- Consistent with business model – gross margins & size

All of these are important to success

The Evolution of Capabilities

Resources

- People or things
- Flexible and mobile
- **Include management**

Processes

- Interaction, coordination & communication
- Decision support – planning & operational
- Formal & informal
- Less flexible than Resources
- Can be difficult to identify

Values

- Standards used for prioritization
- Allows autonomous action
- Consistent with business model – gross margins & Size
- Very difficult to identify

Pay attention to these areas

Every Strength is a Weakness

Resources

Processes

Values

Perfectly programmed for sustaining innovation

**A major disability for disruptive innovation
(culture)**

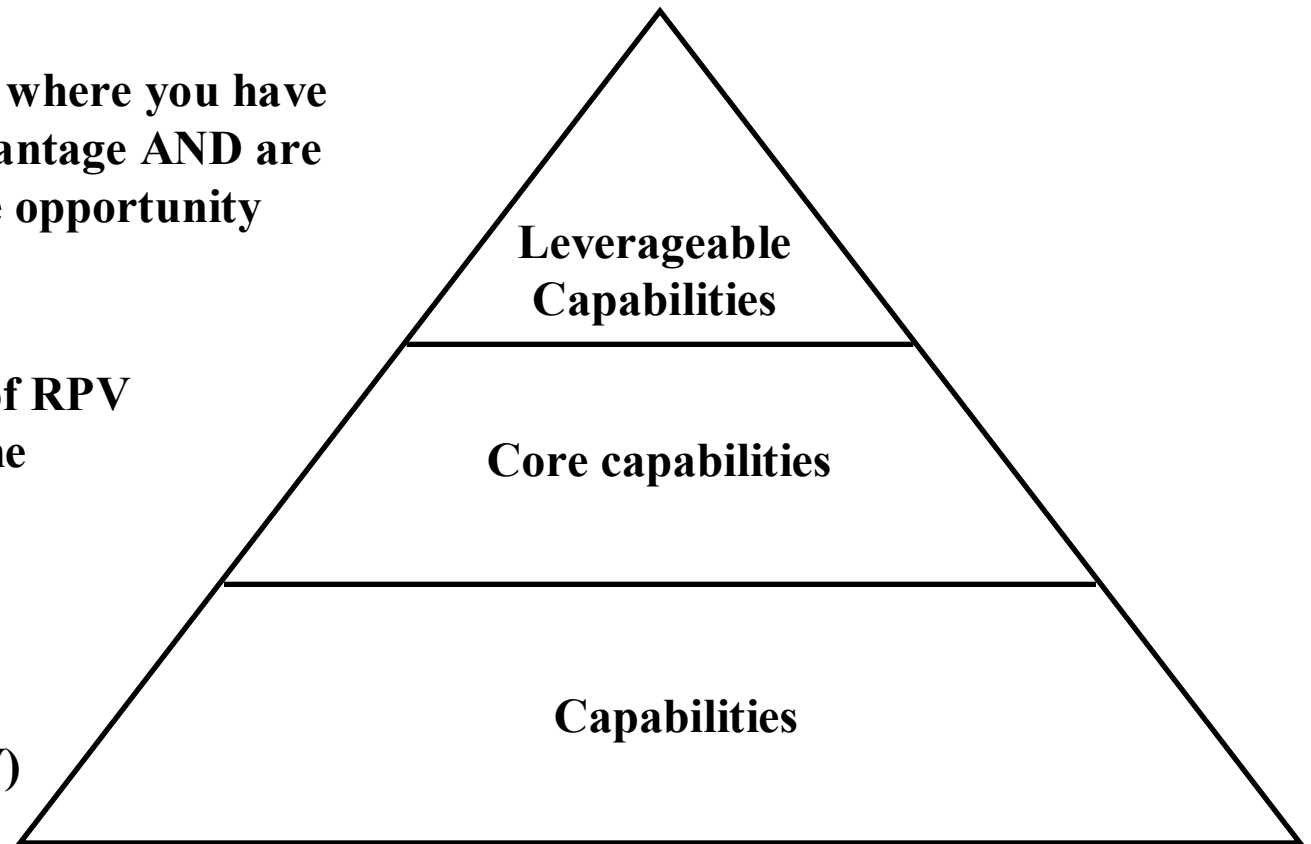
Understand your capabilities AND your disabilities

Remember to get at Leverage

The ***FEW*** RPVs where you have competitive advantage AND are important to the opportunity

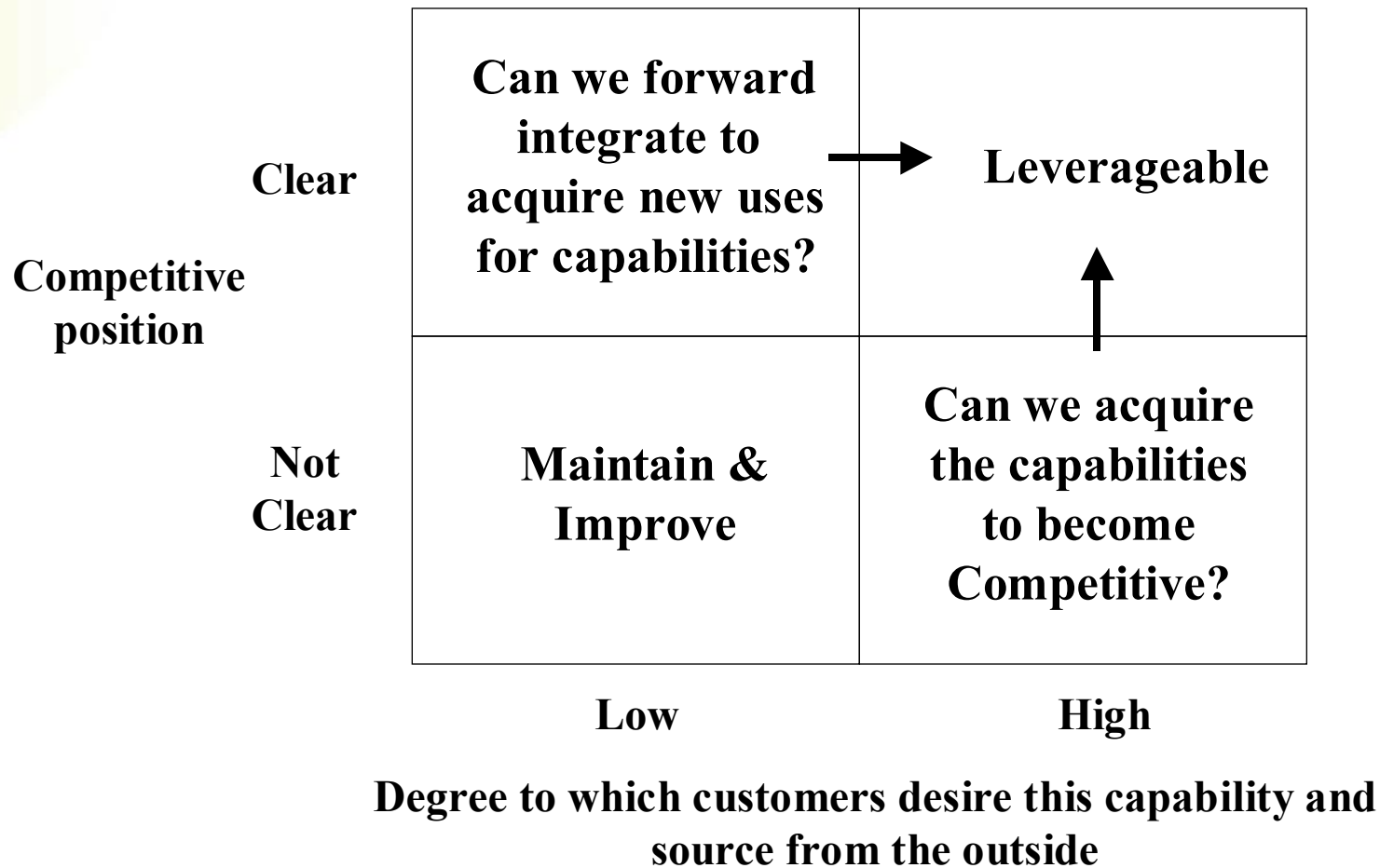
Main elements of RPV that underpin the present business

All Resources, Processes and Values (RPV)

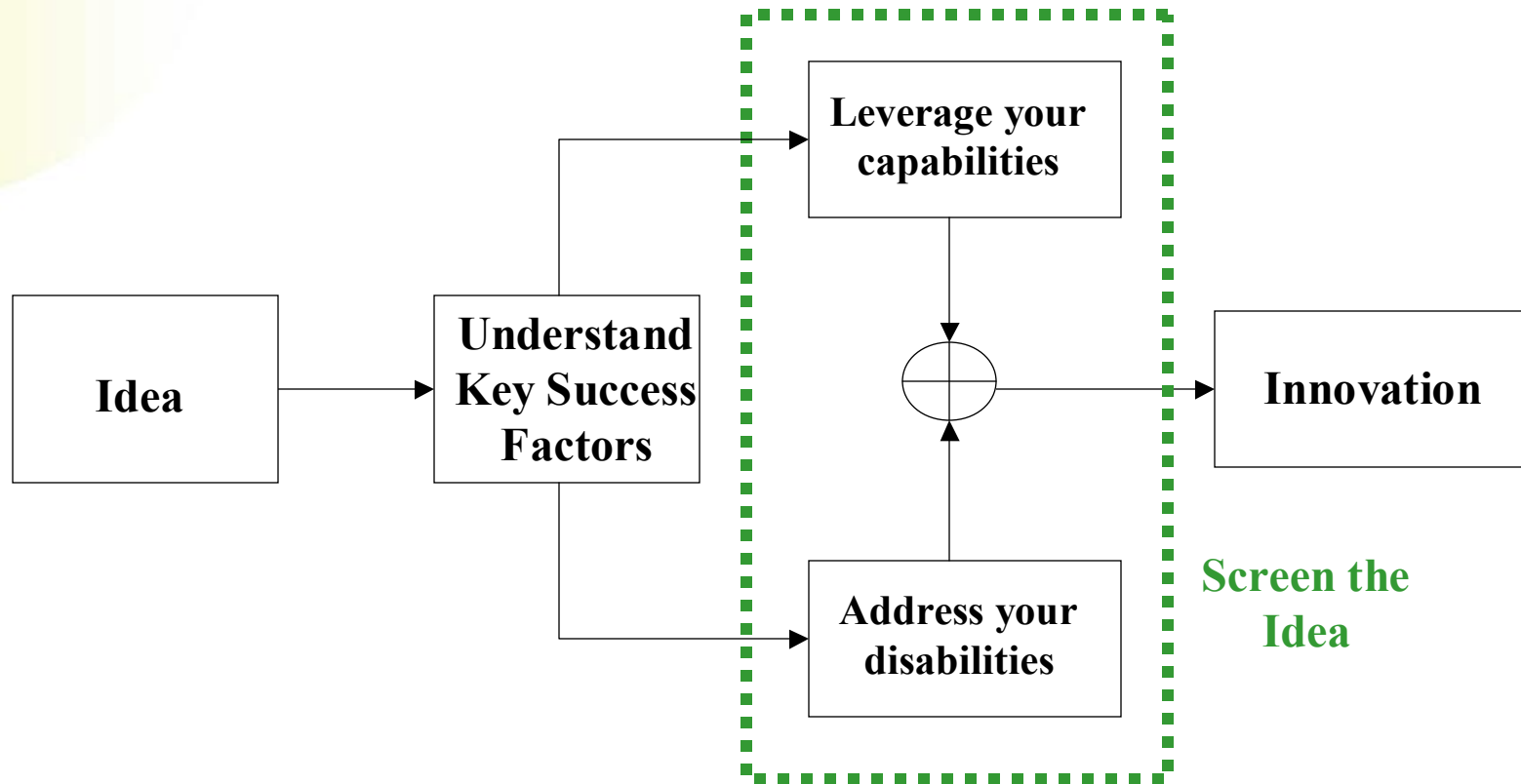


Start by knowing yourself

Leverageable Capabilities



It is not enough to leverage capabilities



Focus on your disabilities



Addressing Disabilities

- Sustaining innovation
 - Fine tune and iterate
- Disruptive innovation (Strategic Renewal)
 - Leverage resources, some processes, few/no values
 - Set up separate organization with separate reporting structure
 - Select management very carefully
 - Start and stay small until you get it right
 - Consider carve-outs and innovation partners for incremental value creation

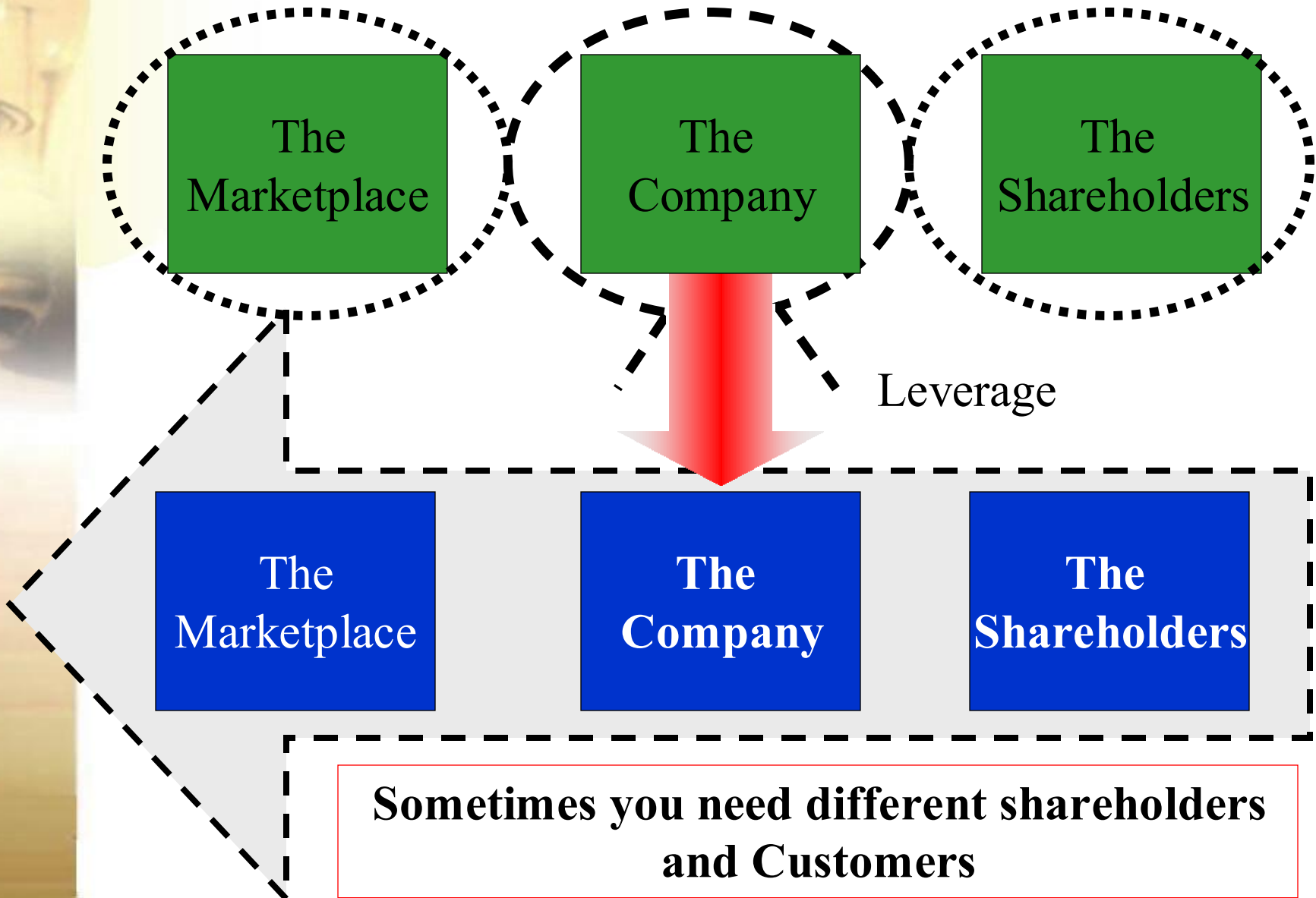
Organize to get at Leverage

Fit with Processes	High	Acquire Or Partner	Focus Immediately & Independently
	Low	Outsource Innovation	Acquire Or Partner
		Low	High

Fit with Values

Organize to get at incremental value

Break Out Of The Silo





Things to Remember

- Innovation is not just about a product idea
 - it often involves strategic renewal
- You need an explicit & formal process
 - just another type of competition
- Make a senior person accountable
- Be prepared to experiment



Summary

- **Put your innovation into context**
- **Focus on competing for the future**
- **Define a Gap as a forcing function for change**
- **Understand you capabilities & disabilities**
- **Leverage your capabilities**
- **Address you disabilities**
- **Organize to get at (incremental) leverage**

You need a framework for your innovation



Questions?

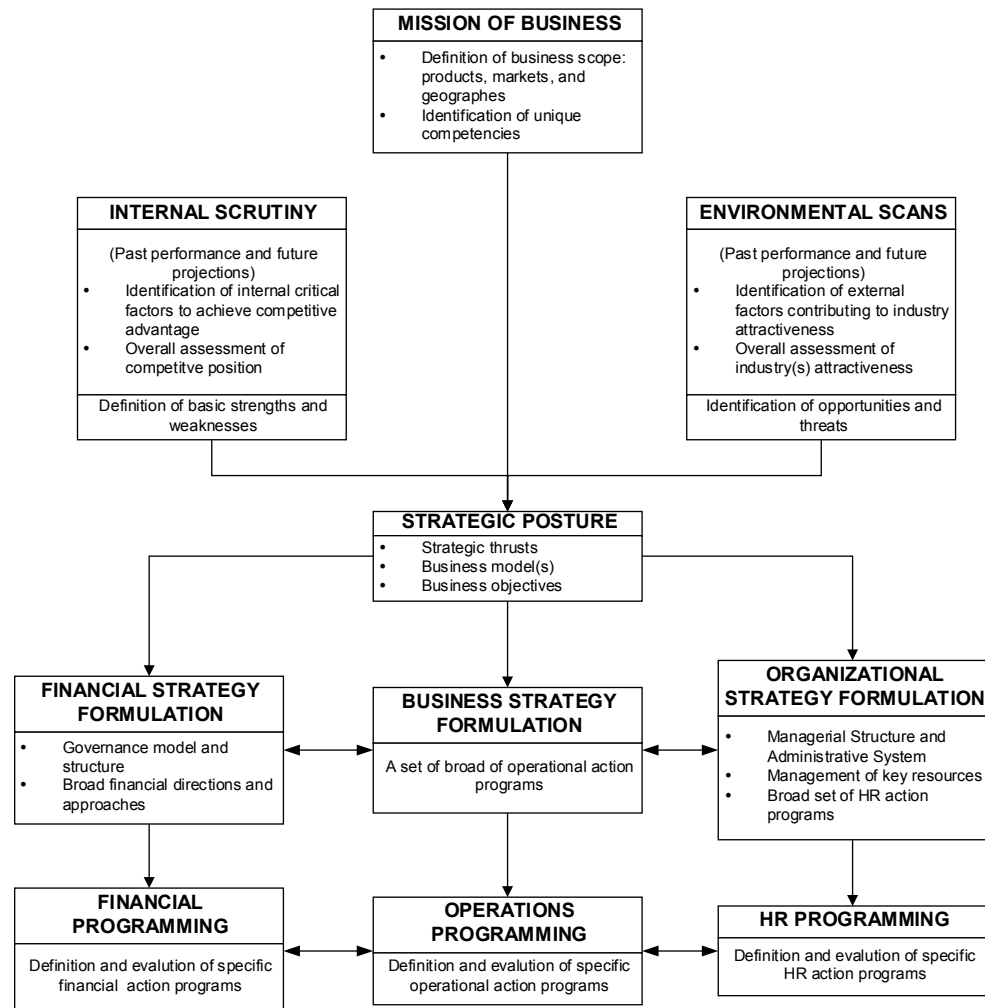


List the steps/summary

- You need a framework
- Put your innovation into context
- Make someone on the senior team accountable
- Define a process and make it explicit and formal
- Define the gap
- Prepare by identifying what you should leverage and what you should not leverage
- Identify Key Success Factors (KSFs)
- For disruptive innovation
 - Address dysfunctions in Processes and Values
 - Be ready to experiment

Slide tying formal process

Fundamental Elements of Business Strategy Definition

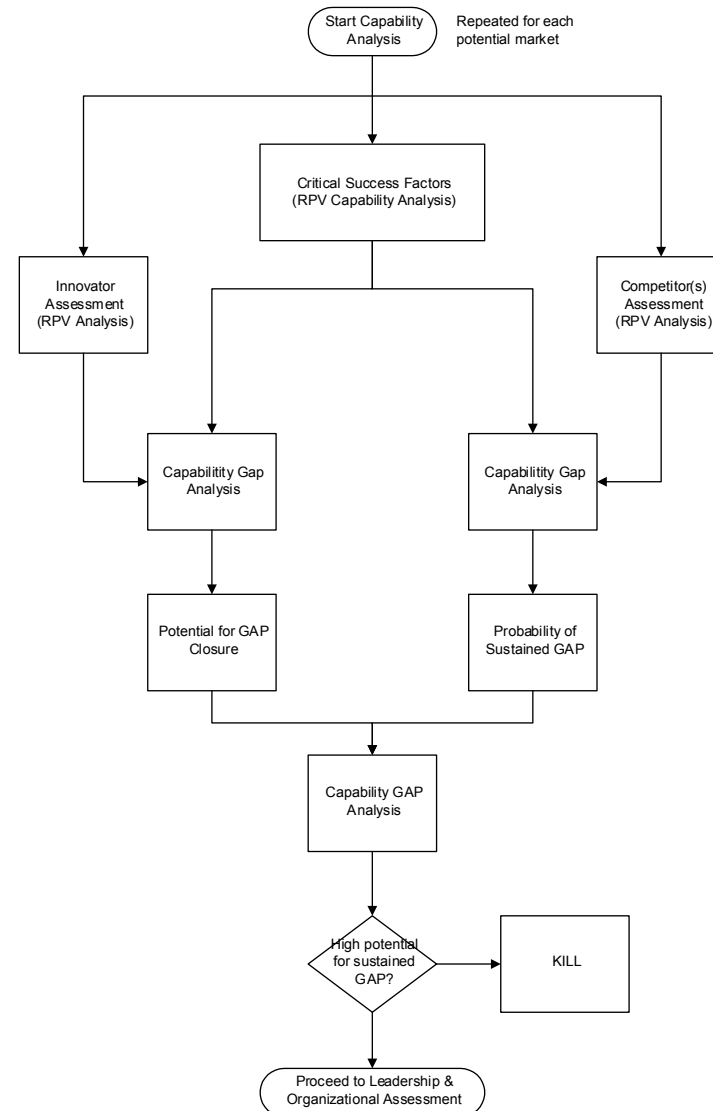


Slide tying strategic plan to operational plan (flow chart)
Fix the core first

Slide tying formal process

**Slide tying strategic
plan to operational
plan (flow chart)
Fix the core first**

CAPABILITY ANALYSIS



The small company advantage

