

# Innovation Management



## **Product innovation: Unifying people, processes and tools**

Product innovation is not simply about generating new ideas. It is a complex process, and many organizations struggle with the design and implementation of an effective innovation strategy that yields measurable results over the long-term. Sustained growth and profitability can be achieved through the integration of three critical levels: People, processes and tools.

Published: February 15, 2012 | [ReactionsIn: Enterprise Innovation](#)

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### **Implementing an open innovation process**

Henry Chesbrough coined the term open innovation, (a model proposed as an alternative to a more traditional, closed off approach to innovation) which centers on the philosophy that to successfully innovate, organizations need to widen the ideation funnel to include more active participation and knowledge from internal and external stakeholders. Open innovation, at its core, is therefore about two things: Interactions and dynamics between individuals.

Open innovation encourages organizations to look outside their boundaries and source ideas from other parties such as employees, suppliers, business partners and of course, customers. Therefore, when developing an effective open innovation strategy and process, the first thing to

consider is people. A few questions can be asked: Who will be part of the innovation process? How can we successfully create an open, connected and collaborative internal innovation network? The next step is to design a strategy based on collaboration and communication between people who generate, share and manage new ideas across the organization. A critical question to ask at this stage: How do we manage the flow of information across the different stages of development?

Cross-organizational workflows will eventually develop from the marriage of these two social components and will generate its own range of activities that can be directly observed at a higher level. As a result, several key factors can be identified and addressed: The origin of ideas, how they are managed, analyzed, and communicated. We can also examine how they impact decision-making and organizational goals.

We need look no further than the lighting industry to discover examples of open innovation in practice. During a recent TED talk in Amsterdam, Rogier van der Heide, Chief Design Officer of Philips Lighting, discussed several meaningful, real-world cases of how different teams (designers, engineers, architects, etc.) came together, in a collaborative fashion, to successfully create innovative LED products.

### Leveraging untapped sources of innovation

There are several untapped sources of innovation that organizations should include in their overall product development strategy. Here are some examples worth exploring further:

**Your customers:** Customers are increasingly playing an active role in the product development process. Therefore, understanding how customers contribute to the innovation process is important. Unfortunately, products are often engineered with little or no customer involvement. This increases the chances of product innovation failures. By encouraging end users to actively participate in the product development process, you can gain a real insider's perspective on current and future needs and wants. Inviting customers into the innovation process also ensures that the ideas that flow through to the later stages of product development will resonate with customers. In addition, strategically incorporating customers into the decision-making process can substantially reduce time spent on brainstorming activities and ultimately R&D costs.

**Your sales team:** Historically, the product innovation process has been driven by engineering and marketing. One untapped source of innovation is your sales team—the people who are in direct contact with your customers. They also have a good understanding of the competitive landscape. The role of the sales team is to discover what customers actually want, clearly define their needs and ensure that all of their issues and concerns get communicated to the rest of the organization. However, the complexity of this process creates broken links in this chain of events. Sales teams are often not called upon to participate in the innovation activities directly, and this means valuable customer feedback is not integrated into the innovation process. What is needed is a process that encourages the dialogue between product development and sales, and other central departments.

**Your support team:** Your customer service team is on the front-lines daily fielding requests and questions from customers. They have a very good sense of what is happening in the marketplace, and they are aware of the discussions about your products and your competition. As with the sales teams, customer support teams have valuable information—everything from product features, to overall customer experience and competitor moves is readily available.

### Effective tools for open innovation

The technological tools that make open innovation more effective are those that seamlessly connect individuals while providing full traceability and visibility of actions throughout the product innovation process.

These tools should be used in conjunction with a well-outlined strategy and must fully support the end goals by:

- Providing end-to-end ideation management that allows for the effective capturing, selecting, and vetting of product related ideas and other key insights.
- Completing integration with other product development activities
- Promoting collaboration and facilitating communications between external and internal stakeholders (i.e customers, business partners, employees, etc) .

Armed with an “open innovation in practice” mindset, a clear understanding and appreciation of the role and dynamics that exist between the often overlooked sources of insight and easy to use tools, your team can meet these challenges and successfully incorporate effective innovation methods into the product development process.

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