

Opening Session – Innovation Mindset

Torben Rankine



EDP Innovation
Immersion Program

LEADERSHIP
BUSINESS CONSULTING





WELCOME TO

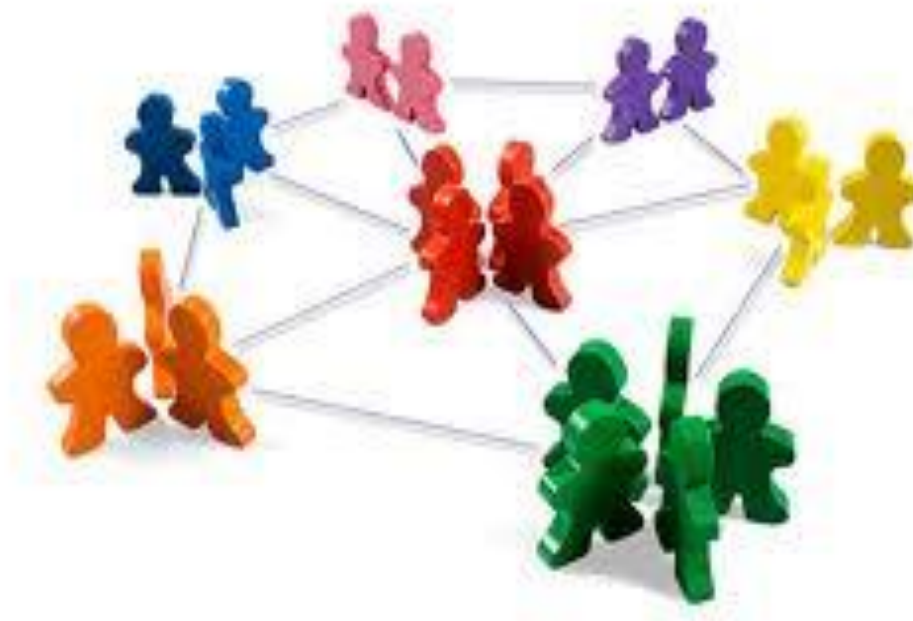


CALIFORNIA REPUBLIC



Intros

1 Minute:



- Name & Position
- Main objective for this program



Discovery questions:

1. What is the most challenging aspect of your business area today?
Why?
2. If you had the opportunity (and unlimited resources) how would you address these challenges?
3. What innovations will change your business in the short or long term?
4. What are your 3 main objectives for this program?



What words do you associate with Innovation?

Breakthrough

Trial

Success

Error

Disruption

Learning



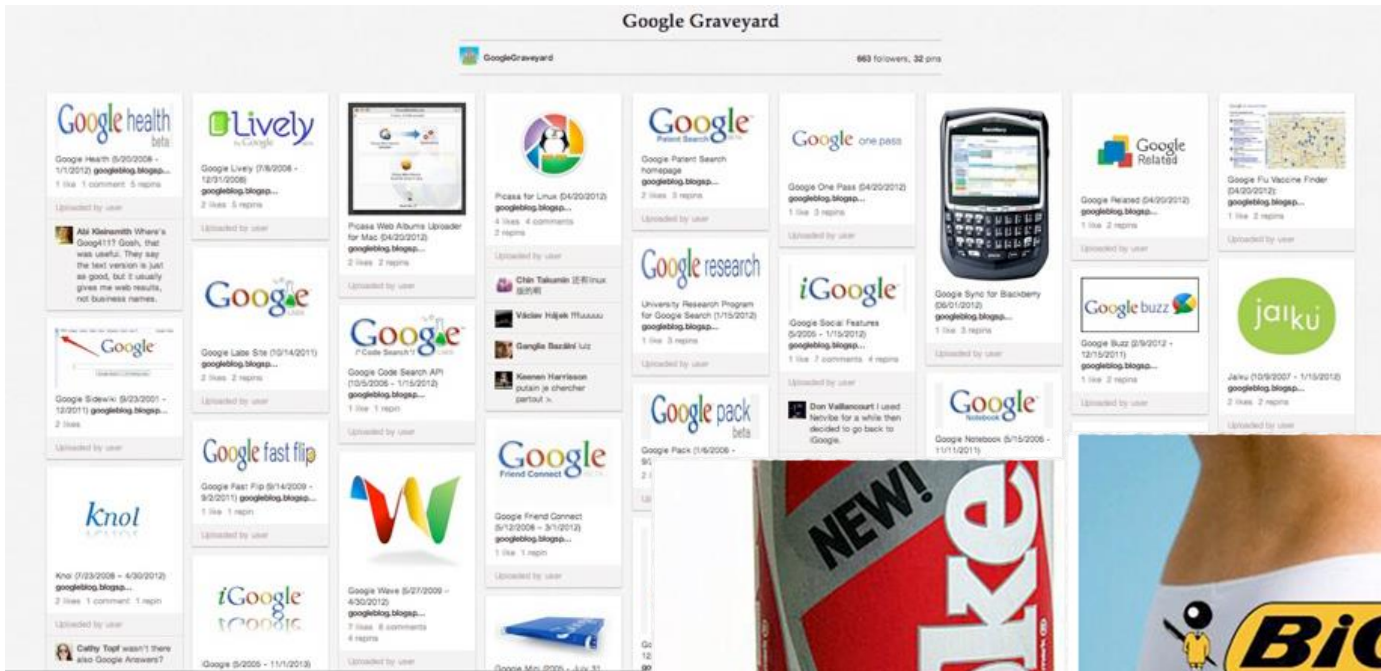
Law of Failure

Majority of new ideas fail:

- 4 out of 5 start-ups don't provide a return to investors
- The most innovative technologies tend to fail in the market



Failure happens to everyone



Challenges to Innovation in Large Companies

TIME - The average longevity of companies in the S&P 500 fell from 61 years in 1958 to 15 years in 2015. At this rate, 75% of the current company in the S&P will be displaced by 2027.



S&P 500 Churn Over the Past Decade

Sample companies that have entered and exited the index since 2002

Entered the index:



Exited the index:



Challenges to Innovation in Large Companies



Challenges to Innovation in Large Companies



**Process can complicate
decision making, lack of speed**

Challenges to Innovation in Large Companies



**Strategic alignment,
Leadership, Pitching standards**

Thinking like a Start-up:



Not failing enough = not being BOLD enough

Building a process – Adobe KickBox - and motivating the base

Ask for Forgiveness, not Permission

Seek feedback – accretive (because, and, but, etc..)

Pitch the business case

<https://www.youtube.com/watch?v=Vy3696XvAps>

Thinking like a Start-up:



True customer obsession

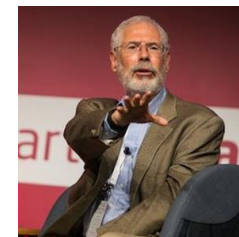
Resist Proxies – don't let the process "own you"

Embrace External Trends

High-Velocity Decision Making

<https://www.sec.gov/Archives/edgar/data/1018724/000119312517120198/d373368dex991.htm>

What you will hear over the next 2 days?



Alberto Savoia **Pretotyping**

**Building the Right IT
before you build IT right**

Tool Kit / Metrics

Steve Blank **3 Horizons**

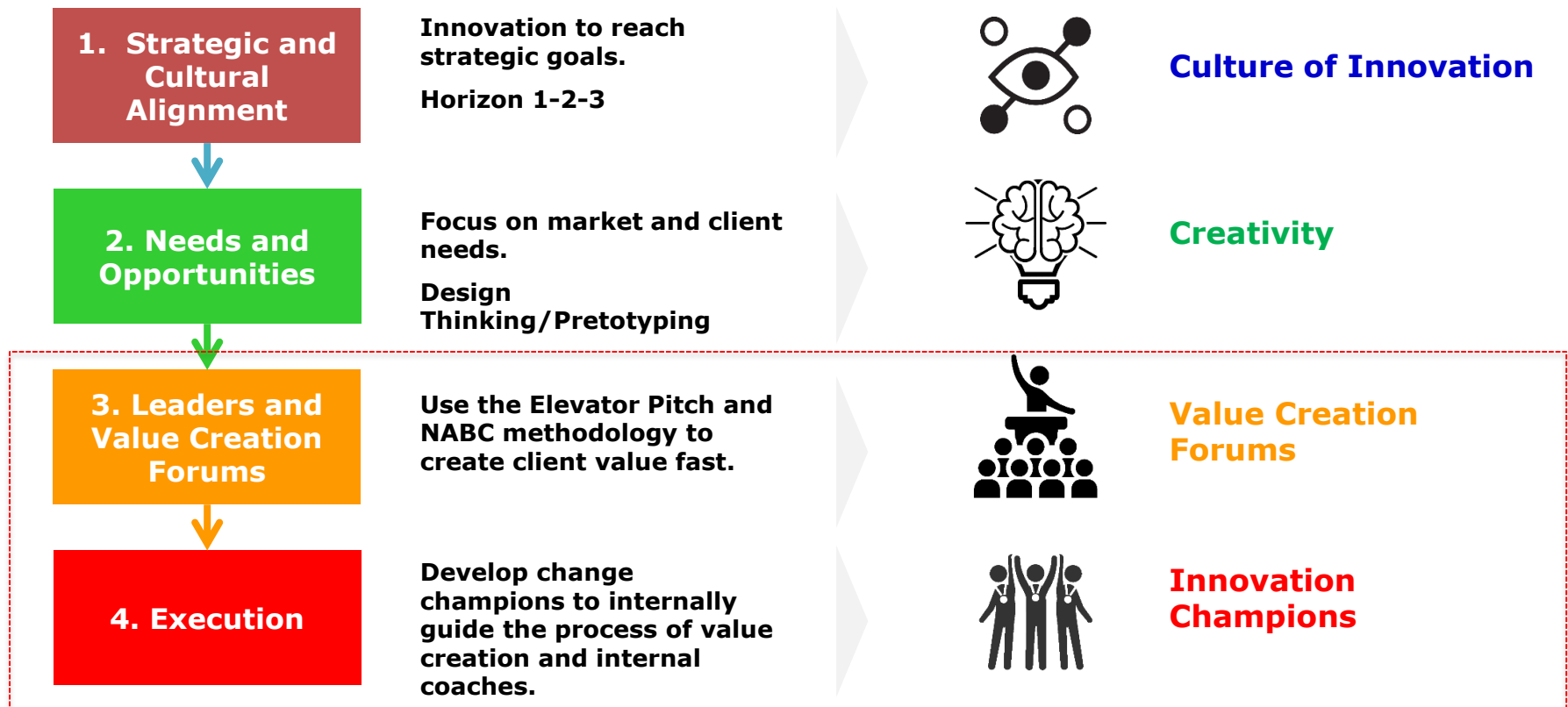
**Strategic Innovation
Culture & Management**

Strategy

Leadership's Approach to Innovation

Objective and practical approach that involves top management in a simple and focused strategic application

APPROACH



MVP - 'Minimum Viable Product'.. a Process

Attributed to Eric Ries, 2009

Born of the tech startup/VC Silicon Valley ecosystem, and carries the assumptions and culture of this economy

An MVP is....



“...not a minimal (or end-goal) product...”

“it is a strategy and process directed toward making and selling a product to customers...”

“...iterated until a desirable product/market fit is obtained”

— Jon Radoff, 2010

MVP - 'Minimum Viable Product'.. used to launch products "often and early"



What is the fastest and cheapest way we can meet a customer's need, via a product we can build?



(minimum viable product)



(product)

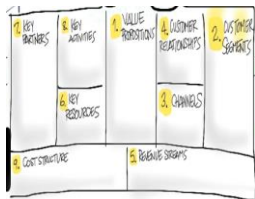
What's the least complex version of our product a customer will value enough to pay money for?

Three Horizons of Innovation

Horizon 1

Mature Business

Known



Executes Business Model

**Existing Business Model:
Process Innovation**

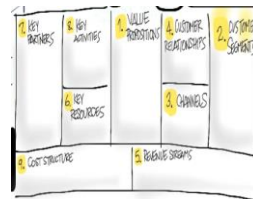
**Existing Capabilities
Low Risk**

60-70% of allocation

Horizon 2

Rapidly Growing Business

Partially Known



Extends Business Model

**New Opportunities via
Business Model Innovation**

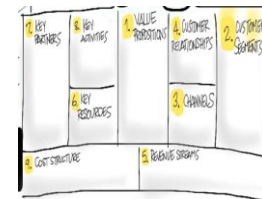
**Some Capabilities
Moderate Risk**

20-30% of allocation

Horizon 3

Emerging Business

Unknown



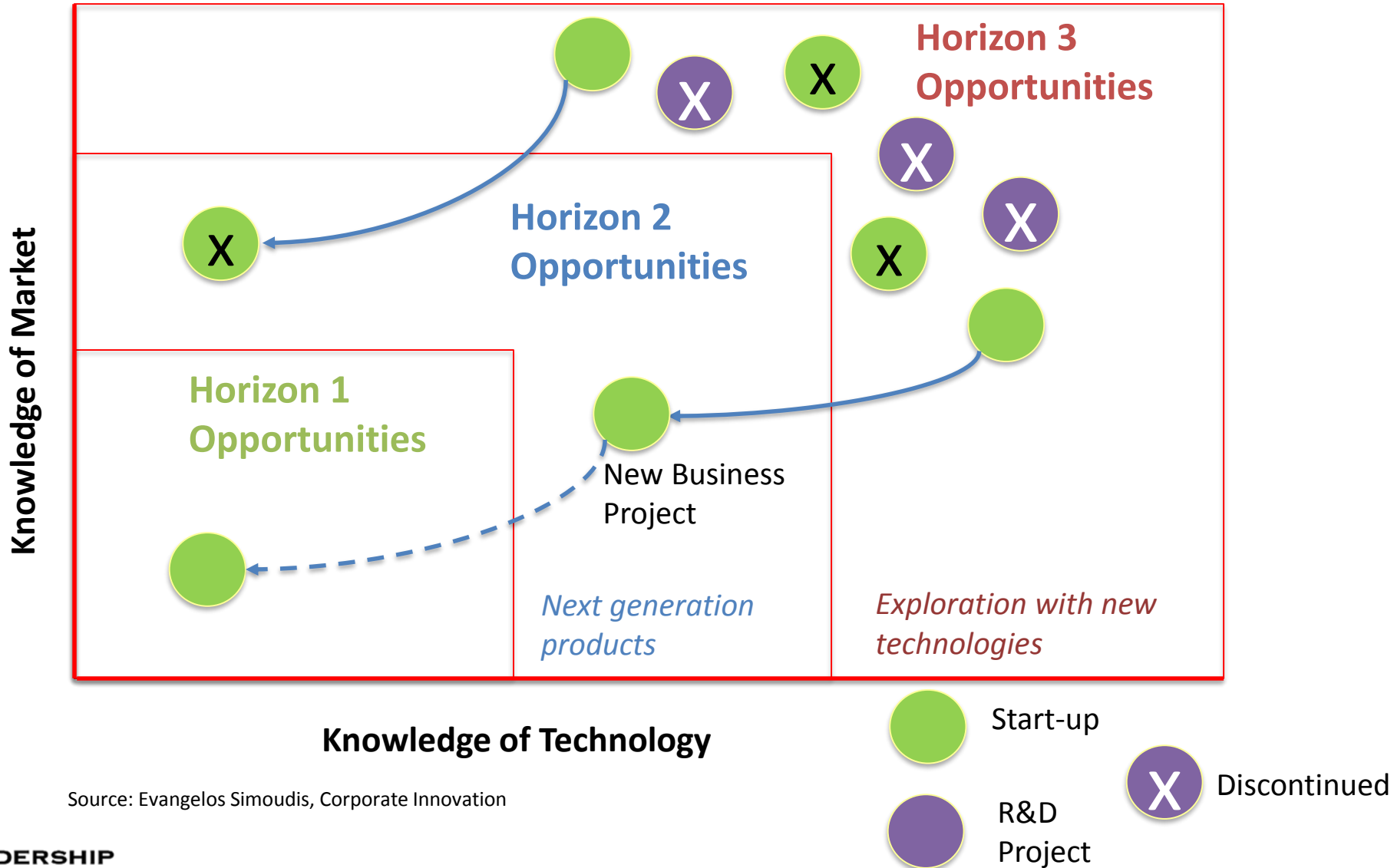
Searches Business Model

**New/Disruptive Business
Model**

**New Capabilities
High Risk**

5-10% of allocation

Managing 3 Horizons



Source: Evangelos Simoudis, Corporate Innovation



Thought for the week

- **Ability to become an Ambidextrous organization**

Continuously executing on Horizon 1 business/business models while continuously innovating across the 3 horizons



Support Slides

Leadership's Approach to Innovation

Based on extensive research by SRI, the Stanford Design School and Ideo



Under this approach, the innovation that counts is the innovation that:

- ✓ Is aligned to the company's strategy and is focused on the market, clients and financials;
- ✓ Is generated from company wide resources;
- ✓ Promotes motivation and the company's hidden talents, creating organizational engagement.

Strategic Alignment + Value Creation Forums + Practical Application

=

Business Impact (innovation, results) + Impact on Human Resources (alignment, motivation, engagement)

Leadership's Approach to Innovation

Objective and practical approach that involves top management in a simple and focused strategic application

APPROACH

1. Strategic and Cultural Alignment



2. Needs and Opportunities



3. Leaders and Value Creation Forums



4. Execution

Innovation to reach strategic goals.

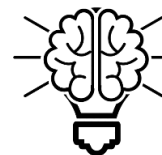
Focus on market and client needs

Use the Elevator Pitch and NABC methodology to create client value fast

Develop change champions to internally guide the process of value creation and internal coaches



Culture of Innovation



Creativity



Value Creation Forums

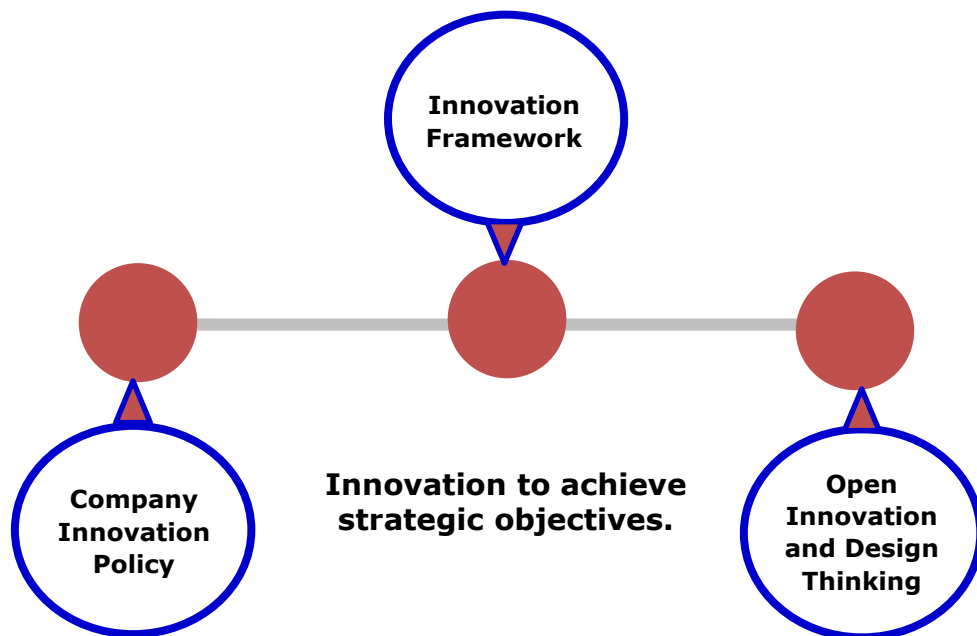


Innovation Champions



Culture of Innovation

Starting point for the transformation of the company



- Analysis and focus on company's innovation objectives: ongoing projects
- Significance of market, client and financial results focused innovation: ideas and execution
Open Innovation
- Design Thinking: value creation process and prototyping





Creativity

Looking for good ideas



**Focus on important
market and client
needs**

- **Process for defining needs;**
- **Important vs Interesting Needs;**
- **Processes to generate ideas;**
- **Implementing my idea;**
- **The 5 disciplines of Innovation.**

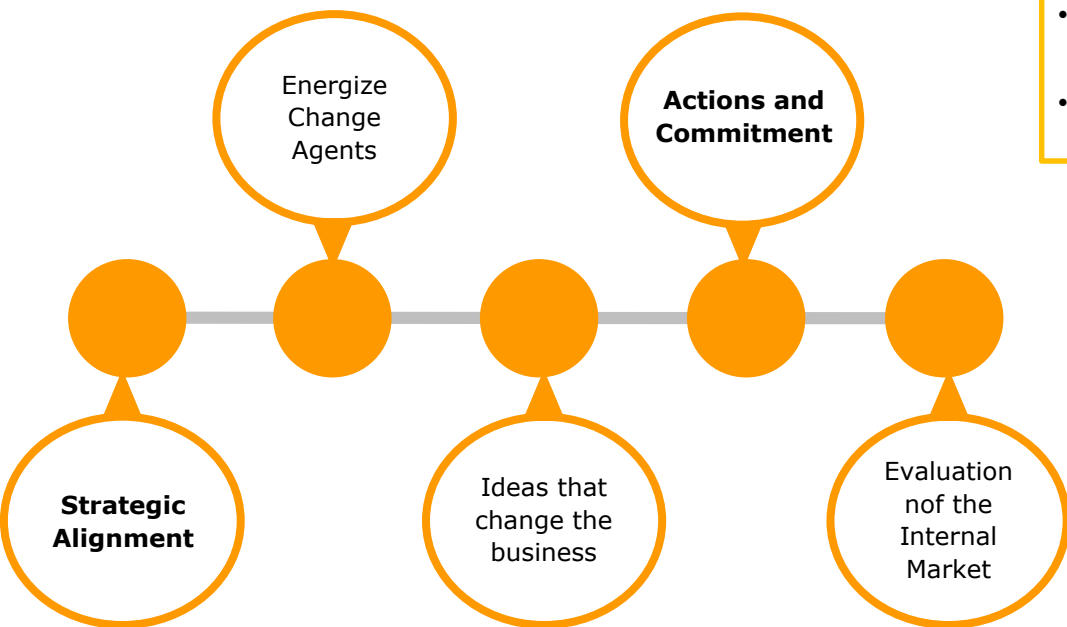




Value Creation Forums

High Impact Innovation

- **Economic value of Innovation;**
- **Define business objectives;**
- **Define KPIs and commitment;**
- **Use Elevator Pitch and NABC to create client value in a fast way;**
- **Be an innovation champion to guide the value creation process.**



Creating client value fast





Innovation Champions

Value Creation by Champions

- Use a multidisciplinary, team based approach to create collective intelligence, capacity and innovation mindset
- Get your company and team aligned to systematically produce high impact innovations

Role of the
Innovation
Champion

Coaching
champions

Develop Champions of Change
to guide the value creation
process internally and internal
coaches



Intrapreneurs are (Good) Rebels

Bad Rebels

Break Rules

Complain

Assertions

Me-focused

Anger

Pessimist

Energy-sapping

Alienate

Problems

Vocalize Problems

Worry that

Point Fingers

Doubt

Social Loner

Good Rebels

Change Rules

Create

Questions

Mission-focused

Passion

Optimist

Energy-generating

Attract

Possibilities

Socialize Opportunities

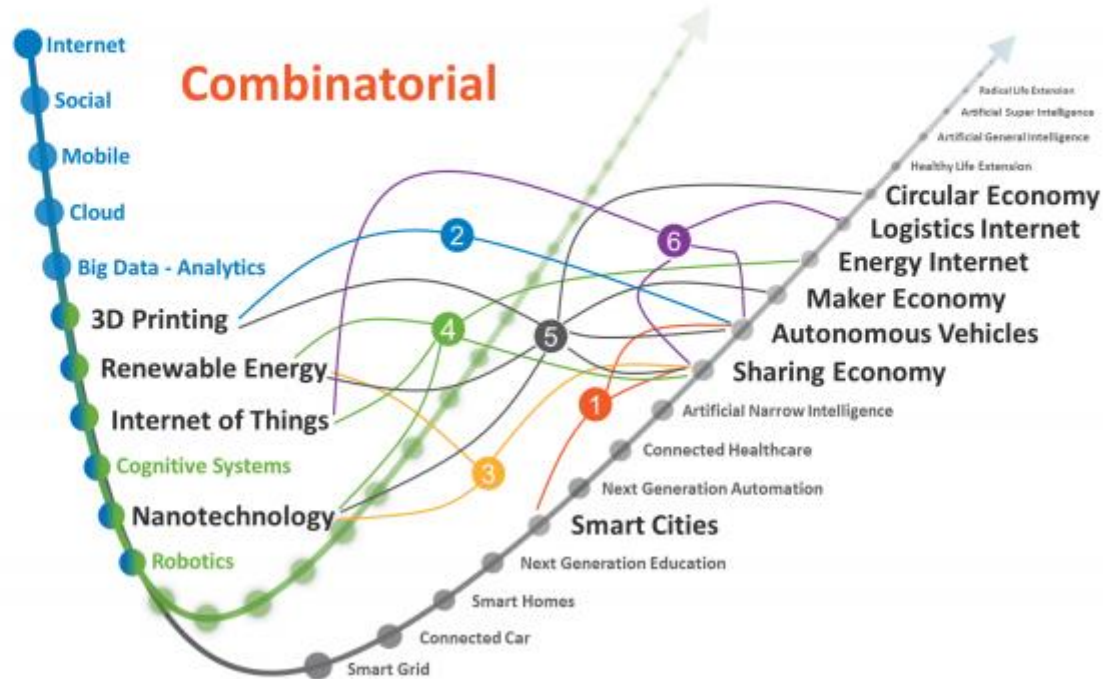
Wonder if

Pinpoint Causes

Believe

Social

Corporations are realizing that technologies combined with new business models are disrupting every industry



SYNAPSE
PARTNERS