POINTERS

Expert Guidance on Innovation Strategy

Making new stuff happen in an established organization isn't easy. So one of the things we try to do at Innovation Leader is provide as much guidance and data, and as many case studies and concrete examples, as we can.

Some of our biggest allies in that mission are the strategic partner firms that regularly share their advice with Innovation Leader's members — at live events, in our website's Thought Leadership area, in our print magazine, and now in this series of PDFs we're calling Pointers.

Pointers will collect the best recent insights into how you can have more impact on your organization, all created by our partners. We designed Pointers for easy printing, and we encourage you to share it with colleagues. I'd love to hear what you think...

Scott Kirsner
Editor & Co-Founder
Innovation Leader
editor@innovationleader.com
@innolead

POINTERS

TABLE OF CONTENTS

Where Zombie Projects Come From – And Why Killing Them Needs to Be Systematized

BY PONTUS SIREN, INNOSIGHT

I was recently in a meeting with an innovation manager at a large company who told me about all the projects he was overseeing. When I asked who was actually working on these efforts, he mentioned there were some part-time internal people and some external contractors. I told him politely that it was highly unlikely that any of these efforts would yield any tangible business outcomes. We finished our coffee, and I'm sure that when we chat next, there will be yet more "zombie" innovation projects—walking dead efforts wandering the corridors of the company.

They say that in real estate there are only three things that matter: location, location, location. One might paraphrase and say that in innovation, only three things matter: focus, focus, focus. While it's true there are many other things that matter in innovation, there's no doubt that focus is hugely important.

As I took the taxi back to the office, I started to think about why innovation zombies are so prolific and where they come from.

I came up with five culprits:

1. Lack of strategic direction related to innovation
2. Well intentioned ideation sessions and workshops

3. Illusionary safety sought from a large number of innovation projects
4. Ease of starting projects compared to finishing projects
5. Difficulty of killing zombie projects

The first and most important factor behind the emergence of zombie projects is the lack of clarity on the role of innovation, especially non-core innovation, in an organization. Innovation is such an imperative in most companies that leaders feel compelled to do something. Building a portfolio of innovation projects is both concrete and actionable.

However, often there is no clear innovation strategy and organizations don't have clarity on the objectives or boundaries of innovation. This lack of strategic direction allows for all types of efforts to proliferate, because when you don't know where you are going, any road will take you there.

HOW GOOD IDEAS BECOME ZOMBIE PROJECTS

The second is a seemingly innocent source of zombie projects, namely workshops and ideation sessions. These sessions are conducted with the best of intentions, such as energizing the organization, capturing the best ideas within the company, and exploring new opportunities, and often that's exactly what is achieved. Smart and experienced people can be expected to come up with good ideas — and that's the problem. A good idea becomes a zombie project when it is made into a formal project, but one without strategic purpose, proper resources, leadership oversight and support, or the structures and processes needed for innovation. The projects exist and they have enough life in them to be a drain on the organization's resources, but they never have any real possibility of becoming a driver of profit and growth.

The third reason for the proliferation of innovation zombies is that innovation teams believe that there is safety in the number of projects they manage. There isn't, but the confusion is easy to understand. Innovation teams face tremendous challenges in driving the innovation agenda within an organization. Often these teams are small and under-resourced and they lack the strategic direction and leadership mentoring that is essential for innovation.

To compensate, teams sometimes seek to build a large portfolio of innovation projects, a kind of "Potemkin village" portfolio of non-serious projects. The motivations vary, but sometimes it's done to show the leadership that real progress is being made. Sometimes it's simply done to keep the team busy. Whatever the reasons, innovation teams are often the unintentional authors of zombie projects.

Fourth, it's much easier to start a project than to progress a project. The primary reason for this is that the resource requirements increase as the project matures. The development and de-risking costs are much higher in version 15 than they are in a first paper model. Thus, projects are started with a small budget and no one, not even the finance department, pays much attention. However, as the project advances, the resource requirements become much more substantial in terms of human and other resources. Those resources have to come from the core business that is usually less than eager to share scarce resources with the innovation team. If resources can't be marshaled, but the project can't be killed, it becomes a zombie. After one zombie has been created, the innovation team can be tempted to start a new project because they know they can get resources for an early-stage effort, which is actually just another zombie in the making.

KILLING OFF ZOMBIES SYSTEMATICALLY

Finally, as my colleagues have often noted, it's extremely difficult to kill an innovation zombie. There are good reasons for this, but the two primary ones are that organizations are not good at dealing with mistakes, and that they have no processes to deal with them. Killing a zombie implies having a frank discussion about the lessons of the effort, something that can be hugely valuable for any organization. However, few organizations have deliberate systems in place to allow this to happen. In their absence, people choose to let the projects live on, rather than pushing to formally end them.

This reminds me of an old tale of a courtier who, having displeased the king, is threatened with death. To avoid his imminent demise, the courtier promises that he will make the king's horse fly in one year. His life is spared. His perplexed friends point out the enormity of the task, but the crafty courtier notes that in one year the horse might be dead, or the king might be dead, or the horse might even fly.

Zombie innovation projects come from many sources, but innovation leaders must aggressively and humanely put them down so the organization can focus on those opportunities that can drive real business impact. As you pursue innovation efforts in your organization, make sure you understand where zombies come from so that you can stop their rise.

Pontus Siren (psiren@innosight.com) is a partner at the growth strategy consulting firm Innosight (www.innosight.com.)

How Disney Amplifies Experiences By Merging the Physical and Digital Worlds

BY ED HADLEY, MENDIX

I just returned from my family's first trip to Disney World in Orlando. It was a truly special week for my two kids, especially my nearly six-year-old daughter. But what stood out to me is how expertly Disney has merged the physical and digital worlds to create one, connected and memorable experience.

This merging of the physical and digital worlds is one of Mendix CTO Johan den Haan's top predictions for 2016. This trend is being driven by the rapid proliferation of sensors and connected devices, a/k/a the Internet of Things. Digitally-savvy organizations are able to effectively harness the IoT and the deluge of data it creates to transform their operations, products and services, and even business models.

DISNEY'S MAGICBAND BRIDGES THE PHYSICAL AND DIGITAL WORLDS

What's Disney's secret to merging the physical and digital worlds? It all starts with the MagicBand, a colorful, waterproof wristband for each family member that uses Radio Frequency (RF) technology. MagicBands seamlessly connect your physical experience at Disney parks and resorts to the MyDisneyExperience web and mobile apps, integrating

pre-trip planning, on-site activities, post-trip memories, and more. In the process, Disney has created new and enhanced customer experiences, as well as new digital products and services.

Let's take a look at a few examples:

- **No tickets**, **no keys**, **no problem** – MagicBands are automatically loaded with all your hotel reservations, park tickets, and other experiences (e.g. character meals such as Cinderella's Royal Table). They can be instantly activated at a resort or park, simply by touching the MagicBand to a sensor called a touch point.

- **Skip long lines** – Remember wandering aimlessly around the Magic Kingdom, searching for rides with tolerable lines? While you still have to cope with some long waits, Disney allows you to book FastPass+ timeslots for popular rides through the website and mobile app. Show up at your scheduled time, tap your MagicBand, and skip to the head of the line.

- **Cash and card-less payments** – MagicBand also serves as a payment mechanism, which means you no longer need to carry cash and credit cards around the resorts or parks. And because MagicBand payments require a PIN, you don't have to worry about someone charging things to your account if you lose a wristband.

- **Instant digital memories** – When Disney photographers take your photos at various locations throughout the parks, they show up automatically in your MyDisneyExperience app a few hours later, including some fun augmented photos like the one below. With the Memory Maker add-on, you can instantly download these digital photos to cherish forever.

Disney has done a great job of merging the physical and digital worlds to make their customer experience both more convenient and more memorable. In exchange for shorter lines and the biggest smile you've ever seen on your kid's face, they're able to collect a vast amount of real-time data that they can use to fine-tune their operations, increase share of wallet, and roll out new products and services.

IDEAS FOR ENHANCING DISNEY'S "DIGICAL" MAGIC

Going forward, it will be interesting to see how Disney further optimizes this "digical" experience. ("Digical" is a blend of digital and physical.) Here are a few ideas based on my own experiences last week:

- **Multi-Channel, Multi-Surface** – MyDisneyExperience is a seamless experience across the web and mobile app. Going forward, how can Disney incorporate additional channels or surfaces, such as smart watches, kiosks, digital displays, etc.? For instance, imagine if your child was personally greeted by a character on a digital display in the FastPass+ line. The challenge here is leveraging new channels without having to rebuild application logic for

each one. Moreover, users must be able to move seamlessly from one channel to another, based on their needs.

· **Smart Apps and Predictive Recommendations** – It will be interesting to see how Disney can make their apps even smarter using machine learning and predictive analytics. While FastPass+ is a great service, imagine if the mobile app offered a personalized and optimized park itinerary based on your children's ages and interests, as well as real-time and historical data about ride wait times. The app could trigger push notifications saying, "The line for Space Mountain is the shortest it's going to be all day. You might want to head there now."

· **From Internet of Things to Internet of Experiences** – So far, Disney has done an excellent job leveraging IoT to optimize the customer experience. Considering they've basically built self-contained worlds, it will be fascinating to see what else they're able to bring online through sensors and beacon technology. One immediate use case that comes to mind is real-time info on the shuttle buses that transport customers between Disney resorts and parks. Plus, considering all the shows and parades happening throughout the park on any given day, I'm sure there are opportunities to optimize all the moving parts through greater connectivity.

While Disney and the broader travel and hospitality industry is clearly at the forefront of the "digical" trend, there's enormous potential for countless others, including retail, healthcare, insurance, manufacturing, education, and government. In the insurance industry, we're already seeing carriers use connected devices like Fitbit and telematics to collect real-time data and offer innovative usage-based products. And one of our customers is leveraging IoT to transform its business from manufacturing light bulbs to delivering greenhouse optimization as a service. Sensors collect data on light, temperature, soil, weather, and more, which is then fed into machine learning services that help optimize plant photosynthesis, along with energy consumption and greenhouse maintenance.

DIGICAL INNOVATION REQUIRES FAST, ITERATIVE DEVELOPMENT

Regardless of the use case, capitalizing on digical requires fast, iterative development of new multi-channel applications. For most organizations, this is uncharted territory — so you need to be able to test new ideas quickly, flexibly, and at low cost to see what works and what doesn't. And when you find a winner, you need to be able to scale it instantly, while having the real-time insight and processes required to continuously innovate. Last but not least, you must be able to seamlessly leverage IoT and machine learning services to build intelligence into applications.

The Magic Kingdom may be "the most magical place on earth," thanks to its masterful merging of the physical and digital worlds, but your retail store, shop floor, or airport terminal could soon give it a run for its money.

Ed Hadley (ed.hadley@mendix.com) is Director of Content Marketing at Mendix (www.mendix.com), which offers an application platform that helps organizations drive digital innovation.

INNOVATION LEADER

CISCO

Innovation Leader and Cisco Present

Teach-In

CORPORATE INNOVATORS SHARING BEST PRACTICES

At The Harvard Innovation Lab, Oct. 26-27

Featuring "how to" lessons from corporate innovation executives, including:

Pfizer Director of Worldwide Innovation
Daniel Seewald

Creating a Network of Innovation Champions at Your Company

Allstate Director of Strategic Innovation
Moisés Noreña

Using Your Intuitive Sense to Shape Concepts and Drive Decisions

Fidelity Investments VP Design Thinking
Suzanne Hamill

Design Thinking Exercise

Home Depot VP Online
Prat Vemana

Overcoming Barriers to Corporate Innovation

Cisco Director, Innovation Strategy and Programs
Alex Goryachev

Designing a Company-Wide Innovation Initiative

Metropolitan Museum of Art Chief Digital Officer
Sree Srinivasan

Best Practices in Social Media, No Matter How Large Your Audience

Manulife Head of Innovation, Digital Strategy, and M&A Execution
Jesse Bean

Getting a Global Innovation Program Off the Ground

W.L. Gore Head of Innovation
Greg Hannon

How and why to deploy lean startup

Healthcare Innovation Executive
Naomi Fried

Innovating in a Regulated Industry

Harvard Business School Professor
Karim Lakhani

Building Advantage Through Open Innovation

Thomson Reuters Senior Director, Innovation
Anna Stepanova

Creating and Managing a Fund to Support Innovators

Groupe Galeries Lafayette VP Corp. Development and Innovation
Edoardo Manitto

How An Accelerator Can Help You Plug Into Innovation Outside Your Walls

Plus startups from The Harvard Innovation Lab and more. Details at:
https://www.innovationleader.com/teach/

There's Never Been a Better Time for Innovation

BY ALEX GORYACHEV, CISCO

Historians often point to The Renaissance many centuries ago as humankind's most creatively prolific period. Indeed, timeless discoveries and masterpieces in art, literature, and science burst forth from geniuses such as Leonardo da Vinci, Michelangelo, and Galileo.

I spend a lot of my spare time studying about social and cultural change, and I respectfully disagree with such historians. I passionately believe that future historians will look back and agree that today – right now – stands as humankind's most creatively prolific time.

There has never been a better time to innovate . . . to make the impossible possible. #NeverBetter

Today, however, ingenious entrepreneurs around the world, sculpting new technology solutions, are the ones accelerating innovation at an unprecedented pace. These tech-driven innovators are highly creative in their own right – business and social problems capture their mind's eye, digital platforms become their canvas, and technology tools are their paints and brushes.

The unprecedented breadth, depth, and volume of today's innovations stagger the imagination. And instead of creating breathtaking paintings, these innovators are creating new products, solutions, and services in every industry to improve efficiency and enrich experiences. Today, clouds

can protect rhinos, trucks can drive themselves in dangerous moments, and doctors can treat children 6,000 miles away. The outcomes are seemingly limitless.

So why are we so fortunate today? Why are we living in a time when this technological renaissance – the biggest rebirth since the Industrial and Internet revolutions – helps innovation to flourish like never before? There are many reasons, and below are three that I think are key drivers accelerating and unleashing this version of 21st century creativity:

1. **The Digital Revolution**. Clearly, the mass digitization of business and society is the primary force behind today's innovation. Digitization provides innovators with new ways to transform business models, processes, software, and systems that make companies more competitive and citizens more healthy and happy. The near ubiquity of data and the growth of analytics on the Internet yield insights for innovations to proliferate. And digitization will only grow exponentially. According to Cap Gemini and MIT, 78 per cent of businesses surveyed said that achieving digital transformation will become critical to their organization in the next two years.

2. **Connection of Technologies**, **People**, **and Things**. Today's digital platform on the Internet is architected as a network to integrate and capture value from a full portfolio of applications, data centers, clouds, security, collaboration, Internet of Things, analytics, and services. This convergence of technologies comes at the same time that more and more things are being connected. By 2020, Cisco predicts that more than 50 billion things with IP addresses will be connected to the Internet. IDC finds that one million devices will go online every hour until 2020, and 200,000 new apps and services will be available by 2018. All this creates a rich environment to inspire limitless innovations.

3. **Cultural Transformation**. A very broad topic, and one that's not usually addressed in the technology arena. Most organizations – large and small – focus first on innovations and outcomes rather than on the innovators themselves. However, that is rapidly changing. Cisco and other innovation leaders who have built large ecosystems of innovators to help co-develop solutions are now bringing some of those lessons learned in-house – creating start-up like cultures that encourage employ-

ees to think and act more like entrepreneurs. I want to emphasize that such disruptive internal revolutions, if you will, are breaking down barriers of business unit silos, bringing together employees across all functions, and creating more diverse teams brainstorming ideas that motivate them personally. We know that game-changing ideas can come from anywhere and anyone, and entrepreneurial start-up practices at big and small companies alike are helping to unleash the full potential and talent of employees.

These creativity drivers are a few of the catalysts that I think are fueling so much amazing innovation around the world today. In an ironic twist, technology innovators are also helping to converge and connect with history. In recent years, engineers have used highly sophisticated spectral photography to scan the 500-year-old Mona Lisa painting. They discovered multiple layers of slightly-repositioned images painted underneath the surface, creating what may be the world's first stereoscopic, 3-D effect. The painter, da Vinci, clearly applied science, math, and engineering principles to achieve it, creating one of the history's most valued works of art.

In today's hyper creative world — enriched by technological and cultural transformations — one can only wonder what our innovators will discover and create next for us.

Alex Goryachev (agoryach@cisco.com) is Director of Innovation Strategy and Programs at Cisco's Corporate Strategic Innovation Group (www.cisco.com).

Linking Your Innovation Agenda to Strategy

BY GARY GETZ, STRATEGOS

After a time in which it has seemed that execution was all the rage, strategy is a hot topic again in business. However, despite lots of available guidance and no lack of effort by executive teams and strategy functions, what we see is that companies increasingly struggle to obtain the results from the strategies they have developed.

In our view, the critical root cause of this underperformance is not strategy execution, but formulation. Today's world of fast change, digitization, new entrants, and disruption requires a different approach to strategy development: one that is less focused on extrapolating the present and more on working back from a future that we believe offers us opportunities. And that is just as rigorous as traditional approaches, but less formulaic.

In short, an innovation-centered model of strategy that applies proven creative techniques to strategy formulation, and then ensures that the product, service, and business model innovation efforts of the company are directly driven by the strategic agenda.

In our work with clients, we stress the importance of linking the innovation agenda and strategy inseparably – and we bring a variety of tools and techniques that companies can use to do just that.

More than you think, though, clients (surprisingly enough, often the leaders of internal innovation teams) push back – with questions and objections that point to some myths about the relationship between strategy and innovation:

"WE ALREADY HAVE A STRATEGY, SO WE DON'T NEED TO THINK ABOUT IT" The key question to ask yourself here is, "Has our strategy been translated into terms that describe our aspirations for a future that is different from our past?" If our strategy only applies to how to improve what we do today and doesn't make it clear what we hope to become, why would we expect that it would inspire employees to search for breakthrough innovations? Too often, stated strategies are either so vague that they don't give a clue as to where to innovate, or so rooted in the status quo that they don't give a clue as to why we should even try.

"CAN'T WE JUST INNOVATE?" The myth here is that strategic aiming – that is, making choices about where we will focus – reduces innovation success. The evidence tells us otherwise – creativity within constraints works better than absolute freedom, leading to ideas that relate to each other and drive natural conversations about how small ideas in a given domain can be combined or linked to create big results. In most innovation process maps you see, the first step is either "discovery" or "ideation" – when in reality it ought to be "aiming."

"INNOVATION IS ONE THING – STRATEGY IS ANOTHER" Often, the underlying myth here is that strategy should be developed by doing lots and lots of hard-core financial analytics, and that innovation is that fuzzy, touchy-feely stuff that might cook up some great new product ideas but could never help us set the direction of the enterprise – so they have nothing in common. In reality, the same front-end factual discovery process that creates the diverse stimuli to feed product, service, and business model innovation also does a fabulous job in helping to identify the dimensions of highly-differentiated strategies. Think about it: if you invest in building insights about unarticulated customer needs, likely step changes in the external environment, and your deep competences, why wouldn't you use those to create strategic options as well as new business ideas?

"ISN'T IT DANGEROUS TO START APPLYING INNOVATION TECHNIQUES TO STRATEGY?" The concern here seems to be that, like the person scared of heights, if we expose ourselves to some strategic alternatives that are outside of our comfort zone, we will somehow feel compelled to throw ourselves off the cliff. Good news – we get to choose what we will, and won't, do! As a colleague is fond of saying, just because we talk about something doesn't mean that we have to do it – but if we never consider a range of truly different – yes, innovative! – strategic directions, the risk of getting blind-sided as we trudge along within our current paradigms is always there.

"WON'T WE HAVE TO GET THE EXECUTIVES INVOLVED?" Sometimes the concern seems to be, "Geez – we just now have gotten the permission to work on this 'innovation thing,' and if we don't keep under the radar, there's a chance that the executives will make us change direction or meddle in our work." Here, the trick is to acknowledge that innovation efforts that are supported by an aligned top team do much better than those that creep along hoping that no one notices. If executives have debated – at a fundamental level – and agreed upon their key assumptions about the future world and the company's role in it, support for innovation – and the coherence of the guidance that innovators receive from above – only grows.

Once you decide to push ahead with the development of an innovative strategy, there are a few critical principles you must follow to succeed:

Focus on Future Identity – All too often, companies view strategy statements as the labels on buckets of initiatives, using strategic "themes" such as "build cost competitiveness," "expand pro-

duction capacity," or "enter new markets" as the basis for organizing their actions.

While ultimately, a strategy must be translated into action, it's more productive to focus at first not on what we are going to do, but who we want to be. When an informed observer writes about us 3, 5, or 10 years from now, what will she be talking about? What's our role in the industry; how have we helped lead the evolution or redefinition of the industry over time; and based on our transformation to date, what else are we now prepared to do?

Be Different from the Rest – Are the competences, customer sets, strategic assets, and profit models of your business identical to those of leading competitors and emerging contenders in your industry?

If so, how do you expect to reap anything other than commodity returns? If not, why would you expect that following a copycat strategy generated through benchmarking or based on the generic views of industry consultants would maximize your chances of success?

In business, winning is about being different, not just better, and to pursue a different strategy one must first envision it, then commit to it, then learn and adapt while pursuing it. Yet what we see time after time is that companies fail to create a diverse enough set of plausible future identities to choose among, muddle along without making tough choices about what they are and aren't going to become, and then stick too long to rigid plans while the world changes around them.

To break out of the trap, use innovation techniques including market discovery and diverse participation to create a truly divergent set of potential future directions for your company; our approach usually creates four "bookend" strategies, each plausible, but very different from the others.

Agree on Why Rather than Arguing about What – But how can you converge to a single direction after stretching your thinking to the bookends? The secret lies in ensuring that each strategy prototype is based on a separate set of what we call "have to believes:" the critical assumptions about ourselves and the world that have to be true to make that strategy attractive. By seeking and reaching alignment on the "why" of the underlying assumptions, leadership teams we work with routinely find that agreeing on their companies' future strategic identities, and the steps to get there, becomes much easier.

Make it Real – Finally, remember to build a set of opportunity platforms – not just product and service ideas, but operating modes, pricing models, alliance networks, market positions, and even new business models based on emerging digital possibilities – that help to make your chosen future identity real.

In our experience, strategy and innovation can, and should, work together in a virtuous cycle – strategic direction guides the search for ideas, and the patterns in our ideas inform and shape the evolution of strategic direction. Take advantage of the inextricable link between direction and opportunities – and reap the results.

Gary Getz (hello@strategos.com) is CEO of Strategos (www.strategos.com), a strategy and innovation advisory firm.

The Five Traits of High-Performance Corporate Innovation Teams

BY MICHELE MCCONOMY, ROCKETSPACE

What the heck does "corporate innovation" mean anyway? Is it a new product or business unit for a large company? Is it a new disruptive technology that an early-stage startup is building? Is it about culture or talent? Is it all or none of the above? Maybe some of the above?

The fact is that innovation is a nebulous concept, which means that it's a difficult goal to work towards. What are you building anyway? And how do you know how to best staff against what you're building if you're not quite sure what your goals are?

These questions are the exact reason why companies need more than a cookie-cutter approach to building their corporate innovation teams and business units—which is why it's easy for initiatives to get stuck as one-off projects that deliver minimal ROI. To maximize success and ROI, innovation teams need a level of flexibility and fluidity.

How can corporate innovation leaders build a high-performing innovation team?

Start by examining patterns. Here are some that we've learned from working with more than 100 high-performing (and not-so-high performing) corporate innovation teams in 20 countries.

1. They're Time Travelers

High-performing innovation teams focus on more than the market opportunities that exist to-day—they're also prioritizing the next wave of disruption and emerging tech. With so many opportunities on the horizon in the form of robots, virtual reality, biometrics, IoT, mobility, and transportation, corporations are uniquely positioned to get a head start.

The best-positioned innovation teams are asking questions that are challenging to answer. How will drones play into the world of airplanes, helicopters, and defense? How will the sharing economy impact tire sales? Innovation teams need to think beyond the obvious to work with the outside world and bring that knowledge back to their businesses.

Well-equipped with smart people, a wealth of industry knowledge, and flexibility to make investments, corporations have a unique runway to prepare themselves for emerging market opportunities. While it's hard to predict what will happen in the future, innovation teams aim to get their minds there faster.

2. They'd Rather Play Dominoes than Monopoly

With innovation, the "smoking gun" for a corporation isn't necessarily what's making headlines or what's visible to mass markets. Rather, the most viable opportunities are hidden from plain sight (think: pot of gold at the end a rainbow—something that sits at the end of a long, complex journey.)

The results of innovation are, in many ways, a domino effect. They start small to get through the stuff that usually holds these initiatives up on a big-picture level. Then, initiatives start paying off, and there's a ripple effect.

To affect changes in large corporations, innovation efforts often begin in a small, isolated place. This approach helps companies strike a delicate balance between their intermediate and longer-term goals. As teams begin to learn, take risks, and validate their ideas, companies will begin to feel the effects in their core business units.

3. They've Flown from the Bird's Nest, But Know When to Come Home

One of the biggest innovation killers is friction. From compliance to IT, HR, and shareholder goals, it's challenging for leaders to take the risks that they need to explore gray areas in disruption. That's why these teams need a high degree of independence from their core operations.

But still, these teams remain stronger as part of a corporate arm. Successful innovation teams will balance, rather than struggle with, the two seemingly opposite worlds of fast-paced (startup) and established structure (corporate.)

For innovation teams, there needs to be a balance between being in isolation and being fully ingrained in the business. You need an environment to make things happen quickly when you're getting them off the ground, but you need enough of a connection back to the business to truly understand the problems, opportunities, and path to scale.

4. They Don't Reinvent the Wheel

Startups and corporations may seem like the antithesis of one another, but if you think about it, you'll see that they're two peas in a pod. There are many different ways that early- and late-stage organizations can join forces to bring their strategic objectives to market faster along the way.

Why build a critical piece of technology from the ground up when it's possible to gain access to that resource through acquisition or a startup-corporate partnership, such as a licensing agreement? The most successful innovation teams always keep a birds eye view of their industries, markets, and disruptive technologies.

5. They Have High Emotional Intelligence

If they're doing their jobs right, innovation teams will face higher likelihoods of failure than almost any other company function. But this reality can be challenging to embrace. That's why emotional intelligence is so critical for any successful innovation team.

Fearlessness, curiosity, passion. The knowledge of how to connect, facilitate, navigate. These qualities are key to success on any innovation team. You need to find people who don't look at innovation as a political play or hierarchy. They know that success comes from the heart. And that failure is a critical component of successful innovation programs. They're comfortable with ambiguity, know how to compartmentalize business risks, and know how to ask for help when they need it.

Final Thoughts

Innovation requires a careful balance of thoughtfulness, creativity, and agility—and it's important to remember that no one person will meet all of these checkmarks. That's why it's important to remember that your team is steering an entire ship. Collaboration is key, and the traits above will help ensure that you have a continuous, birds-eye view into the market to help you outsmart friction and move forward when you're stuck.

Michele McConomy (mmcconomy@rocketspace.com) is Senior Vice President & GM, Corporate Innovation Services at RocketSpace (http://hubs.ly/H0331h10.)

2016 State of Crowdsourced Innovation

BY PAUL BROOK, SPIGIT

Innovation remains a continual topic of conversation at the highest levels of global business. However, practicing innovation still eludes clarity, even among those who speak about it frequently.

Finding specific insights and programs of successful innovators is difficult to uncover. Hence, as a leader in innovation management software, we at Spigit tasked ourselves with surfacing and highlighting the insights. We came up with this benchmarking study to allow our customers to measure how their practices compare to their peers. Now we're sharing it with you.

We conducted primary research among our customer companies to answer:

1. What does innovation mean to today's leading organizations?

2. What role do executive teams play in innovation?

3. How are enterprises tapping into crowdsourcing as a way to innovate?

4. How do companies identify, track, and implement great ideas?

5. What returns do organizations expect from crowdsourced innovation?

Some of our findings:

TOP CHALLENGES

We asked respondents: In thinking about taking a top idea to full implementation in your company, what are the most frequent challenges you or your company face during the process?

Challenge	Percent
Idea needs primary owner to carry it out	60%
Lack of funding	52%
Business planning or development too time-consuming	36%
Lack of business sponsor	32%
Not enough promised return on investment	28%
Idea too "big" for company	24%
Idea too "small"	24%
Not enough cooperation between groups	24%
Other	8%

KEY FINDINGS:

Companies are turning to crowdsourced innovation to keep pace with disruption

"How do we not end up as the Kodak of the pharma business?"

"Disrupt, or be disrupted" is the new mantra among their firms. Companies are taking advantage of the enormous changes in connectivity and mobility to enter and disrupt every conceivable market. Though incumbent firms have sometimes been slow to react, they are increasingly realizing that the status quo is no longer a healthy option.

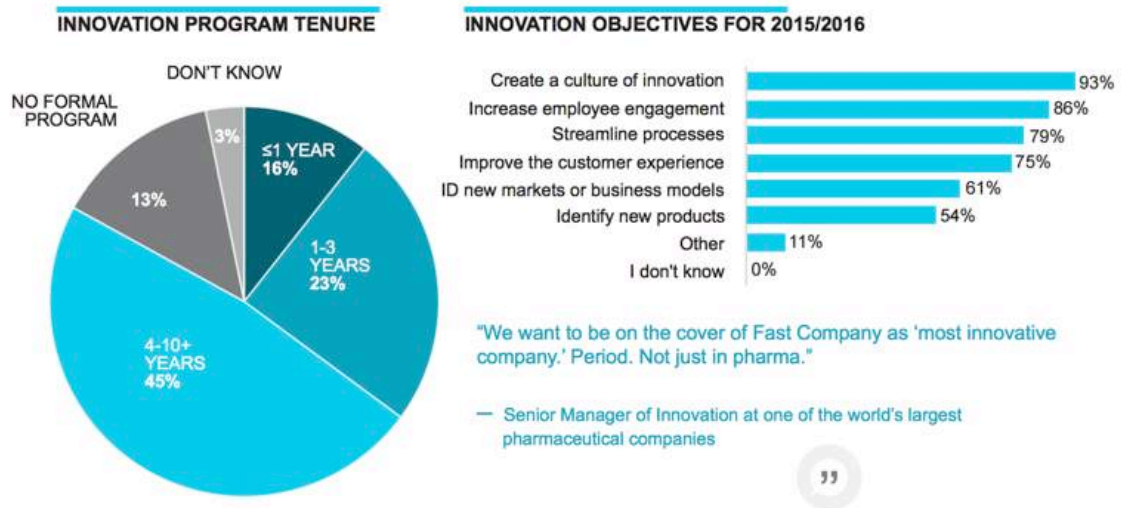### Innovation programs sponsored by executives tend to be more successful, stronger, and longer-lasting

Executive sponsorship often plays a large part in innovation programs. The majority of surveyed customers (57%) told us that they report results of those programs to the executive leadership. Programs with executive sponsorship tend to last the longest, show the most strength, and ultimately succeed in achieving the organization's goals.

Large, diverse crowds tend to produce diverse, robust solutions to business problems

Large, diverse crowds tend to produce diverse, robust solutions to business problems. Many new customers start their challenges within several business units or groups. Eventually, Spigit customers often grow their crowd engagement to include a large portion of their employee base. 64% of Spigit customers use Spigit across their entire company.

ROI from innovation programs are both tangible and intangible

Programs with executive sponsorship tend to last the longest, show the most strength, and ultimately succeed in achieving the organization's goals.

INNOVATION PROGRAM TENURE

- DON'T KNOW — 3%
- NO FORMAL PROGRAM — 13%
- ≤1 YEAR — 16%
- 1-3 YEARS — 23%
- 4-10+ YEARS — 45%

INNOVATION OBJECTIVES FOR 2015/2016

- Create a culture of innovation — 93%
- Increase employee engagement — 86%
- Streamline processes — 79%
- Improve the customer experience — 75%
- ID new markets or business models — 61%
- Identify new products — 54%
- Other — 11%
- I don't know — 0%

"We want to be on the cover of Fast Company as 'most innovative company.' Period. Not just in pharma."

— Senior Manager of Innovation at one of the world's largest pharmaceutical companies

When it comes to return on investment, Spigit customers see a diverse range of results, both tangible and intangible. Our customers have many ways of capturing their returns, but there isn't a standard metric of measurement.

Paul Brook (paul.brook@spigit.com) is Chief Customer Officer at Spigit. To get the full report, visit http://bit.ly/1NFawJ8.