

THE PROBLEM WITH INNOVATION

COMMON HURDLES FACED BY CORPORATES

INNOVATION IS HARD TO SEE



The Wright Bros. conquered human flight on Dec 17th, 1903
LITERALLY ONE OF THE MOST IMPORTANT EVENTS IN HUMAN HISTORY!



...but no one paid attention to the first flight. Those who saw it thought it was a gimmick. Mainstream reporters only broke the story after

FOUR YEARS

There is often a gap between **A GAME CHANGER** & **People being convinced that THE GAME HAS CHANGED**

EVEN EXPERTS FAIL TO SEE CHANGE
As it happens right in front of them



"People can't fly. It's just an insignificant trick"
PUBLISHER'S RESPONSE TO WRIGHT BROTHERS FLIGHT



"This 'telephone' has too many shortcomings to be seriously considered a form of communication"
WESTERN UNION RESPONSE TO ALEXANDER GRAHAM BELL



"Horseless carriages would be a menace... and producing gasoline is beyond private industry"
CONGRESS' REACTION RESPONDING TO VIABILITY OF AUTOMOBILES

INNOVATION HAPPENS GRADUALLY

1 First, **NO ONE'S HEARD OF YOU**

2 They've heard of you, but think you're **NUTS**

3 They understand your product, but think it has **NO OPPORTUNITY**

4 They view your product **AS A TOY**

5 They see it as an **AMAZING TOY**

6 They start **USING IT**

7 They couldn't imagine **LIFE WITHOUT IT**

THIS PROCESS CAN TAKE YEARS

“ First, they said no one will use it... Then maybe only startups will use it... But they won't use it for anything real... Then it was enterprises will never use it... Then enterprises will never use it for anything mission critical... ...Companies voted with their workloads and now competitors are six or seven years late. ANDY JASSY, AMAZON WEB SERVICES CEO ”

Things that are instantly adored are **IMPROVEMENTS ON THE FAMILIAR.**

Things that are initially misunderstood are **TRUE INNOVATIONS.**

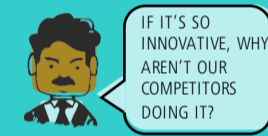
INNOVATION REQUIRES US TO CHANGE



We incentivise it with an innovation bonus, because bonuses work for sales people (??)



We confuse invention (which requires only brilliance) with innovation (which also requires persistence).



We wait for a proven business case before trying something new. By the time we get there, we're too late.



We invest in an innovation offering, but then measure it in contradictory short term metrics



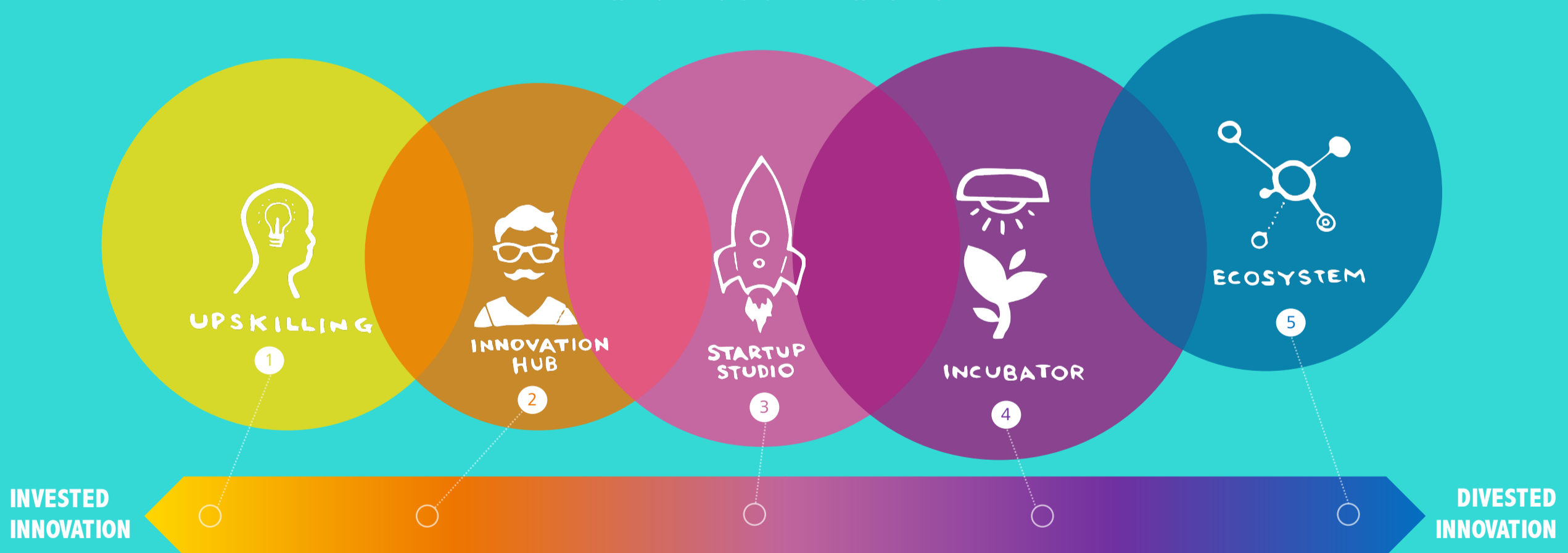
We treat failure as a sign to stop, rather than an indicator of where to adapt, pivot and succeed.



We treat innovation like a project rather than an intrinsic culture and mode of operation.

5 WAYS TO INNOVATE

COMMON APPROACHES TAKEN BY CORPORATES



1. Train staff and build capability from within the organisation

BENEFIT

Aims directly for the end goal of internal innovation

DRAWBACK

Limited by lowest common denominator; End up bringing up the rear rather than leading from the front

2. A "digital garage" style environment that creates products in isolation

BENEFIT

Able to attract suitable talent due to funky environment and team setup

DRAWBACK

Difficult to integrate products back into core business, and short term metrics are often introduced to justify ROI

3. Team of consultants build a startup environment and then handover to client to build capability over time

BENEFIT

Tap into an existing talent pool & buy only the capabilities needed at any given time

DRAWBACK

Value doesn't fit typical head-hour model, so consultancies need to be remunerated in new ways

4. An external space that houses startups, with the option to invest in those that succeed

BENEFIT

Freedom for startups to operate freely, embracing and de-risking "failure" from corporate standpoint

DRAWBACK

Relevance of startups to parent is not guaranteed, making it a long-term investment decision

5. Scan broad startup ecosystem and build/ buy / borrow partnerships to fill capabilities as required

BENEFIT

Minimal investment in ongoing sensing, requiring major funding only when capability is needed

DRAWBACK

Very long-term view with low hit-rate