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Innovation is back – but not as we know it



Innovation is returning to the forefront of the corporate agenda as organisations renew their focus on growth. But its success will depend on businesses embracing the changing nature of innovation. In this article, Marketing Capability Director Nicky Vickery considers some key factors for success in the new reality.

Innovation is back at the top of the agenda. For many organisations the recent focus has been on consolidation, streamlining and driving penetration of existing products and services. But this can only take a business so far, and delivering growth through innovation is now a key priority, as evidenced in several recent CEO/CMO surveys.

Many businesses have a clear and established approach to innovation – but will following the same approach be effective in today's new reality? Delivering value has always been a key determinant of success but what represents true value has changed, with customers scrutinising the value they derive from anything new more than ever before. In addition, the rapid growth in social media has seen a shift to 'participative marketing' where collaboration is the norm. The implications of these new challenges for innovation are as significant as for all other areas of marketing, and organisations need to re-examine urgently their innovation capabilities within this context. Through our work with many successful businesses, across different industry sectors, we have identified five key innovation levers (the '5Cs') where re-appraisal is needed to ensure growth ambitions are realised:

The 5C Innovation Levers™



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1. Collaboration – to create true value

The way that great ideas are generated and developed has changed significantly. Traditionally, this was mostly conducted in-house, with little input from the outside world other than market research to evaluate and quantify potential. But building purely from the internal capability base, by definition, limits the scope, speed and scale of what is possible.



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Open innovation, by contrast, enables access to the latest developments, sharing of risk and, ultimately, collaboration to deliver solutions that no business could do in isolation. This provides organisations with the opportunity to surprise and delight with innovations that really deliver value for people and businesses. Co-

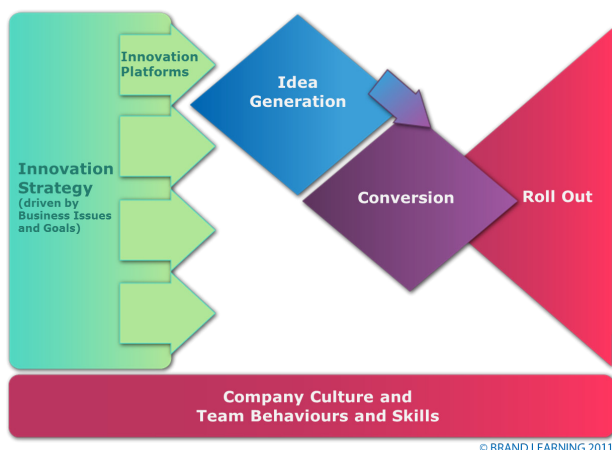
development will be a key factor in future innovation strategies, with a recent study showing more than 40% of CEOs are changing their business model to be more collaborative¹.

Co-creation and collaboration are not limited to business partnerships. Delivering value requires a deep understanding of end users, their needs and drivers and putting them at the centre of the innovation process rather than the receiving end. Customer-centric thinking which identifies truly fresh areas of opportunity requires time and effort and embracing new approaches to doing this is critical.

A great example of this is BMW, which has been involving different groups of users at various stages of the innovation process for over ten years. Last year they brought these together in an open platform, the 'BMW Co-Creation Lab'. This quickly attracted large numbers of 'co-creators' from over 80 countries who love the brand and/or are motivated by the potential of contributing to an idea that may go to market. A diverse mix of innovation projects from across the business has been opened up to these groups, delivering both economies of scale for the business and high engagement for customers².

2. Connectivity – across all parts of the innovation chain

Having focused on the collaborative nature of idea creation, it is also critical to recognise that this is only one part of a chain of capabilities, all of which need to work strongly in today's environment.



First of all, idea generation needs to be driven by an Innovation Strategy. This defines the scope for innovation in line with the overall business strategy and identifies a number of innovation platforms or opportunity areas that the organisation chooses to focus on. This ensures that ideas deliver the right type and scale of innovation.

Ideas then need to be converted into commercially viable, go-to-market propositions and plans, with a clear approach to rollout. The ability to realise potential rapidly across distribution channels or different geographies impacts the ability of the innovation to deliver its targets. This means selling the idea internally, as well as externally. Securing buy-in from everyone in the organisation to support and drive

new offers in the right way plays a critical role in ensuring market success, but is often overlooked. Creating a buzz of excitement and support for new concepts and avoiding the 'not invented here' syndrome requires leadership, planning and capturing the learning for roll out.

Strengths and weaknesses in all aspects of the innovation chain need to inform capability programmes. In addition, programme content needs to be developed that goes beyond the narrow, albeit creative and essential, phase of idea generation.

3. Continuity – to maintain the 'right' pace

The pace of change is becoming ever faster, and it is tempting to introduce innovations as quickly as possible. But this can lead to ill considered initiatives. Successful innovation demands continuous pace but not at the expense of rigour. In this context, the 'right' pace is relative to the nature and scale of the innovation. A good approach for sizeable innovations is launch, learn, modify and then roll out across all channels / segments / geographies with similar criteria. Using the same model and approach will speed up roll out, achieve scale rapidly and increase the chances of success.

Continuity of pace is achieved by having processes that enable innovation across the business, supported by speed of thought, decision-making and action. Zara has become one of the world's largest fashion retailers by being organised to take garments from design to the shop floor in 15 days, much faster than its competitors. All functions work together in an open environment at head office and manufacturing is done locally³. Accelerating the move from strategy to idea to revenue is a key success factor: first-mover advantage is as true now as it ever was. However, with the renewed emphasis on innovation as a key growth driver, a key question for organisations is whether they have processes that support and expedite the right balance of speed versus rigour to meet their innovation aspirations.

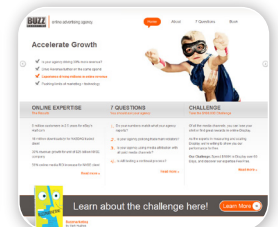
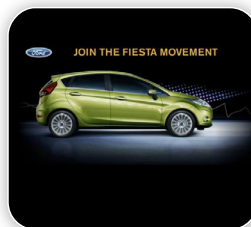
4. Creativity – in all aspects of marketing

Creativity and innovation are well established partners. But, once again, the requirements are expanding: now, not only do you need to be creative in the way you *innovate*, but creative in the way you *engage* people with new products and services. Evolving technology, media and marketing possibilities mean organisations need to find the most effective and efficient way of interacting and constantly testing and learning from new approaches. In today's integrated world, doing 'what we did before' is unlikely to work when launching a product or service. Ford's 'Join the Fiesta Movement' campaign illustrates well the practice of creative engagement. Developed to create buzz and awareness prior to the launch of the Fiesta in the US, Fiestas were given to 100 of the most influential social networkers amongst the target market. These influencers effectively became brand ambassadors who drove credibility with the target group. The campaign generated 11 million social media impressions and, after only six months, awareness was equal to that of competitors⁴.

By putting customers at the heart of the innovation process, marketing plans for launch can be developed as part of the innovation process, not as a sequel.

5. Culture – to encourage, support and reward innovation

The right culture has always been a key element of success, but was often secondary to process and skill development when it came to capability building. Now, developing the right culture is recognised as critically important. A truly innovative culture doesn't just reside within Marketing but will manifest itself in every area of the organisation, from Manufacturing to HR / Talent Management. The leadership team has to have a clear future orientation and manage the tension that exists between managing the business for today and innovating to create tomorrow's future. Beyond setting and communicating a vision for innovation, leaders need to genuinely demonstrate, encourage and reward the attitudes and behaviours that foster the innovative spirit they seek.



Source: ford.com/fiestamovement



Source: brasso.co.uk

Creating the right culture also means empowering individuals and/or organisations to make things happen. A recent example of this is Reckitt Benckiser, an organisation often recognised for its innovative and entrepreneurial culture. A young graduate spotted the opportunity to develop a cleaning product for gadgets under the Brasso brand; a month later he presented and gained approval for a fully developed and tested product. Within months it was on the shelves of major retailers, with the same graduate having driven the development of the launch campaign⁵.

Innovation capability building must therefore address the importance of culture, and engage senior stakeholders/leaderships teams in considering where the innovation culture is holding things back, and where/how it can be positively developed.

In today's changed world, as organisations reprioritise innovation, they will need to embrace all of the 5C Innovation Levers™ to drive new approaches, mindsets and behaviours within and across the organisation. By doing so, they will discover exciting and unexpected opportunities and realise them in a way that delivers genuine value for customers and sets them apart from their competitors.

¹ IBM Global CEO Study 2010: www.ibm.com/uk/CEO_Study

² ESOMAR Publications, "The BMW Group co-creation lab: Managing an innovation hub for a panopticon of users".

³ World Advertising Research Center 2008, "Zara - letting the stores and consumers do the marketing".

⁴ Marketing Magazine, 15 September 2010, "Brasso Gadget Care to target iPod generation".

⁵ Effie North America Awards 2010, "Ford Fiesta - Fiesta Movement".

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