

The way we work is our most important innovation ©



The Innovative Enterprise

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Portfolio of World Changing Innovations



\$27B



\$7B



\$50B

Redcoat Solutions

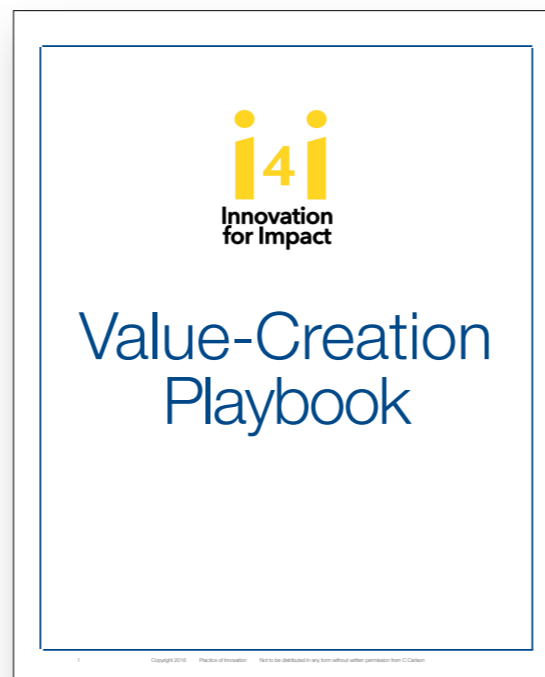
ORCHID CELLMARK

SOCIALKINETICS



Today's Topics

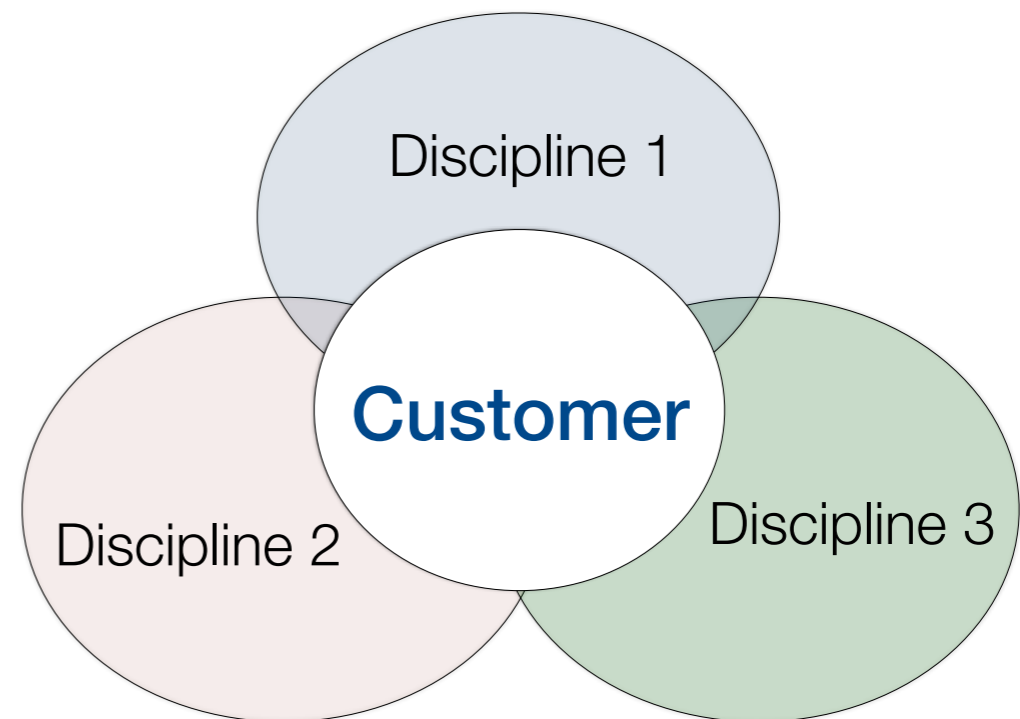
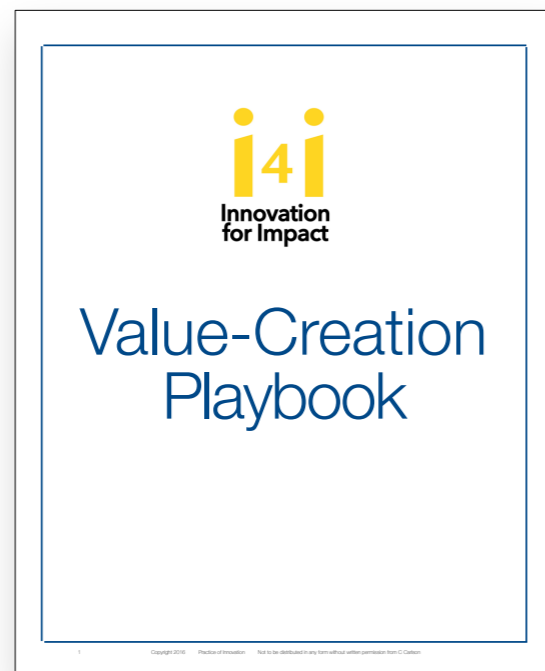
- Best time ever for innovation but very poor performance
- Staff must have and use a Value-Creation Playbook



Top 3 reasons why >80% of initiatives fail

Value-Creation Playbook

- Core innovation concepts and methodologies
- Example
 - Common customer-focused language, e.g., “customer value”
 - Hold a workshop at program start: eliminate “Tower of Babel”



Must be simple and fundamental

What Is Innovation?

Creation and delivery of new customer value in the marketplace with a sustainable business model



All significant innovations are surprising *at first*

> \$20T in Opportunities in 10 Years



Internet



Mobile devices



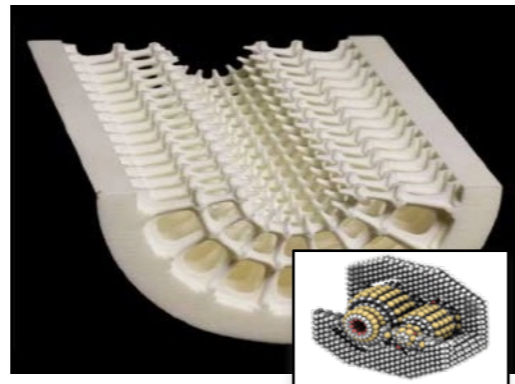
Blockchain



Nano satellites



IoT and Big Data



3-D additive manufacturing



Direct digital manufacturing



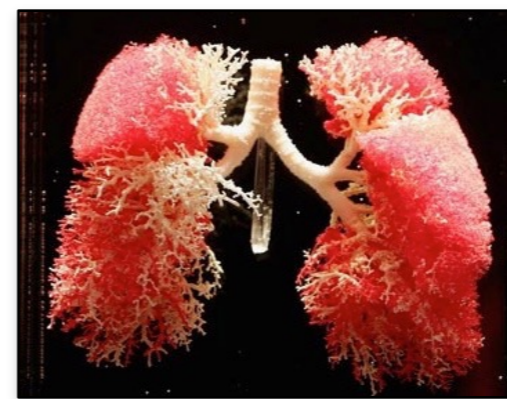
Solar and batteries



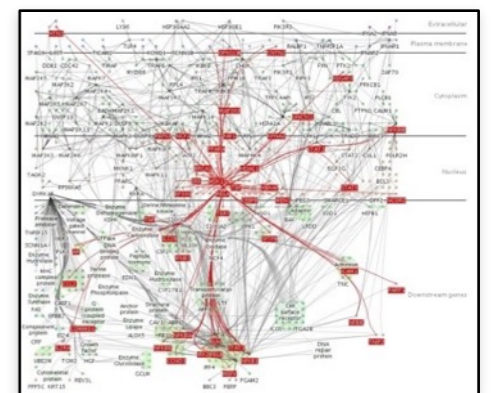
4K-TV and teleconferencing



Digital education



Regenerative medicine



Systems biology

Innovation is a Mystery to Most

"Every leader will at least give lip service to the idea that the world is moving faster and that we need to do a better job at innovation.

But if you go into an enterprise and ask people to describe their innovation system, you get blank looks.

They have none."



Innovation's 5 Disciplines

1. Important customer and market needs

X

2. Value creation process

X

3. Innovation champions

X

4. Innovation teams

X

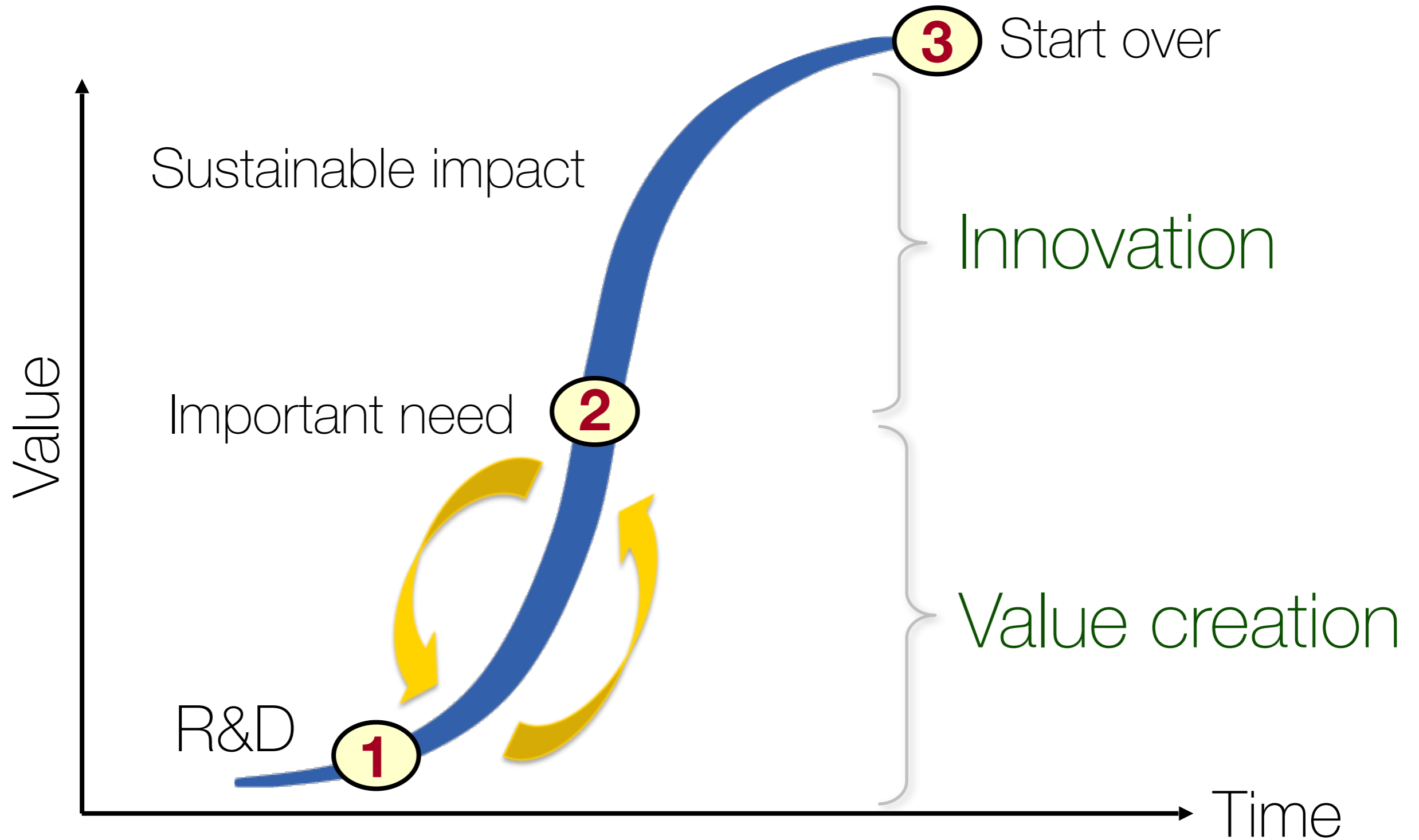
5. Organizational alignment

=

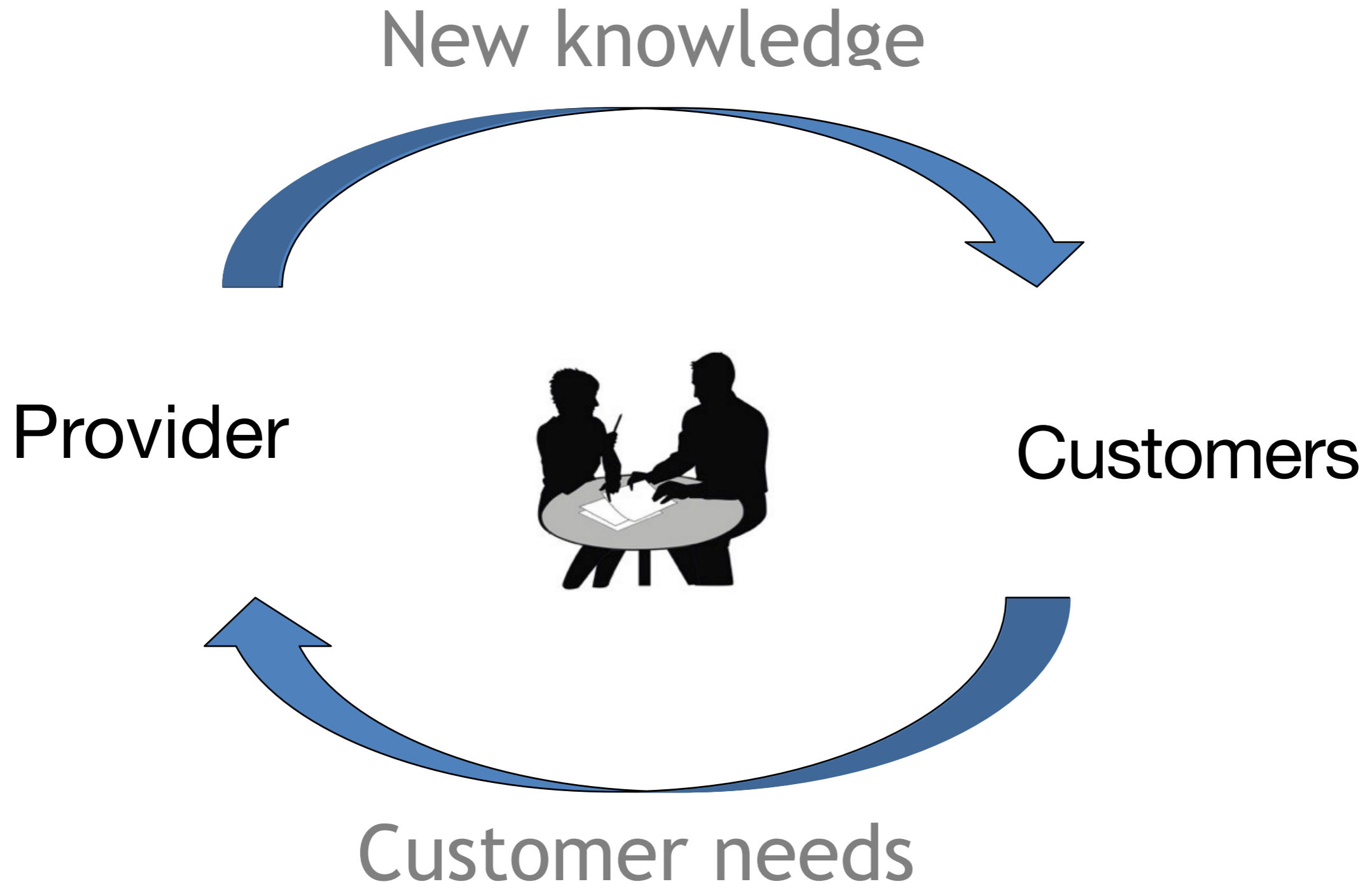
Market success



Value Creation is a Learning Process



Customer Iteration Is Essential



Definition of Customer Value

$$\text{Value} = \frac{\text{Customer benefits}}{\text{Customer costs}}$$



Benefits & costs as perceived
by the customer — not us

First Reason Most Fail

No value proposition

NABC Value Propositions[©]

Important Need

Approach

Benefits/costs

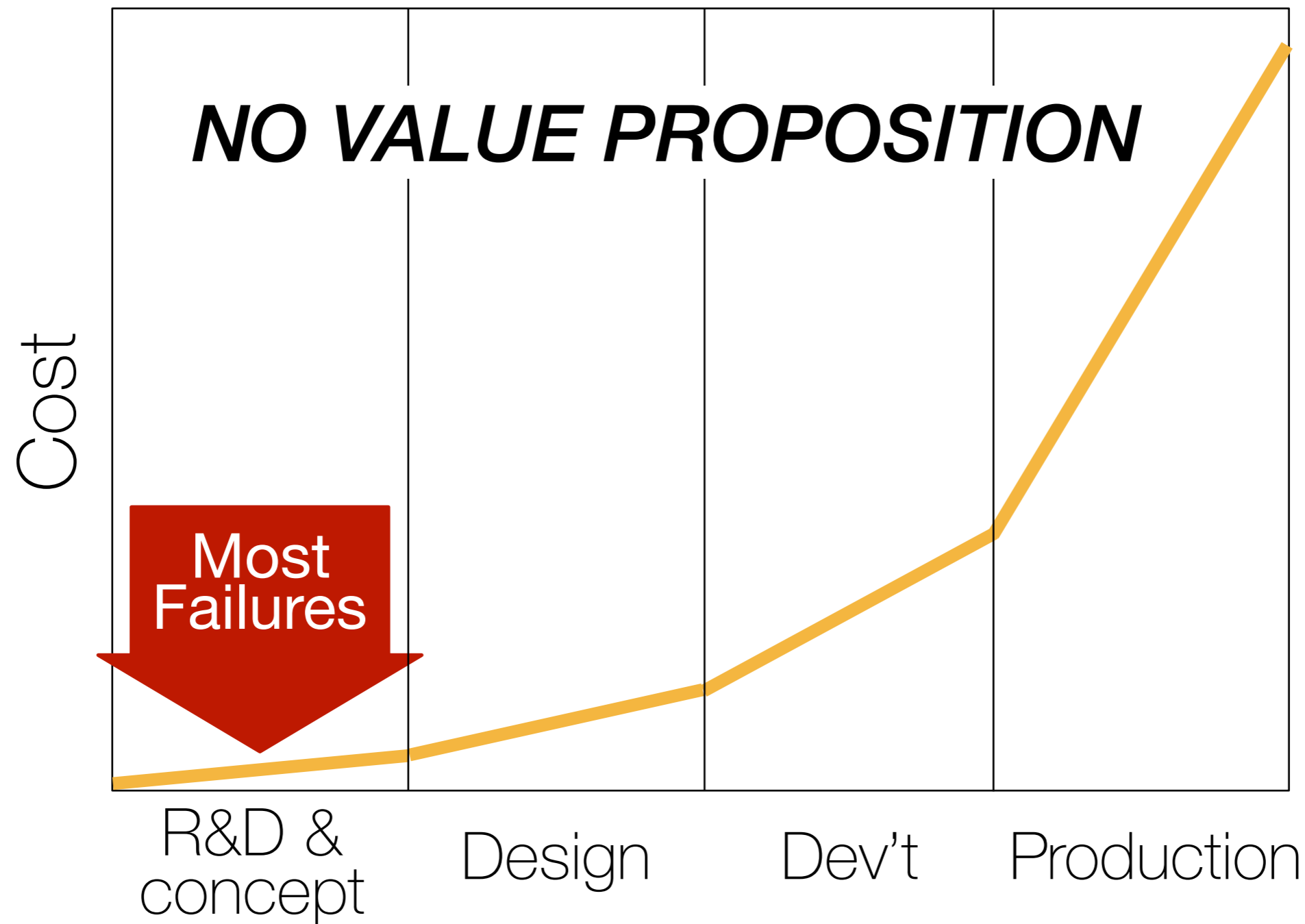
Competition or alternatives

Effectively a Rule

N  B/\$C

99% of presentations are like this

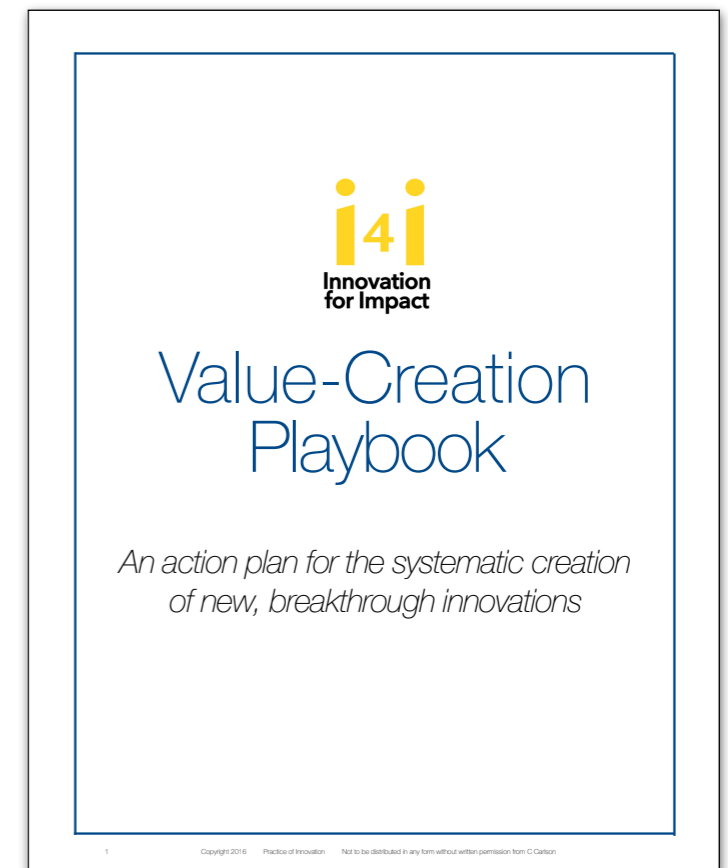
Most Failures Start at the Start



< 20% of R&D has any value for stakeholders

Importance of NABC

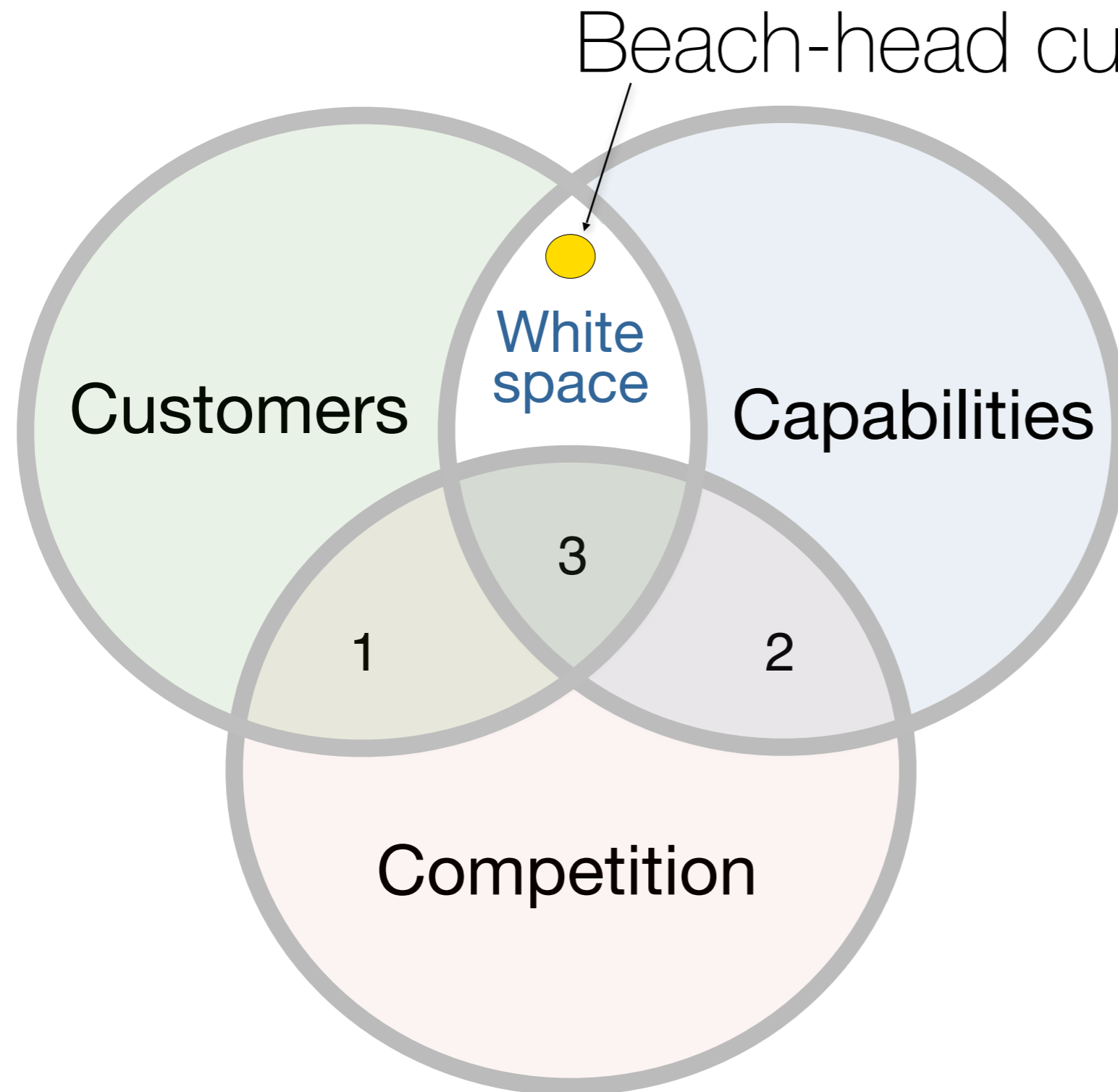
- Focuses everyone on creating customer value
- Applies to every position in the company
- Simple
- Fundamental
- Effective and efficient



Second Reason Most Fail

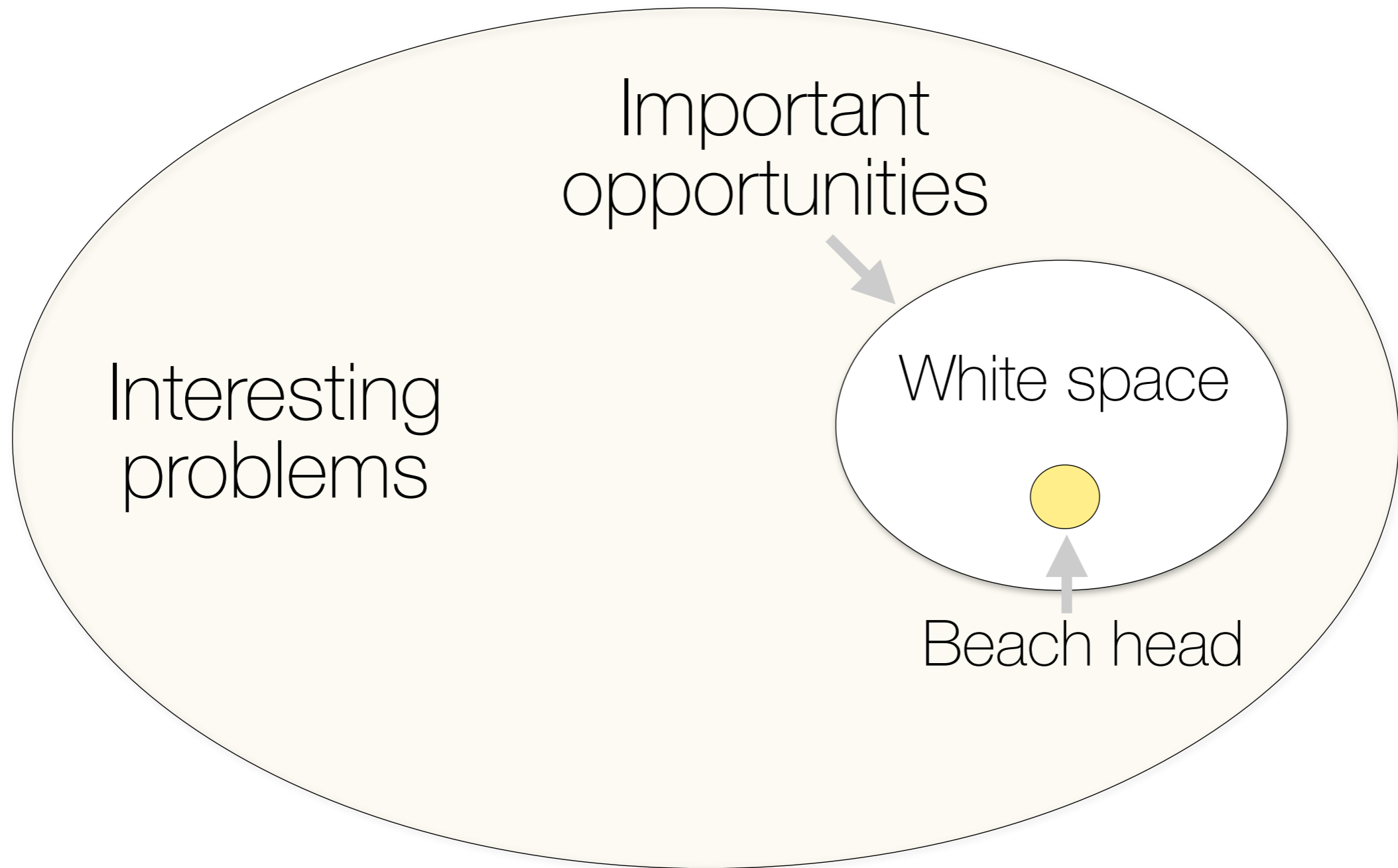
“Interesting; not important”

3-Cs: Market Positioning



- Where are you?
- Where do you want to be?

Important Versus Interesting



Important Opportunities

- Important, growing opportunity
 - Defensible solution and business model
 - Beach head customers that must have your solution
- Customer really cares
 - Pain killer; not a vitamin
 - Joy creator; not a nice to have
 - High priority — urgent
- You really care



Third Reason Most Fail

Sluggish learning; not incessant

Many Really Bad Ideas

Fail fast to ~~not~~ succeed early

Learn fast to succeed early

Value-Creation Forums[©]



- Recurring, multidisciplinary, and facilitated meetings
- 3-5 teams, 2-10 minute NABCs with feedback
- Stand and listen: no talking back
- Risk-reduction, golden nuggets, “bring-it-to-life”

Siri: Solution and Business Model



R&D

Siri



Multiple Value Propositions

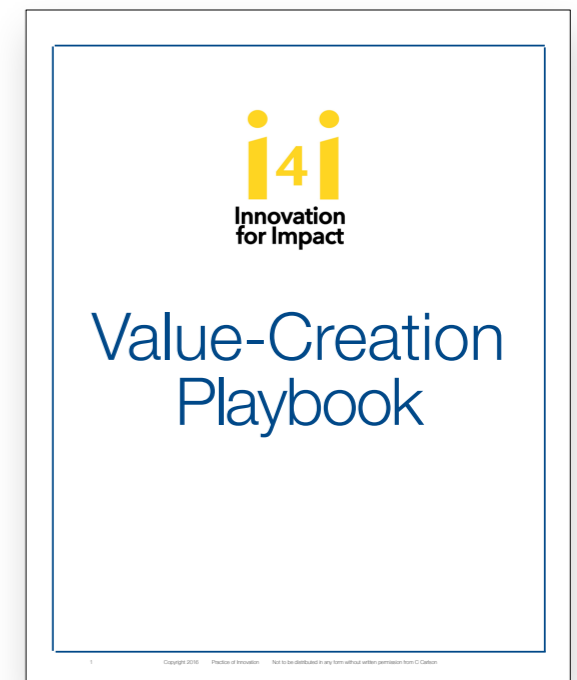


Key Points

Best time ever but it requires:

- Focusing on important opportunities; not interesting ones
- Using a Value-Creation Playbook: NABC value propositions
- Driving rapid learning: Value-Creation Forums

>100% improvement possible



Thank You: Questions

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