

[**A Guide to Innovation and Crowdsourcing**](#) will help readers find innovative products and services from outside their organizations, make them work and contribute to their business strategy and overcome the practical difficulties that lie in the way.

Open innovation and crowd sourcing are the hottest topics in strategy and management today. The concept of capturing ideas in a hub of collaboration, together with the outsourcing of tasks to a large group of people or community is a revolution that is rapidly changing our culture. ***A Guide to Open Innovation and Crowdsourcing*** explains how to use the power of the internet to build and innovate in order to introduce a consumer democracy that has never existed before. If a business fails to embrace it, it is at risk of being left behind.



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Written by an international team of eminent thinkers, writers and practitioners in the field, ***A Guide to Open Innovation and Crowdsourcing*** covers the definition of open innovation, how to manage virtual teams and co-create with customers, how to overcome legal and IP issues and common mistakes and pitfalls to avoid.

With corporate case studies and best practice advice, [**A Guide to Open Innovation and Crowdsourcing**](#) is a vital read for anyone who wants to find innovative products and services from outside their organizations, make them work and overcome the practical difficulties that lie in the way.

REVIEWS:

“If your company is thinking about venturing into the brave new world of open innovation, this book ought to be on your must-read list. You’ll gain some important insights into where to start, things you need to consider and what to watch out for.” – **Innovation Weblog**

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“Paul Sloane has done an excellent editing job. The twenty five chapters are each authored by different figures from the Open Innovation (OI) world. These include consultants, senior figures from industry and academics. A good number of them are prolific contributors to the innovation blogosphere. Their knowledge and experience covers OI in a broad range of industries and sectors.” – **Anatello e-newsletter**

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SAMPLE CHAPTER

CHAPTER 4

The Importance of a Holistic and Strategic Approach to Open Innovation

By Braden Kelley



Braden Kelley is the author of [Stoking Your Innovation Bonfire](#) and works with clients to create innovative strategies, effective customer marketing, organizational change, and improved organizational performance. Braden served in the US Navy and traveled all around the Western Pacific. He is passionate about innovation and runs the multiple author innovation blog – [BloggingInnovation.com](#) which will transform into [InnovationExcellence.com](#).

Beyond Your Four Walls

There is a lot of buzz around the topic of Open Innovation, and too often people talk about Open Innovation as a way to cut costs by somehow off-loading or out-sourcing the innovation efforts of a company. But, even in these challenging economic times, you still can't get something for nothing.

While theoretically you can engage an army of people outside the walls of your organization to help you with your innovation efforts, there is still a lot of work that must go on *inside* the organization to prepare it to receive innovation ideas from *outside*. Organizations choosing to engage in Open Innovation must approach it in a holistic and strategic manner.

Should Open Innovation live in R&D or Marketing?

When it comes to Open Innovation, too many organizations treat it like an extension of Research & Development (R&D) when it should be seen as an extension of Marketing. Not viewing Open Innovation as a marketing activity presents great risk to the organization's brand equity while in some cases there may be a great opportunity to increase the organization's connections with other stakeholders (customers, partners, researchers, suppliers, etc.).

Open Innovation should be the domain of Marketing for two main reasons:

1. Marketing specializes in bringing new solution offerings to market
2. Marketing specializes in crafting and optimizing external communications

So, please involve your marketing department in your Open Innovation efforts, or even better, let them lead the communications and presentation (with product groups and R&D providing guidance on the strategy and content). That way you'll hopefully avoid Open Innovation approaches like MyStarbucksIdea that result in huge amounts of duplication, clutter, and little competitive advantage. And, on the other end of the spectrum, by having the Innovation folks talking to the Marketing folks you'll hopefully avoid empty promises like Nissan's "Innovation for All" tagline, where the "All" really aren't involved in the innovation.

Innovation is Social

Don't forget that innovation is social. I said this in *Stoking Your Innovation Bonfire* but it's worth repeating:

While many people give Thomas Edison, Alexander Graham Bell, and the modern - day equivalent, Dean Kamen, credit for being lone inventors, the fact is that the lone inventor myth is just that — a myth. All these gentlemen had labs full of people who shared their passion for creative pursuits. Innovation requires collaboration, either publicly or privately, and is realized as an outcome of three social activities.

1. Social Inputs

- *From the very beginning when an organization is seeking to identify key insights to base an innovation strategy or project on, organizations often use ethnographic research, focus groups, or other very social methods to get at the insights. Great innovators also make connections to other industries and other disciplines to help create the great insights that inspire great solutions.*

2. Social Evolution

- *We usually have innovation teams in organizations, not sole inventors, and so the activity of transforming the seeds of useful invention into a solution valued above every existing alternative is very social. It takes a village of passionate villagers to transform an idea into an innovation in the marketplace. Great innovators make connections inside the organization to the people who can ask the right questions, uncover the most important weaknesses, help solve the most difficult challenges, and help break down internal barriers within the organization — all in support of creating a better solution.*

3. Social Execution

- *The same customer group that you may have spent time with, seeking to understand, now requires education to show them that they really need the solution that all of their actions and behaviors indicated they needed at the beginning of the process. This social execution includes social outputs like trials, beta programs, trade show booths, and more. Great innovators have the patience to allow a new market space to mature, and they know how to grow the demand while also identifying the key shortcomings with customers who are holding the solution back from mass acceptance.*

While I wrote these words in relation to insight and to innovation in general, they apply to Open Innovation as well. You must also remember that these three phases are not completely discrete. New insights and innovation ideas do not just emerge in the social inputs phase, but can also expose themselves in other phases — if you 're paying attention. Flickr changed its business model and strategy during the social execution phase from online gaming to online photo sharing when they recognized the most used feature was one that allowed people to share photos, and that people were using it to share photos that had nothing to do with the game. You can see the opportunities that can be harvested or wasted depending on whether you take a haphazard approach to Open Innovation or a holistic and strategic one.

A Strategic Approach to Open Innovation

If you choose to jump into Open Innovation and throw up an electronic suggestion box that is open to the world without laying any strategy and process groundwork (ideally by running an internal innovation effort with employees first), then you are likely to fail. Also, if you choose to keep things small and throw out an innovation challenge through an innovation intermediary (Innocentive, Idea Connection, Hypios, Nine Sigma, etc.) either without making the challenge selection based on a clear innovation vision, strategy, and goals, or without first preparing the organization to onboard a successful challenge solution, you will also likely fail.

What this means is that you must instead take a measured, strategic approach to Open Innovation, including matching up your Open Innovation effort to a pre-existing innovation vision, strategy, and goals. This can be done by asking yourself a series of questions that I like to classify into a simple **Why/When/What/Who/Where/How framework**. Some of these include:

1. Why

- a. Why are we pursuing Open Innovation?
- b. Why is Open Innovation a key part of our overall innovation strategy?
- c. Why should people want to give us their ideas?

2. When

- a. When will we be ready to pursue Open Innovation?
- b. When will we have our idea gathering tools in place?
- c. When will we have our idea selection policies in place?
- d. When will we have our idea development processes in place?
- e. When will we have our marketing and communications strategy and infrastructure in place?

3. What

- a. What kind of innovation is the focus of our Open Innovation effort?
- b. What do we hope to gain from Open Innovation?
- c. What value will we provide to make people want to participate?

4. Who

- a. Who do we want to participate in our Open Innovation effort?
- b. Who will be selecting the ideas to pursue?
- c. Who will be developing the ideas selected?

5. Where

- a. Where will we find our targeted participants?
- b. Where should we invest our communication efforts (which channels)?

6. How

- a. How will we know when we have been successful?
- b. How will we encourage our targeted participants to participate?

A Holistic Approach to Open Innovation

In order to take a holistic approach to Open Innovation, you must involve a number of different organizational departments from the very beginning, including:

- **Public Relations:** Broadcast your efforts through appropriate news sources and online channels
- **Marketing:** Target and communicate with your intended audience (email, advertising, social media, etc.), evaluate market opportunities for ideas, etc.
- **Research & Development (R&D):** Establish teams to evaluate technical feasibility, combine and complete partial solutions, evolve proposed solutions, etc.
- **Finance:** Assist with market projections, financials, budgets, capital, metrics, etc.
- **Operations:** Evaluate ability to manufacture proposed product solution or to scale proposed service solution, assist with production cost estimates, etc.
- **Human Resources:** Ensure that resource flexibility exists to staff chosen innovation development projects, up to and possibly including the hiring of idea submitters, etc.

- **Legal:** Create appropriately flexible, but secure partnership agreements, verify intellectual property (IP) ownership, etc.

And much like diversity of thought is one of the key's to successful innovation, by involving a diverse set of functions in crafting your strategic approach to Open Innovation, you'll increase the likelihood that your Open Innovation effort will be a success.

Mobilizing for Success

To start a conversation about success, I have to jump back to my two guiding principles for success – business success, marketing success, innovation success, or personal success. Here are in a nutshell are the two simple principles most likely to create success:

1. Increase Value
2. Reduce Friction

Because we are talking about Open Innovation, let's examine each principle in turn as they relate to Open Innovation.

Increase Value

No matter how hard we try and get around it, people always want to know what is in it for them. This doesn't mean that you have to pay people to get good ideas in an Open Innovation effort. There are many types of value that people can receive from participating in an Open Innovation effort, including:

- Recognition from the Organization
- Recognition from their Peers
- Monetary Rewards
- A Chance to Do Good
- Competitive Drive
- A Chance to Belong
- An Opportunity to Use Latent Skills or Passions
- An Opportunity to Collaborate
- An Opportunity to Bring Something New to the World

As you can imagine, it is very difficult to help the targeted participants manifest all of these different types of value, so you have to design your Open Innovation effort to focus on but a few of them. Smartly designed you can actually focus on more than one, so I won't say you can only focus on one type of perceived value.

Given that Open Innovation is a social activity you must remember to put the value seeking behavior of the targeted participants of your own. Open Innovation is after all, when you get right down to it, a social media activity. Because of this, organizing your community and considering your audience are your keys to success. If you do a good job of creating value for the targeted participants, you will then be able to activate your community and pull the ideas and solutions that you seek to your organization.

Reduce Friction

Every interaction between individuals, or between individuals and organizations, has a certain level of inherent friction. This is because individuals have different goals and extract value from the exchange in different ways. The actions of an organization can either work to increase the friction of the Open Innovation effort with the targeted participants (and make it seem like too much effort), or to reduce the friction (and make it easier to participate). You must always remember that your targeted participants have lots of ways to spend their attention, their time, and their mental effort. Your goal is to make it as easy to participate as possible.

One way to reduce friction is to focus on telling the story of your Open Innovation quest in a clear and compelling way that will resonate with your targeted participants (given the sources of value that you choose to focus on). Another way to reduce friction is to clearly state the rules of engagement upfront, so that the expectations of your targeted participants are set accurately. The legal department can be instrumental in either increasing or reducing the friction of an Open Innovation effort. Careful attention must be paid to appropriately balancing the risks, probabilities, and impacts of the potential IP questions.

Bringing It All Together

So, please lay the groundwork for your successful Open Innovation effort through a strategic and holistic approach that has the Marketing and R&D folks working together with lots of the other functions to craft an Open Innovation vision, strategy and goals that tie into the organization's innovation vision, strategy, and goals. And, never forget that innovation is social and so you should focus on your

audience, and to have success you must aim to increase value and reduce friction. Do all of this together through a compelling story told through consistent communications to your targeted participants, and you will have a much higher chance of Open Innovation success. May your innovation collaborations outside your four walls be fruitful and multiply!

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