

Improving Operational Efficiency and Effectiveness (E&E) in Innovation

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Improving Operational Efficiency and Effectiveness (E&E) in Innovation

Start with a poll: How do you define Innovation E&E?

menti.com

Code: 92 20 73



How do you define innovation Efficiency & Effectiveness?



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Context for today's discussion:

Not:

- A discussion of metrics
- Innovation applied to operations

Is:

- Discussion of how to **deliver innovation results** more efficiently and effectively



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Efficiency

Cost & Speed/Period

Cost/activity

Cost/insight

Cost/phase

Time/phase

Activities/period

Funnel metrics

External partnerships

Market insights/Period

Effectiveness

Revenue

Cost reduction

Brand equity

Risk-adjusted ROI



Our struggles with Innovation E&E in large companies



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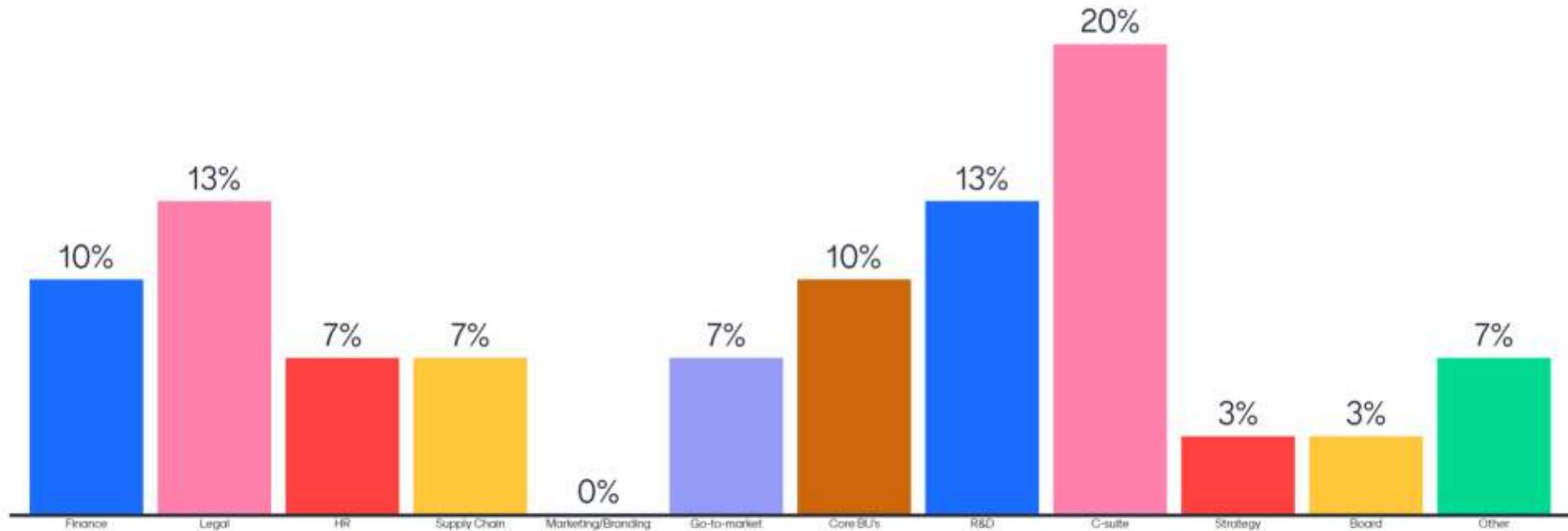
Poll: Which functions create inefficiencies for Innovation? (multiple answers are ok)

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Which functions create inefficiencies for Innovation?



And yet we succeed...



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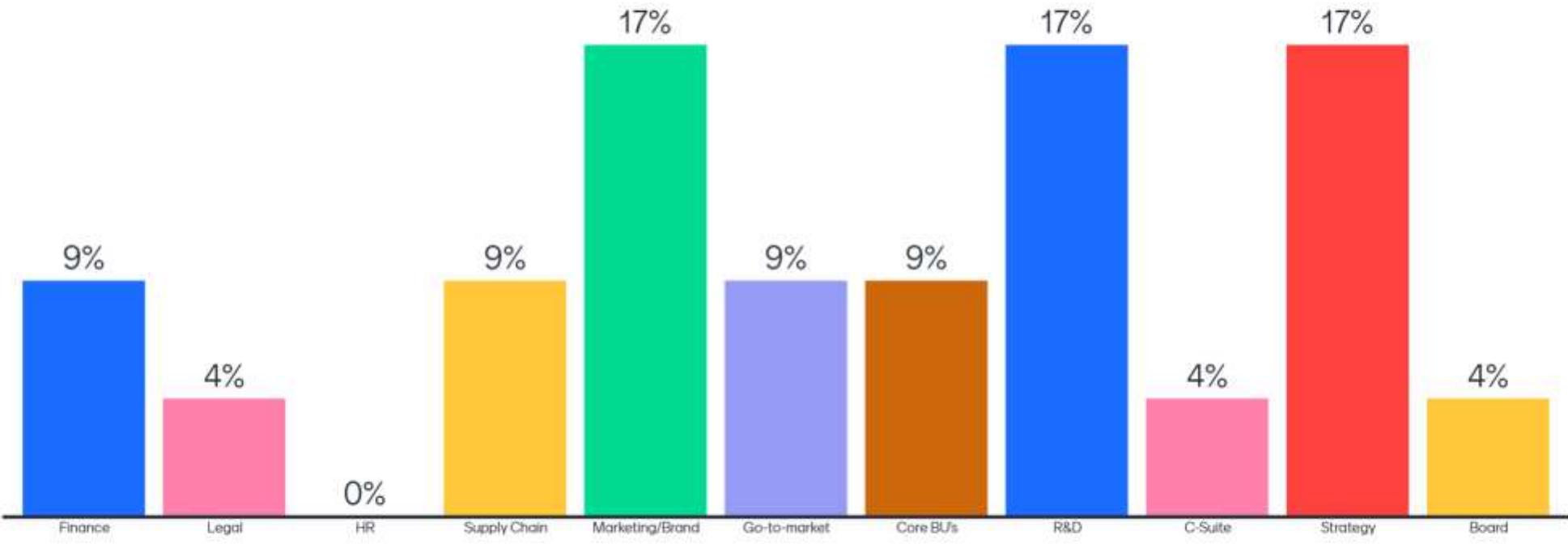
Poll: What activities have you attempted that improved E&E?

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Code: 35 43 00



Which functions have you successfully collaborated with to improve E&E?



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Poll: Which functions have you successfully collaborated with to improve E&E?

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What activities have you attempted that improved Efficiency & Effectiveness?



Discussion comments on improving efficiency

How to break down silos

Less structure

More participation in virtual setting

Learn best practices

Increase visibility into projects across the company

Massive AI/ML decision-making adoption



Improving Efficiency & Effectiveness in Innovation

Stakeholder Mgmt

1. Align stakeholders so they don't erect barriers
2. Focus on 'fans' and early adopters in the company
3. Avoid redundancies with Core BU's
4. Be selective of projects (involve stakeholders)
5. Communicate results w/ known portfolio mgmt tools, dashboards, etc

Agility

1. Own the P&L
2. Keep projects through the J-curve
3. Dedicated teams, minimize handoffs
4. Act on signals of disruption better than anyone else
5. Create advisory boards of both internal and external experts
6. Bend your business models

Speed

1. Develop capability to experiment & capture learnings faster & cheaper than the rest of the company
2. Accelerate projects by scouting startups and patents at the start
3. Assign dedicated team members in support functions (HR, Legal, etc)

Costs

1. Create IPO that supports multiple ideators/projects
2. Track/analyze insight generation (& other measures of progress)
3. Leverage synergies and capabilities of the company
4. Innovation Canvas



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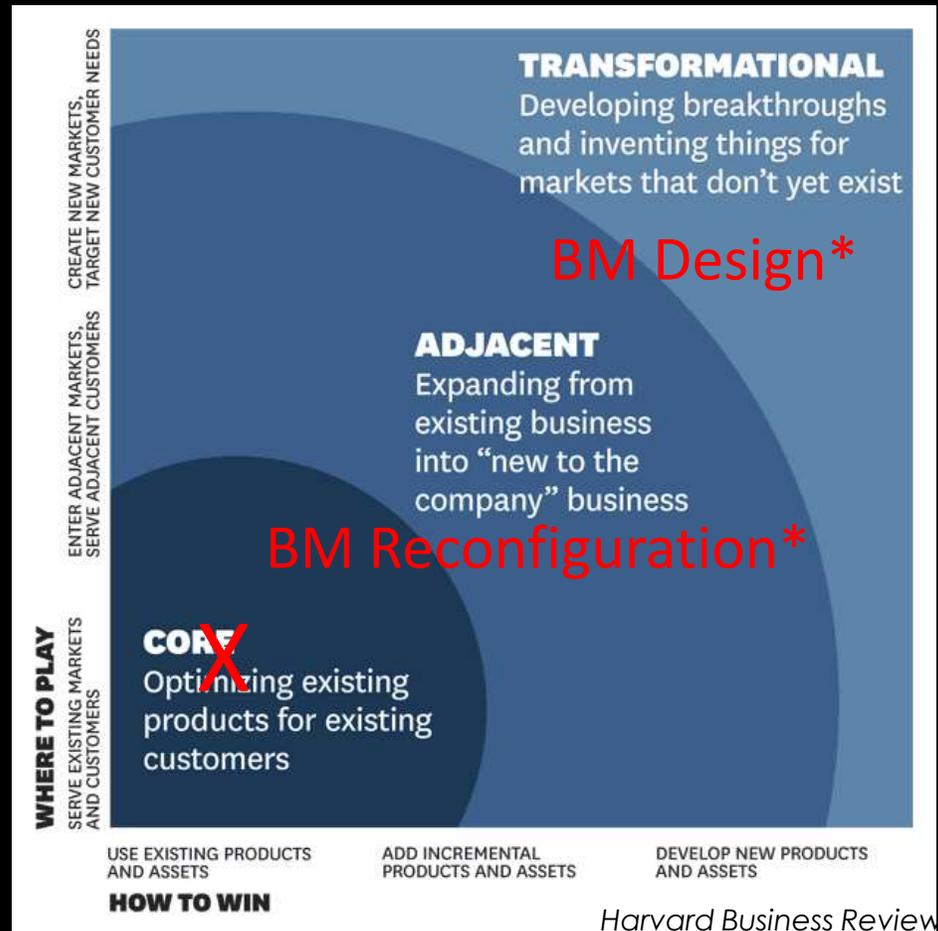
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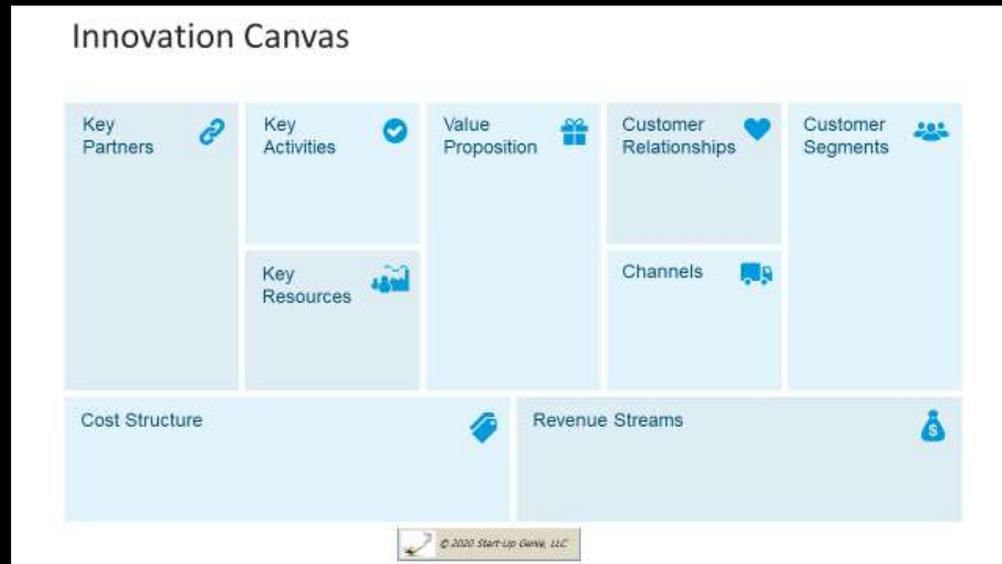


Bending Business Models across the portfolio



Bending Business Models across the portfolio

Current Business Model



Optimized Business Model



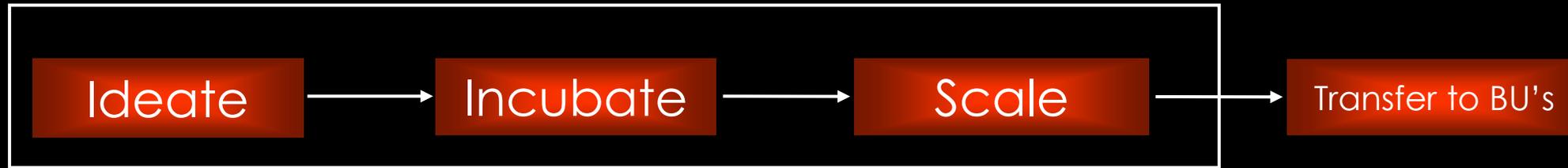
Business Models are more complex today: ~180 components*

Critical evaluation of your company's capabilities & assets as seen through the eyes of customers in the new opportunity



Keep projects through the J-Curve

J-Curve:



Key deliverables:

Validated product-market fit

Validated business model

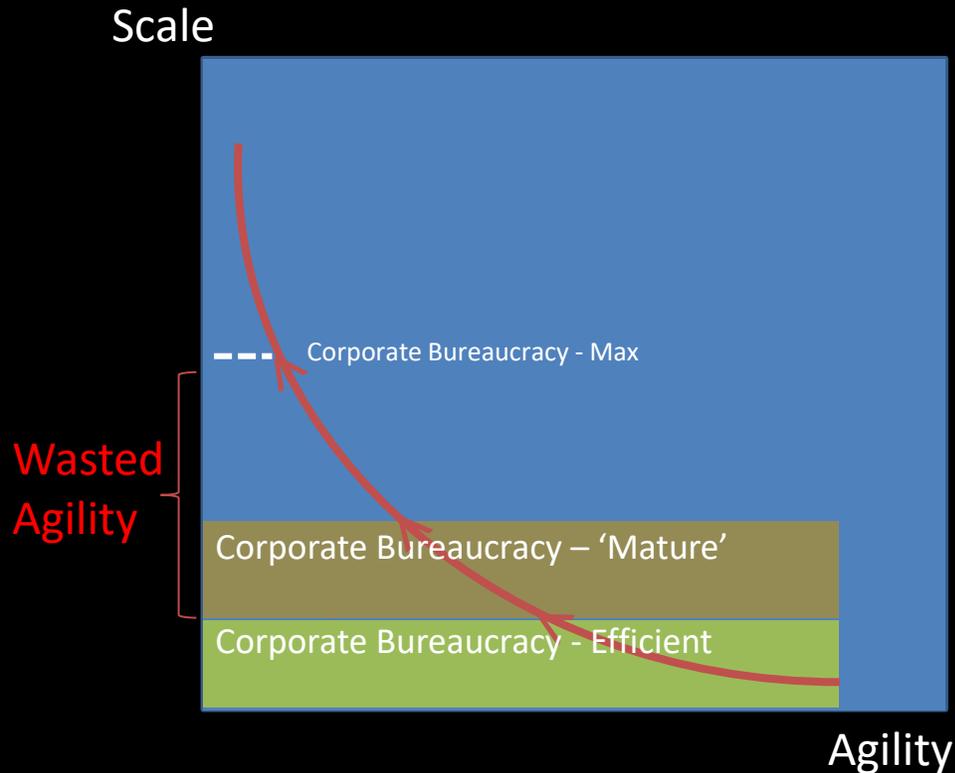
Validated SC and GTM

WHY? 'Dilutive, risky, distracting to the BU so leverage corporate funds to de-risk the project...

...they receive a growing, profitable business'



'Free Agility' Model: How companies can improve agility

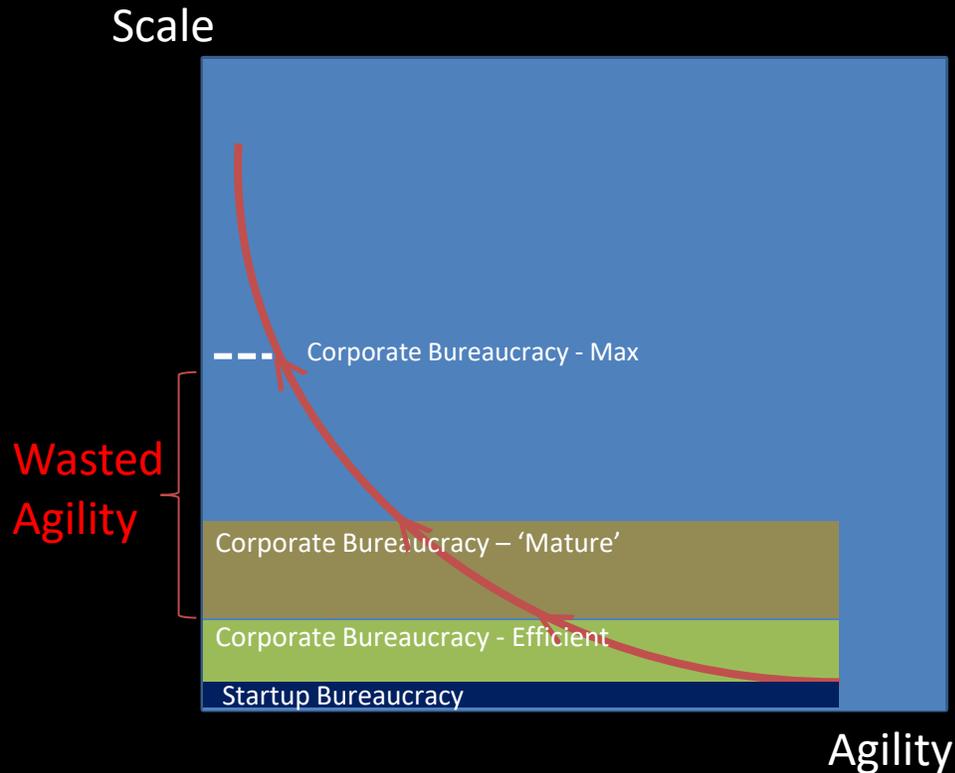


How the model works:

- A broad definition of Bureaucracy
- As Bureaucracy increases, Agility decreases
- A company's *efficient level* of bureaucracy is shown in green
- Bureaucracy above this level is called, 'Wasted Agility'
- B_{max} indicates the maximum level of *inefficient* bureaucracy
- Real costs are associated with Wasted Agility:
 - 1st mover advantage
 - Missed market opportunities
 - Lower margins
 - Going obsolete (if approach B max)



Improve E&E by driving your organization down the Agility curve

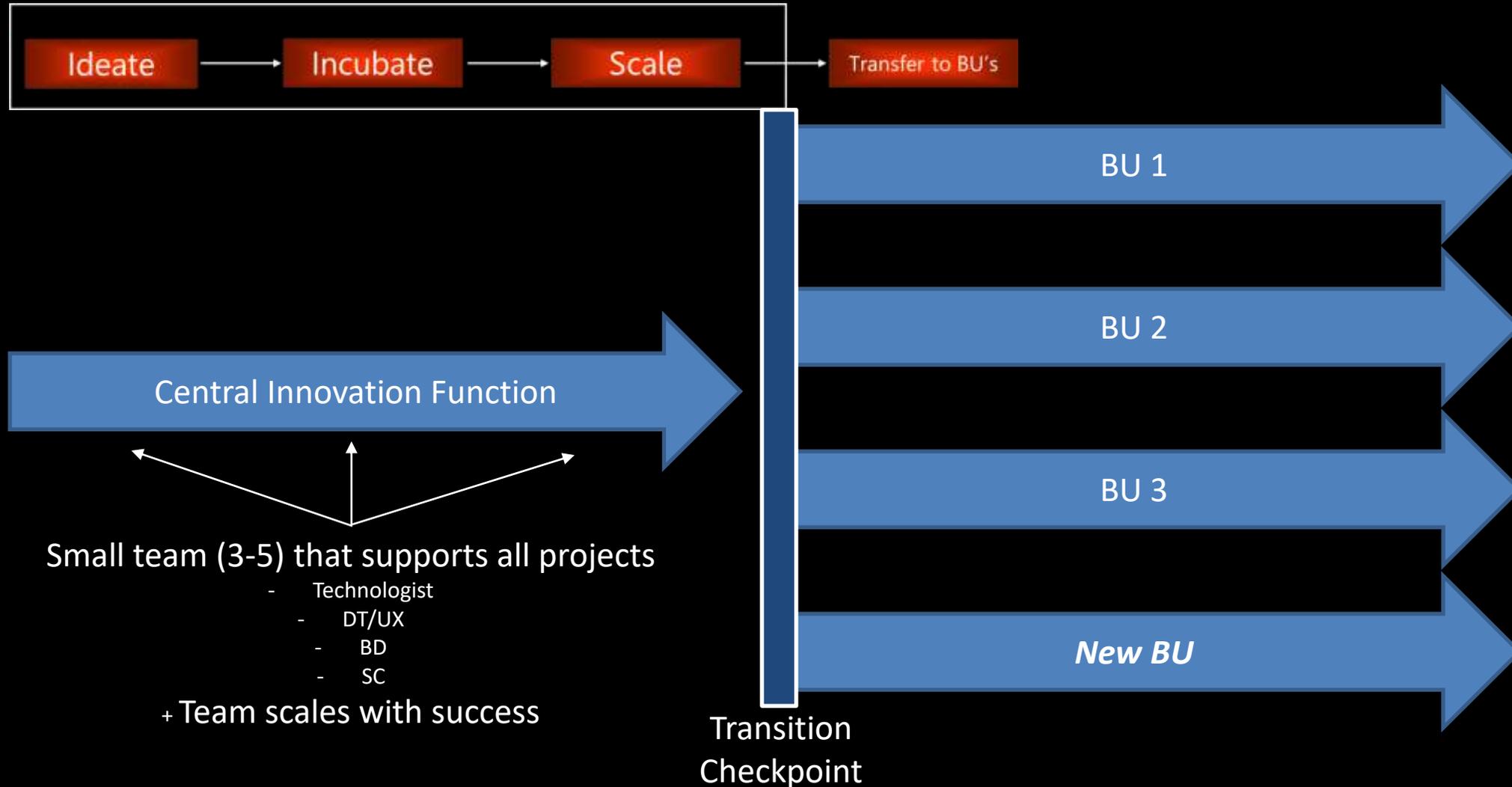


Define 'bad' bureaucracy in functions:

- HR, Finance, Legal, SC, GTM, Marketing, Brand, etc – ALL have policies that hurt innovation E&E
- “Get out of Jail Free”: Gain agreement that you don’t want to change the entire company, only policies that hurt Innovation, only for the innovation team
- Pay for dedicated resources in each support function so they get to know how you work and what it takes to be effective



Costs: Innovation program team supports multiple ideators/projects



Innovation Best Practice: Central Innovation Function, protected from BU oversight



Innovation Canvas – Scorecard for E&E

Strategy/Leadership – the strategic plan of the business or corporation to which innovation plays a key role



Design Thinking



Create human- or customer-centric business models or products

Lean Innovation



Shorten development cycles to rapidly validate new business models

Open Innovation



Purposively manage knowledge flows across permeable boundaries between a firm and its innovation environment

Business Model Innovation



Construction and modification of the broad range of aspects of how an organization creates, delivers, and captures value

Venturing



Financially-structured collaborations with external ventures

Accelerator



An independent function that runs fixed-term cohort-based startup programs w/ seed investment, education, mentorship & Pitch days

Culture - The norms, systems, symbols, language, assumptions, environment, habits, the way people interact, and the way knowledge is created and shared.



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Thank You!

Q&A

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corporations sometimes face organizational barriers that slow down the process of collaboration (e.g., risk avoidance, bureaucracy, lack of autonomy, low speed), especially in highly regulated sectors.

Examples of driving down the Agility Curve

<u>Values</u>	<u>Startup</u>	<u>Corporation Culture</u> <u>Match</u>	<u>Corporation Culture</u> <u>Gap</u>
Brand	'Powered by'	New brand or sub-brand for target	Corporate brand dominates



Improving E&E by dividing culture into 2...

A company's culture can be *divided into principles and practices*:

Culture



Principles are *untouchable*. But practices can be changed to accelerate the project's efforts.



Implications for OI Leaders

A crisis is a terrible thing to waste:

- Take advantage of the current crisis to ***win support from C-suite*** and to ***reinvent*** processes and policies to ***increase agility***
- Envision ***future*** opportunities for your company

Analyze your innovation program to ***find root cause challenges*** to agility and success. Consider new tools or approaches

Develop a ***culture assessment tool*** to aide in your next collaboration

Create structures that ***protect and nurture*** the startup collaboration



Summary

Increase Agility by reducing Bureaucracy with Open Innovation

‘Culture Matching’

Business Model Optimization

Accelerators that increase successful Transition & Scale up with BU’s

