Smarter Innovation: Using Interactive Processes to Drive Better Business Results

EDITED BY KATRINA PUGH
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Executive summary

SOCIETIES INNOVATE to improve quality of life through better products and services, to reduce poverty, to protect the environment, and to fulfill human potential. After three decades, research on innovation has reached a rich inflection point. Innovation writing up until recently has largely focused on finding markets, getting cash, assembling teams, meeting production requirements, and disrupting the competition. Only recently have innovation researchers begun to look at the rich microprocesses that operate within the interactions of individuals and groups. And few of those researchers have focused on the knowledge-related microprocesses. (In this context, “knowledge-related” refers to knowledge sharing, knowledge integration, sense making, and filtering – all of which play a role in catalyzing connections, testing innovation candidates for potential, and participating in myriad decisions about markets, capabilities, and industries.)

Smarter Innovation explores these knowledge-related microprocesses through case examples, practices, and contemporary research. Leaders in their field look at the individual innovator, the team, the organization, and the multi-organization collaborative. The report considers the drive toward innovation in the context of organizations, markets, and economics.

Late 20th and 21st century researchers of innovation – such as Peter Drucker, Eric Von Hippel, Clayton Christensen, Andy Hargadon, and Boynton, Fischer, and Bole – have foreshadowed a move from how organizations (usually personified by the “leader”) invest and partner to how individuals make sense of what they know, how they perceive innovation opportunity, and how they interact within and across groups of individuals.

This report aims to shed light on knowledge processes and microprocesses for innovation. As knowledge practitioners and researchers, the authors have a particular interest in how people interact: when ambiguity awakens insight; when facilitation enables new connections; when power asymmetries affect contribution; and when challenging the status quo invigorates creativity.

It's the messy clash of knowings and perceivings that animate our curiosity as knowledge-practitioner authors. Smarter Innovation contemplates the microprocesses that fuel idea exploration and “bridging”, the microprocesses that socialize an idea and that validate its promise within the social fabric of the organization, those that fuel (mis)interpretations of market signals, and the microprocesses that inform or cloud our collective judgments as product owners, managers, and competition-watchers.

The report brings together the research, knowledge, and experience of a global team of knowledge practitioners, social artists, and innovators. They are gifted in knowledge disciplines such as knowledge transfer, social media, storytelling, knowledge architectures, strategy, and even the rigor of team-based project execution.
This report looks at innovation through the prism of five innovation “dimensions”, which reflect various knowledge-related interactions in the path to market (or operations) innovation. These dimensions form a framework that is not a funnel or sequence, but a collection of activities that are essential to innovation success:

1. Bridging: Making sense of an idea translated from one domain to the next. For example, a meeting or crowd-sourcing process integrating ideas across contexts, as Airbnb merges auctions and regional inventory, and Craig’s list merges social and for-sale listings.

2. Social and operational integration: Socialization and refinement of a new idea across a network of employees and/or partners. For example, a company discussing a product innovation on a social network, a community of practice debating an idea, or a town hall deliberating a process improvement.

3. Capabilities validation: Validating the organization’s and individuals’ capabilities and readiness to pursue the innovation. For example, UPS’s introspection as it assessed its readiness to go from shipper to logistician.

4. Market and industry exploration: Using collaborative microprocesses (and data) to determine whether the market or audience is viable. For example, an eCommerce firm using decision heuristics and clickstream data to identify unmet site-visitor needs. Another example is a retailer taking industry/competitive factors such as prices and store locations, and contemplating retaliation scenarios by a region’s incumbents.

5. Commercialization: Considering practicalities of pricing, positioning, promotion, and production, again using collective decision approaches. For example, a family restaurant realizing when it’s better to reprice, rather than trim menu items, when the restaurant’s reputation as the “one stop shop” is at stake.

For organizations seeking to build an innovation capability (or size up a partner or acquisition) based on the physics of knowledge-based interaction, this is a helpful map. Just as the dimensions described above are not sequential or linear, nor are the chapters of this report linear in their approach. Several chapters explore more than one dimension, and case studies generally bring more than one dimension to life in the context of a specific innovation, or in the cultivation of an innovation competency. While the Table of contents shows the organization of the individual chapters within this report, the “editor’s notes” at the head of each chapter highlight the diversity within and across the chapter groups.

Throughout the chapters, terms like tacit knowledge sharing, knowledge codification, collective sense making, collective intelligence, and customer analytics appear frequently. These knowledge practices have never been wrapped together in a coherent way to address such a pressing problem as innovation. As the global economy steps out of its long recession, the winners will be the innovators who expand opportunity and prosperity for their employees, customers, and societies by doing these practices well.

The authors contributing to this report are eclectic. They discuss a variety of human interactions (e.g., facilitating teams, sense-making events, planning meetings, social network discussions), a variety of innovator competencies (“white space sitting”, “knowledge accident-prone” and “agile entrepreneur”), and variety of
organization structures (incubator hybrids, open collaborative communities). We visit manufacturing, telecom, professional services, and computer hardware industries, to name a few. This extraordinary collaboration brings to mind a prescient quote by philosopher John Stuart Mill (1806–1873): “It is hardly possible to overrate the value... of placing human beings in contact with persons dissimilar to themselves, and with modes of thought and action unlike those with which they are familiar... Such communication has always been, and is peculiarly in the present age, one of the primary sources of progress.”

The aim of this report is to aid just that progress. Together we will boldly tread the path towards smarter innovation.

Reference