

The Corporate Innovation Ecosystem: Understanding the Players, Tensions, and Key Strategic Questions

Why is corporate innovation so difficult? A broad coalition of players, inside and outside of your organization, must be aligned for real innovation to take hold—and the different constituencies don't always share the same motivations and incentives. Use this map and the discussion questions below to engage the players, start conversations, and build a shared understanding of common goals, so that you can work together to make meaningful progress.

THE CORE

The core business is the source of profits and power. When it's doing well, there's little hunger for real innovation. When it's struggling, the first impulse is to cut costs rather than invest in new products and services. Without long-term support from executives in the core, innovation efforts fail.

1 CEO and Leadership Team

At some companies, a sole C-level executive is the key innovation cheerleader. Innovation groups benefit from broader support throughout the core business, though it's best to avoid creating a 20-person innovation committee that can find plenty of reasons to kill promising projects.

2 Business Units

Business units tend to want incremental ideas that can deliver revenue in the short-term, rather than disruptive innovations that might undercut the current offering.

3 IT, 4 Finance, 5 HR, and 6 Marketing

Some of these functions can slow the momentum of innovation teams, dwelling on risks or following "standard procedure." Some may feel they should own innovation. It's best to start cultivating allies early rather than late.

7 Corporate Development

"Buying innovation" through acquisitions is something many companies prefer over organic innovation, though the price can be steep and integration can be a challenge.

8 Research and Development

Companies with long-standing R&D groups sometimes feel frustrated. Should all ideas about the future of the business come from R&D? These groups can also be insular and reluctant to source solutions from outside the company. But R&D done right can attract top talent and create competitive advantage.

9 Sales and Support

Sales can be a rich source of insights about customer problems, which innovation groups would be wise to address. The sales and support teams can also gripe about selling something that's tough to support, priced too low, or relies on a different business model.

DISCUSSION QUESTION:

What incentives can you put in place for these constituencies to embrace new ideas and help launch them, rather than poking holes and withholding resources?



NEW INNOVATION INITIATIVES

Innovation initiatives tend to sit at the edge of the business, without the same resources or attention as the core.

10 Innovation Theater

Coming soon...the splashiest spectacle you've ever seen! Watch the CEO pass out trophies. Marvel as a visiting keynote speaker shares the secrets to brilliant ideas in 60 minutes or less. It can be exciting the first time around, but will people return for the sequel?

11 Innovation Labs and Incubators

At their best, innovation labs create a new place for exploring new technologies, building prototypes, and collaborating with customers. At their worst, they're Disney-esque showcases intended to impress visitors and prospective hires.

12 Corporate Accelerators

With the right structure and marketing, accelerators can attract startups working in your industry, and potentially spark investments, pilot tests, and partnerships.

13 Skunk Works

Insulated from near-term demands, this crew can focus on "blue sky" projects with major potential. The risk? Insufficient support from the core business when it's time for launch.

DISCUSSION QUESTIONS:

What is the expected outcome from your innovation initiative, over what timeframe? What resources will you need?

STARTUP ECOSYSTEM

With so many meetings, it can be tough for executives to escape the building. Innovation teams seek to change that dynamic by creating new ways to connect with 14 startups, 15 university researchers, 16 venture capitalists, and even 17 solo inventors who may supply winning solutions to a crowdsourcing competition.

DISCUSSION QUESTIONS:

How can you reduce the friction of working with outsiders, and position your company as the "collaborator of choice" in your industry?

CUSTOMERS

At most companies, sales and marketing departments feel like they "own" the customer relationship, but a growing number of companies embracing the concepts of "lean startup," "design thinking," or "customer co-creation" are allowing more employees to interact with customers. Even when this doesn't result in new revenue, it can strengthen customer loyalty, which is always a win.

DISCUSSION QUESTIONS:

What barriers exist to bringing customers into the innovation process? How can you quickly test new concepts with them?