



**CENTER FOR INNOVATION,  
EXCELLENCE & LEADERSHIP**

# **Demystifying Innovation to Make Innovation Real**

**Hitendra Patel**

**August 2012**

**Locations:**

BOSTON  
DUBAI  
LONDON  
SHANGHAI  
SÃO PAULO  
SEOUL  
TORONTO

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This document provides an outline of a presentation and is incomplete without the accompanying oral commentary and discussion.



About IXL  
Center

**Demystifying  
Innovation**

Making  
Innovation  
Real

What Can You  
Do Monday  
Morning

# Innovation leaders get greater shareholder returns, more loyal customers, better partners and higher quality employees

Companies who pursue Sustainable Profitable Growth through **Innovation**



**The Company to Invest In**



**The Brand to Buy**



**The Partner of Choice**



**A Great Place to Work**



# Business Innovation is the creation and capture of new value in new ways

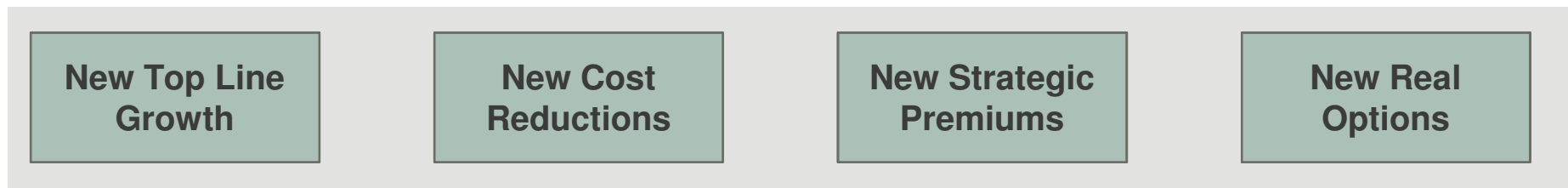
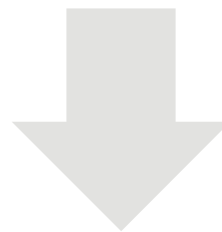


**New Ways to Produce**

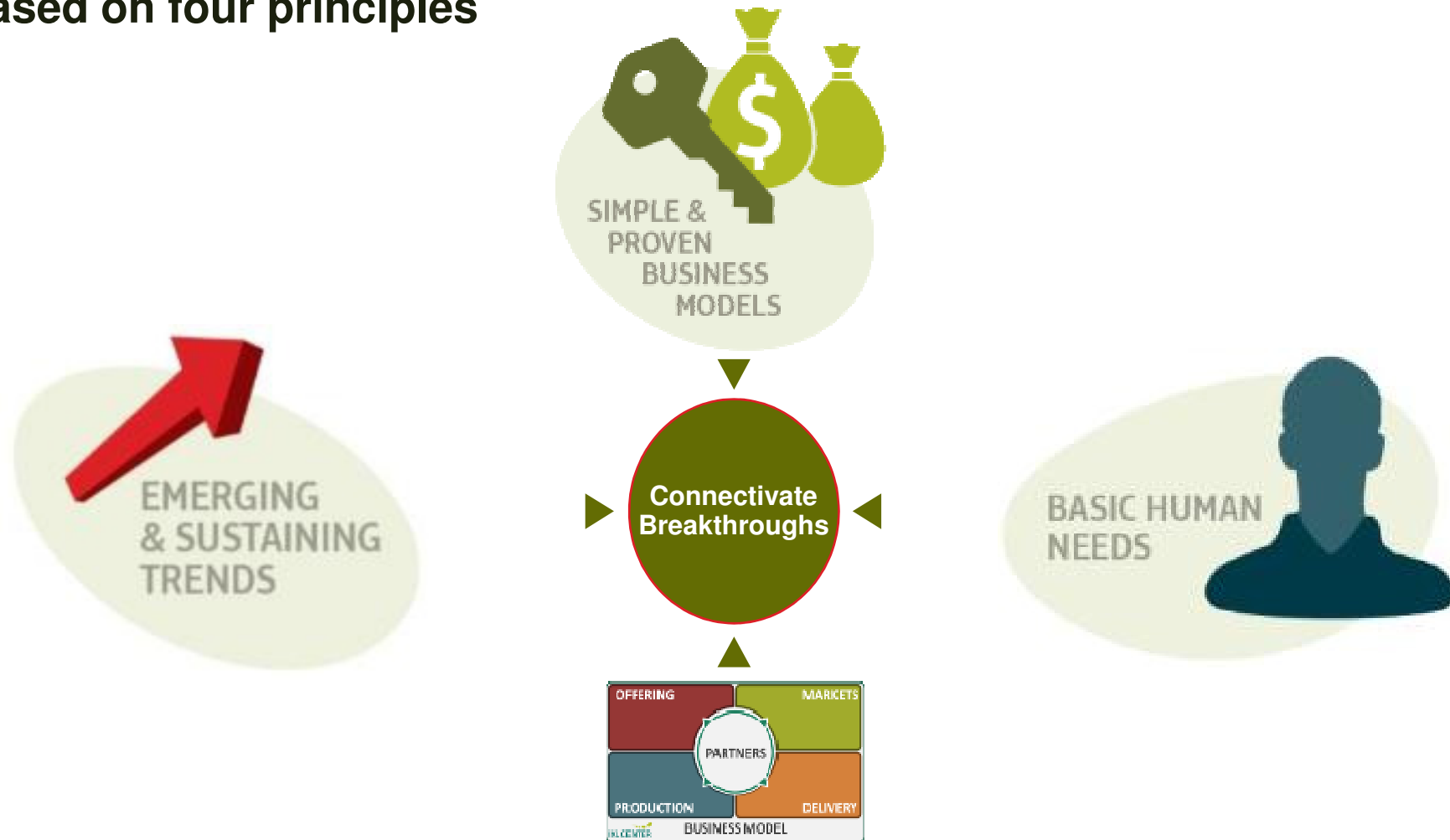
**New Customers and Experiences**

**New Offerings**

**New Ways to Deliver**



# Innovation Breakthroughs create sustained value because they are based on four principles



**COMBINE CAPABILITIES IN UNIQUE WAYS TO WOW CUSTOMERS & MAKE IT DIFFICULT TO COPY**



About IXL  
Center

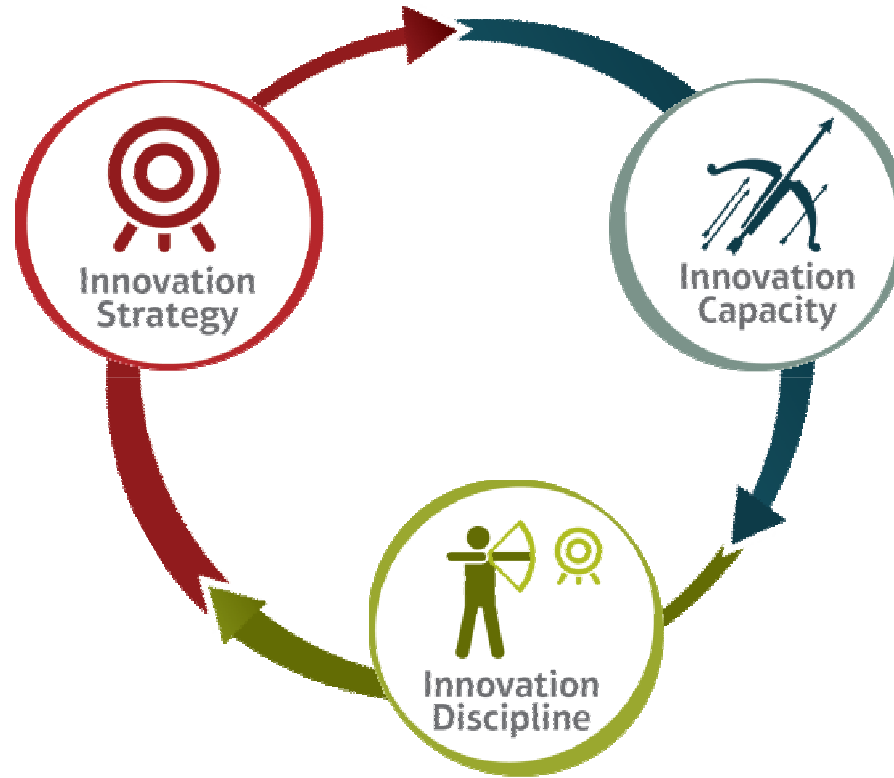
Demystifying  
Innovation

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Morning

# Making Innovation Real

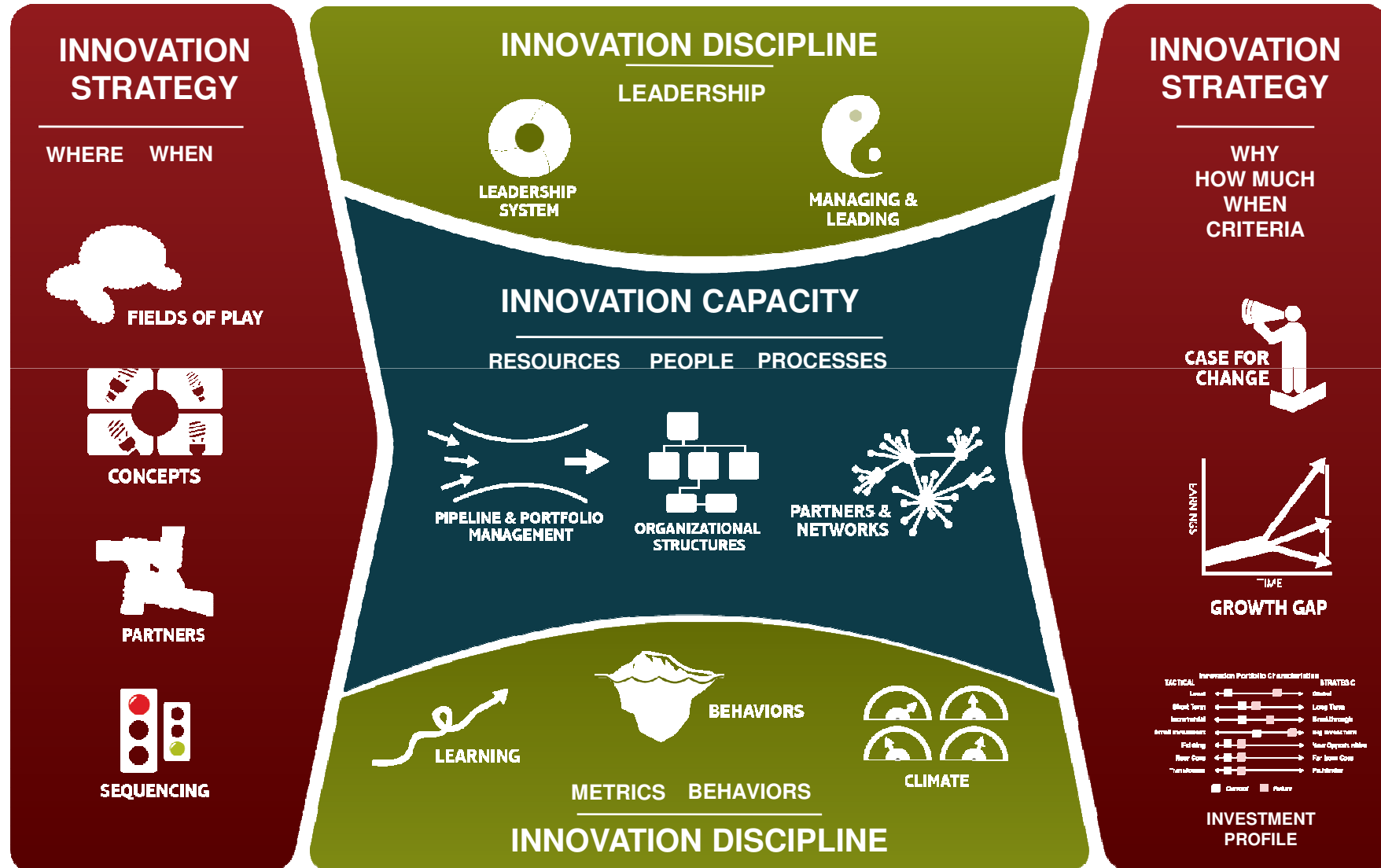
Where to Innovate?



How to Innovate?

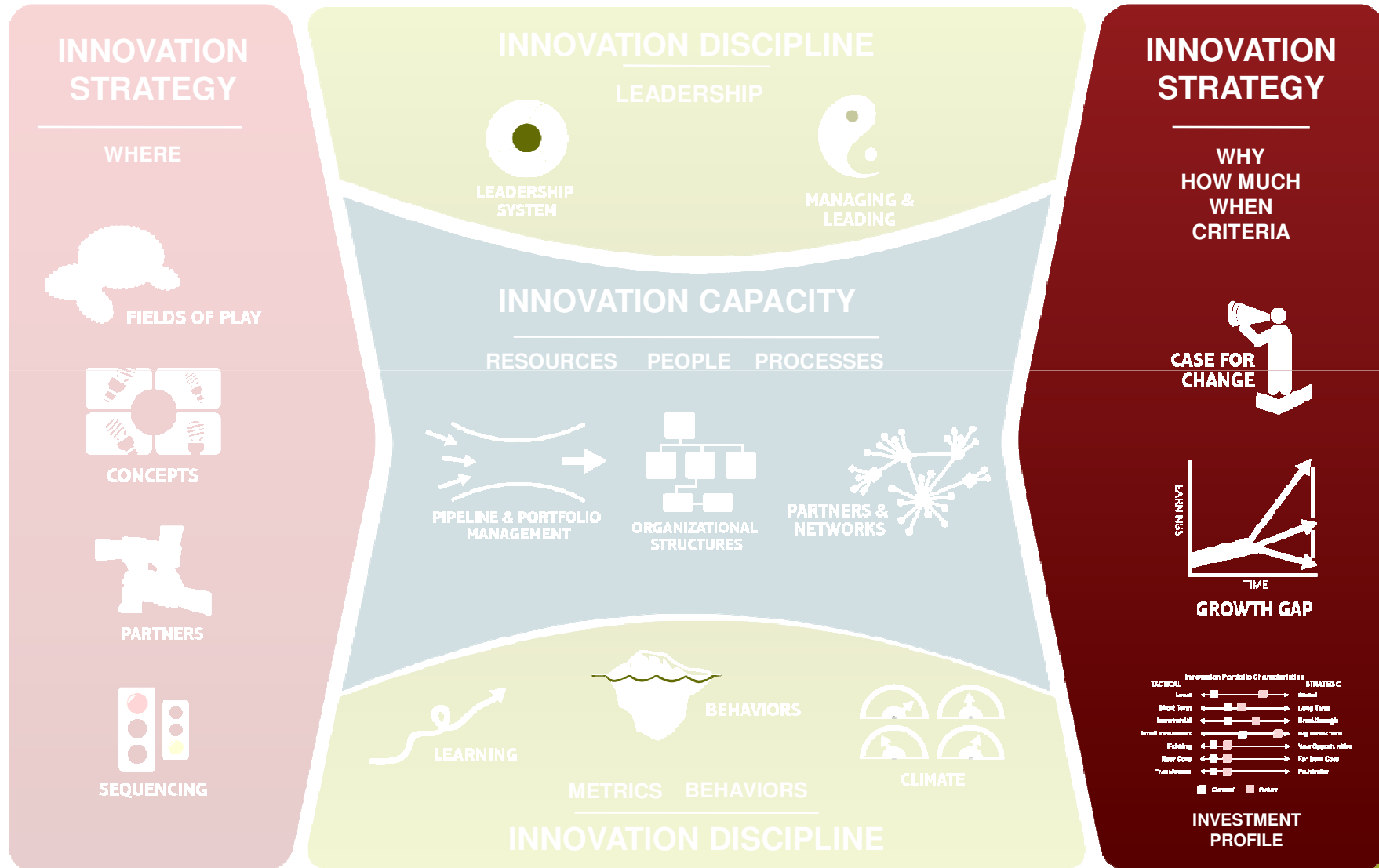
Discipline to Follow Through

# Innovation Management Framework



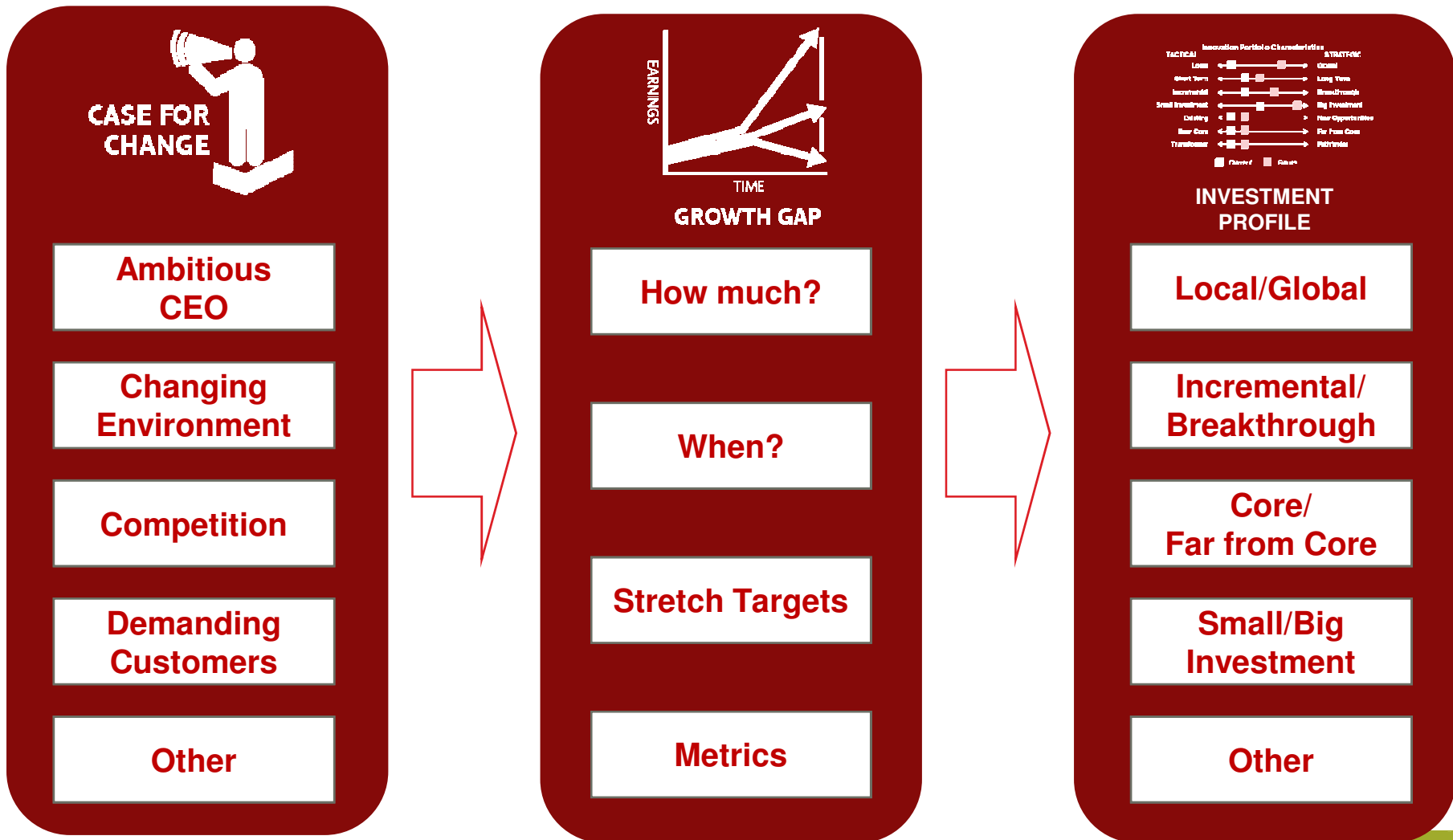


# Let us begin by determining why, how much and when to innovate





# A Case for Change helps define the Growth Gap and the Investment Profile defines acceptable types of projects to close the Growth Gap





## Create a compelling “case for change” that gives Innovation a purpose



*“Our world is facing an environmental challenge. All of us that produce and use cars need to be part of the solution.”*

**Carlos Gosn**  
*CEO, Renault*



*“... no nation which expects to be the leader of other nations can expect to stay behind in this race for space.*

- *Emerging new technologies*
- *Russians will dominate*
- *....”*

**John F. Kennedy**  
*President, USA*



# EXERCISE 3.2: What is the case for change that will drive innovation in your company?



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## Use a growth gap to definitively show how much and when to innovate



**A.J. Lafley,**  
*Former CEO  
of P&G*



**John F. Kennedy**  
*President, USA*



*“Incremental innovation will not give us \$ 4–6 billion of new growth!”*

*““We choose to go to the moon in this decade ..,*



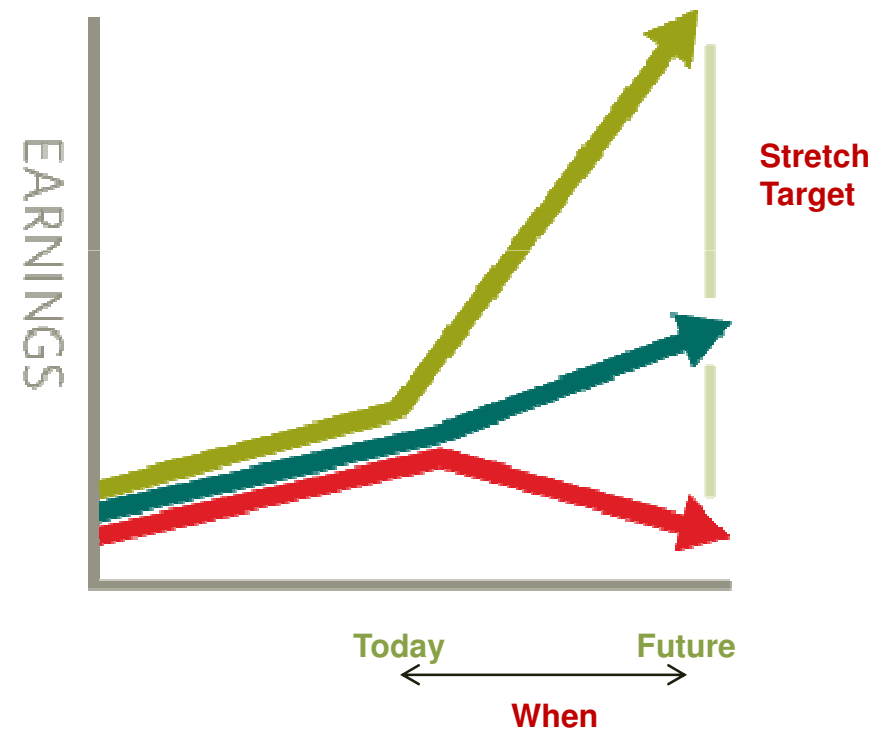
# EXERCISE 3.3: What is the case for change that will drive innovation in your company?

**How much?**  
\_\_\_\_\_

**When?**  
\_\_\_\_\_

**Stretch Targets**  
\_\_\_\_\_

**Metrics**  
\_\_\_\_\_





# The investment profile must be clearly articulated to help individuals and teams know what type of projects are appropriate to close the gap



*“Lead the way to mass-market zero-emission mobility with new batteries, new charging systems, new partners ...”*

**Carlos Gosn**  
CEO, Renault



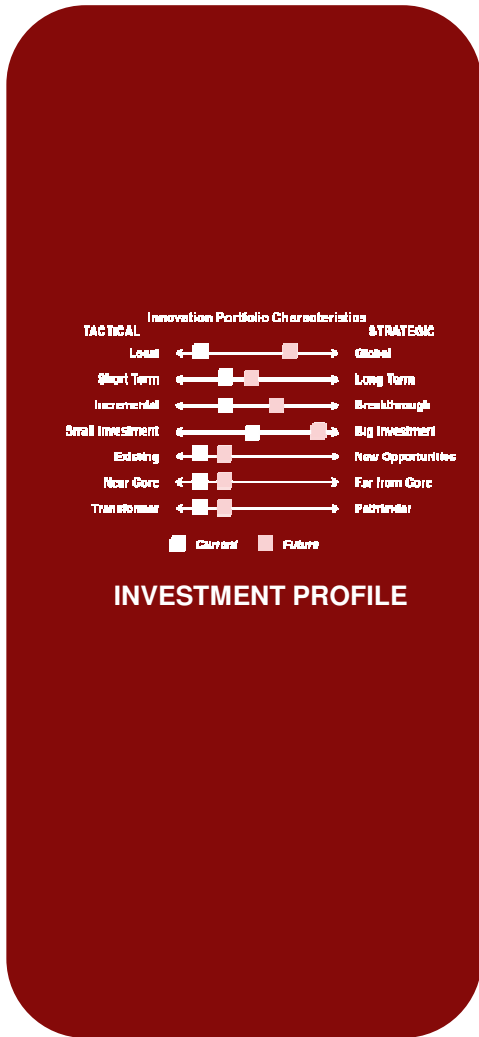
*“... do all this, and do it right, and do it first before this decade is out, then we must be bold..  
... This year's space budget is three times what it was in January 1961”*

**John F. Kennedy**  
President, USA





An organization's positioning and strategy should determine the current and future composition of its innovation project portfolio



### Innovation Portfolio Characteristics



**TACTICAL**

**STRATEGIC**

**Local**



**Global**

**Short Term**



**Long Term**

**Incremental**



**Breakthrough**

**Small**



**Big Investment**

**Existing**



**New Opportunity**

**Near Core**



**Far from Core**

**Transformer**



**Pathfinder**

Current

Future

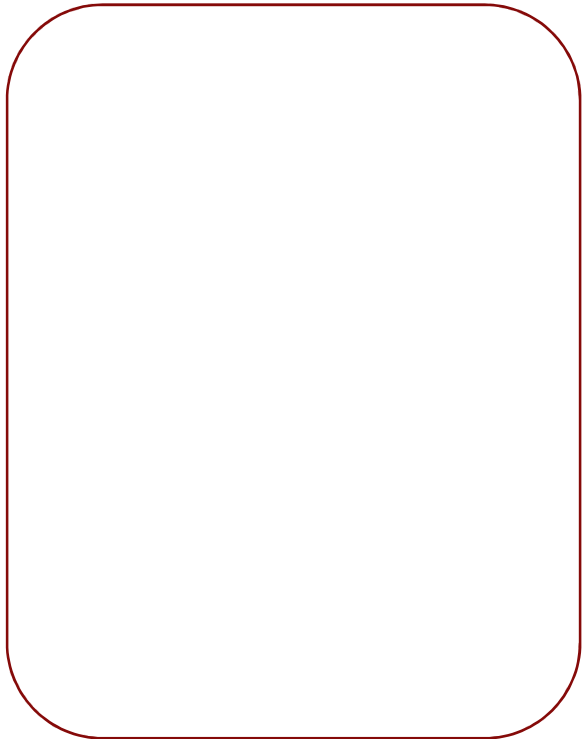
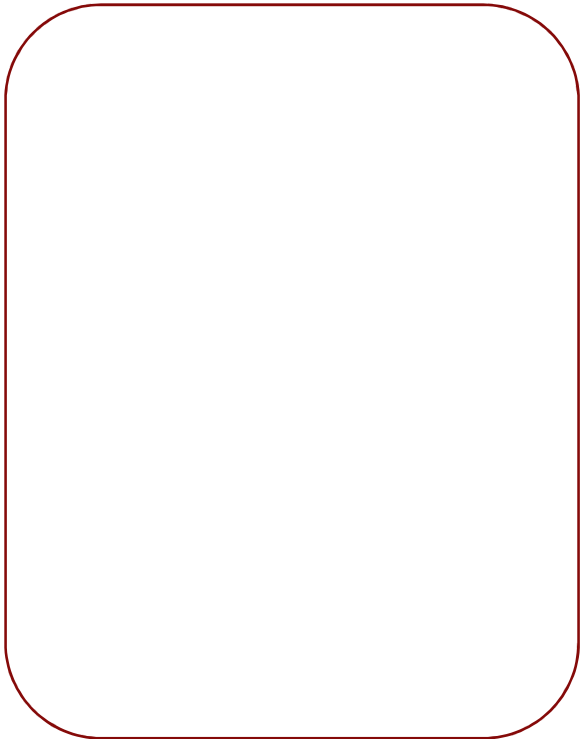
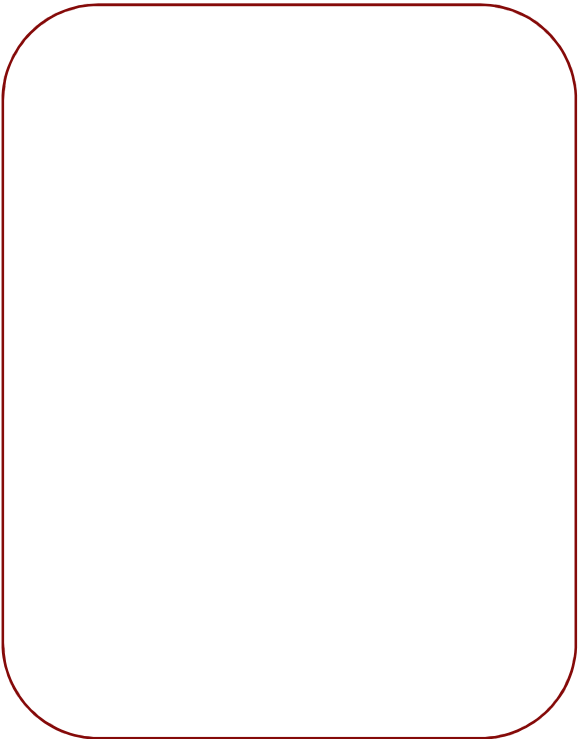


# Our company needs innovation to close an emerging growth gap and has made commitments to invest in specific types of projects

**CASE FOR CHANGE**

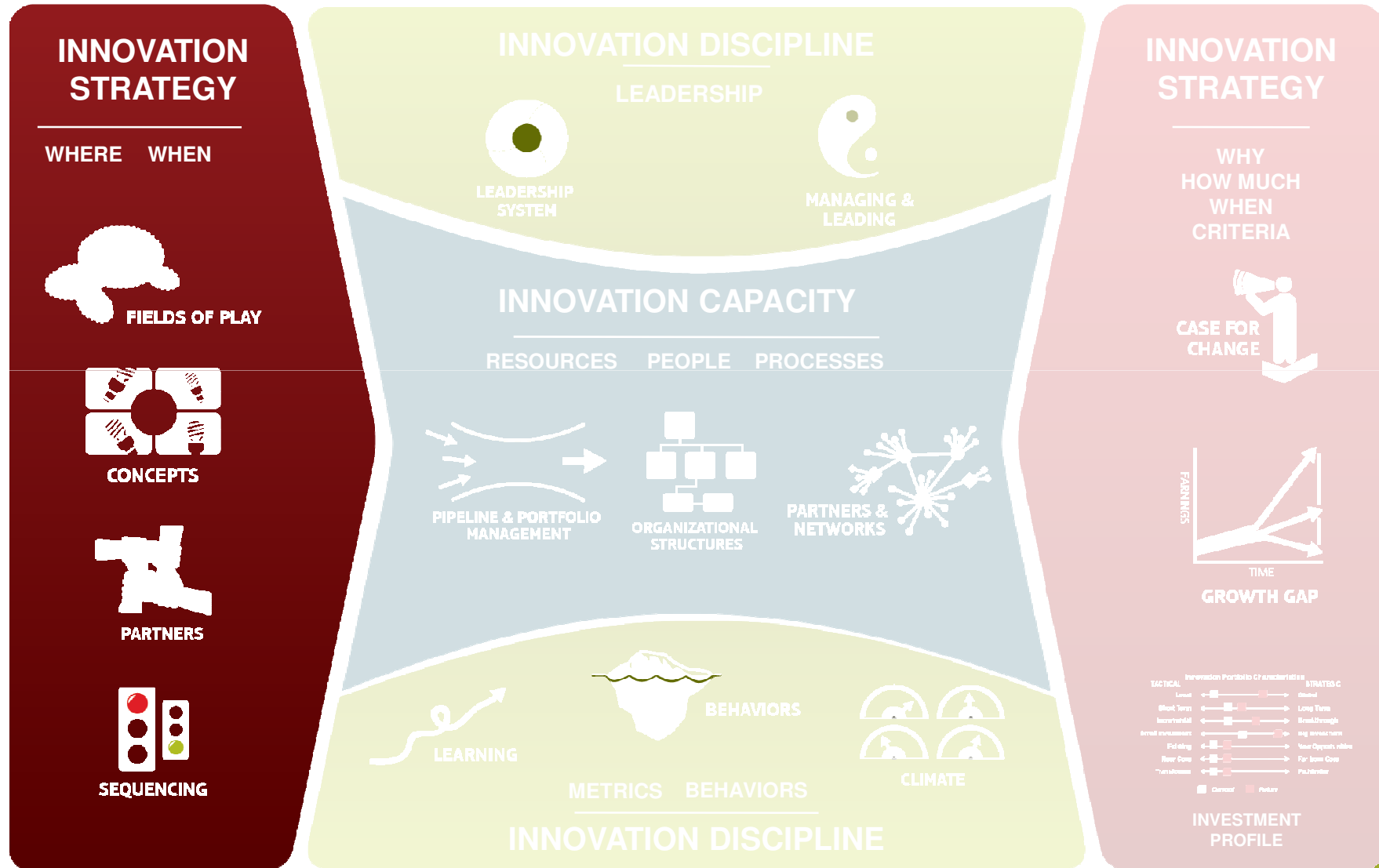
**GROWTH GAP**

**INVESTMENT PROFILE**





# Now let us determine where to focus our innovation



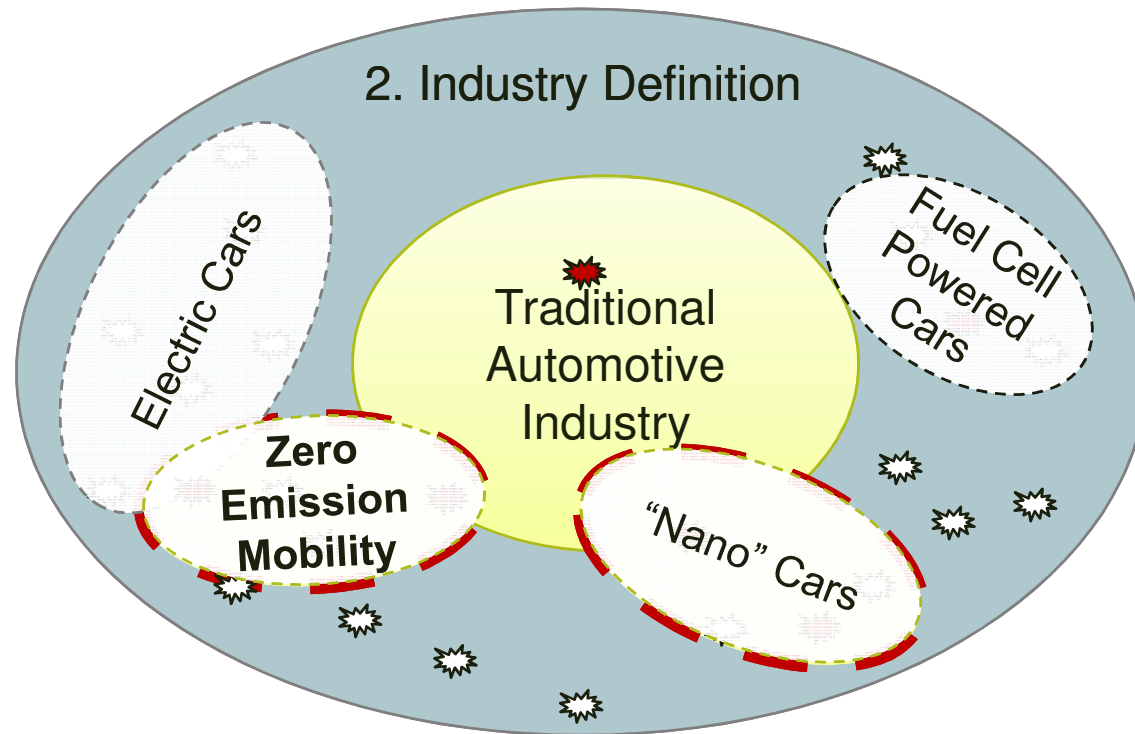
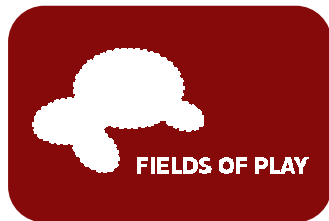
# Pick a new field of play focus innovation



RENAULT



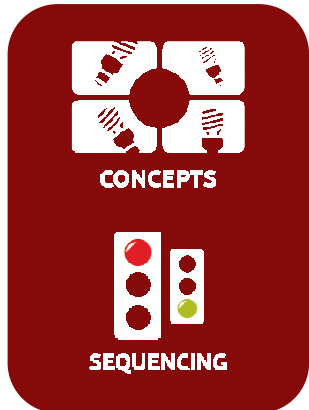
**“A new era is beginning in the global automotive industry. At Nissan and Renault, we are working to lead the way to mass-market zero-emission mobility.”** - Carlos Ghosn, President and CEO of Renault/Nissan



# Visualize opportunities through concepts and partners



**RENAULT**



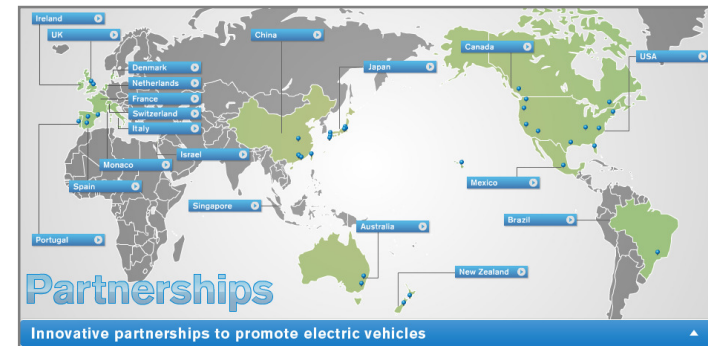
Batteries



Charging Technology



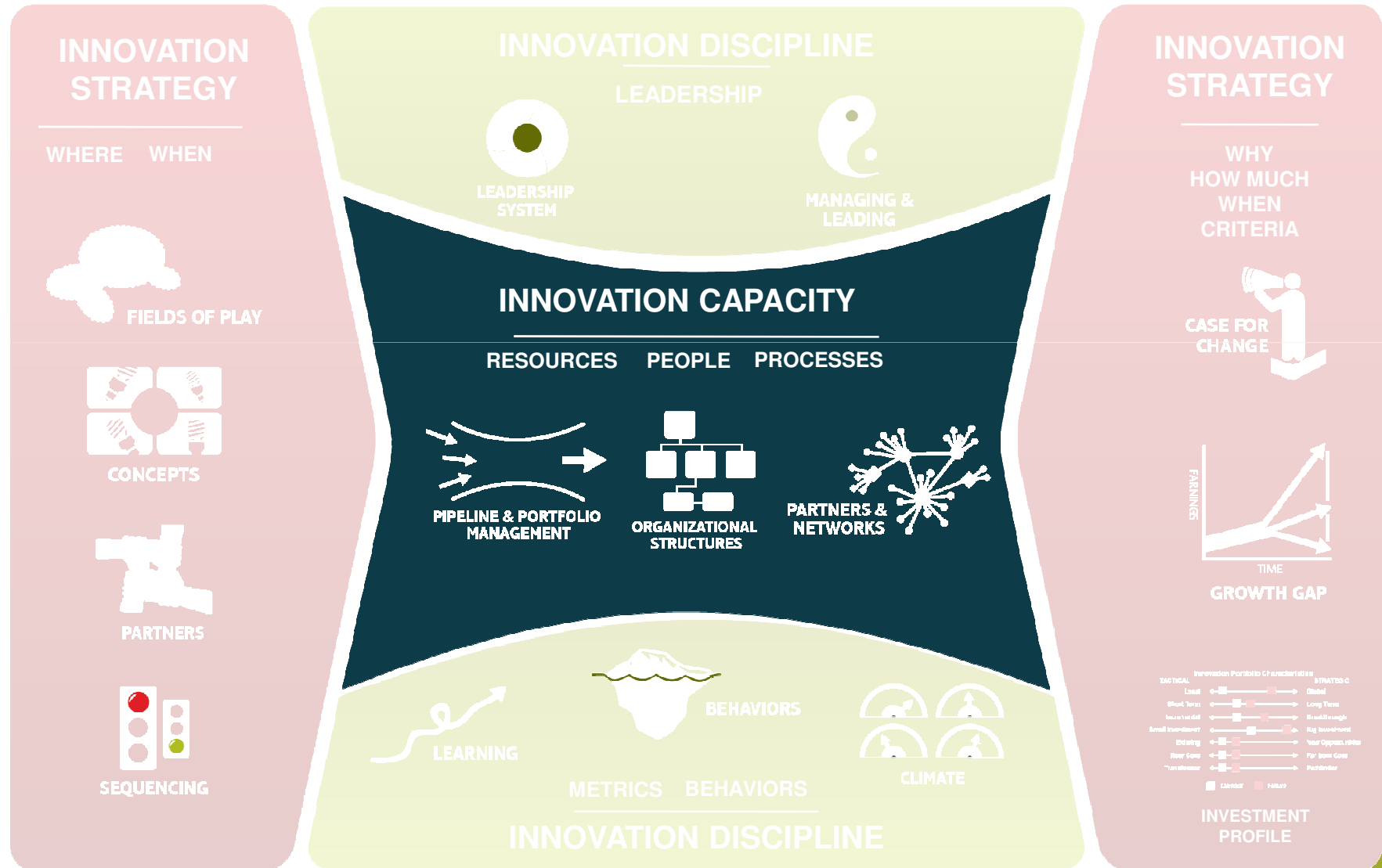
Charging Station Network



Source: *Thinking and Acting Differently to Make Innovation Real* by Hitendra Patel and Ron Jonash

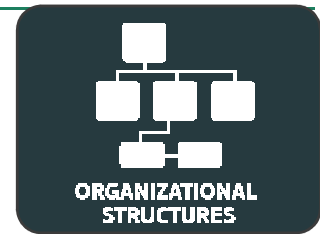


# Let us determine what resources, people and processes you need to innovate





# Have someone responsible to lead innovation management in your organization



## Pitfalls of Function-led Innovation

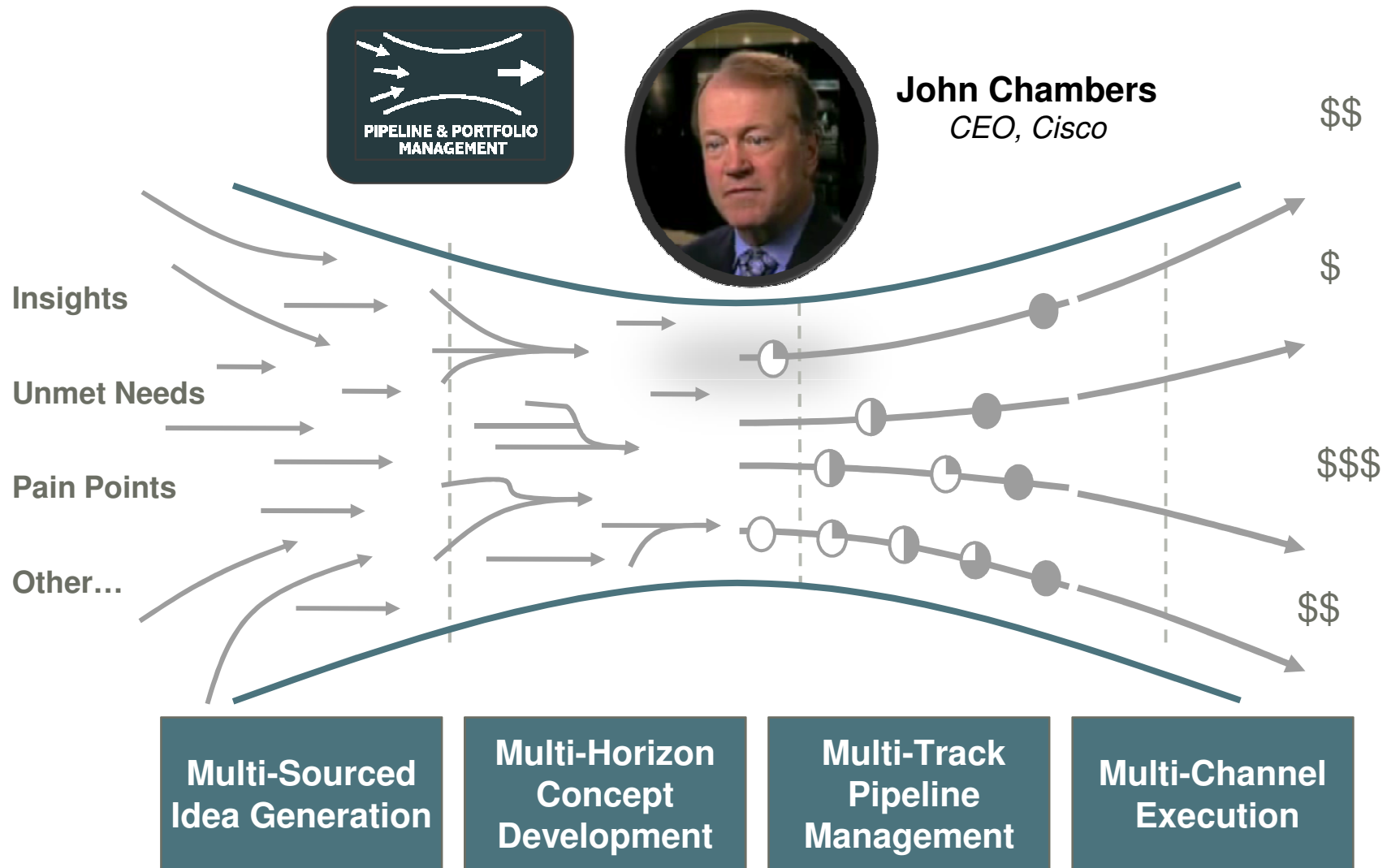
STRATEGY	<ul style="list-style-type: none"> <li>• Trained to make decisions based on hard facts and numbers, pursuing only proven opportunities</li> <li>• Targets set based on budget and not stretch</li> </ul>
FINANCE	<ul style="list-style-type: none"> <li>• Plays a role of innovation gatekeeper by screening ideas using financial index such as ROI and payback period</li> <li>• Ideation scope is constrained by budget</li> </ul>
MARKETING	<ul style="list-style-type: none"> <li>• Tends to stick to incremental changes due to focus on short-term visible results and existing customers' needs</li> <li>• Not good at identifying unmet customer needs or generate breakthrough ideas</li> </ul>
R&D	<ul style="list-style-type: none"> <li>• Pursues endless technological excellence, ignoring marketability in many cases</li> <li>• May end up with over-engineered products disconnected to customers, and lose best commercialization timing</li> </ul>

## Ideal Situation



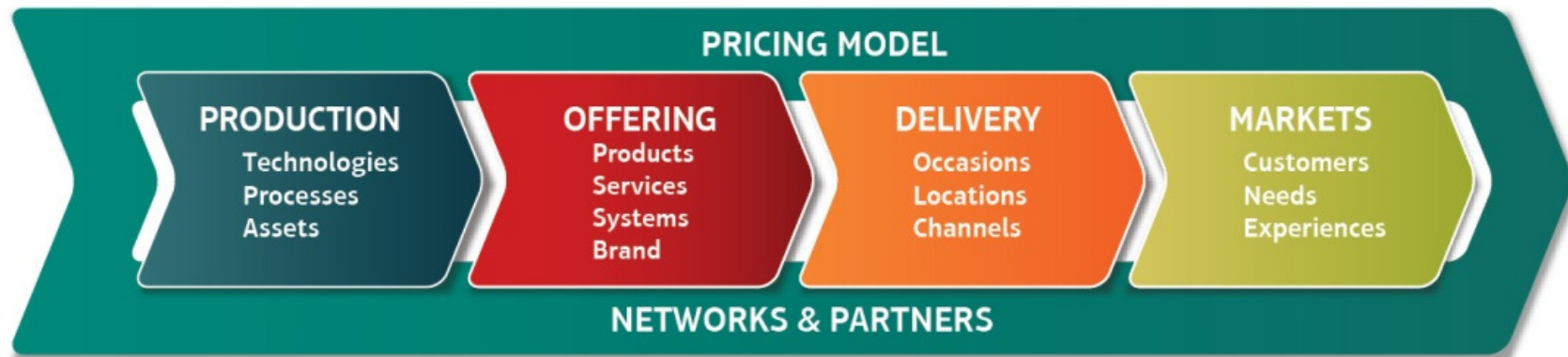


# Build a flexible and disciplined concept to commercialization process





## Collaborate across the value chain and avoid NIH (Not In-House)



***Make***



***Collaborate***

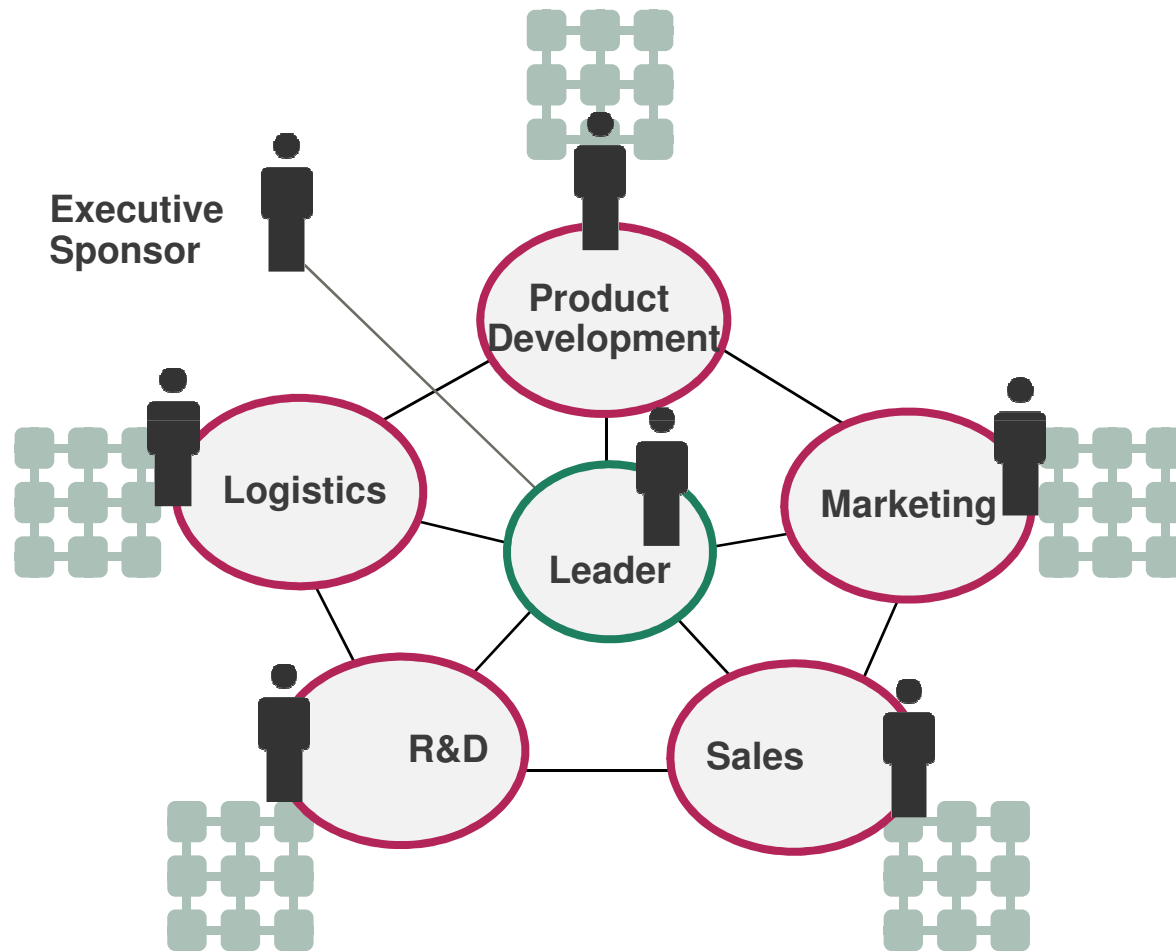


***Buy***






## Cross-functional teams composed of individuals with powerful networks and sponsors are key to drive concepts to customer



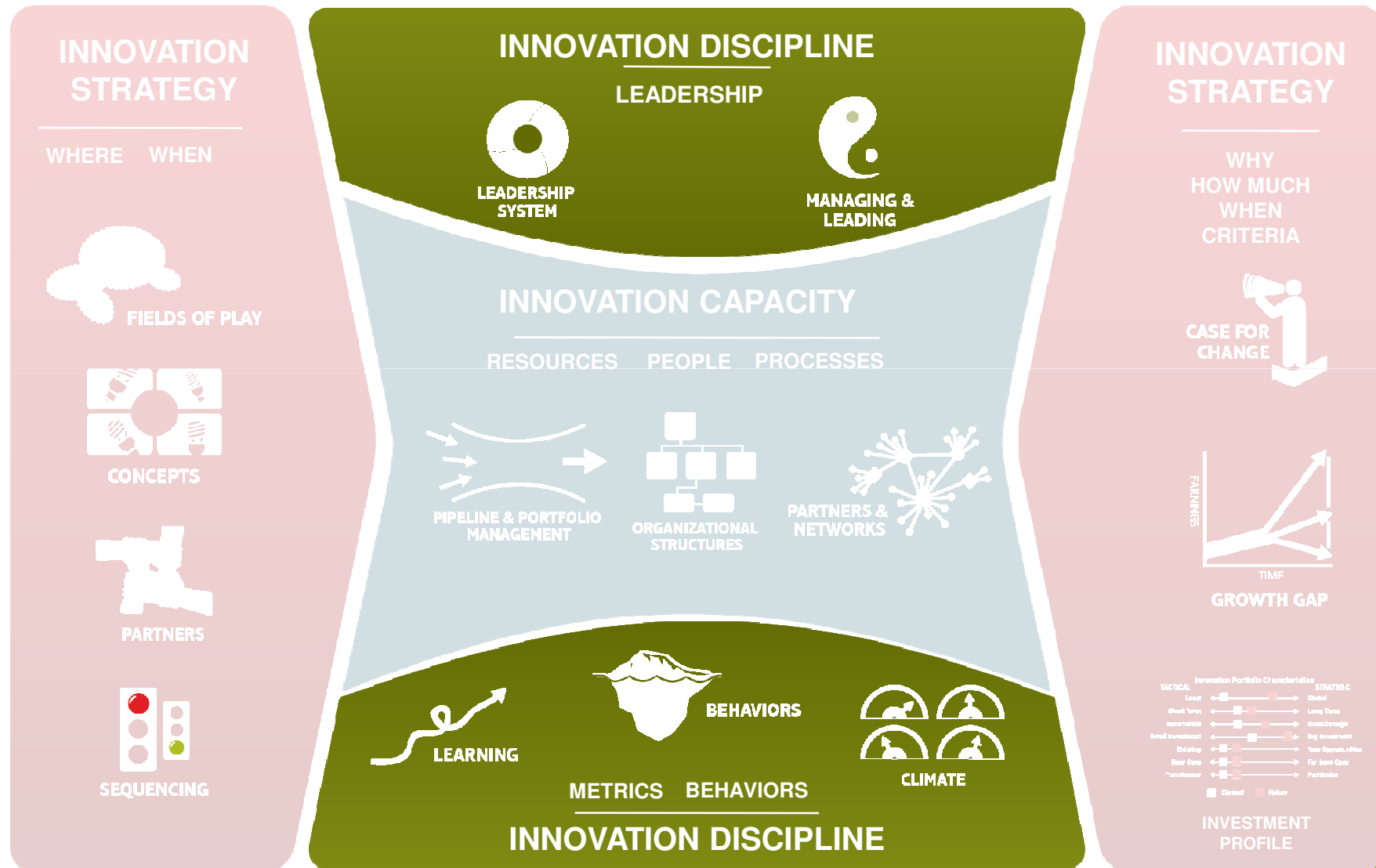
### Team Member Profile

- Passionate
- Fast track individuals
- Cross-functional experience
- Respected in the company
- Powerful networks inside and outside the company

 Individual Networks to Draw Knowledge, Experience, and Insights From

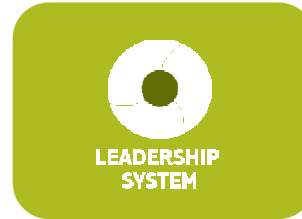


# How can we embed innovation within the organization





# Keep the ball on your feet (near term) while looking around for what-if and what's-next (long term)

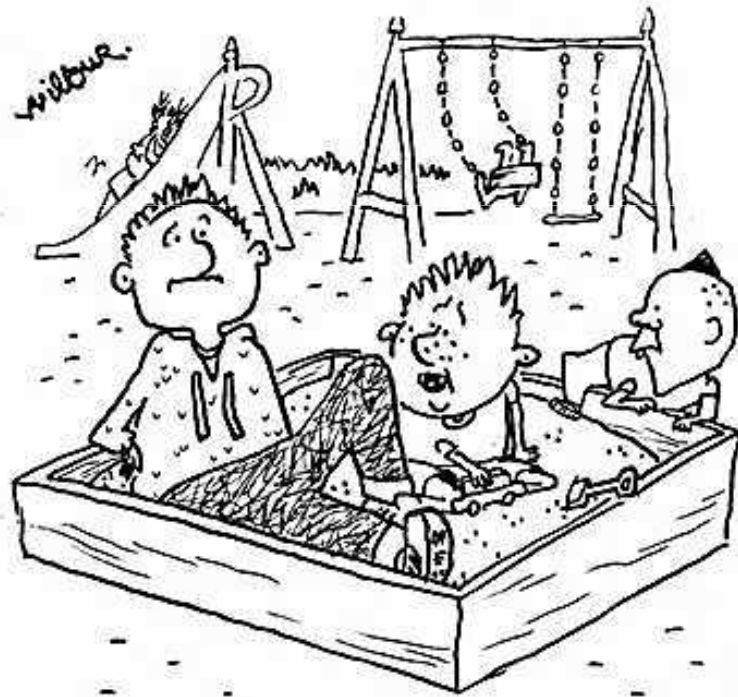




# Leaders must create time and space for employees to experiment



Directors & Managers



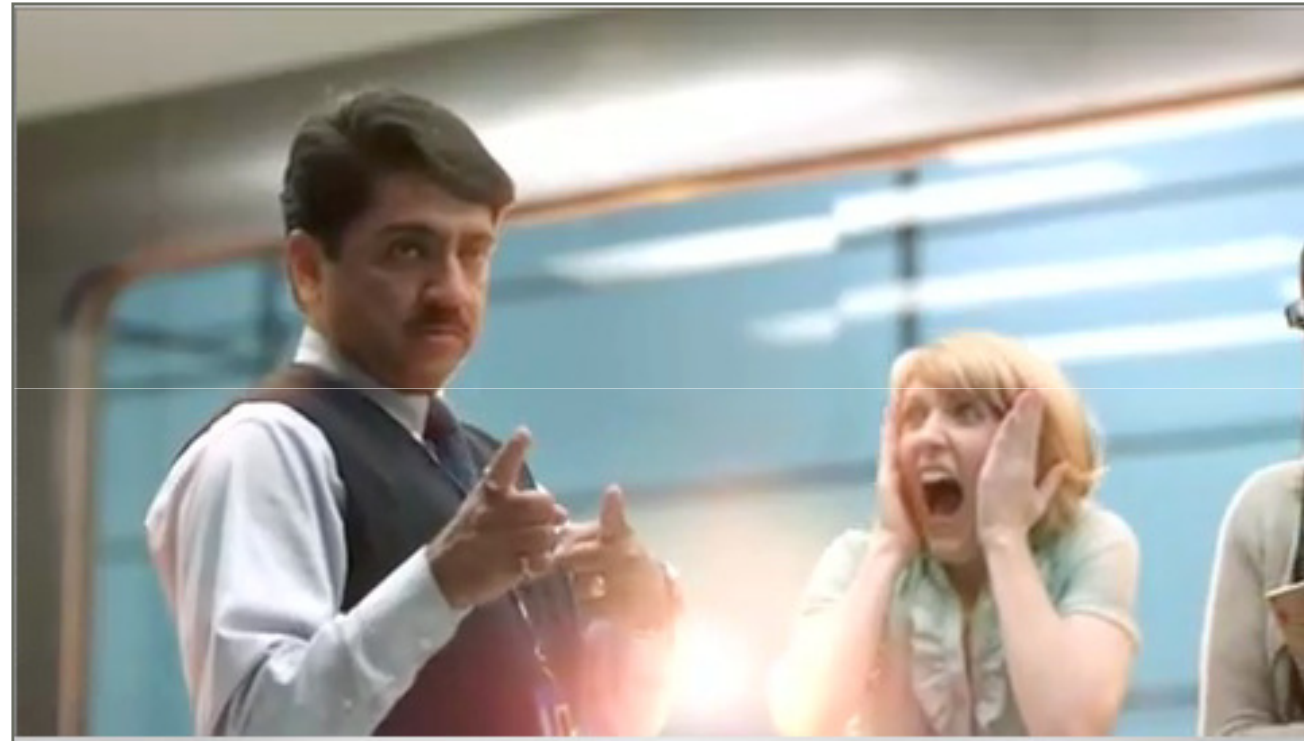


## Embrace differences to source ideas and gain complementary capabilities



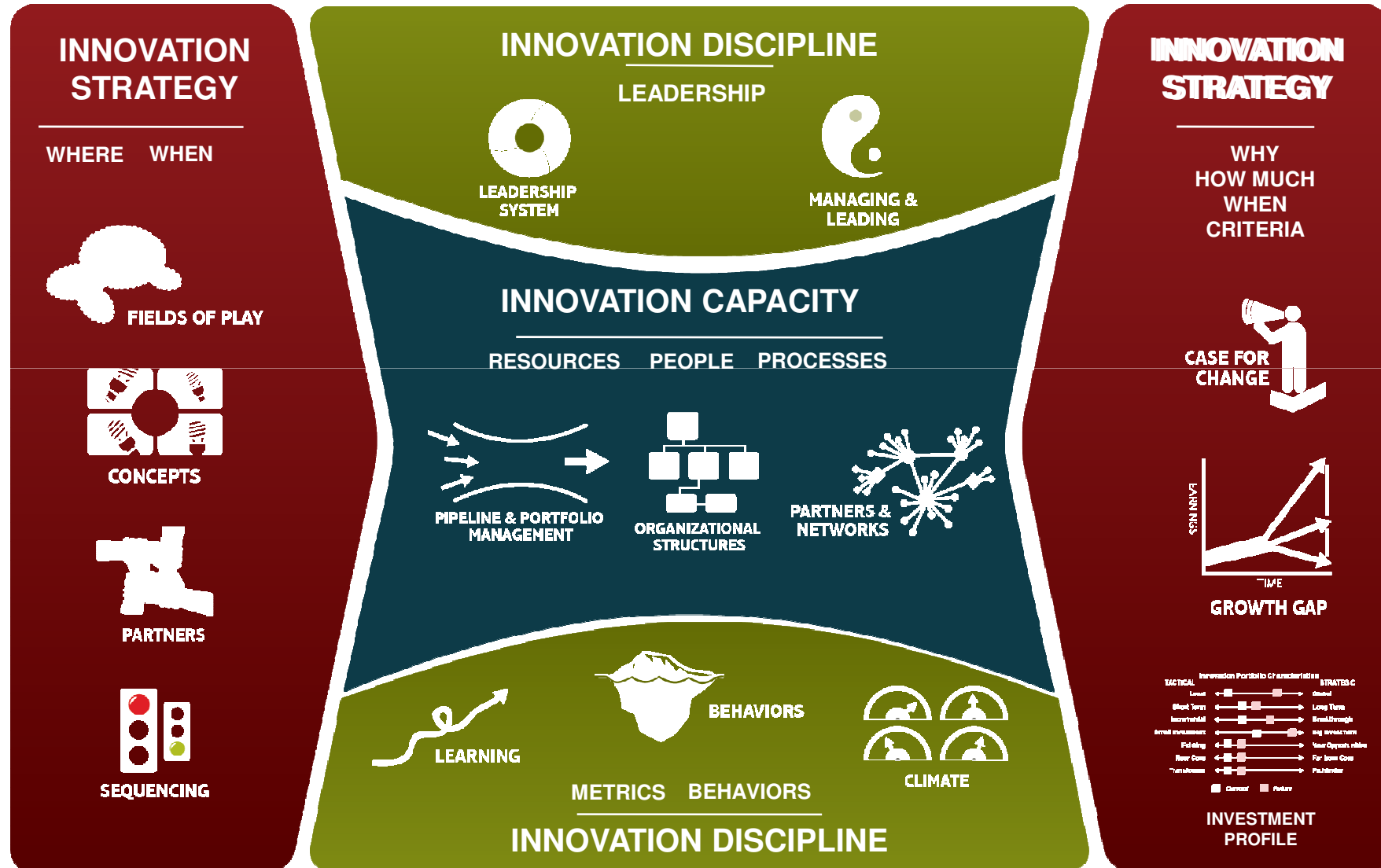


## Use metrics to measure innovation and recognize your innovators



<http://www.youtube.com/watch?v=JQZPz0a8whA>

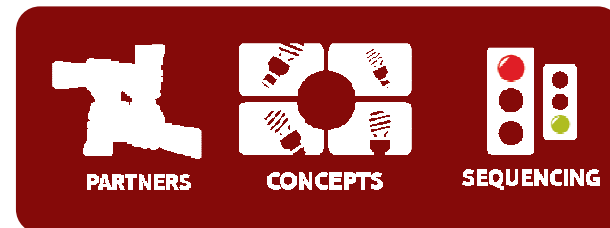
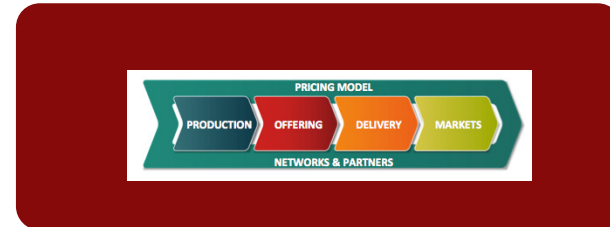
# Innovation Management Framework





## Strategy Recommendations

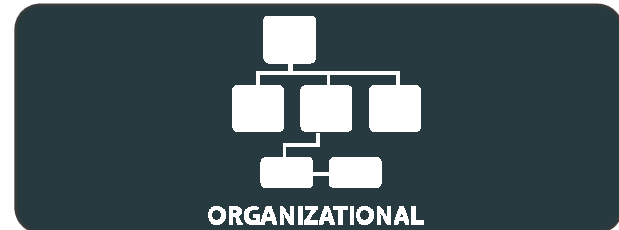
- 1 Agree on a **definition of innovation**
- 2 Create a compelling **case for change** that gives Innovation a **purpose** (reason)
- 3 Pick your spot to **focus innovation**
- 4 **Visualize opportunities** through concepts and partners



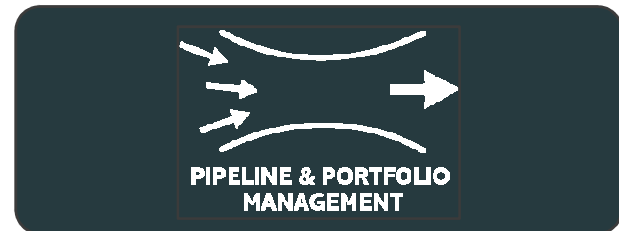


## Capacity Recommendations

**5** Have someone responsible to **lead innovation management** in your organization

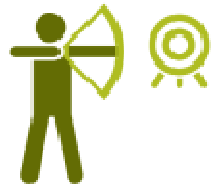


**6** Design a **flexible** and disciplined concept to **commercialization** process (not stage-gate)



**7** Collaborate **across the value chain** to go fast





## Discipline Recommendations

8

Look around for **what-if and what's-next** while delivering on the near term



LEADERSHIP SYSTEM



9

Create time and space for **employees to experiment**



MANAGING & LEADING



LEARNING

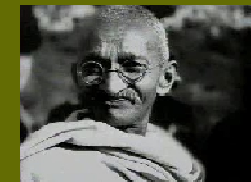


10

**Embrace Differences** to source ideas and gain complementary capabilities



BEHAVIORS



11

Use system-wide **Innovation metrics** to drive the right behaviors and innovation results



CLIMATE





Appendix



## HITENDRA PATEL, Ph.D.

### Hult Professor of Innovation and Managing Director of the IXL Center



Hitendra is the Managing Director of the IXL Center and Chair of the Innovation and Growth Program at the Hult International Business School. He has coached new emerging leaders and managers of new and fast growth businesses.

Hitendra was a senior leader and co-founder of Monitor Group's Innovation Practice and was responsible for Asia and Latin America. Prior to Monitor, he was a senior manager at Arthur D. Little. As a management consultant, he has made lasting impact with all types of companies by helping them identify new engines for growth and develop their own capacity to innovate.

Hitendra has also helped and published articles at the national and region level on the topic of economic development in Brazil, India, Indonesia, Singapore, US and the UK.

Prior to consulting, Hitendra worked at Motorola in the portable energy space and is the owner of six patents. He is also a founder of various venture-backed companies.

Hitendra is the co-author of *101 Innovation Breakthroughs, The State of Innovation at the Firm Level in Singapore*, and [\*Greenovate, Companies Innovating to Create a More Sustainable World\*](#). He is in the process of writing his fourth book, *Thinking and Acting Differently to Make Innovation Real*.

Hitendra has an MBA from Kellogg School of Management, a BSEE from Washington University in St. Louis and a Ph.D. in Materials Science and Engineering from Iowa State University. He is also a member of Clinton Global Initiative and a Charter Member at TiE-Boston.



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