



Innovation Model



The #NewEraBiz



What is innovation?

Innovation surrounds us. It permeates the physical dimension and becomes a bridge between what we imagine and what's real.

Innovation allows us to take an idea from the mind and sell it to millions, create clean energy or save hundreds of lives. Without innovation, we have no incentive to dream, to imagine, to believe that we can go beyond our physical surroundings.

Why do we innovate?

From an economic context, we innovate to survive. Companies who don't innovate in one form or another go extinct and eventually become nothing more than a memory. In a human context, however, we innovate to thrive: to live longer, to see more, to work less, to push the limits and explore new frontiers.

The effectiveness of innovation in an economic context is often measured by market cap; in today's world, innovative companies can go from 0 to a Billion in a year. But in a human context, we measure innovation by impact: lives saved, people reached, ecosystems protected.

For companies, innovation is an imperative, a means to ensure that the shareholders, employees and stakeholders will prosper over several years. For individuals, innovation is a calling, a way to channel a vision into something that will be potentially celebrated for generations to come.

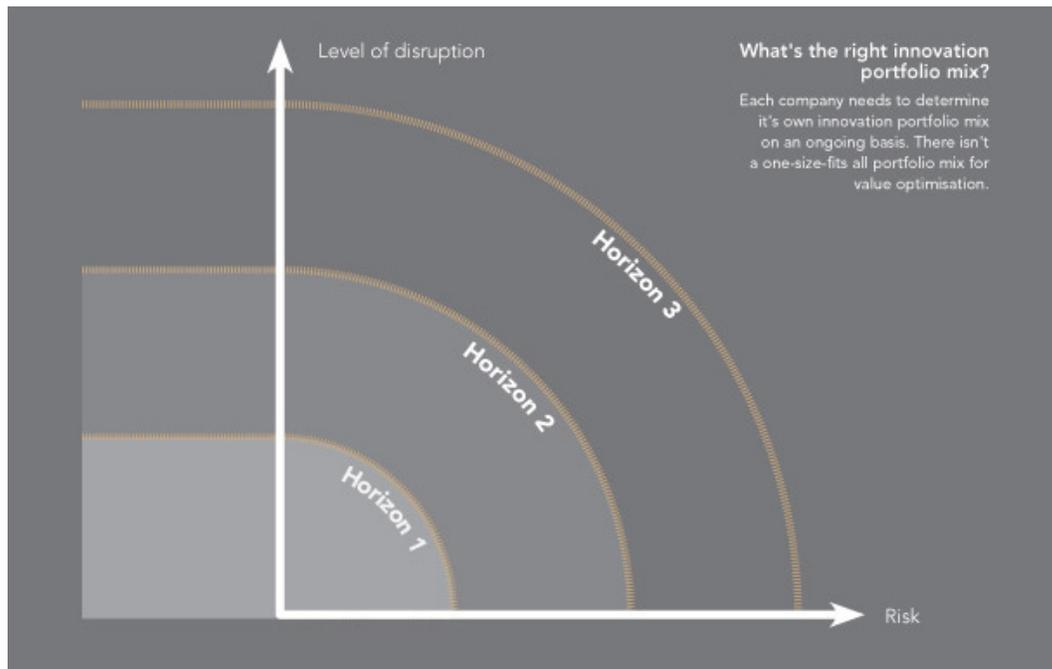
Whatever way you slice it, innovation is the fuel of the future and the real question is:

How do we make the process fluid?

To make the process fluid requires three elements:

A vision of the **Future**, a map of the **Macro** and a **Model** for market entry.





The [3 Horizons model](#), developed by innovation consultancy Edengene, looks at innovation on three different horizons:

- 1. Incremental Innovation:** innovation that sustains market share or attracts new consumers to use an existing product or service
- 2. Breakthrough Innovation:** step-outs from the core business that create breakthroughs in business performance
- 3. Disruptive Innovation:** entirely new territory - new products and services, businesses and business models that address unmet or new/emerging needs

Not every company needs to try and become the next Apple, not every individual wants to 'disrupt' the world.

The 3 Horizons model helps to contextualize innovation and evaluate it holistically. Since every company needs to innovate to survive, innovation is not something that needs to be viewed as a 'holy grail' that very few companies can achieve, but instead as a fluid process that any company can integrate into their core strategy in one form or another.



The first place to start in the innovation process is ask the question:

What's the dream?

So much of what's around us seems arbitrary and ill-conceived, as if it were created because that's what someone felt they needed to create rather than something that should have been created.

The daily disruption we see around us is occurring because people began to imagine a new scenario and turn it into a reality.

Being able to chat with all your friends for free anywhere in the world on your mobile ([What's App](#)), being able to get a ride to a place with a local driver at a fraction of the taxi rate ([Uber](#)), being able to stay with in a local's apartment in an exotic city on the other side of the world ([AirBNB](#)). Collectively, these companies have about \$100B in market cap and yet they never existed a decade ago.

They started with a dream, a vision for how the world would work if their dream became a reality.



We start by imagining new horizons, and then start putting the pieces together to make a lofty dream become a reality.



Fast Forward to the Future



From a business standpoint, the best place to be is about 3 -5 years ahead of the curve. When we start to envision the future for a specific industry, the goal is to develop a 'future view' about what that industry is going to look like in that time horizon.

Now that the digital shift is in full force, the effects are becoming amplified, the rate of displacement of traditional operators becomes swifter with each passing year; therefore we need to **fast forward to the future** and analyze our industry through the lens of someone living in a new world, one that looks vastly different from what we see today.

This is a purely vision-driven stage, as a future view is better constructed based on intuition and observation rather than data and facts; otherwise, everybody would eventually reach the same 'logical' conclusion that the future is going to look a certain way and come to a 'consensus' and render innovation useless.

Questions:

- how will the world then (3-5 years) look different from the world of today?
- what will be the influencing forces that will shape desires/decisions?
- what new capabilities/insights will people have then that they don't have now?
- who will be the key influencers that bring this future to fruition?



Map Out the Macro



Once we have developed our 'future view,' we need to start to build a 'map of the macro' environment in order to navigate our way forward.

Innovation is susceptible to regulatory, cultural and political forces - what we need to know is what factors in the macro will support/stifle the genesis of this innovation. What underlying trends, developments, social shifts, etc are going to accelerate/slowdown this ahead.

Traditional market analysis is a synthesis of market statistics, demographic trends and demand forecasts; yet very little of it looks at the deeper social psychology and what factors in the environment around people are directly shaping their perceptions.

The biggest innovators in recent history - Steve Jobs, Mark Zuckerberg, Muhammad Yunus - have all been able to achieve their breakthroughs because they have a deep understanding of the social psychology shaping consumers, college students and third-world businesses, respectively.

Questions:

- what are the top political/social/economic/cultural forces?
- what are the emotional drivers of the core market?
- what elements in the market create inefficiencies/dissatisfaction?
- who are the key market players, ecosystem stakeholders



Build a New Model



With a 'future view' in mind and a 'macro map' in hand, we need to start building a new model in order to prepare for market entry.

We focus on business model innovation, although not every company needs to develop a new business model in order to enter a new market. Some innovative services and products can be brought to market using a traditional model with new parameters. In either respect, a new model needs to be developed for market entry.

We use the [business model canvas](#) to create new business models and a financial model to test assumptions/analyze potential revenue streams. Unlike a business plan, where a set of variables are essentially fixed based on the assumptions that underlie the plan, a model can be adapted to situations where there is a high level of uncertainty and help companies to remain agile in the face of changing conditions.

While it is impossible to guarantee success upon entering a new market, the idea is to 'bulletproof the business model' by rapidly adding/subtracting new pieces as feedback is obtained.

Questions:

- what key assumptions that underpin the business model?
- what is the core strategy to reach the market?
- what are the major revenue streams/cost drivers?
- who are potential partners that could streamline market entry?

Innovation Model



The Intent



The Innovation Intent

When you pull all the pieces together - a future view, a macro map and a business model - you have an innovation model. From these elements, a plan can be crafted, a prototype developed or investment raised; however, even with all these pieces in place, what matters most is the 'innovation intent.'

It's a commitment to riding the path, from end to end, towards innovation; getting to the milestone of that future view, no matter what comes up during the journey that's what makes the process fluid. Because despite the challenges, if everyone believes with every shred in their body that it will work, one day, then the path to get there, despite being rocky, will be continuous.

The '[Commander's Intent](#)' is a term used in the military and high-powered businesses to describe and define what a successful mission will look like. The Commander's intent describes 'how the Commander (CEO) envisions the battlefield at the conclusion of the mission.' What it ensures is that the plan will maintain continuity in spite of changes and 'casualties' on the battlefield, and that when all is said and done victory will be worth it. That way, all involved will feel continuously inspired and empowered, ensuring that they know their best efforts will not be wasted no matter what unforeseen circumstance arise.

When it comes to innovation, the only guarantee is that the path to the desired outcome will be difficult at every turn. But no greater prize exists than to be part of shaping a better future and helping to make 'the dream' a reality.



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