Starting an Innovation Project: Strategy Phase and the Product Innovation Charter
The Strategy Phase in the Big Picture

Source: Lercher 2016, 2017
The second stage of the FEI: An innovation project begins - Strategy Phase

A project begins:
- General search fields or a distinct opportunity recognized.
- Innovation strategy for the firm:
  - Defining the role of innovation for the firm
  - Goals for departments/managers
  - Budget, Resources, Activities for innovation

A decision has to be made:
- Commitment Gate
  - Managers commit to the strategy / project
- Product Innovation Charter
  - Set up the development project properly

First activities:
- Idea generation
- Concept development

Next step: Development stage
The Product Innovation Charter (PIC): A Document to Commit the Innovation Team On Common Goals

**Background**
Key ideas from the situation analysis; managerial mandate; strategy fit.

**Focus**
At least one clear technology dimension and one clear market dimension. They need to match and have good potential.

**Goals / Objectives**
What the project will accomplish, either short-term or longer-term. Evaluation measurements.

**Guidelines**
Any "rules of the road," requirements imposed by the situation or by upper management. Innovativeness, order of market entry, time/quality/cost, etc.
The PIC: How to properly set up a development project

The Product Innovation Charter

WHAT
- for Products
- for Innovation
- a Charter = a document

WHY
- Direction
- Objectives
- How to play the game
  - Technologies
  - Markets
  - Team’s Goal
  - Rules
  - Constraints
  - Key Information
Managing the Innovation Process

Idea Generation & Enrichment
Idea & Concept Generation

Idea generation phase

Source: Lercher 2016, 2017
Two perspectives how to generate ideas & concepts

Innovation is the result of a dedicated firm activity

Systematic process?
What is the task of the company?
What should the company focus on?
Who are the innovators?

Innovation is the result of a (frustrated) user
Methods for generating ideas & concepts

Creating concepts internally:
- Using a managed process run by the innovation team

Market Research
(Voice of the customer)

Creativity Techniques

Gathering (existing) ready-made concepts from the periphery:
- Customer Co-Creation

Collect concepts from others inside the organization

Collect concepts from outside the organization
Idea generation and enrichment

The most embryonic form of a new product, process, or service.
Often a high-level view of the solution envisioned for the problem identified by the opportunity.

Where do ideas come from?

- Targeted ideas
- Revolutionary idea
- Derivative idea
- Symbiotic idea
- Serendipitous ideas
- Philosophical ideas
Idea generation and enrichment

How to identify/generate ideas to capture opportunities?

- Internal Brainstorming & Creativity Sessions
- Idea Management / Database
- Market research (Consumer insights)
- Co-Creation
Idea generation and enrichment

How to identify/generate ideas to capture opportunities?

- Internal Brainstorming & Creativity Sessions
- Idea Management / Database
- Market research (Consumer insights)
  - Outcome-Driven Innovation (Job-Based Thinking)
  - Focus Groups with Customers
  - Empathic design / Observations
- Co-Creation
Idea generation and enrichment

How to identify/generate ideas to capture opportunities?

- Internal Brainstorming & Creativity Sessions
- Idea Management / Database
- Market research (Consumer insights)
- Co-Creation
  - Lead User Method
  - Netnography
  - Ideation Contests

- FEI

- Trend Analysis
- Opportunity Analysis
- Concept Development
- Idea Generation & Enrichment
Idea generation also demands idea selection.
From generating ideas towards idea management

Gather ideas over time and compare them with each other

Sorting and rough evaluation at Check-In Gate according to selective measures such as...

List of indicators for **Innovation Potential**
- Differentiation / USP
- Importance for customers
- Meeting important trend
- IP (patent …) promising
- ....

List of indicators for **Realization effort**
- Can be conducted in less than x months
- Investment less than x €
- To be realized with existing capabilities and partners
- Within existing budget plan
- FTO (freedom to operate) likely
- ....
Managing the Innovation Process

Concept Generation
Concept Generation in the Big Picture

Source: Lercher 2016, 2017
The “output” of the FEI activities: A Product Concept

**Concept:**

A bundle of elaborated ideas.

It is a verbal or prototype statement of what is going to be changed and how users stand to gain.

Has a well-defined form that includes its primary features (customer benefits) combined with a broad understanding of the technology needed.
The “output” of the FEI activities: A Product Concept

- well-defined form
- written and visual description
- primary features and customer benefits
- broad understanding of the technology
- multiple meanings
- different levels of elaboration
- concepts

Concepts

- idea generation & enrichment
- opportunity analysis
- trend analysis

FEI

Concept development
The evolution from concept into a new product

Opportunity Identification → Discovery → Development → Launch → Diffusion

Clarity → Opportunity concept, Idea concept, Stated concept, Defined concept, Protocol concept, Prototype concept, Process concept, Pilot concept, Marketed concept, Successful concept

Market value → Low, High

Source: Crawford & Di Benedetto, 2014
Elements of New Product Concepts

**Rule:** You need at least two of the three required inputs to the creation process in order to have a feasible new product concept.

**Benefit/Need:**

**Form:**

**Technology:**

**New Product Concepts**

**Product Concept:**

A product concept is a verbal or prototype statement of what is going to be changed and how the customer stands to gain or lose.
# Elements of New Product Concepts

**Benefits (needs)** are provided by **functions (form)** which are enabled by **features (technologies)**

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User Needs

- Portability
- Display density
- Viewing distance
- MS Office perf.
- Affordability
- Gaming
- Data storage
Methods for concept development

Combining ideas into (alternative) concepts which cover primary features and customer benefits of future solution, including understanding of technology needed.

- Creativity techniques
- Idea Management / Database
- Business Model Innovation
- Blue Ocean Approach
- Lead User Method & other forms of Co-Creation
A central step in the New Product Development Process: **Developing a sound strategy to guide the project team within the company** - the subset of people and resources charged with getting new products.

The **Product Innovation Charter** is a key document to start and steer an innovation project.

But before there is a project (or a PIC), firms have to **discover an opportunity**, this may be done systematically as the result of a regular review process, but often an opportunity emerges as a sudden reaction to an internal or market trend.

Depending of the opportunity, also the PIC will vary.

The first stages of the innovation project have been called the **“(Fuzzy) Frontend of Innovation (FEI)”** – characterized by much larger uncertainty and many open alternatives.

The output of the FEI stage is a **product concept**, i.e. a verbal or prototype statement of what is going to be changed and how the customer stands to gain or lose. A concept needs to specify the benefit/need, the form and the technology of the proposed innovation.
Sources and further readings

  - Literature advice: See Appendix B of Crawford & Di Benedetto (2011) for an extensive list of further methods of concept generation
- Advice to additional readings:
  - Free booklet on how to find and work with lead users (Wagner & Piller 2011)
  - www.open-innovation.de
  - Read chapter 1, 2, 10 in Eric von Hippel: Democratizing Innovation. MIT Press. Cambridge. MA: 2005
  - Free Download: http://web.mit.edu/evhippel/www/books.htm