the innovation master plan
the CEO’s guide to innovation
by langdon morris

this excerpt includes

conclusion
bibliography
acknowledgments

Langdon Morris is recognized worldwide as one of the leading authors and consultants in the innovation field. A new chapter of his latest book, *The Innovation Master Plan*, will be presented exclusively at InnovationManagement.se every two weeks throughout the summer. It will soon also be available at Amazon.com (but not quite yet).
The Innovation Master Plan

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conclusion

"Everyone has a plan 'till they get punched in the mouth."

Mike Tyson

The innovation system described here is intended to provide a comprehensive approach to a difficult, challenging, and significant problem for organizations, the problem of how to manage innovation in the face of excruciating change. My goal has been to help you attain a higher level of mastery, and to guide you through the preparation of your own master plan so that when the punches start to fly, your plan has prepared you to succeed.

mastery

In most fields, mastery occurs through stages. It proceeds from ignorance to awareness that the topic itself is one of value and perhaps even importance (and I have certainly argued that innovation is very important). This launches a quest to understand what it means. As you search, gather more information, and test your initial ideas, you develop greater expertise, gaining confidence while at the same time discovering that additional layers of nuance and depth await you. While the journey may never reach a definitive end point, your capabilities will increase and your results will reflect this progress.

And it has only been through our own pursuit of mastery that we’ve been able to formulate this innovation framework, through the projects and initiatives and programs for which we’ve discovered, developed, and tested the concepts and tools described here. We know that we’re not finished, but along the way we remain deeply grateful to our clients for having trusted in us and enabled this learning to occur.

Overall, what we’ve learned is that it seems to work well to frame the issues and challenges this way:

You know why innovation matters; it is a core element of your strategy, and it leads to results every organization must achieve on the way to its ultimate success in the market.

You know that innovation is a risky domain in which to invest, but also that those investments are mandatory. So what do you do? You manage the innovation portfolio, which enables you to effectively balance risk and reward.
It’s obvious that the quality of your approach to innovation matters a great deal. The difference between knowing how and a broken process is so huge that it cannot be overlooked.

It’s also entirely clear that the innovation capacities of your people are essential to achieving your innovation goals. For who will do it if you do not? Your organizational culture must therefore define norms that encourage and enhance innovation as long term creators of value.

And it’s clear that the right infrastructure can support a tremendous improvement in the quality of the process, as well as the satisfaction of the participants, and the value of the results. Where you innovate is defined by the essential infrastructure.

These five themes, organized and managed in harmony, constitute an innovation system. And while there will certainly be improvements to make in the coming years, we’ve been at this long enough to feel confident that this is an effective platform, and it’s working well for many organizations.

By way of conclusion, there are a few key points that I think are worth highlighting.

First and foremost is the idea I mentioned in the introduction, and then returned to at various times throughout the book: success at innovation begins with the right mindset. Meaningful progress will be made only when leaders adopt the mindset that their organizations must and will innovate, when their words and actions...
genuinely reflect that mindset, and when they also understand how to go about leading it in action.

But a framework and strong leadership are not enough. My friend Léopold Demiddeleer of Solvay made this comment, highlighting what else is needed: “Langdon, please put somewhere in the book the idea that no matter how perfect the master plan is, it is the craftsmen and craftswomen of innovation who will make it happen, who will actually build the cathedral. Their team spirit and long term commitment are necessary to realize the potential and the vision. I’ve seen so many smart plans destroyed by incompetence … just too many.”

So please do follow Léopold’s advice, and focus on both, on designing the plan, and on enabling the craft of building it out in the full glory of the vision.

I also want to remind you that the framework described here is intended to define a concrete and specific pathway, a methodology for going about the pursuit of innovation. But that certainly doesn’t mean that every organization will follow exactly the same path. It’s our experience that each of the main themes discussed here needs to be accounted for in some way as you adapt this framework to your own needs, so what you will then achieve is actually the development of your own methodology.

In this regard, it’s useful to note the important difference between methodology
and luck when it comes to innovation.

“Methodology” means applying a systematic approach to address a fundamental business issue or problem (and innovation is certainly fundamental).

“Luck,” on the other hand, is relying on the hope that people will come up with good ideas to drive the innovation process forward.

If you frame your alternatives as methodology vs. luck as I do, then as with infrastructure and all the other elements of the master plan, the choice becomes no choice at all. Once this context is accepted then no manager could possibly rely on luck, and certainly no board member would consider “waiting for luck” to be a satisfactory approach to fulfilling their fiduciary duties.

A sound innovation methodology, then, is not an option, but a requirement.

**the very last word …**

**on innovation, change, and luck**

The pursuit of innovation broadly defines an important response to the competitive nature of business, and articulates how companies can apply processes and technologies to build and sustain effective relationships with customers, while at the same time searching for enduring competitive advantages. The experiences that customers have, and the relationships that companies build with their customers, are the critical factors that innovation must serve. Understanding the essence of positive experiences and relationships, creating them, preserving them, enriching them, and extending them into the future are critical attributes of success. So everything that’s done to pursue innovation must be in their service; relationships and experiences are the point, and innovation is a means to these ends.

Successful innovators earn some sort of competitive advantage to the extent that their results create or enhance successful relationships. But the useful life span of every innovation is inherently limited by the specific conditions and the technologies available at the time, and due to the unpredictability of change its useful and viable time frame is often unknown. Hence, advantages may disappear overnight should a competitor devise a superior offer, thereby displacing your company in the mind of the customer.

Just as innovations have a limited but unknown lifespan in the market, companies do also. The mortality of companies is a real and significant phenomenon, and the mortality rate is increasing as a result of the acceleration of change throughout the economy.

Managers who have the good fortune to preside over a period of calm success should never lose sight of the ephemeral nature of their advantages, and must focus not just on administering the (illusory) stability of today, but on preparing for, or even inducing the inevitable changes that will shape tomorrow. Another way to say this is that the management which remains unrepentantly focused on stability and continuity, instead of on disruption and change, is looking in the wrong direction, and is possibly courting disaster as the eventual result.
Relentlessly changing conditions mean that the business world evolves rapidly, and innovation is therefore not optional. New products and services coming into the market affect the fate of all participants in the market ecosystem, and while any innovations applied throughout your organization may be important, innovations linked with your strategic intent will likely be life-sustaining.

Further, because the market is so transparent and the performance of every public company is subject to such detailed scrutiny by investors and analysts, changes in an organization’s innovation performance can lead to broad swings in stock price, as Nokia’s experience makes utterly clear.

Improving innovation performance may lead to increasing stock price, a virtuous and self-sustaining cycle that creates more favorable conditions for companies to then develop and implement future innovations by improving brand image, improving stock currency for making acquisitions, and also by lowering the overall cost of capital. In this way, the results of innovation can be even more far-reaching than their utility for the customers who buy them.

Conversely, declining innovation performance and a falling stock price can lead to a dangerous downward spiral that makes it progressively more difficult to compete for attractive acquisition targets, and which can also increase the cost of capital, and divert capital that could be invested in innovation-related activities such as R&D and product development. Get ahead and push farther ahead; get behind and fall farther behind.

The need for sound thinking about innovation is as important for new businesses as it is for old ones, and among the many examples consider the spectacular start-up and equally spectacular collapse of Webvan. Webvan’s business concept, in case you don’t remember, was simply to replace the grocery store with a delivery service. Orders would be placed online, prepared in giant, automated warehouses, and brought to your house in a van. The value proposition: no more trips to the grocery store, so time saved, and convenience achieved. Webvan’s business model achieved cost savings by eliminating the expensive stores, which more than covered the cost of the fancy warehouses and delivery fleet. So once the company achieved significant scale it would net a handsome profit.

Its management team included a renowned CEO who had formerly been the head of Andersen Consulting, and everyone involved was so confident in what they
were doing that the company invested hundreds of millions of dollars in a huge distribution infrastructure even though market demand that would generate a return was completely unproven. That is, they believed that they could make the business work, and fooled themselves into thinking that their own belief was sufficient basis for betting their capital on a business model that had never actually been fully tested. In the end, hundred-million-dollar warehouses were built but never used, never generating even a cent of return. The business folded when it turned out that customers just weren’t that interested, and more than a billion dollars of capital was invested, spent, and lost.

Why did Webvan fail? Well, there’s always the temptation to build a business according to a preconceived idea, and one key reason is that the company’s leaders apparently didn’t take into account some of the important tacit factors related to shopping.

Yes, they would have been wise to ask, “Why do people shop at all?”

And in response, they might have realized that for many people grocery shopping is perhaps like hunting or gathering for food, an activity that more than any other is probably hard coded into human DNA, and one not so easy to let go of.

So Webvan offered a brilliant engineering solution to a problem that really has little to do with engineering excellence, but rather has everything to do with our instinctive – and tacit – sensibilities concerning what it means to be human.

For these reasons it’s necessary to explore the tacit factors underlying your innovation concept, not mention your entire business model. Managing the tacit dimension is as essential as managing for change: it is an absolute requirement. But many (should we say most?) managers still aren’t very good at dealing with change or with tacit knowledge acquisition and modeling. And managing that innovation thing is tough, too.

Nevertheless, recognizing that change in the marketplace is real and inescapable, and that adapting to its tacitly-driven, turbulent evolution through innovation is a necessity, this is an issue that confronts all executives. For although we may remember periods that seemed stable, they are in fact long gone and never to return.

As markets continue to evolve and competition becomes ever more demanding, engaging in the search for innovation therefore becomes not just an interesting possibility, but a requirement. To survive, all business leaders must develop a comprehensive approach to innovation, and I hope that the framework offered through this concept of the Master Plan can help them and their organizations to be more effective; that it can help you and your organization to be more effective.

In the end, when we look at the business world it’s clear that the story of change is still the important story to tell, and the process of leading an organization in the face of change remains the critical skill. Innovation will inevitably play a leading role in the unfolding marketplace drama, and the capacity of your firm to innovate will eventually go a long way toward deciding its fate.

The Greeks thought that each individual’s fate was given, predetermined at birth, and that it could not be avoided. Achilles, they told us, was inescapably and tragically destined to die from the inevitable wound to his heel.

But we know differently. There is no predestiny when it comes to innovation;
what matters is what you can accomplish, not the gifts that the gods gave to you, nor the ones they took away.

Yes, your firm can become a brilliant innovator, and alter the course of the market. To do so will require skill, as well as luck, but mostly skill. So when chemist Louis Pasteur said that “luck favors the prepared mind,” he was giving us guidance. So was golfer Gary Player when he said, “the more I practice, the luckier I get.”

Will you wait for luck to arrive, or will you prepare your mind and your organization, practice diligently, and create your own future? I know, it’s really not a choice when I frame the alternatives that way. Preparation or luck? No, if innovation is in your future, and I believe it has to be, then it’s up to you and your colleagues to make it so. And I hope that your own version of the innovation master plan will significantly help you to attain your goals.

...
bibliography

Note: I have found all of these books very useful in my studies of innovation, and they’re all insightful and well written. Those books marked with a double asterisk ** are highly recommended.


Jordan, Dr. Brigitte. "Ethnographic Workplace Studies and Computer Supported Cooperative Work."


**Tharp, Twyla. The Creative Habit, Simon & Schuster. 2003.**

**acknowledgments**

As with nearly everything I’ve ever written about business, it is the interactions with our clients and colleagues that have provided the foundational questions, discoveries, and insights underlying this book, and I am grateful to all of them for the opportunities they’ve given us to work with them.

In addition, many people were kind enough to review various versions of this book, and I deeply appreciate their many contributions. I would like to thank Sara Beckman, Bryan Coffman, Griff Coleman, Réne van der Hulst, John Holmes, and Justin Lin for their detailed critiques, as well as Michael Barry, Jacqueline Byrd, Léopold Demiddeleer, Kim Dempsey, Signe Gammeltoft, Michael Kaufman, Kate Lee, John Purcell-O’Dwyer, Martin Schwab, Avnindra Sharma, and Jay Smethurst for their thoughtful and very helpful comments.
About this Book

This book is intended as a companion to my previous innovation book, *Permanent Innovation*.

During the four years since *Permanent Innovation* was completed, we’ve continued to refine our understanding of the innovation process through work with many organizations, and we’ve found that senior managers have a continuing interest in guidance in the design and management of their innovation initiatives. *The Innovation Master Plan* addresses many of those needs, and deals with aspects of the innovation process that *Permanent Innovation* didn’t address.

In the course of preparing *The Innovation Master Plan*, I’ve also discovered some opportunities to improve *Permanent Innovation*, and as a result a revised edition is now available.

(You can download *Permanent Innovation* at www.permanentinnovation.com)

About the Author

Langdon Morris

Langdon Morris is a co-founder and partner of InnovationLabs LLC, one of the world’s leading innovation consultancies. He works with organizations around the world to help them improve their proficiency in innovation.

He is Senior Fellow of the Economic Opportunities Program of the Aspen Institute, Editor of the Aerospace Technology Working Group Innovation Series, Associate Editor of the *International Journal of Innovation Science*, a Contributing Editor and Writer for InnovationManagement.se, and a member of the Scientific Committee of *Business Digest*, Paris. He is formerly Senior Practice Scholar of the Ackoff Center of the University of Pennsylvania and Contributing Editor of *Knowledge Management* magazine.

He is author, co-author, or editor of eight books on innovation and strategy, various of which have been translated into six languages, author of many articles and white papers, and a frequent speaker at workshops and conferences worldwide.

He has taught or lectured at universities in the US, France, Portugal, Taiwan, and Argentina, including Stanford University, the Ecole Nationale des Ponts et Chaussées and the Conservatoire National des Arts et Métiers, Paris, the University of Belgrano, Buenos Aires, and Chaoyang University of Technology, Taiwan.
early praise for

*The Innovation Master Plan*

“A fantastic piece of work, and a guide you must hold at hand when traveling in Innovation-Land. Use it as a reference in outlining your plan to future growth and profits. The business world has to be different, just start to build it ... with this Master Plan.”

Léopold Demiddeleer
Solvay

“Authentic Leadership among the companies of the 21st century is naturally a commitment to sustainable growth, profit, and image. And this can only be achieved with a complete dedication to sustainable innovation at the core of the organization. Langdon Morris’ intelligent, passionate and inspiring messages in his master plan make sustainable innovation possible. This dynamic, focused and simple process takes us from concepts and ideas to reality. It is hugely important and productive to guide us in creating valuable innovations for our organizations. Langdon is a true innovation leader, and wherever you are in your innovation journey it is wise to follow these best principles.”

Signe Gammeltoft
L’Oréal

“The Innovation Master Plan is another revolutionary innovation masterpiece by Langdon Morris, a framework which brings practicality to the concept of innovation. This book will compel and inspire any executive reader to adopt an innovation culture and framework for their organization in order to survive and succeed in the 21st century.”

Genevieve Bonin
PwC

“The Innovation Master Plan is one of those books that captures your imagination and keeps you grounded in reality at the same time. Langdon Morris describes the driving forces impacting our businesses and the worlds we live in everyday. He exposes how the ‘great ones’ have innovated, and provides one of the most simple and powerful models to transform your business and empower people to be more innovative; altering the innovation landscape. A powerful call to action!”

Jacqueline Byrd, Ph.D.
Creatrix, Inc.

“For anyone who is wrestling with the challenges of innovation in their organization *The Innovation Master Plan* is a must read. Langdon offers a comprehensive handbook that maps this uncertain territory by asking (and helping you answer) five key innovation questions; Why? What? How? Who? Where? Having taught “Needfinding” and design research methods at Stanford for the last 2 decades, it’s clear to me that this book is a significant contribution to the field that will benefit students and experienced practitioners alike.”

Michael Barry
Stanford University and Point Forward
more praise for

_The Innovation Master Plan_

“I love this book a lot.
I can be an innovation leader, because I keep providing my own industrial and educational visions to the related parties.
I can be an innovation champion, because I support all kinds of innovation activities in the industrial and academic societies.
I can be an innovation genius, because I learn, think and practice all sorts of innovation methodologies.
Most of all, I can be a master of innovation.”

Justin Lin, Ph.D.
Chaoyung University of Technology

“Thought-provoking, enjoyable, and indeed inspirational! The key messages here are incisive and convincing. A very worthwhile achievement that deserves the widest readership.”

John Holmes
RathBeau Technologies Limited