Choosing to Innovate

By Lanny Vincent

In this era of "open innovation," most of us are painfully aware the funnel or pipeline metaphor is seriously flawed, if not entirely broken. Yet despite these flaws, conventional wisdom continues to use this image as the basic frame of reference for innovation management. The "stickiness" of the funnel is a testament to the power of image and metaphor to influence thinking, even when evidence and logic suggest otherwise.

Several realities challenge the appropriateness of the funnel mindset for managing innovation. First, experience. The funnel tells us to generate lots of ideas and jam them into the "front end" in hopes of getting one or two out the other end. Actual funnel experience teaches us that too many promising projects are killed too early and too many poor projects are revealed too late. Second, pipelines and funnels are about flows and flow control. This is appropriate when what is flowing is relatively homogeneous and consistent. Innovations are neither homogeneous nor consistent. While developing, innovations morph, they don't flow. Third, funnels and pipes, while open at either end, are closed, directive structures, not well suited to the cross-company collaborations envisioned by open innovation practices.

The funnel metaphor was popularized in 1962 in a report by SC Johnson and Booz Allen Hamilton, which described the new product development process. It has been the dominant metaphor for innovation management ever since. One reason for its persistence, particularly in light of so much contradicting experience, may come from the old adage, "replace a symbol with a symbol." This piece of ancient wisdom reminds us that humans won't let go of even outdated symbols unless and until they have another symbol to replace it.

This search for another "symbol" was the impetus behind the efforts of the Innovation Practitioners Network (IPN) over the past several years. The IPN has now focused entirely on the potential application of systems principles to innovating practice. Veteran innovators from a variety of companies have begun to find fresh insights and practical benefits from simply looking at corporate innovating from a systems perspective.

Viewing innovating as a dynamic, complex system rather than a sequential process has revealed a few fundamental principles. For example, from a systems perspective, stage-gate resource management practices are viewed in a more balanced way: as necessary but not central or sufficient. Stage-gate is a part of the whole system, but is not the whole itself. Innovation management that focuses exclusively on stage-gate management will likely miss the mark. Viewing corporate innovating from a systems perspective yields a more complete picture; and more complete pictures are essential in the new normal of volatile, uncertain, complex and ambiguous environments.

Even more than completeness of the picture, a systems perspective to innovating quickly surfaces a challenging question: is the company choosing to innovate or merely following the prevailing wisdom now emanating from business schools and academic entrepreneurship programs. Deliberating choosing makes all the difference.

When a company's innovating efforts are viewed as a system, a logical question is "what kind of system is it or should it be?" The late Russell Ackoff considered choice as the most useful way to classify systems.

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Ackoff named four different types of systems: determinate, animate, social and ecological (see chart right). Determinate systems include mechanical systems like clocks or radios, whereas humans and animals are examples of animate systems. Social systems include companies, organizations and innovating systems, and ecological systems includes markets, cultures or rainforests.

Significant mistakes are often made when a model of a system of one type is misapplied to a system of a different type. Specifically, when we use the funnel metaphor as the central model of a company's innovating system, we use a determinate model to characterize a social system. Instead, we need to use a social model with both parts and the whole displaying choices to describe an innovating system.

The quest for a "systematic" approach to innovating or a "repeatable process" can easily lead stewards of innovating systems on a quixotic search for a determinate system. This is a well-intentioned but misguided path. Innovating systems are not determinate, but social.

As a social system your company's innovating system displays choices both in its parts and in the system as a whole. The IPN's current hypothesis is that many companies over-manage the parts and under-manage the whole of their innovating systems. For example, measurements are applied too early and too often to parts of the innovating system. Often the measurements, while quantifiable, are measuring that which may not be all that important to measure. At the same time, the overall choice whether to innovate or not (and why and where) is often not carefully thought through. This leaves the expressed purpose of the innovating system unnecessarily unclear and ambiguous for the company. This has led to much waste.

SYSTEM TYPES	CHOICES DISPLAYED IN	
	THE WHOLE	**THE PARTS**
Determinate	NO	NO
Animate	YES	NO
Social	YES	YES
Ecological	NO	YES

Another hypothesis has to do with the innovators themselves. An essential task of innovators is to make sense out of the iterative trials and errors in which they are engaged. As Al Ward described innovation at Toyota as "learning applied to creating value," innovators must carefully read input and feedback. Reading input and feedback is the life-blood of successful innovating. The problem is that input and feedback are subject to delays and distortions. Making sense requires making choices, especially choosing what deserves attention.

Better choice making comes from first having several promising options from which to choose. This is applicable not just to concepts and value propositions. Better choices come from having more feedback more often, especially when that feedback is coming from the market or prospective end users.

One of the most delicate challenges for any innovation manager is to find the proper balance between constraints and freedom for innovators. The art of "earning autonomy by being relevant" has long been the hallmark of innovators. Innovators make better choices when they are working in between relevance and autonomy (freedom).

With all the current hype about innovating these days, I am beginning to wonder whether companies are thinking carefully enough about what it really means to innovate; especially, what it means to choose to innovate. Many are making investments in innovation processes, practices and portfolios without seriously considering the alternatives, much less the implications. Too many companies today are innovating in a reactive manner without choosing an explicit and thoughtful purpose.

References to "innovation" and "entrepreneurship" have become pervasive and ubiquitous. This pervasiveness can leave the impression that innovation is not a matter of choice, but a necessity. But just because a company needs to innovate, doesn't mean it can. And just because a company can innovate, doesn't mean it will or will be successful doing so. Choosing to innovate is another thing entirely. ❒

The Myths and Realities of Corporate Innovating

Myth:
Innovating is about the idea.

Reality:
Innovating is about value to the company and to the customer.

This is one of 20 myths and realities about innovation revealed in our survey report entitled, *What Veterans of Corporate Innovating Are Saying.* If you would like to receive a copy of our survey results, please contact Jane Gannon at jane@innovationsthatwork.com or (415) 387-1270.