

# Contents

|   |           |
|---|-----------|
| About the Authors   | xi        |
| Preface   | xiii      |
| Acknowledgements  | xv        |
| How to Use This Book  | xvii      |
| <br>  |           |
| <b>Part I Foundations of Managing Innovation</b>              | <b>1</b>  |
| <br>  |           |
| <b>Chapter 1 What Is Innovation – And Why Does It Matter?</b> | <b>3</b>  |
| What Is Innovation?   | 3         |
| Why Does Innovation Matter?                                   | 9         |
| To Whom?  | 10        |
| Innovation Isn't Easy!  | 10        |
| Can We Manage Innovation?                                     | 12        |
| The Case for Strategic Innovation Management                  | 13        |
| Summary   | 16        |
| Further Resources   | 16        |
| References  | 17        |
| <br>  |           |
| <b>Chapter 2 Innovation Strategy</b>                          | <b>21</b> |
| Why Strategy?   | 21        |
| What's in an Innovation Strategy?                             | 22        |
| Strategy at Different Levels                                  | 33        |
| Dynamic Capability  | 35        |
| Summary   | 37        |
| Further Resources   | 37        |
| References  | 38        |
| <br>  |           |
| <b>Chapter 3 Identifying Strategic Capabilities</b>           | <b>41</b> |
| The Resource-Based View                                       | 41        |
| Distinguishing Capabilities from Resources                    | 42        |
| Assessing Capabilities  | 46        |
| Creating and Capturing Value                                  | 53        |

|                  |  |           |
|------------------|--|-----------|
|                  | Beware of Core Rigidities                        | 55        |
|                  | Summary  | 57        |
|                  | Further Resources                                | 57        |
|                  | References                                       | 57        |
| <b>Chapter 4</b> | <b>Leadership and Organization of Innovation</b> | <b>61</b> |
|                  | The Innovative Organization                      | 61        |
|                  | Innovation Leadership                            | 62        |
|                  | Collective and Social                            | 65        |
|                  | Context and Climate                              | 72        |
|                  | Summary  | 76        |
|                  | Further Resources                                | 76        |
|                  | References                                       | 77        |
| <b>Chapter 5</b> | <b>Innovation as a Process</b>                   | <b>81</b> |
|                  | Beyond Spengler                                  | 81        |
|                  | A Map of the Process                             | 82        |
|                  | Managing the Process                             | 86        |
|                  | Learning to Manage Innovation                    | 90        |
|                  | The Problem of Partial Models                    | 91        |
|                  | Summary  | 94        |
|                  | Further Resources                                | 94        |
|                  | References                                       | 96        |
| <b>Chapter 6</b> | <b>Sources of Innovation</b>                     | <b>97</b> |
|                  | Where Do Innovations Come From?                  | 97        |
|                  | Knowledge Push                                   | 98        |
|                  | Need Pull. . .                                   | 99        |
|                  | Making Processes Better                          | 101       |
|                  | Whose Needs? Working at the Edge                 | 103       |
|                  | Crisis Driven Innovation                         | 105       |
|                  | Towards Mass Customization                       | 107       |
|                  | Users as Innovators                              | 107       |
|                  | Watching Others – and Learning from Them         | 110       |
|                  | Recombinant Innovation                           | 111       |
|                  | Regulation                                       | 111       |
|                  | Futures and Forecasting                          | 112       |
|                  | Design-driven Innovation                         | 113       |
|                  | Accidents  | 114       |
|                  | Summary  | 116       |
|                  | Further Resources                                | 116       |
|                  | References                                       | 117       |

|                   |   |            |
|-------------------|---|------------|
| <b>Chapter 7</b>  | <b>Search Strategies for Innovation</b>                           | <b>119</b> |
|                   | Making Sense of the Sources                                       | 119        |
|                   | The Innovation Treasure Hunt                                      | 122        |
|                   | Innovation Search Strategies                                      | 127        |
|                   | Strategies for Searching  | 131        |
|                   | Innovation Networks   | 133        |
|                   | Knowledge Management  | 134        |
|                   | Learning to Search  | 135        |
|                   | Summary   | 137        |
|                   | Further Resources   | 137        |
|                   | References  | 138        |
| <br>              |   |            |
| <b>Chapter 8</b>  | <b>Forecasting Emerging Opportunities for Innovation</b>          | <b>141</b> |
|                   | Forecasting   | 141        |
|                   | Customer or Market Surveys  | 143        |
|                   | Internal: Brainstorming   | 144        |
|                   | External: Benchmarking  | 145        |
|                   | Scenario Development  | 149        |
|                   | Summary   | 156        |
|                   | Further Resources   | 156        |
|                   | References  | 157        |
| <br>              |   |            |
| <b>Chapter 9</b>  | <b>Selecting Innovation Projects</b>                              | <b>159</b> |
|                   | Why is Selection a Challenge?                                     | 159        |
|                   | Choosing between Projects   | 162        |
|                   | Summary   | 178        |
|                   | Further Resources   | 178        |
|                   | References  | 179        |
| <br>              |   |            |
| <b>Chapter 10</b> | <b>Developing New Products and Services</b>                       | <b>181</b> |
|                   | The New Product/Service Development Process                       | 181        |
|                   | Success Factors   | 186        |
|                   | Service Development   | 188        |
|                   | Tools to Support New Product Development                          | 193        |
|                   | Summary   | 199        |
|                   | Further Resources   | 199        |
|                   | References  | 200        |
| <br>              |   |            |
| <b>Chapter 11</b> | <b>Developing Business and Talent through Corporate Venturing</b> | <b>203</b> |
|                   | Internal Venturing and Entrepreneurship                           | 203        |
|                   | Why Do It?  | 205        |

|                   |   |            |
|-------------------|---|------------|
|                   | Managing Corporate Ventures                           | 211        |
|                   | Strategic Impact of Ventures                          | 219        |
|                   | Summary   | 220        |
|                   | Further Resources                                     | 220        |
|                   | References  | 220        |
| <b>Chapter 12</b> | <b>Commercialization and Diffusion of Innovations</b> | <b>223</b> |
|                   | Why Adopt Innovations?                                | 223        |
|                   | Models of Diffusion                                   | 227        |
|                   | Factors Influencing Adoption                          | 230        |
|                   | Applying Diffusion to Innovation Strategy             | 237        |
|                   | Summary   | 240        |
|                   | Further Resources                                     | 240        |
|                   | References  | 240        |
| <b>Chapter 13</b> | <b>Exploiting Knowledge and Intellectual Property</b> | <b>243</b> |
|                   | Innovation and Knowledge                              | 243        |
|                   | Summary   | 260        |
|                   | Further Resources                                     | 260        |
|                   | References  | 261        |
| <b>Chapter 14</b> | <b>Business Models and Capturing Value</b>            | <b>263</b> |
|                   | What's a Business Model?                              | 263        |
|                   | Generic and Specific Business Models                  | 267        |
|                   | Why Use Business Models?                              | 268        |
|                   | Building a Business Model                             | 269        |
|                   | Business Model Innovation                             | 273        |
|                   | Summary   | 275        |
|                   | Further Resources                                     | 275        |
|                   | References  | 275        |
| <b>Chapter 15</b> | <b>Capture Value: Learning to Manage Innovation</b>   | <b>277</b> |
|                   | The Story So Far. . .                                 | 277        |
|                   | Making Innovation Happen                              | 278        |
|                   | Learning in Organizations                             | 280        |
|                   | Innovation Auditing                                   | 281        |
|                   | Innovation Auditing in Practice                       | 288        |
|                   | Dynamic Capability and Changing Our Routines          | 291        |
|                   | Summary   | 292        |
|                   | Further Resources                                     | 292        |
|                   | References  | 293        |

|                   |   |            |
|-------------------|---|------------|
| <b>Part II</b>    | <b>The Innovation Frontier</b>                                  | <b>295</b> |
| <b>Chapter 16</b> | <b>Users as Innovators</b>                                      | <b>297</b> |
|                   | Users Aren't Passive  | 297        |
|                   | Lead Users  | 300        |
|                   | Extreme Users   | 303        |
|                   | Co-development  | 304        |
|                   | Democratic Innovation and Crowdsourcing                         | 305        |
|                   | Summary   | 308        |
|                   | Further Resources   | 308        |
|                   | References  | 309        |
| <b>Chapter 17</b> | <b>Exploiting Open Innovation and Strategic Alliances</b>       | <b>311</b> |
|                   | Open Innovation   | 311        |
|                   | Benefits and Limits of Open Innovation                          | 315        |
|                   | Joint Ventures and Strategic Alliances                          | 323        |
|                   | Summary   | 326        |
|                   | Further Resources   | 326        |
|                   | References  | 326        |
| <b>Chapter 18</b> | <b>Exploiting Discontinuous Innovation</b>                      | <b>331</b> |
|                   | Beyond the Steady State   | 332        |
|                   | The Problem – and the Opportunity – in Discontinuous Innovation | 333        |
|                   | Innovation Lifecycles: From Discontinuity to Steady State       | 335        |
|                   | Discontinuous Can Be <i>Disruptive</i>                          | 337        |
|                   | Managing Discontinuous Innovation                               | 343        |
|                   | Dealing with Discontinuity                                      | 344        |
|                   | Summary   | 347        |
|                   | Further Resources   | 347        |
|                   | References  | 348        |
| <b>Chapter 19</b> | <b>Social Innovation</b>  | <b>351</b> |
|                   | What Is 'Social Innovation'?                                    | 352        |
|                   | Definitions and Exploration of the Core Idea                    | 355        |
|                   | The Challenge of Social Entrepreneurship                        | 358        |
|                   | Enabling Social Innovation                                      | 359        |
|                   | Why Social Innovation?  | 361        |
|                   | Summary   | 367        |
|                   | Further Resources   | 367        |
|                   | References  | 368        |
| <b>Chapter 20</b> | <b>Innovation in Developing and Emerging Economies</b>          | <b>371</b> |
|                   | Globalization and Innovation                                    | 371        |
|                   | Looking Back  | 373        |

|                   |   |            |
|-------------------|---|------------|
|                   | Building BRICs: The Rise of New Players on the Innovation Stage | 374        |
|                   | Developing Countries  | 383        |
|                   | Summary   | 387        |
|                   | Further Resources   | 387        |
|                   | References  | 388        |
| <b>Chapter 21</b> | <b>Sustainability</b>   | <b>389</b> |
|                   | The Challenge of Sustainability-led Innovation                  | 389        |
|                   | We've Seen This Before  | 391        |
|                   | Sustainability-led Innovation                                   | 392        |
|                   | Managing the Innovation Process for Sustainability              | 399        |
|                   | Responsible Innovation  | 402        |
|                   | Summary   | 404        |
|                   | Further Resources   | 404        |
|                   | References  | 405        |
| <b>Index</b>      |   | <b>409</b> |