



Innovation Continuum & Continuous Product Development: A Life Cycle Perspective

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The Innovation Continuum Process

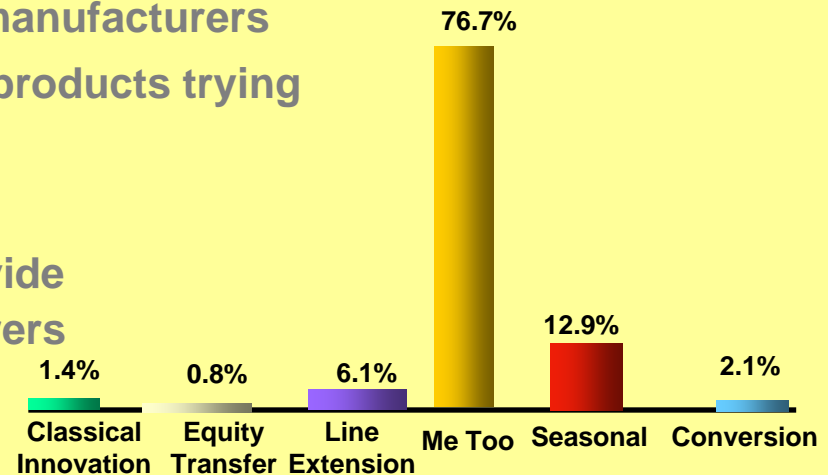
Thinking It Through

Agenda:

1. What is Innovation?
2. The Innovation Life Cycle Stages
3. What is Next?

The Problem

- An enormous number of new products are de-listed within three years of their launch
 - New product “success rates” are only the 20-30% range
- Truly new products are rare, 77% are so called “me-too” products
- New products are a key source of growth for manufacturers
 - Retailers are constantly besieged by new products trying to reach their shelves
- Unfortunately, many new products do not provide incremental revenue to retailers or manufacturers
 - Many new products are not really new



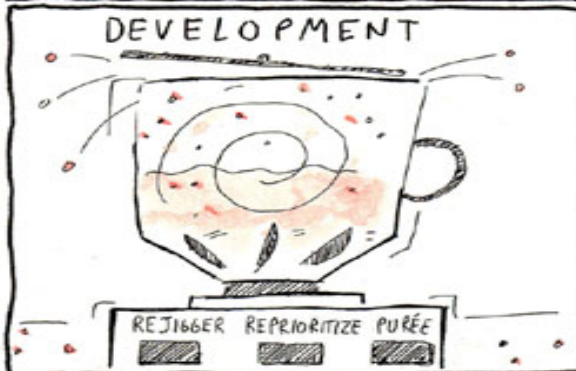
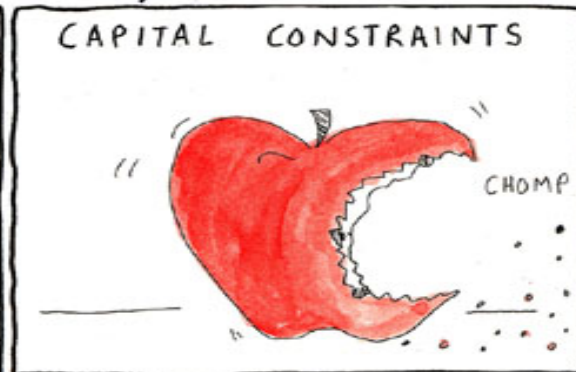
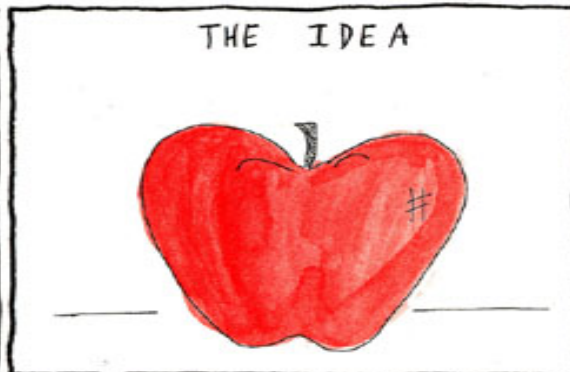
**Does
Innovation = Success
&
Imitation = Failure?**

The Innovation Dilemma

Ingenuity – Freedom – Flexibility – Willingness -- Defy Conventional Wisdom

BRAND CAMP

by Tom Fishburne



What is Innovation?

More than just scientific or technological breakthroughs
Selecting between Materialistic and Ideational

- Merritt Singer Sewing Machine
 - Paradigm shift: “Women can not operate machinery → he marketed specifically to women
- Renaissance Italy Double-Entry bookkeeping
 - Connected development of trade and commerce
- eBay & Facebook
 - Used current technology and revolutionized way people do things
- Apple
 - Inventional create strong design, consumer use, and marketing
- Google
 - Technologically new and better search program – idea first , money followed later!
- Albert Einstein – Reinhold Niebuhr – Daniel Bell – Betty Friedan – Carl Sagan – Stephen Gould
 - Free Thinkers

Open/Closed Innovation

... Paradigm shifting ... internal or external

- **Open innovation** is a paradigm that assumes that firms can and should use external ideas as well as internal ideas, and internal and External paths to market, as the firms look to advance their technology
 - innovations can easily transfer inward and outward
 - world of widely distributed knowledge – need to harness more than their own research – need to consider buying or licensing processes or inventions
- **Closed innovation** paradigm says that successful innovation requires control. A company should control (the generating of) their own ideas, as well as production, marketing, distribution, servicing, financing, and supporting
 - own research and development (R&D) departments able to control the whole new product development (NPD) cycle inside the company

Reverse Innovation

... alternative disruptive innovation ... trickle up

- **Reverse innovation:** companies designing and manufacturing in emerging markets based on local needs, restrictions, and use, AND export to the developed markets due to revenue gap between developed and emerging markets or ability to create a new, novel, competitive niche globally (GE Chief Executive Officer – J. Immelt)

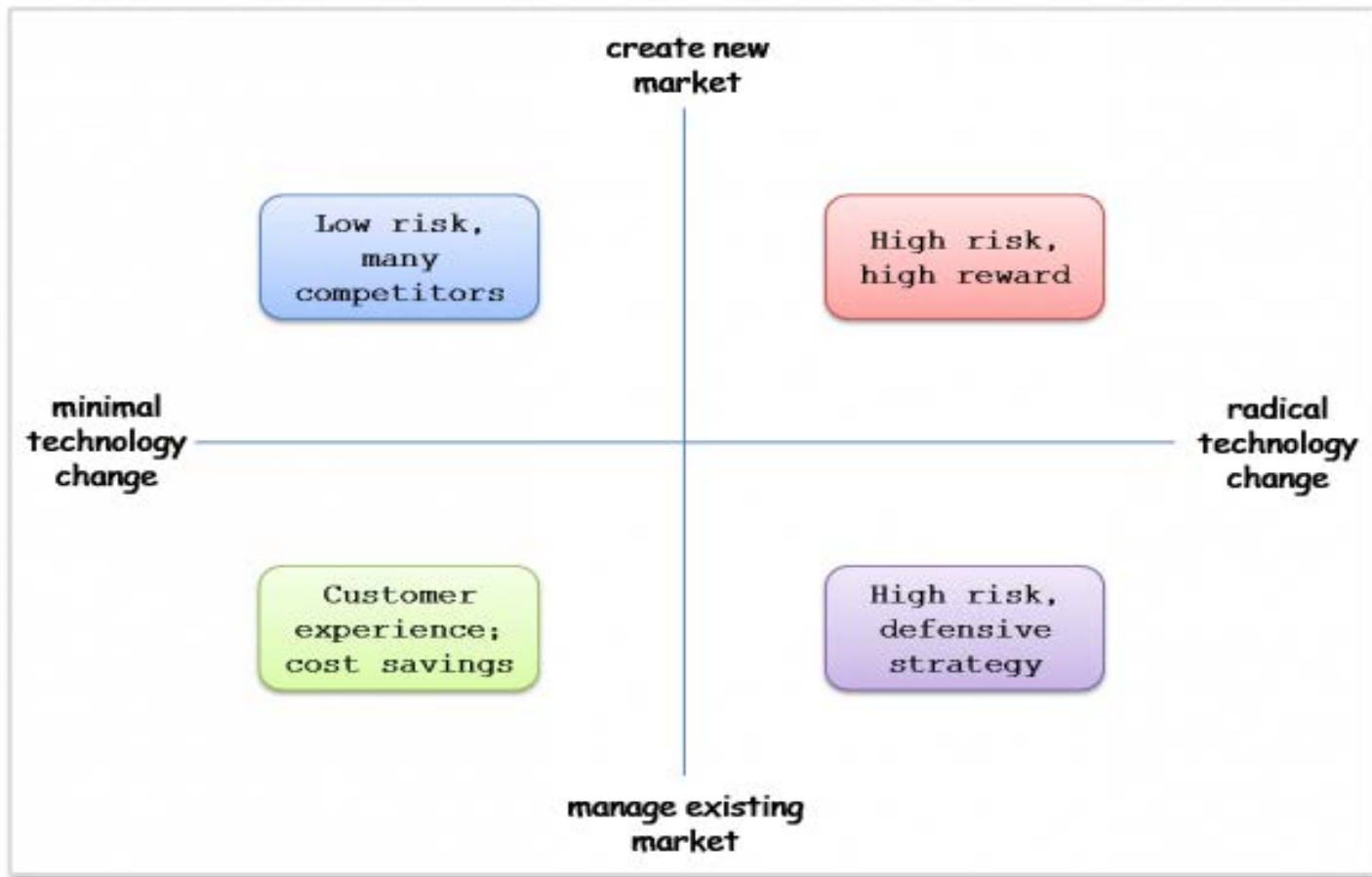
Globalization drivers behind this evolution:

- designing and manufacturing in developed markets products that are "de-featured" for export to emerging markets that can't afford the fully featured original product.
- Scale-down features and leverage lower costs to reach emerging markets affordable
- Reduce disruptive new entrant vulnerability with paradigm cost structuring

Disruptive Innovation

... it is not enough to just have a great idea ...
trickle down

Incremental vs Disruptive Innovations: Picking Your Spot



Innovation Continuum Life-Cycle Process

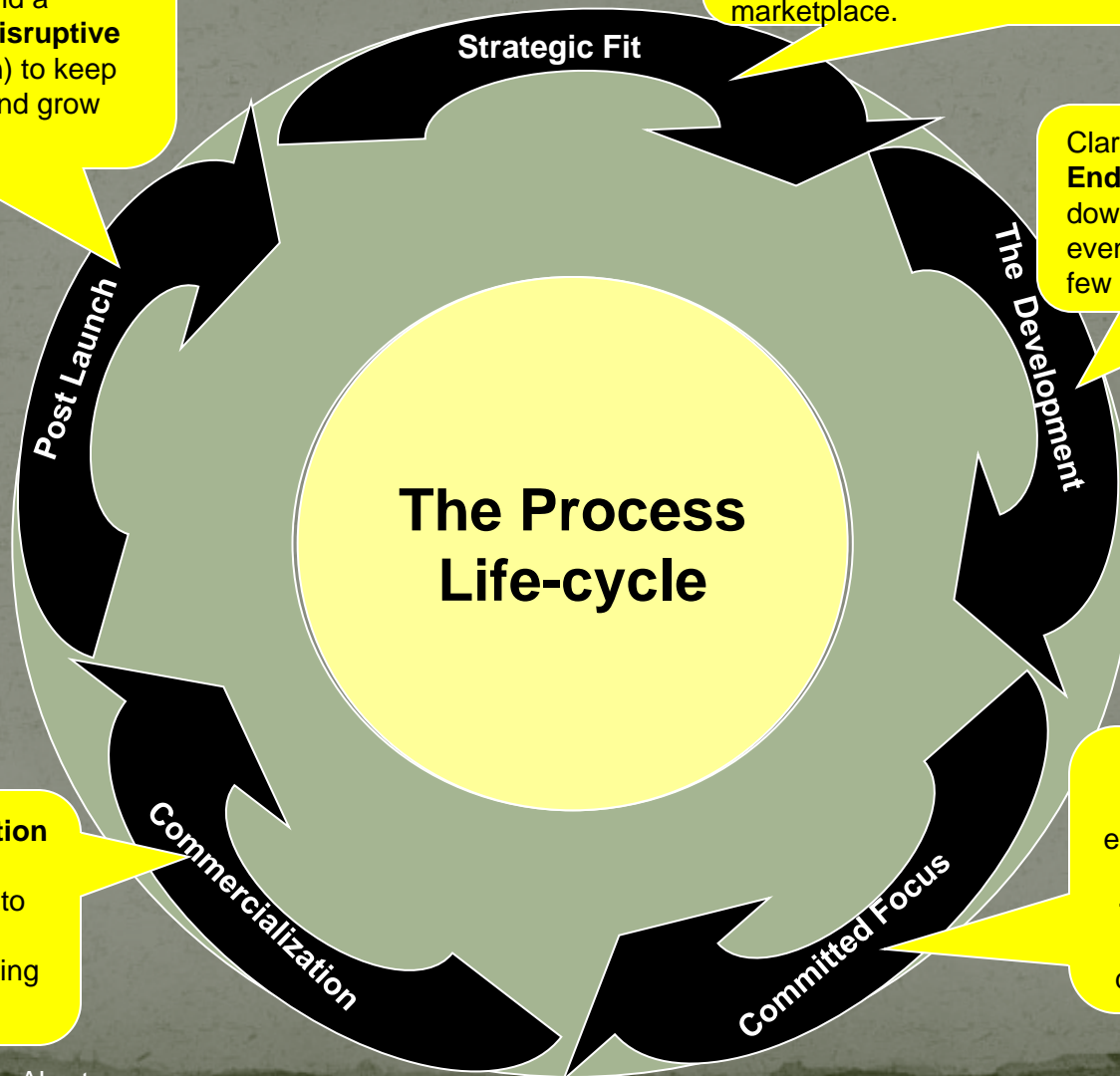
Manage **existing** product/lines. Start the process over on next generation or line extension (**Evolutionary Sustaining Innovation**) and a strategy on obsolescing (**Disruptive Revolutionary Innovation**) to keep ahead of the competition and grow new

Taking the small unknown or **unappreciated "nugget"** of an idea ("The Beginning") through **nurturing** into a consumer insight and then **morphing** into a concept and its position in the marketplace.

Clarification of the **Fuzzy Front End**, move both upward & downward in the organization; eventually **whittling down** to a few attractive options.

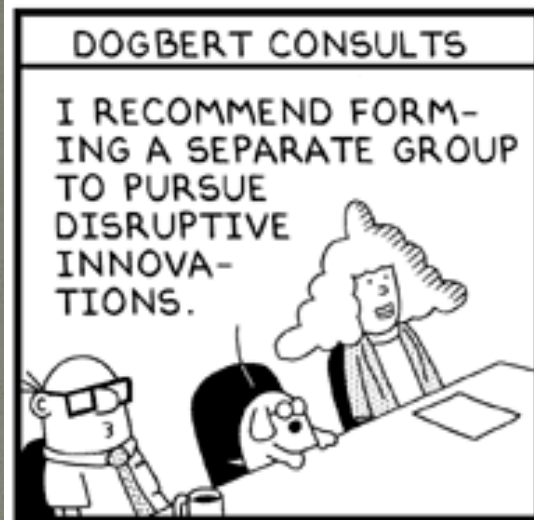
Utilizing **quantitative research** to present open ended ideas and forms of the concept, allowing for the **feedback** to determine the real opportunity and deliverable communication.

Full **organization's execution** through formation of a R&D/PD/Marketing team to construct an initial design/prototype & marketing plan

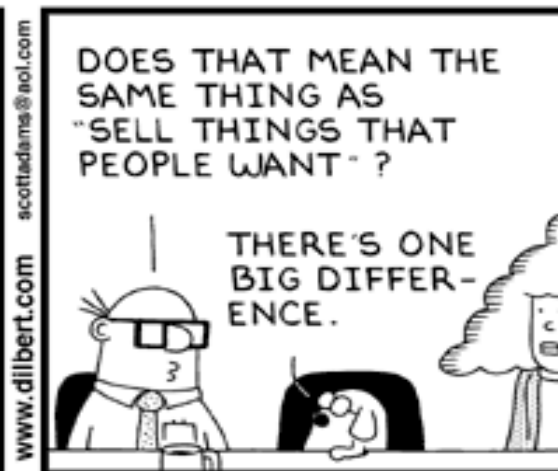
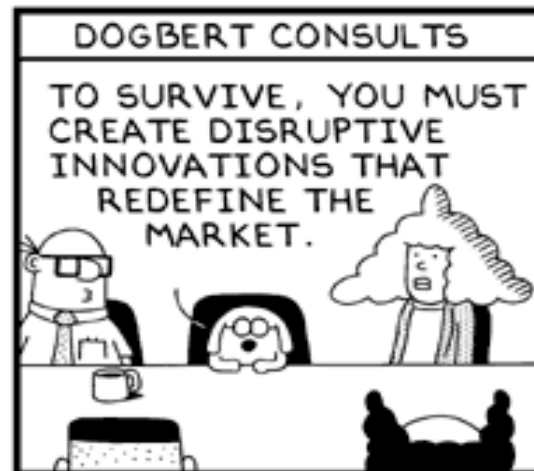


The Continuing Story

what next?



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QUESTIONS?

A special thanks to MWSCC for inviting me to present today

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- 11) The Innovator's Dilemma: The Revolutionary Book that Will Change the Way You Do Business Clayton M. Christensen
- 12) Innovation and Process Change Paul Harmon - June 19, 2007
- 13) The theory and term, disruptive innovation was originated by Christensen and applied to the business world. His previous works, [The Innovator's Dilemma](#) (1997) and [The Innovator's Solution](#) (2003) received positive reviews throughout the business community.