lpk

# Innovation Group Definition Guide and Workshop

Important questions to answer when (re)defining your Innovation Group.

LPK **2020** 

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- Innovation Ambition & The Harsh Reality
- Why Do Innovation Groups Fail?
- Innovation Group Definition & Purpose



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#### **GROUP VALUE PROPOSITION STATEMENT**

- Overview
- Value Proposition Statement Canvas
- How to Make It, How to Use It

	(Origin) , we ex	-		-
(Ambition)	_ by reducing	(Pain) and i	increasing	(Galn)
We exist	as a <u>(Org Structure)</u> al	nd measure :	success in 🧀	coess Metrics)
To succeed v	we need(Team Capab	ilities) , will p	artner with <u> </u>	ternal/External Partners)
а	nd are funded & g	overned by	(Funding Sources)	-
We focus on	(Time Horizons) , targ	et (New/Existing)	_ consumers	and prioritize
(Innovation Type:	innovation, wh	nich are impl	emented by _	(innevation Backend)
		-	-	

## Introduction

Innovation
Ambition &
The Harsh
Reality

Why Do Innovation Groups Fail?

Innovation
Group
Definition &
Purpose

#### We Live in an Era of

## Innovation Ambition

Rising

**Consumer Expectations** 

84%

of consumers say it is important for brands to be innovative.

Lab42

Growing

**Executive Hunger** 

97%

of CEOs see innovation as a key priority for growth.

**PwC** 

Increasing

**Organization Commitment** 

86%

of Fortune 500s have a formalized innovation program.

Accenture



# The Harsh Reality?

Innovation's failure rate has never been higher.

**Innovation Group Failure** 

90%

of innovation labs "fail to deliver on their promise" and exist for less than 4 years.

Capgemini

Pre-Market Failure

70-80%

of corporate innovation projects fail to result in an in-market outcome.

McKinsey

In-Market Failure

85%

of new-product launches fail to meet revenue expectations.

Harvard Business School

## Groups Succeed?

Organizations are hungry for growth and brimming with game-changing ideas...

but Innovation efforts don't fail because of a lack of ambition, investment or ideas.

## How do you structure Innovation to succeed and become a repeatable growth engine?

### There are so many different ways to structure innovation efforts.

How do you decide which is best for you and your organization?

How do you clarify your group's purpose and value proposition to your organization?

**Dedicated Innovation Team** 

Innovation Lab

Corporate Venture Studio

Intrapreneur Program

Internal Consulting Service

Centers of Excellence

Community of Practice

Internal Accelerators

Innovation Training

**University Partnerships** 

**Innovation Outpost** 

Startup Partnerships

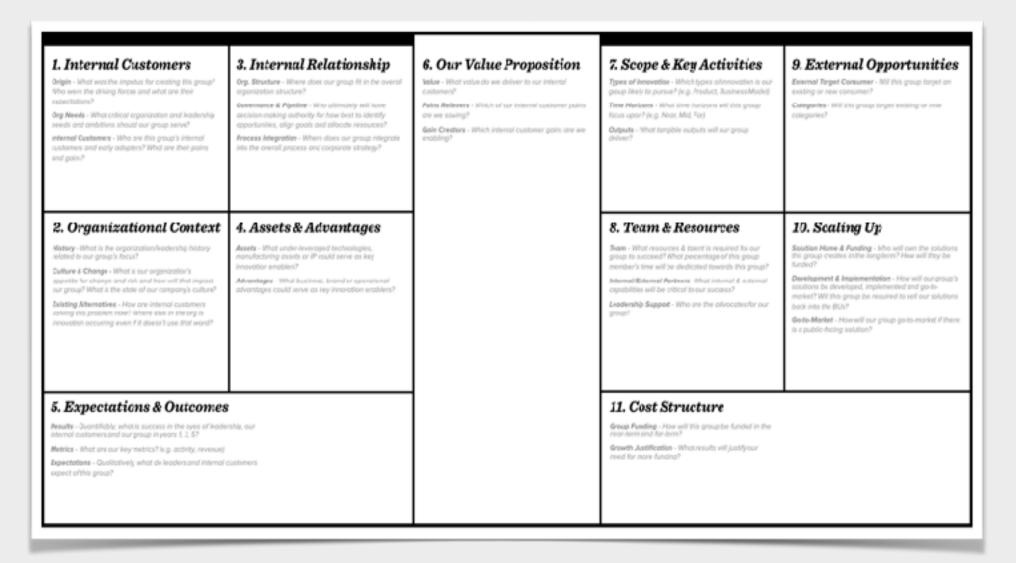
Venture Funds

Accelerator Partnerships

Whether you're starting a new group or evolving your existing innovation efforts - this document guides you through the process of defining your group's structure, purpose and value proposition to your organization.

### Tool Overview

#### **GROUP DEFINITION CANVAS**



Inspired by the Business Model Canvas, these 11 Dimensions define and clarify your group's structure, purpose and value proposition.

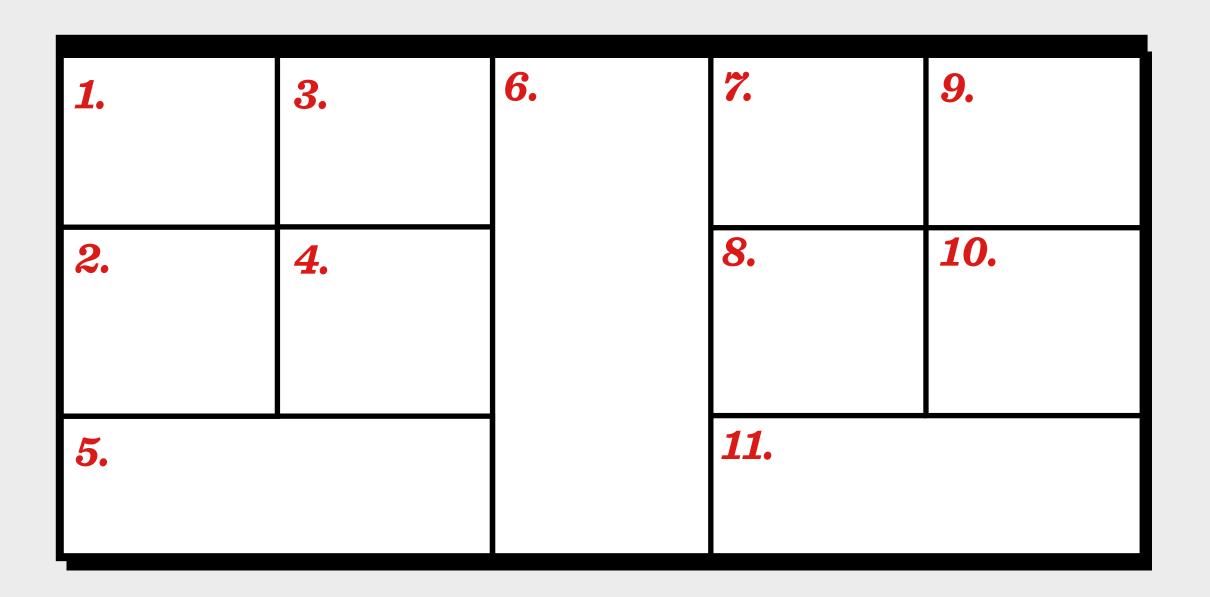
#### **GROUP VALUE PROPOSITION STATEMENT**

Born as a _	(Orlgin) , we exist to	help _(Internal Customers)_ who a	spire to
(Ambition)	_ by reducing(Pain)	and increasing	Gain)
We exist	as a (Org Structure) and me	easure success in (Success	Metrics)
To succeed v	we need(Team Capabilities)	, will partner with	External Partners)
а	nd are funded & goverr	ned by(Funding Sources)	
We focus on	(Time Horizons), target(N	lew/Existing) consumers and	d prioritize
(Innovation Type	nnovation, which a	re implemented by <u>[[lnow</u>	vation Backend)
	and go-to-market v	(Channels)	

This value proposition statement allows you to create a clear and concise charter to communicate to your internal customers and leadership.

## Innovation Group Definition Canvas

- Definition Canvas Overview
- Current State / Ideal Future State
- How to Make It, How to Use it
- Canvas Worksheets



#### Group Definition Canvas

OUR ORG	ANIZATION	OUR VALUE	OUR INNOVA	TION GROUP
1. Internal Customers	3. Internal Relationship	6. Our Value Proposition	7. Scope & Key Activities	9. Innovation Portfolio
	·			
NAVIs a so till access to a last task access till. O			1.1	
Who will we help internally?	How will we interact?		How do we do it?	What will we prioritize?
2. Org. Context	4. Assets & Advantages		8. Team & Resources	10. Scaling Up
900	چٽا <sub>ال</sub> ٽي			
	What exists and should be			How will we pilot, develop and
What is the org. state?	leveraged?		What do we need to succeed?	grow our solutions?
5. Expectations & Outcomes			11. Cost Structure	
				<b>—</b>
What is success?		What is the value we provide?		
What is success?		What is the value we provide?	What will it cost?	







#### Group Definition Canvas

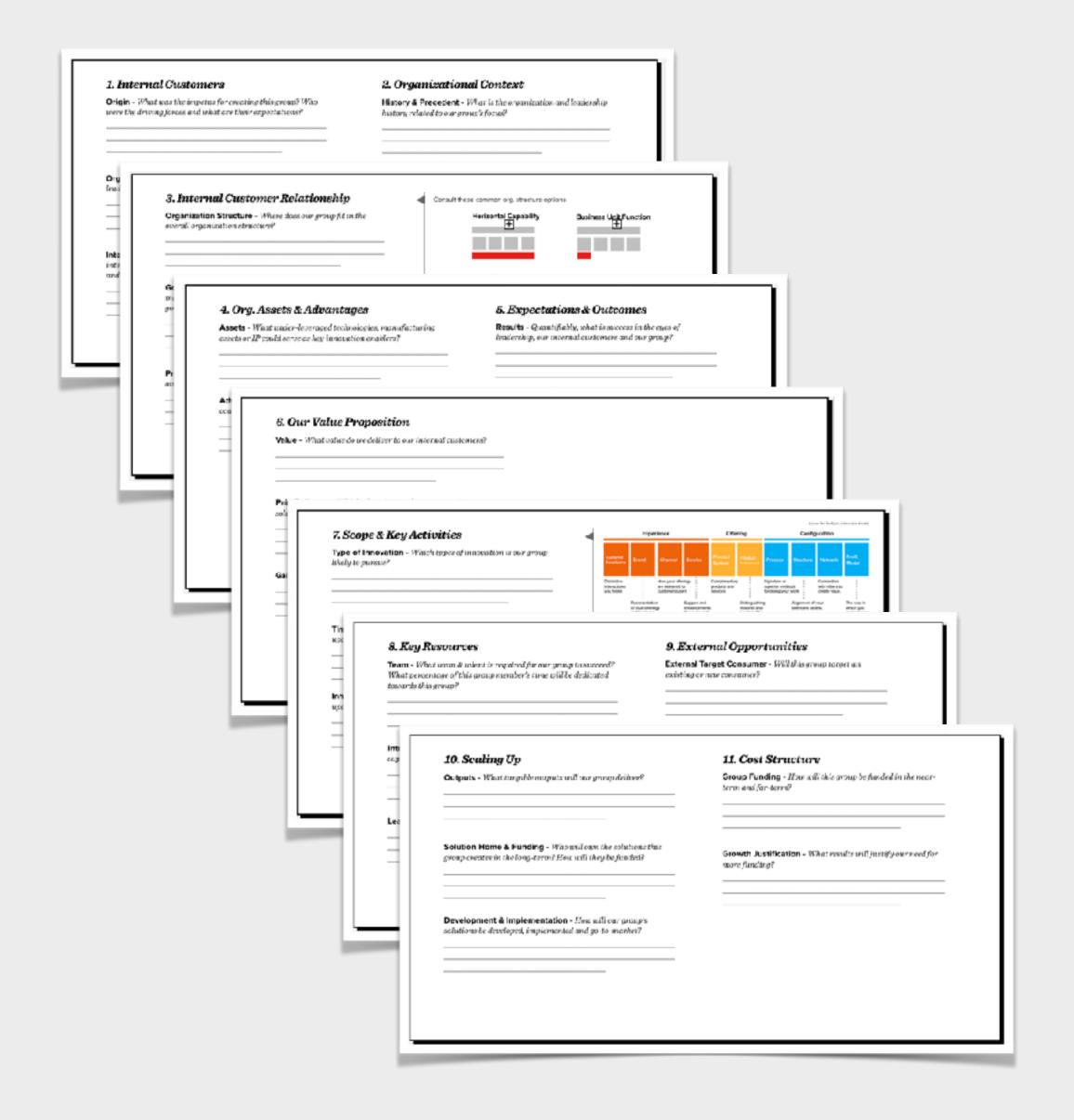
OUR ORGA	OUR ORGANIZATION		OUR INNOVA	TION GROUP
1. Internal Customers	3. Internal Relationship	6. Our Value Proposition 7.	7. Scope & Key Activities	9. Innovation Portfolio
Origin - What was the impetus for creating this group? Who were the driving forces and what are their expectations?  Org Needs - What critical organization and leadership needs and ambitions should our group serve?  Internal Customers - Who are this group's internal customers and early adopters? What are their pains and gains?	Org Structure - Where does our group fit in the overall organization structure?  Governance & Pipeline - Who ultimately will have decision-making authority for how best to identify opportunities, align goals and allocate resources?  Process Integration - Where does our group integrate into the overall process and corporate strategy?	Value - What value do we deliver to our internal customers?  Pain Relievers - Which of our internal customer pains are we solving?  Gain Creators - Which internal customer gains are we enabling?	Types of Innovation - Which types of innovation is our group likely to pursue? (e.g. Product, Business Model)  Time Horizons - What time horizons will this group focus upon? (e.g. Near, Mid, Far)  Innovation Formats - What formats will this group focus upon?	External Target Consumer - Will this group target an existing or new consumer?  Categories - Will this group target existing or new categories?
2. Organizational Context	4. Assets & Advantages		8. Team & Resources	10. Scaling Up
History - What is the organization/leadership history related to our group's focus?  Culture & Change - What is our organization's appetite for change and risk and how will that impact our group? What is the state of our company's culture?  Existing Alternatives - How are internal customers solving this problem now? Where else in the org is innovation occurring even if it doesn't use that word?	Assets - What under-leveraged technologies, manufacturing assets or IP could serve as key innovation enablers?  Advantages - What business, brand or operational advantages could serve as key innovation enablers?		Team - What resources & talent is required for our group to succeed? What percentage of this group member's time will be dedicated towards this group?  Internal/External Partners - What internal & external capabilities will be critical to our success?  Leadership Support - Who are the advocates for our group?	Solution Home & Funding - Who will own the solutions this group creates in the long-term? How will they be funded?  Development & Implementation - How will our group's solutions be developed, implemented and go-to-market? Will this group be required to sell our solutions back into the BUs?  Outputs - What tangible outputs will our group deliver?
<b>5. Expectations &amp; Outcome</b> Results - Quantifiably, what is success in the eyes of internal customers and our group in years 1, 3, 5?  Metrics - What are our key metrics? (e.g. activity, reference to this group?  Expectations - Qualitatively, what do leaders and in expect of this group?	venue)		11. Cost Structure  Group Funding - How will this group be funded in the near-term and far-term?  Growth Justification - What results will justify our need for more funding?	

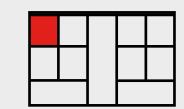






The following Canvas Worksheets guide you, your team and leadership through answering the key questions related to the 11 Dimensions.





•	s the impetus for creating this group? Who orces and what are their expectations?
•	nbitions - What critical organization and and ambitions should our group serve?
	ers & Pains/Gains - Who are this group's and early adopters? What are their tasks,

Common Answers:

- A. "We're a reaction to an obvious, undeniable "problem" or threat with our existing business."
- B. "We're an opportunistic move to achieve our business goals."
- C. "The impetus and expectations are unclear."

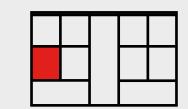
Common Answers:

- A. Improve Core Business Efficiency
- B. Deliver Core Business Growth
- C. Identify and Deliver New Revenue Sources
- D. Create/Refine Internal Processes
- E. Up-skill Employees & Culture Change

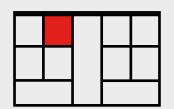
The ideal internal customer/early adopters are Senior Leaders responsible for key strategic areas.

Ideally your innovation initiatives are linked to their strategic plans and thus the corporate strategy.

Your work should be positioned as advancing their tasks, relieving their pains and enabling their gains.



<b>History &amp; Precedent -</b> What is the leadership's history related to our group's focus?	Generally positive experiences and associations. They regard it as essential to accomplishing their goals.	Mix of positive and negative.	Generally negative experiences and associations. They regar it as a distraction from their objectives.
Culture & Change - What is the state of the company's culture related to innovation? What is the organization's appetite for change and risk and how will that impact us?	Supportive, committed and high tolerance for change.	Indifferent towards innovation and has some tolerance for change.	Actively undermines innovation and has no appetite for change.
<b>Existing Alternatives -</b> How are internal customers solving these "tasks & problems" now? Where else in the org. is innovation occurring even if it doesn't use that word?			



<b>3.</b>	Internal	Rela	ıtionsl	hip	How will we interact?
-----------	----------	------	---------	-----	-----------------------

Organization Structure - Where does the group fit in the  $overall\ organization\ structure?$ 

Governance & Pipeline - Who ultimately will have decisionmaking authority for how best to identify opportunities, align goals and allocate resources?

**Process & Strategy Integration** - What is the overall development process and where does the group integrate into the overall process?

What is your level of confidence in these answers?

Consult these common org. structure options.

#### Horizontal Capability



- Innovation Consulting
- Community of Practice Center of Excellence

#### **Business Unit Function**



- BU Innovation Team
- CoE

#### **New Business** Unit



- Internal Incubator (start)
- Venture Fund
- Innovation Outpost

#### **Separate from** Core Org.

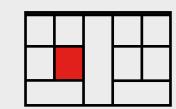


- Corporate Venture
- Acquisition

- A. Executive Team
- B. Brands/Business Units
- D. Self-Steering Team

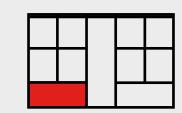




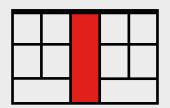


4. Org. Assets & Advantages	What exists and should be leveraged?
<b>Assets -</b> What under-leveraged technological assets or IP could serve as key innovation e	

Advantages - What business, brand or operational advantages could serve as key innovation enablers?



<b>Results -</b> Quantifiably, what is success in the eyes of leadership, internal customers, peers and the group members?				
Metrics - What are our key metrics?	B. Activity: N C. Outcome: D. Outcome: Note: innovation gi	umber of projects in pipe umber of employees trai Revenue Generated P&L Impact roups typically emphasize activ	ned vity metrics in the firs	-
<b>Expectations -</b> Qualitatively, what do leaders, internal customers, peers and group members expect of this group?	Leadership	Internal Customers	Peers	Group Members



	lue do we deliver to in	ternai customers:
Pain Relievers - and how?	Which internal pain	s does your group reliev
Gain Creators - and how?	Which internal gains	s does your group create

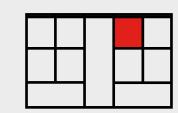
#### Common Pains:

- A. "We're not truly in touch with our consumers."
- B. "We need to more quickly understand which solutions will work in market, before we over-invest."
- C. "We talk about ideas, but rarely commercialize them."
- D. "Our collective short-termism means we're focused on incremental improvements and not thinking beyond."

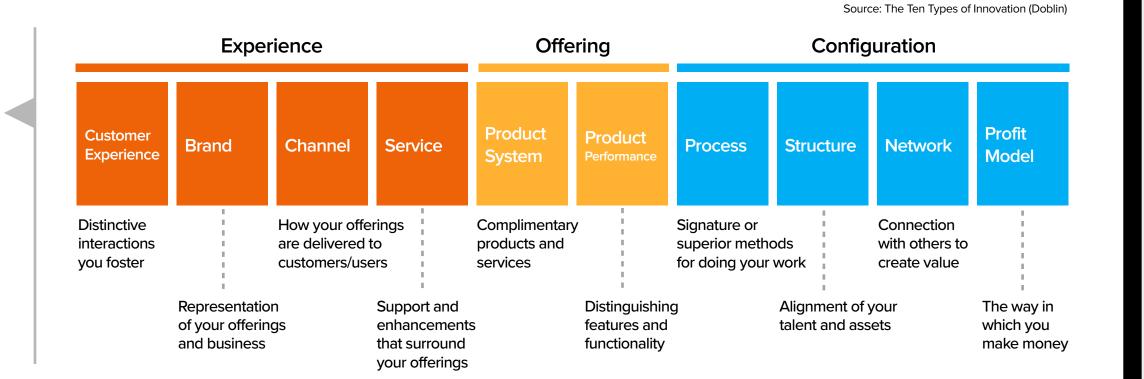


#### Common Gains:

- A. Defend and grow core business & marketshare
- B. Add value to existing products & services
- C. Monitor trends & threats
- D. Increase speed to market
- E. Up-skill employees
- F. Match business challenges to emerging tech



group pursue?	- Which types of innovation does the
	at time horizons does this group focu AcKinsey - 1-3 years, 2-5 years, 5-12 years)
Innovation Formats	s - What formats will this group focu



#### Type of Innovation Formats

#### **Innovation Team**

Corporations often start by staffing an innovation team within the company, which is comprised of both full- and part-time employees dedicated to developing strategy, managing, and activating innovation programs.

#### **Center of Excellence**

Enables innovation across multiple departments within the company, and members serving on the CoE are also responsible for senior leadership within various corporate groups.

#### **Innovation Lab**

An innovation lab is a separate entity that hosts internal ventures with high potential before they are profitable.

#### Corporate Venture Studio

Where entrepreneurs and corporations can repeatedly validate, execute and iterate on new business models. Studios help create startups from ideas, develop go-to-market strategies, build a founding team, and raise capital.

#### Startup Partnership

Corporations place bets among the startup ecosystem, with both small investments for early-stage startups and larger amounts of corporate.

#### **Venture Fund**

A corporate venture capital fund invests in external opportunities that could create growth outside of the core of the organization.

#### INTERNAL



A short learning track to grow the knowledge and interest of employees.

#### Community of Practice

Groups of key stakeholders who share a passion for an area of knowledge or practice and interact regularly to learn from one another and advance personal and organizational goals.

#### Idea Challenge

Employees (or the public) are asked to generate ideas for improving products, processes, services or customer experience and remain engaged as the challenge progresses, through regular feedback and updates.

#### **External Hackathon**

A rapid prototyping event where teams made up of complementary profiles compete to create winning Proof of Concepts answering to a specific challenge in a short space of time - typically within 48 hours.

#### **University Partnerships**

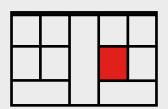
Through an educational partnership, corporations can tap into new university graduates, early-stage projects and companies, and the network of an established educational institution.

#### **Accelerator Partnership**

Corporations partner with third-party accelerators to provide sponsorship and/or funding in exchange for relationships with startups and integration opportunities.

**EXTERNAL** 





Internal/External Partners - What internal & externare critical to this group's success?	em & talent is required for our group to succ e of this group member's time is dedicated up?
	-
Leadership Support - Who are the advocates for this	

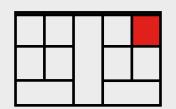
Common Team structure:

#### **Enduring Team**

- Steering Team (Growth, Capability and People Leads)
- Growth Board (Funding & Portfolio Overview)

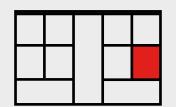
#### Per Project Basis

- Project Team (Business, Insights and Build)
- Executive Sponsors
- Coaches
- Commercialization/Scale Up Team



#### 9. Innovation Portfolio

External Target Consumer - Does this group target an existing or new consumer?
Categories - Does this group target existing or new categories?



10. Scaling Up How will we test, develop and grow our solutions? **Development & Implementation** - *How are this group's* solutions tested, developed, implemented and go-to-market? **Solution Home & Funding -** Who owns the solutions this group creates in the long-term? How are they funded? Outputs - What tangible outputs will the innovation group deliver? (depends on Process Integration & Implementation)

#### 1. Transition Over Time



Removing clear gates and hard handoffs, innovations teams slowly transition into the business unit over time. Can be effective, but is idealistic and can cause role ambiguity.

#### 4. Graduation Gate



Graduating projects get tossed over to the business unit to commercialize and scale. This is typically not an effective model.

#### 2. Symmetric Support



Innovation teams discover opportunities and incubate solutions with support from business unit sponsorship and stay attached to continue to guide and consult after graduating.

#### 3. Ramp Up



Similar to models 1 & 2, with the additional nuance of ramping up the commercialization team slowly before they take ownership of the solution.

#### 5. Venture Studio

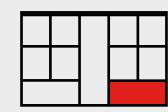


Innovation teams intentionally distinct from core business units are responsible for commercializing their own concepts and reaching sustained growth. This model demands execution capabilities and funding that many innovation groups don't possess.

#### 6. Siloed R&D



R&D intentionally separated from the business unit and tasked with developing new technologies to be commercialized through existing business unit or new channels/partners.



Group Funding - How will this group be funded in the near-term and far-term?	A. Centralized/Executive Budget B. Individual Business Unit(s) C. Metered Funding by Initiative
<b>Growth Justification -</b> What results will justify this group's need for more funding?	Common Answers:  A. Revenue/Business Impact targets  B. Group Members' Usage/Lack of Capa

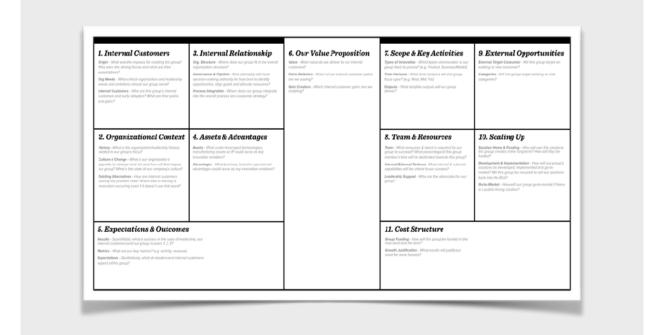
#### **YEARS 1-2**

**Deliver Results, Build Credibility** 

Often in Years 1-2, Innovation Groups wisely focus on getting quick wins on the board and delivering results for their internal customers.

You'll simultaneously deliver the business results your organization craves, while building the capabilities, culture and credibility necessary to make innovation a repeatable engine for growth.

This may mean working on core business <u>problems</u> that many would consider "incremental", which may frustrate team members with grand ambitions of disruptive innovation and massive top-line growth.



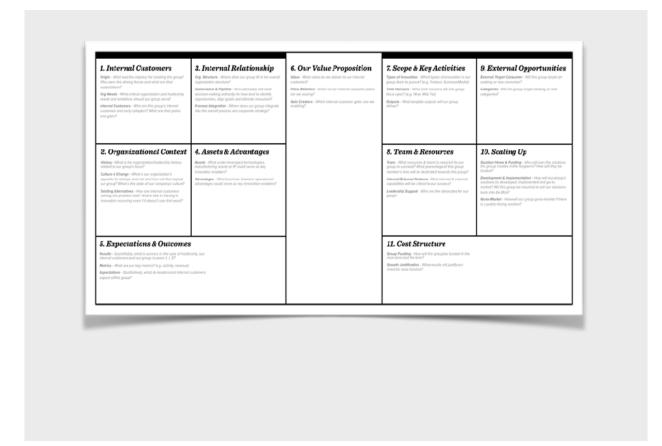
#### **YEARS 3-4**

**Evolve the Core, Drive Top-line Growth** 

Having successfully delivered results and established credibility, Innovation Groups have earned the right to be more selective in their Innovation Pipeline.

This likely necessitates an evolution in your Group Definition, updating elements like your Internal Customer, Governance, Team and Key Activities towards Horizon 2, Adjacent Innovation.

Ideally, Business Units are empowered and equipped to own incremental innovation - allowing the Innovation Group to focus on adjacent spaces and new revenue sources.



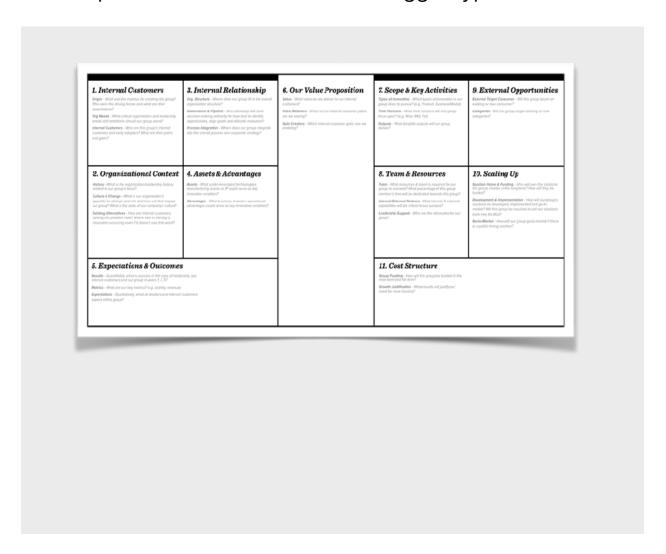
#### YEARS 5+

#### **New Businesses & Business Models**

The final evolution of the Innovation Group likely means focusing more efforts towards Disruptive/Transformational Innovation on Horizon 3, and delivering wholly new businesses, brands and business models.

This likely necessitates a change in your Group's Team & Talent, Internal Customer, Metrics and how you engage with startups and external partners.

It is very likely the Innovation Group's efforts will challenge the status quo of the core business and trigger typical roadblocks.



## Group Value Proposition Statement

- Overview
- Value Proposition Statement Canvas
- How to Make It, How to Use It
- Examples

Born as a	, we exist to	help	_ who aspire to
by re	educing	and increasin	·
We exist as a _	and m	easure success i	n
To succeed we nee	ed	_, will partner wi	th
and are	e funded & gover	ned by	•
We focus on	, target	consur	ners and prioritize
inr	novation, which a	are implemented	by
	nd go-to-market v		

This value proposition statement ad-lib allows you to create a clear and concise charter to communicate to your internal customers and leadership.

Born as a \_\_\_\_\_\_ , we exist to help \_\_\_\_\_ (Internal Customers) who aspire to \_\_\_\_\_\_ by reducing \_\_\_\_\_\_ and increasing \_\_\_\_\_\_ (Gain) \_\_\_\_\_.

We exist as a \_\_\_\_\_(Org Structure) and measure success in \_\_\_\_\_(Success Metrics) \_\_\_\_\_.

To succeed we need \_\_\_\_\_(Team Capabilities) \_\_\_\_\_, will partner with \_\_\_\_\_(Internal/External Partners)

and are funded & governed by \_\_\_\_\_(Funding Sources) \_\_\_\_\_.

#### Value Proposition Statement

This value proposition statement ad-lib allows you to create a clear and concise charter to communicate to your internal customers and leadership.



#### Ineed to...

## Define my Group and deliver results.

## LPK's Group Definition Workshop & Pilot Projects

#### Where should we start in order to (re)define our Innovation Group?

It's a common question and challenge.

LPK's Group Definition Workshop helps innovation leaders rapidly define your group's structure, internal customer, metrics, purpose and value proposition to your organization.

From there, LPK collaborates with teams live on pilot projects in order to simultaneously deliver the business results your organization craves, while building the capabilities, culture and credibility necessary to make innovation a repeatable growth engine.

To learn how LPK has helped Fortune 500 organizations build their innovation capabilities and accelerate their time to market visit <a href="https://example.com">lpk.com</a>

We hope you found this guide interesting, informative, and helpful in defining your group's structure, purpose and value proposition.

Take this information not as the final word in defining your Innovation Group, but as a foundation for you to build on.

Learn more about LPK at lpk.com

Interested in hosting a
Group Definition Workshop?

#### Let's talk.

Nick Partridge
VP, Innovation
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Josh Bokelman

Growth Director

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