

STRATEGIC INNOVATION

The Leadership Challenges

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AGENDA

- Introduction
- Web 2.0 Collaboration – Shaping the Future
- Leadership Challenges
- Innovation in Business Models
- Discussion

Collaboration - Shaping the Future

Imagine the future where... A
pharmaceutical company opens its
files of raw data... A goldmining
company opens its files of geological
data...

(Tapscott & Williams 2006)

Collaboration - Shaping the Future

- However, the future is now and shows the potential to radically innovate enterprises.
- Web 2.0 enables Enterprise 2.0

Collaboration - Shaping the Future

- Web tools create social networking sites such as Flickr, Facebook, YouTube → 'net generation'.
- The 'net generation' creates a new type of consumers, employees, and students – a change in expectations

Collaboration - Shaping the Future

Networks – partners in a ‘business web’

Linux and the ‘open source’ phenomenon

Competitive reaction – IBM, Redhat

‘Co-creators’ of value – innovation and
change (Tapscott & Williams 2006)

Collaboration - Shaping the Future

Networks – partners in a ‘business web’

- Collaboration trends
- Architecture is more open with fewer boundaries between customers, suppliers, partners, and all stakeholders of the organisation

Collaboration - Shaping the Future

Collaboration in a 'business web'

- Advantages
 - External talent – an extended R&D
 - Product innovation by users, suppliers, etc
 - Reduces costs
 - Position shifts in competitive stance

Collaboration - Shaping the Future

Advantages

NESTA (National Endowment for Science,
Technology and Arts, UK)

Mission to stimulate innovation in
enterprise. BBC example of posting
requirements and requests for material

Collaboration - Shaping the Future

Collaboration examples – open platform

Lego Mindstorms including custom design, sharing of design and purchase of custom models

Tapscott urges -create platform for user generated rather than firm generated

Collaboration - Shaping the Future

Collaboration examples – IP capitalisation

- P&G looked at IP of thousands of patents and increased licensing of IP
→ incentive for more innovation
- www.yet2.com
- What IP is in your enterprise?

Collaboration - Shaping the Future

Collaboration examples – Design/Build

- Boeing now has suppliers co-designing and delivering complete subassemblies radically shortening build time

Collaboration - Shaping the Future

Collaboration examples – Open Source

- SAP now opens source code for ‘mass collaboration’ in software development in some product areas
- Sponsor of www.InnoCentive.com market

Collaboration - Shaping the Future

Leading collaborative working

The challenges:

- External participants – less control
- Empowering employees – new roles
- Creating incentives and rewards
- Protecting core IP

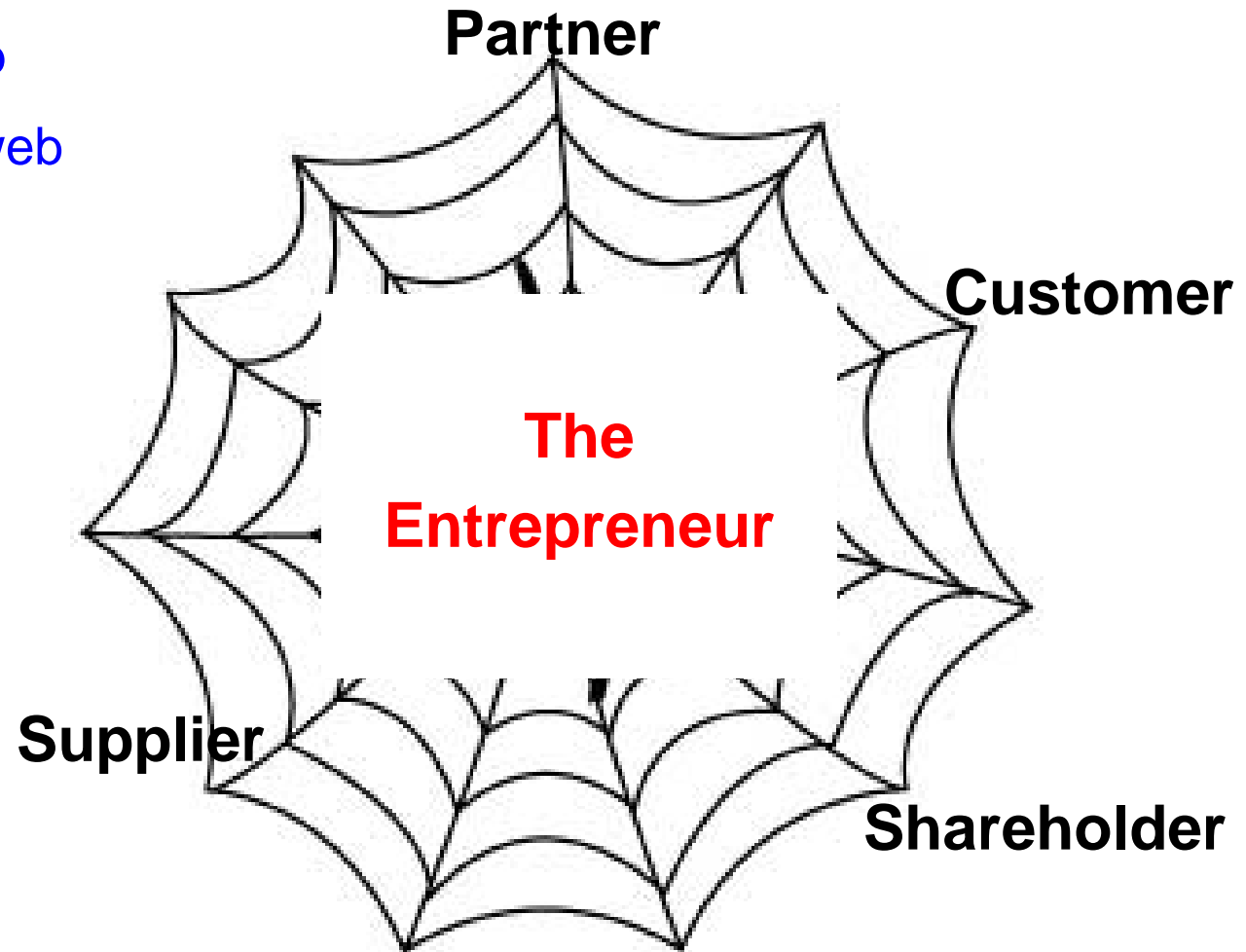
Collaboration - Shaping the Future

- Tapscott urges businesses to respond to the paradigm shift
- Cautions there is a crisis in leadership
- How will Web 2.0 foster innovation in organisations you know?

Leaders as Designers

Leadership: The Entrepreneurial Spider's Web

- The Spider web
- Growth of the web



Architecture for Innovation

Leadership Style and Culture

Leaders are designers, stewards and teachers...responsible for building organizations where people continually expand their capabilities to understand complexity, clarify vision and improve shared mental models

Peter Senge, The Fifth Discipline

Architecture for Innovation

The Learning Organisation

Creating the Architecture for Innovation:

Structures – open, less hierarchical, learning organisations

People – empowered, trusted, innovators

Communications – rapid, open, collaborative

Networked – multiple, broad, inclusive

Architecture for Innovation

The Learning Organisation

Capitalising on IP at Royal Dutch Shell

Case Study of *Kalido* (Hickman 2006)

- From IT project to software product
- Global launch – multi-million revenues with Global 100 companies within first 2 years
- Wholly owned subsidiary of Shell → acquired

Architecture for Innovation

Nurturing Innovation

- ✓ Time for innovation
- ✓ Reward for innovation
- ✓ Recognition of innovation
- ✓ Support for innovation
- ✓ Skills development for innovation

The Business Model

Creating a Meta Model for Strategic Innovation

What has to change in order to initiate strategic innovation?

1. Leadership style – Leaders as designers
2. Architecture for innovation – organisational
3. Strategic change embodied in a business model – the essence of the business

The Business Model

Creating a Meta Model for Strategic Innovation

Models describe the elements and relational structure of the whole of an object of study. Predictive and explanatory rationale are often desirable outcomes of a model.

In order to initiate strategic innovation, it is proposed that a Meta Model of the business can be used to identify key elements to leverage change.

The Business Model

Creating a Meta Model for Strategic Innovation

Business Models (Timmers 1998)

- Architecture for product or service – actors and roles
- A description of potential benefits for various business actors
- A description of the sources of revenues

The Business Model

Creating a Meta Model for Strategic Innovation

10 Elements which define the essence (Hickman)

1. To deliver/provide a **Product** or **Service**
2. To **Market Consumer** – motivation to use product or service, exclusive pull, attractiveness, consumer profile,
3. Created by **Producer** – costs to produce, distribute, deliver to consumer
4. By means of **Resources** – human, raw materials, bill of materials, process, financial

The Business Model

Creating a Meta Model for Strategic Innovation

Ten Elements which define the essence (Hickman)

5. In exchange for **Price**, commodity, barter, relation-obligation, rate, fee
6. Which produces a Profit/Loss after deducting the **Cost of Sale**
7. Sold through **Distributor** – channels, logistics, relations to producer, licensing
8. Leading to a **Forecast** of the business potential

The Business Model

Creating a Meta Model for Strategic Innovation

Ten Elements which define the essence (Hickman)

9. The **value** created by the product/service

10. The **positioning** of the business model in the value system and industry – is the innovation disruptive? What is the value system change?

The Business Model

Creating a Meta Model for Strategic Innovation

Web 2.0 technology enables innovation in one or more of the elements – a starting point for designing strategic innovation.