Delivering agile innovation

Creating value from collaboration with entrepreneurs in consumer products and retail

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The prime objective of every **innovation effort** is to create disruptive delight. **Disrupt** old systems of engagements & patterns of business. **Delight** consumers, stakeholders and employees.
Over the last 100+ years in business, the way companies create value has evolved ...

Age of Manufacturing
1900 – 1950
Mass manufacturing enables industrial powerhouses to rise

Age of Distribution
1950 – 1980
Global connections and transportation systems make distribution key

Age of Information
1980 – 2000
Connected supply chains and the introduction of PCs means those that control information flow dominate

Age of Experience
2000 – 2015
Companies compete on the quality of experience and an ability to engage consumers

Age of Innovation
2015 – ?
Companies that place innovation at the heart of their purpose, transforming experiences, processes and business models win
Innovation, fueled by digital, has forever changed the cadence of business.

Examples of companies that were agile have thrived the waves of technology.

Examples of companies/business units that lacked foresight, were rigid in approach and didn’t adapt the wave of technology have ceased to exist.
Traditional approaches to innovation are no longer fit for purpose

“The irony is that innovation is probably the area that hasn’t been innovated by many companies for a very long time.” – consumer products entrepreneur

- Consumers today are always on, forever connect and highly demanding
  - Expectations for differentiated experiences is much more
- Patience for a product launch is dying
  - First movers are gaining the market
- Innovating is just not enough to meet demands
  - **Speed to market** and **agility** have become the key mantra for leading Innovator’s

Agile innovation
In the age of innovation, formula for survival has changed…

**Formula until the Age of Experience:**

- Minimize mistakes and maximize productivity
- Strive for repeatable processes
- Eliminate uncertainty and variations
- Increase efficiency with best practices and standard operating procedures

**Formula in the Age of innovation and beyond:**

- Encourage experimentation, collaboration, and maximize learning
- Strive for agile and innovative processes
- Don’t sweat uncertainty
- Increase efficiency but do not just focus on best practices and standard operating procedures

**Agile Innovation**
What is agile innovation?

Agile innovation is the art of making hard things easy and creating new viable business offerings faster.
How is agile innovation different than traditional innovation

**Traditional innovation**
- Cost Implications: Varies
- Leadership - acceptance to change: Low to medium
- Collaboration outside of firm: Low to medium
- Project Planning and Management: Rigid and directed

**Agile innovation**
- Cost Implications: Low to medium
- Leadership - acceptance to change: High; accepts change even late in the project
- Collaboration outside of firm: High
- Project Planning and Management: Fluid and self-organizing
Delivering Agile Innovation

Embrace collaboration
Collaboration is the most important ingredient for agile innovation

Retailers and consumer products companies are collaborating with entrepreneurs to:

► Plug capability voids
► Accelerate cross-pollination
► Prompt quick fixes
► Build energy around ideas
► Inspire teamwork
► Enable rapid prototyping
► Help stakeholders have fun

Sixty eight% of CP executives and 64% of retail executives agree that collaboration with smaller entrepreneurial firms has become increasingly important for them to achieve their strategic goals.

Source: EY Survey on Delivering agile innovation 2014
Few companies feel confident in their ability to collaborate

“Our collaborations are somewhat ad hoc; somebody ran into somebody, they thought it was a good idea, they read an article, they saw an application with another company and thought we might want to talk to them, so it was happening, but it was unorganised, unstrategic and unplanned” – CP executive

Source: EY innovation survey results, 2014
External collaboration at a glance

Enterprises **collaborate** with specialized firms to plug voids ~ technology, resources, data analytics, etc. They rely on the existing capabilities and platforms of specialized firms either to create, incubate or activate ideas.

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**Enjoy the benefits**

- Provides speed and agility
- Adds efficiency
- Helps to anticipate future trends proactively
- Reduces enterprise cost

**Plan for the challenges**

- Data and intellectual property sharing
  - Enterprise will have to share data and relevant intellectual property with external collaborators
- Conflicting culture and organizational structure:
  - Entrepreneurial organization structure is ill-suited for management and culture style of large hierarchical firms
Internal collaboration at a glance....

Incubator model

Enterprise and start-up entrepreneurs with specialized offerings collaborate together as ‘one’ to accelerate and scale existing innovations, and/or incubate brand new ventures at rapid speed.

Enjoy the benefits
- Fosters the culture of ‘intrapreneurship’
- Helps to anticipate future trends proactively
- Adds efficiency
- Provides speed and agility
- Develops a risk taking culture and foster out of the box thinking

Plan for challenges
- Involvement of multiple entities may lead to conflicting agendas, unless a clear goal is set upfront
- Loss of centralized decision making; if multiple projects are running at the same time
- Challenge to scale up experimentation with limited resources may lead to misalignment of necessary skills
- Conflicting culture and organizational structure
## Delivering Agile Innovation

Executing agile innovation requires the following to expedite the journey from conception to commercialization:

### Create

1. **Make the case for being agile**
   - Lead courageously
2. **Cultivate an agile culture of experimentation**
   - Encourage ideas and embrace failure
3. **Think simple, act fast**
   - Set clear and transparent objectives

### Incubate

1. **Identify the right team**
   - Bring together the right internal team members with the right external partners
2. **Determine the appropriate framework for each collaboration**
   - Understand the asymmetries and apply lean governance
3. **Maintain open, frequent communication**
   - Align expectations and set rules of engagement

### Activate

1. **Adapt processes and break rules as necessary**
   - Avoid rigidity in project planning
2. **Define and measure success**
   - Set parameters to conduct innovation health checks but don’t obsess about perfection
3. **Iterate and work incrementally**
   - Embed mechanisms to quickly learn from the experience and failure and be prepared to course correct and pivot
EY’s agile innovation flight map

90-day sprints

Create
- Identify new needs

Incubate
- Envision a better way
- Validate ideas
- Define operating model
- De-risk investment
- Develop strategy
- Commercialize opportunities

Activate
- Drive growth

Challenge
- Information technology
- Experience
- Product
- Sales and marketing
- Product and service
- Business model
- Service
- Operations
- Human resources

Success
- 5. Scalability
- 4. Agility
- 3. Simplicity
- 2. Possibility
- 1. Reality

Accelerators

Early wins
Fireside chat with Ed Kaczmarek

Profile

► Current: Co-founder and Managing Director of Brand Accelerator
► Previously: Ed was Director of Innovation & Emerging Technology at Mondelēz International (formerly Kraft Foods Inc.)
► One of the “10 Most Creative People in Food” - Fast Company, 2009
► One of “25 Trendsetters to Watch” - Chief Marketer magazine, 2012
EY’s agile innovation flight map

90-day sprints
Thank you

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