

Why ask one local expert, when you can ask the World?

Key Introduction on Open Innovation & Five starting Points

Abstract

A few years from now some exiting new words and terms will be in common use. Words like Wikinomics, Crowdcasting, Mass [Customization](#) Open Innovation, Prosumers and Cocreation are emerging. Innovation among organizations is changing rapidly from inside-out to outside-in. With Open Innovation, small business is not so small anymore. The 'New Web' can be a great equalizer, enabling the smallest of companies to utilize the wisdom and creativity of consumers and experts worldwide efficiently, and affordably.

Let's read the description of Open Innovation from the user-generated, free encyclopaedia Wikipedia (probably one of the best examples of the power of mass customization and open innovation):

Open Innovation is a term promoted by Henry Chesbrough, a professor and executive director at the Center for Open Innovation at Berkeley.

The central idea behind open innovation is that in a world of widely distributed knowledge, companies cannot afford to rely entirely on their own research, but should instead buy or license processes or inventions (i.e. patents) from other companies. In addition, internal inventions not being used in a firm's business should be taken outside the company (e.g., through licensing, joint ventures, spin-offs). In contrast, closed innovation refers to processes that limit the use of internal knowledge within a company and make little or no use of external knowledge. Some companies promoting open innovation include Procter & Gamble, NineSigma, InnoCentive, FellowForce and IBM.

Prior to World War II, closed innovation was the paradigm in which most firms operated. Most innovating companies kept their discoveries highly secret and made no attempt to assimilate information from outside their own R&D labs. However, in recent years the world has seen major advances in technology and society which have facilitated the diffusion of information. Not the least of these advances are electronic communication systems, including the internet. Today information can be transferred so easily that it seems impossible to prevent. Thus, the open innovation model states that since firms cannot stop this phenomenon, they must learn to take advantage of it.

Various faces of outside Participation

Doritos "Crash the Super Bowl" challenge is just one example of open innovation. An expensive marketing firm didn't come up with the winning super bowl ad. A consumer did.

Open innovation comes from a limitless variety of methods, approaches, incentives and platforms. However, an organization seeking open innovation has three basic methods to choose from:

1. CROWDSOURCING: Think of it as fishing in the open sea for ideas, solutions and other input. An organization posts a challenge or contest on the internet and waits for input. With crowdsourcing everybody can participate. The restrictions for participating are minimal. Crowd sourcing makes use of consumer-generated content or citizen-driven input.

2. CROWDCASTING (also called narrowcasting): Think of it as fishing in a stocked pond for ideas, solutions and other input. Organizations seeking innovation 'cast' their challenge to a specific group of experts or social network. The solution or innovation in this case requires specific expertise or a particular background. Therefore the challenge is 'narrowcasted' in a smaller group of people, but narrowcasting still has a predominantly global character.

3. INNOVATION BOX (like a suggestion box): With crowdcasting/sourcing, an organization triggers and facilitates the input 'outside-in'. It's like 'pushing' for innovation. An innovation box is different, as it's a 'pull' instrument. Consumers are invited and given the opportunity to come up with innovative ideas, at any given time, in any given form. The innovation box often has no restrictions, no time limits, no briefing. The consumer is fully in charge. But please note: The innovation box is not for complaints.

***"A power shift is underway, and a tough
new business rule is emerging: harness the new
collaboration or perish"***

(from: Wikinomics)

Knowledge as a unique asset of a company is under pressure. 'Wikinomics' is making global knowledge and skills available to every organization. A company with the vision and daring to move outside its boundaries will receive new knowledge. A company that dares to share (its knowledge) will multiply (its knowledge). An organization that asks, will receive. The outside world is waiting to be involved. Outside-in is beating inside-out.

Open Innovation is not really new. We all remember the old 'slogan' contests, suggestion cards, or focus groups. However, it seems that we literally outsource innovation & knowledge more and more. Some examples:

An executive, in need of a board presentation, mails his specs to www.b2kcorp.com. On the front page of their website, it states the following: "Here is your Remote Executive Assistant, an intelligent graduate operating from our India Knowledge Center. Instructions given to him/her at the end of your working day will be processed when you are asleep. When you wake up, you will find the completed work in your mail box. Your assistant can handle all your back office work,

spreadsheet analysis, Power Point presentations, and more. He/she can help you keep pace with what you want to read..." At B2K, they call this knowledge process outsourcing.

The beer brand Brewtopia was developed thanks to open source and open innovation. Two friends set up this initiative without concrete knowledge of brewing, recipes or profit potential. They used the world outside to help them brew beer, design a bottle and work on marketing strategy. Brewtopia is now a publicly traded company.

Dell Idea Storm is the epitome of open innovation. All ideas are visible for the whole Dell community, and everyone can participate, vote and share ideas and comments. It seems that every organization is looking for ways to 'Open up'.

Despite the first available success stories, open innovation is still in its infancy. Organizations are experimenting and learning how to effectively harness the limitless availability of global expertise and talent. It can be concluded that the more open an organization acts, the more willing consumers and experts worldwide are to share, participate, innovate and solve.

The big question is: how do organizations tap and benefit from this 'global innovation department', the 1 billion internet users? Five starting points!

Five starting Points!

#1. Its not about You, its about Them.

Asking enthusiasts, creative consumers, end-users or professionals from outside your organization is all about them.

Think from their perspective. Ask yourself constantly why they want to participate. All kinds of triggers are mentionable: fame, fun, incentives, competition element, desire to share, and so on. Learn about their satisfiers and what them dissatisfies.

It's more about why and how 'they' participate, then what 'you' want. This state of mind, this authenticity is felt immediately, intuitively by the crowd.

#2. Its an end-to-end process

Once you have started you have to manage the whole process, till the evaluation. Once you open up the line towards your consumers and end-users you must keep them informed, and do something with all input. Starting open participation is like starting a 'never-ending-conversation'.

Outside Participation is more than just posting a challenge or contest or launching a suggestion box. It is an integral trajectory distinguishing various phases and elements: eg. Aligning the organization, briefing participants, marketing & PR, managing feedback,

choosing incentives, managing scale and many other processes. It's all about managing an end-end-process.

#3. Destroy the NIH-syndrom, or it will never happen

We all are familiar with a powerful force that keeps outsiders from being more than outsiders. It can be scary to ask for solutions, inventions, or other feedback from the outside. 'They' might come up with even better ideas and solutions than 'you'.

This 'Not-Invented-Here Syndrome' must be destroyed before you ask outsiders to step inside. This NIH-syndrome can be destroyed easily when you manage to get a certain percentage of innovation from the outside. Steering on Open Innovation will automatically kill the NIH-syndrome.

#4. It's Exciting!

It's invigorating to get ideas, suggestions, skills, enthusiasts, or experts from the outside. It's like waking to a full load of presents under the Christmas tree, or coming home to a big stack of interesting mail (the kind you like!) after a vacation. It's exiting to read all of the new ideas, original solutions and creative thoughts from consumers. Quoting Forest Gump: "Life is like a box of chocolates, you never know quite what you're gonna get".

#5. Without Vision its just an activity, with Vision its Value Creation

The moment you really choose to open up for outside participation, a big hidden value becomes available. When "Innovation is the ability to make new connections", the ability to innovate will get limitless when you connect with the outside.

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Examples of open innovation platform initiatives

<http://www.innocentive.com>

<http://www.ninesigma.com>

Blogs on open innovation

<http://www.openinnovators.net/>, on the edge of open innovation and crowdsourcing

<http://mass-customization.blogs.com/> Notes and ideas on mass customization, personalization, customer integration, and open innovation -- strategies of value co-creation between suppliers and customers

The white paper is facilitated by **Fellow Force B.V.**

<http://www.fellowforce.com>

Fellowforce provides a platform for open innovation. Organizations can easily run innovation challenges, both open and closed. For seekers and solvers, Fellowforce provides a unique challenge management and pitch system. With this application, organizations can easily manage thousands of pitches from submission to rewarding.

The white paper is shared by KOGNITIVA

<http://www.kognitiva.de>

KOGNITIVA provides tools, advice and comprehensive expertise of an international network for the design of Open- and User Innovation processes.

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(Extra): Major Opportunities for Students

Open innovation offers huge opportunities for both seekers and solvers. Innovation-seeking organizations can harness a limitless source of talent and expertise. Solving innovators have equal opportunities. These experts and enthusiasts now have the opportunity to work for various organizations, in a global environment and with the chance for big incentives. They are not necessarily chained to their employer.

For students the opportunities are perhaps even bigger. To mention some:

1. *REAL CASES*; Students now can work on real cases with real customers. They learn in a live-environment and are educated with today's innovation challenges and problems to solve.

2. *ENTRÉE TICKET*; Open Innovation is often open for anyone. There is no need for background experience or testimonials. There is no intake or selection. Anyone can participate. The output is the measure-stone, not the input.

3. *CV BUILDER*; Many students start their career with a blank CV/resume. CVs might list summer jobs, internships and student applications. With Open Innovation it's possible to expand one's CV with all the innovation challenges and gained testimonials.

4. *COMPETE in a GLOBAL ARENA*; Local or national cases are exchanged for global oriented cases. Students working on innovations and solutions not only compete with their local students/friends, but with students and professionals all over the world. Students have the opportunity to showcase their talent for real, in a global perspective.

5. *REWARDS*; Most of the innovation challenges offer a good reward. Not only the winners, but also runners up are rewarded, and incentives vary from an iPod to \$15,000 USD and up. The financial reward is nice, however the non-financial reward is even higher: contact with potential employers, beefed up skills, additional experiences and competition.

Participating in Open Innovation is above all very exciting and fun. Students have the opportunity to truly change business with their talent.