



Practical
Innovation Management
Jussi Mononen

Jussi Mononen (a.k.a. Mono)

I've been a puppet, a pauper, a pirate, a poet, a pawn and a king

I've been up and down and over and out, and I know one thing

*Each time I find myself flat on my face
I pick myself up and get back in the race*

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Contents

- 1 Why Innovation Matters
- 2 Fostering and Organizing Innovation
- 3 Internal Innovation
- 4 Open (External) Innovation
- 5 A Look at Corporate Venturing, M&A, and VC

Why Innovation Matters



FORTUNE[®]

500

2021

Get rich or die trying!

Fortune 500 firms in 1955 v. 2015; Only 12% remain, thanks to the creative destruction that fuels economic prosperity

Carpe Diem

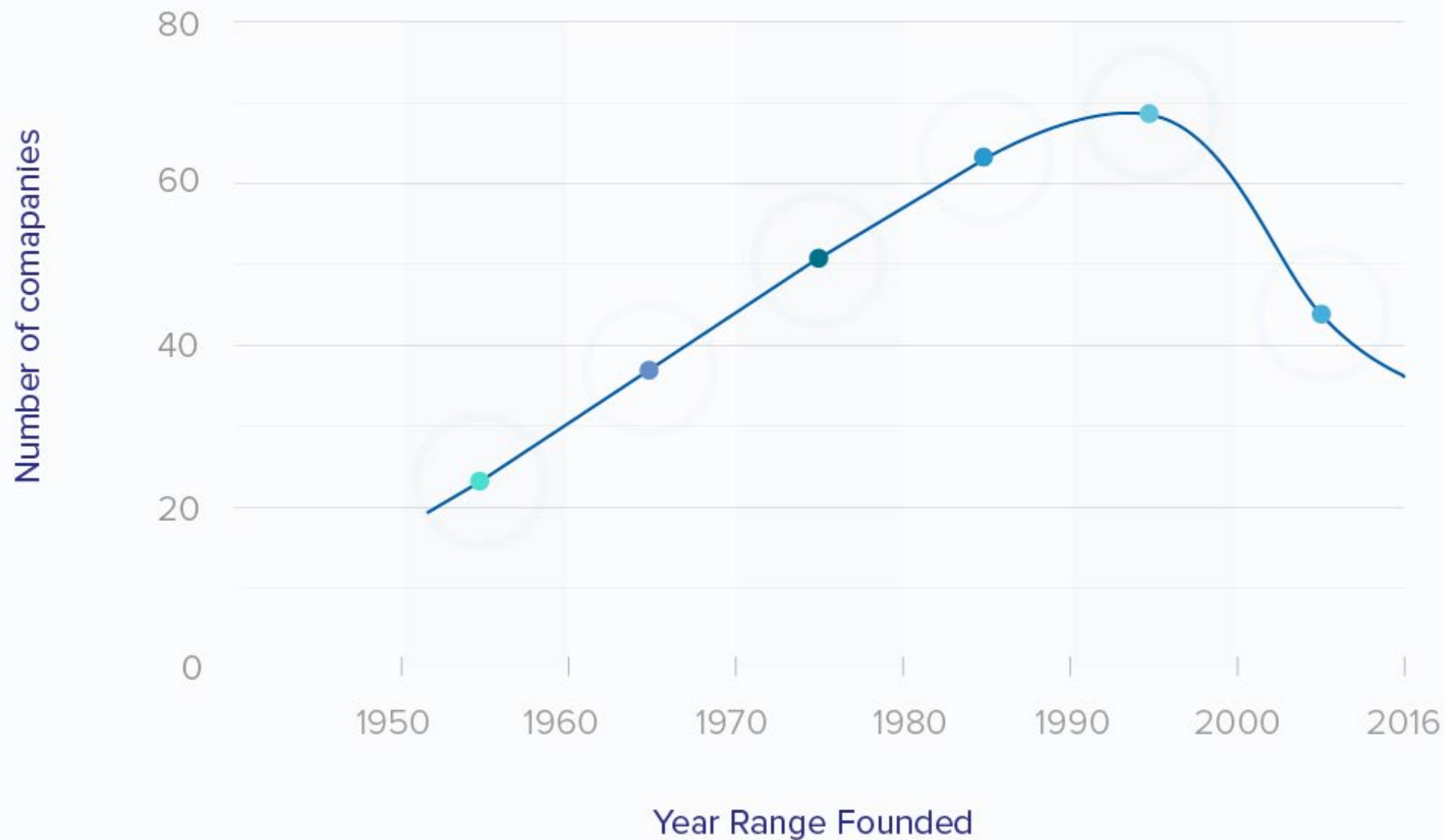


Only These 61 Companies Were in the Fortune 500 in Both 1955 and 2015

3M	CVS	Lockheed Martin
Abbott Laboratories	Deere	Marathon Oil
Alcoa	Dow Chemical	McGraw Hill Financial
Alleghany	DuPont	Monsanto
Archer Daniels Midland	Exxon Mobil	Navistar
Ashland	Freeport-McMoRan	NCR
ATT	General Electric	Northrop Grumman
Avon Products	General Dynamics	Owens Corning
Boeing	General Mills	Owens-Illinois
BorgWarner	General Motors	PepsiCo
Bristol-Myers Squibb	Goodyear Tire and Rubber	Pfizer
Campbell Soup	Hershey	Procter and Gamble
Caterpillar	Honeywell International	Raytheon
CBS	Hormel Foods	Rockwell Automation
Celanese	IBM	Sealed Air
Chevron	International Paper	Textron
Coca-Cola Enterprises	Johnson and Johnson	United States Steel
ConocoPhillips	Kellogg	United Technologies
Crown Holdings	Kimberly-Clark	Weyerhaeuser
Cummins	Kraft Foods Group	Whirlpool
	Lear	

**THAT IS NO
COUNTRY
FOR OLD
MEN**

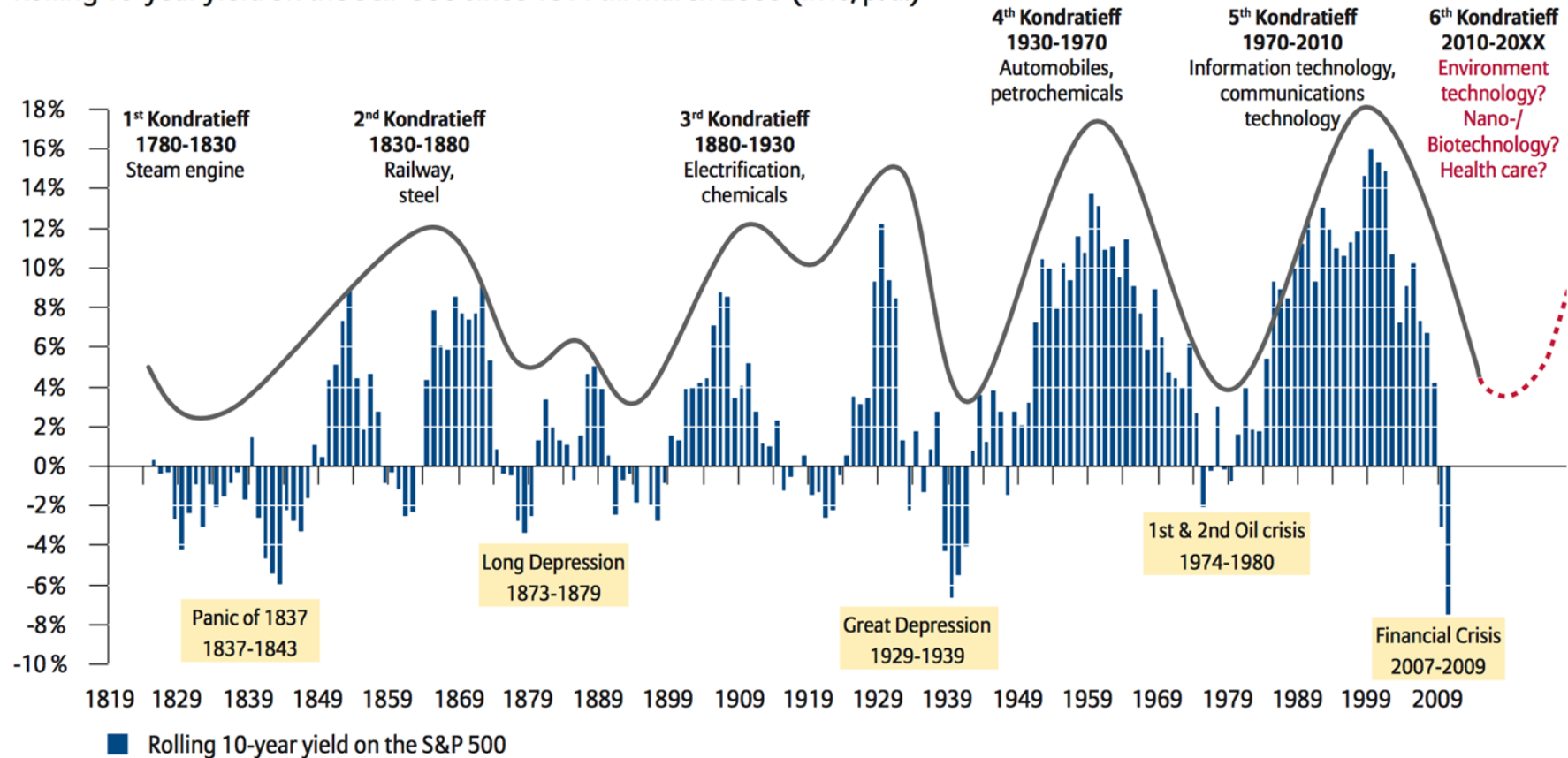
A Bit More Fortune 500



S&P 500:
From 80 to 4600 in
85 years

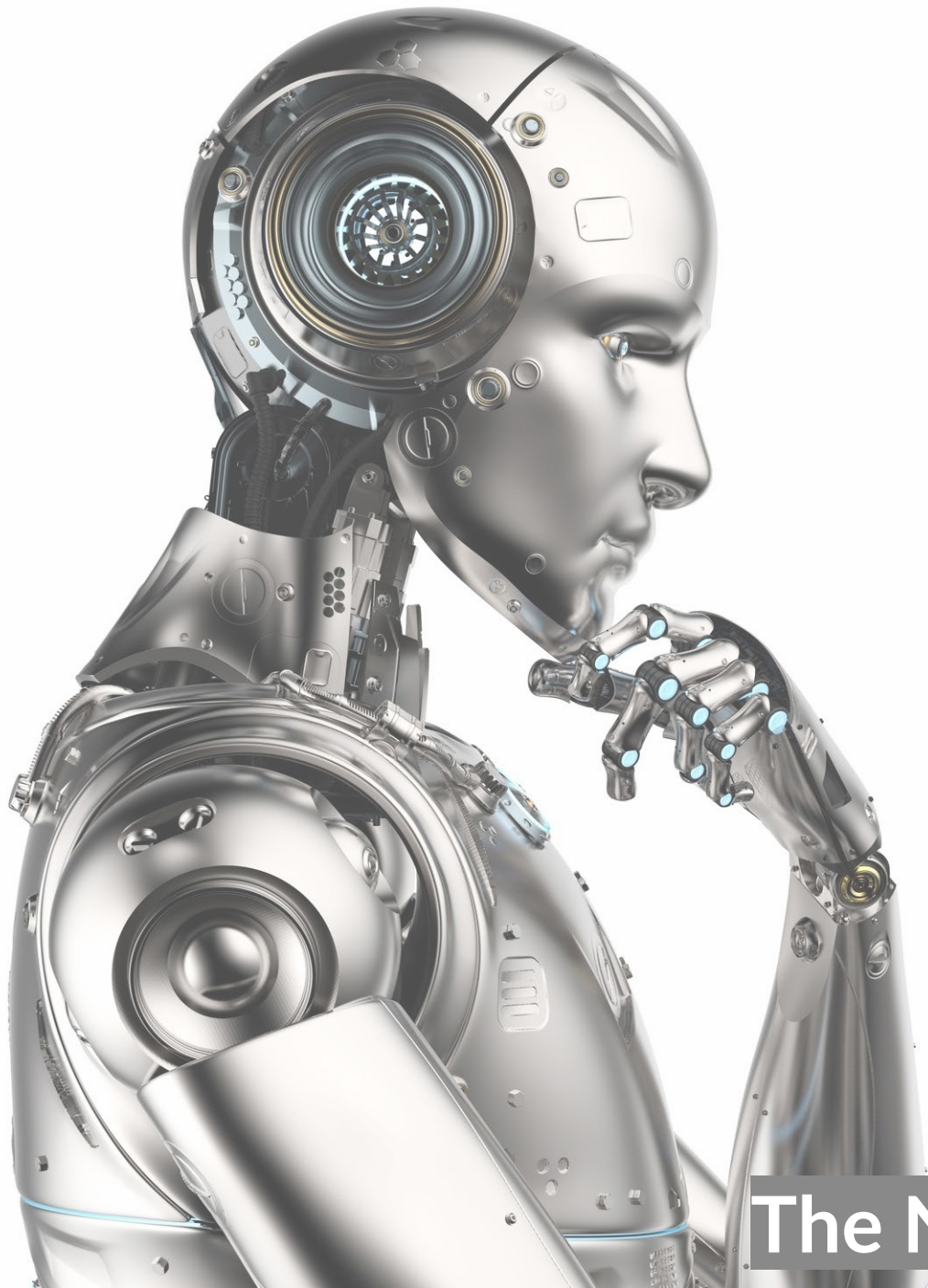


Figure 1: Kondratieff cycles – long waves of prosperity.
Rolling 10-year yield on the S&P 500 since 1814 till March 2009 (in %, p. a.)



Source: Datastream; Illustration: Allianz Global Investors Capital Market Analysis

The Kondratieff Waves are getting higher (and they have gotten shorter)



There is
NO 
PLANET B

**SYSTEM
CHANGE**

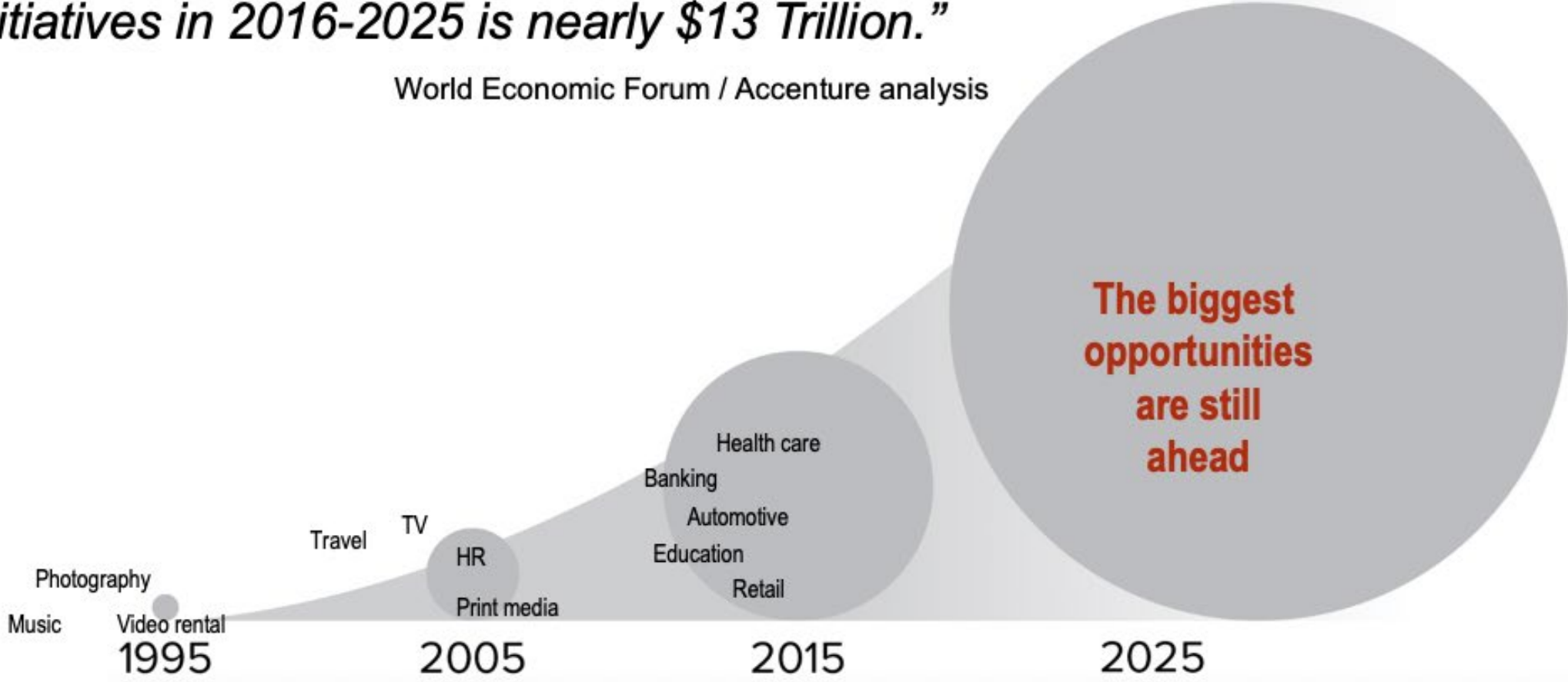
**NOT
CLIMATE
CHANGE!**

The Next Big Things?

Digital Disruption

“For industries, the cumulative value of digital initiatives in 2016-2025 is nearly \$13 Trillion.”

World Economic Forum / Accenture analysis



“Europe has realized only 12% of its digital potential”

Credit: Nexit Ventures, investor presentation
See also: <https://goo.gl/eLjjWf>

27 MAY 2021 | PRESS RELEASE | NATURE ACTION

World needs USD 8.1 trillion investment in nature by 2050 to tackle triple planetary crisis



It is actually pretty simple:
Innovate fast or
die even faster

How 'bout some roadkill?



NOKIA
Connecting People

Sears

YAHOO!

The Tale of Three Companies

s a n o m a



AlphaSense

History: 130+ years
Revenue: €1.3 B
Valuation in 2021: €2.4 B
Valuation now: €1.2 B

History: 18 years
Revenue: ~€250M
Valuation in 2019: <€1 B
Valuation now: €5 B

History: 15 years
Revenue: ~€200 M
Valuation in 2021: €1.8 B
Valuation now: €2.5 B

Fostering and Organizing innovation beyond normal corporate R&D

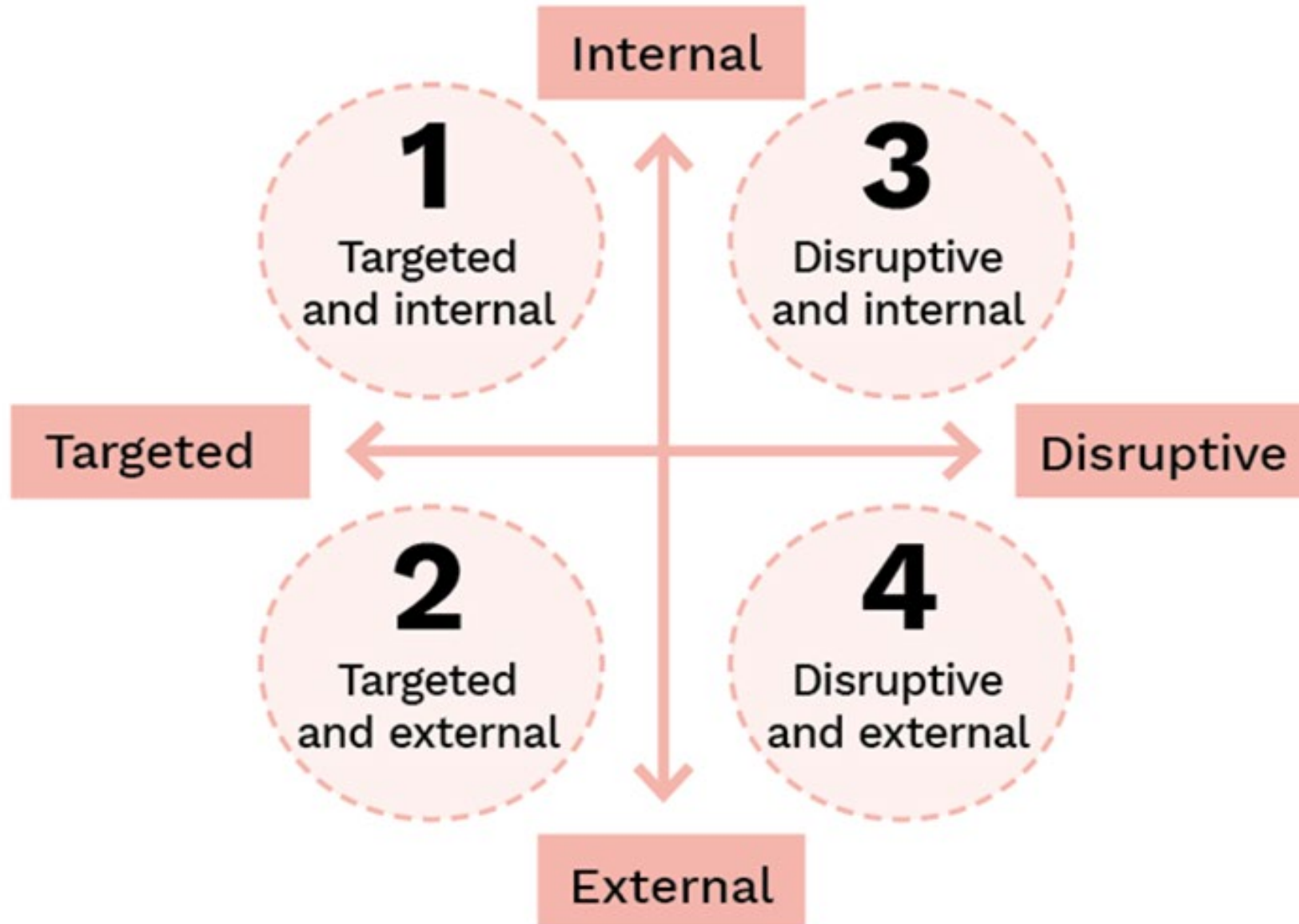


The Ansoff Matrix

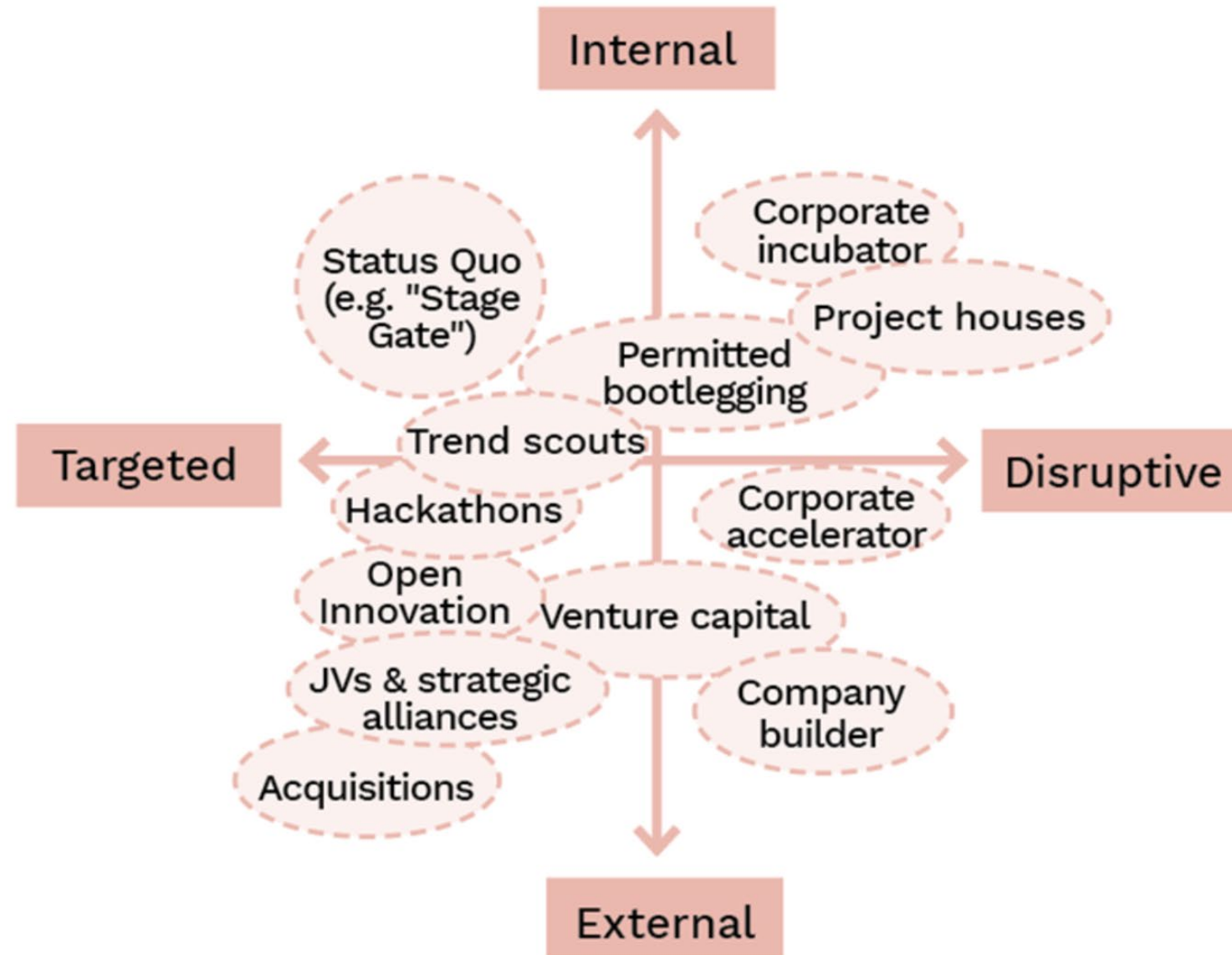
Innovation
ain't easy



The Innovation Four-Step



Horses for Courses: One Size Does Not Fit All



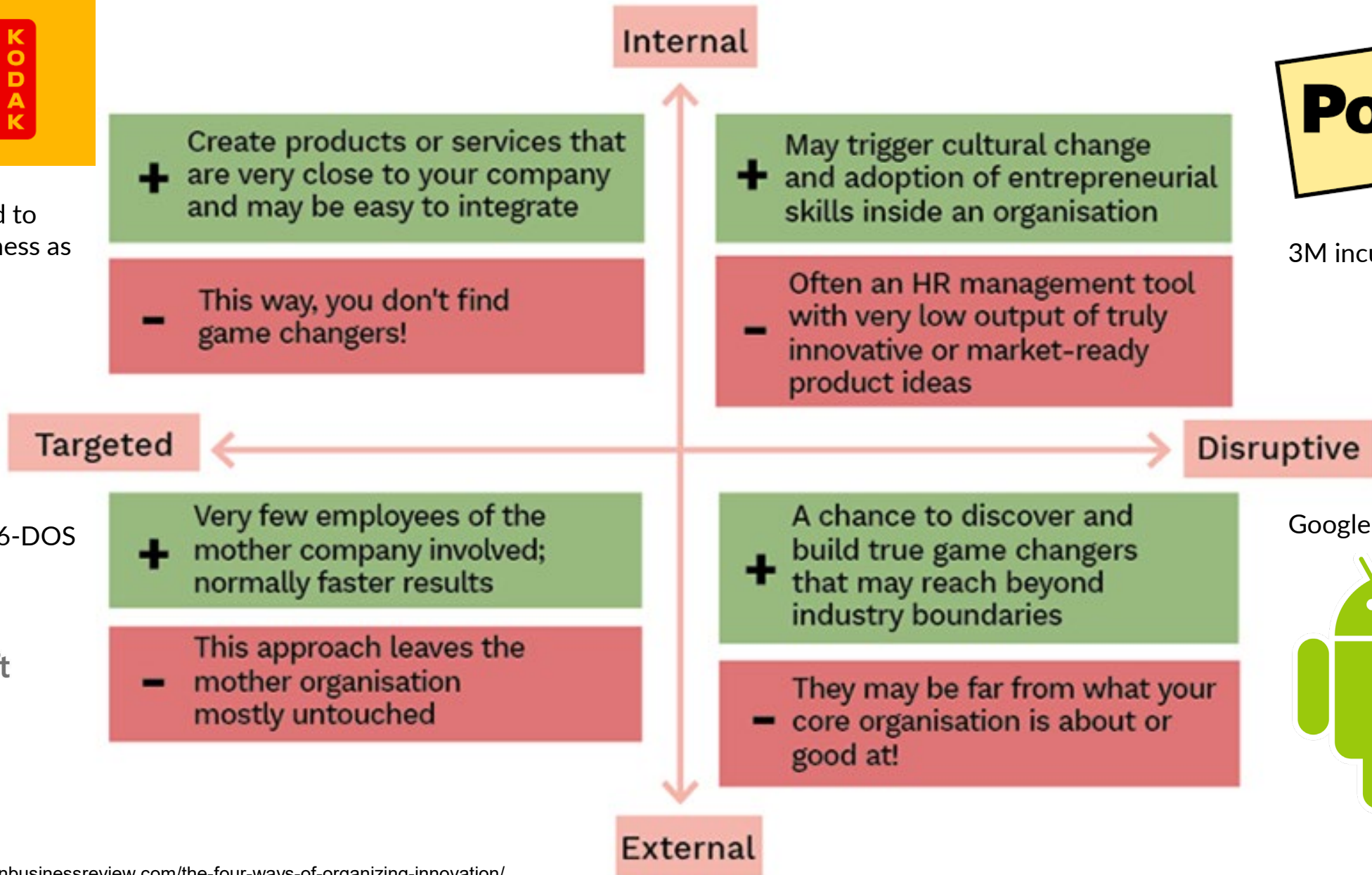
The Good, The Bad (and, perhaps, The Ugly)



Kodak decided to continue business as usual



3M incubated Post-It

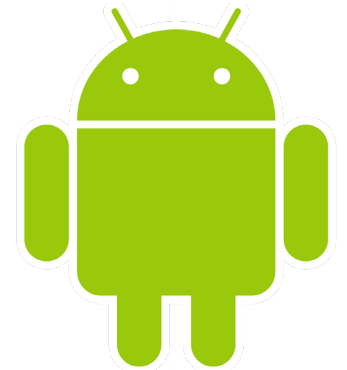


MS acquired 86-DOS



Microsoft

Google acquired Android



CORPORATE INNOVATION MATURITY

Initial Introduction to Innovation

Integration and Adoption of Innovation

Level 1

Level 2

Level 3

Level 4

Level 5

Exposed

Aware of the need to innovate but not sure how to get started
Not ready to dedicate major resources to innovation

Educating

Learning what it means to "do innovation"
Innovating internally
Engaging with innovation consultants
Engaging in short-term internal innovation workshops
Innovation for PR

Experimenting

Larger-scale investments in innovation
Experimenting with external innovation
"Rigid" open innovation becomes more relaxed

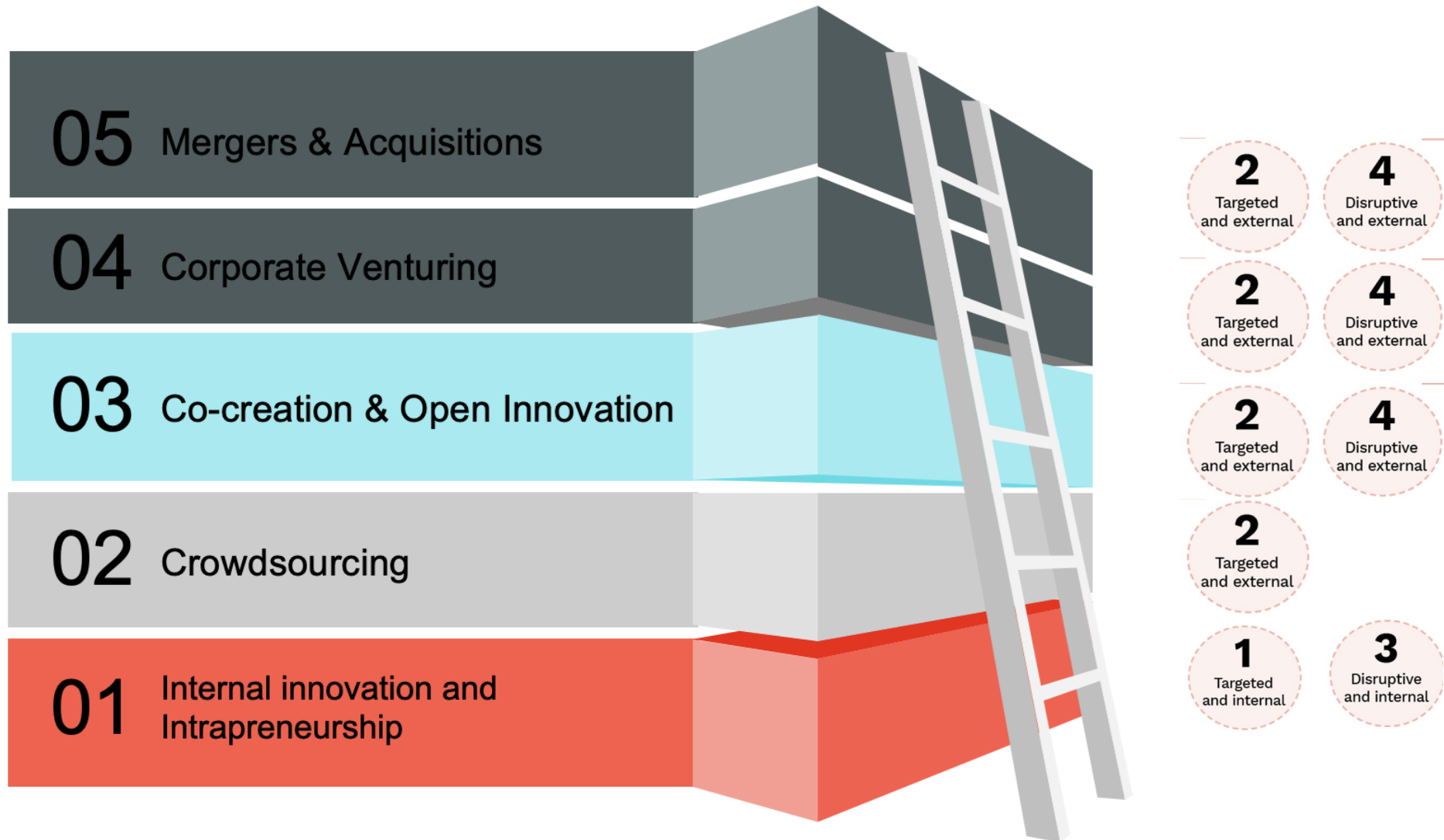
Holistic

Supportive organizational structure
Formalizing & improving open innovation activities
Different programs for company's different goals

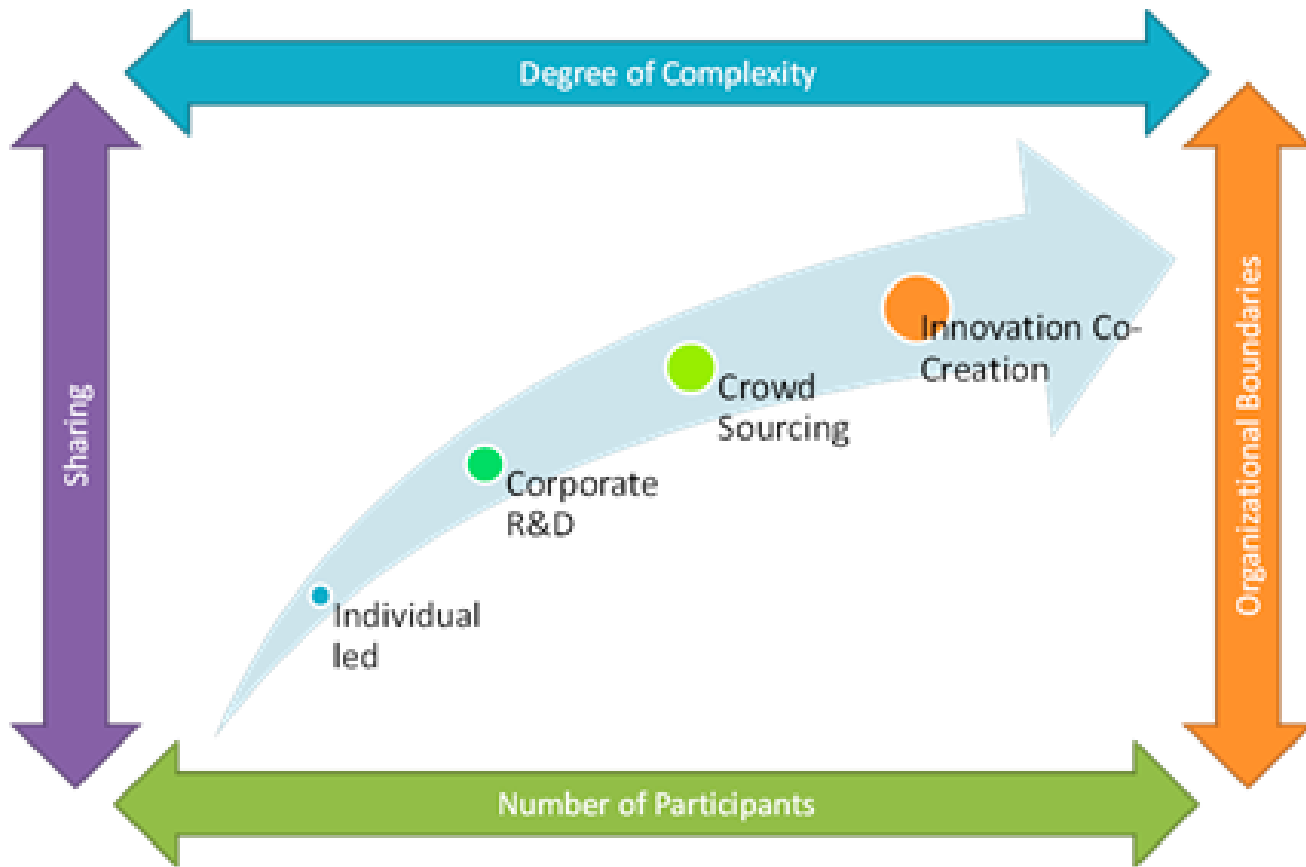
Experienced

Defined innovation strategy
Well-developed innovation culture
Venture building & other high-impact programs

Some typical ways of accelerating innovation



These options are not mutually exclusive – smart companies invest in many ways



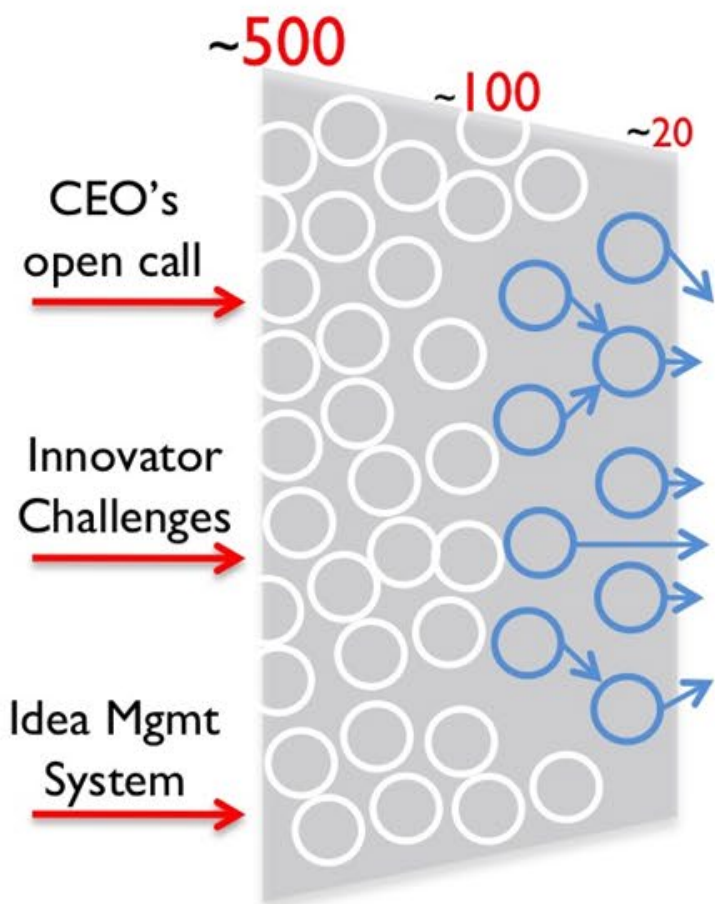
Complexity rises with growing number of participants and increasing sharing and boundary crossing.



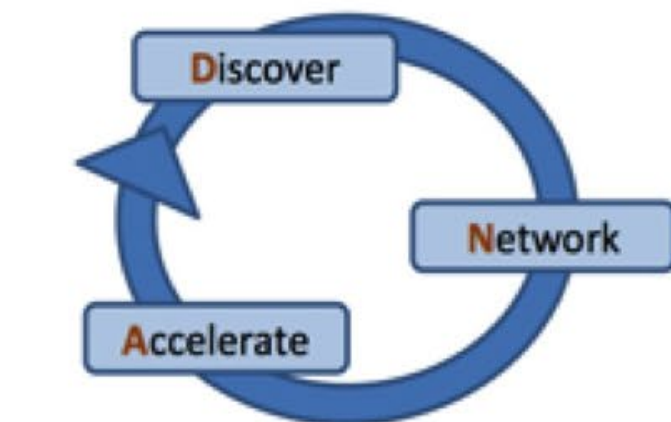
Non-traditional Internal Innovation

Venture Fest Competition

Idea Generation & Selection



Boot Camp
3-Month Part-Time



Self Forming Teams

- Contextual Education
- Mentorship
- Micro Seed Funding
- Program staff support

Implementation

Pitches to Executive Team



Business Unit Sponsor Home



Value Extraction

- Future Option Value
- Strategic Value
- Exit Value



4.8%

IDEA to INCUBATION

STEP 4

PITCH to INCUBATION

Corporate entrepreneurship projects that pitched to the board and were subsequently accepted into the 3-month incubation pilot program together with a MVP budget

46%



STEP 2

BIZ MODEL TO ACCELERATION

Created new business models from the 1-day workshop that were then selected to participate in the 5-week the accelerator process

53%

STEP 3

ACCELERATION to PITCH

Corporate entrepreneurship projects that completed the accelerator process, validating the customer problem & solution, and pitched to the board

85%



23%

STEP 1

IDEA to BUSINESS MODEL

Submitted ideas that were evaluated for potential and fit with the company, and then selected to participate in the 1-day business model workshop



Benchmark Statistics from 1st Half of 2017

It's a long way to Tipperary...

Entre vs. Intra

Entrepreneurship v Intrapreneurship

Entrepreneurship

Entrepreneurial activity by Entrepreneur

Rewards go to Entrepreneur

Risk taken by Entrepreneur

Intrapreneurship

Entrepreneurial activity by employees and managers

Rewards (most) go to company

Risk taken by company

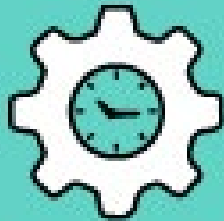
Gifford Pinchot III: Intrapreneuring: Why You Don't Have to Leave the Corporation to Become an Entrepreneur

WAYS TO INCENTIVIZE INTRAPRENEURSHIP



IDEA FAIR

A less formal version of a proposal or business plan, where a concept or design is pitched alongside other ideas.



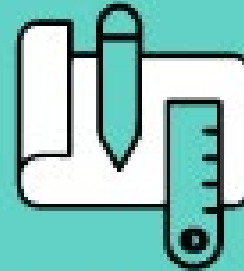
HACKATHON

A rapid design, one-off event often associated with solving a problem.



SANDBOX FUND

An account where companies can allocate money to employees to buy time from other work or hire partners to help build a prototype or business plan.



INNOVATION TIME

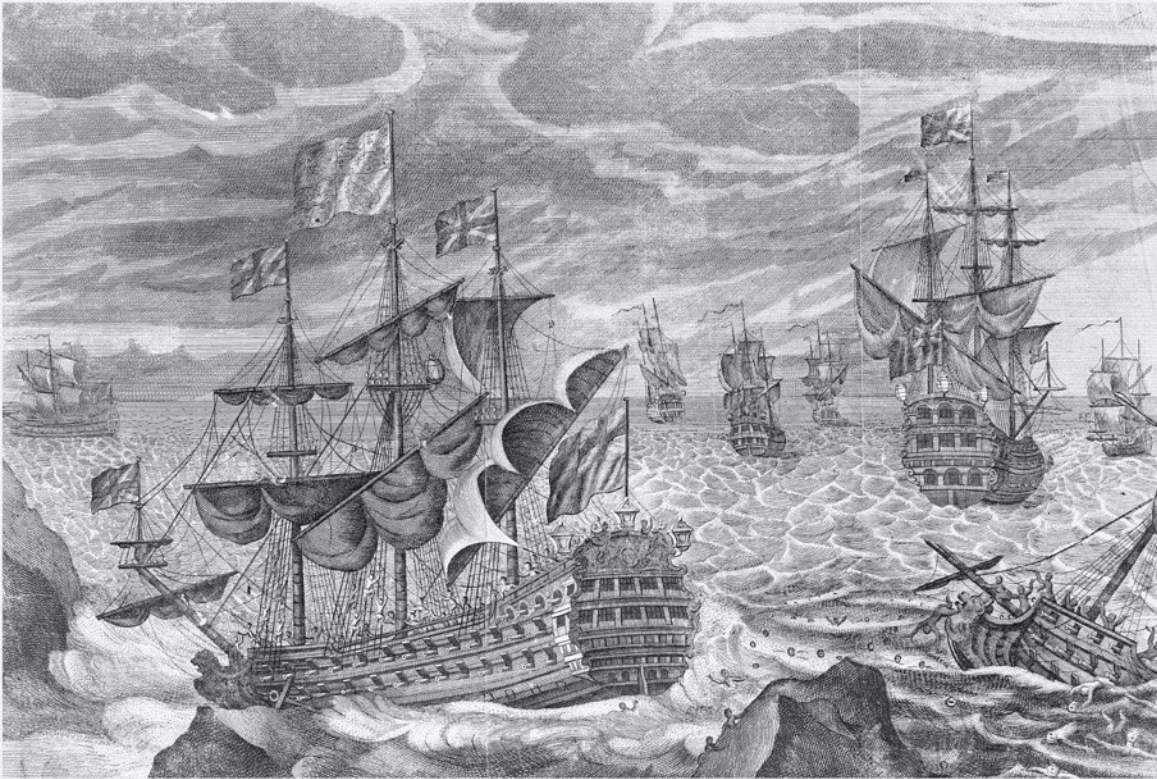
Like Google's "20% time," this offers employees the option to spend some of their time on side projects of their choosing.

You get
behaviors you
incentivize

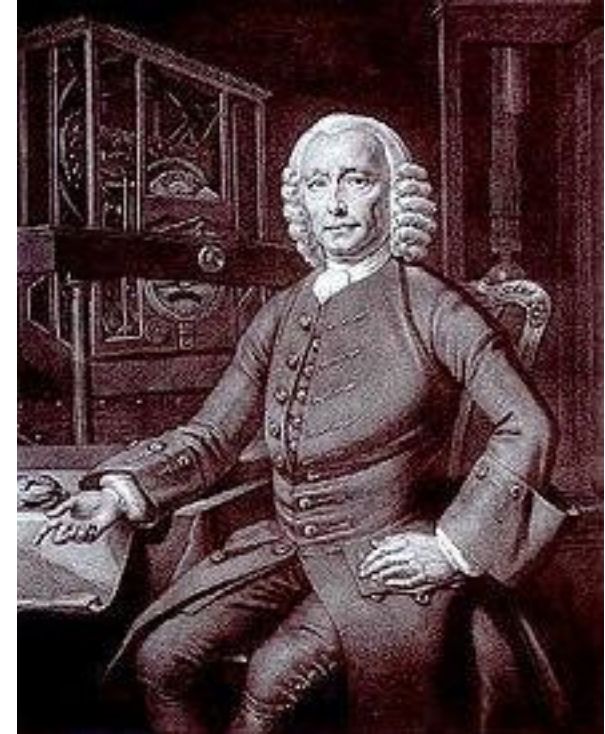


**Crowdsourcing,
open innovation,
and co-creation**

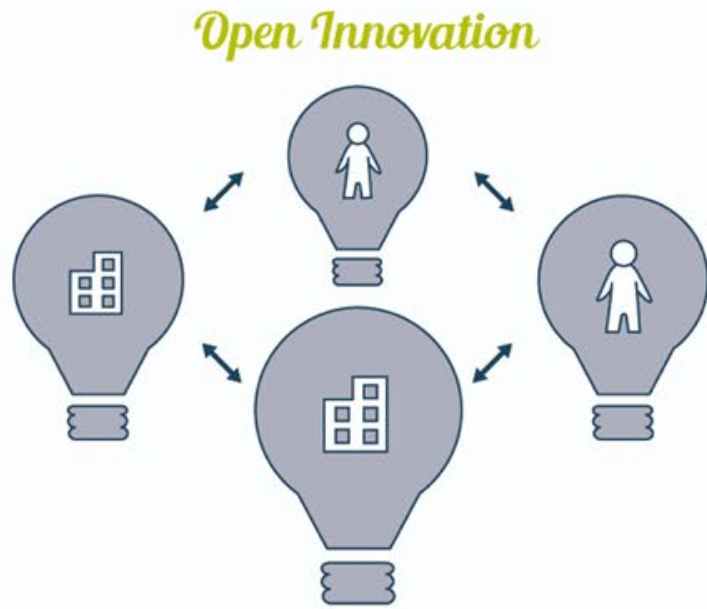
The Birth of Crowdsourcing



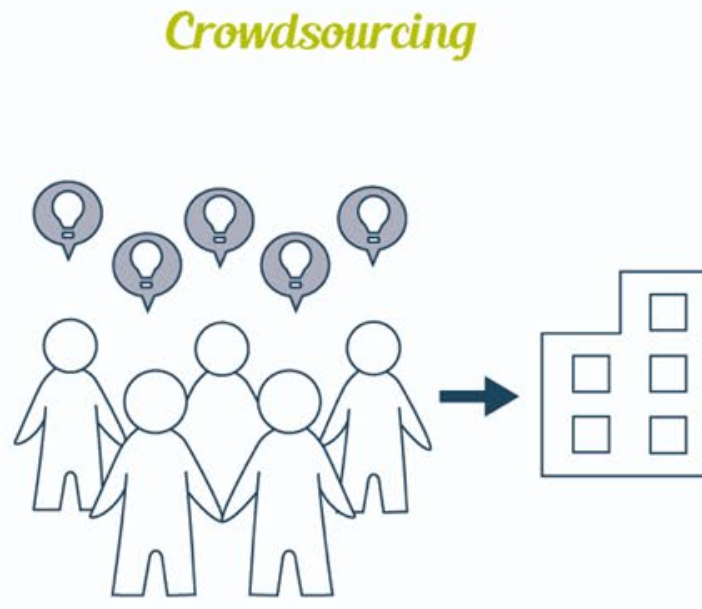
Scilly Naval Disaster of 1707



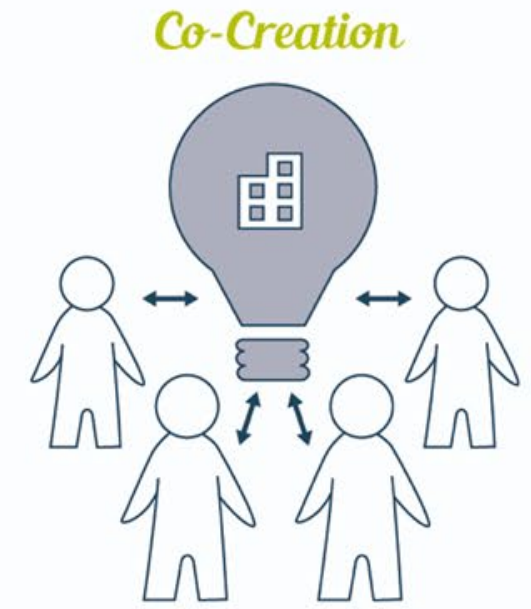
John Harrison's Sea Watch of 1772



VS.



VS.



Open innovation means creating and innovating with external stakeholders: customers, suppliers, partners and your wider community.

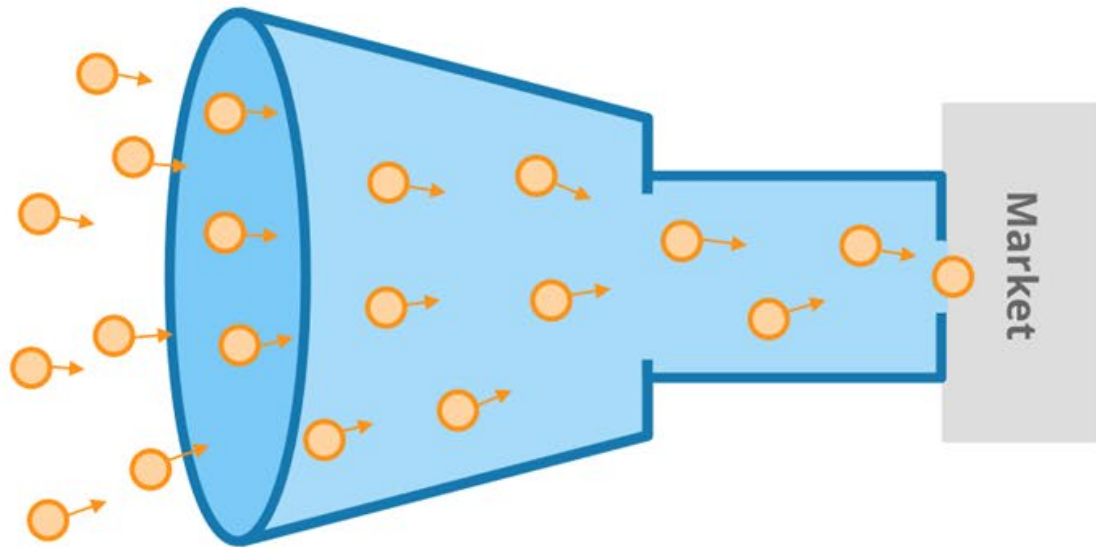
Crowdsourcing occurs when an organization outsources projects to the public. An organization decides to tap into the knowledge of a wider crowd and input is sourced from a large and undefined group of people.

Co-creation means working with the end users of your product or service to exchange knowledge and resources, in order to deliver a personalized experience using the company's value proposition.

Closed Innovation

— Corporate limit

○ Internal idea

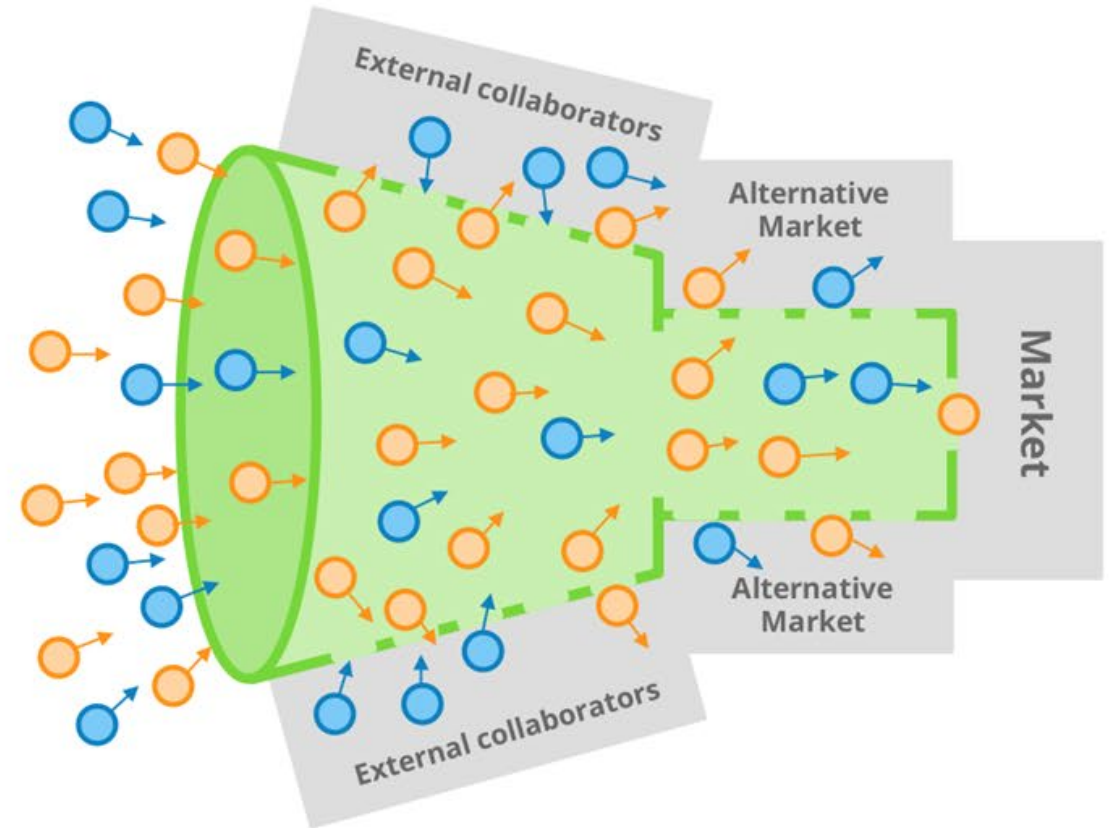


Open Innovation

--- Corporate limit

○ Internal idea

○ External idea



TYPES OF OPEN INNOVATION CHALLENGES

Strategic challenges

- Unclear goals
- Wrong audience
- Diminishing returns

Operational and structural challenges

- Building an effective process
- Developing and implementing ideas
- Finding the right tool

Legal challenges

- Intellectual property right
- Terms & conditions

Cultural challenges

- Negative attitudes and worries
- Lack of commitment or participation
- Rewarding participants



Crowd Sourcing



Crowd Contests

Good For :
new product, product development, testing products, identifying issues, generating outside ideas

Where to run it :
Social media websites, your site, independent landing pages, third party websites.



Collaborative Community

Good For :
Customers reviews, FAQ, sharing information, sharing and building knowledge.

Where to run it :
preferably on your website and social media sites.



Freelance Labor

Good For :
Short term projects, new technology ideation, data entry and validation.

Where to run it :
Third-party intermediaries such as Elance, oDesk, Guru, Freelancer, and Cloud Crowd



Crowd Funding

Good For :
Product kickstart, new technology ideation, proof of concept

Where to run it :
Third-party intermediaries such as Kickstarter, gofundme, indiegoo.



Unlocking the Potential of Clean Behind-the-Meter Energy Devices

Closing date: 7th Nov 2023
Award: Collaboration

[View Challenge](#)



Detecting Reinforced Autoclaved Aerated Concrete (RAAC) in Buildin...

Closing date: 7th Nov 2023
Award: Collaboration

[View Challenge](#)



Advanced treatment of PFAS to ensure the safety of our Water Resources

Closing date: 7th Nov 2023
Award: Collaboration

[View Challenge](#)



Move the World – Mobility SME Scouting

Closing date: 10th Nov 2023
Award: Collaboration with Linamar

[View Challenge](#)



Novel Applications for High-Purity Granular Carbon

Closing date: 19th Nov 2023
Award: \$30,000

[View Challenge](#)



Seeking Expertise and Solutions for Improving the Delivery of Sensitive...

Closing date: 20th Nov 2023
Award: Collaboration with Seeker

[View Challenge](#)



Autonomous Platform for Maintenance Operations in Solar Plants

Closing date: 1st Dec 2023
Award: \$30,000

[View Challenge](#)



Mitigation of Coking in Fired Heater Tubes

Closing date: 3rd Dec 2023
Award: \$20,000

[View Challenge](#)



Innovate with us

If we think we can do it alone, we are not thinking big enough.

We're innovating with partners to bring together bright minds, big ideas and disruptive technology. Are you working on something that could match our collective ambitions? Let's connect.



Partnering with purpose

There's no one size fits all approach to our partnerships. Whether you're an established supplier, a start-up, an academic, a designer or an individual inventor, we want to hear from you.

Our valued partners form an innovation ecosystem. It connects us together to work transparently for the same goal and sharing the success.

We are always on the lookout of purpose-led innovators to partner with us and make a difference together.

Our latest challenges

Co-creation vs. Crowdsourcing



Co-creation



Crowdsourcing

- A "We" process
- Builds a community
- A brand's employees and customers form a community of creative peers
- Always-on collaboration
- Democratization



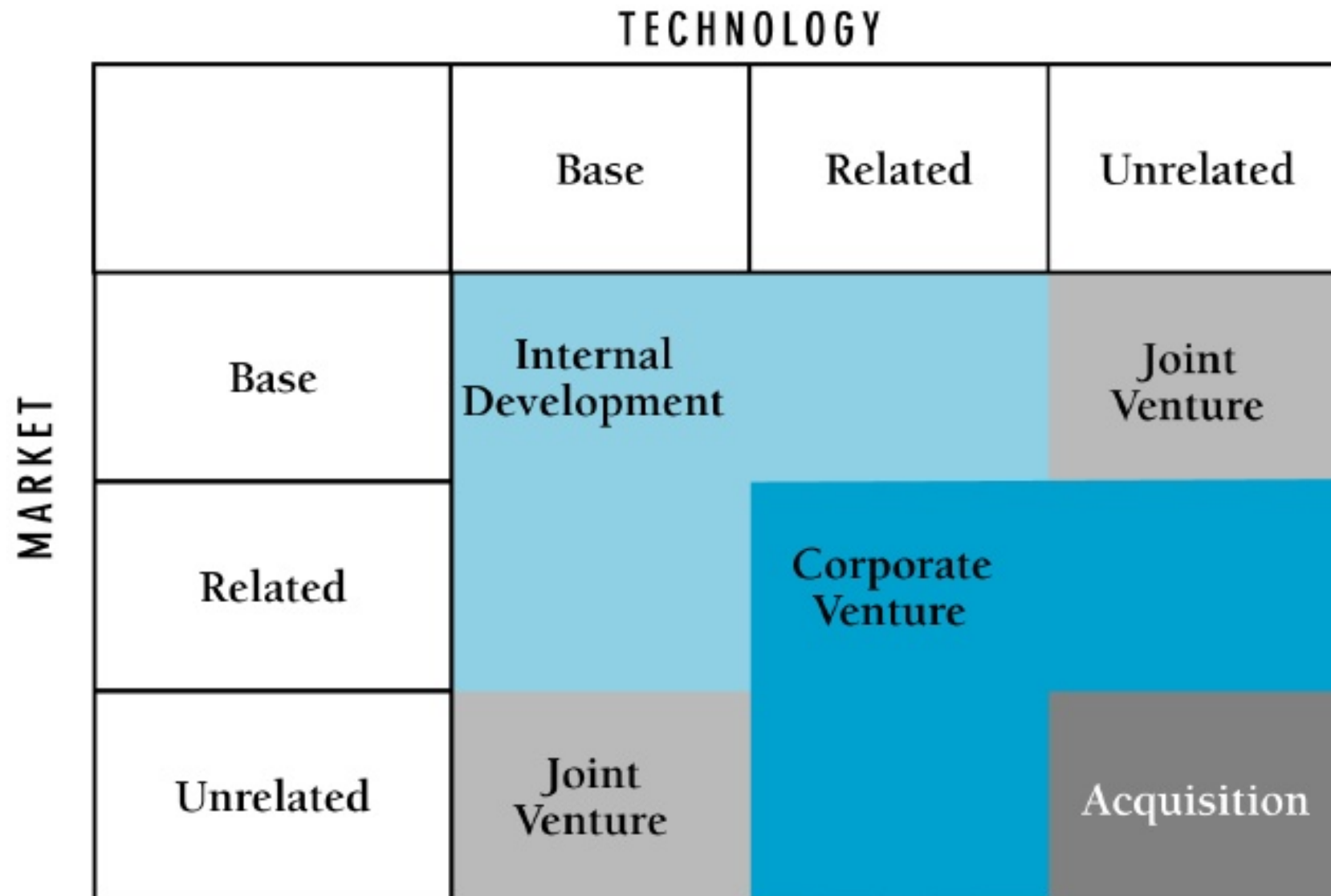
Collaboration

- An "us-them" project
- Taps an audience
- A brand's employees and customers are sources of labour, ideas, support
- Sporadic interaction and feedback
- Decentralization



Corporate Venturing

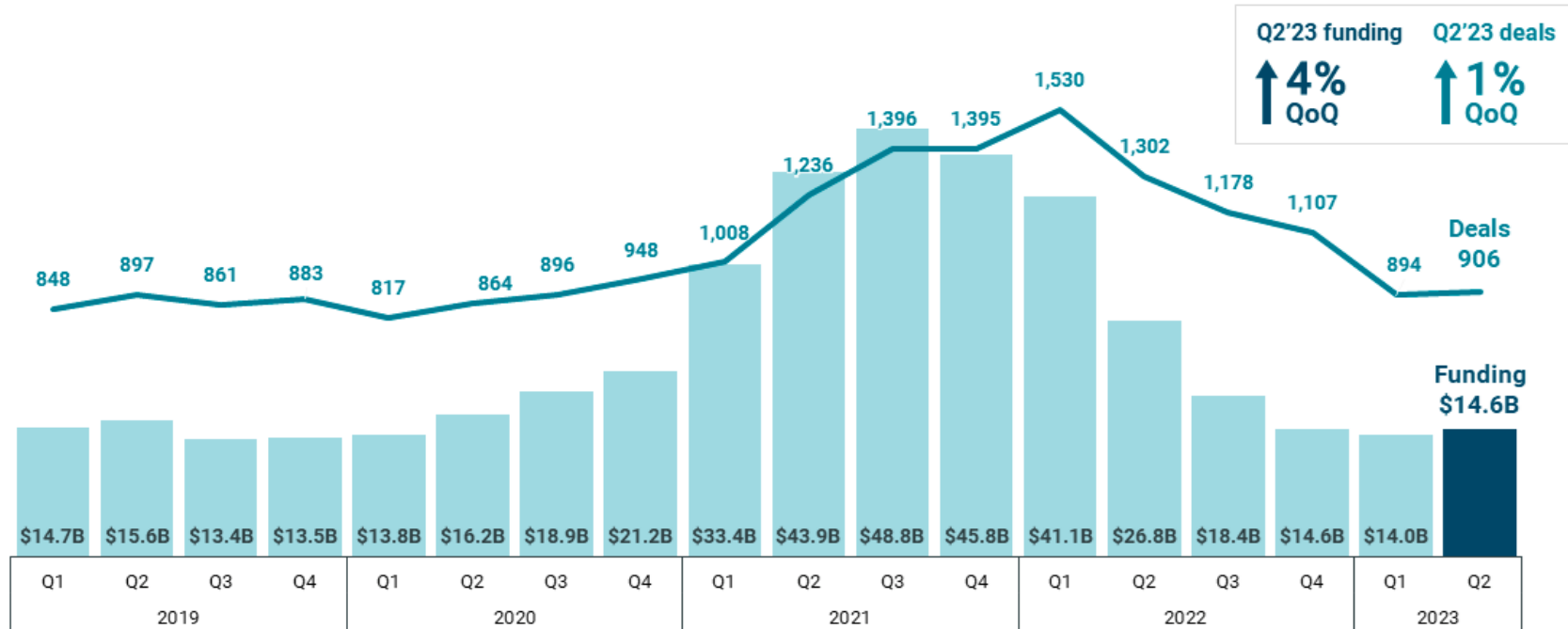
Figure 10.1 Role of corporate venturing



The fall (and re-rise) of corporate



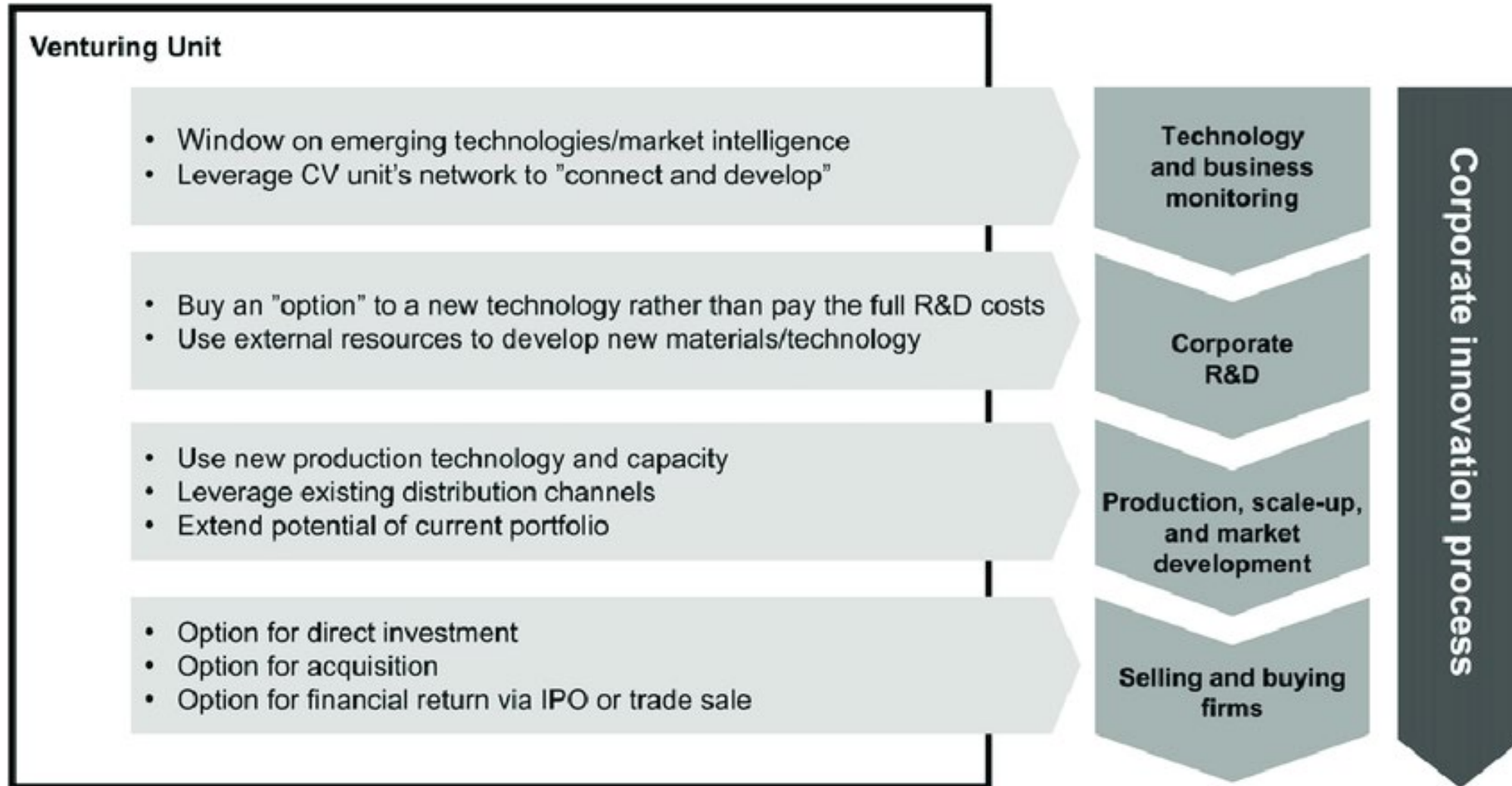
CVC-backed funding ticks up for the first time since Q3'21



State of CVC Q2'23
Source: CB Insights



The logic behind corporate venture capital



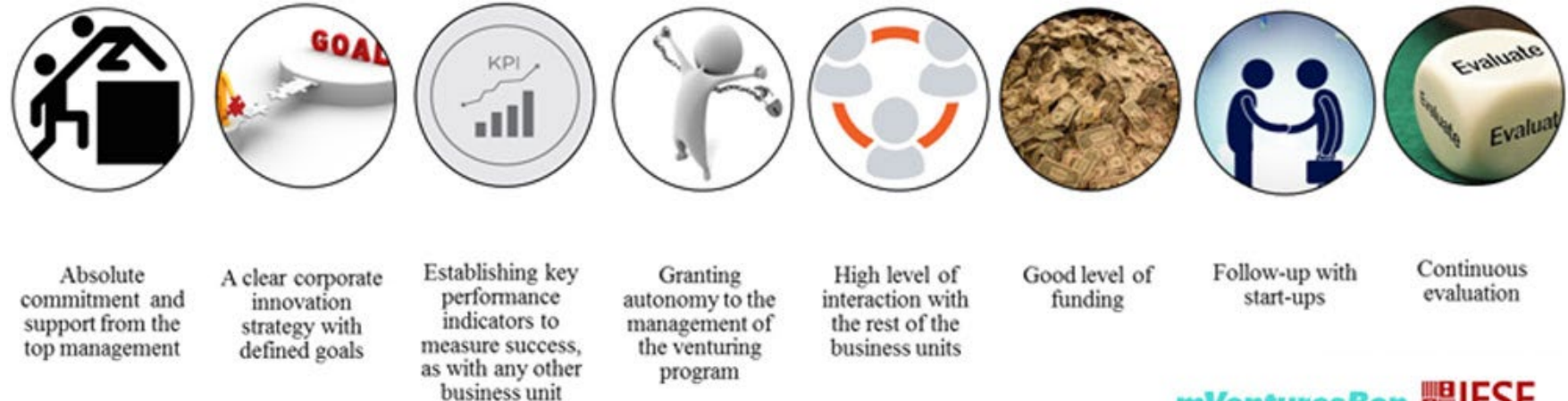
Objectives – Reasons to engage in Corporate Venturing

Explore new technologies and/or business models to gain strategic insight	Renew corporate culture to foster a broad entrepreneurial mindset	Access entrepreneurial talent and energy	Use external innovation to promote an existing corporate innovation (i.e., a platform)
Marketing and public relations	Develop big brands to attract customers, partners and talent (digitization, etc.)	Solve business problems more quickly and cost-effectively and at lower risk	Expand into future markets by accessing new capabilities, channels or emerging technologies
Leverage new and/or faster routes to market	Improve corporate social responsibility	Develop potential acquisition targets	Earn a financial return on venture investments

Why

Success Factors of Corporate Venturing

How



A Closer Look at M&A and VC



Key strategic motives for M&A

Extend the Business

- Locations, Markets, Globalisation

Change Competitive Structure

- Consolidation, remove competition, economies of scale

Improve Business Capabilities

- Access better technology, stimulate innovation

For good stuff re: M&A success rates & factors, read this article: <https://hbr.org/2016/06/ma-the-one-thing-you-need-to-get-right>



M&A used to be about economies of scale – now it is often more about outsourced innovation.

Serial buyers let nimble startups develop new technology and then acquire them to leverage the innovations with their own superior distribution power.

10 Reasons to outsource innovation in M&A

1. Avoid Chaos
2. Leverage Diverse Expertise
3. Manage and Report Innovation
4. Capitalize on Specialities
5. Realize Cost Benefits
6. Save Time
7. Beat Your Competition
8. Benefit from a Mature Process
9. Utilize Tools that are Tested and Maintained
10. Minimize Risk and Failure

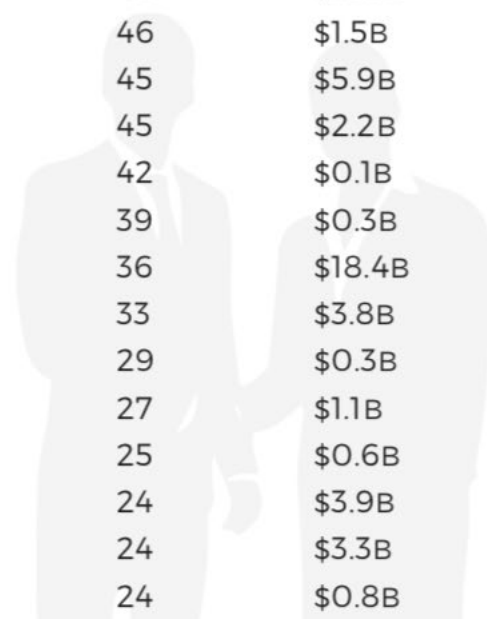
The Apex Predators

Mind the Bridge & Crunchbase:
TECH STARTUP M&As 2018 Report

<https://mindthebridge.com/mtbcrunchbase-techstartup-mas-2018/>

Top World Acquirers

	Name	Headquarters	Acquisitions	Deal Value
1	 Google	Mountain View, CA	150	\$8.0B
2	 Facebook	Menlo Park, CA	69	\$22.8B
3	 Apple	Cupertino, CA	68	\$51.B
4	 Microsoft	Redmond, WA	67	\$39.4B
5	 Accenture	New York, NY	61	\$0.4B
6	 Cisco	San José, CA	60	\$17.4B
7	 Yahoo	Redwood City, CA	56	\$3.0B
8	 Oracle	Sunnyvale, CA	51	\$10.8B
9	 IBM	Armonk, NY	49	\$8.1B
10	 Salesforce	San Francisco, CA	46	\$15.7B
11	 Twitter	San Francisco, CA	46	\$1.5B
12	 Amazon	Seattle, WA	45	\$5.9B
13	 Dell EMC	Hopkinton, MA	45	\$2.2B
14	 Dentsu	Tokyo, Japan	42	\$0.1B
15	 Groupon	Chicago, IL	39	\$0.3B
16	 Intel	Santa Clara, CA	36	\$18.4B
17	 eBay	San José, CA	33	\$3.8B
18	 Autodesk	San Rafael, CA	29	\$0.3B
19	 Zynga	San Francisco, CA	27	\$1.1B
20	 Publicis Groupe	Paris, France	25	\$0.6B
21	 Boston Scientific	Marlborough	24	\$3.9B
22	 Citrix Systems	Fort Lauderdale, FL	24	\$3.3B
23	AOL	New York, NY	24	\$0.8B



THE ECONOMIC IMPACT OF VENTURE CAPITAL

VC-BACKED COMPANIES AS A PERCENTAGE OF PUBLIC U.S. COMPANIES FOUNDED SINCE 1979



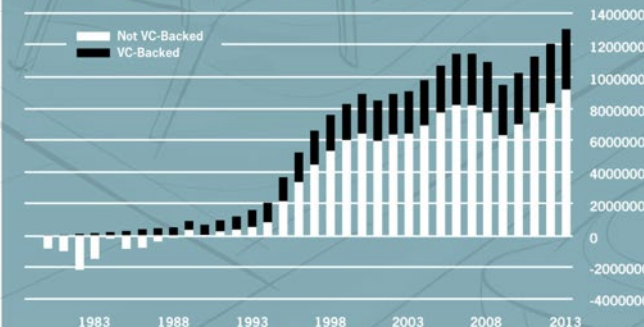
PERCENTAGE OF PUBLIC COMPANIES WITH VC BACKING EACH YEAR



SOME OF THE LARGEST U.S. VC-BACKED COMPANIES OF ALL TIME



NUMBER OF EMPLOYEES WORKING FOR VC-BACKED AND NON VC-BACKED PUBLIC COMPANIES RELATIVE TO 1979



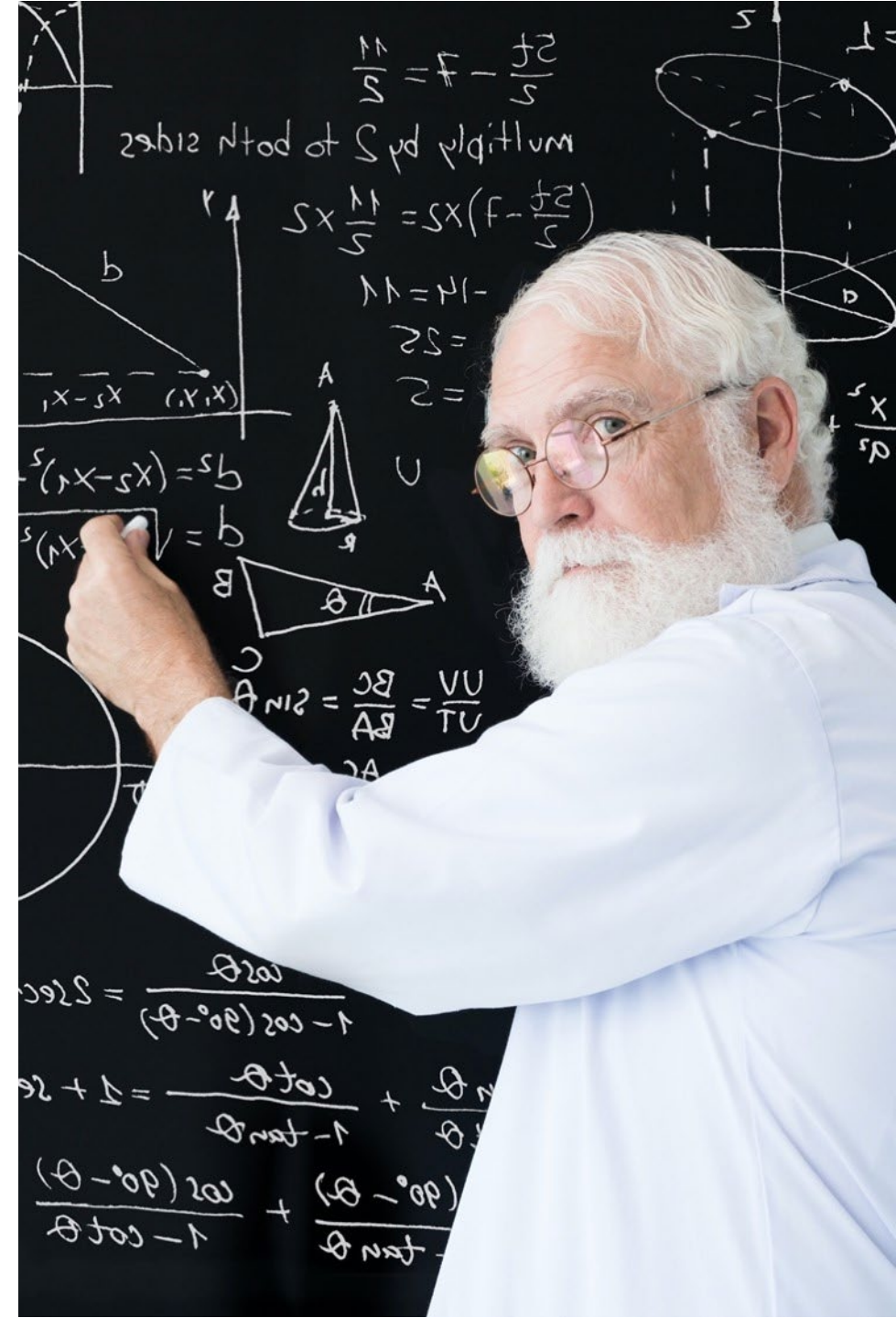
The economic impact of Venture Capital is beyond massive – as is its impact on innovation

Let's all thank VCs

moderna[®]

BIONTECH

A Little Homework (optional, of course)



Wazoku: <https://www.wazokucrowd.com/>
ISO 56002: <https://bit.ly/3bZCgrg>
ChatGPT: <https://chat.openai.com/auth/login>
<https://a16z.com/the-techno-optimist-manifesto/>

**TRY THESE
OUT. GET
YOUR HANDS
DIRTY!**



**Detecting Reinforced
Autoclaved Aerated
Concrete (RAAC) in Buildin...**

Closing date: 7th Nov 2023
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Closing date: 20th Nov 2023
Award: Collaboration with Seeker

[View Challenge](#)



**Autonomous Platform for
Maintenance Operations in
Solar Plants**

Closing date: 1st Dec 2023
Award: \$30,000

[View Challenge](#)



Don't Trust Me; Trust the Famous Dude

“

PETER DRUCKER

A PRETTY FAMOUS MANAGEMENT THINKER

Because the purpose of business is to create a customer, the business enterprise has two – and only two – basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs.

<https://goo.gl/XnTZBs>