

Good day everyone and welcome to the Enterprise Agility University.

I am Michelle Wilder I am here in Florida and I have been a part of the university for over a year.

now I will be helping to facilitate this amazing discussion that we're going to be having.

I'm also here with another individual from the community that is going to facilitate the meeting with us today Her name is Dr Courisse Knight. Courisse, if you could just give a wave to.

the crowd here It's a wonderful audience What's very exciting to see is just so many people from.

all over the world that are here to listen in to this amazing speaker that we have, Dr Sebastian.

Vetter He will be speaking to the topic of a portfolio approach for strategic innovation.

And he comes today from Berlin, Germany He is the founder of Innovate Strategy He has over 16.

years of experience in innovation and strategy consulting Dr Vetter has helped transform.

leading organizations with a focus on facilitating innovation, designing strategies and enabling collaborative and really amazing productive ways of working He thinks outside the box.

Earlier today I had the opportunity to really get to know him before this session started and to learn that he has a very different approach to innovation, really a true approach to innovation, a mind shift if you will And so once again, we are just grateful to have you today,.

Dr Sebastian Vetter, and are looking forward to hearing about this new approach to innovation.

Thank you, Michelle Thank you, Courisse Thank you, Erich Thanks for having me and welcome.

everyone who just joined Unfortunately, I can't see everyone in the chat group.

or in the audience as I have the highlight of the slides that you can also see But I would.

like to welcome all of you, wherever you are in the world, whether it's in the morning or late at night And yeah, I'm happy to be here We will have a couple of breaks in between where you can.

ask questions and where we can have a discussion going on And as Michelle said, I will be introducing.

a portfolio approach that you can use for strategic innovation And I would just like to.

show you the agenda I have three main topics that I would like to talk about,.

first one being that while this is my ambition, and perhaps it might also turn out to be your ambition to innovate how you innovate And I will try to make a case for strategic innovation.

And I want to differentiate four types of corporate innovation If you like the talk,.

you don't have to decide now But later you can find me on LinkedIn And you can visit my website,.

obviously, Innovate Strategy And I want to take you back in time And I want to share a journey.

or a realization that I made So my background is in organizational psychology And I did a PhD.  
in industrial engineering and economics And for quite a time, I worked in the innovation.  
area and I worked on many strategy projects And I applied methods from service design to design.  
thinking and user centricity, customer centricity, some lean approaches as well And I thought I had.  
innovation pretty much figured out I was quite confident in what I was doing and we were getting.  
good results I was kind of on top of all the new methods and approaches that came along.  
And in 2013, so 10 years ago, the first innovation hubs started to pop up all over the world.  
Big corporates, they invested heavily in their innovation app And at the time,.  
I lived in New Zealand and I worked for a big consulting company And we also had a corporate.  
innovation app that was quite successful And we taught our clients on how to put up those.  
innovation hubs What to look out for was what mistake to avoid And in the course of my work,.  
I got to visit many different innovation hubs in New Zealand, in Europe and in the US And whenever.  
I visited a new innovation hub from those big brands, big well-known companies, I tried to talk to the people  
working there to understand what they were doing And I noticed that first of all,.  
they really struggled to explain what type of innovation they follow This was my first.  
realization So everyone was basically doing the same thing They were all applying design thinking.  
and baby service design and they were all customer centric Even the names of their.  
innovation hubs were almost identical Some factories or some labs and so on.  
And this made me realize that the approach to innovation they took, they either couldn't communicate or it  
was identical to everyone else So that's hardly innovative If you just copy.  
what everyone else is doing And I thought there has to be a better way There has to be an innovative.  
way to think about innovation And I distilled the learnings that I had in particular with.  
innovation hubs and focused on building and managing innovation hubs And I have 15 lessons in total.  
that talk about that it's not about the space Corporates tend to over-invest They tend to.  
spend millions on a beautiful office space And that space looks often like a playground And.  
it's an open plan office So it's very hard to focus So there are some pros and cons to that.  
But they are clearly over-investing and confusing real innovation with fancy designer furniture.  
The next lesson is to start small Especially when you're starting out, those innovation hubs,.

they tended to pick up projects that were too difficult, too complex for an unexperienced team.

So there's a lesson here on starting small The next one is about the response from the core.

organization you might get when you put up an innovation unit, especially in an established organization You get pushback This is the so-called corporate immune system And I've written.

about that on how to deal with that The next one is a lesson to start with easy problems.

And here I want to emphasize that you should not start with opportunities, but with problems because they are typically well-framed It's much easier to start with a concise problem.

description than to explore a vague opportunity Taking risk is quite important, and it might.

be counterintuitive to the traditional organization Leadership involvement has to happen from.

the start, from day one Even the design of the innovation hub has to be done in close.

collaboration with senior leadership You need their backing when things don't go well,.

and this will happen A separate budget for an innovation hub is not only a good idea,.

it is even a required for it to succeed And the way to think about innovation hubs versus.

the core business also differs For the core business, money you spend is like an expense.

Money you spend on innovation, however, must be seen like an investment because you're trying to secure future profits And there's a mismatch here So typically organizations don't work like that.

That's why you need a separate budget Protecting the space When you set up an innovation hub,.

you're also setting up basically an organization within an existing organization So you need.

boundaries around that hub to protect the space However, the boundaries also need to be open,.

so you can interact and deliver value to your core organization Mission control is a very good.

and pragmatic way to keep track of a growing innovation hub with multiple projects and initiatives running in parallel And there's a secret source as well And this is the way of.

working And you can read on my website I've written two blog articles about those 15 lessons.

And number 11 is a good one So don't be a tourist There is innovation hub tourism happening.

So a few years ago, CEOs from Europe were traveling to the US to the Silicon Valley.

Then it shifted And Israel was a very favorite and everyone visited innovation hubs there.

And I believe now it's China And CEOs from all over the world are going to China to see.

what's happening there The problem with innovation hub tourism is you don't actually.

learn what they do and you don't learn from their mistakes because they will only show you a facade They

will only tell you about all the things that work well And I believe.

that is also why the innovation hubs all look identical because people copy what they see and what they understand, which is only the surface level without actually engaging into the deeper and more grounded work of understanding what innovation could mean in your context.

And there is a tendency, a very human tendency that we like gadgets and shiny things.

The problem is, first of all, they cost a lot of money And secondly, they are very quickly.

outdated And I've seen that happen where big companies spend lots of money on augmented.

reality goggles, although this has nothing to do with their core business There's no.

application for it They just want to fit out the space with shiny tech This is obviously.

not a good idea If it's not connected to your strategy or to what you do, so just don't do.

that You don't need lots of money to build a good innovation hub You also need to communicate.

what you're actually doing, what type of innovation you're doing You need to communicate.

that not only to your company, but also to your company And that's what I think is.

important to your customers, but also to your colleagues, to the core business They need to.

know what you're doing So what is the service offering you're actually providing? And measurements,.

it's a bit like budget There's a way to measure progress or to measure impact that might work.

quite well with traditional, with a traditional, for example, a production setup But it doesn't.

work well with innovation because here it's a totally different kind, it's a different beast, you could say, that you're trying to work with And here you need also different indicators of.

performance And connect and protect refers to the difficult relationship you need to have.

with your core organization So yes, you get pushback from the immune system However, you're.

also linked to your mother organization And you need to have good ties, you need to deliver on.

their strategy And there are times when it's important to connect And there are also times.

when it's important to protect what you have Because just in terms of size and therefore.

also in terms of power, the innovation hub typically is way smaller than the mother organization And.

there are some power struggles that can emerge and you just need to be ready for it And this is.

just to give you an idea of the lessons I learned from working with and within innovation hubs.

But you can read about those in two blog posts And the experience from working with corporates.

in New Zealand, in Europe and in the US, made me realize that I want to contribute to organizations so they can innovate how they innovate and really think differently about innovation.

And therefore, I'm going to present a couple of innovation paradigms and frameworks that could help you as well to deepen your innovation practice And I'm backed up by Roberto Verganti.

He's a researcher in Italy He wrote a couple of really good books And he says, if all companies.

converge on the same approach, innovation becomes less of a differentiator The most innovative.

companies are those that question the existing innovation paradigms and they explore new avenues.

So this is basically what I just dealt with, innovator you innovate And how can you do that?.

And one tool that I would like to share with you that I find quite helpful is to look beyond.

you could think about innovation and understand it as, okay, the task is just to come up with new ideas or to come up with new products, right? This is a very narrow focus.

And I would like to introduce different vantage points that you can use to think differently.

And there's a couple of those, the next one being outside of tasks is logistics.

And tasks inform logistics and logistics influences tasks.

So if you look from that vantage point, you get a different understanding of what a task might entail.

And if you go further out into tactics, strategy, policy, culture, you even end up with philosophy.

So there's a certain philosophy behind or that shapes your understanding of, for example, what innovation is.

And the philosophy is shaped by the time we're living in.

It might be shaped by your cultural background.

It's for sure shaped by the organizational culture, which now we're going back to the left, which informs policy, strategy, tactics, logistics, and in the end, how things are being done.

And while this might maybe at first glance, sound just like a, or it looks like a few colorful patterns, it is in fact really powerful to change perspective and to question, for example, the strategy or policy.

or culture or to try to look at a subject matter from a different philosophy.

And I did that and it really helped me to come up with some frameworks that I would like to present you in a few minutes.

Sebastian, before you go for the framework, let me tell you, I've been working with Sebastian for a long time, I know it was for almost six years.

And I love your frameworks.

They're fantastic, I think you provide a lot of innovation that nobody else in the market is providing.

So we are in the right place.

So folks, if you have questions,.

add them in the chat box.

I think the next few minutes are gonna be going for everyone because this is something that is a missing link between innovation and actionable innovation.

So, you know, open your eyes because this is fantastic what you're gonna hear now.

Thank you, Erich.

And so I focus on two things that sound very similar, but they are actually very different.

And one is strategic innovation.

So you want to be strategic about how you innovate.

And the other one is, you want to design innovative strategies.

So your strategy, your organizational strategy should be innovative.

This will increase your chances of success.

But obviously they are connected.

And I would like to start with a definition.

And my realization from working in the field for now, 16 years is that many, if not all organizations do innovation, but very few follow an innovation strategy.

And this makes a big difference.

So strategy describes a set of reinforcing activities to protect and create value.

This is a definition.

This is, I have to say my definition, there are so many definitions out there.

This is how I define strategy.

This is how I define innovation.

And innovation from my perspective is the creation of new value and, or the creation of value in new ways.

So you can create something that is very new, that has never been created before, or you can create something that already exists, but in a new way.

An example for that being Elon Musk with his rockets that can be reused.

He didn't invent rockets, but he invented a new way of value creation.

And what you should have noticed in both definitions, the word value is there.

So strategy, protect and create value, and innovation is the creation of new value, or value creation in new ways.

So this is important as some background information.

And so why should organizations approach innovation strategically? And there's one concept that is very closely linked to the work you're doing, or your teaching at Enterprise Agility University.

And it's a concept called strategic drift.

This concept describes that even slight environmental changes, they can often not be picked up on by strategy.

Organizational strategy typically happens in cycles.

So you have a typically a five year strategy, or sometimes even shorter, some companies do like a three year strategy cycle.

And so you have this time period where the entire organization is trying to follow a strategy.

And what you can see here on the red line, if you have just a slight change in the environment, then your strategy cycles are not able to pick up on weak signals that something is changing in the market.

Because you're not as very difficult, especially for big organizations to send what is out there, what is different.

It would be typically too small, too insignificant to change your strategy.

So the strategy only evolves in a very conservative way.

Until the gap between the environment was out there and your strategy becomes too big.

And then you notice, okay, performance is going down.

We are losing market share.

And what happens then is typically the strategy cycle, they get shorter and people implement ad hoc changes.

So now they can see what's happening in the market and then they change everything to meet that market need.

However, the time for the change to manifest in actual performance and actual numbers is too short.

So you actually don't know if what you're doing is having a positive or a negative effect.

So you change again and again and again.

And the gap between what is happening in the environment in your market and between what is written in your strategy becomes bigger and bigger.

So this is a very typical concept that you can observe in organizations that have, that expect things to change

in a linear way.

Their philosophy is a linear philosophy.

And Eric, we talked about this a lot in personal chats there.

And I know the topic of exponential change is at the heart of enterprise agility.

And there can also be other nonlinear changes that you can observe.

Some patterns might be cyclical, volatile, there might be recovery patterns, plateau patterns.

After the pandemic, for example, we saw recovery patterns.

So to get an understanding of alternatives to an assumed linear change.

And strategic drift is a thing that happens to the best companies.

It's very difficult to prevent this from happening.

What I've seen, what innovation, and this is now a link from innovation and strategy.

If you have an innovation strategy, this can serve as a mitigator of that strategic drift.

Because innovation is really good at picking up weak signals.

And you can experiment here.

You can, very cost effective, try different things out.

You can't do that with a three year strategy.

In a strategy, everything needs to be backed up by data and it has to make sense.

But if you combine innovation, the explorative nature of innovation and strategy, it can help you to be better tuned in on environmental or market changes.

And you can even use innovation to facilitate shifts in the market.

So it's not only reactive to sense what others are doing, but you can influence the market by innovating yourself.

So this is what I call innovation strategy corridor that is especially important when patterns that we observe in the market are nonlinear and often they are.

The second reason.

I wanted to mention, I'm seeing a comment here that I find intriguing.

Thomas Martin shares that there's an assumption in here and what you were just presenting that sometimes the performance of an organization suffers when its strategy shifts so that they become a takeover candidate.

Yeah, exactly that.



Yeah, it is like that.

So if a strategy is only useful if it matches what's out there.

So if complexity in the market is increasing, you can't really cope with a simple strategy.

So the strategy needs to reflect the pattern that you observe and you need to be able to observe it in the first place.

So if you're in a cyclical business and many businesses are, for example, agriculture, it's a cyclical business.

They've adapted because it's known for centuries, but they've adapted and they follow a cyclical strategy.

In summer when you're harvesting, you're doing different things than in spring, you know, when you're taking care of your machinery and your planting seeds and so on.

And there are also those patterns out there, but yes, it's true.

It can lead to either a transformation of the organization and of the way they approach strategy and innovation, or it can lead to the organization basically going extinct.

Okay.

The other reason for a strategic approach to innovation is life insurance.

And let me explain what I mean by that.

So a traditional view of innovation is to secure future profits.

And in that quite narrow view, innovation is seen as the invention and monetization of new products and services.

This is an integral part of innovation.

Yes, it is very goal directed, time bound.

Typically those are projects, product development projects, for example.

This is about doing innovation.

And many companies do that.

They try to come up with new products and services.

Innovation has a different purpose and I see a shift towards a more broader understanding.

And here innovation is seen as a core capability that can safeguard the organization from becoming outdated or irrelevant or losing touch with the market or from being disrupted by others.

So here it's about the continuous reinvention of the core organization and its business model, the operating model and the products and services.

So here the innovation unit would also have the mandate to change the core organization, not just coming up

with new fancy stuff.

So that is a bit of a different view.

In the first example, the innovation hub would be pretty much sheltered, would be like an island.

And in the second one, it's about establishing a relationship also influencing and being influenced by the core organization.

And so I get you a definition of strategy of innovation and now I owe you a definition of an innovation strategy and it outlines how to create new values systematically and repeatedly.

And there are nine benefits that I could identify through my work.

And the first one being that it makes explicit that innovation requires leadership attention.

Strategy is a leadership topic.

I think no one would argue about that.

When it comes to innovation, not so much.

And by lifting innovation on or by connecting it with strategy where I believe it should live, it becomes a leadership topic and it should be a leadership topic.

It makes getting funding much easier if innovation doesn't exist like an island, but if it's connected to the corporate strategy.

It provides access to senior leaders in your organization.

So if you work in innovation or you have to do with product development and you manage to link it to the strategic imperatives of your organization then you have leadership access.

It ensures that your innovations are actually valuable to your organization and it gives guidance and structure to your innovation project.

So it's a constraint, but it's a good constraint.

And it helps you to focus on impact and goals rather than on methods and tools.

They are just means to achieve impact.

It also helps to communicate that new value creation is an important and important part of your organization.

focus area and that it needs to be reflected in the overall strategy It also ensures the.

innovation teams are not alienated in organizations and I've seen that happen.

And lastly, you're not wasting anyone's time or money.

Laschineva, you mentioned on your side that leadership is, the strategy has had the attention of leadership How do you get the people in the organization.

to then own the strategy? I guess I'm making the assumption that when you said that, that you're talking about leadership commitment and leadership direction, I'm just wondering how is it that you get buy-in and ownership in this approach? There's no universal answer to that It really depends on the context you operate in.

And typically, when I design strategies and I tend to work very collaborative with the organization and I try to be as close to the market as possible, because you design a strategy from the outside in You don't just get some smart people, sit in a room and come up with.

a strategy No, you need to, and that's why I introduced the strategic drift, you need to pick.

up market signals and you need to pick up weak signals from the market, maybe the ones that your competitors are not picking up And you need to go through a process of sense making.

to understand what does that actually mean for us? Is there a threat or is it an opportunity? And you need to include not everyone in the organization, but the right people who, for example, are close to the market or have a good understanding of customers You need to.

get a perspective on competitors Though it is a complex undertaking, what I've seen, what helps.

to get buy-in from people is to openly communicate how you derive a strategy There needs to be.

some storytelling, how you picked up on weak signals, because in the end, a strategy is a bet.

You're making a bet that a set of self-reinforcing activities will get you to achieve your organizational goals and to make transparent how you got there and how you envision to beat your competition or to enter new markets Basically, what this is based on, some evidence you found.

or some signals you interpreted, then the strategy becomes relatable and it becomes clear why we have this strategy And how this looks in practice always differs a bit Also.

depends on what's already there within an organization, but a key thing is really to design a strategy from the outside to start with the market Sebastian, I think you answered one question.

from Agincha that he's asking about sensing You mentioned that about different kinds of.

signals, mixed signals, trends and other things Is that your approach of sensing?.

Yes, so the approach of sensing is more related to the field of ethnography or even anthropology in I like to think that in our world community, there are pockets where things are more progressive.

in some subcultures, in some countries There are things happening now that might become the.

future for a majority in five years time So we actually don't live in the same time zone,.

not even in the same decade There are movements and pockets that already live the future today.

And it's obviously no guarantee that what they are doing is going to be what the majority is going to do in five years But it's very interesting for innovation and for strategy.

to investigate what is happening in creative pockets And you can observe those They are.

everywhere It's not the majority And there are some signals you can pick up on.

And there's some experimentation you can do But I just want to maybe get you to think of.

or to accept the thought that we're not all living in the same decade, but that they are very progressive clusters and more conservative clusters and so on And it's also fluid But.

this is a way to sense what might become the new normal.

Okay Thank you for that, Sebastian Thank you for the explanation I appreciate.

as I know people join today to try to understand more about innovation It's a very, very complex.

topic And in my experience, many of the offering in the market are not as advanced as the type of.

experiences and framework you offer So I appreciate that I think everyone in.

the audience is appreciating your approach Yeah So then let me go a bit further Because.

so far it's still a bit vague I would expect But I wanted to start with defining strategy.

and defining innovation and then bringing those two together What in strategic innovation actually.

means with the example of strategic drift Yeah Okay So now we are actually coming to a framework.

and this is closely linked to the experience I mentioned that I had working with innovation hubs from big corporates First of all, you know, they didn't know what they were doing, really.

They were just doing innovation Yeah They couldn't tell me what approach they were following.

They were all doing design thinking And yeah, everyone was basically copying what they heard.

and seen before And this got me to think about innovation and I distinguished four different.

types of innovation And I came up with this innovation framework So we have two axes here.

And the first one from top to bottom is differentiating whether you have an internal focus on your organization or whether you have an external focus on your customers.

And if you go from left to right, it looked at whether your problem focused or whether your opportunity driven And if you take this framework, you have four resulting quadrants and you have.

one area in the middle And I will talk about that as well But let's start in the top left corner.

So you have an internal focus on your organization and you're trying to solve problems.

This type of innovation can be described as optimizing internal operations to increase process efficiency And this is not new In the 80s and 90s, there was a big lean management.

movement inspired by the Toyota production system, by Kaizen, Total Quality Management, Six Sigma This is all about optimizing internal operations and it's all about process efficiency.

This is one type of innovation and this one is a good starting place as well, to get your operations in order And by the way, so before Czech GPT, I would say most AI.

applications would fall into that quadrant The recent advancements in artificial intelligence. have changed a little bit, but still the majority of artificial intelligence, automation, and so on would just live here in the optimization quadrant The next one, this one is about. problems as well You're trying to solve problems, but this time of external users, of customers. So you want to improve the user experience of existing products and services And. most companies do that They know that this is important It's the crucial type of innovation. that all companies must do And most companies do that Design thinking, everything user-centered. are good methods to do that Now we're moving to the right-hand side of that framework. And here, things are less well known They're less established in the market They are more. radical They are a bit more edgy Because here on the right-hand side, you don't have problems to. work with You try to identify and create opportunities And this is a very different. mindset And it's much harder to do because you start from zero You don't have a problem statement. that you can work with You just try to explore what could be And if we look at internal focus. and opportunities, this means to think about how you can reinvent your own industry or business. And this is very difficult because of tradition you might have You have a long legacy. And you're highly specialized in one, maybe in one topic, maybe in one product. And depending on this now depends on the market They are industries where you can. manufacture almost like they did 100 years ago So the pace of change in some industries is very. slow And in other industries, it's super high Anything software related, it's a super high pace. of change So if you're in an industry where disruption frequently happens, you need to think. about how can I reinvent my own industry or business? If you don't do that, someone else will think about that And lastly, the quadrant at the bottom looks at opportunities, but with an. external focus So how can you create viable business opportunities for the future? And here,. I'm not talking about solving problems your customers have, but to create new demand, new need, new excitement about things that don't exist yet And those are the four quadrants,. optimize, improve, reinvent and create And it really helps if organizations and innovation hubs,. if they are able to express what are they focusing on? You don't have to do all four quadrants at the same time, but you should have an understanding where your focus area lies. Maybe it lies just with optimization and improvement And that is perfectly fine.

Okay, thanks Actually, this is a great framework and thanks for sharing this.

One question that I have from opportunity driven or the create quadrant is how do we.

don't go over far by trying to innovate, which is way too early for the market or for the time or for the era? How do we control ourselves sometimes? How do we sense that also that this is like big world for the market? Yeah, yeah This does happen Yeah, if I don't know, a few examples.

come to mind Google Glass, for example, was a radical innovation that would sit in that area.

Users didn't pick up on it It kind of felt odd for the person wearing those glasses to.

go into a social situation This kind of felt odd And another example being Thaikway When it.

came, when it first was launched, they imagined the market being huge and everyone riding around with Thaikway It didn't happen And again, it's a bit related to people feeling uncomfortable and.

goofy on those Thaikway What you can do here is to think first to test your innovation with.

different clusters of people, not only with the leading edge early adopters, but also with the mass market And if they had done that with Google Glass and also with Thaikway, they would have.

learned that there are some barriers and that the uptake won't be as high as they expected.

So this is one example Another example, what you can do if you have developed an innovation,.

but you kind of get the feeling it's too far out there, you can try if you can backtrack If you.

can kind of pull some features of it into more closer to the current reality and take users on, let's say, on a journey of different updates, much easier to do in software, but it can be done in hardware as well, to get them familiar with the new technology And then, even though you might.

have developed crazy amazing features to hold them back for future updates, so kind of to drip feed those features if you think they're too far out there This is possible as well.

So Thomas asked product innovation on the bottom, process innovation on the top.

Thomas, I don't know if you want to come off mute and explain that a little bit.

Yeah, I'm trying to relate the model with what I know about innovation There's always a.

district review process and product innovation and I'm wondering how that distinction fits in this model, Sebastian Yeah, so the top left one is about processes for sure I wouldn't say that.

all the other ones are not about processes The reinventing your own industry or business,.

well, this could entail everything from different products, different operating model, different processes, different market, different customers Here, I could see processes.

do play a role And in the other ones, if we go bottom left, a lot of the methods that come into.

play here are, for example, customer journey maps, user experience maps And if you will,.

you could also call those processes It's a cryptid way of how a user interacts with a service,.

for example.

creating viable business opportunities for the future, what I just talked about the backtracking that is sometimes needed.

So you're developing a product pipeline where you try to package your product in a way so that your audience can digest it and can experience it.

Even that you might call a process.

I know the distinction that you're talking about between process innovation and product innovation.

From my perspective, I get why some people think like that about innovation.

For me, it doesn't hold true in all the examples that I can think of.

Up till now, I haven't found a case and I'm looking for those cases to challenge this framework.

Obviously, if I find a case like that, I would change it but I haven't found those cases yet.

We have about nine more minutes to go.

I was wondering, are there any other essential points that you really think would help us understand your approach to innovation a bit more? Yes Here, I wanted to highlight methods as well that play a role here.

Some of the methods I already mentioned in the top left corner, those are the ones around quality management and so on.

Maybe I talk a bit about the methods on the right-hand side because they are less well-known and less established in the market.

There are approaches where you try to come up with your own enemy.

A company that puts you out of business or business model innovation is here, or hacking cultural beliefs.

The bottom right here, there are methods like foresight, future thinking, radical innovation, also hacking cultural beliefs, and innovation in meaning.

We don't have enough time so I can't cover what it entails.

They are more exploratory but that is where really a competitive advantage can emerge because most organizations only focus on the left-hand side.

They only optimize and improve.

They don't reinvent and they don't create.

This is where radical, where true innovation lies.

Of course, there is more risk associated with that.

But there are also benefits.

For the right-hand side, you only need a very small, dedicated team to work on that.

You don't need 20 people taking care of processes or of your customer's touchpoints or channels.

Don't get stuck in the middle That's important.

When I showed this framework to innovation hubs and asked them what they were focusing on, I often heard, we do a bit of everything.

If you do a bit of everything, the chances are high.

You're not doing anything really well.

So don't position yourself in the middle.

Pick where you want to work on what your focus areas are.

How can you apply that in practice? You can think about budget.

How much budget do you want to allocate to each quadrant, for example? This will differ depending on the pace of innovation in your industry, in your market, and on your ambition level.

I recommend when you're starting out with innovation, start on the left-hand side, and then move to the right-hand side.

This is basically the final slide.

But if we have a few minutes left and there are some questions, then let's take them.

Prajinkya, you can go ahead.

I think Sebastian just answered my question in the previous slide.

Where to start? Even the slide before.

What I was thinking is, for an organization, there would be something to do in each quadrant.

There would be something that they want to optimize within themselves.

They want to be futuristic also.

So each quadrant, they could be having something in mind.

But you answered that that would be a pitfall model.

We start off.

Exactly.

What you're also talking about is to come back to the title of the presentation, to have a balanced portfolio approach.



So to decide what quadrant to play in, and then to allocate projects maybe in each quadrant.

This is work that I've been doing.

It's not published yet.

Therefore, I can't show it.

There's another framework that I'm working on.

This is about innovation venture capital.

Because you can also acquire companies.

You can invest in companies.

You can invest in startups.

You can create partnerships and so on.

This whole arm of corporate innovation venturing has a different philosophy.

It's about turning money into innovation.

Whereas the other one, the framework I just presented, this is about turning innovation into money.

The two can complement each other.

Then you get a bit more complicated.

But then you have eight different quadrants.

You can strategically decide what does my innovation portfolio look like? How can I create a balanced innovation portfolio? Then this also becomes a language that you can use in your organization.

When we say, I think we should do more improvement innovation, then your colleagues know what you're talking about.

It's like before, you're only talking about are we doing innovation or are we not doing innovation? Now you can talk about four different types of innovation.

This improves your maturity.

You can have better discussions.

You can have a better strategy and a higher impact.

Thank you, Dr Bederts.

Does anyone else have any other questions I'd like to ask?.

I think we're down to about one minute before we adjourn the meeting.

I just want to talk about portfolio management.

You would use that matrix to position innovation projects here and then manage them along those two dimensions, maybe plus others.

Yes, so it's something I haven't published yet.

It's an innovation portfolio canvas where you have those different elements.

Yes, you can allocate your projects, your budget, full-time equivalence to those different areas of the two matrices in order to create, depending on your strategy, what makes sense in your market context, and so on, to create a balanced portfolio.

The problem I see with traditional portfolio management is the only criteria projects get evaluated on is profit.

That's a problem because there might be some radical ideas that take five years to mature and to develop.

If you cut those out by profit, it will never happen.

The timeframe is also very different when you look at the matrix.

A process innovation is very easy to identify if you have achieved an impact.

You can compare before and after.

Same with improvement, you can compare how many people are buying your product or using your service and so on before and after.

But with radical innovation, if it hasn't been done before, there is no comparison.

You need to apply different thinking and different timeframe and different logic of evaluating for this type of innovation to mature and to happen.

It's a bit like gardening.

Exactly.

It's a bit like gardening where some innovations or initiatives also have positive effects on others.

Then you can connect the two.

We have reached our time here.

We are so grateful for everyone that joined.

Dr Vedder, this is just brilliant work.

We look forward to having you back again because I know you said you're working on some new ideas too.

Some futuristic things perhaps.

Thank you, Kareese, for helping me today to facilitate.

Did we want to go ahead and share the QR code? I think it was a couple slides up.

If that would be okay.

We want to welcome everybody to the community.

If you haven't joined, we'd love for you to be part of this world community.

We have great speakers like you heard today, Dr Vedder.

Please scan the QR code here.

It will take you out to a WhatsApp group that you can become part of.

Also, we want to give you an invitation to what we're really excited about is our artificial intelligence.

We have a few of them.

This one's name is Hannah.

She is quite brilliant.

I've discovered lately.

Please scan the code and become part of our community.

Thank you, everyone.

Thank you.

Thank you.

Bye-bye.

Thank you.

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