

EXPERIMENTATION: FROM IDEAS TO IMPLEMENTATION

THE CHALLENGE IS, HOW DO YOU
GET THERE?



HOW TO ARRIVE FROM THE VISIONS
TO REALITY?



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EXPERIMENTATION FROM IDEAS TO IMPLEMENTATION

A search into futures can support the discovery of product and service ideas that are far removed from business as usual – exploring truly unknown strategic territory and customer offers.

The challenge is, how do you get there?

How to arrive from the visions to reality?

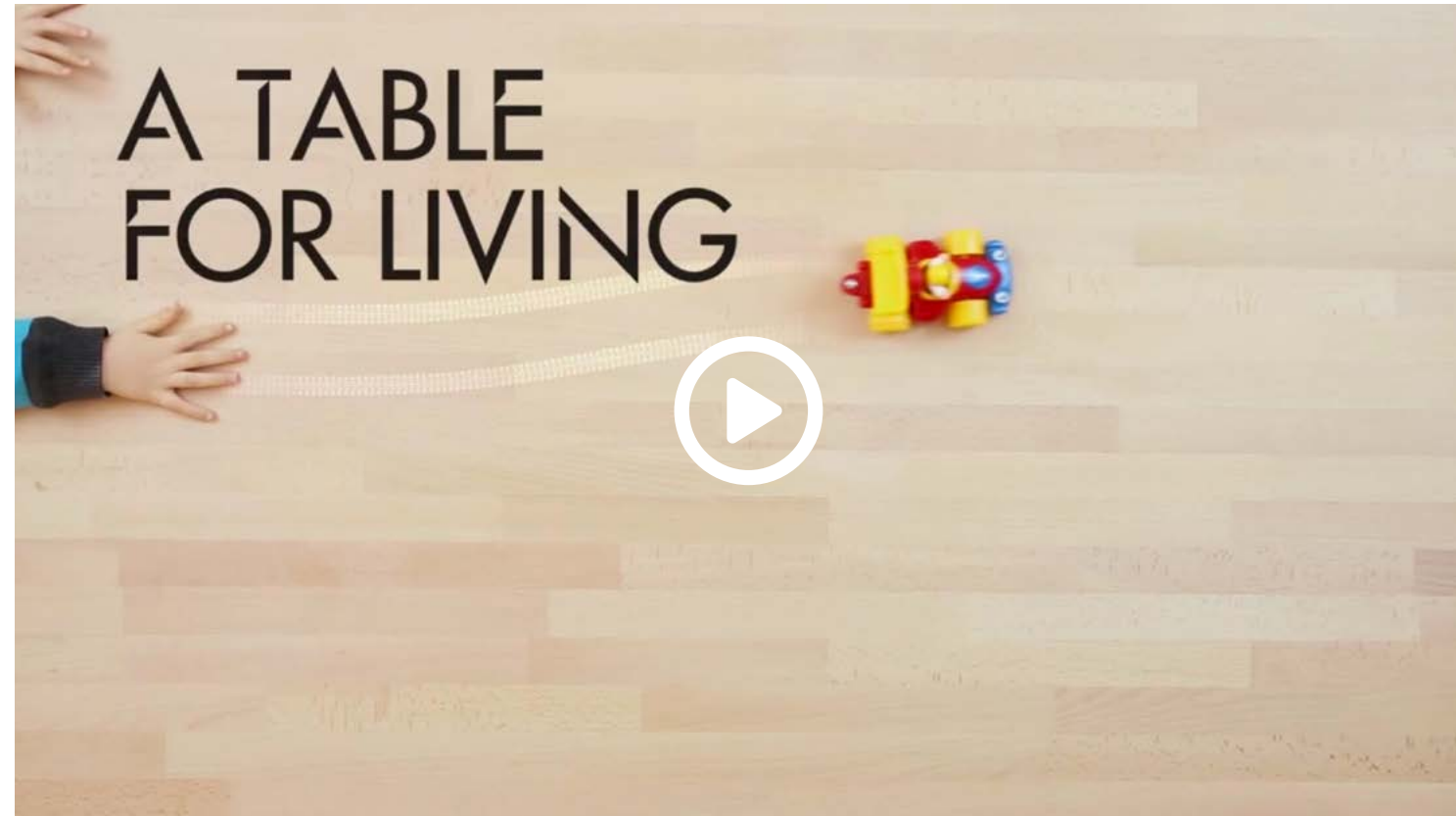
Commercializing these more transformational offerings can be a challenge, requiring companies to be comfortable with ambiguity and a lack of clarity on the best way to proceed. Ideas for fundamentally different products and services (for example [Tesla's business model](#)) require experimental market testing, experimental manufacturing and experimental marketing tools. Companies that develop a culture of experimentation will be better placed to move towards bringing products to market that are fit to meet sustainability challenges, thus also increasing company long-term resilience.

With every year the understanding of complex sustainability issues grows, as does agreement regarding the urgency with which progress needs to be made against some of these challenges. Forward-looking companies are clear that sustainability considerations and experimentation capability are intrinsically linked. In particular, experimentation is required when exploring how to turn new product and service ideas, which do not presently fit easily within the current system, into a commercialized product or implementable solutions. A number of mechanisms can help support such exploration.

ABOUT THE VIDEO:

How... could this concept kitchen table from IKEA become a commercial product? Turning something like this into a reality will take more than just technical innovation – it requires a culture of experimentation and the right internal process to support this.

VIDEO FROM: <https://youtu.be/qD60cBQOABY>



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INNOVATION PROCESSES THAT SUPPORT EXPERIMENTS

Novozymes changed their organizational design to move their radical innovation function out of R&D and into the business development department: "To make it less of a technical innovation and make it more business focused." Broadening out innovation beyond a single corporate team is pushed through another mechanism: all Novozymes functions have been asked to establish their own innovation team to accelerate opportunities for innovation within established business units. This more fragmented organizational innovation process design is intended to increase the company's ability to develop transformative offerings.

"Many companies don't have very structured formal processes where something matures from an idea to a concept to a business plan to a venture – that logical go/no go decision structure."

Even with a formal decision structure in place, outlier concepts, those that have the potential to be truly transformational, often cannot fit into the restricted mandates that innovation departments are given. Widening innovation mandates and allowing these departments to utilise discretionary resources can help to address this. A sufficiently well-designed structure enables companies to build on existing successes in traditional technical R&D at the same time as experimenting with more radical transformational ideas. Tried and tested structures that might support this include developing a venture capital arm, utilizing different project screening criteria, having a direct reporting line between the innovation team and the CEO and setting up daughter companies in competition with the main business.

CREATE A CULTURE OF FLEXIBILITY AND CHANGE

Ultimately, sustainability pressures will drive fundamental change in companies: change is an uncomfortable process and successfully navigating it requires flexibility. However, long-term resilience benefits from a healthy appetite to amend strategy and adapt to a changing business environment.

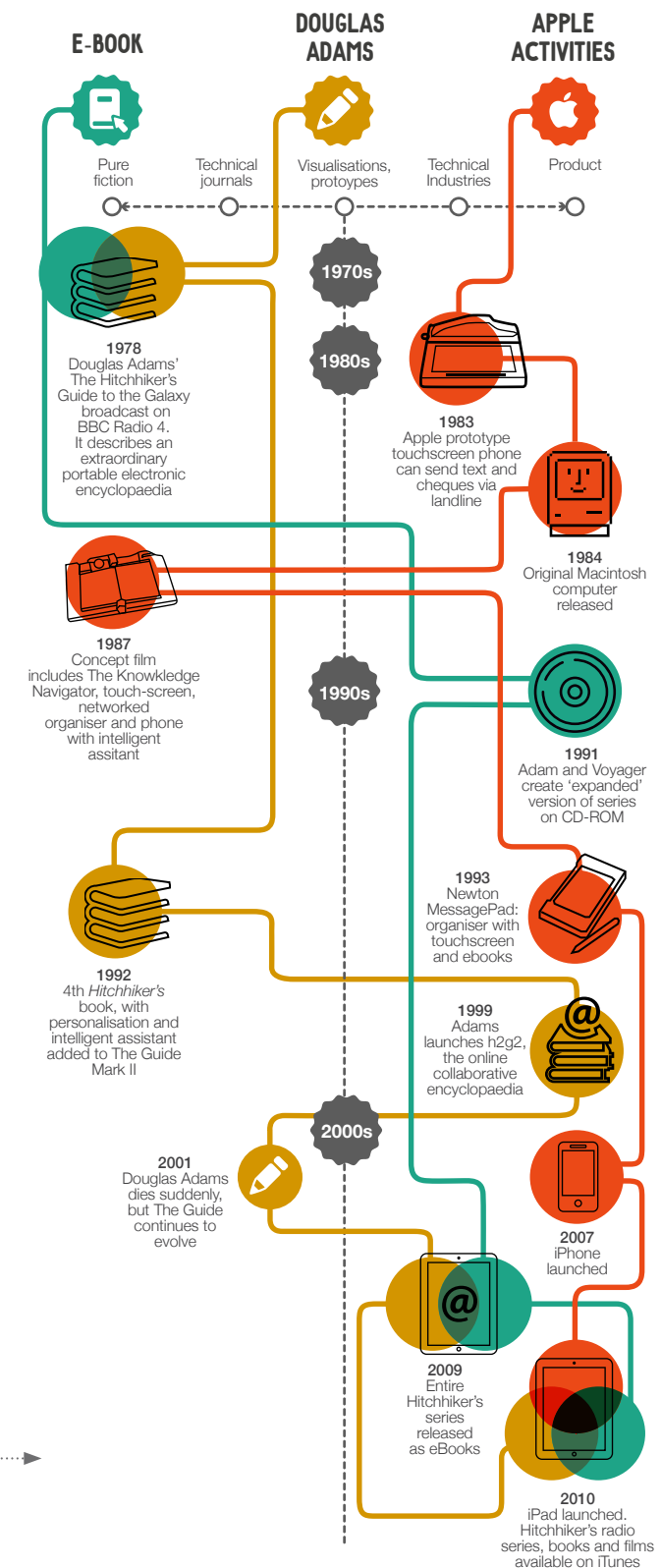
"We need to put systems and processes in place to earlier identify, monitor and, if required, adapt our strategy", Toyota.

A less ambiguous and much more easily controlled space is the setting of sustainability standards for existing products. This is not mutually exclusive to strategic change, and companies have shown themselves to be comfortable with contradictions that might result from such a dual-purpose approach: "It is absolutely fine to be working rigidly around setting sustainability standards for your existing products. But it is equally okay to be looking at exploring new opportunities for what the products of tomorrow might be. Even if these products might fall outside of the constraints of the standards you are setting today", Marks & Spencer.

Taken from Nesta's 2013 publication, [Don't stop thinking about tomorrow: A modest defence of futurology](#) by Jessica bland and Stian Westlake

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COLLABORATION OUTSIDE OF A SINGLE SECTOR

That collaboration is required to address sustainability challenges is practically the mantra of the most forward-thinking corporate actors: “The future is very much around an issue-based platform: access to education, energy, nutrition, or water – these are all systemic issues”, Accenture Development Partnerships (ADP). Openness of company boundaries is key to accelerating and scaling up necessary action. Royal DSM is working with the systemic nature of sustainability challenges to both encourage collaboration and maintain focus on the commercialization of product and service ideas – creating criteria to rate capital expenditure against sustainability factors.

EXPERIMENTATION BENEFITS FROM PROFIT PATIENCE

Successful experimentation is comfortable with a lack of a clear economic business case. Toyota freely admits that if the company had focused solely on the successful market introduction of the Prius, on “the short term profit, we would have never got there.” Proctor and Gamble took a team outside their known business context to highlight sustainability challenges and several experimental ideas emerged. One of the ideas to be developed was approved with executive understanding that profitability did not have to be an explicit consideration in the early stages of bringing the idea closer to commercialisation. The fact that the innovation team had the luxury of “profit patience” was a key factor in their ability to push the idea forward “because it’s totally new territory”.

FAILURE IS PART OF EXPERIMENTATION AND NOT TO BE FEARED

More common in some cultures than others, failure to commercialize product and service ideas outside business as usual can be seen as a set-back as opposed to a springboard into future projects and activities. This is acknowledged, but also changing:

“It won't be that everybody goes away for six months and comes back with an idea like M-Pesa, but one in ten, one in fifty, one in a hundred might. Actually, frankly, if one in a hundred do it, that would still be brilliant, right?” ADP

This being the case, the remaining radical ideas that will not be executed should still be capitalized on as a learning opportunity, to maximize the lessons gained from the experience. As pointed out in a 2008 Nesta policy briefing on social innovation, ‘Innovation involves risk... The value of experiments should be judged by the lessons that resulted – from success or failure.’⁶



⁶ Nesta (2008). Policy Briefing, Social Innovation: New approaches to transforming public services. p.4



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