

## **5-1 Report: Process for Managing Innovation**

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## **Identify The most suitable process for managing innovation in a changing external environment.**

Innovation is critical to the success of modern organizations. However, managing innovation can be challenging, especially when external factors continually disrupt the market. Trying different approaches can be a start-up company's go-to option, but mature industries need a more defined approach to managing innovation. Innovation management generally follows one of four pathways: Coopers Stage Gate Process, Agile, Lean, and Discover-iterate-pivot.

### Cooper's Stage Gate Process

Firstly, Cooper's Stage Gate Process is a systematic approach to managing innovation, which involves a series of stages and gates. The stages comprise a comprehensive journey from idea creation through to the launch of the product. The process is comparatively rigid, but it determines the conditions for moving from one stage to the other. This method benefits organizations that have a broad portfolio of innovations and have a medium to high-risk threshold (Tidd & Bessant, 2020). However, the Cooper Process does not respond well to external disruptions, such as the COVID-19 pandemic, as it does not allow for much flexibility in change.

### Agile Innovation Process

Second, Agile is a popular framework that has been applied across many diverse contexts outside software development. Agile methodology comprises flexibility, customer feedback, iteration, and continuous improvement during the development process. Its focus lies on reducing miscommunication with consumers by allowing them to participate and provide feedback during the development process. When applying Agile methodology, the iterative

approach allows organizations to create and test multiple ideas, failing fast, and finding viable solutions. Agile methodology is best utilized when trying to be innovative in rapidly changing markets.

### The Lean Start-Up Method

The third innovation by management process is Lean. As a set of principles that eliminate wasted effort to create value by specifying processes, Lean is great at encouraging a focus on the minimum viable product and utilizing MVP implementation. The Lean approach emphasizes the elimination of negative activities, freeing up time and resources to create value. Though it is based on manufacturing sources, the principles can be applied to innovation management processes. In a Lean approach, we identify what the client value is so that we can create a niche to perfect the creation of the product. Its focus lies on driving waste out of the process by making speedy and timely decisions (Ries, 2011).

### Discover-Iterate-Pivot

The final innovation management process is the Discover-iterate-pivot or DIP. Discover-Iterate-Pivot is focused on an entrepreneurial view of innovation, creating a minimum viable product quickly, then continuously iterating and refining based on customer feedback and external environmental changes. This process combines design thinking, customer discovery, and Agile methodology to create a more structured approach to innovation, especially in startups or organizations that have small capacity. Discover iterate pivot drives innovation by swiftly testing and refining ideas. Its flexibility and ability to adjust to external environmental changes make it the go-to option when addressing disruption.

Different methods of innovation management empower organizations to create and maintain their unique identity. However, to achieve success, we must select the right approach tailored to our organization's goals and environmental factors. In the fast-paced modern environment, Discover-iterate-pivot is not only a popular choice but also the one I would choose because it emphasizes agility, testing, and iteration that can suit rapid changes within markets. Alternatively, the Cooper Stage Gate Process is another popular method but is bureaucratic and is ideal for more mechanistic organizations. The Lean Start-Up approach gives much-needed structure to manage more voluminous portfolios. Finally, the Agile Innovation method offers flexibility for customer feedback and serves best in rapidly changing markets. Understanding the pros and cons of each method enables us to select the best approach.

### **Explain your rationale for your recommendation**

In today's fast-paced business world, one of the most important things a company can do is innovate. Whether it's new products, services, or processes, innovation is crucial for staying ahead of the competition. However, innovation can be difficult to manage. That's where the Discover-Iterate-Pivot process comes in. This process has been gaining traction in recent years for its ability to help companies manage innovation more effectively.

What is the Discover-Iterate-Pivot Process?

The Discover-Iterate-Pivot process is an iterative approach to innovation management that involves the following steps: Discover - identify a problem or opportunity, Iterate - experiment with potential solutions, Pivot - change direction if necessary based on feedback. The

idea is to allow for constant experimentation and refinement, helping companies to develop new products, services, or processes through trial and error.

### Advantages of the Discover-Iterate-Pivot Process

One of the key advantages of the Discover-Iterate-Pivot process is that it allows companies to be agile and adapt quickly to changing market conditions. By constantly iterating and pivoting based on feedback, companies can stay ahead of the competition and be more responsive to customer needs. Additionally, this process helps reduce risk by allowing companies to experiment on a smaller scale before committing to a full-scale launch.

### Addressing the Changing External Environment

As we continue moving into the 21<sup>st</sup> century, the external environment is in constant flux and transformation, and many companies in every industry are feeling the pressure to adapt quickly or risk becoming irrelevant and die. The Discover-Iterate-Pivot process is a framework for entrepreneurs that is especially useful in this kind of environment because it allows companies to experiment and pivot quickly in response to changing conditions. For example, a company that relies on a certain material to make its product may need to pivot to a new material if the price of the original material goes up significantly.

### Examples of Successful Implementations

A great example of the Discover-Iterate-Pivot process in action is the development of the Post-it Note. Originally developed as a failed attempt at creating a strong adhesive, the team at 3M realized the product's potential as a temporary bookmark and began iterating based on

feedback from users (Tidd et al., 2013). Another great example is the development of Dropbox, which started as a solution to a personal problem but was iterated and pivoted into a successful business (*Principles of Lean Startup Methodology - FasterCapital* n.d.).

Implementing the Discover-Iterate-Pivot Process To implement the Discover-Iterate-Pivot process, companies need to develop a culture of experimentation and agility. This means allowing teams to take risks and encouraging them to share their ideas and feedback openly. Additionally, companies need to be willing to pivot quickly if feedback suggests that a particular direction is not working. Finally, companies should invest in the tools and resources necessary to support the process, such as data analytics or product testing facilities.

The Discover-Iterate-Pivot process is not just a buzzword, it is a powerful tool for managing innovation in a changing external environment. By allowing for constant experimentation and refinement, companies can develop new products, services, or processes through trial and error, stay ahead of the competition, and be more responsive to customer needs. Implementing this process requires a culture of experimentation and agility, a willingness to pivot quickly, and investment in the necessary tools and resources. Companies that embrace the Discover-Iterate-Pivot process are more likely to succeed in today's fast-paced business world.

### **Explain recommendations for ensuring cross-functional team effectiveness in the chosen process**

Innovation is essential to business growth and success, and cross-functional teams can play a significant role in the discover-iterate-pivot process. Such teams bring together diverse skills and perspectives that help generate new and creative ideas. However, managing cross-

functional teams is easier said than done. A silo mentality can quickly set in, which inhibits collaboration and stifles innovation.

**Clearly define roles and responsibilities:** The first step in ensuring cross-functional team effectiveness is to establish clear roles and responsibilities. This should be done at the start of the project, and everyone should be on the same page regarding their individual contributions to the process. By defining clear roles and responsibilities, you can minimize confusion and ensure everyone knows what's expected of them (He, 2023).

**Foster a collaborative culture:** Cross-functional teams need to work together to produce innovative solutions, but this can be a challenge if there's no sense of collaboration. Leaders need to foster a culture of collaboration by encouraging open communication, active listening, and sharing knowledge and expertise. Furthermore, team members should be rewarded for collaborative efforts, and the accomplishment of team goals can be recognized and celebrated (He, 2023).

**Create a shared vision:** To ensure cross-functional team success, it's crucial to develop a shared vision and understanding of the project goals. Leaders should communicate the company's vision and mission and help team members understand how their contributions align with the broader goals. This helps team members stay motivated and gives them a sense of purpose in their work (He, 2023).

**Implement effective project management:** Project management is essential to ensuring cross-functional team effectiveness. Leaders should establish clear deadlines, milestones, and project phases to keep everyone aligned and on track. They should also use modern project

management tools to help team members collaborate and monitor the project's progress (He, 2023).

Provide training and resources: Finally, to ensure cross-functional team effectiveness, it's crucial to provide adequate training and resources. Leaders should provide ongoing support, training, and resources necessary to help team members develop and grow in their roles. They should also encourage team members to learn from one another, share their knowledge and experience, and develop new skills that can help contribute to the project's success (He, 2023).

The discover-iterate-pivot process is an effective way to manage innovation and ensure cross-functional team effectiveness. It involves a cycle of discovering new ideas, iterating on them, and pivoting as needed to achieve success. Measuring team success at each stage of the project can help the team identify strengths and weaknesses and adjust as needed. Measures of Success for an Innovation Project include the following: The number of ideas generated per team member, and the percentage of ideas deemed viable based on their feasibility and uniqueness. Measuring the percentage of the prototype's features that meet the project objectives and the time and money spent on the prototype. The percentage of the tests that met the project objectives, the number of insights gained from the testing, and the speed of iteration. The revenue generated in the first six months, the percentage of market share captured, and the customer satisfaction levels.

Adapt and pivot when necessary: The beauty of innovation projects is that they are dynamic and can pivot when needed. If the success measurements are showing that the project is not achieving its goals, it may be time to consider adaptation or pivoting. For example, if a certain feature of a software product is not being used by customers, it may be time to pivot

towards another feature that customers seem to want more. By being open to adaptation and change, you can improve the project's chances of success.

Develop an action plan based on data analysis: Once you have reviewed the success measurements and made necessary changes, develop an action plan based on the analysis. The plan should include detailing the metrics used for measuring success, the actions taken to address any issues identified, and the expected outcomes from these changes. Review and adjust the plan regularly based on further data collection and analysis.

To ensure the completion of our innovation project, it is crucial to fulfill all set objectives, complete all deliverables, and reach milestones. Reviewing and testing these deliverables during the discover-iterate-pivot process signifies that the project is nearing its conclusion. Furthermore, when beta testers from your customer segment provide positive feedback, it serves as a reliable indication that your project is prepared for launch. The ultimate measure of success for your new product lies in its sales and the ongoing positive feedback from customers.

### **Describe your plan for addressing the concerns of your key stakeholders**

To ensure a smooth new product implementation, it is important to involve key stakeholders within our organization. The Research & Development (R&D) Director and the Finance Director will play crucial roles in addressing any potential concerns.

The top priorities for the R&D Director are to create a cutting-edge autonomous vehicle and improve our organization's standing in the market. To achieve this, it is crucial that our product development team incorporates customer feedback and makes the necessary

adjustments. By showcasing the exceptional performance of our vehicle, we can demonstrate our ability to outpace the competition and continuously move forward.

Concerns have been raised by the Finance Director regarding the expenses related to the development of a radical new product. Additionally, there is apprehension about how the introduction of this new product could potentially affect our overall profitability. It is the duty of the Finance Director to deliver a satisfactory return for our shareholders. When it comes to launching a new product, we must be aware of the substantial costs and time investment involved. Moreover, failure to generate enough interest can result in financial loss. Gathering feedback from consumers effectively is crucial to ensure we meet their needs and avoid wasting resources.

By actively involving these two stakeholder groups and paying attention to their concerns, we can effectively overcome the challenges of implementing a new product and significantly increase our chances of achieving success.

## References

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