

Meaningful Innovation

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Why innovate?

Paths to Growth:

- Operational efficiencies
- Sell-offs of assets
- Mergers and Acquisitions
- IPOs
- “Rebranding”
- Innovation

Everyone knows all of these now. Every MBA student learns these techniques. They're the cost of doing business. “Rebranding” to increase profit margin (often only temporary). Only the last two are differentiable and only Innovation creates lasting, organic growth.

Validation:

“The MFA is the new MBA”

—Dan Pink, 2004 *Harvard Business Review*

**“Tomorrow’s B-School?
It Might Be A D-School”**

Special Report, 2005, *BusinessWeek*

**“CEOs Must Be Designers,
Not Just Hire Them”**

—Bruce Nussbaum, 2007, *BusinessWeek*

What is innovation?

To create better products, services,
and events (offerings, experiences)

What is innovation?

To create better solutions

What is innovation?

To create better solutions

To create better processes

What is innovation?

To create better solutions

To create better processes

To create better organizations

To create a better world

What is innovation?

The most successful innovation
is not merely novel...

What is innovation?

The most successful innovation
is not merely novel...

...it is sustainable and meaningful

Why can't most organizations
innovate effectively?

Why can't most organizations
innovate effectively?

They don't have the context

Why can't most organizations
innovate effectively?

They don't have the context

“market research” vs. market insight

Why can't most organizations innovate effectively?

They don't have the context

“marketing” is not PR & advertising!

Most marketing departments and efforts are ineffective for innovation.

Why can't most organizations innovate effectively?

They don't have the context

marketing is the **inhale**

PR & advertising is the **exhale**

Marketing is actually taught in our program as a studio course, not a lecture/survey course.

Why can't most organizations
innovate effectively?

They don't have the context

not just customers
but all **stakeholders**

Potential Stakeholders:

customers, clients, employees, distributors, wholesalers, retailers, suppliers, partners, creditors, stockholders (shareholders), communities, government courts and departments (city, state, federal, and international), banks, media, institutional investors and fund managers, Labor Unions, Insurers and re-insurers, NGOs, media, business groups, trade associations, competitors, the general public, and the environment (local, regional, and global)

Source: sustainabilitydictionary.com

Different stakeholders can exercise different types of power, including: voting, legal, economic, political, and social, and can form coalitions with others. Sustainable organizations should identify stakeholders and maintain dialog with them in order to better understand how to help address stakeholder concerns, operate more effectively, and make better strategic and tactical decisions.

Why can't most organizations
innovate effectively?

They don't have the culture

Why can't most organizations innovate effectively?

They don't have the culture

Structured Innovators (18%)

Creative Innovators (26%)

Dynamic Innovators (39%)

Ad Hoc Innovators (10%)

Innovation Outsourcers (8%)

Innovation cultures:

Structured Innovators (18%):

- Formal process
- Led from the middle
- Low collaboration
- Analytic evaluations
- Iterative
- Risks minimized

Creative Innovators (26%):

- “Big Ideas” inspire
- Led from the top
- Often haphazard process
- Focus on creativity
- Risk-taking is accepted

Dynamic Innovators (39%):

- Strategy guides process
- Led from top
- Cross functional teams
- Collaborative
- Creative environment
- Rational inspiration
- Risk-taking is accepted

Ad Hoc Innovators (10%):

- Accidental innovation
- Innovation not valued
- Creativity not valued
- Haphazard process

Innovation Outsourcers (8%):

- Relies on consultants
- Acquires innovation
- Focus on marketing/PR

Source: Cheskin 2005

Why can't most organizations
innovate effectively?

They don't have the “**creativity**”?

Creativity isn't what people assume it is. The most creative person in my old company was the CFO. All people are creative—even those with MBAs. :)

Why can't most organizations innovate effectively?

They don't have the **courage**

Innovation isn't easy and it's often messy. It may feel like things aren't going forward, at times, and it's most successful techniques are unfamiliar for business leaders. However, despite all of this, it can be exhilarating and rewarding, and it must be done in order to succeed. Conditions often require wholesale change in an organization's strategy, including the abandonment of old approaches, understandings, and offerings. Innovation can enable this kind of change but it takes courage to follow this road.

Why can't most organizations innovate effectively?

They don't understand sustainability

Why must we think about sustainability? Because we no longer have the luxury of ignoring it. Besides being a business imperative, it's a source of tremendous opportunity.

Why can't most organizations innovate effectively?

They don't understand sustainability

financial = financial capital

IP + assets = manufactured capital

environmental = natural capital

social = human capital

Most business people only truly understand the first two. They understand the importance of conserving, expanding, and caring for these forms of capital. One of the problems in the business world is that we only measure success in terms of money. This is often liberating but often leads to irresponsible behavior and results. How many conservatives are interested in conserving anything? As Hunter Lovins likes to say, we're managing the planet's resources like a fire sale. You don't have to become an expert at this to start operating with it.

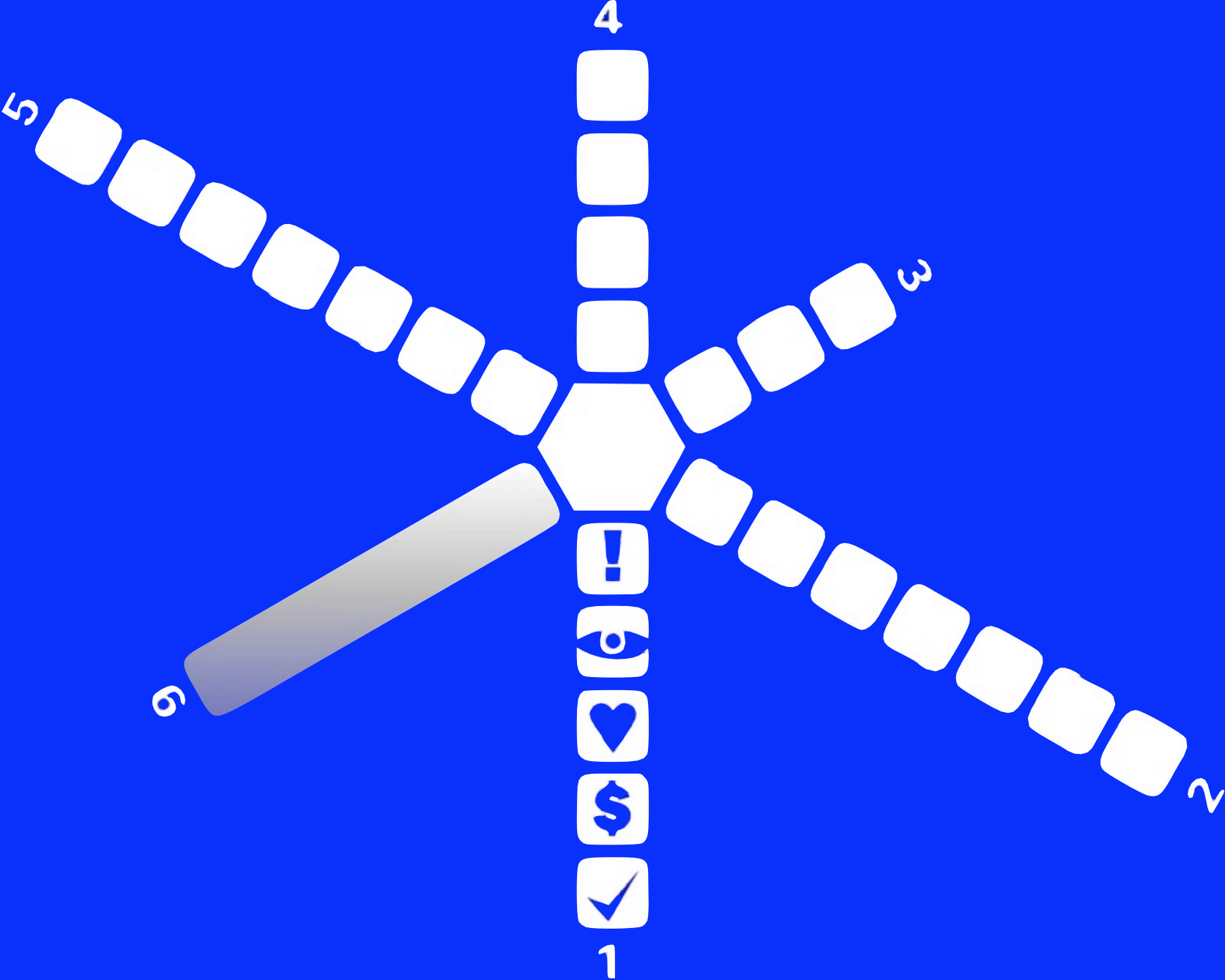
Why can't most organizations innovate effectively?

They don't understand **meaning**



Experience surrounds all products, services, and events, whether we acknowledge and address it or not.

Meaning:



Meaning is the most important dimension of the customer experience. It is the mechanism to build the deepest connections between customers and devices, companies, and other people.

Meaning:

Meaning (Reality)

Status/Identity (Values)

Emotions (Lifestyle)

Price (Value)

Function (Performance)

In order to innovate effectively, we must start with meaning and work out to price and features. Working backward (which is what most companies do) is inefficient, more expensive, and often precludes any ability to innovate effectively.

15 Core Meanings:

Accomplishment

Beauty

Creation

Community

Duty

Enlightenment

Freedom

Harmony

Justice

Oneness

Redemption

Security

Truth

Validation

Wonder

These core meanings are universal. ALL of your customers, no matter where they live or work, understand these meanings. They may prioritize and express them differently, but they understand them implicitly. This means that meaning-centered innovation can focus on delivering deeply connected solutions universally, requiring only localization for different markets instead of entirely different development efforts.

We can talk in more detail about Meaning in the afternoon session.

Why can't most organizations innovate effectively?

They don't have the process

Processes need to evolve within companies in order to enable innovation. Since innovation hasn't been the focus of most companies, their processes often prevent the possibility of innovation. Also, most business functions, from accounting to operations and even marketing are focused on optimization and regularization. Innovation is entirely different from these and most often needs to be shielded from other business processes and measurements within an organization.

Why can't most organizations innovate effectively?

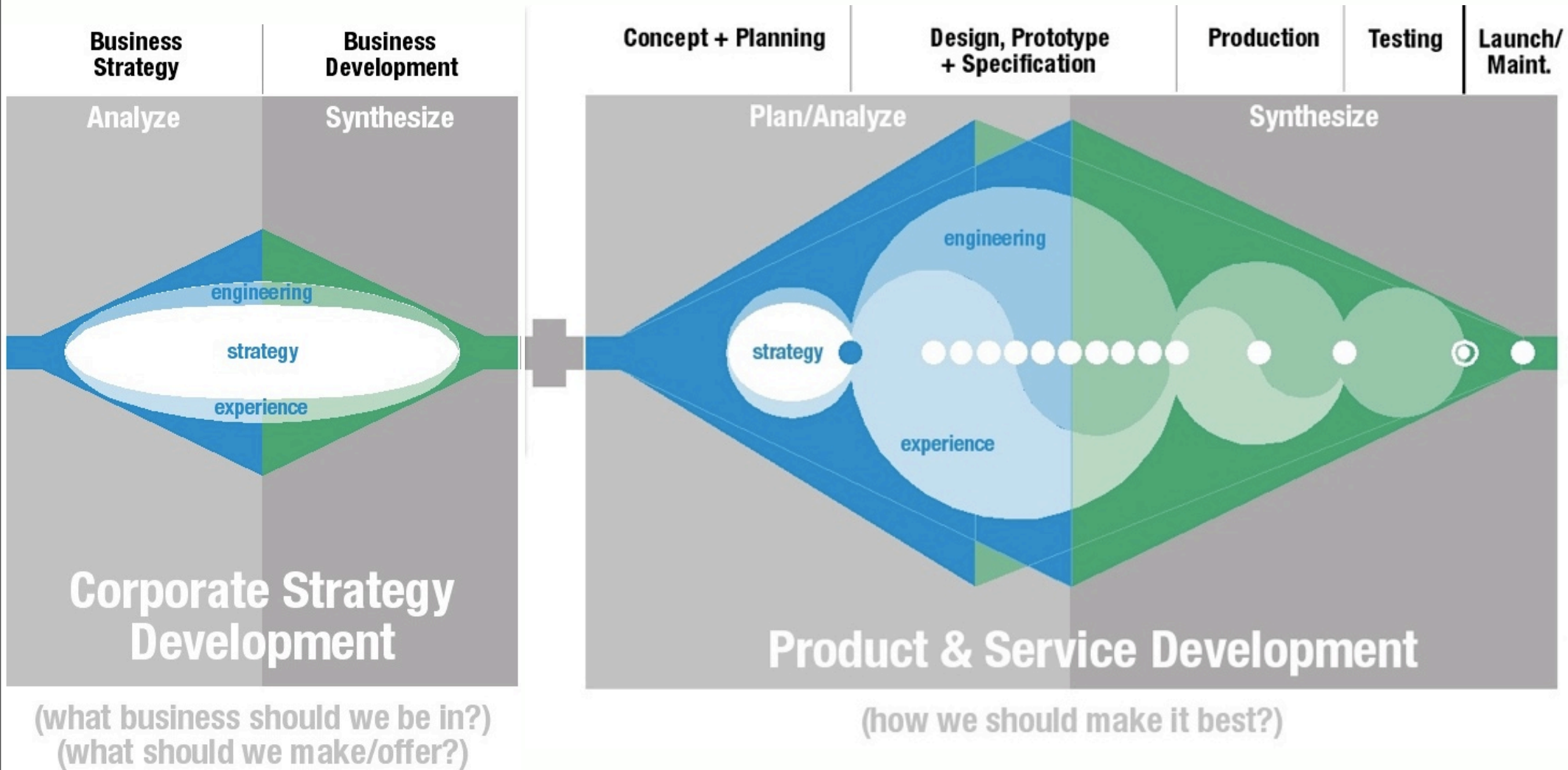
They don't have the process

design-led innovation:

user-centered research, prototyping,
critique, iteration, embracing
constraints

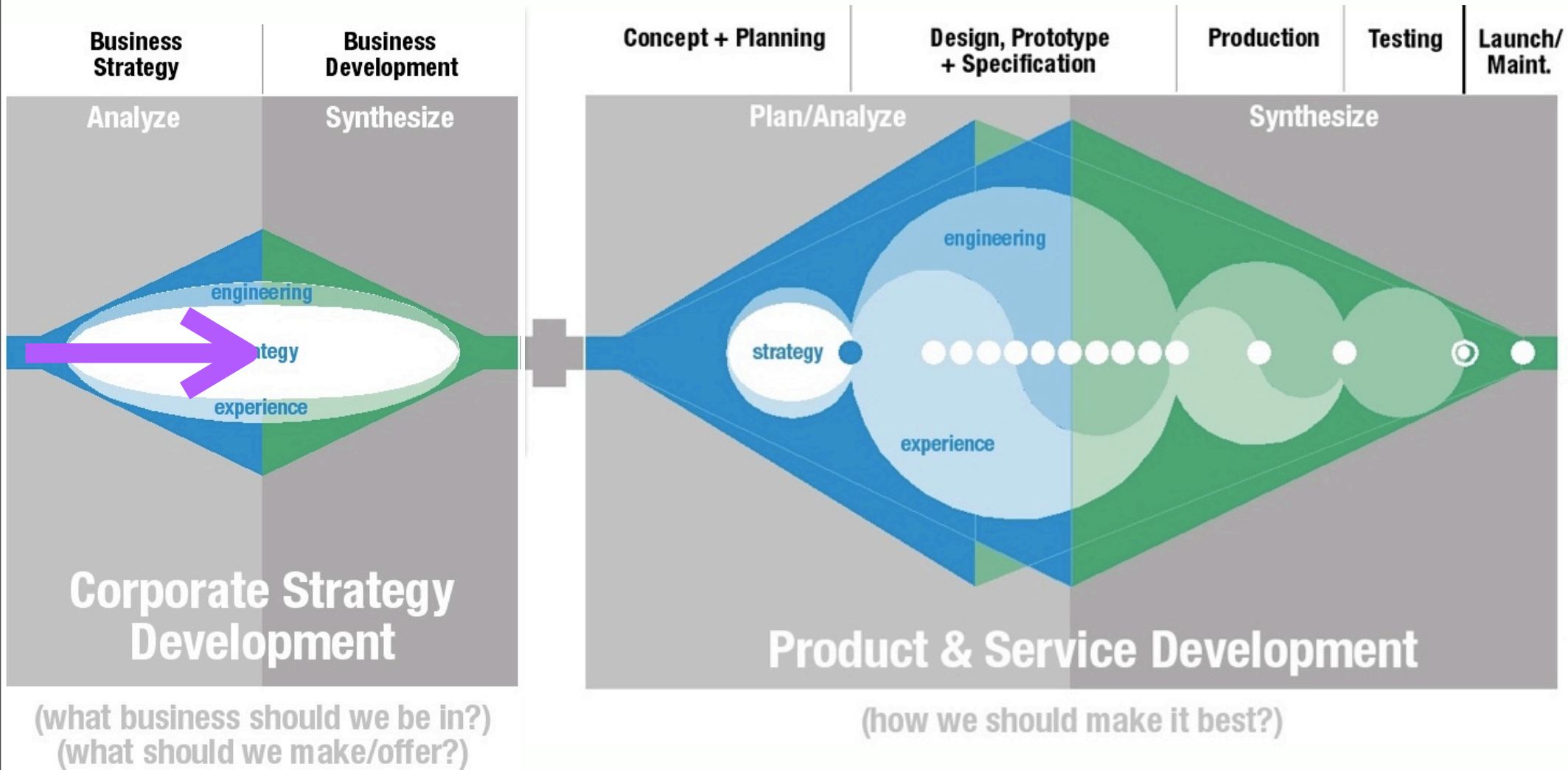
My program is an experiment to use design-led processes to inform more successful innovation. We mix those with design backgrounds and business and non-profit professionals without a design background in order to create a more vibrant context for innovation around all forms of capital. Designers are taught how to innovate effectively but they're rarely taught the fundamentals of a corporation's workings, goals, or strategies. Business leaders learn these quickly, but have often never encountered what to do when confronted with a new problem, a new context, or a blank sheet of paper--and no Excel spreadsheet.

A meaning-filled innovation process:



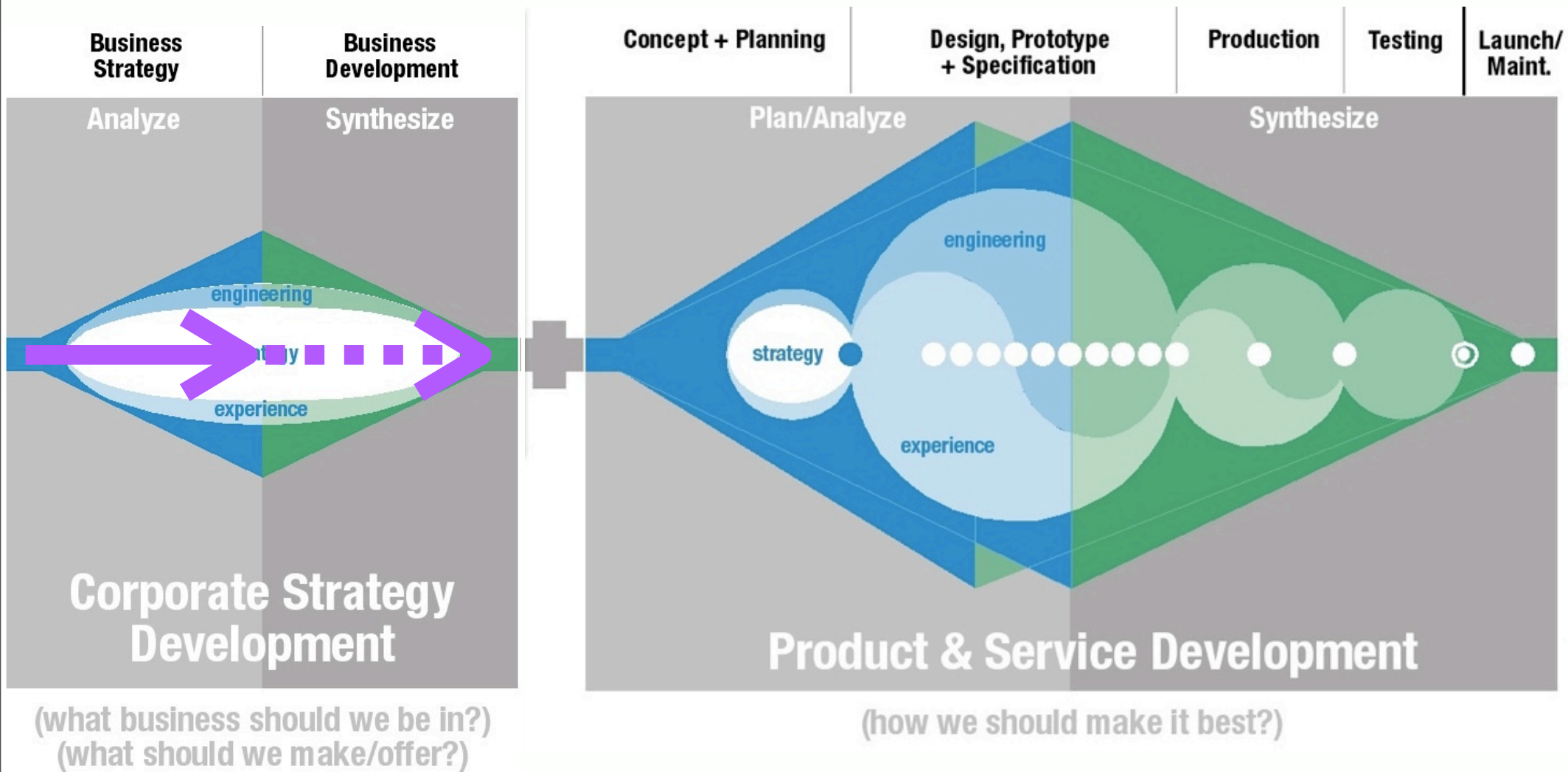
Developers have an opportunity to play a role not only in the product development realm, but also in the board room, where strategy for the company is set (and needs to reflect better customer understanding).

A meaning-filled innovation process:



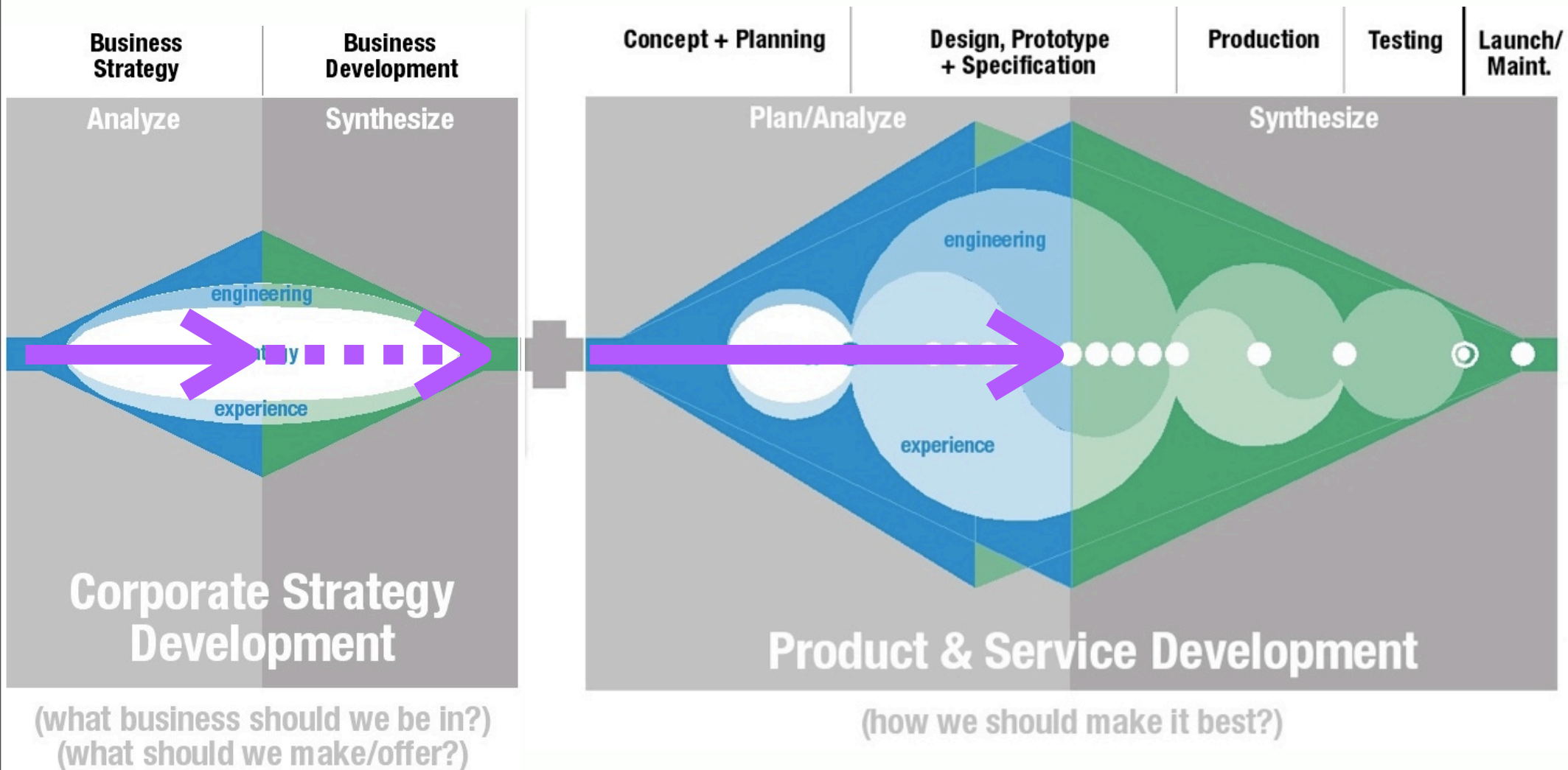
First, meaning research should be an integrated part of customer research. This is key data that should affect corporate strategy for your companies and clients.

A meaning-filled innovation process:



Then, corporate strategy can start reflecting customer meaning. This is the first step toward specifying the right offerings (the right business to be in).

A meaning-filled innovation process:



Then, meaning becomes an integrated, accepted part of the development process and you're already working on the right offering. Now, you can concentrate on making it as great as possible.

Design is the process
of meaningful innovation.

In summary:

Innovation is messy, but critical

It's all about people skills
& multiple perspectives
(customers, teams & policies)

Design-led strategy is
probably a better approach

The program's goals:

MFA Design > leading designers

Masters Design Mgmt. > design leaders

MBA Design Strategy > business leaders

**Help create the next generation of
business leaders, not merely design
leaders or leading designers.**

This is more than design and product development leadership, it's business leadership.

The program's details (today):

25-30 people

(280 conversations, 89 applications, 39
accepts this first year)

In the Future:

Workshops (2009)

Executive Certificate Program (2011?)

This is more than design and product development leadership, it's business leadership.

Exec certificate program: for those who already have a business degree

nathan.com/thoughts

designmba.org