

Designing new products is no longer just about 'blue-sky thinking'. **Nick Smith** talks to Keith Goffin, co-author of 'Innovation Management', to find out what other factors should be addressed to ensure you stand out from the crowd.

Book Interview

Keith Goffin

INNOVATION



HOW TO MAKE YOUR PRODUCT STAND OUT

"INNOVATION management is about getting more and better products successfully to market," says Keith Goffin, one half of the authorship duo behind a book that looks into why organisations find it so difficult to fulfil this straightforward commercial and technical ambition.

Called 'Innovation Management', the book is aimed at MBA students as well as practising managers. Packed full of case studies – there are 77 of them, with more than half directly relevant to the SET sector – a second edition has just been published to bring readers up to speed with current thinking.

Subtitle 'Strategy and implementation using the Pentathlon Framework' draws its inspiration from the sporting quest for excellence – but why the pentathlon rather than a sprint

or a marathon?

"Just as with the Olympics, in a multidisciplinary event you don't get the gold medal if you're good in just one area," explains Goffin. "The Innovation Pentathlon Framework is the result of research that allows companies to evaluate their ability to manage innovation. When we developed it, we found that managers struggle because they see innovation as complex, and are unable break it down into easy-to-understand components of equal value. That's what the framework does."

Theory meets practice

Goffin is Professor of Innovation and New Product Development at Cranfield School of Management. But before anyone runs away with the idea that his book is a work of purely academic theory, it's worth noting his broad

experience in industry prior to entering academia.

Goffin cut his teeth at a medical equipment manufacturer where he was responsible for bringing some highly successful – and, he freely admits, not so successful – products to market. It's this combination of research and experience that make Goffin and co-author Rick Mitchell well placed to write the book.

"Most managers know that you need creativity to drive innovation," says Goffin. "It's an important area, but certainly not the only one. We've found that some companies are more about ideas, with the result that nothing gets done, while others are good at the implementation process for ideas that aren't all that great."

Enter the Innovation Pentathlon Framework: a simple and yet subtle approach

to evaluating whether your business has all the ingredients in the mix, in the right measure.

"What we do with the framework is get companies to apply it so see where they need to concentrate. Rather than simply acknowledging that they need to get better at innovation, it forces them to focus on what it is they need to do to achieve this," Goffin says.

He goes on to explain that a recent survey in the food and beverages sector found that 90 per cent of new products fail. "So many companies are losing money. That's why it's so important to be good at innovation management. To avoid being one of the many companies that fail."

Buzzwords and jargon

'Innovation Management' was originally published in 2005, so what's happened in the past five

years to make a second edition necessary? "The discipline of innovation management has developed and more things are now known. But that's positive and negative."

A proliferation of buzzwords and jargon is obscuring what's really going on. "For example, there are a lot of advantages to open innovation but the downside has not been sufficiently recognised.

"Lots of companies are jumping on the open-innovation bandwagon – with R&D bringing ideas from outside into the company – but it doesn't always work as in, say, the highly publicised case of Procter & Gamble. So in the new edition of the book we're trying to bring some balance into the equation."

Which brings us back to the 'pentathlon'. Open innovation, says Goffin, is a front-end concept, but you still have four other areas of equal importance to attend to. "And you've got to be careful, because if you are sending out the message to your engineers that R&D isn't the central source of ideas in your company, you run a real risk of demotivating them. And this comes down to another component of the pentathlon, which is related to whether you are creating the right culture of innovation."

I suggest to Goffin that the received wisdom is that innovation is always and only about ideas. The four subsidiary points of his pentathlon – prioritisation, implementation, strategy and organisation culture – are just that: fancy ways of applying the brakes to creativity. Most companies are resistant to innovation (although they pretend not to be). For them, the path of least resistance is to do something in a specific time-honoured way, because that's the way it's always been done.

Goffin laughs at this. It's a viewpoint he's familiar with. "The five points are of equal importance and you've got to find the right balance. If one of your aims is to make R&D more productive, you can save 25 per cent of the budget. But are you

DIGEST

WE READ IT FOR YOU

'Innovation Management' is about the challenges managers face in trying to get a "greater output of really good products to the market".

The book examines the processes and methods that need to be put in place to achieve this, based on the 'Innovation Pentathlon Framework' model.

The authors discuss how to create the right culture to achieve this more successfully than by using more instinctive 'finger in the air' methods.

They point out that the fruit of their research is not a panacea, but a formula that needs to be applied to individual organisations. The lesson in innovation management is that it is dependent on context.

"You can't become Apple overnight, but there are a number of steps towards best practice that can be emulated, modified and adapted."

"There are a lot of advantages to open innovation, but the downside has not been sufficiently recognised."

Keith Goffin



IN DEPTH

THE INNOVATION PENTATHLON FRAMEWORK



The Innovation Pentathlon Framework is the result of research that allows companies to quickly evaluate their ability to manage innovation.

1 Creativity in innovation: where do the ideas for innovation come from in your company? How do we find better ways of becoming customer-focused?

2 Prioritisation: Once you have lots of ideas – "and you should have lots, not a few" – you need to select the best ones, using a variety of scoring systems, not just financial constraint.

3 Implementation: the third part of the 'funnel of ideas' that addresses new product development, design and manufacture strategy, market needs.

4 Innovation strategy. To be successful you need to guide the three points above by asking: Where are we going? Are we developing new markets?

5 People and organisation. The fundamental building block that addresses whether a company has the right culture and the right people. What steps can be taken to reward the right people. Acceptance of failure.

taking out thinking time? On paper, the department may look more efficient, but have you killed the best ideas? You might find that if you try to change the culture then that might have an effect on the way ideas are generated, and vice versa."

As a result innovation management is much more ambiguous than, say, quality management, where the objective and means of achieving it are more clearly defined. "When you are trying to improve quality, everything is known. Whereas, in innovation management there is complexity. There's more you can apply from social science than from pure science."

Duplicated effort

So where are we going wrong? Why aren't we all coming up with the next icons of modern product launches? "The main reason behind 90 per cent product failure is that many of the products hitting the market are very similar to existing ones."

There's some interesting research that finds a company's chances of success increase by three or four times if its product is differentiated and different from what's already available. "But a lot

of companies – because they use focus groups – are told by their customers that what they want is what they already have, only faster, smaller, cheaper. Companies then implement this feedback and find themselves all on the same trajectory."

So actually coming up with what could be "really exciting" for customers is a crucial factor, and as another of Goffin's – 'Identifying Hidden Needs' – makes abundantly clear: the customer isn't always right, is easily suggestible and by dint of not being an innovator, doesn't know what's possible.

Goffin admits that the pentathlon is an "unfinished journey". There are a number of topics within innovation management that need developing and books like this need to be constantly updated. Before open innovation there was the all-pervading fashion of 'disruptive technology' where innovations subvert the expectations of the market place in terms of price or application.

"There will be another fashion that can be applied. But individually, none of them will solve your innovation management problems." *