

Implementing Networked Innovation

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Abstract

This paper describes some important elements of implementing Networked Innovation, a concept that leverages an external network of individual experts, academics, organizations, and corporations to develop innovations. Several types of external sources of ideas and technologies are described with examples of their successful deployment. Then, some key steps that need to be taken to implement the concept are briefly described: Performing diagnostics, establishing new processes, establishing partnerships and alliances, developing a technology intelligence and monitoring system, and creating cultural transformation.

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1. Introduction

Networked Innovation is a type of *Open Innovation*, a term coined by Henry Chesbrough (Ref.1). In a nutshell, *a firm that leverages external technologies and ideas for its own innovation is considered to be using the concept of Open Innovation*. This is in contrast to “Closed Innovation” in which company relies primarily on its own internal resources, R&D and others, to develop technologies and innovations.

A driving force behind the emergence of Open Innovation is the increasing difficulty in sustaining the status quo of technology and product development. The product life cycles are becoming shorter due to fast moving technology development and rapidly changing consumer preferences. At the same time, the cost of R&D is going through the roof as the technology requirements in new products increases, availability of talented staff diminishes, and degree of specialization increases. These three forces place pressure on the “profitability” of R&D. A model that relieves this pressure is needed. This new model needs to have:

- Lower fixed costs
- Flexibility to rapidly respond to changing requirements
- Resources and processes to fill-in the knowledge gaps rapidly and efficiently

All of these factors have led to the emergence of Open Innovation as a desirable way for a company to do business and with its implementation a variety of new models have emerged.

According to our colleague Chris Ertel (Ref.2), the models of innovation, Open and Closed, can be classified along two axes based on *where* the innovation take place (outside the firm or inside) and *who* is involved (experts or “everyone”). The “Closed Innovation” models generally involve experts working inside the firm. When a larger population of a company’s staff is involved, not just the experts, one can argue that the company is practicing a form of Open Innovation, where *external*

implies people outside the traditional expert group, although still working inside the firm. A newly popular set of innovation models deals with involving “everyone” outside the company. These are referred to as the “wisdom of the crowd” or “lead user” created innovations (Ref. 3)

This paper addresses the last innovation model form, those involving *experts outside* the firm. We call these “Networked Innovation” models. These models go beyond the traditional way of involving external entities, namely technology licensing or formal alliances and partnerships with technology providers. We are referring to models in which the ideas or technologies come through, for example, an expert network, a consortium, a new venture, or a technology broker.

This paper will specifically discuss Networked Innovations, a subset of Open Innovation. However, many of the ideas and viewpoints are also applicable to Open Innovation at large, making it difficult to clearly separate the two.

Also, we are going to restrict ourselves to the *inbound* aspect of Open Innovation. This clarification is required, as Open Innovation also includes opening up the *process* of R&D to external ideas and the *outbound* part of the innovation funnel, so that alternate ways of generating revenues from the ideas and innovations are explored. These topics will not be covered in this paper.

Implementing Networked Innovation is a complex undertaking. There are several barriers:

1. There are many different external sources that could be roped into a “Network”...there needs to be a process to identify what sources to tap for what technologies
2. There needs to be a process for identifying experts and external organizations for creating the network, managing it, upgrading it, and obtaining value from it.
3. There needs to be a process to obtain, screen, filter and absorb new ideas from the network, and an organization that has the responsibility, competence, and accountability for doing so.
4. The change may need to be accompanied by a cultural transformation to accept ideas and innovations that are “not-invented-here”

According to a recent article in the Business Week magazine, “Forrester estimates that while most major companies are aware of innovation networking, only about 20% to 30% are experimenting with it, and a mere 5% have mastered the practice,” (Ref.4). However, the rewards for mastering the practice are substantial. For example, P&G improved its R&D productivity by 60% through its Connect & Develop program, which links individual inventors around the world, and Boeing reduced the time required to bring its 787 Dreamliner to market by 12 months (Ref.4)!

This paper provides a high-level guideline for how a company can implement Networked Innovation and start the journey toward mastering it. Let us begin by identifying various sources of ideas and technologies.

2. Sources of Ideas and Technologies

2.1 Options available

The network of external sources for new ideas can emerge from of a variety of different organizations. The following diagram provides a sampling of the sources and how to select among them. Two important factors in selecting sources for any specific technology are: the level of internal capability within the company and the maturity level of the technology/industry.

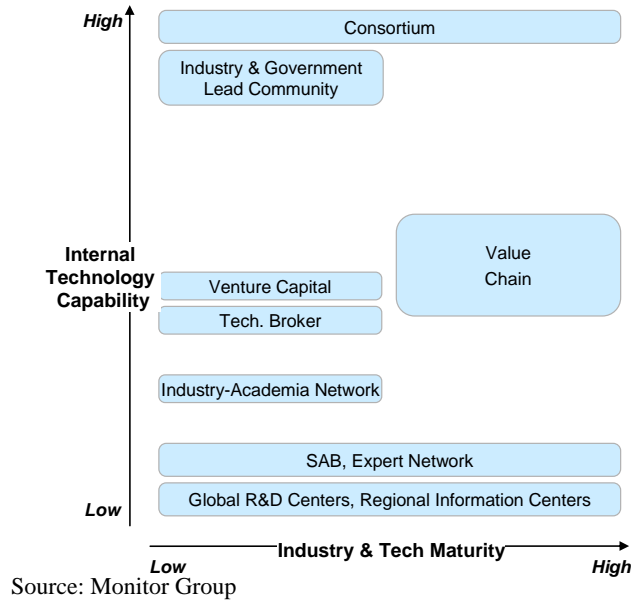


Figure 1: Options available for forming an external network

For a firm that already has a high level of internal technology capability, joining some type of consortia may be the way to expand the network. For those that have a low level, the options may include connections with academics/individual experts, as well as, globally expanding R&D activities to provide eyes and ears (among other things) in places where new developments in the technology of interest are or may be taking place. Let us now discuss several of these options in more detail and illustrate the concepts with examples.

2.2. Consortia

There are various types of consortia available for a company to join, as shown below in Figure 2.

Issue Coverage	Type of Cooperation	Concept	Examples
Broad ↑	Open Topic Consortium	<ul style="list-style-type: none"> Industrial R&D cooperation comprising a wide range of R&D area/activities Divides into public vs. private led cooperation depending on which entity was involved in formation, operation, and financial investment 	<ul style="list-style-type: none"> Energy/chemical – VISION 2020 IT – 3G Consortium – USDC¹⁾
	Topic-Specific Consortium	<ul style="list-style-type: none"> Cooperation for dev/standardization of a certain tech/product and it is open to everyone 	<ul style="list-style-type: none"> Hybrid Consortium²⁾ US ABC³⁾
	Co R&D among Companies	<ul style="list-style-type: none"> Research cooperation exclusively for partner companies 	<ul style="list-style-type: none"> White Biotech. Dev btw DuPont – DOW
Narrow ↓	Joint Venture	<ul style="list-style-type: none"> Joint venture among a small number of companies with the objective of commercializing certain tech/products 	<ul style="list-style-type: none"> HEVB JV (Panasonic EV Energy) btw Panasonic/Toyota

Note: 1) US Display Consortium, 2) Plug-in HEVB Consortium, 3) U.S. Advanced Battery Consortia

Figure 2: various types of consortia and cooperative arrangements

As can be seen, a consortium generally covers broader issues than those addressed through a joint venture (JV) or co-R&D arrangements among companies. These could be a topic specific consortium or that which is open. These are widely used vehicles for a company to gain access to external ideas and technologies. The figure also shows examples of each type of arrangements as they apply in the emerging fields of energy, IT and biotechnology.

Large corporations typically participate in many different co-operative arrangements. For example, British Petroleum (BP) participates in The IVC-SEP Research Consortium along with Shell, Exxon-Mobil, Total, Chevron, and numerous other energy chemical companies. This consortium, organized by the technical branch of the University of Denmark, is involved in performing pre-competitive research in the areas of applied thermodynamics, transport processes, and mathematical modeling.

Another consortium in which BP participates is The California Fuel Cell Partnership, which is comprised of auto manufacturers (Ford, GM, Honda, Hyundai, etc.), several energy companies, government agencies, and fuel cell companies. Yet another consortium BP is active in is The Permedia Research and Development Consortium, to develop “MPath,” a petroleum mitigation and reservoir filling simulation. Other energy companies are participants in this consortium, as well.

Similarly, another energy firm, Petrobras, is active in several consortia: The Center for Process Integration, The Consortium for Asphaltene & Emulsion Research, and SW3D Consortium, for high frequency seismic wave propagation in complex 3-D structures.

2.3 Venture Capital

Many companies have found that funding start-up ventures is an effective way to secure early stage technologies, especially those that are not available locally.

There are two ways for a firm to participate in venture funding, each with its own pros and cons:

- Take part as a Limited Partner
- Participate as a Primary Limited Partner and a Co-General Partner (GP)

In the first option, the fund is “open” and the company participates as one of several Limited Partners. The advantages of this approach are that the company can participate in a wider set of opportunities and the fund can be significantly larger than the amount that the company invests (say 10 times larger). The disadvantages include having to live with limited influence over the investment decisions, obtaining limited information on portfolio companies, and having scant opportunities for technology and investment related learning.

In the second option, the company participates in a big way, investing as much as 90%-95% of the fund (which is not open). In addition, the company acts as a co-General Partner with a strategic VC. In this way, the company is directly involved in the investment process and ensures its alignment with the strategic goals. Also, it is easier for the firm to acquire/learn about new technologies and the investment required to bring them to maturity. On the down side, the limited fund size equates to limited opportunities in which to invest.

BASF, for example, uses this mechanism extensively. It has set up BASF VC as an affiliate of Future Business, a dedicated new business company within BASF. It concentrates on strategic growth clusters related to innovative, chemical-based technologies and materials, such as bio/industrial/nanotechnology. It is a major partner in several VC firms: Chrysalix, Pangaea, and

NGEN. BASF VC has also invested in start up firms such as Ultracell, Catalytic Solutions, DataLase, Plastic Logic, and Luca Technologies...each developing technologies in the areas of interest to BASF.

2.4 Scientific Advisory Boards (SABs)

Setting up SABs is a great way for a firm to obtain assistance from senior gurus in the areas of interest. The members of SABs can be independent consultants, technologists, as well as, senior executives in non-competing firms. These boards serve many purposes:

- Increase pace of innovation...through deep and broad external perspectives
- Enhance relationship building...with individuals and firms
- Increase speed to market...by sensing and filtering highest priority opportunities
- Reduce cost...access to talent, removing unnecessary projects
- Provide technology intelligence...to identify opportunities and reduce risks

France Telecom (FT) is effectively using an SAB to help select R&D topics. Described below are some of the ground rules and characteristics of this SAB.

The objective of the SAB is clearly defined: constantly generate new ideas for next R&D topic selection:

- Provide opinions and information related to FT & telecom industry's evolution
- Report the status of telecom related science and technology developments
- Voice opinions on the suitability of corporate R&D topics undertaken by FT (using connections in academia)

The SAB is composed of people who will empower the Board in achieving its objective. The executive members include FT's Group Chairman, FT's Central R&D Manager and management executives of each SBU. The rest of the members are R&D Center directors and professors, selected on their ability to forecast technology trends. These ten members sign up for a 3-year term (currently, the Sixth SAB is in session, which started in 2007 and will go on until 2010).

There are two types of meetings held by this SAB:

- Regular Meeting : 3 times or more per year
 - Meeting agendas are predefined
 - After the meeting, reports are sent to the CEO and key managers
 - The SAB activities and opinions are compiled and made available to the CEO and senior management
- Ad-hoc Meetings
 - As requested by the CEO or senior managers to address specific topics
 - SAB's opinions are submitted as a separate report

The positive experience of companies like FT can easily be replicated.

2.5 Technology Broker

A technology broker, as the term implies, links the technology provider with a technology buyer, and thus plays an important role in establishing Networked Innovation. They effectively take care of a major concern that a company has...how does it efficiently find a provider of technology and verify its reliability? The technology brokers make the process of finding network partners more efficient and reduce the risks. Broker's fees are based on a percentage of the technology transfer cost or a pre-

negotiated fixed amount. Some of the better known technology brokers are: BTG plc, First Principals, Technology Ventures Corporation, and UTEK.

An example of using a technology broker effectively is Xethanol, a US firm involved in ethanol production and in need of securing a low cost bioethanol production technology. They did not have in-house resources to develop the required technologies nor the expertise for acquiring the right technologies externally. Working with UTEK, a technology broker, Xethanol acquired the technologies for ethanol extraction and separation, for Xylose production, and an advanced bioethanol technology. This permitted Xethanol to successfully enter into bioethanol market. In return, Xethanol regarded UTEK as a business partner.

In another example, Swiss Medica Inc, a specialty pharmaceutical firm, was looking for over-the-counter products to round off their product line. UTEK (again...not meant to be an endorsement) helped broker a deal with a Harvard/MIT team developing a PMS suppressing drug. This deal helped Swiss Medica enormously...over 25% of the 500 stores carrying the product placed a second order within two weeks after its launch.

2.6 Value Chain Network

One of the most obvious places to unearth external ideas and technologies is the value chain in which the firm participates. The traditional pattern of vendors developing products to meet an equipment manufacturer's product specifications is being replaced by joint product development in which the two (or more) parties co-develop products. Instead of the market information flowing from the downstream customers (OEMs mostly), it is now shared along the value chain.

There are several illustrations in the automotive industry of participants in the value chain working together to jointly perform R&D and develop products. An example of close cooperation with a value chain partner involves General Motors and BASF.

These two firms share both marketing and technology information on products of interest. This is done by various means. For example, BASF Glasurit (BASF's refinishing system) staff is dispatched to GM's Service and Parts Operations Technical Center to discuss paint related information. Along the same lines, the BASF plastic engineers participate in technology conferences hosted by GM.

This value chain network has benefited both companies. The changes in bumper regulations is an example of this symbiotic relationship.. Directive 2003/102/EC in October 2005 changed the regulation related to bumper elasticity and shock absorption for pedestrian impact. GM and BASF saw this as an opportunity to be jointly exploited. BASF provided a simulation tool for testing plastic elasticity and anisotropic variations. GM offered other simulation tools and car crash test data. Together, they developed Ultramid B3WG6 CR, a material that is excellent in elasticity and shock absorption.

The second example deals with a *technology push* situation in which BASF came up with a new material in response to GM's on-going need to reduce cost. Previously, the matte effect in the interior of an automobile was achieved through costly, high skill coating. BASF developed a material that produced the same matte effect without coating (Treblend N material). This is now used extensively in designing the interior of GM autos. As a result, GM reduced its cost and BASF, increased its revenue.

These are very good examples of how two firms have worked together to develop both market pull and technology push products. Networked Innovation works!

2.7 Global R&D

Establishing global R&D centers is a subject that has received a lot of attention during the past decade. The objective of this paper is not to go into details of why a company globalizes R&D or how to do it (See Ref. 5 for example). Our point is that global R&D centers provide an excellent venue to keep ears to the ground in various parts of the world and provide access to new technology developments, ideas, and technologies, all elements of Networked Innovation.

Global R&D activities come in a variety of flavors...from dispatching R&D staff to various universities or technology development centers to starting a subsidiary

Let us look at what LG Chemical has done. They have undertaken all different types of activities to globalize their R&D:

- Dispatched R&D staff to Tsinghua University, Max Planck Institute, Moscow University, among others. The focus is to identify new technology trends and secure technology development capabilities through collaborative R&D. One area of interest is the polymer used in hybrid electric vehicle batteries (HEVB).
- Created Technology Information Centers in Moscow and Tokyo. The objective is to have ears to the ground in these two important areas and arrange co-R&D with local organizations.
- Formed an R&D Center in Yokohama to perform research on battery. This center has hired several Japanese researchers, each charged with a joint R&D project involving a local organization
- Established a business around compact power in Michigan. This affiliate of LG Chemical focuses on HEVB. It has hired a former executive of Ford's hybrid vehicle development program and a CTO of a battery manufacturer. It is developing a LiPB type of battery for HEV under contract with the United States Advanced Battery Consortium (USABC).

These are some of the sources for new ideas and technologies that need to be explored and assessed as a prerequisite to implementing Networked Innovation, which is described next.

3. Implementing Networked Innovation

In this section, we highlight several important steps that need to be taken to successfully implement Networked Innovation. We begin with Diagnostics to assess where the company is and how far it needs to go.

3.1 Diagnostics

The first stage of planning involves a company wide diagnostic to determine how Networked Innovation will be received and what the likely barriers to implementation will be. We at Monitor Group have developed and applied a diagnostic tool for this purpose quite effectively. The types of questions the tool explores systematically are:

- How aligned is R&D to corporate/ SBU vision and strategy? (This is the “walk before you run” type of test)
 - Technology strategy?
 - Technology portfolio?
- How prepared is the organization for idea/technology finding and screening?
 - Finding process?
 - Verification process?
- How experienced is the company in partnering/alliance?

- Strategy?
- How many partners?
- How well are partnerships working?
- What is the corporate culture along a few of the crucial axes?
 - Tolerance of failure?
 - Cooperation?
 - “Proactiveness”?
 - Flexibility?

Frequently, the results of such inquiries are plotted on a “spider chart” to identify the Readiness, Willingness, and Ability (RWA) of an organization to undertake the transformation required to embrace Networked Innovation. The current situation along various RWA metrics is plotted using a 1-10 scale and compared with what is required for successful implementation of Networked Innovation. These results provide a useful foundation in constructing the implementation plan (i.e, the types of actions required to create the desired change).

Next, we look at processes that need to be established to initiate the Networked Innovation.

3.2 Establishing Processes

One of the first processes that needs to be established is a management process to handle the flow of ideas and technologies coming in from the network. Let us look at two examples.

British Telecom (BT) utilizes on-line sources for identifying ideas on new products, innovations, and breakthroughs. Two teams (The New Ideas Team and An Evaluation Team) are established (under the CTO) to handle the information collected. The New Ideas Team pre-screens ideas, allowing no more than one-third of the ideas to survive.. An Evaluation Team (a subset of the New Ideas team) than whittles down the number further, so that less than 5% of the pre-screened ideas are further evaluated. Eventually, only a handful of ideas see implementation. An analysis of BT’s process for a specific time period showed that out of 2500 submissions, 700 passed the pre-screen process out of which 29 ideas were screened and 2 were implemented.

This clearly demonstrates that the effort required to screen the external ideas and innovations can be quite substantial. At P&G, an in-house team of over 200 staff members review more than 2,500 innovations a year (Ref.4).

France Telecom has developed a network hub called Livebox. A product and service development “accelerator” called Livebox Lab is used to engage partners in developing applications and services that can be delivered through Livebox. A well defined process is used to get ideas from this network, screen them, and filter the selected ones through a rigorous marketing and technology evaluation. The technical evaluation includes prototyping the concept and addressing potential complexities. The marketing/economic evaluation includes a market study, an economic model, and defining user experience. Through Livebox, France Telecom receives the active participation of application developers while the uniformity of the evaluation process accelerates the deployment of selected applications and reduces both technology and market risks.

Another important process for the successful deployment of Networked Innovation is the creation and management of the external network. This involves a dedicated Networked Innovation Team, the R&D department, and of course, the external participants. The process starts with the Networked Innovation Team developing a network of individual experts, as well as, firms and organizations (in line with the discussion in Section 2 above). This process takes into account the technology strategy of the company and the SBUs, and the technology areas benefiting from Networked Innovation.

Candidates for the Network are screened before being admitted to the pool. The Network is kept refreshed by periodically approaching the partners and obtaining the latest information (work they are doing, contact information, affiliations, etc.). The network is utilized when a specific need is generated by the R&D department. The appropriate network members are approached, and a plan is developed to collaboratively pursue the development of technology/product/service. An on-going process of evaluating the performance of the partners and the *process itself* ensures that the pool and the methods for generating value from the pool are maintained at the best possible level.

3.3 Establishing Partnerships and Alliances

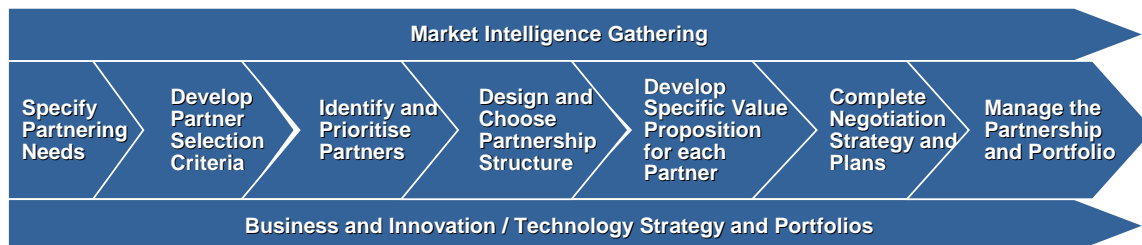
Some aspects of Networked Innovation (such as those dealing with cooperation among value chain participants) require forming partnerships and alliances with other companies. From the work that Monitor has done in this area, we have identified several factors to forming successful partnerships. These are summarized in Figure 3 below:

Strategic Clarity	<ul style="list-style-type: none"> • Establish partnership primarily to create and enhance enterprise value through innovation • Be sure about what you want to create, and the value you expect to realize from the partnership as early as possible • Ensure that there is complete alignment between the partners and senior management.
Partnership Design / Complexity	<ul style="list-style-type: none"> • Choose the most appropriate and simplest model for the partnership • Weigh the respective benefits of complicated valuation of assets and negotiation of the value of services provide vs. expeditious completion of the transaction with enhanced working relationships • Ensure both senior managements have provided input and are enthusiastically behind the structure chosen • Pay attention to decision rights and partnership relations
Culture and Communication	<ul style="list-style-type: none"> • Manage effects of cultural mismatch, a key impediment to all collaborations • Manage internal tensions generated by the formation of partnership or alliance...they have the impact of slowing down the process • Weigh organizational variables in order to determine the best approach for the desired synergies
Management and leadership	<ul style="list-style-type: none"> • Have patience...experience teaches us that successful partnerships are managed through distinct stages and typically take between 3 and 18 months before "steady state" is achieved depending on complexity and maturity of topic • Focus on only a few, high leverage initiatives with the most impact on the objectives of the partnering organisations • Establish clear accountability and leadership for and within the partnership from a very early stage • Be clear on milestones and behaviours expected throughout the partnership • Assign "Change Leaders"...they are necessary to spearhead the acceleration of results

Source: Monitor Group

Figure 3: Lessons from successful partnerships

Keeping these lessons in mind, the following process (in Figure 4) can be used in forming and managing partnerships.



Source: Monitor Group

Figure 4: A process for forming and managing partnerships

Table 1 below describes the activities involved in each of the steps in the process and the outcomes.

Table 1: Steps in forming partnerships

Steps	Activities	Outcomes
Specify partnering needs	Review strategies, portfolios and pipelines Assess potential partnering portfolio Identify general, then specific area of needs Use Make / Collaborate / Buy methodologies	Prioritized list of needs across the innovation program and portfolio consideration
Develop partner selection criteria	Develop fit criteria (competence in need areas, coverage of scope / scale, market power) Develop attractiveness criteria (competitor?, win-win scenario, compatibility etc)	Organizational agreement on criteria and differentiation per need
Identify and prioritize partners	Identify potential partners and research vs. criteria Map in multi-functional work shop vs. fit / attractiveness Consider partner portfolio balance	Listing of priority targets with organizational consensus and portfolio balance
Design and choose partnership structure	Use design of partnership framework and develop approaches and information for the alternatives and issues	A preferred design per partnership requirement. (Avoid having too many different designs)
Develop specific value proposition for each partner	Extend partner research Determine threshold, performance and excitement needs for priority partners Clarify value to each partner and ourselves	Comprehensive value proposition per partner with sensitivity analysis
Complete negotiation strategy and plans	Build inside information through prelim discussions Identify acceptable partnership structures / recycle Negotiation team / strategy / tactics	Options for partnerships and potential deal to be consummated by Senior Management
Manage the partnership and portfolio	Develop partnership management and implementation plan with a multi-functional cross partner team Include strategy, goals / objectives, processes, organization, resource requirements and	Detailed and comprehensive plan based on best practice, Strengths, Weaknesses, Opportunities and Threats (SWOT) for communication

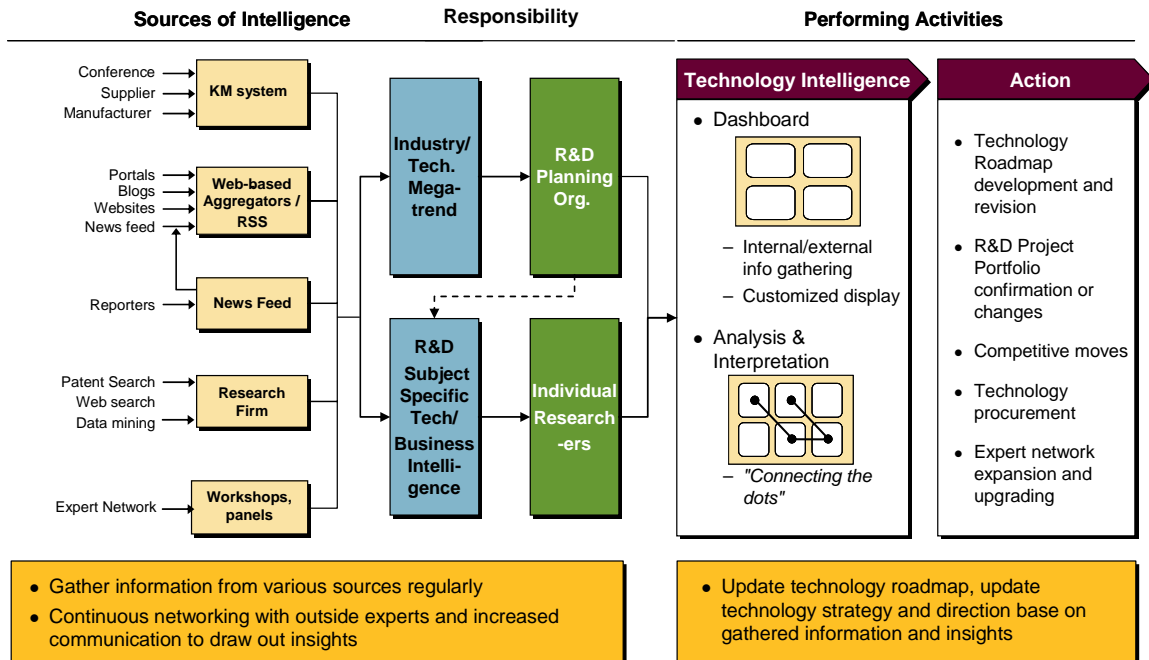
Source: Monitor Group

3.4 Establishing a technology intelligence and monitoring system

Networked Innovation can not succeed unless the company is able to monitor on an ongoing basis new developments in technologies of interest. A well designed Technology Intelligence and Monitoring System (TMS) can do this. Figure 5 shows the schematic of one such system being developed by our firm, the Monitor Group.

This version of TMS includes a front end that collects information from a variety of means. The information sources can be classified as:

- Expert network. These include individual experts, as well as, those in the consortia to which the company belongs, the SABs that have been established, the ventures it has funded, the value chain partners, and so on
- On-line sources. These are RSS feeds from news sources as well as from aggregators
- The Knowledge Management (KM) System which provides access to structured and unstructured data, as well as, tacit knowledge in the minds of employees
- Research firms, besides those that generate regular reports on technologies of interest, that employ research staff in India and elsewhere to gather information on any technology of interest in a cost effective manner, similar to Grail (a Monitor Group company)



Source: Monitor Group

Figure 5: A schematic of technology intelligence and monitoring system

The information thus collected needs to be organized and analyzed to identify trends and create intelligence. This processed information can be displayed on dashboards that are customized for various levels of people viewing the output. An important part of what comes next is the ability to connect the dots to draw inferences. Examples of inferences that can need to be drawn are:

- What does this announcement for company X developing disruptive technology Y mean?
- Do we need to change our technology roadmap for this technology? Or is it progressing the way we thought?

- Is this the company we expected would make this breakthrough?
- Is the threat from this disruptive technology the same? More? Less?
- Would this be the right time to enter into this technology to hedge our bets?
- Is our process working well? Should we have known of this development earlier? Are there any changes to be made to the process?

Finally, there has to be a structure (people with responsibilities and accountabilities and processes) that allows converting these inferences into action. The actions may include:

- Altering technology roadmaps
- Making changes in the R&D activities and portfolios
- Making competitive moves
- Acquiring new technologies
- Expanding or changing the network

3.5 Managing cultural transformation

To successfully implement Networked Innovation the company will in most likelihood require cultural transformation. A major issue is the Not-Invented-Here (NIH) syndrome, which causes people to reject ideas coming from external sources. In addition, the bar for tolerating failure will have to be raised...after all, we are trying to do things differently from what we are accustomed. The staff members will have to become more cooperative and flexible and take proactive initiatives.

Figure 6 summarizes the type of culture that would make Networked Innovation successful.



Figure 6: Cultural requirements for Networked Innovation

Several steps can be taken to go from where you are to where you need to go. The specifics of steps will depend on the position from where the organization is starting and the inherent culture and practices. However, here are several commonly used steps:

- Identify and share core values of the Open/networked oriented organization
- Analyze and share best practices to gain support from staff and build enthusiasm
- Identify and share quick-wins
- Designate a Change Champion, preferably a senior executive that the staff members trust
- Designate Change Management Agents in each department to spread the core values and motivate staff
- Open an Idea Portal to solicit and manage new ideas, and to create conversations around them
- Operate a CEO Webpage to deliver his/her commitment to the effort and open up lines of communication
- Produce and distribute PR material on Open/networked Innovation to enhance awareness
- Send out periodic newsletter to keep everyone abreast of developments
- Hold contests to make Open/networked Innovation fun and provide incentives in form of recognition
- Host seminars to share benefits of using external sources
- Host events to identify potential experts and partners in areas of interest

There are many such activities that can be undertaken to address one of the biggest barriers in implementing Networked Innovation in a corporate setting, managing cultural transformation. Some trial and error may be required.

Closing

Most companies nowadays have realized that they can not prosper in the fast moving and hyper competitive environment by relying strictly on the internally generated ideas and technologies. As the product cycles continue to become shorter and the cost of developing technologies continues to increase, the concept of using external networks for ideas and innovations will gain strength.

The problem is not one of realization, but of how to implement such a Networked Innovation in the company. Topics, such as: what choices need to be made, how to make them, and what are the pros and cons need to be evaluated. This paper is directed toward addressing implementation issues. This is a subject of a book, not a paper. Our objective is aimed at raising the awareness levels and sharing our experiences and insights.

To this end, we hope we have achieved our objective.

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