

# CIO - Corporate innovation online

## Innovation management best practices

### CIO's book review; takeaways<sup>1</sup>

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#### Detonate

*Why - and how- corporations must blow up best practices (and bring a beginner's mind) to survive*

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Wiley



*Both authors work for Deloitte, so you can expect a lot of praise about the firm's consulting practice but not so much as to avoid reading this interesting book. Prior experience includes work with the Monitor Group.*

#### Introduction

The title 'Detonate' does not do justice to the book. It is not a bad title, but it seems extreme – which the authors acknowledge somewhat. Most readers are not so much interested in 'detonating' but 'building' best practices which is, in fact, a big part of the book. Definitely worth a read.

The authors bring a fresh look into the dangers of the use of 'conventional wisdom' in the corporate world. Overcoming 'ossification' is a major theme. Their view is that there is major benefit to 'blowing up best practices'. According to them, whether you know it or not, you are doing the same thing as the competition and thus providing no differentiation and no competitive edge. An illustration is the broad corporate use of Six Sigma; a process during which employees 'mindlessly follow' a set of rules.

Rapid change is upon the corporate world and yet change is often seen to be linear and evolutionary. Corporations are ill-equipped to address the change. The book is mostly about how to bring about 'blowing up'.

Only by measuring can the corporation learn and apply the learning to a next set of innovative initiatives. A beginner's mind – asking the wonderment type of questions – is essential to the process of innovation. Beginners eyes are open while experts are often 'closed'. An 'absence of prior habits and belief systems' is a big asset.

The book illustrates its themes with cute cartoons and real situations where the authors can quote experience without betraying the name of corporations. However, IBM, under Gerstner's regime and latterly, Rometty, is characterized.

Fundamental to the authors thinking is that there is no such thing as permanence and it is up to the corporation to create structures, processes and systems which are not meant to last.

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<sup>1</sup> a conclusion to be made based on presented facts or information: a main point or key message to be learned or understood from something experienced or observed

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There is a relevant discussion on risk and uncertainty especially when the authors make the point that ‘we don’t think you can blow up playbooks effectively and permanently from the periphery’. Attack the core is where to start.

Understanding customer behaviour before doing financials is key. A major theme of the book is that financials are the outcome of customer behaviour. The authors give less attention to, in terms of the process of strategic planning, the fact that customer behaviour is often dictated by heretofore unidentified technological developments; the smart phone, social media, even shifts in advertising come to mind. What are the root causes of human behaviour? Companies caught off guard by technology change, which then impacts customer behaviour, are too numerous to mention; RIM, Schwinn, and Kodak are classic examples.

The book is thought provoking on several fronts. ‘Questions we love’ and ‘Questions we hate’ is highly relevant to anyone who has run or participated in a planning session. Research papers supporting the authors views are acknowledged and in themselves can lead the reader to interesting management concepts.

‘Best practices’ come in for much criticism in the book and deservedly so if they become, as the authors suggest, a set of rules or defined fixed processes which don’t change with time. Others could conclude, however, that knowing which the best practices are – obviously better than worst practices – and using a combination of practices can lead to a uniqueness and a distinct competitive advantage.

By dissecting the book by topic, CIO provides additional insight and perspective on the subject.

#### Read ‘takeaways’ by topic

**On introducing maverick thinking.** Introducing off-base participants (anthropologists) into the strategic planning process can be very valuable.

**On driving behavioral outcome.** ‘All business is intended to drive some sort of behavioural outcome’ and an ‘accumulation of business behaviours’. Following customers’ initial “pre-consideration” stage to post purchase assessment and “exit” stage can be helped by ‘journey maps. Looking beyond the obvious into ‘kinship and self, expectations, influences, framing, time distortion, barriers and enablers and experience bring a potential source of new ideas into the innovation process. The ‘Doblin’ process (part of the Deloitte practice) develops these factors into thirty different tactics which can be used to influence behavior.

#### ‘Takeaways’ by topic?

- introducing maverick thinking
- driving behavioral outcomes
- focussing on the edge
- ‘journey maps’
- risk as a learning experience
- moving innovation ahead
- moving beyond legacy products/services
- Six Sigma and the like
- the need for proprietary data
- On the need for experimentation and measurement

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**On focussing on the edge.** Another Deloitte methodology is introduced; the Centre for the Edge. The focus is to identify edge developments which have potential to scale up. Transforming the edge eventually leads to transforming the core of the business.

**On ‘journey maps’.** The authors advocate the use of ‘customer journey maps’ or behavioural maps, new terms and methodologies, to guide the way in planning for the future. ‘Behavioral Design’ is put forward as an important relatively new concept.

**On risk as a learning experience.** Those CEO’s who make statements which emphasize the value in failure (i.e. it’s a learning experience) come in for some criticism. There should be no celebration of failure but there should be a celebration in understanding why it happened so as not to repeat it. Tinkering is given high marks.

**On moving innovation ahead.** The concept of the Minimally Viable Move ((MVN) is a valuable insight into how to move innovation forward.

**On moving beyond legacy products/services.** Their research indicates that most companies ‘vastly overestimate the degree to which they are innovating beyond the Core - the optimization of existing products and services to serve current customers. A ratio of 70/20/10 (Core/Adjacent/Transformational) characterizes the current approach.

**On Six Sigma and the like.** Much that is set out flies in the face of all business processes and routines like Six Sigma and Stage-Gate that, while meant to improve productivity or idea generation, becomes a set of rules which, in time, ‘ossify’ the organization.

**On the need for proprietary data.** The authors state that data driven ideas seldom provide a competitive advantage since most of the competition will have access to the same data. Behaviours arising from an analysis of the data will be just the same. Companies need to develop proprietary data.

**On the need for experimentation and measurement.** Much of the book is devoted to understanding the importance of human behaviour and the need to have an ongoing set of experiments where one can trace progress by way of measurements; numbers or goals identified at the outset.