

SOCIAL MEDIA FOR CORPORATE INNOVATORS & ENTREPRENURS:

ADD POWER TO YOUR INNOVATION EFFORTS

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INTRODUCTION

For some time now, the intersection of innovation and social media has been evolving into a busier, more crowded place. Over the past several years, I saw glimmerings of what was coming and then in the past year, the pace at which companies of all sizes and all stages are tapping the potential of social media to make innovation happen has accelerated dramatically. It is time to examine the growing link between (open) innovation and social media, and thus I decided to write a book on this rapidly evolving topic.

Let me first take a minute to give you my definition of open innovation. People talk about open innovation in many different ways, so I want to be clear about how I define it. When people ask me what open innovation is, I suggest they should view **open innovation as a philosophy or a mindset** that they should embrace within their organization. This mindset should enable their organization to work with external input to the innovation process just as naturally as it does with internal input. In a more practical definition, open innovation is about bridging internal and external resources and acting on those opportunities to bring better innovation to market faster.

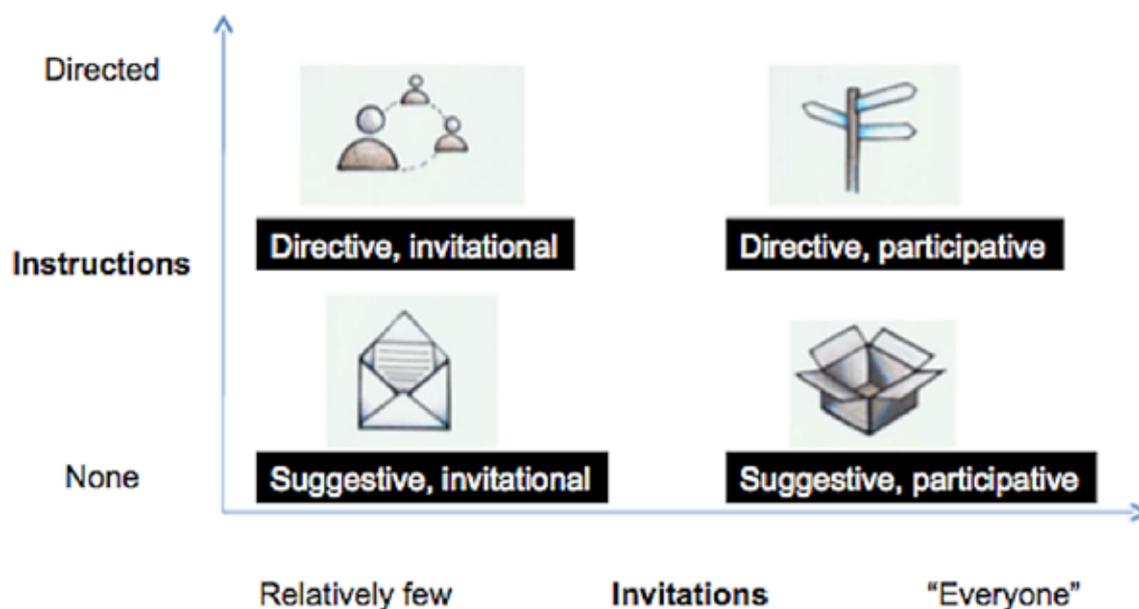
This is in contrast to the old model, what used to be referred to as just innovation but which now – with the wide-spread adoption of open innovation – can be referred to as closed innovation. With closed innovation a company maintains complete control over all aspects of the innovation process and discoveries are kept highly secret. In closed innovation, you do not attempt to assimilate input from outside sources into the innovation process, and you avoid having to share intellectual property or profits with any outside source.

Also, in a closed innovation environment, activities are often segregated within an R&D department where the best and the brightest are expected to make sure the company gets to market early with new ideas to gain the “first mover” advantage.

In open innovation your company works with external companies (everyone from suppliers, partners, innovation intermediaries and even competitors) as well as users, consumers, customers and institutions such as universities during the innovation

process. Open innovation is often about soliciting ideas from outside, but it goes deeper than just involving others in the idea generation phases; the contribution from outside your company must be significant. It is also more than just a partnership where you pay for specific services. Everyone involved in an open innovation process focuses on problems, needs, and issues and works them out *together*.

Although I use the term open innovation since this is more established, it is important to understand that a better term would be external input. This can come in many forms as you can see in this matrix in which you go from crowdsourcing sites like My Starbucks Idea (lower right corner) to challenges driven by innovation intermediaries (upper left corner).



Credit: OVO Innovation

Furthermore, external input can also come in the form of selected partnerships, entrepreneur days, supplier summits, town hall meetings, facilitated networks, alliances, consortia and joint ventures.

The key is that companies need to first understand the many different kinds of external resources they can bring into their organization and must focus on those that are most appropriate to their specific situation.

Also, in the context of entrepreneurial companies, you need to understand the tremendous opportunities open innovation offers your organization for partnering with larger corporations by being the source of great ideas that respond to problems they're trying to solve. These opportunities, of course, are in addition to the value you

can obtain from using open innovation as part of your own process for identifying solutions that will help you get to market faster. (See the sample chapter from my last book, *Making Open Innovation Work*, at the end of this book for a discussion of the differences that must be understood regarding how big and small companies deal with open innovation.)

Social media, in contrast, is something almost everyone knows of. We might not share the same definition, but we have a good idea of what it is. However, in the context of this book, I view social media as digital tools and services that facilitate involvement and interactions between different stakeholders, whether they are users or business partners, individuals or crowds, known or unknown.

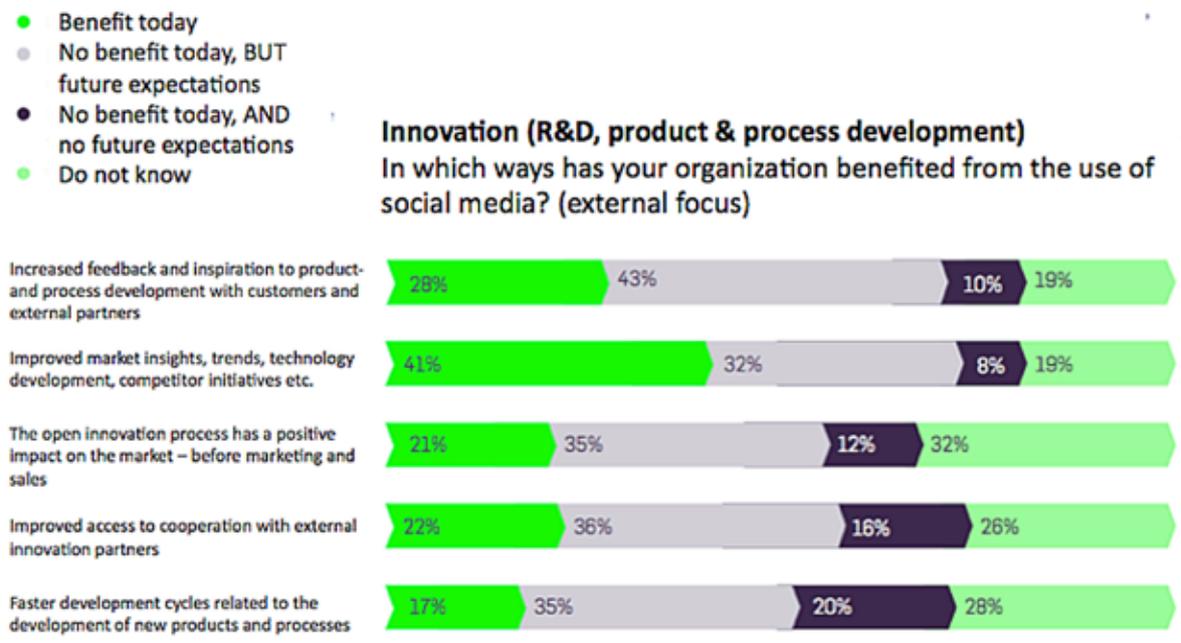
When it comes to open innovation, social media open up a whole new world of possibilities in terms of who you can collaborate with to solve problems and bring new products and services to market. With social media, your ability to extend your network of contacts who may be able to assist in your innovation process widens dramatically. These people can come from anywhere in the world, and right now you might not even know that they exist. At the same time, for smaller, entrepreneurial companies, as I mentioned above, the increased use of social media for open innovation will increase your ability to identify opportunities for connecting with larger entities to help them with their open innovation agendas.

Over the past decade, social media has grown tremendously in variety and has been adopted by hundreds of millions of people. During this time span, businesses have recognized that the business uses of these tools are extremely broad-based. Initially, many companies viewed social media in terms of its potential as an exciting new marketing tool. Then, customer service began to recognize the potential of responding quickly to customer complaints via Twitter and other social media. And more recently, the possibility of integrating social media into innovation has taken hold.

The use of social media as part of the innovation process is still in its very early stages, but make no mistake, this trend is gaining momentum every day, and there is no turning back. As an example of this, I can mention a recent meeting with Ashish Chatterjee, who is the head of Connect+Develop, the open innovation initiative at P&G. We had a great talk and I really took notice when Ashish said he believes the Internet and social media are the key drivers for the future development of open innovation. I agree. Social media has the potential to be a game changer for how companies innovate and companies need to pay full attention to the intersection of open innovation and social media if they want to out-innovate their competitors. This might be uncharted territory, but it is full of interesting opportunities.

The reason why open innovation and social media are becoming inseparable relates to the fact that the two are linked by the need for interactions between people both inside and outside an organization. Interaction and involvement are key elements for both open innovation and social media. And as I will discuss further in this book, using social media enables you to access business intelligence and communicate relevant messages to your innovation ecosystem that will help you establish thought leadership and build your innovation brand.

Data on how many companies are using social media for their innovation efforts is hard to come by. Earlier this year, SocialSemantic.eu, a project/organization working to help Danish companies and organizations become world-class at using social media and new technologies, released an interesting factbook based on 2,757 respondents who shared how they use social media and new technologies to create value within their companies and organizations. The information on innovation in this factbook is quite interesting as well as encouraging as the findings show a strong interest for using social media for innovation. Unfortunately, the factbook is only in Danish, but I translated the below images to give you an idea of how companies see a potential in using social media for innovation efforts.



Food for thought

I really believe that companies need to build strong capabilities at this intersection if they want to out-innovate their competitors. Innovators need to understand this intersection now, and the purpose of this book is to provide insights on how you can leverage the tremendous potential of social media as a key element in your open

innovation efforts. As yet, it is not possible to provide lots of solutions that have been tested by other companies because the field is just emerging, but I do hope this book offers you a lot of food for thought and that you begin experimenting to find solutions that fit your company's unique needs.

Developments on the intersection of innovation and social media are occurring rapidly, so I encourage you to read my blog, 15inno.com, to keep up to date on new case studies and more insights on what works and what doesn't work. And as always, social media only works if the conversation is two-way, so I welcome any comments you have as you read the blog. I'm always looking for new examples of how you might be using social media in your open innovation efforts. Let's have a dialogue. This is truly an exciting time to be involved with open innovation!

(Note: At the end of Chapters 1 through 9, you will find Key Chapter Takeaways; these are provided to give you a fast way to refresh your memory of the content when you want to review any of the material in this book in the future.)

CHAPTER 1

THE VALUE OF SOCIAL MEDIA TO OPEN INNOVATION

Long gone are the days of the solo inventor working in isolation to create breakthrough ideas. Today, we operate in a world in which the problems that need to be solved most often are highly complex. As a result, successful innovation, whether open or closed, requires the exchange of ideas and knowledge and an ability to organize and manage this information in a way that allows you to mine its value. Inherent in this environment is the need to build relationships and communities that you can draw ideas and knowledge from, and that's where the emergence of social media as a tool for innovation offers the potential to be a game changer.

Here's how David Cruickshank, Director of Operations for the SAP Co-Innovation Lab in Palo Alto, CA, expressed this idea: "The underlying reality of all of this interest in social networks and social media is that seeking out and developing new relations is not a new concept. These newly evolved social networking platforms are simply transport mechanisms for us to pursue the work of building relationships and communities. The advantage offered is that we can use these networks to rapidly develop and grow valuable connections...Effective use of social networks services to strengthen the co-innovation lab's existing ability to broker knowledge and to connect greater numbers of subject matter experts to the projects occurring in the lab." ¹

It is true that seeking out new relationships is not new, but the way we do this has changed radically over the last five to ten years. LinkedIn is a good example as a megatrend or driver behind this development. The most important thing in innovation is knowledge and getting access to this knowledge. The thing is that knowledge - and thus organizational memory - does not reside in huge database servers in a basement. It is inside people's heads.

We cannot get access to everyone, but the second-best thing is very achievable and that is to identify those who possess the knowledge we need to move forward with innovation. If you have a well-built LinkedIn profile with 300+ connections and membership in relevant groups, it will take you less than five seconds to identify people having the specific knowledge you seek. You just have to type in a keyword in the advanced search function. And for those working at young entrepreneurial companies, LinkedIn opens up the opportunity to let others know about the expertise held within your organization.

This is possible because everyone wants to be connected and LinkedIn leverages this desire by providing services that can really help us with innovation and with business in general.

Also, with the growth of social media like Twitter, we have grown accustomed to reaching out to and interacting with complete strangers, not just in other parts of our own country but in countries on the other side of the world. This is a notion that was unheard of just a short time ago.

The fast pace of developing social media services and tools is unprecedented. As researchers from Kalypso, a global innovation consulting firm, noted in their report on a survey they did on the use of social media in product innovation, the rate of adoption of social media far outpaces previous communications innovations such as the radio, telephone, and television.²

The three leading social media platforms – LinkedIn, Facebook, and YouTube – each have over 100 million users, with Facebook having over 800 million with projections calling for over a billion Facebook users by the end of 2012. Bear in mind that none of these companies existed a decade ago. The fourth most prominent platform, Twitter, also claims to have over 175 million users, but the number of active users is probably below 100 million, but still impressive given that the company was only founded in mid-2006. And all of these media are global, of course, meaning that geographic barriers have been erased (although political barriers to social media still exist in some countries).

Furthermore, we have no idea what tools and services will be available two years from now. But we do know that innovation through interaction and involvement is getting easier and easier and thus innovators need to seed today in order to reap future benefits.

Three circles

Given social media's incredible reach and the potential for new and even more amazing platforms to quickly evolve, companies must begin to figure out how to leverage this

tremendous power. The starting point, I believe, is to understand that a multi-target approach is needed because most open innovation efforts lie in three different circles. There is often a significant overlap, but we still need to look at each of them separately. These circles are:

- The innovation community: Here we have thought leaders, academics, consultants, service providers and corporate voices on innovation. This community can bring credibility to the innovation capabilities of a company and this credibility can turn out to be very important in the next circle, the innovation ecosystem.

- The innovation ecosystem: This is the most important circle for companies serious about open innovation as this is where things actually happen. The ecosystem includes the partners (primarily other companies, institutions and universities) that help create the innovation output. It is very much about business-to-business.

Today, very few companies are limited to just one choice when it comes to picking innovation partners and it is important for aspiring innovation leaders to become the “preferred partner of choice” within their industry when it comes to innovation. This takes us back to the credibility that can be earned in the innovation community. Let’s say that a potential partner googles your company and discovers that your company is mentioned in blogs, articles and that you or your colleagues talk at conferences. This will put you in a better position than other potential partners not having this credibility.

- Customers and users: Some companies and industries more than others need to pay serious attention to the third circle, which includes their own customers and users as well as those of their partners in the innovation ecosystem. This is more about business-to-consumer than the business-to-business focus we see in the innovation ecosystem and this is also where we have the crowdsourcing like initiatives.

The importance of each circle varies from company to company and so does the overlap between the circles. Companies need to find out how this works for them and since the circles are different, they also need to apply different social media tools to them.

The key to developing these circles is through interaction and involvement, which is exactly what social media offer you the ability to do. With social media you can reach out to new topic experts, create communities of people interested in solving a problem, and showcase your company’s innovation leadership. These are all worthy objectives, but integrating social media into your innovation efforts also provides hard-core business benefits. In their survey, which included over 90 manufacturing firms, Kalypso found that over one-half of the firms were already using social media in product innovation to some extent. The business benefits these companies said they were gaining as a result

of using social media for innovation included more and better new product ideas or requirements, faster time to market, faster product adoption, lower product costs and lower product development costs.³

Becoming the visionary

Building further on the insights gained by Kalypso, I believe that social media offers five key aspects that support open innovation:

- 1) Better interaction with customers, consumers and other partners
- 2) Idea generation and feedback loops for the ideas that are being developed
- 3) Business intelligence that helps you better understand your ecosystem
- 4) Identification of new people who can assist in your innovation efforts, and
- 5) Branding, promotion and marketing of innovation outcomes as well as corporate innovation capabilities

Many social media skeptics do not see much value in this today. This is fair enough as it is indeed hard to find good cases and evidence on such efforts, but please remember that we are still in the very early phases on this intersection of social media tools and open innovation. I ask everyone to look two years ahead. This is where things will really start to fall into place as we all get more experience with tools and services that continue to develop at a fast pace and in directions that are hard to foresee.

If you are a corporate innovation leader, I urge you to not only look two years ahead, but also to be the visionary in your company as well as in your industry. Expose your employees and your external stakeholders to social media and learn as you go. Yes, there will be initiatives that do not work and you might feel as the only one playing in the sandbox, but others will join, you will adapt and the experiences gained can bring competitive advantages in the short, mid and long-term.

Similarly, if you are working in an entrepreneurial environment, you need to stay abreast of what is happening in the social media/open innovation space because of the opportunities that might arise for you to introduce yourself into the innovation ecosystem of corporations that are looking for the types of solutions you can offer. With more and more corporations adopting social media as a way to reach out to potential partners, the world of opportunities open to entrepreneurial companies will grow and grow.

Where could this all lead? I believe the possibilities are endless. Disruptive innovation, which lets you create a whole new market where none existed before, is the holy grail of innovation. After giving a presentation on the value of social media in innovation

efforts, one of the participants shared his views: “I don’t believe social media can help bring out disruptive innovation.”

It was an interesting statement. First of all, I do not believe that you can plan for disruptive innovation. It simply has too many unknowns (technology or market-wise) making it difficult to plan for it. However, I am a strong believer that organizations can create the right conditions and environment for disruptive innovation to happen.

A key element for this is that you need to be open for new kinds of input and this is where social media can play an important role. If done right, social media can help you bring in unexpected contributions from unexpected or previously unknown sources.

Look at a community site like IngenuityWorking.com, which is run by Psion, a maker of rugged mobile computers that was recently acquired by Motorola. They have created a community that not only showcases their innovation assets and needs. It also enables an entire ecosystem to discuss innovation and exchange ideas. What if two companies connect here, come up with a great idea and then want Psion to be involved?

This could lead to an unforeseen opportunity for Psion and since it comes from unexpected sources, it might even have a disruptive potential. Psion has created a system in which they got the conditions and the environment for disruptive innovation in place. However, this is only at the early stages – the front end of innovation – as Psion still needs to have processes in place to turn such ideas into revenues.

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Three questions to get you started

Here are three key questions that I ask people to get them started thinking about how their company would benefit from using social media in their open innovation efforts:

- How many important innovation partners do you have within your corporate umbrella (across your business units)? This typically ranges from 10 – 300 with the latter being huge international companies.
- What would happen if these partners were able to interact with each other? Could this bring value to your company? The thing is that most companies only maintain one-to-one relationships with these partners. This is how it has been for ages, and many companies don’t see any reason to change this because they only focus on their own situation. However, as more and more innovation happens in communities and ecosystems, you need

to begin looking beyond your own nose tip and find ways to connect your partners with each other. If this is done right, everyone will benefit. One benefit being that you create a better framework for disruptive innovation.

- How can you make this happen? Most people immediately start thinking about physical networks and properties here. Face-to-face interactions are important, but you need to understand that the virtual offerings (communities, virtual collaboration tools, social media, idea generation and management software) are getting more and more advanced. You need to develop a new mindset and new skills within your organization to tap into this potential.

I believe the visionaries – those who explore these questions and dare to look two years out trying to understand what could happen on the intersection of social media and open innovation – will have a good chance of being the future innovation winners.

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Key chapter takeaways

- Social media gives you the power to access people who are unknown to you but who have knowledge that can help your open innovation initiatives.
- Open innovation via social media requires a multi-target approach with many touch-points to your innovation community, your innovation ecosystem, and customers and users.
- Social media is growing at an unprecedented pace and we can expect new platforms to continue emerging. Companies of all sizes need to start working on the intersection of social media and open innovation now in order to reap future benefits.
- Now is the time to become the visionary leader in your company and in your industry when it comes to navigating the intersection of open innovation and social media.
- To get started, ask yourself how many important innovation partners you have within your corporate umbrella, what value could these partners bring to your company if they were able to interact with each other, and how you can make this happen.

CHAPTER 2

GETTING STARTED

So how exactly do you become a visionary who guides his/her company or even perhaps a whole industry toward adding value to innovation efforts through using social media? A long-term key element is to look at and work with many different tools and build a “system” that enables you to capture value out of all these tools at the same time. It will take time to figure out what will work best for your company’s specific situation. Of course, for entrepreneurial companies, where resources are limited, it’s important to determine which social media tools will be most effective, knowing that you may not be able to try them all.

You will have to experiment; this is new territory for everyone and there are no fixed rules. Plus new tools are being developed on an almost daily basis, so there is a lot to explore. Some things will work and some things won’t. But isn’t that true of all aspects of innovation? The important thing is to get started!

As with anything, it helps to have some examples of how other companies are getting this done. Some companies have begun using social media tools to further build their networks and engage with their innovation stakeholders. This creates what we can call touch points – situations in which a person or company interact with their current and/or future stakeholders. Here are a few touch point examples that go beyond the many crowdsourcing initiatives out there:

- GE has an app for their Ecomagination challenge, which gives them an additional touch point that interacts nicely with their website for the challenge. They also have a YouTube channel for Ecomagination, and a Facebook page that has garnered over 80,000 “likes.”
- Carlos Haertel (@CarlosHaertel) tweets about GE’s innovation efforts and other things related to innovation. He has not tweeted that much yet and he does not have

that many followers yet, but if he continues with his efforts, this can help Haertel and GE build an innovation leadership position as the innovation community appreciates efforts to distribute knowledge and insights.

However, Twitter is just one touch point to reach such a position. This needs to be woven into GE's other touch points including blogs and communities focused on GE's corporate innovation capabilities.

- Whirlpool recently launched such a group on LinkedIn. However, it should be noted that it is difficult to achieve success with such groups on LinkedIn as the structure of the groups allows too much irrelevant information.
- Through their Intuit Collaboratory website, Intuit – among other things – announces events in which they interact physically with startups. At their one event, we saw lots of tweets and although they did not deliver much learning for outsiders, it was still nice to see how they began using Twitter.
- Psion has experimented with Twitter Chats in which they shared insights on their open innovation efforts.

Adding value

One starting place for determining how to use social media to add value to your innovation efforts is to consider what you hope to achieve. This list can give you some inspiration for developing objectives for your use of social media:

- Psion gets **better access to and interaction with their stakeholders** through their IngenuityWorking.com community. SAP gets similar benefits with their SAP Community Network.
- A key benefit of crowdsourcing initiatives like Dell IdeaStorm or prize competitions like Cisco's I-Prize are **idea generation and feedback loops on ideas and projects**.
- Twitter is a great tool for doing **business intelligence** on an industry, competitors or to get a better understanding on how the innovation community or ecosystem talks about your company.
- Marketing and promotion of projects and innovation outcomes is an already established way of using social media, and scores of companies do this.
- A **thought leadership position** can help a company become the “preferred partner of choice” within an innovation ecosystem. IBM is a good example of a company that is often mentioned in blogs and articles not only for their products and services but also for their ability to use social media for innovation efforts.

• **Training on innovation skills.**

No single social media tool is going to enable you to achieve all of these objectives. As I mentioned above, you're going to need to develop a mix of tools, and you'll need to determine the right mix for your company through experimentation. (See Chapter 9 for advice on how some of the most popular social media are best suited to help you achieve various objectives.) It will help your efforts if your company already has social media guidelines in place. If not, you should try to influence this process. (See the Appendix A for examples from IBM and Intel.)

A key element of open innovation for larger companies is to become the preferred partner of choice within your innovation ecosystems. If you're an entrepreneurial company in an emerging field, you may also have the potential to stake out ground early as a thought leader and partner of choice. This status can, in part, be achieved by facilitating a community that is acknowledged as a key innovation resource by relevant innovation partners in business areas that are important to your company. The status can be built on three elements: (1) the destination site, which is a company-controlled platform/website that functions as the hub of the community and enables relationships related to your innovation needs/assets; (2) thought leadership activities through social media channels; and (3) physical events that allow the community members to meet face-to-face. Neither physical nor virtual activities can stand by themselves; they need to be integrated with each other.

Here you get some inspiration on what an action plan – a roadmap, if you will – for building these three elements could include:

Short-term actions (0–3 months)

- Build an understanding of your strengths and weaknesses related to achieving the vision of being a preferred partner of choice within your innovation ecosystems.
- Develop a better understanding of social media tools and how they can be used.
- Identify internal and external members and form a team that can help the company become more visible through social media tools.
- Identify key target people for the community.
- Develop a process for creating relevant content and develop a strategy on how to share this content.
- Develop a strong storyline for upcoming communication efforts (communication will be a key element internally as well as externally).
- Identify the key obstacles to developing a company-controlled platform/website and begin lobbying to overcome these obstacles (most often internally).

- Identify and secure speaking slots at relevant conferences.
- Identify key influencers within the innovation community and within the innovation ecosystems, and develop a strategy on how to “influence” them.

Mid-term actions (3–12 months)

Besides a continued development of the short-term actions, you should:

- Launch a beta version of a company-controlled platform/website.
- Develop a format for physical events and begin hosting events.
- Educate senior executives on open innovation in general and the intersection of social media tools and open innovation in particular. (Goal: have one or more senior executives join the team.)

Long-term actions (12–24 months)

Besides a continued development of the above actions, you should launch a full-feature company-controlled platform/website and continuously explore ways of developing this into a strong community.

Roadblocks and overcoming them

Before embarking on your action plan, here’s something important you need to consider: There will be people within your organization who will fight against the use of social media and even against the very notion of open innovation. As I wrote in my first book, *The Open Innovation Revolution: Essentials, Roadblocks, and Leadership Skills*, “Change is frightening to many elements inside the typical organization. Change threatens people’s power, their status, their egos, and, in some situations, even their jobs. Change can make someone’s expertise obsolete and thereby make them obsolete as well. Because people are afraid of change, innovation efforts often cause the eruption of corporate antibodies that fight to kill innovation and maintain the status quo.”¹

If open innovation is a new concept to your organization, then layering in social media – a still scary concept for many people – on top of that may be doubly discomfoting to many people. They have barely gotten used to the concept of working with outsiders they know, such as vendors and key customers, let alone doing something like working with strangers in a country on the other side of the globe.

Any resistance you may encounter as you embark on a strategy for using social media to drive open innovation may be particularly strong among your company’s top brass. Here are reasons why it may be difficult for senior management to embrace the notion of supporting the use of social media in pursuit of open innovation:

- **Top leaders are risk averse.** Innovation is scary on many levels and open innovation is especially scary. Let’s face it: People who reached the top of their organization because of their knowledge of the existing business aren’t that interested in considering

a new business model or going after an amazing, yet high-risk breakthrough innovation when that may mean their expertise in the business might become obsolete. Add on the very public nature of social media and it all just begins to look like too risky a deal.

Of course, people who truly understand innovation embrace failure as an inherent part of innovation. They have learned the important lesson that success often builds on failure, which requires some degree of risk-taking and experimentation. An attitude that doesn't allow for failure is contrary to an innovation culture, yet that's the kind of attitude that too many company leaders possess. You may be expected to "guarantee" that this new-fangled social media stuff will succeed; of course, you can't do that, particularly not at this very early stage of the development of social media as a tool for open innovation.

- **They lack an understanding of why building a networking culture is so important to the success of open innovation.** In a world of open innovation you need to be an expert at networking and building relationships. This holds true at the corporate level as well as the personal level. Yet this is a topic that many corporate leaders have not bothered to give much thought. Without this basic understanding, it is easy to see why they don't "get" the key role social media is increasingly playing in innovation.

- **Top leaders are too far away from the action.** While the growth of social media is strong among all generations, including people above age 50, many busy older executives have not ventured into the realm of Twitter, Facebook, and LinkedIn. Without having experienced these tools, it is hard for them to grasp their potential for linking your company with others around the world who can help move innovation forward for your organization.

These are potential roadblocks you have to be ready to cope with as you seek approval to proceed with your social media action plan. And there are other potential barriers that may keep people – not just leaders – from wanting to invest their time in social media:

- **The intimidation factor:** As with any new technology, many people are intimidated by social media. Training can obviously help with this. Perhaps one of the chief things you will need to do is to convince people of the value social media can bring to their work in innovation. In other words, you have to be able to answer the perennial "What's in it for me" question that people always raise when faced with having to adapt to something new. They need to know that if they don't get in on this trend now, they will lose opportunities later.

- **Social media overload:** At the other end of the spectrum will be people who have already dived headlong into social media for their personal lives and are feeling overwhelmed by the whole experience. Being connected 24/7 through social media does have its drawbacks. Putting together a realistic action plan with responsibilities spread over a number of people can help with this.

- **Fear of change:** Perhaps you have open innovation mechanisms in place already that are producing good results. Convincing some people to try something new in such situations can be difficult, especially if there's a steep learning curve associated with the new strategy. If the pain of using the new thing is not high then people will not shift – and lots of people will not shift because the pain level is still quite low. But I contend that corporate innovation teams who miss out on the opportunity to adopt social media will be in trouble in two years from now and will lose out on opportunities.

Overcoming all of these possible problems entails educating people. Set up experiments within your company that allow people to feel more comfortable with social media and how it fits in with an innovation process. Try some low-risk things first before moving onto more complex applications of social media.

The catch-22 aspect

A lot of this boils down to the catch-22 that many senior and mid-level managers find themselves bound up with regarding the use of social media for innovation efforts – and well, the use of social media in general. The problem is that they do not see much value in the use of social media and thus they do not spend time – or even allocate time – to get to know more about social media and how it can help them with their innovation efforts and other daily tasks.

Here we get to the catch-22 because unless you decide to invest time to learn more about social media and how this works, there is very little chance that you will ever find value in this.

Part of this problem, as I already mentioned, is age-based. It seems as if people above the age of 30 who have not invested time to get familiar with social media have a negative impression of social media. All that tweeting and Facebooking doesn't make sense to them; it's something their children are engrossed in, but not something they want to tackle themselves, especially when their schedule is already overloaded. Without having devoted the time necessary to understand the basic workings of the major social media platforms, they are unwilling to make time to explore what it can bring to their innovation program.

Another roadblock is that leaders tend to focus more on the skills and activities that helped them reach their current positions rather than on building new skills. They often

don't get social media, because they are uncertain and insecure about how to execute it and there is little about the skills they built in the past that will help them intuitively understand it.

Unfortunately, this overlooks the fact that social media is evolving so rapidly that many people and entire companies are about to be shocked in the coming years as they begin to realize the depth at which social media will penetrate theirs and many other industries. Social media has the potential to be so pervasive that they have no choice but to embrace it. Just think of how people are going to interact with each other in the future and how valuable this data can be if it gets mined properly. If – or rather when - this happens, these managers could have been much better prepared to deal with this and thus also be able to capitalize on opportunities. Yet because they're not spending the time learning about social media that they need to, they as yet have no idea of its power to transform business.

So we have a real catch-22 situation that only deepens as many managers I've talked with are shying away from social media because of their fears of information overload and chaos.

Learning how to cope with everything that comes at you through social media requires learning about filtering tools and techniques that make social media much more approachable. But if you aren't willing to learn even the basics of social media, you'll certainly not even be aware such filtering techniques exist. But they do. Try to set-up an account on Twitter and use HootSuite.com as a filtering tool. Remember that Twitter is a great business intelligence tool.

And finally it all comes back to purpose. If you have defined a purpose for being involved in social media in pursuit of innovation – or other matters - you can then rationalize spending time on understanding the various platforms and the filtering techniques, which will get you through the chaos. Until then, you are just stuck.

Turf wars

Another potential roadblock you may run into also has to be mentioned here. As I noted in the introduction, in many companies social media was first adopted by the marketing department and then embraced by customer service. If such uses are already well established in your company, you may find yourself fighting turf wars with departments who think they “own” social media.

The key here is to have support from top leadership for the proposition that social media is not just a marketing tool or a customer service tool. Instead social media is a change agent that has the potential to transform how your company operates, from top the bottom, by empowering people to form communities and collaborate both

within the company and with the outside world. When this approach is taken, turf battles should subside and everyone will work together with a common understanding of the enormous impact social media can have across the company, not just in a few departments.

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6 easy steps to become an influencer

If you or your colleagues haven't jumped into using social media to build a reputation as thought leaders in the field of open innovation, here are six steps to take to begin to raise your profile on this important topic within your industry:

#1 – Identify your focus areas. What are the key innovation topics of interest to you and the people and companies in your industry? For example, my own key topics are “open innovation” and “social media.” I spent lots of time tracking this and especially the intersection between these two areas.

#2 – Create a Twitter account. Twitter is your key tool for becoming an influencer so you need to get familiar with Twitter. You will soon learn that a desktop application such as TweetDeck (download at www.tweetdeck.com) is great for filtering the Twitter information overload.

#3 – Setup content channels. You need to find all relevant information on your focus areas. Three easy ways of doing this are to: 1) setup your searches on TweetDeck, 2) setup your searches on Google Alerts and 3) visit Alltop.com frequently to get an idea of good blogs

#4 – Become a curator and start sharing. Spend a few weeks getting familiar with the many content channels that you have uncovered and then start sharing (on Twitter) what you find of value. You should be able to send 5-25 relevant tweets everyday. It will take time, but soon other people will start following you and thus your influence is increasing.

#5 – Track your progress. Check out Klout (www.klout.com). This is a service that measures our social media influence. To some, this will be a bit scary and creepy, but this is where we are headed. Nevertheless, it gives you a good tool to measure your progress beyond the mere number of Twitter followers.

#6 – Improve and expand. Continue to improve your key words and content channels. Once you are familiar with Twitter, you look into how other social media tools such as LinkedIn, Quora, SlideShare, FaceBook – and many others can help you become an influencer. At this time, you are

perhaps also ready to start creating your own original content and start blogging.

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Key chapter takeaways

- A long-term key to success in using social media for open innovation is to look at and work with many different tools and build a “system” that enables you to capture value out of all these tools at the same time.
- Social media can add value to your open innovation initiatives by providing better access to and interaction with stakeholders, enabling idea generation and the creation of feedback loops on ideas and projects, providing business intelligence, creating a thought leadership position for your company, becoming a partner of choice, and training staff on innovation skills.
- If your company doesn’t already have them, you will need to create social media guidelines.
- Anticipate the potential roadblocks you may face internally in implementing a social media strategy for open innovation and develop a strategy to deal with them

CHAPTER 3

ROLES AND FUNCTIONS

As with any new initiative, adding social media to your open innovation program will require you to build an internal team that will implement your social media strategy. This requires identifying the functions this team must undertake and then building corporate competencies around these new functions.

You need five functions to build a strong, internal team that can take the lead and help other innovation people extract value out of the intersection between open innovation and social media. They are:

1. Researchers. You need people who are good at finding information online and more importantly, they need to be very capable at judging what is good information and what is irrelevant noise. This is where you start building your content and knowledge about innovation opportunities within your industry.

2. Communicators (writers). You need people who can take the good information found by the researchers and “package” it in appealing ways. This includes writing good blog posts and raising interesting discussion on your open innovation destination site and setting guidelines on writing good tweets and posts on external channels.

3. Networkers. You cannot separate virtual from physical activities when it comes to innovation. They go hand-in-hand and thus you need good networkers who excel at connecting the dots in order to not only identify new innovation opportunities, but also accelerate existing ones. These networks can be better equipped by the work done by the researchers and communicators.

4. Speakers. Good public speakers are invaluable ambassadors for developing the perception of being an innovative company and thus help expand the reach of your innovation engine. Both the speakers and the networkers can help drive traffic to your social media efforts.

5. Digital natives. This is the tricky part. At best, the above functions are covered by people who are digital natives, i.e. someone who lives and breathes social media and thus fully understand such tools and services. This is unlikely to be the case at this early stage on the intersection of open innovation and social media, so you will need to bring in people who can connect the digital dots and educate the other functions on how this works.

Although I mention five functions, I do not suggest that you should build teams with only five people. The key is functions, not people. You might have several people who can contribute on each function and you should try to create a team structure that allows for all of them to contribute.

This is important: You cannot bring in corporate communication people to do this work *unless* you're willing to spend time on educating them about how innovation in your industry happens. Too often, corporate communication people just don't know about this, and they will then try to stick to what they know and do best; push the overall corporate or product/service messages. This is key to extract and deliver real value and in many cases it is easier to educate someone on your innovation team about how to use social media effectively than it is to teach a whole new complex field to a corporate communications staffer. The chief thing to understand is that using social media for open innovation is not a marketing tactic and thus it cannot be treated as such by handing it over to the marketing or corporate communications team.

Once the team is up and running, you should of course also make sure that everyone working with innovation within your company as well as stakeholders in your ecosystem help spread the word about the work done by this team.

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Nokia: Engaging the passion of amateurs

Pia Erkinheimo is head of Crowdsourcing in the CTO Office at Nokia. In this interview she discusses Nokia's ideation community, Ideas Project, which she runs. I believe the concept she talks about, the Rise of Amateurship, is a very important one to understand when moving into open innovation and social media.

Q. Lindegaard: Can you give us a quick introduction to the Ideas Project?

A. Erkinheimo: Ideas Project is a community of more than 21,000 ideators, from more than 200 countries and autonomous regions who are interested in

mobile Internet-related ideas. It's based on open innovation and idea crowd-sourcing principles, and it enables the two-way exchange of ideas between users and developers around innovation powered by Nokia. You can learn about it at www.ideasproject.com.

Q. Lindegaard: When I attended one of your talks, you brought up an interesting term: the rise of amateurship. What do you mean by this?

A. Erkinheimo: I mean that we should value the expertise people are gaining with things they are interested in. From the value creation perspective in the Knowledge Era and how knowledge workers are being lead and motivated, I could ask a question: Who creates more value – a bored professional or an enthusiastic amateur?

Q. Lindagaard: How will social media influence this rise of amateurs?

A. Erkinheimo: Social media helps amateurs to participate in activities where they can practice their hobby – and share their passion and showcase expertise. When you are interested in something, you think of it, study it and wish to locate and get contacted with like-minded people. That makes practicing amateurship more fulfilling. The usage of people's time gets blurred – what is work, what is leisure time, what is hobby-time? You can participate in all of these activities via social media.

Q. Lindegaard: Besides the Ideas Project, does Nokia have other platforms to bring in ideas from the ecosystem?

A. Erkinheimo: Yes, there is a co-patenting platform at (<http://inventwith-nokia.nokia.com>), where people can submit their invention and Nokia can consider whether it wants to apply for a patent for it and give financial consideration to the person submitting the idea. There is also Nokia Beta Labs at (<http://betalabs.nokia.com>), which brings together developers and consumers for trials of applications, software, or services currently being developed by teams in Nokia or by selected third-party developers.

Q. Lindegaard: What challenges did Nokia encounter when they decided to embrace social media for innovation efforts? How did you work around them?

A. Erkinheimo: Getting commitment and understanding from the top management. Showing the business case and arguing for social media's importance to colleagues/staff in using social media for different business pur-

poses. The workarounds required persistence, intrapreneurship, having an “ask for forgiveness, not permission” attitude, and educating colleagues.

Q. Lindegaard: What recommendations would you give other corporate innovation units looking into this intersection of social media and innovation?

A. Erkinheimo: Just do it! Tolerate the uncertainty that opening the company boundaries brings (it’s the paradigm shift) – and measure the change in behavior. Move to knowledge sharing, not knowledge keeping.

Q. Lindegaard: How do you view the future of using social media to bring out better innovation faster?

A. Erkinheimo: We need to trust open innovation and be open to interaction with the whole ecosystem. It’s a bit like stage diving – you need to dare – and learn to trust that there is someone replying to your call.

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Key chapter takeaways

- Your internal team will need to be strong in five functional areas to extract value from the intersection of open innovation and social media: researchers, communicators (writers), networkers, speakers, and digital natives.
- Using social media for open innovation is not a marketing tactic and thus it cannot be treated as such by handing it over to the marketing or corporate communications team.

CHAPTER 4

DISCOVERY, INCUBATION AND ACCELERATION

When integrating social media into open innovation, you need to understand the different roles social media can play during the different stages of innovation. Here's one model of innovation -- the D-I-A Model of innovation put forward by the Radical Innovation Group. Many companies have successfully used this; it identifies three phases of innovation:

- **Discovery:**

- Basic research; internal and external hunting
- Creation, recognition, elaboration, and articulation of opportunities

- **Incubation:**

- Application development: technical, market learning, market creation, strategic domains
- Evolving opportunities into business propositions: creating a working hypothesis about what the technology platform could enable in the market, what the market space will ultimately look like, and what the business model will be

- **Acceleration:**

- Early market entry: focus, respond, invest
- Ramping up the fledgling business to a point where it can stand on its own relative to other business platforms in the ultimate receiving unit¹

Social media can provide high value in the **Discovery** phase, where you're looking to locate people with relevant expertise, build relationships, uncover new opportunities, and generate ideas. You're also looking to build your company's reputation as an

innovation partner of choice, so at this stage building an image as a thought leader is important.

In Discovery, think crowdsourcing and communities that deliver interactions and conversations. Since knowledge – and especially the combination of knowledge from different sources – is the key to make innovation happen, a tool such as LinkedIn is also useful to identify people who can contribute to innovation efforts. The search function in LinkedIn is pretty powerful once you get above 150-200 contacts.

But once you get into **Incubation** where you can create real value and where the real innovation occurs, the value of social media is fairly low. The reason is that this is more about creating an infrastructure to make virtual collaboration happen and, as such, the current social media tools and services seem to be complementary – especially if you are still open to bringing onboard new partners at this stage, but social media is not core at this point.

However, as the discovery phase is very much about the innovation engine of a company, social media can be used to brand and promote the corporate innovation capabilities. This is becoming increasingly important as companies fight to become the preferred innovation partner within their industries. Here the value of social media is high.

Then, when you reach the Acceleration phase, social media can be a big help. This phase is about spreading the news of the innovation you've created and social media has a proven ability for helping companies achieve this goal like no other communications tool ever has. Your objective is to have your content go viral. This, of course, moves us into the realm of marketing. At this point it is important to have settled any of the turf wars that I mentioned back in Chapter 2 so everyone is working smoothly together to achieve the end goal of spreading the word about the innovation as far and as fast as possible.

Key chapter takeaways

- Social media has different roles to play in the different stages of innovation (Discovery, Incubation and Acceleration). Learning the phases and the tasks within those phases in which it is most effective will help your organization build a strong social media/open innovation program.

CHAPTER 5

INTERNAL USE OF SOCIAL MEDIA FOR OPEN INNOVATION

Using social media internally for open innovation can help lay the groundwork for taking your initiative to an external audience. The platform of choice for doing this for many businesses is Yammer, a popular social media platform that sets up private, secure enterprise social networks that can be used to drive innovation, especially idea generation/development within their company.

It can be fairly easy to recruit people for the Yammer platform. It is, however, much more difficult to keep the users engaged over time. So what kind of engagement drivers work for innovation initiatives on Yammer? I have divided these drivers into three key elements: Awareness, Facilitated content and User-generated content.

1) Awareness: Short, focused bursts aimed to build awareness of the Yammer initiative, make existing users more active and recruit new ones. This could be a two- to three-week challenge in which you ask the users for their input on a specific issue. Issues that need to be considered include:

- How should this challenge be framed? You'll need to make it specific beyond the very broad "innovate how we innovate" issue. One possibility is to have the challenge revolve around identifying future challenges. In other words, ask employees to propose a great challenge for the company to undertake. Post this in positive terms so that people know you're looking for ideas on new directions the company can take to improve its competitive position.
- Should you reward people for their engagement and, if so, what is the best way to reward them? Remember, people value both intrinsic and extrinsic awards. Being ac-

knowledge by your CEO in a company newsletter or at an event created around the challenge program, for example, can be just as motivating as a prize or financial award.

- How will you create buzz around such a challenge as well as the Yammer initiative in general? Work with your communications department to leverage all the communications vehicles the company has to promote your Yammer network. Consider creating a kick-off event and by all means have a celebration event at the end of your first challenge.

Then the job becomes to keep people informed of progress that is being made on some of the ideas that were put forth that are going to be explored further. The obvious way to do this is to establish Yammer groups where people can provide input on how to move ideas forward.

2) Facilitated content: This is about delivering quality content on a frequent basis so users become accustomed to getting value from their time spent in the community. This could be weekly posts that give a “how to” perspective and offers further insights (links to relevant articles). Beyond sharing insights, another key element for such content should be that it drives discussions. Facilitated content could also be something as simple as inspiring quotes about innovation or fun cartoons. Both have a high viral potential.

A good facilitator is key to making this happen. Choose the person who is assigned to this task carefully. The position requires a good understanding of corporate innovation process and thus corporate needs/assets/weaknesses/strengths, good writing skills and a good understanding of social media. Make sure this person is given adequate resources in terms of time and training to succeed.

3) User-generated content: This is where the community begins to become self-sustainable. I would suggest that it is a good sign of success once your community goes above 50 percent when it comes to user-generated content compared to the action driven by awareness campaigns and facilitated content.

Here you need to be aware of the 100-10-1 rule which states that out of 100 people, only 10 will follow the discussions and only one will post or write themselves. The numbers will most likely be better in smaller, focused settings as you have with corporate Yammer initiatives, but it does imply that a certain critical mass is needed.

When it comes to implementation hurdles of Yammer initiatives, two in particular stand out: 1) a general lack of understanding of social media and 2) lack of commitment and engagement from top and middle management. Experimentation and the “small wins” approach is key to overcoming these hurdles.

With regards to goal setting for Yammer initiatives, this might give you some inspiration:

- Short term: Create experiences to allow your company to develop social media competences relevant for innovation
- Mid term: Engage people on social media services and tools for innovation efforts
- Long term: Have social media as an important element in external innovation networks

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Yammer case study – Gijima

Colin Crabtree is an account manager at the IT company Gijima. He has been in the IT industry for over 30 years in various positions and is currently involved in a number of initiatives at Gijima to promote and support innovation in the workspace. Here's a report he wrote for 15inno.com on how they've used Yammer to promote innovation.

Background

I work for Gijima (Pty) Ltd. a large IT company in Johannesburg, South Africa. About a year ago, the company realized for a number of market-related reasons, it needed to shake itself down and redefine where it wanted to be in 2025 in order to remain relevant and one of the leaders in the South African market and a player in the global IT market. Thus was borne its client centricity program to move away from being a technology focused company to a clientcentric company.

At that stage we had already deployed Yammer as an internal social media platform to test its capabilities as a business tool with no preconceived ideas as to its benefits, challenges or usefulness. Around the same time the executive team made the decision that in order to move towards the new Gijima, they would embrace innovation as a means to accelerate their growth, identify new business opportunities, solutions and products in order to differentiate themselves in the market and maintain a competitive edge.

Embracing Yammer

Yammer had a remarkable uptake in a very short time and we have 2000+ registered users out of a potential 3500+. That's a healthy 57 percent and growing every day. I suppose the uptake should not be surprising given the

acceptance and proliferation of public social media platforms these days. People very soon realized the business benefits to be gained by creating interest groups on Yammer to collaborate, seek answers to challenges, request help or information or to post information. There is also a substantial push of information out to the staff from the staff and management alike about news and happenings within the company and its people.

So we are experiencing a professional business aspect in the use of Yammer that we can say is geared towards the revenue-generating aspects of business as well as a strong communication aspect that shares information across the company. This communication is both of a professional and a social nature. The social communication range from birthday wishes to baby births with some humor shared or even a congratulations on a job well done amongst peers.

Endorsing Yammer

The executive team, including the CEO, has endorsed Yammer by regularly hosting Yammer sessions with the staff, seeking opinion and answering question from staff in hour-long chat sessions. Anyone can participate, and the chat sessions are always eagerly awaited and participation is high.

Leveraging the use of Yammer for innovation – internal

This is the interesting stuff and where Yammer can really be leveraged. Groups have popped up all over such as the “Innovation – advanced collaboration group” and many other work and social related groups totaling about 50 already and growing.

With the company having embraced innovation and having developed/adopted an innovation framework, it soon became evident that a tool like Yammer can be leveraged to assist in innovation initiatives. Soon competitions were being launched on Yammer to come up with new ideas for products such as new iPad applications that could make our daily business tasks easier (all employees are being issued with iPads) or new products / solutions to take to market.

Thus Yammer is now being used as a mini open innovation tool albeit it closed to the staff. Good ideas are filtered and assessed and those that make the grade are taken to business case level for presentation to the exec for consideration to commercialize. Winners are rewarded for their efforts with an internal “currency” we have that is converted to a monetary value and loaded onto a loyalty Visa card that can be used by the winner to redeem value.

A winning idea will have a group created on Yammer and team members solicited from interested parties from disparate parts of the company. These teams sit and think ideation techniques such as De Bono's 6 hat method and others, will start thrashing out potential solutions to the idea and taking it through the process towards trashing it or business case stage.

Leveraging the use of Yammer for innovation – external

This is the logical next step. Yammer has the capability to create groups that external participants can join. This is very cool as we can now look at real open innovation. We will be approaching customers to test this out soon. I.E ask a customer to share a business/technical challenge that they are looking at solving and then posting this on Yammer in a group with the parameters/requirements being well defined and asking interested parties to join the group. Any ideation will be posted in the group and the customer will be the beneficiary of it.

This dovetails well with our move towards a client centric organization. We also hope to establish tighter relationships with our customers this way as well as nurture a culture of innovation and client centricity within our own walls.

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IBM's internal social network, called Beehive, is another example of how companies are using social media internally to support innovation. Employees use Beehive to get other people interested in their ideas and projects. The internal network also helps people build closer relationships with co-workers and to identify new people within the company that they want to bring into their personal network. They also are able to access expertise within the company more easily. All of these uses can be strong supporters of innovation.

Here's how IBM describes just one function of Beehive that supports innovation:

“Users can create top-five lists, called ‘hive fives,’ to share their thoughts on any topic they are passionate about. For example, they can add a ‘hive five’ list that outlines their ideas about their project, and then invite their team members to ‘reuse’ the list and voice their opinions. Hive fives cover a lot of territory, from clearly work-related subjects to the kinds of personal exchanges that might only happen among collocated team members at the water cooler. Hive fives are a light-weight way to share ideas and a great way to keep in touch with remote team members.”¹

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Making internal connections at Telefonica O2.

Eighteen months after setting up an innovation program inside O2 UK (part of the Telefonica group), Shomila Malik, who is now Head of the Enterprise Innovation Lab at Telefonica, wrote about her experience for my blog 15inno.com. The program, called O2 Crowd started as a small pilot and grew into a company wide program that is producing new products, services and ways of doing things. It includes a crowdsharing tool (provided by BrightIdea) to share ideas, comments and votes. Here's what Shomila wrote about the program:

Employees from around the business with a problem or challenge to solve, come to my team to use O2 Crowd. We design and set up a challenge for them and ask the crowd to help. One challenge was entitled 'how do we create more fans?' which led to the launch of a service called Helping Hands that empowered any employee to help our customers directly through a dedicated customer service team.

We found O2 Crowd helped inter departmental collaboration by posing challenges from one department to another. For example, a senior marketing manager posed a challenge to the Technology department, asking for a technical solution for a product. This resulted in a solution being found within weeks that is now in delivery. We also discovered problems that weren't widely shared around the business could be brought to the attention of those who could help, leading to solutions which were often simple to implement. This was the case when Customer Service found a solution to a common customer issue through O2 Crowd, which resulted in over 1,000 less calls to the call center every month. An easy technical solution was available but it was only when customer service put the idea on O2 Crowd, that the right people could make the connection.

I've picked up five key lessons that I would advise innovation managers to consider.

- **Top level commitment** – I was lucky enough to have our CTO's support right from the start. This was crucial as his open commitment along with other senior managers helped send the message out that it was a serious endeavor.
- **Identity and brand** – I was keen to create an identity so it wasn't referred to as 'that innovation tool.' A colleague suggested O2 Crowd, which fit the bill and allowed us to be creative with graphics, an intro video and headed newsletters.
- **Community** – I referred to books such as *Fearless Change* (Mary Lynn Manns & Linda Rising) as guides to creating a community and *Tribes* (Seth

Godin) for tips on the marketing side. Often, internal crowdsourcing initiatives rely on people being expected to join in as part of their job, but this is an assumption to be wary of. I had to work at it by evangelizing as often as I could, recruiting and encouraging early adopters and promoting every success, however small. Modest rewards were given for ideas that were selected, even if they didn't end up being delivered. This helped to encourage the act of posting ideas to embed the innovation culture we were seeking.

- **Fast feedback** –About the same time as we launched O2 Crowd, we started using Yammer, an enterprise social network, which had attracted a huge number of members in O2 in an entirely viral way. I would use Yammer to promote challenges, post news on selected ideas and help me evaluate ideas. The real time nature of Yammer and the fact that we had a large and diverse network meant that I could go through ideas quickly, crossing off the ones we were already doing or weren't possible. People on our Yammer network also promoted O2 Crowd by posting about ideas they'd just put up, which often resulted in lots of useful feedback to help with evaluations.

- **Fast execution** –At the early stages most ideas were driven through by appointing senior manager sponsors, adding the idea onto the back of other projects and plenty of favors. This could only last for so long. We now have a team called The Lab who can take those ideas that need trying out and build a prototype or beta. The speed and agility of The Lab means that if we have a great idea for an app, it can be delivered in weeks within O2. This is immensely powerful to have in combination with O2 Crowd.

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Key chapter takeaways

- Using social media internally for open innovation is a good way to launch a program that can eventually be taken to an external audience. Platforms such as Yammer can be effective here.
- It's important to understand from the start that it is difficult to keep people engaged in Yammer and similar internal open innovation platforms and that you need a plan to keep up the engagement.
- A key to success is understanding the three key drivers that will help keep people engaged: awareness, facilitated content and user-generated content

CHAPTER 6

BUILDING YOUR INNOVATION BRAND THROUGH SOCIAL MEDIA

As I've previously stated, social media can help your company build a reputation as an innovation leader and this, in turn, can be used to leverage your open innovation efforts. More than ever, corporate innovators and entrepreneurs need to build strong brands not only around their offerings, but also around their own capabilities. This is important as companies compete to build the strongest innovation ecosystems in order to get better innovation to market faster.

Simply put, corporate innovators and entrepreneurs need to pay more attention to terms such as “preferred partner of choice” and “we are in the matchmaking business” and here you can get strong results fast through the use of social media and personal/team branding techniques. Everybody has a personal brand and so do teams. Taking control of this brand creates freedom and opportunities; unlocking these opportunities is imperative for you to achieve your goals. Of course, this is only possible if you actually have a platform that allows you to deliver on your promises of being a good innovation partner.

Whether you are a big corporation or an ambitious startup, your first step is to put the right foundation in place by developing the strategic reasons behind your desire to build an image as an industry leader in innovation before you start promoting and branding your innovation capabilities. But once you have identified the strategic reasons underpinning your desire to “go viral” with your innovation brand to generate a reputation for thought leadership, how do you actually go about building that thought leadership, especially if you're starting from square one? In other words, how do you go viral so that your company's reputation as a thought leader in innovation spreads

around the globe with the possibility of reaching all sorts of new potential partners who will be eager to join in on your open innovation effort?

Corporate thought leadership is built around having individuals who are seen as experts in their fields. They “lend” this credibility to the organization and thus help build a company’s reputation as the partner of choice. So the real question becomes is how do you and others within your organization build your individual reputations as thought leaders? In an attempt to answer this question, let me start with a few thoughts on a paradox I often see with thought leadership.

In his best-selling book *Outliers*, author Malcolm Gladwell stated that it takes 10 years to become an expert in any given subject. Many people actually reach this level. You might not be a professor or best-selling author, but you have probably worked long enough to become an expert in your given field – or you are on your way.

Yet, people having enough knowledge to qualify as a thought leader or expert do not get the recognition or credit they deserve – and often long for. This is an interesting paradox. You work hard and at some point expect/hope to be perceived as an expert or thought leader, but it does not happen.

Why? The clutter of information and knowledge that surrounds us makes it so much more difficult to break through even if we have great, original ideas and an impressive knowledge base. It is no longer enough just to qualify by knowledge to become an expert; you also need to know how to communicate and how to build a personal brand in order to become a thought leader.

Here are a few tips on what to consider if you (and others in your organization) want to overcome this paradox and be perceived as a thought leader or expert.

Passion is a must: You need to be passionate about what you are doing. I hope that this one is already in place for people who qualify as experts. If you decide to spend ten years on a given topic or business area, then I really hope you have a passion for what you are doing.

Actually, I would argue that you could not deliver quality work over such a long period if you do not have a passion for what you do. Nevertheless, I too often meet people doing things they do not really like doing. I just do not get this, but I’ve seen it too often to doubt that it applies to a good number of people.

Persistence pays: I remember when I started blogging several years ago. Sure, people will just come and read my thoughts. Nothing happened. Then, I got a couple of articles published in *Strategy & Innovation*, a respected newsletter from Innosight. Surely, I thought, companies will start looking into my services now. Nothing happened.

I started to engage with Twitter and became quite adept at social media in general. This helped drive some traffic to my blog. Sure, companies would now approach me. Things began to happen although slowly, which I attributed at least in part to the economic crisis the world faced then. Finally, in May 2010, Wiley, a respected international publisher, published my first international book, *The Open Innovation Revolution*. A book is a real door-opener, right? Not as much as some people think. Despite another book, *Making Open Innovation Work*, in 2010, I still have to work hard and be proactive in order to get my share of business.

So the chief lesson I took from this journey is that nothing happens if you are not persistent.

Focus: Bright people have lots of opportunities, but you will only succeed if you are able to focus. This will help you be sharper and get things done.

Build a following: You do great work and you want to share this with the world. You might even want other people to help you spread the word on your work. Today, this starts by understanding how social media works and actively engaging in a variety of social media platforms. (See Chapter 9 for information on how to use the biggest social media platforms to go viral.)

At some point, your organization will probably gain enough momentum to go beyond existing social media platforms to build its own community through a destination website that positions you as the partner of choice. I urge you to not leap right into this immediately, however, without first laying some solid groundwork around your open innovation effort and your thought leadership. I have seen far too many destination sites that clearly were not backed by a carefully thought-out purpose and strategy. Leaping into this deep end of the pool without adequate preparation could do more damage than good.

Co-create with others: At some point I decided to open up my blog, 15inno.com, for guest author contributions on open innovation. The reason for doing this is two-fold. I really believe that sharing what is happening in the open innovation community helps this movement to continue growing. The other reason is that helping others get recognition most likely also benefits you in the long run.

Be honest and “share” yourself: On my blog, I share private thoughts and lessons learned. I do not have to, but I have found that what many people really like is openness and honesty as this reveals integrity, which again helps build authenticity. This approach also reflects my values of being open to helping others, working with a passion and being honest.

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The innovation value in using social media

Beiersdorf, the global skin care giant behind such brands as Nivea, Eucerin, and La Prairie, already enjoyed a strong reputation for innovation when it launched a new approach to open innovation in January 2011. Called Pearlfinder, this communications platform is sure to further build the brand's innovation capabilities and reputation by encouraging existing partners and also unknown companies, institutes, universities and individual researchers and inventors to exchange innovative ideas with the company's R&D and Packaging Development departments. You can check it out at www.pearlfinder.com. In this Q&A, two Beiersdorf executives, Andreas Clausen, R&D Group Manager, and Katharina Ropeter, R&D Head of Collaborations, talked about Pearlfinder.

Q. Lindegaard: In which ways do you use social media for innovation efforts?

A. Clausen: For our Research and Development at Beiersdorf the growing importance of social media is seen as the opportunity to build and exchange with different kinds of communities via the web to innovate. We use social media related to this opportunity on a bigger scale within our Open Innovation Initiative, Pearlfinder, to capture ideas from external partners. Specifically, with the creation of this confidential community network, we have the opportunity to connect with thousands of smart people who can provide us with ideas for our scientific and technological challenges.

Additionally, we work with external companies for netnography analysis to provide us with useful insights into the behaviour and needs of individuals via the Internet.

Q. Lindegaard: What kind of processes or models have you developed for this?

A. Clausen: The key idea behind Pearlfinder was to develop a concept with more benefits for our scientific partners, e.g. universities, institutes, suppliers, consultants or inventors, compared to existing solutions from competitive companies. We are aware that trust is one key driver for collaborative success between two partners, especially the reliance that ideas are not misused. This is why we decided to build up a protected environment by having a confidenti-

ality agreement between Beiersdorf and the external partner as an entry point to the Pearlfinder community. We received a lot of positive feedback from the members regarding this unique approach, which gives us a competitive advantage.

Q. Lindegaard: How does social media work with your other innovation initiatives?

A. Clausen: We use it in a complementary way to many other approaches to work with external partners, e.g. innovation brokers, own technology scouting and sourcing. However, Pearlfinder required a cultural change in sharing openly our know-how and our unmet needs within a big community. How can you trust someone you have no personal contact with? Building the trust that ideas are not misused was the key challenge of Pearlfinder. This is why we started the trusted network approach.

On the other hand, social media has one big advantage: You reach a high number of experts who you didn't know before and who you most likely never would have met.

Q. Lindegaard: What challenges did you encounter when you decided to embrace social media for your innovation efforts? How did you work around them?

A. Clausen: Beiersdorf's Research and Development had been very experienced in collaboration with external partners at the time we started Pearlfinder. However, when you start working in a completely new way you face the typical challenges of change management. These we have overcome by the early involvement of future users, a good communication plan to convince internal and external parties, and, of course, top management commitment from the first day on.

Q. Lindegaard: What should be measured? How can it be done?

A. Clausen: In this still early phase of Pearlfinder, it all comes down to the success of the innovation initiative: how many ideas have been followed-up and at the end the return of investment.

Additionally, we measure how many ideas are submitted from partners who are from other industries or completely new. And you also should measure how many initiatives run within the company to assess the acceptance of the innovation initiative internally.

Q. Lindegaard: What are the key factors in turning such initiatives into a success?

A. Clausen: As the most important internal factor you need to overcome the “not invented here syndrome” and increase openness within the organisation to share your knowledge and interact via social media.

In case you work with a scientific community, as it is within Pearlfinder, the main external factor is building trust. You have to communicate the benefits and trustability of your concept to the potential partners, thus convincing them to share their knowledge with your company instead of others.

Q. Lindegaard: Did you find inspiration in external cases? If so, can you share what you were looking for and what you learned?

A. Clausen: Yes, we did a thorough analysis of the existing approaches before we started a concept work with Pearlfinder. The focus was on how others trigger participation and also how they communicate their ways to handle incoming ideas. We learned that working as a reliable partner is important for the external community; this is why we integrated at Pearlfinder the promise to give a precise feedback about the provided ideas within eight weeks after the finalization of an initiative. This approach is well received by our members.

Q. Lindegaard: What recommendations would you give other corporate innovation units looking into this intersection of social media and innovation?

A. Clausen: First of all, analyse your innovation culture as to whether the organisation is ready for interaction via social media. Using social media elements for innovation doesn't necessarily mean to interact with consumers only. Many companies start with this new way of working internally first before they go external.

Secondly, prepare for absorbing ideas and solutions from everywhere and define a systematic approach on how you would like to evaluate and integrate them. Also important is to provide to all attendees feedback on their ideas and solutions in a clearly defined time frame. Tomorrow an attendee might have the best idea you are looking for, however, he is not attending the next call for ideas because he never got a feedback on his first one.

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Key chapter takeaways

- Corporate innovators and entrepreneurs need to build strong brands not only around their offerings, but also around their own capabilities.

- Your first step in taking charge of your innovation brand is to develop the strategic reasons before you start promoting and branding your innovation capabilities.
- It is no longer enough just to qualify by knowledge to become an expert; you also need to know how to communicate and how to build a team and/or personal brand in order to become a thought leader.
- To become a thought leader, remember that passion is a must, persistence pays, you must be able to focus, and you must know how to use social media to build a following. Also, be honest and “share yourself,” and co-create with others.

CHAPTER 7

MAKING VIRTUAL COMMUNITIES WORK

As more and more innovation happens through communities and ecosystems, the future innovation winners are those that understand how to make this work. This is especially important in the virtual world as many companies already do a good job of building such communities with various groups of partners in the physical world. There are several reasons why companies struggle to translate the success of a strong physical community into the virtual world. These include:

- **Too much focus on own needs and assets:** Many companies build portals rather than communities with the objective of soliciting new ideas from external contributors or marketing their own innovation assets that are not being used internally. Such portals are all about the owner and very little about other contributors in what could have been a strong community.

- **Portals are too focused on ideas:** Furthermore, such portals focus too much on idea generation and while this is important, many companies tend to forget the softer values that comes from making such a community more visible and enabling the members to connect with each other. In the long run, I am convinced such an added focus will bring out even better ideas for everyone involved.

- **Difficulties in building on the ideas of others:** The general rule is that the owner of a portal or community owns all content and secures the ideas and IP being created or only solicit protected ideas. This makes it difficult to build further on the ideas of others. People also hesitate to share or ask for input on their ideas because they are afraid that others will run away with them. Here it is important to remember that the real value of ideas is created in the execution, but it could still be a good idea for

community owners to develop some kinds of protection mechanisms that encourage people to share their ideas.

- **Perceptions on community behaviors need to change:** When you join a community you expect to get value out of this and you are often also open to contributing to the other members. This is a perception worth keeping, but it is about time that community owners and members start changing other perceptions. One perception that needs to change is that if you join a community, it is more or less a long-term commitment as it is considered rude to leave a group. We need a mindset change that encourages – or even forces - people to leave communities once they no longer contribute or get value out of it. This will help ensure that the community only includes people who are actively participating, both gaining value and providing value to other members. The danger of having too many people “lurking” is that it creates an overall perception of inactivity that devalues the group.

- **People sign up, but they don’t engage:** It is not that difficult to get people to sign-up for a community. The real trick is to get them to engage. On this, we need to consider the 100-10-1 rule, which indicates that out of a 100 people, 10 will read and pay attention to what happens, but only 1 will actually take specific actions. There is just too much waste and too much inactivity in most groups. Some try to fight this with gamification features - the use of game design techniques and mechanics to make non-game material and situations more interesting and engaging – but I think they should pay more attention to the value they deliver to participants. It is all about one key question that everyone asks and thus needs to be answered by the community owner: What’s in it for me?

- **Time:** The lack of time is an overall problem for getting people to engage. Thus community owners must make sure that interactions run smoothly and that the community facilitators focus on bringing value that justifies people spending the valuable and scarce commodity of time.

Addressing the issues posed above is something that many companies are exploring but as yet few strong examples exist on how to actually get it done. We’re in a phase of the development of this sphere of activity where people have more questions than answers. I anticipate that within the next few years, we will begin to see more companies that have successfully traveled the learning curve that is involved in creating a successful, productive virtual innovation community. In the meantime, some companies that have progressed further than most others at this point are included in the case studies I’ve provided at the end of each chapter.

Mining the real value of communities

When I speak with companies about building a virtual open innovation community, a

key challenge that comes is how to get partners to connect with each other so they can build on each other's ideas. It is fairly easy to get the company to connect with its direct partners and especially with the ones it deals with in the physical world, but it is an entirely different challenge making the partners connect with each other in a way that brings value not only to the community owner, but for everyone involved.

You may start off with a community in which your partners communicate only with you but, ultimately, you want them to be able to connect with each other so cross-pollination of ideas and solutions can occur. This is where the potential for real breakthrough innovation exists.

Based on discussions with many companies about this topic, it is clear to me that many corporate innovation units have a great deal of interest in learning how to make this type of open innovation community work. Thus, I predict that within a few years, solutions will have evolved to both of these major challenges – making virtual communities as effective as physical communities and enabling all community members to work together. There is too much potential in this for companies not to devote the time and resources needed to overcome these challenges.

Because we don't yet have numerous examples that show how to overcome the challenges that come with creating a successful virtual open innovation community, I am going to draw here on my own experience on making communities work. I will outline key characteristics that I think are essential to building such a community and also discuss the features that I believe must be present in order to help such communities thrive.

First, here are five characteristics that are important to building a successful community of people with kindred interests and objectives.

1. Need - Many community owners or initiators take it for granted that their intended target group has a need for this group or community. These people share a “build it and they will come” mentality that doesn't always prove to be true. You need to remember that you are asking for the most precious thing potential participants have – their time. You need to identify good reasons for “bothering” people with yet another community or group. Google+ is, I think, a good example here of just how hard it is to get people to add yet one more community to their lives. Of course, with an open innovation group, you do have the advantage of being focused on a business area where most people can readily feel the need to get involved.

2. Value - If there is a genuine need for connecting and enabling stakeholders within a community or ecosystem, you still have to make the specific value clear. One small example could be to help provide an overview of what is going on in the given ecosystem.

Information overload is a big problem, which leaves opportunities for community owners to help simplify life for others by aggregating good information sources in a knowledge hub that becomes the “go-to” place.

3. People - You need to start with a core team of people who really believe in the need for and see the potential value creation in such a community. They must listen to the stakeholders in order to build the features needed and they must act as facilitators, helping the stakeholders get to know each other and helping them to get value from the community. This group of people will help you reach the tipping point, where the group becomes active enough and valuable enough to more or less take on a life of its own (although you will always need to have people serving as facilitators).

4. Communication - If you are selling a vision as you do when you launch such a community, you need to have a strong communication plan. What stories can be used to recruit the right members and make the current users even more active? Remember that communication on messages is just as important as communicating on products and services.

5. Persistence - It is very difficult to create successful communities that are worthwhile to the stakeholders while also bringing innovation or business opportunities to the owners. It requires lots of experimentation to find the right model and this requires lots of persistence – and time. Be aware in advance that you’re probably going to experience some failures before you finally settle on something that actually works.

Persistence is also a requisite for building a productive community due to the fact that well-run communities succeed not only by delivering value for the stakeholders, but also because of the trust and respect it has gained. This, of course, takes time. If you expect to meet with instant success, you will be sorely disappointed.

Community features

What features might a successful virtual open innovation community include to address the issues I’ve discussed so far in this chapter? Here are a few ideas:

- Truly successful communities will have the ability to create subcommunities as well. And these subcommunities may be formed for the long term or may exist for only a specific period of time to address a specific issue.

As part of creating such a structure, the current perception has to be changed that it is not polite to leave a group and move onto another one; because of this people hang around groups where they are neither gaining value from, nor providing value to the group. Because people only have so much capacity for participating in communities, we must make it okay to go into a community and extract its value or to provide value to the

group and then move on. The way to do this is to make clear that some subcommunities are only there for the short term.

- The most successful communities will have mechanisms to enable people from throughout the ecosystem to build on each other's ideas. This, of course, raises intellectual property issues, which must be resolved in advance. But, make no mistake, this is where the real potential of such communities comes in. Such capabilities will bring stronger solutions forward faster and allow for rapid innovation.

- A Twitter-like feed that allows people to share links to resources and to also register their votes about the value of material being shared. By creating a repository for pertinent information, your community can become a “must-visit” stop where community members know they can find the latest and greatest new information.

- A good community should also include ways for people to build their innovation skills and mindset. Does your company have learning programs in place that are used internally for this purpose? Why not make them accessible to others in the open innovation ecosystem you're trying to create. You could include exercises, videos, slide decks or any engaging media that will help people learn skills that will improve their ability to innovate. Such tools could be of particular interest to smaller companies in your ecosystem that are trying to build their innovation muscle and figure out an innovation process that will work for them.

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IP issues and solutions for communities

A few months ago, I facilitated a great session on how to use social media for innovation efforts together with participants from P&G, Shell, MeadWestVaco, Mattel, Psion and Whirlpool. At the session, several people stated that they need to change their perspective on this topic; it is much more important than they initially expected it to be.

Although, we had a great day together, we also ran into some difficulties when we started a discussion on the role of intellectual property (IP) on this intersection. To be honest, I have downplayed the importance of IP over the last couple of years, but here it really showed how important – and potentially limiting – it can be for open innovation.

At the session, we in particular discussed crowdsourcing-like initiatives in which mostly individuals contribute with their ideas and insight. Here IP is not that big an issue as most individuals do not really care too much that they submit ideas on a non-confidential basis with the platform owner able to do

more or less what they want to do with the input unless it is protected or potentially protected by a patent.

Another key topic at the session was the development of B2B communities in which companies – and more rightfully so – their employees share insights and knowledge and build further on the ideas of others. Here it gets more complicated as these employees are bound by their obligations to their companies with respect to ideas and intellectual property created. Since these obligations actually hinder such employees from entering open innovation communities, we had a good discussion on what you can do here. Some ideas:

- You can work with a creative common-like approach in which the IP created is shared. Unfortunately, this does not work for most companies planning to start such communities as they want to own or at least control the IP created.
- You can organize your community in layers in which the first layer is focused on more general interactions in which you do not really share insights or develop ideas that are impacted by IP issues. You can then have another layer – or move such discussions out of the community and into one-on-one settings – if you have a discussion that is moving toward the exchange of ideas that may have IP implications.
- In some industries, you can let go of IP issues all together if you believe that the execution of ideas matters the most and that you can operate with trade secrets. This is not really an option, but it does imply that companies need to change their thinking on how they work with IP issues if they want to take open innovation to the next level.

Expanding the facilitator role to address IP challenges

As I mentioned earlier, facilitators are vital to the success of open innovation communities. However, the role of a facilitator might not have to be limited to providing relevant content or to encouraging members to connect with each other and contribute to the ongoing discussions.

Perhaps there is an additional role for the community facilitator in helping the members address IP issues, which, if not handled appropriately, can be a huge stumbling block in creating a productive virtual community in which people truly build on each other's ideas and thus generate more powerful innovative outcomes.

If you take the layered approach I described above, the IP facilitator can play an important role here. The trick is to develop specific rules of engagement to

manage the expectations of your members. Once you have these rules in place, your IP facilitator can help oversee them and help the members have this in mind as they engage in discussions and hopefully build on the ideas of others.

There could also be a set of questions that the community members need to ask themselves regarding the ideas they are putting forth:

If this idea is executed, will it affect my business in a positive or a negative way?

- Could this idea provide our company with a strategic advantage over competitors? Or the other way around?
- Do we have the knowledge and resources to make this idea a reality by ourselves or will we need to partner?
- Do we already have relationships with the key partners needed to make this idea a reality or do we need to identify new potential partners?

The IP facilitator can step in when people grapple with these and other IP-related questions and issues. You could even monitor discussions in the open, unprotected layer and if certain key terms pop up, then the facilitator could alert those having the discussion and let them know that they should consider moving the discussion to another part of the community in which there are some protective guidelines on IP issues.

Besides the above activities, an IP facilitator can also add value by writing informative blog posts about IP and host real-time chats where community members can ask questions regarding IP issues. More importantly, he or she can help the members feel more secure as they share their ideas and thus the quality of the discussions can reach a higher level. This could be a key differentiator for a community.

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Building a platform for open innovation

In 2010, Psion, a pioneer in quality mobile handheld computers and their application in industrial markets around the world, launched Ingenuity Working, an open innovation community site that enables Psion to work directly with customers and partners to co-create new variants of the company's mobile hardware, software and services. With IngenuityWorking Psion can cater to an explosion of micro-niches in the market, recognizing that all customers really do have different needs.

According to John Conoley, Psion's CEO: "The open, online community in Ingenuity Working brings us closer to our customers and their thoughts and will allow us to socialize and commercialize innovation. We are using social media to bring our developers and resellers together with our customers, all over the world. Essentially, everyone is putting their heads together to help create technology that best fits a company's individual requirements – that has to be a good thing."

In this interview, Todd Boone, director of Open Innovation at Psion, answers questions about IngenuityWorking.

Q. Lindegaard: Todd, you have been the driving force behind Psion's IngenuityWorking community since its launch in 2010. Can you give us the elevator pitch on why this is relevant for your innovation partners?

A. Boone: IngenuityWorking (IW) as a community provides a window into Psion that is simply not possible with most other companies. Comprised of partners, customers, developers, and, of course, Psion, IW is a place where diverse discussions occur between the various participants. Problems are solved, ideas are born and overall cross pollination of knowledge increases. Not only is IW a barometer of the market for Psion, but it also acts in the same manner for partners who can learn of new opportunities, both short- and long-term, by participating. Finally, it gives our partners an opportunity to promote themselves when they do have offerings. And they have full control over how they market themselves; we actually give them dedicated space on the community where they control the content relevant to their business.

IW enables Psion to have a social media presence that it controls. Rather than trying to hinge the value of our social media initiatives to other well-known entities, we wanted to attach value to a Psion-specific site that we control, monitor and measure. By control, I certainly do not mean the content; rather, I'm talking about having control of the infrastructure itself and the destiny of the site.

Q. Lindegaard: What benefits have you seen so far?

A. Boone: The most immediate and obvious benefit is increased communication and knowledge within the entire Psion ecosystem. Knowledge is no longer geographically constrained as customers and partners from all over the world contribute to the content on the site. IW is an incredibly powerful support tool, driving the volume of calls to our helpdesk down substantially as the online

knowledge base continues to grow. And due to the lower volume, the helpdesk can spend more time and do an even better job for customers when calls do come in. But this is just the tip of the iceberg.

By opening our company in a very public way, we have extended useable knowledge throughout the entire ecosystem. Product managers and engineers used to lament the lack of visibility or dispute the authenticity of customer issues. Now, they have a more global outlook fuelled by the customers and partners themselves. While it might seem counterintuitive, prospective customers can also see these same issues and make decisions based on how they see Psion responding. How many of our competitors can say the same?

Q. Lindegaard: What were the expectations for this initiative and how are you doing today?

A. Boone: Our expectations for the community were always realistic, and perhaps even modest. We didn't expect it to solve all the company issues. However, we did expect it to open a dialogue with the market that was previously unavailable. Within nine months of going live, IW surpassed the traffic on our traditional .com site, which showcases the value that customers also see in having two-way communication. Eventually, we intend to evolve the site into part of our product develop process by incorporating ideation capabilities that help us uncover new business opportunities.

Q. Lindegaard: I know you track the development of the community quite closely. Can you share what metrics you are focusing on and let us know why you have chosen these metrics? And can you give some examples on how you use this information?

A. Boone: We track obvious metrics such as site visitors by category (employees, partners, registered users and anonymous) and by whether they're new or returning visitors, page views, growth in registered users, top areas visited by user type, traffic sources, and what regions users come from.

Site-specific metrics are often used to tailor the site in a way that is responsive to the usage of the community from both a content and navigation perspective. By tracking where people spend most of their time, and what topics they are most engaged in, we have the knowledge to tailor the site in a way that supports this.

Perhaps more importantly, we follow which topics are most important and sometimes can get alerted to an issue in the field. For example, if a customer posts about a problem and the traffic and dialogue surrounding that post are

high, then we will put a bit of extra scrutiny to ensure that the issue is dealt with. Further, these types of traffic spikes could be the result of a new idea that gives us information on what we

Q. Lindegaard: I noticed that you also monitor your competitor's activity on Ingenuity Working. How do you do this? Does this approach provide you with any interesting insights?

A. Boone: I wouldn't say we monitor their activity so much as we are aware that they are there. Because the community is open to anyone, even our competitors are welcome. However, we don't see a lot of activity on their behalf, but rather they tend to browse through the site in a passive way. So, no real insights except for the fact that they are consistently on IW!

Q. Lindegaard: As you know, I believe online communities such as Ingenuity Working are becoming a very important element of open innovation strategies. Can you share some insights on what companies should be aware of as they embark on this journey? In other words, what do you know now that you wish you'd known when you started?

A. Boone: How much work it is! In all seriousness, it's a lot of work to get a community like this off the ground and then evolving as the environment changes. We have already done three major redesigns of the site, including site architecture, based on changes in how users interact with the site.

Also, companies need to get over their fear of "letting go" of control. Within Psion, there was much consternation over what would happen when we just let customers, partners and employees post freely on the site – without workflow and without approvals. But we did. And, in my opinion, this is absolutely critical. A community, and social media in general, needs to be authentic. You can't PR it and you can't just get rid of the little bits that annoy you because if you did, your social media credibility would be gone in a heartbeat. In the two-plus years we have had IW, we have only taken about five or six pieces of content down. And these were because they were offensive in nature – except for one post where an employee talked about a yet to be released product! People tend to self-censure when they are representing themselves professionally – regardless if they are a customer, partner or employee – and this has made the moderation of the site much less intensive than first expected. And when somebody does raise a sensitive issue, you learn as a company that it's not the end of the world and you deal with the issue. In the end, people tend to be happy that they were heard and that their problem was solved.

If you wondering if this is the exact type of marketing spiel that I denounced earlier, I'd encourage you to go to the site and see for yourself. There are lots of juicy conversations fully accessible by anyone who goes to the site – you don't even need to sign in!

Q. Lindegaard: What other social media does Psion use for your innovation efforts? Have you had any big positive surprises – or disappointments – on this?

A. Boone: Psion does utilize other social media tools like Twitter and Facebook. However, we are not as active on these tools as a whole as we might like. Probably the nicest surprise has been Twitter in terms of how we can use it as listening tool more than as a broadcast tool. We have even incorporated a Twitter feed into IngenuityWorking to showcase real-time tweets that have the #psion hashtag.

Q. Lindegaard: What types of comments have you received from your partners about the community and how it's benefitting them?

A. Boone: Although feedback has been very positive, it has taken a surprisingly long time to get many of our partners active on the community. Some understood the value right away, while others were not sure as the entire social media arena is new to them. But, given the reality that only a small percentage of any social media community is consistently active this is not necessarily unexpected. Further, those that "lurk" are still able to benefit from the discussions and content that are accumulating on the community.

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One final thought on how to build a strong open innovation community. At a session, I helped facilitate earlier this year one of the things we discussed was the rise of the mobility trend (use of smartphones, iPads and other on-the-go devices). I believe one of the chief impacts of this trend will be on open innovation communities.

You can get immediate benefits for your community if you pay more attention to the mobility factor. The reason is that as of now most open innovation communities and crowdsourcing initiatives are made with computers in mind, not mobile units. However, as contributors are getting more and more busy and getting more and more opportunities to join the ever-growing variety of such initiatives, the lack-of-time factor really starts to kick in. One way to get around this roadblock is to make your open innovation community accessible 24/7 via mobile devices, allowing people to peek in and perhaps even contribute when they have some time to spend while on the go. For this, you need to think in terms of apps rather than web-based solutions.

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Key chapter takeaways

- Building a strong community through social media is key to being an innovation winner.
- Companies that struggle to build communities are too focused on their own needs, too focused on ideas to the exclusion of the “soft” values that can come from a community, and have difficulty building on the ideas of others.
- Lack of time, lack of ongoing engagement and a need to change the perception regarding what is acceptable community behavior also hamper community building efforts.
- The real innovation potential of corporate-driven communities comes from enabling partners to connect with each other to allow cross-pollination of ideas and solutions to occur.
- Successful communities have these five characteristics: need, value, communication, persistence and a core team of people who really believe in the need for the community and its potential value.
- Successful communities also have the ability to create subcommunities.
- The facilitator role can be expanded to address IP issues.

CHAPTER 8

DRIVING ENGAGEMENT THROUGH GAMIFICATION

Social media has a key role to play in helping you engage people in your open innovation community. This presents challenges, of course, not the least of which is how to keep them engaged once you've got their initial attention. Many people might visit your community page or "like" your Facebook page after seeing a tweet, for example, but how do you truly sustain that initial interest so they come back again and again and become active, committed members of your community? One strategy that is increasingly supplying the answer to this important question is gamification.

Gamification (also known as game mechanics) is the use of game design techniques and mechanics to make non-game material and situations more interesting and engaging. It is working its way into the innovation sphere as more companies strive to find ways to make their innovation efforts – both internal and those that are open to their entire ecosystem – more engaging and sustainable. Gamification encourages people to engage in desired behaviors, such as helping solve an open innovation challenge, and provides rewards for doing so. For example, SAP focused on gamification at its InnoJam Las Vegas 2011 and said it sought to learn to apply the game mechanics and dynamics to business applications that make games engaging, fun, nudge users to collaborate, be more timely and compliant in data entry and so on.¹

Typical gamification elements include such things as achievement badges, achievement levels, leader boards, virtual currency, points that can be traded or cashed in, and progress bars or other visual meters to encourage people to complete a task. According to Steve Patrizi, chief revenue officer at Bunchball, an industry leader in gamification,

such elements work because they address some very basic human needs and motivators around progress, status and reward.²

Initially used to attract consumers to company or product websites and to encourage them to perform behaviors they might otherwise resist, such as completing marketing surveys, the potential of gamification to be used to support other business objectives has quickly become apparent. In fact, last year Gartner, Inc., the widely respected global information technology research and advisory company, predicted that by 2015, more than 50 percent of organizations that manage innovation processes will gamify those processes.³

Some companies will want to test gamification with employees before taking it to a broader ecosystem. Below are four lessons learned about applying gamification in a corporate environment; they come from Rachel Hatch, a researcher at The Institute for the Future, a nonprofit research group that uses its Foresight Engine as a platform for generating ideas by thinking about a variety of possible future scenarios. Participants communicate by micro-blogging their ideas in 140-character messages and are rewarded with points and badges.

Here is what Hatch says they have learned through using this platform with numerous organizations as reported on the ReadWrite Enterprise blog. I believe these lessons are equally valid when it comes to taking gamification to your entire open innovation community.

- Game mechanics can encourage employees to dip their toes into new activities.
- Anonymity lets employees feel free to think outside their usual hierarchical boundaries. Hatch notes this is especially important for when a game needed to cross cultures.
- Lightweight interfaces and small time commitments yield the best results.
- The foresight games help employees realize that they are not alone in thinking about certain issues. This is a useful insight to remember when considering innovation management software.⁴

One advantage to think about if you're considering gamification is that it has the potential to eliminate cultural or status biases that can skew outcomes. When higher-ranking employees (i.e., bosses) dominate discussions about innovation projects, other no-less-valuable voices may not be heard or given equal weight. Innovation games can help avoid these mistakes.

Another key point that needs to be made about using gamification to engage people in your open innovation community is that you want to be sure you design game rewards

that encourage collaboration rather than competition. This is not to say that you can't assemble teams to compete against each other, but the main focus should be on collaborating together to solve your innovation challenge.

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Gamification in action

Stefan Triest is general manager and founder of Venture Spirit, an online business game that engages hundreds of people and invites them to connect and work together to solve innovation challenges. The company grew out of the "Battle of Talents," an annual student competition to discover Belgium's most promising entrepreneurial talents. Since the formation of the company in 2010, leading companies have used the Venture Spirit concept to tackle their specific innovation and cultural challenges. In this interview Triest discusses gamification in general and Battle of Talents specifically.

Q. Lindegaard: Venture Spirit grew out of Battle of Talents. Can you give us the elevator pitch on this?

A. Triest: Battle of Talents (www.battleoftalents.be) is the open innovation and entrepreneurship initiative in the Flemish university community. Annually since 2009, more than 550 university and business school students are encouraged to share their innovative ideas and do something with them: network, form multidisciplinary teams, learn what it takes to elaborate ideas and make a business out of them. Since the start, more than 1,800 students experienced entrepreneurship, 300 business plans were generated and several start-ups were born. Great results were achieved with only a small initial investment.

Students are encouraged to participate by these messages:

- Got ideas? Let's build your start-up!
- Sharpen your business plan, get coached by experts
- Team up with peers to complement your skills
- Join & win 25,000 euros

Q. Lindegaard: What is gamification to you? Why is it relevant for companies that use the Battle of Talents concept and how does it work?

A. Triest: From the start, Venture Spirit was designed to be a game. Gamification, in our concept, is the use of game dynamics to the innovation and entre/intrapreneurship process, especially the fuzzy front-end of it.

It's no secret that companies are struggling to make a success out of it. Through many assignments in our innovation management consulting practice, Addestino, we noticed that big organizations, despite all expertise and knowledge available, struggle to engage people and make innovation happen. Why is that? Mainly because many forget it's a people business! Every single person has their own background, expectations and ambitions.

Companies spare no expense to make the very best out of their innovation efforts: they organize all kinds of trainings, they hire innovation champions, they have separate and specialized departments, they design idea portals, funnels, processes and corresponding KPIs. All these investments are designed to make people knowledgeable and interact efficiently with each other. Despite these efforts, employees with new ideas and enthusiasm sometimes suffer bad experiences; a manager who criticizes their immature idea, no feedback at all, a bureaucratic process with a small committee that takes all 'objective' decisions, no contact with other department, etc. People should be insane to take initiative on innovation in such an environment. They are pushed in a role and forced to comply. Everybody excited? Of course not.

Now picture this: *Ladies & Gentlemen, we face a major challenge, we want your ideas, you can team-up with colleagues and will get assistance and feedback, you can win a trip to the Bahamas and you have our commitment to implement the winning business case!* Sounds different, right? People are free and can break through all existing barriers (functional, organizational, cultural, etc.).

Gamification is really the key to success. Call upon people's basic instincts, give them the freedom to operate, let them experience and enjoy and create winners! Now, how does it work?

We defined different 'roles' for participants to enter the game, corresponding to the different type of people needed to innovate successfully:

- The entrepreneur: the initiator, spots the opportunity at the start, is creative, does not necessarily have the will/knowledge/enthusiasm to develop or go into details further.
- The talent: wants to participate, has no initial idea, is skilled and very good in elaborating and implementing ideas.
- The investor: technical or industry expert, high potential or senior management, able to judge ideas, challenged to give useful feedback to teams and invest in potential winners.

Q. Lindegaard: What objectives does Venture Spirit help companies achieve?

A. Triest: In Venture Spirit, the gamification elements provide the necessary fun, motivation and eagerness to win to reach one (or a combination of) the following goals:

- Install a new positive culture of engagement
- Solve a relevant (innovation) challenge for the company
- Focus and combine all experience/skills available to create ideas and elaborate them into promising business plans
- Create a learning organization ready to tackle future challenges faster.

An analogy I use is that Venture Spirit has elements that are similar to practicing a sports hobby; there are certain rules, you can freely choose to participate, you learn better while playing, have fun, want to get better and win!

We defined a result-oriented trajectory, to bring ideas from new to good, form multidisciplinary teams, get interaction and engagement for three months. We also defined an econometric business model that ensures the business case with the greatest potential will top the rankings at the end of the game. The result: Venture Spirit engages people, it's fun and brings the best out of every participant. It boosts people to go that extra mile and to overcome all existing boundaries because they want to win.

Q. Lindegaard: What kind of results are you seeing?

A. Triest: The low entry barrier to get started (no obligation, nickname, environment 24/7 available) the constant help and feedback combined with the result-oriented concept of the game, make impressive results possible: on average, more than 20 percent employee participation, more than 50 business ideas and teams per game run, hundreds of employees trained in entrepreneurship, winning business plans being implemented...and a new energizing culture established.

Q. Lindegaard: What are the reactions from the companies when you introduce them to the idea and use of gamification?

A. Triest: Although this concept goes against certain common beliefs and the word gaming is, to say the least, not yet adopted by executive committee members, the reactions of our target customers after the first meeting are always very enthusiastic and positive. After the first positive reaction, remains

the question: “How am I going to introduce this game to the rest of the organization? Will the organization have the same prejudice as I?” At that point, you see a lot of risk entering people’s minds.

For example, I recently had a funny first meeting with a prospect. For an hour and a half, he could not stop talking about the latest ‘Rolls Royce’ of innovation portals (according to Gartner) he just implemented. I looked to my colleague and told her to keep our presentation short, as we were overwhelmed by the guy’s enthusiasm. After five minutes, the customer became pale and ended white after 10 minutes. All the pain points he experienced with his current solution, were solved by our concept. “How am I going to explain to my boss I discovered something better than a Rolls Royce...?”

We can distinguish two extremes in our audience: innovation starters and innovation experts. Innovation starters, they have read all the books about prior beliefs and practices, but have no experience in execution nor results. Of course, they are risk averse because no widely adopted publication has been issued about a gamification approach.

Innovation experts, on the other hand, have already tried all the recipes there are in the world, they immediately recognize all the pain points they still have in their current way of working and understand how our concept solves most of these issues. But, how are they going to explain that they should do something new again?

Fortunately, since we started with the initial concept three years ago, we see a positive evolution: there are more publications around serious gaming and gamification, it is becoming a trend, and the vocabulary causes curiosity in a boardroom. When customers decide to start the game, you are lucky to have 50 percent of the executive committee members on board. When customers had the Venture Spirit experience, all executives love it: they are thrilled by the results and proud of the performance of their people, they never thought this was possible!

Q. Lindegaard: Can you share some specific examples on how gamification changed your concept for the better and brought even more benefits to the companies?

A. Triest: Our concept, from the start, was designed to be a game. When designing the Battle of Talents open innovation competition, we struggled with this question: How can a jury of five people decide objectively which idea is best: a new additive to increase the tensile strength of concrete structures, a

new molecule to cure a certain disease or a new user friendly location-based Internet application? A small jury (restricted in time and knowledge, having their own personal preferences or political agenda) in an early stage of an idea is therefore not a good option. This practice generates a lot of frustration in companies.

Instead, we chose to use the wisdom of crowds: a lot of ‘experts’ (called ‘investors’), independent from each other, are challenged to give continuous feedback and pick the best ideas, week after week, and not simply by voting. These ‘investors’ are also judged on their feedback and are ranked, so every participant is challenged to do their utmost . The major advantage of this way of working is that, throughout the competition, all participants continuously receive valuable feedback and recognize and accept the excellence of the winning ideas. They are willing to participate again, and improve their performance!

Q. Lindegaard: Companies sometimes struggle to engage and mobilize their employees – as well as external partners – in innovation initiatives like this. How can gamification – and social media as well – help on this?”PK

A. Triest: As I already mentioned, innovation is a people business. How to get them challenged, experienced as a team and keep them long enough on board to generate results? The basic psychological drivers of game dynamics can provide an answer to this question. People want to be able to participate, express their own ideas, help to build a successful company, enjoy it and get recognition for it.

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Key chapter takeaways

- One of the chief challenges of using social media for open innovation is how to keep people engaged over time. Gamification is one answer to that challenge.
- Gamification’s benefits include its ability to overcome hierarchical boundaries and it eliminates cultural biases as well.
- If you use gamification, be sure to design your rewards to encourage collaboration vs. competition.

CHAPTER 9

KEY SOCIAL MEDIA TOOLS FOR INNOVATION EFFORTS

Here's a look at how you can use the four leading social media tools – Twitter, LinkedIn, Facebook and YouTube – to advance your innovation agenda.

The use of social media to promote and market the outcomes of innovation (products and services) is widespread. This is not the focus of these descriptions as I want to focus on how corporate innovation units can use social media in their efforts to create these products and services.

Keep in mind also as you read these descriptions that no single social media tool is going to enable you to attain all of the goals I've talked about that can be supported through social media. You are going to need to develop a mix of tools and you will need to determine the right mix for your company through experimentation.

I would love to hear stories about your experience with these tools that I could share in on my blog and to build on the ideas presented here. Please write to me at stefanlindegaard@me.com to discuss your experience.



Twitter

Description: Twitter is a micro-blogging site via which users share updates in “tweets” that are limited to 140 characters. Users build audiences of “followers” and also choose to follow other users, read their content and then share some of it with their own followers through what are called retweets.

Think of Twitter as the global watercooler, where people come to share information

and opinions, to keep up on breaking news, and to hear what others have to say. And according to Alexa, a Web information company that tracks site popularity and demographics, it is a pretty crowded watercooler. They say Twitter is the world's ninth most popular website, with over 10 percent of Internet users visiting Twitter each day. Estimates for the number of people who have Twitter accounts are as high as 360 million. However, it is widely acknowledged that the majority of these people are not active users. Although Twitter has carefully guarded its user figures, in September 2011, they did announce that they had reached a major milestone by having 100 million "active" users. By March of 2012, they revealed that this number had grown to 140 million. At that time Twitter said that one billion tweets are posted every three days. They define "active" as signing on to the site at least once a month.

Innovation uses:

- **Business intelligence.** The key benefit you can extract from Twitter is business intelligence. It is a great tool for monitoring keywords and since many tweets include links to articles and more, you get access to a wealth of information.

You need to use a filtering service such as HootSuite or TweetDeck in order to be able to sort through the information available. Once this is done, you simply use a keyword search to find what you are looking for. You can also use a mechanism known as hashtags to track tweets related to topics that interest you. A hashtag is a keyword or phrase that has the symbol # added in front of it. Tweeters add hashtags to their tweets to make it easy for people to follow a conversation on their topic. Thus, if you're interested in tracking open innovation as a topic, the hashtag to search for would be #openinnovation. By going to twitter.com/search, you can search for all types of topics.

- **Broadcast your ideas and insights.** You can tweet about new developments in your innovation program or simply share ideas and insights. Here you can include links to websites allowing readers to read further. When you tweet like this, you hope others will pick up on your messages and re-tweet to their followers. Twitter has strong viral opportunities, but you need to have some patience and be prepared to spend significant time to build up your reputation - and the number of followers - before you can expect this to happen. It is my experience that you need thousands of followers before you will see real activity based on your tweets. Thus, it makes sense to work with corporate accounts allowing colleagues to share the work burden of building a Twitter account worth following for others.

- **Conduct Twitter chats.** Business intelligence and broadcasting are by far the best ways in which you can use Twitter for your innovation efforts. Another idea could be a Twitter chat. This occurs when you set a date and time when you're going to be on Twitter talking about a specific topic. You develop a hashtag for the topic and then

you invite people to join you at the appointed time and tweet about the topic. I've done this several times with a good deal of success. For example, I may announce that I'm interviewing an open innovation leader at a company; I'll tweet questions to the person I'm interviewing and he/she tweets answers back. But instead of just being a two-way conversation, with Twitter you can join in, too, asking questions or making comments.

You can use Twitter chats to talk with any group you wish to involve in your open innovation effort. For example, I have seen companies cover "internal" topics in the sense that it starts out as a chat for employees, but since this is public to everyone, they hope for others to jump in on the discussions.

One thing to be aware of is that as Twitter chats become more popular and common, I've been in some where there were just too many participants; this results in too many tweets for there to be a discussion back and forth. Nevertheless, such chat can still be valuable sources of inspiration, and they also help you identify interesting people to get in touch with. (For an example of a Twitter chat, see the Appendix B.)

Success tips:

- For starters, sign up for HootSuite or TweetDeck in order to filter the stream of tweets into something that is comprehensible.
- If you want to build a following, you can become a curator on topics that are of interest to you. Simply share good reads and insights by tweeting them.
- Include words in your Twitter profile that give people an idea of what interests you. You should also include a website address where people can learn more about your or your main activity.
- Do a search on #openinnovation and on #innovation – or other topics that interest you - to find people who are talking about these subjects. These are people you will want to follow. Once you follow them, many of them will follow you back, and you will begin to build an audience. You can also use a directory like wefollow.com to identify people you might want to follow. Just don't build a following only for the sake of it. You want someone who is active and shares your interests.
- Create lists for those who consistently deliver good value on Twitter. This is an alternative to keyword searches.
- Consider reading *Twitterville* by Shel Israel. This is a great, quick-to-read primer on how to use Twitter effectively.



LinkedIn

Description: LinkedIn is the largest professional network with more than 150 million members in over 200 countries and territories. Fifty-nine percent of LinkedIn members are located outside the United States, making it a truly global network. According to LinkedIn, the network is growing at a rate of more than two new members per second. LinkedIn has become so pervasive in the business world that it is often the first place people search when they are looking for information on a specific person.

LinkedIn members post professional profiles and build their own networks of direct connections, people with whom they have some degree of relationship. Also in each member's connections are the connections of each of their connections (called second-degree connections) and the connections of second-degree connections (called third-degree connections). These mutual contacts can be used to gain an introduction to someone who might be useful in job hunting, obtaining new business or other purposes.

In addition, members can join the special interest groups that have been formed on LinkedIn. There are approximately one million of these groups, covering a wide range of topics, including professional and career issues. There are also affinity groups such as alumni associations. In these groups you can share content, such as your blog posts, and also comment on content provided by other people.

Innovation uses:

- **Identify and connect with people.** Knowledge is the key element to innovation, and LinkedIn is a great tool for identifying people with knowledge. If you are working on a project and you need to get in touch with experts or just others with an assumed interest in your topic, you can use LinkedIn's advanced search function to identify these people by searching on keywords. This is not the same as having access to this knowledge, but knowing who to get in touch with is the second best thing.

- **Engage in special interest groups.** This is a double-edged sword. There are so many groups so you are almost certain to find some that fit your needs and interests. You will most likely also be able to build relationships with relevant people in these groups. However, there is a considerable amount of spam (non-relevant information and self-promotion) in most groups and thus many good discussions almost get lost in the clutter of (irrelevant) information.

- **Create your own special interest groups.** If you want to create your own group, you will run into the above-mentioned challenges of spam and irrelevant information. To fight this, it helps if you consider two things. First, you need to ask yourself if there really is a need for your group and then you need to make sure you have the resources

needed to facilitate and moderate the group in a way that everyone benefits if you decide to go ahead. You might get better interaction if you run a private group in which members need to be approved to join. However, you need to bear in mind that the key issue here is time. Not many people have time to engage in such groups so if you want good results, you really need to deliver on your end.

- **Use LinkedIn Answers to post questions you'd like the LinkedIn community to answer.** This is a good way to draw attention to your interest in a topic and encourage people to interact with you. You also can answer questions others have posted, which is another good way to demonstrate your knowledge and establish yourself as a thought leader on a given topic. Answers get rated and a best answer chosen, so it does build credibility if you do a good job with it. In addition, answering LinkedIn questions or posting your own questions enables you to connect with people outside your own circle of connections. Quora.com offers a similar service in which the quality of the replies seems higher.

- **LinkedIn polls let you post a poll within a discussion group.** This is just one more way to draw attention to your area of interest or get feedback on specific issues.

Success tips:

- Complete your profile. You should do a thorough job of completing your LinkedIn profile. This takes a little time, but it will establish that you're serious about using LinkedIn as a way to connect with people.

- Get as many connections as possible. The network effects really start kicking in once you get to 150-200 connections with one example being that your searches give better results. Getting 150-200 connections might sound difficult, but you will be amazed by the number of contacts you have amassed over the years once you start to think about this. Most of these are also on LinkedIn. However, I strongly advise you not to just connect with everyone. You need a policy for connecting with others.

- Develop your policy for connecting with others. Building on the above, you need to consider what your policy is going to be about connecting with people who ask to connect with you. You can choose to only connect with people you have actually met, people who you've exchanged e-mails or phone calls with but haven't met in person, or with people who don't know you specifically but who are known to several of your contacts. You can even decide to connect with absolutely everyone who reaches out to you via a LinkedIn invitation.

This is a policy that can evolve over time; you can always change your mind and broaden the range of people you accept invitations from. But the chief thing I want to

recommend is that you think this through before the invitations start coming, which will make it easy to know which you're going to accept and which you aren't. Personally, I only connect with people I have interacted with in real or virtual life.

- Upgrade your account. While using the service for free certainly has benefits, becoming a business member really kicks things up in terms of your ability to identify and reach out to other people who would be good to have in your open innovation ecosystem. One key benefit of a paid membership is that you get more InMails, which you can use to reach out directly to anyone, even if they are not included in your network of contacts.



Facebook

Description: Facebook, of course, is the 800-pound gorilla of social media that has become a daily part of life for millions of people around the globe. As of mid 2012, this social networking service had more than 900 million active users. Facebook Pages allow businesses and brands to connect with any Facebook users, who must click on “like” button on a Page to access the information provided and to have the ability to make comments on the Page. Anyone who is an official representative of an organization can create a Page.

All types of companies have created Facebook Pages, although the majority are consumer-oriented companies rather than business-to-business companies. These companies want to reach out to their customer bases and form stronger relationships by sharing company news, gathering customer opinions and generally creating buzz that will build brand interest and loyalty. In other words, the chief use of Facebook by businesses is limited to marketing, but that does not mean it does not also have the potential to be used for innovation purposes.

It should be noted that I am personally not active on Facebook. There are two main reasons for this; one is that my work primarily focuses on B2B issues and the second is that I simply do not have the time as I concentrate my efforts on Twitter and LinkedIn. I am sure you can relate to my second reason, which points to the need to find the right balance between the many social media tools and services that could be valuable for you and your work.

Innovation uses:

- **Listen.** Like other social media, Facebook is an excellent place to “listen” to your end users. While it is probably unwise to base product development decisions solely on input from Facebook users who have “liked” your Page, this forum does give you a

way to hear the unvarnished opinions of consumers, viewpoints that aren't guided by questions asked in a focus group, for example.

- **Spread the word about your innovation events.** You can invite your Facebook community to the event and track RSVPs. And you don't even have to have a corporate Facebook Page to alert people to an event your company is having. Any user can use the "Create Event" function to alert their Facebook friends of an event. Obviously, these events can be virtual events as well as live events. For example, Dell hosts Storm Sessions, which are hyper-focused idea-generating sessions. Learn more at <http://www.ideastorm.com/SessionsList>. Such events can easily be promoted through a Facebook Page.

- **"Like" Facebook Pages related to innovation.** For example, some innovation intermediaries have formed communities on Facebook, such as the InnoCentive Open Innovation Network, which shares a steady stream of interesting information about innovation with over 5,000 Facebook users. This can be another spot where you not only learn interesting information but also make contacts for your innovation ecosystem while also gathering business intelligence.

Success tips:

- **Be open.** When setting up your Facebook Page (or any time thereafter) you have the ability to check a box that allows people to write or post content on the Page's Wall. You can also allow people to post photos or video. If you're going to use Facebook as a real listening post, I advise that you be as open as possible; this may result in some negative comments appearing on your Page, but negative comments enable you to interact with aggrieved consumers and create a dialogue that may be productive. It is impossible to say you want to be open and then turn around and limit people's ability to interact with you via social media. Be aware that you can set up a spam filter to filter out spammers and other troublemakers.

- **Be diligent about posting, but don't overwhelm people.** It's important to keep this channel alive but it's equally important not to flood people with too many posts each day. Too few posts may make people wonder how committed you are to building a community on Facebook, while too many posts may cause them to unlike your page or to hide your posts so they don't show up in their News Feed.



YouTube

Description: YouTube is the hugely popular, Google-owned video-sharing website where everyone from individuals to media companies to global corporations can upload videos that can be up to 15 minutes in length. The site garners

four billion video views per day, with users uploading an hour of video each second. Anyone can view the site, but you need to set up a free public channel to upload video. Many YouTube videos go viral, garnering a million or more views in a very short period of time.

Innovation uses:

- **Reach new global audiences.** Take another look at the figure above – four BILLION video views per day. In terms of reach, that is hard to beat. People obviously enjoy watching videos and if you can create compelling content, there is no reason why you can't build an audience on YouTube that will want to be engaged in your innovation efforts.

- **Get new insights.** You might have products – or challenges related to these products – that are easier to explain by video rather than words. Here YouTube offers an interesting opportunity to show – rather than just describe – how innovation can make a difference. This can be very relevant in some industries although the process of making videos that people want to watch is more difficult than “just” creating good content.

- **Share insights and inform people of your open innovation program and events.** For example, GE uses YouTube for its Ecomagination Challenge (<http://www.youtube.com/user/ecomagination>).

- **Establish thought leadership.** Posting a series of informative, thought-provoking YouTube videos is a great way to establish thought leadership in your field. These can be leveraged through your other social media outlets to attract new people who might be interested in becoming part of your innovation ecosystem.

- **Consider YouTube's possibilities for internal training.** For example, WD-40 used it to promote WD-40's internal ideation program. (<http://www.youtube.com/watch?v=OYRcK53CI7E&lr=1&feature=mhee>).

- **Follow your competitors and stakeholders.** If your competitors or relevant stakeholders are active on YouTube, you should of course watch frequently as a way to monitor what they're up to that might be related to innovation.

Success tips:

- **Create compelling content.** People are very accustomed to the amateur look of many YouTube videos, so production values are not critical (although, of course, you want the sound to be clear). What YouTube viewers won't tolerate is being bored. Shorter is usually better and humor works well. In fact, videos with the greatest chance of going viral are often those that involve humor. It is, of course, best to test your humor out on a few people before posting.

• **Be a steady user.** Once you establish a YouTube channel, it's important to regularly post new material. You want to build the channel's reputation as being an interesting place that is worth regular viewing. As with any social media platform, nothing is more deadly than going to a company's channel only to find they haven't posted anything new in ages. So if you're going to use YouTube as part of your innovation strategy, commit to the long haul.

Other social media tools to consider

 **Google+** – This is Google's response to Facebook. One of the chief differences in the two systems is that with Google+ you have the ability to divide your community into "Circles," and then decide which of your circles should get to read what you post. For example, you could create a Circle for people inside your company only. I'm not going into more depth about Google+ because it has not yet achieved critical mass and as I write this (spring 2012) I have serious doubts whether this will happen. I am more of a believer that Facebook will build in more business- or work-related functions. It will be interesting to see what happens.

I think the main challenge Google+ has to overcome is the bandwidth issue. We all have just so much time we can devote to social media and if we're already using Facebook, LinkedIn and Twitter, there might not be room for us to add one more major tool to this pile. This is probably especially the case if the other media are working well for us. In other words, if they're achieving their objectives with the other tools, many people will hesitate to fully invest time in one more.

 **SlideShare** – With this tool, you can upload your slide deck to share either with a private network, such as your internal innovation team, or with the world. You can also upload PDFs, videos, webinars and support documents. If you're going to create a PowerPoint presentation for a conference, SlideShare is a great way to expand its reach far beyond that conference. There is real power here for establishing thought leadership.

 **Quora** – This is a question and answer website that can serve many innovation purposes. You can pose questions and get answers from people outside your innovation ecosystem. You can also answer questions to help build thought leadership and build your innovation brand reputation.

  **Social bookmarking sites** - I've explored social bookmarking sites like digg and StumbleUpon and haven't found them to be useful for innovation so far. If you have experiences with these sites that indicate otherwise, I'd love to hear from you.



Flipboard – This is an app for use with devices like the iPad and smartphones that provides a more readable view of content that you gather yourself from many different sources such as websites, blogs and Twitter. It puts the content together in the format of a magazine that you just flip through which can be helpful in terms of simplifying your use of social media by enabling you to aggregate content from various social media platforms in one place.

Keeping tabs with new developments

New social media are constantly being developed, of course, and these may hold potential for innovation. Keep up to date with these developments to assure that you don't miss out on some new tool that has real promise. You need to have your listening posts out there to stay on top of things, watching for new platforms to develop and watching for existing platforms that now are chiefly being used by consumer products companies to evolve into something that might be valuable for innovators in the B2B community.

For example, Pinterest is the current hot new thing in spring 2012, drawing a huge amount of attention. At this point in its development it is having a faster growth curve than Facebook and Twitter did at the same stage. While it's still early days and its most obvious value is for consumer products companies, no one knows how Pinterest is going to develop so it's good to keep an eye on how it's evolving.

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Making communities work: Clorox's experience

Greg Piche is the Innovation Sourcing Lead at The Clorox Company. He is the founder of CloroxConnects, (www.cloroxconnects.com), an internal-external innovation network. Through CloroxConnects' social media platform, Clorox employees are connected with inventors, suppliers and consumers for innovation, incubation and sourcing. During its three years of operating, Clorox-Connect has sourced numerous innovation opportunities and shortened the innovation cycle at Clorox.

Q. Lindegaard: How does CloroxConnect help Clorox with your innovation efforts?

A. Piche: Like most innovation processes at large companies, the innovation process at Clorox starts with understanding trends and then developing insights from those trends to generate ideas and, ultimately, solutions. We've found it's important that the process be very iterative and non-linear so that

any one step in the process can influence any other step. Our social media platform, CloroxConnects, helps us enhance this process in a couple of ways. First, it helps feed our trend and needs analysis. Consumers talk about ideas for new products and through the analysis of those unaided conversations we're able to supplement our trends and insights. Secondly, CloroxConnects gives us a large group of consumers who are readily available to rapidly review concepts that we generate. This rapid feedback helps us find our way through the very iterative and non-linear innovation process.

Q. Lindegaard: You mentioned that you are focusing on consumers, suppliers and inventors. Can you share the key benefits that you get out of working with each of these groups?

A. Piche: As I mentioned above, the consumers on CloroxConnects provide another feed to our trend and insight work and provide valuable feedback to the concepts we generate. Our supplier community enables our R&D folks to easily canvas our top-tier suppliers for solutions to very tactical problems. And it allows them to reach out to non-top-tier suppliers as well to broaden the solution base. The inventor community is a community that provides a steady stream of nearly-turnkey solutions to both voiced and un-voiced challenges. Sometimes these solutions are valuable enough to warrant serious consideration by our business units. At other times the solutions are good feed material for our insight development work.

Q. Lindegaard: What are the differences and similarities in working with these groups?

A. Piche: Of the three communities (supplier, inventor and consumer) the consumer community requires the most engagement efforts and tactics. We've found that with this group engagement tactics directly correlate with the quality of ideas being generated. So we do a lot of personal outreach to the consumers who are the most generative to let them know they are highly valued members. And we've implemented programs to help educate consumers on how to come up with great ideas. Through these programs we've seen a significant uptick in participation and in the quality of ideas being generated.

Q. Lindegaard: I believe that the future winners of innovation need to own, control or at least have strong access to the best innovation communities in their industries. You have CloroxConnects. Can you share your views on the strategic importance of having this asset today?

A. Piche: CloroxConnects enables us to tap into a broad network of skill sets - and that ability enhances our innovation efforts across all aspects of the innovation cycle. If we need to get a quick read on a concept, we'll go to the consumer community and post a survey or hold a virtual focus group. If we need a tactical solution to a pressing technical question, we can tap into our supplier base and find answers. If we want fully baked solutions, we can post a challenge to our inventor network. So each of these communities can provide us input at the various critical stages of our innovation cycle. Additionally, by having an owned property like CloroxConnects we're able to identify prolific super users of the community and then bring those folks into private co-creation communities for specialized work on specific projects.

Q. Lindegaard: Even though, you have much success with CloroxConnects, you still face some big challenges. Can you share these with us?

A. Piche: Our next big push for CloroxConnects is to turn a portion of it into a co-creation platform where we can post specific challenges to specific groups with specific skill sets. We were very pleased with the output of our initial foray into this area. But to take it to next level we need to figure out how to balance the need for IP ownership with the community's need to share what they've created. This is definitely a new area for us, and we will likely need to try various iterations of the balance to figure out which works best for both Clorox and our members of CloroxConnects.

Q. Lindegaard: What advice would you give to companies that are about to look into how communities can bring value to their innovation efforts?

A. Piche: Before building anything, I would recommend tapping into existing communities owned by others. Innovation Exchange, Instructables, Eyeka and others have turnkey communities that can offer a great glimpse into how valuable communities can be when it comes to feeding the innovation effort.

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Key chapter takeaways

- No single social media tool is going to enable you to attain all of the goals associated with using social media to support open innovation. Achieving the right mix will require experimentation.
- Review this chapter for information on the main social media platforms, how they can support open innovation and for success tips for each.

- It is vital to keep tabs on new developments in social media since new platforms are constantly coming online that hold potential for open innovation.

CHAPTER 10

OTHER VOICES

With the connections between social media and open innovation evolving so rapidly, I want to provide you with a few articles from other authors writing on subject areas that need to be part of this conversation. First up is Brian Solis, a prominent blogger and author on the topic of new media and a principal at Altimeter Group, a research-based advisory firm.

One topic Brian writes about is a concept you need to know about as you consider how to build an open innovation community: the interest graph. The interest graph is an outgrowth of the social graph, a term coined by scientists working in the social areas of graph theory to describe the relationships between individuals online. Think Facebook, which is the world's largest social graph. According to Brian, the interest graph is the expansion and contraction of social networks around common interests and events. Think InnoChat on Twitter where people "meet" to discuss innovation, think corporate communities such as Ingenuity Working by Psion or SAP Co-Innovation Lab and think open communities such as Faculty of 1000, where peers identify and evaluate articles in biology and medical research publications. I could also include LinkedIn groups, but they are messed up by LinkedIn, which has allowed way too much spam in the groups.

When it comes to open innovation, it is the interest graph that matters. Why? Open innovation is very much about interactions and conversations. This happens between companies and individuals sharing the same interests. It also happens in a business setting where stakeholders can combine knowledge in new ways in order to solve problems and bring better innovation to market faster.

How can companies work on what we can call the innovation interest graph? Brian wrote an interesting case study on Starbucks in which he tracks down their top Twitter followers and extracts insights from this. Although, the Starbucks case focus more on

marketing than innovation, the innovation community can definitely learn from it. One thing I took away from it is that we need to find ways of mixing marketing elements with elements that are more specific for the B2B world of corporate innovation. Here's Brian's Starbucks case study.

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The Interest Graph on Twitter Is Alive: Studying Starbucks Top Followers

By Brian Solis

Social media is maturing as are the people embracing its most engaging tools and networks. Perhaps most notably, is the maturation of relationships and how we are expanding our horizons when it comes to connecting to one another. What started as the social graph, the network of people we knew and connected to in social networks, is now spawning new branches that resemble how we interact in real life.

This is the era of the interest graph – the expansion and contraction of social networks around common interests and events. Interest graphs represent a potential goldmine for brands seeking insight and inspiration to design more meaningful products and services as well as new marketing campaigns that better target potential stakeholders.

While many companies are learning to listen to the conversations related to their brands and competitors, many are simply documenting activity and mentions as a reporting function and in some cases, as part of conversational workflow. However, there's more to Twitter intelligence than tracking conversations.

We're now looking beyond the social graph as we move into focused networks that share more than just a relationship.

Bringing the Interest Graph to Life

To demonstrate the value of interest graphs, I worked with the team at ReSearch.ly, a unique Twitter search platform that has indexed the last three years of Tweets to instantly provide a real-time and historical analysis of activity around keywords and also the people that Tweet them.

ReSearch.ly visualizes the interest graph, and also provides the ability to search within the search to sort activity by demographics and psychographics, sentiment, bio data, profession, and the list goes on. Essentially, it's a product

that anyone can use to learn about what's really taking place on Twitter to better understand behavior and earn greater relevance by making more informed decisions.

As an example of audience profiling or competitive intelligence, we used ReSearch.ly to review the followers of @Starbucks, one of the most celebrated brands actively using Twitter today. We started by extracting 1 million follower profiles, sorted by follower count. The results were then further filtered to include only those who published a complete profile. ReSearch.ly provides the option to then organize the resulting information any number of ways, which in this case, we sorted the accounts by bio, location, and gender.

The Interest Graph

While we are what we say in our Tweets, our bios also reveal a telling side of who we really are. In this study we reviewed the complete bios of 50,000 of the top @Starbucks followers to learn a bit more about how they present their life story as well as their interests, opinions, and preferences.

Using the ReSearch.ly Twitter index, we created a word cloud to amplify the most common words used in each of the bios of these connected social consumers. Followers tended to use expressive words that suggest sentiment runs rich in the Starbucks interest graph. Top words include:

1. Love
2. Life
3. Friends
4. Music
5. World

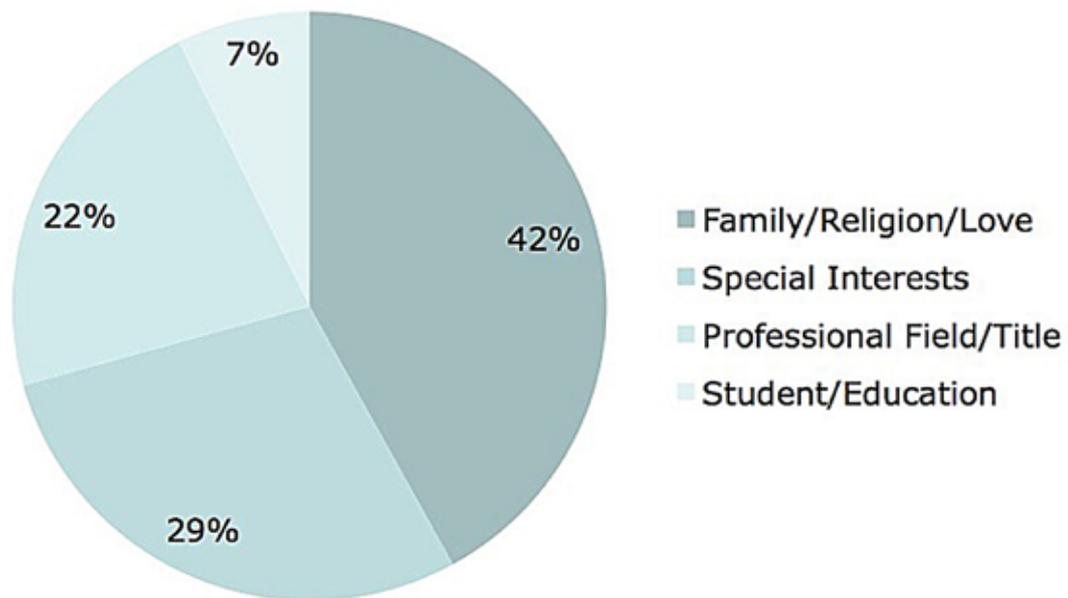
We can also learn a bit more about Starbucks influencers by analyzing what interests them. Looking a bit deeper into the cloud, we can see that not only do emotions rise to the top; other revealing themes also surface:

1. Family
2. People
3. Mom
4. Wife
5. Husband

This is just the beginning. The words associated with the brands demonstrate the emotional and personal connections Starbucks holds with these tastemakers. Campaigns are a direct beneficiary of such data. As we submerge ourselves one level deeper into the study, we find that this information be-

comes paramount when we link it to individuals through demographics and psychographics. An important footnote is that the word coffee is among the least used words in the bio, but used nonetheless.

BIO INTEREST BREAKDOWN – TOP 100



Research conducted by Brian Solis, www.briansolis.com and PeopleBrowsr.com.



Studying Bio'graphy

With a 50,000-person sample in a traditional research survey, it may be difficult to organize individual responses. Here, we further reviewed each of the bios to find the commonalities in how each person presents who they are in a few precious characters.

Of those, we found that...

- 42 percent expressed strong ties to family, religion, and love
- 29 percent boast special interests, which is further discernible
- 22 percent are professionals who state their current place of employment and position
- 7 percent are students

Additionally, we can extract the attributes of @Starbucks followers further

to better symbolize their digital persona. Further review highlights that followers...

- Identify themselves as enthusiasts, geeks, addicts, junkies, creatives
- Define the most popular areas of interest as Music, Food, Coffee, and Fashion
- Potentially favor dogs to cats (2 – 1 as per their mentions)
- Work in either Social Media and Marketing (Note: If we were to change the scale of followers, we would open up the sample to a much broader set of professions)
- Also are still studying. Despite the lower percentage, students account for more than any single professional field

Geo Location: Where in the World is @Waldo?

Brands are more than aware that no one marketing strategy reaches and moves everyone in the same way. Beyond demographic marketing, brands must also focus on driving traffic regionally. Having access to location data isn't new, but using Twitter as a collective stream of intelligence to identify higher and underperforming locales and associative word clouds allow teams to surface the 3 W's of real-time geo loco marketing:

- Where is negative/positive activity taking place?
- Why is it leaning in that direction? And,
- What can we do about it?

To give us an idea of where the top @Starbucks followers are Tweeting, we zoomed in to their point of reference. We found that top users tend to Tweet from...

1. California
2. New York
3. Texas
4. Florida
5. Washington

Combining London and UK, we find that the United Kingdom would actually join the ranks of the most often cited cities.

Grouping locations provides a holistic view that provides regional marketing metrics and also areas in need of attention.

The top Tweepers are located in...

- US East, 30 percent
- Non US, 27 percent - US West, 22 percent
- US Midwest, 21 percent

Tweeting from the Gender Lines

Over the years, I've studied the gender makeup of social networks and have consistently found that women outnumber men in some of the most popular networks including Twitter and Facebook. On Twitter, women represent the majority share with 57 percent.

Working with the team here at PeopleBrowsr and ReSearch.ly in conjunction with Klout earlier in 2010, we uncovered en masse, women are more influential than men on Twitter. In fact, the average Klout score within the general Twitter population 34 to 31 in favor of women.

Reviewing Starbucks top followers in ReSearch.ly, it comes as no surprise to see that the women are the predominant source of Tweets, 63 percent women vs. 37 percent men.

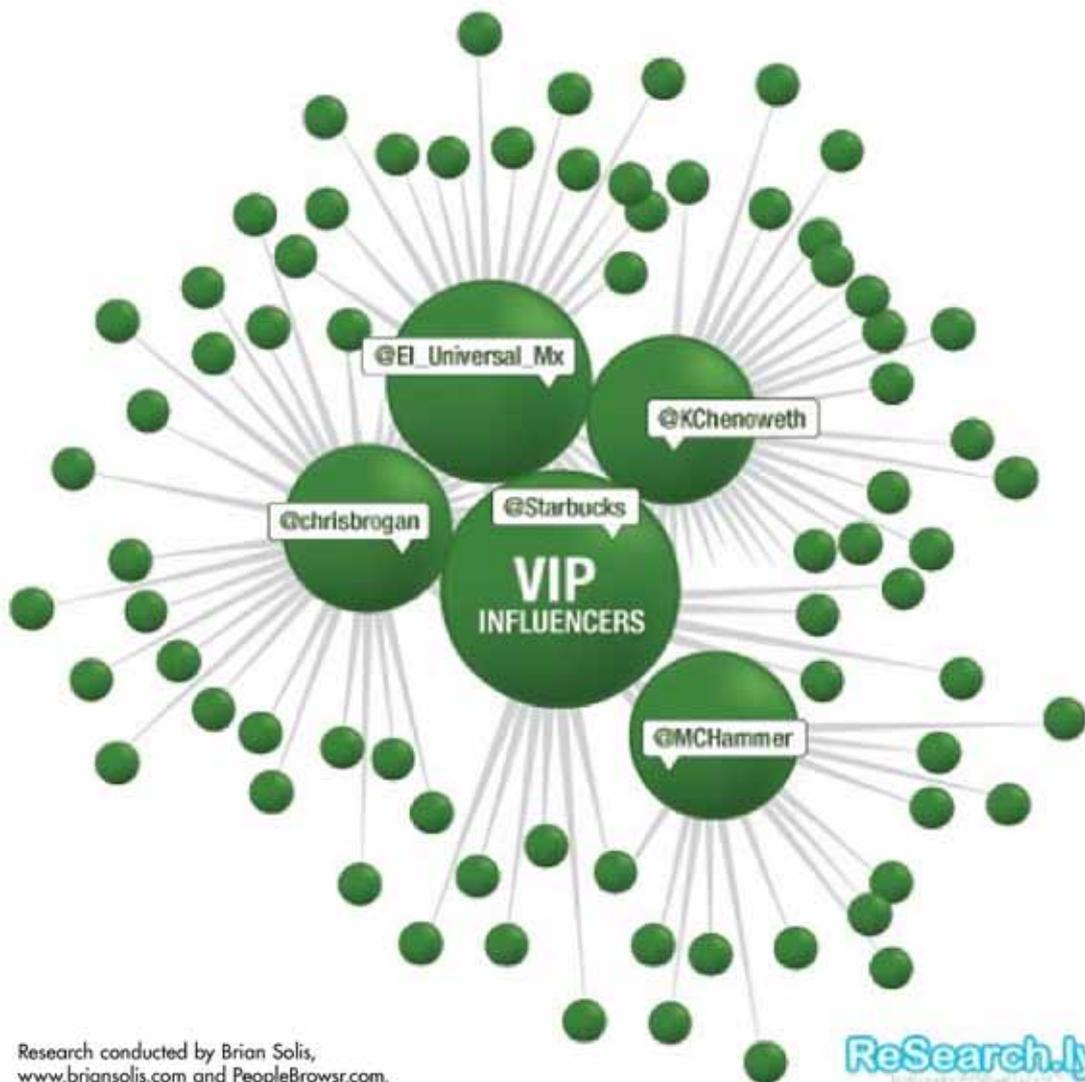
The Tweets Have It!: Introducing the Starbucks Brand Graph

The interest graph is defined by connections, but it is brought to life through self-expression. When we combine brand-centric relationships and conversations, the interest graph eventually evolves into what is essentially a brand graph. Within each brand-related graph is a group of highly connected individuals that serve as a company's network of influence. The ReSearch.ly team extracted 50,000 of the most recent Tweets that included a mention of Starbucks. We then analyzed the connections between people and identified the top 100 individuals and the number of their followers who also mention Starbucks within the 50,000 mentions. We can then bring to light Starbucks influencers as a representation of its brand graph and influential hubs. As we can see, the difference between monitoring and gathering intelligence allows Starbucks to now identify relevant networks and introduce personalized campaigns to further spur advocacy and loyalty.

Accordingly, we can visualize the interest graph as connections, showing how influencers are not only interconnected, but also capable of disseminating relevant information and influencing behavior to varying degrees beyond the traditional reach of Starbucks. Social consumers and their place within the social consumer hierarchy determine reach and ultimately outcomes.

Everything begins however, with recognizing who they are and what inspires or motivates them. (See interest graph at end of article.)

Starbucks Interest Graph



Research conducted by Brian Solis,
www.briansolis.com and PeopleBrowsr.com.

Conclusion

The era of analysis paralysis is officially over. Instead of just listening, companies can now study people and their interests based on what they say and do and also how they color their profiles. This goldmine of insight gives brands the potential to improve marketing, promotional and advertising campaigns to start. What we're talking about here is the ability to personalize experiences

that go beyond demographics and start to employ psychographics and behaviorgraphics – the ability to connect with groups of people by interest and how they interact.

As this practice develops, brands can also gather the intelligence necessary, and widely available, to improve products, services, and spark new waves of tweets gushing with positive sentiment. Doing so over time helps to build the social, and more relevant, business of the future while improving relationships to convert followers into stakeholders.

Research conducted by Brian Solis, www.briansolis.com and PeopleBrowsr.com.

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This next article is from Nilofer Merchant, author of *The New How*, a book on unlocking collaborative innovation, founder and former CEO of Rubicon Consulting and a writer for the Harvard Business Review. She makes an important point about how companies need to embrace the “social era” and figure out how to “cultivate a shared purpose” with customers and others within its community.

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Rules for the Social Era

By Nilofer Merchant

“This business model is right for a company selling Purina Dog Chow, circa 1970.”

“There’s no way we could ever be this collaborative.”

Both are comments I got about my book, back in 2009, about setting direction, collaboratively. The first is from a Google executive; the second, from an exec at Cisco. Same business model architecture, two entirely different responses: obvious or unachievable.

Facebook, KickStarter, Kiva, Twitter, and other companies thriving in the social era are operating by the rules of the Social Era. They get it. They live it. And to them, it’s ridiculously obvious.

But too many major companies — Bank of America, Sony, Gap, Yahoo, Nokia — that need to get it, don’t. A friend of mine who runs a venture capital firm is emblematic of the bias I encounter in the Bay Area. He tells me to ignore the

big enterprises; that they are not the future. But I'm not willing to give up on these firms. I think we can get the 800-pound gorillas of our day to act more like 800 gazelles — fast, nimble, and collaborative.

Like the rising temperature of the water the proverbial frog is sitting in, organizations are feeling the social era all around them, but failing to notice how significant a change it has produced. Because it has shown up in bits and pieces, via freemium models, crowdsourcing, online communities, virtual workforces, social networks, and so on, it is easy to miss how much the overall context has changed for the way value is created.

You might notice that I have used the term social era. It's not to create more jargon; it's to emphasize a point: that social is more than the stuff the marketing team deals with. It's something that allows organizations to do things entirely differently — if we let it become the backbone of our business models.

How does this work? What are the rules? What does it mean for all parts of my business? Let me start with three major shifts that I see:

- **Lean not big.** Most organizations operating today started when companies needed more operating capital. Being big was in itself a mark of success. And in fact, being big created a natural barrier to entry for competitors. The “big” mindset continues to form an organizational framework for many institutions. Take banking as a visible example. Bank of America recently considered a \$5 fee for customers to get their own money via their debit card because they have to find a way to fund all those retail storefronts. But if they were launching today, banks would likely ask themselves how to accomplish the transactions (deposits, withdrawals, financial management) of banking without the physical commitment of banks. They might try what ING is doing with its café model. They might even reimagine what it is to lend money. Instead of competing with new startups like Lending Club or ProFounder, they might be the ones reinventing the space.

- **Conversations, not chains.** Many organizations still operate by Porter's Value Chain model, where Z follows Y, which follows X. These linear models optimized efficient delivery of a known thing. But this doesn't help us when faster, fluid responses are what we need. Fifteen years ago, The Cluetrain Manifesto taught us that markets are conversations and that was a great starting point. But “conversations” can actually go deeper if you allow them to become central to how you work, rather than leave them on the perimeter of the work. How many companies have figured out how to shift from supply chain

management to integrating customer feedback directly into their product design, distribution, and delivery? Because *that's* the point.

Mass markets were a convenient fiction created by mass media. Television and major magazines could only reach very vague demographic segments like “women of child-bearing age” and “college students,” so a lot of organizations still think of that as “targeting” their offer. But real markets are much more precise.

Finding out where any particular customers hang out and talking with them directly is central to accurately understanding demand and building it into the business model.

Case in point: Gap missed many of its performance numbers in 2011 by believing that their only interaction with their customers happened at the cash register.

- **Sharing, not telling.** When companies think of social media, they hope to get consumers to “like” them or “fan” them, as if that increased connection is meaningful. Again, that captures the marketing aspect but misses the strategic point. *The social object that unites people isn't a company or a product; the social object that most unites people is a shared value or purpose.* When consumers “love” Apple, they are saying they love great design and the shared idea that “thinking differently” is valuable. By “loving” Firefox, the web community is saying that they believe an open web browser is valuable to the world. By loving TEDx, a volunteer army of people are saying they believe that smart ideas that get people to think more about their world is a cause worth putting energy into.

Companies that just tack a Facebook page onto their existing model without cultivating that shared purpose often sound know-it-all, tone-deaf, or stupid. This was the case with Netflix, whose well-documented pricing snafus showed a tone that didn't work for the social era. It's worth appreciating that Netflix defeated Blockbuster by appreciating the shift from lean over big, but hasn't yet caught onto a co-creative relationship; it continues to tell the market what they should want. Collaborating with consumers or movie aficionados would allow an ongoing exchange. For example, Netflix might have a passionate set of enthusiasts who review films and recommend content in the same way that GoodReads offers book enthusiasts a venue to exchange ideas. That would have naturally put them into conversations with influencers who could have an interest in what the company creates. Instead, they focused their efforts,

famously, on refining their recommendation algorithm — taking social out of the equation.

Collaborating with people through shared purpose creates advantage because it allows everyone to work towards a shared goal. When people know the purpose of an organization, they don't need to check in or get permission to take the next step, they can just do it. When people know the purpose, they are not waiting to be told what to do. With shared purpose, alignment happens without coordination costs. Shared purpose makes customers and team-members more than transactions and payroll recipients. It allows us to “tear down that wall” between who is “in” or “outside” the firm creating a more permeable organization which unleashes the inherently collaborative nature of work — like a herd of gazelles running leaderlessly, daringly, across a plain. This is the foundational principle of the social era.

What the 800-pound Gorilla used to fight against was the younger entrant coming in on a different dimension of performance, gaining a foothold and fundamentally changing the cost structure. That was why Christensen's *The Innovator's Dilemma* became the bible of the boardroom. But the web and the social era enabled by it have illustrated a new truth: it's not enough to do more, faster, cheaper. No, we need to do things entirely differently.

Today, many 800-pound gorillas look more like dinosaurs. From technology, to banking, to education to health care, from automobile makers to the media, many organizations that once dominated now struggle to meet the rapidly changing demands of a volatile, global marketplace. Thus far, organizations have been focused on tacking on social elements onto their current operations. Social has been adopted programmatically, rather than strategically. All that does is get the Gorillas to lumber a little faster. It's not enough to escape the asteroid.

The reality is more like this: The world has changed; how we create value has changed. Organizationally we have not. It will be wholly insufficient to put the word “social” in front of existing business models and expect things to change. Instead, we need to imagine the fundamental enterprise anew for the social era. Lean, adaptive, community-driven organizations, built for speed, will thrive. In my next post, I'll talk more about how companies like that organize to win.

Reprinted from *HBR*: http://blogs.hbr.org/cs/2012/02/rules_for_the_social_era.html.

CHAPTER 11

A FINAL WORD

Last year when I was giving a presentation on social media and innovation I was asked what can be done to enable organizations to extract value out of social media.

The question got me to think back on an encounter I had with an executive a few years back. I had just given a presentation that among other topics touched upon how networking is becoming an important element for creating an innovation culture. During this talk, I pointed out that successful networking efforts at a corporate level require a strategic reason that sets the direction, the training and education of employees and the time needed for employees to build and nurture networks.

After the talk, I spoke with the executive who publicly at the talk agreed to my points and I asked what he would do now. He stood there for a while and then replied in a dry manner. Nothing. He would do nothing. I was a bit baffled and I asked why not. He said that “things” like networking takes care of itself. There is no need to deal with this. This is wrong. Networking does not take of itself. Neither does innovation.

The case is the same with social media. Some executives might think that this will take care of itself and that employees will find their own reasons to do so. However, if they take this approach they will miss out on the real benefits that social media can bring to an organization. One benefit is getting a more open and agile organization, which is important in the fast-paced business environment we have today.

Direction, training and time. This is what it takes to succeed with innovation, networking and yes – social media.

APPENDIX A

SOCIAL MEDIA GUIDELINES

As you begin using social media for your innovation efforts, it's important to have in place clear guidelines such as the ones below developed by IBM (called social computing guidelines) and by Intel. This is important in order to guide your employees through the sometimes treacherous waters of the interaction that are part and parcel of engaging in social media. Unfortunately, most companies do not have such guidelines in place; the companies that struggle with this tend to need approval by both marketing and legal and thus you end up with very long, fairly complicated documents, unlike the simple and plain language used in the excellent examples provided here.

Once you do create such guidelines, they should be reviewed periodically to keep pace with the fast development of new social media tools that may give rise to a need for new policies.

In addition to the information below, you can find a more in-depth discussion on this topic by IBM at <http://www.ibm.com/blogs/zz/en/guidelines.html>.

IBM Social Computing Guidelines

- Know and follow IBM's Business Conduct Guidelines.
- IBMers are personally responsible for the content they publish on-line, whether in a blog, social computing site or any other form of user-generated media. Be mindful that what you publish will be public for a long time—protect your privacy and take care to understand a site's terms of service.
- Identify yourself—name and, when relevant, role at IBM—when you discuss IBM or IBM-related matters, such as IBM products or services. You must make it clear that you are speaking for yourself and not on behalf of IBM.

- If you publish content online relevant to IBM in your personal capacity use a disclaimer such as this: “The postings on this site are my own and don’t necessarily represent IBM’s positions, strategies or opinions.”
- Respect copyright, fair use and financial disclosure laws.
- Don’t provide IBM’s or another’s confidential or other proprietary information and never discuss IBM business performance or other sensitive matters publicly.
- Don’t cite or reference clients, partners or suppliers without their approval. When you do make a reference, link back to the source. Don’t publish anything that might allow inferences to be drawn which could embarrass or damage a client.
- Respect your audience. Don’t use ethnic slurs, personal insults, obscenity, or engage in any conduct that would not be acceptable in IBM’s workplace. You should also show proper consideration for others’ privacy and for topics that may be considered objectionable or inflammatory—such as politics and religion.
- Be aware of your association with IBM in online social networks. If you identify yourself as an IBMer, ensure your profile and related content is consistent with how you wish to present yourself with colleagues and clients.
- Don’t pick fights, be the first to correct your own mistakes.
- Try to add value. Provide worthwhile information and perspective. IBM’s brand is best represented by its people and what you publish may reflect on IBM’s brand.
- Don’t use IBM logos or trademarks unless approved to do so.

Intel Social Media Guidelines

1. Disclose

Your honesty—or dishonesty—will be quickly noticed in the social media environment. Please represent Intel ethically and with integrity.

- **Be transparent:** Use your real name, identify that you work for Intel, and be clear about your role.
- **Be truthful:** If you have a vested interest in something you are discussing, be the first to point it out and be specific about what it is.
- **Be yourself:** Stick to your area of expertise; write what you know. If you publish to a website outside Intel, please use a disclaimer something like this: “The postings on this site are my own and don’t necessarily represent Intel’s positions, strategies, or opinions.”

2. Protect

Make sure all that transparency doesn't violate Intel's confidentiality or legal guidelines for commercial speech—or your own privacy. Remember, if you're online, you're on the record—everything on the Internet is public and searchable. And what you write is ultimately your responsibility.

- **Don't tell secrets:** Never reveal Intel-classified or confidential information. If you're unsure, check with Intel PR or Global Communications Group. Off-limit topics include: litigation, non-published financials, and unreleased product info. Also, please respect brand, trademark, copyright, fair use, and trade secrets. If it gives you pause...pause rather than publish.

- **Don't slam the competition (or Intel):** Play nice. Anything you publish must be true and not misleading, and all claims must be substantiated and approved. Product benchmarks must be approved for external posting by the appropriate product benchmarking team.

- **Don't overshare:** Be careful out there—once you hit “share,” you usually can't get it back. Plus being judicious will help make your content more crisp and audience-relevant.

3. Use Common Sense

Perception is reality and in online social networks, the lines between public and private, personal and professional are blurred. Just by identifying yourself as an Intel employee, you are creating perceptions about your expertise and about Intel. Do us all proud.

- **Add value:** There are millions of words out there—make yours helpful and thought-provoking. Remember, it's a conversation, so keep it real. Build community by posting content that invites responses—then stay engaged. You can also broaden the dialogue by citing others who are writing about the same topic and allowing your content to be shared.

- **Keep it cool:** There can be a fine line between healthy debate and incendiary reaction. Try to frame what you write to invite differing points of view without inflaming others. And you don't need to respond to every criticism or barb. Be careful and considerate.

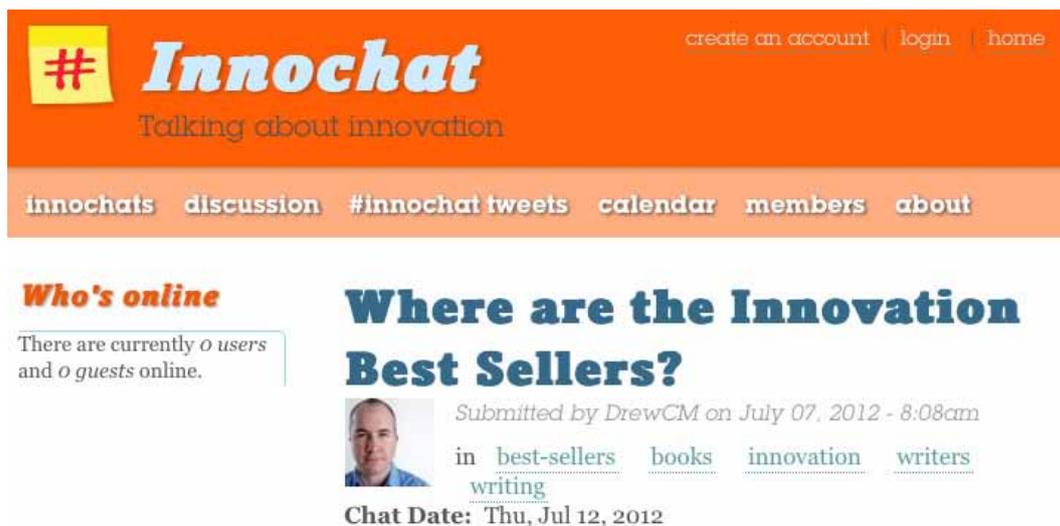
- **Did you screw up?** If you make a mistake, admit it. Be upfront and be quick with your correction. If you're posting to a blog, you may choose to modify an earlier post—just make it clear that you have done so.

APPENDIX B

SAMPLE OF A TWITTER CHAT

Innochat.com hosts a Twitter chat about innovation topics each Thursday from noon to 1 pm, Eastern time. The hashtag is #innochat. To find the chat each week, go to <http://tweetchat.com> and log in with your Twitter information. Then type “innochat” in the box at the top of the page where they ask for the hashtag. Prior to the start of the chat, a message is posted on the Innochat website that frames the topic that will be discussed and the questions that will be posed by the moderator.

Below is a sample framing message followed by a portion of the chat that occurred as a result. Please note: the chat below is in reverse chronological order because that’s how tweets are captured; after you read the framing message, go to the end of the tweets and read from there to see how the conversation actually flowed.



The screenshot shows the Innochat website interface. At the top, there is an orange header with the Innochat logo (a yellow square with a red hash symbol) and the text "# Innochat Talking about innovation". To the right of the logo are links for "create an account", "login", and "home". Below the header is a navigation bar with links for "innochats", "discussion", "#innochat tweets", "calendar", "members", and "about".

On the left side, there is a "Who's online" section with the text "There are currently 0 users and 0 guests online.".

On the right side, there is a chat topic titled "Where are the Innovation Best Sellers?". Below the title is a profile picture of a man and the text "Submitted by DrewCM on July 07, 2012 - 8:08am". Below the profile picture are links for "in best-sellers", "books", "innovation", "writers", and "writing". At the bottom of the chat topic is the text "Chat Date: Thu, Jul 12, 2012".

Consultant and yes, author, Jeffrey Philips of OVO Innovation moderates this week and poses some questions about the absence of bestsellers on innovation. Take it away Jeffrey...

While the publishing industry is in crisis, and in need of innovation, it continues to turn out “best sellers”. Fiction authors like J.K. Rowling sell hundreds of thousands of books. Even business authors like Jim Collins, who wrote “Good to Great” occasionally contribute a “best seller”. But as we narrow the field to innovation books, a question rises. Where are the innovation “best sellers”? Looking beyond the Innovator’s Dilemma and perhaps Business Model Generation by Osterwalder, are there any innovation “best sellers”? And if not, why not? Is the lack of a best seller due to a disinterested market, a plethora of titles narrowly focused on a specific tool or industry? Terrible writers?

Here are the questions we want to pose, and hopefully answer, during our time together on Innochat:

Assuming, for now, that there are very few innovation best sellers, what are the reasons that few “best sellers” emerge from the hundreds of books written about innovation each year?

If you had to pick one book about innovation that you felt should be a “best seller” and isn’t, what is the book, and why is it “great” in your estimation?

What content or characteristics make a book about innovation important to you? New concepts, new tools, a holistic approach, a completely new perspective, etc

Why, in your estimation, does it seem that so few people read and access the wealth of information about innovation that is available in the books we’ve identified?

Join us July 12th at noon EDT to chat about innovation books and what makes an innovation book a great resource

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sethropp A1: are we missing practical application type books on innovation? vs. theory and studies [#innochat](#) -12:14 PM Jul 12th, 2012



lizmarshall innovation is "loaded" idea-> RT **@ovoinnovation**: **@insitevc** So the argument is that there is nothing to learn, no common ground? **#innochat** -12:14 PM Jul 12th, 2012



ssusman RT **@DrewCM**: RT **@lizmarshall**: A1: from my experience, ALL of the business categories are crowded, so its symptom of larger whole **#innochat** -12:14 PM Jul 12th, 2012



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Hoovers **@ovoinnovation** Good point. Does "innovation" = inventing a new product? Turning a commodity into a new value-added offering...? **#innochat** -12:13 PM Jul 12th, 2012



Paul4innovating RT **@CreativeSage**: **@ovoinnovation** Better: "Blue Ocean Strategy," more intriguing. **#innochat** Perhaps to deep that one!!! -12:13 PM Jul 12th, 2012



CreativeSage I agree, doesn't attract many people. RT **@janetgoldstein** Innovation books can seem like an "academic" discipline - abstract. **#innochat** -12:13 PM Jul 12th, 2012



pamroes RT **@lizmarshall**: **@CreativeSage** great point! Books like Blue Ocean Strategy are more about experience / results of innovation **#innochat** -12:13 PM Jul 12th, 2012



lizmarshall RT **@janetgoldstein**: For years, books on creativity (except for few like Giant Hairball) seemed like they were for specialists. **#innochat** -12:13 PM Jul 12th, 2012



ssusman I would agree! **@ovoinnovation**: **@Hoovers** So perhaps it is a buzzword that people think lack substance? **#innochat** -12:13 PM Jul 12th, 2012



ovoinnovation **@insitevc** So the argument is that there is nothing to learn, no common ground or implementation? **#innochat** -12:13 PM Jul 12th, 2012



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janetgoldstein For years, books on creativity (except for few like Giant Hairball) seemed like they were for specialists. **#innochat** -12:13 PM Jul 12th, 2012



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DrewCM RT **@lizmarshall**: A1: from my experience, ALL of the business categories are crowded, so its symptom of larger whole **#innochat** -12:13 PM Jul 12th, 2012



ssusman **@Hoovers** Yes, I believe the term itself is losing some meaning **#innochat** -12:13 PM Jul 12th, 2012



ovoinnovation **@Hoovers** So perhaps it is a buzzword that people think lack substance? **#innochat** -12:12 PM Jul 12th, 2012



CreativeSage **ovoinnovation** Maybe we should leave the word "innovation" out of title. Better: "Blue Ocean Strategy," more intriguing. **#innochat** -12:12 PM Jul 12th, 2012



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Paul4innovating We all 'cast aroind' and search for what is best for us, read it, adopt it, move on to the next snake oil solution **#innochat** -12:12 PM Jul 12th, 2012



DrewCM As much as it pains me to say it, the writing is only a fraction of the effort required for a book to be successful. **#innochat** -12:12 PM Jul 12th, 2012



JohnWLewis Agree RT **@OBX_Harvey**: Most Innovation books are either how to be creative or process guides. Not a lot of good storytelling. **#innochat** -12:12 PM Jul 12th, 2012



janetgoldstein Innovation books can seem like an "academic" discipline - abstract. **#innochat** -12:12 PM Jul 12th, 2012



thehealthmaven A1 - Perhaps the market is ready for more HOW To maps - going beyond the concepts **#innochat** -12:12 PM Jul 12th, 2012



insitevc A1: because most people view innovation as an individual effort, not systematic..that's why bio's of innovators as best sellers **#innochat** -12:12 PM Jul 12th, 2012



ovoinnovation **@OBX_Harvey** Harvey argues it is an issue of storytelling **#innochat** -12:12 PM Jul 12th, 2012

END NOTES

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SAMPLE CHAPTER FROM

MAKING OPEN INNOVATION WORK

BY STEFAN LINDEGAARD

The innovation ecosystem: When big companies meet small companies in open innovation efforts

Before going further, I think it's important to discuss some of the differences between large and small companies when it comes to open innovation. This will provide a background for understanding the application of social media in various types of open innovation environments.

As mentioned earlier, as more and more big companies embrace open innovation, opportunities are created for small companies to become part of these corporations' open innovation ecosystems, a concept I defined back in the introduction. Right now, there is a lot of talk about becoming the preferred partner of choice within innovation ecosystems and thus grabbing innovation leadership positions. Many are still in play, but they are being locked down fast and social media present a way to help do this. Corporations need to understand this.

Corporations taking the lead in open innovation are hoping to gain a competitive advantage as they will get access to a more diverse inflow of opportunities, which can lead to faster and better innovation. Specifically, as they look to bring smaller companies within the orbit of their open innovation programs, corporations understand that small companies bring these advantages to the table:

- Small companies are often at the leading edge of breakthrough or disruptive innovation. Breakthrough innovation—that is, innovation with potential to be a real game changer—can be exceedingly hard to achieve in a large, bureaucratic organization where people work in silos, have their own turf to protect, and are wedded to the status

quo. In contrast, entrepreneurial companies are often founded based on a breakthrough idea that the founders are passionate about and deeply committed to. They may lack the resources to bring this breakthrough to market, however, so they need the resources the larger company can provide.

- Small companies can take risks that large companies can't afford to take. Bigger entities have to protect and defend their established core business operations, so the price of failure for the small, agile start-up is significantly less than that of a large corporation. At this level, people tend to embrace risk, while the larger companies may have cultures that don't support risk taking at all.

- Smaller companies are often closer to the markets they serve than large corporations are to their markets. As a result, small companies can be effective in helping large companies obtain a better grasp of changing needs within a market and better insights into innovations that might meet those needs. Smaller companies may also have developed ties with submarkets that corporations have not been able to reach. This again offers more opportunities for innovation.

- Smaller companies are often more agile than large corporations. The approach and mindset of those operating in small businesses can provide a breath of fresh air to large corporations that are set in their ways, bound by tradition and afraid of change. Innovation requires agility, something many large corporations lack and many small companies have in abundance.

Challenges Abound

While working with small companies has strong benefits, it is not without its challenges for large organizations. Open innovation is a paradigm shift in which companies must become much better at combining internal and external resources in their innovation process and acting on the opportunities this creates.

If you want to bring external partners into your innovation process, these partners expect you to have your own house in order. If you fail to work efficiently with these partners, nothing happens in terms of outcome. Even worse, the word spreads that you are not a good innovation partner and thus you will have a harder time attracting future partners.

Some large companies believe that if they just embrace open innovation, then all their internal innovation issues will be solved. This will not happen. Open innovation is not a holy grail. Open innovation is very much about managing change. If a company can handle the change process related to implementing open innovation, then they will have learned valuable lessons that can be used in change management situations. In

the current and future business climate, I think everyone should appreciate working in an organization that is agile and prepared for changes.

Often, the biggest enemy of innovation is the company itself as it begins to focus more on its own needs rather than the needs of the market. When you begin to innovate with partners, you will see that these partners either focus on their own needs—and then innovation will definitely fail—or you will see that they come together and funnel their resources toward a market need. If the latter happens, then you have a great chance to succeed with innovation. Pressure from external partners can shift awareness from internal needs to market needs and this move can be helpful beyond the innovation process.

Open innovation can bring along new organizational structures. As open innovation becomes the way to innovate, the functional/divisional or matrix organizational structures as we know them today will change—or perhaps even break down. This can be extremely scary for the lovers of the status quo within a corporation. Resistance may be steep within such organizations unless leadership plays a strong role in leading such change.

The increased number of people involved in open innovation provides new ways for people to connect and therefore new ways to be creative. This can also increase the level of complexity.

Culture and Mindset

Anyone who has worked for both a large corporation and a small, entrepreneurial company can talk endlessly about the differences in the two cultures and mindsets. In response to a blog post I'd written about why small companies should embrace open innovation, Russ Conser from Shell's GameChanger program had some interesting comments about the cultural differences. Here's what he said:

Stefan, as is often the case, you're on the right track—SMEs need big companies as much as big companies need SMEs. The trouble is that it's a classic example of one being from Venus and the other from Mars. Precisely because they're different and they need each other, they often come into conflict early in a relationship. Us big-company guys still have plenty to learn about how to work with SMEs without killing the very things that make them valuable (e.g. creativity, flexibility). Meanwhile, SMEs also need to learn to have realistic expectations of what they have and what they still need if they want to make their ideas real—much of which can often be found in the hands of the corporate types (e.g. financial resources, complementary skills, or practical context).

My experience is that most often there's more than enough value at the intersection for both to be happy with the gains of a relationship, as long as they don't kill each other in the process of creating it.

Here's another comment worth noting on culture from an anonymous poster in response to one of my blog posts: "Smaller firms tend to be younger and more entrepreneurial. The 'can do' spirit of innovation is often alive and well and a key part of their DNA (think Silicon Valley start-ups vs. Fortune 500s. As firms grow, this creative energy gets slowly squeezed out as the corporate focus turns to quarterly performance (vs. a longer-term view), stable operations (vs. disruptive innovations), and productivity improvements (vs. investing in growth)."

Stark Differences

The differences that can cause problems when big and small companies come together for open innovation can be stark. Let's look at a few that impact the way the two types of organizations approach open innovation:

- **Speed of decision-making:** Large corporations, with their abundance of silos and bureaucratic levels, often require considerable time to make decisions. Analysis paralysis is not uncommon, with decisions that seem simple to an outsider taking ages to make. In contrast, in smaller organizations, decision making can be fairly rapid.

Thus, when these two types of organizations come together in open innovation, the smaller company may find the speed of progress frustratingly slow. At the same time, the people from the large corporation may be troubled by the constant pleas of the smaller partner to move faster. Both sides may be left feeling that the other side just doesn't understand them.

Intuit, a California-based maker of financial software, is one corporation that has worked hard to overcome this problem. They understand that the reply time they can offer potential partners in their ecosystems is critical. As a result of this understanding, they try to provide a clear go/no-go within just forty-eight hours when they stage their Entrepreneur Days. This can take weeks or even months for many other companies.

- **Attitude toward risk:** How large and small companies feel about risk-taking can vary considerably. Particularly where the smaller company is a start-up or still in a fast-growth stage, the organization at all levels may wholly embrace risk because, at this point, the whole business is a risk. However, in a large corporation that has been around for decades, people may be far more vested in keeping things as they've always been than they are in trying something new and potentially risky. Here again, this difference can lead to frustration on both sides when two such organizations engage in an open innovation partnership.

Here's another aspect of this difference as described by Bengt Järrehult, director of Innovation and Knowledge Management at SCA Hygiene Products and SCA Packaging, in a comment to my blog post on this topic: "The biggest difference as I see it is the balance between the defensive and offensive behavior. The bigger (and often the more mature) the company is, the more the company has to lose, and as 'losses loom larger than gains' (Tversky & Kahneman) the behavior of the larger, mature company gets more defensive and hence the relative focus on more potentially breakthrough innovations versus continuous improvements decreases."

Obviously, if a large company and its smaller open innovation partner differ in terms of what type of innovation they should seek—breakthrough versus incremental—this can cause their partnership to fail. This is why clarity of purpose from the get-go is so important.

Edward Thompson, an advisor in the telecommunications industry, also weighed in on the topic of risk:

"Big companies certainly can innovate. They have the required resources and deep talent pools. However, big companies are often very risk adverse, so it's difficult to get a particular business unit or division to adopt an innovation that is not exactly in their market or technology sweet spot. True innovation often requires a company to embrace a totally new market space. Big companies are very reluctant to take any sort of risk associated with entering a new field."

- **Allocation of resources:** In a small company, every penny counts. Resources, which can be scarce, are allocated based almost solely on whether they will boost the bottom line. This bottom line focus may not be so distinct in a larger corporation. With more abundant resources—at least in comparison to smaller companies—people in corporations may be relatively free spenders, although this is certainly not always the case and hasn't been in recent years as the recession has taken its toll. However, the small company may expect its larger partner to foot every bill and may not understand that even big companies have their limits. The result of such a relationship can be similar to problems that arise when two people with very different attitudes toward money and spending get married.

- **Who understands the business model and who manages it:** Here's an astute comment Michael Lachapelle, a Canadian expert on business design and business models, made in response to a blog I wrote about the differences between large and small companies when it comes to innovation:

One of the considerations in driving innovation is who understands the business model of the company. In a small company it is much more likely that everyone in

the company understands how the company works and how the individual parts will combine in the business model to create and deliver value to the customer/client. Larger corporations tend to be much more fractured, and thus the staff is less likely to understand the whole. In this context innovation affecting the whole company can be a hard, long-term task, as one has to build a common understanding and mobilize around very different views of the company. Innovation is more likely to occur at business or product line level, then at a whole of company level.

A second consideration is who manages the business model. In big corporations, people feel responsible for only their portion, or sphere, of control. This control is manifested in being able to influence decisions or budgets, or being able to define meaning within the context of the business. There are only a few people who “control” the whole organization, so innovation of the company has to be managed and driven by the senior executives. The more “distributed” control over the key areas of decisions, budgets, and meaning, the more difficult it is to drive innovation.

Both of Michael’s points can lead to frustration for smaller companies when they try to engage with larger corporations in open innovation. Small companies may sense a lack of passion among corporate employees who don’t understand the whole business model, and the layering of control in corporations will often lead to slow decision making, as already mentioned.

- **Processes or lack thereof:** Many small companies don’t yet have defined processes in place to drive innovation forward. This is one of the areas where partnering with a larger company can really benefit them. Ironically, however, as someone pointed out in a comment on my blog, while “in theory, this dimension should go to the big guys who tend to take the time and effort to embed systematic processes,” this isn’t always the advantage that it might first at seem. He continued, “I’m a big believer that innovation can benefit from process, tools, and governance and is not just a matter of divine inspiration—although that helps too! However, in practice, not many big firms have GOOD radical/blue ocean innovation processes. They tend to be good at incremental innovation (smaller-scale product improvements or extensions) because (1) this is their bread and butter and so they have dedicated resources focused on this, and (2) radical innovation is high risk and highly disruptive to a large organization from a resource, capital, and management focus perspective.”

- **Following rules versus breaking rules:** Mark Palmer, a communication advisor, added that “big companies preoccupy themselves with competitors, the market, and the rules. Small companies are more inclined to make up new rules.” This relates to some of the benefits of working with small companies as mentioned earlier. Of course, rules should be followed, but sometimes they do need to be bend—or perhaps even be broken—to make real progress.

Those large firms that are still strong innovators (Google, Apple, P&G, 3M, etc.) tend to be the exceptions that have continued to foster a great culture of innovation while also embedding strong processes that help nurture breakthrough ideas in the challenging confines of large, bureaucratic structures.

At an open innovation conference I attended, Cisco said it is trying to move from a culture of competition to a culture of shared goals, a move largely driven by a desire to innovate with external partners. Open innovation has the potential to change much-outdated corporate thinking beyond the “not-invented-here” culture.

As you work with external partners, you are exposed to other ways of getting things done. You bring diverse thinking into the organization. This can make you consider whether your current practices are good enough, or whether you have to adjust these or perhaps even develop new next practices for your organization. An example: you get new perspectives on collaboration. Perhaps this can inspire to better interaction and collaboration between business units.

That’s said, large companies have always used their size and power to get things their way. This is no different with open innovation. So I am not surprised when I listen to people from smaller companies complain about the behaviors of large companies when they start working together.

Such behaviors were confirmed by several large companies at an Open Innovation Summit I attended some time ago. There, executives from large corporations openly shared stories on how they had used their size and corporate power to get deals that favored themselves, and they even admitted that some deals could be so lopsided that they could discourage other smaller companies from working with them. Only half-joking, they also said that their view of win-win situations goes like this: “We win a lot. You win a little.” Or, “Win-win means that we get to kick the little guy twice.”

At least some larger companies are aware of this situation. I predict that as more large and small companies innovate together, larger companies will realize they can no longer afford to tarnish their reputation by behaving badly in such partnerships. They’ll begin to understand how important it is to be perceived as the preferred partner within their industry.

• **Differing definitions of innovation:** In response to a blog post I wrote about the differences between large and small companies, Jackie Hutter, CEO and IP strategist at Evgentech, a company with patent pending technology that greatly improves battery charging speed, made the following insightful comment based on her experience:

One thing I have noticed with my own company is that there can be a real disconnect

between the meaning of “innovation” between small and large companies. Some—perhaps most—large companies view innovation as a “super” product development team. These are the folks who look for breakthroughs, but these so-called “breakthroughs” are expected to slot into an existing product or project at the company. In contrast, at a start-up the “innovation” is their whole business, and developed wholly independently of the products and timelines of the large company.

We have already seen this when a Fortune 500 company selected us through an open innovation portal. The company was supposedly looking for innovations like our technology, but they effectively wanted it to fit into their existing infrastructure without much modification. They didn’t see that our technology could change the game for them because they were playing a different game than us. But even if they had seen that we were different, they wouldn’t have cared because they liked the game they were playing.

Fortunately, we were able to see that this company was not going to be a good partner, and we didn’t burn much time on them and moved on quickly. (They seemed a bit surprised when we effectively told them, “we’re not that into you.”) We learned much from this experience, and have modified our potential partner intake to specify “strong innovation mindset” because we recognize that unless a company is already wired to understand the opportunities that our technology will provide their company, they have a low likelihood of being successful in getting to market with our disruptive technology. And, if they aren’t successful, we won’t get paid.

Key Chapter Takeaways

- Small companies bring these advantages to corporations that are striving to become preferred partners of choice within innovation ecosystems: (1) Small companies often are at the leading edge of breakthrough or disruptive innovation. (2) Small companies can take risks that large companies can’t afford to take because the bigger entities have to protect and defend their established core business operations. (3) Smaller companies are often closer to the markets they serve than large corporations are to their markets. (4) The approach and mindset of those operating in small businesses can provide a breath of fresh air to large corporations.
- Open innovation is a paradigm shift in which companies must become much better at combining internal and external resources in their innovation process and act on the opportunities this creates.
- If you want to bring in external partners to your innovation process, these partners expect you to have your own house in order. Adapting open innovation will not eliminate your internal innovation problems; you need to solve those first.

- When you begin to innovate with partners, you will see that these partners either focus on their own needs—and then innovation will definitely fail—or you will see that they come together and funnel their resources toward a market need. If the latter happens, then you have a great chance to succeed with innovation.
- When small and large companies intersect for open innovation, they need to overcome differences that may include speed of decision making, attitudes toward risk, willingness to develop new rules instead of following the old ones, allocation of resources, definitions of innovation, and varying processes or a lack of processes. They also need to be clear about each other's business model and who is in charge.
- As you work with external partners, you are exposed to other ways of getting things done. You bring diverse thinking into the organization. This can make you consider whether your current practices are good enough, or whether you have to adjust these or perhaps even develop new next practices for your organization.
- Large companies that hope to succeed in becoming partners of choice must do their best not to use their size to get their way all the time in open innovation partnerships.

Making Open Innovation Work is available through Amazon.com in paperback or you can download a free PDF version on 15inno.com.

ABOUT THE AUTHOR

Stefan Lindegaard is an author, speaker and strategic advisor. His focus on the topics of open innovation, social media tools and intrapreneurship has propelled him into being a trusted advisor to many large corporations. He believes open innovation requires a global perspective and he has given talks and worked with companies on open innovation in Europe, South America, the United States, and Asia.

Stefan Lindegaard has written three books: *Social Media for Corporate Innovators & Entrepreneurs: Add Power to Your Innovation Efforts* (August 2012); *Making Open Innovation Work* (Oct 2011); and *The Open Innovation Revolution* (May 2010). His blog is a globally recognized destination on open innovation. You can read further at www.15inno.com.