
QUACK

SUMMARY: MASTER'S THESIS

PROTOTYPING INNOVATION **INTEGRATE AND ACCELERATE CHANGE MANAGEMENT**

1. SUMMARY

1.1. INNOVATION

In this thesis, I have tried to promote a new method for cultivating innovation in established companies such as Pixelpark, one of Germany's largest interactive service provider of creative and value-enhancing communication and eBusiness solutions, where I work as Director (VP) for Innovation. Pixelpark is a medium size company and as such it combines many elements which are typical for small start-up companies but also many elements inherent in large companies.

I started the paper by juxtaposing the views of Gorman on ideas and innovation and views of Thoreau on „idea hunts“ within the business organization. I wanted to understand what makes ideas special and what makes the process of finding ideas so difficult. As Gorman notes, new ideas are everywhere, but few companies can successfully capture and materialize those ideas and turn them into innovation. Therefore, it is not surprising that inventions are rare and coveted accomplishments, which benefit not only society but also their creators.

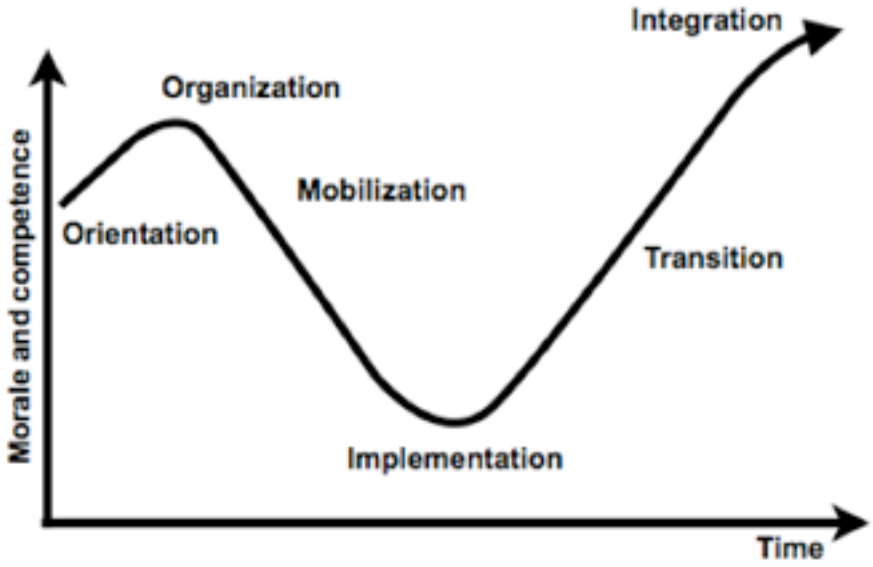
At the same time, Thoreau notes that specializing in innovation promotion is becoming more and more popular among established (medium- and large-size) companies, which build their own Innovation Labs, to which they channel substantial financial and human resources. Such projects are expected to yield high ROI (return on investment), especially when a project is marketed well and sold. However, there are many evident examples, which indicate that innovation cannot always be accomplished effectively, even by aspirational companies, who invest in it. Some examples include Blockbuster, Dell, Kodak and Sony, among others.

Subsequently, I explored the organization of companies in order to understand why some companies do not succeed as innovators. It proved that larger companies face the challenge of coping with their own structural organizations, which are inherently adverse to innovation. They are rigid and command established workflows, which contradict the very principles on which innovation thrives (in start-ups for example) – flexibility, creativity, interpersonal relations and freedom. Thus, not surprisingly, many valuable ideas are „killed“ prematurely, even by companies, which cherish innovation dearly.

1.2. CHANGE MANAGEMENT H2

Is leadership quintessential for crating innovation? This was the question, which I wanted to answer in this section of the paper, with a view to my own company, Pixelpark. In this section, I explored the roots of successful change management and compared it to the reality in Pixelpark.

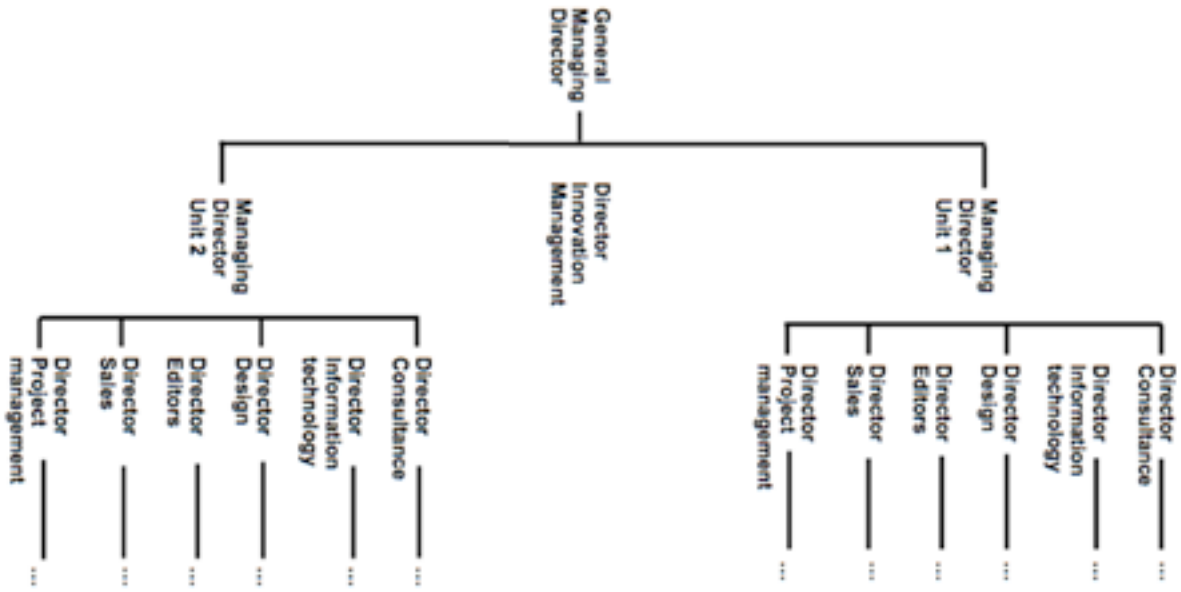
1.2.1.SUCCESSFUL CHANGE PROCESS ACCORDING TO GREEN[1]:



Source: Axel Quack | Change process according to Green

As Green contends, a company has to go through six stages - Orientation, Organization, Mobilization, Implementation, Transition, and Integration – in order to carry out a successful change management, therefore, I tested them against the projected change management at Pixelpark, and I determined that a number of actions are imperative. To illustrate, by inferring from the framework of the company, many of the company‘s resources for managing innovation have been underutilized, as evident from the gap between what managers could contributed to innovation and what they contributed in reality. For example, I realize that it would be far more effective, if there is only one Director Innovation Strategy which overhauls the entire innovation strategy in the company.

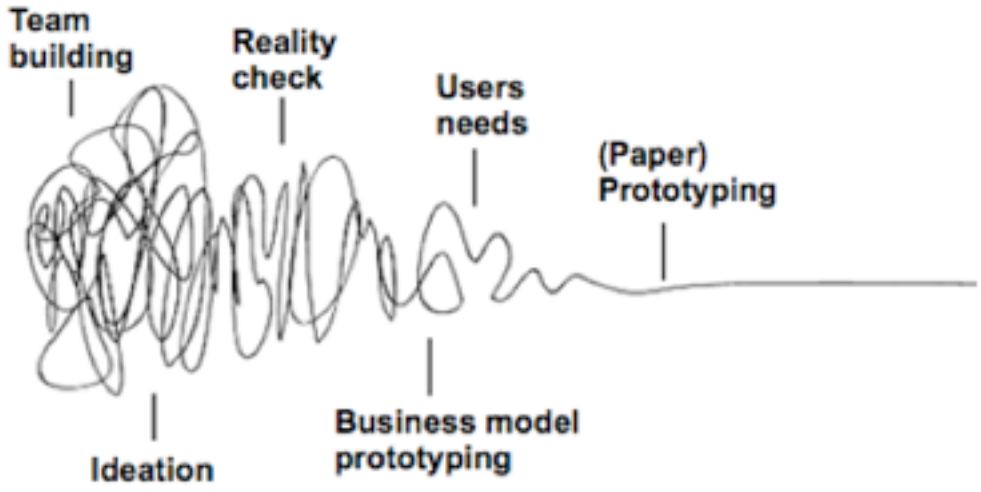
1 cf. Green, M. (2007): Change Management Masterclass – A Step-by-step Guide to Successful Change Management. London and Philadelphia, pp. 46.



Source: Axel Quack (October 2010) | Organizational structure since March 2011

1.3. ACCELERATION

Studying acceleration of innovation was necessary with a view to incentivizing the employees of Pixelpark to innovate. To learn if we could „accelerate“ the process of innovation, I and my teammates decided to do a number of experiments over the course of one year at Pixelpark. In particular, we conducted a number of tests within the company‘s existing structure, where employees were asked to take part in different games, which tested whether different group dynamics would accelerate the process of innovation in the company. We called our approach „Small Group Methods with Gamestorming Techniques“ and focused on 5 elements, which we deemed, quintessential for carrying out innovation. These included: team building, ideation, reality check, business model prototyping, users’ needs, (paper) prototyping.



Source: Axel Quack, visual adaption from http://bit.ly/LpKc14 [as of 20.06.2012] | Small Group Method with Gamestorming technique

Employees‘ involvement took place largely as participation in games.

Our collective experience motivated use to focus on the need for a better „mobilization“ of innovative ideas among employees in existing structures. In most cases, the problem stemmed from the absence of a mechanism which promoted ideas and voiced them to a larger audience for critique or acceptance. Therefore, I and my teammates, decided to integrate better innovation channels, including team-building and ideation games such as Low-Tech Social Network and Heuristic Ideation Technique, and test, how they would impact „mobilization“. For example, in the case of, Low-Tech Social Network, our expectation was that the initial network creation will be somewhat chaotic and messy, but over the course of time, participants may browse the network and get more involved in it. In the case of Heuristic Ideation Technique, the process of ideation seemed hard at first, as expected, because some combinations of ideas seemed absurd and hard to grasp, but later, all ideas, became more and more worth examining. After looking across a matrix containing different combinations of ideas, a group then developed fast prototypes or sketches that explore the possibilities.

Another game, which we played, was NUF Test. It aimed to make a „reality check“ of all collected ideas and observe which of them were tangible. The goal of this game was to check big ideas against the realities they will face after the meeting is over. It was not intended to „kill“ good ideas, but to identify possible weak points so that they can be shaped and improved.

And lastly, (paper) prototyping became the key element of this paper, because it seemed to amalgamate all previous approaches for idea generation. (Paper) prototyping was a method of interface engineering, which contributes to other elements of innovation creation, including team-building, design and testing, communication, etc.

Subsequently, conducting empirical testing through games proved particularly useful.

To illustrate, the teams which initiated the innovation experiment at Pixelpark not only achieved all the company's KPIs (Key performance Indicators) after only 8 months, but it also outperformed its expectations twice. For example, (paper) prototyping has proven to be an engaging, effective, and yet very cost efficient method for conducting a variation of usability testing.

Furthermore, the team tripled its set financial goals and increased the trust in the project by the board and managing directors. Last but not least, even though the change process had a deep impact on the labor dynamic in the company as well, because it threatened to alter the permanence of many employees' existing duties, employees adjusted fast to the new reality and appreciate it. As evident, a survey conducted among Pixelpark employees, discovered that the satisfaction among employees raised.

1.4. HACKING

It is always questionable, if the formal structure of management can observe all elements needed for a successful innovation strategy. Therefore, the last section of the paper focused on „unauthorized" innovation, also known as „hacking". For example, the paper explores whether or not it is necessary to break the rules,especially in cumbersome organizations, where the workflows are firmly established and not favorable to flexibility, or is it completely unacceptable. After exploring a number of poignant examples, it was determined that „hacking" could have a beneficial effect. Indeed, the paper brings up the idea that there is a difference between „soft" and „hard" hacks and benevolent „hacking" can indeed foster innovation, which should be subsequently communicated to the formal channels of authority in the organization such as Director Innovation.

1.5. CONCLUSION

The paper concludes that re-organization of medium-size companies, which want to be effective innovators, have to be changed. In most cases, this can be achieved through structural changes such as assigning more responsibilities to the Director Innovation Management, so that he has a better opportunity to streamline the innovation process in the organization. At the same time, the rigidity of the established workflows within companies entails that companies provide more opportunities for flexible idea exchange, idea fostering and idea adoption. The paper recommends more studies in the area and welcomes research on large-size company dynamics.