Digital Strategies for Business Transformation (Online)

Module 6: Domain 4: Innovation

Quick Reference Guide

Learning Outcomes

1. Formulate an experiment to help you address a business decision.
2. Describe an example of failing smart.
3. Describe lessons learned from applying experimentation to your organization.

Experimentation

Innovation in the digital era has shifted from planning to learning through experimentation.

Experimentation is an iterative process of learning what does and what does not work. It involves rapid testing and learning.

New streams of thoughts that have experimentation at their core

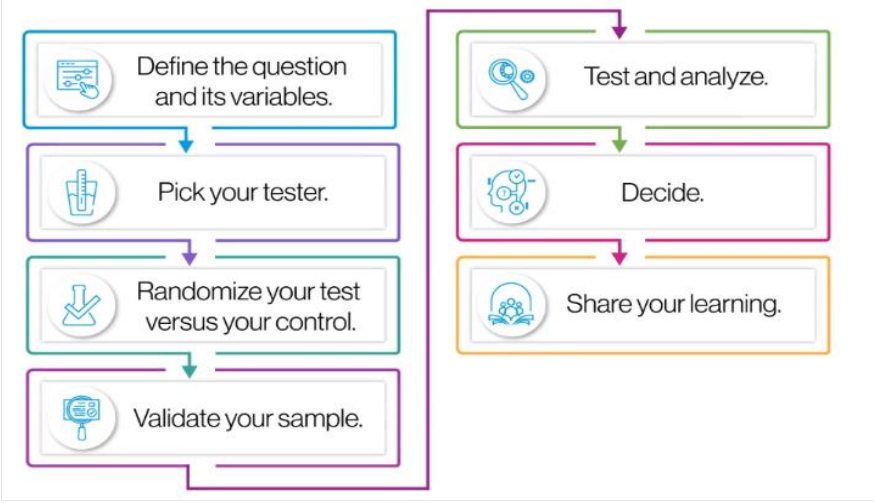
- Lean startup
- Agile software development
- Design thinking
- Product management

Types of Experimentation

Convergent experimentation

- This includes A/B and multivariate testing
- It is used in user design research and measuring marketing campaign response.

The convergent experimental process



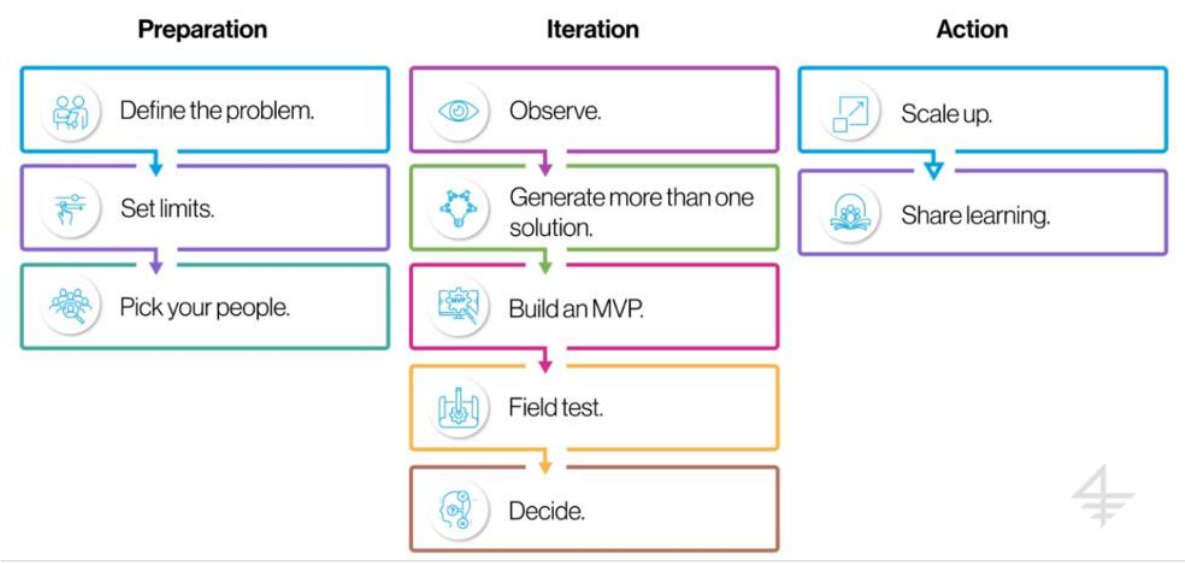
When is convergent experimentation used

- In the later stages of innovation
- To optimize existing business processes
- To answer a precisely defined question
- To make quantitative predictions

Divergent experimentation

This uses an iterative process of designing, prototyping, and observing how customers are using or not using an experience, product, or service.

The divergent experimental method



The iterative process in divergent experimentation

- Lesser to greater fidelity
  - This suggests that the early version don't resemble the ultimate solution at all.
  - However, as time passes, they begin to resemble a fully usable product.
- Lesser to greater completeness
  - The process starts with testing one piece of the ultimate solution.
  - Testing multiple aspects in this way gradually leads to the construction of a complete solution.

The MVP (Minimal Viable Product)

- An MVP is a bare-bones creation with just enough features to allow for useful feedback from early adopters
- MVPs help to gain insights while minimising the expenditure of time and money
- MVP = Minimal cost + maximum learning

When is divergent experimentation used:

- In the early stages of innovation

- To generate and explore new ideas
- To pose an unknown set of questions
- To test assumptions and probe new opportunities

The six principles of experimentation

- Fall in love with the problem and not the solution
- Learn early
- Test your assumptions
- Focus on the speed of learning
- Measure what matters now
- Fail smart

The four parts of failing smart are:

- Did you learn from the failed test?
- Did you apply that learning to change your strategy?
- Did you share your learning with others?
- Did you fail as early and as cheaply as possible?

How to overcome organizational challenges

- Reflect on how decisions are made in your own organization.
- Look beyond the leadership, and think about how you can build a test-and-learn culture at every level of the organization.
- Make a practice of celebrating smart failures.