

WEEK - 3

EXPERIMENTATION IN INNOVATION MANAGEMENT

INTRO

1. We need participation of various types of people for success of innovation programs
2. People are sharing their ideas and there is proper reward system

According to Nassim Taleb

3. LEARN TO FAIL WITH PRIDE,
COMFORT AND PLEASURE.
 4. Failure is necessary, we learn from failure. It gives us experience.
 5. There should be balance between success and failure.
 6. i.e there is need of experimentation.
 7. In experimentation, there is no failure. It is either learning or success.
- Experimentation
8. An experiment is a planned activity to validate one or more assumptions of an idea.
 9. Assumptions: Eg: Dada saheb Phalke made an assumption that people like movies based on mythological characters. To prove it correct or wrong, he made movies i.e. experimented.
 10. Eg: Charging users based on attachment size on email, will the customers pay for it? People might use it if we provide other additional benefits like security.

TYPES OF ASSUMPTIONS TO BE VALIDATED

1. NEED: whether there is need of said product or not. Eg. Paid email in presence of free email.
2. TECHNICAL: Do you have enough technical skills or know-how regarding the above said product, like cyber security.
3. PRODUCTION: to have enough servers to commercialise email services.
4. COMMERCIAL: how will you make money/ generate revenue from this product.

OUTCOME OF AN EXPERIMENT

1. Success: Not an outcome
2. Failure: Not an outcome
3. Learning: Only outcome of an experiment. You always learn from an experiment.
4. • KEY IS TO DESIGN A LOW COST EXPERIMENT
5. Less cost of failure gives more motivation to take one more step.
6. FAILURE FALLACY is the main villain in experimentation.
7. Failure fallacy or fear of failure.

IDEA CHAMPIONSHIP

1. For a good incubation we need to have
Structure of incubation
Effective review process
2. Role of champion: person coming with idea is not able to move his idea forward due to various issues like personality. So, here we require a champion to bring forward the idea in such a way that it influences people. Eg. Anna Hazare (brought forward the idea of JAN-LOKPAL and corruption free India), MK Gandhi (idea of non-violence, salt march) (He became idea champion)
3. Who are champions?

Nazare (brought forward the idea of JAN-LOKAL and corruption free India),
MK Gandhi (idea of non-violence, salt march) (He became idea champion)

3. Who are champions?

- They open new channels for the idea to move forward.

- Champions shape the path for the elephant.

4. Champions are like riders.

5. For MK Gandhi, the elephant or power was public. He showed path of non-violence to public.

6. Role of champion is to think new ways to propagate idea.

According to Schumpeter,

the father of innovation,

“Resistance to Change is the main villain in the diffusion of innovations”.

7. Resistance to change or to change a habit is very difficult.

8. Champions make our idea stick, or they make the idea remain permanently in our minds.

9. Eg. The idea of non-violence is so sticky that now-a-days also, we believe in peaceful protests.

10. What make our idea sticky?

Concrete: Idea should be solid and gives a complete picture/ holistic It should present end to end result.

Curiosity: Innovation starts with curiosity, Eg. MK Gandhi travelled on foot for salt march and everyone was curious to know what will be the next step. Idea champions are experts in creating curiosity

Credible: There should be credibility to path so that public can blindly follow you. Eg. A company offers mobile in 250 Rs. No one will believe it.

11. Eg. Construction of bridge in Bihar that connects Bihar and UP. The bridge was to be partly funded by railways, Bihar gov and UP gov. The minister proposed a Rail cum road bridge to be used for both railways and general commute. This idea was very appealing and strong. The calculated economic benefits of both states so, both CMs agreed for it. Credibility of railways minister helped execute the idea.

PARTICIPATION FOR INNOVATION

1. Innovation is structured.

2. Innovation is a team activity

3. How to develop participation for effective innovation?

Innovation is a team Activity.

It requires support of different kind from team members.

4. Diversity is important in team for innovation

5. Eg. MBA Class, there are students from Engineering / Humanities/ Commerce students, a better solution is obtained due to diversity.

6. Important elements for participation:

Role Model: Can be both inside and outside. You yourself are your own role-model.

Important Elements of Participative Innovation

- Role Model : **People who inspire others. who**

Important Elements of Participative Innovation

- Role Model : People who inspire others, who then feel, 'If he/she can do it, why can't I?'

Role Model set targets for individuals. We always try to imitate our role models. Role models inside the organisation are more inspiring.

Community of Practice: Place where we hangout

- Community of practice: Places where practitioners 'hang out', learn from each other and together help others outside this community.

Earlier there were clubs. People share ideas, seniors share experience and mentor the youth.

Quality Circle is a Japanese technique.

Eg. Indian Science Congress: Provide platform for scientists to engage and discuss with other scientists

Informal activities for encouraging

Innovation Catalyst: Speed up innovation

- Innovation catalysts: People who encourage idea givers and offer constructive inputs.

They tell the trend, Eg, Thai food over any other type of food.

Reward and Recognition:

- Rewards and recognition: Mechanisms through which idea givers get appreciated.

Eg. Maruti : Rs 100 for each idea later recognition for good ideas by having lunch with family and boss.

Motivating other employee

Creating internal heroes

7. Eg new research scholar in university

Role Model: One who publishes papers in reputed journal

Community of practice: Reputed conferences and soc

Innovation Catalyst: Guide/ Supervisor

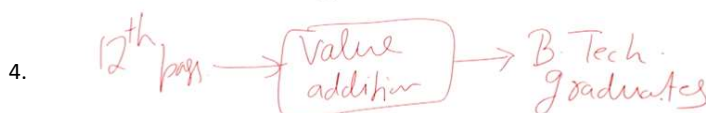
Reward: Publication of research paper

CO-CREATION FOR INNOVATION

1. Creation of value is central idea.

The creation of value is the core purpose and central process of economic exchange.

3. Eg College adds value to 12th pass students and makes them graduates.



5. There are two different meaning of value

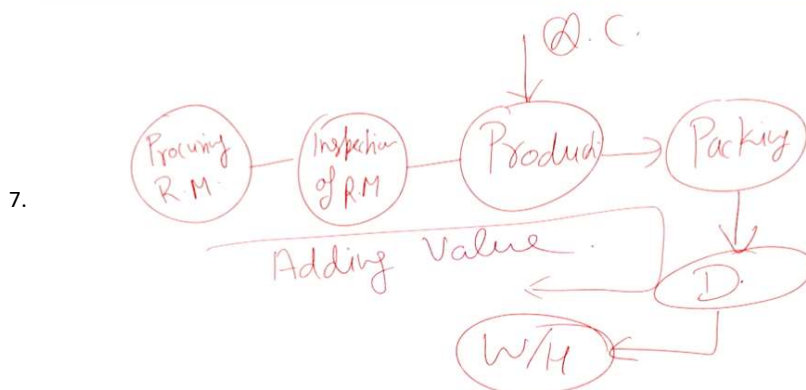
5. There are two different meaning of value

Value in exchange

Value in use

G-D (Goods-Dominant) Logic

- Value- in-exchange meaning of Value.
- In G-D logic, value is created (manufactured) by the firm and distributed in the market, usually through exchange of goods and money.
- The roles of “producers” and “consumers” are distinct, and value creation is often thought of as a series of activities performed by the firm.



8. Here creator of value is organization

- According to G-D logic, the firm’s production process creates value for customers through the manufacturing and delivery of a product.

10. Exchange process is imp



12. Meaning of value is changed in next one

S-D (Service-Dominant) Logic

- **Value-in-use** meaning of value
- In S-D logic, the roles of producers and consumers are not distinct, meaning that value is always co-created, jointly and reciprocally, in interactions among providers and beneficiaries through the integration of resources and application of competences.



14. Co creation = SD Logic

- When customers and manufacturers co-create value: manufacturers applying their knowledge and skills in the production and branding of the good, and customers applying their knowledge and skills in the use of it in the context of their own lives.

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In S-D logic.

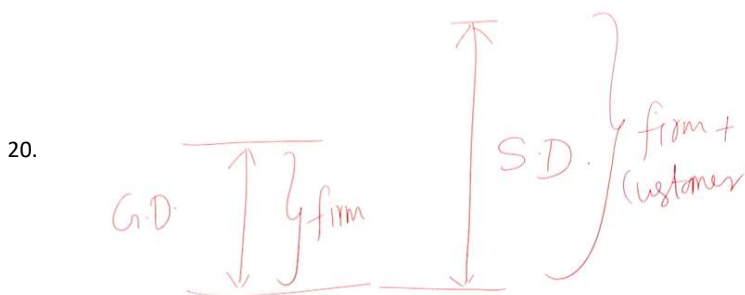
16. • Value is co-created by a reciprocal and mutually beneficial relationship.

What is Co creation ?

17. •Co-creation is building value based on experiences through engagement platforms that expand ecosystems.
•Harnessing the creativity of customers and employees is the heart of co-creation.

18. People want to be engaged in meaningful, creative, and transformative ways.

19. Level of value increases in co-creation



21. To develop environment for co-creation, we need enabling environment that can be developed by engagement of customers.
22. It can be increased using social media.
23. Scope of co-creation in India Eg. Rural development, providers are sitting in AC rooms and do not know ground reality
24. Bottom of pyramid term by CK Prahalad, says that there is fortune for marketers at the bottom of pyramid i.e. the people below poverty line. But this fortune can only be exploited if we go for co-creation of value.
25. Another important area is service sector.

PROTOTYPING TO INCUBATION

1. Takeaways from experimentation module:
Experiments are neither success nor failure they are only learning
To design low cost experiments
To think innovative assumptions, knowledge about customer/revenue etc
2. After experimentation is incubation: Incubation is stimulated real world environment.

According to Kishore Rivani

To design new cost experiments

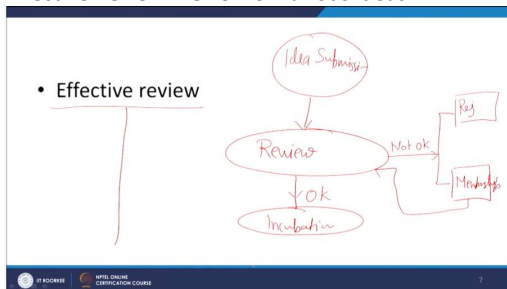
To think innovative assumptions, knowledge about customer/revenue etc

2. After experimentation is incubation: Incubation is stimulated real world environment.

According to Kishore Biyani

3. Prototyping has played an extremely crucial role in everything we have attempted.
4. Prototyping: Developing a prototype of the idea.
5. He also mentions
Back-up plan: If present experiment fails, what next?
Rapid prototyping: If ideas come very fast, ideas are implemented very fast, we need rapid prototyping.
Most suitable example: Patanjali: When conditions are not suitable they go for yoga classes etc, otherwise they indulge in selling or marketing. They keep starting new businesses. All the businesses are interlinked.
6. To move from experimentation state to incubation state, we need appropriate measurement system: Measurement can be how many new products introduced or how many employees gave new ideas, etc. First is focused on profit and present outcome, second is focused on process and development.
7. When stakes are high: When cost of failure is high (not only monetary but otherwise also), Structured and carefully designed experimentation is the only way to go to incubation stage. Eg changing batting order in final match is not feasible unless you have done proper experimentation for the same.
8. For incubation, 2 very important points are
Incubation structure: Eg. HEIs Higher Education Institutes: Most popular like IIMs, IITs have excellent incubators for students faculties and general public. There are private institutes also. Other are independent incubators. Companies also have incubators.
(PWP: Plant within plant)

Effective Review: Review of various ideas.



9. Regular review also takes place in incubation activities along with mentorship.