



Collaborative Innovation



Ideas and solutions developed in isolation, without input from customers or stakeholders, are unlikely to gain traction. It is often not enough for a business to reveal their latest product or service innovation and expect there to be user-demand and market adoption based just on functionality and application.

Users must be confident about benefit realisation before they invest in supplier solutions - whether it be their money, resources or time. Hence one of the most effective ways to accelerate innovation and increase adoption is user-supplier collaboration.

- Suppliers gain competitive advantage from deep user engagement, acquiring information to drive innovation that solves real-world problems.
- Users play an increasing role in accelerating adoption, complementing their own innovation-adoption activities, and benefitting from spillover innovations in supplier markets.

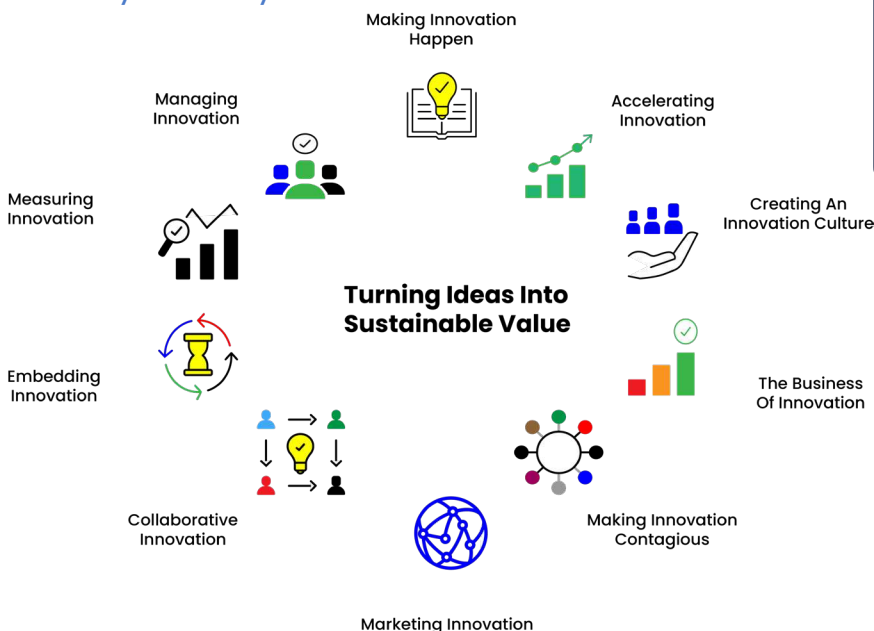
Although these user-supplier interactions can be planned, in a highly connected and complex industry the cycle of innovation between users and suppliers is not just restricted to exclusive 1-2-1 relationships. If an opportunity is significant, the uncontrollable spread of information between users and suppliers in the same industry means related innovations begin to pop up and what were once novel concepts become widely known. In most situations, this innovation spillover between both networks of users and corresponding networks of suppliers is inevitable. This has benefits - wider engagement can also help identify ecosystem superconnectors and early adopters to increase the likelihood of value creation.

This can spur on innovation at a 1-2-1 user-supplier level. Aligning purpose and values minimises adversarial behaviours. Trust increases and more sharing of information and knowledge means suppliers can glean intelligence from customers that helps them create sustainable value.

Creating a collective learning organisation through collaboration can further increase innovation outcomes. Making innovation happen through deep user-supplier collaboration is one means of embedding a business-as-usual innovation system that persists. Collaboration between users and suppliers can be formalised, teams co-located, investment shared, and incentives aligned through agile delivery methodologies, outcomes-based contracts, joint ventures and shared equity.

When faced with complex problems, the 1-2-1 relationship model can be replaced by coherent networks of upstream and downstream partners who may also benefit from successful innovation based on aligned but distinct incentives, specific to the role each partner plays in the value network.

Collaborative Innovation is one of the 10 themes in the Making Innovation Happen (MIH) Framework. The MIH Framework provides a means of changing the way that people, teams and organisations look at innovation, innovation journeys, and how to systemically turn ideas into sustainable value.



The 3 Innovation Enablers

- Building relationships
- Increasing value and purpose alignment
- Creating a business-as-usual innovation system

"Innovation requires the ability to collaborate and share ideas with other people, and to sit down and talk with customers, get their feedback and understand their needs."

Bill Gates



Innovation Enablers



Building relationships

Collaborative relationships between users and suppliers have mutual benefits and increase positive innovation outcomes. Suppliers can gain competitive advantage from user engagement to inform and drive innovation, and users can gain benefits from accelerated adoption and benefits realisation.

Increasing engagement in wider ecosystems means both users and suppliers benefit from spillover innovations. As a shared understanding of problems and their potential solutions spreads across the user-supplier network, contagious innovation and incremental innovation possibilities are created.

Relationships can be formal or informal but ultimately, in both B2B and B2C scenarios, it is customers that shape the market. Collaboration to understand customer wants and needs can accelerate innovation by increasing the certainty of a return on any investment.

Increasing value and purpose alignment

Increasing value and purpose alignment cements relationships. When different organisations align around a shared purpose and its narrative, this fosters collaboration, avoids adversarial behaviours, and increases the likelihood of positive innovation outcomes.

Trust between partners is essential in any collaboration, especially for complex or high-value projects. User-supplier collaboration based on agile delivery and outcomes-based programmes helps increase trust, providing the positive feedback needed to establish a virtuous circle of user-supplier innovation.

In a connected environment where information is formally or informally shared across a connected ecosystem of users and suppliers, a relationship built on value and purpose alignment will lower the risk of supplier switching or substitution.

Creating a business-as-usual innovation system

Collaboration between customers and suppliers is good business practice and collaborative innovation can help embed this to become business-as-usual, creating a culture of innovation that persists beyond any single project, contract, or venture. The mix of people, processes, technology and culture that has created success evolves, establishing a long-lasting recipe for success.

In an environment built on trust, collaborative innovation can also be expanded beyond the 1-2-1 user-supplier relationships. Engaging wider industry ecosystems can create additional shared value. In turn, this helps embed whole-system sustainable innovation at an industry level that, once established, can then change, at an industry level, the interaction of people, processes, technology and culture.

So What?

Organisations do not operate in a vacuum – complex networks of users, suppliers, sponsors, investors and wider society need collaborative innovation. For B2B relationships in complex environments, user-supplier innovation is the best way to ensure innovations deliver sustainable value, by taking into account the user's unique mix of people, process, technology and culture.

Collaboration means sharing ideas and innovation possibilities across a wider network of people so spillover innovations are inevitable. This creates opportunities and threats – innovation can be enhanced by increasing diverse thinking and shared learning with others, but other organisations may be better placed to exploit this situation, matching it to their own capabilities and leapfrogging existing suppliers. Increasing user-supplier value and purpose alignment and creating a shared business-as-usual innovation system can increase the supplier opportunity and reduce its threat.

In reality, suppliers gain a competitive advantage from meaningful user engagement. Diverse thinking is increased, and they can acquire and uncover valuable insights that can then be used to set innovation priorities, allocate resources and make investments. Users also benefit from innovations that address their real challenges. Collaborative innovation solves user's real problems, which may be surprisingly different to those perceived by the user in isolation.

Looking beyond organisations, the world's most innovative industries are those that involve the ecosystem of its users and suppliers to solve problems. This provides the system-level insight needed to understand how innovations can deliver sustainable industry-level value based on the attributes of the industry's own mix of people, processes, technology and culture.