OPEN INNOVATION
YOUR GUIDE TO HARNESING AND MANAGING THE BEST IDEAS
IDEASCALE WHITE PAPER
Open Innovation: Your Guide To Harnessing And Managing The Best Ideas

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Open Innovation

There’s good news and there’s bad news.

The good news is that if you’re tired of feeling left behind because you don’t have a huge R&D budget, if you’re tired of feeling like you’re at a disadvantage because you have so much less money behind you than your competitors, you no longer have to worry. A huge R&D budget is no longer a necessity for transformative innovation.

The bad news is that if you’ve been counting on your big R&D budget to keep your competitors at bay, if you’ve been focusing on big spending as a competitive advantage, it won’t work anymore. A big R&D budget is no longer a barrier to competition.

Today, open innovation is the key to effective research and development, and it dramatically levels the playing field between companies of all sizes. Having a giant budget is nice, but no longer a competitive advantage. Having a small budget means making decisions between projects, but it doesn’t mean innovation is out of reach.

This whitepaper covers:

- Why R&D is no longer a barrier to entry or a strong competitive advantage
- The shift in R&D from internally focused to expansion outside of the department
- The process for implementing open innovation in your organization
- Preparing for the complexity of idea management
- How to harness internal and external ideas using systems
What is Open Innovation?

Open innovation is a paradigm shift that assumes organizations can and should use external ideas as well as internal ideas to determine a path to market and advance technology.

In a nutshell, this means that internal R&D departments are not the only path forward in terms of innovation. While such a department can be helpful, it’s not the determining factor in whether or not your organization can generate new ideas.

Useful knowledge has become widespread due to information technology that includes the internet, smartphones, and a general culture of sharing information on a regular basis. As a result, innovative ideas do not always come from a centralized location within a single business.

A Change in Thinking

This represents a dramatic change. Unfortunately, the ways companies think about innovation hasn’t entirely caught up. With the new technologies available, organizations no longer need to hire and staff R&D departments in order to gain access to bright new thinking.

It’s time for a shift in thinking. With crowdsourcing and proper idea management systems, you can collect ideas both internally and externally without a significant investment of money. Whether you want to collect ideas from your employees or from the public, the right systems can make it simple and cost-effective to innovate.

The Real Differentiator

These changes in the process of innovation don’t mean that there is no longer a competitive advantage involved, of course. There’s simply a new differentiator.

The new competitive advantage is the act of implementation.

Too many companies generate amazing new ideas and never do anything with them. Innovation will always be based on real change, not on ideas alone. Businesses still must take the new ideas and processes that are generated and do the hard work of converting promising concepts into products and services that serve customers.

The real differentiator between companies today is effectively turning new ideas into new processes and products. Doing the work of implementation is now the primary differentiator between success and failure.
Why Open Innovation is an Equalizer

For decades, companies focused on developing innovative ideas internally. People were hired specifically to be part of research and development projects, and an arms-race style mentality developed where major companies tried to outspend each other to develop new ideas.

Small companies were left on the sidelines. Without a budget and without a way to access the thinkers creating new ideas, they were left to take advantage of the leftovers – new ideas after patents had ended, or simply operating 5 – 10 years behind the curve.

Today the story has changed significantly. The internet and information economy have leveled the playing field, and even small startups can get ideas to market using a different process which includes crowdsourcing, crowdfunding, and implementation only after the market is proven.

Because organizations of all sizes can source ideas, test them, and implement the ones that prove useful, open innovation has become an equalizer. Large R&D budgets are no longer a competitive advantage nor is lack of one a hindrance to success.

Due to open innovation, the boundaries between an organization and its environment have become less distinct. The market impacts the company and the company impacts the market at every step of research, development, and deployment.
A Shift in R&D

The shift in research and development has moved R&D from being internally focused to considering all parts of a company’s organization and marketplace. You can have open innovation that goes well beyond the R&D department and engages employees as well, or you can develop innovation initiatives with external groups, or you can combine both with your internal R&D process.

Many companies are already taking advantage of this new paradigm. Here are just a few examples:

- **Employee Open Innovation - Princess Cruises.** Princess Cruises is a leader in worldwide cruising, offering trips that range from three to 114 days. With open innovation from their staff, Princess Cruises is able to gather thousands of new ideas to improve their services, engage more than four thousand employees, and manage it all through one innovation team. You can download the Princess Cruises case study at: [www.ideascale.com/resource/princess-cruises/](http://www.ideascale.com/resource/princess-cruises/)

- **Employee Open Innovation - Dick’s Sporting Goods.** Dick’s Sporting Goods was founded in 1948 and has over 500 stores nationwide. Dick’s was a runner-up in the 2016 Innovation awards. The company stays ahead of the curve when developing new products by using open innovation internally. A “Concept Locker” allows employees to submit product ideas, comment on submitted concepts, and win rewards for participating. You can download the Dick’s Sporting Goods case study at: [www.ideascale.com/resource/2016-innovation-award-runner-up-dicks-sporting-goods/](http://www.ideascale.com/resource/2016-innovation-award-runner-up-dicks-sporting-goods/)

- **External Open Innovation - TechSmith Software.** TechSmith creates screen capture and recording software that is used in over 30 countries and is the developer of the popular program Camtasia. Through open innovation with the public, TechSmith was able to collect hundreds of ideas for improvements and upgrades, collect thousands of votes, and even assist the PR team with responding to inquiries. You can download the TechSmith Software case study at: [www.ideascale.com/resource/techsmith-software/](http://www.ideascale.com/resource/techsmith-software/)
How to Use Open Innovation in Your Organization

To use open innovation in your organization, you first must shift the mindset of the leadership and stakeholders to understand the crowdsourcing mindset. Once everyone is on board, consider implementing systems that help you prepare for the complexity of idea management. You’ll need a way to:

- Collect ideas from a diverse array of sources
- Organize ideas in one location
- View and evaluate new ideas
- Develop ideas
- Get approvals
- Communicate progress

Open innovation isn’t optional, it’s an essential way to bring in new ideas at a significantly lower cost than ever. With the right system, you can gather ideas, process feedback, prepare ideas for implementation, and get funding approval, all within the same platform.

A complete idea management system such as IdeaScale is an ideal solution. With IdeaScale, you will be able to configure your community pre-launch, collect ideas, collect votes and disperse incentives, refine and review ideas, and implement the best new innovations.
The Open Innovation Process

As you plan and execute your open innovation project, you’ll want to move it smoothly through the stages of innovation:

- **Ideate.** In the beginning, you’ll collect ideas and allow your community to browse the ideas, submit new thoughts, and vote. The most popular ideas will rise to the top, allowing you a selection of new processes you will have strong buy-in to implement.

- **Build Team.** Once you have the most popular ideas, it’s time to test them out to see which ones will do well in the real world. In the build team stage, you assemble a team of experts, champions, and implementers around the most promising of the new ideas.

- **Refine Stage.** As you refine ideas, you call on the idea teams to provide additional information about their proposals and flesh out the idea. They answer questions and refine the innovations into proposals that can be implemented. Only the best and most feasible ideas will make it out of this stage.

- **Estimate Stage.** As you move toward implementation, it’s time to estimate the cost of executing each idea. The cost-benefit analysis will help your leaders and stakeholders determine which ideas are the most viable and deserving of enactment.

- **Review Stage.** At the final review, your experts give their thoughts on which ideas are the most practical and actionable. This helps your leaders and stakeholders make final decisions on which innovations will move forward now, and which will have to wait for the future.

- **Fund and Implement.** As mentioned earlier, the true competitive advantage in today’s business world is implementation. At the fund stage, your organization lays out the funding and implementation timeline for the winning idea. It’s vital to plan funding for the long-term, not simply the initial launch. Care should be taken to ensure that each department involved is present at this stage, so that there is no resentment or infighting between funding departments.

- **Archive.** The archive stage is often seen as an afterthought, but it’s essential to maximizing the benefits you get from open innovation. The archive allows you to store ideas that are not being currently implemented, along with all notes from the process, so that you can access them in the future. The archive allows you to bring forward new innovations without having to start an entirely new innovation project each time.

Of course, the key is to actually implement the ideas that are being generated. Putting new innovations into practice is what will set your company apart from competitors going forward.
The Importance of Implementation

The idea of change can be very exciting. Many people want things to be better in the abstract. However, when it comes to actually changing how they do their day-to-day work, many people change their tune.

You may have seen this happen in your own organization. You may have had people excited to brainstorm and give new ideas. You may have had leaders who were in favor of the idea of innovation. But when it came time to change things, and when it came time to set a budget for those changes, suddenly no one was available and everything is “too much for right now.”

It’s frustrating, but it’s incredibly common in many organizations. In order for a company to get ahead and have a real competitive advantage in today’s marketplace, there has to be a commitment to implementing proposed changes.

You may feel like you’re swimming upstream, but by learning about change management and helping everyone stay on the same page, you can make a big difference in how many innovative ideas are adopted by your organization. Here are some ideas on how to get strong buy-in for implementation of innovative ideas.

Follow a Process

Sometimes people get spooked by innovation because it seems rushed. By carefully building your innovation projects based on the stages of innovation, you’ll be able to bring everyone along step by step. Each stage builds on the momentum of the previous step.

Allow Voting

A popular idea that isn’t technically perfect will have a lot more support and make a much bigger difference in your organization than a technically perfect innovation that you must force on everyone. By allowing voting, you’ll see which ideas rise to the top. Then, you can work on perfecting those ideas without worrying as much about buy-in once you’re ready to implement.

Involve All Stakeholders

If you know that a specific person or department is difficult to deal with, you may be tempted to work around them. You may approve for a portion of the marketing budget to be used for a new process without involving the head of marketing. However, that is a recipe for disaster. By involving everyone from the beginning, you can reach compromises, avoid hard feelings, and avoid attempts to sabotage the implementation of a new idea.
Innovate in Line with the Company Mission

When you can show leaders and employees how a new idea fits in with the mission of the company, you’ll have an easier time selling the new process. People don’t enjoy “change for the sake of change”, so make it very clear how the new product or process will benefit the organization and the marketplace.

Don’t be Afraid to Move Slowly

Slow innovation is better than no innovation. If your project generated four ideas that would be incredible in your company, and your leadership only wants to green light one, don’t be upset. Instead, place the remaining three in the Archive, ready to refer to when another new idea is needed.

Taking these steps won’t mean that you’ll never get pushback about innovation projects or ideas. However, you will avoid a lot of the common pitfalls that cause organizations to shelve great ideas instead of implementing them. As a result, your company will be one of the few that takes action and makes a difference in their industry.
Conclusion

Now that you fully understand how open innovation allows you to harness and manage the best ideas, what is your next step going to be? Are you going to set aside this paper as nice information to “refer to sometime”, or are you going to take the next step forward for your organization?

Open innovation isn’t optional. It’s an essential way to bring in new ideas at a significantly lower cost than ever before. With the right system, you can gather ideas, process feedback, prepare ideas for implementation, and get funding approval, all within the same platform.

Open innovation allows organizations of every size to access new ideas, evaluate them, and put them into action. Not having a large R&D budget is no longer an excuse. Having a large R&D budget is no longer a competitive advantage.

To take the next step forward in harnessing and managing great ideas for your company, download the Open Innovation Template. This project map for getting started could be just what you need to take the next step. You can access it at: https://ideascale.com/resource/open-innovation-template/.
Related Reading

Blogs:
IdeaScale Blog  https://ideascale.com/blog/
Innovation Management  www.innovation.se
The Daily Crowdsourse  www.thedailycrowdsourse.com

Case Studies Referenced
Princess Cruises  www.ideascale.com/resource/princess-cruises/
TechSmith  www.ideascale.com/resource/techsmith-software/

Books:
The Wisdom of Crowds  by James S
Crowdsourcing  by Jeff Howe
A Guide to Open Innovation and Crowdsourcing: Advice From Leading Experts edited by Paul Sloane
(First published in Great Britain and the United States by Kogan Page Limited 2011)