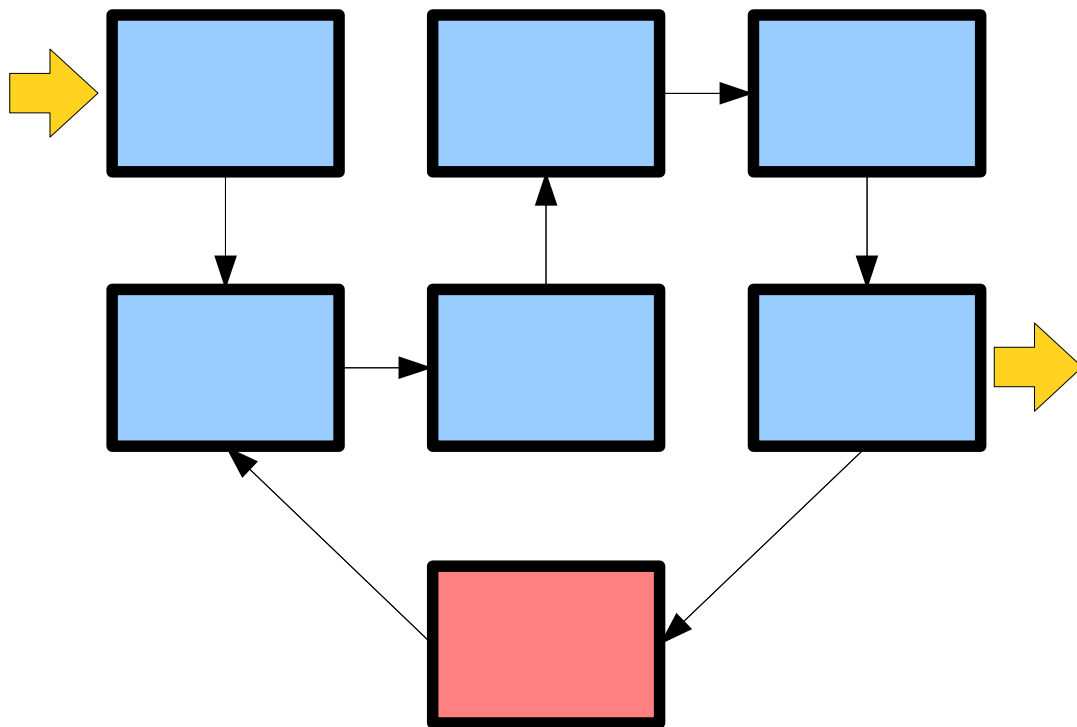


# What Makes An Innovation System Complete?

*By Mark Frazier*

[www.PredictiveInnovation.com](http://www.PredictiveInnovation.com)



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## **What is Innovation?**

Everyone today is talking about Innovation. It's obvious why. Innovation is the best means to produce growth and return on investment. From business leaders to government officials everyone is looking for innovation.

Everybody claims to want to be more innovative, but how many achieve their goal? 87% of CEO's list Innovation as a Top 5 priority but only 22% of companies have an innovation system. Closer examination shows, that the few who do have systems are only 29% effective.

Innovations produce  
300% larger return  
on investment than  
capital investments.

### **WHY?**

The main reason that so called innovation systems fail is they solve the wrong problem. Most systems marketed for innovation are really creativity systems. When you realize that, it makes perfect sense why they fail 70% of the time. It's the wrong tool for the job.

Before you buy an innovation system you should first have a clear idea of what it should do. What is innovation?

**“Innovation is satisfying customers' unmet desires.”**

Before you can satisfy customers' unmet desires you need to identify customers and their desires and know which desires are unmet. Being creative doesn't satisfy. You must do something. You must deliver something to satisfy the unmet desires. So you can see that an innovation system must perform several functions. To be complete it must perform all the functions needed and perform them well.

One of the biggest problems for innovators is sorting through ideas to find the best one to bring to market. Many companies waste lots of time and money on prototypes and test marketing. For an innovation system to be useful it has to make your job easy.

**A good innovation system shows you the ideas you can successfully implement and helps you implement them.**

## **Human Element of Innovation**

Innovation involves change.

Often people are unwilling to change until they are forced. That type of change is stressful. Most of the stress is from fear. Feelings of loss can also cause stress.

People eagerly change every day. Any time you buy something you want you are changing. When you buy something you are giving up one thing for another but generally don't feel loss. You feel you gained more because you got what you wanted.

Any time you learn something new you are changing. The main difference between stressful change and happy willing change is people rarely fear something they are familiar with and have control over.

Imagine being blindfolded and someone feeding you different things. A few people might think that is exciting but most people would not enjoy it one bit. The only way most people would even consider trying that is if they completely trusted who was feeding them. And even then they would need to be reassured at every moment.

Managing change is very much like the blindfolded taste testing. People are reluctant and have to be constantly encouraged to take each step. Since the manager doesn't honestly know what will happen their hard earned trust is constantly at risk.

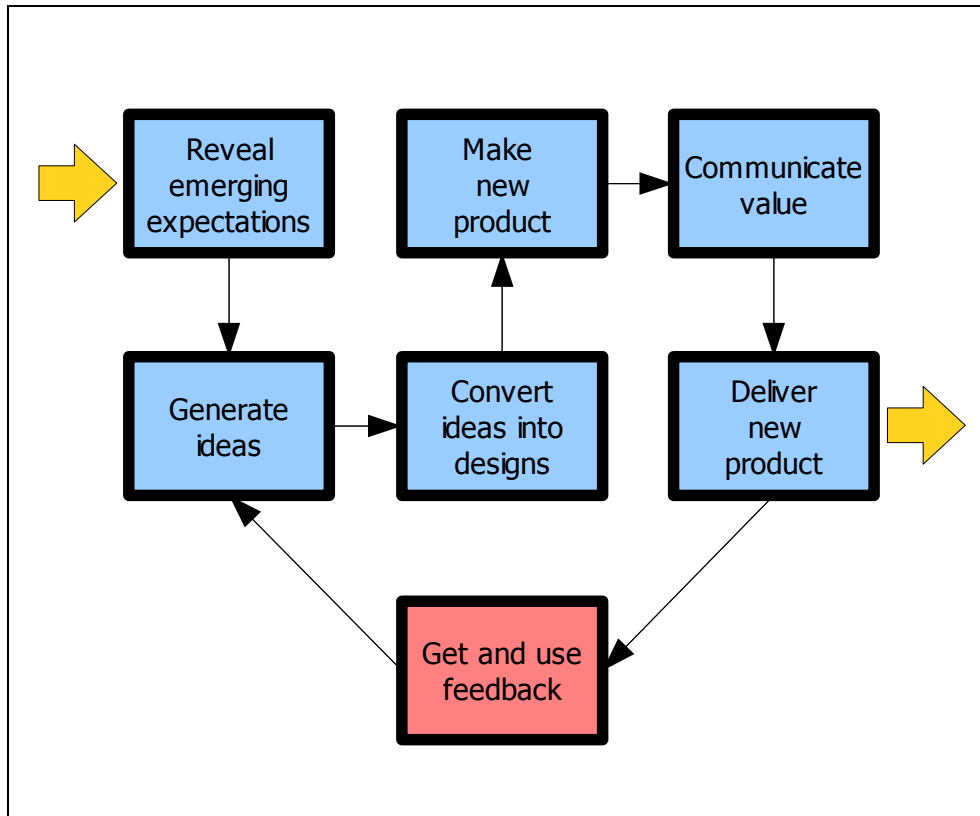
Now imagine inviting people to a buffet with thousands clearly labeled choices of foods. Since people can try a little bit and know what to expect you would have little problem satisfying everyone.

A successful innovation system must eliminate the real risks and the perceived risks of change. That means the manager must know what will happen before it does and be able to communicate it to everyone involved in the process. A complete and successful innovation system must accurately anticipate all the effects of the changes and give people comfortable ways to handle those changes.

## **Complete Innovation Process**

A complete innovation system satisfies customers' unmet desires and does that well. That means only doing what it's supposed to and nothing more.

When you break down the innovation process into the basic elements you find it has seven functions. A complete innovation system performs all seven functions and does it well.



Most systems focus on generating ideas. Generating ideas is only 1 of 7 required functions for a complete innovation system.

Some organizations use systems to manage development of ideas. Idea management is great. On average an idea management system doubles the successfulness of getting ideas to market. But again that is only part of the complete system.

A complete innovation system integrates sales, marketing, engineering, manufacturing and finance so you can **build powerful strategies for success**.

### **Revealing emerging expectations**

Before you can come up with ideas for innovations you must have a clear understanding of what desire you are satisfying. You need to understand the customers' desires, but not their current desires. You need to understand their future desires.

Emerging expectations are what customers will want and demand tomorrow.

You need time to get products ready for the customers. You can't wait until customers ask because then you are playing catch up. If customers demand something you can't provide they will look somewhere else. So revealing emerging expectations is critical to your success.

### **Warning of ideas that are likely to fail**

One of the most important jobs of an innovation system is to protect you from failures. Ideas can fail because customers don't want them, because competitors can easily beat you to market or copy you, or because another more attractive solution to the same desire is equally possible. Does the innovation system warn of all reasons an idea can fail?

**Reducing risk**

Random ideas and haphazard development is unpredictable and inefficient. A good innovation system provides all the information needed to reliably and efficiently launch new products and processes plus it shows you ways to counteract or even eliminate competition.

Innovation is not Creativity!

**Using readily available information**

If you have special “secret knowledge” that can be a great advantage. But if you can’t find really good innovations with easy to get information your costs of innovation continue to increase until you can’t innovate anymore. If you can find the money just laying around that everyone else misses you will always do well. Does the innovation system use easy to get information to find hard to see opportunities?

**Profitably serving entire range of customers**

Businesses tend to head in one of two directions, either towards the high end or towards the low end. Both strategies can put the company into a dangerous position. Focusing on the low end products forces you towards low profit margins and commoditization that makes it easy for customers to buy elsewhere. Focusing on the high end sets you up for the disruptive innovation trap. As you move up the profit margin scale you leave the low margin products to competitors. When you hit the top, you turn around to find the low end has been taken by the competition and you have nowhere to go.

Even if you don’t go after all ranges of customers you need the ability to do it. Does the innovation system profitably design products for all ranges of customers?

**When customers are ready to hear your message**

The innovation system works with the marketing system. Does the innovation system give you the questions to ask and signs to look for to know when customers want to hear your message?

**Building on your brand**

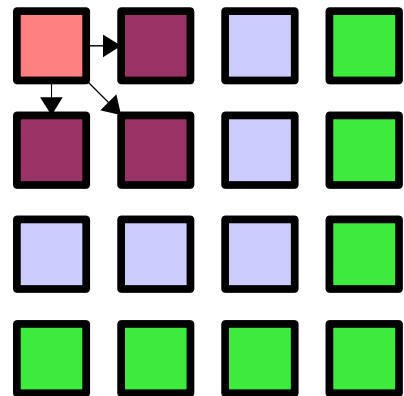
Innovation should benefit you in the best way possible. Your own innovation should never disrupt you. The best innovation system continually builds your brand.

**Asking the right questions from the right people**

If you want to know what customers want ask customers. If you want to know if it can be built ask your engineers. If you want to know if you are doing it profitably ask the accountants. One of the most important parts of a “no expert needed” system is asking the right people the right questions. Is the innovation system “no expert needed”?

**Family of products**

With a complete system you can do things that would be impossible with only single pieces. One example is creating entire families of products that become easier to implement and more profitable with each new release because they build on the designs and marketing of the past.




Family of products released in order of total value.

## Does it Well

What does it mean to do it well? It means performing the functions in a way that meets the customers' and your desires. You're main goal is to make a profit. So you want an innovation system that is efficient, low-risk, and competitive. Of course you want to always make a profit every time you use it and you want to be able to make plans so it needs to be controllable, and reliable. Of course, everything must happen just-in-time, not too soon and definitely not too late.

A complete innovation system must meet seven criteria when performing all seven functions.

Functions		Criteria	
- Reveal emerging expectations		- Efficient	
- Generate ideas		- Low-Risk	
- Convert ideas to designs		- Controllable	
- Make product	<b>X</b>	- Repeatable	<b>=</b>
- Communicate value		- Competitive	
- Deliver product		- Reliable	
- Get feedback & improve		- Just-in-Time	



**Complete  
Innovation  
System**

To make sure a complete Innovation System is successful it must meet two more requirements. An innovation system is part of the larger business system. To make sure the innovation system is successful it must do two more things. It must:

- Work with your existing systems and culture.
- Provide motivation to use it.

If an innovation system doesn't fit with your other systems it gets in the way and doesn't help anyone. Even though innovation systems by their nature will change the rest of the business as they are used, the innovation system must initially fit with the existing systems to get a chance to work.

If nobody uses it the innovation system doesn't work. Managers implementing any innovation system need to provide positive self motivating reasons to use the system. This includes seeing results getting used, people gaining proper credit and seeing benefits from contributing.

Combine all these to get the complete 51 criteria list. Check the appendix for the complete list of all 51 criteria and detailed questions a complete innovation system must answer.

## **Does a Complete Innovation System Exist?**

Yes, there is one system that meets all the 51 Criteria. You can see that meeting all those criteria is a big challenge.

The OutCompete Predictive Innovation Method meets all 51 criteria. I even used it to come up with this list of questions. It works on anything.

Rather than just coming up with ideas it develops entire strategies for your business. Using the logical process it predicts future innovations and literally lays out a map for success.

You see your best alternatives with plenty of time to choose what you want. Risk is reduced or eliminated. Successful innovation is as easy as one-two-three.

Because the OutCompete Predictive Innovation Method isn't a rigid formula but rather an easy to use system it fits into your existing organization. There is even a simple approach for implementing it one step at a time.

To attend a workshop visit our  
web site at  
[www.PredictiveInnovation.com](http://www.PredictiveInnovation.com)  
or call +1 312-239-8656

## **Appendix**

### **51 Criteria that Make an Innovation System Complete.**

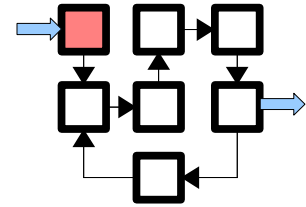
1. Reveals emerging expectations with minimum effort and investment.
2. Reveals expectations customers will appreciate.
3. Reveals emerging expectations to anyone using the innovation system without needing special talent.
4. Reveals emerging expectation whenever needed.
5. Reveals emerging expectations that won't quickly face competition.
6. Every emerging expectation is an opportunity for commercial success.
7. Reveals emerging expectations early enough to develop & deliver new products exactly when customers begin expecting them.
8. Generates the ideas with minimum effort and investment.
9. Generates ideas customers will like and warns of risky ideas or potential threats.
10. Generates new ideas whenever needed.
11. Generates ideas competition can't easily copy.
12. Every new idea is successful.
13. Ideas generated early enough to allow efficient implementation.
14. Provides the design or reveals sources with minimal effort or expense.
15. Designs cover the entire range of uses.
16. Only provides needed uses (no need for unrealistic uses).
17. Logical system that anyone can use.
18. Competition can't easily copy range of uses.
19. Enhances your existing strengths.
20. Every new design is successful.
21. Ideas are immediately converted into designs.
22. Designs new products so each is launched with minimum effort and investment.
23. Only designs products with total cost of ownership customers like.
24. Designs new products within needed range of total cost of ownership.
25. Utilizes available resources in the "standardized" way.
26. Uses resources competition can't easily use.
27. Every new design successfully uses available resources.
28. Making new products takes no time.
29. Launches new product with minimum effort and investment.
30. Only launches products customers like.
31. Launches new products only when needed.
32. Products launch.
33. New products can't be easily repeated by competition.
34. Every new product is successful.
35. New product is delivered to the customers exactly when they begin expecting it.
36. Value of new product is communicated with minimum effort and investment.
37. Only communicates values customers like.
38. Only communicates values when it's needed and only in the way needed.
39. Communicates values in the "standardized" way.
40. Competition can't easily repeat communication of values.
41. Every communication successfully reaches the proper Target Customers.
42. Values are communicated to the customers exactly when they start seeking.
43. Collects maximum relevant information with minimum effort.
44. Only collects true information.
45. Collects information only when needed.
46. Collects information in the "standardized" way.
47. Collects information that competition doesn't collect and doesn't understand its value.
48. Gets needed information every time it's needed.
49. Provides relevant information so corrections are made exactly when the customers start expecting them.
50. Fits your organization's existing systems and culture.
51. Provides motivation to use the innovation system.

## **Questions to Ask**

How do you know a system meets the 51 criteria? A complete innovation system performs all 7 functions in the Innovation Process Diagram plus works with your other systems and culture and provides motivation to use it. Does it do all of them well? Does it meet all 51 Criteria? Ask any or all of the following questions to make sure.

### **Reveal Emerging Expectations**

Emerging expectations are the things customers will start to demand next. These are features, benefits, and values current products are missing but customers haven't started demanding. When customers realize these desires can be met they will demand it from all future products. It's essential to have something ready when that happens or you will lose customers.



### **Reveal the emerging expectations with minimum effort and investment (time or money).**

#### **Is the innovation system easy to use?**

Can anyone in your organization learn how to use the innovation system with a day or two of training? This is very important. You need the people with the best information to participate in the innovation process. If the process is too difficult then you lose all their expertise. So make sure the innovation system is easy to use.

#### **Does the innovation system reveal emerging expectations?**

Emerging expectations are what customers will want and demand tomorrow. You need time to get the product ready for the customers. You can't wait until customers ask because then you are playing catch up. If customers demand something you can't provide they will look somewhere else. So revealing emerging expectations is critical to your success.

#### **Can you afford it?**

Affording an Innovation System depends on both the cost of buying it and the cost of using it. Complex software based systems or dependence on "experts" runs the costs up. The time cost is more important than the monetary cost. You can't wait around for random ideas to magically become products that makes money jump from customers pockets into your hands. Can you get useful results within weeks or even days?

#### **Can you incrementally implement it?**

A complete system addresses everything but it also means you have tools for specific needs. Does the innovation system let you pinpoint a weakness and solve it? And can you use the innovation system within a segment of your organization? For instance can you do some internal innovation to improve your efficiency? Can the innovation system find results for a particular product line or customer base? Does the innovation system let you do a high level analysis of your organization to check for possible improvements?

#### **Does it give return on investment?**

The real deciding factor is how much money does an innovation system make for you?

Users of the OutCompete method often achieve 714% increase in profits over what they were doing before. Does the innovation system you have or are looking at achieve similar results?

### **Reveal expectations customers will appreciate.**

#### **Does the innovation system differentiate between things customers might want and things customer highly desire?**

Just because you can make it doesn't mean customers will want it. To get the best return on investment you need to choose the innovations customers will do anything to get. And even if it's something customers want it doesn't mean its right for you to sell.

Does the innovation system compare all the emerging expectations of customers and rank them in order of value to you.

#### **Does the innovation system indicate when ideas will become desired?**

Absolutely predicting the future is impossible but telling you the land marks to watch for gives you the information to predict your actions. If a new product depends on other developments then you should wait for those. You can have everything ready to go and jump into the market at the exact right time. Does the innovation system show you those land marks with enough lead time to act?

**Reveal emerging expectations to anyone using the system without needing special talent.****Can anyone learn to use the innovation system with only common industry knowledge?**

Some companies depend on visionaries to plan their moves. Or conduct tons of marketing research to guess what customers want. And others try to figure out what their competitors are planning. It's just not possible for every organization to do that. And we all know how bad some of the ideas have been from famous "expert visionaries". If you are watching your competitors then you are already behind.

What you need is a system that anyone with basic knowledge of the industry can use to reveal emerging expectations. No insider information or special talent required. Just use the steps with what you already know and you will get results. Does the innovation system do that?

**Can the innovation system be used by an individual or a group?**

If you need a bunch of people to get together to figure something out you could spend a long time waiting. Brainstorming can be fun but wouldn't it be better to just get the answers? And you should be able to find out answers all on your own.

Is the innovation system a step-by-step process that uncovers all the possible innovations? Can anyone in your organization use it? Can individuals or groups successfully use the innovation system? Does it show you what ideas you might have missed?

**Reveal emerging expectations whenever needed.****Can you use existing information to uncover emerging expectations?**

Does the innovation system use what you already know or can easily find out to generate practical & profitable results?

**Reveal the emerging expectations that won't quickly face competition.****Does the innovation system reveal expectations that match your organizations unique strengths?**

A market is only valuable if you can successfully reach it. Things that work for a multi-billion dollar company might not work for a small family owned business. When you focus on your unique strengths no one can compete with you. Does the innovation system give use and build on your unique strengths?

**Does the innovation system reveal expectations which could face competition?**

If you have two equally valuable markets but one will face stiff competition and the other will be yours alone which would you choose? The no competition market, of course! There are all sorts of competition such as: others selling the same thing, customers doing it themselves, or new products that make yours obsolete. Does your innovation system warn you of all the possible competition?

**Does the innovation system provide ideas to avoid negative competition?**

There will always be competition at some time. Does the innovation system first identify it in advance and then give you ways to avoid it?

**Every emerging expectation represents an opportunity for commercial success.****Does the innovation system provide a profitable opportunity for every emerging expectation?**

You can't control what people want but you can find opportunities in every environment. Does the innovation system always show you real opportunities for every emerging expectation?

**Does the innovation system determine which ideas will be successful and which ones won't?**

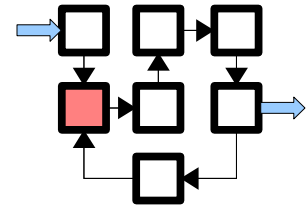
Just because an idea fills the customer's desire doesn't mean you can deliver it successfully. Does the innovation system tell you which ideas to pursue and which to avoid?

**Reveals emerging expectations early enough to develop & deliver new products exactly when customers begin expecting them.****Does the innovation system predict expectations early enough for you to benefit?**

Getting products ready for market takes time. You don't want to enter the market too soon or too late. Does the innovation system give you enough time to develop products so that you reach the market at peak demand?

## **Generate ideas with minimum effort and**

Random ideas don't produce innovation. When we say ideas we mean practical ideas you can profitably deliver to satisfy customers' desires.



### **Does the innovation system guarantee at least 225 qualified opportunities from just one concept?**

Is the innovation system structured so that ideas targeted to your precise needs are generated as easily as checking off boxes on a shopping list? Can the innovation system guarantee a minimum number of targeted qualified opportunities, not just random pie in the sky screwball concepts?

### **Can the innovation system reliably generate qualified opportunities when ever you need?**

Can the innovation system give you enough high quality targeted opportunities that you'll always find plenty to build a strong strategy for your business today?

### **Can the innovation system make new opportunities even when the entire industry is losing opportunities?**

The real test of innovation is good opportunities even in bad times. Does the innovation system turn bad luck into real wealth?

### **How many people are required to generate ideas?**

Can one person use the innovation system to generate targeted profitable ideas? Can a group easily collaborate?

### **How much time is needed to generate ideas?**

Does the innovation system generate profitable ideas in as little as a day?

## **Generate ideas that customers will appreciate and warn of risky ideas or potential threats.**

### **Does the innovation system filter ideas that customers will appreciate from those they won't?**

One of the most important functions of an innovation system is to filter out the bad ideas. Obviously ideas that customers don't want or won't want yet should be filtered out.

### **Does the innovation system warn of ideas that are likely to fail?**

Ideas can fail because customers don't want them, because competitors can easily beat you to market or copy you, or because another more attractive solution to the same desire is equally possible. Does the innovation system warn of all reasons an idea can fail?

### **Does the innovation system warn of ideas that if you don't implement could be used against you?**

If some new innovation undermines your existing business it's called disruptive innovation and you don't want that to happen to you. Does the innovation system tell you the ideas you must implement?

### **Does the innovation system warn of ideas you might have missed?**

Lost profits, leaving opening for competitors, wasted effort on hard ideas when easier ones are available, these are all problems of missing ideas. There is a way to make sure ALL IDEAS are covered. Does the innovation system cover all ideas?

## **Generate new ideas whenever needed**

### **Does the innovation system generate ideas any time you need?**

Innovative ideas aren't random and can be logically deduced. Does the innovation system generate ideas on demand?

### **Does the innovation system generate ideas with enough lead-time to bring them to market at the right time?**

Entering a market too late is worse than not entering at all. You can end up wasting all the development and ramp up on a shrinking market. Does the innovation system tell you the right ideas early enough to profitably bring them to market.

**Does the innovation system generate plenty of good ideas so you can quickly choose a new one when you need?**

Does the innovation system target all the ideas generated so they all address the immediate need in a practical way?

**Generate new ideas for anyone using the innovation system.**

**Can the least creative person use the innovation system to come up with plenty of good ideas?**

Innovation is not creativity. Can a normal intelligent person use the innovation system to produce good results?

**Is the innovation system quick and easy to learn?**

If a system is valuable then the quicker you can start using it the quicker it adds value. Can it be learned in just days?

Innovation is not Creativity!

**Generate ideas that competition can't easily copy**

**Does the innovation system generate so many good ideas you can afford to sacrifice ideas to competitors copying?**

Patent lawsuits are costly and just waste time and money that could be used to satisfy customers' desires. A better approach is to outrun and out maneuver competitors. Does the innovation system provide enough good targeted ideas so you can overwhelm competitors if they try to copy you?

**Does the innovation system generate ideas targeted to your unique strengths?**

Ideas that you and only you can use are the best, they are competition proof.

**Every new idea is successful**

**Does the innovation system have a method to evaluate the reward, risk, and probability of success of each idea?**

The idea stage is the correct time to kill an idea. The only way to properly make that decision is with complete profitability analysis. Can you design the product? Can you build it? Does the innovation system answer those questions before investing in research and design?

**Does the innovation system provide clear & workable methods for eliminating risks?**

If you eliminate risk it can turn a bad idea into a good one.

**Does the innovation system identify ideas that won't work for your organization before you invest time and money into development?**

Does the innovation system show the order ideas should be pursued according to reward, risk, and likelihood of success?

**Ideas generated early enough to allow efficient implementation so that the new product is delivered to the customers exactly when they begin expecting it.**

**Does the innovation system generate ideas before customers begin to want the product?**

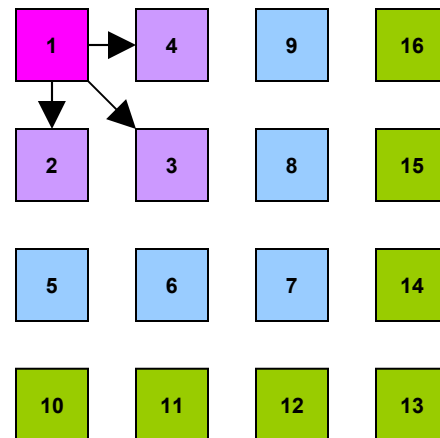
If customers already want it you are too late. They will start looking for other places to get their desires met.

**Does the innovation system generate ideas for each step between current expectations and distant future expectations?**

Cool new things might depend on technology that doesn't yet exist. Does the innovation system show you the step-by-step path for each product you can sell along the way?

**Does the innovation system identify families of ideas so products are released more quickly & efficiently over time?**

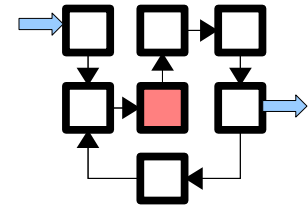
One of the most powerful strategies is to create a family of interlocking products. If done properly each new release is easier and more profitable because it builds on the previous designs and marketing. Does the innovation system identify entire families of products?



Family of products released in order of total value.

## **Convert Ideas into Designs**

Ideas are empty. Can you convert them into real designs you can build?



### **Provides the design or reveals sources with minimal effort or**

**Does the innovation system provide the tools to convert the idea into a real product or service?**

Ideas are useless unless they can be implemented. Does the innovation system show you how as well as what?

**Does the innovation system identify ways to build upon existing products or strengths?**

Return on Investment and stability is created from building on strengths rather than constantly running off in new directions. Does the innovation system build your strengths and enhance existing products?

**Does the innovation system identify ways to buy versus build?**

Sticking to your core strengths is crucial for success. Realizing you can outsource elements gives you greater flexibility and efficiency.

### **Designs cover the entire range of potential conditions of use**

**Does the innovation system cover the entire 15 element range of potential conditions of use?**

There are 15 basic ways to do anything. An innovation system must tell you all the 15 options so you choose the best one.

### **Only provides needed uses (no need for unrealistic conditions)**

**Does the innovation system clearly show which features are required to achieve success and which are extra or even distract from the value?**

Unneeded features add to cost without adding value. Does the innovation system tell you which features are needed and which aren't?

**Does the innovation system show ways to add features to gain value?**

The easiest way to stay ahead of competition is to add valuable features to existing designs. Does the innovation system show you how to add valuable features?

**Does the innovation system show how to reduce features to gain value?**

Sometimes simplicity increases value. Sometimes removing features lowers cost and opens up new markets.

### **Logical system anyone can use.**

**Can anyone use the innovation system to produce results?**

Process innovations are just as valuable as product innovations. Can anyone use the innovation system to find and deliver profitable improvements?

**Does the innovation system depend on unique individuals with special talents, skills, or knowledge?**

Depending on special "innovators" creates a bottleneck in your process. Can anyone with common industry knowledge use the innovation system to get great results?

**Does the innovation system require hard-to-get information?**

If you have special "secret knowledge" that can be a great advantage. But if you can't find really good innovations with the easy to get information your costs of innovation continue to increase until you can't innovate anymore. If you can find the money that is just laying around that everyone else misses you will always do well. Does the innovation system use easy to get information to find hard to see opportunities?

**Is the innovation system easy enough for everyone in your organization to use it every day?**

Everyone in your organization sees different things and has different problems. You get the best results when the person closest to the problem or opportunity can solve it. Is the innovation system something everyone at all levels of your organization can use?

### **Competition can't easily copy the range of use.**

**Does the innovation system produce products that can't be easily duplicated by competition?**

If you produce something uniquely valuable customers will line up to pay top price for your products. Does the innovation system make those types of products?

**Does the innovation system warn of ideas that are easily duplicated?**

Ideas can be duplicated directly or by a totally different product that solves the same problem. Does the innovation system warn you of both types of threats?

**Does the innovation system show ways to protect existing products from duplication?**

There are three methods of protecting your products from duplication. Does the innovation system show you all three ways for every one of your products?

**Does the innovation system provide ways to avoid the entire range of threats from competition?****Enhances your existing strengths.****Does the innovation system use existing strengths?**

Every organization has things they are good at. You get much further when you work with your strengths.

**Does the innovation system enhance your strengths?**

If you are good at something you can become the leader by becoming great.

**Does the innovation system identify new strengths to acquire?**

Sometimes if you add a skill or resource it will turn your organization into a world leader. Does the innovation system show you those opportunities?

**Does the innovation system provide ways to effectively gain the new strengths?**

Does the innovation system actually help you gain new strengths? Does it build competencies? Does it create efficiencies? Can you use it to satisfy your own internal needs?

**Every new design is successful.**

100% launch?
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**Does the innovation system solve the technical problems to implement ideas?**

An idea you can't build is a waste of time. Does the innovation system show you how to build it?

**Does the innovation system provide all the information needed to bring the product to market?**

Starting something you can't finish wastes resources and causes you to miss real opportunities. Does the innovation system provide everything you need to get products to market?

**Ideas are immediately converted into designs.**

The ideal system instantly converts ideas in to real designs. How close to that ideal is the system?

**Does the innovation system provide ideas that your organization can immediately implement?**

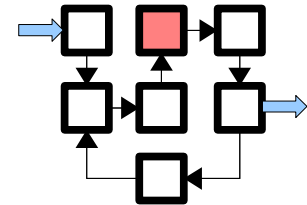
Many companies have products that appeal to untapped markets. Sometimes very simple changes in assembly or packaging are significant innovations. Does the innovation system show you the Instant Return On Investment Ideas?

**Does the innovation system tell you which ideas are hard and easy to implement?**

Maximize return on investment by doing the easy things first.

## **Make New Product**

Whether you actually build the product or just buy them the actual processing needed to get what you deliver to your customers is an



### **Design new product so that it will be launched with minimum effort and investment**

#### **Does the innovation system prevent wasted trial and error?**

People say you learn from mistakes but if you can just read the answer it's much faster and a lot cheaper. Does the innovations system weed out things that will never make it to market or won't be possible to build? Does it give you enough information to smoothly go into production?

#### **Does the innovation system produce the right amount of products when customers demand?**

Excess inventory or needing to pay to rush to meet customers demand eats into profits. Does the innovation system help you deliver when customers demand?

### **Design only products with total cost of ownership that will be appreciated by customers**

#### **Does the innovation system efficiently make products at all ranges of the price and performance scale?**

If you can supply the low price product you can undercut competition and capture the entry level customer. If you can't supply the high end then you can grab the higher profit margin markets.

### **Design new products within needed range of total cost of ownership**

#### **Does the innovation system profitably solve for the low and high end as well as the mid range customers?**

Businesses tend to head in one of two directions, either towards the high end or towards the low end. Both strategies can put the company into a dangerous position. Focusing on the low end products forces you towards low profit margins and commoditization that makes it easy for customers to buy elsewhere. Focusing on the high end sets you up for the disruptive innovation trap. As you move up the profit margin scale you leave the low margin products to competitors. When you hit the top you turn around to find the low end has been taken by the competition and you have nowhere to go.

Even if you don't go after all ranges of customers you need the ability to go after low, mid or high. Does the innovation system profitably design products for all ranges of customers?

### **Utilize available resources in the "standardized" way**

#### **Does the innovation system encourage measurements at each step to help with TQM or 6 Sigma?**

The only way to accurately know if what you are doing is helping is by measuring results. And you need to measure results at each step to see which ones need improvement and which ones are doing great.

#### **Does the innovation system identify key factors to measure?**

Measuring the wrong things produces the wrong answers. Measuring too much stuff produces no answers at all. Does the innovation system pin point what you should measure?

### **Use of latent resources cannot be easily repeated by competition**

#### **Does the innovation system uncover resources you didn't know you have?**

Finding new uses for resources you already have is instant return on investment.

#### **Does the innovation system find valuable ways to use all your resources?**

Using things that are currently being wasted is free money.

#### **Does the innovation system find new ways to profitably use your resources?**

It costs time and money to get rid of and acquire new resources. If you can find new profitable ways to use your existing resources you increase your return on investment.

### **Every new design successfully uses available resources**

#### **Does the innovation system identify needed resources before starting development?**

Once you've committed to a new project any delay in getting it to customers eats into your profits and return on investment. And if you find you can't get a key resource the project dies, wasting all that investment. You need to know what you will need before you start so you'll have it when you need it.

#### **Does the innovation system efficiently use resources to develop the product?**

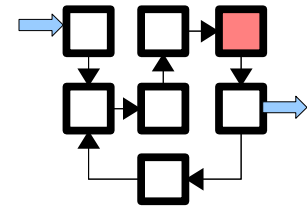
Do you know when you'll need resources? Do you know how much? Efficiency is essential to profits.

**Making products fitting the needed range of total cost of ownership takes no time****Does the innovation system design products in a way that adding new features is quick and easy?**

Building on core elements allows new features to easily be added with minimal or no cost. This only happens if it's designed in from the beginning.

**Communicate Value**

Unless customers find out about your products they can't buy them. Communicating value is an essential part of "satisfying desires".

**Value of new product is communicated with minimum effort and investment****Do new ideas fit into your brand making it easy to reach customers with new product?**

Keeping a customer is much easier than getting a new one. And selling things that compliment your existing products makes it easier to sell the new thing and encourages additional sales of the old ones.

**Does the innovation system make future launches easier to communicate?**

A good innovation system identifies the emerging expectations and allow you to plan innovations so you can incrementally communicate for maximum value.

**Does the innovation system identify the most efficient words, images, sounds and methods to communicate the values of the new product?**

Knowing what desire the product satisfies is a major part of communicating the value. Understanding how customers identify that value helps you "talk their language".

**Does the innovation system warn of bad ways to try to communicate?**

It's better to say nothing than say something bad. Avoiding communication mistakes is one of the most important parts of an innovation system.

**Communicate only values that will be appreciated by customers****Does the innovation system identify which values are most important to each type of customer?**

Consumers are different from business customers. People buying the high end product respond to different messages than those buying the low end product. Does the innovation system tell you what is most important to every type of customer?

**Does the innovation system present the values in way that touches each type of customer?**

The way you say something is often just as important as what you say. Does the innovation system tell you the best ways to communicate the value of your product to every customer?

**Communicate values only when it's necessary and only in necessary way****Does the innovation system avoid wasted time and money from advertising too early or too late?**

Does the innovation system show you the key indicators that it's the right time to start advertising? Does the innovation system have the messages ready in the right form at the right time?

**Does the innovation system communicate efficiently to avoid wasting resources or turning customers off?**

All communication must have a specific goal. Does the innovation system show you the goal and the way to achieve that goal?

**Communicate values in the "standardized" way****Does the innovation system build on your existing systems to communicate the values of the innovation?**

If you have an effective communications system you want to use the good things you have. Does the innovation system improve on the good aspects of what you have?

**Does the innovation system help improve your communication system?**

Process innovation is just as important as product innovation. Does the innovation system help you improve your communications system?

**Communication of values cannot be easily repeated by competition****Does the innovation system create a strong unique relationship between you and your customers?**

If you can develop a strong relationship with customers that no one else has then you eliminate competition.

**Does the innovation system help you quickly answer customers' questions?**

An innovation system that identifies emerging demands tells you what is important to customers. Knowing what customers are really looking for helps you quickly answer their questions.

**Every communication act successfully addresses the proper Target Customers****Does the innovation system identify different markets for the same product?**

The best way to increase volume and return on investment is to sell the same product to new people. Does the innovation system show you these new markets?

**Communicates values to the customers exactly when they begin seeking****Does the innovation system identify when customers are ready to hear your message?**

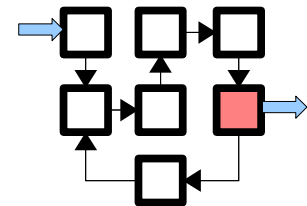
The innovation system works with the marketing system. Does the innovation system give you the questions to ask and signs to look for to know when customers want to hear your message?

**Does the innovation system have the message ready in the correct form when needed?**

Knowing in advance is essential to being prepared when the time comes. Having time to test messages and approaches to get the "home run" waiting for when the customers are ready is the key. Does your innovation system give you the time and information to prepare your messages to be home runs?

**Deliver New Product**

Until you actually deliver the product, innovation hasn't happened. Everything leads up to this step.

**Launch new product with minimum effort and investment****Does the innovation system provide solutions to deliver the product?**

If you can deliver your product cheaper, faster, and in a more convenient way than your competitors then you beat them every time.

**Does the innovation system tell you the best time to introduce the product?**

Releasing a product too soon increases marketing costs, adds to the risk of competitors copying, and eats into the profits of existing products. Releasing your product too late misses the unmet demand and gives competitors first entry into the market. Does the innovation system tell you the signs it's the right time to release the new product?

**Only launch products that customers will appreciate****Does the innovation system tell you which product the customers will want most?**

Customers have lots of desires. Some desires are more important and some are more urgent. Similar products satisfy their mix of desires differently. Does the innovation system show you the right mix?

**Launch new products only when necessary****Does the innovation system prevent wasting resources on launching products too soon?**

If the customer isn't ready it will take a lot more marketing effort to make the sale. Inventory sitting on shelves collecting dust is lost return on investment.

**Does the innovation system tell you when a new product should replace an old one?**

Few products last forever. Does the innovation system tell you when to replace your old products with new ones? Does it tell you when to replace your competitor's products with yours?

**Products launched****What % of ideas make it to launch?**

Companies waste tons of resources on things they never launch. The perfect innovation system would launch every accepted idea.

**Does the innovation system make sure you launch all the ideas that will become successful?**

XEROX invented the graphical user interface, the mouse, and several other massively successful ideas. Unfortunately XEROX never made a dime on these ideas because they never launched. Make sure your innovation system saves you from that fate.

**What % of ideas did you pass up that turned out to be profitable?**

One of the most important functions of an innovation system is to tell you which ideas are good. Does the innovation system show you the value, risks, and total benefit to you for each idea?

**How much \$ did you pass up?**

Passing up innovations does not just lose the possible revenue from the innovation but also puts your existing product lines in jeopardy. Competitors can release what you passed up and disrupt your market.

**Does the innovation system increase your long term stability? Growth? Margins?**

A good innovation system increases stability, growth and margins.

**What % Return on Investment from each idea?****Does the innovation system continually increase return on investment?**

One of the main benefits of innovation is high return on investment.

**What are the profit margins on new products?**

New products typically have much higher profit margins than existing products. High efficiency innovation systems get things to market with low cost while the customers still pay a premium.

**New product cannot be easily repeated by competition****Does the innovation system build on your brand?**

Innovation should benefit you in the best way possible. Your own innovation should never disrupt you. The best innovation system continually builds your brand.

**Does the innovation system reduce risk? From competition? From failed launches? From failed development?**

Random ideas and haphazard development is unpredictable and inefficient. A good innovation system provides all the information needed to reliably and efficiently launch new products and processes plus it shows you ways to counter act or eliminate competition.

**Does the innovation system identify ways to work together to eliminate competition?**

Sometimes the best way to eliminate competition is to make them your friend. Does the innovation system tell you when it's good to use this approach?

**Every new product is successful****Does the innovation system stop bad ideas before they are launched?**

The ideal time to stop bad ideas is before it reaches the design phase. But even if products are killed at the last minute its far better for your long term goals to avoid a bad product entering the market.

**Does the innovation system ensure all good ideas make it to market?**

Similarly you want every good idea to launch. Remember you don't make money by killing bad ideas, only from launching good ones.

**New product is delivered to the customers exactly when they begin expecting it****Does the innovation system deliver the product when they begin to experience the demand customers?**

The perfect time to release a product is when customers just start to want it.

**Get and Use Feedback****Collect maximum relevant information with minimum effort****Does the innovation system tell you how to measure success?**

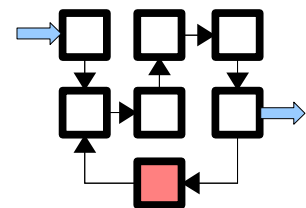
Does the innovation system show you what to measure and how to measure it?

**Does the innovation system help you create meaningful metrics? For you? For your customers?**

How do you know if you are satisfying customers? How do you know if your changes resulted in improvements? How do customers know they are better off with your product? Does the innovation system create meaningful metrics for everyone that needs them?

**Collect only true information****Does the innovation system ask the right questions from the right people?**

If you want to know what customers want, ask customers. If you want to know if it can be built, ask your engineers. If you want to know if you are doing it profitably, ask the accountants. One of the most important parts of a "no expert needed" system is asking the right people the right questions. Is the innovation system "no expert needed"?



**Does the innovation system provide a base line to validate measurements?**

You can't reliably improve unless you know where you started. Does the innovation system tell you how you stand even if it's something totally new?

**Does the innovation system reveal potentially hidden information?**

Just knowing to look for something makes all the difference in finding it. Does the innovation system give you a systematic approach to tell you all the information you need?

**Collect information only when its needed****Does the innovation system weed out good information from distracting data?**

If it doesn't matter ignore it. And when it does matter hear it quickly and correctly.

**Collect information in the "standardized" way****Does the innovation system maximize your existing communication channels to uncover new information?**

Everyone has their preferred ways of communicating. The innovation must work well within your existing system.

**Collect information the competition doesn't collect or understand its value****Does the innovation system tell you which information is most valuable?**

Some information is absolutely critical. Things like customers needs only being partially fulfilled or changes in the industry that will make your products obsolete must set off alarms. Does the innovation system tell you which information is most important to you at this time?

**Does the innovation system give you information to improve every step of your process?**

From determining emerging expectations through idea generation, design, production, marketing, collecting money to getting feedback it all contributes to your success. Does your system give you the information to improve every single step individually and as a working whole?

**Get necessary information every time its needed****Does the innovation system identify the correct questions to ask so you know if you've gotten the needed answers?**

It's very easy from problems or opportunities to slip by if you aren't looking for them.

**Provide relevant information so corrections are made exactly when customers expect****Does the innovation system monitor the important aspects and report it in an easy to use way?**

Is this profitable? Are customers satisfied? Are we at risk from a competitor? These are things you need know and the innovation system should make it easy to find the answers.

**Does the innovation system provide each person with the type of information they need in the way that helps them the most?**

The guy on the assembly line might not need to know that customers prefer to buy the product on-line versus in a retail store but he could benefit from hearing they always pull one part out of the box first.

**Does the innovation system uncover needs before the customers feel it's important?**

If you satisfy a need the customer hasn't yet expressed it's a pleasant surprise. If the customer has to ask they feel you are making them wait.