

Product Manager's **Guide to the Innovation Process**



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Innovation Isn't an Idea It's a Process

BEING INNOVATIVE REQUIRES

ideation, yes, but it also involves time and financial investment, product or feature development, company-wide buy-in, expert communication strategies, testing and market adoption. In fact, the work of innovation doesn't have a start date or stop date. It's a practice, a mindset and always ongoing.

There isn't a right way to approach innovation, there is only what works (or doesn't) for your organization. This ebook outlines four common approaches to innovation including:

1. Design Thinking
2. Rapid Prototyping
3. Lean Innovation
4. Open Innovation

We're going to start with a brief overview of the levels of innovation and how to build an innovation ecosystem at your organization.



Levels of Innovation

Why does your company want to innovate?

Maybe the goal is to capture more market share.

Zoom made it possible to have video conversations over the internet by sharing a simple link. This was innovative compared to Skype, which required sending friend requests and finding usernames.

They made one innovative change in the video conferencing space and that was the ease of use. As a result, they snatched [48.7% of the market share](#), outperforming massive brands.

Over time, the platform has continued to implement small innovative ideas to their platform to maintain a competitive edge including breakout rooms, social media streaming, transcripts and virtual backgrounds. They make these changes while remaining technically simple.

The objective might be to reach an existing market with a new delivery method.

[Interplay Learning](#) brought a new [training model](#) to the plumbing and HVAC industry using virtual reality. While the concept of apprenticeships is a long-established way of learning and training, Interplay Learning scaled hand-on learning and apprenticeship-style training with new technology.

Doug Donovan, co-founder and CEO of Interplay Learning, described the product as a video game, but instead of killing bad guys users learn skills like plumbing and HVAC through immersive learning.



Innovation could mean trying to create an entirely new industry.

Sometimes, there are innovative ideas that create entirely new industries. This type of innovation is often expensive, risky and incredibly disruptive. Notorious examples are the first smartphone or the iPod.

No organization openly admits, “We don’t want to be innovative.” They’ll never say, “More than anything, we want to maintain the status quo over the next decade.” However, many companies don’t invest in or value the work it takes to discover and implement innovative ideas.

The problem isn’t that companies don’t want to improve products and services. There might be a simple disconnect between what it means to innovate.

Successful innovation projects begin by understanding what level of innovation leadership is comfortable pursuing.

Incremental Innovation

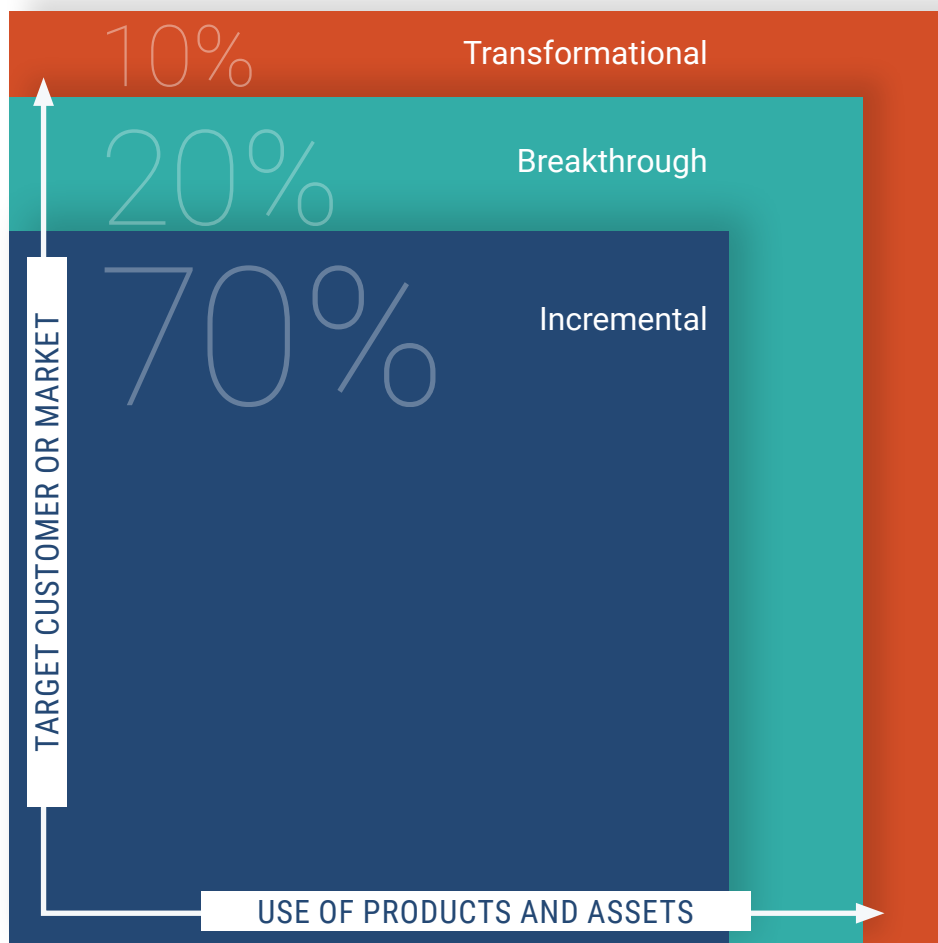
This type of innovation is the lowest risk. It results in transformations in the core product.

Breakthrough Innovation

In this approach, a company will expand the existing business to reach new customers.

Transformational Innovation

The final approach is the riskiest and it involves creative new products to serve new markets.



When it comes to innovation, the most competitive companies use a mix of incremental, breakthrough and transformational innovation.

Product Managers Should Create an Innovation Ecosystem

As a product manager, you decide what gets built and have influence over what gets launched.

Keyword: influence.

The work of innovation doesn't start and stop in the office of a product manager. It involves buy-in and effort from nearly every department in the organization.

An effective ecosystem will consist of people with multiple backgrounds and specializations. What you don't want is a team made of only engineers, designers or product managers. Innovation requires an interdisciplinary approach.

The best way to start creating your innovation ecosystem is accessing or creating an organization chart.

Influencers are challenging to identify because their influence isn't always directly correlated to their job title. You might have to invest time observing the environment of team meetings and understanding how other departments operate.

For example, there could be a long-time employee who has an excellent relationship with colleagues in other departments. While

their job title might not indicate any decision-making power (e.g. public relations specialist) you know that when this person speaks, they capture the attention of multiple departments in a powerful way.

If this person is your ally, you know that they can not only help you identify innovative ideas but also sell those ideas in the organization.

You also have to ensure you cultivate the right environment for productive conversations. The innovation process is open-ended and must be void of quick value judgments.



Innovation Through Design Thinking

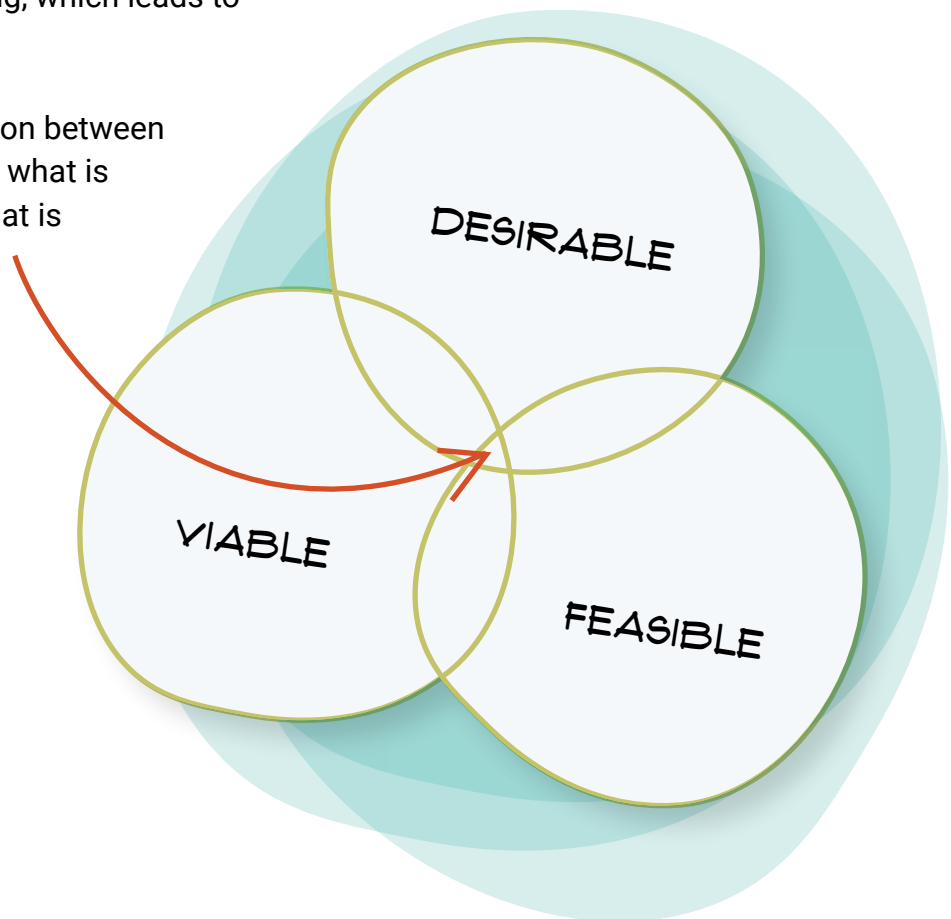
Design thinking makes understanding and empathizing with users a priority during the innovation process.

Using this approach, innovation begins with the end in mind. It's no longer an interesting "invention." It's an idea that is custom-built to solve a specific market problem. The work leans heavily on questioning everything from the problem to assumptions and implications. The right questions create flexible thinking, which leads to creative solutions.

The goal is to find the intersection between what is **desirable** for end-users, what is technologically **feasible** and what is **viable** for the company.

This process is often described in phases that are linear but repeatable. So, while you might need to complete several phases multiple times, the process is sequential to build consistency and measure progress.

Innovation begins with the end in mind.



The Five Phases of Design Thinking

1. Empathize

The first stage is to gain an empathic understanding of the problem to be solved.



2. Define

Analyzed and synthesized to determine the core problem to be identified.



3. Ideate

All ideas will be accommodated in order to solve the problems that have been defined at the defined stage.



4. Prototype

Scaled-down versions of the product will be produced, or special features found in products.



5. Test

Testing and evaluating the product to the public and the results will be made changes and improvements.



Rapid Prototyping

The purpose of this method is to transform ideas into tangible products as early in the production process as possible. The objective is to fail early and fail often. Ideally, this model will help teams avoid creating expensive products, features or services that won't serve the market effectively.

When employing this method, you'll need ways to create the minimum functionality necessary to test assumptions. Then, your team can have discussions and ask questions with a tangible low-risk concept. Tools that help with rapid prototyping could be 3D printing, digital or virtual projections.

There are a few different types of prototypes:

Looks-like Prototype—allows you to observe and test how the product will look, but functionality will be limited or unavailable.

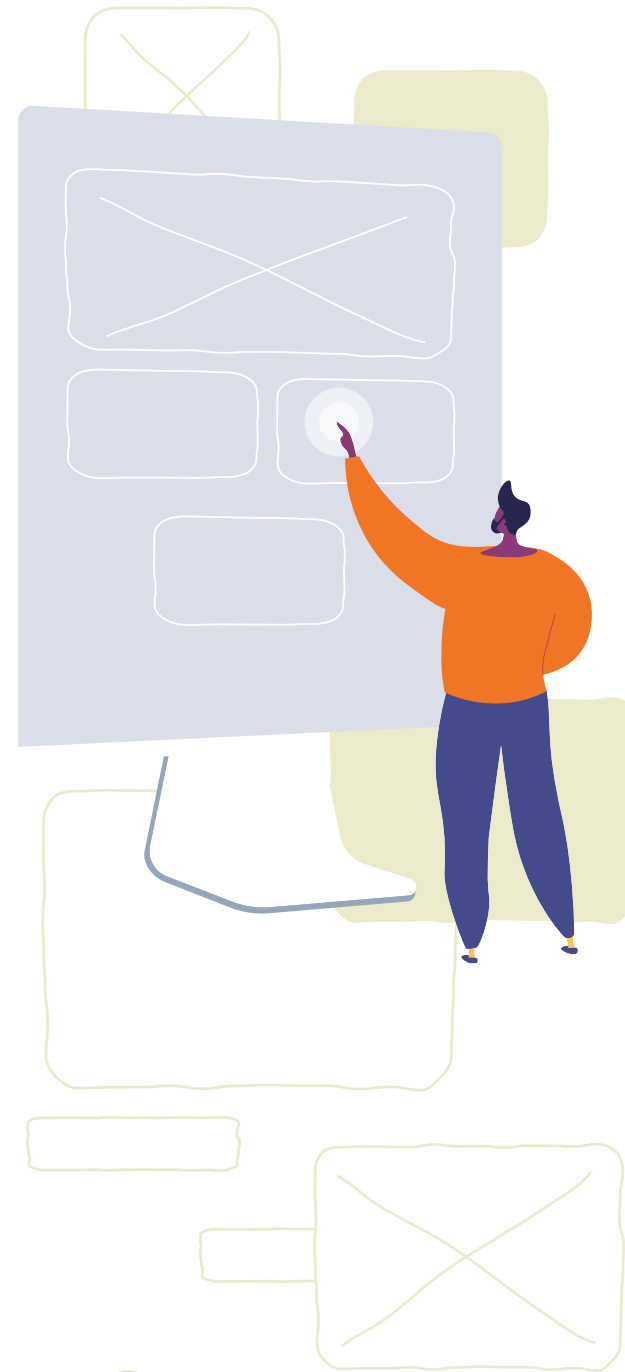
Works-like Prototype—allows you to observe and test how the product will work, but it won't look like the final product.

Engineering Prototype—is functional and looks similar to the final product. However, there is a limited quantity available to a small audience for testing.

The three phases to rapid prototyping:



When rapid prototyping is used in conjunction with design thinking, the new process is called lean innovation which is covered in the next section.



Lean Innovation

The objective of this approach is to eliminate waste, reduce costs, improve quality and increase speed throughout the innovation process.

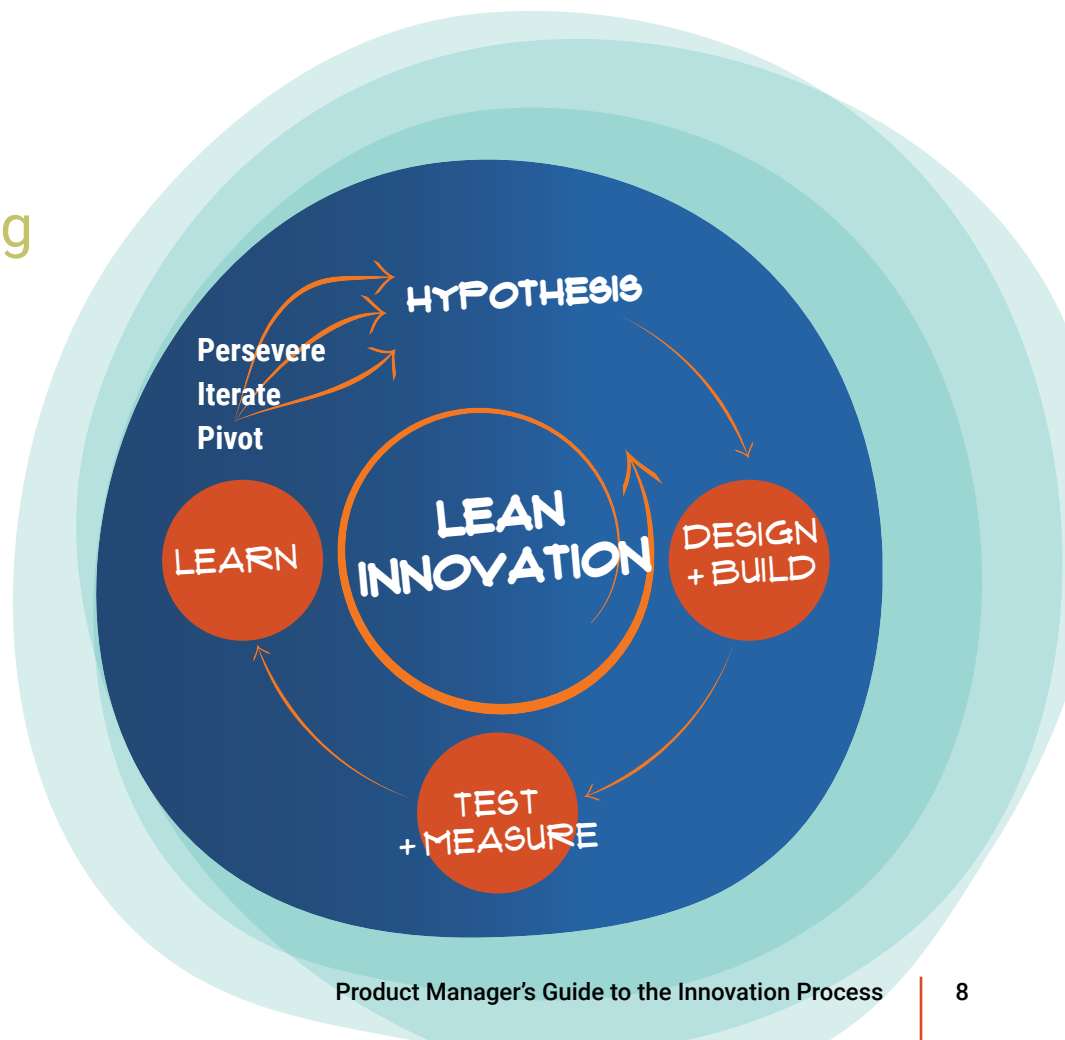
Keyword: Process

Lean is about defining the right systems and processes to improve efficiency.

The strength of lean innovation is its foundational focus on continuous improvement. Innovation has the highest chance of being successful when it is coupled with an ongoing, repeatable process.

Since lean innovation leverages the concept of rapid prototyping, it can also save companies from over-investing in ideas that aren't likely to succeed in the marketplace. As a result, organizations will have the resources to test more ideas.

Innovation has the highest chance of being successful when it is coupled with an ongoing, repeatable process.



Open Innovation

If multidisciplinary inputs and diverse experiences play a significant role in idea generation, then constraining innovation to internal sources limits opportunity.

This is the premise for the case in favor of an open innovation process. This model values external inputs (customer feedback, partners and the public) just as much as internal inputs (employees, board members, R&D departments) as the organization pursues innovation.

However, this process goes beyond simple crowdsourcing, user-generated content, hackathons and idea boxes. There have to be implementation expectations as well.

Most companies won't argue the logic of open innovation, but they fall short on taking action on the inputs. Creativity alone won't lead to innovation.

Open Innovation Models for Products

1. Idea Competition

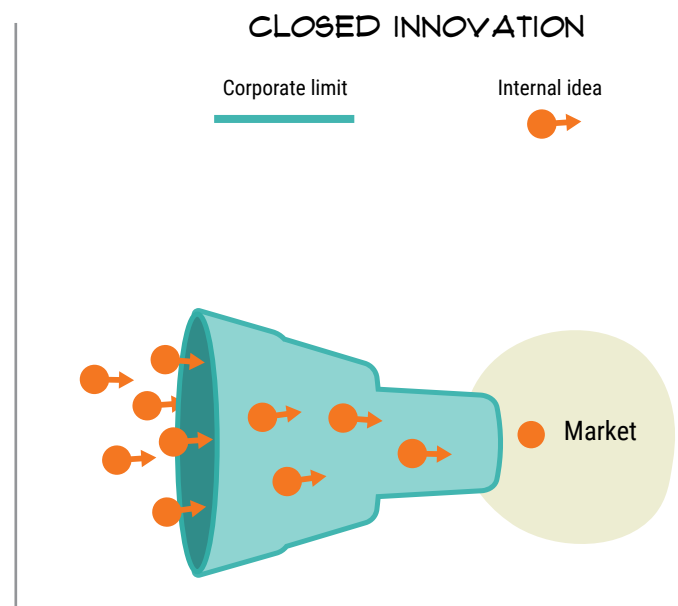
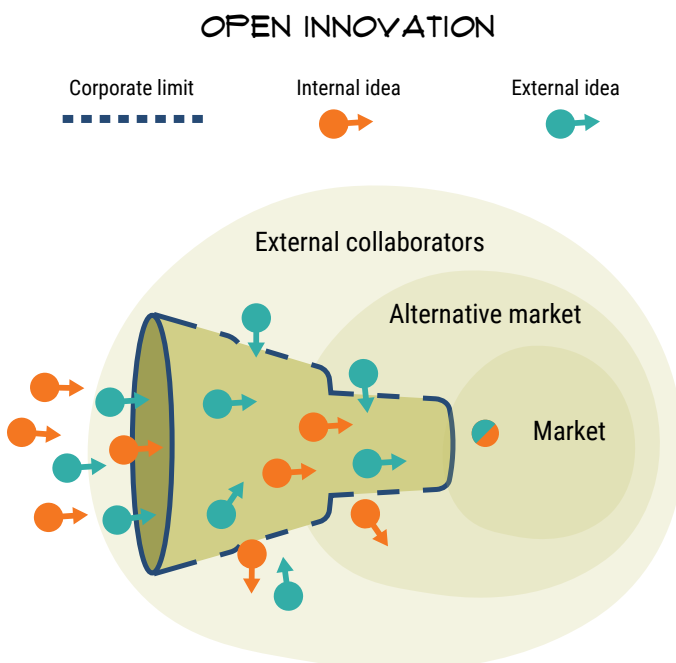
When you want to explore multiple ideas, it can help to incentivize inputs through a competition. The best idea wins. Adobe does this through the Adobe XD Creative Challenge to showcase their products at work.

2. Product Platforming

This approach requires introducing a partially completed product and allowing contributors to engage and customize the product. This could be software that allows users to make variations. It gives the company a competitive advantage because they can quickly explore all the use cases.

3. Collaborative Product design and development

Companies can collaborate when they need partners with different areas of expertise. For example, [Ford Motor Company](#) partnered with Wayne State University Physician Group and Access to improve access to Covid-19 testing during the pandemic.





Identifying the Right Process

The biggest difference between innovation processes is typically what receives the most focus.

Design thinking emphasizes the customer problem. Rapid prototyping and lean innovation focus on experiments and fast iterations. Open innovation places the highest value on finding ideas everywhere.

However, regardless of the main focus, almost every modern innovation process includes:

Discovering

Innovation starts with discovering market problems and documenting existing solutions.

Creating

Next, you'll invest time and resources in creating prototypes as new solutions to market problems.

Testing

Then, you'll allow the market or beta testers to engage with the product to determine if it is the right solution.

Scaling

Finally, the product has to be able to efficiently scale to the size of the market, and most importantly, be adopted by new users.

Keep Learning, Keep Innovating

Want to keep exploring how to incorporate innovation in the work you do?

At Pragmatic Institute, we offer two courses that'll explore innovation in-depth.



Focus

This course shows you how to find opportunities in your market's problems, score them objectively and identify where your company's strengths intersect with market values.

Then, you'll learn how to use that knowledge and market data to successfully and credibly sell your strategies internally. [Enroll >](#)



Design

This course teaches you how to take a human-centered approach to market problems, so you can partner with designers to create intuitive products the market will embrace.

Leverage the power of design throughout the product life cycle to ensure market adoption, improve customer ratings and increase competitive advantage. [Enroll >](#)



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