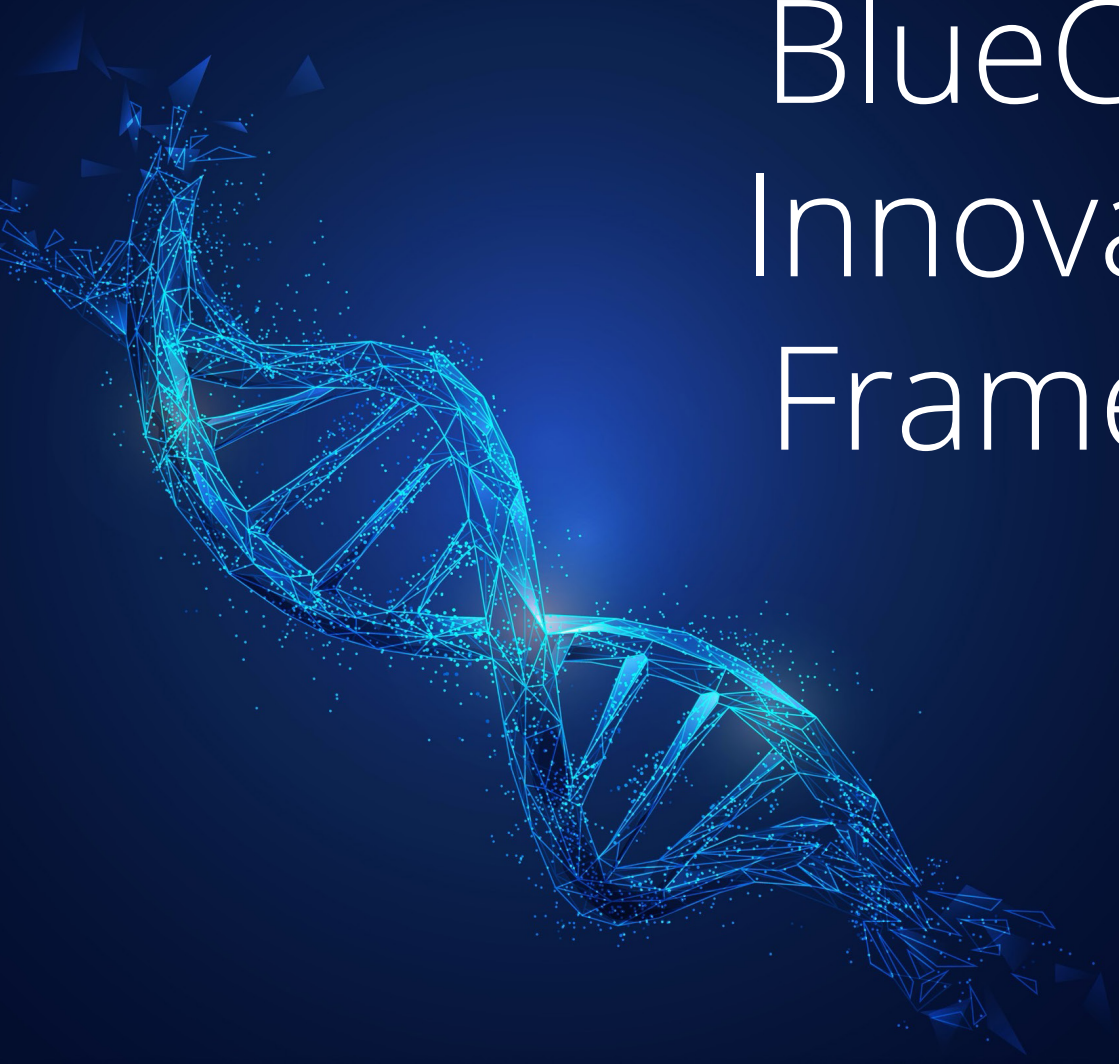

BlueCallom Innovations Framework

The DNA of Innovation

BlueCallom™

Whitepaper

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Introduction

Reasoning, Principles, Strategies, Methods & Structures

Necessity of an Innovations Framework

Picture this: You're the captain of a ship navigating uncharted waters. The seas are rough, and you're facing more challenges than any conventional sailor has ever encountered before. That's what managing innovations feels like—it's more complex than any other business practice out there. From engineering to marketing, sales to logistics, and HR to IT, every aspect of business needs to be considered to build, market, and scale an innovation successfully. And that's not all: Customer experiences and business models must be on par with the innovation itself. It's a daunting task, and the initial creation of a well-conceived innovative solution is the most demanding task intellectually. Professional ideation requires a basic understanding of how a brain can be stimulated to compose innovative solutions. Additionally, even if you manage to navigate these treacherous waters and create a breakthrough innovation, the biggest risk lies in interweaving it into the existing structure of your organization to bring it to market. Without a proper innovations framework, execution will always fail.

Why an Innovations Framework is an essential tool

Embarking on an innovation journey is akin to setting out on an uncharted sea full of unknowns, risks, and potential rewards. However, with a clear innovations framework in place, you'll have a map to guide you and a compass to help you stay on course. Without it, you'll be lost at sea, drifting aimlessly and struggling to survive in a fiercely competitive market. The journey from ideation to successful market adoption can take anywhere from 5 to 15 years and requires a multitude of activities. A robust framework is the most critical tool you can have to navigate the choppy waters ahead. With such a framework, you'll be able to chart your progress, manage your resources, and predict outcomes with greater confidence.

Genuine Innovations are far too complex to appear randomly. To stimulate innovation teams toward breakthroughs, business leaders must understand the basics of how the brain composes these ideas.

This new understanding renders innovation a repeatable, manageable, and predictable process. Since corporate Innovation Management has been changed from the ground up, it can finally deliver breakthrough innovation.

Executive Summary

What executives need to know about innovation

To successfully innovate, several daunting questions must be answered: First, can the idea be transformed into a viable business? Second, can this be done efficiently and within budget? Third, can the product be launched and compete in the market? Finally, can the necessary investments of time and money yield enough revenue and profit? The BlueCallom Innovations Framework provides a comprehensive solution to these challenges via its five chapters and 100+ critical features. This framework enables businesses to transform innovation into predictable and manageable business engagement.

01
Driver

Why innovation? What if we do not innovate? Innovation drives progress and keeps businesses relevant in an ever-changing world. Without innovation, companies risk falling behind their competitors and becoming obsolete.
The three most substantial economic reasons to innovate are as follows:
A) Innovation creates the most significant competitive advantage.
B) Innovation generates the highest possible earnings potential.
C) Innovation facilitates the longest lasting leadership position.

02
Principles

The framework exposes ten highly critical and general principles of innovation. It starts with the necessity of top-level executive commitment to be successful. It involves how breakthrough ideas are built and how somebody can be certain they are not simply wishful thinking. Furthermore, it shares the skill-sets and abilities that innovation teams must possess to not only create ideas but also bring them to market and scale the respective organization.

Finally, it elaborates how innovation budgets should be allocated and managed, as they behave very differently from conventional R&D budgets.

03
Strategy

Innovation requires a unique strategy compared to a regular business strategy, as the actual innovation has not yet been identified or chosen. This means that an Innovation Meta Strategy is crucial: It outlines the objectives and roadmap to achieve innovation, regardless of the actual innovation. Additionally, since innovation is an ongoing process, this meta-strategy must include future innovations and any potential variations. Hence, the Innovation Meta Strategy plays a critical role in guiding an organization's innovation journey.

04
Method

The framework includes innovation methods, such as repeatable breakthrough ideas, idea conversion to solutions, innovation-to-market methods, methods for extracting innovation-specific KPIs, and predictive models that can estimate the market success of a specific innovation. Within the Method Cluster, there are three different methods with over 30 mission-critical aspects that must be understood to make innovation successful.

05
Organization

To capitalize on the potential multi-billion dollar business opportunity of an innovation, it's critical to consider organizational factors within the first nine months. Attempts to rapidly integrate an innovative solution into a traditional organization have consistently failed 100% of the time over the past 50 years. Successful execution involves three distinct phases:

The initial setup phase involves preparing the executive team, developing a Meta-strategy, and empowering business units.

The Innovation Creation phase entails assembling and training a team, identifying initial innovation opportunities, and then shifting to market involvement, breakthrough solution development, validation, financing, and solution building.

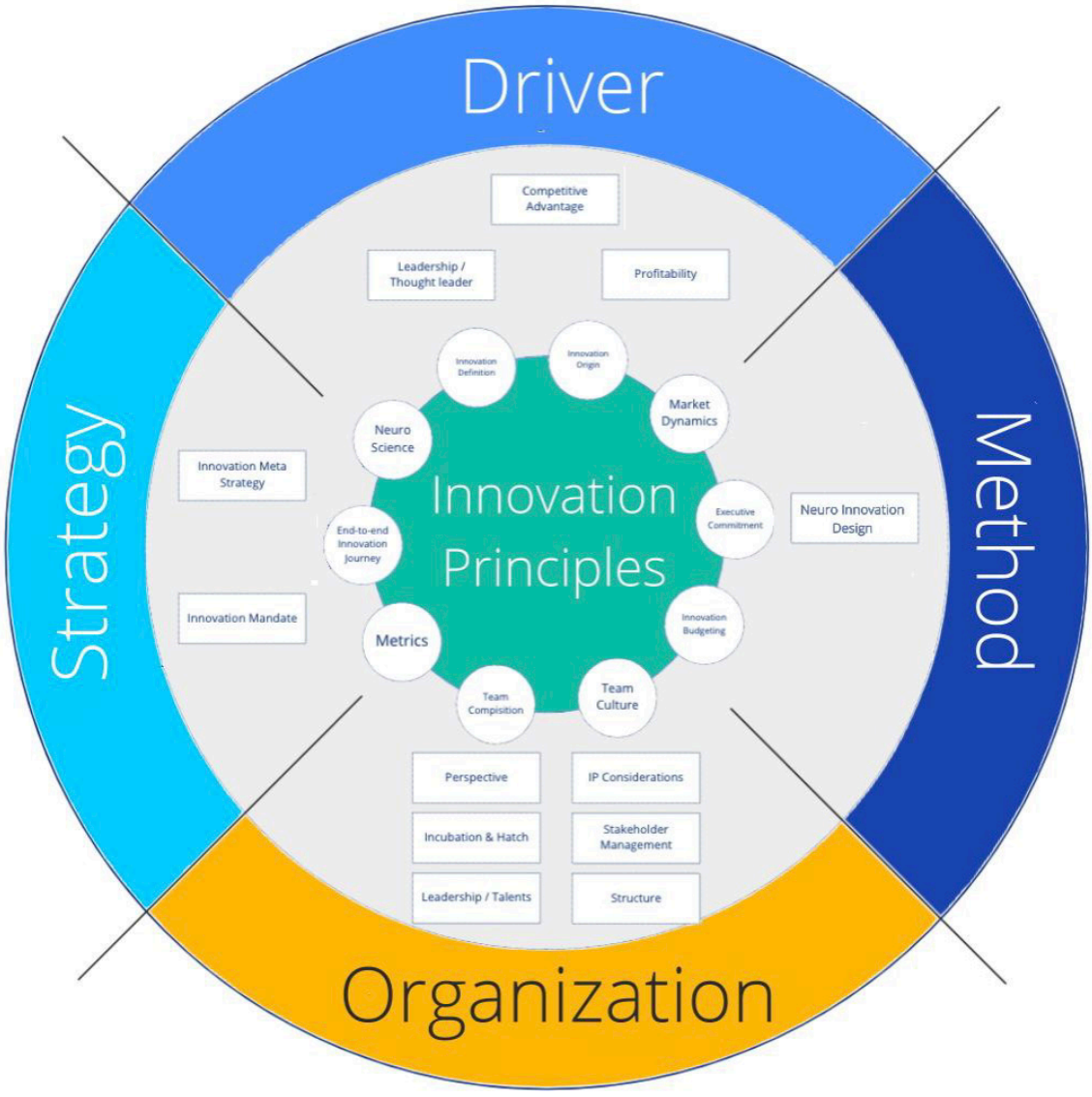
Finally, the most extended and success-critical execution phase involves innovation-to-market, growth development, scaling, and maintaining an Innovation Continuum.

Genuine Innovations are far too complex to appear randomly. To stimulate innovation teams toward breakthroughs, business leaders must understand the basics of how the brain composes these ideas. This new understanding renders innovation a repeatable, manageable, and predictable process. Since corporate Innovation Management has been changed from the ground up, it can finally deliver breakthrough innovation.

To assume that a few people can simply experiment and then deliver billion-dollar corporate-level innovations is childish. Experimentation is something children do; it is also used for the scientific testing of theories. To build innovations that won't jeopardize an entire company, it is important to have a solid foundation.

Every unicorn that has achieved a billion-dollar valuation and revenue has undergone an enormous process of intelligent solution development and relentless commercial execution efforts. As the saying goes, "There is no free lunch".

Framework Elements



Innovation Driver | Innovation Principles
Innovation Strategy | Innovation Methodology | Innovation Organization

Driver

1) Business drivers to innovate

How can this enormous effort be justified? Ingenuity and intelligent problem solving are the very reasons Homo sapiens still exist, which we continue to use to produce substantial improvements. There are also substantial economic reasons to innovate:

- Innovation creates the most significant competitive advantage.
- Innovation generates the highest possible earnings potential.
- Innovation facilitates the longest lasting leadership position.

1.1 Competitive Advantage

Innovation is a powerful tool that creates a significant competitive advantage. This advantage may not be immediate, as it develops over time. Additionally, since long-term growth engagement is influenced by market dynamics, this advantage grows stronger over time. This can be observed among almost all innovative businesses in the past 50 years.

1.2 Earning Potentials

Improvements aim to boost competitiveness within established markets, defending or incrementally enhancing a current market position. In contrast, innovations enter new areas where competition is still limited and customers are willing to pay a price based on the value these innovations provide. Almost all the companies listed on stock exchanges worldwide that provide genuine innovation show significantly higher profitability than their peers.

1.3 Long-term Leadership Position

Following in the footsteps of others may save some energy, but this is by definition a me-too position. Its leadership determines the future direction of an industry segment. Leaders establish the rules and determine the pricing landscape, business models, service offerings and so-called Gold Standards in a business segment—and others must follow them. Thus, Innovation Leadership above all ensures that such leadership is years ahead of others and is able to widen the distance from the rest of the industry.


Principles

The General Innovation Principles are a set of basic rules that apply to any innovation project, regardless of the type of innovation or methodology adopted by the team. They are not specific to any particular industry or innovation strategy model. Since these principles form the foundation of all innovation projects, they are crucial for achieving Genuine Innovation. In essence, they are the DNA of innovation.

2.1 Executive Commitment

Corporations have various interests that arise from their long-term strategy, vision, and shareholder priorities, in contrast to start-ups, which can follow their own interests. However, the customer's interests are undoubtedly the most crucial for corporations. Unlike start-ups, which usually have to complete a challenging process of market development with no existing customers, corporations already have a vast customer base. This presents an enormous opportunity to address their most pressing concerns.

2.1.1 Direction

In the world of innovation, corporate employees are often limited by their access to information. This can make it challenging for them to chart the course of an innovation on their own. Accordingly, the CEO, armed with a broader perspective and greater access to information, must step up and provide the necessary direction. CEOs must define the markets that their company should target and the type of innovation that is required to succeed therein. This direction serves as a roadmap, providing the team with a clear understanding of the magnitude and scope of the desired innovation. Without this directive, the team is left adrift, uncertain of which parts of the strategy will be transformed and which will remain unchanged. The CEO's role in guiding the direction of innovation cannot be overstated.

2.1.2 Expectation

In the rapidly changing business landscape, the direction of an innovation can mean the difference between survival and extinction. The CEO must be attuned to the shifting winds of technological progress and changing customer needs, always on the lookout for the threats and opportunities that lie ahead. CEOs must understand the scale of these changes and have the foresight to navigate the corporation through them. To the employees on the ground, an innovation may appear to be a simple adjustment to a production process. However, for the CEO, it illustrates a much larger picture—a vision of a future in which the products that the factory once produced may no longer have a market. With his or her expectations, the CEO charts this course, defining the aspirational revenues, what parts of the corporation are sufficiently flexible and what aspects must remain steadfast while balancing the demands of the marketplace with larger objectives, such as environmental protection and societal responsibility.

2.1.3 Growth Protection

In a world where financial reports loom large and short-term thinking prevails, innovation is constantly at risk. Thus, the budget assigned to innovation is not just a line item on a balance sheet; it represents the company's investment in its future. It contrasts with the budget for research and development, which focuses on refining existing products and processes. The CEO must understand the distinction between these two budgets and be vigilant in safeguarding the innovation budget against the temptation of short-term cost-cutting measures. CEOs must resist the urge to trim this vital resource, aware that the budget for innovation is the key to their company's future success. In this fast-paced and uncertain landscape, the CEO's role in preserving the innovation budget is nothing short of critical.

2.1.4 Innovation Strategy

The corporate innovation meta-strategy is defined by three pillars: direction, expectation, and growth protection. This strategy provides a clear roadmap for innovation, outlining the goals, markets, and functions thereof while revealing the constraints that must be taken into account. It sketches the outlines of the innovation project, making explicit the purpose and objectives of the company's innovation efforts. The meta-strategy is the foundation upon which the company's future is built, providing both stability and direction in a rapidly changing landscape.

2.1.5 Executive Mandate

In the world of corporate innovation, the executive mandate serves as a beacon, illuminating the path ahead and providing the team with the reasons, goals, and support they need to undertake the journey. This mandate lays out the revenue goals for each project, making clear the magnitude, significance and scope of the overall effort.

First, the magnitude highlights the importance of compensating for declining profits, fading markets, and outmoded technologies and underscores the need for fundamental changes, such as the shift from oil to electricity or the drive toward zero carbon.

Second, the significance emphasizes the importance of creating lasting competitive advantages and securing a leadership position in the future.

Its scope sets the stage, defining the organizational and cultural prerequisites necessary to build lasting innovations.

Finally, the mandate serves as a unifying force, allowing the fine-tuning of different innovation initiatives within the larger framework of the corporate innovation meta-strategy.

2.1.6 Empowerment

In the corporate world, it is the CEO's task to steer the ship of innovation, not to row the boat. The foundation of this effort is the innovation meta-strategy, built upon the pillars of direction, expectation, and commitment to protecting the innovation budget. This strategy also empowers employees, encouraging them to take ownership of the innovation process. Rather than focusing on specific individuals, the CEO should thus identify the qualities needed to drive corporate-wide innovation efforts

These qualities, when carefully evaluated among those seeking to participate in the project, enable the selection of top talent from within the organization.
In such teams, responsibilities are shared equally and based on the unique talents of team members, whereby a reliable and responsible spokesperson for the CEO can be defined.
This also raises the question of the role of the Chief Innovation Officer: The CIO is not simply the head of the R&D department but is charged with fulfilling the innovation meta-strategy, functioning as the conductor of the orchestra of innovators.

2.1.7 Innovation Continuum

Innovation is not a singular event but a continuous effort that must be embraced by corporate leadership. If innovation efforts cease once an innovative solution is found, they become too costly. Moreover, a new (disruptive) competitor is always on the horizon, ready to seize an opportunity.
Saturation typically occurs after seven years, when an organization must either reinvent its initial or create a new innovation.
Tools such as artificial intelligence, robotics, complete digitization, and cloud computing amplify the development of new products, production techniques, sales processes, and marketing strategies. The ideal innovation continuum begins five to seven years after the previous innovation.
Lacking orientation, innovation teams work in a vacuum, creating random ideas and products; hence, executive guidance accelerates the corporation into the innovation space. Without an executive commitment to innovation—improving an existing product will always take priority, and the distance from being innovative will grow; innovation budgets will always be a pittance, with no chance of creating genuine innovation.
Accordingly, to initiate the innovation process, the executive team must understand how innovation is created, measured, validated, and managed. This knowledge can be gained in a one-day workshop. Without it, however, innovation remains a myth, an unintelligent trial-and-error engagement.

The first general corporate innovation success principle is that a C-Level commitment is based on understanding how innovation is created. This commitment is typically communicated via an executive innovation mandate.

2.2 Innovation Origin Model

2.2.1 Unsolved Problems

The path to genuine innovation is the pursuit of unsolved problems, even if it seems more challenging than pursuing incremental improvements. A well-known unsolved problem is easy to assess: Determining market size, verifying this, and addressing the intended audience are more challenging in incremental innovations. Most importantly, the solution-to-market path is far easier to understand and forecast. In short, it's wise to look for unsolved problems in a market you have already addressed. This has been the origin of innovation for the last hundred years.

2.2.2 Idea Hunting

In the pursuit of innovation, idea hunting is a dead-end road. While ideas are plentiful, determining if there is a market for them is very difficult. Researching market size and unmet needs is extremely difficult and expensive. Judging whether an idea can be successful in terms of corporate needs is nearly impossible. Nevertheless, companies spend millions of dollars on idea hunting and trend spotting, with little to show for them in terms of tangible success.

2.2.3 Acquiring More Innovative Companies

The age-old debate over "Make or Buy" still rages on, even in the innovation sector. However, let's be clear: Acquiring one innovative company does not automatically make your entire organization innovative. In fact, it can highlight management's inability to innovate for all the stakeholders involved. The sad truth is that the vast majority of acquisitions completed to obtain "innovative" capabilities have failed because the purchased companies simply weren't strong enough to stand on their own two feet.

The most successful start-ups, then, are not driven solely by the desire for financial gain but by a bold and visionary purpose. Only mediocre start-ups lacking belief in their own vision will sell out. The real secret to success in innovation lies in the ability to quickly identify significant problems, thoughtfully consider options, and make intelligent decisions.

As humans, our evolutionary advantage has always been our ability to problem solve. Thanks to modern neuroscience and extensive research on hundreds of successful start-ups, we know that simply searching for new ideas is a misguided approach to innovation. Genuine innovation arises from identifying problems and devising solutions that can address them effectively.

Purchasing innovative companies may seem a quick and easy way to jumpstart innovation within your own organization, but it's not a sustainable solution. The true origin of innovation must lie within the collective intelligence of your own company. Acquiring innovation may waste your time and actually detract from the other benefits the purchased company may offer. In the end, it's up to business leaders to foster an environment that encourages and supports innovation from within.

The second general corporate innovation success principle is that all breakthrough innovations originate from known but unsolved problems, not random ideas.

2.3 Innovation-related Definitions

Given the specific problem we are solving, we must place our work in the proper context.

2.3.1 Genuine Innovation Definition

Genuine Innovation is a breakthrough that elevates people and organizations, enabling them to do things that were impossible before.

Improvements or inventions are not innovations.

From the first spear to the rockets of today, from the wheel to the electric age, we have come a long way via continuous improvements. Improving existing products and services has become a daily routine for most companies in the industrialized world.

However, there is a crucial difference between improvements and innovations.
Innovations possess the following unique characteristics that set them apart from incremental improvements:

- Innovation always entails starting from scratch, from nothing, to improve something and always aims to solve an unsolved problem. Improvement always starts with an existing product and aims to drive it to a higher level.
- Innovation success is not only derived from a novel product but is also accompanied by a corresponding business model, radically new production processes, logistics, sales practices, innovative marketing efforts and even new delivery models. Attempting to circumvent any of these corresponding parts is one of the main reasons for failure, even if the basic product is very innovative.

- Innovation typically involves changing user behaviors to allow accomplishments that were impossible before. Improvements, in contrast, simply manifest existing user behaviors.
- Innovation and R&D budgets are equally different.
- Innovation teams are composed, from the ground up, to be different than R&D teams

These sections of the innovation framework—market dynamics, innovation strategy, methodology, and execution—provide compelling reasons why improvements fall short of being true innovations.

Over time, innovations have always faced resistance and been met with skepticism in their early stages. The scientific community, business establishment, and policy makers have often dismissed them as nonsensical because innovations, by their very nature, challenge conventional thinking.

Therefore, incremental innovation can be considered a euphemism for improvement. However, this interpretation is not only misleading but also counterproductive: It undermines the transformative potential of true innovation and leads to a false sense of progress.

2.3.2 Degrees of Innovation

Defining genuine innovation as "elevating people or organizations, enabling them to do things that were impossible before", we have framed the outcome of innovation. However, there are still several degrees of such innovations that should be clarified within an organization to value a specific innovation engagement. Thus, here, we classify innovation into several levels of degree of innovation:

Five degrees of innovation:

Degree of innovation is an indicator of innovation value and the level of risk involved in innovation development. The higher the degree of innovation, not only the more valuable but also the riskier it is. A lower degree may still be rather valuable for a specific target audience, but, on a grander scale, it may not be considered valuable for the company, its investors or society as a whole.

Level-1 Innovation (Feature Innovation)

A Level-1 Innovation involves creating an autonomous feature or subsystem of a standalone solution that replaces a previous subsystem or feature and enables people or organizations to do things that were impossible before. However, except for the new feature, this is typically directed at the same audience, uses the same infrastructure, and is sold through the same channels and production lines as the original solution. Hence, this type of innovation does not result in major changes in customer behavior or significant increases in revenue or earnings. It is considered a low-risk innovation, similar to any product improvement, and is usually the result of the original product team's efforts to make an above-average improvement.

Level-2 Innovation (Disruptive Innovation)

A Level-2 Innovation involves creating a new solution that displaces an existing technology, enabling people or organizations to do things that were previously impossible. While it is directed at the same audience as the previous solution, it may require a different service approach, sales channel, or production line. Users must rethink their approach to fully benefit from the innovation, which generates incremental revenue and earnings for the company. Unlike Level-1 Innovations, Level-2 Innovations are typically developed by a dedicated innovation team. Disruptive innovations are thus feasible in Level-2 because relevant solutions already exist, allowing for an assessment of customer needs and potential market adoption, reducing risk.

Examples: Cellular Phone, Discount Retailer, Personal Computer, Electric Vehicle.

Level-3 Innovation (Breakthrough Innovation)

A Level-3 Innovation comprises a completely new solution that changes everything, creating a new market. As it requires a new infrastructure and sales channels, users must learn how to use this new solution. It generates novel revenue and earnings streams. A dedicated team is thus responsible for creating this innovation and designing the product, service, and business models. It is a medium-risk innovation because the economic outcomes must be assessed continuously during the innovation process and the predictions require sufficient data to be well-informed decisions.

Examples: Penicillin, Automobile, Radio

Level-4 Innovation (Groundbreaking Innovation)

A Level-4 innovation involves creating a solution that never existed before and revolutionizes how people or organizations do things. It establishes an entirely new market and requires the creation a new infrastructure, sales channel, and production line from scratch. Users must learn to work with this new solution from the ground up, which usually involves significant technological and market research. This degree of innovation generates a fully incremental revenue and earnings stream and requires developing a new business model while finding new sources of financing. A dedicated team is thus responsible for creating this innovation and designing all the surrounding product, service, and business models. However, this is a high-risk innovation, as any research data related to functionality, feasibility, and market response are scarce and must be established. The economic outcome must also be continuously assessed during the innovation process, and well-informed decisions must be made based on sufficient data.

Examples: Wheel, Oven, Airplane, Space Travel

2.3.3 Innovation Types

Having clearly defined genuine innovation, we also need to define the following four major innovation types:

*** Product Innovation**

Product innovation refers to the development of new products or services that are offered to customers, partners, or other parties. The aim of product innovation is to enable the target group to do things that were previously impossible. This can be achieved through the creation of a completely new solution or the addition of a new component to an existing solution that makes a significant difference (also known as Level-1 or feature innovation). However, it is important to note that product innovations can be easily copied by competitors, although innovators typically have a three- to five-year head start due to market dynamics.

Examples:

Automobile, Disc Brakes, Software as a Service, Disruptive Insurance Policy, Online Banking, Satellite Internet.

*** Business Model Innovation**

This type of innovation provides the company with a type of business management that was impossible before and, possibly, a customer experience that is not available elsewhere. In most cases, Business Model Innovation accompanies product innovation, but not necessarily. Business model innovation may be less visible and more obvious once an individual becomes a customer. Business Model Innovation is also much harder to copy because the competition only sees the effects, not the root of its internal structure that causes these effects.

Example:

Uber was, and often even still is, seen as taxi competition based on a fancy mobile app with lower prices. However, how Uber does business is not based on its app and lower prices but the convenience factor of using its app, the predictability of its car availability, and, among other features, its cost transparency, which addresses cheating behavior. This far superior organizational structure allows lower prices, but these prices are all Uber's competitors have considered.

*** Experiencel Innovation**

Experience Innovation enables a company to achieve new levels of business management and customer experience that were previously impossible. Although it may accompany product innovation, this is not always the case. Experience Innovation is not immediately apparent and may only become obvious once a customer has used the relevant product or service. Unlike product innovation, it is difficult to copy because competitors only see its effects, not the underlying internal structure that causes them.

Example:

Uber is often viewed as a taxi competitor that offers lower prices through a fancy mobile app. However, Uber's success is not merely due to its app and lower prices. It is based on the convenience of calling a car through Uber's app, the predictability of its car availability, and the transparency in its pricing that eliminates cheating behavior. Uber's superior organizational structure has thus allowed its lower prices, but its competitors have focused only these prices, neglecting the root of its success.

*** Organizational Innovation**
Organizational Innovation enables a company to change its behavior in a way that was never possible before. This may involve creating a new organizational model that enables tasks that were previously impossible, such as integrating customer interaction with company processes in a digital manner. It is applicable to organizations of any size, whether a large corporation, small business, NGO or government.

Examples:
Stock Options, Kaizen, Digitization, Supply Chain Innovation

The third general corporate innovation success principle is to clearly define innovation, enabling everyone involved to know what it means relative to the expected tasks and outcomes.

2.4 Innovation Budgeting

2.4.1 Budget Demarcation

It is important to have separate budgets for R&D and Innovation to achieve sustainable innovation development. The R&D budget is used to improve your current products and maintain competitiveness in your market. On the other hand, the Innovation budget is invested in your company's future to ensure that you stay relevant.

2.4.2 R&D Budget

The R&D budget is essential for improving your current products and maintaining competitiveness in the market. It should be a top priority for your development team, regardless of your industry. Typically, R&D budgets range from 5% to 25% of total revenue, depending on the industry.

2.4.3 Innovation Budget

To invest in your company's future, you need an Innovation budget. Developing innovations is a complex process that takes time (Innovation Market Dynamics), a specialized team (Innovation Dream Team), specific methods (Innovation Methodology) and a holistic approach (Innovation Framework) and targets early adopters. Initially, a reasonable initial budget of 1% of revenue is sufficient, and this applies to all industries. The Innovation budget should be scaled based on achievements, and this scaling must be reflected in your strategy. It's also critical to keep in mind that combining the R&D and Innovation budgets into a single budget will almost certainly fail due to the different structures and scales involved.

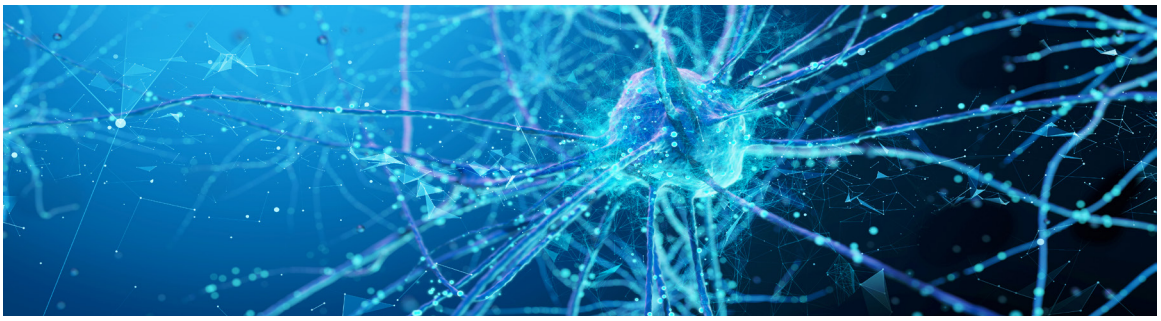
The fourth general corporate innovation success principle is that innovations, unlike improvements, need budgets staged according to their milestones and anticipated economic outcomes.

2.5 Neuroscience Influence

2.5.1 Neuro Ideation

To develop successful solutions, the innovation team must generate ideas for solving the identified problem. Understanding how our brain functions during solution development is crucial in determining the potential success of these ideas.
In building innovations, the capability of our brain is a central understanding, but it is not necessary to become a brain expert.

Neuroscience has shown that ideas are formed by combining past experiences into new ones. Complex business ideas, including disruptive innovations, are not created randomly but through a process that can take weeks or even years. Collaborating with a team of multiple brains can thus accelerate and broaden the solution-finding process. Knowing that ideas do not occur by chance makes ideation a repeatable process, rendering innovation manageable and predictable.



2.5.2 Neuro Communication

By understanding how our brains work in different situations, we can improve our ability to manage specific processes. For example, when engineers talk with purchasing department personnel and it is widely accepted that a sale may be in jeopardy, is it the engineers who cannot sell? Or, is it the purchase manager who cannot buy? Neither: Here, two differently wired minds can't communicate very well, mainly because they don't rationalize the differences in communication processing in their minds. By acknowledging this, the innovation team can assign someone on their team, who is better equipped, to handle these conversations.
The fifth general corporate innovation success principle is that every idea, concept, or solution has been and is exclusively composed in the brain based on past experiences and stimulation, which construct a new, imaginary experience. As this process can be stimulated, a positive outcome is almost certain when it is.

2.6 Innovation Team Composition

In the past, innovation teams were typically made up of experts within the IT department. However, in the 21st century, digitization has presented a significant challenge, and innovation has become necessary to meet this challenge. Nevertheless, additional future challenges may lie somewhere else.

Investors worldwide are investing billions of dollars in unicorns—companies with a valuation exceeding $1 billion—and all these investors are looking for the same three things: Team, Team and Team. The success of an innovation team is entirely dependent on the quality of its members. It is not valid, then, to assume that an enterprise's organizational structure, rules, regulations, limits, and culture will prevent it from attracting top-quality teams.
When examining each of the C-Abilities (courage, creativity, curiosity, and confidence), it becomes evident that the individuals possessing these traits are not typically impressed by rules that hinder rather than empower their work. They merely disregard such rules, as they do not have a reason to leave.

Hence, creating genuine innovation is an intellectually demanding job. This raises the question of what talents, skills, or other factors should be considered when assembling an innovation team.

2.6.1 Background Diversity

Upon analyzing successful businesses, start-ups, and unicorns, a pattern emerges: The founding teams have diverse backgrounds including sales, marketing, engineering, finance, operations, etc. This diversity is crucial not only for running a business successfully but also for exploring solutions to large, unsolved problems.

2.6.2 Cognitive Abilities

People with specific cognitive abilities are usually the ones who succeed in innovation; they are not just experts in a particular field. These abilities are called "C-Abilities", and there are eight of them. Each ability is exclusive, and the absence of even one could jeopardize the success of an entire innovation team. However, they are also inclusive; a person's education, background, society, country, or ethnic group does not matter in regard to possessing these abilities.

01. Curious	**02.** Courageous
03. Clairvoyant	**04.** Competitive
05. Creative	**06.** Collaborative
07. Communicative	**08.** Continuous

1) Curious

The first C-Ability on the list for exploration with innovation team candidates is curiosity. This quality is crucial for innovators, researchers, and creative thinkers. To be successful on an innovation team, a member needs to have a deep interest in every aspect of the current situation requiring innovation. They should also have a good understanding of their customers' needs and desires for different solutions, as well as of any pain points users may be experiencing without even realizing it. Curious individuals are eager to delve into these topics, even if they are not experts in the field. Interestingly, being an expert in the field can actually be a disadvantage because it can reduce curiosity and openness.

2) Courageous

To bring a new and innovative solution to fruition takes extreme courage. This is especially true for breakthrough solutions that require the courage to make difficult decisions and to stand firm in the face of opposition. When working on an innovation project, an innovation team within a large organization may face resistance from executives who are not convinced of the concept's potential. It takes courage to challenge an executive's opinion and to continue with the project. Additionally, the innovation team will constantly make major decisions, such as who to call to access rare knowledge and what to drop or continue during ideation processes. Since it is often easier to reject an idea than to take the time to understand it, fighting for an idea requires exceptional communication skills, creativity and courage.

3) Clairvoyant

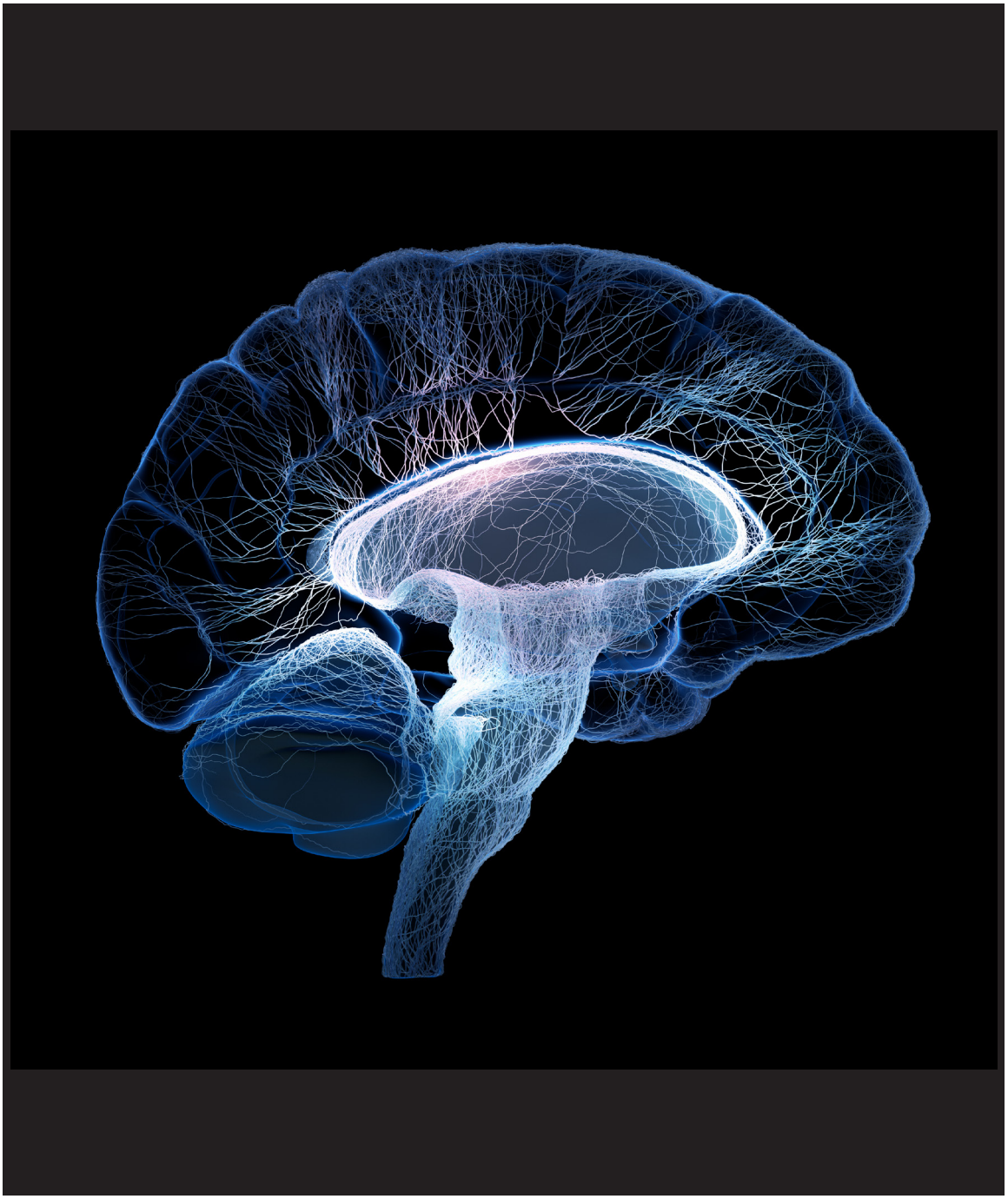
The third C-Ability is being clairvoyant, an uncommon term that describes an individual's farsighted instincts and the ability to make fast decisions, recognizing new opportunities that others may not. It involves envisioning the potential in an idea, person, or solution and constructing the future around that vision. This ability is crucial for innovation team members because it motivates the entire team and enables faster interteam communication. Without it, the team may struggle to collaborate effectively and lack the necessary creativity and continuity. Although it is the least researched of the C-Abilities, it requires a unique level of attention.

4) Competitive

Competitiveness is an ability that is directed at the competition from and within the market that the team's innovation is for. No competitor can be large enough or good enough to outperform the innovation team. Whenever there is fierce competition on the horizon, competitive minds never give up and never surrender. Competitiveness thus usually goes hand in hand with courage, making people confident in their tasks. To be an effective innovation team member, competitiveness is a critical C-Ability. Nevertheless, the innovation culture must be shaped in a way that ensures competitiveness does spill over to internal competition, even though the innovation team is in permanent competition with other players and, mainly, time. Innovation is never a sprint, but always a marathon, whereby competitiveness must only focus its energy on the right targets.

6) Creative

Creativity is a complex concept. While everyone possesses it, it seems to diminish as we grow older and enter the workforce. Ideas pop into our heads all the time, some more elaborate than others, especially when rooted in rare experiences. Brainstorming often results in unremarkable ideas, which are frequently dismissed due to a lack of understanding. Creativity demands effective communication skills, confidence, and courage. However, since truly science-fictional ideas are also based on past experiences, we tend to realize that there are only a few innovations separating today's reality from our visionary thoughts. Ultimately, although creativity is innate in most people from birth, without exercising it, like a muscle, it will weaken over time. Therefore, creativity requires a unique level of attention among our C-Abilities.



6) Collaborative

Collaboration is a crucial part of successful innovation, as the creativity of a single brain can be greatly enhanced by multiple brains working together, provided that all team members have the necessary cognitive abilities. However, in innovation teams, it is also important to have a high diversity of backgrounds and experiences rather than just a group of experts. The key to effective collaboration is to view every team member as equal, regardless of their intelligence or background, and to be open to finding interesting aspects in anything that is suggested. More of the same is usually a very powerful force in collaboration, but this is not true in the case of innovation. Innovation teams thrive on a high diversity of backgrounds and experiences. Unlike an R&D or research center where almost everyone is an expert, in innovation teams, being an expert is just one of many other backgrounds. What if you have someone in your team who is considered to only ask "stupid" questions? You may quickly learn that the notion of "stupid questions" is a stupid concept in modern society and that we can learn from absolutely everybody. The key aspect of innovation collaboration, then, is the willingness to find an interesting aspect in anything anybody suggests. If 10 people, all with very different backgrounds, explain the value of the Internet, there is a 90% chance of 10 fundamentally different answers. When people with different backgrounds explain the value of an idea, this resulting variety in collaboration can lead to breakthrough ideas. Therefore, having more of the same is not always beneficial in innovation teams.

7) Communicative

The ability to communicate effectively is crucial for innovation teams. It involves conveying the ideas, concepts, values, and benefits of an innovation to others, especially when seeking executive approval and funding. The communication process should start early, with a gradual buy-in, rather than simply presenting an idea in one meeting. Effective communication is necessary for successful knowledge transfer among team members and across different brains. It is a key C-Ability that complements other C-Abilities. Different people have different relations and synapses concerning each part of the innovation, and it is impossible to communicate everything. Thus, a breakthrough innovation will never be understood in the same way by any of the team members who have assembled it. Therefore, effective communication requires training and preparation, and it is important to have mediators when differently wired people meet. Transferring an innovation from the innovation team to the regular sales, marketing, and production teams has failed, in most cases, because the latter have differing perspectives on the innovation.

8) Continuous

Innovation is a journey filled with obstacles and setbacks; those who succeed are those who refuse to give up. This unrelenting drive is an essential trait of every member of an innovation team. It's not enough to simply start the project with the hope that things will work out—the team must comprise individuals with the tenacity to see it through, no matter how difficult the road ahead. Having this "Continuous" talent is thus a key cognitive ability to evaluate among every team member.

The team must also be prepared to face a barrage of challenges, from market feedback that doesn't quite hit the mark to a lack of funding or growth. However, if the team is filled with individuals who possess the unyielding persistence necessary to overcome these obstacles, success is always within reach.

The truth is that breakthrough innovations are not born overnight. They require hard work, perseverance, and a willingness to push through, even when the odds seem stacked against you. The idea that a single napkin sketch can lead to a multibillion dollar innovation is a myth—true innovation takes time, effort, and a team of individuals who refuse to give up.
Hence, assembling an Innovation Dream Team is a crucial factor for success. Knowing what makes a successful profile aids identifying the most promising inspirations and motives for innovation. Understanding the psyche of an innovator can create an innovation culture that is rarely seen in enterprises today. Providing a specific environment for new ideas to develop, then, is crucial

2.6.3 Motivation & Compensation

Innovation projects can be lengthy processes; it's crucial to maintain team members' motivation throughout them. Providing incentives such as bonuses, promotions, or stock options can be effective in retaining top talent and keeping them engaged in a project.

However, motivation isn't solely about monetary reward. The C-Abilities of courage, clairvoyance, and competitiveness reside in individuals who are motivated by the challenge of bringing their innovation to life. These individuals find fulfillment in building something from the ground up and proving that what was once deemed impossible is indeed possible.

A successful innovation project thus sets incentives and conditions that foster commitment to a strenuous challenge as well as collaboration among team members.

2.6.4 Attraction and Hiring

In our experience, individuals possessing the C-Abilities necessary for successful innovation can be found in any corporation. However, these individuals are unlikely to be high-performing corporate employees; they are more likely to be those who struggle with the administration's routine and slow progress within the organization.

If the executives support the innovation mandate and show commitment to the project, then these talented individuals will be drawn to the opportunity. They can understand the potential of the innovation journey and will be aware that it requires a unique innovation team, distinct from the regular corporate setting, to succeed.

The sixth general corporate innovation success principle is that innovation teams must have different business backgrounds and the same, innovation-specific, set of cognitive abilities.

2.7 Team Culture

Cultures typically develop around a common theme, effort, or engagement. Innovation team cultures are no different. In terms of the required cognitive abilities, the culture these talents will develop gravitates around the challenge of and opportunity to complete something that seems impossible and, thereby, make a dent in the universe. The cultural characteristics of such talents do not fit into a conventional enterprise culture where it is necessary to live by the rules, to not question the processes, and to accept that certain things cannot be changed. Innovation teams, in contrast, are wired to question anything out there and to compose ideas where nothing that exists is considered for convenience reasons.

2.7.1 C-Level Involvement, Embracing Innovation

In the innovation process, executive commitment is crucial. Once an innovation team is assembled, the CEO must walk a fine line between being a north star for the team and not overly interfering with the process. Great leaders stand behind their teams rather than in front of them.

The CEO's role includes understanding the progress of the project to ensure financial and human resource allocation, as well as comprehending the project's nature to maintain stakeholder support. Additionally, the CEO must be mindful of team chemistry and provide leadership feedback to prevent the team from becoming bogged down in self-referential discussions.

Ultimately, C-level involvement provides orientation and leadership expertise, as needed, to keep the innovation process moving forward.

2.7.2 Team Composition Factor

An innovation team with a maximum of the eight C-Abilities already comprises a dream team. The leadership style for such teams favors orientation over control, assistance over process management, and agility over adherence with existing policies.

However, these teams will develop their own unique structures based on their individual talents. Typically, within a team of three to five top talents, one person who sees the full potential of the innovation and understands all the steps needed to achieve it will emerge. This person will be able to convince others of the vision and keep the team's belief in that vision alive.

Another character often found in innovation teams is someone who is more focused on the present moment, looking for solutions to the next step. A third common character is someone who is focused on solving the technological challenges associated with the innovation. This person understands the technological paths and the implications of the technological decisions made in the team.

Thus, it's crucial that such diverse characters can work under the same umbrella and nurture their ideas through each other.

2.7.3 Ownership As the King Class of Rewards

Innovation teams are motivated by the desire to leave a lasting legacy. There is no greater satisfaction than bringing to life an idea that can benefit millions or contribute to solving humanity's grand challenges. By granting true ownership, innovation dream teams are empowered to work on their ideas with unwavering commitment. This sense of ownership separates successful innovations from failures: Teams that understand the full potential of their ideas will go to great lengths to prevent failure and use their resources effectively.

Ownership is thus more than just a motivator; it is a prerequisite for a successful innovation journey. Monetary rewards may be enticing, but true ownership and recognition are what truly drive innovation teams to reach their fullest potential.

2.7.4 Competitiveness Effects

Innovation projects are like races. To finish a race, you need endurance and skill. However, to win the race, you need competitiveness. At some point during the innovation journey, the team will face a situation where they have their backs against the wall. It is at this point that the team's competitive nature will come into play: They will rise to the challenge instead of surrendering.

Assembling a team with the eight C-Abilities ensures it will already have a competitive edge. However, it is the responsibility of the C-level to keep the competitive spirit alive by setting ambitious goals and maintaining the delicate balance between over- and underfunding the team. This will help the team maintain its focus and drive it to succeed.

2.7.5 Creating a Performance Culture

Innovation teams must embrace a performance culture to drive toward success. Celebration is a fundamental aspect of this culture—every team member needs to revel in their accomplishments. Celebrating the team's successes is vital because it reinforces the team's sense of purpose and shows that its hard work is paying off.

To achieve this, the team members must first understand the goals they are working toward and what is required to achieve them. When the team is motivated by a clear understanding of how achieving these goals brings it closer to its ultimate innovation, team members are more likely to remain committed to further goals along the way.

The responsibility for establishing a performance culture rests with the C-level executives. These leaders must set clear milestones and develop a system for celebrating them. Ideally, these milestones are bound to consistent KPIs that are understood and managed—if a measure becomes a target, it is good measure. This not only conditions the team for the permanent development of the innovation but also encourages it to be creative and take reasonable risks.

Innovation teams must be dynamic and constantly evolve to drive toward success. A performance culture drives the team to constantly push the limits and achieve the next milestone. When celebrating the team's successes, leaders must encourage team members to remain focused on the ultimate goal and not to become complacent. By fostering a performance culture, the team can embrace challenges and work collaboratively toward the common goal of developing the innovation.

2.7.6 Removing Any Bureaucracy through Culture

Innovation and bureaucracy are like oil and water—they simply do not mix. While bureaucracy is a necessary evil when running large corporations, it can stifle innovation by hampering the decision-making process and inhibiting creativity. In contrast, innovation requires flexibility, agility, and quick hypothesis verification.

To establish an environment conducive to innovation, the C-Level must create a culture of trust and respect between the innovation team and the rest of the organization. This involves providing the team with access to necessary internal and external resources without requiring extensive corporate review processes that can hinder progress. It also means empowering the team with ownership of the innovation and instilling within it a sense of responsibility to use resources carefully without jeopardizing the journey.

Meanwhile, the innovation team must understand the boundaries within which they must operate and commit to using the resources allocated to it thoughtfully. The C-Level must also strike a delicate balance between providing the team with the freedom to innovate and protecting the organization from unnecessary risk. In essence, a successful culture of innovation requires mutual understanding, trust, and a commitment to the common goal of bringing a new idea to life.

2.7.7 Embracing a Coidea Culture

Innovation is not a one-person show but a collaborative effort that requires different perspectives and challenges from various minds to turn an initial idea into a groundbreaking innovation. The most successful innovation teams thus foster a co-idea culture where all team members, regardless of their task or hierarchy, are encouraged to contribute to the common goal.

In this culture, winning does not entail one person taking all the credit but results from everyone working together to achieve the ultimate goal. It's akin to a sports team where every player, from the groundskeeper to the matchwinner, is needed to win the trophy. The same is true in innovation: Every team member has a role to play, and their unique perspectives and expertise are essential for success.

2.7.8 Inducing Innovation Culture among Stakeholders

Innovation is not a vacuum but an ever-evolving process that requires constant input and adaptation. One of the keys to its success lies in the ability to incorporate the outside perspectives of customers, suppliers, and public administrations into the innovation process.

The C-level must therefore create a culture that values and encourages openness to external input and understand how to strategically leverage these potential resources to further the innovation journey. With careful consideration, the innovation team can access a vast pool of ideas and experiences outside the company, enhancing its chances of success.

Innovation teams are typically fast-paced; they are not only passionate about their work but obsessed with the idea of solving an unsolvable problem. They need access to research 24x7, and they may need specific tools immediately without having to file forms with a purchasing department. They naturally work in their own timeframe and energy efficiency model in regard to working hours or office access, e.g., even at 3 AM.

Unlike the many kinds of corporate innovation teams that typically work in a playground environment, top innovation talents are obsessed with their challenge; thus, their culture is driven by obsession, timeline, and work style. Classic leadership frameworks, with their step-by-step workflow, reporting, and administrative overhead, are short-lived. The above talents would therefore either ignore these and/or have been fired before any employee review is possible.

The seventh general corporate innovation success principle is that high-performing innovation teams seek unique challenges and a competitive environment where all bureaucracy is removed and the requisite tools and resources can be acquired on demand.

2.8 Market Dynamics

2.8.1 Customer Involvement

To succeed in innovation, you need to look to the people you are innovating for as your primary source of insight. Although they may not be able to solve their own problems, they possess a wealth of unique knowledge on specific issues. Hence, before you begin exploring potential innovation opportunities, you should first venture into the market and identify your customers' biggest challenges. This is the first step in leveraging market dynamics and identifying the unsolved problems within your current ecosystem (Innovation Origin). Keep in mind that the bigger the problem is, the greater the opportunity to make a real impact.

2.8.2 Partner Involvement

Great innovations often come from the most unexpected places. In the complex ecosystem of innovation, the contributions of business partners such as suppliers, resellers, distributors, and technology partners are equally as important as those of customers. Although their interests may differ from those of customers, their knowledge of technologies, materials, or market dynamics can provide valuable assets for your innovation team.

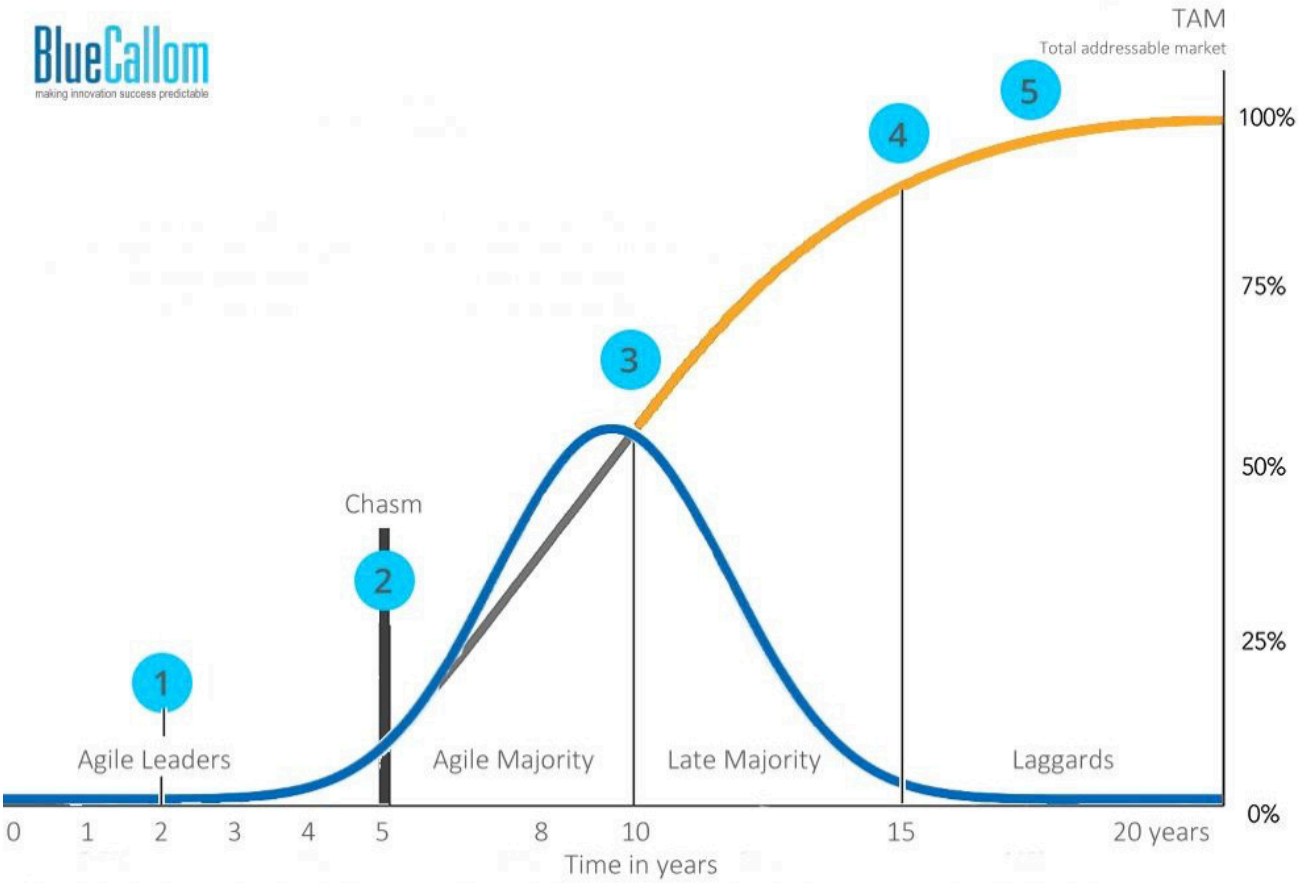
Collaboration with business partners is critical to a team's success, as the former’s struggles with similar problems and attempts at solutions can offer unique insights that otherwise might not be considered by the latter. A collaborative culture within the team ensures that all team members feel confident in sharing their thoughts and insights with one another, further enriching the team's collective understanding of the innovation challenge at hand.

2.8.3 Open Innovation

Innovation in corporations is stymied by a reluctance to engage in open innovation. The fear of failure, the concern of too much openness, and the risk of intellectual property leaks are among the reasons why corporations have shied away from open innovation. However, without input from the market, innovation is almost impossible. Every successful startup and unicorn is deeply engaged with their limited number of prospects or customers when developing the best possible solution. This kind of behavior is notably absent from corporations, which tend to use open innovation to reinforce the status quo rather than challenge assumptions. That is, customer involvement is used to determine the "yogurt flavor of the month" rather than to fundamentally challenge whether customers want yogurt at all. It is important to recognize the value that open innovation can bring and to create a culture that encourages and rewards it.

2.8.4 Innovation Diffusion

Moving from identifying an innovation opportunity to having a disruptive innovation concept validated by the market takes approximately six months. This raises the following question: Why does it take an innovation three years on average to see significant market success and 5 to 10 years to reach its full potential? This period isn't the time needed to develop and build the solution; it is the time it takes to obtain full market acceptance. The ratio between highly successful companies and average players in the same market is approximately 20/80, meaning that 20% of the top companies control 80% of the market volume. That top 20% comprises the only buyers that are the early adopters of innovative solutions. It takes years for the others to follow. Moreover, this ratio is no different across consumers or businesses.



2.8.5 Early Adopter Development

The early success of Switzerland-based Freitag's recycled truck tarp messenger bags perfectly illustrates the crucial role of early adopters in innovation diffusion.
This case involved a small team of inventors who had a brilliant idea —to create messenger bags from recycled truck tarps. They spent months on their first design, but they knew they needed to get the word out to the world. Therefore, they decided to take a bold step: They simply gave their first two prototypes to early adopters.

The first bag went to the editorial team of a style magazine. These journalists were thrilled with the bag's unique and ecofriendly design, and they quickly began to share photos and stories about the bag with their readers. Before long, the Freitag messenger bag had created a buzz, and waiting lists among the journalists for their private use of the prototype were forming.

The second bag was placed in the shopping window of a snowboard store that had already emerged from a subculture to a larger public. The bag stood out among the other merchandise in the display and caught the attention of customers passing by. They were curious about the bag's unique design and asked the store staff how they could obtain one.

The inventors were obviously thrilled to see their idea take off and gain popularity. They knew they had created something special. This was just the beginning of their journey toward creating a sustainable and stylish product that would change the game for messenger bags.

These early adopters, who share a similar mindset as the inventors, are willing to overlook minor flaws and can see the full potential of an innovation. They differentiate themselves from others by adopting the innovation and are often very communicative, providing valuable feedback and advocating for the product.

It is thus essential for innovators to listen carefully to and respectfully interact with early adopters to gain insight into the market and promote a successful diffusion.

2.8.6 Crossing the Chasm

Early adopters are trailblazers eager to embrace new products and services. However, bridging the gap to reach the agile majority—those on the forefront of trends but less accepting of flaws—is a different story. The connection between the innovation team and this majority is weaker, making it difficult to reach them. For start-ups, this is often a valley of death that they struggle to cross. However, for established corporations with existing customers and sales channels, this journey to the majority is somewhat easier.

With innovation financing and a strong go-to-market strategy, corporations can leverage their established relationships to better target and persuade the agile majority. This allows them to bring the full power of the organization to bear on the journey, offering them a better chance of success.

The eighth general corporate innovation success principle is that a genuine innovation can be created within six months, enter the market within another six months and reach the first market track in the second year. However, it may take seven to 15 years to obtain to its full potential because the main limiting factor is not the team but the adoption dynamics in the market. If adopted immediately, it is no innovation.

2.9 End-to-End Innovation Execution

2.9.1 Holistic Approach

Innovation is not a linear process because it involves several variables, such as creativity, research, design, development, testing, and commercialization. These variables often interact with each other and can lead to unpredictable results, making it difficult to follow a step-by-step operation. A conventional approach, where one begins and then sees what the outcome may be before even thinking about the next steps, must lead to failure.

Moreover, it is crucial to consider the strategic features, level of disruption, production, aspects of scaling, global distribution, and financing of a new solution right from the start. Such a holistic approach is essential in ensuring the success and sustainability of the innovation.

Innovations that are developed without a holistic approach can lead to negative consequences for the corporation, its customers, society, and nature. For example, a product that is developed without considering its impact on the environment can lead to negative effects on nature and society in the long term and thus potential reputational damage and legal consequences.

On the other hand, taking a holistic approach to innovation can help a corporation not only develop a successful and sustainable solution but also become a leader in its industry by setting new standards for others to follow. By considering all the parts of the journey and the impact of its innovation on all stakeholders, a corporation can increase its competitive advantage, its customer base, and its overall value.

2.9.2 Sustainable Innovation

When we think of innovation, we often focus solely on the ideation and production process. However, with a holistic approach, sustainable innovation becomes a more manageable function within this framework. By considering the wider impact of the innovation, such as its production process and potential side effects, and questioning whether progress is actually desirable, the innovation team can make an educated decision on whether to move forward with the innovation. Through sustainable innovation, potential issues can be addressed before any major innovation is developed, ensuring that the concept can be adapted to achieve the best possible outcome for all the stakeholders involved.

2.9.3 Innovation Journey Management

The innovation journey can be a complex and challenging process, yet it can be broken down into three distinct phases. These phases help manage risk, understand engagement, and identify key management requirements.

PHASE I - Innovation Creation
In this first phase, it is crucial to discover the innovation opportunity to ensure that the team is innovating for the target market, exploring clear needs and dreams and producing the ideas that will fulfill those needs and dreams. Once these ideas and concepts are validated, the innovation team must secure financing, the final step in this phase. The recommended timeline for this phase is six months.

PHASE II - Solution Development
Once financing is secured, the team can move to developing a prototype, or Minimum Viable Product (MVP). Early adopters, considered the "Inner Circle", are helpful in developing the product to better meet market needs. Once the inner circle is satisfied, a soft launch creates initial revenue and sparks further interest. This process takes three to 18 months, depending on the product, industry, and location.

PHASE III - Exponential Growth and Scaling
Once the innovation has been well received by early adopters, the team must focus on exponential growth and scaling. Scaling requires expanding the team as well as production, logistics, sales, sales channels, marketing, and the solution itself. A 1% growth per day or 30% growth per month is required to create sustainable growth. These numbers may seem out of reach but have been achieved by most unicorn start-ups during this phase, such as Uber, which reached a valuation of over $50 billion in just 6 years; Airbnb, which reached a $1 billion valuation in just 3 years; and Zoom, which expanded its revenue by over 300% in just one year.

The three-phase approach to innovation thus helps manage risk, provides a clear engagement process, and identifies key management requirements throughout the innovation journey.

2.9.4 Duality of ideation and execution

The duality of ideation and execution indicates that the value of an innovation grows with its distribution over time but that the value of the idea does not grow over time—this actually declines, slowly and steadily.
With that in mind, Innovation-to-Market must be a mission-critical part of the innovation effort. Meanwhile, there is a substantial risk for organizations to exhaust themselves. The main mistakes, if this doesn't occur fast enough, include pumping revenue into an enormous advertising during a go-to-market effort. However, this makes no difference, as early adopters are not impressed by promotions. Another risk is to invest more in high-powered experts to provide more features and functions, more services, etc. However, the only possible outcome is more confusion and less attraction. A breakthrough innovation is attractive because of its breakthrough—it cannot have "more breakthrough". Going to market, however, cannot occur fast enough, implying more early adopters, requiring more feet on the street. Hence, exponential growth is important, but it has its own laws and dynamics.

Therefore, the BlueCallom equation is the result of simplifying the key influences to success into a simple formula. It matches the pressure on Silicon Valley Startups being pushed to grow exponentially to ensure success:
$G = I * E^2$ ". Genuine innovation (G) is the value of the idea (I) with a value of 1 multiplied by the exponential growth execution (E^2).

The ninth general corporate innovation success principle is that once an innovation is created, it does not become much more valuable with improvement over time and may even lose value. The only economic value driver is relentless execution with exponential growth: $G=IE^2$.

2.10 Innovation-Specific Metrics

Once innovation teams are working creatively on new solutions, thousands of pieces of information are created, including ideas, research, market feedback, and opinions. Theoretically, all innovation-specific data could be collected in a spreadsheet, where each item can be voted on and some formulas can compute values, influence factors, performance indicators, and success probability data. An algorithm for the overall Innovation Success Indicator (ISI) can be applied.

To make life easy, remove administration overhead and reduce the failure rate, this function is completely integrated into the BlueCallom DEEP solution.

This chart was generated by BlueCallom Deep and shows the predicted likelihood that the respective innovation will be successful.

1) Team-specific Performance Data

BlueCallom DEEP is a powerful tool that allows comparing the performance of innovation teams in different stages of the innovation journey. A team's progress can be compared to those of other teams that are at similar points in their own innovation journeys. This is a key feature that helps establish a performance culture within the team.

By being able to see how they measure up against other teams, innovation teams can better understand where they stand in terms of their progress and whether their work is paying off. This feature also provides insight into whether they need to push harder or adjust their strategy to achieve better results.

The ability to compare teams at different points on the innovation timeline is particularly useful for C-level executives. It allows them to identify areas where the innovation team is performing well and areas where resources may need to be allocated differently to optimize performance. Overall, BlueCallom DEEP is thus an essential tool for any innovation team seeking to achieve peak performance and establish a culture of innovation excellence.

2) Episode-related Performance, Time, and Budget Data

BlueCallom DEEP allows a more nuanced approach to assessing team performance in innovation with a focus on performance within each episode of the innovation journey. Neglecting even one episode can have detrimental effects on the entire journey, entailing it is important to monitor performance at every step.

In addition, the performance data of each episode are important for executives, as they provide insight into the progress and performance of the innovation team. With BlueCallom Deep, executives can easily monitor the progress of each episode and make informed decisions based on the relevant data. They can quickly identify areas where the team is struggling and allocate additional resources or support to ensure success. These data can also be used as a benchmark for other teams and industry standards, helping executives make informed decisions about the direction of an innovation project. Overall, access to episode-related performance data is crucial for innovation teams and executives alike, as they can provide insights into the length and cost of the journey ahead, enabling better planning and allocations of resources.

3) Innovation Timeline Management

The success of any journey lies in understanding how far you have come and how far you have left to go. Innovation teams are not satisfied with when they will arrive at their destination, akin to children in the backseat of a car (and, honestly, neither are they). Your innovation team members require detailed information about their progress and a clear projection of the time remaining to them to reach their goals. This knowledge also enables management to make well-informed decisions about resource allocation and the team to better understand its position in the marathon race of innovation. Similar to a runner monitoring his or her progress with a watch and milestones, innovation requires timeline-based performance management to ensure success.

4) Innovation Budget Management

Executives must often ask themselves a difficult question: Is innovation worth the investment? While there is no one answer, BlueCallom Deep provides a close approximation by offering valuable insight into team performance, episode progress, and timeline.

Money is often the greatest hurdle in innovation, and it's easy for executives to be hesitant or dismissive of uncertain outcomes. However, without a clear knowledge of progress and future direction, this hesitancy may be warranted. Hence, innovation budget management is crucial for successful innovation, as it allows management to assess progress, determine necessary resources, and ensure proper investment. With BlueCallom Deep's information on team performance, episode progress, innovation impact, and timeline, executives can make well-informed decisions on innovation investments.

5) Innovation ROI Calculation

Innovation is a daunting journey full of uncertainties and risks where the ROI equation seems impossible to solve. However, with BlueCallom Deep, this process becomes more manageable. This powerful tool enables innovation teams to track their invested capital and project future capital needs, offering executives a clear view of expended capital.

However, BlueCallom Deep goes beyond this. By collecting and analyzing feedback from the team, the market, and stakeholders, it provides insights into the potential returns of the innovation. With each episode, BlueCallom Deep adjusts its prognosis, allowing teams to make well-informed decisions about the innovation's ROI. In short, BlueCallom Deep helps predict the innovation's ROI based on its current progress in the journey.

The tenth general corporate innovation success principle is that innovation-specific metrics are needed to observe performance indicators during the innovation process. These indicators need to be structured in a predictive model that is able to estimate the innovation's outcome, even before the innovation is actually created.

Strategy

3.1 Intelligent Innovation Design

3.1.1 Intelligent versus Experimental

Innovation has traditionally been associated with experimentation, a behavior that stems from our early years of learning and development. As toddlers and small children, we have no prior experience and must explore and experiment with the world around us to develop our intelligence. Our brains never have more synapses than we have at the age of two, and through our experiences, our brain "learns" which synapses are useful and which are not. Over time, the synapses we use frequently become stronger, while the ones we neglect weaken.

As we grow into young adults, we continue to play with our intelligence, applying what we have learned and even what we have not yet learned to solve problems we have never encountered before. This is a critical understanding of innovation, as innovation teams are often tasked with solving problems nobody else has solved before.

Deductive thinking, which involves starting with general principles or theories and then using them to draw specific conclusions or predictions, is an approach that begins with a hypothesis and tests and confirms it through evidence. Inductive thinking, on the other hand, involves starting with specific observations or data and using them to develop general theories or explanations. Deductive thinking, then, is based on reasoning; inductive approaches are based on chance and lucky coincidences.

While experimentation may seem a natural fit for innovation, the reality is that intelligent, deductive thinking is the most effective approach. This approach is built on tested scenarios and hypotheses; it is faster, less costly, and more reliable than experimentation. By incorporating the lessons learned in our early years of development, innovation teams can use their intelligence to solve problems in new and exciting ways.

3.1.2 Methodical Approaches

Innovation is often seen as the wild west of business where rules don't exist and only the strongest survive. Innovation teams, in particular, create an aura of myth around themselves, keeping them free from most conventional rules. However, in regard to problem solving, intelligence is the only rule that applies—the ability to adapt to new circumstances.

While deductive thinking, based on general principles or theories, follows specific methodologies that begin with a hypothesis and test and confirm it through evidence, the innovation process requires more than just an idea or hypothesis. It needs clear principles with which a hypothesis can be derived, confirmed, and, eventually, realized.

Innovation management that relies solely on ideation reduces a journey of thousands of steps to a random one in the middle. Therefore, the most successful innovation teams use methodological approaches to guide their journey, grounded in clear principles and based on tested hypotheses, to solve problems in the ever-changing landscape of business.

3.1.3 Large-Scale Innovation

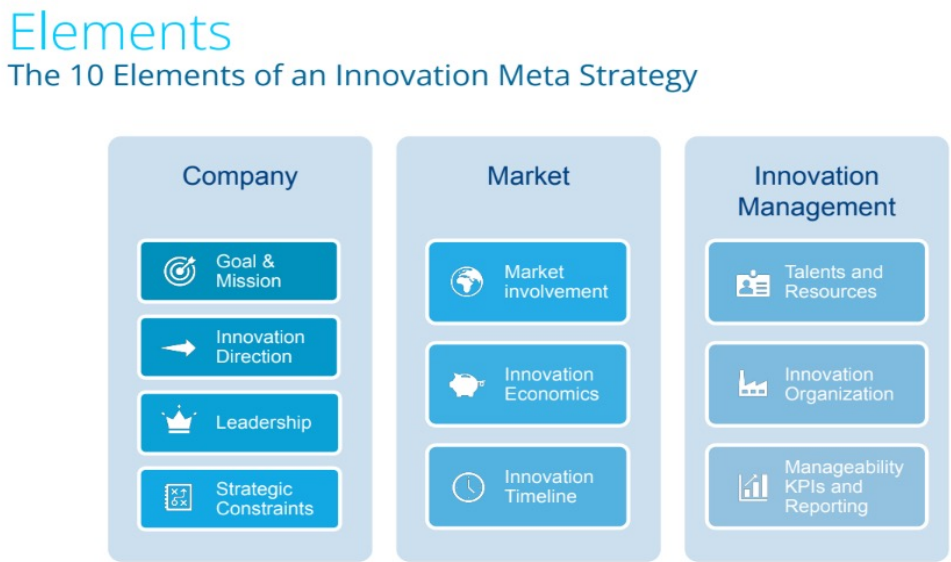
In today's corporate landscape, the innovator's dilemma looms large: Corporations are often overly focused on improving their existing products, failing to invest in innovations that may not have an immediate market demand. However, the innovation framework suggests that corporations, unlike start-ups, have a unique opportunity for creating large-scale innovations and achieving outstanding results. This dilemma is primarily based on market constraints and stock market expectations of continuity. However, there is a way out: distinguishing between an innovation and an R&D budget. With this approach, the framework offers a clear methodology for carrying out the innovation journey and breaking free from the constraints of the continuous development of an existing portfolio.

In fact, such corporations can leverage their existing network, knowledge and customer base and outpace start-ups, which lack such prerequisites.

3.2 The Innovation Meta-Strategy

Innovation strategies address a unique challenge: The goal of a specific innovation engagement is unknown when the strategy is created. To overcome this challenge, the BlueCallom Innovation Meta Strategy was developed as an umbrella strategy. The goal of this strategy is achieving a breakthrough innovation in a specific strategic direction that aligns with a corresponding corporate objective. By incorporating the Innovation Principles, the Innovation Meta Strategy can guide a strategic innovation effort where the ultimate goal is a value for the business rather than a specific product and the mission is the path to achieve that goal rather than a road to a predetermined destination. This intellectual twist may become more apparent once the first innovation projects are undertaken.

The one-page Executive Innovation Mandate provides orientation, guidance, and directions without limiting the horizon. Openly communicated corporate constraints alleviate any innovation efforts that won't make it to a financing round.



3.2.1 Goal and Mission
What is the major goal and the mission of the corporate innovation effort in general, independent of the goals of any individual innovation project?

3.2.2 Innovation Direction
In what business directions should the innovations be considered?

3.2.3 Innovation Leadership
What will the Innovation leadership structure look like, from the C-Level down? What talents and responsibilities are present?

3.2.4 Strategic Constraints
What strategic constraints will be considered regarding markets, technologies, and other aspects?

3.2.5 Stakeholder Management
Who are the typical innovation stakeholders, and how will they be integrated, managed and legally bound?

3.2.6 Innovation Economics
What are the innovation economics, including revenue and profit expectations, investments, and budgets?

3.2.7 Innovation Timeline
What innovation timelines are expected, given typical innovation market dynamics?

3.2.8 Talents and Resources
What talents will you need, and how will they be selected, onboarded, and integrated? What resources and infrastructure are needed?

3.2.9 Innovation Organization
How will the innovation organization be structured in terms of leadership, legal aspects, and corporate integration?

3.2.10 Manageability and KPIs
How will you manage the innovation processes and different teams? What innovation-related KPIs will be used, and how will the budget be managed?

3.3 Innovation Mandate

The one-page Executive Innovation Mandate provides orientation, guidance, and directions without limiting the horizon. Openly communicated corporate constraints alleviate innovation efforts that won't make it to a financing round.
The key aspects are as follows:

3.3.1 Significance

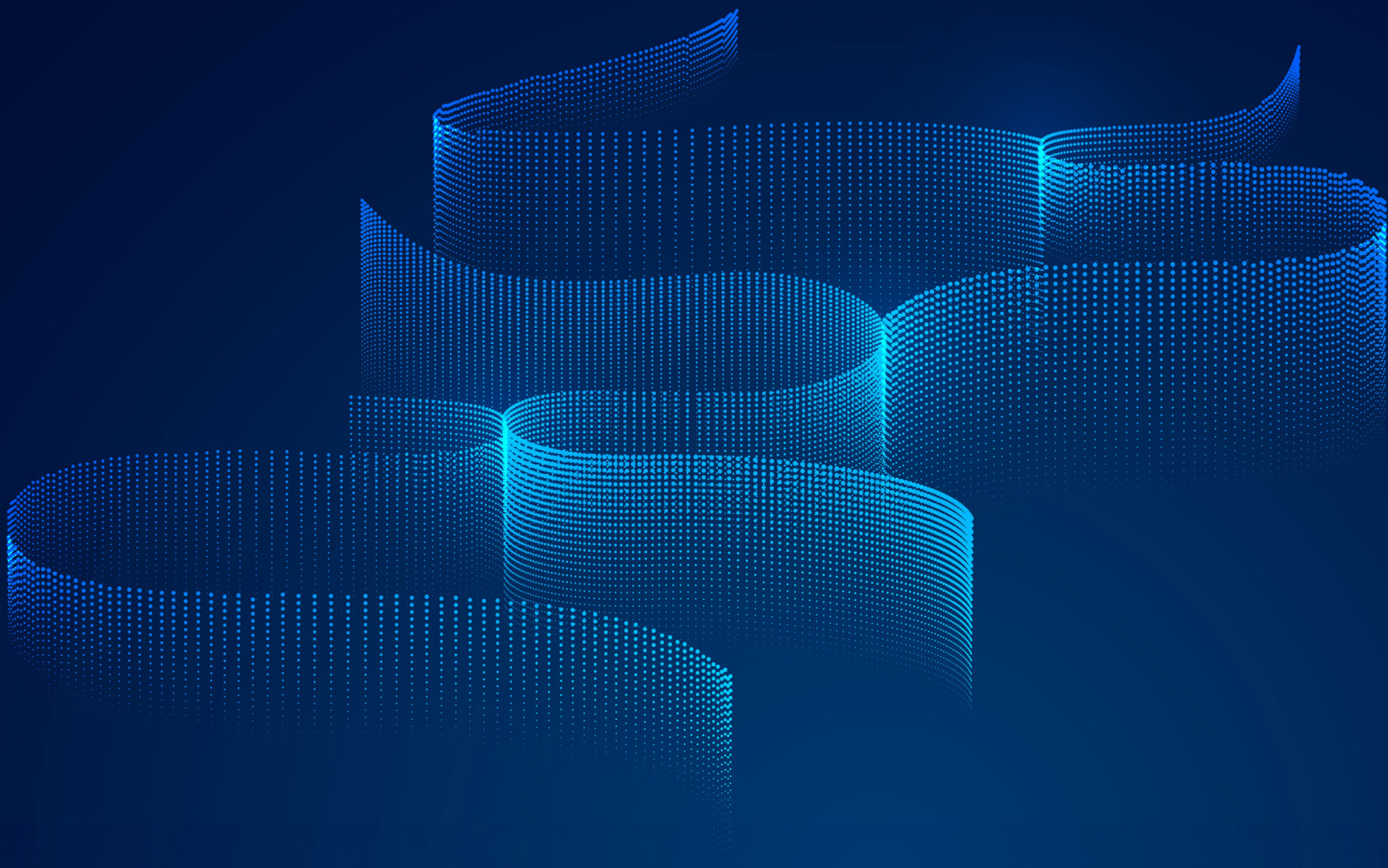
To guarantee the success of an innovation project, it is essential for the team to comprehend its significance for the company and how it will impact the organization. The project must create a long-lasting competitive advantage and establish or secure a leadership position in the industry. By understanding the importance of the project, the innovation team can efficiently execute its new role in the organization and lead its growth and success.

3.3.2 Scope

To achieve success, an innovation must consider its scope in terms of the organization, initial budget(s), and scaling. This involves creating an organization that can compete with both external and internal competitors, which includes establishing a new culture, leadership, and even business generation. It's important for the innovation team to recognize that its innovation is not just a product or idea but a holistic endeavor that requires careful consideration and planning in all aspects of the organization.

3.3.3 Magnitude

For an innovation team, it is crucial to understand the magnitude of its journey and its impact on the company, shareholders, and market capitalization. This entails setting clear goals for revenue and considering the technological consequences of its innovations, such as transitioning from oil to renewable energy. By establishing the magnitude of its journey, the team can better plan and execute its innovation strategy toward achieving its desired outcomes.



Method

4.1 Methodology and Process

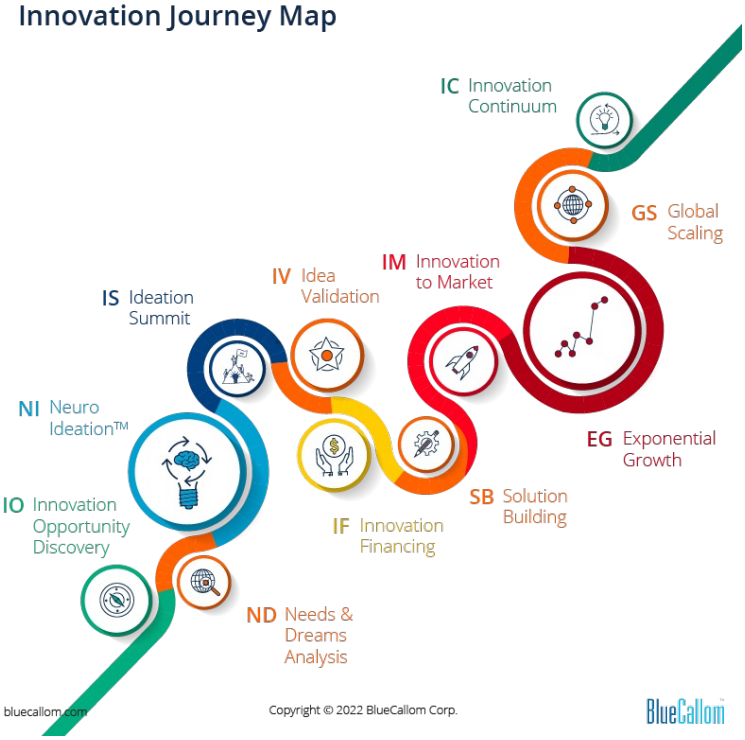
To achieve success in innovation, there must be a consistent approach that includes clear goals and strategies. However, many innovation centers resist using processes due to a lack of understanding of their value. Without clear goals and strategies, it is impossible to create success, while attempting to follow a process will only highlight the lack of progress. This is particularly true for groundbreaking or disruptive innovations that require a multiyear timeframe. The challenge, then, is that most business processes are built for shorter timeframes and are not suited to the long-term nature of innovation. A consistent and adaptable approach is essential to overcome these challenges and achieve success in innovation.

4.2 Deep Innovation Design

Methodology for Creating, Building and Successfully Marketing Genuine Innovation

Starting an innovation journey without a clear strategy is similar to setting out on a road trip without a map. Success requires a carefully planned journey that begins long before the generation of ideas and ends only when the innovation is successfully established in its designated market. This requires a diverse set of tasks, accomplished at different times with specific milestones, all working toward a goal five to ten years down the road. The challenge, then, is managing a process of this magnitude in a repeatable and manageable way. The BlueCallom team has recognized this unsolved problem and developed a multiyear business process that provides all the necessary details, based on the experience of hundreds of successful innovation deliveries. With this approach, organizations can embark on their own innovation journey with confidence, aware that they have a proven and reliable model to guide them.

Innovation Journey Map



1) Innovation Opportunity Discovery

To discover innovation opportunities via BlueCallom's Neuro Innovation Design, a team utilizes a method that leverages neuroscience research, which indicates that all ideas stem from past experiences. By focusing on the customers who have the most relevant experiences and utilizing the scientifically-backed Open Innovation Theory, the team has developed an Innovation Opportunity Discovery method that can reveal untapped markets.

This step involves various interview, engagement, and immersion techniques rather than relying solely on hypothesis and empathizing, as many other innovation methods do.

Typically, this comprises a four-week episode in the innovation journey.

2) Needs & Dreams Analysis

In the BlueCallom Neuro Innovation Design, understanding the needs and dreams of customers is paramount in discovering the most significant innovation opportunities. Based on a vast repository of customer experiences, we utilize a uniquely designed interview process to gain deeper insight into the market and uncover necessary information for the Neuro Ideation episode. It is essential to investigate the inputs, including desires and complex unsolved problems, which lay the foundation for groundbreaking innovations.

History has demonstrated that any ideation in isolation from the designated market has limited chances of meeting the market's expectations. Therefore, needs and dreams analysis is a methodical approach of identifying innovation opportunities from a customer's perspective. It allows us to identify areas where disruption could be possible and where innovation is truly necessary from a customer's point of view. This approach also ensures that our innovation efforts are aligned with the needs and desires of the market, leading to more successful and impactful outcomes.

Typically, this comprises a four-week episode in the innovation journey.

3) Neuro Ideation™

The BlueCallom Neuro Innovation Design incorporates the latest findings from neuroscience on how our brains generate and process ideas. With Neuro Ideation, the method stimulates the brain to release deeper and more complex associations to create groundbreaking ideas. Unlike other methods that rely on brainstorming sessions, Neuro Ideation rethinks basic principles and encourages idea confluence. Analogous thinking is dedicated to nonrelated analogies. The process culminates in a CallomBurst, producing unique and innovative ideas through yet another set of neuro triggers that further opens the mind.

The time management aspect of the method is noteworthy. If an innovation team cannot generate breakthrough ideas within four weeks, its likelihood of success decreases. The Neuro Innovation Design also differs from other approaches, as it carefully crafts ideas from the team and builds on previous iterations.

Typically, this comprises a four-week episode in the innovation journey.

4) Ideation Summit

The Ideation Summit marks a critical point in the ideation process. It represents a turning point in the journey and provides a unique perspective that cannot be obtained at any other point. From this vantage point, the team compiles their disruptive innovation concept and develops a strategy to achieve it. The summit marks a point where the team begins a transition from working on and analyzing the present toward bringing their innovation to life in the future. The Ideation Summit demonstrates both the team's degree of innovative thinking and their confidence in mastering the journey ahead.

Typically, this comprises a two-week episode in the innovation journey.

5) Idea Validation

The method helps determine whether an innovative idea meets the needs of its intended audience early on. Idea validation is a strategic measure that should be taken before significant investments are made, and it ensures that the perspectives of outside parties are adequately considered. This method involves a series of actions including assessing the feasibility of the idea to ensure market readiness, incorporating customer feedback through feedback scoring, verifying stakeholder buy-in through interviews, checking resource availability via a value chain review, and conducting sustainability checks at the social, environmental, and economic levels. By conducting these thorough check-ups, management can make informed decisions.

Typically, this comprises a four-week episode in the innovation journey.

6) Innovation Financing

One of the biggest challenges in bringing innovative concepts to life is securing financing. Traditional investment plan structures and start-up business plan models often prove inadequate. To address this issue, the Innovation Financing Method was developed, a hybrid of both models that is better suited for enterprises.

The financing concept is based on the idea that capital needs are not spread among many start-ups at the beginning, as in stage-gate concepts. This allows more money to be invested in an earlier stage compared to the traditional method. Additionally, focusing on only one or a few innovations allows financing them according to their specific needs rather than cutting a certain number of projects at each time period, as in portfolio-related approaches.

In contrast to start-ups, a corporate-led innovation will not have to dilute shares on an early basis to finance early stages, such as prototyping or validation.

To ensure successful innovation financing, the innovation team must have an innovation-specific KPI framework that can be understood and appreciated by the corporate finance team. Market-side idea validation plays a critical role in this framework, as it helps finance teams understand market feedback and inherent capital needs, making them more willing to provide the necessary financial resources.

Typically, this comprises a two-week episode in the innovation journey.

7) Solution Building

"Solution Building" is a three-pronged approach to achieving a first Minimum Viable Product (MVP) that is truly innovative. First, it ensures that the product or service design is unique and utilizes the latest available technologies. Second, the product must be integrated into the customer's life, behavior, KPIs, and peer data to meet the expectations of early adopters. Third, the innovative solution must be fully integrated into the business model, entailing that the product or service will represent the business model rather than vice-versa.
This approach thus ensures that the product, user experience, and business model all have the potential to win over the market. To assess progress, it is necessary to develop innovation-specific use-case KPIs.
Typically, this comprises a four-month episode in the innovation journey.

8) Innovation-to-Market

The “Innovation-to-Market” Method helps craft a unique go-to-market strategy with limited budgets while ensuring the rapid development of the designated market. Innovation-to-market is a methodology kit using “Solution Embedded Marketing” features, integrated “Network Effects”, “Scaling Audience Development”, and other methods. The “Innovation-to-Market” method provides detailed guidance and growth hacking techniques for different go-to-market approaches. The initial success of an innovation is measured by its fast acceptance rate among early adopters.
Typically, this comprises a four-month episode in the innovation journey.

9) Exponential Growth

As soon as the first reference customers exist, the team must focus on exponential growth to prevent other market entrants and maintain confidence in the solution. Growing exponentially means a growth rate of 30% per month, every month, for the next two years. This requires profoundly different mechanisms than conventional sales and marketing departments can deliver—no matter how successful they are.
Additionally, when financing such a growth rate has never been seen in an enterprise, it quickly becomes another challenge. The growth method addresses this unique situation and provides several tactics for achieving exponential growth.
Typically, this comprises a two-year episode in the innovation journey.

10) Global Scaling

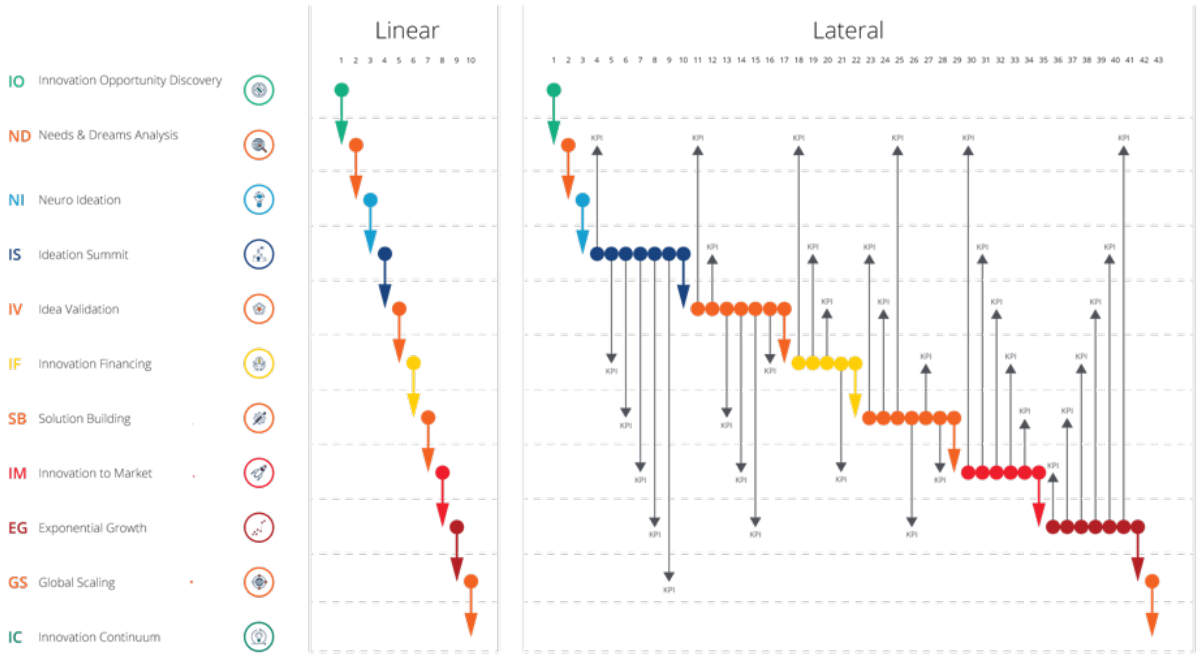
When scaling innovative solutions globally, the mechanism is not comparable with established solutions or bringing improvements, no matter how significant, to market. As in local markets, global markets need early adopters to start a movement; references from the initial market, as a remote, local market, require a similar education. The logistics may be different and the production needs may have to be scaled differently, as remote markets may behave differently. The same holds for sales, support, localization, and all the other aspects of a going global strategy.
Typically, this comprises a three-year episode in the innovation journey.

11) Innovation Continuum

To date, even the best inventors have not found ways to innovate repeatedly. The previous generations mainly grew their companies in size, not in innovativeness. However, in today's world, as more innovative companies are entering almost all industry segments, conventional, static organizations are in jeopardy. The Innovation Continuum Model thus builds on the other innovation-specific BlueCallom methods to provide an approach to continuous innovation.
Typically, this comprises a four-week episode in the innovation journey.

4.3 Nonlinear Innovation Model

Nonlinear (Lateral) Innovation Model



Although lateral thinking has been adopted since the 1960s without substantial success, it remains a crucial component of successful innovation. This is primarily because of the numerous activities and enduring nature of the process, which make it vital to think beyond the linear approach for both creativity and process management. Furthermore, a linear process has never guaranteed innovation success.

Relying on a step-by-step thought process restricts the brain's capacity, preventing the formation of complex ideas. Confining innovation to a sequential process is akin to expecting football players to adhere to a predetermined plan, where every move is programmed and they must consult a table to determine their next move in response to their opponents' actions.

4.3.1 Strategic Innovation Development

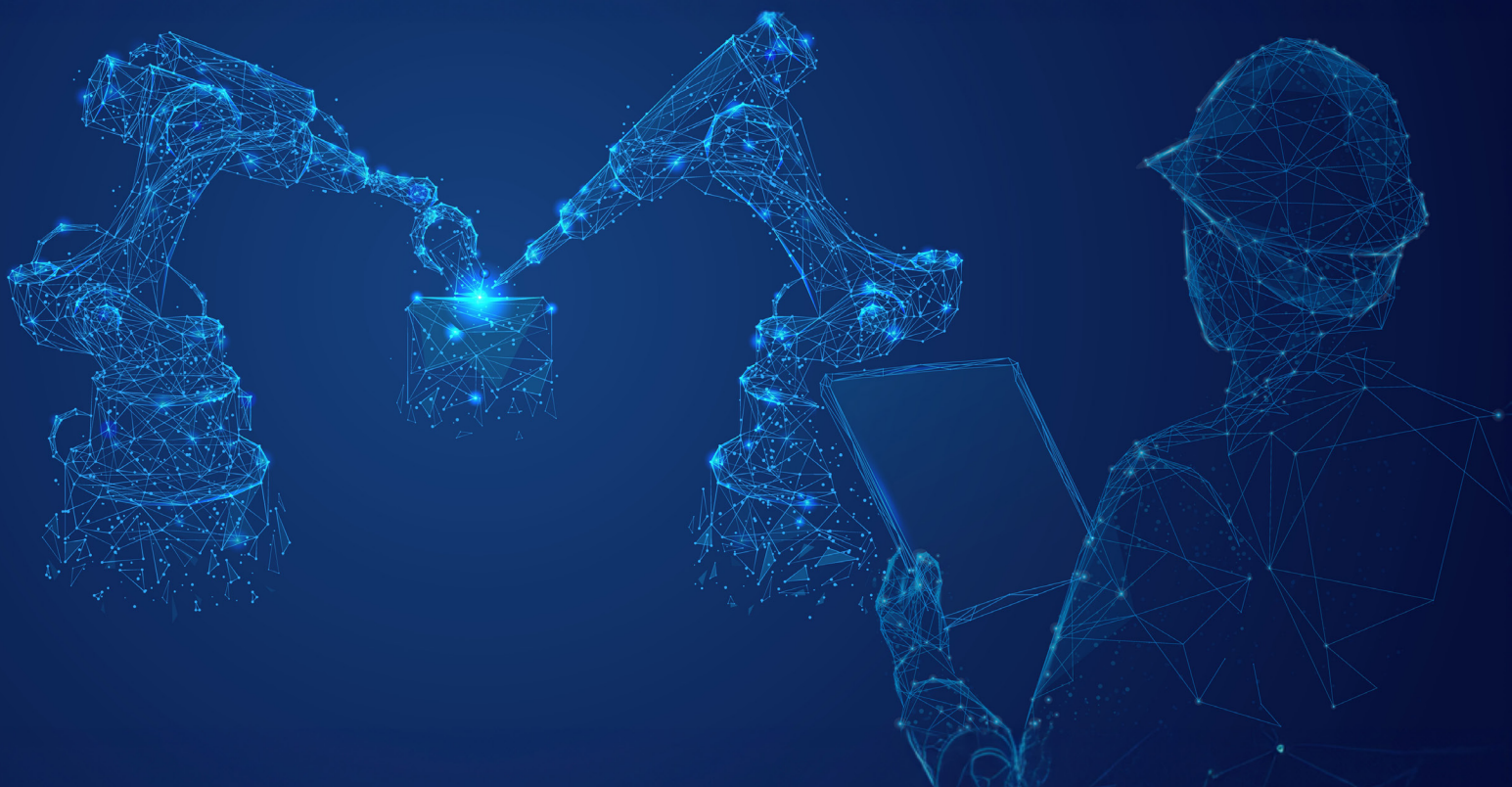
By creating a framework for lateral processes, we can identify important interdependencies among the steps. This means that the innovation journey is not a step-by-step procedure but a process map that discourages dependence on sequential and chronological approaches to innovation. From this perspective, strategic innovation development becomes a pathway that encourages revisiting and frequently validating existing assumptions. The process map offers innovators critical milestones and navigational guidance while nevertheless providing them the freedom to choose their own direction.

4.3.2 Spontaneous Ideas or Insights

Innovation teams can address ideas relevant to the future or beyond the current stages by accessing any part of the innovation journey as needed. This approach may be disconcerting for those accustomed to concentrating on the present and who may feel confused when others work on different aspects of a project. If needed, teams can also incorporate new insights into previous stages, prompting them to reevaluate their work up the present. Although this may be somewhat challenging in the short term, it is far less painful than experiencing failure and having to start again from scratch later on.

4.3.3 Structured Future Influence

The second nonlinear process can impact the future by engaging with a part of the process that may occur a year later. Below, a diagram illustrates this concept without delving into excessive detail. During each stage of the innovation process, it is important to review summaries of the previous stages to ensure that all developments and decisions made thus far have remained consistent with the current stage's objectives. Any deviations from the original direction should be addressed and discussed. Additionally, guidance for future stages must be provided. Innovation teams can therefore effectively manage lateral thinking by employing the innovation framework as an intelligent system that oversees the coordination of both past and future activities.



Organization

Nevertheless, innovation teams need to challenge everything, starting from scratch as if nothing exists. A separate, innovation-focused organizational structure that can operate independently should thus be established.

In the early days of innovation centers, a group of people was assigned to generate ideas and develop innovative solutions. There was limited understanding of how these ideas were created or how they should be transformed into groundbreaking solutions, leaving teams in a void. The resulting products were then produced, marketed, and sold within an existing organization. Unfortunately, this approach has often failed to achieve the desired outcomes. Consequently, we recognize that all parts of the organization, including engineering, sales, marketing, and production teams, need to be trained in adopting and implementing these transformative solutions.

5.1 Organizational Perspective

Henceforth, initiating an innovation effort should not begin with a mindset of merely considering what results it might yield. Instead, you should develop a strategy, establish a mandate, comprehend the time required to address innovation market dynamics, and distinguish the true difference between innovation and improvement. This understanding demands effective execution. Innovation is neither a casual endeavor nor a corporate retreat; it requires a focused and dedicated approach.

5.1.1 Decision-making Process

From this perspective, consider how an innovation-driving organization will progress over time to create a billion €/$ innovation. You may envision a growth trajectory that begins with a small, 7 to 10 person, innovation team and eventually expands into an operation with over 1,000 employees. You will recognize the numerous stakeholders involved in this development and consider the kind of leadership needed throughout the journey. Now is the time to thoughtfully examine your options for organizing the innovation effort, the leadership you want to have in place, and the financial strategy supporting this growth.

5.1.2 Guided by “Significance, Scope and Magnitude”

With your Innovation Meta Strategy, you create a mandate for your team that is now also a key guide for your future organizational development. Your innovation group should be in line with the significance you expect for your corporation, the scope that you have defined and the magnitude you have assumed for the engagement. This is a rather essential guiding mechanism for building what is needed for the success that is desired and expected.

5.1.3 Execution by Design

As every unicorn knows, relentless execution is needed to reach the top. In contrast to an ordinary business process, unicorns have a few different motivational aspects that go far above and beyond the "norm":

- Teams know that what they do has an impact, greater than anything they could imagine in a "normal job". The motive is to do something extraordinary and compete with the rest of the world. This motive fosters an unusual engagement.
- The ability to imagine that the team can do what others think is impossible is an ability that not everyone has. Most likely, 90% of people would prefer to receive handouts on a beach and enjoy life that way or to be an artist, a space pilot or something else. With the wrong team, relentless execution is never possible.
- Simply doing something outstanding and investing all of one's time on earth in that vision require a specific motivation. This type of motivation must go beyond a salary. Shares in the business they develop are always valued. Recognition and creative perks are another great way to show appreciation.

5.2 Incubation & Hatch

The Incubate & Hatch program was created to help incubate an innovation team in its early stages and protect it in the early phases of innovation development, allowing it to hatch to scale to reach its maximum potential.

5.2.1 Incubation State

Once an innovation team is constituted and on the path to discovering innovation opportunities, aggregating market feedback, and creating a solution concept for the problem it seeks to solve, it needs full protection and extensive guidance to deliver a breakthrough concept. This concept will need to be validated by the target audience and then funded by the corporation. Any disruption of the team is very counterproductive. The incubation state is the process including episodes one to six in the innovation journey map (Innovation Opportunity Discovery to Innovation Financing).

5.2.2 Transformation

Once an innovation project is financed and the solution is built, it will be tested in the market for a short period of time. At this time, the innovation process is vulnerable and needs to be under "Incubation protection". Once the solution MVP/Prototype has been successfully tested in the market, the team needs to enter the exponential growth phase—the stress test for the innovation. Significant growth is expected, whereby the team may grow to 50-100 people. This is the indicator to leave the incubator and build its own independent business unit.

5.2.2 Hatching Process

Now the innovation is at a stage to shift to full production, with its own production line, product management, dedicated sales organization and innovative marketing efforts. The Market Dynamic Chapter within the Innovation Principles explains how long it takes to insert an innovative solution into its designated market, a point where said innovation is sold, marketed, produced, improved, and managed like a standard product. Until that time, it needs to run independently. Thereafter, the mother company will no longer seek to integrate this new business unit back into the mothership. This is also the step when the most mistakes have been made in the past.

5.3 Intellectual Property

Even without considering innovation, intellectual property (IP) is a significant concern for many large corporations. Generally, there are two factions: one that seeks to protect everything and another that remains unconcerned, trusting in the ability to always outperform the competition. Various perspectives lie between these two extremes. As a result, there is no universally established principle for IP in innovation. The sole exception is the necessity for a clear understanding and agreement among team members, external stakeholders, and the company. This is especially crucial when a company engages in open innovation programs, as all participating parties need to understand and consent to the terms. How this is accomplished largely depends on local laws and the preferences of the corporate counsel.

5.4 Innovation Organization Leadership

During the incubation phase, the innovation team focuses on developing a solution within an unconventional, perhaps even leaderless, organization. Each team member assumes a leadership role and operates independently, without requiring guidance. However, as the team transitions into the market phase, it must grow and establish a new leadership structure. With increased investment, the team leader may take on the role of CEO in this business and create a corresponding leadership framework. In most cases, this individual will likely report to the chief innovation officer of the parent company.

5.5 Stakeholder Management

Innovation is driven by teams within organizations; its stimulation originates from various sources, such as market opportunities, customer needs and aspirations, and a corporate strategy aligned with long-term corporate needs. The key stakeholders encompass customers, business partners, suppliers, and internal stakeholders such as executives, board members, and shareholders.

5.5.1 Stakeholder Motivation

Successful innovation necessitates stakeholder engagement over a period of at least three years. To achieve this, all stakeholders must be motivated and inspired at different levels. Customers should offer input and validate outcomes. Partners and suppliers should verify business models and organizational innovation aspects. Executives and board members need to be aware of and contribute to the innovation effort. Shareholders should support this by utilizing their influences and networks to enhance the go-to-market effort.

5.5.2 Stakeholder Education

After identifying the relevant or interested stakeholders, they must be educated. Stakeholder education may involve training sessions, brief introductory meetings, or ongoing updates depending on individual preferences. Such education should clarify the problem being solved, the value being provided, why the specific team or solution was chosen, and the benefits for stakeholders who voluntarily offer their support.

5.6 Organizational Structure

A recommended approach to initiate the first innovation project is assembling a team of 5-7 innovation managers and granting them unique organizational privileges within the existing organization. Sections 1.6 and 1.7 of the Innovation Principles should discuss the required skills for these team members and the pertinent culture. This specialized team's nature necessitates separating it from standard rules and regulations, especially concerning salaries and operational arrangements.

In Western countries, it is essential to involve HR and possibly labor unions. Moreover, establish a distinct motivation and compensation scheme and provide exclusive 24x7 access to the team's facility or alternative locations.

Hiring dedicated teams for the new solution can be more straightforward, helping avoid limitations on any business aspect related to the innovation. Developing a dedicated strategy for managing the innovation throughout its entire life cycle ensures a comprehensive approach to fostering innovation across the organization.

Only with a clear definition of innovation
- can executives articulate what they need,
- can innovation teams think of ideas and solutions,
- can milestones, timelines, and budgets be created, and
- can innovation projects be managed.

5.6.1 Innovation Delivery

Introducing radical change in an untapped market is a unique challenge. Developing business and delivery models related to innovation is expected in the market. The focus is on efficient execution rather than flashy models. For example, an innovative car can be ordered online with a few steps and a credit card deposit. Here, outdated, complex configurations that require dealer consultations are not suitable for innovative vendors and ca n even derail the innovation. This is another reason why innovative solutions struggle within "business-as-usual" organizations.

5.6.2 Innovation-to-Market

Execution is crucial in taking innovations to market. A business unit evolving from a small innovation team must carefully select its initial customer base. Targeting conservative accounts is detrimental. Sales must be independent of the general sales department, with a single individual potentially responsible for a larger area or even an entire country, across all industries. Marketing should target innovative minds, not the broader market. Promotions and support will have different characteristics. This topic alone could fill an entire book. Aiming for 1% growth per day, every day, is the guiding success parameter.

5.6.3 Growth Development

An innovative solution begins at the starting point with no customers or revenue. For decades, exponential growth has been the key to success, as demonstrated by Silicon Valley's achievements compared to Europe's focus on steady, high-quality growth. The difference between these approaches has never been clearly articulated. It is as follows:

- Securing two additional customers after convincing the first one indicates a smooth and stable sales process. Since you cannot scale yourself as an individual, hiring more people is essential to grow.
- This also suggests that you can expand into an open and eager market more rapidly than your competitors, capturing market share before them.
- Furthermore, it confirms that the market is as large as projected.
- This growth allows increased marketing spending, supporting a 2-for-1 customer model, resulting in exponential growth.
- Within a year, the market recognizes this growth, and the company's success is judged by its expansion, with preference given to faster-growing companies. Debating this dynamic is intriguing but ultimately futile.
- As its growth continues, the company obtains more market feedback and deeper market knowledge.

While there are many other aspects of growth, the main takeaway should be that hypergrowth is vital for success across various industries. Whether among pharmaceuticals from Switzerland, construction in China, automobiles from Germany, fashion from France or Japan, or software from Silicon Valley, maintaining innovation speed ensures market leadership.

5.6.4 Scaling

Addressing exponential growth entails that production must also increase exponentially. While some view this as a good problem to have, it can quickly become detrimental to the business in two ways:

Scaling your sales force and production are just two factors to consider. To accommodate the increased feedback and feature requests from the market, you must also scale your support. Ideally, this should involve automating some processes to avoid exponential growth in support demands. The same principle applies in supplier relations and securing alternative sources to ensure productivity.

Other aspects to scale include hiring, accounting, order processing, and services as you accommodate diverse customer types with your innovative solution. When considering the organization of your innovation operations and its integration into your existing business, you'll likely realize that it's nearly impossible to find people within your conventional business who can perform the necessary tasks. By the time your innovation becomes mainstream, your organization could thus have between 2,000 and 10,000 employees and generate billions in revenue. At this point, it may resemble a well-oiled machine that can be run by your existing team.

However, this new organization may be so advanced that it makes more sense to transfer your conventional team into your new innovative business unit. This approach may also solve another issue: There is no need to request more innovative thinking, as the advanced business unit already fosters an innovative culture.

5.6.5 Innovation Continuum

During much of the past 200 years of industrialization, companies were based on their founders' innovation, whereby products have been relentlessly improved. However, there were only very few innovations that followed their original product. To create an "Innovation Continuum" within an enterprise, the first innovation team that brings their innovation to market and scales it thus introduces a new era within that organization. This is a milestone that has no corporation has reached, at least as of late 2022: an organizational design that has continuous innovation embedded in its structure.

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Intellectual Property

Genuine Innovation is the single most important activity for humanity. It is a way to solve our existing problems, including the ones we have created in the past and those we will create in the future. Innovation is the intellectually most demanding job and is useful not only for products and businesses but also for finding ways to better organize businesses internally and even better organize our pluralistic society. Nature has given us this additional feature—as biological beings and, currently, nature's best bet—to allow intelligent life to survive across the lifetime of our planet.

For this reason, we, the ORIGINAL AUTHOR: **BLUECALLOM AG**, make the **BlueCallom Innovations Framework** available for anybody to use under the **CC BY-SA** common creative license at no charge.
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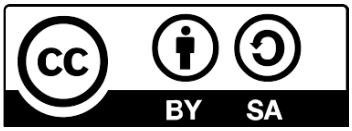

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