



HOW TO ...
SIMON YOUNG

GAIN INSIGHT

DISRUPTIVE INNOVATION CHANGES INDUSTRIES—BUT IT'S HARD AND IT COSTS A BUNDLE. WITH A FEW INSIGHTS ANY BUSINESS CAN BECOME MORE INNOVATIVE AND USEFUL. HERE'S HOW

INNOVATION IS ABOUT 'JUST DOING it', right? Wrong. At least, not if you want to be successful.

In a study of 2,000 innovation projects, Dr Robert G Cooper, one of the world's most respected experts in new product development and innovation, identifies eight success factors of innovation. Six of those are linked to the solid front-end work of ideation. The more time you put in at the front, the more time and money you save at the end.

There are two kinds of innovation. Disruptive innovation is the famous kind, often led by technology, and often very, very expensive.

Electric light, cars, photocopiers, music CDs and MP3 players all came out of nowhere and beat the odds to become the norm. But they didn't get there overnight—and it wasn't cheap. Technology-led innovation is often a product looking for a market, and that product has a huge appetite for research and development. Crucially, it needs to fill an important need in people's lives.

Insight-led innovation, on the other hand, is within the grasp of any business willing to look, listen and learn.

Nathan Baird is the founder of The Hive, an Auckland-based company that helps companies to become more innovative (www.thehiveinnovation.co.nz). Baird says insight-led innovation generates consumer insights and turns them into products that meet real, unmet needs.

What's my job?

In their book *The Innovator's Solution*, Clayton Christensen and Michael Raynor say most product developers fall into the trap of thinking about customers or products. The really important thing is circumstance. What job does your product do for the consumer?

They point to the fast food chain that sought to improve milkshake sales and profits. Traditional customer research—segmented by audience—asked if people wanted their shakes to be thicker, chocolatier, cheaper or chunkier. They got suggestions and made changes, but profits and sales stayed put.

The company then brought in new researchers to try a more anthropological approach. They looked at who bought milkshakes, when they bought them, what else they bought, who was with them, and even asked people why they bought a milkshake.

Their findings were astounding. Their milkshakes had two distinct audiences—early morning commuters, and guilt-laden parents with hungry (or thirsty) kids. One product did two completely different jobs for these consumer groups.

This kind of insight completely changes traditional ways of looking at competition. As the book says, this fast-food chain used to think their milkshakes competed with other milkshakes, but in reality, the competition was 'boredom, bagels and bananas' for one crowd, and

'cookies, ice cream, and promised future purchases' for the other. The book doesn't detail whether this insight led to new products, but it does make crystal clear that it could have created two very profitable new product lines, without risking cannibalisation of their other menu items.

The insight-led innovation process

Here's how Baird goes about developing innovative products and services.

1. Identify a strategic opportunity

Most innovation programmes begin with idea generation. But before you create ideas you need insights, to make sure the ideas are worth pursuing. This vital first step asks the question, 'Where should we focus?' This stage is about identifying the areas rich with opportunity and that make strategic sense—the innovation platforms.

2. Review your knowledge

What do you already know about your customer, their needs, and how they meet those needs? Don't reinvent the wheel—do an audit of all your institutional knowledge.

3. Gather fresh information on your customers' needs

There are three key ways to gain customer insights: being with them, becoming them, and learning about them from experts.

For example, Goodman Fielder wanted to research the needs of primary school children for a new food product. In the 'being with them' stage, researchers from The Hive watched and listened to children in the class and on the playground. In the 'becoming them' stage, The Hive team themselves walked through the experiences of school children. In the

'learning about them from experts' stage, The Hive spoke with a leading nutritionist.

The three sources provide different perspectives on consumers' real needs. Being with them helps you see what is and isn't important—and remember, true insight identifies an important need, otherwise it's not worth innovating a solution. Becoming your customer—or trying—helps you experience first hand the challenges your customer is trying to overcome. And learning from experts gives you a bigger picture of the context the customer is in.

4. Generate insights

Where do insights come from? They come from your team's experiences as they gather information. Let them tell stories, follow hunches and go down garden paths. Bring those stories, hunches and journeys back to the strategic opportunity you identified at the outset. Then link them together to unlock an opportunity that inspires ideas.

5. Develop a product brief—and make it 'springy'!

Once you have insights, craft them into creative briefs to inspire and focus idea generation. A great brief should inspire ideas, without containing the idea within itself. As the saying goes, there are many ways to skin a cat, and if that weren't a barbaric practice, there would be many cat-skinning devices on the market right now.

6. Generate Ideas

Insight-driven creative briefs inspire and focus idea generation. Incubate, cross-pollinate, bring in naive experts, or go on 'safaris'. When UK supermarket chain Sainsbury's wanted to position itself as having the freshest produce and bakery goods, Baird and the innovation



company he was with at the time took the Sainsbury's team to visit and talk to a fishmonger, a baker and a butcher. They discussed the way they maintained freshness of their stock, such as fishmongers only buying fresh fish daily. As a result, Sainsbury's implemented a policy of only baking fresh every day—a first at its time. The ideas are winnowed down using a balance of 'heart and head'.

7. Develop

Your shortlist of harvested ideas is now ready for an iterative concept development stage, where the ideas are refined and stretched with customers and a cross-functional team.

Research company SRI International says concepts should not leave this stage until they can satisfactorily answer four key questions:

- What need does this concept meet?
- What's our approach to meeting that need?

- What are the benefits per cost?
- Why are our benefits per cost better than the competition?

8. Commercialise the product

Now that you've developed the product, how is it going to be profitable? This will depend on materials, skills required to assemble the service or deliver the product, and—most of all—the price the market is willing to pay.

It's important to do the commercialisation stage after product development, so you don't short-change the possibilities of the idea. Better to work out the absolute best product for meeting your customers' needs, then scale down to meet a price point, rather than trying to contain the idea within a price bracket from the outset.

9. Review

Yesterday's insight might be today's obvious—in which case, it's time to start over! ✕

THIS KIND OF INSIGHT COMPLETELY CHANGES TRADITIONAL WAYS OF LOOKING AT COMPETITION. THE FAST-FOOD CHAIN USED TO THINK ITS MILKSHAKES COMPETED WITH OTHER MILKSHAKES, BUT IN REALITY, THE COMPETITION WAS "BOREDOM, BAGELS AND BANANAS" FOR ONE CROWD, AND "COOKIES, ICE CREAM, AND PROMISED FUTURE PURCHASES" FOR THE OTHER

FIVE IDEAS TO GET MORE IDEAS

Innovation starts with insights, and insights start with curiosity. Here's how to up your curiosity quotient:

1. *Drive a different way to work.* Or better still, catch public transport. See what people are up to.

2. *Read weird books.* 'Weird' means something different for all of us, so if you normally read thriller novels, try out some Shakespeare. If you normally read Shakespeare, try an economics textbook. Challenge your mind.

3. *Shop somewhere you'd never shop.* If you're a regular at the Otara Markets, try shopping in Newmarket. If you're always in town, try a suburban mall.

4. *Share stories as a team.* Innovation is the most fun—and the most effective—when done as a team. Do things differently, and then share your experiences. They don't have to be fully-fledged insights, just stories that challenge your thinking and get you asking questions.

5. *Play with your customers.* Your customers have problems that you can solve, but even they may not know it. Spend time with them, whether it's online in social networking sites, in stores, in focus groups or in any other way. Let them tell you what they need, their way.

INSIGHT vs FACT—what's the difference?

Insight: "A penetrating truth that unlocks opportunity and inspires action," says Nathan Baird of The Hive. Insight goes beyond simply understanding by asking, 'How?' and 'Why?'

FACT	INSIGHT (asking 'Why?')	IDEA
More and more people are missing breakfast	Some people can't face food in the morning	Sanitarium Up'n'Go
	Some people have no time for breakfast	Muesli bars
People are frustrated with service from banks	Banking hours prevent busy people from sorting out their money	Online banking

IT'S AN INSIGHT IF ...

Think you have an insight? Plug it into the following statement. If it's believable, you may have an insight. But if it's neither interesting nor stimulating to action, chances are you have only a fact.
Isn't it interesting that and as a result my action is