

Successful business innovation



EXPERT ARTICLE

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**WHAT DOES AN EFFECTIVE INNOVATION PROCESS LOOK LIKE?
HOW MUCH INNOVATION DOES A COMPANY NEED IN THE FIRST PLACE?
THERE'S NO PATENT RECIPE FOR SUCCESSFUL BUSINESS INNOVATION.
BUT IF THE FRAMEWORK AND THE APPROACH ARE ALIGNED, SUCCESS
IS WITHIN REACH.**

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PET bottles are blow moulded from a blank at a rate of around 100,000 an hour. The blowing valves at the heart of the equipment are manufactured by Eugen Seitz AG, based in Wetzikon, Canton Zurich. The company wanted to add real 'digital value' for its customers by launching an intelligent blowing valve. The plan was that these valves would monitor themselves and automatically report any defects. At least that was the idea that the company came to Ergon with. In a joint workshop, this gave rise to even more business ideas. Processing the sensor data from the new valves provides important information that can be used to boost productivity while reducing the consumption of energy and materials. That's just one of many examples of how innovation translates into business.

Transformations are opportunities

For organisations with a long-term view, constant change has always been part of the recipe for success. Data science and AI-based approaches are now creating unprecedented opportunities, automating value chains and allowing companies to analyse enormous data sets in real time. Cloud-based approaches are making infrastructures leaner and more flexible. Open interfaces in IT architectures are enabling completely new business ecosystems across all sectors of industry. But what exactly is innovation?

Innovation requires courage

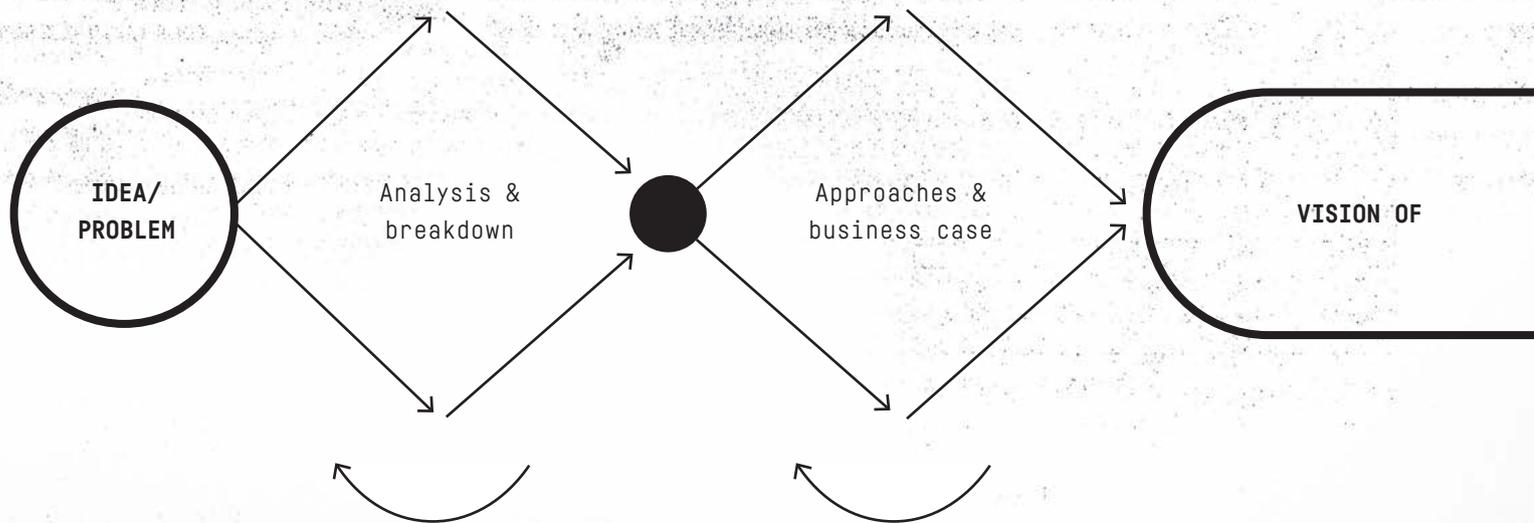
From innovative products and services to new financing models, it's possible to rethink almost everything - and data-based innovations are benefiting practically

every area of the enterprise. Modern portals simplify processes, and smart products enhance efficiency. Projects such as mobility on demand conserve resources and make investment in vehicles superfluous. Within this tornado of change, companies have to renew themselves continually, in terms of both their current product portfolios and future markets. That isn't always easy. It means you have to try out many things, and also allow yourself to fail once in a while. It helps if the triad; framework, approach and team, is in alignment.

Steered from the top, driven from the bottom

In innovative enterprises the management fosters a culture of openness, courage to try new things and constant challenge to the status quo.

FRAMING A BUSINESS IDEA



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This gives employees the freedom to think beyond daily business. The management sets down strategic objectives, but it's down to the team to potentially deliver in daily business. It's important to remember that innovation processes have to be financed - here, too, company leadership comes in. Studies have shown that targeted adjustments to strategy, the design of the innovation processes and the organisation are sufficient to significantly boost the success of innovations. But innovation is also a challenge for people within

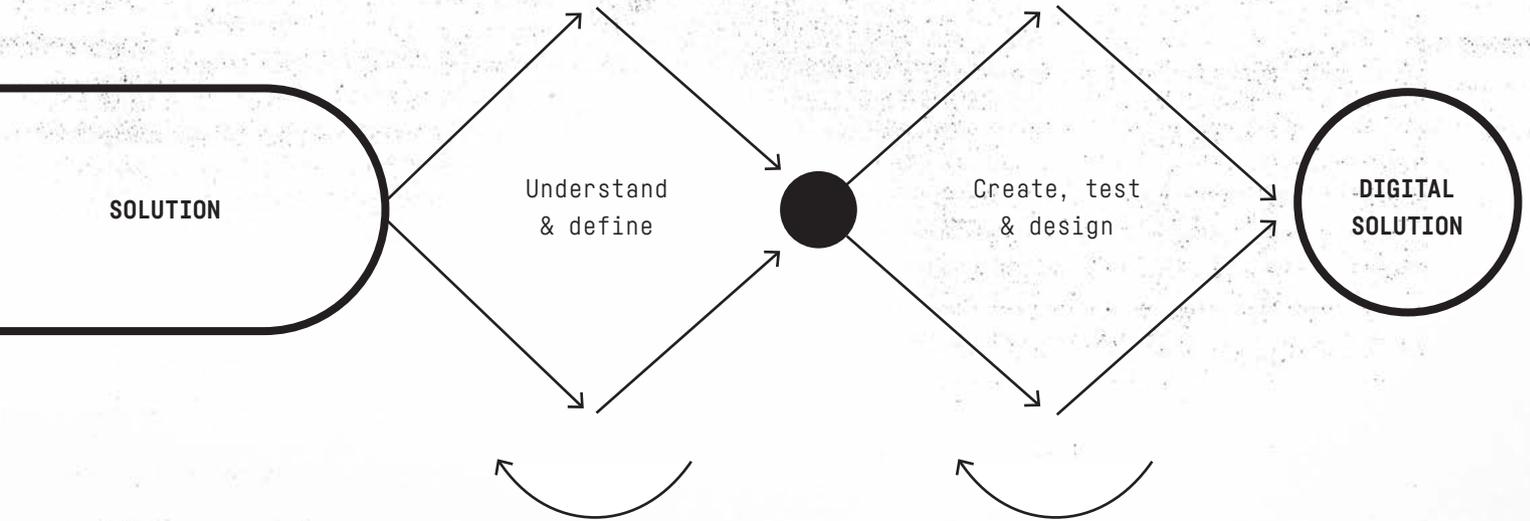
the company: when processes or products change, areas of responsibility and people's understanding of their role shift as well.

Agile but consistent

The innovation process starts with an idea or a problem that needs to be solved. In recent years agile approaches have become established. That's a good thing, because they enable speed and flexibility. But agility requires a framework, a structure. This is because the process of developing and delivering solutions happens

in a complex environment. It's not sufficient for a company to respond quickly to new requirements. A clear, long-term strategy is just as crucial to success. Agile methods allow focused, rapid and creative implementation in the form, say, of proofs of concept, prototypes and so-called minimum viable products. In-depth analysis, for example market analysis, allow a holistic view. If you want a consistent innovation process it's important to have alternating phases in which the team repeatedly widens and narrows its view

DEVELOPING A SPECIFIC DIGITAL SOLUTION



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of an idea or problem, if necessary reiterating steps or taking a step back. This ensures a stringent approach that's geared to results and a common goal.

Why, why and why?

For an innovation to succeed, the problem must be understood correctly. The Five Whys methodology helps recognise the root cause of a problem. Why is the help desk fielding so many queries? Because many log-ins are blocked. Why? The passwords were entered wrong too often. Why? The password rules have been

tightened. Why? To safeguard against abuse. Why now? It's a purely precautionary measure. Persistently asking Why leads the innovation to the root of the problem, enabling it to find the optimum solution - for example introducing two-factor authentication instead of increasingly complex password rules.

Users are key

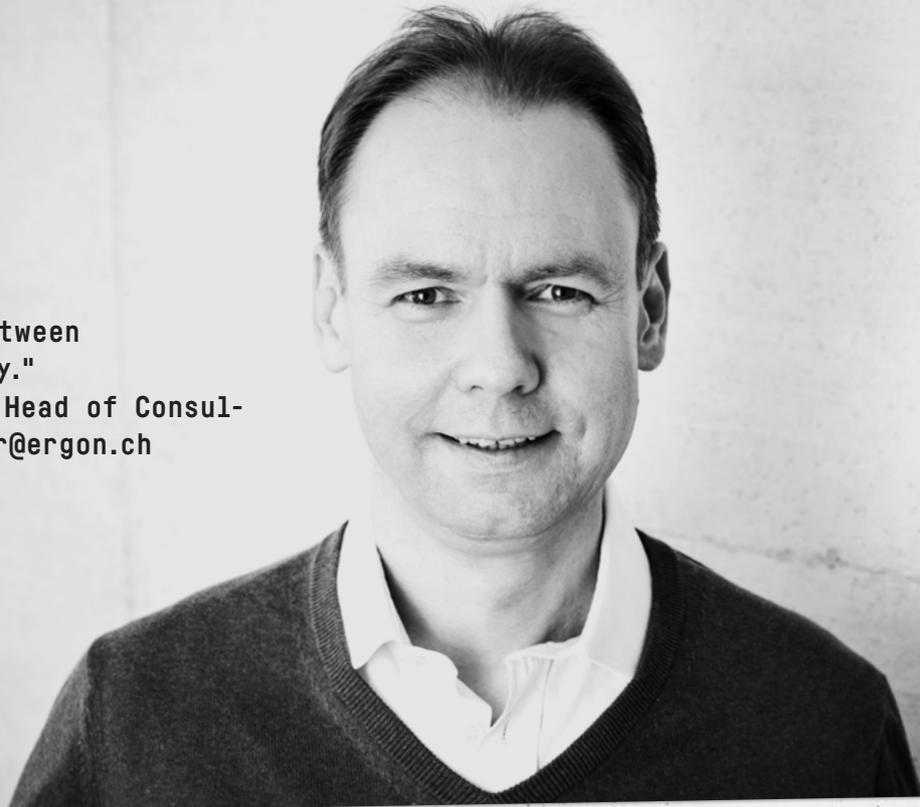
Users are key to the innovation process, and companies frequently ask them about their needs. That's all well and good, but often not enough. Here's an example to

illustrate why: Tradespeople too are increasingly using battery-powered equipment in their work. This raises the concern that it will run out of power at precisely the moment it's needed. A survey might yield the finding that tradespeople don't want to use equipment running on rechargeable batteries. But if the innovation team observes tradespeople at work, it can measure directly how often and for how long a piece of equipment is in use. It may be that this adds up to only a relatively short period over the course of the

"Think in terms of possibilities,
not solutions or technologies."
_Patrick Federi, Head of User Experience
Design, patrick.federi@ergon.ch



"The art of innovation
lies in the balance between
agility and consistency."
_Dr. Michael Schröder, Head of Consul-
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day, meaning that a battery would be no problem. The success of a battery-powered device would then require accompanying communications to allay tradespeople's concerns. Investing in a larger battery, by contrast, would only address these concerns to a limited extent.

Competitive advantage with individual solutions

Especially at the beginning of an innovation process it's important to think beyond the status quo. This makes it easier for the team to leave well-trodden paths. It's important not to put any limits on ideas. Whether an idea works or not can then be tested on prototypes with relatively little effort and expense. If the test works, you move onto the design and implementation of a solution. Often companies wonder whether they should use a standard solution or whether it's worth coming up with an individual solution. That's not an easy decision. It tends to be the case that companies only achieve real competitive advantage in their core business with individual solutions. For example, the innovative and revolutionary Swiss online retailer Digitec Galaxus has

developed important central systems on an individual basis in an effort to rethink online commerce rather than being limited by technological requirements.

Translating chance into fortune

Newton's apple is a great example of the important role of chance in innovation. A software innovation can also happen 'by chance' if people find especially creative ways of using existing components that were originally designed for a completely different context. But you can't rely on chance alone. Companies must also be able to systematically recognise promising ideas and actually translate them into successful products. An open, decentralised culture, a heterogeneous and courageous team, and structure and discipline when it comes to implementation are the seemingly contradictory ingredients in successful innovation management. />

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