

MODERN ACCELERATOR > DISRUPTIVE IDEAS

# The *New* Digital Innovation Playbook



How advances in teams, tools and techniques are creating  
unprecedented opportunities for corporate innovators.

A publication of





## The barriers to exploring new ideas and making them happen have never been lower

It almost sounds too good to be true. In today's world we have the unprecedented ability to read the market in real time, adjust, seize opportunities and make the future without guessing.

These new possibilities are requiring new approaches to realize them, and a powerful new playbook for success is emerging. Unlike previous editions, this new playbook requires less of nearly everything (time, cost and people) to produce more of what counts most (insight, certainty and growth).

## New possibilities: The rise of on-demand customer insight

Traditionally, business decisions were made by the highest paid person in the room, or by the loudest, most convincing or most persistent. Or worse, they were made by consensus. More progressive organizations brought consumers into the decision-making process. But this required more time, more money, new skill sets and sometimes the involvement of outside providers. Anywhere from weeks to months could go by to gather insights and get moving again. It's no wonder leaders often skipped the research and went with their gut instead.

Now they don't have to. Recent breakthroughs in technology have made it so fast, easy and affordable to confirm our hunches and find the answers we need to be successful that there's no need to guess anymore.

First came the rise of rapid prototyping tools like InVision, Proto.io, Justinmind and others, which allowed companies to more quickly mock up ideas for stakeholders and users to evaluate. Then came on-demand user research platforms like UserTesting, Userlytics and UserZoom, which sped up the feedback loop even more.

And now, there's a new generation of all-in-one platforms like Feedback Loop (formerly Alpha) and Suzy, which allow teams to prototype ideas, research target audiences and run a variety of experiments in a matter of days -- all from a single platform and with no technical skills required.

What this means is a new world of innovation with faster learning, faster time to market, **fewer handoffs, fewer players, lower costs and greater decision-making certainty than ever before.**

And it comes not a moment too soon. Organizations today are swimming in new ideas and most of them won't be successful.

## Three Liberating Truths

- 1. Ideas are in surplus.** Most organizations have more ideas than they can handle and they're generating more all the time.
- 2. Most won't succeed.** According to research by Alexander Osterwalder and others, six of 10 new ideas will lose money and only one in 250 will be a mega-hit.
- 3. We don't pick the winners.** The answers are rarely inside our building. They're out in the marketplace with consumers and other users and we have to go out there to get them.



*Generating ideas is not a problem.*

– Rita McGrath, Professor of Management,  
Columbia Business School



## In the beginning, good ideas and bad ideas look the same

It turns out success requires a lot of failure — and leaders who are not only comfortable with this failure, but know how to make the most of it. Alexander Osterwalder, in his book *The Invincible Company*, provides us with a real-world example of the math involved.

He describes German appliance maker Bosch's Accelerator Program, which provides a platform for internal innovation teams to validate new business ideas. Bosch leaders and innovation managers select cohorts of 25–30 teams from around the world that work together for 6–12 months. Teams receive initial funding of approximately €120,000 and get three months to test whether their business ideas can scale. Depending on the results, teams can obtain additional funding of €300,000 or more.

Since 2017, Bosch has invested in more than 169 teams. Of these teams, 70% stopped their projects after just the first investment, and 72% of the remaining teams stopped after the second investment. Through this process, just 14 teams (8%) successfully took their projects to scale with follow-on funding.

Given these low odds of success, there has to be a better way to sort the winning ideas from the rest. And there is.



*For every good idea there are a thousand bad ideas it is indistinguishable from. The only real way to tell the difference is to go out and try them, see what works, discard the failures and build on the successes. You have to, in other words, dare to be crap.*

— Marc Randolph, Co-founder, Netflix

## Continuous Discovery: Your sorting hat for magical ideas

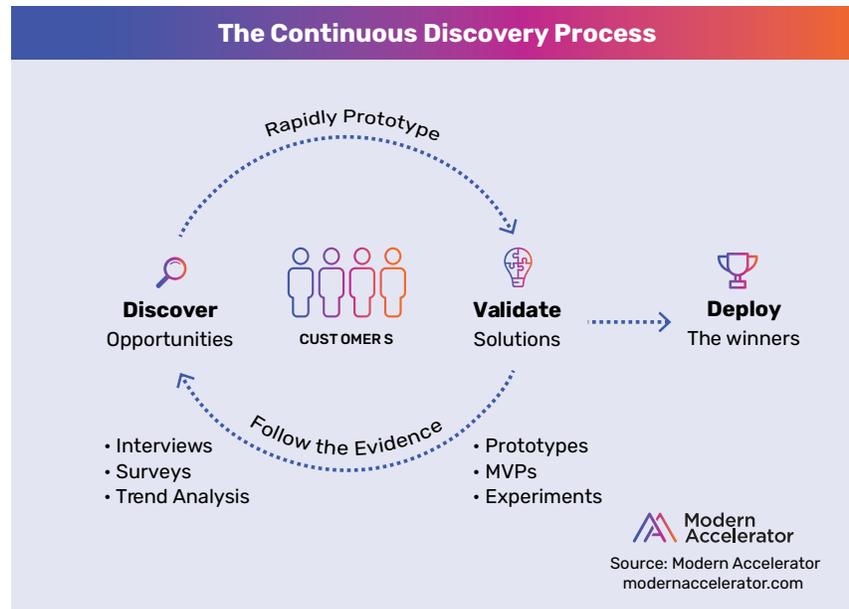


The ability to learn and adapt faster than anyone else has become one of the only sustainable competitive advantages companies can rely on. The practice of continuous discovery, combined with today's research tools, makes this possible like never before.

The term continuous discovery has been around since at least 2012. But the ability for every team and organization to fully realize its potential is new.

If in the past discovery was a phase of innovation and product development, Continuous discovery is about conducting small research activities with customers on a frequent and ongoing basis, and using the evidence gathered to make better decisions. How frequent? That depends on whom you ask. Product discovery coach Teresa Torres recommends at least weekly contact. User experience expert Jared Spool has recommended a minimum of two hours of customer exposure every six weeks for every team member. Whichever cadence you choose, consistency is the key.

In the early stages of exploring new ideas this might include customer interviews, surveys and concept testing to confirm a market need or opportunity. In later stages it might include testing prototypes and MVPs, or running a variety of experiments to gauge market potential.



When you practice continuous discovery, the whole quickly becomes more valuable than the parts: An ongoing stream of proprietary insight that feeds not just one project, team or business unit, but the entire business. It's also one of the best sources of new ideas.

If all this research sounds too expensive and time-consuming, consider the case of Farmers Insurance and its new renters insurance platform aimed at millennials, Toggle.

Farmers, a Fortune 500 company in a highly regulated industry, worked with the agile research platform Feedback Loop (formerly Alpha) for rapid consumer insights to launch a new online business 13 months ahead of plan. In that time the team covered more research ground than many leaders might think possible:

- 175 surveys and experiments conducted in nine months.
- 54,000 research participants.
- 40 audience segments explored.
- Reduced the time from ideation to product launch from a **projected 18 months to five months**.



## What success looks like. Five traits of the next-gen innovation and design team.

- 1. Customers included.** Today's design and product teams don't ask for permission to test ideas with customers and other users. They go out and find the answers they need to be successful. Customer contact is built in, and it's as integral to the design process as firing up design software or creating a set of wireframes.
- 2. Small, dedicated teams.** The links between focus and productivity are well-established. Dedicated teams learn faster, think deeper and cover more ground.
- 3. Streamlined in every way.** Today's teams favor small over big; agility over head count; prototypes over PowerPoint. They prioritize speed, insights and outcomes over rigid process and over-sized deliverables.
- 4. Ideas, plus evidence.** Today's teams bring not just ideas to the table, but the evidence required to back them up and make better decisions.
- 5. Working outside of your day-to-day constraints.** This emerging best practice is what David S. Kidder, CEO of the consulting firm Bionic calls a "dual operating system" and Denise Garth, Chief Strategy Officer at Majesco describes as a "two-speed strategy":
  - Speed of Operations for traditional business operations with mature systems and processes needing incremental improvements through modernization and optimization.
  - Speed of Innovation for agile, lean and test-and-learn models to explore new business opportunities.

## Recommended Reading

- *Testing Business Ideas: A Field Guide for Rapid Experimentation*, by David J. Bland and Alexander Osterwalder
- *The Invincible Company: How to Constantly Reinvent Your Organization with Inspiration From the World's Best Business Models*, by Alexander Osterwalder, Yves Pigneur, Alan Smith and Frederic Etienne
- *The Right It: Why So Many Ideas Fail and How to Make Sure Yours Succeed*, Alberto Savoia
- *Sense and Respond: How Successful Organizations Listen to Customers and Create New Products Continuously*, by Jeff Gothelf and Josh Seiden
- *New to Big: How Companies Can Create Like Entrepreneurs, Invest Like VCs, and Install a Permanent Operating System for Growth*, by David S. Kidder and Christina Wallace
- *The Startup Way: How Modern Companies Use Entrepreneurial Management to Transform Culture and Drive Long-Term Growth*, by Eric Ries



# About Modern Accelerator

Modern empowers corporate leaders to transcend their daily limitations by injecting urgency, the latest capabilities and a relentless outside-in perspective into their digital transformation efforts.

**We help in two ways:**

1. Design new products, services and businesses with greater speed and certainty using small, adaptive teams and rapid experimentation.
2. Embed the capabilities, mindsets and toolsets of repeatable innovation within your team or organization.

Clients include MetLife, Equifax, Morgan Stanley, ADP, Realogy, Cleveland Clinic, Comcast, NBCUniversal, AXA XL, Mastercard and Wyndham Hotel Group.

