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From Canvas to Candy: Managing the Deal Flow of Innovation

Plenary Session 1
"Rethinking space: new habitats of innovation, new space concepts for parks and AOIs"

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From Canvas to Candy Managing the Deal Flow of Innovation

ABSTRACT:

The goal of this paper is to introduce a new toolkit for managing the deal flow of innovation of any organization (public or private). Candy Innovation Model organizes the process of innovation in four phases: Challenges, Ideas, Prototyping and Scalability, with Filters between phases that analyze the impact and resources needed.

Candy Innovation Model is a tool that allows any company or institution to organize the innovation managing challenges, stimulating ideas, developing prototypes and validating the local and the global scalability. The Model combine new and existing methods as Design Thinking, Business Model Canvas and Lean Model.

Ecosystems of Innovation, such as Science Parks and Areas of Innovation, can use and provide this tool to tenants in order to promote the effective innovation inside the organizations and the effective interconnection with the Quadruple Helix Agents (Government, Universities, Industry and Demand) in the different phases. In this paper are included several innovation environments that could be applied for the development of the functions of Candy Innovation Model.

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0. WHEN IS IT NECESSARY TO INNOVATE?

Most organizations (public or private) do not have systematic innovation processes. For these organizations, innovation is not a natural thing but something exceptional, usually without clear processes and roles. However, organizations with culture of innovation include management and organization of the innovation.

When should you innovate? That is, when does a systematic innovation make more sense than a conventional systematic management?

We propose to use the Candy Innovation Model in those circumstances:

- When traditional solutions that we provide to the users are not providing enough value.
- When there are technologies that question our value proposition.
- When it is necessary to anticipate or answer new social behaviors.
- When we need to change the scale without increasing the resources.
- When other organizations are providing different solutions.

On the other hand, when we know all the inputs and outputs of a project, we do not need to innovate. Then, we should follow classic models of Project Management managing time, people, resources, budget and quality expected.
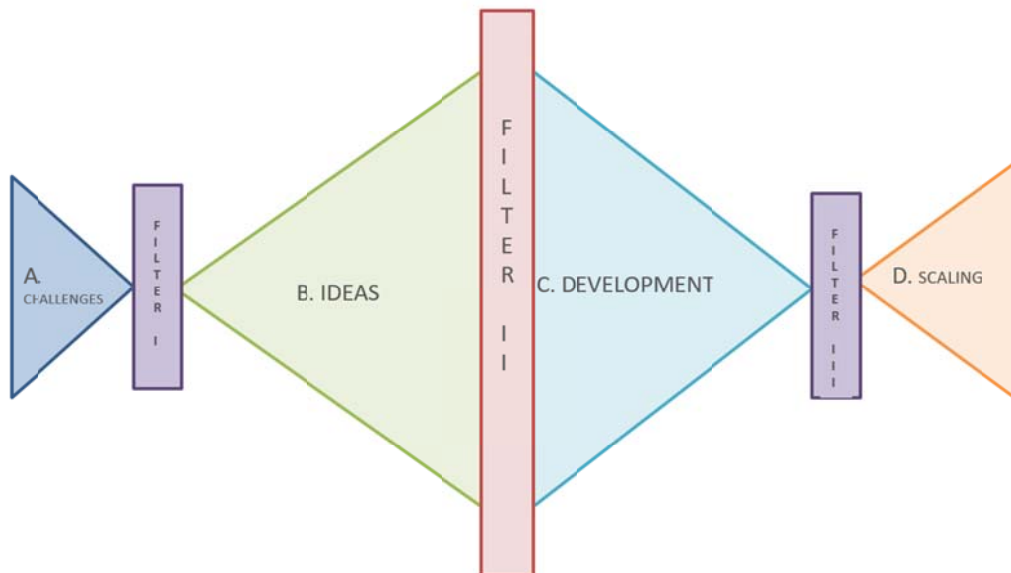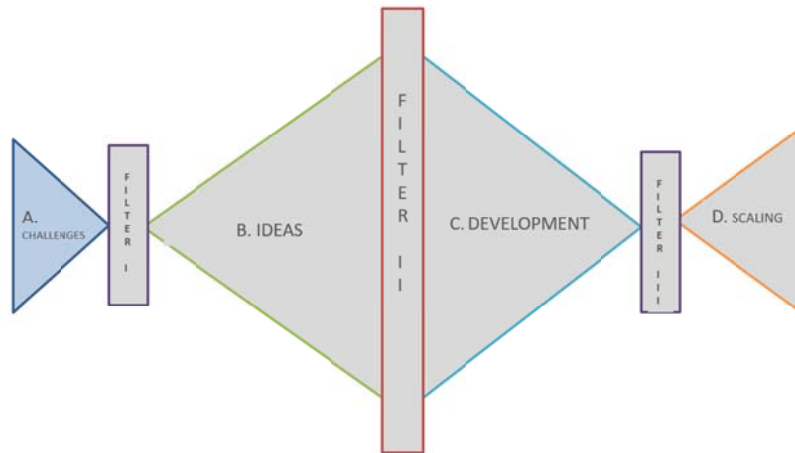

Figure 1: Candy Innovation Model – Basic

A. CHALLENGES:

Figure 2. Challenges in the framework of Candy Innovation Model

Candy Innovation Model is based on the definition of the challenges of innovation. The challenges serve to focus efforts to establish a bridge between strategy and innovation. Those strategic challenges are the origin of innovation. Without challenges, will be better not to start.

a. What is the challenge of innovation?

One challenge is the expression of a problem to solve, an opportunity to capture or an aspiration to develop.

A challenge could be:

- A Problem:
  - The Organization has to answer a situation that needs to be solved. For instance: reduction of noise
- A Opportunity:
  - New technologies are providing new ways of solving (old or new) problems. For instance: the customers have a Smart Phone that can interact with the organization (buying, tracking, …)
  - New markets can be attended with some modifications of our existing capabilities. For Instance: Internet of Things applied to manage watering can be applied to manage lighting.
- An Aspiration:
  - The organization wants to be the leader or reference in a special topic (mission, vision, values, technology,…). For instance: to be a Zero Emissions company.

b. How do we define the challenges?

Making a working session or a workshop that allows us to talk about the organization or the scope of the challenge.

c. Methodology of the challenges workshop

For identifying the challenges, it is necessary to:

- Debate about orthodoxies of the organization ("we always do in the same way").
- Identification of deep trends for the next 5 years.
- Looking for what users need, but they do not know how to express.
- Identify the main constrains (legal, technological, …)

In order to scan all the specifics challenges, a good exercise is to analyze the Customer Journey, and identify all the interactions of the Customer with the Organization during the value chain.

d. How to deduct the challenge from the conversation?

The deduction of the challenge from the conversation is not a direct deduction, rather it is a search for those arguments that have appeared more prominently in the conversation and have more strategic contribution to the organization.

Figure 3. Types of Challenges

The i-lab is a unique collaboration and education space designed to foster entrepreneurship and innovation across Harvard University.

i-Labs is divided into Explore, Meet, Ideate, Prototype+Build and Launch+Growth.

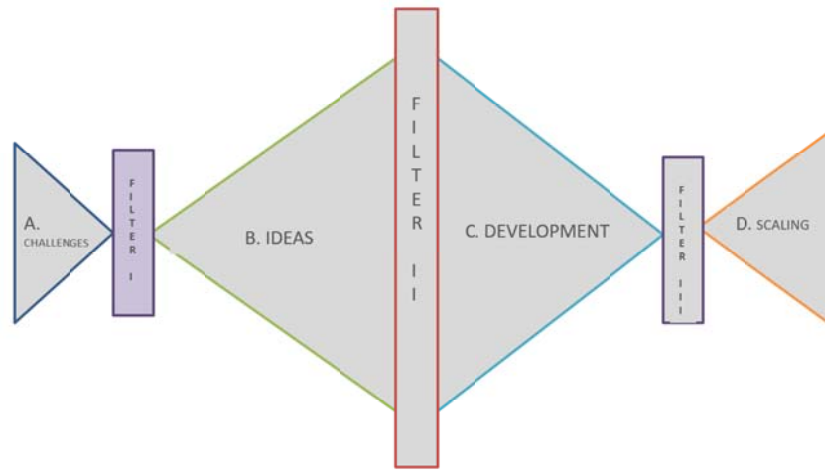*Explore is stimulating the community with daily events, including training, workshops and hackathons.*

https://i-lab.harvard.edu

FILTER I:

Figure 4. Filter I in the framework of Candy Innovation Model

Once the strategic challenges have been defined the filter starts, which focuses on those challenges considered strategic and appropriate for the organization.

The filter serves to focus us on the kind of challenges that we believe will have the greatest impact on their strategic development.

We need to consider:

- **Impact**: How many people impact every challenge? Is reducing cost or increasing sales the desired impact?
- **Resources**: What we need to invest in terms of money and people from our organization?
- **Time**: How long will the process to solve the challenge take?

We will prioritize the challenges with the highest impact and less time and resources needed.

- **Governance**: It is essential to define the "decision making body" to be used for the process of innovation

We recommend:

- The decision should be strategic, involving the Board of Directors.
- The board should be transversal, including people from different areas in order to read the challenge in a holistic way.
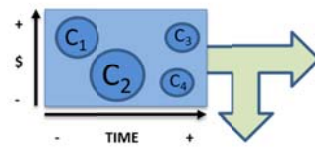
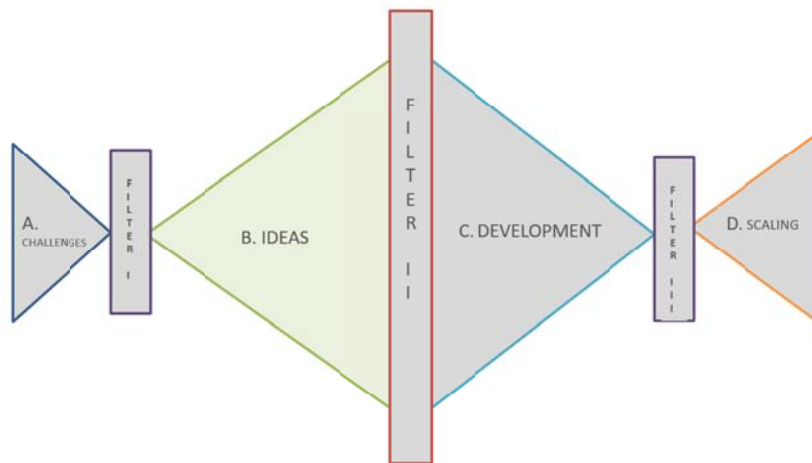*Figure 5. FILTER I: Selection of Challenges*

B. IDEAS:

Figure 6. Ideas in the framework of Candy Innovation Model

The phase of ideation has the mission to generate ideas to help us how to solve the challenges we have identified. The processes of ideation is looking for many ideas in order to finish selecting those few that we think really serve to solve the challenge of innovation that we have proposed. Very often the use of ideas does not exceed 3-5% so having a large volume of ideas is very important.

In the phase of ideation can perform various processes for obtaining ideas to help solve challenges.

The different modes are described below:

a. Workshops: Internal / External

It is recommended to use methodologies for workshops promoting creativity methods such as observation of users, maps of empathy or tools associated with Design Thinking.

The workshops could be internal (only people form the organization) or including external people, developing in a format of Open Innovation.

b. Open Call

An Open Call is an open request for ideas for solving a challenge open to citizens, businesses, start-ups,... that provide ideas for a possible solution to a particular challenge.

The Open Call must be accompanied by a detailed explanation of the process of participation, the process of protecting the ideas presented and how they are selected.

One option when it comes to very large organizations is to use a platform for the management a large number of ideas (some are closed source and other free open source).

c. Management innovation ecosystem:

Identify the main actors of the Ecosystem of Innovation (linked to universities, research centers, users, partners, customers, and responsible for their own organization) and articulate them to solve the challenges.
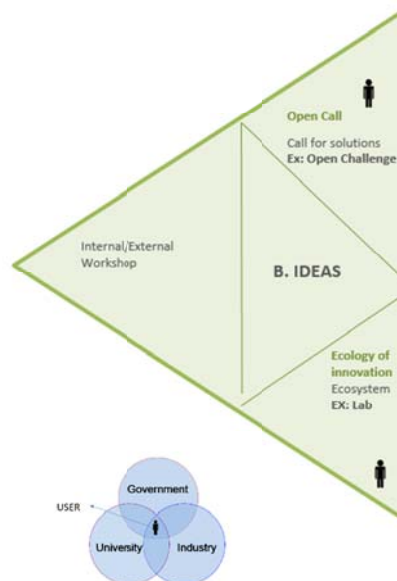

Figure 7. Processes for creating and collecting ideas

d.school is a place for explorers & experimenters at Stanford University

8 core abilities:

- *Navigate Ambiguity*
- *Learn from others*
- *Synthesize Information*
- *Experiment Rapidly*
- *Move Between Concrete and Abstract*
- *Build and Craft Intentionally*
- *Communicate Deliberately*
- *Design your Design Work*
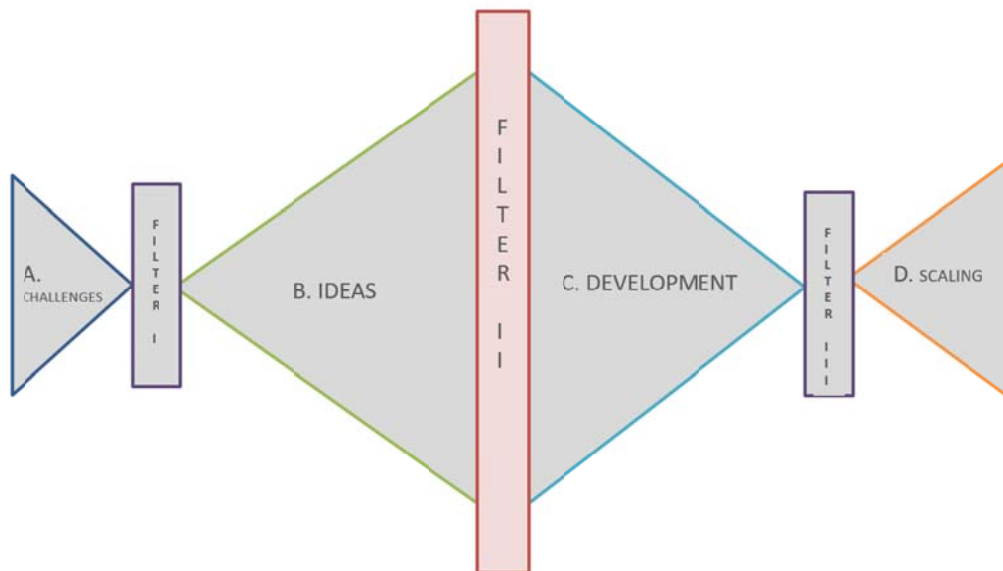
https://dschool.stanford.edu

FILTER II:

Figure 8. Filter II in the framework of the Candy Innovation Model

This second filter is used to select from among all those submitted ideas represent a real opportunity to solve the challenge of innovation proposed.

This filter has a first part of qualitative assessment based on conditions on the idea selected. The conditions can be:

- Organizational Constraints
- Legal Constraints
- Budgetary Constraints
- Political Factors
- Leadership of the project

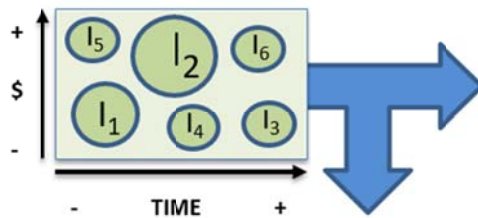And there is a second part of the filter based on a matrix of impact similar to that used in the Filter I.

Figure 9. FILTER II: Selection of Ideas
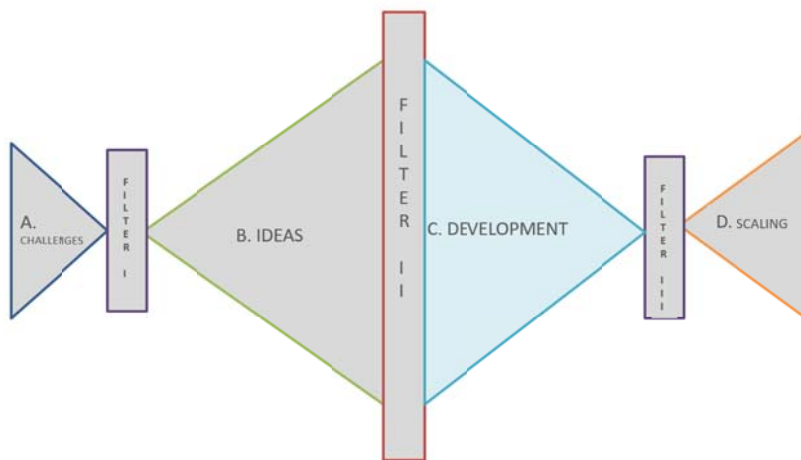
C. DEVELOPMENT:

Figure 10. Development in the framework of Candy Innovation Model

The development phase is the step of exploration. In this phase we evaluate the value proposition, is validated the interaction with real users and is verified the business model (or economic sustainability).

This phase is in itself a risk mitigation phase. Everything we do is to see the real potential of the idea for solving the challenge and what level of risk we assume. Innovation management is to manage risk.

a. Validation of Concept

The exploration phase begins to validate the concept (value proposition) exhaustively. It details all the key elements. Clearly answering questions such as:

- What is the Value Proposition
- What is the answer at the challenge?
- Who and how many people is impacting?
- What key elements are needed for building a value proposition
- Is the value proposition developed in other organizations?
- What constrains we will find in order to implant the innovation.

b. Innovation Canvas

Innovation Canvas is a matrix to measure the value creation of a specific value proposition of innovation. It is an essential tool for evaluating the potential impact of a value proposition, its feasibility and its economic sustainability.

Osterwalder's Business Model Canvas is a method that we incorporated in the development of this phase.

- Customer Segments: Who is our Customer or user?
- Value Proposition: What is the solution that we propose?
- Channels: How we will deliver our value proposition?
- Customer Relationship: How do we interact with the Customers?
- Revenue Streams: What revenues are we expecting?
- Assets: What Assets we will need in order to provide the value proposition?
- Activities: What Activities do we have to develop?
- Partners: What strategic partners we will need?
- Cost Structure: What cost we will have?

c. Prototyping and iteration:

After the synthesis of the Innovation Canvas to reduce the risk of the project is time to test the hypothesis by using the approach of Customer Development ("get out of the building") based on the methodology of Lean Start-Up - Eric Ries. To test the hypothesis and to reduce project risk methodology you should be "out" to ask potential users, buyers and partners to get feedback on all elements of the Canvas Innovation. The emphasis is on skill and speed with which performs a Minimum Viable Product.

Every Value Proposition and the implementation in every MVP (Minimum Viable Product) could be different. A prototype could be a basic element or a 3D printing object. Could be a Software that includes the basics elements of a big platform or a role-play simulating real

Customers. Every Value proposition will need a prototype. Every input collected in the relation of the prototype with the real Customer will be used as feedback in order to adapt or pivot the Value Proposition.

This Cycle will be repeated until you get the product or service definitive. Testing, redesigning and make small changes (iterations) or big changes (pivots) about ideas that are not running fine until you validate that are good value propositions for all the Customer Segments.
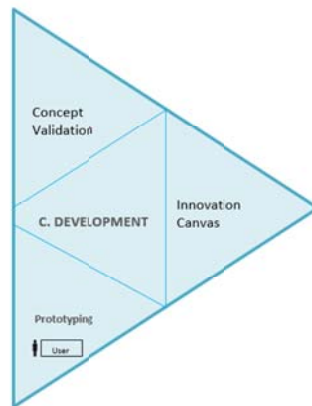

Figure 11. Key Activities in the phase of Development

MIT Media Lab researchers design technologies for people to create a better future.

MIT's Center for Bits and Atoms (CBA) manages a research facility for making and measuring things on length scales from atoms to buildings

Fab Labs provide widespread access to modern means for invention. They began as an outreach project from MIT's CBA.
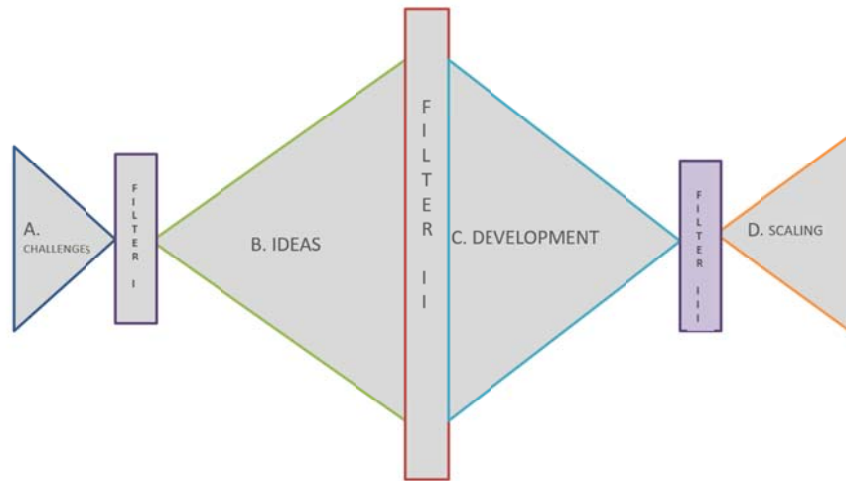
http://fab.cba.mit.edu/

FILTER III:

Figure 12. Filter III in the framework of Candy Innovation Model

Once the Innovation Canvas has been applied, the prototype developed and tested with users through the feedback received, we should iterate many times as necessary to get the product / service properly. It then applies the last Filter III process.

This is the last filter and decide which projects to scale and what not. Projects which may refuse to return to the stage of development or decline definitively.

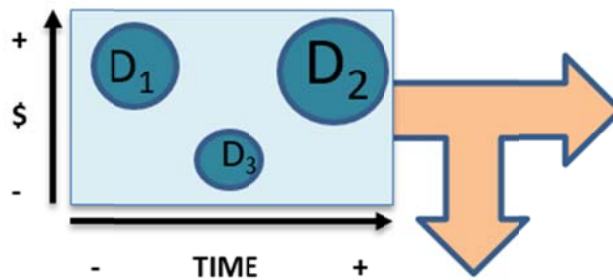All the projects provide experience and knowledge to the team and the organization. Innovation is a learning process.

Figure 13. Selection of Developments