

luxexecutivesummit 2018

Boston • April 9-11

Innovating on strategy:

Considerations for creating a tech-driven strategy | April 11

Yamama Raza, Senior Consultant, Lux Research



Agenda

- 1 | Is innovation “working”?
- 2 | Strategic considerations for technology innovation
- 3 | Driving innovation toward execution

Is innovation “working” [for you]?

This is not necessarily the right question

There are many, many, (*many*) ways to innovate...



There are many, many, (*many*) ways to innovate...



1-12 of over 70,000 results for **Books : "innovation"**

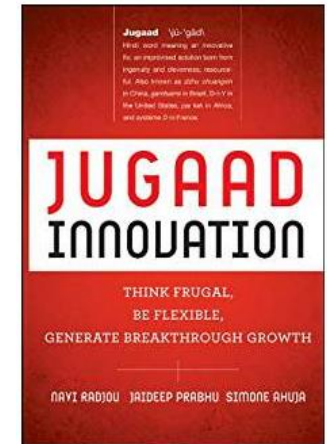
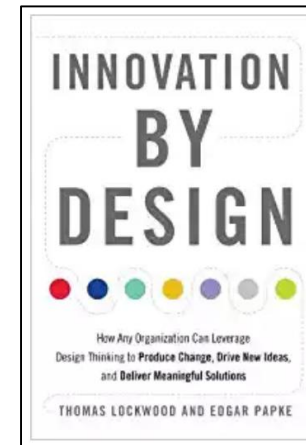
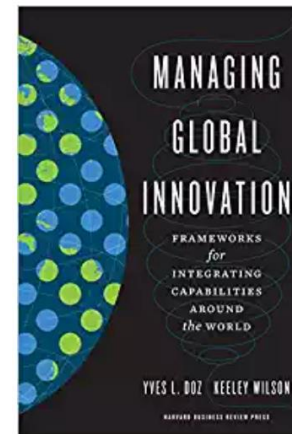
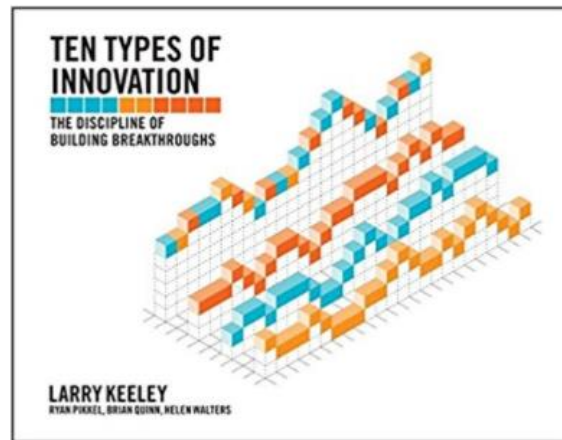
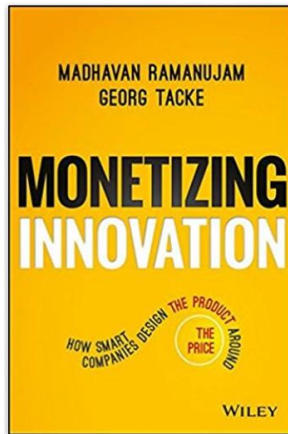
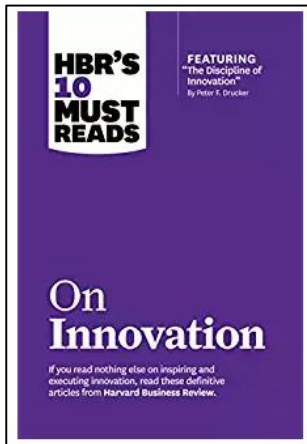
There are many, many, (*many*) ways to innovate...



1-12 of over **70,000** results for **Books : "innovation"**

1-12 of **134** results for **Books : 4 Stars & Up : Last 90 days : "innovation"**

Innovation is hard to describe or standardize



Strategy is understood and rewarded by the market

Strategy

Market Outcome

Strategy is understood and rewarded by the market

Strategy

Market Outcome



Risk



Valuation/
Market cap

Strategy is understood and rewarded by the market

Strategy



Risk



Quarterly & annual earnings and targets

Market Outcome









Valuation/
Market cap



Top and
bottom line

Strategy is understood and rewarded by the market

Strategy	Market Outcome
 Risk	 Valuation/ Market cap
 Quarterly & annual earnings and targets	 Top and bottom line
 Competitive position	 Customer satisfaction

The rigor around strategy can make execution on new ideas a challenge...

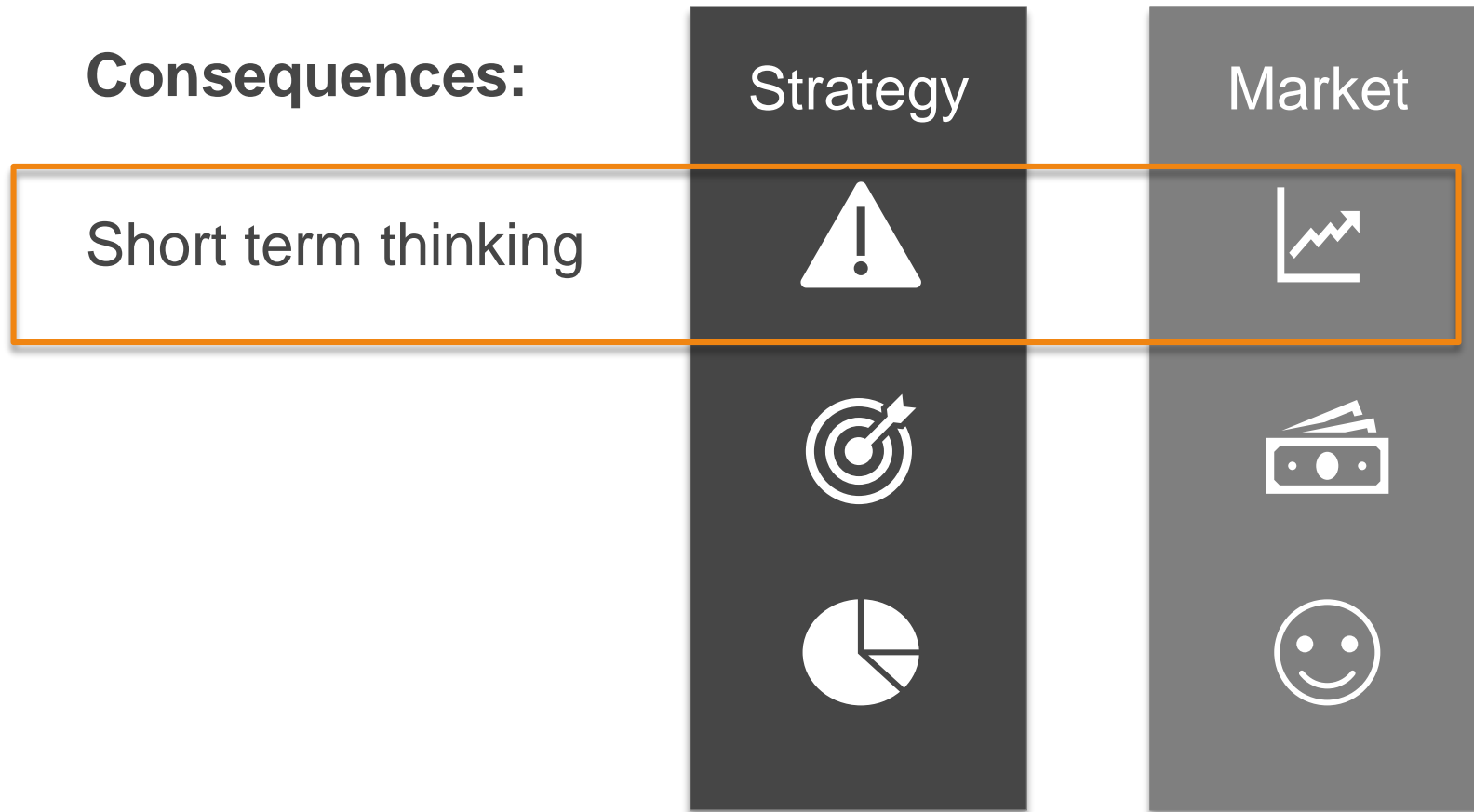


The rigor around strategy can make execution on new ideas a challenge...

Consequences:



The rigor around strategy can make execution on new ideas a challenge...



The rigor around strategy can make execution on new ideas a challenge...

Consequences:	Strategy	Market
Short term thinking		
Playing it safe		
		

The rigor around strategy can make execution on new ideas a challenge...

Consequences:	Strategy	Market
Short term thinking		
Playing it safe		
Complacency		

The rigor around strategy can make execution on new ideas a challenge...

Consequences:	Strategy	Market
Short term thinking		
Playing it safe		
Complacency		

Innovation



The rigor around strategy can make execution on new ideas a challenge...

Consequences:	Strategy	Market
Short term thinking		
Playing it safe		
Complacency		



The rigor around strategy can make execution on new ideas a challenge...



Leaves innovation as little more than a series of initiatives that don't translate into executable business success

**To drive growth
through tech
innovation your
strategy must
accommodate the
conditions that
come with it.**

**To drive growth
through tech
innovation your
strategy must
accommodate the
conditions that
come with it.**



Timeframe

To drive growth through tech innovation your strategy must accommodate the conditions that come with it.



Timeframe



Risk

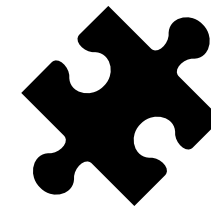
To drive growth through tech innovation your strategy must accommodate the conditions that come with it.



Timeframe



Risk



Position

Agenda

- 1 | Is innovation “working”?
- 2 | **Strategic considerations for technology innovation**
- 3 | Driving innovation toward execution

Some frameworks have more longevity than others...

The Number of Strategy Frameworks has Skyrocketed Over Time

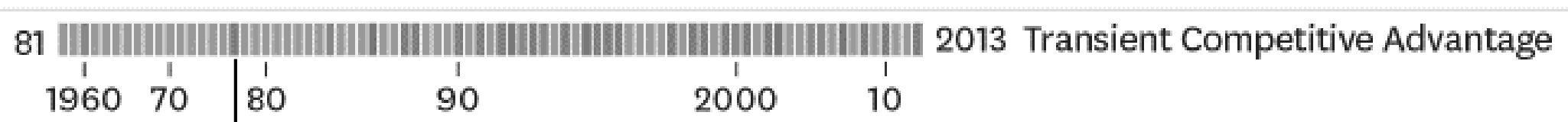
CUMULATIVE NUMBER OF FRAMEWORKS / TYPE / YEAR / NAME



Some frameworks have more longevity than others...

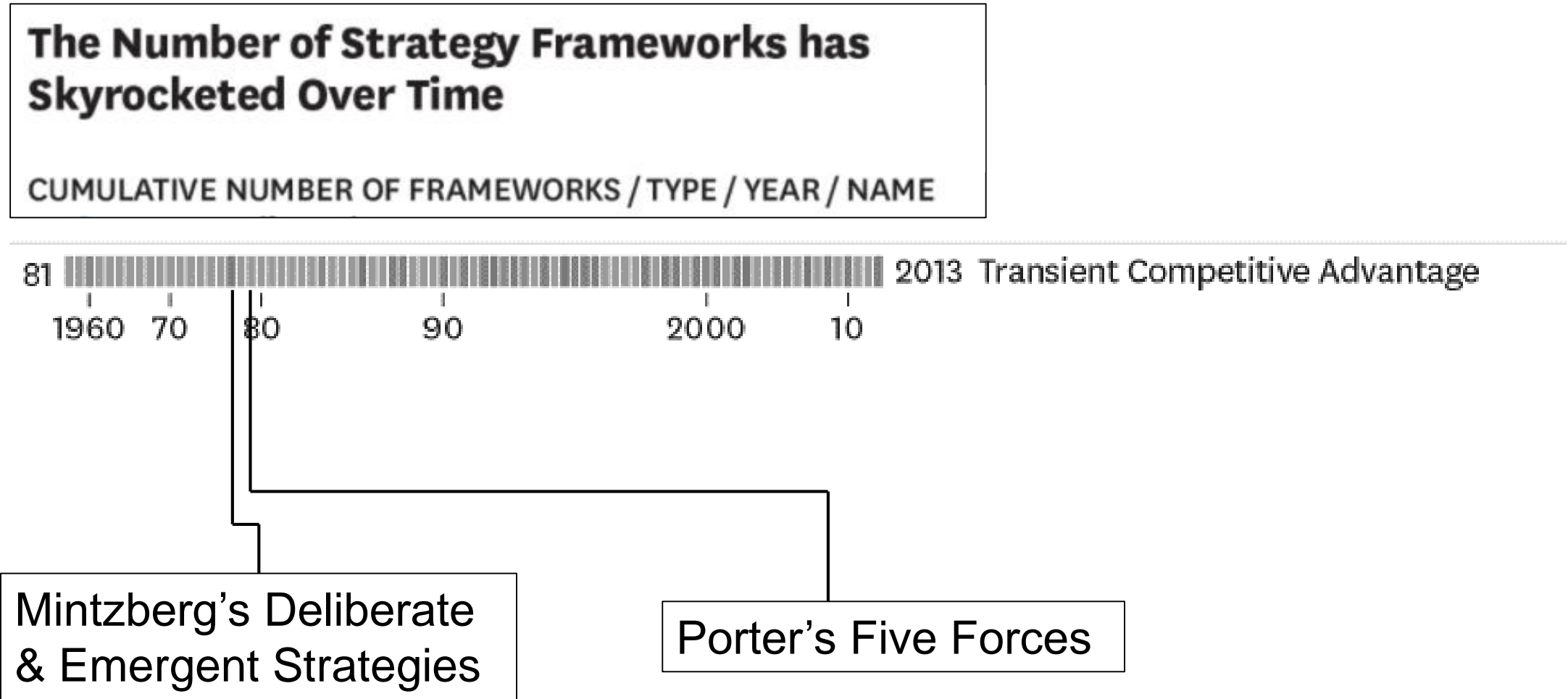
The Number of Strategy Frameworks has Skyrocketed Over Time

CUMULATIVE NUMBER OF FRAMEWORKS / TYPE / YEAR / NAME

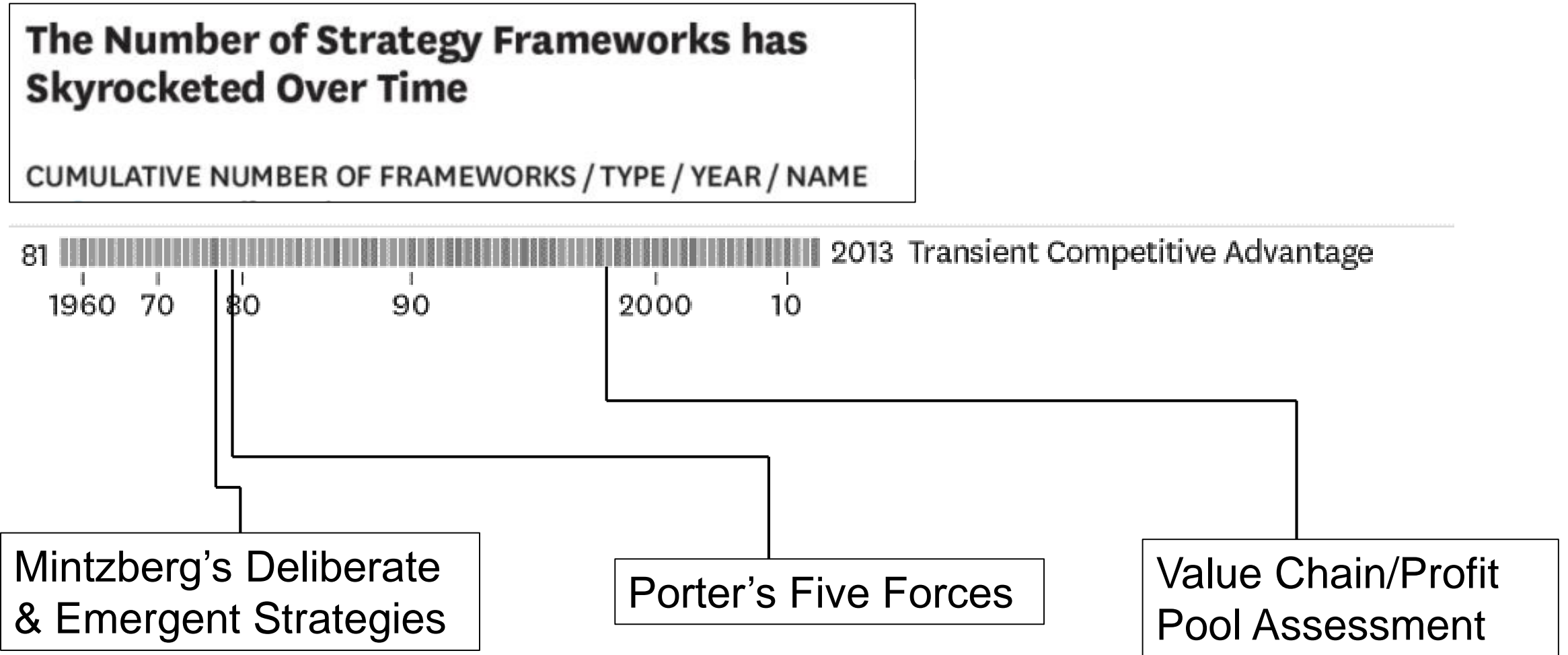


Mintzberg's Deliberate & Emergent Strategies

Some frameworks have more longevity than others...



Some frameworks have more longevity than others...



The strengths of these frameworks are challenged by rapid technological change

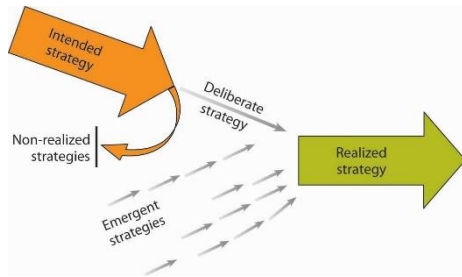
**Mintzberg's Deliberate
& Emergent Strategies**

Porter's Five Forces

**Value Chain/Profit
Pool Assessment**

The strengths of these frameworks are challenged by rapid technological change

Mintzberg's Deliberate & Emergent Strategies



Uncertain markets



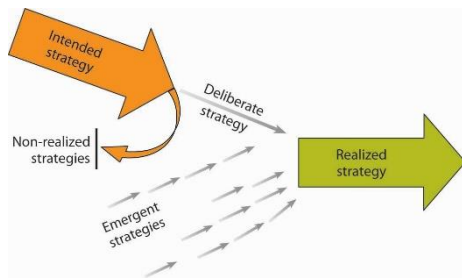
Transforming markets

Porter's Five Forces

Value Chain/Profit Pool Assessment

The strengths of these frameworks are challenged by rapid technological change

Mintzberg's Deliberate & Emergent Strategies

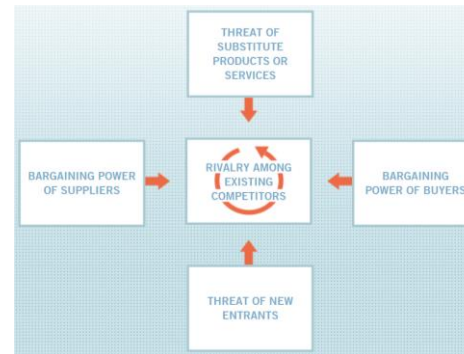


Uncertain markets



Transforming markets

Porter's Five Forces



Core products

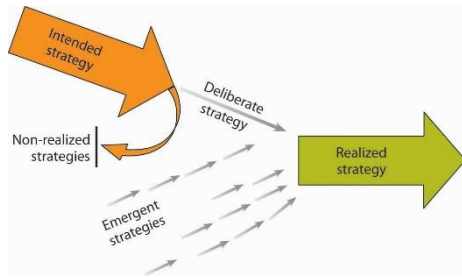


New technologies

Value Chain/Profit Pool Assessment

The strengths of these frameworks are challenged by rapid technological change

Mintzberg's Deliberate & Emergent Strategies

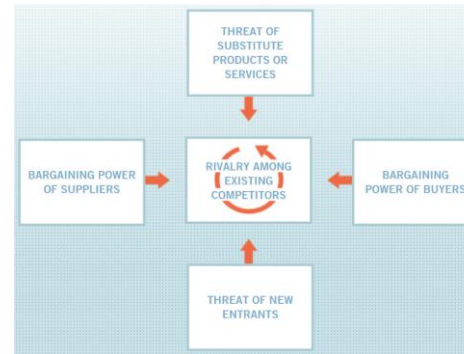


Uncertain markets



Transforming markets

Porter's Five Forces

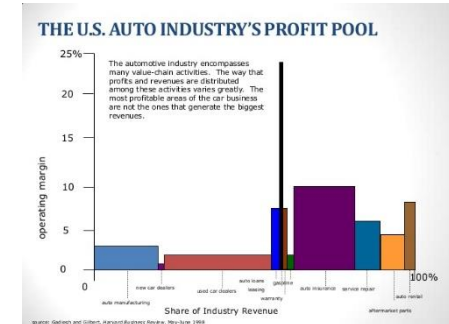


Core products



New technologies

Value Chain/Profit Pool Assessment



Transactive relationships



Evolving ecosystems

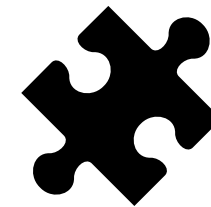
**So how do
these
strategies
hold up?**



Timeframe



Risk



Position

**What if the market I'm in
gets disrupted?**

TRANSFORMING MARKETS CASE STUDY

Sometimes emergent strategies derail your plans



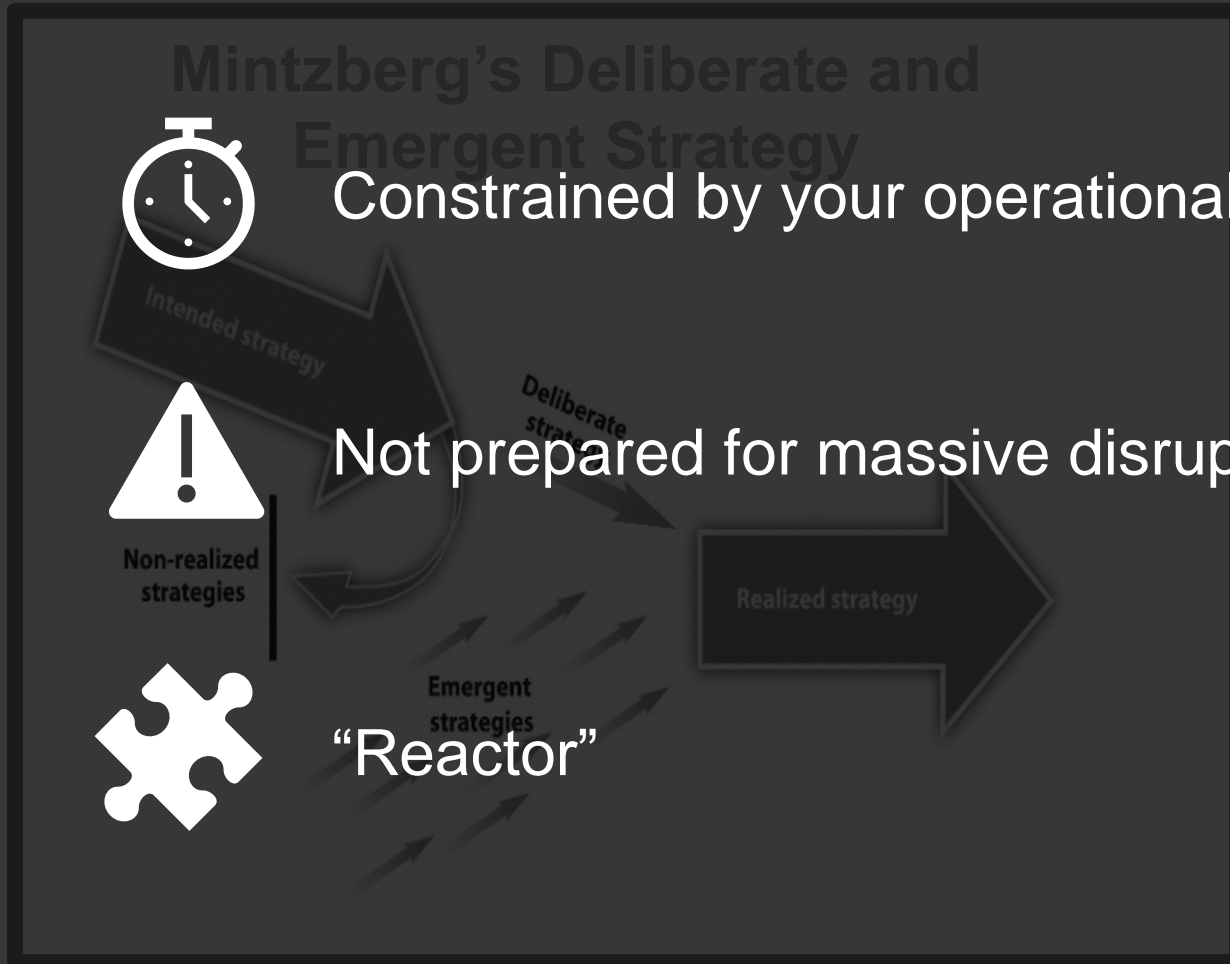
Transforming markets

- Change happens quickly
- Unforeseen competition
- Struggle to anticipate, or keep pace

TRANSFORMING MARKETS CASE STUDY

Sometimes emergent strategies derail your plans

LIMITATIONS



Constrained by your operational set up



Not prepared for massive disruption.

Non-realized strategies



“Reactor”

Transforming markets

- Change happens quickly

Unforeseen competition

- Struggle to anticipate, or keep pace

TRANSFORMING MARKETS CASE STUDY

Adaptability for resilience

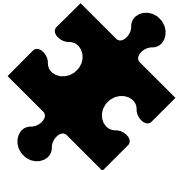
Limitations



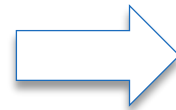
Constrained by your operational set up



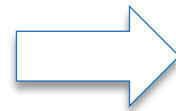
Not prepared for massive disruption



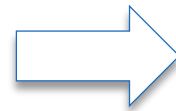
“Reactor”



Design for agility for rapid shifts (perhaps inorganically)



Innovate where you are still ahead



“Re-inventor”

How to respond

TRANSFORMING MARKETS CASE STUDY

CPG company example

“

How can I change my products for consumers who want to be healthy and well?

”



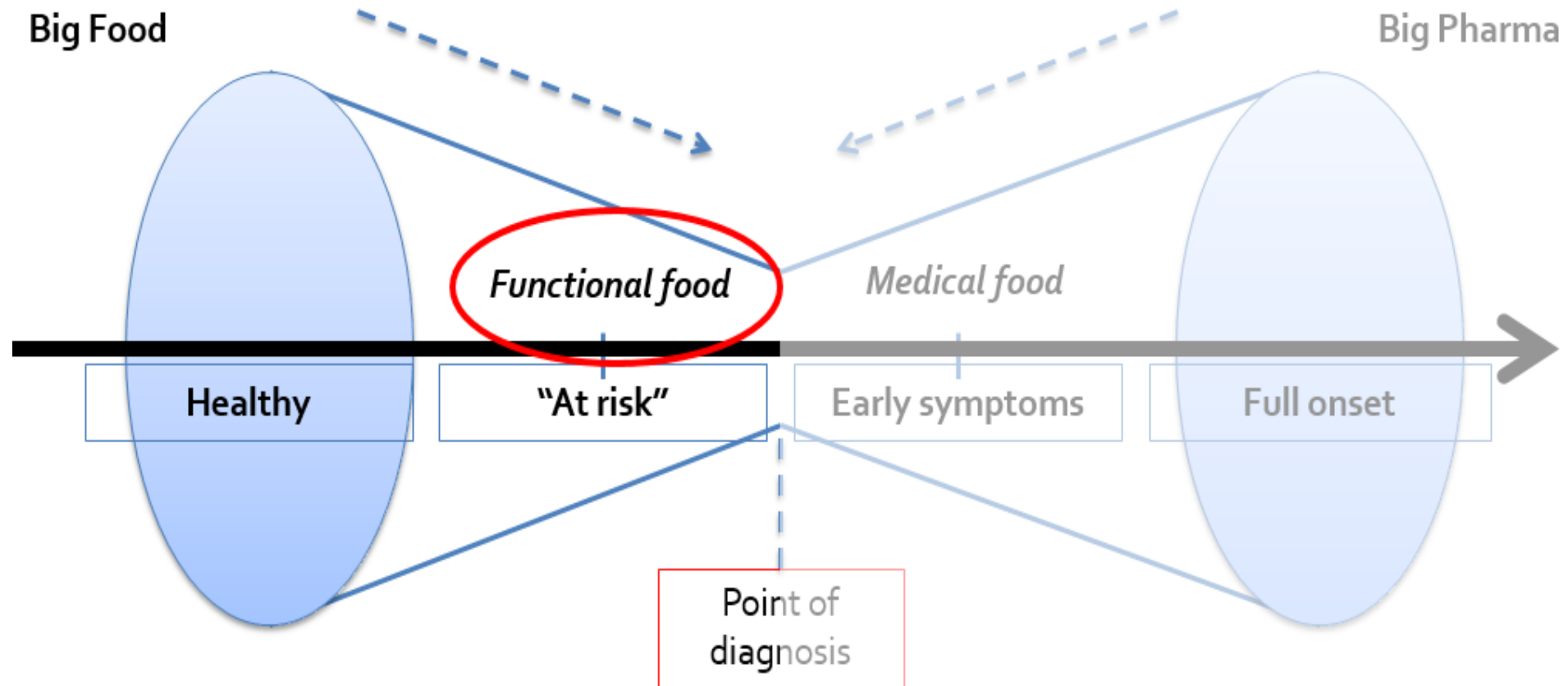
riboflavin, folic acid), Partially Hydrogenated Lard with BHA and BHT to Protect Flavor, Wheat Starch, Water. Contains 2% or less of: Salt, Rice Flour, Xanthan Gum, Potassium Sorbate and Sodium Propionate (preservatives), Citric Acid, Yellow 5, Red 40.

CONTAINS WHEAT INGREDIENTS



TRANSFORMING MARKETS CASE STUDY

Consumers are investigating ingredients with functional benefits



TRANSFORMING MARKETS CASE STUDY

Consumers are investigating ingredients with functional benefits



PEPSICO



TRANSFORMING MARKETS CASE STUDY

Companies are exploring new ways to link the consumer back to the company

The company is actively exploring opportunities to create new consumer-centric business models that expand beyond food products

TRANSFORMING MARKETS CASE STUDY

Adaptability for resilience

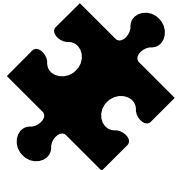
Build speed and exploration into your company's approach to market



Build flexibility to enhance products



Develop products and services that creates new norms

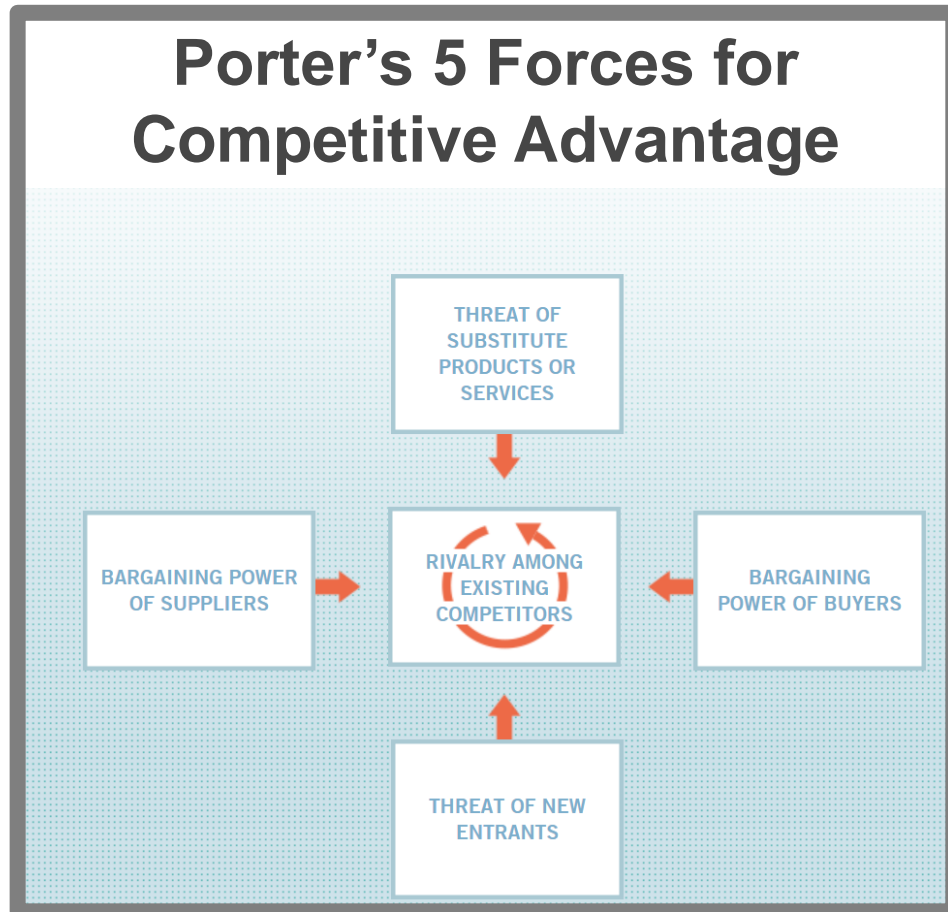


Establish a relationship with customers that evolves with their preferences

**What if the market doesn't fully
exist in the first place?**

NEW TECHNOLOGIES CASE STUDY

Threats, bargaining, and rivalry don't always get you the best position in the market



New technologies

- There's a need in the market that's recognized
- No one player holds all the answers
- Multiple related markets

NEW TECHNOLOGIES CASE STUDY

Threat of new entrants, bargaining, and rivalry don't always get you the best position in the market

LIMITATIONS



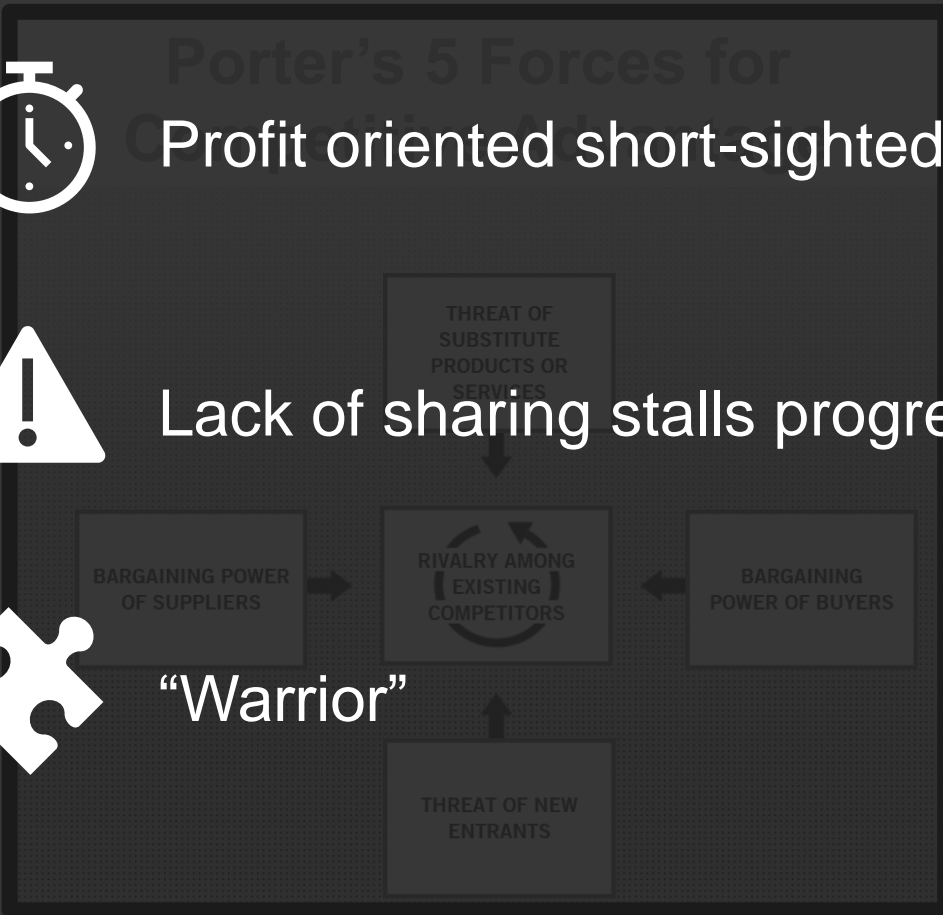
Profit oriented short-sightedness



Lack of sharing stalls progress



“Warrior”



New technologies

- There's a need in the market that's recognized
- No one player holds all the answers
- Multiple related markets

NEW TECHNOLOGIES CASE STUDY

Congeniality for technological advantage

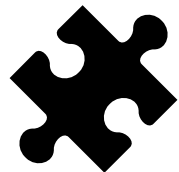
Limitation



Profit oriented short-sightedness

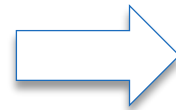


Lack of sharing stalls progress

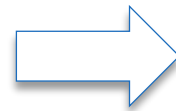


“Warrior”

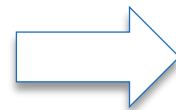
How to respond



Anticipate inflection points in mid-longer term



Share risk through pre-competitive collaboration



“Ally”

NEW TECHNOLOGIES CASE STUDY

Materials supplier

“

What products should we make for the energy storage market?

”



NEW TECHNOLOGIES CASE STUDY

A cooperative environment for creates predictable demand at scale for new products

Companies that traditionally compete are working together to develop the conditions necessary to create the market

Market pull

The logo for USCAR, featuring the letters 'US' in red and 'CAR' in blue with a white star in the 'A'.The logo for FCA (Fiat Chrysler Automobiles), consisting of the letters 'FCA' in blue above the text 'FIAT CHRYSLER AUTOMOBILES'.The classic Ford logo, featuring the word 'Ford' in a white script font inside a blue oval.The GM logo, consisting of the letters 'GM' in white inside a blue square.

NEW TECHNOLOGIES CASE STUDY

Electric vehicle commitments created an inflection point for their development cycle



“Toyota to market over 10 battery EV models in early 2020s”

“Paris plans to banish all but electric cars by 2030”



“Volvo, Betting on Electric, Moves to Phase Out Conventional Engines”



“Ford finally makes its move into electric cars”

NEW TECHNOLOGIES CASE STUDY

Electric vehicle commitments created an inflection point for their development cycle



“Toyota to market over 10 battery EV models in early 2020s”

“Paris plans to banish all but electric cars by 2030”



“Volvo, Betting on Electric, Moves to Phase Out Conventional Engines”



“Ford finally makes its move into electric cars”

The company is well prepared to shift from R&D to product development with commercial considerations

NEW TECHNOLOGIES CASE STUDY

Congeniality for technological advantage

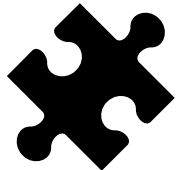
Instead of competing, collaborate to create a bigger market for all players



Track progress toward an **inflection point**



Participate in the development of the market

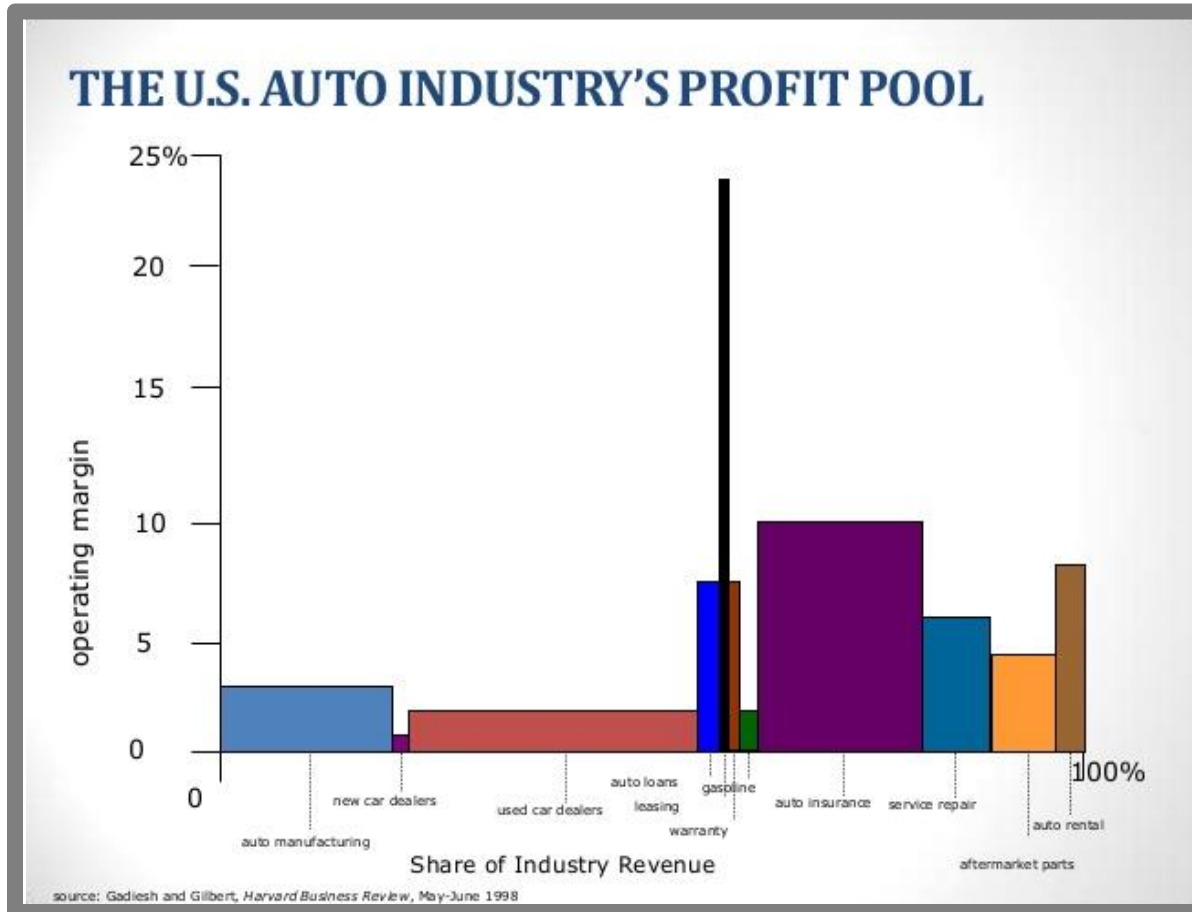


Establish partnerships to **accelerate commercialization**

**What if technology changes an
entire industry?**

EVOLVING ECOSYSTEMS CASE STUDY

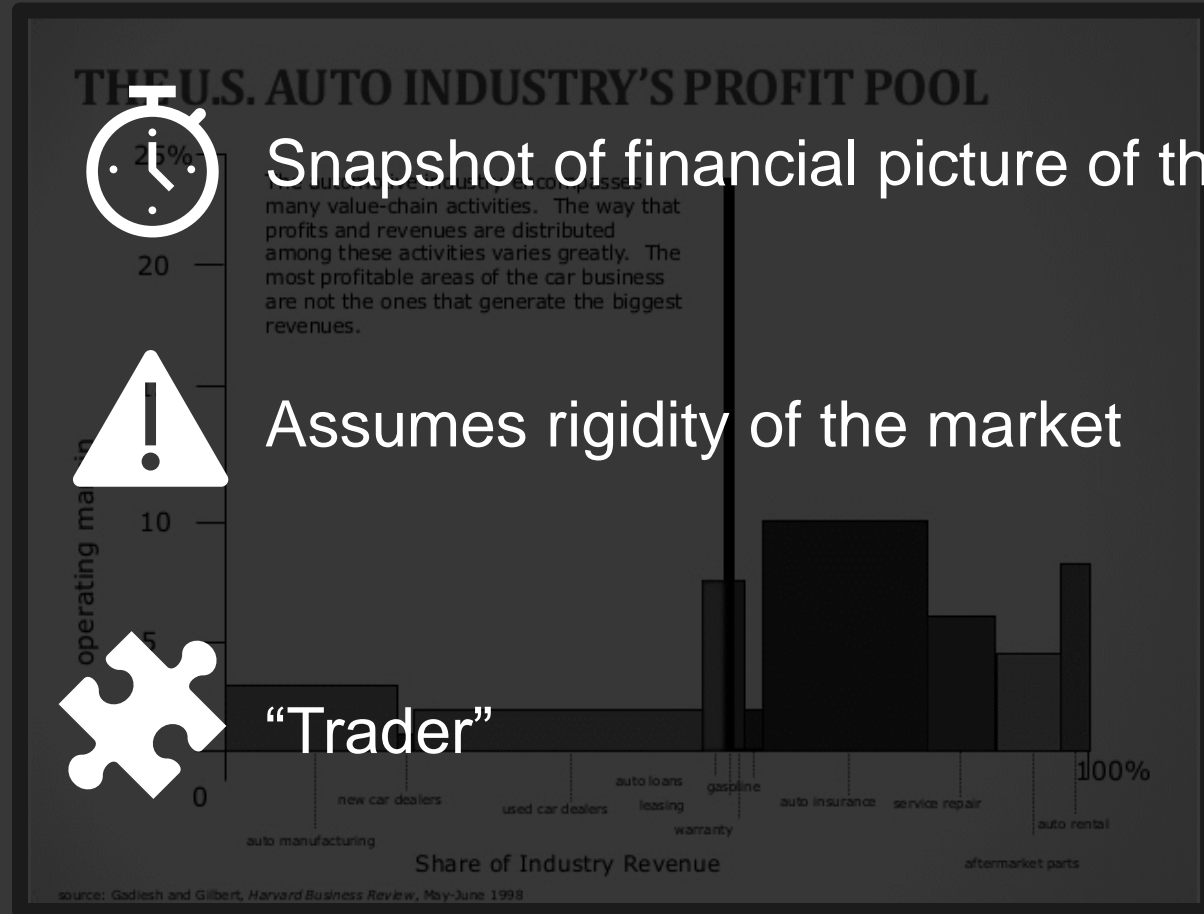
Value can be hard to measure in a complex environment



Evolving ecosystems

- Unpredictable and longer term
- Eroding relevance of existing products
- Unclear role in a new order

LIMITATIONS



Evolving ecosystems

- Unpredictable and longer term
- Eroding relevance of existing products
- Unclear role in a new order

EVOLVING ECOSYSTEMS CASE STUDY

Audacity to pursue new market roles

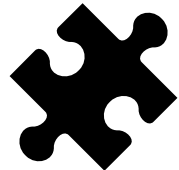
Limitation



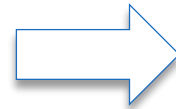
Current/Short-term



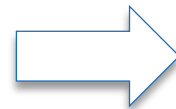
Assumes rigidity of your established market



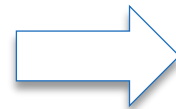
“Trader”



Constant incremental, experiments



Explore many roles in new markets



“Convener”

How to respond

EVOLVING ECOSYSTEMS CASE STUDY

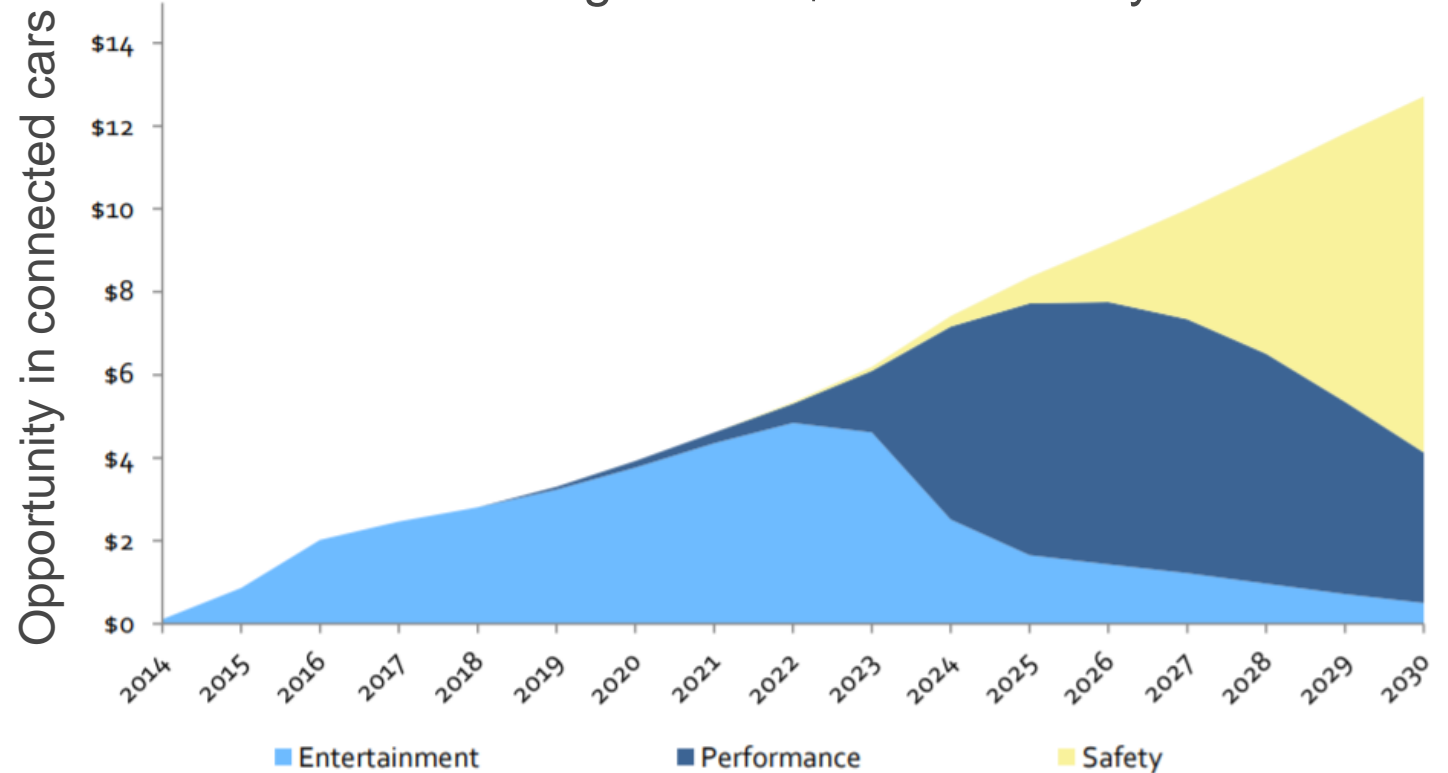
Petrochemical company example

“

Where could we fit into the future mobility ecosystem?

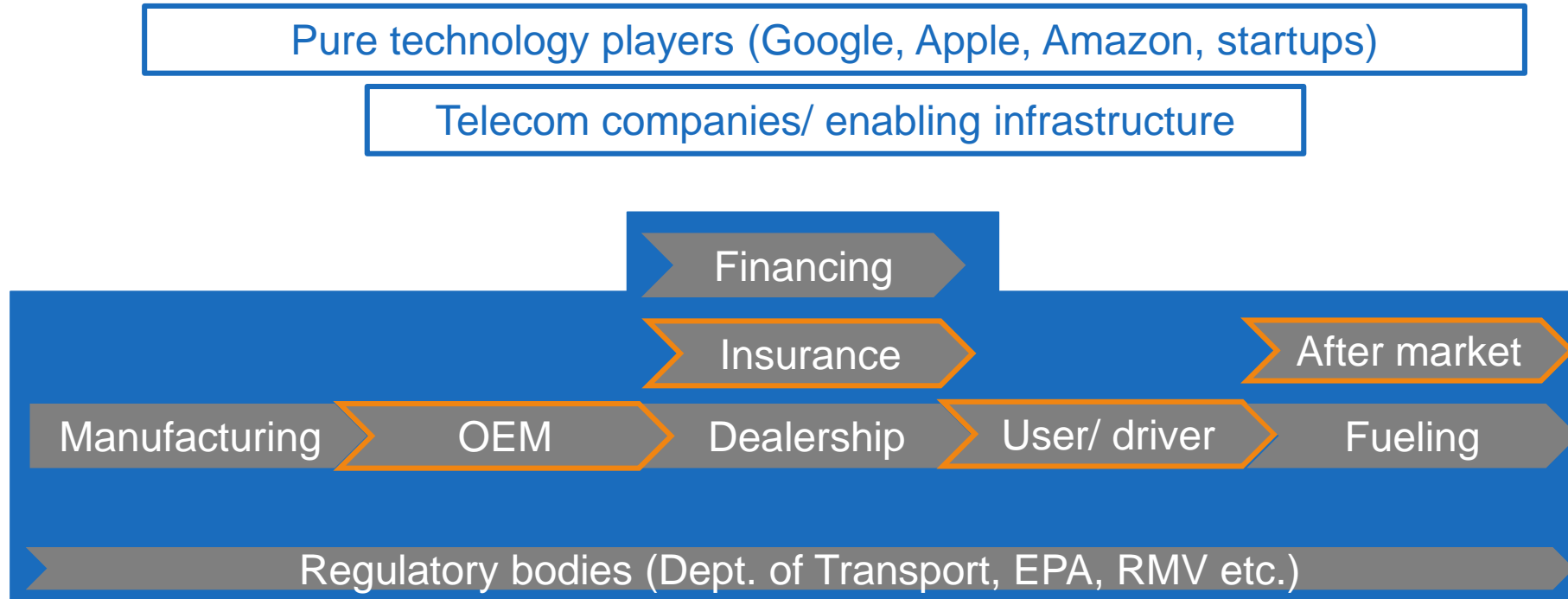
”

Global market for connectivity technologies inside the car grows to \$12.7 billion by 2030



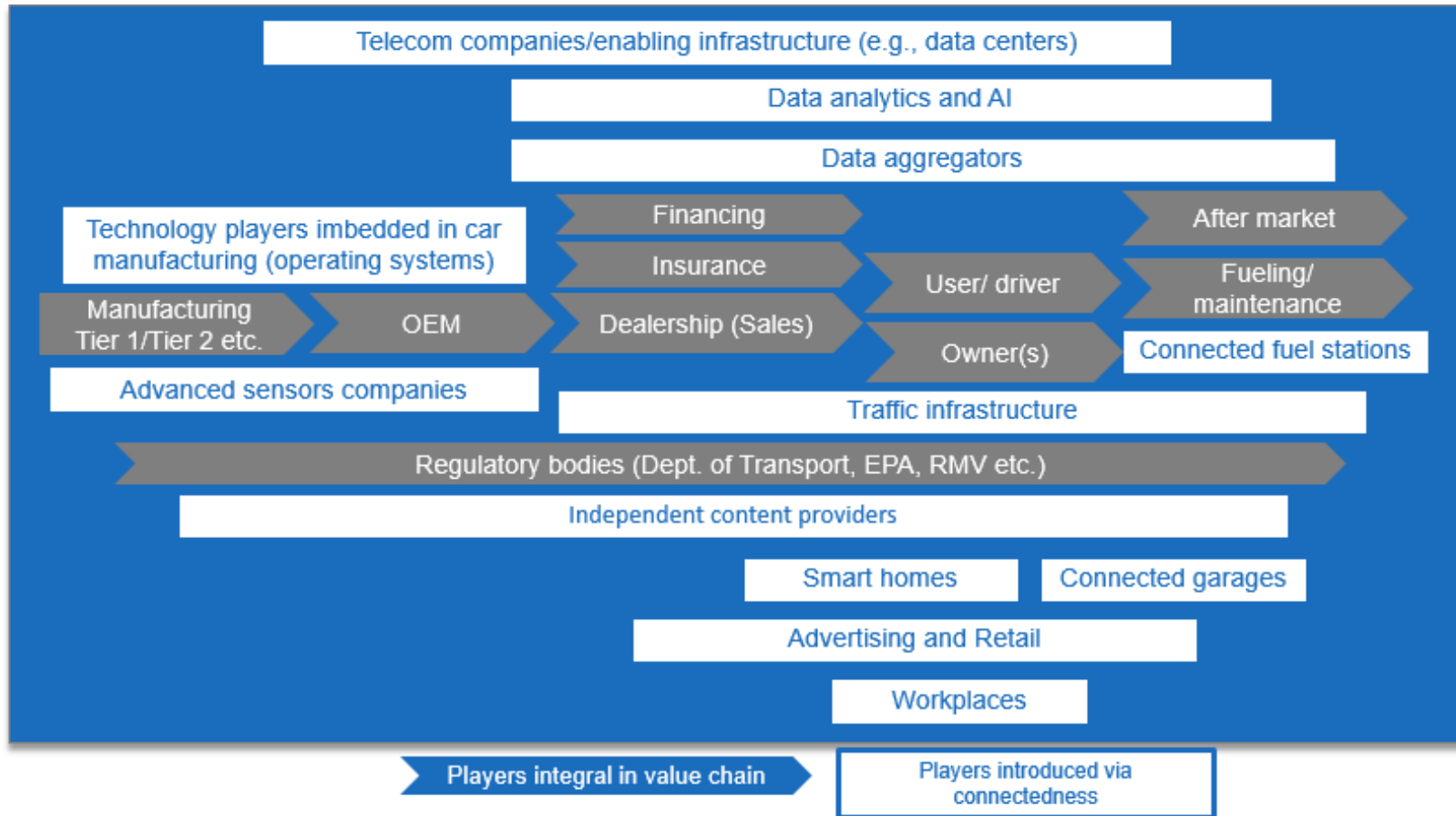
EVOLVING ECOSYSTEMS CASE STUDY

The relationships between players is understood in the short term...



EVOLVING ECOSYSTEMS CASE STUDY

...but future complexity could make it difficult to find your place



EVOLVING ECOSYSTEMS CASE STUDY

Actions depend on company's comfort zone

Direct play

Use data and analytics to supplement existing business and capabilities

Indirect play

Enter a whitespace, but solve a critical need for the connected vehicle ecosystem

EVOLVING ECOSYSTEMS CASE STUDY

Actions depend on company's comfort zone

Direct play

Use data and analytics to supplement existing business and capabilities

Indirect play

Enter a whitespace, but solve a critical need for the connected vehicle ecosystem

The company continues to experiment, capitalizing on know-how and market position to plan their moves into mobility

EVOLVING ECOSYSTEMS CASE STUDY

Audacity to pursue new market roles

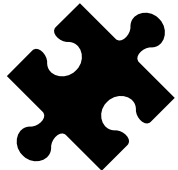
Look expansively and envision different roles for the company



Early stage experimentation



Get in early and claim an early spot



Consider use of scale to solve critical bottle necks

Pulling it all together

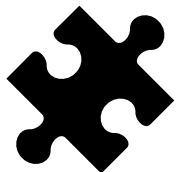
Uncertain markets



Design for agility
for rapid shifts



Innovate where
you are still ahead



“Re-inventor”

Adaptability

New technologies

Assess time to
inflection points

Share risk through
pre-competitive
collaboration

“Ally”

Congeniality

Evolving ecosystems

Constant, incremental
experiments

Explore many roles in
new markets

“Convener”

Audacity

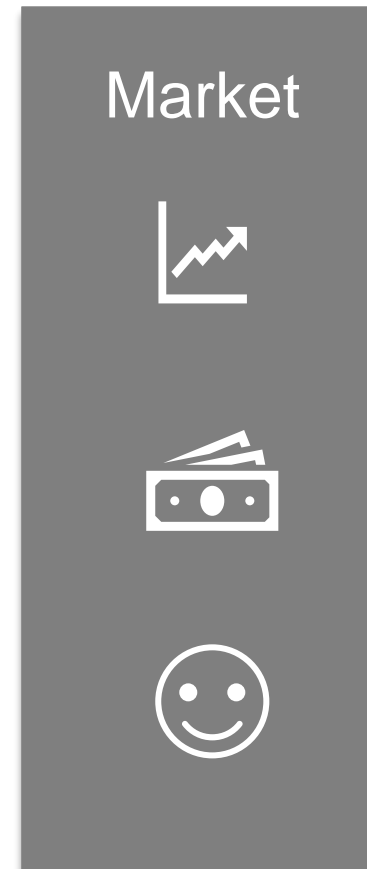
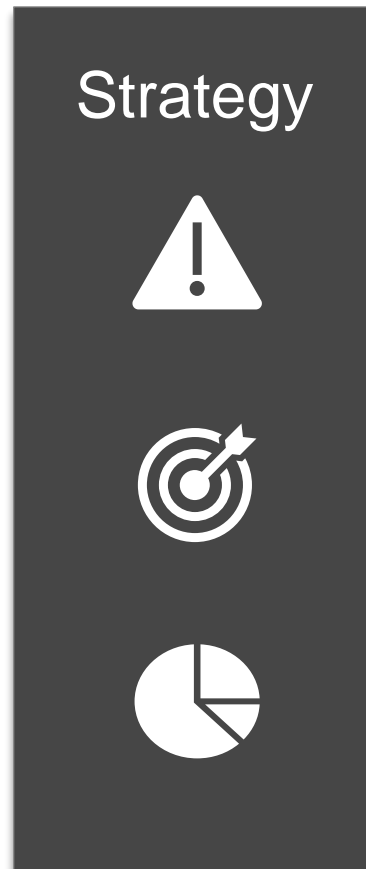
Agenda

- 1 | Is innovation “working”?
- 2 | Strategic considerations for technology innovation
- 3 | **Driving innovation toward execution**

**The word
innovation can
mean different
things to different
companies**






The rigor around strategy can make execution on new ideas a challenge...






The rigor around strategy can make execution on new ideas a challenge...

Strategy



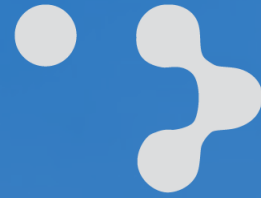
Market



Peers
Suppliers
Customers
Partners

Innovation





2018 luxexecutivesummit

Boston • April 9-11



Thank you for joining us.



Yamama Raza

Yamama.raza@luxresearchinc.com

www.luxresearchinc.com
info@luxresearchinc.com

@LuxResearch  

Lux Research, Inc. 

Lux Research 

Blog + Free Webinars
Lux Spotlight

Podcast
Lux Research, Inc. on
Soundcloud or iTunes