

# POINTERS

EXPERT GUIDANCE ON INNOVATION STRATEGY

## How Can You Impact Company Culture?

### INSIDE

Shattering Three Major Myths About a “Culture of Innovation”

A Stepwise Approach to Achieving an Innovation Culture

How To Foster Culture Change Through Lean Innovation

How to Make Open Innovation an Easy Sell in Your Organization

The Who, How, and Where of Innovation

RIP Idea Box – How to Run Ideation Campaigns That Generate Real Value

The Reason Your Company is Struggling to Build a Culture of Innovation

The Case for Continuous Innovation

Ideation: The Secret to Explosive Employee Engagement

Innovation Networks – Needed Now More Than Ever



# How to Make Open Innovation an Easy Sell in Your Organization

BY DENISE L. FLETCHER, EZASSI

Time and again, we have seen businesses disrupt established markets and up-end assumptions that certain industries are immune to significant change. By now, it should be abundantly clear that simply introducing new products and services on a semi-regular basis is not enough to stay alive in an increasingly competitive global economy. From Netflix and Hulu to Uber and AirBnB, new companies are demonstrating the importance of innovation. With that in mind, why does the idea of open innovation continue to be a hard sell when it comes to senior management?

Part of the problem is that management continues to focus on generating innovation by relying on internal teams. While individuals within the company may be independently working on professional development by joining social sites, reading up on trends, and attending conferences, these efforts don't always translate to the office. If management is reluctant to pursue or support open innovation efforts, it may be up to employees to make the sell and work on providing a solution that fits their specific corporate environment.

If you want to secure the support of senior management and move towards a business model that takes advantage of open innovation, then you need to be prepared to address their fears and make a clear case for the necessity of open innovation at your organization. A few PowerPoint slides won't be enough to motivate management to go outside the company for new ideas. Here are a few tips to help you sell your senior management team on the importance of open innovation:

## FORMULATING YOUR PITCH

**1. Start with a question.** Instead of trying to jumpstart the conversation by telling them what they aren't doing right and what they should be doing instead, pose a thoughtful question that will get them thinking about whether they may have become blind to emerging trends. For example: *What strategic plans do you have in place to handle outside threats from competitors?*

The hierarchy of corporations can make it difficult to challenge existing modes of thought. As Alex Cruickshank argues in his article on groupthink, without open dialogues, owners can become "too busy running their business to notice that the landscape has changed." Combine this insular point of view with a hierarchy that discourages criticism, and you have a recipe for disaster.

By asking an open-ended question that encourages discussion, you effectively shift the burden of proof to management. If they are having trouble answering the question, then you have already made your point. It may quickly become obvious that the company has been too concerned with internal affairs to address looming threats.



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**2. Paint a picture of the future.** Do your research and see what companies within your industry are developing that could undermine your success. Look for start-ups and other players that may be operating under the radar, because these are the ones that have the greatest potential to sneak up on you and introduce the next technological innovation that will cause a major disruption.

**3. Make the argument for open innovation.** More than anything, open innovation provides the opportunity to identify potential threats early on and partner with experts and problem solvers who may be the key to getting new solutions and products to the market much faster. With open innovation, you can work with your customer base to co-invent and develop solutions. You can tap into the skills of people around the world who know your product, but also are ready to offer a fresh perspective.

The Campbell Soup Company is one organization that has successfully used open innovation to continue to fuel the future of product development. The Campbell's "Ideas for Innovation" platform allows for open innovation, internal innovation, co-creation, collaboration, bilateral IP protection, auto-assessment of ideas, and stage-gating idea advancement workflows through to Product Lifecycle Management and Go-To-Market stages, to capture the best ideas and then put them into production.

**4. Identify Competitors that use open innovation.** Be prepared to show how your direct competitors are using open innovation to get an edge on the market. This information can make your argument seem less abstract and demonstrate the practical applications of open innovation.

**5. Come prepared with a plan for safe implementation.** With the help of the right open innovation software program, you can provide a safe and secure environment that protects both the company and users. Innovators will automatically be granted intellectual property protection, which will increase the number of submissions you receive.

You can choose to only accept solicited ideas to specific challenges and operate anonymously. This prevents new ideas from being advertised to competitors as they are being developed. In addition, functionalities can be put in place that implement NDA agreements throughout the submission process for continuing bilateral IP protection.

It might also be a good idea to pitch a more measured approach that involves a test run of open innovation and a set time-period for evaluating results and deciding how to move forward. Taking small steps can feel like a much safer option that won't challenge management's comfort level quite as much as a full-scale launch.

**6. Provide an open innovation impact assessment.** When it comes to making important business decisions, numbers can be more convincing than all the examples and logic in the world. Make sure that you outline the potential impacts, both positive and negative. Areas that you will want to address include revenue increases; cost reduction; investment cost; return on investment; product line contribution; new product development; and breakthrough new product/technology.

Humans are ruled by inherent biases, and nowhere is this more apparent than in corporate America. Even when it becomes obvious that the market and the industry is in flux, businesses can still show strong resistance to adapting. The hierarchal nature of business tends to reinforce these practices, which makes it even more difficult to sell new approaches, such as open innovation. However, if you do your homework and develop a clear presentation strategy, you may be able to turn a hard sell into a sure thing.

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