

VIEWPOINT

Open Innovation: Practical First Steps for B2B Companies

BY MICHAEL GLESSNER

Considering an open innovation initiative? Don't take it lightly. For B2B companies, who face unique additional challenges, identifying and achieving value can be especially difficult (see [The Value of Open Innovation for B2B Companies](#) for more detail). If your company sees the value and is ready to get started, here are four critical steps that will help ensure success.

Step 1 – Frame the Context of your Initiative

The open innovation journey begins as the manager contemplates the context of a solution. Let's break the context down into three key areas of focus:

1. Determine the key drivers. Are teams stuck due to technical hurdles in a specific, non-core discipline? Is vetting new products with real customers a challenge for development teams? These drivers may not require crowds to find a solution, but rather a more targeted group of collaborators.
2. Identify the broader context of industry challenges and longer term vision. If regulatory compliance is a key factor in development efforts, that needs to be considered upfront in the design.
3. Gauge the company's comfort with sharing information. Will the company share important project information such as research data and potential commercialization hurdles with partners (with or without non-disclosure agreements)?

Clear framing of these dimensions for your initiative will help make specific choices that will work best for your situation.

Step 2 – Define the Ideal Community

At its heart, open innovation is about accessing *communities* outside of the company in a new way. To determine the type of external people and companies you need to connect with, build upon the framed context. Consider the disciplines, experiences, access, knowledge and relationships that will be valuable to your product or technology development efforts. Does geography matter? What interests should the participants have? It's possible that a vastly different field of study would bring a very different perspective to your specific situation, so should other industries be included?

These questions help define the ideal people and companies for open innovation interactions. When motivated to collectively work for a common purpose, these individual contributors can become a vital community of practice – a group of people that share knowledge as a way of getting better and what they do.

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Keep in mind that the elements of a community differ from company to company, but at the core is a model that provides access to people and resources that can be utilized to help meet an objective. In this case, furthering a company's innovation objectives. In very large organizations, both internal and external communities of practice may exist. Many communities also benefit from including both technical and commercial minded people. To make these communities successful, define mutually beneficial objectives, recruit appropriate community members, and have a plan to maintain vibrant engagement levels.

Step 3 – Connect the Community to the Organization

Next, the manager needs to enable *connection* between the company and the community. Who from your organization should interact with this external community and how will they do it? This is an opportunity to assign top technical talent as community participants to help refine the rules of engagement for all participants, including methods and frequency.


For example, rather than simply defining a problem, consider having internal participants describe what a solution might look like and then search for it within the community¹. Such an approach can limit the amount of sensitive information that must be shared.

Step 4 – Define Motivation Tools

Finally, define how to motivate all internal and external participants. Consider this an opportunity to leverage the firm resources at your disposal and pay to play. You could sponsor research at a key academic institution or initiate a project with a national laboratory. Motivations to participate vary by individual but usually are not monetary and typically include learning, achievement and social components.

A B2B manager who has built strong context, defined a community, effectively enabled connections and identified key motivators is more likely to succeed with open innovation than those who miss aspects of these dimensions. With these guidelines in place, managers can mobilize and begin the learning journey.

When working correctly, communities enable rapid learning for the firm's participants, which is critical for dealing with the uncertainty in development efforts (see my blog post on [Foundation for Open Innovation, Part 3: Managing Uncertainty of Technology Development](#)). This approach will help you take small steps, learn and then try again. As Clay Shirky related in his book *Cognitive Surplus*, 'the faster you learn, the sooner you are able to adapt'.



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References:

1. Speidel, Klaus-Peter. "Problem description in Open Problem Solving." A Guide to Open Innovation and Crowd Sourcing. Ed. Paul Sloane. Philadelphia: Kogan Page. 2011.



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