The Next Digital Wave
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It's difficult to recall, but there was a time in the not too distant past when communication moved at a near-glacial pace.

Meetings were held, thoughts were gathered, written (typed), printed and sent off in an envelope. Days or weeks passed and a response was returned. It took time to develop ideas. Time to test, refine, pilot and promote innovations. Time to achieve the scale required for validation. Lots of time. Because the communication infrastructure didn't facilitate speed, transparency or collaboration.

Enter the Digital Age. Freed from the shackles of paper and post, transferring information became instant, transparent and global. The zeitgeist of the consumer, once accessible only through focus groups or research, was laid bare by YouTube, Facebook, LinkedIn and a host of other online meeting places. In an always-on, always-connected world, consumer relevance has become the focus to win the attention of increasingly selective buyers; scale is a prerequisite. As communication changes radically, many companies have yet to harness the unfettered flow of insight now available. And innovation—a driving force in this open, fast-paced marketplace—often remains siloed within research and development (R&D) functions.

The potential is huge. With the innovation process hardwired into social media and digital communication channels, companies are able to leverage employee, consumer and third-party networks and the insights held within each. It's something we call "enterprise social innovation." By establishing an open environment that welcomes ideas, collaboration, contribution and evaluation, firms can engage their key stakeholders as active participants in the innovation process, exploding the range of possible ideas, reducing development lead times, and maximizing market impact. In short, enterprise social innovation can help deliver scale and predictability to the innovation process.

Outside In
How does enterprise social innovation work? Let's look at traditional methods first. A dedicated team (usually comprised of a dozen or less people) conducts market assessments, spotting opportunities for innovation. They then cycle through iterations of "safe" strategies to pursue—all without external (i.e., customer) input.

Through enterprise social innovation, the process gets turned on its head. Take the experiences of two global big hitters—communications powerhouse, Cisco Systems, Inc. (Cisco), and consumer products giant The Procter & Gamble Company (P&G)—to demonstrate the approach and potential of enterprise social innovation.

Cisco's annual iPrize initiative invites external contributors from across the globe to go online to submit big bet business concepts that Cisco can develop further. In the 2010 competition, 2,900 people from 156 countries entered 824 innovations. Through a series of evaluations, ratings and review, 32 semi-finalists were selected, with 9 teams reaching the final phase. The ultimate result: Two separate potential billion-dollar business ideas were generated and funded by Cisco. The winning submissions received a $250,000 prize each—an extremely cost efficient investment considering the yield.1 Instead of having one team working on a single innovation effort, Cisco mobilized an army of people working on hundreds of projects.

Similarly, in 2001 P&G began moving from an 'invent it yourself' product development model to a 'Connect + Develop' open innovation approach—one that attracted thousands of innovation ideas and materialized many of those ideas in new products. For instance, it launched the battery-powered toothbrush, Crest Spinbrush, by working with external inventors; the anti-aging Olay® Regenerist brand of skincare products, by working with a supplier of cosmetic active ingredients to harness the pentapeptide technology; and it promoted Align—a well-known digestive wellness brand using Bifantis® probiotic—by working with University spin-offs. P&G successfully launched many well-known brands in collaboration with external companies, expanding its range of products to service consumer demands in a more comprehensive manner.2

The results of 'Connect + Develop' are worth noting. In 2001 less than 10 percent of P&G's new product innovation involved external collaboration. By 2005, it had increased to 50 percent. Following this robust performance, P&G has set a target for the 'Connect + Develop' program of US$3 billion by 2015 in annual sales growth, up from US$1 billion in 2010. Products launched with external business partners would, at current growth rates, comprise more than 60 percent of P&G's new annual sales growth, as compared with approximately 25 percent of its new annual sales growth in 2010.3

What it takes
Enterprise social innovation broadens the scope of idea generation and transforms traditional approaches from one-off ideation to a portfolio of ideas handled like any other continuous business process. This makes it possible to scale
the innovation process without scaling up an internal team in the corporate center (with all the associated resource commitments). By taking advantage of the company’s extensive networks, providing open channels of communication and stimulating the innovation engine (multiple brains working together real-time to create and qualify), it improves the pipeline of ideas coming through, and therefore the innovation portfolio increases in volume and predictability.

So, what does it take to move from a one-off project-based linear approach, to the collaborative, iterative enterprise social innovation?

• First and foremost, decentralize contributions.4 Your best ideas may come from where you least expect it. Enable it. Innovation shouldn’t be confined to the R&D department. It needs to be accessible throughout an organization. The UK Department for Work and Pensions created a platform, “Idea Street,” that allows its 120,000 staffers to contribute innovations through a gaming environment. In a matter of months, 1,000 ideas were harvested and 63 are under development.

• Collaborate, collaborate, collaborate. Enterprise social innovation is all about dramatically widening spheres of influence and taking collaboration to the next level, fulfilling the prophesy of co-creation. Dell has its “Social Media and Community Teams,” otherwise known as SMaC. Their goal: “embed social media into the fabric of the company and beyond.” Although the communication platform is centralized, engagement is distributed across a constellation of stakeholders from blogs to wikis to networking groups.5

• Feed the feedback loop. Social media isn’t just a great source of ideation; it can also serve as an incubator for product refinement or service testing. Before the money is spent on full-blown launches, enterprise social innovation can be used to leverage stakeholder groups to optimize the solution before it sees the store shelf. Best of all: feedback loops are often fast, happen at scale and verify consumer relevance.

• Stoke the fires. Consumers today want everything yesterday. Companies are spurred to react quickly to meet their needs. As a result, innovations are knocked off and commoditized before they get out of the early adopter stage. This highlights the need to treat innovation as a continual business process with the required funding, senior executive sponsorship, shared incentives, and reward recognition. Enterprise social innovation helps companies transition away from an innovation department, toward an innovation culture.

Harnessing the power of social Success today favors those companies that achieve innovation at scale. One-off, centralized efforts with questionable payoffs are seen as too risky in an environment where a diversity of offerings and the ability to seize new market opportunities at speed and with scale, separates winners from losers. Through enterprise social innovation, companies can benefit from a greater pool of ideas—ones that are aligned more closely with the wants and needs of the end consumer—and a broader web of networks that gives instant access to innovation process enablers. The end game: A continuous, predictable flow of relevant and successful innovations.

To learn more about enterprise social innovation, contact:

Jason Breed
jason.breed@accenture.com

Tel:
U.S. +1 877 609 8723
International +1 312 842 5337

1 Cisco system, Inc. Press Release, "Cisco Selects Winner of Global I-Prize Innovation Contest,” October 14, 2008; Cisco Systems, Inc., “And the Cisco I-Prize winner is… Rhinnovation!”

2 Dr. Mike Addison, “P&G Connect and Develop – an innovation strategy that is here to stay,”

3 Dr. Mike Addison, Ibid. See also The Procter & Gamble Company, “P&G Sets Two New Goals for Open Innovation Partnerships: Company Seeks to Triple the Impact of


4 Department for Business Innovation & Skills, “Creating the Space for Public Sector Innovation”

5 Bill Johnson, “Paving the Way to Social Business” June 8, 2011
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