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Creating Innovative Products and Services

The FORTH Innovation Method

Gijs van Wulfen

GOWER

Introduction

Long ago explorers did not only go on journeys to gather information and to observe new things but they were also eager to conquer and hoped to find new trade routes or fantastic cities filled with treasures. At times, people left their own country because of the hardship they had to endure as the country could not produce enough to support so many people.

(Atlas of the Voyage of Discoveries)

Innovation is an important managerial instrument and has become extremely popular. Even though the economy finds itself in a recession, everybody is talking about it and much is written about it in the *Financial Times*. Due to new technology and the changing needs of customers, acting upon new products, services and business models in time keeps your product portfolio up to date and different. Therefore for organisations which, in an already saturated market, have high market shares, innovation is the way to penetrate new markets, target groups and distribution channels. It is the way to growth.

WRESTLING WITH INNOVATION

When walking through a forest you notice that almost nothing grows under huge trees where it is dark, dry and mouldy. There, in the shadows, you only find moss and fungus. Small plants need much water and light, otherwise they wither and die. This image can be applied to organisations as well. While working as a marketer in a food company, I have often experienced the process of innovation as a struggle. Now, at my innovation consultancy, when I explain the metaphor of the huge trees to managers, an awkward smile appears on their faces, after which they try to defend themselves by saying that this is the way it has always been, and they are still the head of marketing. Or they try to justify their lack of innovative power by referring to the competition where things are not much better. Many managers feel they are not able to change things. In my opinion, however, no organisation should accept or conclude that the apparent inability to innovate effectively is a permanent situation. Something can be done about it.

THE DIFFICULT START

During the past 10 years many organisations have introduced modern methods to better structure and manage their innovation process. However, much has gone wrong before the process has even started. The process usually starts with the generating of new products or services, which are scarce, and should there

be any new ideas, the question always remains whether they relate to the needs of the market. This, the first step in innovation – generating and selecting good and new ideas – is called the fuzzy front end of innovation. In other words it is a vague beginning to the innovation process. Vague, because how you generate new product ideas is not yet clear. In reality, everybody does what they believe is right. The following reasons are given as to why the innovation process has a vague and slow start:

1. There is not enough urgency within the organisation.
2. New ideas for products or services do not happen automatically, so where do you start?
3. People have no idea in which direction they can find chances for innovation.
4. There is a lack of insight into what the customer wants and needs.
5. There is no brainstorming, or not enough professional brainstorming.
6. There is a lack of internal support for the development of new products or services.

In short, there is no good ideation phase – the technical term for the phase which includes the creation of the idea until a decision is reached whereby the concept (or the product) will be developed.

In a new and young market which grows sporadically and where technology plays a large role, it is often discoveries or new technological applications which form the starting point for new products. Technology is often seen as the booster of the innovation process. The research and development department has developed something new: what can we do with it? Are we going to use it to improve current products or develop new products? Furthermore, the invention of new product ideas is more complicated for companies in an existing, stable, non-technological market, such as the service sector. Where does one start? Technology is not obvious, and if the company is large or well established, the problem becomes even more complex. Are there other departments or branches within the organisation which are also busy with innovation? And what have they come up with? Is it better to do it together or not? In this situation the additional value of a well structured, effective process to invent new products or services becomes even greater.

THE CONTENT OF THIS BOOK

This book is about the creation of new products and services. It is not only about physical products such as an Apple iPhone or Campbell Soup, but also about services such as digital training concepts and new health-care services. It offers a practical approach in five stages with which managers, innovation specialists and co-workers can develop attractive new product ideas themselves. It is about attractive ideas – for the market and the company – for which there is internal support and with which the innovation process can be filled in order to bring it to successful introduction

onto the market as soon as possible. In this way organisations can grow in terms of their sales, profit, market shares, customer-satisfaction and especially pride, because they have introduced something new to the market successfully.

Really new products and services are scarce, yet the need for them in large organisations is huge. In Chapter 1, the struggle with the difficult start of innovation is discussed extensively. Usually, large companies follow the approach whereby a yes/no decision is taken after every step. This is called the Stage-Gate model. However, in this approach, the ideation phase has not been structured properly, and when the innovation pipeline is not filled with potential product ideas, nothing sensible comes from it.

There are five success factors for the creation of new products and services. These factors are described in Chapter 2. Thorough attention is given to the urgency, focus, real customer understanding, 'inside out' thinking and an effective creative process with good internal support.

The way in which new products and services are created is compared to a journey, and Chapter 3 gives the outline of this innovation journey. It is not an individual journey but a group travel, whereby everyone has the same goal: getting back home with momentous innovative souvenirs. The methodology is called FORTH, an acronym of the five stages which have to be completed: 1. Full Steam Ahead, 2. Observe and Learn, 3. Raise Ideas, 4. Test Ideas and 5. Homecoming. Each stage is described in a separate chapter.

Full Steam Ahead is the topic of Chapter 4. Before you go on a journey, you have to define where you are going and with whom. Before the ideation team can get going, the innovation focus workshop, the innovation assignment and the choosing and recruiting of an ideation team are crucial activities in preparing for the innovation journey.

Chapter 5 is all about discovery: Observe and Learn. This stage of discovery serves to get the managers, business developers, marketers, product developers and other co-workers from behind their desks so that they can obtain relevant customer insights by visiting customers and sources of inspiration, explore trends, new technology and explore their own opportunity for innovation.

Chapter 6 describes the development stage: Raise Ideas. This stage forms the creative *pièce de résistance* of the FORTH innovation method. A two-day brainstorming session for new products or services is on the main menu and for dessert, a concept development workshop. In a structured and creative process more than 500 product ideas are generated, 25 idea directions formulated and finally 12 attractive, achievable, new concepts developed.

Chapter 7 is about reflection: Test Ideas. Customers have the opportunity to reflect, in a qualitative research test, on the most attractive new concepts developed by the ideation team. In consultation with the internal client, the ideation team then chooses three to five concepts for further development in the last stage.

Finally, Chapter 8 deals with the stage: Homecoming. The three to five new product concepts are now developed into mini new business cases. Even though a single concept might perish in this final stage, the remaining concepts are then

presented to the management and carefully passed on to the multidisciplinary development teams. They then start with the actual physical product development (in manufacturing companies) or with the development of the concept into a fully fledged business case (in the service sector). The journey for the ideation team has now ended because in the development process the development team gets going.

This book contains a real and concrete FORTH case study of one of the largest insurance companies in the Netherlands: Univé VGZ IZA Trias. They have been using the FORTH method consistently as their regular innovation method. The stages in the FORTH innovation method are described using the ways in which they have implemented it in practice regarding their innovation project FORTH New Mobility Services. At the end of Chapters 4 to 8 you will find practical checklists (totalling 15) which will guide you through the stages of the FORTH innovation method accurately.

The book contains two appendices. Appendix I lists 15 facilitators who have been trained and certified to supervise the process of the FORTH innovation method. Appendix II is a description of the 30 brainstorming techniques for the new product brainstorming session, with a practical manual regarding the application method of each technique. A short film about the FORTH innovation method, the FORTH facilitators, the users of the FORTH innovation method and the 15 checklists can also be found online at www.forth-innovation.com.

TO DIRECTORS, MANAGERS, ADVISORS AND INNOVATION SPECIALISTS

This book has been written for directors, managers, advisors and innovation specialists in organisations who are responsible for, or involved in, product innovation. The FORTH innovation method has additional value for the four groups in an organisation which are involved in the development of new products and services:

1. Managers and directors, whose responsibility includes the strategic positioning of their organisation on the market of the future, such as general directors, business unit managers and commercial directors.
2. Marketers, such as marketing directors, marketing managers, product and sectional managers.
3. R&D specialists, such as R&D managers and product developers.
4. Innovation and new business development specialists, such as innovation managers, specialists, facilitators, NBD managers and NBD project leaders.

A PRACTICAL TOUR GUIDE

The creation of new product or service ideas is contradictory. On the one hand it requires a 'soft approach', such as creativity to search for the 'insane' and to invent something which does not exist. On the other hand it requires a 'hard approach', such as building a business case to convince the management in order to break through the old product concept pattern. These two worlds are allergic to each other: the creative, vague futurists versus the practical line managers who want results today. They clash and do not work well together, which brings about frustration whereby they try to avoid each other as much as possible.

The greatest value of the FORTH innovation method which has been presented in this book is the solid bridge which is built between, on the one hand, creative brainstorming and, on the other hand, the support obtained by line managers who think in terms of new business cases. It does not end in a tasteless compromise but creates a successful marriage.

This book will help you bring the thought process regarding new products or services in your organisation to a professional level. It offers a practical tour guide and a chest full of usable tools with which the ideation team can apply the five stages of the FORTH innovation method at a comfortable pace. This method has proved itself over the past few years, both within the service sector as well as with manufacturing companies. By using this method correctly you will be able to add good mini new business cases to your innovation pipeline in order to get a flying start to your innovation process as 'the sticky back end' which follows, is often difficult enough.