

Innovation/Web 2.0

The Global Human Capital Journal

Always in Beta: How big Business Can Benefit from "Little" Innovation

By Christopher S. Rollyson — Wednesday, 17 October 2007

Dell and Procter & Gamble Innovation Leaders Share Web 2.0 Transformation Insight—The Slow Boil

The Global Human Capital Journal's [coverage](#) of the Forrester Consumer Forum 2007 continues with this session on what I'll hazard to call Innovation 2.0, (^). [David Armano](#) of Critical Mass moderated this an infectious session. It was clear that Procter & Gamble's [Stan Joosten](#) and Dell's [Manish Mehta](#) had been in the innovation trenches, and their comments were extremely valuable.

A key ingredient to Web 2.0's transformational potential is that the technology is an order of magnitude more explicit, easy to use and less costly. It's possible, and desirable in many cases, to take small steps. On the other hand, Dell took a risky step in launching Direct to Dell in the midst of serious customer service problems, and it leveraged blogs to turn the situation around.

The Global Human Capital Journal published the [overall conference wrap](#) and will have several other in-depth articles in the days ahead. You can be notified as to their publication by subscribing to the forum's RSS feed.



The Meaning of "Always in Beta"

- Manish: you have to escape "corporate terminal velocity"; if you innovate about 3 times faster than the enterprise can absorb, that's an optimal speed. To do this, the enterprise must create a special space in which people can operate differently. When you select an "innovation" to incorporate into the enterprise, you often have to adjust it (so that it's appropriate for enterprise speed). When he was saying this, I thought about deep sea diving; you have to come up slowly to avoid "the bends."
- Stan: you are never finished. The landscape is always changing, and start-ups are always introducing new possibilities, from undefined spaces. YouTube, Twitter.

Approach to Innovation

- Stan: innovation is a core strategy at P&G. Most people think of us as a consumer product company, but innovation goes beyond products. We seek to innovate around products, to services (and how consumers use them in their lives). Our CMO wants marketing to add value to products. Marketing has been the same old thing forever. Our vision is to actually add value to the product. We have premium brands, and innovation is part of our promise. Innovate everywhere. Also, we have a mandate to source 50% of innovation from outside P&G. We already crowdsource (chemical) engineering, and we intend to do it with marketing.
- Manish: Dell approaches innovation by incubating ideas inside the company. The social media space—RSS, Twitter—is enabling motivated, passionate people to emerge and come together. Passionate people are our secret sauce. Dell Online has a partnership with Corporate Communications; we are willing to take risks. A (critical success factor) in innovation is finding the passionate people within the organization.
- Stan: (as to whether your company should use blogs, wikis and the other enterprise 2.0 tools) Gen Y comes in and says, "Why isn't it here?" (This is how we work). We have to educate executives and let people do it. Our blogs started on a \$1,500 old server. Now we have 200 blogs, and we spend zero on promoting blogging. The blog site is now the hottest intranet site (in the company). Go do it. Innovation is contagious.

How to Measure Innovation's ROI

- Manish: Michael Dell wanted us to do it (their version of "damn the ROI, full speed ahead"). You have to create the culture inside

to deal with the outside. In general, Dell is very ROI-driven, but we've kept ROI off the table for the time being. Innovation can show sentiment changing. For example, negative comments about Dell are falling. (Even though we can't put a price on that, we know it's valuable).

- Stan: P&G is very data driven, and ROI type measurements are very appropriate for stable processes. If your process isn't stable (as is the case for emerging activities and developments), ROI isn't relevant. You need results, like when your numbers go up (but you don't have to monetize them to the cent). You can get away with this when you organize innovation into small chunks. (If you have big ticket items, that will put pressure to show a financial return.) Innovation is the biggest strategic idea.
- David: Critical Mass has seen value from its "thought prototyping" process on its sites (blog and wiki functionality).

How to Warm Senior Marketers to (Discontinuous) Innovation

- Manish: most marketers are not ready for open innovation. When we put up (Direct to Dell), it had 1.3 million members (and a high portion of negative comments). He almost got fired. (marketers got extremely upset, but he had support from the top, and numbers of negative comments are dropping significantly; everyone can see the progress).
- Stan: People are commenting negatively anyway. It's better to be in contact with what's really happening. Be aware of the intent.

Admired Companies

- Stan: Dove, what they've been doing with the "real beauty" campaign. Dell for their risk-taking.
- Manish: Apple for their design.

On Mistakes and Failure

- Stan: the worst mistake with innovation is when we don't let go of control. With innovation, you have to let people learn. (Innovation is) a different learning process.
- Karl Long of Nokia (during Q&A): a big issue is, how do you give permission to fail (in a highly competitive company)?
- Manish: you must allow innovation to fail. We think about keeping it within a usable sweet spot. If you innovate 5 times faster than the enterprise can absorb, you're wasting effort. (And, if you're innovating at the speed of the enterprise, you're not innovating).
- Stan: all this depends on your definition of failure. Business results are derived from stable processes. You have to put innovation in another category (because it's discontinuous). Chunk it and don't spend so much in one place.

Analysis and Conclusions

- Web 2.0 is a very innovative proposition, and speakers captured it extremely well. It's transformational, but it's not a "big ticket tech item." This risk is not in terms of cost, but rather it is about collaborating with new parties (sharing control with customers). Blogs and wikis enable emergent organization, yet the software is abstracted enough to deal with it. Web 2.0 tools are very inexpensive compared to "enterprise solutions."
- The biggest thing in the market for 2008 will be tagging. People, following a discontinuous process that enables them to work at the lowest transaction cost, will organize everything with tags.
- By having small chunks, you can diminish the pressure to submit to ROI type metrics. This is simple yet profound.
- It may not sound like much, but it's a pearl: innovation is not a continuous process, so don't treat it like one. Stan's advice was sound, in my experience: keep investments low, but don't burden with ROI-type metrics. It's a different category. That doesn't mean you can be irresponsible.
- I loved Manish's metaphor of "corporate [terminal velocity](#)": you have to keep innovation within the window of applicability, but also have an open mind about "applicability." P&G has the right idea by thinking outside the product and not restricting innovation to the product: as I've written for years, value will be created in terms of customer experience. Products and services are, in the end, only means to better experience.

About the Author

Christopher S. Rollyson launched *The Global Human Capital Journal* in 2005 to address the most poignant issues of day for chief executives, namely global transformation, the reinvention of the enterprise, technology and culture. Mr. Rollyson has been a technology and marketing visionary and pioneer for twenty years, with distinction in corporate strategy and innovation. As a consultant and marketing executive, he has had a leading role in launching such game-changing offerings as: Java with Sun, e-



business strategy with PwC Consulting, and SOA, Web services and architecture solutions with IBM and nVISIA. In 2006, he launched The Consumer Empowerment Adoption Curve™ and Transourcing™, a new approach to innovation that leverages high performance collaborative partner networks. He currently advises global enterprises on collaborating with Web 2.0-enabled customers—to drive innovation and to engage emerging markets.

Formerly the Vice President of Marketing at nVISIA, he developed executive marketing programs and service offerings to drive the value of software transformation through service-oriented architecture and Web services, working with IBM, Rational and Grand Central. Previously a subject matter expert for e-business and knowledge strategy in PricewaterhouseCoopers' Strategic Change practice, Mr. Rollyson developed original models and services frameworks for e-business strategy consulting. He consulted to clients in automotive, software, telecoms, consumer electronics, chemicals and petroleum industries, advising global enterprises in e-business strategy and technology start-ups on innovation and business strategy. Prior to PwC, he led marketing for KPMG's Midwest High Technology practice, where he built one of the firm's first intranets to transform the marketing organization to a real-time team. Before that the head of marketing at a leading edge Java consultancy, he played a key role in co-launching Java via marketing alliances with Sun and Netscape. Mr. Rollyson has done graduate work in corporate strategy and economics at the University of Chicago, with additional studies at Die Freie Universität Berlin, L'Université de Clermont-Ferrand in France and il Liceo Americano d'Aviano in Italy. He earned his undergraduate degree from Kalamazoo College. <http://rollyson.net>

About the Global Human Capital Journal

The Global Human Capital Journal addresses the global shift from the Industrial Economy to the Knowledge Economy, which is changing how human beings work and deliver value. In the Industrial Economy, products encapsulated the value of human work; in the Knowledge Economy, information produces the lion's share of value, and customer experience itself is the focus of commerce and government. A greater degree of collaboration among people of the world is possible than ever before, and increased interaction will bring unprecedented surprise and opportunity, especially because the potential is great to "level the playing field" among people of the world. Obviously, these developments hold significant ramifications for business and organizational strategy.

Global Human Capital covers two prongs of economic transformation: 1) strategically, how organizations can rejuvenate their relationships with customers and constituents by collaborating with them to drive innovation and 2) operationally, how organizations can build strong collaborative cultures and skills to engage the world's emergent network of expertise, both within and without their walls. We analyze how global sourcing and collaboration are transforming enterprise and government organizations, as they transition from relatively self-contained, closed entities to more networked, open organizations.

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