

Bridging the Innovation Alignment Gap

Creating innovation alignment between a Company and its Service Provider

In the years of building and managing an innovation practice, the one thing that I’ve concluded is that innovation means different things to different companies. And while most companies insist that their vendors and service providers be innovative, seldom does this provide a clear direction as to what they expect and how the service providers can deliver on these expectations. Hence, alignment in expectations is frequently not achieved.

One way that provides a good analysis-based approach to improved innovation alignment between a company and its service provider is to clarify, and ultimately understand the company’s innovation frame of reference. By categorizing a company in terms of its innovation posture, the service provider can begin to identify appropriate alignment vectors and develop strategies which optimally sync up with their client’s innovation mindset. In the end, this creates a much-improved understanding of the company’s expectations and a smoother path to working together to meet and exceed them.



Following is a tool that I find helpful in cataloging and quantifying a company’s innovation characteristics. To score a company, pick a number from the range in the corresponding column for each characteristic, then sum the results.

Table 1
Assessing a Company’s Innovation Profile

Point Values →		Company Score	1 – 3	4 – 7	8 - 10
Business Model Maturity	<i>What space does the company operate in? How mature is their industry?</i>		Sustaining. Keeping Lights On	Peaking or Peaked	Disruptive. Blue Ocean
Tolerance of Failure	<i>Does the company accept (fast) failure? Does it offer opportunities to experiment?</i>		Terminal. Heads Roll	Wrist Slap + Remediation	Commonplace + Deep Failure Analysis
Level of Investment in Innovation	<i>Does the company formally fund innovation initiatives? To what extent?</i>		Petty Cash. Informal	Opportunistic. Varies over Time. Scrutinized	50% or more of development budget allocated to innovation projects
Innovation Leadership	<i>What level of authority does innovation leadership have at the company?</i>		Indiscernible	Blended into Management Structure	Officer level with direct budget authority
% of Revenue Portfolio Turnover per 5 Years	<i>How much of the revenue producing products and services does the company significantly change or replace each 5 years?</i>		< 5%	5% to 50%	More than 50%
Company Total Score:					

Using the Total Score, we can identify an Innovation Archetype for the company as follows:

Table 2
Determining the Company's Innovation Archetype

Score Low	Score High	Company Innovation Archetype
0	11	Innovation Sideliner <i>Innovation is a distraction; not welcome, arguably not needed either.</i>
12	22	Innovation Tinkerer <i>Curiosity persists but innovation is generally a poorly understood concept within the company; harnessing it is a challenge; limited know-how in how to organize to achieve results.</i>
23	35	Innovation Believer <i>Has adopted innovation as a guiding principle in advancing certain (but not all) business goals. Company has structure and discipline around its innovation activities.</i>
36	48	Innovation Evangelist <i>Committed innovation leader. Sees innovation as paramount to the company's competitive positioning in the marketplace. Innovation is a key component in most business decisions.</i>
49	50	Innovation Junkie <i>Over the top. Everything is about innovation, no look-back – only look ahead. Hyper-agile, hyper-transformative. Very few guard rails to protect against failure.</i>

Once the service provider identifies its client's profile, it can begin to strategically position activities using the language, methods and behaviors that are appropriate for its client's archetype. The service provider might consider the following:

Innovation Sideliner. Attempts to engage in discussions around innovative solutions will likely fall on deaf ears with this company. It wants to keep things as they are; stability and operational consistency is a leading objective. It is typically counterproductive to go against the grain of a Sideliner's operating model. This company is seeking to work with established products, purchased at a good price with five-nines availability. Full stop.

Innovation Tinkerer. This company is a good opportunity for the service provider to begin building a strategic relationship with the company's budding center(s) of innovation, to better understand and identify future opportunities. Here the service provider and the company can start to ideate around how to address business opportunities that may still be 4 to 6 quarters out.

Innovation Believer. This company is half on the fence, in transition and the service provider needs to be smart to identify where innovation resonates and where it is not yet ready to be adopted. The power base in this company is likely to be on the side of the innovators; the service provider needs to identify them and align itself with their goals. The company will likely be receptive to the service provider organizing innovation activities that promote ideation around out-of-the-box solutions; immersive field engagements or innovation workshops are excellent examples. But both the service provider and the company's innovators should be astute to recognize that status-quo supporters yield much influence, and they should not be alienated from innovation programs.

Innovation Evangelist. The service provider needs to be highly innovative with this company or suffer the miserable consequences of being relegated to the procurement abyss. With an Evangelist the service provider always needs to lead with an innovation angle. Even when dealing with normalized products, the company wants to see the service provider offer creative solutions which stretch or enhance their value. Examples include complex integrations with tangential solutions that ideally are business (not IT) related. The company expects the service provider to be consistently innovative. Every engagement must crank it up a notch, or others are waiting in the wings to fill the service provider's spot. Competition in serving Innovation Evangelists is fierce and these companies like it that way.

Innovation Junkie. This company's entire business model is about transformation, and it has organized itself to be ultra-agile and will only work with service providers that are equally so. Typically, these companies are in a startup or aggressive growth mode and their needs change very rapidly. They are serviced by a category of service providers that are able to transform themselves in pace with the company. From a service provider's perspective, working with an innovation junkie is exhilarating, but seldom can established service providers maintain a profitable relationship with this company, so they are exchanged out frequently.

Which innovation archetype am I? A company knowing and understanding its innovation profile can better gauge and be able to articulate the level and type of service it expects from its service provider.

How well have I aligned my services and my engagement model to my client's innovation expectations? A deeper understanding of its engagement model will help optimize the service provider's sales, marketing and support activities with the client.

Bringing the company's expectations and the service provider's client engagement model into innovation alignment creates efficiencies and positively impacts on client satisfaction and other metrics of the service provider's performance.



At CLG, our goal is to guide you through and actively contribute to helping you and your service providers be "on the same page" when it comes to accelerating your business through innovation. Since our involvement always begins with immersion – a deep understanding of your business from all perspectives – we can be instrumental not just as an external academic resource but a partner in your journey toward innovation and business acceleration. It is here where we apply our motto of being your **Partner in Strategy** | **Facilitator of Innovation** | **Enabler of Execution** and elevate it to the significance it deserves when it involves the success of your business.

To stay relevant, you need to constantly innovate your business, or be left behind in the dust of your competition. But business innovation is not just the idea – it is a process that follows. The effectiveness of your engagement with your service provider partners and the outcomes of innovation will be heavily impacted by how well you can communicate your innovation posture.

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