The Innovation Challenge in today’s modern digital world

Does the digital age give us new tools and opportunities?

Yes, but it is important to grok digital culture
Outline

- context – the need for innovation
- learning to see
- tapping and supporting community
- beyond rebar kids to digital culture
- changing mind sets

These topics are weird. What ever did jsb drink last nite or was it the segway??
The Survivor’s Curse - rolling average in S&P 500

Above Average Returns Early On

Below Average Returns in Late Stages

3 year average rolling average

Dick Foster – Creative Destruction
Average Lifetime of S&P 500 Companies

Incredible – can this really be true?
The Innovation Challenge -
Sense making on the edge

ability

time

but what blocks you from seeing new patterns?

Mental models, institutional and social practices and path dependencies

to produce a product family

to see new patterns
Keys to Survival in a Rapidly Evolving World

shifting from managing continuity
to managing discontinuity

> sensing the periphery (LOOKING AROUND)
  (of the periphery of your enterprise, industry or region)
> Interpreting trends & shifting value propositions
> And Learning to see and learning to unlearn.

Why unlearning???
Seeing is harder than it might appear

Let’s explore using basketball

Hmmm, where the heck is jsb headed now?
Just What is Information?

The difference that makes a difference –
the ripple in the pond

Cool, but then what makes up the pond?

Why business model innovation is so hard– think jobs, or work practices, not features, a la Clayton.
Seeing Differently
Games for training; games for discovery by listening to the periphery

America’s army
Shaking up the status quo – new strategies and tactics from the rebar kids!
Link, Listen and Learn from the periphery of your own firm

- the periphery of your corporation: transform call centers and service force into strategic listening posts.
  
  your suppliers (1st and 2nd tier) & vars
  
  your own website – online user community (think husbandry, not management or control, but also think tools – smart tools)

- and from the emergent within your own firm

  authorized vs emergent (communities practice)
Informative - (web based)

Collaborative elicitation and ranking of ideas of participants, by participants in their own words

- Idea base
- Ranking history db
- Adaptive, dynamic sampling
- 10 best presented to participant
- New ideas submitted by participant
- 5 best ranked by participant

Feedback to ranking history db

Lego.com
A View Of The Firm

authorized and emergent

Well oiled machine vs social fabric

The catch

IT supports the authorized and almost never the emergent. Yet the emergent is where most improvisations and new ideas get created.
Social Software Helps
Connecting people
Enhancing awareness
Vetting ideas
Building community

Tools for supporting the emergent

- blogs, (personal journals and commentary)
- wikis (project or community journals) USC
- social networks (LinkedIn, Spoke)
- idea markets – buying options on sales predictions

Social software brings community into focus
Idea Markets As Options

Most traders based their bets not on their desires or other ulterior motives but on a cold assessment of what they really thought would happen.

• predicting monthly revenues – HP
• outcomes of presidential elections – www.biz.uiowa.edu/iem
• movie box receipts – www.hsx.com
• sports scores – www.tradesports.com
• new technologies – www.incentivemarkets.com
• terrorist activities – defunct study at DARPA

circumventing corporate politics of middle management

(see tom malone: april HBR)
‘Modern’ kids from the global world growing up with mobile phones and internet

Do We Understand Them?

What creates meaning for them?
Today’s Digital Student

multiprocessing galore

Ah, the digital world becomes the oxygen that student’s breath.

email, instant messaging, sms
chat room, cell phone, ripping music
and maybe watching mtv - all at once?

and gaming...
A Possible Mind Bug

All this multiprocessing means they don’t pay much attention to any one thing… can they master anything complex?

Not so quick! Perhaps remember the distinction between attending and attuning (subconsciously processing the periphery)
The Emerging Vernacular of the Digital Age

- Screen language of cinema (cuts, montage, flashbacks)
- Screen language of interactivity, entrainment and persistence - game ecologies
- Navigation skills over the web
- Rich, immersive media

Sure sounds more complicated than just reading text.
Massively Multiplayer Online Role Playing Games:
Constructivist Ecologies – Social Life On The Edge

- Persistent, accretive, multi authored narrative
- Lineage or EverQuest: (classes, groups, guilds)

3 million players in Korea, 26k networked game parlors

Porous membrane between the physical and virtual
(EverQuest – per capita GNP, administrative, training, strategy)
Some Digital Age Shifts

- Text literacy → Text + image literacy → Information navigation
- Being told (authority based) → Learning → Discovery, experiential learning
- Deductive (linear) reasoning → Bricolage + judgment (lateral)
- Don't know action → Don't know link, lurk & try

Bricolage: the basis of the open source and the Remix Culture.
Bricolage across Multiple Media –
improvisations as coin of the day
Digital Story Telling and Remix - kids from around the world participate using their own material or remixed clips from the internet archive.
Life in the Digital Age -
Tinkering, Learning And Sharing

A new twist to rip-mix-burn as one digitally tinkers: the Remix Culture
Building Identity thru Creating Something - and by having it consumed (read) by others

Digital technologies facilitate:
- production
- experimentation
- dissemination
- remix & appropriation
- feedback
- reputation/approval

And by having it appropriated, remixed or built on - especially within your community..

Oh, where recreation becomes re-creation.
Amateur Production

- Amateur (for the love of it): Professional (for the money)
- Relies on mid-scale network of informed peers
- Peer-to-peer learning, assessment, and valuation--no external and formalized measures

Hmmm, having your work being your hobby - the basis of intrinsic motivation.
What a cool way to unleash creativity and passion
Innovators create meaning!
The Open Source & Linux Movements
(both inside and outside the enterprise)

- writing code to be read
- engagement thru useful additions
- social capital matters – identity thru reputation/membership
- semi self organizing – enabled by the internet

one study in 1999/2000 – tracked 25 million lines of code (a limited but significant subset of Linux) & found 3,149 projects involving 12,706 developers.

Work as a hobby – intrinsic motivation, challenging many theories of the firm and of collective action.
The Great Challenge

- changing { one’s own, a corporation’s } mental model

brick wall
Designing Experiences - beyond the cognitive

- engagement
- participation
- emotion
- gut

make it multilayered

limited attention span
Deep Engagement

The unfinished video, for engaging, not telling

Step 1: watching the video  Step 2: story boarding

Video = 3 miniscenarios as intuition pumps
Thank You

Send me an email if you want a copy of my slides:
jsb@johnseelybrown.com

The way forward, paradoxically, is not to look ahead but to look around....