Create, Test and Learn (Strategy & Process)

Principles	INSIGHT	IDENTITY	INNOVATION
Framing Questions	Where to Play?	How to Win?	How Might We?
Best Practices	Maniacally Focus on the End Customer	Design and Align Value Propositions	Create, Test and Learn (Strategy & Process)
	Define Your Purpose – To Whom? For What?	Build and Extend the Brand	Aim 'Em, Don't Tame 'Em (Creativity & Culture)
Process	INTEGRATE AND IMPLEMENT		
Framing Question	What would have to be true?		

Upstream Marketing 7-Step Approach

Upstream Marketing Application

Successful Innovation Requires Two Things:

Create, Test and Learn (Strategy & Process)

- Describes the need for structure and iteration
- Uses a planned, systematic approach infused with experimentation

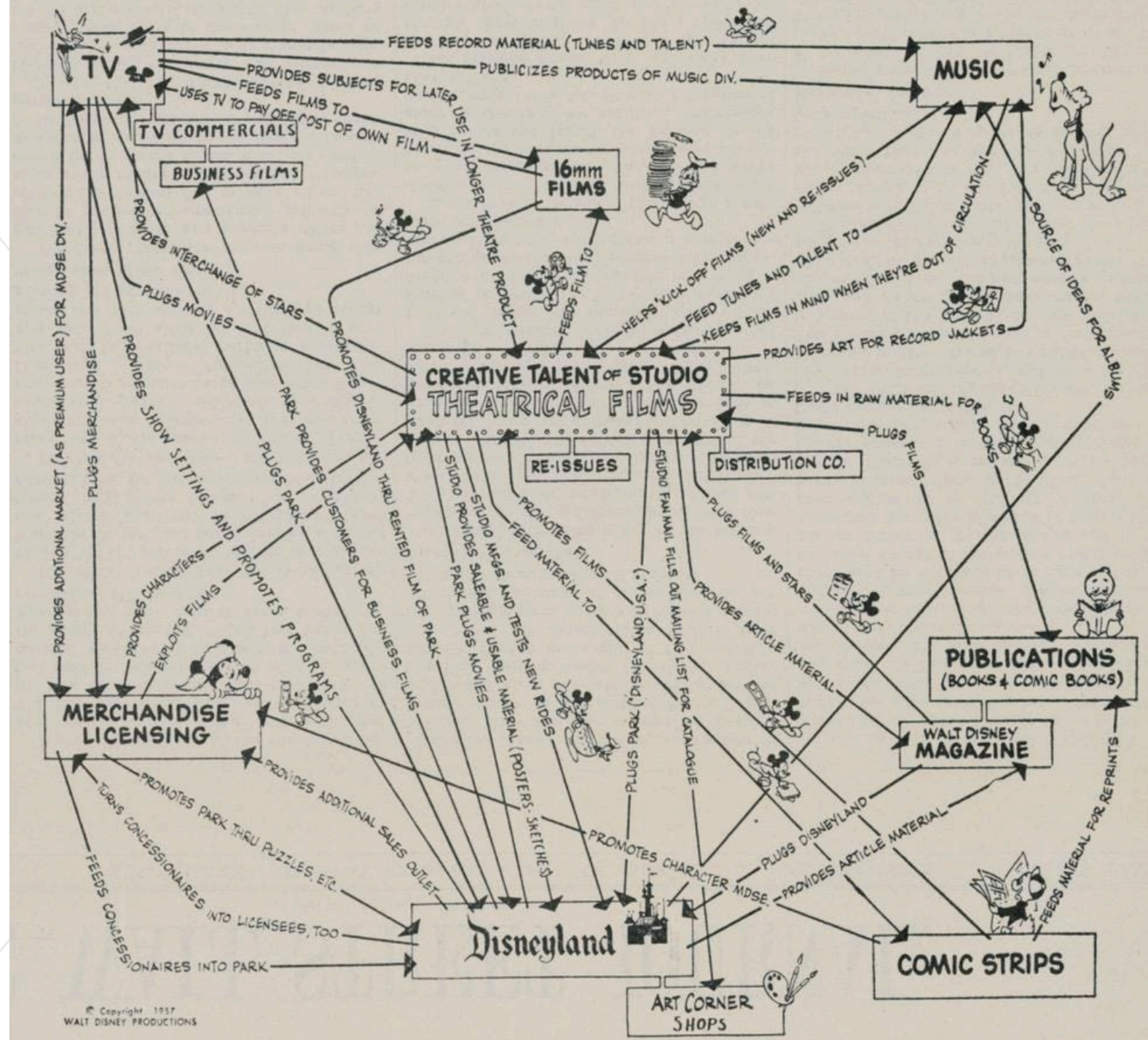## Aim 'Em, Don't Tame 'Em (Creativity & Culture)

- Stresses the social side of upstream marketing
- The right people and a stimulating, supportive environment are vital
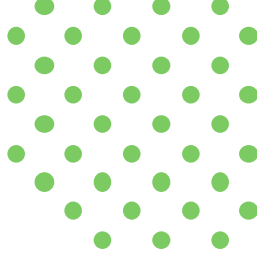
Strategy and Culture Feed One Another

"I only hope that we don't lose sight of one thing – that it was all started by a mouse"

- Walt Disney

Walt Disney Company

To Whom and For What? (Portfolio Gaps)	How to Win? (New Products/Offerings)
Teens (thrill seekers)	Tower of Terror/Guardians of the Galaxy, Star Wars Attractions
Cruisers (experience seekers)	Disney Cruise Lines
Seniors, spouses (R & R focused)	Golf resorts, Downtown Disney
Corporations (professional development)	Disney Institute, convention hotels

How Disney Innovates

"There were actually three different Walts: the **dreamer, realist, and the spoiler**. You never knew which was coming into you meeting"

- Ollie Johnson, Disney animator

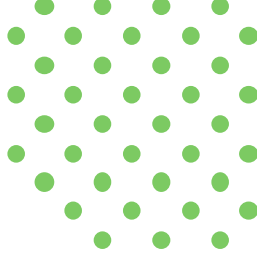| The Dreamer	The Realist	The Spoiler
Ideation	Iteration	Screening
Create	Test	Learn
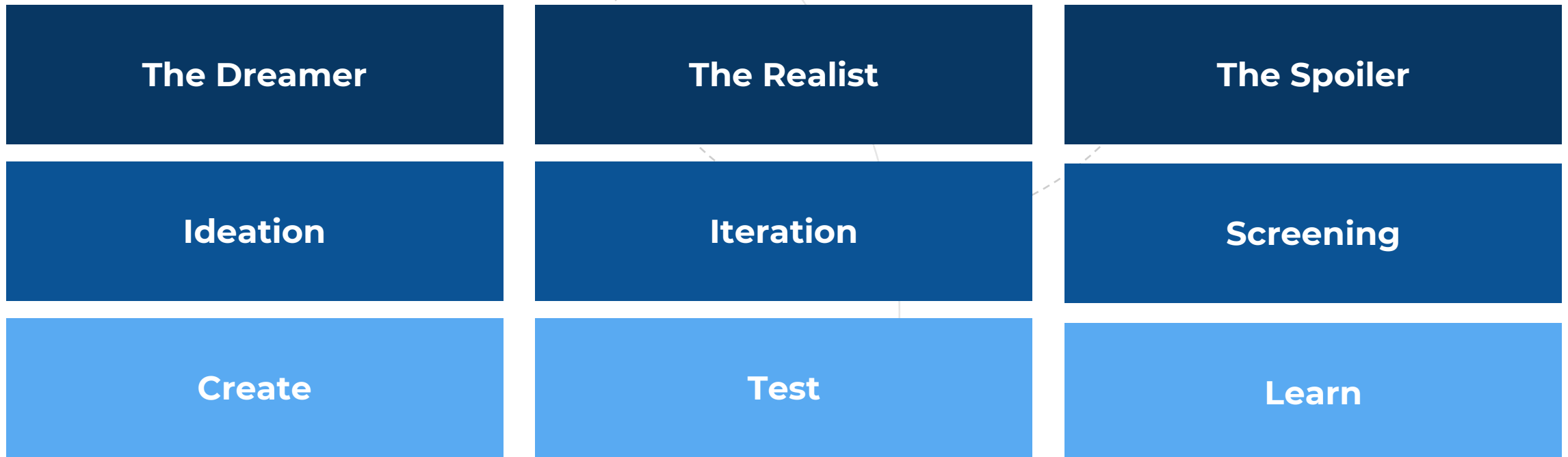
How Amazon Innovates

Amazon's playbook is to launch a product quickly by **working backward**

- The process starts with the end consumer
- Product managers write an "internal press release"
- It announces the finished product and key benefits
- Iteration occurs until critical benefits are confirmed
- The process begins with the end in sight

Working Backwards

Insights, Stories, and Secrets from Inside Amazon

Colin Bryar and Bill Carr
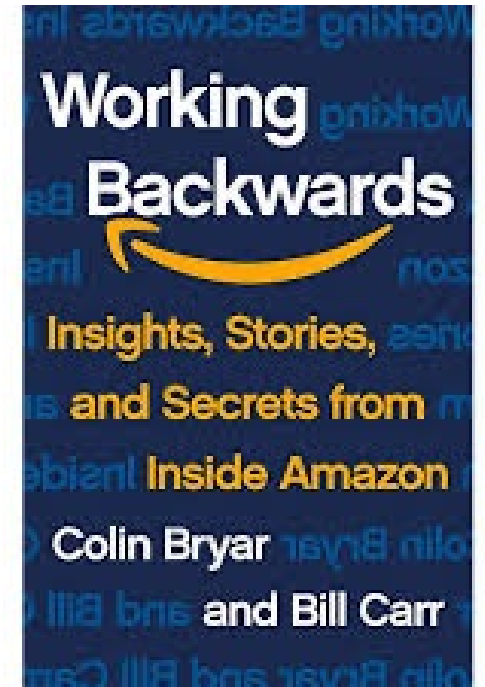
Common Innovation Practices

1. Focus innovation on strategic opportunity areas

2. Generate ideas through creative problem solving

3. Develop and optimize concepts iteratively

4. Determine "What would have to be true?" for success

5. Use a portfolio and pipeline approach to manage innovation

Focus innovation on strategic opportunity areas

Moving from "I have an idea" and the "fuzzy front" end to a focus on strategic opportunity areas
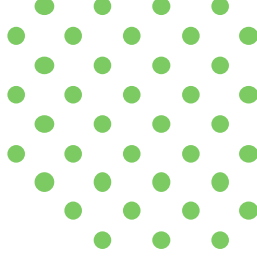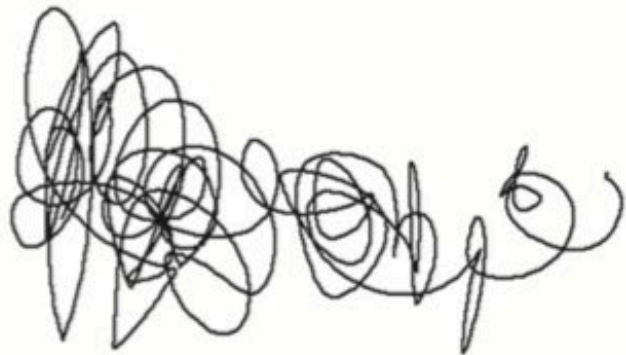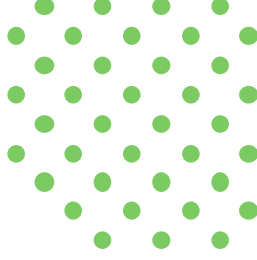
Focus innovation on strategic opportunity areas

The financial growth gap informs where to focus innovation – small, medium and large size ideas

Innovation Growth Gap

Company Sales and Growth

A financial growth gap is the difference between expected revenues from innovation and forecast revenues from other sources (e.g., new products, business expansion, acquisitions, etc.)

Base business growth

Year 1   Year 5   Year 10
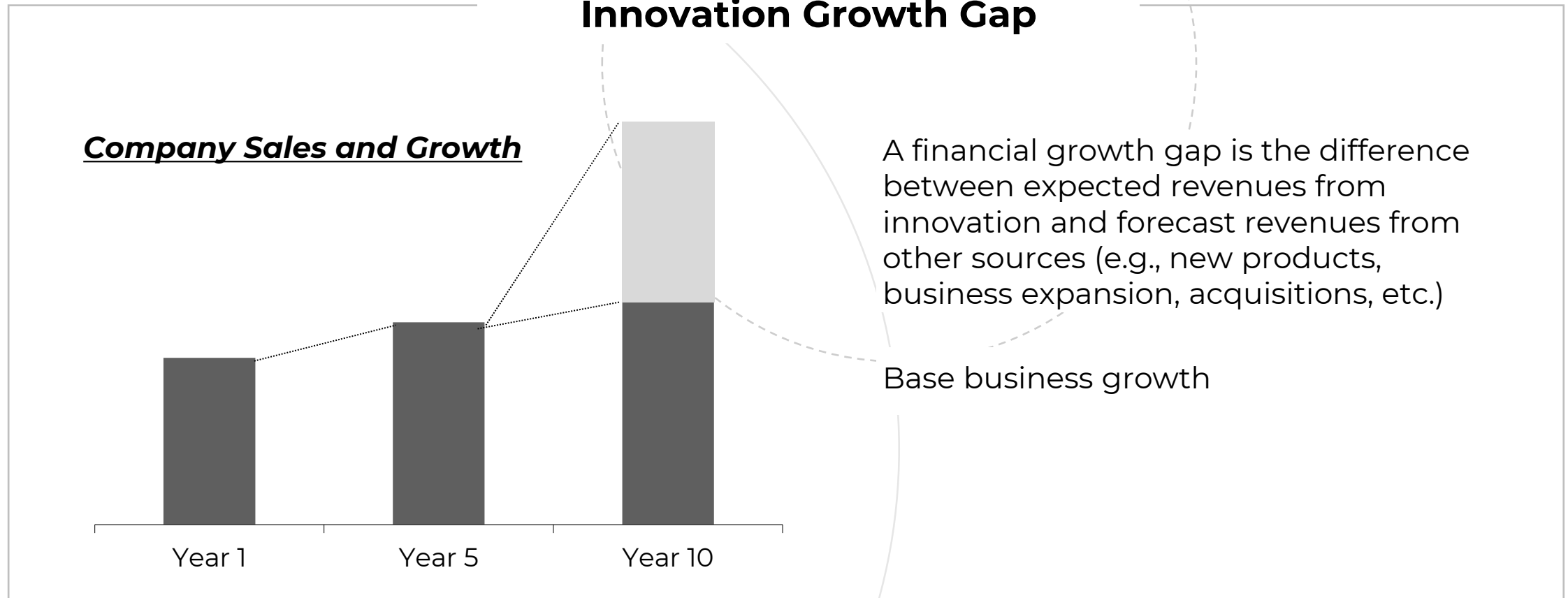
Generate ideas through creative problem solving

Sample Ideation Agenda				
Objective: To develop a range of benefit-based solutions to solve a particular problem/opportunity				
Part 1:	**Define the problem, including "how might we" statements** • Translate customer pain points and and jobs to be done into how-might-we questions • Rephrase problems into opportunities to encourage a free-flowing exchange of ideas				
Part 2:	**Diverge – Focused Ideation Exercises**				
	Brainwalking	Great Inventors	Picture Prompts	Benefit Hooks	Metaphorical Baiting
	Converge – Prepare Core Idea Templates (see attached)				
Part 3:	**Prioritize (dot-vote) the winners**				
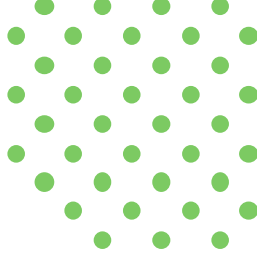
Generate ideas through creative problem solving

Core Idea: How Might We?

Headline/Core Benefit		
Target Problem/ Needs Addressed		<u>Illustration/Sketch</u>
Idea Description/ Proof Points/ Reasons to Believe •		
What would have to be true? ✓ What's needed to make this happen?		

Develop and optimize concepts iteratively

After ideation, put high-potential ideas into concept form to obtain feedback and iterate concepts
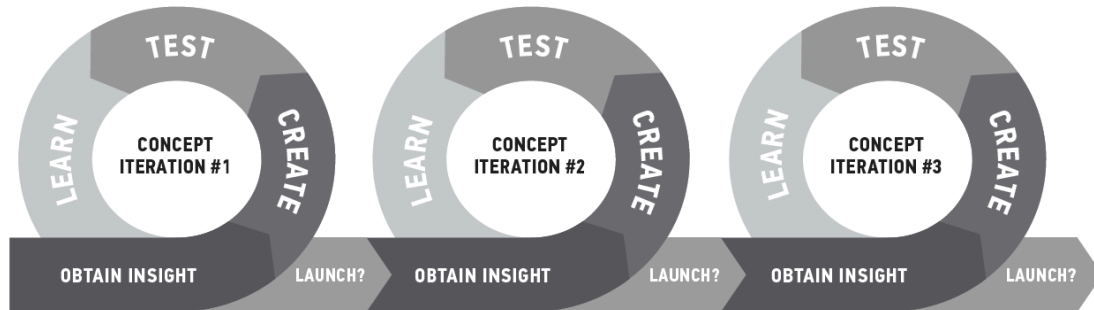
What to optimize varies with timing ranging from several days to months or longer

Use customer feedback to shape the answer, not just validate it afterward.

**Benefits of Concept Iteration:**

1. More and better solutions emerge in exposing multiple ideas

2. Customer can readily list problems vs. identify solutions

3. Concepts in unfinished form invite interest – people like to smooth out rough edges

4. Concepts are cost effectives than finished products

Develop and optimize concepts iteratively
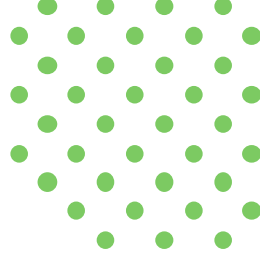
Type	Alternative Concept Testing Propositions			
	Whiteboard Concepts	**Visual Concepts**	**Physical Prototype**	**Minimum Viable Products**
What is it?	Verbal descriptions, either paper- or computer screen-based	Mock websites to simulate end products in context	Physical models to bring the idea to life in a tangible way	Final "bare bones" products (with one or two main functions)
When to use?	One-on-one research settings	Website /online settings	Feedback on physical, 3-D models	Proof of concept and next-level refinements
Cost to Create	Low	Low	Medium to High	Medium to High
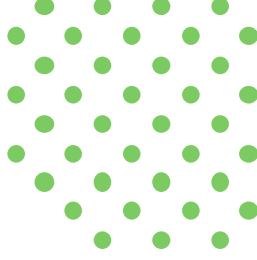
Determine "What would have to be true?" for success

Ask and Answer: What would have to be true to be successful?

High

Business Growth

2. Define the future state

3. Ask: What would have to be true to make this successful?

1. Confirm the current state

4. Answer the question via customer, marketplace and technical insight and revise the future concept

Low

Today   **Time**   Future
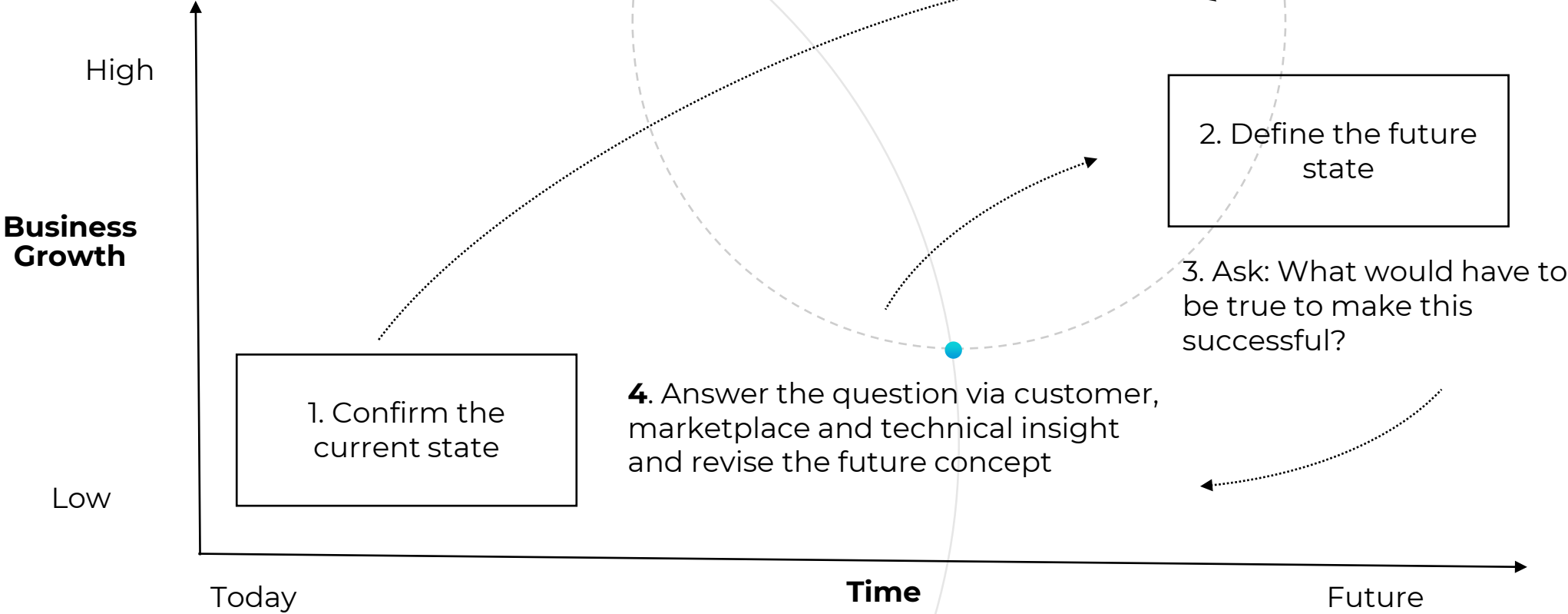
Determine "What would have to be true?" for success

What would have to be true?						
Screen	**Sample Criteria**	**A**	**B**	**C**	**D**	**...**
Strategic	Fit with company mission, vision, strategy	◐	◔	◐	◔	
Customer	Customer need intensity (relevance) Uniqueness (differentiation)					
Financial	Relative size of opportunity (metrics TBD)					
Operational	Degree of business complexity; operational fit and leverage					

Use a portfolio and pipeline approach to manage innovation

Innovation Portfolio Planning

Degree of Newness

Radically

Significantly

Transformational

Substantial
- Apple Music
- Amazon Prime
- Google Analytics
- Disney California
- Nike + App
- Starbucks Frappuccino
- Southwest Third Place

- iPhone X
- Amazon 1-Click
- Google Trends
- Disney Cars Land
- Nike Soccer
- Starbucks Protein Box
- Southwest routes

Incremental

- iPhone
- Amazon Echo
- Google Search
- Disneyland
- Nike Adapt (self-lacing shoes)
- Starbucks Drive-Thru
- Southwest

Total Growth Created

Somewhat　　　*Some*　　　**Considerable**　　　**Substantial**

Create, Test, And Learn (Strategy & Process)

Questions to Consider

Is there an innovation strategy that aligns with the corporate strategy and promotes a continuous stream of new products?

Does a confirmed list of strategic opportunity areas exist to focus the organization?

Is there internal commitment to experimentation and concept iteration as ways to achieve growth?