

The Innovation Leader's Checklist for 2019 Success

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Organizations around the world are fond of describing themselves as innovative—but what does that really mean? In the past, the term “innovation” has been tossed around freely to build promotional buzz for products ranging from kitchen gadgets to bird feeders and yoga gear.

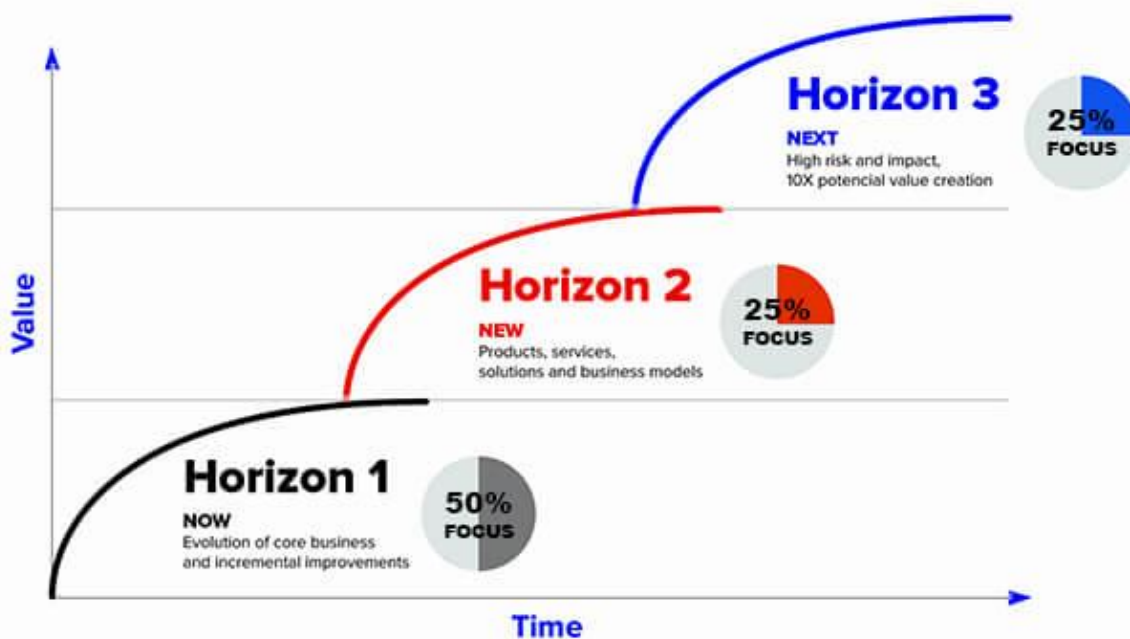
In today's highly competitive economy, technology advances at an exponential pace and companies seem to form and fail overnight. Defining exactly what innovation means is more critical than ever. Many traditional businesses—and entire industries—face disruption from innovative startups and other competitors that have built [game-changing solutions on top of exponential technologies](#).

It's no longer useful for organizations to define innovation as simply creating profitable new products or services. In fact, there's no one-size-fits-all definition—each organization must create its own actionable definition of innovation, tailored to its unique priorities and goals.

Three horizons of innovation

One planning tool that can be useful for all types of organizations is to map growth across the Three Horizons. The original version of this framework first appeared in a book called [The Alchemy of Growth](#). In working with dozens of organizations over the years, I've found it immensely helpful to clarify that for optimal results, organizations must focus on innovation efforts in all three horizons concurrently, as shown below.

THE THREE HORIZONS



Horizon 1:

- Reflects your current core competencies as an organization. Innovation here is focused on improving an existing product, service, or business model. For this example, we will focus on products and solutions.
- *Value* is driven by incremental improvements to existing core products or services. This is evolutionary innovation.
- *Timing* is often defined as a five-year phase, from the present through the end of your current product lifecycle. The timing will depend on your organization's unique products and services. Your current product roadmaps fit in Horizon 1.

Horizon 2:

- Is where your current roadmaps may end, or become less defined. This phase is characterized by new products, services, and/or business models.

- Innovations are new, and not necessarily tied to your core business. The core competencies of your R&D, sales, marketing, and executive teams are well-honed, with processes in place for capitalizing on emerging opportunities.
- *Value* can be found in identifying new revenue opportunities in replacing an older product, service, or business. Customer value is usually well-defined, using methods such as design thinking to help ensure success. This phase is revolutionary and can border on disruptive innovation.
- *Timing* is typically five to 15 years from today, for most products and services. This timing is subject to change based on product or service life cycles. Horizon 2 typically begins when your Horizon 1 product or service has completed 75% or more of its life cycle.

Horizon 3:

- Has the most potential, risk, and impact—and is the most important phase for long-term success. This is where you need to be comfortable with ambiguity.
- Involves experimenting and working with solutions that are outside your current core competency. You may or may not have in-house capabilities to help you move Horizon 3 projects forward. It is critical to remain open and work with partners when gaps are present.
- Requires a VC-style mindset—knowing that 90% of your Horizon 3 projects could fail, but the 10% that succeed will more than pay for the rest—is critical. This phase is about thinking big. Singularity University calls Horizon 3 projects “moonshots” to help create an ambitious mindset.
- Projects typically become the core competency of your organization. These projects help ensure ongoing value creation and positive impact for your organization and customers.
- *Value* is often difficult to calculate until projects become more defined. When Horizon 3 projects are commercialized, they often achieve beyond 10x results. In creating your projections, these projects should be modeled with assumptions for cost and outcomes included. Innovators working in this phase

should always ask themselves: will this solution create clear value in the future? If the answer is yes, then do it!

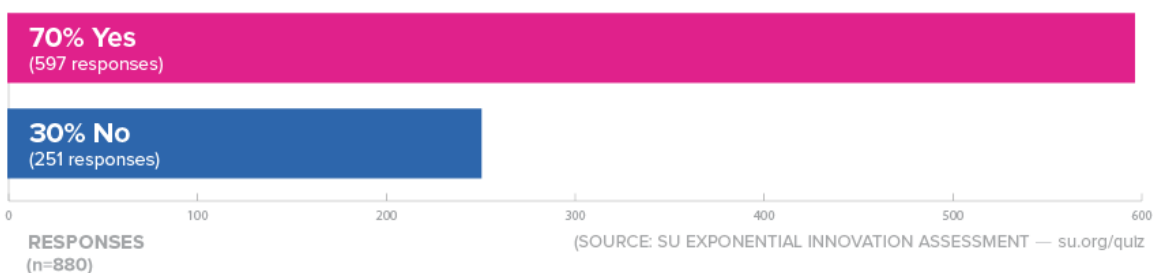
- *Timing* is typically 15 years in the future and beyond. You may find that some projects in this phase will have an immediate impact on Horizon 1 & 2 projects underway.

Mind the innovation gap

SU research shows that there's an alarming gap between organizations that claim to prioritize innovation and those that have actually created a documented innovation plan:

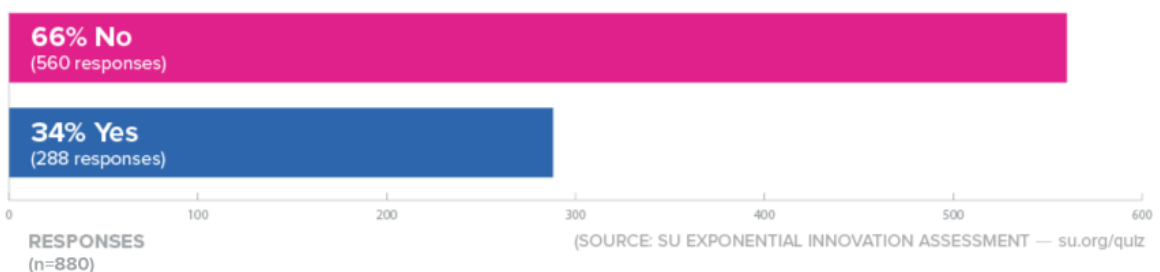
70% of organizations surveyed treat innovation as a top strategic priority.

Do your Board and Executive Team treat innovation as one of the top strategic priorities for your organization?



But only 34% have a documented action plan to implement an innovation strategy.

Does your organization have a documented action plan for implementing your innovation strategy?



Organizations that are considered the world's innovation leaders—Apple, Amazon, Netflix, and Tesla—not only have documented action plans but also systems to continually measure and improve innovation programs and their progress.

For innovation to truly be part of an organization's DNA, it must be prioritized and measured along with traditional organizational performance indicators such as revenues, expenses, brand equity, and bottom-line profits. Today's most innovative organizations constantly devise and test new solutions and create customer-centric business models and technologies to drive future growth—and measure it all with state-of-the-art analytics.

Innovation is especially challenging in larger organizations, many of which are battling on two fronts:

- First, they're contending with more agile competitors that are quickly emerging within and adjacent to their own industries.
- Second, they must overcome their own entrenched risk-averse processes, cultures, and historical focus on short-term results.

If you're charged with leading innovation in your organization or are an intrapreneur looking to make changes from within, here's a checklist to help you power up your 2019 innovation strategies.

2019 Innovation Strategy Checklist

Determine your current activities, and optimize your allocation across all three Horizons.

Have senior leaders perform a candid assessment of your organization's progress using the 3 Horizons framework. Ideally, you will have initiatives occurring across all 3 Horizons. Rebalance your organization's focus among the 3 Horizons according to our recommendations, if necessary.

Move beyond incremental growth and ad-hoc innovation.

Create an action plan that will push the limits of your team and redefine your organization's vision for the future. Identify and remove organizational and cultural barriers to innovation.

Understand the implications of emerging and exponential technologies.

Develop an organization-wide understanding of exponential technology trends, and their potential impact on your organization and industry. Understand how AI, robotics, IoT, blockchain, and 3D printing are rapidly changing the future of commerce and society.

Track relevant technology trends and their impact.

Think of this as setting up a radar to track technology trends and assess future scenarios for impact on your organization. Studying trends will help you understand how and when to take action.

Benchmark your organization's innovation readiness.

Create an inventory of existing innovation resources, processes, and areas of improvement in your current organization. For a quick start, take our [five-minute assessment](#) on innovation readiness and see where you stack up.

Track your organization's progress.

Follow your innovation projects as they move through development stages to predict market impact and revenue outcomes. Tracking all projects through stages provides a useful view of overall innovation progress.

Monitor startups and commercial activity that might be potential disruptors, partners, or acquisition targets.

In hindsight, it's easy to see how innovators like Netflix, Instagram, Amazon, Airbnb, and Uber used exponential technologies to completely disrupt their industries. Develop the foresight to spot competitors and seize opportunities before it's too late.

Use visual data tools to track your innovation pipeline.

Use data visualization to assess your innovation activities, achievements, and contributions to the business—and provide your entire organization with an actionable view of innovation progress.

Create opportunities to challenge existing patterns and legacy approaches.

Connect your innovation team with talented peers outside your organization to provoke new ways of thinking—and generate new ideas, projects, and partnerships. Join a [global innovation ecosystem](#) such as the SU community!

Ensure you build a top-down and bottom-up innovation culture.

For example, consider open forums with innovation stakeholders and development teams to discuss projects that will define your organization's future success. In turn, your executive team should support and allocate resources across innovation horizons.

To be successful, today's innovation leaders must develop the skills to look ahead and prepare for an uncertain future. Some of the world's largest industries are being transformed by inventive and agile companies that prioritize the allocation of resources for edge innovation and leverage exponential technologies to build novel solutions.

Whether your organization is just getting started or has mastered innovation practices, it's essential to develop the necessary competencies (both within the C-Suite and your innovation teams and across your organization) to thrive amid chaos and uncertainty. At Singularity University, [we help leading enterprises](#) tackle these and other challenges with our [innovation, strategy, and leadership solutions](#).

To learn more about tools, technologies, and leadership models you can use to help you future-proof your organization, we encourage you to check out our [latest ebooks, white papers, webinars, and other resources](#).

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As Sr. Director of Corporate Innovation for Singularity University, Ben King has leadership roles for innovation solutions at SU, and serves as a subject matter expert for innovation management. Prior to SU, Ben managed innovation globally at a \$13B+ corporation and started a USA-based, German brewery: 1487 Brewery.

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