CANDY INNOVATION MODEL

MANAGING
THE DEAL FLOW OF INNOVATION

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ABSTRACT:

The goal of this paper is to introduce a new toolkit for managing the deal flow of innovation of any organization (public or private). Candy Innovation Model organizes the process of innovation in four phases: Challenges, Ideas, Prototyping and Scalability, with Filters between phases that analyze the impact and resources needed.

Candy Innovation Model is a tool that allows any company or institution to organize the innovation managing challenges, stimulating ideas, developing prototypes and validating the local and the global scalability. The Model combine new and existing methods as Design Thinking, Business Model Canvas and Lean Model.

Ecosystems of Innovation, such as Science Parks and Areas of Innovation, can use and provide this tool to tenants in order to promote the effective innovation inside the organizations and the effective interconnection with the Quadruple Helix Agents (Government, Universities, Industry and Demand) in the different phases. In this paper are included several innovation environments that could be applied for the development of the functions of Candy Innovation Model.
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0. WHEN IS IT NECESSARY TO INNOVATE?

Most organizations (public or private) do not have systematic innovation processes. For these organizations, innovation is not a natural thing but something exceptional, usually without clear processes and roles. However, organizations with culture of innovation include management and organization of the innovation.

When should you innovate? That is, when does a systematic innovation make more sense than a conventional systematic management?

We propose to use the Candy Innovation Model in those circumstances:

- When traditional solutions that we provide to the users are not providing enough value.
- When there are technologies that question our value proposition.
- When it is necessary to anticipate or answer new social behaviors.
- When we need to change the scale without increasing the resources.
- When other organizations are providing different solutions.

On the other hand, when we know all the inputs and outputs of a project, we do not need to innovate. Then, we should follow classic models of Project Management managing time, people, resources, budget and quality expected.
A. CHALLENGES:

Candy Innovation Model is based on the definition of the challenges of innovation. The challenges serve to focus efforts to establish a bridge between strategy and innovation. Those strategic challenges are the origin of innovation. Without challenges, will be better not to start.

a. What is the challenge of innovation?

One challenge is the expression of a problem to solve, an opportunity to capture or an aspiration to develop.

A challenge could be:

- A Problem:
  - The Organization has to answer a situation that needs to be solved. For instance: reduction of noise

- A Opportunity:
  - New technologies are providing new ways of solving (old or new) problems. For instance: the customers have a Smart Phone that can interact with the organization (buying, tracking,...)
  - New markets can be attended with some modifications of our existing capabilities. For Instance: Internet of Things applied to manage watering can be applied to manage lighting.

- An Aspiration:
  - The organization wants to be the leader or reference in a special topic (mission, vision, values, technology,...). For instance: to be a Zero Emissions company.
b. How do we define the challenges?

Making a working session or a workshop that allows us to talk about the organization or the scope of the challenge.

c. Methodology of the challenges workshop

For identifying the challenges, it is necessary to:

- Debate about orthodoxies of the organization (“we always do in the same way”).
- Identification of deep trends for the next 5 years.
- Looking for what users need, but they do not know how to express.
- Identify the main constrains (legal, technological, ...)

In order to scan all the specifics challenges, a good exercise is to analyze the Customer Journey, and identify all the interactions of the Customer with the Organization during the value chain.

d. How to deduct the challenge from the conversation?

The deduction of the challenge from the conversation is not a direct deduction, rather it is a search for those arguments that have appeared more prominently in the conversation and have more strategic contribution to the organization.

The i-lab is a unique collaboration and education space designed to foster entrepreneurship and innovation across Harvard University.

i-Labs is divided into Explore, Meet, Ideate, Prototype+Build and Launch+Growth.

Explore is stimulating the community with daily events, including training, workshops and hackathons.

https://i-lab.harvard.edu
Once the strategic challenges have been defined the filter starts, which focuses on those challenges considered strategic and appropriate for the organization.

The filter serves to focus us on the kind of challenges that we believe will have the greatest impact on their strategic development.

We need to consider:

- **Impact**: How many people impact every challenge? Is reducing cost or increasing sales the desired impact?
- **Resources**: What we need to invest in terms of money and people from our organization?
- **Time**: How long will the process to solve the challenge take?

We will prioritize the challenges with the highest impact and less time and resources needed.

- **Governance**: It is essential to define the “decision making body” to be used for the process of innovation.

We recommend:

- The decision should be strategic, involving the Board of Directors.
- The board should be transversal, including people from different areas in order to read the challenge in a holistic way.
B. IDEAS:

The phase of ideation has the mission to generate ideas to help us how to solve the challenges we have identified. The processes of ideation is looking for many ideas in order to finish selecting those few that we think really serve to solve the challenge of innovation that we have proposed. Very often the use of ideas does not exceed 3-5% so having a large volume of ideas is very important.

In the phase of ideation can perform various processes for obtaining ideas to help solve challenges.

The different modes are described below:

**a. Workshops: Internal / External**

It is recommended to use methodologies for workshops promoting creativity methods such as observation of users, maps of empathy or tools associated with Design Thinking.

The workshops could be internal (only people form the organization) or including external people, developing in a format of Open Innovation.
b. Open Call

An Open Call is an open request for ideas for solving a challenge open to citizens, businesses, start-ups,... that provide ideas for a possible solution to a particular challenge.

The Open Call must be accompanied by a detailed explanation of the process of participation, the process of protecting the ideas presented and how they are selected.

One option when it comes to very large organizations is to use a platform for the management a large number of ideas (some are closed source and other free open source).

c. Management innovation ecosystem:

Identify the main actors of the Ecosystem of Innovation (linked to universities, research centers, users, partners, customers, and responsible for their own organization) and articulate them to solve the challenges.
FILTER II:

This second filter is used to select from among all those submitted ideas represent a real opportunity to solve the challenge of innovation proposed.

This filter has a first part of qualitative assessment based on conditions on the idea selected. The conditions can be:

- Organizational Constraints
- Legal Constraints
- Budgetary Constraints
- Political Factors
- Leadership of the project

And there is a second part of the filter based on a matrix of impact similar to that used in the Filter I.
CANDY INNOVATION MODEL

C. DEVELOPMENT:

![Diagram of Candy Innovation Model]

**Figure 10. Development in the framework of Candy Innovation Model**

The development phase is the step of exploration. In this phase we evaluate the value proposition, is validated the interaction with real users and is verified the business model (or economic sustainability).

This phase is in itself a risk mitigation phase. Everything we do is to see the real potential of the idea for solving the challenge and what level of risk we assume. Innovation management is to manage risk.

**a. Validation of Concept**

The exploration phase begins to validate the concept (value proposition) exhaustively. It details all the key elements. Clearly answering questions such as:

- What is the Value Proposition
- What is the answer at the challenge?
- Who and how many people is impacting?
- What key elements are needed for building a value proposition
- Is the value proposition developed in other organizations?
- What constrains we will find in order to implant the innovation.

**b. Innovation Canvas**

Innovation Canvas is a matrix to measure the value creation of a specific value proposition of innovation. It is an essential tool for evaluating the potential impact of a value proposition, its feasibility and its economic sustainability.

Osterwalder’s Business Model Canvas is a method that we incorporated in the development of this phase.

- Customer Segments: Who is our Customer or user?
- Value Proposition: What is the solution that we propose?
- Channels: How we will deliver our value proposition?
- Customer Relationship: How do we interact with the Customers?
- Revenue Streams: What revenues are we expecting?
c. Prototyping and iteration:

After the synthesis of the Innovation Canvas to reduce the risk of the project is time to test the hypothesis by using the approach of Customer Development ("get out of the building") based on the methodology of Lean Start-Up - Eric Ries. To test the hypothesis and to reduce project risk methodology you should be “out” to ask potential users, buyers and partners to get feedback on all elements of the Canvas Innovation. The emphasis is on skill and speed with which performs a Minimum Viable Product.

Every Value Proposition and the implementation in every MVP (Minimum Viable Product) could be different. A prototype could be a basic element or a 3D printing object. Could be a Software that includes the basics elements of a big platform or a role-play simulating real Customers. Every Value proposition will need a prototype. Every input collected in the relation of the prototype with the real Customer will be used as feedback in order to adapt or pivot the Value Proposition.

This Cycle will be repeated until you get the product or service definitive. Testing, redesigning and make small changes (iterations) or big changes (pivots) about ideas that are not running fine until you validate that are good value propositions for all the Customer Segments.

MIT Media Lab researchers design technologies for people to create a better future.

MIT’s Center for Bits and Atoms (CBA) manages a research facility for making and measuring things on length scales from atoms to buildings

Fab Labs provide widespread access to modern means for invention. They began as an outreach project from MIT’s CBA.

http://fab.cba.mit.edu/
FILTER III:

Once the Innovation Canvas has been applied, the prototype developed and tested with users through the feedback received, we should iterate many times as necessary to get the product / service properly. It then applies the last Filter III process.

This is the last filter and decide which projects to scale and what not. Projects which may refuse to return to the stage of development or decline definitively.

All the projects provide experience and knowledge to the team and the organization. Innovation is a learning process.
D. SCALABILITY:

Figure 14. Scaling in the framework of Candy Innovation Model

The scaling is the last phase of the Candy Innovation Model.

To proceed scaling of the value proposition we should make an implementation plan. The people responsible for the escalation plan does not necessarily coincide with the people responsible for the development phase. Usually this phase correspond with those areas that are operating managers who fit the usual value proposition.

The Plan of scaling used to run the proposal operational and create a system of indicators to measure the impact that is having the value proposition selected.

a. Local evaluation. Achievement indicators of impact.

Indicators showed that the real purpose was the initial challenge of the innovation process is achieved.

b. International evaluation. Achievement indicators of impact

Specific indicators that allow scalability of the solution to other cities and international environments.

Figure 15. Local and International Scalability
Living Labs (LLs) are defined as user-centred, open innovation ecosystems based on systematic user co-creation approach, integrating research and innovation processes in real life communities and settings.

That’s the place where validate and show the result of innovation.

http://openlivinglabs.eu/
Figure 16. Candy Innovation Model
CONCLUSIONS

1. Innovation is a process that we should do in a systematic way.
2. When we know the inputs and the outputs of a project, we do not need to innovate.
   Just Project Management.
4. Challenges could be problems, opportunities or aspirations
5. We should select the challenges that impact more with less resources and time.
6. Open Innovation helps the organization to receive external inputs from entrepreneurs.
7. You can create your own ecosystem of innovation that helps you in the ideation process.
8. You should select the ideas that solve the challenges with more impact and less resources / time.
9. The best ideas must be prototyped in order to validate with real customers.
10. Analyze and select the best pilots that could be scaled with less resources and time.
11. Scale locally before scaling globally.
12. Manage the portfolio of projects inside the Candy Innovation Model.

La Salle is developing a Transversal Project that takes advantage of the entire Knowledge Ecosystem of the Campus: Groups of Research, Teaching and Technova.

Serving businesses, entrepreneurs, universities, public administration and society in general - Local and International

1. Creativity Room
2. Maker Space
3. CitiLab
4. Visits
5. Transferring Room
6. Meeting Rooms
7. Facilities
8. Congress Room
REFERENCES

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C. DEVELOPMENT:

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