Ten Types of Innovation
Designing Game-Changing Innovations

How to deliver breakthrough results by understanding the Ten Types of Innovation.
Learning Objectives

1. Understand the origins of the Ten Types framework.
2. Become familiar with the Ten Types of Innovation.
3. How to use the Ten Types to define where you’re going with innovation and to expand opportunities beyond products alone.
4. Become familiar with tools for turning the Ten Types into building blocks for Innovation.

Material for this presentation was adapted from *Ten Types of Innovation: The Discipline of Building Breakthroughs*, Larry Keeley, Ryan Pikkel, Brian Quinn, Helen Walters (New Jersey: John Wiley & Sons, Inc.) 2013.
Origin of the Ten Types Framework

A seminal discovery.
A periodic table for innovation...
developed by Doblin...
that applies to all organizations...
and uses a disciplined approach.

• All impactful innovations use some combination of ten basic types.

• The Ten Types can be used to help innovation efforts in several ways.

• There are over 100 innovation tactics or specific known ways the framework can be used.
Overview of the Ten Types

A simple and intuitive framework.
• Useful to diagnose and improve a current innovation or to analyze the competition.

• Structured into three color-coded categories.
Innovative profit models find a fresh way to convert a firm's offerings and other sources of value into cash. Great ones reflect a deep understanding of what customers and users actually cherish and where new revenue or pricing opportunities might lie. Innovative profit models often challenge an industry's tired old assumptions about what to offer, what to charge, or how to collect revenues. This is a big part of their power: in most industries the dominant profit model often goes unquestioned for decades.
Network | How you connect with others to create value

In today’s hyper-connected world, no company can or should do everything alone. Network innovations provide a way for firms to take advantage of other companies’ processes, technologies, offerings, channels, and brands—pretty much any and every component of a business. These innovations mean a firm can capitalize on its own strengths while harnessing the capabilities and assets of others. Network innovations also help executives to share risk in developing new offers and ventures. These collaborations can be brief or enduring, and they can be formed between close allies or even staunch competitors.
**Structure** | How you organize and align your talent and assets

Structure innovations are focused on organizing company assets — hard, human, or intangible — in unique ways that create value. They can include everything from superior talent management systems to ingenious configurations of heavy capital equipment. An enterprise’s fixed costs and corporate functions can also be improved through Structure innovations, including departments such as Human Resources, R&D, and IT. Ideally, such innovations also help attract talent to the organization by creating supremely productive working environments or fostering a level of performance that competitors can’t match.
Process | How you use signature or superior methods to do your work

Process innovations involve the activities and operations that produce an enterprise’s primary offerings. Innovating here requires a dramatic change from “business as usual” that enables the company to use unique capabilities, function efficiently, adapt quickly, and build market-leading margins. Process innovations often form the core competency of an enterprise, and may include patented or proprietary approaches that yield advantage for years or even decades. Ideally, they are the “special sauce” you use that competitors simply can’t replicate.
**Product Performance**

How you develop distinguishing features and functionality

Product Performance innovations address the value, features, and quality of a company's offering. This type of innovation involves both entirely new products as well as updates and line extensions that add substantial value. Too often, people mistake Product Performance for the sum of innovation. It's certainly important, but it's always worth remembering that it is only one of the Ten Types of Innovation, and it's often the easiest for competitors to copy. Think about any product or feature war you've witnessed—whether torque and toughness in trucks, toothbrushes that are easier to hold and use, even with baby strollers. Too quickly, it all devolves into an expensive mad dash to parity. Product Performance innovations that deliver long-term competitive advantage are the exception rather than the rule.
Product System

How you create complementary products and services

Product System innovations are rooted in how individual products and services connect or bundle together to create a robust and scalable system. This is fostered through interoperability, modularity, integration, and other ways of creating valuable connections between otherwise distinct and disparate offerings. Product System innovations help you build ecosystems that captivate and delight customers and defend against competitors.
Service
How you support and amplify the value of your offerings

Service innovations ensure and enhance the utility, performance, and apparent value of an offering. They make a product easier to try, use, and enjoy; they reveal features and functionality customers might otherwise overlook; and they fix problems and smooth rough patches in the customer journey. Done well, they elevate even bland and average products into compelling experiences that customers come back for again and again.
Channel | How you deliver your offerings to customers and users

Channel innovations encompass all the ways that you connect your company’s offerings with your customers and users. While e-commerce has emerged as a dominant force in recent years, traditional channels such as physical stores are still important — particularly when it comes to creating immersive experiences. Skilled innovators in this type often find multiple but complementary ways to bring their products and services to customers. Their goal is to ensure that users can buy what they want, when and how they want it, with minimal friction and cost and maximum delight.
**Brand** | How you represent your offerings and business

Brand innovations help to ensure that customers and users recognize, remember, and prefer your offerings to those of competitors or substitutes. Great ones distill a “promise” that attracts buyers and conveys a distinct identity. They are typically the result of carefully crafted strategies that are implemented across many touchpoints between your company and your customers, including communications, advertising, service interactions, channel environments, and employee and business partner conduct. Brand innovations can transform commodities into prized products, and confer meaning, intent, and value to your offerings and your enterprise.
Customer Engagement | How you foster compelling interactions

Customer Engagement innovations are all about understanding the deep-seated aspirations of customers and users, and using those insights to develop meaningful connections between them and your company. Great Customer Engagement innovations provide broad avenues for exploration, and help people find ways to make parts of their lives more memorable, fulfilling, delightful — even magical.
How to Use the 10 Types

Shift your focus.
Use the Ten Types strategically...

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<thead>
<tr>
<th>Finance</th>
<th>Process</th>
<th>Offering</th>
<th>Delivery</th>
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<tbody>
<tr>
<td>Business model</td>
<td>Enabling process</td>
<td>Product performance</td>
<td>Channel</td>
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<td>Networking</td>
<td>Core process</td>
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<td>Brand</td>
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<td>Customer experience</td>
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Core competence planning:

Innovation planning:
to shift value creation because...
product performance isn’t enough.
Emerging standards, specialization
  e.g. PowerPC (IBM, Motorola, Apple),
  Zero inventory assembly

Flexible financing
  e.g. FreePC, Gateway Your: Ware, Compaq leasing

Technology-drive multimedia enhancements
  e.g. Intel 486, Windows 3.0, Adobe Postscript

Low-cost home PC’s
  e.g. Windows 95, Intel Celeron

Networked organizations
  e.g. Dell paperless purchasing,
  Intra/Extranets

Going direct
  e.g. Dell, Gateway Country Stores
Data says: go beyond products to win.

Cumulative value creation—

Last 10 years

Pareto revisited:
Fewer than 2% of *projects* produce
More than 90% of *value*...

*Source: Doblin analysts*
Many innovators use multiple types.
Integrating office tools.

Types Used:

- Profit Model
- Process
- Product System
- Channel
Providing a luxury car experience.

Types Used:

- Network
- Product Performance
- Service
- Channel
Designing a radical business model.

Types Used:

- Profit Model
- Process
- Product Performance
- Product System
- Service
- Brand
- Customer Engagement
Finding a new way to reach kids.
Reimagining an entire industry.
Its Time for...
Innovation Tactics

Tools for turning the Ten Types into the building blocks for innovation.
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<th>Profit Model</th>
<th>Network</th>
<th>Structure</th>
<th>Process</th>
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Alliances  
Collaboration  
Complementary Partnering  
Consolidation  
Coopetition  
Franchising  
Merger/Acquisition

Open Innovation  
Secondary Markets  
Supply Chain Integration
Crowdsourcing
Flexible Manufacturing
Intellectual Property
Lean Production
Localization
Logistics Systems
On-Demand Production
Predictive Analytics
Process Automation
Process Efficiency
Process Standardization
Strategic Design
User-Generated
Added Functionality  
Conservation  
Ease of Use  
Engaging Functionality  
Environmental Sensitivity  
Feature Aggregation  
Focus  

Performance Simplification  
Safety  
Styling  
Superior Product
Complements
Extensions/Plug-ins
Integrated Offering
Modular Systems
Product Bundling
Product/Service Platforms
Added Value
Concierge
Guarantee
Lease or Loan
Loyalty Program
Personalized Service
Self-Service

Superior Service
Supplementary Service
Total Experience Management
Try Before You Buy
User Communities/Support Systems
Context Specific
Cross-Selling
Diversification
Experience Center
Flagship Store
Go Direct
Indirect Distribution

Multi-Level Marketing
Non-Traditional Channels
On-Demand
Pop-Up Presence
Brand Extension  
Brand Leverage  
Certification  
Co-Branding  
Component Branding  
Private Label  
Transparency  

Values Alignment
Autonomy and Authority
Community and Belonging
Curation
Experience Automation
Experience Enabling
Experience Simplification
Mastery

Personalization
Status and Recognition
Whimsy and Personality
How to use the tactics.

1. Anchor & Extend

2. Add & Substitute

3. Array at Random
Reflection

What are you doing in your organization? What could you do?

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Successful Initiatives

Unsuccessful Initiatives

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Debrief

- Be disciplined.
- Go beyond products.
- Use many types.
- Diagnostics help.