

Collaboration Is Key to Any Innovation Strategy Today, Both for Large Corporates and for SMEs¹

In an era of digital business and rapid technology change, of market disruption coming from unexpected industries and geographies, no company can ignore the imperative to innovate faster. Failing to do so is an invitation to lose business and to put growth and their future at risk.

Still innovation does not happen like magic. The effort to organize and structure a compelling innovation effort is real as reflected by the fact that many companies have embarked into multiple and diverse innovation programs, e.g. from internal ideation platforms to corporate venturing and incubators to customer and supplier networks. However, innovation seems to remain for the most part incremental. Part of the reason for that incremental nature is that the primary sources for innovation are existing customers and employees². It is clearly not sufficient, even though incremental innovation is certainly mandatory for improving existing products and services and for delivering yet more value to customers.

But when it comes to exploring and creating new markets or dealing with new trends or building on dramatic technology shift, all of which are most probably at the heart of any forward-thinking corporate strategy, one must think in terms of radical, disruptive innovation. Yet large companies still struggle with aligning their innovation efforts with their business strategy. **Corporate innovation is still probably too slow, focusing on known territories, working for the most part with internal and selective networks.** There is a definite call for acting in a more agile, faster way in order to accelerate the innovation agenda. In that light, top innovative corporations are targeting a higher proportion of breakthrough and radical innovations, particularly around products, services, technology and business models, rather than just investing in incremental innovation. To do so innovative companies are pushing the boundaries of innovation both inside and outside their organizations by breaking down traditional barriers, tapping into much wider ecosystems, typically unknown to them, for ideas, insights, talent and technology solutions. They plan a broader range of business model innovation, explore a wider range of innovation operating models, and seek to collaborate much more.

The key to growing and innovating faster is now collaboration, it is about collaborating more. It is about going from an “insular” view of the company

¹ This article was originally developed by Valerio Nannini, Strategic Advisor at NineSigma, and Patrick Ferran, Chief Sales Officer.

² Refer for instance to the “CB Insights - State of Innovation Report 2018” here <https://www.cbinsights.com/research-state-of-innovation-report>. This report results from a survey of 677 corporate strategy executives.



to a “ocean” one. To picture this, just imagine that the point is to no longer swim back and forth in the same pool, but rather to embark in the open of the ocean. It is leaving the known world for the unknown. It is probably scarier but more rewarding at the end of the day.

The above findings are not limited to large corporates. **Innovation is no longer the domain of a chosen few.** In an era of rapid technology and market change, companies in virtually every industry and of every shape and size must increase their capacity to innovate.

Smaller entities are even more likely than their large counterparts to work with academics and research institutions, with other start-ups or solutions providers where R&D is often conducted. Doing so is a way for these organizations to avoid the cost of conducting innovation in-house, which might be out of their price range, while also allowing them to take advantage of R&D tax credits. Adopting a more open “innovation framework” can help SMEs meet the challenges they face, which interestingly are not far different from those large corporates have to deal with, among which, be more agile and fast, open up new markets, create a true innovation culture, expanding their network, work with scarce resources.

As an example of a regional initiative willing to foster collaboration for SMEs, the State of Ohio in the USA awarded NineSigma in 2013 a grant to accelerate adoption of open innovation among Ohio SMEs. Over 45 middle market companies worked with NineSigma to reach beyond their existing networks to collaborate with companies, inventors, research centers, and universities around the world to accelerate the development of new products and services. More than 600 solution proposals were found to address 50+ innovation challenge from participating companies’ most pressing needs. This helped them advance innovations faster and grow more efficiently by entering into collaborative arrangements. Overall, forecast indicated that 350 jobs will be created over 3-5 years as a result of the program and the various innovation projects launched.

This is why we think there is no reason SMEs should not benefit from a broader access to technology and innovation. There are numerous lessons from large, innovative corporates that can be borrowed, tailored and made to work for any business. **Innovation is a driver for rapid and profitable revenue growth.** It can also deliver improved competitive positioning, higher customer satisfaction, and decreased costs. Innovation is key for success today more than ever.

To make innovation happen, collaboration is a must-do.

Please contact [NineSigma](#) or [Patrick Ferran](#) if you want to discuss any of the above.