



CUSTOMER-CENTRIC INNOVATION

IClinSMEs - TRAIN THE TRAINER PROGRAM B

Part 1



Co-funded by the
Erasmus+ Programme
of the European Union



A 3-days train the trainer program is developed for teachers and consultants of SMEs, providing

- ✓ knowledge and skills on the acquisition, processing and implementation of customer innovations
- ✓ modern teaching methodologies.

This Training program is developed within the project "Digital methods, toolbox and training for increasing customer innovation in SMEs". (IClinSMEs, Project NO 2020-1-DE02-KA202-007397).

Concept of the Train the Trainer Program

Program and content

MODULES OF THE PROGRAM

Module I: Welcome and ice breaker activity

Module II: Innovation in general

Module III: Customer-centric innovation

Module IV: Customer-centric innovation in SMEs -
Experiences of a survey and best practices.

Module V: Quality Function Deployment (QFD) and House of
Quality (HOQ)

Module VI: Interactive case study solution

Module VII: Modern teaching methods, Effective Teaching
and Training Techniques

Module VIII: Digital tools for teaching and learning

Module IX.: Project task on topic Customer-centric innovation

Module X: Presentation of participants or groups





What is Innovation?



Innovation activities include all **developmental, financial and commercial activities** undertaken by a firm that are intended to result in an innovation for the firm.

A **business innovation** is a new or improved **product** or **business process** (or **combination** thereof) that **differs significantly** from the firm's previous products or business processes and that has **been introduced on the market** or brought into use by the firm.



Innovation activity and innovation



The ~~minimum requirement for an innovation is~~
“**significant**” **difference**: one or more characteristics that are **significantly different** from previously offered or used by the firm. These characteristics **must be relevant to the firm or to external users**.

The boundary between a change that is an innovation and one that is not an innovation is unavoidably **subjective** because it is **relative to each firm’s context, capabilities and requirements**.

E.g.: an improvement in online service is a minor change for a large firm in R&D-intensive industry but is a significant difference for a small firm in a less R&D-intensive industry.



The minimum requirement for an innovation is
“**significant**” difference

The basic principles are that an innovation

- ✓ must have been implemented
- ✓ and must be significantly different from the firm's previous products or business processes.



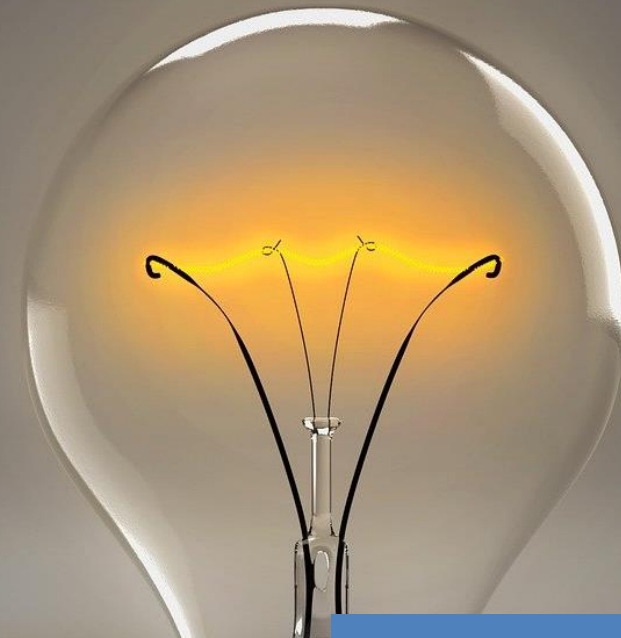
Changes that are not innovations

- Routine changes or updates - software updates, or seasonal changes in clothing fashions
- Simple capital replacement or extension - minor extensions and updates to existing equipment or software.
- Product introductions that only involve minor aesthetic changes, such as a change in colour or a minor change in shape,
- Firms engaged in custom production,
- An advertised concept, prototype or model of a product that does not yet exist
- The outputs of creative and professional service firms, such as reports for clients, books, or films
- The activities of newly created firms or mergers and the acquisition of other firms
- Ceasing to use a business process, ceasing to outsource a business process, or withdrawing a product from the market



A measures of novelty, “innovativeness” and economic impacts, whether an innovation is

- ✓ new to the firm only,
- ✓ new to the firm’s market,
- ✓ or new to the world



Innovation types by novelty and impacts

Making it Customer Centric

Innovation & Marketing

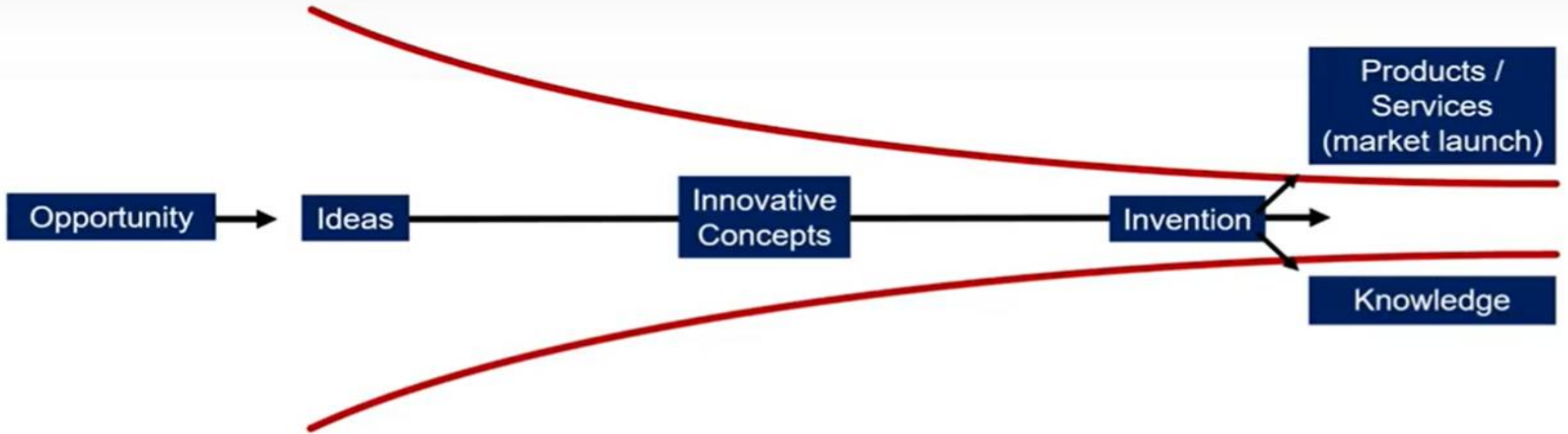
overlaps, synergies, priorities, sequences



ICI SMEs



by the
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Union

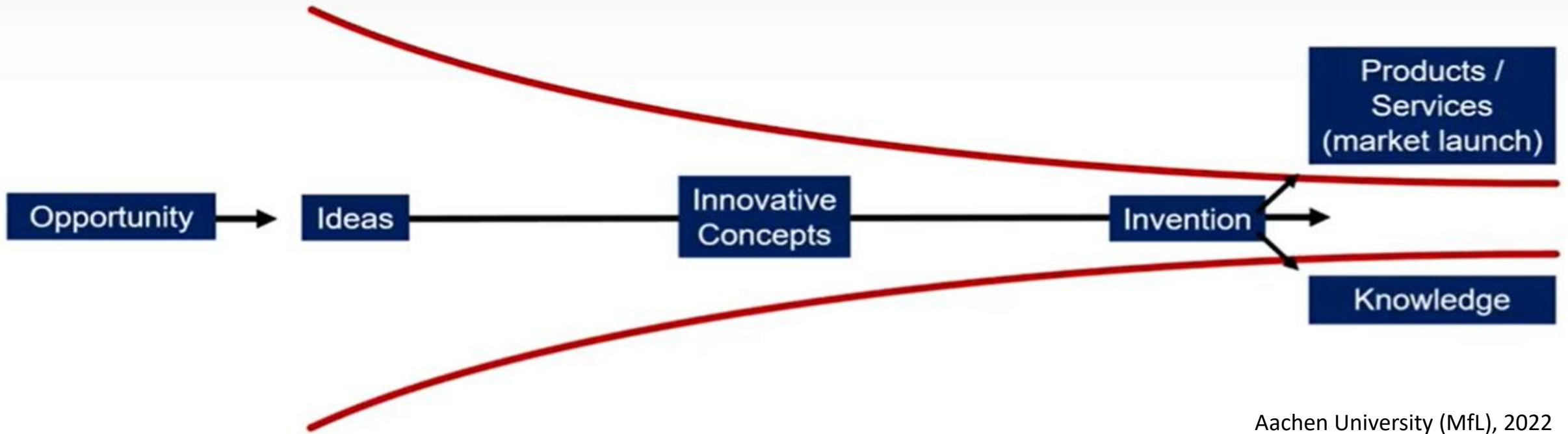


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- **Development funnel:** typical picture of the development process
- funnel why as we start very broadly and then narrow it down until we come
- So an innovation process
- **starts with recognizing opportunities often coming from a gap perceived**
- in a company, creating ideas or perhaps searching for external ideas and
- turning them into concepts and this is called the discovery or ideation
- of concept development stage of an innovation process



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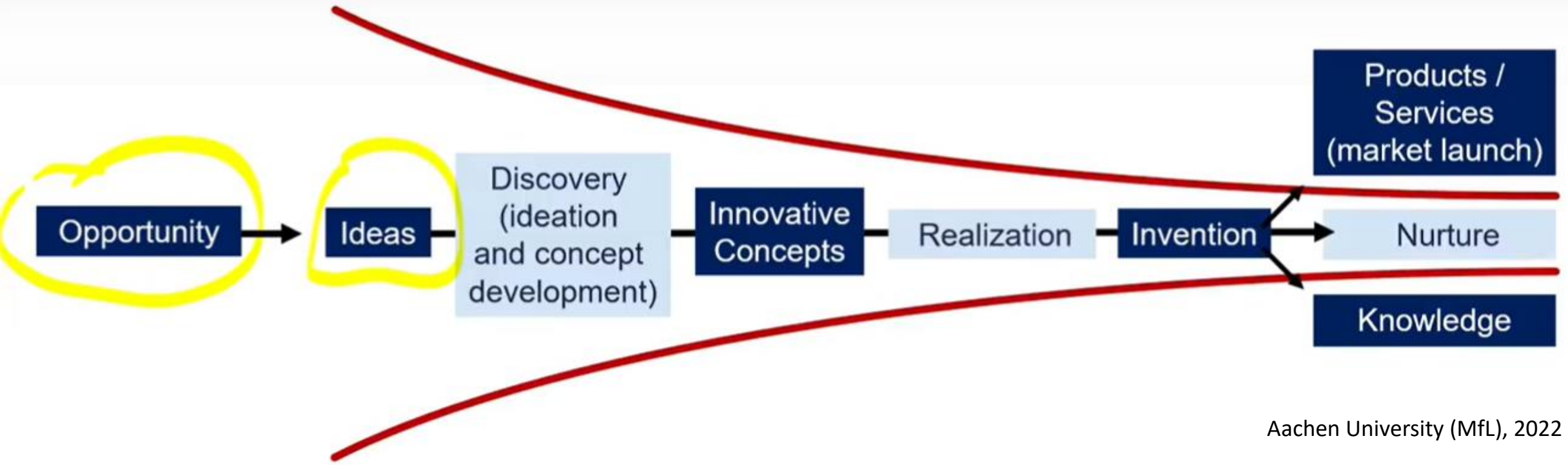


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The innovation process

- starts with recognizing **opportunities** often coming from a gap perceived
- **creating ideas or perhaps searching for external ideas** and **turning them into concepts** and this is called the discovery or **ideation**
- Innovative concepts and invention: also in the literature find a term the fuzzy front end of innovation, meaning this is unstructured and can't be managed. - False!
- new product (service) development, product design in engineering size.



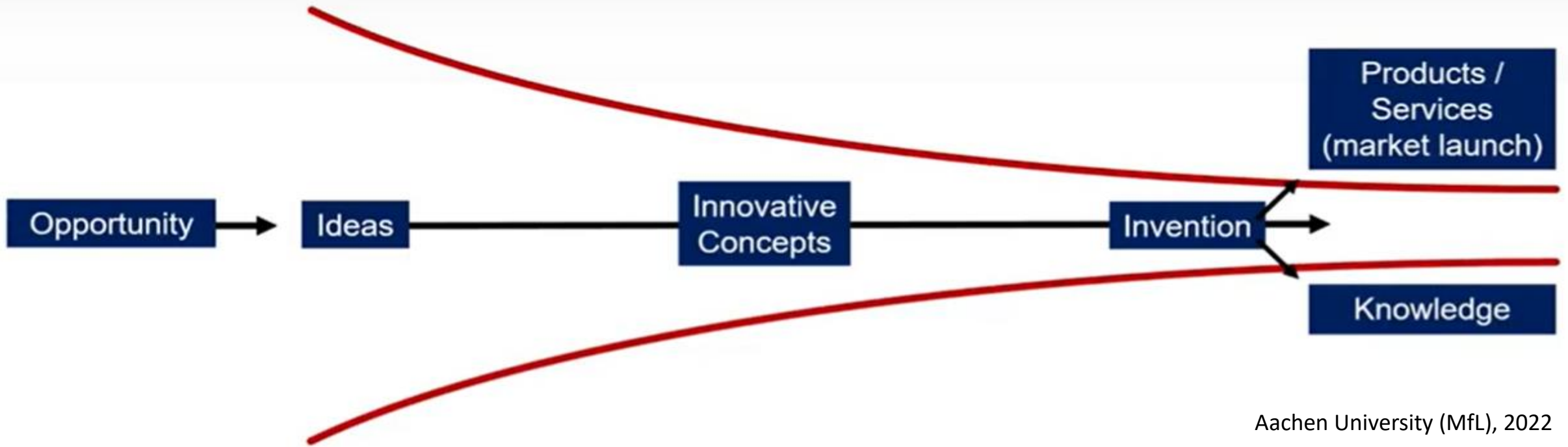


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- Inbetween steps: DISCOVERY, REALIZATION
- GOAL: NURTURING



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We have an invention but an invention is not an innovation. The definition of innovation is:

it is something new that is **successfully adopted by the market.**

So we have to launch it

or if you can't use this knowledge internally (perhaps out-licence the knowledge sales and technology for someone).



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Customers' role in innovation

Customer

Customer-centric

INNOVATION

Customer-driven

Customer-focused



Customers' role in innovation

	Customer-driven Innovation	Customer-centric Innovation	Customer-focused Innovation
Central entity	Customer	Customer and organization	Organization
Degree of customer involvement	Innovation by customers	Innovation with customers	Innovation for customers
Role of organization	Coordinator	Communicator	Innovator
Type of innovation	Dynamic innovation	Open innovation	Closed innovation
Degree of control	Impossible to control	Difficult to control	Easy to control
Degree of coordination	Emergent coordination	Difficult to coordinate	Easy to coordinate
Critical innovation stage	Commercialization (Ideas are over-generated and developed, but difficult to commercialize)	Idea development (Ideas are abundant, but difficult to develop)	Idea generation (Ideas are scarce)
Types of innovation to focus on	Products and services, output interaction with products and services	Communication with customers; customer interaction with organization	Customer segmentation and customer analysis
Critical issues with innovation types	“Sticky” and tacit knowledge transfer requires high levels of human interaction Customer must be segmented for proper analysis	Investment in infrastructure High-quality communication needed Risk of copycats	Analysis must be ongoing Systems must be integrated Information overload possible

Source: K. C. Desouza, Y. Awazu, S. Iha, C. Dombrowski, S. Papagari, P. Baloh, Research Technology Management, Taylor & Francis 2008, pp. 35-44.

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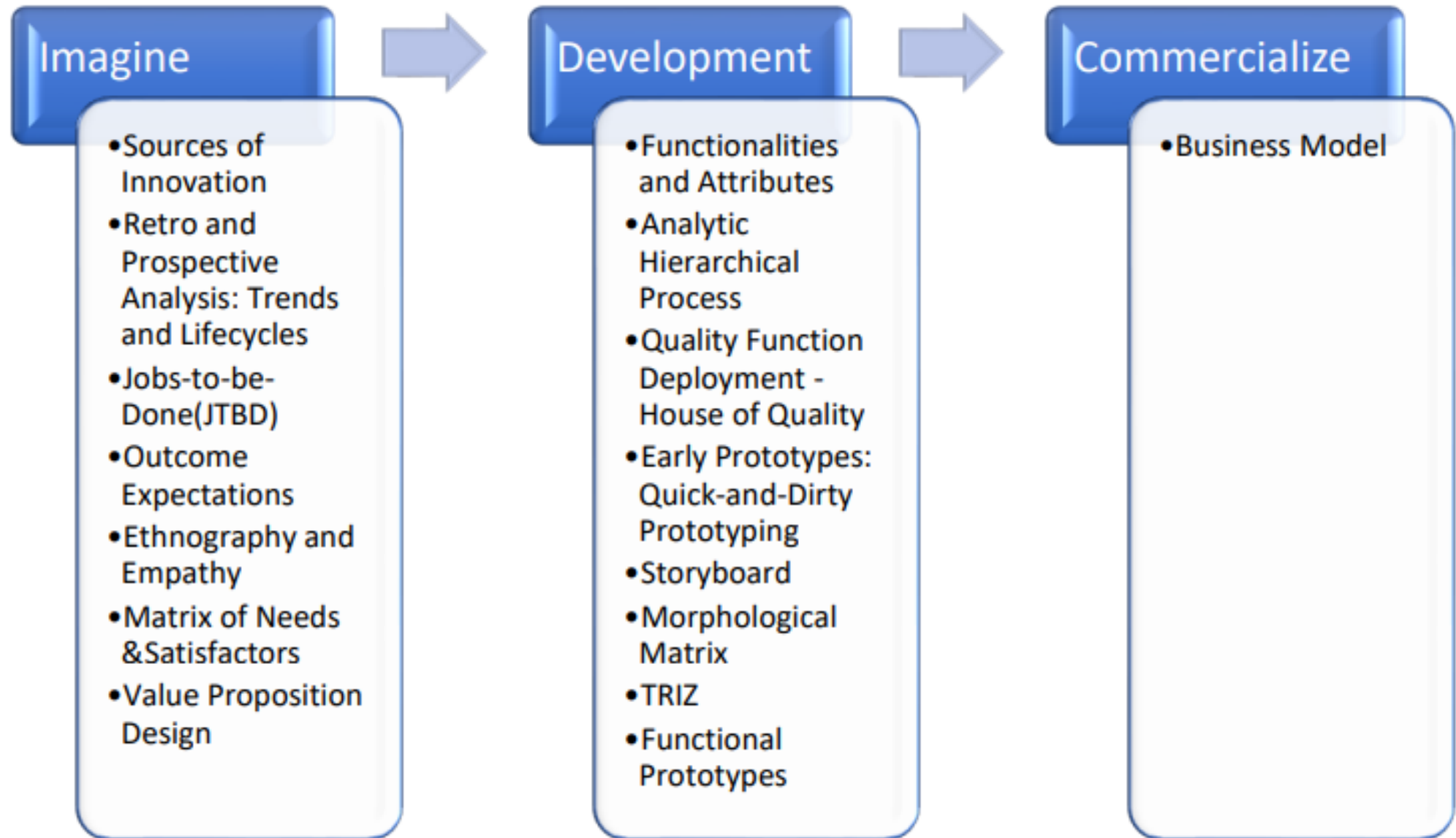
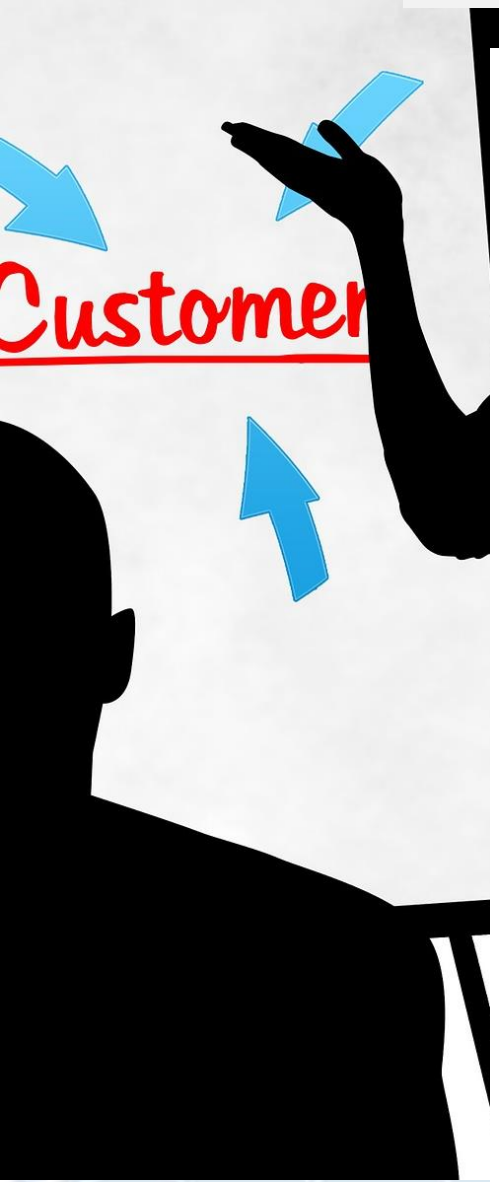
In customer-centric innovation programs:

- ✓ the customer engagement can be described as “**open innovation**” ,
- ✓ innovation program is open to **customers** and they are **allowed to be involved** with the process, **usually at specific points in time with specific processes**,
- ✓ **organizations control** and coordinate the innovation process,
- ✓ **idea development, screening and refinement** are central.



**Customer-centric
innovation**

Customer-centric Innovation Process





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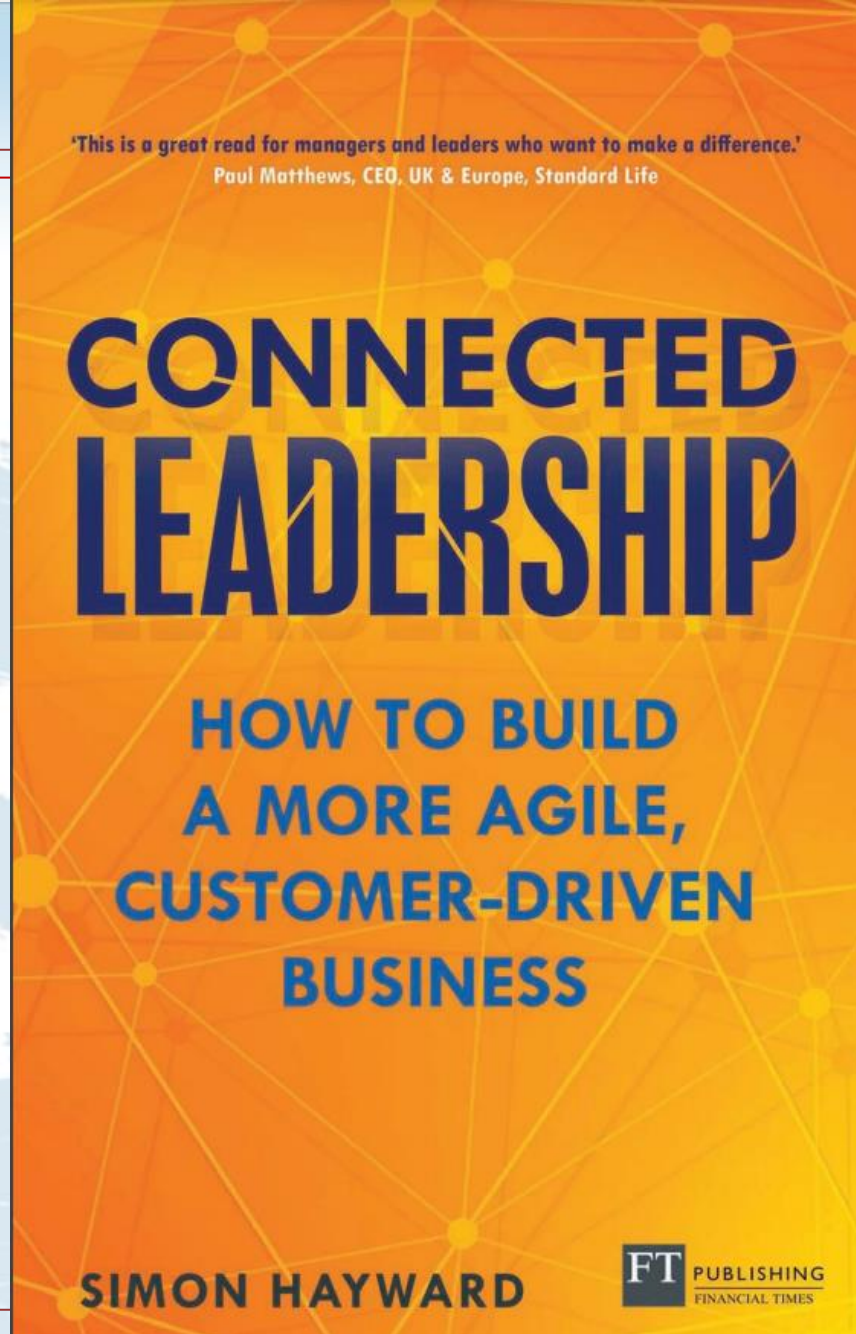
Discussion

The goal is to highlight the differences among:

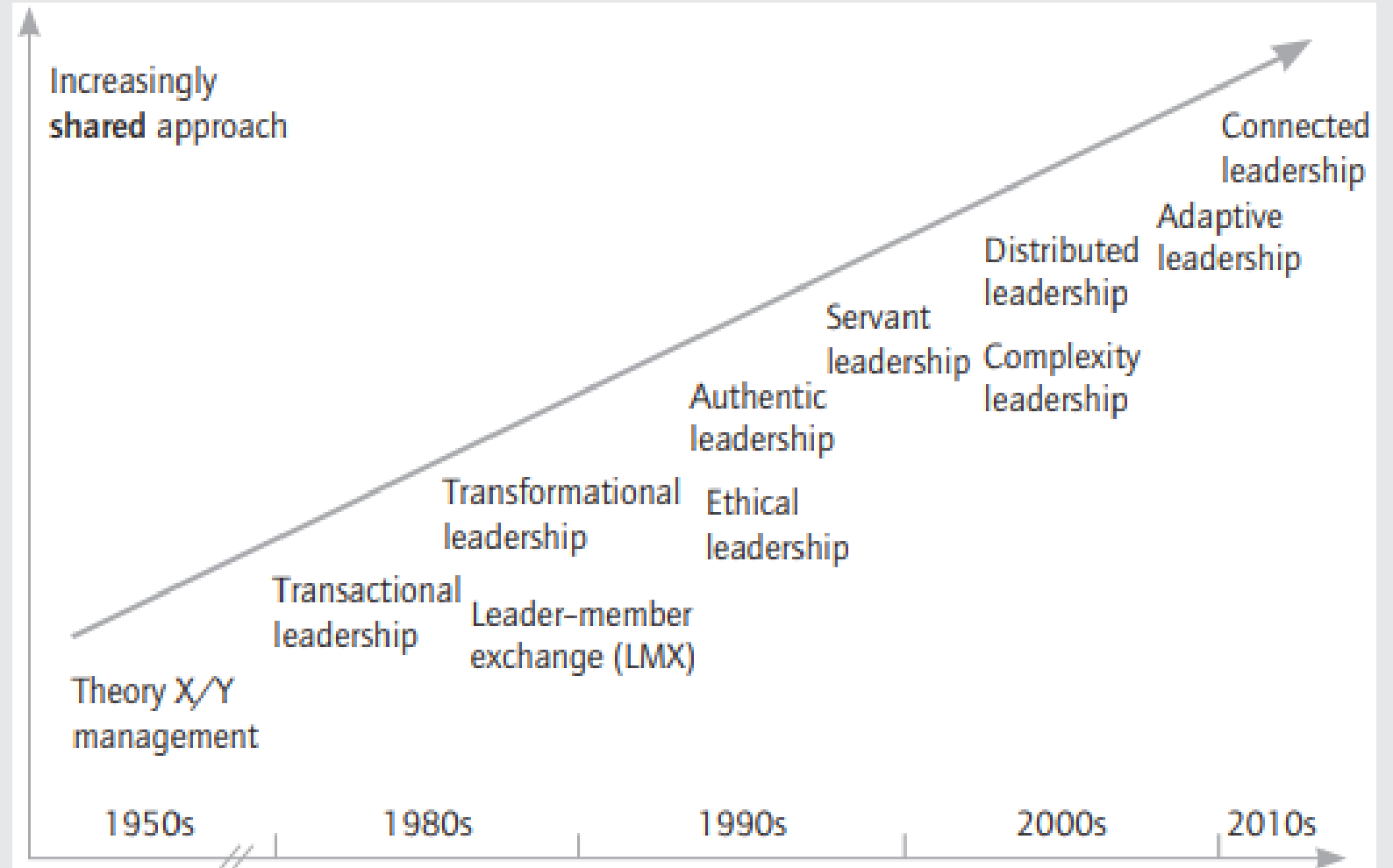
- ✓ Customer-driven innovation
- ✓ Customer-centric innovation
- ✓ Customer-focused innovation

Key for customer driven innovations:

Connected leadership



Leadership theories





Attributes of connected leadership

What connected leadership looks like

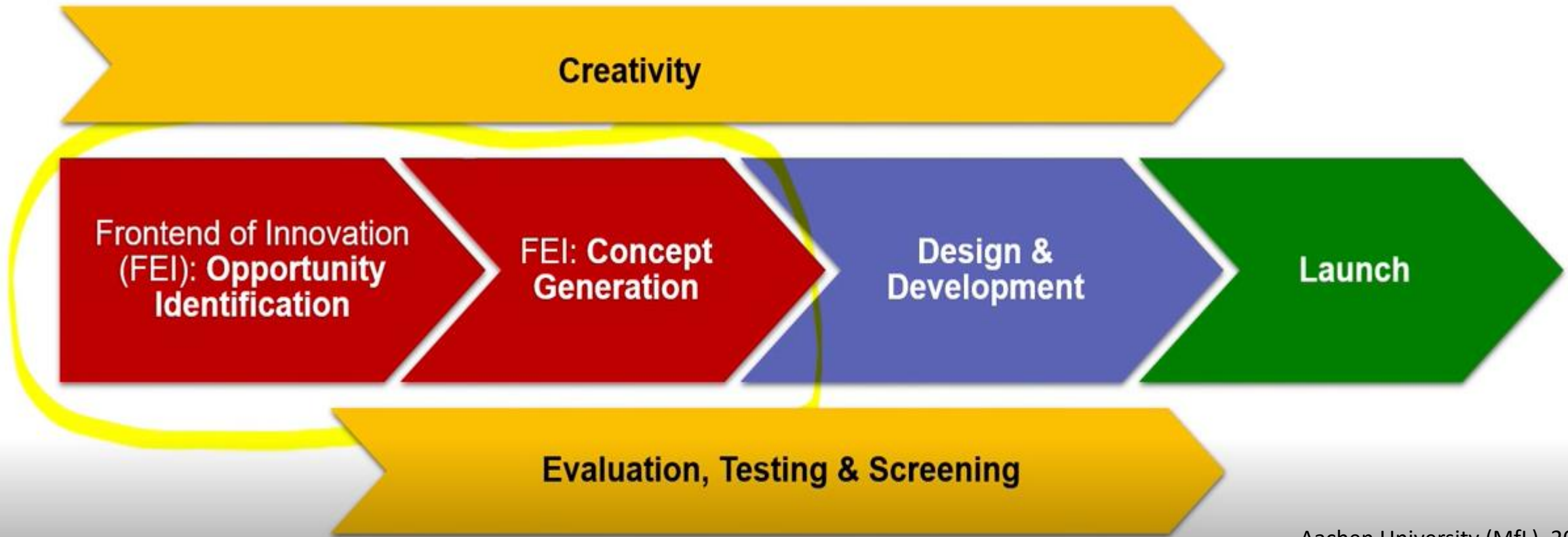
- Leaders can communicate a clear purpose, direction and values as well as inspiring others to believe in that purpose and follow the direction.
- They act as authentic role models and stewards of the organisational purpose.
- They have a strong moral compass and are accountable for their behaviour.
- They are emotionally intelligent and self-aware, able to mobilise, focus and renew the collective energy of others.
- They are not afraid to share power so that decisions are made closer to the customer by people who are capable of making them in line with overall strategy and purpose.
- Collaboration and team working are emphasised as a better way to achieve great performance than through a more traditional command-and-control approach.
- Colleagues are encouraged to learn, to experiment and to adapt within the parameters of the organisation's purpose, direction and values.



Discussion

Opinions and experiences about connected leadership

The Basic New Product* Process



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Business model innovations

A business model includes all core business processes such as the production, logistical, marketing and co-operative arrangements in use as well as the main products that a firm sells, currently or in the future, to achieve its strategic goals and objectives.

Three types of comprehensive business model innovations: (involve both products and business functions)

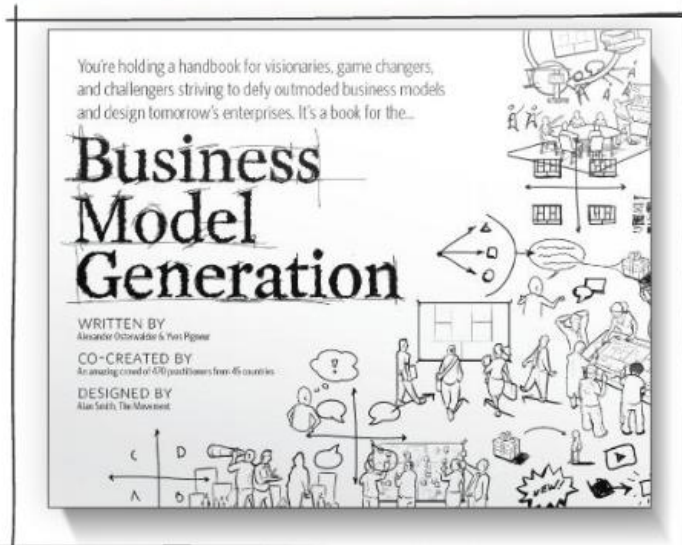
- a firm extends its business to include completely new types of products and markets that require new business processes to deliver;
- a firm ceases its previous activities and enters into new types of products and markets that require new business processes;
- a firm changes the business model for its existing products, for example it switches to a digital model with new business processes for production and delivery and the product changes from a tangible good to a knowledge-capturing service.



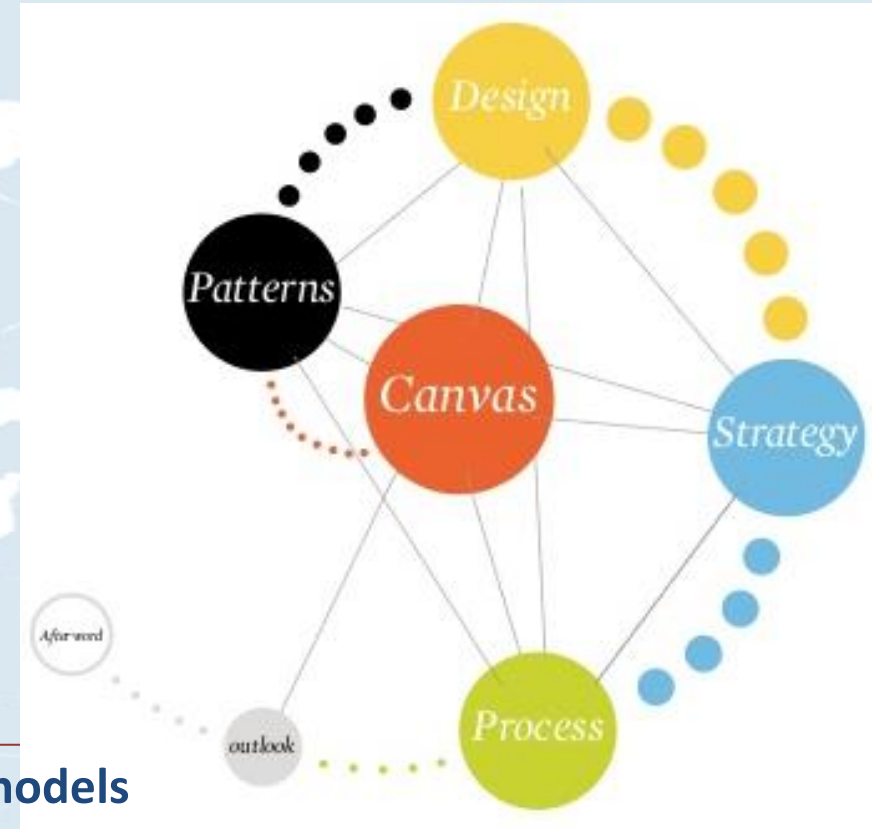
The new generation of business planning: Business Model Canvas



BUSINESS MODEL
BOOK ALEXANDER OSTERWALDER



<https://strategyzer.com/>



- **Book: 2010**
- **Innovative way for business planning**
- **Method for conceptualizing business models**




Sketch Out Your Hypothesis

- Nespresso Machines
- Nespresso Pods



**Harvard
Business
Review**

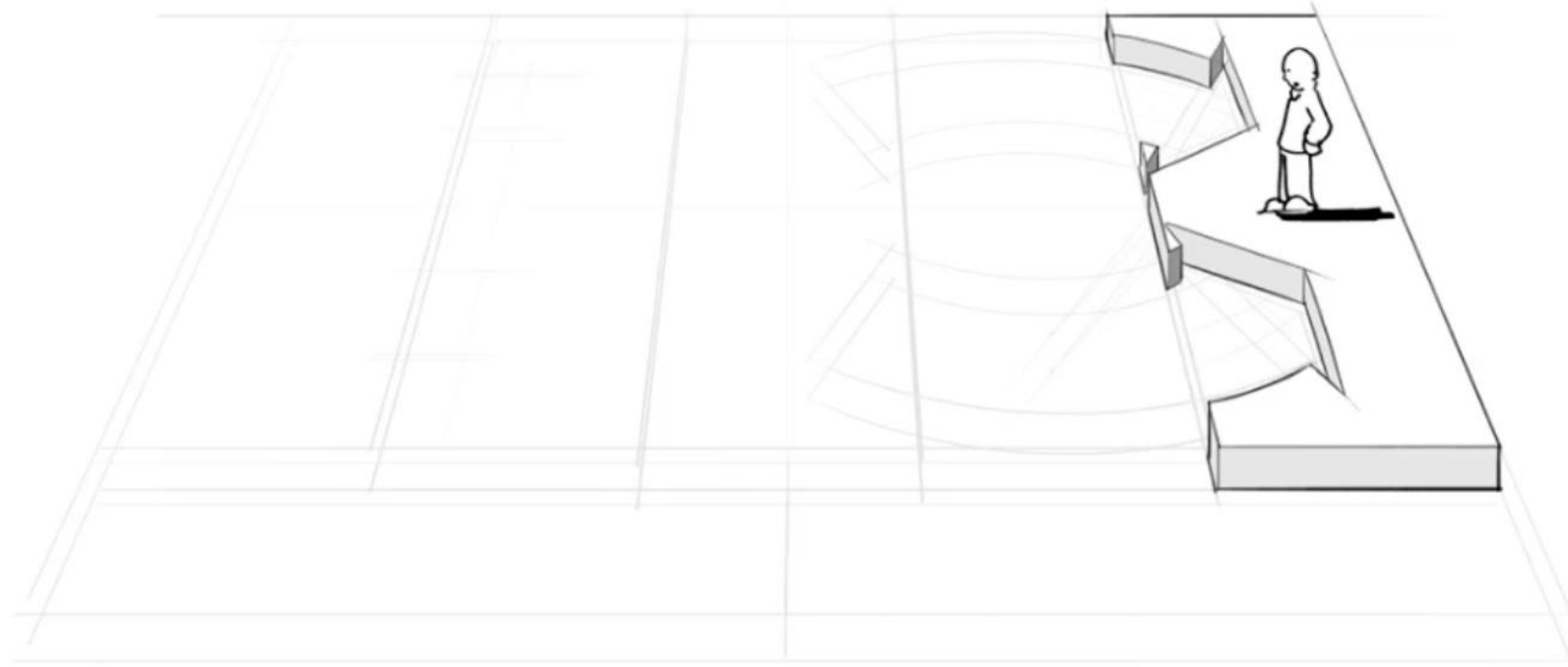
The business model canvas lets you look at all nine building blocks of your business on one page. Each component of the business model contains a series of hypotheses that you need to test.

KEY PARTNERS		KEY ACTIVITIES	VALUE PROPOSITIONS	CUSTOMER RELATIONSHIPS	CUSTOMER SEGMENTS
		KEY RESOURCES	 <p>Alexander Osterwalder Lead Author <i>Business Model Generation</i> Co-founder <i>Strategyzer.com</i></p>	CHANNELS	
COST STRUCTURE			REVENUE STREAMS		





CUSTOMER SEGMENTS

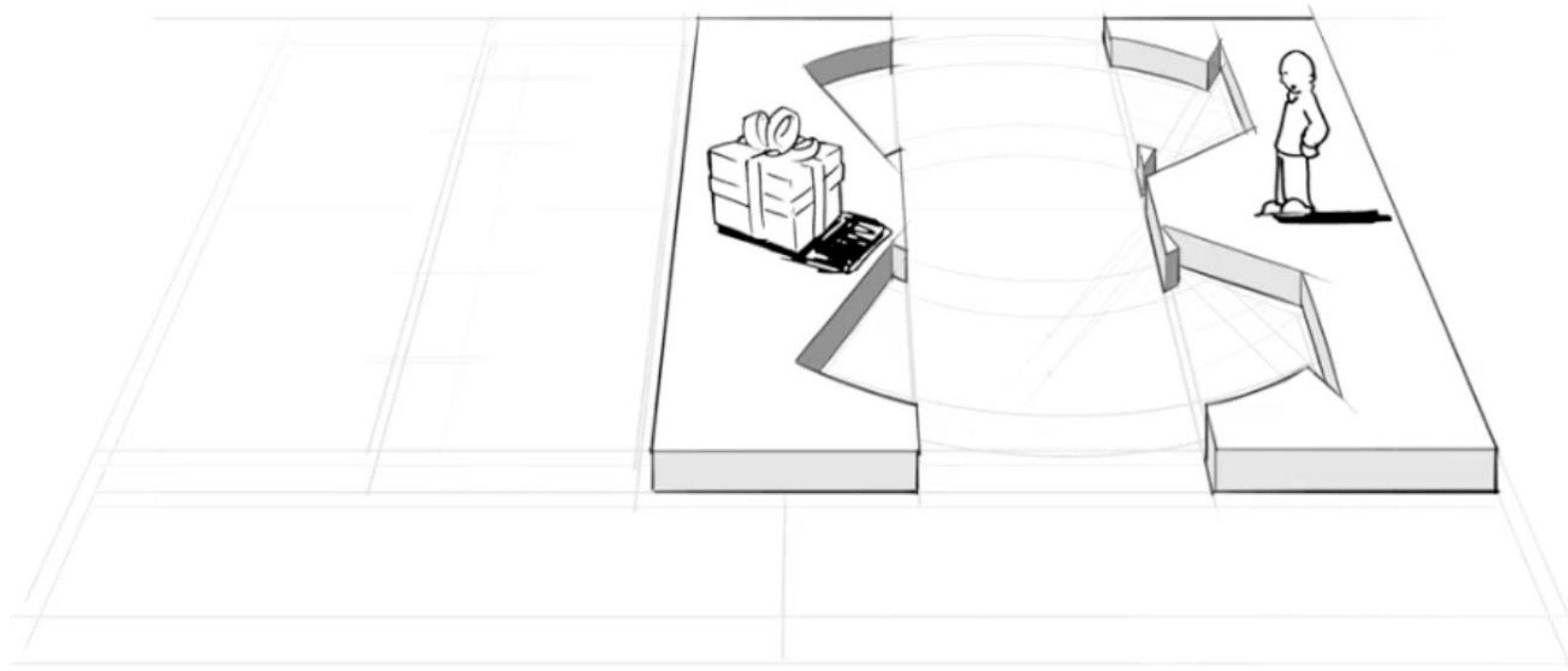


An organisation serves **one or several** Customer Segments





VALUE PROPOSITIONS

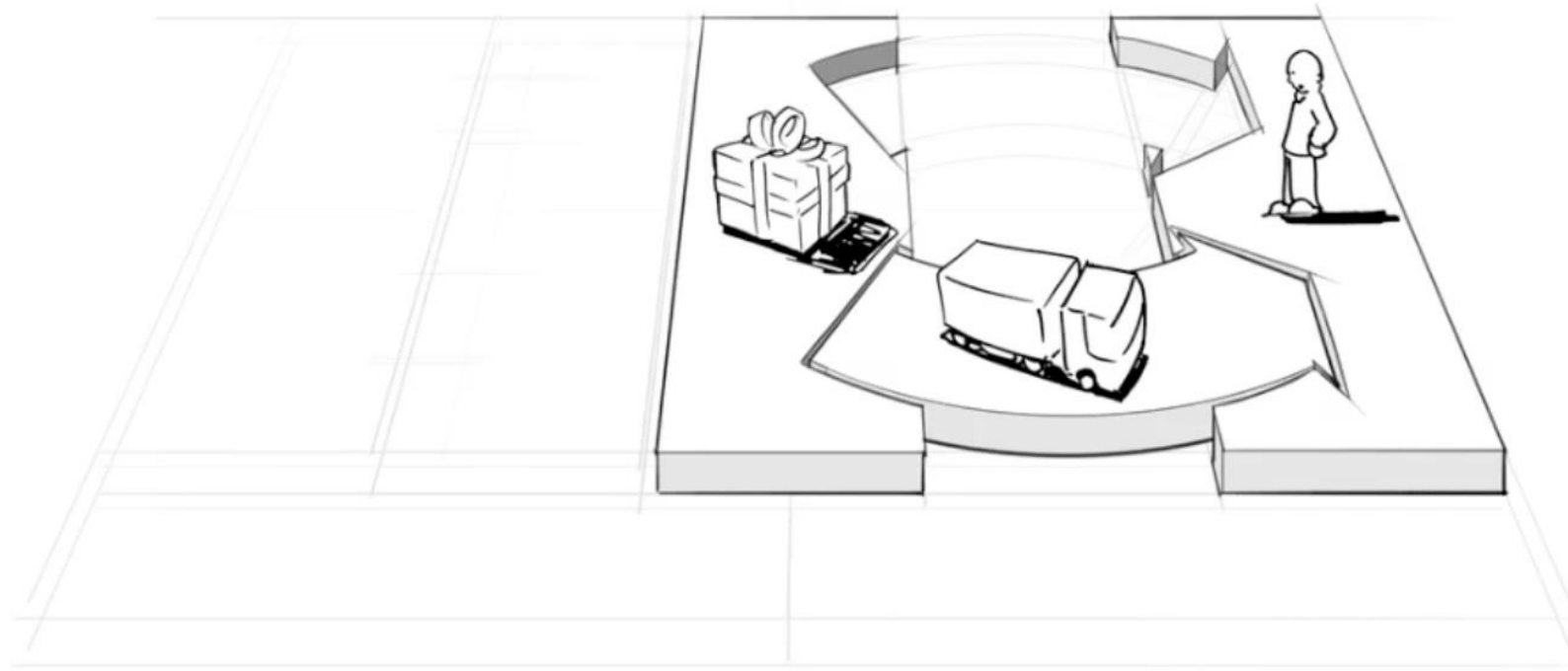


It seeks to **solve** customer **problems** and satisfy customer needs with value propositions





CHANNELS

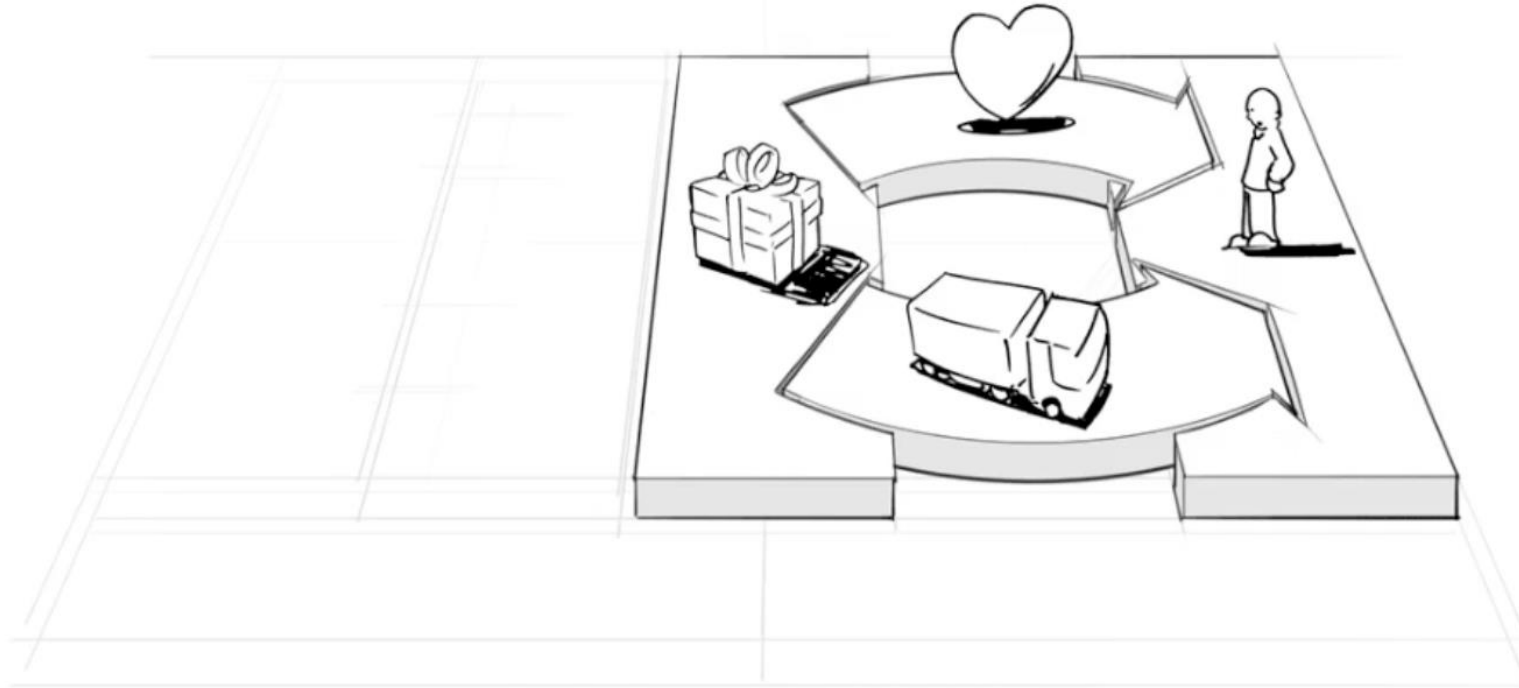


Value propositions are delivered to customers through communication and distribution **channels**





CUSTOMER RELATIONSHIOPS

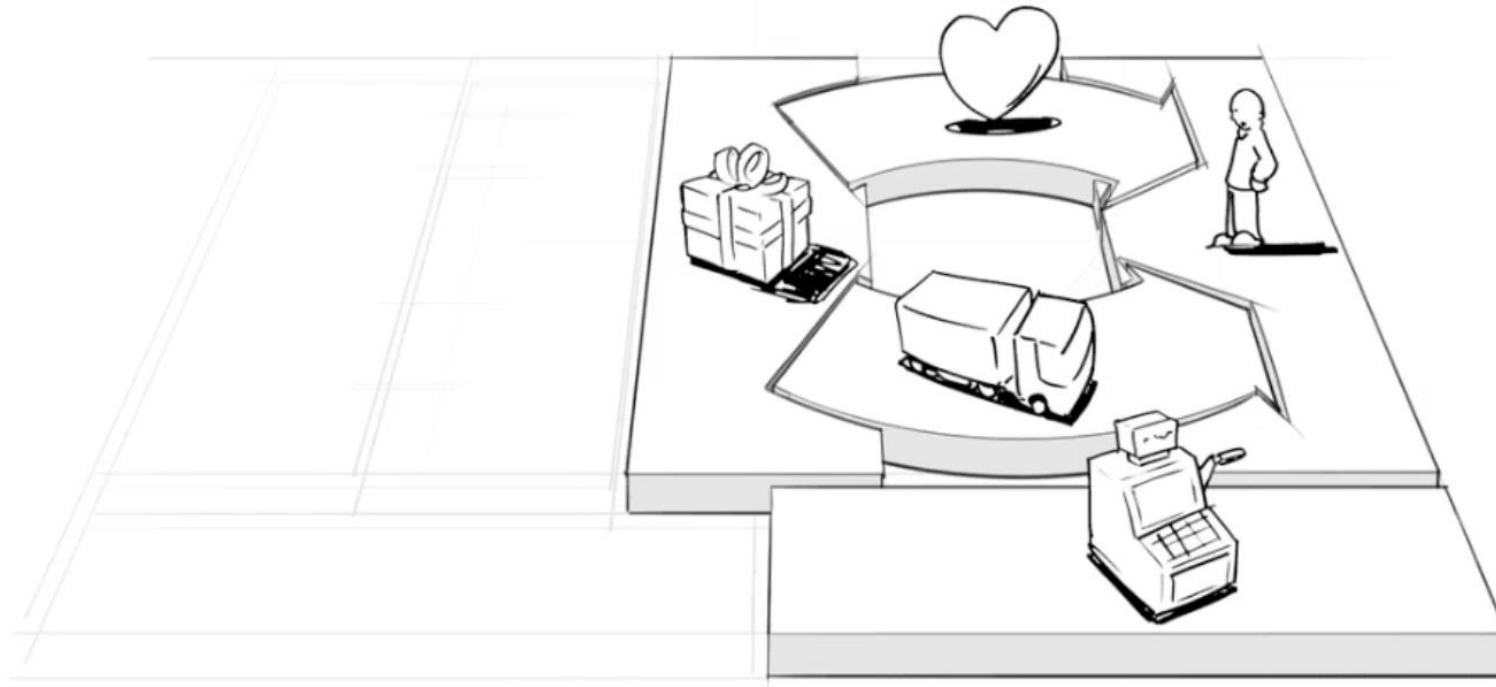


Customer relationships are established and maintained **with each Customer Segment**





REVENUE STREAMS

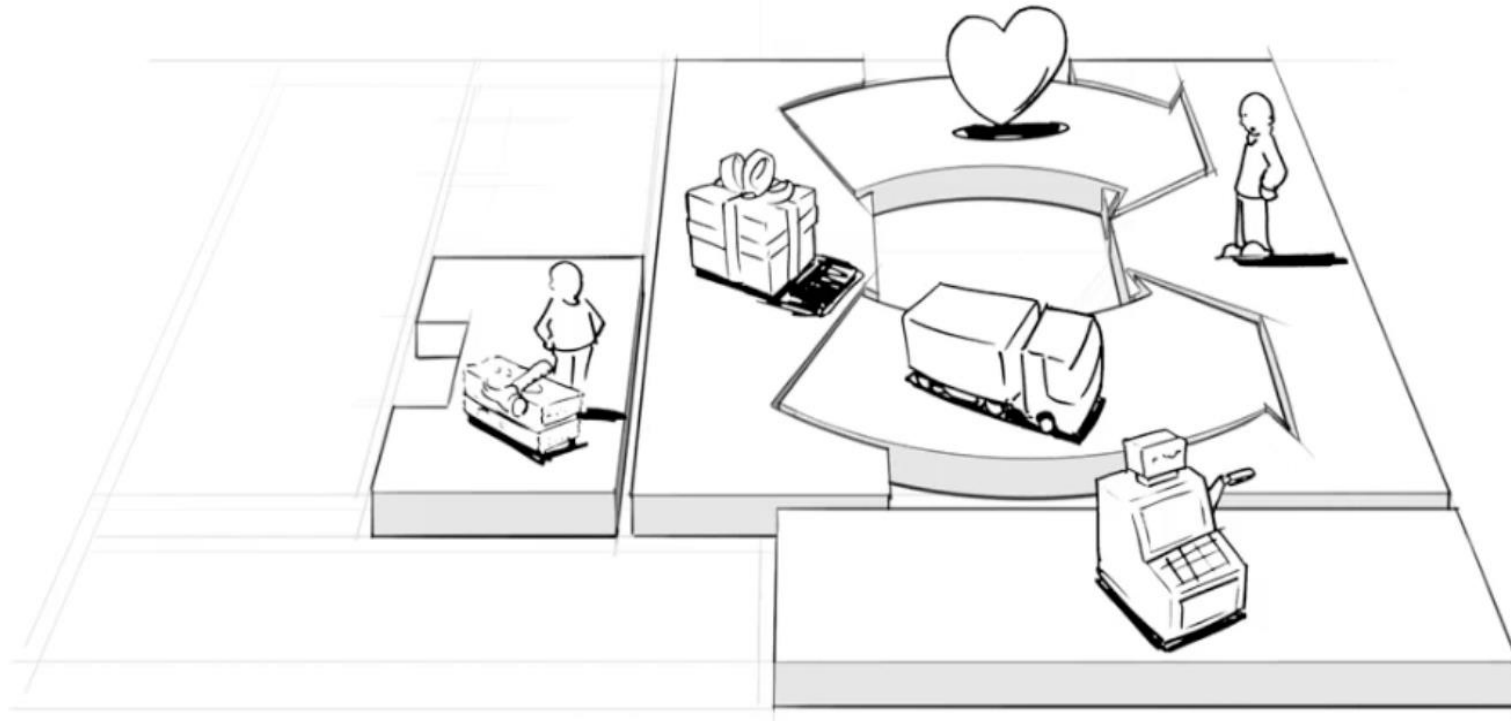


Revenue streams result from value propositions successfully offered to customers





KEY RESOURCES

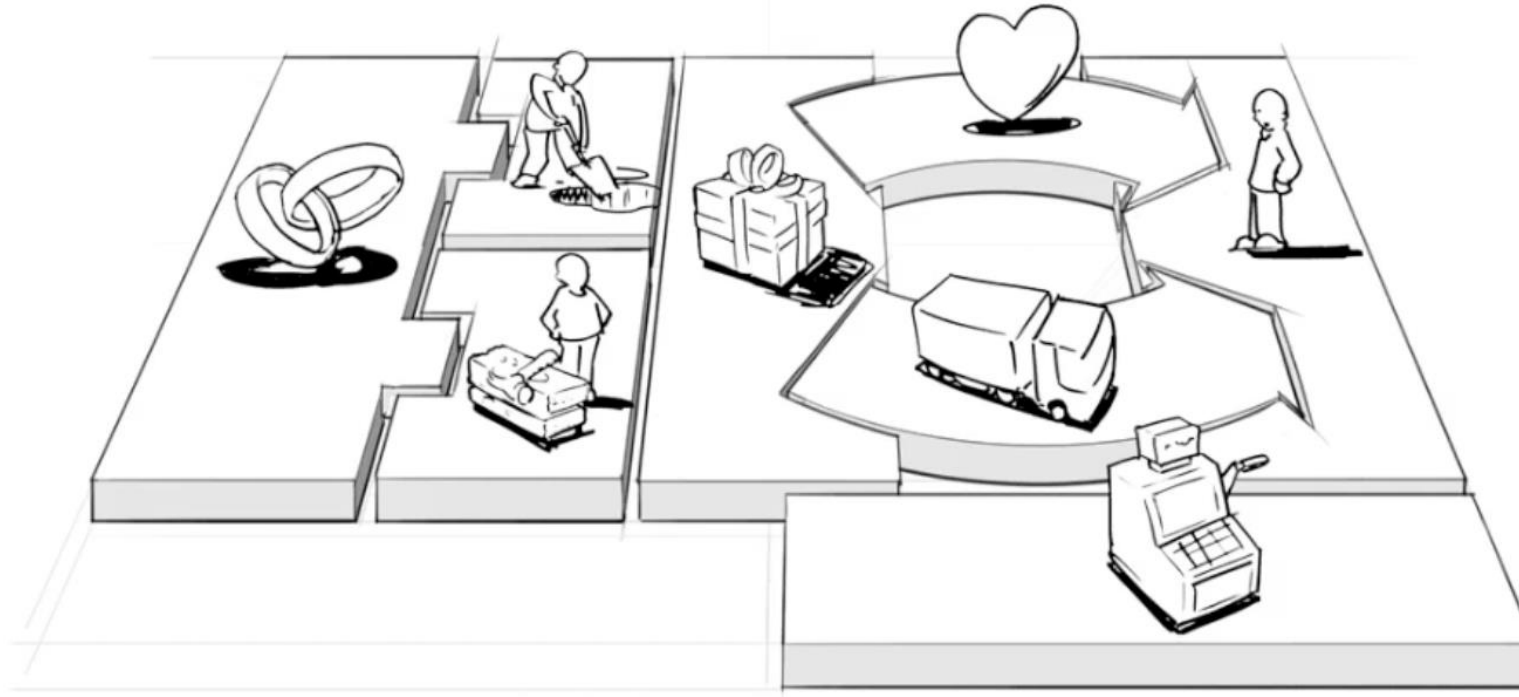


Key Resources are the assets required to offer and deliver the previously described elements





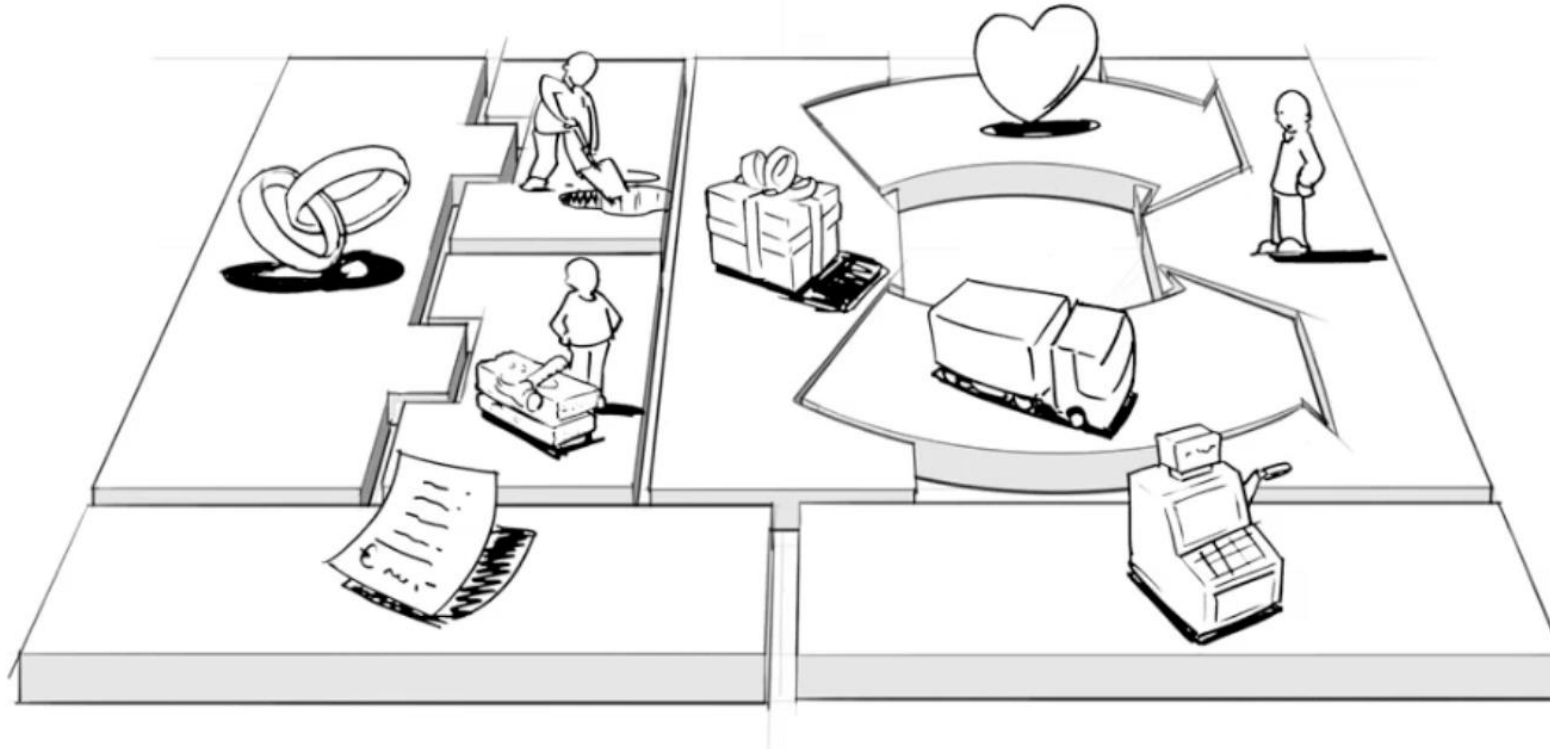
KEY PARTNERS



Some activities are outsourced and
some resources are acquired outside the enterprise

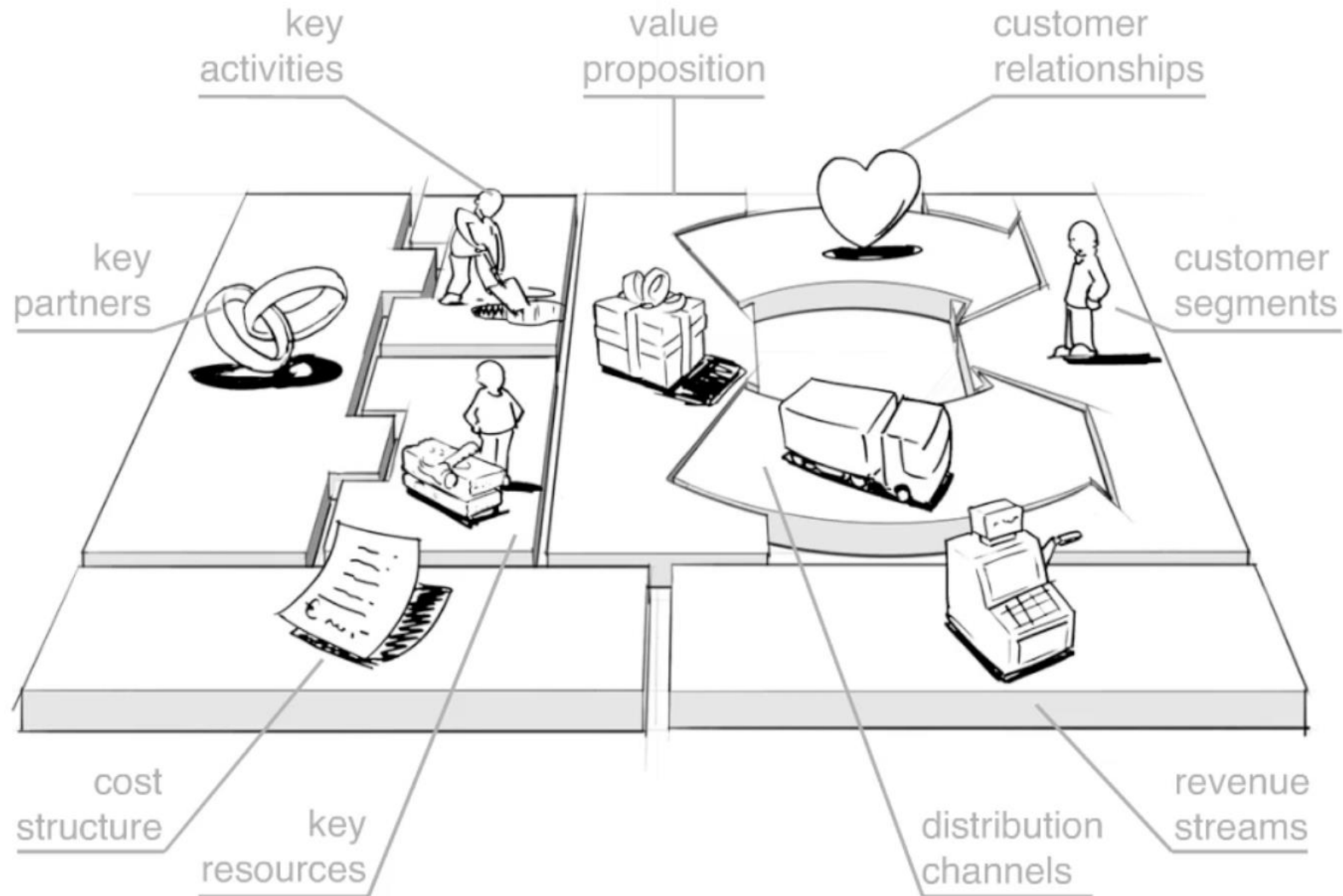


COST STRUCTURE



The business model elements result in the cost structure





<https://strategyzer.com/>





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Thank you for your kind attention!