

TEN TYPES OF INNOVATION



THE BUILDING BLOCKS OF BREAKTHROUGHS

At the heart of any new discipline there often lies a simple, organizing system—an underlying structure and order governing what works and what fails. This is what the Ten Types of Innovation® framework brings to innovation. Consciously understanding it makes innovation easier and more effective.

WE DISCOVERED THE TEN TYPES OF INNOVATION IN 1998. SINCE THEN WE HAVE LEARNED:

Innovation mostly fails. It doesn't need to.
You shouldn't let it.

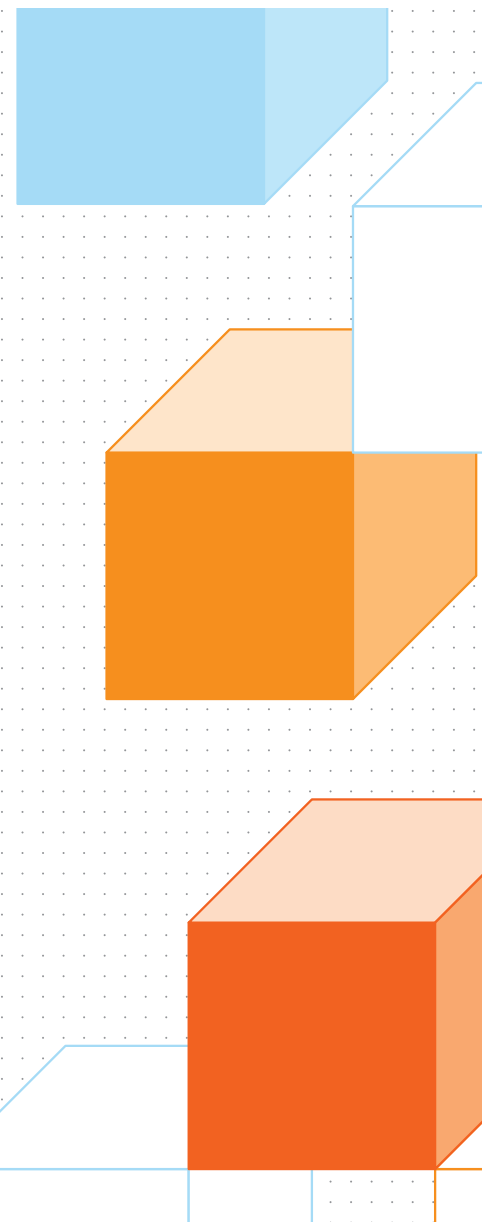
Innovation almost never fails due to a lack of creativity.
It's almost always because of a lack of discipline.

The most certain way to fail is to focus only on products.
Successful innovators use many types of innovation.

Successful innovators analyze the patterns of innovation in their industry.
Then they make conscious, considered choices to innovate in different ways.

Innovations can be broken down and analyzed.
When you do so, you will learn why most fail and a few succeed.

Innovations can be built up systematically.
Doing so increases your odds of success exponentially.



THE TEN TYPES OF INNOVATION

AN OVERVIEW

The Ten Types framework is simple and intuitive. It is a useful tool you can use both to diagnose and enrich an innovation you’re working on, or to analyze existing competition. It makes it especially easy to spot errors of omission — missing dimensions that will make a concept stronger.

The Ten Types framework is structured into three color-coded categories. The types on the left side of the framework are the most internally focused and distant from customers; as you move toward the right side, the types become increasingly apparent and obvious to end users. To use a theatrical metaphor, the left of the framework is backstage; the right is onstage.

Profit Model	Network	Structure	Process	Product Performance	Product System	Service	Channel	Brand	Customer Engagement
CONFIGURATION				OFFERING		EXPERIENCE			
PROFIT MODEL The way in which you make money <i>For example, how Netflix turned the video rental industry on its head by implementing a subscription model</i>	STRUCTURE Alignment of your talent and assets <i>For example, how Whole Foods has built a robust feedback system for internal teams</i>			PRODUCT PERFORMANCE Distinguishing features and functionality <i>For example, how OXO Good Grips cost a premium but its “universal design” has a loyal following</i>		SERVICE Support and enhancements that surround your offerings <i>For example, how “Deliver WOW through service” is Zappos’ #1 internal core value</i>		BRAND Representation of your offerings and business <i>For example, how Virgin extends its brand into sectors ranging from soft drinks to space travel</i>	
NETWORK Connections with others to create value <i>For example, how Target works with renowned external designers to differentiate itself</i>	PROCESS Signature or superior methods for doing your work <i>For example, how Zara’s “fast fashion” strategy moves its clothing from sketch to shelf in record time</i>			PRODUCT SYSTEM Complementary products and services <i>For example, how Nike+ parlayed shoes, sensors, apps and devices into a sport lifestyle suite</i>		CHANNEL How your offerings are delivered to customers and users <i>For example, how Nespresso locks in customers with its useful members only club</i>		CUSTOMER ENGAGEMENT Distinctive interactions you foster <i>For example, how Wii’s experience draws more from the interactions in the room than on-screen</i>	

STRENGTH IN NUMBERS

Simple innovations use one or two types of innovation and every company needs to pursue them. Failure to consistently, relentlessly improve the known is one of the surest routes to failure. Unfortunately, too many firms do only simple innovation. In today’s contested markets, simple innovations alone are never enough for long-term success. They can build a lead on competitors, but they don’t create the firms, brands, or platforms that thrill us.

When a market grows up and gets complicated, it demands more **sophisticated innovation**, which uses many types of innovation combined elegantly and orchestrated with care. Under the covers, inside your firm, these require working across internal boundaries and silos — challenges that bring additional complexity. You can cut through this with multi-disciplinary teams to bring in the necessary talent and knowledge, and with systems in place to tell everyone how they can tackle tough challenges with curiosity, confidence, and courage.

Naturally, sophisticated innovations are more difficult to pull off, not least because they have longer development horizons than simple innovations. But consider the flip side: once you launch them, they are likely both to delight customers and confound competitors. Often you will be able to succeed with them for years before challengers can catch up. Almost all of the enterprises that we identify as leading innovators routinely use multiple types of innovation — and handily outperform the average firms that innovate more naively.

SIX PRINCIPLES FOR USING THE TEN TYPES EFFECTIVELY

- 1 UNDERSTAND ALL TEN TYPES**
Virtually all projects can improve just by knowing and deeply understanding the value and subtleties of each of the types.
- 2 DE-EMPHASIZE RELIANCE ON PRODUCTS AND TECHNOLOGY**
These are the easiest capabilities for competitors to copy.
- 3 THINK ABOUT CATEGORIES AS WELL AS TYPES**
Consciously try to imagine new ways to configure assets, build platforms, and foster fresh experiences.
- 4 USE THE TYPES THAT MATTER MOST**
Use diagnostics to understand which types you and others in your industry tend to overlook.
- 5 UNDERSTAND WHAT YOUR USERS REALLY NEED**
User research can help you know what is relevant to customers and what surprises other types might help to deliver.
- 6 USE ENOUGH OF THE TYPES TO MAKE A SPLASH**
Using five or more types, integrated with care, is nearly always enough to reinvent a category and become newsworthy.

APPLYING THE TEN TYPES OF INNOVATION | METHOD

Founded in San Francisco in 2000, Method was the brainchild of two roommates-turned-entrepreneurs. Branding expert Eric Ryan teamed up with former climate scientist Adam Lowry to create a non-toxic line of natural home care products. The various offerings are now sold in more than 40,000 retailers worldwide, including Target, Whole Foods, and Kroger. In 2012, the company was bought by European eco-pioneer Ecover to form what was described as “the world’s largest green cleaning company.”

With a strong emphasis on sustainability and environmental sensitivity, the vast majority of Method’s cleaning bottles are made from 100% post-consumer recycled plastic while the company itself is a “Cradle to Cradle” endorsed company; more than 60 of its products are certified with the C2C stamp of environmentally friendly approval. Internally, Method practices what it preaches: it offsets its carbon emissions, works within a LEED-certified sustainable office, and it does not test its products on animals.

Method has also innovated its brand, building a company that stands for much more than just tedious cleaning. As well as being eco-friendly, packaging has been designed to be both colorful and countertop-friendly, while the company not only has a wide following on leading home decor and design blogs, but also hosts its own community site, known as “People Against Dirty.”

Image Credit :
Method hand soap
courtesy of Method



FIVE TYPES OF INNOVATION

- 1 Method outsourced production to more than 50 separate subcontractors to develop a nimble and flexible manufacturing process.
- 2 In a process the company calls “greensourcing,” Method worked with suppliers and manufacturers to track the environmental impact of making its products. It also identified best practices to improve the water, energy, and material efficiency of its manufacturing processes.
- 3 Method’s product not only kills germs and grime, it was developed to avoid using toxic chemicals or destructive production practices. The company adhered to “the precautionary principle,” meaning that if there was a chance that an ingredient wasn’t safe, it didn’t use it.
- 4 With its readily identifiable, bright, and colorful packaging (originally created by industrial designer Karim Rashid), Method built a big following in home décor and design blogs and its bottles have prompted instant on-shelf recognition.
- 5 Method created a community called “People Against Dirty” that offered perks, deals, and early looks at new products for customers. However, to broaden the brand’s appeal, they opened the community beyond customers and invited anyone interested in making the planet a cleaner place; a tactic which advanced the company’s brand promise and extended its reach to potential customers.

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