

# The New Innovation Blueprint for the Enterprise

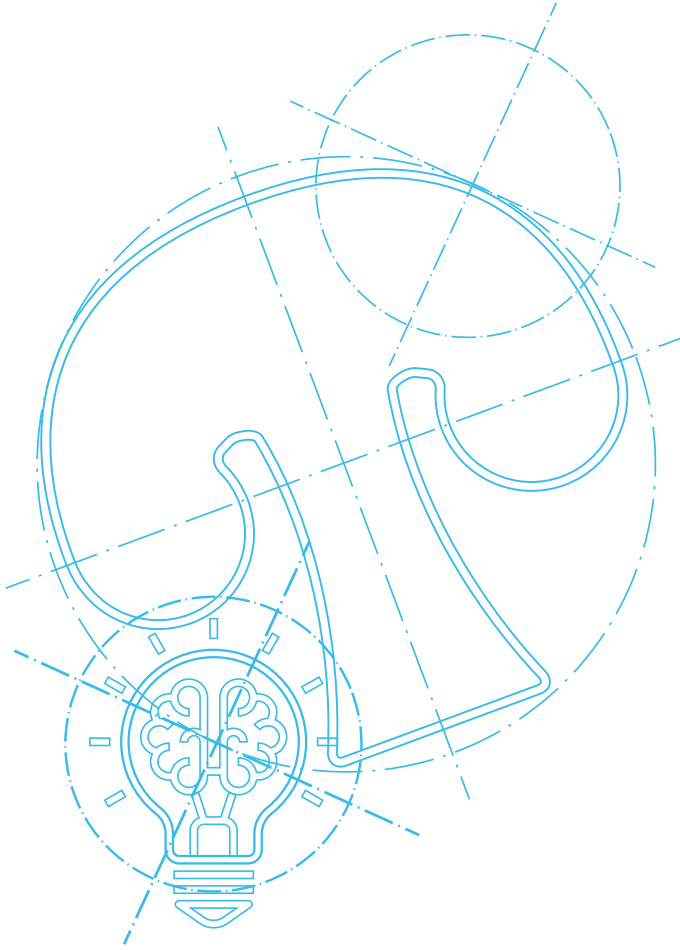
A human-centric approach to seeding  
new ideas and harvesting sustainable  
digital development



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## How much room should you make for innovation? As mushy as possible!

**T**he words “human” and “humor” both trace back to the Indo-European root, “ghom,” or “humus,” meaning earth or ground. This etymology is enlightening if we think about the common thread of being born of this earth, and how important it is to be able to laugh at ourselves (“humility” is part of this root, too) in order to face life’s realities.

During the pandemic, I spent many hours walking through the woods, looking up at the trees, listening to the birds chirping. I even launched a podcast, [“Wild Talk,”](#) featuring conversations that all take place outdoors. Nature humbles us, and reminds us of our place in the grand scheme of things.


Meanwhile, underfoot — in forests, gardens, even deserts — is a rich and complex network called mycelium, a fundamental building block of healthy soil. These fungi roots branch throughout the earth, in patterns that mimic the synapses of the brain, intertwining with plants and trees, moving carbon and nutrients. Without this critical layer, entire ecosystems would collapse.

When I approach our clients and partners to implement an innovation program, one of the first signals I look for is healthy soil. What I mean by that is, what is in place to support innovation within the organization? How are resources, people, processes, and knowledge connected? Just as the mycelium colonies decompose organic matter, a sustainable innovation culture will be generative. You can take lessons learned from “failed” initiatives and compost them into valuable learnings or components. You can curate a rich environment in which seeds can sprout and fruit can grow and ripen.

Now that we’re seemingly out of the pandemic storm, we’ve adjusted to a paradigm shift. Research shows that for many organizations, **productivity has not suffered with remote work, but innovation has**. While Slack, Zoom, and online collaboration tools keep us focused and in constant communication, studies show that we’re working with fewer people under stressful conditions that can lead to burnout. It’s not enough to say that your organization is “doing innovation.”

Innovation requires trust. To truly feel free to exchange ideas, people need the psychological safety that allows for vulnerability. We’ve found that introducing humor early in the creative process opens the mind for vigorous brainstorming... from improv comedy sessions to silly board games. There’s scientific evidence behind this, too: Adding opportunities for laughter to your innovation teams and events can improve the outcome by as much as 37 percent<sup>1</sup>.

At Modus, we’re passionate about transforming organizations at the root, collaborating in that space between idea and reality, and delivering better experiences for humans. I hope you find this blueprint a useful resource as you evolve your innovation program.



**Jay Erickson**

Partner, Chief Innovation Officer

<sup>1</sup> Karuna Subramaniam, John Kounios, Todd B. Parrish, and Mark Jung-Beeman, “A brain mechanism for facilitation of insight by positive affect,” *Journal Of Cognitive Neuroscience*, March 2009.



“ ”

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# What does it mean to be an innovative enterprise today?

As a buzzword, “innovation” gets thrown around a lot these days. So much so that it’s hard to know what we’re really talking about when we say it. Merriam Webster unpacks the word simply: “the introduction of something new.”

In business, innovation isn’t just about inventing new stuff — **your products and services must be customer-centric or employee-centric to be of value.** And today, both the customer and employee mindset have shifted. Examples abound of how the enterprise accelerated digital transformation during the whirlwind disruption of the past few years. Video conferencing became ubiquitous; wellness has been prioritized, particularly in the form of meditation apps, Pelotons, and smartwatches; and we’ve witnessed the triumphant return of the QR code.

A global survey by McKinsey<sup>2</sup> on digital strategy showed that enterprises accelerated digitization, on an average, by three to four years during the pandemic. Moreover, the share of digitally enabled offerings in their portfolios accelerated by a staggering seven years.

This advancement has been accompanied by volatility in the economy, armed conflicts, societal upheaval, supply chain vulnerabilities, climate change — essentially, a state of uncertainty is the new normal. As a result, ESG (Environmental, Social, and Governance) topics have emerged as critical issues for organizations of all sizes.

All signs point to the need for companies to shift from “survival mode” — executing critical, short-term fixes — and focus on thriving. By embracing this moment to reset and reinvest in core competencies, drive operational efficiencies, and produce future-forward initiatives, organizations can design themselves to be adaptable and resilient.

Enterprises worldwide plan to spend more than half of their technology budgets on innovation through 2024, according to IDC<sup>3</sup>. The modern enterprise depends on the agility of its development teams (both in-house and supplemental) to execute new concepts that create a competitive advantage.

**However, with new products and services rolling out at a constant pace, developers are reporting that they’re having a hard time keeping up with the increase in requirements, expectations, and business demands.**

<sup>2</sup> McKinsey, “How COVID-19 has pushed companies over the technology tipping point,” October 2020.

<sup>3</sup> Nancy Gohring, IDC, “Pandemic Tips the Scale of IT Spending Toward Digital Innovation,” February 2022

A 2022 global survey of IT decision-makers<sup>4</sup> found that the top challenges facing developers include difficulty meeting deadlines and agility requirements (42 percent) and being asked to do too much with too little time (40 percent). Innovation post-pandemic will be very different from what it was pre-pandemic. With financial and talent resources likely to be constrained, organizations must reimagine innovation for value and relevance.

And with an increasingly complex IT environment, it can be difficult for technology teams to perform as the innovation engines that their organizations require. **Success requires a holistic approach bridging practices, technology, and culture that supports an environment that is able to scale quickly with the business.**

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<sup>4</sup> Jess Morris, Couchbase, "Arming developers with the right technology to reduce pressure and help win the race to the cloud," September 2022.



# How can organizations manage rapid adoption of new technologies effectively and efficiently?

Sustainable development requires repeatable processes grounded in a human-centered approach. Any organization looking to thrive and grow needs to build capability and culture for a healthy pace of innovation. It takes a particular **mindset** and clear decision-making **process** to effectively translate a novel idea into an innovation with impact.

At Modus, we have more than two decades of experience helping large organizations like Johnson & Johnson, ADP, and Moody's break down silos to introduce more human-centric strategies, products, and processes. By introducing more efficient ways of working, we help our clients transform technology teams from cost centers into centers of innovation. The results? Accelerated time to market, improved collaboration, and more reliable productivity.

**While there's no one-size-fits all methodology for innovation, in this playbook, we'll unpack several of the formulas we use to guide technology leaders as they strive toward innovative product development that is both sustainable and customer-obsessed.**

## Our approach relies on three core competencies:



Create a fertile ground for innovation



Build a turbine of experimentation



Compost failures and tend to the roadmap



# Legacy innovation challenges

To understand where modern innovation programs are going, it's helpful to look back at the legacy systems that preceded them.

In large organizations, there is usually an in-house innovation team. It may consist of a dedicated group of people who are tasked with coming up with new ideas that could make or save the business money, explore new business models, or innovate around existing products and services. This group may be a collection of individuals scattered across many departments reporting up the line or a dedicated unit such as a separate R&D team, skunkworks, or accelerator lab. Outside consultants may be brought in, or the company could outsource its innovation program entirely. The innovation group considers various problems or opportunities and tries to come up with novel ideas that could solve those problems or exploit opportunities. There are usually a lot of whiteboards and mountains of Post-It® notes in these innovation units.

Traditionally, these teams have functioned under the model of the “innovation funnel.” First coined by Steven C. Wheelwright and Kim B. Clark in their 1992 textbook, *Revolutionizing Product Development*, the innovation funnel has served as a handy tool for visualizing the new product development process. The funnel consists of three major stages —

investigations, development, and shipping products — which illustrates the innovation process businesses usually follow to identify ideas for assessment, development, and bringing to market. Within the funnel are “stage gates,” which typically call for the innovation team to present its concepts to a higher-level management team for keep-or-kill approval.

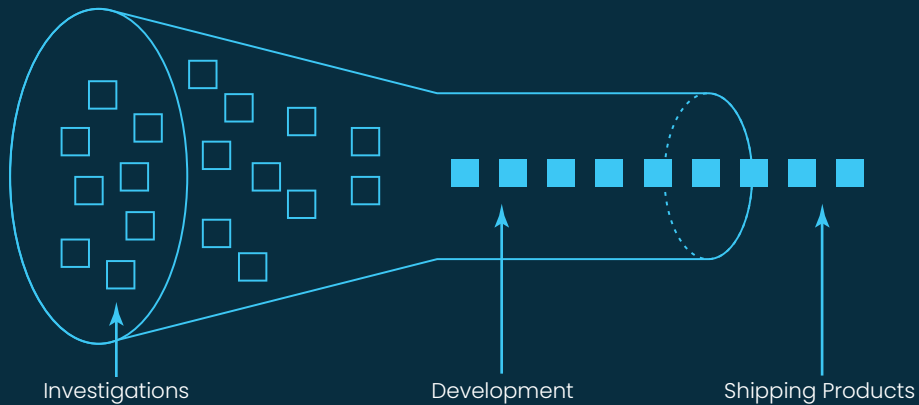
In the face of radical consumer behavior shifts, companies can't afford to not be curious, creative, and focused on real human needs. The Covid pandemic proved to be an historic disruptor, and businesses must be resilient to thrive. Innovation has become a core competency for the enterprise.

The main problem with the innovation funnel approach is that it insinuates a linear process, whereas, innovation is a continuous cycle.



## The Innovation Funnel

From Wheelwright & Clark, *Revolutionizing Product Development*, 1992.



**The main problem** with the innovation funnel approach is that it insinuates a linear process, whereas, innovation is a continuous cycle.

- ✘ The funnel ends up functioning as more of a filter. **Ideas and projects compete against each other**, and the focus is on picking winners, rather than creating winners.
- ✘ The funnel **doesn't make space for failure**, so ideas deemed too experimental or risky (i.e., truly innovative) are quickly shut down.
- ✘ The funnel becomes a **lengthy and expensive process** where concepts are watered down.
- ✘ Typically results in **incremental improvements to the status quo** by launch time.

# Introducing the 'Innovation Farm'

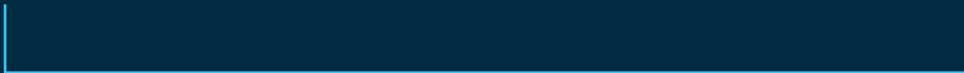
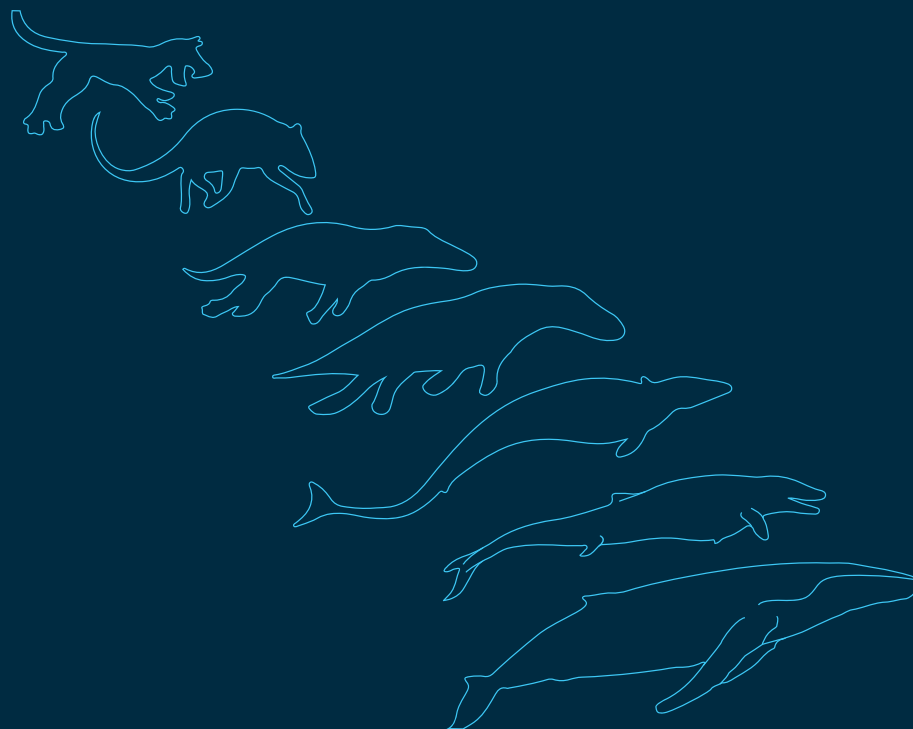
There's no shortage of metaphors when it comes to product development — some say it's like building a car, other's say it's all a game. As an alternative to the innovation funnel, [Modus'](#) Chief Innovation Officer, Jay Erickson, and Gen Gurczenski, Experience Architect, Emerging Technology Innovation at [W.L. Gore](#) (makers of Gore-Tex), partnered together with their respective teams to develop **a new approach to innovation programs. We call it the "Innovation Farm."**



Gore proved to be a perfect partner for discovering a new way to think about innovation. Even though much of its work is manufacturing, which requires industrial processes, their organization is famously non-hierarchical. The firm has organized itself into autonomous pods since its founding in 1958, long before the Zappos holacracy was a glimmer in Tony Hsieh's eye.

The farm works well as a core image for innovation because it connects to themes of nature – after all, Mother Nature is the greatest innovator of all time. The natural world evolves without any rules or hierarchy of decision-making. Everything in the natural system is interconnected and impacted by environmental factors that interact, evolving the system over time.

And yet, the farm is a human construct around organic life, with the goal of producing results that reward the greater community. Farming is hard work requiring diverse skill sets, but there's a craft and a ritual to it, a seasonal cycle. **By understanding how systems like farms work, we can more effectively design solutions to problems that are complex and persistent.**



Visual illustration of the humpback whale's evolution from land animals



FUNNEL

VS

FARM



Cutting and Slashing

Feels like a Race

Live or Die by Linear  
(Creative ) ROI Models

Innovation Infrastructure  
in Consumptive

Competitive

Growing and Evolving

Variable Speeds OK

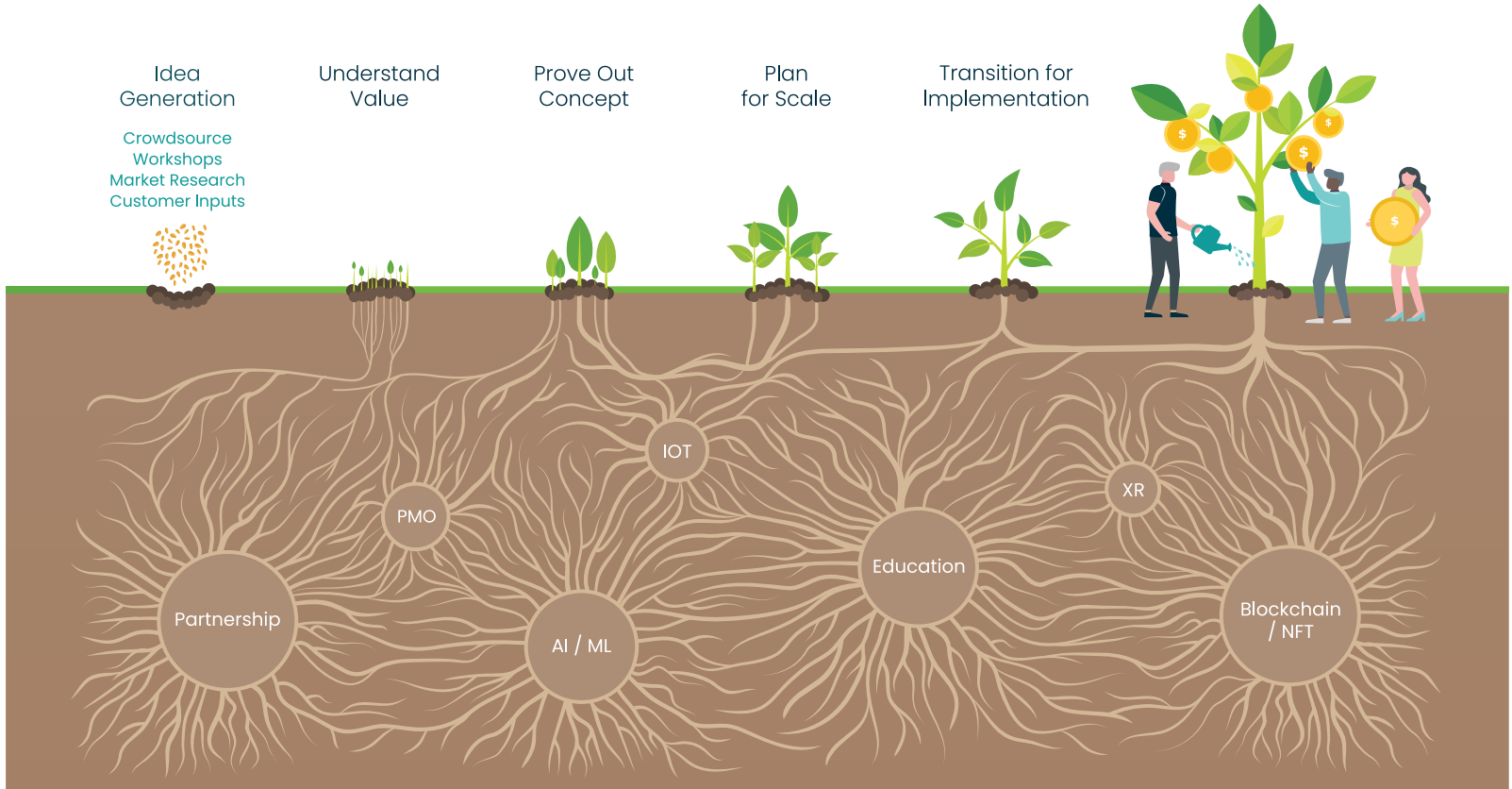
Projects and Ideas Have  
Intrinsic Value

Innovation Infrastructure  
is Generative

Collaborative

# How the innovation farm works

We can observe nature's way of structuring and organizing ecosystems that work in concert, and apply those patterns and concepts to the Innovation Farm model.



# To use the Innovation Farm model, make decisions like farmers do.

There are many pathways to creating a healthy innovation program; we believe the farm serves as a nice analogy because it's focused on production and sustainability. Other analogies you could turn to include the atomic system, with its constantly changing particles, or our expansive solar system, with its orbiting planets, as inspiration for managing complex systems.

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**Whether the Innovation Farm inspires your approach to innovation or not, you'll want to find a structure that allows for agile, configurable, and flexible methods of production.**



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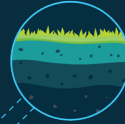


## Key characteristics of an Innovation Farm:

Cross-functional teams and partners made of diverse skill sets (roots)



Focused on the goal to deliver business value (harvest), but also invested in sustainable processes and resources (seeds, soil, and the mycelial network)



Uses design thinking to identify objectives and key results (seedlings)



Uses data such as validation testing to inform 'pivot-or-proceed' decision making (weeding)



Is not siloed, but rather transparent and navigable (fields, pastures, and pens)



Harmonious to the surrounding environment where ideas are encouraged to thrive (grow, germinate, flower, and fruit)







Part I:

# The Innovation Mindset

Laying the groundwork

# Create a fertile ground for innovation



It is safe to say that fully two-thirds of our farmers fail, they fail first, because they do not turn (broadcast) their land in the fall just as soon as the crop is off. Second, they do not plow deep enough.

— George Washington Carver



Let's take a trip back in time to the turn of the 20th century in the American South, where 90 percent of African Americans lived, despite being free from enslavement. According to Census reports, a majority of Black families lived and worked as sharecroppers on farms, mainly cotton farms. However, generations of cotton farming had depleted the soil of its nutrients, leaving farmers unable to sustain crops, let alone feed their families. Enter George Washington Carver, invited to Alabama's Tuskegee Institute by Booker T. Washington to teach agricultural science not only to students, but also to the African American community at large.

Carver introduced methods of tilling, crop rotation, and fertilization, helping the tenant farmers revitalize the land with nitrogen-rich peanuts, sweet potatoes, and cowpeas. Following the crop rotation practice resulted in improved cotton yields and gave farmers alternative cash crops. So while it's widely known that Carver went on to develop more than 300 food, industrial, and commercial uses for the peanut, he also has an impactful legacy as a pioneer of sustainable agriculture.

Why are we telling you this story? We can learn from Carver's ingenuity and ability to use nature as a muse as inspiration for enterprise innovation practices. Just as soil becomes depleted when nutrients aren't replenished due to intense cultivation, teams can become burnt out when they are tasked with the same activities over and over again. Particularly, tech and innovation teams can become fatigued when they fall into a pattern of one-and-done development that requires massive resources only to be discarded down the line.

**Just as farmers can focus on healthy topsoil to plan for better agricultural outcomes, we can look at organizational structure and culture as influences on how enterprise teams behave and perform. Strive for an innovation program that uses only the amount of energy that can be sufficiently absorbed by the resources available (the team and their tools and materials). Provide conditions such as a creative and curious leadership team and psychological safety net to nurture a dynamic, solution-oriented mindset.**

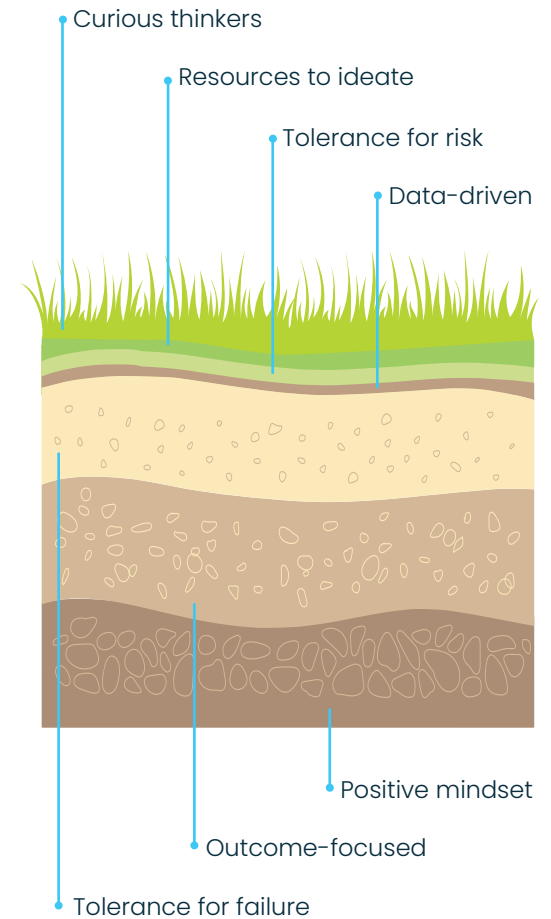


## What's in the soil?

### What are the foundational building blocks for a best-in-class innovation program?

- First and foremost, people are the key. Leadership hires curious thinkers and problem solvers. Cross-functional teams work in flat hierarchies.
- Teams are given space (mental and physical) and resources to ideate and ask questions about the future
- Teams embrace risk and an experimental mindset. (Example: Amazon's "It's Always Day 1" mantra.)
- Teams are informed by user data to provide evidence, learnings, and context
- Teams are comfortable with the unknown and embrace failure as a learning opportunity
- Teams focus on outcomes and impact rather than productivity
- Leadership emphasizes the importance of business growth that contributes to society in a positive way and is ethical, responsible, and environmentally sustainable

**Know what your current organization is and isn't capable of and what capabilities you need to achieve a newly articulated innovation strategy.**



## Balance resources and priorities

Once the foundational environment is in place and the seeds of your innovation culture are embedded, you'll be eager to get started. Innovation teams need to have a bias for action. However, enterprises don't go from zero to innovation overnight. To innovate rapidly without burning out your team or creating more technical debt, you need to design an innovation process built for resourcefulness.

Most of us are familiar with the phrase "building the plane while flying it" to refer to iterative development, or forging ahead with an ambitious strategy while perfecting it. Just as important to success is how well and how quickly a company can assemble the capabilities required to execute that strategy as it evolves.

**To achieve new technology development often requires business process improvement — the two go hand-in-hand. So how can organizations prioritize operational excellence while making space for the uncertainty of experimentation?**

“

Two roads diverged  
in a wood, and I —  
I took the one less  
traveled by, And that  
has made  
all the difference.

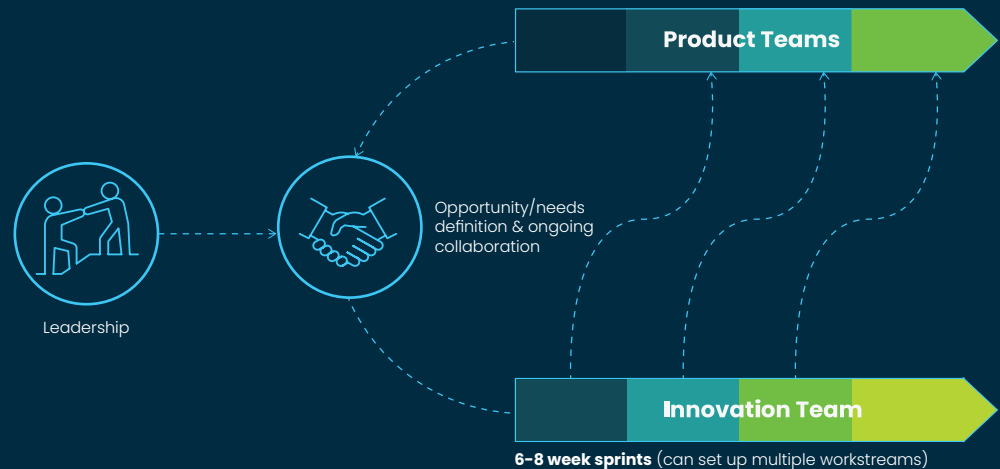
— *Robert Frost*

”

# Enter the ambidextrous organization

The term “organizational ambidexterity” is well-known in business management literature, referring to handling the day-to-day needs of the business adjacent to the incubation of new solutions that address tomorrow’s challenges.

**By separating digital teams into two arms — an innovation program and a “run the business” program — organizations can jumpstart a vision for their future without losing traction on the day-to-day needs of the business. Generating and iterating concepts quickly while providing operational stability can set enterprises up for accelerated growth. Taking this framework a step further, the two arms can share learnings and challenges to identify areas for further innovation.**



# Case Study: Gibson

One of the premier names in American guitars hired Modus to inject a culture of innovation and human-centered design.



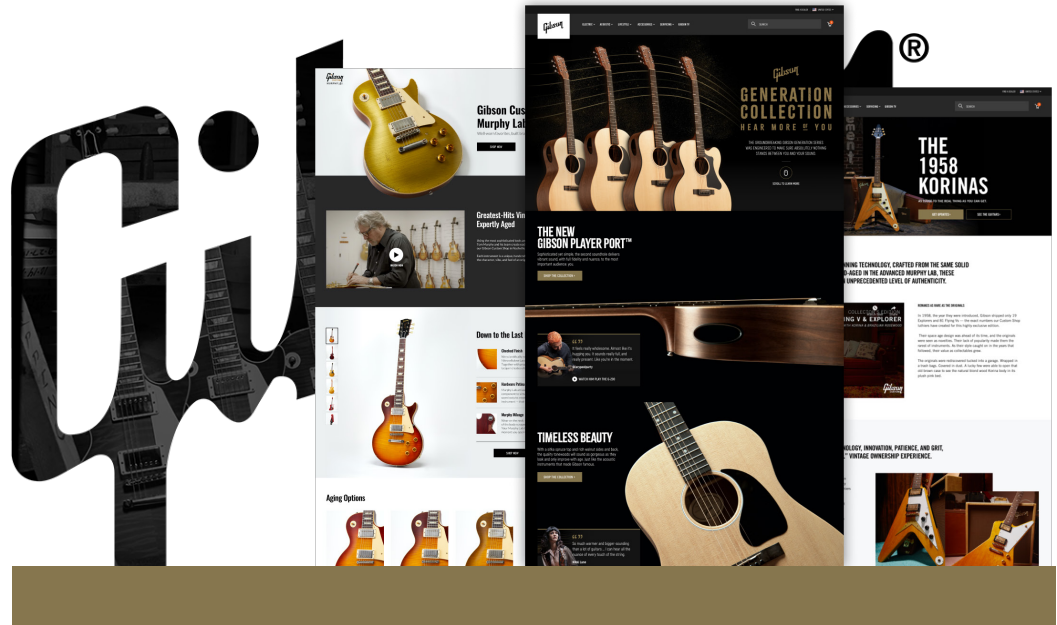
Under new visionary leadership, Gibson, the 125-year-old guitar industry icon, wanted to modernize the business without cannibalizing its existing success. Modus worked with senior leadership to set up two teams within Gibson: one that worked on day-to-day digital business (ecommerce, CMS, digital marketing), and the other on a comprehensive innovation program. This structure allowed Gibson to build space for fresh thinking.

The day-to-day group, named Team Flying V after one of Gibson's most iconic electric guitar models, focused on the core roadmap of delivering near-term growth and operational excellence. Initiatives such as streamlining the marketing tech stack, creating a component system for digital design, and launching a brand style guide all fell under this workflow. By aligning technical infrastructure, outputs such as a new landing page now only take minutes to create, helping the brand achieve its omnichannel goals faster.

The innovation group — named Team Explorer, also after one of the company's signature guitar models — worked on six- to eight-week sprints tied to specific concepts. Initial ideas came by consulting with company leadership and interviewing players and artists, as well as more traditional product teams and other stakeholders.

Once a concept was chosen, the innovation team iterated rapidly, moving from idea to MVP in less than two months. The end result was a strategic vision, a prototype for the new product or service, customer validation findings, and a business model for scaling the new innovation into profitability.

During the workflow, the innovation team shared its findings and got constant feedback from the product team and executives. The rapid timeline and multiple work streams resulted in three new proprietary ideas to transform the customer experience.





## Make room for cross- pollination

Although teams may work on different missions, it's important not to be completely siloed. Ideally, knowledge flows in both directions, and innovation becomes everyone's business. Also, take into consideration that everyone will want to work on the cool new thing. Providing opportunities such as lab hours or hackathons where the entire organization can have fun and build exciting prototypes is one solution to bridging the gap.

While not every organization can afford to pause normal operations to make space for innovation, there is growing evidence that healthy workspaces, with generative cultures and happy employees, are associated with higher business performance. Researchers at Northwestern University found that **incorporating opportunities for laughter can improve ideation, creativity, and problem solving by as much as 37 percent**<sup>5</sup>. That's not just 37 percent more fun, but 37 percent more growth opportunities for your business.



<sup>5</sup> Karuna Subramaniam, John Kounios, Todd B. Parrish, and Mark Jung-Beeman, "A brain mechanism for facilitation of insight by positive affect," *Journal Of Cognitive Neuroscience*, March 2009.

At Modus, we have quarterly make-a-thons – team-building exercises where the entire company pauses work for several hours to focus on innovation and collaboration. Multidisciplinary teams are intentionally diverse, and the projects require rapid ideation and creation. Building a Web3 or chatbot project from scratch can help internalize processes and information in tangible ways. The challenges invite us to stretch our thinking and skillsets, and there are incentives to produce impressive results.

**What would it look like for an organization to offer innovation programs to its entire workforce as part of a wellness initiative to combat employee burnout? By welcoming a wide range of teams to participate in stimulating, tension-releasing activities and share ideas, companies can mobilize a more inclusive approach to innovation.**

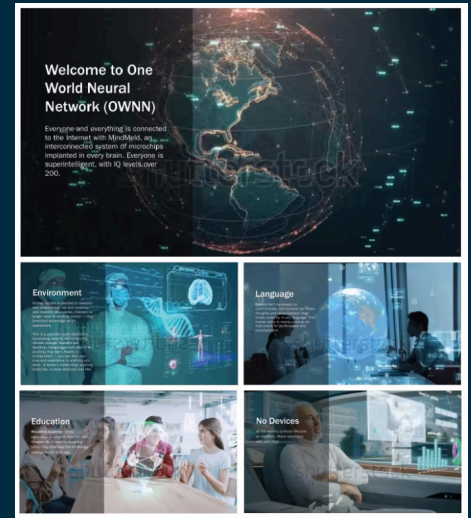
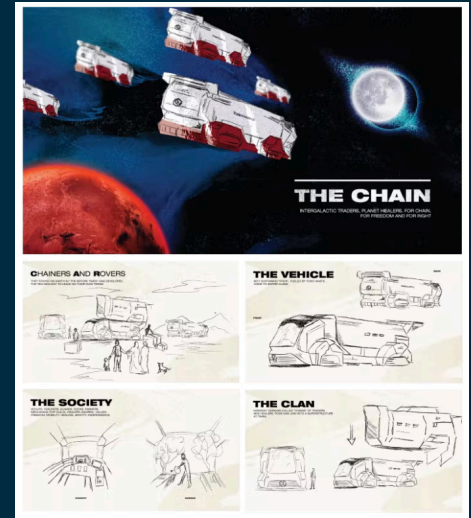
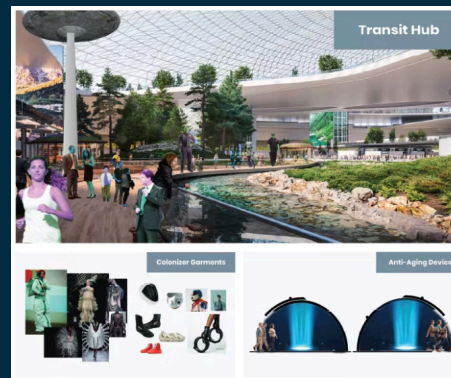
## Modus 'Worldbuilding' Make-a-thon

### Crafting Our Worlds

The exercise consisted of two 2-hour collaborative workshops in which each of our multidisciplinary teams had to envision, sketch, and present the worlds they created. Each new reality needed to consider:

- Environment
- History
- Language
- Ethics
- Judicial systems
- Transportation
- Economy

Though it seemed so simple at first, the process of constructing an imaginary world and crafting the many facets of life in another reality, was a challenge to say the least. Plus, we're a pretty competitive bunch so the pressure was on – especially since there were bragging rights and money prizes for the top three teams.





Part II:

# The Innovation Process

Enabling and executing

# Three fundamental workflows

You can use a **design thinking** framework to discover and validate concepts that are ripe for your innovation program, apply a **lean UX** approach to quickly design your ideas, and an **agile development** process to move into prototyping and optimization.

**All three methodologies share commonalities — they aim to understand what people want, and are action-oriented ways to test and build solutions. We have learned that by combining these methods, innovation programs run faster and lead to more successful results.**



## Design Thinking

How to approach  
a problem



## Lean Startup

How to develop and  
test your solution



## Agile Development

How to make and  
scale your solution



# Build a turbine of experimentation

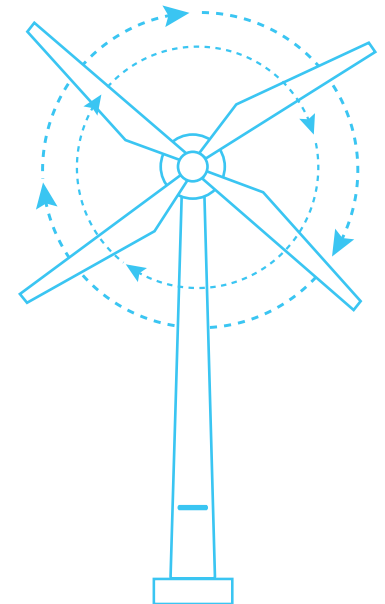
It's time to fire up the engines, whirl the windmills, and spin the flywheels of strategy and lean agile development. It's time to dig in and get to work. Innovation is hard and it's messy: To avoid going off the rails, you'll want a disciplined, scalable framework. For a human-centered approach that aligns with business outcomes, we recommend applying design thinking.

## What is design thinking?

Tim Brown, CEO of IDEO, the design company that popularized the term design thinking, says "Design thinking can be described as a discipline that uses the designer's sensibility and methods to match people's needs with what is technologically feasible and what a viable business strategy can convert into customer value and market opportunity."<sup>6</sup>

One does not need to be a trained designer to apply design thinking methodology. Unlike critical thinking (which breaks down ideas) or problem-solving (which makes things go away), design thinking is about creating something new to meet an unmet or unarticulated need.

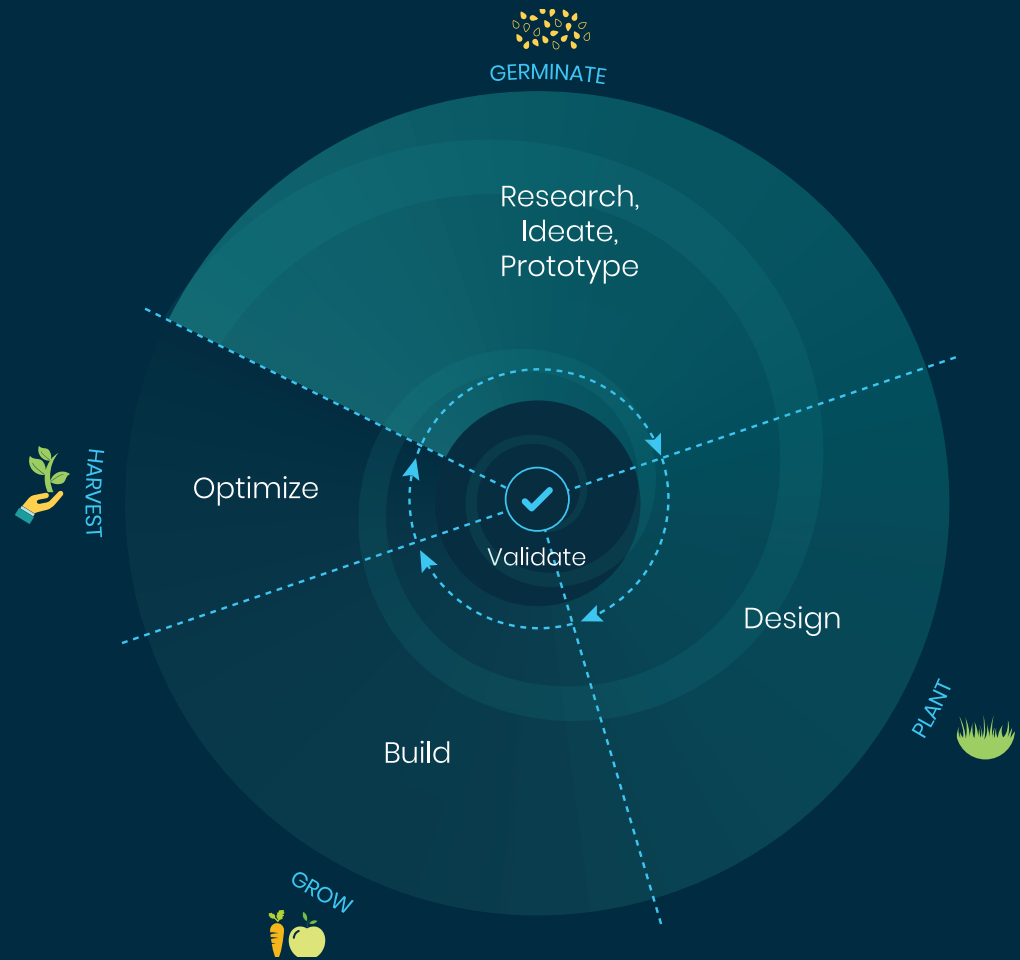
Design thinking also minimizes the uncertainty and risk of innovation. Instead of proceeding with gut instincts or groupthink led by market research, **design thinkers engage customers or users through a series of prototypes to learn, test, and refine concepts.** McKinsey reports the best results come from constantly blending user research — quantitative (such as behavior tracking and harvesting online reviews) and qualitative (such as usability interviews) with market analytics.<sup>7</sup>



<sup>6</sup> Tim Brown, "Design Thinking," *Harvard Business Review*, June 2008.

<sup>7</sup> Benedict Sheppard, John Edson, and Garen Kouyoumjian, "More than a feeling: Ten design practices to deliver business value," McKinsey, December 2017.

# The innovation sprint framework





## Research

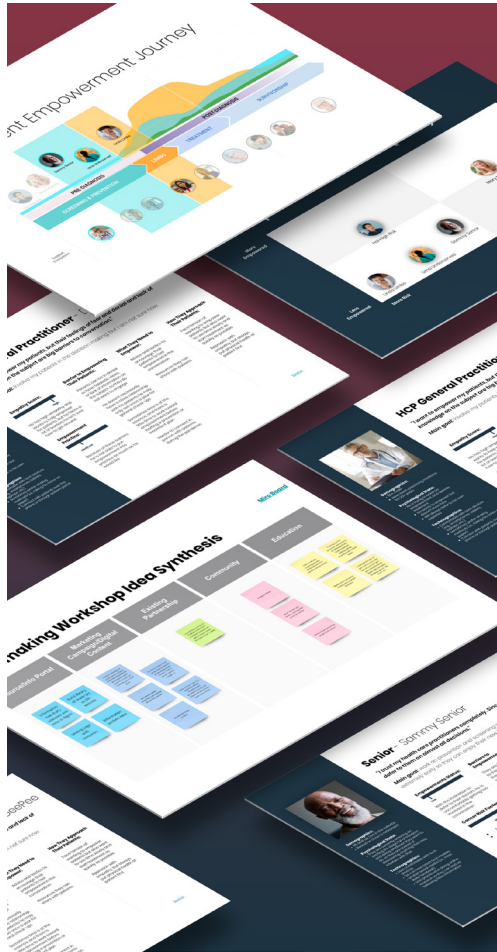
### Digging for information

A robust discovery phase is an essential part of the innovation sprint. Otherwise, your innovation team is likely to build something that is of interest to them, and not necessarily meeting the needs of the end users.

In order to gain an empathetic understanding of the problem you're trying to solve, you'll need to set aside your own assumptions and gain real insight into users and their needs. During the research process, information-gathering activities may include:

- **User research:** Go to the source! Researchers can uncover valuable audience insights by utilizing a variety of investigative methods such as user interviews, focus groups, and surveys.
  - **Competitive analysis:** Strategists scan the market, collecting data on products similar to the one being developed. They look for insight into who is using the products and in what context they are being used. Their goal is to identify gaps in the market and current product weaknesses.
  - **Data collection:** Data is perhaps an organization's most valuable non-human asset. Ideally, companies have a single source of truth where data can be benchmarked and interpreted easily, such as existing customer trends, what's working, and what's not.
- **Stakeholder interviews:** Team leaders develop a list of people (including the end users) whose insight and approval are critical to the success of the product. Interview sessions with these stakeholders allow strategists to learn more about business objectives for the product as well as cultivate buy-in from key internal players.
  - **Define ROI:** What will it take to make a digital innovation product worth the investment? Engagement leaders work to identify high-stakes business problems and the solutions that would create the most new value.
  - **Consequence mapping** can also be a useful exercise. Questions might include:
    - How will this innovation affect other systems in the supply chain? In the environment?
    - What is the local economic impact of this innovation? What is the larger economic impact?
    - Who will be the most negatively impacted if we don't create this innovation?
    - What positive impacts could this innovation have?





## Understand the scenario

Synthesize the findings from your research phase to define the users' needs, the problem, and which solutions can meet their needs. Outputs from this phase may include **persona and journey maps** illustrating motivations, pain points, and jobs-to-be-done. Don't forget to include **systems thinking** at this step – what is the bigger picture surrounding your target audience?

These types of tools facilitate storytelling and make the abstract more contextual and concrete, so we can understand the value of what we are creating.

## Ideate

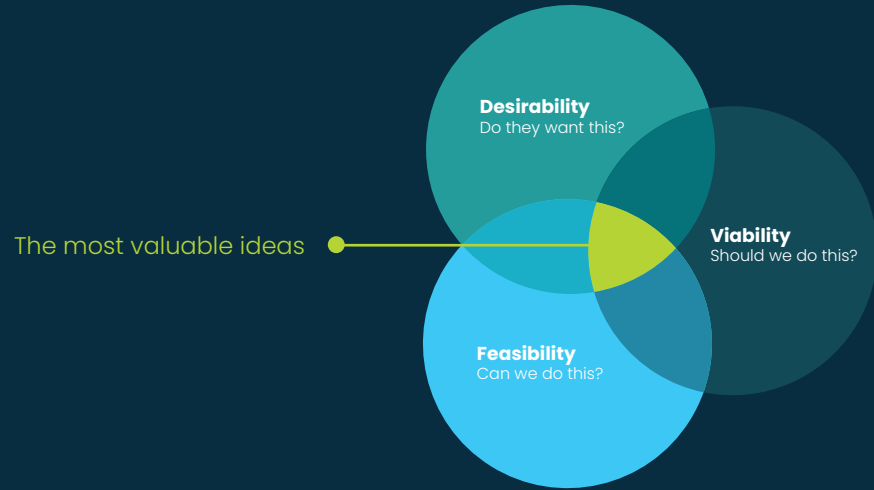
Now, for **the fun part – brainstorming**. You'll want to keep the conversation generative rather than decisive at this stage – even ideas that seem unfeasible are still valid at this stage. Remember, we have built a tolerance for failure into our innovation culture. **Generate as many ideas as possible**, regardless of whether you know how to implement them. Be sure to engage all participants and ensure that everyone on the team has the opportunity to contribute their thoughts. Then, **organize those ideas into clusters and decide which clusters have the greatest promise**.

## Decide which ideas to develop

Alas, **the hard part – concept narrowing**. How to decide which seeds become seedlings? For larger companies with many stakeholders across multiple departments, decision-making can be slow. Don't worry if some conflict arises; disagreement is inevitable and fundamental to innovation. The important thing is to not let differing opinions lead to inaction. Be mindful to portray change in a positive light.

We're a creative bunch here at Modus, so we tend to throw a lot of ideas around at this stage. While there's no one-size-fits-all format for concept narrowing and building a product vision, there are tried-and-true templates you can use as a jumping-off point.

**For concept narrowing,**  
we like a Venn diagram:



**The Brief Brief** – To help align on your concept, developing an elevator pitch is a classic way to set intentions. We like this fill-in-the-blank format you can use to guide your thinking:



# Need a jumpstart? Workshop it!

For most organizations, coming up with ideas is the easy part. Tossing around ideas, “throwing spaghetti at the wall” — anything-goes brainstorming sessions can be fun and invigorating. But teams that try to do a little bit of everything often end up doing a lot of nothing because they are spread too thin. A big part of an innovation strategy is deciding what not to do.

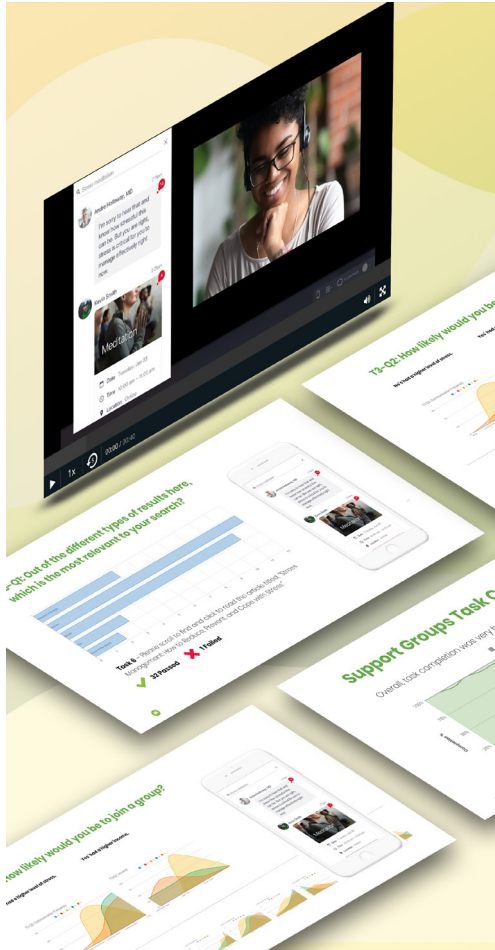
At Modus, we recommend incorporating co-design workshops into your innovation sprints. We’re such big proponents of this approach that we’ve developed an immersive offsite program for product, strategy, and innovation teams. Led by our expert guides, [Lodestone Design Thinking Sprints](#) get teams together in a distraction-free setting to rapidly ideate and explore new solutions.

We typically begin with exercises designed to relax the tension, such as physical comedy sessions — a method based in neuroscience that **opens the brain to more creative thinking**. We also make sure to spend time interacting with nature, such as foraging in the woods. Activities like these stimulate new ways of thinking, and build the psychological safety teams need to express their ideas freely. Our clients leave aligned, energized, and committed with tangible takeaways to power the next stages of their roadmaps.

Whether you co-locate as a team to kickoff your innovation agenda or meet remotely, or your efforts are initiated by independent “idea hunters,” you’ll want to start with a clear vision and purpose. Many innovation programs start with finding a problem to solve. But what if you are applying emerging technology that’s so new, problems do not yet exist?

Companies exist because of their customers and their employees, and any discussion of innovative solutions must begin there—especially as customer and employee needs have dramatically evolved. Leaders should ask themselves questions like these up front:

- **What do our customers/employees need, both today and in the near future?**
- **How do they want to engage with us?**
- **How can we uniquely meet our their needs?**
- **What kinds of technology can we apply?**
- **What problem are we trying to solve (high level)?**
- **What’s our expected result?**
- **Who is on the innovation team?**
- **Who else needs to be involved?**
- **What’s our definition of done for this sprint?**



## Prototype and validate

Once the team is aligned around a hypothesis, it's time to create the concept and test it in the real world. The main goal in this phase is to **find data points to confirm or challenge your assumptions about how your solution fits the needs of the audience.**

For the prototyping stage, start with the most simple, achievable **Minimum Lovable Product (MLP)** and bring it to select target audiences for feedback and analysis. The prototype could be a clickable mockup, a video, or a visual sketch of the concept — anything that can be created with minimal time and resources to illustrate your core idea.

Decide how you will validate your assumptions around your prototype's market attractiveness, competitive position, and value proposition. One metric for product-market fit is if at least 40 percent of surveyed users indicate that they would be 'very disappointed' if they no longer have access to your product or service.

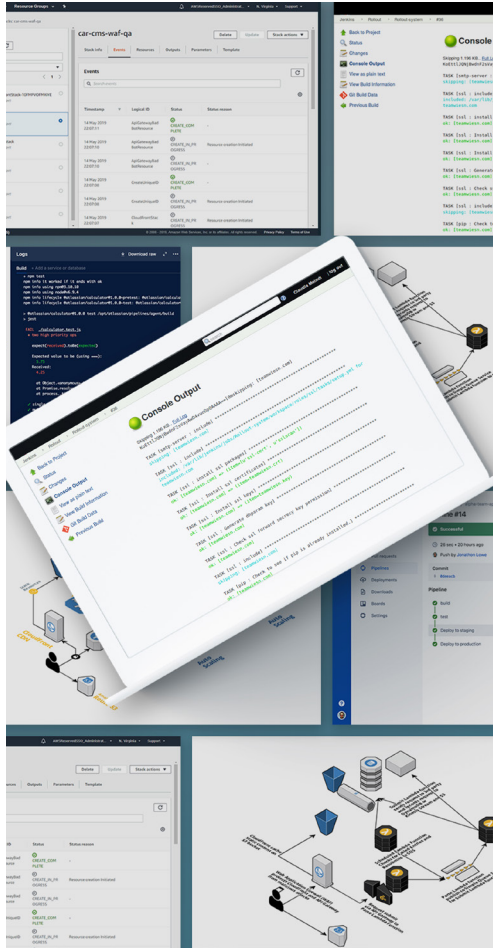
We recommend a combination of quantitative and qualitative research. **Quantitative research** methods include A/B testing, website analytics, card sorting, and mouse tracking, or ways of gathering

numerical data. Meanwhile, **qualitative research** seeks to understand users' attitudes and emotions — examples include moderated and unmoderated interviews, focus groups, and diary studies. By facing user scrutiny early and often, your concept can rapidly be adjusted for improvement, with results being measured at each release.

Testing prototypes can be a challenge. No one wants to hear that users don't like your idea. While it may sting to hear that users didn't connect with your mission, understanding why something didn't work will help your team avoid the risk of making a costly mistake.

Similar to the initial research phase, you'll synthesize your findings from the user validation research to align on recommendations for an **innovation roadmap**. Feature ideas generated during the feedback round will need to be balanced against your organization's priorities and constraints.

Decide how many rounds of iteration and testing your prototype will have before continuing to the next step: handoff to creative and development, repeat, or shelf.



## Lean UX creative execution

As you move into creative development, a lean UX approach is an efficient way to craft new experiences. Lean UX, published in 2013 by Jeff Gothelf and Josh Seiden, quickly started a movement in the design community for its collaborative and cross-functional process. Both a method and a mindset, lean UX starts with a benefit hypothesis. Agile teams and UX designers agree that the right answer is unknown.

A benefit hypothesis template might look something like this:

We believe this [business outcome] will be achieved if [these users] successfully [attain this user outcome] with this [feature].

Throughout the design process, teams will seek validation to guide gradual changes (or minimum lovable increments). Change happens quickly and early — while it's still cheap. As a bonus, outcomes are based on evidence rather than gut feelings.

## Build and launch

Once you have determined that your innovation meets a real user need and has marketability — or another value that you've landed on, such as differentiation or disruption — your innovation sprint has come to an end. It's time to scale your prototype. Most likely, this step involves a presentation of your Minimum Lovable Product (MLP) to a stakeholder audience to make your business case for investment in a beta phase.

**Many organizations struggle in this phase. They either put off scaling for too long or they scale too soon. Especially in a corporate setting, too much focus on monetization, generating early revenues, and realizing return on investment is a major factor in premature scaling. It's important to remember that scaling is also an iterative process. A hardware prototype will likely change in materials over time; a mobile app may rely on new tooling and techniques.**

# Compost failures and tend to the roadmap

One of the most successful innovators of our time, Thomas Edison held more than 1,000 patents. His groundbreaking technologies included the phonograph, the motion picture camera, and batteries. But despite his outstanding success, Edison failed frequently. In fact, it sometimes took thousands of attempts to perfect his experimentation. His most famous invention, the incandescent lightbulb — the very icon of innovation — was a product of thousands of failed experiments with filaments that Edison and his team tried before finding the right one. His approach to innovation was a process of elimination, experimenting until he arrived at the one way that would work.

It's crucial that organizations communicate their approach to failure so that teams are not operating in a state of fear. Innovation leaders should determine:

- **What are the incentives for discovering failure?**
- **What are the impacts of a failed innovation in your company?**
- **Who on the team is impacted?**

Most people have a cognitive bias toward **loss aversion** — losing something you already have feels about twice as significant as gaining something of the same value<sup>9</sup>. This is related to another trait, what researchers from Harvard Business School call the “IKEA effect,” which says that if we make something, we become attached to it<sup>9</sup>. The way this can manifest on an innovation project is that leaders can over-commit to inferior concepts, become sensitive to criticism, and push ideas forward in spite of their faults.

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“I have not failed 10,000 times— I’ve successfully found 10,000 ways that will not work.”

— Thomas Edison

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<sup>9</sup>Amos Tversky and Daniel Kahneman, “Advances in prospect theory. Cumulative representation of uncertainty,” October 1992.

<sup>9</sup>Michael I. Norton, Daniel Mochan, and Dan Ariely, Harvard Business School, “The IKEA Effect: When Labor Leads to Love,” 2011.

The goal instead is to **fail forward**. Going back to our Innovation Farm analogy, take your concepts (“seedlings”) and compost them back into your resources (“soil”). The process of failing forward, based on a framework developed by Cannon and Edmondson<sup>10</sup>, looks like this:

- **Acknowledge failure** has occurred. Surface the problems before they are compounded. Document what didn’t go according to plan.
- **Communicate what happened** to peers and internal and external stakeholders. Maintain a spirit of inquiry and openness, rather than blaming and denial.
- **Work to understand why** the failure occurred and learn from it. Are there new findings to consider for the next iteration?

We can learn much from Edison’s defining characteristic — his ability to turn failure into an opportunity. **Failure is merely an opportunity to more intelligently begin again.**

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<sup>10</sup>M. D. Cannon and A. C. Edmondson, “Failing to Learn and Learning to Fail (Intelligently): How Great Organizations Put Failure to Work to Innovate and Improve,” 2005.



Rather than get consumed in the disappointment of failing, try to see it as a learning process or as an experience to move you a step closer to success. The greatest innovations are the product of great failures, because they are based on results rather than accidents.



## About the authors



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As a communications lead at Modus, Selena Ricks-Good has more than 15 years experience as a published writer exploring the intersections of tech, business, and culture. She has a passion for storytelling and creating content for organizations that drives actionable results.

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As Modus' Chief Innovation Officer, Jay Erickson employs his two decades in innovation ideation to strategize for groundbreaking brands like Gore and Gibson, helping them inject thoughtful, human-centric design into digital experiences that solve problems and delight their customers. Passionate about innovative healthcare systems, he's worked to enhance the digital universes of Modus clients Cleveland Clinic, Memorial Sloan Kettering, Pfizer, Johnson & Johnson, and more.

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# Hi! We're Modus.

Innovation is not just a buzz word to us. We believe a new idea, method, product, or experience is not innovative if it doesn't also move the needle for your business or brand — and we've proven that for 20 years. We work with teams to define the goals of innovation programs and build intentional culture, processes, and tools that leverage existing values, messaging and infrastructure.

Modus is a global digital agency innovating at the intersection of people and product for the world's leading brands. From Gibson Guitars and Sesame Workshop to Moody's and Novartis, we build products that move businesses forward. We define digital strategies, design experiences, and engineer products that inspire humans and transform organizations. Headquartered in New York, we also have offices in Latin America and Asia-Pacific.

We've created thousands of successful digital experiences for leading and emerging brands, and we'll do the same for you.

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