

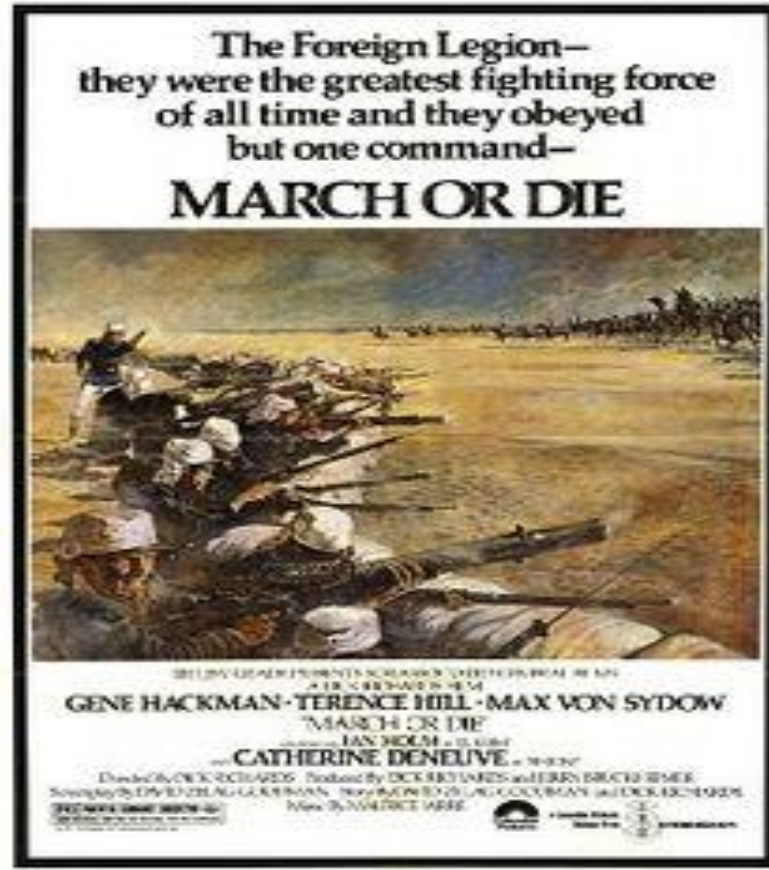
# Innovate or Die

Jim Stikeleather

Chief Innovation Officer for Dell Services



"If the desert doesn't get you, the Arabs will. If the Arabs don't get you, the Legion will. And if the Legion doesn't, then I will. I don't know which is worse."



"If the market doesn't get you, the customers will. If the customers don't get you, the employees will. And if the employees don't, then you will get yourself. I don't know which is worse."

# Transformation is essential for 21st Century business success

The purpose of the **20<sup>th</sup> century** firm:

To minimize transaction costs and achieve scalable efficiency.



The purpose of the **21<sup>st</sup> century** firm:

To accelerate capability building and effectively apply that capability to innovation.



Creating **new value** — better & faster

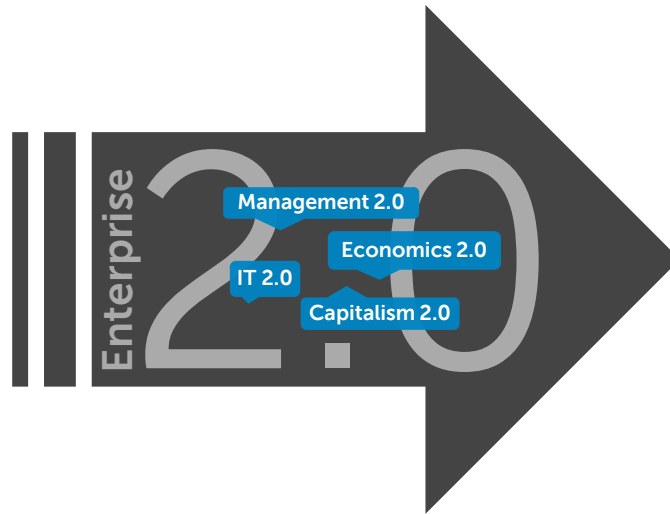
New view:  
**Socially-enabled enterprise** operating in a **digital business ecosystem.**

IT is essential to enabling firms to **evolve and innovate** with information driven value creation.

# What are we talking about?



**Purpose:** minimize variability, transaction costs and achieve scalable efficiency



**Purpose:** accelerate capability building, problem solving and innovation

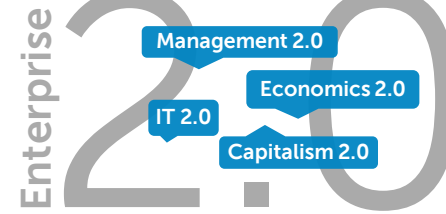
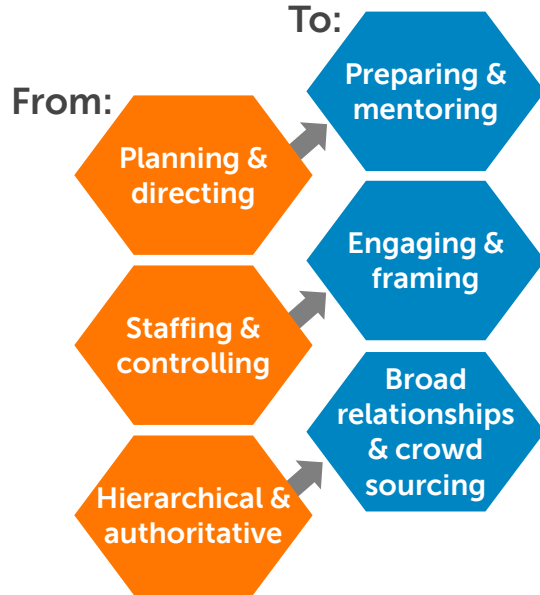
# Future of enterprise:

## Industrial work

Focus on repetition,  
scale and efficiency

## Creative and knowledge work

Focus on originality,  
innovation and efficacy



### Changed nature of value

Value will be the product of in-the-moment, at-the-place collaborative value creation actualizing serendipitous opportunity from the customer



### Smaller, more agile enterprises

Ecosystems of maniacally focused value creation enterprises competing and collaborating to drive down each others transaction costs.



### Effective socially-enabled enterprise

Spontaneous networked collaboration among multiple parties, dynamically, instantly to create knowledge and value



### Strong partnerships and relationships

Even among competitors, in order to service customer



### Complex Information systems

Lots of parts operating P2P across organization boundaries, known and unknown factors, with varying degrees of understanding



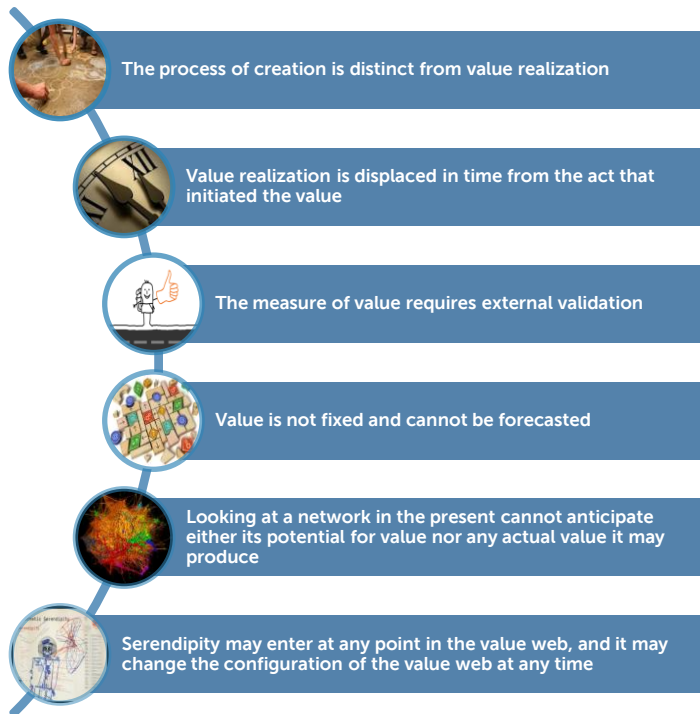
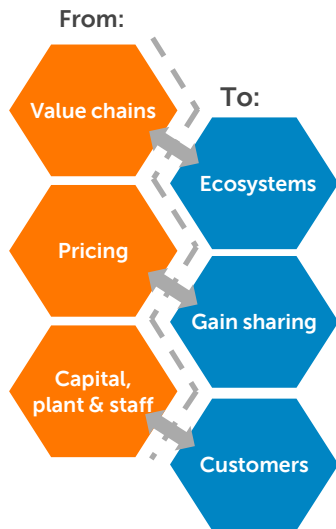
### Evolution of the workforce

Problem solving, creativity focus; autonomy, mastery and purpose driven; individual information infrastructures

# Future of the market: Consumer products

## Serendipity Economy

Opportunistic value created in the moment



Products are morphing into “windows” for services.  
II / IoT / M2M



### Resident in Cyberspace.

Any time, any place, any device, any information.



### Resident in Realspace.

Consistent, integrated, accessible, secure.



### Context is everything.

Where I am who I'm with, time of day, who is nearby, what is nearby, on my calendar, on my to do, what I have with me, what is upcoming....



### Every “thing” is a one off.

Individualization to achieve the outcomes they want and need.



# Getting there — technology does not cause change, it only enables, facilitates and accelerates change that already wants to take place...

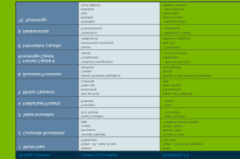
## Current state

key business processes and business lever hierarchy

## Future state



## Transformation



Detailed requirements and usage patterns



Delivering on a Services Platform



Organizational capabilities



Digital business ecosystems



Open Innovation, who can add value to mine, who can I add value to theirs?

Full "understanding" of existing economic environment with key metrics



On demand co-creation of new value by collaborating consumers and suppliers



sense making model (data proceeds framework) versus categorization model (framework proceeds data)

▶ Now ▶ 2020? ▶ Forever

Innovation is the process that takes new ideas and implements them in a way that creates value by solving unmet needs.

**New ideas + Forward thinking + Feasible + Viable + Valuable**

Not a marketing term

Business  
model



Products and  
services



Processes  
model

Operations  
Development  
Sales & Marketing





Products & Services

New

Near to existing

Breakthrough

Disruptive change

Incremental  
Sustaining

Breakthrough

Near to existing

New

Business model and process



With Innovation Plan



Without Innovation Plan

# First you think about the future

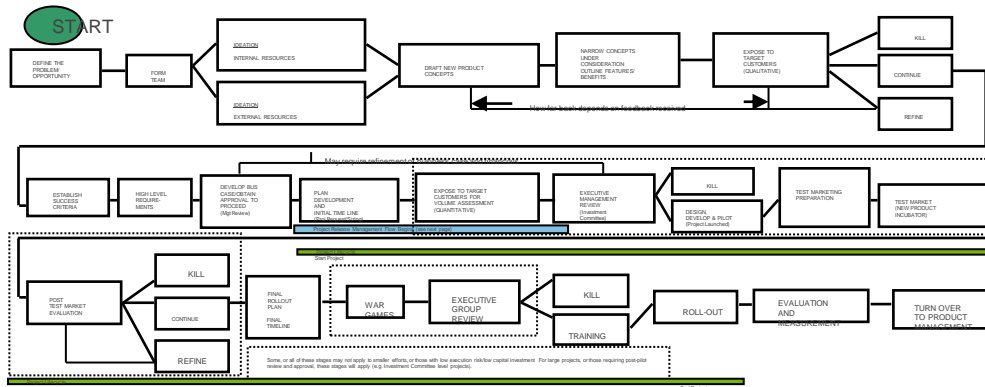
## Convergent Thinking

Analytic / Rational

Quantitative / Sequential

Constraint-driven / Objective

Specific details



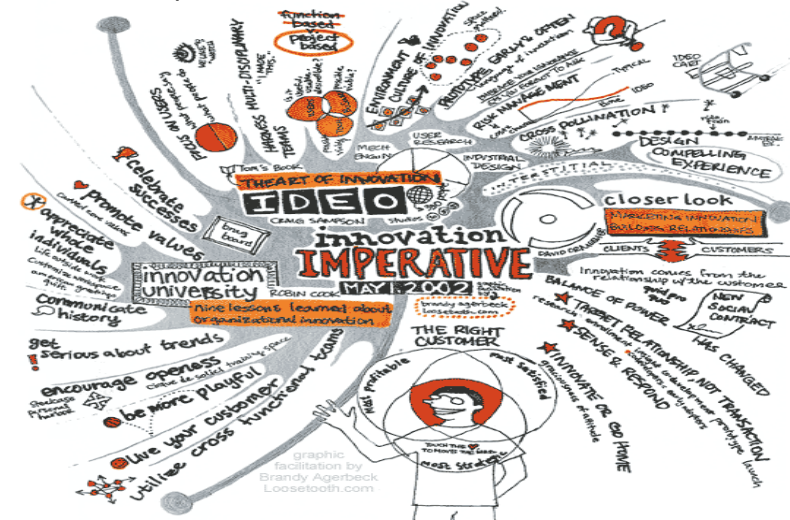
## Divergent Thinking

Creative / Intuitive

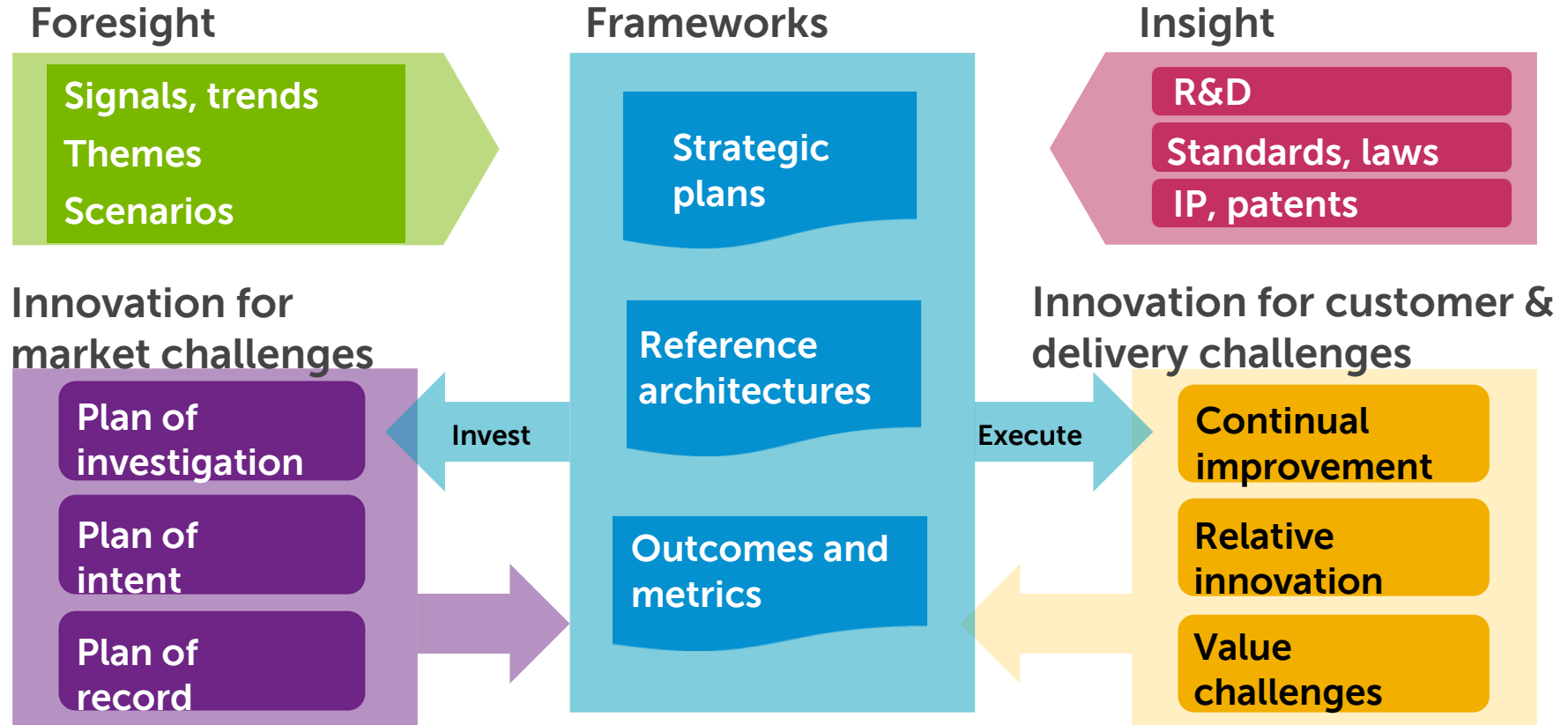
Qualitative / Subjective

Possibilities / Holistic

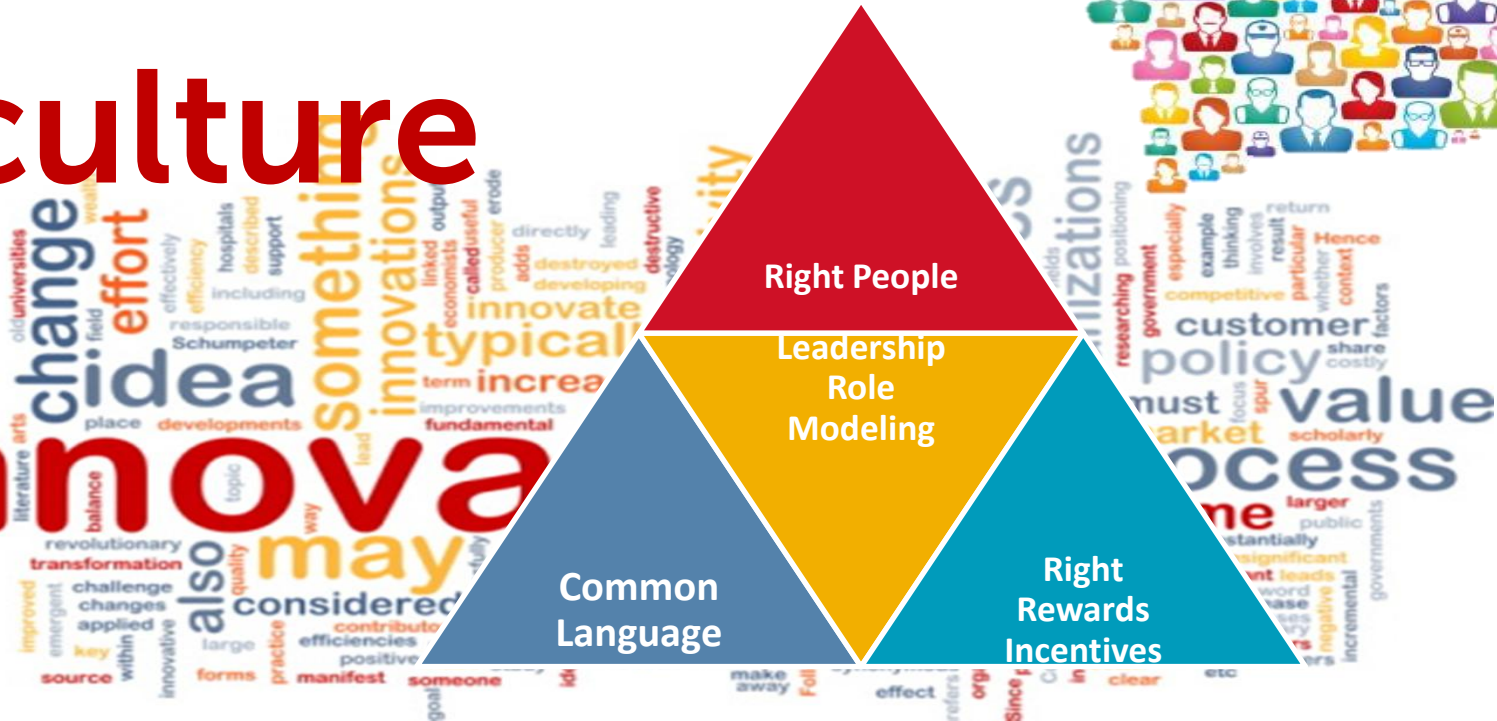
Conceptual abstractions

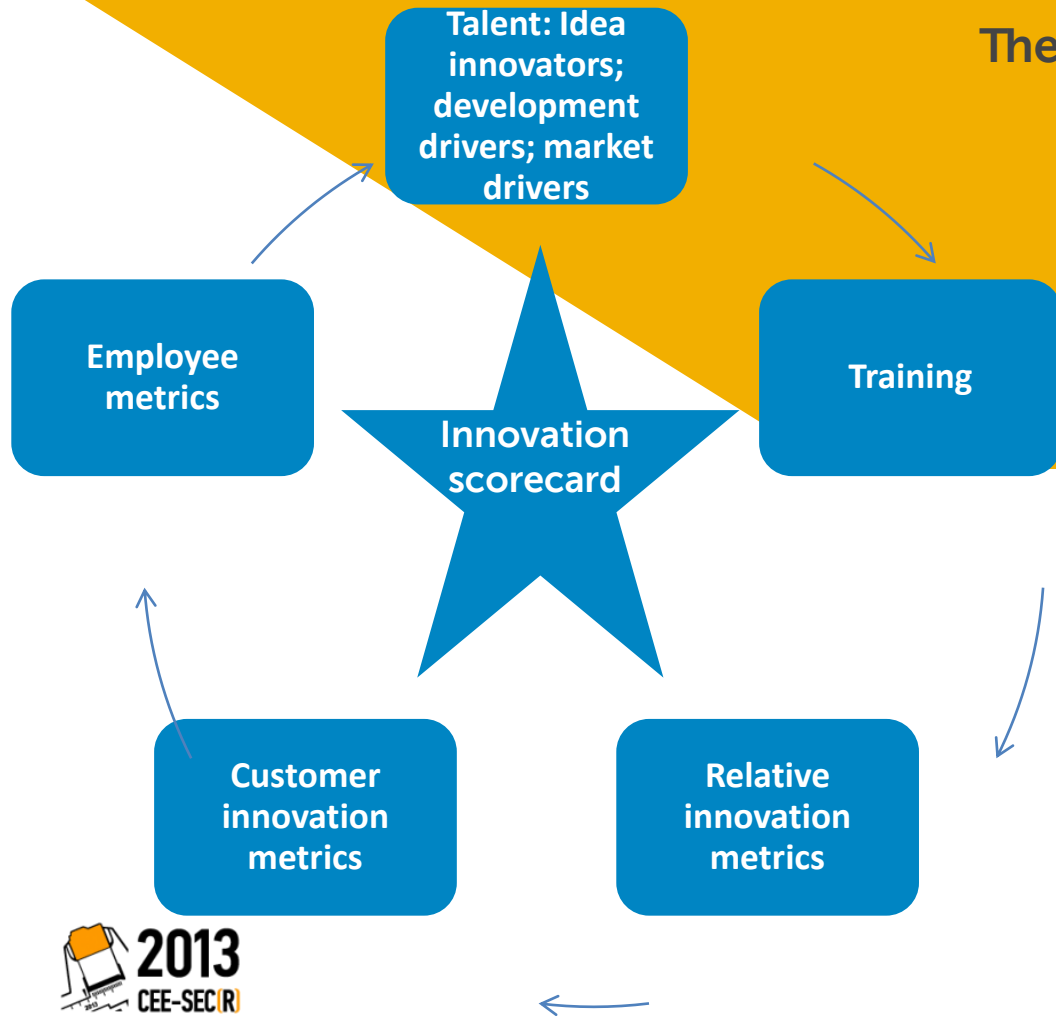


# Then you organize your thoughts



# Create a culture of Innovation



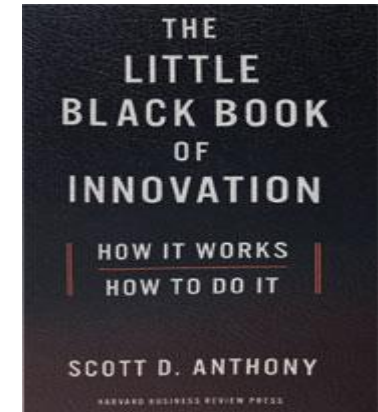


## The right people / innovators DNA:

- Don't quite fit the establishment
- Outsider
- Questioning
- Networking
- Observing
- Experimenting



## Common language





# Leadership role modeling

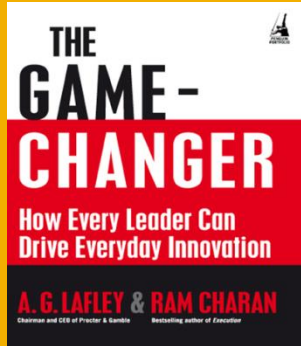
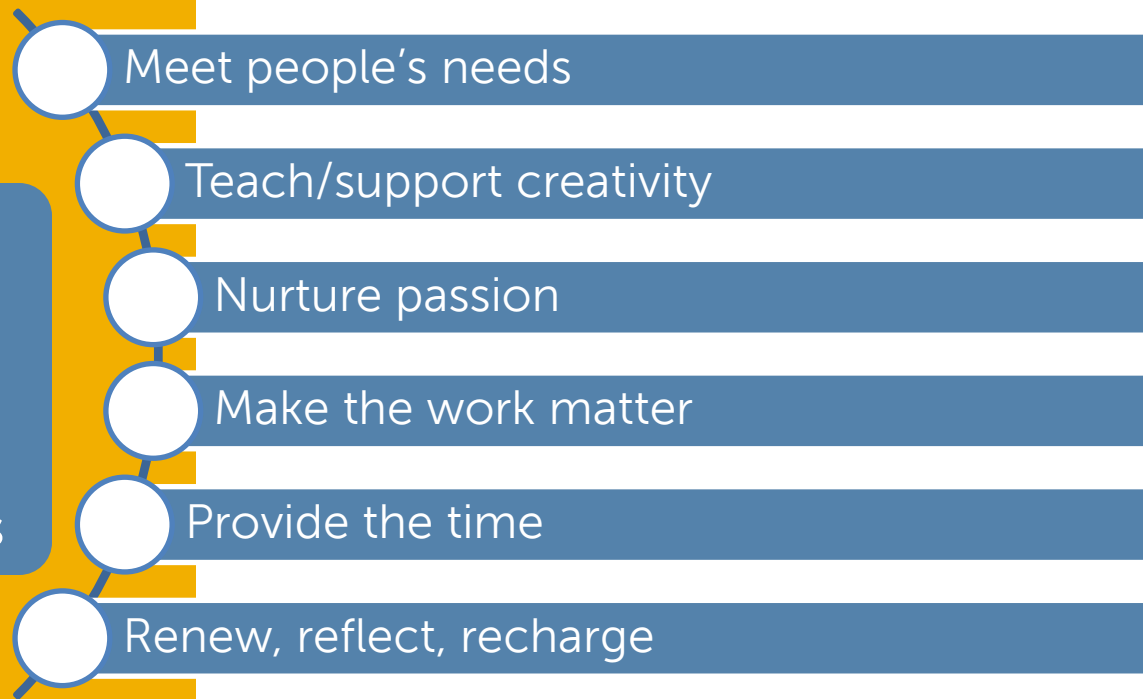
Actively  
participate

Engaged  
review

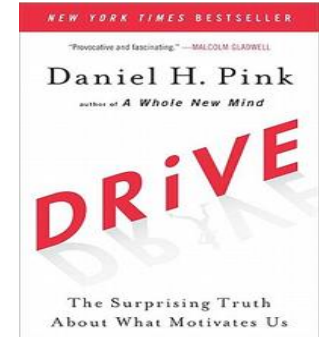
Available

Shape  
context

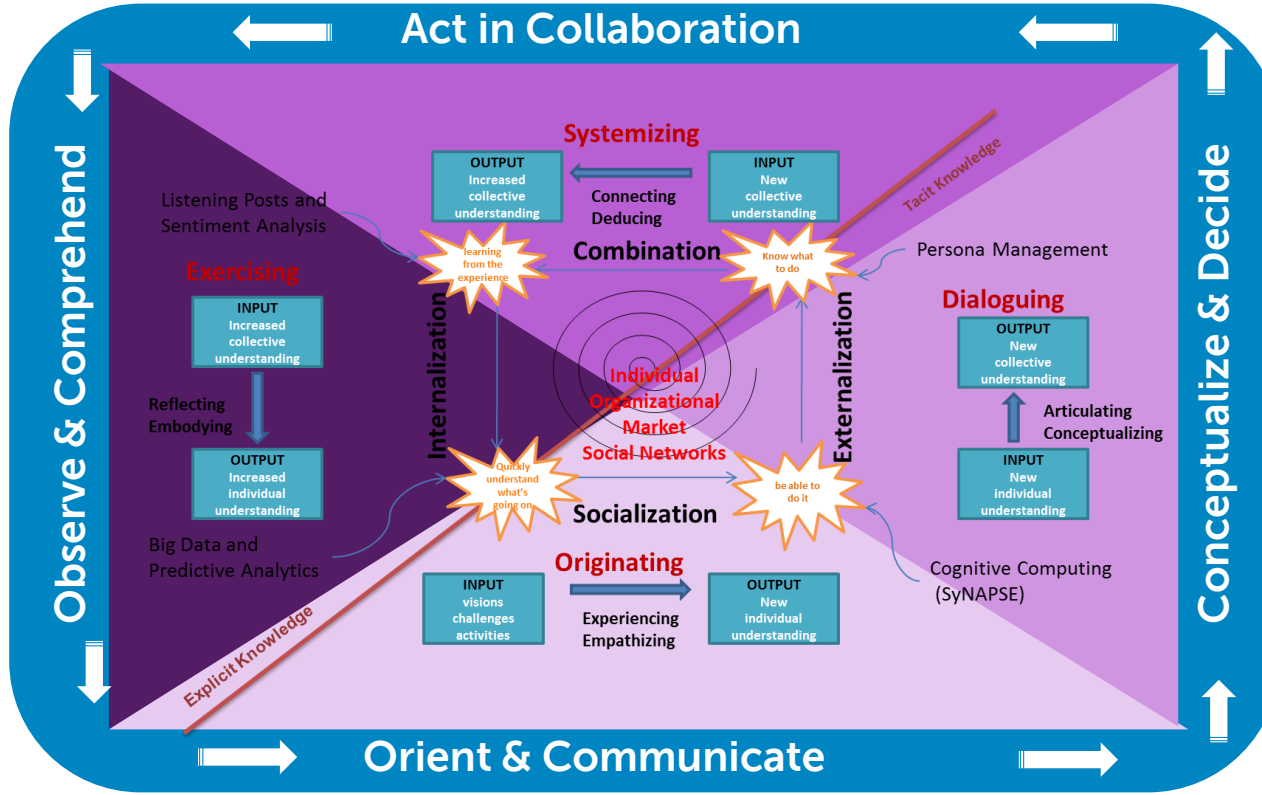
Break  
processes



## Appropriate rewards and incentives



# Organic behavior: Organization, Service, Product



## Integration of the

- **OODA Loop**

US AirForce Colonel John Boyd

- **SECI Model**

*Socialization, Externalization, Combination and Internalization*  
Professor Ikujiro Nonaka of Japan Institute of Science & Technology

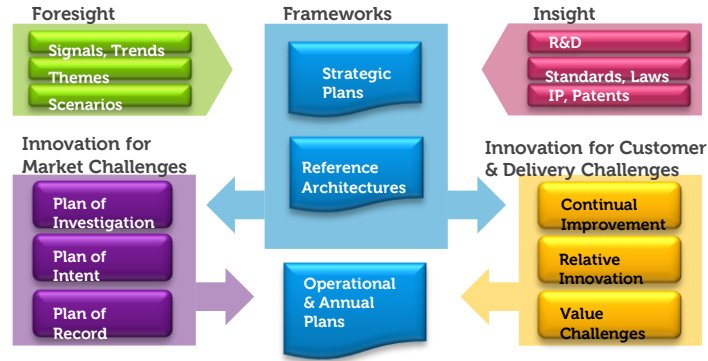
- **Oinas-Kukkonen**

*Organizational Knowledge Creation and Management Framework*  
Harri Oinas-Kukkonen  
University of Oulu, Finland  
Stanford University, USA

Derived from:  
*Trilogy Model Knowledge Creation Process*  
Methusael B. Cebrian  
College of Education  
Capitol University, Philippines



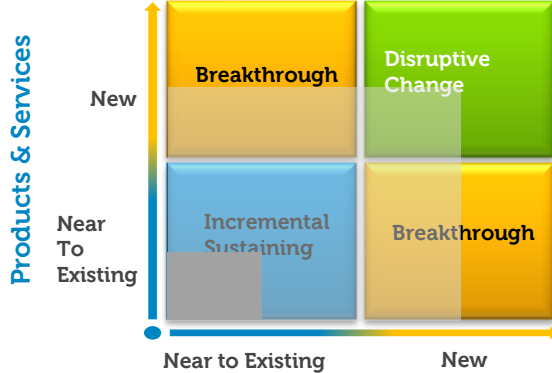
## 1. Create an Innovation Group



## 2. Create an Innovation Structure

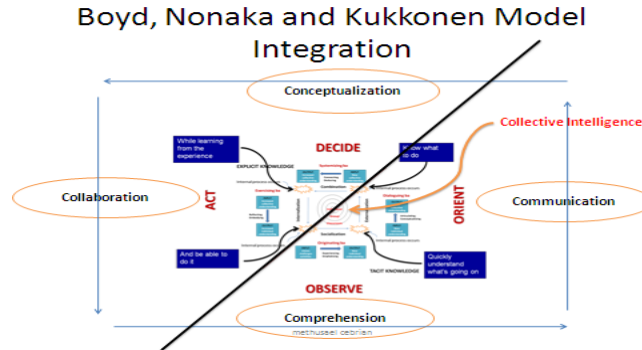


## 3. Management 2.0



### Business Model and Process

## 4. Establish an Innovation Portfolio



## 5. Tool for a Learning Responding Ecosystem



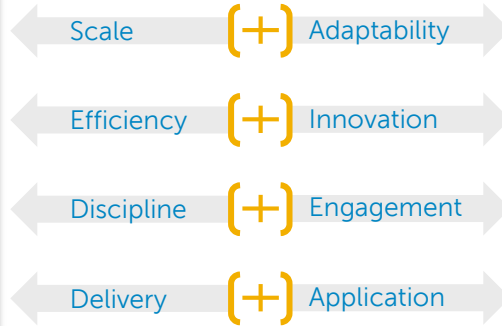
## 6. Disband the Innovation Group

# Impact on IT

## Efficiency @ Scale

- Management Control
- Standardization
- Specialization
- Centralization
- Expertise
- Hierarchy
- Alignment
- Conformance
- Predictability
- Extrinsic Rewards
- Closed

Transactional  
Recording  
Operations



## Efficacy @ Moment

- Engagement
- Freedom
- Diversity
- Mash-ability
- Disaggregation
- Collective Intelligence
- Community
- Experimentation
- Opt-In
- Serendipity
- Intrinsic Rewards
- Open

Social  
Collaborating  
Ecosystem

# Three necessary dimensions of **success**:

## Attitude



Visionary  
business  
leader



Pragmatist



Divergent  
Thinking  
Convergent

- Interactions & relationships
- Resources & allocations
- Outcomes & activities
- Questions & focus



## Focus

Innovation and  
what **creates  
value** for your  
customers

What you do  
**better** than  
anyone else

What you are  
**required** to for  
legal or  
regulatory  
reasons



## Technology

Standardize

Test and  
development



Simplify

Server consolidation  
Intelligent capacity



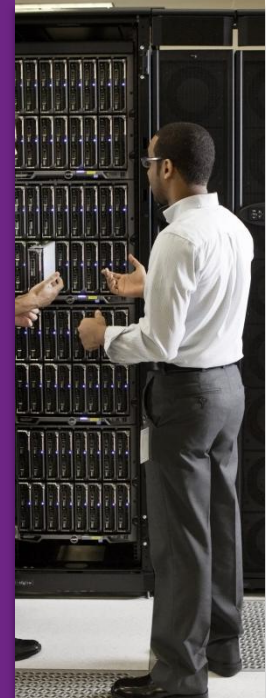
Automate

Data center  
automation



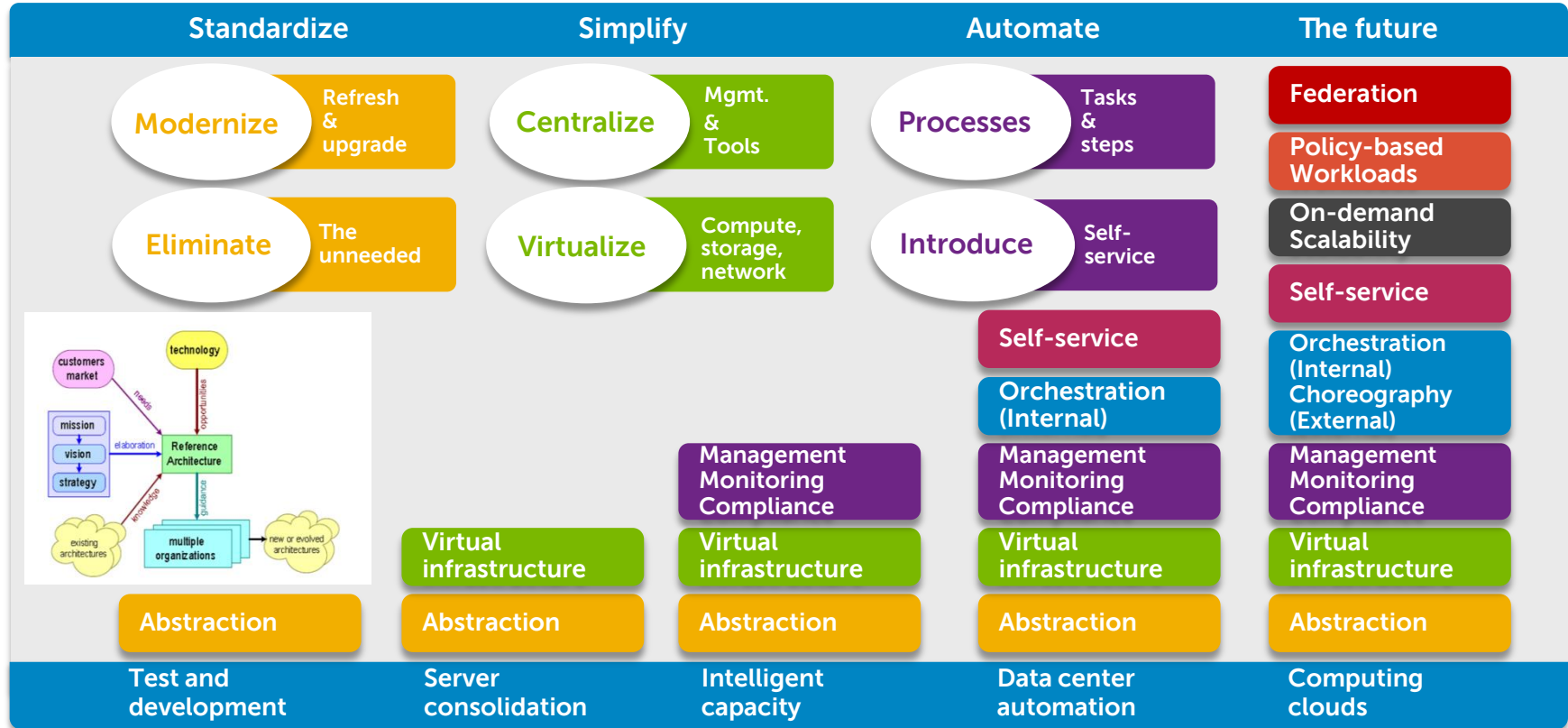
Future-ready

Computing cloud





# IT Transformation Reference Architecture



# Become a **change agent**

- **Understand innovation and transformation**, what it is, how it is done, how it is recognized in the market, then see where the market is heading, and put your all into realizing the goal of getting there first.

**Does it create customer value?**

- It is not about the enterprise, it is not about the individual, it is about the **emerging social enterprise** made up of individuals, groups, communities, organizations and enterprises collaborating to create value, globally.

**The transactional and individual productivity levers are 80% pulled.**

- You can't do it all yourself, **create an ecosystem of capabilities**, then let capability owners have clear responsibilities and empower them to innovate within the bounds set by customer commitments.

**Who can add value to you, who can you add value to?**



# The power to do more

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