Roadmap for Validating and Seizing Opportunities

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Invest in the future because

“Only paranoiacs survive”  (Andy Grove, Intel)

“Somewhere out there is a bullet with your company’s name on it. Somewhere out there is a competitor, unborn or unknown, that will render your strategy obsolete. You can’t dodge the bullet – you are going to shoot first. You are going to have to out-innovate the innovators”  
(Gary Hamel)
"It's not the strongest or the most intelligent who survive, but those most adaptive to change.
Over the past 10 years, the need for, and focus on, adaptability has accelerated."

Kenneth I. Chenault, chairman and CEO of American Express
Who cannot enjoy himself, who cannot laugh, who has no or little humour cannot be creative!

Gottlieb Guntern

Unorthodox teaching

⇒ Sense of humor = flexibility + lateral think
   => capacity to innovate

⇒ Funny videos
   => anchoring + right brain activity
   => WRITE video details

⇒ Increases your life expectancy (http://goo.gl/VkCBo)
   => preventive medicine

Prerequisites:
1. A good sense of humor
2. Mental agility
Choice of 2 versions

A. Cohen version = Politically correct

B. SuperCohen.com version = Not politically correct

⇒ Adult humor (MA, AC, AL, SC, too macho)
⇒ No sacred cows and no mental barriers
⇒ « Victims » are interchangeable

It is not endorsed by your company/organization
It does not reflect my beliefs

The 14 commandments

- Benevolent pedagogy
- Pick what can make you more successful
- Challenge everything
- Ask all the questions
- Participate constructively
- One speaker at a time
- No emails + no surfing
- Turn off your mobile
- Really say what you think (even say what others do not want to hear)
- Fear no sanctions
- Speak loud enough
- Be on time
- Do not read in advance
- Show your sense of humour and have a lot of fun!
- Point out offensive videos

To be remembered please!
Projects evaluation criteria

- List of generic issues to be verified
- To quickly evaluate the benefits and feasibility of projects
- Regardless of their nature (new products, marketing, process, etc.)
- Maximum 12 questions/issues

Objectives

- Learn how not to eat dog food
- Ask the right questions (those of decision makers)
- Present a project in a convincing manner
- Use a systematic methodology to validate, evaluate and seize Opportunities and projects
- Understand why projects fail
- Identify Opportunities
- Increase your employability
- Challenge and… provoke you
- (Practice team work on a real Opportunity)
- Make the implicit explicit with a shared vocabulary
Objectives for change management

- Learn how not to eat dog food
- Understand why projects fail
- Use a systematic methodology to validate, evaluate and analyze new initiatives (= innovation)
- Ask the right questions (those of decision makers)
- Present a project in a convincing manner
- Challenge and... provoke you
- (Practice team work on a real Opportunity)
- Make the implicit explicit with a shared vocabulary

Objectives

- Learn how not to eat dog food
- Know why projects fail
- Identify Opportunities
- Use a systematic methodology to validate, evaluate and seize Opportunities and projects
- Ask the right questions (those of decision makers)
- Present a project in a convincing manner
- Increase your employability (opportunity artists)
- Provoke and... challenge you
- Make the implicit explicit with a shared vocabulary
My targets: people in

- Management (supporting/killing projects)
- R&D (innovating)
- Finance (allocating resources)
- Marketing (obtaining buy in)
- Sales (convincing demanding prospects)
- IT or production (introducing new tools)
- HR (selling new schemes)
- Job transition (obtaining new position/job)
- Anyone who does not like to eat dog food

Three parts

1. Opportunity validation
   - What method can be used to evaluate and validate projects that are presented to us
   - we are considering to present
2. Selling the Opportunity
3. The innovation process
   - how to innovate*
Two parts

1. Initiative validation
   = What method can be used to evaluate and validate initiatives that are presented to us
   ⇒ we are considering to present

2. Selling the initiative

Definition of innovation

"Innovation is the creating and the bringing into gratifying use of new technologies, new products, new services, new marketing ideas, new systems and new ways of operating"

(Adapted from G. Pinchot)
What is innovation?

Something perceived as new by a market, which can be communicated

We must find a way or make one

Hanibal

The 4 keys to success:
Familiarity with (= understanding/insight)

- The Customers
- The market & industry
- The technology
- The Stakeholders
Why innovate?

- Survive in a competitive world
- Show what you are capable of and demonstrate your ability to contribute
- It benefits YOU (fun + grow) and your company’s competitiveness particularly in tough market conditions
- Intrapreneurial behavior is the most effective weapon to reduce response time (up to 50%) and time to market

Albert Einstein on Crisis

- ‘Do not pretend that things will change if we always do the same. The crisis is the best blessing that can happen to people and countries, because the crisis brings progress. Creativity is born from the distress, as the day is born from the dark night. It is in crisis that invention, discovery and large strategies are born. Whoever overcomes crisis, outdoes himself without being overcome.
- Who attributes their failures to the crisis and neglects, violent his own talent and gives most respect to the problems rather than solutions. The real crisis is the crisis of incompetence. The drawback of people and countries is laziness to find solutions to their problems. without crisis there are no challenges, without challenges life is a routine, a slow agony. without crisis there is no merit. It is in the crisis where the best of each other rise up, without crises any wind is caress. Talk of crisis is to promote it, and silent in the crisis is to exalt conformity. Instead of that, work hard. Get it over with the only crises threatening, that is the tragedy of not wanting to fight for it. “
- Albert Einstein.
Nothing lasts forever

- Swissair
- Polaroid
- Digital Equipment
- Bear Stearns
- Lehman Brothers
- Fannie Mae
- General Motors
- Merrill Lynch
- American Airlines
- Kodak
- ...
- (Greece ?)
- ...

Innovation success rate

The Problem

Companies in the U.S., Europe, and Japan are struggling with innovation. Despite spending huge sums on R&D, most corporations have dismally low levels of innovation productivity. The brutal truth is that up to 96% of all new projects fail to meet or beat targets for return on investment. New cutting-edge research from the Dublin Group, Peer Insight, BCG, Jump, Stone Yamashita Partners, and other innovation consultants can provide useful tools to build creative corporate cultures and boost innovation "hit" rates.
Time to IpOp

The IpOp Model
(« Innovation per Opportunity »)

- Identify business Opportunities
- Be creative to seize the Opportunities
- Evaluate the benefits and feasibility
- Prepare an action plan
- Get buy-in
- (Implement the plan = project management)

The 4 IpOp Review questions

1. Is there hope?
2. Is it worth it?
3. What will influence success?
4. Who will do it, how and with what resources?
What drives people

1. Pain avoidance (= fear)
2. Need satisfaction
3. Desire for pleasure

It is all about PND’s

- Pain of carrying a suitcase, washing salad
- Need to communicate, to drink, …
- Desire:
  - Feel good
  - Get a better deal
  - Look good (high heel shoes)
  - Own (watch)
  - Youth (hydrating creams)
  - Self-gratification
  - Have fun

http://en.wikipedia.org/wiki/Pet_Rock

Observe the facts of life

- “Guys with shaved heads are not only perceived by others as more manly and dominant than other men, but also taller, stronger and having greater potential as leaders”... ☺ http://ti.me/TrGsUk
- “The more a man does in the home, the higher the divorce rate.“ http://bit.ly/RgiD1J
- 63% of dog owners and 58% of cat owners said they give their pets presents at Christmas http://bit.ly/MUH28M
- 68% of the Swiss enjoy… ironing! http://bit.ly/Rgi1Aq
- www.creditscoredating.com or www.datemycreditscore.com
Kairos
the
“supreme moment”

http://en.wikipedia.org/wiki/Kairos

What Is an Opportunity?

Opportunity = Pain/Need/Desire + Solution
for a specific Customer in a certain Context

Any P or N or D can be a source of Opportunity

Developing an Idea of Solution*
to satisfy this Desire => the Opportunity

⇒ Innovate (lateral thinking) to find
THE Solution addressing those
« pending » PND’s*
It all starts with an Apparent Opportunity

1st IpOp Review question

What Hope with / acceptability by decision-makers? Customers?
Decision-makers are obsessed

- With delivering the Mission of the organization
- With the future of the brand
- With their strategy
- The image of the organization
- With the WiifU
- With the WiifT

Strategic Fit

The Opportunity must at all time:

- Support the Mission of the organisation*
- Be aligned with the corporate strategy
- Fit the brand essence

*The organization includes the owner or the inventor
Understanding the PNDs

- The PNDs are the purpose of the Solution
  - the **Why** of the project
- A project without purpose is doomed
- The Pain/Need must become a **Desire**
- Indispensable to justify the **project**
- Going after the wrong PND is expensive
  - Clarifying the PND is a must!

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**Nespresso**

coffee capsules
The PND Statement

Define your target Customer(s) (segment)

Describe in writing which Customer’s PNDs this Opportunity will focus on and

- in which context
- which acceptable price range for the Customer

For B2B

If the Customer and the User are different

a separate PND analysis is required for each

(the User one feeds the Customer one)
Example of PND Statement

Visitors of Eilat want to
- learn
- be surprised
- be entertained
- personal gratification (feel good and smart).

What solution for this PND?

A Solution is defined by its
- Characteristics
- Benefits
- Attributes
- Features

1. Some are Prerequisites
   (indispensable to be in the game)
2. Some are optional (not indispensable)
For each target Customer

List the Customers' Decision Criteria (CDCs)*

- Those that will tilt the scale in favor of the suppliers who provide them
- Those that substantially increase clients' satisfaction
- What are the CDCs?

Forces shaping decisions

- In restaurant: an expensive first course leads to a more expensive main course (Gregg Rapp) + Joey Jr burrito
- Choice to lawyers for advising retired people:
  - $ 30.- /hour
  - Free (= pro Bono)
- Pain killer at $ 2.50/dose vs. 0.10/dose
- Writing biblical commandments reduces cheating

Dan Ariely: «Predictably Irrational. The Hidden Forces That Shape Our decisions»

Daniel Kahneman: «Thinking, Fast and Slow»
Components of service delivery

- 32% Reliability
- 22% Responsiveness
- 19% Assurance
- 16% Empathy
- 11% Tangible evidence
- 100% Total

Copying features is easier than copying attitudes and behaviors!

Delivering Quality Service: Zeithaml, Parasuraman, and Berry (1988)

Hierarchy of Customers’ selection parameters

- Price
- Reliability
- Convenience
- Functionality

Warning: do not use for CDCs (too generic)
Newton vs Palm

<table>
<thead>
<tr>
<th>Newton 1994</th>
<th>Palm Pilot</th>
</tr>
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<tbody>
<tr>
<td>Agenda</td>
<td>Agenda</td>
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<td>Notes</td>
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<tr>
<td>Connection ports</td>
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<td>= mini computer</td>
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<tr>
<td>Multifunction</td>
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</tbody>
</table>

Beware of “feature creep”

Principles of success

- Commoditization = 0 differentiation
- Create real & “communicable” unique benefits
- “Best practice” is not enough
  - ⇒ No “me-too”
- Cannot handle all of them => make choices
- No trade-offs = best practice
- Harder to copy the whole system than discrete elements or behaviour
**Unknowns**

The deadly blind spots (= ignorance):

- **Technological** Unknowns
- **Market** Unknowns (price, demand, …)
- **Organizational** Unknowns
- **Resources** Unknowns
- **Stakeholders** Unknowns
- **Networking** Unknowns

Assumptions mean Unknowns (= ignorance) (particularly in financial projections)

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**Examples of Networks**

Networks of:
- Suppliers & procurement
- Finance
- Clients and distributors
- Specifiers & opinion leaders
- Learning
- Innovation
- …. 
Unknowns keywords

- Assumption
- Challenge
- Survey
- Prototype
- Pilot
- Test

Many sources of competitive intelligence information

- Fortuitous sources
  - Train, plane, "the street"
  - Stagiaires ...

- Partner groups
  - Subcontractors
  - Suppliers
  - Clients
  - Competitors
  - Professional Groups
  - Financial partners

- New Network
  - Internet
  - CompuServe

- Personal Networks
  - Clubs
  - Colleagues
  - Conferences

- Information providers
  - Booksellers
  - Libraries
  - Internet servers, brokers
  - Data bases
  - Information Centers

- Institutions
  - Administration
  - International organizations
  - Associations

- Consultants and experts
  - Engineering schools
  - Universities
  - Experts
  - Technical Centers
  - Consultants

- Events
  - Colloquium
  - Fairs
  - Business trips
Information gathering

Extrapolation

Does your dog bite syndrome

Beware of the ‘confirmation bias’

When people believes something they:
- Look for information that confirms it
- Reinterpret / ignore information that could potentially refute it

«L’erreur de Descartes: la raison des émotions», Antonio Damasio, O. Jacob, 2010
The sin of overconfidence

- Find as many solutions as possible to solve the parking problem of a university
- Result: about 300 ideas
- Participants believed they had identified 75% of the possibilities
- Reality: less than 30% of a panel of experts

Market advantages

1. Select the features to compare (= CDCs)
2. List the Alternatives
3. Benchmark (compare)
Alternatives?

Assessing the Alternatives

- **Who** are your competitors (Alternatives)?
- What are their *strengths* + weaknesses?
- What are the barriers to entry?
- How are they increasing market *share*?
- Who will get the financial benefits?
Customers’ *Benchmarking* (on CDCs)

<table>
<thead>
<tr>
<th>Key CDCs</th>
<th>Our Project</th>
<th>Alternat 1</th>
<th>Alternat 2</th>
<th>Alternat 3</th>
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</thead>
<tbody>
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<td>2</td>
<td>1</td>
<td>5</td>
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<tr>
<td>CDC 2</td>
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<td>CDC 3</td>
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<td>…</td>
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Strategy Canvas (Blue Ocean Strategy)

Vertical view

Customer purchase criteria*
- Low prices
- Selection across categories
- Rural convenience
- Reliable prices
- In-stock merchandise
- Merchandise quality
- Suburban convenience
- Selection within categories
- Sales help
- Ambience

*In approximate order of importance to Wal-Mart's target customer group
Source: Jan Rivkin, Harvard Business School
Targeting

- Lack of focus => danger
- Too difficult to excel in all CDCs
  - Target a selection of CDCs
  - Focus on those that can build differentiation and a compelling offering
- Differentiation is indispensable
- Use CDCs as segmentation criteria

Decision P.

- For maximizing the sale of jam jars, is it better to have tables with
  1. 6 flavors
  2. 24 flavors?

- For forming more relationships, is it better in speed-dating to meet
  1. 6 people
  2. 12 people?

“Less is more”
Key learning so far

The curse of knowledge

1. Pick a song
2. Predict chances of listener’s guessing (in writing)
3. Tap out the rhythm for the listener to guess
4. Find out if your guess was correct

Once we know something we find it hard to imagine what it was like not to know it
Elizabeth Newton 1990 (Stanford)

www.bored.com/songtapper
Compelling reasons to buy

- Do you have a unique and irresistible way to transfer target’s money or mind, in an honorable and ethical way, in exchange for what is delivered?

- Ask the right questions
- Understand customer’s mindset

One tool: visualize the results

- Express in writing a vision (projected image) of
  - The spectacular end-result for the user with the characteristics, features, benefits that will make it a sticky experience
  - what needs to be achieved for this to happen
  - The outcome for the key stakeholders
USP or CUE?

- Unique Selling Proposition (= value proposition) is focused on our offering

- Rather focus on the **experience** to be delivered:
  - Create a Customer Unique Experience (CUE or ECU)
  - **Perceived** benefits experienced by the Customer
    - Price for the Customer

*Experiential marketing: Holbrook, Hischman, Pine and Gilmore

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Perceptual and behavioral levers of experiences

- Sensorial
- Emotional
- Pragmatic
- Lifestyle
- Cognitive
- Relational

Ref: Samad Laaroussi

A convincing CUE must

- Make the competition irrelevant (= unique)
- Be irresistible/compelling
- Be sustainable (= hard to copy)
- Be clear
  - easy to perceive
  - Simple to communicate

Give them a CUE

- EXPLICITLY describe to the ignorant Customer your contribution with the key features to his/her perceived experience (possibly with the supporting Economic Model)
  = describe THE Solution
- One way to do it: complete the following statement to be made by the (satisfied!) Customer:
  “I/we strongly recommend this .......... because it is the only one which ..........”
  + rate the CUE (between 0 and 10)
The mean CUE crash test

- You are the ignorant client
- Simulate all objections and resistances that the IGNORANT Customer/user could raise when exposed to this CUE...
  😊
- Is the Solution explicitly described?
- Can anyone else claim this CUE?
- Be as destructive as you can
- No mercy!
- But WITH humor …
- Grade on 10
- No justification (silence during demolition)

Reminder

- EXPLICITLY describe to the ignorant Customer your contribution with the key features to his/her perceived experience
  (possibly with the supporting Economic Model)
  = describe THE Solution
- One way to do it: complete the following statement to be made by the (satisfied!) Customer:
  “I/we strongly recommend this ………
  because it is the only one which ………”
  + rate the CUE (between 0 and 10)
Example of CUE

- The only classy 3 deck trimaran
- providing single tourists and families
- stability and comfort
- for a professionally 2 hour guided sightseeing
- relaxing edutainment and reasonably priced cruise
- during which visitors are surprised and fascinated by the Eilat underwater marine life
- that they can view in a panoramic manner
- through the glass walls of the hull without getting wet

Example of CUE

- The only 24 hour career-boosting course
- that allows scientists and engineers
- to quickly acquire enough business savvy
- to identify and exploit opportunities related to their technological activities
- and to better interact with business and non-tech functions in their current or future job.
- This course that teaches the IpOp Model, a structured and holistic roadmap (without Business Plan),
- to analyze the feasibility and potential of projects/inventions
- will not only increase their employability
- but because it is interactive and filled with funny videos
- is also highly stimulating, challenging and entertaining.
Elevator pitch

In order to attract the attention of the target audience express in a few seconds the most compelling characteristics of:

- The Solution or CUE
- The business of your company
- Your function
- Your hobby
- Yourself

Zi recipi of “SUCCES”

- Simplicity
- Unexpectedness
- Concreteness
- Credibility
- Emotions
- Stories

“MADE to STICK”

“Why Some Idea Survive and Others Die”

Chip Heath & Dan Heath
Benefits for other Stakeholders

In addition to Customers’ Benefits identify the Benefits to be enjoyed by other key Stakeholders:

- Our company
- Our partners/distributors
- Investors
- …

Five "F's"

- Functions*
- Finances
- Freedom
- Feelings
- Future

⇒ Explicit Stakeholders Benefits
IpOp Review 1
(“Is there hope?”)

Time for the 1st IpOp Review

- IpOp Review 1: What Hope with / acceptability by
  - Customers
  - Decision-makers (= key Stakeholders)
  - Identifying Unknowns
IpOp requires iterations (Q&D)

Review 1
Review 2
Review 3
Review 4
Complete IpOp

2 hours analysis

2 months analysis

Analysis
Unknows
Unknowns are qualifiers

- Being aware of Unknowns allows to qualify the information provided so far
- It is all about interpretation and judgment

Key learning since CUE
2nd IpOp Review question

Is it worth it?

Project Scope

Simply define

- The business unit that will handle the Project
- The boundaries (geographic, …)
- The product range
- The expected evolution
- (Possibly the time frame)
Activity Key Success Factors

Figure 1: Southwest Airlines: Low Cost Advantage

Beyond CDCs analysis

The Strategy Canvas of the Short-Haul Airline Industry

Blue Ocean Strategy, Chan Kim and Renée Mauborgne
KSF areas of excellence

Product superiority

Best product with high-touch

Best product at best time & cost

Operational efficiency

Customer intimacy

Best time with high-touch

Analyze the Activity Chain

= Required **activities** until demise

(-> Activity Chain)

- What Activity Chain for this Opportunity?
- Which component is strategic?
- Which component collects the largest portion of the financial benefits?
- What should be done in-house, outsourced or left to others?
- What barriers to entry can be built?
Nespresso Activity Chain

The Economic Model

- Mechanism for obtaining (and using) the (usually recurring) necessary Resources to satisfy Stakeholders’ Aspirations
- Choose one Economic Model (be prepared to revise it)
- The Economic Models is only one component of the business model ⇒ do not confuse them!
Business model vs. Economic Model

**Business model**
- Revenue stream
- Cost structure
- Customer segments
- «Value proposition»
- Customer relationships
- Key activities
- Distribution channels
- Key partners
- Key resources

**Economic Model**
- Obtaining (recurrent) resources
- (proportional expenses)

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**Economic Model for publishing**

Retail price = € 25.-
Fr 42.-

Royalties F = 8% = € 2.00
Roy. Export = 4%

Right to return: 12 mois
“Ze Challenge”

1. Download free of charge on www.winning-opportunities.org
2. Read
3. Set your own price
4. 10% go to entrepreneurship education
5. Print –on-demand ($ 89)

Socially responsible Economic Model

Check Out for Children™ raises funds for UNICEF’s education programmes. Your €1 will help give a child an opportunity to learn. Your donation will enable UNICEF to:
• Build and improve schools
• Train teachers
• Provide essential school supplies
• Help children return to school after emergencies

Your €1 can change a child’s life

Today, more than 100 million children do not get the chance to go to school. These children are more likely to suffer from poverty, hunger and disease. With your help, we can change this.

We invite you to add €1 to your bill upon check out to support UNICEF’s education programmes.
Time to KISs

- To demonstrate success, what we want to achieve must be measurable
- Time to choose the Key Indicators of Success (KISses)
- KISS ≠ KPI
- Do not overKiss
  ⇒ maximum 5 KISses

The Definition of Success

- Choose milestones
- Decide target objectives for each milestone
- Credible objectives = Contract with stakeholders*
  = Their measurable WiiiT
  = The project end result

<table>
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<tr>
<th>KISs</th>
<th>6m</th>
<th>12m</th>
<th>24m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>15</td>
<td>45</td>
<td>60</td>
</tr>
<tr>
<td>Market penetr.</td>
<td>3%</td>
<td>15%</td>
<td>35%</td>
</tr>
<tr>
<td>Image</td>
<td>75%</td>
<td>85%</td>
<td>85%</td>
</tr>
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</table>
To limit losses and waste

- Select Terminators
  (= KIFs = Key Indicators of Failure)
  ⇒ pull the plug criteria
- with the required threshold
- (in advance)
  = Definition of Failure

Our Definition of Failure

<table>
<thead>
<tr>
<th>KIFs</th>
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<th>12m</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>&lt; 0</td>
<td>&lt; 10</td>
<td>&lt; 20</td>
</tr>
<tr>
<td>Sales</td>
<td>&lt; 30</td>
<td>&lt; 100</td>
<td>&lt; 200</td>
</tr>
<tr>
<td>Satisf.</td>
<td>&lt; 50%</td>
<td>&lt; 60%</td>
<td>&lt; 75%</td>
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</table>

complements the Definition of Success
Definition of Failure
means
REAL commitment

IpOp Review 2: Is it worth it?
Definition of Success
VS.
Resources to implement
Time for the 2nd IpOp Review

- IpOp Review 1: What Hope with / acceptability by
  - Customers
  - Decision-makers (= key Stakeholders)
  - Identifying Unknowns

- IpOp Review 2: Is it worth it? (= Return on Resources)
  - Resources ⇔ Activity + Economic Model
  - Definition of Success & Failure
  - Identifying Unknowns
IpOp requires iterations (Q&D)

Key learning since IpOp Review 2
3rd IpOp Review question

What influencers can impact success?

Factors Analysis

Factors =
facts, issues, conditions, dependencies
(on which we usually have little influence)

⇒ impact (+ or -) on delivering
the Definition of Success & Failure
External Factors: Trends Analysis

PESTEL

Political
Economical
Social / Sociological
Technological
Environmental
Legal

⇒ Helps identifying external Factors

Corporate Factors

- Management receptivity
- Company business performance
- Territorial issues
- Strategic options
- Relationship with the boss
- Unit performance
- Company governance and decision channels
More corporate Factors

- Synergy with production tools
- Synergy with distribution channels
- Future evolution/generations
- Availability of skills
- Availability of external funding
- etc.

Porter’s 5 Forces = Factors
Force majeure

- Weather
- Strikes
- Accidents
- Illness, epidemics
- Floods, tsunami
- Fire
- ...

Factors (≠ SWOT)

<table>
<thead>
<tr>
<th>Factors Probability</th>
<th>Boosters</th>
<th>Hurdles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uncertain</td>
<td>Chance</td>
<td>Risks</td>
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<tr>
<td>Certain</td>
<td>Springboards</td>
<td>Obstacles</td>
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<tr>
<td>Certain</td>
<td></td>
<td>(Barriers* to entry)</td>
</tr>
</tbody>
</table>

Prioritize…

⇒ Impact on Definition of Success & Failure

© Raphael H Cohen  2001-2013 - All rights reserved. No part of this publication may be photocopied, transmitted or reproduced in any form or by any electrical or mechanical means including information storage or retrieval systems without permission in writing from Management Boosters, Geneva, Switzerland – www.managementboosters.com - rc@getratex.com
Impact of Factors

Positive Impact

Probability

Negative Impact

Do not forget the turf factor

Whose territory are you touching?

1. The winners (should become allies)
2. The indifferent
3. The frustrated (it is negotiable)
4. The losers (the war* is on)
Difference with SWOT

SWOT is an indispensible inventory for top-down strategic analysis of an existing entity to:

- Use our (internal) Strengths to
- Exploit identified (external) Opportunities
- Despite our (internal) Weaknesses
- While avoiding (external) Threats

A new project has no starting inventory and does not need to explore external opportunities

Stakeholders

<table>
<thead>
<tr>
<th>Decision-Makers</th>
<th>Peers</th>
<th>Clients</th>
<th>Partners</th>
<th>Funct. Mngr</th>
<th>My Boss</th>
<th>Me</th>
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</table>
Influence vs. impact

- Keep Satisfied (indirectly impacted or less consistently involved)
- Manage Closely (directly impacted, directly influencing, opinion leader)
- Monitor (less impacted, low influence)
- Keep informed (future impacted, low influence)

Stakeholders’* Aspirations

<table>
<thead>
<tr>
<th>Aspirations</th>
<th>Decision-Makers</th>
<th>Peers</th>
<th>Clients</th>
<th>Partners</th>
<th>Funct. Mgr</th>
<th>My Boss</th>
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* People to whom you are accountable
Mapping Aspirations

- Cognitive dissonance
- Gap identification
- List of Tactical Moves that can fill the gap

## Stakeholders’ Aspirations

<table>
<thead>
<tr>
<th>Aspirations</th>
<th>Decision-Makers</th>
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</table>
Drivers & Satisfiers

Identify which Aspirations are

- **Drivers** (more is better)
- **Satisfiers** (more is not really better but a minimum is required)
Stakeholders’ Resistances

- Resistances = fears = negative Aspirations
- Neglecting Resistances = suicide
- List stakeholders’ Resistances
- Identify Tactical Moves to avoid those Resistances

To Commit Suicide

Just ignore people’s Resistance to:
- Learn something new
- Write down their capital or infrastructure
- Rely on one supplier or resource
- Use something imposed on them
- Change any of their habits
Stakeholders’ minefield

<table>
<thead>
<tr>
<th>Resistances</th>
<th>Decision-Makers</th>
<th>Peers</th>
<th>Clients</th>
<th>Partners</th>
<th>Funct. Mngr</th>
<th>My Boss</th>
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<td>✗</td>
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</table>

Stakeholders management

- Managing Stakeholders is usually more important than the merits of the project
- Avoid weakening your idea to obtain alignment with Stakeholders’ perception or ambitions

“I don’t know the key to success but the key to failure is trying to please everybody”

Bill Cosby
Who influences who…

Stakeholders’ issues/impact analysis

Self

Time

Others

Resources

The World

Competences

Activities

Intentions
Examples of Constraints

- Ethical
- ISO certification
- Licenses
- Safety
- Good manufacturing practices
- Geographical
- Return on investment
- Time availability
- Confidentiality
- Legal
- Political
- Managerial
- …

Identifying the Constraints

- Limits
  - Self imposed
  - Rules and regulations/boundaries (official or implied)
    - external
    - internal
- Remember to respect them
- If you cannot circumvent them!
IpOp Review 3
(Are influencers acceptable?)

Time for the 3rd IpOp Review

- IpOp Review 1: What Hope with / acceptability by
  - Customers
  - Decision-makers (= key Stakeholders)
  - Identifying Unknowns

- IpOp Review 2: Is it worth it? (= Return on Resources)
  - Resources ⇔ Activity + Economic Model
  - Definition of Success & Failure
  - Identifying Unknowns

- IpOp Review 3: Influencers acceptable?
  - Factors
  - Stakeholders
  - Identifying Unknowns
IpOp requires iterations (Q&D)

Key learning since IpOp Review 3
4th IpOp Review question

Who will deliver success, How & with what Resources?

A Plan to deliver the Definition of Success & Failure

and avoid the « YTYTBYNS » syndrome

Combination of Tactical Moves*

⇒ Plan of Action
Tactical Moves

Definition of Success

Brainstorming

1. List Tactical Moves that could be considered
2. Imagine all Tactical Moves that could really upset and antagonize the target clients (5 min)
3. Turn them into positive Moves (10 min)

or uses other techniques
## Reaching target segments

- What level of familiarity with each target segment?
- What channel of distribution is needed to reach each target segment?
- What level of familiarity with the selected distribution channel(s)?
- What level of access exists to the selected distribution channels?

## Barriers to Entry

- Profitability = \( f \left( \frac{1}{\text{nb of players}} \right) \)
- Objective = Leave me **alone**!
  - = No competition supports sustainability

i.e. knowhow, capital requirements (for financing clients), brand, switching costs, standards, etc.
Do not underestimate I.P.

<table>
<thead>
<tr>
<th>McDonald’s</th>
<th>31.8.2012</th>
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</thead>
<tbody>
<tr>
<td>Market Cap (billions):</td>
<td>$ 90.2</td>
</tr>
<tr>
<td>Interbrand Brand Valuation:</td>
<td>$ 35.6</td>
</tr>
<tr>
<td>Brand Value/Market Cap:</td>
<td>39.5%</td>
</tr>
<tr>
<td>Millward Brown Brand Valuation</td>
<td>$ 95.2</td>
</tr>
<tr>
<td>Brand Value/Market Cap:</td>
<td>105.5%</td>
</tr>
</tbody>
</table>


The power of communication

- Ronald McDonald's is better known than Santa Klaus and Jesus! ¹
- Nike is a lifestyle, a new behavioral science and an identity
- How to communicate your CUE?
To influence smartly

- Understand the « tipping point »
- Observe ⇔ identify emerging trends
- Spot the « Mavens» + « Kingpins »
- Identify the « Connectors »
- Act on the influencers ⇔ leverage your impact


As ignorance creates anxiety, use Tactical Moves to manage Unknowns

- Early cataloguing of Unknowns (level of ignorance can be reduced)
- Prioritizing key ones
  ⇔ Definition of Success & Failure
- Inexpensive & fast reduction* of key Unknowns (think “quick and dirty”!)
  Reminder: only 20% of the information is required to make 80% of the decisions
  ⇔ Go – No Go Plan (with pre-launch milestones)
Tactical Moves for Unknowns

- Pilot
- Prototype
- Test
- Proof of concept
- Survey
- Check
- Find out
- Understand
- Verify
- Validate
- ....

Sorting Tactical Moves

By function
- Marketing
- Production
- Quality and safety
- Finance
- Human Resources
- Procurement and logistics
- Information (IT)
- Legal
- R&D

By impact
- ?

≡ Like in the business plan
Purposes of Tactical Moves

- Satisfy a PND
- Satisfy stakeholders’ Aspirations
- Improve a CDC (Benefit)
- Take advantage of Boosters
- Overcome Hurdles + Resistances
- Anticipate Uncertain Factors (Risks/Chances)
- Reduce the level of ignorance of Unknowns
- Comply with Constraints
- Get protection (⇒ build barriers to entry)

Categories of Tactical Moves

- Marketing
- Branding
- Communication
- Selling
- Access to client
- Distribution
- Product development
- Alliances & partnering
- Intellectual Property
- Production
- Procurement
- Subcontracting
- Packaging
- Logistics
- Managing suppliers
- Talent management
- Financing
- Etc.
The challenge: optimize RoI

- We cannot do everything right
- Because resources are limited
- We must select the Moves that will bring us closer to the Definition of Success with the minimum Resources
- Wrong choices are a waste of resources

Evaluate the impact of Moves

<table>
<thead>
<tr>
<th>Moves</th>
<th>Def of Success</th>
<th>Unknowns</th>
<th>Factors, CUE, protection, …</th>
</tr>
</thead>
<tbody>
<tr>
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</table>

⇒ Rank Moves by magnitude of impact
Impact of Tactical Moves

Choose key Moves

- Select compatible and affordable moves
- Organize into a coherent plan, taking advantage of synergies
- Use project management techniques (i.e. GDPM = Goal Directed Project management)
Coherence Check

- Consistency with the Mission
- Alignment with the organisation strategy
- Coherence with the Definition of Success
- That all predefined constraints were taken into account
- Impact on other departments of the corporation

Impact on Stakeholders

- Aspirations
- Resistances
- Impact on career
- Impact on Values
- Impact on Resistances
Collateral Effects

- What are the collateral effects of the Project?
  = negative Benefits
- Collateral Effects impact Stakeholders
- Is their impact acceptable by Stakeholders?
- Has the level of damage (and security) of each Tactical Move been identified?*
- Collateral Effects are also Influencers (IpOp Review 3)
- What is the cost of terminating the project or putting on the brakes?
Sources of Risks

- Stakeholders’ Resistances or unsatisfied Aspirations
- Uncertain Hurdles (= Factors)
- Unknowns
- Collateral Effects of Tactical Moves on stakeholders
- Termination of the Project (= collateral effect of termination)
- Combined Risks (risk synergies)

Maximum level of risk

- Clearly identify the maximum level of risk you can afford (∝ with affordable consequences)
- Monitor the triggering parameters
- Prepare contingency plans
Killing questions

- Is there a risk of cannibalization of company's current offering?
- How can you trigger a "wow"?
- Can you test or demonstrate feasibility?
- Are there prerequisite conditions to succeed?
- Is there a margin for the unexpected?
- Adoption Obstacles: Can you overcome users' resistance to use the product and/or make changes in their own system/process/activity chain?
- Will you be able to outsmart the competition?

Required Resources

1. Evaluate the resources (= Top-down SWAGs projections)
2. Identify the necessary resources per Move + consolidate (= bottom up)
3. Do both to be more accurate

If enough* resources are not available:
- amend the Plan AND the Definition of Success
- Who will provide the Resources?
- Why should they (5F)?
- Can senior management say 'yes' and support the Project?

1. SWAGS = Scientific Wild-Assed Guesses

"Entrepreneurship is the pursuit of opportunity without regard to resources currently controlled." -Howard H. Stevenson
### Selecting Your Investor

<table>
<thead>
<tr>
<th></th>
<th>John</th>
<th>Pedro</th>
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</thead>
<tbody>
<tr>
<td>Number of IBM shares</td>
<td>1000</td>
<td>1000</td>
</tr>
<tr>
<td>Purchase Price</td>
<td>100</td>
<td>190</td>
</tr>
<tr>
<td>Market Price</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Profit (loss) per share</td>
<td>+50</td>
<td>(40)</td>
</tr>
<tr>
<td>Total Profit (Loss)</td>
<td>50'000</td>
<td>(40'000)</td>
</tr>
</tbody>
</table>

**IpOp Review 4**

(Who, How & How much?)
Time for the 4th IpOp Review

IpOp Review 1: What Hope with / acceptability by
- Customers
- Decision-makers (= key Stakeholders)
- Identifying Unknowns

IpOp Review 2: Is it worth it? (= Return on Resources)
- Resources ⇔ Activity + Economic Model
- Definition of Success & Failure
- Identifying Unknowns

IpOp Review 3: Influencers acceptable?
- Factors
- Stakeholders
- Identifying Unknowns

- Tactical Moves ⇔ Resources
IpOp requires iterations (Q&D)

Key learning since IpOp Review 4
To use the IpOp Model

- Iterative approach
- Dynamic model (moving target)
- Choose the granularity level

Holistic understanding of a project
What’s new?

- No useless components
- Most of the components are known
- The IpOp Model connects the components and organizes their architecture in a holistic manner
  - Use the model as a mental guide and a checklist
- It is a process from the idea to the green light

📍 Silent Suppositions

- imagining that others think like me
  - have the same information that I have and are in agreement
- The IpOp Model is a good remedy against silent suppositions
- For more reliable decisions:
  - contradictory debate
  + collegiality

ISBN : 978-2-07-013508-0
Nestlé B3 vs. IpOp Model

IpOp Model

- Crystalized Opportunity
- Customer Benchmarking
- Customer Decision Criteria
- Definition of Success
- Definition of Failure
- Stakeholders

IpOp Reviews

- 1st
- 2nd
- 3rd
- 4th

Decision-making

- Scope
- Activity Chain
- Economic Model

Influencers

- Hope?
- Worth it?
- Who & How?

Unknowns
A Project requires mastering many tools/topics.
Pre-project

Source: Alexander Laufer
Why pre-project management matters...

- 30% of all projects are canceled before completion
- 30% experience schedule delays
- 50% exceed original cost estimates
- 12% completed on time and on budget
- $81 billion spent on canceled technology projects in 1995

The Standish Group, 1995  Cats-Baril & Thompson, 1995
Source : www.ijkm.org/Volume1/IJKMv1p023-036Furumo03.pdf

Einstein

Question:  
What would you do if you had one hour to solve a problem?

Answer:  
I would spend 55 minutes understanding the problem.  
Finding the solution would then be quick

Helmet illustration (www.bbc.co.uk/news/health-25681895)
Before accepting a Project

- Ask the right questions to know the:
  - Finality of the Project (also the fit to the Mission)
  - Aspirations + Resistances + Constraints of ALL the Stakeholders
  - CDCs + agree on the Alternatives
  - Definition of Success & Failure (with Milestones)
  - Economic Model
  - Acceptable level of Risk (including Collateral Effects)
  - Time available for the Pre-Project analysis (IpOp) in order to define the necessary Resources for this stage

Key learning since IpOp Model
People are conditioned by

- Their « stakes »
- Their intentions and ambitions
- Their constraints
- Their memory of the past
- Their brain processing
- Their emotional buy-in

Three Models for Making Decisions

Besides emotional parameters:
1. Rational: calculating consequences with emphasis on self-interest
2. Identity:
   - Who am I?
   - What kind of situation is this?
   - What people like me do in this kind of situation?

James March (Stanford University)
Project Decision-Making Process

1. Are there unaddressed PNDs for clearly identified Customers?
   ![Yes/No]
   - PND Statement *
   - NO

2. Is the proposed Solution compelling and supporting corporate strategy?
   ![Yes/No]
   - CSS Statement *
   - NO

3. Are the competitive advantages strong enough?
   ![Yes/No]
   - Benchmarking *
   - NO

4. Is it worth it and/or will it hurt if this Project is not implemented?
   ![Yes/No]
   - Definition of Success & Failure *
   - NO

5. Is this Solution the best choice?
   ![Yes/No]
   - Decision-Maker's Benchmarking *
   - NO

6. Will the key Stakeholders be happy?
   ![Yes/No]
   - Aspirations, Resistances, Constraints, Collateral Effects *
   - NO

Rev 2

7. Are the Risks and other Factors manageable?
   ![Yes/No]
   - Factors *
   - NO

8. Is the level of uncertainty generated by Unknowns acceptable?
   ![Yes/No]
   - The Unknowns *
   - NO

9. Can the Action Plan realistically deliver the Definition of Success or at least the Definition of Failure?
   ![Yes/No]
   - Action Plan *
   - NO

10. Can the necessary Resources realistically be obtained?
    ![Yes/No]
    - Resources *
    - NO

11. Is the team capable and motivated enough to successfully deliver the Definition of Success?
    ![Yes/No]
    - Resources *
    - NO

Rev 4

START THE PROJECT (Go into project management mode)

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Indirect questions

What is the underlying Economic Model?
What is the market size?

The IpOp Model effects

- Leads to ask challenging questions before diving
- Stimulates exchange and discussion with colleagues (= base for a STRUCTURED discussion)
- Avoids… avoidable mistakes and painful surprises*
- Reduces the risk of overlooking* key parameters
- Improves our understanding of key issues
- Brings discipline and rigor
- Leads to look for missing information
- Builds justification for the project
- Provides a shared vocabulary across the organization (for both « techies » and business developers)
Dealing with complexity

- People like to keep complexity at a comfortable level
  - They reduce the number of parameters
- Salience = selecting level of relevance
- Functional specialists select subsets of factors
- **Integrative thinkers** welcome complexity to
  - Avoid missing something that may lead to failure
  - Find innovative solutions (less obvious ones)

Integrative thinkers’ process

4 steps to exploit complexity and innovate:

1. Resist the temptation of salience
2. Challenge causality / links
3. Use the architects’ (holistic) view
4. Reach decision resolution (refusing trade-offs)
Making the best decisions

To choose the most suitable vehicle:
A. Little information + sleep
B. Lots of information + time to analyze
C. Lots of information + sleep

⇒ Intuition needs information

To trust your intuition:
⇒ Feed your intuition by asking questions and connecting information

Mental simulation

⇒ Sitting quietly, without moving but picturing yourself performing a task successfully from beginning to end
⇒ Two thirds of the benefits of physical practice
⇒ (trombone players, skaters, throwing darts, etc.)
The art of focusing

For one minute try thinking of nothing else than preparing your next vacation

<table>
<thead>
<tr>
<th>Any Project Fundamentals*</th>
<th>IpOp Model Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Define purpose</td>
<td>1. PND Statement</td>
</tr>
<tr>
<td>2. Define principles</td>
<td>2. Constraints/Resistances</td>
</tr>
<tr>
<td>3. Outcome visioning</td>
<td>3. CUE + Benefits</td>
</tr>
<tr>
<td>4. Brainstorming</td>
<td>4. Tactical Moves/Factors</td>
</tr>
<tr>
<td>5. Organizing</td>
<td>5. Action Plan + Go/No Go</td>
</tr>
<tr>
<td>6. Identifying next steps</td>
<td>6. Obtaining buy-in for the next steps</td>
</tr>
</tbody>
</table>

*From Getting Things Done, D. Allen

Software benefits (1)

- Generic roadmap for all innovations
- Distant monitoring (= manage + control*)
- Distant coaching
- Manages paternity/maternity (=> recognition)
- Captures all innovation related ideas, including those that are not implemented (= innovation database and portfolio)
Software benefits (2)

- Allows deployment/replication of success stories
- Compare outcome and initial choices
- Avoids repeating mistakes*
- Recycle ideas (including rejected ones)
  = Knowledge Management (without contraints !)

Use the IpOp toolkit to

- Evaluate the potential of a project
  ⇒ Brings transparency AND rigor to the process
  ⇒ Structures the project promoters’ analysis
  ⇒ Allows project elimination without exposure
- Seize an Opportunity
- Prepare a presentation for management
- Convince stakeholders (including clients)
- Rethink any proposal (or during existing project)
- Boost your career
  ⇒ No shortcuts to avoid failure
A solution adopted by

- PARC (Xerox)
- Nestlé
- Cap Gemini
- Ernst&Young
- Orange
- Sanofi-aventis
- Oracle
- ST Microelectronics
- Microsoft
- Banks
- City of Geneva
- Hôpitaux Universitaires de Genève
- HEC Geneva
- Universities USA + Europe
- …

8 Cornerstones of Success

<table>
<thead>
<tr>
<th>Cornerstone</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>High level</td>
</tr>
<tr>
<td>Definition of market</td>
<td>High level</td>
</tr>
<tr>
<td>Prime mover commitment</td>
<td>High level</td>
</tr>
<tr>
<td>Customer relations</td>
<td>High level</td>
</tr>
<tr>
<td>Other relations</td>
<td>Intermediate level</td>
</tr>
<tr>
<td>Idea</td>
<td>Intermediate level</td>
</tr>
<tr>
<td>Core expertise</td>
<td>Intermediate level</td>
</tr>
<tr>
<td>Organizational development</td>
<td>Intermediate level</td>
</tr>
</tbody>
</table>

### Opportunity Case (1)

1. Introduction outlining the final outcome
2. What are the Pains/Needs/Desires for which Customer?
3. What are the PND challenges / issues / difficulties (so far)?
4. What is the proposed Solution?
5. What are the market advantages of this solution (Client Benchmarking)?
6. Why this one: Decision-Makers Benchmarking (DMC)?
7. Does it fit corporate strategy and objectives?
8. Does it fit the brand essence?
9. What benefits are brought by the Solution to each key Stakeholder (including our company, distributors, partners, etc)?

### Opportunity Case (2)

10. What are the measurable Objectives defining success for the Project?
11. What are the minimum objectives below which the project will be considered to be a failure?
12. What is the Economic Model (where the resources come from)?
13. How to deal with Stakeholders’ Resistances?
14. What Barriers to entry must be overcome?
15. What barriers to entry can we build?
Opportunity Case (3)

16. What are the Risks (+ preventing/coping strategies*)?
17. What are the Unknowns
   (+ Moves to reduce the level of ignorance + cost)
   (+ Go / No-Go plan)
18. What are the other critical success Factors?
19. What are the Collateral Effects?
20. What Resources are required to implement?
21. Who will implement the project (which champion)?
22. Time line for Action Plan
23. Next steps and/or expected decision
24. Conclusion with
   o “Opportunity cost” (=price if we do not do it)
   o Summary

Opportunity Case is for Decision-Makers

3 possible reactions
  → Not interested  ⇒ save time and effort
  → Green light  ⇒ trusting the team
  → Interested  ⇒ show Implementation Plan

5 to10 pages… ☺
Always targeted to Decision-makers
Answers their questions (= What, Why, Who)
The business model canvas

www.businessmodelgeneration.com

Business model canvas vs. IpOp Model

© Raphael H Cohen 2001-2013 - All rights reserved. No part of this publication may be photocopied, transmitted or reproduced in any form or by any electrical or mechanical means including information storage or retrieval systems without permission in writing from Management Boosters, Geneva, Switzerland – www.managementboosters.com - rc@getratex.com
Use the business model Canvas to

- Verify that you did not forget to address any of the questions it contains
- Explore alternative business models
- Quickly explain some of the key components of your business model
  (= “visual elevator pitch”)

It is not a substitute to the Opportunity Case since it only addresses a portion of its content

Appendix to the Opportunity Case

- Data evidencing PND
- Explanation of the different options/scenarios
- Benchmarking with other organizations
- Implementation Plan
- Reference, if any
- ....
Implementation Plan

- As a complement to the Opportunity Case
- = Action Plan (no need to convince of the merits of the Opportunity)
- Actions that will deliver the Definition of Success
- Dealing with Factors and Unknowns
- With a time line
- With milestones and deliverables
- Detailing the Resources
- … can be replaced by a business plan

Obtaining buy-in

<table>
<thead>
<tr>
<th>Traditional Approach</th>
<th>Cohen Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business plan</td>
<td>Opportunity Case</td>
</tr>
<tr>
<td>⇒ What</td>
<td>⇒ What</td>
</tr>
<tr>
<td>⇒ Why</td>
<td>⇒ Why</td>
</tr>
<tr>
<td>⇒ How</td>
<td>⇒ Who</td>
</tr>
<tr>
<td>⇒ How much</td>
<td>⇒ (Approx. how much)</td>
</tr>
<tr>
<td>⇒ Who</td>
<td>⇒ Implementation</td>
</tr>
<tr>
<td></td>
<td>⇒ How</td>
</tr>
<tr>
<td></td>
<td>⇒ How much</td>
</tr>
</tbody>
</table>
Key learning since Decision-Makers’ tree

stay tuned...

Facebook : http://goo.gl/KddgK
Youtube : http://goo.gl/VEipm
Blog : http://goo.gl/mIM61
Twitter : http://goo.gl/zCDaj
To know more

www.winning-opportunities.org

Français ; www.ipopmodel.net

Pour en savoir plus


www.winning-opportunities.org
Other angle on entrepreneurship and success stories

http://www.routledge.com/books/details/9780415586443/

“La loi d’emmerdement maximum”
Murphy’s Law or Sod’s Law

$$\frac{(U+C+I) \times (10-S)}{20 \times A \times \frac{1}{1-(\sin(F/10))}}$$

U for urgency, C for complexity, I for importance, S for skill, F for frequency and A for aggravation.

Rate the urgency, importance and complexity of the task on a scale of 1 to 9 and add these figures together. Rate how skilled you are at the task. Subtract this from 10. Multiply your answers to steps 1 and 2 together and divide by 20. Rate from 1 to 9 how frequently you perform the task and divide this by 10. Calculate the sine value of your answer to step 4 (you’ll find this a ‘sin’ on most calculators) and subtract this from 1. Divide 1 by your answer to step 5. Finally, multiply your answer to step 3 by 0.7, and then multiply this by your answer to step 6. Voila - you have your Sod’s Law rating. The closer to 10 it is, the higher your risk of falling victim to Sod’s Law.

http://www.null-hypothesis.co.uk/science/spoof/articles/sods_law_mathematical_proof_humour
What prevents people from innovating?

- Satisfaction with only the idea
- Lack of confidence in the idea (feasibility?)
- Poor exploitation of the idea (no or bad plan)
- Jumping too fast into action
- Not daring to present the idea
- Not knowing the selection criteria
- No buy-in for the plan
- Lack of focus

6 personal factors

- Fear
- Indifference
- Egotism
- Living in the past
- Being discouraged

Guy Cabana: *Soulevez des montagnes, l'art de réussir l'impossible*
Blocking fear to lose

- Money
- Time
- Family / couple
- Health
- Opinion of others
- Self-image

Innovation starts with

Serendipity

= An astonishing object/situation
  + Someone capable of being astonished

«Sérendipité: du conte au concept», Sylvie Catellin, Seuil
Innovators’ 5 (6) competencies

1. Associate and connect what seems unrelated
2. Challenge and ask many questions -> opportunities
3. Observe behaviors (consumers, competition, …) = source of inspiration to do better/differently
4. Nurture their contacts and meet people from different horizons
5. Test their ideas
6. (To constantly pay attention to details)

HBR, Decembre 2009

Wear « Mission glasses »

- Be mission driven
- Constantly look for Opportunities to achieve your mission
- Become an « Opportunity Maniac »
- Do you have enough self-confidence?
What is risk?

Risk is perceived as the danger of losing something

Self-confidence* =

Trusting one’s agility and resilience
(Self-efficiency)

Albert Bandura (Bandura & Cervone, 1986:92)

Smart entrepreneurs aren’t cowboys – they’re methodological managers of risk

HBR May 2010
Identifying Opportunities

Opportunities always look bigger going than coming

"Business is the art of delivering benefits to clients" (G. Pinchot)
… in a rewarding manner (R. Cohen)

Never outsource your eyes!

- Observe clients, markets, colleagues, users, specifiers, etc.
- Any complaint, frustration, expressed or unexpressed need means an Opportunity
- The radar must stay on all the time!
- Warning: comfort and routine => blindness!
- Cultivate awareness
  "Opportunity dances with those on the dance floor"
Sources of innovation

Corporate anthropology

- Develop customer **intimacy**
- Spend time with customers/users until they say that you sound like one of them
- **Watch** customers in situ use the product/service
- Ask potential customers to role-play using prototypes to discover the **unexpected**
- Initiate joint development with potential customers (=lead users)
  - Understand and capture the **needs**

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Focusing on customers

- Have you exhausted all possibilities to get more business from your existing Customers?
- Are you really doing everything you could for your Customers?

⇒ www.americangirl.com

Do not ignore non-Clients!

- Why don’t they buy or use?
- What should be changed for them to buy?
  - Features / characteristics
  - How product is bought
  - How the product is used
  - …
- Identify opportunities
Focus on inefficiencies

1. Orientation
   - i.e. Hospitalisation instead of outpatient

2. Productivity
   - i.e. Waiting lists

3. Functional
   - What is actually done

4. Management
   - i.e. waste

5. Structural
   - Inadequate structures

6. Infrastructures
   - Inadequate resources

7. Strategic
   - Wrong positioning

Challenging

= the engine of progress & innovation

- No fortress lasts forever
- Nobody is immune
- There are no taboos
- Build « bridges »
- Beware of limiting beliefs
Key Learning since innovation process

Making money

Value for money

A

Perceived benefits

Money for value

B

Price

C

Procurement
R&D
Manufacturing
Marketing

Cost
To Achieve sustainable growth

- Main driver = innovation
- Followed by internationalization
- Adaptability = key to company success
- Innovation ≠ Invention

Left wing or right wing?

- Left side of the P&L (expense side)
  - Focuses on cost reduction (limited)
  - Less innovation (saving)
- Right side of the P&L (income side)
  - Focuses on increasing revenues (unlimited)
  - Innovating to beat the competition and plant the seeds for the future
8 easy ways to trigger innovation

1. Imagine the worst that could happen
2. Play the (5) "Why?" game
3. Pretend you just ran out of money
4. Pretend there are no rules
5. Pretend you only have five minutes to solve a problem
6. Imagine perfection
7. Screw up intentionally
8. Take a field trip... and borrow away

http://goo.gl/71YPn

How do you innovate?

A. Think of an Idea of Solution
   ⇒ Find out if it can satisfy a need

or

B. Find a need that is not properly satisfied
   ⇒ Look for an idea of Solution
Strategic Canvas*

- Analyze industry strategic map
  - Look for « Blue Ocean » opportunities
  - Look across
    1. Alternative industries
    2. Strategic groups within industries
    3. The chain of buyers
    4. Complementary products and services offering
    5. Functional or emotional appeal to buyers
    6. Time

**"Blue Ocean Strategy"**

---

Buyer utility map*

<table>
<thead>
<tr>
<th></th>
<th>Purchase</th>
<th>Delivery</th>
<th>Use</th>
<th>Supplements</th>
<th>Maintenance</th>
<th>Disposal</th>
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</thead>
<tbody>
<tr>
<td>Productivity</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Simplicity</td>
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<tr>
<td>Convenience</td>
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<td></td>
<td>X</td>
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<tr>
<td>Risk</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Fun, image, emotions</td>
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<td></td>
</tr>
<tr>
<td>Impact on environment</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**"Blue Ocean Strategy"**
McDonald’s wedding [http://bit.ly/QXzNAx]
Business Model Innovation

- Metropolitan Opera (NYC) video transmission
- Southwest Airlines+Easyjet & Virgin Airlines
- Ikea & traditional retailers
- Cirque du Soleil & Barnum
- Skype & Telcos
- Travelocity+Expedia & travel agents
- Bloomberg & Reuters
- Triple play & câble TV
- …

The importance of Biz Models

A New Slant

CEOs are now focusing almost 30% of their innovation efforts on their business models

% of emphasis

- Products/services/markets
- Operations
- Business model

DATA: IBM Business Consulting Services
Opportunities multiply as they are seized.
Sun Tzu

Dealing with speeding
It is easy to innovate!

- New or better service/product?
- Shorter cycle time
- New process or way to use information
- New marketing concept/channel
- New business model
- New packaging*
- New marketing segment
- New way to reach customers [www.givingkiosk.com](http://www.givingkiosk.com)
- New application/bundling
- New management technique
- …

Areas of innovation

- Services
- Speed
- Distribution channels
- Advertising
- Internet tools
- Partnering
- Licensing
- Outsourcing
- Tech. development
- Applications
- Timing
- Pricing
- Promotion techniques
- Selling techniques
- Etc.
What innovation

- was invented in 1792 in England
  + refined in 1955 (most likely not patentable)
- has destroyed many jobs
- has changed the economic role of cities
- has destroyed entire factories and industries
- has destroyed barriers to entry
- has destroyed social benefits in Western Europe
- has changed the face of the world
- has created incredible wealth and a shift of wealth
- had in 2009 a full economic impact of USD 436.6Bn

---

Swatch: Swiss-made quartz watches

<table>
<thead>
<tr>
<th>Year</th>
<th>Components</th>
<th>Lowest cost = CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>91</td>
<td>25.</td>
</tr>
<tr>
<td>1982</td>
<td>51</td>
<td>5.</td>
</tr>
</tbody>
</table>

(Initiated in 1980: Ernst Thomke + Elmar Mock + Jacques Müller)

- Activity chain impact: no repair, no spares
  - Franz Sprecher (marketing): from watch with design to... design with needles
  - Bloomingdales: more per collection + every 6 months

1982: USA : big failure...!!!
1983: Switzerland: 500’000 instead of 50’000

«La fabrique de l’innovations», Elmar Mock, Gilles Garel, Dunod 2012
Non-technological innovation

- Is inexpensive
  (requires fewer resources)
- Delivers faster results
- Complements tech innovation
- Can be done by anyone
- Is stimulating and fun
- Allows people to blossom and learn

2 kinds of innovations

- Incremental innovation
- Radical innovation
Additional sources of inspiration

www.springwise.com

Twitter fast update: http://goo.gl/zCDaj

“First they ignore you, then they laugh at you, then they fight you, then you win”

Gandhi

“ When you face tomorrow’s problems with yesterday’s solutions, you obtain today’s dramas”

"Quand on affronte les problèmes de demain avec les solutions d'hier, on obtient les drames d'aujourd'hui"

Michel Crozier
Key learning since how to innovate

The managerial challenges

- Although 96% of executives see creativity as integral to their business,
- surprisingly, only 23% have succeeded in making it an integral part of their business
- Leaders have misperceptions that hinder innovation (http://bit.ly/MUJXKX)
Two innovation tracks

In organizations, innovation is:
- Top-down
  - Based on mandate assignments
  - Uses project management tools
- Emerging (bottom-up)
  - Permission based
  - Uses Opportunity Case approach

Promoting innovation and change

- Traditional change management is top-down
  - Management decides of change
  - Change management
    = convincing everyone else to go along
- When decision making
  is the privilege of management
  - No empowerment
  - Control culture
No empowerment

- Means lack of trust
- Forces to think for everyone
- Means accepting the consequences of team’s lack of engagement
- Leads to giving up 35% productivity and profits improvements

Change management

Bottom-up (MbOp)
vs. Top-down

⇒ Trust builds Commitment
⇒ Delivers effective results
⇒ Boosts organizations
⇒ Is less costly (except for the ego!)
Management by Opportunity

The 5 pillars of MbOp
1. Management commitment
2. Environmental conditions
3. Employees’ Motivation
   The Wiiifm (What is in it For Me)
4. Innovation process (i.e. IpOp Model)
5. Breaking silos
   - MicroMBA => middle management
   - Increase cross-functional cooperation

Oracle Software experience

- 56% of the participants have initiated new projects that they would not have started without attending the IpOp Model workshop
- The IpOp Model tools have been used by 87% of the participants in their daily work

- Suitable tools are enablers
- Control systems are killers (i.e. stage gate)
Benefits for Oracle

- Low cost and focused innovation in line with corporate objectives (controlled)
- Competitive advantage
- Employees’ COMMITMENT and dedication
  ⇒ Satisfaction & Retention

Key innovation factors

- Your attitude is the number one factor that will stimulate or inhibit innovation
- Your expectations will drive innovation
- Your public recognition and rewards will encourage innovation
  ⇒ Employees’ opinion of the company is more important than the clients’ opinion of the company!
Employees’ opinion

- has more impact on increasing sales than the opinion of the customers
- is influenced by the perceived
  - quality of management
  - quality of training and development
  - level of autonomy (= trust)

“Treat your employees like if they could vote”
(Daniel P. Amos, CEO Aflac, IHT)

Organizational inhibitors of innovation

- Fear in general, of error, of retaliation
- Getting the necessary authorizations
- Deadlines and pressure
- Downsizing and crisis
- Lack of methods and processes
- New equipment and supplies purchasing procedures
- Threatened unit managers
- Requiring "dogs and pony" shows for review boards
- Corporate/admin. Procedures
- Overdoing internal competition

see “Winning at Innovation"
4 obstacles to collaboration

1. Unwillingness to seek advice and learn
2. Inability to find expertise
3. Unwillingness to help
4. Inability to work together

⇒ Need to overcome all the obstacles

Corporate obstacles
Killer tyrannies

- Served markets
- Established business models
- Partners / Distributors
- Current strategy
- Organizational structure
- Arbitrary financial Hurdles
- Language

Management frequent allergies

Loss of control
Risk
Change of habits
Innovation (NIH)
Corporate innovation

- All innovation strategies deliver some results
- No single strategy is better than the others
- No strategy can be replaced by another
- The more concurrent innovation channels = the more innovation
- Each innovation channel creates synergies with the others (1+1 = 3)
- The most successful organizations are agile and constantly experimenting

Best Practice for Change Management (1)

- Public and real commitment to innovation
- Provide some intrapreneurial supporting conditions (= structural support)
- Promote bottom-up leadership
- Provide middle management intrapreneurship education
- Recruit an innovation champion (coached?)
Best Practice for Change Management (2)
- Start with pilot units before deploying
- Reward and publicize the results
- Implement balanced scorecards per unit
- Launch a couple of « low-hanging-fruit » initiatives
- Constantly look for obstacles preventing innovation
- Sanction innovation killers

The A-F Model
- Activators
- Browsers
- Creators
- Developers
- Executors
- Facilitators

Palgrave Mamillan, 2011
What will guarantee failure

- Promote "domesticated humans" unreasonably fearful of authority
- Reward performers who are not team players
- Encourage or tolerate "turfy" (turf-protecting) behavior or “assholes”
- Sanction mistakes
- Let the bureaucrats "sanitize" the information (= filtering out the truth)
- No recognition and no paternity for innovations

What leaders can do (1)

- Provide a specific mission for each B.U.
- Demand and encourage true & honest market feedback
- Discourage turfy behavior => peer assists
- Focus on mid-term objectives
- Reward what you expect (not the followers)
- Reward with freedom
What leaders can do (2)

- Review the long-term contribution to the mission of managers’ tenure instead of their lack of transgressions
- Provide explicit project selection criteria
- Provide a Facilitator to waive blocking regulations
- Favor flexible, mutable and self-organizing organizations
- Feed employees’ pride

What leaders can do (3)

- Lead by example (and physical presence)
- Always behave with ethics
- Honor openness across organizational boundaries
- Find ways to get unsanitized information from all stakeholders
- Encourage efforts (in action) before celebrating results
Risks and consequences

- Only true (and courageous) leaders can transform a culture...
- There will be resistance from unsecure people (need to educate management to reduce fear)
- Profiteurs will fight back! (collective vs. individual benefits?)
- There will be casualties because it is impossible to please everyone

Courage
Key learning since managerial challenges

- If you think you will win, you have lost
- If you fear you will lose, you have lost
- If you focus on the size of your enemy, you have lost
- If you belittle the competencies of your enemy, you have lost
- If you doubt your own capabilities, you have lost
- If you are arrogant, you have lost
- What's left? you ask

The fight!
Focus on that!
Short bibliography

- “Blue Ocean Strategy” by Chan Kim and Renée Mauborgne, HBS Press, Boston 2005
- “Radical Innovation” by Richard Leifer, Christopher M. McDermott, Gina Colarelli O’Connor, Lois S. Peters, Mark Rice, Robert W. Veryzer (ISBN 1-57851-903-2)