RCVS INNOVATION TRAINING

SESSION TWO – DEVELOPING YOUR IDEA
INTRODUCTIONS


Innovia is a global innovation consultancy. We work with both marketing and R&D to define, create, trouble-shoot, and message brand-new products and services.
Innovia provides breakthrough innovation. We work with both marketing and R&D to define, create, trouble-shoot, and message brand-new products and services.

Our clients include:

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<th>PROCTER &amp; GAMBLE</th>
<th>BAYER</th>
<th>JAGUAR LAND ROVER</th>
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<tr>
<td>SHELL</td>
<td>VF CORPORATION</td>
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<td>BOEING</td>
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<td>NEWELL BRANDS</td>
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<td>KRAFT HEINZ</td>
<td>JOHNSON &amp; JOHNSON</td>
<td>LEGO</td>
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Successful innovation must be powerful, practical, rewarding, and a wise business move. Our multidisciplinary teams work together to **understand** what’s needed, **explore** what’s possible, and **decide** what’s best.
Powerful innovation covers both “What to do” and “How to do it”. To achieve this, Innovia works at the junction of Marketing and R&D. We are experienced in translating ideas and methods between them.
Our clients use us to drive concepts through the innovation timeline. Innovia Technology specialises in these five actions.

- **DEFINE** innovation strategy
- **SOLVE** complex challenges
- **CREATE** winning products and services
- **MAKE** the vision a reality
- **MAXIMISE** impact of innovation
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RCVS Innovation Training
Session One

RCVS Innovation Training
Session Two
AIMS

Whole program

• Enable interested and engaged veterinary healthcare professionals to advance animal welfare, their businesses, and the profession, by innovating effectively.

Session one

• Explain the innovation process, and provide tools to enable participants to explore their challenges, find their needs, and have good ideas.

Session two

• Explain the importance of concept development and iteration, and provide tools to enable participants to refine concepts into business propositions.
We assume everyone understands the value of innovation. However, there are some other things we’re going to hold as true during this session (and you’re going to have to trust us because proving these from first principles would take too long):

**Value** - “measure of the benefit provided by a good or service to an agent”. Could be financial, clinical, emotional, time saved, or something else. This is good.

**Stakeholder** - The “agents” in the system. Should be provided with value. Could be the patient, the owner, the healthcare professional, the business owner, the local community, or the government.

**Opportunity Cost** - “the loss of potential gain from other alternatives when one alternative is chosen”. In biology, this drives evolutionary arms races. In economics, it is why businesses must innovate or die.

**Iteration** - Refining something by trying it out and learning from how it fails, improving it and then going around the cycle again. And again.

**Concept** - A selected idea to meet an assessed need.
Progress by innovation turns ideas into new value:

Finding the strongest need leads to ideas in the right direction:

And most ideas suck, so the best ones must be selected:
Enabling the Concept

Do
Use
Concept
Talk
Give

Ps. Sorry about the jargon title, there’s really no better way to say it. We did try...
Is your **CONCEPT** really a practical idea that meets a valuable need?

Finding working answers to these **five questions** is the core of business innovation.

They can be found **before** or **after** launch.

That is the first choice in developing concepts.

What do you need to **DO** for the concept?

What do you need to **USE** for the concept?

How do you **TALK** to stakeholder/s about the concept?

How do you **GIVE** stakeholder/s the concept?
DEVELOPMENT METHODS

Stage Gates

Lean Start-up

Hybrid approaches - Scientific Method and Design Thinking
Implemented in the 1960s for most big companies to reduce risk of waste.

Maintained nowadays mostly by companies in high-risk industries.

Proponents claim many advantages:

- Increased new product success rates
- Increased organizational focus on the right projects
- Fewer errors, waste and re-work within projects
- Improved visibility of all projects in the pipeline
Stage gate questions aim to fail fast. They want to target the hardest bits first:

1 - CONCEPT - Is the need understandable and valuable to your stakeholder/s? Can the idea really meet the need?

2 - DO and USE - Can you really, practically do the concept? Can you get hold of all the things you need to use?

3 - TALK and GIVE - Can you communicate with your stakeholder/s? Can you get your concept to your stakeholder/s?

e.g.
If we zoom in a little:

Stage gates are passed only once the question (or “Key Uncertainty”, if you want the business jargon) has been answered with sufficient evidence (or “Reasons To Believe”)

For example:

- **Is the need valuable to your stakeholder/s?**
  - Example assessment: Examine value mapping
  - Example cut-off: Only accept needs that save £5

- **Insufficient value provided. Next step: Modify or abandon.**

- **Sufficient value provided. Next step: Go to next gate.**
1 - Expand your concept. Pick out all of the uncertainties in its genesis: Was the need real? Is it sufficiently valuable? Does the idea really work? Does it work well enough?

2 - For each uncertainty, work out two things **IN ADVANCE**:  
   - How to assess your system  
   - What is your pass/fail cut-off

3 - If your idea passes, proceed to next step. If it fails, do not.

4 - If it passes all gates, go to market and expect huge success.

Note that this system is **NOTORIOUS** for keeping bad ideas alive in limbo.

Also note that this system is **INAPPROPRIATE** for start-ups and most small businesses.
Learn by doing.

It provides improvement by iteration - a repeating cycle of **BUILD > MEASURE > LEARN**.

The first move is to cobble together a minimum viable product (MVP).
**Lean start-up questions aim to fail small. Test your biggest risks before investing lots:**

1 - **CONCEPT** - Is the need understandable and valuable to your stakeholder/s? Can the idea really meet the need?

Many people call these the leap of faith assumptions. The MVP is designed to test only these. These are the only yes/no answers.

2 - **DO and USE** - How should you really, practically do the concept? What’s the best way to get hold of all the things you need to use?

3 - **TALK and GIVE** - How do your stakeholder/s want to communicate? What’s the best way to get your concept to your stakeholder/s?

Note that each of these questions will need MANY rounds of iteration, but that is fine, eventually the LEAN START-UP becomes profitable and becomes a LEAN business.
1 - Create an MVP. This is a version of your concept that is just the idea meeting the need. It doesn’t have to turn a profit, or be easy, or pretty, or efficient. Just the core.

2 - Launch it. No fanfare or scale needed. Just use it to check that your leap of faith assumptions are right. Does the idea work well enough? Is the need valuable enough?

3 - Pick the next largest uncertainty. Work out how to assess your system to answer it. E.g. How exactly should I do this? Try out one method for half of customers. Try out another method for other half of customers. Assess outcomes after 3 days. Keep best method. Repeat.

4 - If you eventually get to a question that gives you an “end” answer (e.g. “There is no way to get the components I need at a low enough cost”), you have two options:

   **A - Pivot.** Go forward and make a better Concept using new data you’ve gathered.

   **B - Stop.** Lean-start-up living can be exhausting. There’s no shame in taking a break.
Improvement by building on the strongest of many subtle variants. This might sound familiar to everyone with any training in biology.

There are obvious differences between Lean start-up innovation and evolution, however the similarities do allow biologists to get a head-start in understanding.

Two effects that appear in both:

- **The Upward Path Constraint**
  Any changes that would require getting temporarily less fit, are impossible

- **The Island Effect**
  Protected environments cause unusual forms, which can be both a blessing and a curse
DEVELOPMENT METHODS

Stage Gates

Lean Start-up

Hybrid approaches -
(E.g. The Scientific Method and Design Thinking with JTBD)
<table>
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<th>Stage Gates</th>
<th>Fast</th>
<th>Sheltered</th>
<th>Hard to set up</th>
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<tr>
<td>Lean Start-up</td>
<td>Cheap</td>
<td>Conservative</td>
<td>Hard to maintain</td>
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These are the purist ends of the spectrum. However, in the middle are hybrids:
The Scientific Method:

Observe.
Hypothesise.
Test.
Act.

This gives you a framework to put inside your Lean Start-up innovation. It can be useful as a way to think about Lean cycles until you’re comfortable with them.

**Observe** a difference between perfect performance, and your system

**Hypothesise** a change that would reduce the difference (i.e. 1/a cause)

**Test** the null hypothesis in house or **Test** the null hypothesis in the market.

**Act** on your findings to improve the system AND work improve your in-house testing.
**Design Thinking:**

Empathise.
Define.
Ideate.
Prototype.
Test.

This is a Stage-Gate-like framework, but with Lean cycles chucked in. It can be useful as a way to get guidance at the beginning and reduce risk.

**Empathise** and **Define** can be run as a Lean Start-up cycle using pre-prototype testing.

**Ideation** is still normally done in isolation in Design Thinking companies. That is risky.

**Prototyping** and **Testing** are always run as an iterative process.
In reality – Becomes very expensive and working without actual market contact is VERY risky.

In reality – Continual failure and redesign, without structure, is a demanding mindset.

In reality – People become evangelical about structures and it can slow things down.
YOUR SOLUTION DOESN’T EXIST BY ITSELF - You must do, use, talk, and give stakeholders your solution

WANT TO KEEP CHANGING - You will not be on the right path. Ever. But you can get closer and closer.

LOOK OUT - Answers come from outside or inside. But probably outside. So keep an ear on the market.
We’re really looking forward to meeting you at the second workshop in the RCVS’ innovation training programme. This session will cover “Developing an idea”.

We’ll give a brief overview of the innovation process and explain why many innovations don’t succeed. Please have a look at the following three case studies and think about why the products were not successful. We’ll use these as examples during the workshop.

Additionally, to make best use of the training exercises in this first session, please bring with you an idea that you’d like to develop further. During the sessions (see agenda on later slide), we will run through some business basics, techniques, and tools to help you take your idea forward.
**Frito-Lay’s WOW Chips**

Fat-free potato crisps fried in olestra, a fat-substitute that provides the right mouthfeel but that is not absorbed by the gastrointestinal tract.

Launched. Initial enormous success. Then a flurry of media reports caused plunging sales.

Why?
Coors Rocky Mountain Spring Water

Launched to take advantage of the booming bottled-water market. Coors brews iconic American lager with Rocky Mountain spring water, and began selling its own-brand sparkling water in original, lemon-lime, and cherry flavours.

Very poor sales from the outset and product was discontinued.

Why?
Google Glass

Incredible engineering to fit substantial functionality into wearable, clear ‘smart glasses’. Wearers communicated with the Internet via natural language voice commands.

Launched to significant fanfare online to a small group of ‘early adopters’. Terrible reviews. Very poor sales. Withdrawn from market.

Why?