

RIISING TO THE COVID CHALLENGE

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The COVID Crisis demands an immediate response from businesses. But what should you do and how should you do it?

The answer this programme offers is that you should harness the *power of innovation*.

The COVID Pandemic creates an unprecedented challenge for businesses. Many are on the brink.

To survive the uncertainty and adapt to changing circumstances you will have to think outside your usual box.

But this does not mean you are lost in the storm. The good news is that there is a powerful weapon that can give you direction and purpose. That weapon is *innovation*, the ability to think about and do new things that will help you adapt by creating your own effective solutions. Innovation includes new ways of organising people and things; new products and services; new processes and technologies; new business models, markets, and ways of marketing.

How can you create the ability to innovate *effectively*? There are many new things you could do. But how can you make as sure as possible that these things are feasible and will help you get where you want to go?

These are the key questions that are dealt with in this *Programme for Rising to the COVID Challenge*.

But how can you make *effective* innovation happen? Importantly, how can you make sure your answers will, at the same time, add value for *your customers*?

In a short time, we will teach you how to design and implement a tailor-made *COVID Challenge Innovation Ecosystem (CCIE)* to make your effective innovative COVID solutions happen. Your CCIE will do this by bringing together in one system the people and processes that are needed.

5 Key COVID Questions

Among the challenges you face are the following:

1. How can you reduce costs?
2. How can you increase revenue?
3. How can you benefit from new opportunities?
4. How can you make your employees happier?
5. How can you contribute more to your communities?

How can you make this innovation happen?

By doing 3 things:

1. Creating new ideas.
2. Selecting the best of these ideas.
3. Implementing these ideas.

These things can be done by designing and using a **COVID Challenge Innovation Ecosystem (CCIE)**. We will show you how through your CCIE to go about:

Creating New Ideas

We will teach you about the Value Adding Conjecture (VAC) and how you can use it to create new ideas that will provide innovative solutions to your COVID challenges. A VAC is a hypothesis about what will add value in meeting your COVID Challenges.

For further information see **Martin Fransman, Innovation Ecosystems – Increasing Competitiveness, Cambridge University Press.**

Selecting New Ideas

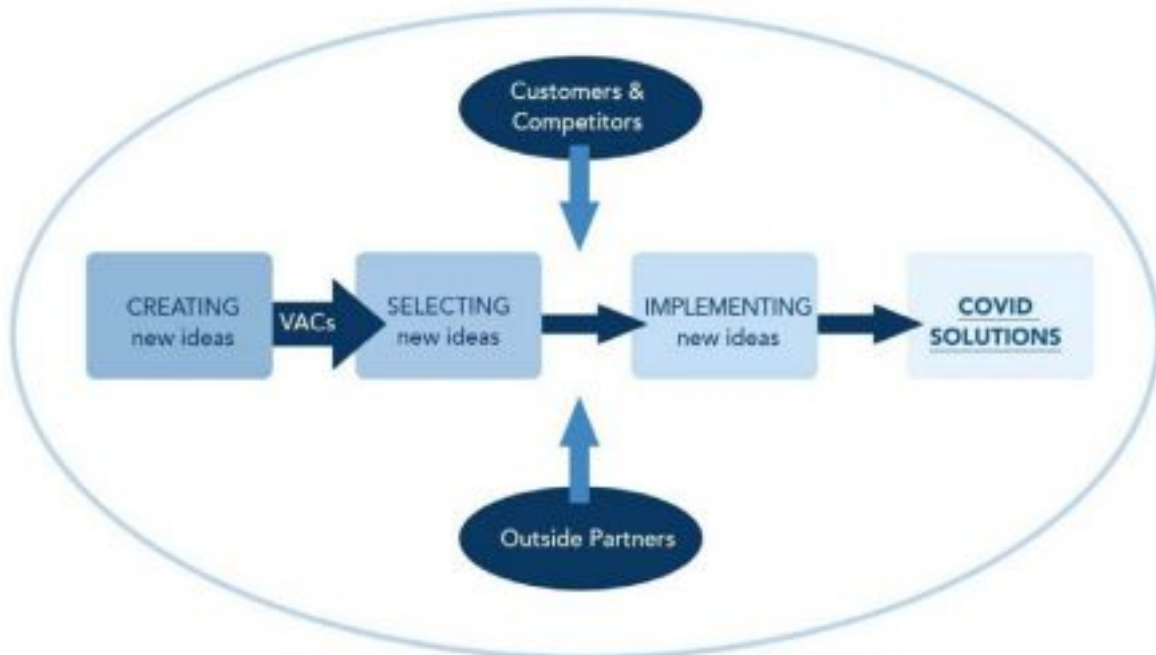
We will show you how to go about selecting the best ideas, making sure your customers, who are so essential for you surviving and thriving, also benefit.

Implementing New Ideas

We will demonstrate how to implement new ideas, helping to solve your COVID challenges.

NOTE: All this can be taught in a very short time!

The COVID Challenge Innovation Ecosystem (CCIE)



In only 5 steps, create your own COVID Challenge Innovation Ecosystem (CCIE) to Generate Innovative Solutions to your COVID Challenges

This Programme is designed to tell you what you might do to harness the power of innovation in creating your own tailor-made solutions to the COVID Challenges your business is facing. It teaches you how to design and implement a *COVID Challenge Innovation Ecosystem (CCIE)* that will generate the fittest solutions.

As in baking a cake you are encouraged to be flexible and use short-cuts if you feel this is warranted. In a crisis, time is often of the essence. But in making these decisions it is best to know what might also be done.

Starting the Engine of Innovation – Creating a Variety of VACs

STEP 1: Select your Priority COVID Challenge

From amongst the COVID Challenges that you confront select what you think is the most important.

STEP 2: Create a Variety of Innovative Solutions

The second step is to come up with several good ideas about how to solve your priority

challenge. But how should you go about doing this?

The answer is that you need to ask 3 crucial questions:

- What must be done?
- How must it be done?
- Who must do it?

What must be done?

The key is to identify what would add most value in solving your challenge.

The way to go about this is to create a variety of *Value Adding Conjectures (VACs)*. A VAC is a hypothesis about what it is thought will add value in helping to solve the challenge. Having created several VACs a judgment can then be made about which are likely to be the most effective.

But merely to state a conjecture is insufficient. To select a VAC for implementation, further information is necessary. For example, who would benefit from the conjecture? How would they benefit? What evidence is there for suggesting they will benefit? What is the expected cost of implementing the conjecture (in terms of time and money)? etc

You can go about collecting this further information by constructing a VAC Checklist, a list of questions that must be answered before passing on the proposed VAC to the team in charge of selecting VACs. Having a variety of VACs from which to select will give you a wider pool from which to choose and therefore increase the chance of coming up with something good.

To get an idea of the kinds of questions you may want to include in your VAC Checklist see the '**Creating New Ideas- Key Questions and Other Considerations**' section of the table at the end.

How must it be done?

VACs should be created by appointed VAC Creators. Their role, which needn't be full time, is to come up with VACs that they believe will add value by helping to solve the priority COVID challenge. A VAC Creator may be an individual, a team, or multiple teams.

Their job is to propose and 'flesh out' the VAC by completing the VAC Checklist. With this information the Selection Team will be able to decide whether the VAC is worth implementing or not.

VAC Creators can exercise their ingenuity in coming up with VACs, perhaps resorting to unusual sources to create their conjectures.

Note that VAC Creators should be encouraged to think 'outside the box'. They should also feel free to include 'crazy' or 'bizarre' ideas. Because there are several VAC Creators who collectively are creating a variety of VACs it is possible to include such options. They can always be rejected at the selection stage. But they might offer new ways of thinking about things. By having a variety of VACs from which to choose VAC Creators can be given permission to be daringly creative.

Who must do it?

The good news is that you don't have to confine yourself to people in your own organisation in choosing VAC Creators. You can also draw on the knowledge and resources of people outside your organisation. This will add to the pool of ideas and creativity available to you and increase the quality of VACs. In this way the net will be cast wider in the search for value-adding conjectures.

You should certainly think of ways of involving your targeted customers if possible. They are ultimately responsible for your ability to survive and thrive and their involvement will help ensure that what you are proposing will add value for them or at least be consistent with what they want.

But others could also potentially make good VAC Creators. Examples include suppliers, partners, university academics, and government personnel.

Revvng the Engine of Innovation – Selecting the Best of the VACs

Step 3: Appointing the VAC Selection Team

Having readied several VACs for possible selection - by completing the VAC Checklist for each of them - you will then be ready to decide which of the VACs is likely to add the most value in solving your prioritised COVID Challenge. This decision will be made by the *VAC Selection Team*.

To know how to go about establishing the VAC Selection Team there are, once more, 3 key questions to ask:

- What must the Selection Team do?
- How must it do it?
- Who should do it?

What must the Selection Team do?

The job of the Selection Team is to select the best of the VACs that have been submitted by the VAC Creators. The detail provided in the VAC Checklist gives the Selectors the information they need to make an informed decision regarding which, from their point of view, are the best VACs.

Having made its decision the Selection Team will pass the selected VACs on to the Implementation Team/s with instructions to implement them. The Selection Team may also have a hand in choosing and monitoring the Implementation Team/s.

How must the Selection Team do its job?

The Selection Team selects VACs on the basis of *Selection Criteria* which it has chosen. These criteria are used to rigorously compare the benefits to the business of the alternative VACs that have been submitted. Different criteria can be weighted differently to reflect the importance to the business of each criterion.

For example, the likely speed of implementation or the expected cost may be given a higher weight in evaluating the benefit of the VAC. Similarly, the strength of the evidence that the intended additional value will indeed be realised may be judged to be important.

It is here that the business's *Strategy* and *Business Models* enter the picture. Given the unexpectedness and suddenness of the COVID Crisis it is important to ask whether they remain relevant under the new circumstances or if they should be changed. And if so, how should they be changed? But, clearly, Strategy and Business Models should play an important role in shaping the Selection Criteria. This will help ensure that over-hasty, off-the-cuff decisions are not made in response to the Crisis that may be regretted in the future.

The Selection Criteria must be finalised as soon as possible by the Selection Team. The reason is that the VAC Creators need to know where 'the goalposts' are and what they should be aiming at.

Once the selection of VACs has been made the VAC Creators must be given feedback regarding the outcome of their VAC proposals. Feedback is particularly important for Creators who are based outside the business who need to be kept informed and motivated about their submission. Based on this feedback a Creator may decide to rework and resubmit their VAC.

Who should be on the Selection Team?

It is important that the business's top people and/or their delegates should be on the Selection Team. This includes the CEO, COO, CFO, heads of sales & marketing, production, R&D etc. The reason is that important decisions about how to respond to the COVID Crisis will be made by the Selection Team with potentially crucial implications for

the future well-being of the business and its stakeholders. The business's top people not only need to know what these decisions are but also need to shape them.

It is necessary that the people on the Selection Team are different from those who are VAC Creators or on the Implementation Team. This is to avoid a conflict of interest. If VAC Creators are also involved in selecting their VACs this would produce such a conflict. And since the Selection Team also has supervisory control over the Implementation Team, common membership could produce a similar conflict.

But other expertise and representation may also be needed. Well-qualified expert advice may be considered necessary. So may stakeholders who might be targeted as intended beneficiaries of the VAC or who may be implicated by the implementation.

Specifically, the role of Customers should be considered since they are key for the future wellbeing of the business. Their reactions and feedback will be crucial. Other representatives who may be considered are suppliers, partners, universities, and government agencies.

In the Table at the end you will find the section: **'Selecting New Ideas: Key Questions and other Considerations'**.

Cruising to Innovative Solutions – Implementing the Selected VACs

Step 4: The Implementation Team

The 3 questions:

- What must the Implementation Team do?
- How must it do it?
- Who must be on the Implementation Team?

What must the Implementation Team do?

The role of the Implementation Team/s is to receive the VACs selected by the Selection Team and implement them. In so doing it is crucial that they continually test the VACs to confirm that they really do add value in solving the priority COVID Challenge.

Some testing of the VAC is likely to have been done by the VAC Creator in the process of completing the VAC Checklist before submitting the VAC to the Selection Team. Some of the questions in this tool ask for evidence that the VAC will achieve its intended purpose. For example, if the VAC is intended to add value for customers there may have been prior discussions with a sample of these users to confirm the value adding conjecture.

But this early-stage testing is by no means sufficient. Continual interaction between the implementors and the beneficiary-users is necessary to ensure that the emerging innovative solution does in reality generate the added value sought.

After the implementation process has been completed the resulting innovative output – a new way of organising people or things; a new product or service; a new technology or process; or a new business model, market, or way of marketing – must be 'taken to market' i.e. delivered. This may be done by the same Implementation Team/s or passed on to newly created ones.

How must the Implementation Team do its job?

The interaction between implementors and beneficiary-users, and the feedback it generates, has important implications. It allows the implementors to decide whether to persevere with the original VAC, to pivot it in the light of the feedback, or perhaps even to abandon it.

Crucially, this implies that over time the VAC itself, as well as the understanding the beneficiary-users have of the added value they will be receiving, will co-evolve and change.

It is therefore possible that both these things may at the end of the implementation process become very different compared to what they were at the beginning.

Similarly, it is possible that the Strategy and Business Models that have informed the Selection Team's selection of VACs will also, in the light of the feedback, change.

Since the innovation being developed is intended as a solution to the COVID Crisis it is likely that speed and effectiveness will be crucial. This must shape the implementation process. This will require focus but also flexibility and intense interaction, both within the Implementation Team as well as with the beneficiary-users. Continuous testing of the VAC will ensure that the project will remain on target. If this ceases to be the case, pivoting or abandonment are options. The sooner a project is stopped that is proving not to add the value intended the better. Resources will be saved.

Who must do it?

The members of the Implementation Team/s and their leaders should be chosen and monitored by the Selection Team. The Selectors will be in the best position to decide what mix of capabilities and knowledge will be required.

The Selection Team should also decide what *success criteria* should be used in judging whether the implementation project is meeting its goals. The Selectors should also monitor the progress of the implementation process with the power to abort the project if necessary.

The decision regarding how people outside the business should be involved in the implementation process, and who they should be, should also be made by the Selectors. Their role as the top managers of the organisation best positions them to make these decisions.

Finally, the decision about who should ultimately 'deliver' the implemented VAC should once again be made by the Selection Team for the same reason.

Evaluating, Learning, and Improving

Step 5: Judging the Success of the Whole Exercise

What needs to be done?

How well has your *COVID Challenge Innovation Ecosystem* worked? Has it achieved the value added sought? What were its strengths and weaknesses? What can be learned? How can the ecosystem be improved? These are the kinds of questions that need to be asked.

How is this to be done?

This should be done by constituting an *Evaluation Team*. The membership of this team should be decided by the business's Board who should ensure the necessary objectivity and impartiality. The Board should also establish the Terms of Reference including the criteria that must be used in evaluating outcome.

The tasks of the Evaluation Team should include recommendations about what lessons should be learned and what improvements should be made to the *COVID Challenge Innovation Ecosystem*.

Who must do it?

This will be up to the Board to decide. However, it will be desirable to involve in some way the intended beneficiaries-users of the proposed innovative solution to the COVID challenge. They might be included as members of the Evaluation Team, but it is also possible that their opinion is sought in some other way by the Team.

Other possible outsiders to be included are customers, partners, suppliers, academics, and government representatives.

Practicalities – In a Crisis, Time is of the Essence

This Programme should be read as an indication of what might be done in creating and using a *COVID Challenge Innovation Ecosystem* (CCIE) to generate solutions to your COVID Challenges. It does not stipulate what must or should be done. Flexibility and short-cuts may be entirely acceptable, indeed necessary under the circumstances. Feel completely free to make your own judgments in deciding what to do and what not to do, just as you would in baking your own cake.

The Longer-Term Usefulness of the COVID Challenge Innovation Ecosystem

Although you may establish your *COVID Challenge Innovation Ecosystem* with the immediate purpose of producing solutions to your COVID Crisis, the innovation ecosystem you have created will have a longer-term usefulness. Just as it can be used to generate fit solutions to the COVID Crisis it can also be used for the purpose of improving the longer-run performance of your business. It can increase your revenue, productivity, and growth, by making competitiveness-raising innovation happen. For further information see **Martin Fransman, *Innovation Ecosystems – Increasing Competitiveness*, Cambridge University Press.**

Using an Evolutionary Approach to Produce Innovative COVID Solutions

The *COVID Challenge Innovation Ecosystem* (CCIE) proposed here uses an evolutionary approach. This is entirely appropriate since we know that Evolution produces the fittest outcomes.

For Charles Darwin, evolution = variety + selection + reproduction. CCIE uses the evolutionary concept of variety in generating several Value Adding Conjectures (VACs). The principle of selection is then used to winnow these VACs and choose those deemed to be 'fittest'. The implemented VACs, provided they meet their goals, are then reproduced as

they become solutions to your COVID challenges.

The result of the CCIE process, therefore, is to produce, from the business’s perspective and using an evolutionary approach, the fittest solutions for your business.

Key Questions and Other Considerations for Each Stage of Innovation

	KEY QUESTIONS	OTHER CONSIDERATIONS
CREATING new ideas	<ul style="list-style-type: none"> - What is the VAC? - Who is intended to benefit from the VAC? - How will they benefit? - What evidence is there for suggesting they will Benefit? - What is the expected cost of implementing the VAC (in terms of time and money)? - What other inputs are required, who will provide these inputs, and how much will it cost? - How will key customers benefit? - Will the VAC make you more competitive? - What difficulties may arise in implementing the VAC? - How long will it take to implement? - Who should create new VACs? - Have you created a variety of VACs? - Add other questions you think are important. 	<ul style="list-style-type: none"> - Who outside your organisation should be involved in creating new VACs? (e.g. customers, suppliers, partners, universities, government agencies). - How should they be involved? - Who inside your organisation should be responsible for involving them and monitoring their participation and performance? - NOTE: Customers should play a key role in creating VACs. This role should be defined. - Add other considerations you think are important.

<p>SELECTING new ideas</p>	<ul style="list-style-type: none"> - Who should be on the Selection Team? - What criteria should they use in selecting from the variety of VACs? - What role should the Selection Team play in overseeing the implementation of chosen VACs and evaluating the outcome? - Add other questions you think are important. 	<ul style="list-style-type: none"> - Who outside your organisation should be involved in selecting new VACs? (e.g. customers, suppliers, partners, universities, government agencies). - How should they be involved? - Who inside your organisation should be responsible for involving them and monitoring their participation and performance? - NOTE: Customers should play a key role in selecting VACs. This role should be defined. - Add other considerations you think are important.
<p>IMPLEMENTING new ideas</p>	<ul style="list-style-type: none"> - Who should be on the Implementing Team and what role should each member play? - Should there be more than one Implementing Team? - What criteria should the Team meet? - Should there be milestones at which there can be an interim evaluation of the project after which the project could be aborted? - What are the interim evaluation criteria? - Add other questions you think are important. 	<ul style="list-style-type: none"> - Should anyone outside your organisation be involved in implementing VACs and, if so, who should they be? - Who inside your organisation should be responsible for involving them and monitoring their participation and performance? - Add other considerations you think are important.

Evaluation

- Who should evaluate how well your COVID Challenge Innovation Ecosystem is performing?
 - What criteria should they use in making the evaluation?
 - Who in your organisation should be on the Evaluation Team?
 - Who outside your organisation should be on the Evaluation Team? (eg. customers, suppliers, partners, universities, government agencies).
 - Add other questions you think are important.
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