Innovation = Serendipity + Strategy

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According to management guru Peter Drucker, companies must innovate, or they will die. Innovation is a challenging concept with diverse definitions, and most of them focus on what innovation is rather than how to achieve it. Successful innovation is difficult to attain because it requires combining two rather contradictory concepts—*serendipity* and *strategy*.

Peter Drucker, former management consultant, educator, and author, coined the saying "innovate or die." Just because the term *innovation* is ubiquitous does not make it relevant. But what is innovation? ISO defines innovation as *the practical implementation of ideas that result in the introduction of new goods or services, or improvements in offering goods or services*. I prefer an even more concise definition that puts the consumer at the forefront: *innovation is an outcome that creates value for its consumers in a distinct, superior, and novel way*. Whichever definition you prefer, it is results-focused. Achieving those results, however, is the challenge.

When analyzing numerous innovations, the fundamental factor in their success or failure can be found in the fact that innovation requires the combination of two contradictory concepts:

$$\text{Innovation} = \text{serendipity} + \text{strategy.}$$

Serendipity is responsible for the *distinct, superior, and novel* part of innovation, while strategy ensures that it *creates value for its consumers*.

SERENDIPITY

First used in 1754 by Horace Walpole, the word *serendipity* describes an unplanned, fortunate discovery. It happens by chance rather than planning and has a happy or beneficial outcome. So, if innovation depends on chance or luck, why do we so often talk about innovation processes? We can more readily take advantage of luck when it occurs by creating an environment that fosters serendipity. Such an environment must allow for and support three key activities, that is,

- engaging in counter-factual thinking,
- fostering surprises, and
- exploring noverlty.

Serendipity occurs more often when one walks through the world looking ahead, questioning the obvious, rather than looking at the ground, being afraid of change. Serendipity is most often associated with the invention aspect of innovation. Consider the Post-it note innovation—3M scientist, Dr. Spencer Silver, was looking for a new way to develop a super-strong adhesive and, in the process, ended up accidentally creating a reversible, pressure-sensitive adhesive. It took 11 years from the initial idea in 1968 to the first successful product launch in 1979, with numerous business failures in between. Another serendipity-driven innovation was the discovery of penicillin when Alexander Fleming observed that the fungal contamination of a bacterial culture appeared to kill the bacteria itself. Successful innovation requires a strategy that provides a structure and a consumer context to serendipity.

STRATEGY

Strategy, in the context of innovation, is a plan that transforms ideas into business opportunities. The goal of the strategy part in innovation is ensuring that the invention, typically resulting from serendipity, solves an existing or future problem that customers are faced with and for which they are willing to pay to get it solved. Addressing them requires satisfying a need, alleviating a pain, or creating a gain, and allowing the firm offering the solution to appropriate value. An innovation strategy comprises four key aspects:

1. An existing or future problem or challenge to address, or job to be done that is aligned with the mission statement of the firm.
2. A process for creating, collecting, evaluating, and prioritizing ideas.
3. An organizational structure, including skills and resources, in which an innovation can grow into a successful product or service.
4. A framework for assessing value, both for the consumer and the firm.

COMBINING SERENDIPITY AND STRATEGY INTO A SUCCESSFUL INNOVATION

Broadly speaking, there exist two ways to innovate:

- By reconfiguring existing components in a novel way.
- By identifying unanticipated, disruptive, or new components.

While strategy plays a central role in the former, the latter is strongly driven by serendipity. Nevertheless, both ways require a combination of the two, serendipity and strategy, to be successful.

Consider another innovation—Velcro. After observing how burrs stuck to his dog's fur, scientist George de Mestral was inspired to use a similar mechanism to close fabrics. It took him over a decade to develop the idea into a patentable solution and another ten years before his product got picked-up by NASA for its Apollo mission. For some innovations the strategy aspect played a more predominant role, like for example, Apple's iPhone. The serendipitous aspects had already existed before Steve Jobs reconfigured them into a novel way for delivering an innovative solution for a mobile phone that solved many of its consumers' problems. Apple's Newton and Palm's PalmPilot both tried to solve the same problem, but in a less valued way.

Successful innovation requires combining serendipity with strategy to develop innovative products and services that solve consumers' real, practical problems in a new way that generates superior value, for which users are willing to pay a premium price that results in profits for the firm.

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