



Five Ways CCOs Can Save Innovation

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**CHIEF CUSTOMER OFFICER
COUNCIL**



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Curtis Bingham is the recognized authority on chief customer officers and the first to promote this role as a catalyst for competitive advantage. He is the creator of the CCO Roadmap, a groundbreaking work containing 100+ critical strategies essential for customer centricity. As an international speaker, author, and consultant, Curtis is passionate about creating customer strategy to sustainably grow revenue, profit, and loyalty.

Innovation failure rates are abysmal, ranging from 60-96%. One explanation is that customers are typically not involved early enough (if at all) in the innovation cycle, yielding expensive, colossal failures.

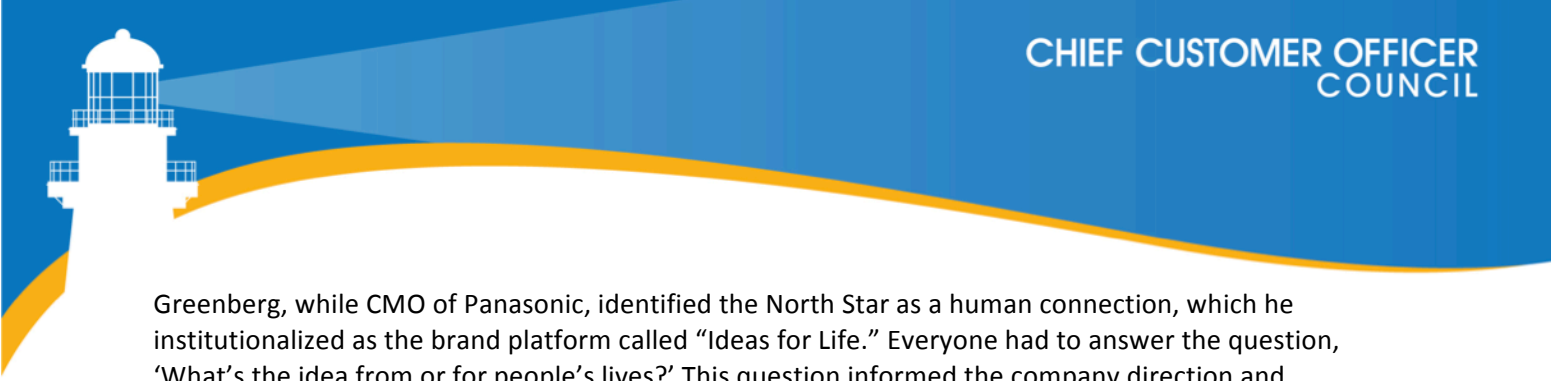
Recently, top customer executives from well-known brands and customer innovators such as Nationwide, Panasonic, Teradata, and more gathered at the CCO Council's 2012 Summit to examine ways to include and engage customers in the innovation cycle. Together we defined customer-centric innovation as the development of value through solutions that meet real customer needs in new ways. Customer-centric innovation can include different or more effective products, services, processes, technologies, ideas, and even business models. It is clear that the most successful innovations directly involve customers in the articulation, design, implementation, testing, and launch.

It is also exceedingly clear that top executives must be intimately involved in innovation. When executives delegate innovation to managers, they end up with easy incremental opportunities, short-lived gains, and increased portfolio complexity. Because of the way they are measured and rewarded, mid-level managers will focus on improving efficiencies and on solving problems with minimal risk. Some may even forsake the customer, albeit unintentionally. Innovation is about risk, and only executives can take the kinds of risks required for truly transformative innovations; that is, innovations that yield the highest ROI and form the strongest competitive advantage.

How are the most successful customer executives driving customer-centric innovation?

Executives complain that ideas for innovation are plenty, but too often unfocused or even useless to customers. To foster real innovation, chief customer officers (CCO) need to identify the "North Star" that focuses innovation on real customer needs and inspires employees. What matters most to customers AND the business? Bob

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Greenberg, while CMO of Panasonic, identified the North Star as a human connection, which he institutionalized as the brand platform called “Ideas for Life.” Everyone had to answer the question, ‘What’s the idea from or for people’s lives?’ This question informed the company direction and especially its innovations. Customer executives need to clearly set the opportunity bar and make transparent the scale and source of growth opportunities.

Effective customer executives are closest to the customer. They have the largest Rolodex and the strongest relationships with decision-makers. If company innovators aren’t asking for the CCO’s input before

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launching an innovation, the innovation failure rate will be needlessly high and customers will suffer. CCOs need to form powerful alliances with internal innovators. Skunk works projects within a company are typically in the very early stages of developing a promising, innovative idea. To ensure these are properly focused on customer needs, CCOs should form close alliances with team leads to help shape these early-stage innovations by sharing customer personas, megatrends, and real customer issues or scenarios. As well, CCOs should share ideas borne from countless hours listening to, measuring, and analyzing customer needs, wants, and desires.

CCOs should also form strong alliances with established innovators to help create a conduit directly to customers. The CCO is uniquely qualified to identify customers with whom the company has strong, stable relationships; whose needs are relevant to the innovations in development; and who are most likely to provide candid insights and direction for those innovations. Forming such alliances and subsequently facilitating such customer connections to ensure that customers are involved at the earliest stages, helps focus and refine the innovations and dramatically increases the likelihood of their successful launch and implementation.

To combat high innovation failure rates, many mature innovation processes employ tactics such as innovation reviews, stage gate processes, and venture capital or milestone-based funding decisions. And yet their success rates are still sub-par. It is tragic how frequently critical decisions are made in a customer vacuum. CCOs need to inject the customer into innovation processes. Because he is personally involved in growth pipeline reviews and funding decisions, Teradata’s CCO Alan Chow can provide critical customer insight to innovators or throttle a poorly conceived idea before resources are wasted.

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CCOs need to insist upon and help define customer-centric valuation metrics as innovation success criteria. For early projects this may be something as simple as alignment with customer personas and accepted megatrends, the preliminary evaluation of

proofs-of-concept by consumers at select key accounts. For mature projects additional funding could hinge upon customer value estimates, further customer testing with decision-makers, and consumers in more key accounts. The metrics and the levels of customer involvement should be dependent upon the investment and most especially upon the customer impact upon launch.



Conclusion

In summary, companies can no longer afford to experiment at customers' expense and any innovation strategy that does not include customer participation deserves to fail. But with every customer dissatisfier there is an opportunity to reevaluate the business relationship, no matter how entrenched. And because CCOs are uniquely positioned to incorporate customers into the innovation process and to do so in the earliest stages, they can provide opportunities for resources to be used more wisely and efficiently and for customers to receive greater value faster and with fewer relationship-damaging dissatisfiers. Ultimately, without cancelled projects and write-downs from failed projects tainting its portfolio, the company realizes a much higher ROI on its innovation efforts.*

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Five Ways to Focus Innovation on Customers

- **Take ownership of Innovation at the highest level**
- **Identify the “North Star” that focuses innovation on real customer needs and inspires employees**
- **Form powerful alliances with both early and late-stage internal innovators**
- **Create conduits to customers to enhance innovation efforts**
- **Inject the customer into the innovation processes, including the innovation reviews, stage gates, and funding decisions**



About CURTIS N. BINGHAM

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About THE CHIEF CUSTOMER OFFICER COUNCIL

The CCO Council is a powerful and intimate gathering of the world's leading customer executives from widely diverse industries. The Council helps executives achieve objectives faster and more easily by leveraging best practices. It helps validate and refine strategies and initiatives to avoid experimenting at customer expense. Membership is by invitation only, and purposefully cross-pollinated with the most forward-thinking companies, large and small, so as to help customer executives deliver solid, customer-centric business results. For more information, email info@ccocouncil.org or call 978-226-8675.



Powerful Influence on Customer Centricity – Authority is the currency of the C-Suite. Greater Authority means greater ability to influence the organization to take a desired action. So how do you increase your authority and better use the authority that's been granted to you? How can you build stronger relationships and demonstrate and communicate results? In this **Bingham Advisory**, you'll not only learn about the three types of chief customer officer authority: Positional, Borrowed and Earned, you'll also learn five ways to borrow and four ways to earn greater authority, with specific examples of each.

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