PROTECTED ACTIVE CELLS OF INNOVATION

DIGITAL STRATEGY LABS
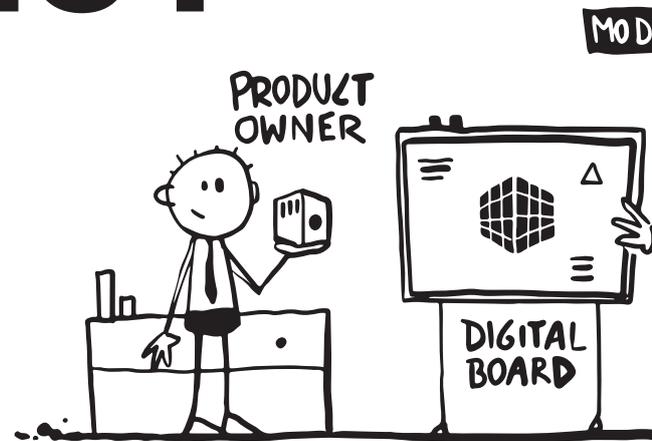
The development of traditional industrial products follows very different approaches, time schedules and patterns to digital innovations or business models. The development of a comprehensive digital strategy as well as specific, value-adding digitization initiatives is therefore a new task for many plant and machine manufacturers. To counter this, the creation of a „Digital Focus Point" in the company is suitable. Not only will the new digital business be developed but new required methods will be learned from management and staff.

BRINGING THE DIGITAL WORLD INTO THE COMPANY

The sustainable and successful development of a digital product and service business consists of three essential elements: On the one hand, it relates to the core task itself, i.e. the development of digital products and services; in addition, innovators need appropriate business models to monetise developments and grow the business. Finally, this business structure should be supported by organisational learning to develop this novel business with adequate methods and initiatives. The setup of a digital strategy lab is particularly suitable for this purpose.

THE LOCUS DIGITALIS OF INNOVATION

In a digital strategy laboratory, new technologies are examined as well as novel products and services developed; the digital business is shielded from the constraints of the core business and can be set up undisturbed. This "Digital Focus Point" is based on success strategies designed for IT markets and can be considered both a physical and organisational space. The enclosure of the "active cells" in the protected structure of the laboratory also ensures that cultural differences do not develop destructive effects, but are structured and moderated into a fruitful fusion of different ways of thinking. The effectiveness of the digital strategy lab depends on several factors. These include, in particular, clear governance principles and the personal contribution of the laboratory participants to the innovation result, independence from the core business and rules governing the interface to "core operations", as well as cross-functional and cross-company lab teams with different fields of expertise.

THE STRATEGY LABORATORY AS DIGITAL FOCUS POINT FOR THE NEW BUSINESS

· a location
· the active cells for the digital business
· a bundle of methodologies
· a space for creative learning
· new work methods for management decisions and business development

DIGITAL SPRINTS IN THE STRATEGY LABORATORY AS METHOD TO BUILD UP YOUR DIGITAL BUSINESS

LABORATORY WORKING PRINCIPLES

· Thinking „from the outside in"
  (customer-driven)
· Thinking „from right to left"
  (vision-driven)
· 80/20 principle
· Sprint planning events
· Iterations in fixed time limits
· Tracking progress
· New planning in stand-up meetings
· High performance team

STRATEGY SPRINTS FOR DIGITIZATION

In the strategy lab, the strategy for digital products and service offers is developed in regular agile sprints. Based on the methods of agile software development, strategy sprints work with fixed time budgets. The sprint will build an understanding of the digital market segment, analyse the market situation, work out possible strategic directions with the product and service ideas and then select corresponding digital business models. Subsequently, sprint participants quantify market potential and select priority impact directions to be detailed for related digitization initiatives, including the completion of minimum viable products.

80/20 INSTEAD OF ZERO DEFECT

In many ways, the work principles in the strategy lab differ significantly from typical R&D or business development routines. Central to this is the thinking determined by customer requirements and a guiding vision, the agile control and re-design in stand-up meetings, the iterative high-performance work in fixed timelines and the consistent pursuit of progress. Last but not least, what happens in the digital lab also means a profound cultural break in terms of understanding quality and perfection. Zero-error thinking, which is currently characterised by highly specialised plant and machine manufacturers, is incompatible with digital logic and its 80/20 principle geared to maximum speed of delivery.