Foreword

‘No man is an island...’ and in an environment rich in knowledge John Donne’s famous poem provides a clear message to organizations looking to innovate. It’s all about connection.

Innovation has always been a multi-player game – but in today’s world it’s become increasingly clear that for even the largest organization, ‘not all the smart guys work for us’. Estimates suggest that global R&D investment in public and private sector is running as high as $750bn, and being carried out in locations all round the globe. Demand side knowledge is similarly spilling over, with emerging markets bringing more and more people on stream and with markets across 6 billion people becoming increasingly diverse and fragmented. With the growth in online markets the game becomes increasingly virtual – Facebook with its 700 million members is now a community equivalent to the third largest country in the world by population. And physical and virtual customers in these marketplaces are increasingly active players in the innovation game, becoming co-creators of what they design, develop and consume.

Faced with this wealth of knowledge the innovation management challenge has shifted. In 2003 Henry Chesbrough captured the essence of it in his term ‘open innovation’, drawing attention to the need to manage flows of knowledge into and out from the organization rather than concentrate all our attention on its production. Nearly a decade later we still have much to learn. Finding ways to make the organization more porous and building bridges and making connections to multiple external players is now the core focus of attention. We are in the process of learning some very new tricks about managing innovation at network level, exploiting the emergent properties which this new configuration offers.

In particular, how does open innovation play out for different shapes and sizes of firms, for non-profit organizations and across different sectors? What works for Procter and Gamble may not be the most appropriate model for a small software business. How does open innovation operate in services where ‘R&D’ emphasis is much more on the demand side, understanding customer needs and prototyping to learn alongside them? How can connections best be made to link players in the open innovation game – through brokers and intermediaries, via on-line platforms and virtual communities or by formal collaborations and strategic partnerships? What are the skills at an individual level which enable ‘gatekeepers’ to link and spread different knowledge sets to create value? What structures do organizations need to facilitate more effective knowledge trading? And what is the role of ‘absorptive capacity’ in building capability to play in the open innovation game?

Roy Rothwell, one of the founding figures in innovation management research, wrote about the models which we use to understand the innovation process. Models matter because what we think about something shapes the way we act – how we organize, what we pay attention to, what we give resources to – what we manage. In an influential paper in 1992 he mapped out five generations of thinking about the innovation process, looking back to the simplistic linear models of the 1960s and 1970s – and forward
to what he envisaged as a ‘5th generation’ model, in which the future would involve globally distributed players working in rich innovation networks and exploiting powerful emergent properties enabled by advanced information technologies. Sadly he didn’t live to see how far his prediction has come true – but the reality is that today we are living and working in such a 5th generation innovation world. The challenge lies in learning to manage in new ways to take advantage of the rich new opportunities which such networked and open innovation offers.

This book represents an important contribution to this learning process. Covering a wide range of research from a genuinely international perspective, it offers many insights into the detail of open innovation as it is being explored and played out in a number of different contexts. Drawing on a wealth of empirical data gathered through surveys, cases and other approaches it provides an important and timely roadmap which should be of considerable value to organizations looking to travel in the (still) new world of open innovation.

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