



UNCOMMON KNOWLEDGE:

EMERGING **H \bar{e} T** CENTERS

A PERSPECTIVE ON GLOBAL INNOVATION

ABSTRACT

A culture of innovation is widely considered to be a principle source of differentiation and competitive advantage for any enterprise, but many organizations struggle with questions surrounding what?, where? and how? What is the true definition of innovation? Where are the relevant hotbeds of innovation located throughout the world? And how do we leverage resources and early innovation efforts to propel progress toward the desired future state?



TOFFLER ASSOCIATES

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Innovation is more than a Research and Development number in an annual budget or a goal for patent generation in a long-term strategic plan. It is creativity applied to purpose, resulting in some level of incremental value.

Value creation can be marginal, achieved through an improvement to existing patterns, models, processes or technology. Value creation can be explosive, transformed by a calculated leap into the unknown to achieve disruptive status.

Many organizations have become adept at marginal innovation, but to create disruption ahead of the competition requires some form of recombinant innovation, building upon what currently exists to enable what is emergent. Therefore, identifying and linking to innovation efforts throughout the world must be a critical aspect of any organization's strategy.

CURRENT SITUATION

The speed of innovation has increased exponentially as the world continues to evolve from an industrial economy to one based on knowledge, but the ways in which innovation is approached and assessed have not kept pace. Some imagine the future to be the same as the past, assuming that prior accomplishments are an indicator of future success, but this myopic view only produces a picture of what has already happened. Many innovation metrics rely upon lagging indicators and place inordinate emphasis against economic factors, but these industrial age measurements produce an inefficient allocation of resources, wasting potentially transformational innovation openings. These practices lead to less than optimal outcomes, risking missed

opportunities and oversight of emergent technologies.

In reality, many interdependent and multi-faceted events crossing economic, social, political and cultural boundaries contribute to the true potential of innovation efforts. Where once the United States occupied Top Innovator ranking, today many countries are actively resourcing innovation agendas that are far more aggressive. The emergence of innovation centers as far flung as Finland, Singapore and Brazil creates a vast web of talent and resources. To leverage this global innovation economy to greatest competitive advantage, leaders must be able to identify where relevant innovation is occurring and what models or "next practices" are compatible with an organization's strategy.

A DIFFERENT APPROACH

While geographic regions such as Western Europe or Southeast Asia may be innovation leaders today, what of tomorrow? To help clients understand where and how innovation is emerging throughout the world, Toffler Associates created a framework to provide the ability to anticipate capacity and to allocate resources accordingly. The methodology for assessing emerging innovation centers focuses first on the three drivers of future capacity:

1. Humannectivity

People and their connections to others: even in the open innovation state of the future, individuals—their brilliance, motivation and dedication, along with their ability to create and leverage ideas in concert with like-minded others—will drive innovation.

2. Econdamentals

The broader environment that enables innovators: individuals, no matter how brilliant, will not innovate if they sit on the brink of existence. Therefore, an

environment featuring a modern infrastructure, stability, security, tolerance for risk and support for entrepreneurship will drive innovation.

3. Teknowledge

The currents of technology and knowledge creation, dissemination and absorption: open and recombinant forms of innovation require collaboration and sharing of knowledge and ideas to stimulate the creation of new concepts, all of which is most easily enabled by technology and community.

Each driver consists of real, measurable inputs that are weighted according to relative importance within the specificity of a client's needs. The output is the basis of Toffler Associates' Innovation HET Framework.

Toffler Associates' Innovation HET framework is an analytical approach that helps to ensure an organization's future success by improving its ability to address its most challenging innovation questions and strategies. Its process components include:

- **Gaining Clarity, Defining Vision**

The first step is to clarify the true innovation challenge and opportunity within the context of both the future and the present. We examine an organization's tough innovation issue concerning the future and refine it to ensure that the RIGHT question is being asked. What is the future state? How do we help people see it? This is not just about buzz words or hot topics; this is about helping an organization to understand its current operating space in light of necessary preparations for a different future context.

- **Identifying Future Drivers of Change**

Next we determine which factors will influence one another in ways unique to the organization and its innovation question. We use the future drivers identified previously (Hummanectivity, Econdamentals and Teknowledge, or HET) to find the specific data required to answer the question. The data we seek is both relevant

to the question and focused on the future.

- **Overcoming Biases**

We strive to move beyond assumptions that tomorrow will be like today. We assume a future stance to identify the place where disruption may happen by understanding the interdependent, multi-faceted drivers of change for the organization and its innovation question.

- **Framing Decisions, Driving Action**

Finally, we identify today's choices that will pre-adapt to tomorrow in order to refine innovation strategies designed to drive increased competitiveness in the future.

To support the Innovation HET framework and achieve internal alignment, Toffler Associates works with many clients to establish a strategic communications program customized to the cultural mores operating within the organization. Our experience demonstrates that consistent messages conveyed through relevant channels on an ongoing basis drive action and facilitate innovation. It provides a powerful tool for managing and motivating an organization's primary asset – its people – by keeping them strongly connected to its core purpose, vision and values in the midst of accelerating change.

SUMMARY

If the contemporary definition of competitiveness (and its accompanying financial implications) is to continuously comprehend and grasp the next future state, innovation strategies and investments must leverage a wider world of thinking and ideas. Increasingly, innovation is a property of countries, spurred by ambitious visions and resourced accordingly. Toffler Associates' Innovation HET approach provides the ability to analyze national policies and models and to measure their effect, comparing innovation success across different political, economic or regional boundaries. In so doing, an organization's investment strategies supporting innovation and technology development can be vastly improved.



Toffler Associates is a dynamic, innovative advisory firm that serves as a catalyst for change to create bigger, more successful futures for its clients through transformation design.

The nature of change in the work performed by Toffler Associates is transformative because the problems in today's turbulent world are complex. Solutions developed through the transformation design process provide a path to a profitable, sustainable future through actions clients can execute today. These actions impact the behavior of individuals, as well as the structure and form of organizations and the systems that support them.

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