Bringing the Customer Closer to the Innovation Process at the Swedish Foresight Division of Bramble AB

How Customer Involvement can be Adapted to the Phases of the Innovation Process

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The pace of technological advances is increasing rapidly and in order to stay competitive companies must adapt. Technological innovations change the landscape of markets by creating new consumer behavior and enhancing organizational processes. The companies that embrace the technological changes stand to gain significant competitive advantages, while the companies that do not risk falling behind. As a result, organizational strategies have become increasingly customer focused (Piller and Ihl, 2009). The segmentation of customers has become increasingly refined, to the point where customers are considered highly heterogeneous (Von Hippel, 2005) and product development is based on individual needs. As a consequence of the more customer focused organizational strategies, the customer has become more important in the innovation process. Dodgson (2000) presents how innovation processes have evolved through five generations where the customer becomes a vital source of innovation through sharing information about needs and solutions.

The Swedish foresight division, SFD, of Bramble AB is charged with developing concepts for new products and innovations. At the time, this process is generally disjointed from external input from customers about the needs of the target group. Ideas are generated based on hypotheses, proposed by the employees at SFD, after which concepts are developed and tested internally. However, the validity of the hypotheses is rarely tested, which suggests an opportunity for improvement to the innovation process within SFD by including external information from potential customers to more effectively meet the market needs. This was the starting point of the master thesis.

The purpose of the thesis was to explore how external input from the customer can be utilized in different phases of the innovation process at Swedish foresight division of Bramble AB. This was done by describing and analyzing the current innovation process as well as conducting market research about the domain of business meetings as an implementation to include external input in the innovation process.

Methodology

Due to the dual characteristics of the purpose, the methodology is twofold. For the first part of the purpose the innovation process of SFD is described, which corresponds with a descriptive research strategy. The research conforms to a case study. The data used to describe the innovation process at SFD is both gathered through unstructured interviews without specific interview questions, and through semi-structured interviews with three key persons working in three different projects.

For the second part of the purpose a market research is conducted in order to generate knowledge about needs and behaviors of customers, which corresponds with an
The chosen method for the market research is personal semi-structured interviews. The primary data collected through the interviews is following an interview guide. Thus, the market research method conforms to a qualitative case study.

The Innovation Process at SFD

Inspired by Hansen and Birkinshaw’s Innovation Value Chain (2007) the current innovation process at SFD was described with a three stage model consisting of eight phases, see Figure 1. While it is logically sequential, it is not time linear as there are continuous iterations between phases. This corresponds to Dodgson’s third generation innovation process (2000).

As Figure 1 shows, the process starts with the hypotheses upon which the idea generation is based. After ideas have been generated the best ones are selected for further development into concepts. Concepts are used to clearly communicate the ideas. Prototyping is used for further communicability through concretizing the concept into a prototype that can better formulate the user experience and product benefits. Following the prototyping phase is the product development phase. The last stage includes two phases that have to do with the market adoption of the innovation. This stage was not included in the thesis as it did not fall within the responsibilities of the SFD.

Through interviews with key persons in different projects at SFD the innovation process was further investigated in order to gain knowledge about the different procedures that SFD adhere to in the different phases of the innovation process. Furthermore, it was investigated how internal and external input is utilized throughout the process, see Figure 2, and what types of additional input is needed.

As Figure 2 shows, the input utilized in the innovation process mainly derives from internal sources. Throughout the idea development phase the process is solely based on internal input. Later on in the process external input is utilized to some degree, however there is an experienced need for additional external information in all phases of the innovation process as it is thought to enhance both the speed and success of the process.

The Market Research

Market research about the domain of business meetings was conducted as part of this thesis. The result of the market research served as an implementation of external input to the innovation process of current projects. The main implication of the research was identifying problem areas and trends. By further investigating these areas in the future, a deeper understanding of customers’ underlying needs can be gained.

As a method of customer involvement conventional market research, such as the one in this thesis, mainly contributes to the innovation process by expanding the base of information that can be utilized when
developing hypotheses, generating and selecting ideas and prioritizing features.

Summary of market research results
The research was exploratory and was based on qualitative data gathered through semi-structured interview with representatives from six small-to-medium sized companies in Lund and Malmö. Based on the empirical findings the research questions could be answered.

It was found that the main contribution of business meetings is to share information or a broader vision, in other words alignment. Companies should strive to have productive meetings and avoid holding meetings unless necessary. In order to achieve productive meetings a clear meeting purpose is important. Furthermore, every individual attending the meeting has an impact on the quality of a meeting and thus the invited participants should be selected with care.

There are several factors that may negatively affect business meetings. In the study, the most commonly experienced factor was digression, which in turn could also lead to other negative factors. Another problem at the studied companies was meetings lacking a clear purpose. Additionally it was found that technical issues, other than connectivity issues related to remote meetings, are so rare that they are not considered a problem.

The cost of business meetings is not taken account in any of the studied cases, however there is a general conception among the respondents that implementing a cost aspect would in fact help increase the productivity of business meetings overall.

Analyzing the Innovation Process
Piller and Ihl (2009) argue that different types of customer involvement are beneficial for different purposes in the innovation process.

Thus, a differentiation can be made between the various roles that customers may take. In order to derive these different roles, Piller and Ihl (2009) present three modes of customer involvement; design for customer, design with customers and design by customers.

*Design for customers* is the approach where companies use available information about the customer in order to design products on their behalf. This approach mainly allows for customer involvement in the early stages of the innovation process.

*Design with customers* combines the data on customer preferences with gathering feedback on different concepts and solutions directly from the customer. This approach mainly allows customer involvement in the later stages of the innovation process.

*Design by customers* allows customer to take an active role in the development phase of the innovation process, contrary to the previous modes which mainly allow customer involvement in the early and final stages of the innovation process. Design by customers is the definition of open innovation with customers.

Furthermore, Piller and Ihl (2009) categorize different methods of customer involvement according to the three modes, as presented in Table 1.

![Table 1. Methods of customer involvement](image)
This framework was used in the analysis of the current innovation process at SFD. The empirical findings of the internal investigation identified the need for different types of information in the different phases of the innovation process. Analysis was based on these findings in order to suggest how different modes and methods of customer involvement can be adapted to the individual phases of the innovation process, see Figure 3.

Conclusion

Based on the analysis SFD should aspire to involve the customer in the innovation process to a significantly greater extent than they currently are. Customer involvement should, however, not be viewed as a substitute to the current innovation process, but rather as a supplement. Neither should SFD implement customer involvement indiscriminately. Instead we recommend that SFD continuously evaluate how the customer can be utilized throughout the innovation process and adapt the type of customer involvement accordingly.

Intelligence about the market is generated, however it is not sufficiently disseminated and integrated in the SFD innovation process. An improvement in this area would come from internal efforts and thus would not incite barriers concerning secrecy. As such, the first step for SFD and Bramble AB should be to increase the level of intelligence integration. Once processes and mechanisms for effective intelligence integration are in place, SFD would have the conditions for involving the customer with a more active role in the innovation process.

Lastly, many methods of customer co-creation, where customers actively contribute to the development of new products, are specifically designed for software development. As SFD innovates in exactly this domain, there is a great potential to utilize the massive pool of knowledge and ideas held by the customers, through effective collaboration.

References

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