

APOLINAR

Introduction

An opportunity to share, learn and develop tips and tricks for measuring the benefits of innovation versus the cost of hesitancy and inaction.

How do we quantify inaction and convince leadership teams and boards to fund innovation and transformation?

Innovation is the key to transformation

Some observations to help kick-start the discussion from Apolinar's perspective.

**Align the
CEO & Board**

**Enhance
Customer
Experience**

**Engage
Stakeholders**

Roundtable

Hopefully this helps kick-start the discussion and we invite you all to share your experiences of challenges you have encountered, and how you have approached them.

Chatham House rules apply.

Invent or Innovate

**Innovation is
not....**

**Innovation is
not....**

Copying your direct competition.

Instead, how are we going to solve big problems
unique to our organisation?

Innovation is not....

Only procuring software.

Instead ask, what is our capacity to make?

The makers will win every time.

Over 9,000 software
engineer job listings in
2019



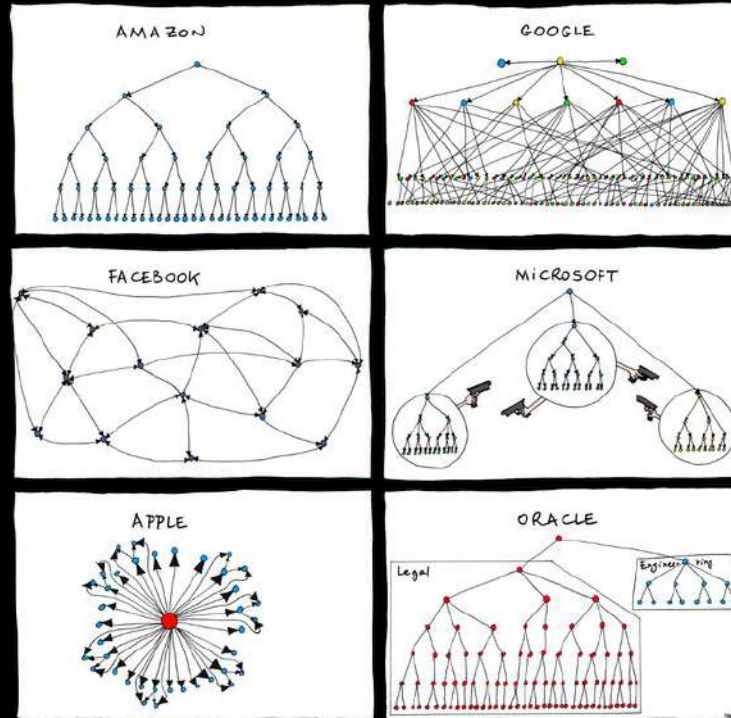
The Amazon logo, featuring the word 'amazon' in a white sans-serif font with a yellow curved arrow underneath it, all set against a dark gray rectangular background.

vs



Innovation is not....

Focusing solely on the organisational structure and delivery methodology. This is the **How** not the **Why** and the **What**.

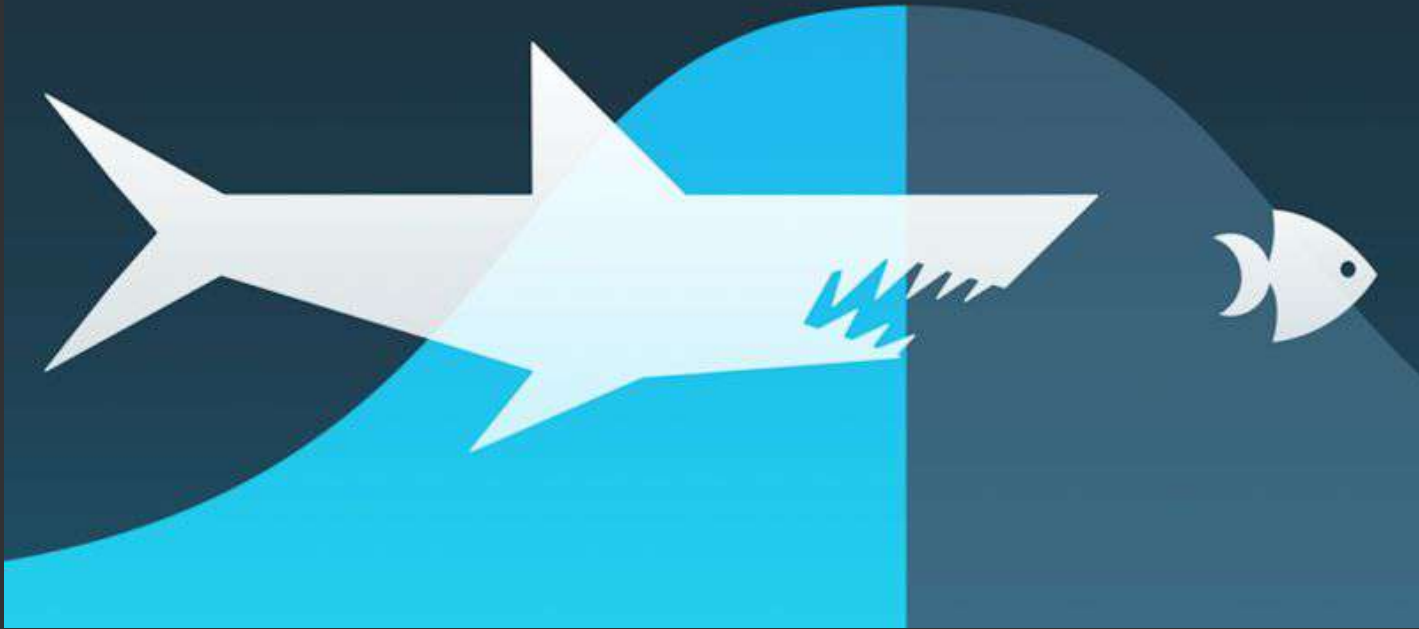


GROUP DISCUSSION POINT:

What are some of the challenges you have faced in your experiences, with defining and aligning stakeholders around a common view of innovation and transformation? How have you overcome this?

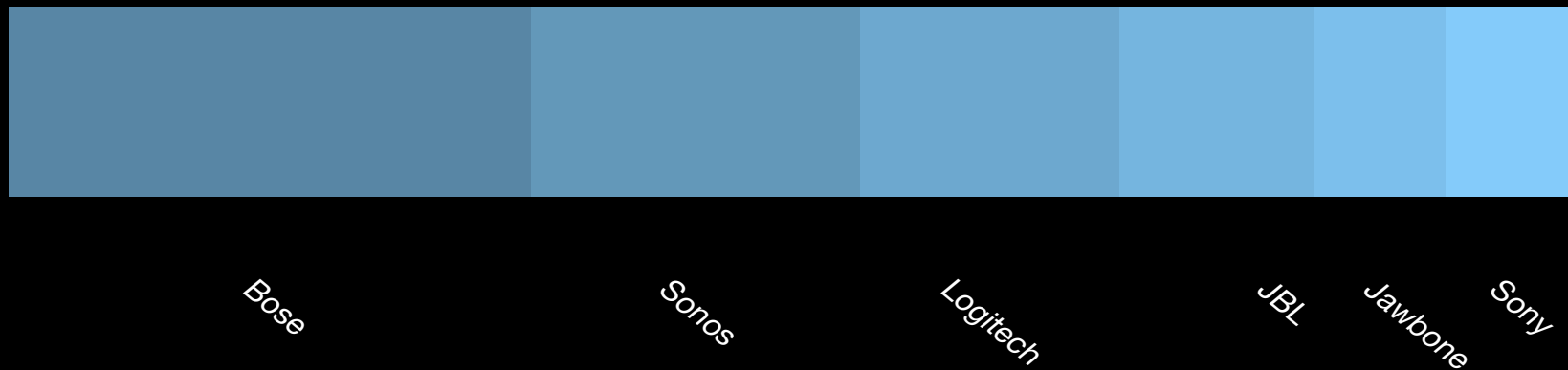
**You might not
have as much
time as you
think....**

Early adopters eat the late.....



Credit: Group Lark

2014 share of speaker market...



Credit: Group Lark

2015 share of speaker market...



Bose in 2020

Bose to shut down its 19 Australian stores

DEAN BLAKE JANUARY 22, 2020



Electronics retailer Bose will shut down its 19 Australian retail stores over the next few months, with the intent to focus on its e-commerce offer in the region.

COI - Cost of Inaction

Cost of Inaction (COI)

4 years ago Tesla could have been purchased for around **USD\$4bn**, in the past 2 years alone, investment in electric vehicles by legacy auto industry is estimated at around **US\$20bn**.





Cost of Inaction (COI)

AirBnB's revenue in 2018 in the USA was greater than Hilton group (including all their sub-brands). AirBnB was founded just **10 years** previously.

Hilton

Founded 1919

GROUP DISCUSSION POINT:

What are your tips for quantifying the Cost of Inaction (COI), whilst still maintaining stakeholder relationships?

(People get upset when someone tells them they need to change!)

Quantifying the Human Experience (HX)

In the year 2020, improving the HX for customers, staff and suppliers is now a critical factor in the longevity of any organisation.

“People will forget what you said, people will forget what you did, but people will never forget how you made them feel.”

Maya Angelou

How do you measure ROI on improving HX?

**Increased
customer
loyalty**

**Higher
customer
retention**

**Reduced
churn**

**Reduced
cost to
serve**

**Greater
brand
equity**

**Higher
lifetime
customer
value**

GROUP DISCUSSION POINT:

How are boards responding to requests for investment in improving HX (or CX)?

An aerial photograph of a city, likely San Jose, California, showing a dense urban area with numerous buildings and roads. In the background, a range of blue mountains is visible under a clear sky. The image serves as a backdrop for the text overlay.

Funding challenges

Look to Silicon Valley for the approach to funding, as opposed to traditional large capex, with long-term ROI projections.

Smaller budgets to research, prototype, test and validate.

Follow on investment in winners to launch and scale.

Funding challenges

Key Question: How many initiatives have you cancelled in the past 12 months? If the answer is **zero**, something might not be right.

This is a learning opportunity, just ensure that you are making **new** mistakes.

GROUP DISCUSSION POINT:

What challenges are you finding with getting approval for funding innovation and transformation?

Other Common Inhibitors

- Short-term focus which drives out ideas that take longer to mature.
- Fear of cannibalizing current business which generates the money.
- Everything focused on the day-to-day business. No resources for innovation. “Regret of the past, routine of the present.”
- Everyone sees innovation as someone else’s job. No one takes ownership.
- Organisation’s are so focused on operational efficiency no time for fresh thinking.
- No standard process to nurture the development of new ideas.
- Incentives are geared towards maximising today’s business & reducing risk.
- Managers are not trained to be innovation leaders.
- Managers look for flaws in new ideas rather than tease out their potential.
- Opportunities are assessed through internal lenses rather than customer needs.

Takeaways

1. Clearly **define** what innovation means for the organisation and get everyone aligned.
2. Quantity **COI** (Cost of Inaction) and get across the message that there might not be as much time as we think. Focus on leading, rather than lagging indicators of performance.
3. Focus on improving the Human Experience (HX), whilst measuring tangible ROI.
4. Consider Silicon Valley models for funding to get going quicker whilst managing risk.

Thank you

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