



Strategies for Dealing with Open Innovation

A LinkedIn Posting by Jeff Kent

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Open Innovation arrangements with unfamiliar external partners are more popular today either because of necessity or just for exploring. R&D professionals are finding themselves doing more external partner exploration because of this concept. In doing so, these R&D workers are using different and somewhat unfamiliar skill sets to deal with these external relationships. They are not familiar with using these external collaboration skills and or may not have the right mindset to use the Open Innovation concept. They are used to innovating from within their internal research domain as their normal course of action. Some of these unfamiliar skill sets involve working with the external partners directly, participating in external innovation communities or “hubs,” and possibly taking a “back seat” in the partnership arrangement to another firm.

A recent study presented four major challenges of *Open Innovation* and gives some strategies for organizations to deal with them. The four major challenges are:

1. Use of Externals as “Second Best”

Most R&D innovation continues to be internal and working with external partners can be quite demanding. If the innovator has run out of ideas and has no alternatives, only then do they look externally. Once the organization acquires some external knowledge there can be some significant effort required to translate it. Finally, there could be insufficient compensation policies in place to reward the success of external engagement; the wider organization does not see the value of the engagement success.

2. The Comfort of Known Partners

Individuals who normally venture into Open Innovation tend to work with or look to, the same partners over and over again. These are trusted external partners the company has collaborated with in the past and there is probably a long-term agreement in place.

3. The Disclosure Paradox – What to do

Paradox (technology) – If too little information is given, the partner may not engage in Open Innovation; you disclose too much and the partner isn’t willing to pay for it.

Any thoughts of working in an external partnership may end up being avoided if there is a perceived risk of unplanned disclosure.

4. How to Facilitate the External Knowledge

Ideas generated externally may not align or mesh with internal activities and could also be presented in a way that makes the idea seem “foreign” to the organization. There is considerable effort needed in order to align the external knowledge with the internal thinking; need to figure out how to exploit this new knowledge to benefit the organization.

Here are the main takeaways in a table:

The Strategies

Use of Externals as “Second Best”	The Comfort of Known Partners	Disclosure Paradox – What To Do	How To Facilitate External Knowledge
<p>1. Have R&D staff engage in relations with externals systematically. This raises benefit awareness & creates positive sentiments.</p>	<p>Before any contract, partners should get to know each other, find out how/where their expertise can complement the other.</p>	<p>1. Establishing a modular IP system using red, amber, and green lights for various parts of the knowledge base.</p>	<p>1. Develop translation skills training for finding where external technology value is within the company.</p>
<p>2. Give rewards for successful external engagements that includes finding new partners.</p>	<p>This is all about establishing some common ground first through exploration.</p>	<p>Gives clarity to R&D workers about rules for disclosure; what’s a strict <i>no</i> or is ok to discuss early on.</p>	<p>A person that aligns external ideas to internal knowledge, objectives and procedures.</p>
<p>e.g., IBM sends top engineers to work in other firms for days at a time giving exposure to opportunities.</p>	<p>e.g., HP’s Innovation Research Program; uses a std. contract first for collaborating with professionals, to encourage proposals.</p>	<p>2. Implement IP training programs designed for clarity about the challenges and opportunities on Open Innovation.</p>	<p>2. Selective revealing of knowledge to externals by giving technology info. of internal decision-making processes, which would help ease facilitation.</p>

By having R&D professionals use these strategies to assist with Open Innovation challenges, and by taking on new responsibilities, they will become better skilled in collaborating with external partners and create mental models of the process. Finding new partners and getting to know their competencies and expertise, will lead your organization on the path to otherwise missed opportunities.