

Getting the right recipe: collaboration strategies for radical and incremental innovators in services

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Successful innovation requires both effective idea generation and commercialization. Here, we investigate the benefits of alternative collaboration strategies across the idea generation and commercialization stages of the innovation process. Does collaboration generate complementarities between stages of the innovation process? Or, is having too many partners detrimental for innovation performance? Our analysis uses survey data on UK services firms and suggests very different collaboration 'recipes' are optimal for radical and incremental innovation.

Key findings

In this paper we utilize UK survey data which specifically differentiates between ideation and commercialization activities within professional services. This enables us to identify the optimal combinations of collaboration strategies across the ideation and commercialization stages of innovation for radical and incremental innovators. Our key findings are:

- There are many ways to organise external collaboration for incremental innovators; for radical innovators, however, successful innovation requires a single combination of external collaboration strategies.
- In particular, to maximise innovative sales radical innovators need to have a few partners at the idea generation stage, and no partners in commercialization.

Our result suggests that radical service innovators can independently commercialize their innovations as long as they have the right partnerships in ideation, and our data suggests that these firms make significant investments in branding their innovations.

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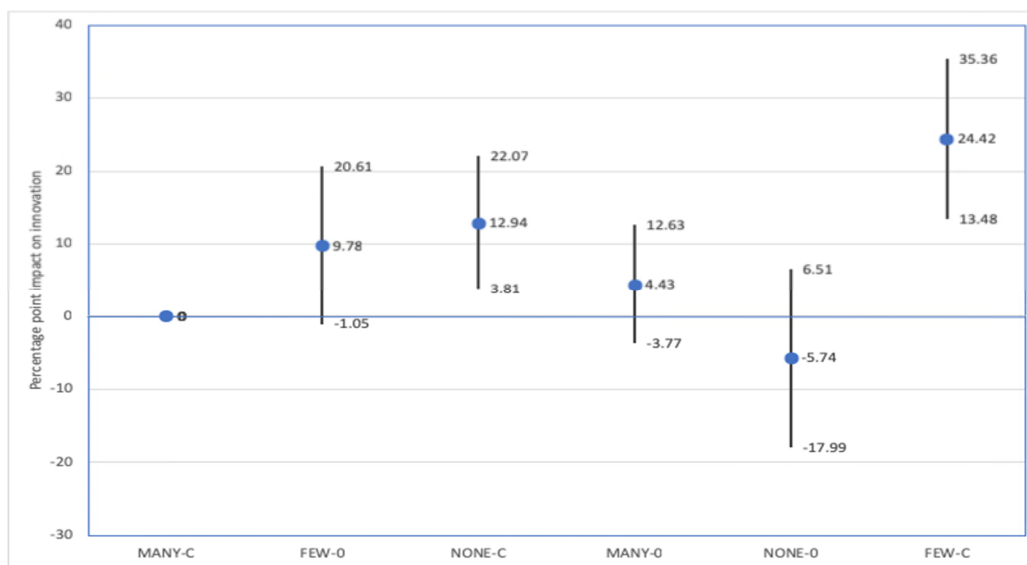
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Collaboration strategies for service innovation

Collaboration may contribute to the success of an innovation both by helping in the discovery of new ideas and by helping the innovating firm to deliver the innovation to market in a way that maximizes sales. These two phases of innovation – ideation and commercialization - require collaboration strategies. We consider six alternate strategies which prove to lead to very different radical innovation outcomes. Innovation effects are illustrated in Figure 1 with vertical lines representing standard errors.

Figure 1: Innovation effects of alternate collaboration strategies: radical innovation



The alternate strategies are defined as follows: MANY-C three or more collaborators in ideation, no collaborators in commercialization is the base group. NONE-O: No collaborators in ideation, some collaborators in commercialization; NONE-C: No collaborators in ideation, no collaborators in commercialization; FEW-O: one or two collaborators in ideation, some collaborators in commercialization; FEW-C: one or two collaborators in ideation, no collaborators in commercialization; MANY-O: three or more collaborators in ideation, some collaborators in commercialization. The FEW-C strategy proves superior for radical innovation outcomes.

Implications for practice

Our results have direct implications for professional service businesses seeking to develop collaboration strategies for innovation. Incremental innovators benefit from a wider breadth of partnerships at the ideation stage. Increasing innovation partners at the ideation stage will benefit incremental innovators, but firms should be more selective when choosing innovation partners when undertaking radical innovation, as 1-2 partners is optimal. In later stages of the innovation process, radical innovators with 1-2 partners at ideation do not need to seek out innovation partners at the commercialization stage.

Full paper link: <https://www.enterpriseresearch.ac.uk/our-work/publications/>