

# TEN TYPES OF INNOVATION

TACTICS OVERVIEW

## CONFIGURATION

### Profit Model

**Premium**  
Price at a higher margin than competitors, usually for a superior product, offering, experience, service or brand.

**Cost Leadership**  
Keep variable costs low and sell high volumes at low prices.

**Scaled Transactions**  
Maximize margins by pursuing high volume, large-scale transactions when unit costs are relatively fixed.

**Microtransactions**  
Sell many items for as little as a dollar—or even only one cent—to drive impulse purchases at volume.

**Forced Scarcity**  
Limit the supply of offerings available, by quantity, time frame or access, to drive up demand and/or prices.

**Subscription**  
Create predictable cash flows by charging customers up front (a one time or recurring fee) to have access to the product/service over time.

**Membership**  
Charge a time-based payment to permit access to locations, offerings, or services that non-members don't have.

**Installed Base**  
Offer a "core" product for slim margins (or even a loss) to drive demand and loyalty; then realize profit on additional products and services.

**Switchboard**  
Connect multiple sellers with multiple buyers; the more buyers and sellers who join, the more valuable the switchboard.

**Auction**  
Allow a market—and its users—to set the price for goods and services.

**User-Defined**  
Invite customers to set a price they wish to pay.

**Freemium**  
Offer basic services for free, while charging a premium for advanced or special features.

**Flexible Pricing**  
Vary prices for an offering based on demand.

**Float**  
Receive payment prior to building the offering—and use the cash to earn interest prior to making margins.

**Financing**  
Capture revenue not directly from the sale of a product, but from structured payment plans and after-sale interest.

**Ad-Supported**  
Provide content/services for free to one party while selling listeners, viewers or "eyeballs" to another party.

**Licensing**  
Grant permission to some other group or individual to use your offering in a defined way for a specified payment.

**Metered Use**  
Allow customers to pay for only what they use.

**Bundled Pricing**  
Sell in a single transaction two or more items that could be sold as standalone offerings.

**Disaggregate Pricing**  
Allow customers to buy exactly—and only—what they want.

**Risk Sharing**  
Waive standard fees/costs if certain metrics aren't achieved, but receive outside gains when they are.

### Network

**Merger/Acquisition**  
Combine two or more entities to gain access to capabilities and assets.

**Consolidation**  
Acquire multiple companies in the same market or complementary markets.

**Open Innovation**  
Obtain access to processes or patents from other companies to leverage, extend, and build on expertise and/or do the same with internal IP and processes.

**Secondary Markets**  
Connect waste streams, by-products, or other alternative offerings to those who want them.

**Supply Chain Integration**  
Coordinate and integrate information and/or processes across a company or functions of the supply chain.

**Complementary Partnering**  
Leverage assets by sharing them with companies that serve similar markets but offer different products and services.

**Alliances**  
Share risks and revenues to jointly improve individual competitive advantage.

**Franchising**  
License business principles, processes, and brand to paying partners.

**Coopetition**  
Join forces with someone who would normally be your competitor to achieve a common goal.

**Collaboration**  
Partner with others for mutual benefit.

### Structure

**Organizational Design**  
Make form follow function and align infrastructure with core qualities and business processes.

**Incentive Systems**  
Offer rewards (financial or non-financial) to provide motivation for a particular course of action.

**IT Integration**  
Integrate technology resources and applications.

**Competency Center**  
Cluster resources, practices and expertise into support centers that increase efficiency and effectiveness across the broader organization.

**Outsourcing**  
Assign responsibility for developing or maintaining a system to a vendor.

**Corporate University**  
Provide job-specific or company-specific training for managers.

**Decentralized Management**  
Distribute decision-making governance closer to the customer or other key business interfaces.

**Knowledge Management**  
Share relevant information internally to reduce redundancy and improve job performance.

**Asset Standardization**  
Reduce operating costs and increase connectivity and modularity by standardizing your assets.

### Process

**Process Standardization**  
Use common products, processes, procedures, and policies to reduce complexity, costs, and errors.

**Localization**  
Adapt an offering, process, or experience to target a culture or region.

**Process Efficiency**  
Create or produce more while using fewer resources—measured in materials, energy consumption or time.

**Flexible Manufacturing**  
Use a production system that can rapidly react to changes and still operate efficiently.

**Process Automation**  
Apply tools and infrastructure to manage routine activities in order to free up employees.

**Crowdsourcing**  
Outsource repetitive or challenging work to a large group of semi-organized individuals.

**On-Demand Production**  
Produce items after an order has been received to avoid carrying costs of inventory.

**Lean Production**  
Reduce waste and cost in your manufacturing process and other operations.

**Logistics Systems**  
Manage the flow of goods, information and other resources between the point of origin and the point of use.

**Strategic Design**  
Employ a purposeful approach that manifests itself consistently across offerings, brands, and experiences.

**Intellectual Property**  
Protect an idea that has commercial value—such as a recipe or industrial process—with legal tools like patents.

**User Generated**  
Put your users to work in creating and curating content that powers your offerings.

**Predictive Analytics**  
Model past performance data and predict future outcomes to design and price offerings accordingly.

## OFFERING

### Product Performance

**Superior Product**  
Develop an offering of exceptional design, quality, and/or experience.

**Ease of Use**  
Make your product simple, intuitive and comfortable to use.

**Engaging Functionality**  
Provide an unexpected or newsworthy experiential component that elevates the customer interaction.

**Safety**  
Increase the customer's level of confidence and security.

**Feature Aggregation**  
Combine existing features found across offerings into a single offering.

**Added Functionality**  
Add new functionality to an existing offering.

**Performance Simplification**  
Omit superfluous details, features, and interactions to reduce complexity.

**Environmental Sensitivity**  
Provide offerings that do no harm—or relatively less harm—to the environment.

**Conservation**  
Design your product so that customers can reduce their use of energy or materials.

**Customization**  
Enable altering of the product or service to suit individual requirements or specifications.

**Focus**  
Design an offering specifically for a particular audience at the expense of others.

**Styling**  
Impart a style, fashion or image.

### Product System

**Complements**  
Sell additional related or ancillary products or services to a customer.

**Extensions/Plug-ins**  
Allow first- or third-party additions that add functionality.

**Product Bundling**  
Offer several products for sale as one combined product.

**Modular Systems**  
Provide a set of individual components that can be used independently, but gain utility when combined.

**Product/Service Platforms**  
Develop systems that connect with other, partner products and services to create a holistic offering.

**Integrated Offering**  
Combine otherwise discrete components into a complete experience.

### Service

**Try Before You Buy**  
Let customers test and experience an offering before investing in it.

**Guarantee**  
Remove customer risk of lost money or time stemming from product failure or purchase error.

**Loyalty Programs**  
Provide benefits and/or discounts to frequent and high-value customers.

**Added Value**  
Include an additional service/function as part of the base price.

**Concierge**  
Provide premium service by taking on tasks for which customers don't have time.

**Total Experience Management**  
Provide thoughtful, holistic management of the consumer experience across an offering's lifecycle.

**Supplementary Service**  
Offer ancillary services that fit with your offering.

**Superior Service**  
Provide service(s) of higher quality, efficacy, or with a better experience than any competitor.

**Personalized Service**  
Use the customer's own information to provide perfectly calibrated service.

**User Communities/Support Systems**  
Provide a communal resource for product/service support, use and extension.

**Lease or Loan**  
Let customers pay over time to lower upfront costs.

**Self-Service**  
Provide users with control over activities that would otherwise require an intermediary to complete.

## EXPERIENCE

### Channel

**Diversification**  
Add and expand into new or different channels.

**Flagship Store**  
Create a store to showcase quintessential brand and product attributes.

**Go Direct**  
Skip traditional retail channels and connect directly with customers.

**Non-Traditional Channels**  
Employ novel and relevant avenues to reach customers.

**Pop-up Presence**  
Create a noteworthy but temporary environment to showcase and/or sell offerings.

**Indirect Distribution**  
Use others as resellers who take ownership over delivering the offering to the final user.

**Multi-Level Marketing**  
Sell bulk or packaged goods to an affiliated but independent sales force that turns around and sells it for you.

**Cross-selling**  
Place products, services, or information that will enhance an experience in situations where customers are likely to want to access them.

**On-Demand**  
Deliver goods in real-time whenever or wherever they are desired.

**Context Specific**  
Offer timely access to goods that are appropriate for a specific location, occasion, or situation.

**Experience Center**  
Create a space that encourages your customers to interact with your offerings—but purchase them through a different (and often lower-cost) channel.

### Brand

**Co-Branding**  
Combine brands to mutually reinforce key attributes or enhance the credibility of an offering.

**Brand Leverage**  
"Lend" your credibility and allow others to use your name—thus extending your brand's reach.

**Private Label**  
Provide goods made by others under your company's brand.

**Brand Extension**  
Offer a new product or service under the umbrella of an existing brand.

**Component Branding**  
Brand an integral component to make a final offering appear more valuable.

**Transparency**  
Let customers see into your operations and participate with your brand and offerings.

**Values Alignment**  
Make your brand stand for a big idea or a set of values and express them consistently in all aspects of your company.

**Certification**  
Develop a brand or mark that signifies and ensures certain characteristics in third-party offerings.

### Customer Engagement

**Process Automation**  
Remove the burden of repetitive tasks from the user to simplify life and make new experiences seem magical.

**Experience Simplification**  
Reduce complexity and focus on delivering specific experiences exceptionally well.

**Curation**  
Use a distinct point of view to separate the proverbial wheat from the chaff—and in the process create a strong identity for yourself and your followers.

**Experience Enabling**  
Extend the realm of what's possible to offer a previously improbable experience.

**Mastery**  
Help customers to obtain great skill or deep knowledge of some activity or subject.

**Autonomy and Authority**  
Grant users the power to use your offerings to shape their own experience.

**Community and Belonging**  
Facilitate visceral connections to make people feel they are part of a group or movement.

**Personalization**  
Alter a standard offering to allow the projection of the customer's identity.

**Whimsy and Personality**  
Humanize your offering with small flourishes of on-brand, on-message ways of seeming alive.

**Status and Recognition**  
Offer cues that infer meaning, allowing users—and those who interact with them—to develop and nurture aspects of their identity.