

# Values Based Innovation Management (VIM)

## Innovating by What We Care About

Prof. Dr. Henning Breuer & Dr. Florian Lüdeke-Freund

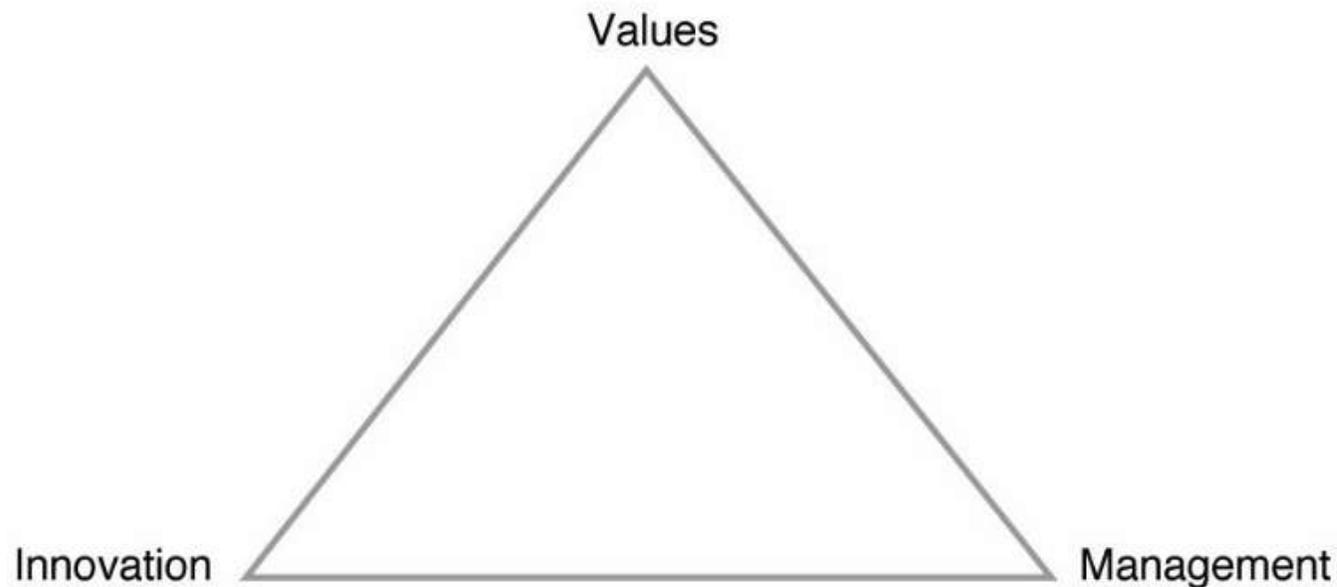


**UXBerlin**  
Innovation Consulting

  
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Kommunikation und Wirtschaft  
University of Applied Sciences  
H M K W

  
Universität Hamburg  
DER FORSCHUNG | DER LEHRE | DER BILDUNG

Background /// *Values play a key role in branding and HR, but rarely inform innovation and its management in any structured way.*



- *How do, may, and should values impact and direct innovation and its management?*
- *How do and may values facilitate the creation of new products, services, business models, or networks?*

Background /// Instead innovation managers and trendscouts keep looking for the NEXT BIG THING, asking: What does it look like? Any suggestions?



Background ///

Could it look like this? Should it?



Background /// 1955 James Dean died in his Porsche Spyder. Driver safety was not a big issue back then.



Image from <http://www.arts-stew.com/wp-content/uploads/2012/09/James-Dean-Crash-Scene.jpg>

Background /// *Even in the 60ies safety did not sell, until competing car companies succeeded in Europe with safety as main value (proposition).*

- Corning's "Chemcor" glass failed on the **1960ies market**: "Americans were having such a love affair with their cars that safety was not an issue" (Howard). **Safety did not sell.**
- In **Europe**, in 1944 Volvo introduced the safety cage and laminated windshields, in 1959 the modern three point safety belt. "Cars are driven by people. The guiding principle behind everything we make at Volvo, therefore, is and must remain, safety" (Assar Gabrielsson and Gustav Larson, 1927).
- After European companies like Swedish Volvo succeeded in the **1980ies** in the UK and then US with safety as a key value proposition, all manufacturers incorporated safety as a key value for innovation efforts.

Background /// *Today the market for driver safety for passenger cars is worth several billion Euros, estimated at 3.2 Billion USD by 2025.*



# VOLVO SAFETY HISTORY

- Eye-Tracking/Blink-Monitoring,
- Facial Expressions/Head Movements,
- Heart Rate-Monitoring,
- Pressure/Angle Steering Sensor,
- Lane Departure Warning
- ...

Volvo has always held safety as one of its main focuses; so much so that they developed much of the industry technology that we use today. Take a look below at some of our Volvo safety firsts.

Background /// May we expect a similar prospect for currently subordinate values such as sustainability-orientation or information privacy?



## Introduction */// The values-based view on innovation management builds on simple observations.*

1. Organisations must work economically and most have to make profits. However, this is never all they do. **Every organisation and employee** pursues a variety of values. Just as ‘every company has a business model’ (Chesbrough 2007, 12), every company pursues values and normative orientations.
2. BUT (while values are used to select and align employees, and to communicate offerings) values do not (yet) drive innovation and its management.
3. “Innovation in ... [processes, products, services or business models] has often been declared as, but is in itself not, key to success on **markets** that are **impacted by the values held by their participants.**
4. Values should be **explored**, elaborated upon, evaluated and developed to drive innovation towards what we care about. There is even a chance to simplify and innovate your business by focussing on its essential values.
5. Values drive and impact organisations in different ways ...

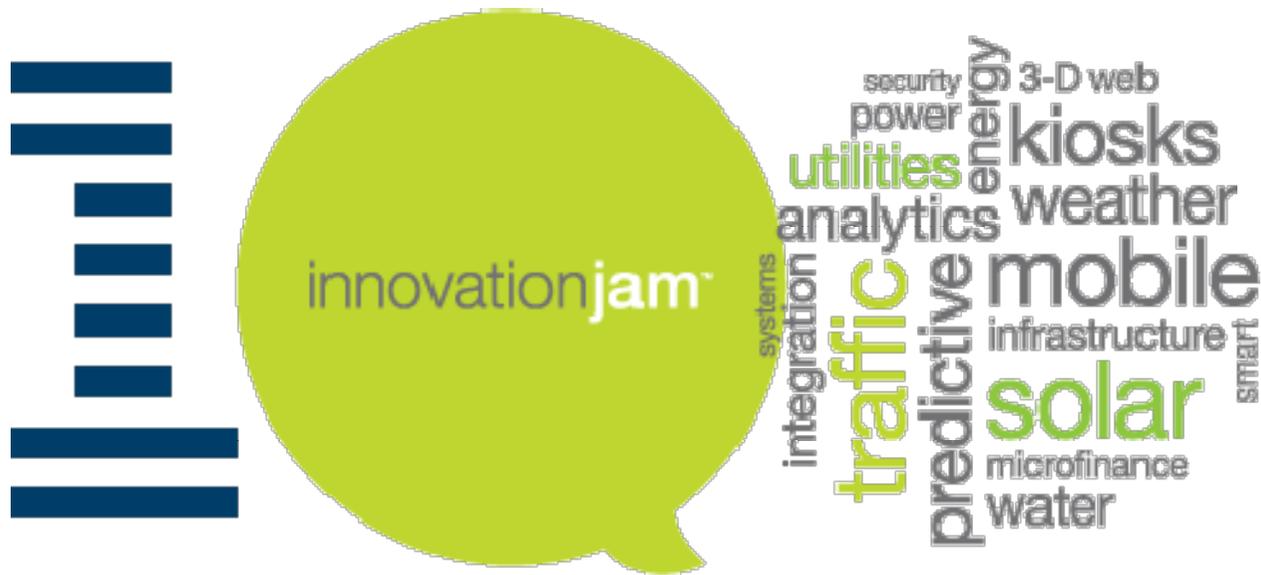
Introduction /// Outside-In: Decommissioning nuclear power plants.



Introduction /// *Top-Down: Ray C. Anderson committed carpet floor maker Interface to its Mission Zero*



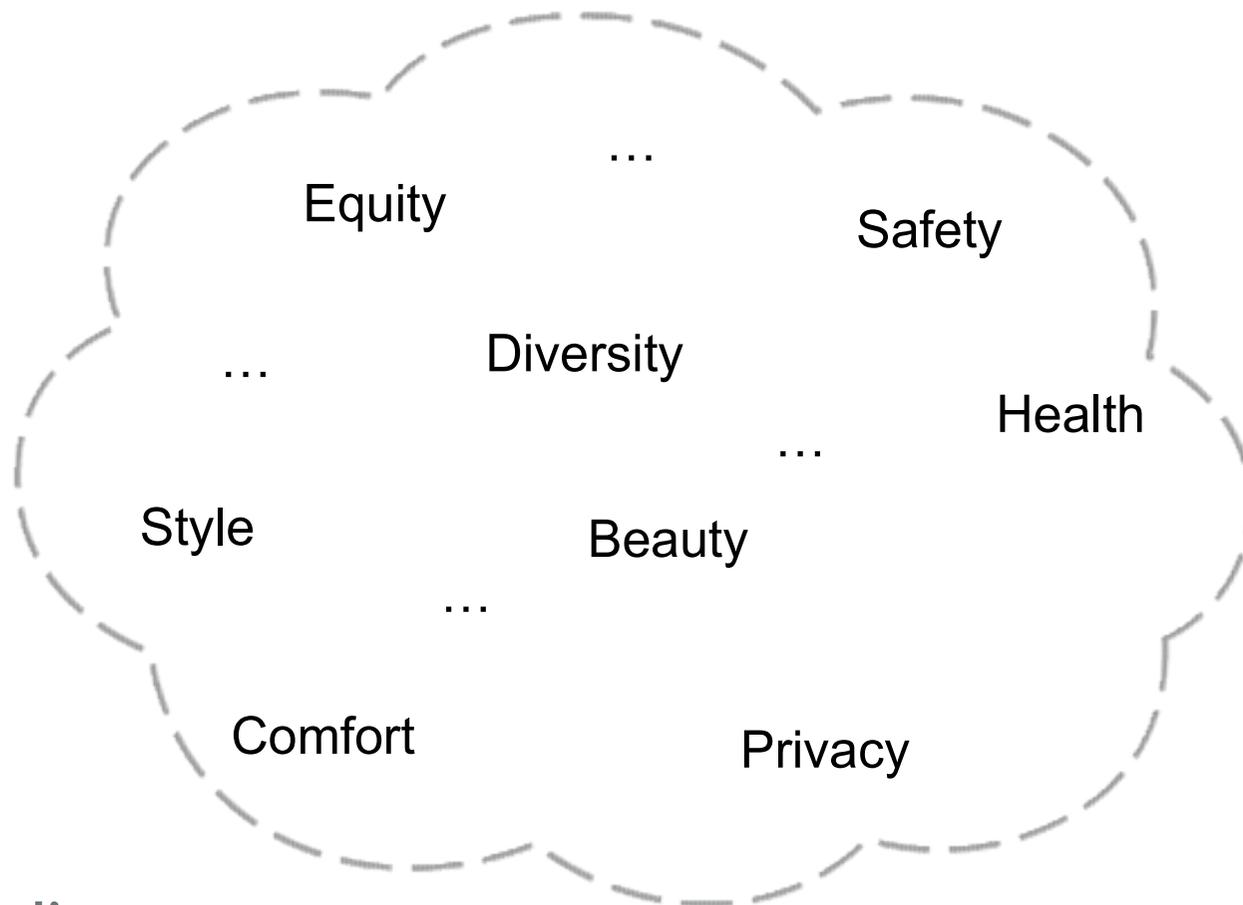
Introduction /// *Bottom-up: IBM conducted several Values Jams, first in 2003 with 50000 employees using a new Jamalyzer tool.*



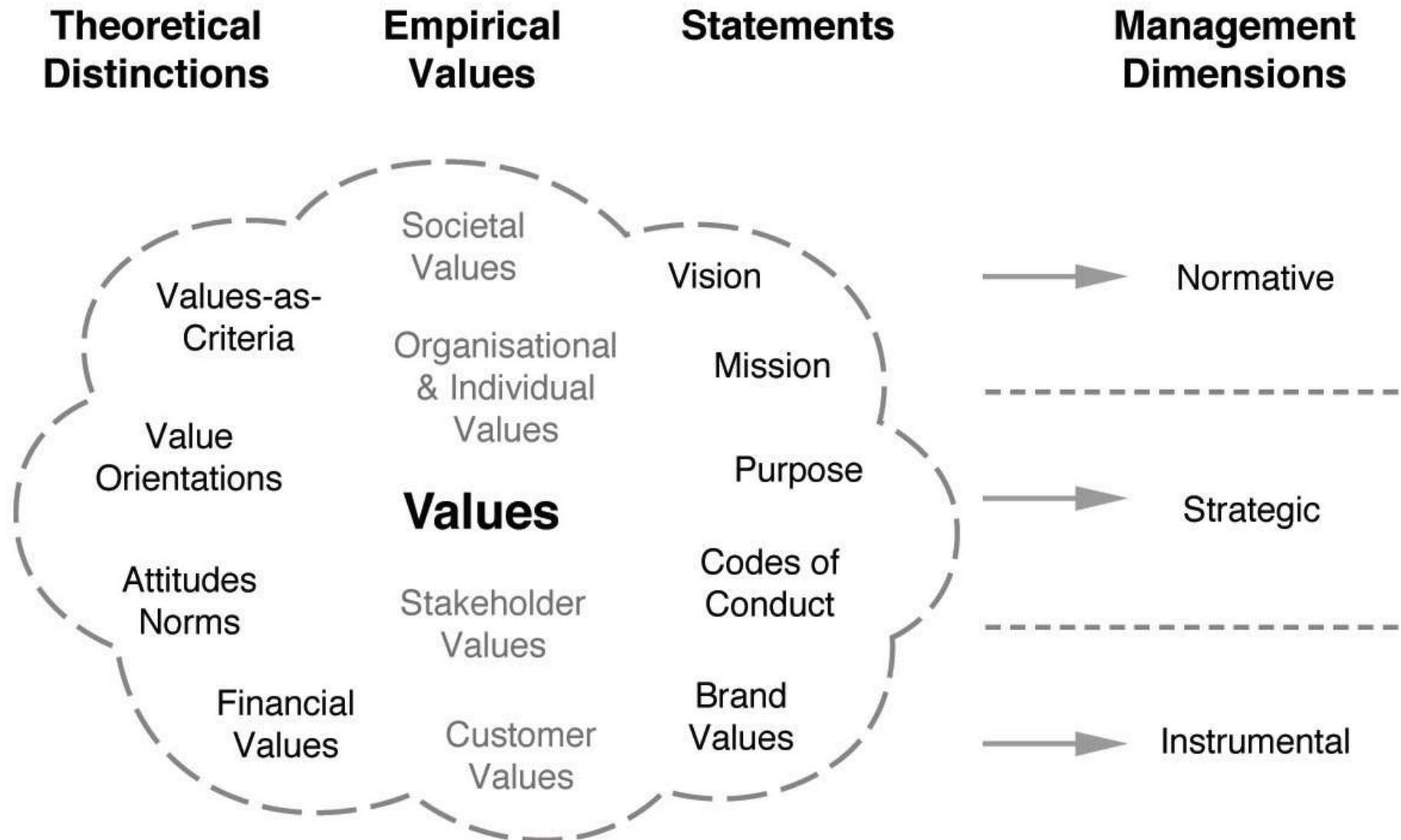
- Dedication to every client's success,
- Innovation that matters – for our company and the world,
- Trust and personal responsibility in all relationships.

/// Palmisano, S.J. (2004). Leading Change When Business is Good. HBR Interview conducted by Hemp, P. & Stewart, T.A., Harvard Business Review December 2014, pp 62-70. /// Yaun, D. (2006). Driving culture change by consensus at IBM. Using technology to involve employees in shaping corporate culture. Interview with David Yaun. Melcrum Publishing.

Framework /// *Values abound, are relevant, and remain to be either not understood or misunderstood.*



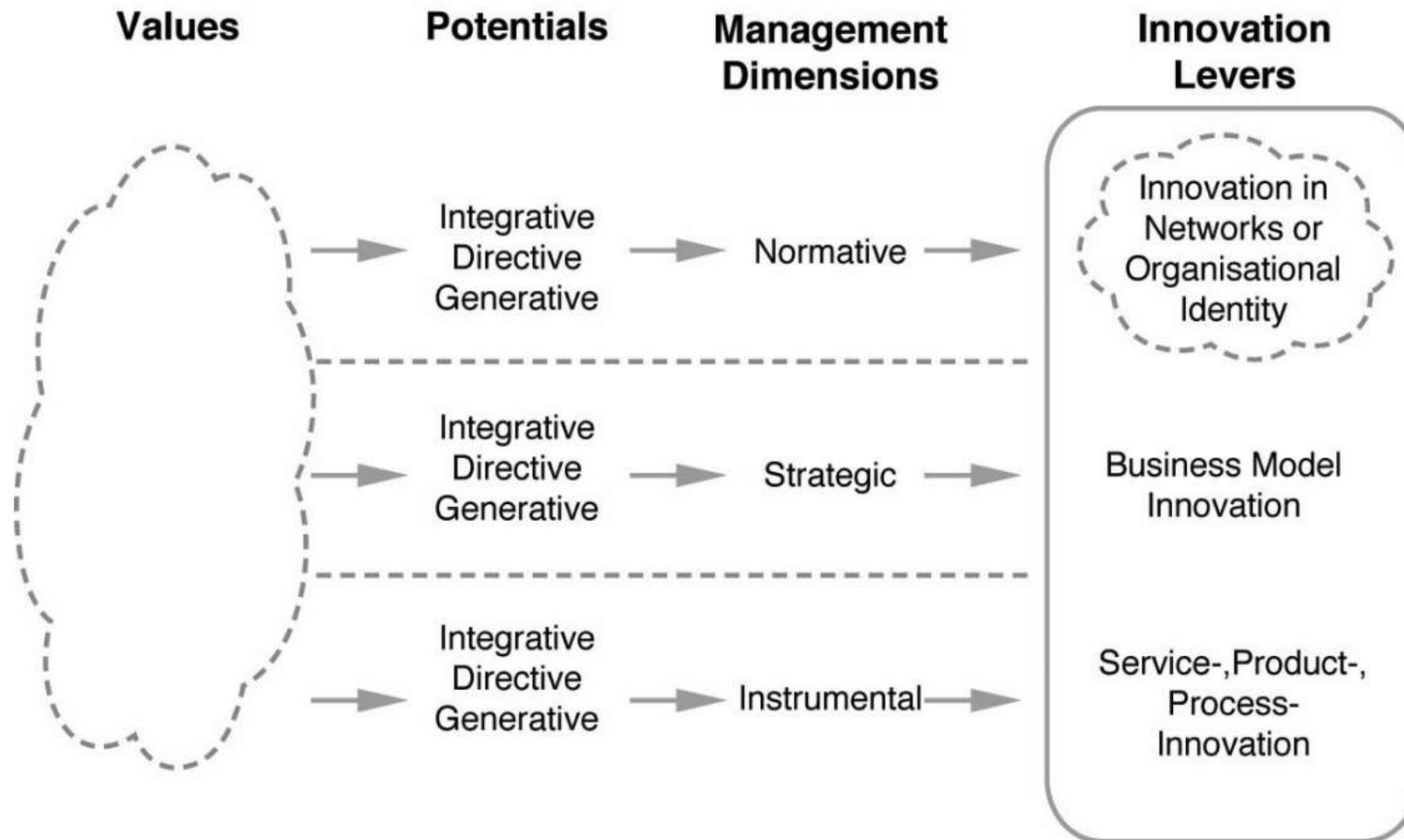
Framework /// *Different notions of values being used in different disciplines need to be distinguished.*



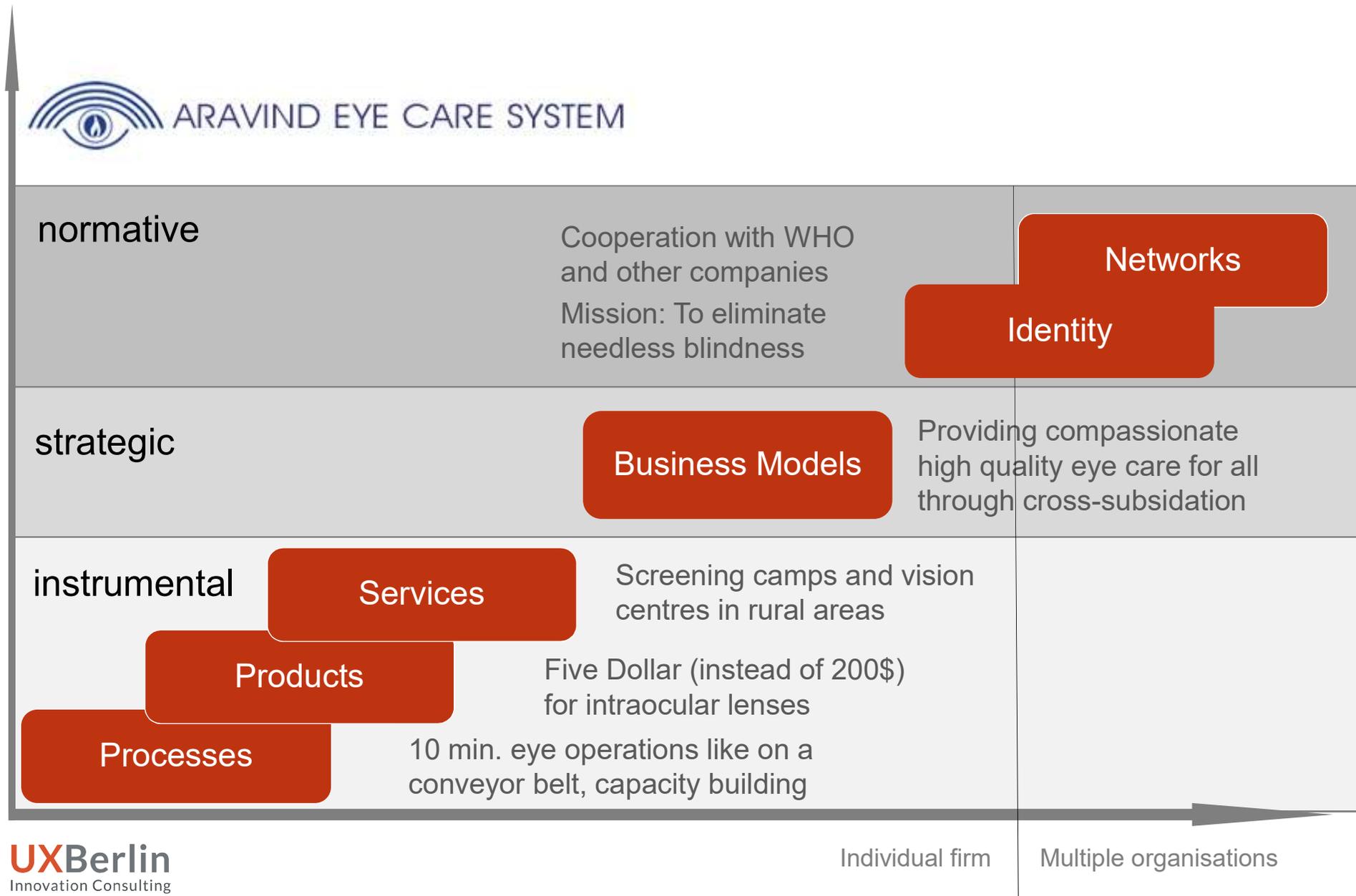
## Framework /// *Values can fulfil different potentials or functions for an individual or an organisation.*

- **Integrative potential (affiliation):** As ordered systems of priorities and relative importance values (Schwarz 2012) allows the inclusion of diverse subordinate values in the joint pursuit of overarching values.
- **Directive potential (orientation):** Values are not only what an individual or an organisation stands for, but also what it works towards. “The outlook of a person who cares about something is inherently prospective” (Frankfurt 1988, 83).
- **Generative potential (heuristic):** Grounding innovation efforts on a new set of values (such as protecting the natural and social heritage) may lead to a re-framing of problems, identifying emerging needs and markets, and defining directions and areas to search for potential solutions.

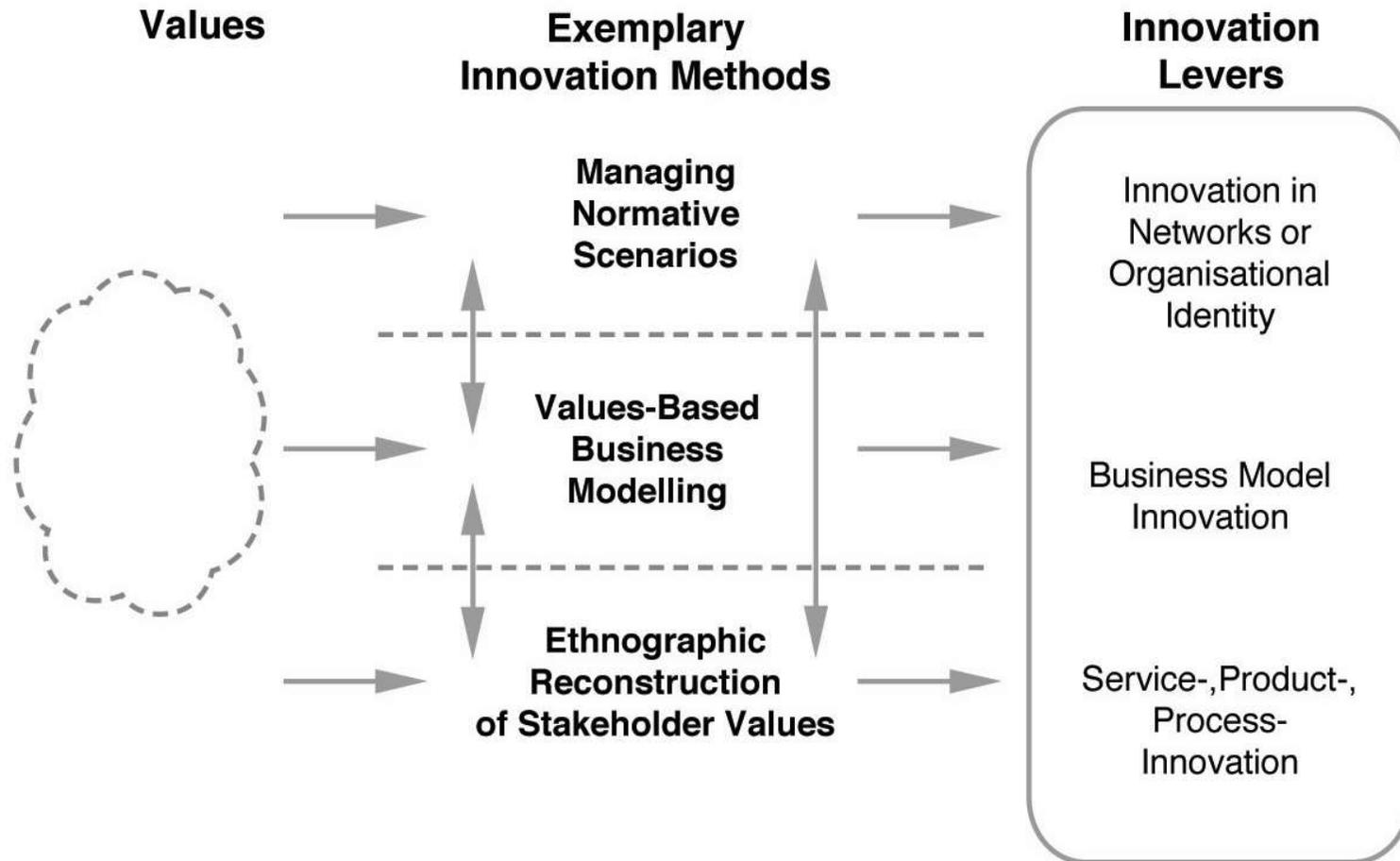
Framework /// *Values inform normative, strategic, and instrumental management, they impact and may drive innovation on each level.*



Framework */// Ignoring values innovation research falls short to understand and design innovation, and to leverage its potential.*



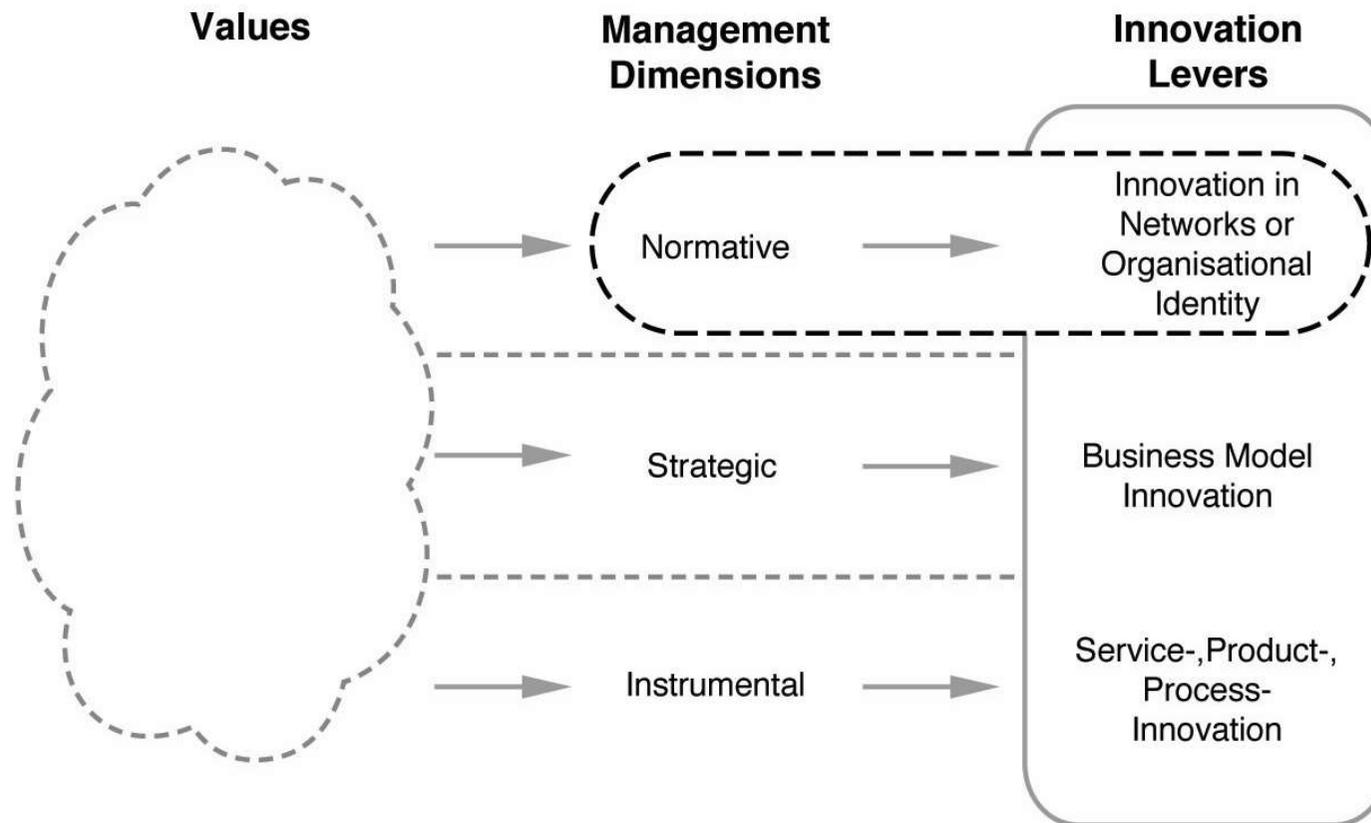
Framework /// *Distinct methods may be applied to to explore and apply values to foster and inform innovation on each level.*



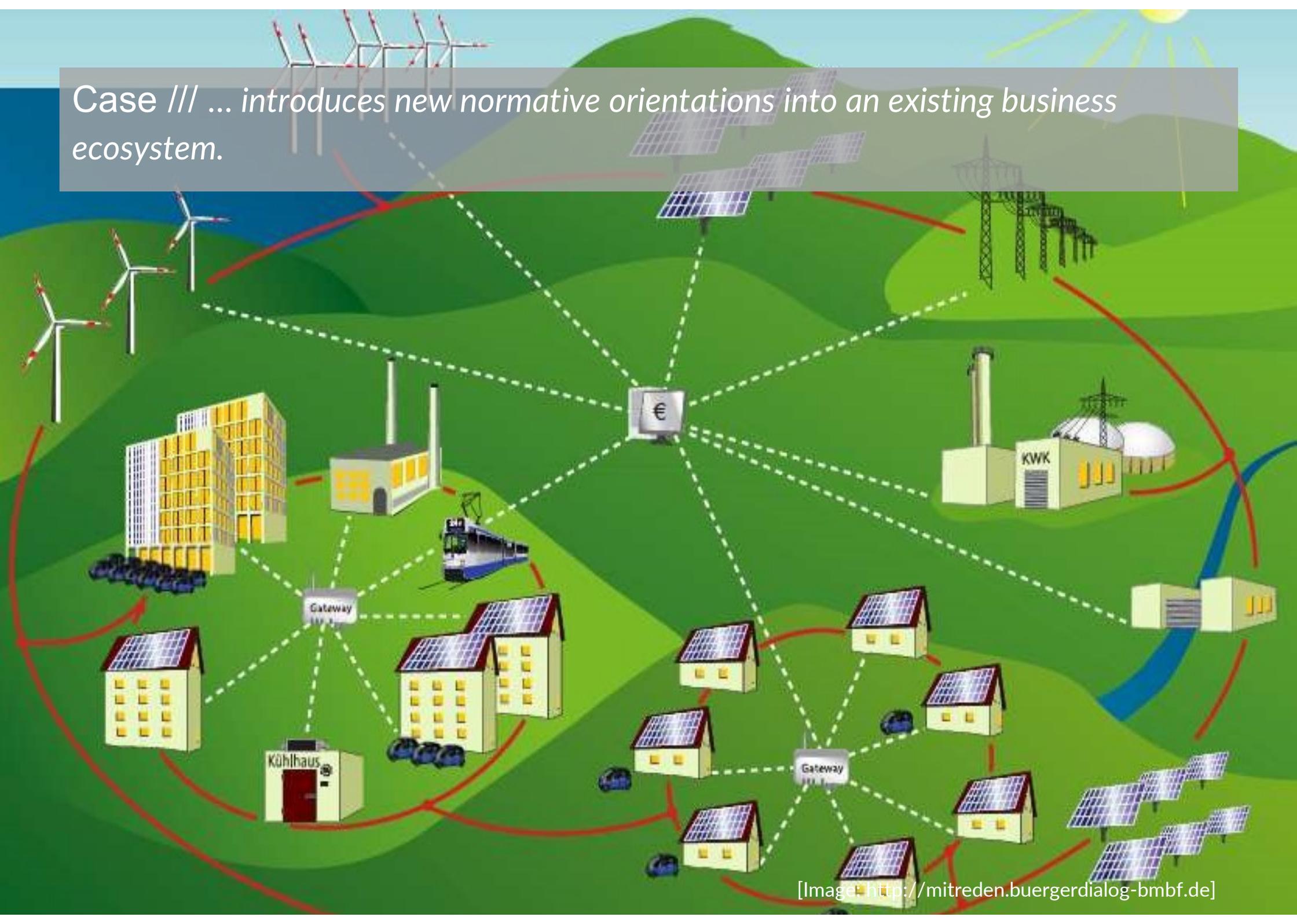
Framework /// *On a strategic level a business modelling toolkit supports the exploration and elaboration of new, values-based business models.*



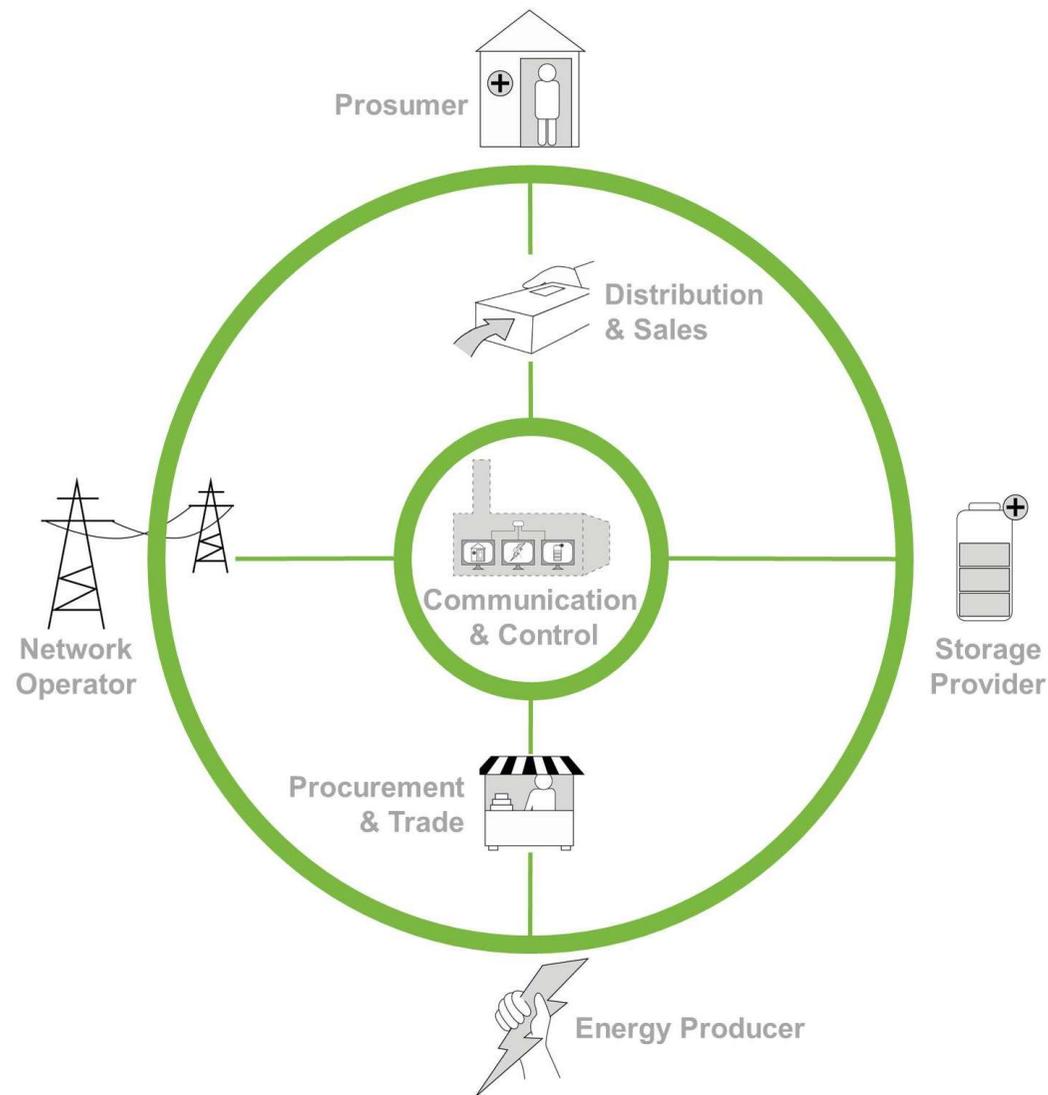
# Framework /// *Values-based normative innovation ...*



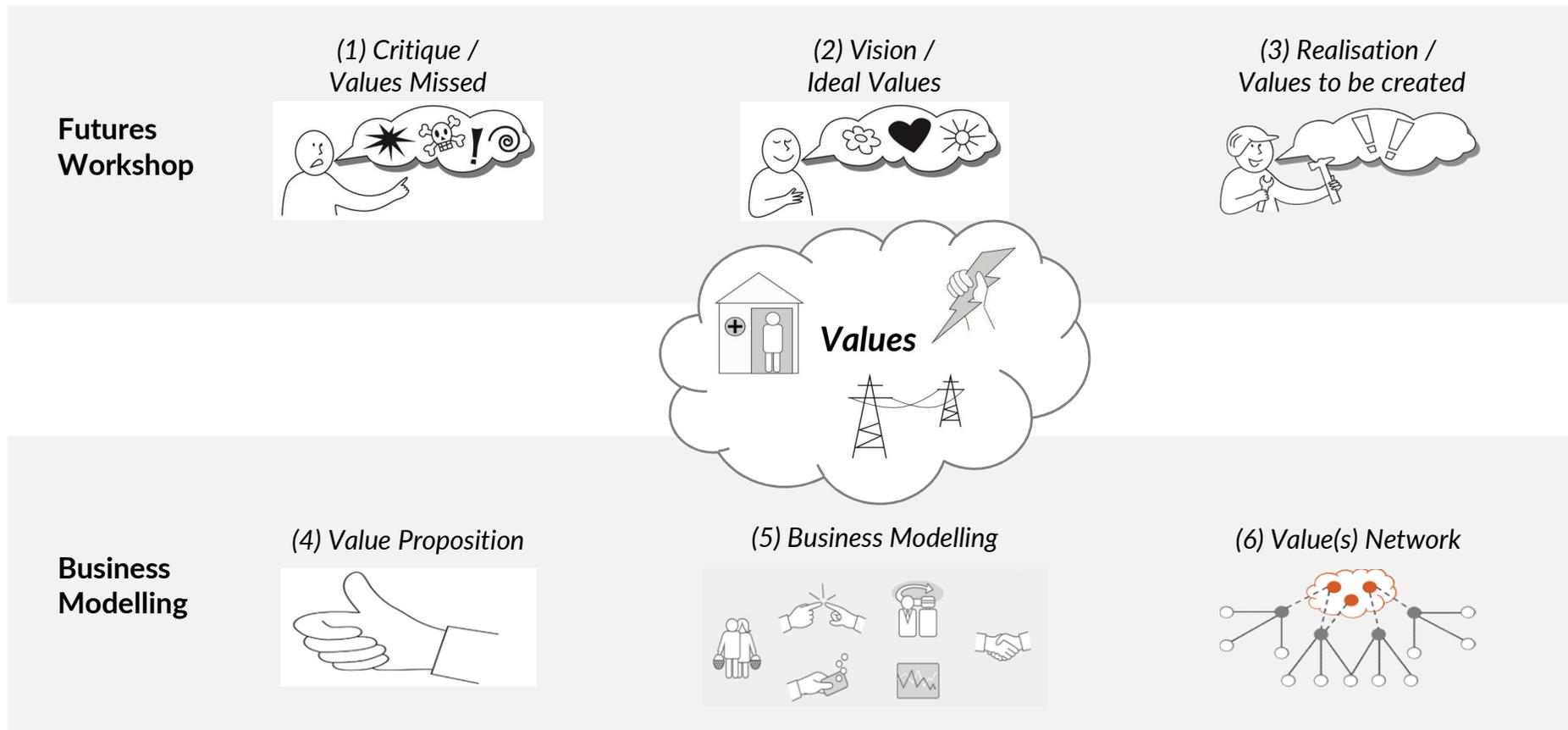
Case III ... introduces new normative orientations into an existing business ecosystem.



**Case III** *For three stakeholders we focused on shared values and distinct business models to establish a sustainable energy market.*



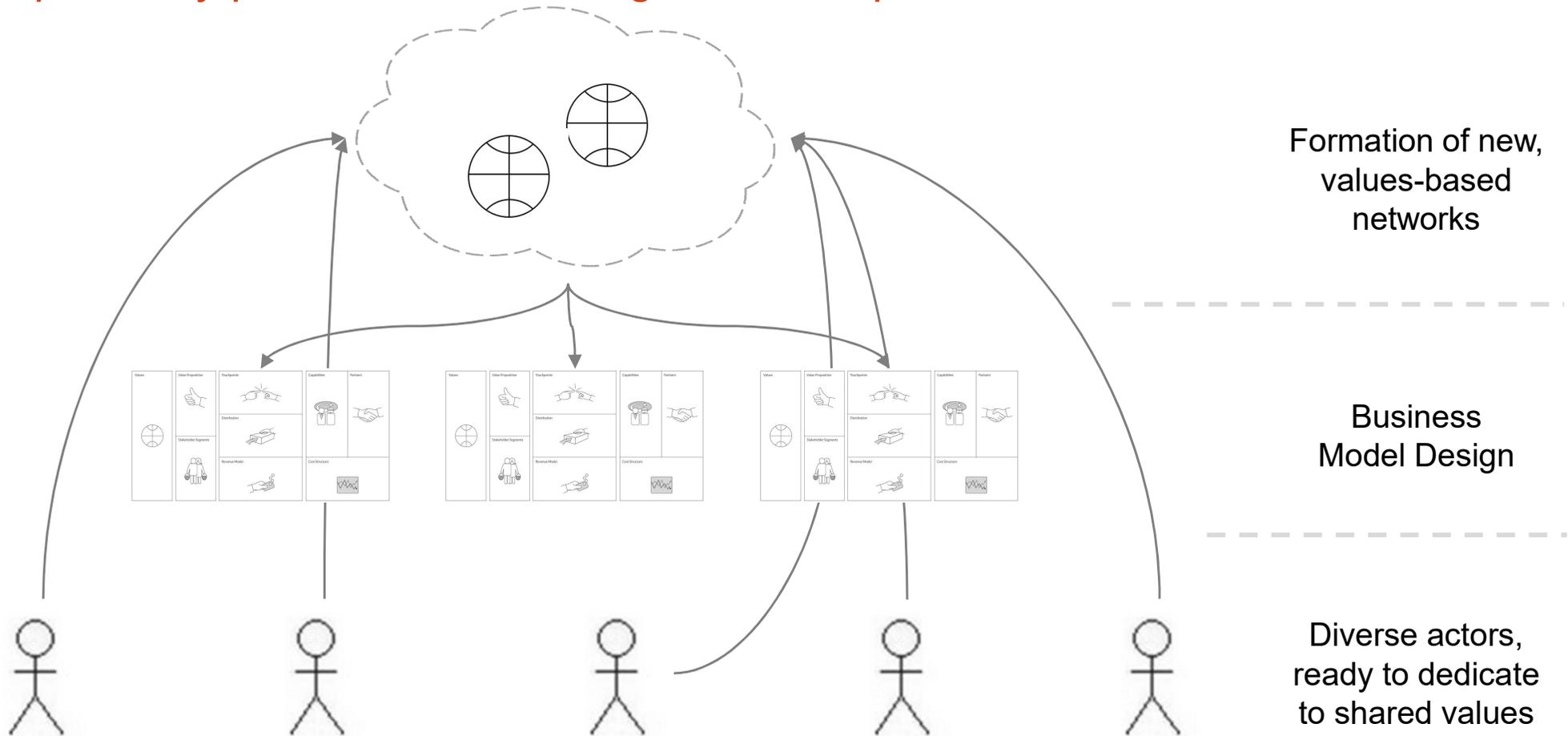
# Case III *Key values such as independence, transparency, efficiency, and proximity provided an evolving reference point.*



**Case III** *Shared values and parallel creation of new business models promoted mutual tolerance for negative impacts on some actor's business.*

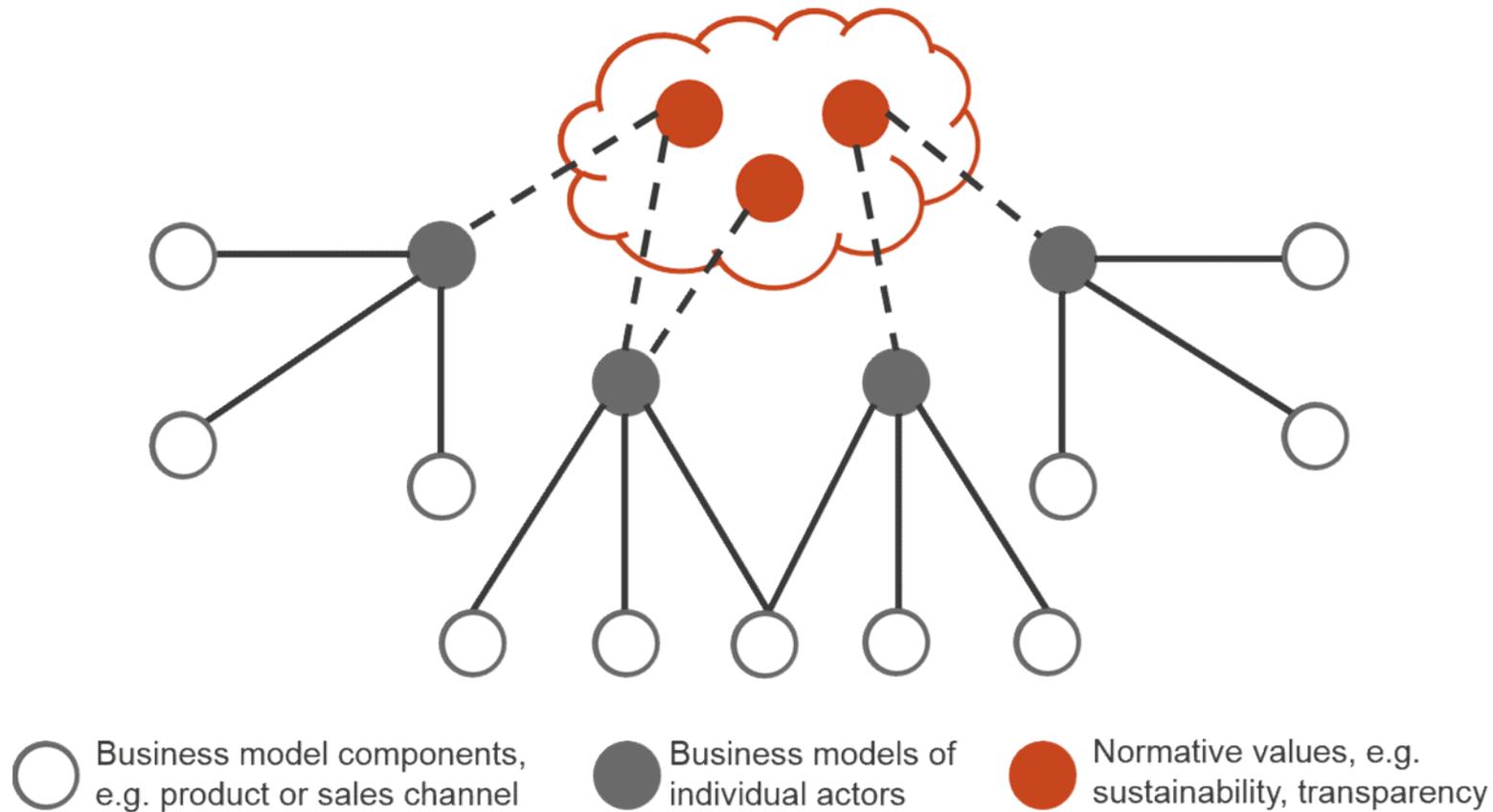
		Network Actors		
		Prosumers	Energy Producers	Network Operators
Innovation Levels	<b>Values</b>	Regional sustainability, education and independence	Regional sustainability, innovation and independence	(Cross-)Regional sustainability and education to drive innovation
	<b>Business Model</b>	Local energy community	Financial equity participation	Agency for virtual power plants
	<b>Components</b>	Advanced storage technology and trade platform	Partnering in marketing, finance & operation	Repurposing consulting capabilities

**Case III** *Key values such as independence, transparency, efficiency, and proximity provided an evolving reference point.*



Formation of a values-based network: Different actors (at the bottom) from an industry or region convene to explore shared values and formulate a common vision (cloud at the top). This may be realized through the network of new business models of the participating parties.

Case III *Sustainability specified in such ways becomes a driver for innovation on normative, strategic and instrumental management levels.*



## Values and Visions /// *Talking of values and visions provokes scepticism among entrepreneurs and innovation theorists.*



“A founder’s vision is just an opinion stated passionately”\*

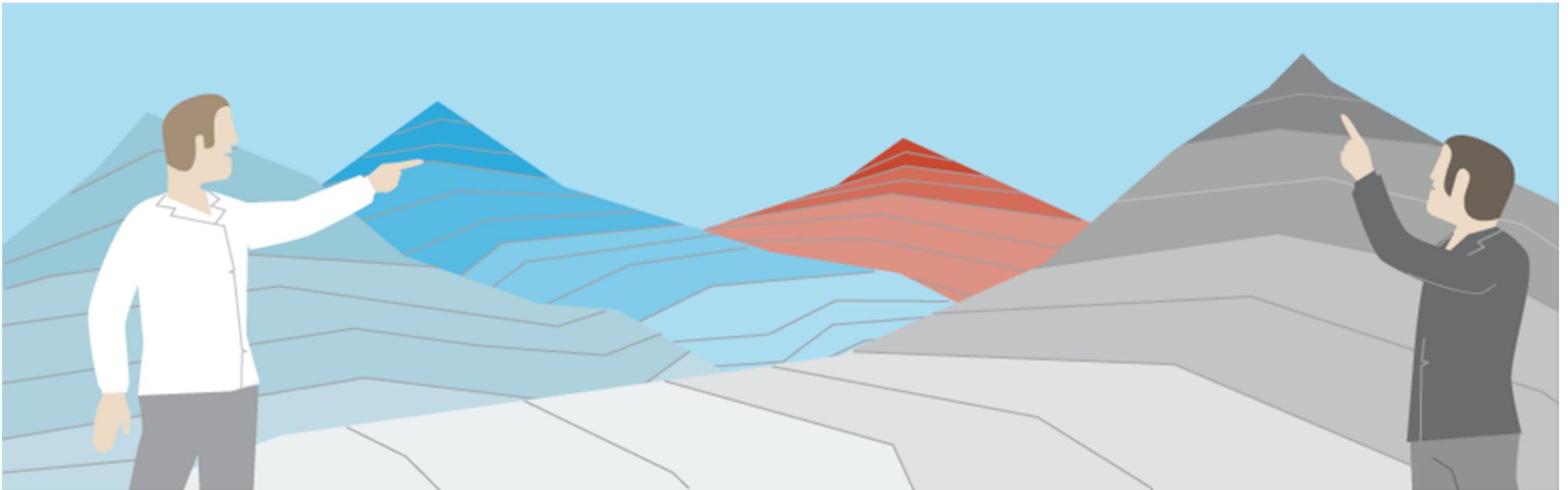
“No one besides venture capitalists and the late Soviet Union requires five-year plans to forecast complete unknowns. These plans are generally fiction, and dreaming them up is almost always a waste of time”

(Steve Blank 2013, 5)\*\*.

**Trial and error: „Too many pivots, too little passion“ (McGinn 2012)\*\*\*.**

/// \*\* Steve Blank (2013). A founder’s vision is just an opinion stated passionately Online, 22.6.2014: <http://pando.com/2013/02/06/steve-blank-a-founders-vision-is-just-an-opinion-stated-passionately/> versus /// \*\*\*Daniel McGinn (2012). Too Many Pivots, Too Little Passion by, HBR September 2012 ([hbr.org/2012/09/too-many-pivots-too-little-passion/ar/1](http://hbr.org/2012/09/too-many-pivots-too-little-passion/ar/1)); Image from Wikipedia

Values and Visions /// *Without values and vision we wouldn't know where to turn to, and just have to wait for the next big thing to show up.*



*Thank you for your attention!*

“Values are the well spring of innovation and value creation. At last a book that understands how real business works. Should be read by everyone concerned with making their organizations better at innovation and value creation.”

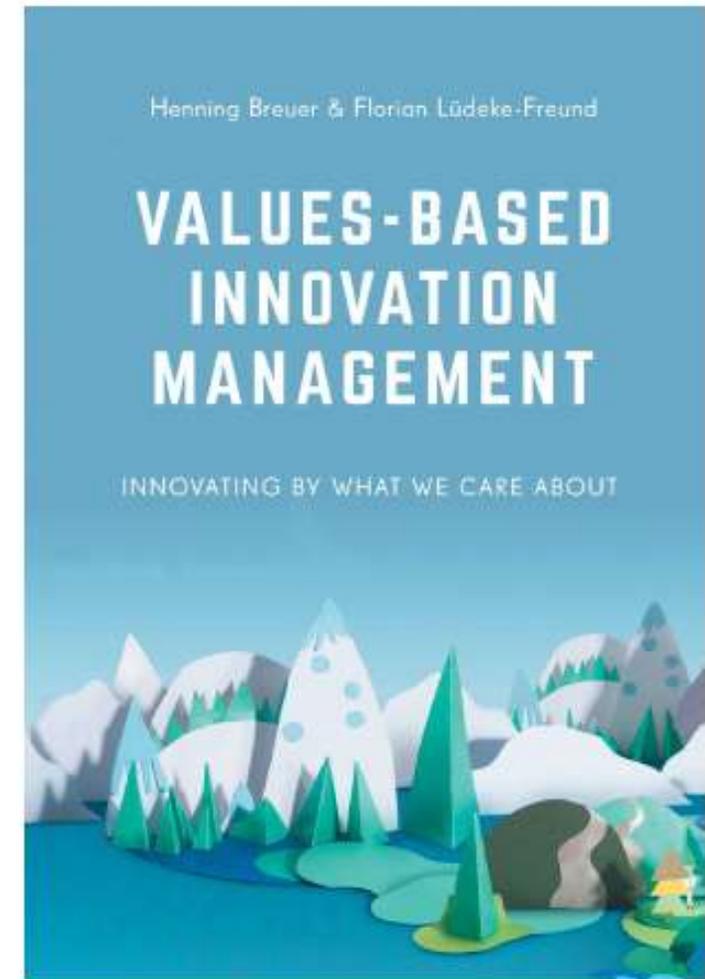
(R. Edward Freeman, University Professor at University of Virginia).

#### Contact:

- [henning.breuer@uxberlin.com](mailto:henning.breuer@uxberlin.com)
- [Florian.Luedeke-Freund@wiso.uni-hamburg.de](mailto:Florian.Luedeke-Freund@wiso.uni-hamburg.de)

#### Further References

- Request a sample copy of [Values-Based Innovation Management](#)
- Materials and Downloads: [www.uxberlin.com/businessinnovationkit](http://www.uxberlin.com/businessinnovationkit)



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