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October 31, 2009

■ **eNewsletter November 2009**

Dear Reader

The topic of my November eNewsletter is innovation. On the right side of this e-mail, I recommend three of my favorite books to you.

Below you find several references to innovation topics. In addition, I invite you to check out the "Orchestrating Winning Performance" program at IMD, in which I will teach a stream on service innovation.

I hope you find this eNewsletter useful for thinking about the future of your business.

Kind regards from Switzerland

Stefan Michel

■ **4A's, not 4P's: Innovation at the Bottom of the Pyramid**

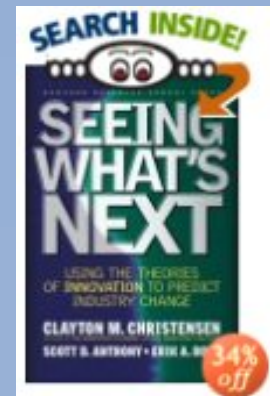
MIT Sloan Management Review

By Jamie Anderson and Costas Markides, MIT Sloan Management Review

Innovation in developing markets has less to do with finding new customers than addressing issues of product acceptability, affordability, availability and awareness. Companies that develop new strategies to attack competitors and enter new markets often accomplish this by introducing architectural or business-model breakthroughs. They identify gaps in how an industry is organized, go after those gaps and then find ways to turn them into profitable markets. They find new customers ("new whos"), new products or services ("new whats") or new ways of promoting,

BOOKS

Seeing What's Next:
Clayton Christensen



Internationally renowned innovation expert Clayton M. Christensen and his research partners Scott D. Anthony and Erik A. Roth present a groundbreaking framework for predicting outcomes in the evolution of any industry. Based on proven theories outlined in Christensen's landmark books *The Innovator's Dilemma* and *The Innovator's Solution*, *Seeing What's Next* offers a practical, three-part model that helps decision-makers spot the signals of industry change, determine the outcome of competitive battles, and assess whether a firm's actions

producing or distributing them ("new hows"). Please find the full article [here](#).

■ Service Innovation @ OWP, June 20-25, 2010

Orchestrating Winning Performance is a 6-day program at IMD in Lausanne Switzerland. You will learn through timely, practical research material, real-life case studies, active class discussions and extensive group work.



In addition to IMD's world-class Faculty, you will hear and meet industry experts, CEOs and inspiring thought leaders in fields outside of business. One of the many programs offered during OWP is my stream on service innovation.

[Learn more about OWP](#)

■ Service Innovation Research



A growing consensus implies that customers must be perceived as cocreators of value rather than as passive recipients of goods and services. I fully agree. And yet, I also am convinced that extant literature on service innovation fails to exploit the vast opportunities of this proposition fully. Currently, the co-creative role of the customer tends to get reduced to a co-designer role, such that

firms seek customers' input to create better offerings. Instead of this current focus that is, on how firms can use cocreation by the customer to innovate a more promising avenue for research may be based on a different question: How can firms innovate with regard to the cocreation role that the customer plays? Both firms and customers integrate resources, so service innovation requires the firm to rebuild and rearrange its resources to help customers who are integrating their own resources in novel ways. In this regard, three focal questions seem pertinent. How can

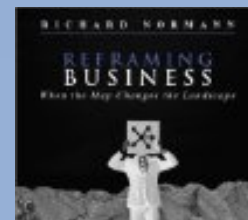
whether a firm's actions will ensure or threaten future success. Through in-depth case studies of industries from aviation to health care, the authors illustrate the predictive power of innovation theory in action.

New Age of Innovation: Prahalad and Krishnan



"Pralhad and Krishnan argue that to create value in a flattening world, companies must develop highly flexible innovation strategies that 'fold the future in.' To do this, they must partner with truly global networks of partners and customers and rethink everything from their core capabilities to their corporate culture. Prahalad's and Krishnan's book is a compelling roadmap for this next phase of globalization." Craig Mundie, Chief Research and Strategy Officer, Microsoft

Reframing the Business: Richard Normann



firms innovate to alter the three generic roles of customers: as users (cocreating value), buyers (making a buying decision), and payers (providing monetary feedback for exchange)? How can firms relieve customers from activities they are not willing or unable to perform, or how can they enable customers to perform those activities they prefer to do? Finally, how can firms create and redesign value constellations (i.e., the interplay across multiple actors and multiple resources that cocreate values) for the benefit of both the firm and its customers?

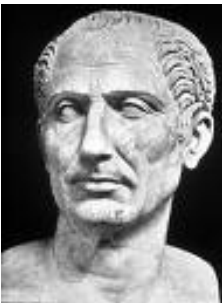
A special issue of the "Journal of Service Research" on service innovation is published in February 2010. You can order it [here](#) once published.

■ Brainstorming on Stone Wheel



Ever wondered how the wheel got invented?
[Click here to see the YOUTUBE clip](#)

■ Latin for Managers, Lesson 5



Nunc Tutus Exitus Computarus.

Translation:
"It's Now Safe To Turn Off Your
Computer."



'If you are looking for a quick-fix solution, this is not the book for you. If you are looking for a light read, to rest your mind for a while, this is not the book for you. But if you are willing to think rigorously and seriously about how to help your organization imagine and realize its future, and if you are willing to be challenged so as to broaden your personal perspective and intellectual bandwidth then this is a book you cannot miss.' - Sumantra Ghoshal, Professor of Strategic and International Management, LBS

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[IMD](#) is ranked number one worldwide in executive education (Financial Times, 2008). IMD's MBA is ranked second worldwide (The Economist, 2009).

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