

LIQUID INNOVATION

The sociologist Zygmunt Bauman is exploring various aspects of contemporary society by using the metaphor of "liquid modernity", which is very deep and meaningful.

According to Bauman: "*Liquid modern* is a society in which the conditions under which its members acts change faster than it takes the ways of acting to consolidate into habits and routines. (from: "Liquid Life"). Many games seem to be going on at the same time and each game change its rules while being played. These times of ours excel in dismantling frames and liquidizing patterns, all frames and all patterns, at random and without advance warning. (from: "The individualized society")"

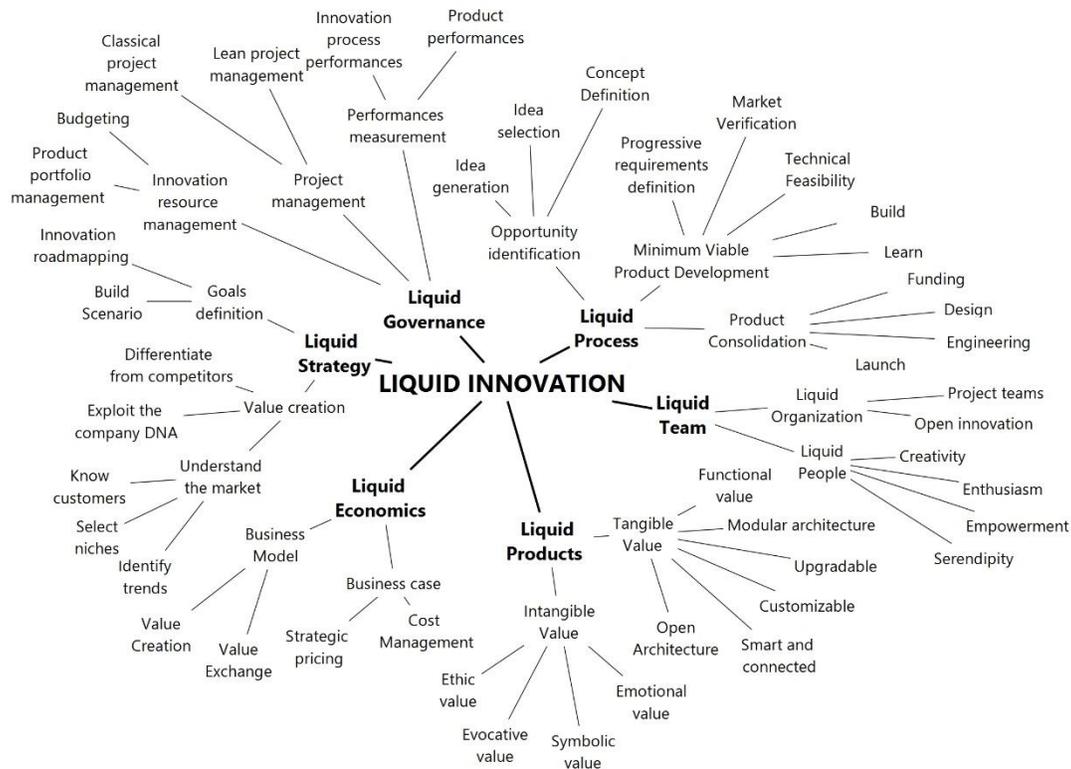
In the liquid world, also innovation must be liquid: the market constantly requires new stimuli and often it is not possible to use the classical "waterfall" approach to develop new products and services. A waterfall innovation process is in fact definitely advisable when:

- Product or service requirements may be almost completely defined before starting the development activities,
- It is possible to accurately estimate the return on investment of a project,
- Projects are developed inside the company,
- Organizations and project teams are stable over the duration of the project,
- Development stages and gates are similar in all projects (or in classes of projects).

In many cases, however, these assumptions are melting and today many companies are trying to change their approach to innovation.

Liquid innovation is based on known elements, but requires to re-combine strategies, processes, organization and tools, in order to create a flexible approach, appropriate to the context, commensurate to the problem to be solved and efficiently using internal and external resources.

Liquid innovation can be imagined as a plant that grows in different directions, looking for the sun (the market) and drawing energy from its roots (resources and skills). The figure below represents the main roots that allow liquid innovation to survive.



Liquid Innovation roots

As shown in the picture above, liquid innovation is made of 6 major building blocks.

Liquid innovation strategy

The liquid innovation strategy is first and foremost the continuous research of the market niches that fit at best the corporate DNA. It is therefore mandatory (even more than before) to understand the emerging market trends and to know the customers’ needs and desires. The products and services portfolio should then evolve in order to create value for the selected customers and to drive the company towards the realization of its unique vision.

Liquid innovation governance

The liquid innovation governance should ensure the harmonious evolution of the product portfolio and guarantee the best use of internal and external resources. Since the innovation process is inherently complex and non-repetitive, effective and flexible management methodologies should be used.

Liquid innovation process

The liquid innovation process should ensure short time to market and innovation risk reduction. It is an evolution of the classic waterfall development process, with the following main differences:

- Products are launched to the market as early as possible (minimum viable product),
- Product development continues after the market launch with the development of subsequent releases, based on real customer's feedbacks (iterative than waterfall approach),
- Development activities are not predefined, but are agreed on the basis of the project to perform,
- There are no predefined development gates: the project team asks for them when feels the need for key decisions,
- Investments are progressive: they grow as the risks diminish,
- Investments and resources from outside the company are used.

Liquid innovation team

The organization supporting the innovation process should not be rigid: a network, is better than a hierarchical structure. Innovation projects should be performed by project teams with a clear understanding of the objectives, a strong commitment to achieve them and a wide decision-making autonomy. Open innovation should be considered in order to increase development speed.

Liquid innovation products and services

To support continuous innovation, products and services should be smart and modular. Modular architecture in fact not only facilitates products' evolution, but also enables users to customize products and to modify them at every moment, enabling therefore product's "liquidity", while ensuring protection of investments. Smart and interconnected products are changing the product paradigm itself, enabling new value creation approaches that every company should consider.

Liquid economics

Profit is not the only driver for companies' activities, but the economic sustainability of all innovation decisions should be guaranteed. A difficult balance should then be maintained between short and medium term economic decisions. Innovative business models should also be introduced in order to capture the whole value that the company creates for its users.

Liquid innovation aims to continuously adjust the products and services portfolio to the changes that happen in the liquid world. The complexity of innovation increases, while efficiency and consistency of the process decrease, but probably there are no alternatives in order to be successful in the complex, liquid world.



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