

# 10 essential elements of an open innovation culture

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Stefan Lindegaard, in his new book, [The Open Innovation Revolution: Essentials, Roadblocks and Leadership Skills](#), outlines 10 essential elements of an open innovation culture. What makes this list even more compelling than usual is that it comes not just from the mind of the author, but from some top-notch open innovation practitioners in Stefan's LinkedIn group.



The person who spearheaded this discussion of open innovation culture was none other than Chris Thoen, a director of R&D at P&G - a person who I met earlier this year at the CoDev conference who really impressed me as one of the brightest minds in this relatively new discipline.

**Here is the list of elements that the group compiled:**

1. **People who can manage relationships with customers and partners:** If you're going to open up your organization to ideas from the outside, then you need "*agile and people who have the soft skills of emotional intelligence*" who can deal effectively with the idiosyncrasies of executives from other corporate cultures.
2. **A willingness to accept that all of the smart people do not work for your company:** At the same time, to be successful at open innovation, your organization's culture must not only accept this idea intellectually, but also have a willingness to seek out these outside ideas. There's a subtle difference here: acceptance (passive) versus seeking outside ideas (active). Without this drive, open innovation will end up being nothing more than a platitude and a "nice to do," but will probably gain little traction within your firm.
3. **An understanding that failures are opportunities to learn,** and a willingness to reward those efforts and that way of learning. This idea is pretty radical for most organizations. Just think about what typically happens when a senior-level executive in charge of a major strategic project fails to implement it successfully. He or she becomes a pariah, overlooked for future promotions, or worse yet, laid off the minute the economy goes into a downturn. As Stefan points out, "*Failure is a way of life for companies that pursue innovation seriously, and a leader's response has a huge effect on company culture and, therefore, on future projects.*" Celebrate failure and learn from it!
4. **A willingness to help employees to build the knowledge and understanding of how an idea or technology becomes a profitable business.** This can be accomplished via a job rotation program that could incorporate partners and customers, Stefan suggests. The people who develop new ideas and technologies tend to be scientists or technologists, with little idea about the dynamics of modern business. In order to support and extend your company's open innovation efforts, they need to have at least a basic understanding of the dynamics of business growth, because it's likely they will be on the front lines as relationships are extended across company lines in the early stages of open innovation partnerships.

5. **Dismiss the Not Invented Here syndrome:** *"If we make the best use of internal and external ideas, we will win. We don't need to own everything ourselves and keep it under tight wraps. We should profit from others' use of our innovation process, and we should buy others' intellectual property whenever it advances our own business model."* This, too, sounds simple, but it requires a major sea change in thinking. Most large companies have legal counsel that is already working overtime on intellectual property issues. These corporate attorneys tend to be of the mindset that the company needs to own its IP, and it discourages openness and sharing. As such, they are like corporate antibodies, and open innovation "looks" like a virus to them. Your CEO can't just talk open innovation; he or she must have the cojones to back up that commitment when internal turf wars break out over thorny issues like IP.
6. **A willingness to strive for balance between internal and external R&D.** *"External R&D can create significant value; internal R&D is needed to claim some portion of that value,"* Stefan explains. Intellectual property, whether it's developed internally or acquired externally via open innovation and other forms of partnership, must eventually have a bottom-line payoff for your company. Otherwise, it's wasted effort that isn't sustainable.
7. **Willingness to be a risk taker rather than being risk averse.** Common sense should be used to balance the risk level.
8. **Accepting that open innovation does raise intellectual property issues.** *"Your legal team can choose to either play offense or defense. Hopefully, they'll adopt a constructive approach that supports progress toward the company's business development goals."* When I attended the CoDev conference earlier this year, IP was an issue that came up repeatedly in speeches and networking discussions. This is a new area for many companies; therefore, expect that it will take time to work through these issues and gain alignment on how to handle them.
9. **Understanding that open innovation requires open communication.** *"Work around confidentiality and intellectual property issues to create an environment based on trust."* Here, a well-crafted non-disclosure agreement can help to set an agreed-upon body of ground rules so that both partners can be completely open with each other. If one party holds back, neither one wins. As several CoDev speakers pointed out, you need to focus not only upon inter-company communication, but on keeping your own troops up-to-date on what you're doing and why. It's an ongoing process which you neglect at your peril. If you don't proactively communicate to your employees, they will fill in the gaps with their own assumptions - which are more than likely inaccurate and misleading.
10. **Not needing to always be first.** *"Building a better business model is better than getting to market first."*