



TIMG 5105

Designing Innovation Communities

Session 3: Sep 21

Fall 2015

Michael Weiss

www.carleton.ca/tim

www.carleton.ca/tim/tim.pdf

- Upon completion of this class, you will know about:
 - Four types of innovation communities
 - How communities can shape entrepreneurial actions
 - Strengthening a firm's brand through brand communities
 - Learning in communities of practice
 - Co-creation communities
- And you will be able to:
 - Classify innovation communities

Agenda



1. Assignments
2. Information exposure => action
3. Firm-hosted online brand communities
4. Communities of practice
5. Co-creation communities
6. Key lessons
7. Key concepts
8. Questions

1. Assignments



- Innovation community (group) 25%
- Community design (group) 25%
- Technology selection (group) 25%

Innovation community (25%)



- Profile an existing innovation community
- What problem does the community solve?
 - Who are the members of the community that we need to connect?
 - What platform does the community use?
 - What interactions does the platform support?
 - What experiences will members gain from interacting?
 - What value is created for initiator and members?

Community design (25%)



- Design your own innovation community

- Propose an innovation community and answer the questions from assignment 1
- Complete a community design canvas for your community

Technology selection (25%)



- Select the technology to support the innovation community from assignment 2

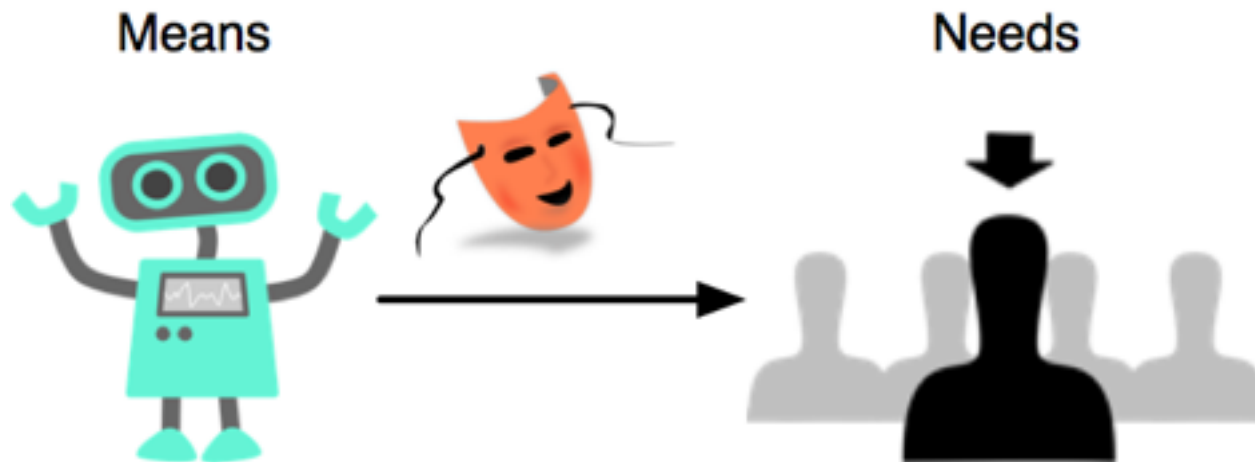
- Identify the activities that need to be supported in your community
- Select technologies that support those activities

- Autio, E., Dahlander, L., & Frederiksen, L. (2013), Information exposure, opportunity evaluation and entrepreneurial action: an empirical investigation of an online user community, *Academy of Management Journal*, 56(5), 1348–1371.
- Gruner, R. L., Homburg, C., & Lukas, B. A. (2014), Firm-hosted online brand communities and new product success, *Journal of the Academy of Marketing Science*, 42(1), 29-48.
- Wenger, E., et al. (2009), Communities of practice: a glimpse of theory, *Digital Habitats*.
- Gouillart, F., & Billings, D. (2013), Community-powered problem solving, *Harvard Business Review*, 91(4), 70-77.
- Piller, F., Ihl, C., & Vossen, A. (2010), A typology of customer co-creation in the innovation process, *SSRN Electronic Journal*, 1732127.

2. Information exposure => action



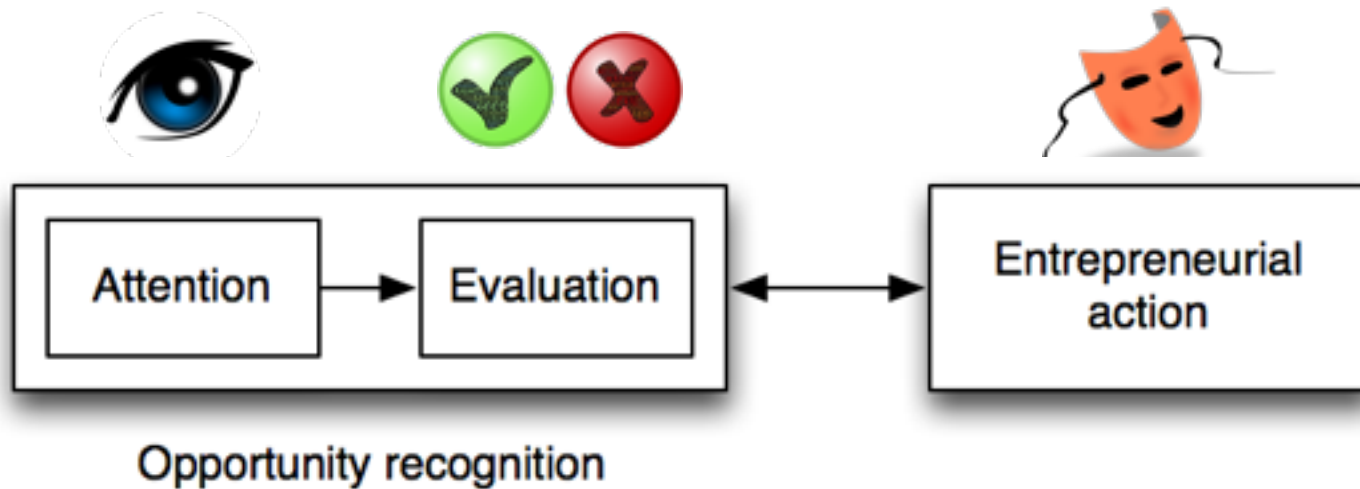
- Entrepreneurs connect “means” (technological advances) with “ends” (user needs)
- Entrepreneurial action refers to pursuit of the opportunity (ie launching a venture)



Opportunity recognition



- Opportunity recognition, comprising an i) attention and an ii) evaluation stage, is followed by action
- Attention stage: exposure to information about user needs (ends) and possible solutions (means)
- Evaluation stage: provides entrepreneurs with sense that outcomes are feasible and desirable



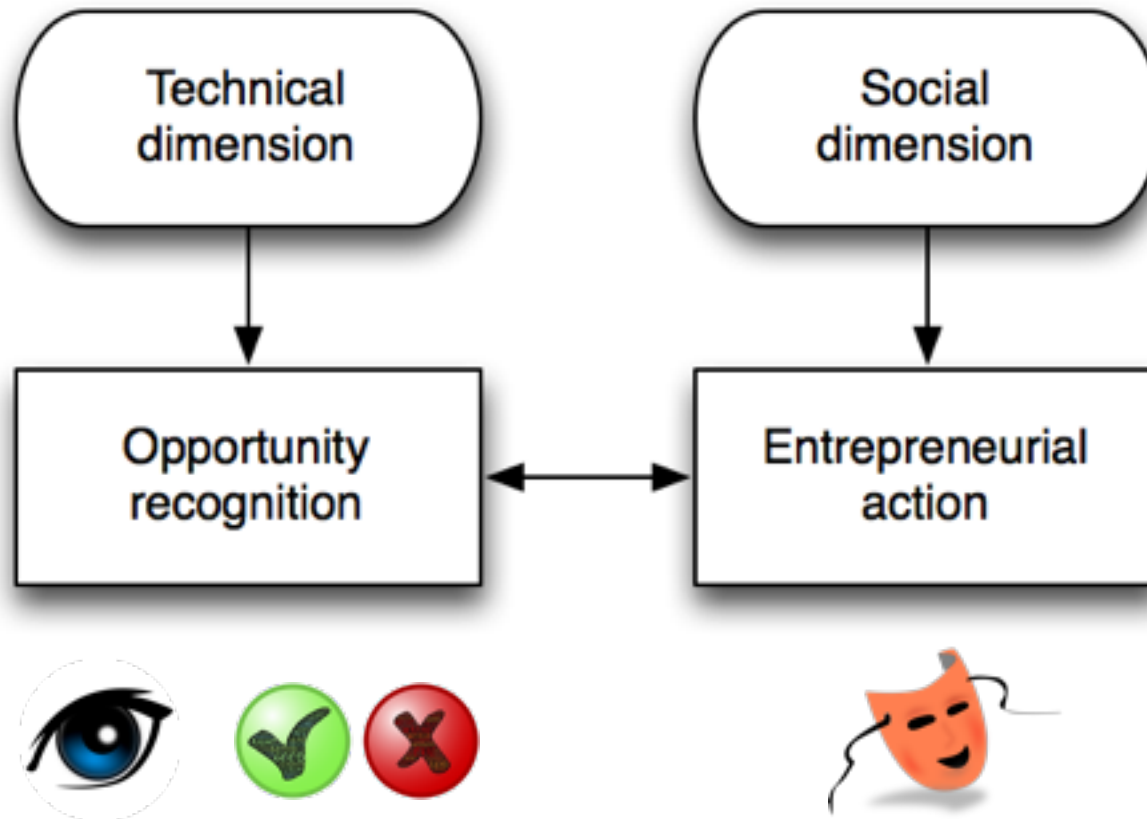
Collective experimentation



- Online communities provide platforms for **collective experimentation** and exploration
- By monitoring an online community entrepreneurs can discover new product or service opportunities

A screenshot of the Propellerhead Forum website. The page features a red and white color scheme. At the top, there is a navigation bar with links for HOME, PRODUCTS, SHOP, DOWNLOADS, SUPPORT, and BLOG. Below this is a search bar and social media icons for Facebook, Twitter, YouTube, and Google+. The main content area is titled 'Forum' and has sub-sections for 'Beginner', 'Advanced users', 'Rack Extensions', and 'Post your music'. The 'Advanced users' section is active, showing a 'NEW THREAD' button and a list of threads. The first thread is a sticky post by 'forumadmin' titled 'Hi and welcome to the Advanced Forum', dated 2013-12-16 17:00, with 0 replies and 703 views. The page is on page 1 of 44.

Technical and social dimensions



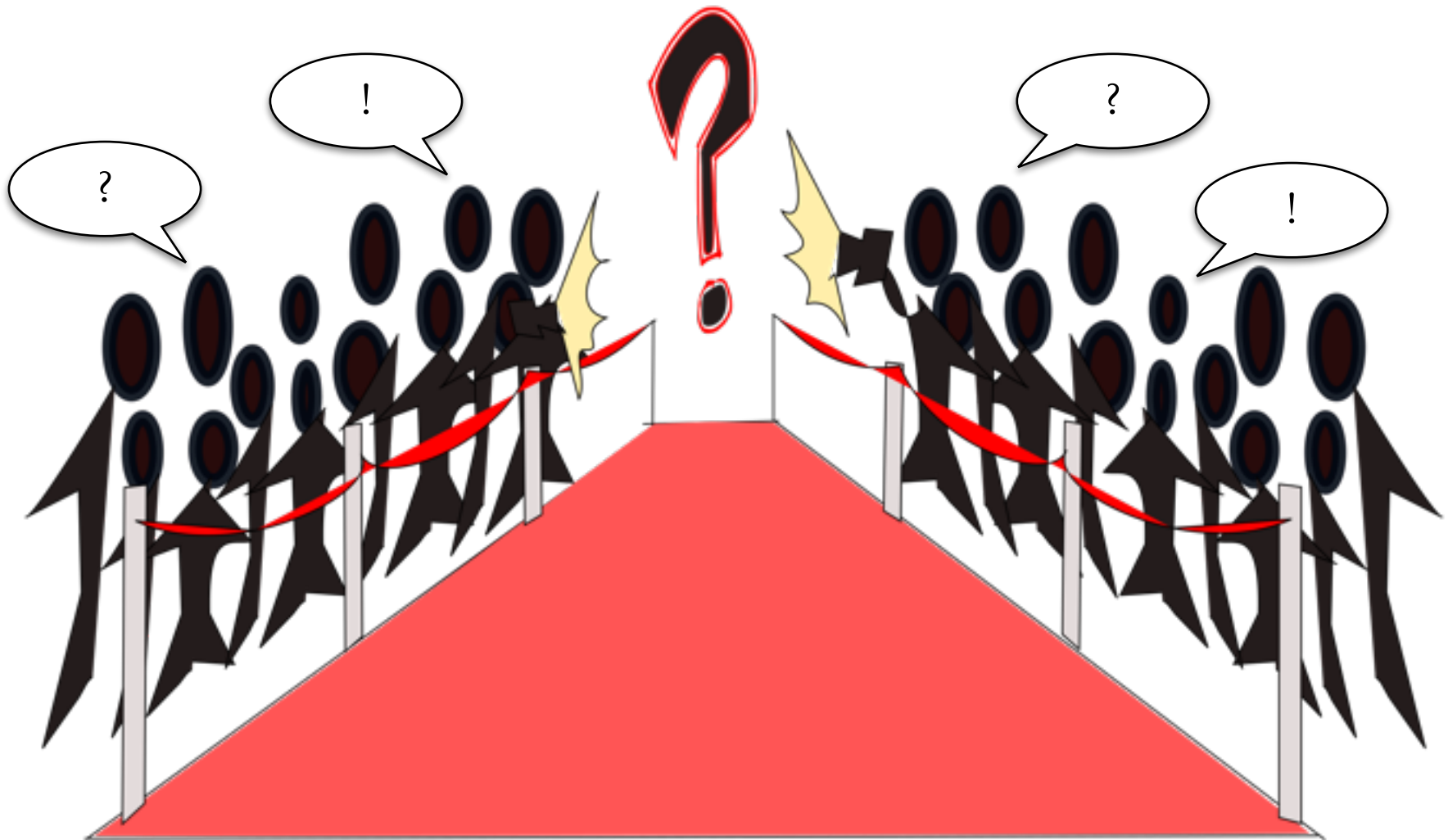


- Lead users are users who i) cannot meet their goals with the current product or service, and are ii) more likely than others to search for potential solutions
- ✓ They are more aware of technological advances and associated opportunities for new products/services
- Users become more aware of technological trends and can advance changes by technological probing (starting discussion threads to articulate a new issue, problem, call for advice, or area of exploration)
- ✓ Probing facilitates the emergence of new solutions



- Community attention provides social validation: it helps entrepreneurs validate latent user needs
- ✓ Attention indicates that the entrepreneur's actions resonate with other community members
- Community spanning i) exposes entrepreneurs to alternative approaches to pursuing an opportunity, and ii) draws on analogies in related domains to judge the economic value of an opportunity
- ✓ Exposure to the social domain provides information advantages and reduces demand uncertainty

3. Firm-hosted brand communities



Reasons for brand communities



Firm-hosted brand communities



- A firm-hosted OBC is an online forum that is
 - concerned with the products of a particular firm's **brand(s)**
 - initiated and subsequently maintained by the **firm**
- An important motivation for firms to invest in an online brand community is higher **product success rate**
- What community **archetypes** are there and how is the type of community linked to product success?
- How is product success measured? What are the most significant factors affecting success?

Brand community archetypes



- What archetypes are there? **Open, discerning,** and **restricted** firm-hosted brand communities
- Is there a progression between the community types over time? Do we start with one, then evolve?

	<i>Open (30%)</i>	<i>Discerning (42%)</i>	<i>Restricted (28%)</i>
<i>Access</i>	High	Moderate	Low
<i>Activity control</i>	Low	Moderate	High
<i>Host integration</i>	Moderate	High	Low
<i>Engagement</i>	Low	High	Moderate

Factors and archetypes



Factors \ Archetype	Open	Discerning	Restricted
Success	High	High	Low
Innovativeness	High	Low	High
Timing entry	Low	High	Low
Advantage		Low	
Employee skills	High	Low	
Predictability	High	Low	
Cust involvement	Low	Low	High
Firm size	High		Low

Choice of community archetype



- **Radical** innovations should be supported by an open community (higher accessibility and lower activity control), whereas **incremental** innovations are best supported by discerning communities (higher host integration and member engagement)
- Open & discerning communities outperform restricted communities in terms of market **timing**

4. Communities of practice (CoP)



- Groups of people informally joined by shared expertise and passion for **joint practices** (eg patients)



- Communities of practice **add value** to an organization by i) driving knowledge development strategy, ii) starting new lines of business, iii) solving problems more quickly, iv) transfer of practices, v) development of skills, and vi) recruiting and retaining talent
- **Learning**, in the sense of continuous organizational learning, is central to a community of practice
- In Wenger & Snyder's (2000) original definition, CoP were limited to boundaries of an organization

Comparison to project teams



- CoP are not the same thing as project teams

	Purpose	Member-ship	“Glue”	Duration
Community of practice				
Project team				

Dimensions of a CoP



Domain	Area of common interest for members Shared domain of inquiry: issues, challenges, and passions that provides members with identity Inward-facing and outward-facing
Practice	Knowledge that is created, shared, organized, revised, and passed on within the community “ Living ” knowledge, not a database or manual that captures tacit aspects of the knowledge
Community	Brings together members seeking learning companions Diversity and productive engagement Learning enabled by peripheral participation Leadership grounded in legitimacy



- Even though they are informal, communities of practice need to be **nurtured** / cultivated
- Identify potential communities: create them around existing **informal networks** of people
- Provide **infrastructure** to support them: give them legitimacy (ie budget and commitment)
- Assess their value using **nontraditional** ways: i) effects are often delayed, ii) results appear in teams or business units, not communities themselves, and iii) it is difficult to attribute ideas to a CoP

5. Co-creation communities



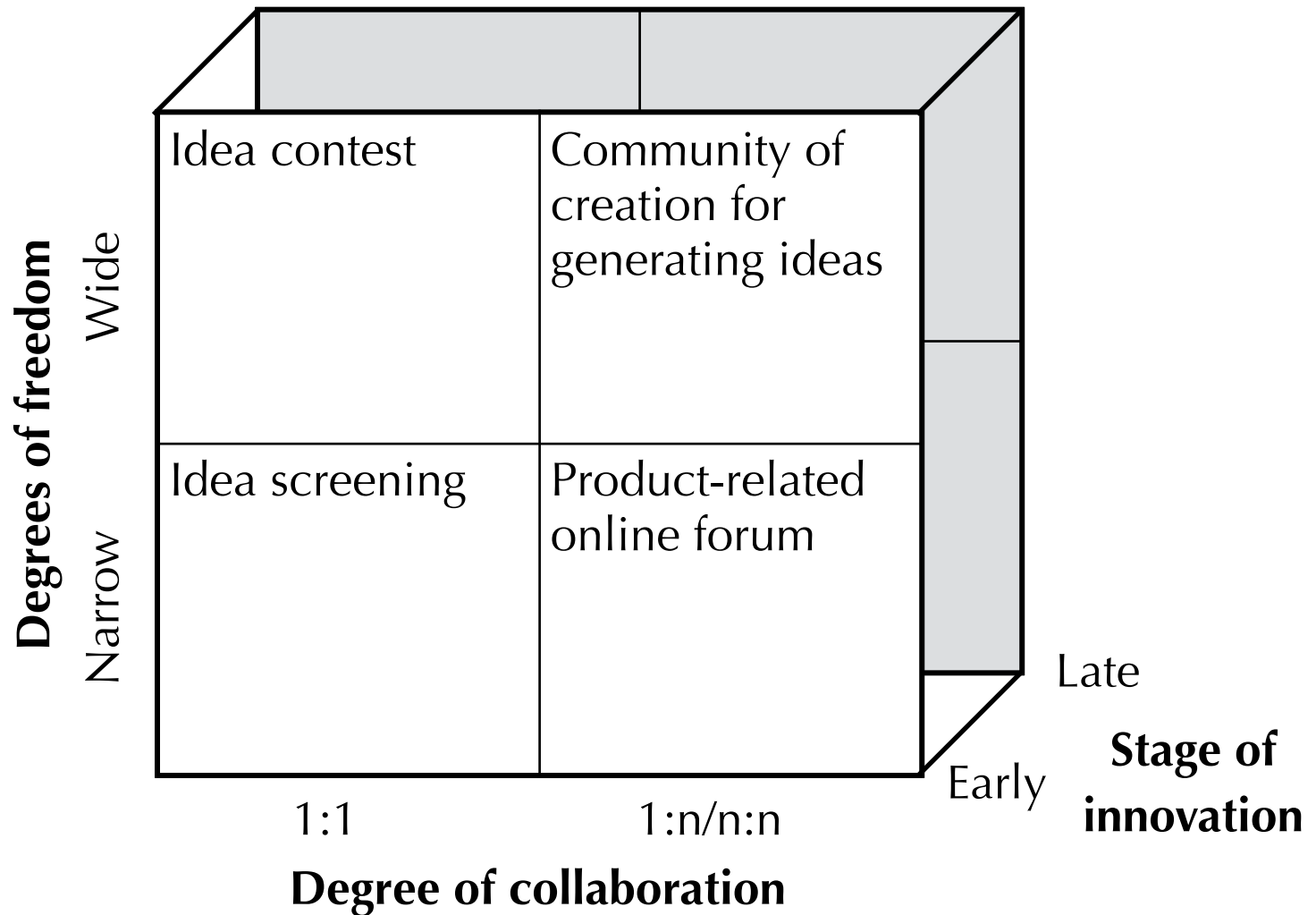
- Co-creation can be defined in terms of a process and in terms of the outcomes it produces
- Enkel et al. (2009) defines co-creation as a **coupled open innovation process**, where knowledge and ideas flow in two directions, from external partners to a firm and from the firm to the members of its ecosystem
- Co-creation results in the development of products, services and experiences that are **uniquely designed** to meet a customer's particular needs, values, meaning and context (Kirah, 2009)

Dimensions of co-creation initiatives

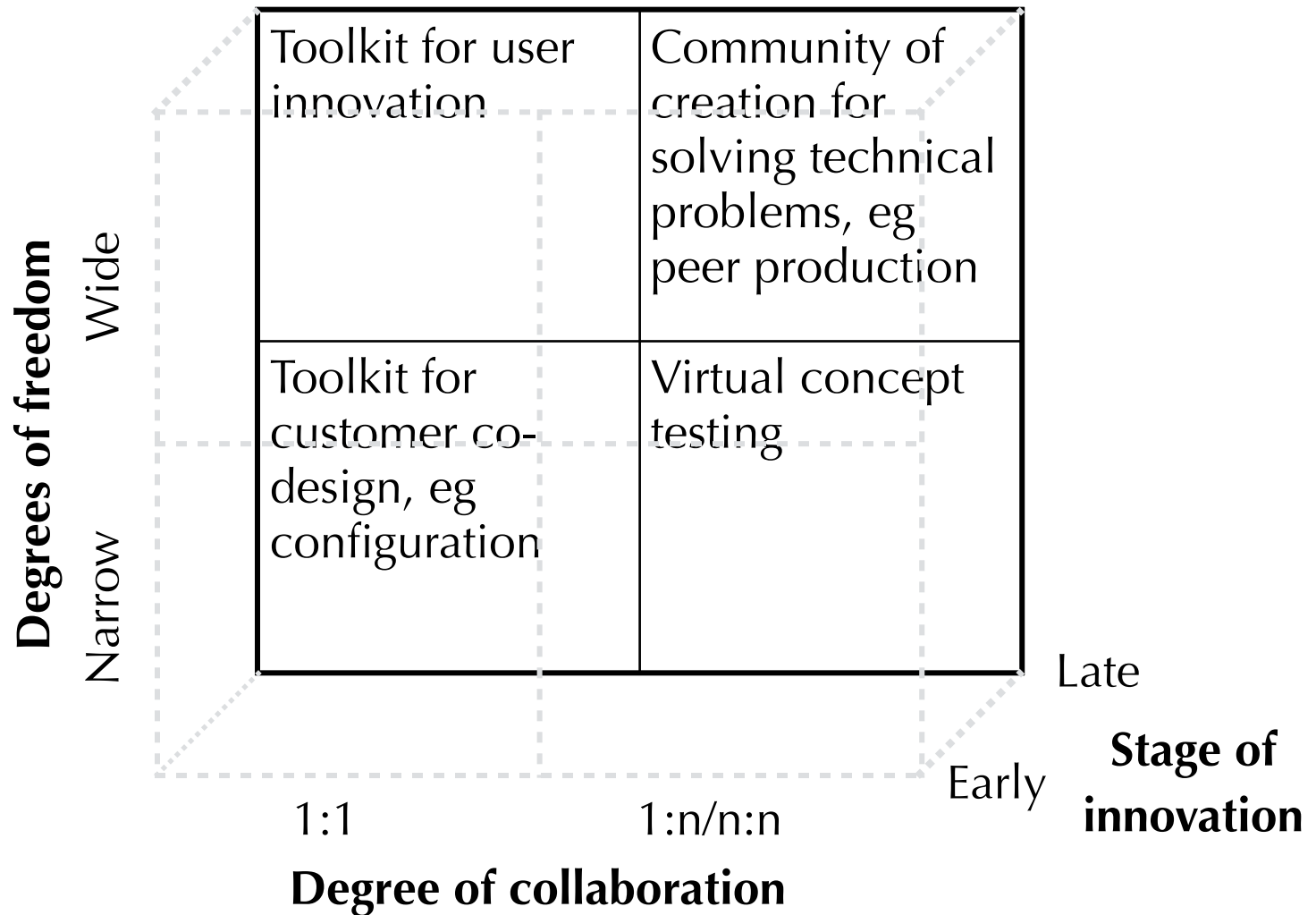


Membership Pisano & Verganti (2008), Parker (2009), Piller (2010)	Community access (who can become a member of the co-creation initiative)
Production West & O'Mahoney (2008)	Who can see outcomes (transparency) and contribute outcomes (access)
Governance Pisano & Verganti (2008), West & O'Mahoney (2008)	Decision rights (who decides on problems to be solved and selects solutions)
Stage in the innovation process Piller et al. (2010)	Co-creation activities will likely be different as the co-creation initiative evolves
Ownership West & O'Mahoney (2008), Parker (2009)	Who owns outcomes & challenges of the co-creation initiative

Co-creation initiatives (early stage)



Co-creation initiatives (late stage)



Building blocks of co-creation



Members	Community of internal and external stakeholders
Platform	Platform to connect the community members
Interactions	Interactions that the firm (sponsor) wants the community members to engage in
Experiences	Experiences the members will make as a result of the interactions enabled by the platform
Value creation	Value the members will create for themselves

6. Key lessons



7. Key concepts



- Communities for collective experimentation and shaping entrepreneurial action
- Firm-hosted online brand communities
- Communities of practice (CoP)
- Co-creation communities and platforms

8. Questions



Cited references on co-creation



- Enkel, E., Gassmann, O., & Chesbrough, H. (2009), Open R&D and open innovation: exploring the phenomenon, *R&D Management*, 39(4), 311-316.
- Kirah, A. (2009), Co-creation: a new way of doing business in an age of uncertainty, *Open Source Business Resource*, <http://timreview.ca/article/304>.
- Pater, M. (2009), Co-Creation's 5 guiding principles, *White Paper*, *Fronteer Strategy*.
- West, J., & O'Mahoney, S. (2008), The role of participation architecture in growing sponsored open source communities, *Industry and Innovation*, 15(2), 145-168.

Next class



- Levine, S. S., & Prietula, M. J. (2013), Open collaboration for innovation: principles and performance, *Organization Science*, 25(5), 1414–1433.
- Baldwin, C., & von Hippel, E. (2011), Modeling a paradigm shift: From producer innovation to user and open collaborative innovation, *Organization Science*, 22(6), 1399-1417.
- Malone, T., Laubacher, R., & Dellarocas, C. (2010), The collective intelligence genome, *MIT Sloan Management Review*, 51(3), 21-31.
- Feller, J., Finnegan, P., Hayes, J., & O'Reilly, P. (2012), 'Orchestrating' sustainable crowdsourcing: A characterisation of solver brokerages, *The Journal of Strategic Information Systems*, 21, 216-232.
- Di Gangi, P. M., Wasko, M., & Hooker, R. (2010), Getting customers' ideas to work for you: learning from Dell how to succeed with online user innovation communities, *MIS Quarterly Executive*, 9(4), 213-228.