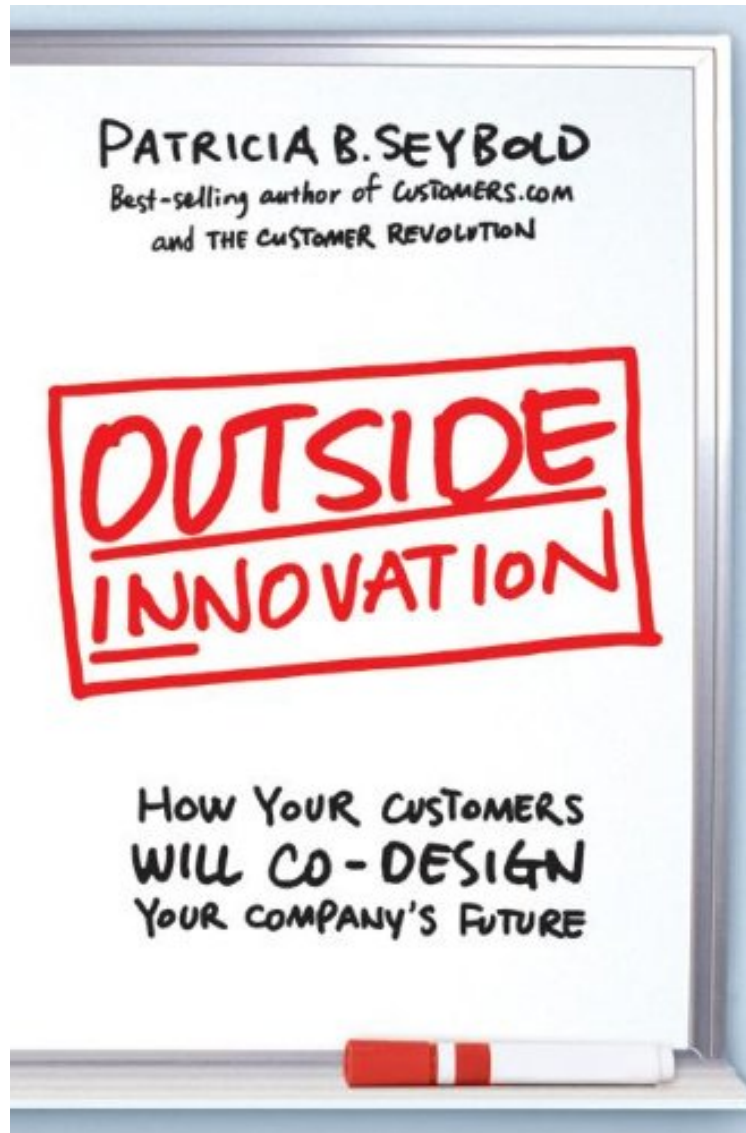


# Outside Innovation: How Your Customers Will Co-Design Your Company's Future

Patricia B. Seybold

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**Patricia B. Seybold : Outside Innovation: How Your Customers Will Co-Design Your Company's Future** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Outside Innovation: How Your Customers Will Co-Design Your Company's Future:

14 of 15 people found the following review helpful. A practical approach to incorporating the customers' voice By Walter J. Adamson I didn't wholly enjoy this book but I enjoyed it on the whole. One third describes concepts of deep engagement and the intertwining of brand experience and customer experience and feedback, one third is a scrapbook

of internet-driven or created businesses, and one third is a sales pitch for the author's consulting methodology. The first third I enjoyed, because exploring branding in the context of task-driven lead customers, and particularly the youth market, is an area which I have not found well articulated before. Seybold starts the job, doesn't go very deep in this aspect, but held my attention. Although if you're familiar with the Staples reinvention or what's happened at Lego in the last few years then you may not get much extra out of this part. Seybold explores categories of customers and how to engage and work with different groups in her inside-out innovation. I like her definitions of innovation, which is about creating wealth. Personally I didn't think that this was a ground-breaking work, it simply extends the business of working with your customers in the creation of your value propositions. For a consultant, it builds on the technique of working with your customer's customers. And we know that value is emotional and perceptual and personal, and the book frames those ideas back into the author's technique. That is all done well, it's useful, it's important, and it is built on the back of lots of related work. The second one third is a compendium of reasonably well-known interesting business success stories, and their customer interaction or "design" methods. It also has a big section on open source. If you're a business person who has not been engaged in studying these models, or is not familiar with the usual stories and open source, then you'll find this section worthwhile. It's the kind of Wikipedia story from free form to chaos to moderated-control that is one of the themes of this part of the book. My implication here is not entirely fair as there are some less commonly known cases that surprised me - such as the KoKo fitness machine which is an inspiring illustration of business development. The other what I call "one third" of the book is the constant punctuation of trademarked common words which pepper the exposition of the author's methodology and her showcase customers. That bit kind of annoys me, but objectively this methodology is well explained. There is nothing particularly new but it is nicely brought together as a process, and the author gives guidance and insights, and clearly with the right participants and motivation the methodology works well and has delivered good results. If you are on the lookout for a well explained approach, as either a consultant or an actual business operator, then you'll appreciate this component of the book. In summary - the book does a good job of motivating the understanding of customers co-designing your services and products, and brand image. However if you are already familiar with the Staples story, the Lego story, and the National Semiconductor story, and with general internet business snapshots from the media, then you might find it less valuable. The author's methodology is well-explained for the intended objective of the book. In terms of value for money, it's not expensive and for around \$20 it is certainly well worth a read on an airplane for almost anyone interested in the direction of business. I rated it 4 stars because of the value for money, otherwise 3.1 of 1 people found the following review helpful. Book was okay - not practical - use common sense and the golden rule and you will win at customer service. By LSAnderson40 Admirable in trying to figure out how companies can incorporate feedback and develop deep relationships with the brand and company. I am all for innovation, however most of what I have seen be successful from the standpoint of the customer is that they want to receive quality support and service and feel confident that you will deliver. If you read any of Henry Ford's books and ideas, he had it right in that he said when you are my customer, you are actually my partner. The job of Ford (during Henry's leadership) was to do as much as we could to keep that confidence and trust that basically Ford had your back when you bought a car from them. There is no trick or slight of hand that can deliver that type of service, it takes investment and work to reach that level of service - but boy when you do - you have customers for life who will buy the product and then tell everyone they know all about it. That is how you win at customer service. 15 of 15 people found the following review helpful. Excellent Primer for the Core Competency of the 21st Century By Christopher Rollyson[...] Excellent Primer for the Core Competency of the 21st Century Outside Innovation is an in-the-trenches manual for evolving your company to embrace the innovation imperative. To thrive in the Knowledge Economy, companies will have to learn how to innovate at warp speed. Ultra low costs and exceptional quality feature sets are merely expected, and they no longer differentiate. Conventional wisdom holds that "innovation" cycles reappear every five years, when companies have exhausted the then-current cost-cutting approaches and need to focus on driving the top line. However, the Knowledge Economy doesn't call for your father's innovation. The 21st century kind will require that companies turn themselves inside-out. Winners will learn to engage and catalyze their customers' creativity. As author Patty Seybold aptly puts it, "Companies with the smartest customers win." BOOK OVERVIEW This book is inspiring, insightful and infectious! Patty Seybold has been a guiding light who burst on the scene in a big way with customers.com in the late 90s. Her insight and commitment cut wide and deep, and you'll be hard pressed to find a book that delivers on customer-driven innovation as well as Outside Innovation. In the hope that an in-depth look will compel you to buy the book, I've provided the basic outline of each chapter as well as key takeaways. CHAPTER ONE: How to Harness Customer Innovation Gives an overview of what outside (customer-led) innovation is, terminology and some basics about how to go about it. \*Briefly defines what customer scenarios are and how to use them to understand customer realities. How to adopt a customer outcome-focused approach to business design and how to design from the outside-in, rather than the Industrial Economy inside-out. \*Give customers important roles to play in sharing your business: lead customers (including lead users), contributors, consultants, guides and promoters, and how these customer roles work together. \*How to expand the breadth and depth of your interaction with customer-innovators. CHAPTER TWO: LEGOreg; MINDSTORMSreg; NXTLEGOreg; MINDSTORMSreg; is widely acclaimed for its powerful example of

customer-focused innovation, and this chapter takes an in-depth look into how the company turned itself around by collaborating with customers. It reflects several best practices for customer-led innovation.

**\*LEGOreg; case study\*** National Instruments case study One of the most insightful aspects of the story is how it depicts the interaction between the company and its very diverse customer groups (school kids, math teachers, professors, hackers, hobbyists). The Mindstorms product is a new category for LEGOreg;, which makes the world-famous interlocking plastic building blocks. Mindstorms is a programmable "brick" that can control objects that are built of LEGOreg;. A vital part of the offering, however, is a computer-based software program in which the customer programs the commands that will be executed by the brick and object.

**\*At first, the company inspired its customers by launching the Mindstorms offering.\*** The offering attracted software hackers, engineers, teachers and hobbyists, who began collaborating to improve the software. They hacked some of the company's information and processes, and the company embraced it and encouraged it.

**\*The interaction took off, and the book shows how the energy built to produce a blockbuster offering.\*** The company and customers created online communities, global contests (who can make the most extraordinary robot).

**\*Extending the success with a key partnership with National Instruments, a company with virtual instrumentation offerings.\*** The chapter also takes a look at the LEGOreg; partnership from NI's perspective, and how it extended customer innovation it developed with LEGOreg; to its customers in general.

**CHAPTER THREE: Help Customers Reach Their Goals** This chapter addresses how to capture end customers' "context" and "desired outcomes."

**\*Staples case study.** How the company took a deep dive into customers' experience in stores, online and at home. They used their discovery to create differentiating value.. in a "commodity" business! An interesting aspect was how Staples took over part of the couponing process from a partner, making it work better for everyone in the process.

**\*Stories about using Communispace, an online community vendor, to understand customers interests and passions; Hallmark, Kraft, RC2, Schwab and Unilever examples.\*** Kokoreg; Fitness case study. The concept behind the business was customer-driven from the start. Takes you through how co-founders conceived and built their business.

**\*Zopa case study.** A digital business that's taking the world by storm. Puts you behind the wheel and shows how the founder followed customer pain points to create a business in which individuals lend money to other individuals--without banks. By culling examples from a wide variety of businesses, the book shows the wide applicability of the concepts while getting your imagination going.

**CHAPTER FOUR: Let Customers Strut Their Stuff** Chapter four is replete with examples of companies leveraging customer-created content. The second best chapter is worth the price of the book alone.

**\*Tripod as an early example.** Shows how fundamental the concepts are.. and how they've been around for many years.

**\*The American Institute of Physics example.** AIP has a rich community of scientists that enthusiastically create offerings.

**\*How to make it easy for customers to create content for other customers (Snap-on, Cisco, , IgoUgo examples).** Focuses on the vital role of online tools and how they can unleash customers' creativity.

**\*The world of blogs.** It's not much of an exaggeration to say that your company must be blogging if you want to have a modicum of relevance in the emerging world. Some initial pointers on getting involved. This is not a handbook on blogging; rather it shows how blogs fit into the whole picture.

**\*Flickr case study.** How Flickr founders created a vibrant community that is its own canvas. How customers are creating a world for themselves. Some parallels with Chapter Six.

**\*Mash-ups' importance.** Mash-ups are reuse and packaging/integration of service-based software into Web 2.0 sites or pages. The relevance here is how you can make services available to customers who can mash them up. It's both metaphorical and literal.

**\*BBC case study.** The main idea is how customers can tag and manipulate BBC content. BBC proposes, "Build your stuff with our stuff."

**CHAPTER FIVE: Promote and Leverage Open Source Development** Another way to look at customer-led innovation is that many things will be "open sourced." Open source software development holds many lessons for "sourcing from the crowd" in your industry, so this chapter takes you through the similarities.

**\*Open source as customer-led innovation: an overview.\*** Mozilla Firefox case study. Key aspect of the passion of the community, especially in marketing and promotion.

**\*Asterisk and Digium case study.** Especially interesting in its discussion about how to hive off the ".org entity" from the ".com" business. The founder put together a phone system (as in "PBX") that's now open source. Digium is a company that services the software for those who want it, like Red Hat services Linux customers.

**\*Cohesive Financial Technologies example.** Short but valuable example of open source commercial models and strategies.

**\*Open source biotech: the BiOS initiative.** This is obvious and inspiring. Shows how the Industrial Economy mindset adds high cost that subtracts value in the current context. Open source biotech can and will be done.

**\*Wikipedia case study.** This is well trodden ground but it's useful to integrate some of the concepts. This chapter is valuable in two dimensions: if you have significant exposure to or experience with open source, it will make you aware of its wide applicability in the business world. If you've only heard about it but are not very familiar with how it works, you get to double dip: a good overview of what makes it tick as well as how the concepts apply to customer-led innovation.

**CHAPTER SIX: Enabling Customer Co-Design** This chapter outlines some of the models, tactics and tools you can use to enable customer collaboration. It's not the main idea of the chapter, but I looked at it as a progression of adopting a customer-focused business model:

1. Launch configuration and/or DIY construction kits and workshops. Here, customers are ordering basic options of your existing offerings, using digital tools.
2. Create customer design tools. Here, customers are designing new features or offerings.
3. Offer open-ended design environments in which customers have control

over a wide range of parameters. As I read it through, I found myself itching for a graphic that showed the similarities of the models as well as their progression. \*Customized, build-to-order products. Very interesting examples of how customers who design offerings for themselves and/or other customers become more valuable. They constantly up-sell themselves. There is a premium for letting the customer satisfy him/herself, and it means higher margins because cost to serve goes down while amount of order goes up. \*The GE ColorXpressreg; case study. Shows GE Plastics' progression into customer-designed offerings. Context is global supply chain. \*SEI Wealth Networkreg; case study. SEI is a service (wealth management) that achieved breakthrough with a very creative approach. \*Customer Scenarioreg; Mapping: a tool and approach to enable customer innovation. This is a brief overview to one of the Patricia Seybold Group's consulting tools. \*National Semiconductor case study highlights how customers build on each other's designs. How NS created tools to enable customers. A key insight is that when you connect customers with each other, they can collaborate with each other as well as your company. They become much smarter and more experienced. They can create "templates" and solutions for each other, which your company can offer to other customers. You can enable your customers to create solutions for themselves, while getting advice from your experts and other customers. Then you capture the work and enable other customers to find it. CHAPTER SEVEN: Let Customers Co-Design and Promote Your Products My favorite chapter as it's the most visionary. Here, customers not only co-design companies' offerings; they also actively promote them. Examples show how entrepreneurs create companies with an outside-in model. The culture of each company is strong and often has a cause that is well articulated. The companies have strong communities imbued with lifestyle preferences. \*Threadless case study. \*Muji example. My favorite part of this case study is how the company asks customers to pre-commit to buying the product. Then managers decide whether to produce it. \*Karmaloop case study. \*Gaming: the ultimate customer-created offerings. \*Key points for how to adopt a customer-centric innovation model. Five steps to becoming outside-in focused as well as five pitfalls. In conclusion, I highly recommend this book as it is an excellent guidebook for starting to create highly valuable customer relationships--for innovation. As I've written elsewhere, individuals will continue to adopt Web 2.0 tools like blogs, social networking sites, audio (podcasts), video (YouTube, vlogs), etc., and it will be easier for companies to collaborate with them and their groups. If your company isn't collaborating with customers to innovate, you will be out-innovated by a competitor that is.

How dynamic businesses of every size can unleash innovation by inviting customers to condash; design what they do and make. Reading line: The 8 Roles Customers Play in Trendndash; Setting Companies The refrain is familiar for Patricia Seybold in her journeys as a top technology and management strategist: "I want our company to be acknowledged as the most admired and most customerndash; valued in our industry and to be recognized as the company that has forever changed the way things are done." "How can we become the Google of banking?" "How can we be the eBay of software?" "I want to be the JetBlue of manufacturing." "How can we become the undisputed trendndash; setter in our industryndash; with a competitive bar no one can topple?" In *Outside Innovation*, bestselling author Seybold taps her close relationship with dozens of highndash; innovation companies to reveal the untold strategy behind the trendsetters and the next HUGE leap forward in customer strategy. Seybold shows that companies that are dominating their category and staying ahead of the pack are collaborating at every level of their business with their customers.

ldquo; Seybold makes a compelling case for recruiting your most passionate customers and letting them help drive the pace of innovation. rdquo; About the Author Patricia B. Seybold is the author of the international best-seller *Customers.com* and *The Customer Revolution*. She is the founder and CEO of the Boston-based The Patricia Seybold Group ([www.psgroup.com](http://www.psgroup.com)), which for more than 25 years has specialized in helping Fortune 500 companies design and continuously improve their customer-focused business strategies.