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The Integrated Value Test For Meaningful Innovation

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We live in a global economy where innovation is happening at an unprecedented rate and scale. According to the World Intellectual Property Organization's 2018 report, patent filings for 2017 reached 3.17 million globally. China accounts for nearly half of these (1.34 million), which is more than double the US (605, 571), and it may be that only a small percentage of these patents are true innovations that will make it to market and achieve commercial success. Nevertheless, the figures give a good indication that there is no shortage of new ideas for new 'stuff'.

But just because something is innovative doesn't necessarily make it good. An product or service innovation may be novel, it may improve efficiency, it may boost profitability and it may bring convenience – but it could simultaneously be making our society less safe, our environment more polluted and our people less healthy. In today's world where many social and ecological trends are reaching crisis points, we need to hold innovation to a higher standard. We need to ask: innovation for what purpose? What higher goal does innovation serve?

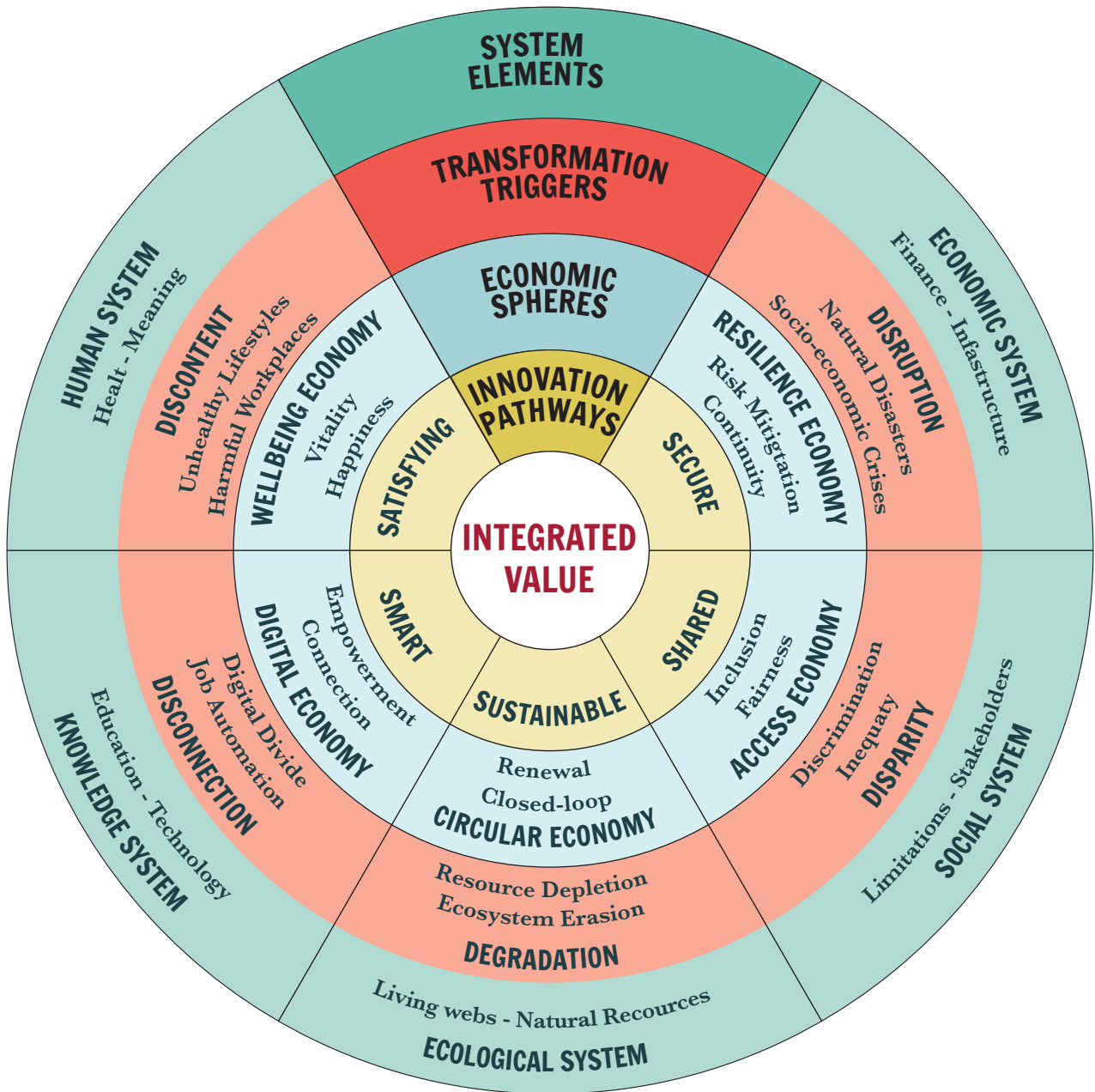
Multinational electronics company Philips, which has more than 125 years of innovation behind them, believes that what has helped them to survive and thrive for so long – and what will secure them ongoing competitive advantage into the future – is not innovation per se, but rather meaningful innovation. They conducted a multi-country study across USA, Russia, China, the Kingdom of Saudi Arabia (KSA) and the Netherlands to answer the question: Is all new technology adding real value to our lives? Are we seeing innovations in areas that really matter to us?

The research was conducted in 2013, but findings are revealing and still apply today. Despite geographical, cultural and age differences, there was agreement on 10 areas of innovation that are meaningful: protecting the environment, saving money, stress relief, living independently as one ages, education, preventative health (preventing disease and illness), education, medical treatment, medical diagnosis, workplace efficiency and saving time. Even more interesting was that Philips revealed a 'technology innovation gap': only 54% of people surveyed were satisfied with existing innovations in the areas they considered to be the most important to them.

This finding represents a great opportunity, but it begs the question: why are so few new technologies and innovations meeting the societal expectations of their intended customers? I believe this is largely due to a failure of business (and governments) to think systemically. R&D is often driven by narrow commercial drivers, rather than evaluated against broader global challenges, such as the issues covered by 17 Sustainable Development Goals. This represents not only a loss for society, but also a lost opportunity for meaningful innovation. We face 'wicked' problems, which require innovative solutions.

One way to ensure meaningful innovation is to reframe the approach in terms of creating integrated value. This begins with a systemic understanding of our problems, as five forces of fragmentation or breakdown across our economic, social, ecological, knowledge and human systems, namely: 1. disruption (from crises, catastrophes and accidents), 2. disparity (from discrimination and economic exclusion), 3. degradation (from resource depletion and ecosystem erosion), 4. disconnection (from technology exclusion and automation) and 5. discontent (from physical and mental illness and lack of job satisfaction).

The Integrated Value Web



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We then look at the five counterforces of integration or breakthrough in the resilience, access, circular, digital and wellbeing economies, namely solutions that are: secure (lowering risk, increasing continuity), shared (inclusive, fair), sustainable (renewable, zero waste, climate positive), smart (connected, responsive) and satisfying (healthy, meaningful). Integrated value is the nexus point between these breakthrough forces. In other words, we create true value when we find innovation synergies that address areas of breakdown in society.

For example, using drones to get emergency medical supplies to victims of a natural disaster is secure, smart and satisfying. Making prosthetic limbs from 3-D printed recycled plastic is shared, sustainable and smart. Providing health insurance to communities that clean up their local waste is shared, sustainable and satisfying. Some constellations of innovation, like Tesla's electric vehicles (which will soon be in a shared fleet), solar roof tiles and battery storage solutions (at household and grid level) could be argued to be all 5: secure, shared, sustainable, smart and satisfying.

The 5-S integrated value framework has three advantages as an evaluation tool for meaningful innovation: 1. since it is derived from areas of systemic breakdown, by implication the solutions will be more systemic; 2. it is a useful check for negative side-effects, e.g. if an innovation solves a health issue is not accessible, or brings a digital solution but exacerbates the climate crisis through increased carbon emissions, it fails the integrated value test; and 3. by looking for synergies, it may stimulate innovation, since creativity often happens when different fields overlap.

The takeaway message is this: today's younger generations have a higher expectation of business. Many of them believe that we have already failed our children and grandchildren; in effect, stolen their futures, by leaving them a climate damaged, increasingly unequal and ecologically devastated world. I believe the most promising way out of this depressing and potentially explosive situation is through innovation – but not just any innovation; innovation with a purpose. And that purpose must be to make life better, for everyone, everywhere, not just the elites, and also for the 8.7 million other species that share our planet.

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