

Cutting innovation costs by outsourcing innovation to the customer

 By Willem Gous

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Innovation departments for small businesses are expensive. We just do not have all the resources and cash flow to invest in such initiatives. However, we CANNOT go without it or risk becoming irrelevant in our markets. Instead, you can outsource your innovation to a great extent to your customers, using co-creation and cutting innovation costs.

Experience that counts

Just as much as we value experience within employees, so should we value the experience that customers have with regard to our products. We might be manufacturing and delivering our services and products, but we rarely actually use it. The only person that has that experience is the customer. Your employees are expensive resources with little real world experience with your product or service. Your customers would in most instances gladly assist you in improving your product or service at no charge, cutting innovation costs.



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Blurring lines

Using co-creation as a way to innovate with your customers while cutting innovation costs blurs the line between the company and the customer. Your client becomes part of your organisation instead of just a wallet carrier.

Initiating co-creation and cutting innovation costs

In my experience I found that co-creation is not a democratic process and needs to be facilitated. Neither do you just want to open the floodgates and get people to give ideas with you ending up developing many new features that are not really needed.

#1. Facilitation

You are getting customers to shape and mold your offering. They are not simply giving feedback, but actively changing it during the co-creation session. Co-creation is not a lot of people simply throwing resources together - instead, people have

ideas while others shape or improve the ideas by bringing their perspectives and experiences into the discussion. Keep the groups small, around five to six people. The facilitation is also there to give everyone a chance to contribute.

#2. It is not a dump of opinions

You will also get negative feedback from customers because afterall, they are there because they care and want to help you improve. If I go to my wife and ask, “how can I be a better husband?” I am sure to have, hopefully, a balance between negative and positive feedback. However, be careful of the negative feedback. If you simply open up and get people to dump their “issues”, you will end up in a very negative space with everyone leaving the session feeling down and frustrated. Again, this is the reason why this must be facilitated and controlled to a certain extent.

#3. Not all ideas are great

This learning curve and shaping of ideas will lead to many new ideas. I remember in a specific workshop, I had nine people and they came up with 36 new ideas, of which 12 were tested and three implemented. It does not mean if one group of people have certain issues with your product or service that everyone has. Do this process a few times.

A simple way to cutting innovation costs

This is a very simple way of cutting innovation costs by outsourcing innovation to your customer. Be aware that as with everything in life and business, there are plusses and minuses. You have to manage this process and still make the final decision.

ABOUT WILLEM GOUS

Are you a business owner? When you started your business you were the original building block, but you never removed yourself from that position, and you are stuck. Are you serving your business more than it serves you? Do you have deteriorating health and personal relationships because of workload? Is life the same every year, only with more stress? Do you want your life back? Your business should be a building block and not a stumbling block in your life.
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