

SCENARIO BOOK

Continuous Discovery

Building the right thing for customers delivers value for everyone. Building the wrong thing is just a waste. Are you set up to tell the difference? And what new opportunities might you be missing?

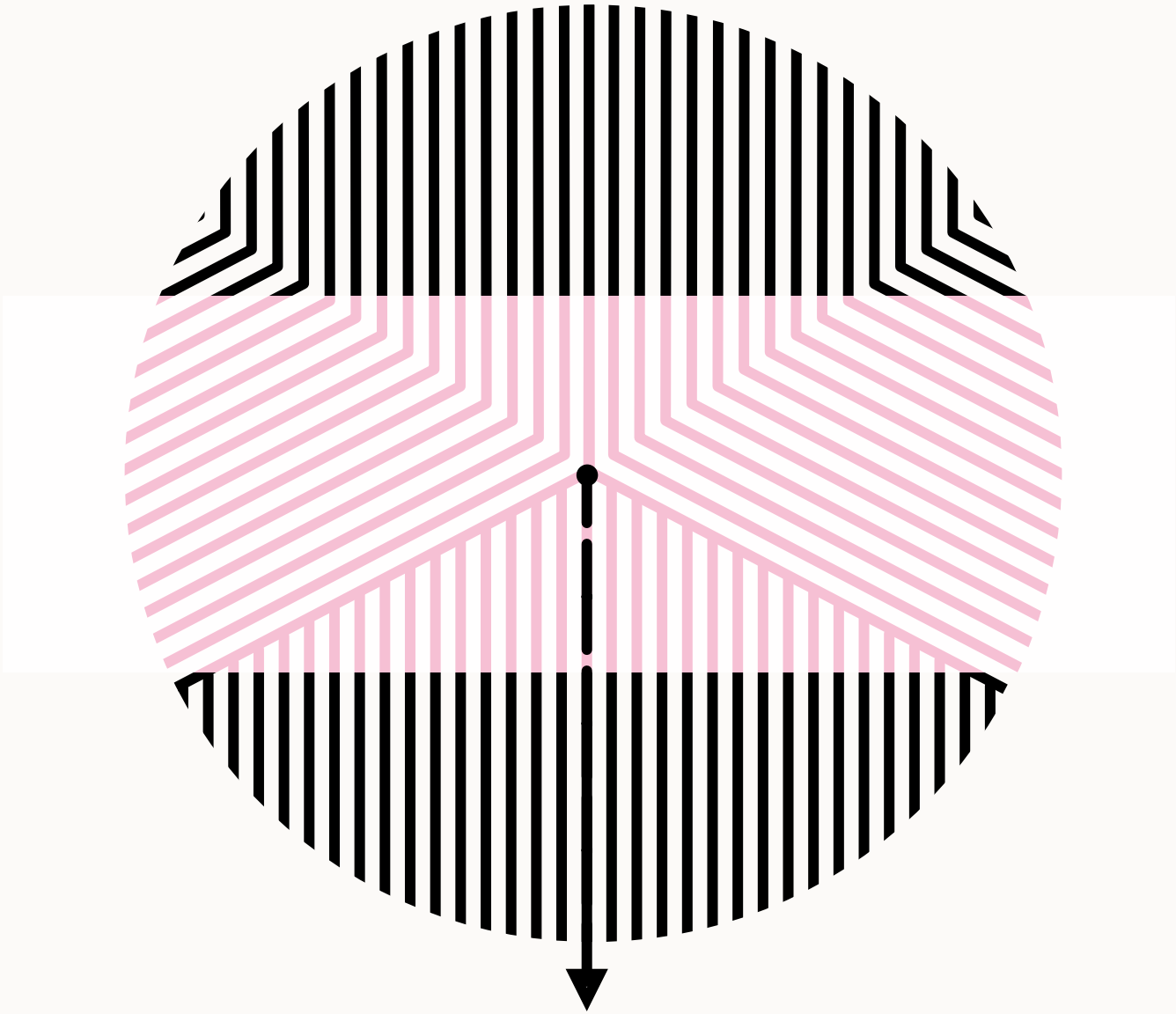
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Your scenario?

- You sense that your business has lost its innovation mojo and the fleet-of-foot adaptability that served you so well in your growth phase
- For some time, the business hasn't developed anything for customers that creates clear blue water between you and your competitors
- Instead, the work you're delivering has become too focused on delivering product features that just keep you competitive in the market
- You fear that this 'feature frenzy' isn't adding new value for customers. Is it what they really want?
- You want to get closer to the customer to understand if you're building the right things today and to reveal new opportunities for tomorrow

“I had a lightbulb moment when I discovered that our product teams were more focused on keeping up with our competitors than understanding our customers”



Why does it happen?

When businesses move from growth phase to 'cash-cow' phase, the incentive to keep on innovating seems less enticing. This is the 'innovator's dilemma' that causes once market-leading businesses to start an inevitable slide towards commoditisation.

The disincentive happens because – over time – a business's complex processes allocate ever-more resources to mature value networks that:

- Meet existing customers' needs
- Promise higher profits
- Are technologically feasible
- Help them remain competitive

Those processes *don't work* for allocating resources to potentially disruptive new value networks that:

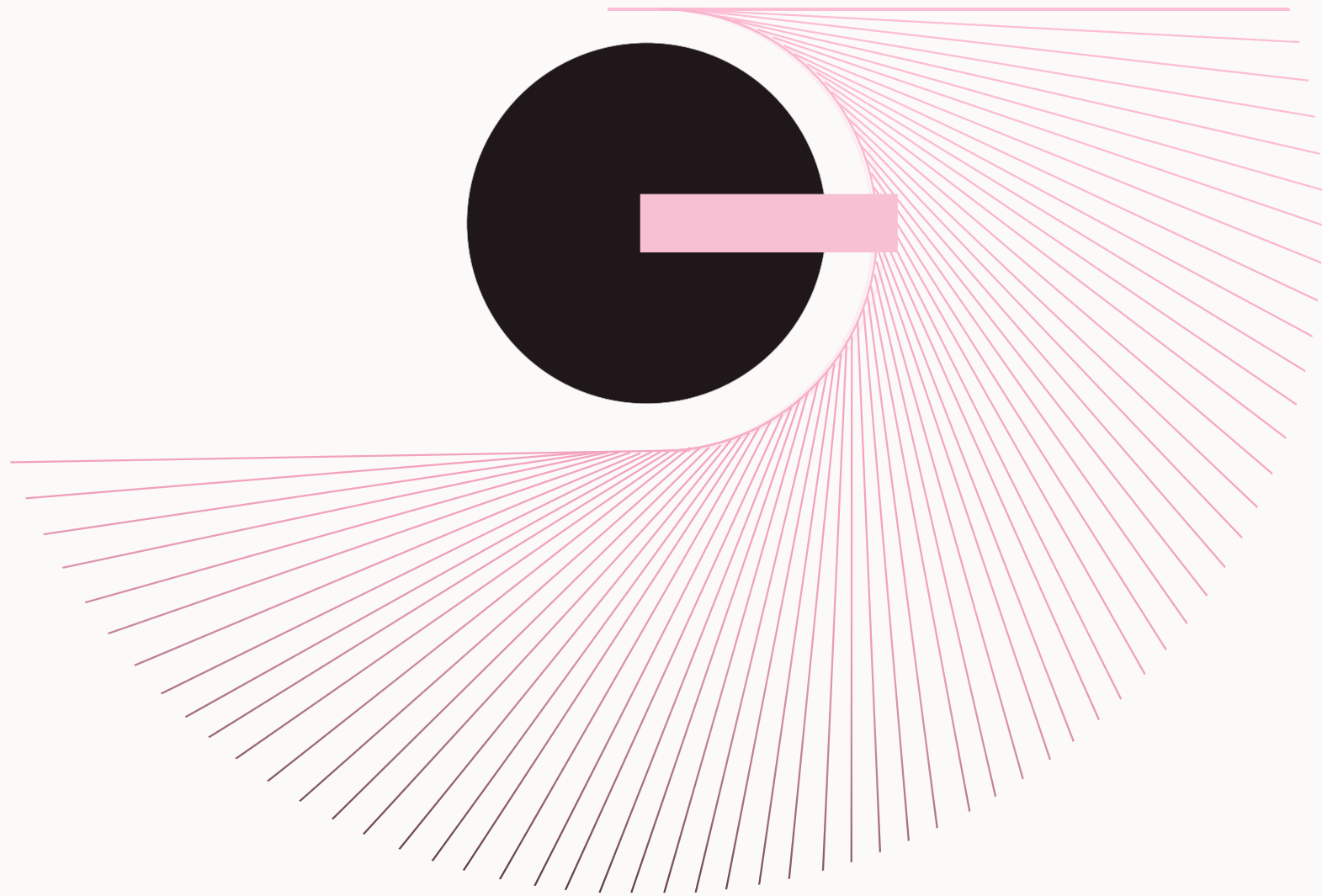
- Customers might reject
- Don't appear immediately profitable
- May not yet be technologically feasible
- May only compete in a tiny market

The processes don't work because they *attempt to apply new innovations to existing value networks* (customers, product architectures etc).

In short, innovation is being *wrongly valued*. And for as long as that is the case, *the* business simply moves closer to the commoditisation phase of the innovation cycle. All its products end up doing the same thing as those of its competitors.

In software delivery, the concept that *flow of code equals flow of value* results in businesses becoming 'feature factories', delivering endless code, but never adding new value to the bottom line. This 'me-too' direction is simply a race to the bottom on price. Think CRM, ERP, Content Management or eCommerce enablement.

Inside the enterprise, this can feel like slow death and stagnation. And that gets embedded in group think.



Laying foundations for a reboot

It's time to value innovation – and your customers – as you once used to. Here are some of the foundational changes that will help you do it:

- Commit to turn your teams' focus onto frequent interactions with customers (and, by implication, away from your competitors)
- Commit to paying as much attention and funding to building the right things as building it right. There's no point in over-investing in delivery assets if you're ignoring the non-functional aspect
- Treat feature requests as hypotheses to be tested, not orders that must be delivered
- Ensure that executives are not controlling the backlog of product teams based on their 'instincts'. In the absence of data, the HIPPO (highest paid person's opinion) effect will always win
- Remove any reliance on subjective requirements analysis and hubris that result in repeatedly missed targets for acquisition, retention and delight
- Prepare to invest in modern practices and technologies that help you understand customer needs and find signals for something new and incredibly valuable. You may not have a Steve Jobs in your business, but better knowledge of customers offers a continuous seeding for innately relevant ideas
- Accept that you'll be investing in building new value networks. They will need time, money, the right skills and a lot of love
- Awaken a risk appetite and accept that 'failure from trying is learning by doing'. Every fail should get you closer to... *that something new and incredibly valuable*

Take these first steps

Your goal is simply to understand the psyche of your customers – to know what they need *when they don't even know what they want*. There's no need to engage an expensive external agency to conduct traditional qual and quant research. Do this instead:

01 Create a small, dedicated Continuous Discovery team

This should be a straightforward set-up with, say, three people. They should be familiar with human-centred design sprints, prototyping, research and low-code digital solutions, as well as some of the tools used in sensing customer feedback.

02 Attach this team to a relevant piece of work

Get them working alongside your product, CX, UX, design and other delivery people.

03 Charge them with getting answers to the following questions

- Is there a customer problem to be solved?
- What are the underlying human needs solved by this problem?
- How might we simplify this into the most usable delightful solution?
- Should we build this?
- Should we build it like A or B?
- Is there a C that we're totally missing because we're ignoring a strong signal of value?

04 Use tools for multimodal testing

You'll already have some tools. You may need new ones. The tools may need some level of integration (but this is usually straightforward).

05 Provide a timeframe and get them running

Aim to get a reliable answer to the questions in a two-week sprint.

If you're unsure about the internal capabilities and practices required to do this, are seeking guidance or considering a fully outsourced Continuous Discovery service, we can help...



How we can help

Analysing your situation

- 1.** We can help you understand if the innovator's dilemma is affecting your business. We look at a wide range of high-level factors, from life stage of the business to culture and risk appetite, to where we think technology advances have the potential to disrupt your market.
- 2.** We look at your ability to 'take a concept to value' through two lenses:
 - Build it right – your ability to release high-quality software at pace
 - Build the right thing – your interactions with customers and your ability to work with hypotheses and experiments, not requirements and features
- 3.** We identify people and skills gaps and what you might do to close them

Finding the right place to start with Continuous Discovery

It may be obvious through our analysis where the best opportunities lie to take your first Continuous Discovery steps. It might be an existing piece of work or there may be something in the backlog that feels appropriate. The right choice is usually the one that provides the fastest path to value and is most open to experimentation.

Setting up a Continuous Discovery team

We can help you do this in a way that suits you. We'll always ensure that you have the right people skills and methods to enable a Continuous Discovery.

We can provide a team of HYPR experts to be your discovery 'engine', working alongside your people for an initial period or on an ongoing basis or for a specific 'big idea'.

Whichever you choose, our discovery experts will help train up your people. This capability uplift can be a starting point for overcoming some of the organisational inertia your business faces.

Getting into the work

The team delivers work in short design sprints with the goal of answering hypothesised customer need. The team decides which ‘filters’ to use and how much validation and experimentation is required. This depends largely on the use cases you are trying to meet and will vary for every delivery team. However, being open to explore through experimentation is critical in opening up new value opportunities.

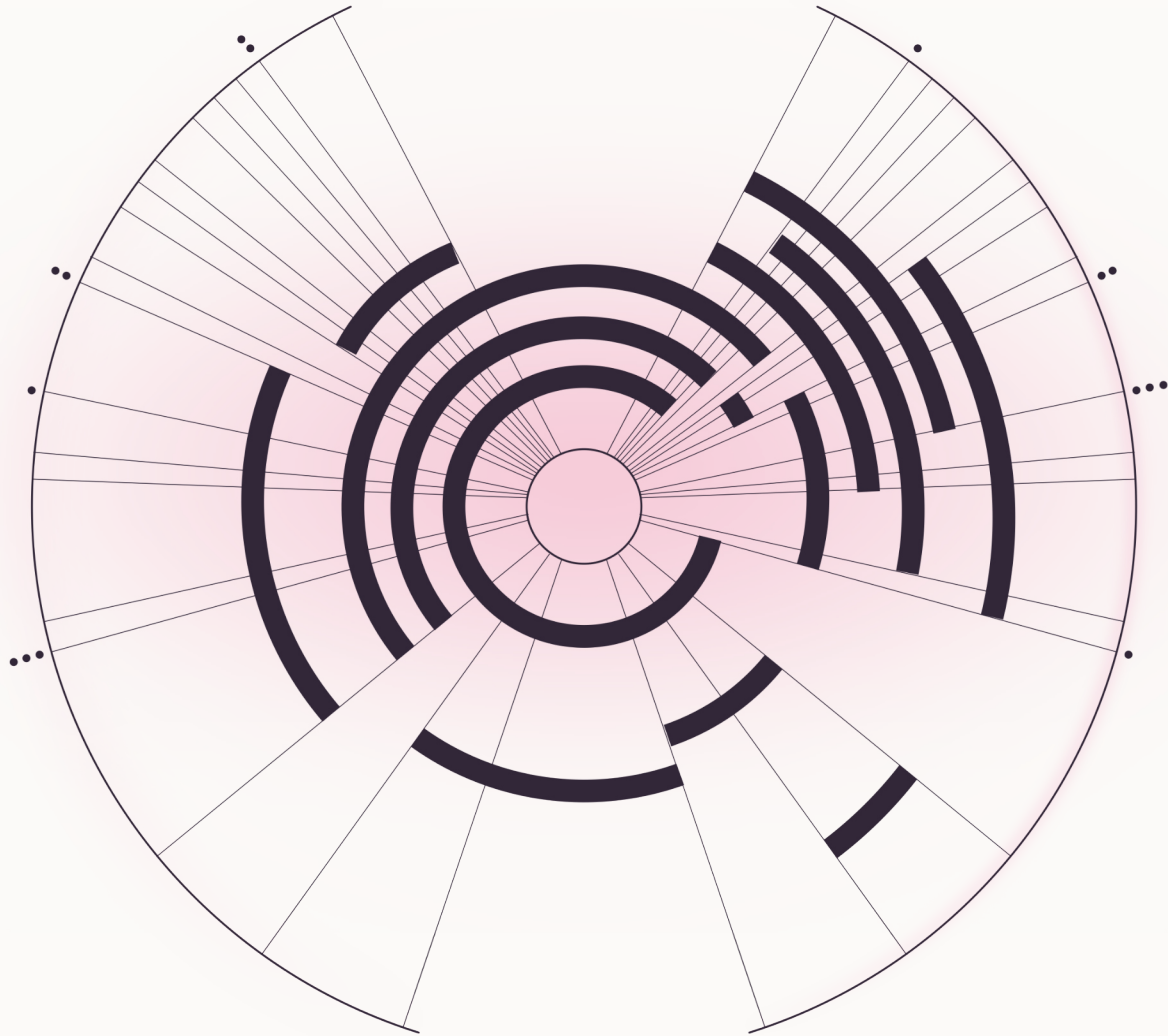
Sensing the customer. Measuring outcomes

We use a variety of tools and practices to gather customer feedback and validate experiments. We are also experts at using DORA metrics and the Flow Framework to measure flow of value. Together, they will guide the delivery team towards getting the right things into customers’ hands at the speed they expect.

The long game

A Continuous Discovery team focuses on the customer and uses data to validate the work delivered. If you see the value it delivers across one stream of work, you’ll likely want to replicate discovery across other streams.

This is a great starting point for a wider renewal of innovation in your enterprise. With an expanding focus on customer and data, not the competition, you’ll be able to deliver greater value in existing value networks while finding new value in entirely new ones. Take the first step.



Why HYPR?

We can help you keep you on the right side of technology change and make the decisions that ensure your system accelerates the flow of customer value. Call us now...

■ What makes us different?

Focus on flow – Progressive enterprises are focusing on finding and removing delays from their system through the practice of Value Stream Management (VSM). We're a leading VSM consultancy helping enterprises in NZ and Australia.

Systems thinking – We take a systems-thinking approach to avoid local optimisations that contribute little to the whole.

Focus on your people – Technology and people are one system and two sides of the same coin. We focus as much on the social constructs and human networks as we do on the tech.

Transition not transformation – Your enterprise operates in a VUCA (Volatile, Uncertain, Complex, Ambiguous) world. It needs to keep flying while making changes. We know from experience that transition is the only way you can do both.

Our people – We're a diverse team with shared purpose and values. We have extensive skills across our consulting lines, from the very best software engineers to strategic experts able to engage at board level. They have lived at the coalface of change.

We're ready to help

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Are you losing your innovation mojo? We'd love to help you find it again with help from our Continuous Discovery experts. Call us now...

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Thanks to all the clients and 'Friends of HYPR' who provided feedback and the pioneers of ideas and models that help us see things in new and different ways.

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