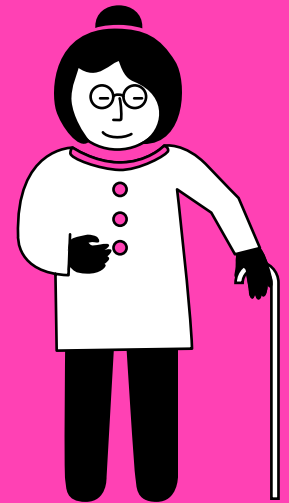
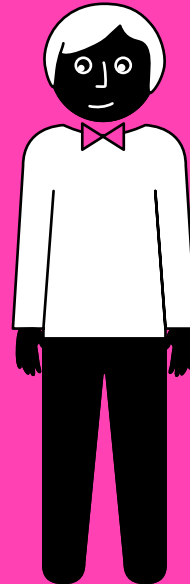
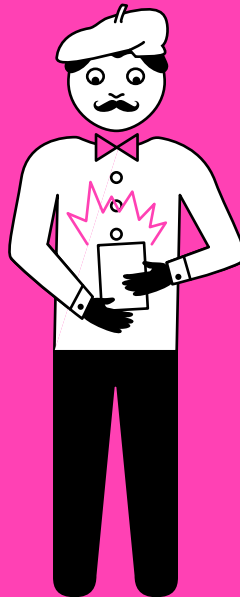
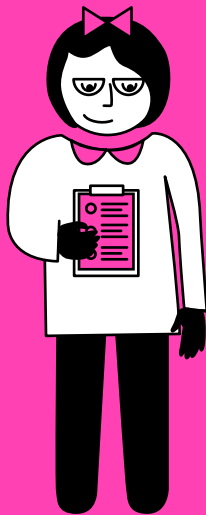
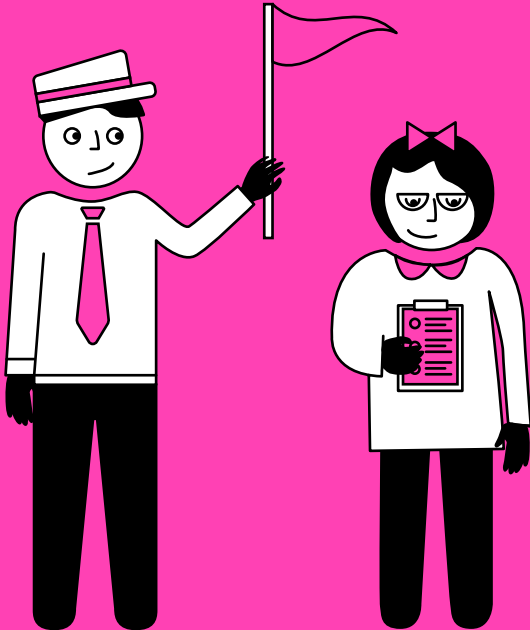
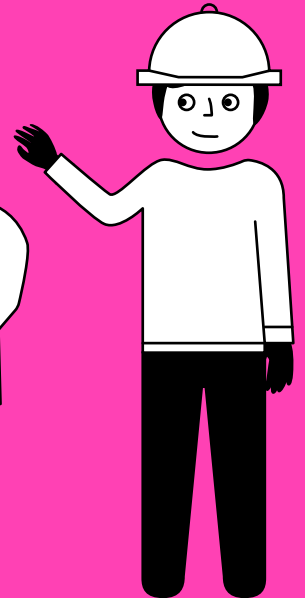
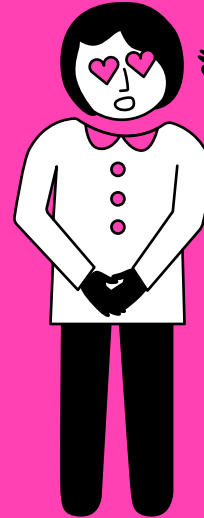


OPEN SERVICE LAB NOTES

SELECTING CO-CREATORS FOR OPEN INNOVATION



EDITORIAL

Dear Reader,

Welcome to this issue of Open Service Lab Notes, where we shed light on people participating in Open Innovation initiatives: the co-creators. These people shape the future of innovation by engaging with innovative solutions of the future, taking on challenges, testing new products, answering questions about preferences for new service concepts or building new solutions with innovating companies, just to name a few possibilities. While the blue issue (entitled Online-Offline Co-Creation) described methods and examples related to co-creation modes and tools, this issue tackles the tricky question of who to select for co-creation and the effects of choosing one co-creator group rather than another. You have probably heard of Lead Users—a highly specific type of user with solution needs and information beyond the mainstream. While such co-creators are often well known, we want to explore some more interesting issues around the selection of co-creators, as well as some possible consequences if you decide to co-create.

The notes provided here are designed as a shortcut to understanding and reflecting on this exciting new field, which is highly relevant to business practice. This brief overview of the terrain maps current practice and looks ahead to future prospects. In so doing, we also invite you to reflect with us on potential future avenues for your own business practice. We hope you will enjoy becoming involved in well-grounded

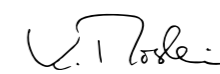
academic research conversations that seek to co-create knowledge for current and future real-world challenges.

Open Service Lab Notes aims to provide regular updates on the latest discussions among members of the Open Service Lab (OSL) and to showcase recent research. This virtual open laboratory is hosted at the Friedrich-Alexander University of Erlangen-Nuremberg (FAU). The purpose of this network is to bring together national and international experts in service science and pioneers in service innovation, as well as sponsors and research partners. As a platform for interaction between researchers and practitioners, the Open Service Lab seeks to establish a networking space for key players in the area of services and service innovation. Open Service Lab Notes will keep you up-to-date with the lively exchange on relevant subjects in the field.

Feel free to join our conversations online at OSLNotes.com or to pose service innovation challenges that need to be solved!



Albert Heuberger



Kathrin M. Moeslein

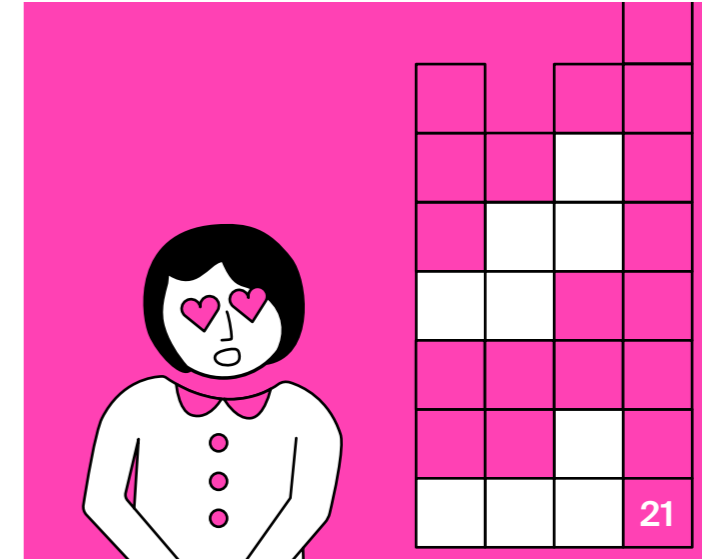
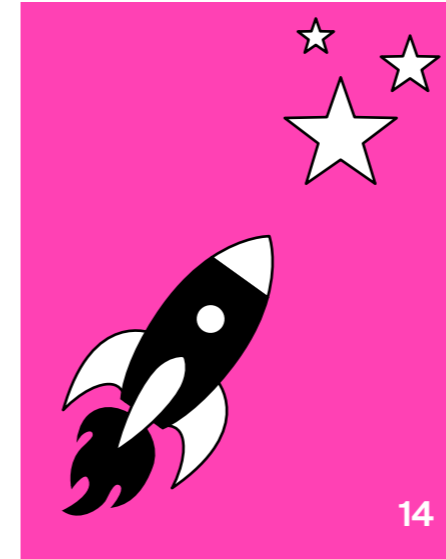
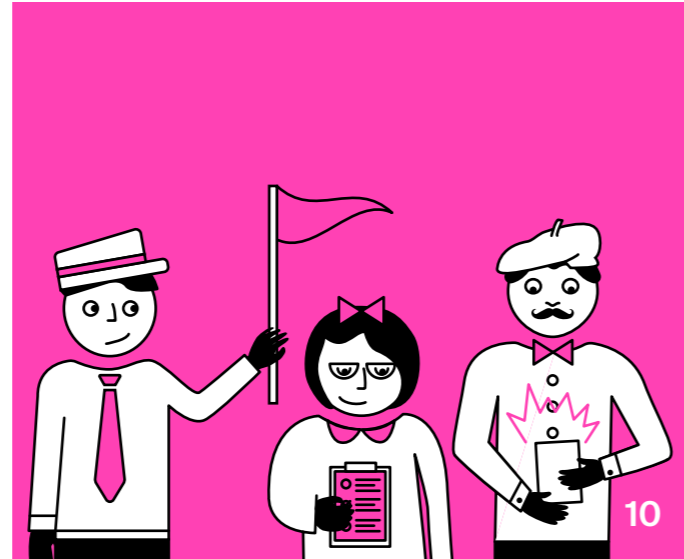


Prof. Dr.
Albert Heuberger



Prof. Dr.
Kathrin M. Moeslein

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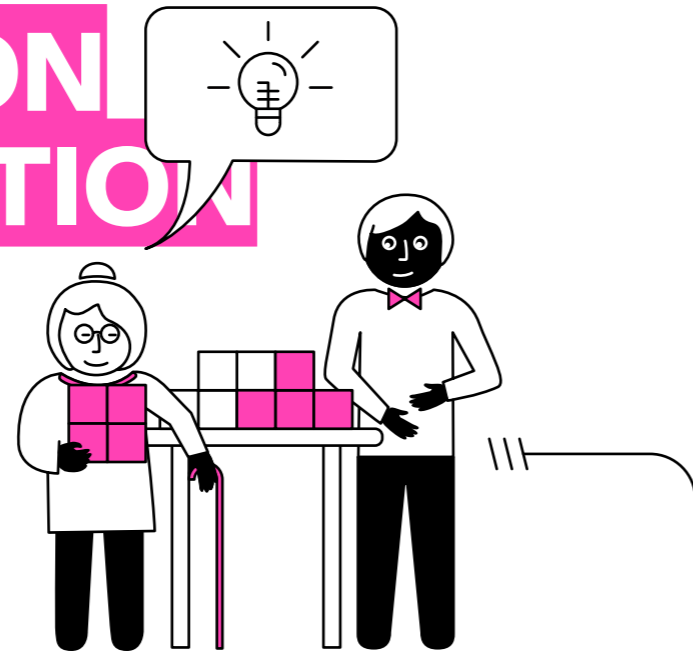
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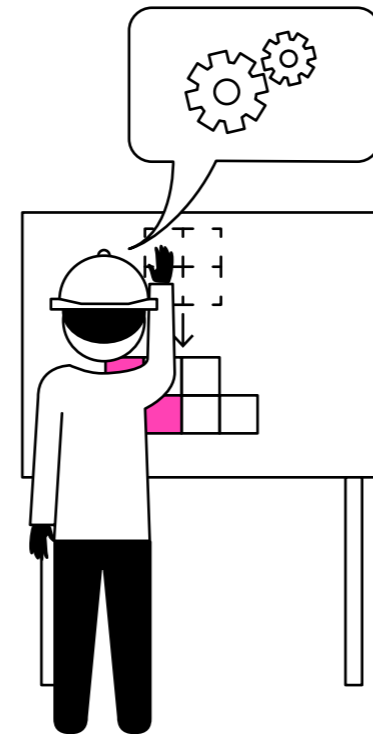
CO-CREATION FOR INNOVATION



Traditionally, innovation and value creation have been considered solely the domain of the company. Products and services were developed and brought to market by the company, and customers had to pay a certain price that more or less reflected the value created by that company. Of course, manufacturers conducted market research to better understand consumer needs, enabling them to offer solutions that would appeal to a large number of customers. Over the decades, however, companies have adopted a more network-oriented management approach, refining their market research methods and their interactions with customers.

Until the mid-1990s, customers played a very passive role and were seen predominantly as buyers and consumers of products and services. Since the turn of the century, however, customers have begun

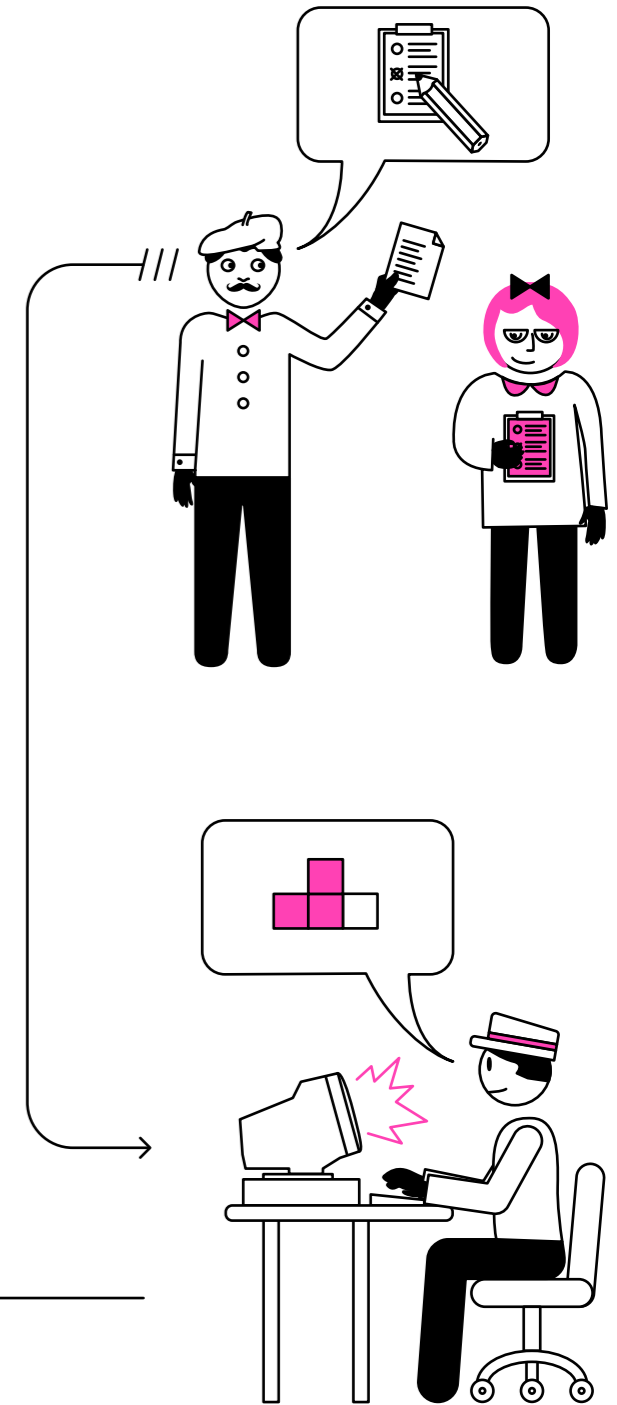
to play a more active role. Supported by new information and communication technologies, they can now engage more actively in the interaction with manufacturers or even form their own customer communities. Today, individual users or user communities are increasingly developing solutions that meet their needs better than those offered by companies. By sharing or selling these products and services, they can even become competitors of incumbent companies. In this environment, companies have begun to realise the potential of collaborating with existing and potential customers to harness their knowledge and skills in developing new products and services.



Clearly, customers have first-hand knowledge of their own needs, and as day-to-day users, they know best how a product or service can meet those needs. This "need knowledge" is sometimes implicit or tacit and cannot be accessed by traditional market research methods. In addition to "need knowledge", users' heterogeneous backgrounds and perspectives mean that they may have more technical "solution knowledge" that can be integrated into the development of new products and services.

Aside from potential financial rewards and social recognition, users profit from better-fitting solutions that are professionally manufactured by established companies. By the same token, companies gain access to valuable knowledge, enabling them to build stronger customer relationships and to reduce risk and cost by developing solutions that better fit market needs. This is especially important at times of technological change, when incumbents' business models are often threatened by new competitors from outside traditional industry boundaries.

In a nutshell, co-creation is a new paradigm in innovation management, in which something is created collaboratively by two or more parties. Co-creation commonly refers to the joint activity of a company and its customers. While such close collaboration is not always required, both companies and customers stand to benefit strongly from this approach.



EXAMPLES OF CO-CREATION

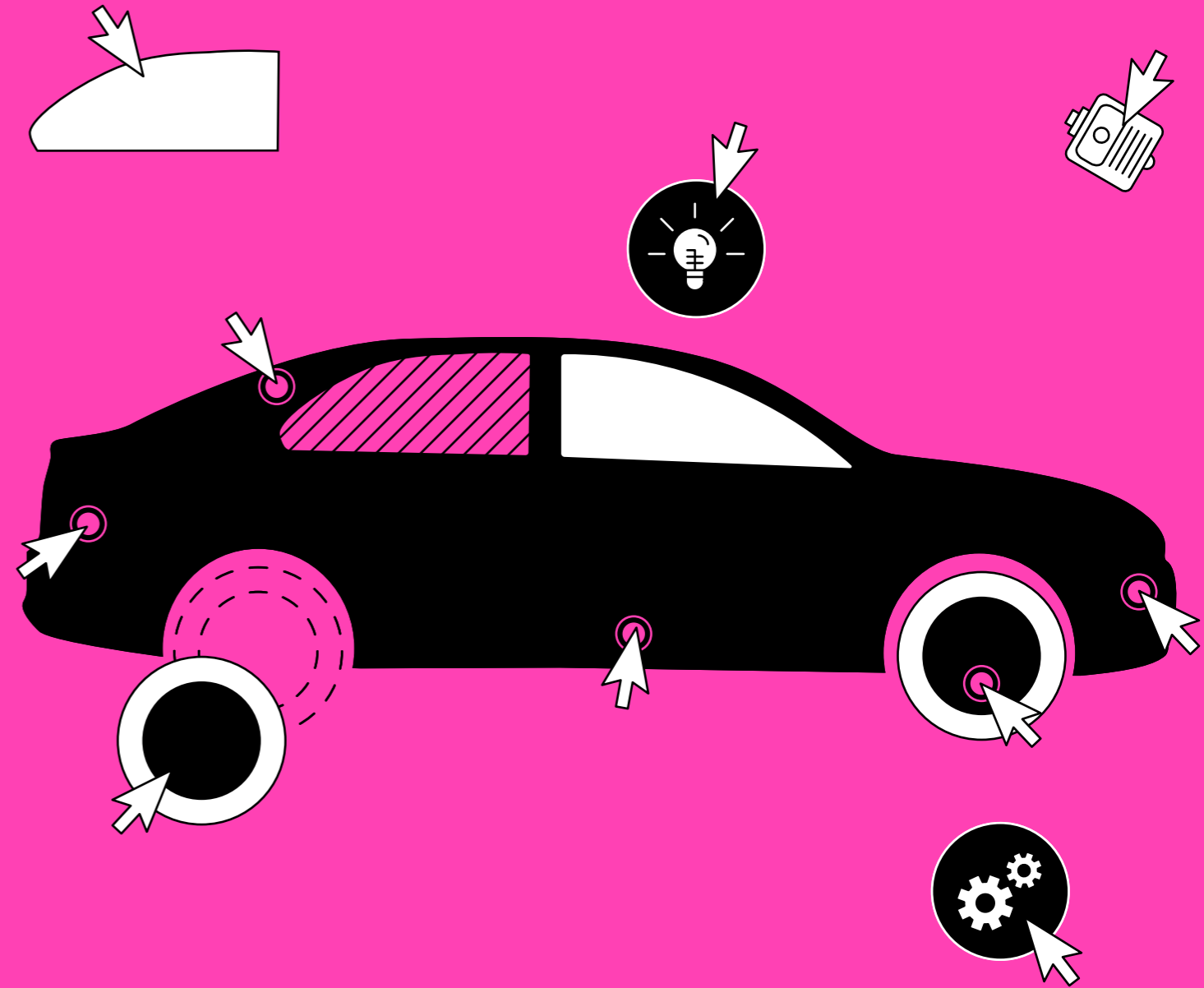
Co-creation can occur in various domains and at every stage of the innovation process, from idea generation to evaluation, concept development, prototyping and testing. There are many types of co-creation, involving different allocations of tasks and different levels of interaction intensity and integration. In some cases, co-creation is used to address very simple tasks, and customers or users merely contribute information about their requirements or very basic technical knowledge. Sometimes, however, where the problem is more complex, users may contribute advanced expert knowledge.

The Danish toy company LEGO® has a long history of interacting with its customers and fans. In the LEGO® IDEAS initiative, the company integrates users in the development of new products. LEGO® IDEAS is an online community where users can share their own LEGO® creations or discuss and vote on other users' submissions. If a project wins the support of 10,000 users, a board reviews the concept and decides whether it will go into production to be sold worldwide. The designer receives royalties and is credited in the building instruction booklet. Ideas that have become actual LEGO® sets include "Minecraft Micro World" (based on the popular computer game); "The DeLorean Time

Machine" (the car from the movie Back to the Future); The Beatles Yellow Submarine; and the NASA Apollo Saturn V rocket.

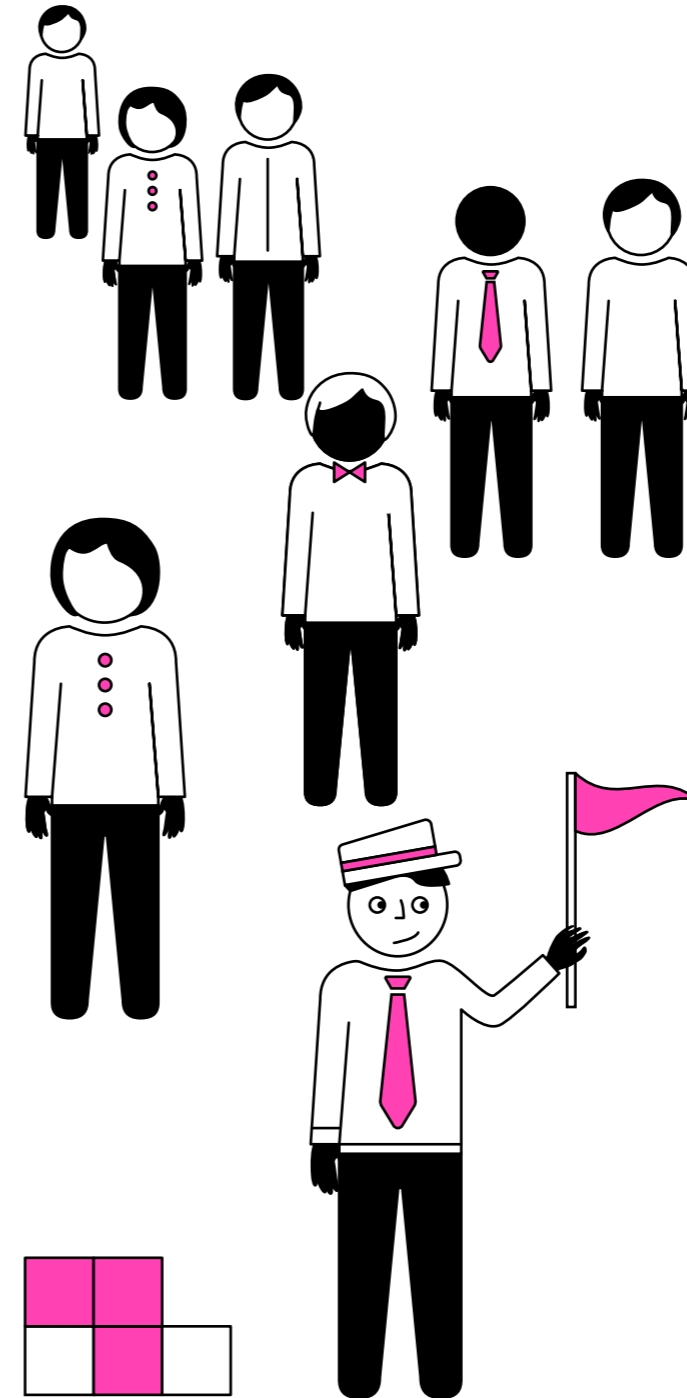
A more complex example of co-creation is an online community hosted by the American motor vehicle manufacturing company Local Motors. As in the case of LEGO® IDEAS, users create and discuss design and engineering ideas and concepts for motor vehicle innovations. Concepts selected by the community will be developed and manufactured by the company using multiple micro-factories. The company's first car, introduced in 2009, was the Rally Fighter, an open-source off-road vehicle developed at significantly lower cost and with a shorter time to market than the industry standard. In 2014, Local Motors launched the Strati, which is the world's first 3D-printed car. The company's latest project is Olli, an autonomous electric-powered bus.

These two examples alone demonstrate that co-creation has many faces. Depending on the specific context and goals, various actors, methods and physical and virtual spaces may become relevant at different stages of the innovation process in multiple domains.



WHO ARE THE INNOVATION CO-CREATORS?

The examples in the previous section illustrate the multifaceted nature of co-creation. One of the most important prerequisites when initiating any co-creation approach is to be aware of the relevant actors and their potential contributions.



LEAD USERS

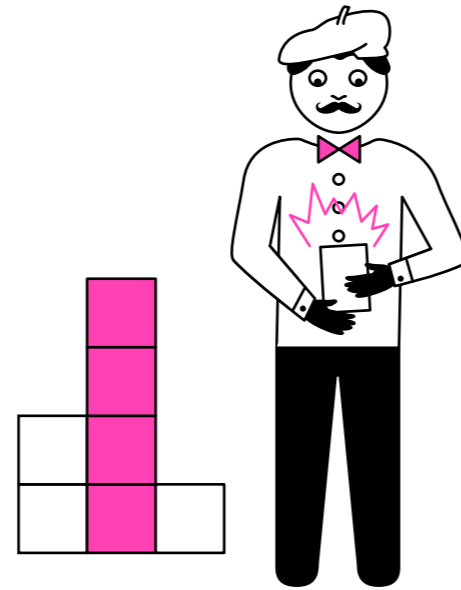
As well as knowledge of their own needs, users may also possess valuable knowledge about possible solutions. These lead users are ahead of the market and already have certain needs that many others are likely to have later. They also have advanced knowledge that helps them to devise solutions themselves. Lead users can be important as co-creators because their technical strengths equip them to pursue solutions unknown to any other person, community or company. Nevertheless, the solutions developed by lead users are more likely to become a standard offering in the future. As a minority within both the general community and among co-creator types, lead users are uniquely positioned and are held in high regard by companies for their ability to innovate products of potentially significant market value.

Lead users' motivations vary according to their intended outcomes. Using their technical proficiency and experience as users to innovate suggests that they are working by and for themselves, leading unintentionally to market adoption. In this context, their reward is the value obtained from an innovated product that meets their individual needs, regardless of any bigger picture. However, this foundational knowledge of a product or service can also be used for other forms of reward, both monetary and non-monetary.

CREATIVE CONSUMERS

Another type of co-creator is the creative consumer, who has a strong interest in adapting existing company offerings to their own needs. Unlike lead users, creative consumers are not restricted by the novelty of a current or future company offering. Rather, their area of interest extends to all existing offerings in the given marketplace (e.g. all automobiles from petrol to electric). This type is further distinguished by their use of Web 2.0 applications to document their own content and to communicate with peers.

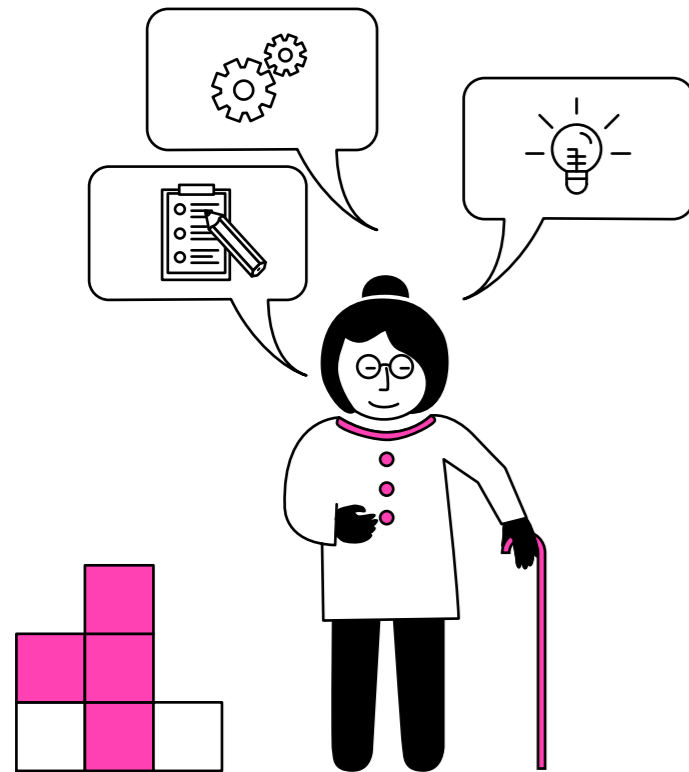
Creative consumers are more altruistic and recognition-focused than lead users, exhibiting intrinsic motivations guided by personal interests, enjoyment and collaboration as opposed to monetary reward. Their frequent use of Web 2.0 applications speaks to their social needs, which are determined by their own peer group or by companies. Despite their apparent popularity in establishing relevant and valuable online content, this type of co-creator is difficult to find because they rarely reveal their innovations to companies, preferring instead to communicate about such matters with their online peers.



ORDINARY USERS

A majority of co-creators are ordinary users. These individuals are characterised by strong user experience but possess weaker market and technical knowledge. Criticisms of this co-creator type tend to highlight this second characteristic, which leads them to produce ideas that are problematic because they are unrealistic. On the other hand, this is also their inherent strength, as they are not inhibited by the limitations that confront the technically knowledgeable, allowing the ordinary user to leverage their creative potential. While it may prove difficult to translate these ideas into something more tangible, it is important for companies to maintain contact with this active and communicative group of users.

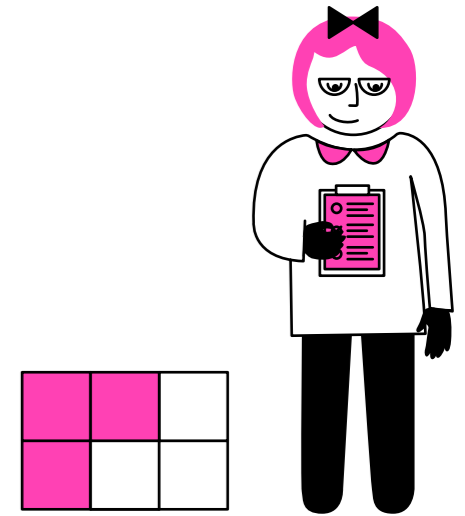
In general, their motives for co-creating are less complex than those of other co-creator types. Given their extensive experience as users of a company's offering or offerings, this type is primarily motivated by the value obtained from an improved product or service. However, any rewards offered by a company following the successful development of a viable innovation may further increase the ordinary user's motivation to co-create. The key strength of ordinary users is their unique ability to think and express their ideas freely without the burden of technical and market limitations.



EMERGENT NATURE CO-CREATORS

Being able to understand the needs of the wider user community is a special capability unique to the emergent nature co-creator type. As the name suggests, these individuals are able to first imagine and then conceptualise how a company's offerings fit into the mainstream market. Their openness to new experiences and ideas enable them to tune in to users' needs and demands. Along with their inherent creativity, these key personality traits make them a valuable knowledge resource for any company.

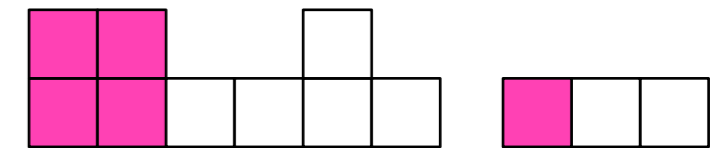
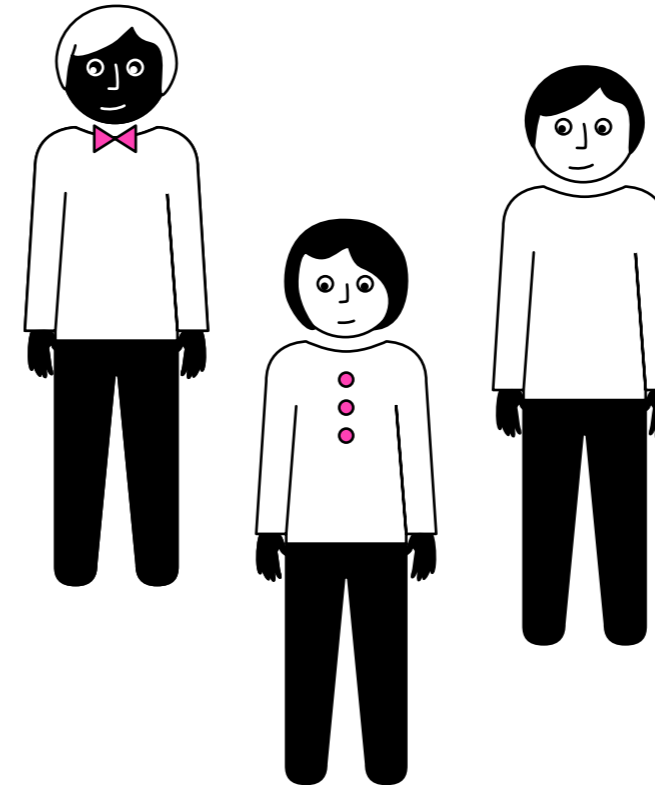
The emergent nature co-creator's motives are not well understood, but they seem motivated by something more than monetary gain. Based on their known personality traits as outlined above, it seems possible that they are driven by a desire to meet and interact with others while engaging with a topic of mutual interest.



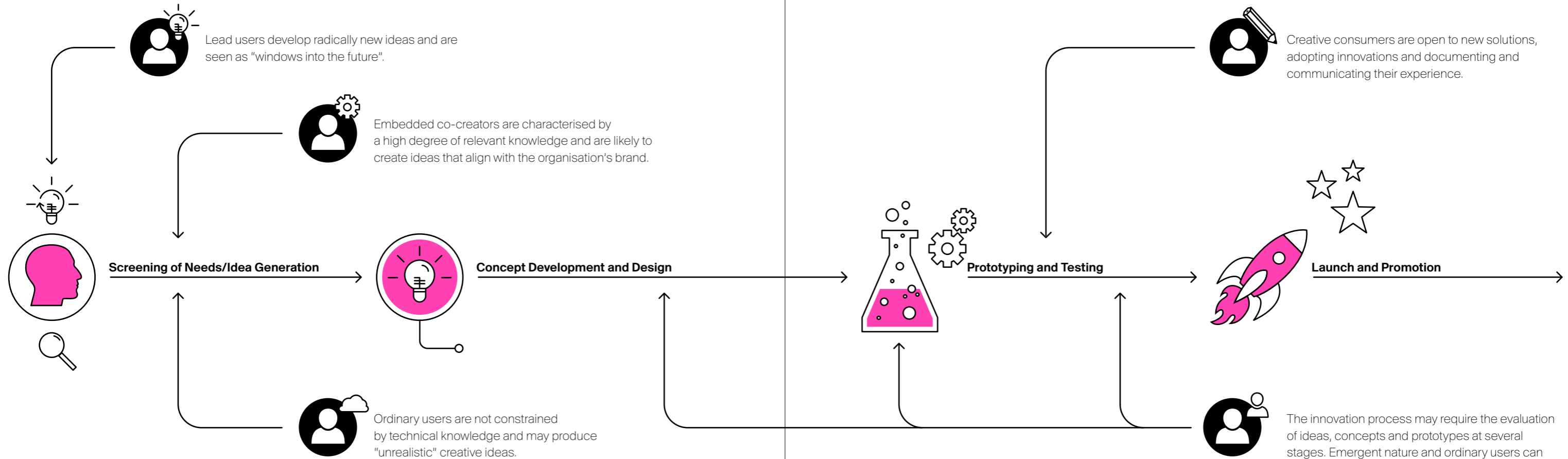
OTHER CO-CREATOR TYPES

(Found only in user communities)

Researchers have identified additional co-creator types among contributing members in online communities, categorising these as tourists, minglers, devotees and insiders. These four additional types have been further categorised according to their level of activity (or lack thereof) within their online community. Tourists and minglers are passive contributors; both groups lack any active interest in the given topic, but minglers are attracted to social ties within the community. Devotees and insiders are active co-creators within their communities and share an interest in the community's focal topic. Like tourists, devotees lack the commitment to social ties that characterises insiders and minglers.



WHO, WHEN AND HOW?



The earlier users and customers are integrated into the innovation process, the more effectively they are likely to be integrated.

Alam, 2006



Customer and user integration are competing for resources with other tasks in an innovation project; to set aside resources will structure and speed up the overall innovation process

Carbonell et al., 2009; Jonas, 2018



It is often easier for customers and users to provide feedback on more elaborated concepts than on early ideas.

Witell et al., 2014

WHERE IS THE SPACE FOR CO-CREATION?

Where is co-creation? Is it online, anonymously on the web, or offline, face-to-face with the customer? Is it a temporal event or is it located in a permanent infrastructure? Is it at the organizing company's facility, will it come digitally and directly to the co-creator's device, or does it even have its own intermediate space?

Companies face a broad palette of space possibilities when planning co-creation. Generally, co-creation spaces can be divided classified with respect to two major indicators: their duration and their organizing institution. LEGO for example drives a permanent, company-driven approach with its steady stores as locations of trying, participating, proposing customer ideas and contacting club members. Some companies just organize temporary campaigns in several urban environments like the BMW Guggenheim Lab or the Amazon Pop-up Store. Other examples for temporary institutions are maker faires, which are more intermediary than single company-driven projects, though sponsored by a consortium of Disney, LG, Intel and others. These events release a huge creative potential in testing new technologies between high-tech and handmade and allow experimenting with interactive participation models. Yet, there is another category of co-creation spaces that is intermediary and permanent. Living labs like JOSEPHS® in Nuremberg invite interactive customers to participate in the innovation development of organizations.

The concept of living labs implies lower risk for the co-creating organization than an own company-driven innovation space. They also provide benefits like control over the process, improved mutual understanding, more focused problem solving and a better assessment of latent needs by observing interactions. Though, their outstanding advantage for co-creation success is the real-life setting.

A motivating atmosphere is the most critical factor of living labs. Beneficial co-creation effects like appreciation, feelings of competence, self-assurance, pride and identification are fueled by proactivity and enthusiasm in the lab. But there should also be enough room and comfort for the co-creator's (inter)action as well as independence to the company in order to receive honest answers and insights for an optimal data collection. Embarrassing situations for the customer, e.g., at discontinuation, should be avoided. In best case, the lab's operation principle follows that concept in keeping the favorable experience on a high level by coaching the companies, diversifying the service and providing networking opportunities. A familiar, intuitive, logical and playful facility design as well as a work-in-progress-status of the project encourages co-creators to maximum creativity. But also small things like a checkroom for a hands-free interaction can help for a favorable customer engagement and relationship management.

Finally, where are benefits of online co-creation like the broad variety of ideas and easy-to-spread information? Merging offline and online co-creation approaches lead to increased effectiveness with the best of both concepts. Living labs like JOSEPHS® are not contradictory to web-based user integration, but rather an experimentation space for new forms of online-offline interactions.

THE CODI CASE

Working with diverse co-creators in a single project: The "Cooperative Banking in the Digital Age" Research Space at JOSEPHS®

How can cooperative banks remain true to their traditions and cooperative principles while at the same time profiting from technological developments that enable them to better meet the needs of their members and customers? The "Cooperatives in the Digital Age" (CoDi) project investigated the challenges and opportunities arising from the increasing digitisation of industry and society from the perspective of cooperative banks. This ongoing digitisation enables both incumbent firms and start-ups to create innovative new products, services and business models. This case study illustrates how cooperative banks can use co-creation to access implicit knowledge and in-depth insights in relation to customer, user and non-user needs by combining different forms of co-creation.

In developing new financial services, co-creating facilitates anticipation of customer concerns about privacy and security. As such, co-creation is fundamental to competition in the banking industry. A range of research methods such as interviews, brainstorming, user observation and feedback can be used to obtain user inputs. For the purposes of this study, we created a research space at the JOSEPHS® open innovation lab. Using a qualitative approach, we invited walk-in customers to provide feedback and to help to co-create banking innovation over a three-month period. To supplement these activities, we also conducted collaborative discussion groups, using question loops to exchange knowledge between the research space and the workshops.

Cooperative banks tend to attract three types of customer: committed cooperative members, users or customers who are not necessarily members and non-users who are not yet customers. Our goal was to develop critical guidance for the future of cooperative banking based on the inputs of these stakeholder groups.

RESEARCH SPACE

WORKSHOPS

At the JOSEPHS® research space, co-creators were invited to communicate their banking ideas for three different scenarios (at home, on the way and at a bank branch). Using sticker sets or by drawing on sticker sheets, participants were able to develop striking ideas that were easy to analyse. Three inspiring sample sheets were provided as boundary objects for each scenario: printing money at home, the bank as co-working space and financing chat for special offers in-store. This data collection procedure was supplemented by participatory observation and interview protocols.

As the ideas created by banking industry customers are not always well-structured and require further refinement and development, we conducted additional workshops with fifteen invited participants at the research space. The selection criteria were familiarity with co-creation and affinity for financial services, especially cooperative banks. The participants included:

- Customers and representatives of cooperative banks
- The City of Nuremberg senior citizen advisory board (especially the banking working group)
- Other financial service providers
- Active co-creators from the JOSEPHS® Community who were familiar with the research space

Boundary objects such as the Business Model Canvas were used to systematise the participants' ideas. In these workshops, discussion groups were used to gain insights into the rationale behind the generated ideas, including the exploration of customer needs, which can be explicated through idea generation.

To facilitate comparison of the different co-creator groups, separate data analyses were undertaken for the data from the research space and the workshops. For the research space data, the sticker sheet contents were analysed using the following categories: cooperative member/non-member, scenario, communication channel (online, online face-to-face, offline), transfer channel (PC, laptop, smartphone, chat, bank employee, ATM, cash, credit card), banking environment or activity and people involved. The understandings derived from the first results and the workshops were validated using secondary question loops at the research space.



The data analysis indicated that committed cooperative members and non-members had differing service preferences. In general, cooperative members tended to prefer comfort and personal contact, based on the following:

- Personal, mobile and flexible services
- Communication with the bank in leisure time (i.e. after work and at weekends)
- Most preferred scenario: on the way
- Most used transfer device: smartphone (even in "at home"-scenario)
- Futuristic visions entailing smart home devices
- Privacy is a crucial factor regarding bank interiors, security, visits at home
- Cash and its receipt are still important (e.g. delivery services)

This last item prompted an additional question that was later integrated as a question loop in the research space interviews: Which concerns (e.g. technical, privacy-related, ethical) influence the overvaluation of cash among committed cooperative members?

During the first workshop, based on recent research space scenarios, three business-models were created:

- Cash delivery service
- Financial planning app
- Non-institutional finance app

Three future visions were created for the decades ahead, and these were re-integrated into the research space as question loops in the form of short video pitches by the co-creators. All three groups interdependently identified trust as the most crucial factor for future business models:

- "Trust & Transparency": full transparency by conducting all money transfers via blockchain
- "TRUST" as new currency replaces money completely (e.g. trust in companies, responsible behaviour, trust credits)
- "Chip": exchange is essential; handshakes with wrist-based hypodermic chips replace money transfers

The co-creators' reactions to the video pitches showed that

they generally liked the workshop ideas, but they were strongly critical of their innovativeness or feasibility. They also noted the information gap between the two co-creator types. It is remarkable, that these various co-creator groups all exhibited the same effects, including "not-invented-here syndrome", which companies usually display in relation to their co-creators. On the basis of these results, the final workshop groups identified expert advice for cooperative banking as one clear conclusion from the research project.

- Trust will be the crucial factor in future transactions
- More user-friendliness with less complexity by merging into bigger (international) cooperatives
- Benefit-oriented cooperative membership remains a unique selling point that should be renewed by incorporating the latest technology and concepts like blockchain
- One worldwide currency—not necessarily money (suggestion: trust points)



HEIKO SCHMIDT

Participant at Project Workshops

What is special about cooperative banking?

We offer our customers the best of three worlds: the services and benefits of private banking, under conditions that are available only through direct banking, all framed by the shared values of cooperatives, ensuring responsible behaviour.

How do you handle the different groups of cooperative banking customers (committed cooperative members, cooperative customers, non-users)? How do you generate more customer awareness about the advantages of cooperative membership?

At PSD Bank Nuremberg, we create awareness of membership benefits through cooperative advice, a dedicated webpage and specific campaigns (where applicable).

Why is it so important for a cooperative bank to develop (co-create) products in conjunction with customers?

A banker can never put himself fully in his customer's position. He can try, but he will never be able to entirely escape his banking perspective. We want convenient products for our customers that are honest, easy and comprehensible.

What did you particularly like about the Cooperative Sense research space?

The cooperative paradigm also confirms that you don't have to do things on your own. What one can't do, many can achieve. JOSEPHS® is open to everybody, so many can participate in the development.

And what did you like about the associated workshops?

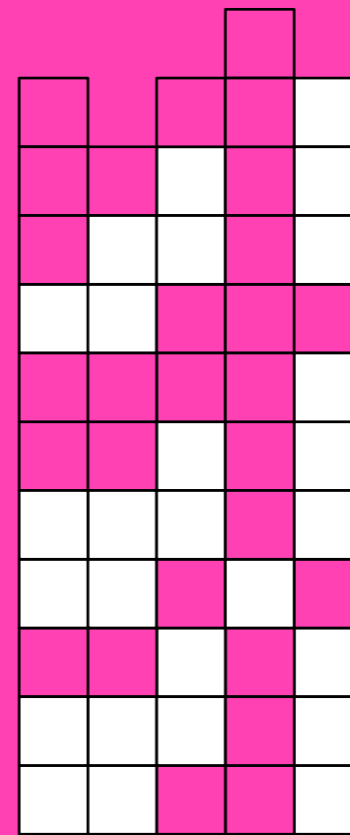
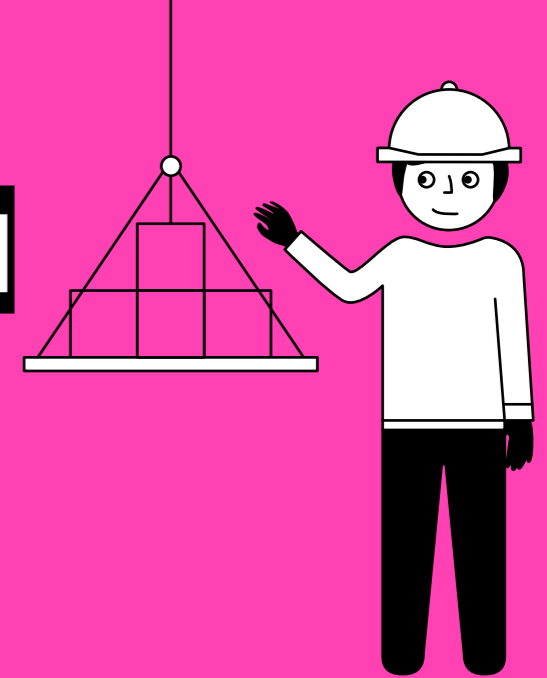
There were no limits on thinking. The customer was always in focus.

Would you develop products for your cooperative bank in workshops like these, or conduct a broad qualitative survey at a research space—or maybe both? What were the benefits for you? Yes we would. We already conduct customer surveys in certain areas, as well as MOM tests. Activities like these can provide a good indication of how the product or service should be designed for customers, and this increases the conversion rate.



Heiko Schmidt

EFFECTS OF CO-CREATION



The diversity of co-creators and spaces introduces another variable: the different effects that accompany co-creation. The IKEA effect is probably the most famous of these. In 2012, Norton, Mochon and Ariely discovered that people are keener to assemble storage box kits from IKEA than to buy readymade boxes because they over-evaluate their contribution to co-creation—they literally fall in love with their own work during the assembly process.

In fact, this effect was already well-known to marketers in the 1950s when full instant cake mixes first emerged. They failed when they first launched on the market because they were considered too easy to prepare. A simple re-launch of the recipe made the final breakthrough by allowing bakers to gain confidence in their pastry by adding an egg to the ready mix, leading to the instant cake mix as we know it today.

THE IKEA EFFECT EXPLAINED

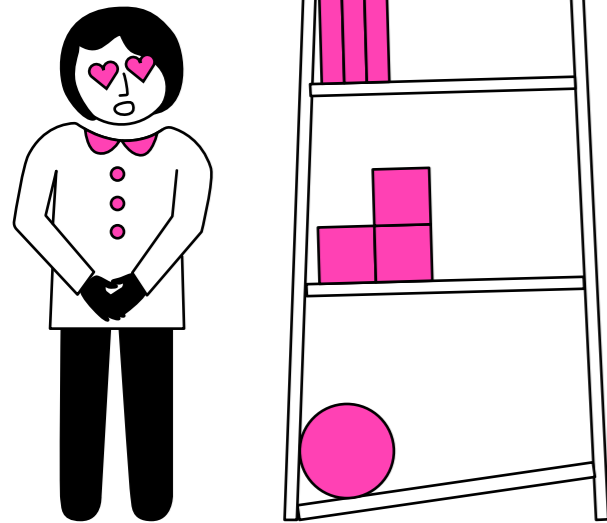
The IKEA effect is driven by several psychological mechanisms. The most popular explanation refers to variations of biased ownership, involving either the Endowment-Effect itself or feelings of effectance, generated mainly by the effort invested in the co-creation process. These feelings of ownership can be reinforced—positively or negatively—in a competitive environment, with a downright (reverse) trophy effect on co-creation. Control also plays a crucial role—either perceived control over the outcome through the co-creator's integration

in the development process or control over the integration process itself, especially the level of difficulty and successful completion of the task. Norton's effect will not work without effort, progress and enjoyment during the process. The IKEA effect is also driven by self-assurance and status-related thinking when taking part in the design process, as in the feelings of competence associated with the "I-designed-it-myself"-effect in Mass-Customisation. Assembling an object leads to its "incorporation into the self", putting a new spin on

ownership-related approaches by adding an extension of identity through one's contribution to the product or service. Curiously, affection for one's own creation can be transferred to consumers, either by the handmade effect of "made with love" products or the innovation effect of user design, making co-created products easier to sell to others.

IMPLICATIONS

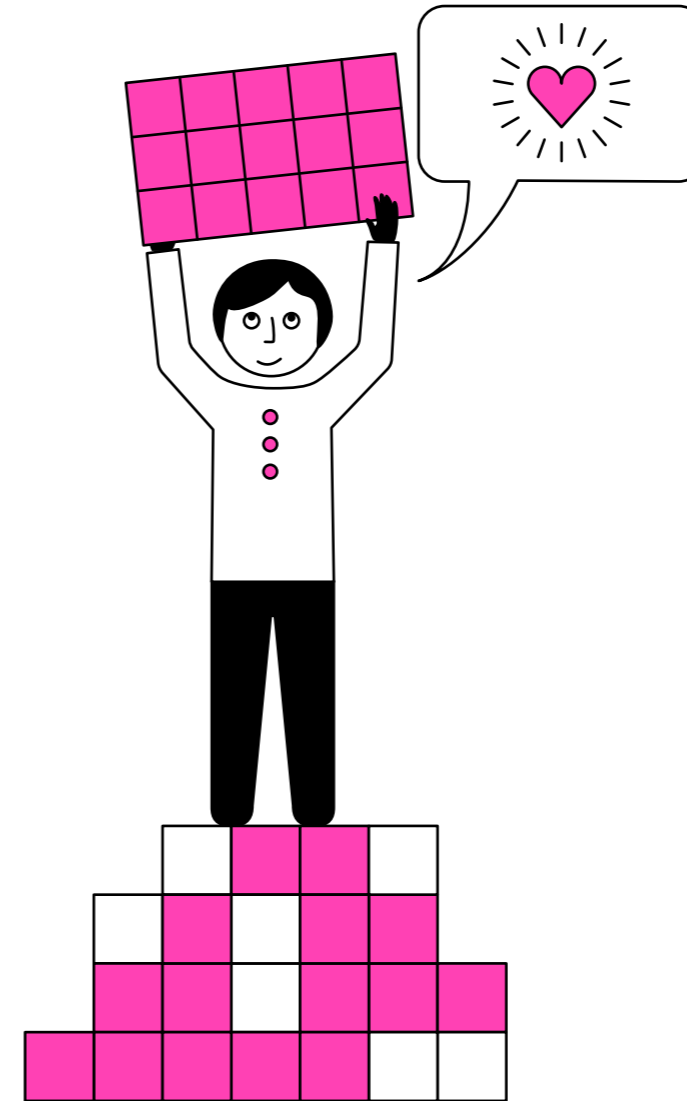
Loving and over-evaluating self-creations has many positive implications like higher valuation of and identification with the co-created product, leading to higher purchase intention and willingness to pay, as well as improved customer satisfaction and recommendations. However, this over-evaluation of one's own brainchild can lead to the dark side of the IKEA effect, involving the rejection of others' ideas (the "not invented here" syndrome). This occurs in organisations as well as among individual co-creators, with potentially disastrous consequences for new product development, for example, when management over-commits to its own bad ideas. These negative impacts of co-creation are rooted in the co-creators' subjectivity. Just like falling in love, the IKEA effect generally causes a kind of blindness through loss of critical distance. Identifying too closely with the work (as in the IKEA effect and related phenomena) undermines its intersubjective potential, which is essential for use by others or integration in processes like open innovation. In evaluating their creations, the ideal lead user strikes an optimal balance of distance and engagement that leads to further co-creation. This echoes the analogous market effect, which says that co-creation becomes more innovative with critical distance.



SIDE EFFECTS OF CO-CREATION

The integration of users, fans and experts has many more positive side effects beyond the obvious one of achieving marketing goals. Affection for self-creations can also be transferred to others. LEGO makes clever use of this potential, delivering the positive feelings resulting from user integration along with the product. Beyond the transfer of knowledge to the company, the valuation of the creation is transferred to other users. This so-called "handmade effect" also explains why "made with love"-products are so attractive when launched on the market. Additionally, the innovation effect of user designed/co-created products directly enhances consumers' perceptions of the producer's innovation ability.

In planning complex co-creation projects, it is advisable to take account of task difficulty, as there is always a conflict between the difficulty and realistic solvability of a co-creation task. As co-creation usually involves amateurs in the given field; greater difficulty means higher valuation. However, successful completion of the co-creation task is crucial to activate the IKEA effect, without which a co-creation's positive impact is endangered. In extreme cases, a more innovative solution might not sell. In B2C markets, the complexity and perhaps the safety of co-created products or services may fail to convince other customers or win their trust. Positive transfer effects like the innovation effect of user design only work when tasks can be solved by non-experts.



RECOMMENDED READINGS



Predictably Irrational

Dan Ariely

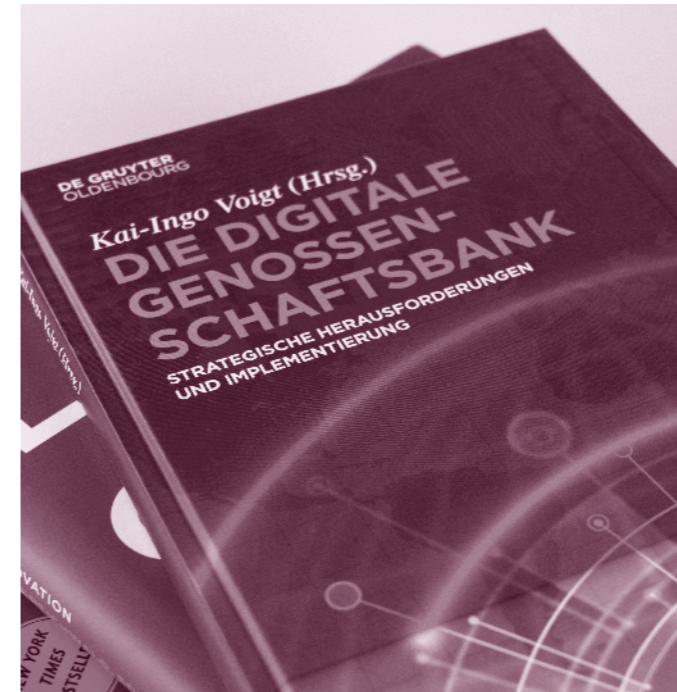
One of the authors of *The IKEA Effect*, Dan Ariely overturns the common assumption that people behave in rational ways. The book is an enjoyable deep dive into the world of behavioural effects that are less random or senseless than they at first appear. His entertaining experiments show that, in irrational-acts like overpayment, overestimation or procrastination, we still act systematically and therefore predictably.



Leading Open Innovation

**Anne Sigismund Huff,
Kathrin M. Möselein & Ralf Reichwald
(Eds.)**

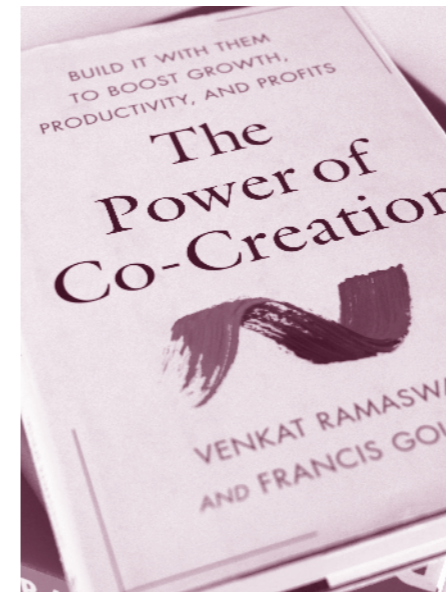
This book describes the ways in which open innovation expands the innovative space, detailing a range of practices, participants and trends. Contributors from practice and academia offer international, cross-sectoral and transdisciplinary perspectives on various open innovation initiatives, including theoretical frameworks and new domains of open innovation, from manufacturing to education.



Die digitale Genossenschaftsbank: Strategische Herausforderungen und Implementierung

Kai-Ingo Voigt (Ed.)

In this compendium, researchers and practitioners investigate the challenges and opportunities for cooperative banks in the digital age. The book includes conceptual and strategic contributions, as well as practical examples and recommendations.



The Power of Co-Creation

Venkat Ramaswamy & Francis Guillard

Co-creation is about companies working in new ways with their stakeholders to create value together. This excellent book provides serviceable lessons for use today and promising principles for tomorrow.

DR. VOLKER BILGRAM

Learning about the practitioner's experience

How is co-creation implemented in an open innovation consultancy?

Open Innovation includes a lot of different approaches – it feels like co-creation is most prominent.

Can you explain why?

Co-creation is a universal concept; its principles therefore apply to many different challenges and scenarios and are omnipresent in contemporary approaches to innovation such as design sprints, lean startup, design thinking and service design. Companies now know that innovating in ecosystems is superior to closed "in-house" innovation. New formats and technologies for collaboration, knowledge sharing and exchange like social technologies, meetups and co-working spaces have further boosted co-creation. A new generation of innovation professionals have high expectations regarding new ways of working, agile management and open innovation cultures, and co-creation philosophy is a good basis for designing modern management and innovation styles. Finally, the extraordinary advances in digitalisation in recent years have made it easier to co-create—for instance, by involving users in A/B prototype testing in live environments.

What are the differences in co-creation tools?

The many co-creation tools vary along multiple dimensions, including online vs. face-to-face, target customer vs. innovative user, idea generation vs. concept testing. Loosely speaking, co-creation tools can be divided into four phases: (1) problem exploration, (2) problem selection, (3) solution exploration and (4) solution selection. Depending on the task or phase of the innovation process, innovation managers must choose the right co-creation tools. At the beginning of the process, tools help to identify and understand the problem or opportunity space. To narrow this down to the best opportunities, there are tools for evaluating

opportunities. To address the selected problem, various prototypes or concepts are created and are then tested, adapted and implemented.

Please describe which co-creator types (from lead user to ordinary users) you have worked with, and why?

I enjoy working both with "down-to-earth" consumers (customers, ordinary consumers) and "edgy" users (lead users, trend observers). By so doing, we can explore new and promising opportunity spaces that are also relevant to a larger user base and therefore commercially viable. For instance, dissatisfied customers can report plenty of experiences that need to be solved while lead users can bring a more progressive perspective, as they virtually live in the future. Once innovation managers have defined the problem, user entrepreneurs or expert users are good choices to co-create solutions because they are proficient in specific knowledge domains, are technology-savvy and have creative problem-solving skills.

Does interacting with co-creators remotely—for example, on innovation platforms and in discussion groups—differ from face-to-face interaction, as in innovation workshops? How? Why?

Both have their pros and cons. Digital co-creation is cost-efficient, easily scaled and potentially global. This means that the process of specifying problem and solution spaces can be taken to a different level by involving diverse co-creators. On the other hand, face-to-face co-creation allows for the "human factor"; expressing ideas, reaching a consensus, overcoming critical moments or merging many different components into a single solution can be more easily achieved through face-to-face communication. Interacting with people in the same room is particularly beneficial when dealing with a highly complex problem or sceptical stakeholders, or when using physical stimuli or prototypes.



Dr. Volker Bilgram

We are curious: what are the most interesting or extraordinary co-creators you have encountered during your work? And what made them so special?

Quite often, the most memorable co-creators are those from less familiar niche areas, such as special deployment commandos, car tuners or farmers with a strong affinity for technology. They provide insights into unknown domains, communities and cultural phenomena. Suddenly, you find yourself solving problems you didn't even know existed before. Another particularly interesting group of co-creators are users who can share knowledge from analogous markets. For instance, a pilot who has used an autopilot for decades is a great informant for automotive companies developing self-driving cars.

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