Making Sense of Open innovation: Open Innovation as a Sense making Process.

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In the face of increased global competition and economic uncertainty open innovation has become an attractive proposition for organizations of all types and sizes. However, the progressive expansion of open innovation principles and practices across a variety of industries (from software development, biotech, to fast moving consumer goods) (Chesbrough, 2003) poses significant challenges to organisations that want to successfully manage their innovation efforts. More particularly, the level of managerial complexity is on the increase, as organisations face the contradictory tasks of adapting to the rules of a radically new innovation environment while, at the same time, successfully maintaining traditional innovation activities and practices.

There is increasing recognition that managing open innovation requires significant levels of professional expertise, new ways of working and visionary leadership (Groger, 2013). Managers that challenge the status quo and implement new initiatives such as open innovation often face difficulties and resistance to change (Bjelland/Wood, 2008: 40). In particular, it is reported that new ideas from the outside are rejected in favour of internal ideas and knowledge – a phenomenon discussed as the “not-invented-here” (NIH) syndrome (Clagett, 1967; Katz and Allen, 1982; Gruel and Ihl, 2014). Thus, opening up the innovation process is not without risk and, new managerial challenges. Empirical evidence suggests that currently the ‘variance between a best practice in open innovation and the average is huge’ (Gassmann, Enkel and Chesbrough, 2010: 216). Therefore, the development of managerial competence in the field of open innovation remains problematic and critical.

The introduction of open innovation processes can be considered as an organisational change management process (Philips, 1983). The organisation needs to switch from an innovation culture that privileges protection, distinctiveness and scarcity to one that actively embraces openness, exchange and diffusion. Change usually generates uncertainty and often creates resistance to change (Bouckenooghe, 2010). These changes trigger individual and organisational sensemaking processes (Weick 1995). Sensemaking (Weick, Sutcliffe, & Obstfeld, 2005) can be defined as the process through which organisational members seek to understand novel, ambiguous, or unexpected events and situations that interrupt their routine activities and break their expectations. When taken-for-granted roles and practices and established ways of thinking and operating are challenged – as in the case of a crisis or during major organisational and cultural change – organisational
members work to ‘make sense’ of what is going on: they extract and interpret cues from the environment, and use them in and through interactions with others to develop shared understanding and act collectively.

Organisations embarking in open innovation initiatives are inevitably – consciously or otherwise – engaging in significant sensemaking: from a managerial perspective, the ability to control the unfolding and the outcomes of these ongoing efforts is critical for innovation success. Managers’ striving to change established innovation cultures, practices and ways of organising are, at the same time, creating a situation of ambiguity and uncertainty for their organisational members. Whether at the level of the entire organisation or, more locally, at the level of individuals, teams, programmes and initiatives – the implementation of open innovation calls into question taken-for-granted roles, practices and expectations and, in so doing, triggers sensemaking.

The challenge for innovation managers is, therefore, to make sure that such sensemaking efforts are effectively channelled and generate the desired outcomes – that is, that they positively contribute to the successful development of an open innovation culture and practices as opposed to, instead, fostering resistance and engendering failure. This ability to effectively manage organisational sensemaking is, to put simply, an essential managerial competence for effective open innovation to occur.

The successful management of open innovation therefore, requires the effective planning and implementation of a major ‘cultural switch’ that also involves the effective management of organisational sensemaking processes. In order to generate greater understanding of what constitutes such professional competence and to develop best practices in the specific context of open innovation management, more research into the actual experience of organisations engaging in open innovation initiatives – into their successes as well as into their failures – is required.

In this research we follow recent calls (Randhawa, Wilden and Hohberger,2016: 16) to apply other theoretical perspectives used in management, marketing and organizational behaviour to help generate a more holistic and robust understanding of open innovation issues. In guiding this research, useful lessons can be drawn from extant research on strategic and organisational change initiatives that have already adopted a sensemaking perspective (see Maitlis & Christianson 2014 for a review).

The aim of the research is to first generate insights about perceived success and failures from different perspectives, i.e. to shed light on the question when an open innovation initiative is perceived as successful. From our experience, this perception is very different on different levels of an organization. Furthermore, we will create insights on the question which factors are responsible for the success and failure of different open innovation activities. The second aim of this research project is to contribute to the research on Open Innovation capabilities. Research in that field has so far been focused on the level of firm and, it does not cover the sensemaking perspective (Volberda, Foss, & Lyles, 2009: 16–20). From a managerial perspective the results can help to professionalize the management of open innovation endeavours as the study not only investigates isolated initiatives within a company, but considers the implementation of open innovation as a change management process that requires individual and collective sensemaking.
To generate deeper insights, we are conducting an in-depth case-study. As a research subject, we selected an internationally active company from the automotive sector. Historically, the automotive industry has invested heavily in internal research and development initiatives and in the marketing of its products. Due to increasing competition, cost pressures, environmental and technological changes, and more demanding consumers, many companies in that field have started open innovation initiatives (e.g., http://www.bmwgroup-cocreationlab.com/, http://blog.daimler.de/2008/08/06/business-innovation-community/, http://www.at.ford.com/news/cn/Pages/Ford%20Initiates%20Open%20Innovation%20Approach%20to%20Finding%20Innovative%20Mobility%20Solutions;). However, little is known about the results of these initiatives.

Our research is mostly qualitative and is typically based on in-depth case studies that rely on interviews and observation as key data sources. Qualitative research is, in fact, more suitable when the stated objective is to generate deep knowledge and understanding of organisational processes and dynamics that involve social interactions and exchanges, with a view to shed light on the ‘what is going on’ and ‘how’ and to, ultimately, derive managerial implications for practice. In this research we interview individuals who, at different levels of the organisation and in different capacities, are currently involved – or have been in the recent past – in the planning and implementation of open innovation initiatives.

Given its specific aim to develop managerial best practices, the research analyses open innovation initiatives with differing levels of ‘success’ and draws lessons from positive experiences as well as from potential failures. Data will be analysed according to the proposed research framework (open innovation as a change management process from a sensemaking perspective) with the aim to identify a series of implications for organisational practice and recommendations for the effective and efficient management of open innovation processes.

References


Clagett, Robert P. (1967), Receptivity to Innovation - Overcoming N.I.H., Boston, MA 1967


