



# InnoWork



<b>MODULE 2: ORGANIZATIONAL STRUCTURE (BUSINESS MODEL), THE CREATIVE PROCESS AND GOVERNANCE FOR INNOVATION</b>	
<b>Project Title</b>	<b>“Towards a More Innovative Workplace”</b>
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**Erasmus+**

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## I. Module information

<p><b>Learning objectives</b></p>	<p>As a result of engaging with the materials in this module, learners are intended to achieve the following learning outcomes:</p> <p><b>Knowledge:</b> Knowledge about advantages and disadvantages of the different organizational structures; knowledge about the elements comprising a business model; understanding the role of organizational structures, culture and business models in SME innovation and government of innovation (particularly the relevance of open innovation).</p> <p><b>Skills:</b> Ability to identify and critically apply knowledge leading to increased organizational and business model innovation and open innovation; distinguishing between the different organizational structures; generating and reflecting upon ideas; initiating change in an organization.</p> <p><b>Competences:</b> Enhancing and mastering company innovation and competitiveness through organizational structures and open innovation; facilitating a business model and organizational structure that support creativity in an organization; managing change; leader behaviors; analytical thinking.</p>
<p><b>Time schedule</b></p>	<p>Time necessary for:            Learning content (self-study): 2 hours            Self-test questions: 5 minutes            Online game and exercises: 1 hour</p>
<p><b>Structure</b></p>	<p><i>The module is divided in 5 main topics:</i></p> <ul style="list-style-type: none"> <li>• <i>Business Models, Organizational Structure and Innovation</i></li> <li>• <i>Business Models and Business Model Innovation</i></li> <li>• <i>Open Innovation in SMEs</i></li> <li>• <i>Processes for Open Innovation</i></li> <li>• <i>Governance for Innovation</i></li> </ul>

## II. Learning content

### Introduction

This module assesses how the structure, culture and business model of an organization may enhance or inhibit its creativity and innovation and which elements specifically promote or hinder it. The process begins with observing business models, organizational structures, SMEs and innovations. It then looks at the role of the organizational structure and culture for innovation, business models and business model innovation, open innovation in SMEs, processes for open innovation, and governance of innovation.

In particular, the module focuses on open innovation and underlines its crucial role for SMEs and the involvement of SMEs in appropriate networking activity to co-operate in areas of complementary or mutual interest. The module invites you to see organizational structures and business models from a new and more creative perspective.

### 1. Business Models, Organizational Structure and Innovation

*“Designing good business models is an ‘art’... the chances are greater if entrepreneurs and managers have a deep understanding of user needs and are good listeners and fast learners”.*

*David J. Teece [1]*

Organizational structures and business models together with the right culture form a space where innovations can grow and be fertilised. Organizational structures are presentations and descriptions of how roles, responsibilities, power, communication systems and other elements are organized and distributed in a company [2]. It describes, for example if an organization is hierarchal, ‘flat’, vertical or horizontal. Meanwhile, a business model describes how a company creates value and makes profit, and which methods and means it uses to achieve them [3]. Your business model is the story of how your business creates, delivers, and captures value.

**An organizational structure creates a framework for the culture of an organization, whereas a business model can be an expression of this culture. They are interdependent and together they can form the groundwork for innovative processes and governance of innovation.**

A business model is created when a company is established. It forms the basis for a company’s activities, customer value creation and delivery, and any processes leading to this. A business model is created by the management of a company and thus, can be thought to express the management’s assumptions and views of customer needs, as well how best to apply strategies and processes for profitable gain.

**Questions for reflection**

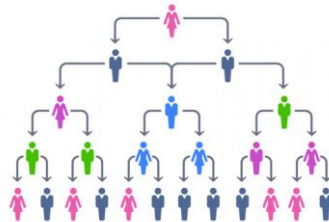
**What is your business model?  
How would you describe it if it was a person? What kind of personality would it have?**

Organizations become more and more knowledge-based and their survival and success depend on their creativity and innovativeness. More than the organizational structure, the organizational culture appears to have an influence on how creativity and innovation are encouraged in an organization. According to studies on innovative climate or innovative environment in an organization, there are values, or dimensions, that affect organizational creativity and innovation. Values like flexibility, (including autonomy, empowerment, decision making etc.), cooperative teamwork and interaction can promote creativity and innovation. On the other hand, values like rigidity, control, predictability, stability and hierarchical structures hinder creativity and innovation. [4, 5, 6]

The 5 types of organisational structures and how they affect innovation

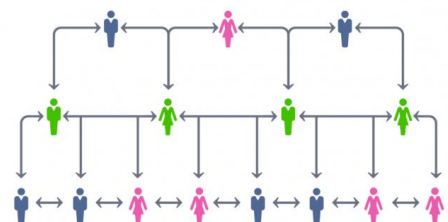
Fig. 2.1.: Adapted from Jacob Morgan (thefutureorganization.com)

### Hierarchical organization



Communication typically flows from the top to the bottom which means innovation stagnates, engagement suffers, and collaboration is virtually non-existent. The greatest strength of the hierarchy used to be that it was so reliable at maintain the status quo, which was exactly what companies wanted decades ago. However what was once it's strength is now it's greatest weakness.

### Flatter organizations

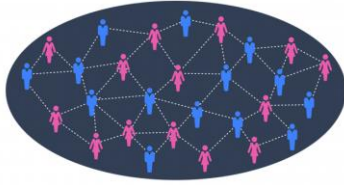


A "flatter" structure seeks to open up the lines of communication and collaboration while removing layers within the organization. This is the model that most large (and many mid-size) organizations around the world are moving towards.

It's important to point that this type of model cannot exist without a few crucial things:

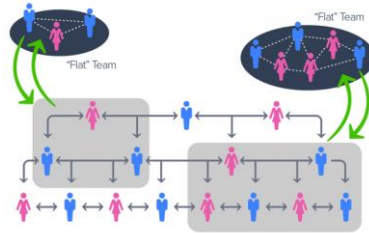
- 1) a robust set of technologies that help make sure that employees can collaborate and access each other and information anywhere, anytime, and on any device.
- 2) an understanding by executives and managers that employees don't need to work at your company, they should want to work there and as a result everything should be designed around that principle.
- 3) an understanding that managers exist to support the employees and not vice versa. This also means that senior leaders focus on pushing the power of authority down to others instead of pushing down information and communication messages.

## Flat organizations



Flat companies are exactly that...flat. Meaning there are usually no job titles, seniority, managers, or executives. Everyone is seen as equal. Flat organizations are also oftentimes called or referred to as self-managed organizations. The lack of structure can also make accountability and reliability a bit of an issue. Also, the company tends to develop cliques where groups of people tend to support and work with each other but oftentimes prefer to stay to themselves, which can cause challenges for communication and collaboration.

## Flatarchy



Flatarchies lie somewhere in between hierarchies and flat organizations. They can be more hierarchical and then have ad-hoc teams for flat structures or they can have flat structures and form ad-hoc teams that are more structured in nature. Organizations with this type of structure are very dynamic in nature and can be thought of a bit more like an amoeba without a constant structure. The main benefit of this structure is the focus on innovation.

This structure is ideal fit for companies wishing to maintain a traditional structure whilst driving innovation could encourage 'flat' spinoff teams to work on specific projects.

## Holacratic organisation



Holacracy maintains hierarchies but shifts power from individuals in the pyramid to circles (or departments). There is still some form of structure and hierarchy but it's not based on people as much as it based on circles. The basic goal with this structure is to allow for distributed decision making while giving everyone the opportunity to work on what they do best. Each employee has a role instead of a job title, and within the circle these roles are regularly reviewed and transferred. Information is openly accessible and issues are processed within the organization during special and ongoing meetings.

### Questions for reflection

**What is your organisational structure?**

**What are the benefits and challenges with your type of organisational structure?**



## 2. Business Models and Business Model Innovation

A business model consists of two essential elements—the value proposition and the operating model—each of which has three sub-elements. (See Fig. 2.2.)

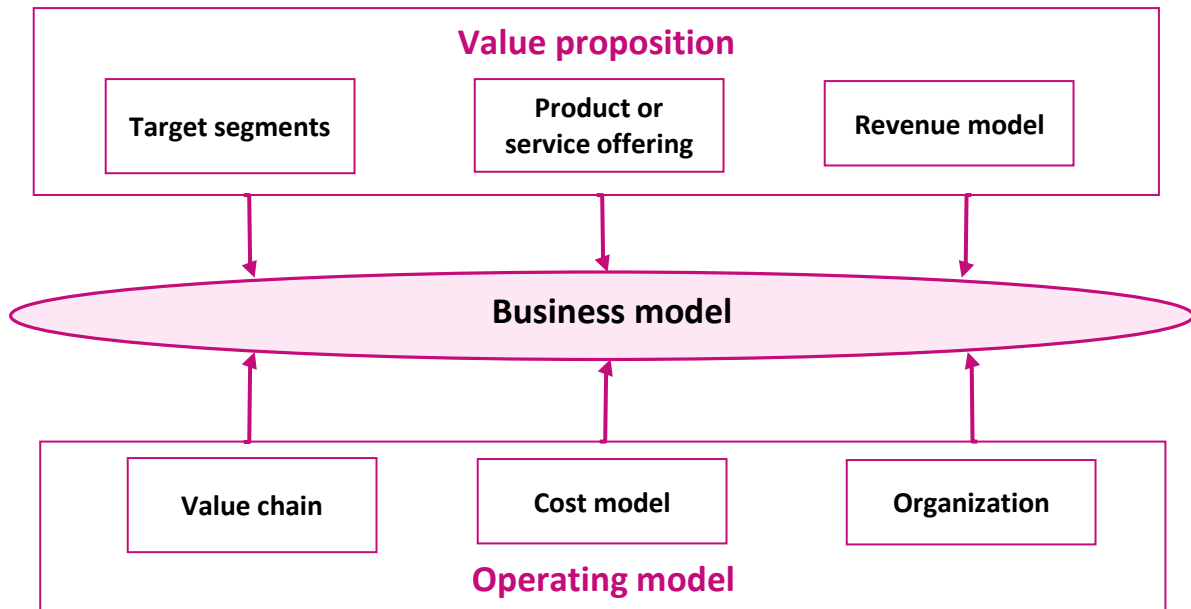


Fig. 2.2. Business model, Source: BCG research: <http://www.bcg.com/documents/file36456.pdf>

The value proposition answers the question, What are we offering to whom? It reflects explicit choices along the following three dimensions:

**Target Segment(s):** Which customers do we choose to serve? Which of their needs do we seek to address?

**Product or Service Offering:** What are we offering the customers to satisfy their needs?

**Revenue Model:** How are we compensated for our offering?

The operating model answers the question, How do we profitably deliver the offering? It captures the business’s choices in the following three critical areas:

**Value Chain:** How are we configured to deliver on customer demand? What do we do in-house? What do we outsource?

**Cost Model:** How do we configure our assets and costs to deliver on our value proposition profitably?

**Organization:** How do we deploy and develop our people to sustain and enhance our competitive advantage?

Innovation becomes business model innovation when two or more elements of a business model are reinvented to deliver value in a new way. Business model innovation (BMI) is about fundamentally rethinking your business around a clear—though not always obvious—customer need, then realigning your resources, processes and profit formula with this new value proposition. BMI is especially valuable in times of instability as it can provide companies a way to break out of intense competition, under which product or process innovations are easily imitated, competitors’ strategies have converged, and

sustained advantage is elusive.

**Questions for reflection**

**What is your business model?**

**Do you offer customers a better value proposition than that of the competition?**

**What compromises does your current business model force customers to make?**

A good business model creates value for both the company and the customers. According to Teece [1], business model design comprises the following elements when creating value for customers, enticing payments and converting payments to profits. The elements create a circle:

- Determine benefit to the customer from consuming/using the product/service
- Identify market segments to be targeted
- Confirm availability
- Design mechanisms to capture value
- Select technologies and features to be embedded

What kind of opportunities could rise from these? What has not been done yet? What could be done differently? What internal elements can make the company special? Often the competitive factor of SMEs is in their smaller size. A smaller size makes them faster to adapt to situations and more prone to try and apply new and smart solutions. Finding unexplored, alternative and unexpected solutions makes a company stand out and easily memorable – for instance, Blue Ocean Strategy and Guerrilla Marketing can provide assistance finding alternative approaches in activities and business model development. They both benefit from lateral thinking and creativity and can lead to innovation in business models. Many innovative and now big companies once were small and new!

*Find out more about*

- Blue Ocean Strategy: <https://www.blueoceanstrategy.com>
- Creative Guerrilla Marketing: <http://www.creativeguerrillamarketing.com>
- Guerrilla Marketing: <http://gmarketing.com>

In addition, Teece [1] has listed questions for supporting the identification of creativity and innovation gaps and opportunities in the business model. These are:

- How does the product or service bring utility to the consumer? How is it likely to be used? How much innovation requires the provision of complements? Are the necessary complements already available to the consumer with the desirable (possible) suitability and price?
- What is the ‘deep truth’ about what customers *really* value and how will the firm’s service/product offering satisfy those needs? What might the customer ‘pay’ for receiving this value?
- How large is the market? Is the product/service honed to support a mass market?
- Are there alternative offerings already in the market? How is the offering superior to them?
- Where is the industry in its evolution? Has a ‘dominant design’ emerged?
- What are the structures needed to combine the activities that must be performed to deliver value



to the consumer? (Both lateral and vertical integration and outsourcing issues need to be considered)

- What will it cost to provide the product/service? How will those costs behave as volume and other factors change?
- What is the nature of the suitability regime? How can imitators be held at bay, and how should value be delivered, priced, and appropriated?

### *Questions for reflection*

**Reflecting on these issues, can you identify creativity and innovation gaps in your SME?**

Creating a business model is not enough – it should be continuously maintained and updated. If a business model isn't adapted to the competitive environment, any devices for increased competitiveness (for example, highly skilled staff or superior products) may fail to meet their performance potential. [1] An actively maintained and adapted business model can enable application of creativity and innovation.

Generally having access to fewer resources, SMEs need to find alternative ways and sources for creating competitiveness. External sources can help in this process, enabling SMEs to find and create new innovations and reach customers [1]. SMEs can also apply open innovation in complementing their own research, development and innovation (R&D&I).

## 3. Open Innovation in SMEs

Today, innovation expands outside companies. The dependence of internal ideas ("closed innovation") is evolving to "open innovation", where internal and external ideas meet. This has put an end to the "knowledge monopolies" of large companies and opened up innovation to new enterprises and SMEs that participate in knowledge transfer networks with universities, large companies and other players.

SMEs often have less human, financial and other resources required for innovation activities than large companies. Thus the competitiveness of SMEs depends on their ability to innovate and how these innovations are harnessed to the benefit of the company. One way of enhancing their innovativeness and creativity is to cooperate with different stakeholders and networks.

Today, innovations occur more and more outside the organizations' boundaries in networks involving different actors. These actors can, for instance be suppliers, customers and users, universities, research organizations, consultants, competitors as well as web communities and any experts from outside the company. **The concept of open innovation refers to company cooperation with actors outside the company boundaries when creating and commercialising innovations** [8]. Through open innovation, these actors become an external part of the organizational structure. The open innovation model

encourages companies to open up their processes and to look for new ideas, technologies, and even products and services outside their firm boundaries [9]. Among the greatest challenges related to open innovation is the difference in the organizational cultures of two or more companies cooperating. [10]. Other risks and challenges in the open innovation process [11] are loss of information and know-how, higher coordination costs, greater complexity and loss of control, as well as finding the right partners, and finding time and finances for open innovation activities. A suitable organizational structure can assist overcoming these challenges.

**Questions for reflection**

**Are you cooperating with actors outside the company boundaries when creating and commercialising innovations? What are the challenges you face in this process?**

An innovation process is risky and complex, and involves many uncertainties. Open innovation underlines cooperation both in creating, utilising and transferring ideas and innovations [12, 13]. The characteristics of SMEs make it possible for them to profit from open innovation even better than larger companies. There are several advantages, for example, lower bureaucracy, ability to react faster to market changes and to take risks, and often their more specialized know-how. SMEs often do not have R&D&I departments, or formalized R&D&I operations, so systematically utilising the know-how of different stakeholders and actors in the value network is a great opportunity for SMEs [14]. Thus, open innovation has the potential to improve the innovation capabilities of SMEs [15], after all, the motto “no play, no gain” also applies to open innovation!

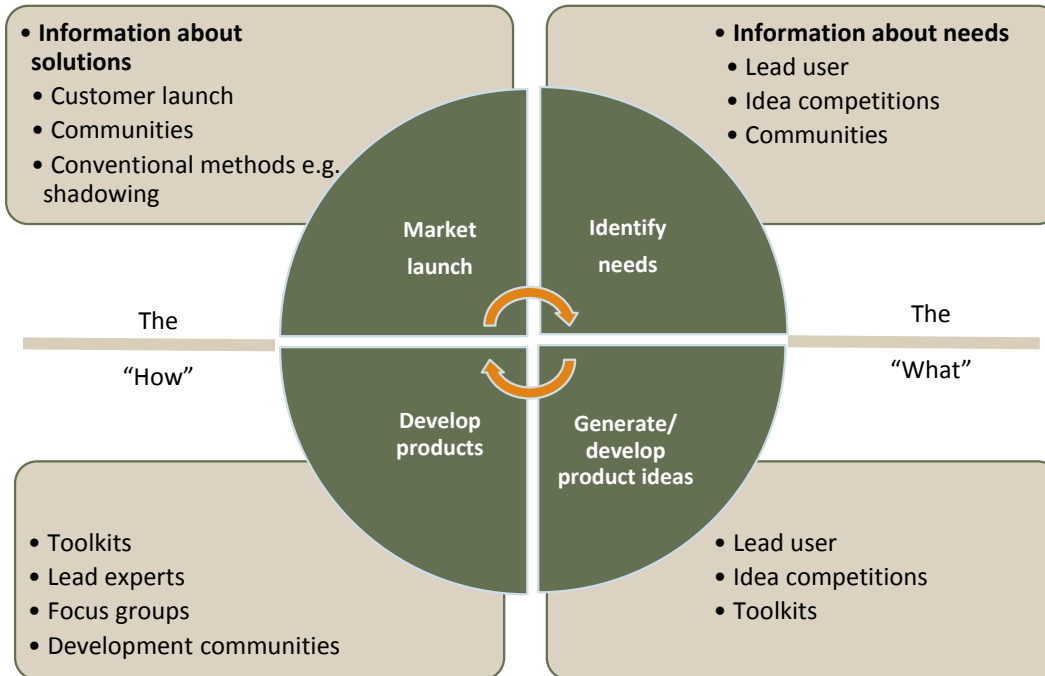
An appropriate organizational structure enables implementation of open innovation [16], alongside and in combination with the organizational culture. However, an absolute ‘right’ organizational structure to enable open innovation does not exist. The design behind the processes, how processes are run, how these enable open innovation and how open innovation is run in the organization are more essential. [16]. A human being is an essential actor, enabler and maintainer of an open innovation process with his/her networks and personal touch. The management of a company has the power to enable and activate this potential.

When it comes to open innovation, companies are like individuals: the elements can be described and listed, but they apply differently to each individual and in different conditions. A ‘one fits all’ solution does not exist but solutions can be seen as phenomena and replicas of real life, matched to individual needs and styles, capacities, the operational environment, and all in line with the organizational goals [17].

## 4. Processes for Open Innovation

Several methods and tools can be used in the open innovation process to engage stakeholders. Wagner and Piller [18] present a set of methods that can be used in the open innovation process, both in

‘customer integration’ driven (to obtain information) and ‘technology driven’ (to acquire solution knowledge) open innovation processes (see Fig. 2.3.).



**Figure 2.3. Open Innovation methods in an innovation process by Wagner and Piller [18].**

Creative openings and alternative solutions can be used in open innovation. For instance, Vision of Future Boating provides an example case of using open innovation methods (specifically the method of crowdsourcing) when searching for new products and service ideas. The goal was to look for future visions of leisure time boating. An idea competition was launched aimed at design students or designers worldwide.

Information about Vision Future Boating is available at: <https://blogs.aalto.fi/visionfutureboating/>

More open innovation models can be found at:

- EU and open innovation: <http://www.openinnovation.eu/open-innovation/>
- Articles about open innovation and business model innovation:  
<http://openinnovation.net/about-2/open-innovation-definition/>  
<http://openinnovation.net/category/business-model-innovation/>
- The 100% Open Innovation Toolkit: <http://www.toolkit.100open.com/>
- You can also have a look at the video “Open innovation: proudly found elsewhere”, available at <https://www.youtube.com/watch?v=jNNz9poyKJs>

**Questions for reflection**

**Do you already have experience in using any of these open innovation methods / techniques? Is it something your organization would consider?**

## Design Thinking

Another method that can assist you on the enhancement of creativity is Design Thinking. This is a holistic process that enables the development of products, processes and services at the same time. Design Thinking is a method that aims at gaining understanding on a subject, takes users into consideration, generates and evaluates solutions, considers things from a new, creative, and holistic perspective, and creates and tests concepts and solutions. Thus it enables the use of open innovation in processes.

IDEO describes The Design Thinking process as “a system of overlapping phases rather than a sequence of orderly steps” aiming at facilitating the planning of tasks, activities and timetables [19]. The process is not linear but can return to earlier phases according to the need. A fundamental characteristic of design thinking is its human-based approach which expresses itself in a collaborative way of working and in applying participatory methods of co-creation. Another important feature is the acceptance of failure and mistakes as important elements in the process. [20].

The Design Thinking process is presented in more detail in **Module 5**.

### ***Case study: Metalpak Oy, an SME involving external actors***

Metalpak Oy produces paint containers. It had challenges with the containers as they were difficult to use, store move around. They caused logistical issues throughout the supply chain and needed to be improved. Having limited resources, Metalpak decided to turn to a research and development organization that is part of a university – Western Finland Design Centre MUOVA. This was the first external actor involved in the process.

MUOVA started to work on the challenge, first investigating the requirements for the product. In order to obtain this information, they worked with professional and do-it-yourself painters as well as sales personnel in retail shops. They were the second group of the external actors. Eventually, they were also part of the product development team together with the internal team of Metalpak. The internal actors involved at Metalpak were the company’s CEO, marketing directors, production managers and R&D managers.

Together this team worked through different stages of development, gaining understanding through observations and interviews, specifying user needs, concept and development and user testing of concepts and prototypes. The outcomes of the testing were processed by with the company and the whole process was characterised by cooperation between the company and the research organization, and by involvement of the users throughout. The users took a central role in providing understanding and new ideas, and testing the ideas and concepts.

*Case study provided by Western Finland Design Centre MUOVA*

**Questions for reflection**

**Which processes in your company could be improved with open innovation? Who would be involved? Why would they be involved? What would have to be taken into consideration?**

## 5. Governance for Innovation

The ability to innovate consistently is vital for business success. It must become a well-defined function or process with reliable tools and methods, and it should constantly be monitored and maintained. Hobcraft and Phillips [22] describe the governance of innovation as “a system of mechanisms to align goals, allocate resources and assign decision-making authority for innovation across the organization with external parties”. It is the basis to all innovation initiatives as it helps to plan, measure, manage and redefine the firm innovation activities. Hobcraft and Phillips [22] define the core steps of the process as:

**1. Choosing the Innovation Structure**

- Innovation structure can be selected from different innovation strategies, structures and needs. Considering the aims and culture, which could be appropriate to your company?
- Management define the aims and objectives that assist selecting innovation strategies, structures, tools, methods, processes, schedule, workflows, roles and responsibilities and who manages and guides the process

**2. Definition of the Innovation Framework**

- Which strategic goals and other structures should innovation be linked to?
- Understanding the holistic concept and structure assist in seeing opportunities and reducing risks
- Which staff are available to build and maintain innovation? What are their tasks and roles? What is the work programme of the innovation process? What are the mile stones and critical steps?

**3. Configuring needs for Innovation Function Design**

- What are the needs, situations and strategic requirements behind innovation? Why is it needed?
- Well-designed structures yield better results: What, how and when do things happen? Why are they needed? Who does it? Which skills are needed?
- The existing context, needs, company’s nature and characteristics and other changing elements define the needs. They may also change over time in nature and in focus.
- Working on innovations helps to develop teams’ skills as well.

The commitment of management is essential, as well as an innovation governance structure that monitors the process and finance. Besides the structure, plans and processes, in order for innovation to take place, people should be taken into consideration, and individuals’ and groups’ creative behaviour should be encouraged and supported. Finally, the process should be continuous.

**Questions for reflection**

**What conditions and processes do you have in your company for the governance of innovation?**

In all activities, it is worth considering new solutions looking at the existing conditions from new perspectives. Like the proverb says:

*“You cannot discover new oceans unless you have the courage to lose sight of the shore.”*  
(Anonymous)

Exercise 2.1.	
<b>Title</b>	<b>Cooperation with Different Stakeholders in your Organizations Innovation Activities</b>
<b>Objectives</b>	To gain an understanding of the concept of open innovation, the current nature of open innovation activities in your own organization and how it could be enhanced.
<b>Duration</b>	20 minutes
<b>Description</b>	Analyse the current state of open innovation activities in your organization.
<b>Questions for reflection</b>	Which stakeholders do you cooperate with when developing new ideas and innovations? What is the scope of the cooperation? Could the cooperation be widened and to what kind of areas? Which stakeholders are you not cooperating with at the moment? What kind of cooperation could be done with them? What kind of (co-creation) methods could be useful in this cooperation?
<b>Answers/Useful tips</b>	Analyse the current state of open innovation in your organization: Read the case study about Metalpak for background on this exercise. Now reflect on your own organization using the list of questions below and write down the answers in your preferred format (electronic or paper): Which stakeholders do you cooperate with when developing new ideas and innovations? What is the scope of the cooperation? Could the cooperation be widened and to what kind of areas? Which stakeholders are you not cooperating with at the moment? What kind of cooperation could be done with them? What kind of (co-creation) methods could be useful in this cooperation? Compare your results with the colleagues in your organization. Think for example: What are the existing structures? What are the strong points? What gaps can be identified? Where are potential opportunities?
<b>Implementation</b>	The exercise can be done inside the organization or it can be also done in cooperation with other organizations. The key idea is self-reflection and peer learning, and gaining insights from the process. These elements can eventually be used for the development of the company, e.g. as pre-work for a strategy day.

Exercise 2.2.	
<b>Title</b>	<b>Applying a creative process and methods in developing new products, services, systems, or process ideas</b>
<b>Objectives</b>	To learn how to gather user information related to an offering of an organization and how to utilize the information in developing ideas for improvement.
<b>Duration</b>	10 minutes More time required if a focus group is implemented
<b>Description</b>	Think of some offering of your organization that according to your view could be developed as it does not fully meet the user current needs. How could you find out how the different user groups would improve the offering?
<b>Questions for reflection</b>	How can you find out what kind of user groups your offering has? How (with what kind of methods) can you reach them and engage them to ideation of improvements or even new offerings?
<b>Answers/Useful tips</b>	Why not to establish a focus group to analyse the topic? Talk freely with other group members or consider to inviting external stakeholders to bring in a variety of the users' views.



## Implementation

Discuss your views with others inside and outside your SME. Plan the implementation of the idea, according to realistic phases and schedules.

## Technical implementation

May be useful to provide forms for registering the process and plan for implementation

### III. Conclusion

Organizational structures and business models embed possibilities for creativity and innovation. Organizational culture is the catalyst for creativity and innovation to happen and is also a major ingredient in enabling open innovation. Open innovation provides SMEs external structures, networks and partnerships to increase their competitiveness. Open innovation can further benefit from creative models, (for example, Design Thinking) and alternative approaches such as Guerrilla marketing and Blue Ocean Strategy can function as catalyst in increasing the innovation level of companies through organizational structures and business models. However, it is always essential to remember to govern the process. The commitment of the management is essential in creating, enabling, maintaining and governing the innovation through the organizational structures and business models.

### IV. Additional reading

<b><i>An Open Innovation Platform</i></b>	<a href="http://www.openinnovation.eu/">http://www.openinnovation.eu/</a> A platform that provides information on open innovation and its uses. The aim is to contribute to the development and knowledge diffusion of the concept of open innovation in the European business community.
<b><i>An Open Innovation Community</i></b>	<a href="http://openinnovation.net">http://openinnovation.net</a> The latest news, research, discussions and applications for open innovation.
<b><i>The Field Guide to Human based Design by IDEO</i></b>	<a href="http://www.designkit.org/">http://www.designkit.org/</a> IDEO's field guide focuses on Human Centered Design as an example of how Design Thinking can be used and how it can involve users.

### V. Self-test questions

**Question 1: Which of the following is true? (One correct answer)**

- All organizations have some kind of organizational structure
- Organization structure and business model are similar concepts
- A business model is only established a few years after the onset of an organization
- The customers create the business model of an organization
- A business model can hardly be an expression of the culture of the organization

**Question 2: Which of the following are the strong points of SMEs in comparison to larger companies to increase the innovation potential? (Several correct answers)**

- Adaptability

- Management
- Small size
- R&D&I activity
- Business models

**Question 3: Which ones of the listed five values are not considered as promoting innovativeness in an organization?** *(Several correct answers)*

- Flexibility
- Autonomy
- Stability
- Empowerment
- Predictability

**Question 4: Which ones of the following describe open innovation?** *(Several correct answers)*

- External funding
- Involving users
- Risk of losing business idea
- Little involvement of the company
- Risk of loss of information

**Question 5: Which of the following are important for the governance for innovation?** *(Several correct answers)*

- Engagement of funding bodies
- Engagement of management
- Creating an innovation framework
- Creating a governance framework
- Creative behaviour

**Question 6: Which of the following are true?** *(Several correct answers)*

- Certain organizational structure promotes innovation
- SMEs are catalysts of economy
- Business model is not connected to company's structure
- Design Thinking models enable open innovation
- Innovation does not require strategy plans

**Correct answers:**

Question 1: 1

Question 2: 1 and 3

Question 3: 3 and 5

Question 4: 2 and 5

Question 5: 2, 3 and 5

Question 6: 2 and 4

## VI. Glossary

<p><b>Business model</b></p>	<p>A business model describes how a company creates value to the customer, encouraging customer purchases products and makes profit, and which methods and means are most suitable.</p> <p>BusinessDictionary.com (n.a.). Business Model. Accessed 14.12.2015 at <a href="http://www.businessdictionary.com/definition/organizational-structure.html">http://www.businessdictionary.com/definition/organizational-structure.html</a>, and Teece. D.J., (2010), "Business Models, Business Strategy and Innovation", in Long Range Planning 43 (2010) 172e194, Published by Elsevier Ltd.</p> <p><a href="http://www.businessmodelcommunity.com/fs/Root/8jq8-businessmodelsbusinessstrategy.pdf">http://www.businessmodelcommunity.com/fs/Root/8jq8-businessmodelsbusinessstrategy.pdf</a></p>
<p><b>Co-creation</b></p>	<p>Co-creation can be defined as the practice of collaborative product or service development with developers and stakeholders working together. Co-creation is a form of Open Innovation: ideas are shared, rather than kept to oneself. (Pater, 2009)</p> <p>Pater, M. (2009), Co-Creations' 5 Guiding Principles or...what is successful co-creation made of?, Fronteer Strategy, Amsterdam</p> <p><a href="http://www.thunderfactory.com/pdfs/Co%20creation%20principles%2011-09.pdf">http://www.thunderfactory.com/pdfs/Co%20creation%20principles%2011-09.pdf</a></p>
<p><b>Design Thinking</b></p>	<p>Design Thinking is based on a designers' thought processes, the work and how it can be applied to other sectors. This thinking style (the design approach) includes for example solution-orientation, holistic view to problems, risk taking and application of empathy.</p> <p>Cross, Nigel. (2011). Design Thinking: Understanding how designers think and work. Berg/Bloomsbury</p>
<p><b>Innovation climate</b></p>	<p>A climate (culture, environment etc.) open and enabling innovation.</p>
<p><b>Innovation governance</b></p>	<p>A structure and a system that aims to manage and govern innovation and all its parts (e.g. resources, goals, decision-making etc.) across the organization and extending to the organization's external parties.</p> <p>Hobcraft, P. and Phillips J, (2012). Innovation Excellence blog. Critical Structure, Process, Design and Governance are Always Needed. Available at <a href="http://www.innovationexcellence.com/blog/2012/09/12/critical-structure-process-design-and-governance-are-always-needed/">http://www.innovationexcellence.com/blog/2012/09/12/critical-structure-process-design-and-governance-are-always-needed/</a></p>
<p><b>Open innovation</b></p>	<p>The systematic encouragement and exploration of a wide range of internal and external sources for innovative opportunities. This includes the integration of exploration with firm capabilities and resources, and the exploitation of these opportunities through multiple channels (West &amp; Gallagher, 2006)</p> <p>West,J &amp; Gallagher,S. (2006), "Challenges of open innovation: the paradox of firm investment in open-source software", R&amp;D Management, Volume 36 Issue 3, pp. 319-331, June</p>
<p><b>Organizational structure</b></p>	<p>The organization structure is a framework of roles, responsibilities, authority and communication relationships that are deliberately designed to accomplish an organization's tasks and achieve its objectives. (Ottih 2008)</p> <p>Ottih, L.O. (2008). Modern Business: An Introduction. Port Harcourt: Pearl Publishers</p>
<p><b>Organizational culture</b></p>	<p>An organizational culture represents the collective values, beliefs and principles of organizational members and is a product of such factors as history, product, market, technology, strategy, type of employees, management style and national culture. Culture</p>

includes the organization's vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits. (Needle 2004)

Needle, D. (2004), *Business in Context: An Introduction to Business and its Environment*, ISBN 978 – 1861529923.

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