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PR and the Innovation Communication System

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PR and The Innovation Communication System

Public relations in innovation companies can strengthen brand value by communicating innovation processes and add value to innovation by developing narratives for new products and services in parallel with technological and business development.. The development of innovation communication and PR will benefit from the emergence of independent innovation journalism.

Some new concepts are introduced: Communicators and journalists can be seen as “attention workers”, driving the “innovation communication system”, a subset of the innovation system, focusing on the flows of communication and attention.

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1 Innovation = Brand Value

An innovation journalist I know wanted to research how one of the world’s largest innovation companies innovates. This company, like many of its competitors, has built innovation into its brand. They want to convey to the world that innovation is their core business, that they are a company that will create the next big thing.

Why? People have become so used to living with constant change that many of us want to buy from a company that can create good products tomorrow. Not long ago, many of us wanted to buy stuff from companies with long traditions. Those were the days when high-tech companies could market themselves on their long experience. But people are by now used to seeing giants disappear. Telecom giant AT&T vanished briefly, reappeared and is struggling. Computer pioneer and manufacturing giant Digital Equipment was acquired by PC giant Compaq, in its turn absorbed by another giant, HP, now enduring tough times. IBM, founder of the modern computer industry and inventor of much of the computer architecture, is doing well, but has had to abandon making computers and remake itself. Accounting giant Arthur Andersen vanished quickly after the tumultuous crash of energy giant Enron. Car giants GM and Ford are on a rocky road, their shares rated as junk bonds.

In the innovation economy, ‘credentials from the future’ are worth more than credentials from the past. Granted, brand value still needs to be built up over time, and the value needs to be accumulated, but we must increasingly convince our constituencies about our ability to innovate and succeed tomorrow to justify our value today.

It might have seemed easy for corporate PR to provide an innovation journalist with story material on how the company innovated. Not so. In fact, they did not even know whom to contact. “Do you want to speak to the CTO?”, they asked, “Or to business development?” The PR people did not understand enough about the company’s innovation processes to provide the story. They did not even understand what she wanted. The company’s innovation culture apparently did not include their professional communicators.

Innovation is a trendy word, but more than hype. It has become popular to link various forms of “innovation” to every company attribute. But until now, companies have not bothered much about communicating their innovation processes. I predict that this will change.

Sooner or later enough people will know enough about innovation. When that happens, just repeating the word will seem simple-minded. People will need arguments. PR needs to build real skills in selling the organization’s innovative skills. Innovative industry will need to make Innovation Communication¹ part of their culture.

Innovation journalism – journalism about innovation² - will be a helpful driver. Today, innovation is the prime driver of economic growth. People pay attention to what they think is important for them. The innovation economy determines their futures. So there is a huge potential market for news outlets that understand innovation and can translate it into stories and news angles that will engage readerships. The media market is a biotope, the principles of ecology apply; this potential will be realized. The only question is when.

Newsrooms are line organizations. The established newsbeats are the production lines, producing news stories in the “politics”, “business” or “technology” sections. Innovation may be covered in any such story. The only problem is that in order to get the full picture of the innovation story, it will have to take into consideration how politics AND business AND technology interact and shape each other. Innovation journalism is multidisciplinary from a traditional journalism point of view, and it will take some time to develop, although it is bound to happen.

Another argument for why PR belongs in an innovation culture: apart from capitalizing on innovation for brand equity, PR must master the art of selling the novel and unknown.

¹ Innovation Communication is a concept coined by researchers at the University of Hohenheim in Germany. Claudia Mast, Simone Huck and Ansgar Zerfass, “Innovation Communication – Outline of the Concept and Empirical Findings from Germany”, *Innovation Journalism* Vol.2 No.7 (2005), <http://www.innovationjournalism.org/archive/INJO-2-7.pdf> and references therein.

² D. Nordfors. “The Concept of Innovation Journalism and a Programme for Developing it”, *VINNOVA Information* VI 2003:5, Oct. 2003. Also published in *Innovation Journalism*, Vol. 1 No. 1, May 2004. <http://www.innovationjournalism.org/archive/INJO-1-1.pdf>

People buy things they know they want and think they know how to use. Selling established products and services is straightforward —pizzas, shampoo, haircuts. But an innovation introduces something new that has not existed before. If people don't know what to do with it or why they should want it, there will be no customers. PR must understand the innovation well enough to connect novelty to familiarity, conveying the vision of the innovation, making the customer understand what to do with it and why to want and need it.

Innovation needs forward-thinking PR, balancing risks and opportunities between today and tomorrow. Good PR generates positive attention that enables a company to reach goals but avoids generating expectations that can't be met. This applies, for example, to recruiting investors, strategic customers and partners, or preparing the market for future innovative products. It might be tempting to communicate large visions that generate a lot of positive attention, like politicians' promises. Severe punishment accompanies unmet expectations—unlike politics, the free market has general elections daily. PR must know enough about the innovation processes to make the correct assessments.

For a product on the market for a shorter time than its lifetime, each user will be a one time customer. Next time they buy something else. When innovation companies launch a product, they are already working on its sequel. So PR will be continuously occupied with innovations.

2 Some Basics

PR must first understand how innovation works. Without this, it will be difficult to develop good narratives.

2.1 Innovation is More Than Invention

Let's consider what "innovation" means. A survey we made in 2004³ indicated that a majority of Swedish news editors thought "innovation" was a synonym for "invention". Many people have the same mistaken notion. But "invention" is merely something new, while an "innovation" is *introducing* something new. This is a big difference, as most people who ever tried introducing something new in their surroundings will know.

"Introducing something new," the simplest definition of innovation, can be found in standard dictionaries. But in recent decades "innovation" has grown from an ordinary word to a paradigm. Many definitions are now reflecting the paradigm. They basically boil down to the dictionary version, with variation in focus and

³ D. Nordfors, D. Kreiss, Jan Sandred, "Introducing an Innovation Journalism Index: Benchmarking the Swedish Market", *Innovation Journalism*, Vol. 2 No. 5, May 2005.
<http://www.innovationjournalism.org/archive/INJO-2-5.pdf>

field of application. The following, by Curtis Carlson and William Wilmot at SRI, should appeal to PR and marketing people:

Innovation is the process of creating and delivering new customer value in the market place⁴

The essence of the innovation paradigm is nicely captured in the string of key words: Process – Creating – Delivering – New Value.

Going back to the roots, Joseph Schumpeter⁵ was first to define economic innovation in 1934. His definition, based on examples, is still relevant:

1. Bringing a new product to market;
2. Introducing a new method of production;
3. Initiating a new market;
4. Opening new sources of supply of raw materials or half-manufactured goods;
5. Creating a new organization of industry.

Much of this – especially the first two examples – is largely technology driven, and with all the development in technology today, it is relevant to talk about “technology innovation.” The OECD Oslo Manual from 1995⁶ is the recognized standard guideline on measuring technology innovation, sorted into products and processes, the first and second of Schumpeter’s innovation cases. Here is the OECD definition:

“Technological product and process (TPP) innovations comprise implemented technologically new products and processes and significant technological improvements in products and processes. A TPP innovation has been implemented if it has been introduced on the market (product innovation) or used within a production process (process innovation). TPP

⁴ C. Carlson and William W. Wilmot, “Innovation. The Five Disciplines for Creating What Customers Want” Crown Business (2006). <http://www.sri.com/about/innovation-book.html>

⁵ Schumpeter, J., “The Theory of Economic Development”, Harvard University Press, Cambridge, Mass., 1934. Schumpeter’s definition of Innovation in economy is (like in this paper) usually presented in a simplified form. Schumpeter’s exact definition is the following: 1) The introduction of a new good—that is one with which consumers are not yet familiar—or of a new quality of a good. 2) The introduction of a new method of production, which need by no means be founded upon a discovery scientifically new, and can also exist in a new way of handling a commodity commercially. 3) The opening of a new market, that is a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before. 4) The conquest of a new source of supply of raw materials or half-manufactured goods, again irrespective of whether this source already exists or whether it has first to be created. 5) The carrying out of the new organization of any industry, like the creation of a monopoly position (for example through trustification) or the breaking up of a monopoly position

⁶ OECD, “The Measurement of Scientific and Technological Activities. Proposed Guidelines for Collecting and Interpreting Technological Innovation Data. Oslo Manual”, 2nd edition, DSTI, OECD / European Commission Eurostat, Paris 31 Dec 1995.

innovations involve a series of scientific, technological, organisational, financial and commercial activities. The TPP innovating firm is one that has implemented technologically new or significantly technologically improved products or processes during the period under review.”

Though more complex, it still boils down to the process of creating and delivering new value.

Always Focus on the New Concept

An innovation may mean introducing a new technology, business model, distribution model, field of application or market. It is often a combination of them.

iPod is a good example. Everybody sees it as a major innovation. What is the innovation? Apple was not first to sell an MP3-player with a built-in hard disk. They were not first to sell music over the Internet. The innovation: Apple offered the first commercial end-to-end system offering both ease of use and intellectual-property protection.

Always think of innovation as the introduction of a new concept. Considering it as a piece of technology, a new business model or whatever may miss the bigger picture. The new concept that creates the new value is key. When trying to understand or analyze an innovation, start by pinpointing the value-bringing new concept.

2.2 Innovation Happens in Innovation Systems

Innovation is not spontaneous, and always involves more than one person. An innovation system⁷ is built up by the interaction between people, enterprises and institutions that are key to an innovative process. The flow of technology and information between the actors turn an idea into a process, product or service on the market. According to innovation-system theory, innovation and technology development are results of a complex set of relationships among actors in the system, which includes enterprises, universities and research institutes.

There is no consensus on the exact definition of an innovation system—the concept is still emerging. Innovation often flows from interaction among an ecology of actors; the term ‘innovation ecosystem’ may be used to emphasize this. For some, the expression ‘innovation ecosystem’ is a subset or synonym of ‘innovation system.’ Others separate between the expressions, using the expression “innovation system” to label a planned innovation environment and “innovation ecosystem” for an ecological innovation environment.

⁷ The concept of a 'system of innovation' was introduced in Lundvall B.-Å. (1985) 'Product innovation and user-producer interaction, industrial development', Research Series 31, Aalborg: Aalborg University Press.

2.3 Innovation is a Discipline

Innovation systems can produce innovations in different ways. Some are more efficient than others. A good innovation company needs to be systematic. There are methodologies for innovation, providing foundations for the innovation industry, including tech companies, venture capitalists and others.

But the process is not trivial. Carlson and Wilmot have identified five sub-disciplines that must all be mastered to be successful in innovation⁸. Failure in one leads to overall failure. They span from targeting customer needs to building the team that can create the new value fast.

3 The Innovation Communication System

Communication is key for innovation. An innovation is based on a vision. The vision needs to be communicated for anything to happen. Communication creates the mandate for working on realizing the vision, for example convincing top management or finding investors. Communication is needed to make the innovation system work coherently in transforming the vision into an innovation. The innovation needs to be communicated to the customers. Customer needs must be communicated to the innovators.

PR must develop in parallel with the R&D and business development; it is part of the innovation process. Successful innovation needs a good combination of technology, business model, marketing strategy and narrative. As innovation communication gets established inside a company and connects to the corporate innovation system, it should in due time become an integrated part of it.

It can be constructive to introduce the notion of an ‘innovation communication system’, a subset of the innovation system, focusing on the flows of communication and attention. Innovation is the introduction of something new, it won’t happen without attention. The streams of attention in the innovation ecosystem affect the power structures, the decisions, the output, and the competitiveness of the system.

3.1 Attention Workers

It can also be constructive to introduce the notion of ‘attention workers’, a subset of knowledge workers. They are key players in the innovation communication system; their main aim is to generate and trade attention, and their success is measured in the value of the attention they control.

⁸ C. Carlson and W. Wilmot: “Innovation. The Five Disciplines for Creating What Customers Want.” Crown Business 2006.

People working in the news industry, or in PR and marketing, may be seen as attention workers, among others. They are in the business of collecting and trading attention. They often trade with each other: PR trades with journalists – information for public attention. Part of the attention generated by journalists is sold to advertisers, purchasers of attention. They are in the business of purchasing attention and directing it to where it is transferred back to money, for example products or services.

Innovation communication and innovation journalism like a 'yin and yang' of the innovation communication system. They will reinforce each other, pumping attention and energy into the system, spreading around information.

Innovation industry links to society much more than traditional manufacturing. Innovation industries have larger interest in networking with universities and research institutes, and they usually have a broader range of issues they want to lobby governments about. In many democracies, politicians are sensitive to the independent news media, which have the power to set the discussion agenda. Independent innovation journalism creates an arena for issues concerning the innovation economy, as political journalism provides an arena for issues concerning the democratic rule of a country.

It is therefore in the interest of the innovation industry to promote the development of independent innovation journalism, and vice versa.

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