

Knowing a Winning Business Idea When You See One

by W. Chan Kim and Renée Mauborgne



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Knowing a Winning Business Idea

When You See One

Identifying which business ideas have real commercial potential is one of the most difficult challenges that executives face. Three tools – to determine utility, price, and business model – can help them invest wisely.

**by W. Chan Kim
and Renée Mauborgne**

IN 1998, MOTOROLA ROLLED OUT A PRODUCT that was supposed to redefine the world of mobile telephony. The Iridium, declared the company, would be the first mobile phone to provide uninterrupted wireless communication anywhere in the world, no matter what the terrain or country. It was a complete flop. In its rush to embrace a new technology, Motorola overlooked the product's many drawbacks: the phone was heavy, it needed a host of attachments, and it couldn't be used in a car or building – exactly where jet-setting global executives needed it most. At \$3,000, people couldn't see any compelling reason to switch from their \$150 cell phones.

As this tale illustrates, even the most admired companies can get innovation spectacularly wrong. Sometimes companies rush a new technology to market too soon or at the wrong price. At other times, they ignore the radical idea that another company uses to put them out of business. CNN's competitors, for example, first dismissed its offerings as "Chicken Noodle News."

It's not as if companies don't know what the challenges of innovation are. A new product has to offer customers exceptional utility at an attractive price, and the company must be able to deliver it at a tidy profit. But the uncertainties surrounding innovation are so great that even the most insightful managers have a hard time evaluating the commercial readiness and potential of new business ideas.

In this article, we offer a systematic approach to reducing the uncertainties of innovation. To understand what underpins the commercial success of a new idea, we've built up a database of more than 100 companies that have innovated successfully and repeatedly. We've also collected data on the companies whose products and services our innovators have displaced. (For more detail on our methodology, see the sidebar "Our Research on Innovation.") From that information, we created three analytic tools to help managers know a winning business idea when they see one—whatever the market space it occupies or creates. The first tool, "the buyer utility map," indicates the likelihood that customers will be attracted to the new idea. The second tool, "the price corridor of the mass," identifies what price will unlock the greatest number of customers. The third tool, "the business model guide," offers a framework for figuring out whether and how a company can profitably deliver the new idea at the targeted price.

Applying the tools, though, is not the end of the story. Many innovations have had to overcome adoption hurdles—strong resistance from stakeholders both inside and outside the company. While often overlooked in the planning process, adoption hurdles can make or break the commercial viability of even the most powerful innovative ideas. So we'll conclude by discussing how managers can head off those reactions. First, though, let's look at utility.

Creating Exceptional Utility

The managers at Motorola responsible for the Iridium fell into a very common trap: they reveled in the bells and whistles of their new technology. But successful innovators focus on the product's utility—that is, they try to identify where and how the new product or service will change the lives of its consumers. Such a difference in perspective is important because it means that how a product is developed becomes less a function of its tech-

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nical possibilities and more a function of its utility to customers.

The buyer utility map helps to get managers thinking from the right perspective. It outlines all the levers companies can pull to deliver utility to customers as well as the different experiences customers can have of a product or service. This lets managers identify the full range of utility propositions that a product or service can offer. Let's look at the map's dimensions in detail. (See the exhibit "The Buyer Utility Map.")

The six stages of the buyer experience cycle. A customer's experience can usually be broken down into a cycle of six distinct stages, running more or less sequentially from purchase to disposal. Each stage encompasses a wide variety of specific experiences. Purchasing, for example, includes the experience of browsing Amazon.com as well as the experience of pushing a shopping cart through Wal-Mart's aisles. (The sidebar "Uncovering the Buyer Experience Cycle" provides a set of questions that managers can ask to gauge the quality of the buyer's experience at each stage.)

The six utility levers. Cutting across the stages of the buyer's experience are what we call the levers of utility—the ways in which companies unlock utility for their customers. Most of the levers are obvious. Simplicity, fun and image, and environmental friendliness need little explanation. Nor does the idea that a product could reduce a customer's financial or physical risks. And a product or service offers convenience simply by being easy to obtain or use. The most commonly used lever—but perhaps the least obvious—is that of customer productivity. An innovation can increase customers' productivity by helping them do their thing faster, better, or in different ways. The financial information company Bloomberg, for example, makes traders more efficient by offering on-line analytics that quickly analyze and compare the raw information it delivers.

By locating a new product on one of the 36 spaces of the buyer utility map, managers can clearly see how the new idea creates a different utility proposition from existing products. In our experience, managers all too often focus on delivering more of the same utility at the same stage of the buyer's experience. That approach may be reasonable in emerging industries, where there's plenty of room for improving a company's current utility proposition. But in many existing industries, this approach is unlikely to produce market-shaping innovations. Let's look instead at how successful innovators have staked out new spaces on the map.

Using a new utility lever at the same stage. Many successful innovations create new expectations for a familiar experience. Starbucks, which has revolutionized the American office-worker's coffee break, is a case in point. Traditionally, people bought coffee in delis or fast-food chains—businesses that competed by offering customers

The Buyer Utility Map

By locating a new product on one of the 36 spaces shown here, managers can clearly see how the new idea creates a different utility proposition from existing products.

The Six Stages of the Buyer Experience Cycle

		Purchase	Delivery	Use	Supplements	Maintenance	Disposal
The Six Utility Levers	Customer productivity						
	Simplicity						
	Convenience						
	Risk						
	Fun and image						
	Environmental friendliness						

fast and cheap coffee. In terms of the map, those companies focused on delivering customer productivity in the purchasing experience. Starbucks, however, moved into a new space entirely. By establishing chic coffee bars that offer an exotic mix of brews, the company injected fun and cachet into the coffee-purchasing experience. As a result, middle class America has become coffee literate, and coffee bars have become American fixtures.

Using the same utility lever in a new stage. Companies can also innovate by extending a familiar utility to different parts of the customer's product or service experience. That's how Michael Dell changed the computer business. Computer manufacturers used to compete by offering faster computers with more features and software. In terms of the map, they offered customers more productivity in the use of the machines. Dell extended the same utility to the delivery experience. By bypassing

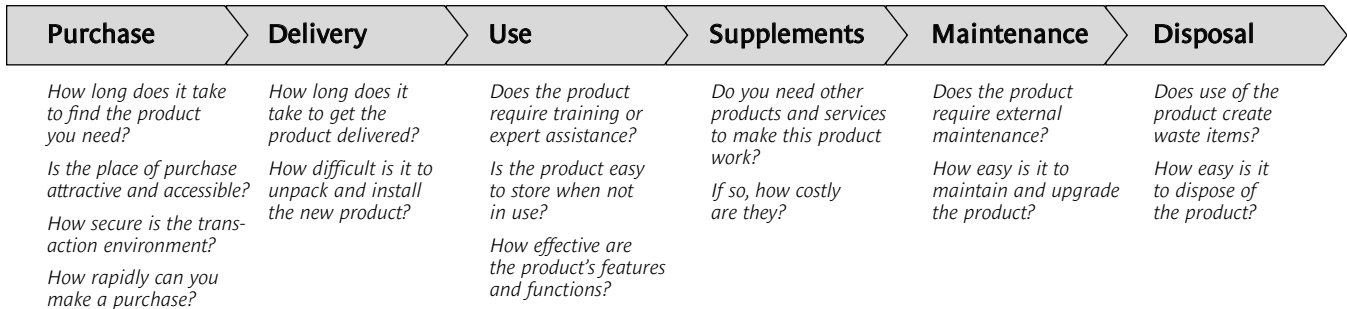
dealers, Dell delivers PCs tailored to customers' needs faster than any other computer manufacturer.

Using a new utility lever in a new stage. In some industries, the most rewarding innovations do something completely new. A good example of this kind of innovation is the Alto, a disposable fluorescent bulb manufactured by European electronics giant Philips. Most lightbulb manufacturers competed to offer customers more productivity in use; they did not pay much attention to the fact that the bulbs had to be carted off to special dumping sites because of their harmful mercury content. By creating a fluorescent bulb that could be disposed of in an environmentally friendly manner, Philips moved into and dominated a utility space largely ignored by its competitors. In the first year alone, the Alto poached more than 25% of traditional fluorescent lamp sales in the United States while enjoying superior margins.

Uncovering the Buyer Experience Cycle

A customer's product experience passes through six basic stages. To help companies assess the quality of a buyer's total experience, we have identified the key questions for each stage. Individually, these questions may be obvious, but taken together, they uncover the full picture of the experience cycle.

The Buyer Experience Cycle



Beyond highlighting the differences between ideas that are genuine innovations and those that are essentially revisions of existing offerings, the buyer utility map reminds executives just how many unexplored innovation possibilities there are. Even the most productive innovators end up occupying only a small number of the 36 utility spaces. (For an example of how one innovative company's business ideas look on the map, see the sidebar "How Schwab Created Exceptional Utility.") Think for a moment of your own industry. How many spaces does your company occupy?

Setting a Strategic Price

Offering exceptional utility alone doesn't make an innovation successful. You also have to set the right price. In the old days, that wasn't such an immediate issue. Companies could test the waters by targeting novelty-seeking, price-insensitive customers at the launch and then drop prices over time to attract mainstream buyers. But in the new economy, managers have to know from the start what price will quickly create a large pool of customers.

There are two reasons why it has become critical to reach a high volume very quickly. First, companies are discovering that in more and more businesses, volume generates higher returns than it used to. That's because these days, as the nature of goods becomes more knowledge intensive, companies bear much more of their costs in product development than in manufacturing. So once the development costs have been covered, sales fall straight to the bottom line. A second reason is that some companies have no choice but to seize the mass market early. The value to a customer of a product or service

such as the on-line auctions managed by eBay, for example, is closely tied to the total number of people using it. Customers who think hardly anyone else is using a product or service will not buy it either. As a result of this phenomenon, called network externalities, many products and services are an all-or-nothing proposition: either you sell millions at once or you sell nothing at all.

The price you choose for a product must not only attract customers in large numbers but also help you to retain them. We call this strategic pricing. Many innovations are extremely vulnerable to imitation. The Starbucks and Home Depot concepts, for example, are not ideas that can be protected by patents. For customers to remain loyal, they must be convinced that they will not find better value with an imitator. A company's reputation has to be earned on day one, because brand building

these days relies heavily on word-of-mouth recommendations spreading rapidly through our networked society. Companies, therefore, must start with an offer that customers just can't refuse. Our next tool, the price

corridor of the mass, will help managers find the right price for that irresistible offer – which, by the way, isn't necessarily the lowest price. The tool involves two distinct but interrelated steps. (See the exhibit "The Price Corridor of the Mass.")

Step 1: Identifying the price corridor of the mass.

In setting a price, all companies look first at the products and services that most closely resemble their idea in terms of form – that is, other products within their industries. That's still a necessary exercise, of course, but market-shaping innovations win by creating new customer pools, not by just increasing the share of an existing customer pool. So the main challenge in determining a

Market-shaping innovations win by creating new customer pools, not by increasing the share of an existing customer pool.

strategic price is understanding the price sensitivities of people who will be comparing the new product with a host of very different-looking products and services offered by companies outside the group of traditional competitors. For some companies, identifying a product's potential customers is straightforward. In pricing short-haul trips, for example, Southwest Airlines only had to look beyond other airlines' customers to people using buses, trains, and cars. Other companies, however, may not find the exercise so easy. A good way to get executives to look outside their industry's boundaries is to have them list products and services that fall into two categories: those that take different forms but perform the same function, and those that take different forms and functions but share the same over-arching objective.

Different form, same function. Many successful innovations attract customers from other industries who use a product or service that performs the same function or core utility as the new one but takes a very different physical form. Most people who use Intuit's financial software package Quicken, for example, buy it not because it is a software product but because it helps them sort out their personal finances. The alternatives to using Quicken are to use pencil and paper – a tedious and error-prone approach – or to pay for the costly services of a CPA. The CPA, the pencil, and the software product offer the same functionality or core utility – namely, they help people organize and understand their financial affairs.

Different form and function, same objective. Some innovations have lured customers from even further away. The European cinema chain Kinopolis, for example, has diverted customers from a wide range of evening activities. In Brussels, it expanded the number of moviegoers by more than 40% with its first Megaplex. This growth came in part through drawing people away from other activities that differed in both form and function. For example, bars and restaurants have few physical features in common with a cinema. What's more, restaurants and bars serve a distinct function. They provide conversational and gastronomical pleasure – a very dif-

How Schwab Created Exceptional Utility

One of the most innovative companies in our database is the discount broker Charles Schwab. Schwab's first innovation was to make customers feel safe about trading over the phone and later on-line. At a time when most discount brokers were competing on price, Schwab recognized that customers were actually more concerned about the safe execution of their trades. By providing instantaneous computer confirmation, Schwab eliminated that perceived risk.

Schwab then went on to make purchasing more convenient. Most discount brokers were only open during normal office hours – which was not when customers were free. Customers' problems were compounded by the fact that they had to transfer the funds for their stock trades from their banks, which had even more restrictive hours and much slower response times than brokers. Schwab offered 24-hour, seven-day-a-week service and a Schwab One cash management account with checking privileges and Visa Card, allowing customers to sidestep those inconveniences.

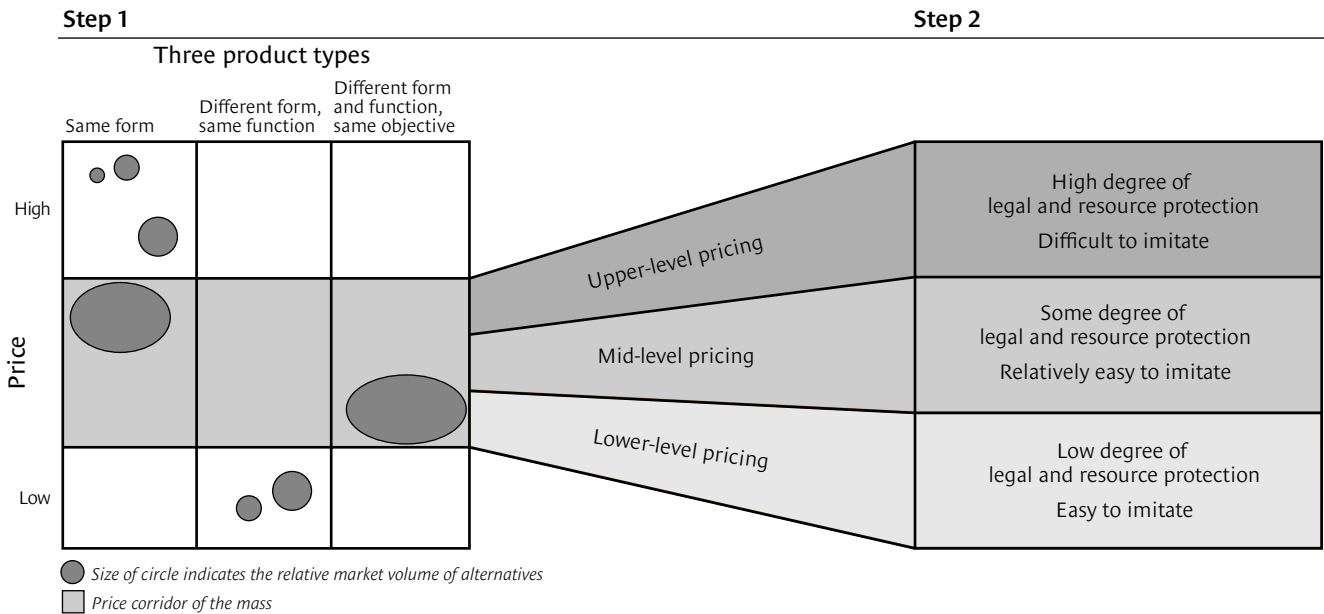
Schwab's next innovation came in the simplicity and maintenance space. It saw how complex it was for customers to track their mutual fund investments. Customers would typically receive statements of their mutual fund accounts from each fund company they dealt with. They would then be burdened with putting all the pieces together to see the bigger picture of their financial performance. Schwab launched OneSource, a service that gives customers a monthly consolidated statement of all mutual fund investments purchased through Schwab. Schwab has gone on to explore new utility spaces and has kept ahead of the pack. Whether or not Schwab will continue to lead rests on its ability to keep staking out new utility spaces before its competitors do.

The Six Stages of the Buyer Experience Cycle

	Purchase	Delivery	Use	Supplements	Maintenance	Disposal
Customer productivity						
Simplicity					OneSource	
Convenience	24/7 service Schwab One cash management account					
Risk	Secure transactions Instantaneous confirmations					
Fun and image						
Environmental friendliness						

The Price Corridor of the Mass

To find the right price for your new product, you must first identify the price corridor of the mass – that is, the price bandwidth that captures the largest groups of customers. Then, depending on how much legal and resource protection you have, determine how high a price you can set without inviting in competitors with imitation products.



ferent experience from the visual entertainment that cinema offers. Yet despite these differences in form and function, people go to a bar or restaurant for the same broad reason they go to the movies – to enjoy a night out.

The exercise of listing the groups of alternative products and services will allow managers to see the full range of customers they can poach from other industries as well as from direct competitors. Managers should then graphically plot the price and volume of these alternatives, as shown in the exhibit. This provides a fairly straightforward way to identify where the largest groups of potential customers are and what prices they are prepared to pay for the products and services they currently use. The price bandwidth that captures the largest groups of customers is what we call the price corridor of the mass. In some cases, the range is very wide. For Southwest Airlines, for example, the largest groups of potential customers were paying on average \$400 to buy an economy class short-haul ticket (short-haul being a 400-mile journey) or about \$60 for the cost of going the same distance by car.

Step 2: Specifying a level within the price corridor.

The second part of the tool helps managers determine how high a price they can afford to set within the corridor without inviting in competitors with imitation products. That assessment depends on the degree to which the product or service is protected legally through patents or copyrights and on the company’s ownership of some exclusive asset, such as an expensive production plant or

an established brand name. Obviously, companies that have no such protection must set a relatively low price. Going back to the Southwest Airlines example, because its service wasn’t patentable and required no exclusive assets, its ticket prices fell in the lower boundary of the corridor – namely, against the price of car travel. But some products are protected enough to merit a high price. Dyson Vacuum Cleaners, for example, has been able to charge a high unit price for its bagless cleaners since the product’s launch in 1995, thanks to both strong patents and an outstanding service capability. Few companies, however, are as insulated from competitors as Dyson is. Companies with uncertain patent and asset protection should consider pricing somewhere in the middle of the corridor.

Building a Profitable Business Model

Utility and price are only part of the story. At the end of the day, every company – dot-coms included – has to turn a profit. Successful innovators have lean and profitable business models from the outset. And a good business model is itself a powerful defense against imitation. The fact that CNN, for example, could produce 24 hours of news at one-fifth the hourly cost of network news fended off imitators for about 15 years.

There’s no magic formula for finding that kind of business model, but we have developed a systematic way of

thinking through the issues, which will help managers avoid some pitfalls. Our third tool, the business model guide, is a series of questions designed to open up the way managers think about production and distribution methods, their company’s capabilities, and a pricing structure for the product. (See the exhibit “The Business Model Guide.”)

What is the cost target? In our experience, companies have a hard time keeping down the costs of new products, and to compensate, they usually set prices far higher than would be strategically wise. Successful innovators, however, never let costs dictate price. By basing their cost targets on the market-driven strategic price and refusing to allow for overruns, they force their organizations to question virtually every assumption about materials, design, and manufacturing – often with surprising results.

The Swiss watch company Swatch is a case in point. At the start, founder Nicholas Hayek set a \$40 price target for watches and mandated that the company create a product that could hit a target profit margin at that price. Given the high cost of Swiss labor, Swatch could achieve Hayek’s goal only by making radical changes to the product and production methods. Instead of using the more traditional metal or leather, for example, Swatch used plastic. Swatch’s engineers also drastically simplified the design of the watch’s inner workings, reducing the

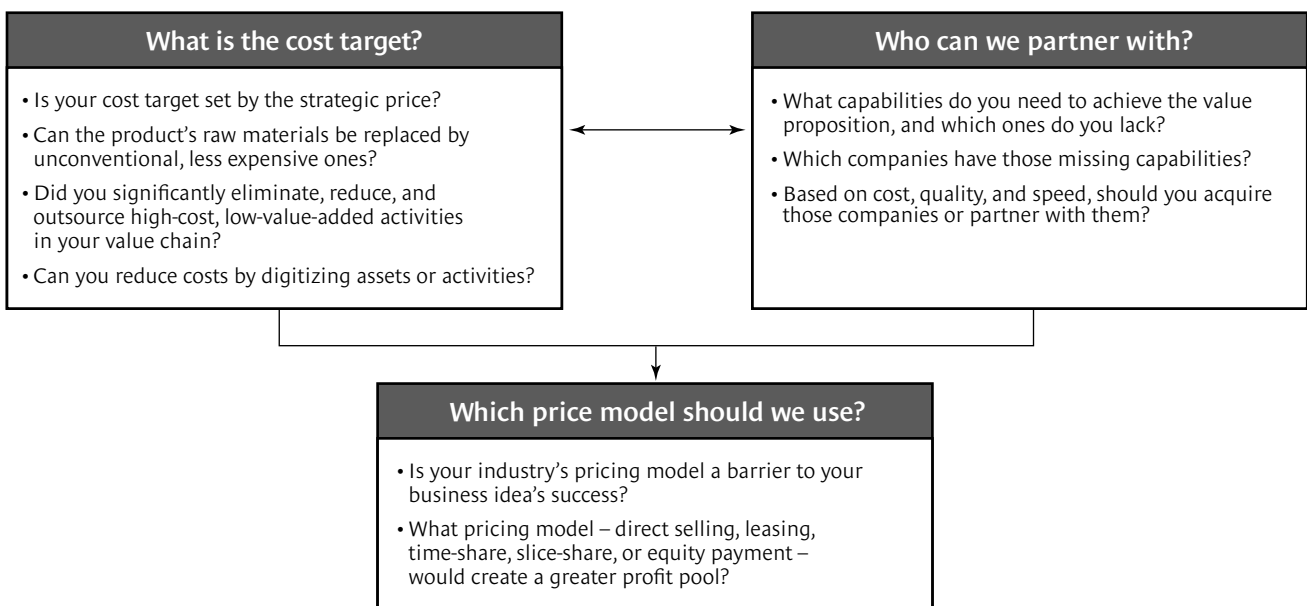
number of parts from 150 to 51. Finally, the engineers developed new and cheaper assembly techniques – for instance, the watchcases were sealed by ultrasonic welding instead of screws. Taken together, the design and manufacturing changes enabled Swatch to reduce direct labor costs from 30% to less than 10% of total costs. In the end, the total manufacturing costs of the Swatch were almost 30% less than those of competing products from Hong Kong. These cost innovations let the Swiss company profitably compete in the mass market for watches – a market previously dominated by Asian manufacturers with a cheaper labor pool.

Who can we partner with? In bringing a product to market, many innovators mistakenly try to carry out all the production and distribution activities themselves. Often, that’s because they see the product as a platform for developing new capabilities. But unless the product is extremely well protected against imitation, this approach can be a recipe for disaster; time works against the innovator in favor of the imitator.

Consider EMI, which developed the CAT scanner, a medical device that earned creator Godfrey Hounsfield the Nobel Prize. Despite having no experience in the medical industry and no presence to speak of in the United States, the largest and most demanding market for advanced medical equipment, EMI tried to build its own distribution capability there. Unfortunately, the CAT

The Business Model Guide

The questions “What is the cost target?” and “Who can we partner with?” are closely related. That’s because a company’s cost target will influence how it obtains the capabilities it needs, and the capabilities it needs will affect its ability to change its cost structure. Once costs and capabilities are optimized toward the cost target, which is driven by the strategic price, the company should challenge the industry’s standard pricing model to reach more customers and increase profitability.



scanner, although a medical breakthrough, was highly susceptible to imitation because its basic technologies were well established. Within three years, a host of CAT scanners manufactured by electronic giants like GE and Siemens were jostling for U.S. market share. The same year Hounsfield won his Nobel Prize, EMI had to sell its scanner unit to Thorn Electric.

Savvy innovators are increasingly eschewing organic growth and instead filling the gaps in their capabilities by partnering and acquiring. That allows them to move quickly and expertly. SAP, which rapidly grew to become the world leader in enterprise resource planning (ERP) software, had serious gaps both in its technology and in its distribution capabilities at its founding in 1972. Rather than cultivate capabilities internally, it acquired them. For example, SAP partnered with Oracle to gain access to the central database software that sits at the heart of SAP's core products R/2 and R/3. SAP also found partners to help it install and implement the product, namely consulting firms such as Arthur Andersen and Cap Gemini, which could leverage their strong networks among SAP's target customers. And it acquired companies such as German-based iXOS Software to gain access to UNIX expertise rapidly. SAP's willingness to look outside the company to fill missing capabilities is one reason it has remained a world leader in business application software. And its success in the future will depend on its ability to keep reaching out in this way.

Which price model should we use? Sometimes it seems that no amount of redesign or partnering will make it possible for a company to provide a product or service at the required strategic price. In such cases, it is very likely that managers have fallen into the trap of assuming too much about the way a product or service should be priced. When film videotapes first came out, for example, they were priced at around \$80. Few people were willing to pay that amount because no one expected to watch the video more than two or three times.

Successful innovators never assume that there's only one way to price a product. Blockbuster Video, for example, got around the cost-price problem in its industry by changing the pricing model from selling to renting. At only a few dollars a rental, the home video market exploded; Blockbuster made more money by repeatedly renting the same \$80 videos than it could have by selling them outright.

In addition to Blockbuster's rental model, innovators have used several other pricing models to bring expensive products within the reach of the mass market. One

Our Research on Innovation

More than a decade ago, we researched the roots of profitable growth and found that innovation is the key driver—a finding consistent with the New Growth Theory of economics spearheaded by Paul Romer at Stanford University. Since then, our research has focused on how companies actually make innovations happen. We began by building up a comprehensive database that tracks over 30 successful, innovative companies in as many different industries.

Over time, as the Internet took off and dot-com companies began proliferating, our database expanded to include more than 100 companies—some that have succeeded at innovation and some that have failed. We have interviewed hundreds of managers at these compa-

nies and systematically compared their successes and failures.

In our previous HBR articles, we have drawn on our research to describe how the innovations of successful companies have reshaped their industries or even created new ones (See "Value Innovation: The Strategic Logic of High Growth," January–February 1997, and "Creating New Market Space," January–February 1999). We have also described how companies can create a working environment to generate, share, and build new ideas and knowledge. In this article, we move from the industries and companies to the innovations themselves. And we introduce a set of analytic tools that managers can use to assess the commercial potential of any innovative idea.

is the time-share. The New Jersey company Executive Jet follows this model to make jets accessible to a wide range of corporate customers, who buy the right to use a jet for a certain amount of time rather than buying the jet itself. Another model is the slice-share; mutual fund managers, for instance, bring high-quality portfolio services—traditionally provided by private banks to the rich—to the small investor by selling a sliver of the portfolio rather than its whole. Some companies are abandoning the concept of price altogether. Instead, they give products to customers in return for an equity interest in the customer's business. Hewlett-Packard, for example, trades high-powered servers to Silicon Valley start-ups for a share of their revenues. The customers get immediate access to a key capability, and HP stands to earn a lot more than the price of the machine. The aim is not to compromise on the strategic price but to hit the target through a new price model.

Overcoming Adoption Hurdles

Even an outstanding value proposition and an unbeatable business model may not be enough to guarantee a product's success. Almost by definition, innovations threaten the status quo, and for that reason often provoke fear and resistance among a company's three main stakeholders—its employees, its business partners, and the general public. Would-be innovators ignore those reactions at their peril. As with most fears, the way to overcome a fear of innovation is by educating the fearful.

Employees. Failure to adequately address the concerns of employees about the impact an innovation may have on their livelihoods can be expensive. When Merrill Lynch's management, for example, announced plans to create an on-line brokerage service, its stock price fell by 14% as reports emerged of resistance and infighting within the company's large retail brokerage division. Smart innovators, therefore, make a concerted effort to communicate to employees that the company is aware of the threats an innovation poses before going public with it. They work with employees to find ways of defusing the threats so that everyone in the company wins, despite shifts in people's roles, responsibilities, and rewards. In contrast to Merrill Lynch, Morgan Stanley Dean Witter engaged employees in an open internal discussion of the company's strategy for meeting the challenge of the Internet. Morgan's efforts paid off handsomely. Because the market realized that Morgan's employees understood the need for an e-venture, the company's shares rose by 13% when it eventually announced the venture.

Business Partners. Potentially even more damaging than employee disaffection is the resistance of partners who fear that their revenue streams or market positions are threatened by a new idea. That was the problem faced by SAP when it was developing its product AcceleratedSAP (ASAP) – a faster-to-implement version of R/3. ASAP brought ERP within the reach of midsized and small companies for the first time. The problem was that the development of best-practice templates for ASAP required the active cooperation of large consulting firms that were deriving substantial income from implementations of SAP's other products. SAP resolved the dilemma by openly discussing the issues with its partners. Its executives convinced the consulting firms that they stood to gain more business by cooperating. Although ASAP would reduce implementation time for small and midsized companies, consultants would gain access to a new ERP client base that would more than compensate for some lost revenues from larger companies. It would also offer consultants a way to respond to customers' increasingly vocal concerns that ERP software took too long to implement.


The General Public. Opposition to an innovation can also spread to the general public – especially if the innovation is the result of a technological breakthrough that threatens established social or political norms. The effects can be devastating. Consider Monsanto, which makes genetically modified foods. It has become a figure of questionable intentions among European consumers – who should be customers – thanks to the efforts of environmental groups such as Greenpeace, Friends of the Earth, and the Soil Association. The attacks of these groups have struck many chords in Europe, which has a history of

environmental concern and powerful agricultural lobbies.

Monsanto's mistake was to let other people take charge of the debate. It should have educated both the environmental groups and the public on the benefits of genetically modified food and its potential to eliminate world famine and disease. Once the products came out, Monsanto should have given consumers a choice between organic and genetically modified foods by labeling which products had genetically modified seeds as their base. Had Monsanto taken these steps, instead of being vilified, it might have ended up as the "Intel Inside" of food for the future – the provider of the essential technology.

In educating these three groups of stakeholders, the key challenge is to engage in an open discussion about why the innovation is necessary, explain its merits, and set clear expectations of the innovation's ramifications and how the company will address them. Stakeholders need to know that their voices have been heard and that there will be no surprises. Companies that take the trouble to have such a dialogue with stakeholders will find that it amply repays the time and effort involved. (For a fuller discussion of how companies can engage stakeholders – employees in particular – see our article "Fair Process: Managing in the Knowledge Economy" in the July–August 1997 issue of HBR.)

Troubles like Motorola's Iridium and Monsanto's genetically modified foods give innovation a bad name. But when innovations do succeed they can create compelling new businesses and even whole new industries. AOL, for instance, did more than create an Internet portal; it virtually created the industry of Internet service providers. With all the uncertainties around innovation, it is perhaps unsurprising that many managers regard it as something of a lottery: you have to pay for a lot of mistakes to hit the jackpot. There's some truth in that view, of course. There will always be an element of chance – even magic – about innovation. No one has a crystal ball.

But we believe that the framework presented here strips much of the mystery away and brings innovation firmly into the realm of plannable business. If a new idea passes its evaluation by the tools introduced here, and if it is fairly communicated to stakeholders, managers can be confident that they have found a winner. But our framework does more than just evaluate individual new ideas. By revealing what makes a new idea a commercial success, it enables companies to develop a coherent strategy for becoming successful at business innovation. To put it another way, the tools help companies not only to recognize a winner when they see one but also to know where to start looking in the first place. 

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