

Innovation Transformation: A Guidebook for Small Business Development  
Inform, Expand, Deliver

BY

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# Innovation Transformation: A Guidebook for Small Business Development

Inform, Expand, Deliver

Ann K. Fitzgerald

## **Abstract**

Innovation Transformation Guidebook, ITG, is a collection of flash cards designed to help small businesses innovate by strategically improving their current offerings. ITG methodologies are inspired from research in an array of fields including design, entrepreneurship, education, psychology, and sociology. Consequently, ITG approaches innovation problems more accurately by simultaneously investigating the customer, market, and business itself. Innovation Transformation Guidebook should be used as an interactive platform with a small business team. ITG cards are grouped three categories: Inform, Expand, and Deliver. The flash cards contain prompts, questions, and diagrams meant for discussion and implementation. Small business owners using ITG should see increased revenue from the creation of new and/or relevant offerings directly tailored to their customers' needs.

**Keywords**

Innovation, Process, Small Business, Interaction Design, Grounded Theory, Lifestyle Branding, Developmental Action Inquiry, Psychology, Entrepreneurship, Business

**Purpose**

To create new models of innovation for small business owners, especially those who desire, but are not inclined to generate *outside the box* solutions. Silver-Gerald, LLC, an innovative shower chair company, illustrates how Innovation Transformation Guidebook can be used to maintain a vibrant perspective while transitioning to the next phase of their business.

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## **Innovation Transformation**

ITG is a series of flash cards designed to help owners understand the processes behind informing, expanding, and delivering novel solutions to innovation problems. ITG is divided into three sections: Inform, Expand, and Deliver. Within each section there are seven cards causing team members to ask who, what, when, where, why, and how, yet concurrently presenting solutions. The question and answer format is specifically designed to engage users of ITG, creating an interactive process that produces results. A multi-disciplinary team within a small business can use the ITG cards to learn how to connect with their customer in the creation, maintenance, add reevaluation of viable opportunities that leverage core competencies.

Throughout ITG, there are diagrams referencing needs, wants, and desires. Psychologist Abraham Maslow formally coined the iconic triangle in his book, *Motivation and Personality* (1954). The influence for Maslow's hierarchy relating to the price point of design is a motif throughout ITG. Primary illustrations are from Joseph Pine's *Design Economy* (Pine & Gilmore, 1999). Through his diagrams, Pine explains that a company who offers a unique experience that "transforms" an individual will be able to charge a higher price for addressing the "self actualizing stage" (Pine & Gilmore, 1999). ITG supports this concept but illustrates that the knowledge of the customer does not have to be obtained at a high price. Efficient field-testing provides the same intrinsic value, as long as the team is shown how to properly interpret the data.

ITG is compiled from seminal research in many schools of thought, as well as

dynamic individuals who have applied scholarly work to business practice.

Information Transformation Guidebook defines innovation through the processes of informing, expanding, and delivering, while communicating value through synergistic opportunities between companies and customers.

### **Inform**

Inform cards center on the research necessary before field-testing. They also focus on obtaining a mindset optimal for adapting and defining challenges, responsibilities, and awareness. Inform cards are meant to help the business owner prepare to connect with their customer, so that they may create an offering that truly meets a customer's needs.

Inform initiates two main subsections: Identify and Ideate. Identify is an introduction to collecting, participating, and applying the Innovation Transformation Guidebook. Ideate encompasses the next phases of informing: facilitation of goals, collaboration, and the marketing of diverse insights.

### **Expand**

Expand is the most interactive component of the ITG. At this point the small business team engages with customers to apply field-testing and looks for subtle points of clarity. Expand promotes methods designed to find out 'who' is your customer, 'what' is important to them, and 'why' they establish meaning behind their actions. With a fresh outlook, a small business owner will know 'how' to affect and respond to customers 'needs, wants, and desires'. Expand contains two subsections: Interact

and Improve. Interact sheds light on how to research consumers from a holistic perspective. Improve prompts questions that consider all possibilities of interpretation of data. Tools within this section allow participants to set up frameworks and use methods that connect patterns that might otherwise be latent.

## **Deliver**

Innovation Transformation Guidebook's final section is Deliver, a process designed to package desirable offerings that embody the motivations of customers. Like Inform and Expand, Deliver two subsections: Implement and Integrate. The first, Implement, illustrates how to package findings through marketing, business, lifestyle branding, and executing as a service. The second, Integrate, uses Silver-Gerald, LLC, as a case study that exemplifies how a small business should utilize each section. Integrate also establishes potential target markets, why one should expand, how a company innovates, when a company develops, where to find resources or consumer insight, and what offerings can develop through the innovation process.

## **Silver-Gerald**

Author of Innovation Transformation Guidebook, Ann K. Fitzgerald, is also co-owner of Silver-Gerald. Silver-Gerald's initial concept of integrating design research to create niche products took place ten months prior to the creation of the ITG. Using the same principles, ITG synergistically became a viable tool to help others perform similar research. Establishing that most of the methodologies are a continuous process, the organization of ITG is constructed so that growth continues but the methodologies recycle.



## Method

The method for the Innovation Transformation Guidebook is to discover ideas and needs of customers specific to a particular business. The processes are designed to increase brand equity through customer insight. To begin, gather a team and inform them that they are about to embark on an innovation quest. Read the *Purpose* card of every section so as to understand the concept as a whole. Beginning with *Identify*, sequentially read, discuss, and implement the ideas on each card. Document findings to reference, validate, teach, and apply. Re-read the cards and apply the content again to help at any phase.

The following chart illustrates the content in each section:

	Inform		Expand		Deliver	
	Identify	Ideate	Interact	Improve	Implement	Integrate with Silver-Gerald
Purpose	Directions Action Research	Collaborate Business Leadership	Holistic Evaluation Education	Scenarios Phenomenology (Philosophy/ Education)	Global Lifestyle Branding Marketing, Psychology	
Who:	Current Market Entrepreneurship	Goals Business, ROI	SWOT Business Consulting	Customer Opportunities Ecological Psychology	Customer Opportunities Ecological Psychology	
Why:	Wisdom = Transformation Customer Behavior	Customer Relevance = Greater Return Design Economics	Framework Efficiency Accounting / Legal	Customer Touch points Business Leadership	Global Lifestyle Marketing Entrepreneurship / Lifestyle Branding	

How:	Innovation Expansion	Globally	Process Cycle	Reevaluate Action Research	Feedback
	Education	Lifestyle Marketing	Ethno-science	Education	Cognitive Science
When:	Frame Challenge	Organize	Offering Cycle	Non-verbal Behavior	Formal Contract
	Market-Based Management	Communication	Psychology / Design Economics	Psychology	Business Consulting
Where:	Strategic Evaluation of Assets	Holistic Evaluation	Russian Activity Theory	Semantic Differentials	Business Plan
	Economics	Education	Developmental Psychology	Psychology, Connotative Measurement	Entrepreneurship
What:	Sensory Perception	Customer Opportunities	Research Methods	Interrogative Questions	Lifestyle Branding
	Psychology	Ecological Psychology / Design	Design	Grounded Theory	Marketing, Psychology, Sociology

Broadly, Innovation Transformation Guidebook is divided into three different categories: Inform, Expand, and Deliver.

Goals:	Providing:	Methodology:	Primarily pertaining to:
<b>Inform</b>	Knowledge	Grounded Theory, Ethnomethodology, MBM Management	Individuals, Companies, to facilitate in public domains

<b>Expand</b>	Resources	Action Research, Developmental Action Inquiry	Situations
<b>Deliver</b>	Value	Lifestyle Branding, Ecological Psychology, Business Leadership	Environments, Economics, Psychology of Customer Service

### **Inform Methodology**

Reading Inform first is important for those who successfully want to Deliver. Inform contains the objectives that are maintained throughout the guidebook. Inform is the foundation for learning how to be aware of your surroundings and to be open to change.

The following matrix details the overview of methodologies used in Inform:

Objectives to obtain from Inform	Responsibilities: For roles	Holistic Perspectives: To assess potential situations	Communicate: Universally, locally meaningful, and fearlessly communal
Concept Inspiration	<b>Market-Based Management</b>	<b>Grounded Theory</b> <b>Social Theory of Learning</b>	<b>Ethnomethodology</b>
Author, Publication	Charles Koch, <i>Science of Success</i>	Barney G. Glaser and Anselm L. Strauss, <i>The Discovery of Grounded Theory: Strategies for Qualitative Research</i>  Wenger, Etienne, <i>Communities of Practice: Learning, Meaning, and Identity</i>	Harold Garfinkel, <i>Studies in Ethnomethodology</i>
Quote defining practice	“Allowing people the freedom to pursue their own interests, within beneficial rules of just conduct, is the best and only suitable way to promote societal progress” (Koch, 2007, p. ix).	[Seek to discover theory] “generalized relations among . . . categories and their properties” (Glaser and Strauss, 1967, p. 35)  ... “informal ‘communities of practice’ that people form as they pursue shared enterprises over time. In order to give a social account of learning, the theory explores in a systematic way the intersection of issues of community, social practice, meaning, and identity. The result is a broad conceptual framework for thinking about learning as a process of social participation” (Wenger, 1998, p. 1).	“Ethnomethodology, (Garfinkle, 1967) and the closely related symbolic interactionism have in common that they both focus on common social interactions. Ethnomethodologists are language-oriented, and they usually employ mechanical recording devices to capture ‘accounts’ of everyday language” (Tesch, 1990, p. 22).

### Market-Based Management

Charles Koch, CEO of Koch Industries, and author of The Science of Success, discusses the company’s 2,000-fold growth from Market-Based Management.

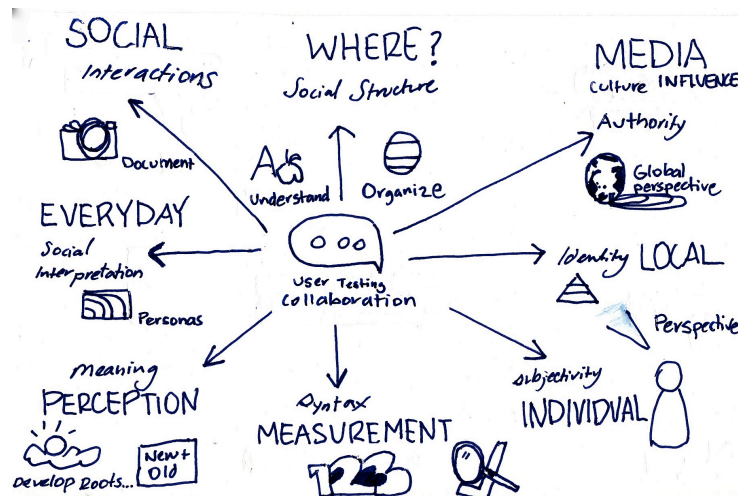
Market-Based Management, MBM, is a framework for applying the science of human action to business through reinforcing five dimensions: Vision, Virtue and Talents, Knowledge Process, Decision Rights, and Incentives (Koch, 2007). Dr. Leach, Manager of Talent Development at Koch Industries, explains first-hand how establishing frameworks as general guidelines, not as constrictions, helps in the achievement of the overall goal. Frameworks are efficient to direct as the motivation to excel becomes personal through incentives (D.R. Leach, personal communication, March 27, 2008).

### **Grounded Theory**

Grounded Theory is one of the most important factors for Informing, Expanding and Delivering. It is based on the work of Barney G. Glaser and Anselm Strauss. As a qualitative approach, Glaser and Strauss hone nebulous concepts to justifiable conclusions through a series of questions that find patterns in analysis through a four-step process. The four-steps include: codes, key points, concepts, and categories (Glaser and Strauss, 1967).

### **Communities of Practice**

Etienne Wenger's *Communities of Practice: Learning, Meaning, and Identity*, references a number of subjects and states that humans should be holistically analyzed in their environment (Wenger, 1998). Each point in the framework is justified by scholars who discuss how people interact to learn, establish meaning, and identify as an individual and member of a community. Below illustrates content matter:



## Ethnomethodology

Ethnomethodology is the study of how people make sense of the unique delivery of context within their present environment. The form of external situations influence how people interpret content (Garfinkle, 1967). "Ethnomethodology is to study how members of society, in the course of ongoing social interaction, make sense of 'indexical expressions'" (Garfinkle, 1967). "Indexicals are terms whose meanings are not universal, but are dependent upon the context" (Bailey, 1978, p. 249).

## Expand Methodology

Expand Methodology is the process of applying concepts from Inform to collaborate with teammates and potential and current customers. Expand processes are interactive in order to produce actual results. Expand also focuses on the testing of how to leverage skills, seek customers' needs, and points for improvement.

Objectives to obtain from Expand	Field-Testing	Evaluating at each point
Concept Roots	Action Research	Russian Activity Theory
Description	“Action research is explicitly geared toward improvement of unsatisfactory situations. Its main characteristic, however, is the involvement of ‘practitioners’ in research process that concern their own affairs . . . meant to overcome the passiveness of the research process turning research itself into a transformative activity” (Tesch, 1990, p. 66).	
Coined Author	Kurt Lewin	Lev Semyonovich Vygotsky

### **Action Research**

Action Research was first termed by M.I.T. Psychology Professor, Kurt Lewin, in 1944 (Wikipedia, 2008). It was first documented in 1946 with a paper he wrote called “Action Research and Minority Problems”, that notes the iterative process behind fact-finding (Lewin, 1946). Modern fact-finding researcher and Yale Ph.D. William Rockwell Tobert continues to gain accolades within the realm of business leadership by lecturing on “Developmental Action Inquiry”. Tobert coaches on how to motivate individuals, teams, and the public with the question “what I am doing” and “what are the effects I and my environment are having on one another” (Tobert, 2008). More information may be found on William Rockwell Tobert’s website: <http://www2.bc.edu/~torbert/>

### **Russian Activity Theory**

Researcher Lev Semyonovich Vygotsky developed the theory to identify how, at each point in an experience, a person establishes meaning to see if the actions needed to solve a situation were performed effectively (Kozulin, 1990). ITG applies this to business by causing team members to assess each step in order to find where waste can be eliminated. Russian Activity Theory breaks apart a task to see if the steps are necessary. As a Developmental Psychologist, Vygotsky also examined whether the actions of the user performing the task were subconscious and what outside influences affect how a user would perform (Kozulin). One who identifies and improves all aspects of the business will increase sales and customer satisfaction. Creating a sustainable business model to listen, apply, and instruct others to do the same can be fulfilled using this process.

### **Deliver Methodology**

Deliver is formed on the basis that team incentives are in place and customer knowledge has been obtained. Implement, the first subsection within Deliver, unites total improvements by advising how to package the new revision to target users through lifestyle branding.

Objectives to obtain from Deliver	Customer empathy	Design for your customer, account for local culture
Concept Roots	Lifestyle Branding	Ecological Psychology



Description	“You cannot be number two or number three. You need to be the top notch. And with Von Dutch and Ed Hardy, I proved that I can do that, two times. Three times with Christian Audigier. Today, I am the creator of the word marketing. What I did in fashion is revolutionary. Putting my stuff on celebrities and making a brand huge, nobody did that. That is my claim to fame.” (Audigier, 2008, para. 8)	“ . . . may be quantified by counting frequencies or making statistical comparisons, but the main goal... is to relate behaviors to the environment in which they occur. People 'behave' . . . in specific physical and social settings to which they react emotionally . . . ecological psychologist aim to discover the rules the influence of environmental settings” (Tesch, 1990, p. 65)
Coined Authors	Alfred Adler, Christian Audigier	J.J. Gibson

### **Lifestyle Branding**

Lifestyle was first coined by Alfred Adler, in 1929. As a medical doctor, Adler was one of the first individuals to speak out about inferiority complexes, noting that an individual in a family and in society needs social equality to prevent psychopathic behavior (Adler, 1956). Adler, who collaborated with Sigmund Freud, also studied personality theory that would later influence Abraham Maslow (Wikipedia, 2008). On a more recent trend, Christian Audigier, is exploding brand awareness internationally through the use of icons. His approach: have celebrities wear your clothing, get photographic/ video publicity, and sell their lifestyle to the general public (Audigier, 2007). With over 5,000 celebrities wearing his clothing, under such labels as Von Dutch, Ed Hardy, and Crystal Rock, Christian Audigier has gained global success in less than five years (Audigier, 2008).

### **Ecological Psychology**

Ecological Psychology attempts to understand the elements of the environment

against the capabilities of the individual (Gibson, 1979). Gibson coined the term 'affordances' stating that a natural environment, in which people are familiar, offers "action possibilities" that influence the way they interact (Gibson, 1977). Depending on the environment, people are more apt to behave certain ways.

## **Results**

Companies interested in innovation discover new procedures for communicating with their clients, thereby providing meaningful offerings. Innovation Transformation Guidebook provides processes designed to transform questions into tangible information by looking closely at the purpose of each aspect and the impact upon the whole.

Silver-Gerald, LLC, was able to elicit points of improvement that would otherwise not be known. Planning early, having the end in sight, and documenting findings to educate the whole team allows for the success of common goals. MBM dimensions provide a framework for facilitating team incentives. This application is extremely important as Silver-Gerald has limited funds. The team is mostly rewarded through intrinsic value and sweat equity. Appreciating each individual for their talents helped mold the team into an organization that can set and realize goals. Incentives also establish a platform on how to treat newcomers. Applying the methodology effectively, integrating empathy, and tactfully delivering solutions allowed Silver-Gerald to maximize knowledge for menial pay.

Innovation Transformation Guidebook stems from Silver-Gerald's initial success to develop a niche product, an innovative shower chair that leverages utility, design,

and lifestyle, by not associating the product with medical stigmas. The concept is derived from the University of Kansas Industrial Design Program “Methods in Design” class taught by holistic thinker and Interaction Design Chair, Professor Richard Branham. Branham facilitates methods concepts, enriching students to proactively learn and integrate strategies in real-life. The knowledge from his class served as a pivotal foundation for thinking and incorporating the end-user when designing Innovation Transformation Guidebook and starting Silver-Gerald.

### **Discussion**

Innovation Transformation guidebook is a reference to be used by small companies. The guidebook should be thought of as a tool. The participant must be responsive in completing the strategies in order to obtain their vision.

Inform consciously combines collections of thought that span across innovation from a business, design, and customer standpoint, to enlighten individuals on how to work as a team to excel. A business owner sincere about improvement must provide logic and incentives for employees to openly collaborate, renew their perspective, and add value to the company as a whole.

Skeptics of Expand and Deliver should not spend an enormous amount of money on the endeavor, but instill a trial run that will still enlighten and inspire their employees. As an owner, documenting the discovery process provides skills to enhance your employees’ awareness. Employees must be knowledgeable on the subject matter in order to be productive as autonomous individuals. Investing in your employees intrinsically serves to increase retention rate.

Innovation Transformation Guidebook is not meant to be the complete answer to innovation, business, or design leadership. ITG suggests ways to connect latent, tacit, and explicit information (Shahanna Dattagupta, personal communication, June 25, 2007). It is up to the team to find those points of references and create meaning to their context that would otherwise be overlooked.

### **Silver-Gerald**

As author of the ITG and co-owner of Silver-Gerald, there are definitely points of overlap and oversight without a thorough analysis of more than one case study. Simultaneously, the research is almost exclusively qualitative, without definite numerical reliability. Therefore, the achievement of ITG and Silver-Gerald, LLC is to continue to develop goals in an interactive process by informing, expanding, and delivering, until there is a long numerical history to validate the enterprise.

### **Collectively**

The motivation, perseverance, and incentives behind the Innovation Transformation Guidebook and Silver-Gerald would not be possible alone, but through the shared vision directly/ indirectly influenced by Silver-Gerald teammates, professors, mentors, and family. As a platform for business, framework efficiency, and output in general, the Innovation Transformation Guidebook as well as the Silver-Gerald case study serves as a model for passionate business owners who persistently want to excel.

## **Conclusion**

Innovation Transformation Guidebook illustrates simple lessons through flash cards rooted in seminal research. Each card highlights the main principles in each objective, while being non-industry specific. ITG stimulates business owners to holistically investigate their customers as well as invigorate their employees, through a clear and easy presentation of research in a variety of fields.

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