Innovation has become a bit of a buzzword lately. Everyone seems to be talking about it, but what does it really mean, and how can it help us improve the services we provide to benefit plan members?

When we ask about the greatest innovations of the last 100 years, we often hear responses like the internet or the smartphone. In the retirement business, people point to Social Security, or Old Age Security in Canada, as examples of innovation. These are great examples. Let’s look at why.

To understand what innovation is, it’s important to first understand what it isn’t. Innovation is not:

- The latest shiny object. Our consumer culture draws us to the latest gadgets, but innovation is more than that. Gadgets and shiny objects are only innovative if we have a use for them.
- All about ideas. We can have a long list of ideas but, until we do something with them, they are not innovative.
- Just about technology. The terms innovation and technology are often used synonymously, but some of the greatest innovations didn’t involve technology. Social Security and Old Age Security were not technology solutions, but they were innovative.
- Only for start-ups. Start-ups are innovative, but so are a lot of big companies. Many established companies have learned that the secret to success is thinking and acting like a start-up.
- Someone else’s job. Many large companies have innovation labs but, in truly innovative organizations, the labs are responsible for cultivating an innovation mind-set throughout the company.
- Expensive. If done well, innovation will save money by avoiding the development of services that plan members don’t want.

So, if innovation isn’t any of these things, what is it? Innovation is about solving problems—real problems—for real people. Looking at the earlier examples, Social Security and Old Age Security solved the problem of lack of economic security for older citizens as North America shifted from a rural agricultural society to an urban industrial society. Interestingly, the internet and the smartphone solved problems we didn’t know we had—difficulty accessing information and slow, inefficient communication.

Innovation is a mind-set. It’s also a repeatable process. We can apply innovation practices in our day-to-day jobs to better serve the members of our benefit and retirement plans.

Traditionally, when faced with a business problem, we would put a project team together and plan our solution based on what we thought was needed. We would then take months, or even years, to implement the solution. Following implementation, we’d sometimes end up scratching our heads and wondering why we didn’t get the engagement we expected.

The innovation process avoids this by taking a customer-first approach to development. Using elements of human-centered design and agile delivery, we can put solutions in plan members’ hands more quickly and get feedback that we can use to continually improve the offering.

There are two main phases in the innovation process: discovery and delivery.

**Discovery**

The discovery phase starts with understanding the problem we are trying to solve from the perspective of our customer—the plan member. It involves mapping out the current experience. Products and services are either pain relievers or gain creators. What are the pain points plan members experience? What gains are they looking to achieve?

This exercise helps to reframe the problem with the customer in mind. Armed with this information, we can start to ideate on solutions. In the ideation stage, the goal is to generate as many ideas as possible. Avoid getting into too much detail. The focus at this point is quantity over quality.
Once we have zeroed in on a solution that we think will solve the problem, the next step is to develop a prototype that will let us get feedback from the customer. The word *prototype* can be intimidating, but a prototype can be as simple as a paper-and-pencil drawing of the proposed solution. Customer feedback is critical to the innovation process. It can validate or help to refine the solution, but it can also send us back to the drawing board if the customer doesn’t perceive value in what they see. Better to learn this early than months down the road, when it’s more difficult to justify shutting down the project because of the effort and cost that has been put in.

We may need several rounds of prototyping and customer feedback before we’re ready to move into delivery.

**Delivery**

Customer feedback continues to be critical when we move into delivery. In delivery, the build-measure-learn loop means we build something, measure the results and learn from it. Instead of building the full solution before getting customer feedback, we identify and build the smallest useful increment of our solution. This is called a *minimum viable product* (MVP).

The simplest example of MVP is a cake. If we own a bakery and a customer asks us to build a wedding cake but wants to taste it first, it wouldn’t make sense to make a lavish three-tier cake. Instead, we could build an MVP—a cupcake with the same flavor, filling, frosting and decoration. This lets us pivot based on feedback from the customer before incurring the cost and effort of making the whole cake.

In the same way, think of how an MVP would work with a financial education program. Instead of building a full library of material, we deliver just enough content to attract early adopters. Then we build in a feedback loop that will tell us what users like and what they want to see next. This feedback will drive future development.

This type of iterative development reduces the risk and cost of building solutions no one wants. It will let us delight plan members with useful solutions that solve their problems. That’s innovation!