



## **OPEN SOURCING AND PRODUCT INNOVATION**

**By Marc Aneed  
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All opinions and observations expressed in this paper are the author's and do not necessarily represent MMC's position.

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This abstract will focus on the product innovation within the open source movement, as facilitated by social media. For innumerable business, across industries, using open sourcing to facilitate product improvement has an amazing upside in getting exponentially more people to help “build a better mousetrap.” Whether by using the contributions of end consumers or by consulting with inventors and leading thinkers across the globe, businesses have more promise than ever to create inventions that will push the innovation envelope forward.

Writers and companies tout the virtues of open sourcing, while the academic environment is actively generating knowledge content. The question at hand becomes not whether open source innovation can work, but how best to implement and manage it. Richard Watson, from *Fast Company*, argues [convincingly](#) that online innovation creation is more powerful than the traditional model, showcasing [Procter & Gamble's](#) leading efforts to invite collaboration from across the globe. The company has invited collaborators with truly open arms. Karim Lakhani, a professor at HBS, in an [interview with Working Knowledge](#), discusses how outsiders can re-conceptualize a problem that insiders had not been able to solve, being too mired in the problem. More thoroughly, [Chan and Lee](#) have identified important dimensions of “user collaboration innovation communities,” that will challenge organizations to become active, highly engaged managers of the open source development process. Importantly, they bring to light the challenges from an organization's standpoint regarding intellectual property rights, project management coordination, customer/consumer relationships, and even profit sharing with collaborators. David (2006) provides important insight from the software development model, that often it is a core group of contributors that truly adds value to the process, who may be able to attract other active users. The implication is clear for businesses – as the open source movement explodes, the challenge to find value-adding contributors, and to leverage their expertise, will need as much attention as Drucker brought to birthing modern day management.

Fortunately, the managerial insight is growing rapidly. Witzel suggests the analysis of one's value chain, much in the same form as Chan and Lee, to understand the multiple entry points for open source input. Gadman and Cooper (2005) bring perspective to a matrix of options, based on the level of environmental complexity at an organization, balanced against the level of need for knowledge creation. Leadership and organizational design, they suggest, will be dependent on the interaction between complexity and need for knowledge creation, such that some companies will persist in a tightly-managed MBO culture, while others will apply a “boundary-less” approach. Ulhoi agrees and discusses the need for hybridizing private agency (old world, closed source) with collective agency (new world, open source). This research delves into sociological theories, legacies of old-world thinking (e.g. the urgency for internal patents), and classical theories of innovation. It is refreshing work that brings confidence to the reality of managing new innovation – taking the best of both agency models to construct strong managerial leadership that aptly enables enthusiastic open source collaboration. Finally, Chesbrough adds helpful metrics to the discussion, asking questions like “what percent of sales is coming from

externally licensed technologies,” to move organizations to embrace open source without being blind to the impact.

As complex as this social media’s impact on innovation becomes, it is helpful and encouraging to recognize that a management reinvention is not entirely necessary. With thoughtful learning, and certainly some experimentation, product development should reach new heights without leaving chaos in its path.

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