Values-Based Innovation Management

Innovating by What We Care About

Henning Breuer
Florian Lüdeke-Freund

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‘Fresh thinking! This book brings the idea of shared and co-created value to a new level: the innovation perspective.’

– **Prof. Dr. Frank Piller**, *Professor of Management and Scholar of Mass Customization and Open Innovation, RWTH Aachen University, Germany*

‘“Innovation” is widely touted as a solution to our social, political and economic challenges. But what should this innovation look like and which values should unpin and engage employees, corporations and society in their pursuit of innovation? Breuer & Lüdeke-Freund make an important contribution by asking us to consider what we care about and showing practicing managers how values can be used as the driving force for successful innovation management.’

– **Dr. Steffen Conn**, *Operations Director, ISPIM – The International Society for Professional Innovation Management*

‘The values-based view on innovation offers a new, intriguing perspective on innovation management which links well to recent sustainable entrepreneurship and corporate sustainability developments. This book takes up important key messages of stakeholder theory and the fact that modern societies and economies pursue multiple goals beyond conventional mono-focused profit maximization. Considering the influence of values such as humanity, self-enhancement and planetary survival shows that entrepreneurs and business organisations can have – and do pursue – manifold goals in their environmental and social innovations and business models.’

– **Prof. Dr. Stefan Schaltegger**, *Centre for Sustainability Management (CSM), Leuphana University, Germany*

‘This book is important. It explores in depth the hugely neglected topic of the ways in which normative values are crucial in shaping business model innovation, and does so with meticulous care and attention to detail. More than just an analysis, this book offers practical insights and methods for managers and entrepreneurs to unpack the potential of values to guide the structure and strategy of business. It is a rallying call to the passionate; truly a chance to celebrate innovating by what we care about.’

– **Prof. Dr. Peter Wells**, *Professor of Business and Sustainability, Cardiff Business School, UK*

‘The values-based view on innovation advocated in this book offers a new perspective on how to understand, assess and manage business innovation. It makes an important contribution to a normative turn towards innovating by what is really worth caring about. It’s a must-read for students, lecturers and professionals interested in business management and ethics.’

– **Prof. Dr. Abraham Olivier**, *Head of the Department of Philosophy at the University of Fort Hare, South Africa*

‘So much literature in innovation concerns the creation of financial value. In this book, Breuer and Lüdeke-Freund offer a fresh view that broadens the notion of values and their role in innovation. This thought-provoking book challenges conventional wisdom about the nature and ultimate purpose of innovation in the modern business context. Well-chosen case spotlights illustrate concepts and show how leading companies integrate pro-social and pro-environmental values into their strategies. In a world where customers and stakeholders are expecting more of companies, this is a timely and much-needed volume.’

– **Prof. Dr. Michael Russo**, *Lundquist Professor of Sustainable Management, Center for Sustainable Business Practices, Lundquist Center for Entrepreneurship, Oregon, USA*

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Dedicated to our kids: Jun, Janne & Nieke

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Preface

SYNOPSIS

Every human and every company holds values, but these values remain widely untapped as sources of and drivers for innovation. This book takes a values-based view on innovation and its management. It demonstrates the potential of values to integrate diverse stakeholders into innovation processes, to direct collaborative efforts, and to generate innovations that matter – innovations that cater to what we really care about.

Historical and current case studies demonstrate how innovation in processes, products, services, business models, and even in whole organisations and networks may be driven and guided by notions of the desirable. Sustainability-orientation and social responsibility, but also values of privacy, safety, equity, or tolerance, qualify as relevant drivers and guidance for innovation within and across organisations. By reframing future scenarios, ethnographic research, and business modelling techniques, powerful methods are described to realise ideals by the means of business.

WHO SHOULD READ THIS BOOK

This publication has been written for advanced students, academic researchers and lecturers, reflective professionals, entrepreneurs, innovation managers, and consultants. It should be most relevant to ecologically aware and socially responsible practitioners and business students in the fields of innovation management, management studies, corporate social responsibility (CSR), business psychology, and entrepreneurship.

Advanced students in management studies, business psychology, and entrepreneurship are offered a comprehensive and up-to-date compendium of innovation management theory and methods. Cases from recent innovation projects render tangible insights and show the potential and limitations of different innovation methods within real projects. For basic courses in innovation management, this book serves as a supplementary reading in addition to major innovation and management textbooks; for example, by Goffin and Mitchell (2016) and Westland (2016). The values-based innovation framework builds on publications from fields such as stakeholder theory, sustainable entrepreneurship and management, or sustainable business models.

Academic researchers and lecturers will learn about a new, values-based perspective that can be integrated with their particular fields of research and teaching. This book offers an easily accessible and consistent framework for the whole field of innovation management and beyond, without compromising its inherent complexity and theoretical roots.

Professional innovation managers and entrepreneurs will discover values as a source of innovation as well as viable methods to align personal, organisational, and societal values within and beyond their daily work. Reflective practitioners, e.g. in CSR or in research and development, will be enabled to analyse their own practice from a values-based view. They will also learn to identify opportunities for innovation based on a 'normative turn' in innovation management. A brief review of innovation management literature and works on innovation maturity provided throughout the book allows companies to find their positions within the innovation landscape. This book also provides initial measures to be used to clarify and utilise readers' own normative orientations and to anticipate alternative future trajectories for their endeavours.

A physical, card-based facilitation tool called 'Business Innovation Kit', that integrates principles of values-based innovation, is available in English, Spanish, German, and Polish. The toolkit has been developed independently from this book and is available as a stand-alone tool for educational and business purposes. The values-based innovation framework presented in this book can be used as an additional source to prepare projects with the Business Innovation Kit. A basic version of the tool can be downloaded from a page linked to the companion website, at he.palgrave.com/companion/breuer-values-based-innovation-management; the full printed version of the Business Innovation Kit can be ordered online.[1] This toolkit provides hands-on exercises demonstrating how the values-based view can be applied to the ideation and exploration of new business models. It has been used in more than one hundred projects across the globe to facilitate business modelling workshops in educational and professional settings.

WHAT YOU CAN LEARN FROM THIS BOOK

The values-based innovation framework will be useful for a broad range of educational, research, and practice purposes:

- Innovation management scholars will understand that values have an impact on innovation in processes, products, services, business models and networks.
- The values-based innovation framework offers an alternative perspective on sources and drivers of innovation in business organisations, whole industries, or even nation states. It can help in framing research on both traditional as well as hybrid organisations such as non-profit organisations or social enterprises.

- Researchers in stakeholder or sustainability management will find a reference work that offers alternative explanations for stakeholder- and sustainability-oriented entrepreneurship and management. The values-based innovation framework exceeds purely instrumental or utilitarian explanations.
- Business practitioners and consultants will be motivated to explore new markets and discover values-based (e.g. sustainability-oriented) business opportunities. They will understand how to apply a consistent values-based view to their projects, to interpret business cases, and to design and manage innovation with a particular focus on their stakeholders' values.
- Entrepreneurs will learn how to renew their business by focusing on essential values and normative orientations. They may learn how business and innovation activities can be seen as values-based and values-laden, irrespective of whether or not these values have been explicitly articulated.
- The innovation methods and insights from case studies presented in this book can be applied to new innovation challenges and opportunities ahead.

HOW TO READ THIS BOOK

Every chapter, apart from the introduction and the epilogue, begins with a brief chapter summary of the details that are presented and discussed in the following sub-sections. In every chapter, text boxes feature case studies that illustrate selected framework aspects and practical approaches to values-based innovation.

Part I			**Part II**			**Part III**	**Epilogue**
Chapter 1 Introduction	Chapter 2 Summary	Chapter 3 Summary	Chapter 4 Summary	Chapter 5 Summary	Chapter 6 Summary	Chapter 7 Summary	Epilogue
	Chapter 2 Detail	Chapter 3 Detail	Chapter 4 Detail	Chapter 5 Detail	Chapter 6 Detail	Chapter 7 Detail	

The companion website (he.palgrave.com/companion/breuer-values-based-innovation-management) provides additional materials:

- Slide decks for lecturers and students.
- A list of further reading and online resources.
- A link to a download version of the Business Innovation Kit.
- Additional information about the presented case studies.

LIST OF CASE STUDIES

Several case studies of values-based innovation are presented and discussed throughout this book. Selected entrepreneurs and business organisations, their particular values, normative orientations, and innovation activities are used to illustrate the propositions of the values-based innovation framework.

These cases can be used for teaching purposes, to stimulate classroom discussion, but also to motivate entrepreneurs, innovation managers, and consultants to explore their own potential for values-based innovation. The following cases (in alphabetical order) are presented in this book:

▪ Airbnb, USA	p. 128
▪ Aravind, India	p. 73, 145, 198
▪ BP, UK	p. 157
▪ BP Solar, UK	p. 140
▪ Braigo Labs, USA	p. 99
▪ Cloud storage provider, USA	p. 189
▪ Corning, USA	p. 8
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Part I

The values-based view on innovation

Every human and every company holds values, but these remain widely untapped as sources and drivers for innovation. Instead entrepreneurs and innovators keep asking: What is the NEXT BIG THING out there? Working in innovation consulting and management research, we got used to this question. We read about it on tech blogs and listened to heated discussions about its arrival. Spotting everything from weak signals to megatrends and strong noise, swarms of trend scouts are hunting it at every year's trade shows. Corporate leaders and foresight experts from Europe take all-inclusive guided tours through Silicon Valley and engage technology scouts to look for the next big thing in hot spots like Japan, Singapore, or South Korea. Creative brains assemble influencing factors and speculate far into the future, but the real next big thing regularly remains out of sight. Some candidates are being drawn from seeds inside incubators. Others are staged on casting shows until seed investors and other investors jump on board. They want to see rapid growth, and entrepreneurs are always prepared for rapid pivots. However, most of these coalitions end up disappointed once their babies start looking like a little Godzilla.

What else can they do? The basic proposition of this book is that we should manage innovation based on what we care about. Instead of getting lost in the search for the next big thing, focus on what already matters. This is good news.

- Good news for those running a company: Research indicates that working with values pays off and increases chances to succeed in innovation.
- Good news if you are a student or practitioner engaging in innovation and entrepreneurship: The next big thing is probably yours! Only you might be capable of bringing it to life, as it is based on your unique experience and ideals.

1

Innovation and its management based on values and normative orientations

SUMMARY

- Currently, innovation projects in processes, products, services, and business-models are often missing direction.
- Innovation and its management benefit from being interpreted and designed from a values-based point of view.
- Values, i.e. notions of the desirable, held by individuals or a social group provide a basis for inspiring, directing, and evaluating innovation.
- Every company pursues values and normative orientations. Some are made explicit in mission, vision, or purpose statements; some are implicitly effective.
- The values-based view on innovation and its management brings notions of the desirable from the periphery to the heart of corporate value creation and renewal.
- Values and normative orientations can and should be used to drive and guide innovation.

Organisations must work economically and most companies are required to make profits. However, this is never all they do. Every organisation and every employee pursues a variety of values. Values abound in type and scope. Economic value is only one kind of value to be achieved, but there are always other values involved. These values may take the form of either means or ends. Some values can be considered as means needed to effectively run a company (e.g. quality and reliability for a car manufacturer, or accuracy and responsiveness for a news company). Some companies strive for overarching, ambitious concepts such as sustainability, security, health, or justice, and others focus on process efficiency and cost reduction at any price. Some business leaders and entrepreneurs promote lifestyles based on values such as comfort, fun, independence, or self-enhancement, whereas others fight pressing problems such as poverty or diseases. Those companies that actively cultivate their values tend to be the ones most successful in economic terms, and leading in terms of innovation.[2]

While some values are made explicit, others remain implicit in corporate practices and their outcomes. For example, brand values are created to communicate and differentiate the identity of offerers and offers – but as a means of communication and strategy they rarely have a deep impact on innovation. Human resources departments formulate values to facilitate the alignment of employees and organisational values, and to increase motivation and effectiveness alike. Increasingly, organisational value commitments are managed professionally and communicated in sustainability reports (i.e. a second line of reporting in addition to financial reports established in the late 1980s). Many companies have introduced new positions and departments to manage corporate social responsibility (CSR) and sustainability issues, but even these activities rarely develop meaningful relations with innovation management.

In this book, we argue that the implicit and explicit values and normative orientations that exist within business organisations and their environment may and should be used to drive innovation. We describe cases of how this has been done in the past and we present a values-based innovation framework and methods for how it can be done on a regular basis in the future. To do so, we will consider different values across all levels of the organisation. We will address individual, economic, and societal values, as well as values regarding practices and outcomes. We will discuss customer values and corporate values, the unspoken rules of decision-making, and the formal value statements issued by an increasing number of companies since the 1990s.[3] We will theoretically differentiate and elaborate upon different kinds of values and their impact on innovation and innovation management. When such values are codified, obligatory, and reinforced through management measures, we refer to them as *normative statements and orientations*. Corporate vision, mission, and purpose statements are typical examples. Companies like IBM showcase how a participatory review and a redefinition of corporate values may boost and direct innovation.

1.1 BEYOND STRATEGY: NEW DIRECTIONS AND FIELDS OF ENGAGEMENT

This book develops the values-based view on innovation. It assumes a normative turn in customer and labour markets as well as in innovation management, which implies a reframing of management frameworks and methods based on a review and codification of values. The values-based view focuses on notions of the desirable and deals with 'what we care about' (Frankfurt, 1988) at every level of the organisation and its environment. It takes the vantage point of values and normative orientations, a point that has been ignored in textbooks and research publications on innovation management.[4] Innovation literature has long focused on operational issues and the strategic search for competitive advantages. Likewise, professionals in innovation management have been concerned with new processes and products, but in the last two decades attention has shifted towards services, business models, and networks. Extending the traditional focus on products and features, services have increased their share of gross value-added; service innovation became professionalised and began to draw strategic attention to turn services into offerings, experiences, and brands.[5] Encouraged by new internet business models since the 1990s, business model innovation attracted entrepreneurs and academics alike. Not individual products or services, but whole configurations of business model components were identified as a powerful source of innovation.

Innovation in this sense has often been declared as, but is in itself not, key to success on markets that are impacted by the values held by their participants. Many companies have mastered impressive learning curves to conform to pressures to innovate their processes, products, services, and business models. Innovation-driven companies such as Apple, Google, Coca-Cola, GE, IBM, Microsoft, Samsung, and Toyota lead the list of the most valuable brands (Interbrand, 2014). Academics across the globe, consultants, and designers have developed a broad variety of tools to boost the creative capacities of organisations and corporate players. However, in most of these creative and sometimes notorious activities the key to future markets is missing; this key is direction. Being reduced to a strategic means to achieve competitive advantages and differentiation on marketplaces, innovation misses its purpose, matter, and its full potential, i.e. to create new business by working towards shared ideals, addressing pressing problems and everything that is worth working for. Accordingly, the values-based view on innovation proposed in this book moves values and normative orientations from the periphery of business activities to the heart of value creation and innovation.

Whereas values and normative orientations can be traced within every business activity, the idea of a normative turn and the concept of *normative innovation* build on the theoretical distinction between operational, strategic, and normative management.[6] Normative management deals with the general purpose of an organisation, based on non-economic values and ends. Meanwhile, strategic and operational management deal with the instantiation and realisation of core values through positioning an organisation strategically within society and markets and ensuring its operational performance. Normative mission statements, purpose, and vision statements reach beyond the typically market-oriented, economic values that dominate the strategic management level.[7] Even though values and normative orientations that exceed economic goals have been increasingly stated explicitly, formulating and realising such statements is still not a standard practice. Numerous companies striving for increased market share, outstanding customer service, or leadership positions as their 'mission' confuse strategic and normative goals. Google's former mission 'to organize the world's information and make it universally accessible and useful' (Google, 2016d) is an example for normative goals that do reach beyond strategic positioning and economic success measures. Few companies formulate and communicate such a dedicated normative vision or mission. Even fewer companies apply the investigation and differentiation of values, purpose, mission, and vision continuously to innovation.

The Indian company Aravind Eye Care System (Aravind) is an example of a company driving innovation in processes, products, services, business models, and even networks based on values and explicit normative orientations. As one of the world largest eye care facilities Aravind is not only dedicated to 'compassionate service for sight' (Aravind, 2016) and to providing high-quality and reliable eye care to its customers – which would qualify as a rather conventional value proposition. Driven by the founder's normative 'mission of eliminating unnecessary blindness' (ibid.), Aravind actually renewed medical and healthcare processes, products, and services, and established a new subsidisation business model (charging regular customers in order to provide free cure to the poor). Neither primarily strategic concerns for competitive market differentiation, nor a 'lean' trial and error search for new and viable business models led Aravind's innovation efforts and consequential learning journey. On the contrary, David Green from Aurolab, Aravind's lens manufacturing partner, claims to be free from fear of competition: 'I am waiting for companies to compete with me or to put me out of business for the benefit of the poor' (cf. Seelos, 2014, 18). Aravind exemplifies how innovation on all levels of the organisation and with respect to processes, products, services, business models, and networks may be based on, and driven by, values, and more precisely, the desire for and dedication to 'infinite vision'(Mehta & Shenoy, 2011).

1.2 TOWARDS VALUES-BASED INNOVATION

Values such as an orientation towards sustainability, security, or privacy have been acknowledged to both restrict and motivate decision-making in business practice. However, the full potential of values and normative orientations in triggering and directing innovation within companies and across networks is just being discovered, not only by business organisations but also by non-governmental organisations, private foundations, and social enterprises.

This book unfolds the concept of *values-based innovation* as a consistent succession to the traditional preoccupation with process and product, service, and business model innovation. In doing so, we need to *reverse* the established perspective on innovation management. Instead of driving innovation in whatever ways and directions possible to create new value-added for a company and its customers, values-based innovation understands and applies values and normative orientations as a basis for innovation. Putting values first provides integrative, directive, and generative potentials for innovation on all levels. The collaborative exploration and elaboration of values become essential exercises in innovation management. Such an approach is capable of achieving impact beyond the individual company into the value networks and 'business ecosystems' they are embedded in. While such networks have previously been conceptualised as networks of stakeholders in relation to a company, we will unfold a view on values-based networks that emerges around a collaborative exploration and elaboration of values and normative orientations. Shared values may provide a common ground among different stakeholders with diverse interests in operational or even strategic concerns within or beyond the individual firm.

☞ *Values-based innovation refers to values, i.e. notions of the desirable, held by individuals or a social group that provide a basis for inspiring, directing, and evaluating innovation. That is, values may fulfil integrative, directive, and generative functions for and within innovation projects.*

Values made explicit and obligatory within a project or organisation turn into *normative orientations* for innovation in processes, products, services, business models, and networks of cooperating parties. This bears the potential to direct and foster innovation beyond the competitive advantages and strategic market differentiation that strategists and innovators are usually concerned with.

Historical examples, for instance from the automotive industry, show us how values have influenced different kinds of innovation. One historical example for breakthrough product and process innovation is the development of Ford's Model T and the introduction of the moving assembly line. Radically reduced costs per unit turned Ford's vision into reality, i.e. to make automobiles and the mobility they promised widely affordable. This vision of Ford also helps us to understand his famous proverb: 'Any customer can have a car painted any colour that he wants so long as it is black' (Ford, 1923). His prioritisation of process efficiency over style as a newly emerging customer value is directly linked to the criterion of affordability. At that time, the drying speed of the lacquer was a bottleneck for Ford's production process. His competitor General Motors (GM) overcame this limitation and introduced differently coloured cars and minor variations in the style of the car bodies. It is an early example of mass-customisation and simultaneously taking into consideration individual preferences, as well as creating and serving differentiated customer valuations as a competitive factor.

While major US car manufacturers competed on production costs and car design, some European manufacturers promoted safety as a directive and heuristic for product innovation. Since its early days, Volvo spearheaded engineering for driver safety. In 1927, Volvo founders Assar Gabrielsson and Gustav Larson declared: 'Cars are driven by people. The guiding principle behind everything we make at Volvo, therefore, is and must remain, safety'.[8] Volvo's dedication to safety led to several product innovations. In 1944, Volvo introduced the safety cage and laminated windshields. In 1959, the company was the first manufacturer to build the modern three-point safety belt into their vehicles. Commitment to safety has turned into the company's most important source for reputation and into a central customer value proposition. The case also illustrates how values can lead to normative organisational orientations: safety is one out of three core values to which the company commits itself publicly, besides highest process and product quality, and caring for man and the natural environment.

In the US, the value of safety did not sell in the early days of the automobile industry. Corning Inc. is an American glass manufacturer and innovator in material science that became known for its robust 'gorilla glass' used for touchscreen devices. In 1962, the company developed a 'chemcor' glass for automobile windshields in order to reduce injury in car accidents and to enhance safety of drivers and passengers. However, in the absence of advanced safety standards and facing high price sensitivity, Corning did not succeed in selling their invention to the large automobile manufacturers in the US: 'They did not believe it would increase sales. Americans were having such a love affair with their cars that safety was not an issue' (Howard, 2005; see also Clarke et al., 2009, 99).

After companies like Volvo and Saab succeeded in the 1980s in the UK and the US with safety as a key value proposition, all car manufacturers increasingly incorporated safety as a key value into their innovation efforts. Even till today, the market for new technologies enhancing driver and passenger safety has been steadily growing into a multibillion-dollar industry. Driver assistance (e.g. through anti-lock braking systems) and systems and devices to avoid crashes or to prevent and to reduce the severity of injuries (including airbags, laminated windshields, and tempered glass) have seen a long and intense history of innovation, and many of these have become industry-wide standards. Nowadays, protagonists of the self-driving car claim to be motivated by safety concerns.[9] Time will tell in how far currently subordinate values such as privacy and sustainability will turn into similarly big business ideas as safety did.

Throughout this book we will discuss several cases and examples to illustrate how values, and in particular ecological and social sustainability values, impact innovation on an operational, strategic, and normative management level. In some of these cases the dedication to values that drive innovation is internally motivated; often, but not always, it is initiated by company founders. A well-known example for an internally initiated organisational renewal, based on the founder's individual values, is the American company Interface Inc. Since its founder and Chairman Ray Anderson initiated an organisational transformation in the 1990s, the carpet maker and floor-covering service provider pushes innovation in its supply chains, processes, and products as well as its financial and business model. This transformation programme was motivated by Anderson's personal conviction that it is unfair that his company does not have to fully pay for the ecological harm it causes, due to limitations in regulations and the way market prices are set (Anderson, 2011). In 2006, the company's 'Mission Zero', i.e. the elimination of any negative ecological impact, was declared. In the cases of Interface and Aravind internal leadership promoted and reinforced the fundamental values and established new normative orientations. Based on these, their companies now spearhead innovation, create new business opportunities, and even reach beyond their own firm into business networks, markets, and society.

In other cases, external pressures motivate values-based innovation. For instance, values-based innovation may be driven by stakeholder groups such as NGOs or governments. In the US, the Rainforest Action Network campaigned against The Home Depot, the world's largest home improvement retailer, associating the company with environmental destruction, until The Home Depot committed itself to buying certified wood (Meidinger, 2006). In Germany, large energy companies faced critical debates about the acceptance of nuclear power as a part of Germany's energy system. Still, the industry was caught by surprise when Germany's energy policy changed to abandon nuclear power after the Fukushima disaster in 2011. Most of these energy companies have since been struggling to adapt their power generation infrastructure and business models to catch up with the public system of priorities promoting green energy.

In both internally and externally motivated cases, establishing a new normative orientation has the potential to generate and direct innovation beyond the competitive advantages and strategic market differentiation that strategists and innovators are usually concerned with. The organisations discussed in this book have a history of cultivating the values that impact their innovation activities and outcomes. However, in most cases, values and normative orientations have to be explored and developed through research, design, and management. Therefore, appropriate tools and methods are needed to do achieve this.

Just as 'every company has a business model' (Chesbrough, 2007, 12), every company pursues values and normative orientations. We do not think that only a few enlightened companies pursue explicitly defined values to save the world. Values-based innovation is not only an issue for social or green entrepreneurs or idealists, but a potentially powerful lever for every business. A company's values are both explicitly and implicitly articulated in operative and strategic decisions, manifested in interactions and relations to stakeholders, and contained in companies' offerings.[10] Inevitable shifts within, and moves through, the values landscape create unique opportunities, but also threats to deal with. Exploration, revision, and elaboration of values bear the potential to align what business is about to what is important to its agents. Such clarification also bears the chance to simplify business by focusing on its essential values and purpose.

The discourses on 'sustainability-oriented innovation' and 'responsible innovation' have taken the first steps to explore these relationships between particular values, such as ecological justice and respect for future generations and innovation (e.g. Adams et al., 2015; Owen et al., 2013). Scientific publications and a European Research Framework programme initiated and fuelled the discourse on responsible innovation.[11] Responsible innovation, as the name suggests, calls for taking responsibility in innovation efforts. It requires today's innovators to care about the future consequences and unintended results of their activities by applying the principles of anticipation, reflexivity, inclusion, and responsiveness (Stilgoe et al., 2013). What is distinctive for the values-based approach is an explicit emphasis on values as an enabling force underlying such innovation processes. Values seen as enablers and drivers of innovation, and not as mere constraints to creativity and development, contribute to a normative turn in innovation management.

In this regard, the values-based view on innovation is closely related to sustainability innovation and responsible innovation. In addition to avoiding *undesired* innovation outcomes, e.g. because these may threaten the integrity of ecological and social systems, the values-based view focuses on the generative potential of notions of the desirable and asks for what we care about. The answer to the question of what we care about lies, at least partly, in individual, organisational, and societal values and accordingly in what individuals, organisations, and societies are striving for. It is not primarily about adhering to the constraints of given values and mandated norms, but taking values as a basis and heuristic to systematically explore and exploit new innovation opportunities and even to address the 'wicked problems' of our time (cf. Rittel & Webber, 1973; Waddock, 2013).[12] In contrast to the concepts of sustainability innovation and responsible innovation, the values-based view is non-prescriptive with regard to particular values – in other words, things to be cared about – that should guide innovation. However, we see sustainability innovation and responsible innovation as close relatives and primary areas of application of the values-based view. The difference is that the values-based view proposes a more basic innovation theory and can thus be applied to sustainability innovation and responsible innovation, but can also be used in other contexts.

How can these theoretical insights and lessons learned from innovative companies be applied in practice? A values-based methodology reframes and repurposes existing innovation tools and methods. Future scenarios not only allow us to explore and prepare for potential futures, but also to imagine desirable futures to stand up for. Business anthropology and ethnographic research methods allow understanding the values of stakeholder groups and cultures. Finally, values-based business model innovation becomes an approach to solve societal problems and to realise ideals by the means of business. Combining these approaches, individual companies and networks may take a normative turn towards innovating by what we care about.

1.3 WHY AND HOW TO READ THIS BOOK?

Read this book if you care for what you care about, even in terms of innovation. If you are a student, get a fresh and rich perspective on the topics you are studying (such as innovation and entrepreneurship, innovation and technology management, corporate foresight, and business anthropology). If you are a teacher, consider working with the cases described in the book (together with questions on the companion website to motivate research and discussion). If you are a business professional, discover new and sustaining potentials for innovation.

☞ *If you are a hurried reader just check the HAND ICON, but also read the chapter introductions and check into the chapters that resonate with your interests. Each chapter's opening section gives an overview.*

Chapters 2 and 3 (as one of the reviewers commented) are ‘a bit philosophical’. Skip these if you prefer to continue without the theoretical background of the values-based view. In this case, you may want to take a look at the practical examples presented in Chapters 4 to 6. Methods are discussed briefly in Chapter 7. For more details and materials please check the companion website (he.palgrave.com/companion/breuer-values-based-innovation-management), uxberlin.com, or sustainablebusinessmodel.org.

We spotlight companies and business leaders who were successful (or unsuccessful) in values-based and normative innovation. We discuss lessons learned from these examples and develop the conceptual and methodical foundations to – explicitly – integrate values and normative orientations into innovation management. Applying a *values-based view*, the book covers the main areas of innovation management, including innovation processes, innovation in products, services, business models, and networks. Readers will get an introduction to process, product, and service innovation, and learn about developments in sustainability-oriented business model innovation. They will also understand the potential of values-based networks as powerful drivers of innovation with impact beyond single organisations.

Sustainability is the main example and reference throughout the book for a value and normative orientation. Just like other values it needs to be specified and put into practice by an individual entrepreneur, company, or a network of actors. Innovation for sustainability is a critical topic that numerous companies are struggling with – and only very few manage to address in a professional and comprehensive manner. Other values such as privacy, security, health, family-friendliness, tolerance, or transparency equally qualify as directions for innovation-related activities within and across organisations.

There are several related books on innovation management and business model innovation. However, except for the collection of articles on ‘responsible innovation’ (Owen et al., 2013), none takes a dedicated values-based or normative view. In order to not only theorise, but to provide readers with a grasp on the how-to, we advance established innovation management methods including business anthropology, business modelling, and scenario analysis. Several cases exemplify and explain the implications of the values-based view for understanding, designing, and evaluating innovations.

Within the first part of the book, we clarify the basic concepts including different notions of value and values in the context of innovation management. We explain the theoretical distinction between operational, strategic, and normative management as the pillars of integrated management thinking (Chapter 2). Understanding values in the context of integrated management allows us to compose the basic framework of values-based innovation (Chapter 3). Recommendations and discussions of related literature from innovation management, business modelling, and sustainability innovation, and hints for future research possibilities, are given throughout the book. Potentials and examples of values and values-based innovation are differentiated and discussed on each of the three levels are discussed: the operational level focusing on product and service innovation (Chapter 4), the strategic level including business model innovation (Chapter 5), and the normative management level within a company and across networks (Chapter 6). Some of the suitable tools and methods to facilitate values-based innovation on different stages of the innovation process are discussed (Chapter 7) before we take an outlook into the futures of what we care about (epilogue).