



# The 4Ps Innovation Compass

*Tool to help explore directions  
and opportunities for innovation*

---

2021

---

JOHN BESSANT  
Managing Innovation



Logo  
Name

---

**Tool: The 4Ps innovation compass**

**Purpose: To help explore directions and opportunities for innovation**

**Background:**

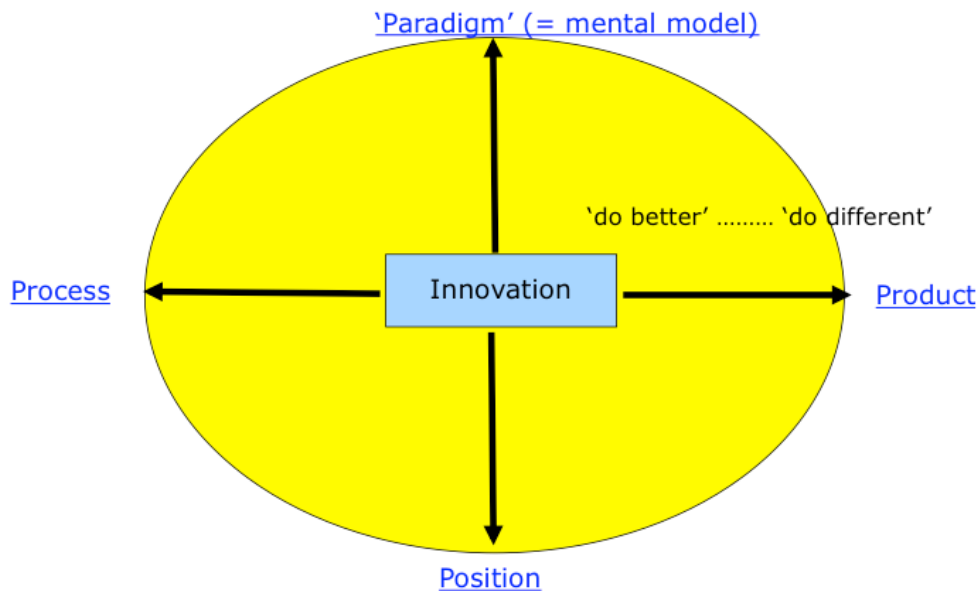
Innovation can take many forms but they can be reduced to four directions of change:

- 'product innovation' – changes in the things (products/services) which an organization offers,
- 'process innovation' – changes in the ways in which they are created and delivered
- 'position innovation' – changes in the context in which the products/services are introduced
- 'paradigm innovation' – changes in the underlying mental models which frame what the organization does

Within any of these dimensions innovations can be positioned on a spectrum from 'incremental' – doing what we do but better – through to 'radical' – doing something completely different. And they can be stand-alone 'component innovations or they can form part of a linked 'architecture' or system which brings many different components together in a particular way.

The area indicated by the circle in the model below is the potential innovation space within which an organization can operate. (Whether it actually explores and exploits all the space is a question for innovation *strategy*

## Exploring innovation space



We can use the model to look at where the organization currently has innovation projects – and where it might move in the future. For example, if the emphasis has been on product and process innovation there may be scope for exploring more around position innovation - which new or underserved markets might we play in? Or around defining a new paradigm, a new business model with which to approach the marketplace.

We can also compare maps for different organizations competing in the same market – and use the tool as a way of identifying where there might be relatively unexplored space which might offer significant innovation opportunities. By looking at where other organizations are clustering their efforts we can pick up valuable clues about how to find relatively uncontested space and focus our efforts on these – as the low cost airlines did with targeting new and underserved markets for travel

### Tool description:

Draw a circle and mark the four cardinal points of the innovation compass – product (offering), process, position and paradigm. (see the above picture for a guide)

---

Now explore the range of innovation projects in the organization, running from incremental (do better) through to radical (do different).

1. What is its present portfolio of innovative activity – again, where is it concentrated, where are the strengths and where are the gaps?
2. Look back and identify its key areas of concentration. Where are its strengths – and where (and why) the gaps?
3. Finally, looking ahead, where could it/should it be concentrating? Where is it vulnerable and therefore where are there new targets for strategic innovation?

