

# SUCCESSING WITH AN INNOVATION STACK



An innovation stack is a powerful concept for startups, based on the idea that companies stacked with interlinking innovation as part of their infrastructure are more likely to succeed than startups that don't stack. That's because innovation stacking gives startup businesses a competitive foothold to compete against other highly innovative digital enterprises like Google and Amazon.

It isn't just startups that benefit from this competitive advantage, however. The innovation stack, which was created by Jim McKelvey, the founder of Square, also works for large companies like American Airlines and IKEA, [according to McKelvey's research](#). So, what exactly is an innovation stack and how can it positively impact your business? Keep reading to learn all about how to build an innovation stack in your enterprise business or startup.

*(This article is part of our [Innovation in The Enterprise](#) series. Use the right-hand menu to navigate.)*

## What is an innovation stack?

The innovation stack consists of the intertwined tools, actions, and resources a company uses to innovate within their organization. In a startup setting, understanding your innovation stack is particularly important to staying ahead of the competition. In a large enterprise that isn't stripped down to bare bones like most startups, an innovation stack may be more difficult to identify. In some cases, like with Square, this gives the startup the competitive advantage.

In the case of Square, a part of the company's innovation stack was an emphasis on beautiful design, says McKelvey. Even before he knew how important Square's design was to his innovative brand,

McKelvey knew that he didn't want to change it to something more practical as competitors entered the market with their own card readers, which in some cases worked better.

By making the element of beautiful design important to Square's growth, McKelvey set himself apart from giant conglomerates like Amazon, that simply wanted to make a tool that works without much regard for visual appeal. That said, there are five major parts of an innovation stack. These are:

- Innovation at the individual level
- Tools and actions of innovation
- Collaborative innovation
- Innovation within operations
- Leadership and innovation

## **Innovation at the individual level**

Within a company, individuals can be innovators that move the business forward with time and technology. After all, that's why companies strive to hire the best and brightest professionals to their staff. Individual innovation may mean the creation of a custom resource, internally, or the start of a new business venture, backed by the parent company. Regardless, individual innovators are at the ground floor of driving business, playing an important role in the business ecosystem and in the innovation stack.

## **Tools and actions of innovation**

Next, tools and actions are usually the end product of individual innovators. Concepts like marketing storytelling, buyer personas, data-driven business models, and user-oriented design are all examples of "tools" or actions that are a product of innovation. There are a number of things that can be talked about here, and they change based on the goals of your company as well as your specific products. That said, what is consistent is that tools and actions of innovation help to propel businesses forward into their market.

## **Collaborative innovation**

When enterprise business teams get together to share ideas and come up with a single cohesive solution for a problem that requires innovation, collaborative innovation has occurred. Teams excel at using their resources and strategy to interview hundreds of stakeholders, record data, and ensure communication occurs while making small changes that lead to more perfect products.

## **Innovation within operations**

Without innovation in operations, there is no infrastructure to support the systems of innovation that must link in order for the stack to work. Being an innovative, cutting edge company has to be more than conceptual. Instead, it should be baked into the very culture of the company. How do you do that? With operational leadership providing tools and resources that streamline collaboration, you can make it easier to come up with and share new ideas while tracking milestones and tasks. Investing in operational innovation presents an important cultural and mindset shift in enterprise organizations. The importance of this cannot be stressed enough.

## **Leadership and innovation**

Finally, innovation takes top-down buy-in. All leadership, stakeholders, and the like should be on the same page regarding the importance of technology and innovation in their business.

## **Why build an innovation stack company?**

If you're a startup building an innovation stack, or in some cases, understanding your existing innovation stack provides the opportunity to grow securely if you have a new and exciting product that is likely to see competition to enter the market. For large businesses, understanding the innovation stack is essential to becoming more agile, as it allows you to better understand the flow of how innovation occurs in your company and to support it with resources and encouragement.

## **Advantages of building an innovation stack**

There are several benefits of utilizing an innovation stack. They are as follows:

- Create a competitive advantage
- Establish a market foothold
- Upgrade company culture
- Increase business agility
- Demonstrate an understanding of innovation in branding

### **Create a competitive advantage**

By interlinking innovation across a company's infrastructure, culture, and employee base, you create an environment where businesses can be the most competitive. With knowledge of the most important facets of your product, you can set your company apart from competitors entering your market, no matter how big or small.

### **Establish a market foothold**

By working from an innovation stack, you create a foothold in your market that's almost untouchable. Armed with innovation, knowledge, and data, you can decide how to react to competitors, or if such competitive reaction is warranted, using a holistic view of the integration of innovation throughout your business model.

### **Upgrade company culture**

When technology exists in every facet of company culture, the employees are more efficient, processes become streamlined, and overall improvements in business and morale can be achieved. This kind of overhaul of company culture helps set the framework for employee retention.

### **Increase business agility**

Businesses using an innovation stack can react more quickly to new competitors and changes in the marketplace, making them more agile than other businesses that don't deploy this method.

## **Demonstrate an understanding of innovation in branding**

When you understand the innovation stack that your company has built, it helps you better understand the role of innovation in your brand. For instance, choosing a design choice over improved functionality is as much a branding decision as it is an innovation decision.