Innovations have the potential to create sustainable competitive advantages and thus help businesses to establish a more stable position in the market. Researchers and organizations emphasize the role of innovation by designating it as a condition for the survival for not only the business itself but also for entire territories and nations. Traditionally, firms adhere to the credo that in order to innovate successfully, control over the process is the essence. This means that companies must source and distribute innovations and ideas from within themselves by heavily investing into their research and development (R&D) departments. This innovation paradigm was coined “closed innovation” by Chesbrough in 2003 and has, since then, commonly been employed by businesses throughout the 20th and 21st century.

However, recent developments and erosion factors, such as the progressing globalization and the growing technical complexity, question the viability of the closed innovation paradigm as a sole means to source innovations given the growing competitive pressure. The erosion of the closed innovation paradigm in conjunction with increasing competitive pressure has boosted the interest of both researchers and organizations in an entirely different approach of sourcing innovations called “open innovation”.

Conspicuously, despite such rising interest in open innovation, several companies remain reluctant to open their organizational boundaries for practicing open innovation. Besides many others, potential reasons for such reservations are the pertinent complexity of transitioning towards open innovation and a lack of understanding of the procedures required for such endeavors. Thus, many companies still rely solely on the old-fashioned way of innovating, while quoting the lack of best practices and strategies for the transition as a major concern. Hence, this thesis sets out to investigate how organizations can open their boundaries to successfully transition from closed to open innovation by analyzing the current literature on open innovation. In doing so, the transitional procedures are structured and classified into a model comprising three phases, namely the unfreezing, moving, and institutionalizing of changes.

Procedures of the unfreezing phase lay the foundation for a successful transition to open innovation and can be fittingly described as prerequisites that an organization needs to establish before a successful transition can commence. Starting with the issues of organizational commitment and motivation, the range of prerequisites includes addressing aspects of internal role establishment and organizational culture alignment up to the development of appropriate
business models, and the need to build open innovation capabilities that are inexistent in the organization. The adequate organizational preparation for the open innovation venture consequently exerts a considerable influence (presumably even the largest one in comparison to the second and third phase) on the project’s overall success. However, handling the subsequent phases is also highly pivotal to the success of open innovation endeavors.

Phase two of the transition is labeled the moving phase and depicts the procedures for the organizational change. For instance, the organization needs to commit to an innovation sourcing strategy which aligns with the overall business goals and thereby take the search breadth (quantity of different types of external sources) and search depth (quality knowledge extraction intensity from external sources) into consideration. Afterwards, an experimental implementation of the innovation serves as a means to reduce uncertainties and risks. This can be done through prototypes and pilot projects, which gather real-world performance data in an isolated environment as a reference point towards its real-world performance.

Another essential step of the moving phase is network management, where organizations establish strategic partnerships with other businesses in order to collaboratively source innovations, develop new technologies and commercialize innovations through their networks. Key managerial decisions in this step include the choice of collaboration partners, the definition of the overarching goal of the collaboration and the management of collaboratively sourced intellectual property. Finally, the organization needs to decide on tools and instruments to support and manage the open innovation procedures and boost innovation output and performance. Utilizing such open innovation tools and instruments enhances the organizational abilities to cooperate with external actors and accelerate the interactions between actors, which fosters the creation and sourcing of external knowledge.

Finally, procedures of the institutionalizing phase contribute to the sustainability of the transition by employing governance mechanisms and performance measures. Activities of the governance sub-phase include, among others, addressing the decision-making issues in collaborative environments, continuous partner relationship management and intellectual property management. Performance measurement in open innovation requires dedicated measurement indicators that are applicable in an open innovation context, which need to be developed individually by each organization in alignment with its goals, as there is no one-fits-all solution. Moreover, each stage of the open innovation endeavor often requires a distinct measurement system, as start-ups and the core businesses cannot be evaluated according to the same expectations.

Additionally, each of the aforementioned individual procedures of the three transitional phases is characterized by barriers and critical success factors. As a common denominator, trust between external actors and internal collaborators is essential for the overall success of the open innovation endeavor. Furthermore, the organization needs to be aware of the massive restructuring required for a transition, which demands the top management’s willingness to facilitate organizational change despite its barriers. Management also needs to be made aware of the manifold decisions it needs to make beforehand in order to lay the foundation for a successful transition. First and foremost, it is necessary to decide whether open innovation is the right approach for the organization at all, which depends for instance
on its alignment with its business model. Each subsequent decision among the phases needs to be investigated extensively beforehand, which is a key responsibility of the top management.

As a result of this structured depiction of the transition process, a guideline is derived. This guideline includes the commonly employed actions of successful practitioners of open innovation, which may serve as a baseline for parties interested in the paradigm. With the derivation of the guideline and concise depiction of the individual transitional phases, this investigation reduces the overall complexity and increases the comprehensibility of the transition from closed to open innovation and its implications for organizations.

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