

CREATING AN INNOVATION PORTFOLIO

Building a Holistic Approach to Innovation

By **James A Schwarz**

Total Quality Systems Software, Inc. † www.tqs-sim.com

OVERVIEW

It isn't wise to put all your money into one form of financial investment (e.g., gold, stocks, or real estate). Smart investors create a portfolio of investments that balance out – so if one investment isn't performing, others can offset the loss. The same concept could be applied to the way you innovate in your organization.

Many organizations have a very limited scope to their innovation activities or try to have one overall approach that handles everything. An innovative organization will have several key areas of innovation – each of these will require different approaches to capture people's creative innovative ideas and implement them. Creating a completely new product is different from updating an existing one or finding ways to improve the systems/processes in your organization. You may want to consider a portfolio for innovation. In other words, an innovation portfolio is the right mix of innovation activities to enlist people's creative ideas so great business opportunities are not lost.

WHAT IS EFFECTIVE INNOVATION?

To develop an innovation portfolio – leadership needs to clearly define what successful innovation looks like. Ideally, this will be in an environment that involves people at all levels to create a vision of innovation that embraces all types of innovation needed in your organization.

Generally, new revenue or cost savings are key elements of innovation, but there may be important softer measures your organization may be missing like customer retention. Being innovative in business doesn't work unless it eventually impacts the bottom line – innovation must benefit the business somehow.

- **SCOPE OF INNOVATION** - It is easy to overlook and dismiss smaller innovations that may be simple improvements – they don't stand out. These small improvements just aren't sexy. Yet I have seen the simplest improvements end up saving huge amounts of money – yes huge! Don't limit innovation to just new product or service activities, include smaller innovations that may improve a process, product, or service. Smaller ideas are a great way to get everybody involved, since anyone with coaching can find ideas related to their work area. Overlooking those gems is a loss.

- **IS INNOVATION A DAILY ACTIVITY?** - Does innovation happen frequently? People need practice at being creative. To most, it doesn't come easily, after years of being squelched by our school systems. People also need timely mentoring and feedback on their ideas so they can improve the quality of ideas they create. By investing in everyone in your organization, you create a brain trust that is constantly looking for new opportunities as well as improving existing products/services to better serve your customers. This will take time since a large population of your work force may feel intimidated, fearful, or unable to come up with creative ideas.
- **DOES YOUR ORGANIZATIONAL CULTURE LIVE INNOVATION?** - People want to share their ideas when they happen. A culture that supports ad-hoc innovation is important to consider. If ideas are not shared, when they happen, they become forgotten and momentum is lost. Worse is an idea that is purposely squelched by a manager. When this happens, the next time someone has an innovative idea, people will not be open to sharing – a good idea will be lost.

A truly innovative organization needs to live it. Innovation needs to be in-grained into your culture. Is this something that is part of how you work, a program-of-the-month, or something that you schedule to happen in a once-a-year event? You just can't turn innovation on or off if you want to be truly innovative.

THERE ARE MANY APPROACHES TO INNOVATION

There are scores of approaches to innovation. Using only one or two approaches can create a weaker innovation portfolio. Equally true is doing a mediocre job using many approaches to innovation. Following are innovation approaches that an organization may want to consider.

- 1) **FOCUSED EVENTS OR CAMPAIGNS** – to harness ideas. These generate many ideas that are typically reviewed by a team that select a few to focus on. A weakness in this approach is these events generally don't create the fabric of an innovative organization. Good ideas can be missed by the review team since they may literally have hundreds or thousands to review.
 - When using focused events, try to link them to so a specific area such as the division, work area, or product rather than the entire organization. It better directs people's creativity.
 - Another approach is to select top ideas using on-line voting or adding comments. This wisdom of the crowd approach may miss good ideas that aren't easily understood. A carefully selected moderator or subject matter expert needs to be involved to identify good ideas the crowd misses.

- 2) **INNOVATION TEAMS** – groups or task forces assigned to create and develop ‘something’ – these could be R&D staff or other key people. In addition to developing ideas, these innovation teams may also be given ideas from the focused events. This is a very traditional approach to innovation.

Some things to consider

- How “in the know” is this team?
- Do they have the skills to select which ideas require priority?
- Are they open minded to see a potentially great idea that may be poorly written or may require further research?
- How many front-line workers are involved? Are Customers, suppliers or other business partners involved? Do you look at a variety of customer types – including those that hated your last offering?

- 3) **COLLABORATIVE IDEA ENVIRONMENTS** – people interacting in a creative, collaborative environment can generate many new ideas. This may mimic common social networking or blogging sites (e.g., Facebook and LinkedIn). A collaborative idea environment could include:

- People creating personal home pages. This allows them to share their talents plus other information that is useful to others that may want to team up on a new idea or project.
- Voting on other participants’ ideas
- Threaded comments or thoughts on an idea.
- Directly using or implementing the idea.
- Using the idea as a catalyst for a new idea or solution.
- A scoring methodology to find top ideas as well as top innovators.

This is a great way to showcase people’s ideas. When it is your sole source of innovation, it can end up looking like a high school popularity contest since the wisdom of the crowd drives the process. For collaborative idea environments to work, employees must have easy access to a workstation - making this type of innovation difficult to implement in manufacturing environments. Plus not every employee likes using a collaborative environment to share ideas – social networking may not be a fit for a large percentage of your workforce.

- 4) **AD-HOC INNOVATION** - supporting the creativity of people working on their own projects. One approach is self-directed work teams. For this to effectively work in an organization, the right culture must be in place to support people being independently creative.

Without clarity, people can dive into projects that don't fit customer needs, organizational goals, or are already being implemented elsewhere. Employees must clearly know and understand:

- Organizational goals
- What the customer might need
- What other individuals or teams are doing so something isn't reinvented.
- Knowledge of the competition

When speaking of innovation, 3M is a good example. 3M created the 15% rule many years ago to allow employees to work on their pet work related projects for 15% of their workday. This also created informal teams that would share their 15% time. Most know the story of Post-it® notes – it was 3M's culture that allowed that to happen plus a strong willed innovator that still had to push his implemented product forward.

- 5) **Ad-Hoc Improvement Activities** – generate smaller ideas that make subtle improvements but they have a more significant input than first seen. Many organizations overlook these important daily improvement activities or continuous improvement.

The concept of continuous improvement came out of the Japanese manufacturing arena (e.g., Lean) where key focus is on small ideas rather than large ones. Frequently, these ideas are directly implemented by the area that finds the issue. These smaller ideas are easier to identify and the combined effect of these ideas is powerful. As a result, you also get larger improvement ideas as a bonus.

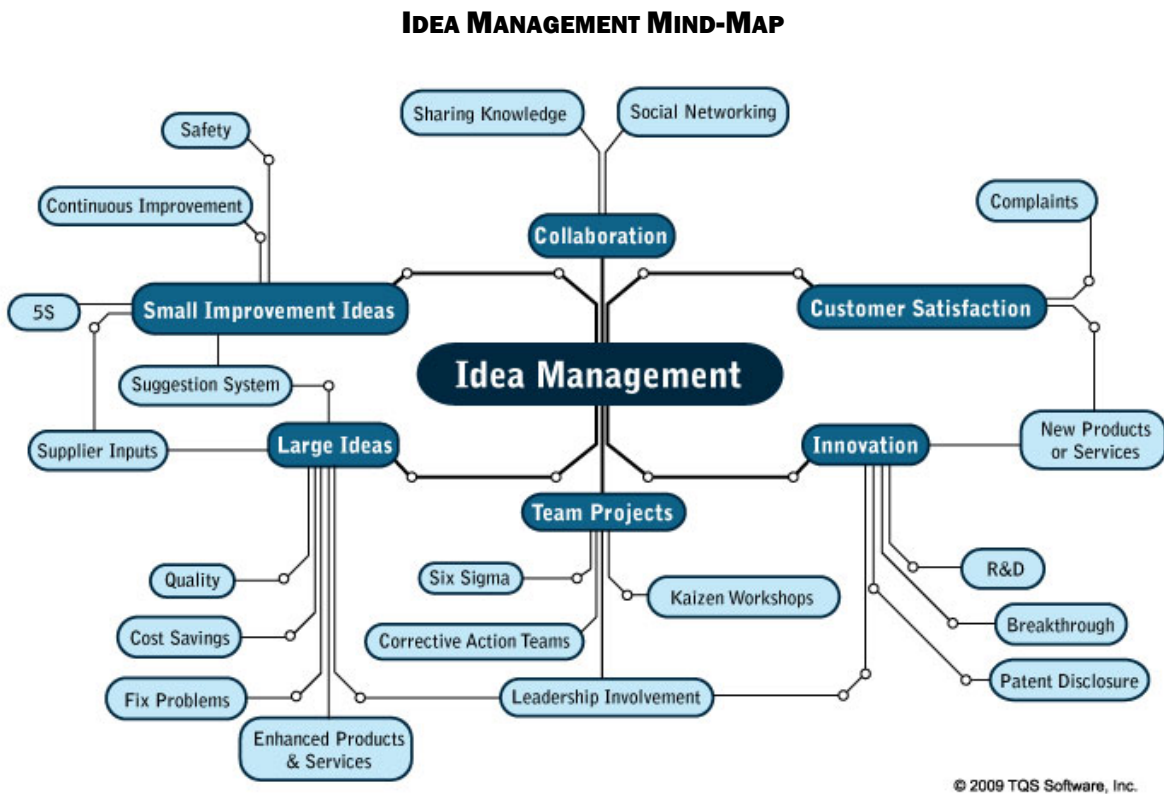
- Continuous improvement activities give rise to a creative workforce that can better tackle your needs for new product ideas – creating a portfolio of creative/innovative minds.
- In the long run ad-hoc improvement activities also significantly reduce costs and improve product longevity – not a bad thing to have.
- A creative workforce in the trenches can also speed the release of new products and services – if you allow for their input and let them adapt the product to fit the customers they serve.
- These creative idea generators would be ideal to participate in an on-line collaborative idea system.

Another popular ad-hoc improvement approach is Six Sigma, developed in the U.S., that uses a core of highly trained problem solvers (black belts, green belts) to drive improvement projects. Many innovation gurus see it as dogmatic and non-innovative. Yet leveraging the highly trained black belts to tackle appropriate projects should not be overlooked. One approach would be to pass larger continuous improvement ideas onto a Six Sigma team to resolve. Another could align Six Sigma activities to other innovation activities in an integrated ranking system for participation in innovation activities.

IDEA MANAGEMENT – COORDINATING THE IDEAS IN YOUR PORTFOLIO

In reviewing the previous section on approaches to innovation, you may already be doing these plus others forms of innovation. How well you leverage each innovation activity will strengthen your portfolio. Each of these innovation activities will have a pool of ideas, concepts, or projects. Sharing all of this information across departmental boundaries as well as up or down the organizational tree will strengthen your organization’s ability to innovate.

Integrating all the approaches to innovation is IDEA MANAGEMENT. Below is a mind-map of various innovation activities that make up IDEA MANAGEMENT – each of the element on this mind-map could be components of your portfolio. This might help you visualize the variety of sources and types of ideas that comprise an overall innovation approach that you want to adopt.



ARE DIFFERENT INNOVATION LEADERS WILLING TO SHARE?

In your innovation portfolio, are the different stakeholders of key innovation activities actively trying to share knowledge and improve the well-being of your organization? I am guessing not. Too often politics get in the way and many view their personal databases as a sense of security and power. Hoarding knowledge creates duplicate efforts and limits the critical knowledge innovative people need to create the next *WOW!*

I have seen from personal experience the challenge to get different departments or managers to share information that benefits their company. My company's idea management software has the capability to manage multiple types of Idea Management in a single database – it supports ad-hoc improvement ideas, team activities, new product ideas, intellectual property, and other important innovation activities to be co-managed. Yet over the past 20 years, working with hundreds of customers, only a few customers ever utilized this capability. It has been amazing to see how territorial people are over their data.

WHAT DO YOU DO WITH ALL THAT DATA IN THE PORTFOLIO?

Getting the right information to the right person is an ongoing challenge. People need to be able to find ideas that are pertinent to their expertise. This lets them directly use the idea, comment on it, or use it to create different ideas based on it. If there are multiple, distinct databases, it becomes difficult to know if the idea is new or find other people that have worked on a similar topic. Having a software tool that lets you fully utilize your innovation activities as well as effortlessly share information is imperative.

You need simple, seamless ways for ideas to be selected and tagged so the best ideas are quickly found and utilized across departments, divisions, or within an entire organization. There isn't the time to formally review each idea in most organizations. This is where on-line tools like voting on ideas can really help find top, easy-to-identify, ideas based on those with the highest vote. But how ideas are utilized will depend on your current organizational culture. For many organizations, a rigid workflow for new ideas may still be the best approach in the beginning. Later you can implement on-line social networking concepts.

With sharing of information comes another issue – access to the information. This means security should be built into the system so sensitive ideas or projects are only visible to those that need to see those ideas.

The ideas database should show the status of each project or effort – allowing others to jump in and help if they see a roadblock. This showcases who is driving innovation rather than sitting on it. Too often ideas languish or die because a handful of middle managers quickly kill ideas in their areas. Allowing innovators to enter and manage their own ideas helps avoid this situation – managers can't easily hide or bury ideas if everyone can see the new ideas.

OUR PEOPLE ARE ALSO PART OF THE PORTFOLIO

We are in a time of incredible change and very shaky economic times. The better we are at innovating, the better we will survive. Limiting innovation to a few elite people or running random events to gather new product ideas just isn't enough. This type of innovation creates a very narrow portfolio – like investing only in real estate.

We need every person that shows up for work ready to tackle improvement activities – first in their work areas and then moving out of their comfort zone into other areas and possibly larger ideas. This creates a fabric of innovation that will drive innovation further. At a top US company, a top innovator was a janitor. He would have never been found if that organization didn't have an innovative culture that supported inputs from each employee. A front-line employee with limited education coming up with solid creative ideas may be the hardest thing for leadership and middle management to accept.

When asking people to be creative; it is a very vulnerable spot for most. How a company respects their inputs and possibly recognizes their ideas can determine the future of that person's participation – positively or negatively.

The sphere of people should not stop at employees but include contractors, vendors, and customers that have knowledge of your organization directly or about the products/services you deliver. A core component of Lean manufacturing is very strong ties with suppliers to make the manufacturing process smoother and integrate their valuable ideas. The same concepts apply to new product innovation where suppliers, outside researchers, customers and others can have invaluable input.

CLOSING THOUGHTS

Sharing knowledge and creating a broader platform of participation in innovation may be the strongest survival tool we have. It creates a more adaptive workforce that innovates in the office environment, factory, customer service/delivery, as well as in the creation of new products and services.

Using efficient and effective IDEA MANAGEMENT tools that allow you to collect, evaluate, distribute and share information will allow you to better manage several forms of innovation. This creates visibility that will help give the best ideas a chance. It is what you can use to manage your portfolio of innovative ideas.

How to put this into practice is a bigger challenge. Breaking down traditional communication barriers is a huge challenge (and one of the reasons many idea systems fail). If leadership isn't ready to set the stage for broad ranging innovation – consider focusing in one division, one function, one product, or one area that is open to change.

Good luck!

Post-it® is a trademark of 3M

JAMES A. SCHWARZ has 22 years of hands-on global experience working with organizations to innovate using IDEA SYSTEMS. From public sector to private sector, he has watched organizations succeed and fail at enlisting creative ideas from employees and other stakeholders. Jim once worked in high-tech manufacturing as an engineer in the US and Mexico. His undergraduate degree in electrical engineering is from the University of Minnesota. He graduated from the American Graduate School of International Management – honing international business skills and language skills (Spanish/Portuguese). In addition, Jim has taught snow skiing at major resorts on three continents. Currently he is the CEO of TQS Software, a firm that creates best-practice management solutions for IDEA SYSTEMS through its comprehensive suite of Simplified Idea Management (SIM) software products. He draws from this diverse international experience to work with organizations that are equally diverse. He recently finished the 2nd edition of the reference book – “The A to Z of Idea Management for Organizational Improvement” (254 pages). He resides in Montrose, Colorado.

You can contact Jim at jims@tqs-sim.com. Go to the TQS Software website to view current articles he has posted: www.tqs-sim.com. He is available for presentations and corporate training on IDEA MANAGEMENT and RECOGNITION.