

CIO – Corporate innovation online

Innovation management best practices

Background to CIO's innovation management reports

Management practices and policies are a priority for innovative companies

March 10, 2017

Research reports, focussing on each company's approach to the management of innovation are available for **SBUX, DE, GE, MMM (3M) and PG** and are updated when there are changes in senior management.

CIO provides insight into the management of innovation in five highly-innovative, idea-intensive, companies. By researching these companies CIO;

- derives their approach to the management of innovation though delving into publicly-available and sometimes private sources including interviews with knowledgeable people,
- identifies the most important management policies and practices which favor or discourage innovation in each company,
- articulates the practices in separate corporate reports,
- seeks out management traits which are common to highly-innovative, idea-intensive companies,
- constructs a generic model of the best management practices and policies,
- provides a framework so that organizations may compare their organizations with the best practices,
- provides an on-line, a survey instrument where individuals and groups may render their opinion and compare results to other respondents.

Seven major components of a framework for the successful management of innovation.

1. Performance management
2. Communication
3. Delivering reliability
4. Technology development and market shifts
5. Culture
6. Strategy
7. Organization

The scope of our coverage includes **Starbucks, Deere & Co., 3M, GE, and P&G**. (currently being redone) plus ideas and other information which has been gathered from researching over thirty other highly-respected organizations. A list of companies researched is provided elsewhere on the web site.

Each research report is a comprehensive document and available on the web site. CIO's generic framework for the management of innovation has been built through undertaking extensive research into the policies and management practices of our 'group of five companies' as well as noting the best practices of other organizations.

3M has the best set of management practices and policies which encourage innovation.

When compared to P&G and particularly to GE, 3M's record for return on equity coupled with its management practices, rank it as the best in terms of the management of innovation. Students of management could learn much from knowing more about 3M's approach to managing innovation.

Building, sustaining and articulating innovation management best practices

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There are different management challenges for each of the five companies. Size matters, so does diversification. Both impact the return on capital? GE is the largest of these companies by far and has the worst record in terms of average annual return on total capital.

The following table is a summary of the highlights from our latest reports.

Company	Deere & Co.	Starbucks	3M	GE	P&G
Summary comment	A well-managed company with solid management practices in place.	Controlled, careful innovation management is their hallmark.	The company with the best policies and management practices for encouraging and sustaining innovation.	With restructuring almost done for now, the challenge is to improve financial performance.	Strategic restructuring is underway but the bigger challenge is changing management practices.
CEO	Allan	Schultz	Thulin	Immelt	Taylor
Age	64	64	63	60	59
Operating margin*	8.77%	18.03%	23.99%	8.30	22.55%
Return on equity*	21.72%	48.92%	46.38%	10.34%	16.86%
Employees	57767	254000	91584	Over 300,000	Over
Key emerging issue respecting innovation					
	Management of international roll-out	Success of initiatives in China and India and with 'tea'. Now 'succession'	Keeping the NPVI percentage high.	Building on recent acquisitions and improving GE's financial performance.	Changing 'how' it manages itself. Simplicity and entrepreneurship is needed
Fit with CIO's framework for the management of innovation					
	Deere's management practices contributed much to the generic model.	Rated high on most characteristics but succession has yet to be addressed	Rated our best fit of the five companies researched in depth.	Compatible on most fronts but may need to adopt a more aggressive approach to decentralization.	Fit is generally good except that lack of clarity of roles and responsibilities act to slow decision making.

- Financial information as of February 27, 2017

Additionally, reports available;

- Google – manages innovation 'differently'
- IBM – Can IBM survive?

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