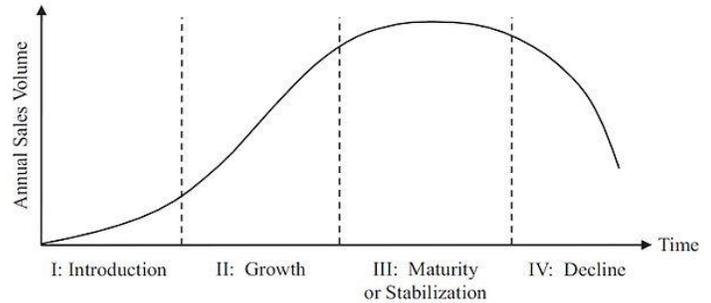


CIO – Corporate innovation online Innovation management best practices

Innovation management practices change by stage of corporate development

Whether you are a start-up, growing or mature organization, you can use the on-line lab to sort out priorities for improving your management of innovation



October 2, 2017

1. Start-ups require a different emphasis than mature companies

As a start-up, the challenge is to survive and make it to the ‘rapid growth’ stage. Hiring the brightest and dedicated staff is a priority¹. Hiring practices are therefore a key to success, particularly for start-ups.

Start-ups are all about innovation. The whole purpose of initiating almost any business is that it represents a disruptive or newish business model, product or service.

Embracing a culture of innovation is highly important but start-ups are consumed with the need to innovate in order to survive and probably not worried about culture per se. There is less need to inculcate practices which focus on entrepreneurship than in larger organizations where bureaucracy and indeed complacency may have set in.

On the other hand, CIO’s research has shown that founders have a profound and lasting impact on the culture for innovation.

At the start management’s attention is all on the short term. There is little choice except to dream about, envision, that which could eventually evolve into a growing and successful company. Later, in the growth stage, once market share in the chosen market becomes more secure and there are positive signs of profit, senior management and the Board can afford to take a longer-term view.

Creating an environment where risk is tolerated and provides ‘lessons learned’, a luxury for start-ups but often has to be re-introduced into later-stage organizations.

Topics

1. Start-ups require a different emphasis than mature companies
2. How the on-line lab works

Appendices

- Innovation management thinking by development stage
- Entrepreneurship and innovation questionnaire

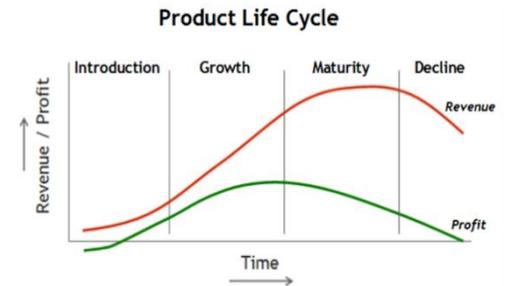
¹ MacLean’s Special report, October 2017; Grow a Staff of Self-starters.

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2. How the on-line lab works

So, how relevant is the use of the on-line lab to the issue of innovation management for all stages? Questions posed in the on-line lab require interpretation for each stage. What is important to realize is that each Factor is important at each stage, but the stage of development determines the emphasis placed on each of the Factors.



For example, the first question posed is whether management profit emphasis is on the short-term or on the longer-term. While the answer might seem obvious for a start; i.e. that it has to be short-term, the question raises the alternative that profit might be less important than achieving market share. The classic example, at the moment, is Amazon in their quest for market share as opposed to achieving improved profit which will, according to management, come in due course.

1. Management's emphasis is on short-term versus long-term profit. Emphasizes very short term Emphasizes very long term

The second question posed is whether management is explicitly looking for innovation or not. This is not so much a question for a start-up since innovation is what the business is all about, but more a question for a more mature or aging company where innovation may have given way to complacency.

2. Management explicitly looks for or has no interest in innovation. Explicit objectives for innovation. Has no interest in innovation

The third question addresses the issue of 'tolerance for mavericks or not'. 3M places great emphasis on the value of mavericks to the organization. This sense has been a core value since their inception and put in place by the founders².

3. Management's has tolerance for mavericks or not. A lot of tolerance. Very little tolerance

As for the other questions raised by the on-line lab, the following would appear to be the most relevant to start-ups; F#5, Tolerance for failure, F#8, Tolerance for deviations from a 'corporate norm', F#9, Tolerance for uncertainty in the planning process, F#10, Communication internally, F#12, Internal collaboration and F#15, An orientation to a culture for implementation and not bound up in planning

The on-line lab works best for addressing the alignment of viewpoint within a business unit. Once completed for one unit, the lab can be utilized for another group and comparisons made. Such comparisons can lead to a better understanding of the culture of managing innovation in the organization, recognizing differences and collaborating to get at the best ideas.

² See CIO research report on 3M

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Development Stages					
Innovation management thinking	Industry Maturity				
	Start Up	Rapid Growth	Growth	Mature	Aging
Management's overall attention as well as others in the organization	Establishing credibility Entrepreneurship Survival	Developing a strong competitive position Market share expansion	Maintaining a strong competitive position	Maintenance of profit and market position	Exiting the business Ongoing survival
Innovation focus	Specific new product development tasks Setting in place the seeds of a culture for innovation	Business model establishment New product quality and support Customer feedback for success		Product enhancements and modifications Search for entrepreneurship and innovation	Opportunistic only Could attempt a reinvigoration of innovation
Innovation management systems	Non-existent Reward is skewed to share value appreciation	Simple idea management system Rewards migrate to other forms of recognition	Full-fledged idea management system Sophisticated reward system for full range of innovation spectrum		System maintenance
Management structure	Loose and informal, little definition of responsibilities Individual performance is emphasized	Some organizational definition required Individual and group performance	Group performance Decentralized Well defined responsibilities and accountabilities		
Management's innovation style	Open and ad hoc	Bordering on participative	Open and non-hierarchical	Formal, delegation and control	
Collaborative initiatives	Virtually none outside the enterprise	Mainly internal effort but focused collaboration	Seeking outside collaborators; research institutions etc. for new ideas	Managing outside collaboration	
Likely casualty during stage	Cost reduction and continuous improvement, cost containment		Risk profile shifts from risk taking to more conservative	New products	No new products

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Entrepreneurship and Innovation Questionnaire

These are the 25 Factors included in the questionnaire. You are asked to provide your opinion on a sliding scale. On completing the questionnaire, you receive immediately a customized report and a score. You can change your responses at any time by logging back in with your e-mail and password.

Factor - Question	Extreme left of scale	Extreme right of scale
1. Management's emphasis is on short-term versus long-term profit.	Emphasizes very short term	Emphasizes very long term
2. Management explicitly looks for or has no interest in innovation.	Explicit objectives for innovation.	Has no interest in innovation.
3. Management's has tolerance for mavericks or not.	A lot of tolerance.	Very little tolerance
4. Planning emphasizes rationing resources or identifying opportunities.	Very much rations resources.	Focus is on identifying opportunities.
5. Management's tolerance for failure or not.	Very high tolerance for failure.	Very low tolerance for failure.
6. Leaders emphasize management of people and their interactions or not.	Little emphasis on people.	Very much emphasize people management.
7. Corporation provides career ladders, powers and titles for innovators or not.	Innovators have limited career opportunities.	Innovators have careers and recognition.
8. Corporation is tolerant towards variances from the corporate norm or not.	Corporation highly tolerates differences.	Corporation has little tolerance for differences.
9. Management's tolerance for uncertainty (as distinct from risk) in the planning process or not.	Plans have a very low tolerance for risk.	Plans have a very high tolerance for risk.
10. The style of communication within the organization.	Communication is highly informal.	Communication is highly formal.
11. Management's discourages or encourages use of independent work groups for special purposes.	Use of independent work groups is greatly encouraged.	Use of independent work groups is greatly discouraged.
12. Management makes decisions with lots of input from the rest of the corporation or not.	Little consultation.	Lots of input is sought.
13. Decision process is elaborate and formal versus short and informal.	Process is short and informal.	Process is elaborate and formal.
14. The corporation has specific mechanisms available for rewarding innovation or not.	Mechanisms exist for rewarding innovation.	No mechanisms for rewarding innovation.
15. The organization is planning-oriented versus action-oriented.	Organization is prone to planning and analysis.	Organization is prone to action with little planning.
16. Management has an open and relaxed attitude towards mergers, acquisitions, joint ventures and divestitures or not.	Very open attitude to mergers and acquisitions.	Very closed attitude to mergers and acquisitions.
17. Management expects people to be totally devoted to the corporation or makes room for personal development.	Insists all time and effort are devoted to corporate objectives.	Really encourages personal development.
18. The organization has a decentralized or centralized hierarchy.	Highly decentralized hierarchy.	Highly centralized hierarchy.
19. Resources (budget, personnel, time, etc.) are generally available for new ventures or not.	Few resources are ever available.	Resources are generally available.
20. Extent of staff involvement (as opposed to line involvement) in the decision process.	Little staff involvement in decisions.	Lots of staff involvement in decisions.
21. Innovators tend to stay with the organization or leave.	Innovators stay with the corporation.	Innovators leave the corporation.
22. The organization has or has not an innovative tradition.	Corporation has not tradition of innovation.	Corporation has a fine reputation for innovation.
23. The R&D budget is less or more than the competition.	R&D spending is much less than the competition's spending.	R&D spending greatly exceeds competition's spending.
24. Innovation is perceived as decreasing or increasing.	Innovation is decreasing rapidly.	Innovation is increasing rapidly.
25. Employee organizations discourage or encourage innovation.	Organizations encourage innovation.	Organizations discourage innovation.