

CIO – Innovation management best practices

Tools – Step Three – Identifying and prioritizing opportunities

Whilst the improvement imperative might be driven at a high level by cost pressures and competitor performance, the first step in any “rubber on the road” improvement process is to recognize that specific improvement opportunities (or ideas for improving innovation) exist that can be worked on and resolved.

It is reasonable to expect that a number of valid improvement ideas can be generated through brainstorming sessions and suggestion schemes and these can make a valid contribution to energizing the improvement process.

However, most focused (and therefore successful) improvement opportunities are identified through a process of measurement of losses.

Just to make this process clear; the goal is to improve the way in which the management of innovation is handled internally in the organization. The hypothesis is that, if the appropriate – best – policies and management practices are in place, and these coupled with having the right people, the odds are strongly in favor of having an innovative company. As such, innovators will not leave and the organization will be attractive to innovators, entrepreneurs and others who wish to make things happen. Ideas will be generated, nurtured and for the most part turned into commercial success.

The previous two steps will have provided the base line for establishing the current condition internally and provided insight and ideas from others which could be adopted within the organization.

The initial task is to focus on the gap between what is the current situation and what could or should have been achieved. Root-cause analysis of those gaps coupled with accurate assessment of the business benefits of closing the gaps provides a very strong focus on successful implementation of appropriate “solutions”. Gaps derive from the examination of internal policies and management practices – how is this done now – and ideas for change which could be prompted by a knowledge of Best of Breed practices.

If a large number of opportunities are identified then the process of prioritization helps focus the whole organization on reducing those losses (closing the gaps) effectively without getting side-tracked on other less important initiatives. Closing the gaps is often a first step before launching new initiatives to improve innovation.

Improvement opportunities with a clear definition of addressable root causes and a valid business case in support of making change result in prime candidates for implementation planning.

Any business case needs to address **the issue of risk**; not the risk of launching a new product or service, but rather the sense that the organization is risk averse or intolerant or, on the other side, risk taking. How is risk to be defined and measured? Highly-innovative companies make a point of stating their risk tolerance level, often expressed in terms of tolerance of failure or success. P&G, for example, when under Lafley in his first time at the helm, was concerned that the management structure was becoming too conservative. He stated quite openly what he thought

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about the subject of failure – see Profile of P&G. Without risk there is no innovation!
Management and staff need to understand the current situation and to be part of the solution.

Risk is becoming a greater concern to managements in general and the risk arising from being too risky or not risky enough is finding its way to the Boardroom. Alignment within the organization paramount.

The previous two steps would normally produce a range of responses on issues of leadership, on the policies and management practices which relate to idea generation and realization, in addition to those that apply to day-to-day management of the enterprise. Obviously closing of these gaps, since they would have been identified by the process, is a priority. Typically it is not one change that is required but a cluster of policies and practices which, acting together have caused the current situation. On these matters, it is key to listen to staff and management. Find out their thinking on key issues such as;

- Compensation and incentives; rewards and how designed and administered,
- Organization structures; temporary or permanent, which impact the effectiveness of innovation,
- Investment levels in innovation; R&D, continuous improvement, etc.
- Training programs, knowledge management which relate to innovation; workshops, motivational sessions,
- Clarity of responsibility and accountability throughout the organization
- Reporting on performance; financial, operational and idea realization
- Addressing centralization and decentralization issues – organizationally related or structural

Leadership training may also be required!

Whilst most organizations are continuously improving, the rate of improvement varies depending on the number of new ideas generated and the acceptance of those ideas by the majority of the people involved. If people are locked in old paradigms then most of the new ideas are likely to be about incremental rather than breakthrough improvement, and resistance to implementing new ideas will be strong.

Sorting through the list of potential improvements can be facilitated by holding focused workshops, small meetings, regular communications, or other means within the organization. The product of such assessments is the preparation of a set of priority changes which become part of the next step; planning implementation.

Sharing the vision is a much more interactive process involving a significant proportion of the people who will be involved in or affected by the change. One way to develop a shared vision is to engage people in a discussion process to explore the future scenario. Present the context *“imagine in twelve months from now the proposed change has been implemented successfully”* and ask the question *“what would you “see”, “hear” and ‘feel” that is different from what*

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happens now?” Capture all the responses then discuss and collate them to identify the common themes. By combining the tangible benefits identified through the estimating process with the intangible (lifestyle) benefits identified through the visioning process, you will often be able to highlight a compelling “pull” to energise the process of change.

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