CIO – Corporate innovation online
Innovation management best practices

Using benchmarks to better understand the management practices which encourage corporate innovativeness

Our research into the management practices of highly-innovative companies identified twenty-five Factors which are relevant to corporate innovative capacity - innovativeness.

This paper outlines the benchmarks and **provides a worksheet** which you can use to assess your own company's innovative capacity. We first explain the methodology and then provide a set of benchmarks for your use.

The on-line survey[2]

The on-line survey delves into the opinions of personnel within a corporation as to their attitudes and beliefs regarding innovation. The intention is to better understand the opinions, beliefs and values within the organization regarding innovation. Comparisons among levels and across large organization are possible. Problems and opportunities can be identified and prioritized through a careful interpretation of results, leading to focused corrective action.

This is how the online survey works for a corporation. For each Factor, respondents enter their perception of the 'Ideal' corporate situation and then, on the same scale, register their own corporate 'Reality'. A report is provided on-line and sent to the respondent. The report compares their opinion, for each Factor, with the average of all other respondents. This report is useful to the respondent for marking his/her viewpoint and judging whether their own view might be extreme – or average. The difference between 'Ideal' and 'Reality' gives rise to a difference – referred to as 'Delta' - a measurement of satisfaction or not. A score by Factor and in total is provided to the respondent on completion of the on-line survey.

Researching highly-innovative, idea-intensive companies

Our research into the management practices of highly-innovative, idea-intensive companies (see list under home page) encompasses many organizations but the three we have chosen to make up the Best of the Best ratings are; 3M, P&G and John Deere[3], on

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Summary

Those who registered their opinion on our on-line survey make it clear that while their 'Ideal' may not be up to the standard of our Best of Breed, their ratings place emphasis on the same Factors as White & Partners have found to be important to the success of highly-innovative, idea-intensive companies.

We supply the numbers for your use!

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[2] See web site; http://www.corporateinnovationonline.com to complete the survey
[3] Profiles are available for each of these 3 companies, and others, on the web site; http://www.corporateinnovationonline.com.

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which we have sufficient information to assign values by Factor. The Best of the Best (BofB) is an average of our ratings for these three companies.

The measure is subjective and is not based on any internal information. There is, however, a wealth of external data on each of these companies. We have sifted through most of the relevant material and are able to profile each of the companies at a point in time. There is also an observable pattern amongst highly-innovative companies which helps to answer why these companies are able to sustain innovation for such a long period.

How closely correlated are the results from our 'on-line survey' with White & Partners ratings for the Best of Breed?

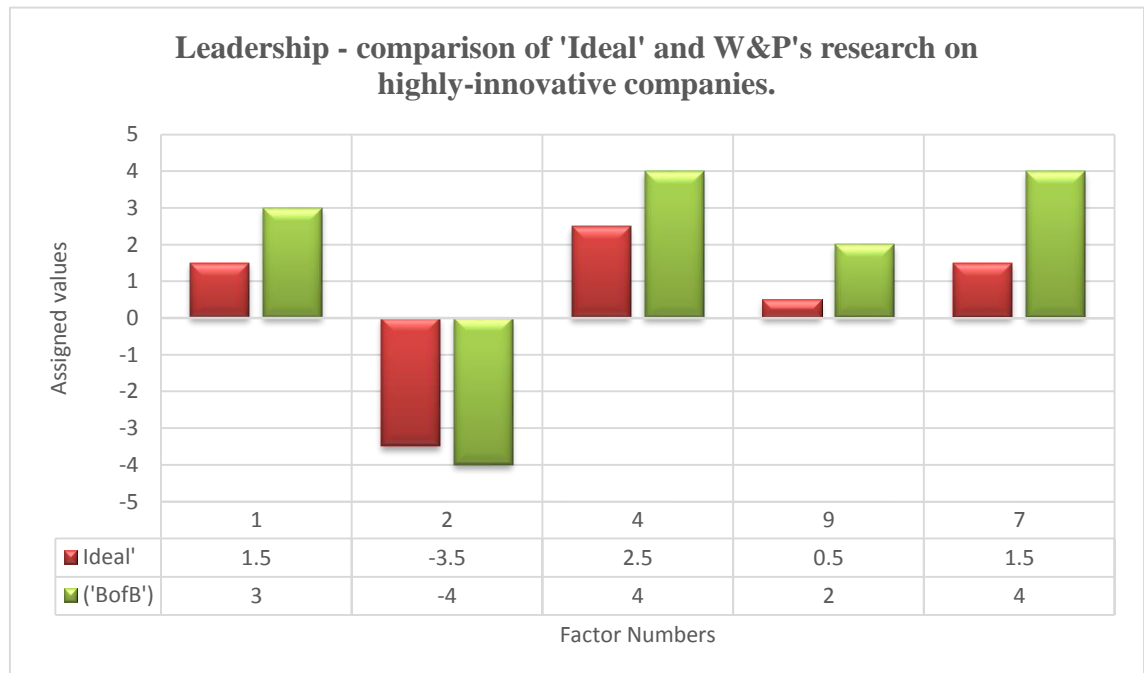The 25 Factors can be organized under three topics;
       1. Leadership,
       2. Organization and management of day-to-day affairs, and
       3. Idea generation and realization
Factor descriptions are set out on page 4.

In almost all cases our research results of the Best of Breed set a higher benchmark than are the 'Ideal' results from the on-line survey but overall there is a consistency in the comparisons.

1. Leadership

For each Factor, the 'Ideal' registered by our on-line participants ranks below the Best of Breed derived from our research into the management practices of 3M, Deere and P&G.

Leadership - comparison of 'Ideal' and W&P's research on highly-innovative companies.

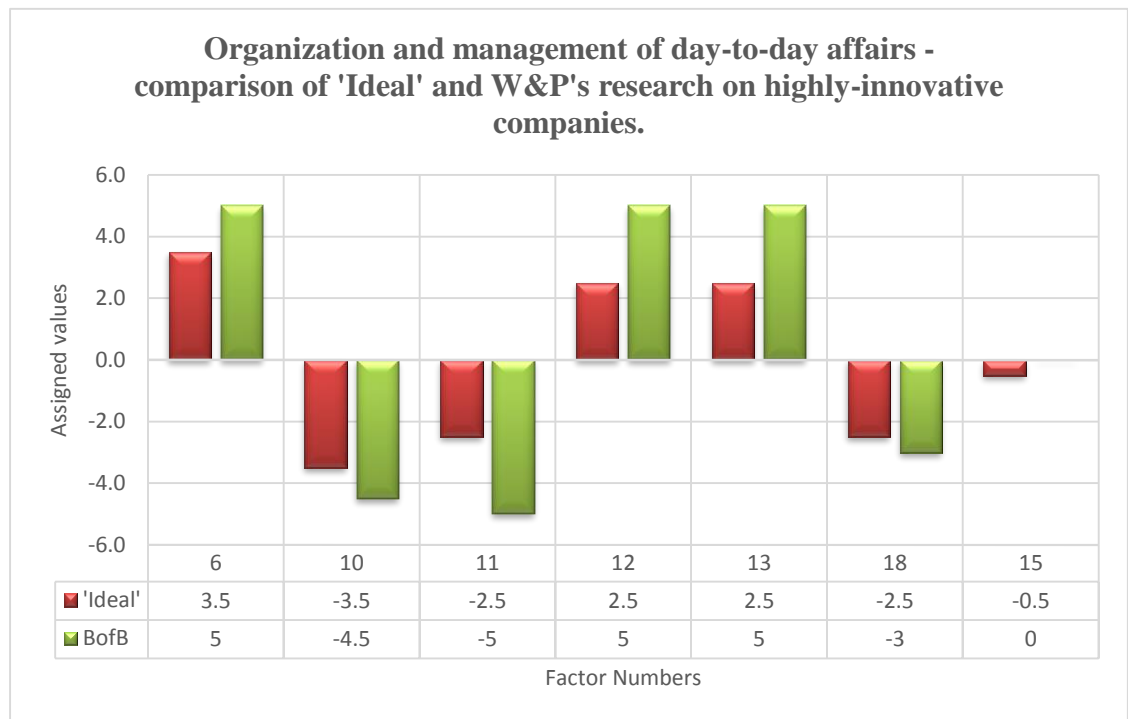| Factor Numbers	1	2	4	9	7
Ideal'	1.5	-3.5	2.5	0.5	1.5
('BofB')	3	-4	4	2	4

Assigned values (y-axis)

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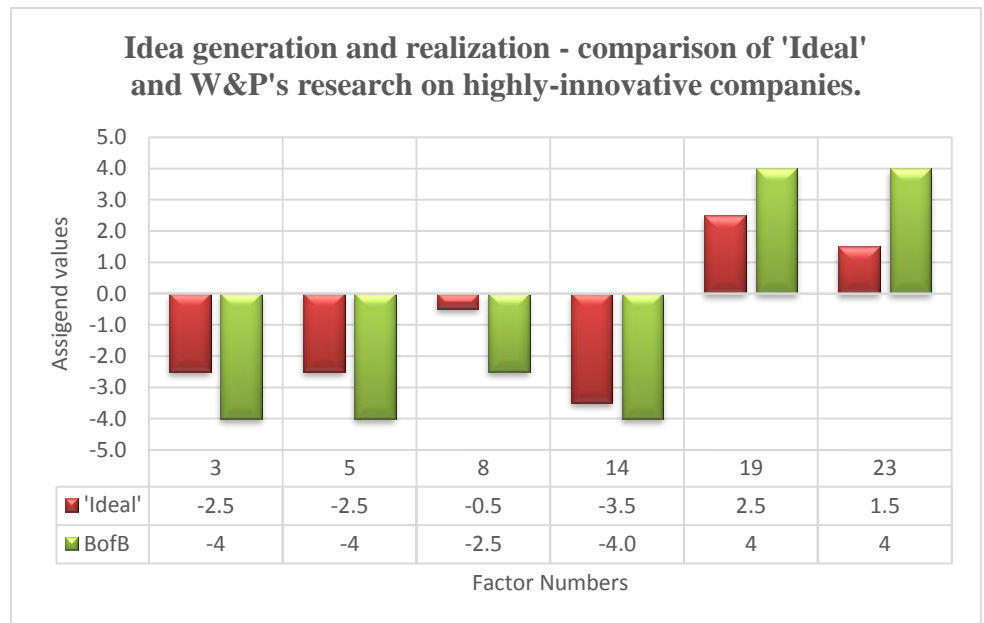
2. Organization and management of day-to-day affairs

For each of the Factors, the 'Ideal' as registed in our on-line survey is below the Best of Breed. Factor #15, which addresses the issue of whether the organization is planning or action oriented, lacks Best of Breed information.

Organization and management of day-to-day affairs - comparison of 'Ideal' and W&P's research on highly-innovative companies.

Factor Numbers	6	10	11	12	13	18	15
'Ideal'	3.5	-3.5	-2.5	2.5	2.5	-2.5	-0.5
BofB	5	-4.5	-5	5	5	-3	0

Assigned values

3. Idea generation and realization

For each of the Factors, 'Ideal' as registered in our on-;line survey is below the Best of Breed.

Idea generation and realization - comparison of 'Ideal' and W&P's research on highly-innovative companies.

Factor Numbers	3	5	8	14	19	23
'Ideal'	-2.5	-2.5	-0.5	-3.5	2.5	1.5
BofB	-4	-4	-2.5	-4.0	4	4

Assigend values

Eight Factors lack comparative numbers for this report as either there was no information available or there was an inconsistency in the information registered on line.

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	Worksheet: Management practices by Factor with benchmarks[4]			
F#	Issue addressed	'Ideal'	'BofB'	Respondent's comments – good practices
1	Management's view on profits.	1.5	3.0	Management is prepared to wait a reasonable time for a payout from innovation, but not too long, Management is not looking for short-term profits.
2	Management's view on the importance of innovation.	-3.5	-4	Management explicitly and aggressively looks for innovation.
3	Tolerance of mavericks.	-2.5	-4	Management really does have a high tolerance for mavericks in the organization.
4	Planning emphasis.	2.5	4	Management, when planning, put a strong emphasis on looking for opportunities and is less focused on rationing resources.
5	Tolerance for failure.	-2.5	-4.0	Management has a reasonably high tolerance for failure.
6	People and their interactions	3.5	5	Leaders, by way of their management practices, put a great deal of emphasis on the management of people and their interactions.
7	Career for and recognition of innovators.	1.5	4	It is important to place some emphasis on recognizing innovators, but overall opinion is very mixed.
8	Tolerance to a corporate norm.	-0.5	-2.5	Opinions are on both sides of this Factor and not very strong either way. Perhaps not an important Factor!
9	Tolerance for risk (Planning)	0.5	2	Opinions are on both sides of this Factor and not very strong either way. W&P rates this benchmark higher than the 'Ideal'.
10	Intra-firm communications formality.	-3.5	-4.5	The emphasis in an innovative culture is on a minimum of formal communication and an encouragement of openness through less formality.
11	Use of work independent work groups.	-2.5	-5.0	Viewed as an important management practice in a culture which supports innovativeness.
12	Decision making is broadly based.	2.5	5.0	Input from the whole corporation is a value associated with innovative companies. Less autocracy and more participation.
13	Formality of decision process.	2.5	5.0	More informal and less formal is the view of respondents.
14	Rewards for innovation.	-3.5	-4.0	Respondents advocate the use of specific rewards for innovation.
15	Planning or action orientation.	-0.5	0	No consistent viewpoint.
16	Attitudes towards mergers etc.	-1 to -2		It did not seem to matter much whether there was an open or closed attitude to major structural changes at the corporate level.
17	Company versus personal loyalty.	0 to 1		Divided opinion – with a slight view that there should be some encouragement for personnel working towards personal development.
18	Hierarchy; centralized or decentralized.	-2.5	-3.0	Definite desire for a decentralized organization with little hierarchy.
19	Availability of resources.	2.5	4.0	The indication, or past evidence, of resources being available for innovation is a definite incentive to be innovative.
20	Staff versus line involvements.	0 to 1		Divided opinion – but could be a significant Factor. Some argue for lots of staff involvement; others are opposed.
21	Retention of innovators.	-1 to -2		In the ideal culture for innovation, innovators should stay with the corporation but respondent's reality seems to be that innovators leave.
22	Innovative tradition.	2 to 3		Quite important to be seen to have a tradition of innovation. Hard to get, perhaps easy to lose.
23	R&D budget levels.	1.5	4.0	Should be better than the competition but not over the top either.
24	Perception of innovation trend.	2.0		Somewhat similar to responses to Factor #22. Perceptions in themselves act to encourage a culture for innovation.
25	Role of employee groups.	-1 to -2		Not a hugely important Factor since opinions were divided and not given a heavy emphasis on either side.

Leadership	
Organization and management of day-to-day affairs	
Idea generation and realization	

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