

## CIO – Corporate innovation online Innovation management best practices

### Of all the management practices, which are the most important? To CEOs? To survey registrants?

Which of the Factors are most important to registrants overall and to those who indicate they are in a CEO role?

We analyze the results from the on-line survey and provide a perspective on this issue in terms of five important themes;

- Financial management
- Collaboration
- Risk
- Organizational
- Rewards

Each of the twenty-five Factors are allocated to these five themes, ranked for their importance in terms of registrants overall and, separately, by ‘CEO’ level. The analysis provides a perspective on those Factors seen to be important to innovation management best practices and, of equal importance, those Factors where registrant’s opinion is less clear or mixed, resulting in a lower overall score.

Just a reminder of the source of the data. The ‘Best of Breed’ is derived by White & Partners based on their researching highly innovative, idea-intensive companies. The Registrants ‘Mean Ideal’ is sourced from the on-line survey and is a part of the report which all registrants receive on completing the survey. The ‘CEO Thinking’ results from analyzing the on-line survey but obviously just the CEO/COO responses.

### CEOs think the following are the most important best practices

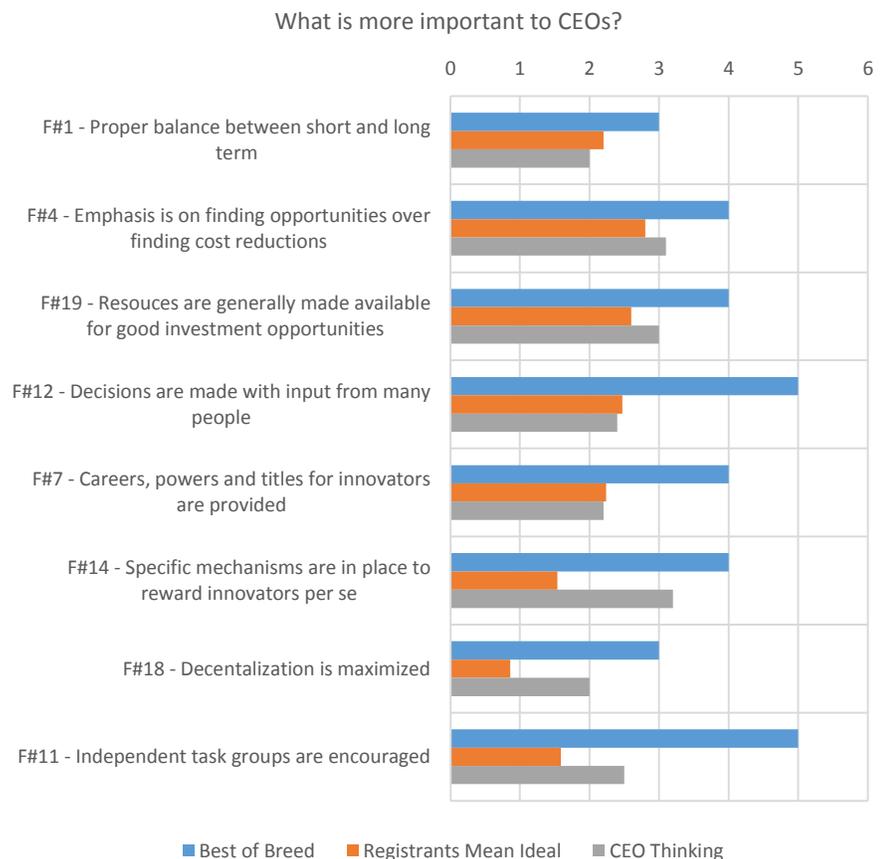
Eight Factors are more important to CEOs – i.e. have a ranking of two or more in our scale.

### Quick Summary

CEO thinking about innovation management reveals interesting opinions. What’s important. What’s not.

Thirteen Factors come off as being important overall and eight of these are more important to CEOs.

Financial management emerges as a dominant characteristic impacting innovation thinking.



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### Innovation management best practices

Financial Factors make up the top list of three Factors;

- F#1; balancing the issue of short-term versus long term profits
- F#4; placing the planning emphasis on finding opportunities as opposed to seeking cost reductions
- F#19; trying to make sure that there is a belief within the organization that funding will be available if good investment projects are identified

Collaboration is called for with the rating for F#12. The need for rewards, monetary or non-monetary, are referenced by the results for F#7 and F#14. Organizationally, CEOs desire – think their ‘Ideal’ - calls for maximizing decentralization and, as a form of decentralization, call for the use of independent work groups.

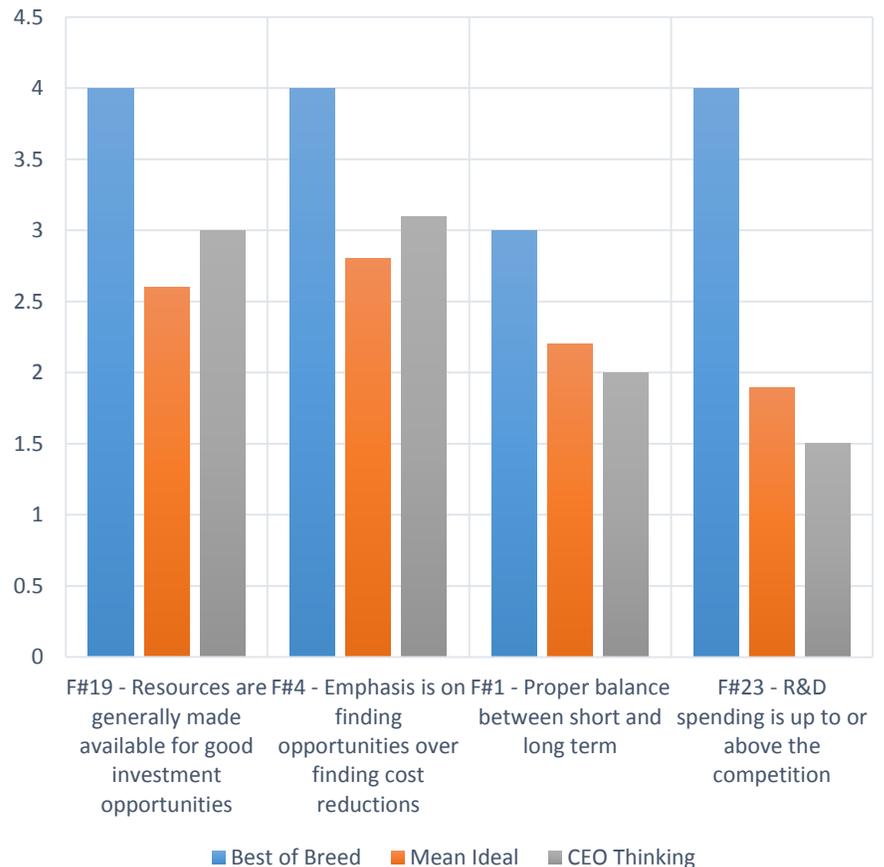
### Financial management

*Practices impact innovation*

Four Factors relate particularly to financial management within an organization. The chart opposite presents three comparisons; the ‘Best of Breed’ – which is W&P’s rating for each Factor, the ‘Mean Ideal’ which derives from those completing the on-line survey, and lastly ‘CEO thinking’ which is based on breaking out the results for CEOs only from the on-line survey.

The consistency among the three sources of data is clear. This result, as you will note from other analyses which follows, is very different from the other themes. Financial management methodology and messaging becomes very relevant to the innovativeness of an organization.

Financial theme breakout



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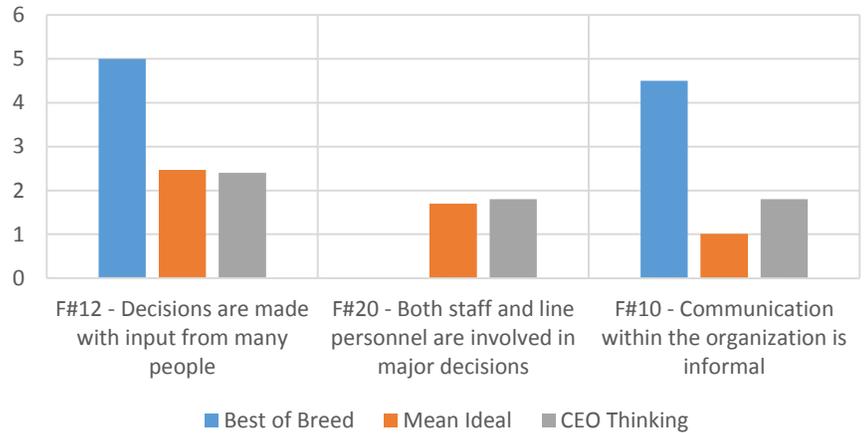
### Collaboration

*Collaboration is called for.*

Three Factors are relevant to collaboration within an organization. Only one of these Factors, F#12 rated the attention of CEOs as noted earlier. While our rating, the ‘Best of Breed’, put a relatively high value on ‘input from people’ and the form of communication in the organization, this priority was not shared by registrants nor by CEOs.

The Factor relating to the involvement of both line and staff being involved in major decisions is not seen to be significant by registrants nor by CEOs.

Collaboration break out

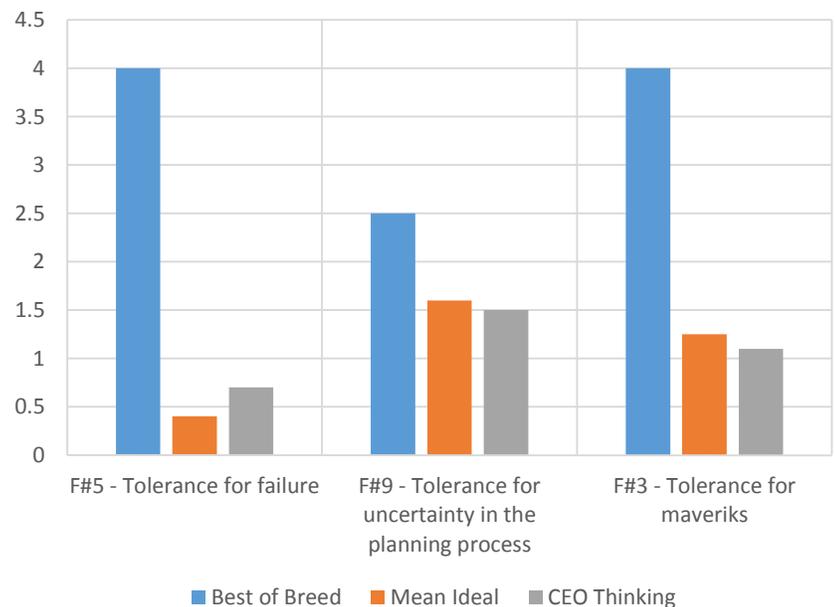


### Risk

*Risk seems to not be an important Factor?*

Risk related Factors, of which there are three, elicited various opinions. The ‘Best of Breed’ rating for tolerance for failure was out of synch with responses from registrants and off the scanner for CEOs. The same could be said for Factor#5 relating to ‘tolerance for mavericks’. Both registrants and CEOs seem of the opinion that tolerance for mavericks is simply not that significant. This is some sharp contrast to our research into highly-innovative, idea intensive companies where, in many cases, mavericks are welcomed.

Risk theme breakout



There is a consistency of opinion on tolerance for uncertainty – as opposed to risk – in the planning process. While not overly important to registrants and CEOs, the results are consistent but do relate well to the ‘Best of Breed’ rating by White & Partners.

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### Organizational

#### *Decentralization is favored*

Three Factors relate to how the organization is structured and whether decentralization is maximized.

Decentralization, one of the characteristics of highly-innovative, idea-intensive company, is rated high for the ‘Best of Breed’ and for CEOs. Registrants however, overall, have a contrary opinion and do not see it as an important Factor impacting innovation.

Independent task groups mirror the response under ‘decentralization’; ranked high for Best of Breed and for CEOs but less important for registrants overall.

While the ‘Best of Breed’ rating for this Factor is very high at the ‘5’ level, this importance is not reflected in either registrants nor in CEO thinking.

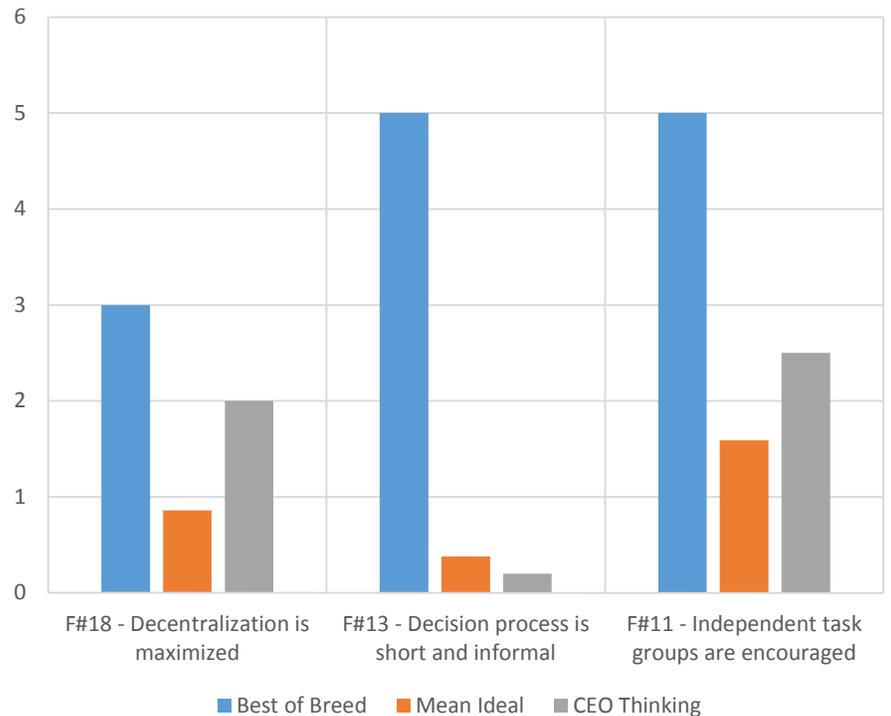
### Rewards

#### *Rewards of some kind are essential*

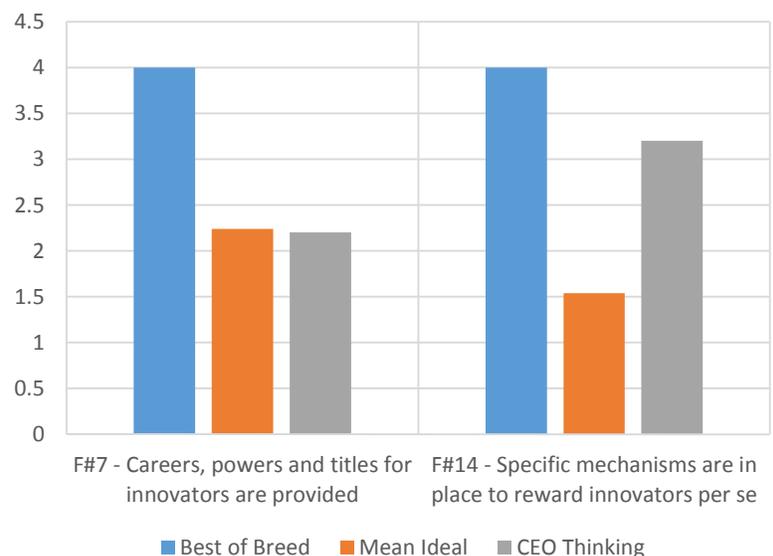
Two Factors make up the survey with regard to rewards – as they relate to innovators.

There is a consistency in the responses from all three sources. Whether ‘Best of Breed’, CEOs or registrants at large, there is a strong opinion that rewards and recognition are an important component of having in place best practices for innovation.

Organizational theme breakout



Rewards theme breakout



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### Summary – What does all this mean?

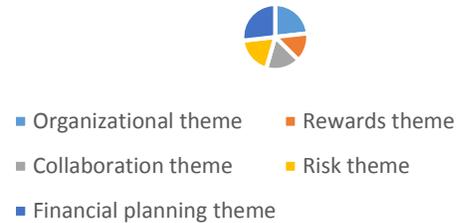
In summary, thirteen of the Factors show a definite consistency between ‘Best of Breed’ and ‘CEO thinking’ and, while not as persuasive, a consistency with registrants’ responses overall. Users of the on-line survey should take note that the comparison between ‘Mean Ideal’ and ‘CEO thinking’ are very similar.

What might come as a surprise is the weighting as between the ‘Best of Breed’ and ‘CEO thinking’ with regard to the five themes presented. The Financial theme is much more dominant in the ‘CEO thinking’ as shown in the attached diagrams.

Several Factors, of the twenty-five which are part of the on-line survey are not included in this analysis as they did not fall so clearly under the five themes presented in this report.

- F#6; on the issue of the management of people and their interactions. Obviously very important as reported in reports which participants receive on completing the survey; a ‘Mean Ideal’ of 3.2.
- F#8; that the corporation is tolerant towards variances from a corporate norm. Not so important with a ‘Mean Ideal’ of 0.7.
- F#15; that the organization is viewed as action-oriented or planning-oriented. Perhaps a confusing question since the ‘Mean Ideal’ is 0.2 and due to a wide variance in registrants’ opinion.
- F#16; an open attitude to potentially disruptive moves such as mergers, acquisitions and divestitures.
- F#17; expectation around people’s devotion to the corporation or not; somewhat akin to the 15% personal time offered by 3M and Google.
- Factors #21, 22, and 24, which are really outcomes of having effective management practices and must be viewed only in the context of individual organizations.
- F#25; the role of employee organizations in encouraging innovation.

#### Best of Breed



#### CEO Thinking



The more interesting analysis is on the question as to how your own organization would respond to these questions and then comparing the results to other; the ‘Mean Idea’ and to our ‘Best of Breed’.

Building, sustaining and articulating innovation management best practices