



Innovation Programme

Introduction

This document provides an overview of the Veryard Projects approach for addressing the innovation needs of organizations.

What is innovation?

Innovation involves **change** using **ideas**. Innovation involves the creative application of new ideas to real problems, to deliver significant change, as shown in Figure 1.

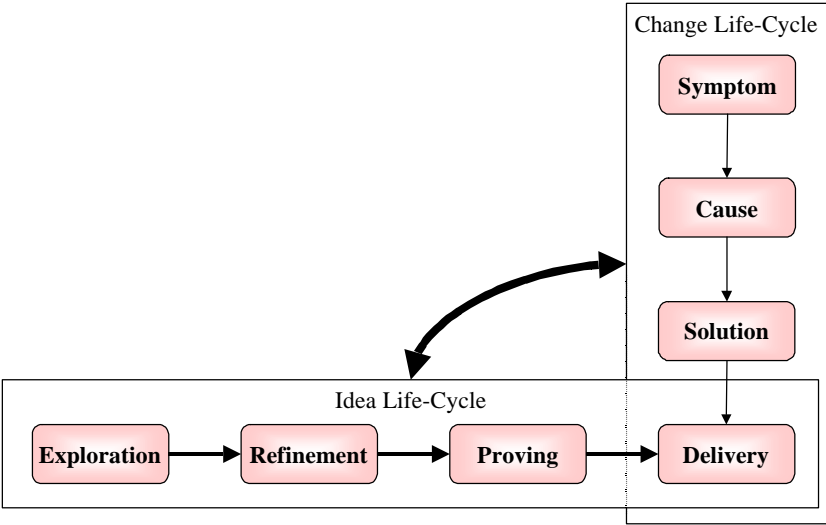


Figure 1: Innovation occurs when Ideas meet Reality.

About innovation

Just like children, new organizations can be highly innovative. But as the organization grows larger and older, this innovation can slowly disappear.

Some organizations completely lose their ability to innovate. This may be caused by various factors: external pressure, a growing complacency and an internal erosion of enthusiasm. Often business growth brings with it the need for improved control, formalisation of processes and predictability of outcome; these necessary disciplines however can raise barriers to effective innovation.

Many organizations remain highly innovative, but only within a narrow (often technical) domain. Outside their technical specialization, for example in their relationships with their customers or in their business processes, they become unimaginative and resistant to change.

Our focus is to identify and remove the innovation blockages within organizations new and old, large and small, and to encourage individuals and teams to reach new heights of productive and useful creativity. We aim for high levels of personal contribution and fulfilment, and high levels of collaboration and organizational effectiveness.

Innovation for innovation's sake? Sometimes the business or social benefits of a particular innovation may not be clear from the outset. However, the ultimate

touchstone of any individual innovation or innovation programme is a clear contribution to business or social goals: survival, growth, corporate health and wealth.

Process innovation and quality

Business excellence is impossible without constant attention to quality improvement, as indicated in Table 1.

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| <ul style="list-style-type: none">◦ The quality of an organization's products, services and other outputs is determined by the satisfaction of the customers who use them, and results from the effectiveness and efficiency of the processes that create and support them.◦ Quality improvement is achieved by improving processes. Every activity, or item of work, in an organization comprises one or more processes.◦ Quality improvement is a continuous activity, aiming for ever higher process effectiveness and efficiency.◦ Improvement efforts should be directed towards constantly seeking opportunities for improvement, rather than waiting for a problem to reveal opportunities.◦ Correcting an output from a process will reduce or eliminate a problem that has occurred. However, preventive and corrective actions to eliminate or reduce the causes of a problem will eliminate or reduce any future occurrence. Thus, preventive and corrective actions improve the processes of an organization and are critical to quality improvement. |
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Table 1: Quality improvement principles [ISO 9004-4]

These principles are necessary for business survival – but not sufficient. Our approach to innovation aims to support and complement quality management and quality improvement. We then build on these existing structures and mechanisms to produce new capabilities for creative and productive change.

Barriers to innovation

When we assess successful organizations we almost always find many of the elements of innovation: innovative staff producing exciting new ideas. However, we also often find that these organizations have (apparently unintentionally) developed significant barriers to accepting such innovative ideas.

Figure 2 depicts some common places where such barriers may be found. With closed operations, demand fails to get through, and new ideas cannot reach implementation; innovation is inhibited by a culture within the operational activities of the business that is closed to new approaches, preferring to stay with existing proven approaches. With closed innovation, the unit(s) designated as responsible for innovation work in a closed environment, cut off from requirements and ideas grounded in the operations of the organization, and/or cut off from the environment.

Such barriers typically restrict innovation to just a few employees, and other voices (including customers and suppliers) are not properly heard.

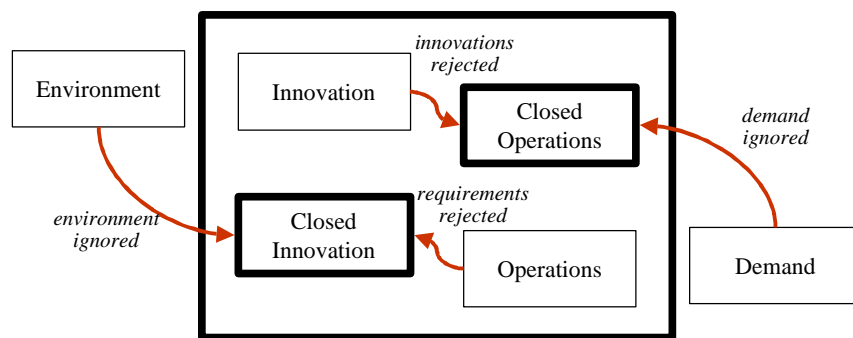


Figure 2: Typical Barriers to Innovation

There are of course many other types of barrier; one of the roles of Veryard Projects is to identify then reduce such barriers. We work towards an organizational dynamic that encourages both the creation of many innovations and the selection of potentially high value innovations for implementation. This dynamic is illustrated in Figure 3.

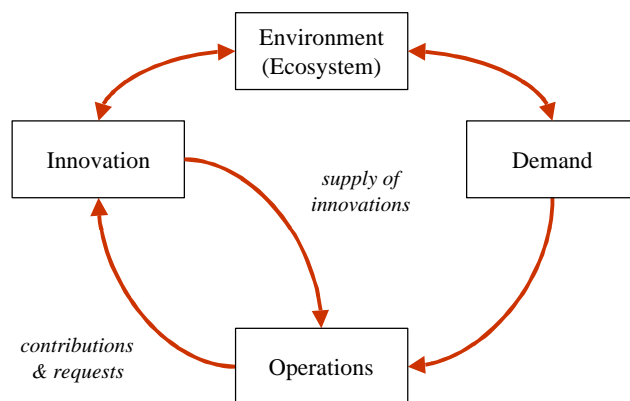


Figure 3: Desired Organizational Dynamic

Perhaps even more importantly, since barriers can arise at any time and in any part of the organization, one of the skills transferred to clients is that of identifying and reducing new innovation barriers. This ensures that the organization not only becomes innovative but also has the capability to sustain innovation in the future.

Our approach – an innovation programme

This approach identifies a number of separate elements of innovation. An organization that is both innovative and effective will have these elements in proper balance.

The innovation programme starts by gradually introducing any elements that are missing or weak, and increasing the visibility of innovation and its results, at all levels of the organization. Initially, these elements are introduced and developed independently, and relatively autonomously at each level, and the coordination between the separate elements of the innovation programme is fairly minimal, to enable and encourage open-ended learning. As the programme progresses, these elements are integrated more closely together, and the innovation at all levels can be more tightly aligned to the corporate goals.

Innovation Model

This methodology aims to instil innovation at several levels – typically four, as shown in Table 2.

Level	Definition
Corporate / Division	Whole company or autonomous division.
Operating Unit / Product Stream	Group following a common production process on a common platform.
Team / Project	Unit fulfilling a particular customer requirement.
Individual	Person, who may be member of one or more teams, or in a management or support role.

Table 2: Four levels of innovation.

Corporate-Level Innovation

Corporate-level innovation addresses the ability of the whole organization to innovate. This links to questions of corporate leadership and strategy.

At this level, two types of innovation may be apparent: **sustaining innovation** and **disruptive innovation**. Sustaining innovation is defined as innovation that improves an existing business. Disruptive innovation is defined as innovation that proposes to dramatically change the approach, policies, strategies and guidelines of existing business. Highly effective organizations can be capable of high degrees of sustaining innovation, but are sometimes unable to mobilize disruptive innovation.

In some circumstances, disruptive innovation may be necessary for corporate survival. However, effective organizations usually cannot tolerate significant levels of disruptive innovation unless it is properly contained – for example, held at arm’s length in a separate operating unit. See Checklist 1.

- Does an analysis of the external environment indicate the need for disruptive innovation?
- What mechanisms are in place to prevent innovation disrupting the organization? To what extent do these mechanisms filter out useful innovation – or even necessary change?
- Can a separate unit be created to conduct disruptive innovation?
- What risk management systems are in place to monitor and control innovation?

Checklist 1: Enabling and containing disruptive innovation

Highly effective organizations typically have tight coupling between several elements, as shown in Figure 4. (This is a subset of the elements measured in a number of Business Excellence models, including the European Quality Award.) Tight coupling is consistent with sustaining innovation; however, experience with disruptive innovation indicates that it is usually associated with very loose coupling.

Innovative organizations look beyond what their customers tell them are requirements. They factor in new advances in technology and business practice. They look beyond new products & services to market and take into account how they might make their customers and their suppliers more effective thereby adding value to their customers and reducing costs of inputs.

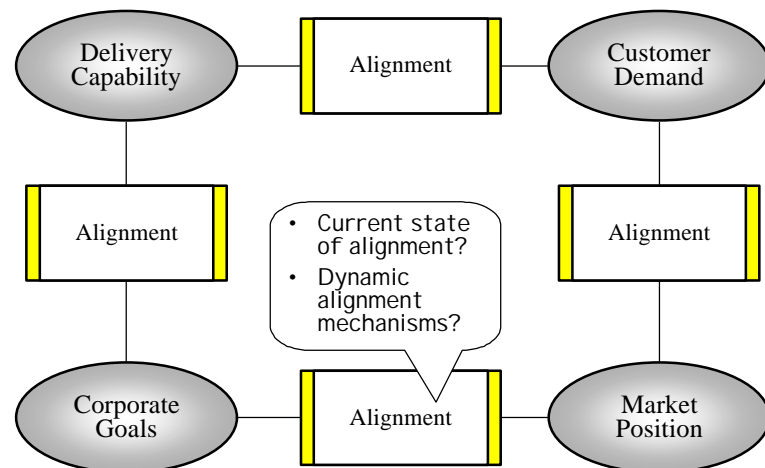


Figure 4: Corporate Level Innovation Factors

A key feature of many innovative organizations is the ability both to encourage widespread creation of innovative ideas and to select potentially beneficial innovations for implementation. Some less innovative organizations have evolved to a static steady state where only small incremental changes are acceptable; this places the organization at severe risk if and when the business environment changes significantly. A topical example is the reaction of certain 'stable' organizations to e-Business to Business and e-Business to Consumer opportunities

On the other hand new or start-up organizations run the risk of dissipating energy and finance chasing too many 'good ideas' rather than selecting a level of innovation that falls within the capacity of the organization to deliver.

By balancing the management of both innovation-creation and innovation selection, the healthy organization can continually re-invent itself, adapting to and sometimes even leading market forces. Veryard Projects work with clients' management to create such a balanced culture.

Unit-Level Innovation

Unit-level innovation addresses innovation within a group following a common (repeatable) process. A group may be formally constituted within the organization hierarchy, or may be a cluster of similar projects within the same process framework.

Processes may be determined by the type of product or service delivered to the customer, by the type of customer, by the type of technology, or some other variable.

Innovation at this level may involve new or enhanced products and services, new production methods, overall improvements to the process or supporting technologies, or measurable improvements in quality, productivity or manageability. Innovation at this level is almost always sustaining rather than disruptive.

In an organization that has followed a traditional quality management path, the processes will have been clearly articulated, with policies governing situational variations in the process. For such organizations, the management of innovation will itself be subject to a proper process. (For example, this is addressed by Level 5 of the SEI Capability Maturity Model).

The focus of an innovation programme, then, is the quantity and quality of the innovations themselves, their relevance and effectiveness in terms of the overall performance of the unit. Technical knowledge can include external or internal knowledge.

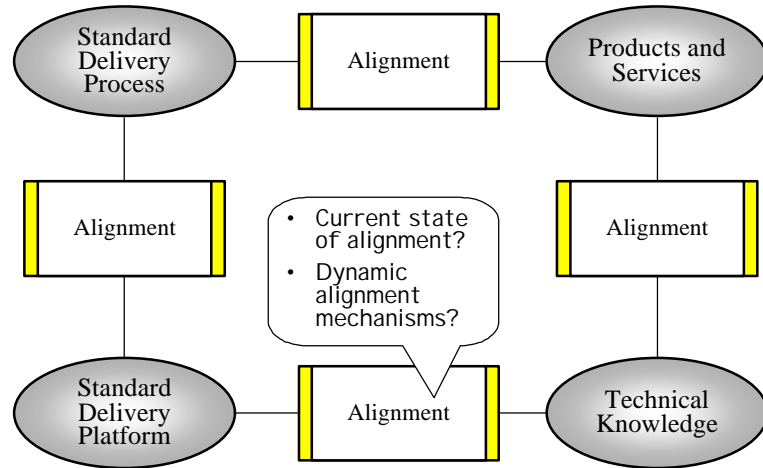


Figure 5: Unit Level Innovation Factors

Team-Level Innovation

Innovation at the team level involves the ability to work creatively and productively within a controlled process to provide an innovative solution to a particular customer requirement.

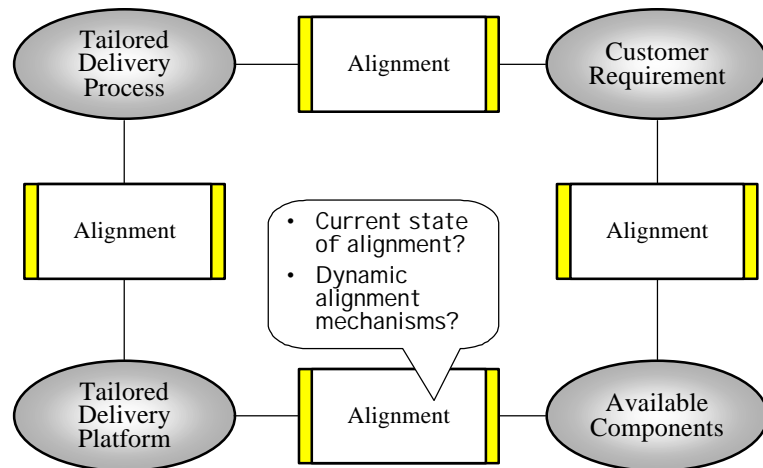


Figure 6: Team-Level Innovation Factors

Teams may also have the opportunity to contribute to innovation of the whole unit – for example, pioneering best practices.

Individual-level Innovation

At the individual level, we are interested in the ability of each person to create and implement innovations, or to contribute to a collective innovation process. Innovation is identified as a core competency for the purposes of people management – this means that innovation will be one of the factors considered when individuals are recruited, trained, allocated to roles, promoted and rewarded.

Part of the Innovation programme is to promote awareness of different individual styles in relation to innovation. This allows individuals to contribute to the organization on the basis of their personal strengths, and also allows balanced teams to be formed from people with complementary strengths.

- What is the distribution of different personality types across different parts of the organization?
- What is the distribution of different personality types up the management hierarchy?
- Are there specific personality types that are under-represented? Is there some hidden selection mechanism that inadvertently discriminates against this personality type?
- How does the organization handle individuals who may be excellent innovators but who may not be strong team-players?

Checklist 2: Assessing personality.

Innovation Programme Phases

In a perfect world, everything would be in place before you started. But this approach leads to endless delay. If you want to get anywhere, you have to get started with the minimum essentials, and improve later. Of course this means that you may not get all the benefits from Day 1, but at least you have a chance to get some benefits, and start evolving the capability.

The innovation is therefore managed in four phases:

Phase	Typical Duration	Benefits Delivered
0: Preliminary Assessment	6 weeks	Understanding of current status and size of opportunity
1: Getting Started	3-6 months	Innovative Pilot team
2: Getting Ahead	12-36 months	Many innovative teams and innovation-promoting processes, Visible innovation with business results
3: Getting on Top	3-6 months	Innovation is no longer a programme but now a standard feature throughout the organization

Table 3: Four phases of innovation programme.

Phase 0: Preliminary Assessment

Experienced consultants carry out a preliminary assessment of the organization and its requirements for innovation. This includes workshops with senior management and other key stakeholders, as well as workshops with one or two selected sample areas.

The purpose of the preliminary assessment is to confirm the planning priorities. As consultants, we can suggest typical priorities and indicate which areas may need to be addressed first, but these priorities need to be confirmed for your organization.

Following this assessment, the innovation programme is planned in detail. This will identify the sequence with which the elements of innovation need to be addressed in this organization, having regard for its current state of technology, quality, and business excellence, as well as the patterns of innovation currently visible within the organization.

In some cases, it may be decided to bundle other general management and process improvements in with the innovation programme itself. You may be experiencing some difficulty in an area that is only indirectly addressed by innovation as such, but the innovation programme provides an opportunity to fix other problems as well. This may be tactically appropriate in a given situation, but it complicates the plan, increases the overall risk, and will make it more difficult later to evaluate the costs and benefits of the innovation programme.

Phase 1: Getting Started

This phase starts with more detailed and more comprehensive assessments of innovation at each level. These are carried out as self-assessments, in facilitated workshops by staff and management. Training and self-assessment materials are provided, which are customized to the specific requirements of the organization. Simple metrics of innovation and performance are defined, and data collection is initiated.

In this phase, the emphasis is to get something started, to gain momentum. This usually includes one or more pilot exercises to demonstrate how innovation works in your organization. Within most organizations, there are some people who are keen to develop new ideas and skills, and are willing to accept the uncertainties and challenges of new tools and methods. They are known as 'early adopters'. It is a good idea to involve them in the pilot exercises.

An initial set of procedures will be formulated for use by the pilot teams. These will be in draft form, with limited automated support. During this phase, real benefits of innovation will be delivered but they will be small and localized. This phase typically takes about 3-6 months.

Phase 2: Getting Ahead

In phase 2, the emphasis is on extending the innovation process from the early adopters to other parts of the organization. The successes of the pilot need to be captured and disseminated, so that other staff and managers feel confident that they can achieve similar (or even better) results.

In phase 2, we should be able to write down some procedures and guidelines, based on the experience of the pilot exercises. At this stage, it may be appropriate to consider automation of these procedures, using desktop tools.

During Phase 2, the benefits of the innovation programme should increase, and the organization should start to receive a positive return on its investment. However, some of the longer-term or strategic benefits may take time to realise. Phase 2 typically takes 1-2 years. In a large or heterogeneous organization, it can take considerably longer.

Phase 3: Getting on Top

This involves a transition from the implementation of innovation to an ongoing steady-state called dynamic stasis.

By phase 3, a higher level of innovation should be visible across the organization, and fully embedded in working practices. The full benefits of the innovation programme to the organization can now be assessed.

During Phase 3, we make a transition from the change programme to a steady-state of ongoing innovation. Temporary roles during the innovation programme are wound down, or converted to (part-time) permanent roles.

Innovation Programme Streams

Within our innovation management framework, we manage change in five loosely coordinated streams of activity. These streams can be managed independently, but need to be kept in some balance. Although you can sometimes make good progress in one stream, you won't go very far without catching up on the other streams.

The streams imply five different management roles. These may involve one or more individuals on a part-time or full-time basis, depending on the size of the organization and the phase of the programme.

Streams	Responsibilities
Managing the Innovation Programme	<ul style="list-style-type: none"> ◦ Leadership ◦ Setting goals and targets. ◦ Creating and satisfying management expectations. ◦ Balancing effort against results. ◦ Coordinating effort in the other streams. ◦ Delivering a satisfactory return on investment from the whole programme.
Establishing Innovation Capability	<ul style="list-style-type: none"> ◦ Establishing specific roles, responsibilities, assessment and rewards in relation to innovation. ◦ Enabling individuals and teams to work innovatively, through training, mentoring and coaching. ◦ Empowering individuals and teams to innovate autonomously and creatively. ◦ Encouraging individuals and teams to participate actively in the innovation programme, through appropriate reward and recognition schemes.
Building an Innovation Infrastructure	<ul style="list-style-type: none"> ◦ Acquiring resources and tools to support individuals and teams. ◦ Building support systems. This typically includes knowledge management or information dissemination. ◦ Creating a formal programme for external stimulus through conferences, visits, and education courses. ◦ Establishing support networks and metrics. ◦ Developing a transition process for implementing selected innovations.
Doing Innovative Work	<ul style="list-style-type: none"> ◦ Exploring ideas. Creating or importing new ideas, cross-fertilizing existing ideas. ◦ Developing ideas. Converting an idea into a realistic proposition. ◦ Implementing ideas. Converting a realistic proposition into a soundly implemented innovation. ◦ Managing ideas.
Connecting Innovation with the Enterprise	<ul style="list-style-type: none"> ◦ Tying innovation to business goals. ◦ Embedding innovation in structures, processes, policies and corporate standards. ◦ Coordinating innovative work across the enterprise.

Table 4: Five streams of innovation programme.

Typical Innovation Components

The innovation programme identifies a number of components of innovation, which may be weak or lacking in a given organization. Each component may be introduced separately, although the benefits come from appropriate combinations of components. The preliminary assessment identifies an initial tranche of innovation components for early introduction; further components are introduced at later stages of the innovation programme as needed.

Innovation Processes

Each step of the Idea Life-Cycle and the Change Life-Cycle (as shown in Figure 1) can be introduced separately, according to the priorities and capabilities of the organization.

Furthermore, each of the alignment requirements shown in Figure 4, Figure 5, and Figure 6 may be addressed by introducing a special alignment process, which typically includes target-setting, planning, coupling and monitoring activities, aimed at improving the balance and coordination between the relevant factors.

Techniques

As part of our approach for innovation, we introduce a selection of creative techniques for enhancing innovation, and for facilitating the flow and fulfilment of ideas. These techniques are introduced progressively, according to the needs of the organization and its ability to learn and use them effectively.

- Techniques for finding problems / opportunities.
- Techniques for understanding problems / opportunities.
- Techniques for quantifying problems / opportunities.
- Techniques for finding solutions.
- Techniques for evaluating solutions.
- Techniques for implementing solutions.
- Techniques for organizing innovation activity.
- Techniques for measuring the flow of innovation

Checklist 3: Innovation Techniques.

Tools

An innovation programme sometimes involves the installation of new tools and supporting resources, to facilitate the selected techniques and to support new modes of communication and collaboration.

- Problem Analysis and Modelling Tools
- Knowledge Management Tools
- Collaboration Tools
- Risk Assessment and Management tools

Checklist 4: Tools to support Innovation.

Innovation Leadership

Innovation (especially disruptive innovation), by bringing risks and opportunities out into the open, often seems to introduce uncertainty into the organization.

Leadership is required to authorize change, to steer the organization through appropriate levels of disruption, to create structures for channelling innovative activity, and to sustain organization functioning and identity.

As managers at all levels develop new styles of leadership and engagement, the capacity for innovation is extended through the organization, from top to bottom.

Innovation Programme Support

Veryard Projects provides a number of support packages to organizations undertaking programmes of this nature.

Package	Trigger
Assessment	A preliminary assessment is conducted at the start of the programme. A follow-up assessment is conducted at key milestones into the programme – e.g. at six-monthly intervals.
Self-Assessment	Training is provided to each unit or team as it begins self-assessment. External consultants facilitate the first workshops. Self-assessment materials (checklists and scoring schemas) are provided for each type of self-assessment
Training	The primary vehicle for delivering the programme into the organization is training workshops.
Knowledge Management	A review is conducted of internal knowledge management systems, and the degree to which they support the innovation programme. If necessary, the consultants may advise on improvements to the existing knowledge management systems, or even an entirely new system.
Onsite Support	To ensure that new innovation skills and practices (acquired through training) are put immediately and effectively into use, Veryard Projects can provide experienced onsite support consultants. These consultants are experts both in our innovation methods and in skills transfer. They understand the natural hesitancy of staff to adopt new approaches; and establish momentum by example, by team-work, by mentoring and coaching
Management oversight	Veryard Projects always designates a senior member of staff as client manager, responsible for the ongoing level of client satisfaction. The nominated client manager will be available at any time for discussion with client senior management and will make regular visits to client sites to monitor the effectiveness of the programme.

Table 5: Support packages