Innovate for the Right Reasons

Luke Christiansen

VALVORA

Innovation shouldn't be a corporate buzzword. It is a necessity for any business that seeks to remain relevant and profitable.

WHY INNOVATE?

The business world has become an environment where all successful companies are constantly in a state of CHANGE. The forces driving change include lower pricing pressure, new technology influx, social media impact, a global market presence and the need to just go faster. To address this constant pace, the use of the word **Innovation** has begun appearing in presentations and strategic plans for a variety of reasons. These reasons go from the softer "employee engagement," thus improving employee relations, to the harder product development, gaining new market penetration and revenues, to management initiatives that transform the business significantly. Within the spectrum there are compelling reasons such as: "We need a competitive advantage for recruiting new talent", "We want to build trust with our employees and clients" and "We need a multi-million dollar product every year." The point is that any place on the spectrum lends a worthy reason for prioritizing innovation. Your first step is to determine and articulate your own unique 'why' and be able to communicate it when asked. Once ready then you will be able to establish the metrics needed to evaluate your progress.

It doesn't have to be a "new thing"
Additionally, **iterative or incremental improvement** to existing processes or products can be just as transformative to a business.

Spectrum of Innovation Reason

| Employee Engagement | Product Development | Increase Market Share | Strategic Planning |

Once you have developed your unique 'why', move to the next step; 'The process of how to take creative thought and transform a lot of ideas into something that has value to your business." The difficulty in applying process to innovation is that it is a counter balance to creativity. Process can be toxic if it controls every aspect of your innovation initiative. Too much process and most of your employees will find it too "cumbersome" to participate. People have an inherent desire for creativity and autonomy. Too little process and you never take your ideas to a meaningful impact to the business. Your goal is to find just the right amount of process that does not suffocate the positive traits of your employees.

People have an inherent desire for creativity and autonomy.

PROCESS   **CREATIVITY**

As an example, Company XYZ implements a process for employees to submit ideas to make a positive impact to the general workplace. The employees are identified with their ideas and submit them via email to a named person on the leadership team. On a quarterly basis the named person presents the submitted ideas to a committee that decides which ideas to implement. After the committee decides, the president of the company thanks employees for their submissions and informs them which ideas made the cut for implementation.

While representing good intentions, this process has inherent flaws. First of all the employees have no visibility or say in the decision making process so in fact there is no personal ownership. Employees don't learn why ideas were viable. This is a missed opportunity to help employees think smarter. All in all this process also fails to empower and educate employees. So your original goal, to impact the business in a positive manner falls a bit short. It injects more risk in the business because no validation or due diligence was done on ideas slated for implementation, and it fails to communicate to employees what you are looking to achieve.

SO, PROCESS IS NOT A BAD WORD

We have found there are five key components to a successful innovation process: ideation, selection, validation, approval and implementation.

1) IDEATION

We have found a best practice is to use software to funnel the ideas into your innovation pipeline.

How do you begin? The first step is idea creation or ideation. This involves generating and harvesting pent up ideas from a defined group of people (employees, customers, social media, etc.). If you understand that people generally are creative when given freedom and autonomy, it stands to reason that innovation happens best when decentralized and organic. Include everyone in the organization and accept all ideas. We have found a best practice is to use software to funnel the ideas into your innovation pipeline. Users access the software from a mobile-friendly interface and submit ideas anonymously.

2) SELECTION

Once an idea is in the system, other users are able to vote and comment on the idea. The social element naturally improves the valuable ideas and buries the not-so-valuable ideas. The result is a well-oiled and free-flowing pipeline that surfaces the best ideas. It is best to put a time line on the voting period and selection criteria that define a required level of social buy-in. An example would be; "Each idea will be posted for a two week period and to move to the next step, the idea must have at least 20 votes and an 80% approval."

The social element naturally improves the valuable ideas and buries the not-so-valuable ideas.

3) VALIDATION

The next step is idea validation. The best ideas from Ideation and Selection move into Validation. This involves a more thorough methodology to confirm an idea will accomplish the results you think. Idea submitters will have to invest time and the company may have to invest some funding to develop a proof of concept. Interviews are conducted with other people who will be impacted positively or negatively by any proposed changes. Idea submitters would then perform any engineering necessary to verify their idea can come to life as imagined. This step takes the socially approved idea one step further. It checks to see if the idea has strong potential to generate results.

4) APPROVAL

Once the concept has gone through a proof of concept and has been validated, the idea should then go to an approval committee for final review and selection for implementation. The approval committee has the responsibility to look at all the ideas that have been successfully validated, prioritize them in overall value to the company, and then select the ideas to move to implementation. The approval

committee also has the responsibility to communicate to the employees the status of ideas and how and why the selections have been made. This is an iterative process.

5) IMPLEMENTATION

The final step is implementation. The ideas with successful validation and approval move on for implementation. The role of this step is taking an idea from proven proof of concept to full-scale deployment. The idea submitter presents their idea to the organization for hand off to the appropriate team for implementation.

AN EXAMPLE

To illustrate this process, I will share details of an idea moving through the process. Meet Tom. Tom is a hardware engineer working in the IT department of a leading railroad. His main job responsibility is working on locomotive communication systems. One day while working Tom observes inefficiency in the way locomotives are powered on and off. Shut-down is decreasing reliability of onboard computer systems and corrupting hard drives. Tom has an idea for a device to optimize locomotive shut-down and eliminate the negative impact to onboard systems. Tom submits his idea to his company's innovation platform. His idea is popular among his peers and moves to the top after a two week voting period. After successfully moving through CREATION and SELECTION, Tom's idea automatically moves into VALIDATION. Tom receives three weeks, $3,000 and a coach to help him prove his concept. He uses allocated funding to purchase hardware necessary for one device. He uses the allocated time to build and test one device in a local rail yard. He meets with his coach to discuss broader

financial and safety impact on the company. All signals are green during validation. His proof of concept worked and his coach agreed on the viability. Tom then returns to his company's innovation software to mark his idea complete! This step automatically moves Tom's idea into IMPLEMENTATION. Tom and his coach present the idea and findings to the company's senior leadership team. They move quickly to discussion on implementation. Tom proved the concept in one rail yard on one locomotive but there are thousands of locomotive that could benefit from this device. The senior leadership team decides how best to scale Tom's idea so that company can reap the maximum reward. After being thanked for his idea, Tom returns to his job with a renewed sense of empowerment and greater knowledge of the business.

VARIABLES

With a basic understanding of the process, we need to address variables because not every organization is the same.

SOCIAL REFINEMENT

As mentioned in the IDEATION section, a key component to the process is voting. For a period of time, ideas are subject to voting and social refinement. Ideas are always accepted and voting is always open for active ideas. Each organization must decide how long ideas should live in the active voting status. Two weeks is good starting place. Each organization has another decision to make in what criteria they want to use to determine which ideas move to VALIDATION. Two levers in this equation are 'number of votes' and 'percentage of favorable votes'. Both can and should be used to surface the best ideas. The number of votes is

Each organization must decide how long ideas should live in the active voting status.

dependent upon size of your organization. Our recommendation for percent favorable is 80%.

TIME AND MONEY

Ideas need care and feeding to determine if they are valuable. The care and feeding comes in the form of time and money. When deployed in a corporate setting, the time and money is even more important to show support from the top for employees fueling your innovation program. Our recommendation is up to three weeks of work time and $3,000. To be clear on time, that is three weeks of *paid work time* during normal business hours. Employees are not forced to figure this out on their own time. The three weeks will likely not be contiguous. Maybe an employee invests one day per week for a few months. This does not interrupt their normal work but gives them the necessary support for idea validation. To be clear on money, this is up to $3,000. This is not a cash bonus but an allotment for purchase of any materials necessary for validation. Maybe the employee needs to purchase hardware to test their concept. The allotment is used to purchase the hardware. This is just a starting place. Again, each organization must tune these levers to meet their unique needs.

VALIDATION SUPPORT

Ideas need care and feeding to determine if they are valuable. Sound familiar? It is. Another aspect of care and feeding comes in the form of support for validation. Many books have been written on this topic. We will not write a book but acknowledge the importance and give you a few suggestions on how best to accomplish. Our base recommendation is to assign a validation coach to ideas submitters who make it to the VALIDATION phase. The coach is generally a high-

level leader in your organization with the ability to broaden the aperture of thinking. Maybe the base requirement is two one hour sessions between the idea submitter and coach. During the sessions, the coach helps the idea submitter understand the broader impact of their idea on the company.

RECOGNITION

Users should be recognized for their participation and results. This does not have to be anything over the top but should be present. The important part is not how you do it but that you do it. Some ideas on how to recognize… Your CEO invests 30 minutes per month calling or visiting the five idea submitters receiving the most votes. Your company gives any person who reaches validation a free shirt. Your company gives any person who successfully validates an idea a $1,000 cash bonus or 10% of revenue/savings generated by their idea. You post an "Innovator Leaderboard" in a high-traffic area of your office. These are just a few ideas. You can think of many ways to accomplish this important component of your innovation program. Just do us a favor and commit to doing that.

The how is our three-step process: ideation, validation and implementation.

COMMUNICATION PLAN

Now that you have process down and understand the variables, you move to a communication plan. The top of your organization must buy-in and communicate the reason for pursuing the oh-so-popular buzzword INNOVATION. Remember we started this paper challenging readers to answer the 'why' question. Why always comes first. It came first in this paper and it comes first in your communication plan. You should structure a clear message that starts with 'why' and moves through 'how', 'who' and 'when'. The how is our five step process: ideation,

selection, validation, approval and implementation. Tell your organization how you will move through those five basic components. Configuration of the variables should be outlined. Tell your organization who will be participating. It is important to recognize everyone as an innovator and valued participant in the program. Also tell them when it starts. The correct answer to when is 'today' because innovation is important for the future of our business. Once you have the message well defined, you deliver it. In person delivery from the top of your organization is best.

Expectations should be managed upfront and a plan should be in place to reinvigorate innovators.

SUSTAINABILITY

Once you communicate the plan, you must plan for sustainability. Ideas will ebb and flow naturally. Expectations should be managed upfront and a plan should be in place to reinvigorate innovators. Time-framed challenges are one way to reinvigorate. You could use the same communication channel to announce a six month innovation challenge on the topic of 'customer service'. During the next six months, employees submit ideas for improving customer service. The top three ideas are recognized with a cash bonus or vacation. Repeating these challenges will keep your innovation initiative fresh and lively.

WRAP UP

Fundamentally, business is either growing or contracting. Innovation fosters growth and provides those who harness it, the best chance of remaining relevant and successful.

ABOUT THE AUTHOR

Luke Christiansen has a passion for building organizations to create positive change. He brings 10 years of experience working in corporate IT where he led teams through strategic R&D and product implementations including implementing Innovation Station at the Union Pacific. Now his energy is focused on leading the team to provide proven solutions in simple ways.

This is a series of topics that a company needs to cover when they are thinking about implementing an Innovation Station type product.