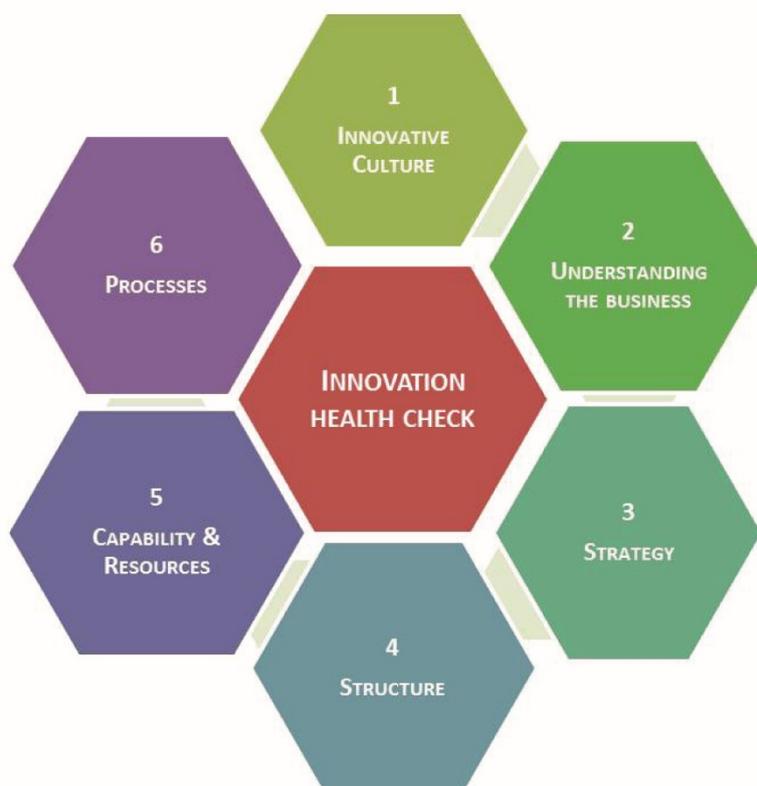# Innovation Health Check

BENCHMARKING of the Innovation Process

Introduction

Innovation benchmark is to help establish how 'Innovation' oriented is your company. Long term studies have shown that at least 50% of companies who do not actively innovate have ceased to trade after 10 years.

The innovation benchmark is designed to evaluate your innovation process. It looks at how the process operates from the outset, capturing customer needs (stated and un-stated), idea generation, concept development, product/service development up to the commercial realisation stage and all steps in between. The Innovation benchmark will explore how this process is impacted by company culture, business strategy & structure, the company capability & resources and the level of innovative processes that are in place.

Innovation in a business sense involves doing something new for commercial gain and /or competitive advantage. There are different degrees of newness:

- New to the company
- New to the industry sector
- New to the world

Innovation should involve a holistic approach and can include:

- Creativity
- Non-technical development
- Invention
- R&D
- Leveraging developments in science & technology

Many innovations do not involve technical development either directly, or at all – such as development of a novel business model. There is a vast amount of existing knowledge we can use for innovations. Technology development and technology integration can be important for some companies and for this a well functioning applied research activity is needed.

Research shows that many people have an incomplete understanding of innovation. Many companies equate innovation with the development of new products, but new process or service innovation may be more relevant. In an Innovation context 'new product development' on its own may provide little or no return.

> A good definition of Innovation is
>
> 'Innovation is the successful exploitation of new ideas'

Would you recognise successful Innovation?

Successful innovation has the potential to add value throughout the entire business. It's essential to follow a course of actions that produce ongoing improvement.

It is essential to observe and measure throughout the Innovation process. A system of metrics and decision gates will objectively show your progress and success each step of the way – **Plan, Do, Check, Act**.

Innovation can be found in many areas of the business. Successful businesses can be built and grown by developing customer offers in a number of areas of business such as those identified below,

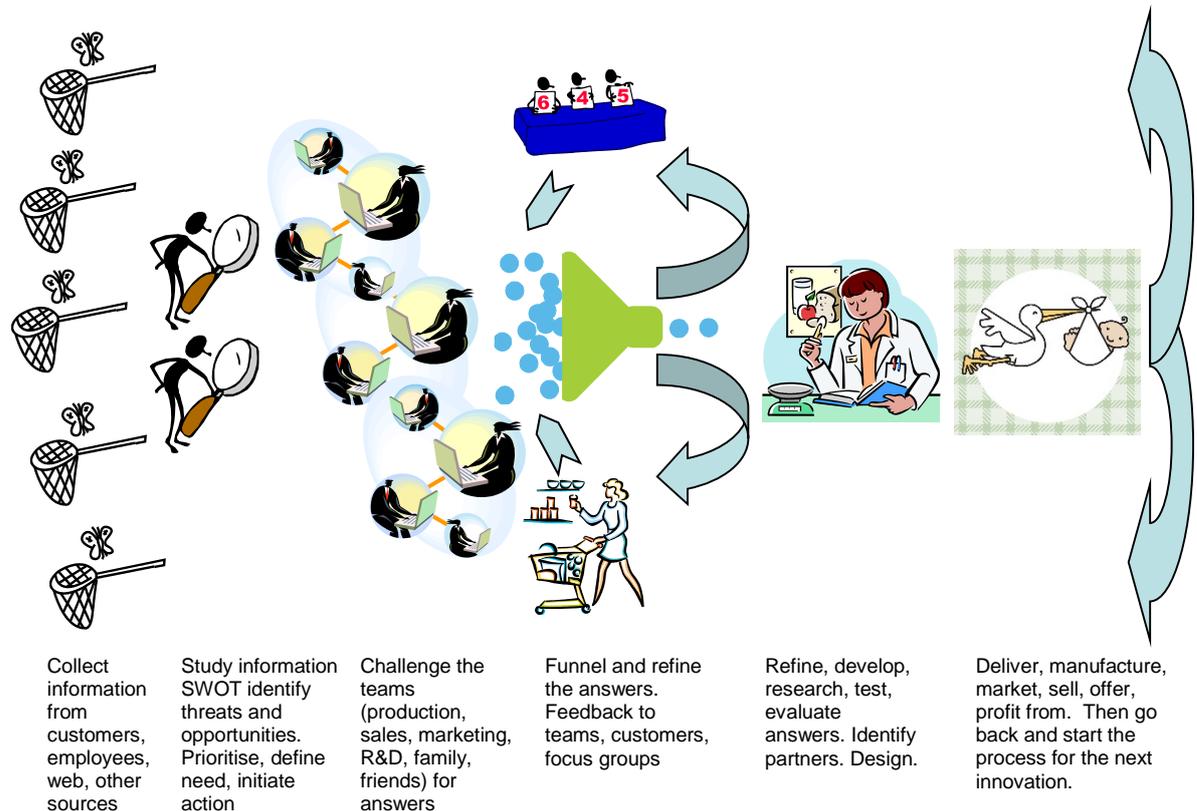<div style="background:#b01030;color:white;font-weight:bold;padding:4px;">What are the benefits of paying more attention to Innovation?</div>

Changing things within the company can be an expensive business since it soaks up resources, may disrupt commercial activity and can lead to uncertainty and difficulty. The intended pay-back is in enhanced commercial performance delivered by efficiency savings, greater reliability with less rework, better margins and expanded markets.
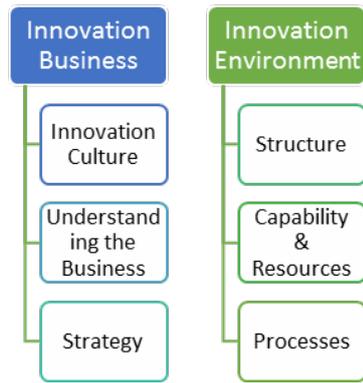
By having a more highly developed innovation system within the company, the downside costs can be minimized and planned, timelines can be shortened and successful commercial outcomes more likely. The most successful companies have all, to some extent, reinvented themselves over time to respond to changing opportunities and threats. Not only that, but they recognize that change is constant and that forward planning and a systematic approach pay dividends.

Areas of Business	Innovation Focus	Innovation Drivers
Finance		⬧ **New business models to give better results**
Business Model	How you make money	
Network & Alliances	How you join forces with other companies for mutual benefit	⬧ **New customer experiences**
Offerings		⬧ **Creation of new markets / new channels to market**
Product Performance	How you design your core offerings	
Product System	How you link/or provide a platform for multiple products.	⬧ **Better positioning and branding**
Service	How you provide value to customers and consumers beyond and around your products.	⬧ **Extension of the product range** ⬧ **Reduced labour costs** ⬧ **Improved production processes**
Process		⬧ **Reduced materials usage**
Enabling Process	How you support the company's core processes and workers.	⬧ **Reduced environmental damage**
Core Processes	How you create and add value to your offerings	⬧ **Replacement of products/services**
Delivery		
Channel	How you get your offerings to market	⬧ **Reduced energy consumption**
Brand	How you communicate your offerings	⬧ **Conformance to regulations**
Customer Experience	How your customers feel when they interact with your company and its offerings.	⬧ **Improved quality**

As can be seen from the above Innovation has the potential to add value throughout the entire business. If an Innovative culture is successfully embedded it results in 'Innovation as being everyone's job' resulting in ongoing measurable improvements. This will deliver improved company performance, customer satisfaction and ultimately increased profitability.

| Collect information from customers, employees, web, other sources | Study information SWOT identify threats and opportunities. Prioritise, define need, initiate action | Challenge the teams (production, sales, marketing, R&D, family, friends) for answers | Funnel and refine the answers. Feedback to teams, customers, focus groups | Refine, develop, research, test, evaluate answers. Identify partners. Design. | Deliver, manufacture, market, sell, offer, profit from. Then go back and start the process for the next innovation. |

Innovation Benchmark Tool

Innovative Culture	Structure
Innovation culture is the first of six parts to this questionnaire. It is important because without the right culture in place, it is difficult to implement and sustain a proactive innovative approach to company growth. There are three broad themes: • Environment for innovation including motivation and ambition to grow • Management style, company leadership and openness to change • Managing success, learning from failure, managing & tolerating risk including an appropriate reward structure.	Structure is the **fourth** part of the questionnaire. It is important that the company is structured in an appropriate way to achieve its strategic goals. The broad themes are: • Organisation of resources involving team working, effective communication and knowledge sharing • Appropriate empowerment and management of staff • Appropriate processes to best manage different areas of businesses such as sales, marketing, operations and R&D etc.
Understanding the business	**Capability & Resources**
Understanding the business is the **second** part of the questionnaire. It is important that the company has a clear understanding on all aspects of the business and how they impact on performance. The broad themes are: • Gathering information on customers, markets, competitors and technology trends • Analysing information to identify threats and opportunities • Identifying sources of competitive advantage for your company	Capability and Resources is the **fifth** part of the questionnaire. It is important that a company has sufficient financial resources, the capability to achieve its goals, identify gaps and establish appropriate skills. The broad themes are: • Appropriate skill requirements are identified and satisfied through training or acquisition • Resource requirements are identified such as equipment, third party support etc. • Suitable systems and processes are identified to minimise waste
Strategy	**Processes**
Strategy is the **third** part of the questionnaire. It is important for the company to have a clear view of how it will grow and to focus its resources to maximise its return. The broad themes are: • Define objectives and goals based on the identified sources of competitive advantage • Strategic planning, looking at a wide range of product/market ideas to define a business model • How to link innovation strategy with the overall company strategy and the use of appropriate tools to improve company performance	Processes is the **sixth** and final part of the questionnaire. It is important to give structure to the innovation process and to be able to evaluate outcomes in a timely manner. The broad themes are: • Developing and managing ideas from inception to commercialisation • Systems that allow timely and stage-gated evaluation of development projects including post project reviews • Use of business and innovation tools with appropriate linkages to third level colleges, customer supply chain, competitors and potential licence partners etc.

INNOVATION Health Check Scores			
INNOVATION CULTURE	**1.1**	Innovative Environment & Motivation	
	1.2	Ambition to Grow	
	1.3	Leadership	
	1.4	Management Style	
	1.5	Openness and Attitude to Change	
	1.6	Learning from Successes and Mistakes	
	1.7	Risk Tolerance	
	1.8	Employee Recognition	
UNDERSTANDING THE BUSINESS	**2.1**	Understanding the Customer	
	2.2	Customer Information	
	2.3	Capturing Customer Feedback	
	2.4	Keeping Abreast of New Technologies / Developments in the Market	
	2.5	Segmenting the Market	
	2.6	How Does the Company Market its Product & Services?	
	2.7	Customer Potential	
	2.8	Competitor Information	
	2.9	Analysing Competitive Advantage	
	2.10	Service Innovation	
STRATEGY	**3.1**	Company Objectives and Goals	
	3.2	Future Market Focus	
	3.3	Defined Business Model	
	3.4	Strategic Planning	
	3.5	Innovation Strategy in Business Plan	
	3.6	Use of Strategic Tools in Innovation	
	3.7	Commitment to Ideas Generation	
	3.8	Project Outcome vs Targeted Gain	
STRUCTURE	**4.1**	Cross-Functional Teams	
	4.2	Ownership / Empowerment	
	4.3	Organisation of Resources	
	4.4	R&D Structure	
	4.5	Knowledge Capture and Sharing	
	4.6	Effective Communication & Use of Tools	
	4.7	Intellectual Property (IP) Management	
CAPABILITY & RESOURCES	**5.1**	Staff Innovation Skills	
	5.2	Managing the Capability Gaps	
	5.3	Discipline	
	5.4	Fire Fighting	
	5.5	Innovation Budget	
	5.6	Devolved Responsibility for Small Projects	
	5.7	Projects - on Time and Within Budget	
PROCESSES	**6.1**	New Idea Generation	
	6.2	Project Screening & Selection Process	
	6.3	Implementation and Commercialisation	
	6.4	Measurement of Innovation Success	
	6.5	"Time to Market" Performance	
	6.6	Continuous Improvement	
	6.7	Balance Between Portfolio of Projects and Resources	
	6.8	R&D Linkages	
	6.9	Use of Business Tools in Innovation	
	6.10	Idea Management System	
	6.11	Effective Project Management	
	6.12	Post Project Review	