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Organisational Innovation

An introduction for JBS Australia

Career Leadership Opportunity (CLO) Program

Hargraves
INSTITUTE

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Hargraves
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Hargraves INSTITUTE

Welcome and Introduction

This workshop is designed for JBS Australia Pty Ltd as part of the CLO Program

Creating an enterprise culture that is capable of ongoing change, adaptability and innovation is a challenge for all organisations—big or small, public or private. There is no magic bullet, no management process or consultant who can provide that one solution. History has shown that it is a journey that requires trial and error, a collaborative culture, people engagement, patience and, most of all, leaders who passionately believe in the power of people in creating innovation.

Workshop outcomes

At the end of the training participants will be able to:

- define your enterprise needs for innovation
- identify different strategies for building innovation
- identify the features of Practical Innovation
- identify the eight steps for building a culture of innovation.

Workshop structure

This training is divided into four sections:

1. Needs and Strategies – The Drivers
2. Practical Innovation – The Tools
3. The eight steps for introducing organisation innovation

Hargraves Institute

Hargraves Institute is a member-based organisation that uses collective wisdom – collaboration and solutions – to promote shared knowledge amongst its members. Hargraves Institute was founded in July 2006 to provide a unique community of major enterprises to share knowledge, wisdom and experience in a non-competitive environment for the purpose of growth and development. Organisations join Hargraves Institute to develop their people and be recognised as leaders who grow with current and future employees, suppliers, customers and society.

Hargraves Institute is named after, and takes its vision from, the aviation pioneer and inventor, Lawrence Hargrave, who believed in open communication so that his inventions would be available to benefit anybody who wished to use them.

!. THE DRIVERS

In this section you will explore:

- **the drivers for innovation in JBS Australia and in other enterprises**
- **a definition of innovation as it applies to JBS Australia**
- **the types of innovation and where to focus**
- **a review of different strategies for building innovation.**

Activity JBS - ambitions and barriers

Answer these questions for JBS.

Questions	**Answer**
What outcomes do you want? • Productivity • Growth • An organisation that adapts to change • Increased staff engagement • Measurable results • Other	Write a description of the what your organisation could become:
What stands in your way at the moment? • Low staff engagement • Lengthy processes • Getting acceptable ROIs • Management mindset • Change fatigue • Other	Write an honest description of what the barriers are now:
What are your realistic ambitions?	If you were to implement an innovation system, what would expect to be different in: 1 year 3 years 5 years

1.1 Need for innovation

The need for innovation is a natural part of the business cycle. It is also driven by change outside of the business, such as an increase in competition from global enterprises, more knowledge, new technologies, increased consumer power and access to new products and services, and increasing skills, knowledge and power among employees.

In this session you will explore and clearly define the drivers for innovation. This will help you to decide on methods, identify the challenges and explain to others the purpose of introducing processes, which will assist with innovation.

1.1.1 Why innovate?

For most enterprises the fundamental reasons for focusing on innovation are that it is a means of achieving economic growth, increasing productivity and/or increasing engagement. Another reason is that it is part of the human condition.

'Economic growth occurs whenever people take resources and rearrange them in ways that are more valuable…
Human history teaches us that economic growth springs from better recipes, not just from more cooking… Every generation has perceived the limits to growth that finite resources and undesirable side effects would pose if no new recipes or ideas were discovered, and every generation has underestimated the potential for finding new recipes or ideas.'

(Adapted from the *Concise Encyclopedia of Economics*, 2007)

"Innovate forever, in other words, is not an aspiration; it is a design specification. It is not a strategy, it is a requirement."

'Evolution requires us to continually refresh our competitive advantage, sometimes in dribs and drabs, sometimes in major cataclysms, but always with some part of our business portfolio at risk and in play.'

(Moore 2005 Page xv)

The Industrial Revolution, with the introduction of mechanisation, changed the way we work, and it also resulted in a lot of systems and processes to standardise and quantify work. However, we are now in a new era, based on digital technology, and a lot of the traditional approaches to work and management are no longer suitable. We are in the process of developing more flexible, people-focused work systems which better equip organisations to change quickly, so that they may keep up and keep ahead. In this age of mass customisation, it is our people that are our lasting competitive advantage.

It may be that you are looking for business improvement, to access new technologies, or to improve your products or processes. It is probable that the knowledge or technology you need is already in existence – you just don't know where to find it, or your customers or stakeholders may need new ways to be delighted or satisfied. You might be finding it difficult to

attract and retain the workforce you need, or to motivate your workforce to adapt and change to new processes and technologies. More than likely it will be a combination of these things.

Whatever the driving force, you need to identify it and understand it so that you have a focus for your innovation strategy.

With the recent proliferation of new technologies enabling huge structural and qualitative changes in the society and economy, no organisation can afford **not** to be capable of change and innovation.

1.1.2 The future is now…are we ready?

Here are some technology trends that will impact every part of our lives..is your company ready?

Technology is changing how we do things

Technology is changing how we shop, from on-line purchases to augmented reality change rooms, to endless counters, all offering options which are tailored to meet each person's specific needs and preferences.

3D printing will increasingly allow a degree of customisation similar to the craft based industries of pre-industrialization. It soon will be as cost effective, or more so, to print single items as mass manufacturing. We will be able to purchase customised designs for products and print them locally, even at home. Australian shoe retailer, Shoes of Prey is using this technology to produce user -designed shoes. http://www.shoesofprey.com

Service provision is changing, from medical consultations via the web, to education and training. Massive Online Open Course (MOOCS) allow us to enroll, for free, in higher education courses delivered on-line at universities in USA, China, anywhere, providing us with access to the best minds in the world. http://www.bdpa-detroit.org/portal/index.php?option=com_content&view=article&id=57:moocs-top-10-sites-for-free-education-with-elite-universities&catid=29:education&Itemid=20

Futurist **Thomas Frey** predicts teacherless classrooms, driverless transport, very smart robots, and micro power grids locally based, in place of power stations. http://video.au.msn.com/watch/video/future-thinking/x3yx451 http://www.davinciinstitute.com/speakers/futurist-speaker-thomas-frey/

The competitive landscape is changing

Our competitors are not so easy to identify anymore. They might be big global companies with the advantage of scale and reach, they might be a small start-up which can team up to create scale; they may be a web based operator in outer Mongolia.

Customer expectations are changing

The power equation between customer and business is shifting. Everyone has access to high quality and multiple sources of information so we don't have to rely on one local expert or provider. Business has access to information about our individual preferences and we expect them to be addressed

Business models are changing

Business needs to be agile and adaptive to respond to changes, and that means being able to couple and decouple with partners as the need arises, pivot the roles of employees to meet emerging trends and needs, and form clusters and alliances to meet technology, knowledge and skills needs.

Effective use of skills is ever more critical so that you can be nimble but also keep making productivity improvements to grow and compete.

We want proof of sustainable practices

Good environmental practices are becoming more and more important, not only to save the earth, but also to save money and retain reputation.

http://www.buseco.monash.edu.au/centres/acrs/research/whitepapers/the-green-consumer.pdf

What you can do?

Have you thought what this really means for your business and what you can do about it?

The pitfall for many is using up scarce resources investing in one initiative which might be outdated by the time it's implemented, and might not work anyway. The trick is to understand the possibilities, so you've got some strategic direction, but then focus on small things that can change to help you achieve the vision. Develop the habit of constant innovation, build it into day-to-day work, look for innovation in the adjacent possible, and create the workforce and workplace that allows you to adapt with ease. Of course you might find the breakthrough innovations as well.

Activity

What is an example of an innovation within your enterprise that you think is interesting or exciting? Share it with another person in the group.

You might talk about:

- what the need was
- how it was identified
- who came up with solution
- how they came up with the solution
- what the impact has been
- why it is innovative
- what the value has been
- why you think it is worth reporting

1.1.2 Defining innovation in enterprises

In the table are 3 examples of winning innovations from Time Magazine 2012. Rank them according to what is the most innovative.

Innovation	Rank	Why?
1. **New way to stop speeding,** Could be the next step in the war against the road toll, a US study has concluded. The study, undertaken by research company Udini and partly funded by the US Government's National Highway Traffic Safety Administration (NHTSA), found that speeding was virtually eliminated among a group of drivers who were offered US$25 ($25) a week not to exceed the speed limit. The report concluded there were 'dramatic reductions in speeding' with even modest financial incentives. Ian Reagan, a traffic researcher for NHTSA, says drivers appeared to slow down because of the carrot-and-stick approach, with a prize for good driving combined with mild financial penalties for infringements. 'We found that the incentive system was incredibly effective in getting drivers to reduce their speeding', he told news website npr.org. 'Egregious speed limit violations were almost eliminated—that's driving nine or more [miles per hour] over the speed limit.'		
2. **New food experience.** Every three months, Grant Achatz throws out the menu of his Chicago restaurant Next and begins anew. This time around, he decided to take diners back to childhood, crafting a menu with the treats he remembered from his Midwestern youth. Capping the meal is what Achatz calls an edible campfire — a dessert based on sweet-potato pie. The campfire's burning logs are made by cooking sweet potatoes in sugary syrup and blue corn, which gives them their blackened look. Then a concoction of alcohol, vanilla and cinnamon is dusted over the logs and set ablaze. When the fire goes out, Achatz says, the logs taste like the outside of a burned marshmallow.		

3. **Non-pharmaceutical sedative**. Could this be the sleeping pill of the future? British ambient band Marconi Union has drummed up the world's most relaxing song: 'Weightless' (8 min. 10 sec. of aural bliss) proved to reduce anxiety by 65% and slow heart rates by 35% as the listener's body rhythm syncs with the songs. Indeed, 'Weightless' is so successful at inducing somnolence that scientists caution drivers not to listen to it while behind the wheel.		

Innovation is a term used in many different contexts. For example, it is widely used in the areas of information technology, scientific research, design, management and policy. It also represents a theory of economic growth that is being implemented globally.

There are many definitions, for example:

- *'The process by which an idea or invention is translated into a good or service for which people will pay, or something that results from this process.'*
- *'The act of introducing something new.'* (the *American Heritage Dictionary*)
- *'A new idea, method or device.'* (*Webster* online)
- *'Change that creates a new dimension of performance.'* (Peter Drucker)
- *'The introduction of new goods (…), new methods of production (…), the opening of new markets (…), the conquest of new sources of supply (…) and the carrying out of a new organisation of any industry.'* (Joseph Schumpeter)

A new idea, or new use of an old idea which, when implemented, adds value.

- *'Innovation is a new element introduced in the network which changes, even if momentarily, the costs of transactions between at least two actors, elements or nodes, in the network.'* (Regis Cabral)
- *'The three stages in the process of innovation: invention, translation and commercialisation.'* (Merrifield)
- *'The ability to deliver new value to a customer.'* (Jose Campos)
- *'Innovation is the way of transforming the resources of an enterprise through the creativity of people into new resources and wealth.'* (Paul Schumann)
- *'Innovation does not relate just to a new product that would come into the marketplace. Innovation can occur in processes and approaches to the marketplace.'* (David Schmittlen)

(Innovation Zen 2006)

Activity What is new?

Chai Tea has been in China for ages. It has been launched in Australia fairly recently. Was its launch an innovation?

Think of an example of something which was borrowed from somewhere else to use in your enterprise.

Do you consider it innovative? Why? Why not?

Now think about the criteria that you used. How did you decide what was innovative?

Typically, you would have thought of its newness or originality for the specific context, and its potential value.

There are very few really unique ideas, things that have never existed before. Most innovations are the new use of an idea, a modification of an idea or the linking of two existing ideas. Take the printing press, it was an adaptation of the original wine press.

Spending too much time looking for unique or paradigm breaking ideas is frustrating. It is much more efficient to look for things that already exist, or are small leaps, and use them in an original way for your particular context.

What is value?

Value for innovation can be described in terms of:

- Productivity – greater efficiency, decreased wastage, better use of resources, and so on.
- Engagement – improved morale, improved working conditions and greater collaboration.
- Growth – more profits, through new products, services, markets, and so on.

Also, value depends on whom the innovation is for. Any innovation may be new and valuable to different people, as shown in the following examples:

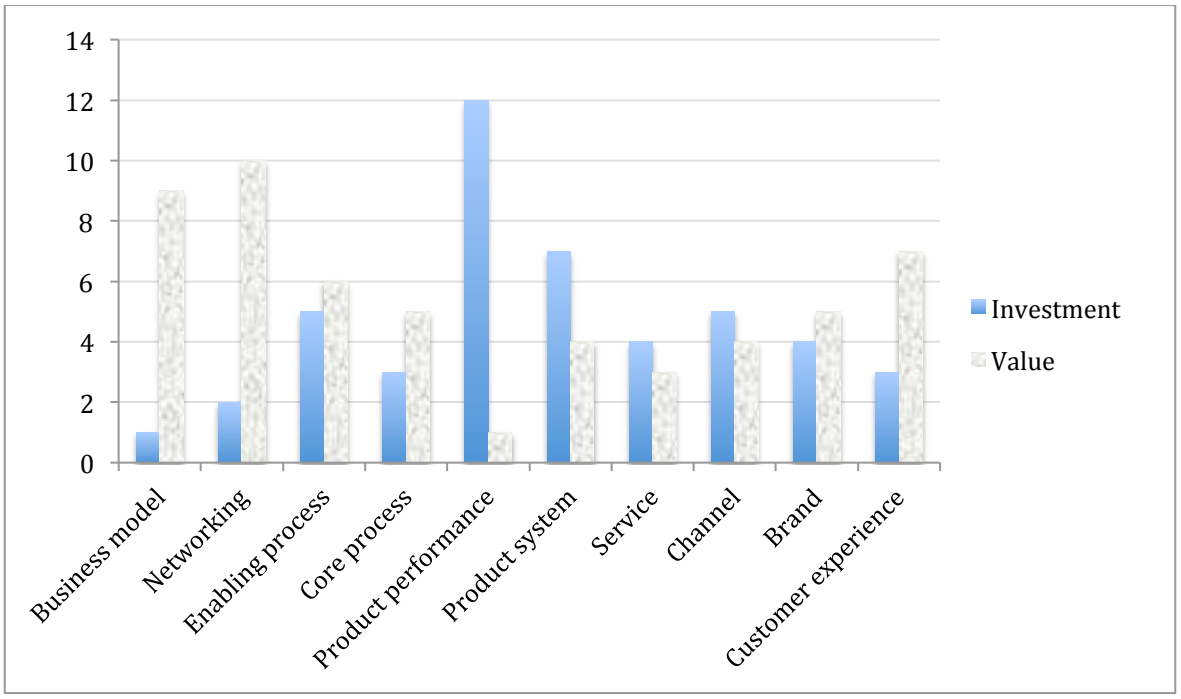
- Customers/end users – by better meeting their needs and wants through new services and products.
- Employees – through improved working conditions, better management systems, and new work practices that improve engagement and increase productivity.
- Supply and relationship network – through better collaborative practices, contracting practices, and greater efficiency and effectiveness.

- Shareholders/owner/partners – through increased profit and enhanced reputation.
- Society and community – through improved services to the community, creating new jobs, and so on.

1.1.3 Types of innovation

Change and innovation can happen in any part of your enterprise, not just in products or services. You might introduce a new recruitment method, a new way of organising meetings, or engaging with stakeholders. While most investment in innovation is in products and related services, the greatest financial benefits in fact come from other sources of innovation. Look at the following graph comparing investment to return according to the type of innovation.

What are your conclusions?



Doblin's Ten Types of Innovation™ (Slideshare 2012) is a very good starting point for enterprises seeking to identify where and how to innovate. On the next page is a chart which explains each type of innovation and provides examples. Use it to think through what your enterprise priorites are for innovating.

Doblin's Ten Types of Innovation

Category	Innovation type	Description of type	How do you innovate in this type?
Finance	**1** Business model	How you make money.	By fundamentally reconsidering how the company and its offerings are structured to obtain revenue.
	2 Networks and alliances	How you join forces with other companies for mutual benefit.	No company can or should do everything by itself. Networks provide a way for companies to leverage each other's offerings, customers and capabilities.
Process	**3** Enabling process	How you support the company's core processes and workers.	Innovation typically attracts talent to the organisation and helps people do their work faster, more easily, more efficiently and more profitably. Innovation in how you attract, retain, develop and motivate employees can reap enormous benefits.
	4 Core processes	How you create and add value to your offerings.	Innovation typically involves a dramatic change in 'business as usual' that delivers blistering speed-to-market, enables the enterprise to quickly allocate or reallocate resources around big new opportunities, enables rapid prototyping and testing, and/or realises market-leading margins due to new cost-saving processes.
Offerings	**5** Product performance	How you design your core offerings.	Innovation involves the dimensions of design, forms and packaging, features, efficacy, performance-and functionality. It involves both entirely new products as well as line extensions.
	6 Product system	How you link and/or provide a platform for multiple products.	The ways in which several individual products leverage or connect with one another to create a larger system.
	7 Service	How you provide value to customers and consumers beyond and around your products.	This is the domain of product use enhancements, service plans, customer service, information and education, and warranties/repairs. Service innovation is typically focused on helping customers receive the full value of the products they purchase and use.

Category	Innovation type	Description of type	How do you innovate in this type?
Delivery	**8** Channel	How you get your offerings to market.	Successful channel innovations involve identifying the ideal channel mix (retailers of all sorts, wholesalers and warehouses, distributors, call centers, catalogues, the Internet, home delivery, and so on) to permit your customers to buy what they want, when they want it and how they want it.
	9 Brand	How you communicate your offerings.	Innovation typically occurs through carefully crafted strategies that are implemented through integrated advertising, identity, packaging, communications, PR, and employee and business partner conduct.
	10 Customer experience	How your customers feel when they interact with your company and its offerings.	Understanding your customers so well that you are able to provide them with experiences that delight and enrich their lives, often by addressing their unmet needs and deep-seated aspirations.

At each stage of the growth cycle different ways of implementing change may be appropriate.

- **Continuous Improvement**
  Continuous Improvement looks for improvements to maintain the quality of an existing product or service. It is usually reactive, and therefore used to respond to a problem.
- **Incremental Innovation**
  Incremental innovation improves the innovation, finds a new application for it, which increases the life cycle of the product. Innovation is often proactive, i.e. responding to an opportunity.
- **Radical Innovation**
  Radical innovation cancels out the old product and starts a whole new innovation process.

Think of the evolution in tents.

Continuous Improvement	Incremental Innovation	Radical Innovation
Improved pins Improved ropes Larger and smaller tents	Use of canvas to make awnings and umbrellas – a new product line using the same technology, extending the product life cycle.	Introduction of synthetic tents – a completely new technology and material, starting a whole new product life cycle.

Can you think of a similar example form JBS?

Continuous Improvement	Incremental Innovation	Radical Innovation
		.

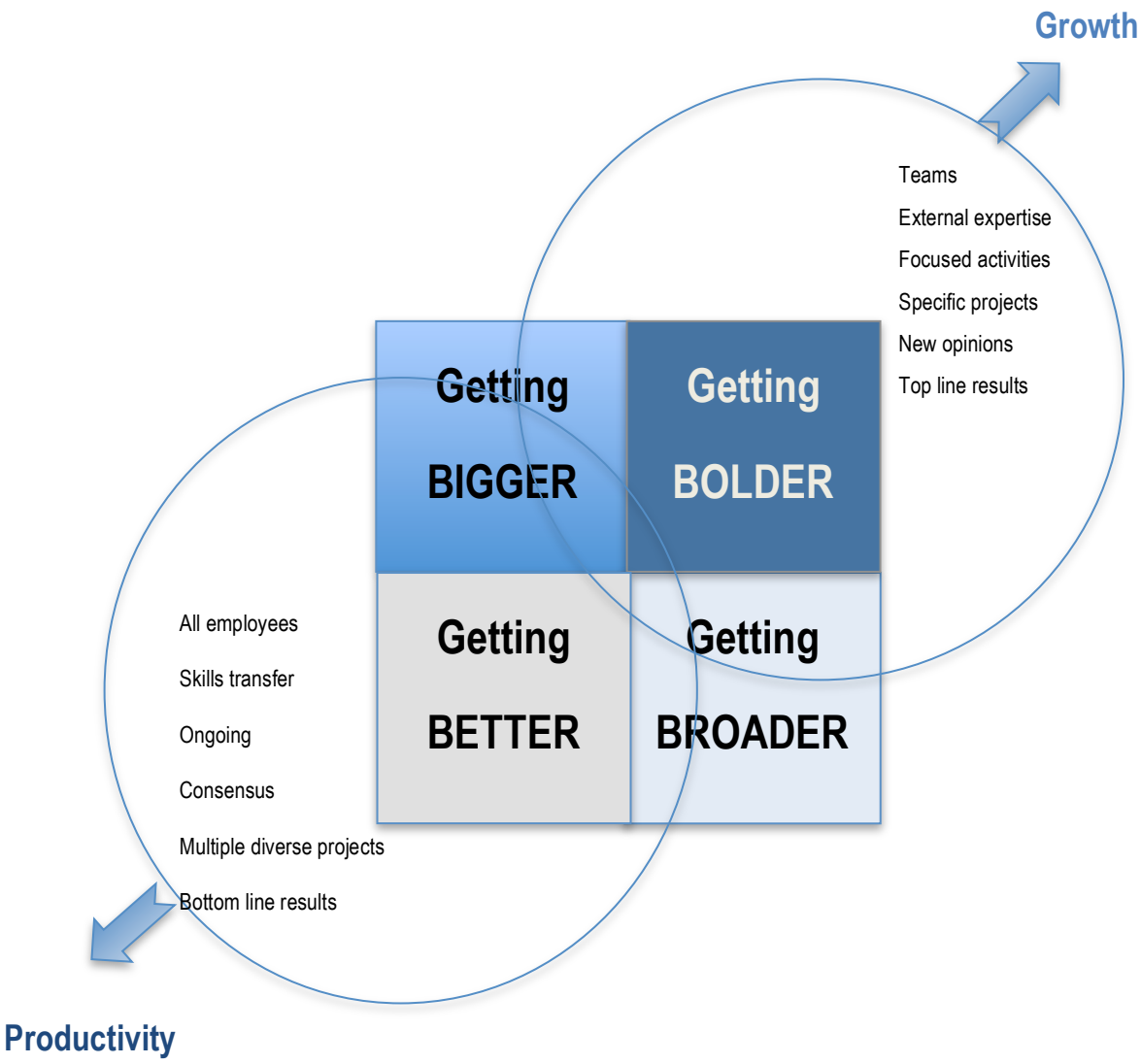
1.1.4 Innovation goals

Enterprises have to continue innovating and changing in order to remain sustainable, which may mean being:

- **Better**: to constantly improve what you are doing for your current stakeholders.
- **Broader**: to look for new things for your current stakeholders.
- **Bigger**: to do what you do for more stakeholders.
- **Bolder**: to do new things for new stakeholders.

Activity

How strong is your enterprise in achieving each of these goals?



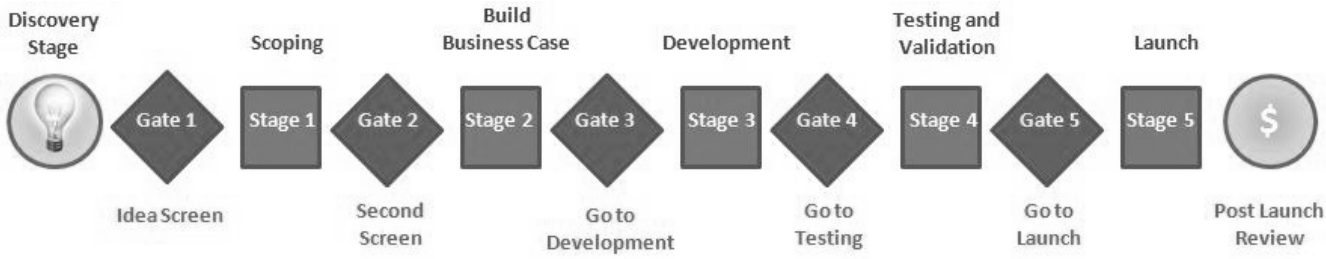
1.2 Strategies for building enterprise innovation

Over the past twenty-five years there has been an evolution of innovation management.

1.2.1 Stage-gate product development

During the 1980's Robert G Cooper expounded this methodology. In essence, it aims to manage the innovation process from idea to launch. It divides the development process into distinct stages, each preceded by a filtering process called a gate. During each stage there are a number of predetermined activities and deliverables which serve as a checklist to embed thorough thought and innovative thinking.

It is typically applied to product innovation, and while it can be iterative, it retains a high degree of structure.



1.2.2 Strategic research and development

Most large corporations have a division devoted to research and development (R&D) of new products and services. However, in the past R&D had a tendency to operate in isolation from other parts of the operation. They were given resources, worked independently and it was hoped that something useful would emerge. It became a science culture versus a commercial culture.

In the 1990s there was a shift in emphasis. It started with companies aligning their R&D with business strategy, so that R&D was much more focused around risk and opportunity. It then advanced to strategies for managing and exploiting intellectual property (IP), and also ways to access the research of others, either through collaboration, partnerships, or buying IP.

1.2.3 Lean manufacturing

The lean production principles come from Massachusetts Institute of Technology (MIT) and Toyota. It was first described as a concept in *The Machine that Changed the World: The Story of Lean Production (*James et al 1990). Essentially it sets out to eliminate waste and lead times. It is supported by a way of thinking and a specific set of tools, and is characterised by Just in Time (JiT), continuous improvement , value stream mapping, 5S, Kanban (pull manufacturing) and paka-yoke (error proofing).

While it was arguably an extension of many of the manufacturing quality processes starting with time and motion studies and Taylorism, lean implementation is focused on getting the right things, to the right place, at the right time, and in the right quality and quantity.

1.2.4 Open innovation

'Open innovation is a paradigm that assumes that firms can and should use external ideas as well as internal ideas, including internal and external paths to market, as the firms look to advance their technology'[2] or 'Innovating with partners by sharing risk and sharing reward'. [3] The boundaries between a firm and its environment have become more permeable—innovations can easily transfer inward and outward. The central idea behind open innovation is that in a world of widely distributed knowledge, companies cannot afford to rely entirely on their own research, but should instead buy or license processes or inventions (i.e. patents) from other companies. In addition, internal inventions not being used in a firm's business should be taken outside the company (e.g. through licensing, joint ventures or spin-offs)[4].

(Wikipedia 2012)

1.2.5 Design thinking

More recently, IDEO, a consultancy in the USA, has popularised design thinking as a means of developing innovative new products and services. It is based on the skills used by designers and focuses on customer co-creation, rapid prototyping, problem definition and creative thinking. They have also applied their techniques to social innovation and have developed a kit for social innovators.

"Design thinking is actually a systematic approach to problem solving. It starts with customers and the ability to create a better future for them. It acknowledges that we probably won't get that right the first time. It does not require supernatural powers…" (Liedtka, J and Ogilvie, T, *Designing for Growth)*

Design thinking relies on empathy, invention, and iteration.

1.2.6 Training in leadership and ideation

Another popular strategy for building innovation has been leadership development and creative thinking training, particularly in brainstorming.

Popular training programs include De Bono creative thinking, 'What if…?' and other creative thinking specialists.

There has also been an increase in the number of entrepreneurial leadership courses, postgraduate and undergraduate qualifications in innovation and entrepreneurship and culture change programs.

1.2.7 Conclusions

While all of these strategies are useful and have made an impact, many companies have found it difficult to establish a sustainable approach to innovation. Many organisations report that:

- there is a focus on products rather than the full suite of possible workplace innovations
- innovation is usually top down

- participants in the innovation process are selected, often from R&D, manufacturing, product development and management
- they often result in a dedicated Innovation Division, thereby making a small team of people responsible for innovation, rather than using all the minds which are available
- innovation is often an add-on rather than integrated into the day-to-day work of employees
- systems are created but become difficult to maintain because key people move on and there is no-one else to take on the responsibility, or there are too many poor ideas and no feedback or action, or core business becomes the priority over innovation.

Reading: Innovation Driven Leadership

(Smith & Hall 2012)

> *Innovation needs be an organisational norm that is reinforced by the organisational culture. And, for many organisations, becoming more innovative requires nothing short of a culture transformation.*
>
> *But as the global economy has tentatively returned to health, organisations are realizing that not innovating is a risk they simply can't take. They no longer can rely on the products and processes that have served them well in the past to navigate the complexity of the global economy and ensure their future success. As a result, innovation again is viewed as critical.*
>
> *The evidence, both in the form of research and anecdotal examples, is seemingly everywhere. Consider these examples:*
>
> - *An August 2011 article in The New York Times described innovation as "the critical ingredient to all economic progress, higher growth for nations, more competitive products for companies, and more prosperous careers for individuals."*
> - *In a 2010 Boston Consulting Group study, 72 percent of CEOs ranked innovation as one of their top three strategic priorities. The figure was eight points higher than it had been in an earlier study in 2009.*
> - *In the 2011 Development Dimensions International (DDI) Global Leadership Forecast, nearly 12,500 leaders from around the world cited fostering creativity and innovation as one of the top three business priorities for the future.*
> - *Echoing the language of many executives at major companies, when Scott Thompson was named CEO of Yahoo earlier this year, in his first conference call with the media and analysts he was quick to go on record with a commitment to innovation: "We'll be back to innovation, we'll be back to disruptive concepts," he said. "I wouldn't be here if I didn't believe that was possible."*

- *Similarly, Ron Johnson, the former Apple executive who helped launch that company's successful retail stores, also set a course for innovation upon being named CEO of venerable retailer J.C. Penney last year. He said he looked forward to "re-imagining" the American department store.*

Yet innovation, for all of its acknowledged importance amid continued economic uncertainty, and seismic shifts in technology and the business landscape, continues to confound. Organisations are struggling to have the right innovation approach in place to adapt, do more with less, solve complexity, and come up with new solutions their customers want, as well as those they don't even know they need.

Because every organisation is defined by a unique mix of business challenges and strategic priorities, each must decide how it will define innovation – that is to say, the type of value-added solutions it most needs to innovate. Regardless of what that definition looks like, innovation success will turn on an organisation's ability to generate and cultivate ideas in quantity, or in the words of author Peter Sims, place many "little bets" to increase the likelihood that one or more of these ideas will end up having a big impact on the organisation.

Innovation is a social phenomenon that not only requires many people to generate and implement ideas, but also requires that those individuals interact, work together, and build on one another's perspective, thinking, and creativity. In the words of Doug Conant, former president and CEO of Campbell Soup and one of the most respected business leaders of recent years, "The action is in the interaction."

1.2.8 Hargraves Institute Principles of Innovation

After ten years of research into innovation processes and working with many of the leading organisations in Australia in the implementation of their innovation process, the Hargraves Institute has identified eight principles required to establish the foundation for an innovative culture. These principles are:

Leadership and People

Principle 1 Enterprise leadership has a genuine commitment to innovation performance and recognition; and

Principle 2 Empowers all people and teams and provides fast and regular feedback.

Innovation Process

Principle 3 Enterprises execute through a simple, accessible and disciplined innovation process; and

Principle 4 Proactively manage risk and support learning from both failure and success.

Innovation Action

Principle 5 Enterprises explicitly link vision and strategy to innovation with ownership and accountability; and

Principle 6 Provide resources when needed for innovation.

Collaboration

Principle 7 Enterprises/teams proactively connect with all stakeholders; and

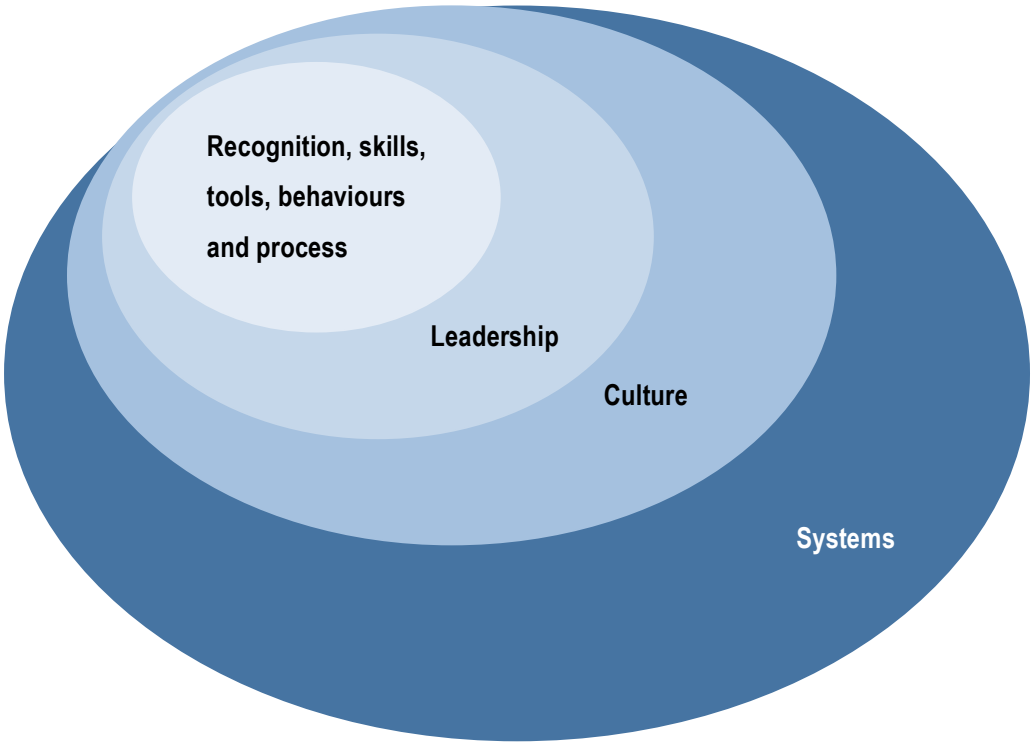
Principle 8 Encourage cooperation and challenges both internally and externally.

Activity

In groups, identify what challenged your enterprise has faced in becoming more innovative.

Look at the eight principles which have been identified by Hargraves Institute and discuss which you do well and which ones you could do better.

1.2.9 People and ideas for innovation



Innovation strategies will normally focus on either the ideas or the people, while for most enterprises it is important to address both.

A focus on ideas means that tools, research and strategies are applied by 'specialist innovators' who look for big ideas which will bring about significant change. The idea is the most important thing.

A focus on people means that strategies are used to encourage everyone to come up with any ideas, which brings about positive improvement and engagement. In this, the idea is less important than motivating and empowering employees to contribute and actively participate in improving.

A people-based approach encourages lots of ideas because:

- small ideas can become big ideas, if nurtured, developed and needed

- small ideas can improve engagement, productivity and motivation
- generating and implementing small ideas develops the capability, confidence and culture, which can be transferred to developing the big ideas.

It is possible to invest in both approaches by employing:

- a process and language which ensure that employees have what they need to come up with new and valuable ideas
- leaders who understand what is needed to be innovative and are prepared to actively and visibly support it across the organisation
- access to technical skills and knowledge to provide confident, creative, well-trained and technically proficient employees
- a culture that encourages and is willing to work with the ideas of all employees and encourage external input and internal collaboration
- an organisational strategy that recognises innovators and innovations as much as day-to-day work performance.

2. THE TOOLS

In this section you will explore:

- **A model for practical innovation – Insight – Ideas – Action**
- **Strategies for implementing Practical Innovation into the organisation.**

The fundamental building block for innovation is Practical Innovation. It is a process for identifying opportunities, generating solutions and implementing innovations which can be used by all employees in any workplace.

Importantly, it is not a tool in itself, rather it makes explicit use of the skills and behaviours which underpin innovative thinking and can be used with any innovation tool or methodology. It explains the basics of innovation thinking so that they can be learnt and transferred.

2.1 Practical Innovation model

Practical Innovation can be used by both individuals and groups, and at all levels of the organisation. It is a different way of working which can make day-to-day work more enjoyable and productive.

While it is based on tried and tested theories, particularly in design thinking, it is flexible and focuses on behaviours and skills as much as process.

It provides a way of thinking through opportunities, defining the need, generating solutions and implementing ideas so that solutions can be refined, reviewed and measured.

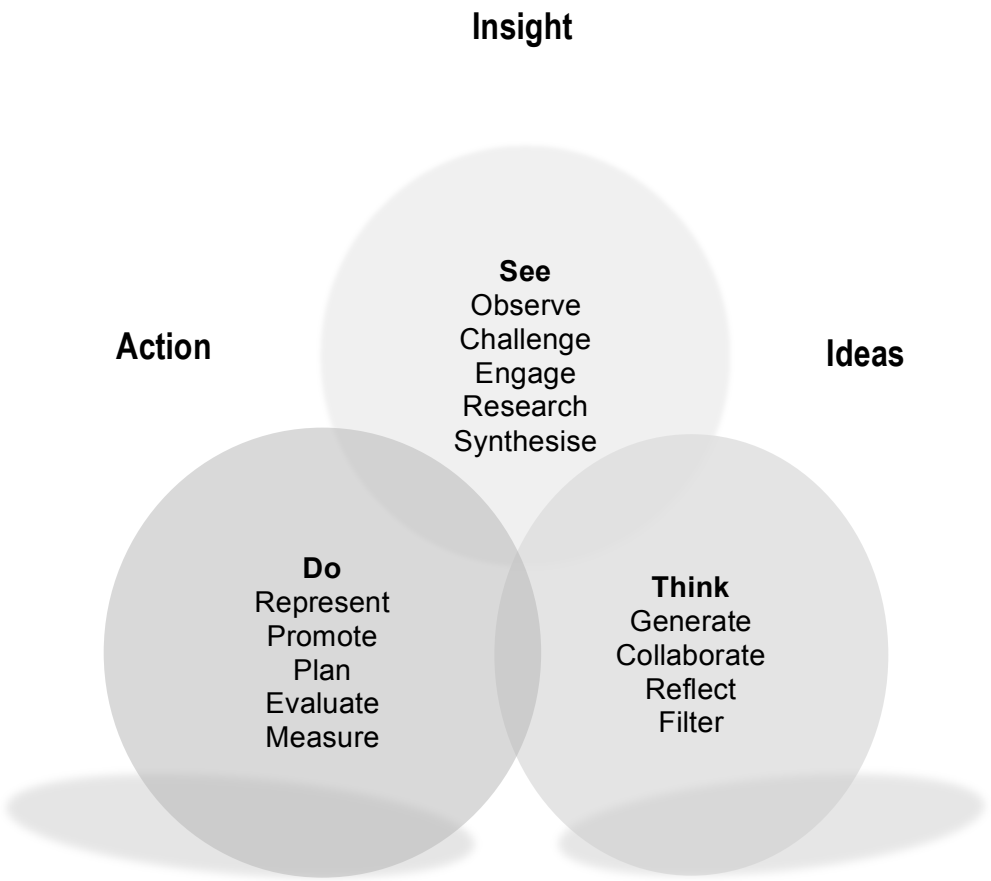
The critical underpinning skills for Practical Innovation are:

- critical thinking
- creative thinking
- interpersonal skills.

It is built on the behaviours of:

- trust building
- openness
- curiosity
- challenge
- discipline.

The following section is a short introduction to Practical Innovation. Hargraves Institute runs one and two day programs and a Skills Set in Practical Innovation, which provides accredited training through a Registered Training Organisation (RTO).



2.1.1 Insight – See

While creativity and ideas are important, if they are not solving the right problem, addressing a need or responding to a viable opportunity, they are wasted. In many ways creative ideas are the easiest part of the innovation process. Understanding what you need the ideas for is the challenge. The key is to understand what your users will use. This means finding out what their expressed and unexpressed needs and wants are. This insight comes from four things:

- research
- observation and attention
- challenge thinking
- synthesis.

In some cases, people come up with an idea and are committed to implementing it. In others, there will be a generalised need to improve, but the innovator doesn't know how to go about understanding the problem to come up with good ideas.

Practical innovation starts with the user needs. It requires true empathy and imagination to gain deep insights and anticipate what they would use, even if they don't know it themselves. It starts with the power of observation.

Fresh eyes

It is difficult to be observant all the time. Humans have what is called inattentional blindness, meaning that our brains see things that they are used to seeing, and so we often miss seeing other things. The innovation process requires us to notice things so that we can really understand the problem. We have to be able to see things with fresh eyes, or as a beginner.

> **Activity**
>
> Try some of these observation exercises.
>
> Without looking, draw the face of your watch or mobile phone.
>
> How accurate were you?
>
> Retrace your footsteps in coming into the training room. Take a pen and paper and note down what you failed to observe the first time.
>
> Now challenge what you've noticed as a problem. Ask 'what if…?' or 'why…?'

Whatever the strategy, you need to apply skills and behaviours, which really help you to understand. That means being able to see things that you may not always see, to challenge what you're seeing to make sure you understand, and to research to find out what others already know.

It also requires that you act rather than complain when you find something that needs to change or improve. The key to having insight is to identify and understand the real problem, not just the symptom, and imagine what might really fix it.

As Henry Ford is said to have said: 'If I has asked my customers what they wanted, they would have said a faster horse'.

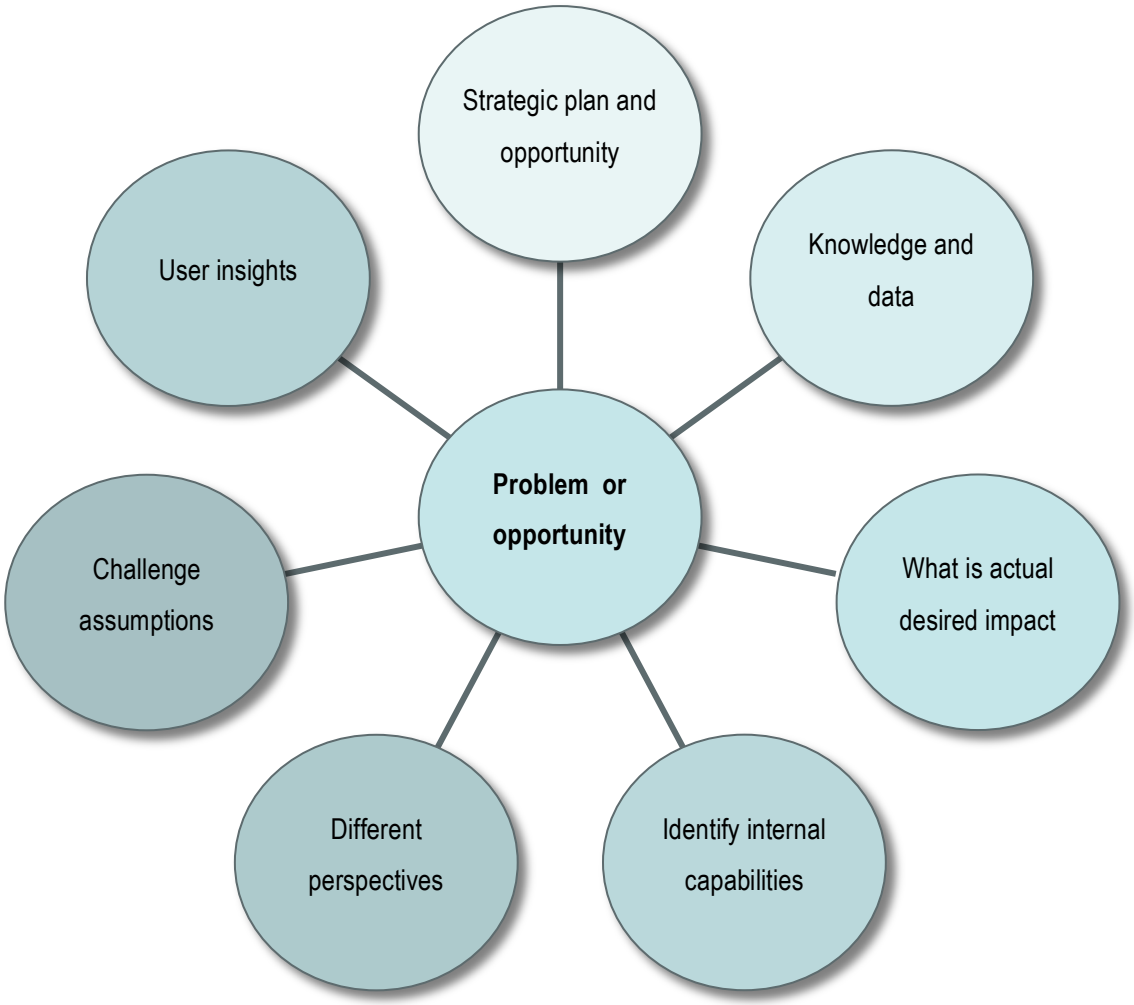
Activity

You are on the product development team to think of ideas for a new line of cosmetics for men. In groups, representing the different cosmetic brands (Revlon, Estee Lauder, Chanel, and so on) list the strategies you would use to find opportunities.

At this stage you are seeking to define the opportunities, identify and understand burning needs, not to come up with ideas.

How could you develop insight so that you understand what the opportunities are and what your potential users might use?

On the next page is a summary of things that you can do to define what the problem is.


Strategic plan and opportunity
User insights
Knowledge and data
Problem or opportunity
Challenge assumptions
What is actual desired impact
Different perspectives
Identify internal capabilities

2.1.2 Ideas – Think

Coming up with ideas and solutions requires the ability to think divergently and generate lots of ideas, and then filter them by thinking convergently.

There are many tools and tips around to fuel your creative thinking. They are usually designed to shake up your neural patterns, so that you see and think things that you don't normally think.

Strategies include:

- using random inputs and connecting (e.g. finding connections between different objects, using a different word or context to make links)
- changing the question that you're asking (e.g. making bigger, smaller, more expensive, less attractive, and so on)
- looking at the issue through different eyes (e.g. in another industry, through a different disposition, from the perspective of a different stakeholder)
- using dreams and imagination (e.g. doing a waking dream relaxation exercise).

Activity

You work for a publishing company which is looking for ways to use the waste product produced by hole punches.

You will be given time to:

- think of ideas on your own
- brainstorm ideas in a group
- brainstorm using prompts which make you see the problem from different perspectives.

The normal process for idea generation is that all of the obvious ideas come out first. So it's important to capture those, because they might be perfectly good. However, if you want to delve deeper, you may need to stimulate unusual ideas. So you need to add a stimulus, such as imagining you are working in a different organisation, or looking at solutions that have been used to solve other problems, or building on technologies that are available. This helps you to fire up different thoughts, which will produce different ideas.

For example:

- How do other companies do it?
- If we lived in an igloo what would we do?
- How could we use a particular type of technology to solve this problem?
- What if we got rid of wardrobes altogether, how else could we store clothes?
- How do we store books? How could we adapt the idea of a library to storing clothes?

You might use brainstorms, electronic brainstorms, reflection activities, rapid prototyping, study tours or crowd sourcing to generate ideas.

When you have lots of ideas, you can then group them and filter them to develop some concepts.

2.1.3 Action – Do

Planning to innovate is important, but doing is more important. The underlying principle of practical innovation is 'just do it!'. However, in doing it you have to leave space to adjust, refine and change. You also have to be sure it's safe and that there are no unintended consequences. There are ways to do so while maximising effectiveness and minimising risk.

You need to be prepared to experiment, trial, take small risks, capture learning, refine, and improve.

If it is a bigger project you may need a team, cross-divisional input, a business plan, external ideas, and so on. Your systems and policies need to be prepared to facilitate such a process.

You would typically have to present the idea to managers, funders or customers and get the resources to proceed.

Activity

What are the barriers to actually implementing new ideas in your enterprise?

How can you overcome them?

Practical Innovation model

	Behaviour	Skill	Process
Insight – See			
Understanding the need	Being open Being curious/asking questions Having empathy Challenging assumptions Being disciplined/being flexible	Observation Challenge User engagement Research	Identify issue Define need Articulate the ideal Clarify outcomes
Ideas –Think			
Generating ideas	Being experimental Using humour Taking risks Being confident Being constructive Being playful	Divergent thinking: - seeing connections - lateral thinking - imagining - different perspectives Convergent thinking	Brainstorm Filter
Reflecting	Leaving time for lone reflection	Reflective thinking Managing reflection	Reflect
Collaborating	Engendering trust Being willing to share Having an outward focus Building on ideas Connecting with others Seeking external inputs	Working with a range of people Using networks Building relationships Listening Feedback	Actively look for connections Share knowledge Create partnerships
Action – Do			
Developing ideas	Being inspirational Being passionate Being open to feedback Being energetic and enthusiastic	Making ideas tangible (Prototyping) Effective presentations Evaluating	Make ideas Present ideas Improve ideas
Implementing	Thoroughness Flexibility/energy Openness	Engaging key people (doers, done to's and decision makers)	Involve Plan Do
Refining	Openness Commitment to quality Being rigorous	Setting up an evaluation Data collection	Monitor Refine
Capturing	Being open and frank	Metrics	Capture
Impact	Being rigorous	Measure impact	Report

2.2 Practical Innovation in practice

Two key principles that underpin Practical Innovation are that:

- lots of small innovations are critical to create the right culture, find big innovations and develop innovation skills and behaviours
- every employee needs the permission, confidence and know-how to innovate.

So introducing a process on its own, even with training, is not going to change things. The enterprise has to provide the motivation and the opportunity for everyone to participate in a meaningful way.

Your enterprise will have its own special needs, and as such, you may try some things which work and others which don't. There is no one magic formula. However, there are some guidelines. How can you in your enterprise create the following?

- A means to translate the strategic priorities of the enterprise – You might use the strategic plan and translate it into innovation priorities for different groupings within the enterprise.
- The time and opportunity to use to identify opportunities/needs and generate and implement ideas – This could be part of staff meetings, a daily meeting or a stage in project management processes. There might be innovation days, or specific time put aside during every day or week, there might be cross-functional team days, brown bag lunches and innovation cafes.
- A means to capture problems and ideas – You might use technology which captures ideas and queries, which asks for solutions, and which tracks the progress of ideas.
- A means to open up thinking and look for ideas outside the enterprise – You might have an external crowd sourcing capability, you might use pin up boards or an ideas library. You might encourage everyone to go to external seminars, to network and to look for how others are doing things.
- A means to select ideas – You might have ideas evaluators who help people develop ideas. You might have internal panels who consider ideas. In a small company you might put it through the CEO to make a decision.
- A means to implement ideas – You might have a small fund to seed ideas, a policy of try and do, or an evaluation method to capture what you've learnt.
- A means to promote innovation – You might use external speakers to boost innovation interest, have a newsletter or a video.
- A means of leading which encourages people to innovate – You need to encourage trust and collaboration, a sense of comfort and confidence to try things out, to fail, to admit failure, to celebrate success, and to encourage challenge thinking and creativity.

- A means of motivating employees – Innovation needs to be perceived as a crucial part of the job; it needs to be valued as a process through recognition, through training and through resource allocation.

2.2.1 Innovation leadership

While tools and systems are important for innovation, a most critical ingredient and often the hardest to get right is behavioural.

Many enterprises have built sophisticated mechanisms for innovation which have been largely unused, or ineffective. That is because innovating is hard work. Often innovative people are not recognised or appreciated, or they are under-utlised.

Leaders are too busy managing today's business and costs to really hear about how things can be done better, or to collaborate on new solutions. They may not listen to the people closest to the process or the customer, because they are not perceived to be people who 'know'. They may not see the value of letting people do the things which can create innovations.

Yet these are the things, which can really make a difference. Two people chatting over a cup of coffee can activate a thought, the process operator may have lots of ideas about what can be a simple change to make things more efficient, the meeting which lingers may explore an issue or an idea.

Leaders need to be able to move from predictive to creative logic—Cognitive Ambidexterity (Greenburg et al 2011). They need to move from management, where they are the focus, to leadership where the team is engaged in the process, as shown below.

Predictive/Creative management

PREDICTIVE	CREATIVE
• Organisational control	• Individual empowerment
• Day-to-day work	• Innovation work
• Risk – minimisation	• Experimentation failure
• Individual outcomes	• Team outcomes
• The knowable	• The unknowable
• Traditional decision making	• Entrepreneurial decision making

2.3 Being a catalyst for ideas

In your position on the CLO, you are in the ideal situation to be the catalyst for ideas among your colleagues. That means:

You can to help your colleagues who have ideas to implement them. First help others to generate ideas and then help them to think them through.

An idea is good when it solves an issue or adds value. To effectively use this tool, the Catalyst needs the interpersonal skills to engage with the Innovator, managers and other stakeholders.

This means:

- Listening carefully
- Asking really good questions
- Giving constructive feedback that builds on the idea rather than squashing it
- Helping the innovator to develop the idea and sell it to manage it.

The following guide will help you to have the conversation with the ideas person to develop it into a workable solution, and will also provide the facts for getting the go ahead to implement it.

Idea Chat Sheet

Innovator name and details:	
Title of idea/ or problem:	
	Comments and action
Insight- the problem/opportunity	
What is the problem?	
Why is it important for the organisation that the problem is solved?	
How will it improve things? E.g. Will it help you do your job better, will it save time, money or will it improve quality etc?	
What is the evidence that this is a problem? E.g. do others see it as a problem? Is there any data to show that it is a problem?	
Is it easy to explain and understand?	
Ideas- the solution	
What else have you or others tried to solve the problem?	
Have you thought about the unintended consequences of the idea ? For example, will it impact on other parts of the process or the work of others ?	
Who else might be able to help develop the idea?, e.g. colleagues, catalysts, managers, subject matter expert?	
Have you considered the costs of implementing the idea in relation to its potential value?	
Action- Making the change	
Who are the stakeholders? How could you get their support?	
What are the steps for implementing it?	
Who could help you with implementation- colleagues, catalysts, managers, subject matter experts?	
Does your idea just feel right… what is your gut instinct?	

2.4 Eight Steps for Organisational Innovation

Identify organisation needs	**Scoping** **Road map** **Defined needs**
Ensure support from senior management	Implementation Team CEO Commitment Workshop with managers
Develop systems/platforms	Ideas management for big and little ideas Authority for sign off Funding arrangements
Identify and equip people to make the system work	Identify catalysts Train catalysts Communicate with workforce
Implement innovation process	Identify practical innovators Use practical innovation process to net, vet and implement ideas
Set up and use recognition system	Award certificates to practical Innovators, Catalysts Work on score card for enterprise recognition
Develop capability	Engage RTO to deliver accredited training or provide in house training
Maintain momentum	Join a network of organisations to learn, share and keep motivated – Have yearly awards nights