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INNOVATION MANAGEMENT-INCREASING INNOVATION IMPACT IN THE ENTERPRISE

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Innovation management is the discipline of managing processes in innovation. It can be used to develop both product and organizational innovation.Innovation management includes a set of tools that allow managers and engineers to cooperate with a common understanding of goals and processes. The focus of innovation management is to allow the organization to respond to an external or internal opportunity, and use its creative efforts to introduce new ideas, processes or products.[1] Importantly, innovation management is not relegated to R&D; it involves workers at every level in contributing creatively to a company's development, manufacturing, and marketing. By utilizing appropriate innovation management tools, management can trigger and deploy the creative juices of the whole work force towards the continuous development of a company.[2] The process can be viewed as an evolutionary integration of organization, technology and market by iterating series of activities: search, select, implement and capture.[3]

Many organizations have responded to this "innovation gap" by purchasing outside companies to acquire innovations and technologies that have proven results. Acquisition has its merits, but often comes with its own set of costs and hurdles. In our experience, large organizations can successfully drive innovation internally, but it must be tied to finding and empowering their internal entrepreneurs. Leveraging these "intrapreneurs" is the key to selecting, developing and executing the innovative ideas, products and technologies that generate bottom-line growth.

The process for transforming an enterprise's maze of good ideas into bottom-line results can be achieved by following three steps:

- Identify the organization's internal entrepreneurs
- Empower them with a process and program to build their entrepreneurial skills under experienced mentors
- Leverage these empowered intrapreneurs to encourage others inside the organization

A specialized "Open Innovation" program that engages external startups is an effective way to accomplish these three steps. By leveraging startup founders' entrepreneurial expertise to mentor and incubate intrapreneurs in a large organization, the organization can create an environment that transforms languishing ideas into tangible bottom line results.

Finding and Attracting Entrepreneurs

What qualities should an organization look for to identify intrapreneurs? An effective approach is to look at the skills found in effective external entrepreneurs:

- Willingness to accept risk even if it means asking for forgiveness rather than permission
- Ability to accept failure and to pick up and move on past failure
- A clear vision matched with a passion to overcome obstacles to achieve this vision
- Openness to new ideas and the flexibility to change course when initial approaches prove false
- Tenacious work ethic and willingness to do "whatever it takes to get the job done"
- Ability to work and communicate with others

Creative methods for finding intrapreneurs with these skills include solution contests, internal hackathons, suggestion boxes and collaborative discussion blogs.

The search for intrapreneurs should be public and open to all members of the organization. Note: An organization should not be biased toward young employees or those who are new to the company. Often the best intrapreneurs are long-term employees with cross-functional experience and a high degree of peer respect. A strong leader can be especially valuable. Programs like these will also naturally attract individuals who collaborate well across the organization. This can be valuable when canvassing for support of a new concept or innovation.

Empowering Intrapreneurs

Once an organization's intrapreneurs have been identified, the next step is to create an environment that allows them to collaborate, flourish and add value. The following steps detail a method including a specialized Open Innovation platform that achieves this.

Define Challenges: To maximize the entrepreneurial skills of the group, the supporting Open Innovation program should be focused on solving and implementing solutions to specific business challenges. To accomplish this, business owners and thought leaders in the organization must define and share their most important business challenges. This will allow the Open Innovation program to match challenges with potential solutions from both internal and external sources.

Create a Web Portal: A collaborative web portal allows intrapreneurs to easily identify, join and communicate with other intreneurs and thought leaders. The portal provides a platform for them to work together finding solutions to the organization's business challenges. The portal provides a structured screening process where participants can publically rate and establish discussion forums on possible solutions. Discussions should be free form and should have the ability to easily branch out to sub-topics. It also facilitates the open exchange of ideas where consensus can be found for new solution approaches.

Assemble Teams: The collaborative Open Innovation portal will also allow intrapreneurs to organize into small, cohesive teams that include the necessary skill sets to evaluate and test identified solutions. In addition to the entrepreneurial skills previously identified, each team member should bring at least some of the following organizational experience to the group:

- Operations and testing
- Business expertise and a solid understanding of the challenge that needs to be solved
- Corporate communication
- Technical expertise in the area of interest

Attract Executive Support: Both the teams and the solutions to solve the business problems should have visible executive endorsement and support. This "executive air-cover" is essential for the teams to succeed and be recognized for their efforts. It also paves the way to circumvent compliance barriers during the early stages of validation, and can eventually facilitate funding.

Find and Qualify Startups: An important function for the collaborative Open Innovation portal is to provide members with the ability to find, match and qualify innovative solutions. These solutions should come from external startups as well as internal sources.

Startup solutions can be found through either a proactive discovery process or through a link to a public part of the collaborative portal. This special public site allows external organizations to submit applications for their solutions to challenges that have been approved for public posting.

When qualified solutions from either internal or external sources are found, they must be screened and evaluated by the team. In the case of an external startup solution, the opportunity must also go through an expert process that determines the company's viability, stability, and the experience of their entrepreneurs.

Test and Validate: The Open Innovation Process must also include a planning and delivery process for rapid testing and validation of desired results.

When a combined team of skilled intrapreneurs and startup founders jointly believe an innovation opportunity is a viable solution to a business challenge, the team must establish and complete a Proof–of–Concept (POC) project. The parameters of this POC project should be negotiated and agreed to by the internal team and any external startup founders.

The goal of the POC project for both internal and external groups is the early validation of solution assumptions as well as to prove expected results and returns. Borrowing from the agile development model and proven incubator process for startups, the Proof–of–Concept project should include:

- A set of joint objectives validating results in short sprint cycles of 3-4 months and funded with lean budgets

- A significant commitment from the assigned internal team members and startup participants

- A process sequestered from normal day-to-day operations and security requirements. In some cases, this may require an off-site venue and parallel test platform

- Successive sprint cycles that are only approved when previous sprints have produced results.

This sprint approach for the POC brings additional benefits to the organization when external startups are involved. Running a "just-in-time" boot camp forces internal and external team members to experiment, bond and exchange skills. Including external entrepreneurs in the POC team naturally seeds the process with entrepreneurial skills and allows them to impart their experience operating in a lean and Darwinian startup process.

Seasoned entrepreneurs are able to mentor intrapreneur team members and help them build their innovation skills. When multiple POC projects are running simultaneously, teams will naturally support each other's learning curves. The sprint format also reduces risk by setting constraints on time and budget for discovery and validation.

Creating an Innovative Culture: In addition to finding innovative solutions to business challenges and increasing bottom-line results, an Open Innovation program that focuses on external startups creates a culture of internal innovation throughout the organization.

The process creates a repetitive and ongoing model and provides incentives that keep entrepreneurial talent in-house and rewarded. If a relationship with an external startup progresses to an M&A event, the internal intrapreneurs are well-positioned to work with the startup to facilitate a smooth integration process.

Innovation processes can either be pushed or pulled through development. A pushed process is based on existing or newly invented technology, that the organization has access to, and tries to find profitable applications to use this technology. A pulled process tries to find areas where customers needs are not met, and then focus development efforts to find solutions to those needs.[4]To succeed with either method, an understanding of both the market and the technical problems are needed. By creating multi-functional development teams, containing both engineers and marketers, both dimensions can be solved.[5] The lifetime (or product lifecycle) of new products is steadily getting shorter; increased competition therefore forces companies reduce the time to market. Innovation managers must therefore decrease development time, without sacrificing quality or meeting the needs of the market.

1 Lindegaard, S. (2010): The open innovation revolution, Wiley, Hoboken, NJ.
2 Lindegaard, S. (2011): Making Open Innovation Work
3 Sloane, P. (2011): A guide to open innovation and crowd sourcing