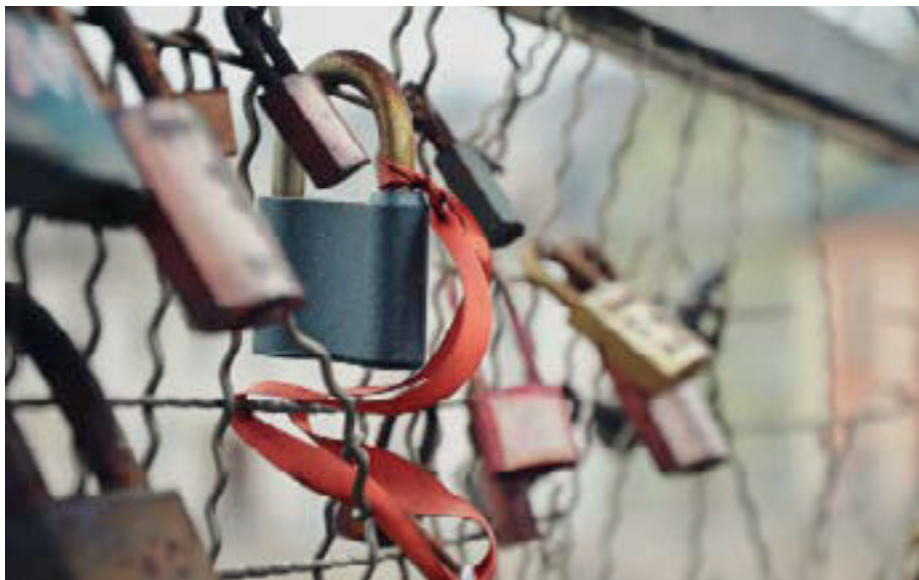


Can you master the 3 key success factors of innovation management?

Pedro do Carmo Costa, Exago's director and co-founder
pcc@exago.com



A little over a year after implementing a new innovation management solution, participation at Fleury was nearly five times higher. This real company has generated real value through innovation. What can you learn from their experience? No single secret software and algorithm opens all doors, yet, by combining the right ingredients, you too can unlock the full potential of your innovation initiative.



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If you're implementing a programme, particularly 'idea platform' or open innovation solutions on a national or international scale, you can expect ups and downs. Road bumps come with the territory. Any innovation manager has felt some (or all) of these anxieties:

We've built it . . . but no one's coming.

You have your programme in place, you're filled with energy to make it happen, but no one joins you. You've hit the most challenging of all walls: a lack of engagement. For things to work, you need to have your people with you. How do you engage them and their enthusiasm? How do you increase the stickiness of your innovation efforts?

We've created a process monster.

On the other end, if you're lucky, you'll attract many people, creating high volumes of information - too high to be handled by any single manager or even an innovation team.

All of a sudden, you find yourself trapped inside processes rather than creating value. Instead of having an engine that lets you focus on bringing the best ideas to life, you've become a slave to the machine - and you're all too aware that this lack of efficiency will end up killing the engagement you've captured.

So, you need a model that can process all content generated in the platform - ideas, insights, comments and investments - rapidly and efficiently.

One way but down.

Finally, you've had your one success, but the budget is inelastic

and enthusiasm begins to fade. How can you make sure your programme continues to deliver results?

Countless 'traditional' innovation programmes actually fail. The causes are diverse but diagnosable as:

// The programme is not inclusive - you can only participate if you have an idea.

// It lacks focus - you haven't established the scope of relevance.

// Evaluation is inefficient - you're wasting time and money.

// Incentives are unbalanced - you have too many or too few.

// Results are cloudy - only a few people are involved in the process of evaluating the suggestions of the 'crowd'.

// The process requires facilitation - your software can't stand by itself alone.



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How do they do it?

The Brazilian company Fleury - a leading provider of clinical analyses in Latin America - has currently more than 10,000 employees. All can participate in Fleury's innovation efforts.

In 2007, the company initiated a programme to encourage suggestions for how to improve its operations, allowing all employees to submit ideas on paper, which were then

evaluated by an innovation committee. A software platform helped, in general, to collect ideas, supporting the programme. But, the significant amount of work involved in evaluating these ideas led Fleury to consider an alternative.

To optimise the process, in 2011, the Fleury group next adopted the Central de Ideias (Idea Market). Created by Exago, this innovation management solution is a software platform where all stakeholders can make their contributions - not only collecting and harnessing everyone's ideas but also evaluating them.

Within a single year, the results overtook even the most ambitious targets:

// Ideas submitted - escalating from 1,809, in 2011, to 7,269, in 2012, when the new model was implemented (an increase of more than 400%)

// Ideas approved - more than doubling, from 443 to 946

// Ideas implemented - increasing from 225 to 300

// Stakeholders involved - growing from 712 to 3,309 people (and 15 months after implementing and disseminating Exago's model, more than 70% of Fleury's staff had actively joined in)

Fleury's innovations have generated millions of reais in value. They've reduced operating costs and introduced more efficient, sustainable and environmentally friendly processes. So far this year, almost 8,000 participants are still interconnected and actively participating, and 600 ideas have come to life. People have become the centre of Fleury's culture of innovation.

In this way, the company has managed to tackle the three central challenges identified above: to create high levels of mobilisation and engagement, to be extremely efficient in the process of idea evaluation and to sustain high levels of participation over time (i.e. avoiding creating an initial peak followed by a drastic fall in participation).



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What we have learned

At Exago, we've worked with extraordinary clients, such as Fleury, and others from pharmaceutical, banking, utilities and telecommunications industries - across four continents - to help them mobilise targeted communities to solve key business problems by learning from them and with them.

In this process, we've thoroughly examined each crucial element, testing and developing the best practices and solutions to make each innovation programme succeed. And, we can proudly say, we do it every time. Our success, our clients report, is achieved by a combination of technologies and best practices focused on addressing each of these key success factors:

1 ENGAGEMENT

This is the emotional commitment made to your company and its objectives. It only comes when the people that make up your organisation believe they can have an impact on its ability to provide value and have a stake in the value produced.

First, we recommend you establish specific and relevant challenges. People must identify with these, and you need to align them with your business or strategic challenges.

Remember to consider and capture your different stakeholders' profiles. Give them the chance to contribute, not only with ideas but also with assessments of others' ideas, and to activate the platform's social components, such as leaderboards.

Platform accessibility and usability must be improved and game techniques used to make participation fun and continuous, developing more use and loyalty. Gamification, in particular,

can play a leading role in motivating people and compelling them to jump in and bring value to your initiatives.

You also need to draw up a productive and appealing incentive plan - including prizes and recognition - and a strong, effective communication plan to guarantee community awareness, maximise participation and foster collaboration. The more individuals see the success of projects to which they've contributed, the more likely they are to continue to be mobilised.

2 EFFICIENCY

As pointed out earlier, you do run the risk of getting trapped inside processes rather than creating value when developing your innovation management initiatives. Technicalities and bureaucracies enslave you, absorbing your energies and leaving little time to make things happen.

We've learned that the wisdom of your crowd is invaluable to make your efforts effective. In his book, *The Wisdom of Crowds: Why the Many Are Smarter Than the Few*, James Surowiecki explains that, 'under the right circumstances, groups are remarkably intelligent and are often smarter than the smartest people in them.' This means that your organisation can find the answers to many of its current challenges by harnessing your people's ideas and experience.

Your people need to trust the process and get constant feedback. This means that the procedures have to be clear, from idea generation through to content validation and idea evaluation, selection, crowdsourcing, implementation and acceleration - based on task bidding to identify the most appropriate resources. Only then can you have true peer collaboration. Exago makes sure this runs smoothly.

Different evaluation mechanisms, such as voting, multidimensional rating and prediction markets allow for a more proficient process, as well. We have adopted a sophisticated model of prediction markets that generates, screens and selects ideas. Processing high volumes of information, these prediction markets are the most efficient and transparent way to select the best contributions out of the vast array submitted by participants in idea management platforms.

The US Patent Office has recently officially patented our 'System and method for adjusting asset value and availability in data records, for mitigating speculative trading in a prediction market'. This model encourages relevant participation and promotes the best process output in idea management initiatives.

Most innovations come through steady, continuous improvement. Embedding innovation as corporate culture takes time and perseverance.

That's why you have to capture every single tangible and intangible win at the beginning and throughout the process. Share and celebrate individuals and your community's achievements.

Periodic and other ongoing cycles of urgent, meaningful challenges; clear owners and good resources; updated incentives and communication plans and game mechanics - they all work together to create a desire to come back and participate, ensuring your programme's continuity.

Strive also to make the most valuable ideas come alive as soon as possible, to give your programme credibility. Remember that experimentation and a (low) level of risk have to be part of this continuously evolving process.

Finally, this process needs to deliver value. Otherwise, your initiative will die. The software is a means, not an end, and it should make your life easier.



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Innovation is vital – and doable

The clock is ticking. Most managers (86%, to be precise) believe transformation in their companies is imperative to guarantee unrelenting success, according to the Oracle and Forbes report, *Making the Change: Planning, Executing and Measuring*

a Successful Business Transformation. However, one in five companies has failed in its innovation attempts, and three in five have not yet made any effort in this area.

Developing sustainable innovation capabilities is the only way for companies to stay in the race. Indeed, idea management software - functioning as an idea market - has proven to be highly effective at unleashing your people's hidden innovation potential. Nevertheless, technology doesn't work alone.

You thus have to develop an innovation programme that engages each person, promoting his or her participation over time. Your programme needs to collect everyone's insights and experience efficiently, promoting a collaborative environment - where ideas are discussed and enriched - and focusing on generating answers in the form of actionable ideas and projects.

To sum up, you have to gear your efforts to generate three key success factors - developing a process that is highly engaging, highly efficient and sustainable over time. The creation of an inclusive culture capable of continuously transforming your best ideas into real value is, at the end of the day, the ultimate reward for any innovation manager.

ABOUT EXAGO

exago.com

Exago is a pioneer in software and services that use collective intelligence to solve key business challenges, with an innovation-led approach. From cost reduction and customer engagement to behavioural change, we help organisations worldwide unleash people's hidden potential to achieve real results.

Since 2007, Exago has grown with our clients and partners worldwide. Together, we've reached four continents (Europe, Asia and North and South America), spanning a variety of industries - from major retailers and telecom operators to health organisations and energy suppliers.

We have three office locations: Lisbon, Portugal; London, the UK and São Paulo, Brazil.



ABOUT THE AUTHOR

Pedro do Carmo Costa, Exago's director and co-founder
pcc@exago.com

Pedro leads Exago's business development efforts. His career has centred on the art and science of innovation for almost 15 years. He's worked to help large companies build an internal capacity for innovation, to ensure they grow and evolve successfully. Prior to co-founding Exago, he worked at Strategos with innovation thought leaders such as Gary Hamel and Peter Skarzynski. Pedro lives in London, and he's the proud father of four.

