

It Works!

The 'Results Equation'

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We are moved by goals. The resolve to reach the finish line pushes us forward: at work, in life. Why then do we keep idea management initiatives alive when it's not clear what results they deliver (if any)? And how often have we yearned for a formula that definitely makes it all happen?

In most aspects of life, what we do aims at some goal. Think of how this determines choices about our house moves, career options, travel destinations and children's education.

Also at work, when hiring, reporting, managing projects, expanding locations and activities - pretty much for any business-related action - we set targets. To achieve them, we quickly adapt, change procedures, deploy strategies and redirect efforts. From time to time, we move mountains.



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The managers' conundrum

Why have we then limited our ambitions in innovation efforts? How is it that managers have found themselves stuck in traditional idea management programmes, which prove ineffective when faced with organisations' current business challenges?

Many factors contribute to the present state of affairs:

// **Ducking failure:** Once you get going and gain visibility, it's hard to stop as typically these programmes touch the whole organisation. Plus, executives tend to shiver at the thought of losing face. Failure is often misunderstood.

// **Gathering the spoils:** Managers also look for so-called innovations in other areas of the organisation, holding them up as champion ideas. These shared successes empower managers to perpetuate the existence of 'little results' in innovation initiatives which they own.

// **Lack of alternatives:** Also due to the visibility gained, executives are reluctant to switch off whatever programmes might be in place. That would mean implementing substitute programmes to collect ideas and doing something useful with them. Participants cannot be left hanging without alternatives.

// **No metrics defined:** There is no distinct image of what success looks like. Metrics tend not to be effective. And, when it comes to certain types of innovation, the reality is that it just takes time to get there.

// **Lack of mandates:** Time and again, the executive who launched the innovation initiative is no longer around to manage it. Innovation leadership all too often becomes the hot seat - executives are either promoted or side-lined.

The more sceptical say that, if you are offered an executive role in innovation, be wary! The same CEO who is empowering you to get started could be the one shutting you down tomorrow for failing to deliver on the promise of turning your company into the next Google.



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Rolling in a void

As a result, innovation is rarely managed as a process. Only a handful of companies worldwide systematically develop innovative products. (By the way, they don't call it innovation. It's business as usual.)

Attempts to replicate these few companies' successful innovation management projects fall into the above-described inertia: it's Newton's first law of motion in action.

Initiatives don't work, yet they're difficult to change or shut down. So, the dice just keep rolling in a void. As innovation outcomes become irrelevant, so does the entire initiative.



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Innovation executives, unite!

We know that innovation is the cornerstone of any corporate growth imperative. But the innovation industry apparently needs a return to sanity: we need results. It's time to discard obsolete models. This is where our 'intervention' steps in.

At Exago, our services and software teams have joined efforts to create a structured model that makes sure innovation works and you, as an innovation executive, regain control of your mission. We have thus developed an idea management formula that produces results. Always.

This equation is the product of many years of practice, spanning four continents and building on expertise in several industries. It's been perfected to achieve tangible outcomes efficiently and sustainably.

$$R = E * P$$

This formula reveals that compelling results (R) are achieved when you succeed in engaging your people (E) and multiply that engagement by a strong shared purpose (P).

To make it clearer:

Results are a function of 'engagement' with 'purpose'.

$$E = I * C * T * G$$

Engagement, in turn, is a function of incentives (I), communication (C), transparency (T) and gamification (G).

$$P = B * F$$

Purpose is a function of business relevance (B) and focus (F).

Client organisations of all sizes and trades, as well as diverse languages and cultures, have productively adopted this formula. The secret lies in using just the right amount of each ingredient. What do they consist of exactly?

a) Results

By results, we mean a measurable dimension that adds value to your business. This is typically bottom-line results, but it can also be a means to an end. Each organisation has its own challenges: from reducing costs and promoting a culture of innovation to engaging customers and embedding a capability.

Different business priorities and stages of organisational maturity should lead to different programme results and, hence, different metrics and objectives. But the rule of thumb is this: results with more impact increase with programme longevity.

The Fleury Group - a leader in clinical analysis in Latin America - has experienced these benefits. In 2011, the group introduced Exago's idea management solution to its employees. Within a year, the most ambitious targets had been overtaken in both idea generation and participation levels. In 15 months, more than 70% of employees had joined the process. In just over two years, more than 900 ideas had been implemented, generating millions of reais in value.

b) Engagement

By harnessing employees' collective intelligence, your organisation can find the answers to many of its current challenges. But you can't force people to contribute.

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

So, for engagement to work, you need:

// Incentives: You must build a productive and appealing incentives model to ensure employees are engaged and aligned with your leadership agenda. The incentives can address different motivations: from simple shopping vouchers and charity donations to opportunities to training in specific areas.

// Communication: Active and clear communication is the key to maximising participation. It also assures community awareness, guaranteeing your initiative's success. The more

individuals see the success of projects to which they have contributed, the more likely they are to continue to be mobilised.

// Transparency: Your people need to trust the process, get constant feedback and understand the journey ahead. So, we have adopted a sophisticated model of prediction markets that generates, screens and selects ideas - in the most efficient and transparent way possible.

// Gamification: Game-like interactions and prediction markets develop more loyalty in participants (whether they are customers, employees or others). They make it fun to participate and promote more use, creating the desire to come back and ensuring the continuity of the programme.

For instance, at Portugal Telecom, innovation had long been a part of the company's DNA, but innovation hadn't always been perceived as a transparent and collaborative process. In 2009, this company adopted Exago's platform to gather, assess and evaluate the scattered ideas of employees in an appealing, transparent and efficient way.

Six months later, more than 7,000 employees had enrolled - over 60% of the company's workforce. By late 2012, fully 9,000 participants had joined in, and thousands of ideas had been registered. Provided with a way to voice their creativity, employees' satisfaction increased steadily.

c) Purpose

Innovation without a purpose is useless. The initiatives developed must be in line with your corporate strategy and senior management's mandate.

You must also make sure your team is with you, sharing common goals. To engage them fully, find a purpose bigger than just a simple project, with a set of tools and processes. Show that the outcomes of the effort will not only benefit the company but also each participant - even the world we live in.

Take a look at these examples. Nike's goal is 'to bring inspiration and innovation to every athlete in the world'. Barnes & Noble bookstores' mission statement is 'to operate the best specialty retail business in America, regardless of the product we sell'. And Starbuck's motto is 'to inspire and nurture the human spirit - one person, one cup and one neighbourhood at a time'.

When developing innovation initiatives, bear this in mind:

// Business relevance: For a (good) start, don't solve problems

you don't have. Pick the right fights aligned with your strategic leadership agenda. Key business challenges make the most relevant innovation challenges.

// Focus: Channel awareness toward the need to solve an explicit problem, concentrating your company's collective intelligence on what really matters. Explain pressing needs and priorities but also the low-hanging fruit and other demands that can, in their own time, become equally important.

The challenges launched vary according to moment and context. However, they must project into the future. For Endesa, the largest electric utility company in Spain, this means investing in discovering new ways to act and respond to both environmental and mature market issues.

To do so, the group has involved almost 22,000 employees spread across Spain, Brazil, Chile, Peru, Argentina and Colombia in challenges that will likely determine the industry's leaders of tomorrow. The initiatives focus on cost cutting, safety in the workplace, low-cost high-impact solutions within the company's environment and enhanced efficiency through applying organisational and technological measures to work processes.



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How would it work out for you?

There is no one-size-fits-all solution, but the formula works by unleashing people's hidden potential to deliver tangible outcomes. There is nothing magical about it. It is born out of learning, experimentation, practise and sustained effort - as most problem solving is.

The results differ according to the quantity of each ingredient, which have to be portioned out in line with the objectives set. No more, no less. In your case, what would these quantities be?

Let us be clear. We don't seek to oversimplify a very complex problem, but a bit of maths and strategic thinking helps us to understand how to establish relevant goals and make innovation happen.

We hope this also gives you a blueprint with which to start realigning your idea management expectations to achieve results today. And again tomorrow.

Feel free to contact us if you want to find out what our commitment to your goals would be like. Join us if you'd also like to perfect the formula.