



GUIDE TO PICK THE RIGHT CHALLENGES FOR MY INNOVATION INITIATIVE



By



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“Our organisations are overwhelmed with new challenges all the time. Success is not only measured by solving them. You have to learn how to invert paradigms, to understand the real needs and to make sure you pick the fights and challenges that can bring your people and company more value.”



FRANCISCO BERNARDES
Head of Innovation Services

“Challenges definition is one key step which determines the evolution of your innovation programme. And you need to equip yourself to do it on a sustainable basis, because innovation is unstoppable. Industry best practices and field-tested tools can help you do it steadily and more efficiently.”

ABOUT EXAGO

Exago collaborative innovation management software brings together all the right people and their collective expertise to solve your key business challenges, within and beyond corporate walls.

From more sustainable operations through to a new and more competitive offer, Exago platform editions and expert end-to-end services allow you to easily find, manage, assess and bring to life ideas that deliver value to both your workforce and your company as a whole. Social and gamification features, the US-patented predictive markets and a range of diverse evaluation mechanisms ensure solid engagement levels and optimal results.

Leading companies worldwide, such as Barclays, Ageas, Unilever, Altice, CTT and Carrefour, are successfully using Exago.

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

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'It's important to match needs and competencies. Also, it is important to deliver feedback. Always.'

Carlo Napoli, Head of Open Innovation Culture and Project Portfolio at Enel

'The challenges we launch with particular groups are typically more narrow because we are communicating with target audiences very familiar with a given topic or reality. We can then start from a more specific point and ask for answers that are more concrete.'

In more general challenges, we always chose more open questions, although we also guide groups with insights to lead them and frame their challenges' scope.'

Rita Ralha, Altice Innovation Team Leader



I. WHAT ARE YOUR KEY BUSINESS CHALLENGES?

'If I had only one hour to save the world, I'd spend 55 minutes defining the problem and only five minutes finding the solution.'

Attributed to Albert Einstein

How much time do you spend thinking about your company's problems? Probably too much, you would say. Yet, when it comes down to planning and developing your collaborative innovation initiatives, the way you identify, frame and share your organisation's challenges with your targeted community is a key determinant of the success of your initiatives.

A strategy consistently used by leading companies for over a decade, collaborative innovation has proven to be more than a fad: it's why these companies remain leaders despite disruptive and increasingly competitive business environments. Collaborative innovation has conquered management structures and innovation departments worldwide by its capacity to engage people and deliver results over time.

Idea management software has become a well-recognised and actionable tool for facilitating and enabling innovation initiatives. This software allows you to present your company's most relevant challenges to communities and focus their cumulative expertise and know-how on solving problems by submitting, improving and evaluating ideas – individually and as a crowd. The software works with you, whether you seek to improve performance, find new products and methods or develop a widespread, collaborative culture of innovation.

But what are your most relevant challenges? Which themes are more common or more easily embraced by your employees? And what techniques can help you both choose and define your challenges?

At Exago, we've decided to revisit our clients' challenges over past years, to understand what has and hasn't worked in the field in different realities, as well as collecting wisdom from this experience. In the first chapter, we analyse these data and identify some trends and best practices. Based on these findings, we next share samples of our new Idea System Launch, a step-by-step procedure to guide you and help you set up your challenges, enhance overall initiative effectiveness.



II. LESSONS LEARNT: A REAL TRACK RECORD

To see more clearly what has worked better – or hasn't worked – with our own clients in recent, real innovation management initiatives, we've selected 10 with different size dimensions, from different countries and continents and a variety of sectors, including utilities, banking, health care, energy producers and telecom operators. In total, our clients have presented their communities with 164 challenges, all of which we've studied in detail, focusing particularly on the engagement levels and results achieved.

1. What works best

We've started by identifying the macro themes most commonly chosen by management and then looked for those that have generated more ideas and interactions. The table below shows what we found has happened.

MANAGEMENT CHOICES vs. ENGAGEMENT LEVELS

PREFERRED/MOST COMMON THEMES (total number of challenges)	HIGHER ENGAGEMENT LEVELS (measured by number of ideas and interactions per month per target and percent of total ideas generated)
1. Operational efficiency (48 challenges)	1. Operational efficiency (17%)
2. Better customer experience (29 challenges)	2. Cost savings (14%)
3. Sales and marketing strategy (29 challenges)	3. Product and service enhancement (13%)
4. Sustainability goals (10 challenges)	4. Quality-focused ideas (12%)
5. Open ideas challenges (9 challenges)*	5. Sales and marketing strategy (11%)*

* The remaining 39 are spread in different themes.

Challenges that are more tangible, related to themes such as 'operational efficiency', 'cost savings' or 'product and service enhancements', appear to have captured people's attention and participation more easily. Although not usually among management's top five choices, 'quality-focused ideas' is also a quite attractive theme.



Understandably, these findings mean that people more easily relate to – and want to have a say in – questions that are closely tied to, and disrupt, daily work routines. These are, for instance, ‘How can we develop new products and services at cash desks?’, ‘How can we capture younger audiences?’ and ‘How can we increase safety during installation processes?’

Client insight

‘The themes that work best are those to which the employees can relate, reflecting their life experiences and involving solutions from which they themselves benefit or other issues where it’s easier to have an opinion without needing deeper expertise. This includes, in our context, themes such as family, children, services at home, corporate and social responsibility, new offers and solutions and communication campaigns – our teams love this one. But this excludes issues such as more specific business services – since the business world appears a bit far away, which may not be the case in a company where customers are exclusively from this sphere – and overly technological subjects.’

Yet, when tracking challenges’ specific results, the same five macro themes to which management gives more relevance are exactly those most important in implementation. After ideation and crowd discussion, followed by improvement and approval, management and leadership embrace innovations more easily, as the higher rates of implementation show.

CHOICE > ENGAGEMENT > RESULTS

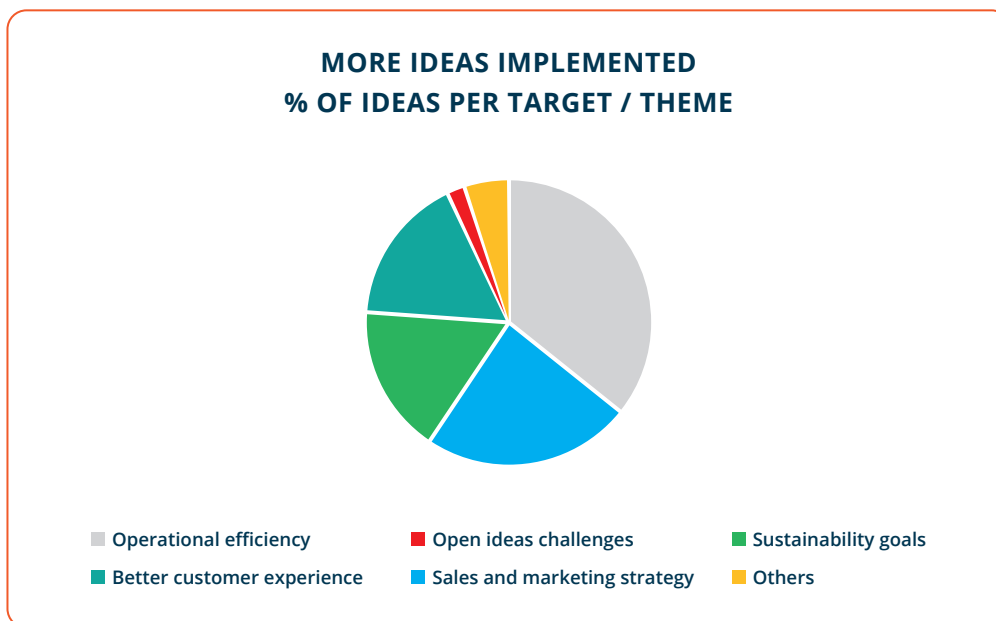
PREFERRED/MOST COMMON THEMES (total number of challenges)	HIGHER ENGAGEMENT LEVELS (measured by number of ideas and interactions per month per target, by percentage of total ideas)	BETTER RESULTS (measured by number of ideas to be implemented per target)
1. Operational efficiency (48)	1. Operational efficiency (17%)	1. Operational efficiency
2. Better customer experience (29)	2. Cost savings (14%)	2. Open ideas challenges
3. Sales and marketing strategy (29)	3. Product and service enhancement (13%)	3. Better customer experience
4. Sustainability goals (10)	4. Quality-focused ideas (12%)	4. Sustainability goals
5. Open ideas challenges (9)	5. Sales and marketing strategy (11%)	5. Sales and marketing strategy



This may also relate to the fact that these challenges are, by their nature, more incremental. So, management can execute the resulting ideas more easily without causing major disruption or creating higher risks, by promoting:

- Positive changes in **operational efficiency**, routines and techniques to improve the way things are done;
- **Open idea challenges**, such as motivational initiatives focused on teamwork and workplace relationships;
- Ways to encourage better **customer experience**;
- Daily practices that cumulatively contribute to more **sustainable** business, with respect to the environment and corporate business strategy;
- **Marketing initiatives** to build on brand strengths and trust perceptions, increasing **sales** results.

Operational efficiency is clearly ahead in idea implementation, followed by several more general, corporate culture-related proposals.



Client insight

'More permanent themes are those that generate more implementations, especially "operational efficiency" and "organisational culture". This is understandable since, of our main themes, these are the ones for which it's easier to suggest incremental improvement and to which everyone can have something to say about, whatever their specific line of work.'



These new ideas, regularly coming through your pipeline, work together and continuously to make your business evolve every day. They become the engine of your company's growth – constantly creating real value. Taking as an example one of our clients from the telecom industry with challenges focused on sustainability and cost savings, we see that they managed to:

- Reduce paper consumption by 20%
- Save 12% in their lifts' electricity costs
- Take 14,000 fewer calls a year in the customer service department
- Save 300,000 euro a year by rationalising their buildings' use
- Save 2 million euro with a new, eco-friendlier packaging system
- Save 25 million euro with process-optimised service

One single idea – be it more disruptive or incremental – can have the power to increase your sales, decrease costs, improve your returns or even change your business.

2. What doesn't work: six common mistakes

On the other side, by dissecting the challenges that performed the worst – and excluding extrinsic factors such as a weak system of incentives and feeble, meagre or uninteresting communication – we note that these challenges tend to be:

- a. Unfamiliar or distant** from people's everyday work and needs;
- b. Detached from current business strategic alignment:** This may happen, for instance, if you launch a challenge focused on anticorruption, social inclusion or ecosystem protection, but your company has never, in your daily practices and initiatives, really shown interest in such themes;
- c. Too technical** for the target audience: Both technical and business jargon has the power to dismiss and demobilise larger parts of your audience;
- d. Too abstract:** Remember that, the wider the scope, the more people tend to submit ideas that are irrelevant for your business;
- e. Too narrow:** Yet, if you completely limit the scope, you may miss some relevant insights;
- f. Ambiguous or difficult to understand:** Linguistic complexity, such as unclear or complex sentences, may make you lose your audience's focus and attention.

Client insight

'Communication is important, but, if you find it is too important, then all the rest is poorly structured. A big fire cannot be fed just with straw. . . Guidance on how to write a good idea must go well beyond mouseover suggestions.'



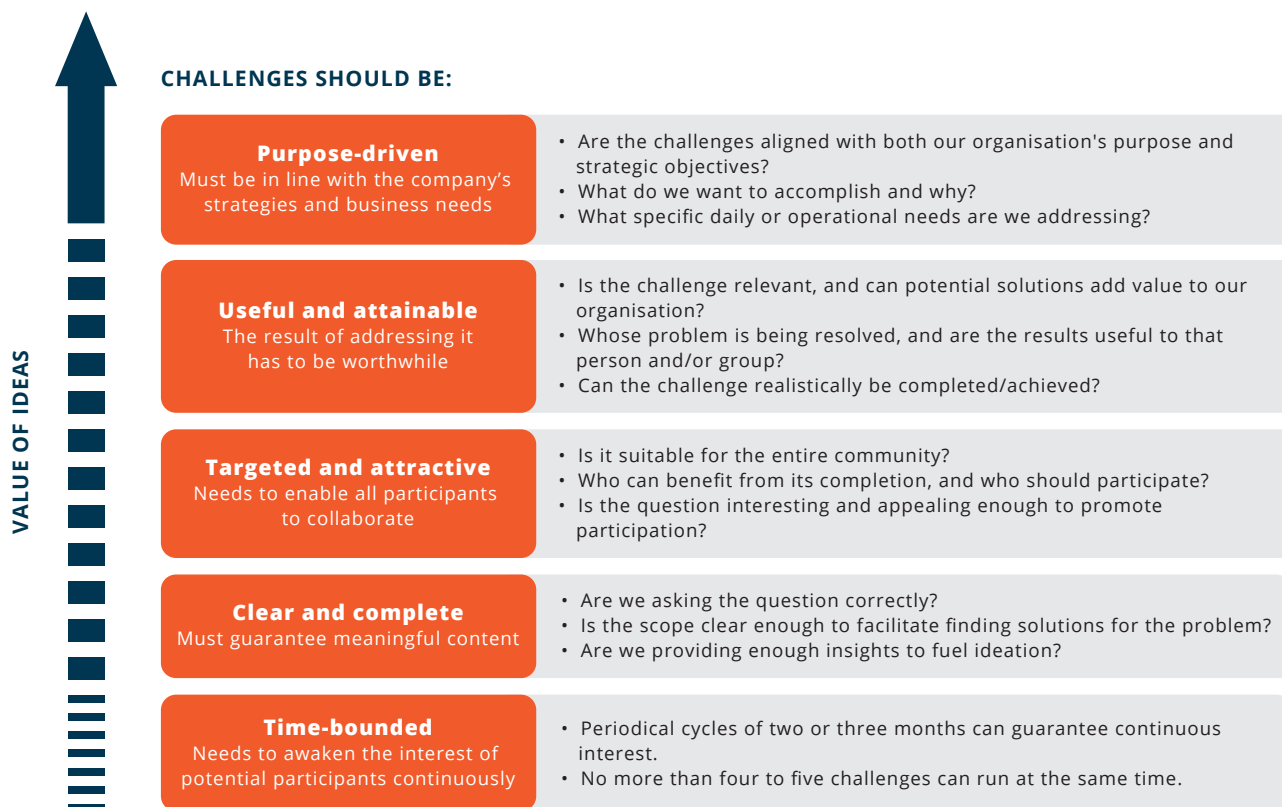
Also, remember that, even if you get the right tools and needs mapped, other factors can still undermine the success of your innovation programme. For instance, you should not expect highly engaging initiatives without first planning and rolling out an appropriate communication plan, as well as adequate awards, recognition and implementation mechanisms. The next chapter seeks to give you a hand in establishing and structuring your challenges.

III. A STEP-BY-STEP GUIDE TO DEFINING YOUR CHALLENGES

Based on our experience with clients and an analysis of the challenges they implemented, we have identified some **best practices** to help you successfully pick your own set of challenges. We also share some more concrete **steps** that make this easier.

At a strategic level, these best practices support you in aligning initiative and company goals – an overall purpose that needs to be considered and clearly stated. At a more operational level, these practices help you ensure usefulness and attainability, learn how to target the right audiences and then focus needs and determine specific challenges, within a time frame.

CHALLENGES DEFINITION BEST PRACTICES





1. Ask first what its purpose is

Nike's goal is 'to bring inspiration and innovation to every athlete in the world'. Starbucks' motto is 'to inspire and nurture the human spirit – one person, one cup and one neighbourhood at a time'. What is your company's mission? And how does your initiative take part in carrying it out?

At the end of the day, it all comes down to purpose. When launching your innovation initiative, you must first clearly identify what is your higher strategic purpose – the one that will bind together your leadership, management and employees.

From our experience, getting key players inside your organisation aligned is hard, requiring diplomatic and pragmatic skills. When launching your innovation effort, you must also find a way to communicate that the **initiative is bigger than just a simple project with a set of processes and tools**. Individual employees need a meaningful purpose to motivate them to dedicate their free time to activities that are not part of their official job description.

You thus need to follow up on, and build on, your organisation's mission. Define a purpose for your innovation effort and identify 'the jobs-to-be-done' through innovation. Show your team that this is an opportunity to shape the company's future, to out-differentiate the competition.

Whether you seek to apply innovation management to meeting very explicit business challenges or to creating a company-wide culture and capabilities, ask yourself, 'What do we want to change?' Understanding your ambitions helps you define a migration path, set your expectations, get the challenges right and allocate resources more rationally.

Your challenges thus have to be aligned with your company's higher purpose and the strategic objectives you set. You should also define clearly what you want to accomplish and why, as well as the specific needs your chosen challenges address.

Activation questions

- Why are we doing this?
- How does this connect with our company's mission? And with more strategic goals?
- What do we want to change in our organisation?
- What are our organisation's specific needs that are addressed by this challenge, and how can people relate to them? (Focus on the problem, on defining its scope instead of jumping to a solution.)
- What is the desired outcome? (Understand the perspectives of customers, stakeholders and other beneficiaries. This should be addressed qualitatively and quantitatively whenever possible.)



2. Pick useful and feasible 'fights'

Next, here's a simple but essential tip: pick 'fights' that are useful and bring attainable value to your organisation. This means you need to guarantee your programme is relevant both to your people and company:

- **Make sure challenges have business relevance:** Don't solve problems you don't have. Key business challenges make the most relevant innovation challenges.
- **Have problem sponsors:** International idea management programmes have triumphed by negotiating innovation challenges with particular business unit leaders. Take leaders' challenges and label them innovation challenges. This way, you'll have your own champions. Understand, as well, what your champions' motives are for solving the problem, since this builds you a stronger base from which to negotiate.
- **Engage fully your C-level and innovation team:** Prioritise those challenges that are useful to your C-level and make sure these leaders approve and support your initiatives. Leadership's active involvement is key for programme success. Also, make sure that your innovation team is truly dedicated, embracing the tasks at hand.

Client insight

'Sponsorship's impact is enormous, and we can clearly see this in the number of average market users. In years with higher sponsorship from the CEO and space in internal communication, as well as more attractive prizes, we have many more active users.'

'A staff of committed people must be present in the back-office. No leader can do things alone.'

- **Identify key problems that need solving and can be solved:** Look for discrete barriers to progress or opportunities within your innovation portfolio of projects. These can be articulated in a way that others, even those from diverse areas of expertise, have a chance to make important contributions to your progress. Also, be sure that your problems can be realistically solved. You need to raise the stakes, but you can't afford to misuse resources.

Client insight

*'The feasibility of an idea is mostly a function of one's capability of elaborating, processing and developing it. Newborn ideas are neither good nor bad. They are just ideas (usually very raw). As a matter of fact, the final implementation is always very different from the original idea. Instead, **good problem setting is very relevant.**'*



Activation questions

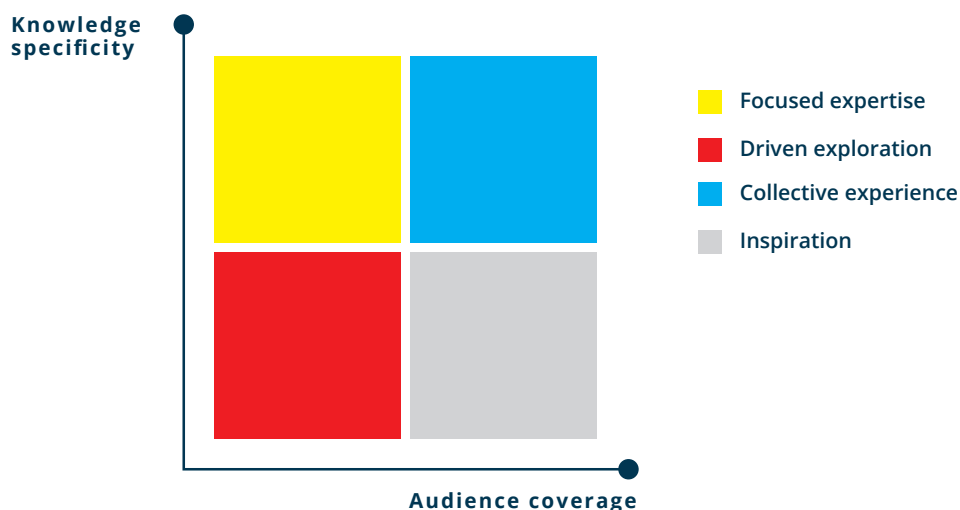
- How relevant is this problem? How urgent?
- Whose problem is this?
- Who can sponsor and promote it?
- Can this problem be solved?

3. Know your target audiences and how to mobilise them

When putting your innovation initiative together, make sure you have a complete plan with clearly defined, targeted audiences, across cultures and business units, as well as key messages, frequency expectations, a communication and incentives strategy. The overall point we are making here is to know and hit your targets:

- **Target your skills and expertise first:** Within your organisation, you almost certainly have people with different types of expertise, from several areas of knowledge, studies and work fields and with different conceptual and practical know-how. It's this diversity and richness that you want to connect to, and focus on, real business problem-solving. Still, according to your challenge's specificities – more or less technical and more or less field-related – you may have to engage more restricted groups within your organisation, such as engineers, lab technicians, machine operators and analysts. You may also need to look outside your company's walls to include suppliers, external experts and other stakeholders. Your innovation tools should allow you to do just that.
- **Ask yourself what you are mostly looking for:** The framework shown below may be of use to identify your challenge goals and target community.

CHALLENGES DEFINITION FRAMEWORK: WHAT ARE YOU MOSTLY LOOKING FOR?





- **Remember challenges do not capture all individuals' interest in the same way:** You have to create empathy, establish almost an emotional commitment. This is also of critical importance in geographically spread-out organisations. For example, inefficiency in a headquarter compound's energy use in Switzerland is probably completely irrelevant to the same company's Peruvian employees. Although corporate challenges need to intersect your entire organisation, remember to align them to local reality, also making room for more explicit priorities within specific industry and geographic focuses.
- **Seek some balance:** Use both specific geographic or know-how groups (i.e. targeted groups), if needed, but always launch more broadly-based challenges, to increase the sense of community and improve transversal collaboration.

Client insight

'The challenges we launch for particular groups are typically more narrow because we are communicating to a target very familiar with a given topic or reality. We can then start from a more specific point and ask for answers that are more concrete. In more general challenges, we always chose more open questions, although we also guide these groups with insights to lead them and frame the challenge's scope (explaining what exists, what is already being done and what has been tried without success).'

'It's important to match needs and competencies. Also, it's very important to deliver feedback. Always.'

- **Take into account again that, across geographies and cultures, people are different:** Individuals can be more social or insightful, more creative or more logical and critical thinkers – skills that you also want to leverage. The most typical behaviours can be connected with four profiles used in the Bartle Test of Gamer Psychology:
 - Achievers participate the most with ideas and comments to gather as many points as possible. They become huge contributors.
 - Explorers, who love to look around, are great at helping the community discover other potential contributions. They submit insights and diversify overall participation by doing everything.
 - Socialisers stimulate others to enhance their contributions. They submit many suggestions for improvement and love to check out what is going on, as well as watch leaderboards.
 - Killers love to compete for the sake of competing, and they are very active in the selection and evaluation process of ideas. They are great at differentiating what is good from what is less good and even greater at clarifying those ideas that are no good at all.



Participating has to not only be attractive and entertaining but also inclusive of all these types of players. Idea management software can help you do this as long as it allows several types of participation, such as idea and insight submission, comments to improve ideas and individual and crowd evaluation. From the beginning of the initiative and over time, gamification techniques also will prove helpful to engage your audiences in the challenges.

- **Make sure also that you have an appropriate system of incentives** and recognition in place: This meets your audience's different aspirations and motivations, stirring idea generation and added-value contributions. Periodic cycles of incentives – connected to challenge cycles – will ensure people want to improve their participation and remain involved over time. Remember as well to align the incentives with your publicly communicated purpose.
- **Communicate continuously, from the beginning and as the process evolves:** Good communication will play a part in making the challenge attractive to those who are called to participate. The more individuals see the success of projects to which they have contributed, the more likely they are to remain mobilised. For this undertaking, involve your communication teams – on a country and business level as well – in developing more detailed and well-oriented plans.

Activation questions

- To whom is this challenge useful, and who can benefit from meeting it? (This question supports you through alignment with country and department priorities.)
- Do I need specific skills or knowledge to meet this challenge?
- What incentives and messages should I use to engage my different teams?
- Does it create empathy with the target?
- Is the challenge being communicated in an attractive way?

4. Say clearly what you want to change and offer complete information

Having identified your key challenges – aligned with your company's higher purpose and strategic goals and made attainable, useful and targeted – it's time to focus on describing them plainly and completely, to guarantee you'll get meaningful content:

- **Make your challenge as specific as you can:** Break down the challenge's macro theme into smaller challenges. We've learned that the narrower the scope of the challenge, the more imaginative the audience becomes, thus the more meaningful the ideas you'll secure.

**Client insight**

'The better defined the challenge, the better the results.'

- **Clearly state and justify the need for a solution:** Explain why exactly we can all benefit from this challenge.
- **Clearly state and justify the need for a solution:** Explain why exactly we can all benefit from this challenge.
- **Contextualise the problem and share the findings:** Try to understand what has been done within that precise topic in the past, by your company and other competitors. Background checking can recall opportunities, dismiss dead ends and provide key ways to explain the challenge in more detail to participants.
- **Promote ideation with related insights:** These last are very useful tools to share the learning process and background details with participants.

Client insight

'It's very important to add insights and share them in ways we know will mean employees will check these insights. Usually, our insights include descriptive information provided by the area that manages the subject, including some statistical data. We want to make sure our teams understand the challenges, particularly when these are more complex, and avoid the submission of ideas that we have already implemented or discussed. Imagine the challenge "How to encourage SMEs [small and medium-sized enterprises] to set up online stores?": In this case, we would present statistical information on SMEs in our country, explaining how many there are, what their types are and so on, so that employees understand the target better. Also, we would mention our company's current offer for these customers, changes and improvements that have already been planned and possible tempting proposals that have been analysed but are not yet in the market (i.e. trying to ward off those apparently obvious ideas).'

- **Make sure also to respect grammar and orthography and send out clear messages:**
 - Communications of challenges must use correct syntactic structures and clear sentences.
 - Vocabulary has to be familiar to participants. Business or technical jargon may seem obvious to you. Don't assume it is to others.
 - Direct questions are a good option, when used in a positive way. This is true even for more driven exploration challenges.



If people do not understand the challenges they face, how can you expect them to participate? Unclear language will also compromise your audience's future participation.

Activation questions

- Am I saying clearly how we can all benefit from this challenge?
- Is this really one or more challenges? If so, which ones?
- Are we asking the right questions?
- What other approaches were attempted in the past?
- Are we providing enough insights to power ideation?

5. Set your timing right and keep going!

Finally, your challenges should also be time-bounded. Not only does the commitment to a deadline make participants focus, but this also helps you when defining goals with realistic deadlines.

Still, this does not mean one-time, finite initiatives or efforts. As one of our client says, 'Innovation requires a lot of work, not only to describe ideas well but also to develop them.' This is true from ideation through to collaborative idea improvement and implementation. For optimal results, you also have to roll-out an appropriate, ongoing communication plan, as described above, establishing medium- to long-term commitment to the project and implementing top ideas as you move forward.

Each cycle end further gives you the time you need to concentrate on implementation, evaluate the initiative, make improvement, tweak ideas and prepare to launch the next cycle of challenges.

Activation questions

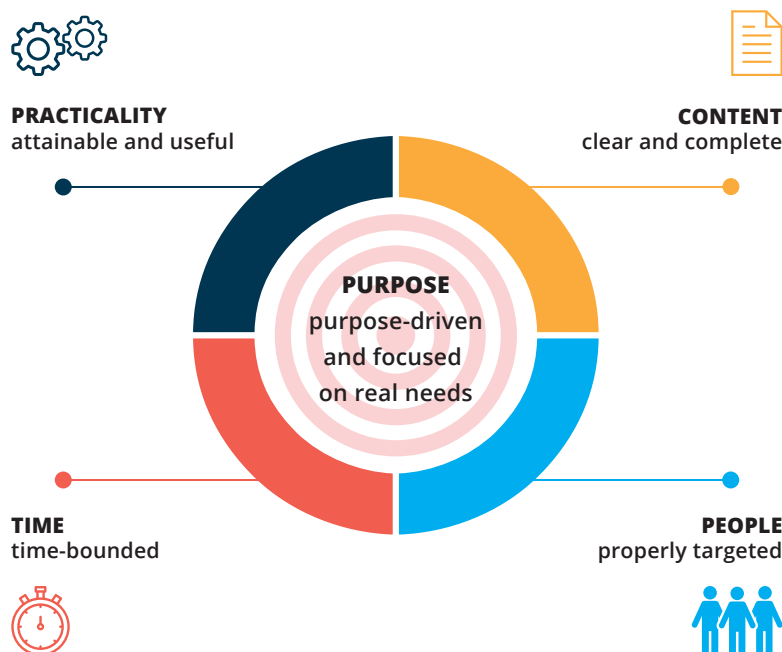
- How much time do we need to address this challenge?
- Is a solution reachable within a two to three-month challenge? Or should we break down the challenge further?



IV. CONCLUSION

In the process of setting objectives for your business goals, you should always think SMART – as management guru Peter Drucker applies this expression. To make your objectives easy to understand and monitor, they need to be specific, measurable, assignable, realistic and time-related. This mnemonic can be useful when establishing challenges. Challenge definition functions as the central pillar to your innovation initiatives, so you need to allocate time to consider this. Defining these elements is that first fundamental step that will help you create new paths.

Still, innovation challenges are not only pure objectives but also a means to achieve something in the process – people’s engagement, business alignment or a corporate culture of innovation, for instance. Inspired by Drucker’s criteria, we find it more pragmatic to structure challenges around the agents involved. To do this, we have developed a hands-on toolkit to help define and identify vital challenges, ask the right questions and know how to ask them correctly, by considering the following when shaping your challenges:



If you are asking that extra mile from your employees, you surely want to channel their awareness towards a real priority and to tackle an explicit, solvable problem, engaging your people’s collective intelligence and concentrating on what really matters. You need to also remember to leave some space for more disruptive ideation, low-hanging fruit and other demands that can, in their own time, become equally important.



As we've seen, every company identifies with the more typical macro themes, including operational efficiency issues, better customer experience, sales and marketing strategy and sustainability goals. Some related challenges will more naturally address groups or departments and require specific skills, while other challenges will address your entire company.

This balance is fundamental, as you may need more expertise, but you don't want to totally exclude anyone from this collaboration process. Your people's cumulative know-how and experience are, in fact, your most valuable assets. For this reason, every cycle should include challenges to which everyone can relate, to which they connect intellectually and emotionally.

The 'having the right processes in place' is key to guaranteeing that ideation and discussion are open to everyone and that you can easily activate and harness your people's collective intelligence. Different types of valued participation need to be incentivised and rewarded, to get the best out of each of your employees, individually and as a crowd.

Finally, you need to turn top ideas into real projects to assure your initiative's credibility and keep people engaged through into the following challenges' cycles. These new ideas coming out of your innovation pipeline will work together to make your business evolve every day.

You never know from where the next great idea will come. But you do know that you have to embrace incremental innovation, motivating your teams to take part in the ultimate challenge of continuously growing together, professionally and as a company.

DIANA NEVES DE CARVALHO

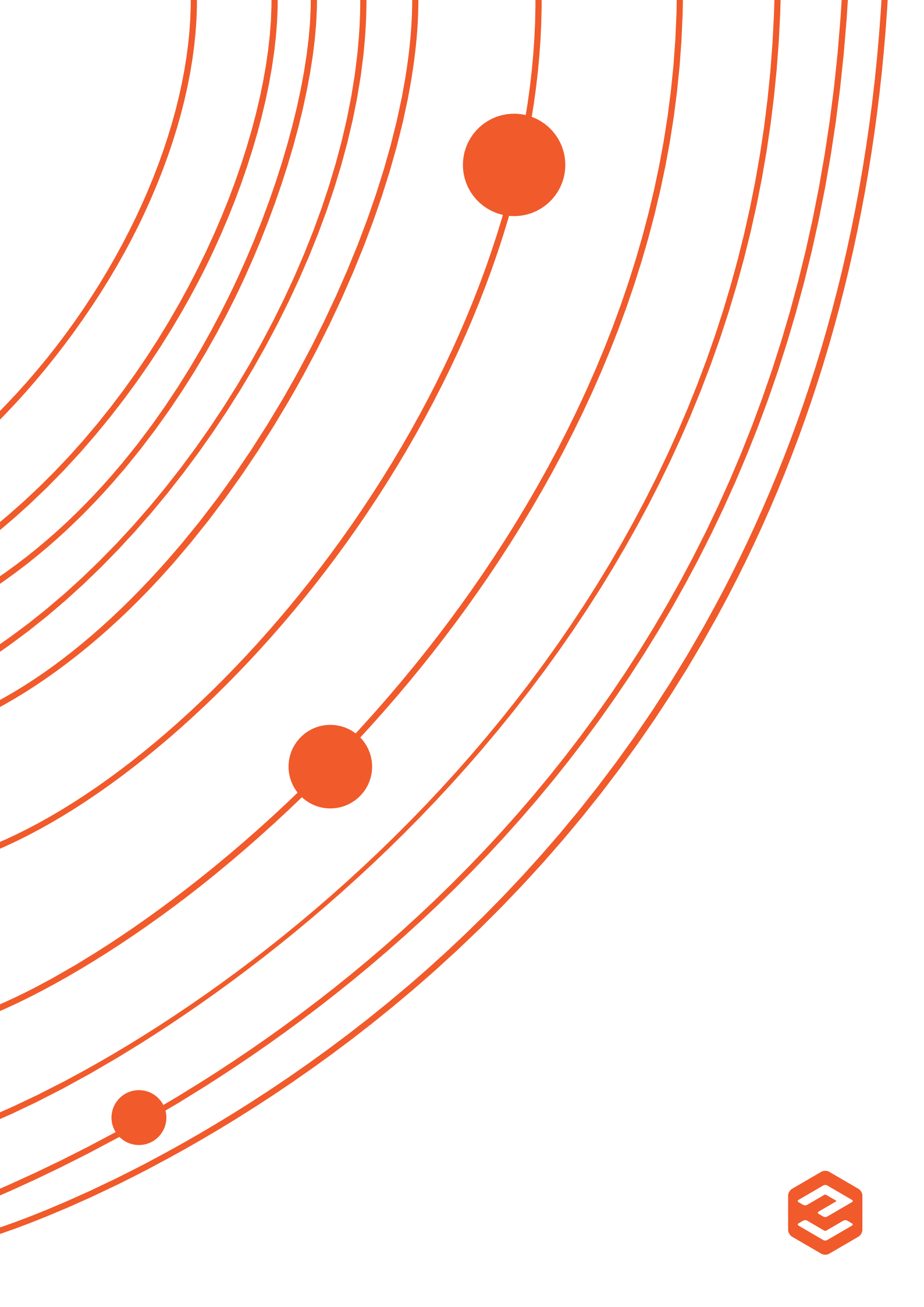
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