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15 Ways to Wreck Your Innovation Program

There are probably a few hundred ways in which to wreck your internal innovation program, so it took me a while to distill this down to a few of the most important ones. I also talked to a number of other innovation executives and got some great insights.

Time and time again, when I go to events and conferences I hear the same story, we have a great presenter discuss some of the innovations and innovative ideas that their company was able to generate, and time and time again, you get the same question from the audience:

> *Where's the ROI?*

Tatsuya Nakagawa, VP Marketing & Strategy for Castagra Products in Vancouver BC suggested that in order to make sure that you develop products and services that create value for your customers don't fall into the following trap:

1: Your sales and marketing function is not dialed into your innovation program

Some companies innovate for innovation sake, or simply to look cool. I even came up with 6 ways your company is not innovating: the word is used, but it's not really happening. Make sure that you have some inkling of requirements and customer need, otherwise you will have a hard time attempting to extract value from the innovation. You don't want your budget cut because you didn't bring perceived value to the function.

2: You confine innovation to some siloed lab or R&D campus disconnected from the organization

Many companies do this, but it's a big mistake, if you are really looking to provide ROI for innovation. Typically, while these labs might product some great innovations, they are usually disconnected from the business, and may even carry little to no business model. They might be cool and slick, and may make your company look more innovative, but in the end, without a business model, what real value can they bring? I'm not saying that an innovation lab or a specific R&D function can't be innovative, it's just that to maintain that connection to value, make sure that they understand the requirements and needs of your customers, or even other markets which you are not even currently in.

3: You just do it! In some cases, the lean startup model in the wrong thing to do

Everyone loves the lean startup model – it lets you rapidly develop products and services and gets them out the door. Some love it so much that they forget about a very essential part of any business (but not necessarily idea) – is there a demand? I've seen many, many great ideas come out of innovation labs, brainstorming sessions, workshops, invention sessions, crowdsourced innovation programs, but not all are businesses. The speed and low cost of the lean startup practically scream "Just Build It!" for almost any idea – the lure to simply build it and see if the market wants it, is very strong. Instead, test the market – use Kickstarter or another similar service, or build your own, and check for demand ahead of time.

Filiberto Amati, a consultant with Amati and Associates, who's worked with companies like P&G, Philips and Campari, has a few more suggestions:

4: You fail to get horizontal buy-in

Project management best practices are very clear on the importance of a project sponsor and the steering committee. An experienced project manager will seek senior exec sponsors, to ensure that roadblocks are removed. This means lots and lots of time spent on vertical buy-in. Nevertheless, we tend to forget that in innovation projects – which by definition are multi-disciplinary – require some horizontal buy-in: ensure all project resources believe in the project, and feel that the project is their "baby" too. These will ensure better odds in saving the project from any internal problem.

5: You use traditional KPIs to measure non-traditional KPIs

Traditionally we look at market share as an important KPI. Product development people often hear about ROI. But none of those actually are representative of new markets, new categories, new products which are disruptive. A projects ability to make it to the market depends on how smartly it is measured.

If you are wondering, well, what kind of KPIs CAN you use in innovation – we discussed metrics like “excitement”, “engagement” and “interest generated”. Keep an eye on your early adopters, do they love the idea? Personally, I suggest that engagement is a great driver – instead of looking at the number of ideas, look at the number of comments – does the idea engage your users, does your program keep your users coming back to the site again and again. While we do not have very good non-technological innovation KPIs yet, if your management insists on some, those are better than none.

6: You hold endless update meetings

Use meetings to “make things together”, test ideas, co-design experiences, and veto meetings used for sharing endless updates/status quo which resemble more vanity exercises than added value work sessions. I (and probably you) have been to many, many sessions like these. Show and tell is great, but don’t do it that often.

7: You focus on the technology and forget the business model

Typically internal innovation focuses on technical aspects, and not so much on how to make money with it. Innovation failure probability is higher due to lack of business models, than due to the lack of functional ability. Don’t just build tech for tech sake, or innovate for innovation sake, look to truly build the future of your company. This is why I feel that futurist or foresight thinking is so key to the innovation process.

8: You encourage creativity with no relevancy

Innovation is often associated with out of the box ideas, however many creative ideas fail in the marketplace for the lack of relevancy with customers and consumers. As in point 1 above – make it relevant by involving your customers in the process as soon as you can – preferably before any parts are made or any code is written.

John Eaton of 401kGPS.com had some more insights. In his view, the corporate culture is key. He reiterated that you should focus on knowing what the customer wants, but also be careful to watch for this pitfall:

9: You are inauthentic to the organization

Are you coming up with ideas that are so far out of your organization that you are having trouble getting buy-in? Different organizations respond differently to different kinds of innovation. You may need to prime the pump with a raft of incremental innovation, which can move the needle in small ways, before presenting your leadership with the truly big stuff. In some cases, even that is too much, and …

10: You step too far out of your box

One of the biggest differences between startups – which some of these companies may aspire to be like – and enterprises, is that their own success ties them down to processes and products which speak to the bottom line – it's very difficult to get them to think of completely new markets and products. Better to guide them into a less disruptive path. Think inside the box, but think at the edges of the box, always with a focus on increasing revenues or reducing costs. In fact, in hard times, innovating on cost reduction may even save your innovation program or group from being "ejected" from the organization by the enterprises immune system.

11: You measure success by your bottom line

You ROI (Return on Innovation) is likely not going to directly impact your bottom line. Look at non-traditional outcomes, like IP (number of patent filings are a great indicator if that is the direction you might like to go in – or simply IP) or partnerships. Once you take away the money endgame, innovation can be by products. Innovation does not necessarily lead to increased revenue – could save you money as well. For example, when I worked at Yahoo!, we patented a new cooling method for our servers which reduced the power consumption by a substantial amount – while we were focused on innovating new products, valuable innovation can crop up in unlikely places.

12: You are impatient

Rome wasn't built in a day. Too often, we don't give an innovation or invention program the room to operate. We expect immediate, direct results, when most often, what you will typically see is a wave or little by-products from the program. Small incremental innovations start it off, and then, when the inventors see that you have truly created a safe space for invention, then the big ideas will start coming. When you open your ears to the ideas generated from your employees when you may not have done it before in a systematic way, there is an initial period where everyone must learn to trust each other – ideas will flow when your innovators feel that they are heard, they get feedback. Speaking of feedback…

Andrew Crimer, of Kindling, a crowdsourced innovation app, has these points to make:

13: You don't give feedback

Lack of feedback can kill participant enthusiasm like nothing else. Submitting an idea and then hearing nothing back is much, much worse than hearing that it wasn't the right fit, because it sends the signal that the innovation program manager doesn't care. If nobody cares, why submit ideas? I've experienced this myself and I can tell you that it IS the greatest single reason why programs fail: lack of communication with the innovators within your company.

14: You don’t give program managers time to make decisions

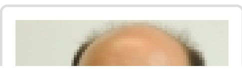
No amount of good ideas is helpful if management doesn’t make it a priority to evaluate those ideas, find the best ones, and put them into action. That’s just a collection of suggestions—not innovation.

15: You give vague or nonexistent context in an innovation program challenge

Makes it impossible for participants to submit relevant, useful ideas. It’s up to the person running the innovation program campaign to describe as precisely as possible what the problem to be solved is, what constraints the solution will need to take into account, which resources are available, the timeline for the solution, and anything else that could help participants solve the problem at hand or generate a useful new idea. Otherwise the campaign will produce ideas that are irrelevant or impractical, which can be a waste of time for everyone.

Ideally, your challenges are tied directly in with a market need, either defined by your sales and marketing organization, or by testing them by using methods to measure demand before any code is written.

So there you have it – 15 perfectly good things not do. Now ask yourself, how many of these rules have you broken, and what was the result?



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Chris is a prolific inventor (59 patents), exceptional innovator (headed internal banking, retail and technology innovation programs), experienced technologist, serial entrepreneur and futurist.

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