



Idealisation

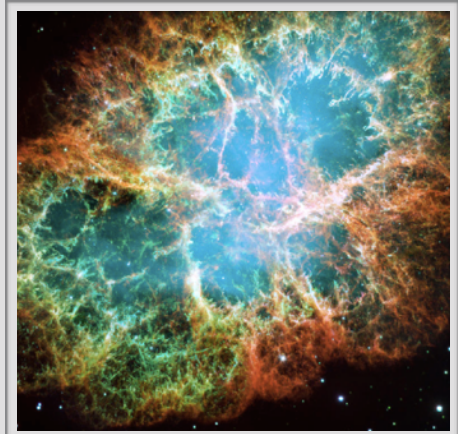
THE INNOVATION CHALLENGE

Why business can't innovate and how to solve it

The innovation struggle?

Why do great businesses struggle to innovate? This is a prolonged issue that can be a cause of decline. A recent study featured in Forbes explored the common themes of innovation, including conflicts with existing business priorities to understand the barriers to progress. Concluding that successful innovation can only be achieved by combining the generation of ideas with overcoming barriers of resistance. We will discuss this challenge and look to how innovation can be stimulated in business.

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Why is innovation so important?

In a review of the top 50 performing companies; a strong correlation between innovation and the growth of these businesses was observed. These companies were not just modern high tech providers but a mix of industries, underlining that the challenge of overcoming innovation made cross sector business sense. However developing businesses leads to a desire to commercialise at the detriment of new revenue streams, with the risk of extensive investment lost to core business focus, that this prevented the progression of most innovation.

How do you implement new ideas?

A common thread in best practice process was identified. All top performing companies operated in the following way: **1) Market testing;** at idea generation stage gaining insight into customer needs first. **2) Researching quickly;** to speedily test viable solutions with customers' need. **3) Development in pilot;** an ability to engage actively to prove the validity. **4) Galvanise the existing business;** at operational stage with evidence and momentum; roll out new product or services across the entire organisation, an effective launch.

Exhibit ii: Top 10 Innovators vs. Top R&D Spenders

The Top 10 innovators significantly outperformed their peers on the Global Innovation 1000 list on three key financial metrics.

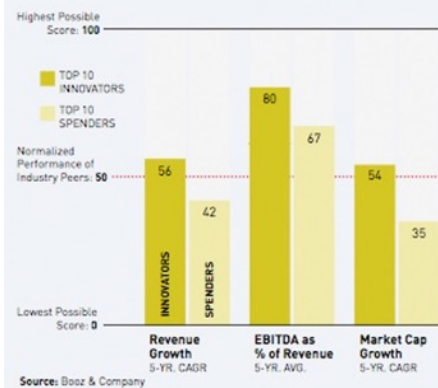


Exhibit i: Top 10 Most Innovative Companies

Innovation executives we surveyed voted overwhelmingly for Apple, Google, and 3M as the most innovative companies. Votes for the next seven were much more modest.

Rank	Company	R&D Spending 2009 \$US mil.	Rank	Sales 2009 \$US mil.	Intensity (Spending as % of sales)
1	Apple	\$1,333	81	\$42,905	3.1%
2	Google	\$2,843	44	\$23,651	12.0%
3	3M	\$1,293	84	\$23,123	5.6%
4	GE	\$3,300	35	\$155,777	2.1%
5	Toyota	\$7,822	4	\$204,363	3.8%
6	Microsoft	\$9,010	2	\$58,437	15.4%
7	P&G	\$2,044	58	\$79,029	2.6%
8	IBM	\$5,820	12	\$95,759	6.1%
9	Samsung	\$6,002	10	\$109,541	5.5%
10	Intel	\$5,653	13	\$35,127	16.1%

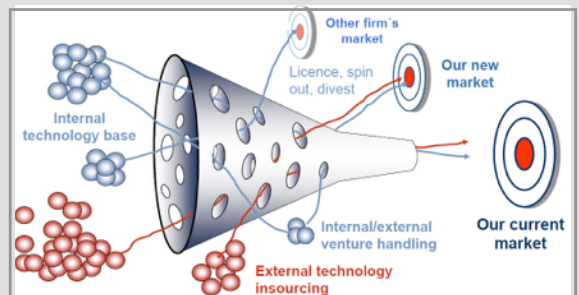
Data thanks to Forbes, 2011, innovation companies.

Innovate from the outside in

The open innovation model allows ideas to work freely without the confines of resistance to business priorities, as they themselves become the priority. Great innovators still provide rigour of course and focus for their team, usually by executive committee and phased progress reviews before 'commissioning' further action, therefore holding governance and providing a 'tether' to the business for the innovation team.

This is achieved by allowing talented staff to operate like 'start ups', providing freedom that is external to their core role such as time away from work; measured, facilitated and coached by external expert advisors, thus **helping ideas through stages 1, 2 & 3 (test, research, pilot) before reentering stage 4 (galvanising existing business)**. A byproduct is achieved by growing talent in the confidence that you are **developing the leaders of the future**.

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The 'innovation funnel' proves 'compaction' of business priorities, that ideas within the funnel impossibly fight for 'space' (time and resource) to develop. 'What the great companies do is allow for ideas to 'flow' in and out of their business and innovation funnel'. Prof Henry Chesbrough UC Berkley

Case study: outside development in

Woodford TradeBridge: new process system

Supporting and coaching our customer into a new way of processing, uncovering the right solution to an institutional issue of payment processes. Looking at the stages of innovation, the internal team were able to test, research and pilot to prove, before finally galvanising the existing business towards implementation of the new system. Developing new opportunities across the UK which save time and money as well as provide an open and honest process for its suppliers.

'A forward thinker that identifies the need for improvements internally and development opportunities externally'.



Grant Frazer

Associate Director

Help your staff think like a start up

'Start ups are 'free' to innovate whereas the more mature businesses measure their success differently; by revenue and profit, being tied down by customers' demands and organisational pressures, therefore these seasoned managers direct energies towards the day to day necessities'.

HBR, Maxwell Wessel, 2012



Images thanks to at Wix and Flaticon



Examination Strategy Solution Strategy Implementation Strategy Environment Strategy Customer Strategy Team Strategy Objective Strategy Leadership Strategy Induction Strategy

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