



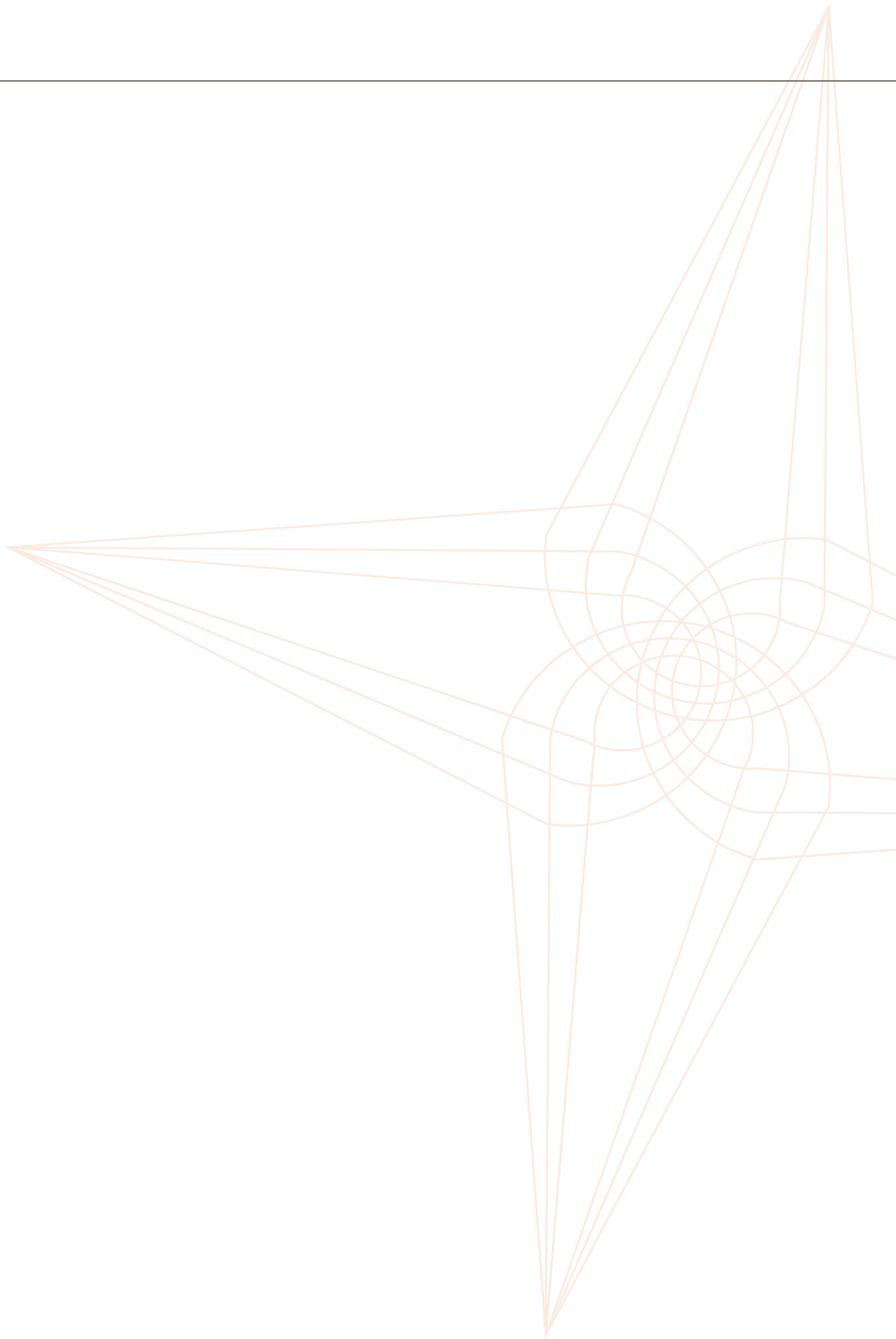
Understanding Innovation

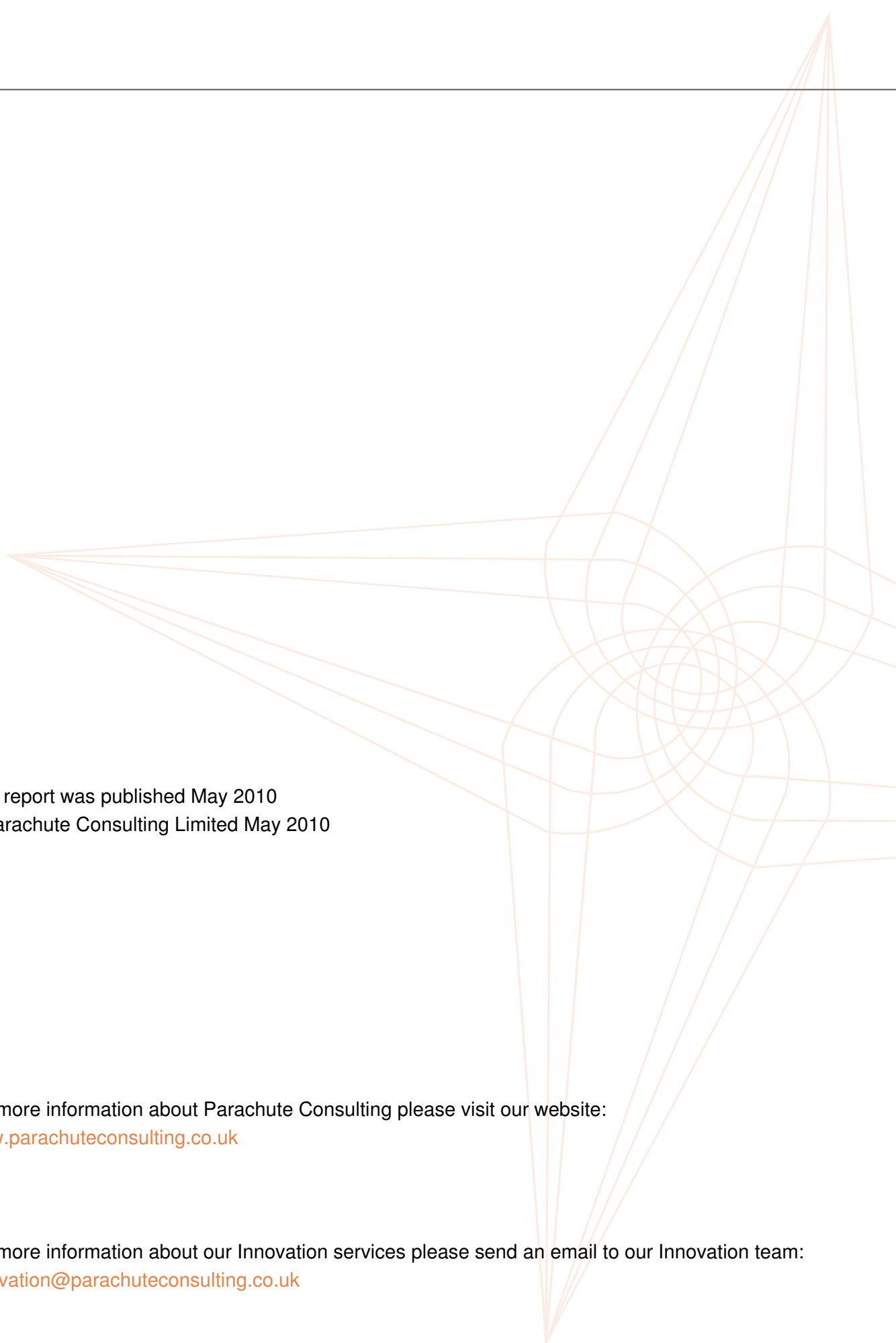
A Parachute Consulting Guide

An exploration and explanation of Innovation,
developing a picture of what an innovative
organisation looks like



Parachute Consulting





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For more information about Parachute Consulting please visit our website:
www.parachuteconsulting.co.uk

For more information about our Innovation services please send an email to our Innovation team:
innovation@parachuteconsulting.co.uk

Foreword

The starting point for this paper was a recognition that ‘innovation’ can sometimes be seen as a black art, something that only the lucky few are able to do. Our aim is to show that not only is it possible for any organisation to be innovative it is very important that all organisations understand how to capitalise on the wealth of ideas that it generates.

Innovation is a term that gets used very regularly and often without a clear definition. As the global and national economies struggle out of the current problems, it is a term that is likely to gain even more significance.

Innovation is often used to signify dramatic change, revolution even. This paper has been written to explain how innovation can be nurtured within organisations so as to avoid the major upheavals associated with those dramatic developments. It describes what an innovative company looks like and how to start transforming your organisation into one.

Being innovative is important. As the economy starts to recover – with new ideas, products, services, offers appearing faster and in greater numbers – organisations need to be able to carve out opportunities for survival let alone growth.

Stock market valuations still place a significant emphasis on ‘potential’ and a company’s ability to innovate its way out of a tight spot is only going to help the share price. For the public sector, preparing for difficult times ahead, innovation in practices and approaches will be needed; innovation is not just for the good times; having an organisation that can rapidly benefit from new opportunities for improving efficiency is going to be extremely important.

The paper introduces new concepts and refreshes some existing thoughts. Importantly, we offer a view as to how an organisation can become innovative and present models and tools for assessing innovativeness and improving the innovativeness of your organisation.

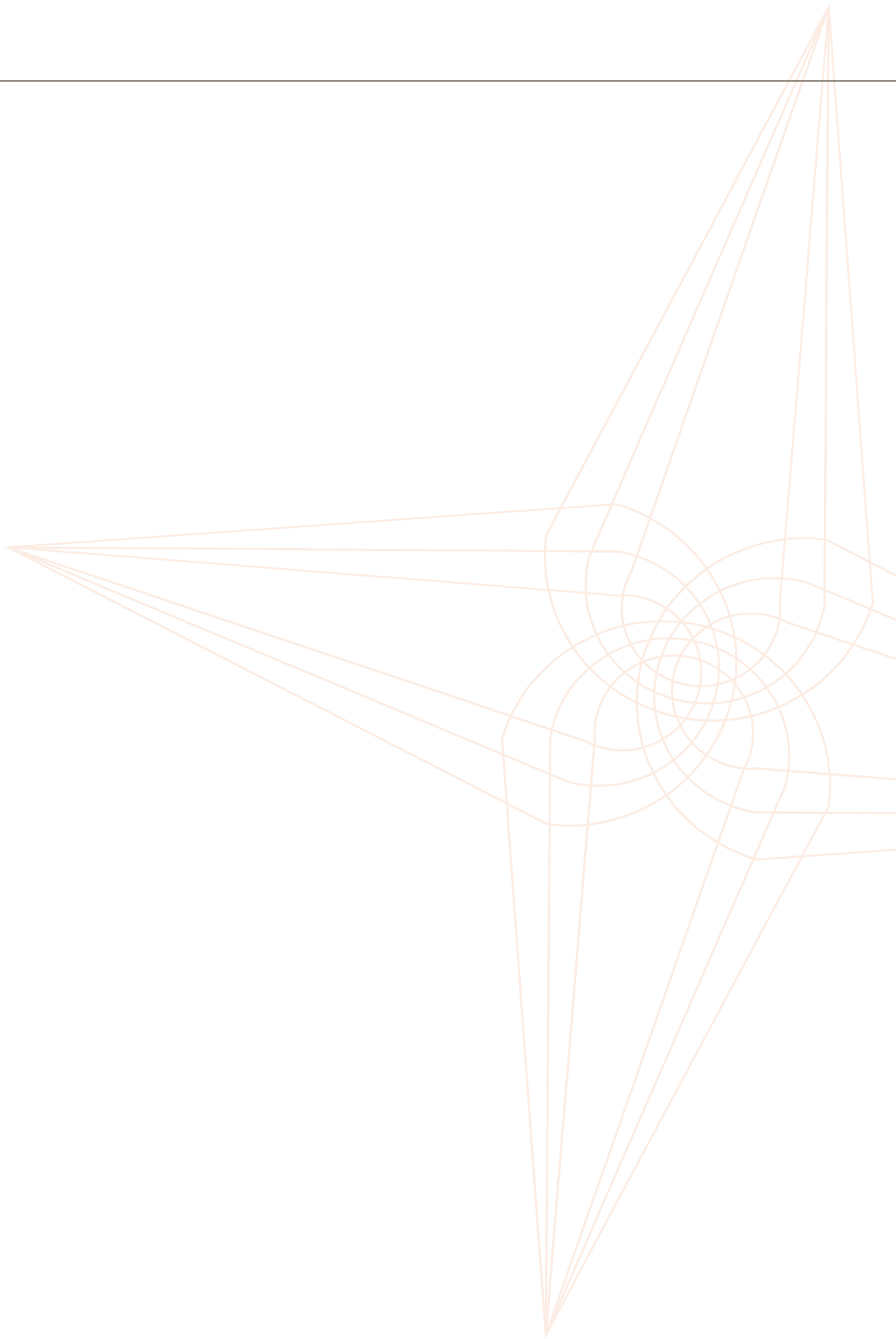
Throughout the paper we make reference to a wide range of publications, all of which we feel have something valuable to say on the subjects of innovation and being innovative. All of these publications warrant further investigation and we would encourage everyone to read them.

This report is written in three parts: the first looks at innovation in the round, presents a simple and solid definition for innovation, and introduces some of our key models and structures for evaluating and managing innovation; the second goes into some depth on the nature of an innovative organisation; and the third part goes into some detail about transforming your organisation to make it more innovative.

We hope that you find this paper both interesting and encouraging.

Jonathan Brassington, Parachute Consulting Limited, May 2010

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Section 1. What is Innovation and why is it important?



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In this section we explore the importance of innovation for all organisations, presenting a pragmatic definition of innovation.

We also present some useful structures for helping to understand the nature of innovation.



Change is an essential part of any business. To lead a market, a private sector company must be able to adapt, and do so faster than the competition. It must also be able to respond to the volatility of market, regulatory, and other factors more effectively than its rivals. Even just to survive in a market without trying to lead it requires an ever-increasing fleetness of foot that is embodied in the concept of innovativeness.

Understanding how to be innovative and hence capitalise on new ideas can bring significant benefits to an organisation. Having an 'innovation culture' can help to:

- Reduce costs;
- Increase effectiveness;
- Improve decision making;
- Improve quality;
- Balance funding priorities;
- Exploit opportunities

This paper is therefore useful for anybody engaged in making strategic business decisions, designing and running business change programmes, or improving operational performance.

For the public and voluntary sectors, the notion of 'the market' can be replaced by society, which is constantly changing and evolving, requiring our public services both to keep pace and try and be one step ahead.

In the challenging financial climate that exists at the time of producing this paper – 2009-2010 – the ability for an organisation to be able to change is even more crucial: changes to operations in order to reduce costs and the ability to exploit new growth areas are even more important.

The need for change is significant.

At its simplest then, **innovation is about change**: the successful exploitation of new concepts in products, services, processes, or practices that will change, for example, the effectiveness of a business or the dimensions of a market. And it is the execution or implementation of an idea that separates innovation from invention.

From an organisational perspective, such innovation can take on many forms. For example, it is entirely reasonable to treat any particular project as innovation: a change is needed and something is done to enact that change – this is the essence of innovation.

Taking this one step further, it is not unreasonable to treat general business-as-usual improvements as innovation – this is the basis for the continuous improvement model.

As the other end of the scale, innovation can also be 'special' initiatives; one-off activities that are established to achieve a new, challenging aim, perhaps setting a new organisational direction.

All of these forms, however, only consider innovation in a singular sense: the introduction of an idea. It provides no light on how numerous ideas can be realised in a way that does not see the organisation in a constant state of disruption and consequently sheds little light on what it means to be innovative.

In '*The Ten Faces of Innovation*,' Tom Kelley references the Innovation Network's definition of innovation: "People creating value through the implementation of ideas." But as Kelley points out: "You can't really do it alone." The organisational environment and the support that it provides are just as important as the people that have the ideas.

From a business standpoint, innovativeness is about having mechanisms or understanding the impact that an idea will have on an organisation, its competition, and its markets and being able to implement those ideas in an efficient and cost-effective way. It also means having the environment to spawn, recognise, and develop ideas in the first place.

Technology innovation, for the purposes of this discussion, means having the right technology in place to support a culture of business innovation (as opposed to continually looking for ways to use the latest technological fad).

This paper describes how to make your organisation more innovative and therefore more able to cope with change and exploit new ideas and opportunities.

The paper is written for a wide range of people, including:

- Those who recognise the importance of innovation as a business concept and who want to establish a culture of innovation in their organisation;
- Those who have just started thinking about innovation and are wondering what to do and how to start;
- Those who are interested in furthering their knowledge of innovation concepts and constructs.

The structure for the paper is a simple one. We start by considering what innovation is all about, follow this with an introduction to a model developed by Parachute to support innovation, and then investigate some of the facets and processes associated with innovative organisations.

After this, we look at how you can start to assess and address your organisation, in order to make it more innovative.

Throughout, we will refer to our simple 7-Step model to guide you through the maze of innovation. We will describe each Step as we get to it.

Step 1. Understand your aims

Step 2. Develop an initial Innovation Portfolio

Step 3. Identify current areas of innovation

Step 4. Evaluate your Innovation Processes

Step 5. Target Areas for Improvement

Step 6. Create an Innovation Change Plan

Step 7. Measure and Refine