



The Business Creativity and Innovation FRAMEWORK

*Imagine what it would be like if your organisation
was the most innovative in its field*

applied **inn**ovation
centre

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Foreword

The aim of this document is to give you a better understanding of the elements that need to be addressed in the journey towards a more innovative organisation.



This framework consists of three parts

PART A

General information on creativity and innovation.

PART B

Self-assessment Checklist for Creativity and Innovation. This is a quick ready reckoner that will give you an overview of where your organisation is in relation to a best practice innovative organisation.

PART C

A guide to the Business Creativity and Innovation Framework including the process and elements that need to be addressed in the journey towards a more innovative organisation.

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How to use the Framework

This Framework can be used by small and large businesses and organisations. While it is possible to use this Framework to deal with specific business issues, creativity and innovation are much more effective if they are employed and supported throughout the entire organisation.

Small businesses can use the Framework to encourage open discussion and idea generation or to deal with issues within an environment in which employees feel safe from criticism when new ideas are proposed. The more frequently this process is used, the sooner staff will become familiar with the process and the sooner it will be adopted as a normal part of the business organisation.

Medium-sized and large businesses can use the Framework to drive organisation-wide change management programs with innovation as a focus. It is possible to use this process for specific programs or to establish a culture of creativity and innovation. However, with all programs in business and within organisations, senior management support and active endorsement is the key factor that leads to successful implementation. Therefore, it is important to ensure that the

development of any innovation program is linked to the organisation's strategic goals and is able to be monitored through a system of metrics and reporting.

The Framework can and should be used with other programs. The nature of the Framework is that it is a generic process that leads to creativity and innovation in businesses and organisations. This Framework can be applied to develop ideas for new products and services, but is also applicable to any area of an organisation for which improvement or change is planned. For example, the Framework can be used to generate new business models, business processes, ideas for cost-efficiencies, or recruitment and retention programs. The Framework can even be used to generate ideas about areas in which the business or organisation should develop new processes, products or services.

The Framework can be used as an audit tool to assist businesses and organisations map their progress towards developing creative and innovative workplaces. The Framework can also be used in businesses and

organisations that already have a creative and innovative culture, but have not yet developed or documented formal processes and procedures.

Ideally, businesses and organisations that are planning an organisational-wide change in culture are recommended to study carefully all components of the Framework before allocating resources and initiating planning processes. Discussions with experienced consultants prior to implementation may be helpful.

...use the Framework to drive organisation-wide change management programs with innovation as a focus.

Tick the outcomes you want from a more innovative organisation

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- New products and services
- New business models and processes
- A culture of creativity and innovation
- A culture that is more flexible and adaptable to a relentlessly changing environment.
- Foundation for a continuous improvement culture
- Substantial cost savings
- Improved productivity
- Improved systems, procedures and practices
- Improved management attitudes (respect for the ideas of others)
- Improved recruitment (selection of positive/creative people)
- Improved procurement (seeking alternative materials/suppliers)
- Improved (simplified) working methods
- Improved environmental awareness (examine aspects/impacts)
- Improved customer relationships (direct feedback and correction)
- Improved teamwork (our business versus their business)
- Enhanced feelings of value (recognition/rew
- Clearly understood goals
- Better interdepartmental relationships
- More effective change management
- More effective resolution of issues
- More relaxed working environment
- Improved employee relationships
- Generation of ideas free from ridicule
- Improved attitude to change
- Better place to work
- Easier to attract and retain talent
- Documented policies and procedures on creativity and innovation



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Why Creativity and Innovation?

THE PRESSURE TO INNOVATE INCREASES

In today's economy, only innovation can provide the sort of competitive advantage that leads to significant growth and business success.

Organisations are now having to face the reality that the strategies and tactics they used in the past to drive share prices and earnings have largely run out of steam or reached their natural limits.

- Cost cutting and staff reductions have their limits
- Creative accounting is harder to get away with
- Mergers and acquisitions are harder to find
- Competition has intensified
- Product life cycles have shortened.

Government and not-for-profit organisations, whilst not necessarily facing the same harsh realities as the private

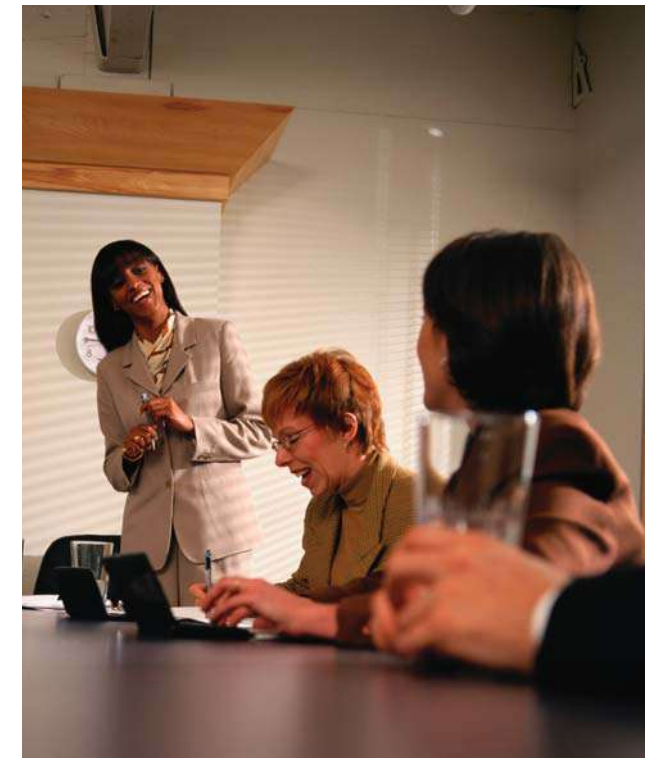
sector, are finding increasingly that they have to provide new and expanded services - often with reduced resources.

Innovation has evolved from simple models of pushing new products onto the market, to a sophisticated fifth generation model of systems-integration and networking - a model where suppliers, customers, competitors and other partners collaborate to speed the process of development whilst enhancing quality and output.

If organisations are not forward-looking and attempting to improve, it is possible that they will approach new problems with previously successful solutions that are inappropriate to deal with the new challenges. Organisations that find they are trying to solve new problems with old solutions will either cease to exist or will be forced to change their processes and culture.

In order to develop new ideas and solutions to new, unique and unexpected problems, an organisation needs to challenge its processes and to allow new, unique and unexpected solutions to arise. This requires that the business change the way it works and how its formal and

informal reward systems work in order to allow new ideas to be generated. This specifically includes leadership style, strategic foci and planning. Additionally, it requires leadership that is prepared to step out of traditional forms of thinking and go beyond conventional methods of operation.



What is Innovation?

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If you equate creativity and innovation with the generation of a lot of 'crazy and weird' ideas that never see the light of day - the province of 'creative types' in R&D and advertising - please, think again!

Applied innovation is the balanced integration and application of diagnostic, analytical, visionary, imaginative, evaluative and tactical thinking skills into effective action.

BALANCED INTEGRATION OF

imaginative
diagnostic
analytical
visionary
tactical
evaluative
thinking skills
INTO EFFECTIVE
ACTION

| <i>What Innovation IS</i> | <i>What Innovation IS NOT</i> |
|---|--|
| ✓ A permanent way of doing business | ✗ 'Flavour of the month' |
| ✓ Recognising everyone's ability to be creative and innovative | ✗ Creativity and innovation by the 'chosen few' |
| ✓ Identifying, defining and re-defining problems, challenges and opportunities, and implementing workable solutions | ✗ Excessive 'brainstorming' of ideas that rarely get implemented |
| ✓ Experiential and action learning that solves on-the-job challenges and problems | ✗ Theoretical concepts and abstract lectures |
| ✓ Simple, crystal-clear language | ✗ Complex jargon |
| ✓ An integrated system of process, tools and skills | ✗ Disconnected tools and techniques |
| ✓ Bottom-line results with ownership, commitment and motivation | ✗ 'Warm and fuzzy' feelings |
| ✓ A well-researched and practical system of applied creativity | ✗ Unproven, untested techniques |
| ✓ A flexible methodology you can adapt to any circumstance | ✗ Rigid rules and procedures |
| ✓ Transferable knowledge, processes and set of skills | ✗ 'It's up to the experts' |

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Innovation - some characteristics

Is novelty that is useful.

Is an organisation's ability to create, transfer, assemble, integrate and exploit knowledge assets.

Meets previously unmet needs.

Is the process of turning ideas, knowledge and creativity into new business opportunities or increased productivity through the adoption of new technologies, processes and work practices. Innovation can apply both to what a business does (product innovation) and how it does it (process innovation).



Is the result of the capacity to manage human intellect and transform it into an output that becomes a new service, product or benefit to an organisation or user group.

Provides useful and tangible products, services, processes or procedures within organisations.

Realises value from a new solution to a challenge by changing the rules of the game.

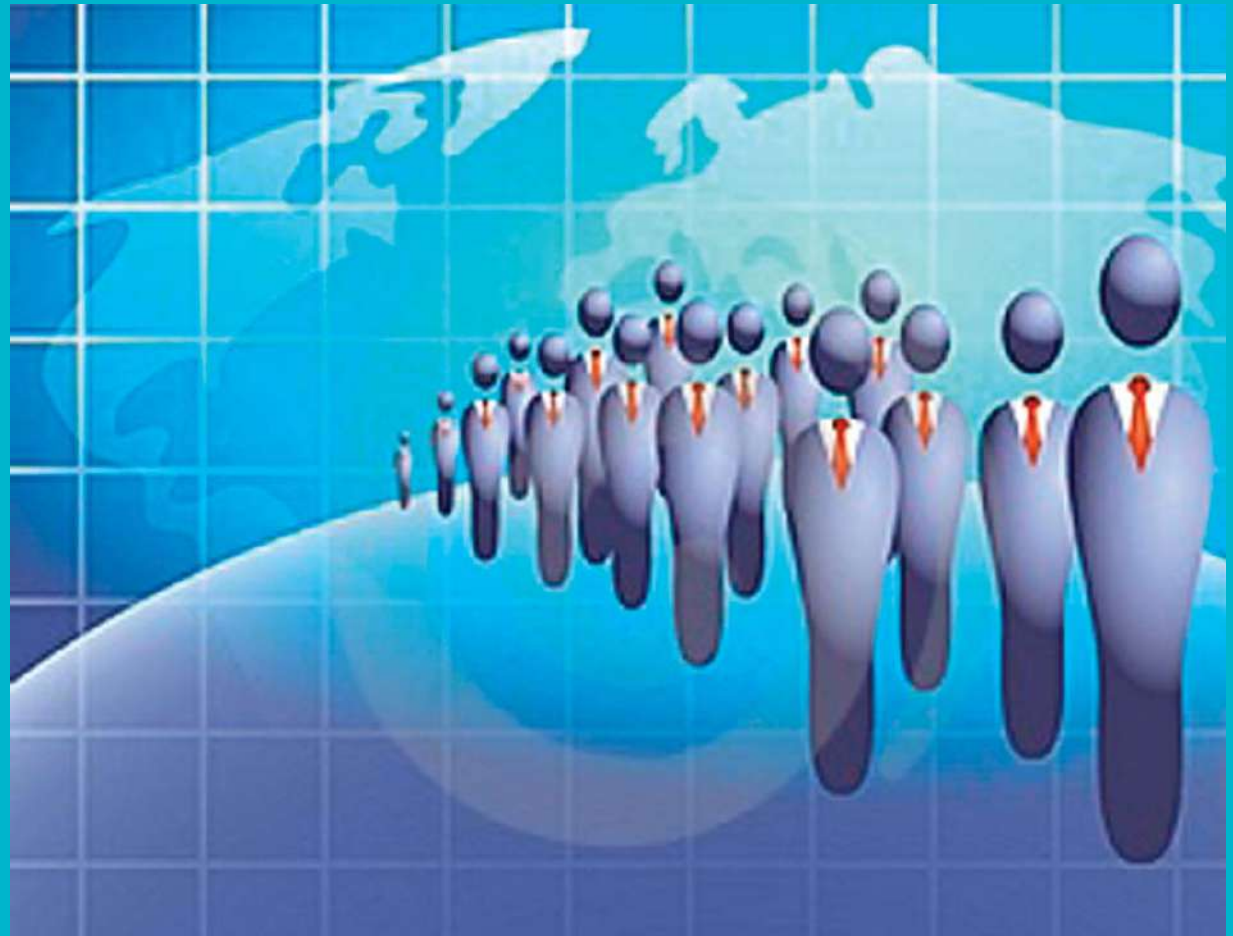
Benefits of Innovation

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The benefits of applied innovation for your organisation are the gaining and maintaining of competitive advantage. That is, becoming truly the best in your field - the leader that others will follow.

In the public and not-for-profit sectors it means doing more, improving services and delivering a better service to the community - with the same or reduced resources.

*...becoming truly the best
in your field - the leader
that others will follow.*

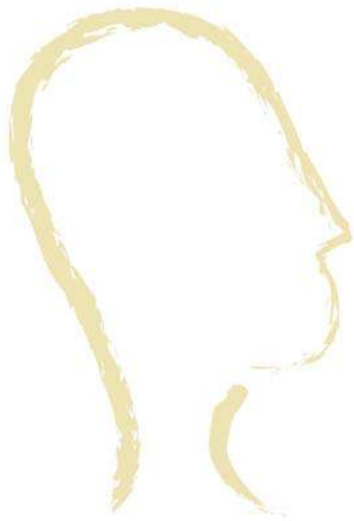


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Creativity and innovation checklist

SELF-ASSESSMENT CHECKLIST

Answer these questions to obtain a quick impression of the degree of innovation and creativity within your organisation. You will also gain an indication of the priority areas that require attention in your organisation.



| Area | Questions | Yes | No | Partly |
|--------------------------------|--|-----|----|--------|
| Strategic/ Corporate Direction | Is innovation or creativity mentioned in the strategic plan? | | | |
| | Are leaders committed to innovation? | | | |
| Business/Operational Planning | Does your organisation translate strategic objectives into business and operational objectives and strategies? | | | |
| | Does the strategy allow employees time to be innovative? | | | |
| Cultural Alignment | Does your organisation have a culture that supports and sustains innovation? | | | |
| | Does your organisation have a culture of collaboration with parties external to the organisation but who are integral to business success? | | | |
| Innovation Education | Does your organisation have formal training programs for innovation and creativity? | | | |
| | Are employees provided with thinking time and resources to contemplate innovation outcomes? | | | |
| Ideas Management | Does your organisation have an ideas management system? | | | |
| | Does your organisation provide funding to commercialise a good idea? | | | |

| Area | Questions | Yes | No | Partly |
|--------------------------------------|--|-----|----|--------|
| Innovation Metrics | Does your organisation measure specific management practices that impact on innovation? | | | |
| | Does your organisation benchmark its innovative climate against other organisations? | | | |
| Rewards & Recognition | Does your organisation reward employees for innovation generally? | | | |
| | Is there room to improve the reward system? | | | |
| Organisation Support | Is the organisation structure conducive to innovation? | | | |
| | Does your organisation have sophisticated IT systems? | | | |
| Budget/Finance/ Commercialisation | Is there funding set aside to research, develop and commercialise a good invention/idea? | | | |
| | Is there a well-defined commercialisation process in your organisation? | | | |
| People & Process | Is innovation captured as an element in industrial awards/agreements? | | | |
| | Does your organisation provide funding to commercialise a good idea? | | | |
| | Does your organisation provide coaching in creativity/innovation? | | | |

RESULTS

If you answered **yes** to most questions, your organisation is well on the way to becoming innovative.

If you answered **no** or **partly** to a majority of the questions, your organisation has a lot of work to do before it becomes an innovative organisation.

NOTE

Whilst this is a quick reference to where your organisation is in relation to implementing an innovation strategy, the Applied Innovation Centre has an assessment instrument that can provide an accurate, quantified and focused picture of where your organisation lies on a continuum from **no innovation** to **world's best practice**.

Contact the Applied Innovation Centre for access to this instrument.

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Overview of the Framework

NEED FOR THE FRAMEWORK

Research conducted within businesses and organisations shows that most senior executives endorse the need for organisational innovation, but have found this difficult to implement. Some of the reasons for this difficulty include the prevailing corporate culture; risk aversion; short-term focus on the bottom line; capital allocation policies; being too busy; and, the perceived inability to measure the progress and outcomes from creativity and innovation.

Additionally, creativity and innovation are considered by many people to be random processes that are dependent upon individuals acting alone, and are therefore believed to be impossible to manage. However, many organisations such as design studios and advertising agencies possess creativity and innovation as a core competency and produce creative and innovative ideas on a regular basis through the use of teams and a managed process. This shows that creativity and innovation can be managed and can continue to be managed

as long as there are effective facilitating resources, processes, tools, and measures. The Framework provides guidance for these outcomes.

Sustained effort and deliberation are required to build and maintain a culture of innovation within an organisation.

The Framework is a practical guide to assist you to implement creativity and innovation in your organisation. It includes all components and issues that you need to consider if you want to become more innovative.

The Business Creativity and Innovation Framework is a practical guide to assist organisations become more innovative.

DEVELOPMENT OF THE FRAMEWORK

The Business Creativity and Innovation Framework has been developed by the Applied Innovation Centre and is the first research-based Framework available to assist organisations to become more innovative. The Framework is the result of more than 30 years of international research into the areas of creativity, problem-solving, decision-making and innovation - with local research conducted by the Centre.

WHAT THE FRAMEWORK DOES

The Business Creativity and Innovation Framework is a practical guide to assist organisations become more innovative. Its fundamentals are simple, yet powerfully effective for implementing and maintaining an organisational culture of innovation.

PRINCIPAL ELEMENTS OF THE FRAMEWORK

The Framework is reviewed and updated regularly by the Applied Innovation Centre and has been commercialised as the **Innovation 4Ps®**.

The main elements of the Framework are:

PRESS (pressure)

PEOPLE

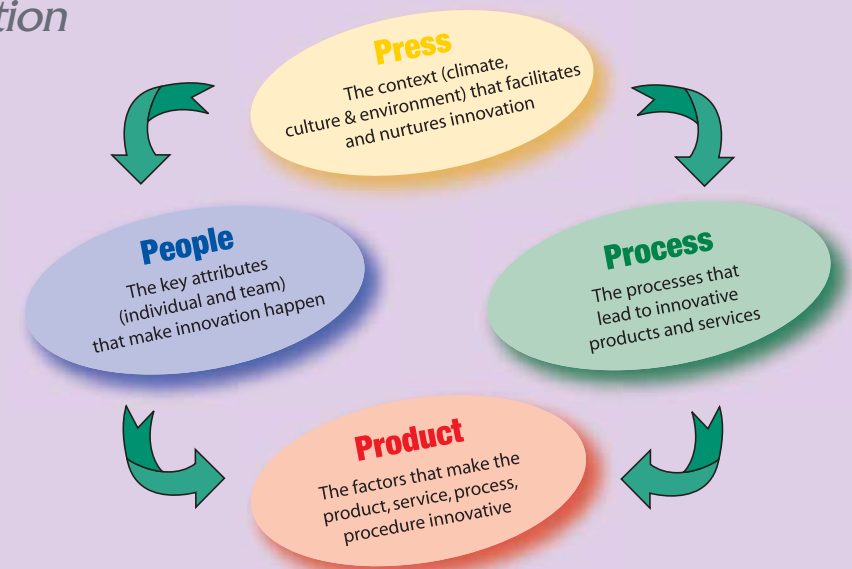
PROCESS

PRODUCT.

The Framework is ultimately concerned with achieving innovation and long-lasting cultural organisational change.

At the micro-level, the methodology is team-based and addresses the long-term behavioural changes required to make innovation happen. At the macro-level, the methodology takes a holistic approach by identifying all key elements necessary to achieve a sustainable culture of innovation within all areas of the organisation

*Innovative **Products** or Services require creative, progressive **People** and a structured, thoughtful **Process** - all operating within an environment that supports innovation - the **Press**.*



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How the Framework can improve organisations

The Framework has been developed to allow businesses and organisations to:

- Develop individualised plans for managing creativity and innovation;
- Apply these plans to support continuous improvement or develop radical changes;
- Transcend corporate culture which may inhibit creativity and innovation;
- Integrate creativity and innovation into daily business processes;
- Provide a common platform and core processes to innovative groups, departments or enterprises;
- Allow large and small businesses to plan creative and innovative programs without unnecessary costs;
- Continue to be creative and innovative during challenging periods; and,
- Provide a structure for measuring the process and outcomes of creativity and innovation.

The Framework supports businesses and organisations that wish to:

- Develop new ideas, products, services and processes;
- Be proactive rather than reactive in their industry or service area;
- Ensure that new growth opportunities are being developed for future profitability;
- Incorporate creativity and innovation into their culture;
- Document their progress in launching new products and services;
- Reward individuals who contribute to the development of new ideas;
- Reduce the uncertainty associated with the apparent loss of resources when allocated to creativity and innovation;
- Introduce concepts of flexibility, tolerance for diversity; and
- Stimulate divergent thinking.

By using this Framework, business and organisations will be able to:

- View business challenges as opportunities rather than threats;
- Better understand and own their processes for dealing with challenges;
- Develop competency in creating new ideas and solutions to problems;
- Be more open and flexible when approaching problem solving and meeting challenges; and
- Build a supportive environment within the organisation for people who suggest new, creative and innovative ideas.

*To manage innovation,
a systematic approach
is required.*

Individuals and teams are able to:

- Leverage differences in management style;
- Identify personal and team blind spots;
- Develop the ability to think creatively;
- Examine problems systematically;
- Make better decisions;
- Diffuse potential conflict and manage stress;
- Become high performance and truly innovative teams, and
- Apply innovative solutions.



Organisations are able to:

- Earn a greater Return-on-Investment;
- Achieve their corporate goals and objectives faster and easier;
- Increase market share with more innovative products or services;
- Transfer knowledge and skills within their workforce;
- Gain increased commitment from senior and frontline managers;
- Standardise processes and procedures within the workplace;
- Improve communications and minimise 'office politics';
- Increase staff morale; and
- Reduce levels of absenteeism and turnover.

By way of contrast, the Framework does not:

- Rely on proprietary measures, processes or tools;
- Require the use of consultants throughout the entire process;
- Dictate a lock-step approach that reduces flexibility;
- Require lengthy planning processes; or,
- Create systems that operate separately from concurrent programs.

*All sizes of organisations
from any sector
(private, public, not-for-profit)
can benefit from
the application of
the framework.*

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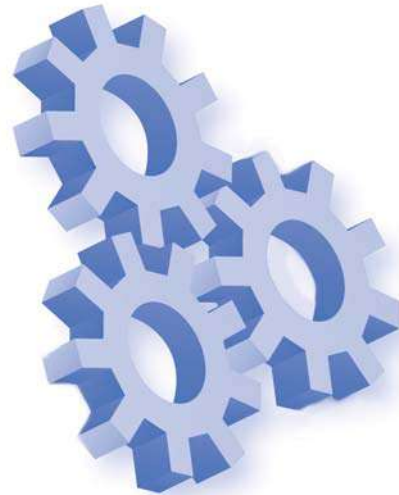
Key drivers of innovation

Research into innovation has confirmed that the key drivers of innovation are:

- Leadership and the support from top management;
- Culture, values and identity;
- Rewards and recognition;
- Environment, competition, need;
- Diversity; and
- Organisational structure and infrastructure.

LEADERSHIP AND SUPPORT FROM TOP MANAGEMENT

Leadership and support from top management was the factor mentioned most in the context of an organisation embracing innovation. Typically, leaders supporting innovation were described as strategic thinkers and individuals who are able to empower others. A small number of respondents reported that lack of leadership, commitment and support from top management had led to stagnation, if not a decline, of innovation efforts in their organisations.



CULTURE, VALUES AND IDENTITY

Culture, values and identity were reported as critical in determining how innovation would develop. Generally, respondents from high technology industries and commercialised organisations were more likely to state that being innovative was part of the organisational culture in their workplace. This environment was also described as a culture where innovation would be "celebrated".

REWARDS AND RECOGNITION

Rewards and recognition, both monetary and non-monetary, were also highlighted as important factors that fostered innovation.

ENVIRONMENT, COMPETITION AND NEED

Environment, competition and need referred to external forces driving the need for organisations to become more competitive and/or flexible because of market forces, legislation and other factors outside the control of the organisation. In short, the need to adapt and change to ensure the long-term survival of the organisation.



DIVERSITY

Diversity - namely different fields of expertise, skill variety and cultural backgrounds - was also identified as a factor supporting innovation.

ORGANISATIONAL STRUCTURE AND INFRASTRUCTURE

Organisational structure and infrastructure. This quest for information and solution from diversified fields is again reflected in the organisational structure, including aspects such as information technology, infrastructure, policies and procedures. These are identified in terms of resources, technology and systems that are required to make innovation happen in a practical and consistent fashion.

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Key elements of the Innovation 4Ps®



10 Step Strategic Plan

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To achieve organisational innovation you need to place several different mechanisms within the 4Ps. The Applied Innovation Centre (AIC) has developed a structure to instil a culture and climate for innovation in an organisation through a unique 10 Step Plan. By following these 10 Steps your organisation will be endowed with all resources, methods and mechanisms that are required for innovation.

The 10 Step Plan aligns organisational practices with the ideals of innovation

1. Strategic Corporate Direction
2. Business/Operation Planning
3. Cultural Alignment
4. Innovation Education
5. Ideas Management System
6. Innovation Metrics
7. Rewards & Recognition
8. Organisational Support & Process
9. Finance & Commercialisation
10. HR Strategies



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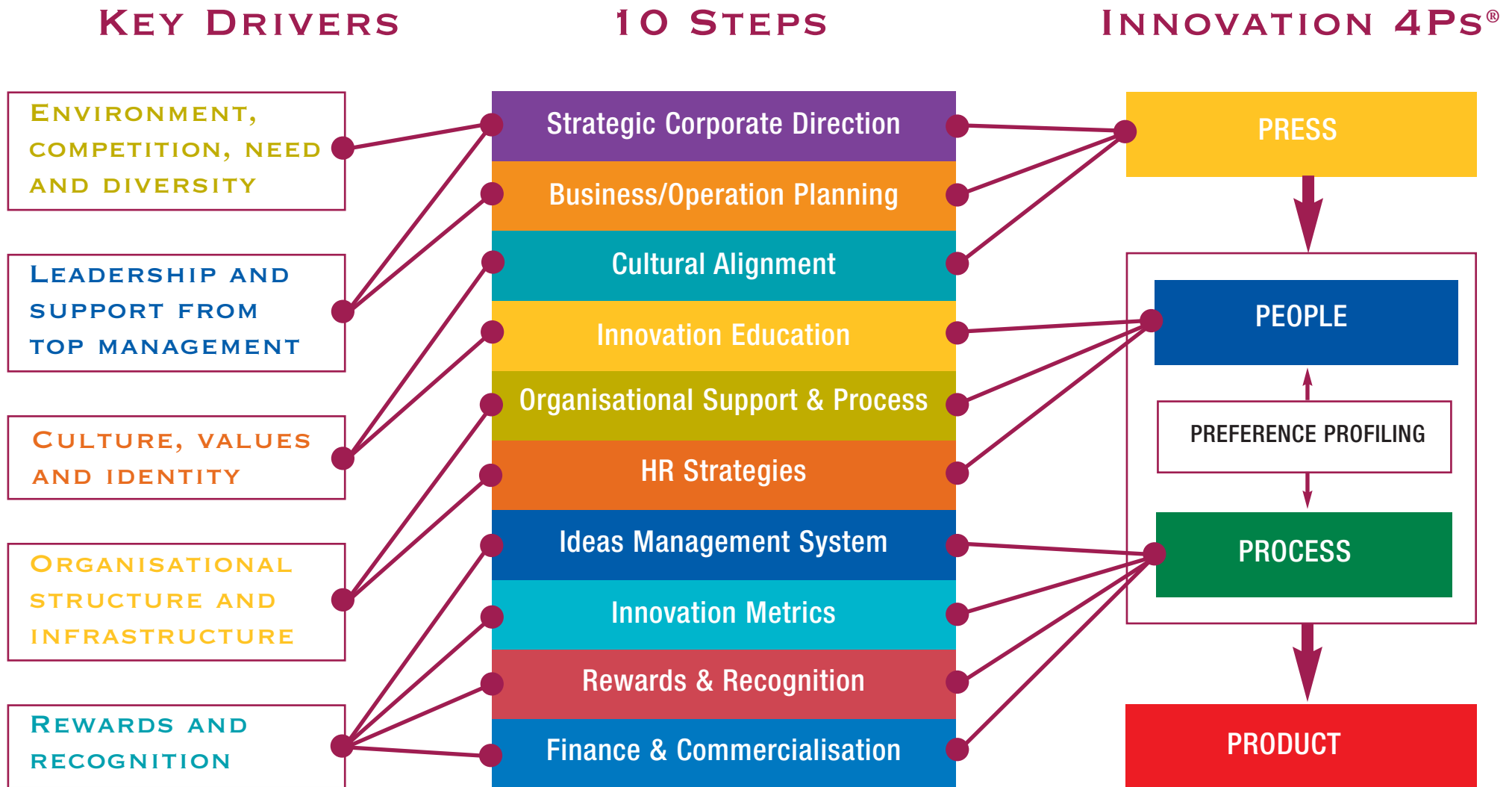
The 10 steps in detail

| 1. Strategic Corporate Direction | 2. Business Operation Planning | 3. Cultural Alignment | 4. Innovation Education | 5. Ideas Management |
|--|--|---|---|--|
| <ul style="list-style-type: none">• Scan the external environment in which you operate• Undertake market research• Define desired innovation outcomes• Align innovation strategies and values with other strategic objectives | <ul style="list-style-type: none">• Translate strategic vision and values into workable business plans and processes to achieve desired outcomes | <ul style="list-style-type: none">• Survey the internal cultural environment• Perform a gap analysis• Develop strategies to achieve values• Develop strategies to change culture | <ul style="list-style-type: none">• Design and implement innovation-related educational programs in the areas of:<ul style="list-style-type: none">- Leadership- Teambuilding- Executive and team coaching- Facilitation skills- Making innovation tangible | <ul style="list-style-type: none">• Develop a system for capturing ideas• Develop a process to promote ideas• Develop criteria to evaluate ideas• Develop risk management profile |

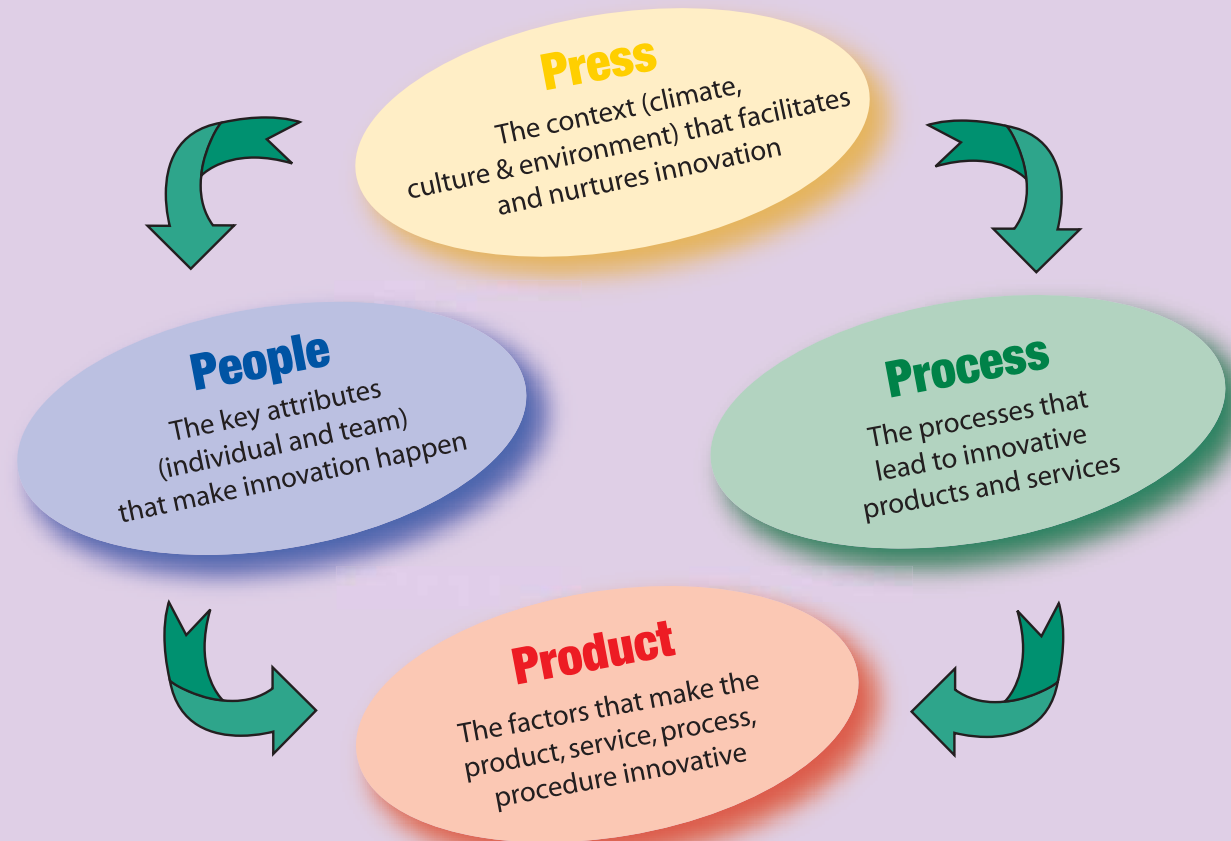
| 6. Innovation Metrics | 7. Rewards & Recognition | 8. Organisation Support & Process | 9. Budget/ Finance/ Commercialisation | 10. Human Resources Management |
|---|--|--|---|---|
| <ul style="list-style-type: none"> • Develop methodology to measure outcomes from initiatives • Measure ROI and ROA | <ul style="list-style-type: none"> • Implement methodologies to translate the outcomes of ideas into appropriate team rewards | <ul style="list-style-type: none"> • Redesign the organisation structure • Reform information technology systems • Revise policies and procedures • Review communication strategies • Empower team/business units | <ul style="list-style-type: none"> • Develop funding strategy for innovation • Develop commercialisation process • Protect intellectual property | <ul style="list-style-type: none"> • Implement performance development/management • Empower employees • Perform preference profiling • Conduct executive & team coaching • Undertake innovation education (See 4) • Reward implemented ideas through service agreements and industrial awards |

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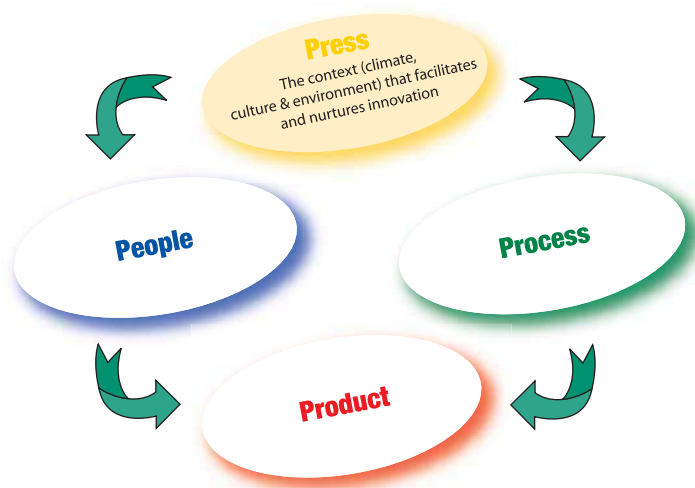
Linking the Key Drivers with the 10 Steps and the Innovations 4Ps®



The following pages provide details on each of the Innovation 4Ps®



Creating an environment or culture to make an organisation more innovative



Press is short for pressure, that is, the context within which people, process and product operate. Your organisation can only become innovative and competitive if the environment in which it acts is conducive to innovation. That means you need to create conditions that nurture and facilitate innovation.

Research indicates that many organisations make reference to innovation in their strategic planning documents, but do not know how to cascade the corporate strategies to flow down through annual corporate and operational plans. Most organisations approach innovation through continuous improvement programs (adaptive innovation) but do not have an overall strategy on innovation. Few have a specifically defined understanding of innovation, which is shared by people in the organisation.

As a consequence, attempts at innovation are fragmented and counterproductive to achieving a holistic culture of innovation within the organisation.

A culture that supports innovation typically includes motivation to innovate, rewards for creative ideas, sufficient time and funds for innovation, management practices that allow freedom, challenging work, and supervisory encouragement.

To create a culture that supports innovation it is necessary firstly to analyse your current environment and develop an Innovation Plan.

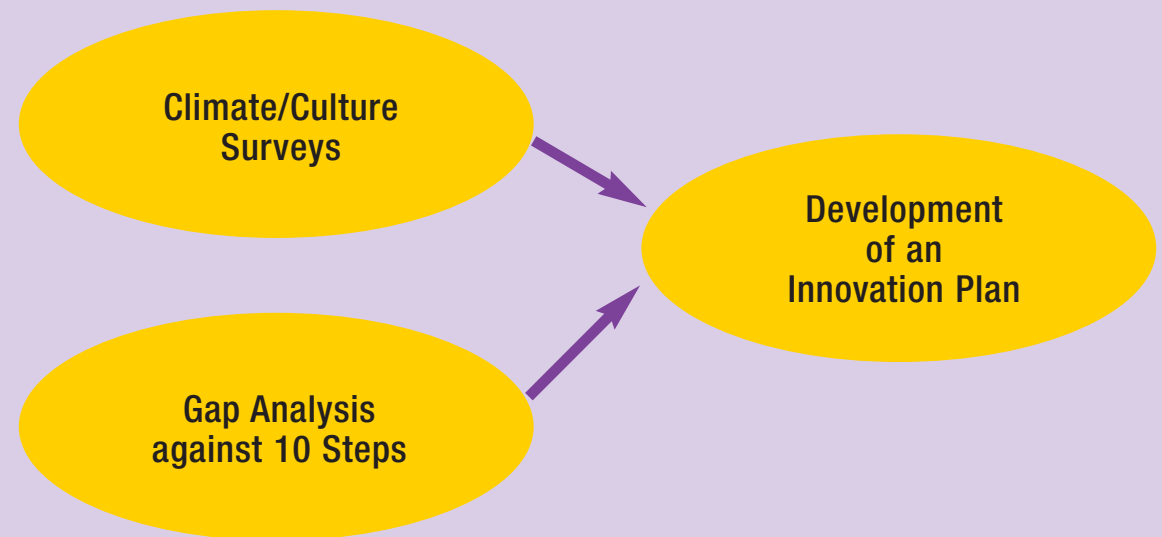
This step sets the blueprint for how innovation will be addressed by your organisation and will, to a large extent, influence strategies on '**Process**' and '**People**' - the 2nd and 3rd of the 4Ps. Ultimately the three Ps of '**Press**', '**Process**' and '**People**' will determine the 4th P - '**Product**' (product, process, service).

In saying this, many organisations still attain success by focussing on aspects such as continuous improvement (incremental innovation) and idea management systems to generate new ideas for the business.

CRITERIA TO EVALUATE PRESS

Key elements to consider are:

- The external environment and changing paradigms.
- Organisational leadership and its ability to drive the enterprise towards an innovative culture.
- The present culture of the organisation (internal environment).
- What is the shared organisational definition of innovation?
- How innovation integrate with other organisational corporate strategies.
- How corporate innovation strategies cascade down to corporate business and operation plans.



Climate/Culture Surveys

Actions

- Diagnose what your organisation needs to do to achieve an innovative culture
- Assess the organisation in terms of the extent to which it is promoting or inhibiting innovation
- Assess the particular dimensions of the work environment in the organisation
- Measure specific management practices that impact innovation
- Quantify how innovation and creativity are perceived across the organisation
- Compare your organisation's climate with other organisations
- Inform development of an action plan to improve the innovative culture across the business.

Organisational components constituting the work environment that influence innovation and creativity:

- Organisational motivation to innovate
- Sufficient resources in the area targeted for Innovation
- Management practices

Gap Analysis against the 10 Steps

Actions

- Measure the degree of innovation and creativity within your organisation
- Determine the priority areas for attention
- Include innovation and creativity in the Strategic Planning of your organisation.

10 step program that aligns the organisational practices with the ideals of innovation

- | | |
|-------------------------|---|
| 1. Strategic direction | 7. Rewards and recognition |
| 2. Business planning | 8. Support processes |
| 3. Cultural alignment | 9. Budget/finance/ commercialisation |
| 4. Innovation Education | 10. Human resources management |
| 5. Ideas management | |
| 6. Innovation metrics | |

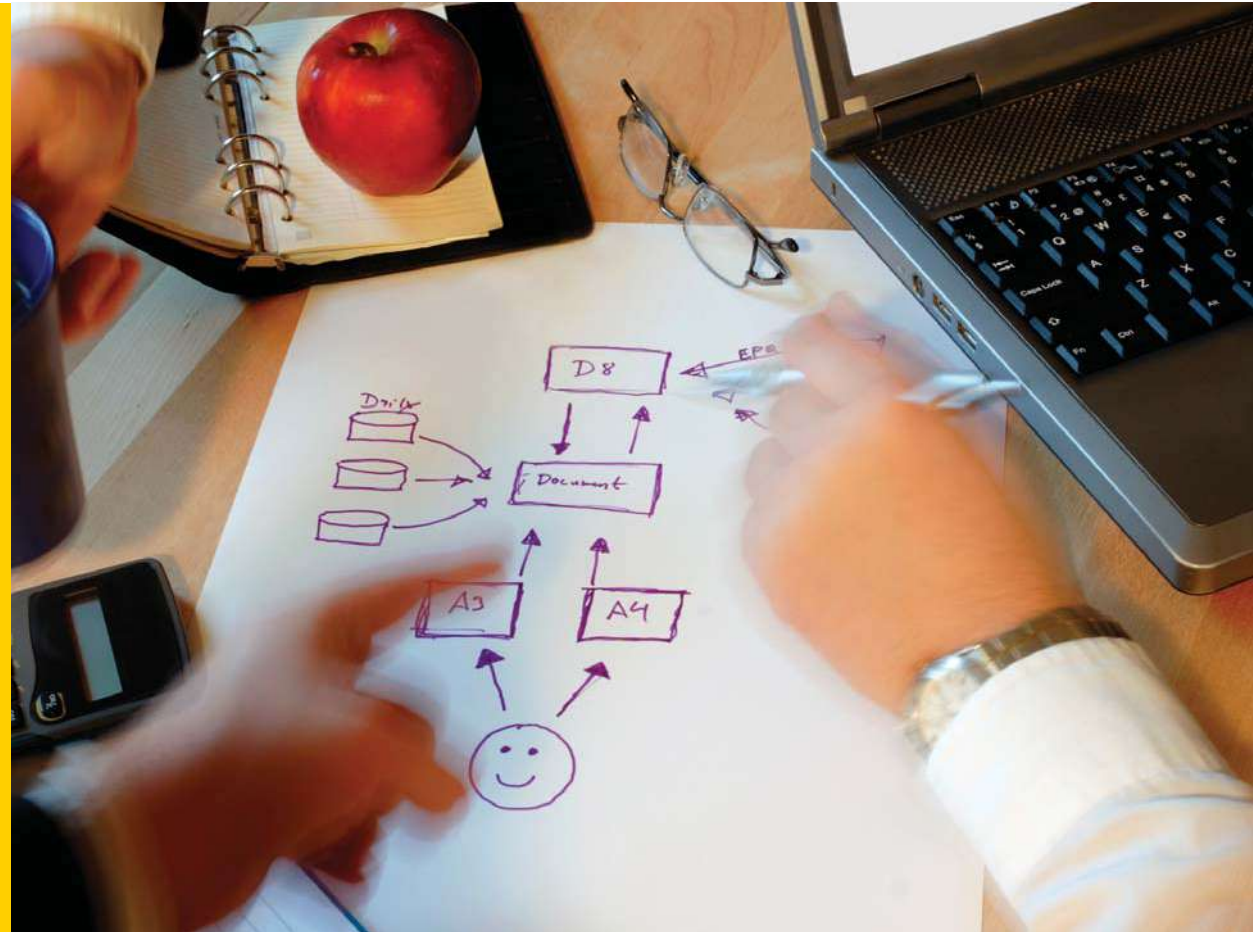
The Innovation Plan should:

Provide a structured approach to adopting an innovative cultures i.e. incorporate in corporate strategic vision.

Cascade strategic visions to corporate business plan and operational planning for divisions, business units and work teams.

Define activities, resources and capabilities to sustain advantage in a continuously changing environment.

Challenge conventional wisdom.



People make organisations innovative



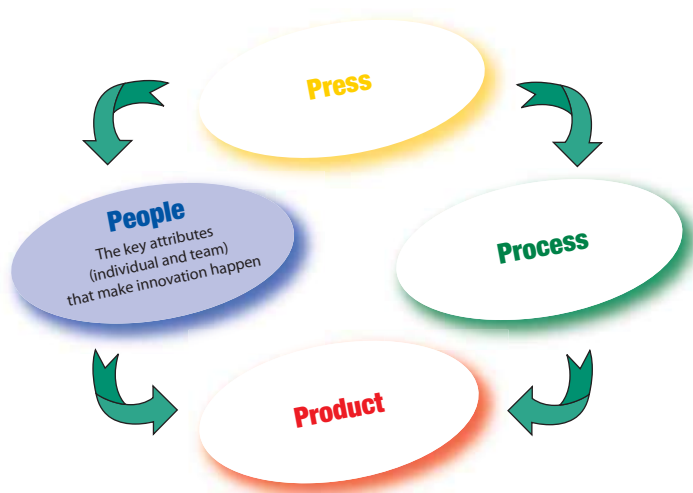
INDIVIDUALITY

THINKING SKILLS

LEADERSHIP

Since we live in an age of innovation, a practical education must prepare a man for work that does not yet exist and cannot yet be clearly defined.

Peter Drucker



In every innovative and creative organisation it is people who have made it that way. It is their creativity that brings out new ideas.

People are individuals with different skills, attributes, behaviour and thinking styles.

To become an innovative organisation you need to consider and understand the individual differences of your people.

You also need to recognise the vital role of leadership in creating the climate in which creativity and innovation can develop. It is important to know what key attributes, skills and thinking styles are required and how they fit within the innovation process itself. This applies to both individuals and teams.

People's behaviour, thinking and opinions about innovation can be influenced. It is therefore vital to educate, develop, and assess people and their thinking style.

People have different thinking preferences and it is essential to understand and respect those differences as most corporate innovation takes place within multidisciplinary teams.

When teams are engaged in the creative and innovative process it is valuable to appoint a person as team facilitator. Their roles are described in the following section explaining thinking skills.

To become an innovative organisation you need to consider and understand the individual differences of your people.

DIAGNOSTIC THINKING

This is the type of thinking people engage while assessing, clarifying and defining situations, issues or problems. It is used to describe and identify relevant data and to determine the next process step.

Stage required

This thinking skill is required during the initial clarifying stage, which is deliberate, orderly and requires focus, organisation and method. During this stage, information and explanations are provided, questions asked, answers provided and issues clarified.

Facilitator role

Make sure participants

- Make no assumptions;
- Uncover blind spots;
- Examine details;
- Have a clear understanding of the issues; and
- Do not suffer from 'analysis paralysis'.



VISIONARY AND STRATEGY THINKING

This is the type of thinking individuals engage while exploring the vision and formulating the challenge. It is used to develop a vision of a desired outcome.



IDEATIONAL THINKING

This is the type of thinking people engage when required to suspend judgement and generate a large number of ideas. It is used to generate novel ideas that address significant gaps or challenges.

Stage required

This thinking style is required during the ideating stage. It is predominantly a diverging stage that requires stimulation, variety and change, imagination, flexibility and abstraction.

Facilitator role

Help participants:

- Explore new ideas and possibilities;
- Stretch their imagination; and
- Look at the big picture and think in global and abstract terms.



EVALUATIVE THINKING

This is the type of thinking people engage when required to make choices and decisions. This is a converging stage that requires reflection, cautiousness, deliberation, pragmatism and structure.

Stage required

This is the time to analyse, evaluate and develop the data generated in the previous stage (ideating). During the evaluative stage promising ideas are assessed, refined, and turned into final statements that encapsulate and articulate the preferred solution.

The type of thinking required in this stage is the same used in the clarifying stage. The difference is that during this stage, individuals are working to choose a solution, rather than to clarify or define the problem.



Facilitator role

Help participants:

- Weigh and compare options;
- Analyse potential statements;
- Examine strengths and weaknesses; and
- Not to get stuck on wanting to write the 'perfect statement'.

CONTEXTUAL AND TACTICAL THINKING

Stage required

This is an action-oriented stage that requires acceptance, decisiveness, determination, commitment and the formulation of plans.

Facilitator role

Ensure:

- The team develops a realistic and workable action plan; and
- Individuals meet their commitments described in the action plan.



VISIONARY THINKING

Describing a vivid and concrete picture of the desired future.

STRATEGIC THINKING

Identifying the critical gaps and pathways that need to be followed to attain the desired outcomes.

IDEATIONAL THINKING

Producing original mental images and thoughts that respond to challenges or opportunities.



DIAGNOSTIC THINKING

Examining a situation closely and using this analysis to decide what process step to take next.

EVALUATIVE THINKING

Assessing the reasonableness and quality of ideas in order to develop workable solutions.

CONTEXTUAL THINKING

Understanding the interrelated conditions and circumstances that will support or hinder success.

TACTICAL THINKING

Defining a plan in specific and measurable steps for attaining a desired end and monitoring its effectiveness.



Linking actions and thinking skills

people

| STEP | ACTION | THINKING SKILL |
|-------------------------------------|--|---------------------|
| 1 Assessing the situation | Describe and identify relevant data and determine the next process step. | Diagnostic thinking |
| 2 Exploring the vision | Develop a vision of a desired outcome. | Visionary thinking |
| 3 Formulating the challenges | Identify the gaps that must be closed to achieve the desired outcome. | Strategic thinking |
| 4 Exploring ideas | Generate novel ideas that address significant gaps / challenges. | Ideational thinking |
| 5 Formulating solutions | Move from ideas to solutions. | Evaluative thinking |
| 6 Exploring acceptance | Increase the likelihood of success by testing solutions. | Contextual thinking |
| 7 Formulating a plan | Develop an implementation plan. | Tactical thinking |

Research conducted around the world consistently shows leadership and support from top management to be the number one driver of innovation in organisations. Typically, leaders supporting innovation were described as strategic thinkers and individuals who were able to empower others.

Leaders have a sense of mission and purpose and have the courage to be creative. They do not waste needless energy trying to be "well rounded". They make innovation happen and are market leaders.



THE INNOVATIVE LEADER'S SKILLS PROFILE

The following tables set out the skills, attributes and behaviours needed to provide the change leadership required to effectively contribute to an organisation's creativity and innovation performance - to produce new and improved products, processes and services.

NOTE

When considering the leadership skills necessary to make your organisation more innovative you may also consider whether it is appropriate to engage a competent third party to deliver a leadership development program for your organisation.

The Applied Innovation Centre can provide advice on this issue.

CREATIVITY AND CONTINUOUS IMPROVEMENT SKILLS - to generate ideas

ACTS AND CONTRIBUTIONS

- Project a vision of where you want to go - keep the big picture in mind
- Seek different points of view - explore options
- Be adaptable and flexible when challenging ideas
- Ask questions to assess situations, identify problems and seek solutions
- Rethink the way things are done - break the mould
- Approach challenges creatively - think outside the box
- Look for surprising connections - be open-minded when exploring possible solutions
- Put forward your own ideas with confidence
- Suggest alternative ways to achieve goals

EFFECT ON OTHERS

- Demonstrates trust in other people's ideas and actions
- Nurtures and promotes creativity and inventiveness
- Questions and challenges the way people operate - thinks beyond individual, group and organisational comfort zones
- Is receptive to new ideas and different ways of doing things - committed to continuous improvement
- Monitors success to find ways to continuously improve
- Recognises and rewards original ideas and ideas for improvement

RISK-TAKING SKILLS - to take calculated risks and be entrepreneurial**ACTS AND CONTRIBUTIONS**

- Envision a future in which your risk has paid off
- Be open to and respond constructively to opportunities for change
- Keep focused on what you are trying to achieve when suggesting alternative ways to get the job done
- Assess risk and manage your approach to risk - take appropriate risks when applying new approaches
- Be resilient in the face of setbacks, mistakes and potential mistakes
- Accept failures and learn from them
- Learn from your experiences - do not be afraid to make mistakes
- Be willing to experiment with new ideas - commit to an action without knowing every outcome or consequence
- Have the confidence to apply your skills in new unfamiliar situations

EFFECT ON OTHERS

- Encourages individuals and teams to bring forward new ideas for action
- Supports risk by monitoring and evaluating decisions and actions
- Recognises and rewards risk-taking

RELATIONSHIP-BUILDING SKILLS - to develop and maintain interpersonal relationships that support innovation

ACTS AND CONTRIBUTIONS

- Encourage, mentor and coach others to share ideas and speak freely - foster an atmosphere of open-mindedness
- Involve others by delegating responsibility and supporting their efforts
- Understand and work within the dynamics of a group
- Build and maintain relationships inside and outside your organisation
- Engage others to make use of their skills, knowledge and abilities
- Overcome barriers among people that may impede results - anticipate sources of assistance and resistance
- Allocate resources for networking and sharing ideas, knowledge and skills
- Promote personal development in others so they are better able to contribute to their team
- Provide honest praise and constructive criticism to teams

EFFECT ON OTHERS

- Makes it easy for groups of people to collaborate and deliver new solutions
- Recognises and rewards the success of teams and groups of people
- Shares information and expertise - explains and clarifies new and different ideas
- Respects and supports the ideas, approaches and contributions of others' points of view
- Accepts and provides feedback and guidance in a constructive manner

IMPLEMENTATION SKILLS - to turn promising ideas into tangible and successful solutions**ACTS AND CONTRIBUTIONS**

- Adopt and promote a 'can-do' attitude
- Understand how change affects the performance of your team and organisation
- Be proactive in leading and responding to change
- Access and apply knowledge and skills from across your organisation
- Adapt to changing requirements and circumstances
- Exercise ingenuity when devising, planning and implementing solutions
- Use the right tools and technologies to complete a task, project or assignment
- Plan for contingencies - be ready for alternative strategies
- Be tenacious - show initiative, commitment and persistence to get the job done
- Use measurements to show the value of a solution on performance, productivity and financial results
- Be accountable for what you and your team implement
- Make change visible - highlight new and improved products, processes and/or services

EFFECT ON OTHERS

- Empowers others to make decisions
- Tolerates mistakes when trying out new ideas
- Values, supports and rewards initiative

1. PREFERENCE PROFILING

The four principal actions to be undertaken with respect to your people are:

- 1 Thinking style preference profiling
- 2 Leadership development
- 3 Creativity and innovation education
- 4 Facilitation skills training and team coaching.

There is naturally a range of matters to consider when addressing each of these actions.

Measure people's preferences for the essential steps of the innovation process.

It is important to be aware of the part of the breakthrough thinking process that comes most easily to each person, as well as their strengths and blind spots.

CLARIFIER



IDEATOR



DEVELOPER



IMPLEMENTER



You may consider:

- What types of thinking preferences your people have?
- What mix of thinking preferences/styles your teams have?
- How do different people manage innovation?
- Which attributes do your people have?
- What are the skills of each person?
- What are the strengths of each person?
- What are the blind spots of each person?
- How do people handle challenges?
- How do people solve problems?
- How can you enhance individual and group problem solving?
- How can you improve group decision-making?
- Which teams can be creative and effective?
- How can you form creative teams?
- How can you reduce stress and conflicts in working relationships?
- How can you attain better team output and breakthrough results?

2. LEADERSHIP

Develop a leadership style in tune with the requirements of innovation.

Encourage people to think creatively and innovatively to become a market leader.



You may consider:

- What role does innovation play for the leaders of the organisation?
- Is innovation a part of the strategic direction?
- How important is innovation for leaders?
- What can leaders do to make innovation happen?
- Do leaders understand what types of innovation are desired?
- How can leaders create an innovation-supporting culture?
- How can leaders convince people of the intent of innovation and creativity?
- How can leaders identify areas that require innovation?
- How can leaders communicate and explain the areas in which new ideas are required?
- How can leaders encourage people to become more creative?
- How can leaders reinforce values that enable innovation?
- How can leaders create a culture of deep thinking, anticipation of the future and purposeful action?
- How can leaders influence people to align themselves with the organisation and its goals?
- How can leaders influence people and culture such that the organisation becomes a market leader?

3. INNOVATION EDUCATION

The concepts of creativity and innovation are surrounded by myths.

Dispel those myths by educating individuals about the true nature of innovation.



You may consider:

- What kinds of myths and prejudices influence people's behaviour?
- Are those myths barriers to change and innovation?
- How can you deal with these myths properly and promptly before introducing an innovation strategy?
- How can education improve the potential for innovation for individuals and teams?
- What kind of education is required?
- Which education or training initiatives would be most effective?
- How can education change people's perception of innovation and creativity?
- Which education initiatives could lead to a modern understanding of the nature of creativity?
- How can techniques for managing the innovation process be taught?
- How can you overcome resistance to change?
- How can education lead to the use of a common language and methodology in relation to innovation?

4. FACILITATION SKILLS & TEAM COACHING

Use facilitation tools and team coaching to address issues creatively and collaboratively.

Simplify the thinking and innovation processes of your people.



You may consider:

- How can you simplify people's thinking processes?
- Which tools could be useful to simplify those processes?
- Which facilitation techniques are able to create breakthrough thinking processes among individuals and teams?
- How can problems be solved creatively in groups and teams?
- How can you provide your people with a sense of participation, commitment and responsibility?
- Which facilitation tools are required?
- Which diverging techniques (e.g. brainstorming) are known?
- Which converging tools (e.g. hits) are known?
- Who can coach these facilitation techniques?
- What training method will be effective?
- What are the specific team or organisational needs in each process stage?
- Is it possible to train an internal team that is able to provide coaching and facilitation to all people?
- How can you teach and convince people to use facilitation techniques?

OTHER OBJECTIVES TO BE ACHIEVED IN PARALLEL WITH THE FOUR PRINCIPAL ACTIONS

Build the required skill sets into employee development planning

Ensure there is an empowered work environment where risk taking is acceptable and mistakes are not punished.

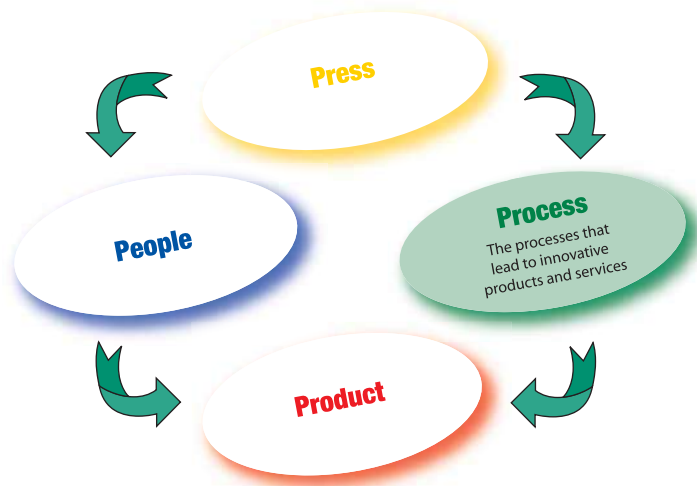
Ensure that your teams have a range of skills and diversity.

Provide time and resources for employees to be innovative.

Acknowledge employee preferences for each stage of the innovation process and understand how an imbalance of team members will affect outcomes.

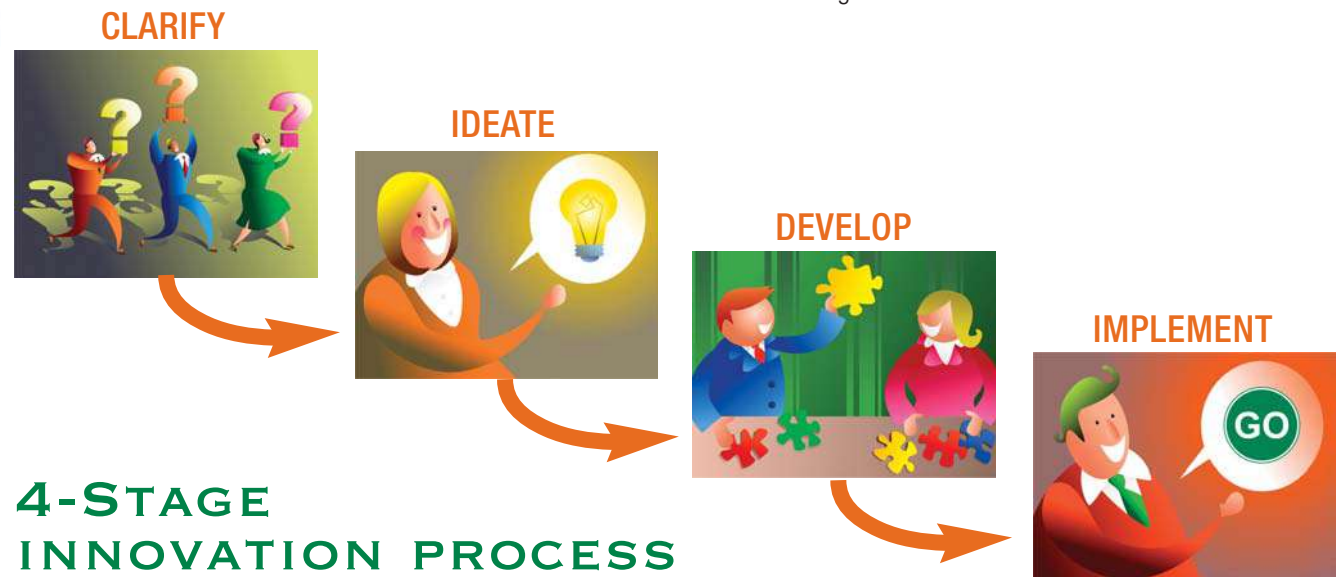


The processes that lead to innovative products and services



Innovation does not happen ad-hoc or at random or merely by having the desire to be innovative. Innovation requires a thoughtful, deliberate and integrated approach to creative problem-solving and the application of a specific set of strategies, processes and skills.

The innovation process is universal and comprises distinct stages through which individuals and teams progress - clarification, ideation, development and implementation. While this process is simple at first glance, it is not easy to implement without a clear methodology and associated tools for each stage.



4-STAGE INNOVATION PROCESS

CLARIFICATION



Matters to Consider

- Can you define the problem to be solved?
- What facts and figures of the situation are known?
- What challenges can be defined?
- What people and resources are needed to solve the problem?

IDEATION



Matters to Consider

- How can the problem be solved creatively?
- How can you search for new ideas?
- How can you use your imagination to generate new ideas?
- Who can generate new ideas?
- How can you facilitate the ideation process?
- What are the outcomes (qualitative & quantitative)?
- How can you manage these ideas?

DEVELOPMENT



Matters to Consider

- How do you evaluate the ideas?
- How do you consider the options?
- How can ideas become strong solutions?
- Which ideas should be selected?
- How can you develop & improve the ideas?
- What solutions can be refined?
- Can you realise these solutions?
- How can you realise these solutions?
- Can you test these solutions?
- Can you define a strategic plan?

IMPLEMENTATION



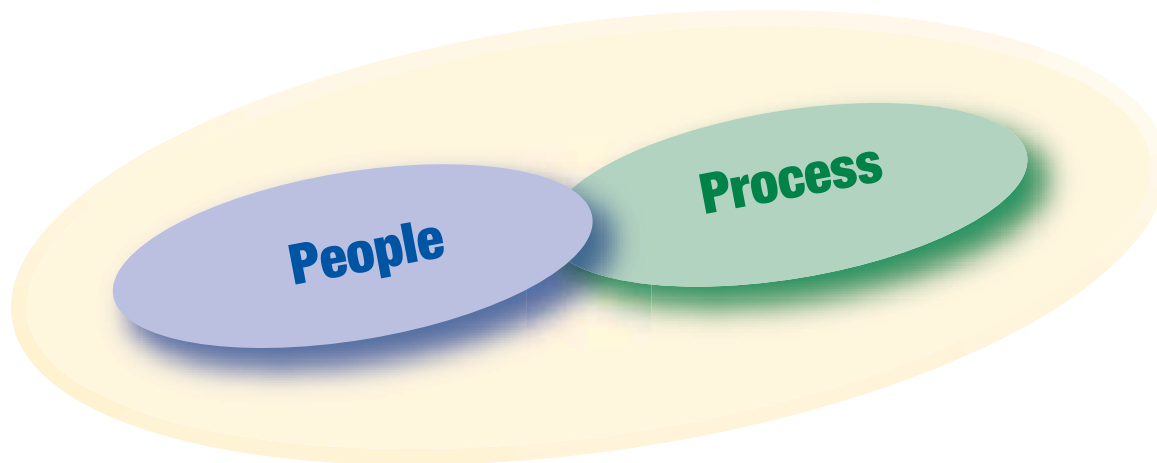
Matters to Consider

- How can the plan be put into action?
- How can you implement the solutions?
- How long does it take to implement the solutions?
- Can you measure & evaluate the outcomes?

People meets Process

You may have already noticed that **Process** and **People** (the 2nd P) are intrinsically linked as **People** interact with **Process** to deliver a **Product**/service.

People have different preferences for each of the process steps and this is very important to understand when forming teams to solve a particular challenge facing the organisation. That is, it is no use having a team high on clarification but low in ideating.



OTHER PROCESSES AND INSTRUMENTS TO BE CONSIDERED

There are a number of other instruments and processes that could advance the cause of innovation in your organisation.

The most common are:

- Ideas management systems
- Commercialisation and IP protection
- Innovation metrics
- Rewards and recognition



INNOVATIONS ARE IMPLEMENTED IDEAS

Managing ideas is critically important to innovative organisations.

Ideas need to be generated - captured - evaluated - developed and implemented or commercialised. Marketing may be required when the idea has been transformed into a product or service. Evaluation of the outcomes is necessary to measure success. And finally, organisations need appropriate rewards and recognition systems to create a fertile environment for new ideas.

There are a number of commercially available ideas management systems (IMS) that provide a structure for developing intellectual property.

However, do not immediately decide on a computerised version - the devil is in the management decision making, and, computer capture processes can be developed very quickly and cheaply around the process.

A number of these elements will be outlined further in this document.

Ideally an IMS should address the following topics:

- 1. Management engagement and support**
- 2. Communication strategy - initial and on-going**
- 3. Design stages / steps**
- 4. Ideas submission and implementation process**
- 5. Ideas evaluation process**
- 6. Evaluating successful ideas for a range of awards**
- 7. Measurement criteria**
- 8. Documentation / recording**
- 9. Roles and functions - senior, middle and frontline management / area representatives, area specialists, supervisors, originators**
- 10. Strategies and process to commercialise great ideas**
- 11. Protection of intellectual property and trademarks**
- 12. Implementation and Review**



For any organisation interested in innovation it is critical to think through and determine how you will

HEAR, ASSIST, EVALUATE AND PROGRESS

ideas before people/employees are asked to submit ideas.



The following issues should be considered:

- Different types of ideas have to be handled differently (e.g. the process for reported non-conformance is different from assessing and progressing a new product, process or service).
- It is important that staff understand the system/process.
- The process must be simple to use.
- The process needs to provide timely feedback in relation to how an idea has been assessed and the reasons for adoption or rejection.
- An effective process makes provision for funding the development of good (approved) ideas
- The different stages from idea generation to commercialisation require different skills and dedicated processes for each stage.

DEVELOPMENT OF IDEAS

Development of ideas will be different for each idea type. For instance:

- Adaptive innovative ideas will be relatively simple and easy to develop
- Breakthrough innovative ideas will require considerable resources, structure (project teams, etc) and time to develop the idea into a product/service that is consistent with organisational objectives and is acceptable to consumers (see our analysis of 'Product' in the Framework).

This element usually results in a well-developed product/service and an indication of how the intellectual property of the product/service will be protected (i.e. Patent, trademark etc).

Note: at this point the organisation should seek assistance to determine the best way to protect its intellectual property.

REWARDS AND RECOGNITION

- Recognition processes should ensure that they reinforce the pride and culture that is linked with being innovative.
- Recognition schemes can be intrinsic or extrinsic.
- A large proportion of recognition schemes should come from either intrinsic or peer recognition.
- Emphasis on extrinsic recognition, especially in a team environment, can hinder innovation.
- Government agencies should be aware of central agency policies in respect to rewards/recognition.
- Any rewards/recognition scheme should take cognisance of existing industrial laws and agreements.

Development of ideas will be different for each idea type.



COMMERCIALISATION / IMPLEMENTATION OF IDEAS

When selecting the structure of a proposed commercialisation arrangement, organisations, and especially government agencies, should obtain legal advice as to whether they have the necessary power to enter into the proposed structures and whether the risks associated with such structures can be appropriately managed.

Models for the commercialisation of IP or innovations

- Granting rights to use (to end users /non-transferable license).
- Granting single instance transferable license/sublicense (utilising IP to respond to an individual licensing opportunity).
- Granting rights to commercialise/distribute (Licenses can be exclusive or non-exclusive or limited by territory/sector/nature of use).
- Sale/assignment (often with retention of license to use).
- Collaboration agreement/strategic alliance/joint venture - development and commercialisation deal.
- Commercialisation via an incorporated venture - eg: spin-off or start-up

Sometimes it will be necessary to expend significant finances in the further development of IP before the product is suitable for licensing or sale, and it may be necessary for an organisation to seek external funding for further development.

Occasionally the external funding may be available from granting bodies. This 'funding gap' between what an organisation needs to spend, or can justify spending for operational purposes, and the level of investment that may be necessary before the IP is suitable for commercialisation, is one that will likely remain a challenge and potential barrier to commercialisation, particularly in relation to research-based IP.

*No single measure will
capture your innovation
process success.*

To assist in planning, organisations considering licensing or selling the rights to others should consider and address issues such as:

- The extent of independence or freedom to be given to the licensee to develop and market the product;
- Extent of control over the product's ongoing development/integrity etc;
- Whether or not the agency should seek to retain rights to license directly to other organisations;
- Passing of responsibility to the licensee - to an appropriate and reasonable extent;
- How royalties are to be calculated - will royalties be calculated as a percentage of gross or net revenue and what costs are entitled to be deducted;
- The extent to which the agency will have control over the setting of license fees;
- How to avoid dilution of royalties (balance between license fees and consulting fees).

MARKETING

The previous sections deal with breakthrough products/services that have been licensed or sold to other organisations.

In the case where the originating organisation wishes to move the new product/service into the external market themselves the organisation will need to develop a marketing plan, The extent of this plan will depend on how closely aligned it is to existing products/services that the organisation currently provides.

Where a product/service vastly differs from existing products provided by the organisation and the market generally, organisations should factor-in a period of market take-up into any marketing plan.

Organisations not proficient in marketing should consider seeking professional assistance to develop and implement their marketing plan.





EVALUATION OF IDEAS

Organisations with ideas management systems will have different processes for evaluating different kinds of ideas, eg improvement to process (continuous improvement or adaptive innovation) will differ from evaluating the potential of a new product development (breakthrough innovation).

Risk management, rate of return on investment, and, consistency with organisational strategic objectives will feature prominently in the evaluation of breakthrough innovative ideas.

Evaluation of new product/process ideas will often require extensive research and involvement of people, some outside the organisation

Breakthrough innovative ideas would normally result in the development of a business case that assesses all aspects mentioned above. The business case would outline resources to further the initiative and the path to commercialisation.

INNOVATION METRICS

What gets measured will determine what gets improved. Following the development of innovative products a period of adaptive innovation will be required where products/services will be refined (e.g. mobile phones, personal computers, etc).

Innovation metrics is important for three reasons:

1. To measure the performance of the product/service against predictions in the business case and marketing strategy.
2. To understand the financial contribution the new product/service has made to the organisation.
3. To determine the baseline for any reward/recognition program that the organisation wishes to implement.

So what should organisations measure?

No single measure will capture your innovation process success.

Instead a number of measure (indicators) will be required that compositely provide a picture of your progress towards best practice in innovation. Some indicators that you might consider are:

- Percentage of revenue from new products/services
- Length of the product lifecycle
- Return on investment on a new product/service
- Customer satisfaction
- Market share
- Staff participation (number of ideas per 100 employees)

The results from innovation may vary depending on the extent to which the organisation has progressed on its journey towards best practice innovation. The Applied Innovation Centre has developed a holistic measure of key elements that measure the progress of the organisation towards an innovative culture. Contact the Applied Innovation Centre for access to this assessment instrument.

MANAGE IDEAS

CLARIFY



IDEATE



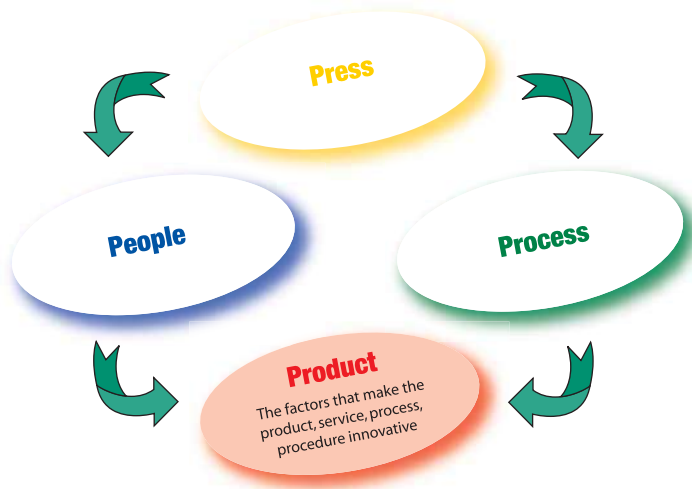
DEVELOP



IMPLEMENT



Factors that make a product, service, process or procedure innovative



The word 'product' is broadly defined to include a process, service or tangible product.

In many instances your product is more than the item or service that you deliver. Your product can include everything that your customers or stakeholders experience in their relationship with you. This is often described as 'brand equity', which includes all the intangibles associated with the product and the organisation that delivers it.

Your product can include everything that your customers or stakeholders experience in their relationship with you.

For a product or service to be innovative it needs to meet three criteria:

1. NOVELTY

Refers to the originality of the product, service or procedure.

2. RESOLUTION

Refers to whether the idea, product, service or procedure will 'fill the bill' and be relevant to the problem or unanswered need at hand. In other words, an innovative product or service has to be perceived as 'the answer' to the existing challenge, problem or situation.

3. STYLE

Refers to how the product, service or procedure is completed and presented.

1. NOVELTY

- Is the product different and/or unique, not just improved?
- Is the product completely new or have new features been added to an existing product?
- Will users be attracted to the product/service because of its uniqueness?
- Are there some/many other similar products like this in the market?

2. RESOLUTION

- Which problem does the product solve?
- Does it solve the problem or help to manage the challenge?
- How does the product solve the problem?
- Does it solve the problem reasonably well?
- Does it solve the problem effectively?
- Does it solve the problem partially or completely?
- Does it work?
- Is it useful and practical?
- Does the product provide benefits like no other product in the market?
- How do users evaluate the benefits of the product?
- Is it cost effective?

3. STYLE

Is the product, service or procedure:

- Well-crafted and/or appealing to users/consumers?
- Attractive and credible?
- Well presented and/or packaged?
- User friendly?
- Simple to use or understand?
- Easy to commercialise?
- Will people buy it?
- Will people use it?

Care should be taken when evaluating the potential of any new idea. It is worth remembering that many great ideas/products started out as cumbersome, difficult to use, or unreliable, and with limited or no market support (e.g. aeroplanes, telephone, personal computers). Application of the 'resolution' and 'style' criteria therefore needs to be appropriate to the circumstances.

It is folk law that if you create a better mousetrap, the world will beat a path to your door. Unfortunately, only a small percentage of new products are successful in the marketplace despite the availability of product literature and creative product modelling to guide the new product developer.

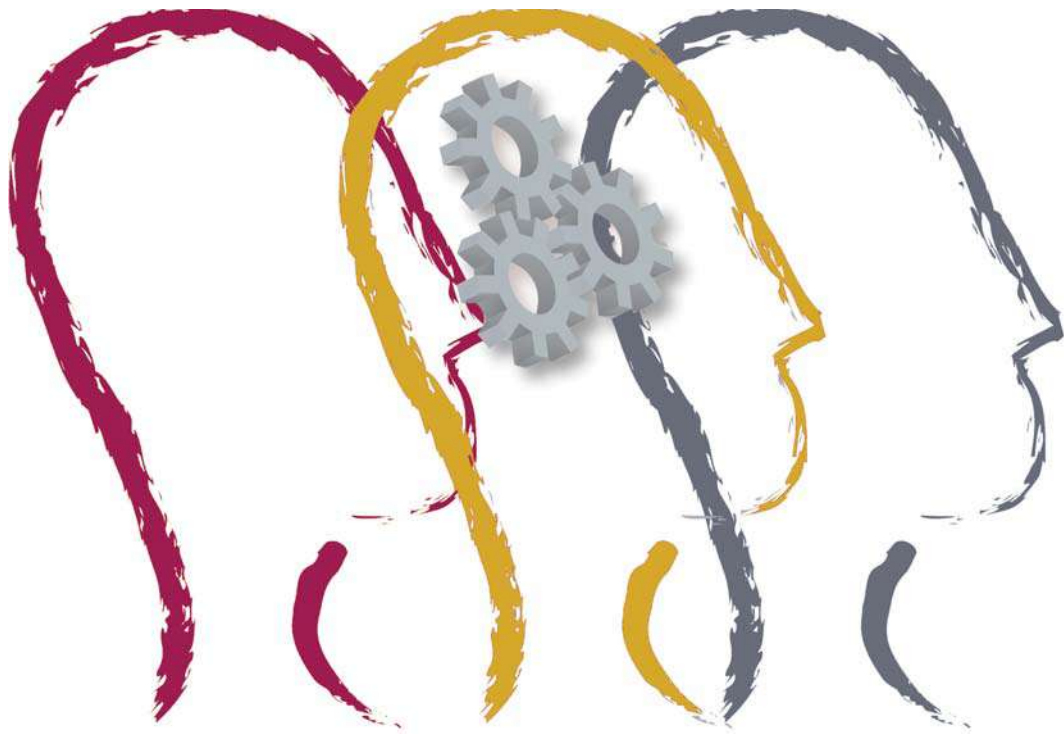
Research shows that the most innovative organisations carefully plan the development of new products.

The most widely-accepted model of the new product planning process has seven stages:

- 1 Exploration
- 2 Screening of ideas
- 3 Business analysis
- 4 Concept testing
- 5 Development
- 6 Testing to determine marketability
- 7 Commercialisation.

While the focus of this Framework is the application of 'innovation' criteria to products, organisations are encouraged to adopt the seven stage product planning process and apply systematic techniques in the development of their products.

Research shows that the most innovative organisations carefully plan the development of new products.



*We believe that through using the **Business Creativity and Innovation Framework** your organisation can become the most innovative in its field.*

This can be a significant and daunting journey, but the rewards will be worth the effort.

While this Framework has been designed as a stand-alone document, we understand that some organisations may require assistance with some aspects of evaluation or implementation. The Applied Innovation Centre is able to provide that assistance.

The logo for the Applied Innovation Centre is located in the bottom left corner. It features the text "applied innovation centre" in a lowercase, sans-serif font. The word "applied" is in grey, "innovation" is in a dark red color, and "centre" is in grey. The letter "o" in "innovation" is replaced by a yellow circle with a small white dot in the center. The entire logo is set against a white background that is partially enclosed by a yellow semi-circle.

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