

# Assessing your innovative capability

by Ed Bernacki



**M**any executives believe that innovation is a “hot technology”, only to discover that their business can’t turn the “technology” into profit.

The truth is that innovation is a strategy for growth and profits, and people’s understanding of innovation is generally too limited to make it a useful long-term strategy.

Innovation involves leveraging the skills and insights of the people you hire and the processes you use to maximise profits. Innovation puts money in the bank regardless of the type of business you have.

Simply putting “innovation” in your mission statement does not make you innovative. What makes a business innovative are such things as:

- staff having the skills to manage ideas to solve the many challenges they will encounter

- technology and systems for manufacturing or service delivery that allow people to be highly effective and efficient in the way they serve customers
- a culture or climate that encourages people to take initiative to improve all aspects of the business.

If executives simply set innovation goals, and then demand staff invest the energy, imagination and creativity to get innovation happening, it will not work. Innovation is a led process, not a managed one. This means you must focus on the right decisions to foster a climate for innovation.

## Searching for insights

Like many organisations, The Institute of Geological and Nuclear Sciences (GNS) in New Zealand was looking to get better returns from its research and technology. It wanted to increase its ability to innovate and

Pim Willemstein, as its manager of technology at the time, searched for approaches to make this happen. “We found that is it very difficult to get good information about innovation – particularly for large organisations,” he said.

“What is common is anecdotal evidence, general guidelines and product-focused indicators like number of patents. What seemed lacking were measures for the actual performance of innovation capabilities.”

To tackle this issue, some advisors developed innovation audits or checklists. Most of these mechanisms offer useful insights. Some are a list of questions while others involve sophisticated on-line surveys for staff and executives.

GNS found a useful partner in WaveGlobal, an Australian company

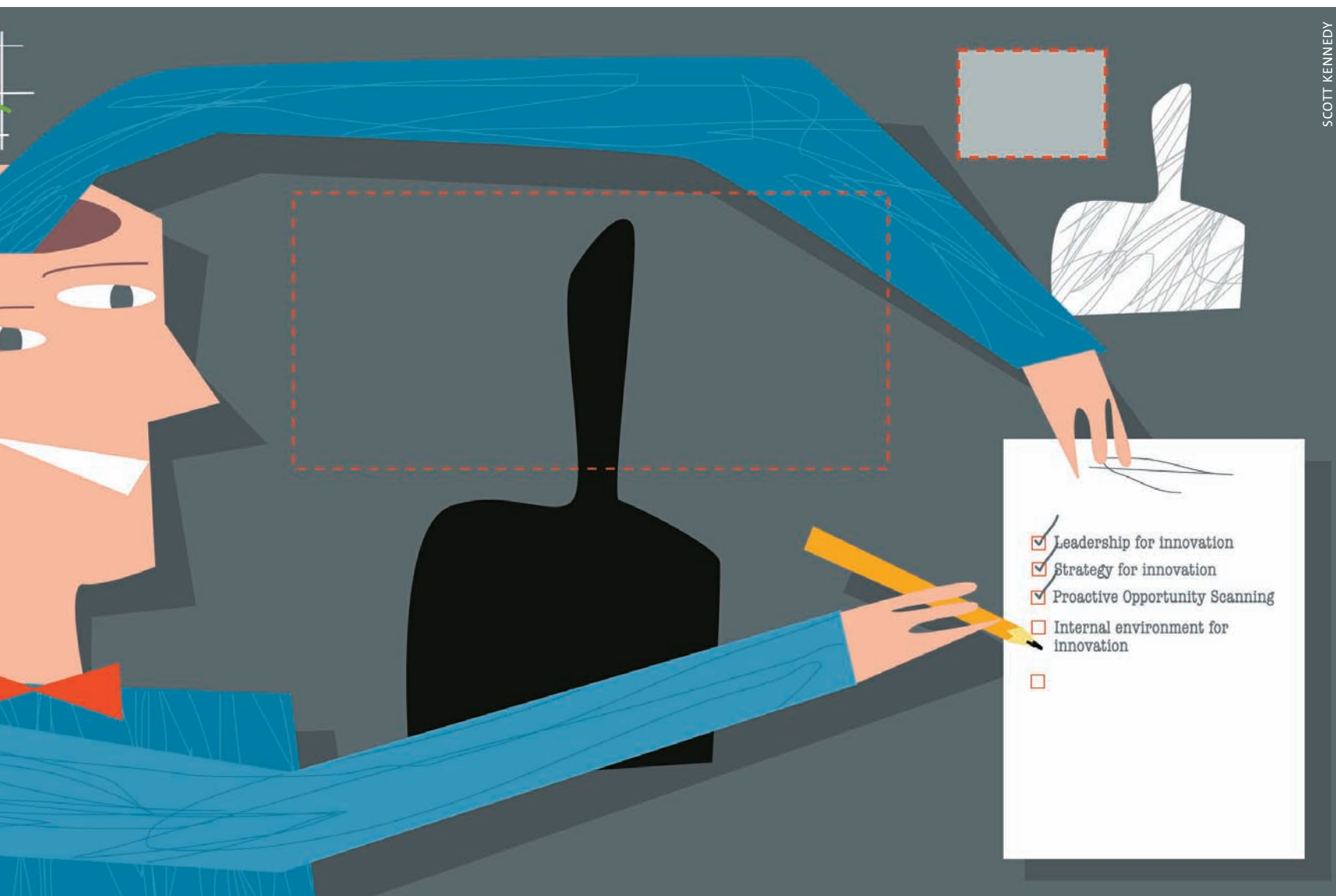
founded by Darryl Bubner. Wave Global specialises in designing tools to assess the capability to innovate. GNS used WAVE® (the name of the assessment) tool to:

- improve its strategic focus on fostering innovations for its markets
- enhance the effectiveness of the organisation overall.

After using WAVE, Pim Willemstein said GNS gained an appreciation of the role of the leadership and internal processes in a way that was not recognised in the past.

“This is one of the most exciting tools I have come across. Just knowing that you lost a rugby game, for example, doesn’t help you to become better. You should know why you lost, and what you can do about it.”

GNS used the version of WAVE for companies with several hundred



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employees. There is also a version for companies employing between seven and 100 staff, called WAVE SME.

WAVE SME is available on-line and is useful for owners, directors or senior managers. One person can answer the questions and get a report in 30 to 40 minutes. A group of two or three will take longer because the questions and the report prompt numerous discussions and debates – so learning happens along the way. For the business owner, WAVE SME provides practical recommendations that focus attention on key future investments and decisions. The results of these investments can be measured,

as the assessment can be repeated in six or 12 months.

The unique aspect of WAVE is its dual coverage across both broad business capabilities and innovation capabilities. The broad business capabilities are essential in all businesses, irrespective of the importance of innovation. They are:

- general management
- strategy
- opportunity scanning
- marketing and sales
- production /operations
- administration.

WAVE cleverly extends these capabilities to those required for

successful innovation. What you gain from this holistic approach is a roadmap for making decisions that leads to a more effective business, likely to achieve better short and long-term performance. The innovation capabilities measured by WAVE are:

1. leadership for innovation
2. strategy for innovation
3. proactive opportunity scanning
4. internal environment for innovation.
5. the innovation “production process” for deliberate idea generation
6. maintenance and measurement of innovation.

After reviewing results from hundreds

of audits, Darryl Bubner provided these insights to business owners:

1. most businesses don’t have an innovation strategy, and as a result their innovation efforts are poorly integrated with business and competitive strategies
2. good leadership and people-oriented HR management creates an environment conducive to innovation, whether or not innovation is actively promoted
3. even where there is a great environment for ideas, most companies lack the skills for developing, reworking and evaluating the ideas. Here lies one of the



major problems with many of the innovation initiatives – providing the skills and tools to innovate. People still require the skills and processes to manage, ideas.

### Singapore Innovation Scorecard

The issue of skills and tools is also part of an insightful framework developed in Singapore as part of a major programme to prompt all organisations to strive for organisational excellence. It is called the “Innovation Scorecard”. While it is supported by training and consulting, it can also be used informally by an executive team (see sidebar).

The scorecard uses a model of “Four Cs”: conditions, culture, competencies and connectivity. What

is interesting is the assessment it uses to judge each of the 58 elements of the model. The objective is to assess whether the execution of innovation initiatives is, in itself, “innovative”. This prompts executives to take a hard look at their initiatives beyond a simple “yes” or “no” response.

In summary, the four factors of the scorecard are:

1. *conditions* are the underlying factors that stimulate and enable innovation to take place. There are three dimensions: leadership, innovation strategy and resource management.

2. *culture* refers to the underlying values, philosophy and beliefs, practices and behaviours held by staff and the practices and behaviours that exemplify them. There are two dimensions:

organisational value and organisational behaviours.

3. *competencies* refer to how adept people in the business are in developing and implementing ideas. There are two dimensions: people development and innovation management.

4. *connectivity* refers to the ability to leverage on the capabilities of the external parties and effectively integrate all four components of the innovation framework to achieve the business’s goals. There are two dimensions: networks and innovation performance.

### Putting innovation on your roadmap

An innovation capability assessment pinpoints where resources are needed to make a business more innovative. Using a tool like WAVE creates a report including recommendations to provide the roadmap. The Innovation Scorecard assigns a value to each response. When combined, this produces an overall innovation score for an organisation. The results will lead executives to the areas of concern.

If by using this tool you start conversations on the need for innovation, and then make decisions to support the people and processes that underpin innovative thinking, you can make innovation a sound strategy for growth and profitability. And that’s money in the bank.

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Innovation checklists will provide you with insights for thinking about innovation. Sample checklists are:

1. New Zealand-based Windeaters has created a basic checklist [www.windeaters.co.nz/audits/innovation.htm](http://www.windeaters.co.nz/audits/innovation.htm)
2. Innovation Scorecard – Singapore Standards, Productivity and Innovation Board developed an I-Score for organisation excellence. [www.enterpriseone.org.sg/i-class/download/I-SCORE\\_Instrument\\_June04.pdf](http://www.enterpriseone.org.sg/i-class/download/I-SCORE_Instrument_June04.pdf)
3. To gain a greater understanding of the skills, the Idea Factory has created a one page overview to help with understanding. [www.wowgreatidea.com/ideafactory/publicsector/skills.asp](http://www.wowgreatidea.com/ideafactory/publicsector/skills.asp)