

An Introduction to Idea Management

by Jeffrey Baumgartner

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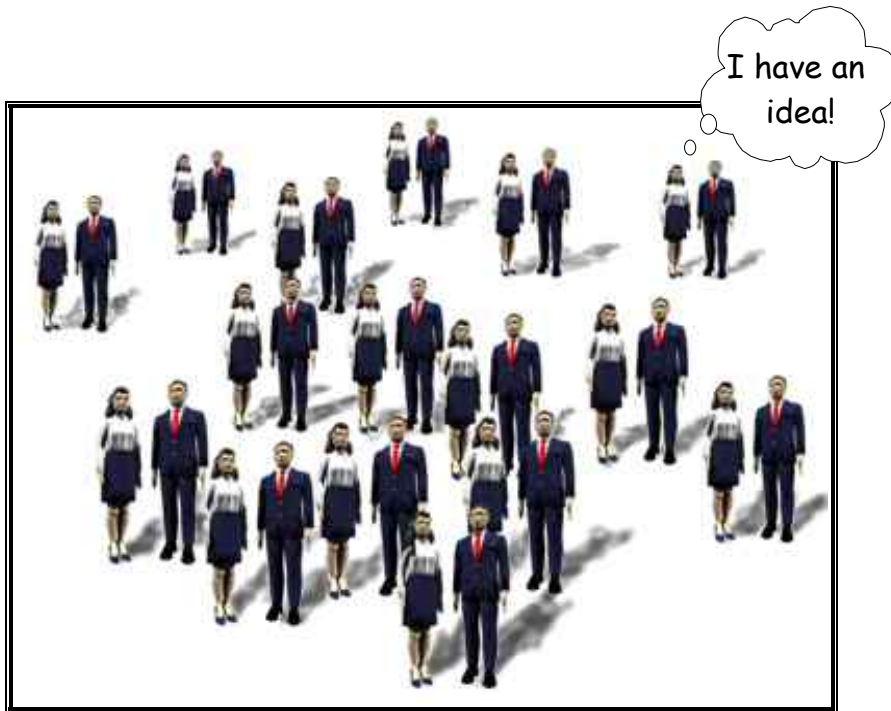
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Jenni Idea Management Software Service has been developed and is marketed by Bwiti bvba, a jpb.com company.

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In a Nutshell

The Problem

Your organisation needs to innovate. Your employees have creative ideas that could be implemented to become powerful innovations. Idea management can make it happen.

In any medium to large business, government office or other organisation, employees have ideas, lots of ideas. If you are in any doubt, just visit the staff canteen during any lunch hour and keep your ears open. You will hear people complaining about inefficient operational processes, wishing company products had this feature or that feature and wondering why management doesn't offer an obvious business service which clients keep asking about. Each of these complaints and wishes are wrapped around an idea for improving operations, products and services.

While management often have strategic ideas, it is the employees who are on the factory floors, running day to day operations, meeting with customers and serving customers who have the lion's share of ideas that at minimum improve efficiency and thereby cut operational costs and at best may transform your business (Post-its, for instance, were devised and developed by 3M employees – not management).

Yet, most businesses leave the innovating to management – and ignore the many potentially lucrative ideas locked up in their employees' minds. As a result, many innovative ideas are missed out upon. And with most managers proclaiming that innovation is critical to their firms, not exploiting this opportunity is a tremendous mistake.

Idea management is a structured process for soliciting ideas from employees, capturing those ideas and evaluating them in order to determine which ideas have the greatest potential to add value to the organisation

Quick definitions

***Creativity** is the ability to generate original ideas, usually by combining existing ideas in new ways.*

***Innovation** (in business) is implementing creative ideas in order to improve profitability typically through increased income or reduced operational costs*

Idea Management to the Rescue

Fortunately, there is a solution: idea management. Idea Management is a structured process for capturing ideas from across the work force and evaluating those ideas in order to determine which have the greatest potential.

In smaller to medium sized firms, the first foray into Idea Management is often a dedicated e-mail address where employees may submit ideas. A team typically reviews all ideas on a regular basis and decides which ideas to develop. At the other end of the spectrum, more and more companies are implementing sophisticated idea management software products with a range of features designed to support the innovation process.

Most idea management products on the market today include several, if not all, of these functions:

- A means for soliciting ideas.
- A means for capturing ideas.
- Collaboration tools that allow people to build or collaborate upon ideas.
- Reward tools
- Idea review tools for determining which ideas offer the most promise.
- Reporting tools.

In addition, most tools include numerous functions to further enhance the idea management process, such as e-mail notifications of new ideas, automatic rewards schemes, creative thinking support and more.

Two Models of Idea Management

Idea management software tools use one of two models for capturing and processing ideas:

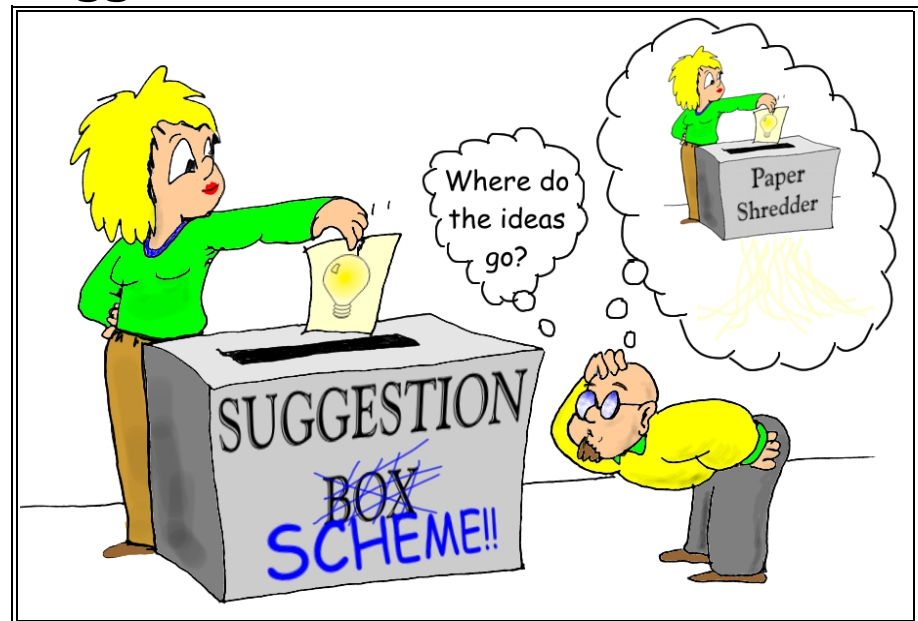
1. Suggestion schemes
2. Ideas campaigns

Unfortunately, one of these models is almost inevitably doomed for failure within 12-18 months of inception. The other is more effective for a sustainable innovation programme.

Let's take a look at each model.

Suggestion Schemes

Suggestion boxes have been around for decades. Yet most people do not believe that anyone ever actually reads ideas dropped into a suggestion box. For the most part, this is because once an idea is dropped into a suggestion box, the submitter is unlikely to ever see it again – hence she assumes no one is interested in her idea. Sadly, many suggestion scheme idea management solutions suffer a similar reputation.



Many organisations and even idea management vendors envision a software tool that allows anyone in the organisation to submit ideas into a central repository. Ideas in the repository are reviewed by an innovation team who decide which to forward for further development and which to reject.

In short, they are imagining a modern suggestion box. But instead of a box with a slot, employees are provided with a software interface for submitting ideas.

Although there are variations on how suggestion schemes process ideas, nearly all involve an individual or team who review submitted ideas and decide whether or not to develop them further. The software normally includes tools to automate the review process.

The best suggestion schemes will be transparent, allowing idea submitters to review their own and other ideas as well as comment on ideas. However, many schemes are opaque. Ideas are submitted directly to the reviewers and no one can see what happens to them thereafter.

At first glance, the suggestion scheme seems a simple yet effective approach to capturing ideas from the workforce. After all, employees have ideas – all you need is a tool to capture and evaluate those ideas.

In fact, most suggestion schemes fail after 12-18 months, for the same reasons:

Sadly, suggestion scheme based software solutions are not sustainable. In the author's experience, most stagnate within 12-18 months.

- **Suggestion Overflow**

A well promoted suggestion scheme leads to an initial surge of idea submissions. However, with no indication of what kinds of ideas are wanted, the scheme is typically inundated with all kinds of ideas, many of them totally irrelevant to business needs. The managers in charge of reviewing ideas cannot process them in a timely manner, leaving idea submitters to believe that their suggestions are being ignored. As a result, employees come to believe that submitting ideas is a waste of time.

- **Duplicate Idea Submission**

Particularly in opaque suggestion schemes, there is a tendency to receive many duplicate ideas. These are often inspired by television programs and articles in trade journals widely read by employees. Nevertheless, duplicate ideas take time to process and this exacerbates Suggestion Overflow.

- **Many Irrelevant Ideas**

Because suggestion schemes do not indicate what kinds of ideas should be submitted, many that are submitted are irrelevant to current business needs and, as a result, must be rejected. A high level of rejections sends the message that although management claims innovation is important, they are not really interested in ideas because they reject so many of them!

- **Opacity**

Although some suggestion scheme software solutions are transparent in that people can see their ideas after submission and can monitor the progress of their ideas, many products are as opaque as a suggestion box. Once the employee submits an idea, she has no idea what happens to it. Submitting an idea is to her mind an empty and pointless process. And that is hardly motivating!

Suggestion overflow exacerbated by duplicate idea submissions and irrelevant ideas eventually stagnates even the best suggestion scheme. And opacity only makes it worse!

Some firms react to this problem by developing methods of fast-tracking ideas so that employees get feedback immediately. Ironically, this can be even worse!

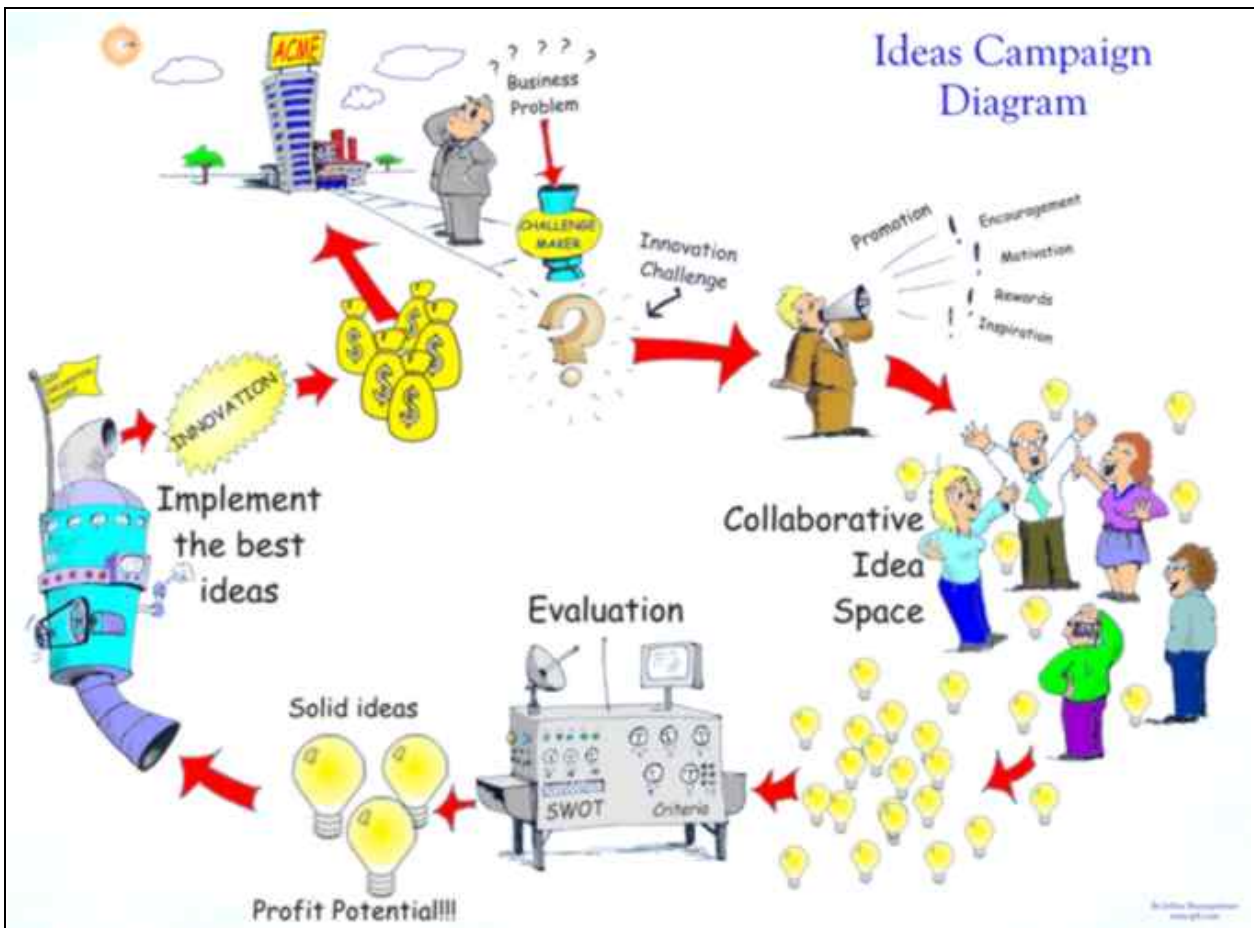
An international company's Beijing office recently launched a suggestion scheme that included a guaranteed fast response to every idea submitted. However, as so often is the case with open suggestion schemes, the majority of the ideas were unrealisable – mostly because they were not in line with the company's business strategy for China. This suggestion scheme stagnated within weeks of starting up. Employees simply stopped submitting ideas all together.

The sad fate of many suggestion schemes is that they sit idle full of ideas that no one is processing. Meanwhile employees doubt that anyone is interested in their ideas (because they are not being processed) and so stop submitting them.

It is not hard to understand why this was the case. Participating employees received prompt rejections of their ideas. Moreover, if they talked about the scheme with their colleagues, they found that almost everyone's ideas were being rejected. Clearly, as far as the employees were concerned, the suggestion scheme was a farce and management was not interested in their ideas at all! This was not the case at all. In fact, management was very keen to get ideas from the local work force. It was their idea management process that was flawed.

Ironically, while suggestion schemes have a tendency to capture many ideas that may be good, but which are not related to business needs, many managers are often in urgent need of innovative business ideas – but are not getting any relevant ones.

The logical approach, then would be to tell employees what kinds of ideas you want. That would focus their creative thinking on current business needs.



Idea flow in an ideas campaign

Ideas Campaigns

The ideas campaign is based on creative problem solving (CPS) methodology, a proven approach to soliciting and generating ideas on demand.

An ideas campaign is a focused event designed to solicit ideas that solve specific business needs.

An ideas campaign is a five step process

1. An ideas campaign begins with an innovation challenge based on a business problem or issue.
2. Promotion: employees are motivated to participate and solve the challenge.
3. Participants develop ideas in a collaborative environment over a set period of time.
4. The most promising ideas are selected and sent to teams of experts for evaluation.
5. The winning ideas are implemented.

Idea management by ideas campaign is the process of running multiple unique ideas campaigns based around different innovation challenges.

Let's look at each step in an ideas campaign.

1. Innovation Challenge

The innovation challenge is the focus of your ideas campaign - and it is worth spending time to get the challenge just right so that you get the right ideas.

The key to any successful ideas campaign is formulating a well phrased challenge that captures your needs and stimulates your colleagues.

It is worth spending time to ensure that your challenge is well designed. Trying to generate some ideas yourself is a good initial test.

Challenges are normally the result of rephrasing problems - or perhaps business needs or issues - into short, terse questions which inspire creative thinking. Here are some examples.

Problem/issue	Example innovation challenge
A competing product is grabbing market share.	In what ways might we make product X a more attractive offering?
Your logistics costs are too high.	How might we reduce costs in our logistics process?
Your customers do not associate the same values with your brand as you do.	In what ways might we better communicate our brand identity to the public?
Your electricity bill has gone through the roof	In what ways might we reduce electricity consumption?
You want to do business in China	What kinds of business activities might we launch in China?

Your challenge should meet these criteria..

A good innovation challenge should meet these guidelines.

- It should be a short, terse question focused on a single issue. *"In what ways might we improve the functionality and reduce the production cost of product X?" is two good challenges - but one bad challenge. Better to create two challenges for two ideas campaigns: "In what ways might we improve the functionality of Product X?" and later, "In what ways might we reduce the production cost of Product X?"*
- It should not be ambiguous. *"Marketing ideas" is way too ambiguous. Your colleagues will not know what you are looking for.*
- It should (normally) start with: "In what ways might we..?" or "How might we...?" or "What kinds of...might we...?". *"How do we improve our product?" demands a single correct answer. "In what ways might we improve our product?" suggest there are many potential solutions and invites participants to be speculative. This in turn encourages creativity.*
- It should not include background information. This is a common problem in ideas campaigns and tends to confuse participants. *"Based on our latest market research, we see that sales to women in the 35-50 years of age bracket are down 12%; moreover, three focus groups indicated that our widgets are unappealing to woman over the age of 30. With this information in mind, please suggest product improvements..." - is a bad challenge. It has way too much information! "In what ways might we make our widgets more appealing to women over 30?" is sufficient for*

generating good ideas.

- It should not include criteria. Criteria are essential for evaluating ideas. But during the idea generation phase, you want to encourage open thinking. Criteria slow people down and encourage them to censor their ideas for fear they will not meet the criteria.

"What kinds of business activities - that take advantage of low labour costs and do not demand English language skills from the work force - might we launch in China? is a poor challenge. Idea submitters will not submit ideas they fear do not meet criteria. A better challenge would be "What kinds of business activities might we launch in China?". During the evaluation phase you can work out which ideas meet your criteria as well as modify promising ideas so that they better meet your criteria.

- It should not include solutions!

"How might we reduce logistics costs by outsourcing small deliveries?" is a bad challenge. It already includes a solution and will therefore discourage participants from suggesting alternative ideas for reducing logistics costs. Ask instead, "How might we reduce logistics costs?" and give your colleagues the freedom to be creative with their solutions!

It is worth spending considerable time developing your innovation challenges. A poorly designed challenge may generate a lot of good ideas – but they may not be the ideas you actually need in order to solve your problem!

2. Motivation

Once you have formulated your challenge and set up your ideas campaign, the next step is to motivate people to participate! This may seem obvious, but if you do not motivate people to participate, they won't. The main means of motivating employees include promotion and rewards.

Promotion

We will assume that you are already promoting innovation and idea management in your enterprise. Hopefully, part of this promotion is coming directly from top management. In addition, you need to promote individual ideas campaigns - particularly in the early days of your idea management activities - so that people know about each campaign and are motivated to participate.

Promotion at minimum should include e-mail notification to all participants of an ideas campaign. The e-mail should provide

1. Information about the ideas campaign, especially the challenge.
2. Explain why the challenge is a business issue and the importance of the selected ideas.
3. List rewards associated with the campaign.

In addition to e-mail promotions, posters (lifts are a great place to put promotional posters), t-shirts and announcements in divisional meetings

Promoting your ideas campaign is critical to its success!

Consider:

If no one knows about your ideas campaign – no one will participate.

If no one believes that your firm is serious about innovation, few people will take your ideas campaign seriously.

are all good ways of promoting ideas campaigns.

Rewards

Rewards are a key motivational tool. They need not be big. Indeed, big rewards are often less effective than small rewards.

There are several reward types:

- Recognition (eg. Being included on a top-thinkers list or getting a thank you call from the CEO)
- Small gifts for every idea.
- Slightly larger rewards for the most creative ideas (this motivates people to stretch their thinking and be more creative)

Whatever rewards choice you make, be sure your colleagues know about it. Rewards are one of the biggest motivators for participating in an ideas campaign.

Small rewards for ideas can be a remarkably powerful means of promoting participation in your ideas campaigns.

Individuals in your organisation have good ideas. But the best way to transform good ideas into great ideas is by allowing people to collaborate on idea development.

Better still, you should allow open collaboration so that anyone may collaborate on anyone else's idea – even when those involved do not know each other at all.

3. Collaborative Idea Development

Once the innovation challenge has been formulated and the ideas campaign launched, it is time to generate ideas. Participants submit ideas and collaborate on each others' ideas in an open, transparent environment.

During the collaborative idea development phase, feedback should be positive and participants should be encouraged to push their ideas further. Criticism must be prohibited. Such a positive environment is essential to the incubation of creative ideas - and it is creative ideas that turn into your most significant innovations. Negative feedback is discouraging not only to the recipient of the feedback, but also to other participants. And as soon as people fear their ideas will be criticised, they quickly stop being creative.

4. Evaluation

Now it is time to evaluate ideas in order to determine which offer the most potential to your organisation.

An evaluation matrix is an ideal initial evaluation tool. It includes a set of criteria (five is best in our experience) against which each promising idea can be measured. The better the idea meets each criterion, the higher its score. When a set of ideas is evaluated by a team of experts, you get a detailed scorecard of the best ideas.

Following the evaluation matrix, you may wish to have experts prepare more detailed SWOT (strength, weakness, opportunity, threat) analyses for marketing and new product ideas - as this will provide a more detailed picture of each idea's market potential.

Ideas which pass these initial evaluation 'gates' can then move on to

more formal idea implementation processes such as business case development, project initiation, prototype development and similar.

5. Implementation

The final stage of any effective idea management approach is the successful implementation of innovative ideas.

After the ideas campaign, it is important to implement the creative ideas you generate. After all, creativity does not become innovation until the ideas have been implemented. Unfortunately, many organisations go to great trouble and expense to generate and evaluate ideas, but then fail to implement them! This is a very inefficient exercise in idea management and one to be avoided! Thus it is important that your idea management initiative includes methods for testing and implementing ideas, particularly more radical ideas that tend to frighten risk adverse approval committees.

Sustainable Idea Management

Although each ideas campaign is short lived, an idea management strategy based on regular and frequent ideas campaigns is remarkably sustainable over the long term.

Although each ideas campaign is a single event lasting about two months - from framing the innovation challenge to completing the evaluation process - campaigns can and should be combined to form a sustainable and integrated idea management process.

In addition, new ideas campaigns can build upon the results of previous ideas campaigns. For instance, you might run an ideas campaign about new product ideas. Once you have completed that campaign and have one or more innovative new product ideas to develop, you will probably want to run additional ideas campaigns about how to build the product, what features to add, packaging, marketing and other aspects of product development and marketing.

Compared to suggestion schemes which are open to all ideas, ideas campaigns offer numerous advantages:

1. Innovation challenges focus on your current business needs and so generate relevant, usable ideas.
2. Innovation challenges motivate creative thinking and facilitate collaborative idea development.
3. Idea evaluation may be performed in bulk by a single team of experts, making the review cycle more efficient.
4. Challenges tend to generate multiple solutions to problems – several of which may be implemented, thus increasing your innovation.
5. Ideas campaigns are short-lived and archived for reference upon completion. Open reports make it clear to all how ideas have been processed. Thus you do not have the clutter of unreviewed ideas as is commonplace in suggestion schemes.

Clearly, idea management by ideas campaign is more effective than idea management by suggestion scheme.

In our experience with Jenni idea management (an ideas campaign based idea management solution – see www.jpb.com/jenni), an ideas campaign typically generates 20-50 ideas per 100 participants. Of those about 30-50% receive high evaluation scores and are deemed viable for implementation. How many ideas are actually implemented depends on the nature of the ideas campaign. In some instances, only a single idea may be possible (for instance, a campaign to generate a slogan for a new product). In other instances, a large number of ideas may be implemented (for instance cost cutting suggestions).

The Big Picture

An idea management software solution is but one part of a comprehensive idea management and innovation strategy. But it is the engine of that strategy.

On its own, even the best idea management software will not help your firm innovate more effectively. Rather, the software needs to be implemented in a culture of innovation in which..

- Management demonstrably promotes the importance of innovation.
- Management communicates that creativity and innovation each take high priority in the firm and that staff should allot time to pursuing creative ideas.
- Creative thinking is rewarded rather than discouraged.
- Mistakes are tolerated, indeed they are seen as valuable learning opportunities.
- A budget is provided for innovation.
- Some budget is set aside for testing and implementing the more radical ideas that are likely to come out of an idea management process.

When implemented in a culture of innovation, idea management software will always produce significantly better results than when implemented in a culture in which innovation is not perceived as being of high priority.

This should not be surprising. If employees perceive that innovation is not important to the firm, they will allot a low priority to using the idea management software and are unlikely to be willing to spend much time to developing creative ideas for the firm.

Indeed, in our experience, this is the biggest problem many firms face when launching an idea management initiative: getting employees to log into the idea management software and actually use it! This is almost inevitably a result of insufficient promotion of innovation in the firm and a feeling among employees that innovation is not of a very high priority.

However, in those firms which emphasise the importance of innovation and demonstrate it – by allotting budget, developing rewards schemes and recognising creative thinkers – participation levels are inevitably better.

Benefits

There is only one reason to embark upon an idea management programme:

To keep ahead of the competition!

There is really only one reason to implement an idea management solution: to keep ahead of the competition – unless the competition is already ahead of you, in which case your need for a successful idea management programme is critical!

That may seem a lofty goal for a simple piece of software – but it is a very realisable goal. After all, the most effective means of keeping ahead of the competition is to out-innovate them. If you can constantly improve existing products, introduce innovative new products and improve the efficiency with which you manufacture or provide those products, you have a successful recipe for being a leader in any market.

But idea management can also bring smaller, yet still valuable benefits:

- Cost cutting ideas can reduce operational expenses and therefore increase profitability.
- Human resource ideas can make working at your organisation more pleasant and therefore ensure your best employees stay in place.
- Taking a creative approach to solving problems can minimise damage when things go wrong.

Indeed, the best strategy with idea management – particularly an idea management based on ideas campaigns – is to run ideas campaigns on various challenges, ranging from those looking for radical new product and operational ideas to those seeking simple cost cutting and conservation solutions. Add the odd strategic level innovation challenge and you have a well balanced innovation strategy based around idea management.

Putting it all together

Idea management can bring substantial benefits to your firm – not least of which is keeping ahead of the competition. Moreover, it is a cost effective approach because it allows you to tap into your own workforce – rather than requiring the hiring of expensive consultants.

However, in order to be successful, your idea management system needs to be implemented in a culture of innovation in order to ensure that you do indeed capture and identify highly creative ideas that can be implemented to become highly profitable innovations.

Jenni Idea Management

Jenni idea management software service is an ideas campaign based software that runs on a web server and is accessed via the Internet. Jenni is provided to clients like you as a comprehensive service package that includes access to the software, support and innovation consultancy.

For more information about Jenni, please visit

www.jpb.com/jenni/

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