

Managing Innovation



A guide to help you adopt a more structured approach to managing innovation in your business

There are many definitions of innovation but, in its simplest form, it can be said to be concerned with identifying and exploiting new ideas for your business which are designed to improve business performance and give you an edge over your competitors. It is true to say that innovation has become somewhat of a buzzword in business circles today and it can be over-hyped at times, but that is not to say it isn't a vitally important consideration for every business large and small. At all times in a business' performance the importance of generating improvements and efficiencies through the implementation of new ideas cannot be overlooked.

Managing Innovation

This guide is designed to help you to adopt a more structured approach to managing innovation in your business and addresses the following content:

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1. Introduction

Big thoughts are fun to romanticise, but it's many small insights coming together that bring big ideas into the world.

*Scott Berkun,
author*

In discussing the issue of innovation, it is important to be aware of its different contexts. There is often a misconception that innovation is primarily concerned with finding that one big, or game changing, idea and as such only the larger businesses with plenty of resources for research and development can be truly innovative.

Whilst it is true that at one level innovation is about identifying truly radical new ideas, you should recognise that this is not its only manifestation. Innovation is equally concerned with ideas that deliver small and incremental improvements which collectively make a valuable contribution to business performance.

Therefore, every business can find a way to innovate that is appropriate to its size and resources available.

Although technological innovation can potentially bring about radical change to how we do things in tourism, it is fair to say that you are unlikely to stumble across one big idea that will completely transform your business and make you vastly more competitive, or indeed profitable.

That is not to say such a thing cannot happen – that's the whole point of innovation, it often brings the unimaginable to life – but realistically the benefits of innovation to your business are likely to come from generating lots of small ideas which continuously improve what you do.

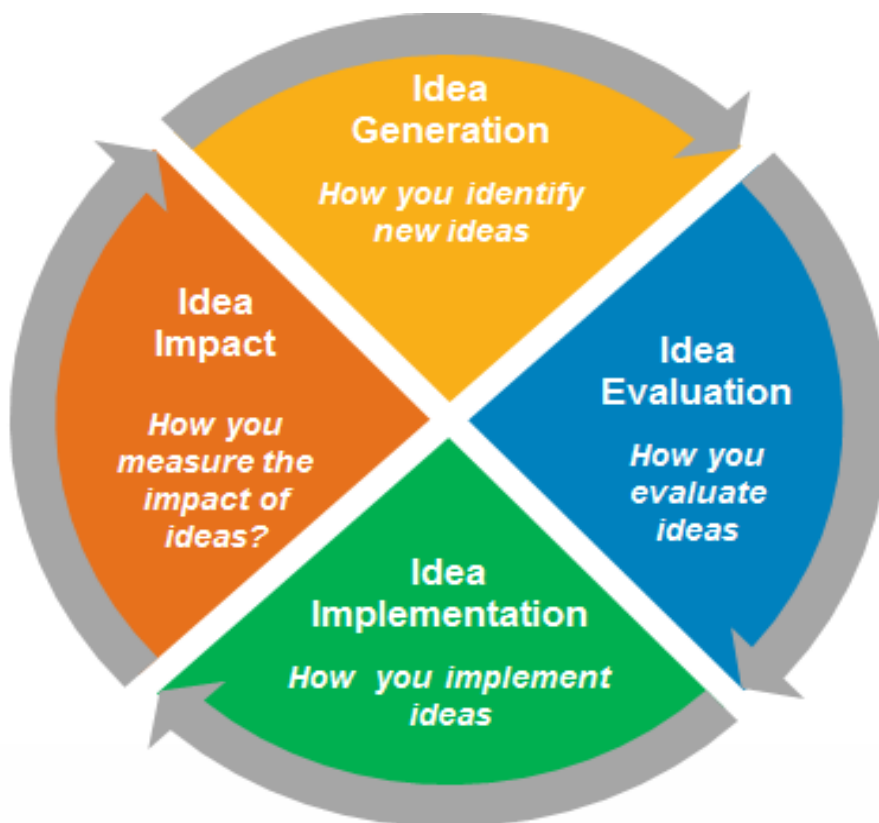
And for that to happen you first need to view innovation as a process which, like any other key business activity, must be well managed to deliver best results.



2. Managing Innovation

The first step in getting the most from innovation in your business is to recognise that it is an interlinked process which must be well defined and then effectively managed in order to generate meaningful and lasting results. It has four key stages.

All four components are of course important, but as a starting point you need to ensure that you have effective procedures in place to continuously generate new ideas for the business, so that will be the main focus of this guide.



It's easy to come up with new ideas; the hard part is letting go of what worked for you two years ago, but will soon be out of date.

*Roger von Oech,
author*

2.1 Ideas Generation

Naturally, the foundation to any meaningful innovation process is the number and quality of ideas it generates and this requires you to consider both internal and external sources of ideas.

2.1.1 Internal Sources

One of the potentially most valuable channels for new ideas can come from those working in your business and you should make every effort to maximise

their input into identifying new and better ways of doing things.

However, whilst this may well be an obvious consideration, many businesses go about soliciting ideas from employees in the wrong way and as a result see little long term benefits in the ideas generated. In light of this, you should reflect on this issue at length to ensure you don't make similar mistakes.

Many businesses use the 'suggestion box' approach to gathering ideas from employees and whilst this is undoubtedly a common method applied, it rarely works well, and certainly not over the longer term. There are many reasons why this is so, but the following are important contributing factors:

- ❑ If you think about it, using the suggestion box approach actually serves to separate the ideas generation activity from an employee's daily working life; in other words, it subconsciously sends out the message that coming up with ideas or suggestions is optional, or that it's somehow beyond the scope of their normal roles and responsibilities.
- ❑ In addition, it makes an unwelcome distinction between 'thinking' and 'doing' whereby ideas are deemed as something 'extra' which require a special box to be designed to capture them.

These are dangerous signals to transmit to your people and you should make it clear that ideas generation is not an optional activity and in fact some top performing companies require employees to come up with at least one new idea a month, no matter how small.

Another common approach taken to

generating ideas from employees is to establish an 'innovation team' or similar, which has employees drawn from across the business. Whilst this approach tends to work better than the suggestion box model, it still sends out a message that idea generation is the responsibility of the few, not the many. However, this approach does work if well managed and when the team membership is frequently rotated.

“ *flow of ideas* ”

Perhaps a better approach to consider is to integrate the ideas generation process into daily working life and to make it a 'must do' activity rather than something people think they can opt in or out of as they wish. One way to achieve this could be to introduce an ideas generation section into existing meetings so that every month there is a flow of ideas within the organisation. This could be structured as follows:

“ *one new idea* ”

Every Manager or Head of Department (HoD) should be meeting with his or her employees at least once a month to discuss work related matters. This is something that should be happening already in all businesses as it brings many benefits. To better integrate ideas generation into daily life, part of this monthly meeting could be devoted to gathering ideas from each employee in the department. Employees could be informed that they must come to that meeting every month armed with one new idea, however small. (They can come up with this idea individually or with others in the team.)

To focus the nature of ideas generated, employees could also be given the option to suggest ideas under one of four headings:

- ❑ Ideas which help to improve sales or reduce costs.
- ❑ Ideas which help to better engage employees or improve teamwork.
- ❑ Ideas which help to enhance the service experiences for customers.
- ❑ Ideas which help to deliver operational efficiencies.

These four headings cover key business activities and would give employees plenty of scope for identifying new ideas. When you really reflect on this issue, it is not overly taxing to ask employees to come up - individually or in small groups - with one new idea a month in any of the four areas above.

Applying this approach would make the ideas generation process part of what employees do and not a stand-alone activity.

“
effective
”
feedback

In addition to your employees, your customers too can help you to identify new ways of doing things. This can be partially achieved through having an effective feedback system which you analyse closely in order to identify problems or blockages which can be resolved by a new approach. However, you should also be proactively holding ‘focus groups’ with your key customer segments so that you are constantly in tune with their changing needs and expectations and as part of those interactions you will find new ideas on how to deliver a better experience for them.

The key to a successful innovation process is having lots of ideas and you should even be thinking of a target for the number of ideas you want generated in a given month in order to drive this activity.

“
adapting, not
”
adopting

2.1.2 External Sources

Of course, finding new ideas is not confined to what employees can come up with, or from what you can learn from listening to your customers, there are plenty of good ideas to be found across the tourism industry and beyond.

However, a word of warning here before we progress: some companies are generators of ideas, whilst others are copiers or stealers of ideas, and it's not a positive sign for your business if you end up depending upon other companies to find new ideas for you.

Simply copying an idea you see somewhere else actually makes you less innovative not more; and in most cases, when a company just copies an idea seen elsewhere they can rarely pull it off as well as the originator, because of differences in factors like the culture and levels of employee engagement. So, the message here is that you should of course look externally for new ideas, but it is a matter of adapting not adopting – when you see a new idea you like, mould it to fit your organisation and people, try to make it even better, but don't just simply copy it.

If you have
an apple
and I have
an apple
and we
exchange
these
apples
then you
and I will
still each
have one
apple. But
if you have
an idea
and I have
an idea
and we
exchange
these
ideas, then
each of us
will have
two ideas.

*George
Bernard
Shaw,
playwright*

Finding external ideas can have both informal and formal components. For example, maybe you, or one of your managers or employees will come across an interesting idea outside of the business and such ideas can be reported at the monthly meetings as described above. More formally, you should also be doing a lot of what is known as 'Process Benchmarking'. This is a planned activity whereby you pick a particular business process, let's say Reservations, and seek to learn how the best in the industry – and beyond

– manage that particular process.

It means building relationships with best in class (at that process) companies, on-site visits to learn how they do it so well, and again adapting not adopting what they do to fit your business. It requires planning, organisation, financial resources and significant effort to conduct meaningful process benchmarking but it delivers returns in terms of finding better ways of doing things.

2.2 Evaluation of ideas

If you get the above right you will increase the number of ideas identified on a monthly basis from both internal and external sources. The evaluation of ideas should then happen at a number of levels.

2.2.1 Department Level

Following the monthly meeting with his or her team, each Manager/HoD should review the ideas identified and they will likely group them into three categories:

1. Small ideas which can be implemented immediately within the department.
2. Bigger ideas which require input and decisions from the wider management team before being implemented.
3. Ideas which are not suitable for implementation.

For those deemed unsuitable, the Manager/HoD should explain to the employee in question why it is not suitable and encourage them to keep coming up with ideas. For small ideas which can be immediately

implemented, the Manager/HoD should put the necessary steps in place within the department to make it happen. For those ideas which require input from the wider management team, these ideas should be discussed at the monthly senior management meeting as outlined below.

2.2.2 Business Wide

The full management team in any business should be meeting on a monthly basis and again part of this meeting can be devoted to evaluating the bigger ideas generated across the business in any given month. This could work as follows:

- ❑ Each Manager/HoD provides a quick summary of the smaller ideas implemented in their department that month, and then outline the 'bigger' ideas generated for discussion and decisions should then be made accordingly.
- ❑ If there have been any process benchmarking activities carried out in the month, the findings

and proposals should also be presented for discussion by the relevant manager(s) and appropriate decisions made.

- This approach ensures that all managers are aware of the range of ideas happening within departments and also have input to decision-making around the bigger more substantial ideas.

This straightforward 'bottom up' approach to generating and evaluating ideas serves to integrate the first two stages of the innovation process

into existing management meetings; that alone will send out the message that innovation is part of what you expect from people every day, not something they can participate in when and if it suits them.

Yes, it may add some time to the duration of those meetings but this is still a better use of time than holding separate meetings around innovation. Equally, as the process is integrated into existing meetings, managers and employees can never use the excuse that they didn't have time to come up with ideas.



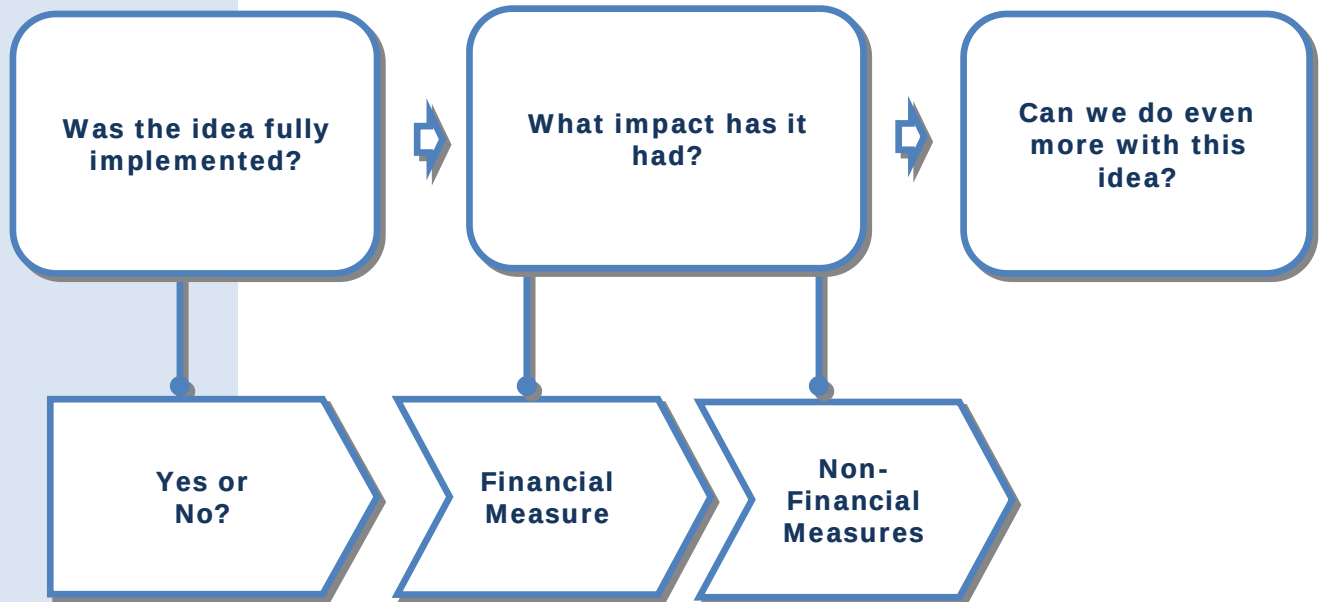
2.3 Implementation of Ideas

As indicated, small everyday ideas generated at departmental level, once agreed, should be implemented as a matter of course without too much fuss. For those larger ideas which require senior management approval the manner in how those ideas are to be implemented can only be decided upon on a case by case basis, as the route to implementation will naturally depend upon the idea involved.

However, when a larger new idea is approved which potentially impacts across the business as a whole, it can be useful to establish a cross-functional implementation team to guide the process. Where possible, those who came up with an approved idea should be involved in that team. This team would then be charged with bringing a particular idea, or group of ideas to life.

2.4 Impact of Ideas

When an idea is approved for implementation consideration should also be given to how its impact will be measured in future, so that the benefits of ideas implemented can be measured over time. The monitoring process can be depicted as follows:



Implementation can be monitored by the cross-function team established to guide the implementation of a particular idea, and the monthly senior management meeting can also monitor implementation progress.

As to gauging impact, this of course takes time, but the management team should be tracking the relevant financial and non-financial measures attached to each idea implemented to see how it has helped the business over the longer term.

2.5 Recognition of Ideas

In terms of planning a new, or revising your existing, approach to innovation in your business, the issue of recognition is very important. On the one hand, you don't want to 'reward' people simply because they make suggestions which, as discussed, should be part of

their job description anyway. On the other hand, you must acknowledge every idea, and where an implemented suggestion makes a major contribution to business performance you can consider sharing the reward for that.

Again, in deciding how to address this issue, common sense should apply:

! Every idea or suggestion received whether good, bad or indifferent should be acknowledged and the employee thanked for it.

! When an idea is not used, the employee should be informed why and encouraged to keep coming up with ideas.

! The employee who comes up with an approved idea should, where possible, be involved in its implementation.

! All ideas implemented should be recognised and there are many ways to do this. Some companies have an 'ideas wall' which shows which ideas were approved each month; others have an 'idea of the month award' (often one per the four ideas categories above) and an 'idea of the year award'. There are lots of ways to make employees feel good about making suggestions and they don't have to involve financial compensation.

! As mentioned, when a big idea does emerge that makes a significant difference to business performance; you should consider how the employee who made that suggestion can be rewarded.

The above four stages in the innovation process outlined above provide for an effective but straightforward approach to managing the flow of ideas within any business. The primary advantage of this framework is that it seeks to ensure that idea generation is part of an employee's job and not a 'nice to do' activity every now and again. The process also reduces the number of additional meetings required to manage innovation and that is always welcome for busy tourism professionals.

If you
always do
what you
always
did, you
will always
get what
you always
got.

*Albert
Einstein,
theoretical
physicist*

Activity – Review your current approach to innovation

As a conclusion to this guide, spend some time now reflecting upon how effective your current innovation process is:

- ✓ How many new ideas (large and small) were generated in your business over the past year?
- ✓ How many process benchmarking activities did you undertake in the past year?
- ✓ What did you learn from your customers that gave you new ideas over the past year? Think of three practical changes you made as a result of customer feedback.
- ✓ How many of the total ideas generated within the business were actually implemented?
- ✓ What difference did those implemented ideas make to business performance?
- ✓ What proportion of your employees contributed at least one new idea last year?

If you are struggling to answer the above questions it may be that your current approach to innovation is too unstructured. Spend some time reflecting upon the four stages of the innovation process shown above and consider how you might apply it to your business.



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