

DEFINE INNOVATION YOUR WAY

Make a copy of this page for each person in your team.

What does innovation mean for your organization?

Externally (i.e., for customers, consumers, end users)	Internally (i.e., for employees, processes, cultures)
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Define the right type of innovation for your organization in a self-assessment exercise

Current Capabilities	Strengths
Opportunities	Competitive Threats

Diagnostic Assessment

Identify the right direction forward for innovation and growth at your company

White Space Assessment

- **Strategic Goals:**
- **Market Needs:**
- **Brand Fit:**
- **Market Attractiveness:**
- **Core Competencies and Capabilities:**

Ideal White Space:

DEFINE INNOVATION YOUR WAY

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Crafting Your innovation Vision

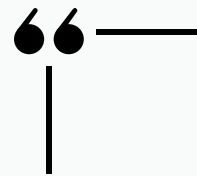
Think five years down the line. What do you want your organization's headline to be?

Your Organization's Innovation Vision

Now, it is time to craft your innovation vision.

Tip: Be concise, think big, and make it catchy.

DAILY NEWS



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THINK STRATEGICALLY, THEN TACTICALLY

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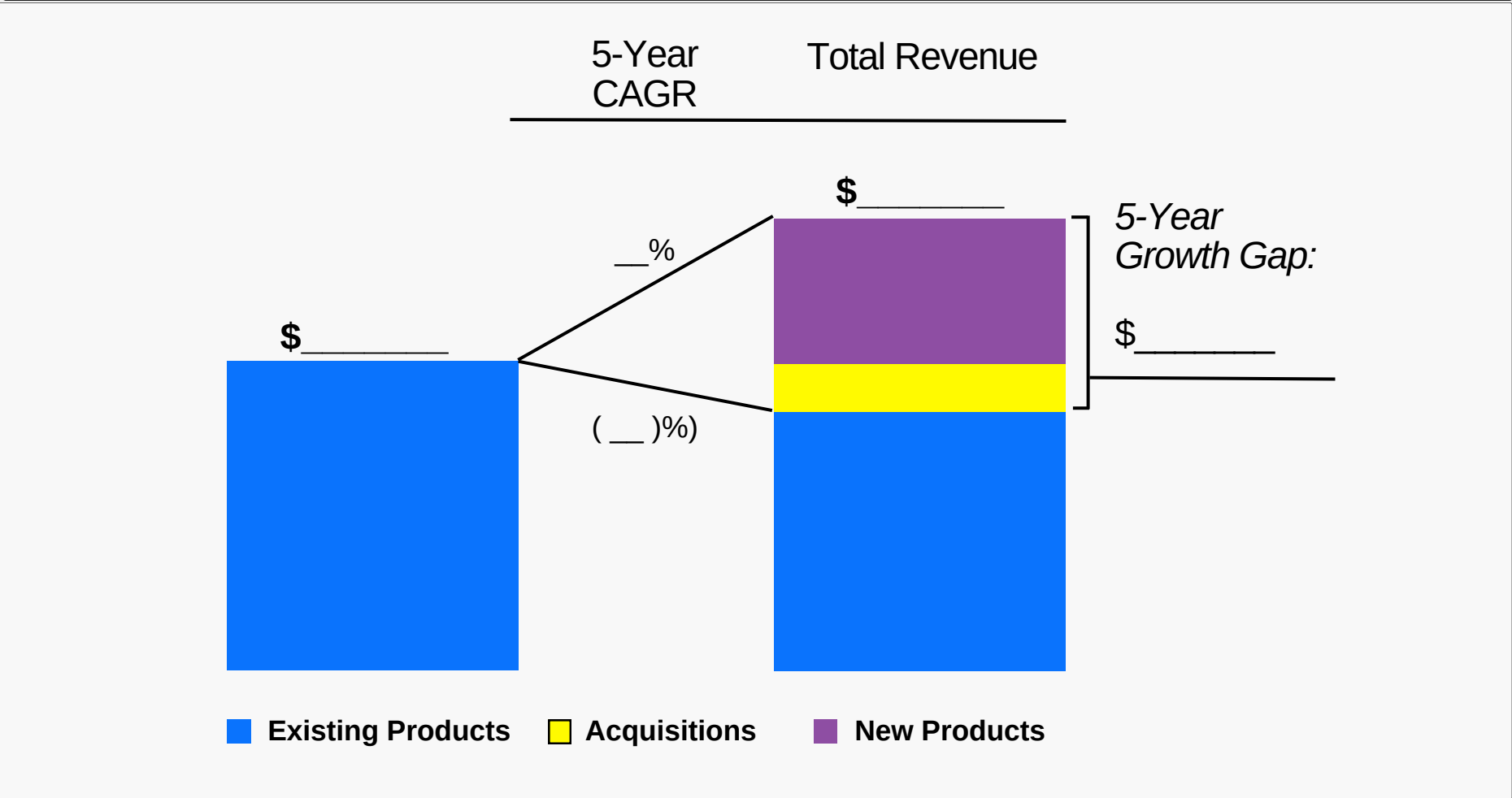
5 Steps to Crafting Your Innovation Strategy

The innovation strategy plays a critical role in an organization's overall growth plan. Together, these elements create an environment where everyone is aligned and understands which types of new initiatives, solutions, and offerings should be brought forward. This document should be tracked and updated on a semi-annual basis.

1 Innovation Vision
 Define who you want to become thanks to your innovation efforts. What is your vision ony your future market and its growth potential?

2 Strategic Roles
 Determine the methodologies you will use to achieve your vision

3 Financial Growth Gap
 Identify how much you need to grow from innovation to achieve your goals



THINK STRATEGICALLY, THEN TACTICALLY

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5 Steps to Crafting Your Innovation Strategy (cont.)

The innovation strategy plays a critical role in an organization's overall growth plan. Together, these elements create an environment where everyone is aligned and understands which types of new initiatives, solutions, and offerings should be brought forward. This document should be tracked and updated on a semi-annual basis.

4 Screening Criteria Clarify how you will decide if a new innovation fits the overall strategy and should be brought forward

Yes/No, Rank 1-5, etc.

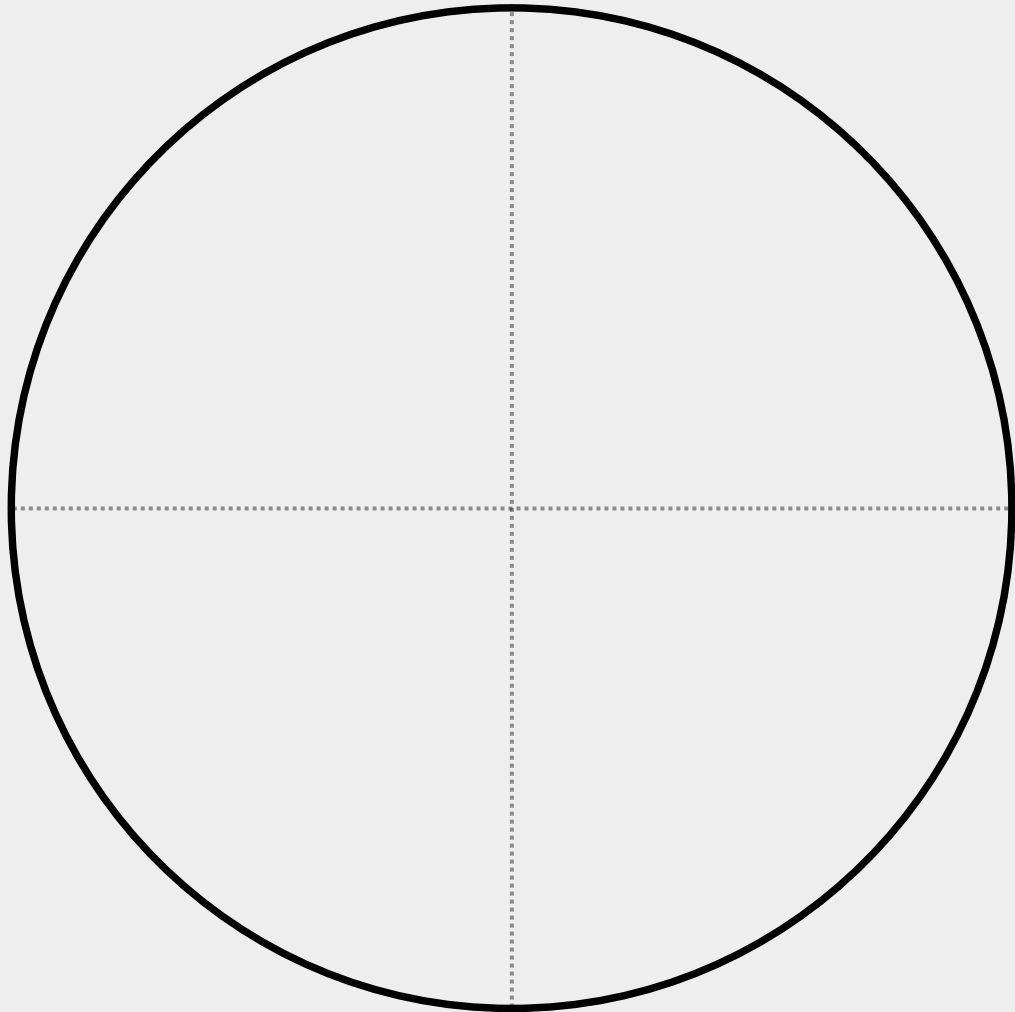
Strategic Screens	
Market Screens	
Customer Screens	
Feasibility Screens	
Financial Screens	
Portfolio Screens	

5 Success Metrics Formalizing a set of measurements to know if and when you are accomplishing your innovation goals

SAY "I DO"

Balancing your Innovation Revenues by Launch Type

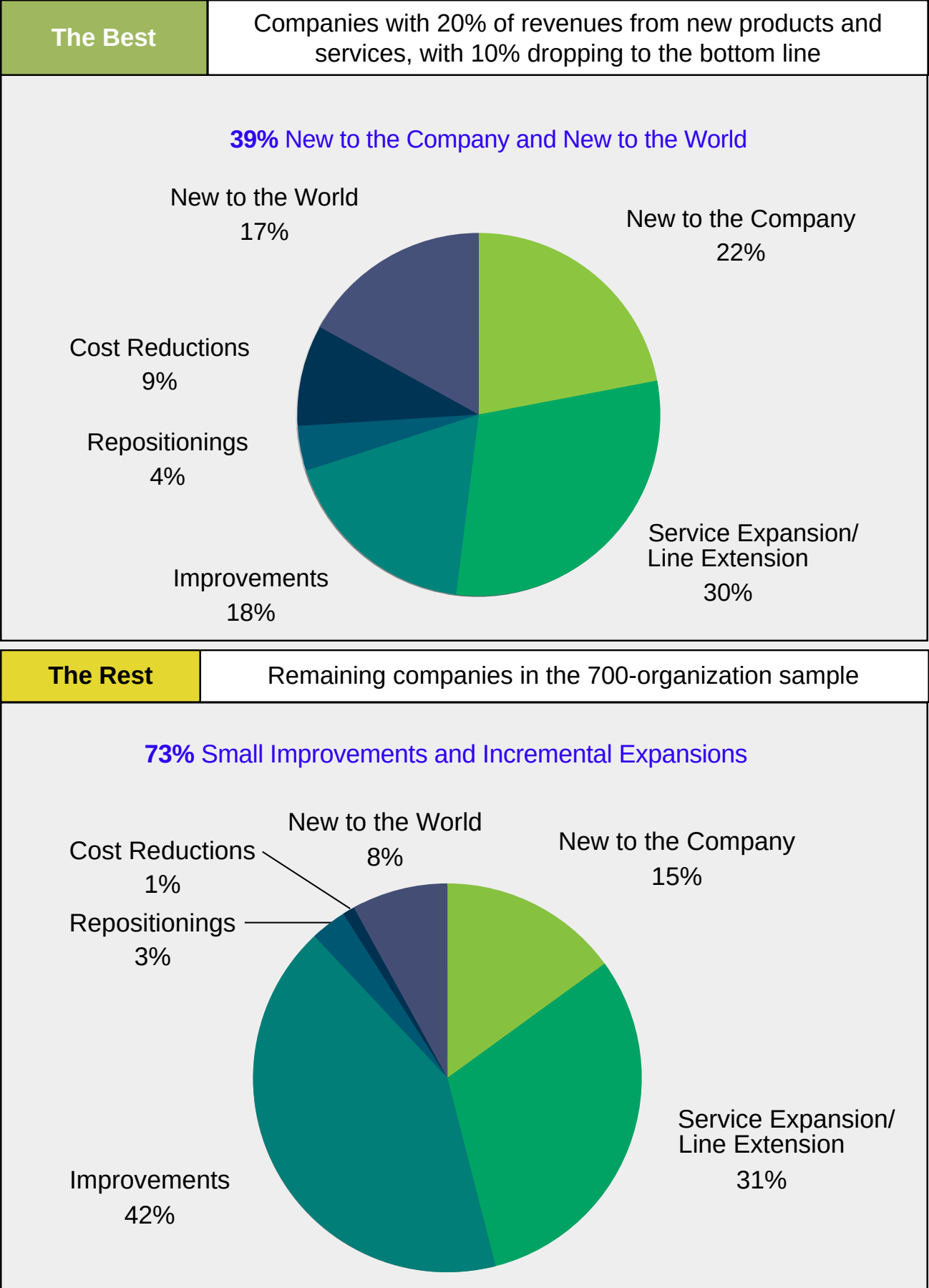
Look at your innovation revenues from the past 2-3 years and sort them into the categories in the blank pie chart. Where do they stack up compared to the Best and the Rest charts on the right?



RISK-FREE INNOVATION

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Innovation Launches by Type: the Best vs the Rest



CREATE A BALANCED PORTFOLIO



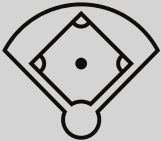

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Defining Your Approach to an Ideal Balanced Portfolio

Use the following template to clearly define what a single, double, triple, and homerun are for your organization. Additionally, fill in the grey areas to define revenue ranges and development timelines for your projects.

Balanced Innovation Portfolio

Revenue Potential

 Home Run \$ _____ +			
 Triple \$ _____ - _____			
 Double \$ _____ - _____			
 Single \$ _____ - _____			
	Short Term _____ months	Medium Term _____ months	Long Term _____ months

Development Timeline

RELY ON PROBLEMS, NOT IDEAS

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Explore and Pinpoint Customer Problem Areas

Once you have aligned on the goals of the project, the next step is to conduct field research through ethnographic research to ultimately learn everything you can about the biggest problems, frustrations, and desires of customers. Once you reach "theoretical saturation" you can analyze the data and draw conclusions about the biggest opportunities for new solutions.

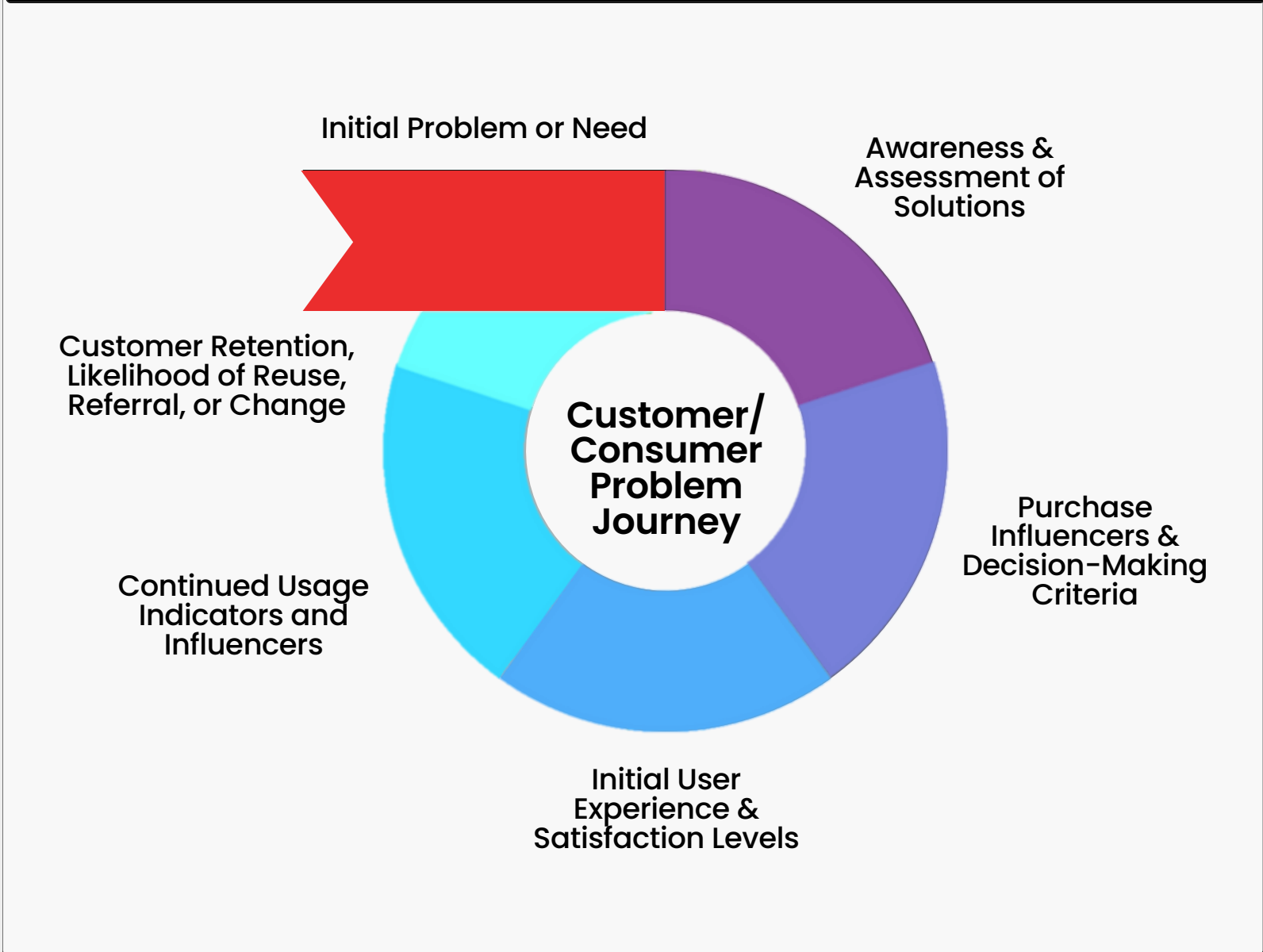
Explore Problems through Ethnographic Research

Put together a list of research targets to gather customer insights from. Include every member of the value chain and everyone that interacts with your product through it's entire lifecycle.

Research Target Category	Main Objectives/Insights	Names/Contacts

Customer Problem Journey Map


Use the following Customer Problem Journey Map to fill out the Journey canvas on the next page. Chart the path of your own consumers/customers from initial need realization all the way through purchase and usage.



RELY ON PROBLEMS, NOT IDEAS

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CUSTOMER PROBLEM JOURNEY CANVAS

JOURNEY STEP	Initial Problem or Need	Awareness & Assessment of Solutions	Purchase Influencers & Decision-Making Criteria	Initial User Experience & Satisfaction Levels	Continued Usage Indicators and Influencers	Customer Retention, Likelihood of Reuse, Referral, or Change
GOALS						
ACTIONS						
TOUCH POINTS						
EMOTIONAL CURVE 						
POTENTIAL OPPORTUNITIES						
IDEAS & SOLUTIONS						

BUILD FAILURE INTO THE FINANCIALS

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Estimate Your Innovation Portfolio Revenues

Failure in innovation is inevitable. To make sure you still hit your target growth number, you must factor in a failure rate for new innovation initiatives. A good portfolio balance of incremental and breakthrough innovations often yields a success rate of around 60%. Look historically at your own company's success rate, and use that to determine the total 5-year revenue forecast from innovation. Remember, most companies don't see revenues in the first year.

	Range	Year 1	Year 2	Year 3	Year 4	Year 5
Concept 1	S D T HR					
Concept 2	S D T HR					
Concept 3	S D T HR					
Concept 4	S D T HR					
Concept 5	S D T HR					
Concept 6	S D T HR					
Subtotal		\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Total Estimated Innovation Portfolio Revenues	= (Success Rate of ____ %) x (Subtotal)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

FORM 3-D TEAMS

RISK-FREE INNOVATION

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Form a Dedicated Innovation Team

Who would make up your ideal innovation team?
This should include 4-6 members that are dedicated to innovation for at least ~2 days per week over the long term.

**Team Leader
(100% Committed
to Innovation)**

	Title	Function

Team Member Name Title Function

Team Member Name	Title	Function

Rewards

List 3-4 innovation team rewards that can be implemented to motivate the team.

Rewards

Team Pledge

What attributes does everyone feel are important for the team? Determine what actions or behaviors can be put in place to accentuate these and create a mutual understanding amongst your team.

Values or beliefs of the team

Desired norms or behaviors to guide communications and operating practices

Goals and expectations of team members

What success looks like

SUSTAIN AN INNOVATION CULTURE

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Fill out the 6 components of your innovation culture blueprint

1 Define your ideal innovation culture

2 List 3-5 values that support this culture

3 What behavioral norms are required to activate this culture?

4 How would you define the ideal leadership style that supports this culture?

5 What rewards and recognition programs could reinforce this culture?

6 Which senior leaders need to commit to supporting this culture?

MEASURE INNOVATION AS YOU GO

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Establish Accountability and Metrics for Innovation

The first step to setting up successful metrics for innovation is determining who will be accountable for measuring progress and success. The second step is to agree on what metrics you are measuring, which may be different from your existing operating metrics, especially in the pre-launch phases. There are three main categories of metrics that can serve to reduce risk by assessing innovation processes, outcomes, and culture.

1) Accountability Who will be accountable for measuring progress and success?	Innovation Team Leader Project manager and executor tasked with hitting deadlines, monitoring screening criteria, tracking day-to-day operations of the team	Name:
	Innovation Executive Oversees innovation at the corporate or organizational level, ensures that the organization as a whole is innovating effectively in line with goals	Name:

2a) Innovation Process Metrics

Measuring the number of ideas, concepts, business cases, prototypes, and launch plans throughout the process will provide great insight on future success.

Metric	Optimal Level <small>(based off of 3-5 new launches per year)</small>	Your Organization's Level
Number of ideas in the ideation stage	100	
Number of concepts in the concept shaping stage	20	
Number of business cases completed	10	
Number of prototypes in development and number ready for scale-up	7	
Number of new services or new products ready for launch	5	

2b) Innovation Culture Metrics

Team metrics ensure that you are adequately forming dedicated, diverse, and dimensional innovation teams.

Metric	Measured By	Your Organization's Level
Number of innovation teams formed	on an annual basis	<input type="text"/>
Level of dedication for each team member	by percentage of work week	<input type="text"/>
Cross-functionality of teams	number of functions represented	<input type="text"/>
Diversity of teams	balance of genders, ethnicities, and ages	<input type="text"/>
Number of projects completed per team	on an 18-month rolling basis	<input type="text"/>
Overall team performance and efficiency	frequency of meeting deadlines and outcome goals	<input type="text"/>

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2c) Innovation Outcome Metrics

While there are many ways to evaluate innovation outcomes, these are the four metrics that we recommend all organizations leverage at a minimum

$$\text{RETURN ON INNOVATION} = \frac{\text{Cumulative Net Profits Generated from New Products and Services Launched}}{\text{Research Costs} + \text{Development Costs} + \text{Incremental Production Investment} + \text{Initial Commercialization Pre-Launch Costs}}$$

$$\text{SUCCESS RATE} = \frac{\text{Number of New Innovations Launched that Meet or Exceed Expectations}}{\text{Total Number of Commercialized New Innovations}}$$

$$\% \text{ of Sales from Innovations} = \frac{\text{Total Annual Revenues from New Innovations}}{\text{Total Annual Revenue}}$$

$$\text{CUMULATIVE REVENUES AND PROFITS} = \text{[Empty Box]}$$

*This metric provides a view into how the new solutions have grown over time and is an excellent indicator of the longer-term impact and nature of innovations.

CULTIVATE YOUR INNOVATION NETWORK

Establishing Partnerships

How could you or your firm form valuable partnerships with the following types of organizations?

Organization Type	List of Specific Organization Names for Partner Candidates
LARGE CORPORATIONS	
SMALL STARTUPS / SMALL-TO-MEDIUM ENTERPRISES	
NONPROFIT ORGANIZATIONS	
CIVIC GROUPS / PUBLIC SECTOR	
UNIVERSITIES	
VENTURE CAPITAL FIRMS & INCUBATORS/ACCELERATORS	