



Innovation management as key driver for competitiveness

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A.T. Kearney investigates Best Practices in innovation management since 2003 systematically

Innovation credentials



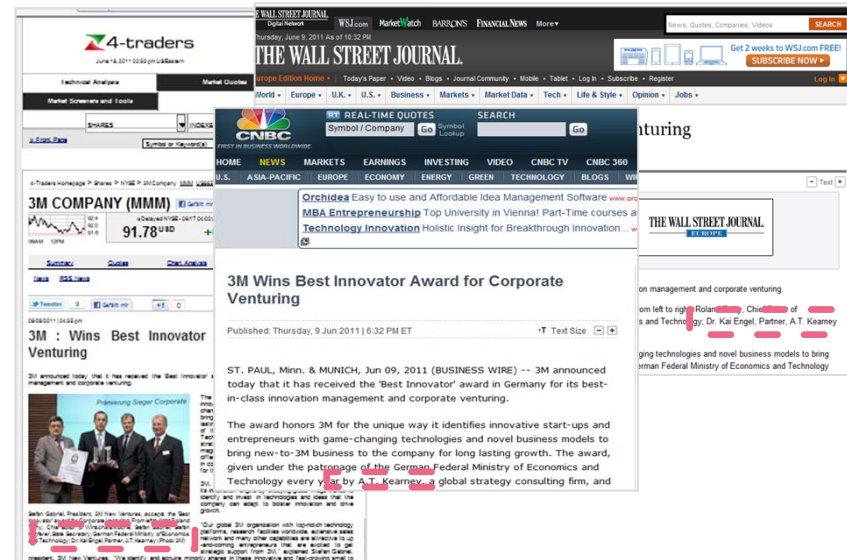
BEST INNOVATOR



BEST INNOVATOR Club

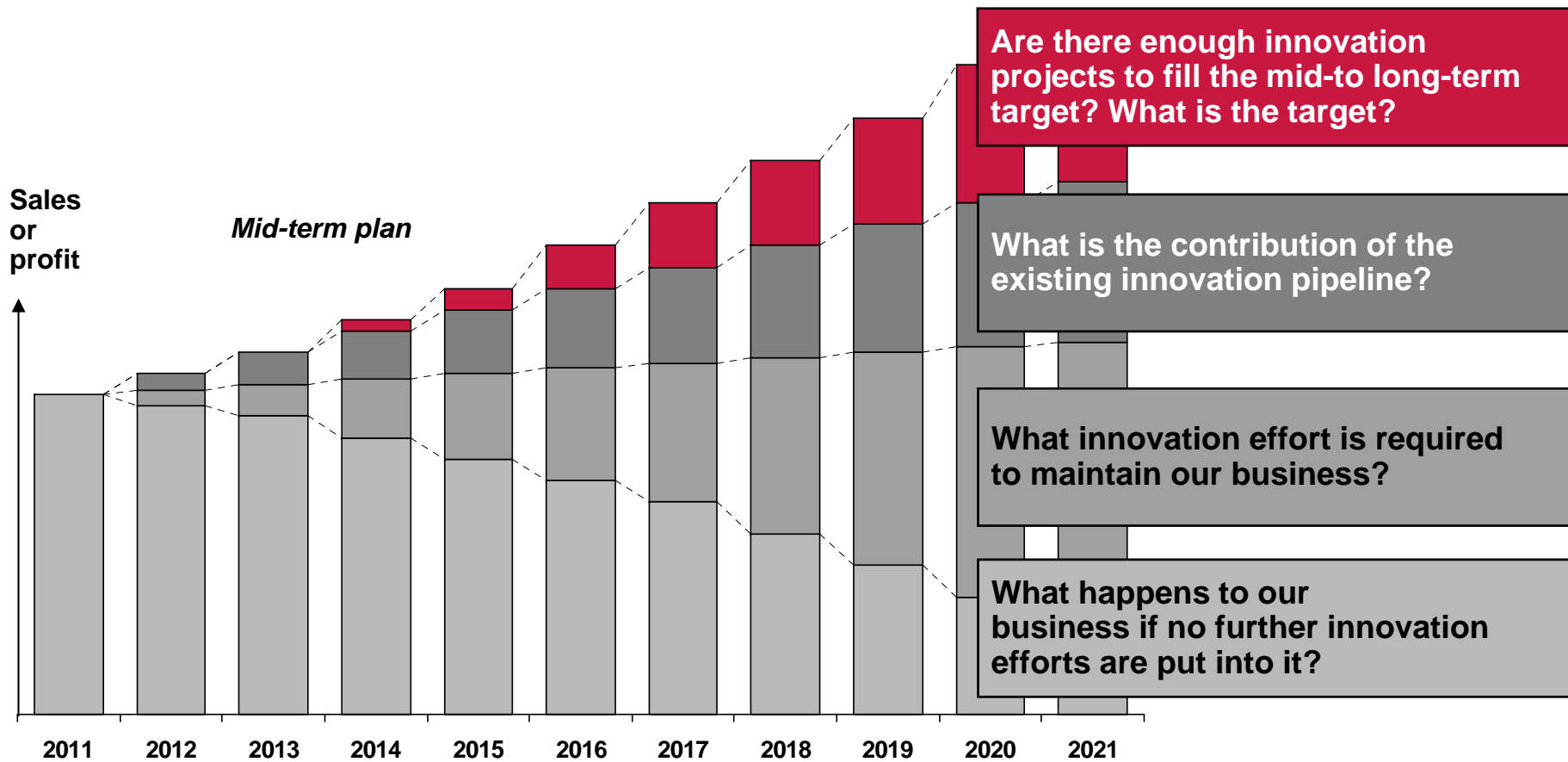
IMProve³

Results globally recognized ...



Best Innovator: 17 countries, >1,500 participants since 2003 (www.best-innovator.com)
IMProve³ Initiative: >3,000 SME users on platform (www.improve-innovation.eu)

Only very few companies know where their profitable growth comes from




The definition of innovation and innovation management is simple – but it is not easy to implement



Product innovation
e.g. New drug



Process innovation
e.g. MicroReaction Technology



Service innovation
e.g. mobile telecommunication services



Business model innovation
e.g. Dell, Ebay

An innovation is ...

... an invention/idea of

- new products, processes, production methods, organizational forms

or

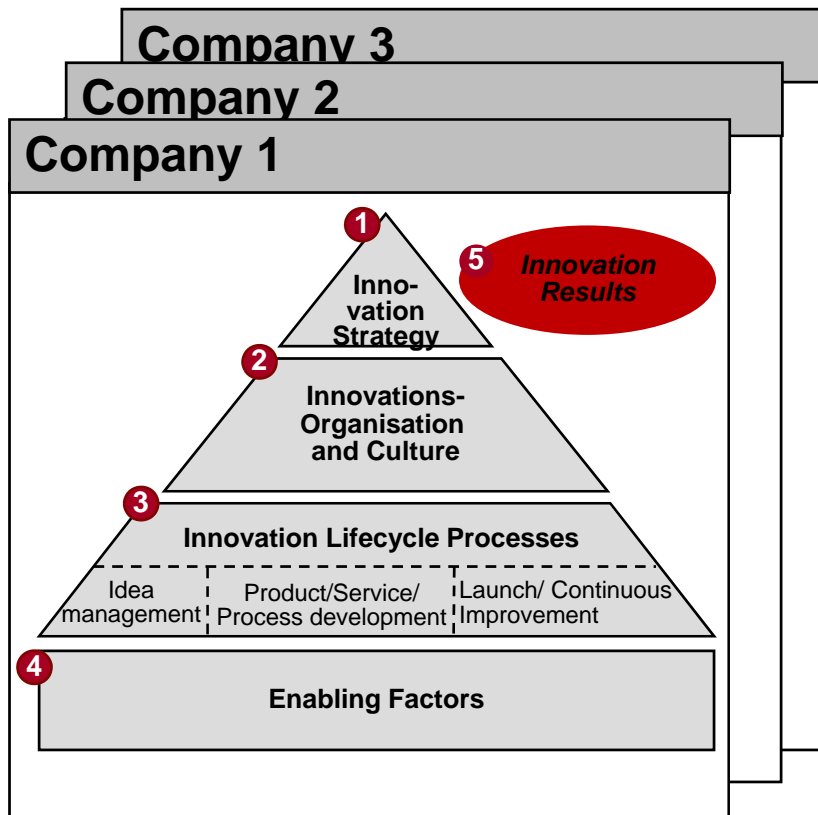
- an elementary improvement of a system

and its successful realization

Managing innovation is the most critical process for any enterprise but the least well understood

With IMP³rove a systematic approach to benchmark innovation management is available

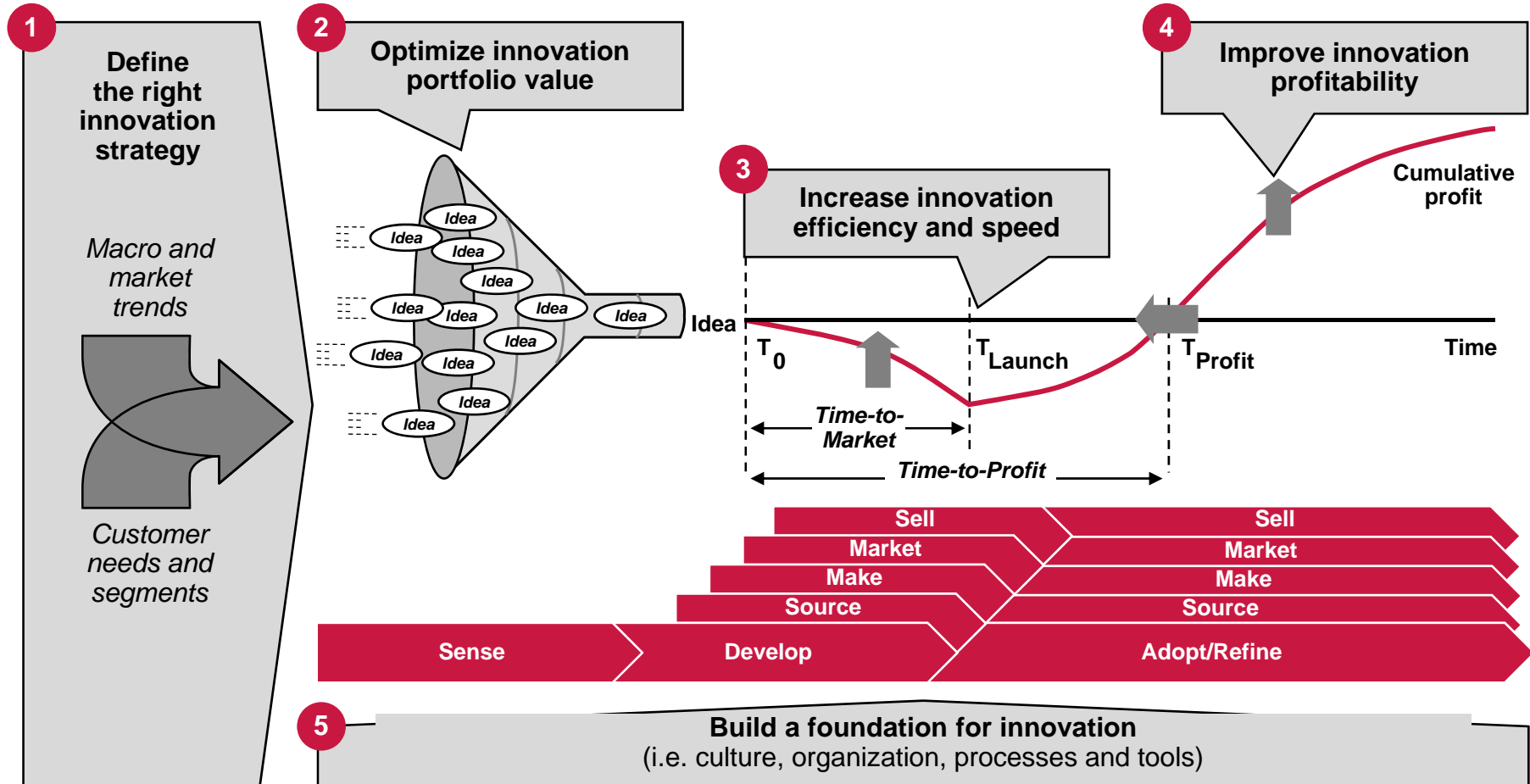
Dimensions of the IMP³rove Assessment



Description	
1	Innovation Strategy <ul style="list-style-type: none"> • Vision and strategic focus on innovation • Implementation of strategy
2	Organisation and Culture <ul style="list-style-type: none"> • Roles and responsibilities • Organisational structure • Organisational culture and climate
3	Innovation Life Cycle Processes <ul style="list-style-type: none"> • Idea management • Product/Process /Service/ Business Model Development • Launch and Continuous Improvement
4	Enabling Factors such as: <ul style="list-style-type: none"> • Project management • Human Resources and Incentives • IT and Knowledge Management
5	Innovation Results <ul style="list-style-type: none"> • Growth in revenue and profit from innovation

Managing innovation systematically is the secret of successful companies

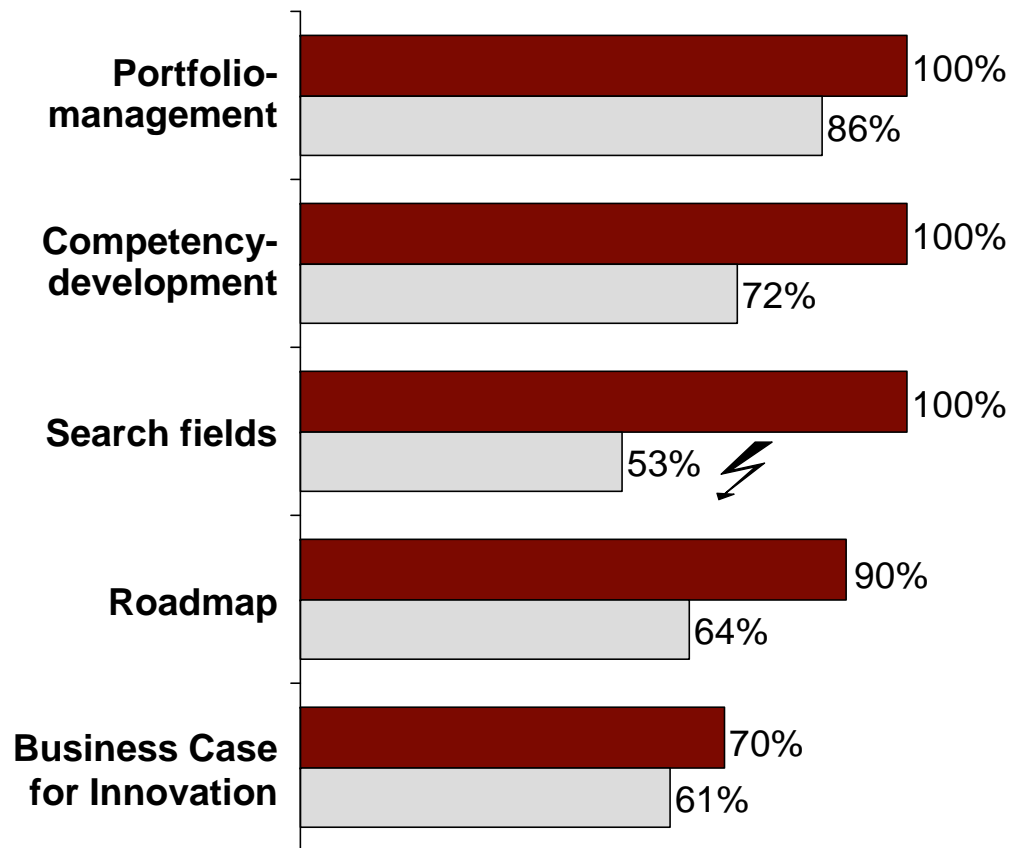
Innovation Management Value Levers



1 Innovation leaders put more effort into their innovation strategy development



Components of the innovation strategy



Innovation leaders

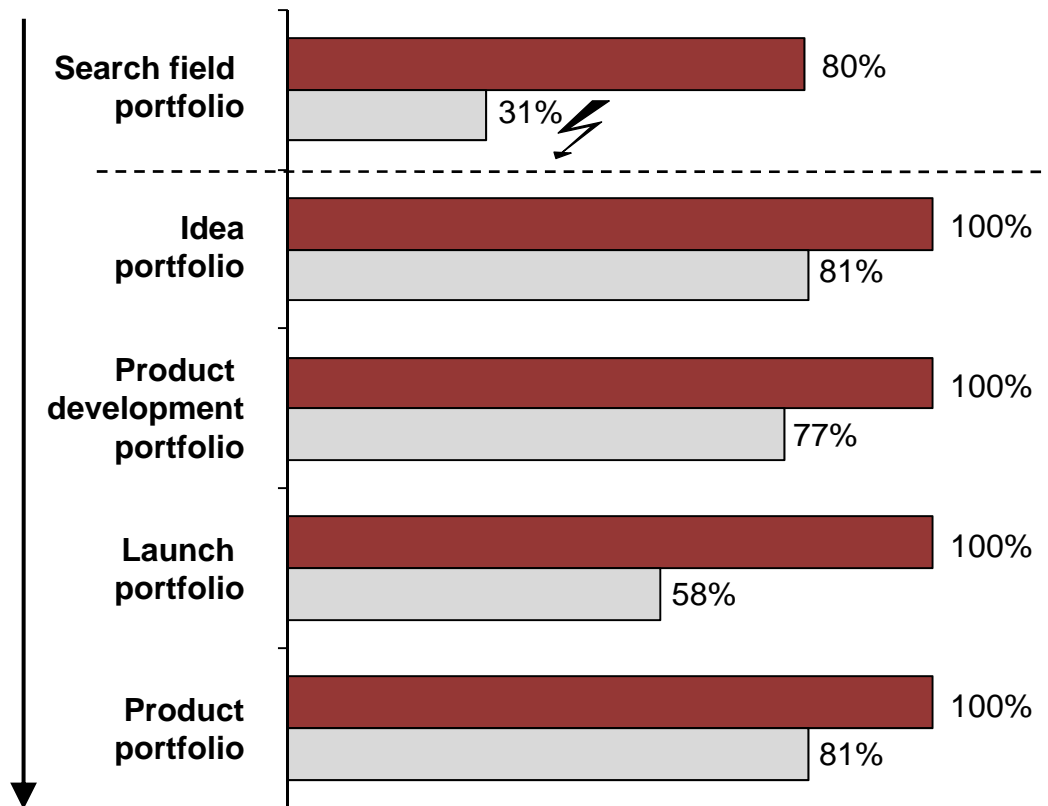
- Increased effectiveness based superior in-depth upfront analysis in key aspects of an innovation strategy
- Fostered entrepreneurship in conjunction with risk management

■ Leading companies
 ■ Participants' average

1 Innovation Leaders portfolio management approach accompanies the whole innovation life cycle process



Scope of the portfolio management approach

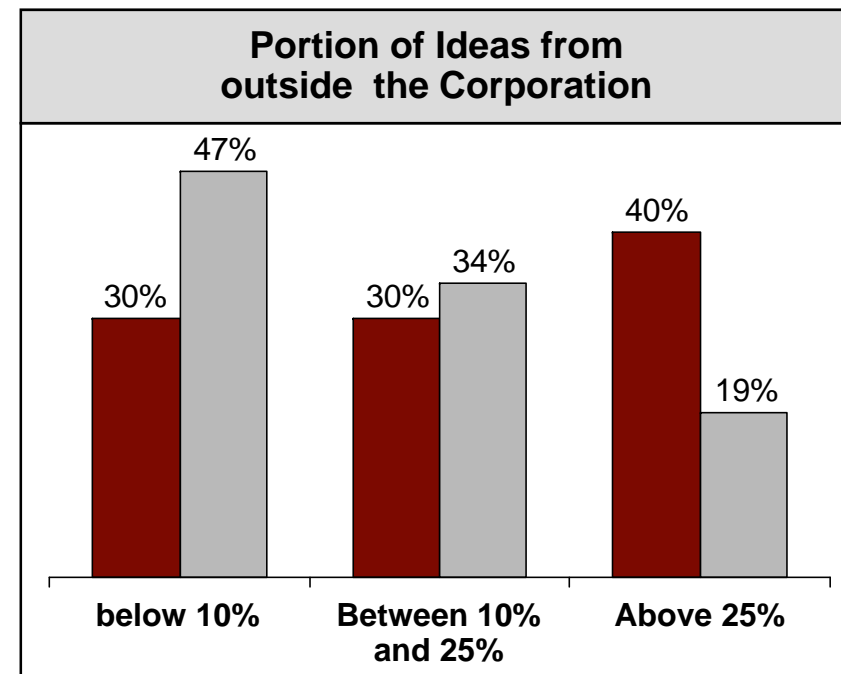
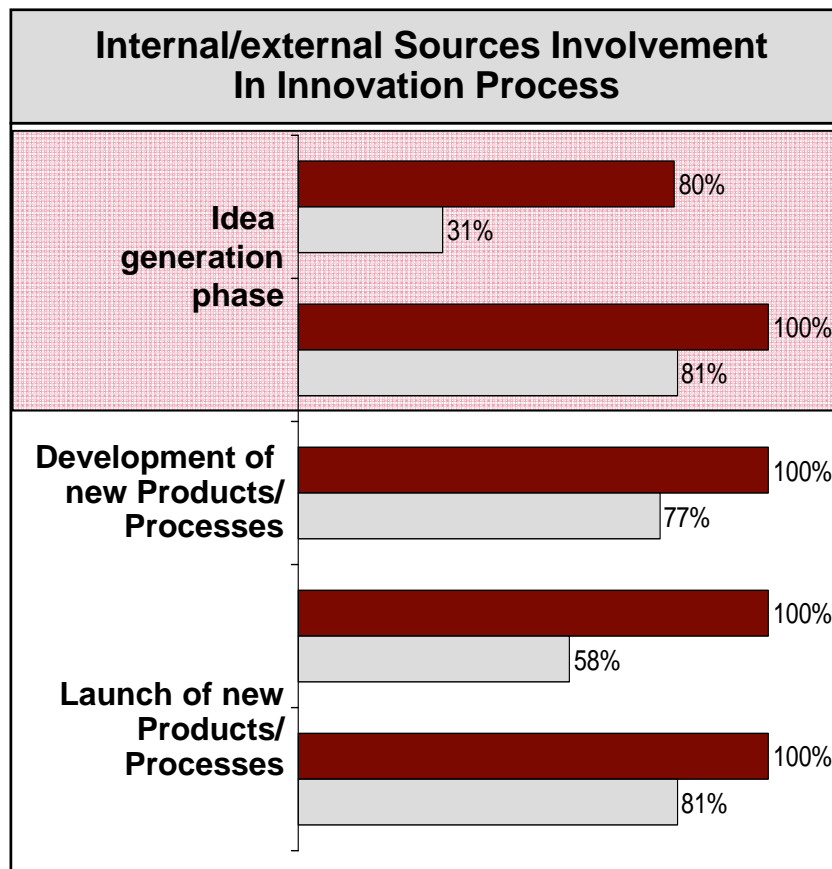


Innovation Leaders recognize necessary transformations earlier on

■ Best Innovators ■ Sample average



2 Innovation leaders derive higher portions of ideas from their innovation network while collaborating better



External Innovation Networks become significantly more important

Leading European Innovators Average European Innovators

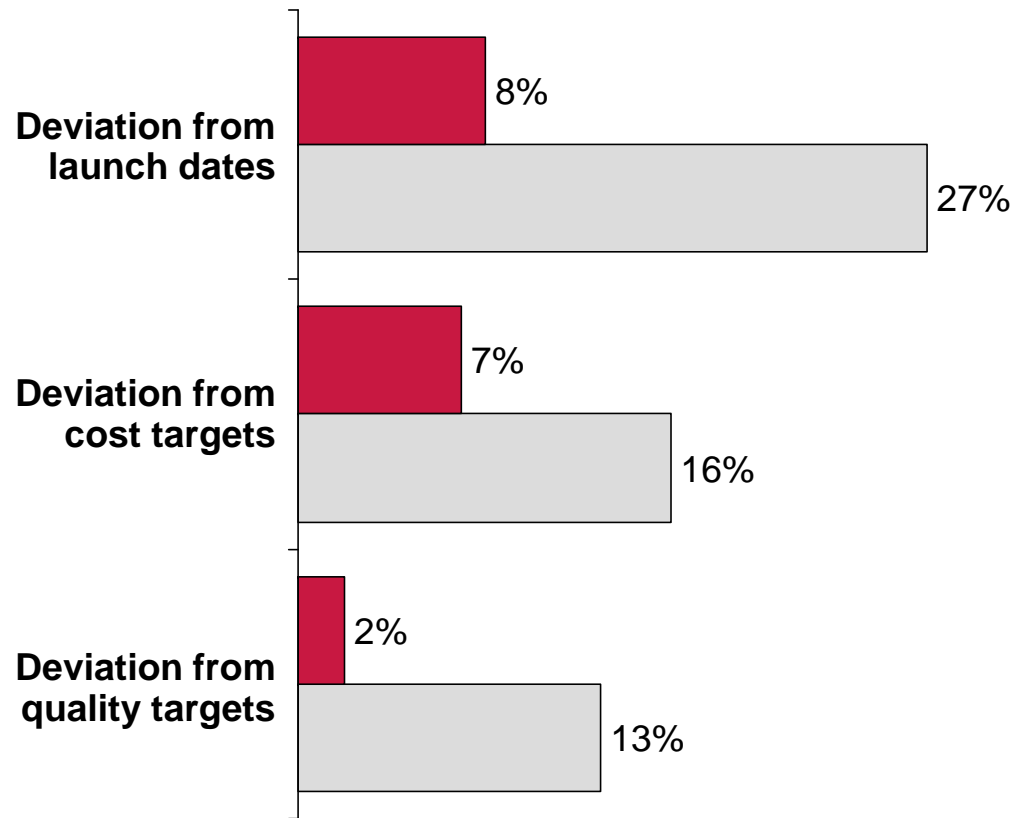
Source: Best Innovator competition



3 Innovation leaders manage innovation projects more efficiently and minimize deviations from targets



% of projects deviating from the original target



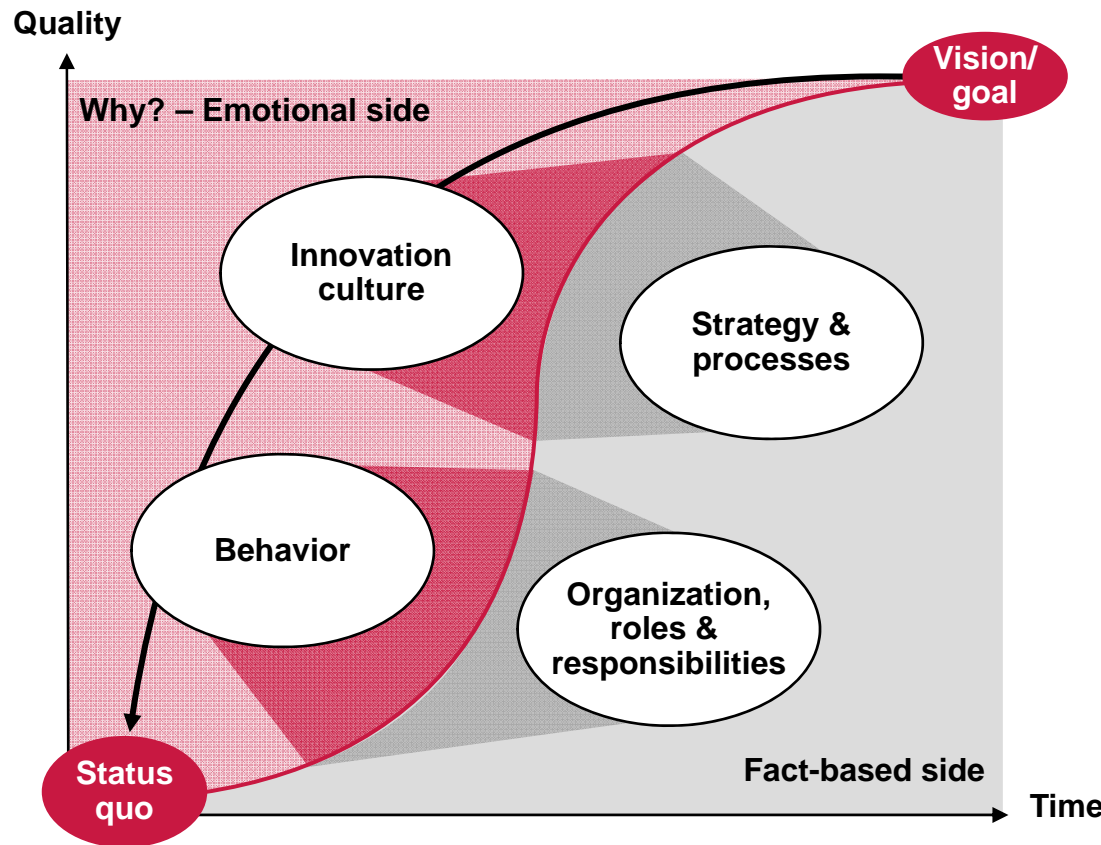
 Innovation leaders  Average of all participants

Innovation leaders

- Minimize late development changes due to earlier and more effective customer involvement
- Have excellent project management
- Establish a culture of permitting pro-active handling of red lights
 - more open communication
 - more constructive problem solving

4 Overall, innovation is about risk management – a balance in between emotions and facts is required

Potential road to successful innovation management

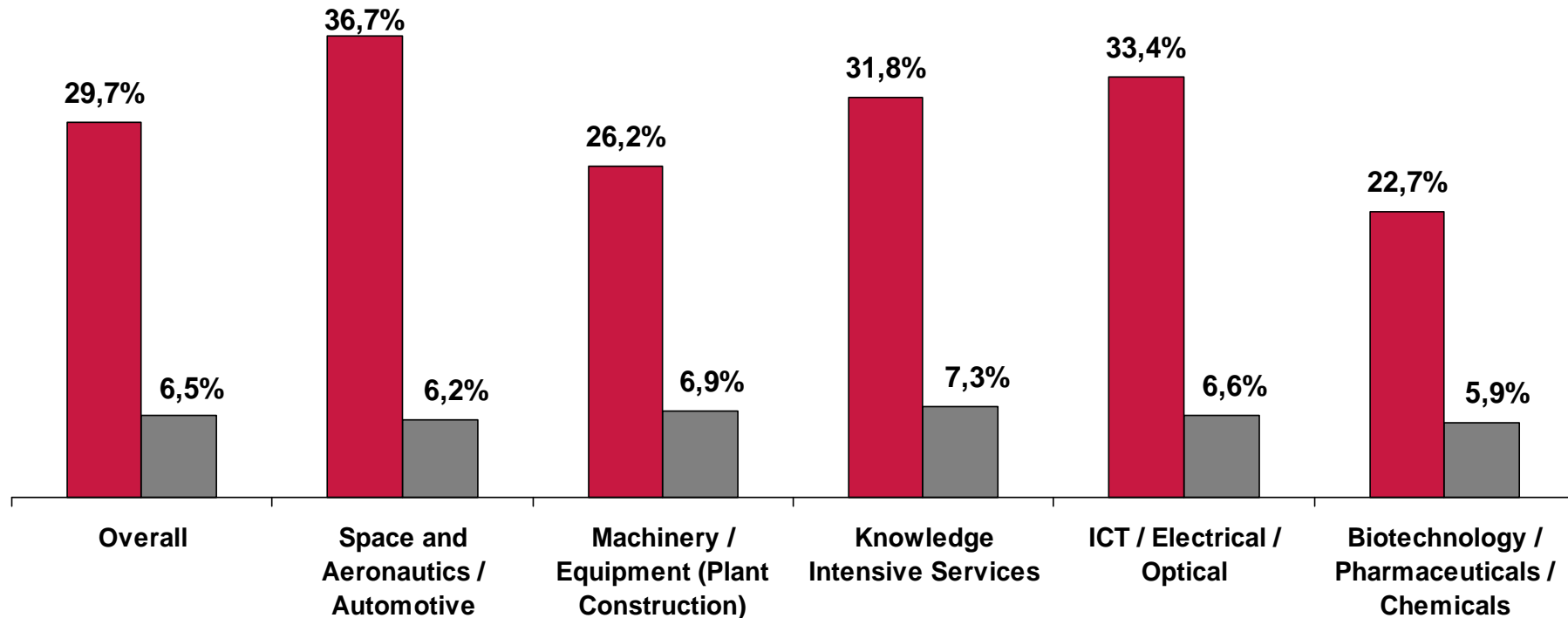


Success factors
<ul style="list-style-type: none"> • Lived by example from the top • Commitment from regions/BUs based on one understanding on innovation • Consistency in following the strategic innovation imperatives • End-Customer Centricity • Openness – "not-invented-here" syndrome abused • Ability to work in networks (internal and external) • Speed – faster than competition

Systematic innovation management also pays off for SMEs

Annual growth rate of income from sales over the last 4 years (median)

Preliminary results



■ Growth Champions
 ■ Other SMEs

Source: IMP³rove, 2011; N = 1516; www.improve-innovation.eu

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