6 Rules of Enterprise Innovation

The average lifespan of S&P 500 companies is just **18 years**, down from **61 years** in 1958.

At this churn rate, 75% of the companies will be removed from the index in another 10 years.

On the other hand, companies such as **GE and Procter & Gamble** have been around for more than **100 years** and still continue to grow.

The key to sustainability and growth is Innovation to be more precise, it is

Sustained Innovation

But for an innovation program to be efficient and successful, there are certain guidelines or best practices an organization needs to abide by.

Here are 6 rules that is essential for successful corporate innovation.

- Inclusive
- Rigid Framework
- Agile
- Walk the Talk
- Embrace open innovation
- Measure & Manage

Inclusive

- These is a reason why in some companies, such as Facebook and Google, even interns come up with ideas that are rolled out to millions of users.

- These companies understand that good idea can come from anywhere. Your front-line sales and customer service executive could have a very good understanding of your customer pain points and pulse of the market.

- They are the best source of consumer research. Include every employee in the process of innovation.

Tip: Conducting internal engagement activities such as <u>hackathon</u> helps.

Rigid Framework

Identify good ideas, discard bad ideas, compartmentalize incremental and transformational ideas, select the best, and execute. For sustained innovation, all these activities have to run like clockwork. This requires a rigid framework.

Set up a framework that:

a. Gives a structure to the discovery, ideation, and the execution process
b. Is unlike your organization structure and allows the idea of an entry-level employee to be heard by the top-level management.

Tip: Having an <u>innovation/idea management software</u> can be of great help especially for large enterprises.

Agile

- The transition from traditional to online banking happened took a century. But the transition from online to mobile banking to unified payment gateways happened in just a few years

- Your innovation program must be swift and agile to keep in pace with the rapidly changing consumer demands to match and exceed consumer expectations

Tip: Short, focused and recurring innovation campaigns.

Example: Elon Musk conducts Hyperloop challenge with focus on Speed, Safety etc, twice a year.

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Walk the Talk

- A successful innovation program requires operational changes and cross-functional collaboration
- The entire organization should be aware of the process and be able to spot where their idea is in the pipeline at any given point of time. P&G has small focused groups whose mission it to drive new growth initiatives
- These small groups work with all the business units of the company to drive innovation. The motivation and vision for innovation have to come from the top down. Rewards and recognitions are required to boost employee participation
- If done in a structured way with rigor over a period of time, you can see a truly innovative culture take roots across the organization

Embrace open innovation

Open Innovation is important to a company for two two reasons:

a. Just as it is important to listen to your employees, it is essential for an organization to listen to its customers, partners, and vendors. One of the cited reasons for the collapse of Snapdeal-the second largest Indian e-commerce company is that they failed to listen to its vendors. Snapdeal opened its own warehouses hoping to dispatch products to customers on its own instead of the vendors' warehouses. However, this caused problems in terms of stock availability and failing to stock in-demand products. Though a lot of vendors raised such concerns, it did not reach the decision makers. Examples of companies who failed to listen to its customers, vendors, and partners and lost market share, in the end, are plenty.

Embrace open innovation

b. The idea of crowdsourcing ideas and solutions has been around for centuries. In 1714, the British government announced monetary prizes for the best solution for finding a ship's longitudinal position. Crowdsourcing innovation offers a shorter innovation cycle, better quality, diverse ideas, and a greater return on investment.

Measure & Manage

If you can't measure it, you cannot manage it. To measure the success of an innovation program there a few metrics that have to be measured and improvised. Here are a few broad metrics you could start tracking:

- Participation - Aim for at least 1/3rd participation
- Collaboration - Percentage of employees who participated from each division of the company
- Ideas - Number of ideas generated
- Execution - Number of proofs of concepts or prototypes built
- Incubation - Number of ideas funded
- Products - Number of products launched
- Cost Savings/ Revenue

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Conclusion

Driving innovation is not an easy task. It is what companies all over the world strive for. Ensuring you don't lose sight of the guidelines will help you run an effective innovation program. Treat it more like a checklist while executing an innovation drive.

HackerEarth Sprint

Know More

HackerEarth Sprint is an **Innovation Management Software**

Sprint enables you to:

- Conduct innovation campaigns

- Organize hackathons

- Run Ideathons

- Organize Internal engagements

- Crowdsource business ideas & solutions