



InnovationLabs LLC
www.innovationlabs.com

Results of the *Permanent Innovation* Survey

Summary Report, January 12, 2007
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Overview

This report is a summary review of the results of the *Permanent Innovation* Survey, conducted by InnovationLabs in November/December 2006.

The survey consisted of 17 questions pertaining to innovation practices and results in companies. The broad context for the questions was derived from the new book, *Permanent Innovation*, by Langdon Morris. The book may be downloaded for free at www.permanentinnovation.com.

A full presentation of the survey results follows these comments.

Invitations and Responses

A total of about 1200 invitations were sent to people who had already downloaded *Permanent Innovation*. A total of 223 people responded to the survey (18%), and of these 177 completed the entire survey (15%). We are very pleased with this high response rate, and we appreciate that so many of you took the time to participate!

Insights & Observations

1. Broad Range of Responses

Most questions generated a very broad range of responses, with some responders giving their organizations high marks in areas where others felt that their organizations were not effective. This broad range was surprising in many cases, as we had anticipated more clustering.

2. How Do You Grade Yourself?

There's a psychological aspect that comes into play with any self-assessment that has to do with the fact that most people are hardest when evaluating themselves and the organizations where they're insiders. Conversely, we often have an idealized view of companies we admire, such as perhaps Apple or Toyota. When take a survey like this, we often compare ourselves with the exemplar, and compared to our idealized view of them, our modest faults seem as large and annoying as the Empire State Building.

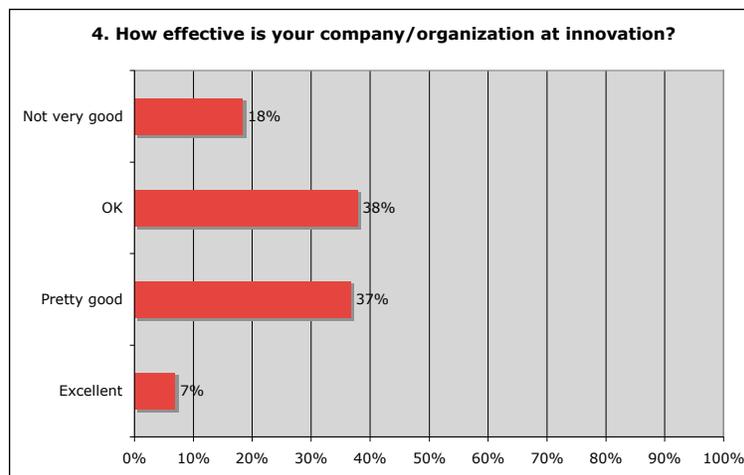
Of course, insiders see all the dirty laundry, while outsiders generally see only the nice outcomes, and are not privy to the nasty secret doings that may be going on inside. Further, we often remember the failures and the missed opportunities, the mistakes and the shortcomings much more readily than the successes.

Hence, this issue about how harshly you grade yourself compared with how you idealize others is a topic that we'll examine in our next survey, as clearly it's important to get a sense of the attitude that responders have when they're filling out a survey like this one.

3. Lots of Room for Improvement

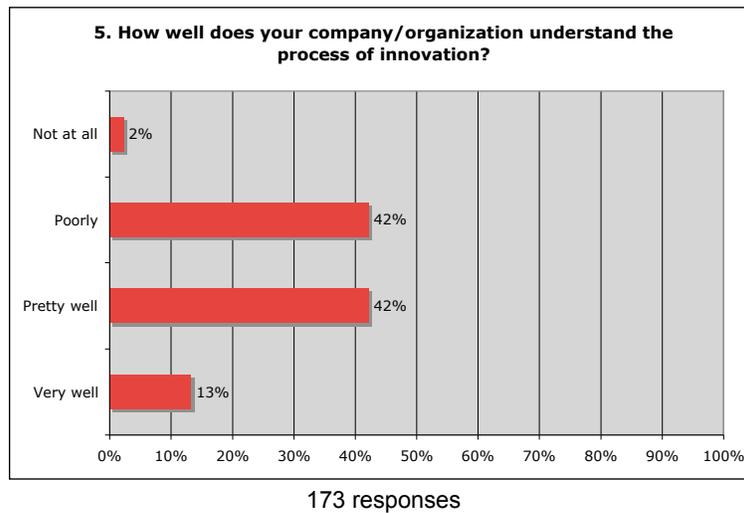
Without the benefit of any additional insight into how people think about grading themselves, we have to accept the responses that they have given at face value; if someone says that their firm is excellent at innovation, then we believe them.

In this regard, predictably, most respondents indicated that there's a lot of opportunity for improvement in the innovation practices of their firms. The responses to Questions 4 and 5 show this clearly.



174 responses

If we consider "OK" to be equivalent to mediocre, then 56% feel their companies are mediocre or worse, and only 7% selected "excellent."



In this case, 44% give their organizations a low rating.

So clearly there's work to do!

4. Measurement of Innovation Lags

The measurement of innovation results continues to be a difficult issue for many organizations, and this showed up clearly in question 6b:

We track returns on our innovation processes and their results.

Strongly disagree: 22%
Somewhat disagree: 38%
Somewhat agree: 28%
Strongly agree: 13%

If there's no consistent tracking of returns then there's certainly a big opportunity to improve the process. This is an issue of importance on a global basis, and it has shown up in recent surveys conducted by IBM [see the *Permanent Innovation* blog: <http://www.permanentinnovation.com/blog/2006/10/ibm-research-ibm-innovation-global.html>] and also a recent survey by BCG.

5. Formal or Ad-hoc?

We found it particularly interesting that 68% of respondents strongly or somewhat agreed with the statement that, "Many of our products, services, and improvements come from an established, formal internal process." (6a) But then three questions later (6d), 64% agreed with the statement that "Innovation is an ad-hoc process in our company."

How is it that an "established formal process" is also "ad-hoc?" One possible answer is that there formal and informal innovation processes work in parallel in

most organizations, and sometimes they overlap. The structure built into the way we asked the question then itself prompted some people to note that both forms exist in their organizations.

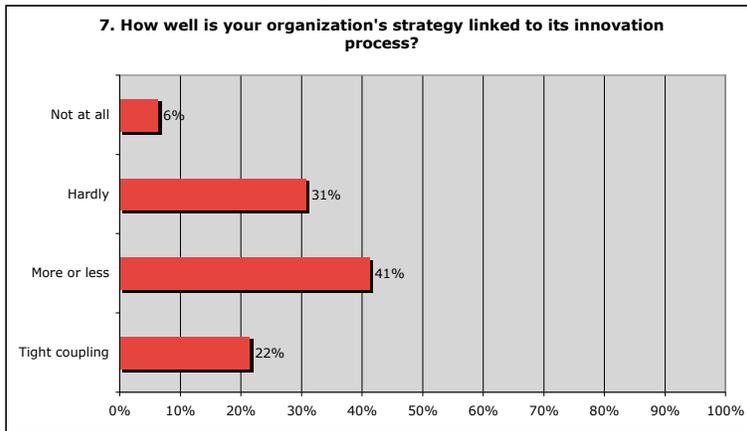
This presents an interesting opportunity, which is formally encourage the informal process. After all, researchers have shown that a great deal of the work of organizations is accomplished by self-organizing networks of people, who often are willing to bend or break “the rules” as necessary to get the work done. We explore this theme in Chapter 10 of *Permanent Innovation* in the section entitled “Innovation Networks.”

This is also a theme that we’ll explore in future surveys, as the relationship between these two types of innovation is an important aspect of a comprehensive approach to innovation on a permanent basis.

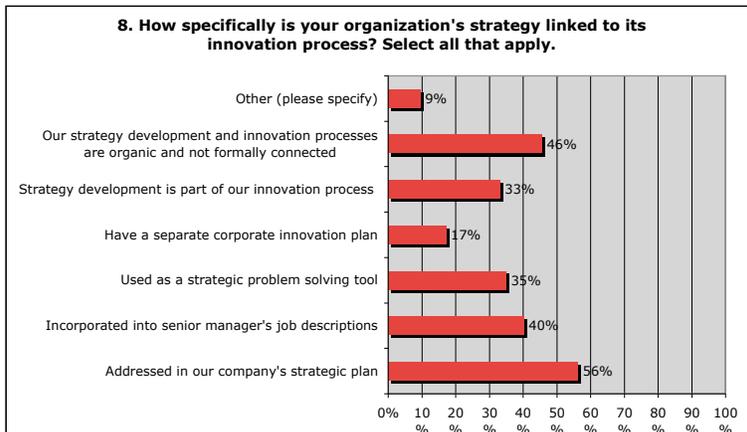
6. The Linkage between Strategy and Innovation Needs to be Stronger

The linkage between innovation and strategy is a theme that comes up again and again in *Permanent Innovation*, and our view is that these two processes are really two sides of a single coin and they cannot and should not be separated.

Questions 7 and 8 examine this linkage:



172 responses



169 responses

One of the important perspectives of *Permanent Innovation* is our view that innovation is one of the most strategically significant activities that any organization can engage in, and in this context these responses should serve as a wake-up call. If you responded to question 7 with anything other than “tight coupling,” then addressing the gap should be a prime concern and a key topic for action.

Likewise, only 33% indicated that strategy development is part of their innovation process, which is somewhat alarming. We would suggest that future strategy meetings include some consideration of the innovation question, and future innovation meetings have a strategic component.

One way to promote this linkage is to develop an “Idea Room,” which is mentioned briefly on page 101 of the print edition and page 108 of the downloadable .PDF. This space (it doesn’t actually have to be a separate room) should be located in a prominent location where many people pass by regularly, and it should be filled with interesting visual information on strategy and innovation to give examples (positive and negative) of both, and the connection between them.

7. Risk

Among the innovation enablers examined in question 10 is the issue of risk, and here it seems that the respondents don’t feel that their organizations are making the right choices. Only 12% of respondents strongly agreed that their organizations take the right degree of risk, and 29% somewhat agreed. The willingness to take risks - appropriate risks - is critical to success at innovation, because as Albert Einstein said, “If we knew what we were doing, it wouldn’t be called Research.”

Since we don’t know, we often use trial and error methods to find out, and with come the inevitable failures. The issue is therefore not avoiding risk, but rather optimizing it so that risk-taking is part of an overall learning strategy.

Another factor related to risk-taking is of course the need for short-term success, as balancing short term and long terms needs is always a challenge.

8. The Two Biggest Obstacles

Among the 15 obstacles to innovation that were listed in question 9, only two received more than 50% agreement, Resistance to change (51%) and Lack of time for innovation (58%).

Both topics are chronic problems in organizations today, and both are significant red flags that indicate unhealthy situations. If your organization is characterized by resistance to change or you don’t feel you have enough time for innovation then it may be time for a serious assessment of your organization’s culture, and perhaps some remedial work to shift more of your focus toward something other than short term concerns.

9. The Information You Want

The information that you're most interested in is case studies, which was noted by 85% of respondents.

We've been gathering data for some industry case studies for some time, and now that we know that this is of significant interest we will bring some studies to completion. We'll let you know when they're available.

One respondent also noted that, "Surveys of how organizations fail is more useful because we learn more from failure than success."

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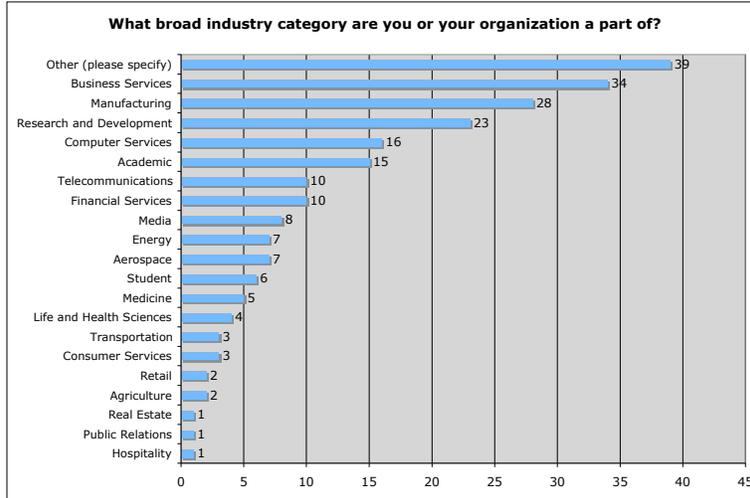
As you might enjoy being able to draw your own conclusions from the survey results, a full presentation of the responses begins on the next page.

We'd also like to mention that a new version of the Permanent Innovation web site has just been posted at www.permanentinnovation.com, and you will find additional information and materials there.

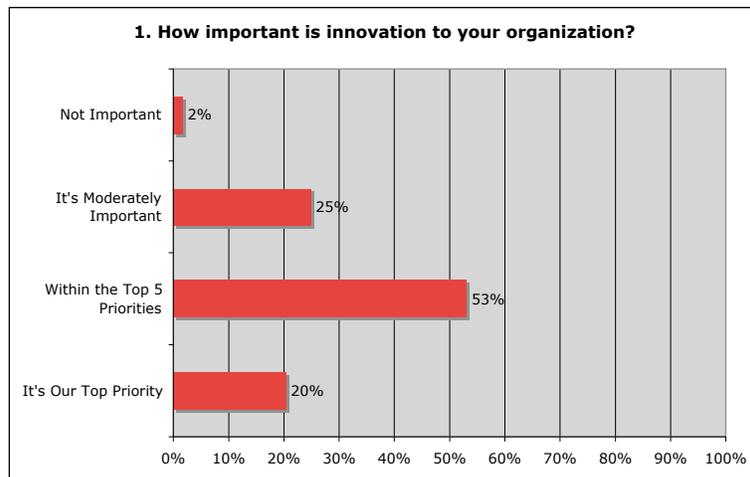
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In conclusion, we would like to again thank those who participated. We hope that you find the results of this survey interesting and useful, and we appreciate your interest in *Permanent Innovation*. We welcome any future ideas, thoughts, and comments that you wish to share concerning the survey, the book, or the field of innovation in general. It remains our passion and our commitment!

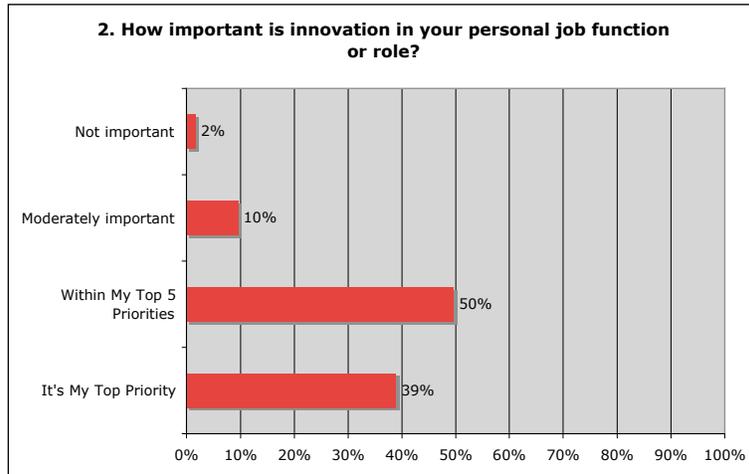
Complete Survey Results



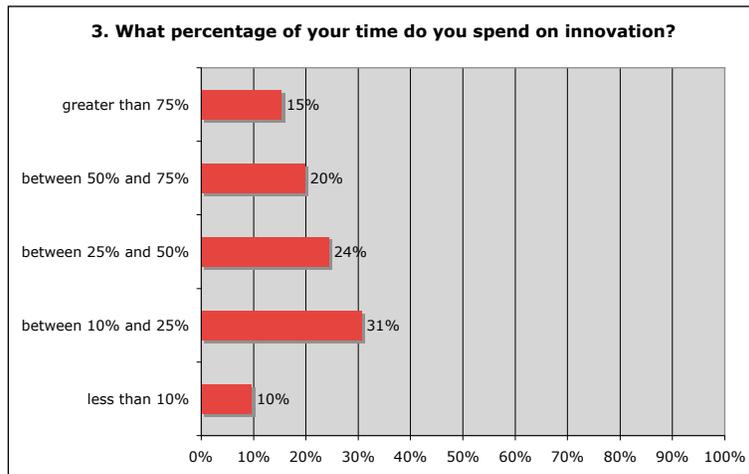
Note: Most of the people who selected the “Other” Category actually fit into one of the defined categories. For the purposes of this survey, it is safe to assume that they are proportionally distributed into the other categories.



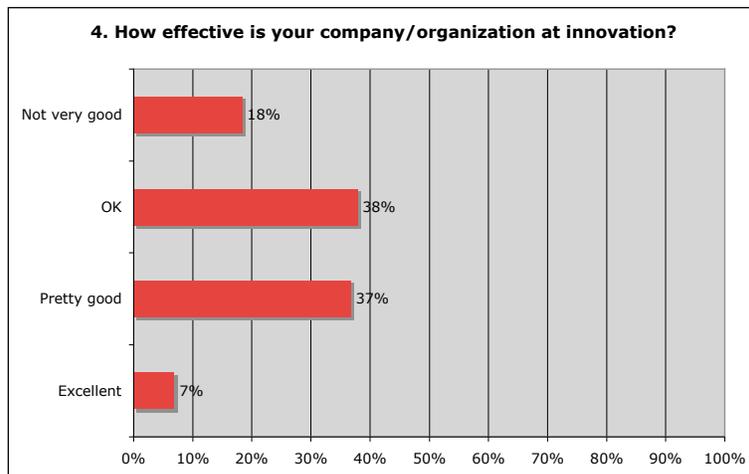
177 responses



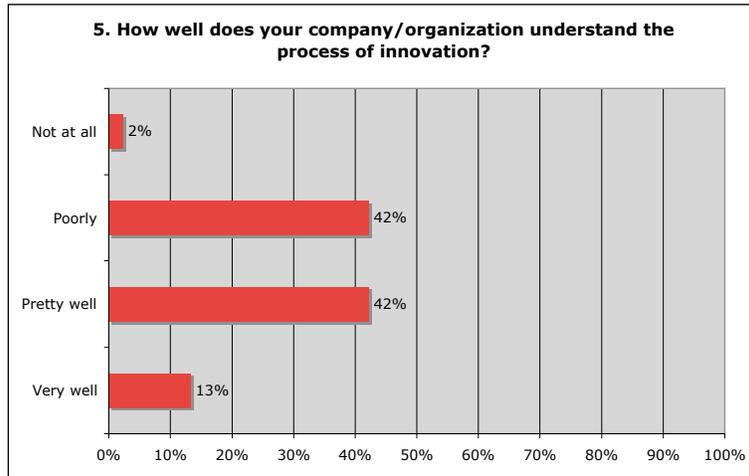
177 responses



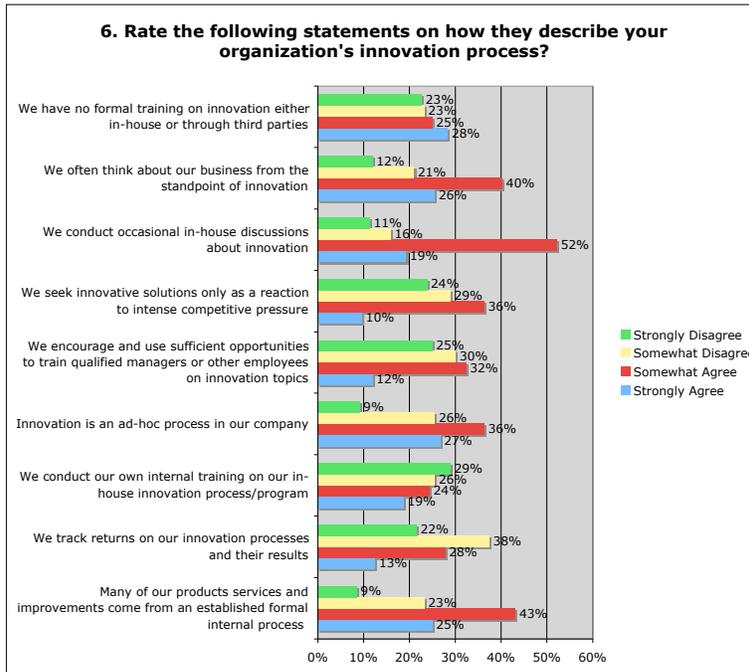
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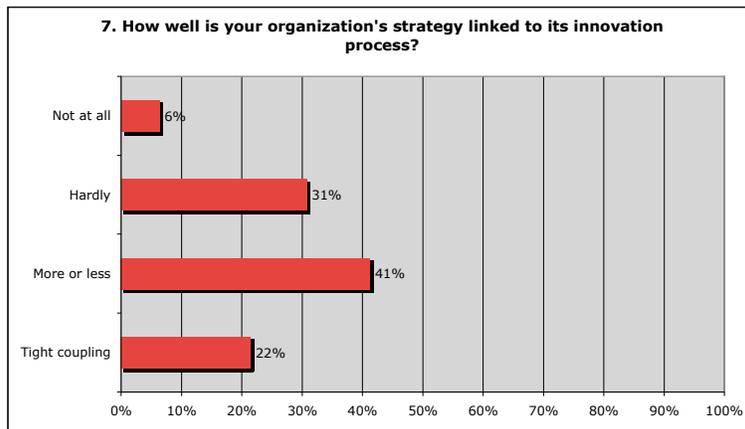
174 responses



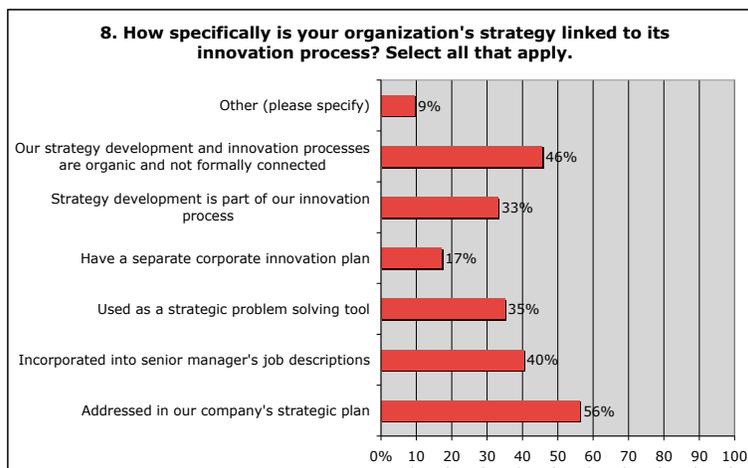
173 responses



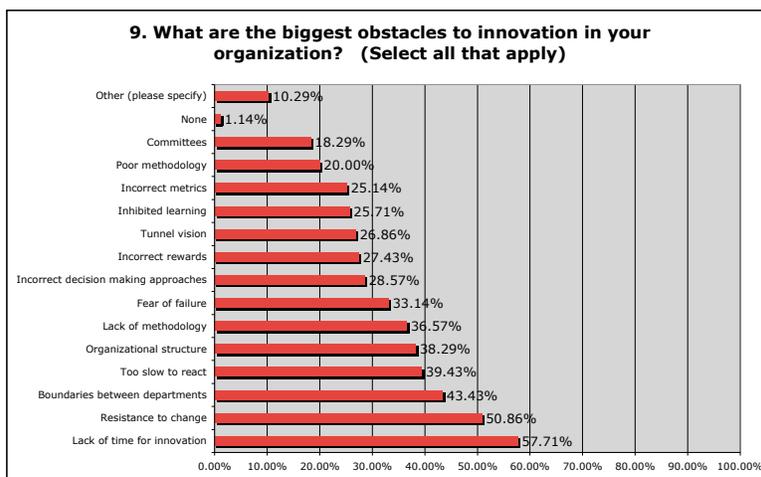
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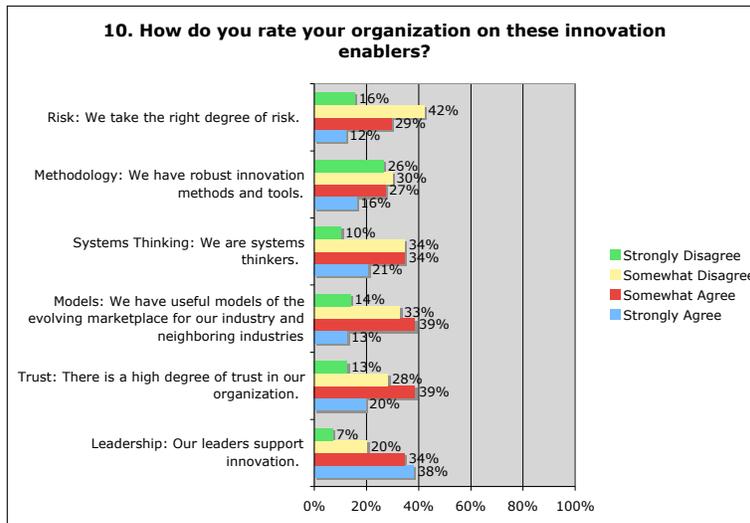
172 responses



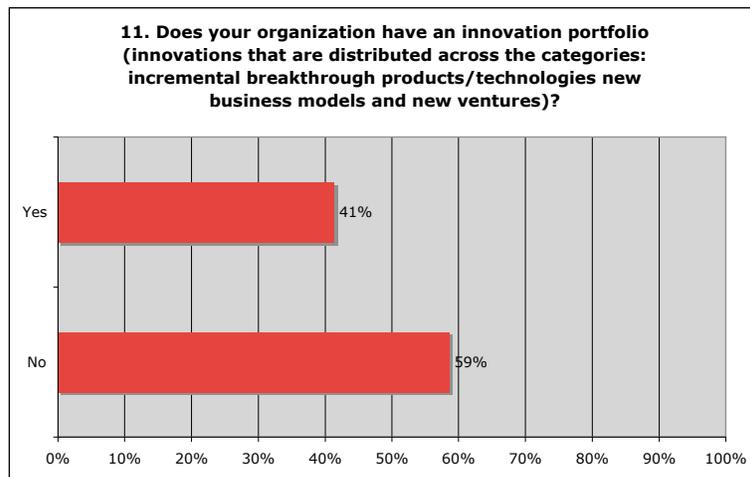
169 responses



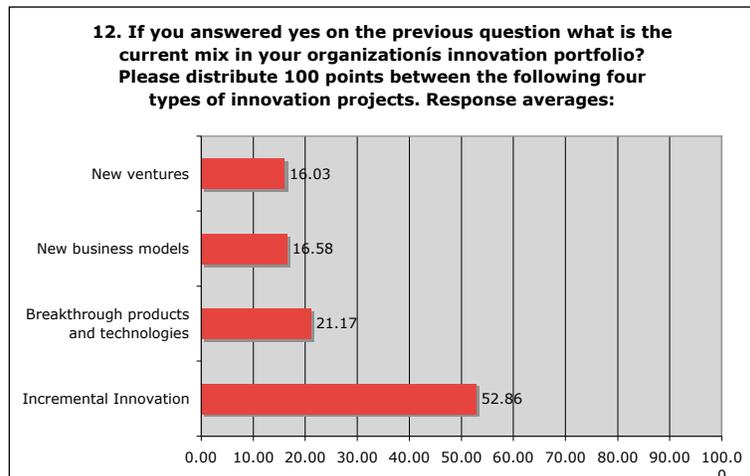
175 responses



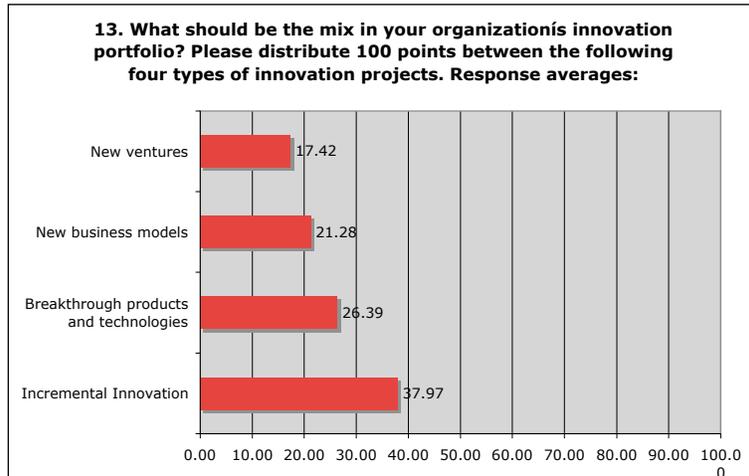
174 responses



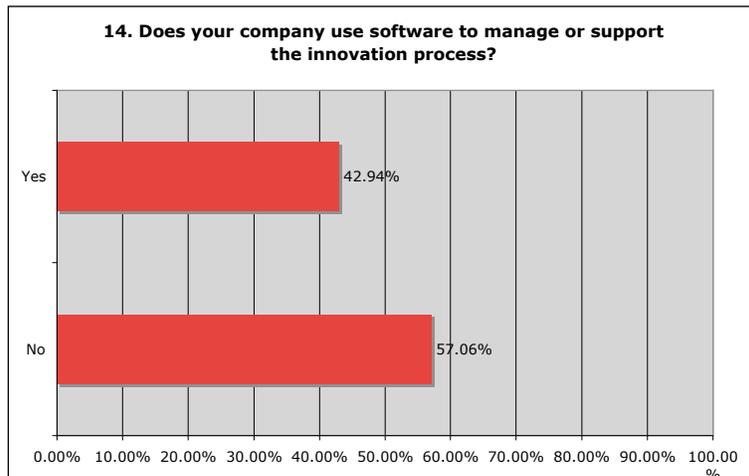
174 responses



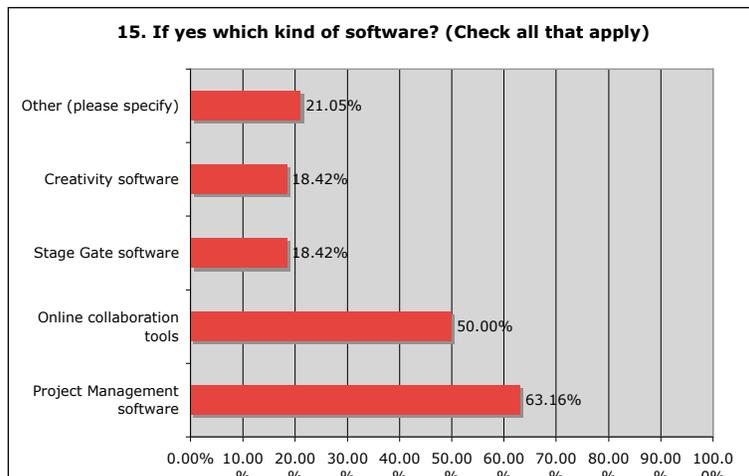
75 responses



146 responses

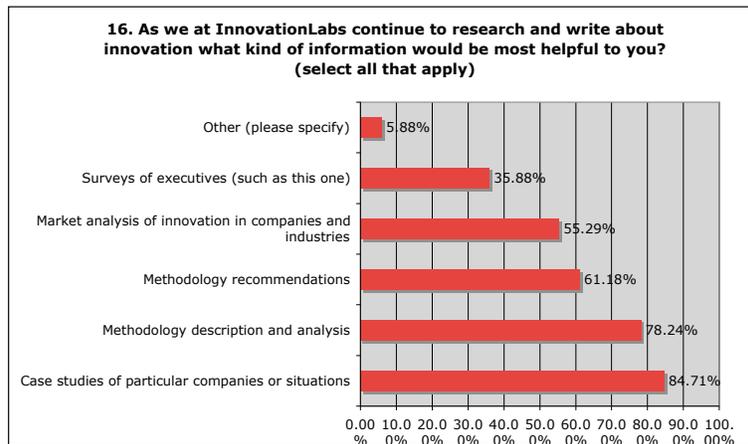


170 responses



76 responses

"Other" included Excel, ideation, mindmapping, and gaming.



170 responses

“Other” included tool reviews, metrics, communication skills, and failure examples.

17. Any additional comments about innovation at your company/organization?

[Selected responses shown.]

1. We've only just begun to introduce definitions, concepts and methods supported actively by some middle management and somewhat passively by upper management. The view probably isn't wide or inclusive enough - doesn't include aspects of permanent innovation.
2. Finance rules the roost - if an idea requires more than \$250k of capital or produces less than 1000t of product it is nearly impossible to get formal approval.
3. Innovation is thought of in a limited sense - mostly related to technology/product, not so much as related to process and business model.
4. The senior leadership pays lip service to innovation. They know it is the answer, but do not know the question.
5. We are very interested in promoting Innovation as it is recognised as very important. There are various separate initiatives (workshops, pilots, etc) that are being run, but they are largely talking shops. Innovations do happen, but they are client and project related and have little cross fertilisation.
6. 40 Years in business as a search engine, before internet. We have leapfrogged the competition into analysis from search to research more or less. Soon community will replace destination sites, we are already there.
7. I feel a certain lack of commitment from senior management. They don't completely understand the real meaning of innovation. They are too resistive to change.
8. Innovation has spurred our growth into new sectors (e.g., state & local government), significantly expanding our client base.

9. In such a large organisation as I work in I'm not sure if everyone is up to date with for him/her the relevant innovation projects going on around the globe.
10. Our software solution currently fits organizations that already perform at a best practices level for global strategic technical intelligence gathering and analysis in support of their product innovation strategy work (clients are typically Fortune 1000, with their technology strategy organizations ranked in the top 5 in their respective industries). We would like to develop a way to determine what level of innovation process maturity mid-tier companies need to have (or develop) in order to successfully utilize our competitive intelligence solution for visualizing and validating global innovation and product strategies. (We have previously encountered and solved this type of maturity-readiness issue in the software development domain, where software analysis and design tools and methods (CASE tools) could not be successfully introduced into software development organizations unless the organization had reached about a Level 3 CMM (software capability maturity model)...looking to find a similar metric of maturity-readiness that can be applied in the area of innovation and technology products strategy. Hoping that this survey of yours will help us understand this issue.
11. Although we have a stage gate methodology, still the biggest problem is the fear of failure, and lack of empowerment of employees.
12. I am really enjoying the book - we are working hard to establish a systems design center using Gharajedaghi's work and this notion of innovation and the methodology you employ is congruent. We have a long way to go but now have an executive team on board who understands the essential need to make innovation a planned and integrated part of what we do everyday.
13. The organisation has recently appointed a couple of 'innovation' executives (myself as one), so we are aware of innovation, and interested, but pretty much at ground zero for process etc.
14. We realise the importance of innovation but need to apply it methodically.
15. As a regional development agency in the tourism industry it is our responsibility to collaborate with industry partners on new initiatives we would be interested in experiences on how to develop partnerships among organisations which often also are in competition with each other
16. Surveys of how organisations fail is more useful because we learn more from failure than success.
17. Stories are the most powerful way to spread change
18. We have begun talking in earnest about the need for innovation in our company, but we've not changed much yet.
19. I would like to use this survey across our Exec Team; are you able to make it available? [Yes.]
20. Our organization has a mandate for innovation, as there is a small research and development unit. We are trying to foster innovation throughout the organization through the use of a multi-disciplinary team of 'beta-testers and early adopters'. This team is given early access to new systems and products

being developed in return for their feedback. This concept has proven quite popular with several other staff members desiring to be included.

21. I am an engineer responsible for developing new products. My focus is on incremental innovation, but I take time to think about small breakthrough ideas. Several of the products that I have created were considered 'not feasible' by most, and I consider those products to be breakthroughs. If my company does have some sort of innovation strategy, I am not aware of it. This lack of communication is probably the biggest problem.

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For more information:

www.permanentinnovation.com

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Thank you!