

10 IDEAS

**A PRACTICAL
TOOL FOR
INNOVATION
MANAGEMENT**



Creativity
and Innovation
European Year 2009



CEC

EUROPEAN MANAGERS



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FOREWORD

There is often a misconception that innovation is only aimed at the creation of new machinery or the development of sophisticated software. However innovation and creativity are not exclusively related to products, services or technologies. Innovation and creativity concern mainly processes, that is to say, the way of creating, leading and managing a company or an organisation.

First, we must differentiate creativity from innovation. Innovation is the process of creating something new, either products, services or ideas. Creativity is a part of innovation; it is probably its largest source.

Ideas are the basis for innovation. But ideas do not always emanate spontaneously and the role of a manager is then to stimulate the emergence of proposals and solutions within the company.

A creative strategy requires new attitudes and changes in the corporate culture. Innovation is the result of a qualified leadership, which must be close to employees to encourage them to submit their ideas.

Some successful keys to stimulate creativity:

- Encourage the creative abilities of each person and try to identify the most imaginative workers.
- Develop tools for formal and informal communication within the organisation.
- Stimulate a relaxed working environment where everyone feels that he or she can be proactive.

To analyze these concepts in depth and provide a practical tool for innovation management, CEC European Managers suggests, in this document, ten ideas to be implemented by managers in their own companies. These ideas result from the CEC European Managers conference held on 4 June 2009 at the European Parliament in Brussels on the topic “The Role of Social Partners to Stimulate Creativity and Innovation”. Fostering innovation does not mean that everything must be changed every month or that there is a unique recipe for innovation. Each company has its specific characteristics and it is the duty of the management to adapt these ideas to its own context.

PUT ASIDE PRECONCEIVED IDEAS, INNOVATION IS VITAL

Innovation is not always perceived in a positive way within the company for several reasons. Some managers develop stress to change, for example, due to the potential risks that innovation can involve. A rigid culture is also an important barrier in the innovation process. If workers are not active and do not want to change their habits, innovation is doomed to failure.

Innovation must be an attitude and must be seen as a source of competitiveness necessary to avoid being overtaken by competitors. We can no longer think only about the present, because what is true today may not be true tomorrow.

For executives and managers, innovation must be a process of improvement of the organisational structure and the working methods to ensure new products, services and ideas.

The main characteristics of an innovative manager are:

- Understanding the innovation process and its effective management.
- A willingness to learn continuously.
- An open mind to new things.
- Leadership to influence the company culture towards innovation excellence.
- Prioritize strategies rather than the products or services resulting from it.
- Being close to the employees.
- Openness to new technologies and their use by all workers.
- Insert a standard agenda point on innovation in management meetings.





INNOVATION MUST NOT BE SEEN AS A CONSTRAINT

Ideas are the basis of innovation, but the contribution of ideas must always remain a possibility, not an obligation. Innovation is often perceived as a need, in order to constantly create new products and services. This concept leads companies to demand a regular contribution of ideas from their employees, which may produce stress. Developing a positive environment should include:

- **MAKING THE EMPLOYEES FEEL THAT THEY ARE FREE TO EXPRESS THEMSELVES.** Managers must be close to their employees to encourage them to bring up their ideas.
- **DEVELOPING TRAINING TOOLS FOR INNOVATION.** Innovation is not a natural gift, it is acquired. Employees must learn how to innovate and how to use the tools at their disposal in the company to bring up ideas.
- **MAKING WORKERS AUTONOMOUS.** Employees must be able to take initiatives.
- **MAKING EACH INDIVIDUAL FEEL THAT HIS OR HER IDEAS ARE TAKEN INTO ACCOUNT,** whatever his her role in the company.
- **ALLOWING TIME FOR REFLECTION.** Innovation is not just about providing ideas, moments of reflection are essential. For example, during a meeting, it is useful to have a few seconds of silence to allow employees to let their ideas grow.



TO INNOVATE, WE MUST LEARN TO THINK OUT OF THE BOX

Managers face many constraints in terms of innovation. The legal framework especially appears as a major obstacle because laws, even if they are essential to maintain and promote innovation, often turn out to be serious obstacles.

One of the abilities of a manager is to adapt to the context, and this requires to learn out of the box thinking.

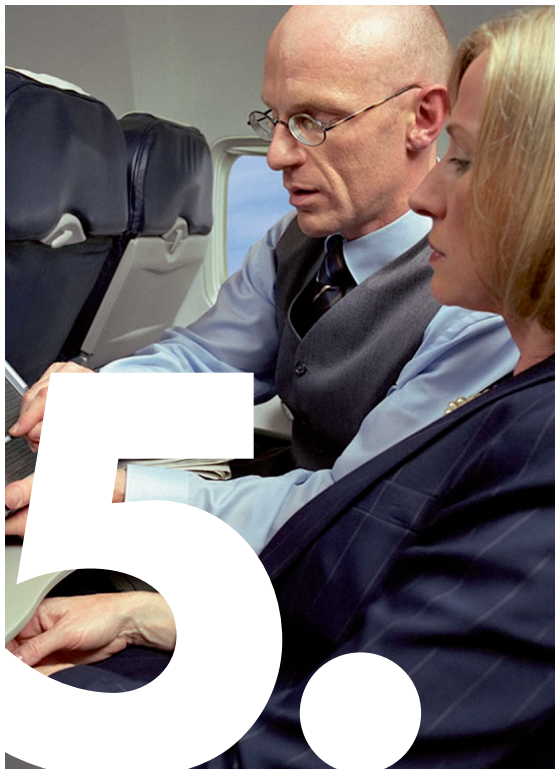
- **ANALYZING CONSTRAINTS.** To learn how to get round difficulties, we must first analyze and then focus on those constraints which are the main obstacles.
- **LAWS PROTECTING THE ENVIRONMENT.** These laws sometimes require companies to adopt the latest technological advances in their field, which can be seen as an additional cost. However, these investments in technology can also lead to innovations in other areas of the company.
- **TAX CONSTRAINTS.** Some taxes can particularly affect innovation. But several countries offer grants to support innovation. These have to be communicated about.
- **THE POSITIVE EFFECT.** Laws can also have a positive effect. For example, the protection of copyrights and patents is essential to earn economic benefits from innovations.
- **ACTING TOGETHER.** To change the most important legal constraints, managers can not act on their own. Only groups of managers with a common vision can change laws undermining innovation.



CULTURE OF INNOVATION: LISTEN BEFORE ACTING

Communication is vital to find new ideas. Innovations emerge, more and more from people working directly on the product or service, or from customers. This is why it is important to ensure feedback.

- **FINDING THE PROBLEM.** Prior to taking action, it is necessary to identify areas where innovation is possible. To this end, all areas of the company must be considered.
- **FLEXIBILITY IN THE COMPANY.** Non-hierarchical organisations stimulate creativity. Managers must establish structures of formal and informal communication, so that everyone can communicate with everyone. This may bring new responsibilities, promote exchanges and enable employees to be proactif.
- **ROLE OF EXTERNAL ACTORS.** From customers and suppliers, to subcontractors, in addition to other companies or social partners, remaining open to external actors brings more opportunities of receiving good ideas.
- **INTERNAL KNOWLEDGE OF THE COMPANY.** For an effective management, it is essential to know the organisation. Innovation plays a dual role here: it may be the result of a good business policy, but it may also help the manager to better understand his business and employees, through modern tools of information and communication.



MAKING ACADEMIC RESEARCH MORE ACCESSIBLE

Universities and other academic institutions are the most important sources of innovation. Collaboration with these institutions can make research and innovation more accessible for companies that lack not only resources but also expertise.

- **SEEKING AGREEMENTS WITH UNIVERSITIES.** France, for example, has implemented the “doctoral consultants’ program”, an initiative that allows a doctoral student to work as a consultant in a company, a government or a local authority in conjunction with his or her work of research.
- **INVESTING IN ACADEMIC RESEARCH.** Direct investments in universities may also give access to important discoveries that may be used by the company. This is a good way to find different solutions from those generally available within the organisation.
- **DEVELOPING FUTURE RELATIONSHIPS.** Collaboration with academic institutions can also be an opportunity to recruit creative people. This can also strengthen the commitment of the researcher, if he or she perceives the collaboration as an opportunity for future professional development.



INNOVATION AND SOCIAL PROTECTION ARE COMPATIBLE

Social protection is essential to stimulate creativity and innovation, but innovation is also necessary to face new challenges for social protection. For the manager, the aim is that employees work in good conditions, so as to stimulate their creativity and strengthen their commitment to the company.

■ **FACILITATE WORK-LIFE BALANCE.** Internet and other forms of distance communication improve work-life balance, through formulas such as teleworking. Schedules should also be as flexible as possible to ensure that each employee can adapt his or her timetable to his or her individual needs.

■ **A CREATIVE WORK ENVIRONMENT.** The work environment determines innovation. People who work in a creative environment are themselves more creative. Avoid having too austere offices and give employees the opportunity to change space and atmosphere and access to a relaxing room. All this will improve the quality of the work environment.

■ **STOP THE STRESS.** Stress is the disease of the twenty-first century, affecting more and more workers. The feeling of being overwhelmed influences the work environment and thus the creativity of the employee. It is important to give workers some moments to rub off. A good initiative could be the “innovation day”, a day when the working atmosphere is relaxed in order to boost creativity in-house.

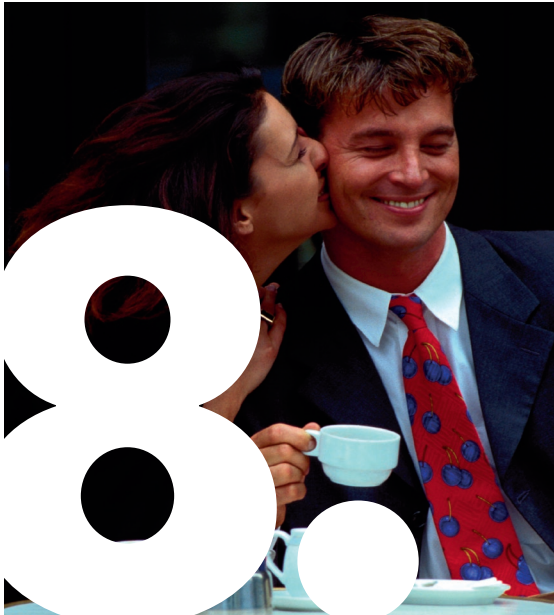
■ **CREATIVE SENIORS.** The increase of ageing population also calls for reconsidering the role of senior workers in innovation and creativity, especially at a time when several countries discuss the extension of working life. We often think that after a certain age, people become less creative and organisations tend to exclude seniors from innovation strategies. Nevertheless, several studies show that a person can be more creative at the age of 70 than at 20.



NETWORKING FACILITATES INNOVATION

Innovation is not only the challenge of a company's elite, innovation concerns all the members at each level of the company, both internal and external. Finding a good solution requires people with different expertises in order to analyze all facets of a problem. Thus innovation is a team work.

- **DAILY EXCHANGE OF KNOWLEDGE.** Knowledge sharing must be a daily practice. To this effect, information must be exchanged taking into account the occupation of each employee receiving it. It is therefore important to use appropriate infrastructures (intranets, CMS, program notes, etc..).
- **COOPERATION.** Individual players can work less and less on their own in international markets. Europe must promote cooperation between countries and with the rest of the world to benefit from others knowledge.
- **MANAGERS' NETWORK.** Many companies think that it is enough to recruit an expert in innovation to bring on creativity. But innovation is not the work of a single manager. Organisations must create a managers' network within the organisation to discuss innovation topics. This can be structured as an "Innovation Committee".
- **CLIENT'S WISDOM.** The customer is the person who knows best his or her needs. This is why a company must also enable customers to submit their ideas through mailboxes and after-sales services or analyze directly their satisfaction through surveys or studies.
- **PUTTING IDEAS INTO ORDER.** When a company receives a lot of ideas from multiple sources, they should be structured through a so-called strategy of management of a portfolio of ideas. Managing a portfolio of ideas is the process by which ideas are recieved, defined and funded to be exploited.



REWARDING INVENTOR FEEDS INNOVATION

Innovative ideas emerge more and more from employees working directly on the product, or who are in direct contact with the customer. However, as innovation is generally not part of their duties, they are not motivated to innovate or to share their ideas. The possibility of rewarding good ideas can be a way to encourage employees to innovate.

- **RECOGNITION ON A DAILY BASIS.** The manager must make employees feel that submitted ideas are valued within the organisation.
- **ECONOMIC PRIME FOR INNOVATION.** The value created by an innovation must be shared with its author, while ensuring that the rewards do not undermine the system and that the financial aspect does not become the only goal of the employee.
- **BENEFITS.** To avoid this risk, other benefits to reward authors internally may be considered.
- **PUBLIC RECOGNITION.** Many companies have already established systems of public recognition within their organizations, such as annual awards, tributes, etc.
- **PROFESSIONAL RECOGNITION.** Some forms of professional recognition, such as for example, giving more responsibilities to the most creative people, can also encourage innovation.
- **OTHER TYPES OF REWARDS.** Several companies already use a system of points exchangeable for gifts, as a strategy to reward innovation.
- **DO NOT PENALIZE.** Whatever happens, even if an idea is not implemented, employees should not be penalized, because the fear of being punished can curb the flow of ideas. The manager should assess the different proposals before implementing them. If the analysis shows that an idea can not be adopted, the manager should include himself or herself in the failure and not blame the author of the idea only.



PROTECTING THE ENVIRONMENT AND ENCOURAGING INNOVATION BOTH ARE POSSIBLE

Environmental protection and innovation may seem incompatible. But innovation and creativity should be environmental friendly. An environment-unfriendly innovation is a step going backwards instead of a step going forward.

- **ECO-DESIGN.** Eco-design is the ecological design of a product, including not only the choice of raw materials, but also the possibilities of recycling, manufacturing, logistics management, distribution and use.
- **TECHNOLOGICAL INNOVATION.** Technological innovations are necessary for an environmental friendly policy in the company and can also trigger innovations at every other level.
- **ORGANIZATIONAL INNOVATION.** Environmental friendly innovations should not only be focused on technologies and processes but also on the use of green materials, appropriate infrastructure, etc.
- **CORPORATE CULTURE.** Environmental protection should be part of the corporate culture shared by all the employees. This can bring savings at different levels of the organisation. Respecting the environment also means not to waste.
- **ETHICAL RESPONSIBILITY.** A strategy for protecting the environment can be beneficial to the company by giving a positive public image.



INNOVATION HAS NO SENSE IF MAN IS NOT AT ITS CENTER

Concerning its purpose, we can say that innovation is not a goal in itself but a way to achieve better productivity and a better quality of life. We are talking about a closed process, initiated by man and which should end with man at its center. In this sense, innovation must contribute to improve living standards, not only in terms of working conditions, but also in global terms of social perspectives.

- REDUCE POVERTY.
- INCLUDE THE DISADVANTAGED TARGET GROUPS ON THE LABOUR MARKET.
- IMPROVE THE QUALITY OF WORKING ENVIRONMENT.
- DEVELOP NEW SOCIAL SYNERGIES AT LOCAL AND REGIONAL LEVEL.
- ENSURE THE DEVELOPMENT OF PROGRAMS FOR TRANSITION OF EMPLOYMENT.
- IMPROVE WORKING CONDITIONS.



*Conference with support
from the European Union*