



2020

2020 & Beyond:

Planning Your Organization's
Innovation Program

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What's Your New Year's Innovation Program Resolution?

Don't stagnate. Innovate. That's the innovation mantra for 2020 as the New Year rapidly approaches. Indeed, it's the fourth quarter, and everyone is in planning mode—and rightfully so. Companies are innovating at never-before-seen paces, competition is growing exponentially fiercer, so the need to innovate is no longer a matter of if, or even when, but rather how.

That's why we believe now is an opportune time to update your organization's innovation plan and stay ahead of the curve—because the last thing you want to do in this market is stagnate.

There are two current market trends you should be aware of as you get started in your planning, as they can greatly impact your decisions moving forward:






1. top innovators continue to increase overall investments in time, resources and dollars to get the most out of innovation—particularly in transformational innovation;
2. innovation continues to evolve and strengthen as an organized discipline.

Market Trend: Innovation Investments Continue to Rise

As evidenced in the Innovation Leader & KPMG Benchmarking Innovation Impact 2020 report, companies are increasing their innovation budget investment year-over-year to drive more business impact. This is particularly true for companies that have mature programs in place.

As you begin your annual innovation plan, consider your budget and how your company compares. Most companies Planbox works with are part of the existing annual budget cycle structure to build the innovation budget, so it becomes a part of how the company does business.

What happened to (or is expected to happen to) your overall innovation investment in the following years?¹

All Respondents	2018	2019	2020
Role Models			
 Dramatic Increase	12.0%	12.2%	14.6%
	19.2%	22.2%	25.9%
 Moderate Increase	32.1%	39.0%	40.9%
	42.3%	44.4%	51.9%
 Stable	45.9%	33.3%	23.5%
	34.6%	25.9%	7.4%
 Moderate Decrease	2.9%	5.2%	5.2%
	0.0%	0.0%	3.7%
 Dramatic Decrease	3.4%	4.2%	1.9%
	0.0%	0.0%	0.0%

Note: Data highlighted in yellow indicates an increase of 5% or more. Data highlighted in orange indicates a decrease of 5%. Chart does not include data from respondents who said they didn't know what had happened to their budget in the years show.

As you think about budget, consider:

- ✓ a structured process, and resources for engaging the ecosystem players such as startups, universities, suppliers, etc;
- ✓ a programmatic approach to incremental innovation including sustainability, safety and customer-facing process improvement innovation;
- ✓ a sustainable and scalable process for gathering customer insights and turning them into tangible business opportunities;
- ✓ mechanisms to monitor and drive tangible business results from innovation;
- ✓ properly staffing innovation.

¹Source: Innovation Leader & KPMG Benchmarking Innovation Impact 2020 Report



Looking at the staffing chart from the same study, we are encouraged by the increase in overall staff. At Planbox, we continue to be surprised at the number of 1-3 person teams within the business who are expected to drive substantial innovation results while under-resourced, and pushing against a difficult cultural environment.

We believe mature companies have already been down this path, learned that innovation needs to be adequately resourced, and are responding to those lessons. Based on what we see 'on the ground', we encourage everyone to take a critical look at their current staffing.

Full-time equivalents supporting innovation²

	All Respondents	Role Models
500 or more	5.7%	22.2%
100 to 499	7.6%	11.1%
50 to 99	7.6%	11.1%
25 to 49	9.4%	0.0%
10 to 24	21.2%	25.9%
1 to 9	37.7%	22.2%
No full-time equivalents	5.2%	0.0%
Don't know/too complicated	5.7%	3.7%

Note: Data highlighted in yellow indicates an increase of 5% or more. Data highlighted in orange indicates a decrease of 5% or more.

Market Trend: Innovation as an Organized Discipline

At Planbox, we believe this trend is a long-time coming. We've seen so many well-intentioned companies and teams with starts, stops, re-launches and re-vamps of their innovation program. This has been from a combination of not aligning with strategic outcomes, not gaining stakeholder traction in a difficult culture, the innovation 'hero' leaves the job or company and the program falls apart, etc. Trust us, we've seen it all, and we want better for you and your program.

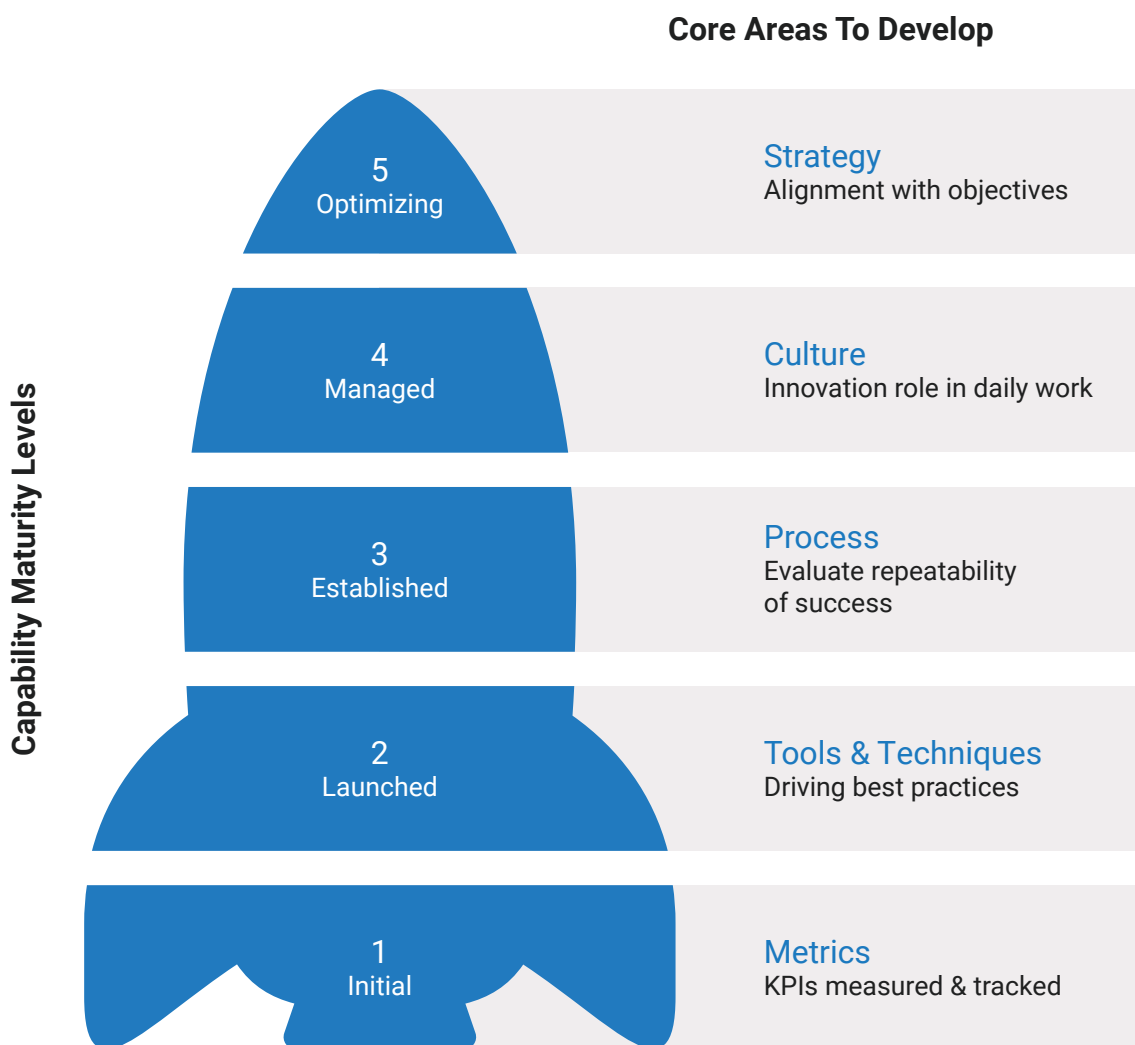
In early 2019, the ISO started publishing innovation program standards. Additionally, in talking with the team at Forrester, we learned that 56% of the respondents in a recent survey are actively working on designing and developing an innovation program. What this means for your planning effort is it's best to consider the program holistically—not only to drive your own results—but just to keep up with competitors and transform your own markets. We are happy to say we have a voice with the ISO as they design and review these standards for publication, and our CEO is a part of that process. This simply aligns with our view of being the system of record for all innovation programs.

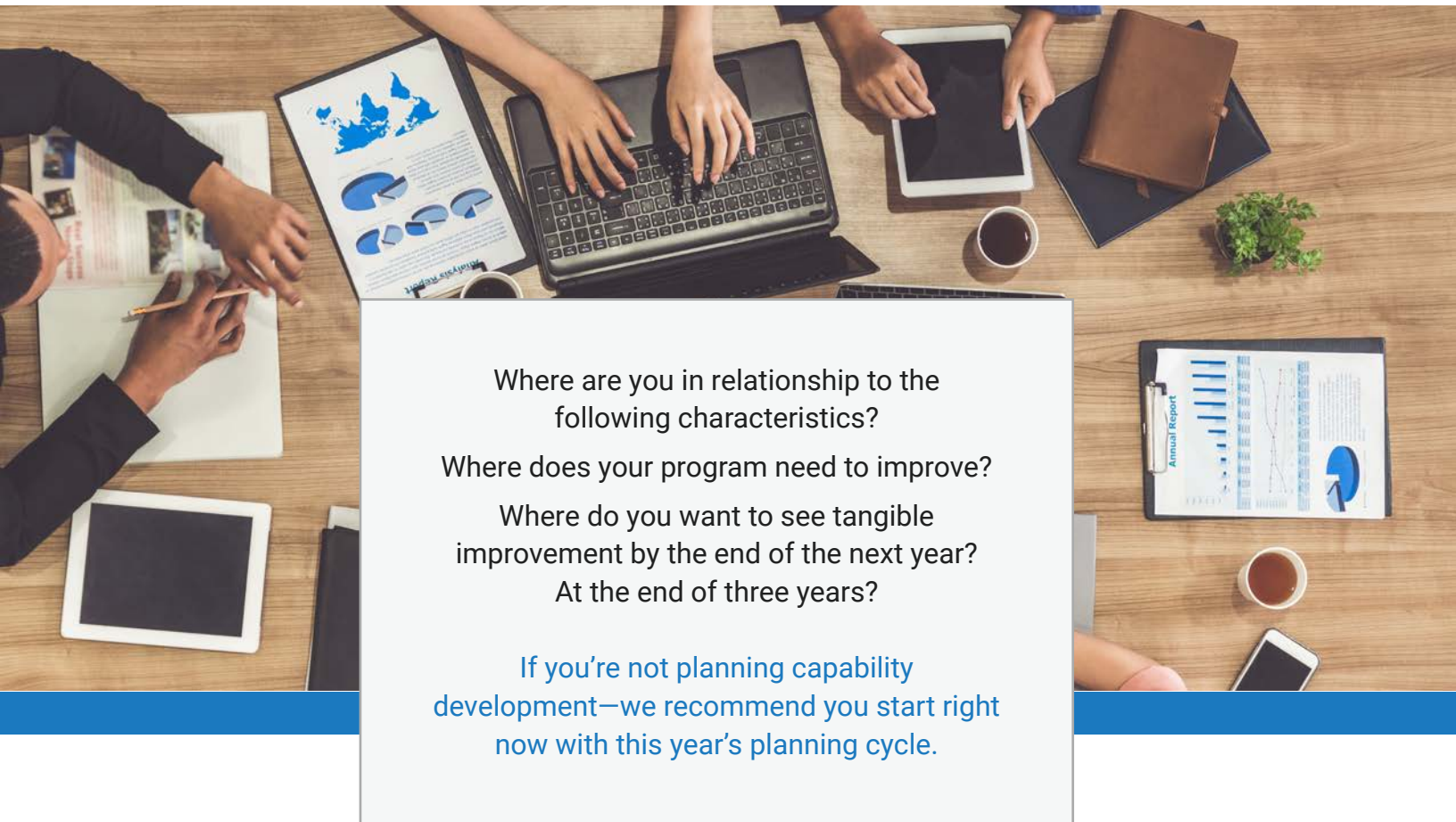
So what does it mean for your company as innovation becomes better funded and more organized? We recommend looking at the maturity of your current program in conjunction with the strategic business outcomes required from your program.

Innovation Capability Maturity

Innovation programs should mature over time in conjunction with the experience of the staff, the types of innovation addressed and the innovation results achieved. Because this is a journey over time, it's important to have measurable programmatic goals to address these goals and improve innovation capability.

If you've not taken a maturity test in the past, we encourage you to take the 5 minute lite version of our maturity test at www.planbox.com/imtest. This should give you a good initial indication of where you're at today, and where to focus your improvement efforts.





Where are you in relationship to the following characteristics?

Where does your program need to improve?

Where do you want to see tangible improvement by the end of the next year?

At the end of three years?

If you're not planning capability development—we recommend you start right now with this year's planning cycle.

The way to consider maturity is to assume all of your competitors are at an optimized state of maturity for their own capabilities. If your company is not continually working towards optimization of strategic alignment, culture, process, tools and metrics, how can you possibly compete? The short answer is you won't. The good news is we find the majority of those who take this short version are at a level '2 Launched'. Some of the key characteristics of level 2 maturity include:

- ➔ innovation is still largely reactive vs. proactively aligned with strategic business outcomes;
- ➔ innovation is still poorly resourced—a 'side job' in many parts of the business;
- ➔ there is little process standardization, so each innovation team is still 'reinventing the wheel';
- ➔ innovation activities are ad-hoc vs. being coordinated around strategic business outcomes;
- ➔ metrics are still early stage and likely only based on one perspective, such as activity or engagement metrics.

Innovation Aligned to Strategy

Strategic business outcomes is the right place to start your planning and budgeting. We can start this process by asking some key questions such as, how do I effectively align innovation with strategy? How do I pursue a range of innovations to impact that strategy?

To get started with strategic alignment, let's consider some examples of typical initiatives that are a part of most strategies today:

- ✓ Growth
- ✓ Cost Reduction
- ✓ Customer Experience
- ✓ Digital Transformation

The first question to ask, for instance, is what are the current strategies around Customer Experience? Then, where can we add collaboration and innovation to the strategic execution plan?

If our goal is to improve a customer feedback score such as Net Promoter or another customer experience methodology for example, we can engage in collaborative innovation to:

- ➞ identify and solve the problems associated with our lowest scores;
- ➞ innovate ways to create even better experiences around our high scoring areas to assure we stay ahead of the competition;
- ➞ gather customer insights from our customer-facing employees such as customer service and front-line sales, and prioritize these insights for action and impact;
- ➞ gather customer insights from customers, targeting those who gave us lower or higher scores;
- ➞ synthesize and prioritize the combined feedback of our customers and customer-facing employees;
- ➞ gather and prioritize new technologies that can positively impact customer experience directly, or operational processes leading to better experiences.

This is just a quick list of how a company can utilize innovation, collaboration and a comprehensive system of record to impact a strategic outcome. This list of actions then becomes the strategy for how the innovation program supportive of customer experience will play out for a specified period, such as the next 12 months.



Once we have alignment with the strategic goal and some initial concrete actions, we can then look at what actions will truly move the needle. That plan may look something like this:

Strategic goal: Improve NPS score by 2% over the 2018 score, which represents \$10M in customer retention.

HORIZON 1 ACTIONS

- ✓ In Q1 2020, gather customer feedback from customer-facing employees focusing on the biggest existing pain points and reasons for cancelling.
- ✓ In Q1 2020, launch a collaborative innovation effort to solve the top 3 customer pain points focused on what can be achieved short term (within 12-18 months).

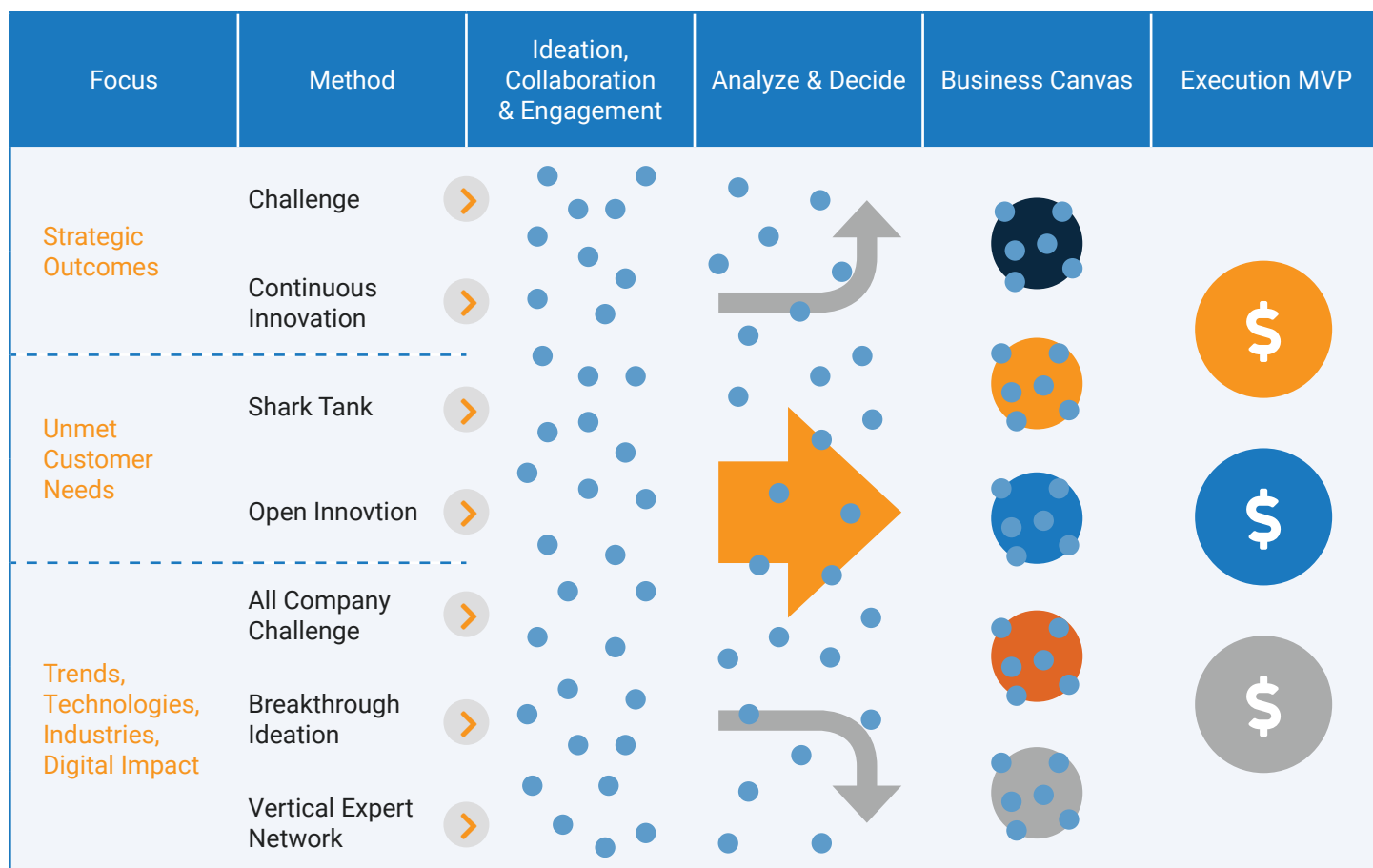
HORIZON 2 ACTIONS

- ✓ In Q2 2020, launch a collaborative innovation effort to look for and review top new technology candidates which will solve the biggest client pain points.

HORIZON 3 ACTIONS

- ✓ In Q2 2020, launch a discovery effort to redefine the customer experience over the next 3-5 years.
- ✓ In Q3 2020, finalize a prioritized list of transformational projects impacting the customer experience.

This is a simplified example, but the process can be repeated with cost, growth, or any other strategic goal. This implies that the innovation goals are aligned with the business outcomes which have a positive impact to the overall culture of innovation and processes supporting innovation. Typically these are key blockers for innovation at large companies. Working with the business to create a strategic plan aligned with key goals puts everyone on the same team.



This is just the beginning of our innovation process or funnel. Once we know where we're going, we can determine the best methods, best people to engage, the best decisions to make, and go in knowing how we want to direct, lead and scale our innovation efforts for maximum impact.

This will then naturally lead us towards evaluating the maturity of the overall process. Do we have the right tools, processes, staffing and metrics? In this way we focus on clear, strategic outcomes and mature innovation as a core capability, which ultimately leads to a positive cycle of growth.

Keep these points in mind as you finalize your innovation planning for 2020, and remember we're here to help. We can help you turn your strategic business goals into an innovation roadmap for 2020 and beyond.



About Planbox

Planbox is the pioneering provider of cloud-based AI-Powered Agile Innovation Management solutions—from creative ideas to winning projects. Our mission is to help organizations thrive by transforming the culture of agile work, continuous innovation, and creativity across the entire organization. Our family of products includes Collaborative Innovation Management, Team Decision Making, and Work Management applications. Planbox is designed to provide agile innovation tools for everyone, built for companies and teams of all sizes. Planbox is the comprehensive innovation solution trusted by some of the world's most recognized brands, including Blue Cross, Cargill, Caterpillar, Dow Chemical, Exxon Mobil, Honeywell, John Deere, Novartis, Ontario Power Generation, Sun Life Financial, Whirlpool and Verizon, with millions of internal and external users.

To learn more, visit planbox.com



planbox.com
sales@planbox.com

United States

418 North Glendale
Suite J
Glendale, CA
USA 91206

1 855 PLANBOX

Canada

1800 Berlier
#400
Laval, QC
Canada H7L 4S4

1 855 PLANBOX

EMEA

Office 71 Pure Offices
Port View, One Port Way
Portsmouth
UK PO6 4TY

44 1329 243 243