Entrepreneurs audit

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Managing Innovation

How well do we manage innovation?

This simple self-assessment tool focuses attention on some of the important areas of innovation management. Below you will find statements which describe 'the way we do things around here' - the pattern of behaviour which describes how the organization handles the question of innovation. For each statement simply put a score between 1 (= not true at all) to 7 (=very true).

Around here…..

Question	Score
1. We have thoroughly explored the innovation space and have something which is distinctively new to offer	
2. We have a clear roadmap in place to help us manage our new product/service development effectively from idea to launch	

3. The way we are structured helps us remain flexible and innovative	
4. We work hard to develop effective working relationships with key suppliers	
5. People are one of our most important assets and we take care to recruit and develop them – and to find ways to access the skills and knowledge we don't have.	
6. Everyone shares the vision and buys into it	
7. Clear business plan to ensure the new venture develops on time and budget	
8. We work well as a team, making the most of our different knowledge and ideas	
9. We have a clear understanding of our target market segment(s) and their needs	
10. We have thought through how we will capture learning from our start-up to improve	
11. We have a clear value proposition which is unique, protectable and sustainable in the long term	
12. Everyone in the team understands the needs of our customers/end-users	
13. Everyone in the team can and does make a contribution in terms of ideas to help grow the venture	
14. We work well with universities and other research centres to help us develop our knowledge	
15. We are flexible and try to learn from our mistakes	
16. We look ahead and try to spot opportunities in emerging technologies and markets ahead of the mainstream	
17. We have effective mechanisms for managing process change from idea through to successful implementation	
18. Our structure helps us to take decisions rapidly	
19. We work closely with our customers in exploring and developing new concepts	
20.We know who our competitors are/could be and we've analyzed their strengths and weaknesses and know how we compare against them	
21. Our top team have a shared vision of how the company will develop through innovation	

22. We systematically search for new product or service ideas	
23. Communication is effective and works top down, bottom up and across the organization	
24. We collaborate with other organizations to help develop new products, services or processes	
25. We meet and share experiences with other organizations to help us learn	
26. There is top management commitment and support for innovation	
27.We have mechanisms in place to ensure early involvement of everyone in developing new products/ services/processes	
28. Our reward and recognition system supports innovation	
29. We try to develop external networks of people who can help us - for example, with specialist knowledge	
30. We are good at capturing what we have learned so that we can make use of it in the future	
31. We have processes in place to review new technological or market developments and what they mean for our firm's strategy	
32. We have a clear system for choosing innovation projects	
33. We have a supportive climate for new ideas - people don't have to leave the organization to make them happen	
34. We work closely with the local and national education system to communicate our needs for skills	
35. We are good at learning from other organizations	
36. There is a clear link between the innovation projects we carry out and the overall strategy of the business	
37. There is sufficient flexibility in our system for new product/ service development to allow small 'fast track' projects to happen	
38. We work well in teams	
39. We work closely with 'lead users' to develop innovative new products and services	

40. We use measurement to help identify where and when we can improve our innovation management	

Question	What's behind it – what does a low score mean?	What can we do about it?
1. We have thoroughly explored the innovation space and have something which is distinctively new to offer	Successful entrepreneurs have a clear and unique 'value proposition' which defines the opportunity they have identified A low score here might mean that the value proposition is vague or poorly thought through, or else it is something which already exists.	Develop a strategy – a clear statement of where and how innovation will take the organization forward. There are several powerful frameworks to help build up a robust strategic plan for how to make your venture happen – and to help you ask yourself key questions to strengthen it.
2. We have a clear roadmap in place to help us manage our new product/service development effectively from idea to launch	There is a very real risk in a new venture that the project will overrun in cost and time, resources may be poorly utilized and innovation becomes something of a gamble rather than a managed risk. Enthusiasm and ambition are powerful resources but there is a need to think through carefully the process through which the idea will be turned into successful reality and to put some structures/ processes/mechanisms in place to help that. Innovation involves uncertainty – we can't predict what will happen and so we need to put in place some mechanisms to review and change what we are doing – including stopping the process or radically changing direction f things don't go as expected.	Develop a roadmap for what is supposed to happen and when – a project plan Review against this regularly and plan for key review points Use a coach – someone who can act as an independent sounding board and challenge/question what you are doing as you go through the project Be prepared to change direction – don't simply push your idea through at all costs. Many successful entrepreneurial ventures began life looking very different – the key to their success was the 'pivot' when they reviewed progress and changed direction.

3. The way we are structured helps us remain flexible and innovative	One of the key advantages which a start-up has is the kind of organization it represents – passionate and committed, full of energy and enthusiasm, creative and flexible and small enough that communication happens quickly and effectively. The key challenge is to make sure these assets are fully realized - and if there are things getting in the way to deal with them quickly. For example if one individual doesn't communicate and share his/her knowledge and perspective then that can quickly become an issue.	Review organization structure – aiming for a balance of informality and speed against clear accountability and responsibility. Review workshop Use a coach to help reflect on how well the organization structure works and where it could be changed or improved
4. We work hard to develop effective working relationships with key suppliers	New ventures are often small core teams and their success depends on building a rich network of other players who can provide various key resources. But simply identifying where and who is only part of the story – there is a need to ensure that the relationships developed are flexible and supportive.	Identify who the key players in the external network are – and then explore how to develop those relationships and how to build a sense of partnership.
5. People are one of our most important assets and we take care to recruit and develop them – and to find ways to access the skills and knowledge we don't have.	New ventures are very dependent on people and making sure that the right ones are involved and able to deploy their skills quickly and effectively is critical. But new ventures are often small teams and key skills may be missing – it's important to recognize what is needed and develop ways of making sure you have access to them when you need them. This could be through recruiting, through investing in training or developing networks and links with outsiders which can help.	Skills audit and links to a HR strategy Training and development
6. Everyone shares the vision and buys into it	Once again this is an area where new ventures have a potential advantage – a clear and exciting vision which people can commit to and put their energies and ideas behind. But if this isn't clear and communicated then there is a risk that people won't know where or how to focus their innovative efforts – innovation is just a slogan. The risk is they won't bother or else they will innovate but in random fashion which may not help the organization move forward	Making the vision clear and explicit and telling the story regularly so that people understand and can share it. But vision isn't enough, there needs to be a clear framework for how that will be realized – a business plan. Thinking this through and articulating it is central to the success of a start-up – and involving people in the process so they can challenge and contribute is a good way of ensuring a more robust model which people will buy into.

7. Clear business plan to ensure the new venture develops on time and budget	Overruns on time and/or budget usually mean there are weak or no processes in place to manage projects systematically and appropriately As we've seen that's often a risk for a small stat-up which may be strong on ideas and passion but lack the discipline of project planning and management	Stage gate and other project management inputs.
8. We work well as a team, making the most of our different knowledge and ideas	The problem for large organizations is that their very size and diversity poses problems – 'Silo mentality', failures of communication – key information not being shared or shared too late. Conflicts between different parts of the organization – the whole is less than the sum of the parts. The potential strength of a small start-up is that it has a highly flexible committed and enthusiastic team at its heart – provided these attributes can be built upon. A low score here means that some of the large organization problems may be emerging.	Review organization structure – aiming for a balance of informality and speed against clear accountability and responsibility. Review workshop Use a coach to help reflect on how well the organization structure works and where it could be changed or improved
9. We have a clear understanding of our target market segment(s) and their needs	Products/services which people don't buy! Missed opportunities in terms of their design ideas. Risk that we offer ' the better mousetrap' that no-one wants! A 'classic' problem in new ventures is idea push – having a great idea and then pushing it at the market rather than taking time to understand who (in as detailed a way as possible) might value this and why? And making sure that the chose segment is big enough to make all the efforts in launching the venture actually worthwhile! If not, how could the core idea be changed to increase the size and scope fo the market?	Review and extend your market research tools, especially those aimed at getting close to 'the voice of the customer' (VOC). Explore tools and techniques which bring in users at the 'fuzzy front end' of the innovation process.

10. We have thought through how we will capture learning from our start-up to improve	Without some way of capturing and holding on to learning about what works – and what doesn't work – the organization risks making the same mistakes again and again. There is no 'organizational memory' and success becomes a hit and miss affair. This is particularly important in a start-up because there are valuable lessons – the trouble is that there are also so many pressures to 'get on with it' that it is difficult to find time and space to reflect.	Develop a roadmap for what is supposed to happen and when – a project plan Review against this regularly and plan for key review points Use a coach – someone who can act as an independent sounding board and challenge/question what you are doing as you go through the project Be prepared to change direction – don't simply push your idea through at all costs. Many successful entrepreneurial ventures began life looking very different – the key to their success was the 'pivot' when they reviewed progress and changed direction.
11. We have a clear value proposition which is unique, protectable and sustainable in the long term	If we don't know what we know – and more important, what do we know which is unique or hard to imitate – then we don't really understand how we will compete. Building an awareness of the things we know about and can do well- means that innovation is not a random set of ideas but linked to areas of strength. But we also need to be aware of imitation – it may be the sincerest form of flattery but it also means that others will be looking to capitalize on your idea by copying. So how well have you thought through the protection you can organize for your intellectual property?	Develop and share an understanding of what we are good at – our 'core competencies' and how we can leverage these in products, services and processes. What are our distinctive strengths? And how do we protect and exploit our intellectual property (IP)?
12. Everyone in the team understands the needs of our customers/end-users	Successful innovators understand their customers needs – that's a key message from countless studies. But it is important that the understanding gets through to everyone in the organization – otherwise they may put their ideas and energies into creating products/services which no one wants! Advantage of start-up team – but important to make sure they all get the value proposition and who it is valuable to…	Ways of making sure – e.g. meetings with customers, VOC techniques etc. Go and ask! Ethnography and other user tools Crowd source ideas to test

13. Everyone in the team can and does make a contribution in terms of ideas to help grow the venture	For a large established organization the challenge is often that innovation is seen as something confined to the 'licensed few' – and they risk losing potential ideas and input from everyone else. That's another advantage of a start-up – the chance to engage and focus everyone's creativity and experience – but there has to be a focus for all of this (a clear vision/framework) and a sense that ideas will be heard and listened to. Sometimes there is a risk that the venture is seen as a one-man (woman) band whereas the reality is that it probably needs as much creativity as it can get its hands on!	Build a high involvement culture and reinforce it
14. We work well with universities and other research centres to help us develop our knowledge	Your knowledge net may be spread too thinly and you could be failing to build the rich links needed in open innovation world. Possibly 'reinventing wheels' because you aren't aware of or using what is available in the wider knowledge environment In an 'open innovation' world where there is so much knowledge out there the old problem for startups and small firms needn't apply. You don't necessarily need a huge R&D outfit provided you know how to find and access external knowledge.	Develop an 'open innovation' strategy – identify key needs and where to find them. Develop mechanisms to form and manage knowledge supply relationships – for example, through Knowledge Transfer Partnerships with universities.
15. We are flexible and try to learn from our mistakes	Starting something new is bound to involve mistakes and unexpected problems. These are potentially rich sources for fast learning and strengthening of the venture – but only if the organization is able to take some time out to reflect on what went wrong, explore the root causes and implement robust ways of ensuring the mistakes won't happen again. Easy to say but difficult to do when so much is going on and the mood is often one of 'crisis management'!	The most valuable thing is to take some time out to review progress regularly and try and reflect with the team. Avoid mumping to conclusions or implementing a 'quick fix' and explore the underlying causes and how to learn from the problem so next time something like this occurs there is a response in place. There are some structured approaches to help with this – and it can often help to have someone external to the venture who can act as a 'coach' or mentor and help you extract learning.
16. We look ahead and try to spot opportunities in emerging technologies and markets ahead of the mainstream	Successful entrepreneurs scan the periphery and horizon looking for opportunities and are tolerant of 'fuzzy' ideas. The problem is that they may not always have the time to undertake this kind of research – and if they do they may do it in a rather loose informal way rather than using a structured and systematic approach. Without such a perspective the risk is being surprised by unexpected developments not on the current trajectory. Too little time to react because not aware until the crisis hits	Deploy futures tools and techniques – forecasting, scenarios, horizon scanning, etc. There are plenty of tools and methodologies to help explore in a structured way – it doesn't have to involve a 3 day off-site retreat or the construction of a major set of scenarios. But it does need to commitment of some time to look ahead and to explore emerging possibilities.

17. We have effective mechanisms for managing process change from idea through to successful implementation	Once again there are several advantages in the start-up situation – not least the idea that everyone is on board and committed to the overall strategy. But there will need to be quite a lot of learning about putting in places structures and processes to create and deliver the new offering – and designing these processes and ensuring people buy into them will be an important factor. Without this there is the risk – often found in larger organizations – of resistance to change, lack of buy in or maybe direct hostile action. Lack of user input means weaker design and lack of ownership	Deploy change management approaches which ensure buy-in – communicate, share visions, training, user involvement in design, etc.

In simple terms keep everyone involved and in the loop! |
| 18. Our structure helps us to take decisions rapidly | Another source of potential advantage for small start-up organizations. Provided there is clear understanding of the overall strategy and good working relationships then decision-making can be fast and flexible. Low scores here suggest some of the typical problems found in larger organizations - Slow decisions which affect the speed and flexibility of innovative response – too late for opportunities, overruns on time and budget etc. | Build clear pathways for decision making and make sure people know about them. Clear roadmaps – for example stage gate review and project management decision points.
Use process mapping to communicate this
Clear accountabilities and responsibilities – who decides on what and when? |
| 19. We work closely with our customers in exploring and developing new concepts | Loss of important ideas which can shape a better product / service. Missing out on smoothing the user acceptance path through engaging early adopters, in prototyping, recommendation and viral marketing, etc.
But central to all of this is making sure you have really identified and understood your target market segment – who should you be talking to about all of this? | Deploy user-led innovation tools – crowd sourcing, prototyping, etc. Web 2.0 approaches. Customization toolkit. Lead user workshops and methods. |
| 20.We know who our competitors are/could be and we've analyzed their strengths and weaknesses and know how we compare against them | Unawareness of where the frontier is, or what 'best practice' is. You may risk being surprised by faster, cheaper or other performance advantages. Or you may find that all you have are 'me too' products/services or processes which are only at – or even below – the industry average.
Behind this there is the big question of knowing exactly who your competitors are – or might be? | Deploy approaches to enable benchmarking of products, process and services |
| 21. Our top team have a shared vision of how the company will develop through innovation | This is at the heart of any start-up – how far is there a clear and coherent vision around which the new venture can grow?
If there is a low score here it might suggest that (a) there is no vision or (b) that it exists but isn't being communicated clearly. | Develop and share a strategic vision – for example, through the use of a business plan/model as a focus for engaging and exploring with everyone the new venture idea. |

22. We systematically search for new product or service ideas	Start-ups begin with a clear sense of what they want to change – but it is also important to have some sense of what comes next. Otherwise there is a risk of innovation becoming a random hit and miss activity with no product/service strategy. No steady source of ideas for new products/services – risk of pipeline running dry	Begin to put in place approaches and structures to enable search for the next opportunities Product /service strategy linked to portfolio analysis Structured search methods – benchmarking, profiling, reverse engineering, etc
23. Communication is effective and works top down, bottom up and across the organization	Another area where start-ups have a distinct potential advantage – communication should be frequent, inclusive and up-to-date. If there is a low score here it may mean slow information flow, missing elements, conflicts and other 'friction – affects time and costs of innovation	Communications review and strategy – where and how is it not working. Is the issue one of omission – or are there underlying conflicts which are adding to the problem of information sharing?
24. We collaborate with other organizations to help develop new products, services or processes	The problem for small firms – and start-ups – is very often not that they are small but that they are isolated. In today's 'open innovation' environment the secret of success is, more than ever, about learning to network and collaborate. A low score here suggests an inward looking approach which risks missing out on key resources or the leverage which a more open approach could offer. Missing key source of insights and chance to leverage someone else's competencies. Costs of growing your own and reinventing wheels. Open innovation – 'not all the smart guys work for us' – if we believe they do we carry the costs of that	Develop an 'open innovation' strategy – careful understanding of our competencies and what we need from others. Strategic alliances and managed relationships
25. We meet and share experiences with other organizations to help us learn	Insulated view of the world and belief in home grown solutions. Risks being surprised by other developments and misses out on learning opportunities	Commitment to learning networks and clubs. Building informal and formal networks to enable this. Use opportunities offered by 3rd parties – trade associations, regional organizations, support agencies, etc
26. There is top management commitment and support for innovation	Once again a potential area of strength for start-ups since the assumption is they are led by passionate individuals who want to make change happen. A low score here might suggest weak leadership and no resources - key factor in innovation success and absence linked with failure	Explicit support and clear resource and other expressions of commitment – e.g. time, godfather roles, etc.
27.We have mechanisms in place to ensure early involvement of everyone in developing new products/ services/processes	Another area of potential strength in a startup since there is often a small and well-integrated team with good communications and the chance to contribute ideas form different perspectives. A low score here might mean delays and overruns in cost, failure to meet technical specs, etc. Downstream fixes and their associated costs	Early involvement, cross functional team working. Project team deisgn and training pre-project

28. Our reward and recognition system supports innovation	People won't contribute because they don't feel recognized and rewarded. In a startup there is the advantage of engaging everyone in an exciting project in which they feel they have a stake and the motivation comes in part from being able to play a part. But reviewing the risk and gain sharing may be an important issue – especially because startups are likely to be very demanding in terms of people's efforts, ideas and enthusiasm.	Review/develop reward and recognition system linked to innovation Build innovation goals into appraisal processes
29. We try to develop external networks of people who can help us - for example, with specialist knowledge	Limited input and insulated view of the knowledge world – the 'closed innovation' problem. Missing key source of insights and chance to leverage someone else's competencies. Costs of growing your own and reinventing wheels. Open innovation – not all the smart guys work for us' – if we believe they do we carry the costs of that	Open innovation strategy – commitment to developing networks. Sending out scouts, using other channels – web 2.0, etc. – to help build them
30. We are good at capturing what we have learned so that we can make use of it in the future	Mistakes are repeated and loss of organizational memory. Problems of delays and overruns persist	Deploy post-project reviews and other learning capture devices. Link to 'standard operating procedures' and other ratchets to capture and preserve and share. Codify and share across the organization
31. We have processes in place to review new technological or market developments and what they mean for our firm's strategy	The risk for startups is that they are so focused on the venture that they lose 'peripheral vision' – scanning the environment to see what's coming next which might have an impact. Risk of being surprised by external developments – open to disruption	Peripheral vision and external environment scanning approaches. SWOT/ PEST etc.
32. We have a clear system for choosing innovation projects	For a start-up the immediate choice of project is clear – it's the venture itself! But what comes next – and how to sustain growth and develop the business? A low score here might mean that there is a risk in the future of spreading resources too thinly. Picking 'wrong' projects which don't match competencies or with poor market potential.	Put in place the beginnings of portfolio management and some form of stage gate review structure to asses progress of multiple projects
33. We have a supportive climate for new ideas - people don't have to leave the organization to make them happen	Again another area where startups usually have a big advantage – they are made up of people who want to be there and who can see their energy and enthusiasm leading to creating something new. But if there is a low score it may be an indicator of entrepreneurial ideas and enthusiasm being blocked – through lack of channels, through lack of resources, through lack of commitment,	Create opportunities for intrapreneurship – routes through the system which mean that everyone can see their ideas taken up and forward or at least explored.

	through lack of time and other space to take forward. Entrepreneurial players keep their heads down or become so dissatisfied that they leave Consequent loss of creativity and energy.	
34. We work closely with the local and national education system to communicate our needs for skills	Lack of key skills to support new developments – and inability to exploit opportunities as a result	Develop a clear skills strategy and close links with external agencies in the system
35. We are good at learning from other organizations	Insular view – can lead to being surprised by events, or complacent assumptions about performance and portfolio. Not learning form others may create vulnerabilities	Develop networks and structured approaches to learn – benchmarking. Develop absorptive capacity – how to assimilate ideas from outside.
36. There is a clear link between the innovation projects we carry out and the overall strategy of the business	Once again in the early stages the startup *is* the innovation project. But what happens next – and how far are development plans and next steps linked to some clear strategy? A low score here might mean Innovation activity which does not move the organization forward and may even represent an opportunity cost, starving other projects of resources.	Clear strategic planning process and linkage between innovation and other components.
37. There is sufficient flexibility in our system for new product/ service development to allow small 'fast track' projects to happen	Once again in the early stages of a startup the focus is clear and one a single project. But as the venture develops so there is a need to carry out a number of smaller incremental developments and improvements – and finding ways to control these without damping down the creative ideas behind them is going to be important. A low score here can mean that projects are getting slowed or starved of resources because they need to wait for the 'heavy hand' of stage gate and other major project management systems. People get turned off because the wait is too long or the process is seen as too bureaucratic. But on the other hand there is a need to control these projects and to ensure effective use of resources.	Develop an idea management system. In the early stages this can be a simple tracking process which makes sure projects are identified and ideas channeled via responsible people and clear routes. Later on a more formal 'stage gate' approach to project management may be needed.
38. We work well in teams	This should be another area where the startup has significant advantages – but sometimes being small doesn't mean there aren't tensions and conflicts. Low scores here may mean a failure to get the whole to be greater than the sum of the parts – leads to delays, cost overruns, sub – optimal technical solutions etc,	Team building and appropriate project management structures
39. We work closely with 'lead users' to develop innovative	Successful entrepreneurs work closely with innovative and 'lead' users in their chosen target markets, often prototyping and co-creating with them. A low score here may mean Missing out on	Use lead user methods – find them, engage them, deploy them in co-creation but also in diffusion

new products and services	key user perspectives and in particular the shaping and development which lead users – with tolerance for failure – can bring. Co-creation means they have buy-in and ownership and become not only good test beds abut also powerful advocates	
40. We use measurement to help identify where and when we can improve our innovation management	Start-ups are essentially about fast learning – lots of unforeseen challenges for which solutions need to be developed. The problem is often that life is one constant crisis but if reflection and learning takes place it can build capability for the future. A low score here may mean that there is no or little attempt to learn and improve innovation management and that risks Operating an informal or sub-optimal innovation process – missing the chance to enhance performance. Attempts to improve are poorly targeted so the momentum falls away and there may be little apparent benefit	Regular review of how the innovation process is working. Deploy innovation audit approaches – like this one, for example! Link to explicit models and frameworks