



7 Steps to Achieving ROI from Your Innovation Program

**A Starter Guide for Early Stage
Innovators to Solve Business Challenges**

BRIGHTIDEA[®]



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Introduction

Innovation. It's at the heart of any company's ability to stay competitive and adapt to changing market forces. But while recognized as critical, innovation initiatives often fall short. They frequently fail because they don't align with corporate goals, lack critical tools to manage their process, and end up costing more than they benefit.

At Brightidea, we empower corporate innovation teams with tools to maximize their full potential. Through crowdsourcing and advanced collaboration capabilities that manage the evolution of ideas from inception to outcome, we help make the innovation process more effective—all while maintaining focus on the bottom line.

As a recognized leader in corporate innovation management, Brightidea has a long history of helping forward-thinking companies such as Cisco, HP, GE, SAP, Nielsen, and many others to overcome their strategic business challenges. The valuable insights we've gathered from this work has shown that our disciplined approach to innovation management enables organizations in any industry to put their creative potential to work and turn ideas into reality.

In this ebook we provide a roadmap to help you launch a successful innovation program—one that targets business challenges and results in a tangible return on your investment. The seven steps that follow come directly from our experience in working with proven innovation leaders who have achieved millions of dollars in ROI for their companies.

Step 1: Secure Stakeholder Buy-In and Financial Commitment

A critical first step to the growth and success of your innovation program is to align with one or more key stakeholders and get their buy-in.

Typically, a stakeholder is a business leader in your organization who has identified a problem and will be your partner in helping to define and articulate it.

In searching for a solution, it's important to be clear on the business motive for identifying the problem in the first place—and that's dictated by the type of innovation it involves. There are two types:

- **Product innovation** intends to grow revenue by altering the value proposition of your product(s)
- **Process innovation** intends to reduce costs by boosting the efficiency of some aspect of your business

Considering the type of innovation, each initiative at this early stage of your program's maturity will be a "problem-solving challenge." This is where an identified problem is posed as a challenge to the greater organization in an effort to gather new ideas to solve it.

As a liaison, your business partner will provide the clout you need to get other employees to contribute their expertise. This partner is also an important agent in getting financial backing and executive support to drive the initiatives and ultimately keep your innovation program running.

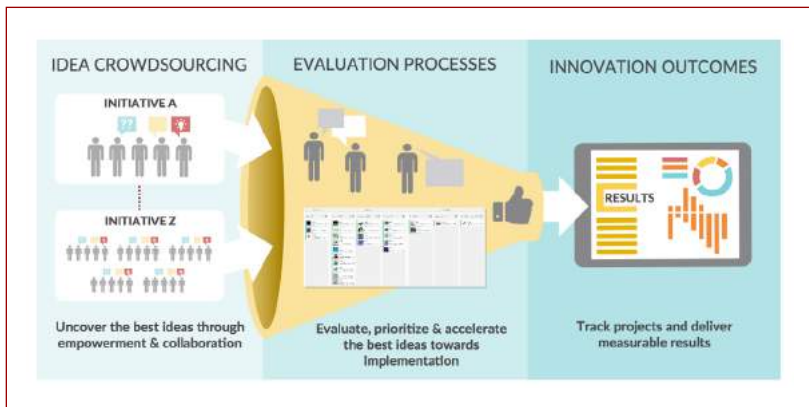
At this early point in your program, building and sustaining stakeholder interest is key. Start with a robust marketing plan that identifies the target audience, uses all channels of communication, and establishes an early user base that will participate and continue to grow. To help advocate your program throughout the company, identify influencers across business functions. Also, planning a launch event will help spread the word and build excitement.



Step 2: Implement Innovation Program Management Software

Gather Ideas Through Crowdsourcing

Once you've gotten stakeholder involvement, you'll want to plan on implementing the core function of any innovation program: crowdsourcing ideas.



Crowdsourcing is an early part of the innovation process, which is often thought to be shaped like a funnel. In crowdsourcing new ideas for each problem-solving challenge, it's important to start big by gathering as many ideas as possible at the outset. As you critically examine these ideas, you'll want to focus gradually on developing the few that are most likely to be implemented successfully and generate functional impact and financial return.

Implement Software Designed for Innovation

The most effective way to crowdsource ideas is with software that can automate and efficiently track the process. But not just any software. Managing your program through productivity applications or general collaboration tools will actually stymie your efforts and negatively impact

your ROI. Far more effective is an **innovation management platform**, a central repository of information with enhanced tools for process automation. This innovation system of record will serve as the single-source of truth for your innovation program.

Regardless of your use case—new products, cost savings, process improvements, customer insights, hackathons, or general ideation—there are significant benefits to having a centralized platform specially designed to manage the innovation process. Using it to integrate the development of ideas with business processes will streamline and automate a multitude of workflows. This results in an ideation process that proceeds much more quickly, efficiently, and successfully.

While handling a high volume of workflows, an innovation management platform also enables you to finely manage every step of your initiatives. This includes creating relevant landing pages, collecting and sorting thousands of ideas, communicating with participants via email and notifications, assigning tasks to stakeholders, enabling participants to vote and collaborate on ideas, and moving ideas through the innovation funnel by evaluating and ranking them.

Finally, an effective platform will scale with your organization, customize various innovation use cases, provide transparency to key stakeholders, and track and project financial outcomes. With all that, you can focus on what really matters: gathering, developing, and implementing the best ideas.

Step 3: Quantify Goals and Define Success

Once you have an innovation management platform in place, it's a good time to articulate the goals of your program. Select goals that are quantifiable and can be tracked objectively over time by focusing on key performance indicators (KPIs).

When getting your innovation program started, your primary goal should be to engage your company's employees to participate by contributing ideas. Generating ideas provides value to the organization, but without substantial participation you won't be able to crowdsource enough ideas to be effective. At this early stage, consider some key KPIs:

- New Participant Registrations
- Unique Participants
- Avg. Visits per Participant
- # of Departments Participating
- # of Locations Participating

As your program evolves with greater engagement, your primary goal will be to generate wins to publicize internally and build momentum. The objective at that point will expand to include participation quality (e.g. number of ideas that scored highly, number of ideas that were executed, etc.). Some KPIs to consider during this later stage include:

- Projected Dollar Value of Ideas
- Number of Innovations with Tracked Outcomes
- Actual Dollar Value of Tracked Outcomes

Ultimately, once you've gotten more experience under your belt and have achieved successes, you'll be closer to establishing a culture of innovation and impacting your company's bottom line. Maximizing ROI will then be your focus, and you'll want to track all outcomes and communicate them aggressively to keep your program moving forward and growing. Key performance indicators at this stage include:

- Number of Business Units Participating
- Innovation Portfolio (Outcome Metrics)
- Return on Innovation Investment



Step 4: Engage Employees Through Internal Communications

At this early stage of your program, you'll want to focus on building company participation. After all, the success of any innovation program is closely tied to the level of employee engagement. Creating targeted innovation challenges set around solving specific business needs will not only elicit the ideas you're looking for, it will also motivate employees, increase collaboration, and make the evaluation process much easier.

It's also important to recognize employees for participating in your program. According to a study by Towers Perrin, only one-fifth of employees are truly engaged in their work and would "go the extra mile" for their employer. The rest ranged from disengaged (38 percent) to indifferent (41 percent). Providing feedback will show employees that the company is committed and listening, and will encourage greater participation in the future.

With strong internal support from leadership, set up landing pages, internal web portals, email reminders, push notifications, alerts, and company-wide updates to keep your community informed. Much of this can be automated through your innovation management platform, and using all channels of communication will drive an early user base to participate and grow over time.

Some more ways to sustain employee engagement are to:

- Maintain blogs, feeds, and newsletters
- Hold meetings to keep people informed
- Update statuses to show progress
- Highlight successes continually
- Communicate beyond idea submission

Finally, remember to nurture your relationships with the business leaders you've partnered with, as well as any other internal influencers. These stakeholders are crucial in sustaining the momentum of your program because they understand your audience best and can help position you to engage them successfully.

Step 5: Evaluate Each Innovation

Idea evaluation is as important as idea collection because it's where most initiatives fail. Track what happens to ideas, train your team to evaluate them on an ongoing basis, and introduce the evaluation process early. After all, you can have a stellar idea that has received a great deal of enthusiasm from employees—but if it doesn't map to corporate objectives, it's rarely a good idea to pursue it. And if it fails, investment in it will be difficult and even awkward to justify.

Critical to the evaluation process is placing a dollar value on all the ideas in your innovation funnel. That way, you can communicate small wins by showing how much potential value you've created before any of your ideas have been fully implemented.

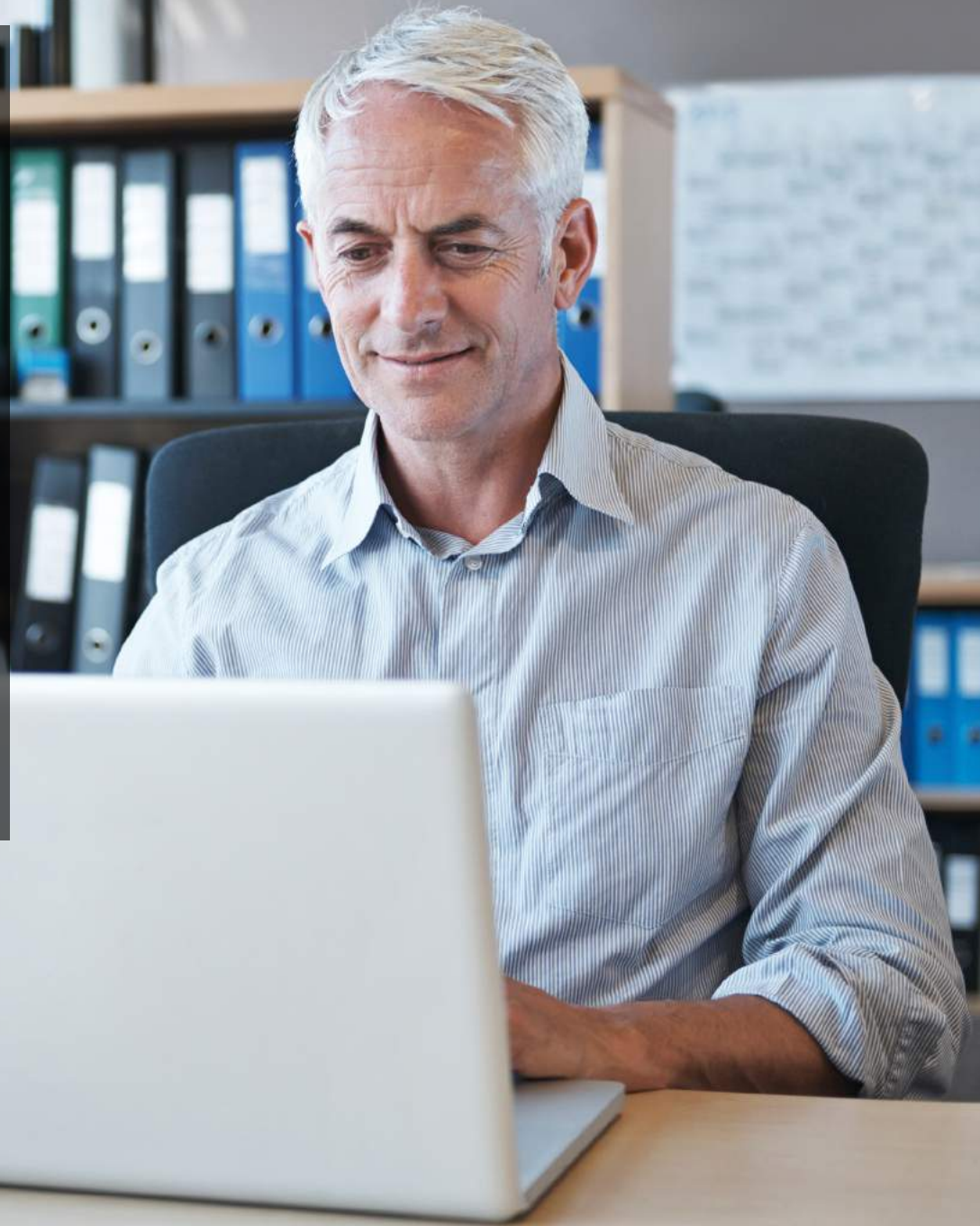
A good methodology to quantify the potential value of your generated ideas ahead of implementation is similar to forecasting bookings revenue from leads in the sales and marketing funnel. Look at each idea individually and consider the potential return (in dollars) that it could have on the organization. Then consider the probability that the idea might ultimately be implemented. Finally, multiply the two figures together to forecast the potential financial return on that idea.

Example

Let's say that a particular idea could potentially yield the business a return of \$500,000, and have the probability of being ultimately implemented of just 1 percent. If you multiply the two together ($\$500,000 \times 1$ percent), you can calculate the potential value of this new idea to be \$5,000.

As the same idea progresses to an advanced stage of incubation, the probability of its implementation could be very high, say 75 percent. If the probability is 75 percent and the potential future return is still \$500,000, the value of this same idea is now \$375,000 ($\$500,000 \times 75$ percent). If you follow this methodology for all the ideas you've generated, you can calculate the total value of your idea portfolio and be able to justify the value of your program even before your first ideas have been implemented.

“The most effective way to crowdsource ideas is with software that can automate and efficiently track the process.”



Step 6: Budget Your Innovation Program

Now that you've placed a value on each initiative in your innovation program, you'll want to calculate the associated costs. This requires that you implement a comprehensive budgeting system to track your expenses, outcomes, projections, and returns of any innovation initiative from the outset.

Build a program budget that includes not only the cost of the innovation management platform you're using, but also the costs of resources, tools and technology, office rent, incentives, marketing materials, and any other expenses associated with the program.

Tracking all of these numbers will dramatically increase the success of your innovation initiative because it assesses the cost-benefits. If you're unsure of how to calculate some of your costs, it's worth recruiting a

financial expert to help you estimate them. Failing to do so could put your program at risk.

Sample Innovation Budget

Assumptions														
Budget Factors	Units Input													
Average Salary + Overhead per year	1													
Tool & IT costs per year	1													
Rent and Office Costs per year	1													
Incentives per challenge	1													
Marketing per challenge	1													
Other per year	1													
		January	February	March	April	May	June	July	August	September	October	November	December	Total
Expenses														
Salaries and Overhead														
Innovation Team member 1		10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	125,000
Innovation Team member 2		10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	125,000
Innovation Team member 3		10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	125,000
Challenge Incentives														15,000
Challenge Marketing		3,000		5,000		5,000		5,000		5,000		5,000		20,000
Tool & IT Costs		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Rent and Office Expenses		4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000
Other														
Total Expenses		44,983	50,083	44,983	50,083	44,983	50,083	44,983	44,983	44,983	44,983	44,983	44,983	515,000

Starting with a basic financial model like this will ensure the longevity of your program and your role in it, as it will provide tangible and valuable proof of your efforts.



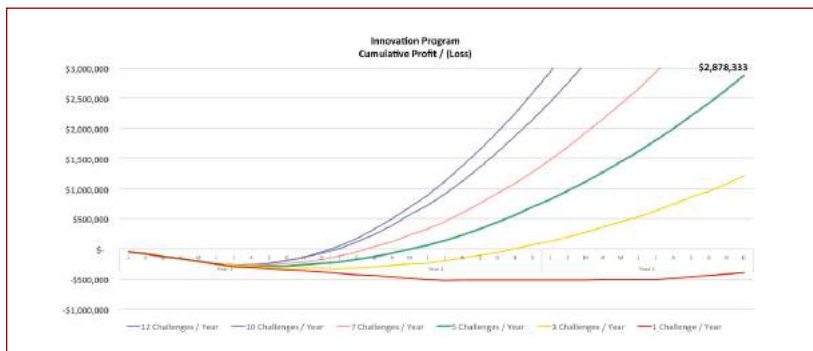
Step 7: Measure Your Program's ROI

Once you've calculated the costs of your program and established a budget, you can finally begin assessing the return on your innovation investment.

Some metrics that may be linked to the ROI of your innovation program, and therefore to your organization's bottom line, include:

- Outcomes implemented
- Patents filed
- Customer satisfaction
- New products introduced
- Productivity cost savings
- Improved efficiencies
- New markets created
- New revenue generated

Ultimately, these metrics hinge on one critical factor: how active your program is. If you run enough innovation initiatives, starting with enough problem-solving challenges, your chances of experiencing high ROI drastically improve. Below is a profit forecast we've calculated based on historical customer data on how many innovation challenges are needed to run before seeing financial returns. The potential ROI is substantial!





Conclusion

When you set out on your innovation journey, it's important to remember the time and discipline necessary before your organization can build a culture of innovation.

From securing buy-in, establishing goals, and aligning your processes with software, to evaluating ideas, calculating costs, budgeting, and measuring outcomes, each of the seven steps is critical to your program. Collectively they'll enable you to manage innovation from concept to cash and drive tangible returns on your investment.

Implementing a collaborative innovation management program in your company can effectively capture the collective wisdom of employees, partners, and customers. That in turn will help you to identify and implement next-generation products and services that can boost your competitive advantage in the marketplace.

While the process and its steps may seem daunting, the payoff to developing a strategic, thoughtful approach will be transformational. You'll create an environment that not only ignites bold ideas, but also enables your organization to attract and retain the best talent, and increase its share price and enterprise value.

BRIGHTIDEA®

As the industry leader in innovation management solutions, Brightidea's mission is to transform the way the world innovates. With tools that facilitate and streamline the ideation process, Brightidea has developed the right mix of specialized software and curated services to drive success at every stage of the innovation journey.

The highly versatile Brightidea software platform makes it simple for innovation program leaders to centrally track all of their activities, while unique innovation apps make it easy to set up and compare initiatives. Equipped with these capabilities, corporate innovators can measure and maximize the financial return of their efforts, enabling them to justify their programs, innovate further, and think bigger.

To find out more about our leading innovation management software, schedule a one-on-one consultation with a Brightidea innovation expert. If you have immediate questions or needs, simply call +1-415-814-1387 or email [***sales@brightidea.com***](mailto:sales@brightidea.com).

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