

Cognitive Transitions

Trends and Developments in the Idea Management Product Space (Excerpt)

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Defining Idea Management Systems

Idea Management Systems typically involve the following 5 components:

- A Front-End system to capture and develop ideas
- A Back-End system with processes for filtering and assessing ideas and deciding which ones to pursue further
- IT systems to support and enable this workflow
- Defined roles and incentive structures in relation to submitting, developing and evaluating ideas
- Metrics and measures to monitor the flow of ideas through the 'idea pipeline' and to determine the business value of the idea generation and implementation process

Idea Management Systems should be seen not simply as providing an 'online suggestions box' but instead as pivotal infrastructure to manage the New Product Development (NPD) process (or new service development or new business model development or new process development) process through implementing a stage-gate system, where ideas are developed and screened in a number of 'stages' of activity with checkpoint 'gates' between them.



(image sourced from: <http://www.stage-gate.com/>)

The fundamental principle is that ideas are screened out more cheaply at early stages according to relevant criteria, before further time and resources are invested in further evaluation of ideas at later stages in the process. The ideas invested in for development and commercialization are the most promising ideas that have been thoroughly tested for their alignment with organizational objectives and capability to deliver innovation outcomes.

Idea Management may also be seen in the context of managing the early stages of the Product Lifecycle Management (PLM) process

Benefits

Idea Management Systems offer a range of key benefits, including:

- Idea Management Systems provide a structured, disciplined approach to the management of innovation, enabling innovation to be managed with the same degree of rigor and with the same level of performance metrics as other core business functions.
- Idea Management Systems are a key component in achieving repeatable innovation outcomes and managing the value in the innovation pipeline
- For organizations without an extensive historical track record of developing an effective innovation capability, Idea Management Systems are a key component to 'jump starting' an effective innovation competency

- Effective Idea Management processes allow organizations to maintain a sustainable path of innovation into the future; maintain market positioning in existing markets; acquire new customers and markets; achieve growth targets; and ensure ongoing relevance and viability.

The 'Business Case' for Idea Management Systems

Innovation is increasingly moving to center stage on the executive agenda as a key organizational tool for achieving new product, service, process and business models; achieving growth targets; product and service differentiation; and sustainable competitive advantage. To quote IBM's CEO, Sam Palmisano, "either you innovate or you're in commodity hell" (IBM 2007).

However, a recent survey by the Boston Consulting Group (BCG 2007b) has highlighted that of 377 Senior Executives surveyed, only 46% were satisfied with their current financial return on innovation.

A 2005 Bain Management Tool survey (Bain 2005) asserted that "A whopping 86% of respondents believe that 'innovation is more important than cost reduction for long term success.' But so far, no innovation-related tool has proved it can truly satisfy that need."

Idea Management Systems deliver just such an innovation tool. A PriceWaterhouseCoopers survey focusing on the difference in focus between the highest performing innovators and lowest performing innovators found that "the top 20% in the survey turn their ideas into action via well defined idea management processes." Similarly, a 2006 Cap Gemini report *The CEO Innovation Agenda* highlighted that all of the leading Swedish innovators considered in the research used an Idea Management System of some type. These and similar findings suggests that Idea Management processes and systems, in some form or another, are a critical tool that top performing innovators turn to for facilitating the management of innovation systematically as a measurable and repeatable process and realizing significant and consistent results.