

Embed innovation into the corporate culture

The goal of an innovation initiative is to embed innovation into the organization's culture so it becomes a way of life, not a special effort. Just like purchasing, sales, production or quality control, innovation has to be a standard practice to make a difference.

Building such a culture requires the right leadership commitment to support the creation of the right environment, to provide the necessary resources and to remove barriers that impede progress. This is no easy task especially for well-established companies that are steeped in organizational structure.

Eighteen months ago, Madison-based American Family Insurance launched their Innovation Department with three full-time team members and a budget to support key initiatives. They grew quickly and within eight months, found they lacked the manpower to properly support all of the innovation initiatives that bubbled up. They asked for volunteers and about 25 employees raised their hands. This provided the additional resources needed to advance projects. However, everyday work demands soon took precedent over the innovation projects and the realization hit home that this approach was not sustainable. The case was made to hire additional team members and today the department is nine people strong.

One of the team's first priorities was to develop a website where employees could submit their ideas. They asked employees to identify areas where the company could save money. About 734 ideas were generated, and today a continual stream of about 100 new ideas

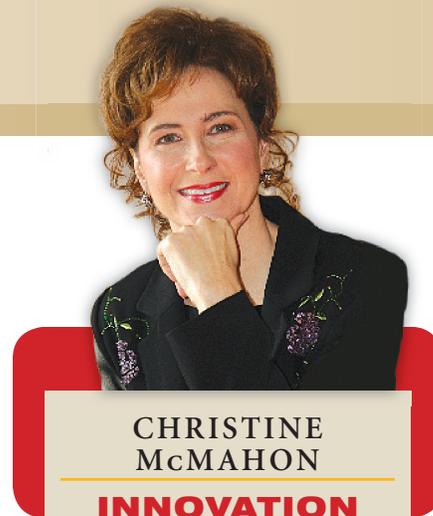
flows in each month.

From this experience, the innovation team learned that not all good ideas are created equal. They recognized that they had to differentiate between a big "I" idea and a little "i" idea. Little "i's" require a smaller investment of resources to improve the work environment and are best handled by the department leader who can calibrate the idea, consider the impact, determine if adequate resources are available, and oversee implementation.

Big "I" ideas require a different level

of qualifying criterion, engagement and resources. On the front end, the innovation team reviews the results of the feasibility analysis, ROI payback and business impact, along with a list of other criteria. On the back end, they analyze the results of different "experiments," the proof of concept and other factors that influence the weighted importance and viability of the idea.

While the website helped streamline the process of collecting creative ideas, the innovation team realized that they could better help leaders identify key opportunities by going directly to stakeholders and facilitating ideation sessions. Simple questions like "What problems exist?" "What do you want



CHRISTINE
McMAHON

INNOVATION

help with?" "What problems are you trying to solve?" initiated a deeper level of dialogue and helped to identify a more strategic approach.

The team also learned about the power of timing. Even some stellar ideas can't happen right away. Some require more upfront time to launch, others need more capital, and some projects require a deeper level of company resources, which may or may not be available at that time.

"Innovation has to be a standard practice to make a difference."

One of the challenges in launching an innovation initiative is that employees can confuse innovation with ideation – the process of generating ideas. Ideation is merely one step in the innovation process. Only after an idea receives approval and adequate resources are allocated, does innovation gain traction.

Implementation is the step where commitment levels are put to the test.

As the innovation team began the process of working with stakeholders to implement approved initiatives, they learned that a key determinate of success was the commitment of a "Business Area Sponsor" (BAS) – someone who assumed responsibility for the advancement of the project initiative and agreed to oversee

the project. For projects with a BAS, plans were defined, action steps mapped out, accountabilities established and progress measured. At times, finding candidates willing to step into the BAS role proved to be no easy task.

What the innovation team has come to realize is that even if the highest level of the organization embraces innovation that does not guarantee that innovation will be successfully embraced as a standard practice.

To provide additional reinforcement, the innovation team hosted the first com-

pany wide innovation conference. All employees were invited to attend. Presenters discussed critical topics and provided tools to eliminate the mystery surrounding innovation.

Hopefully, this effort, combined with others yet to come, will gently shift the prevailing mindset so that innovation becomes a way of life at American Family Insurance. ■

Christine McMahon is a business strategist. She can be reached at (414) 290-3344 or by email at: ccm@christinemcmahon.com.