

Using This Document

This document is intended to be used during the creation of your Innovation Strategy. Formatting and design is limited so that it can be easily integrated or modified to be consistent with your organizations look and feel. Before getting started please do the following:

- Make sure comments are visible. The comments will provide additional guidance when completing the section.
- Have your book hand and opened to Section 3. Some of the information is repeated in this document but Section 3 will provide you with a more detailed explanation of each component of the strategy.
- As you work your way through the strategy, you have two options to help guide you:
 - Follow the step-by-step instructions provided in Section 5 of the Innovation PACT book. This will provide you a detailed step-by-step walkthrough to create your Innovation Strategy.
 - Have a copy of the Innovation Strategy Framework available (you can find it on the resources page of the website at: www.InnovationPACT.com/resources). This will provide you with a simplistic view on the order you should complete the sections.
- Download all of the resources from the website at www.InnovationPact.com/resources.

Take the time necessary to go through this entire process and complete each section. Do not try to rush through it and most importantly, have fun! The end result should be a short but informative document. This is a strategy, not a plan, so there will not be any specific initiatives. The Innovation Strategy will serve as a guiding document to your Innovation Team and a constant reminder to leadership that they have to do their part.

You cannot plan for innovation, instead, you have to create an environment that supports it. Just like you cannot force a good idea. All you can do is encourage thinking differently/bigger and then setup a support structure that allows that idea to flourish, connect and grow, once it is discovered.

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i. Terms

Audience: An audience is a specific group of individuals you are targeting with a certain innovation initiative. Every organization usually has at least two audiences: employees and customers. Some organizations may have numerous audiences.

Challenge Question: A challenge question is a carefully constructed question that is used in conjunction with an Innovation Program. The challenge question is crafted around a specific organizational pain point and directed at a specific audience so that they can answer or provide solutions to the organizational pain point.

Ideation: Ideation is a combination of the words idea and creation, and is the process of conjuring up an idea.

Ideation System: An ideation system is a formal process for ideation generation. It typically consists of ranking, selecting and implementing new ideas submitted in response to a challenge question.

Innovation: In this document we define innovation as the introduction of new ways to handle situations or problems that provide a better result than the current methods.

Innovation PACT: Innovation PACT is a framework for creating sustainable innovation inside an organization. The PACT stands for: Persistence, Advocacy, Culture and Technology.

Innovation Program: An innovation program is a formal innovation initiative built around a specific problem or challenge. It is used in conjunction with the ideation system to gather and implement new ideas. Each time a new initiative is created represents a new innovation program.

Organic Innovation: Innovation that happens without the influence of organizational leadership. Typically, this type of innovation happens when an individual or individuals notice a better way to do something or identify a new tool to automate a business process or enhance products and services.

1. Executive Summary

As an organization, we are dedicated to embracing the qualities that are required for creating sustainable innovation. This requires that we strategize and plan, so that we know exactly what we need to do to make it happen. The Innovation Strategy is a culmination of that process and a roadmap to increase innovation within our organization.

The primary goal is to create an environment where innovation can happen organically instead of trying to force it. That is the only way we can produce sustainable innovation that stands the test of time. This requires that leadership adopt principles and techniques that enable bottom up innovation.

The primary role of leadership in this endeavor is to enable and promote innovation. Removing innovation roadblocks and creating an environment where small failures are acceptable, is key to our success. Our employees often understand the challenges we face at a much more granular level than leadership. Therefore, if we enable and reward them for doing something, we can innovate at an accelerated rate.

Enabling innovation also allows us to serve our customers better. By giving them the ability to voice their opinions and solve their own problems, we can build stronger relationships and become a better organization in the process. Enabling innovation is truly a win-win for everyone involved.

To accomplish all of this we have completed a process of steps to create an Innovation Strategy. During this process we have identified goals and pain points to help guide the innovation process. Here are the current innovation goals and pain points.

Goal 1

Pain Point 1

Pain Point 2

Goal 2

Pain Point 1

Commented [TH1]: This is just a simple example and you should customize to your organization. Here are some ideas of what to cover in the executive summary:

- Why is innovation important
- Who will be impacted by the Strategy
- The Process of creating the Strategy
- Innovation goals and pain points summary
- Ideation system
- Funding
- Who participated in the process

Goal 3

Pain Point 1

Pain Point 2

Pain Point 3

2. Innovation PACT



The Innovation PACT outlines the four components required to create an environment that promotes sustainable innovation. It is the core component to the Innovation Strategy and provides leadership a code to lead by. Every leader in the organization should take the Innovation PACT and commit to the principles. All future leadership initiatives should be in alignment with the spirit of the Innovation PACT and it should serve as a constant reminder to not participate in practices that squander innovation.

Leadership Initiatives...

Commented [TH2]: If there are any other leadership initiatives taking place, especially around building a culture, note them here.

3. Innovation Goals

The Innovation Goals identify the driving factors behind becoming more innovative. The goals were identified and ranked by various stakeholders in the organization and they have been whittled down to just the top priorities. Each goal is outlined in more detail below:

Goal 1: Reduce Turnover and Increase Moral

- Create an organizational culture that attracts and retains the top talent in our industry.

Goal 2: Create Strong Customer Relationships

- Attract and retain customers by exceeding their expectations and engaging them in the decision making process.

Goal 3: Utilize Technology to Increase Efficiencies and Free Up Capital

- Implement new technology to increase efficiency and effectiveness throughout the organization, and free up capital to fund new and innovative projects.

The three goals above outline the priorities for the organizational Innovation Strategy. The Innovation Team is responsible for making sure all formal innovation efforts are aligned with these goal. This includes any training, innovation programs and process improvement initiatives facilitated by the innovation team.

4. Organizational Pain Points

There are two parts to a successful innovation strategy. The first part is creating an environment where innovation can happen, and the second part is using Innovation Programs to help direct your innovation initiatives. Organization pain points further breakdown high-level goals into more manageable challenges. Each pain point will be a central focus of an Innovation Program.

Innovation Programs are the largest responsibility for the Innovation Team and they are the primary tool you have to focus your innovation. Innovation is very difficult to control but by

Commented [TH3]: Here is an example of the goals section. You can get into much more detail if you would like. You want to be clear but not overly specific. Leave some room for creative thinking. You can follow the steps outlined in the book to complete this section, but here are a few tips:

- Get a wide range of people to participate in brainstorming organizational goals. If it makes sense, this should also include customers.
 - Combine similar goals, remove duplicate goals and then proceed to the ranking process. This can include the same people or a smaller subset.
 - Select the top 3-5 goals.
 - Create a goal statement and description for each goal.
 - Write a brief opening statement that explains how the goals were selected and their importance.
 - You can also write a brief closing statement to further explain how the goals will relate to the overall strategy.
- Once your goals are complete you will be doing pain-point identification for each goal. This will help you dig deeper into why the goals are a priority.

identifying organizational pain points and then creating Innovation Programs around those pain points, you can help direct your innovation efforts at a specific challenge the organization is facing.

The process of identifying organizational pain points is very similar to the goal setting process. Each goal is reviewed for potential reasons why we are not getting the desired outcome. They are then ranked and filtered down to the top priorities for each goal. However, unlike goals, pain points change frequently as they are addressed by Innovation Programs.

The Innovation Team is responsible for reviewing the pain points and crafting Innovation Programs around them. Here are the current pain points:

Goal 1: Reduce Turnover and Increase Morale	
Pain Point:	We spend a lot of time, money and resources training our employees only to have them go to another organization for more money. Employees do not seem to be attached to the organization or loyal to the brand. The typical response we get during exit interviews is that they want more money, do not feel valued or do not feel like they have any growth potential.
Desired Result:	Create an environment where employees feel like they are a part of the organization and that they are providing value. Develop a clear path for employees so that they know they can continue to grow with the organization and be proud to work here.
Pain Point:	There is a lot of gossip and rumors that spread throughout the organization that creates a lot of unnecessary tension and hurts productivity. Employees feel like they cannot trust anyone and supervisors complain that it is difficult to build rapport with their employees because misinformation breaks any trust they build.
Desired Result:	Create an environment where accurate information flows freely through the ranks and employees don't feel like they are kept in the dark on things that are important to them. Create strong professional relationships with supervisors and their employees so that productivity increases and nobody feels like an outsider.

Goal 2: Create Strong Customer Relationships	
Pain Point:	Customers rarely provide any feedback unless it is necessary and they do not have any loyalty to our products or services. In customer surveys we do not score very well on recommendations and many say that they would choose someone else if they had a similar or better product.
Desired Result:	Build a community of customers that are fans of our products and are willing to recommend our products. Engage our customers in various areas of the business so we can make sure that we are meeting the customers' needs and developing products that would enjoy buying.

Commented [TH4]: Here is an example of the pain points section. Explain how the organization pain points relate to organization goals and how they will be used to create innovation initiative – Innovation Programs. Note who is in charge of overseeing the Innovation Programs and the process the organization went through to develop them.

Commented [TH5]: Here is where you document your pain points. Once you have gone through your pain point identification process and ranked your top pain points, you will do the following:

- Create a short paragraph outlining the pain point
- Create a short paragraph outlining the desired result

The Innovation Team will review these pain points to create Innovation Programs. Some pain points may require multiple Innovation Programs to address, some may only take one.

Goal 3:	
Pain Point:	
Desired Result:	
Pain Point:	
Desired Result:	
Pain Point:	
Desired Result:	

5. Advocacy

Advocacy is a critical component to creating a culture of innovation. The Innovation Advocates are the face of the Innovation Strategy and are in charge of keeping it moving forward. Innovation takes time and needs someone to constantly monitor. Having individuals that are promoting innovation practices throughout the organization helps spread the initiative more quickly and allows you to gather feedback or discover roadblocks more quickly.

Enacting the Innovation Strategy is handled by a team of Innovation Advocates from various business units throughout the organization. Leadership will be in charge of appointing a chair on this team (Innovation Team) and then they will recruit additional individuals. Once the team is complete, they will draft a roles and responsibilities document which will be attached to the Innovation Strategy as Appendix A.

The Innovation Team Chair will be required to attend leadership meetings and participate in organizational wide strategic planning to make sure that the Innovation Strategy is aligned with other organizational goals. The Chair's duties will vary but their primary role is to funnel information from the Innovation Team members, organization employees and customers to leadership.

The Team will also be responsible for updating the Innovation Strategy and maintaining the Innovation Strategy Working Documents. The working documents outline the past, current and future innovation initiatives, and are a crucial component to creating sustainable innovation. Because the working documents are "living" documents that are updated frequently, they are included as appendixes to this strategy. More information on the working documents can be found in Appendix B.

Innovation Team Meetings

Use this section to provide some additional information about the Innovation Team responsibilities and requirements.

Commented [TH6]: Here is an example of what the Advocacy section would look like in a team environment. You can also include the Roles and Responsibilities here or leave them in the Appendix. This section should include the following:

- Why advocacy is important
- Innovation Team Chair responsibilities
- Core responsibilities of the Innovation Team (things that will not change such as the working documents)

Commented [TH7]: This section can provide some additional information about the Innovation Teams responsibilities. This can be all in the Roles and Responsibilities documents but you may want to list some high level objectives and requirements here. For example:

- Purpose
- Meeting Frequency
- Leadership Updates
- Team Member Criteria
- Incentives for Participating

6. Ideation System

The Ideation System is the formal innovation process. This is where we take organizational challenges through the entire process of gathering ideas, to selection and then to implementation. Each step along the way requires action and the Ideation System explains who is in charge. To help explain this see the Ideation System graphic below.



The Ideation System is administered by the Innovation Advocates. The system outlines the process ideas go through and the tools used to facilitate the process. Each stage of an Ideation System requires specific actions before moving on to the next stage. Some stages require additional approvals outside of the Innovation Advocacy group prior to moving forward. The rest of this section will outline each stage and the appropriate tools.

Ideation Software

If you are using Ideation Software, the software needs to be specified here. If you are using a manual process or standard software (such as email) you can remove this section. If you are using Ideation Software please specify the following:

- Software Name
- Software Description
- Software Administrators
- Stages the Software Automates (for example, some software just allows ideas to be collected while others will handle the entire process).
- How to access the software

Ideation System Stages

The organizational Ideation System consists of five components outlined below. This is the process required to take an idea from inception through implementation, and is referred to as an Innovation Program. Prior to starting this process, the Innovation Advocates must create a challenge question from one of the organizational pain points. Once the challenge question is identified and presented to the intended audience, the Innovation Program starts.

Submission: Ideas are submitted using the Ideation Software or another method in response to the challenge question. Specify how the ideas are submitted.

Ranking: Specify how the ideas will be ranked and who is in charge of ranking the ideas. Ideas may need to be refined and the submitter may be required to present the idea to the people in charge of ranking the idea. It is a good idea to provide some metrics or data that help the submitter understand exactly what you are looking for in an idea. The submitter will do the extra work if you ask.

Selection: Specify who is in charge of selecting the ideas and what the selection criteria is. It is a good idea to provide some metrics or data that help the submitter understand exactly what you are looking for in an idea. The submitter will do the extra work if you ask.

Implementation: This section should specify who is in charge of implementing the ideas and any oversight required. It is a good idea to put the implementation back on the business unit but include an Innovation Advocate on the project team.

Review: Specify who will be in charge of reviewing completed or failed ideas. Make sure and require that a written synopsis of the review is provided to the Innovation Advocates and leadership.

Celebrate: This stage should include how innovators are recognized and any incentives provided. If you do this annually, quarterly or immediately, it should be noted here. Also, how recognition will be given. Will there be an innovation awards ceremony or an email from top level leadership.

Approvals

Specify any levels of approvals required here. If an idea must be approved before going to implementation please note that. If there is a certain dollar or resource threshold that you want to require formal approval, that should also be noted. If there is any process that requires approval from outside of the Innovation Team, it should be noted.

Commented [TH8]: This is where you specify your Ideation System. Be specific on each stage so that there is no confusion for the Innovation Advocates who will be handing this process.

7. Innovation Budget

Funding for innovative projects is a priority for our organization. Therefore, we have identified various funding streams and resources to support but Organic Innovation and formal innovation. Each year, the Innovation Advocates will review these funding streams for opportunities to fund innovation programs and Organic Innovation.

Innovation Budget: The innovation budget will be prepared annually during the standard budgeting process and covers everything needed by the Innovation Advocates to fulfill their roles.

Discretionary Funds: In addition to an innovation budget, some organizations may provide additional funds that can be used for innovation. This funds can be requested for Innovation Programs or Organic Innovation.

Commented [TH9]: The Ideation System is very unique to the individual organization and is the biggest component to the Innovation Strategy. Therefore, this sections provides guidance but is not meant to be copied and pasted. This section should include the following:

- Brief description of what an Ideation System is.
- Ideation Software and Tools
- Stages of Your Ideation System
- External Approvals Required through an Innovation Program.

Commented [TH10]: Example of the Innovation Budget Section. The first part should include your commitment to funding innovation and outline any budgeting required by the Innovation Advocates. This section should not include the actual budget.

Additional Funding Sources: Specify any additional funding sources that may be available to innovators or the Innovation Advocates.

Approvals

Specify the approval limits for each of the funding sources. I have provided two separate layouts.

Funding Source	\$0 – \$10,000	\$10,000 – \$50,000	\$50,000 +
Innovation Budget	Innovation Team	Innovation Team Chair	CEO
Discretionary Fund	Innovation Team	Innovation Team Chair	CEO

Name or Title	Approval Amount	Funding Source(s)
Innovation Team Members	\$0 – \$10,000	Innovation Budget Discretionary Fund
Innovation Team Chair	\$10,000 – \$50,000	Innovation Budget Discretionary Fund

Commented [TH11]: Specify how innovation is actually funded. If there are not any funds or funding sources available you can leave this blank but it is a good idea to at least identify some funds if you are serious about supporting innovation. You can also specify that they need to be requested through the budgeting process.

Commented [TH12]: Specify the spending limit for each funding source. If you already do this in a purchasing policy or another document, you can reference that document instead.

8. **Innovation Strategy Updates**

The innovation strategy should will be reviewed and updated annually. The reviews should be submitted and approved in accordance to the following timeline.



While the Innovation Strategy is being updated, the Innovation Advocates will still continue the Innovation Initiatives outlined in their current working documents and the last approved Innovation Strategy. During the annual review process, leadership should review all of the previous year’s programs and any lessons learned. The Innovation Strategy is meant to be a living document and should be updated regularly to reflect the current environment. The

Innovation Advocates rely on the document to guide priorities and if it is not updated regularly, those priorities may become stale.

Commented [TH13]: Specify the timeline for the review of the Innovation Strategy. Include the following:

- How often the strategy will be updated.
- Update timeline and who is in charge.

Appendices

A. Innovation Team Roles and Responsibilities

Commented [TH14]: Link to the Innovation Team Roles and Responsibilities.

B. Innovation Strategy Working Documents

- Innovation Programs List
- Policy Review List
- Process Evaluation List

Commented [TH15]: Link to the Innovation Strategy Working Documents. You can also outline the documents and provide more details if you feel it is valuable.