

Creating a culture of innovation

Turning good ideas into good business

sage

Innovation underpins the success of many organisations, but it is an elusive concept that can appear to rely on creativity and inspiration, the so called 'eureka moment', and therefore be hard to nurture in an organisation. So what is innovation and how do organisations harness it so that it can drive business forward?

A business imperative

Every business is engaged in a process of continual improvement. Driving down costs, increasing efficiency, and identifying new ways to meet customer needs are all necessary in order to protect market share and increase revenues. As a result many businesses are turning their attention towards innovation as a way to create competitive advantage. The focus then is on creating the kind of environment that is most likely to encourage innovation. This means moving away from hierarchical structures in which people operate within highly constrained roles, and towards flatter, more open structures that give people the flexibility and freedom they need to develop ideas and add value.

From ideas to innovations

Drawing on its people's knowledge and skills to find innovative new ways to do things is a core business principle for Sage, according to Ian Clarke, Research and Development Director for UK and Ireland.

"Innovation is absolutely key, not only in products, but in the way we do things in every part of the business. We therefore need to create an environment that encourages people to develop their ideas." And it is the development of ideas into practical solutions that is fundamental to innovation according to Ian. "Everyone has the capability to be creative, but the challenge is to support innovation so that it goes beyond simply being an idea."

This ability to turn ideas into practical solution is at the heart of what innovation means. Innovation begins, according to Ian, with looking at things differently. "It's about finding totally novel ways of doing things that hasn't been done before," he explains. The other important element however is that the ideas must be useful, and an idea is only useful if it can be put into practice and impact business performance in some way.

And innovation is not confined just to new products.

"Some innovations are dramatically different from what's gone before," explains Ian, "companies like Apple have introduced market changing products like the iPhone, but a lot of innovations revolve around small usability changes to existing products, or new ways of delivering products and services to customers, or managing internal processes. Despite each change being relatively small the overall impact can be huge, if as an organisation you encourage people to believe they can make a difference."



An innovation culture

The difference between innovative and non innovative organisations may be most obvious in their culture. Entrepreneurial cultures encourage communication, and give people the opportunities necessary to pursue ideas, working alone or in cross disciplinary teams. They are also good at making decisions and, possibly most important of all, they tolerate failure. "People need to feel empowered, and they need to know that the culture is open to failure as well as success." explains Ian. "At a managerial level we have to remove the risk people feel they are taking by coming forward with ideas, and we have to give them the freedom to pursue good ideas."

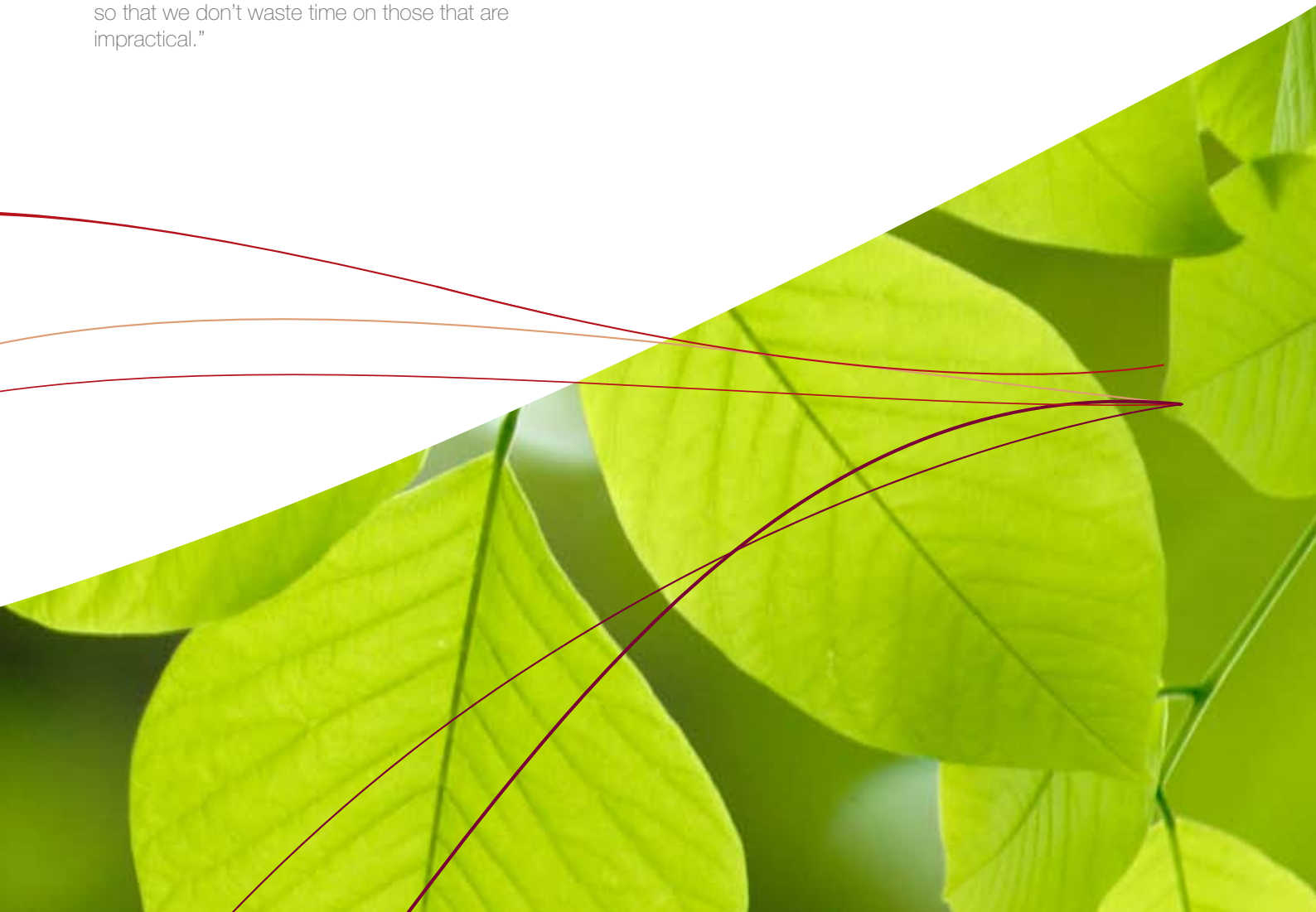
Successful innovation requires that people are always thinking about how things could be done differently, and better, while accepting that the majority of ideas won't go anywhere. That's why Sage is so focused on encouraging idea generation amongst its staff. "At Sage we know that however good an idea might seem initially only small percentage will turn out to be usable." says Ian, "so we need to have processes in place to capture ideas, but also to screen them so that we don't waste time on those that are impractical."

Managing the process

It's all very well to keep referring to ideas, but where do they come from? While it's not possible to mandate that people come up with ideas, the more focus there is on personal development, collaboration, and continuous learning the more likely it is that people will be able to spot opportunities to innovate.

At Sage good ideas can lead to development opportunities for their originators. "We will fund attendance at conferences that can help with projects, or arrange customer visits," explains Ian. This mechanism is designed to help good ideas become better, while also benefitting the individuals involved, through extending their skills and knowledge.

Sage is also committed to creating a collaborative environment, in which people share their ideas and believe that they can make a difference, but this still needs to be supported by processes that ensure good ideas have a chance of becoming innovative solutions.



Practical processes

One very practical way that Sage encourages innovation is through The Friday Project. "It's about emphasising the research element of research and development," explains Ian, "the aim is to encourage people to run with ideas and see where they go." The Friday Project allows people 20 working days, usually to be taken on a Friday, to develop their ideas, working individually or in small teams. "At the end of the allotted time a decision will be made as to whether the idea is practical and should be pursued further," says Ian.

Successful ideas will eventually feed into larger development projects and are then incorporated into future product releases. The value to Sage of The Friday Project is huge, according to Ian, "People get to work on projects that interest and excite them, and that makes them much more likely to stay with us," he explains.

Sage also has an online system designed to capture innovative ideas from across the organisation. "People can update their ideas to a web based system, where they are made available for others to comment on. All the ideas are reviewed and those that are considered viable are pursued. The system makes the process of innovation highly visible, and encourages involvement from across the whole company," says Ian.

Reward and recognition


While coming up with good, innovative ideas may be good for the company as a whole, it's important to recognise that there should also be an element of personal benefit for the originator of the idea.


Successful innovations are considered for Sage's Global and UK Innovation Awards. At the most recent awards lunch attended by Ian a wide range of innovations was recognised. "We had innovations that improve customers' experience of our products, and one of the awards was for a queue busting system that offers a flexible, cost effective way to reduce call waiting times when call volumes are high." This example also indicates the value of encouraging everyone to be involved in the process of innovation. "At Sage we recognise that the people closest to the problem are often most able to see a solution. It's therefore vital that everyone feels they can be heard and have a stake in the process," explains Ian.

Measuring Innovation

While it can be challenging to measure exactly how innovative an organisation is, Sage sees the effects of innovation throughout the business. "It affects the bottom line through increased customer satisfaction and recommendation levels, while driving increased efficiency and reducing costs," explains Ian.

And too much process around measurement could even, according to Ian, stifle innovation. "Innovation is an evolutionary process. HR's role is to ensure that we have an open, free, and empowered culture and that we recruit, retain and nurture talent in the organisation." According to Ian, "If there was too much form filling, or we made the process too cumbersome people would be less likely to come forward with their ideas."

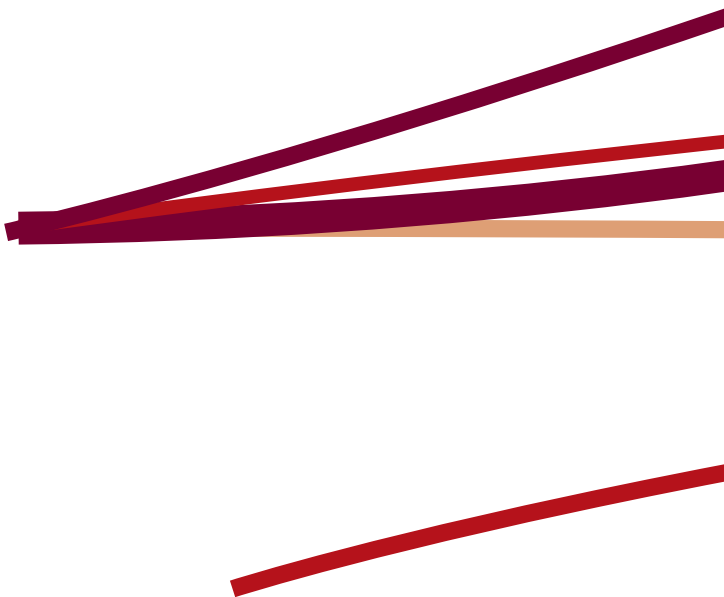




And the HR team itself are also part of the Sage innovation culture. "HR has recently introduced its own innovative online system to enable staff to customise their benefits package via a self-service website," explains Ian.

Continual innovation

Despite being a market leader Sage is aware that its continued success depends on continual improvement. "Our customers trust us to deliver products and services that will make running their businesses easier, and we can never let up in our efforts to do what we do better. It's the job of senior management, working with HR, to create an atmosphere in which people know that great ideas will be given a chance and that they will gain recognition for their efforts," concludes Ian. "We need to make sure that the support is there to follow through on people's good ideas. After all, we rely on an innovative culture to keep us ahead of our competitors."



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