



Who needs a standard for Innovation Management?

Towards a Management System
Standard (MSS) for Innovation

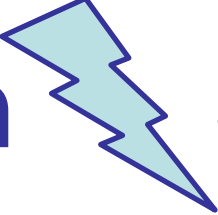
XXIV ISPIM Conference June 2013, Helsinki

Magnus Karlsson

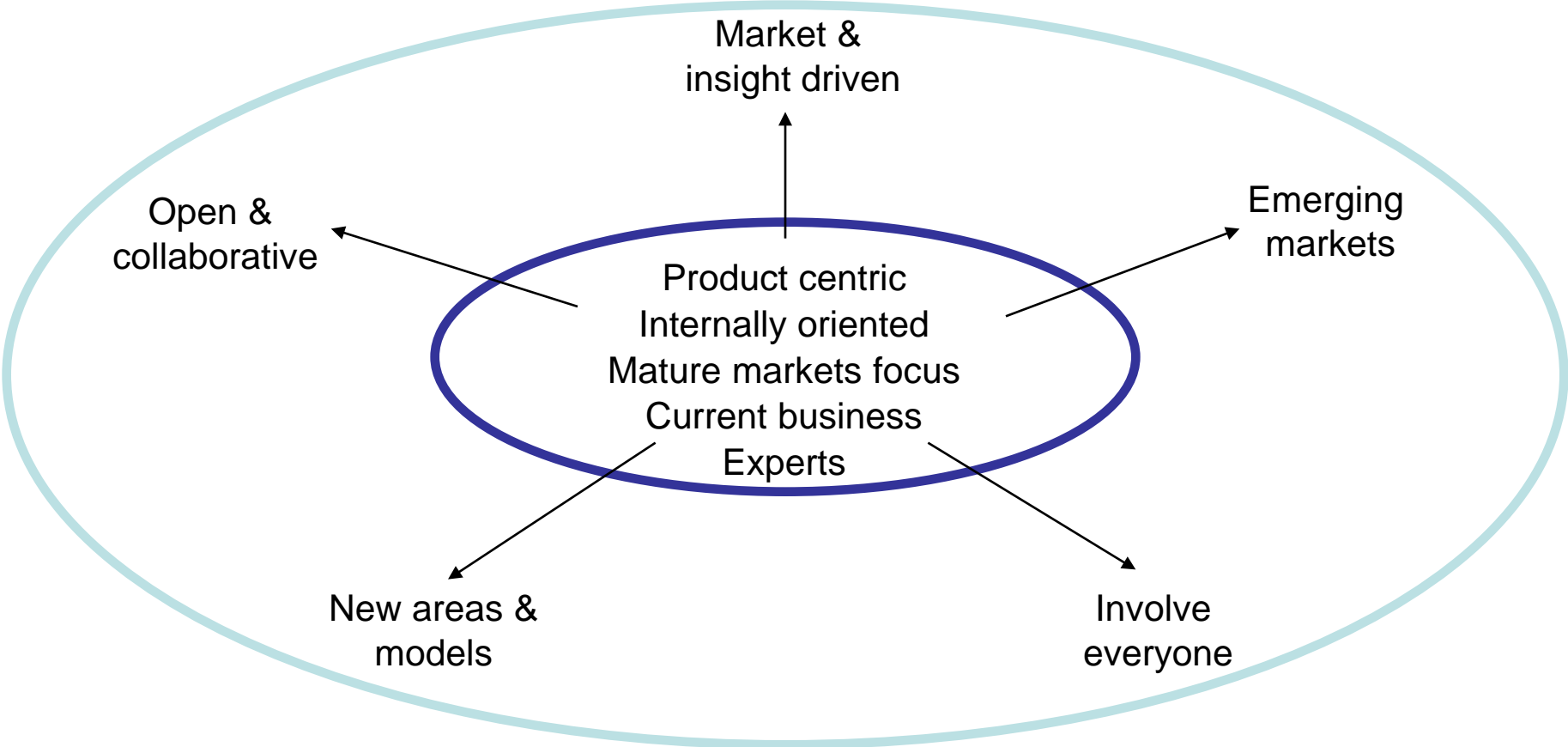
Director, Group Function Strategy, Ericsson
Adjunct Professor, KTH Royal Institute of Technology
Chairman SIS/TK532 Innovation Management



Counterintuitive?

Innovation  Standardization

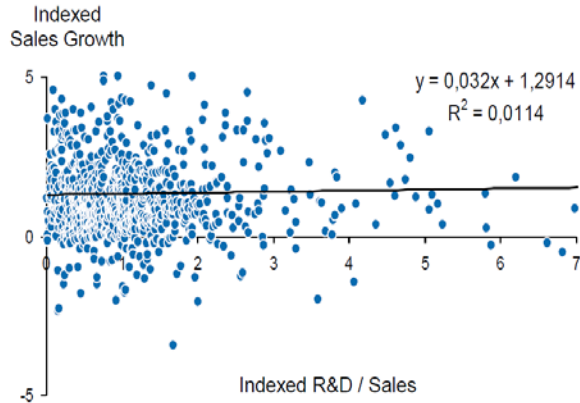
1. Innovation: more complex



2. R&D is not enough

There is NO correlation between R&D spending and business performance

The Performance Disconnect
Example analysis showing link between R&D and financial performance



- ~10,000 analyses found **no** statistical relationship between R&D spend and:
- Sales growth
 - Gross profit growth
 - Operating profit growth
 - Operating Margin
 - Net profit growth
 - Net Margin
 - Market cap growth
 - Total shareholder return

Companies with a highly **aligned innovation strategy** and a **culture that supports innovation** significantly outperform their peers:

- 30% higher enterprise value growth
- 17% higher profit growth





3. Less organizational “slack”



2007

4. Organizations are confused

 *Many firms are **confused** about innovation — what it is, what it can do and whether it can or should be formally managed* 

Even companies considered to be highly innovative **struggle** to maintain a consistent and ongoing level of innovation

Your organization?

- Innovation is very important for us
 - We can get better at it
 - But not sure **how** to do it

Summary

1. Innovation: more complex
2. R&D is not enough
3. Less organizational “slack”
4. Organizations are confused



*Need for
systematic
innovation*

What is standardization?

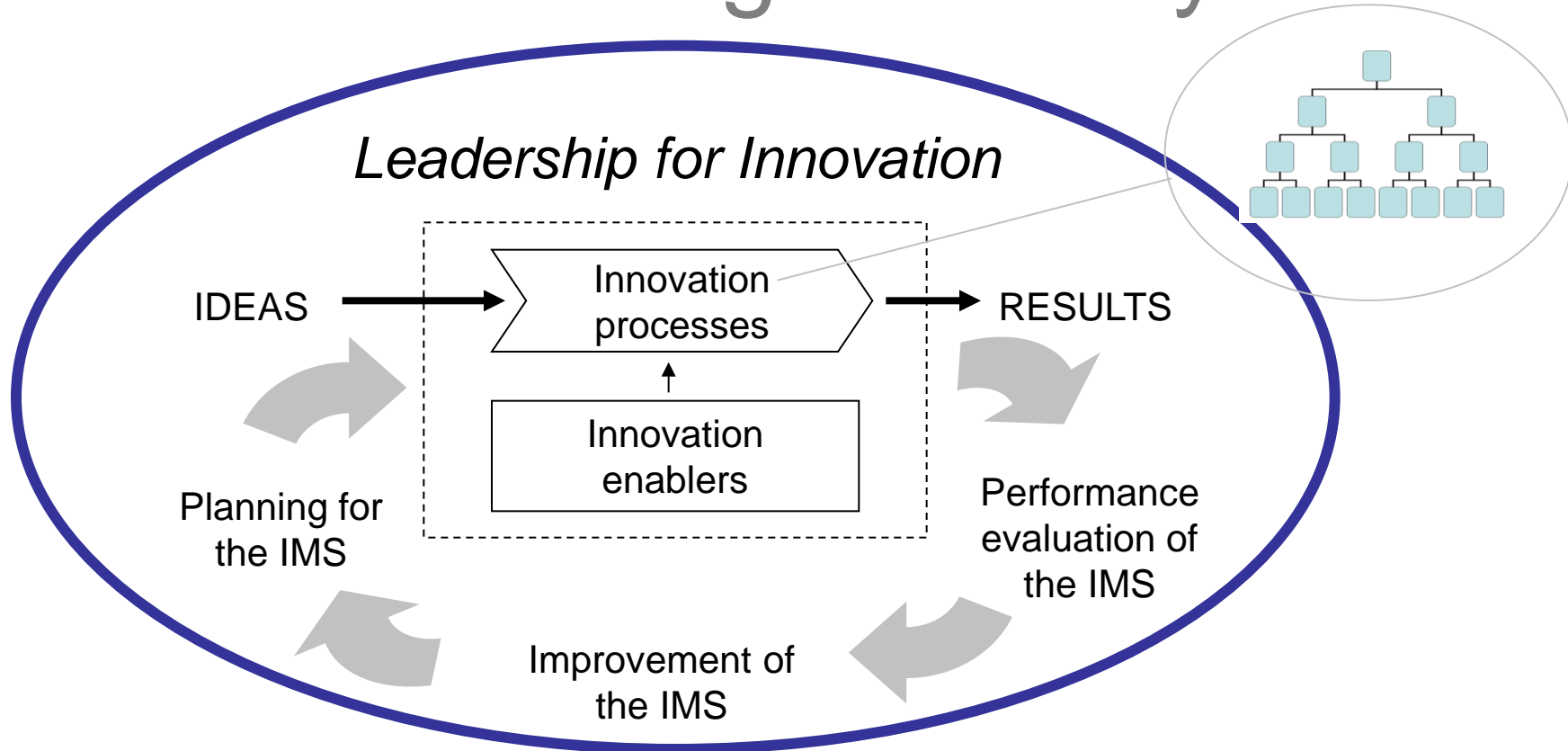
- The **voluntary process** of developing technical specifications based on **consensus** among all **interested** parties (industry including SMEs, consumers, trade unions, public authorities, etc).
- It is carried out by **independent standards bodies**, acting at national, European (CEN) and international (ISO) level.

Ongoing standardization

- CEN/TC 389 “Innovation Management” started in November 2008, initiated by Spain AENOR
- First publication July 2013: CEN/TS 16555-1 Innovation Management System
- Work starting within ISO



Innovation Management System



Leadership for innovation

1. Vision & goal
2. Innovation strategy
3. Human/financial resources
4. Roles and responsibilities
5. Policy for protecting IP
6. Policy for collaboration
7. Foster innovative culture
8. Communication
9. Measure performance
10. Promote IMS improvement

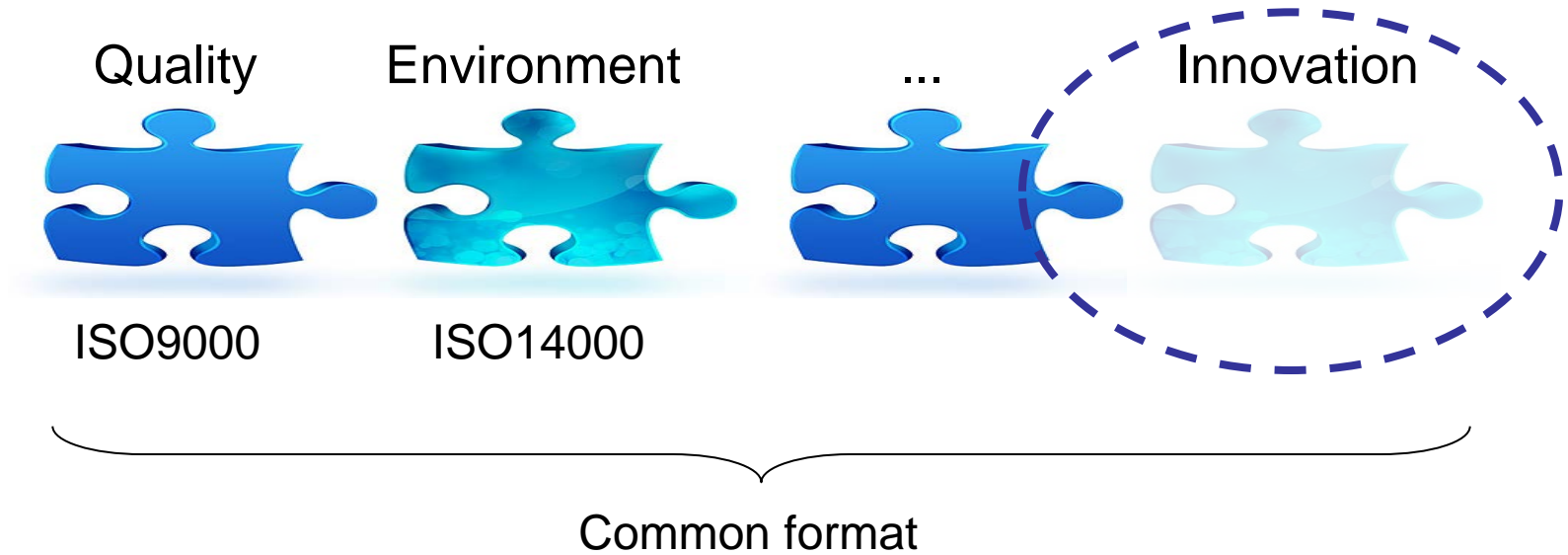
Purpose and scope

- Aim: Guide organizations to **introduce, develop and maintain** a framework for systematic innovation management practices (an IMS).
- Scope: Applicable to all public and private organizations, regardless of **sector, type or size**.
- Intention: Increase **awareness** of innovation, guide to **establish** an IMS, improve innovation **performance**, create **value** for the organization

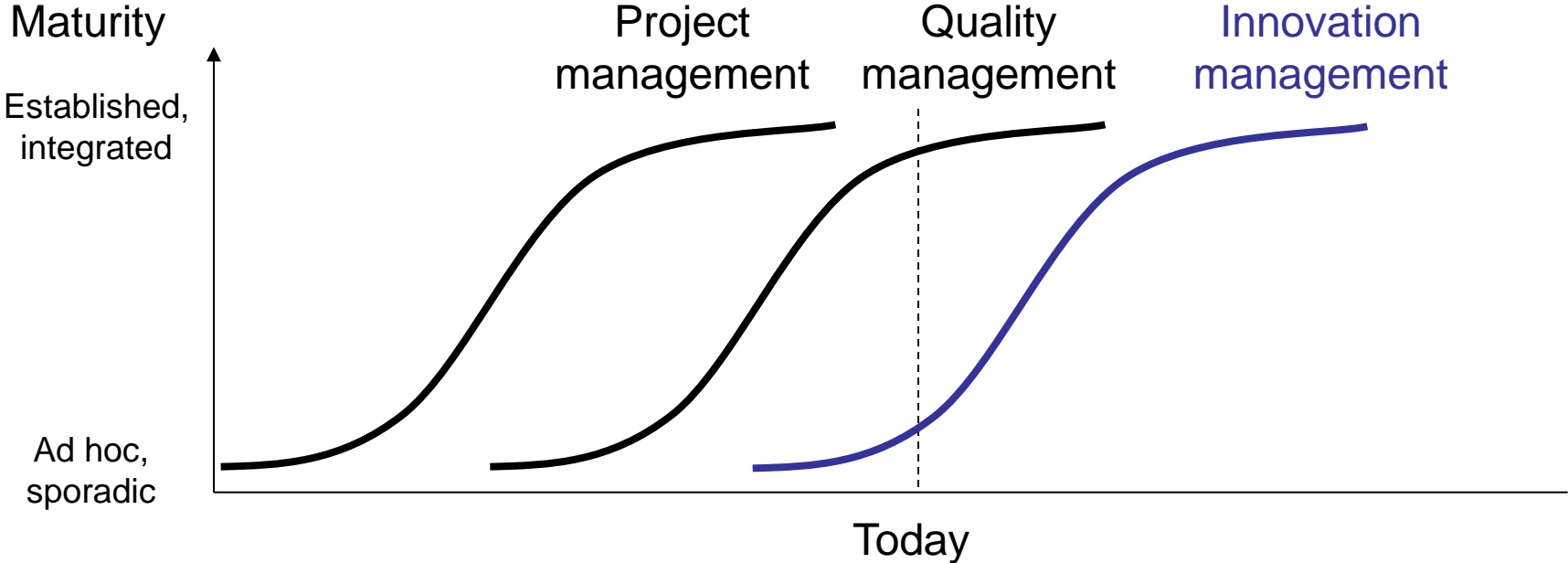
Why a common framework?

1. Guide organizations to implement systematic innovation
2. Facilitate innovation assessment and benchmarking
3. Expand the market for innovation support services
4. Pre-requisite for funding, procurement & partnering etc.
5. Step to integrate innovation as a discipline into the organization

General management system



Professionalization?



Going forward

- Main document to be published July 2013
- Pilot test of the standard in organizations
- Continued development by ISO

Want to participate? -> National standards organization

END

Links

Systematic Innovation and the Journey Towards a Unified Innovation Management Standard

<http://www.innovationmanagement.se/2012/11/19/systematic-innovation-and-the-journey-towards-a-unified-innovation-management-standard/>

Preparing Ourselves for Innovation Standards

<http://www.innovationmanagement.se/2012/11/22/preparing-ourselves-for-innovation-standards/>

CEN/TC 389 'Innovation Management'

<http://www.cen.eu/cen/Sectors/Sectors/Innovation/Pages/TC%20389.aspx>

Innovation defined

“implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations”

[Oslo Manual, OECD 2005]

Innovation Management System

“set of interrelated or interacting elements of an organization to establish innovation policies and objectives, and processes to achieve those objectives”

[CEN/TC 389 N 106, 2012]