The new imperative facing managers is to view innovation as an “all the time, everywhere” capability.

But do the experiences of real-life companies reveal something different?

Myth One: The Eureka Moment

For many people, it is still the sudden flash of insight that defines the process of innovation. The eureka myth helps explain why so many companies are drawn to big brainstorming events.

But are they the right way to build lasting, company-wide innovation capability?

Problem: Companies underestimate the amount of work needed after the brainstorming workshop is completed

Originating ideas usually isn’t the hardest part of innovating. The “bottleneck” occurs much further down the pipeline.

Another more insidious problem with “ideation” workshops is that they can be dis-empowering if ideas are not acted upon.

Innovation Value Chain: How does your organization rate on a scale of 1 to 5?

<table>
<thead>
<tr>
<th>Generating ideas inside</th>
<th>Generating ideas outside</th>
<th>Cross-pollinating ideas inside</th>
<th>Selecting promising ideas</th>
<th>Developing ideas into products/services</th>
<th>Diffusing proven ideas across the company</th>
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IBM’s 2006 online Innovation Jam required a team of 60 researchers to sort through the 30,000 posts.
First, be very clear what dilemma you are trying to solve — and put on a workshop only if you believe it is a lack of ideas that is truly holding you back.

Second, if you hold a workshop, be prepared to invest time, effort, and capital into the follow-up work.

**Solution:** Isolate the problem and invest in brainstorming workshops accordingly

Many initiative programs take years to bear fruit. Procter & Gamble’s Connect + Develop was developed over 10 years.

**Next Steps: Managing Innovation**

Too many managers think innovation is just about brainstormed ideas.

Esther Baldwin of Intel Corporation explains how measurement, rigor, and IT tools — applied to the innovation process — can really fuel business growth.

Visit our video channel at YouTube.com/MITSMR view the interview.

Smart companies, like Intel, know where the weakest links in their entire innovation chain are, and they correct the problems rather than just reinforcing their strengths.
Online communities such as Twitter seduce us into assuming that these new means of social interaction will also transform the way we work.

For most enterprises, the logic behind online innovation forums is: Build it, and they will come. While some really helped to galvanize their company’s innovation efforts, other forums ended up under-used and unloved. Why?

**Problem One: The forum doesn’t take off or enthusiasm wanes**

It’s usually quite straightforward to get people to check out a new site once or twice, but they need a reason to keep coming back.

MyFootballClub is a U.K.-based website whose 30,000 members bought a soccer club, Ebbsfleet United, in 2007. However, by 2010 its paying membership had dwindled to just 800 people, leading to severe financial difficulties for Ebbsfleet United.

As MyFootballClub found, the risk is that the novelty of an innovation forum will wear out pretty quickly and participation will dwindle.
All the managers we spoke with acknowledged that they had to work to “separate the wheat from the chaff.”

Few people took the trouble to build on the ideas of others. The notion that the good ideas would be picked up by others and rise to the top rarely worked out.

Problem Two: Ideas that are posted are often off-topic, half-baked or totally irrelevant

Solution: More specific questions yield more focused online forums

The most important point is to understand the types of interaction that occur in online forums, so that you use them correctly.

If you are looking for creative, never-heard-before ideas, and if you want people to take responsibility for building on one another’s ideas, then a face-to-face workshop is your best bet. But if you are looking for a specific answer to a question, or if you want to generate a wide variety of views about some existing ideas, then an online forum can be highly efficient.

Next Steps: Getting Group-Think Right

MIT Sloan’s Thomas W. Malone, author of The Future of Work, shares how the smartest companies use emerging technology to tap into collective intelligence. Go to YouTube.com/MITSMR to see what’s working.
The topic of “open” innovation has companies looking for ways to tap into and harness the ideas that lie beyond their formal boundaries.

For example, the Danish toymaker LEGO has been leveraging customer ideas — with some new products even being labeled as “created by LEGO fans.”

Problem: Hidden costs include intellectual property ownership questions and trust issues on both sides

Roche Diagnostics was a company that got a lot of value out of open innovation. In 2009 it opened six technological challenges up to the internal R&D community and to two well-known external technology marketplaces.

The specific nature of the requests — versus an open call for ideas — struck pay dirt. A single thoughtful response to one of the challenges was brilliant, and paid for the entire experiment. However, at the time of writing, Roche Diagnostics was still working through the details of the licensing agreement with the person who solved its technological problem, and the transaction and licensing costs were far from trivial.

How It Works: The open model

Note that the boundary between the company and its surrounding environment is porous (represented by a dashed line), enabling innovations to move more easily between an organization’s in-house ideas and those from other firms.
One of Procter & Gamble’s first experiments with online advertising invited people to make spoof videos of the company’s “Talking Stain” TV ad and post them on YouTube — resulting in over 200 submissions, some of which proved good enough to air on TV.

But there is still a major concern: Time.

Companies such as Procter & Gamble and LEGO have put an enormous amount of investment into building their own external networks, and they are beginning to see a return, but you shouldn’t underestimate the time and effort involved.

**How It Works: The closed model**

In closed innovation, a company generates, develops and commercializes its own ideas.

This philosophy of self-reliance dominated the R&D operations of many leading industrial corporations for most of the 20th century. The traditional thinking? If you want something done right, you have to do it yourself.

**Solution: Use the right model to solve the proper problem**

External innovation forums have access to a broad range of expertise that makes them effective for solving narrow technological problems; internal innovation forums have less breadth but more understanding of context.

Task your external and internal experts for very different types of problems. Then set your expectations — and your budget — accordingly.
A dominant concern when organizations set out to grow their innovation capabilities is how to structure rewards for ideas.

The example of the venture capital industry was mentioned as a setting in which people coming up with ideas have the opportunity to become rich.

**Problem:** Both academic theory and data from chief officers indicate that money is a secondary motive to innovate

The more powerful drivers are typically “social” factors, such as the recognition and status that is conferred on those who do well, and “personal” factors, such as the intrinsic pleasure that some work affords.

There is evidence from psychology research that individuals view the offer of reward for an enjoyable task as an attempt to control their behavior — which can hamper performance.

**Solution:** Don’t miss the mark by paying people for their innovation

The process of innovating — of taking the initiative to come up with new solutions — is its own reward. Our research interviews provided plentiful evidence that this is the case.

As intrinsic motivation is especially likely to suffer when the incentives are large, smart companies emphasize the social and personal drivers of discretionary effort, rather than the material drivers.
Don't get us wrong. There are plenty of examples of successful innovations that started out as below-the-radar initiatives, or as proposals that got rejected by top executives several times.

But at some point all of them were picked up and then prioritized by top management. Successful innovations, in other words, need both bottom-up and top-down effort — and very often the connection is not made.

**Problem: Bottom-up initiatives often lack the “missing link” that can make them true successes**

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**Saying No: How best to pass on bottom-up ideas**

Broad-based innovation actually implies turning down a lot of people, sometimes repeatedly. How their contributions are acknowledged, the transparency of the decision-making process and how the news is communicated are crucial factors in keeping the ideas coming. Keeping contributors informed and in the loop is key.

Whirlpool, an exemplar in democratic innovation, has established an Innovation E-Space that allows all employees to keep abreast of innovation activities and even to volunteer to work on one another’s projects.
Especially in the realm of IT, not enough employers understand that the arriving generation aren’t just tech savvy, they are naturals at bottom-up innovation.

Being slow to integrate new tools into an organization has an added consequence: Your hardest workers are now focused on innovating from home verses for you. Visit our video channel at YouTube.com/MITSMR to learn more.

**Solution:** Mix your solutions and innovation structures to yield maximized, targeted innovation

Bottom-up innovation efforts benefit from high levels of employee engagement; top-down innovation efforts benefit from direct alignment with the company’s overall goals.

Use both approaches to help bottom-up innovation projects get the sponsorship they need to survive.

**Winning Cultures:** Is your organization prepared for the next generation of workers?

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Futurist Jim Fister argues that leaders must provide younger workers, who were born and raised under new technologies, a culture that embraces change in order to maximize collaboration and innovation.
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