Integrated
Consulting
Group

Innovation Management Study, 2nd edition

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METHODOLOGY /1

The research was conducted based on an original questionnaire developed by ICG Integrated Consulting Group by the Romanian part of the Innovation Cluster, based on the experience gathered working in innovation projects in Romania and Europe.

The research benefited from inputs and advice also from colleagues and also from the previous experience with the 1st edition of the Innovation Management Study conducted in 2018. The questionnaire consisted of a number of 19 questions, out of which 14 questions with pre-defined answer and 5 open-ended questions .

In comparison with the 1st edition of the survey, we significantly reduced the number of questions (from 45 to 19) and increased the relevance of the topics addressed. Nevertheless, changing significantly the questions addressed, we could only in a small extend make a comparison of the answers provided in 2018. But this shortage will be overcome starting next editions of the survey.

METHODOLOGY /2

The questionnaire was sent to be filled in only by invitation to medium and large companies, being addressed to CXOs, Innovation responsibles, Research & Development responsibles.

We gathered 74 responses: 1/3 of the respondents belonging to companies with less than 250 employees, 1/3 from companies with 250- 1000 employees and the rest of respondents from companies with more than 1000 employees, all of them operating in Romania.

Industries represented by the respondents: ITC, Banking, Education, Financial Services, Insurance, Agriculture, Retail, Manufacturing, FMCG, Industrial Automation, Transportation, Tourism and Hospitality, Power utilities, Artistic events, Consulting, Aeronautics, Advertising and Media, Pharmaceuticals, Medical Services, Safety & Security, Telecom, Aerospace, Outsourcing, Publishing, Consumer electronics, Electrical products and equipment.

The survey was filled in the period October 2019- January 2020.

We are thankful to all the respondents who invested their time in answering to our survey; we treated their answers with high confidentiality in the purpose they were given and by considering them true and accurate.

INNOVATION IS DEFINITELY A „MUST HAVE"

86.5 % say innovation is implicitly or explicitly mentioned in their company' vision or values
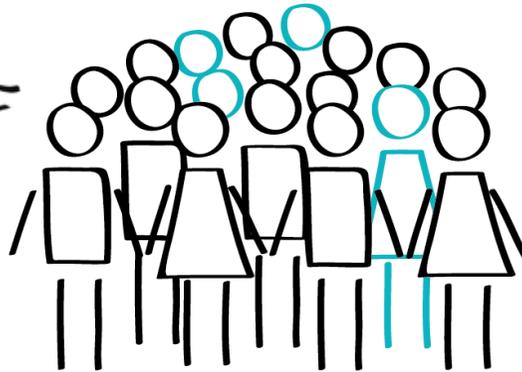
In 2018, **85.0 %** of the companies declare they have innovation included in: their vision statement, among their values and within their strategic objectives.

Companies in Romania are following the global trend of having innovation as a lighthouse.

According to State of Innovation Report, a CB Insights report published in April 2018, **84.9 %** of the respondents said innovation is very important (677 respondents).

A PROCESS LOOSELY COORDINATED

77.0 % have strategic objectives referring to innovation

54.1 % have a documented action plan for implementing innovation strategy
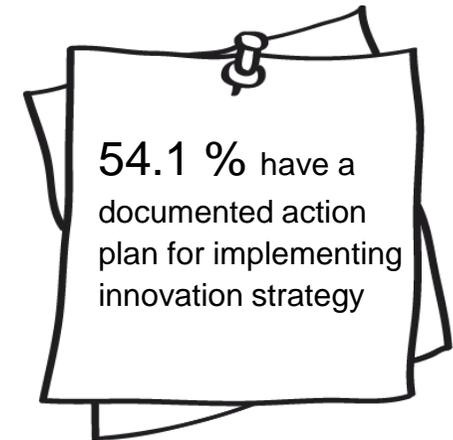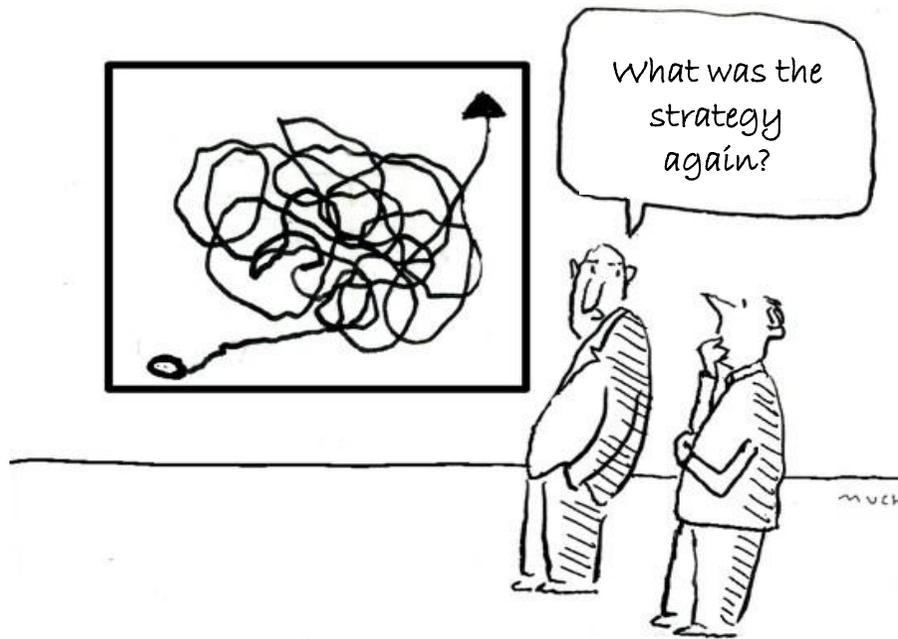
YOU CANNOT MANAGE WHAT YOU CANNOT MEASURE

37.8 % of the companies use KPIs to explicitly measure innovation.

In 2018 39.0 % of the companies declare they have a specific KPI for innovation (most frequent KPI is number of patents, which does not cover all the perspectives of the innovation capacity)

According to State of Innovation Report, a CB Insights report published in April 2018, 71.0 % of companies assess innovation quantitatively, using primarily short-term metrics. 85.0 % use revenue.

INNOVATION KPI'S

NR from innovation, innovation % of company volume and NR, NR per project, speed to market (# of weeks)

Automate the company process with the employees, Several projects related to digital, First Time Resolution, Digital ID
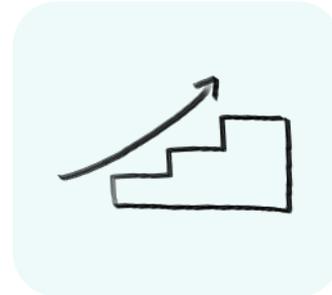
Number of business ideas generated via Innovation Lab (organization-wide campaigns) Number of successfully implemented projects via Innovation Lab Business impact of such projects (number of customers, top line, etc.)

New unique products launched in FYI X, The release of the product

Patents, Number of patents application, number of patents accepted, Number of ideas generated by employees versus ideas implemented, per year

Client Value enhancement through the next generation products Innovation allocation on cost from the total cost allocation, Types and Level of Outsourcing, , electronic comm and mkt consent in our systems % of full end to end issuing process' products
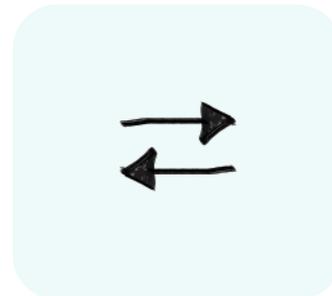
ROI on innovation investments, # of innovation projects in each domain/ strategy component, Number of innovation proposals accepted by customer and implemented, Innovation ROI
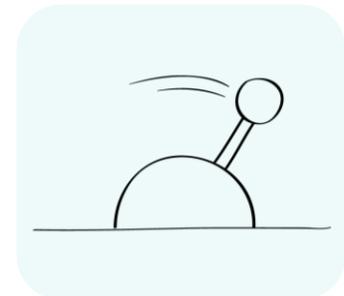
Number of tech startups recruited in the corporate accelerator, Number of products and services developed based on the co-innovation activities with startups, European innovation portal supports logging innovation ideas and suggestions. Individuals and EU innovation council have KPIs re ideas to submit and execute on

# TYPICAL INNOVATIONS FOR 2018-2020

39.2 % Process innovation

**29.7 %** Product innovation
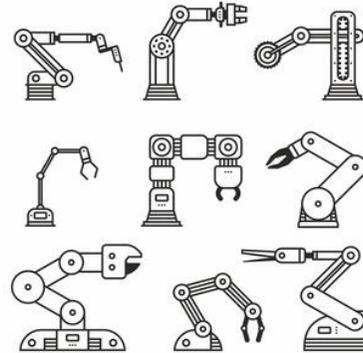
10.8 % Business Model innovation
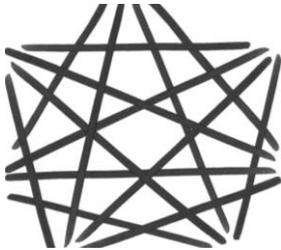
20.3 % Service Innovation
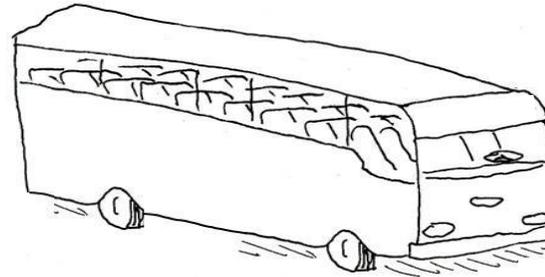
NEED FOR A BETTER USAGE OF THE INNOVATION FUNNEL

Idea Management refers to :

generation   capturing   evaluation   selection of the new ideas
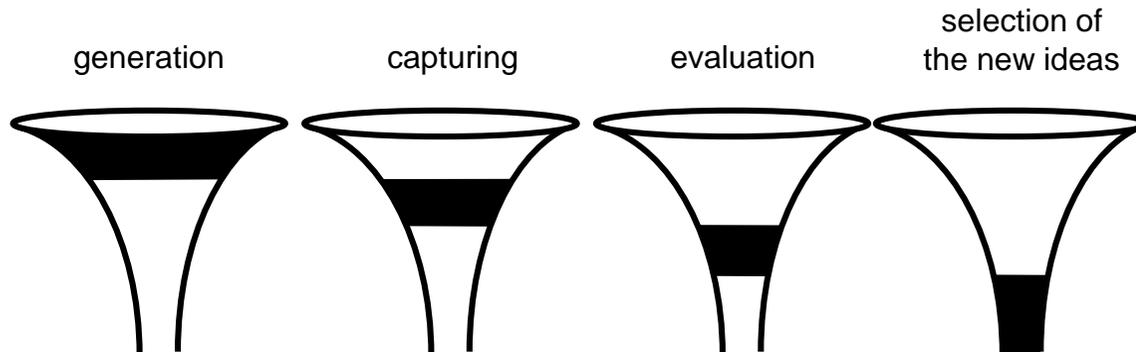
52.7 % declared to manage the development of Innovation and have a structured approach for Idea Management.

According to State of Innovation Report, a CB Insights report published in April 2018, 43.0 % of respondents said their companies follow formal innovation processes.

RESEARCH AND DEVELOPMENT

20.3 %
have funda-
mental research

39.2 %
have Applied
Research

54.1 %
have techno-
logical
development

24.3 % have not
Research and Development
activities
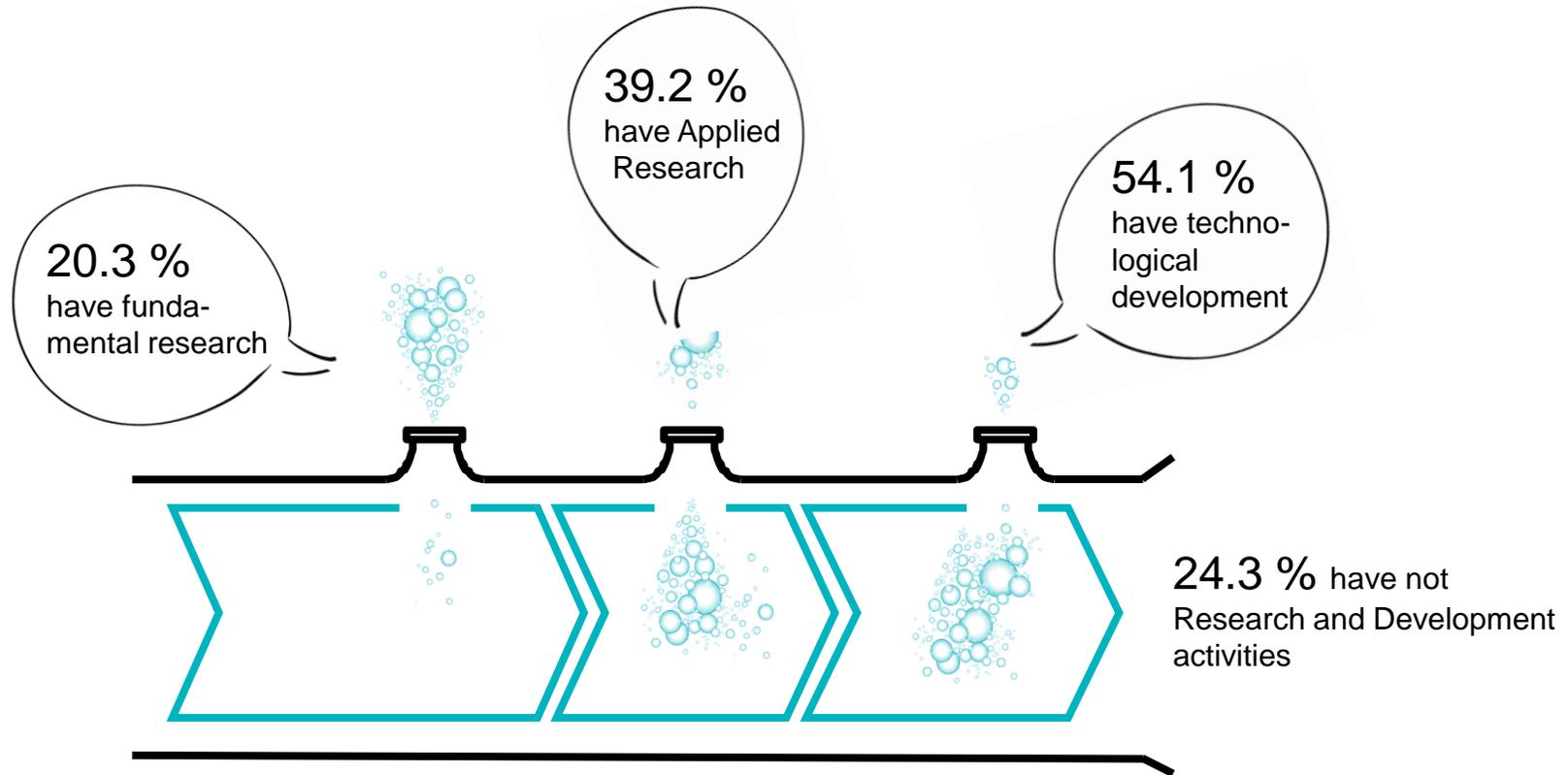
WHERE IS THE BOSS?

29.7 % have an Innovation Manager located in Romania.

OUR PEOPLE
REQUIRE
MANAGEMENT
CHANGE,
SIRE

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IN A NETWORK WORLD, USING OF EXTERNAL RESOURCES FOR INNOVATION IS RARE
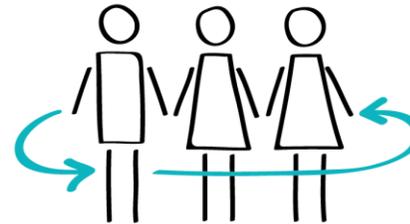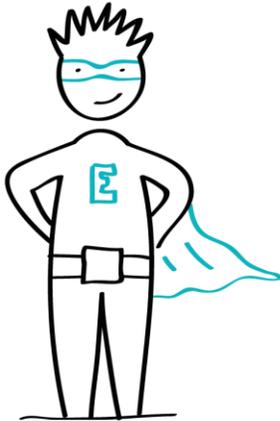
55.4 % declare not using
External facilitators for
Innovation processes last year.
So there might be some
Innovation Champions out there.

8.1 % use external help more
than 1 day/month.

36.5 % use external facilitators
less than 1 day/month.

In 2018, More than **81%** of organizations use exclusively internal resources
to facilitate innovation processes

WHERE DO GOOD IDEAS COME FROM?

user's need = source of inspiration
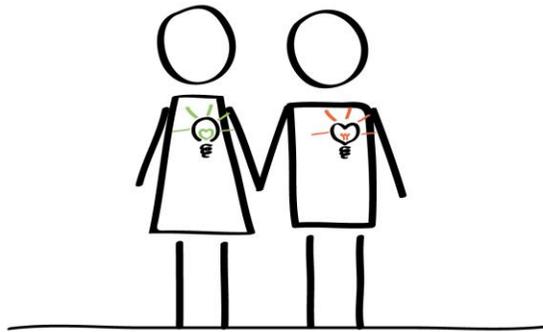
47.3 % have a structured process for gathering open innovation ideas from employees and customers

Source: State of Innovation Report

Top 10 Sources of Innovation

1. Customers
2. Employees
3. Competitive intelligence
4. Suppliers / vendors
5. Academic partners and/or scientific literature
6. Industry analysts
7. Accelerators & incubators
8. Corporate venture capital
9. External ideation consultants
10. Bankers & VCs

HOW PREPARED ARE THE PEOPLE WORKING IN INNOVATION?
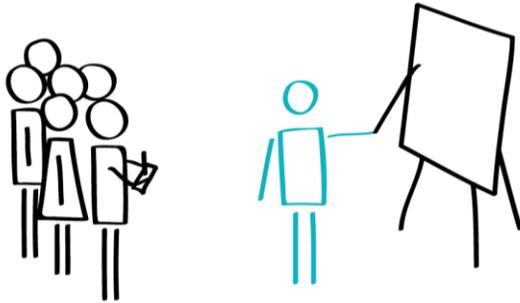
28.4 % train their people in innovation topics.

Topics trained

- Product development
- Stages & Gates process, Accolade management
- Only for a certain level of management
- Employer branding, optimization of operations
- Quarterly PM Labs
- Design thinking training, pitching training.
- Performance by Innovation
- Own innovation method; other innovation methodologies
- The perspective an innovative leader needs, the different divisions and categories of innovation, the importance of the evaluation and testing of ideas, and so on

- Design Thinking and Lean
- Different topics as needed
- Formal - Artificial Intelligence (accredited course) + trainings outside of the area of initial expertise Informal - reading book on various, unconventional, scientific topics
- Methodologies (such as Design thinking), worldwide use cases, strategic reasons
- Design thinking, innovation training ICG
- Service design
- Lean and Six Sigma principles and tools, combined with the practice of a full project delivered by the end of the training class.

SUPPORTING FACTORS FOR INNOVATION

20.3 %
High expenses
on R&D

20.3 %
Purchasing machines,
devices…

43.2 %
Transforming
company culture

62.2 %
Commitment of
top management

52.7 %
Applying new
ways of working

68.9 %
Process Innovations
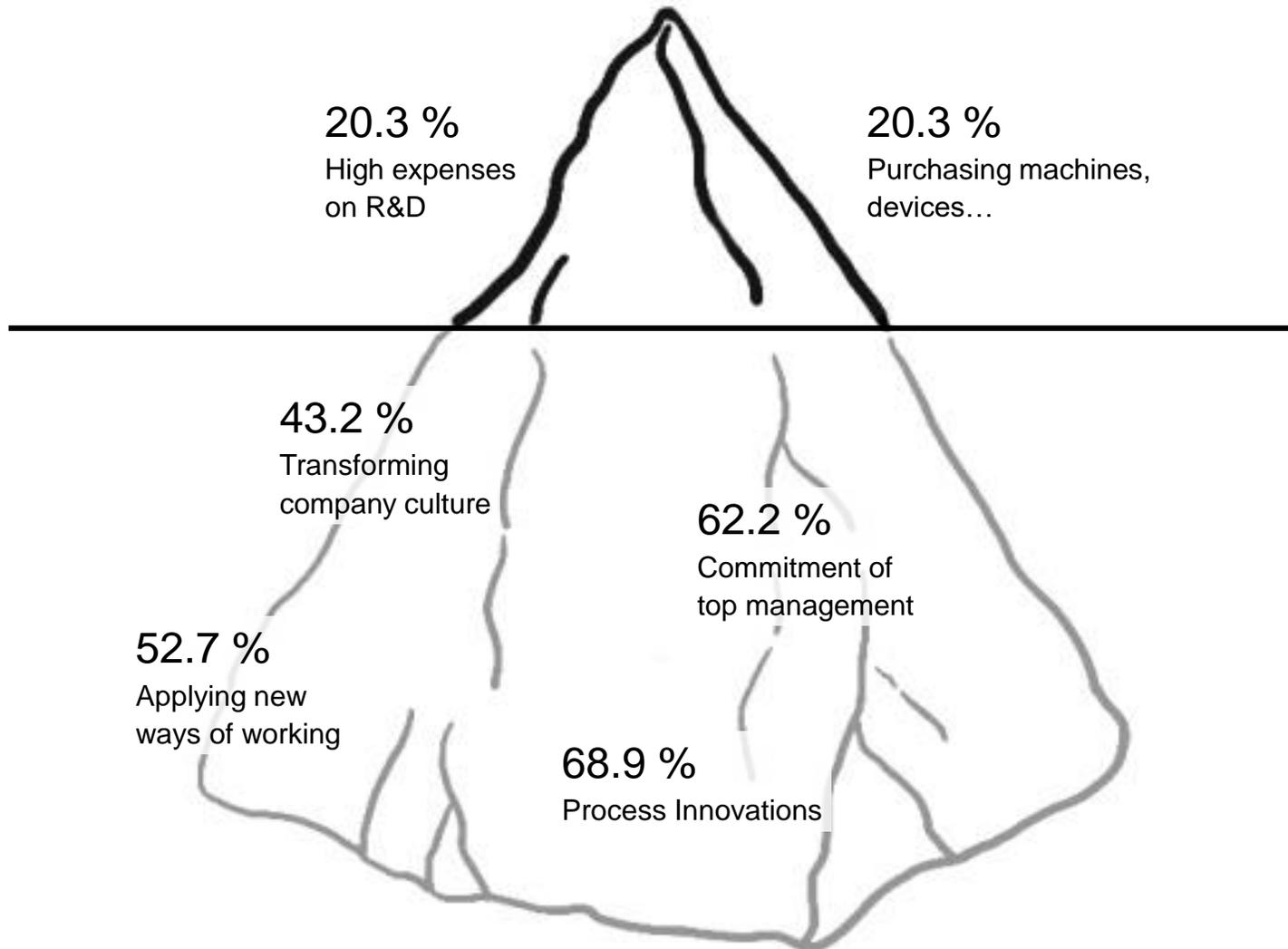
33.8 % have an incubator or accelerator to develop and scale new products and services

INNOVATION METHODOLOGIES AND METHODS/TOOLS

# CHANNELS TO COMMUNICATE INNOVATION AMBITIONS TO EMPLOYEES

Meeting, formal and informal meetings, Lunch and learn sessions (meetings), Middle management meetings, comms on new product/services launches

Through regular Town Halls, on-site meetings, newsletter, Internal innovation blog, global, internal newsletter, Engagement days During the periodic syncs, while talking about the issues we have and showing the need to improve
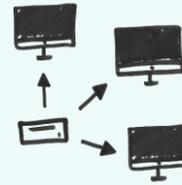
All the internal communication channels, intranet, meetings, workshops, CEO breakfast with staff, Every new challenge is defined by the main task of innovation of new ways of thinking and acting

KPI requirement in annual personal performance plan. L&D challenge to look at new ways of working
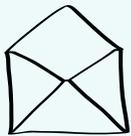
Mail meetings, emails, movies, Through training and staff meetings, coaching sessions with project teams, Regular organization-wide innovation campaigns dedicated to strategic topics

Strategic ambitions, presentations to employees, informal meetings, Various communications in writting and periodical meetings with heads of main structures

Communicate clearly the goals I want to reach, and at every possible step, show how I am doing according to those goals. Employees will become more enthusiastic and willing to engage when they see outcomes are being achieved.Let them pilot the innovation they generated

On the spot meetings on process improvement when problems occur or when we identify room for process improvement which lead to a more effective activity

As a conclusion, innovation in Romanian companies is still more a matter of **INTENTION.**

THE ONLY WAY
TO DO IT
IS TO
DO
IT. *

And some have
started to
transform
**INTENTION into
ACTION.**

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Make an impact.

Your Partner in Innovation.