

Evaluation Report
Root/Cause Analysis

TestOrg

March 2011

- Confidential -



Table of contents

1 Introduction	3
2 How to read this report	4
3 Evaluation	5
3.1 Innovation Strategy	6
3.2 Innovation Organisation and Culture	24
3.3 Innovation Life Cycle Processes	46
3.4 Enabling Factors	81
3.5 Innovation Results and related issues	103
4 Outlook	127
5 Glossary	128

1 Introduction

The following report provides you with a detailed analysis and evaluation of your company's Innovation Management performance. It complements the results of the IMP³rove Assessment by providing insights into the root causes of your strengths and weaknesses in Innovation Management.

For each question the analysis is presented in a very detailed way. You will be able to compare the detailed scores of your company with the scores achieved by the growth champions and the average on each specific assessment criterion. This benchmarking data gives you an indication as to which levers should be addressed to improve your Innovation Management performance, and to ensure a sustainable flow of innovation in the future.

This detailed analysis serves as a well-structured basis to develop Innovation Management consulting services offered by the Innovation Management experts of the IMP³rove network. We invite you to take the opportunity to conjointly discuss the results of your company with the IMP³rove Consultant. During this discussion you will deepen your understanding of your Innovation Management performance, while at the same time getting valuable input on measures and actions required to improve your Innovation Management performance.

To receive further information on Innovation Management including Innovation Management consultancy providers, tools, techniques, case studies, key performance indicators and further readings, please visit the IMP³rove web-site: www.improve-innovation.eu.

2 How to read this report

Your company's results of the Root/Cause Analysis are presented here. As in the IMP³rove Assessment, the results are again structured according to the dimensions of the A.T. Kearney "House of Innovation", namely the Innovation Strategy, Innovation Organisation and Culture, Innovation Life Cycle Processes, Enabling Factors and Innovation Results.

The Root/Cause Analysis provides you with a more detailed view on your current Innovation Management performance. For each question a detailed evaluation is presented including benchmarks of the growth champions and the average. The benchmarks are based on the benchmarking class that you selected when you requested your report (industry group, size and age of companies and country).

Your scores are compared with the growth champions and the average. The growth champions are the top 10% of your benchmarking class showing the highest value growth over the last 4 years in sales, employment and operational margin. Comparing your company's scores with the average score achieved by the top 10% growth champions gives you a valuable indication of your competitive position and any gaps that need to be filled. In addition, the score of the average is given which is the average of all companies of the benchmarking class you have selected.

If a question addresses a numerical value, e.g. estimation of the future turnover value of the idea pipeline, a so-called "reference value" is provided in addition to the growth champions' and average benchmarks. This "reference value" is based on those companies that perform best (the average of the top 10%) in this respective question and that are from your industry group and your company size, and come from across all countries and all age classes. For further explanations please refer to the glossary.

The evaluation is based on the benchmarking class of 124 companies with the following profile: industry group: All, size class: All, age class: All, country: All.

3 Evaluation

The following sections provide greater detail on your performance in the IMP³rove Assessment.



3.1 Innovation Strategy

The following section outlines your company's performance in the dimension Innovation Strategy.

Business strategy (Q1)

Question:

Does your company pursue a clearly defined business strategy?

Please specify your level of agreement.

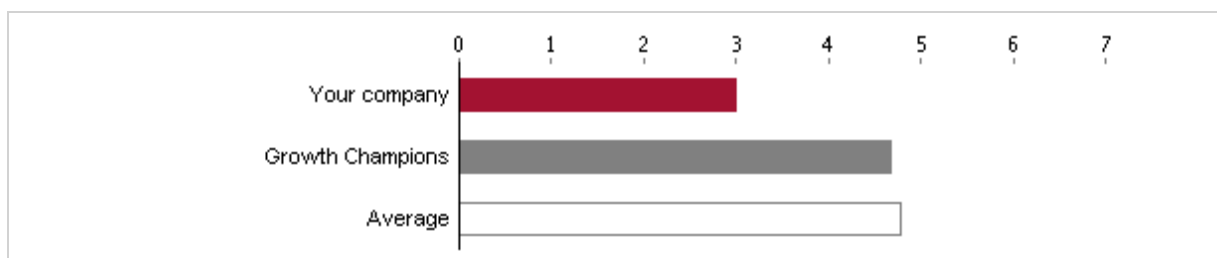
Answering options - your answers:

(Strongly dis-agree) 1	2	3	4	5	6	(Strongly agree) 7
		✗				

IMP³rove 2011 - **Business strategy**

Detailed evaluation:

Below, absolute values specified for this question are presented.



IMP³rove 2011 - **Business strategy**

Consistency of innovation strategy (Q2)

Question:

Is your company's innovation strategy in line with the business strategy?

Please specify your level of agreement.

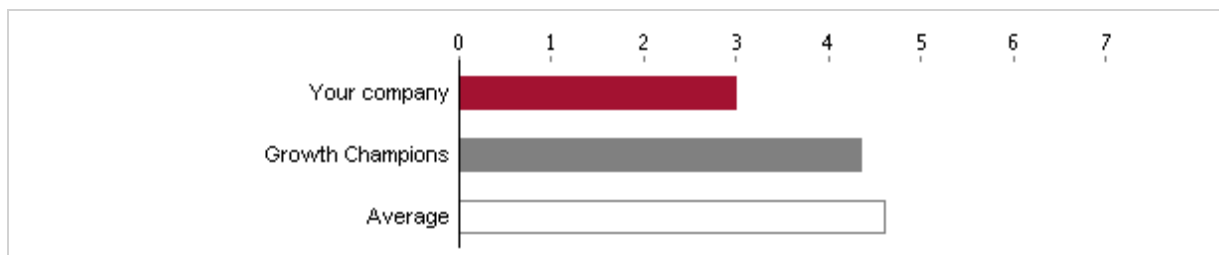
Answering options - your answers:

(Strongly disagree) 1	2	3	4	5	6	(Strongly agree) 7
		X				

IMP³rove 2011 - Consistency of innovation strategy

Detailed evaluation:

Below, absolute values specified for this question are presented. If you have selected the answering option "An innovation strategy does not exist", you received a score of "0".



IMP³rove 2011 - Consistency of innovation strategy

Contribution to growth (Q3)

Question:

Is the contribution of your innovation strategy to the company's growth targets (profit growth) clearly specified?

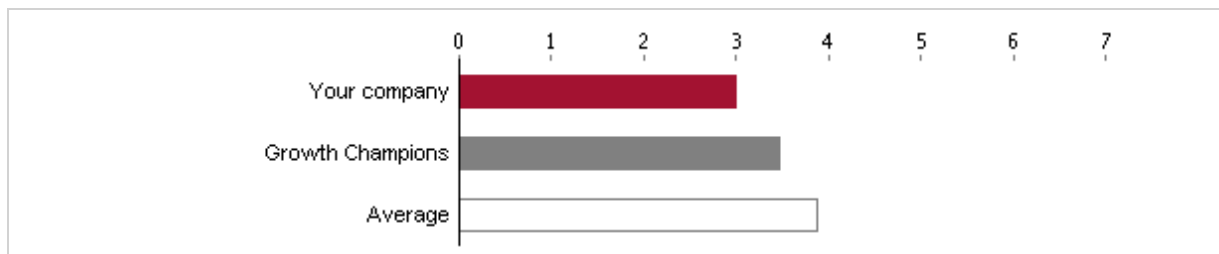
Answering options - your answers:

(Not at all) 1	2	3	4	5	6	(Clearly specified) 7
		✗				

IMP³rove 2011 - Contribution to growth

Detailed evaluation:

Below, absolute values specified for this question are presented. If you have selected the answering option "No growth targets specified within the business strategy", you received a score of "0".



IMP³rove 2011 - Contribution to growth

Future promising market areas (Q4)**Question:**

Please briefly list your most promising future market areas.

Answering options - your answers:

drhr

Business intelligence (Q5)

Question:

Which of the following issues do you assess and analyse thoroughly when developing your innovation strategy?

Please specify your answer on a scale from 1 (not at all) to 7 (very thoroughly).

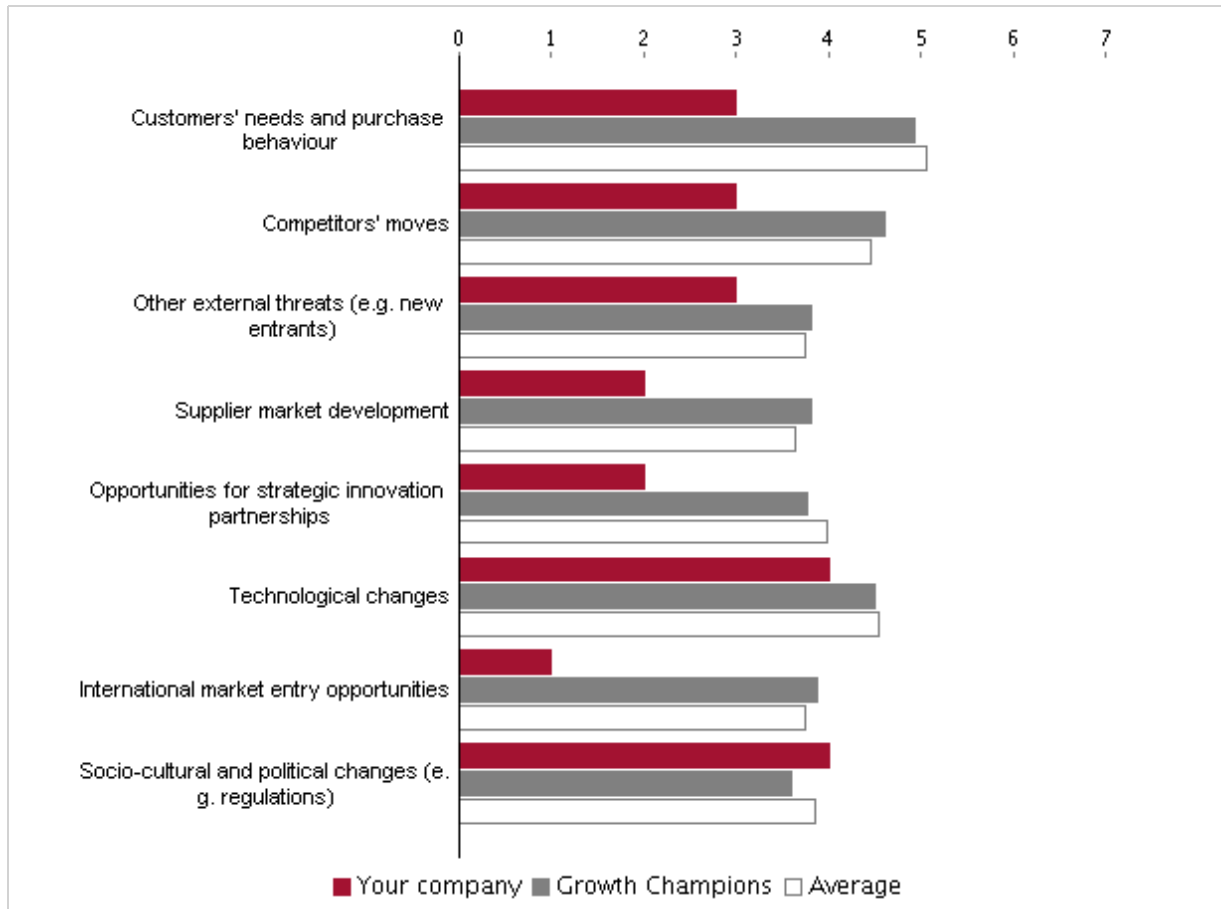
Answering options - your answers:

	Current situation	Future trends (1-3 years)	Development of future trends (more than 3 years)
Customers' needs and purchase behaviour	3	4	4
Competitors' moves	3	3	3
Other external threats (e.g. new entrants)	3	4	3
Supplier market development	2	3	3
Opportunities for strategic innovation partnerships	2	2	2
Technological changes	4	2	2
International market entry opportunities	1	3	1
Socio-cultural and political changes (e.g. regulations)	4	1	4

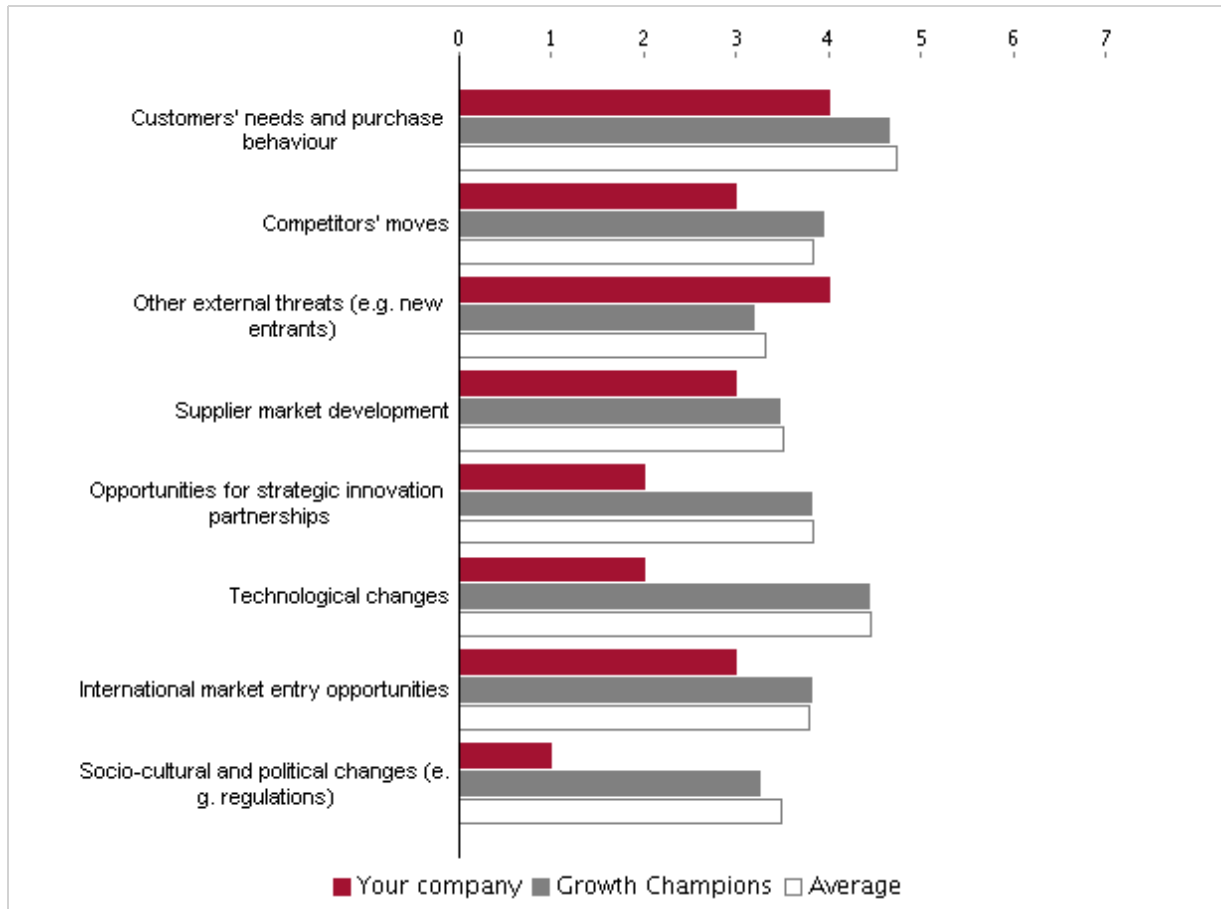
IMP³rove 2011 - **Business intelligence**

Detailed evaluation:

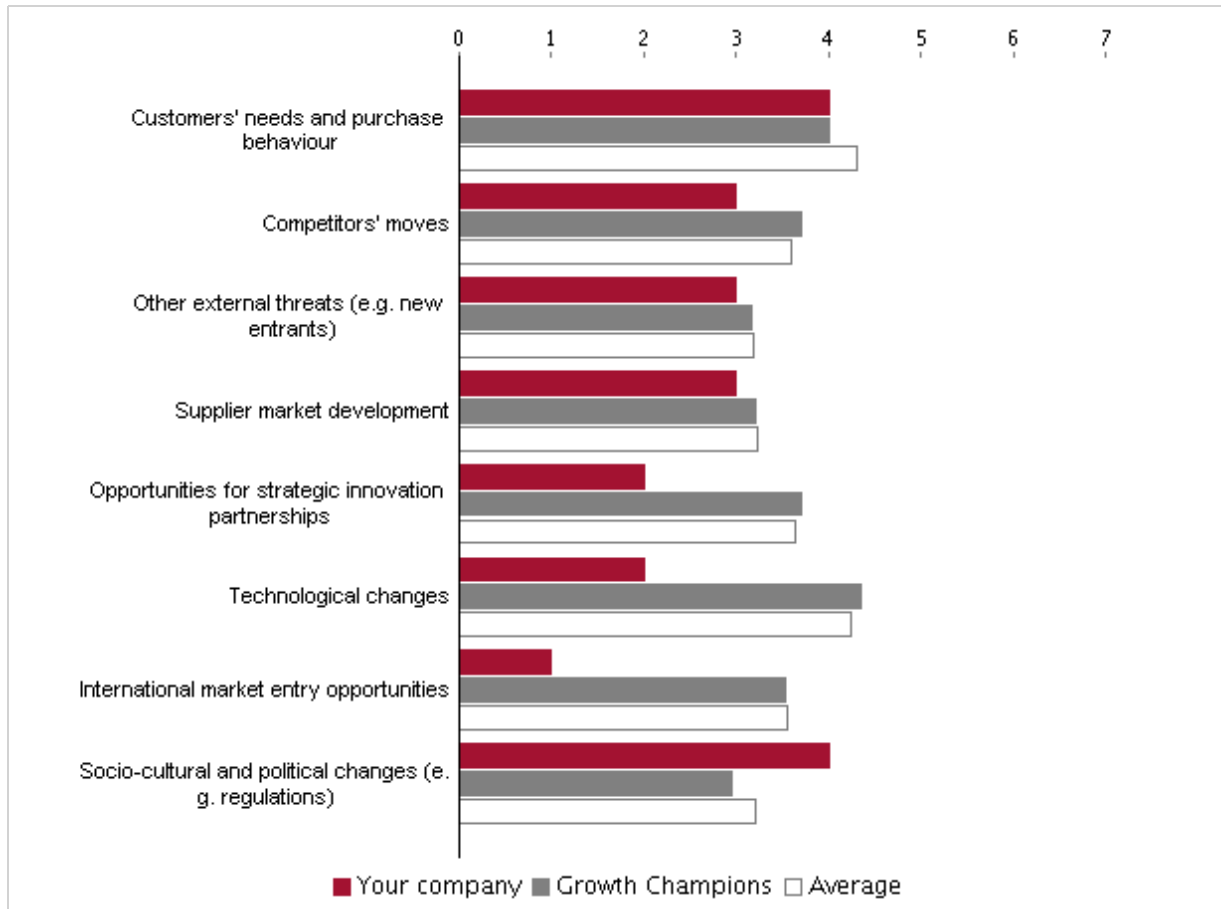
Below, values specified for each item in the table are presented for different time frames. For each item a value between 1 and 7 can be achieved. If you select the answering option "An innovation strategy is not developed systematically", you received a score of "0".



IMP³rove 2011 - Business intelligence - Current situation



IMP³rove 2011 - **Business intelligence - Future trends (1-3 years)**



IMP³rove 2011 - **Business intelligence - Development of future trends (more than 3 years)**

Focus of innovation strategy (Q6)

Question:

How intensively does your innovation strategy focus on innovative changes in the following areas?

Please specify your answer on a scale from 1 (not at all) to 7 (highly intensively).

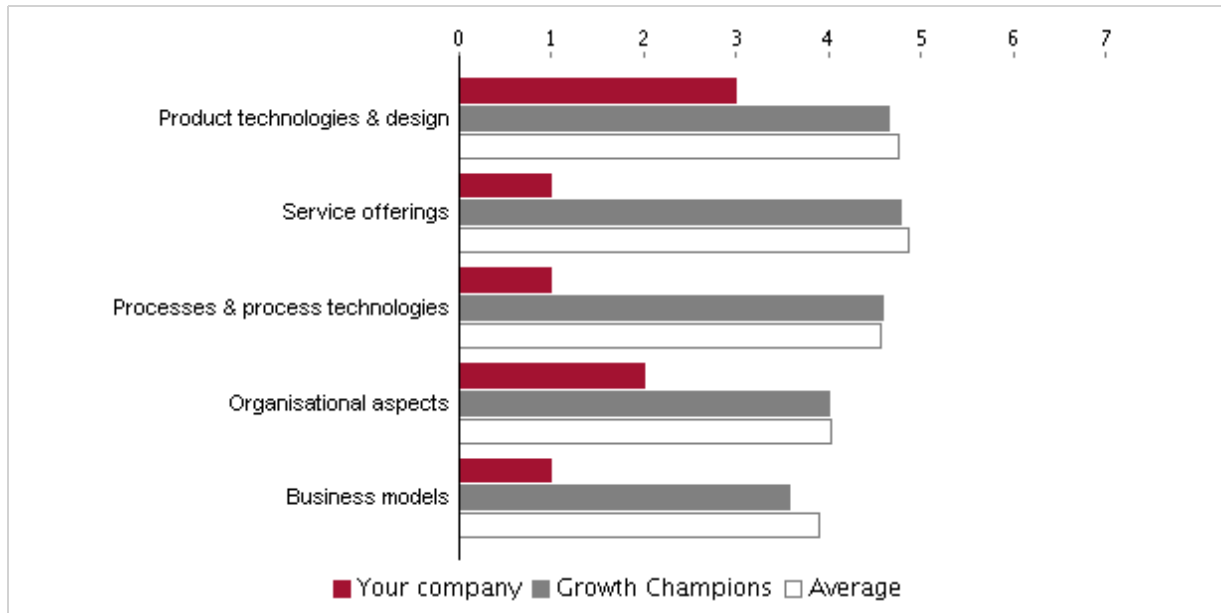
Answering options - your answers:

	(Not at all) 1	2	3	4	5	6	(Highly intens- ively) 7
Product technologies & design			X				
Service offerings	X						
Processes & process technologies	X						
Organisational aspects		X					
Business models	X						

IMP³rove 2011 - Degree of focus on innovative changes

Detailed evaluation:

Below, absolute values specified for each item of the table are presented. For each item a value between 1 and 7 can be achieved. If you have selected the answering option "An innovation strategy does not exist", you received a score of "0" for this question.



IMP³rove 2011 - Degree of focus on innovative changes

Future business orientation (Q7)

Question:

To what extent have you specified/quantified your future business orientation?

Please specify your answer on a scale from 1 (not quantified at all) to 7 (clearly quantified).

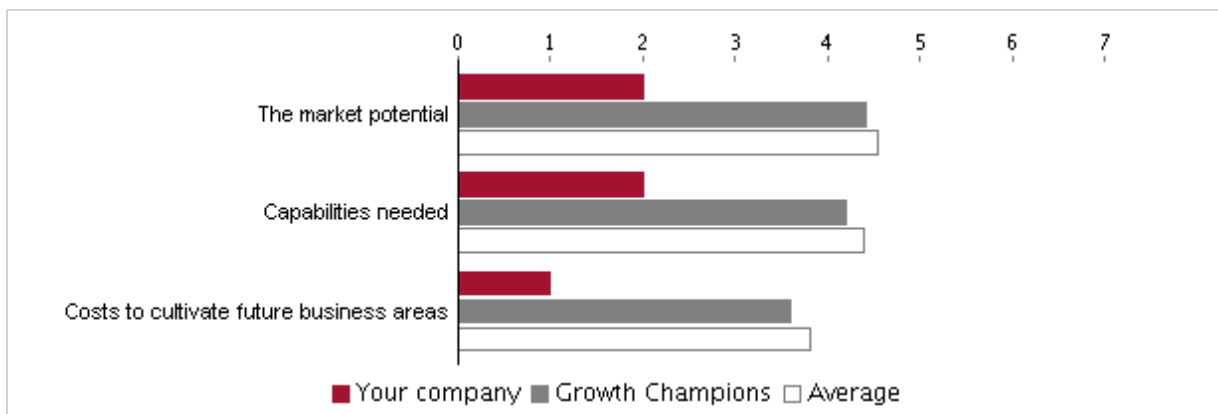
Answering options - your answers:

	(Not quantified at all) 1	2	3	4	5	6	(Clearly quantified) 7
The market potential		×					
Capabilities needed		×					
Costs to cultivate future business areas	×						

IMP³rove 2011 - Degree of specification of future business orientation

Detailed evaluation:

Below, absolute values specified for each item of the table are presented. For each item a value between 1 and 7 can be achieved. If you have selected the answering option "Future business orientation is not specified", you received a score of "0".



IMP³rove 2011 - Degree of specification of future business orientation

Innovation goals (Q8)

Question:

In your company, are innovation goals detailed into actions/tasks and known by all relevant organisational levels?

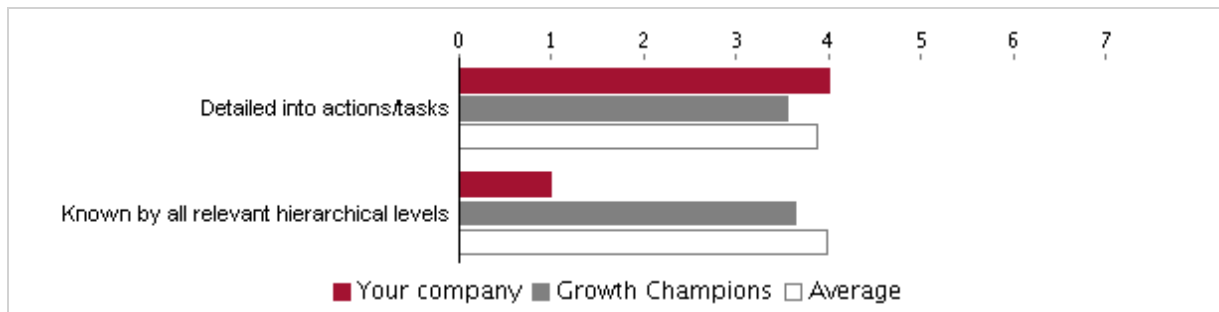
Answering options - your answers:

	(Not at all) 1	2	3	4	5	6	(Fully applicable) 7
Detailed into actions/ tasks				X			
Known by all relevant hierarchical levels	X						

IMP³rove 2011 - Degree of detailing of innovation goals

Detailed evaluation:

Below, absolute values specified for each item of the table are presented. For each item a value between 1 and 7 can be achieved. If you have selected the answering option "Innovation goals do not exist", you received a score of "0".



IMP³rove 2011 - Degree of detailing of innovation goals

Strategic adaptation (Q9)

Question:

How often are innovation strategies and objectives reviewed and updated (if required) in order to react to external changes?

Please specify in months.

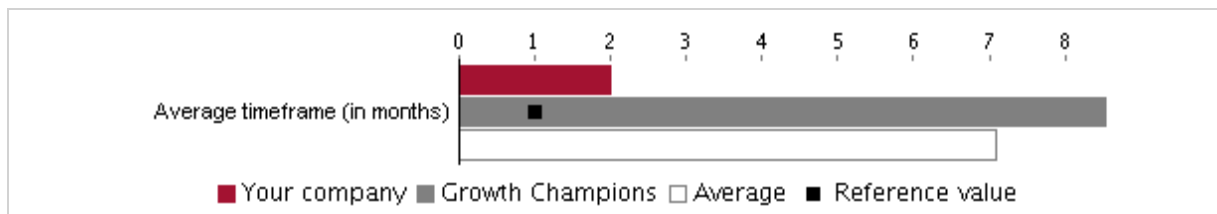
Answering options - your answers:

	Months
Average time-frame between a review or update	2.0

IMP³rove 2011 - **Strategic adaptation**

Detailed evaluation:

Below, the value specified for this question is presented. The reference value represents the highest value achieved by companies within your reference class.



IMP³rove 2011 - **Timeframe of strategic adaption**

Development of capabilities (Q10)

Question:

Which of the following means do you consider highly relevant to build up new capabilities in support of your innovation strategy (e.g. in order to introduce new technologies, to enter new markets, etc.)?

Please select up to three answers that you consider most relevant.

Answering options - your answers:

- ✓ Hiring new people to build up new technological capabilities
- Acquisition of external knowledge to build up new technological capabilities
- Improving organisational and management capabilities to shift towards more radical innovation projects
- Collaboration with external innovation partners
- Creation of sustainable strategic alliances to access capabilities built in external networks

Detailed evaluation:

The percentage of growth champions and the average selecting each of the possible options are presented below.

	Your organisation	Growth Champions	Average
Hiring new people to build up new technological capabilities	✗	36 %	41 %
Acquisition of external knowledge to build up new technological capabilities		38 %	41 %
Improving organisational and management capabilities to shift towards more radical innovation projects		49 %	50 %
Collaboration with external innovation partners		45 %	42 %
Creation of sustainable strategic alliances to access capabilities built in external networks		38 %	38 %

IMP³rove 2011 - Development of capabilities

Innovation success indicators (Q11)

Question:

Which of the following innovation success indicators have you defined for your company/ business unit?

Please tick the box for those indicators that you apply most regularly.

Answering options - your answers:

	Product innovations	New service offerings	Process innovations	Organisational innovations	Business model innovations
Number of innovation projects	✗				
Time- to- profit					
Time- to- market					
Cost reduction					
Customer satisfaction					
Number and quality of strategic networks established					

IMP³rove 2011 - Innovation success indicators

Detailed evaluation:

The percentage of growth champions and the average selecting each of the possible options are presented below. If you select the answering option "No success indicators defined at all", you received a score of "0".

	Product innovations		
	Your organisation	Growth Champions	Average
Number of innovation projects	✗	31 %	34 %
Time- to- profit		20 %	22 %
Time- to- market		22 %	22 %
Cost reduction		27 %	26 %
Customer satisfaction		24 %	27 %
Number and quality of strategic networks established		12 %	15 %

IMP³rove 2011 - Innovation success indicators - Product innovations

	New service offerings		
	Your organisation	Growth Champions	Average
Number of innovation projects		24 %	29 %
Time- to- profit		20 %	20 %
Time- to- market		20 %	23 %
Cost reduction		18 %	17 %
Customer satisfaction		35 %	35 %
Number and quality of strategic networks established		15 %	19 %

IMP³rove 2011 - Innovation success indicators - New service offerings

	Process innovations		
	Your organisation	Growth Champions	Average
Number of innovation projects		20 %	18 %
Time- to- profit		12 %	12 %
Time- to- market		16 %	14 %
Cost reduction		28 %	26 %
Customer satisfaction		23 %	21 %
Number and quality of strategic networks established		11 %	10 %

IMP³rove 2011 - Innovation success indicators - Process innovations

	Organisational innovations		
	Your organisation	Growth Champions	Average
Number of innovation projects		15 %	15 %
Time- to- profit		9 %	9 %
Time- to- market		14 %	12 %
Cost reduction		24 %	20 %
Customer satisfaction		18 %	18 %
Number and quality of strategic networks established		12 %	12 %

IMP³rove 2011 - Innovation success indicators - Organisational innovations

	Business model innovations		
	Your organisation	Growth Champi- ons	Average
Number of innovation projects		9 %	10 %
Time- to- profit		5 %	9 %
Time- to- market		4 %	5 %
Cost reduction		7 %	7 %
Customer satisfaction		18 %	14 %
Number and quality of strategic networks established		7 %	10 %

IMP³rove 2011 - Innovation success indicators - Business model innovations

Focus of design activities (Q12)

Question:

Over the last 3 years, has your company engaged in design activities with regard to the following?

Please tick all appropriate boxes.

Answering options - your answers:

- ✓ Corporate identity/ branding: e.g. logo, house style, graphics, communication, website, workwear, vehicle signage
- Organisational: e.g. architecture, workplace design, interior design, signage / lighting systems revise
- Product service: e.g. product design, service design, industrial design, engineering design, product styling
- Packaging: e.g. packaging design, graphic design, structural design
- Promotion: e.g. marketing communications, publications, advertising, website, exhibitions, events
- Marketing exploitation: e.g. displays, retail (shop) environment, point of information / point of sale, digital & multimedia design

Detailed evaluation:

Below, the focus of your companies design activities are shown.

	Your organisation	Growth Champions	Average
Corporate identity/ branding: e.g. logo, house style, graphics, communication, website, workwear, vehicle signage	✗	45 %	52 %
Organisational: e.g. architecture, workplace design, interior design, signage / lighting systems revise		30 %	29 %
Product service: e.g. product design, service design, industrial design, engineering design, product styling		31 %	35 %
Packaging: e.g. packaging design, graphic design, structural design		12 %	15 %
Promotion: e.g. marketing communications, publications, advertising, website, exhibitions, events		47 %	46 %
Marketing exploitation: e.g. displays, retail (shop) environment, point of information / point of sale, digital & multimedia design		19 %	22 %

IMP³rove 2011 - Focus of design activities