This month I invited Jim Brown, President of Tech-Clarity to present his views on innovation. Tech-Clarity, as its name suggests, is dedicated to making the value of technology clear to business. I hope you enjoy Jim’s article. — Don Creswell, Editor, SmartOrg, Inc.

**Optimizing the Value of Innovation**

By Jim Brown, President of Tech-Clarity

Your company’s top priority is innovation, right? In today’s business climate everyone is clamoring to be the most innovative company. Maybe your company is even implementing better practices and technology to innovate. Maybe you are even trying to transform your business to a culture of innovation. Sounds like you are on the right track for spectacular top-line growth, right? Perhaps, but more likely not. Innovation is not a means to an end. Your business’ highest priority is probably profitability, growth, or hopefully both. So what is missing? Innovation success does not come from simply creating more ideas, but from inspiring better ideas and then systematically choosing which of those ideas should be invested in (and how). Innovation must be harnessed in order to provide reliable business benefits.

**Innovate with Purpose and Predictability**

By all means, manufacturers today must innovate. Global competition is driving the bar for new product development much higher. One of the most interesting ways that manufacturers are improving innovation is through the use of technology to create and nurture ideas. For example, manufacturers today can use web portals to investigate a topic of innovation and invite employees, partners, customers, or even the general public to contribute. Some companies may even choose to offer incentives to innovators. Providing an easy way to submit and track ideas helps streamline innovation and promote idea generation.

More innovative companies, however, are doing more than generating ideas. They are offering these ideas up for discussion. This open collaboration helps companies identify top ideas and refine them based on the collective knowledge of the participants. Social computing technology can be used to help identify which ideas are capturing the interest and attention of the assembled crowd, whether through formal voting or other techniques. The result may in fact be more innovative ideas, but perhaps more importantly it can provide better innovative ideas. And by helping companies quickly filter
through the ideas to find the more interesting and attractive ones, it promises to offer more actionable innovative ideas.

**Harnessing Innovation for Profit**

Interesting ideas don’t always translate to profitable products, even with flawless new product development. Given limited resources, companies have the hard job of choosing which of their ideas to invest in. This requires balancing the product portfolio and aligning it with the business strategy. But the most important piece, and the one that is most frequently missed, is assessing a realistic financial value of the idea. Innovation comes with risk and uncertainty. While these terms strike fear in the heart of most executives, they are inherent to new product development. In fact, the more innovative ideas may hold the largest potential profit but also the most uncertainty and risk.

Risk and uncertainty can’t be eliminated, but they can be managed systematically. To maximize investments, companies must identify and manage risk. Additionally, they can determine the impact of the risk on value to ensure that product development time and resources are being applied to maximize potential returns. For example, companies can determine the biggest factors driving uncertainty in the value of a product and attack those early and aggressively in their development process. The result is more successful development of the right ideas and earlier identification of problems while precious company resources can still be redeployed to more promising ideas. Without determining a realistic picture of the potential financial value, this isn’t possible and companies will chase innovation instead of harness it for profit.

**Summary**

In conclusion, companies today are ripe for driving innovation. Innovation can be improved with the right processes, technology, and culture. Using tools such as innovation portals and social computing technology can help surface better, more compelling ideas. Value management solutions, in turn, can help determine which ideas to focus on and where to focus product development activities to best leverage company resources to drive profitability. The ability to profit from innovation is enhanced when companies improve both aspects — developing better ideas and focusing development resources on the right things.

**Learn More**

Visit [www.smartorg.com](http://www.smartorg.com) or contact info@smartorg.com to learn how SmartOrg solutions can help your company optimize innovation value.

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In recognition of our partnership with SAP in marketing the PPM Optimization Workbench™, we are pleased to announce that SmartOrg has been accepted as an affiliate member of ASUG, America’s SAP Users’ Group. ASUG is the world’s largest independent organization of SAP and SAP BusinessObjects customers, with 2,000+ member companies and more than 85,000 individual members. ASUG provides educational and networking opportunities via face-to-face events, webcasts, and online content and collaboration.