CIO – Innovation management best practices
Tools – Step Two - Benchmarking

Two sources of problems motivate management to make changes; poor financial performance and competitor activity.

It is very useful to compare one's own organization with other competing organizations or, sometimes even better, in this case, to study the policies and practices of high-performing, highly-innovative companies. Compare how your corporation's practices stand up against the best – i.e. the 'Best of the Breed'.

Is there a policy or management practice which, if replicated in your own organization, would stimulate innovation? The answer is probably no since no two organizations are the same and, most importantly, innovativeness is related not to just one practice but is rather the result of a combination of policies and practices working together to produce a favorable result.

Highly-innovative companies have, based on our research, taken decades to configure the right combination. Often the formula which works is one which the founder established and has been passed down through generations. Probing these innovative companies in order to better understand the combination of policies and practices is a worthwhile endeavour. Looking outside one's own corporation can lead to identifying new ideas for improvement.

Benchmarking is the process of seeking a means of comparison with outside measures that are relevant to one's own organization. The trick is to find the measures which are relevant; not so easy when much of the information is not made public. But some information is available.

As part of the process of checking out what other companies are doing, we have researched the policies and management practices of five of the most often cited innovative companies; 3M, P&G, GE, John Deere and Starbucks. The question we asked was simple; why and how do these companies build and sustain innovation – over decades? Surely there must be something that these organizations are doing, or causing to be done, that makes for sustained innovation, growth and profit? While each organization has its own approach, and indeed its own set of leaders over time, there are practices which are common to many.

To some extent one has to separate out those companies which, under one individual's leadership (Apple under Jobs for example) established a highly respected reputation for innovation, from those companies who, under generations of leaders, maintain or develop innovation. Job's management style, for example, would be regarded by most management pundits as simply bad management practices but for a time this style worked. The test of true generational innovation at Apple has yet to be proven. Perhaps, as we have pointed out in an earlier White Paper, Apple under Jobs was an aberration, highly successful, but none the less, not easily replicated by the next management generation.

Our research base which includes the above-mentioned companies, GE, P&G, John Deere, Starbucks and 3M, but we have reviewed RIM (now Blackberry), Apple, HP, Toyota and Massey-Ferguson. The purpose was to parse each company's polices and management practices, using a framework of 25 Factors, which facilitates their adoption by other companies, subject of course to the results of a diagnosis. Profile of these companies are available on-line.

Building, sustaining and articulating innovation management best practices

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Highly-innovative companies provide a range of organizational and structural features – which we call ‘Enabling Mechanisms’ – which provide an ongoing focus on innovation. **DSM, a Netherlands-based company,** that has gone through numerous transitions over more than a century, is an example of the use these mechanisms.