



Dollars from Sense: How Crowdsourcing Innovation Creates Business Value

 **SNAPSHOT**

SPEAKERS

Jennifer Honig (Techstra Solutions)

COMPETENCIES

Strategy

MATURITY PHASES

CMM2, CMM3, CMM4

SUMMARY

A culmination of member collaboration and crowdsourcing innovation by various CR members has led to a white paper entitled: “*Crowdsourcing Innovation to Create Business Value.*” It is a marker of success to see how TheCR members, led by Jennifer Honig, have created a valuable resource for the industry. This call discussed the research findings:

- 1) There is a definite shift underway in how organizations conduct business today and the message is clear – “change or die.” Understand the 3 main values of crowdsourcing and a proven framework to help your organization adapt to the necessary changes.

- 2) This research has shown that crowdsourcing innovation programs can drive hard and soft values, which can be used to develop metrics and KPIs that executives understand. Tie these to the business goals of the executive to ultimately win his/her support.

Jennifer’s research revealed 7 best practices. These are critically important in helping companies move to best-in-class in the area of crowdsourcing innovation for business value. Learn which best practice is often overlooked and, by omission, will trip up your success.

Overview

- **Background – Jennifer Honig:** Hillary introduced Jennifer:
 - Jennifer is the Founder of Techstra Solutions, which helps companies realize the value of not only social business but, most recently, digital and transformation services.
 - Companies are struggling to understand what digital means to its businesses, its customers and its employees in this ever-changing business landscape.

- **The Working Group Team:** The white paper has been a collaboration of many people, with Jennifer at the helm:
 - Aaliyah Miller, Aetna
 - Sam Creek, CA Technologies
 - Lori Harrison-Smith, Steelcase
 - Tracy Maurer, UBM
 - Max Ebnother, Intel
 - Rachel Happe, Ted McEnroe & Hillary Boucher, TheCR
 - Russ Whitchurch, Adobe

- **The Journey of Mapping Business Value to Community Success:** Jennifer recapped the journey:

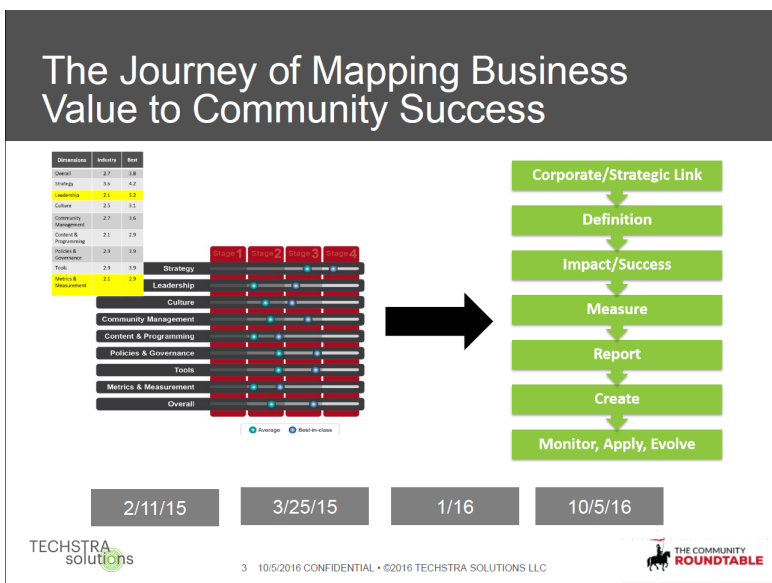


Figure 1 – The Journey of Mapping Business Value to Community Success - Slide 3¹

¹ All slides used with permission from TheCR and Techstra Solutions

- In December of 2014, Jennifer kicked off a Social Executive Roundtable Series focused on the executive's perspective of community. Prevalent in the industry is a disconnect between what executives value and how community could support their business goals.
- The State of Community Management (SOCM) – reinforced by the TheCR's Community Maturity Model – continuously highlights the fact that executive support is critical to the long-term success of community. Therefore, the goal of this work was to close the gap.
- Jennifer and Hillary decided to crowdsource the topic “*Mapping Business Value to Community Success.*” When Jennifer began her research in this area, she found that the state of community was not that far along the path. Pairing structured data with KPIs was still a challenge. Unstructured data – those elements that aren't necessarily counted as a part of adoption or engagement in metrics – were also difficult. This held true even in other industries.
- Therefore, Jennifer built a framework to tackle the problem. Hence, the framework on the right was created and introduced to The Working Group on 2/11/15.
- The project kicked-off on 3/25/15 with a Working Group tasked with applying a use case to the framework.
- In January 2016 the first research was piloted and rolled out to 7 companies. All but one company were large, global corporations in technology, financial services or medical insurance. In other words, they had very complex business issues.
- The resultant white paper was released on 10/5/16.

• **Types of Crowdsourcing Innovation:** There are 4 types of crowdsourcing innovation:

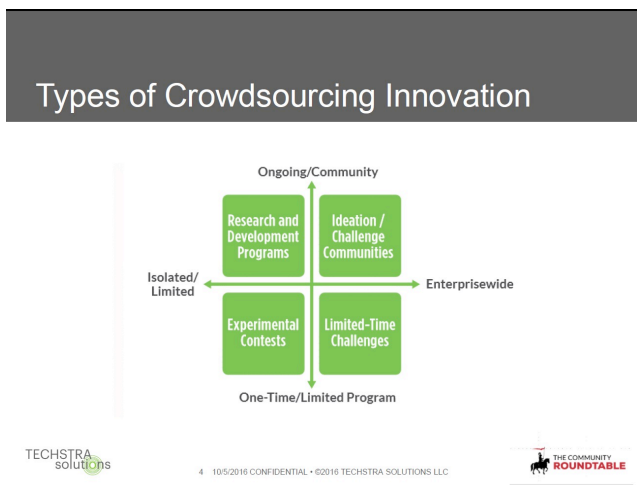


Figure 2 - Types of Crowdsourcing Innovation - Slide 4

- The Working Group focused on incremental crowdsourcing, i.e. incremental innovations around operations (processes, products and/or services). It was a conscious decision not to focus on disruption because of the complexity that disruption causes.

- Q&A's for specific groups, the corporation as a whole or specific projects are all use cases that can be crowdsourced. Luckily, these can be found in communities. Therefore, the two areas of crowdsourcing innovation focused on ideation and challenge-based communities. This is common in customer communities where members collaborate on idea generation.
 - Customer support tends to evolve due to the crowdsourcing of customer problems. The company then sees the value created and, as a result, chooses to use it in other areas.
 - The bottom focuses on time-based or challenge-based crowdsourcing innovation programs. Jennifer has seen this completed in as little as 90 minutes to as long as 8 weeks.
 - These have a definitive problem that the crowd is being asked to solve in a definitive timeframe with a definitive output. A well-known example of this is corporate shark tank programs.
 - Interestingly, these different programs all had very similar attributes, regardless of the program or what the company was doing. This surprised Jennifer.
- **The Value of Crowdsourcing:** Jennifer discussed what the research revealed:
 - ***Amplification of Customer and Employee Voice:*** People love to be heard, especially in this social age.
 - Retail organizations are struggling with the fact that the voice of the customer and his/her network is actually more important than the voice of the brand. Customers will trust their network's opinion vs. the company.
 - In this day and age with everything digitally enabled, it becomes more important for companies to figure out how to engage and make that a critical component of the customer - and employee - experience. First and foremost the value of crowdsourcing innovation is that it gives people a place to be heard and for companies to have the opportunity to listen. This is all in real-time and global.
 - The outcome is that companies can now garner ideas and solutions that benefit a greater group of people.
 - ***Creating a Culture of Innovation:*** This is very much change or die for corporations. Prime reasoning is the disruption caused by innovative companies like Uber or Airbnb. Therefore, companies must learn how to take advantage of innovation beyond the R&D department and expand out to their customers. The same also applies to employees. The transient nature of employees and customers makes it critical to create a culture where people feel engaged and part of the solution.
 - ***Generating Business Value:*** This is arguably the most powerful value created by crowdsourcing innovation.
 - **Hard and Soft Business Value:** Jennifer breaks this down into 3 buckets:
 - ***Hard Value:*** Hard values are those challenges that keep executives awake at night. Not surprisingly, they are usually part of the executive's compensation package, as well.

Programs that can drive the hard values – like revenue, growth or operational improvements – become an integral part of the executive’s ability to meet their business objectives.

- **Soft Value:** These values are less tangible. They are equally important, but not usually valued in the same way. Forward-thinking leaders understand how these values benefit the organization, but it is a shift in focus. If we look at hard value as the Holy Grail, the soft value is the icing on the cake.
 - **Grey-Space Value:** In some cases, these can become values based on corporate goals. Google sees innovation as a hard value critical to its success. Other companies talk about innovation, but do not have it as an integral part of their core. Instead, it falls in the grey space.
- **Impact on Customers and Employees:** This follows the “What’s in it for me?” lead. In order to have impact, it has to have value.
 - It can allow customers and employees to have a voice that may even lead to a solution. From a company standpoint, this turns traditional complainers into solution providers. In turn, employees and customers feel valued for their contributions.
 - All of this creates a “stickiness” factor that helps the organization in the long-term. Relationships have been formed that cut down on the transient factor.

Best Practices

- **Consider Ideation as a Use Case:** One participant explained why he chose to participate in the Working Group:
 - This participant’s organization began experimenting with ideation in 2011. In 2014 they switched all of their product enhancement request processes to public ideation in order to ensure that their product enhancements were implemented for the right reasons. With customer and marketplace validation, the enhancements wouldn’t be just self-serving requests from their big customers.
 - Even with such strong reasoning for public ideation, the challenge was still involvement from key stakeholders within the company. Some groups dove in with both feet and other groups avoided it like the plague.
 - The framework introduced by the Working Group helped them to put numbers behind their ideation program, numbers that pointed to value. This helped this participant to communicate the benefits to those groups that were not willing to participate.
 - Ideation programs have flourished internally. Where there was not much of this practice beforehand, they now have new product ideation, ideation around voice of the engineer and ideation for improving customer service.
 - All in all, the ideation programs are being noticed to the point where other areas are beginning to use this as a tool.
- **Understand the Best Practices as Revealed by this Research:** This becomes critically important in helping move companies to best-in-class. Seven best practices surfaced:
 - ***Defined Owner:*** Ownership is defined at two levels, owner of the crowdsourcing innovation process and ownership of the end result. The latter could be argued as even more important than the first. Someone needs to follow-through with the implementation of the idea to ensure that its full value is realized.
 - This is often a missed step that trips up success. *See Lessons Learned for more information.*
 - ***Online Submission Process:*** Have a process for submitting ideas. Ensure that people know who does what and responsibilities are well communicated. This is particularly important if a customer submits an idea and no one responds.
 - ***User/Member Voting and/or Comments:*** Creates engagement.
 - ***User/Member Appointed Judging Panel:*** Ensures trust and non-bias.
 - ***A Defined Process with Status Updates in the Community:*** People need to know the status of their ideas, especially if the idea is deemed unviable. This becomes the connective tissue that enables community to happen even if those same participants are not involved and continuously challenged. They feel a part of something bigger than just one instance of participation.
 - ***Rewards for Winning/Participation:*** Provides incentive.

- ***A Plan for Implementation/Review of Winning Ideas:*** Ensures that ideas are seen through to fruition and keeps the corporation accountable.
 - A large financial services company has one person dedicated to running their innovation program. She requires the functional leader for each line of business responsible for the program to take an 8-hour training course. This ensures that they understand what's required and what their responsibility is to the process of the crowdsourcing innovation. In this instance, the crowdsourcing is challenge-based.
 - This person has been so successful that it is continually warranted. It has been so visible that she now runs executive-based challenges for the CEO.

Lessons Learned

- The Working Group learned that there are two paths that companies take in this task. Either they build upon each other as value is realized and success is generated or they fail to thrive due to their ad hoc ways.
- The Working Group noticed that companies that thought of their crowdsourcing innovation programs as a community enjoyed increased benefits vs. when they were considered in isolation.
- Ted wondered whether mindset made a difference to the success of a crowdsourcing program, i.e. if it began with a community mindset or an experimental mindset. He thought that this would be an interesting question to pose in future research.
 - Jennifer replied that in the leaders she has interviewed outside of this research, the prevailing attitude is that this is a tool to get an end result and the community benefits are a secondary outcome. Therefore, she wondered how much of this was a natural evolution based on the personalities of the leaders vs. a mindset that should be built-in from the onset.
 - Ted added that leaders should approach creating a culture of innovation with a different attitude because it is not the same as creating an innovative product.
- Jennifer explained that there are strategic, operational and tactical pitfalls to this program. Community professionals would clearly understand them as they face them daily:
 - **Strategic:** Without a roadmap and thinking two steps ahead, it will be next to impossible to build-out and scale the program. This limits the program's ability to grow and become a more critical element of the corporation.
 - **Operational:** This refers to a lack of sufficient funds and resources to run the program. Without these critical operational elements, people are left in a firefighting mode.
 - **Tactical:** The tactical side will break down without transparency, guidelines and written documentation. It forces people to act according to their personal interpretation of what is required and the timing associated with it.
- One participant commented that the easier part of crowdsourcing innovation seems to be coming up with the idea. The hard part, and where her company falls short, is the implementation (i.e. the importance of defined ownership best practice above). If employees see that their ideas are used, it keeps them coming back. If there is no communication of status, it feels like a waste of time.

- Jennifer agreed, adding that this is very evident in her work. In some organizations, the person running the crowdsourcing innovation program does so with only a few hours a week. That is a huge gap that contributes to the inability of these programs to thrive. Companies continually underestimate the amount of commitment needed to allow this program to grow and succeed.
 - Additionally, companies usually delegate this function to someone low on the maturity, experience and seniority ladder. That person will want to do his/her best, but will not necessarily have the business connections or communication ability to move it to the next level.
 - This is the hope of this white paper; to facilitate conversations that get the attention of people who can actually do something about it. They will see the connection to the business and the opportunity that it can hold.
 - Ted added that he hopes the white paper will educate companies to have the ownership conversation earlier in the process. Without a clear plan for implementation, the hand-off stage is where it falls off the rails. Whoever is charged with the implementation must understand his/her responsibility and the necessary reporting back to ensure follow-through. If the conversation happens after the fact, success is jeopardized.
- Jennifer was asked if there is a connection between innovation opportunities and employee happiness levels. She believes that it is more prevalent in the forward-thinking companies in that it does loop around to the happiness metric. The use of employee surveys would validate this assertion.
 - The opposite is also true. Where employee surveys are less than stellar around certain issues, companies are looking to build-out crowdsourcing innovation programs as a way of engaging and fulfilling unmet employee needs.

Additional Insights

Jennifer asked whether or not business value would be created if employees and/or customers could create innovative market ideas that empower organizational transparency, regardless of whether or not they were a technology company. In other words, what value is created by crowdsourcing innovation?

- One participant said that for his company, it is all about being customer-focused. The opportunity to be engaged with the customer from the beginning is the best way to ensure that the company is delivering something that the customer wants; it's a partnership.

Resources

- As mentioned in the chat – White Paper: <http://www.techstrasolutions.com/innovation/>
- As mentioned in the chat: <https://www.microsoft.com/en-us/garage/>