An Innovation Tool Kit - to assist boards in cultivating innovation during the strategic planning process.

Candelle Nestor, Dawn McAleenan, Lauren Brazier, Sankar Thiagarajan

May 2018

Emerging Leaders in Governance Program

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Introduction

Historically the role of a board in cultivating innovation within a Not for Profit (NFP) organisation has been questionable. Dr Nicky Howe and Alicia Curtis suggest that whilst conventionally executive management have been responsible for innovation, many boards are increasingly involved in the mission to be more innovative[1]. Nowadays it is widely accepted that a board can have a significant impact on organisational innovation.

Innovation has many connotations, however from the board perspective it has been proposed that it is simply the process of implementing new ideas to create value for the organisation[2]. With an ever-changing landscape, which is becoming increasingly complex and competitive, NFP organisations need to be adaptable and actively embrace innovation in order to be sustainable.

The level of innovation that an organisation adopts can be bound by many factors, including but not limited to the board:

- Capital
- Culture
- Cohesiveness
- Executive Director relationships
- Demographics, including size and diversity[3]

One thing is for sure, an NFP board must have innovation as a key agenda item and proactively cultivate innovative ideas and culture in order to prosper. So, when does this occur?

There are three primary practice areas that boards must consider in respect to the organisation performance:

1. Strategy
2. Risk
3. Corporate Outcomes such as financial results[4]

In a governance context, strategy and in particular the process of strategic planning, refers to the process of setting organisational goals and developing ways to achieve them. Innovation during the strategic planning process is crucial.

Whilst there are a large number of tools to assist in the strategic planning process these are predominantly aimed at larger organisations and focus on assessing industry attractiveness, the organisations competitive strength and marketing of new ideas.

The Project

Mistakes can be made in the idea review process that results in rejection of the most potentially innovative ideas, in favour of safer, less innovative ones. A structured evaluation process assists in the review process when identifying and prioritising ideas[5].

The purpose of our project is to provide innovation tools that could be utilised by boards to assist in cultivating innovation during the strategic planning process.

Scope

"How can innovation be cultivated at a board level during the strategic planning process?"

Given the nature of the project, and in order to add most value, we have designed a set of tools to suit small NFP organisations, as defined by Australian Charities and Not-for-profits Commission as having annual revenue less than $250,000[6].

Guiding Principles

The guiding principles represents a broad innovation philosophy to guide board members whilst using the innovation tool.

Ambitious

Promote ambitious ideas – whatever you are thinking, think bigger.

What could the "blue sky" outcome look like?
How could we mitigate the potential issues?

Ownership

Allocate a "Champion" for each idea.

This individual is responsible for driving the process and reporting back to the board.
The process is cyclical and needs to be repeated for each idea.

Relevant

Ensure the idea is in line with the organisation's mission and vision.

Could this idea be valuable to the organisation, our clients and the sector?

Actionable

Propose actions that can be realistically implemented.

Have clearly defined, simple actions to execute.

Measurement

Ensure goals are set and that they can be measured, reviewed and evaluated at regular intervals.

Consider using both qualitative and quantitative assessments to get a more well-rounded understanding of what your results mean.

Fair

Seek solutions that will not negatively impact shareholders (suggest the term stakeholders or beneficiaries of the service?

The organisation's profile and reputation needs to be upheld at all times.

Collaboration

Engage with various stakeholders to assist in realising the goal.

In respect to innovation the Whole really is Greater than the Sum of its Parts.

Visibility

Embrace the process wholeheartedly across the organisation.

The process should be visible and recognisable to all.

The Innovation Tool Set

The intent of the innovation tool set is to increase the reliability, efficiency and predictability of opportunity/challenge that will deliver value. Also, to ensure that all opportunities are captured and delivered in a standard and consistent approach as agreed.

The innovation tools set allows board members to capture, evaluate and monitor an opportunity or challenge. They are:

Idea Canvas

Innovation Alignment Tool

Progress Thermometer

The section below will explain the purpose and components of each tool. Also, provide the guidelines to effectively use the tools.

Idea Canvas: what is it and how do I use it?

The ideas canvas is a strategic idea mapping tool to help capture, investigate and challenge new ideas during the strategic planning process. The canvas is a working tool that offers a way to capture creative ideas, evaluate the value and strategic alignment of those ideas and then map what is needed to move forward.

The five sections of the canvas are fluid and can be completed in any order at any moment that creativity hits. In completing each module of the canvas, a clear narrative about the vision and value of the idea will emerge, helping to evaluate if and how this idea might be taken to the next stage.

The Problem	What is the problem we are trying to solve? Too often we have a great idea that sounds innovative and fresh but when we look closer the idea perhaps offers a lot of extra work and not much value. Asking what problem you are trying to solve offers an opportunity to think beyond the status quo whilst keeping focused on what will add value.
Our Current Reality	What is happening now? What do we need to understand about the context and environment in which we operate? What are the root causes of the problem, who is affected, where are the opportunities and how do we know what we know? When immersed in a field of work it is easy to start to make assumptions about the environment and context in which you operate. Mapping what you know and challenging how you know this offers a lens of curiosity which is the birth place of creative ideas.
The Idea (Future State)	What do we want to create? What does our solution, innovation or initiative idea do, how does it work, who uses it and what does it look like? The sky is the limit and the world is at your feet – capture your creativity and paint a picture of what you are trying to create. While not all ideas will be implemented, keep an open mind and let the story emerge as this will foster blue sky thinking and innovation.
Actions	What do we need to do or change to make this idea a reality? Mapping what needs to be done or changed rather than what can be done, offers a solution focused approach to refining your idea which opens the door for another dimension of innovation. Some ideas appear simple at first but can turn out to be a real headache, others are daunting at first however with a few tweaks can be implemented easily.
Measures	What does success look like and how do we know we have achieved it? What is the fastest measure to help us know if we are on track? What impact are we ultimately hoping to see? Many new ideas fail, however having clear measures of success ensure it can be tracked early on will turn failure into learning or 'flearning' which can feed back into the idea or spark a new idea.

In order to get the best outcomes using the canvas it is important to ask challenging and creative questions that inspire blue sky thinking. The questions below are useful to consider before mapping new ideas on the canvas as they will help foster out of the box thinking:

1. What are we trying to create?
2. What would it take for our products and services to no longer be needed in the community?
3. Which organisations are achieving amazing outcomes in our area of impact and what are they doing? (locally, nationally or internationally)
4. What new learnings or discoveries have we made as an organisation this year?
5. Are we best placed to do the work that we do? What evidence do we have to support this?

When using these starting questions and throughout the ideas mapping process, refrain from using restrictive statements such as "we can't do that", "it won't work because of ..." or "that's not possible". Instead be curious and consider each idea or thoroughly using creative questions such as:

1. I wonder if/why/whether …
2. Perhaps we could …
3. That would work if/when …
4. In what ways can we …

The Ideas Canvas Template:

<table>
<tr><td>The Problem:

What is the problem we are trying to solve?</td><td>Our Current Reality:

What is happening now?</td></tr>
<tr><td colspan="2">The Idea:

What do we want to create?</td></tr>
<tr><td>Actions:

What do we need to do or change to make this idea a reality?</td><td>Measures:

What does success look like and how do we know we have achieved it?</td></tr>
<tr><td colspan="2">The Idea Champion

Who is best suited to drive this idea?</td></tr>
</table>

Innovation Alignment Tool: Idea evaluation and decision making

The purpose of the Innovation Alignment Tool is to evaluate ideas based on your capacity to act on them as well as their alignment to the organisations mission and vision. The tool is designed using a qualitative approach asking a series of questions to help guide your board through a critical discussion about the idea (see overleaf).

Each module of questions can be reviewed in any order; however, it is recommended that questions from different sections are not asked at the same time. Once you have an idea or several ideas mapped this tool will help determine which ideas are worth progressing to the next step in either a trial or implementation phase.

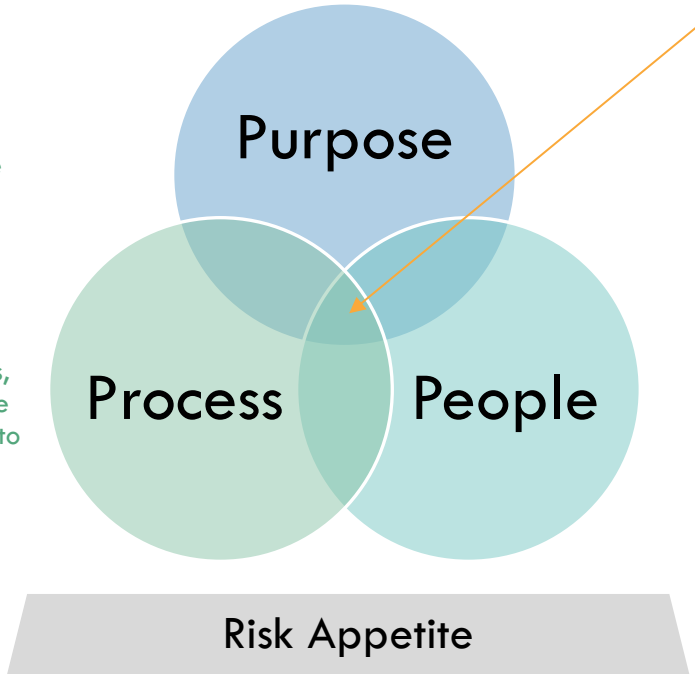
Purpose	While it is tempting to run away with new shiny ideas or to keep doing activities that have always been done, asking ourselves how this relates to our mission, vision and values will help ensure that the organisation is getting the most bang for its buck.
People	Too often a new idea or initiative gets approved without consideration of how this will affect the current workings of the organisation, without capacity to bring in new resources or without a willingness to let go of other work to make space for this new initiative. Genius is 1% inspiration, 99% perspiration – to give the idea the best chance of success and to avoid staff and resourcing drain, it is important to determine if we have the capacity to deliver this new initiative.
Process	The structure, policies and systems of an organisation can greatly influence the success of a new idea. Not all organisations are suited to the development and delivery of web apps and not all organisations have the infrastructure and systems to support a social enterprise. Considering what type of systems, processes, technology and infrastructure you would need to make this idea work will help determine if the organisation has the right conditions to make this idea work.
Risk Appetite	The majority of new ideas or innovations fail. Without a clear and shared understanding of your organisation's risk appetite, the organisation may never be trying anything new or take on projects that could threaten their future existence. Finding a balance and considering what would happen in the event that you fail will help determine if this idea is something that can be taken on with a relative level of safety.

Innovation Alignment Tool

1. How does this idea/initiative align with our core mission, vision and values?
2. Will this idea generate a high, medium or low impact?
3. What evidence do we have that this initiative will create the impact we think it will? What do we need to do to test our assumptions?

ALIGNED, IMPACTFUL & ASPIRATIONAL IDEAS

1. What delegation of authority is needed to make this idea work?
2. What technical infrastructure should be invested in to enable success?
3. What organisational structure would best support this initiative?
4. What current processes, systems or infrastructure would need to change to move forward with this idea?



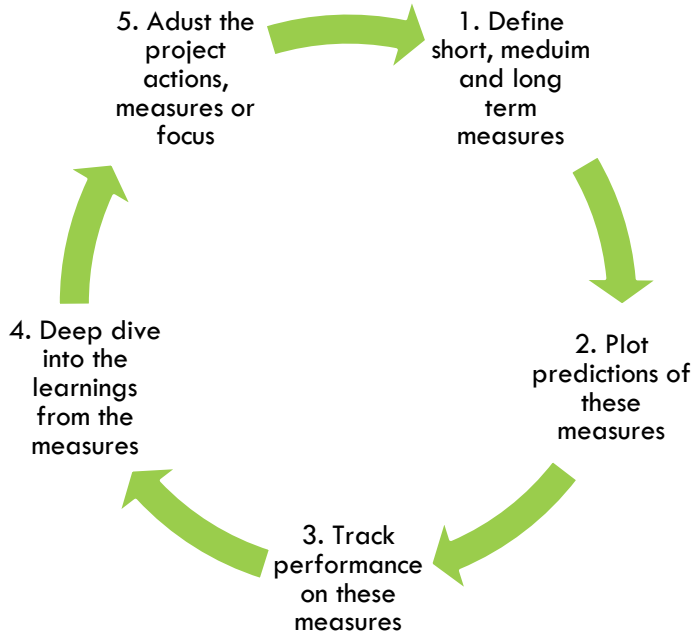
1. Do we have the right people and resources to make this idea work?
2. What would be the opportunity cost of these resources being invested into this idea?
3. Do we have the means to acquire the resources we would need?
4. Are we best suited to act on this idea?
5. Who does have the people and resources needed?

1. Does this initiative pose a cliff risk or a process risk? I.e. if we fail, would we cease to exist or would we simply be set back?
2. How would failing affect our stakeholders?
3. What will this idea cost us in time, money and image?
4. What are we willing to lose to make this idea work?
5. Who are potential collaborators to de-risk this initiative?

Progress Thermometer

The progress thermometer is a dynamic action learning evaluation and measurement tool for new ideas and innovations in the trial or implementation stage. The road to success with any project is often never straight and traditional metrics are limited in their ability to help navigate initiatives where there is a high level of uncertainty and risk. KPIs and measures in the context of projects reliant on public funds can often lead to a mentality which does not promote openness or transparency about failure. However, without a healthy approach to understanding failure, new ideas and innovations are likely to be stunted before they begin.

Regularly reviewing short, medium and long-term actions and measures with the progress thermometer will help keep the focus of your evaluations on progress and learning whilst tracking performance. The tool is designed to promote reflection and conversations about what is working, what is not working and where we need to move to next adding a layer of flexibility to change based on the feedback and learnings to date. Best results come from using this tool in conjunction with senior management on a regular basis and having only two or three key measures. Reports to the board should provide the measures however be prepared to ask deep questions.



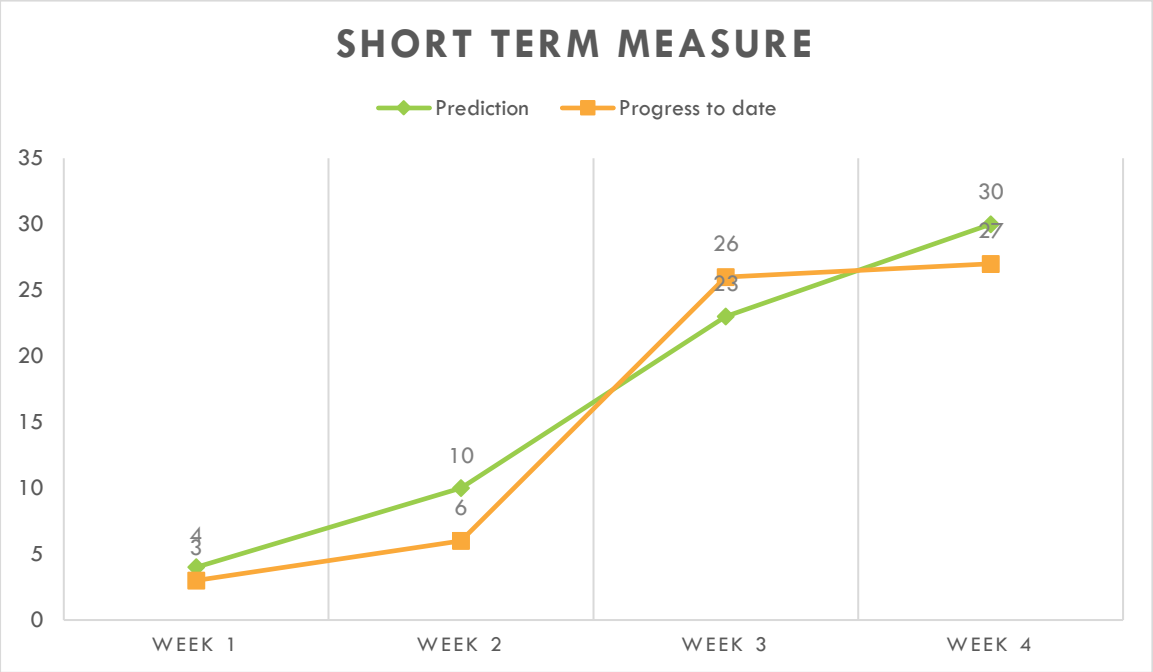
Defining your measures

Short term measures	What measurable changes do we expect to see on a daily or weekly basis? When do we anticipate we would start seeing these changes?
Medium terms measures	What measurable and qualitative changes do we expect to see with in the first 90 days of the project?
Long term measures	What are our overall measures of success for the change we hope to make with this innovation or idea?

- What will these measures tell us about the effectiveness of the innovation or idea?
- How do we know that these are the measures that matter?

Plot and track your measures

Below is an example of how to plot and track short terms measures:



Deep dive

1. What have we learnt?
2. Where have we moved?
3. What do we need to keep doing?
4. What do we need to change?

Appendix A: Innovation Tool Set example case

Ideas Canvas

<table>
<tr><td>The Problem:

Sight Aid is a small Not for Profit organisation which aims to reduce barriers for people with no vision.

The problem Sight Aid is trying to solve is based on feedback from clients with no vision who state that they are unable to live independently due to the lack of available trained guide dogs in the Perth area.</td><td>Our Current Reality:

The current situation is that there is only one organisation that breeds guide dogs and trains them, that organisation is Sight Aid.

To extend this program it would cost more money than budgeted for this year which would mean financial reserves would have to be used. There is enough financial reserves to pay for this extension but the board would need to agree.

There are currently 30 people living in Perth with no vision.</td></tr>
<tr><td colspan="2">The Idea:

A solution to the problem would be that Sight Aid enhances its breading and training program to produce 30 trained guide dogs for the 30 people living in Perth with no vision.</td></tr>
<tr><td>Actions:

In order to turn this idea into reality Sight Aid has worked out they would need to breed 30 pups from their 5 bitches, this would take six months. Once the pups are four months old they then need to be trained which will take a further 12 months. Then a further 2 months to match the dogs to the people with no vision. The program will take 2 years to complete.</td><td>Measures:

To measure the success of this program, there are three mile stones
- First 6 months, 30 pups will be breed
- Training the pups will take 12 months
- Matching the pups to the person with no vision
By using these three measurements, Sight Aid will be able to monitor the progress on the project and assess the success from these timed deliverables.</td></tr>
<tr><td colspan="2">The Idea Champion:

In order to keep this project focused, the Lead Trainer is nominated to be the champion. The Lead Trainer will be responsible for reporting on the deliverables against the timed measurements and highlighting any issues as early as possible to enable intervention</td></tr>
</table>

Innovation Evaluation Tool:

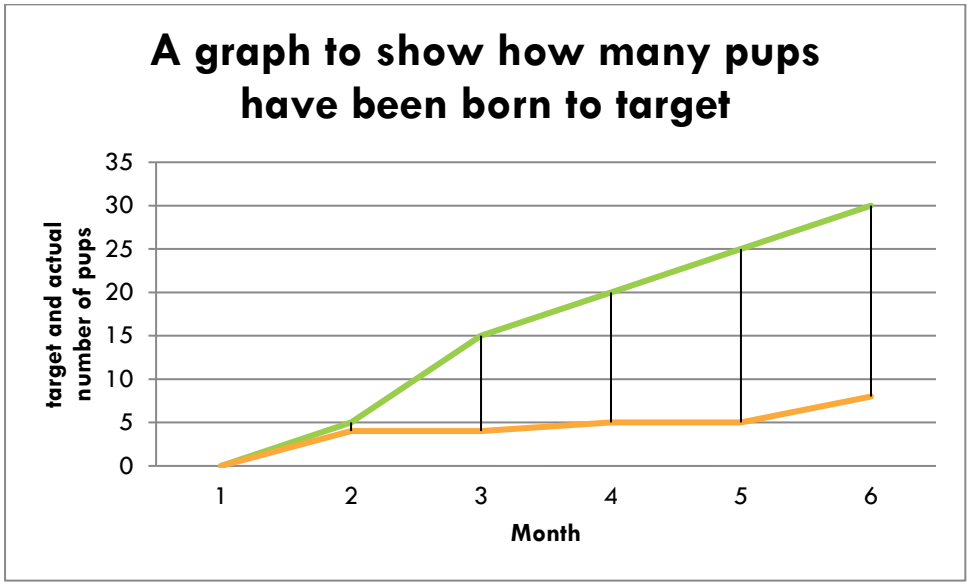
Purpose	The mission of Sight Aid is "Reducing barriers for people with no vision". The above idea compliments the organisations mission.
People	To implement this idea Sight Aid currently has the right skill set in their staff to make this idea a reality. They have breeders, a lead trainer and two support trainers. However, a concern would be that it is a long-term program and additional staff would need to be employed to prevent burn out.
Process	Sight Aid already has an established breeding and training program for guide dogs so this idea is not requiring any new policies or procedures and therefore can be implemented easily
Risk Appetite	The only risk is a financial risk, as expanding the current service will cost more money. In this case the board have considered their reserves and decided the cost of this program can be funded and it will not have any impact upon the sustainability of the organisation should this idea fail.

Progress Thermometer:

As discussed above there are three measurements that can be used to evaluate the success of this program. To ensure this evaluation is based on a continuum it is imperative measures are broken down to short, medium and long term:

Short term	The measurement is the **"first 6 months, 30 pups will be breed"** To measure this, a graph to show the number of pups being born within a six month timeline should be created. This will demonstrate to the Lead Trainer the progress of the breeding program and whether or not it is on track.
Medium term	The measurement is the **"training the pups will take 12 months"** To measure this, a graph can also be used to illustrate the key milestones in the program, for example, month one, the pups should be able to sit and lie down on command, month two, the pups should be able to wait on command etc.
Long term	The measurement is **"matching the pups to the person with no vision"** This measurement is to match the pups up with the person with no vision. To get to this stage, Sight Aid will have to arrange visits with each person and get an agreement from them. This part of the process starts when the pups are 3 months old and the relationship continues until the week before they are placed. Again, a graph can be shown to illustrate the progress

The graph below demonstrates the first short term measurement in regard to the number of pups being born within the first six months.



It is clear from the graph that the program is running behind schedule and from this, it is evident that the project will not be achieved within the two year period. The role of the Lead Trainer is to raise this concern with the board.

With this in mind, the board need to use this information to assess whether or not this idea should continue. This information also provides a great opportunity for the board to explore other ideas, for example, in order to meet the objective of reducing barriers for people with no vision, could there be another way of achieving this? i.e. is there another method that can be used, does it have to be guide dogs? Can it be a horse? Can it be a speaking robot?

Asking these questions and reviewing progress offers the opportunity to review the idea and possibly generate a new innovative approach to the problem.

References

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