

Maturity Levels

based on INNOVATION SYSTEM DESIGN by Lercher and Peritsch (2013)

Maturity level 1: Customer driven innovation

Short Description: Your company consists of an **interdisciplinary team**, which, **in addition** to the daily business, works based on fast **informal communication with customers** on innovative, **tailor-made solutions** for identified issues.

What you can do to increase your maturity level:

- **Culture:** Evaluate with **internal innovators and innovation-driving customers** by developing them in a targeted way and **broadening their personal scope of action**.
- **Strategy:** **Proactively look** for **innovation opportunities** that are to be realized in the short term and with your own resources. Orient your market positioning on the role of the **fast and reliable solution provider** for **innovation-seeking customers**. Have regular strategy discussions with the innovation team.
- **Process:** Establish a **basic process** with few rules and minimal formalism for the **handling of opportunity-led, customer-driven innovation projects**.
- **Structure:** Develop an **agile and flexible innovation organization** through the formal anchoring of **innovation tasks in the job profiles**.
- **Competences:** Develop the competencies of innovators in the direction of **project management** and **methods-know-how** in the **field of customer needs** and **problem solving techniques**.
- **Resources:** Implement an easy-to-use **resource management** system to better control the interface between daily business and project work and to handle projects on **time and cost-effectively**.

Maturity level 2: Incremental (product) innovations or market-oriented innovation management

Short Description: In addition to contract developments and small developments without an order, the innovation portfolio primarily deals with **incremental product innovations** that follow the industry cycle. A **development department** with broad coverage of technology, product and process innovation topics **is available**. As a result, R&D units lose proximity to customers, which is why product management acts as a bridge between technology, sales and the market. R&D and product management are the corporate divisions responsible for innovation. In their innovation activities they are strongly oriented to the **competition** in the market environment. Their innovation culture is greatly influenced by the **avoidance of innovation risks**. Innovation tends to be used to keep up with competition.

What you can do to increase your maturity level:

- **Culture:** A planned enlargement of the basic innovation culture should take place through **joint development and implementation** of initiatives promoting innovation. Such initiatives can be:

trend and idea management, incentive systems for product ideas, product innovation process design, lead with innovation key figures, customer and supplier integration in product development.

- **Strategy:** The goal of the strategy work should be to develop and implement a **product innovation strategy** based on an increasingly detailed **market and competitor knowledge**, the **effectiveness** and **efficiency** in the implementation of incremental product innovations should be increased.
- **Process:** It is important to design and continuously improve a **product innovation process** in strategic orientation, idea phase, concept selection, development and market introduction. In parallel, the targeted expansion of the number of **process participants**, in new sources as idea suppliers, is to be accomplished.
- **Structure:** It should be an **interdisciplinary, project-oriented organisation in the field of innovation**. As well as a **continuous optimisation of the interfaces between line and project organization**
- **Competences:** The development and anchoring of **product innovation know-how** in the organization should be at the centre of the competency. This involves the application of **innovation techniques**, the **management of information, knowledge and learning processes** in the field of innovation as well as **market and competitor observation**.
- **Resources:** **Human resources** should be gained around innovation structures. Regarding **financial resources**, the creation, doping and controlling of **R&D budgets** as well as equity for innovation financing play an essential role in the innovation performance.

Maturity level 3: Strategy based innovation management

Brief description: Your company has deliberately put innovation at the heart of the strategy through **top management**. Your innovation portfolio includes **customer-specific developments**, the entire spectrum of product innovations from simple modifications to courageous **radical innovations**. You also increasingly link innovation with the areas of **services, marketing and business models**.

What you can do to increase your maturity level:

- **Culture:** Even greater should be the role of **role model and driver function** by **members of top management** for a multi-faceted innovation culture. Fundamental values such as curiosity, openness, courage and **willingness to risk** are part of a performance-stimulating, active innovation culture. In the case of radical innovation projects, it may be **possible to fail** and encourage the **courage to breathe long**.
- **Strategy:** The strategy work must be intensified for the achievement and defence of **innovation leadership**. A **network** of different analysis areas (market, customers, competitors, technologies, environmental impacts, competencies, networks) should take place. The analysis results should be interpreted in the direction of **future developments**.
- **Process:** An important field of design is the **organizational link** between the **strategy work** and the **operational innovation processes**.
- **Structure:** The main challenge is the structural management of **radical innovation projects**. It would be possible to **create stand-alone structures** for such projects, e.g. in the form of internal start-up's, spin-offs, Skunkwork teams, Innovation labs, etc.
- **Competences:** You should focus on the **management of intangible assets** such as knowledge, image and reputation, industrial secrets, intellectual property rights and relationship capital

as a contribution to the company's success. In the **IT sector**, the managers are required to develop the systems used in the innovation management according to increased requirements and increased complexity.

- Resources: Here it is necessary to look not only regional, but also **internationally** for the best **innovative talents**. The area of the **R&D infrastructure** is also important. Tailor-made development, testing and measurement equipment as well as powerful simulation tools provide **potential for acceleration and cost reduction** in the R&D.

Maturity level 4: Future design

Short Description: Your company has already a long track record of **innovation success**, often over several generations of leadership. You either started to orient your company **towards the future**, or were faced a **growth crisis** and therefore understood that long-running companies are also developing their own business and have to **reinvent their fields of activity** again and again. Your company is characterised by new concepts of innovation. You work consciously with **co-creation approaches**.

What you can do as innovation champion, to further increase your innovation performance:

- Culture: Continue to use **culture-shaping instruments**, such as more **freedom for lateral thinkers** and releasing **budgets for experiments** in your company. In addition to the professionally prepared **innovation success story**, it is also important to always keep the **lessons-learned** session in the course of a project abortion.
- Strategy: Continue to work on your strategy in terms of extending the **time perspective** and increasing **agility** towards rapid or creeping changes in the framework conditions by devising **contingency strategies**. Similarly, the development and implementation of successful **diversification strategies** is a new field of design that is gaining in importance in this maturity.
- Process: Establish a regular **future management** in **monitoring, scanning** and **coupled strategic decisions** so that the right information can be put to the right places at the right time
- Structure: The optimization of the organizational structure in the innovation system revolves around the essential questions of the sufficient **autonomy** of individual areas, the use of **synergies**, the **integration and distribution** (central vs. decentralized) of **innovation tasks**.
- Competences: Developing new business ideas outside the existing market requires **learning of new market-external business** rules such as other speeds, forms of communication, needs and attitudes.
- Resources: **Employer branding** through the proven innovation culture can become a decisive advantage in the **competition for the best talents**. The active **exploitation of intellectual property** rights through licensing and patent sales, which do not conflict with the protection strategies in the core business, results in a **new design field**.