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This section of the OIK outlines some of the ways community sector organisations can foster innovation through their structure and processes and provides some resources to support innovation.

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# Innovation: an Overview

Innovation refers to the process of developing and implementing an idea that creates a new product or service, or that enhances existing products or services to increase efficiency or effectiveness in meeting the needs of the consumer.

*“Innovation involves deliberate application of* ***information****,* ***imagination*** *and* ***initiative*** *in deriving greater or different values from resources and / or products that further satisfy the* ***needs*** *and* ***expectations*** *of the customer.” – The Business Dictionary*

Social innovation takes a variety of forms including **conceptual, process, or product change, organisational change, and changes in financing, and new relationships with stakeholders**. Social innovation, in particular, aims to provide solutions for individuals and community problems by improving the welfare of individuals and communities through employment, consumption and/or participation.

To be socially innovative, an organisation must understand the needs of the community it serves and be willing to try, learn from the outcomes and remain flexible and open minded.

Innovation may also involve working with like-minded organisations to provide a holistic / wrap around service and therefore developing strategic partnerships with other Community Sector Organisations. For further information, look at the Collaboration and Partnerships section of the OIK.

## Why Innovate?

* To meet the diverse and complex needs of the community that are constantly emerging and evolving
* To develop and trial new ways to deliver services that will achieve better outcomes for organisations and participants
* Try new strategies that are delivered in a more tailored and targeted way

# The Principles of Innovation

The Hargraves Institute offers four aspects of the Principles of Innovation in their model:

* **Leadership & People** – the organisational leadership who ‘walks the talk’ and show a genuine commitment to innovation performance and recognition. The organisational leadership empowers all people and teams through providing fast and regular feedback to the ideas raised.
* **Innovation process** – Needs to be a simple, accessible and disciplined innovation process that communicates to all staff from management to the front line. There needs to be a healthy appetite for risk which supports learning from both failure and success.
* **Innovation Action** – Is where an organisation explicitly links its vision and strategy to innovation with ownership and accountability and provides the required resources.
* **Collaboration** – Staff / teams proactively connect with all stakeholders. Cooperation and collaboration is strongly encouraged and the teams efforts are rewarded, not just the individual who may have had the initial idea.

In June 2013 the **Council on Strategy and Innovation** was established by the Dept of Human Services due to the acknowledgment that **the Australian population is shifting and growing and therefore the service models being provided by Government need to be respond more flexibly to their changing expectations. Therefore** the wide ranging knowledge and expertise of various leaders to “Improve the Service Delivery for all Australians” with a mission to ensure that **Australians get the service they need, when they need it was established.**

# Types of Innovation

Innovation is more than just continuous improvement. Its focus is not only on the quality of what you’re doing now, but on creating the future to meet the needs of your clients. Both continuous quality improvement and continuous innovation are required by organisations in order to grow and develop.

* **Continuous Improvement** – looks for improvement to retain the quality of the product or service. It is normally reactive to an identified problem.
* **Incremental Innovation-** improves the identified service or product, or finds a new application for it, which increases the life cycle of the product. It is often proactive in response to opportunity
* **Radical Innovation** – cancels out the old product or service model and starts a whole new innovation process. It is totally proactive.

# Patterns of Innovation

**These are the 7 patterns of innovation as defined by the Hargraves Institute**

* **The adjacent possible** – history demonstrates that most innovation occurs almost as the next step, or in ‘adjacent possible’. Ideas are at the right time, in the right place to be successful, and ideas that are ahead of their time, are not successful. For example, if You Tube had been invented in 1995 it wouldn’t have worked.
* **Liquid Networks** – ideas are not a single thing…they are a series of connections. For innovation to happen there are two essential properties.
	+ There needs to be capacity to make new connections with as many elements as possible and
	+ There needs to be a randomising environment that encourages collisions between all the elements in the system.
* **The Slow Hunch** – most ideas evolve over a long period of time rather than a “eureka!” moment. Such as, someone makes an observation, sees an opportunity or recognises a problem and it may never come to anything. Only if that hunch finds something else that completes it, will it turn into an idea. Creating an environment, which provides the opportunity for hunches to find others and complete, is important for innovation.
* **Exaptation –** This is a biological term that means *The utilisation of a structure or feature for a function other than that for which it was developed through natural selection*. For example, feathers were initially to regulate temperature, however they then proved useful in regulating the air on the surface of the wing which allows birds to fly. What came first…the ball point pen or the roll on deodorant?
* **Error** – innovation relies on experimentation and trial and error. Therefore an environment of tolerance around failure is key. Capturing lessons learnt is key. For example, Post it Notes were invented due to a faulty glue product
* **Serendipity –** innovation often occurs just by a simple lucky collision of ideas… just by chance and this is serendipity. However, for this to occur there must be an atmosphere of openness and flexibility.
* **Platforms –** are an environment that allows the re-use of knowledge and the building of new ideas on existing knowledge. The platform is the architecture on which new ideas are built. It’s all about the environment.

# Innovation: Creating an Environment for Ideas to Flourish

## Leadership and Organisational Culture

Fundamental to any change / innovation / continuous improvement process is behaviour and that starts with the organisational leadership.

* Management endorsing and promoting the process
* Providing permission, confidence, trust and a disciplined process
* Developing a culture of innovation in an organisation is the responsibility of leaders in the organisation, at all levels.
	+ Senior management – walking the talk, actions speak louder than words.
	+ Middle management being curious –asking, being open minded – what, why, when, how, where and who
	+ If middle management don’t have the time then, designate Innovative Champions in the organisation who are the first listeners to ideas and can help develop them.

## Developing Quality Ideas

Organisations need a way to filter the ideas to find the best fit for the needs of the organisation right now. The start of filter can be developed through a Strategic Planning Process. Ideas that do not align to the strategic plan are not going to support the organisation to achieve its goals. But further filtering processes might also need to be engaged to evaluate the timing, cost and potential benefit of an idea. The type of idea it is will also form part of this filter.

### Types of Ideas

**Do it Ideas** are typically small ideas, locally resourced and implemented.

**Develop Ideas** are typically cross-functional and require a team, potentially a business case and overseen by a manager.

**Defer ideas** – keep ideas for later when they may be appropriate or situations change that make the idea more relevant – or there is an appropriate grant where you might be able to resource some funds

### Using Divergent and Convergent thinking

**Divergent** thinking is used to generate a range of approaches – big picture approach

* Important aspects to remember when doing Divergent Thinking – defer judgement, collect every possible idea, support the strange – strive for the unususal and encourage different perspectives, look for combinations of ideas that might work together ie build off the ideas of others.
* Ways to support / encourage Divergent ideas are:
	+ make it fun
	+ brainstorming
	+ mindmapping
	+ using de Bono’s six hats (White: asking questions – what do we know & what do we need to know & how will we get the information, Black: judging – what are the difficulties & challenges, Green: being creative – new idea & new opportunity & what can be improved, Red: expressing emotion – what are my gut feelings?, Yellow: being optimistic – what are the strengths & opportunities, Blue: thinking about thinking – what has been learnt & what next)
* Divergent questions to ask – Imagine…., Suppose…., Predict…., If…then…., How might…., Can you create…., What are some of the possible consequences?

**Convergent Thinking** – has a narrow focus to hone in on specifics/ the detail – there is generally a YES / NO response. What specifically, how specifically

### Action Plan Template

**What is the gap or opportunity that is being investigated?**

***Challenge Intent* –** *What is the planned outcome, what is the primary need you are satisfying. What does the future look like in terms of the challenge?*

***Remaining Key Assumptions –*** *List any assumptions that may still exist – what metrics will be used to show if the assumptions are true*

***Action Steps -*** *What is the process you will follow to roll out your solution? What tools will you need? This may involve communication events eg stakeholder engagement, change meetings etc. List how you will roll out the solution and indicate timing, who and how.*

***Success Metrics for Adoption –*** *How will you know if your solution solves the original challenge? List success metrics – these should be grounded with client / staff expectations and their needs as well as organisational needs. Include SHORT and LONG TERM success metrics*

***Budget & Resources Required -*** *Budget – how much funding will you need to implement the solution?*

***Time*** *– how long is it going to take to get started and also to start to see some of the benefits…and the final benefit*

***People -*** *Be clear on who is part of the implementation team and who is taking the lead role. Who else needs to be involved in the process?*

## Practical innovation

Practical innovation is based on design thinking principles. The aim is to try and ensure that in the rush to get ideas and engagement, organisations aren’t swamped with a large amount of low quality ideas as this creates a problem for management and is dispiriting for staff.

It is important to understand where good ideas come from and provide a means for individuals to find them and develop them. Often a good idea comes from a humble beginning.

Practical innovation requires Empathy, Invention, Iteration and Action

In their Catalyst program, the Hargreaves Institute highlight three elements involved in practical innovation:

* Insight – identifying who are we designing this for and how we engage with them in a meaningful way. This about observing, challenging the status quo, research and synthesis.
* Ideas – What if anything was possible? It’s about thinking, generating lots of thoughts, collaboration, reflection and filtering.
* Action - all about the *doing*, with a focus on learning and responding to opportunities as they arise. Don’t be caught up on perfection. Represent the client’s needs, promote, plan, evaluate and measure.

# Innovation as Core Competency

The following ten items can be used to help you assess your organisational competence in relation to innovation.

1. Consistently translate opportunities and create into organisational value – innovation is a process – drive and manage it accordingly
2. Continuously explore, build the knowledge-base and absorb into the organisation
3. Be able to think divergently and convergently, but not simultaneously
4. Identify, clarify and manage the unknowns
5. Centralise coordination and use a common platform
6. Measure, learn and adapt your overall approach a repeat
7. Reward actions and not only outcomes
8. Focus solutions on the ‘job to be done’ – not the tool
9. Task the right people with the right job
10. First focus on effectiveness, then efficiency