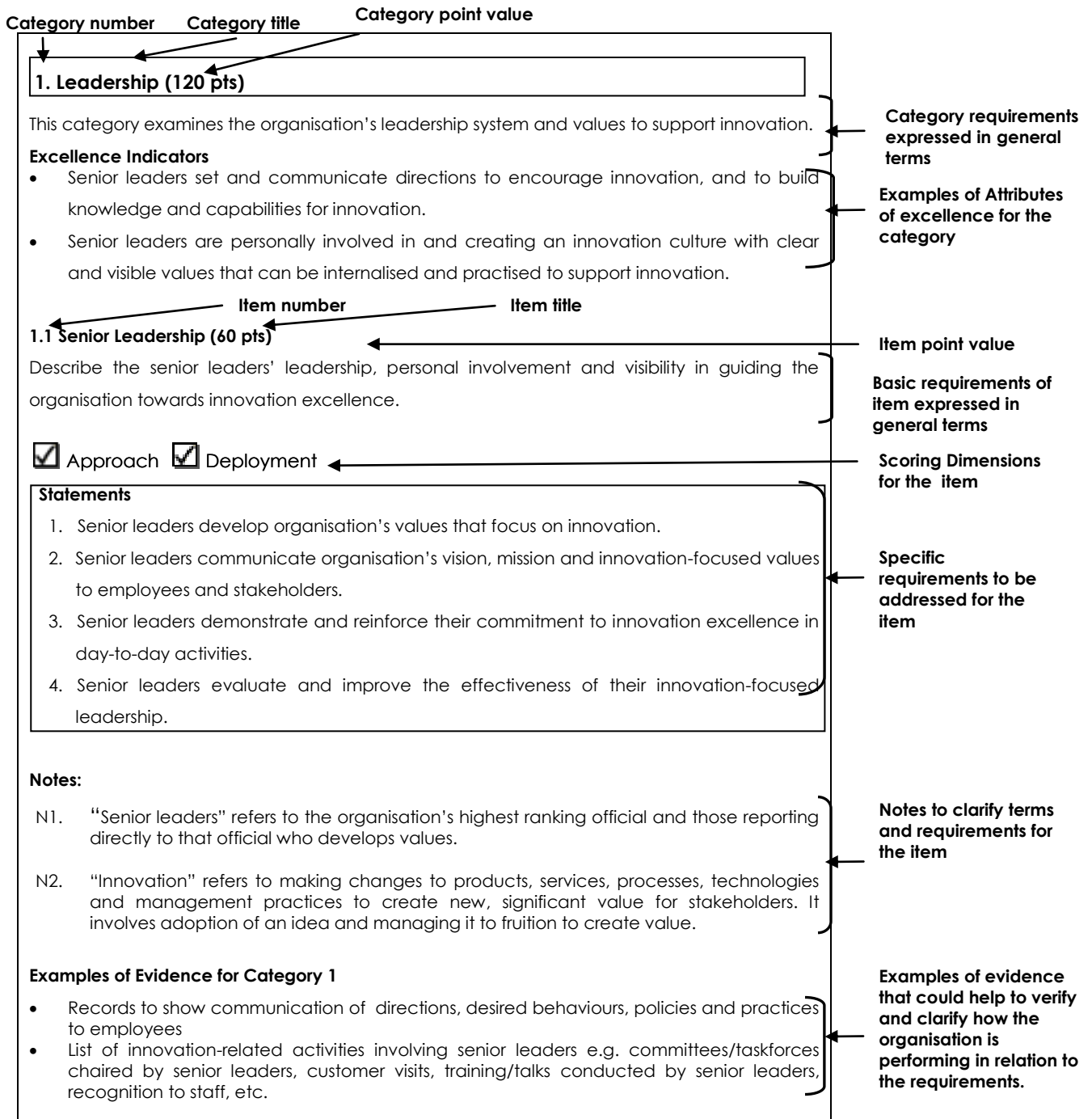


****Interpretation Guide***
to the
Business Excellence Niche Standard (Innovation)

(* Revised on May 2010)

Introduction

The business excellence niche standard for **innovation** has 6 categories and 17 items. Each item has a set of statements specifying the criteria requirements for the item. In order to facilitate understanding, the interpretation guide on the criteria requirements of the niche standard is presented in the format below. The excellence indicators are not meant to be exhaustive.



Criteria Description

1 Leadership (120 pts)

This category examines the organisation's leadership system and values to support innovation.

Excellence Indicators

- Senior leaders set and communicate directions to encourage innovation, and to build knowledge and capabilities for innovation.
- Senior leaders are personally involved in creating an innovation culture with clear and visible values that can be internalised and practised to support innovation.
- Senior leaders serve as role models through their commitment to innovation excellence.
- The innovation culture of the organisation encourages open communication, greater employee empowerment, risking-taking, challenging conventions, greater experimentation and tolerance of failures.

1.1 Senior Leadership (60 pts)

Describe the senior leadership, personal involvement and visibility in guiding the organisation towards innovation excellence.

Approach Deployment

Statements

1. Senior leaders develop organisation's values that focus on innovation.
2. Senior leaders communicate organisation's vision, mission, and innovation-focused values to employees and stakeholders.
3. Senior leaders demonstrate and reinforce their commitment to innovation excellence in day-to-day activities.
4. Senior leaders evaluate and improve the effectiveness of their innovation-focused leadership.

Notes:

- N1. "Senior leaders" refers to the organisation's highest ranking official and those reporting directly to that official who develops values.
- N2. "Innovation" refers to making changes to products, services, processes, technologies and management practices to create new, significant value for stakeholders. It involves adoption of an idea and managing it to fruition to create value.
- N3. Demonstration of personal commitment by senior leaders could include their involvement in driving and supporting programmes and initiatives undertaken to achieve goals and objectives for innovation.
- N4. Evaluation of senior leadership might include assessment of senior leaders on their commitment to innovation excellence by peers, direct reports, board of directors and employees.

Organisational Culture (60 pts)

Describe how the organisation develops an innovation culture that is consistent with its values.

Approach Deployment

Statements

5. Organisation translates its values into desired behaviours that encourage and support innovation.
6. Organisation adopts innovation-focused policies and practices that support values.
7. Organisation has programmes to promote innovation culture.
8. Organisation reviews and closes gaps between current and desired innovation culture.

Notes:

N1. Measures to determine the gaps in culture could include employee surveys, performance appraisal systems, focus groups and interviews.

Examples of Evidence for Category 1

- Records to show communication of directions, desired behaviours, policies and practices to employees.
- List of innovation-related activities involving senior leaders e.g. committees/taskforces chaired by senior leaders, customer visits, training/talks conducted by senior leaders, recognition to staff, etc.
- Company newsletters, bulletins, intranet, web-pages.
- Records of key meetings or communication/dialogue sessions with employees/ customers/ suppliers pertaining to innovation.
- Organisation Climate or Employee Opinion Survey questionnaire and reports.

2 Planning (70 pts)

This category focuses on the organisation's planning process for innovation and how key performance requirements are integrated into the organisation's plans. It also examines the deployment of these plans and how they are tracked.

Excellence Indicators

- The organisation's planning process identifies opportunities for innovation through various channels such as new business, partnerships with external parties and suppliers, technological developments, changes in customer and market segments and their requirements, and strategic moves by competitors.
- There are well-aligned strategies for innovation that are tied to the overall organisational objectives and goals.
- Long-term and short-term goals for the innovation strategies are well defined in measurable terms with stretch targets. There is strong work process alignment to support the achievement of these goals.
- The organisation allocates resources including people, time, physical space and finance to support innovation activities.
- The organisation has appropriate indicators and information which are regularly monitored to track the achievement of its plans and goals.

2.1 Strategy Development and Deployment (70 pts)

Describe how the organisation develops and deploy plans for innovation and reviews performance.

Approach Deployment

Statements

9. Organisation has strategies that focus on innovation.
10. Organisation's innovation strategies are aligned to the organisation's objectives and goals.
11. Organisation establishes short-term and long-term goals for innovation strategies.
12. Organisation develops action plans aligned to innovation strategies and goals.
13. Organisation allocates resources for innovation activities.
14. Organisation sets targets for employees linked to innovation strategies and goals.
15. Organisation measures its innovation performance against plans and reviews them regularly.

Notes :

- N1. Strategy should be interpreted broadly. It might be built around or lead to outcomes such as new products, services, and markets and revenue growth via various approaches; new partnerships and alliances; and new employee relationships.
- N2. "Resources" refers to budget, manpower and dedicated personnel to drive innovation, time and physical resources allocated to support innovation activities.
- N3. Targets could include the number of patents, number of breakthroughs and the value they have created e.g. revenue growth and higher customer satisfaction.

Examples of Evidence for Category 2

- Minutes of strategic planning sessions
- Records of strategic planning process and how inputs from staff, external parties and changing conditions are incorporated
- Strategic Plans
- Comparative and benchmarking studies
- Operational Plans
- Records of resource allocation for innovation

3 Information (70 pts)

This category focuses on the management of information and knowledge and the use of comparative and benchmarking information to support innovation.

Excellence Indicators

- The organisation provides multiple channels of information for idea sourcing and to encourage learning. These channels are widely deployed and accessible to all levels of employees.
- The organisation leverages on experiences gained from experimentation as opportunities for learning.
- The organisation has a system to select and use comparative and benchmarking information for target setting and improving innovation performance.

3.1 Management of Information and Knowledge (50 pts)

Describes how the organisation selects and manages information and knowledge to support innovation.

Approach Deployment

Statements

16. Organisation selects, collects and captures information and knowledge related to innovation.
17. Organisation shares information and knowledge to encourage innovation and learning.
18. Organisation analyses and uses information and knowledge from various sources related to innovation.
19. Organisation retains information and knowledge to support innovation.

Notes:

- N1. Information should be defined broadly. It includes data on indicators of organisational performance, strategic success and process performance; and knowledge created through sharing and analysis of information and knowledge.
- N2. Management of information and knowledge might also include how the organisation safeguards information and knowledge.
- N3. Retaining of information and knowledge to support innovation could include after-action review reports, learning points, and experience sharing.

3.2 Comparison and Benchmarking (20 pts)

Describe how your organisation selects and uses comparative and benchmarking information to achieve innovation performance improvements

Approach Deployment

Statements

20. Organisation develops criteria for selecting comparative and benchmarking information to improve innovation performance.
21. Organisation uses comparative and benchmarking information to support its focus on innovation.

Notes :

- N1. Comparative information includes comparisons with competitors and/or comparable organisations.
- N2. Benchmarking refers to finding good practices, inside or outside the organisation's industry, and using the knowledge gained to achieve superior performance.

Examples of Evidence for Category 3

- Records on information selection criteria, information and knowledge management and systems used to capture information and knowledge
- Reports on key innovation performance indicators
- Comparative and benchmarking studies

4 People (100 pts)

This People category focuses on how the organisation taps the full potential of the workforce to create a high innovation performance organisation.

Excellence Indicators

- The human resource plans support the organisation's strategies for innovation.
- A conducive environment for employee contributions through ideas and value creating projects is created.
- There are opportunities for employee participation in cross-functional activities and cross-cultural learning to support innovation.
- The organisation is committed to employee satisfaction, motivation, and learning to support its innovation goals

4.1 Human Resource Planning (20 pts)

Describe how your organisation's human resource strategies address the needs and development of its workforce to support innovation.

Approach Deployment

Statements

22. Organisation has human resource plans based on the organisation's innovation strategies.
23. Innovation capabilities of potential recruits are assessed to support the innovation culture.

Notes :

- N1. The human resource plans support innovation strategies that are aligned to the organisation's strategic objectives, and are outputs of human resource planning process.
- N2. Potential recruits include job interviewees or candidates that are considered for employment. Their innovation capabilities could be assessed through various means such as scenarios and personality tests to better evaluate an individual's creativity and propensity to think "out of the box" and take risks.
- N3. Examples of possible elements in the human resource plans are manpower planning, education and training, compensation and recognition, knowledge sharing and learning, management of talents and employee involvement.
- N4. Workforce refers to employees of the organisation. It includes permanent, temporary, and part-time personnel, as well as contract employees supervised by the organisation.

4.2 Employee Engagement (20 pts)

Describe how employees contribute to the achievement of organisation's objectives and goals related to innovation.

Approach Deployment

Statements

24. Organisation develops mechanisms to engage employees in innovation.
25. Organisation develops mechanisms to encourage cross-functional activities and cross-cultural learning for innovation.

Notes:

- N1. The item examines how the organisation might use different involvement approaches to engage employees to contribute to innovation. Examples are suggestion schemes, innovation and quality circles, cross-functional teams, self managed work groups and improvement teams.
- N2. Cross-functional activities refer to activities involving staff from different functional areas and levels in the organisation.
- N3. Cross-cultural learning refers to learning about the values, philosophy, beliefs, practices and behaviours of people from different cultural backgrounds within and outside the organisation.

4.3 Employee Learning and Development (20 pts)

Describe how the learning and development needs of employees are aligned to support the focus on innovation, and how learning and development programmes are delivered to meet these needs.

Approach Deployment

Statements

26. Organisation determines employee learning and development needs of its employees based on organisational's innovation strategies.
27. Organisation delivers programmes to meet the learning and development needs.

Notes:

- N1. Learning Needs Analysis could be conducted to determine appropriate learning activities to help the employee close competency gaps and develop new skills for innovation. It should take into account the professional needs of the employee, departmental needs, and organisational needs.
- N2. Development needs of employees for innovation should be determined and assessed. Needs identified for employees could include opportunities for cross-cultural learning, and tools to enhance creativity and "out of the box" thinking.
- N3. Education and training might occur inside or outside the organisation and involve on-the-job, classroom, computer-based, distance learning, and other types of formal or informal delivery.

4.4 Employee Well-being and Satisfaction (20 pts)

Describe how the organisation develops a conducive work environment for innovation, and assess employee well-being and satisfaction with the innovation focus.

Approach Deployment

Statements

28. Organisation creates a conducive work environment for employees that support its focus on innovation.
29. Organisation measures and assesses employee well-being satisfaction with the innovation focus.

Notes:

- N1. The conducive work environment could involve various aspects such as creating a physical environment for innovation activities; and introducing practices to encourage learning, sharing, personal development and acceptance of risk-taking and failures.
- N2. Indicators of employee well-being and satisfaction could include those relating to the organisational direction for innovation, innovation culture, information sharing, tolerance for risk-taking, and recognition/rewards schemes for innovation.

4.5 Employee Performance and Recognition (20 pts)

Describe how the organisation's employee performance appraisal, recognition, promotion and compensation and reward system encourage employees to achieve high performance in supporting the organisation's innovation objectives and goals.

Approach Deployment

Statements

30. Organisation aligns performance appraisal to support innovation goals.
31. Organisation recognises and rewards employees for contributions to innovation.

Notes:

- N1. The item examines the employee performance appraisal process to allow for objective review and assessment of employees' contributions to innovation based on targets set jointly by the employees and immediate supervisors.
- N2. Recognition for contribution to innovation includes monetary and non-monetary, formal and informal, and individual and team recognition.

Examples of Evidence for Category 4

- HR plans and policies
- Records on learning needs analysis process and the evaluation of the training effectiveness.
- Employee opinion survey reports
- Records on employee involvement in innovation activities

5 Processes (190 pts)

This category focuses on how the organisation manages its processes to meet customer requirements and achieve its innovation objectives and goals.

Excellence Indicators

- There is a well-structured system to manage ideas from all sources to create value for the organisation.
- The organisation evaluates and improves the performance of key business processes to drive learning and innovation. Four approaches frequently used are a) process research, b) benchmarking, c) use of alternate technology, and d) use of information from customers and suppliers/partners
- A system of protecting the organisation's innovative ideas and contributions is in place in the organisation. It would include the organisation's intellectual property, e.g. patents, designs, licensing, trademarks and copyrights.
- Analyses are performed to assess risk of undertaking new innovation projects. These analyses should help organisation assess the financial viability, potential viability, implications to stakeholders and markets, and risks associated with the new initiatives or experimentation.

5.1 Innovation Processes (130 pts)

Describe how the organisation harvests creative ideas, manages and implements them to create value for the organisation.

Approach Deployment

Statements

32. Organisation generates, gathers and screens creative ideas from all sources.
33. Organisation incorporates new developments and changing requirements into innovations.
34. Organisation involves employees and partners in the new product/service design and introduction process.
35. Organisation has a relationship with customers to identify and address innovation opportunities.
36. Organisation validates innovation projects.
37. Organisation implements innovation to achieve business outcomes.
38. Organisation reviews the management of innovation projects.
39. Organisation protects knowledge related to innovation.
40. Organisation assesses risks related to innovation.

Notes :

- N1. The item examines how the organisation manages ideas from all sources including its customers and networks. The management of ideas covers the generation, selection and implementation of innovative ideas to create value.
- N2. The protection of knowledge could include the protection of intellectual property through patents, trademarks, copyrights, licensing, etc.

5.2 Process Management and Improvement (30pts)

Describe how the organisation manages its key processes for creating value and achieving business success.

Approach Deployment

Statements

41. Organisation seeks breakthrough improvements in key business processes for value creation.
42. Organisation evaluates and improves its management of innovation processes for product, service and business process innovations.

Notes:

- N1. Key business processes are those most important to "running the business" and maintaining or achieving a sustainable competitive advantage. These include the processes through which your organisation adds greatest value to its products and services. They also include the business processes most critical to adding value to the organisation itself, resulting in success and growth.

5.3 Supplier and Partnership Management (30pts)

Describe how the organisation involves suppliers and/or partners in innovation activities.

Approach Deployment

Statements

43. Organisation involves suppliers and partners in innovation activities.
44. Organisation incorporates feedback from partners and suppliers into innovation plans.

Notes:

- N1. The item examines how the organisation taps on networks such as suppliers and partners for opportunities in innovation.
- N2. Partners refer to external parties with which the organisation interacts collaboratively in its innovation activities. Partnership might include relationships with distributors and regulatory bodies and collaboration with competitors and complementary organisations including strategic partnerships, joint ventures and alliances.

Examples of Evidence for Category 5

- Records on innovation processes and projects
- Procedures or system to handle intellectual property, and risks related to innovations
- Evidence of breakthroughs in key processes
- Records on partnerships, collaboration or strategic alliances with customers, suppliers and partners for innovation activities

6 Results (450 pts)

The results category examines the organisation's performance in areas of importance to the organisation. It also examines performance levels relative to those of competitors and/or benchmarks.

Excellence Indicators

- The organisation has key indicators for customer, financial and market, people, supplier and partner, and operational and financial performance results that are clearly linked to its innovation strategies.
- Organisation compares its performance results with competitors and/or benchmarks. The key results are better than those of competitors and/or benchmarks.
- Results consistently meet or exceed targets, and show an improvement trend.
- There is clear linkage of results to approach and deployment.

6.1 Customer Results (100 pts)

Summarise the organisation's customer-focused performance results that are linked to innovation.

Approach Deployment

Statements

45. Current levels and trends for customer satisfaction and retention indicators linked to innovation-focused strategies.
46. Current levels and trends for relevant product and service performance indicators linked to innovation-focused strategies.

Notes :

- N1. This item examines the results on customer satisfaction and retention that are linked to innovations in the organisation. Results might be supported by customer feedback, customer's overall assessment of innovative products/services, and customer awards.
- N2. Product and service performance indicators refer to product and service features that are linked to customer requirements.

6.2 Financial and Market Results (110 pts)

Summarise the organisation's key financial and marketplace performance linked to innovation-focused strategies.

Approach Deployment

Statements

47. Current levels and trends for financial results linked to innovation-focused strategies.
48. Current levels and trends for marketplace results linked to innovation-focused strategies.
49. Favourable comparison of financial and marketplace results with competitors or benchmarks.

Notes :

- N1. The financial results impacted by innovation could include revenue growth, return on investment (ROI), budget utilisation rate, asset utilisation, operating margin, profitability, surplus, profitability by market/customer segment, liquidity, debt to equity ratio, and value added per employee.
- N2. Market place results might include market position, market share, measures of business growth, new products, services or markets, outreach measures, percentage of sales or value added derived from new products or services.

6.3 People Results (100 pts)

Summarise the organisation's key people performance results that are related to innovation.

Approach Deployment

Statements

50. Current levels and trends for employee engagement in innovation.
51. Current levels and trends for employee learning and development related to innovation.
52. Current levels and trends for employee well-being and satisfaction indicators related to innovation.

Notes:

- N1. Results reported in this item should relate to the strategies and activities described in Categories 4 and 5.

6.4 Operational Results (140 pts)

Summarise the operational performance results that are related to innovation.

Approach Deployment

Statements

- 53. Current levels and trends for innovations.
- 54. Current levels and trends for value created by the innovation projects.
- 55. Favourable comparison with competitors and benchmarks on operational results linked to innovation-focused strategies.

Notes:

- N1. Results reported in this item should address the organisational's key operational requirements as presented in the Organisational profile and in items 5.1. and 5.2. Include results not reported in items 6.1, 6.2 and 6.3.
- N2. The innovation performance results could be based on indicators such as number of patents filed, innovative ideas implemented, innovations developed, % of revenue arising from new products/innovations, cost savings arising from innovations, and cycle time reduction.
- N3. Results could include the value created by the mass customisation of innovation projects for specific markets to derive maximum benefits.
- N4. Results could include value created through breakthrough improvements in key business processes.
- N5. Acknowledgements by external parties for achievements in innovation could also be covered in this item.

Examples of Evidence for Category 6

- R & D Expenditures
- Customer Satisfaction results/trends
- Returns on innovation investment
- Number of new products or processes introduced
- Intellectual property measures e.g. patents, trademarks, copyrights and licenses
- Sales from new or improved products/ processes
- Idea conversion rate for innovation
- Innovation success rate
- Records on employee engagement results/trends
- Business results/profitability/market share trends
- Cycle time reduction results
- Time to market results
- Employee satisfaction levels related to innovation
- Comparative data and benchmarks/trends