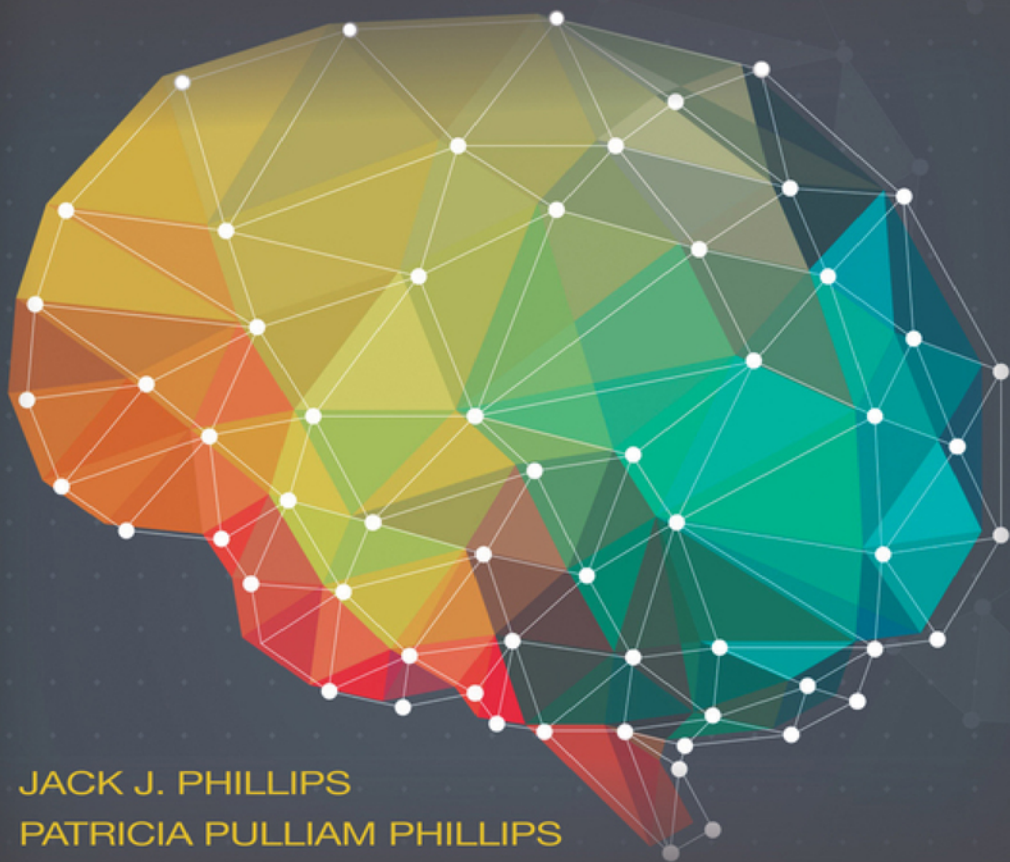


THE VALUE OF INNOVATION

Knowing, Proving, and Showing the Value
of Innovation and Creativity

A STEP BY STEP GUIDE TO IMPACT AND ROI MEASUREMENT



JACK J. PHILLIPS
PATRICIA PULLIAM PHILLIPS

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100 Cummings Center, Suite 541J
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Publishers at Scrivener

Martin Scrivener (martin@scrivenerpublishing.com)
Phillip Carmical (pcarmical@scrivenerpublishing.com)

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**Jack J. Phillips and
Patricia Pulliam Phillips**



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Preface

Innovation is everywhere, in every direction we look, in every type of organization, and in almost every part of the world. Leaders are obsessed with innovation, politicians cheer innovation and desire more of it, consumers demand innovation, investors reward innovation, and media coverage of innovation is relentless.

This visibility and popularity translates into billions of dollars being pumped into all types of innovation efforts. Visibility brings out the critics who expose glitches and concerns. Lack of success and high failure rates bring out even more critics. All of this creates the need to show more results.

Innovation Meets the ROI Methodology

For almost two decades, we have had individuals involved in innovation attend an ROI Certification program which involves a week of comprehensive learning. In this process, the participants enter the program with a project in mind that they would like to evaluate at the impact and ROI level. They learn how to do conduct an ROI evaluation in this process, and they pursue the work with virtual support until they complete their project. At the end of this process, the participants obtain the designation of Certified ROI Professional (CRP). With some prompting from our international partners about ten years ago, we hosted a dedicated group of individuals who were just involved in innovation, and had them pursue the certification. We conducted sessions in Copenhagen, Denmark, and Istanbul, Turkey. In these two situations, the results were amazing. The participants tackled all types of innovation projects, followed through to measure the success of their projects along the way, and developed amazing confidence to use this tool. Interest continued and we began to conduct studies globally with companies, governments, NGOs, nonprofits, and universities. As we continued to work, applying this process to innovation, we knew there was a need and a market.

The Need for This Book

When we write a book, we make sure there is not a current book already meeting the need. Writing a book that has already been written is not good for the publisher, and it's not good for us. As we examined potential competing books, we saw nothing that matched the approach and credibility of the ROI Methodology. We have a process that has become the most-used evaluation system in the world. It is built around three pillars: 1) It is user-friendly, not overly complicated or complex; 2) It is based on sound principles, using an enhanced logic model, and is very reliable and valid from a research perspective; 3) Finally, it is CEO- and CFO-friendly, producing data that passes the scrutiny of the CFO and provides data that top executives can support.

This book uses a results-based approach to innovation implementation, focusing on a variety of measures that are categorized into six data types:

- Reaction and Perceived Value of Innovation
- Learning and Confidence to Know How to Make Innovation Work
- Application and Implementation to Make Innovation Work
- Impact, the Consequences of the Innovation
- Return on Investment in the Innovation Project
- Intangibles Linked to the Innovation Project

Connected to it is a step-by-step process for identifying, collecting, analyzing, and reporting all six types of data in a consistent manner that leads to credible results.

Credibility is Key

The Value of Innovation focuses on building a credible process—one that will generate a balanced set of data that are believable, realistic, and accurate, particularly from the viewpoint of sponsors and key stakeholders. More specifically, the methodology presented in this book approaches credibility head-on through the use of

- Balanced categories of data
- A logical, systematic process
- Guiding principles, a conservative set of standards
- A proven methodology based on thousands of users
- An emphasis on implementing the methodology within an organization to ensure that the process is sustained

- A procedure accepted by sponsors, clients, and others who fund projects

The book explores the challenges of measuring the hard-to-measure and placing monetary values on the hard-to-value. It is a reference that clarifies much of the mystery surrounding the allocation of monetary values. Building on a tremendous amount of experience, application, practice, and research, the book draws on the work of many individuals and organizations, particularly those who have attained the ultimate levels of accountability using the ROI methodology. Developed in an easy-to-read format and fortified with examples and tips, this is an indispensable guide for audiences who seek to understand more about bottom-line accountability.

Audience

The primary audience for this book are the managers of innovation projects in an organization. These managers are concerned with the valuation of innovation projects, programs, processes, and people. Although they are strongly committed to their projects, they need to see value in terms executives can appreciate and understand—money.

This book is also intended for professionals, analysts, and practitioners who are responsible for implementing and evaluating the success of innovation projects. The book shows how the various types of data are collected, processed, analyzed, and reported.

Another audience includes consultants, researchers, and professors who are dedicated to unraveling the value mystery, trying to understand more about the difficult and demanding challenges of developing measures and values for a variety of innovation programs.

Types of Innovation Projects

The good news is the ROI Methodology will show the value of all types of projects, including the ten types of innovation as outlined by Keeley.¹ In his beautifully illustrated book, the ten types of innovation are projects that:

1. Are designed to make money
2. Connect with others to create value
3. Organize and align talent and assets
4. Are signature or superior methods to do work
5. Develop distinguishing features and personality

6. Create complementary products and services
7. Support and amplify the value of your offerings
8. Deliver your offerings to customers and users
9. Represent your offerings and businesses
10. Foster compelling interactions

Regardless of what type of innovation, whether it is internal, working with employees, an R&D Center where new products are developed, or the breakthrough innovation that is the basis of the company, this methodology will show how to know, prove, and show the value of innovation.

Flow of the Book

The Value of Innovation flows through three sections. The first section, involving three chapters, sets the stage for the book by reviewing the importance of innovation along with some of the major challenges in the field in the first chapter. Then, the current metrics involved in innovation and the shortcomings in those areas are discussed in the second chapter. Finally, chapter three outlines the necessary requirements for a measurement system for innovation, and introduces the ROI Methodology, which meets those requirements.

This sets the stage for the second section, the major part of the book, built around the ROI Methodology. This section involves thirteen chapters, detailing all parts of the process with examples, scenarios, and stories. Finally, the last chapter focuses on how to make this process work routinely and sustain it over a long period of time.

We are convinced that you will find this a valuable book. If not, we will be happy to refund your money. If you purchase this book and it doesn't add value to your innovation efforts, please drop us a note. Keep the book, and we will send you a refund. We have confidence in this book. We know this methodology has helped many others, and it will help you with your evaluation of innovation. Please enjoy.

Jack J. Phillips, Ph.D.

Patti P. Phillips, Ph.D.

Birmingham, AL - November 2017

Reference

1. Keely, Larry, Ryan Pikkell, Brian Quinn, and Helen Walters. *Ten Types of Innovation: The Discipline of Building Breakthroughs*. Hoboken, NJ: Wiley, 2013.

Acknowledgements

This book had its beginnings over a decade ago when we conducted our five-day ROI Certification workshop for two groups, one in Copenhagen and the other in Istanbul. The participants in both groups were individuals involved with innovation projects, and they wanted to show the return on investment for those projects. They used the ROI Methodology and completed their projects to obtain the designation of Certified ROI Professional (CRP). From that point, we worked with hundreds of other organizations in innovation, including nonprofits, NGOs, and governments. This work clearly revealed that this methodology applies extremely well in the innovation and creativity space. We owe a debt of gratitude to those early adopters of this process in our work with innovation, spanning all continents.

We want to thank our editor and publisher, Phil Carmical for his patience with the delivery of this book. We've worked with Phil for many years, and we are pleased to deliver another book to him at Scrivener, a Wiley Imprint. We also want to thank Hope Nicholas, director of publications at ROI Institute. Hope manages our publications and editorial projects and has done a marvelous job with this book in the midst of hectic schedules, numerous deadlines, and countless interruptions. Thank you, Hope, for another great job. We also want to thank Kylie McLeod, our Communications Coordinator, for putting the finishing touches on the book. Thanks Kylie for a job well done.

Jack would like to thank Patti. Patti is an outstanding consultant, top-notch facilitator, meticulous researcher, and above all, an outstanding writer. She makes our books and our work much more effective and enjoyable. Her books win awards, and her workshops have the highest rating. More important, she is an enthusiastic, creative, and lovely spouse.

Patti would like to thank Jack for putting ROI on the map in terms of its applicability to noncapital investments. Jack laid the foundation on which so many others have built their measurement, evaluation, and analytics practices. Over the years, he has given much more than he has received – and for that, we are all thankful!

About the Authors



Jack J. Phillips, PhD, is a world-renowned expert on accountability, measurement and evaluation, and chairman of ROI Institute. Through the Institute, Phillips provides consulting services for *Fortune* 500 companies and workshops for major conference providers throughout the world. Phillips is also the author or editor of more than 100 books and more than 300 articles.

His expertise in measurement and evaluation is based on more than 27 years of corporate experience in five industries (aerospace, textiles, metals, construction materials, and banking). Phillips has served as training and development manager at two *Fortune* 500 firms, senior HR officer at two firms, as president of a regional federal savings bank, and management professor at a major state university.

Jack has received several awards for his books and work. On three occasions, Meeting News named him one of the 25 Most Powerful People in the Meetings and Events Industry, based on his work on ROI. The Society for Human Resource Management presented him an award for one of his books and honored a Phillips ROI study with its highest award for creativity. The Association for Talent Development gave him its highest award, Distinguished Contribution to Workplace Learning and Development for his work on ROI. His work has been featured in the

Wall Street Journal, *BusinessWeek*, and *Fortune* magazine. He has been interviewed by several television programs, including CNN. Jack served as President of the International Society for Performance Improvement for 2012–2013. In 2017, Jack received the Brand Personality Award from Asia Pacific Brands Foundation for his work as an international consultant, author, teacher, and speaker.

Jack has undergraduate degrees in electrical engineering, physics, and mathematics; a master's degree in decision sciences from Georgia State University; and a PhD in human resource management from the University of Alabama. He has served on the boards of several private businesses – including two NASDAQ companies – and several nonprofits and associations, including the Association for Talent Development and the National Management Association. He is chairman of ROI Institute, Inc., and can be reached at (205) 678-8101, or by e-mail at jack@roiinstitute.net.



Patti P. Phillips, PhD is president and CEO of ROI Institute, Inc., the leading source of ROI competency building, implementation support, networking, and research. She helps organizations implement the ROI Methodology in over 60 countries. Patti serves as chair of the People Analytics Board at the Institute for Corporate Productivity, Principal Research Fellow for The Conference Board, board chair of the Center for Talent Reporting, and ATD CPLP Certification Institute Fellow. Patti also serves as faculty on the UN System Staff College in Turin, Italy, the Escuela Bancaria y Comercial in Mexico City, Mexico, and The University of Southern Mississippi's PhD in Human Capital Development program. Her work has been featured on CNBC, EuroNews, and over a dozen business journals.

Patti's academic background includes a B.S. in Education from Auburn University, a Masters in Public and Private Management from Birmingham-Southern College, and PhD in International Development from The University of Southern Mississippi.

She facilitates workshops, speaks at conferences, and consults with organizations worldwide. Patti is author, coauthor, or editor of over 75 books and dozens of articles on the topic of measurement, evaluation, and ROI. Patti can be reached at patti@roiinstitute.net.

