

THE IDEA AUCTION

Trying to sell your idea internally? The AIC's **Dr John Kapeleris** recommends an auction, and a fund for good measure.

New ideas, the basis of innovation, depend upon tapping the tacit knowledge of employees and making this knowledge available to others within the organisation. Once the knowledge is shared and recorded within the organisation (codified knowledge) it becomes a component of the corporate memory of the organisation. What the organisation then does with the new ideas presented by employees will have the potential to add value to the organisation. Although many organisations capture and record ideas they fail to develop these ideas further or fall short of converting these ideas into new products or services, new processes or new organisational systems.

The global company 3M, known for its unique innovative practices, encourages employees to spend 15 per cent of their time to work on their own 'pet' projects. These pet projects allow employees to investigate and test their ideas, and subsequently develop these ideas into concepts or applications. Known as the "15 per cent rule", 3M uses this approach to stimulate unplanned experimentation that may turn into successful, but unexpected innovations. Had it not been for the existence of the 15 per cent rule Art Fry and Spence Silver may have not had the opportunity or conducive environment to develop the 3M Post-it notes.

In the spirit of 3M, organisations that generate and capture a large number of ideas through their employees could hold internal "idea auctions". Idea auctions are essentially forums where employees present and showcase their own ideas to an audience of interested parties who might be keen on taking on the idea and working with it, either individually or in groups. The process allows employees who come up with the ideas to sell their ideas to anyone within the company, especially where their immediate supervisor or team members refuse to back the employee. Furthermore, some people are good at generating ideas while others prefer the implementation phase. Using a group approach to reviewing ideas will also quickly provide important feedback from an internal customer perspective. →

Providing funds

A key success factor to successful implementation and exploitation of ideas within an organisation is the availability of funding to support projects based on new ideas. Establishing a central organisational fund would relieve departments and business units from the responsibility to risk money on new ideas. Such a fund would remove any financial obstacle to pursue ideas as the funding comes from a non-departmental budget. Subsequently the investment criteria for this fund would be different to the normal investment or product development criteria as the risk associated with the investigation and development of new ideas would be elevated. 3M for example has provided up to US\$50,000 in the form of Genesis Grants which are internal venture capital funding for developing prototypes and market testing of new ideas and opportunities.

Generally, financial managers in many organisations would find it difficult to fathom the establishment of an internal investment fund to be used solely for the investigation and evaluation of new ideas. Their first request would be for someone to justify the return on investment for such a fund. However, it is generally accepted that playing with the notion of exploiting new ideas is a risky business.

The core management philosophy of 3M established in the company's infancy by its then general manager William McKnight has overcome any challenge to justify a return on investment. McKnight developed the following founding principles at 3M back in 1914 which continue to influence the culture of 3M today:

- Listen to anyone with an original idea, no matter how absurd it might sound at first.
- Encourage; don't nitpick. Let people run with an idea.
- Hire good people and leave them alone.
- If you put fences around people you get sheep. Give people the room they need.
- Encourage experimental doodling.
- Give it a try – and quick!

McKnight's approach was to encourage individual initiative that would produce the raw material for new innovations. He also understood that along the way mistakes would be made, especially when giving employees the freedom and encouragement to act on their own initiative, however the organisation as a whole would be continually learning.

A culture conducive to the generation, evaluation and exploitation of ideas is therefore a key success factor to driving innovation. Take a look at 3M today with over US\$20 billion in revenue and over 50,000 products on the market.

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