2021 Crowdsourced Innovation Report

IDEASCALE

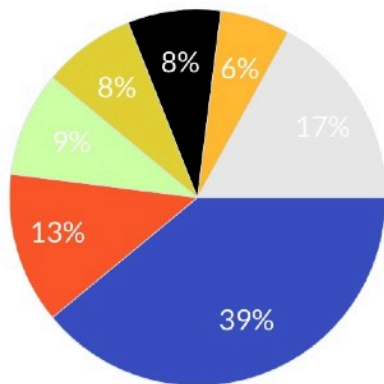# The 2021 Crowdsourced Innovation Report

2020 was an education. We learned about remote work. We learned about inequality and the need for action. We learned about how elections are certified in the US. Basically, everyone we know minored in epidemiology in 2020 and we learned a ton of other things besides.

But most organizations also got a crash course in innovation. 2020 required rapid change in just about every sector at just about every level of every business. Companies that didn't know how to handle digital transformation were suddenly able to demolish barriers that had previously held them back. Organizations that had never heard the term PPE before were suddenly in the business of making masks and ideas surfaced from exciting and oftentimes surprising places.

For that reason, it's not surprising that crowdsourced innovation capabilities have grown and innovation output indicators like implementation rate and time to implement have improved. In fact, businesses that were able to rapidly adapt and focus on innovation are poised to outperform their peers in the coming years. In June 2020, McKinsey noted that "In past crises, companies that invested in innovation delivered superior growth and performance post crisis. Organizations that maintained their innovation focus through the 2009 financial crisis, for example, emerged stronger, outperforming the market average by more than 30 percent and continuing to deliver accelerated growth over the subsequent three to five years."[1] In this report, we are looking at similar trends from our annual innovators survey that shows that almost every indicator of innovation health has improved over data from the past three years.

1. https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/innovation-in-a-crisis-why-it-is-more-critical-than-ever

What Do Innovation Programs Look Like?

Since IdeaScale first launched in 2009, the profile for innovation has changed. When we first launched, less than ten percent of all IdeaScale customers came from an innovation department. **Now the majority of IdeaScale's customer base is from the innovation department.** Notably, when those from another discipline were asked if their initiative was part of an innovation program, 80% of the respondents agreed that it was.

Perhaps most promising for the future of innovation is that **more than half of innovation respondents have engaged the top level of leadership at their company.** In past reports, gaining the support and stewardship of leadership has been a key recommendation and (in this case) the innovation community has listened and benefited.

We know that this has had an impact, because every year **we ask our customers if they believe that they have sufficient leadership and influence in order to succeed and this year we saw the confidence level spike from 60% to 78%!**

Well more than half (70%) of these innovation efforts are relying on a team of people to drive innovation strategy with fewer and fewer single-person innovation operations. Those teams are gathering and optimizing ideas from across the organization with the focus explicitly on internal innovation. In fact, **only 15% of respondents are gathering ideas from partners, the public, and competitors** - using the principles of open innovation to drive long lasting change. This stands as an opportunity for future innovation programs.
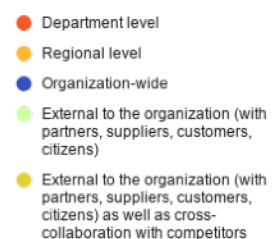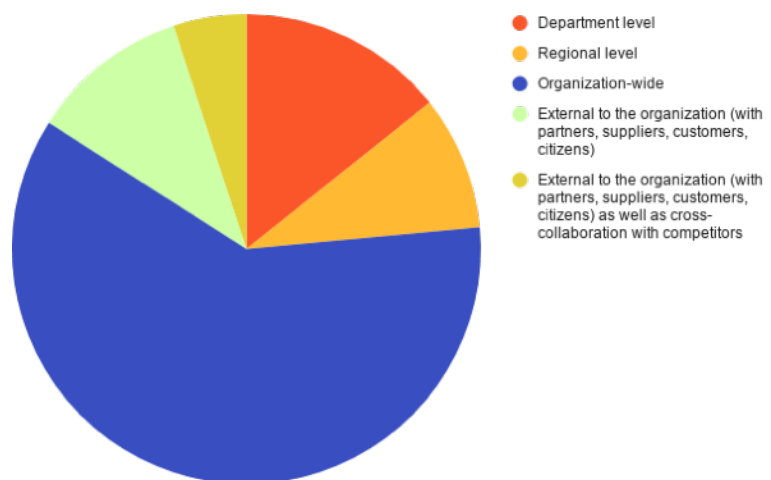
For the first time, more than half of IdeaScale's customers reported that they had a budget dedicated to the implementation of ideas and only 6% of them expected their total innovation budget to decrease over the coming year. **Most innovation leaders expected their budgets to remain the same or increase.**
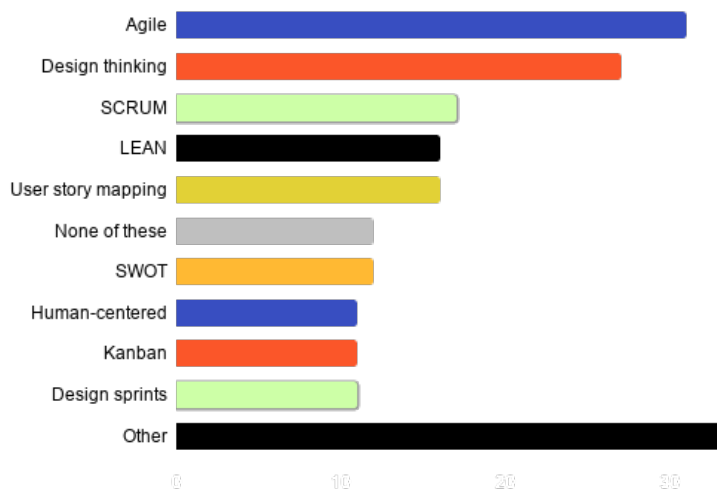

Finally, we all know that there are many different innovation methodologies and approaches that are leveraged by innovation programs, but the most common ones to occur alongside crowdsourced innovation programs were **Design Thinking and Agile.**

Problems and Horizons of Change

Innovation can be used to address a number of issues, needs, and challenges. For the past several years, IdeaScale has noticed the majority of innovation respondents have focused on product improvement and net new product development. Now we are noticing a slight shift to process improvement.
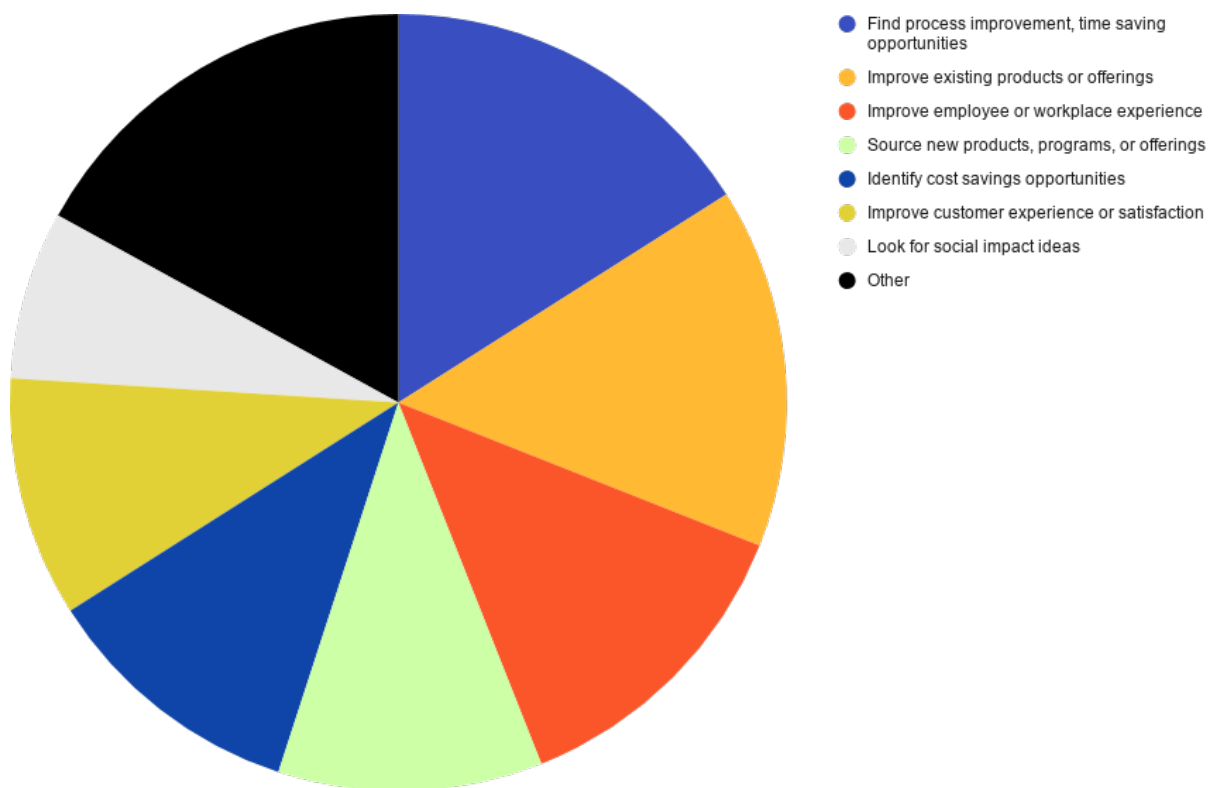
But the pandemic's influence can be felt in far more distinct ways, as well: in the shift away from core innovation to the opportunity spaces of adjacent and transformational change. **A mere 38% of innovation change was categorized as core in 2020 with the remaining focus placed on the more disruptive portfolio options.**
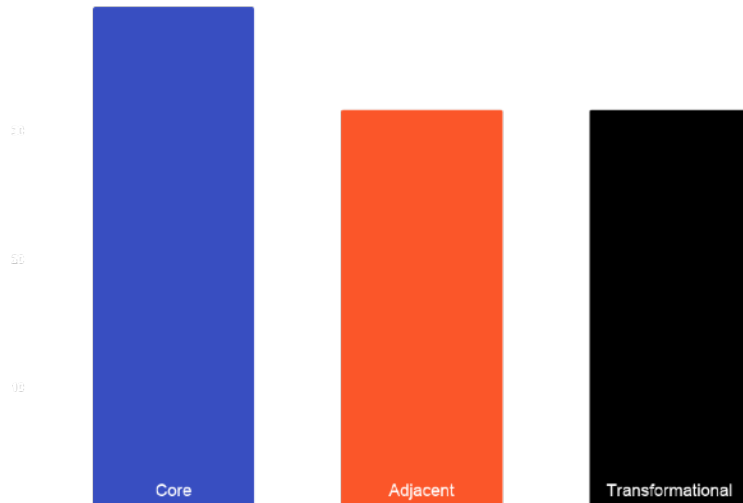
Benchmarks and Results

- 0-10%
- 11-24%
- 24-49%
- 50-74%
- 75-100%

When it comes to engagement, there is a wide range of participation. **Most crowdsourced innovation programs are inviting thousands of people to join their effort, but the majority of programs see around 10-25% of their invited crowd participating.** This is in keeping with other crowdsourcing or social platform trends like the 1% rule which states that in an internet community, only 1% of the users of a website add content, while the other 99% of the participants only lurk.[2]

Here are some other benchmarks for crowdsourced innovation communities. We are presenting the averages for each of these categories.

| Daily Ideas	Monthly Ideas	Moderators Per Campaign	Moderators Per Community	Community Members
114	3,500	2.5	8	2,500

2. https://en.wikipedia.org/wiki/1%25_rule_(Internet_culture)
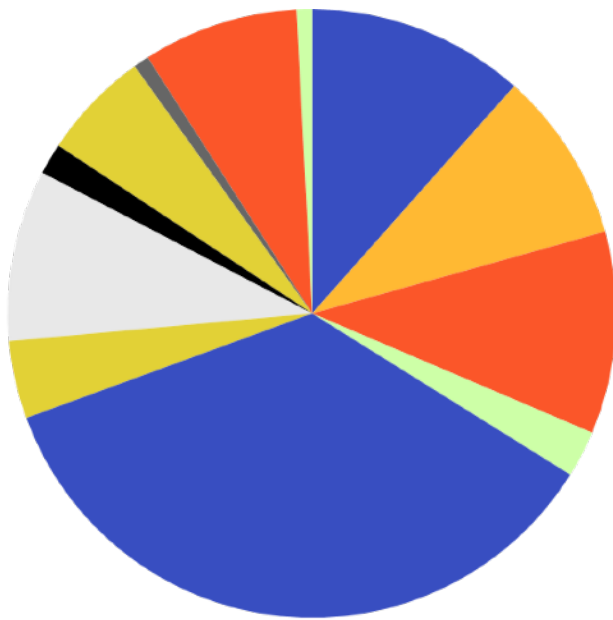
One of the things that is increasing participation in innovation communities is the use of incentives. **Over the past few years, the number of options for crowdsourcing incentives have proliferated (from five in the early years to more than ten incentive types today). The number of innovation programs who don't use any incentives has dropped by half and the leading incentive type is recognition.** A recognition incentive strategy is in keeping with research from Harvard and NASA that states managerial recognition significantly increases engagement in these types of programs.[3]
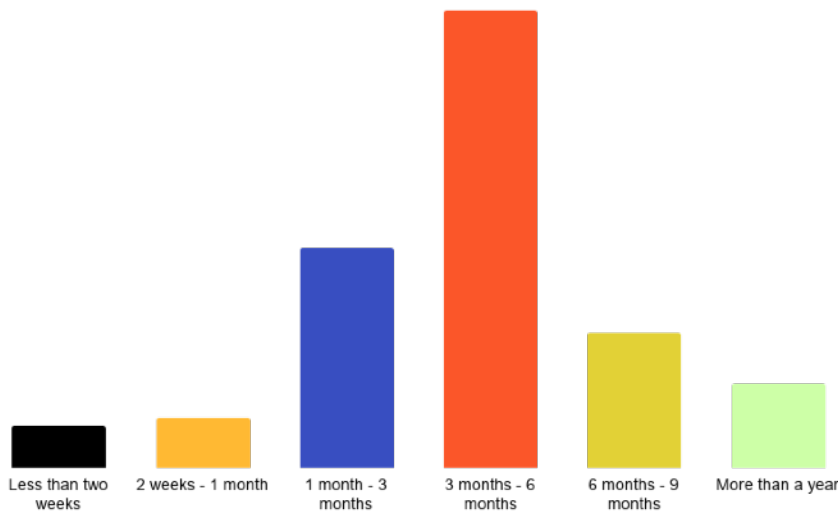
The majority of innovation leaders are measuring output across the innovation portfolio by the number ideas that become projects to be implemented in the pipeline. This is likely the most popular metric for performance, because it is otherwise difficult to compare ideas across the different solution sets and horizons of change. It is interesting, however, that employee and customer satisfaction are even more important than new revenue generated and profitability when assessing innovation health.
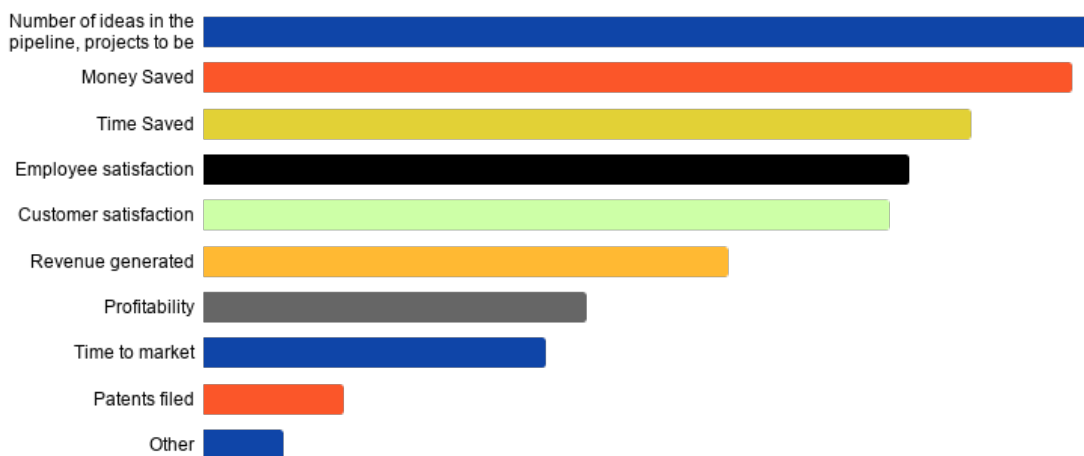
3 Recognition Incentives for Internal Crowdsourcing: A Field Experiment at NASA, November 2019
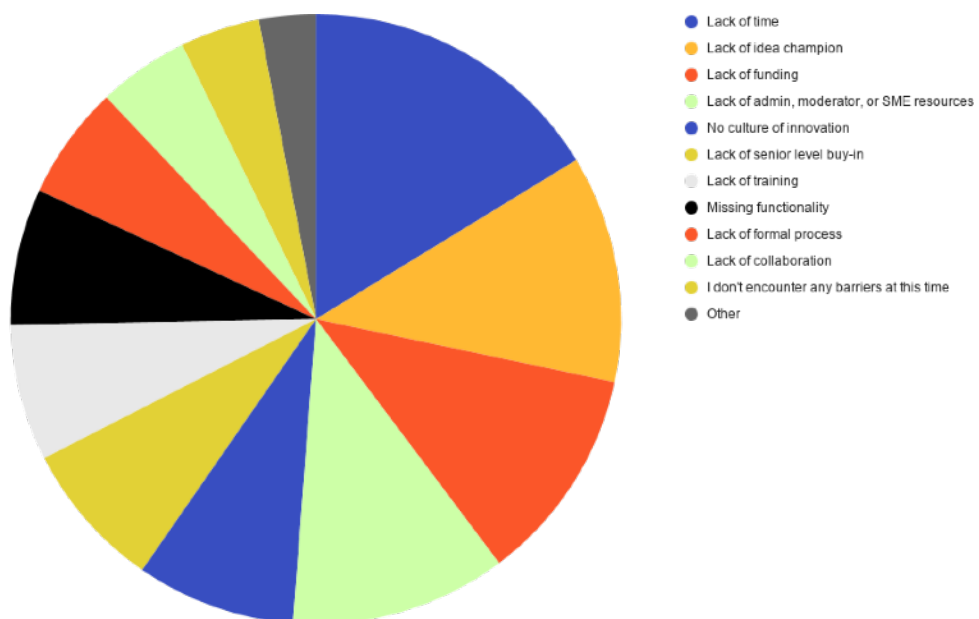
When it comes to delivering on those ideas, we are also seeing improvement. For the past two years, half of our customers took more than six months to implement an idea after submission. Now **the majority of IdeaScale innovators are implementing ideas in six months or less.**

Less than two weeks | 2 weeks - 1 month | 1 month - 3 months | 3 months - 6 months | 6 months - 9 months | More than a year

Innovation Obstacles

Lack of time is still the number one obstacle to any innovator. This is unsurprising since the majority of decision making is still happening in meetings that take place on a weekly or monthly basis. However, many organizations also point to a lack of human resources or funding. In order to overcome some of these barriers, IdeaScale has provided a list of recommendations for innovation programs in 2021.

- Lack of time
- Lack of idea champion
- Lack of funding
- Lack of admin, moderator, or SME resources
- No culture of innovation
- Lack of senior level buy-in
- Lack of training
- Missing functionality
- Lack of formal process
- Lack of collaboration
- I don't encounter any barriers at this time
- Other

Recommendations

There are a lot of lessons learned and opportunities for growth in any innovation program, but IdeaScale has identified the five most impactful changes that you can start doing today that will help you improve crowdsourced innovation performance.

Find an Executive Sponsor. If you don't already have leadership backing, you must find it. In fact, it's even better if innovation permeates the entire top-level of an organization. Innovation programs that have already adopted this best practice have reported higher levels of success and more confidence in their ability to deliver. Find out what problems matter to your leaders and then try to help them solve them.

Invest in Recognition. Recognizing your contributors and collaborators is a virtuous cycle. According to Harvard's investigation into internal crowdsourced innovation at NASA, there is no greater incentive than recognition to someone's manager. Make sure that this part of the intrinsic value of participating in that program and you'll build credibility and get better ideas. These innovators are budding leaders and recognition will make them excited to grow with your organization.

Plan For Success By Aligning Objectives to Outcomes in the Planning Phase. In order to get the best ideas and validate the progress of ideas, prepare for implementation by establishing and communicating success criteria. The majority of innovators select ideas by their alignment to organizational values and objectives. If this is not clear in your innovation plan, then you likely won't get ideas that will progress.

Find Innovation Process Efficiency Opportunities. Does decision making really need to take place in meetings anymore? If we know our criteria and objectives from the beginning, if we have tools that allow us connect asynchronously, can we accomplish more with less time? Taking time to refine your process and understand campaign goals from the beginning will definitely make this more achievable.

Measure. There are a variety of ways to measure the return on innovation, but if you're not using one then, you must begin today. This is major opportunity for the 60% of innovators who do not have a methodology to measure ROI. Organizations that are generating significant cost savings, developing substantial new lines of revenue, and savings lives all have one key best practice in common: *they measure the outcomes of their programs*.

Think you're ready to innovate? Start your own free community at ideascale.com.