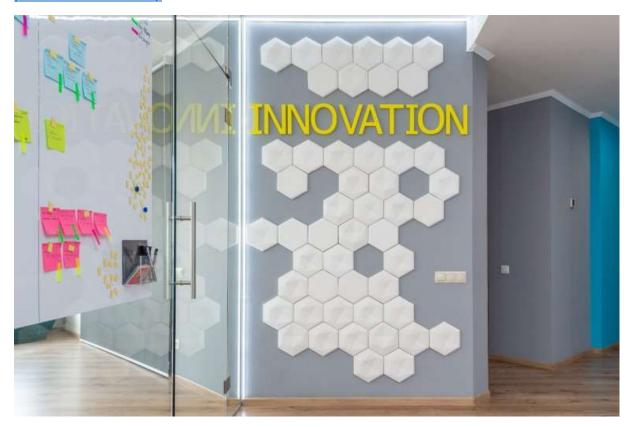# Innovation management, an ISO 56001 approach.

Frédéric Sauzet - https://innovecteur.com/2023/10/16/management-de-linnovation-une-approche-par-la-norme-iso-56001/

The French "Info Action" day organized by AFNOR's National Innovation Committee ended on Tuesday October 10. I'd like to share the messages I found particularly interesting, as well as the link to download the ISO 56001 standard!
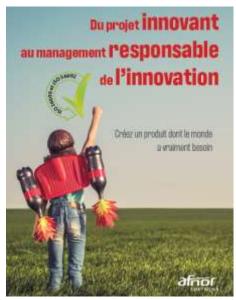
Of course, the 10 points I mention here in no way summarize the multitude of exchanges and the variety of discussions that took place. My selection is truncated, subjective and taken out of its wider context. And ISO 56001 is far more comprehensive than this post.

For you have until the end of November 2023 to submit your comments on the project through the public inquiry procedure (link to the standard, in French and English): https://lnkd.in/eEdUurnp

Your contributions will help to fuel the debate at international level, and make a further

DISCLAIMER: This article, although largely based on the ISO/DIS 56001 document "Innovation Management System", is interpreted (subjectively) and written (selectively) under the sole responsibility of Frédéric Sauzet.

This post is part of my work documented in the book "Du projet innovation au management responsable de l'innovation" (From innovation projects to responsible innovation management), which already took into account the recommendations proposed by a cousin document of ISO 56001 [thanks Alice de Casanove].

Responsible innovation management proposes taking into account the potential short- and long-term impacts, both positive and negative, of any innovation. A necessity today, as we rediscover the meaning of planetary, social and societal limits.

"Such a subject, which has not really been discussed or taught, deserved to be explored in greater depth and, above all, documented by current practices. A very fine synthesis rich in many contributions, which in the end is very operational, which is quite rare." Antoine

https://innovecteur.com/responsable/

1. Points of reference

ISO 56001, entitled "Requirements for innovation management", aims to provide a framework for the implementation of an innovation management system and its certification (following an audit). Without seeking to impose a single structure, we propose a few points of reference:

Innovation: a new or modified entity that creates or redistributes value.

- [entity] An innovation can be a product, a service, a process, a business model, a method, and so on.
- Novelty and value relate to, and are determined by, the perception of the organization and relevant stakeholders.
- Innovation is a result. If the term innovation refers to processes aimed at innovation, it should be associated with a qualifier, e.g. innovation activities.

Value: gains resulting from the satisfaction of needs and expectations, in relation to the resources used.

- Income, savings, productivity, sustainability, satisfaction, empowerment, involvement, experience, trust.
- Value can be financial or non-financial.
- Value can be created, realized, acquired, redistributed, shared, lost or destroyed.

Innovation initiative: a set of coordinated activities aimed at innovation.

- An innovation initiative can be informal or formally controlled, and can take the form of a project, a program or any other type of approach.
- The objectives and scope of an innovation initiative can change and be updated as the initiative progresses. An initiative may be abandoned or suspended, or its results transferred to other initiatives, projects or programs. Not all initiatives lead to innovations.
- A set of innovation initiatives may constitute an innovation portfolio.

2. This standard can be used by different types of organization

2.1 For their own account

- Organizations collaborating in a value chain [public or private enterprise, whatever their size].
- Open innovation networks [e.g. innovation communities].
- Ecosystems sharing a common mission [collaborative innovation].

2.2 To evaluate a partner

- Organizations wishing to assess the innovative capacity of their partners, suppliers or other potential stakeholders.

2.3 To decide on the use of funds

- Funding agencies,
- investors,
- Government authorities,
- incubators/accelerators
- seeking to allocate funds (grant, advance, loan, capital) to innovative structures.

3. The standard defines 8 innovation management principles

They guide the implementation of the innovation management system:

- **Value creation**: Value, whether financial or non-financial, derives from the implementation of new or modified solutions for stakeholders.
- **Forward-looking leaders**: Leaders at all levels must encourage innovation by developing an inspiring vision.
- **Strategic focus**: Innovation must be aligned with shared objectives and supported by the necessary resources.
- **Culture**: A culture of openness to change, risk-taking and collaboration is essential.
- **Harnessing insights**: The organization must take advantage of internal and external cues to acquire enlightening knowledge.
- **Managing uncertainty**: Uncertainty and risk must be assessed, exploited and managed through systematic experimentation.
- **Adaptability**: The organization must be able to adapt in a timely manner to changes in the context.
- **Systemic approach**: Innovation management is based on a systemic approach, with regular evaluation of system performance and improvements.

4. Uncertainty and risk management

For ISO 56001, innovation activities by definition involve high levels of uncertainty, particularly in the early phases of exploration.

These phases are characterized by non-linearity, experimentation and learning. They are conducive to the acquisition of new knowledge and clues, reducing uncertainty as the process advances.

Innovation initiatives involve risk-taking in decision-making, and not all initiatives necessarily lead to successful innovations. The interruption of initiatives is an integral part of the innovation process and can be a source of learning for the development of other innovation activities.

5. Innovation vs. Quality

Other management standards include ISO 9001 for quality, ISO 14001 for the environment, and ISO 45001 for occupational health and safety.

For companies, integrating these requirements poses a challenge, a subject addressed (superficially) by the ISO 56001/2 standards. Although each standard can be used independently, they are compatible thanks to a similar structure and similar requirements, enabling various mechanisms to be grouped together.

As far as innovation is concerned, ISO 56001 is clearly based on the concept of ambidexterity, i.e. the balance between :

- exploiting existing offerings [today] and
- exploring new products, services, processes and business models [tomorrow].

Beyond this sometimes tenuous distinction, the success of ambidexterity lies in the ability to maintain a close link between exploitation and exploration, through, for example, the transfer of knowledge/skills/learning. I think it would be useful to include this reality in the future innovation standard.

In my personal opinion, ISO 56001 brings value to exploration activities, whether for a young company in a growth phase, or for a research, development or innovation center. Quality, Environment, Health & Safety standards, on the other hand, more effectively support operating activities and the principles of incremental innovation and continuous improvement.

However, I'm still sceptical about some of the requirements of ISO 56001.

- Consider that the innovation standard refers in particular to the principles of non-conformities, audits and corrective actions - notions which make sense for operating activities - whereas the very purpose of innovation is to explore.
- Sooner or later, this desire for framing / belief in control will stifle innovators' initiative.

- Finally, setting these parameters as requirements of the innovation standard implies that they will be audited (you know the rest: documentation => formalization => bureaucratization).

A company managing both exploitation and exploration activities at the same time will have every interest in distinguishing its management systems, as has been widely documented in the research literature:

- The innovation standard for research, development, innovation and strategic marketing activities, and
- Quality - Environment - Health & Safety standards for other activities (operational marketing, sales, industrialization and production, supply chain, customer service, etc.).

6. Role of top management, according to the standard

Top management must develop innovation strategies that emphasize the importance of innovation, valuing good practice and learning from successes and failures.

It is management's responsibility to cultivate an atmosphere conducive to innovation, fostering creativity, risk-taking, collaboration, exploration, diversity, continuous learning, and a strong commitment to results.

Management must assert its leadership and commitment to value creation, both financial and non-financial.

Management must allocate time and resources for innovation and training activities, and demonstrate its commitment to change management.

7. Innovation portfolio

To optimize its potential for success, the standard recommends setting up a portfolio of innovation initiatives and evaluating it in the light of several aspects:

- The balance between risk and reward
- Value for money
- Degree of novelty
- Types of innovation
- Time horizons

The organization may create innovation portfolios at different levels - strategic, tactical and operational - depending on its needs and objectives.

I fully agree with this requirement, since even a young company with limited possibilities for diversification would do well to consider it: its offering or, at the very least, certain technologies/partners/markets.

Having a plan B is often a rule of survival in uncertain times.

8. Innovation processes

The organization must establish flexible innovation processes tailored to each innovation initiative. ISO 56001 identifies five complementary themes:

- Identifying opportunities, particularly on the basis of declared and undeclared expectations of users, customers and other interested parties.
- Creating concepts, up to and including determining value for users, customers, partners and other stakeholders.
- Validate concepts by testing critical uncertainties related to the concept and making adjustments, improvements or abandoning the concept.
- Develop operational solutions, taking into account intellectual property aspects and preparing for wider deployment.
- Deploy solutions, assessing adoption and impact in terms of value creation.

9. Tools

Among the tools mentioned in the standard are retrospective analysis, ethnographic research, scenario planning, foresight, brainstorming, strategic intelligence, Design Thinking, TRIZ methods, roadmaps, customer surveys and business model development tools.

The C-K approach, Lean Startup, Vianeo / ISMA 360, design fiction, frugal innovation, intrapreneurship, effectuation and open labs complete the catalog.

It's worth noting the total freedom given to each organization to choose from this vast panorama, which seems to me to be the most sensible approach. Particularly since, beyond the tools, it's the collective intelligence that often (always) makes the difference.

As you will have noticed, the tools mentioned above are all intended to be rational and to produce results without fail. Why not also promote more sensitive approaches (arts, emotions, …), which are just as effective but still perceived in a pejorative light? [Thank you Gaëlle-Rey]. Especially since academic research has studied these hybridization phenomena.

This would probably be a first for the International Organization for Standardization!

10. Indicators

ISO 56001 does not list any indicators to be put in place, and merely requires "what needs to be monitored and measured" to be determined, and "which innovation performance indicators should be used". Only one indicator is mentioned: taking into account innovation performance at system, portfolio and initiative levels.

This paucity is disappointing, given the complexity of the subject.

- At the very least, a partial adoption of the recommendations of ISO 56002* would make a much-needed contribution to the "initiative" dimension.

- Indicators linked to the principles of innovation management (§ 3), to cover the 'system' dimension.
- The book "Du projet innovation au management responsable de l'innovation" devotes an entire chapter to the 'portfolio' dimension. "To what extent is the company preparing for the future / investing in line with its strategic priorities / anticipating changes in the market and society" should be among the topics covered.

* ISO 56002 provides an interesting starting point: "The dashboard may include quantitative or qualitative indicators of innovation performance, including :

a) indicators linked to input elements, e.g. number of ideas, number of innovation initiatives, potential of ideas in terms of value creation, new sources of knowledge, new ideas, resources and skills;

b) indicators linked to performance, e.g. speed of experimentation, learning and development, number or rate of employees, managers or users involved or trained, effectiveness of collaboration and relationships, new tools and methods adopted, time to benefit, time to market, level of commitment and brand awareness;

c) indicators linked to output elements, e.g. number or rate of ideas put into practice, return on investment of innovations, growth in sales and profits, market share, ease of use, speed of adoption by users, level of user satisfaction, speed of diffusion of innovations, organizational renewal and transformation, societal and sustainability benefits, cost savings, speed of learning, intellectual property, new users and image.

In line with ISO 56001, the ability to innovate is recognized as a key factor in sustainable growth, economic viability, improved well-being and societal development.

To realize this ambition, the future requirements standard (ISO 56001) could draw inspiration from the recommendations document (ISO 56002).

It proposes formulations in line with the notion of responsible innovation management: "responsible use of resources", "sustainable renewal of the offering portfolio", "desired impact of innovations", "impact in terms of value creation or redistribution", "impact in terms of adoption and new behaviors of users, customers, partners and other interested parties", "societal responsibility issues".

23/10/2023

Frédéric Sauzet

https://innovecteur.com/