

THE PSYCHOLOGY BEHIND DECISION MAKING ON THE MANAGEMENT OF INNOVATION PROJECTS

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- Part 1: How can managers initiate and keep on innovation ?
- Part 2: Modeling the process towards decision making, inside the manager's mind

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- INNOVATION:

a structured approach, around a *process* that has to answer in a creative(new) manner to a certain need, by creating value and by being accepted by the users (the customers)

GROFF, A., "Manager l'innovation", Ed. Afnor 2009, Paris

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- INNOVATION MANAGEMENT

means to provide and to distribute the resources needed in order to innovate. This implies the implementation, control and dissemination of the results broughtened by the *innovation process*.

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- INNOVATION = the answer to CHANGE, by exploring and exploiting **innovation opportunities**

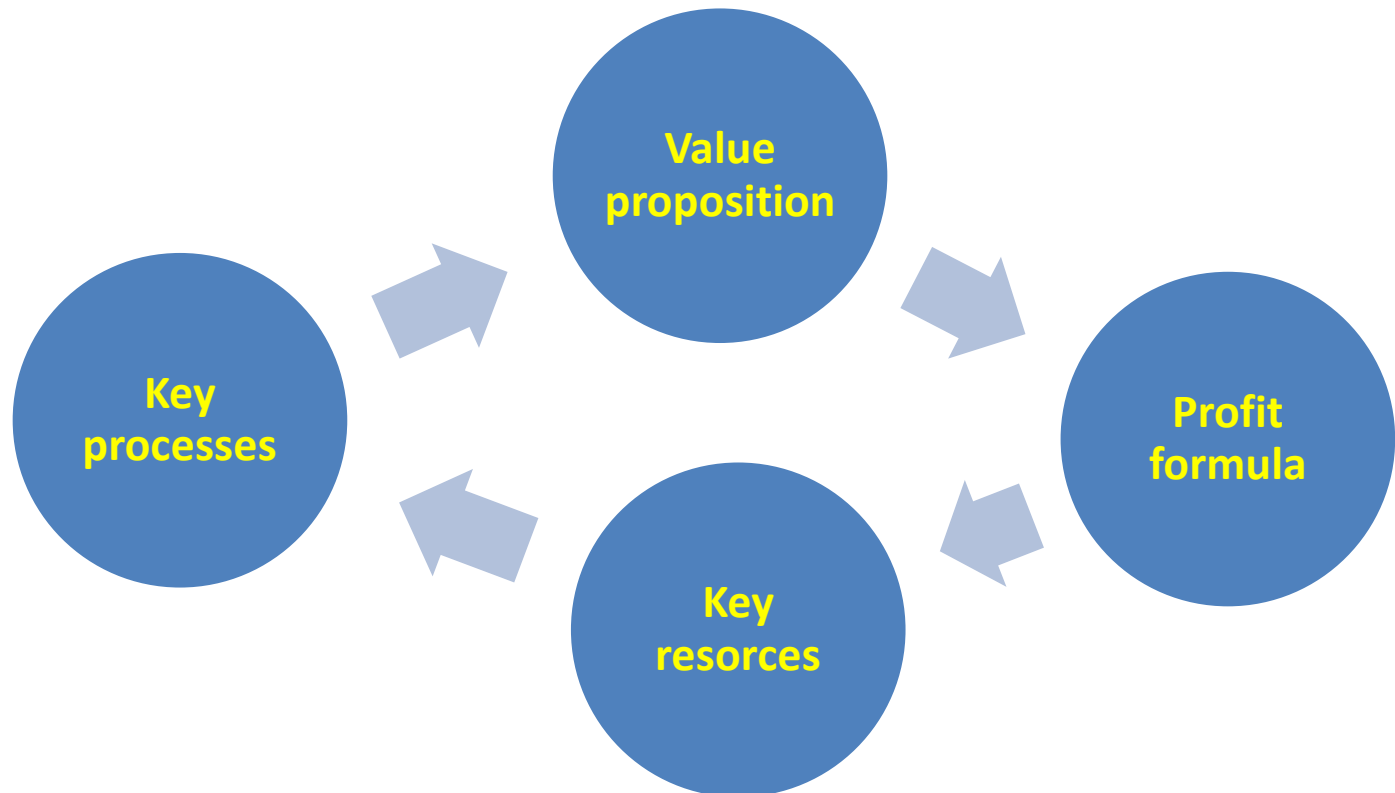
innovation opportunity = “the chance to obtain economic values through a formula that fits resources to market needs” [HOLMEN M., MAGNUSSON M., McKELVEY M., 2007]

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- In the evaluation of innovation opportunities, **managers** should look for **three elements** that the concept of innovation opportunity should contain:
 - **economic value** (that supposes that the new solution is marketable)
 - **the capacity to mobilize the resources** needed to exploit the chance of innovation
 - **the benefits** from innovation to be at least partly **gained by the initiators** of the project.

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- Innovation opportunities do fit to THE BUSINESS MODEL?



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Management side

- 1. Are we making the right product?
- 2. Are we making the product right?

Customer side

- 1. Is this product useful for us?
- 2. Do we use it in the right way?

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Involvement of potential users in the decision process

- **Brainstorming (clients, employees)**
- **Quick design**
- **(first) User experience**
- **Quick implementation**
- **Cost/Benefit test**
- **Writing down:**
 - **decision criteria(d.c.) for innovation**
 - **d.c. critical values and measurement tools**

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- Hewlett Packard weighting decision criteria model

1st. Criteria: Business Value (46%)

2nd. Criteria: Customer Satisfaction (26%)

3rd. Criteria: Process Effectiveness (19%)

4th. Criteria: Employee Satisfaction (7%)

[ENGLUND, GRAHAM 1999]

Hewlett Packard weighting decision criteria model with related subcriteria

Business Value (46%)

Achieves **critical results** for a specific opportunity

Minimizes risk of implementation

Improves integration and relationship with partners

Provides a **positive ROI** in <2 years

Process Effectiveness (19%)

Increases employees **self sufficiency**

Enables employees **to do things right** the first time

Reduces manual work and non value-added activities

Customer Satisfaction (26%)

Improves **service levels**

More accurate and consistent **consumer information**

Employee Satisfaction (7%)

Improves employees **knowledge**

Helps **balance workload**

Increases **employees efficiency or effectiveness**

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Conclusions(1)

Innovation decisions are a kind of change decisions
that is giving them a strategic dimension

Innovation decisions need to be built on a base of
agreement among the participants about the
innovation process **concerning new values**

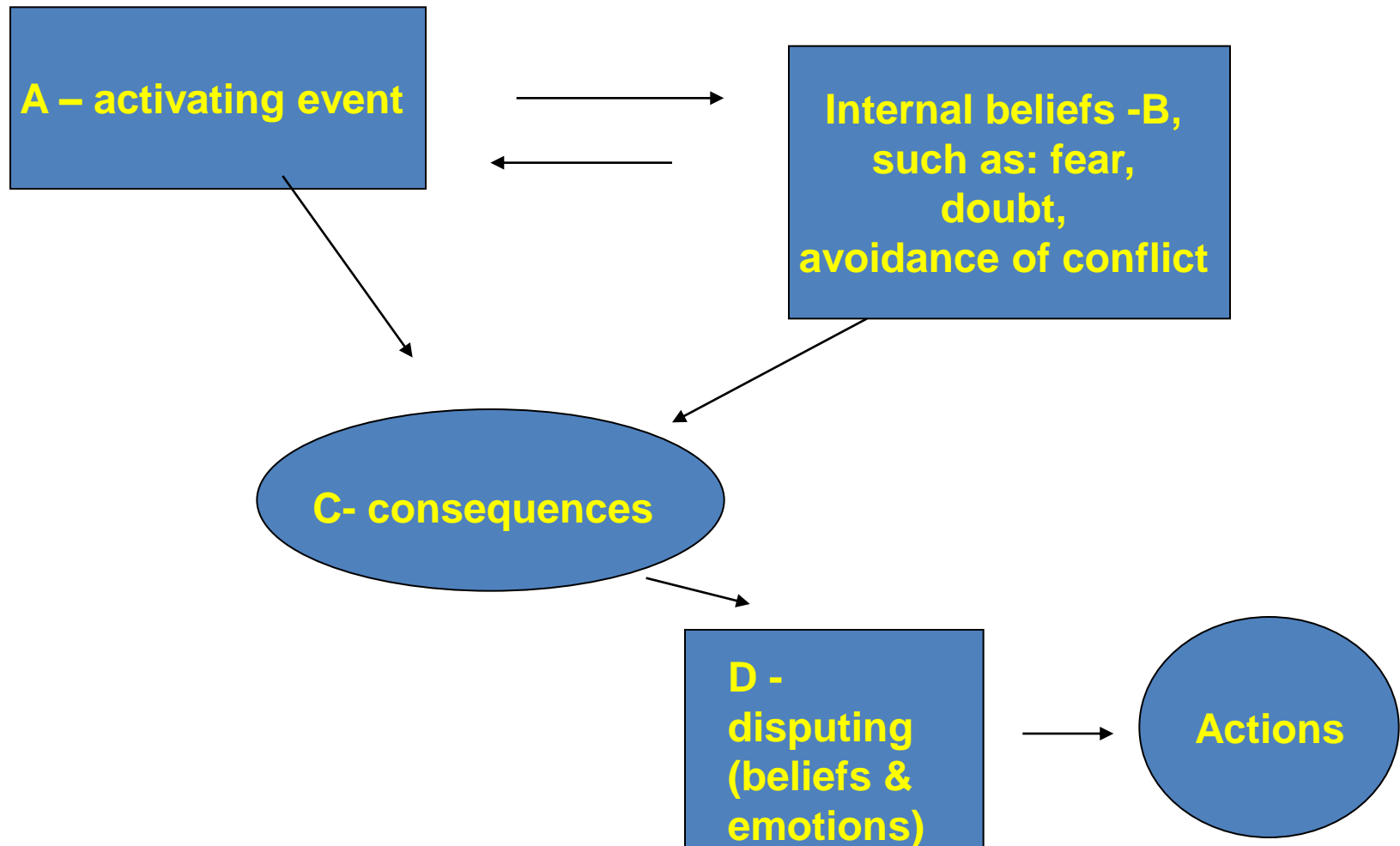
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- The ABCDE Model [Albert ELLIS]

The aim of this model is to offer a better understanding of the forces that influence managerial decisions

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- The ABCDE Model [Albert ELLIS]



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Conclusions (2)

- Change – is a driver for innovation
- The ABCDE model is a quiet simple framework to re-think and analyze our convictions and behaviors by changing them with moving incentives.