

Managing the Innovation Process: Selecting Ideas to Develop

The social enterprise needs to consider the strengths and weaknesses of the evaluated ideas and make a decision about the ideas that will be taken forward to the stage of development, bearing in mind the strategic context of the social enterprise. This stage is very important since this is where a lot of the smaller enterprises lose their way - small enterprises tend to get lost in the abundance of new ideas they generate.

A crucial criterion for making decision at this stage is the assessment of market demand, competition and the potential social and/or environmental impact. Social enterprises with an inclination towards the social and environmental impact should make sure that they take extra effort to assess the level of the market demand and the state of the competition before committing resources to the development. Equally social enterprises with a trading inclination should ask what is the value added to the social and/or environmental impact before proceeding to the commitment for development.

Another crucial consideration at this stage is a rough assessment of the resources required for the actual development of the proposed innovation idea as well as the capacity of the social enterprise to produce and deliver the proposed innovation once developed. For instance if the considered innovation is the development of a new service or product -that requires the development of a new value chain- the social enterprise needs to consider whether it can access the required resources for producing and delivering the new product or service (identify, select and organise suppliers etc.). All in all, a vital requirement for making a decision at this stage is the existence of a business model associated with the proposed innovation in order to enable the sustainability of the proposed innovation.


The individuals carrying out this task should have the ability to influence decision-makers (e.g. the budget holders to approve the development budget) by presenting thorough arguments and reliable predictions and, most of all, they must be impartial (i.e. not tied up to any vested interest) and act solely for the interest of the social enterprise.

What does this mean for me?

During the search for innovation ideas social entrepreneurs will go through several phases.

- At first we start with many ideas, which we might term a long-list
- Then we refine our list to a smaller list of more realistic opportunities. We would normally term this a short-list
- How do we progress from a short list to identifying one or two candidate ideas for development?


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Key concept This is where you as a social entrepreneur exercise your judgment. The tools we have discussed to dates such as the balanced score card, the associated options appraisal tool or opportunity cost are only attention directing tools.

That is, they direct your attention to specific aspects of a situation and aid in your decision making. They **do not** make the decision for you.

As social entrepreneur you make the decisions. One rule of thumb is to be lead by the mission, rather than the need to make money. We trade to support our social purpose, not for its own purpose.



Be Aware

Balanced score card and weightings

You can build on the work in the preceding section by applying weighting to specific criteria for an options appraisal. If environmental impact is more important to you may choose to adding extra weight to that criterion.

This is normally done by multiplying the base criteria by a number by a weighting e.g. 1.1 will increase the relative importance of a score by 10%.



Case Study

The **Aldingbourne** trust has a simple tool to help decide if an idea should progress from short list to fully fledged candidate for development. This is the Decision Filter. There are a series of questions arranged by theme that should all be answered.

Values	
Question	Answer
Does it provide training opportunities for people with learning disabilities?	
Does it provide employment opportunities for people with learning disabilities?	
Do the opportunities provide transferable skills for people with learning disabilities?	
Why haven't we done it before	
Is it environmentally sustainable?	
Who needs to be involved – internally &	

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externally?	
Technical	
Question	Answer
So we have the actual capacity to deliver / provide within the timescales?	
Is it based on sound principles?	
Is it safe & legal?	
Is planning permission needed?	
Any other developments likely to overtake it?	
Can it be provided with existing resources / technology?	
How does it fit into current Trust set-up?	
Commercial	
Question	Answer
Will customers buy it / funders fund it?	
Is it too similar to existing products/ services?	
Is it in a declining market?	
Are the margins acceptable?	
How much capital investment does it require & what are the returns on this?	

 Dig Deeper	<ul style="list-style-type: none"> • Balanced Score Card • The Aldingbourne Filter • Business decision making • Innovation management decision making
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