Individual Innovation Incentives

- An Overview of Motivational Incentives within Innovation

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Abstract

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Issue of study: Today, in an information-driven economy, it is more important than ever to be innovative. Developing new ways to create and deliver value is the main method of competition in the business world. Although the picture differs widely from the industrial age, the principals used to manage these companies and employees are same as a century ago. Paying people will just make them do what you tell them to. In order to realize their full potential you need their participation and full dedication. Today your employees are your only bottleneck and the undisputed key to your success. Realizing their potential is maximizing your potential. This can only be done through motivation.

Purpose (1) Investigate and describe incentive systems within companies defined as pioneers regarding the innovation process. (2) Describe the systems according to new theory. (3) Generalize the incentive systems into trends and analyze these trends according to the diffusion theory.

Method: The research has been conducted through case studies on six companies active within innovation networks. Data has been gathered during two steps; a shorter telephone interview and a longer face-to-face interview. The compilation of the research data has been analyzed with motivation and diffusion theory.

Conclusions: We have in our thesis isolated five trends regarding motivation for innovation among our respondents, who consist of Sweden's top innovators. We have created a theoretical framework to describe, compare and evaluate these trends. We have then mapped each trend's current maturity and predicted their future development and adoption. During this work we have unveiled the *effectiveness – efficiency paradox*, greatly affecting companies' innovation work.

Key words: Innovation, motivation, diffusion of innovation, Incentive systems, the 4DMI model, the maturity model, motivation management trends, managing innovation.

Preface

When Bengt Järrehult first raised the underlying issue for our master thesis there was no question about the interest of the subject from our part. Undergoing a master program with focus on innovation and the mix between technology and management we have had an amazing opportunity to dig deeper into these areas.

First of all we want give our acknowledgement to our tutors, Bengt Järrehult, Carl-Henric Nilsson and Cecilia Beer for all their inspiration and knowledge they have give us in our work. You have truly supported us through the process with both inspiration and feedback that has pushed us further and made our thesis even better.

We would also like to thank our respondents for the time they have taken when conducting the interviews. You have made this thesis possible!

Finally we want to thank our families and loved ones; who has given us support throughout our thesis.

Lund, May 25th 2011
Filip Bengtsson, Josef Ekman & Jakob Söderström

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1 Introduction

1.1 Background

The way organizations are perceived today differs a lot from how they were perceived one century ago. When Frederick Winslow Taylor wrote his book "The Principles of Scientific Management", he wanted to create a new theory concerning how companies should work, be lead and become as effective as possible to reach their goals. Processes should be standardized and structured in order to solve tasks within the organization. (Taylor, 1911) Nowadays his theories do not fit our society. Taylor created these theories for an organization that now almost has vanished, i.e. big manufacturing companies with line assembling work and manual labor. Despite this, companies are still being influenced by his ideas and theories. (Järrehult, interview 2011, Hamel 2006)

According to Johnson, Manyika and Yee (2005) 70 percent of all jobs created in United States in 2005, were complex jobs that require judgments and experience, entitled as tacit knowledge. The rest, 30 percent, were algorithmic jobs and referred to as explicit knowledge or transnational jobs. One important reason for this change is outsourcing of the least complex jobs. Transnational jobs can easily be outsourced to other low-cost-countries, which occur in the majority of companies in developed nations today. This means that companies must change much of what they know about managing, technology and organization in order to keep up with the business world. (Johnson, et al. 2005; Martins & Terblanche, 2003). But on what foundation can one say that these information- and knowledge-based workers should be managed in the same way as workers at the assembly line over a century ago?

These post-organizational knowledge-based industries strive for growth, survival and competitive advantage, which demand creative and innovative companies. (Davila, Epstein & Shelton 2007; Porter, 1990; Vinnova, 2010). More than ever, innovation is the topic to discuss; regardless which business area or company you are working in (IBM, 2009). Innovation is not only important for companies, but also to the society and the future, as the formula behind competitive advantage. IBM conducted a study 2009 where over 1500 CEO's around the world from different companies were interviewed to give their answer to the question; how are you responding to a competitive and economic environment? From the result we can see that one of the most important priorities within these companies was to become more innovative. Nick Donofrio, IBM's executive vice president for innovation and technology, explains:

"In the 21st century, innovation is my job. It is the most important thing I do for my organization. What I need to do is to take my organization away from where it is now and move it to a place of higher value." (O´Connor, 2009, p. xxi)

Von Hippel´s (1988) studies about innovation confirm that companies can expect higher profits in an innovating company than in a non-innovating company. A more recent study compiled by the consultant firm Arthur D. Little with respondents from more than 800 companies worldwide shows that most companies see innovation as the primary aspect for the company's ability to realize profit growth. It also shows that innovation increases EBIT-margins with more than 4 percent units and that the top innovators have 2.5 times more sales of new products and obtains more than 10 times higher returns on their innovation investments. (Arthur D. Little, 2009).

Everyone agrees that innovation is important. But management must remember that innovation is neither luck nor something that just happens without explanation. It must be stimulated throughout the organization. (Davila, et al, 2007). This call for innovation and creativity implies a thorough change within the companies for how they motivate their employees, according to inter alias: Amabile (1996, 1997, 1998, 2007, 2010); Hamel (2008); Martins and Terblanche (2003) and Mumford (2000).

As stated earlier, the work assignments have changed to become more complex. An effect of this is that you no longer can manage your workforce by just creating a clear working process, since the processes today are different every time. If you want your employees to perform you have to reach beyond that they do it just because you pay them. It is no longer sufficient to have employees that just perform the task you assign to them, only if they share your passion, mission and vision they will realize and use their full potential at work. Pink (2010) describes many situations where monetary incentives do not improve employee performance; many times it even make it worse[*]. If you cannot pay your employees in order to make them do a better job what should we do then? How should companies motivate their employees in order to be more innovative?

1.2 Issue of Study

In order to realize employees full potential you need their participation and full dedication. A century ago, when most of today's management principles where found, an employee was just required to be sufficiently fast to keep the machine or assembly line rolling. Today it is not your machinery but instead your employees that are your bottleneck, thus the undisputed key to your success. Realizing their potential is maximizing your potential. This can only be done through motivation.

A large majority of all companies still motivate their employees using the old Taylor way i.e. by awarding good behavior and punish undesirable behavior (Pink 2010). Lately new theories regarding how to motivate employees have entered the

[*] For interested readers, or readers that want a swift background in a bit more relaxed fashion we recommend you to go to youtube.com and search for 'motivation drive' and look at the first video that comes up, a speech given by Pink.

business world. This implies there is a mismatch between theories and company practice. But how can companies reduce this mismatch? Which actions can be taken and what systems can be implemented according to the new theories?

Companies want to become more innovative but they do not know how. As we have touched upon, motivating your employees is the most important aspect to become more innovative as a company. Therefore companies are searching for powerful systems to motivate and manage innovation.

When speaking about implementing incentive systems in order to motivate staff to be more innovative there are a few things to keep in mind. A company is a very complex organism and there are many input variables into the equation. A certain rule, incentive or system has to be seen in the light from the other systems in the company, the overall management system and the culture. In order to get a complete and coherent view of motivation and motivational factors, one need to keep this complex situation in mind, see figure 1.

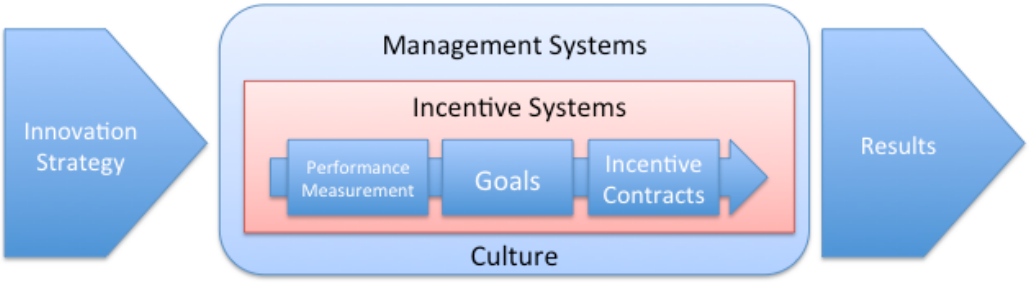


Figure 1 – A schematic view over the different factors affecting the innovation environment in a company. (After Devila et al 2006, p184)

1.3 Purpose of the Thesis

This thesis aims to aid companies in improving employees' innovativeness by motivating them. The result includes:

1. How companies can motivate their employees through different systems
2. A generalization of todays motivational systems into trends
3. A prediction regarding motivational systems
4. Underlying issues that effects company innovativeness and innovation work

To clarify to purpose and this thesis we need to define the two words incentive and system that we use throughout the report.

Incentive: A reason, inspiration or motivation to do something.
System: Implementation or realization of an incentive.

1.4 Focus area

The innovation process used at most companies within our study is shown schematically in figure 2. The process starts with an idea, either from a customer, an employee or something possible due to new technology. All these ideas go through some kind of screening, choosing what ideas to continue with. This screening differs a lot between different organizations. After this screening of ideas there is some kind of decision about what ideas you turn into development projects. This kind of decisions whether or not an idea should be taken forward is often called a gate. A gate then leads to a new stage where a certain task is done. This process is therefore often called a stage-gate process. The development process is often such a stage-gate process but the exact construction and design vary widely based on the nature of the idea. This part in the innovation process however shares most characteristics with an ordinary product development process. After this, if the project passes though all the gates, it is launched on the market or implemented in the company. This development process does not differ substantially from an ordinary product development process.

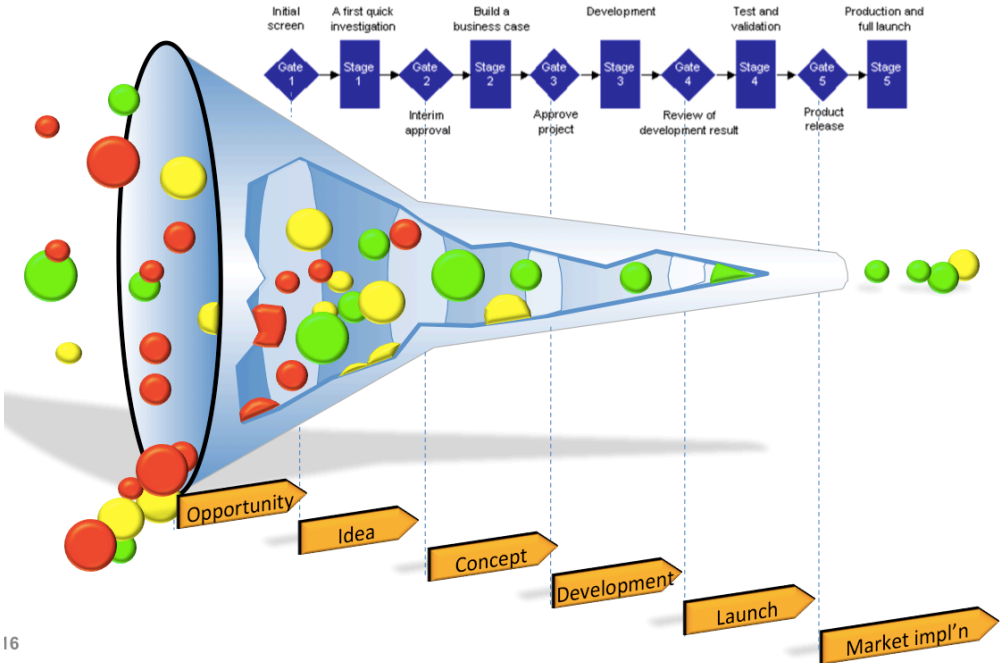


Figure 2 – A typical process for innovation at companies. The number and purpose of the gates vary, but the overall structure is often similar (Courtesy of Bengt Järrehult, SCA)

We have studied big and successful companies who are in general good at driving product development processes and seldom have issues with the stage-gate process. We have therefore focused our research in this thesis to the ideation, the first part where ideas are generated, and the idea screening phases. These two phases also fundamentally differ from the standard project in companies, due to

their high dependency of creativity. Most projects only depend on efficient execution and a streamlined structure, but these innovation projects on the other hand have totally different success factors.

Our respondents consist of companies from Sweden represented not only on their local market but also outside of the national boarders. All companies in this study are by some means manufacturing companies, although with different portions of service offerings.

Important to remember throughout this study is the general perception towards theories regarding behavior, innovation and creativity. The theories used in the thesis are conducted on a large sample, which makes the results general and describes a general pattern of behavior. A factor that makes most people creative can still be an obstacle for others.

1.5 Target Audience

The audience for this master thesis will target three groups of stakeholders and are defined in key, primary and secondary. Our key stakeholders consist of our host company Googol and our two tutors from the university, Bengt Järrehult and Carl-Henric Nilsson. The primary stakeholders consist of the companies within innovation networks that participated in the conducted researches. Finally the thesis addresses companies interested in implementing new incentives systems in order to motivate their employees to become more innovative. These are defined as our secondary stakeholders.

1.6 Outline

Here follows an overview of the outline and some information in what parts we present the different results in the purpose.

1. **Introduction**
   Overview over the field, problem discussion and purpose. We define our research question, delimitations and background.
2. **Work Process**
   We describe our work process, methodological approach, how and why we did each step.
3. **Theory**
   We go through theory concerning innovation, motivation and diffusion. We create, and present, our 4DMI model, describing how companies can motivate their employees. *RESULT 1.*
4. **Empirical Data**
   We present six companies, their strive and issues within innovation and motivation, past, current and future ways to motivate innovation among employees.
5. **Trends**
   A generalization of the different systems we have seen among the companies and isolating the main trends among them. *RESULT 2.*
6. **Analysis and Discussion**
   Uses diffusion theory to predict future usages of motivational systems. *RESULT 3.* We present our thoughts and findings concerning innovation, motivation and the role of innovation among companies. The effectiveness-efficiency paradox is presented. *RESULT 4.*

2 Work process

Our approach to this thesis is schematically shown in figure 3. We conduct our case study in post-industrial management practice among innovative companies in the front line, the pioneers, of motivation for innovation. We study their current motivational systems, why they chose them and how they where implemented. After collecting numerous insights and examples about modern practice we intend to screen the material to find the overall tendencies, generalizing our findings into trends.

We have our theoretical foundation in the post-industrial management theory and will then try to apply and correlate all these theories to the trends we isolated in the generalization. This will measure how well today's practice map with the modern theories of motivation.

At last, we will use diffusion theory to make a prediction of what are to come in this field. This is possible due that our respondents are defined as pioneers within their field, see diffusion theory chapter 3.5.

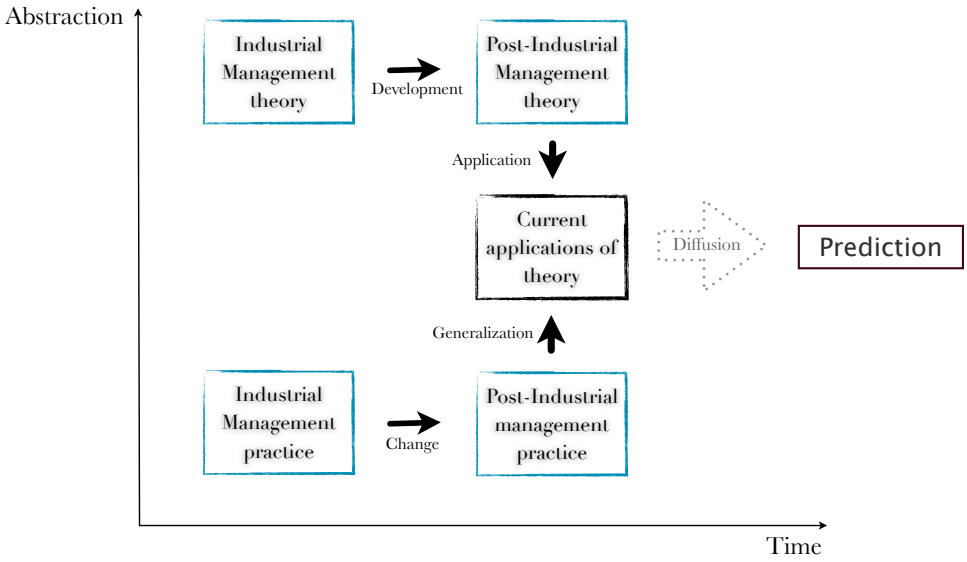


Figure 3 - A schematic view over the thesis approach and workflow

2.1 Methodological approach

2.1.1 Qualitative and quantitative method

We need to understand the complex discussion of which issues each company has encountered and how they have solved them. This can differ a lot from company to

company. To be able to achieve this, we chose a qualitative approach. With the qualitative approach we will emphasize the words instead of quantification when gathering and analyzing the empirical data and therefore gain a deeper understanding in the subject. (Bryman & Bell, 2005)

2.1.2 Deductive, inductive and abductive approach

Due to the discrepancy between the theories regarding incentives for motivation and the practice within companies that were used as a starting point of the study, iteration between theory and practice needs to be conducted. We have therefore chosen to use an abductive approach for our work process since it allows us to go back and forth between the theory and practice. (Spens & Kovacs, 2005) We have thus opted out the two approaches deductive and inductive which has a more traditionally way of relate between theory and practice.

2.1.3 Emic and etic perspective

When studying the human behavior in an organization two ways to approach the problem can be applied, the emic and the etic perspective. With an emic perspective the behavior or belief are being described from the participants point of view, in terms meaningful for them instead of meaningful for the researcher. With the etic perspective the researcher instead explains the behavior or belief in external factors, which are in more general terms that can be applied to other cultures. (Morris, Leung, Ames, & Lickel, 1999) As stated, we need to understand how companies are motivating their employees, what they believe is their main issues, and how they perceive and solve them. We are therefore using the emic perspective were we let a representative from the company describe the culture and beliefs in the companies with their own words.

2.2 Research strategy

According to Höst, Regnell and Runeson (2006) the four most relevant ways of conducting a master thesis are through *survey*, a summary and description of a current status for a research object, *case study,* a thoroughly investigation of one or more cases*, experiment,* a comparative analysis between two or more alternative, and *action research,* a supervised and documented study of an activity. For this thesis the case study method has been adopted. The choice is argued through Höst, et al. (2006), which explains that when the purpose of the study is to thoroughly describe a phenomenon the case study methodology is most suitable. In order to understand the general picture within different companies, six different case studies is conducted with six companies, which stands for our overall case study. This are discussed more in detail in chapter 2.4.1.

2.3 Theory gathering

During theory gathering the tutors have played an important part as sources of information and inspiration regarding new theory. As the basis for our thesis three theoretical areas were used: innovation, motivation and diffusion. These areas were combined in accordance with the purpose of the thesis and are being presented in figure 4. We were interested in to investigate the sweet spot, the intersection where all these three theories coincide and overlap. This is, to a large extent, an unexplored area and by combining these theories we created a theoretical framework for our thesis.

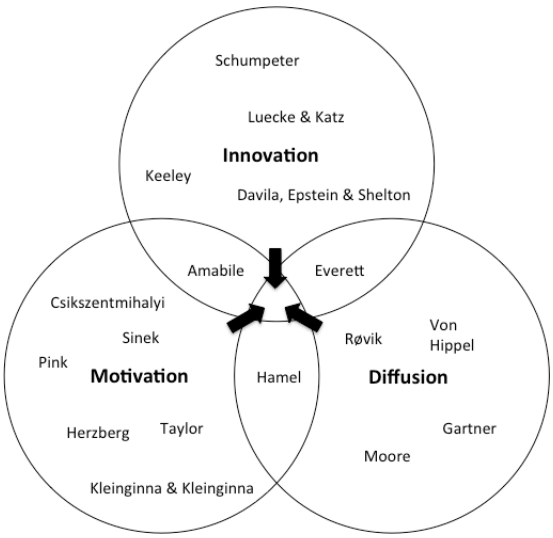


Figure 4 - The theoretical framework

2.4 Empirical gathering

When conducting a case study, three techniques for gathering the empirical data are usually applied; interviews, observations and archival analysis (Höst, et al. 2006). Due to the nature of the problem area observations and archival analysis do not fit as method. Therefore interviews were chosen as method for gathering the empirical data. According to Bryman and Bell (2005) it is important to choose the right interview form when conducting a research in order to gain as much information as possible. Some different interview forms that can be chosen are structured, semi-structured, unstructured and focus groups.

2.4.1 Company sample selection

When conducting a case study the selection of appropriate cases is an important aspect of the process. When selecting cases in order to provide examples of polar types, choosing randomly is not preferable. Given the limited number of cases that

can be studied, it is important to choose cases with extreme situations and polar types where the process is transparent. (Eisenhardt, 1989).

Due to the fact that our research aims to provide examples of polar types, the importance of company selection is a vital step. These polar types consist of companies that have several implemented incentives in order to motivate their employees into becoming more innovative, or have begun a process with the aim to change and implement new systems. Therefore the companies should have a more developed innovation process compared with the market average and contain a clear and outspoken desire to work with innovation.

As Eisenhardt (1989) describes it is important to choose cases with extreme situations where the process is transparent. Therefore the samples of companies was drawn from innovation networks, with the mission and goal to aggregate, produce and develop methodologies, processes, tools and to share experiences as well as spread knowledge and insights around innovation in order to increased innovation capabilities within the members' firms. These companies are perceived to be role models (see chapter 3.5 for Diffusion). Therefore it is interesting to investigate how these companies motivate their employees to become more innovative.

2.4.2 Telephone interview

A 30 minutes long telephone interview was conducted with a first selection of companies. The goal with the interviews was, as Bryman and Bell (2005) state, to gain information regarding how the respondent and people around them behave and what attitudes, values and norms they possess. The sample consists of 16 Swedish companies active in a wide range of businesses. Each respondent were representative to its company and held all the information needed to describe what they are doing in practice to motivate their employees in becoming more innovative. All interviews were recorded for the compilation of the empirical data.

A semi-structured approach was used during the interviews by asking four questions regarding the companies' general approach towards motivation and innovation. The objective was to map the different incentives used and how far the companies had come in their different processes. The questions that were asked were as follows:

1. *How does your company work in order to motivate your employees to be more innovative?*
2. *Describe how the key incentives work in practice.*
3. *Why you are using these incentives? Please describe in which way they are working.*
4. *How does your company measure the innovation that is linked to incentives?*

The question regarding conducting the interview face-to-face or per telephone was discussed. The advantages with conducting a telephone interview are lower costs and less time consuming while the main disadvantage with a telephone interview is the lack of physical presence. This makes it impossible for the respondent to react to the interviewer face expressions concerning uncertainty and wondering. (Bryman & Bell, 2005) The reason for executing these interviews per telephone was mostly a question concerning the limited time for conducting the research. Since this stage of the research was at a general level with the goal to get a first impression of the companies' situation a telephone interview was chosen due to the shorter time it takes to conduct a sufficient number of interviews.

2.4.3 Face-to-face interview

The answers from the telephone interview were compiled and used as a basic selection for which companies we wanted to interview further face-to-face. Six companies were selected from innovation networks that were interpreted as more innovative than the other companies. The purpose of these interviews was to let an innovation manager explain and describe their situation further with their own words according to the emic perspective (Morris, et al. 1999). The respondents were representative to their company and partly responsible for incentive systems within their companies.

The interviews were conducted by two of the authors and took place on the companies' locations. The lengths of the interviews varied from 45 to 90 minutes and were all recorded in order to strength the trustworthiness of the study. A semi-structured approach was used according to Bryman and Bell (2005). The same overall questions were used as in 2.4.2 but no strict structure was followed. Instead we let respondent describe in a free way what their company is doing in practice to motivate their employees to become more innovative.

2.4.4 Empirical validity and reliability

Regardless which empirics that are collected, two parameters are vital for the study, namely empirical validity and reliability (Jacobsen 2002). Since this thesis is based on a qualitative method the two parameters must be adapt to the method. Authors have therefore suggested a different set of parameters to measure and evaluate qualitative studies with. The main criteria are trustworthiness and authenticity. *Trustworthiness* consists of four sub criteria according to Bryman and Bell (2005):

Credibility: ensure the study is done correctly and that the respondents validate the results to confirm that the social context is correctly understood.
Transferability: Provide rich descriptions and statements that will help depend how well the results are current and valid in a different situations or time periods.
Dependability: Adopt an auditing perspective in order to ensure a complete statement regarding the different phases of the research.

Confirmability: Not letting the study be affected by the researchers own values and background when execution and conclusions are being made.

To ensure trustworthiness precautions were taken along the study. For example were the key findings from the telephone interviews where repeated during the face-to-face interviews in order to validate the results. The readers also get a full insight of the companies' situation. Further more two authors were always conducting the face-to-face interviews to ensure that the authors own values did not affect the study.

The criteria formulated for a*uthenticity* consist of five sub criteria and concerns more general questions regarding the implications of the study (Bryman & Bell, 2005). Therefore no specific precautions were taken; instead these criteria were kept in mind and used along the study in order to ensure authenticity.

Fair picture: Does the research provide a fair picture concerning the different opinions and perceptions the sample holds?
Ontological authenticity: Does the research provide a deeper understanding about the social context to the participants?
Teacher authenticity: Does the research provide a deeper understanding about how other people perceive the environment to the participants?
Catalytic authenticity: Has the research made it possible for the participants to change their situation?
Tactical authenticity: Has the research provide better opportunities for the participants to take the action needed?

2.5 Compilation

The data collected from the six companies during the telephone and face-to-face-interviews were gathered in a chart for each company. The table summarized the different incentives systems a company was using, how they work in practice, the background regarding the systems, the company's own motivation for why they use them and finally what the company saw in the future for them. The compilations were conducted in an "emphasizing" way i.e. information that was highlighted, stressed and repeated during the interviews by the companies was considered to be of a greater value.

2.6 Model/tool development

Having collected the appropriate data needed for the research, the theory was approached again. To compare the theory with the empirical data, a model based on the theoretical foundation was developed called the 4DMI model. This model was used to define and categorize the incentive systems according to the theory and to get a deeper understanding in how the companies' systems relates to the motivational aspects of employee behavior.

2.7 Analysis and discussion

The companies' different incentive systems were compared and categorized according to their nature in order to define and describe the overall trends. These trends were analyzed by their strengths, weaknesses and opportunities the companies had experience and the theory provide. The trends were also analyzed according to diffusion theory in order to reach predictions about how the general mass of organizations will use different incentive systems to motivate their employees. Other insights that were not part of the trends but effected the incentive systems were discussed in order to illuminate important aspects to bear in mind when working with incentive systems.

3 Theory

In this theory section we will cover theories in three different subjects; innovation, motivation and diffusion of innovation. If nothing else is stated, we are speaking about how you motivate employees to be more innovative.

3.1 Innovation

Innovation has been used in many different contexts without having a clear definition. Lately, following the broad acceptance and business attention towards innovation alternating uses for the word have emerged. One of the first scientists was Joseph Schumpeter. He used *creative destruction* to explain the radical changes that new entrants brought to the market. He defined innovation as an idea or procedure successfully used, i.e. "The introduction of new goods (…), new methods of production (…), the opening of new markets (…), the conquest of new sources of supply (…) and the carrying out of a new organization of any industry." (Schumpeter, 1934, p. 66-67)

More recent definitions share the basic thoughts of Schumpeter but including a broader selection of outputs it is also written in a much more general style. Luecke and Katz define: "Innovation (…) is generally understood as the successful introduction of a new thing or method (…) Innovation is the embodiment, combination, or synthesis of knowledge in original, relevant, valued new products, processes, or services." (Luecke and Katz, 2003, p. 2) In the definition of Luecke and Katz (2003) another important condition is added as well. It is no longer enough implementing a new process or offering a new product, it has to be successful and create a surplus after implementation. This is also the difference between an invention and an innovation. Innovation is about increasing the value creation, either through finding new products or improving processes in the value chain.

Amabile (1996), a contemporary scientist and professor at Harvard Business School, have in the similar way as Luecke and Katz (2003) made a distinction between creativity and innovation. According to traditional theory creativity is something only creative people possess and this work should therefore be limited to people with certain personality traits, defining creative people. The contemporary approach on the other hand believe all humans hold a creative side that can produce moderately creative work, all though limited to certain fields and time frames. (Amabile, 1996) Definition is therefore that *"Creativity is the production of novel and useful ideas in any domain."* (Amabile, 1996 p. 1155) But for a product to be classified as an innovation this is not enough, the product or idea must be put in the right context and valuable within the business area it addresses. Hence *"Innovation is the successful implementation of creative ideas within an organization."* (Amabile, 1996 p. 1155) With this definition creativity is merely the first part of an innovation though all innovations start with creativity, while the business achievement is the

second part. Therefore the novelty might not only be found in the product itself but also in other parts of the business model i.e. new delivery and service offers.

Innovation can be categorized in two dimensions. The first dimension relate to the type of innovation and the other to the amount of novelty. In previous work of some of the authors (Andersson, Bengtsson, Ekman, Lindberg, Waldehorn & Nilsson, 2011) eleven different categories of innovation are defined, broken down into two subunits, tangible and intangible innovation.

	Type of innovation	**Definition**
Intangible	*Business model*	Changing the way value is delivered to the market, variations to the general value chain (McManus et al, 2009), change of enterprise model (Xiaobo et al, 2010), and the way a company makes money (Keeley, 2004).
	Networking	To create mutual benefits (Keeley, 2004) based on resourced relationship characterized by interaction, shared procedures and processes. (Tijssen, 1998).
	Service	Development of services, for example increasing the service offer, enhancement of service functions, increasing the quality of the service, and decreasing service price and cost (Xinjian & Xin, 2009). New ways of providing value to the customer (Keeley, 2004).
	Channel	Finding new ways to deliver products to the market (Jackson, 2010) How to get the offering to the market (Keeley, 2004)
	Brand	This is used to sum up all of the company's innovative activities regarding brand recognition as well as marketing. (Chimundu, 2010) Communication of the company's offering (Keeley, 2004)
	Customer experience	Development of the way customers feel and think about the company and its offering (Keeley, 2004). Respond to and finding ways to satisfy new customer needs (Wenmin et al, 2010)
	Management	Creating new ways to organize, coordinate, lead or motivate people in a company (Hamel, 2006)
Tangible	*Core process*	Creating new or add value to the offering (Keeley, 2004), this by maximizing value adding activities, minimizing non-value adding activities and eliminating waste (Lee & Kang, 2007).
	Product performance	Development of a new or improved core product (Lee & Kang, 2007) How to design the core offering (Keeley, 2004).
	Product system	A Complex Product System (CoPS) characterizes a large research and development system as well as high technology and small batches customization. (Jin, et al 2001) Provide platforms to multiple products (Keeley, 2004)
	Enabling process	Reform relationships between sellers and buyers as well as competitors. (Clark & Stoddard, 1996) How to support a company's core processes and workers (Keeley, 2004).

The second dimension is described by Davila, et al. (2006); the authors divide innovation into three main categories: Incremental, Semi-Radical and Radical, each with their own amount of risk and value. Incremental innovation is small improvements to the existing product or business process. On the opposite side, radical innovation is new product or process created in a completely new way.

Davila, et al. (2006) mean that companies can be successful for a long time with only using incremental innovation. This is also the most common form of innovation in companies, receiving 80 percent of the total innovation investments. It is used to squeeze out all value out of one product without making any major changes or taking any extraordinary risks. The company can get addicted to its incremental innovation and eventually become stuck in the incrementalism.

Semi-Radical innovation implies significant change to either the companies' business model or their technology. Although a change in either will likely lead to a lesser change in the other one, i.e. if you change your business model it will imply an incremental change in your technology, or vice versa. (Davila, et al. 2006).

Radical innovation on the other hand, is according to Davila, et al. (2006) a significant change throughout the company, both in its technology and its business model, a fundamental change to the company's environment and industry.

3.2 Motivation

When asking the question: what is motivation, different theories about classification arise. Some examples are intrinsic and extrinsic motivation, expectancy theory and Maslow's hierarchy of needs. But before examining how motivation can be created and categorized, what does it consist of? A major difficulty when discussing motivation has been the lack of consensus on its definition. Kieinginna & Kieinginna (1981) attempts to resolve the confusion by collecting 102 statements from different authors in the field defining the concept, all in order to make a suggestion for a common definition, combining both the formal and the informal approach. Kieinginna & Kieinginna (1981, p. 272) concluded their review with the following definition of motivation, which we will use throughout our thesis:

"*Motivation refers to those energizing/arousing mechanisms with relatively direct access to the final common motor pathways, which have the potential to facilitate and direct some motor circuits while inhibiting others. These mechanisms sometimes may influence sensory input and analysis as well.*"

3.3 Motivation in the Industrial age

The industrialism, with its focus on manufacturing, called for a new organization and management. The companies grew from small workshops to highly effective

industries. Frederick Winslow Taylor saw this challenge and worked with developing an effective management system for this new economy. In his book "The Principles of Scientific Management" which was released 1911. In this book he describes how you can make production more efficient by standardizing procedure and creating a very clear structure of how the task is to be solved. Taylor studied workers performing tasks and then created best practices to follow for all workers based on these observations.

For repetitive, easy defined tasks this management where very effective and Taylor where often hired as an efficiency consultant. Motivation in this management is however reduced to wages. You want a task to be done, thus pay someone to do it.

3.4 Motivational factors in the Post-Industrial age

We have found no substantial evidence in our research that any monetary incentives system works in the long run. Reward is even proven by several researches to undermine the process it should enhance (inter alias: Amabile, 1993; Ariely, 2007 & Pink, 2010). However, rewards can work, but only temporarily and without any substantial result. Herzberg associates this with his KITA (Kick In The Ass) theory. "If I kick my dog (from the front or the back), he will move. And when I want him to move again, what must I do? I must kick him again." (Herzberg, 1968 p. 88) This can be referred to any monetary incentive system. If you want your employees to move, you have to reward them, and if you want them to move again, you have to reward them again. Today, in our post-industrial age, companies must have employees with their own power source, who moves on their own free will, who is motivated by intrinsic motivations, i.e. challenges and enjoyment to become creative.
In our review of the motivational literature we found four main motivational factors applicable in the post-industrial society when managing innovation work. These factors are a synthesis of a large number of authors in the field, and we have chosen to categorize their conclusions into four factors to present the theories in a comprehensive fashion and facilitate usage and applications of them. We define our four dimensions of motivation as four things all people strive for, a goal or something worthwhile. Each of these dimensions is a feeling, position or role that is considered desirable or pleasant. We will later in this chapter go through each of these dimensions in greater detail, but a very brief version follows below:

Master: Being good at what you do, progress and doing challenging things.
Leader: Having influence on your own situation, autonomy, and self-direction.
Savior: Having a purpose with what you do. A clear reason and a noble outcome.
Star: Getting recognition for what you do from peers and managers. Visibility.

Many authors before us have tried to categorize and map the different motivating aspects in this field. They have all their own definition and specific word for a certain motivating factor but we choose to generalize so we can compare the different authors more easily. In table 1 we have listed different authors we studied, and indicated what kind of motivational aspects they mention.

	Master	Leader	Savior	Star
Amabile	X			X
Areliey				X
Csikszentmihalyi	X			
Deci				X
Hamel		X	X	
Herzberg	X	X	X	X
Levinson	X		X	
Pink	X	X	X	
Sinek			X	

Table 1 - An overview of authors in the field and their work.

Some authors (Ariely, Csíkszentmihályi, Deci and Sinek) focus their work and research on one specific dimension of motivation rather then painting the full picture. Herzberg (1968) makes an overall study where he examines what factors that affect employee's motivation. He concludes that there are two main types of factors when speaking about motivation; hygiene factors and what he calls intrinsic motivators. Hygiene factors is factors that cannot motivate employees by themselves, but merely factors that need to be fulfilled in order to allow your employees to be content. These are factors leading to dissatisfaction if not fulfilled, but they will not make employees more motivated or satisfied if they would increase over a certain level. Among these factors there is size of the salary, work conditions and administration.

The other kind, which Herzberg call intrinsic motivators, are factors that increases satisfaction and motivation the more you have of them, but the lack of them do not necessarily make a bad day worse by removing them. Among these factors Herzberg mentions achievements, recognition and responsibility. Herzberg's study is more an overview of different factors that contribute to motivation rather then a study in a certain factor.

Pink (2010) does a meta-study similar to what we intend to do and isolates three main factors in what he call the intrinsic motivators, that consist of purpose, mastery and autonomy. We however think he misses the factor of recognition, or what we call *Star.* Since Pink's work is a meta-study we go to the real studies behind his work. We use a much broader theoretical base than Pink and therefore also have a bit broader definition of each of the motivating dimensions.

Davila et al (2006) creates a similar model in their book "Making innovation work" that they call the four elements of motivation. The four elements that they use are recognition, vision, economic incentives and passion. Recognition and vision are very close to what we call Star and Savior. We do not use economic incentives since Herzberg (1968), Deci (1972) and many more regards it only as a hygiene factor, rather then a motivator. The last element that Davila et al (2006) call passion we believe is an output of these motivational factors rather than a factor itself. Factors such as realizing your potential when solving a difficult problem (Csíkszentmihályi 1989) for a fair goal that you share (Sinek 2009) will release this passion. Seeing passion as motivation itself rather then a motivating factor is also supported by Kieinginna & Kieinginna (1981) and their definition of motivation that is discussed earlier in this chapter.

In our opinion a good incentive for innovation appeals to one or more of these driving forces that we have isolated from our synthesis. We choose to display these factors as **four d**imensions of **m**otivation for **i**nnovation (the 4DMI model) in a radar diagram. The diagram can be used as a model that describes how well a certain system to motivate corresponds with new motivational theory. The model is presented below in figure 5. The four dimensions, as seen in figure 5, will later be given a subjective rating based on how well the specific system appeal to that certain dimension of motivation. Hence the values are not meant for number crunching, they are merely a visualization of the author's subjective conclusions about according to what dimensions the system motivates by. The two dimensions opposite to each other are by no means contradictive; this is a radar diagram with four independent axels. All the four dimensions cover or describe a strive hidden in all humans and enabling for someone to reach it can therefore be used as a motivational factor. Our standpoint, based on the literature, is that people want to realize their potential in these dimensions and therefore gets motivated. We will in the following sections go through each of these factors, describing what they are and how they motivate. We will use this model as a way to visualize a subjective quantification of each of the different motivating dimensions.

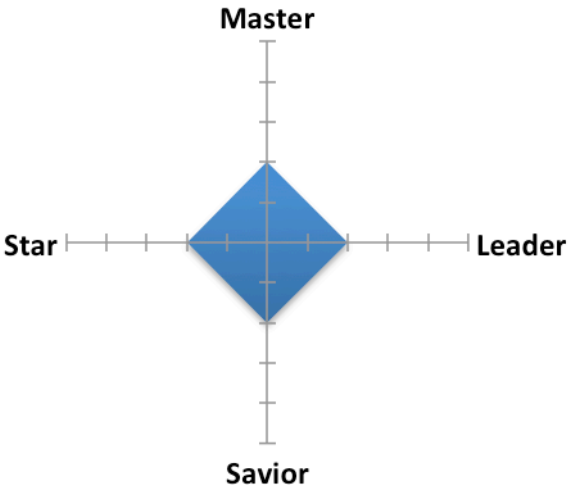


Figure 5 – The four dimensions of motivations for innovation-model. 4DMI-model

3.4.1 Master

Everyone wants to be a *master*, to see their skills develop and improve and solve harder and more complex problems. This progression that people strive for can be to improve their personal best when running, cooking a tasty dish every day for their family, master the violin or the ability to solve any mathematical problem thrown at them. Everyone wants to be good at things and also enjoy, or get motivated by, doing those things.

In the literature many different authors describe this mechanism from different views with different names. Some call it flow, other call it strive for mastery, other simply say progress. Although there are many different angles and approaches to this, we choose to bundle it all up in the term *master*. Some authors mainly focus on the personal feeling of success when you master a new art or achieves something beyond what you done before (Csíkszentmihályi, 1989). Other also includes the feeling of being a part of a successful team or seeing your actions being part of the growth of an organization or situation (Amabile & Kramer, 2010; Herzberg, 1968 & Levinson, 2003).

The most intrapersonal view of the master concept is the flow, a term coined by Csíkszentmihályi (1989) describing how a person can be engulfed by a task, loosing contact with reality, entering an ecstatic state. Persons describing this phenomenon, in situations all from sports, art, work, cooking or dancing, say that they enter a state where the task almost performed itself, they just let it happen. A sense of going on autopilot although the task never been done before. The task or action itself produces a reward for the person; the task is worth doing for its own sake. A person

in flow is aware that the task is challenging but that he or she is capable of handling it.

Amabile & Kramer (2010) found in a survey that the single most motivating factor is the feeling of progress, to be able to see the advancement from your work on a day-to-day basis. To see your actions result in an outcome are very motivating and constitute another dimension of what we call being a *master*. Employees report that this is much more motivating than many of the incentive systems defined by the management. This shows that people are motivated to work and progress, and the main task for the management is therefore to facilitate progress rather then build complex incentive systems.

A similar view is described by Levinson (2003). He argues that the most motivating factor for an employee is to be assigned a task that is challenging, but yet possible, and to in a concrete way fulfill the organizational goals. The most motivating for a person is to do something difficult and important. This argument also support our thesis that the strive to be a *Master* is an important drive for individuals.

Herzberg (1968) declares three motivating factors that we think are included in the *Master* strive. He states that achievement, advancement and growth are very motivating for employees. Of these, achievement is by far the most important and is reported by a vast majority of the surveyed workers.

With this foundation in the literature we define our *Master* dimension and define the drive to be a *Master* as one of the basic motivating factors. We believe that by allowing employees to develop in their role as *Master* will motivate them. Management mainly need to focus on facilitate this rather then pushing their employees in its direction. People want to achieve.

3.4.2 Leader

To be a *Leader* is to have impact on your own situation and being able to affect your own priorities, plans and tasks. Everyone wants to be able to influence their situation and executing something that you are a part of is always much more motivating than just executing orders. In the literature authors describe this field from different views, some speak about limited autonomy in workgroups (Hamel, 2008 & Pink, 2010), others call the motivating factor responsibility (Hamel 2008 & Herzberg, 1968) and others focus on free time to innovate (Hamel, 2008; Pink, 2010). All these are ways to distribute power down into the structure, closer to the employees.

According to Pink (2010) there is, or should be, a big shift in the management practice towards autonomy. For a *Leader* it is more about creating terms in order for the employees to work as effective as they can and this can vary much from person

to person. Pink (2010) have several examples where increased autonomy have lead to greater efficiency and a happier staff. By allowing autonomy the staff takes on greater responsibility than they did before and execute with more dedication. When managers are letting their employees dictate their on conditions for the way they should work, productivity will increase and stress will decrease.

Hamel (2008) have observed several motivating dimensions when allowing employees being their own master. Different companies have implemented systems where employees are given free time to work at any project that they come up with by themselves, other companies break down strategic goals down to each workgroup and make them responsible for its fulfillment. Some companies reduce managerial interference to a minimum and let employee's work how and when they want, and also have great impact on what project they will be in. Autonomous groups are much more motivated then others, thus produces superior results. He says that management can give an order to execute, but engagement must come from the employees and will only be possible when the staff have a certain level of autonomy.

Free time is dedicated time that you spend on working on your own projects. The company is essentially saying to the employee that we trust you and we believe that if you just manage your own time, you will come up with good valuable ideas. For a limited amount of time, the employee is demanded to do whatever he or she think is the best for the company in the long term, allowing the employee to be its own leader for a while.

When Herzberg (1968, 1993) did his survey about what factors that motivate workers he found that among the top factors the workers reported "Responsibility". Responsibility is about being accountable both for positive and negative effects of a project, thus is the task not any longer just something that needs to be completed, it is a personal liability.

3.4.3 Savior

According to Sinek (2009) and Pink (2010) most people have an inner goal to understand the world we live in and the different aspects of life. The same goes for the working life. It is the ultimate dream to work with projects that help to improve the quality of people's lives (Katz, 2004). A true savior has understood the purpose of the company she works for, the business it acts within and the very reason for its existence. (Pink, 2010 & Sinek, 2009). But this is not enough. An employee also has to get excited about these factors in order to gain the motivation driven from it; the work itself has to be a motivator (Herzberg, 1993).

Sinek (2009) claims that there are only two ways to influence human behavior, you can manipulate it or you can inspire it. A company can always push employees to do

the thing they want by elicit the behavior through monetary incentives or threat of punishment. Manipulation works to certain extend but the problem is that it does not provide loyalty. It is only a quick fix that a company can use if they want a single behavior but in order to gain something more then that single behavior and to build a longer relationship you have to truly inspire people to act. Employees motivated by personal drive are more likely to walk greater distances in order to reach the goal and are more loyal towards their company. And people who love going to work are more productive and more creative. As a result, companies that have the ability to inspire their employees are more profitable and innovative then other organizations. Therefore Sinek (2009) means that a company must start with asking the question why.

Sinek's ideas are summarized and explained by his model *the golden circle.* The golden circle acts as a tool for understanding how to do when starting with *why* and it consists of three levels: why, how and what. In order to fully communicate question of what they do and how they do it to customers and employees, a company first must completely understand theirs WHY. What is the purpose for the company? Why do they exist? When understanding their why, the company can better communicate what they are offering and how they are offering it. According to Sinek (2009) this is a key factor for a company to become more innovative and flexible thanks to more motivated employees.

Pink (2010) is also emphasizing the importance for an employee to have a purpose and understand it. According to him, employees who have related their work with a purpose bigger then themselves are more motivated and therefore more productive and happier employees. This trend towards purpose maximizing employees can be seen in the new business world, as companies are keener to explain their goal and policy.

A good example of a company with a clear purpose and answer to the question why they exist is the shoe company TOMS which for each pair of shoes they sell give one pair of new shoes to a child in a third world country. All their employees have a perfect understanding to why the company exist and on the website the goal is clearly defined as "…to show how together, we can create a better tomorrow by taking compassionate action today." (www.toms.com/corporate-info, 2011)

Zien & Buckler (1997) refers to employees at organizations that create a sense of community, a sense of inspiring purpose. The employees know what his or her role is, and they know that their work is important and brings value to their customers. They have aligned their life-work with their work-work through the engorgement from the company. This demands alignment at three levels. (1) The individual's goal in his or her life. (2) Between the employees. (3) Between the employees and its stakeholders. Further on, Zien & Buckler (1997) means the employees need the purpose clarified and understand the alignment of the organizational and the

personal purpose. This is not at system or a strategy; it has to be co-created throughout the company, from grass-root-level to the top management.

Another theorist discussing the implication of the factor purpose within a company is Hamel (2008). He takes communities as an example for organizations, which are built around a higher purpose and it is with this common belief and mission, the employees are working harder and performing better.

A problem due to an undefined purpose within large companies' results in employees does not know who their clients are. They simply refer to the boss or the whole company as the client due to the lack of vision. But the problem is that the company is an abstract concept and should not replace a physical human or client. Herzberg (1993) refers to this as the client relationship and believes that the employees have to have a band to the client in order to understand the purpose for the company. The client relationship is in turn central to motivation for the employees.

3.4.4 Star

To be a star in a company is someone who gets acknowledged by their colleagues and bosses, someone who is not forgotten in the big corporate world (Amabile & Kramer, 2007; Amabile, 1998). It is important that the employees get a feeling that their work is taken seriously, because people do not want to waste their time. One important parameter to motivate employees is to recognize their progress at work (Amabile, 2007; Deci, 1972; Herzberg, 2003 & Katz, 2004)

Herzberg (1968) acknowledges recognition as one of the most important factors when it comes to affecting employee's job attitude. Through recognition a company can encourage their employees being more motivated as well as creating a feeling of being more participated in their work. Herzberg (1993) also mentions subrewards as an important reinforcement to guide and indicate that the employee is progressing towards its goal. It is a temporarily reinforcement for the long-range vision to create a positive attitude for the long-range goal. Further on Herzberg (1993) also describe recognition related to added responsibility and more interesting and challenging work in order to make the employee feel more important.

According to Amabile and Kramer (2007), a lack of recognition when employees have done a good job has an extremely bad effect on employee's behavior. Not providing sufficient recognition for creativity employees can feel underappreciated, sadness, anger and in worst case used, due to the lack of acknowledgement for the hard work they put in. Further on, Amabile and Kramer tell us "… the best boost to inner work life were episodes in which people knew they had done good work and managers appropriately recognized that work" (Amabile & Kramer, 2007, p. 83). It

shows what an important role the management plays in order to provide the recognition as well as how the managerial behavior affects the employees.

Katz (2004) means employees are more motivated when they were given a complete picture of the project. That makes them feel as real members of the team. But according to Katz (2004) managers and project leaders are all too often invisible to its team members "…only time they hear from program managers, project leaders or core members is when those people need something. Once these people have what they want, they are virtually never heard from or seen by the professionals again" (Katz, 2004, p. 7). But it is not only the managers that can affect its employees. Colleagues and peer groups can sometimes motivate employees more than management (Katz, 2004). This occurs often through informal contacts and networking opportunities. It can be statement to the team and a sort of "stick it" to its competitors.

3.5 Diffusion of innovation

Who is leading your company? According to Hamel (2008) it is theorists that developed the rules and guidelines of modern industrial management. They, indirectly, influence and shape all companies through their theories. These theories have diffused through the system and are now dominating. That is also the answer to why companies' management varies so little and why a CEO can change to a new company so easily. Røvik (1996) observed this diffusion of theories among companies in Norway, United States and Sweden. One example proving this phenomenon occurred in the period of 1980-1982 were 1/3 of all companies in the United States with more than 500 employees adopted *Quality Circles (QC).* It was perceived to be a long-term strategy in order to compete with Japanese companies. However QC was rejected only a few years later by 80 percent of the companies; it had a relative short fashion period and was replaced by one other prescription.

Røvik (1996) describe the consistence of fashion in theories, i.e. rise and fall of industrialized standards, by using the metaphor of fashion in clothing where social mechanism continually produces changes. When a role model buys new fashionable clothes this will replace old trends. The reader can look through its own wardrobe and reflect on why you once bought those old garments. We can observe how fashion has diffused over a period of time, through a population as a wavelike movement though individual or organizations do not adopt the fashion at the same time, it occurs sequentially. Fashions have its greatest attention when only a few people or organizations have adopted it. Thus it is the pioneers that are most motivated to differentiate themselves from the rest of the population. This correlates with the *peak of inflated expectations* in Gartner's Hype Cycle (see chapter 3.5.2, Hype Cycle). But when the fashion eventually diffuses it loses its attention (what Gartner calls for *the trough of disillusionment*, see chapter 3.5.2, Hype Cycle). However there are still those who want to adopt the fashion, namely,

the imitators (again it matures throughout the market). It changes from the pioneers that want to be unique to those who want to be as the pioneers. For the pioneers, this means that the fashion will become less desirable though it has lost its distinguished feature. Pioneers will then look for new fashions to distinguish themselves again.

By using Google labs Books Ngram Viewer, a tool to visualize the extension of how many times a word have been published, we can build ourselves an idea of how theories develops over time. Because popular prescriptions quickly grow in the literature through time it is a good indicator to evaluate how these prescriptions have developed. (Røvik, 1996). As we can see from our figure 6 Quality Circle had its peak around 1985 and then plunged the year after.

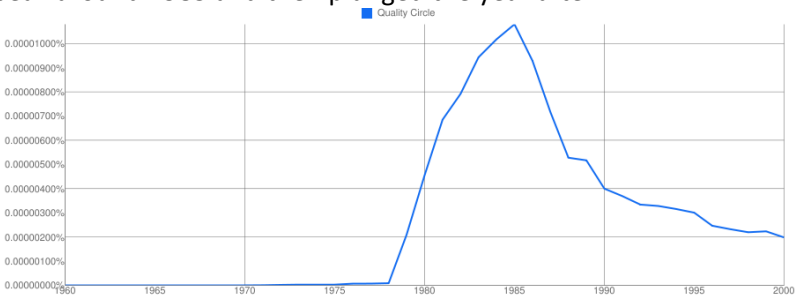


Figure 6 – An example of a fast diffusing trend that then disappear from the market as fast. (http://ngrams.googlelabs.com 'Quality Circle' in English books, 1960-2008, 3 year smoothing)

But why do these theories become so popular? According to Røvik (1996), when theories, or prescriptions as Røvik entitles them, have proven to deliver good results to their organizations, they will also become the most popular ones. It is all about timing, in the development of the modern society there will always be some general and fundamental issues that have to be solved by all companies. (Huczynski, 1993). This is supposed to be the explanation of why *Total Quality Management (TQM)* became so popular during the 70's and the 80's. It was the "best" prescription to solve the issue of highly quality-focused Japanese companies. They were the role models back then; they had the first mover advantage.

Too further understand how prescriptions spreads and eventually reach an institutionalized standards we turn to Everett Rogers, the author of "Diffusion of Innovations", we have visualize how innovation diffuse across the market segment in figure 7, chapter 3.5.1. Rogers (2003) explain diffusion as a *social change*, a change of the social system in both function and structure. "Diffusion is the process by which an innovation is communicated through certain channels over time among the members of a social system." (Rogers, 2003, p. 35) Where the novelty in the messages is the most important content. It is the perceived novelty that determines the receiver's reaction, adoption or rejection, because there is seldom a certainty that the innovation will be superior to its predecessor. If another member used the new idea in the social system, its effects are easier to observe and this will lead to

less uncertainty about the cause-effect for the following members, hence a higher adoption rate. Moreover, the innovations ability to be re-innovated also helps the member of the social system to change and modify the innovation so it fit its user.

Further on Rogers (2003) describe the importance of communication channels in this social system. Members evaluate how close peers have implemented and work with the adopted innovation. These peers serves as role models or pioneers, also called lead users according to von Hippel, i.e. "… users whose present strong needs will become general in a marketplace months or years in the future." (von Hippel, 1986, p. 791). They are experiencing needs that the rest of the market not yet is aware of. They adopt ideas first of all because they actively struggle with inadequacies in existing ideas. Because these lead users are well informed of what the future will bring, they are also important subjects to investigate and evaluate to forecast the future. (von Hippel, 1986). Theories of diffusion of innovation describe how trends, technologies and methods spread throughout the industry. There are several different segments in the industry, some that accept and adopt new theories at first sight while others, the laggards, never try something that have not been around for decades and already is used by the large majority. This is a segmentation based on the ability and speed of adaptation and also how it connects the speed of the diffusion with the different segments. We will now look into two other theories that we think are related to this and then make a synthesis with these three.

3.5.1 Crossing the chasm

Moore (1998) discusses the chasm between the early adopters and the early majority, see figure 7. He believes there is a big difference of expectations between the visionaries (early adopters) and the pragmatist (early majority). Early majority only wants to minimize the discontinuity between the old way and the new way. They want evolution not revolution. It should work properly directly so they do not have to make any major modifications. Because of these incompatibilities, early adopters are no good references to early majority, the early majority on the contrary do not want to disorder their organizations; they need reliable references that can provide them with concrete and sufficient innovations. This big difference in mindset gives the successive market penetration a significant notch between these two groups. Many novelties never pass this chasm and reach mainstream adoption in the majority. Moore (1998) describes this mechanism in his book *Crossing the chasm.*

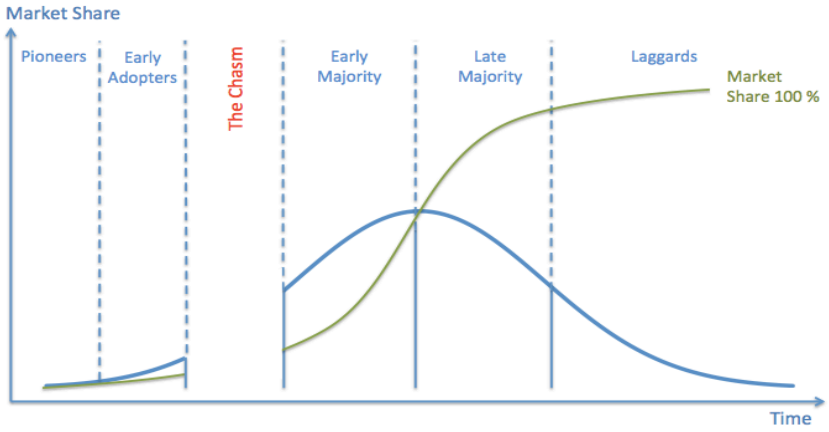


Figure 7 – Crossing the Chasm and Diffusion of Innovation

3.5.2 Hype cycle

The hype cycle, see figure 8 is a term coined by the analysis company Gartner in 1995. It is used to describe over-expectations on emerging technology. The curve plots the visibility of a technology under its development. Some technologies travel fast along the graph, other slower, depending on their technological maturity and the maturity of the market. The curve includes a peak in visibility, called *the peak of inflated expectations*, and this is followed by a period of less visibility called *the trough of disillusionment.* During this downturn the technology looses most of its attention, but matures in the background. After that the technology gets established and in *the slope of enlightenment* the technology starts to actually create value. (Steinert & Leifer, 2010)

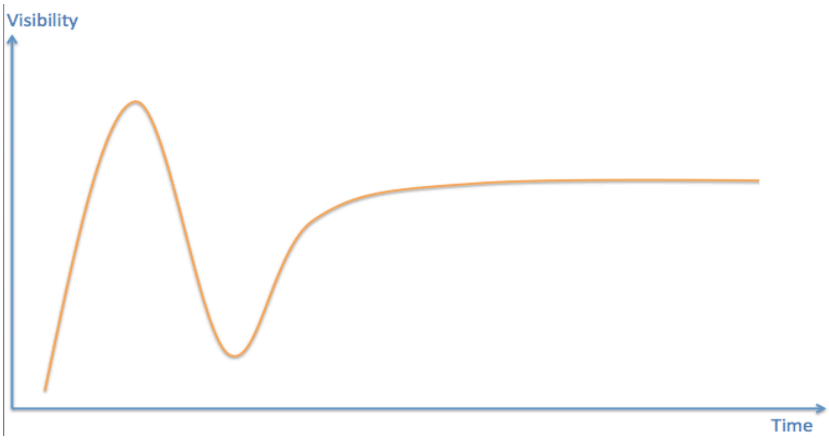


Figure 8 – Hype Cycle

3.5.3 The maturity model

In figure 9 we have analyzed and superpositioned these three interesting curves. At first, in blue, we have Geoffery Moore's Technology Adoption Lifecycle from his book *Crossing the Chasm*. Second, in green, Everett Rogers *Diffusion of Innovation*

curve shows how innovation diffuses across the market. Thirdly, in orange, Gartner's *hypecycle* that show how new technologies hype varies over time with maturity and adoption.

These are three different theories with three curves describing how a certain technology, process or method trend matures over time. They all capture one specific dimension of the maturity process and we believe that by super positioning them we get a more complete view of the process.

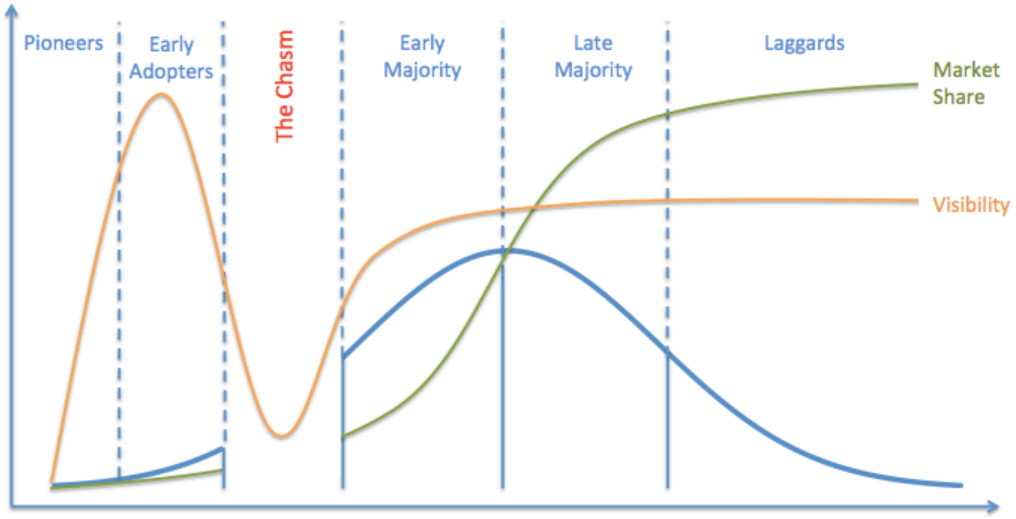


Figure 8 - The maturity model.

As shown in figure 9 the bottom of the hypecycle is correlated in time and cause with the chasm. When an innovation or trend spreads among the lead users there are plenty of visibility and hype around the new system, for example Google and their free time each week. It will however take quite some time before this spreads to mainstream adoption. Under this time, according to the hypecylce, there will be much less visibility. The Chasm will also cause this particular part of the diffusion to take more time.

This implies that theories and prescriptions concerning for example how to motivate your employees to become more innovative will diffuse throughout the market, until a new prescription is found and eventually replace the current one. (Røvik, 1996)

4 Empirical data

We first interviewed 16 companies and then did further interviews with six of them, chosen from the initial study. We will here, company for company, give a general description about the company's situation and where they are in the development process. The data is a compilation of both the initial telephone interview as well as the second face-to-face interview. The top key incentive systems for each company are presented in a table with four aspects describing the system in more detail. The aspects are explained below:

Description: A short description of how the system works in practice.
Background: The reason behind the implementation of the system.
Why: The companies own reasoning for why it works.
Future: What the companies' plans as a future development of the system.

The system is also compared with the theory using the 4DMI model created in chapter 3.4. This will give a basic understanding how the incentive system relates to the theory by giving a system a subjective rating in each of the four different motivational dimensions that we isolated in chapter 3.4. This model is a visualization of the correlation between the incentive system and the new motivational theory. The best systems have a high rating in all dimensions, and that implies that the system motivates the employees in all the four different dimensions. The model is not meant to rank two systems against each other, it is rather just a structured way to map what kind of motivational theory that the system operate by. We do not believe that some dimensions are more important than others, but that some people can get more or less to motivated by a certain dimension. It is important too keep in mind is that the data describes what the companies' say they do and not necessarily what they do in practice. The data gathering is therefore based on their statements about their practice. This has been collected through subjective estimations by the authors. Another possible issue to illuminate is the companies' potential urge to appear as good as possible.

When discussing the incentives for motivation with the companies, it has been difficult to exclude the innovation processes. As companies had the chance to talk relatively freely about their incentive factors and how they work they sometimes describes their innovation work in general rather then the motivational systems. As a result, when asking companies about how they motivate their employees to become more innovative, they often instead answer the question 'how do you conduct or manage innovation at your company. This is important to bear in mind when looking at the results of this study. A possible explanation for this is that it is a closely related field that innovation managers spend a lot of energy on, often on contrary to the actual question of motivation.

4.1 Company A

Company A is a large Scandinavian production company with multiple B2C brands. Their history lies within production and they have made a journey from a traditional production company to become a more product-oriented company. In early 2009 they started their transition with the goal to be a more exciting and innovative company and to be the most compelling brand to the customers. A manager describes the background to this decision:

"We have been lousy at consumer insights, earlier we have just gone with our gut feeling."

The change started with defining the innovation processes so that all employees could visualize the course of action. The company believes strongly in structure when working with innovation. When working with innovative projects there has to be some sort of framework in order to let go of your inhibitions. The structure makes it easier to be creative and not worrying about where you might end up because it is still within a certain frame.

In the middle of this process to define and develop the innovation work at the company, company A acquired another company, adding its brand to the portfolio. The employees from this acquisition came from a vastly different innovation culture where freedom, rather then structure, distinguished the innovation work. A manager at company A describes the situation:

"[the acquired company] have had a success story that if someone in the warehouse or anywhere else in the organization come up with an idea, he or she can be a part of the process of developing and launching this. This is our dream as well, but we are over a thousand employees. Thus we fear that we can loose the driving spirits when trying to incorporate them into our very structured way of working. [the acquired company] lacks structure and were in the beginning skeptical to our model. We have to show that the structure and processes are meant to be a support function, rather then a demand. The things we do are to realize synergies and we never force anyone to cooperate."

Different types of innovation were during the transition defined into four different levels: unique novelty, new generation, new development and product maintenance. The company innovations have a strong focus towards consumers; it is not just something new but it also has to contribute value to the customer or user.

One of the biggest problems the company struggled with was their lack of new ideas. To solve this an idea campaign was launched, where all employees within the company could submit their ideas regardless what subject or how extensive they were. This campaign served as a springboard and a statement, *'from now on the*

company will be focusing on innovation'. The result was massive, in just a few weeks hundreds of ideas pored in. This shifted the problem area from having not enough with ideas to have too many ideas. The company expressed frustration in having over 500 ideas in the idea management system and not knowing whether there is any special ones not yet being discovered because lack of time. A manager says:

"Now we got one million ideas, but what idea is a perfect match to the consumer needs? We have, before as well, launched products with an insufficient match with the true consumer needs that have failed."

The numbers of ideas became a problem and screening among them took too much time. The company changed focus from company-wide idea generation campaigns with very general goal to specific idea generation events with a limited number of participants that generate ideas around a certain subject. These subjects where also tied to consumer needs or insights. The company's efforts were focused on specifying the limits for the idea generation. This was conducted through an innovation day, a day when around ten people from different parts of the company were invited to brainstorm and develop ideas around a certain problem in a certain product line. To get the ideas further during these innovation days the company started to before each brainstorm have an online-based idea generation event for the persons chosen for the occasion. By doing this they can, when they all meet, start with combining, developing and rating ideas at once, rather than starting from scratch each time. A manager also stresses the importance of a good, clear and important subject:

"First and last in a good innovation day is a crisp issue that the day aims to solve. The more important issue and the more accurate problem definition the greater the results will be!"

In order to process and rate ideas more efficiently company A is looking into new idea management systems where all users can be active by rating and improving other employees' ideas. This is thought to lower the cost of administrating the system. In the long term they are also interested in enabling ideas from outside the company, so called open innovation.

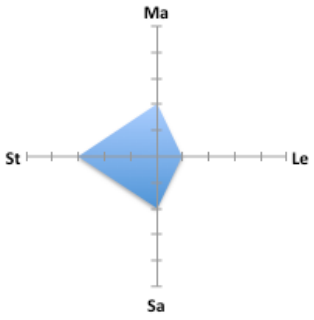
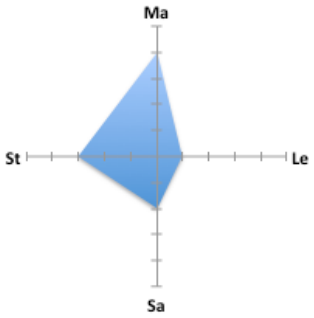
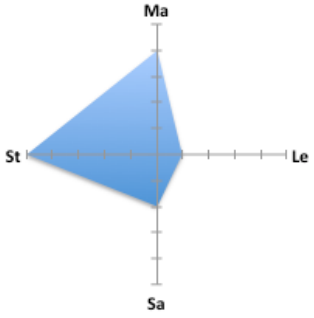
To integrate the different business area, a cross function forum for the marketing managers was created. The reason for this was that the actual innovation work was based within each business area but a system to coordinate the initiatives was needed.

At company A there are no monetary rewards for employees that come up with ideas. A manager motivates why, and gives his/her vision of the innovation work at company A:

"There are no monetary reward systems, we reward with recognition and the knowledge that whoever you are at company A, you can always be a part of launching an innovation on the market. We believe that this works well today, but of course we might reevaluate this in the future."

Name	Description	Background
Idea management system + stage & gate system	A web-based management system where all ideas are gathered. The ideas can be browsed and are organized into different segments based on category and type of idea. Created a stage & gate system for the innovation process.	Had no place to collect all the ideas. Had no systematic way when working with innovations. Wanted to create a clear pathway for the innovation process.
Idea campaign	Everybody in the company can, during a period short period of time, send in their ideas to management regardless of what they are about. All the ideas are collected and analyzed by management, with the intention to continue to work with the best ones. Every idea works as a lottery ticket. The winner gets a non-monetary award and gets acknowledged within the company.	Had problems with ideas within the company. They were not good enough and too few which resulted in too few innovations. Had not been working with innovation before so there was a suspicion towards the work.
Innovation days	Around 10 people from various part of the company are invited to an innovation day to brainstorm and create ideas and solutions towards an approach to a specific problem. Have created a dedicated space for these gatherings. The process gets acknowledged within the company. Now the focus lies within product development and enhancement.	Works as a process for getting ideas into the stage & gate system. Wanted more innovative ideas. Felt a need to design a creative environment only for the innovation process with the purpose to enhance the ability to be innovative.

"Our thought is that we could use innovation days concerning any kind of issue, not only when generating new product ideas. In the middle of the Consumer insight – Technology insight – Brand triangle we believe there are a golden spot for innovation, but we have not reached that point yet."

Why	Future	Model
Believes that structure is a necessity when working with innovation. When having a framework it is easier to be creative within the right field.	Wants to develop the system so that the ideas can be commented. Also the ability to continue to work with the ideas by anyone who wants to. See a future within open innovation.	
To visualize to employees that from now on the company is going to get more innovative. To get more and better ideas in order to get sharper innovations.	The company will stop with using the whole company and instead create an "innovation army" of 40 people from different departments of the company. Every month a new problem is raised, which this group is responsible to brainstorm about. The ideas are the staring point for the innovation days.	
When employees have the chance to work on each other's ideas, the results will be better and more innovative. The employees see this as a reward for doing a good job lately. It is fun and becomes a beak from the normal business day.	Management wants to put three places at the disposal to anyone within the company. If someone thinks this is an interesting subject they can participate during the day. The ideas is that an innovation day can be about anything, for example HR.	

4.2 Company B

Company B is a very large global production company with products both for the industry and for consumers. They seek to cultivate a culture where employees are more involved in the organization, helping it to breathe and grow, rather then just someone who performs a certain task. A job assignment is loosely defined and more energy is put into describing how their task is connected to the strategic goals of the company. The strive to define all tasks as a part of something bigger have been around for years in company B and is well established. The company has a standardized system where the managers are responsible to motivate their employees. This is done by breaking down and modifying the overall company strategy and goals to fit the employees' task, function and role.

Company B has been working with innovation for several years now. In the latest strategy the top management recognized innovation as one of the four most prioritized areas for the company to work with. For three years ago a major restructuring has been undergoing within the innovation process. They consider that they have come a long way but there is still much to do. The different innovation processes are still being evaluated and successful parts are being picked. When looking forward the company sees the question of how to motivate and reward employees as one of the most important. A similar process has recently taken place for the managers of the company.

Innovation and innovative capability is one of the factors that all employees are evaluated upon, and this evaluation is a part of the material that the annual bonus and personal development program is based on. A HR manager describes the system at company B:

"Everyone knows that innovation is important and have some kind of assignment or task connected to innovation. Innovation is something we talk about, prioritize and measure. Since all goals spur from the overall strategy innovation cascade down the organization."

The company has a strict definition regarding innovations and the area is divided into four different levels; cost saving projects, upgrade projects, next generation projects and breakthrough projects.

As a result to the new innovation focus, breakthrough ideas are being prioritized due to a prior lack of such ideas in the market. To motivate the employees to work towards these ideas every business unit manager are accountable to start develop one breakthrough innovation. These managers are in turn responsible to communicate this further down in the organization and to adapt the goal to the employees' tasks, as mentioned earlier.

To further inspire the employees into thinking in a more innovative way, inspiration days are held within the company. The focus lies in educating the employees as well as acknowledging and rewarding successful innovations. But these inspiration days have another very important aspect. A manager describes what he/she think is most important with these days:

"An important part of the conference is a big fair. At the conference there are guests from the whole world, and innovators (or inventors) present their ideas to market executives and other managers from the company. We have multiple projects that started this way, and these days have been a great success!"

In the near future the company is aiming to make their idea generating systems more transparent in order to encourage cross function collaboration between employees from different business units, areas and backgrounds. Before the systems have been focusing on individual ideas and the company see a problem with this. The vision is to have a system where ideas are collected and accessible to anyone within the organization and where each other's ideas can be improved by anyone who wants to. There are several advantages with such a system over the current. Firstly you get an automatic screening and rating of the ideas by allowing people to rate each other's ideas. Secondly the rating and transparency is motivating because other sees your ideas and gives you feedback. Thirdly it gives a possibility for interested employees to take a more active part in the company B innovation system. Parallel to this change another is pending. From having a system where you simply just collect ideas that pop up company B are planning to start actively request ideas within a certain subject. A HR managers explains:

"In the previous system many ideas got turned down because they where not aligned with the current strategy or needs. The new system request ideas in areas that need them, managers will be able to start a call for ideas for a certain issue or product line. By basing idea generation on needs we hope to create a pull-system rather then a push-system for ideas. To see your idea realized is the most rewarding of all, thus by increasing acceptance rate by focusing idea generation we will increase motivation to use the system as well."

In the long-term company B also plan to use open innovation in similar way that they now are launching for the internal idea management. Company B believes in having a structured innovation process and a creative idea generation first. Most employees will only see the structured par. The HR manager again:

"There have been discussions that time is insufficient to innovate. We speak more about efficiency and clear goals. We believe in a very controlled innovation process with specific goals and budgets"

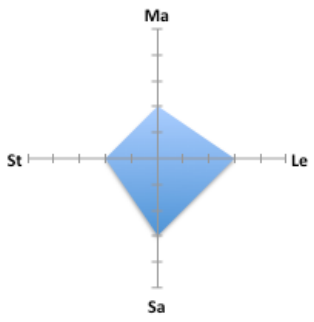
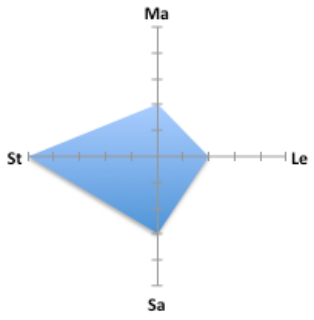
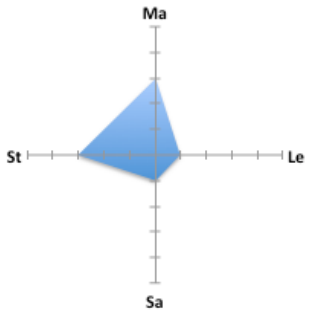
In the current idea management system there is a monetary reward system connected to it. You can get a smaller reward for each idea you come up with, depending on the outcome. In the new system they are still unsure if there will be any kind of monetary rewards, and many times during the interviews managers from the company explain that current or previous systems where insufficient or bad. The interesting thing is that often are these systems cancelled without a defined successor.

Name	Description	Background
Breakthrough innovation	The business unit managers are all responsible for presenting a breakthrough innovation each year. The managers are then responsibility to motivate the employees by breaking down and modify the goal to fit the employees' task, function and role. Monetary bonus when goals have been reached.	A new system. The company had a history of only having incremental innovations. Felt that it was not enough. Wanted to find a way to encourage the employees into creating breakthrough ideas.
Innovation day	Inspiration day where seminars are held with the employees and external experts. Using the day to educate the employees in innovation process etc. All new patents are displayed and the employees votes for the best ones. The winners are rewarded with prices and recognition.	Wanted to place innovation on the day-to-day itinerary and to give it more management attention. Needed a place where executives and managers could interact with the scientists and innovator.
Idea management system	Works as an idea pool where all ideas are collected. The new ideas are presented to a committee, which rates them and decides whether they should be furthered developed or not.	Have had the same system since 1995. The problem is that the system supports protectionism and do not stress collaboration. One of the reasons for changing it.

One manager describes the advantages and drawbacks of the current idea management system:

"The system is a well known mechanism so all employees know where to bring their ideas. But under all these years I just now one single idea put into that system that actually led to a project. But on the other hand the system is used as an idea pool where you can turn when you need ideas or inspiration. Maybe it is more a knowledge data-base rather then an idea management system.

The system motivates because it is a way that employees can see their ideas be realized. The inner satisfaction when seeing your idea in reality, THAT is rewarding, The small monetary rewards for contributing have no at all, absolutely zero, impact on the motivation"

Why	Future	Model
Shows that the company is aiming for breakthrough innovations. The new way of thinking is now a part of the employees' mindset.	Wants to incorporate the system by making it a criterion when employees are being evaluated.	
To stimulate employees into thinking in new ways as well as getting a bigger picture of the environment the company exist within. Gaining a deeper customer insight. Important that the employees can see the implemented ideas and make their own reflections about them and not just a committee.	Continue to develop these innovation seminars as it has provided a successful outcome.	
To show to the employees what can be done with their ideas and that others ideas are being acknowledged and implemented. This motivates the employees to continue to come up with new ideas.	Developing a new, transparent idea management system based on collaboration. Employees can improve each other's ideas, simulating cross function cooperation within the organization.	

4.3 Company C

Company C is a large Nordic production company within both B2C and B2B. The company's definition of innovation is a new idea (for the company) that gives the company benefits, either through commercial advancements or organizations efficiency improvements. In order to be an innovation at company C the idea must be successfully implemented, a good idea or change does not do it; you have to have measurable positive results. A hierarchy of four types of innovation is defined and the type of innovation defines what level in the organizational hierarchy that approved a project. The system is shown in figure 10. A director describes how the innovation hierarchy works and why:

"When categorizing a project or idea we look at two things; the level of technological novelty and the level of business novelty. An idea that has high novelty in both dimensions is a high-risk project with breakthrough potential."

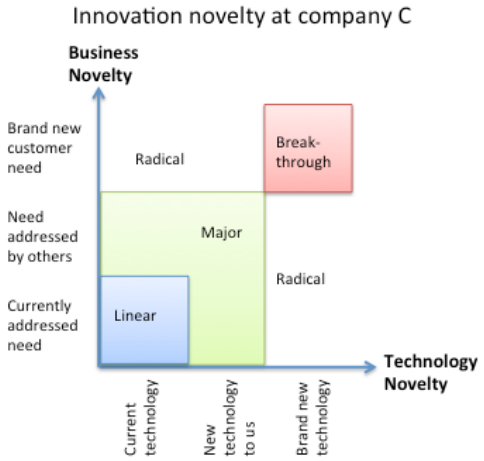


Figure 9 - An innovation hierarchy

Since 2009 a restructuring has been conducted throughout the organization. The company transformed its organization from a division-based structure to a function-based structure. In order to start a structured innovation process a stage & gate process was introduced for product development. Previously the main problem for the product development was that too many projects were ongoing at once without any real control. A director describes the system:

"What we really did was launching a very explicit way of how we make decisions in this company."

In the stage & gate process all gate evaluations are based on the overall strategic goals of the company. Each time a strategic goal is set for the company this goal is broken down into subunits; how many percent of the requested growth will come from new markets, how much will come from innovation etc. These broken down goals then serve as metrics when evaluating the projects. A project is only approved if it has an important part in fulfilling the overall strategic commitment.

In order to capture ideas from all parts of the organization idea seminars are conducted with cross functional groups. The company stresses the importance of

having a clear idea problem in order to gain as much as possible from the sessions. The objective for the seminar as well as the general problem area needs to be established and understood by the participants. These idea generation events are also directly connected to a part of a strategic goal as described above.

The company has a strong belief in structure when implementing these new processes. In order to get everything to work, a clear structure will help the participants to understand the boundaries. Only when these aspects are understood the structure can be loosened up a bit and the creativity can take place within the area of exploration. The company believes that creativity has its time and structure have its time and should be kept apart. A manager explains:

"There are people that experience this new product development process as too rigid and bureaucratic. I believe that the creativity should happen before the stage & gate process and after that you should have structure and order. It is though a delicate balance."

By defining this new process and starting to talk more about innovation have had more effects, some unexpected. When driving through changes there are always people that do not like it. A manager describes:

"What we really did was shifting the power in the corporation, and of course there is always a large resistance to that. In addition to the structured process we have thanks to this spotted numerous other issues in the company that we need to handle. Cooperation and contact between departments have been improved as well."

In the future the company sees a possibility working with input outside of the company. By collecting ideas and opportunities from both customers and other players on the market, the degree of innovation and the potential for the company will increase through collaboration.

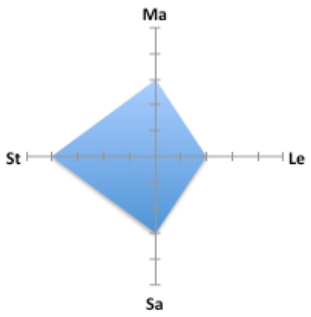
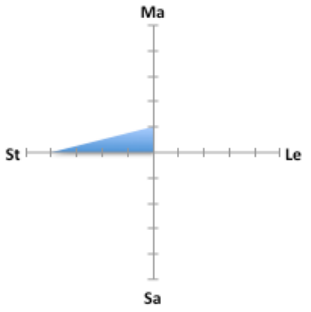
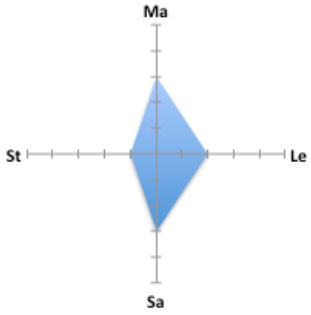
One thing to keep in mind when implementing the new systems is that the culture will be hugely affected and the time it takes to change a culture within a company is far longer compared to the time it takes to implement the systems.

Company C believe they motivate their employees by just letting them be a part of the innovation work, they believe that employees want to participate. The challenge, according to them, is to create an effective system where the best ideas prevail and are developed in a correct way, rather then motivating employees to be a part of it. Since all innovation projects have a specific strategic goal that is a part of the overall strategy, being innovative is the same thing as fulfilling the company's overall goal. This sense of contribution and joy of work is the main motivators according to company C. When designing systems the company always tries to add in motivating

factors in them. For example at the idea seminars there are some kind of gifts distributed; there are a game dimension in the idea stock trading and so forth.

Name	Description	Background
Idea seminar and trading	An idea generation workshop centered on a certain subject. After the generation sessions the employees uses a web interface for a week where they can discuss, improve and vote for ideas. There is also a possibility to trade and invest imaginary money in the ideas, similar to a stock market. Helps the company screen through the new ideas in order to find the best one.	The company has experienced that when people from different department starts to collaborate and share experience with each other creativity and efficiency has been realized
Recognition	Working with recognition within the individual unit levels. It is the leaders and managements responsibility to observe the employees work and provide feedback and appreciation. The employees can also be acknowledged on the intranet. No general system for the process. It is up to every leader to work with the question.	Not just about watching, as a leader you have to be involved in the process, to be interactive in the work.
Development Portfolio Management	The connection between product development, innovations and strategies. The overall corporate strategic goals are transformed into KPI where certain share should come from innovation. All projects are evaluated on these factors.	Wanted all the idea generation within the company to focus on satisfying parts of the strategic goals.

One of the main worries for the manager at the company is that the current innovation system encourages incremental innovation rather then breakthrough. An incremental idea is much easier to drive through the stage & gate process rather then a breakthrough innovation.

Why	Future	Model
Provides a different activity, which the employees perceive as fun and motivating. Makes the employees become more committed to the process and ideas. Provides ownership and continuity for the follow-ups.	An effect of the system is that we are shifting the power within the company, which is encountered by resistance from parts of the company. Need to incorporate the system in order to get all onboard.	
Makes the employees feel proud which increases the productivity and innovativeness.	The development of this incentive system was not discussed during the interviews.	
Creates responsibility throughout the company, both managers and employees can connect to the overall goals. Encourages collaboration between different business units.	Are in the middle of the implementation of the system. The system is being evaluated and improvements are made along the way.	

4.4 Company D

Company D is a large, global manufacturer of industrials goods. It is a classical manufacturing company who adopted a lot the efficiency philosophies that emerged over the last decades. Lean, Six Sigma and TQM have been around for years and are well integrated into both the culture and the processes. Innovation has been a task for the R&D department and they have had as assignment to produce a certain number of new products per year.

The company is currently in a big transition. Before the employees where motivated mainly by monetary incentives and quantified result, i.e. number of patents. Now the company wants to implement innovation into the culture. It should be part of the employees' everyday mindset. Right now they perceive themselves as being in a vacuum between the old known system and what is about to come. They want to try a new way. To do this they have started several new projects. The company got a vision of an innovative company and has started to strive there. They do not have the complete view of the end of this transition but believe change is necessary. The R&D manager describes his vision:

"We will become a unit that within the company is seen and recognized as a constructive idea generating department. And of course this will in the long term help us move forward and generate more business and more profits for Company D. I hope this transition will lead to my employees in the R&D section will become much more motivated because they will be recognized as innovative and valuable."

Company D started several projects and initiatives to drive this change of culture. One important new project that the company has used for a while is innovation workshops. Thanks to these it is now seen as an everyday task to spur ideas and the tools are widely spread throughout the company. These workshops are an important path in educating employees to think more in terms of innovation. It helps to brainstorm new ideas when trying to develop interesting assignments and projects. These workshops are lead by an impassioned facilitator who travels the world to set up new workshops at the company's different locations. After these workshops educations all kinds of meetings at company D can now be interrupted for a shorter brainstorm session or another kind of idea generation. The workshops are changing the meeting culture at the company and give tools to many employees to think freely and often.

Recently the company also started to allow employees to work with their own projects on work-hours. This is not supported by any strategies or system so far but they think it is an interesting idea. Engineers that usually works with evaluation and operation are instead encourage working with their own ideas. It gives them a pause in their normal work and time to follow up on interesting ideas that become

innovations. But this is not an overall company policy, respective manager decides if it is necessary or not. The R&D manager again:

"Our engineers are sometimes caught up in larger development projects focused on the process rather then on creativity. By letting them drive their own projects for a few hours a week they get a chance to breath, and return to their main task rested and focused. Our employees who suffer a lot when they cannot use their creativity perform much better if we let them do this. And we get interesting and often valuable ideas to continue with."

Company D is also searching for a new idea management system where employees can upload their own ideas, vote and give feedback to each other. This will improve the quality of ideas thanks to the voting and feedback. It will improve the number of ideas because it is motivating that other people read and give feedback to your ideas. A manager shares his vision of the new system:

"We are right now developing a process of idea management, a digital knowledge system where will use much more peer-recognition in order to increase the number of, and the quality, of the ideas. You should get credit and recognition when you either come with an own idea or show interest and improves another idea. But we are not there yet, we are in a vacuum in between."

All employees have done a test where one feature is to measure the employee's innovativeness. Those who score high on the test or show a desire to be more innovative are invited to these workshops or can be chosen to start their own project. To be chosen is an acknowledgment and recognition for the employee and his or her work. Company D uses idea generation sessions over a couple of days. These sessions are always dedicated to solve a particular issue or innovate within a certain field, aligned to the overall strategy. When inviting to these sessions the HR uses the test that everyone has done in order to create well-balanced groups. To be chosen to one of these sessions are seen as a reward and recognition of one's skill.

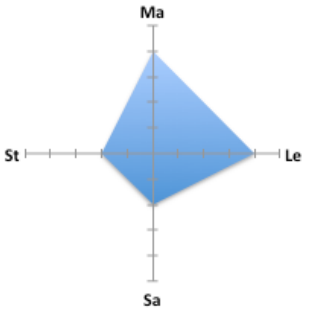
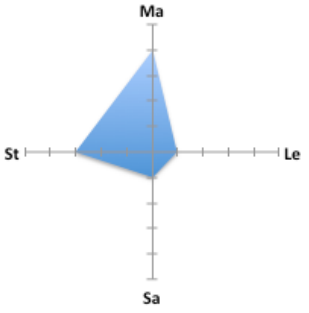
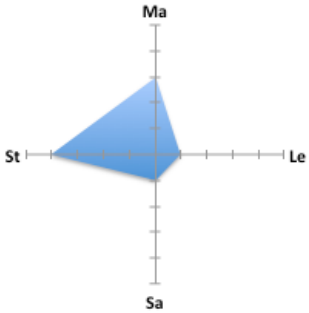
The company stopped numerous of their previous motivational mechanisms before new ones have been created. 'Monetary rewards are bad as a motivator' managers concluded, and removed it. Another manager describes the vacuum they are in:

"It's a good question; I don't know why we removed it. Well I know money isn't the best motivator, or I rather believe it motivates the wrong things. I asked my manager why we removed it and didn't really get an answer, nor about what we are replacing it with."

These initiatives and projects have however started a cultural change in the organization, spurring in the R&D department and diffusing across the company. A manager describes the ongoing change:

Name	Description	Background
Employees can work with their own ideas	It is up to every manager to encourage and support his or her employees' ideas. Give them free time and let them work on their own for a while to develop their idea into an interesting assignment.	Engineers are usually working with evaluation and implementation projects. This is a way to encourage a more innovative environment. But it is not reinforced by any direction or guidelines, it is respective manager who decides if this is necessary or not.
Workshop	An experienced facilitator in innovation leads the workshop to educate employees in innovation. The participants consist of selected employees from different divisions. Each employee has score high on innovativeness at a test that is given to every employee at the company.	There has been a need for more education regarding innovation. A facilitator leads these workshops to spread the word of innovation.
Idea management system	Idea-management-system to handle new ideas and let other employees recognize and be inspired by the ideas.	A completely new system that has not been implemented yet. Before the company motivated their employees by giving them a monetary compensation if their idea become a patent. This has resulted in few ideas, because employees have been unsure if their idea where good enough and did not dare to develop it further.

"The change has not really started yet, but there are a lot of interest and curiosity. It is important to remember that if you have been working for years, evaluated in a certain way, there will be quite a slow start before you realize that you actually are evaluated in a new way. It is truly a challenge to change direction and culture. And it can be rather frightening in the start of a change."

Why	Future	Model
Managers wants to promote a more innovative environment, build a mindset of innovation into the culture by allowing the employees to work with their own interests and assignments.	Today there are no specific rules and guidelines of how this system/program should work or should develop in the future.	
Want to educate their employees in innovation and help them to change their mindset into a more innovative way of working. But also to come up with new potential innovations and solutions. To be invited to these workshops is an acknowledgement to the employees.	Open up these workshops to additional employees from different divisions and to outsiders to increase the heterogeneity. Spread the word of innovation to different divisions and locations.	
To let the employees get acknowledge and to encourage others to come up with more ideas, good or bad, does not matter.	Let others complement and give constructive feedback to your idea. A transparent system where employees can vote for the best idea. Let all divisions and locations to be a part of this process. Even let outsiders come with ideas, like open innovation.	

4.5 Company E

The company is a huge global producer of consumer goods. Ever since the start of the retail chain questioning the status quo has been a central part of the company culture.

Innovation is an important part of the mindset inside the company culture. It is part of their strategy and policy throughout the organization. Everybody is allowed and encouraged to bring up new ideas and suggestions of improvements. The company has always worked hard to build a strong culture that the employees can relate to and consider themselves as a culture-driven company on a mission. In their strategy and policy it is very clear that the customer is their focus in everything they do. All improvements should benefit their customer. No matter if they are radical or incremental, all innovations are important. Further on, the policy also shows us how important they believe the company is for the customer. They are building a strong *why* to their employees, improving the life on all the thousands of customers out there. They often focus their internal information about why the company is so important to their customers. They believe that the culture is the greatest motivator to its employees. It helps them to build a strong mindset. An Innovation manager explains the importance of the culture:

"Our first and foremost way of motivating our employees to innovate is without any doubt the things we have in our culture. Our company is completely dependent on our ability to encourage all our staff to be dedicated to their work and always come with proposal and ideas. The leadership model is a very flat structure that gives responsibility to each individual, and it is possible to try different tasks. We got a culture and a widespread praxis that everyone is allowed to fail. You never get punished if you do anything wrong, you just have to learn and try again."

At the company there is no specific department or section that has the task of innovation more than any other. The culture soaks the company with interest and longing to help the customers even more than they are doing today. The Innovation manager continues:

"The culture is according to me the fundament in all our innovation work, and our innovation work includes the whole company. There are no dedicated office with people that will work with it, or there are of course people who got innovation and new thoughts higher on their agenda, but not that just some people should work with innovative ideas and thus we are trying to build a culture where innovation is a part of everyone's work, even the people in the cashier."

Today there are no monetary bonus systems or any other hard incentives for employees to innovate. A manager shares his/her thoughts about motivating factors:

"Here at company E you don't get any special reward for doing your job or for being innovative. We are very good at making good ideas and creative persons visible in the organization, you get the recognition. Our founder is very good at giving recognition to individuals when he/she speaks. He/she is a master on lifting up each and every person in the organization and describing what he/she has done. This is in the genes of the company that we appreciate our co-workers.
I don't really know why we don't use a structured reward system, but I am sure that the change in innovation power would be minor, if any at all."

A large numbers of customers, existing and potential suppliers contact the company with ideas and offers each year. Thousands of ideas pour in from the employees. There has not been any system that could cope with such a large number of ideas from customers, suppliers and employees. Nobody knew where he or she should send their suggestions, this lead to that many ideas where lost in overloaded mailboxes. Another challenge in using and receiving ideas is that their time to market is around two years. This denotes that the company experienced difficulties because many ideas and suggestions of improvements where concerning products of yesterday's selection. Therefore many ideas could not be implemented since those products would not be part of tomorrow's range of products in two years, when an update reaches the market. Eventually, due to these problems the company introduced a no idea receiving strategy. They simply said no, sorry we cannot handle your input. Receiving ideas where just too time consuming and added little or no value. However, this decision did not at all correlate with the company culture. A manager describes the problems that arose:

"Saying no to ideas is the opposite to a lot of the things that we speak about and stand for here at company E. In the long term we had to either learn to handle these ideas or change culture. That is why we started this idea management system project."

The idea management system will be an IT-based innovation system where everybody, including customers, suppliers and employees can turn in ideas and innovations. The system will be transparent where everyone can vote and comment on all ideas. This will hopefully spur innovation and motivate their employees to become more innovative. In the first version the system will only be open to employees but it is planned that it will be used, as it is or with another interface, towards persons outside the company as well. Company E see Starbucks open innovation system "My Starbuck Idea" (http://mystarbucksidea.force.com, 2011) as a good example where their customers are very active, both coming with a lot of ideas, but also rating and improving ideas from other customers.

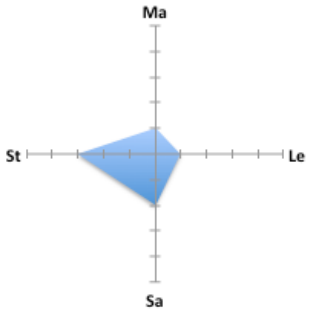
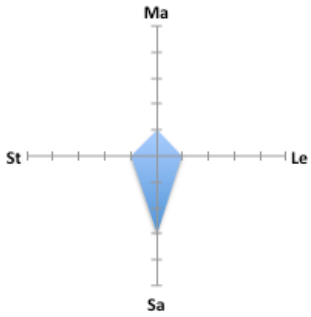
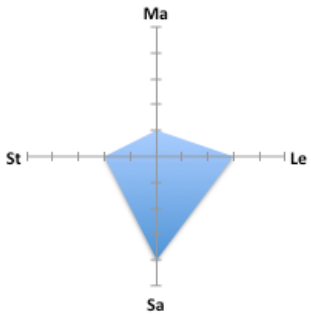
Driving innovation work is connected to a number of challenges. One of the main challenges is always making time for innovation work. Many managers at company E

have only seen the e-mails with proposal and ideas as a thing you must do, and another factor of stress, knowing you got hundreds of unread mails waiting for you. At company E they have created a structure for this. Instead of directing the mails straight to the manager all ideas are sent to the same address. Then a special idea management department goes through all ideas and categorizes them depending on what department they affect. Then a person from the idea department sits down once a month with the manager from each business unit, going through all ideas from the latest month that could be interesting for him/her.

Name	Description	Background
Idea generation system + open innovation	A web-based management system where all ideas are gathered. Ideas can come from customers, suppliers and employees. The ideas are browsed through an IT system that is structured and maintained by one person. All of these ideas go through this person whom distributes the ideas to the right receiver so that the idea will get the support it requires. So far, the system solely been implemented at one location.	Earlier the company had problem with too many ideas and suggestions. There were no systems to manage the ideas, which lead a no tolerance mindset. They could not take care of all of these ideas. This does not fit with the company's core values with company do not want to express a culture were ideas were not taken care of.
Idea campaign	All employees can during a period of 8 weeks send in their ideas to the coordinator. The campaign has an overall theme to spur ideas in a certain direction.	This system main objective is to complement the idea generation system. Because the idea generation system is not implemented throughout the company the idea campaign is a way to show to the employees that the company is encouraging innovation.
Culture	Innovation is a mindset throughout the company. It is a part of its fundamental culture. All employees are encouraged to come up with ideas and suggestions of improvements to the company. With a low hierarchy structure the employees are more spurred to be innovative. Everybody can come up with an idea, it does not matter what. The company believes in a permissive culture were everybody can contribute.	This is one of the most fundamental mindsets in the company. They have always spurred innovation, since the company was founded.

Finally a HR manager describes why he/she thinks people at company E are innovative:

"*Innovation is consistently a part of all of our steering documents and strategies. Everywhere we encourage an innovative mindset. It all spurs from our core, the passion for the customer.*"

Why	Future	Model
They needed a structured system to manage these ideas. With this system the company wants to express a feeling of being a company who listen to its customers, suppliers and employees.	"My Starbuck Idea" has inspired the system. It is a transparent system where customers, suppliers and employees can upload ideas, vote for the best idea and give feedback. The system will be implemented throughout the organization.	
To visualize to employees that the company is innovative. To get more and better ideas.	The future of the idea campaign is uncertain. It seems, as the idea generation system will come to replace the idea campaign.	
Their culture is very strong throughout the organization. Innovation is part of their policy and strategy.	Continuing its work inside the culture.	

4.6 Company F

Company F is a huge global manufacturing corporation in a few related market areas. The main products on these markets have not changed much apart from incremental and semi-radical changes the latest 100 years. Due to new entrants and an intensified competition from global actors the company now sees innovation as their main method of competition in order to stay ahead of its competitors.

Making change in such a large corporation takes a lot of time, and instead of researching and then deploying a comprehensive innovation system company F chose another way. Innovation is a really recent question in the company and there are not yet to date an innovation strategy or a clearly expressed innovation focus, but the corporate research department has by an own initiative taken on the responsibility to develop innovation tools and structure. A manager describes it as follows:

"Instead of creating a model or framework we started to work and drive innovation projects. All the time we encounter problems that we have to solve and structures needed to proceed, but this is a much faster way than trying to solve all problems from the drawing-table, and we quickly get a picture of things issues that we need to work with.
Right now we are scattering our efforts in order to gain an overview of the area rather than focusing on one specific issue at the time. By doing this we are much more prepared the day the innovation system will gain speed."

Still there is no formal assignment to this group to develop and experiment with innovational work and tools, but they keep doing so. The group research department experiment and develops innovation tools and initiatives in-house and then rolls out to corporate after a few iterations.

The innovation campaigns that they launched so far have had two objectives; firstly to collect ideas and improve innovation work, but secondly, and equally important is the cultural value of such a campaign. The campaigns signal to all employees the importance of innovation and there is a spiraling interest for innovation among the employees. A manager explains their experiences from the Innovation Jam they held:

"Innovation Jams are not just about generating ideas, but primarily an effective tool for culture- and mindset change. You can affect thousands of people at once. We can share ideas across organizational, hierarchical and geographical boundaries. There is a great sensation of unity and participation, and removes cultural barriers that you thought existed. At the same time you create a network of persons that work in the same areas. This is clearly the most successful experiment so far"

Because the current lack of management level dedication to innovation many these innovation initiatives are spread in a viral fashion throughout the organization. This work does not fit into the current business system and is therefore conducted either on breaks, lunches and after work hours, or as a hidden part of the actual project they are working on. Some employees simply regard this innovation work as more important than their current tasks, although there are no top management directives. A mid-level manager, who works with innovation at the corporate research unit, put it as follows:

"There are today no dedicated time to work with innovation and innovation processes. Right now I focus on persons who by themselves free time to join the work. Perhaps people who say that there is no time simply are not motivated to be a part of this"

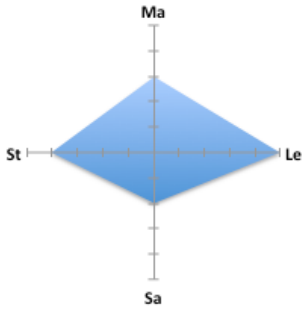
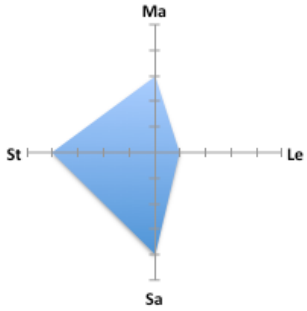
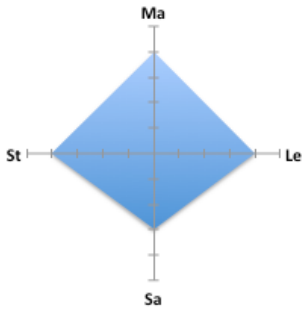
In this innovation work they have encountered many issues. Some are correlated with the unclear management situation where the top management is about to change. Other is correlated to the delicate balance between structure and creativity, and some to different kinds of personalities.

- *"The (internal) consultant hourly wage system mismatches innovation work. It only matches the expected"*
- *"Our efficient company structure is suppresses innovation"*
- *"We have to upgrade our financial control system in order to enable innovational work"*
- *"I got the question the other day: 'Now you have been working on that innovation thing for almost two years. Are you done yet? What ROI did it have?'- Innovation work cannot be measured as other projects are. "*
- *"Unclear linkage between innovation initiatives and strategic goals. What is innovation good for and why do we need it?"*
- *"Incoherent incentives in the corporation. Competing brands, how can we make them innovate together?"*
- *"It is hard to balance motivation for innovation. If you develop an innovation process that are too motivating the employees managers will claim that it all just about fun. Need to balance 'fun for the individual' and 'good for the organization'."*
- *"We got a risk avoiding culture. People do not chance. But they got nothing to gain by doing so today either."*

When company F started their innovation campaigns they asked themselves how they should motivate employees to contribute. They chose to give no rewards at all for ideas and contribution. The manager motivates the decision:

Name	Description	Background
Dragons Den	Employees can come and pitch their idea and some kind of business case in a relaxed and open-minded fashion. The idea can then get funding and support to take it further. The idea can be cultivated as a virtual company within the corporation. The one that came up with the idea from the start may choose to drive it forward.	There has been no agile way to develop and drive new ideas. There where no visible way where you could turn with your ideas.
Innovation Jam	Innovation Jam is a web-based 48-hour idea generation campaign. Often the whole company is invited to participate, generating ideas within a certain subject. The ideas are collected, sorted, rated and improved during the Jam by other employees. The company always focuses the jam towards a current strategic goal.	The company has had problems with lack of new ideas, especially beyond incremental innovations. The Jam where tested in a subunit before used in corporate.
Viral Innovation Guerilla	There is a grass-root level change in the company where employees starts and tries out innovation initiatives. Although there is limited space for that in the economic system they make space. Top management has started talking about innovation but this has not cascaded down the organization yet. Cultural change started.	There has not been much innovation before in the market. Now with new entrants and global competitors employees think that innovation in the main way to counter this threat. Some managers support this and some do not.

"In Japan would an employee be devastated if he got a check or a little money after he came with a good idea or accomplished something. 'Do you really think I did this to get a monetary reward? I just wish to contribute as a member of the company'. All they want is a little appreciation"

Why	Future	Model
Dragons den gives you the possibility to gain funding and support so you can continue with your idea. Successful projects gain attention. When you lead your project you can set the rules.	It will be possible to spin-out an idea from the corporation and get shares. More agile funding based on the progress of the project. Create a process more focused on the actual idea rather then bureaucracy and long reports.	
Employees are motivated to participate by presenting descriptions of current and future users with the question "how can we help…" The object of the jam on a corporate strategic goal, thus important. All participants get other peoples views and feedback.	Keep using jams in the corporation. Have been successful so far. The Jams also released an innovative atmosphere and culture for change.	
Employees believe that innovation is needed and therefore experiment and prioritize it.	This innovation movement will continue to spread in the corporation and hopefully be established by top management. Rules and systems will allow innovation work so that it does not have to be done as a "guerilla".	

5 Trends

We have in the previous chapter discussed motivational strategies and systems of the six different case companies. We will now compare and categorize these findings and try to isolate the main trends that we see. We start by comparing the systems that each company claimed was among the three most important motivating systems for them. When analyzing the material we found that the majority of the incentive systems could be generalized into five main trends:

1. Idea management system (IMS)
2. Innovation days (ID)
3. Idea campaign (IC)
4. Culture
5. Dragons Den (DD)
6. KPI
7. Breakthrough Innovation (BI)

We then enter the results, the most common motivational systems in a table as follows:

		IMS	ID	IC	Culture	DD	KPI	BI
Company	A	X	X	X	/		/	
Company	B	X	X		/	O		X
Company	C	/	X		X		X	
Company	D	X	X		/	X		
Company	E	X		X	X			
Company	F		/	X	X	X		

Table 2 – Main incentive trends

X – Stated as top 3 important motivational systems
/ – Discussed in other parts of the interview
O – Previous used system

We will now in more detail analyze and discuss the different kinds of systems that we have seen in our study. We will generalize all implementations we have seen and try to find the vital points. Important to remember is that we seek the trends behind the implementations in order to generalize our findings from the study.

5.1 Idea Management Systems

One trend derived from the interview material is the use and implementation of an idea management system (IMS). Four companies state their IMS's as a top three incentive systems, which therefore can be seen as one of most significant trends among the companies in the study.

The most common way to implement the system is through a web-based portal where all ideas within the company are collected. Many companies in this study increased the number of ideas from the employees by successfully changing their mindset to be more innovative or collected numerous ideas through campaigns. To handle this increasing flow of ideas several companies have implemented an IMS´s. Without this companies have previously been unable to handle all the ideas poring in. One company explains that it is the best solution to handle the 600 ideas they have just waiting to get screened and evaluated.

The companies motivate the use of these systems due to the need of a structured system when working with innovation and to manage all ideas. Some have also stated that it has gotten easier to motivate the employees to become more innovative when a framework is defined. Then everybody knows within which field the ideas and innovations should be focused and as a result the ideas become more focused and contains a higher level of innovativeness.

Some conclusions can be drawn for the comparison between the IMS's and the 4DMI model. Overall the scores are relatively similar for the companies' different systems. In general the trend scores very low on the leader dimension (1,1,1,1), low on the savior dimension (2,1,1,2), while the system scores the highest for the star dimension (3,3,4,3). The master dimension lies in between with a larger spread (2,3,3,1). Therefore assumptions can be made about the systems strengths and weaknesses. The leader dimension is not something this system emphasizes and therefore do not provide autonomy, own influence or self-direction to the employees. The same goes for the savior dimension, though we have seen a tendency for providing very little purpose regarding the task towards the employees. The star dimension on the other hand provides much an in one case plenty of recognition towards the employees. This is connected to the attention and visibility the system provides which increases intrinsic motivation as mentioned in chapter 3.4.4.

All together the system is hard to analyze solely from a motivation point of view. As discussed earlier, the companies state the most important reason for implementing the system is to bring structure to the innovation process and not to simply to motivate their employees. Despite this the companies mention the system as a motivation system for improving innovations within the companies and should therefore be analyzed accordingly. One aspect of an IMS system is that more ideas

become reality, which in turn means that more employees will witness their ideas becomes implemented. This provides a feeling of progress, a part of *master,* but the system scored average on this dimension. This is because none of the companies actively work in order to motivate via progress in the IMS, hence there is an opportunity in increasing the motivation within the system.

All four companies mention transparency as a future development for the IMS's. By opening up the system and make it accessible for all employees, collaboration and cross-functioned work is being encouraged between different divisions. They also discuss open innovation together with the IMS, which is closely connected to a transparent IMS and can be seen as the next step in the development process. With an open innovation system not only employees are invited to the ideation but also customers and suppliers. This will most likely stipulate more recognition and visibility, which will raise the score for the star dimension even more and therefore provide additional motivation for the employees and also new ideas from outside the company.

5.2 Innovation Days

The second trend was innovation days, which were equally important as IMS's as four companies included it among the top three incentive systems. These innovation days can be conducted in different ways but normally consists of some sort of gathering where a selected group is invited to a brainstorm session to generate new ideas. Another common procedure is to invite the entire company or one of the departments to innovations seminars with the goal to inspire the employees or arrange seminars where the employees' ideas and innovations are presented to colleagues. Educating the employees is also a big part of the incentive system with the goal to increase the knowledge in the innovation process and to promote creativity.

The innovation days aim to generate new ideas and companies are trying to encourage their employees to think in new ways during brainstorming sessions. This is an important function since the innovation days works as a safe environment for the employees where crazy ideas are accepted and even wanted from the management. These brainstorming sessions are normally conducted during one day, even though one company expressed their wish to extend them to two days.

When the innovation day's goal is to inspire the employees the day normally consists of seminars where the employees can get new ideas on how to generate ideas as well as getting them more exited about innovation. The goal is also to provide the employees with a bigger picture about the environment the company exists in, which is closely linked to the savior dimension. Another activity the companies are using to inspire their employees during the innovation days is though exhibitions where the employees have the opportunity to display their ideas and innovations

where colleagues and experts can find inspiration and make contacts. This provides recognition, which is part of the star dimension.

When choosing to work with these innovation days many companies claim that it is good to implement them in a separate place away from the office. Using conference rooms for the brainstorm sessions there is always the risk of getting interrupted during the day and the companies have experienced that the participants find it difficult to disconnect their normal day-to-day tasks. One company in the study has solved the issue by creating a space solely for these events in order to get as much out of these days as possible.

The evaluations of the companies' innovation days according to the 4DMI shows that the system strengths lies within the *star* (5,5,4,3) and the *master* (4,2,3,4), while *leader* is not addressed (1,2,2,1). The *savior* dimension (2,3,3,1) lies in between and scores mediocre. This shows that the innovation days, in conformity with the idea management systems, address and disregard on the same dimensions. This applies regardless of the focus the system has and how it is designed.

The reason for the high scores on the star dimension can be linked to the amount of recognition the employees receive when their ideas are being displayed. Often non-monetary rewards are involved together with management and colleague's acknowledgment. People are invited to the innovation days based on their latest performance within the area of innovation which have resulted in that the opportunity for attend an innovation day sees as a reward and motivates the employees to strive for this recognition. As discussed, the system also has the ability to make the employees feel like masters. This is due to the employees' possibility to witness progress of their ideas as well as the opportunity to gain insights and knowledge about the innovation process, which makes the employees better at what they do. Also, due to the fact that innovation days are flexible, easy to implement and can be done in many different ways the system is popular among the case companies.

A common idea about how to develop the system is to open in up to more employees from different divisions and functions in order to gain the competence from different backgrounds. This will increase the star dimension ever further but unfortunately does not provide any solutions to the low attention for the leader dimension. A way to handle this problem is by letting the employees set the agenda for the workshops or making the system web based focusing solely on a problem statement the company wants to solve. Then the employees will have a chance to choose by themselves how, when and where they should work with the problem. But there is a likelihood that this dimension is hard to emphasize with this system and should therefore not be taken too much in consideration.

5.3 Idea campaigns

Idea campaign, sometimes as an innovation jam, is foremost a way to gather ideas during a specific timeframe; were everyone in the company can participate and contribute with their own ideas, which might be set into reality. It is a way to stimulate more innovation and to let their employees think openly and give them a chance to present their own ideas. This is usually done through an IT system where employees send in their ideas to a specific database, which is controlled by moderators. These moderators can then send feedback to each originator to create a discussion and to spur improvements. These campaigns often target a certain area that the company finds most interesting to investigate further, but it can also be an open idea campaign where employees can send in their ideas regardless of their topic. You can reach thousands of people at once and gather ideas in a system where the moderators get an overview of all the ideas. After the session, each idea is evaluated and the most interesting will taken further.

The idea campaign has been used by three of our respondents, company A, E and F, and is stated as one of the top three incentives factors. One thing the company had in common before starting these campaigns was their lack of ideas, especially non-incremental ideas, and also needed to build a structure for the idea generating process. They all believed that their idea campaign has given them a positive result, with more ideas and an easier evaluation process.

Besides the above mention criteria's all companies want to create a more innovative culture by using idea campaigns. It is used as a way to visualize to their employees that innovation is important, no matter whom they are or which department they are working on. It is implemented as a fun and innovative process where you are allowed brainstorm and be creative.

According to our 4DMI model the companies' idea campaigns differs a lot, except in Leader dimension, where all companies score low (1,1,1 for respective company A, E, F). This implies that the idea campaign is not the right system to use to help your employees to become a Leader, or to help them influence their own situation. Idea campaign only allows employees to express their ideas. It is someone else who determines if it should be implemented or not, who should develop the project and how the project should run. Not the inventor who came up with the idea.

In terms of the dimension Savior, the idea campaign can give different results (2,3,4). Some companies do it well and others do not go all the way. In company A, the idea campaign welcomed all ideas, no matter how crazy they where, it gives them a chance to finally express their ideas they always have been thinking of, but it does not answer the question why, i.e. why the company exist or why you ought to come with ideas. It is mainly a fun session where you can write down your ideas.

Company F has a more structured idea campaign. The moderators try to challenge their employees with questions on how they can solve important issues using their own resources, which give the employees a purpose to work. The moderator can target and guide their employees into interesting areas. It can be deep and abstract questions in order to come up with radical ideas; how can we help poor women in India? It can also be incremental ideas; how can we refine our product?

It is important not to forget who the inventor is; he or she should be recognized, or else it will not be any motivation to the employees to participate in the idea campaign. According to our 4DMI, idea campaign score 3, 1, 4 in the *star* dimension. In company E employees could send in their ideas to its moderators but the system is not transparent, no one knows who the inventor is more than the moderator. Because of this lack of feedback company E plan on focusing more on the IMS rather then driving campaigns in the future. Company F, on the other hand, has a transparent system where everyone can see who has sent which ideas.

Also in *mastery* the idea campaign differs a lot (4, 1, 3). The company can create an environment where the employees improve their skills, or it is only a way to let them come up with different ideas. To get a high score at *mastery* it is important that the employees learn from their experiences, to elaborate each time with different approaches and trying to solve new and challenging issues.

Idea campaign does not motivate the companies' employees directly but it is a very effective tool to help the company create more ideas. Primarily according to the companies, idea campaign is all about creating a culture, changing the mindset visualizing that innovation is important.

5.4 Culture

A number of the companies in this study claimed their culture as one of the strongest motivators for innovation. Culture is a diverse concept and the interpretation varies a lot from company to company. This culture in important for company E and have been a part of the company ever since the start and impregnate all strategic documents, company values and official material. The culture at company E has a distinct top down flow, with a charismatic and uncompromising founder and father. All new employees get introduced to the company values and all managers' takes pride in the culture they got.

At company C they have no such inborn culture within the company. Recently they introduced praxis in order to build a motivating culture where managers have an expressed assignment to recognize employees who performs well. It is the company's wide strategy to motivate employees and to create a better culture to work in. This is an example of a management initiative in order to change the

culture. There are no specific instructions or methods for how this should be done; it is just a responsibility on each manager.

Company F, on the other hand, have a grass root level movement of innovation culture. Employees found a need for innovation in the company and slowly and virally this spreads throughout the organization. This change started with, and is still driven by, employees who believe they know better where to lead the company than their managers. Hence they started driving and generating innovation processes, spreading the word and lifting up innovation on the agenda where they are. In this way the culture at company F is driven from the bottom and up.

By these few examples we can see that culture can be used in many different ways to motivate employees, and also that the culture can spur from different levels or reasons in the company. Some have a certain culture in their genes, some change culture from time to time. Sometimes management leads a change and sometimes it spurs from the grass roots. A company culture can affect the motivation in many ways. Some cultures motivate by increasing the recognition (star) and some cultures motivate by defining a clear purpose for the company (savior). A culture can also be motivating in other dimensions. A culture can allow employees to follow up ideas and create projects (leader) or allowing and encouraging deep dives into certain fields (master). We have in our studies encountered all of these dimensions, but the strongest and clearest have been the cultures that motivate by declaring a clear purpose for the company (i.e. company E) and a culture where recognition is an important aspect and task for the managers (company C).

Culture is a powerful tool for motivating employees but is hard to master. Most companies in our study spoke about the value of a good culture in one way or another and several companies stated that top management attention to the innovation phenomenon is very important as a motivator. There is an opinion that if they just emphasize innovation this will cascade down through the organization and increase innovation focus on all levels. This is also a way of motivating your employees, but rather informing them about the future path of the company than motivating your employees by giving them a clear and worthwhile purpose.

Two companies in the study encountered difficulties when working with culture. Company A acquired another firm that had a far more open and free innovative climate than company A and this cultural clash led to management issues. For a company accustomed to autonomy it was very hard to let it all go and just ingratiate into the structure. Company A did not feel that they just could let go of all their structure, afraid of chaos. “This is our dream as well, but we are over a thousand employees” a manager excuses himself/herself.

Company F encountered another issue, driving a cultural change from the grass roots and is often on collision course to the efficient corporate culture. An innovative project cannot be valued in the same way as other projects are. Company F also found that the current culture is too risk avoiding, and one need to change the culture and change the rules so that employees are rewarded rather than punished when taking well calculated risks.

Culture is, according to our study, the most potent way to work with the savior dimension of motivation. Company E scores high (4) with its culture work and Company F scores high with both its Jams (4) (which is said to be primarily a tool for culture change rather than idea generation) and its viral cultural spreading (3). Having a purpose, feeling as a savior in what you do, is according to Sinek (2009) the most important way for leaders to inspire people and staff to take action. As seen in the model by Davila et al in chapter 1.2 the culture is really the surrounding paradigm where all the processes, decisions and development happen and is therefore of great importance. All companies work in some way with their culture, but those who have a clear vision of the culture they want to build as well as mastering the process going there are superior in their performance.

5.5 Dragons Den

Both Company D and F allow employees to work with their own projects where the founders are responsible for the whole process from start to finish. The companies mean that by letting employees who have come up with an idea will become more motivated to fulfill the project. It is inspired from the popular TV show, Dragons Den, which was originally produced in Japan. Entrepreneurs (employees) pitch their ideas to a panel of venture capitalist (managers) who then decide if they will approve or reject the idea.

In Company D it is not really this serious. It is more a way to award the employees and to let them get a break from their ordinary work so they hopefully can create an innovation from their own idea. In company F, employees can pitch their ideas in an open-minded environment in front of other employees and a jury. The other employees and the jury give feedback on each idea to help the employee to develop his or her thoughts so the idea will get even better. If the idea looks promising the jury then decides that he or she will get the sufficient resources the idea needs to further develop their idea into a real business case and eventually to an innovation. Company F calls it for small companies inside the big company where the innovator becomes the CEO for his or her idea.

According to our 4DMI model, Dragon Den approach has a high level (4, 5) of the Leader dimension. Employees can work with their own projects; they can control their own time and they can fulfill their own ideas. It is an acknowledgement to the employee that the company is interested in him or her. The companies on the other

hand will get encouraged employees and hopefully new innovations. Dragons Den partly exists to challenge the traditional culture but also to increase the awareness of what is possible. It will spur more employees to come forward and present their ideas and encourage others to change their mindset into becoming more and more innovative.

Further on Dragons Den as company D and F execute it is not the best way to create a feeling of Savior (2, 2). But of course, it depends on which ideas they encourage. Is it an idea that assumes to have the best return on investment or is it an idea that is a high-risk investment. To increase the dimension of Savior it is important to let employees try new and more risk-taking projects, motivate them that all ideas are welcome and that everything is possible.

Dragons Den is an effective tool to create an atmosphere of idea creation where employees can give feedback and collaborate across boarders and departments. Company F has a transparent system where everyone can discuss with everyone and collaborate to build better ideas which also has resulted in a high score (4) in the Star dimension. While in Company D, with only a score of 2, the projects are bound to their department. When company use any form of Dragons Den, either if it is like Company D or F, it is important that the process is transparent so that everyone can participate and contribute.

But both Companies score high (4, 3) in Mastery Dimension. Dragons Den is a successful tool to increase the Mastery Dimension, where each employee can practice his or her own interest, challenge the old praxis and improve their skills.

5.6 Outliers

Within the compiled empirical data two incentive systems that were rated among the top three motivational systems did not fit into table 2, seen in the start of chapter 5. Company B rated their system regarding that every business unit each year was responsible for presenting a radical innovation as one of their most important incentive systems. Also, company C rated their work with portfolio management among their top incentives. These two systems however share a common factor; they both describe the company goals with their innovation work rather than how they motivate employees to do it. As discussed in chapter 4 our questions regarding the means of motivating employees for innovation have sometime been interpreted into the general means of driving innovation at the company. In the light of these two systems described by company B and C are therefore to be seen as innovation management systems rather than innovation motivation systems.

There are still motivational factors that can be derived from these systems, for example when company B stresses the need for breakthrough innovation, this will

probably lead to that employees dare to endeavor a broader range of ideas then before, and also appealing to the savior dimension by stating higher purposes than just the innovation itself.

The system company C uses clearly defines evaluation criterions for innovation projects. They start with the overall company strategy and then breaks them down level-by-level and end up with a list of requirements or KPI´s that the innovations that year should fulfill. This is mainly a way to manage and steer innovation, ensuring that each innovation project is aligned with, and contributes to, the overall strategy. This alignment does two things. First it ensures that the innovation will create value early in the process, by evaluating it according to the goals. Secondly it gives the innovation projects more significance, due to the knowledge in the organization that they are directly contributing to the overall goals. Innovation projects are no longer just far-out experiments; they are vital processes in order to reach the goals. This also stipulates that there is a purpose with the project, giving project members motivation according to the savior dimension. We believe this connection is important and valuable. Company F describes problems due to the lack of this clear connection between strategic goals and innovation work.

Companies work in many different ways to motivate and facilitate innovation, and these two processes often coincide and affect each other. These were just two examples of how innovation process facilitation and management also can serve as motivational factors.

6 Analysis and Discussion

Coming this far in our report we now attempt to, with the application of the diffusion theory, predicted the future of incentive system development. This is the last step regarding the trends within the companies' different incentive systems.

During this thesis we have found two main results. (1) We can, by application of the diffusion theory, predict the future of motivational system development. This is possible due to the fact that we are conducting our study on a group of lead users that pioneer new structures and systems. (2) We have during our work gotten several insights into the issues, challenges and possibilities around driving innovational and motivational work.

It is important to remember, as we touched upon earlier, is that when we ask companies about how they motivate their employees to be more innovative, they often answer the question how they drive innovation work at the company. Figure 1 in chapter 1.2 describes why; a motivational or incentive system is dependent on both the overall management systems and current culture at the company. We cannot therefore study the systems that motivate employees to innovate without sometimes ending up quite far from the motivational factor itself. We also believe that our insights in these closely related fields would be valuable for our target audience. Therefore we will present aspects, issues, insights and findings affecting innovation in companies, thus also the incentive systems.

6.1 Diffusion of motivational trends

In order to predict how companies will motivate their employees to become more innovative in the future we are using theories of diffusion. To be able to make predictions beyond 'this will likely be used in the future' we will try to map the different trends we isolated in the previous chapter in the maturity model we presented in the theory section. This will partly give us a sensation of the maturity of the trend and also a hint about the time to mainstream adoption.

The analysis is based on several inputs. First we have taken in to account the number of companies using incentive systems part of a major trend. Second we base our analysis on facts and statements provided by the interviews with the six case companies. The valuation of the five major trends is a subjective judgment and in the end derives for the authors' perception.

If these trends are proven to deliver good results they will likely be adopted by other companies and in that manner diffuse throughout the business world. Innovation has become an important area for researchers and business to study, hence also a popular strategy for creating competitive advantage and growth, a general issue for

the many companies to solve and to manage. Innovation is an important field of change and development, and the companies in this study are leading that change. When other companies want to start their own process they will turn to companies like these for inspiration, guidance and tools.

In figure 13 we have our five main trends from the analysis plotted into the maturity model. Some of them are soon reaching mainstream adoption while others are still in their hype.

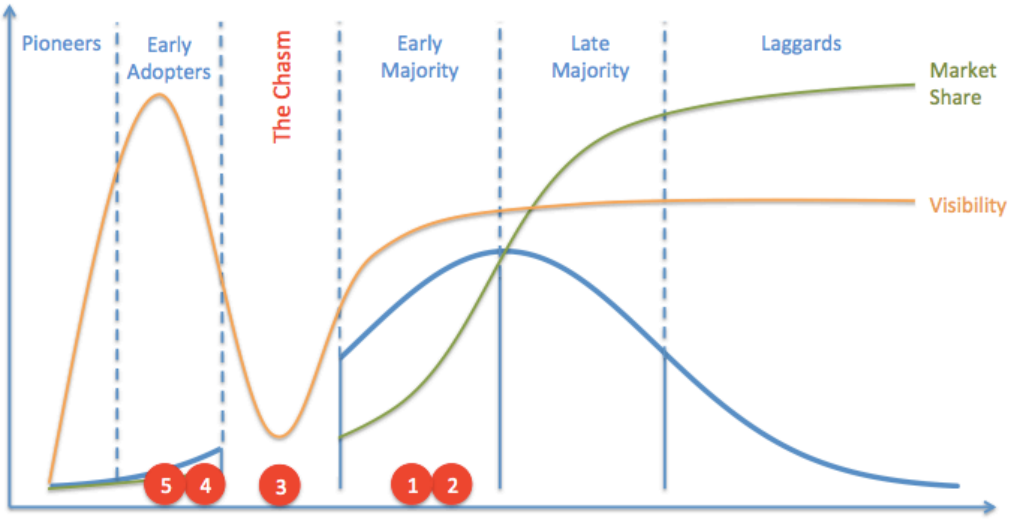


Figure 10 - The maturity model

(1) IMS is a trend that is quite popular among our respondents; it is a rather easy system that collects ideas and can be seen as an upgrade of the classic idea box. IMS solves the problem of handling and screening ideas, and has been tested thoroughly by many other companies. Starbucks and their “My Starbucks Idea” are seen as a role model, and is a good example of the potential of this kind of system.

IMS´s are past its hype and are now maturing, rising in visibility again and at the same time it is getting adopted by a broader group of companies each year. We believe this trend is under way to mainstream adoption and will be used widely in a few years.

(2) Innovation Days is another trend that we have isolated through our study. It has definitely grown past its hype, maturing and is now increasing in visibility again. It has proven, thanks to the broad use, to be an effective system to create ideas, but it can also be used to spread and facilitate the culture of innovation. Soon it will be adopted by the early majority and diffuse through the business world and become a trend in every company.

(3) Idea Campaigns lies in the chasm and at the bottom of the Hype Curve, *the Trough of Disillusionment*. This is likely to change over the coming years, increasing in visibility and maturity. One of the companies using this is extremely positive towards the system and certain that most companies would benefit greatly by following this trend. We believe that this trend can gain adoption rather soon, although it is not that visible today.

(4) Culture has been around for a long time but is right now at its *Peak of Inflated Expectations*. All of our respondents mentions that they work, either direct or indirect, to improve their innovation culture. But only a few have gone so far that they can say that they actively work with their culture each day to improve their innovativeness. There has recently been an increase in management literature promoting the value of culture (for example Sinek 2009). Many companies talk about it and have very large expectation what culture can do for them, but no plan or insight how it can work. Culture likely to drop in visibility in the next coming years, and then gaining real traction throughout the business with more and more companies actually working with culture as a tool to improve innovativeness.

(5) As we can see from our chart, Dragons Den is on the way down on the hype curve, it has just past its *Peak of Inflated Expectation*. But it is still seen as an important and effective tool to create a lot of ideas. It is on its way down into the trough but will likely climb up the slope, gaining adoption in a few years time. Today there are very much talk about it but few companies actually use it.

These are the five main trends we have isolated in this thesis, and they have all different levels of maturity. Some is right now establishing as a standard way of dealing with problems, while other have a few years of disillusion in the chasm before the wide adoption takes place.

6.2 The Effectiveness – Efficiency paradox

A recurring discussion in the interviews has been the problem of driving innovation work in an organization focused on efficiency. All the interviewed companies are large and successful, and therefore we believe that they are effective at driving streamlined processes. The innovation managers that we interviewed often feel that their work does not fit into the organization and cannot be measured in the same way as the other activities in the company. By comparing and combining stories and issues described to us we created this picture of what we call the *Effectiveness – Efficiency Paradox*[†]. Although effectiveness not necessarily contradicts efficiency, we have seen over and over again how the tension between these two factors causes

[†] Efficiency = Doing things right
Effectiveness = Doing right things

problems and misunderstanding in companies. Focusing on one of them seems to reduce the focus, and performance, at the other.

This paradox emerges in many different situations in the companies and the two different mindsets often both complements and contradicts each other. In figure 14 a few of these contradictions are presented. Many persons we interviewed, who work with innovation, described different aspects of this tension, and we believe that all these things are the effect of this fundamental paradox. The issues from this paradox can surface in many different contexts of the company. Sometimes it is a IT system that do not support an innovation process, it can be the financial control system that cannot house the project, a culture of only making fact based and safe decisions instead of sometimes taking a risk, it can be structure that limits the possibilities of an idea or a deterministic view of the company's main market or product.

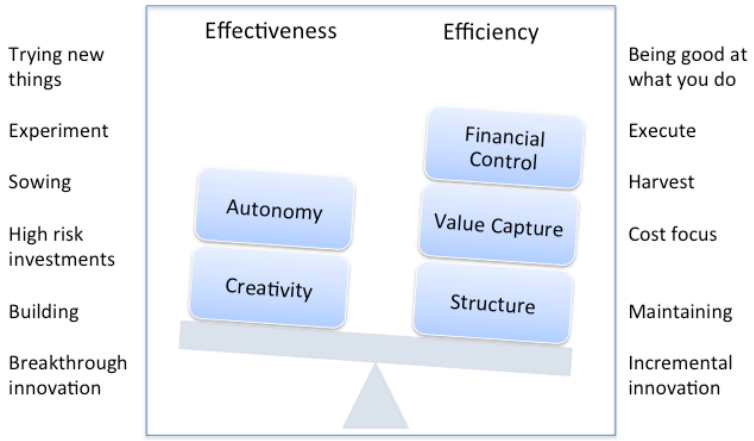


Figure 11 - The effectiveness - efficiency paradox

Figure 15 - The effectiveness - efficiency balans

In the discussion below we will simplify figure 14 to figure 15. This is the same paradox represented by a blue line that stretches all the way from pure effectiveness focus to pure efficiency focus. The red ball represents a certain balance between the two extremes.

We believe that companies need both effectiveness and efficiency in order to reach optimal long-term growth and value. The exact balance depends on the situation on the market, the state of the company and where in the product- and company

lifecycle they are. The extreme effectiveness company is the new technology start-up that focuses all their energy on developing a product so that it will fit the market and please customers. The other extreme can be an iron ore mine, which have done the same thing for a century and put all their energy in streamlining the processes and cutting costs. Innovations are here incremental and often focused on cost saving.

We believe that regardless on what extreme a company is, it ought to strive towards the middle, and that they will produce better results if they do so. The small start-up has a lot to gain by an increased focus on efficiency, not only looking on what they are doing today, but how it can generate value. Big manufacturing companies on the other hand (that represents most companies in this study) have a lot to gain if they does not only focus on the efficiency, but also continuously have their mind open for the next product and market, unleashing ideas and intrapreneurship. If you plot the effectiveness-efficiency focus over the product lifecycle it looks something like figure 16.

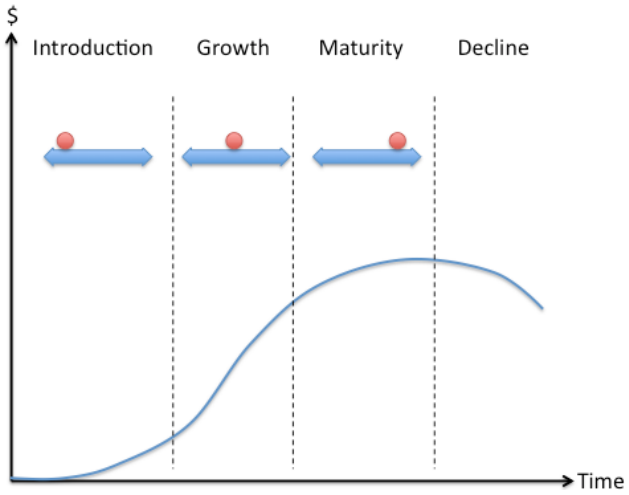


Figure 16 - The effectiveness - efficiency balance over the product life cycle

Companies moves into efficiency and cost focus as the product and the market matures the same things that drive the consolidation cycle. For large companies the challenge of innovation often is to dare to shift the balance away from the pure efficiency in order to allow more innovative ideas. In order to live past the product lifecycle the company needs to dare to focus on effectiveness. Although, this removes focus from the efficiency, and this can often in the short term reduce profits. The change of focus needed in order to pass into a new market is shown in figure 17 below.

The greater the novelty of the innovation, the greater effectiveness portion is needed. As we said earlier many mature companies end up in a dedicated efficiency

focus. In this focus they cannot innovate beyond incremental. In chapter 3.1 we discussed how companies in this way can get stuck in incrementalism. The main reasons, given by the paradox why companies can get stuck in this, is that incremental innovation do not require any change or compromise, is rewarding in the short term and it is a much more controllable process.

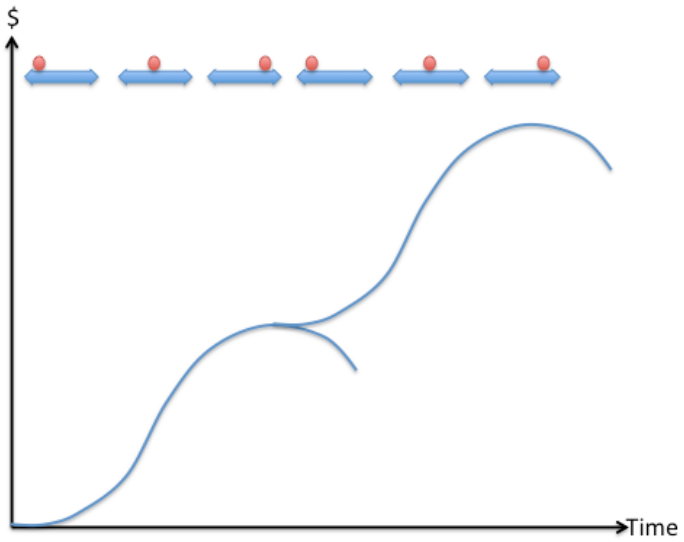


Figure 17 - The effectiveness - efficiency balance over multiple product lifecycles

In most companies there are still many product lifecycles that overlaps, and therefore is the picture not as dramatic as the one shown here. Still we believe that it is hard for a company to lead the development into a new market if they do not compromise their efficiency. Companies have to embrace an increased focus on effectiveness in order to flourish by innovation. A company can of course instead keep growing by acquisitions and mergers and thereby realize synergies, or focus on being a fast follower, adapting to other companies path. These strategies are possible with a large efficiency focus, but leading the development requires risk-taking, and this leap of faith takes the company away from pure efficiency focus.

Many companies speak loud and clear about innovation. Innovation is our main focus to build competitive advantages and our strategy to counter the threat from low-cost countries. In many companies in our case study top management declared the importance of innovation, but in just a few where the control system, the KPI´s, the culture and the goals actually updated to match this new focus.

When looking at our analysis with this paradox as a tool a certain pattern become visible. The three trends that are the closest to a widespread adoption according to our maturity model are all scoring very low on the leadership dimension in the 4DMI model. The paradox helps us explain; the leader dimension requires substantial

change from the ordinary efficiency focus. Thus, trends that do not require this dimension mature faster. There are examples of trends with a significant leader dimension, but these trends are all at an earlier stage of the maturity process. We believe that the effectiveness – efficiency paradox is an important part in this discrepancy due to that the leader dimension, according to the paradox, requires a larger change in the company.

6.3 Combining the systems

As shown in the empirical data the companies uses the incentive systems in order to form a complete incentive meta system. By combining the systems in different ways, the companies can create a meta system fitting them in a good way. This in an important factor to take into consideration due to that all companies has their own conditions for implementing incentive systems that will work in their environment and for the business area they are in.

Another important factor to take into consideration when combining the systems is to make sure that all the dimensions in the 4DMI's are represented. As seen through our findings the trends have a tendency to focus on different aspects of the 4DMI model. By choosing the right combination of systems a company can therefore easier illuminate all four motivational aspects. This is important due to the fact that people are different and reacts therefore differently to the motivations dimensions. If all four aspects are represented the companies ensures the all employees have a chance to become masters, leaders, saviors and stars, even though it is ultimate up to the employees to respond and work with the dimensions and therefore outside of the companies reach.

To visualize these arguments Figure 11 shows company E's meta system and Figure 12 shows company F's. As seen company E have done a decent job in implementing the leader, savior and star dimension within their meta system but fails to embody the master dimension. Company F on the other hand has chosen a collection of system that result in a meta system where all four dimensions are represented.

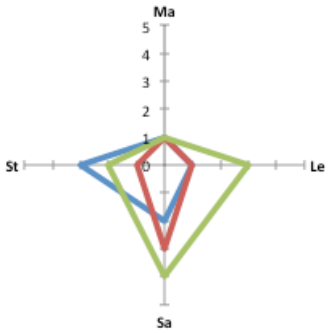


Figure 12 - Company E's meta system

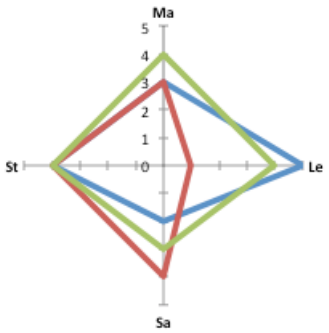


Figure 13 - Company F's meta system

One aspect of combining the systems into a complete meta system is the different effects the system have on each other's. Due to the use of multiple systems in order to form a complete incentive meta system the different systems have the potential to effect each others in ways that are hard to predict. By combining an IMS together with a DD system and ID's, the culture one system give rise to might affect the other two systems and therefore the employees perception towards the meta system. As this may take unexpected paths the effects are almost impossible to predict. The size of the effects can of course be discussed. Since the effects a system can cause on its own, it is fairly strong that the effects they have on each other's might be neglected. Though it is still a factor to keep in mind.

6.4 The Golden Spot

Another question discussed by the companies were how to innovate in the best way they can, when looking at it from a more general point of view. Where should they start with the innovation process and which aspects should be taken into consideration? Many had the same idea about the issue, which is summarized and presented in the model *the golden spot* in Figure 18.

The model captures the three aspects a company needs to define when starting with a new innovation process. The first aspect, consumer insight, answers the question of which needs the innovation should satisfy. It is the customers the innovation should target and define the customers' specific needs, both expressed and unspoken.

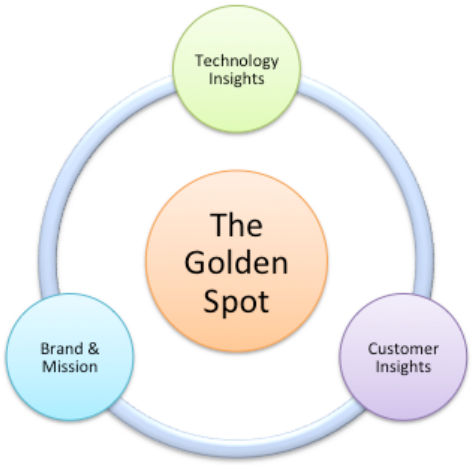


Figure 18 - The golden spot

The second aspect, technology insight, answers the question of which technology that can be used when working with the innovation. This aspect is important to capture all possibilities linked to the physical aspects of the innovation and can be

seen as solutions to the detected needs defined in consumer insight aspect. A technology insight is simply a new possibility thanks to technological progress or understanding.

The third aspect, brand and mission, defines what the brand stands for and which mission the company has described as the goal for the company's existents. A company explains that every product they sell has to relate their mission and what their different brands stands for, which is clearly defined within the company.

It is where these three aspects meets that the best opportunity lies for the potential innovations. Together the aspects provide guidance for the company about what they want to achieve with the innovation process. With these aspects in mind the needs can be satisfied with the help of new technologies and regarding to that the brand and company mission stands for. Succeeding in satisfying the aspects results in an innovation that fit the company, the market and the new technology. When the innovation takes all these aspects into consideration the innovation height is greater than an innovation only applying one or two of the aspects. Companies use this kind of models to direct and focus idea generation, and thereby ensuring that the generated innovations are needed, new and aligned with the company goals.

6.5 KPI's and cascading goals

A challenge we have observed and identified during this study has been the struggle to involve the entire organization in the innovation process and not just R&D department, as well as the problem of linking the innovation work to the company's overall strategies. One solution for handling these obstacles is to use cascading goals by implementing key performance indicators drawn from the company strategy. These KPI's can measure for example the amount of revenues that should origin from new products within a certain category within a year. Then when evaluating the different innovation projects companies can benchmark the project against the strategic goals.

Due to the link between the strategies and the KPI's, the company ensures that the innovations are conducted within the wanted business area. This is a powerful tool for management when controlling the innovation process. The system also emphasizes the importance of innovation within the organization. It forces the employees to take innovations into consideration during their day-to-day tasks and not simply referring these tasks as R&D responsibilities. With the cascading goals the employees gets more involved in the how they can provide innovations regardless function or division. The KPI's are guiding them towards the right direction and helps them measure the result in an easy way.

Despite the advantages of the system there is some drawbacks. Since the system provides KPI's for measuring the innovations towards for example cost saving and

revenue increase, the easiest way to accomplish the goals is through incremental innovations. Unfortunately the system neglects breakthrough innovations and does not provide the free range these innovations needs to have in order to flourish.

6.6 Collaboration

A recurring theme during the interviews has been the companies' attempt to encourage collaboration among their employees. Most companies have mentioned this as something they strive for in order to improve innovativeness. Companies claim that ideas generated and developed in cross-functional teams have higher novelty, are more aligned with the company's goals and have a stronger economic potential than ideas generated by just one person.

The companies encourage this in many ways. The most common way is to establish transparent systems so the employees can develop ideas submitted by others. This can be seen as the companies state this as one of the main reason for opening up their IMS's. Much emphasis is also put on the innovation days and how to create cross-functional teams. One company explains that they measure the potential participant's creativity and knowledge within the area of interest. Then they combine people with the goal to create a group with employees with knowledge and creativity, one pure expert and one pure creator.

Some companies also state that collaboration works as a motivator for the employees. The 4DMI model does not contain collaboration as a single factor for motivation but the aspect exists within the star and master dimensions where collaboration provides recognition, progression and visibility towards the employees, which in turns motivates them.

6.7 Monetary rewards

Monetary incentives and rewards are not according to our theoretical framework motivating per se, but the phenomena have been raised during the interviews. Among the six companies in the study there were both those who were using monetary systems as well as those who distance themselves from it. For those who had some sort of monetary rewards within the company, the reward was usually a part of another system, for example an idea campaign or innovation day. The interesting thing was that none of these companies believed the monetary incentive had any positive correlation with the employees' motivation; some even believed it was negative. Despite this several companies use the system as a motivator for the employees. This can be shown as one innovation manager during the interview expresses his belief that small monetary rewards given to employees for contributing have absolutely no impact on the employees' motivation, while his company still uses monetary rewards.

In general monetary systems have been previously used within the companies in a more extensive way, but have lately been removed. One of the company states they had all monetary rewards removed around one year ago but can not explain why they did it, only that they did. This, together with the usage despite disbelief towards the systems, shows that monetary rewards are the cause of some confusion among the companies. Since the companies are experiencing a transaction phase regarding the monetary incentives the confusion is most likely to settle when the companies are unanimous with their perceptions. Company F has reached this stage with a clear explanation to why the do not use the monetary incentive system.

6.8 IT systems

Throughout this study several companies described how their needs for an adjusted IT system have become visible under their work. These systems can either be IMS´s, internal idea stock market systems or simply an ERP that is well suited for innovation work. Changing the way you work or your culture many times requires a change in the IT system as well. Some companies start with deploying such a system and thus starting the change, other start from scratch and start working with innovation, creating tools and structure as they go.

The IT system is often corporate-wide and visible, thus a good way of emphasizing innovation importance and coordinating company innovation efforts. Support from the IT system is in the long term vital and a part that should not be neglected.

7 Conclusions

7.1 The theoretical contribution

7.1.1 The 4DMI model

As a compilation of the post-industrial motivational theory the 4DMI model has been created. The model consist of four dimensions; master, leader, savior and star, which represent the factors affecting humans intrinsic motivation. This model contains the four ways a human can be motivated according to the new theory. With this model incentive systems can be measured according to the theory in an easy way. This is done in order to understand how well the system correlates to the motivational factors.

7.1.2 The Effectiveness – Efficiency Paradox

Large companies today are masters at streamlining their processes and effective execution is vital for their existence. If the company tries to become innovative this efficiency will become a problem. Innovation, beyond incremental, requires a greater freedom, a greater flexibility and another culture than the usual. Companies need to keep this paradox in mind when trying to manage innovation work. This requires another mindset and thus compromises in the structure. The preferred balance varies with the company situation.

Effectiveness and efficiency is both complementary and contradictory. You need to manage this balance and beware that there is always a tradeoff. When top management speaks about innovation they need to know innovation might not fit into the current structure and require the company to change.

7.1.3 The Maturity Model

Our Maturity Model superpose three important curves; Crossing the Chasm, Diffusion of Innovation and Hype Curve. This model helps the reader to understand how and why trends like incentives systems diffuse in the business world. It gives the reader a quick indication of how future markets can look like and which trend that will become popular and reach a wide spread adoption. Companies in later segments of “Crossing the Chasm” can look at the innovators and early adopters to see which trends they use and which ones that is on the peak of the hype curve. We believe that the Maturity Model is an important tool for understanding how and why trends develop and behave.

7.2 Empirical contribution

From the empirical data five major trends was defined. These trends are the most common ways to motivate employees today. Since we have studied companies classified as pioneers within the area motivation for innovation we can, based on our studies, predict ways in which other companies will implement systems for motivate employees in the future.

Trends	Description	Future
Idea Management System	IMS is a web-based portal system where companies collect and manage ideas from their employees. It encourages the companies employees to express their ideas where they will be read by a moderator/facilitator.	There are still many improvements for the IMS system. The companies using IMS mention that they want to make it more transparent where others can vote and give feedback. They also open up for outsiders to contribute to their IMS. According to our Maturity Model IMS is a well-established system that has diffused to a larger segment and is starting to become a standard.
Innovation Day	The goal with Innovation Days is to generate as many ideas as possible where employees are gathered together and is encouraged to brainstorm and think outside the box. Our respondents also mention that they use Innovation Days as a tool to educate their employees about innovation.	Our respondents mention that they want to open up their Innovation Days to additional departments where all employees can contribute with ideas from their perspective. It has matured and diffused in the business world. It has become an important tool for a larger segment of companies to generate ideas and become more innovative.
Idea Campaign	Idea Campaigns are a time-limited effort in order to generate ideas. A certain subject is often defined and then everyone is invited to contribute with ideas. Often as much cultural statements as actual idea generation.	Idea Campaigns is right now not very visible, but an increasing number of companies practice them. Will likely spread throughout the early majority in the next years.
Culture	Culture is about cultivating how and why you do what you do at a company. A culture often includes both a task (for example innovate) and a reason (for example to aid sick people).	Culture is right now at a hype with companies like Google speaking broadly about their 'innovation culture'. Culture will likely next loose in visibility and head towards the chasm. Mature in a number of years.
Dragons Den	Dragons Den is a system where employees can pitch their ideas, requesting funding on order to develop the idea. Often the employees get to lead the project if it gets approved.	Dragons Den have just passed its hype and will now go down into the chasm, loosing its visibility, to then come back in a few years of time in a mainstream adoption.

7.3 Empirical insight

Apart from the empirical contributions several insights have been gained during the study. The first and foremost finding is that monetary rewards are being phased out. Due to the fact this monetary reward system is in some cases still in use despite a strong disbelief towards the concept of monetary rewards. The companies have experienced slow rate of change when abandoning the systems but some companies have successfully fazed them out.

All companies stresses the importance of encourage the employees into collaboration with colleagues from other divisions and functions. Ideas generated in cross-functional teams have higher novelty, are more aligned to the company goals and have a stronger economic potential then ideas generated by just one person.
The companies experiences difficulties when involving the entire organization in the innovation process. Translating the overall strategies into KPI's can solve this problem due to the cascading of the companies' goal. The risk of implementing KPI's for the innovation process is that incremental innovations are prioritized while breakthrough innovation is neglected.

Some companies focus their innovation efforts in very discrete and defined areas. They look for areas where customer needs, technological possibilities and company brand intersect. In this golden spot for innovation the ideas stand a better chance to get to the market and to create value after the launch.

Finally the IT support has been a reoccurring issue in companies innovation work. A good and suited system is often a necessity in order to be successful in the innovation process.

7.4 Further Research

During our study we had to limit our research and some interesting leads where never followed up. Some of the more important/interesting are:

- How can companies master the effectiveness – efficiency paradox?
    - What are the optimal balance for different companies
    - How is this correlated to consolidation?
    - How is this correlated to market maturity?
    - What balance does the innovators and early adopters have?
- The case study could be done on a broader population in order to get more reliable results.
- The case study could be conducted in different company segments, not only in the lead user segment that we are using now.

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