

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

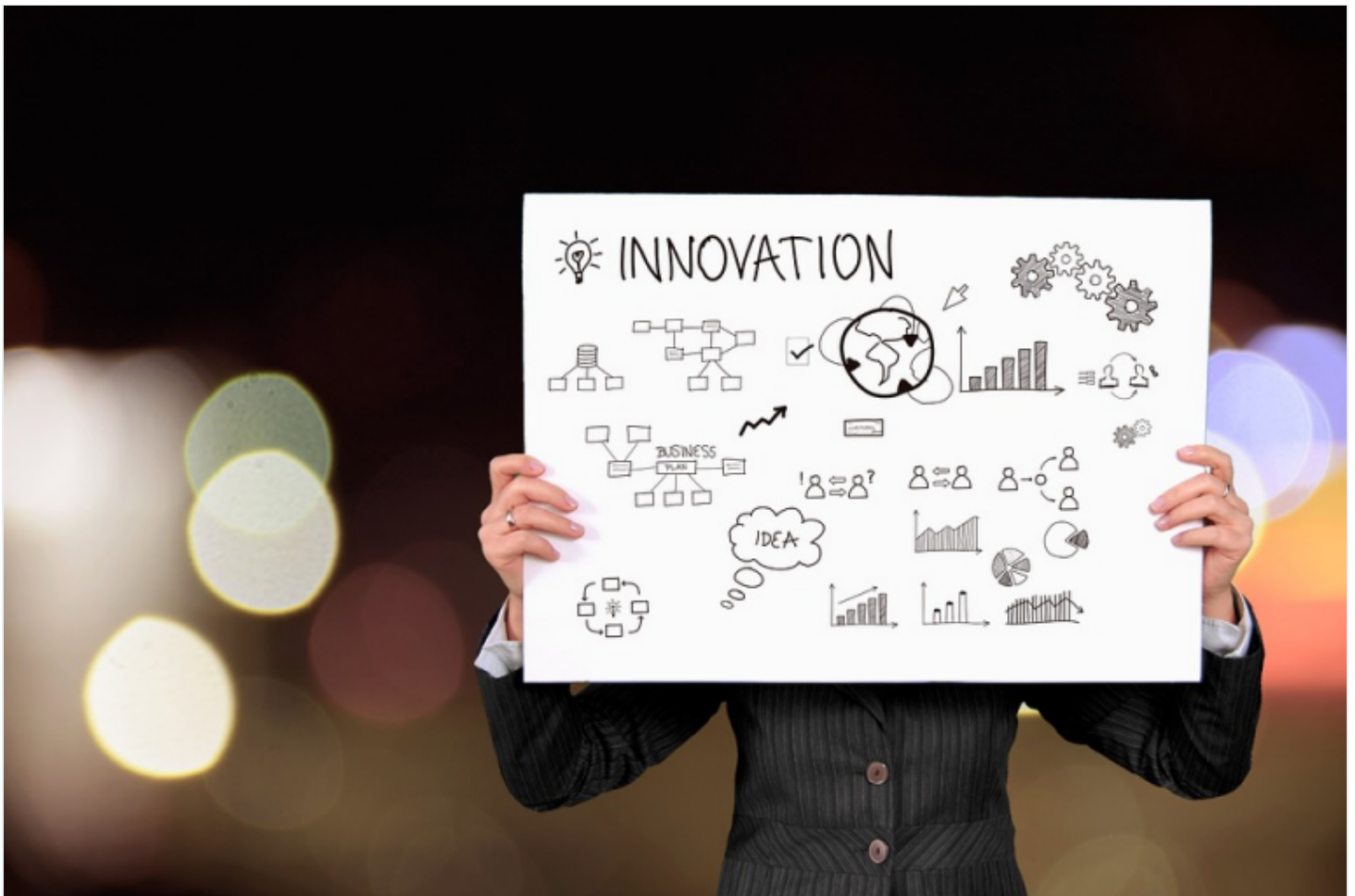
If you have any questions or need help you can email us

## FIRM MANAGEMENT

# Creating a Structure for Innovation

As the profession continues to move forward with business transformation, firms are being tasked with becoming more innovative. Innovation may come naturally to some, but many firms we speak to don't know where to start.

Jim Boomer • Oct. 14, 2019



As the profession continues to move forward with business transformation, firms are being tasked with becoming more innovative. Innovation may come naturally to some, but many firms we speak to don't know where to start. At our recent Boomer Technology Circles Summit, one of our sessions was on the Process of Developing a New Service. We presented a framework for creating a new service, but the process applies to more than just launching a new service. It can be used for any internal or external innovations, including new processes, new services and new technology.

If you're looking for a better way to encourage and implement innovation in your firm, consider this five-step process.

## **Step 1: The Idea**

Ideas can come from many different directions.

- **Market intelligence** from the accounting profession and other professions provides an understanding of existing and future market trends. When you are aware of disruptive technologies within and outside of the profession, you can identify opportunities to leverage those technologies to better serve your clients.
- **Client needs.** It starts with having more conversations with clients. They will have a clearer idea of their future and the future of their industry than you. Get comfortable asking questions beyond their current financials. Listen to their answers and look for ways you can develop solutions and add value.
- **Staff experience and ideas.** Educate your staff about why your firm needs to innovate and how being innovative will affect the firm and its clients. Put yourself in a position to hear what people are talking about and ask them where they are getting their insights.

An excellent way to encourage staff is to start an Idea Factory. This is not a suggestion box, but a method for gathering insights into innovative ideas from team members or clients. When people want to submit an idea, they must begin the vetting process and complete an Idea Form that

- Describes their idea,
- Estimates the additional revenue generated, cost savings or other benefits, and
- Estimates the cost to implement

Incentivize ideas by entering submissions into a prize drawing. In our firm, any ideas that are submitted, documented and implemented within the previous 12 months are eligible for a cash drawing during our annual strategic planning retreat.

## **Step 2: Vet Your Idea**

Once you've completed an Idea Form, the individual (or a collaborative group) needs to continue to vet the idea to ensure they can prove to themselves that the concept is a good one. In our firm, we have two tools that help our team walk through this process.

- **An Executive Summary** that discusses the need the idea addresses and what we will be able to accomplish by implementing the idea.
- **A Project Filter** that addresses:
  - What the project will accomplish
  - The difference it will make in the firm or to our clients
  - What an ideal outcome from the completed project looks like
  - How to measure the success or failure of the project

To some, it may seem like requiring our team to complete these forms puts unnecessary red tape around innovation, but they are crucial to the process because they force participants to prove to themselves that the idea is a good one.

## **Step 3: Proof of Concept**

Once your firm has accepted an idea and made the decision to move forward, it's time for proof of concept.

Talk to your existing clients (internal or external clients) about your idea and gather feedback. Recruit a handful of early adopters. This proof of concept process addresses the questions of:

- Who will buy or use it?
- How much will they pay for it, or what value do they see in it?
- How often will they buy or use it?

If your innovation will be offered to clients, this is also a good time to loop in marketing for a marketing plan draft.

Your proof of concept serves two purposes: it demonstrates the feasibility of implementing this innovation and increases your team's comfort level around using the innovation and/or selling it to new clients.

## **Step 4: Launch!**

Once you get positive results from Step 3, it's time to get final approval from your Executive Committee and launch.

Previous steps in the process involved a small number of employees. Now it's time to roll it out to the entire firm. Incorporating your team into the launch of the innovation makes a huge difference in its success. Typically, employees who feel ownership in a product, service or process take pride in its outcome, and that pride leads to an increased effort in ensuring a successful launch.

Educate your employees by letting them use the innovation so they can make informed recommendations about it. Their input can spur further discussions about the product, service or process's implementation and ways to improve its marketing. Without education, people tend to feel like innovation is happening to them as opposed to being a part of it.

### **Step 5: After Action Review**

You may feel like the launch is over and that's it. However, you need to continually look at your innovation to improve the process, the marketing, and other aspects of the initiative to ensure you get it right.

The After Action Review process was developed by the military as a way to learn quickly from soldiers' experience in the field. With this system, your team talks about what happened during the launch and why. You transfer critical lessons and knowledge immediately to get the most benefit. The focus is on learning rather than blaming, so it leads to an improved understanding of your innovation, your launch team's performance, and it helps people think about how to best work together to produce better results on the next project.

Deliberately designing your innovation process will systematize and structure an otherwise chaotic process, shorten the time to market, more quickly detect flops and increase the success rate of innovation in your firm. Keep in mind, innovation involves failure. Be prepared to fail, but learn from your failures and fail fast and forward. Creating a structure around innovation can't guarantee that every idea will be a success, but it can guarantee the thoroughness of the innovation process by ensuring that critical steps aren't forgotten or neglected.

CPAPA is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2023 Firmworks, LLC. All rights reserved