



The impact of the innovation space "Ba"

Evaluation Model for Innovation Centers (EMIC)

Research Paper by Future Center Alliance Japan



Research Background

In the midst of the global economic crisis and the changing society, 'innovation' has become the key for corporate activities. It is essential for any company to obtain abilities to explore new opportunities and technologies, create new concepts and market with new business models in an agile manner to remain sustainable. Innovation will not occur with traditional business systems and workplaces that only focus on existing businesses. That is the context of why so many companies have been investing in creative/innovative spaces such as innovation centers, future centers, innovation labs, garages, and living labs, etc. to gain return from the Ba for innovation. Innovation center here means not just hardware like physical space, but it also includes a wide range of programs such as CVC and awards. Skills and tools such as Design Thinking and/or Lean Startup are also important factors.

One of the common challenges of these type of innovative space and programs is how to measure impact/results, which could be either tangible and intangible. According to some research, even though the number of innovation centers are growing rapidly worldwide, many of them do not produce satisfactory results. With these problem recognitions, we, FCAJ have suggested guidelines for strategizing, designing and operationalizing innovation centers as "Ba". This research project aims to suggest a valid model and a hypothetical evaluation metrics for the relationship between innovation place and innovation management.

Research Scope

1 Consistency between the place of innovation (Ba) and the corporate strategy and organization: "Location (role) of Ba"

The gap between expectations for and outcomes from innovation centers partly comes from lack of clear innovation strategies/policies and the ambiguity of the positioning of innovation centers. As the international standard of innovation management system (ISO 56002) was published in 2019, it should serve as a common language for innovation management. It is important to clearly define the position, scope and role of the innovation space.

- (1) Relationship between the place and the organization
- (2) Capabilities and Assets of Ba
- (3) Relationship between Ba, external stakeholders and society

2 The qualitative function and role of Innovation Center (Ba): "Power of Ba "

In terms of the role of the innovation center aligned with the company's strategy, how does the innovation center create the appropriate internal and external relationships and consistency of policy and practice?

The following three points will assist in identifying the gap between the perception and the reality.



Evaluation Model for Innovation Centers

What do we do at innovation space? What should be done there? Innovation Center is not a mere facility for workshops, but a place for programs in practice that drive innovation = “Ba.” When innovation is not produced at Innovation Center, it is not because of lack of ideas, but it means it does not work as a system that consists of resources, passionate people, culture, and tangible/ intangible incentives. This means that it is more important for program organizers to conduct a series of programs through connecting ideas inside and outside of the organization than to satisfy workshop participants and/or care about convenience of the space. The overall notion is showed in Figure 1.

The place of innovation, or “Ba” is also regarded important by ISO56002. Chapter 7.1.6.2, which is about infrastructure to support innovation, contains creative environments, research and development labs, maker spaces, simulation labs, and living labs. (Figure 2) It is recommended to set KPIs (Key Performance Indicators) by developing a hypothesis about how these place of innovation is related to and interacts with other factors of an innovation management system.

There are two factors that contribute to the success of innovation centers: hardware and software. Hardware, space design is effective in branding the centers and facilitating stakeholders’ behavior, but it is not sufficient condition to drive innovation. The more important factor is if the place functions as “Ba” to enable innovation. Place managers must ensure that the place aligns with the innovation strategy and remove any obstructive factors. They also must improve the level of place because, innovation is the activity of changing the future through overcoming the resistance and skepticism that block the way forward. Therefore, it is indispensable to look at if the company has established management objectives, strategies, capabilities, awareness of stakeholders, relationships with others and management indicators (KGIs and KPIs) appropriate for a place for intellectual combat.

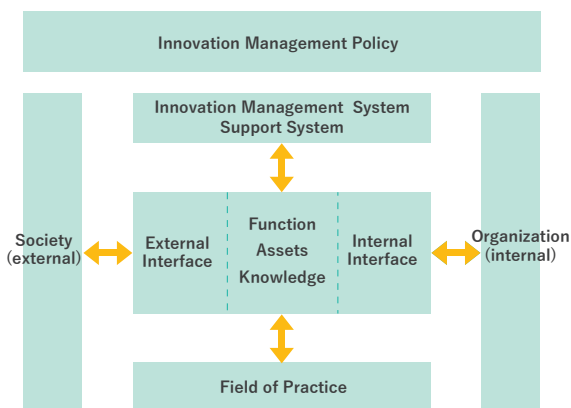


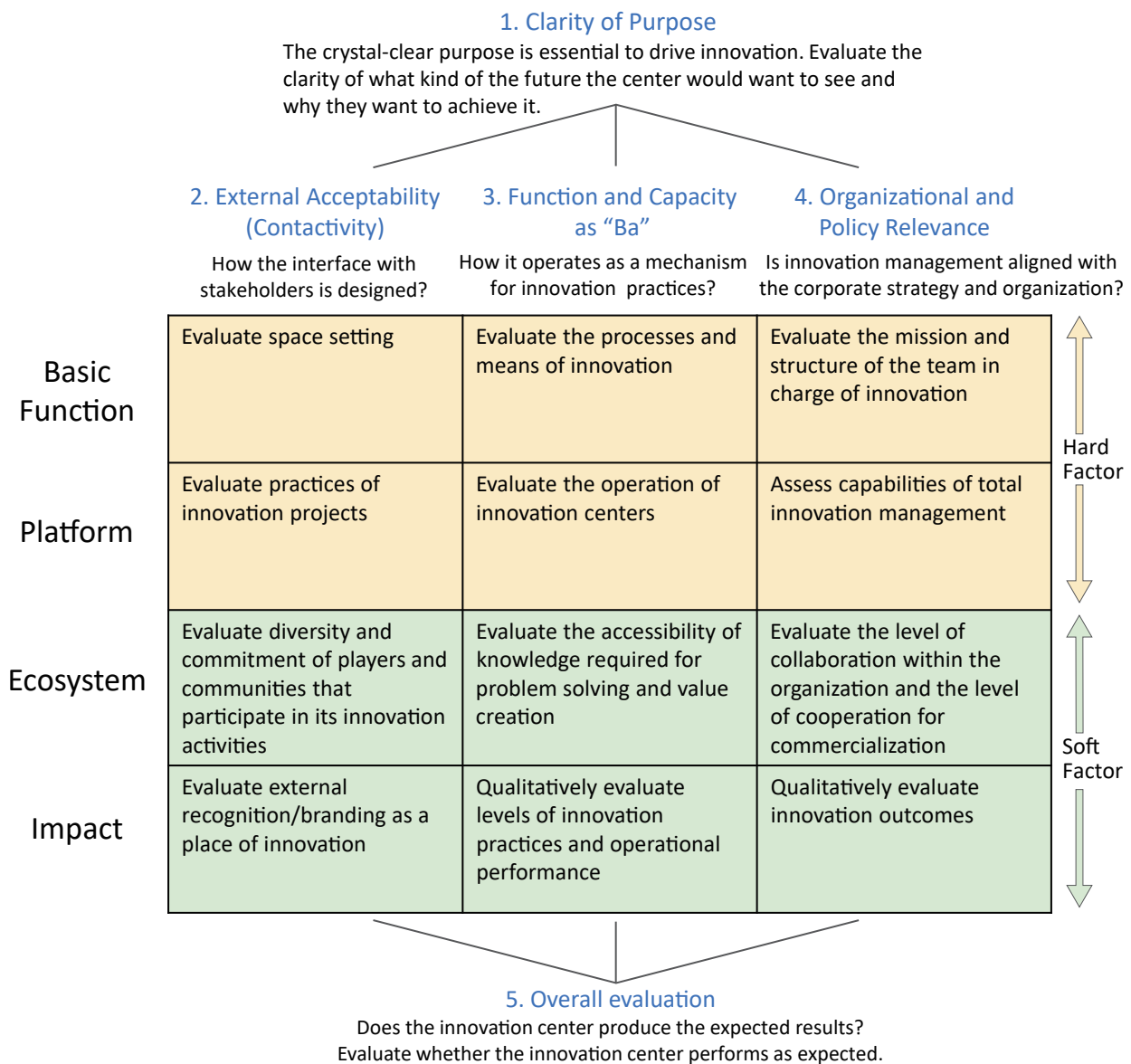
Figure 1



Figure 2

As previously mentioned, innovation centers should be evaluated if it connects people and knowledge internally and externally, facilitates knowledge creation and exchange, and produce impacts vis a vis its objectives.

EMIC is an evaluation model developed to examine both hardware and software factors that are essential for innovation centers to function through verification of whether the objectives, strategies, and its implementation are aligned with the place = "Ba". Nowadays, organizations from both public and private sectors show strong interest in Open Innovation 2.0. EMIC has also its bass on Open Innovation 2.0, which focuses on the interrelationship between "Ba" connecting inside the organization and outside the organization. The model consists of 12 elements, which builds an ecosystem as a whole.





Component Elements of the Evaluation Index and Correlation among them

We examined how seven component elements contributed to the overall evaluation of EMIC by correlation analysis..

It shows that "clarity of purpose" and "function and capacity of the software factors for "Ba"" had a significant impact on the overall evaluation. The analysis also revealed that the following items enhanced the overall rating of innovation centers:

- Objectives are clearly set;
- Seeds are openly shared; and
- Active practices in a project.

We also examined "clarity of purpose" and "functions and capabilities of software factors for "Ba" " respectively about how item indexes affected. We calculated the difference of the means of between domestic and international benchmarking survey results.

However, this comparison has some limitation as it did not compare the exact same groups. While domestic, Japanese innovation centers were owned by private companies, many of the international centers in the research were owned by public-sector or neutral organizations. In addition, we have conducted additional ethnographic research to only domestic centers.. We would like to continue the research to make it as comparable as possible in the future.

Regarding the "Clarity of purpose" factor, there was a significant difference between the Japanese group and international group (international group were higher) on f "social problem solving" "clarity of strategy and vision" and "self-awareness," in order of the gaps (bigger to smaller). These items negatively contributed to the overall evaluation of the domestic (Japanese) innovation centers. Regarding "functions and capabilities of software factors" there was significant differences in "occurrence of synergistic activities" and "activities different from traditional development between domestic and international groups.

Regarding "functions and capabilities of the BA as software factors", there was significant difference on the means of "occurrence of synergistic activities" and "activities different from traditional development" between Japanese and non-Japanese ICs. These low scores resulted in low scores of software factors of the domestic innovation centers.

No significant difference was found in the transaction of thinking when connecting ideas to business. We will research more cases with the EMIC model in the future.



Consistency between EMIC evaluation and qualitative assessment

In this research, we visited eight domestic (Japanese) and six international (non-Japanese) innovation centers and conducted the evaluation using the EMIC framework. As the EMIC model is still under development, we also conducted qualitative evaluation as supplementary measures to see consistency. The following description shows our findings comparing domestic and international innovation centers applied to the EMIC model.

Key ideas appeared in: "external acceptability in software factors," "function and capacity of a place in hardware factors," and "clarity of purpose" many times. These results suggest the consistency between quantitative research using the EMIC model and qualitative assessment, which suggests a certain level of reliability of the EMIC model, even though it has areas for improvement in the future.



Further utilization of EMIC

The purpose of this research is to propose EMIC as an effective model and tool for place management in the context of innovation management. The FCAJ Study Team will continue to make use of EMIC in the following ways:

1 Guidance for those who plan to establish an IC

How to manage “Ba” or place for successful innovation. It starts at setting clear purposes, and then develop a consistent concept and plan for both hardware and software. EMIC serves as a guidance for this entire process.

2 Guidance for those who operate IC and consider improvement/reform

Many IC stakeholders feel that their ICs do not fully bring out its potential. EMIC serves as an effective guidance for those facing such challenges by helping them revisit the current situation and understand what needs to be improved.

3 A communication framework for those who facilitate discussion about ICs among various stakeholders

It is important to foster a common understanding on ICs among various stakeholders in different positions. EMIC serves as an effective framework for productive discussions through encouraging exchanging opinions from different positions and synthesizing them as collective decisions.

4 A framework for IC practitioners in different organizations who want to share their experiences

It is significant to mutually share IC experiences, lessons learned and insights across organizations as IC activities develop. EMIC provides a framework for sharing and social accumulation of practical knowledge of IC.

5 Media for IC benchmarking

More and more companies, government agencies and universities are in development and operation of ICs to drive innovation. Setting a global IC benchmarking and its clearinghouse is crucial for its development and evolution. FCAJ's research team will continue to explore ways to make open use of EMIC in the future.