

# **Harnessing Employee Innovation in Idea Management Platforms: Lessons from Allianz<sup>1</sup> UK**

*Forthcoming in MIS Quarterly Executive*

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## **Abstract**

*Idea management platforms enable firms to generate pools of ideas and connect employees to large number of colleagues. Although these platforms hold the potential to support employee innovation, managers face considerable difficulties when it comes to deploying them in a way that generates business value. This article describes Allianz UK's ten-year initiative to tap into its employees' ideas and develop a distributed-innovation capability. We identify challenges the firm faced and describe how leaders addressed them. Based on insights gained from Allianz UK, we provide recommendations for deriving value from idea management platforms at other organizations.*

## **IDEA MANAGEMENT PLATFORMS SUPPORT DISTRIBUTED INNOVATION**

A recent survey, by global consulting firm PWC, finds that innovation is the number one priority of CEOs<sup>2</sup>. Firms such as Siemens, Citibank, SAP, IBM, and Shell have successfully reached out to employees, customers, and other business partners for valuable and innovative ideas. These efforts reflect a broader trend, in which companies seek to become more flexible and adaptive by “crowdsourcing” or “distributing” innovation<sup>3</sup>. The experiences of these and other distributed innovation pioneers yield

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<sup>1</sup> We would like to thank Allianz UK for its support and help with this research. Specially, we acknowledge the support of Surinder Kooner head of innovation, Robin Stagg, innovation manager and Harvey Wade former innovation manager at Allianz UK and program innovation manager at Cisco. We also thank the editors and three anonymous reviewers for their excellent advice. Financial support was provided by the JPA program of the FNEGE.

<sup>2</sup> See Shelton and Percival “Unleashing the Power of Innovation,” PWC Report, 2015, available at <http://www.pwc.com/gx/en/innovationsurvey/>

<sup>3</sup> Crowdsourcing is touted as a transformative use of IT for innovation; see Benbya, H. and Van Alstyne, M. “How to find Answers Within Your Company,” *MIT Sloan Management Review* (52:2), 2011, pp. 65-75, and Afuah, A. and Tucci, C. “Crowdsourcing as a Solution to Distant Search,” *Academy of Management Review* (37:3), 2012, pp.355-375.

guidance on how to manage a search for ideas and how an idea management platform can support the search process.

Idea management platforms are inspired by the recognition that employees collectively hold knowledge that can contribute unique solutions to challenging problems.<sup>4</sup> For years, managers have tapped employees to produce good ideas and solve problems. The “Toyota Way,” or Kaizen, has evolved following World War II and continues to thrive.<sup>5</sup> In the eighties and nineties many companies including Motorola, Nissan, and Ford used suggestion boxes and quality circles to involve employees at all levels of the hierarchy in continuous improvement initiatives.<sup>6</sup> Today’s idea management platforms also involve many employees, working in many different geographic locations, functions and hierarchical levels – but at far lower cost than those earlier non-digital initiatives. The purpose of an idea management platform and related processes is to offer a digital social space to generate, explore, enrich, and evaluate ideas<sup>7</sup>. While the earlier quality initiatives focused on small, incremental improvements in products and processes, idea management platforms focus on broader innovation agendas.

A 2015 Forrester survey revealed that more and more companies are using idea management platforms to discuss ideas, solve specific company issues, and engage employees in the innovation process<sup>8</sup>. Although these platforms are not technically complex, deriving value from them can be elusive. When first introduced, the focus was on the costs and benefits of engaging external sources<sup>9</sup> (lead users and other customers and business partners). More recently, focus has shifted to the opportunities and challenges of using idea management platforms to involve employees in distributed innovation.<sup>10</sup> Challenges include:

- a) whether the search for ideas should be driven by a structured problem-solving approach (top-down) or unstructured idea generation approach (bottom-up),
- b) how to sustain idea generation over time,
- c) which rewards to use, given controversy about rewarding ideas versus solutions, and
- d) how to measure an idea’s value without restricting it to financial returns.

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<sup>4</sup> PwC. (2011). *Harnessing the power of crowdsourcing* (PwC Advisory) (p. 8).

<sup>5</sup> See for example, Bodek, Norman (2010). *How to do Kaizen: A new path to innovation - Empowering everyone to be a problem solver*. Vancouver, WA, US: PCS Press. ISBN 978-0-9712436-7-5. And Maurer, Robert (2012). *The Spirit of Kaizen: Creating Lasting Excellence One Small Step at a Time* (1 ed.). McGraw-Hill. ISBN 978-0071796170.

<sup>6</sup> See, Basadur, M. 1992. “Managing creativity: A Japanese model,” *Academy of Management Annals* (6:2), pp.29-42 and Gogan, JL; Schuck, G; Zuboff, S. *Motorola Corporation: The View from the CEO Office*. HBS Publishing 494-140, October 1994.

<sup>7</sup> See The Forrester Wave™: Innovation Management Solutions, Q2 2016:

<https://www.forrester.com/report/The+Forrester+Wave+Innovation+Management+Solutions+Q2+2016/-/E-RES131001>

<sup>8</sup> see Forrester’s *Global Business Technographics Business And Technology Services Survey*, 2015 and *Top Idea Management Software for 2016* - PCMag.com and <http://www.brightidea.com> for lists of companies using the platforms.

<sup>9</sup> See, for example, Blohm, I. Leimeister, J and Krcmar, H. 2013. “Crowdsourcing: How to Benefit from (too) Many Great Ideas,” *MIS Quarterly Executive* (12:4), pp.199-211.

<sup>10</sup> For recent discussions of internal crowdsourcing, see Zuchowski, O., Posegga, O., Schlagwein, D., and Fischbach, K. 2016.

“Internal Crowdsourcing: Conceptual Framework, Structured Review and Research Agenda,” *Journal of Information Technology*, (31:2), pp 166–184 or Yan, Jie, Leidner, D. and Benbya, H., “User-Generated Content and Employee Creativity: Evidence from Salesforce.com’s IdeaExchange Community,” *International Conference on Information Systems*. Ireland, Dublin, December, 2016.

To illuminate how an organization can address these challenges while tapping employees' ideas in an idea management platform, we studied distributed innovation at Allianz (a large European financial services provider), in its UK business.

Allianz UK made significant progress during its ten-year innovation initiative, transforming how it approached distributed innovation over time and seeing benefits grow, in terms of financial savings and employee engagement. To date, this distributed innovation initiative has delivered an estimated annualized benefit of more than £20m, with more than 41,000 ideas generated<sup>11</sup>.

This article identifies challenges encountered by Allianz UK, discusses how leaders addressed these challenges, and describes how employees responded to different approaches that were tried at different moments in this distributed innovation journey. It was necessary for Allianz UK to simultaneously orchestrate several organizational, platform and participant dimensions over time, in order to derive meaningful value from the platform:

- Key organizational dimensions: new roles, new governance boards
- Key platform dimensions: technology, incentives
- Key participant dimensions: behavior, motivation

## ALLIANZ BACKGROUND

Allianz UK, one of the largest general insurers in the UK, is part of the European multinational Allianz Group, one of the leading integrated financial services providers worldwide and the largest property and casualty insurer in the world. Situated in Guildford, the head office of Allianz UK employs more than 5,400 people in 20 UK offices and one office in Trivandrum, India (in the state of Kerala). Allianz UK delivered a strong financial performance in 2016, with an operating profit of £154m<sup>12</sup>.

In 2006, Allianz Group's CEO at that time -- Michael Diekmann -- confronted an extremely challenging competitive and geopolitical landscape. He and others on Allianz's executive team wanted managers to consider how to create innovative new value propositions by combining products and service with improved processes and other organizational and strategic changes. Werner Zedelius, a member of the Allianz innovation board<sup>13</sup>, explained:

*"We're not just innovating for the sake of it, but because we want to create real value for our customers, partners, brokers, agents, staff and, ultimately, the entire organization."*

In early 2006, a group-wide distributed innovation initiative was initiated to tap into employees' ideas and begin to make innovation a collective capability. This initiative was led by an innovation board at the head office in Munich, and involved 72 local innovation managers in 37 countries. To support this initiative, Allianz implemented an idea management platform called Ideas to Success (i2s).

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<sup>11</sup> Per company sources

<sup>12</sup> Source: Solvency and Financial Condition Report.

<sup>13</sup> Formed by members of the Board of Management, the Allianz Innovation board was created at the initiative of former Allianz CEO Michael Diekmann to oversee Allianz innovation strategy.

Allianz headquarters in Germany provided a global vision for the innovation program and tasked innovation managers in respective countries to both define a vision for Allianz's new ideation platform and to guide their organizations toward that vision. This was the starting point for Allianz UK's distributed innovation journey.

This case study looks at Allianz UK's experience as it charted its own distributed innovation course. We describe changes that were introduced over time, as managers sought to derive value from idea management platforms. See Appendix A for a description of our research method.

## ORGANIZING FRAMEWORK

To structure our analysis of the Allianz UK case, we adopt a crowdsourcing framework proposed by Zhao and Zhu.<sup>14</sup> The framework (see Figure 1) provides a high-level view of crowdsourcing initiatives in terms of three intersecting perspectives: organization, participant, and platform. A company specific, platform-based idea management is a form of internal crowdsourcing. The Zhao and Zhu framework provides a systemic view on dimensions to consider for driving value from such platforms.

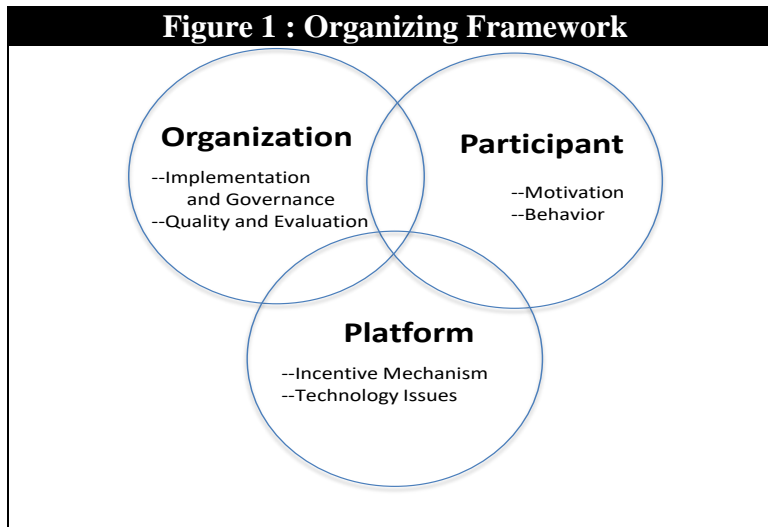
- *The organization perspective* includes implementation, governance, quality and evaluation.
- *The participant perspective* includes participants' motivation and behavior.
- *The platform perspective* includes incentive mechanisms and technology issues.

The framework shows that these three areas overlap. For example, incentive mechanisms influence participant motivation and behavior; governance decisions influence incentive mechanisms; participant behavior influences subsequent governance decisions and so forth. We therefore look at these areas both separately and in combination. A combination or "configuration"<sup>15</sup> of elements leads to a focal outcome, and it is constantly adjusted, triggered by responses from one of the three areas to changes in another, creating a dynamic and evolving initiative.

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<sup>14</sup> Zhao, Y. and Zhu, Q. 2014. "Evaluation of Crowdsourcing research: current status and future orientation," *Information Systems Frontiers* (16:3), pp. 417-434.

<sup>15</sup> A configuration is a specific combination of elements or conditions that generate an outcome of interest. Such a perspective looks at phenomena as clusters of interconnected elements that must be simultaneously understood as a holistic integrated pattern (versus individual elements separately). See for example, Meyer, A., Tsui, A. and Hinings, C. 1993. "Configurational Approaches to Organizational Analysis," *Academy of Management Journal* (36:6), pp. 175-1195.



Sidebar 1 summarizes the organization, participant, and platform perspectives when i2s was introduced in 2006. At that time, alignment<sup>16</sup> among these three perspectives was minimal. Over time, alignment became stronger.

#### **Sidebar 1: Organization, Participant, and Platform Perspectives at i2s Inception**

##### **Organization Perspective (governance, quality and evaluation)**

In early 2006, Allianz UK CEO Andrew Torrance tasked a full-time five-employee innovation team with managing both the innovation initiative and the i2s platform. To ensure participation across Allianz UK, a local innovation governance board was established, comprised of division leaders of each business unit. The board met monthly to discuss strategic priorities and monitor progress.

##### **Participant Perspective (motivation and behaviors)**

Employees and managers from different divisions used the i2s platform. Employees were encouraged to submit new ideas on a regular basis to solve current problems and develop new opportunities. Line managers were required to evaluate each idea within three weeks of its submission, and to validate its status online.

By October 2006, the innovation team had begun to realize that some ideas did not show strong promise, and that not enough ideas were being generated.

##### **Platform Perspective (incentive mechanisms/technology issues)**

Allianz Group's i2s platform was designed to support employee innovation via basic functionalities for tracing each idea, capturing its status and running global campaigns. To encourage participation, in 2007 Allianz Group created an annual CEOs Award in 2007; the most valuable innovation (financially) would receive 10% of the value of the idea, in its first year of implementation. Unfortunately, this incentive mechanism was perceived as restrictive; it did not succeed in motivating greater participation on i2s.

<sup>16</sup> For a dynamic view on alignment and the necessary adjustments among components see Benbya, H. and McKelvey, B. 2006. "Using Coevolutionary and Complexity Theories to improve IS Alignment: a multi-level approach," *Journal of Information Technology* (21:4), pp. 284-298.

Thus far, the Allianz UK distributed innovation initiative has spanned ten years. Over time, changes were made in the interrelated dimensions of organization, participant and platform, in attempts to reinvigorate or sustain the innovation journey. Starting with an initial configuration, adjustments were made in response to various emerging challenges.

We thus divide the distributed innovation initiative's journey into three phases:

1. Starting the Innovation Initiative
2. Focusing
3. Redefining

## **PHASE 1: STARTING THE INNOVATION INITIATIVE (2006-2008)**

### ***Idea Dashboard to Encourage Idea Generation (Organization –Platform)***

Early on, the innovation team at Allianz UK focused on using the platform to encourage desired behaviors. The first major challenge facing the team was an insufficient flow of ideas. Enthusiastic employees initially proposed new ideas, but soon drifted away from i2S over time. Seeking a way to inspire and mobilize employees, the team decided they should create an expectation that innovation was an important core individual capability, and necessary for promotion up the Allianz UK career ladder.

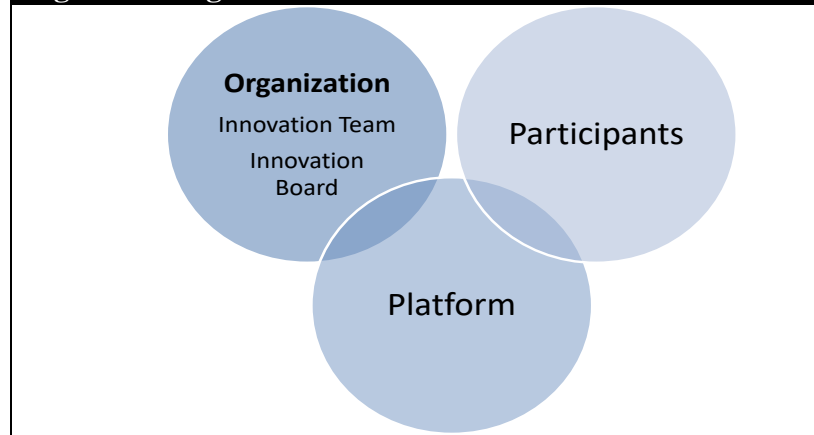
In mid-2007 the innovation team created a monthly innovation dashboard, where everyone in the organization could see each other's contributions and the progress of all current ideas circulating in the platform. The dashboard tracked the number of ideas generated, number of ideas implemented, speed of feedback, and estimated value. This dashboard approach highlighted superior performance across each business area.

### **Behavior Change (Platform – Participant Intersection):**

Unfortunately, the dashboard did not seem to influence employee behavior. It turned out that the group most motivated by the dashboard was the Allianz UK innovation board, not other employees. Dashboard results were shared at regular board meetings, and board members began to take steps to ensure that their areas were active contributors. However, it became clear that most employees did not see innovation as an essential part of their job; it was seen instead as an extra activity, over and above their normal assigned tasks.

**Response (Organization):** To address this challenge, the innovation team created two new local roles in each business unit: lead champion and innovation champion (See Figure 2). Lead champions supported the innovation agenda in senior management meetings and were expected to connect ideas with decision makers. Innovation champions were expected to coach and mentor colleagues, participate in innovation panels, and run local challenges (with guidance from the innovation team). 130 champions, evenly distributed around the business, were trained by the innovation team on how to manage the idea pipeline and promote innovation practices in their work areas.

**Figure 2 : Organization-Platform Intersection**



**Behavior Change (Organization—Participant Intersection):** Even after champions were trained, participation remained low. Former innovation manager Wade Harvey explained: *“If you ask people to come up with new ideas, they will look at you blankly! The task seems too broad and vague; it appears like a complex challenge.”*

Allianz UK had to find a way to make innovation a natural part of every employee’s activity. In 2008, the Allianz Group CEO stated his desire *“to move i2s from an ‘initiative’ into something which is a day-to-day part of our business”<sup>17</sup>*. This push from the top did help to mobilize more people, as we discuss next.

## **PHASE 2: FOCUSING THE INITIATIVE (2008-2011)**

### ***Integrating the Initiative into Daily Work (Organization – Participant)***

The innovation team decided to focus less on the i2s platform and more on participants. The team drew on continuous improvement ideas such as those implemented by Toyota with its Kaizen<sup>18</sup> policies for stimulating bottom-up idea generation and making idea generation a more integral part of daily work. In 2009 Allianz introduced a team-based idea-generation process, in all areas of the business.

*“The idea behind it is that to be truly innovative, you have to be able to capture and implement large numbers of employee ideas: with loads of small ideas, and many marginal gains you get stronger overall! So, they created team-based i2s and they gave it a real process: you meet with your teams, you get given a period of time, you gather around a whiteboard, you write down your problems, you*

<sup>17</sup> This has been reported by Werner Zedelius sponsor of Innovation to the Management Board. Source: Allianz Innovation Strategy Report to members 2006-2014.

<sup>18</sup> Kaizen refers to activities that continually improve all functions and involve all employees from the CEO to the assembly line workers see for example, Bessant, J. Caffyn, S. and Gallagher, M. 2001. “An evolutionary model of continuous improvement behavior,” *Technovation*, (22:2), pp. 67-77.

*explore solutions, fix the problem, share your ideas through i2s, move on and repeat the process.” Robin Staggs, Innovation manager.*

This approach draws on members’ perspectives and expertise to identify opportunities and solve small problems affecting their day-to-day work. Relying on an idea meeting process provides a week-to-week mechanism and dedicated time to generate novel and potentially useful ideas for improvement. That helped dispel the notion that innovation was something extra that people had to do on top of their day jobs. In early 2009, a goal of 12 implemented ideas per employee per year was also established to mobilize participation<sup>19</sup>.

**Behavior Change (Participant – Platform Intersection):** As shown in Figure 3, there was a big increase in idea generation after the team-based approach was introduced. Working in teams and having an annual per-employee goal moved the focus of idea generation from fuzzy to practical. Almost immediately the volume of ideas increased (as reported by members of the innovation team).

Two distinct patterns of use dominated the i2s idea management platform in this phase:

- 1) using the platform to capture, discuss, refine and implement small ideas related to incremental innovation and
- 2) using i2s to scale larger ideas that require support and resources in order to be implemented.

By mid-2011, the volume of ideas was so large that line managers could not evaluate each idea in a timely fashion. With a high volume of ideas, many of which were outside the evaluating line manager’s area of expertise, the line managers became bottlenecks.

*“Once posted in the i2s platform, an idea went automatically to the line manager. The problem is that if it depends on a line manager’s validation it would pretty much be a team-based idea; but if it needed other permissions or escalation, it would be stuck at that line manager’s level. So a lot of ideas we were trying to progress were stuck in there.”* Surinder Kooner, Head of Innovation

An employee confirmed this issue:

*“Ideas often get stuck at the evaluation level, because the business is so complex that only changes that impact a discreet area are easy to implement. As soon as you need buy in and support from multiple areas, we get bogged down in red tape and conflicting priorities.”*

A second challenge was identifying the most valuable ideas in the flood of ideas now on the system. When it ran corporate-wide innovation challenges, Allianz UK relied on expert evaluation panels.

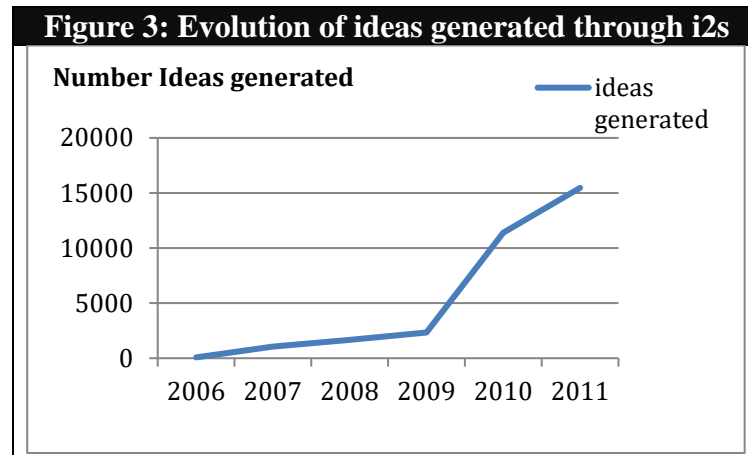
The panels faced issues in evaluating idea novelty and value. One manager explained:

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<sup>19</sup> This goal was based on benchmarks from companies that used similar methods as documented by Robin, A. and Schroeder, D. 2014. *“The idea-driven organization,”* Berrett-Koehler. The team also did four pilots, in 2008 in which Allianz UK achieved the equivalent of 5 implemented ideas per person, with a range between pilot sites of 1 to 11 ideas per person per year.



*“Members of the panel are often suspicious of ideas that depart from existing ways of doing things, they actually struggle to appreciate novelty and some of them suffer from what I call ‘the paradox of experience’. They will make decisions about what to do in the future based on ideas experimented or failed in the past, even if the conditions are now different and the context changed.”*



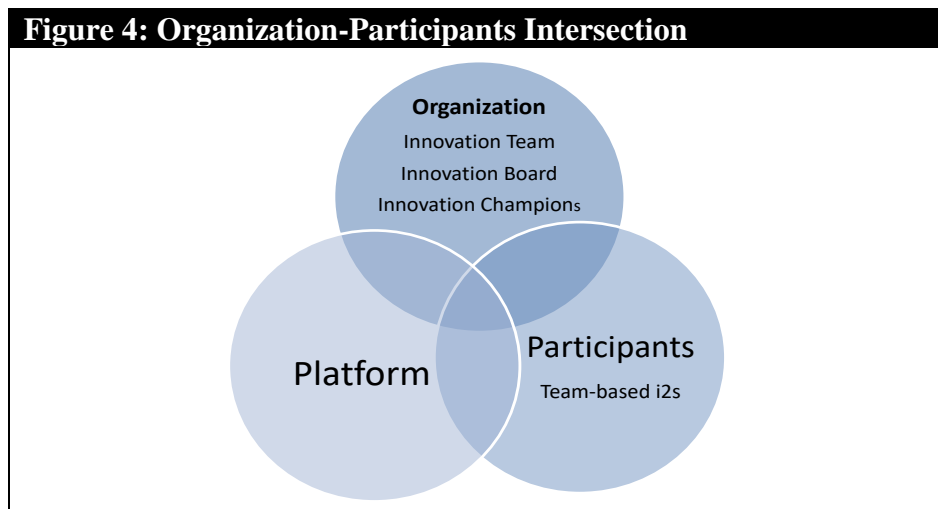
Allianz is a financial institution with a strong measurement culture. Anyone within the firm can share an idea, but its value must be estimated. Employees either conduct a full cost-benefit analysis or choose among a set of benefit categories. In the panel evaluations, some business areas, such as procurement and claims, were perceived as able to generate high financial value, which put them at an advantage. For other areas of the business, the value was non-financial (e.g., employee engagement, brand image and customer satisfaction). Some members of the innovation team recognized that if the panel focused exclusively on financial value, there was a danger of reduced diversity of ideas.

**Response (Organization):** To respond to the big uptick in posted ideas, in 2011 the innovation team conducted a review to evaluate the program and set new guidelines for its future. They observed that in previous years, they had approached innovation as more of a process than a behavior. While innovation is complex, iterative, and non-linear, the team had attempted to structure the innovation process using a sequential model. This processual approach to innovation worked well for small scale ideas related to improvements in daily work processes and designs, but it had not considered how employees actually behave. While a high number of ideas had been generated, the approach had some shortcomings.

*“First, we had the feeling that the biggest barrier historically is related to our focus on a linear process: if you get an idea, you get feedback within three weeks from your line manager, and it’s your job to get it implemented!....Second, with i2s everybody has got the ability to have an idea on anything, which is a great empowerment for the staff, but the downside is that it means people have a lot of ideas on everything which there might not be a need for or they are almost encouraged to have ideas on subjects they know nothing about. This results in a lot*

*of ideas that are very hard to progress because they are disconnected from the way the business is going.” Stagg Robin, Innovation Manager*

Figure 4 summarizes the changes made during Phase 2.



### **PHASE 3: REDEFINING THE INITIATIVE (2012-to present)**

#### ***Using i2s to Foster an Innovative Culture (Organization-Participant-Platform)***

After evaluating the situation in Phase 2, the innovation team decided to emphasize behavioral and cultural change. Surinder Kooner explained:

*“What we are working on with this five years’ transition is really approaching innovation as a culture and change in behaviors, rather than a process as we did in the past.”*

Thus, in October 2012 the innovation team adopted a new approach, with a new platform and new roles for the innovation team and participants. As depicted in Table 1, the new platform had the potential to support idea solicitation via ‘idea challenges’, and it offered new interactive features (e.g., idea sharing, voting, rating) to support idea enrichment and evaluation and to make most of the process visible via ‘idea workflow’.

*“The platform makes it possible to connect with so many people across the business... I mean it’s quite an easy way of communicating your ideas to a wide audience who you might not necessarily interact with on a day to day basis ...It also provides a means to see other employees’ ideas and offer an opportunity to see how we can integrate their ideas as well if needed!”* Suzanne Carol, Marketing manager.

Table 1: Main Features of the New Idea Management Platform	
Features	Description
Idea challenge	This feature allows the firm to collect ideas from internal crowds via a call. The firm defines the purpose of the call (problem), a deadline and invites participants.
Idea creation	Provides a template for describing an idea and its purpose. It includes various sections: title, problem or opportunity, how the idea works, expected benefits, method of implementation.
Idea workflow	This feature enables idea graduation; there are six main stages an idea can go through: new, further work required, under implementation, implementation via project, implemented, and not taken up.
Idea sharing	This feature allows idea sharing with selected participants to start a conversation around the idea.
Idea voting	This feature provides voting and rating mechanisms, up and down votes provides an indication of idea support by the internal crowd.

Leveraging the potential offered by the new platform depended on changing employee behavior toward ideation. The team focused on:

- *Idea Solicitation*: Instead of encouraging employees to post ideas whenever they arose, the innovation team encouraged managers to solicit specific types of ideas. The rationale was to focus ideas on areas where problems were already known.
- *Idea scaling*: To maximize the value of both solicited and ad-hoc ideas, the innovation team envisioned a broader role of participants as idea shapers and evaluators. This approach involved three stages (idea framing, idea shaping, idea connection) that considerably expanded use of the platform beyond idea posting, to shaping and scaling emerging ideas.

### ***Idea Solicitation via Challenges***

Allianz introduced idea challenges to constrain its quest and to focus employee efforts on important business areas, for which it could commit resources. Now, company-wide challenges sponsored by the management board, together with senior management from each business unit, could solicit employees' ideas whenever they were required.

For example, the commercial division ran a challenge in which the area director shared his five-year strategy. He outlined revenue gaps and solicited ideas from all managers in his division, asking them to collectively contribute ideas. Other business areas defined challenges in a more open-ended way. One division presented its employees with a generic question: "How can we improve the customer experience?" However, open-

ended challenges alluding to nebulous problems did not generally succeed in eliciting good solution ideas. Problem framing proved to be a critical way to signal importance, and to influence how employees would approach each internal crowdsourcing challenge. The innovation team dedicated significant time working with challenge sponsors in formulating the problem-framing question. This consisted in defining the scope, providing context, setting up some constraints and clear goals, and removing as many assumptions as possible.

Once a problem was clearly framed around a specific set of dimensions (context, constraints, goals), the challenge sponsor (with support from the innovation team) was then required to: (1) target a specific crowd, (2) provide a safe space for participation, and (3) tailor incentives to that crowd. At Allianz UK, these three design elements complemented each other. Allowing for “private challenges” created a safe space in which participants could discuss ideas, and customized rewards focused on the specific motives of the targeted crowd (e.g., visibility, financial prize, problem-solving). This new approach helped several divisions generate better ideas.

Setting clear expectations was important to employees in a challenge, from its launch to its final evaluation. Allianz UK divisions that were transparent about the terms and conditions of participation achieved better participation and better results than divisions that were less explicit. Some divisions just disclosed to participants the selection criteria (i.e., crowd evaluation, business potential, ease of implementation) and the number of solutions they planned to retain. Other divisions communicated to their internal crowds the key design choices of the idea challenge: (1) its nature: collaborative or competitive, (2) type of participation: one round or several rounds, (3) evaluation mode: expert, crowd, or mixed and (4) rewards terms and conditions.

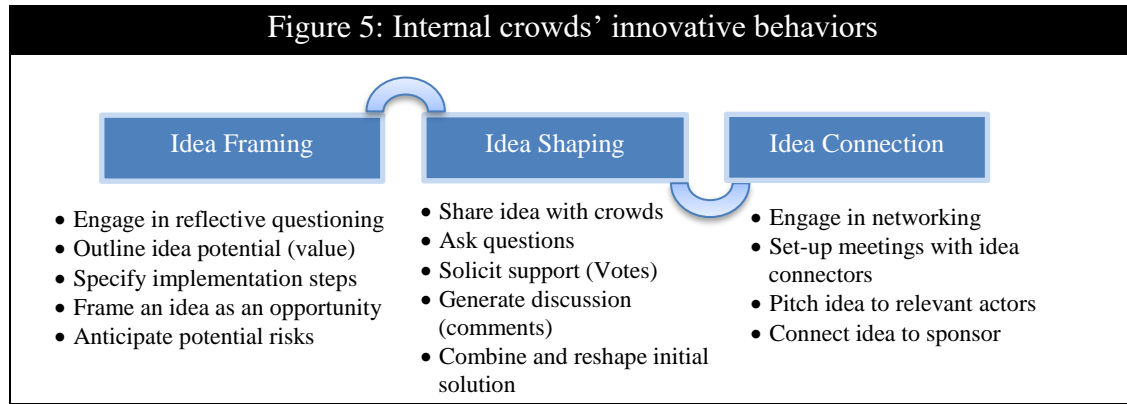
At the end of each challenge, internal crowds were invited to vote, rate and discuss ideas, with the goal of providing developmental feedback to improve idea quality. Such feedback was taken into account when picking the ‘best’ ideas. Then, a formal review panel of experts and innovation champions winnowed down the ideas until a smaller set of best ideas remained. In working through this selection process, the review panel assessed each idea in terms of its strategic fit, potential impact, and feasibility. The panel provided feedback on how to refine the idea. At this stage, some ideas could be merged together to form a new project before they could be pursued, whereas other ideas required iterations to develop further into comprehensive solutions.

### ***Idea Scaling***

Besides soliciting ideas via challenges, Allianz did encourage employees to continue to submit voluntary ideas as they arose. However, ideas that emerged bottom-up in this way usually lacked the coherent structure required to scale them up. These ideas usually proceeded through a manual review by one or more innovation champions in their respective divisions. An innovation champion could act as an *evaluator* if a proposed idea fell clearly within his/her area of expertise, or as a *connector* to ensure that the idea would escalate to the right decision maker.

### ***Behavior Change: Participant-Platform Intersection***

To enhance the value of proposed ideas and to position the platform to support idea scaling, the innovation team encouraged employees to engage in idea framing, idea shaping and idea connection. These behaviors are illustrated in Figure 5.



### ***Idea Framing***

The innovation team did not want employees to merely post an idea or solution and then expect “magic” to happen. Instead, employees were instructed to engage in a reflection process that would move an idea from the surface of a topic to its deeper implications. Such a process was based on four levels of questioning: objective, reflective, interpretive, and decisional. The hope was that each level of questioning would build on previous levels, leading to more valuable proposed solutions.

Participants were instructed to begin with objective and reflective questioning in order to undertake better analysis of the situation and guide informed action (Table 2 is a high-level diagram that summarizes the process with illustrative questions). Instructions were disseminated via email and posted on the company's intranet. To drive stronger engagement with local managers and champions, the innovation team visited all locations and organized training sessions on tools and techniques that focused on creativity and value thinking (such as “blue ocean<sup>20</sup>” strategy). In their respective locations, innovation champions were expected to coach participants on this new idea framing process.

Table 2: A Four Level Reflection to Frame Ideas/Solutions	
Objective	<div>Finding the facts</div> <ul style="list-style-type: none"><li>• What are some facts that we know about this issue/challenge/opportunity?</li><li>• What are the different aspects of the problem?</li></ul>

<sup>20</sup> Kim, W. C. and Mauborgne, R. 2004. Blue Ocean Strategy. *Harvard Business Review*, (82:10), pp. 76-84.

	<ul style="list-style-type: none"> <li>• What outcome are we after?</li> </ul>
Reflective	Uncovering personal reactions, emotions, feelings, associations <ul style="list-style-type: none"> <li>• What makes this problem so hard to overcome?</li> <li>• Has anything worked well or helped the situation?</li> <li>• Where are the biggest challenges?</li> </ul>
Interpretive	Extracting meaning, values, significance, consequences and implications <ul style="list-style-type: none"> <li>• Are any insights beginning to emerge on the causes of the problem?</li> <li>• What are the options for responding to the issue?</li> </ul>
Decisional	Identifying future strategies, solutions and resolutions <ul style="list-style-type: none"> <li>• What changes are we recommending?</li> <li>• What do we need to do to move on the basis of our decision(s)?</li> <li>• What will be the first next steps?</li> <li>• Who will do what and by when?</li> </ul>

### ***Idea Shaping***

Employees were now encouraged to engage in ongoing conversations to shape their ideas. Specific platform functionality (such as voting and rating mechanisms), combined with the sharing function, accelerated the process of getting feedback and evaluations. One employee described how she used the platform to get feedback:

*“Recently, we posted an idea on the platform and we sent the email link to everyone that we wanted to go and vote or comment on it and from the back of that we’re now in the process of setting up meetings to see if we can integrate the idea into the business if possible.”*

In so doing, this employee drew attention to her idea and created interest in it. By actively soliciting other organizational members’ support and feedback through voting, rating and comments, an idea generator could get his/her idea noticed, shorten the evaluation cycle-time, and discover new insights as well as new problems to solve. As a result of interaction via the platform, an initiator would have an opportunity to further sharpen and elaborate his/her idea. An innovation manager explained this:

*“Some people are behaving quite differently, they started to get smarter! Rather than just putting an idea on the platform, and sending it around with: ‘vote for my idea,’ they would say: ‘Would you use it? Who’s already working on this? Is there a demand for this? How could we make it happen?’ And they would learn something, rather than just get a lot of thumbs up.”*

### ***Idea Connection***

A good idea needs to be connected to the right person or team, in a location where it can be further evaluated and ultimately exploited. Many Allianz innovation champions were

able to act as connectors, suggesting contacts to ensure that ideas reached the people with appropriate and deployable capabilities and assets to develop them. Employees were also encouraged to engage in idea connection with various stakeholders, as explained by a Finance manager:

*"We communicate to our staff this message: when you come up with an idea, rather than thinking you should execute it or you can deliver the whole idea completion by yourself, you should form teams and collaborate with other people to get things done."*

Idea connection involves extensive interaction. The process starts with identifying potential contacts who might take interest in an idea. Next, the idea is pitched to these people. If they are sold on the idea, then effort must also be expended to find the appropriate decision maker, who would ultimately support the implementation of the idea. A marketing officer explained:

*"There's a whole structure of comments around an idea and people will suggest contacts to move it further. So you start talking to different people and then if you find the right "sponsor" you can start face-to-face or telephone conversations and you're good to go!"*

### **Response (Organization): Redesigning Incentives**

Getting employees to generate, post, and pitch ideas remained a challenge and depended on fundamental changes in employees' innovative behavior<sup>21</sup> a cultural shift was necessary. One employee reflected on this challenge:

*"I think some people understand what it means to be innovative, but most employees still view it slightly differently from what it should be. Some employees confuse it with posting an idea online, but that does not necessarily mean you have been innovative! Others conceive it as a task, not a hindrance but something which you really have to set aside."*

This cultural challenge transcended national boundaries, with the team in charge of innovation facing large differences in participation between UK locations and the Indian location. Managers needed to also consider participants' country's culture, as noted by an innovation manager:

*"We noticed differences in participation across countries. The overall volume of contributions outside the UK is much higher. I think this is partly a cultural thing...if you tell employees across borders we are running a corporate ideation program, they will take part and make sure they fulfill the requirement."*

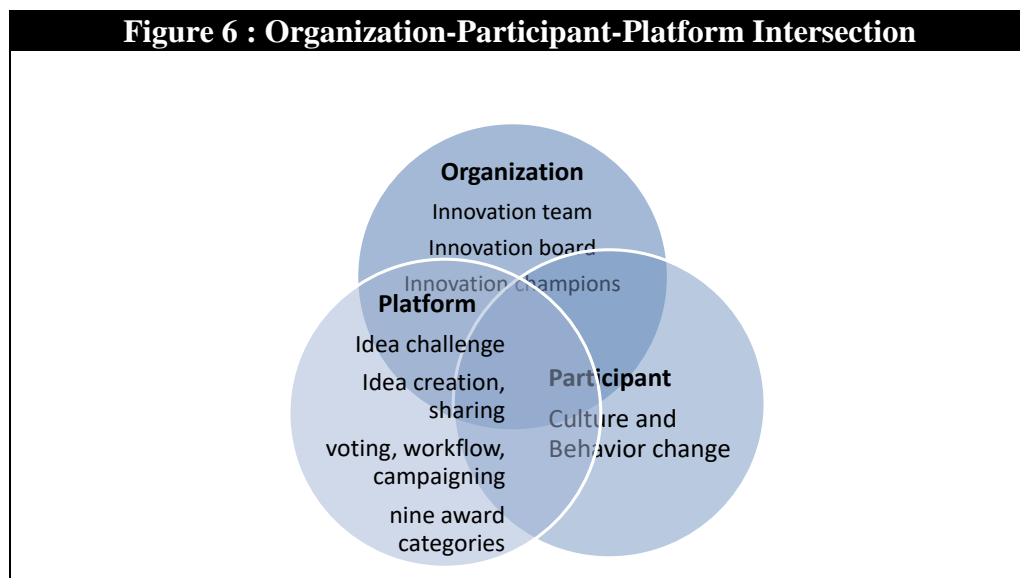
Allianz leaders communicated often about why innovation was important to the organization's mission, its future position in a competitive market, and its employees. Many such discussions occurred in management meetings and in the Allianz newsletter. Allianz leaders regularly talked about "what it means to be innovative", and innovation

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<sup>21</sup> See Yuan, F. and Woodman, R. 2010. "Innovative Behavior in the Workplace: the role of performance and image outcome expectations," *Academy of Management Journal*, (53:2), pp. 323-342.

team and champions used a framework (see Table 2 and Figure 5) to change employee behaviors toward idea framing, idea shaping and idea connection. Special events were held to communicate the need for innovation. During Innovation Week, the innovation team created awareness about the innovation program and the platform.

To reinforce innovative behaviors, the reward program that was initially introduced in 2009 was changed to recognize diverse categories of valuable ideas (See Table 3). The company recognized that innovation was a ‘high performance behavior’ necessary for a high performing organization. Thus, in 2014 the employee performance appraisal process was modified to incorporate a new criterion, ‘improve and innovate’. Performance against this criterion was partly judged based on evidence of an employee’s participation in the innovation program.



An Innovation Award ceremony was held annually at a prestigious location, such as the Globe Theater in London, to recognize and celebrate diversity in the best ideas (Table 3 provides a few examples). Winners in nine categories received a financial prize that was presented to them by a management board member. This social recognition was designed to reinforce employee engagement with innovation, signal the strategic importance of innovation for the firm, and motivate employee involvement. An innovation manager explained:

*“The innovation award is a great example of how Allianz can promote innovation in a positive way. It is a kind of celebration of innovative ideas and an appreciation of the whole work the employee has come up with. Whether it’s one person or a group, it’s a kind of a ‘Thank you! You have been innovative, this is your award, there’s also a cash-incentive involved as well!’”*

Table 3: Examples of Ideas Contributed by Employees		
Title	Description	Idea Status



<i>Reward Green Customers</i>	Reward customers who try to reduce their impact on the environment by offering discounts (for example, customers who own solar panels or drive electric cars). Often green technology is a lot safer than the traditional and therefore risks would be substantially reduced. It would be a win-win for both us and the customer.	Withdrawn
<i>Customer Retention</i>	To be the first insurance company to offer no claims bonus over a period of years on all personal insurance products. This will show our customers that we are a loyal insurance company to loyal customers and that we offer value for money over and above our competitors. It will also encourage the retention of existing customers and entice new customers.	Implemented
<i>Shadow an employee</i>	I believe every employee should be allowed (or actively encouraged) one day per year to shadow a colleague from another division/ team/ department or location. This should encourage "Bigger Picture Thinking" of Allianz and a more comprehensive understanding of the company for which we all work. In addition, it encourages ideas and knowledge sharing, and it demonstrates the "One Team" approach which Allianz strives for. It may also give employees an insight into future career roles previously unconsidered as well as allow colleagues an insight into understanding the challenges, pressures and frustrations which other departments face on a regular basis.	Needs approval
<i>Business Renewal</i>	Premierline's main focus to date has been growth through new business acquisition. Premierline's renewal retention would suggest the target figure of 25% is being met; however on closer examination of monthly stats this is possibly not the case, and this matter is being investigated. By creating a proactive and dedicated team who have responsibility for calling customers pre-renewal and securing business this could be much improved.	Implemented
<i>Delays in notification</i>	Immediate contact by the policyholder after an accident is hugely valuable, especially considering the leakage caused by Third Party credit hire Personal Injury where we are not given the chance to arrange these through our own suppliers due to a delay in report. The idea is that at obvious times of a heightened risk of road accidents for a location (i.e. snowfall, icy conditions, fog, etc.) an automated text is sent to the effected policyholder firstly offering useful advice for the situation like perhaps the technique of engine braking in icy conditions. Also in the text a telephone number is provided to our dedicated team and an emphasis on immediate contact at the accident scene so that immediate contact can be made to deal directly with their needs.	Implemented  Winner in the awards ceremony

## **RECOMMENDATIONS FOR LEADERS OF IDEA PLATFORMS**

Based on the Allianz UK case, we offer the following recommendations for engaging employees in innovation and deriving value from idea management platforms.

### ***1. Commit Management to Ensure Longevity***

When an idea platform structure simply mirrors an organization's existing decision and reporting structure, participants may feel constrained. At Allianz, the CEO and members of the management board articulated a vision and a purpose for innovation, and assigned a dedicated innovation team to build, adjust, and sustain a new innovation capability. Buy-in from senior and middle managers across the organization was also critical. A large network of innovation champions promoted innovation practices in their work areas and acted as connectors to ensure that good ideas would reach the people who could implement them.

### ***2. Manage Idea Fluctuations***

When fewer or more ideas are needed, the organization must adjust policies, platform features and incentives. Allianz UK leaders at first emphasized financial value and idea quantity. Later, their emphasis expanded beyond quantitative metrics to multifaceted value indicators (e.g., strengthen the brand, improve customer satisfaction). Recognition at annual awards ceremonies helped reinforce the message that good ideas can have both financial and non-financial impacts.

### ***3. Foster a Culture of Innovation***

Although the Allianz i2s platform triggered large-scale organizational changes (including new roles and processes), merely making it available was not enough. Leaders realized they needed to create and nurture an innovation culture that valued collaboration, diversity and experimentation. The team influenced employee behavior by providing a common framework that encouraged diversity in idea generation and conveyed the message that innovation was not only about 'coming up with new ideas.' Leaders visibly recognized those actionable ideas that showed high potential for solving problems or exploiting strategically-important opportunities.

### ***4. Design Challenges to Influence Outcomes***

Idea challenges can be an effective means to solicit ideas from employees, provided they are carefully designed, orchestrated and managed. Simply asking employees for ideas is rarely effective. Allianz managers learned that it was helpful to focus the problem/topic, select the right crowd, shape expectations, and tailor incentives to each topic and each crowd. For example, the IT division had a "Design an application" idea competition, in which the best idea would be developed as a

prototype. Many developers participated in this challenge; their motivation was to see their creation happen. The more closely an idea challenge and incentives fit the target audience, the more likely the organization is to achieve the desired outcome.

### **5. *Keep Iterating***

Employee innovation is a journey, not a destination. When roadblocks arise, make necessary course corrections, but recognize that each necessary element (organization, platform, people) needs to complement and reinforce the others. Given the complex interdependencies among the organization-platform-people dimensions, most companies will not get this right the first time. However, the experience at Allianz shows that an effective innovation process can be achieved.

## **CONCLUSION**

Idea management platforms can help organizations tap into employees' creative potential and enhance their ability to develop new products, processes and services. Yet, managers face significant challenges when attempting to deploy such platforms effectively. The Allianz UK case provides valuable insights. The overarching message from the case is that such platforms can support large scale organizational changes, but a platform alone cannot transform an organization's ability to innovate. Leaders should articulate a vision and purpose for innovation, and assign both a committed central innovation team and distributed innovation champions. The Allianz case also reveals that using idea challenges can lead to better ideas than merely asking employees for ideas. However, to be successful, such challenges need careful definition, orchestration and management.

## **APPENDIX A:**

### **ALLIANZ UK STUDY RESEARCH METHOD**

This article is based on a longitudinal case study of Allianz UK, a leading global financial services provider. Our study sought to learn how firms can bring together employees' ideas online and harness employee innovation in idea management platforms. Over a ten year period, Allianz UK transformed how it approached distributed innovation, and had achieved substantial benefits, in terms of financial savings and employee engagement.

We conducted 35 semi-structured interviews (summarized in Table 1). For between 45 and 90 minutes, interviewees discussed their use of the ideation platform, challenges they confronted, and management attempts to address these challenges. These interviews were recorded and professionally transcribed. We interviewed a few key people more than once, to track how their perspectives evolved and to discuss our interpretation of the information gained from previous interviews.

In December 2011, we interviewed members of the Allianz innovation team, including the head of innovation, middle managers and junior employees at the Allianz UK head offices. In July 2014, we conducted a second round of semi-structured interviews with the innovation team, innovation champions and users of the idea platform. In April 2016, we conducted a final round of interviews with the innovation team.

Between these three on-site visits, we had frequent phone updates with the team in charge of the innovation program, as well as monthly updates on system data and a dashboard summarizing the statistics of participation. As seen in Table 1, we interviewed across hierarchical levels and functions to obtain a broad set of perspectives.

Interviewees also pointed us to reports, presentations, employee surveys, and other internal documents. We coded the information from interviews and documentary sources into a database, including the source and type, to establish validity. Progressively, we grouped the information into broader categories and themes. We grouped the codes in higher-order categories of similar challenges faced, design choices adopted by management to address them and employees' response to these choices.

The last stage of our study involved discussing our findings with the innovation team for validation.

<b>Table 1: Interviewees</b>			
	<b>Position</b>	<b>Function</b>	<b>N° of interviews</b>
1	Senior-Manager	Innovation	3
2	Senior- Manager	Finance	1
3	Manager	IT	1
4	Manager	Commercial	1
5	Manager	Commercial	1
6	Manager	Finance	1
7	Manager	Retail	1
8	Manager	Project Management	1
9	Middle-Manager	Innovation	3
10	Middle-Manager	Innovation	1
11	Middle-Manager	Innovation	3
12	Middle-manager	Communication	1
13	Analyst	Commercial	1
14	Analyst	Claims	1
15	Analyst	Retail	1
16	Analyst	Commercial	1
17	Analyst	Retail	1
18	Analyst	Claims	1
19	Analyst	Finance	1
20	Analyst	Finance	1
21	Marketing officer	Marketing	1
22	Agent	Sales	1
23	Junior employee	Marketing	1
24	Junior employee	Innovation	1
25	Junior employee	Marketing	1
26	Junior employee	Commercial	1
27	Junior employee	Marketing	1
28	Junior employee	Communication	1
29	Junior employee	Communication	1
			<b>Total =35</b>