HOW COLLABORATION DRIVES INNOVATION SUCCESS

A BENCHMARK STUDY ON COLLABORATIVE IDEATION AND ITS IMPACT ON INNOVATION PERFORMANCE

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INTRODUCTION

KEY QUESTIONS

- What impact does collaborative ideation have on the performance of new products?
- How should teams be structured to collaborate more effectively?
- What prevents organizations from achieving effective collaboration?

Achieving effective collaboration across functional teams is essential for identifying the most promising opportunities, as each team brings a different but extremely valuable perspective. For example, the insights team has the pulse on currently unmet consumer needs; R&D can open up new product possibilities; and the sales team knows what’s most likely to win over retailers. CPG professionals already appreciate the value of bringing these different viewpoints together. They rank collaboration among the top three most critical factors for innovation success, outpacing strong leadership and access to financial resources, according to a recent innovation study.¹

Despite this consensus that collaboration is key, recent research suggests that companies are struggling to collaborate effectively:
- One third of CPG professionals lack confidence in their company’s approach to collaboration²
- 74 percent believe their company is not collaborating effectively at all³

In response to these findings, Nielsen conducted a study to benchmark collaboration practices within CPG and to determine their real value in the innovation process. For this study, Nielsen focused on collaborative ideation in developing the value proposition or product concept, as the concept is a key asset that drives many critical business decisions from formulation to advertising. Using its optimization technology, Nielsen measured the impact of creative collaboration on a concept’s ability to resonate with consumers.

INNOVATION PROCESS

2. IBID
3. IBID
ESSENTIAL FINDINGS

1. More Heads are Better Than One
There is a positive relationship between the number of collaborators actively working on a new product idea and its performance with consumers. In fact, ideas developed by teams of three or more people have 156 percent greater appeal with consumers than those developed by teams where just one or two people have played a hands-on role. Organizations that consistently achieve high levels of collaboration on product concepts can substantially improve competitive advantage and revenue.

2. Diverse Viewpoints Make a Difference
Successful collaboration is not only about the quantity of people contributing, but also about the degree of variation in their roles, backgrounds and approaches to the problem at hand. Involving people with different functional roles can substantially improve a new product idea’s performance with consumers. Best-in-class organizations follow a framework for creative collaboration that maximizes diverse expertise across different areas of the business.

3. Collaboration Remains a Pipedream for Many
Despite collaboration’s benefits, many organizations are failing to reap its rewards. Nielsen’s study found that most product innovation projects have only two or fewer people actively adding creative ideas or suggestions to the mix, resulting in concepts that underperform with consumers. Several barriers prevent teams from maximizing collaboration, including perceptions that collaboration takes too much time, increases workload and leads to personal conflict.
RESEARCH OVERVIEW

Nielsen’s optimization technology enables teams to collaborate on a single starting point concept, adding variations (such as different benefit statements or brands names) to create a larger space of concept alternatives. It then uses a sophisticated evolutionary algorithm to “learn” from consumers’ reactions to different concept alternatives, adapting and eventually singling out the most preferred concepts.

Looking at optimization projects over a two-year period, Nielsen examined the impact that collaboration had on creative performance. Creative performance was measured both in terms of the volume of unique concepts created as well as the quality of those concepts (i.e., their ability to entice consumers to purchase them over competing options).
The idea that collaboration leads to better ideas is a commonly held belief in most corporate organizations. The belief can be traced to the 1960s with the introduction of formal “brainstorming” processes by ad-man Alex Osborn; today, that belief has spurred an industry of collaboration technologies, such as SharePoint, Jive and Chatter. Yet, very little research has been done to connect collaboration to actual improvement in creative results. The few academic research studies that do exist measure more abstract creative exercises using students, not business people. By measuring the before and after impact of collaborative ideation on the performance of new product concepts, Nielsen was able to connect collaboration results to a real business case: innovation.
COLLABORATION INCREASES CREATIVE OUTPUT

The more people that provide creative input on a concept, the more unique concept alternatives are generated. As the chart to the right shows, teams of six or more people generated a substantially larger number of unique concept alternatives than teams with fewer people. Larger teams showed a willingness to test and try a diverse range of ideas, maximizing their chances of identifying a truly breakthrough idea.

This chart shows the creative space (i.e., number of unique concepts in millions) generated by groups with different numbers of collaborators. Creative space is important because it forms the “pool” from which the chosen idea will come.

COLLABORATION IMPROVES CONCEPT PERFORMANCE

By testing more ideas with greater diversity, larger teams increase the likelihood of identifying a concept that will perform well with consumers.

To test this, Nielsen measured consumer preference for brands’ “starting point” concepts against concepts optimized by consumers. Results revealed that teams with six or more collaborators contributing to the “idea pool” were able to increase consumer preference share by larger margins for their optimized concepts.

This chart shows the relative preference share lift (i.e., increase in preference from initial concept to best concept) as generated by groups with the given number of collaborators.
DIVERSE VIEWPOINTS MAKE A DIFFERENCE

Team diversity is often considered essential for effective collaboration, but does it really lead to better innovation? After evaluating the impact that the number of collaborators had on concept performance with consumers, Nielsen examined the impact for teams whose collaborators held different functional roles in the organization. Do teams with greater cross-functional collaboration fare better, and what’s the right team mix?
GO BROAD TO GENERATE BETTER IDEAS

Teams that represent multiple business functions create higher-performing concepts than teams that stay within their own walls and don’t branch out. In fact, concepts developed by teams with representatives from four or more functional groups outperformed those developed by teams with representatives from just one functional group by 7 percentage points.

AVERAGE CONSUMER PREFERENCE IMPROVEMENT FOR CONCEPTS DEVELOPED BY TEAMS WITH VARYING DEGREES OF DIVERSITY

What’s the right team mix?

What exactly is the ideal make up of a creative team? Assessing top collaborators, both in this study but also as observed within client organizations, Nielsen found that best-in-class organizations follow a common team framework based on leveraging unique areas of internal expertise. Broadening the reach of creative collaborators can have a large impact. For example, while 70 percent of collaborators hold marketing and insights roles, teams that branch out to include other functions (e.g., R&D, sales, etc.) create concepts that are more preferred by consumers; they show a preference share lift of 6 percentage points over concepts created by teams that do not include collaborators from outside marketing and insights.

While this data is directional, it suggests that the improvement in results may justify any extra work required to involve different groups in the concept development process.
COLLABORATION REMAINS A PIPEDREAM FOR MANY

Clearly, collaboration has a positive impact on the performance of new product ideas. But how much are organizations really collaborating? According to Nielsen’s findings, the reality falls far short of the promise.
TRUE COLLABORATION IS THE EXCEPTION – NOT THE NORM

Despite the benefits of involving more collaborators, most new CPG product ideas are developed by fewer than two people. As already shown, concepts developed by smaller teams have a significant competitive disadvantage compared to those developed by teams of three or more people.

PERCENTAGE OF CPG PRODUCT CONCEPTS DEVELOPED BY TEAMS OF VARYING SIZES

TEAMS ARE NOT BRANCHING OUT

There’s a striking lack of diversity among the people contributing ideas. By analyzing the titles of the collaborators, Nielsen found that most projects only involve people from one or two business functions — typically marketing and insights. Fewer than one third of collaborators represented business functions outside of these roles, such as R&D, Strategy or Sales.
Collaboration Barriers

Given collaboration’s business benefits, why don’t organizations do more of it? For one, it’s difficult to quantify the value of collaboration. Lacking ROI measurement, many leaders are unable to articulate to employees how essential collaboration is, which gives project leads a hall pass to work in isolation or limited partnerships.

A larger barrier, however, may be human nature. It turns out that many people are hesitant to collaborate for fear of inviting more hassle and work. This “tax” associated with collaboration is felt most strongly by project leaders and owners who are in charge of gathering input, negotiating feedback and managing any conflict that arises in the process. To avoid adding complexity, most project managers are opting out of collaboration, even if it means sacrificing performance.
THE 4 “TAXES” OF COLLABORATION

**Time:** Consider the time it takes to gather feedback for a concept from several people – and this time is compounded when key stakeholders (such as Sales or Shopper Insights) work remotely or even globally. Project leads work on tight deadlines and don’t want to risk missing a deadline to wait on someone’s input — so they move ahead without feedback.

“I GENERALLY LIKE TO GET AS MUCH INPUT AND FEEDBACK AS POSSIBLE, BUT IT’S JUST NOT FEASIBLE WHEN I AM UP AGAINST A TIGHT DEADLINE.”

**Burden:** It’s difficult for project leads to gather, organize and process a lot of ideas. This is partly a function of the tools that teams have to work with. Standard software tools such as Microsoft Word and PowerPoint do not have the ability to capture many layers of ideas within a single document. When the typical brainstorming process can create hundreds of different ideas, it’s nearly impossible to curate and organize them.

“IF I ACCEPTED EVERYONE’S IDEAS, I WOULD HAVE A HUNDRED DIFFERENT CONCEPT VARIATIONS... THERE IS NO WAY I CAN PRACTICALLY MANAGE THAT.”

**Control:** Project leads often hesitate to invite too many people to collaborate, fearing loss of control or quality. Many project leaders believe they have the best understanding of how to solve the problem, and having “too many cooks in the kitchen” could derail the process.

“ULTIMATELY, I FEEL LIKE I KNOW WHAT MY CONSUMERS NEED, AND I DON’T WANT TO FEEL OBLIGATED TO ACCEPT AN IDEA IF I DON’T PERSONALLY AGREE WITH IT.”

**Conflict:** Inviting many people to provide their opinions and ideas often produces conflict, which places the project lead in the uncomfortable position of referee. To avoid this, project leads will often invite people whose opinions more closely align with their own to collaborate, causing a selection bias—or they will defer to the most senior-ranking opinion, unfairly dismissing potentially good ideas from more junior team members.

“TYPICALLY, I GET INPUT FROM 2 OR MORE PEOPLE WHO COMPLETELY DISAGREE, AND I AM LEFT TRYING TO COME UP WITH A COMPROMISE OR A RESOLUTION.”
SOLUTIONS

Organizations can repeatedly praise the benefits of collaboration, but if they don’t remove the tax, people won’t invest in team approaches. Therefore, they need to consider ways to remove the burden.
1. INVEST IN THE RIGHT TECHNOLOGIES

There are close to 100 different collaboration software systems available in the market. These solutions offer a number of features to help ease the burden of collaborating with large teams of people by making it faster and more efficient to gather and review information. Features address a range of needs including project management, timeline and task tracking, document sharing, capturing feedback in dynamic, real-time environments and more. With so many choices, rushing to the first collaboration system is not the best approach; organizations need to consider which solution best addresses their specific needs.

For example, if the majority of a company’s needs revolve around version control or making it easy for teams to collaborate on documents, then most collaboration systems will probably suffice. However, if a company’s creative activity is specific to concept development and design, they will want to find a system that can maximize creativity for these kinds of assets. Most CPG concepts follow a standard structure for organizing imagery, benefits, consumer insights and features. While standard softwares doesn’t accommodate concept formats, there are collaboration technologies which do, providing templates for effective collaboration as well as tools that make it easy to add variation to different concept elements.

Concept-centered collaboration technologies like Nielsen Studio let teams add variation to a starting point concept. Contributors enter their input into the application themselves, freeing the project lead from the burden of collecting and tracking feedback. Visualization tools make it easy to toggle through concept alternatives, view and curate collaborators’ suggestions and variations and add comments.

2. REMOVE CONFLICT BY PROVIDING TEAMS WITH ANALYTICAL TOOLS

Collaboration systems that have built-in decision support tools can help avoid conflict by providing an objective referee. For example, some systems allow teams to rank or vote on the best ideas. Other systems, such as those which rely on evolutionary optimization, use consumer feedback to settle the debate over which idea is best. By introducing a more objective performance gauge, organizations can help ease interpersonal conflicts and make sure everyone’s ideas have a chance to compete fairly.

Traditional concept testing tools use consumer feedback to identify the best concept; however, they are typically only capable of evaluating a handful of options at a time. This puts added pressure on teams to restrict creative collaboration and variation. In contrast, evolutionary optimization can test thousands to millions of alternatives, allowing everyone’s theories and assumptions to be put to the test without added time, cost or risk.
CONCLUSION

Based on Nielsen’s research, collaboration may be more important than most organizations believe. By following collaboration best practices, brand teams have the potential to increase consumer preference for new concepts appreciably. Teams need to broaden their collaboration efforts, involving more people across the organization. However, none of this is possible if senior management neglects to remove barriers to collaboration.

HOW NIELSEN CAN HELP

Nielsen’s Studio is a web application that enables innovation teams to collaborate quickly and easily on concepts in one central place – maximizing creative variation to improve innovation performance. When combined with Nielsen’s optimization technology, Studio has been proven to improve the in-market performance of new products substantially.

WATCH THE VIDEO TO LEARN MORE
ABOUT NIELSEN

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