Innovation Health Check

Benchmarking of the Innovation Process

Company Name:	**FAGUM-STOMIL Sp. z o.o**
Date of Facilitation:	**26.09.2024**
Product/Service:	**production of professional and protective footwear**
Company Establishment Date:	**07.08.2002**
Country:	**Poland**
NACE Code:	**1520**
NACE Description	**Manufacture of footwear**
Benchmark Ref:	**PL24CP01**

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Contents:

Benchmarking Team

NAME:	**ROLE:**
Kamil Piskorz	Director

Executive Summary

Fagum-Stomil sp. z o.o. is a dynamically developing company specializing in the production of professional and protective footwear, with over 120 years of experience in the industry.

The source of Fagum-Stomil sp. z o.o. competitive advantage is primarily the innovative LIGHT TECH production technology using EVA (Ethylene-Vinyl-Acetate) material as well as TRC (Thermo Rubber Compound) materials, which combine the lightness of EVA and the durability of rubber.

The market value of the company is related to the high quality of products, modern design, ergonomics and care for the customer's comfort. The strategy of its activities is based not only on a creative approach but also on the expansion of the company in accordance with the principles of sustainable development. In this area, the company actively operates as part of the circular economy model, among others, thanks to the use of raw material from the recycling of EVA copolymers. The company is also the winner of many prestigious awards and distinctions, including "Forbes Diamonds", "Business Gazelles" and "Lubelskie Brand".

The results of the benchmarking analysis in the field of innovation management indicate a very high position of Fagum-Stomil sp. z o.o. compared to the results from the database achieved by companies from the "medium" group and even from the "strong" groups (leaders). The total results of the company **(innovation practices - 89.7%, innovation results - 92.3%**) clearly indicate that the company is clearly ahead of medium-sized companies (practices - 68.6%, results - 66.5%), also exceeding the values for strong companies (leaders), which achieve practices at the level of 85.4% and results - 83.4%. Fagum-Stomil sp. z o.o. practices in terms of innovation, exceeding the group of strong companies in the area of "innovative business" concern all sections, i.e., strategy, business understanding and culture of innovation. In terms of practices and results concerning the area: "innovative environment", Fagum-Stomil sp. z o.o. (in the sections: structure and processes) obtained a higher indicator than the group of strong companies.

The results of research conducted in companies confirm that good practices allow for achieving good results. When comparing practice indicators to results, it is desirable for them to be commensurate. The relationship of the achieved indicators in Fagum-Stomil sp. z o.o. confirms the proper dependence of the practices used on the obtained results.

The strong areas of Fagum-Stomil sp. z o.o. are primarily strategic planning including sections related to the use of strategic and business tools in innovations and an appropriate policy in the field of intellectual property management and its own R&D structure. The identified strengths are also related to having customer data, competition, team creativity skills, learning from successes and failures, including conducting post-project reviews.

The identified weaker areas may relate to monitoring changing technologies in the industry, identifying customer expectations and technological and market trends. Other areas that may require attention include issues related to the possibility of implementing "decentralized" project management systems - launching "fast tracks" and continuous improvement processes.

Introduction

Business innovation involves developing something new or improving existing technologies, processes, designs and marketing to solve problems and reach new customers. The world is constantly changing. There is a need to differentiate to succeed. Innovation is a state of mind that allows you to spot opportunities quickly and enables you to respond and capitalise while creating value for the customer. It is bringing the research all the way from developing the product or service, and selling it in the marketplace. It is looking into the future and seeing how to use technology and other resources to drive the economy forward. It is the way a company goes to a market and the supply chain and creates the cost structure. It is the business model. Innovation has a different meaning for every company, yet it is essentially related to growth and improvement. All companies face innovation challenges that need to be addressed.

This Innovation Benchmarking Tool has been designed to draw out how companies manage innovation and give feedback on their innovation efforts. It looks at what is being done well and where improvements can be made. It looks at the results of efforts to establish a correlation between practice and performance. Research shows that good practice leads to good performance.

The questionnaire is divided into the following segments:

Innovative Business	Innovative Environment
1. Innovative Culture	4. Structure
2. Understanding the business	5. Capability & Resources
3. Strategy	6. Processes

In total there 39 practice and 13 performance questions.
In the 'Innovative Business' section there are 18 'practice' questions and 8 'performance' questions.
In the 'Innovative Environment' section there are 21 practice questions and 5 performance questions.
All the questions are scored between 1 and 5.

Overall Position

This spider graph shows how the company is performing relative to the database comparison group in each of the six innovation segments. The company position is represented by the 'blue' line, the database 'strong' position is green, the 'average' is orange and the 'weak' is red. This graph highlights the segments where the focus for improvement activity is required.

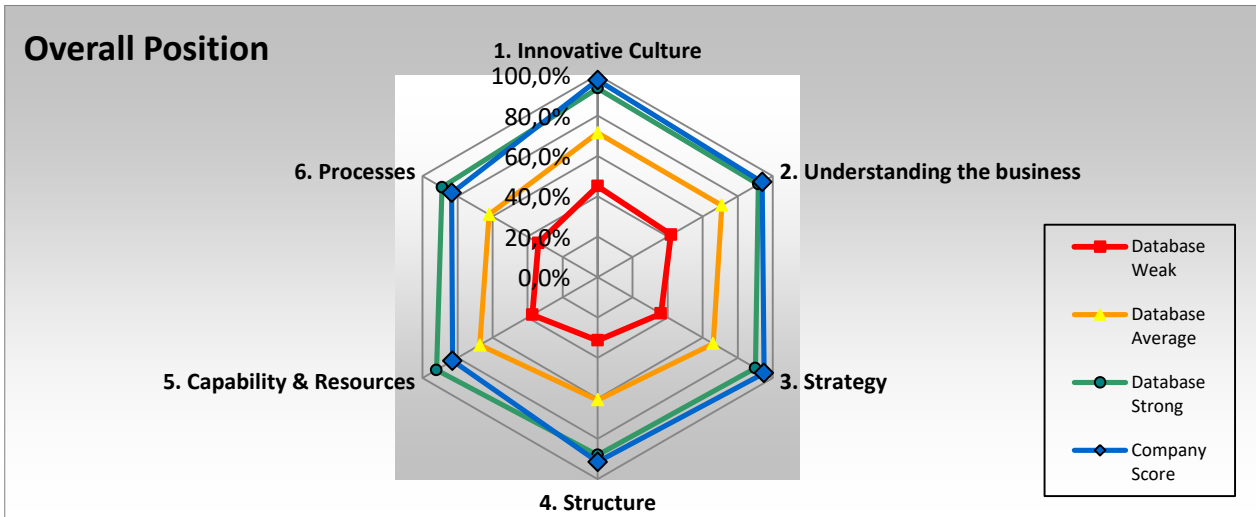**Graph 1:** Showing the Company's Overall position against the database

Table 1:

This table shows the company's overall practice and performance outcome against the database weak, average, and strong position. Similarly, it shows the company's overall score on the individual innovation segments.

Results	Company Score	Database Weak	Database Average	Database Strong
Overall Innovative Practice	89,7%	38,3%	66,9%	91,3%
Overall Innovative Performance	92,3%	35,5%	64,3%	88,7%
Innovative Business Segments				
1. Innovative Culture	97,5%	45,0%	71,3%	93,5%
2. Understanding the business	94,0%	41,9%	70,9%	91,8%
3. Strategy	95,0%	36,2%	65,9%	90,1%
Innovative Business Practice	95,6%	41,9%	70,0%	92,7%
Innovative Business Performance	95,0%	39,2%	68,3%	89,7%
Innovative Environment Segments				
4. Structure	91,4%	31,3%	60,8%	88,1%
5. Capability & Resources	82,9%	37,3%	67,3%	92,0%
6. Processes	83,3%	33,8%	62,0%	88,9%
Innovative Environment Practice	85,2%	35,0%	64,4%	90,1%
Innovative Environment Performance	88,0%	29,5%	58,0%	87,0%

DB Strong = *the mean of scores in the upper scores / 1st quartile in the database*

**DB Average =** *the mean of the middle scores in the database*

DB Weak = *the mean of the lower scores / 4th quartile in the database*

Innovation Practice vs Performance

Research shows, good practice leads to good performance.
In order to improve your company's performance, it is necessary to focus on strengthening the weaker practice segments. Holding a good average and balance in all segments is better than being very strong in one or two segments.

Graph 2: Shows the Innovative Business Practices against the Innovative Business Performance.
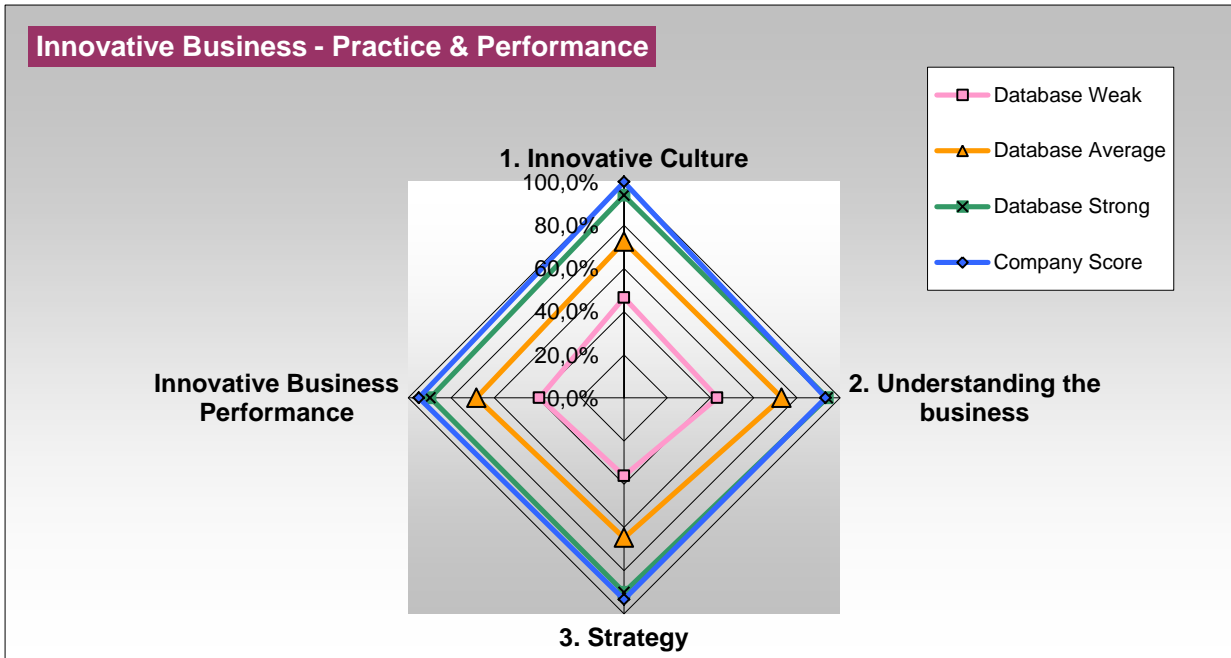
Graph 3: Shows the Innovative Environment Practices against the Innovative Environment Performance.
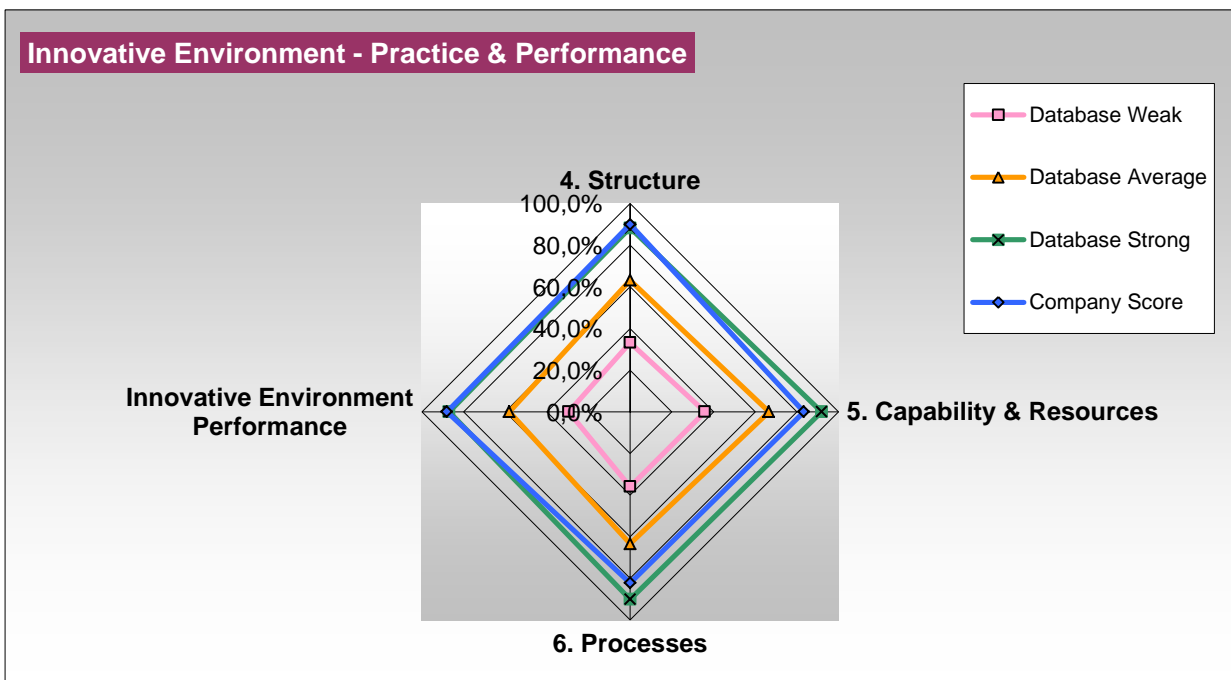
1. Innovation Culture

There is a constantly changing environment in terms of customers, technologies, competition, demographics etc. driving companies to innovate to sustain their competitive advantage. Innovation vision is understanding the need to grow and improve along with an understanding of the emerging opportunities and challenges that need to be addressed. It is also about being able to communicate the message to others in the organisation and getting them to see the opportunities. The drive needs to come from the leadership to ensure there is a clear innovation vision, a clear innovation strategy and clear communications, so that everyone in the organisation is involved, knows, and believes in the company's innovation culture.

Innovation culture is important because without the right culture in place, it is difficult to implement and sustain a proactive and innovative approach to company growth.
There are three broad themes:
1. Environment for innovation including motivation and ambition to grow (Q1.1 & Q1.2) - everybody in the company needs to be involved, otherwise the ideas & opportunities for innovation will be limited to a smaller group of individuals, usually management and maybe marketing/R&D. This is limiting the company's opportunities for success.
2. Management style, company leadership and openness to change (Q1.3, Q1.4 & Q1.5) - This links in closely with the first theme in that management style etc. impacts on the environment for innovation.
3. Managing success, learning from failure managing and tolerating risk including an appropriate reward structure (Q1.6, Q1.7 & Q1.8) - is the third theme. This looks at how the company encourages its employees. How the company reacts to both success and failure are important. The promotion of a culture of continuous improvement and learning from past efforts is also important.

The first six questions relate to the practices that you have in place and the last two relate to performance. Remember that good practice leads to good performance.
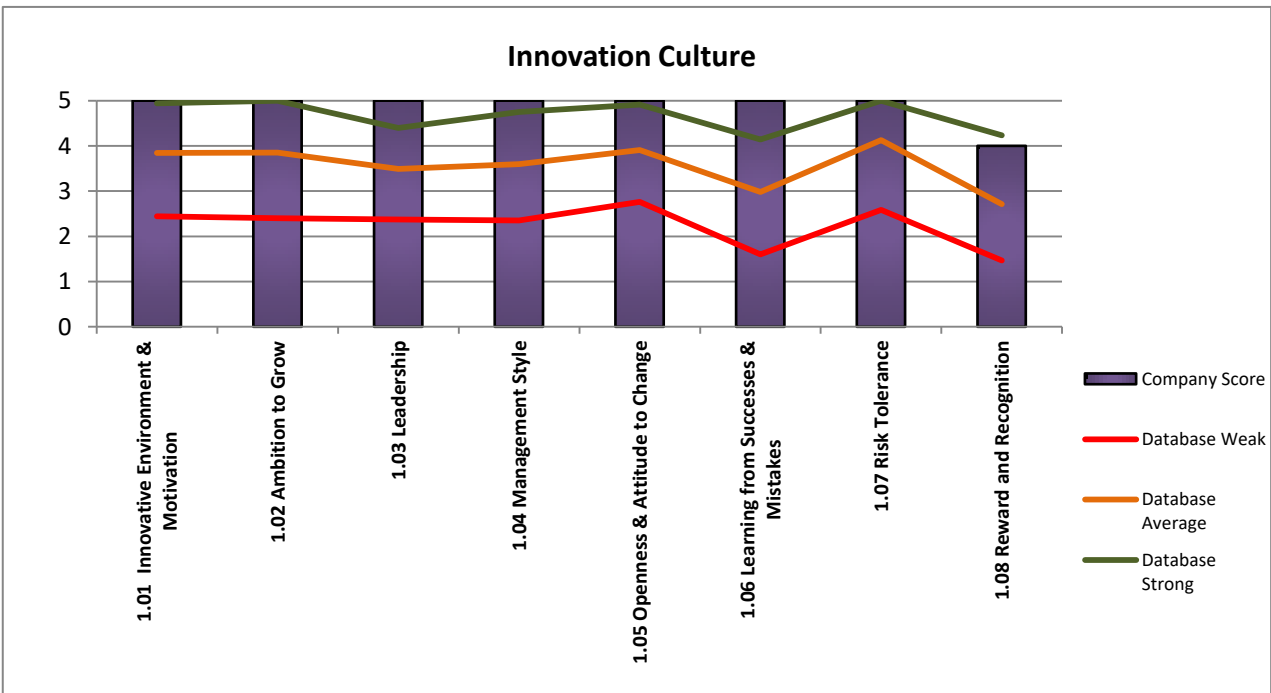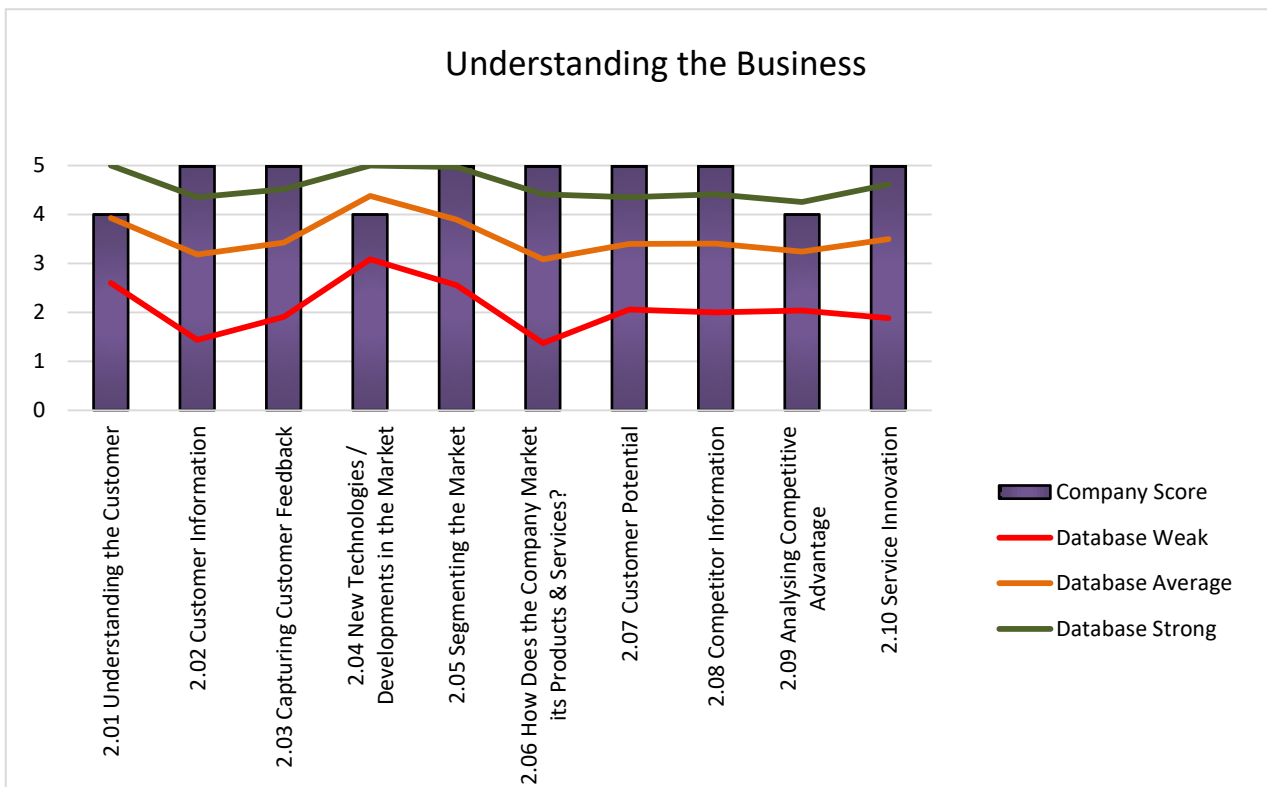
2. Understanding the Business

It is important that the company has a clear understanding on all aspects of the business and how they impact on performance. All staff should be encouraged to be proactive in gathering data on customers, competitors, new products or technology changes etc. In tandem with this, a system needs to be developed to manage this information for the use of marketing, strategy and innovation activities.

The broad themes are:
1. Gathering information on customers, markets, competitors and technology trends
(Q2.1, Q2.2, Q2.3 & Q2.4)
2. Analysing information to identify threats and opportunities (Q2.5, Q2.6, Q2.7 & Q2.8)
3. Identifying sources of competitive advantage and being innovative around the company's service offer. (Q2.9 & Q2.10)

Understanding the Business

| Legend |
|--------|
| Company Score |
| Database Weak |
| Database Average |
| Database Strong |

3. Strategy

It is important for the company to have a clear view of how it will grow and how to focus its resources in order to maximise its return. There are eight questions in this section, six are practice orientated and the final two are performance related. The clear view required is of both the overall company strategy and the innovation strategy. The strategy should take into account the business environment in which the company is operating in, along with the technological changes in the market and the needs and changes emerging from the market.

The broad themes are:

1. Define objectives and goals based on the identified sources of competitive advantage through a defined business model and a focus on future markets (Q3.1, Q3.2 & Q3.3)

2. Strategic planning, looking at a wide range of product/market ideas to define a business model and how the innovation strategy ties in with the overall strategy (Q3.4 & Q3.5)

3. How to maximise the use of appropriate tools and the management of idea generation along with the measurement of successful outcomes (Q3.6, Q3.7 & Q3.8)
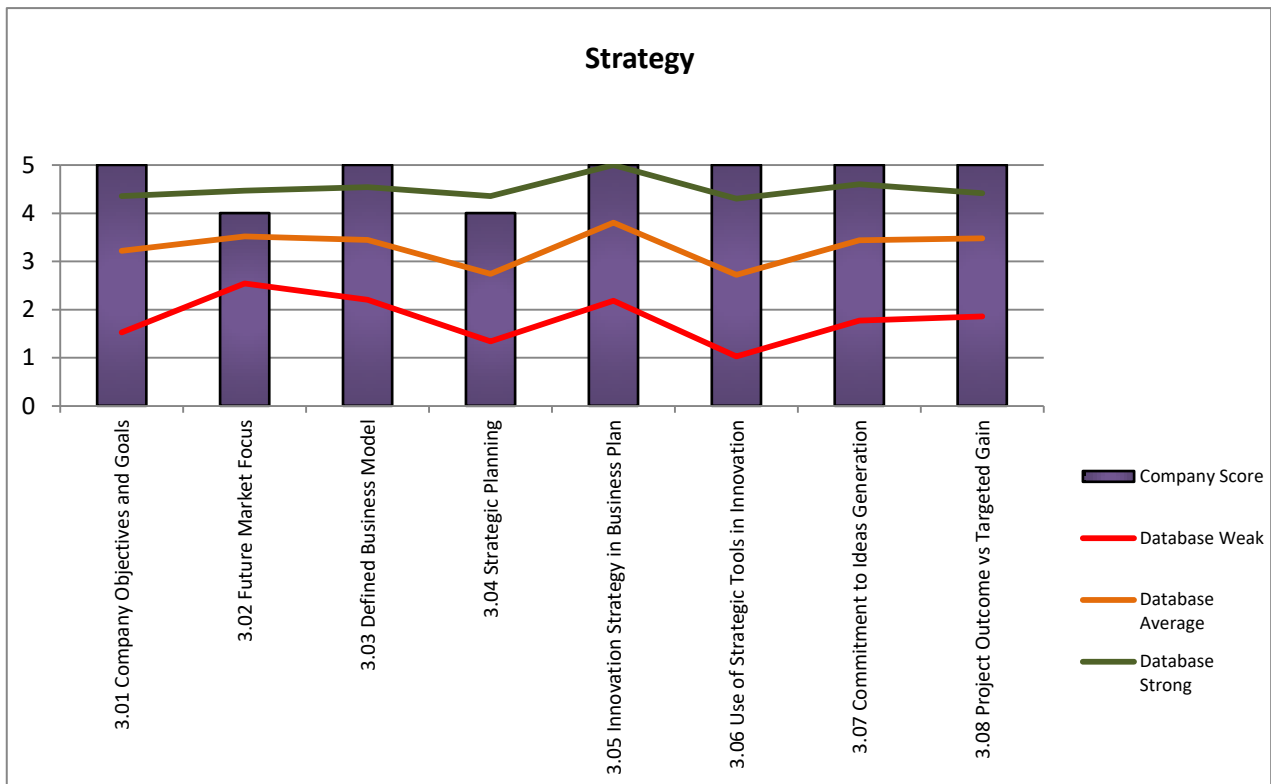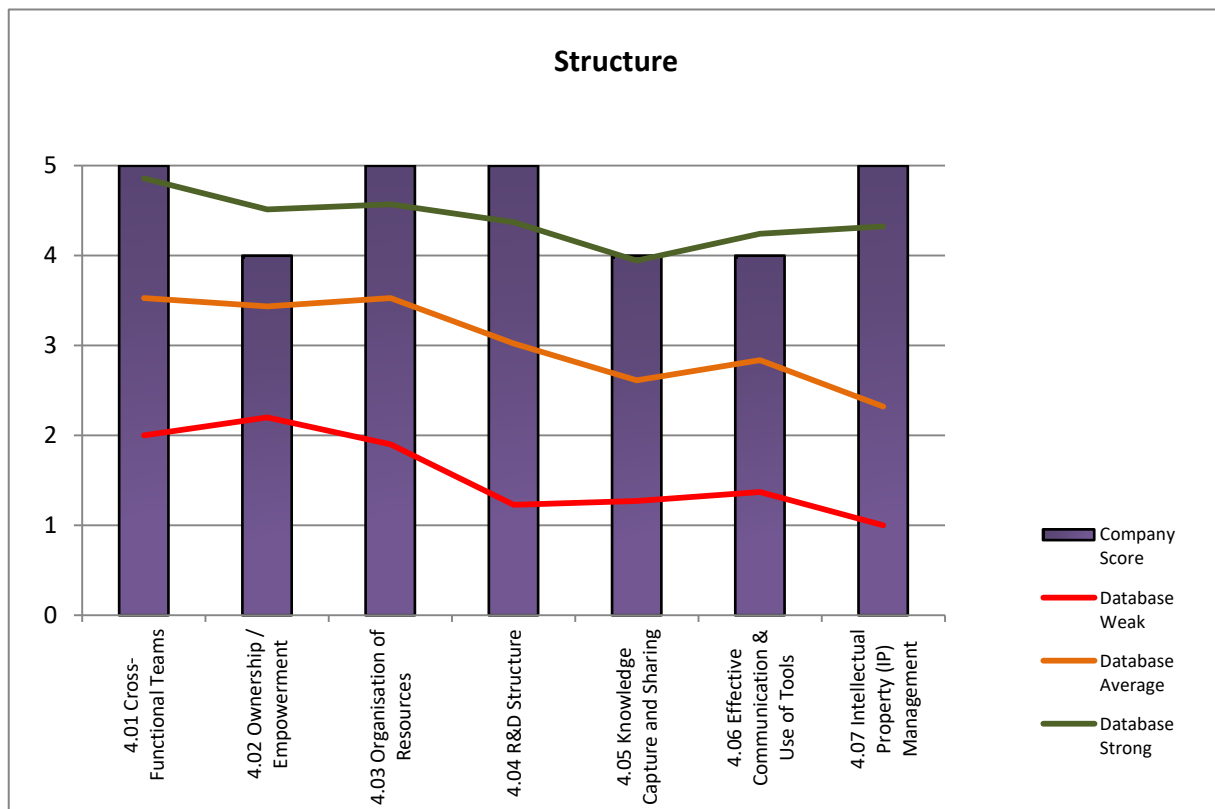
4. Structure

It is important that the company is structured in an appropriate way to achieve its strategic goals. There are seven questions in this section with six practice questions and one performance question. Without the right structures in place, companies find it difficult to achieve high levels of performance in innovation. Occasional success may be possible despite poor structures, but at the very best it will be inefficient and in consistent. Getting good structures in place is the bedrock of a good innovation system.

The broad themes are:

1. Organisation of resources involving team working, particularly cross functional teams, along with effective communication of key project information and a knowledge capture and sharing system to enhance the company's innovation planning (Q4.1, Q4.5 & Q4.6)

2. Appropriate empowerment and management of staff to allow for devolved accountability and autonomy along with defined staff roles that are matched to delivering the company's business model (Q4.2 & Q4.3)

3. Appropriate processes to best manage different areas of businesses such as sales, marketing, operations and R&D etc. (Q4.4 &Q4.7)

5. Capability & Resources

The company needs to have sufficient financial resources to carry out innovation, along with the capabilities to achieve its goals, identify and bridge gaps and have the appropriate skill base. There are seven questions in this section with six practice questions and one performance question. The key capability to develop among the company's innovation team is to turn problems into opportunities through challenging the status quo in a way that the company innovates ahead of the competition. The key capabilities needed are innovation skills, discipline and flexibility on projects. The resources needed are training to fill the capability gaps, budgets and the time to manage firefighting so that its kept to a minimum.

The broad themes are:

1. Appropriate skills requirements are identified and satisfied through training or acquisition along with the need for discipline and management of potential 'fire fighting' (Q5.1, Q5.2, Q5.3 & Q5.4)

2. Resource requirements are identified such as equipment, third party support etc. through the innovation budget (Q5.5)

3. Suitable systems and processes are identified to minimise waste by delivering projects on time and within budget, along with devolved responsibility for smaller projects (Q5.6 & Q5.7)


Capability & Resources
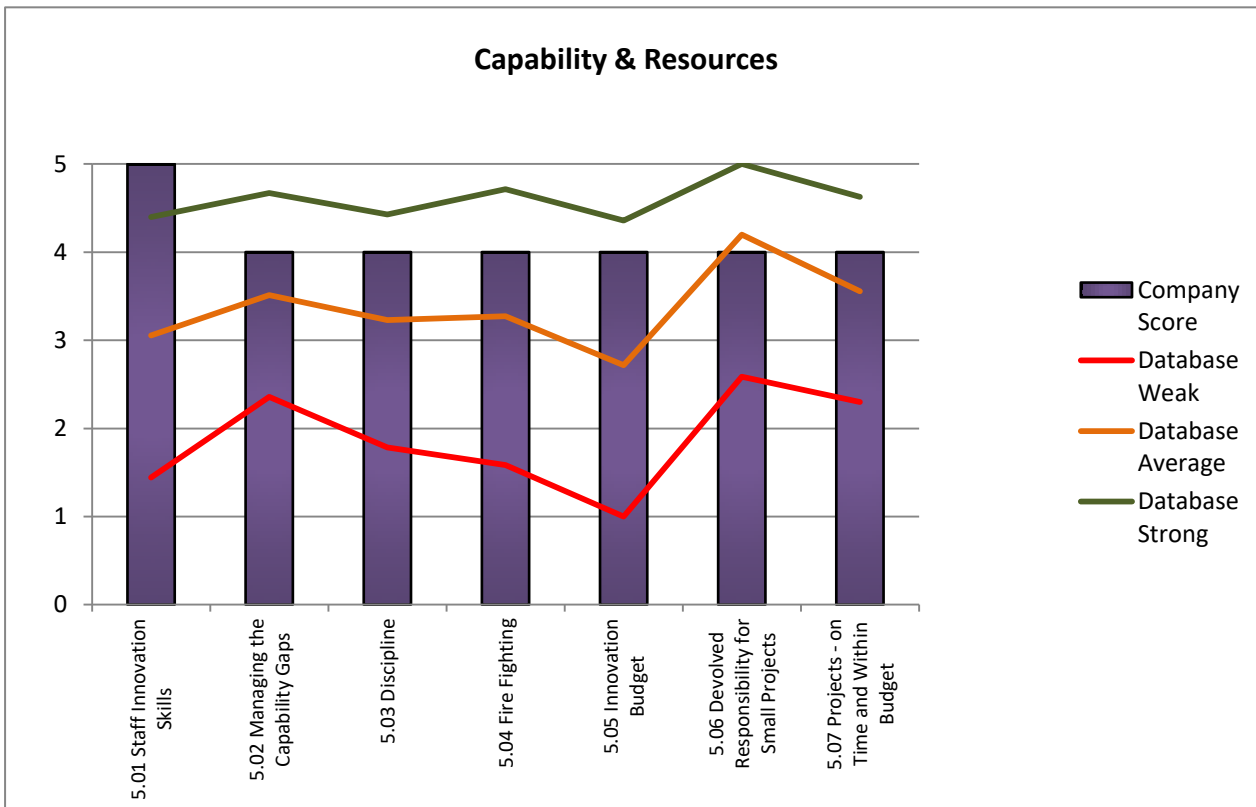
6. Processes

The process section of the report looks at how the company carries out the process of innovation. There are 12 questions in this section with the first 9 looking at its practices with the last 3 at its performance from these practices. The process of innovation is often compared to a funnel, which goes from wide to narrow as it goes from idea generation to market introduction. In between those 2 ends of the funnel you have idea management, development of projects and exploitation. At the end there is a review of the process in which you look at the innovation results and post project review.

The broad themes are:

1. Developing and managing ideas from inception to commercialisation - including examining how ideas are generated, evaluated and screened through a selection process and then their commercialisation. How you manage this activity through the innovation process will strongly influence the success of innovation in your company (Q6.1, Q6.2 & Q6.3)

2. Systems that allow timely and stage-gated evaluation of development projects including post project reviews and the time to market performance in order to evaluate the returns to the company from its innovation activity. The continuous improvement question helps focus on how you can carry it out both better and faster. Balancing projects and resources is about managing risk and reward so that you have the best return within your resources (Q6.4, Q6.5, Q6.6 & Q6.7)

3. Use of business and innovation tools with appropriate linkages to third level colleges, customer supply chain, competitors and potential licence partners etc. along with an idea management system to guide the company's selection process, effective project management of the innovation process along with a post project review system in order to learn from and improve the system (Q6.8, Q6.9, Q6.10, Q6.11 & Q6.12)
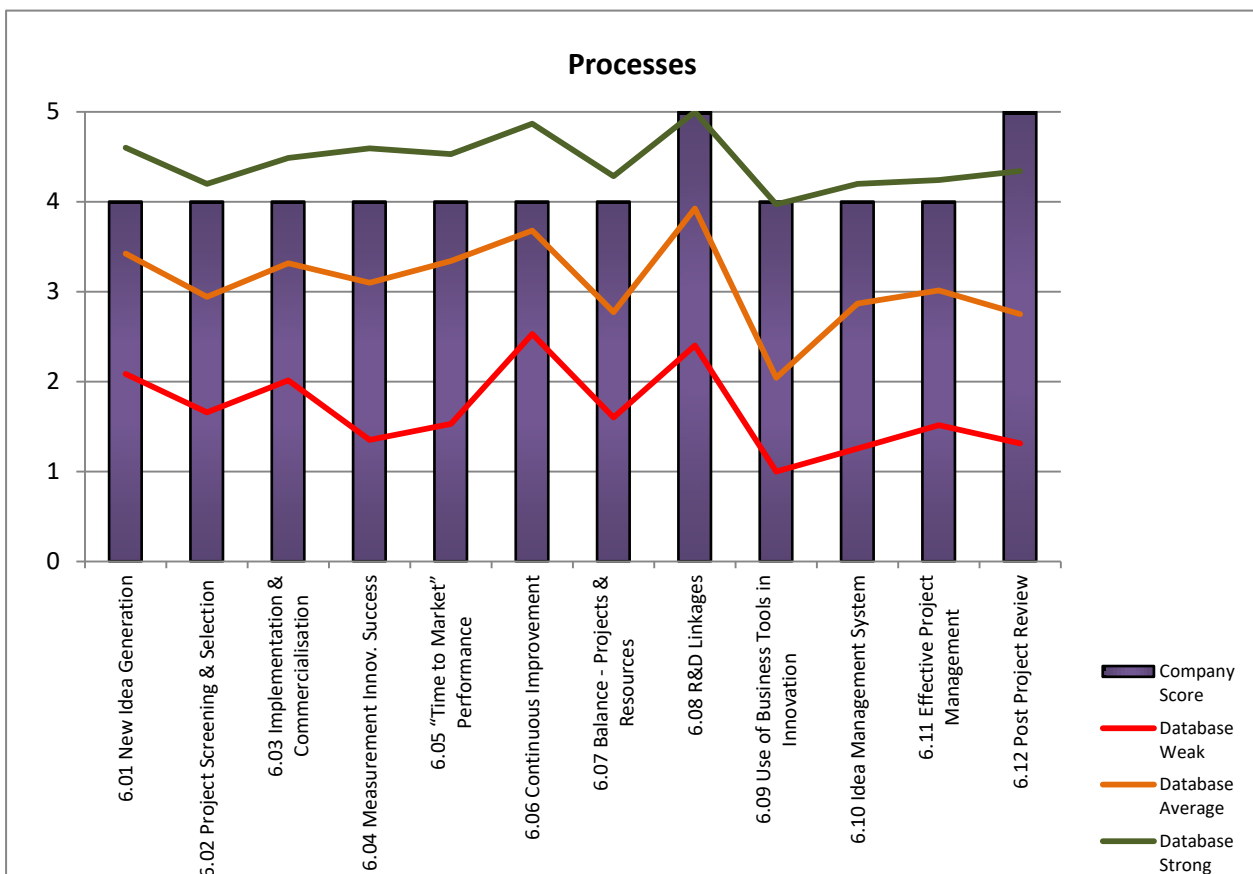
Strengths Identified

Q. no.	Q. Description
1,06	Learning from Successes and Mistakes
2,02	Customer Information
2,08	Competitor Information
3,01	Company Objectives and Goals
3,06	Use of Strategic Tools in Innovation
4,04	R&D Structure
4,07	Intellectual Property (IP) Management
5,01	Staff Innovation Skills
6,09	Use of Business Tools in Innovation
6,12	Post Project Review

Focus on Improvement   Next Steps

Your company has been measured against companies interested in improving their innovation process. The innovation benchmarking has identified where your company is strong and where it is weak compared to the database. The following is a list of some of the weaker questions and some general advice on what to focus on in order to strengthen these areas. It is best to look at the general advice and decide if the question is relevant to your business and if the advice is appropriate for your company's situation. If possible, you should seek professional help in tackling these issues.

Weaknesses Identified

Wk 01:   Q

2,01	Understanding the Customer

score difference from the average position: 1%
score difference from the upper quartile average position: -20%

The voice of the customer needs to be captured. This can be done through multiple points of engagement. You can use informal means such as employee feedback & customer complaints and formal mechanisms such as market research, customer surveys and focus groups to identify current and future expectations. Use the data to improve existing and design new products / services.

Wk 02:   Q

2,04   **New Technologies / Developments in the Market**

score difference from the average position: -8%

score difference from the upper quartile average position: -20%

You need to make yourself aware of changing technologies within your sector. This includes looking for the arrival of potentially disruptive technologies and trends. It can be done if the company regularly attends conferences, industry specific seminars and networking events. Industry experts should be utilised, when and where appropriate.

Wk 03:   Q

3,02   **Future Market Focus**

score difference from the average position: 10%

score difference from the upper quartile average position: -9%

Companies need to be aware of future trends in their markets, otherwise they will fail to see emerging trends and market changes. Occasionally all markets suffer significant disruptive change due to technology or business model changes. These are difficult to predict, unless regularly assessed. You need a comprehensive system for gathering intelligence on technology and market trends. It is wise to carry out occasional scans for disruptive technologies.

Wk 04:   Q

4,02   **Ownership / Empowerment**

score difference from the average position: 11%

score difference from the upper quartile average position: -10%

The use of fully devolved project ownership can greatly enhance employee commitment to idea generation and development. Employee empowerment can enhance the quantity and quality of projects undertaken. Controls need to be in place and regular reviews of all projects conducted, with devolved accountability and autonomy to progress projects between reviews.

Wk 05:   Q

5,02   **Managing the Capability Gaps**

score difference from the average position: 10%

score difference from the upper quartile average position: -13%

An effective innovation management culture requires the following elements to be in place:- senior management commitment, clear company objectives, investment in staff innovation skills, information systems and allocation of time and resources. The company's capabilities need to be analysed regularly to identify current and future requirements. It needs to have a clear picture of where it wants to be and a focus on addressing the capability gaps to get there.

Wk 06:   Q

5,04   **Fire Fighting**

score difference from the average position: 15%

score difference from the upper quartile average position: -14%

A high level of fire fighting in the company is indicative of systemic issues that need to be tackled. Good innovation practice will analyse these issues & identify solutions to turn the problem to the company's advantage. The innovation team needs to regularly analyses customer complaints, production re-work etc., Regular improvement projects will ensure that fire fighting is kept to a minimum.

Wk 07:   Q

5,06   **Devolved Responsibility for Small Projects**

score difference from the average position: -4%

score difference from the upper quartile average position: -20%

Companies allowing a controlled degree of devolved resource spend can benefit greatly from the quick implementation for small improvement projects and the empowerment of staff to solve issues within the company. Product development systems need to be flexible and allow fast tracking or small projects when appropriate. Staff should be given a degree of autonomy to quickly enact small projects.

Wk 08:   Q

5,07   **Projects - on Time and Within Budget**

score difference from the average position: 9%

score difference from the upper quartile average position: -13%

There needs to be a detailed planning process, that includes interim reviews, defined milestones, stop / go approval points. This is because at every stage of project development the costs escalate significantly. Early analysis and termination of unviable projects is critical. This allows projects to be completed on time and within budget.

Wk 09:   Q

6,01   **New Idea Generation**

score difference from the average position: 12%

score difference from the upper quartile average position: -12%

Ideas need to be encouraged from all staff on all aspects of the business e.g. process improvement, product & service improvement, new products & services.   The necessity to evolve, be more competitive and to improve products & services needs to be understood. Ideas generated should be captured and retained for future use. External resources could be used as appropriate depending on the capability of the company.

Wk 10:   Q

6,06   **Continuous Improvement**

score difference from the average position: 6%

score difference from the upper quartile average position: -17%

Companies that use 'continuous improvement' processes are usually more competitive and profitable than other companies. Processes needs to be reviewed in all areas of the business. New ways of doing things should be regularly evaluated to seek improvement in business outcomes.