

## THE VALUE IQ INSTRUMENT

### *INTRODUCTION & THE TEN PRINCIPLES*

The Value Innovation Process is relatively easy to understand and describe.

Reinvention of culture and correction of stakeholder behaviors is much harder. Companies must assess their reinvention culture--the source of all the force for value innovation. Areas where improvement is required MUST command management's attention. 40 representatives from Industrial Research Institute member companies developed the Value IQ Instrument to provide management with the outputs required.

The [Value IQ Instrument](#) was developed so any organization could identify cultural and/or stakeholder behavior supporters and inhibitors to value innovation<sup>a</sup>.

The Value IQ Instrument is based on The Organizational IQ, a highly developed instrument created by David and James Matheson, described on their book "The Smart Organization"<sup>b</sup> and adapted to include the value innovation cultural elements. The Value IQ Instrument builds on principles identified by Hamel as key contributors to a vibrant value innovation process and provides diagnostic questions for each principle. **The Ten Principles** used in the Instrument are:

- Open Culture
- Value Creation Passion
- Articulating Compelling Business Cases
- Organizational Learning Processes
- Catalyze Breakthrough Options
- External Focus
- Address the Full Company Value Chain
- Robust Decisions
- Incentives
- Implementing in the Face of Risk and Uncertainty

Each question or statement (item) has an anchored scale based on a "typical" organization's pattern of behavior and a "value-innovating" organization's pattern of behavior.

Representatives from more than 50 IRI member companies established the practical applicability of the Value IQ Instrument at two workshops in 2001 and 2002. These representatives were provided with the Instrument and asked to rate their company for the five descriptors listed under each of the ten principles. Instructions on how to rate their company and then to generate scores were provided. For each principle, the lowest possible score is -15 and the highest possible score +15.

For each principle, workshop attendees were asked to line up against a wall at a position equivalent to their score for that principle. Photographs of these "Human Histograms" were taken to record the distribution of scores for the principle, and each participant was asked to expound on their score. In all cases, illuminating discussions ensued; the power of the Instrument lay in those discussions.

Participants found that the Value IQ Instrument provided some surprising insights into their company's ability to value-innovate. As a diagnostic instrument, it was helpful in focusing attention on the critical issues and fostering constructive conversation about value innovation in the participant's organization. The instrument has been shown to be useful in translating value innovation from an exciting concept to a practical reality.

A successor ROR subcommittee took this Instrument, applied more rigorous academic standards to it, and tested it at scale for statistical validity. The Value IQ Tool is described in "Assessing Your Organization's Potential for Value Innovation."

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- a. Dillon, Tom; Lee, Richard K. and Matheson, David. "Value Innovation: Passport to Value Creation," *Research-Technology Management*, 48(2), March-April, 2005, pp. 22-36.
  - b. Matheson, D and Matheson, J. "*The Smart Organization*," Harvard Business School Press, 1998

## *SAMPLE INSTRUCTIONS*

At the upcoming event in \_\_\_\_\_ you will learn about value innovation methodology, the process and value innovation tools. One tool is the [Value IQ Instrument](#).

Prior to the event we would like to capture your thoughts on ten principles that impact your organization's ability to value innovate.

For each Principle, read each question or statement and review the two descriptors provided (for the conventional and value innovation organizations). Rate your Business Unit using these descriptors and a seven-point scale (-3, -2, -1, 0, +1, +2, +3). If the descriptor for the conventional organization describes your company then insert a -3 in the score column on the right. If you feel that your Business Unit falls directly between the two descriptor, insert a 0 in the score column.

When you have completed scoring for the five questions/statements for "Value Creation Passion" move onto the next principle and repeat the process. On page \_\_, there's an open-ended question. Please give it some thought and respond in the dialog box.

When you have completed all five principles return the completed file via email to [dick\\_lee@valueinnovations.net](mailto:dick_lee@valueinnovations.net) or send it via fax to +1-303-660-4202. Thank you!

**Your responses will be held in strict confidence by Value Innovations, Inc.**

The results will be collected, collated, and compiled for breakout teams to review on \_\_\_\_\_. These breakout teams will be asked to discuss the results, draw conclusions and make recommendations regarding cultural change and behavior modification.

Thanks for participating!

*DEMOGRAPHIC DATA*

Name		
Phone Number		
Gender	Male: ____	Female: ____
Title		
Business Unit (check one)	BU list:	
Location	City: State: Country:	
Functional Area (check one)	Business Development: ____ Customer Service: ____ Distribution: ____ Engineering: ____ Finance: ____ Human Resources: ____	Legal: ____ Manufacturing: ____ Marketing: ____ Product Development: ____ Quality: ____ Sales: ____
Number of years working at your company or its predecessor companies		

*THE VALUE IQ INSTRUMENT*

To download the Value IQ Instrument, please provide us with the following information:

Your Name	
Your Company/Organization	
City	
Your Phone Number	
Your email address	

Attached File: [Vi\\_Website\\_ValueIQ\\_Instrument\\_071127.doc](#)