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Project report

Introduction of and support for a ‚Digital Innovation Tank' at GWH Wohnungsgesellschaft mbH Hessen (Hesse Housing Company) (GWH)

Mr. Renke Ulonska, flow consulting gmbh

flow consulting gmbh offered expert knowledge and methodological support for both the implementation and the actual work of the GWH ‚Digital Innovation Tank' for one year.
The aim was to further develop the digitalisation of the company both regarding the internal procedures and the development of new service and product ideas.
The project started in 2018. Within one year, 270 definite plans and ideas were developed. Five of those ideas became business plans which, after thorough verifications, have already reached the pilot phase.
Mr. Joerg Heuser is in charge of this project for GWH, for flow consulting it is Mr. Renke Ulonska.
The publication of this project report was approved by GWH.

For more information on our work, please visit our website: https://www.flow.de
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Introduction and support of a ,Digital Innovation Tank' for the GWH Wohnungsgesellschaft mbH Hessen (Hesse Housing Company) (GWH)

Aim and framework of the ,Digital Innovation Tank' (DIT)

The Digital Innovation Tank, just called „DIT" by its members, is a think tank with the task to develop ideas for digitalisation to innovate the company within a period of about two years.

The members will spend 20% of their total working hours for their tasks within the DIT. They are allowed to use this time autonomously. Beforehand, the following goals of the DIT were defined by the top management with the support of flow consulting:

- The Digital Innovation Tank creates a vast number of ideas for the digital transformation of GWH. Those ideas can be:
  - o Definition and description of digitalisation potentials
  - o Proposal of both technical and administrative improvements
  - o Development of new digitalisation services for clients
  - o Proposals regarding the shaping of the organisational structure.
- Afterwards, the feasibility of all ideas will be verified and validated by the respective special departments. Then, all successfully verified ideas will be tested on a small scale by means of first experiments.
- Those ideas will also be assessed by rough calculations and first opinions, if they are really effective.
- Afterwards, the ideas will be discussed with the steering committee.

The GWH Housing Company

The GWH Housing Company is a real estate company with a number of approximately 48,000 flats to be managed by 403 employees. The company has been successfully active, especially on the market in Hesse and in the neighbouring federal states, since 1924. GWH's headquarters are situated in Frankfurt/Main, some branch offices are located in Kassel and Düsseldorf.

GWH is active in four business fields:

- Management of rented flats
- Project development and new construction
- Real estate trading
- Services for all real estate matters

In 2018, the company generated a revenue of about 540 million Euro with own capital resources of approximately 2 billion Euro. The major shareholder of the company is Helaba, a trading bank with the federal state of Hesse and various bank associations as sponsors.

flow consulting

- The Digital Innovation Tank will encourage and initiate a cultural change towards more agility and flexibility within GWH.

The GWH management is, on the one hand, the steering committee for the DIT and, therefore, will set the agenda. However, on the other hand, this committee also acts as a sounding board for the ideas developed by the DIT and ensures active support through „mentoring".

The members of the DIT at GWH

While defining the aims of the Digital Innovation Tank, its rights and obligations were also discussed. The exact framework had been determined in advance by the steering committee.

The nomination of the DIT members was ensured by means of an internal selection procedure. Ten members were chosen. Seven of them have still been active for more than one year.

The selection criteria had been worked out beforehand in cooperation with flow consulting and formed the basis for the three-day selection procedure led by a jury consisting of mentors, employee representatives, and other experts of the organisation. On these three days, the candidates introduced themselves during an one-hour presentation to show why they are the right choice to be a member of the DIT.

Excerpt of the GWH business report

Encouraging innovation through a think tank

Many organisations are extremely challenged by the digital transformation. There are various methods to advance this transformation. To create a think tank consisting of some well-chosen members of the own organisation is one of them. Why did we choose this method?

Digitalisation projects often fail when they are exclusively initiated by external partners in a top-down way within the organisation. Many of those digitalisation projects, however, are based on the right ideas which might be reasonable for the organisation, but they usually cause a great deal of resistance by the staff members. According to our experience, such projects will be much more successful, if staff members of all levels and departments are involved.

The idea of a think tank as realised by GWH, already involves the staff members in the initial phase of the project. All employees were invited to apply for a membership. Thus, this topic had been communicated within the organisation at an very early stage. On account of this heterogenous circle of members, the chance of finding supporters within the organisation to realise the new ideas will, therefore, be considerably higher. The compatibility of the ideas will increase during their implementation. Furthermore, the GWH think tank not only developed its own ideas, but also considered the ideas from other co-workers. They were invited to directly submit their own suggestions to the DIT. This procedure minimised the risk that suggestions for improvements will just be bogged down within the hierarchy.

Purpose of the DIT

- mainly works as an initiator for ideas concerning the digital transformation of GWH in all areas of the organisational value chain.
- encourages the cultural change of GWH towards more agility and flexibility to increase the modernisation of the GWH work environment.
- creates ideas for more efficient procedures, for the digital value chain, and for new digital measures which might increase the competiveness of GWH in the future.
- expands the classic instruments, i.e. the CIP or the internal suggestion scheme.
- creates ideas to modify or to further develop the classic training facilities of GWH.
- has a role-model function within the organisation.

Obligations of the DIT

- regular updates with the mentors.
- regular reviews with flow consulting for methodical and subject-specific support.

Rights of the DIT

- to use up to 20 % of the working hours of the members.
- to have its own budget that will have to be separately negotiated with the mentors.
- This budget can be used for the folllowing purposes:
  - visiting fairs, trainings, etc.
  - visiting organisations with a high standard of digital progress
  - for organisational demands, i.e. the booking of conference rooms, for the use of internal resources, i.e. for the validation of ideas for digitalisation.
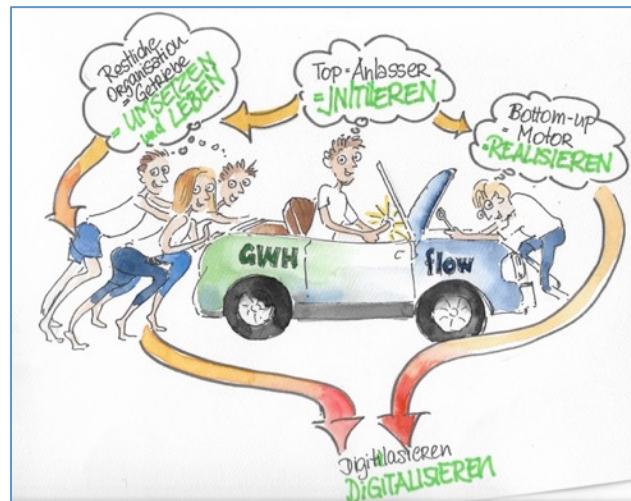
Agile way of working

The way of working within the DIT and how to organise it, was completely up to its members. Thus, a first method of self-organisation was tried at quite an early stage. During the first meeting of the DIT members – the kick-off workshop – the flow coach presented several working methods how to generate innovative ideas. The DIT members thereupon went for an agile way of working for which scrum elements and other procedures would be used.

The role within the innovation process

• GWH management: starter

• DIT: motor

• flow consulting: lubricant

In weekly stand-ups, the respective state of work was discussed, and the individual stages were worked out in sprints. A digital instrument according to the Kanban method was used as s a communication and mind mapping tool. The so-called „idea owners" were also the „idea drivers". Further instruments like the use of a governance board, of task boards, time boxes, etc., were checked as additional tools for the internal work organisation.

The DIT approved of all of these agile instruments, although some obstacles, however, did occur. For quite some time, for example, a lot of organisational topics had been discussed during the weekly stand-ups which actually should have been discussed outside these meetings. Most of these topics were actually intended for a content-related work progress based on the results of the sprints. The sprints, however, were extremely productive. During each sprint, only one topic was discussed. Therefore, plenty of results could be achieved within a short period of time.

The external coaching by flow was essential in order

- to deliver supporting special information on the subject of innovation,
- to structure and to guide the whole process,
- to moderate the discussions during the sprints,
- to offer some guidelines for the implementation of the quite complex creative techniques.
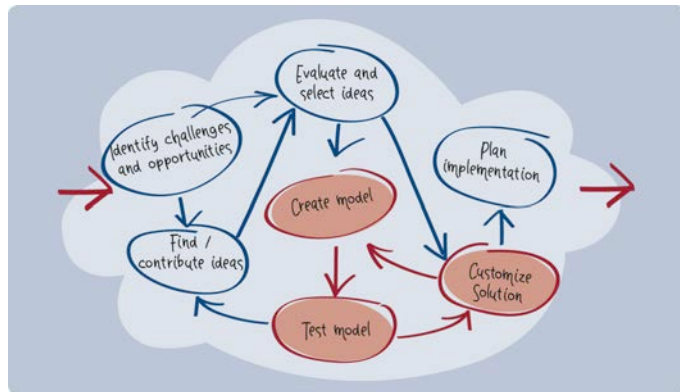
The innovative process

The search for innovations started with a three-day kick-off workshop. Mr. Renke Ulonska from flow consulting was the guide of this team building process. Beside the determination of the agile working method, the self-conception of the group was defined as well. What are the opportunities for our organisation and for us personally? What are the risks and dangers we will have to deal with? Tasks were defined and a first workplan for research work was scheduled (visit of fairs and conferences concerning the subject, among other things).

The innovative process was generated according to the flow consulting model which is quite similar to the design thinking approach. This innovative process is characterised by several stages to be completed. These stages can also be taken up again by feedback loops. If, for example, challenges change, it will be recommended to repeat some of the stages. The seven stages of this model were treated separately during the sprint within the Digital Innovation Tank. In doing so, the required

The innovative process according to flow: „flow innovation mesh"

feedback loops and repetitions were integrated as well. Some steps could be further developed within the think tank and, therefore, did not have to start all over again. In the following, I will briefly describe the seven essential stages of the innovative process.

1. Description of the challenges

The innovative process often starts with the description of the challenges or with the definition of the problem which should be solved by the search for ideas. The challenges to be faced should define the initial situation or the corridor in which the search shall take place.

However, it is quite important that no search for ideas will already take place during the definition process where only facts should be gathered and interpreted. Those facts could either be qualitative (interviews, workshops, process analyses) or quantitative (external analyses, market data, empiric studies). The integration of feedback loops and the constant evaluation will help to assess if the collected data will be sufficient to define the problem correctly. The DIT mainly realised this step during the kick-off workshop by means of the

"problem relief technique", among other things. Subsequently, additional knowledge was gained by visiting fairs and events concerning ,digital transformation'.

Apart from the rational description of challenges, it may as well become important to take the emotional aspect into account, i.e. empathy with those who will have to use these ideas. In this way, it will be ensured that the ideas to be developed later will really meet the requirements of the users and, therefore, will increase the acceptance.

In doing so, it is indispensable, however, to find the ,pain points' of the future users and to comprehend them completely. The innovator should slip into the ,world of the user'. Observations on the job, qualitative interviews, work shadowing, etc., are only some examples of possible interventions.

On account of the varied composition of the GWH digital think tank, its members are often users themselves. Therefore, the emotional analysis has already taken place within the DIT itself. Moreover, the DIT members had the opportunity to question all staff members regarding all their ,pain points'.

2. Finding ideas and bringing them forward

By this step, as many ideas as possible should be found. It is, however, of utmost importance – as during any other brainstorming process as well – that these ideas will still not be assessed in any way. For this purpose, some rules were developed. All information, from tiny bits of innovation up to really big and apparently unrealistic ideas, was gathered. Then, a practically useful question (positive, future-oriented, inviting and personal) will be worked out to support the search for ideas. Regarding this search, it will be recommended to use a creative technique like the ,hero's journey', the ,random word technique', or the ,brain writing method'.

The sprint for this topic took place in a co-working factory building to stimulate the creativity . A variety of different creative techniques were applied and enriched by the results of the employee survey. The members were particularly taken with the results of the „hero's journey" and the „six thinking hats" method . Some of the ideas generated due to these techniques were selected for the implementation test.

The input of flow consulting concerning open innovation was extremely helpful to prevent the DIT members from losing themselves too much within the depths of the internal pain points of the staff members (the results of the employee survey).

Open Innovation means that you are explicitly allowed to look for ideas for new innovations outside the organisation. The innovators will then act as idea networkers capable of transferring external ideas to their own organisation.

According to scientific studies, these ideas will more often lead to product success than those ideas developed within the boundaries of the organisation.[1]

By introducing this approach, the flow coach was able to steer the DIT in a new direction - away from the focus on the pain points of the staff members, but towards the large client group of the tenants. At first, this group of stakeholders had only played a minor role. However, it clearly offered an enormous potential for completely new ideas.

An office tour at a bank with highly progressed digital transformation has caused further insights and ‚light-bulb moments'. The meaning of an open organisational culture was directly experienced through the staff members of this bank. These experiences also triggered tangible ideas for change regarding the organisational culture at GWH.

3. Assessing and selecting ideas

A variety of techniques can be used to select and to prioritise the pool of ideas. Among other methods, the three-stages filter technique is quite appropriate. By means of this filter, some criteria (i.e. implementation probability, effect, profitability) can first be determined and afterwards applied one after the other. The remaining ‚remnants' will then again be prioritised by the group (by means of points, for instance). For this purpose, it is also possible to determine further criteria.

The DIT had found about 270 ideas, which were subsequently assessed according to the following criteria:
- profitable
- improvement for the users/for the organisation
- digital and/or initiating the change of the digital culture
- feasible/realistic/user-oriented
- new for the organisation

The assessment was carried out according to the exclusion principle. Each idea was assessed according to the abovementioned criteria. At the same time, those ideas congruent with the ideas of the already existing IT road map, were marked and excluded. The ideas still present after this filtration process were then individually assessed by each DIT member by using school marks to ensure further prioritisation. Moreover, some ideas were selected which could be a quick win for the DIT and for its mentors.

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[1] Compare Poetz, 2010, Hauschildt / Salomo 2017

4. Establishing a model

During this stage, a model will be established which may serve as a basis for the further development of the selected ideas. Such a model can be established in various different ways: toy blocks, cardboard, Legos, painting, drawing, using clay, producing a plaster cast or 3D-printing.

Afterwards, the idea should precisely be worked out and written down to ensure the subsequent communication. To do so, the following categories are quite suitable:

a short description of the idea, potential, user value, scalability, feasibility, unique features, target users and demands, problems and obstacles, commitment of resources, value proposition, willingness to use this idea, KPIs, essential risks, and the next steps.

These descriptions should be kept short and precise, or they should be indicated by symbols. The point is to explain the respective idea to any third party in a comprehensible way. In the ideal case, this idea will become a project or a change project due to its easily comprehensible description.

The DIT at GWH assigned an idea owner to each selected idea. They worked their way into their respective topics like experts. They gathered facts and established the first draft of a business case by means of an idea board containing the most important information, and, finally, prepared a presentation. During the half-time meeting of the mentors, seven ideas of this sort were presented. The following illustration indicates a summary of one of the idea business cases. This idea board and the corresponding presentations will later provide the basis for the business plan.
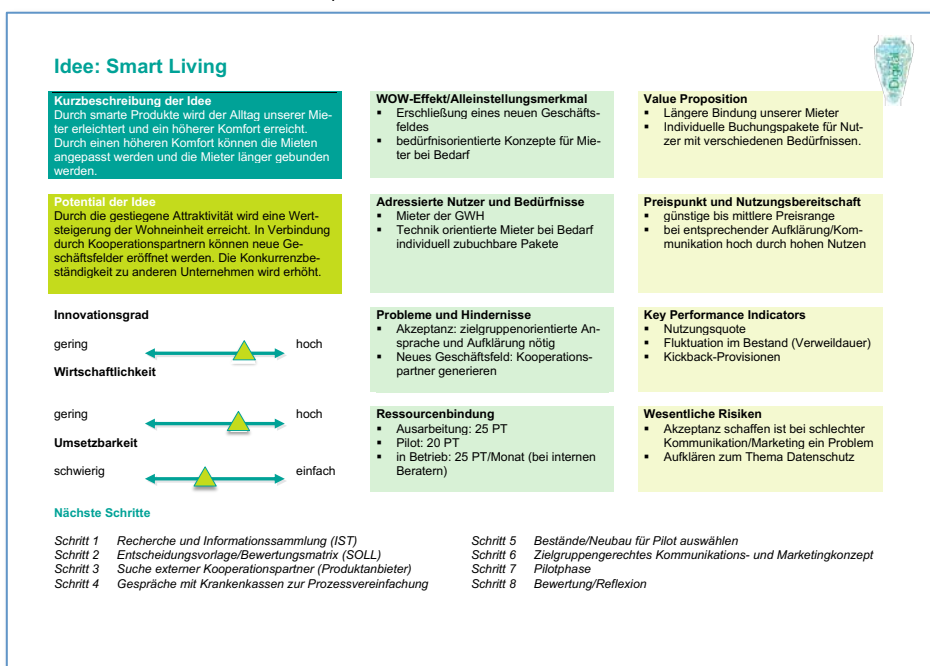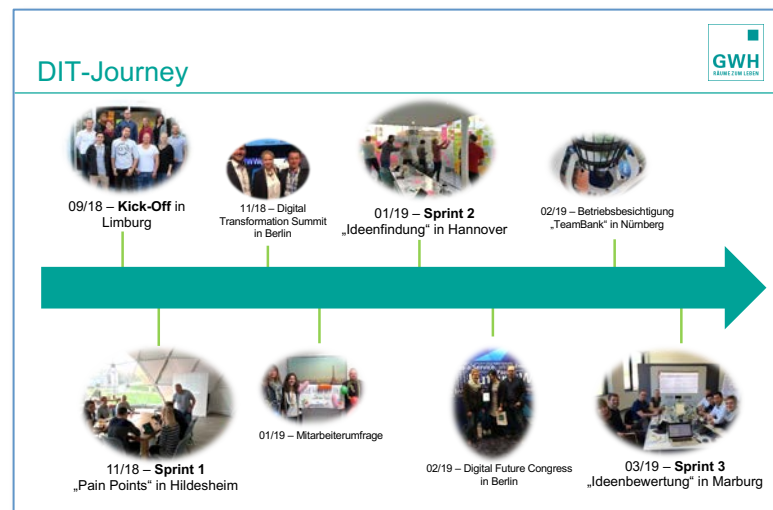

Idea Board for a prioritised idea of the DIT

5. Model test

During the next step, the models will become real prototypes and will then be tested accordingly. However, it is important to define a test as precisely as possible beforehand. It is recommended to involve both internal and external experts of the respective topic area of the corresponding idea. In addition, test persons, who will also be, in the best case, the future users of the idea, should take part in the test and in the subsequent test evaluation procedure.

This will frequently be the case regarding ideas with IT topics like the function of a new application, for instance. Sometimes, it does not even make sense to carry out a test, because the idea can be realised at once. This is quite often the case when it is too complex to carry out a test or a test run.

Foil of a presentation by the DIT

Within the DIT, the five ideas to be tested will then be further refined by involving experts and will subsequently be prepared to be implemented. Users will directly be addressed to make the idea more graspable. Small project groups will be initiated by individual idea owners within the DIT. These groups will then ‚pick up pace' along with the idea. Now, the DIT is not primarily responsible any longer, but will, from now on, simply have an advisory function. It will work as an initiator to choose a responsible expert of the specialised field who will then ensure the implementation. The DIT will get the team members of a specialised field enthusiastic about a new idea which will then be realised within this respective field.

6. Adjusting the solution

Within the circle of users – ideally, the lead users – and experts, the ideas will then be adjusted to the prevailing conditions and refined in detail. This is essential because the real implementation of an idea often depends on the detail.

Regarding the DIT, this happened, for example, with a new application for the tenants to be validated and adjusted by the users themselves, i.e. the tenants.

7. Developing a business model

The only thing that really matters for an organisation is that the generated ideas will pay off in the end. Therefore, it is highly recommended to develop a business model, or – in case of process improvements, for example – to establish a real business plan based on real figures. In doing so, it would be extremely helpful to involve internal experts, i.e. from the controlling department. At this point, first steps towards a possible professional change coaching might be advisable as well.

The implementation: Change management

For this project, the implementation is no longer part of the actual innovation process. It still belongs, however, to the change process. At this moment or in case of some minor project management measures, the tools and procedures of the change management should be used. However, at least the think tank's idea owner should be involved in the implementation process.

Results and conclusion

After a period of about 12 months, the Digital Innovation Tank generated 270 ideas of which seven could have been put in concrete terms. Five of those concretised project and business ideas will be verified and tested in 2019 and in 2020. The ideas produced range from the introduction of a data management system, the provision of a special application concerning the flats or the tenants, smart living options, digital energy supply services, the illustration of AI processes up to the offer of additional services on a digital basis for the tenants, i.e. special online tenant loans or digital neighbourly help.

In GWH's business report, quite positive remarks on the Digital Innovation Tank can be found with hints of first accomplishments regarding a cultural change within the organisation.

From the DIT emerged many new perspectives to where the road may lead. The sprints, the office tours and other events clearly indicated the present state of the organisation and how the future might look like. The DIT has overcome quite a few obstacles.

In the course of the working process, there were of course friction, organisational bottlenecks, and insecurities. The group, however, excellently mastered all those problems and some strong ties among the group members could be forged.

In order to ensure a successful digital transformation within organisations and to make innovations possible, new ideas and approaches are absolutely indispensable. The idea of a think tank is just one of those. Such a think tank may at first require a considerable

preparatory period. This time investment, however, will be worthwhile, since the implementation phase will be much shorter. Moreover, a process most useful for any organisation will be set in motion: The curiosity to discover new and unknown things!

Author

Mr. Renke Ulonska
Senior Consultant
flow consulting gmbh

Contact

flow consulting gmbh
Spoerckenstrasse 89
D-29221 Celle
www.flow.de

Statement of GWH on this project

«The GWH Wohnungsgesellschaft mbH Hessen (GWH Hesse Housing Company) manages approximately 48,000 flats. In order to support and advance our digital transformation, we initiated a "Digital Innovation Tank" (DIT) with both the subject-specific and methodological professional assistance of flow consulting. A total number of about 270 ideas were generated – complemented by an employee survey, among other things. At this moment in time, five project plans and business projects (business cases) deriving from those ideas are in the test phase for implementation.»

Mr. Joerg Heuser, Attorney and Head of the IT Division
GWH Immobilien Holding GmbH (GWH Real Estate Holding)
GWH Wohnungsgesellschaft mbH Hessen (GWH Hesse Housing Company)
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