Harnessing Employee Innovation in Internal Crowdsourcing Platforms: Lessons from Allianz UK

Completed Research Paper

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Abstract

Internal crowdsourcing platforms, which enable firms to generate a large pool of ideas and connect employees to large number of colleagues, hold the potential to support employee innovation. Yet, managers face considerable difficulties when it comes to deploying such platforms in a way that generates business value. This article describes the eight years-long evolution of Allianz UK efforts to tap into its employees' ideas to drive innovation as a collective capacity. It identifies the challenges the firm faced with its internal crowdsourcing journey and describes the organizational design mechanisms adopted by leaders to address them. Our analysis reveals the necessity to adopt a configurational perspective among design elements to reinforce value creation. It details the design elements adopted by the firm to harness employee innovation and distills the lessons learned along the way.

Keywords: Internal crowdsourcing, innovation platforms, employee innovation, idea management, organizational dynamics, organizational design, human behavior.

Introduction

A recent survey by the global consulting firm PWC finds innovation to be the number one priority of CEOs who believe that the days when innovation was the preserve of research and development (R&D) units at the sidelines of the business are gone (Shelton and Percival, 2015). Firms such as Siemens, Citibank, SAP, PwC and Shell, to cite just a few, have been reasonably successful at reaching out to a large number of participants beyond their own R&D lab as a valuable source of innovation. These efforts to tap into the ideas of distributed crowds reflect a broader trend of making organizations more adaptive by decentralizing their innovation approach. This trend is referred to as crowdsourcing, the act of outsourcing a task to distributed networks of individuals with diverse perspectives, skills, and experiences in the form of an open call (Howe 2006). Crowdsourcing, often discussed in conjunction with open innovation, represents one of the most transformative impacts of IT on innovation (Leimeister et al. 2009; Afuah and Tucci, 2012; Majchrzak and Malhotra, 2013).

An increasing number of companies use crowdsourcing platforms to enhance their direct communication with customers, to obtain new product ideas, and to surface opportunities and innovative solutions. By connecting the diversity of knowledge and competences of crowds working in different geographic locations, functions or hierarchical levels, these platforms support not only the front end of innovation (i.e., ideation), but enhance idea enrichment and evaluation processes as well. They have, therefore, become an imperative for supporting innovation initiatives (Forrester, 2016). How such platforms can be used to engage customers in the innovation process has received considerable attention in recent years.
Prior research has particularly identified the managerial challenges and critical activities that firms must master to benefit from external crowds (Blohm et al. 2013; DiGangi et al. 2010, Huang et al. 2014). For example, this work provides insights into users’ motivations for contributing ideas (Boudreau et al., 2011; Füller et al., 2010) and the absorption capabilities firms need to develop in order to benefit from those ideas (DiGangi and Wasko 2010). With the maturation of these technologies and the level of participation achieved with external crowds, companies now also use crowdsourcing platforms to drive innovation within their own workforce on a greater scale than ever before.

It is little wonder, then, that so many managers and organizations have attempted to use crowdsourcing platforms as an internal tool to discuss, solve specific company issues, and engage employees in the innovation process. Tapping into the wisdom of internal crowds is a challenging endeavor that remains poorly understood. Current debate focuses mainly on the costs and benefits of engaging external sources (i.e., customers or lead users), and has only shifted recently to the role played by internal employees in distributed innovation (Benbya and Van Alstyne 2011; Salter et al. 2014; Zuchowski et al. 2016). As a result, we have very limited knowledge of how firms can tap into the innovative potential of employees, let alone the key design and management principles that organizations need to consider in order to maximize the chances of encouraging more and better ideas from employees. While internal crowdsourcing platforms may sound easy enough to deploy, their use besets such difficult challenges as: i) whether the search for ideas should be driven by a structured problem solving approach (top-down) or by an unstructured idea generation approach (bottom-up), ii) how to sustain idea generation over time, iii) which rewards to use given the contested value of material rewards for ideas and iv) how to measure an idea’s value without restricting it to financial value.

To illuminate how an organization can address these challenges while bringing together organizational members’ ideas in internal crowdsourcing platforms, we studied Allianz, a leading European financial services provider, in its efforts to drive collective innovation in its UK business. In 2006, Allianz began its effort to tap into employees’ ideas to make innovation a collective capacity. Since then, the firm has been running an internal crowdsourcing platform to stimulate and support employee innovation. Over the course of eight years, Allianz has made significant progress, transformed how it approached distributed innovation over time and seen benefits grow in terms of financial savings and employee engagement. To date, this distributed innovation approach has delivered an annualized benefit of over £20m, with over 41,000 ideas generated.

This article identifies the challenges encountered by Allianz to harness employee innovation in its internal crowdsourcing platform. It analyzes the organizational design mechanisms adopted by leaders to address them, and employees’ response to diverse design elements. Going beyond the synoptic view on how the platform can support the continuous inflow of good ideas and their appropriate selection and management, our analysis suggests the necessity to simultaneously orchestrate various organizational design elements (e.g. roles, governance, incentives) beyond the platform, and to change employee innovation behaviors to really drive value from the platform.

In what follows, we first introduce the innovation potential of internal crowdsourcing platforms and explain why examining the implementation of these platforms from an organizational design perspective is especially relevant and what it can reveal about the dynamics of internal crowdsourcing in the workplace. We then detail some of the challenges faced by Allianz and how Allianz orchestrated several design elements to harness employee innovation. Finally, we share the lessons that are relevant to executives for other companies seeking to benefit from internal crowdsourcing platforms.

The Innovation potential of Internal Crowdsourcing Platforms

Internal crowdsourcing platforms present simultaneously opportunities and challenges for organizations to boost employee innovation. Many studies suggest that internal crowdsourcing platforms offer organizations the opportunity to expand the innovation process from a few select experts (i.e., top managers and/or some specially assigned units, R&D or strategy) to the broader realms of the organization (Afuah and Tucci, 2012, Benbya and Van Alstyne 2011; Stieger et al. 2012). This enables firms to generate a large pool of ideas from distributed employees across geographic locations, functions and hierarchical levels. In addition to facilitating idea generation, internal crowdsourcing platforms connect employees to large numbers of colleagues, increasing the chances of the focal employee to not
only receive advice and feedback about his or her work and ideas, but also to locate sponsors and
supporters for idea implementation (Odham and Dasilva 2015). Such feedback might be directly requested
after employees have posted ideas on the platform or have sent electronic messages with specific ideas to
targeted individuals or groups. Also advantageous is the fact that ideas and interactions (e.g., comments
and votes) collected from employees via the platform are available immediately, allowing for fast
elaboration and integration. Further, many platforms offer a permanent record of others’ ideas and
perspectives, allowing employees to return to the ideas in order to review material before integrating and
refining. Thus internal crowdsourcing platforms create a digital social space for employees to more
effectively recombine existing ideas into new ideas, reduce duplication, and learn from each other
(Leonardi 2014; Schlagwein and Bjorn-Anderson 2014; Deichmann and Van den Ende 2014).

Several distinct technology features in internal crowdsourcing platforms enable employees to benefit from
the opportunities outlined above. Despite some minor variations, most platforms offer functionalities to
support idea generation, evaluation, and refinement (Forrester, 2016). In addition, a few platforms also
use a gamification functionality to create game-like experiences and to enhance participants’ motivation
(Hamari et al. 2014). Table 1 describes the main functionalities and technology features of internal
crowdsourcing platforms that have been studied to date in the literature.

Despite the innovation potential offered by the platform, management faces significant challenges when
attempting to harness internal crowds for innovation. Challenges include a loss of control, issues related
to internal buy-in and acceptance as well as difficulties in integrating crowdsourcing initiatives into
current organizational practices (Erickson et al. 2012). Zhao and Zhu (2014) suggest a three-dimensions
framework to consider when implementing a crowdsourcing platform: system, organization, and
participants. The system’s perspective responds to the platform component, including the design of
interface, system, and platform, and some other related technology issues. The participant’s perspective
responds to the provider component, including member of crowd’s motivation and behavior. And the
organization’s perspective responds to the assigner component, including some relevant activities, such as
adoption, implementation, governance, and evaluation of crowdsourcing outcomes. While several system
and technical characteristics of internal crowdsourcing platforms have been explored (see references in
table 1), the organization and participants’ dimensions, have received scarce attention (Sukowski et al.
2016). In particular, we still know little about how organizations actually respond to the challenges of
internal crowdsourcing (e.g. organizational design elements) as well as how employees behave in the
platform.

Thus, given the widespread, and growing, prominence of internal crowdsourcing platforms in the
workplace, it is important to develop a better understanding of organizations’ attempts to harness
employee innovation in such platforms. Taking an organizational design perspective, we view the
implementation of an internal crowdsourcing platform as a complex organizational design problem
(Rivkin and Sigglekow, 2003). The influence of any design element depends on the configuration of other
organizational elements beyond the platform as well as the interplay of employee behavior with the
platform. Such a configurational approach assumes that it is the particular combination of design
elements that lead to a focal outcome (Fiss, 2007). It offers, therefore, a systemic view of how
organizations can drive value from internal crowdsourcing platforms. This study contributes to the
crowdsourcing literature by investigating the interplay of a range of organizational design elements with
employee behavior in the platform. The findings suggest that managers need to consider the platform as
one part of a larger system of reinforcing elements related to the creation of value from the platform. We
outline key design elements that seemed to reinforce value creation at Allianz, including those related to
behaviors, structure, process, metrics, and incentives.

<table>
<thead>
<tr>
<th>Functionality</th>
<th>Technology Features</th>
<th>Description</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gamification</td>
<td>Digital currency</td>
<td>Allows participants to earn points or virtual currency which can be converted to purchase points or prizes.</td>
<td>Benbya and Van Alstyne (2011), Benbya (2015); Goes, Guo, and Lin (2016)</td>
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<tr>
<td></td>
<td>Leaderboards and badges</td>
<td>Allows the firm to rank participants based on their contributions by displaying an online profile and reputation score.</td>
<td>Elerud-Tryde and</td>
</tr>
<tr>
<td>Idea</td>
<td>open call/idea</td>
<td>Allows the firm to collect ideas from</td>
<td></td>
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</table>
Harnessing Employee Innovation in Internal Crowdsourcing Platforms

<table>
<thead>
<tr>
<th>Generation</th>
<th>Campaign</th>
<th>Description</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idea creation</td>
<td>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.</td>
<td>Hooge (2014); Morgan and Wang (2010)</td>
<td></td>
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</tbody>
</table>

| Idea Evaluation | Rating scales | Provides rating mechanisms with scales ranging from a simple 5-star rating, to a complex rating involving scales reflecting different traits of idea quality. | Riedl, Blohm, Leimeister, Krcmar (2010); Blohm, Riedl, Füller, and Leimeister (2016) |
| Idea voting & Commenting | Allows participants to vote (up and down) which provides an indication of idea support by the internal crowd. | |
| Automated idea graduation | 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 Refinement & Selection | Idea promotion & collaboration | Allows idea sharing with selected participants to start a conversion around the idea. | Chen et al. (2009) Soukhouroukouva et al (2012) |
| Idea trading | Allows participants to trade stocks on a virtual marketplace to use as indicators for the possible success of the different new product ideas. | Blohm, Riedl, Füller, and Leimeister (2016) |

**Methodology**

This article is based on a longitudinal case study of Allianz, a leading global financial services provider. Specifically, over the course of a three-year period, we studied Allianz's efforts to drive distributed innovation in its UK business. Over an eight-year period, Allianz had made significant progress, transformed how it approached distributed innovation over time and seen benefits grow in terms of financial savings and employee engagement. This made Allianz an exemplary case for our research, given our objective of generating insights into how firms can bring together employees' ideas online and harness employee innovation in internal crowdsourcing platforms.

We began purposive sampling in December 2011 by interviewing members of the Allianz Innovation team, including the head of innovation, middle managers and junior employees at the company head offices in the UK. 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 updates with the team in charge of the innovation program by phone as well as a monthly update on the system data and a dashboard summarizing the statistics of participation. In all, we conducted 35 semi-structured interviews. We interviewed a few key people more than once to track how their perspectives evolved and discuss our interpretation of the information gained from previous interviews. Appendix A provides some background information on the interviewees and the number of interviews conducted with each employee.

For between 45 and 90 minutes, interviewees discussed their use of the online ideation platform, the challenges they confront, and management attempts to address these challenges. These interviews were registered and professionally transcribed. Interviewees also pointed us to reports, presentations, employee surveys, and other internal documents. We coded the information from these 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.
Allianz Background

Allianz is one of the largest general insurers in the UK and 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 over 5,400 people across a network of 20 offices in the UK and one office based in Trivandrum, India. Despite the persistence of difficult economic conditions and a very competitive insurance market in 2015, Allianz's operating profit grew by 3.2% and was 10.7 billion euros (Allianz global corporate and specialty report, 2016).

In 2006, the Allianz Group began its effort to tap into employees’ ideas to make innovation a collective capacity. Allianz CEO Michael Diekmann felt that innovation was necessary across the company’s many operations and geographies in order to achieve its full potential in an extremely competitive and changing landscape. Allianz’s vision to become a trusted innovator was driven by the need to look beyond the products themselves, and consider ways to create value propositions that combined products, services, processes and organizational or strategic changes. Werner Zedelius, a member of the innovation board, explained this: “By linking innovation with trust, we are sending out a clear message that 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.” Toward this end, Allianz implemented an internal ideation platform globally called Ideas to Success. Ideas to Success (i2s) is a decentralized group-wide initiative led by a team of innovation experts at the head office in Munich who create the overall framework for a community of 72 local Innovation managers in 37 countries. While Allianz in Germany was providing a global vision, innovation managers in their respective countries had to decide how best to manage and implement ideas. At Allianz UK, a dedicated innovation team of five people is charged with embedding innovation strategies within the culture of the business. This case study illustrates Allianz UK's innovation journey (See Figure 1), outlines the challenges faced to drive innovation as a collective capacity, and discovers the lessons learned along the way.

Figure 1: Allianz Innovation Journey Main Events

Source: Allianz Innovation Strategy Report to members 2006-2014
Internal Crowdsourcing Challenges at Allianz

Allianz UK experienced significant challenges searching valuable internal ideas and mobilizing employees to drive collective innovation. Based on our observations, we identified three inter-related challenges that Allianz faced during its 8 years’ innovation journey: (1) securing a constant flow of ideas, (2) identifying the best ideas and (3) rewarding value-creating ideas. To address these challenges, Allianz transformed how it approached distributed innovation over time and experimented with various design choices.

Challenge 1: Securing a Constant Flow of Ideas

The first challenge with the platform was how to secure a constant flow of ideas over time. This challenge is driven by two inter-related factors. First, unlike external crowdsourcing, in which different and diverse communities provide ideas that might improve the organization’s products or services, internal crowdsourcing depends exclusively on the ongoing and continuous ideation by the same employees. Enthusiastic employees may initially propose new ideas but they tend to drift away over time when their ideas get rejected. The absence of a visible path to idea evolution frustrates employees into non-participation and leads the innovation program to falter.

Second, employee-driven innovation is often considered as an extra-activity, requiring additional time and resources. It was not perceived by Allianz employees as a natural part of their ‘day-job’. Rather, it was considered as taking time away from what they are officially being paid to do in order to try something that offers uncertain pay-offs. Allianz had to find a way to mobilize all of its employees to innovate and make innovation a core capability for success and promotion.

Challenge 2: Identifying the Best Ideas

Allianz faced two key issues in identifying the best ideas. One challenge was the exclusive reliance on line managers to evaluate ideas; the second, was the tough challenge of trying to value ideas. Relying on line managers to evaluate ideas works when the problems faced fall within the managers’ areas of expertise and responsibility and when the managers are empowered to make decisions. But when the ideas generated are outside these areas, line managers become bottlenecks. The head of innovation stated:

“With I2S, once an idea is posted in the platform, it went automatically to the line manager, and the problem with that is that if it depends on line manager’s validation it would pretty much be a team-based idea; but when 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.”

The second issue that Allianz faced was how to identify the most valuable ideas. Apart from line managers, Allianz relies on evaluation committees which typically comprise managers and experts when it runs innovation challenges/campaigns. These evaluation panels face issues in evaluating both idea novelty and value as one manager explained:

“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 also 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.”

Being a financial institution with a strong measurement culture, anyone within the firm can share an idea but the idea must have a value estimate. Employees either conduct a full cost-benefit analysis or choose among the benefit categories provided. Some business areas such as procurement and claim are seen as being able to generate higher financial value and are at an advantage. For other areas of the business, the value generated is non-financial. If employees perceive the organization as focused exclusively on financial value, they may become alienated and the organization may potentially lose diversity in internal ideas.
Challenge 3: Rewarding Value-Creating Ideas

The third challenge faced by Allianz concerns which incentives to use to encourage more and better ideas from employees. Initially, the primary mechanism used by Allianz to recognize the most valuable innovations was monetary rewards. Each year during the annual CEOs Award, the most valuable innovation would receive 10% of the value of the idea in its first year of implementation. Since its inception, an award of around £50,000 ($90,000) has been won annually by an individual or small team. This has created perceived tension in the organization in several ways. First, this reward was perceived as scarce and exclusive because it only focused on the idea which generated the most financial value. Second, it created negative competition and raised questions about the fairness of management in encouraging further ideas. In response to these problems, Allianz realized the need to adjust some of its design choices.

Design choices adopted by Allianz

To counter the challenges faced and to spur distributed innovation, executives at Allianz recognized that technology itself is just one part of a larger system of reinforcing elements necessary to drive value from the platform. Thus Allianz worked to change its innovation approach and employee behaviors, and to redesign its IT systems, governance, and rewards. Managers also spent significant time learning how to design idea challenges to yield valuable ideas. These organizational changes reinforced one another and the technical solution and helped the company generate better ideas from employees. We describe below how Allianz reworked each design element.

Changing the Innovation Perspective: From Processes to Behaviors

Over its eight-year innovation journey, Allianz UK experimented with two different approaches to distributed innovation as depicted in Figure 2. The first approach, the processual, consists in using the platform to manage innovation as a linear process covering idea generation, evaluation and implementation. Employees are required to come forth with new ideas on a regular basis to solve current problems and develop new opportunities, managers are expected to provide feedback to distill the best ideas from the pool of submitted ones, and implemented ideas are captured electronically for reuse by others. By mid-2011, the team did a strategy review to evaluate how the program had evolved and to chart new directions for its future. They observed that in previous years, they had approached innovation more as a process rather than as a behavior. Although this processual approach to innovation works well for small scale ideas that are related to improvements in daily work processes and designs, and results in a high number of ideas generated, it is not without limits. An innovation manager explains these limits:

“First, we had the feeling that the biggest barrier historically is this 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!”

“The second problem we were seeing is that i2s was essentially 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.”

So rather than focusing on how every step of the innovation process could be optimized, the team focused instead on changing behaviors and expectations around idea management. Figure 2 describes the differences between the two approaches used at Allianz.
Managing innovation as a process (2006-2011)

For several years, a full-time team of five employees managed the internal program for idea management. Three employees led the generation and implementation of breakthrough ideas working top down with senior managers while the other two focused on encouraging ideas from the bottom up, across all departments within the organization and using the i2s platform. Line managers were charged with providing feedback on ideas submitted to i2s within three weeks of submission, and where they could, depending on their authority, agree to their implementation. Two distinct patterns of idea management platform use dominated in this phase. These patterns include using the platform to capture, discuss, refine and implement small ideas related to incremental innovation through team-based i2S, and using i2s to scale larger ideas that require support and resources to be implemented.

Despite these efforts, the team realized that there were simply not enough ideas being generated. The team in charge of innovation had to find a way to focus innovation from the fuzzy and make it a natural part of every employee’s activity. In 2008, the team got the push to mobilize more people and use a process around idea management as outlined by the CIO of Allianz: “We must look to move i2s from an initiative into something which is a day-to-day part of our business.”

The team used some of the theory behind the Toyota system and Kaizen policies, which has generally been translated as ‘continuous improvement’ (Bessant et al. 2001) to enhance bottom-up idea generation. They introduced a team-based process, a method to improve idea generation at the team level, in all areas of the business during 2009.

“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 explore solutions, fix the problem, share your ideas through i2S, move on and repeat the process.”

This approach draws on members’ perspectives and expertise to identify opportunities and solve small problems which affect their day-to-day working environment. 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 remove the idea that innovation was something extra that people had to do on top of their day jobs. In addition, a goal of 12 implemented ideas per employee per year was set up to mobilize collective participation. This goal was based on benchmarks from companies that used similar approaches as well as four pilots conducted in Allianz. This moved the focus of idea generation from the fuzzy to the practical and almost instantly the volume and relevance of ideas increased (See Figure 3).
Managing innovation as a change in behaviors (2012-onwards)

While the processual approach succeeded in driving a large number of ideas, the value potential of these ideas remained limited. The innovation team had to both focus the innovation efforts to drive better ideas from employees and change employees’ behavior toward ideation in order to yield solutions with competitive advantage potential.

Introducing Idea Challenges

Allianz introduced idea challenges to constrain its quest and focus the effort of its internal crowds on important areas of the business for which it could commit resources. The challenge sponsor defines a deadline and review panel. At the end of the challenge, internal crowds are invited to vote, rate and discuss ideas with the goal of providing developmental feedback to improve the quality of ideas generated. The formal review panel in charge of idea evaluation further winnows down the ideas generated using the idea workflow until a smaller set of the best ideas remain. To explore idea challenges, the team conducted a few experiments with targeted divisions facing specific problems and solicited employee participation via a call. Participants to these targeted challenges were given an explicit context, a focused problem and transparency in the process, all of which succeeded in driving early adopters and enthusiasts. Second, to reach the mass and mobilize employees’ collective participation, the team designed a few company-wide sponsored challenges inviting employees to participate and communicated broadly about it.

Idea challenges can be a very effective method to focus the search of internal ideas, however, they often necessitate significant time and effort in design to influence outcomes (Terwiesh and Ulrich 2009). The innovation team can support the concerned division or owner in selecting the most appropriate design features: its nature (collaborative, vs. competitive), problem type (e.g., broad, narrow, strategic vs. operational), target audience (corporate-wide, cross-divisions, etc.), evaluation (e.g., expert, crowd or mixed), and deadline. The challenge sponsor usually defines a formal review panel to evaluate the solutions proposed and might offer a reward for the best solutions. But before proceeding with this evaluation, at the end of the call, once a large set of ideas is available to choose from, internal crowds are invited to vote, rate and discuss ideas.

Changing Employee innovative behaviors

Whether in the context of voluntary submission of ideas by employees in ideation platforms or in the context of idea challenges, the team observed the necessity to change employees’ innovative behavior to drive better ideas and solutions. So rather than asking employees to ‘suggest ideas’ or ‘post solutions
online' employees are encouraged to engage in idea shaping, feedback seeking and idea connection. These behaviors are illustrated in Figure 4.

**Idea Shaping**

Idea shaping implies that participants do not just post an idea or solution online and expect magic to happen, rather, they are instructed to engage in a four level reflection that take the group/individual from the surface of a topic through its depth implications. First, participants are trained and engaged with new tools and techniques focused on value thinking. Second, they are encouraged and instructed to frame their ideas in a clear and structured way, highlighting both the diagnosis of the current situation and opportunity evaluation. At this level, participants are encouraged to come up with the facts. They are further encouraged to go beyond a vision into exploring anticipated risks and some concrete actions to move the solution proposed forward. Idea shaping, however, is not limited to clearly articulating an idea potential and outlining some steps to move it forward. Rather, it also involves the elaboration of a nascent idea. To help employees in idea shaping, the innovation team proposed a series of designed questions that allows a natural thinking process to occur. The main phases of this reflection with illustrative questions to help its evolution are illustrated in table 2.

**Feedback-Seeking**

This behavior encourages participants to engage in ongoing conversations to acquire feedback. Specifically, at the end of the call, employees are instructed to provide developmental feedback with the objective of shaping ideas and improving their relevance. Internal crowds are invited and encouraged to vote and rate but mainly discuss ideas. Based on these conversations, participants might notice new problems and insights that arise out of the interactions as suggested by one employee:

“Anybody in the business is required to provide an evaluation if they receive an idea that is related to the part of the business for which they're owners. So you start talking to different people as they give feedback and suggest ways to move the idea further. From these conversations you learn how to progress an idea!”

Internal crowds are further invited to sharpen and elaborate their emergent ideas. Subsequently, the formal review panel made up of managers and innovation champions, winnows down the ideas generated until a smaller set of the best ideas remain. In working through this selection process, the review board assesses ideas relative to their strategic fit, potential impact, and feasibility. Screened ideas often require various iterations or merge into a project before they can be pursued.

**Idea Connection**

At this stage, employees are encouraged to engage in idea connection as suggested by a 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.”

Engaging in idea connection is critical to get an idea to the right point in the network where it could be exploited and ultimately implemented. Allianz has a large network of innovation champions who sometimes act as connectors and suggest contacts to ensure that ideas reach the people able to develop them. Idea connection starts with identifying potential contacts interested in an idea, pitching and selling an idea to the actors concerned and expending effort to find the appropriate decision maker who would ultimately support or help idea implementation.

<table>
<thead>
<tr>
<th>Table 2: A four level reflection to shape ideas/solutions</th>
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<tbody>
<tr>
<td><strong>Objective</strong></td>
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<tr>
<td>Getting the facts</td>
</tr>
<tr>
<td>• What are some of the facts that we know about this issue/challenge/opportunity?</td>
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<tr>
<td>• What are the different aspects of the problem?</td>
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<tr>
<td>• What outcome are we after?</td>
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<tr>
<td><strong>Reflective</strong></td>
</tr>
<tr>
<td>Getting to personal reactions, emotions, feelings, associations</td>
</tr>
<tr>
<td>• What makes this problem so hard to overcome?</td>
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<tr>
<td>• Has anything worked well or helped the situation?</td>
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<tr>
<td>• Where are the biggest challenges?</td>
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<tr>
<td><strong>Interpretive</strong></td>
</tr>
<tr>
<td>Drawing out meaning, values, significance, consequences and implications</td>
</tr>
<tr>
<td>• Are there any insights beginning to emerge on the causes of the problem?</td>
</tr>
<tr>
<td>• What are the options for responding to the issue?</td>
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<tr>
<td><strong>Decisional</strong></td>
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<tr>
<td>Identifying future resolves, strategies, solutions and resolution</td>
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<tr>
<td>• What changes are we recommending?</td>
</tr>
<tr>
<td>• What do we need to do to move on the basis of our decision(s)?</td>
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<tr>
<td>• What will be the first next steps?</td>
</tr>
<tr>
<td>• Who will do what &amp; by when?</td>
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</table>

**Redesigning Governance**

To ensure that the overall process in place fosters collective innovation, Allianz UK relied on various governance roles. Initially, the firm introduced an innovation governance board. The board met regularly to discuss strategic priorities and to make innovation relevant in context. One means that was used to make innovation a priority was to rely on a monthly innovation dashboard in which everyone in the organization can see each other’s contributions and the progress of all current innovation contributions circulating in the platform. The dashboard tracked the number of ideas adopted, the green rating of the speed of feedback, and the value derived from ideas. By sharing the results at the board level, all members began to take interest in ensuring that their area was an active contributor. This has produced more engagement at the board level where competition between board members has served to uplift the innovation engagement. Although this board helped to make innovation a priority by setting a vision and aligning the innovation program with the firm goals, Allianz needed additional roles to engage employees in ideation.

To ensure organizational members’ contribution to the firm’s long-term innovation capability, Allianz introduced two new roles, a lead champion and an innovation champion and developed a structured training program to help the champions fulfill their roles. A network of one hundred and thirty champions, evenly distributed around the business, were in charge of promoting innovation practices in their work areas. The lead champion had a more senior role in supporting the innovation agenda in senior management meetings and connecting ideas to decision makers. The innovation champions provided more of an ongoing coaching and mentoring role to their colleagues, participating in innovation panels and running local challenges with guidance from the innovation team. The champions were trained to ensure they have the necessary expertise to engage in their roles.

**Redesigning incentives**
Despite redesigning the innovation approach and creating new roles, changing employee behavior toward ideation was perceived as a challenging cultural shift as described by an employee:

“*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 view it as a task, not a hindrance... but as something which you know... you really have to sit aside and have time for.*”

Thus, while a redesigned innovation approach and roles defined how Allianz wanted to drive innovation, actually fulfilling the planned changes depended on fundamental changes to employees’ innovative behavior. Allianz leaders addressed this cultural shift by continuously communicating why innovation is important for the company’s mission, its future position in a competitive market and its employees. Many of these discussions occurred on a continuous basis in management meetings and are shared across the company’s newsletter. Allianz leaders communicate regularly about “what it means to be innovative”, and the innovation team and champions use a framework (see table 2) to change employee behaviors around idea shaping, feedback seeking and idea connection. This communication is also facilitated by dedicated events, including for example, the innovation week during which the innovation team creates awareness about the innovation program and the platform. The company recognizes that innovation is a ‘high performance behavior’, that is, an enabler to becoming a high performing organization. Therefore, as part of the employee performance appraisal process, a new criterion, ‘improve and innovate’, was introduced in 2014. Performance against this criterion is in part based on evidence of employees’ participation in the innovation program.

In addition, changing employees’ innovative behavior is fostered by a company reward program that recognizes valuable ideas in various categories. This innovation award is an annual event held at a prestigious location, for example the Globe theater in London, to recognize and celebrate the best ideas. Winners in nine different categories have their awards presented to them by a management board member and receive a financial award as well. This social recognition reinforces employees’ engagement toward innovation, signals the importance of innovation for the firm and helps motivate employee involvement as mentioned by an innovation manager:

“*The innovation award is a great example of how Allianz can promote innovation in a positive way. It is a kind of a 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!*”

**Redesigning IT systems**

The initial i2s platform adopted by Allianz to support employee innovation was mostly used at the ideation stage for sharing ideas and for tracing implemented ideas. It was structured along conventional offline ideation channels (such as meetings) and followed a linear process. Despite its limited contribution to the back-end of innovation, (such as idea enrichment and evaluation) it triggered various changes to work practices and created a need for designing new structures, role and reward systems and especially changing employee innovative behavior. By 2012 Allianz adopted a new ideation platform to support this change in behaviors. An extension of i2S, this new platform is open to anyone within Allianz UK, and enables idea generation, sharing, evaluation, posting comments, and voting on ideas (see figure 5 for a screenshot). The new ideation platform had the potential to enable access to a wider pool of distant sources, to facilitate soliciting ideas from employees via ‘idea challenges’ and to support both the ‘front-end’ of innovation as well as its ‘back-end’ processes. Fulfilling this potential, however, depended on fundamental changes to both employees’ innovative behavior and management design of idea challenges. Employees are engaged with new tools and techniques focused on value thinking and are encouraged and instructed to engage in idea shaping, feedback seeking and idea connection. Ideas are discussed, shaped, and evaluated through various online stages. As a result, both idea challenges and bottom-up idea generation leads ideas with higher value potential. In addition, the platform reduced the spatial and temporal barriers to innovation, made most of the process visible, and created opportunities for all employees to engage in the innovation process.
Designing Idea Challenges

Beyond changing employees’ innovative behavior and redesigning IT systems, roles and incentives to harness employee innovation in internal crowdsourcing platforms, managers at Allianz realized the necessity to carefully design idea challenges to yield valuable solutions. As shown in table 3, participation dynamics in idea challenges exhibit various differences. Specifically, some idea challenges exhibit more comments and more votes per participant and generate better solutions than others.

Allianz’s experience in running diverse campaigns with different results and our analysis of what does and does not work indicate that driving valuable solutions via idea challenges requires paying attention to each of its design elements. To generate high value ideas via challenges, managers need to carefully consider the following:

<table>
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<th>Challenge name:</th>
<th>N° of ideas</th>
<th>N° of votes</th>
<th>Average Rating</th>
<th>N° of comments</th>
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<td>653</td>
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<td>Lean-style waste reduction</td>
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<td>3.3</td>
<td>347</td>
</tr>
<tr>
<td>Efficiency improvements to workflow &amp; image</td>
<td>37</td>
<td>33</td>
<td>4.75</td>
<td>46</td>
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</table>

Define the Problem and Context
The first step for running an internal idea challenge consists in explicitly defining the problem-type for which the organization or specific unit within an organization is searching for solutions or ideas. Defining the problem for an internal crowd consists of translating the problem dimensions and context into specific goals that are meaningful to potential participants. The problem space may span various dimensions: broad versus narrow, simple versus complex, specialized versus cross-functional (Terwiesh and Xu, 2008). In specialized problems, the know-how required for problem-solving falls within the competence of one functional area while for cross-functional problems different functional competencies need to be employed in problem-solving. Despite these differences, our analysis reveals that focused and targeted problems generate better results than nebulous problems. By focusing problems around a business need, providing the context, setting up some constraints and defining clear goals, an organization directs the attention and effort of its internal crowd and increases the likelihood of developing better solutions with the platform.

Select Internal Crowds

Once a problem has been defined and a sponsor for the challenge identified, organizations must decide who will generate ideas that are useful and novel given a particular problem. There are advantages and disadvantages of using each type of idea generator depending on the innovation or solution needed by an organization. Idea generators often produce ideas based on their creative styles (e.g., adaptor vs. innovator), their level of expertise and knowledge domain (Kirton, 1976; Miron-Spektor et al. 2011). Broader innovation agendas require cross-functional collaboration, diverse knowledge domains and creative styles. Specialized problems require the participation of domain experts.

Set-up Expectations

Setting up expectations and being clear on “the rules of the game” is critical to drive sustained participation and generate high quality solutions with crowdsourcing platforms. Our analysis reveals that being clear on the terms and conditions of participation creates fairness perceptions among employees and can be a driver of innovative behavior in the workplace (Franke et al., 2013). Setting-up participants’ expectations means being transparent about all the phases of a challenge from its launch to how the solutions proposed will be evaluated. Specifically, it implies communicating to your selected 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: expert or crowd evaluation, and (4) if there are any rewards at play be specific on the conditions.

Tailor Incentives to your Targeted Crowd

Internal crowds may have various motives to engage in idea challenges. Participants to internal challenges may be motivated by monetary reward, visibility, recognition, problem-solving, etc. Our analysis reveals that internal motives vary largely from one area of the business to another. For example, the IT division of our case used an idea competition around “Design an application” where the winning solution would be developed as a prototype. This campaign generated a large participation from IT people in part because their motivation was a tangible prize: to see their creation happen. Another successful campaign was run by the commercial division, where the area director shared his five year’ strategy outlining gaps in revenues and soliciting ideas from all of his managers to collectively contribute to their future orientation. Given the diversity of motives of internal crowds, rather than a “one size fits all” incentive, organizations should tailor incentives to their targeted crowd.

Lessons learned

Several important lessons on managing internal crowdsourcing emerge from the Allianz case study. First and foremost, our case study suggests that tapping into the innovative potential of internal crowds is a complex organizational design problem that requires orchestrating various design elements beyond the platform. In the followings, we distill the lessons learned from Allianz to drive value from internal crowdsourcing platforms.

1. Embrace a holistic view of value

Firms implement internal crowdsourcing platforms to harness the knowledge and creativity of their employees and create value in many different ways for many different targets. Individuals and teams create value by solving problems, developing novel and appropriate tasks, services, processes or other
contributions perceived to be of value by a target user (e.g., employer, client, customer) relative to the target’s needs and when the monetary amount realized for this service is greater than what might be derived from an alternative source producing the same task, service, job, and so forth (Lepak et al. 2007). If senior executives’ objective is to drive innovation as a collective capacity, however, they should not target only an idea’s financial value. Because of the nature of some areas of the business, they will likely be able to outperform others in generating higher financial value. Managers should recognize that ideas can create value in many different ways and not overlook valuable but hard to measure ideas such as the ones related to brand image, reputation, customer service, customer satisfaction, and employee engagement, among others. Recognizing various sources of value encourages diversity in idea generation, and creates predispositions and expectations about the kinds of ideas the organization is pursuing. Similar to a spiral, these expectations about what is possible and desirable, in turn, are likely to constrain or increase the variety of ideas suggested in the platform and their subsequent sources of value (Ashby, 1956).

2. Adopt a configurational perspective for platform implementation

The implementation of internal crowdsourcing platforms drives the need for large-scale organizational changes that, together with the IT solution, enables employee innovation. In our study, we found that these changes range from process to employee behavior to changes in the structure and incentives of the organization. However, rather than considering the redesign of these organizational elements in isolation, managers should adopt a configuration of inter-related technological and organizational elements to drive value from the platform. Given the complex interdependencies among design elements, executives should figure out the combination of elements that fit together into value-reinforcing arrangements. This implies the need to transform the approach adopted over time to drive value.

3. Legitimize emergent and problem-driven ideation

Internal crowdsourcing platforms offer features to manage both emergent and problem-driven ideation. Despite the challenge of managing emergent ideation, leaders have to legitimize and bring to bear both approaches to ideation on a timely, irregular basis for adaptive collective innovation to diffuse (Benbya and McKelvey 2006). Relying on structured problem-solving can be an effective means for navigating the search for internal ideas and focusing the effort of internal crowds and experts around business needs. However, it misses random, unsolicited ideas emerging from employees’ various internal and external interactions. Employees do not need permission to observe problems in their work nor do they act only when a problem occurs. Rather, they can anticipate and explore novel solutions and opportunities. If these proactive behaviors are seen as threats or distractions, and employees feel they can be sanctioned or have been continuously shut down, the company fails to benefit from them (Baer and Frese, 2003). If on the other hand, these proactive behaviors are not only encouraged but promoted through rewards and recognition, they can become a source of value.

4. Reward value-creating ideas

The use of rewards to promote employee innovation is largely diffused in practice. Research on rewards for innovation suggests that low-powered rewards systematically foster incremental innovations in organizations, and that high rewards do not necessarily lead to a proliferation of high-value, radical innovations but do lead to higher number of solutions generated (Baumman and Stieglitz, 2014). Managers should combine both customized rewards used in the context of idea campaigns to drive short-term participation with long-term rewards related to social recognition and promotion to sustain innovation over time. The case of Allianz provides an exemplar illustration: the firm incorporated innovation “improve and innovate” as a high performance behavior and employees are evaluated and rewarded on this dimension. In addition, every year the innovation team organizes an awards ceremony to celebrate and recognize the best ideas. A call for nominations is issued once a year to identify the best value-creating ideas among seven different categories such as biggest impact on customer experience, best new product or service, best innovation through collaboration among others. The winners in each category get publicly recognized during the ceremony and receive a financial award as well.

5. Embrace change in your innovation journey

Harnessing employee innovation in internal crowdsourcing platforms is not so much an activity as it is an evolutionary journey that continuously creates new horizons and new peaks to reach. Initially, the
Harnessing Employee Innovation in Internal Crowdsourcing Platforms

program may generate excitement and expectation as the organization tries something different and explores new things. But after this initial stage, a dedicated team should focus the program and manage the organizational changes necessary to reinforce value creation expectations to develop a long-term innovation capability. If nobody is responsible to foster collective innovation, maximize progress, and ensure that the company is using every avenue to move from one stage to another, the overall program and platform adopted to support it risk becoming quickly dysfunctional.

Conclusion

Internal crowdsourcing platforms represent a promising new opportunity for firms to benefit from the creative potential of their employees and enhance their ability to develop new products, processes, and services. Despite this potential, tapping into the wisdom of internal crowds is considered a challenging endeavor that remains poorly understood. Research has not yet examined the circumstances under which internal crowdsourcing platform use should be encouraged in order to best achieve the goal of supporting the generation and implementation of creative ideas by employees.

The Allianz case demonstrates that driving employing innovation in the platform is far from a linear process. It calls instead for using a configurational approach when implementing such a platform. This approach implies the need for large-scale organizational changes that, together with the platform, enable value creation. In the Allianz case, these changes consisted in transforming the innovation approach, changing employee behaviors vis à vis the platform and orchestrating various organizational design elements, including governance, incentives and IT systems, to maximize the chances of encouraging more and better ideas from employees. In addition, an important means of driving novel and valuable ideas from employees is the development of idea challenges by managers.

In summary, this paper therefore offers the followings contributions to the emerging literature on internal crowdsourcing platforms: (1) it identifies some specific challenges faced by firms when implementing such platforms; (2) it describes an organization’s attempt to deal with these challenges and drive value from its platform; (3) it suggests a configuration perspective for platform implementation, (4) it uncovers design choices facing firms implementing internal crowdsourcing platforms, and (5) it provides lessons learned for managers seeking to benefit from the platform.

References

Harnessing Employee Innovation in Internal Crowdsourcing Platforms


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