

NOOLEADERSHIP OR VIRTUOUS LEADERSHIP AND ITS IMPACT ON INNOVATION MANAGEMENT

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Abstract

The study sought to evaluate the impact of **nooleadership** or virtuous leadership on the innovation management. In order to evaluate the virtuous leadership index a closed instrument of Likert type has been developed and applied in each researched organization involving 400 executives. To compute the value innovation index, an existing model, the **Value Innovation Development Model**©, has been applied leading to the value innovation index for each one of the 48 involved organizations. Two instruments of diagnosis type – innovation essential internal conditions (enablers) and customer-oriented processes, and the Delphi technique was used for data gathering, leading to the value innovation index of each researched organizations. To verify the relationship between virtuous leadership index and value innovation index, it has been used the linear regression method computing the linear correlation coefficient between the before mentioned variables. The study has shown that the organizations have a virtuous leadership profile unbalanced regarding the dimensions considered in the instrument, presenting low scores as far as hope/faith, altruistic love and meaning/calling dimensions are concerned. Additionally the study has uncovered plenty of space for improvement as far as innovation performance is concerned, having an composite value innovation index of 0.27, involving the 48 organization. Finally, the research pointed out a high positive relationship between virtuous leadership index and the value innovation index.

Key-words: **nooleadership** or virtuous leadership, virtuous leadership index, innovation and value innovation index.

INTRODUCTION AND REVIEW OF THE LITERATURE

Noleadership or Virtuous Leadership

Many personal aspects will interact to determine the actions of a person in a leadership role. Perceptions, attitudes, motivations, personality, skills, knowledge, experience, confidence, and commitment are a few of the variables which are important for understanding the behavior of people. They are no less important for understanding the behavior of people at work, whether they are leaders or not. However, this study will highlight what may well be the crucial and underlying determinant of leaders' behavior - virtues.

Virtues were first defined in Philosophy/Theology literature, and is connected with intelligence theories going back to Plato and Socrates who reasoned that intelligence would always organize things in the best possible way. Thomas Aquinas and Immanuel Kant furthered the discussion with ideas of higher, lower and different kinds of intelligences.

The importance of a virtuous system is that once internalized it becomes, consciously or subconsciously, a standard or criterion for guiding one's action. Thus the study of leaders' practice of virtues is extremely important to the study of leadership.

All cultures and religions of the world agree that humans consist of body, mind, and spirit (Smith, 1992). In many Western cultures the importance of developing the body and mind in education and business has been recognized but the development of the spirit has been mainly left to religious communities and personal exploration. Let's consider the example of USA. "The strong separation between religion and government has carried over virtually to all other institutional arrangements in American life" (Mitroff & Denton, 1999, p.19). When the founders of the United States of America established the separation of church and state to prevent the state from imposing required spiritual beliefs and practices on citizens, they probably never thought that there would be a complete separation of spirit considerations from those of the body and mind and their development in education, business and politics.

The need for spirit recognition and development in business is more apparent than ever. The way organizations have responded to spiritual matters or concerns of the spirit have been to declare them out of bounds or inappropriate (Mitroff & Denton, 1999). However, the crisis of confidence in leadership due to corporate frauds, worker's sense of betrayal engendered by downsizing and outsourcing, economic recession, unemployment, sex scandals, and general distrust are leading people on a search for spiritual solutions to improve the resulting tensions (Hildebrant, 2011; Parameshwar, 2005). Bennis (1989) says, "what's missing at work is meaning, purpose beyond oneself, wholeness, integration, we're all on a spiritual quest for meaning, and that the underlying cause of organizational dysfunctions, ineffectiveness, and all manner of human stress is the lack of a spiritual foundation in the workplace". There has been "an explosion of interest in workplace spirituality" (Parameshwar, 2005, p.690) in part because "the quest for spirituality is the greatest megatrend of our era" (Aburdene, 2007, p.4). Patricia Aburdene (2007) reports that spirituality is 'Off the Charts', 98 percent of Americans believe in God or 'a universal Spirit' and people's expressed need for spiritual growth has increased by 58% in the last five years (p.5). Amram (2009) states that the growing interest in workplace spirituality can be explained in part by Maslow's hierarchy of needs. As the standard of living increased, so

that people are not worried about survival and safety, their concerns have shifted to self-actualization and spiritual needs such as self-transcendence. “Work forms one of people’s most significant communities, they expect work (where they spend the bulk of their waking hours) to satisfy their deeply held need for meaning” (Amram 2009, p.33). A positive work / life balance is important to maintain – although some people go to work to avoid difficult situations at home (Hayward, 2013).

Several authors have stated that spiritual leadership and spiritual intelligence are needed to face the challenges of the 21st century. Mitroff and Denton (1999) say, “In plainest terms, unless organizations not only acknowledge the soul but also attempt to deal direct with spiritual concerns in the workplace, they will not meet the challenges of the next millennium” (p.7). “Leadership in the third millennium must be based on the power of purpose, love, caring, and compassion,” says Mackey in relation to spiritual intelligence in the workplace (Mackey & Sisodia, 2013, p.193). Hildebrant (2011) say, “the demands of the various factions of stakeholders are creating a leadership climate where spiritual leadership is overcoming the bureaucratic approach of the 20th century” (p.91). To effectively meet the problems of the 21st century, leaders must be developed who have high spiritual intelligence (SQ) in conjunction with high cognitive intelligence (IQ) and high emotional intelligence (EQ). There is also an underlying assumption that the physical strength of the leader is also robust and needs to be high so that the demands of leadership can be properly met.

Before defining spiritual intelligence, it is important to establish what it is not and define key terms. Spiritual Intelligence is not spirituality or religion, nor is spirituality synonymous with religion. Religion is characterized by a class system that delineates the spiritual leaders and followers of the doctrine (Hildebrant, 2011); it is focused on the rituals and beliefs with regard to the sacred within institutional organizations (Amram, 2009), and is defined by a specific set of beliefs and practices, usually based on a sacred text, and represented by a community of people (Wigglesworth, 2012). Religions ordinarily manifest the following eight elements: belief system, community, central myths, ritual, ethics, characteristic emotional experiences, material expression, and sacredness (Molloy 2005, pp. 6-7).

Many people are “spiritual” without being “religious” in that they do not participate in organized religion, while others are “religious” without being “spiritual” in that they participate in the necessary rituals and creeds but their ethics, morals and day-to-day living do not match their professed beliefs (Delaney, 2002). Spirituality is defined in a number of different ways. Emmons (2009a) says it “is the personal expression of ultimate concern”. Wigglesworth (2012) defines it as “the innate human need to be connected to something larger than ourselves, something we consider to be divine or of exceptional nobility”. Miller, cited by Delaney (2002, p.7), defines spirituality as “an individual’s personal, subjective beliefs and experiences about a power greater than themselves, and about what is sacred to him/herself, which assumes that reality is not limited to the material, sensory world”.

Based upon these themes Friedman and MacDonald, as reported by Amram (2009), found when reviewing many definitions of spirituality, that spirituality can be defined as (a) focus on ultimate meaning, (b) awareness and development of multiple levels of consciousness, (c) experience of the preciousness and sacredness of life, and (d) transcendence of self into a connected whole. Also reviewing many definitions and concepts of spirituality Wilber (2006) offers four meanings: (1) the highest levels in any of the developmental lines such as

cognitive, values and needs, (2) a separate line of development – spiritual intelligence – that could be defined as faith in Fowler’s Stages of Faith, (3) an extraordinary peak experience or “state” experience which could be enacted by mediation or prayer as seen in Evelyn Underhill’s work, and (4) a special attitude that can be present at any stage or state such as love, compassion or wisdom.

Spiritual intelligence combines spirituality and intelligence into a new construct (Amram, 2009), but not by simply integrating one’s intelligence with his or her spirituality (Hosseini, M., Elias, H., Krauss, S. E., & Aishah, S., 2010). Emmons (1999) states that “whereas spirituality refers to the search for, and the experience of, elements of the sacred, meaning higher-consciousness and transcendence, spiritual intelligence entails the abilities that draw on such spiritual themes to predict functioning and adaptation and to produce valuable products or outcomes”.

However, several authors claim that spiritual intelligence is not an intelligence based upon their definitions of spirituality and intelligence. Gardner (2009) does not accept spiritual intelligence as a construct. In his paper *A Case Against Spiritual Intelligence* he reinforces his dismissal of spiritual intelligence on the basis of (a) including felt experiences, (b) a lack of convincing evidence about brain structures and processes for this form of computation, and (c) he sees it as a domain of the human psyche without biological potential rather than an intelligence with its primary tie to cognition. Mayer (2009) sees the construct as spiritual consciousness rather than spiritual intelligence, because it doesn’t meet his criteria of intelligence as “abstract reasoning with coherent symbol systems”. He goes on to say that:

“We must understand the symbol system of spiritual and religious writing better to understand the sort of reasoning that takes place within it. Where are the mental transformations necessary to think spiritually? Can the rules of such reasoning be made accessible to the scientist, to computer representations? Are there special instances when spiritual thought achieves a critical mass of abstract reasoning, and therefore qualifies as an intelligence? At present, spiritual intelligence, like spirituality itself, remains mysterious in many respects” (Mayer 2009 p.55).

In spite of these two major dissenting voices, many others in the field are proposing definitions for spiritual intelligence and a few are offering instruments for its measurement. Among the earliest voices to define spiritual intelligence are Zohar and Marshall (1999). Zohar says:

“By spiritual intelligence (SQ) I mean the intelligence with which we address and solve problems of meaning and value, the intelligence with which we can place our actions and our lives in a wider, richer, meaning-giving context, the intelligence with which we can assess that one course of action or one life-path is more meaningful than another. SQ is the necessary foundation for the effective functioning of both IQ and EQ. It is our ultimate intelligence” (p.3).

They do not believe spiritual intelligence can be measured.

Another early voice is Emmons (1999), who defines spiritual intelligence as “a framework for identifying and organizing skills and abilities needed for the adaptive use of spirituality”. Following a critique by Mayer (2009), Emmons (2009b) refined his core components list of spiritual intelligence to four: (a) the capacity for transcendence, (b) the ability to enter into heightened spiritual states of consciousness, (c) the ability to invest

everyday activities, events, and relationships with a sense of the sacred or divine, and (d) the ability to utilize spiritual resources to solve problems in life. No instrument to measure intelligence has been constructed by him because he too does not believe it can be measured (Emmons, 2009a).

Vaughan (2002) speaks broadly when defining spiritual intelligence. She says that spiritual intelligence is concerned with the inner life of mind and spirit and its relationship to being in the world. It implies a capacity for deep understanding of existential questions and insight into multiple levels of consciousness. It implies awareness of spirit as the ground of being or as the creative life force of evolution. Spiritual intelligence emerges as consciousness evolves into ever-deepening awareness of matter, life, body, mind, soul, and spirit. It is more than individual mental ability. It appears to connect the personal to the transpersonal and the self to spirit. It implies awareness of our relationship to the transcendent, to each other, to the earth and all beings. It can be developed and be expressed in any culture as love, wisdom, and service. Spiritual intelligence depends on the capacity to see things from more than one perspective and to recognize the relationships between perception, belief, and behavior. It depends on familiarity with at least three distinct ways of knowing: sensory, relational, and contemplative (Vaughan 2002 pp.19-20).

She has made no attempt to develop a tool to measure spiritual intelligence.

Sisk (2002) describes spiritual intelligence as a deep self-awareness in which one becomes more and more aware of the dimension of self, not simply as a body, but as a mind-body and spirit. Spiritual intelligence enables us to: develop an inner knowing; connects us with the Universal Mind for deep intuition; enables us to become one with nature and to be in harmony with life processes; enables us to see the big picture, to synthesize our actions in relation to a greater context; and engages us in questions of good and evil (p.209-210). No effort to develop an instrument to measure spiritual intelligence has been made by him.

Noble (2000) did not develop a tool to measure spiritual intelligence and defines spiritual intelligence as follows:

“A quality of awareness that recognizes the multidimensional reality in which physicality is imbedded and the personal and societal importance of cultivating empathy, self-awareness, and psychological health is reinforced. Spiritual intelligence is a dynamic and fluid process, not a static product. It includes, but is not limited, to openness to unusual and diverse experiences broadly labeled “spiritual.” More importantly, it is a quality of awareness that continuously seeks to understand the meaning of those experiences and the ways in which they inform one’s personal and community life – physically, psychologically, intellectually, and interpersonally. It is neither blind nor rigid adherence to a prescribed set of beliefs but a mindset that tolerates uncertainty and paradox as well as the anxiety of “not knowing.” Although an individual might choose to practice a particular religion or spiritual discipline, spiritual intelligence is the awareness that the whole is always greater than the sum of its parts, no matter how cherished a part might be” (Noble 2000 p.4).

Nasel et al. (2004) defined spiritual intelligence as “the ability to draw on one’s spiritual abilities and resources to better identify, find meaning in, and resolve existential, spiritual

and practical issues”. He conceptualized spiritual intelligence as a model that exhibits similarity to Galatians 5:22 showing qualities of love, joy, peace, patience, kindness, goodness, faithfulness, humility, and self-control; in short – virtues. Nasel (2004) developed the Spiritual Intelligence Scale (SIS) as a way to assess forms of spiritual intelligence related to Christianity and individual-based spirituality. He also developed the Spiritual and Religious Dimensions Scale (SRDS) to measure the difference between people who adhere to traditional Christianity, and those who adopt the principles of New Age/unaffiliated contemporary spirituality.

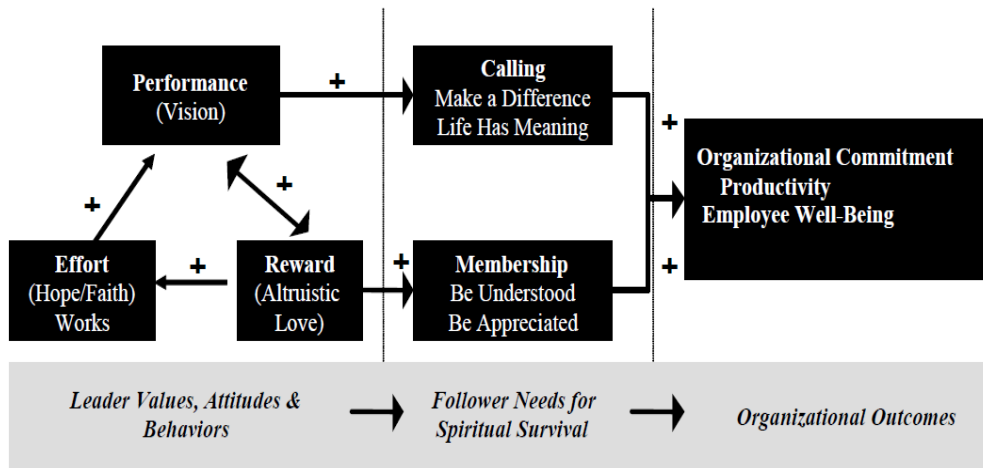
Another definition of spiritual intelligence is provided by Wolman (2001) as “the human capacity to ask ultimate questions about the meaning of life, and to simultaneously experience the seamless connection between each of us and the world in which we live”. After stating his position opposing the construct of a measurement instrument (p.118) he developed the PsychoMatrix Spirituality Inventory (PSI) which measures and describes seven spiritual factors: mindfulness, intellectuality, divinity, childhood spirituality, extrasensory perception, community, and trauma. The PSI seems to be more a measure of spiritual orientation than spiritual intelligence (Amram, 2009).

Tirri, Nokelainen, and Ubani (2006) from the University of Helsinki developed the Spiritual Sensitivity Scale based upon the empirical studies and definitions of spirituality by Hay and Bradford. The Spiritual Sensitivity Scale consists of four dimensions: (1) Awareness sensing, (2) Mystery sensing, (3) Value sensing, and (4) Community sensing (p.37). Awareness sensing refers to an experience of a deeper level of consciousness when we choose to be aware by “paying attention” to what is happening, “being aware of one’s awareness”. Mystery sensing is connected to our capacity to transcend the everyday experience and to use imagination. Value sensing emphasizes the importance of feelings as a measure of what we value. Community sensing represents the social aspects of human love, care, devotion, and practicality (pp.40-41).

Wigglesworth (2012) defines spiritual intelligence as “the ability to behave with wisdom and compassion, while maintaining inner and outer peace, regardless of the situation”. This definition “falls within the general definitions offered by Gardner (2009) who view intelligence as a skill, competence, or ability to comprehend or make sense of things or situations and then bring adaptive, creative approaches to solve problems”. Wigglesworth (2012) describes spiritual intelligence as a set of skills developed over time and with practice. She identified 21 skills in four categories: self/self-awareness, universal awareness, self/self-mastery, and social mastery/spiritual presence. She says that “spiritual intelligence comes down to this essential question: Who is driving your life? Is the calmer, wiser “Higher Self” in charge, or are you driven by an immature, short-sighted ego and/or the beliefs and ideals of others?” (Wigglesworth 2010 p.13). She goes on to say that spiritual intelligence helps us mature the ego and allow our Higher Self to drive the car of our life, while ego sits in the passenger seat. Wigglesworth developed the “SQ21” spiritual intelligence assessment instrument.

A number of studies have been done to uncover the virtues leaders and managers actually have. The most influential theory is based upon the thinking of Fry (2005) who extended Spiritual Leadership Theory by exploring the concept of positive human health and well-being through recent developments in workplace spirituality, character ethics, positive psychology and spiritual leadership, as can be seen in Figure 1, as follows.

Figure 1. Hypothesized Causal model of spiritual leadership theory



Therefore the seven types of virtues expected to be found as traits within any healthy organization would be as depicted in Table 1, as follows.

Table 1
Seven Types of Virtues

1. **Vision** – describes the organization journey and why we are taken it; defines who we are and what we do.
2. **Hope/Faith** – the assurance of things hoped for, the conviction that the organization’s vision, purpose, mission will be fulfilled.
3. **Altruistic Love** – a sense of wholeness, harmony, and well-being produced through care, concern, and appreciation for both self and others.
4. **Meaning/Calling** – a sense that one’s life has meaning and makes a difference.
5. **Membership** – a sense that one is understood and appreciated.
6. **Organizational Commitment** – the degree of loyalty and attachment to the organization.
7. **Productivity** – efficiency in producing results, benefits, or profits.

Source: Adapted from Fry (2005).

The Importance of Values and Virtues

Values and the practice of virtues will affect not only the perceptions of appropriate ends, but also the perceptions of the appropriate means to those ends. From the concept and development of organization strategies, structures and processes, to the use of particular leadership styles and the evaluation of subordinate performance, value and virtue systems will be persuasive. Fiedler (1967) came up with a leadership theory based upon the argument that managers cannot be expected to adopt a particular leadership style if it is contrary to their value orientations.

An influential theory of leadership (Covey, 1990) is based upon four dimensions: personal, interpersonal, managerial, and organizational. Not by accident the personal dimension is considered the core dimension. Incidentally it encompasses the value profile of the individual.

Tannenbaum and Schmidt (1973) suggested that there are at least four internal forces that influence a manager's leadership style: value system, confidence in employees, personal inclinations, and feelings of security in an uncertain situation. Again value system plays an important role. In short, people decide according to the value system they espouse, in other words values and attitudes are important because they may shape behavior, and behavior will influence people.

Leaders of Tomorrow - Values and the Practice of Virtues

Employees will be the essential resources of twenty-first century organizations. These employees can be categorized into several generations, each with special motivation needs. Kuzins (1999) suggests that managers and leaders need to understand people, whatever their age. They need to find out their skills, strengths, and whatever motivates them. In short they have to recognize that everyone is different and deal with each employee as an individual.

On the other hand there are some important considerations that the leader of tomorrow will be confronted with: a) the phenomenon of unemployment, as a consequence of the extraordinary fast development of mechanization and automation, and the economic apparatus centered in the idea of currency stability, which instead of absorbing all the units of human energy creates a growing number of idle hands, and, even worse, brains; b) the phenomenon of research – who can say whether our combined knowledge of the atom, of hormones, of the cell and the laws of heredity will take us?; and c) the need for true union, that is to say full associations of human beings organically ordered, which will lead us to differentiation in terms of society; it should not be confounded with agglomeration which tends to stifle and neutralize the elements which compose it.

Therefore, responsible influence, leadership centered in collective objectives, coherence and fecundity, are the four criteria to be pursued in developing the leaders of tomorrow. Summarizing we need to put into practice the ideas presented by Nanus (1995) in his book *Visionary Leadership*, that is to say, an organization's senior leaders need to set directions and create a customer focus, clear and visible values, and high expectations, which should balance the needs of all stakeholders; ensuring the creation of strategies, systems, and

methods for achieving excellence, innovation, and building knowledge and capabilities, including the development of leadership.

Finally, the democratization of the concept of leadership, and at the same time, as an activity, primarily focused on people and their needs, as proposed by Safty (2003), is a must.

A proposed framework for rating innovation management

Having reframed the company's strategic logic around value innovation, senior executives must ask at least four questions in order to pursue a new value curve:

Which of the factors that our industry takes for granted should be eliminate? Which factors should be reduced well below the industries' standard? Which factors should be reduced well below the industries' standard? What factors should be created that the industry has never offered?

To assure profitable growth one need to answer the full set of questions, rather than one or two.

Value innovation is the simultaneous pursuit of radically superior value for buyers and lower costs for organizations.

How can senior executives promote value innovation?

No single measurement will ever describe a companies' stocks and flows of value innovation. Just as financial accounting look at a number of indexes – return on sales, return on investment, cash value added, to name a few – to paint a picture of financial performance, value innovation accounting needs to look at corporate performance from several points of view. On the other hand, what might be a key indicator for one company could be trivial for another, depending on the industry environment.

Yet the existence of so many possible measurements creates the risk that companies will use too many of them, cluttering their corporate dashboard with instrumentation and, in the end, learning nothing important because they know so much about what is not important.

Therefore, three principles should guide a company in choosing what to measure:

- Keep it simple – shoot for no more than a dozen measurements,
- Measure what is strategically important – in this domain there are no simple recipes, the capacity to learn from experience and to conduct critical analysis is essential, and
- Measure activities that produce value innovation – lots of stuff that companies measure is only sketchily related to value innovation.

In any way, a navigation tool, like a model, may help a lot in driving a company for high growth. Yet, a navigation tool should not only tell you where you are but also show you where you should be going.

In order to perform this, **the Value Innovation Development (VID) Model**© is suggested (Bruno, 2005).

The VID model is a comprehensive approach to market and value innovation – based corporate management, on two levels, enablers (essential conditions) and processes (customer oriented), aiming at assuring a strategic and articulated logic across the company businesses, designed to increase its market value, achieved through the interaction of technology, market and organization abilities.

The model is based on the evaluation of nine major dimensions divided in two groups:

- Essential conditions – encompassing “strategy”, “processes”, “organization”, “linkages” and “learning”; and
- Customer – oriented processes – involving the processes of “understand” markets and customers, “create” superior customer offerings, “gain” profitable customers, and “retain” profitable customers.

In the **strategy** dimension there are no simple recipes for success, the important point is the capacity to learn from experience and having critical analysis ability.

In order to succeed companies also need effective implementation mechanisms, also called **processes**, to move innovations from idea or opportunity through reality. These processes involve systematic problem-solving and work best within a clear decision – making framework which should help the company to stop, as well as, to continue development depending on how things are going. Also are required skills in project management, risk management and parallel development of both the market, and technology streams.

In the **organization** dimension there is the fact that innovation depends on having a supporting organizational context in which creative ideas can emerge and be effectively deployed. Organizational conditions are a critical part of innovation management, and involve working with structures, attraction and relation of human capital (reward and recognition systems), and communication patterns.

Within the dimension of **linkages** it is meant the development of close and rich interactions with the external environment – markets, suppliers of technology and other relevant players to the business.

Finally, developing innovation management involves a **learning** process concerned with creating the conditions within which a learning organization can begin to operate, with shared problem identification and solving, and with the ability to capture and accumulate learning about technology and management of the innovation process. These five dimensions together constitute what in the VID model is called **enablers**.

In order to create an overall picture regarding the **enablers** a closed instrument was developed involving the five before mentioned dimensions. For each one of these dimensions some statements were developed in order to enable a judgment using a score varying from “0” (not true at all) to “5” (very true) (see Appendix 3).

This instrument will lead us to an average score for the enablers.

The second group of dimensions are related to the customer – oriented processes, which has to do with the value – added orientation. Let’s explore these dimensions a little deeper.

In order to **understand** markets and customers the following investigations should be done:

- data collection and integration,
- customer data analysis, and
- customer segmentation.

Regarding to **create** superior customer offerings the following aspects should be analyzed:

- products/services offers and prices,
- communication and branding,
- multi-client ownership, and
- affinity partnership.

As far as **gain** profitable customers, the following elements must be considered:

- multi-channel management,
- e-commerce, and
- sales force automation

Finally, in order to **retain** profitable customers, the following assessments should be conducted.

- Customer service/customer care,
- Loyalty programs, and
- Customer satisfaction.

In order to create an overall picture regarding these **processes** a closed instrument was developed involving the before mentioned four dimensions. For each one of these dimension some statements were developed in order to enable a judgment using, again, a score varying from “0” (none) to “5” (ideal) (see Appendix 3).

This instrument will enable us to have an average score for **processes**.

The advantage of the model is that it will lead us to compute what is called the value innovation index (VII) by multiplying the final scores for enablers and process. This index maximum score will be “1”, once the enablers and process values are taken as relative figures. This maximum score means that the organization (imaginary company) reached perfection, as far as managing innovation is concerned, it covers the total area.

Figure 2 presents the conceptual framework of the model.

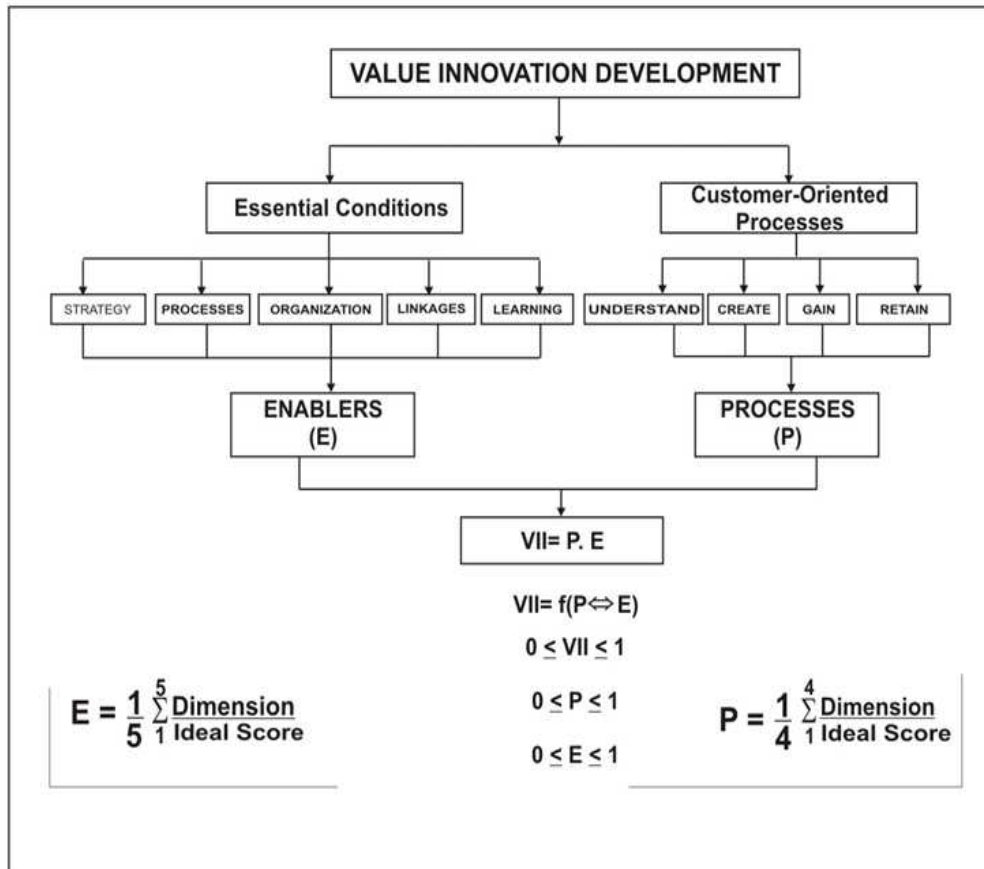


Figure 2 – Value Innovation Development Model© Framework
Source: Bruno (2005).

The value innovators scored high in the value innovation index, not necessarily developing new technologies but in pushing the value they offer customers to new frontiers. They are **pioneers** in their industries.

At the other extreme are the **settlers**, business with value curves that conform to the basic shape of the industry. The settlers VII score is generally low.

The **migrators** lies somewhere in between, such businesses extend the Value Curve of the industry by giving customers more for less, but they don't alter its basic shape. They have moderate VII scores.

Figure 3 shows the graphic interpretation of the model, where the scores of nine imaginary companies (A to I) were plotted.

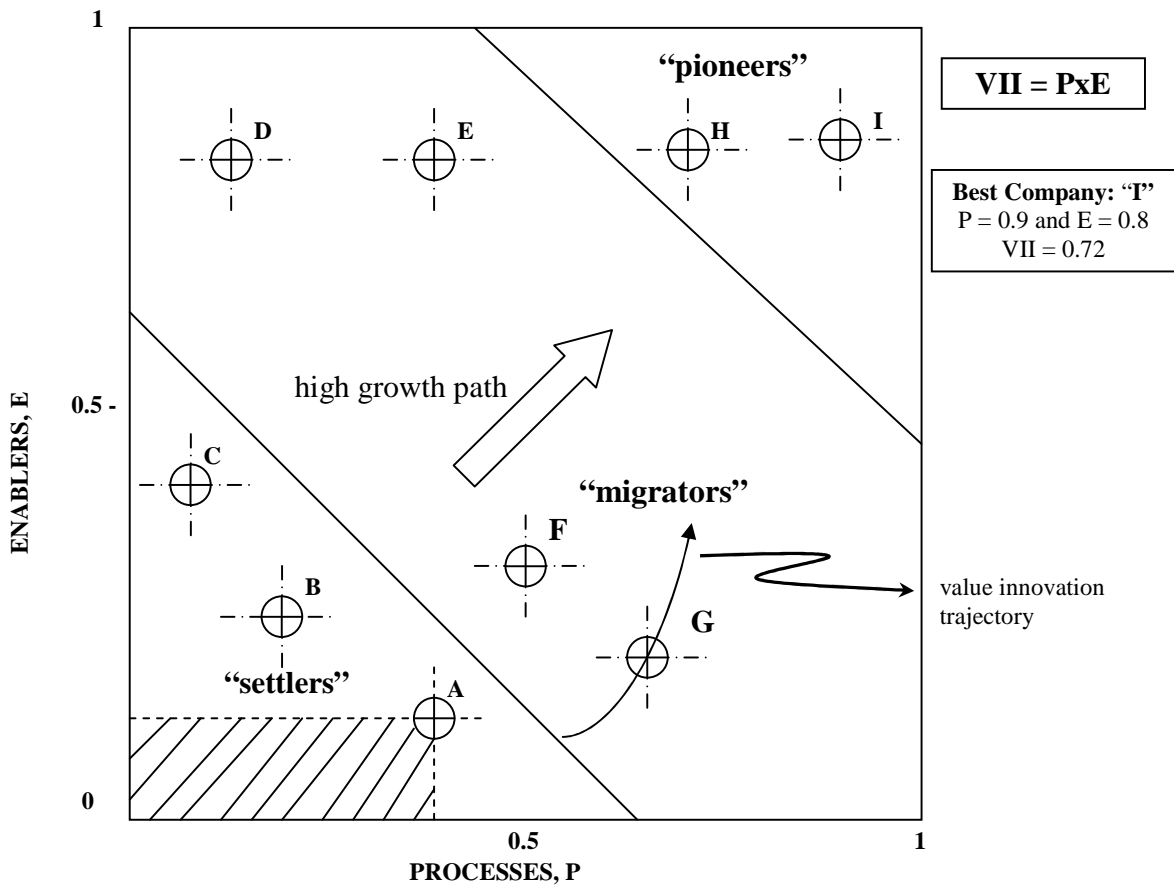


Figure 3 – Value Innovation Development Model©
Source: Bruno (2005).

Analyzing the chart, company (or business unit) “A” is the worst case, typically a settler, while “I” is a winner company (or business unit), typically a pioneer. Another advantage of using such a model is the fact that the responses to the closed instruments’ specific dimensions may reveal significant room for improvements in enablers and processes, as is depicted in Figure 4, which shows a gap per considered dimension.

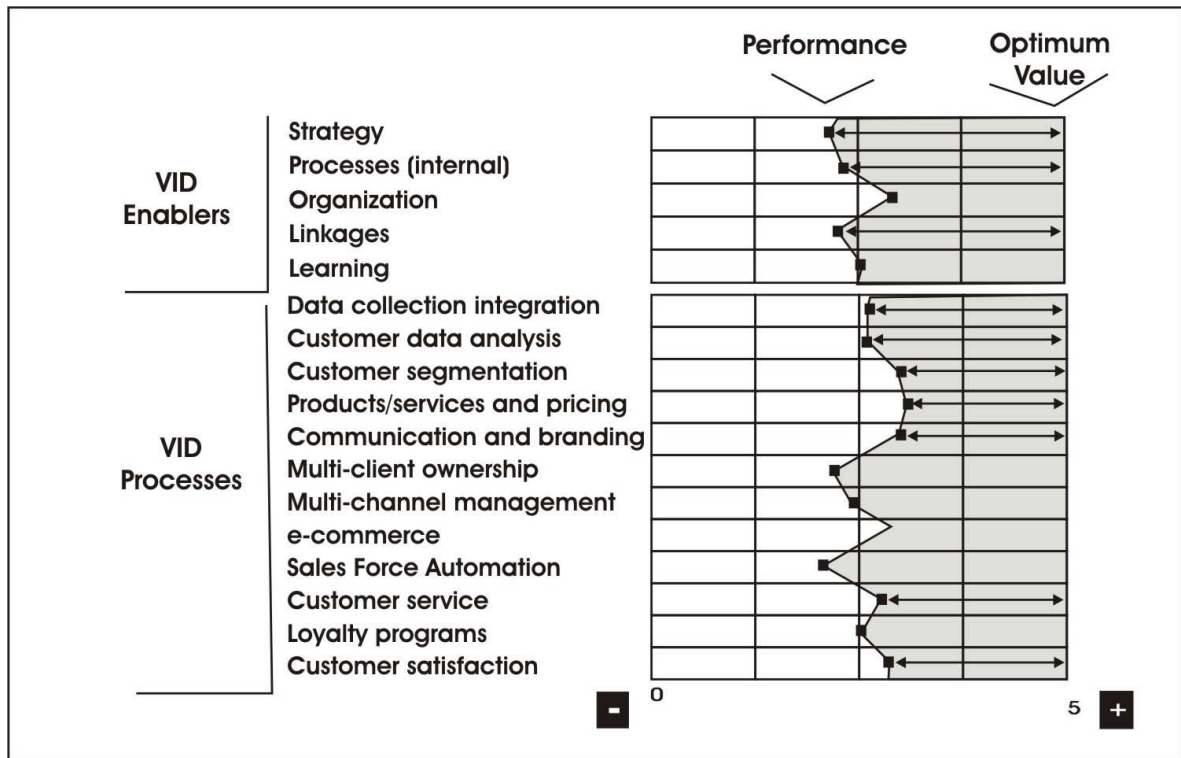


Figure 4 – Gap analysis by dimension
Source: Bruno (2005).

The self-assessment of own performance in each dimension of the Value Innovation Development model will show the company's current profile a useful exercise for a management team pursuing growth is to plot aside the current profile. A useful exercise for a management team pursuing growth is to plot aside the current profile a planned one following the logic of a new positioning of the company (or business unit) at the pioneer – migrator – settler map, defining, therefore, a possible value innovation trajectory, aiming at the "pioneer" area of the model.

Research Questions

The study sought to answer the following research questions:

1. How the practice of virtues, in the involved organizations, is perceived by their executives?
2. What is the average value innovation index of the organizations involved in the research?
3. Is there a relation between virtuous leadership and innovation management?

METHODS AND PROCEDURES

Sampling

It has been randomly selected 400 executives involving 48 organizations operating in Brazil and South America, encompassing medium and large size ones. Most of them were organizations in the fields of consumer electronics, vehicles, health care, paper and packing, mechanical and electrical components, transportation and logistic, virgin media, telecommunications, white goods, service, energy, IT, super markets, clothes, shoes, graphics, departmental stores, office material, individual protection equipment, and cell phones. The majority of the executives were Brazilians (366) and some foreigners (34), being 142 females and 258 males with ages varying from 28 up to 55. The majority of the sample was college degree (83%), some were high school degree (14%), and a few were post graduate degree (3%).

Data Gathering

In order to uncover the **virtuous leadership index - VLI** of each researched organization a Likert-type attitudinal measurement instrument was developed as shown in Appendix A. The instrument covered several aspects: vision, hope/faith, altruistic love, meaning/calling, membership, organizational commitment, and productivity. The Recurrence Table (Appendix B) shows the considered items per virtuous categories allowing the computation of the average score for each one of the seven virtues as can be seen in Table 2. The instrument was statistically validated in terms of items and reliability, being the general average rating per item across the respondents 2.43 (scale end points 1 to 4), and the instrument reliability was 82% (the split-half technique was used, Schmidt, 1975), considering in both tests only the validated items. The computation of the virtuous leadership index (VLI) has been done for each one of the researched organization, as can be seen in Table 5. The VLI, per organization, is computed dividing the general average of the approved items of the instrument per four (maximum of the scale) and multiplied per 100 having the results in percentage varying from zero to 100.

To compute the **value innovation index** of each organization two instruments of diagnosis type were used a first one involving five enablers, internal to the organizations, and the other involving four aspects of the customer-oriented processes, and the Delphi technique for gathering the data was used.

To analyze a possible relation between the **virtuous leadership index**, per organization, and innovation management, the **value innovation index** has been calculated per organization, and, then the linear correlation coefficient was computed taken into consideration the set of paired data involving the before mentioned variables per organization, therefore the computation involved 48 pairs.

FINDINGS AND ANALYSIS

In order to answer the first research question the average scores of the respondents were computed taking into consideration each one of the seven virtues orientations considered in the measuring instrument, as shown in Table 2.

Table 2

Virtuous Leadership Profile of a Sample of Executives (N=400)

Virtues	Average Score (1 to 4)
Vision	2.8
Hope/Faith	1.5
Altruistic Love	1.2
Meaning/Calling	1.5
Membership	3.3
Organizational Commitment	3.1
Productivity	3.6

Source: Research Data.

N= sample size

The Virtuous Leadership Index considering all 48 organizations together is 61% (general average/4 x 100 = 2.43/4 x 100). There is plenty of space to improve, once in the cases of opinion surveys a world class score would be $\geq 85\%$. On the other hand, Table 2 depicts that this sample of executives obviously values more highly Productivity, Membership and Organization Commitment ends than Altruistic Love, Hope/Faith, and Meaning/Calling. On the other hand, the results are in terms of group averages; individual executives may have responded differently from the group. In any way Table 2 shows a lack of balance in terms of executives' personal virtuous profile, and, as a consequence, in their decision process they will value more highly the predominant ones.

Finally, to verify if there was a relation between: a) **virtuous leadership index (VLI) and value innovation index (VII)**, per organization, the linear correlation coefficients involving the set of paired data, were computed. Table 3 presents the computations regarding the 48 organizations involved in the research.

Table 3
Value Innovation Index and Virtual Leadership Index

Nbr.	SECTOR		E (0 to 1)	P (0 to 1)	VII (0 to 1)	VLI (%)
1	Health Care	O 1	0.44	0.08	0.03	50
		O 2	0.55	0.24	0.13	55
		O 3	0.65	0.24	0.15	55
		O 4	0.62	0.40	0.24	60
2	Paper & Packing	O 5	0.63	0.45	0.29	80
3	Mechanical Parts	O 6	0.30	0.05	0.02	50
4	Electrical Parts	O 7	0.45	0.65	0.30	60
		O 8	0.71	0.39	0.27	60
5	Transport/Logistic	O 9	0.29	0.49	0.14	50
		O 10	0.56	0.65	0.36	80
		O 11	0.53	0.50	0.26	60
6	Consumer Electronics	O 12	0.34	0.25	0.08	50
		O 13	0.65	0.55	0.36	80
		O 14	0.60	0.65	0.39	85
		O 15	0.65	0.65	0.42	85
7	Vehicles	O 16	0.48	0.70	0.34	70
8	Virgen Media	O 17	0.49	0.22	0.11	50
9	Info Technology	O 18	0.63	0.62	0.39	70
		O 19	0.60	0.69	0.41	75
		O 20	0.63	0.77	0.49	87
		O 21	0.62	0.37	0.23	60
10	Service	O 22	0.62	0.58	0.36	60
		O 23	0.58	0.50	0.29	50
		O 24	0.58	0.76	0.44	80
11	Physical Distribution	O 25	0.54	0.62	0.33	60
12	Car dealer	O 26	0.59	0.37	0.22	50
13	Language School	O 27	0.63	0.40	0.25	50
14	Banking	O 28	0.61	0.52	0.32	60

		O 29	0.64	0.71	0.45	60
11	Supermarket	O 30	0.56	0.40	0.22	40
		O 31	0.79	0.57	0.45	85
12	Telecom	O 32	0.57	0.40	0.23	60
		O 33	0.57	0.54	0.31	65
		O 34	0.61	0.40	0.24	50
13	Clothes	O 35	0.64	0.56	0.36	70
		O 36	0.76	0.62	0.47	85
14	Shoes	O 37	0.73	0.40	0.29	70
		O 38	0.69	0.77	0.53	87
15	Graphics	O 39	0.63	0.40	0.25	50
		O 40	0.57	0.40	0.23	50
16	White Goods	O 41	0.65	0.45	0.29	60
17	Software House	O 42	0.58	0.59	0.34	65
18	Construction Material	O 43	0.54	0.50	0.27	50
19	Hotel Chain	O 44	0.58	0.75	0.43	80
20	Office Material	O 45	0.71	0.79	0.56	85
21	Protection Equipment	O 46	0.69	0.25	0.16	50
22	Fabrics	O 47	0.56	0.40	0.22	55
23	Departmental Store	O 48	0.65	0.35	0.23	50

O = Organization, E = Enablers, P = Market-Oriented Process, VII = Value Innovation Index, and VLI = Virtuous Leadership Index

Source: Research Data.

The linear correlation coefficient was computed taking into account the set of paired data involving all the 48 organizations, being **virtuous leadership index** one variable, and **value innovation index** the other. The result was a linear correlation coefficient of +0.82, which suggests, according to Schmidt (1975), a high degree of positive relation between the two considered variables. **It must be noticed that only 4.2% of the researched organizations reached world class on managing innovation (VII \geq 0.50).**

In order to have an overall idea of the performance of a composite organization regarding Enablers (E) and Customer-Oriented Processes (P) the scores involving the five enablers and the four customer-oriented processes aspects, Figures 5 and 6 were constructed with the data collected from the 48 organizations.

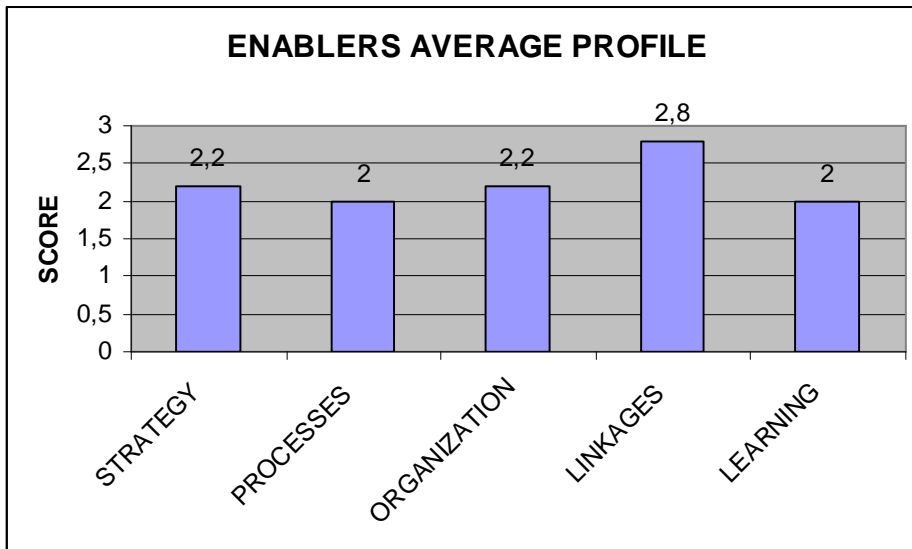


Figure 5 – Enablers Average Profile of the Composite Organization (E = 0.46)
 Source: Research Data.

As can be seen in Figure 5 there was plenty of space to improvements once the scale interval is zero to 5, and the best score was 2.8 (linkages). The worst cases involving the biggest gaps are internal processes to implement innovations and learning. The variable E was computed and the value found was 0.46.

On the other hand Figure 6 shows a slightly better situation, presenting as worst case the ability to gain profitable clients or customers. The variable P was computed and the value found was 0.60, therefore the Value Innovation Index of the composite organization was $VII = P \times E = 0.27$

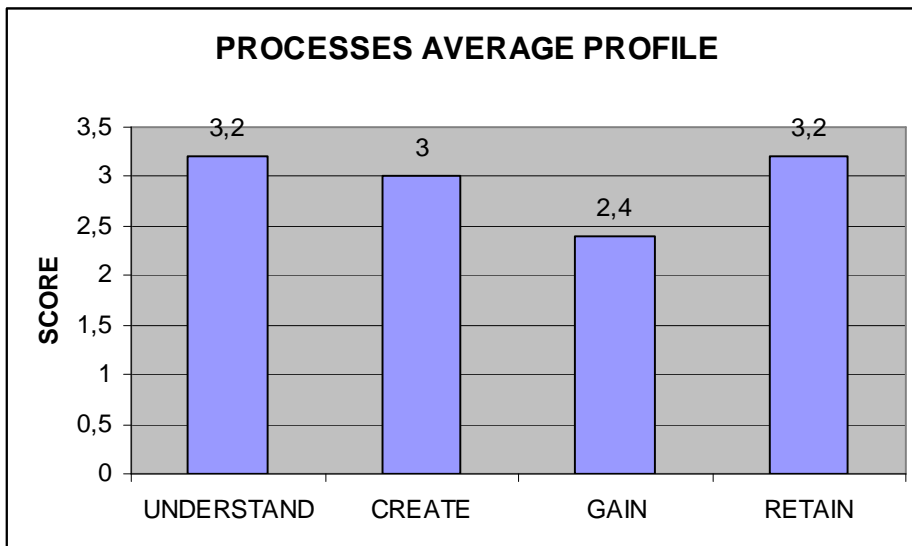


Figure 6 – Customer-Oriented Processes of the Composite Organization (P = 0.60)
 Source: Research Data.

Figure 7 presents the positioning of the composite organization on the Value Innovation Model graph.

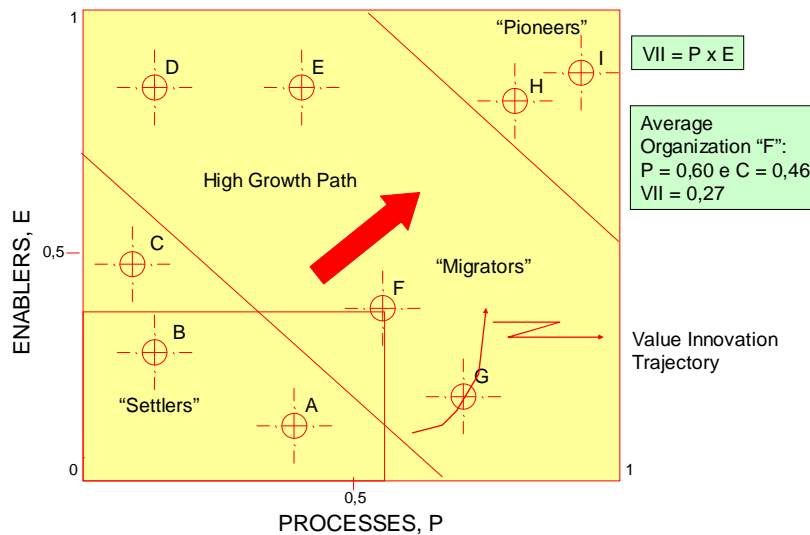


Figure 7 – Positioning of the Composite Organization (F)
Source: Research Data.

As can be seen in Figure 7 the Value Innovation Index of the composite organization was $VII = P \times E = 0.27$. This means plenty of opportunities to improvements, once F is near the settlers area, and defines on the graph an area that is only 27% of the total possible one. These improvements can be derived from the gaps presented on Figures 5 and 6.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The following conclusions were reached based on the research:

1. The study has shown that the executives involved in the research have an unbalance perception regarding the practice of virtues within the researched organizations; and, even worse, the Virtuous Leadership Index considering all 48 organizations together is 61%. There is plenty of space to improve, once in the cases of opinion surveys a world class score would be $\geq 85\%$. On the other hand, Table 2 depicts that this sample of executives obviously values more highly Productivity, Membership and Organization Commitment ends than Altruistic Love, Hope/Faith, and Meaning/Calling, which are means to influence people to bring motivation from within, that is to say leadership. These findings can be partially explained due to the fact that the great majority of the executives of the

sample (72%) belongs to the Generation X (ZEMKE et al., 2000), the survival generation with a casual approach to authority, and, on the other hand, the virtues practice, or spiritual intelligence, is associated with religions, which is somewhat “old-fashioned” for the majority of this generation. In any way this is the moment to face this problem. If we really want to have leaders with traits such as: responsible influence, people centered, showing coherence between attitudes and actions, and fecundity, that is to say, leading the process of assuring progress, than we need to work hard in order to develop knowledge for better understand and influence leaders’ personal values, attitudes and behavior.

2. The study also has shown a large space for improvements as far as innovation management, of all kinds – process, systems, products, services, management and ways of doing the businesses, is concerned. These improvements are largely related with executives’ virtues practice, having a high positive relation between the virtuous leadership index and the value innovation index. creating cultural environments that enhance the involvement and effective participation of all the stakeholders of the organization in this effort.

3. Once the study uncovered high positive relation between executives’ virtues practice and innovation management effectiveness, would be highly recommended in leadership development efforts to take into consideration a critical analysis on how to draw on one’s spiritual abilities and resources to better identify, find meaning in, and resolve existential, spiritual and practical issues, showing qualities of love, joy, peace, patience, kindness, goodness, faithfulness, hope, justice, humility, honesty, courage, perseverance and self-control; in short – virtues. As a consequence, society will have leaders with a more comprehensive view of the world, assuring, therefore, more appropriate decisions.

Recommendations

General

A certain number of initiatives should be taken to improve the development of leaders aiming at the establishment of a new society:

- a) to address issues such as leadership in society’s educational efforts as from the early childhood in order to prepare the new generations for the responsible practice of a leadership primarily focused on people and their professional and personal needs;
- b) the hour of choice is now ; in order to assure that 2/3 of mankind, with poor quality of living, will receive a fast and effective attention from the leaders of today and tomorrow, we need to speed up the process of the democratization of the concept of leadership, that is to say, we need to make leadership accessible to people from all disciplines, all ages and everywhere; and
- c) let all of us stimulate and support such organizations as the United Nations (UNESCO) and all the educational system worldwide in continuing to multiply and flourish in terms of projects and decisions towards the human society development, assuring convergence of the business world, the political institutions, and the civil society; however, we must realize that this will only be possible if all the parts

involved are agreed on the basic values and purposes underlying their projects and decisions (actions) – true union (heart to heart) will be a must.

Specific

- a) The samples used in the study were rather small, therefore any extrapolation from the results of the research must be done with caution.
- b) Would be highly recommended in further studies of this nature to consider the perception of **the operational employees regarding practice of virtuous within the organizations.**
- c) Additional researches of the same nature involving bigger sample sizes and conducted in other cultures are highly recommended.

APPENDIX A VIRTUOUS LEADERSHIP SURVEY

Objectives:

The objective of this survey is to measure your perception of the practice of virtues within the organizational environment.

Methodology:

The survey presents you with some statements that you must read very carefully and then choose only one of the possible alternatives as your answer, namely:

SA – I strongly agree: you totally agree that this statement represents the reality of your workplace.

IA – I am inclined to agree: you tend to agree that this statement represents the reality of your workplace.

ID – I am inclined to disagree: you tend to disagree that this statement represents the reality of your workplace.

SD – I strongly disagree: you totally disagree that this statement represents the reality of your workplace.

Results:

Results will be statistically analyzed later and then published.

Thank you very much for your help.

Please answer sincerely and rest assured that your answers will be kept in strict confidence.

SA IA ID SD

- | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. I understand and am committed to my organization's vision. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. I have faith in my organization and I am willing to "do whatever it takes" to insure it accomplishes its mission. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. My organization really cares about its people. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. The work I do is very important to me. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. I feel my organization understands my concerns. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. I do not feel like "part of the family" in this organization. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Everyone is busy in my working area; there is little idle time. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. My work group has a vision statement that brings out the best in me. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. I persevere and exert extra effort to help my organization succeed because I have faith in what it stands for. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. My organization is kind and considerate toward its workers, and when they are suffering, wants to do something about it. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. My job activities are personally meaningful to me. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. I feel my organization appreciates me, and my work. . | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. I would be very happy to spend the rest of my career with this organization. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. In my working area, work quality is a high priority for all workers. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. My organization's vision inspires my best performance. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. I always do my best in my work because I have faith in my organization and its leaders. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. The leaders in my organization "walk the walk" as well as "talk the talk". | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. The work I do is meaningful to me. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 19. I feel highly regarded by my leadership. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 20. I talk up this organization to my friends as a great place to work for. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 21. In my working area, everyone gives his/her best efforts. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 22. I have faith in my organization's vision for its employees. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 23. I set challenging goals for my work because I have faith in my organization and want us to succeed. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

24. My organization is trustworthy and loyal to its employees.

	SA	IA	ID	SD
25. The work I do makes a difference in people's lives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26. I feel I am valued as a person in my job.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27. I really feel as if my organization's problems are my own,	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28. My work group is very productive.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
29. My organization's vision is clear and compelling to me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
30. I demonstrate my faith in my organization and its mission by doing everything I can to help us succeed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
31. The leaders in my organization are honest and without false pride.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
32. I feel my organization demonstrates respect for me, and my work.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
33. I feel very loyal to this organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
34. My work group is very efficient in getting maximum output from the resources (money, people, equipment, etc.) we have available.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
35. The leaders in my organization have the courage to stand up for their people.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
36. I feel a strong sense of belonging to my organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please check that you have answered all the statements!

Please write, in the space below, the remarks you believe are important.

As we have already mentioned, your answers will be kept in confidence. However, it is important that you should define the area you work in.

Area:

APPENDIX B

RECURRENCE TABLE

DIMENSIONS	STATEMENTS
1. Vision	1, 8, 15, 22, 29
2. Hope/Faith	2, 9, 16, 23, 30
3. Altruistic Love	3, 10, 17, 24, 31, 35
4. Meaning/Calling	4, 11, 18, 25
5. Membership	5, 12, 19, 26, 32
6. Organizational Commitment	6, 13, 20, 27, 33, 36
7. Productivity	7, 14, 21, 28, 34

Remark: The recurrence table above allows us to calculate the average points per dimension on the instrument by calculating the average of the averages per validated statement in the instrument. Points scale extremes are 4 (Strongly agree) and 1 (Strongly disagree).

**APPENDIX C
INSTRUMENTS TO MEASURE VALUE INNOVATION**

**VALUE INNOVATION DEVELOPMENT MODEL©
ENABLERS ASSESSMENT (E)**

Instructions

This self-assessment instrument focuses attention on some important areas of innovation management. Below you will find statements which describe “the way we do things around here” – the pattern of behaviour which describes how the organization handles the question of innovation. To the right of each statement circle the score between 0 (= not true at all) to 5 (= very true). Do it for all statements involving all dimensions.

Strategy		Scores					
1.	Our innovation strategy is clearly communicated so everyone knows the targets for improvement	0	1	2	3	4	5
2.	People have a clear idea of how innovation can help us compete	0	1	2	3	4	5
3.	People know what our distinctive competence is – what gives us a competitive edge	0	1	2	3	4	5
4.	We look ahead in a structured way (using forecasting tools and techniques) to try and imagine future threats and opportunities	0	1	2	3	4	5
5.	Our top team have a shared vision of how the company will develop through innovation	0	1	2	3	4	5

6.	There is top management commitment and support for innovation	0	1	2	3	4	5
7.	We have processes in place to review new technological or market developments and what they mean for our firm's strategy	0	1	2	3	4	5
8.	There is a clear link between the innovation projects we carry out and the overall strategy of the business	0	1	2	3	4	5

Internal Processes		Scores					
9.	We have processes in place to help us manage new product development effectively from idea to launch	0	1	2	3	4	5
10.	Our innovation projects are usually completed on time and within budget	0	1	2	3	4	5
11.	We have effective mechanisms to make sure everyone (not just marketing) understands customer needs	0	1	2	3	4	5
12.	We have effective mechanisms for managing process change from idea through to successful implementation	0	1	2	3	4	5
13.	We systematically search for new product ideas	0	1	2	3	4	5
14.	We have mechanisms in place to ensure early involvement of all departments in developing new products/processes	0	1	2	3	4	5
15.	We have a clear system for choosing innovation projects	0	1	2	3	4	5
16.		0	1	2	3	4	5

	There is sufficient flexibility in our system for product development to allow small 'fast-track' projects to happen						
--	--	--	--	--	--	--	--

Organization		Scores					
17.	Our organization structure does not stifle innovation but helps it to happen	0	1	2	3	4	5
18.	People work well together across departmental boundaries	0	1	2	3	4	5
19.	People are involved in suggesting ideas for improvements to products or processes	0	1	2	3	4	5
20.	Our structure helps us to take decisions rapidly	0	1	2	3	4	5
21.	Communication is effective and works top-down, bottom-up and across the organization	0	1	2	3	4	5
22.	Our reward and recognition system supports innovation	0	1	2	3	4	5
23.	We have a supportive climate for new ideas – people don't have to leave the organization to make them happen	0	1	2	3	4	5
24.	We work well in teams	0	1	2	3	4	5

Linkages		Scores					
25.	We have good 'win-win' relationship with our suppliers	0	1	2	3	4	5
26.	We are good at understanding the needs of our	0	1	2	3	4	5

	customers/end-users						
27.	We work well with universities and other research centres to help us develop our knowledge	0	1	2	3	4	5
28.	We work closely with our customers in exploring and developing new concepts	0	1	2	3	4	5
29.	We collaborate with other firms to develop new products or processes	0	1	2	3	4	5
30.	We try develop external networks of people who can help us – for example, with specialist knowledge	0	1	2	3	4	5
31.	We work closely with the local and national education system to communicate our needs for skills	0	1	2	3	4	5
32.	We work closely with ‘lead user’ to develop innovative new products and services	0	1	2	3	4	5

Learning		Scores					
33.	There is a strong commitment to training and development of people	0	1	2	3	4	5
34.	We take time to review our projects to improve our performance next time	0	1	2	3	4	5
35.	We learn from our mistakes	0	1	2	3	4	5
36.	We systematically compare our products and processes with other firms	0	1	2	3	4	5
37.	We meet and share experiences with other firms to help us learn	0	1	2	3	4	5

38.	We are good at capturing what we have learned so that others in the organization can make use of it	0	1	2	3	4	5
39.	We are good at learning from other organizations	0	1	2	3	4	5
40.	We use measurement to help identify where and when we can improve our innovation management	0	1	2	3	4	5

Scoring Instructions (E)

Dimensions Scores	Strategy	Internal Processes	Organization	Linkages	Learning
Totals					
Avg. (Totals ÷ 8)					
Relative Score (AVg. ÷ 5)					

Final Score: $E = \frac{1}{5} \sum_{1}^{5} \text{Relative Score}$

$E =$ $(0 \leq E \leq 1)$

**VALUE INNOVATION DEVELOPMENT MODEL©
CUSTOMER-ORIENTED PROCESSES ASSESSMENT (P)**

Instructions

This self-assessment instrument focuses attention on some important phases of “the way we hear the voice of the consumers around here” – the pattern of behaviour which describes how the organization handles the question of market research. To the right of each statement circle the score between 0 (= not doing well at all) to 5 (= doing very well). Do it for all sub-dimensions involving all dimensions.

“Understand” Markets and Customers		Scores					
1.	Data collection and integration	0	1	2	3	4	5
2.	Customer data analysis	0	1	2	3	4	5
3.	Customer segmentation	0	1	2	3	4	5

“Create” Superior Customer Offerings		Scores					
4.	Product/service offer and price	0	1	2	3	4	5
5.	Communication and branding	0	1	2	3	4	5
6.	Multi-client ownership/affinity partnership	0	1	2	3	4	5

“Gain” Profitable Customers		Scores					
7.	Multi-channel management	0	1	2	3	4	5

8.	E-commerce	0	1	2	3	4	5
9.	Sales force automation	0	1	2	3	4	5

“Retain” Profitable Customers		Scores					
10.	Customer service/customer care	0	1	2	3	4	5
11.	Loyalty programs	0	1	2	3	4	5
12.	Customer satisfaction	0	1	2	3	4	5

Scoring Instructions (P)

Scores \ Dimensions	Understand	Create	Gain	Retain
Totals				
Avg. (Totals ÷ 3)				
Relative Score (AVg. ÷ 5)				

Final Score:

$$P = \frac{1}{4} \sum_{i=1}^4 \text{Relative Score}$$

$$P = \quad (0 \leq P \leq 1)$$

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