

# The Innovation Imperative - Fairy Steps or Giant Leaps?

*Innovation – the difference that makes the difference, the key to winning customers, increasing market share, improving competitiveness, reducing times to market, transforming the organisation... Yet if the promise is so great, why do businesses that want to take giant leaps so often settle for fairy steps?*

Suddenly everyone is talking about innovation. Government White Papers are encouraging it, conference platforms are spouting it, marketing journals are hyping it... But beyond the rhetoric lurk some uncomfortable questions. What exactly do we mean by innovation? How do we make innovation happen? What are key innovation competencies? How do we best manage innovation? Before we all jump on the latest management bandwagon, let's stop for a moment and take stock.

## **Promise and delivery**

For most organisations, innovation is about developing new processes, products and services – getting compelling new ideas and inventions to market quickly and cost-effectively. Apart from the occasional breakthrough, however, the disappointing reality is that most corporate *innovation* seldom produces more than line extensions, seldom goes beyond repackaging and rebranding, seldom delivers on its full promise.

And potentially, it promises a lot. As well as coming up with new products and services, innovation as a core business process could be used to drive the company and change the culture in one fell swoop. More than this, it could act as an integrating and mobilising function, operating across and beyond departmental boundaries, winning hearts and minds inside and outside the organisation, making fortunes, moving markets, changing the rules of the game, changing the world...

## **Breaking the mould**

It seems, then, that there are different orders of innovation. Simply exploiting a market opportunity by developing new widgetry is at one end of the spectrum, but creating a paradigm shift that changes an entire industry is at the other. In a business environment where new ideas are easily and quickly copied, customer (and staff) loyalty has eroded and margins are under constant threat, the costs, effort and cumulative risks involved in nudging forward through lower-order innovation is becoming less attractive. We have come to the end of steady-as-she-goes incrementalism. The need is now for step-change trailblazing, for beyond-the-box corporate

reinvention that radically changes the customer offer, purchasing experience and brand relationship - in short, there is a growing need for profound and sustainable innovation.

Just how does an organisation achieve such a fundamental breakthrough, where innovation processes deliver more, more often? Two things are needed – to hospice old ways of doing things that no longer deal with the complexity of organisational life today, and to midwife the birth of more creative, vital and rewarding possibilities.

From the standpoint of inspiring profound innovation, this demands a fundamental re-examination of the balance between analysing and strategising on the one hand, and creating and relating on the other. This isn't to say that one is better than the other – merely that attending more scrupulously to the flow between is critical.

## **Analysis paralysis**

One thing is certain for organisations looking to take quantum leaps rather than small steps forward. Striving for profound innovation requires that organisations be different and do things differently. Orthodoxy is the biggest barrier to profound innovation. Although it cuts against the grain of received corporate wisdom, methods such as forecasting, benchmarking scenario planning, modelling, can give an illusion of progress which actually reinforces the status quo, and defends against taking bold and timely action. In the vital creative stages of the innovation process these methods simply won't get you far enough. You can't predict creativity from maps, or extrapolate it from the drift of trends. The last thing you need is more data – it's like trying to drive forward by looking in the rear-view mirror!

If you do what you've always done, you'll get the results you've always had. Something else is needed to stop playing *catch-up* with the competition, to get to the future first, to stimulate higher-order innovation.

For one thing, organisations need to hold critical conversations about the nature of their strategic planning. The established, top-down models are not equal to today's demands for a number of reasons: a problem-solving mindset prevails (instead of a create-the-future mindset), stakeholder involvement is narrow and controlling (instead of inclusive and energising), communication is one-way (tell and sell instead of consult

and cocreate) and planning and implementation are sequential and laborious (instead of simultaneous and direct).

The time and energy that goes in to conventional planning and implementation is often out of all proportion to the return on the corporate investment. As we learn more by doing than planning, in today's faster-moving business environment organisations that do not learn how to move directly from purpose/vision to action with more agility will certainly be left behind. The choice is between predicting the future from yesterday's data, or crafting it in line with tomorrow's vision – a vision based around profound innovation.

### **In with the new**

In market conditions that are faster-moving and ever more volatile, working through strategy conventionally is difficult. But how do we manifest innovation? How do we achieve non-linear change in a non-linear world? Two principles are key – going beyond "whole-systems" approaches to working with *open systems*, and developing the creative capital of your entire organisation.

### **Open systems**

Smart organisations these days are using *whole systems* approaches to change, where the emphasis is on consulting/communicating across multi-disciplinary teams throughout the many levels of the corporate hierarchy. Infinitely preferable to the old-style "command and control" approach, whole systems approaches can improve speed, communications, commitment and ownership within an organisation. By themselves, however, whole systems approaches may not go far enough in supporting and sustaining profound innovation as the planning and implementation boundary is still around the organisation, which never exists in splendid isolation in the real world of the market.

The more organic open systems approaches introduce greater diversity – an essential ingredient for creativity - and draw directly on the complex web of relationships that exist between the people inside the organisation, as well as the different communities of interest outside - suppliers, strategic partners, shareholders, customers, competitors, as well as organisations in other sectors and groups in the world at large. The result is a more inspiring, radical, flexible, tailored innovation curve, where personal, organisational and social change happens with less effort, where people are more aligned and where the development of products and services flows more naturally. Open systems approaches re-energise, rather than re-engineer the organisation and its related constituencies.

### **Creative capital**

The second essential ingredient for developing a greater capability and capacity for profound innovation is on investing in the creative capital of the organisation. While there is a lot of discussion these days about knowledge management and exploiting intellectual capital, as far as innovation is concerned, intellectualising doesn't get you far enough.

Developing creative capital does not mean acquiring new creativity tools. Creativity and innovation are not just about techniques, but about deepening self-knowledge (harnessing personal and corporate identity, cultivating personal and corporate uniqueness), working with group dynamics (trusting other people as well as what emerges between people), welcoming novel experiences (which create novel insights) and exploring creative processes with openness. We are not just talking about helping companies develop their innovation processes, but how we can use innovative processes to help companies develop. Innovation thus becomes the context as well as the content of organisational transformation.

At one level, cultivating creative capital has to do with developing core innovation competencies, not just at the level of the individual but at the levels of the team and the entire organisation. These innovation competencies include capacities for divergent thinking and systems thinking, emotional intelligence, playfulness, leadership, tolerance of generative confusion and creative tension, openness to new experiences, vitality and others.

At another level, cultivating creative capital has to do with stimulating a deeper organisational change process, one that is both driven and determined by the innovation imperative. Too many companies tell people to innovate rather than inspire them to innovate. Too many companies move away from what they don't want – problem solve, rather than move towards what they do want – co-creating a purposeful future. Too many companies nudge forward what they know rather than take creative leaps into the unknown. In this sense, innovation-led culture-change deeply questions the entrepreneurial intent of an organisation.

### **It's all about people**

Profound innovation also questions the social purpose of business. The pressures of longer hours, less job security, increasing litigation by staff for stress-related conditions, greater workforce mobility, the rise of portfolio-workers and knowledge-workers, all underline the need for an organisation to move towards a different - a healthier - relationship with its people and with its local communities.

Internally, the issue is not whether staff understand and believe the company credo – its vision and values, but whether they will live these values to create moments of quality time with one another and with customers. Achieving profound innovation helps organisations learn how to infuse the workplace with more creativity and passion. It also points to a different role in helping their people grow. Of course people work for money, and in these times of the portfolio professional, financial reward is important, but it is not the only metier. Experience, excitement, career diversity are also important. Given that most of us have to work, and to spend 60% of our adult lives in organisation, not to be personally nourished by work is no longer a realistic payoff. Profound innovation – the sort that encourages people to think, learn and create, so that there is a greater personal and organisational pay-off - is sharpening the cutting edge of human resource management.

Externally, too, customers are making purchasing decisions based as much on the values and social contribution of an organisation as on price and quality. While many have done this for some time, the difference now is that any brand loyalty is based on a lived experience of the company rather than on marketing and PR hype. Any brand experience that doesn't link people emotionally to who they are and what they do, that doesn't rekindle a passion linked to a great and noble purpose, simply won't sell as well.

### **Not a quick fix**

Profound innovation is not about a quick fix. It is about transforming an organisation's people, processes and products in to an open and creative system that can perpetually reinvent itself, increasing wealth, gaining market share, improving social contribution and shaping a better future. It is no longer enough for organisations to innovate when their backs are against the wall. Changing strategies under duress might well result in product and process improvements, but ultimately, you'll probably only have another variety of all the same, before you're back to competitor catch-up.

Some traditional folk-wisdom sums up the emerging innovation imperative – *If you gently touch a nettle it'll sting you for your pains – grasp it like a lad of mettle, and as soft as silk remains*. Grasping the nettle of profound innovation may be easier than you think.

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