

MAKING INNOVATION PART OF YOUR ORGANISATIONAL DNA

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Telos Partners' breakfast briefing entitled 'Making innovation part of your organisational DNA' was held on 26 May 2016 and attended by senior leaders with an interest in innovation from a wide range of organisations including financial services and banking, higher education, hospitality, professional services, not for profit and transportation.



TELOS PARTNERS' PERSPECTIVE

For organisations to create sustainable success in an ever-changing and dynamic world, they constantly need to find new ways to adapt, improve and reinvent what they do and how they do it.

“WHOLE SYSTEM INNOVATION GOES BEYOND THE ISOLATED CREATION OF NEW CONCEPTS AND IDEAS. IT COVERS ALL PARTS OF THE INNOVATION PROCESS AND PERVADES ALL ASPECTS OF THE ORGANISATION – PRODUCTS, SERVICES, PROCESSES AND BEHAVIOURS. IT IS THE NEED TO ADAPT TO AN EVER-CHANGING WORLD BY GENERATING INSIGHTS AND IDEAS THAT CAN BE TRANSLATED INTO PRACTICAL, SUSTAINED BUSINESS IMPROVEMENTS AND COMMERCIAL BENEFITS – IT IS AN ESSENTIAL COMPONENT OF SUSTAINABLE SUCCESS.”

To truly master this challenge requires the whole organisation to excel across the innovation process, from inception, through development and into action.

We have identified three areas that appear key to embedding innovation within the organisation's DNA:

1. **Defining a broad innovation agenda supported by a disciplined process**
2. **Creating a fertile environment**
3. **Providing adaptive leadership**

In a world that is moving so fast, the price of standing still is great. In short, creating an environment where innovation is seen as a fundamental part of the day job is one of the major challenges facing organisations today.

KEY THEMES

During our discussion the following key themes emerged:

- **The leadership agenda**
- **Eliminating a fear of failure**
- **Encouraging and fostering collaboration**
- **Managing transition risk**

THE LEADERSHIP AGENDA

The discussion highlighted the important role that leadership has in providing a clear context and agenda for innovation. Or as one participant stated, “**Organisations need a true north, a clear and shared purpose around which innovation can evolve**”.

This in turn prompted others to state that “**Leadership needs to distil purpose, values, vision and strategy on to one page**” to provide a touchstone for the entire business. To encourage innovation, the importance of setting the right targets began to shine through for example, Google gives people 20% of their time to work on their own ideas; and the Mayor of Paris puts aside 5% of the city's budget to pursue ideas from its citizens. In establishing these targets, it is important to reflect the broader view of innovation beyond just products and include other dimensions, for example quality, efficiency and engagement. And of course, there is a need to “walk the talk”, innovation is immediately stifled if leadership judges and rules out ideas too early on in the process.

ELIMINATING A FEAR OF FAILURE

A key part of the conversation centred on **“how do you get rid of a culture of anxiety and eliminate a fear of failure?”**

One person spoke of **“an environment where the CEO would ask two people to do the same thing to create competition but all it did was create anxiety and distrust”**. Another spoke of how **“banking innovation is being stamped out by too much bureaucracy and fear of the regulator”**. So clearly it is easy to say and hard to do. This led to a discussion on how the research on learning presents overwhelming evidence that **“we learn more through trauma than through pleasure”**. Sir James Dyson reportedly made 5,127 prototypes of his cyclone vacuum cleaner before he was happy with the result.

So any innovation process is likely to have to encourage and deal with the effects of failure – **“we’re not always going to get it right”**.

ENCOURAGING AND FOSTERING COLLABORATION

A number of participants commented that the culture of the organisation, or as we phrased it a ‘fertile environment’, has a significant influence on the appetite for and effectiveness of innovation. There is a need to **“create the right environment for innovation to flourish: permission, confidence, empowerment together with a clarity and understanding of the innovation process”**.

During the presentation, we shared the experience from a client of how simple it can be to invite people to share their perspectives and begin to move from an environment of guardedness and fear to one of inclusion and participation. Key to this has been a clearly managed process, which has provided a clear and confident anchor for those involved. The structure, outlined at the start, has gradually broadened and deepened the involvement of people in the business, each step building on the energy created at the previous stage.

The role of external stimulus was also mentioned in helping overcome the malaise and inertia of the **“not invented here syndrome”**. Many spoke of the positive impact of collaborative approaches with suppliers, customers and strategic partners. It would appear that care needs to be taken with this approach as during one conversation it was mentioned that **“big consultants are a waste of time because they impose thinking on business which results in a lack of internal ownership”**.

MANAGING TRANSITION RISK

It was clear from the discussion that there is **“a tension between the nature of the innovation environment, which should be constant and ever-present, and the innovation process, which should be project-based, time-bound and focussed”**. Organisations that succeed in innovation have the ability to unlock the potential that sits within this tension.

Of course, with all innovation comes change, so as one participant stated **“it is more than just about ideas, but also managing the risk of transition”**. If innovation is essentially about turning ideas into commercial benefit, implementation also needs to be viewed and considered a key part of the innovation process. And, in considering this, one participant commented, **“I am really struck by the importance of a clear, well-understood process of innovation that leads to clearly defined outputs. I really wonder how well this is understood in my own business and ‘out there’ generally”**.

CONCLUDING COMMENTS

The discussion reminded us all that today's business environment requires all organisations to be innovative – “**innovate or die**” – and for leaders this means creating the sense of a burning platform before one truly exists. What came through was the need for the creative aspects of innovation to be firmly anchored to a commonly shared purpose, a clear leadership agenda and a well-managed process. It is perhaps these elements where leadership needs to pay particular attention, as existing test-tube and incubator based approaches alone do not appear to unlock the organisation's true innovation potential. Finally, for innovation to take root, the broader process and the measurement of its outcomes must become a core agenda item for the board and executive leadership.

THINK
BELIEVE
ACT