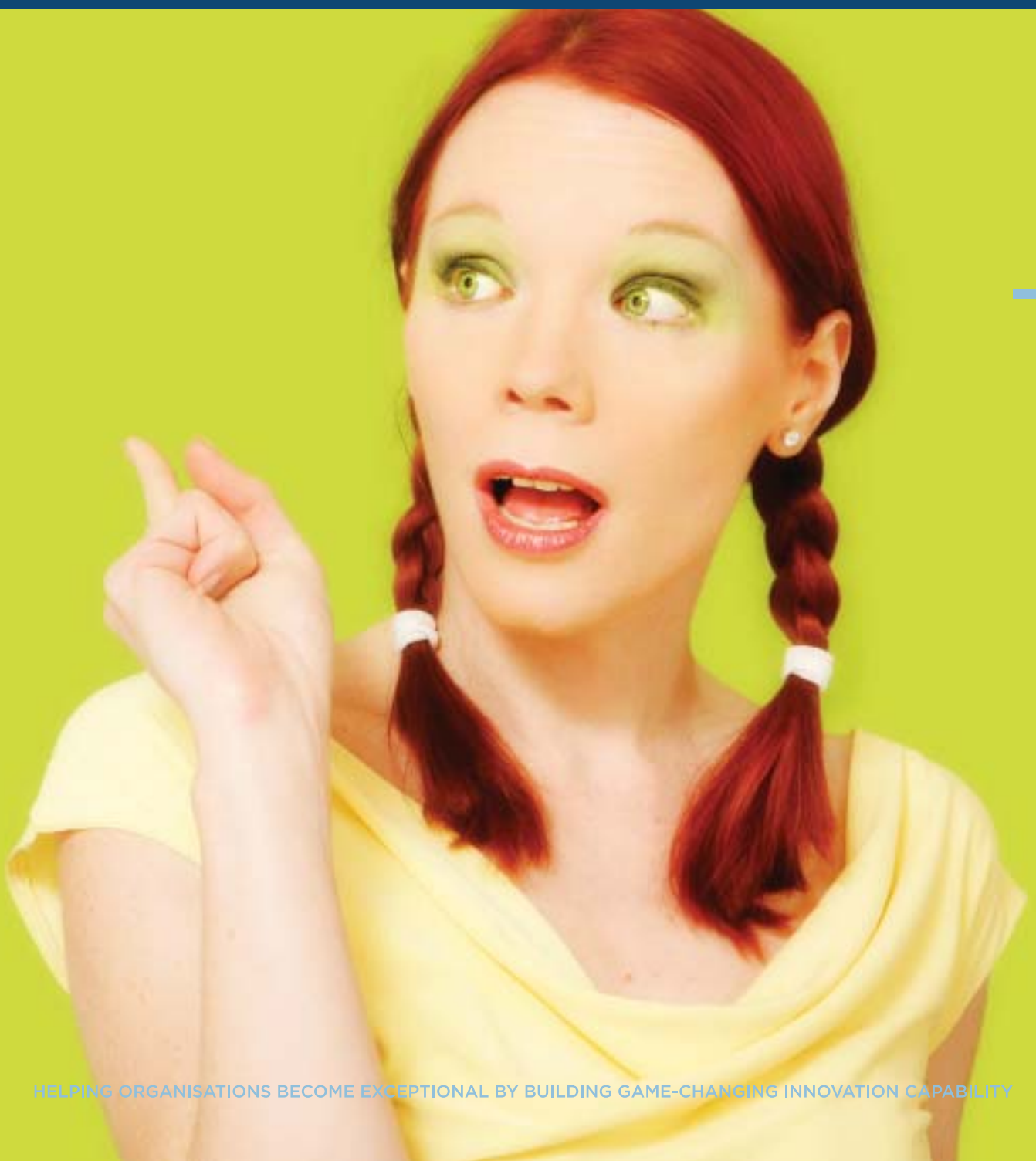


Thinking differently about...

# BUILDING A CULTURE OF INNOVATION



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# The need for innovation...

As we begin 2012, one of the biggest global challenges facing organisations is still the issue of innovation. No longer a buzzword, it is now a critical component of not just an organisations' success but even of its survival. The quest to seek out new opportunities and drivers for growth has finally positioned innovation at the center of the strategic radar!

“The ‘surplus society’ has a surplus of similar companies, employing similar people, with similar educational backgrounds, working in similar jobs, coming up with similar ideas, producing similar things, with similar prices and similar quality.”

Kjell Nordstrom & Jonas Ridderstrale  
From the book *Funky Business*

In the fiercely competitive, globalized and multi-threat marketplace we now operate in, it has become increasingly difficult to stay ahead, as the traditional methods of business one-upmanship are no longer efficient enough to cope with the increasing pace of change. With customers and consumers becoming more savvy day by day, the need for organisations to differentiate with a compelling story, set of beliefs and experience that make them what we call ‘the no-brainer choice’ has never been more so.

“The organisations that think differently and do differently will be the ones who make the leap from average to exceptional. They’ll be the ones consumers admire, they’ll become the no-brainer choices!”

However, what we see is most organisations preaching about innovation, promoting their innovative approaches and adorning straplines and brands with innovation as their main USP. On the other hand, what we experience as a strategic advisors on innovation leadership is something quite different. What we experience is rhetoric, jumping on the bandwagon and keeping up with the Joneses because to not even purport to innovate means you’re already dead. We also still see scared employees. Scared to be different, to challenge the status quo, as being a good ‘culture fit’ has historically meant conforming to the rules.

A recent report by The Judge Institute at Cambridge University proved that innovation success is primarily dependent on organisational culture. The study covered 800 companies across 17 different cultures and above all the traditional drivers like research & development, budget and processes, developing a culture of innovation was the main driver of growth and profitability.

# The need for innovation...

Next generation competitive advantage will be delivered not by 'what' an organisation does but by 'how' it does it and that means it's about people and embedding innovation into organisational culture. Super savvy customers now expect by default great products and services as standard so it's no longer a point of difference. In any case, for most organisations, differentiating through products is now almost impossible as every competitor has access to the same materials, software, production methods, technology and facilities, meaning whatever you make someone else can make too.

All this does is increase the instances of having to compete on price and who wants to continue doing that? So, the differentiator needs to go beyond products. It should be 'how' the organisation behaves and 'how' its culture differentiates it from the competition. It's something we call 'differentiated innovation'. If you want another perspective, take a look at Martin Butler's retail research which shows; **"People don't buy what you sell, they buy what you stand for!"** The big issue with really embracing all that embedding innovation entails is that most organisations are pre-designed for conformity, efficiency, risk-avoidance and leadership, more often than not, by compliance.

**“An innovative culture focuses on how your organisation differentiates not how your individual products or services differentiate. A ‘culture is unique’ so can’t be copied by your competitors therefore provides far greater competitive advantage.”**

The Future Shapers

# The need for innovation...

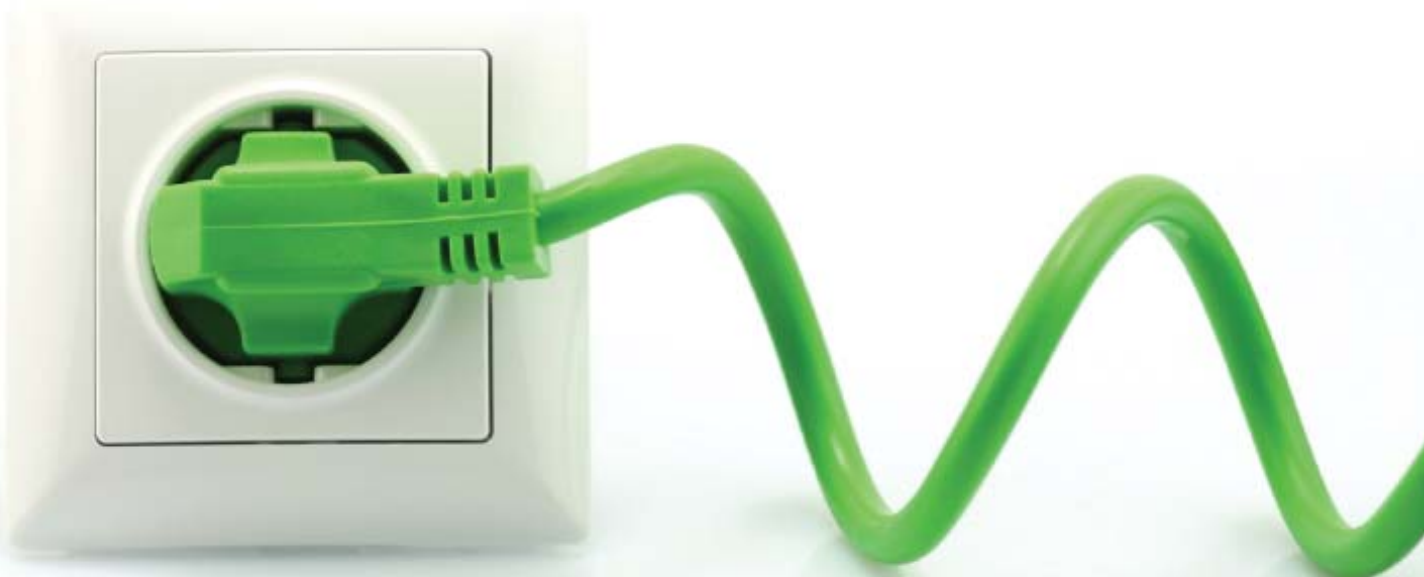
**“Most companies are built for continuous improvement, rather than discontinuous innovation. They know how to get better, but they don’t know how to get different.”**

Gary Hamel

Most companies are pre-disposed with improving the current model rather than creating a completely new or better one. The other significant factor is that organisations also seem to think there is an, ‘out-of-the-box’ solution to innovation. Something we’ve heard jokingly referred to as the ‘appliance model’. Take it out of the box, plug it in and it should work!

Unfortunately there isn’t, unless you only want simple product or service innovation in which case you could simply spend huge amounts of money with external design and innovation consultants. The downside is your organisation becomes a ‘consultancy junky’ and every time you need to change you’ll have to pay for your fix! Oh, and in this context, going ‘cold turkey’ means almost certain death!

Innovation is not and cannot be seen as an event. It’s not a tool or an initiative it should be part of what you do and more importantly how you do it!



# The future scenario...

Whilst we can look back on the recent financial crisis and the shifting balance of growth, manufacturing, leadership and power across the globe we do so with the benefit of hindsight. What we don't know yet is what's on the horizon, what does the economy and customer of tomorrow look and feel like and how will we need to operate to thrive.

What we can assume with some confidence is the following;

1

The next period of change will be big. However, for the fearless this brings big opportunity as long as bold thinking, bravery, strategic creativity and a culture of innovation are in place.

2

The pace of change isn't likely to slow down and globalized access to materials, knowledge, resources and technology will become commonplace by even the smallest company making competing even more difficult.

3

Retaining talent will be key. The best employees will have the upper hand and it's they who will choose where and who they work for not the other way round. Building a business model around the gathering of talent and allowing it the freedom to shine will create the ability to capitalise on any situation!

4

Building emotional connections between organisations and customers will be the basis for next generation competitive advantage. The differentiator won't be product it will be culture! Customers will want to 'buy-in' to an organisation, into what it believes, what it stands for, so creating an emotional connection to them is vital. Ask yourself, what's more valuable in life things or experiences? because business is no different.

5

Design and production processes for new products will cut 'time to market' windows to the point where purely being first will have no significant advantage in securing major sales or financial successes. In fact being second but 'valuably different' may even be a better strategy for securing market-share and therefore ultimate success?

6

Advances in existing technology and the development of new technology will continue to have a disruptive effect on product lines, markets and even entire industries. The only thing that will change is the pace at which this happens.

7

Mastering business model disruption and then scaling faster than the competition will be vital as it means you become the competition!

8

Global adoption and embedding of social media and online experiences will continue to 'change the game'. The next generations of consumers are hard-wired for a world of online relationships with organisations and brands. They are tech savvy, uber-cool and globally connected. Keeping up with them will be the challenge!

# The future scenario...

So in the context of building an innovative organisation, the future scenario poses a question for every CEO, is your organisation ready for what comes next?

We propose that the organisation with innovation at its heart, one fundamentally built around bravery, agility, creativity, insight, future-orientation and talent is ready to capitalize on whatever comes next. The 21st Century challenge for every CEO is to build that organisation!



# A future-fit organisation...

**The trick with innovation is to understand the fundamental principle that its all about people. Organisations don't innovate, people do, so don't focus on innovating per se or get sidetracked by it as a panacea.**

Concentrate on building an 'amazing place to work' so your talented ones choose to stay and the talent you want choose to join! Increasing the emotional value proposition of your brand/organisation through what your customer experiences, not just the product or service they buy, is the route to driving differentiation and growth. However, this requires a fundamentally different business model and strategy and only a brave few are prepared for what it really takes!

**“Every organisation has to prepare for the abandonment of everything it does.”**

**Peter Drucker**

Developing a culture of innovation is vital to the success of any organisation, that's why the truly successful, world class and defining companies look beyond just creating great products. They fundamentally understand that innovation is no longer the domain of the select few who make up the R&D (research & development) or new product development department. They create holistic, strategic and company-wide approaches to doing things differently. They're built on a great vision, are amazing places to work, are filled with talented, engaged people and are driven by exceptional leadership. Every employee is empowered to see innovation as a part of their remit whether that is ideas around processes, systems, procedures, services or products. It's the 'wisdom of crowds' principle and at any time it has the potential to generate incremental innovation or something more profound!

For most leaders, creating a strategy and aligning organisational culture around innovation can seem easier said than done and can feel like a quest only Indiana Jones should attempt. The pressures of the day-to-day will always be present so should no longer be used as an excuse not to change.



# A future-fit organisation...

The innovation barriers are all too common in many organisations; it is remodelling the organisation and shifting the culture to eliminate them that is the challenge. As a thought leader and strategic advisor on innovation leadership I spend the majority of my time with CEOs and board teams of global organisations discussing the fundamental changes required for differentiation on a global scale.

The phrase 'It's just how we do it round here' is usually taken in a negative context in reference to an organisation that resists change and perpetuates the status quo. However The Future Shapers team don't mind the saying as we use it with the organisations we work with but in a positive context. When innovation is embedded into your organisation and you are perceived as world-class, as an innovation leader and someone asks how? The answer that gives the greatest satisfaction is...

**“It's just how we do things around here!”**

We believe 'differentiated innovation is a by-product of being exceptional' and it's the quest to build an amazing organisation that delivers a much more symbiotic way of driving innovation. When you build an organisation around its people you increase their sense of value and their willing contribution and it's then that they'll choose to deliver amazing things. The 'I' word has now become such a common part of our language that in essence it has been devalued from its association with big leaps forward. In reality, contemporary innovation is actually about differentiation. If something differentiates and adds enough value, our customers and competitors then label it with the innovation badge for us.

So with 'innovation leadership' as an end goal the challenge for the 21st Century CEO is to build an organisation that relentlessly pursues the quest to be exceptional, a philosophy that creates a culture where innovation happens every day and where things like agility and the desire to be world-class make up part of your DNA. However, leaders are often the greatest 'blockers' to innovation, unable or unwilling to devolve accountability, quash politics and drive real change, all preventing innovation from embedding into an organisations culture.

**“You need to be constantly haunted by is it good enough, can we make it better?”**

Jonathan Ive

“Beliefs become your thoughts, become your words, become your actions, become your habits, become your values, become your destiny.”

Gandhi

# Building a culture of innovation...

**The mistake that most organisations make when trying to embed innovation into their culture is failing to take a holistic approach.**

Unless there is complete alignment across the organisation both in terms of people and strategy, innovation is unlikely to raise its head. Visualising your organisations' roadmap for innovation is absolutely paramount if you're going to create a strategy without conflict or tension. Being able to see how initiatives for one part of your organisation positively or negatively drive innovation in another part is the key to creating a change strategy that will sustainably deliver differentiated innovation.

We spend the majority of our time helping organisations develop scenarios and frameworks in order to gain visibility of what the innovation journey looks like. Building a culture of innovation requires many different ingredients but our experience has shown us that strategy, leadership, management, people, community, environment, creativity and risk are the eight fundamental ones and it's how you approach these that ultimately makes the difference.



STRATEGY  
LEADERSHIP  
MANAGEMENT  
PEOPLE  
COMMUNITY  
ENVIRONMENT  
CREATIVITY  
RISK



## STRATEGY... What's the Vision?

You need to create a bold 'Vision' and then an 'Innovation Strategy' for the strategic growth and differentiation you want. When you set a bold vision you signal to every employee that innovation is important. So, the vision should show your people what legacy you want to leave, what your organisation has the potential to become, what success will look and feel like and what beliefs your organisation will live by along the way.

Work with your employees to co-create a future scenario that they'll want to be a part of but once you've set the destination show them how important they are by letting them map out the route. Their contribution is where your innovation potential resides and that's what will differentiate you along the journey.

## LEADERSHIP... Creative Leadership!

The 21st Century leadership challenge is to deliver differentiated innovation by transforming the current business model to one built around talent. It's about shifting your approach from groups of employees doing a job to teams of passionate entrepreneurs collaboratively pursuing an ambitious and bold vision.

The days of command and control are long gone so a new style of leadership is required. If growth and competitive advantage through innovation is your goal you'll need to be genuinely inspiring. Wanting to be 'really good' because your competitors are merely 'good' isn't good enough. Your language, actions and behavior must reflect that of a relentless approach to becoming exceptional. To do that your people will need clarity of direction so cement your vision and build your values around it. You must give your organisation and your people purpose and you must make the future seem bright, achievable, desirable and possible.

You must take ownership of the drive for innovation in your organisation and inspire people to join you on the journey! True leadership is about being yourself; being authentic so your actions must match your words as nothing undermines trust like insincerity.

The pursuit of innovation is an uncomfortable one but the best leaders help people get comfortable being uncomfortable. Why, because the best leaders are uncomfortable themselves, uncomfortable with the status quo that is.

So, the challenge as stated, for you, a 21st Century CEO is to build an organisation branded an 'innovation leader' by relentlessly pursuing the quest to be exceptional, your challenge as an individual is becoming an exceptional leader!

## MANAGEMENT... Engaging Management!

The quality of the middle management in your organisation cannot be underestimated. Look at them like a vein of gold running through rock. They are disproportionate in volume compared to the rock but their value balances out their weight! The majority of levers that drive employee engagement focus on management relationships and behavior and in particular focus on building trust, authentic communication, and being what we call 'hands-ready' not hands-on.

This is especially true when you want to increase the level of 'Smart Risk' taking in your organisation. Your middle managers are your 'organisational translators' and are uniquely placed to create a sustainable atmosphere. It's what we call the 'greenhouse effect' where meticulous setting of the right temperature, combination of ingredients and conditions are required if you want to grow a prize-winning marrow! Your challenge is to create what we call M&M's (Middle Management Mentors) where your middle managers become 'culture conduits' seeking out latent talent and pointing it toward entrepreneurship by creating a safe but challenging environment for employees to think and do differently.

This group of people have the single handed ability to make or break your innovation efforts so make sure they live and breath one goal, how to make your organisation an amazing place to work!

## PEOPLE... Are you Talent Rich?

Regardless of what you sell or do, your people are your brand and they will be the ones who deliver the vision. You need to fully understand and appreciate their value to your organisation and also their yet untapped potential for innovation. Make sure everyone is on the bus and most importantly in the seat of his or her choice.

When employees understand the strategic importance of innovation and have bought into the big picture it's easier for them to figure out how to contribute toward it. When you have a talent filled organisation the trick is to involve them at a fundamental level, as giving people autonomy is a big driver of engagement. You then need to find the right way to incentivize them for their efforts because the innovation journey has to be worth it! However that's not always about financial reward, as the prehistoric carrot and stick thing doesn't work anyway. Pick up a copy of 'Drive' by Dan Pink if you don't believe us!

Demonstrate your commitment to innovation by giving people what they actually want. Simple things like a voice, feedback, involvement, appreciation, recognition, communication, opportunity, professional development, enjoyment and most of all, fun!

**COMMUNITY...**  
**Team Spirit!**

You need to create more than a culture; create a community where everyone is able to contribute, where nothing is seen as the status quo and where insight and knowledge is free-flowing throughout the community rather than individually owned. It's a well-proven fact that innovation is rarely the product of a lone genius but instead comes from diverse groups that combine wide perspectives in order to solve problems. Choose innovation champions to help you break down silos, increase communication and create innovation teams to constantly promote 'what's next?' and 'what if?' across the organisation.

Create an environment where collaboration and 'intrepreneurship' co-exist because of a shared vision and an organisation-wide desire to be exceptional. Also, widen the context of 'community' by involving your suppliers, partners and customers in your innovation discussions.

**ENVIRONMENT...**  
**I Wish I Worked There!**

If you want your people to love what they do, think differently and pursue innovation you must provide an environment that fosters creativity, it must be 'an amazing place to work' and that means getting people away from their desks and into new spaces.

Your workplace should stimulate people and promote fresh thinking, so your challenge is to find spaces that match the tasks at hand. That means spaces that are stimulating for idea generation, are practical for evaluation and implementation or ones that foster interaction and collaboration.

Innovation doesn't happen in traditional brainstorming sessions or via lists drawn up on flipchart pads. Thinking in 3-dimensions and conveying ideas in visual ways is vital if you want to start creating ideas and telling stories in new and interesting ways. Changing environments changes peoples behaviour and it's in that shift in behaviour that the seeds of new and different reside.

“21st Century leadership is no longer about your position, it’s about your passion and your quest to be exceptional. It’s about your ability to inspire people to want to make a difference and join you on the journey to build something truly enviable.”

Cris Beswick

“Envy has become a sought after reputational badge of honour. If you’re envied, it means you’re great, you’ve arrived, you’ve shaken it up. Almost like a play on Gordon Gekko’s “greed is good” thing from Wall Street but without any hint of corruption or vulgarity.”

**Perry Timms**

Head of Talent & OD  
Big Lottery Fund

**CREATIVITY...**  
**Let's Think Beyond!**

The road to innovation requires you to push your people away from well-trodden paths and expose them to different perspectives and points of view. You need to show your people that they can be creative and give them the tools to be so. But in order for their creativity and ideas to have commercial value, to be innovative, you must expose them to real customer problems, needs and tensions so they know why and where you need them to think differently.

Real insight is absolutely vital to innovation and the creative process as it allows people to start solving problems from a point of truth. The truth is, within most organisations there is a wealth of ideas and solutions to both articulated and unarticulated needs, the challenge is giving your people the time, space, resources, autonomy and access to expertise to do something with them.



**RISK...**  
**Being Smart about Risk...**

Innovation requires risk but the biggest gamble of all is to do nothing. So, address your exposure to risk and empower your people to take some but be smart and justify every step of the journey. Create an environment where risk is taken and is learned from regardless of the outcome because freedom to succeed requires the freedom to fail!

Edward de Bono once said in an interview that people are reluctant to be creative because they don't want to make what everyone will call a 'mistake'. He said:

**“A big deficiency in language, certainly the English language is that we don't have a word that says a fully justified venture which for reasons beyond your control did not succeed.”**

Innovation means creating your own language around the things you want to achieve and the way you want to go about doing it. With that in mind I created a word, 'Juvendiceed' in answer to de Bono's challenge.

**“A fully justified and considered venture which for reasons outside our control just didn't succeed.”**

Having a Juvendiceed is about what I call 'Smart Risk'. It's about investigating and working on ideas that are well researched, are based on real insight and have organisational support behind them. Your innovation challenge isn't to make more mistakes it's to have more Juvendiceeds because in doing so you'll demonstrate that you're more interested in learning from failure than punishing people for it.



## About the author



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Originally trained as a product designer, Cris spent over a decade as a successful entrepreneur & CEO building an award-winning design group.

After structuring a full exit in 2008 he is now recognised as one of the foremost thought leaders on creating innovative organisations.

As CEO at The Future Shapers Cris specialises in working with CEOs and senior teams and has coached, advised and delivered keynotes to some of the worlds most ambitious companies on how to become exceptional by building game-changing innovation capability.

As well as delivering executive education on innovation for leading UK and international business schools, he is the author of the book 'The Road to Innovation', and as well as authoring numerous white papers, has contributed to articles for The Times, Financial Times and The Sunday Telegraph to name but a few.

We believe every organisation can become exceptional by developing its potential to innovate. We help organisations achieve this by utilizing a defined and pragmatic innovation methodology, enabling organisations to build game-changing innovation capability and embed it into organisational culture.

Every organisation needs to drive innovation-led growth but few actually do. If you want to be one of the few let's talk!

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