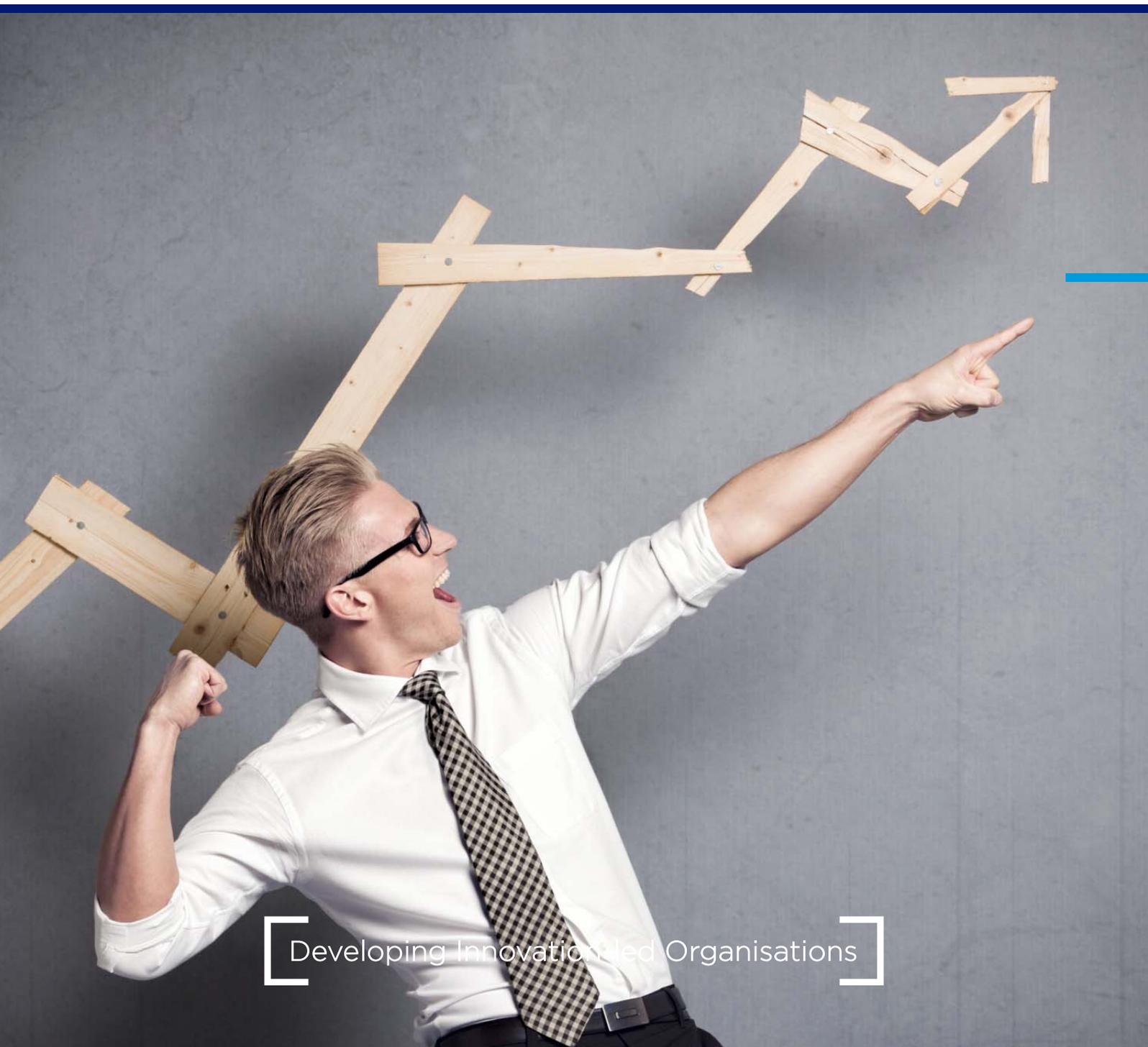


A fresh approach to...

LEADING INNOVATION & WINNING THE NEW GAME



Developing Innovation-led Organisations

Introduction

“If your actions inspire others to dream more, learn more, do more and become more, you are a leader.”

John Quincy Adams

The history of the world is a history of change. We look back and see boundaries or belief systems changed through conflict or through the exploration of new ideologies; we see patterns of trade or livelihood changed through invention or through the growth of new expectations and aspirations; and we see the migration of people, the rise and fall of populations occasioned by shifts in world conditions or by self-created disasters.

Everywhere we look we can see the patterns of our lives written in the rocks and the soil of our planet. So much so that a team of researchers in 2013 found some remarkable coincidences between sudden developments in climate change and human innovation.

Key periods of human development around 71,500 years ago, 64,000 years ago and 59,000 years ago appear to coincide with rapid climate change in which humans appear to have been driven away from more northern climes and towards the south of Africa.

But if some developments have been forced on us by external events, many more are the product of self-determination; of the willpower of one person or of a group of people to create something which will change the world forever. We have within us the power to do good, to create a legacy which will change the future history of the world. Call it innovation or invention, belief system, ethos or attitude; when we have the power to affect others, we fail humanity if we do not act.



The triple drivers of change

“In times of change, the learners inherit the earth, while the learned find themselves beautifully equipped to deal with a world that no longer exists”

Eric Hoffer

Our world has been through a time of upheaval in which wars and natural disasters have vied with global recession to grab the headlines. We are by no means out of the storm but whilst the headlines have been held by global events, a far more life changing shift has been bubbling beneath the surface as the attitudes and ethos and expectations of people have started to change.

The drivers for this change are threefold. Firstly, we have seen a marked change in the way in which people view authority. Governments, regulators, even large organisations such as financial institutions or pan-global corporations have lost credibility as the public apportion blame for the financial crash. Where once we accepted, now we question; where once we believed that those in a position of power would do the right thing, now we look again with sceptical eyes. To redeem themselves organisations simply cannot go back to ‘same old, same old’; they have to not only change but to make that change so radical that the public is left in no doubt that the old order of short term profiteering is over and that the new name of the game is longevity, stability and co-creation.

Secondly, as the recession swirled around us the technological revolution moved from the preserve of the specialists and into the mainstream. Global connectivity started to hold sway and in the process changed the face of consumerism. When we could buy goods online or stream downloads, why visit the shopping centres; when a single individual could reach out to the world in exactly the same way as a large corporation, what price advertising; when a small organisation could access the same level of technology as a large one, where are the economies of scale.

As a result organisations can no longer rely on lack of competition or the size of the organisation or breakthrough technology to create competitive advantage. Customer experience is the new name of the game, moving from the ‘what’ to the ‘how’ to deliver the right products in the right way.

It is the third differentiator which is perhaps the most game-changing of them all. Generation Z are on the starting blocks and they are out to change the world. This generation has grown up with fast broadband access. These are the young people for whom 94% of their communication time is spent on social networking or instant communications at the expense of e-mail (2%) and voice calls (3%).

These are the always on, always connected, multi-tasking generation whose attention span may be just 8 seconds but who also pack so much into those 8 seconds that they put earlier generations to shame.

Numbering just over 1.87 billion, in many societies Generation Z are multi-racial and globally switched on. Although the world is their oyster, Generation Z are keenly aware of their place in it and they want to make a difference. Unthinking brand worship is out and hyper-localism is in, creating a connection to their immediate surroundings and having a say in the co-creation of their chosen products. Not only do Generation Z expect their chosen brands to interact with them, they also expect them to reflect a more mature, ethical viewpoint. Growing up in the chaos of recession and unrest, Generation Z is a far more mature and caring generation than that which went before. A report from Sparks & Honey which looked at Generation Z in the USA revealed that Generation Z are:

- **hyper-aware about their impact on the planet.**
- **more caring with 60% being keen to volunteer.**
- **more self-directed – being used to looking for answers on line.**
- **more entrepreneurial with 72% wanting to start their own business.**

These three drivers of change add up to one thing only; if businesses want to succeed then they have to transform their outlook and their ethos. There is a new word in the business lexicon and that word is innovation, creating differentiated experiences and co-creating products and services alongside end users. But innovation is not just for business. Every organisation, be they governmental or charitable, pan-global or hyper-local should be checking their culture and looking to transform it into one of innovation.

A culture of innovation

“Our wretched species is so made that those who walk on the well-trodden path always throw stones at those who are showing a new road.”

Voltaire

What is an innovation culture? Quite simply an innovation culture is one in which every person and process within the organisation is geared up to create products and service levels which will drive the organisation to stand out from its competitors. And innovation culture is far different from simply thinking of ideas or new products. If you want to simply invent a new product you lock a few ‘boffins’ in a room and let them get on with it. If you want to create a true culture of innovation then you involve everyone in the process. And in this context everyone includes not only employees but suppliers, customers and, in some cases, rival organisations.

In effect, with an innovation culture driving the organisation not only do we get game-changing products we also get a whole new way of working which leads to game-changing levels of customer experience. But successful innovation cultures go one further. They understand that to really make a difference they have to not only respond to customer demand; they have to be at the forefront of the demand, leading and driving the change, they have to be future shapers!

There are three types of business in this world, those which failed to survive the recession, those which survived but are in slow decline and those which will shape the future. We call these last businesses Next Generation Organisations. Next Generation Organisations understand that the future is not simply a regurgitation of past ways of working. They know that the game has moved on from ‘what’ to ‘how’ and that they need to master ‘strategic innovation’ in order to deliver new business models and to deliver differentiated experiences. And to be a Next Generation Organisation they need to focus on three core elements of innovation, namely Intelligence, Collaboration and Adaptability.

Why intelligence?

Because 60% of major UK company directors admit their leadership teams fail to understand their customers.

Why collaboration?

Because 66% of major UK business leaders claim their current organisational structure makes it difficult to share knowledge and understanding.

Why adaptability?

Because 68% of UK corporates take just as long to innovate and get solutions to market now as they did five years ago.

Innovating the future

“It is said that the present is pregnant with the future”

Voltaire

Why does it matter? Quite simply because the world is changing and the world of 2030 will be a very different place from the one we know today. So much so that a CBRE report, Fast Forward 2030 predicts that 50% of occupations today will no longer exist in 2030. These figures were backed up by a ?WhatIF! report in 2014 which revealed that 28% of major UK businesses believe their business model will cease to work altogether in three years.

Headlines from the CBRE report include:

- **Artificial intelligence will transform businesses and the work that people do.**
- **New jobs will require creative intelligence, social and emotional intelligence and the ability to leverage artificial intelligence.**
- **Workspaces with row of desks as we know them today will be completely redundant. Not because they are not fit for purpose, but simply because that purpose no longer exists.**
- **Purpose will be more important than financial success and social entrepreneurship will rise.**
- **Corporations will not only need to be lean and agile they must be authentic to attract talent: authentic in their values and in making a real contribution to the social good.**

The IP & Science division of Thomson Reuters has also had a go at making some predictions and their paper predicting 10 key innovations which will shape the world of 2025 makes fascinating reading. Technological developments such as aerospace engineering is covered within the Thomson Reuters predictions, but so is the eradication of certain genetically based illnesses, the overcoming of food shortages and new ways of communication. For example, the paper predicts that work aimed at understanding the human genome may lead to early detection and prevention of diseases such as dementia and diabetes. The paper also predicts that improvements in PV technology will lead to energy from the sun becoming the primary source of energy on the planet.

The effect of these and other changes is that by the time we get to 2030 we may well have been through a technological revolution which makes the industrial revolution fade into insignificance. But this is a technological revolution like no other because it also heralds in a complete change in beliefs and behaviours, in attitudes and expectations. The industrial revolution drove people to change; now people are leveraging technology to drive social and aspirational change.

“I’d put my money on the sun and solar energy. What a source of power! I hope we don’t have to wait until oil and coal run out before we tackle that. I wish I had more years left.”

Thomas Edison, 1931

Taking innovation into the world

“The intuitive mind is a sacred gift and the rational mind is a faithful servant. We have created a society that honours the servant and has forgotten the gift.”

Albert Einstein



This white paper is about innovation in its broadest sense and about the way in which those who are true leaders in more than name can leverage technology, ideas and attitudes to change the world. As a strategic advisor on innovation I'm often called in to businesses to talk about innovation as a driver of exceptional customer experiences and of differentiated competitive advantage but true innovation is not confined to the boardroom. True innovation can affect every individual and every entity from start ups to established boardrooms and from governmental organisations to countries across the globe.

Sometimes innovation draws on technological breakthroughs but it doesn't have to. The simplest idea can change the lives of millions and the actions of a single individual can leverage the power of innovation to change the world. Take LifeStraw® for example. A simple tube with no moving parts and which requires no power to operate acts as a portable water filter that effectively removes all bacteria and parasites responsible for causing common diarrhoeal diseases. Weighing just 56 grams, a single tube will purify at least 1000 litres of water. LifeStraw's have been put to use across the world in areas where dirty water abounds or following natural disasters.

“The gift of making a change in this world is not given to people like us, we are too small, too insignificant in the scheme of world events; BUT, if as a result of our actions we save but ONE LIFE, we have changed this world, albeit in a very small way, but we have changed it forever, and who can foretell the result of the saving of that one life.”

David Dutson

Innovation leadership

“Man cannot discover new oceans unless he has the courage to lose sight of the shore.”

Andre Gide

So where does innovation start? As with so much in life, whilst the drive for change comes from the world around us, the drive to change comes from leaders. But these leaders are not necessarily the ones in a position of power, although they may well be so. Throughout every organisation, every country, every company there are those who by their personality, by their beliefs and by their actions naturally influence others to follow. We hope that they will be the CEOs of companies, the rulers of lands, the leaders of governments; but they also may be leaders of smaller departments or sectors or even leaders without a title, people such as Bob Geldof who brought the challenges of poverty and hunger to the world's notice through the power of music.

Whoever they are, these are the people who can step up to the innovation challenge and shape the future. But wanting to transform the culture to one of innovation and actually doing so are two very different things. Instilling an innovation culture requires drive, it requires vision and it requires the ability to be great communicators. But with technology, changing consumer habits and Generation Z all willing change on, why are so few organisations still treading the same old paths.

When it comes to business, 69% of UK corporates now name innovation in their top three priorities yet 53% of business leaders say no-one is really clear what innovation means. When it comes to those who regulate our industry, the UK FCA say they are “committed to opening our doors to those – regulated and not – who come with new ideas about how to deliver financial services” yet traditional financial services organisations still quote regulators as one of the prime barriers to change. When it comes to countries we have those who are leading the drive for change and those who want to change but are mired in the politics of the past.



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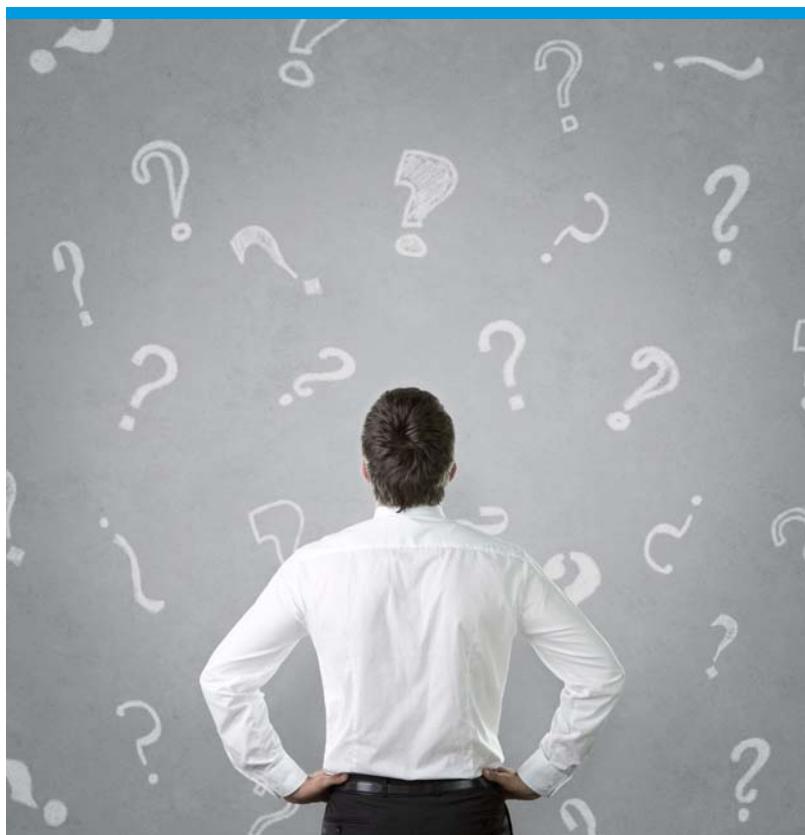
Developing innovation leadership

“Innovation distinguishes between a leader and a follower”

Steve Jobs

So the first challenge to all the leaders out there is to be honest about the level of commitment which you have towards embracing a culture of innovation. And to get you started, here are ten questions to see just how serious you are.

- 1.** Is your approach focused on product or is the view that innovation applies to everything; brand, organisation, business model, experiences etc?
- 2.** Is taking ‘smart risk’ not only tolerated but rewarded or are risks ‘mitigated’ and chastised/frowned upon?
- 3.** Is your focus on continuing to protect your existing business model and trying to gain a bigger share of the existing market or reinventing yourself for the future?
- 4.** Do you have a ‘mix’ of innovation activity (a balanced innovation portfolio) across incremental, differentiated and radical or disruptive innovation?
- 5.** Are you prepared to completely change your culture or disrupt yourself in pursuit of an innovation-led future?
- 6.** Is there organisation-wide tolerance for and exploration of disruptive, unconventional and controversial ideas?
- 7.** If there’s a strategic need to deploy resources for innovation outside the current organisational structure is there a process for it?
- 8.** Is there clear visibility of you and your senior team taking ownership, accountability and sponsoring the drive for innovation?
- 9.** Are you prepared to sacrifice parts of your existing business in order to provide real-world environments to prototype new ideas, experiences & business models in?
- 10.** If necessary, are you prepared to completely reinvent your organisation in pursuit of winning the new game and shaping the future through innovation?



Developing innovation leadership

Now be honest, how serious are you about change? For make no mistake, changing the culture to one in which innovation infuses every corner of the organisation is worlds away from changing a reporting line or introducing a new IT suite. The barriers to change will fight back at every round. Inertia, fear of change, bureaucracy, scepticism, traditionalists and those who simply don't understand will all consciously or unconsciously fight at every turn. A 'WhatIf!' report revealed that 68% of directors believe their leadership team is better at delivering efficiency than growth and 62% of directors think it is 'almost impossible' to gain support to test and develop ideas. But the same report revealed that unless UK corporates switch their model to one of growth then 42% of them simply won't survive.

The first task is to identify and work at breaking down the barriers. Silos have to be swept away in favour of cooperation and cross-organisational communication. If you are one of the 66% of business leaders who claim their organisational structure makes it difficult to share knowledge and understanding then I would simply ask, what are you doing about it? One of the reasons why entrepreneurial start up culture is so feted is that it has none of the barriers to change which bedevil longer established organisations. Snooker tables and chill out areas work not because they give people a fun time at the office but because they encourage and enable people from across the organisation to communicate freely.

But leaping into innovation is no good unless you have a clear vision. Apart from 'still in business' where do you want to be when 2030 rolls around? Some organisations such as Whirlpool have had innovation on their agenda for more than a decade as have P&G which in a Hay Group study emerged as the top company in the world for developing leaders. But if you are one of the 92% of organisations which, according to a 2013 state of global innovation report by Imaginatik, have had innovation on their management agenda for more than three months then what is your next step?

Interestingly the same report revealed that there is an acceptance that "finding fundamentally new paths to differentiation and growth is driving innovation much more than trying to compete better in existing/established markets" indicating that corporations are starting to realise that innovation is about survival rather than simply outselling the competition. But despite this many organisations are still at the basic 'we need to

innovate' level and have yet to step forward and develop a strategy and understanding which will drive them forward. This is one area where innovation leadership is paramount. Simply pronouncing 'make it so' and stepping back only confines innovation to the status of yet another fad and the organisation to a slow decline.

But innovation is not just confined to the boardroom. World leaders too need to step up and embrace the need for change. HH Sheikh Mohammed Bin Rashid Al Maktoum has recently announced Expo 2020, a "global event in which the cultures, innovations and creations of the world will meet in Dubai." Under the slogan

"we will bring minds together for a better future"

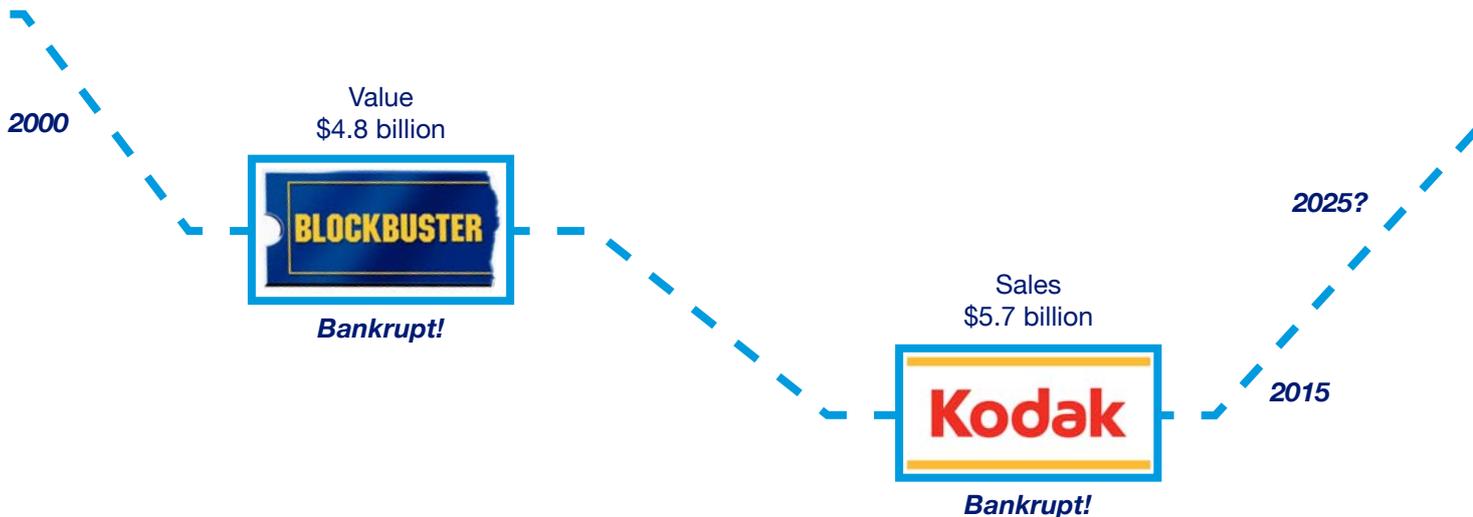
Expo 2020 aims to communicate, to interact and to create a better future through connecting minds.



And finally...

When world leaders, organisational leaders and leaders without a title all come together to embrace the boundless possibilities which innovation can deliver then the world as we have known it will change forever. But make no mistake, the digital revolution, Generation Z, the backlash from recession; all are leading a drive towards change whether anything is done or not.

The difference is that by embracing change and building a 'better than everyone else's' innovation capability, leaders can shape the future and become the winners of the new game but by ignoring it leaders and their organisations will merely become footnotes to the past.



About the author



Originally trained as a product & industrial designer, Cris spent over a decade as a successful entrepreneur & CEO building an award-winning design group. He is now recognised globally as a thought leader on strategic innovation and creating innovative organisations.

Cris is the Founder of Thought Leadership Website The Future Shapers, Director of Innovation Consulting at Culture Consultancy and Strategic Advisor on Innovation at Wazoku. He specialises in working with CEOs and senior teams and has coached, advised and delivered keynotes to some of the worlds most successful companies on how to become exceptional by building game-changing innovation capability and embedding it into organisational culture.

Cris has also delivered executive education programmes on innovation for leading UK business schools such as Henley Business School, Southampton Business School and Cranfield University's Centre for Competitive Creative Design as well as international business schools such as Synergy Business School in Dubai and Icesi University in Columbia.

Cris is also the author of the book 'The Road to Innovation' and co-author of 'Building a Culture of Innovation'. As well as authoring numerous white papers Cris has also contributed to articles for The Times, Financial Times and The Sunday Telegraph to name but a few.





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