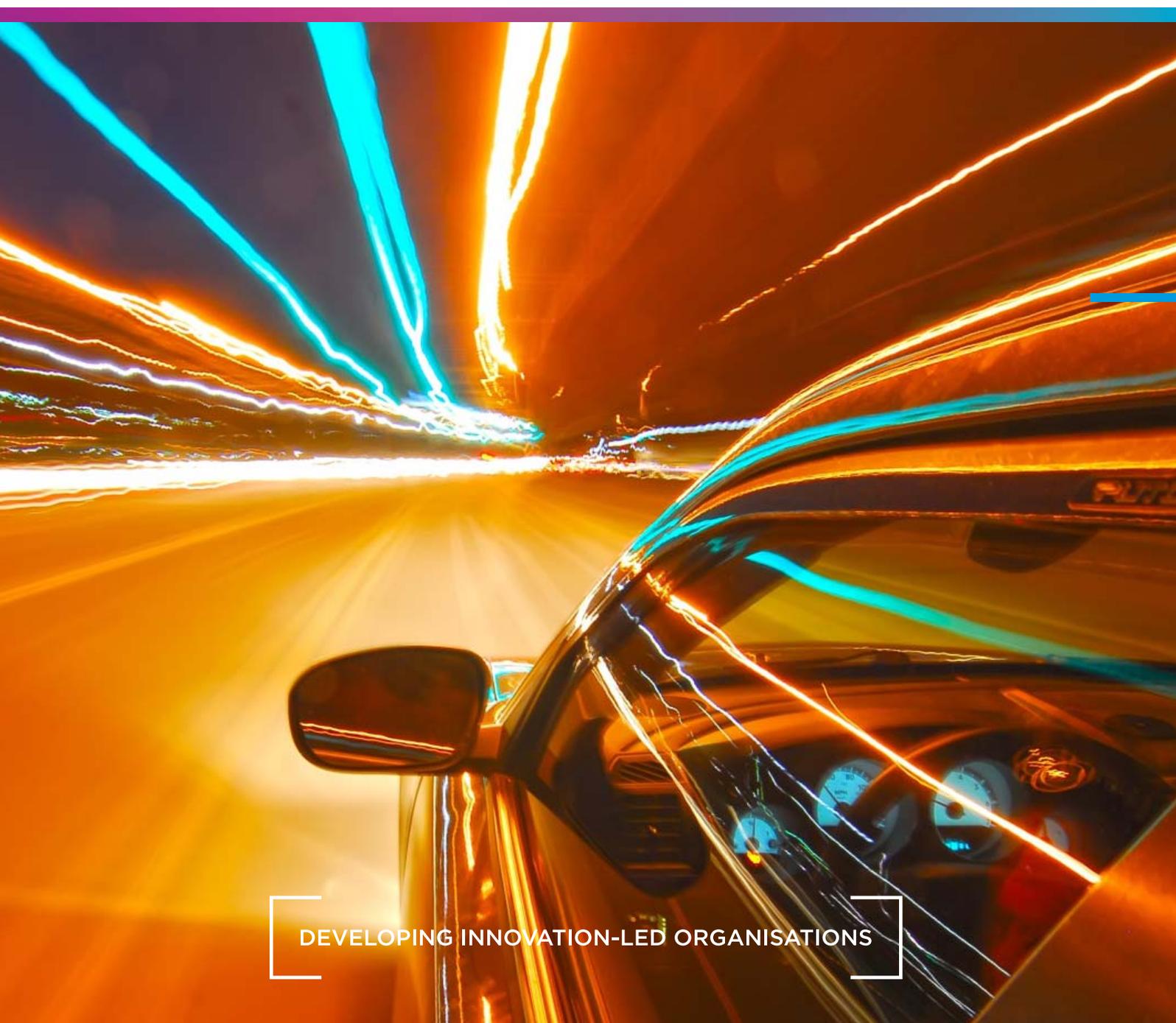


Succeeding in the future means...

DRIVING INNOVATION-LED GROWTH



DEVELOPING INNOVATION-LED ORGANISATIONS

Introduction

“If the Australian economy is to continue growing and living standards are to continue to rise, we must embrace innovation as a national imperative.”

“Future challenges for China include the transition of investment-led growth to innovation-led growth.”

“We need to make swift progress towards realising South Africa’s economic potential in an inclusive and sustainable manner. Innovation-led growth is essential to realising this objective.”

Just three headlines from across the world in the month leading up to the writing of this white paper; but in truth we could have selected so many more. Some, which we left out, such as an initiative by Cardiff University to boost growth in Wales via innovation or the Asian Development Bank’s white paper on the knowledge economy, are more slanted towards the invention/product side of innovation but make no mistake, innovation-led growth is a strategic imperative which is why it’s such a hot topic at the moment.

Witness the recent G20 meeting in Australia, at which delegates announced some 1,000 initiatives, which have been identified as having the potential to boost global growth by 1.8%. Witness too, the UK’s own Growth and Innovation fund, which is supporting employer-led projects to boost growth through innovation.

It was in 2010 that Angel Gurría, OECD Secretary-General said that...

“Innovation-led growth can also provide the manoeuvrability that will make it easier for governments to address pressing social and global challenges, therefore being critical for facilitating the transition to greener economies.”

Since then the imperative has moved on, the world has navigated through a global financial crisis and the drive is now on to boost growth across the board through innovation. Wherever you look, from international organisations such as the G20, the OECD and the EU to individual countries and on down into business there is recognition that innovation-led growth is the only way forward. Most of the recent innovation surveys also seem to support this with 70-76% of CEOs ranking innovation as a top three priority and depending on which survey you read, anywhere from 18-40% putting it at the top of the list.

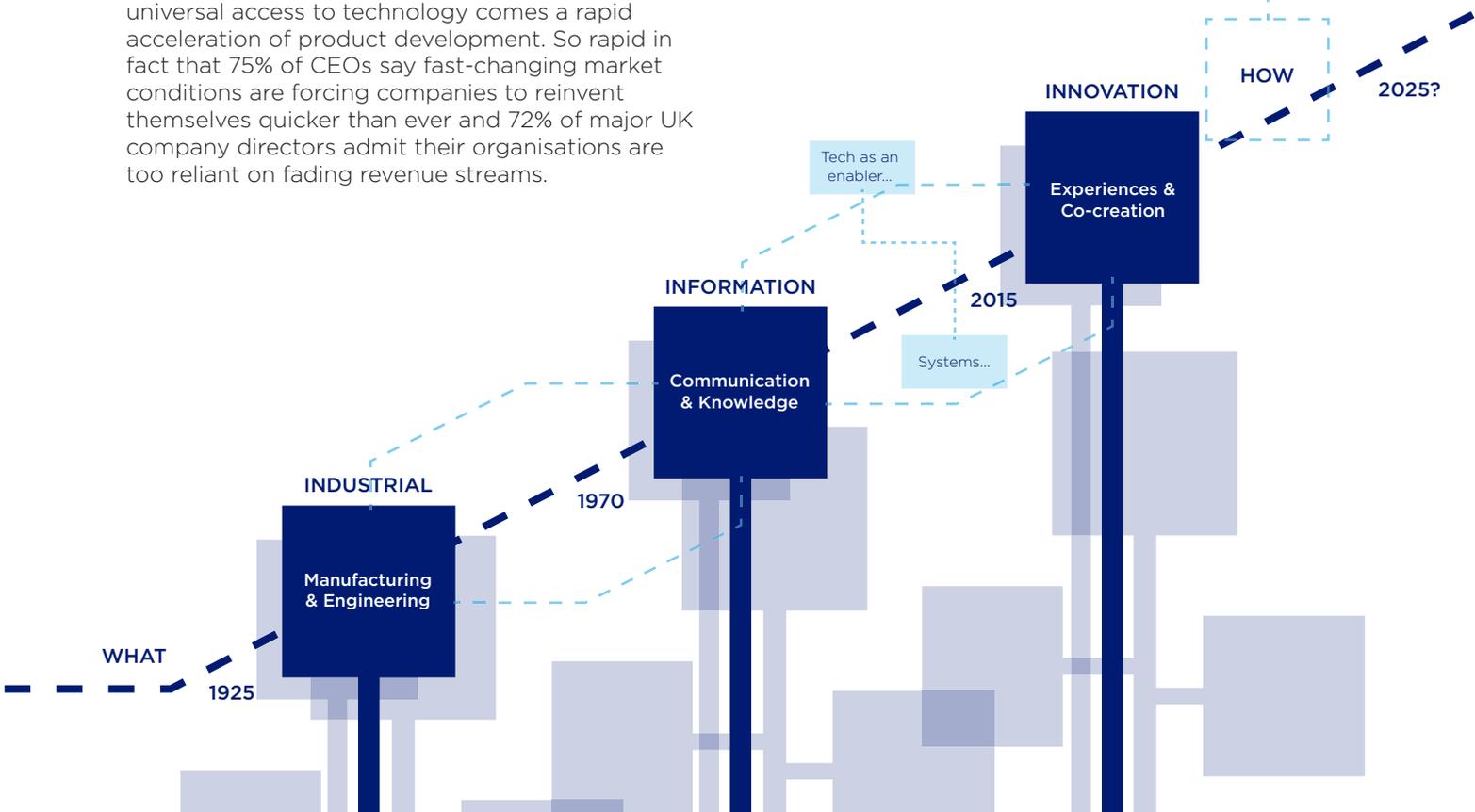
Why innovation-led growth?

Why innovation-led growth? Quite simply because the world has moved on from the days in which a new invention, a fresh product, a slick advertising campaign or a new marketplace could deliver enough growth to keep an organisation's customers and shareholders happy. The advent of the global-digital age has levelled the playing field to a dramatic extent. The idea that certain products or services were the sole preserve of 'the big players' with smaller entities left to pick up the crumbs has vanished. A sole trader can now advertise on-line and take part in social media interactions as easily as a larger organisation. Technology can now be accessed by anyone and young entrepreneurs with nothing more than a latte and a laptop are seeing and acting on market opportunities on an international scale.

This levelling of playing fields is now challenging and even disrupting larger, more established organisations in ways which they would never have expected a handful of years ago. To meet these challenges, organisations now have to reinvent themselves, to meet the entrepreneurs on level terms and to match them in the flexibility and adaptability stakes.

This leads us on to reason number two. With universal access to technology comes a rapid acceleration of product development. So rapid in fact that 75% of CEOs say fast-changing market conditions are forcing companies to reinvent themselves quicker than ever and 72% of major UK company directors admit their organisations are too reliant on fading revenue streams.

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Why innovation-led growth?

In the world we now operate in, organisations simply can't afford to sit around for years while their out-dated product development process churns through meetings and discussions, development, refining and testing. And yet 68% of UK Corporates take just as long to innovate and get solutions to market as they did five years ago. While they are debating and tinkering, the world moves on at an ever-increasing pace and that means that the product which is launched today is already well on its way to obsolescence tomorrow.

Even if organisations could overcome these first two challenges by working faster or throwing money at the problem there is a third dimension which has entered the business lexicon and that is the customer. Once seen as a passive acceptor of goods and services, customers have woken up and are demanding more. They want to have a sense of ownership in the product, to be involved in its creation and to put their own stamp on it. And this means so much more than simply going on line and personalising a t-shirt with a name or choosing a colour combination for a sports shoe.

Co-creation means dialogue, it means influencing the ethics and behaviours of the organisation and it means products being designed with a true understanding of the end user and the only way to do that is co-creating and co-innovating 'with' the end user.

“Competitive advantage now means building a ‘better than everyone else’s’ innovation capability.”

Level playing fields, rapid development, customer inclusion; the business model of yesteryear is simply not flexible and robust enough to match up to today's rapidly evolving web based dimension. If organisations want to drive growth and to stay ahead of the game then building a 'better than everyone else's' innovation capability is the only sustainable solution.



Adapting to an innovation culture

Let's start by laying our cards on the table. Building a culture of innovation, one in which innovation capability and willingness to contribute is organisation-wide, is not rocket science but it does require significant commitment, hard work, time, and most importantly, high-level drive.

The journey from where the vast majority of organisations are today to an innovation maturity level commensurate with succeeding in today's fast-paced world means without doubt: change for all, significant change for many and complete re-invention for some.

Changing culture in pursuit of innovation is no easy task as for many organisations it challenges the very fabric on which they operate and survive. It challenges their history and 'the way things are done around here' and most of all the need to change processes, systems and structures is secondary to the requirement for people to change. Yes, silos, politics, hierarchy, communication, processes, systems and structures all have to change completely, to be modified or tweaked but the main barrier is people, attitude, mindset and behaviour.

Isolationist, my job only, silos have to give way to creativity, collaboration and teamwork. Being chained to your desk with your head down to the task needs to be replaced with creating the space for interaction.

The 'water cooler' moment may be a cliché but it has a vital role to play in drawing together employees from varied disciplines in a shared drive to solve problems and co-create differentiated and innovative solutions and exceptional customer experiences. Transforming an organisational culture into one of openness and innovation won't happen overnight. And it certainly won't come about unless considerable thought is put into designing the new culture, developing innovation leaders and removing innovation barriers; making it easy for people to collaborate and contribute.

Will the change be easy? Not in many organisations and certainly not in the 66% of major UK organisations whose leaders claim their current structure makes it difficult to share knowledge and understanding. But no-change simply is not an option. The organisation, which tries to live in its own little status quo bubble, is the organisation, which simply won't be around for much longer. Facebook didn't exist 10 years ago, the iPhone disrupted the mobile phone market within two years of launching and yet global icons such as Blockbuster and Kodak are no more!



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

Thinking beyond innovation

Innovation is not simply thinking of new products or creating a new colour for a soup bowl. The game has changed and the true winners, the 'innovation leaders' will be those that master strategic innovation in order to create inspiring innovation cultures, game changing business models and deliver amazing customer and consumer experiences.

But, success requires the creation of a framework which supports sustainable innovation capability. It's a framework I've called 'Building a Next Generation Organisation' and it requires an increased focus on three core things; Intelligence, Collaboration and Adaptability.

The challenge; 68% of directors think their leadership team is better at delivering efficiency than growth and in the banking sector that figure rises to a staggering 83%.

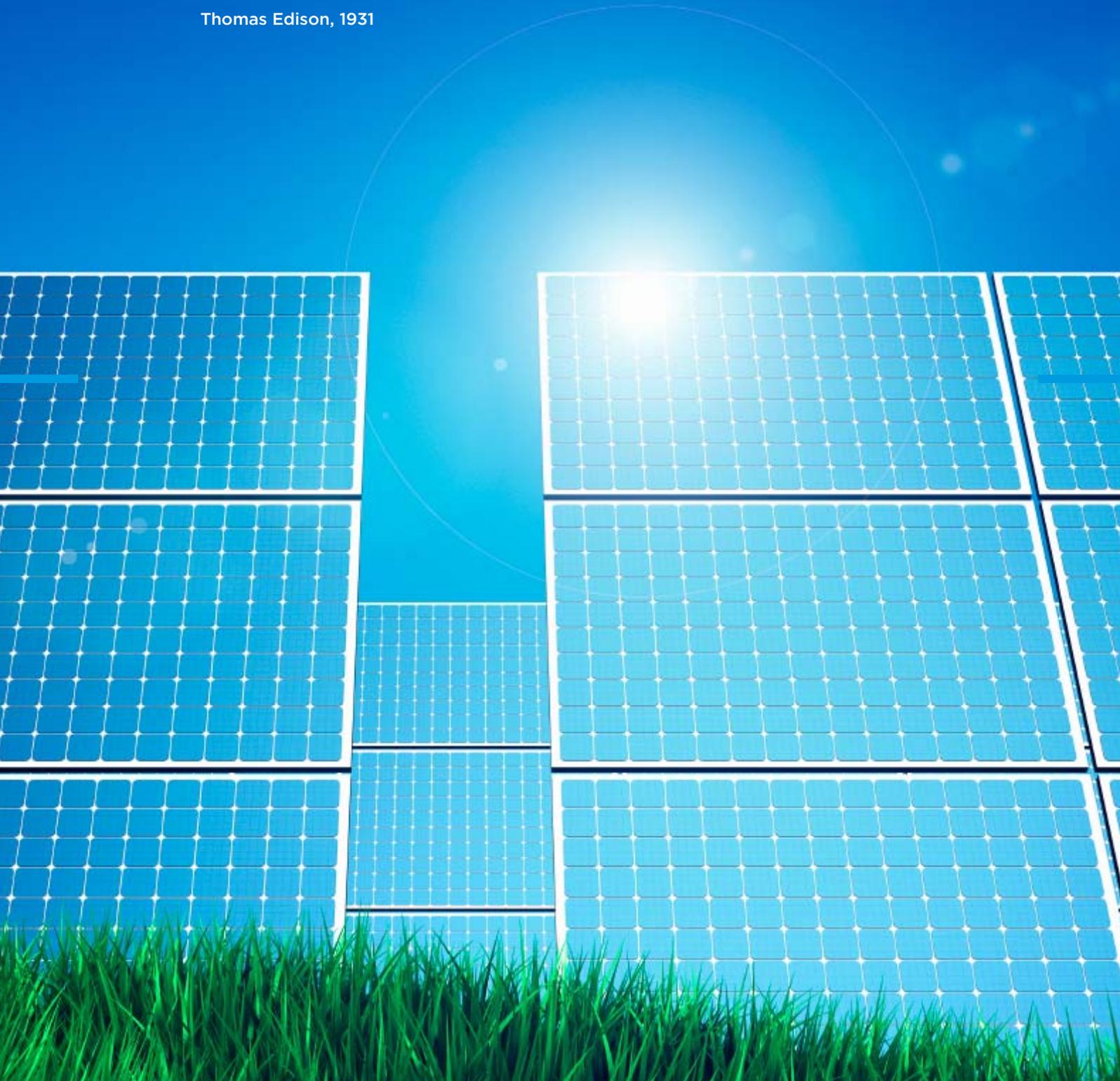
The first challenge for organisations is 'intelligence' and moving away from traditional approaches to data and insight. I touched on this in the 'why innovation-led growth' section. With 'big data' moving up the business buzz-word order it is easy to be lulled into the belief that the more 'stuff' you know about a customer the better you will be able to 'sell' to them. There are two things wrong with that argument. Firstly, facts don't equal understanding and secondly, businesses no longer sell - customers buy.

This means that the intelligence, which is characteristic of a Next Generation Organisation, is far more aligned to understanding and insight, and to new approaches to gathering it from customers, consumers and markets. The driver now is for businesses to know more about the world, influence people, create opportunities, shape markets, change the game and lead the way. But, 60% of major UK business leaders admit their senior teams fail to understand their customers. As a strategic advisor on innovation I'm not surprised. Knowing what brand of coffee a customer buys does not equate to an understanding of when, where and why they drink coffee, and what other drinks they enjoy or how their day shapes their coffee habits for example.



“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

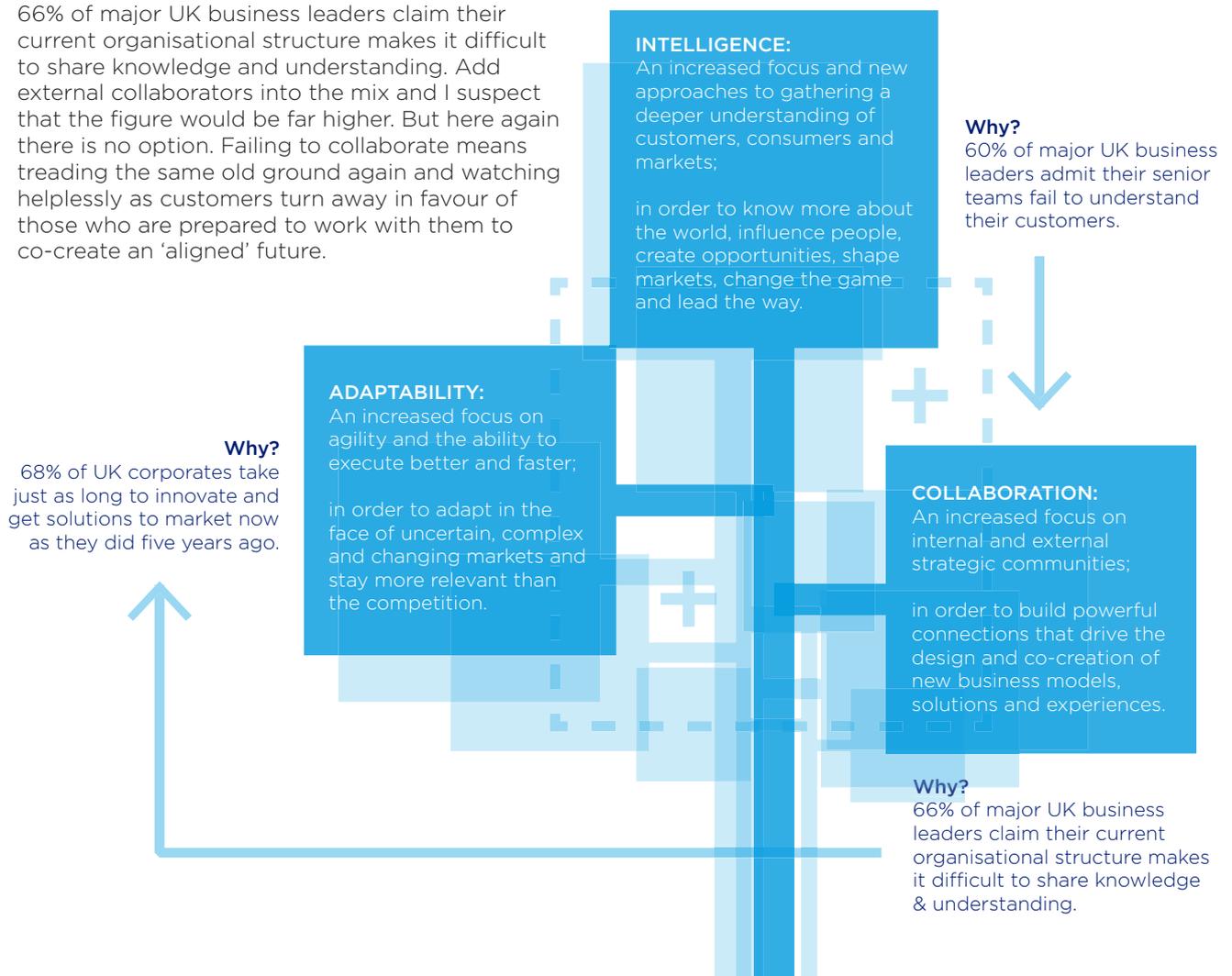


Thinking beyond innovation

This leads us on to the second characteristic of a Next Generation Organisation, that of Collaboration. If you think collaboration is all about two employees sharing a desk and working together on a project, then you need to look again. Collaboration in the innovation sense requires the re-design of cultures, networks, strategic partnerships and increasing co-creation. Next Generation Organisations collaborate across departments, across divisions, across the world. The collaboration web takes in suppliers, freelancers, rival organisations and customers. It delivers an increased focus on internal and external strategic communities and expertise in order to build powerful connections that drive the design and co-creation of new business models, solutions and experiences.

For many organisations a shift in thinking and behaviour away from silo secrets and towards open collaboration is going to take a lot of work. 66% of major UK business leaders claim their current organisational structure makes it difficult to share knowledge and understanding. Add external collaborators into the mix and I suspect that the figure would be far higher. But here again there is no option. Failing to collaborate means treading the same old ground again and watching helplessly as customers turn away in favour of those who are prepared to work with them to co-create an 'aligned' future.

Whilst intelligence and collaboration are good steps in the right direction they are nothing unless the organisation opens up to 'adaptability.' In essence it doesn't matter how much you work with your customers on designing new products if a rival gets there first. 68% of UK Corporates take just as long to innovate and get solutions to market as they did five years ago and this means that organisations, which fail to embrace adaptability, will be left floundering in the wake of more agile competitors and business models. 'Adaptability' focuses on speeding up the commercialisation of innovation in order to bring bigger ideas to market faster. It brings an increased focus on agility and the ability to execute better and faster; in order to adapt in the face of uncertain, complex and changing markets and stay more relevant than competitors both old and new.

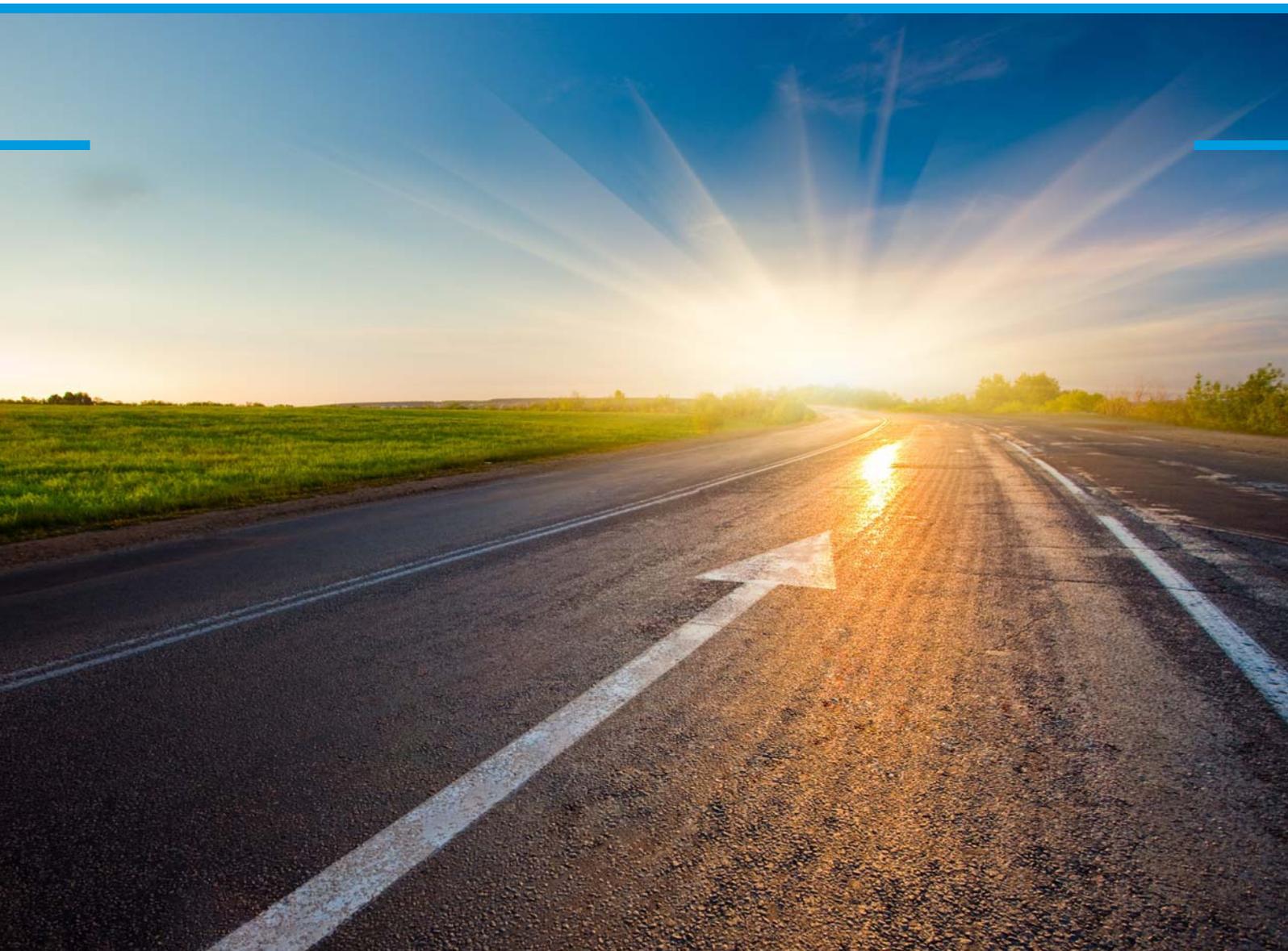


Driving innovation

Intelligence, Collaboration, Adaptability; all of these require something far more than facts and rulebooks. But so too do today's successful organisations. International business leaders, can quote all the statistics they like but the reality is that the 'connect bracket A to bolt B' style of business has gone for good and unless organisations step up to change their culture, they will soon be on their way too.

Yes a culture of innovation does still require a high level of strategy, it's not completely chaotic, but collaboration, and flatter structures, intelligence and adaptability make the business landscape far more freewheeling than before.

As a strategic advisor on innovation I've helped many CEOs and senior teams to successfully pursue innovation and in the process have developed a deep understanding of the importance of planning organisational and cultural change around innovation in a structured way. Time and time again I've seen organisations fail to succeed, simply because they have rushed in to the process without laying out the groundwork first. So here are a few hints to help you to transform your culture into one, which can sustainably drive innovation-led growth.



A pragmatic approach

If you are going to infuse the entire organisation with the innovation message then you need to start by defining innovation and culture. This enables senior teams to align and agree on the 'shared' attitudes, values, goals, practices and behaviours required to drive the innovation agenda and shape the future.

My definition of innovation:
"The process of implementing something new or different in order to solve a problem, add value to the customer and drive growth for the creator."

My definition of culture:
"The combination of leadership style, values, behaviours and attitudes of an organisation's people together with the views and opinions of its customers, partners and suppliers."

My experience has helped in the development of a pragmatic and real-world approach to helping organisations drive innovation and build it into culture.

The 3Es Innovation Methodology™ has been specifically developed as a staged process to allow organisations to build capability and change in a pragmatic, structured and sustainable way, making innovation simply part of 'how' you do things.

A pragmatic approach to CREATING INNOVATIVE ORGANISATIONS

The 3Es Innovation Methodology™



ESTABLISH

...a future-focused innovation-led strategy; defining how innovation will drive your organisation forward, deliver growth and shape the future.



ENABLE

...CEOs and senior teams to become innovation leaders; able to translate the future vision and innovation strategy into action and behaviour.



EMBED

...innovation into organisational culture; so that game-changing innovation capability simply becomes part of 'how' you do things.

A pragmatic approach

The innovation framework has been specifically designed to tackle the right problems at the right time and to enable organisations to move onto the next stage in a pragmatic, structured and sustainable way.

Whilst all my programmes are client specific here's an example of some of the more common attributes I work through.



Establish...

- Why/case for innovation and required change
- Define strategic drivers and innovation mix
- Agree top team agenda and innovation priority
- Clarity on innovation deliverables and KPIs
- Development of innovation strategy
- Design of unique innovation processes
- Innovation culture gap assessment



Enable...

- Top team innovation assessment
- Facilitate top team ownership and alignment
- Innovation leadership development programme
- Design of innovation leadership framework
- Formation of innovation leadership group
- Appointment of innovation champions
- Management team innovation roadmap



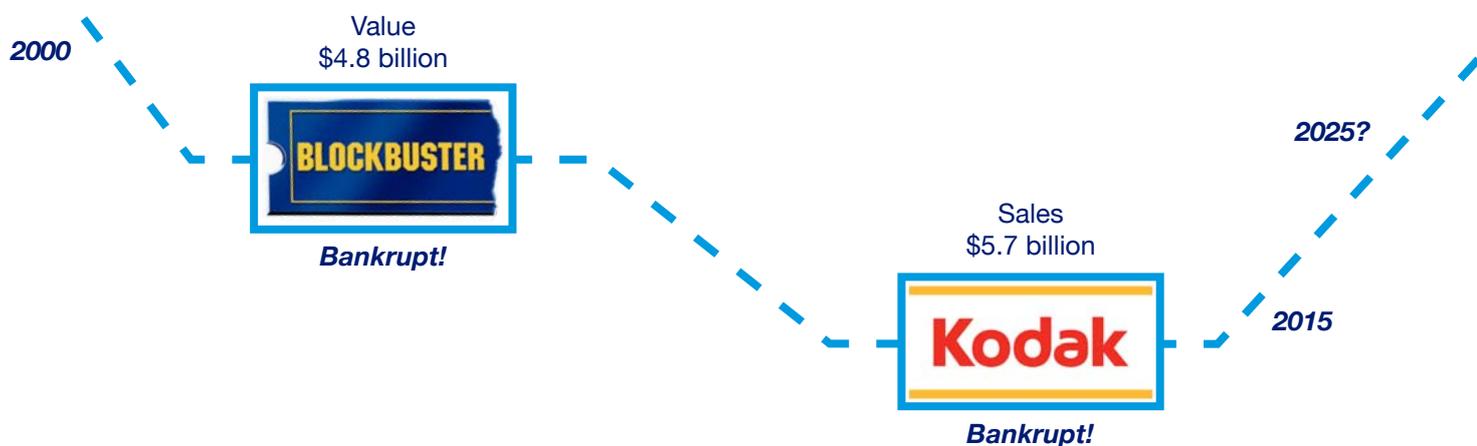
Embed...

- Design new innovation values and behaviours
- Create team based innovation framework
- Identification of key innovation enablers
- Identification of main innovation barriers
- Adapt processes and procedures for innovation
- Employee innovation development programme
- Employee engagement for innovation

And finally...

The recession saw some organisations which seemingly were rock-solid institutions being swept away in the tide of change. Further failures will occur unless organisations step up to meet the innovation growth challenge. The quotes at the beginning of this white paper illustrate the importance which national leaders place on innovation to drive growth and recovery.

The 1000 ideas put to the G20 meeting are designed to achieve a 1.8% boost in global growth but they want more. Climate change, pandemics, conflict; all are potential threats, which could severely dent the speed of the global growth model. The politicians can only go so far and in the end it is up to leading-edge businesses to step up and to change the world through innovation.



About the author...

Cris Beswick

**Strategic Advisor on Innovation,
Bestselling Author & Keynote Speaker.**

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

He is now a strategic advisor on innovation, recognised globally as a thought leader on innovation strategy, leadership and culture and has helped some of the world's most ambitious CEOs, visionary leaders, Fortune 500 companies and Governments solve their most complex innovation challenges, develop game-changing innovation capability and build a culture of innovation.

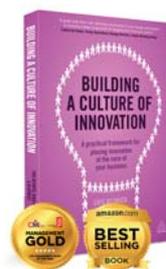
Based in London but working internationally Cris is a Visiting Fellow and Professor at several of the world's leading Business Schools and a regular keynote speaker at global innovation and intrapreneurship conferences.

Cris is also the author of two books on innovation, 'The Road to Innovation' and 'Building a Culture of Innovation', an amazon bestseller and voted one of the CMI's top books on innovation in 2017.

He is also the co-founder of innovation thought leadership website 'The Future Shapers', which brings together a global network of innovation experts, thinkers and practitioners to provide world-class perspectives on the challenges of driving innovation in a VUCA world.



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Sources:
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