

## Business Innovation | Business Strategy

### Establishing a Transformative Culture of Innovation

In a business climate where risk and opportunity occupy two sides of the same precarious economic coin, innovation has become valuable corporate currency. And yet, despite evidence that boosting innovation can positively impact productivity, efficiency and profitability, it's a commodity that's still in surprisingly short supply.

Diane Nowell



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The findings of a 2020 McKinsey report brought this pressing innovation crisis into sharp focus. Researchers found that while 90 per cent of executives believed that their organisations would experience significant changes over the next few years, only a fifth admitted they had the expertise, commitment and resources to step up to the challenge – let alone to capitalise on the growth opportunities it represents.

It's clear that embarking on tentative transformation projects – tweaking day-to-day tasks or re-organising operational details – won't be nearly enough for businesses to keep pace with developments.

Instead, leadership teams must find a way to integrate innovation into the broader corporate culture by examining accepted business philosophies – questioning their 'why' as well as their 'how'.

That said, even when companies prioritise innovation, there's often a yawning gap between aspiration and reality. How can leaders most effectively support creativity, building the structures, tools and processes to enable their organisations – and people – to adapt and thrive in ambiguity?

### **Mind the gap**

In practice, developing the kind of innovation culture that drives economic growth often means that companies have to transition from traditional operational models, focusing instead on extending the competencies and capabilities needed to more effectively respond to new opportunities.

Geoff Hudson-Searle is an author and business advisor for growth-phase tech companies.

'Research shows that the overwhelming majority of world leaders are still pursuing a conservative – or 'Horizon 1' – strategy. It's crucial to see beyond this short-termism to find the opportunities in digital disruption, the economy, and geopolitical uncertainties.'

Nevertheless, attempts to drive disruptive innovation against a backdrop of VUCA (volatility, uncertainty, complexity, and ambiguity) can feel counterintuitive, especially when businesses are struggling to keep their heads above water.

It's a mindset Jessica Nordlander, COO of engagement and survey platform Thoughtexchange dubs 'efficiency bias'.

'It means that people gravitate towards digging in where they currently are. In order to be more explorative, you need a little slack in your systems; the challenge is that from an efficiency perspective, that slack simply looks like waste and is due to get eliminated. Becoming dynamically ambidextrous here is a key concept for leaders to address.'

Crucially, the willingness to consider failure as a necessary component of innovation-led growth and development could be key to long-term success, according to digital transformation expert at Centigo and author of Digital Made Simple, David Galea.

'In my experience, most companies approach innovation from the wrong perspective because they mistakenly believe that an innovation culture stems from a relentless drive and commitment to win.

'Whereas, in reality, the driving force of innovation is establishing a culture that embraces failure – flipping the narrative to create a positive learning experience that demonstrates how things may be changed to promote success.'

### **Embedding innovation into company culture**

In fact, supporting people to experiment as they explore new solutions helps to establish an innovation mindset that's rooted in a more inclusive company culture.

Robert Ordever is European MD of workplace culture specialist O.C. Tanner.

‘To truly embed innovation, organisations must ensure its culture and leadership style is full of humility, collaboration and empowerment, where trying new things is always encouraged even if it doesn’t work out, and employees are frequently recognised and rewarded for innovating and demonstrating creative thinking, even when the results don’t follow.’

Understanding what makes innovation possible will help everyone embrace the creative process as part of the wider company culture – a strategy favoured by Susie Lee, SVP of Global Business Transformation at learning experience platform Degreed.

‘Everyone should be on board and motivated to innovate. Setting clear frameworks to guide innovation and managing the initiatives underway will ensure innovation happens for the benefit of the business and doesn’t become a distraction.

‘Building the kind of entrepreneurial skills in your employees that enable them to find new products and efficiencies creates a culture of ‘intra-preneurs’ whose skills include creativity, problem solving, commercial and market knowledge, sales, leadership, emotional intelligence, strategic thinking, and adaptability.’

### **Nurturing collaboration**

Creating fresh opportunities for innovation also encourages the kind of cross-departmental collaboration that unites disparate departments in a single, cohesive unit with the shared aim of accelerating progress.

Geoff Hudson-Searle: ‘Taking a more holistic approach means considering the impact that every change is going to have on the entire organisation, and not just specific functions or departments. Each employee will understand, and be focused on, how their work contributes to the company’s broader objectives.

‘The goal? A business transformation that is embedded at the heart of an organisation, aligned with its purpose, and embraced equally by every single employee – not just forced on members by the managers.’

However, leaders should also ensure that staff not only have the freedom and support to innovate but also the space in which to share and refine ideas.

Artemis Doupa is CEO & Founder at [maake.com](https://maake.com) and [maakeAcademy](https://maakeAcademy.com).

‘As a leader, you need to give your staff the freedom to think laterally about innovation, about problems and opportunities – both small wins and huge leaps – as well as the forum and environment for them to share and actualise their thoughts. The vision might come from the top, but the likelihood is that your team will be the ones who do the innovating and enact the change.

‘It’s crucial to foster a collaborative and diverse work environment. By bringing together people with different skills, backgrounds, and perspectives, we can generate unique ideas and solutions.’

## **Leading innovation**

It's an approach that can't be undertaken without practising openness and a willingness to look for inspiration in fresh places.

Adam Kingl is an authority on the future of work and author of *Sparkling Success – Why Every Leader Needs to Develop a Creative Mindset*.

'Naturally, leaders have a key role to play in promoting and supporting innovation; no business can hope for change unless its leaders are willing to embrace the challenge, too.'

'But I believe that leaders should be actively seeking inspiration from their peers in more creative sectors – people who are doing things differently and successfully in arts organisations, for example – and modelling the micro habits that will help to build a company-wide culture of innovation.'

Disruptive innovation is only possible, though, when an organisation adopts an innovation mindset – something that starts with effective leadership development based on a culture of continuous learning.

Anne Mieke Eggenkamp and Fennemiek Gommer are partners in Caracta, a specialist consultancy designed to help leaders optimise creativity.

'The good news is that creativity is a muscle that can be trained. A very effective exercise for future talents for example is to work on 'what if?' questions: what if our current business didn't exist anymore, what would our future then look like? What if we look back on our business 10 years from now, what would make us proud?'

'We encourage people to design the future of their business as if they had to start it today, keeping the purpose of the company in place. It will also show you whether your purpose enables innovation or not, if not, it's time to redefine it!'

## **A promising future**

Prioritising creativity has plenty short-term pay offs – not least the opportunity to gain a competitive advantage by attracting and retaining the best talent.

Ultimately, though, it's the long-term benefits of innovation culture that potentially hold the biggest rewards: the prospect of building an organisation with the scope, agility and distributed strength to meet the most complex challenges with world-class innovation.

Artemis Doupa: 'Encouraging curiosity within an organisation allows everyone to think bigger and think smarter. Having the curiosity to say, 'what can we do differently?' and then going out to study the

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