space

Human DNA in Innovation

report. 2016

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Human genetics can now be improved and transformed — can this concept be applied within companies in their drive for better innovation?

Intro

SPACE Consulting Europe is a strategic alliance of leading European management consulting firms. We help organisations work more effectively to deliver their strategy by improving their behavioural, cultural, structural and economic dimensions. SPACE operates in seven offices across Europe, with more than 200 consultants, for both public and private organisations.

We regularly publish research reports and insights on business issues that we, together with our clients, feel are crucial to success. This year's report reflects the views of CEOs, HR or Innovation directors and top managers across Europe, covering 10 countries, combined with our own consulting and business experience. We conducted 40 face-to-face interviews with our clients and business partners. In addition, we ran an online survey (114 respondents) that supported our understanding of the topic, which is reflected in our work.

We would like to thank all our clients and partners for providing their valuable insights, and for sharing their successes and challenges in innovating their business.

We hope you enjoy the read.

Preface

// **DNA** is the blueprint of our lives. Until recently scientists believed that human DNA is locked and unchangeable, for the good and bad. Now evidence proves that scientists can actually intervene and change our DNA for the better.

DNA = deoxyribonucleic acid, a self-replicating material present in nearly all living organisms and carrier of genetic information.

In this report, we question whether the same can be done with the DNA of an organisation. Is it possible to transform and evolve organisational DNA – following the **Meme Theory**, which suggests that cultural ideas, behaviours or approaches can be transmitted from person to person over time?

Dawkins, Richard "The Selfish Gene" (1989).

Transforming the organisational DNA

It's common knowledge that the 'genetic backbone' of most enterprises is rather rigid and can be extremely difficult to change, despite numerous attempts. Many have direct experience in trying to do so, even over prolonged periods of time. Often the results are short term or unsatisfactory. But what if we could tackle organisational DNA, similar to that of a human body, by remodelling or re-engineering some of the more relevant parts? Like the human body, we believe that the genes of organisational DNA need a supportive environment to thrive. In this report, we explore how organisational DNA can be transformed, and the type of environment they need to achieve successful innovation.

Customers and competitors are the main drivers for innovation

For years, most Western companies have been emphasising the crucial importance of innovation, not just in products and services, but across the whole organisation. Our research reveals that every second organisation is actively seek-

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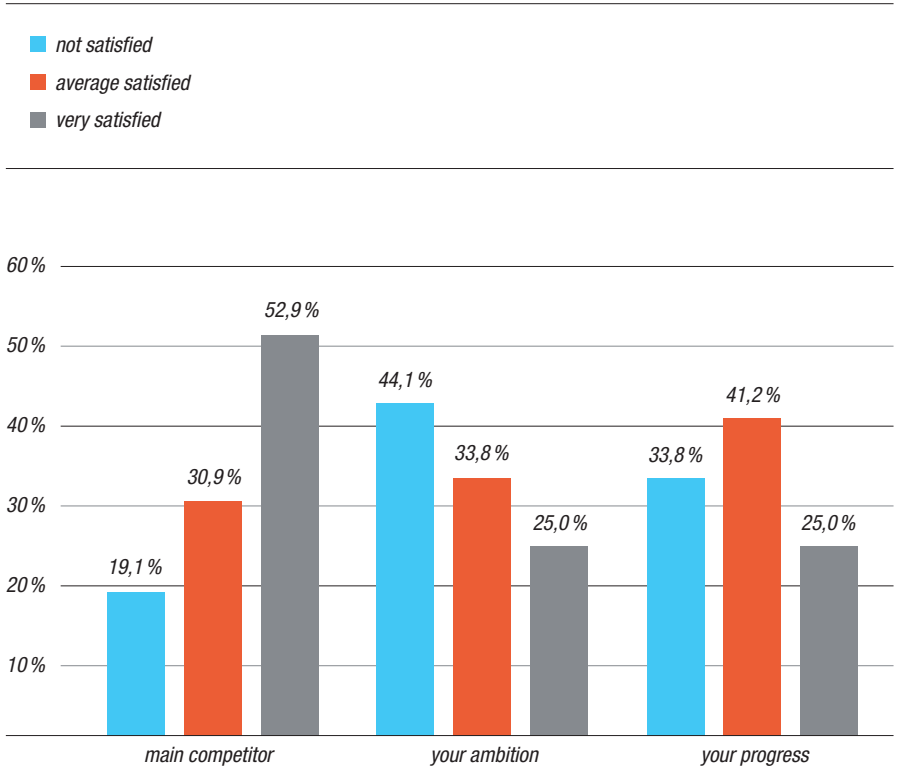
ing to increase innovation or planning to do so. Triggered by continuous crises and constant exposure to new, and even disruptive technologies, the pressure on firms in traditional markets, and their long-lived business models, is increasing to successfully transform and safeguard their future. According to the CEOs and directors that took part in our survey, 'customer expectations' and 'competitor's pace of change' are the most important factors to increase innovation performance.

That said, although companies appear to be satisfied with their innovation levels compared to that of competitors, they are not reaching their own ideal levels of ambition, as the chart opposite reveals.

In order to become more innovative, organisations need to open up and reconsider their traditional ways of doing business, to allow new and diverse ideas to emerge. In other words, companies need to work on their organisational DNA; firstly, understand it better, and if necessary, remodel and improve it to become more innovative. We believe, there's no one specific formula, therefore we offer concrete suggestions on how to start your organisation's evolutionary journey, in order to avoid the need for radical revolution later on.

Chart 1
// Satisfaction with own innovation level compared to…



Source: Space 2015/16 Online Survey (n=114)

"How to achieve high ambitions around innovation performance."

In this report, we focus on the critical human factors, which help to transform the innovative nature of the business world:

// How can organisations successfully innovate by **assessing** and working on their genetic and cultural backbone?
// How do they manage to transform their company's DNA to create a thriving environment? How can this DNA be modified for solid and sustainable, yet improved performance?
// How and why can leaders and managers boost or block even the best innovation genes within an organisation?

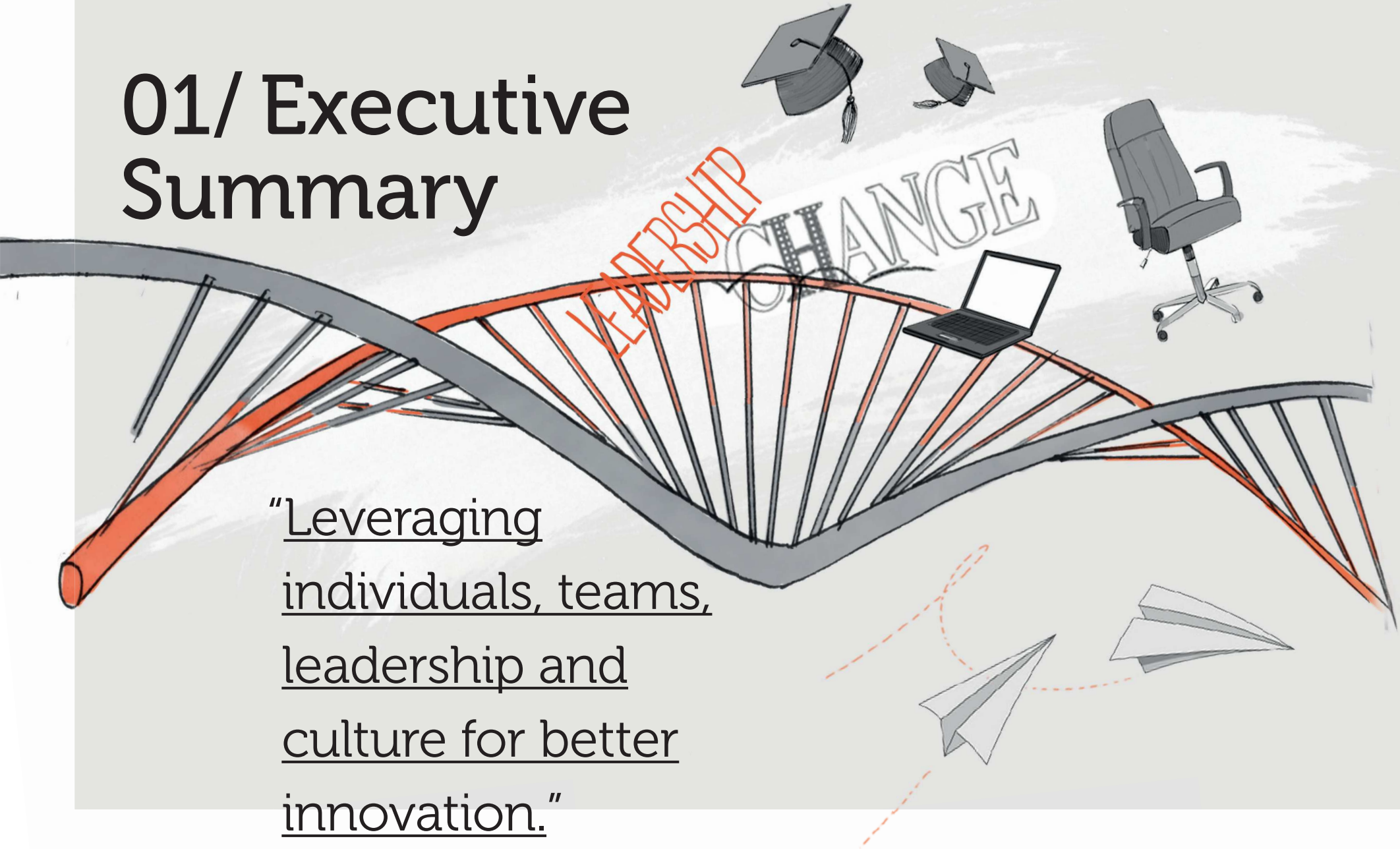
See the "Innovation Check-Up" in Chapter 7

Human DNA in innovation is about 'people'; where individuals in teams are at the heart of innovation, and leaders enable and support innovation performance for sustainable success. It's the organisation's leadership and employees that ultimately contribute to, and form, the 'organisational backbone' and culture over time.

The purpose of this report is not to add another tool or process that promises that much needed innovation within your organisation. There are plenty of good ones out there already, although not all of them are thoroughly applied yet.

However, having consulted and discussed this topic with many European organisations, we found a missing link, that of the human factor (genetic or memetic, if you like) in this toolbox that will help to transform your organisation's innovation performance. We also highlight some successful transformation processes, which you will hopefully find interesting and useful in your search for better and sustainable innovation.

01/ Executive Summary



"Leveraging individuals, teams, leadership and culture for better innovation."

// Scientists recently confirmed that human DNA is actually modifiable – it can be repaired, changed and transformed when needed to ensure that specific genes and properties in our body are being activated.

Organisations in today's market conditions have to find innovative ways to adapt, evolve or differentiate in order to survive, the same way as a human cell does – metaphorically speaking. So, can we boost the innovation capabilities of an organisation?

Teams – at the heart of innovation

Our research reveals that teams and their individual members are at the heart of innovation. Organisations can influence their innovation performance through creating effective innovation teams, and animating and sustaining them over time, or when required. Organisations that seek to become more innovative, tend to focus on three core capabilities:

// Balancing individuals and teams – Individual competencies, expertise and creativity form the core part of organisational DNA. In fact, it's their collective intelligence that makes innovation possible. So, identifying the right profiles, recruiting the best talent, ensuring diversity and allowing a certain level of agility/flexibility will encourage more innovation.

// Stimulating team environments – As with human genes, successful innovation depends on having the right, supportive external conditions, such as physical/virtual spaces and time allocation, to encourage and stimulate new ideas.

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// Promoting innovation architects – This newly emerging role is helping employees and organisations to become more innovative. Innovation architects are fast becoming the norm in organisations, where they act much in the same way as 'molecule scissors' used in genetic change – helping to modify and enhance organisational DNA for better innovation.

// Dealing with the hierarchical structure – Traditional, complex and less flexible hierarchical structures may hinder innovative practice. Top management proximity and receptivity to innovation teams are instead crucial for the team's motivation and success. New ways of overseeing and facilitation are therefore required.

Leadership – innovation maker or breaker?

Leaders play an important role in re-shaping the innovation 'DNA' of an organisation by envisioning, energising and enabling new ideas. Our research suggests that they are the catalysts of innovation – without them, nothing would happen. We identified six factors that leaders need to influence to encourage innovation:

// Driving ideas – The charismatic leader acts as an idea generator or catalyst, removing any 'blocks' to innovation.

// Setting a new managerial mindset – Sponsoring, steering and motivating innovation teams. It is a balancing act between control, support and empowerment.

// Coaching and collaboration – Coaching senior managers in supporting innovative behaviour and thinking as part of a collaborative leadership approach.

// Embracing the concept of risk – It can be challenging to find the right level of risk, whilst pursuing (unpredictable) innovative efforts.

// Tolerating failure – Slowly, leaders are not only becoming 'failure-tolerant', but actually encouraging failure with the purpose of learning from it and improving.

Culture – the innovation enabler

The organisational culture is the central piece to encouraging or blocking innovation, and a vital enabler for employees to embrace innovation. Based on the experiences gathered in this research, culture offers a fascinating paradox; it is often cited as a barrier to innovation, yet it holds the key to opening the way forward. On the one hand people cling to it and resist change, but on the other hand, culture is, in its genesis, about adapting successfully to the environment.

Our report highlights five factors that are recurrent in the various cultural change initiatives:

// Innovation cannot be ordained – Cultural change towards more innovation requires concrete and honest interventions by top management. Just paying lip service is not sufficient to bring about change, nor is it convincing to employees.

// Innovation requires visibility – Dedicated physical (or virtual) spaces and communication networks will encourage innovation and act as enablers in installing a culture of innovation.

"Initiating a 'grass roots movement' to involve more employees and reinforce the new direction."

// Innovation change starts with a top-down impulse – Often cultural innovation change will only come about when initially ignited by top management who will continue to have a critical influence on subsequent cultural redesign.
// Innovation belongs to everyone – A successful innovation culture change process is often based on getting teams involved in the definition of the new culture.
// Innovation needs a holistic approach – Innovation should touch all functions, processes and teams throughout the company.

In short, culture paradoxically seems to be the solution to the very problem it often creates. It's not just about heritage and history, but also about vital current day survival and growth. A number of companies show how it's possible to go beyond culture as a concept, by transforming and linking it directly to market dynamics.

How to transform successfully into an innovative business

Innovation, therefore, can be achieved through having the right teams, leadership and culture. However, despite a very clear need for a new business model or enhanced product/service, organisations often tend to cling on to 'old and formerly successful' habits – both in processes and culture. So, why is it that some companies successfully manage to transform their culture, leaders and teams to become more innovative, and others don't? Our findings reveal that successful companies have the following attributes:

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Top-down and bottom-up

The most successful organisations managed not only to ignite their transformation process – usually by the CEO, they also succeeded in initiating a parallel 'grass roots movement' which involves more employees and reinforces the new direction.

Vision and values that really matter

Another characteristic of companies that successfully become more innovative is that the successful ones tend to make vision and values, especially around innovation tangible and relevant to everyone in the organisation, and their respective market.

Creating change from within

Distant innovation campuses, not embedded within the organisation, often lack the desired success as they tend to be perceived as 'separate' from the rest of the organisation. Instead, integrated innovation team members – current and past – that help to spread the word, give momentum to innovation across the whole organisation and by doing so, manage to engage employees far better than any top-down directive.

New managerial mindset

At the same time, (top) managers need to adapt to a new risk-taking and fail-fast attitude, and learn to make the right decisions. New ideas may threaten the 'status quo', yet they allow the organisation to really leap forward. To achieve this transformation successfully, actively supporting and coaching (top) management is crucial.

"Successful innovation will depend on how relevant your vision and values are."

Conclusions

We believe that we can actually influence organisational DNA to boost innovation, much in the same way that human DNA can be modified.

Tools and diagnostics in a human context

Many organisations focus their current or future efforts on implementing new, efficient innovation tools. We recommend that organisations should become similarly aware of the conditions and environment these tools require to be implemented in. Leveraging and balancing individuals, teams, leadership and culture are therefore a 'must' towards more effective and efficient innovation. At the same time, organisations confirm that they struggle with measuring their innovation performance, often relying on traditional KPIs. Whether there is full truth in the saying: "If you can't measure it, you cannot manage it," or not, we strongly encourage companies to rethink their measurement of innovation culture, capabilities and performance, for a clearer picture on what has been achieved, and to better focus future efforts.

The risk of taking decisions

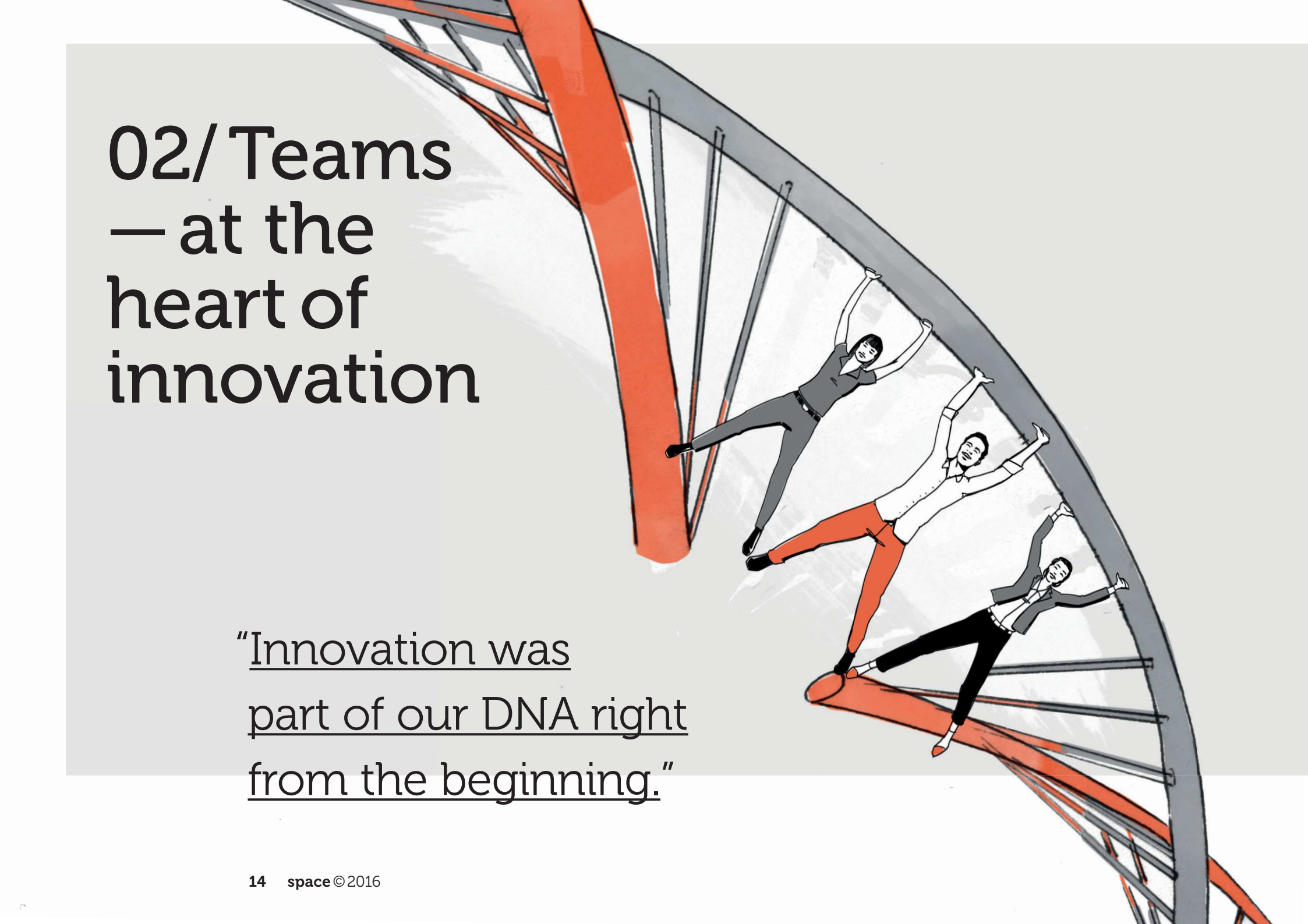
For many organisations, their weak point continues to lie in achieving the right balance of risk taking when it comes to whether or not to go ahead with an innovation project. One way of getting out of this dilemma is to improve the facilitation of the decision-making process in order to make 'collective' decisions faster and better. Team or group intelligence paired with supporting data analysis, instead of relying on the sole decision of the CEO/leader, leads to better and quicker decision making.

Developing an innovation culture

The right company culture is widely recognised as a key enabler for enhancing innovation performance, hence organisations openly try to improve it. They do this by firstly understanding their cultural genetic backbone, which can either hamper or encourage innovation. Furthermore, companies look out for new skills and mindsets for their employees and team members, not focusing on deep sector expertise only. Lastly, a certain agility is required from both sides – the organisation and employees – too, when transitioning individuals into and out of innovation projects.

In short, going back to our analogy, it really is about embracing innovation with a strong people and team focus, creating a supportive environment, and focusing specifically on leadership and culture. This will in turn encourage strong innovation so that your organisational DNA can perform at its best.

02/ Teams — at the heart of innovation



"Innovation was part of our DNA right from the beginning."

"Innovation projects need 'GO DO' and not 'GO TALK' people."

// It's widely accepted that organisations have to find more innovative ways to adapt, evolve or differentiate in order to survive, much in the same way as any form of life does. Using this analogy, we ask, can we boost the innovation of an organisation, in the same way that specific genes can be activated?

In a bid to become more innovative, our research reveals that organisations are focusing on three core capabilities around teams:

// Balancing individuals and teams – Through individual competencies, expertise and creativity, employees are part of the core of the organisational DNA, and innovation is created through collective intelligence and interrelations within teams.

// Stimulating team environment – It is only when genes are placed in an appropriate environment, can they be activated. In the same way, organisations need to provide specific conditions to boost and facilitate innovation.

// Promoting innovation architects – This newly emerging role facilitates and helps people in organisations to become more innovative. Innovation architects act in the same way as 'molecule scissors' used in genetic change, to help modify and enhance organisational DNA for better innovation.

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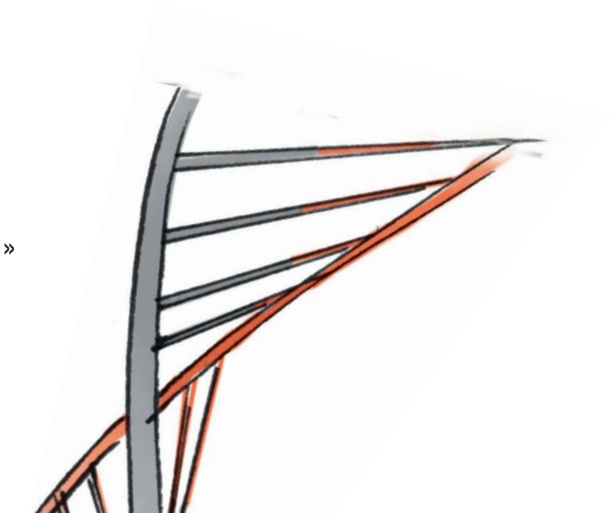

Balancing individuals and teams

While there might be specific processes to make staff more creative or more innovative, the first step for companies is to identify and select people possessing specific traits, skills and values. As the CEO of a Danish pharmaceutical company pointed out: "People selected to join innovation projects must have a unique blend of competencies and interpersonal qualities. They must be able to deal with the unknown, be sensitised to global innovation issues, understand them and generally have a positive mindset."

Individuals as team members should be proactive and constructive, even in the context of uncertainty. Companies now look out for so-called 'Big T' individuals (broad background plus in-depth expertise in one or multiple specific areas). Hence, the practice of profiling team members for innovation projects not only appears to be on the increase, but it is quite distinct from classical project recruitment.

Our research reveals that successful innovative organisations also follow a specific **recruitment approach** typically used by start-up companies, where prospective candidates are seen by top management from various functions/departments over a series of four/five interview rounds. Several directors confirmed that this non-traditional selection process helps them to not only hire the best fit from a cultural and skills perspective, but also to avoid silo thinking and working.

Companies also use specific tools, such as assessment and management software, allowing managers to identify prospective candidates internally with

"A constant fresh flow of blood and stimuli for new ideas is vital for successful innovation."

See also Eric Ries "The Lean Start-Up" (2011)

the required profiles. They also have access to a global talent pool to ensure the best candidate is selected.

However, team selection alone is not sufficient. Innovation teams only succeed when a certain level of collective intelligence has been reached, therefore actions to facilitate cooperation, given the diverse nature of these teams (in terms of competencies and backgrounds) is vital if the team is to gel and work together effectively. As well as team composition, individual motivation must also be considered.

Our research suggests that motivation is driven more by intrinsic factors and management and peer recognition rather than external ones, such as financial compensation or more access to resources (people or budgets), as the chart opposite demonstrates. Other factors often cited include: affinity shared with other team members, willingness to engage in an exciting new project, and the opportunity to learn from projects to develop potential.

Once the new team members have been selected, it's vital to ensure they become efficient. Organisations generally choose between two models:

// Permanent and dedicated individuals with specific abilities/competencies, are carefully recruited to be part of an 'elite' innovation team. Such a team might work in a completely autonomous way, and be responsible for developing new concepts, that are rapidly transformed into new products/services that could be integrated into the company's existing portfolio. This closed organisation might be extremely productive as members are free to explore concepts/processes independently from other departments. On the other hand, from a long-term point of view, innovation capacity can also dry up rapidly as a result of a lack of external ideas.

// Following a matrix model, the idea of innovation spreads throughout the whole organisation by integrating it into all business departments and processes. In this structure, flexible teams are created temporarily for dedicated innovation projects. Hence, innovation 'genes' might be switched 'on' or 'off' depending on the need for innovation. Here, innovation teams seem to be created more by opportunity. These teams then dissolve at the end of the exploration process, or when an innovation project is entering

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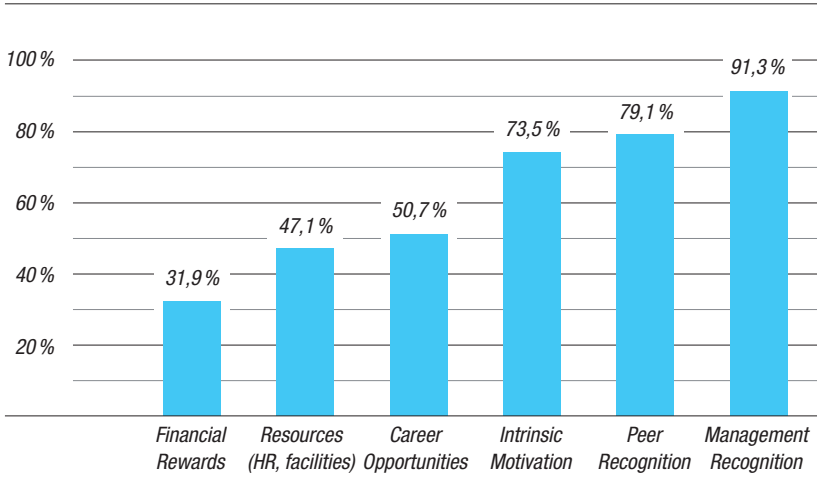
Chart 2

// Rewards and motivational factors to increase innovational behaviour



Source: Space 2015/16 Online Survey (n=114)

a development phase. Therefore, any individual in the company can potentially be called upon to contribute to an innovation project. This model allows for a constant fresh flow of blood and stimuli for new ideas. It also limits the risk of allocating specific resources to innovation with no guarantee of success. The added benefit of this kind of temporary team is the **memetic effect**. In other words, once individuals return to their existing/prior activities, they transmit their experience to others, allowing the 'innovation' culture to continue to easily spread throughout the company.

Memetic is the theory of mental content based on an analogy with Darwinian evolution, originating from Richard Dawkins' 1976 book The Selfish Gene. The meme, analogous to a gene, was conceived as a 'unit of culture' (an idea, belief, pattern of behaviour, etc.) in the minds of one or more individuals, and which can reproduce itself, thereby jumping from mind to mind.

Stimulating team environments

Our findings confirm that successful innovation projects generally require specific attention to the quality of spaces, such as dedicated physical and virtual spaces, and allocated times.

In fact, innovation corners, co-working spaces, and even **Fab Labs** are now being implemented in many companies. Borne out of start-ups and entrepreneurial ecosystems, these areas are generally dedicated to experimentation for innovation teams working on technological or client-orientated innovation projects. Some companies have started to open up those places to anyone in the company as ideation places, to create individual or collective projects. Such stimulating and generally 'visible' environments for innovation, together with specific innovation management tools, are real spaces for exchange and interdisciplinary co-creation.

A Fab Lab is a small-scale workshop, offering a range of tools and materials to borrow to make 'almost anything'.

Virtual spaces are also becoming popular and are helping to create innovative solutions. While collaborative platforms facilitate communication and exchange inside/outside of teams, other web tools, such as crowdfunding or crowd-sourcing platforms, are being used as open innovation facilitators. Internal virtual challenges, as well as serious online games, are also on the increase. Generally, virtual co-creation spaces share five common rules: inspire participation, identify the best ideas (and people), connect people to inspire, co-create and learn from each other, make innovation visible by sharing results, and implement a long-term innovation culture.

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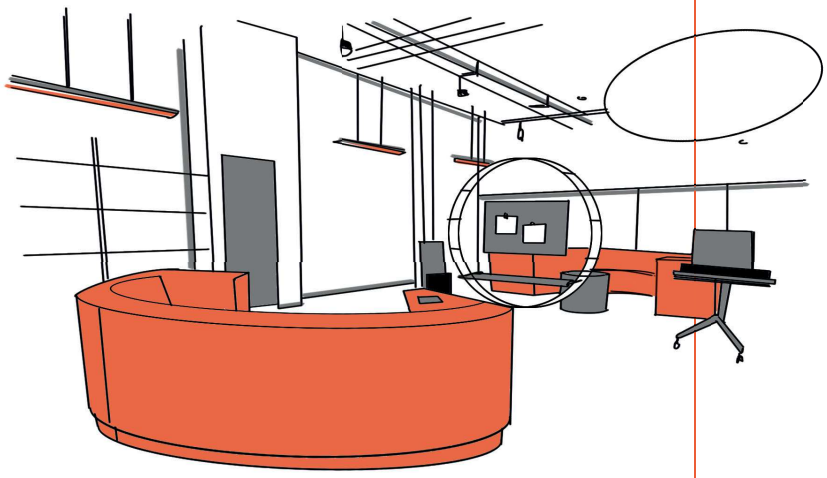
// BEST PRACTICE CASE

A space for innovators



A French energy firm created firm created a physical innovation platform in the Marketing Innovation R&D department of the group back in 2010, as an experiment to favour incremental innovation, essentially based on client needs.

In this space, teams can present, create, conceive prototypes and models, as well as test new technologies during open creativity workshops. This space also provides specifically designed innovation tools. An 'idea well' stores all generated ideas that have not been implemented allowing further investigation. Hence any unexplored concepts/ideas can be put aside, so knowledge is not lost over time. A 'digital mixer' associating random ideas allows teams to connect real marketing issues with technologically available solutions. Ideas/propositions are then available to assess virtually by management. According to the manager of this platform: "In this space, imagination is considering that everything is possible."

In 2015, this place became a real co-creation space and has since been integrated into the Open Innovation department. The platform is now open to any team, with any innovation issues, marketing or technological projects.

In small organisations, everyone tends to be innovative. With growth, comes the necessity to structure innovation, by creating specific times/agendas. Internal workshops where people create and share their company's innovation strategy is already quite common. Combined with virtual and physical spaces, companies well understand the importance of allocating more time to these innovation-related events. For example, contests to pitch ideas, specific training events, open innovation breakfast days, and business away days are some of the more traditional ways still being used to generate and enhance innovation within many firms.

Promoting innovation architects

Let's imagine you have selected the best talent and have created dedicated spaces to allow innovative minds to express. How can you be sure that your newly created innovation genes will make your company more innovative? One way is through the newly emerging role of 'innovation architect'. Not only do they generally see the 'bigger picture' from a global perspective, they also know how to motivate and orientate teams/individuals to be more innovative.

Our research identified three main roles carried out by innovation architects:

// They define a collective purpose to facilitate cooperation;
// They empower and motivate people in appropriating innovation;
// They spread/harness the culture of innovation.

This new role might be played by individuals being part of the innovation team or by someone outside the team, but within the organisation. Although for many firms, this role is still a concept, they believe that innovation architects, share the following characteristics:

// They have a great capacity to listen, are aware of client needs, and are open to every proposition;
// They have an open-minded vision, tend to see the bigger picture and can think outside the box;
// They have a great capacity to surround themselves with reliable partners, and have a great appetite to work in teams;
// They have a prospective vision, generally seen as pathfinders and forerunners;
// They empower and promote intrapreneurs;
// They are risk-takers, usually not afraid to challenge even the top management.

Innovation architects are able to successfully influence and orchestrate innovation teams, at a group level or within the innovation teams themselves therefore creating conditions for serendipity in which innovation is most likely to succeed. Their main mission is to guide innovation processes towards the most innovative concepts; they favour the jump from invention to innovation. It is less of a problem to have ideas, but very few are truly innovative. The role of an innovation architect is therefore about unlocking cognitive blockages, and teaching and coaching staff how to boost ideation processes. As individuals, innovation architects are ambidextrous in combining both pure creative and analytical methods. Impacting teams from inside, they generally take part in

"Innovation architects are considered miners, as they constantly dig ideas out of rocks."

innovation, helping to realise ideas into concrete projects or services. They also develop an external point of view, where they identify emerging projects, evaluate them, and finally, deal with a portfolio of innovation projects. The function of innovation architects is also comprehensive and universal, as they have to demystify the notion of innovation to boost the innovation capacity of the whole company. Indeed, these facilitators are in the front line to deal with external collaboration and contribute largely to building an **open innovation** strategy.

As one open innovation director of a French pharmaceutical company pointed out: "More than builders or shapers of projects, innovation architects can be considered miners as they constantly dig ideas out of rocks. Their mission is hard, as they have to identify the potential internal barriers towards innovation and profile potential ambassadors capable of driving innovation. Approximately, 80% of their time is spent on political issues, trying to transform mindsets towards an internal commitment for innovation which underlines the importance of their role in the culture of management and transformation."

Open innovation is the use of purposive inflows and outflows of knowledge to accelerate internal innovation, and expand the markets for external use of innovation, respectively.
—Henry Chesbrough, Open Innovation (2006)

Innovation architects are an important asset to achieve innovation. In terms of hierarchy, they are not necessarily 'above' team members; their role is more about being 'around' in a supporting capacity.

Apart from this new conceptual function, leaders have a great role to play in reshaping innovation. As our research confirms and the next chapter highlights, managers have to develop particular skills to become enablers, and not blockers, of innovation capabilities.

// BEST PRACTICE CASE

A model for a global innovation structure

A French company in the luxury sector, and one of the world's leading international fashion houses, which manages 6000 direct employees and 6000 subcontractors at approximately 30 sites, decided that it needed to become more innovative to remain competitive.

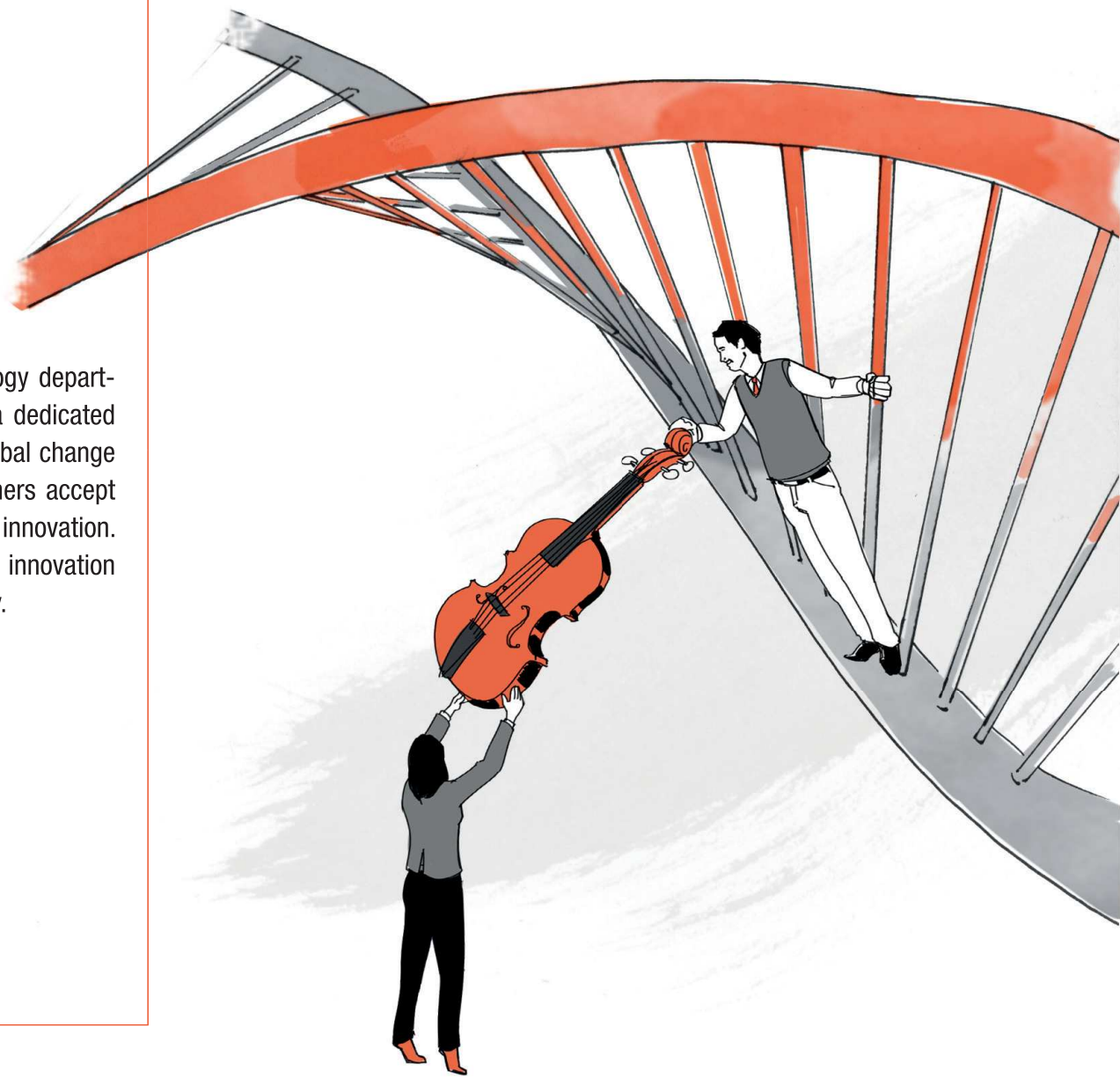
While continuing to promote excellence and maintain its 'Made in France' image, the group wanted to differentiate itself in the market in the way it provided personalised products, as well as improve some of its manufacturing processes.

Innovation projects are supported by a strong involvement from the leader and management team, which is motivated by the objective to decrease time to market, and be the first with a 'rupture' technology.

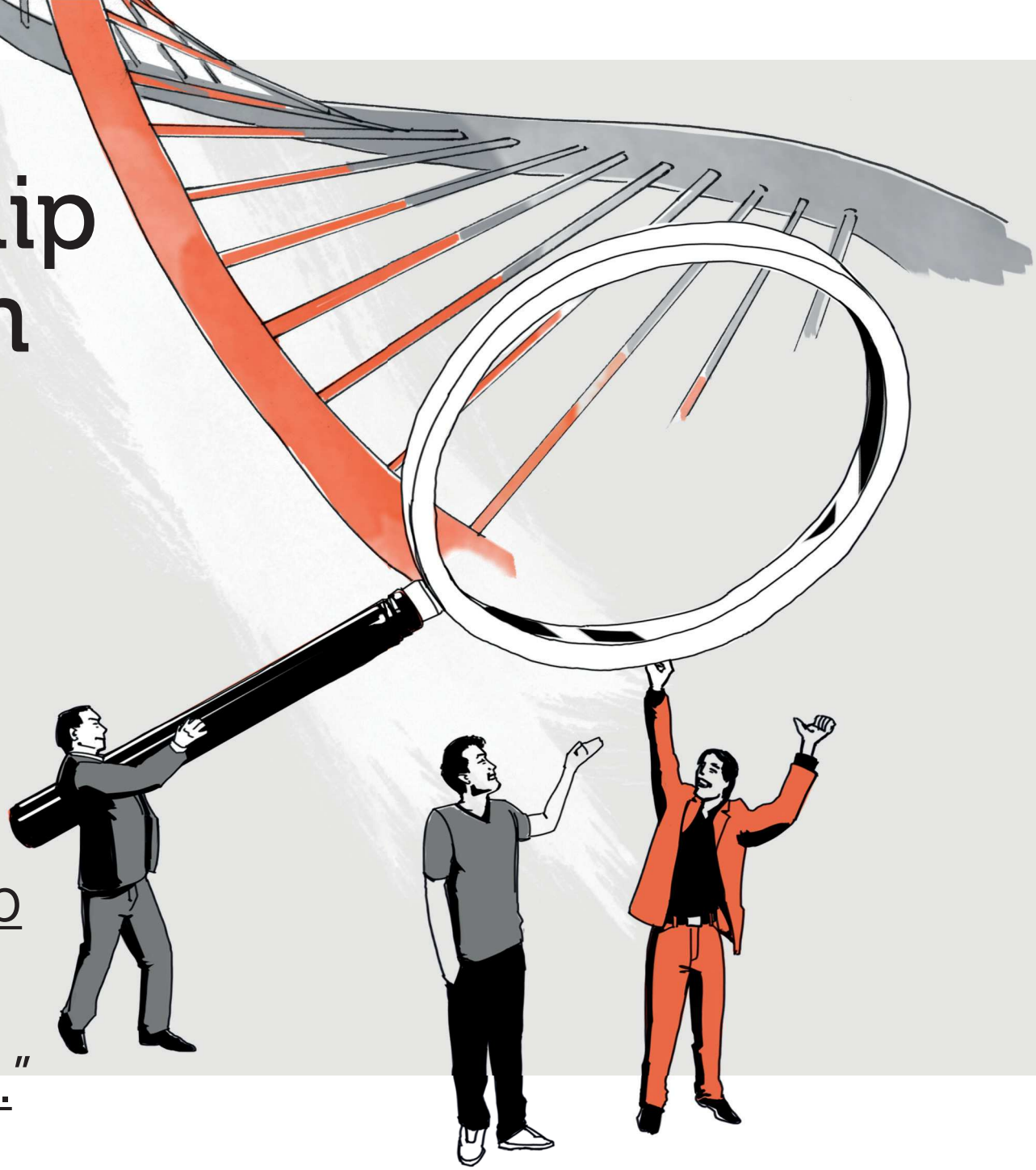
Innovation was formerly managed under one director at HQ, but since 2012, it has been relocated to different offices/departments. Innovation is now managed separately in each workplace. An innovation team has been composed of project leaders working on prospective innovative subjects/concepts from different departments (robotics, smart textiles, connected objects, etc). This innovation team's objective is to improve the manufacturing process and apply successful methodologies to the whole organisation by transforming professions and activities.

Employees willing to participate, particularly creative designers, have been constantly involved in the innovation projects at least during the initial phase, and are chosen from diverse business units by managers. An important motivation step for new participants is to show them the results of previous innovation processes from different workplaces. Also, in 2015 a hackathon was organised with different engineering schools to identify market needs and future trends.

For now, only one innovation architect is present in the technology department, but the objective is to expand this new role and create a dedicated team of innovation architects. Their role will be to introduce a global change management process to help manufacturers, clients and customers accept new tools and concepts without generating resistance, and ensure innovation. Three key success factors have been identified: accompany the innovation process, co-construct with teams and rewrite the vision constantly.



03/ Leadership — innovation maker or breaker



"Adopting alternative leadership approaches will stimulate innovation."

"Charisma alone is not enough; leaders need to focus on innovation processes too."

// Leaders play an important role in reshaping the innovation DNA of an organisation by envisioning, energising and enabling new ideas. Our research suggests that they are the catalysts of innovation – without them, nothing would happen.

The leadership cadre, be it the inspirational founder or the executive team members in innovative organisations, tend to display charismatic behaviours and set an innovative tone, as follows:

// Articulate a compelling vision;
// Reinforce an innovative culture;
// Demonstrate consistent behaviours (e.g. maturity, humility, listening skills, emotional intelligence (EI) and substance);
// Seek, find and reinforce success;
// Encourage organisational effectiveness to facilitate innovation.

Charisma alone is not enough. Leaders also need to be 'instrumental', focusing on establishing and maintaining suitable structures, managerial processes and environments that motivate innovative behaviours.

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The six DNA building blocks that leaders need to influence, include:

// Driving ideas;
// Setting a new managerial mindset;
// Coaching and collaboration;
// Embracing the concept of risk;
// Tolerating failure;
// Dealing with the hierarchical structure.

Driving ideas

Our findings reveal that leadership acts as either the entrepreneur or champion of ideas – evident in both SMEs and larger international organisations. Many CEOs and senior leaders are the primary source of new ideas, focusing on products and solutions. They are often the gatekeepers (go/no go), with some being potentially quite authoritarian in their approach as proven in our research. According to some directors, alternative leadership approaches act to stimulate and challenge innovative thinking and behaviour, for example: "Senior managers are expected to challenge the ideas of the CEO," said one director, of an Irish food supplement company. However, a key challenge for some senior leaders is ensuring that appropriate time is given to trigger creativity in leadership groups or innovation teams, otherwise ideas can stall.

Our research suggests that when companies are led by a visionary leader, they ensure that innovation practice is part of the culture. They lead the creation of 'communities' that generate new ideas and drive innovation. For example:

// Innovative organisations are evolving from a traditional leadership style – command and control, being more delegative towards innovation teams;
// Leaders are actively removing individuals within the senior structure who are not able to realise innovative practice and behaviour;
// Executive boards are actively supporting process innovation and empowering teams to make decisions;
// Collaborative leadership enhances innovative team dynamics;
// Having a charismatic leader can represent for some the only cohesion point of a team. This will mean the end of the team if/when the leader is removed and should be mitigated against, or else innovation could cease.

Setting a new managerial mindset

One interesting detail arising from our research is that successful innovation has come from companies that understand the need to leave aside traditional management principles, and establish a system that facilitates the conditions for a culture of innovation. They question existing mindsets and take out control systems that sap motivation. To ensure an effective balance between the 'freedom to act' and 'accountability', critical decisions are made by those who understand the consequences of their actions. Similarly, accountability for outcomes is defined by the project team, reflecting the requisite performance metrics and deliverables.

Our findings reveal that a critical new skill is emerging – leaders who seek the 'commitment' of individuals to innovation practice rather than simply giving

out assignments. It should not be assumed that an individual will accept a project – it requires a time-consuming process of negotiation from leaders and their ability to stimulate innovative thinking within teams. Leadership has to understand innovation processes, such as: **creative abrasion**, **creative agility** and **creative resolution**. Leaders therefore become 'Stage Directors' – people who can set the scene for innovation to occur.

So, leaders are demonstrating new mindsets and behaviours, including:

// Installing an innovative spirit within teams;
// Letting go of the natural tendency towards control and order, and accept more of a chaos management model;
// Increased accessibility to information for teams, rather than using it as a mechanism to control employees;
// Allowing 'dabble time' in which serendipity can emerge – although this can be very challenging for traditional management systems.

Coaching and collaboration

It is apparent from our research that many of the leadership cadre demonstrate a collaborative leadership approach, by which they actively coach senior managers in supporting innovative behaviour in business development, along with helping to develop innovative thinking. Other leaders have more formal approaches, for example, working with the HR director, responsible for the training and development of innovation teams.

Creative abrasion: ideas are productively challenged.
Creative agility: ability to test and refine ideas through quick pursuit, reflection and adjustment.
Creative resolution: integrative decision-making, so that diverse ideas can be combined/reconfigured to create a new solution.

— Linda A. Hill, Greg Brandeau, Emily Truelove, Kent Lineback on "Collective Genius" (2014)

"A key challenge for leaders is ensuring appropriate time to trigger creativity."

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Embracing the concept of risk

Not all leaders share the same definition of acceptable risk, and consequently many place barriers to innovative practice. Whilst initially they may embrace and encourage innovative thinking and development, new ideas potentially disturb the 'status quo' and impact on the consistency and control that exists. Many organisations report that there is often resistance from leaders because culturally they are not comfortable with risk taking around innovation, or do not have the ability to manage innovative ideas outside of standard/established evaluation criteria.

As one director, of a French cosmetic firm, reported: "The Executive Committee is unsure how to handle proposals coming out of the innovation process and subsequently block what they don't understand." Unsurprisingly, several directors reported a lack of managerial maturity in dealing with a new logic if an outcome cannot be predicted for a project. Examples of quotes reflecting this, include:

// "We manage established power bases where directors are not willing to commit to changes in approach."
// "Improving initial stakeholder management around innovation practice would have overcome the lack of senior management commitment."
// "Decision making is blocked by the 'omnipotent' style of the owner."

Interestingly, an associated threat to senior managers is a loss of legitimacy where some teams are not required to wait for a decision to be made before they proceed with a project. In some organisations, senior managers are actively challenged by employees on issues, such as why a product or process is not given the go ahead. In some circumstances, CEOs overturn senior management's decision not to proceed. So, the key theme emerging in successful, innovative organisations is the requirement to support senior managers in developing a new approach to risk taking, and positive reinforcement from leaders, otherwise innovation will cease.

"New ideas that disturb the 'status quo' are seen as a threat by some leaders."

Tolerating failure

We are seeing more executives who, through their words and actions, help people overcome their fear of failure, and in the process, create a culture of intelligent risk taking that leads to sustained innovation. These leaders don't just accept failure; they encourage it. One organisation has established 'My Best Failure' videos, where they describe their most important failures, and how they have constructively learnt from the insights gained. They even have a competition to select the best failures with a prize of two/three years working in an area or country of the winner's choice. Over 4,000 videos have been uploaded just two months into the campaign, including one from the CEO.

Another example is FailCon, a conference produced in a dozen cities all around the world. Start-up founders are invited to pitch their best failure to learn from it, so they can iterate and grow faster.

Encouraging failure doesn't mean abandoning supervision, quality control, or respect for sound practices. In fact, it requires just the opposite. Managing for failure requires leaders to be more engaged, not less. Although mistakes are inevitable when launching innovation initiatives, management cannot abdicate its responsibility to assess the nature of failures. Failure-tolerant leaders identify excusable mistakes and approach them as outcomes to be examined, understood, and built upon. They often ask simple, but illuminating questions when a project falls short of its goals.

Our research also reveals that acknowledging failure is an important learning platform and a basis upon which innovation can thrive. As one director, of a technology firm based in the UK, put it: "It is not easy to deal properly with failure in innovation projects. Failure is part of innovation and should not be condemned. We organised lessons learnt on the projects we stop – it is a kind of group therapy." As another director, of a French technology company, pointed out: "With failure as a built-in possibility, innovation teams are more actively involved with risk management and need to learn to fail fast and fail smart, in order to move on to more attractive options."

Leaders who adopt a failure-tolerant approach realise that innovation is the key to capturing and/or retaining a sustainable competitive advantage. Organisations that fail to innovate become restricted by obsolete products and services, and are likely to become irrelevant in the market place.

Dealing with the hierarchical structure

Traditional hierarchical structures are sometimes seen as a barrier to innovative practice. For example: "The limits of the hierarchical organisation structured in silos forced the innovation team to devise actions to foster cross-functional co-operation in order to deliver tangible outcomes," said one director, of a UK regulatory authority.

In more extreme situations organisations report the removal of middle management in order to better facilitate an innovation culture. This may reduce unnecessary and time-consuming checking, authorising and decision-making, and as a consequence, greater expediency is achieved. One Dublin-based cloud solution organisation, for example, encourages such

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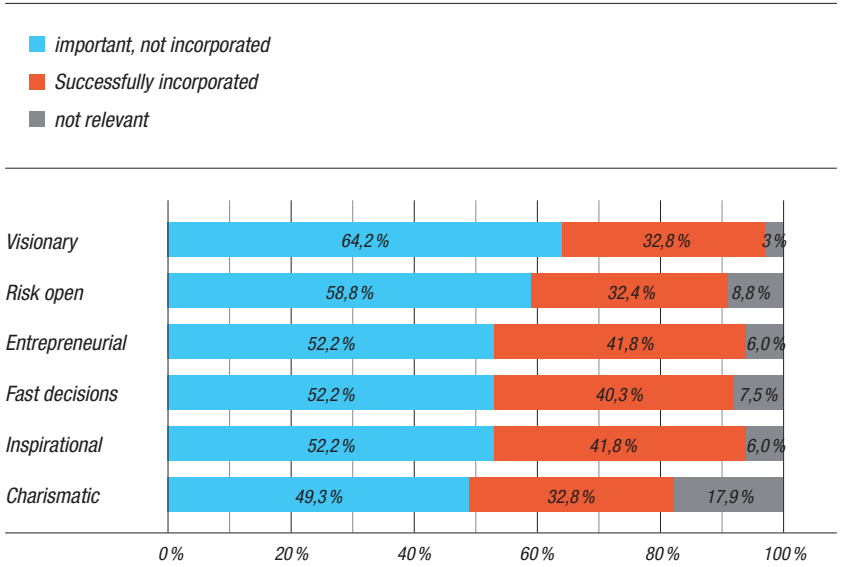
movement through a "principle of an 'open executive management' team whereby senior managers willingly step down so they can be replaced by new managers with the requisite skills to match the new innovation strategy," explained the director. "Being part of the management team is therefore based primarily on the level of contribution to innovation projects. Hence, some are promoted into the management team, whilst others are relieved of their managerial duties, depending on the expertise required by the new projects."

Chart 3
// Leadership characteristics for a thriving innovation culture



Source: Space 2015/16 Online Survey (n=114)

In traditional hierarchical organisational structures, leaders actively oversee innovation teams and/or departments; whereas in less hierarchical organisations, teams are directed by someone outside of the management team who constructs and facilitates the collaboration environment, gives access to resources and people, and makes innovation possible by creating a framework for innovation to flourish. The smaller the size of the business, the easier it is to maintain innovation capacities. However, top management receptivity and proximity to an innovation facilitator are equally valid in bigger organisations to help speed up the innovation decision-making process.

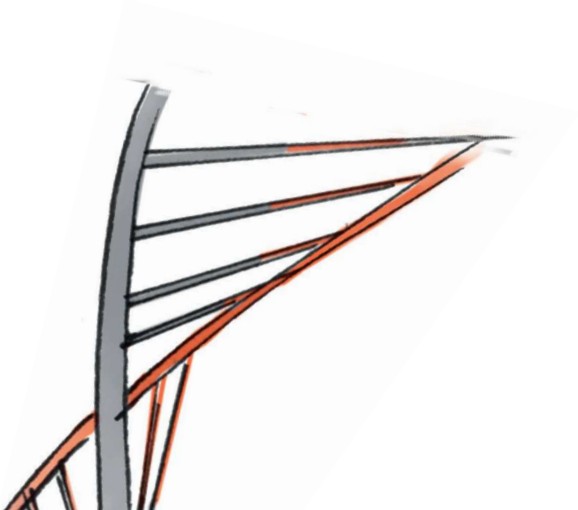
In some organisations, authority is appropriately delegated through individuals and the teams they have built, as one director, of an Italian energy firm, indicated: "The innovation expert's department is situated at the group level and they collaborate with country and divisions across the whole group. This allows innovation to be at the heart of the business. Employees pitch for disruptive/new business models to country or divisional heads, and if approved, it goes before the Group CEO. If successful, the employee will become the 'head' of this new business." Another director of a French cosmetic organisation indicated that they had integrated the business intelligence director into the Decision Committee, where he/she operates as an 'innovation architect' across different brands.

Conclusion

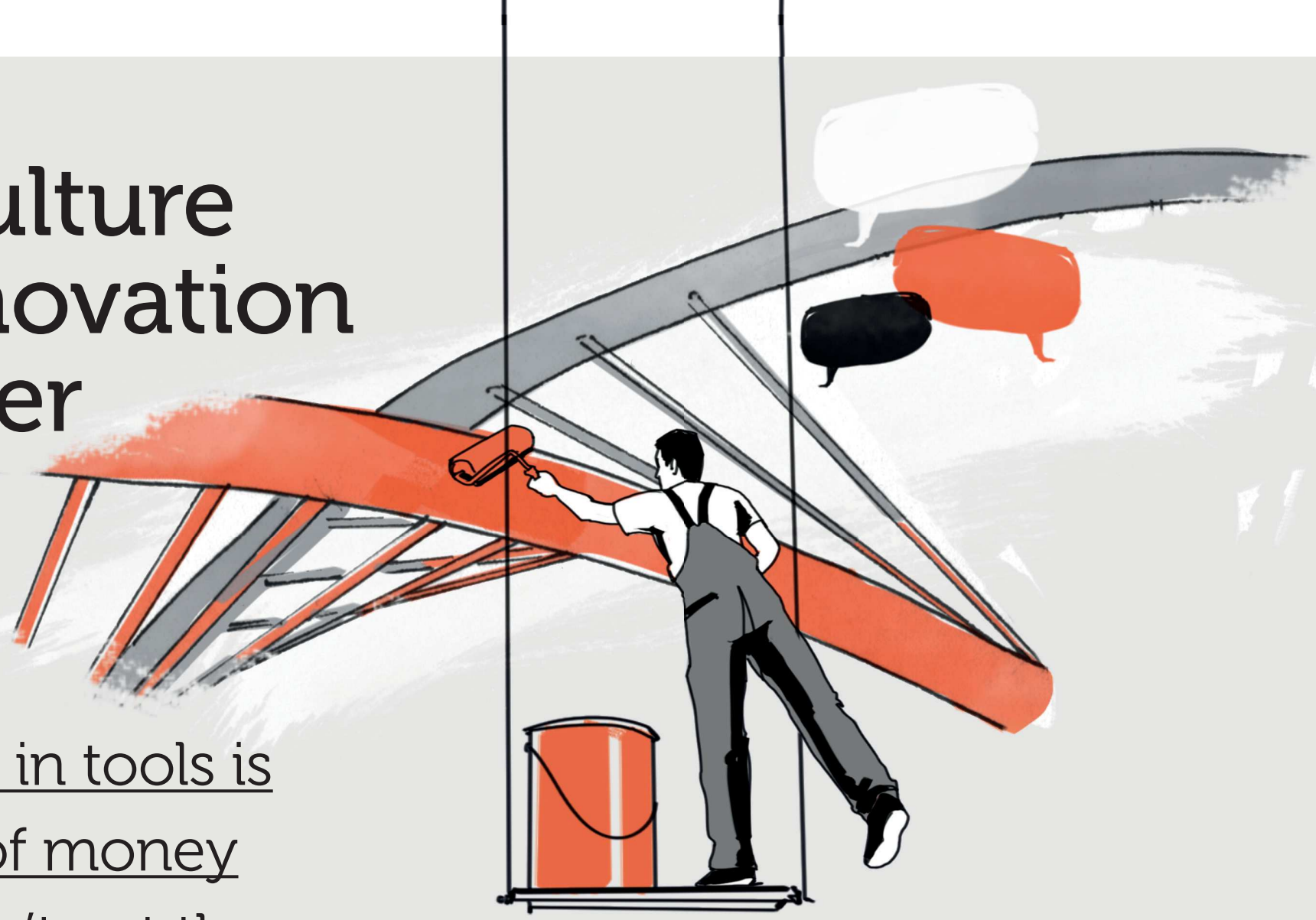
Effective leadership is an important factor in the initiation and implementation of innovation within organisations. Charismatic leaders provide vision, direction and energy. Going forward, the evolution in leadership profiles, such as addressing key accountabilities, tasks and a change of attitude/stance from authoritarian to facilitation of innovation, is a significant factor to consider at the senior leadership level. Many directors indicated how important these characteristics are and how, or otherwise, they are incorporated within their organisations. Crucial aspects include: being entrepreneurial, making fast decisions, and being visionary and inspirational (see chart opposite). Perhaps not surprisingly, reward is not a key factor. Adopting a directive leadership style is also less effective for a thriving innovative culture.

These individuals are truly fulfilling an enabling, envisioning and energising role, rather than a command and control approach. Where innovative change is delegated and effectively driven by the leaders, innovation architects and innovation teams are positively impacted, resulting in enhanced business performance or better public services. So how do the above leadership characteristics impact an organisation's ability to innovate? It is like the backbone structure of DNA's double helix; the patterns of entrepreneurship, emerging mindset, managing risk and failure tolerant leaders wind around the backbone, helping to cultivate new insights and become the unique innovator's DNA for generating breakthrough business ideas.

"The shift from command and control to facilitator ultimately underpins innovation."



04/ Culture — innovation enabler



"Investing in tools is a waste of money if you don't get the culture right."

"A strong culture with clear values is the foundation for innovation."

// One observation from our research is the spontaneous manner in which the subject of culture was brought up by directors, irrespective of country, industrial sector and company size. From their initiatives on developing innovation, it appears that directors have been forced to confront the question of culture, to understand it and try to deal with it.

For example, the cultural dimension was so strong within a French social insurance company that the innovation director decided to "concentrate initially on internal processes rather than taking the risk of provoking resistance by attacking the issue of product and services innovation."

The paradox of culture

Based on the experiences of the directors interviewed, we believe that culture offers a fascinating paradox; it is often cited as a barrier to innovation, yet it holds the key to opening the way for change. To grasp this, it is necessary to understand the fundamental purpose of culture. Culture develops itself from the experiences of a community in dealing with its needs for survival and growth; it arises from the specific strategies, actions and beliefs that help employees interact with their environment.

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Many of the interviews alluded to what we chose to qualify as the double function of culture in organisations:

// It is pragmatic because it engenders methods, organisations, values and beliefs that make a company successful in its market.
// It is symbolic because it responds to that deep human need for identity and belonging, helping employees over time to become attached to it.

The director of an Austrian telecommunications firm explained how this notion of attachment can represent a barrier when striving for innovation: "Culture is risk-averse; giving up old habits and successes is hard." This is precisely why culture becomes a paradox: On the one hand people cling to it and resist change, but on the other hand, culture is, in its genesis, about adapting successfully to the environment. Our research explores how culture can paradoxically become a key enabler for innovation. By getting employees to reconnect to their market/environment challenges, a number of CEOs mobilised their teams in initiatives of cultural redesign.

A changing paradigm

But why is culture so prevalent in the minds of directors striving to achieve greater innovation? Most of the leaders interviewed described powerful and far-reaching changes in their markets, which suggest that companies are facing a new paradigm in how business is being conducted. The examples vary and are contextual to specific industries, but all reveal a fundamental revolution in the traditional principles, methods and beliefs that constitute existing cultural mindsets.

"How do I convince employees to change when the existing model is still successful?"

// A French international transport and logistics firm – going from a locally orientated business based on individual initiatives, to a global approach where managers submit to group thinking;
// A Danish pharmaceutical firm – going from protection of confidential knowledge to sharing research with other institutions;
// An Italian energy producer – going from a traditional business model based on carbon extraction to a model based on developing renewable energies;
// A UK pharmaceutical consortium – going from short-term analysis of results to long-term support for innovation and investments.

In bringing about an innovation-orientated culture, our research underlines the importance of taking onboard the potential gap between existing values,

assumptions and beliefs, and those of the new paradigm (the new mindset). As one German director, of an energy provider, discovered: "It is important to anticipate conflicts with the traditional business. People need to see the additional value that innovation brings, otherwise there is no acceptance." In innovation, the cultural conflict is not always between the 'old' and 'new'.

As the experience of the UK pharmaceutical consortium demonstrates, the changing paradigm can generate profound conflicts between the different professional cultures of teams having little experience of previous cooperation: "A great clash of culture exists between academia and industry. Academic researchers had to adapt to the pharmaceutical industry style of working, with metrics, deadlines and deliverable targets." But sometimes, there is a price to pay. This change of mindset was so radical, "that some researchers left just after a few weeks after the changes were implemented," added the director.

Cultural redesign towards innovative performance

Our research flags up the old 'nature/nurture' debate on the 'innovation potential' of companies. Some, such as the French skin health firm we spoke to, believe that innovation is an integral part of their identity: "Innovation has been part of our DNA from the start; it's in the genes of the company," said its innovation director. Similarly, a Swiss optical producer told us that its "customised strategy acts as an innate driver for permanent innovation." Controversially, a few directors went as far as expressing the belief that there is a deterministic dimension to innovation. In other words: "You either have it or you don't." But the dominant trend is that companies carry out deliberate actions in an attempt to modify its existing cultural DNA in the hope of enhancing innovation potential.

Although there is no one 'best' method, our research enables us to highlight five factors that seem recurrent in the various cultural change initiatives:

// Innovation cannot be ordained – As one of the directors of a security services company based in Ireland pointed out: "innovation can't be decreed, instead it's important to enable and support it." There are some examples of directors who expound on the strategic importance of innovation and demand it from their teams, but don't actually go beyond their words.

// Innovation needs visibility – Creating an innovation culture requires visible signs, either in the shape of dedicated physical spaces, communication support, organisational choices, etc. Good examples of this can be found in companies like the German technology firm, which set out clear processes for dedicated time allotment, risk analysis and dealing with mistakes.

// Innovation change requires top-down impulse – Almost all of the directors interviewed revealed that the CEO has a critical influence on cultural redesign, not only in making the strategic decision for change, but also in supporting and enabling the change process. This can be best summed up by the CEO of an Irish security services company, who said: "My role as CEO is to create the conditions that allow it to happen." The role of top management is dealt with in greater detail in the 'Leadership' chapter, on page 24ff.

// Innovation belongs to everyone – Although the CEO makes the strategic call for change, this does not mean that innovation is brought about in a top-down manner. As you will see from the chapter on 'Teams' on page 14ff,

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many directors seem to have understood that teams are a vital 'enabler' in generating greater levels of innovation. For some, it's simply about creating acceptance by getting teams to see the added value of the 'newness' brought about by innovation. Others, such as a German-based energy firm, have used team dynamics to spark off positive momentum throughout the organisation. "Employees who worked in the innovation project spread the word, and now cultural change is gaining momentum," said its director. Finally, we spoke to some companies who have used 'team momentum' as a tactical choice to coerce change in managers who, because of their attachment to territorial concerns and old habits, may have resisted innovation.

// Innovation is holistic – Quite a few directors insisted on the idea that innovation should not be focused solely on products and services, but that it should be based on a holistic strategy, touching on all functions, processes and teams throughout the company. In the words of the CFO of a Dublin-based cloud solutions company: "Innovation is not just about our products. It's also about how we do accounts, financial reporting, HR management, etc."

To sum up, make innovation culture tangible

Perhaps the key learning point from our research is that culture is paradoxically the solution to the problem it often creates. The key is understanding that culture is not just about heritage and history, but also about current day survival and growth. A number of companies show how it's possible to go beyond culture as a concept, by linking it directly to market dynamics thus rendering it pragmatic and concrete. In the case of an Italian energy company, they achieved this by first of all, defining a new culture based on a limited set of core values directly linked to the strategic positioning in the market. To ensure the new innovation culture became tangible for employees, the evaluation system was revamped and built around the demonstration of behaviours in relation to those core values. Furthermore, they administer a questionnaire every six months to observe the impact of the core values throughout the organisation.

> "Culture is not just about heritage or history, but also about current day survival and growth."

One leading French pharmaceutical firm decided that the change of corporate culture should be driven according to client needs. "We attempted to limit our techno push solutions and put the client first," said its director, which, in that industry means creating patient-based services rather than just the traditional strategy of manufacturing medicines.

// CASE STUDY

Building a culture of innovation

This Irish IT solution provider was formed in 2012, when the founder went to his then board with an innovative idea on how to simplify the management of complex business processes. The CEO liked the idea and decided the company should serve as in incubator for this new start up.

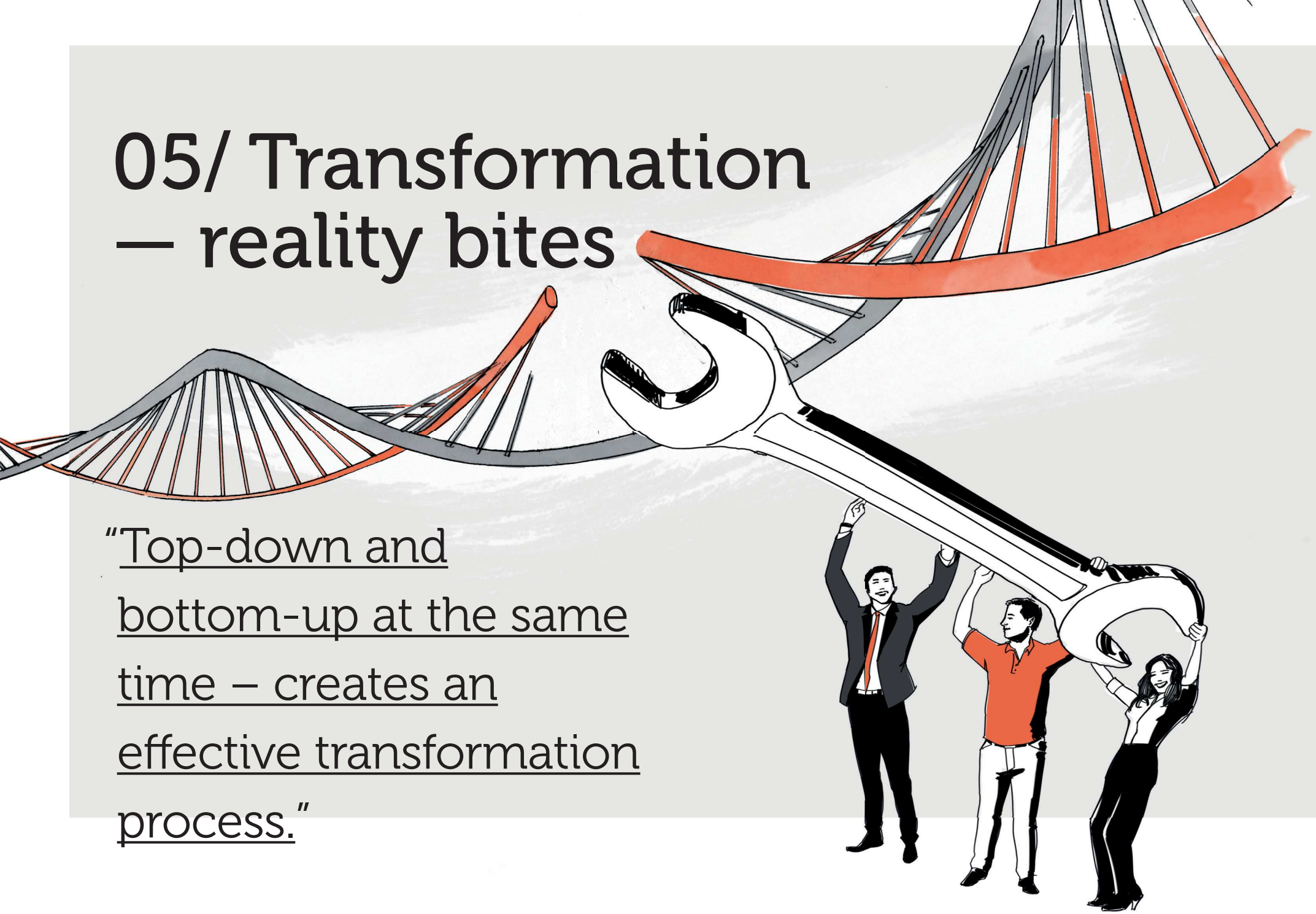
Although grateful for this initial support, the founder realised that after 18 months, real growth would never happen by staying within the confines of the mother organisation. It needed to break free to create its own identity and a culture more conducive to innovation. The founder had come to understand the impact that the environment had on blocking or stimulating innovation.

So, with a view to explicitly fostering innovation, he made the strategic decision to design the company around five critical points:

1. The mission and values of the company are explicitly displayed in the reception.
2. A dedicated white coloured 'innovation corner' was set up so that any team member could convene a meeting to pitch a new idea.
3. A clear innovation process with identified steps was defined and communicated to all staff.
4. A Tri-partite 'Trinity' concept was adopted to evaluate the GO/NO GO phase:
   // Internal teams to express the logic behind the idea;
   // Clients to express relevance of the idea in relation to needs;
   // Partners to express technical feasibility.
5. Up-to-date information is permanently projected on four screens so as to generate a culture of ownership and innovation:
   // Innovation: New ideas and author/teams involved, status of idea in innovation decision process
   // Economic performance: Margins, profits
   // Markets: Sales, proposals, market trends
   // Products and services: Developments, customer satisfaction, problems identified

In terms of results, the company's fast growth speaks for itself. In less than four years, the company employs some 25 people, and now supplies services across Europe and North Americas, with revenues of over €1M (2015 figures).

05/ Transformation — reality bites



"Top-down and bottom-up at the same time – creates an effective transformation process."

"Don't wait for failure to innovate – try to get ahead of competitors."

// In the previous chapters, we described the most important factors for being more innovative. However, our research revealed that simply implementing processes/procedures do not automatically lead to a success story. So what can companies do to successfully transform into an innovative organisation?

Change despite success

It is a well-accepted axiom that a company is forced to change because its performance is poor and failure is staring it in the face. But a common trait amongst many of the interviewed companies is that they don't wait for failure to innovate; instead, they try to stay ahead of competitors. Ironically this puts them in front of the following dilemma, best expressed in the words of one manager at an Austrian based telecommunications company: "Innovation is difficult when people are used to being successful with the old business model. Despite new competitors and technologies threatening our business, our margins are still good, so the sense of urgency is missing."

A holistic approach

As pointed out earlier, there is no one 'best' method for transformation. But one common factor that frequently popped up, referred to as 'a global holistic approach'. The Austrian telecommunications manager discovered that "different training methods didn't help (we tried everything), because we didn't bring the differing approaches together, thus there was no consequent implementation."

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The case study in the 'Culture' chapter is a good example of how an IT solution provider went about designing a model totally orientated towards innovation – by combining different approaches, and involving the different functions and processes throughout the organisation successfully.

Key success factors to becoming truly innovative, according to the directors of successful companies, interviewed in our research, include:

// Passion;
// Collaboration (internal, as much as external);
// Management attention and commitment.

However, the very same managers admitted that their leadership style is not yet as supportive as it could be. They also claimed that innovation tools are not yet fully applied, and the overall 'risk of failure' attitude is still holding them back somewhat.

Simultaneous change: Top-down/bottom-up

One specific example for a holistic approach is to implement innovation in two directions at the same time. Many directors described that the transformation process is much more likely to be effective and lasting if it happens top-down and bottom-up at the same time.

The top-down perspective requires board members to be responsible for innovation, thus making the topic visible, and emphasising its importance throughout the whole company. At the same time, a bottom-up process needs to involve more and more employees in innovation projects. The best way to start this 'grassroots movement', as one director, of a Germany-based firm in the energy sector, called it, is to focus on those employees that are already motivated and want to contribute to innovation projects. "Gather those employees that are dying to contribute to an idea and bring it to life," he recommended.

Influencing innovation from both directions is vital. On the one hand, the top management gives direction and clearly demands the necessary change. On the other hand, involved and motivated employees challenge their management to put away obstacles that are still hindering or slowing down the organisation and, as a result, can accelerate transformation.

Vision and values that really matter

Practically all the directors point out the importance of, not only defining a clear vision, but particularly in getting teams to buy into it. It means going much further than communicating the strategic aims. The trick is making it real and tangible for management and teams across the whole organisation, and not only the innovation team involved. Employees have to see and feel the relevance in their daily work routine, if an organisation truly wants better innovation performance.

This can be achieved, for example, "when the company values and mission, in relation to innovation, are implemented in HR processes like job descriptions, evaluations and employee rewards," as one HR manager of an Italian utility provider, pointed out.

Open feedback discussions on barriers to success of the strategic vision is

"The trick is to make your vision and values real and tangible for management and teams."

only one part of the process; this needs to be followed up by taking employees' suggestions on board, and effectively change towards becoming a more supportive innovation environment.

Creating change from within

The change towards a more innovative culture has to take place and be embedded within the organisation, rather than in a separate business unit or through an innovation campus in Silicon Valley. Many directors pointed out that in order to gain momentum in the change process, it was helpful to have employees throughout the entire company that have had positive experiences in innovation projects themselves. Those employees brought their enthusiasm for innovation, as well as their knowledge of innovation processes and methods, back to their teams and departments.

One Polish innovation director, in the financial sector, pointed out that top management deliberately changes the structure of the organisation when they feel they are slowing down in their ambitions, and not delivering expected growth results. Continuous job rotation and cross-functional recruitment is another way to reinforce agility, and avoid silo thinking and behaviour.

These experiences reveal that engaging increasing numbers of employees in (part- or full-time) innovation projects can clearly help spread the idea of innovation. However, this approach alone might not be successful if innovation is not credibly implemented throughout the whole organisation. The original motivation and energy of employees can quickly turn into frustration if it does not fall on fertile soil.

Taking risk and making (the right) decisions

Some directors reported that whilst many leaders may embrace and encourage innovative thinking and development in the initial phase, new ideas potentially disturb the 'status quo' and impact on the consistency and control that exists. This often results in resistance from leaders, because culturally they are not comfortable with the risk-taking aspect of innovation, or they do not have the ability to manage innovative ideas outside of the established evaluation criteria. »

Thus, a key learning point is the requirement to support senior managers in developing a new approach to risk aversion and decision-making processes. Only a small minority of directors claimed that they found a good way to decide whether or not to continue an innovation project, as our chart below shows. One way to achieve this, according to these directors, is to establish an innovation board that includes managers from different departments/functions.

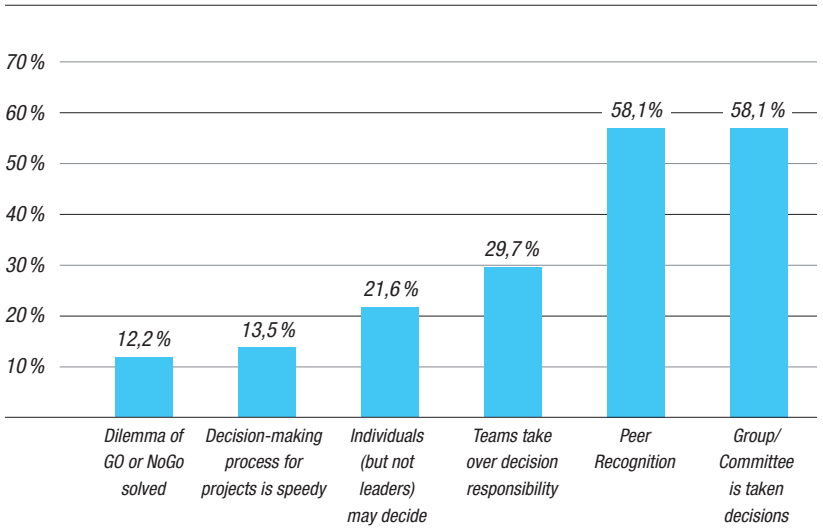
An innovation board is not only responsible for deciding jointly whether to further invest in an idea or 'kill it off', but it would also regularly assess failures, reflect on their decision-making processes and learn from them.

The importance of good decision-making processes is further emphasised by our survey results. Decisions are no longer made by individual leaders, but by teams or groups. After all, the world is becoming more complex and the future is getting less and less predictable. Understanding decision making as a collective process, rather than the task of one strong leader might be the right answer to this increasing complexity. However, according to the majority of the directors interviewed, the quality of these (new) decision-making processes are far from satisfactory: 86 % said that their decision-making processes are simply not fast enough. Thus, organisations and teams need to learn to consciously create effective and efficient decision-making processes. One director of a utility service provider based in Germany pointed out that the main challenge is to involve the right people at the right phase of the process, and understand decision making as a continuous field for improvement.

A successful approach to implement new ways of decision making, is to ensure that it establishes a system of 'consent' in teams and committees. This means that everyone in a group/team has the right and responsibility to address objections if they think a decision might hinder their ability to work towards the aims of the organisation. If so, the team works on adapting the original idea in order to gain consent.

Chart 4

// Successful decision-making process for innovation projects means…



Source: Space 2015/16 Online Survey (n=114)

Creating space for innovation

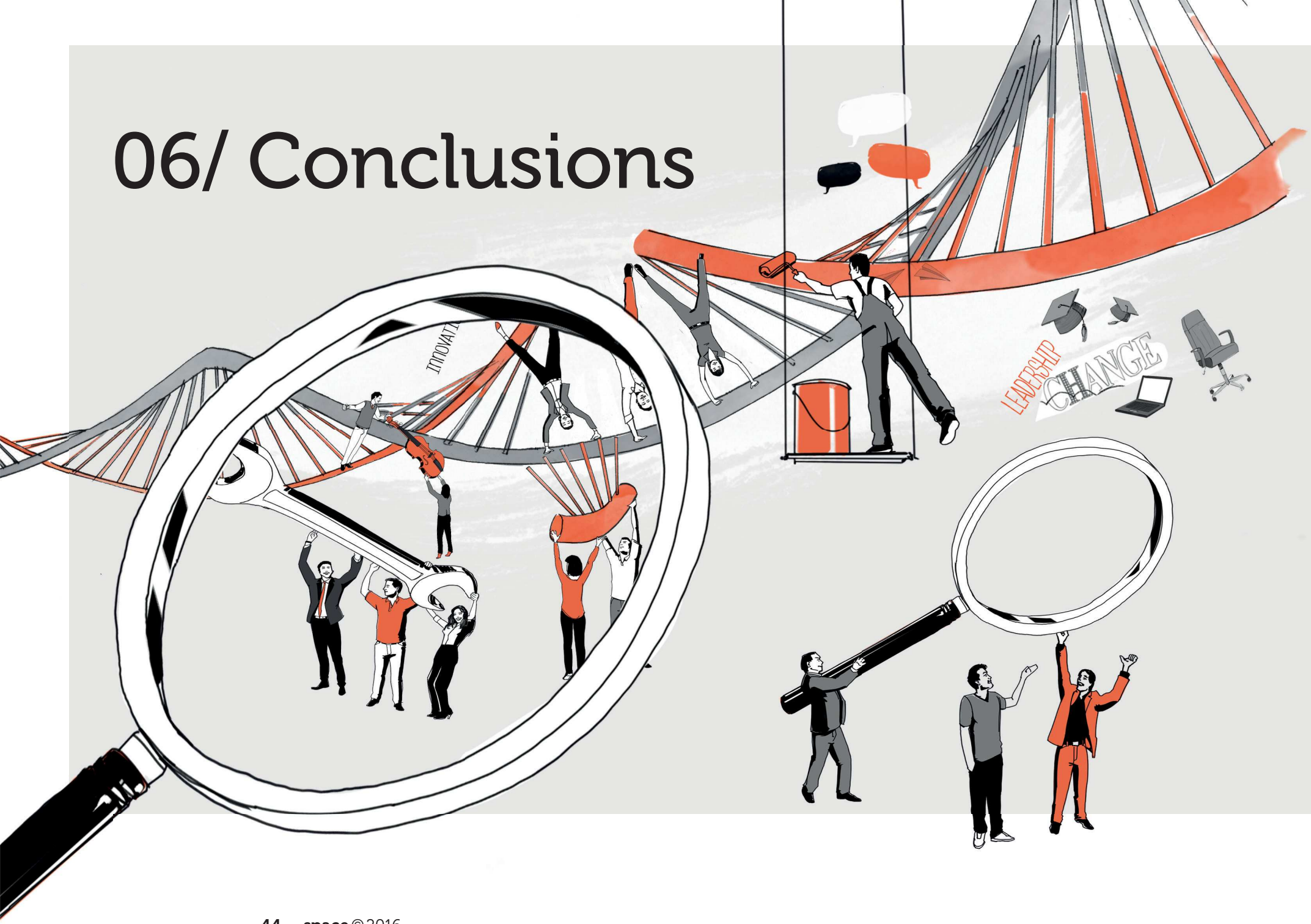
Visible signs and spaces for innovation make an organisation's intent known, and can influence its culture significantly. Companies cited examples, such as, screens with the 'top innovation ideas' at the main entrance, or an 'innovation campus' on a company site where not only innovation workshops, but all sorts of meetings took place, in order to transfer the 'innovative spirit' into the team's daily routine. These are clear signs demonstrating a 'we mean it' attitude to employees and clients alike.

Measuring the hard to measure

Innovation is hard to measure. As a result, measuring just how much a corporate culture or a leadership style supports innovation can be complicated. Our research reveals that most companies rely on employer surveys and the actual innovation output, to measure any changes in behaviour and culture that may impact innovation.

Companies that have successfully strengthened their ability to innovate, however, seem to have taken on the challenge to make innovation tangible. What these companies have in common is that they have found their own unique way to measure innovation and just how innovative its culture is, through organisation diagnostics and HR efficiency tools. Of course, this will differ for every company, and will depend on the organisation's strategy and processes. For example, a direct link between innovation efforts and attracting/losing talent or top employees can help to measure the success of 'innovation' initiatives.

06/ Conclusions



"It's the human factors, such as creating the right culture and leadership that supports individuals/teams to make the best decisions collectively, that will ultimately ignite innovation in your organisation."

// At the beginning of this report, we asked whether the concept of improving and transforming human genetics can also be applied within companies in their drive for better innovation. At the end of this European research project we can confidently say 'yes' – we can modify organisational DNA to boost innovation.

Here are some of the key lessons, which will hopefully help your organisation to become more successful in innovation:

1 Innovation tools are under-exploited without the human factor

Innovation tools, such as Design Thinking or C/K Theory, continue to enjoy a great deal of attention and seem to be the focus for the majority of organisations in their attempts to get innovation right. Equally important, however, is improving the conditions/environment before (new) tools or processes are introduced. Leveraging and balancing individuals, teams, leadership and culture towards more effective and efficient innovation is therefore a 'must', before implementing any innovation tool.

2 Innovation performance needs to be measured correctly

Having the right culture for a more innovative business performance is one important enabler companies all agree upon. But we still see organisations struggle, not only to make their innovation capabilities tangible and visible across the whole company, but also in how to measure and follow it up. Pure traditional economic-innovation KPIs, such as innovative output for example, are just not sufficient and risk giving a false picture of your organisation's innovation culture, capacities and direction.

3 Innovation not only needs ideas, but support too

Generating creativity/ideas, motivating teams or implementing the right processes around it, seems to be less of a concern to most firms, however, getting (top) management to truly buy into the following, crucial enablers for innovation often presents challenges:

a. Balancing risk and failure tolerance of the leadership team;
b. Transitioning innovation teams back into the organisation;
c. Living an overall supportive leadership style with role models reflected in action, and the vision expressed in words.

4 Innovation decisions: 'go' or 'no go'?

Decision-making processes surrounding innovation projects continue to gain complexity and volatility, hence traditional opportunity/risk analyses are not sufficient anymore. Yet, decisions on whether to 'go ahead' or 'kill off' a new innovative project need to be taken frequently and quickly. So, it is less about finding the 'unerring' final decision, and more about improving facilitation within the decision-making process – with a clear move to learn how to make 'collective' decision making faster and better.

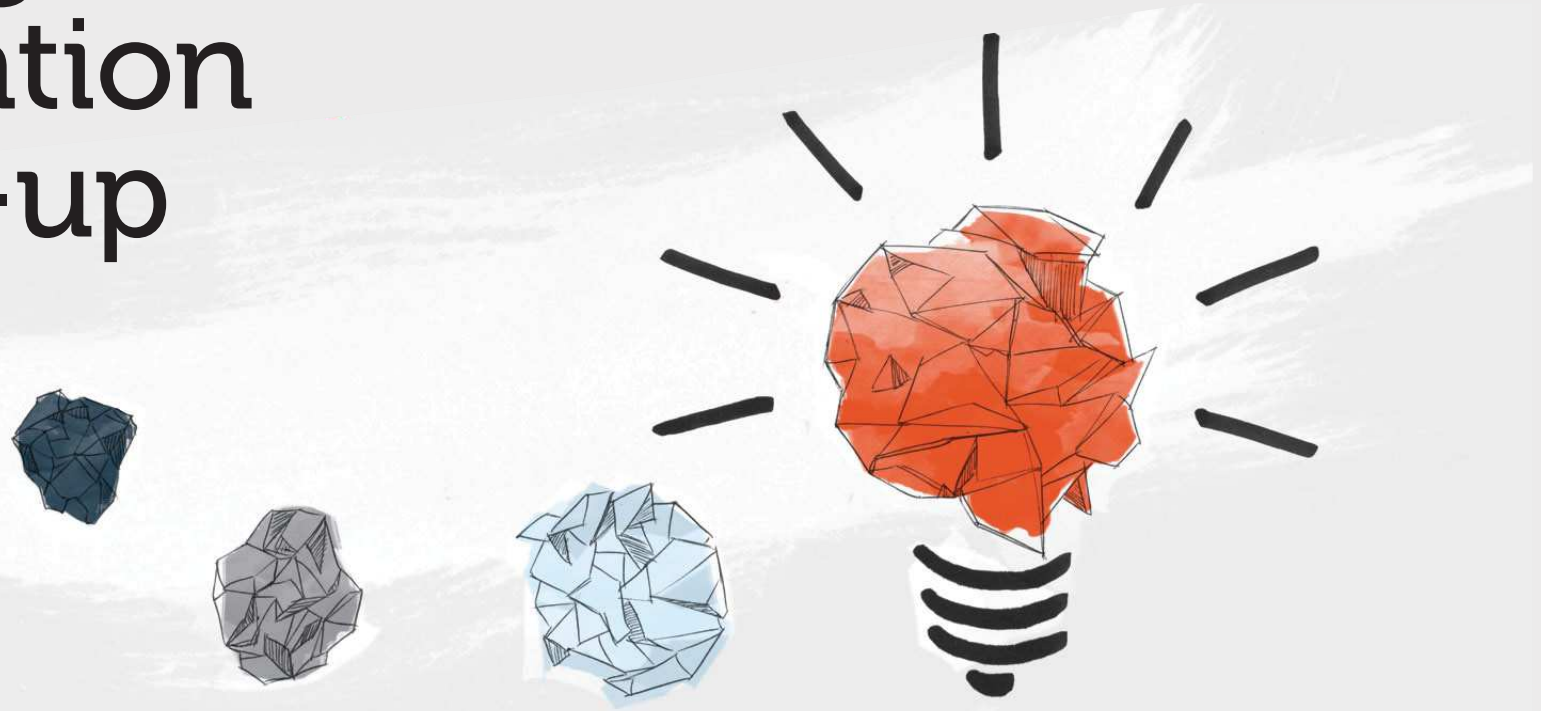
5 Innovation is challenging HR approaches to team formation

Innovation performance appears to be very dependent on creating a cohesive group out of a unique blend of individuals with varying skills and attitudes, but who are capable of generating a collective intelligence that cannot be pre-defined.Thus companies are exploring up-to-date HR techniques and strategies to acquire a high level of human potential. This is challenging HR managers to rethink existing processes for recruiting and training, and especially to answer a new problem – that of transitioning individuals into innovation projects, and subsequently, back to permanent activity once the project has terminated.

6 Innovation flourishes when the cultural DNA gets modified

The number of companies who chose to deliberately act upon their culture in order to generate an innovation dynamic is striking. Culture is no longer considered ‘inaccessible’. The key seems to be in identifying existing values and practices that hamper innovation, and being willing to name new values and practices that nourish innovative behaviours. But companies need to first detect the cultural DNA that is embedded in the company psyche/subconscious before they can start transforming it for better innovation results.

07/ Organisation innovation check-up



"Check the innovation potential in your organisation's DNA."

Chart 5
// To what degree are you leveraging your human capital?

Transformation	Teams →	Leadership →	Culture

Risk tolerance
+
CEO influence
	Do you…?
	// Select people with specific competencies (technical and learning capacities) and personal qualities (creativity, entrepreneur, open-mind)
		Do you…?
		// Leave autonomy to team members
		// Encourage risk taking and a fail fast concept
		// …
			Do you…?
			// Have a flexible business model
			// Develop an agile strategy
			// …

Team dynamics
Management mindset
++
Core values
	// Combine profiles in teams to achieve diversity
	// Use temporary teams or permanent teams
	// Integrate external and unique competencies (clients, partners, artists, etc)
		// Encourage collaborative leadership and new management mindsets
		// Create a confident climate
		// Fix common rules but explain common purpose
		// Facilitate mutual exchanges
		// …
			// Organise events to sensitise people to innovation
			// Render innovative ideas visible
			// Create internal challenges
			// Possess active human networks
			// Favour open innovation initiatives
			// …

Innovation architect
+++
↓
	// Dedicate time and space for innovation projects
	// Identify individuals who can play the role of innovation facilitators in your company
	// …
		// Develop a non-hierarchical, and group decision-making process
		// Succeed in dealing with both current activities and innovative projects
		// …
			// Measure innovation performance
			// Capitalise successfully on innovation projects by developing knowledge management
			// ….

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