The nine keys to achieving growth through innovation

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Introduction

Creating predictable growth through innovation can be really hard. One of the things that makes it especially challenging is that you are probably really experienced in your industry and at your job but you have probably had little or no formal training in how to drive organisational innovation. You could waste days, weeks or years trying to become an “innovation expert”, weeding through tonnes of useless and bad advice and hoping that you are able to separate out the great stuff from the downright wrong.

The annoying thing is: there is so much information out there about innovation. It’s one of those subjects where everyone has a point of view, and a blog, and even a consultancy. But the majority of the advice being offered is just plain wrong. It is based on little more than someone’s opinion, or perhaps what worked for them once, but there is no evidence it will work for everyone else, time and time again.

At Inventium, my team and I are a bunch of science geeks (of the psychological variety). We consider it our job to stay on top of and dissect all of the latest research that is being conducted into innovation, and translate it into practical advice and strategies for organisations that want to grow.

Our work is based on decades of research from institutions such as Harvard University, Stanford University, London Business School and others, identifying the critical attributes that contribute to innovation performance.

This means you don’t have to waste hundreds of hours of time trying to work out what to do - we have done the hard and time-consuming work for you.

What we know from the research is that there are nine key drivers of innovation. Inventium’s Innovation framework (as pictured below) explains the essential building blocks behind “best practice” innovation - that is, what has been proven to work through science. It is based on decades of scientific research into the most important and impactful drivers of organisational innovation outcomes.

The framework presents three underlying pillars organisations need to focus on in order to maximise their return on innovation - Structure, Leadership, and People. Horizontally, the framework represents three levels of innovation maturity across the three innovation pillars. Taken together, there are nine areas - each with their own on focus innovation performance.
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This report details some strategies and practical tips for improving your innovation performance based on this framework.

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Process

Having a deliberate, clear and efficient innovation process is one of the fundamental elements of successful innovation. If people don’t know what challenges are important to be solving, what frustrations your customers have about your current products or services, what to do if they have a brilliant idea, or how to prototype ideas quickly and cheaply, then chances are your innovation process could do with improvement.

Here are some tips on how to improve your innovation process:

- Identify if your organisation has a preference for the front end (challenge identification and idea generation) or back end (prototyping and implementation) of the innovation process, and consider investing in capability building for the weaker end.
- Review your current process to identify if there are any bottlenecks where ideas are getting held up or slowed down. Find a way to resolve these bottlenecks, which will improve the entire process.
- Ensure you have a good balance between focusing on short-term wins, which will most likely be incremental innovations, and longer-term, more disruptive innovations.
Climate

A lot of people talk about wanting to build a culture for innovation. In fact, it’s one of the most common requests we field in our office. However, the problem with culture is that you can’t actually measure it. Culture is defined as a “shared set of attitudes, values and beliefs” - in other words, the vibe of the place. And you can’t measure vibe. What you can measure is “climate”, which is defined as people’s perceptions of a culture.

Lots of people have lots of different opinions on how to create a climate for innovation. But thankfully, a few years ago, a big meta-analysis was conducted that looked at 42 different peer-reviewed papers that had researched this topic and they found that there were really only 13 variables that are absolutely critical when trying to build a climate for innovation.

Based on this research, here are some of the top things that you need to do to create a climate that supports and fosters innovation:

- Ensure that you match projects to people to ensure that people within your organisation feel sufficiently challenged by their projects and tasks. When people feel like they could do their projects in their sleep, or conversely, feel incredibly stressed by what projects require of them, innovation decreases. You should aim to have as many people as possible working in the sweet spot of feeling challenged by their projects, but feeling like they have the resources to complete them, in order to maximise innovation output.
- Having employees experience a sense of “togetherness” is very important in creating a climate that supports innovation. Having a clear and inspiring purpose that has relevance to all employees is very important in achieving this so that everyone feels like they are working towards the same goal.
- Fostering a climate where people feel that risk-taking is accepted is a very significant driver of innovation climate. Consider ways you can demonstrate that risk-taking is encouraged by senior leaders, such as recognising ideas that fail but where they delivered rich learnings for the organisation.
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Capability

Building people’s capability for being awesome innovators is the final fundamental element. The bad news is that the majority of companies do not invest time in deliberately trying to turn their people into innovation dynamos. But the good news is, these skills are highly trainable. It is actually quite easy to help people become customer detectives who are brilliant at identifying what customers really want, to train people to become stars at generating creative solutions to problems, and to help people be able to prototype ideas quickly and efficiently.

Here are some tips you can use for yourself and teach to others to help build innovation capability:

• Ask people to deliberately challenge assumptions they may hold in relation to problems they are focusing on. Our creativity can be hindered by the assumptions and rules we operate by - so focus on identifying these and asking, “what if the opposite was true?”
• Seek inspiration from industries other than your own. If employees can consistently expose themselves to wider amounts of information, they will increase their creativity and capacity to come up with breakthrough solutions.
• Hold “blameless postmortems” when something goes wrong. Rather than trying to identify a culprit, try to identify the cause. By shifting your focus from culprit to cause, this will enable people to learn more effectively and improve their innovation efforts.
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Roles

Once you have built a solid foundation, having people be super clear on their roles, and how innovation relates to that, becomes incredibly important in taking your organisation’s innovation performance to the next level. If people don’t see how innovation is intrinsically linked to their role, then why would they focus on doing it? Likewise, if people are not recognised for their efforts, motivation will quickly dry up.

Here are some tips to help integrate innovation into people’s roles:

• If you want people to focus more on innovation, ensure that people understand how innovation fits within their current job description. If people don’t see how innovation is linked to their job, it will not register as important.

• Innovation performance should be linked to people’s KPIs or performance appraisals. This will help people prioritise innovation and balance time spent on it with business as usual activities. If innovation is not explicitly linked to performance, business as usual activities will almost always take natural priority.

• Ensure that projects are structured in a way that gives people a sense of progress when both small and large milestones are achieved. Feeling a sense of progress has been shown to be the strongest motivator of workplace performance and innovation.
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Strategy

While many organisations have innovation as one of their four or five organisational values or “pillars”, many don’t have an innovation strategy to accompany this intent. If your organisation does not have a deliberate and focused innovation strategy, then any growth you hope to achieve through innovation will be unpredictable and probably unsustainable.

To develop an innovation strategy, here are some things you should consider:

- As a starting point to understanding how much growth needs to be delivered through innovation, start by calculating your organisation’s Growth Gap. This is done by working backwards from your organisation’s 3 or 5 year growth target. Once you have that number, calculate the natural growth you expect to gain from your core business over that time period. Then, calculate the growth you expect to gain from incremental innovations over that time period. Finally, the growth gap is the amount remaining between the total of the previous two steps and your growth target. This amount equals the growth that disruptive, or non-core, innovation must achieve for your business in order to meet your target.

- Agree on what is on and off the table for innovation. For example, if you are a business to consumer company, would you ever consider selling to businesses? There is no right or wrong answer to what is on and off the table, but it is critical that everyone in the organisation is clear on this in order to be more focused in their innovation efforts.

- Develop a schedule for when your organisation will launch both incremental and disruptive innovations. By looking at past launches over the last five years, you will gain an indication of a good baseline number to work from. However, try to see if you can increase the number of ideas you plan to launch over time.
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Resources

Innovation does not and cannot happen without dedicated resources - specifically, people, time and money. Organisations and teams that are serious about driving innovation need to consider how resources will be allocated.

Here are some practical tips you should consider when it comes to resource allocation:

- Set aside a pool of money for ideas that your organisation identifies as worthy of prototyping. Try to avoid investing large sums of money at this stage - simply invest enough to create a “minimum viable product” that can be tested with customers, and from there, you can evaluate whether the idea is worthy of additional funding.
- Ensure that the innovation budget is protected when a crisis occurs. When organisations do not effectively resource innovation, the innovation budget (if one even exists) is often the first thing to go.
- Set in place structures to ensure that people have time to solve problems, generate creative solutions, and implement those solutions. Without having time to do this, innovation will not occur.
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Measurement

Peter Drucker famously said, “If you can't measure it, you can't manage it”. Yet many organisations fail to systematically measure their innovation efforts. And if you fail to measure the impact of what you are doing, you will never know how you should be changing it or improving it.

Try some of the following strategies to improve your organisation's approach to measuring innovation:

• Rather than just tracking output measures such as revenue and profit delivered by new product or service launches, make sure you are also measuring input variables, such as the amount of time and money invested into innovation projects. This will allow you to accurately track your return on investment.

• Put in place metrics to help you track and improve your innovation process. It is useful to measure the speed of your process (how quickly ideas move through the innovation pipeline), the breadth of people that are involved in your process, and how balanced your process is between short and long term innovations. The effectiveness of your process acts as a moderating variable that can either strengthen or weaken the relationship between your input and output innovation measures.

• It is important to measure your organisation's innovation climate, which also acts as a moderating variable between input and output variables. The stronger your innovation climate is, the greater the relationship between the money and time you invest in innovation, and the success of the ideas that are actually launched.
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Communication

If you asked everyone in your organisation what innovation is, and why it's important for your organisation, would you get a hundred different responses? If so, communication should be an area of focus. It is important that everyone in your organisation is on the same page around why innovation is important and even more fundamentally, what it even means.

To improve communication around innovation, try some of the following:

- Make sure that your organisation has a clear definition of what innovation is and why it is important. This may sound basic, but it is actually very important as clarity around innovation has a significant impact on people's ability and motivation to innovate.
- Survey people within your organisation to check that people have a consistent and accurate perception of what innovation means in the context of your organisation and the different job functions, and why it is important for your organisation and your industry. A common problem in organisations is that people do not know what innovation actually is, despite the fact that the word may be used frequently.
- Make sure that people know what they need to do if they have an idea. Leaders need to clearly communicate what the next steps are if someone has a great idea to ensure people know what to do with their thinking, and also, how and when they can expect to receive feedback (which is key in keeping people motivated).
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Positioning

Once you have mastered all of the eight areas mentioned thus far, positioning your people and your organisation as thought leaders on innovation within your industry should become your focus. While it is critical to be internally brilliant around all the elements that lead to best practice innovation, there will be a massive disconnect in people's minds if the outside world does not recognise just how innovative your organisation really is.

Try doing some of the following things to improve your organisation's positioning around innovation and being perceived as a true leader in your industry:

• Seek opportunities for people in your organisation to present at key industry conferences on the innovations your company is developing and implementing. Likewise, encourage people to write articles on issues affecting innovation in your industry, such as customer trends, macro trends and opportunities for innovation.

• Ensure you heavily promote successful innovations that do come out of your organisation, which will help engender a greater sense of pride in work that employees have done and the external recognition they receive.

• Identify some high performers around innovation in your organisation and invest in developing their ability to act as a thought leader for your organisation. For example, invest time in training them in written communication skills to help them write articles and books, and their presentation skills to help them have a bigger impact at industry events and conferences.
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Want more?

So you have made it to the end of this report. I hope you found some information that is useful and pertinent to your current situation. There are a lot of different tips in the report, and my advice is to start by focusing on the foundation level of Process, Climate and Capability, and also on Strategy. Once you have nailed these areas, it's time to move up to the other elements on the Graduation level, and then finally to Optimisation.

If you are serious about improving your organisation's ability to grow through innovation, then we would be super excited to help you with what can be a tough but incredibly rewarding journey. The first place to start is to understand what's currently working and what's not. Inventium's Innovation Audit is designed to do just that - tell you what you need to keep doing and what you need to change in order to ramp up your innovation performance. And if you already know what's working and what's not, we can help educate you on best practice by deep diving into the nine key areas and guiding you through applying these in your organisation.

We'd love to help you unlock growth through innovation. To have a chat to Dr. Amantha Imber or one of the team at Inventium, please get in touch via the details below.

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