



Ten Current Insights on Innovation Management in 2016

What is the status of this newly emerged discipline? Where are organizations in their quest for improvement of their innovation capability? Below are ten insights into where many organizations stand today at the start of the new year

Insight 1: Innovation Management is maturing – but methods and tools are disconnected

There is increased interest in innovation management as a discipline. Professionals are moving away from the 'how' question as they become more and more comfortable with the subject of innovation management itself. They become more aware and capable, knowing how to apply a bag full of tools. However, there is still much uneasiness with regards to how innovation management fits into the overall picture of running an organization. How to connect radical with incremental development, and even further out, with running an organization? Even today, with sophisticated tools under their belt, many professionals cannot join all their processes and methods together and use them in a consistent way, help them create an environment in which they have created lasting innovation capability. Many professionals are unable to 'marry' the seemingly conflicting goals and methodologies for radical innovation and incremental innovation purposes, let alone apply their tools and methods in an operational setting. The truth is, there is method even to radical innovation, which can be captured in an innovation maturity model. *Our advice: even in the face of necessity for radical innovation, think of innovation management as a highly structured, intricate but also very customized set of tools, processes and methodologies, tailored to your use, and fit for use in all circumstances. The keyword is relevance in context.*

Insight 2: Soft factors are hard blockers

The impact that culture has on innovation performance is not always recognized. There is a latent but widespread disappointment about the usefulness of applying innovation management methods, and consequently about results of 'classical' consulting. This has to do with relevancy of tools being used in the context in which they are used: for someone with a hammer, everything starts looking like a nail. Consulting firms with an approach will use what they built in their garage, whether it is relevant or not. Writers will advocate methods they elaborate on in their own management books. For approaches developed in-house, there is experimentation with innovative products and services going on in many places that may not always be communicated well across organization and connected to current development. The apparent insight here is: there is no silver bullet, no best practice. Only relevant practice, namely that which you develop and apply in your situation.

Culture and leadership aspects are often a very weak spot of benchmarking and best practice approaches. What cannot be measured, does not exist, what does not 'exist', is frankly ignored, while as any sensible manager knows, culture is a serious obstacle to development. These so-called soft factors are in many cases actually the hard blockers. People who are very knowledgeable about this are change management practitioners, yet they know very little about the specifics of developing new products and services. There are certain overlaps and connections between change management and innovation management. Looking at implementing innovation management as a process of transformation makes its core a toolbox of transformation processes. *Our advice: think of innovation management as a comprehensive set of tools, processes and methodologies, far beyond*

technology or business issues, often necessitating organizational and cultural changes that simply take time.

Insight 3: Learning how to handle risk and failure is crucial

When we are on the topic of culture, handling risk and failure at any level of the organization has not received the recognition it deserves. Particularly personal career risk with innovation is a sensitive area, which is why innovation, instead of being embraced as the single most important topic an organization should spend its time on, is delegated to the Innovation Department and run by an Innovation Manager deep inside the organization, instead of being recognized as a personal responsibility of senior management. *Our advice: explicitly address issues like risk and failure up-front, and consciously create a safe environment for professionals.*

Insight 4: Red Herrings: current metrics are not always relevant

There is a rising interest in innovation metrics, although professionals are unsure in general about what it is they need to measure to begin with? Apparent 'red herrings' among innovation metrics such as R&D spend, and project-based metrics, are still widely used even though they are obviously wrong. Cast your net wider and let innovation metrics guidelines help you. *Our advice: measure beyond what you can get now and what is easily available, things that contribute to innovation goals.*

Insight 5: Many senior managers continue to think short-term and incremental, and it hurts

Senior management often still strongly links innovation's goal-setting to marketing: in support of short-term and incremental development of an existing portfolio. Many senior managers have not cracked the underlying, more fundamental types of radical innovation, since 'the show must go on'. Most of their focus is on incremental development only. Myopia for short term results, low-risk, low-gain. Research has shown that this approach is detrimental to the development of the organization in the long run, and that more daring initiative when well-run carries the day. *Our advice: if you are a manager, beware that short-term thinking is long term failure. If you are an employee: make your manager sensitive to the risk of short term thinking.*

Insight 6: Marrying mature business and startup is a challenge.

Mature organizations play 'not to lose'. Startups actually play an entirely different game called 'nothing to lose'. This is pure exploitation versus exploration. Running a current business that demands your everyday attention, versus setting up an entirely new business. The good news is, that it is possible to encompass seemingly conflicting goals into one innovation management model. Many professionals cannot accept this notion, but the innovation management standard has shown that this is true. It may still mean we need to create different recipe books for different kinds of innovation. There will at least be two kinds of innovation, radical versus incremental (which is the main distinction). Perhaps there is a need to create further recipe books for maintenance/support innovation and cost-cutting innovation. *Our advice: any organization needs to marry mature business to new initiative, thinking about that up-front is a prime responsibility of senior management, not of an innovation manager.*

Insight 7: Timing and acceptance: there are no easy and cheap solutions

The TIM Foundation has been way ahead of the game in the last few years. The Board of the Foundation held its ground in many debates, often around the acceptance of the fact that you can actually manage radical innovation, even in the context of incremental innovation. Professionals found it hard to stomach we were able to bridge radical and incremental innovation, bringing them

together in one framework. At the same time, using an innovation maturity model and standard does not mean we promise practitioners a rose garden. Quite the contrary: instead of the panacea which most management books offer, the implication of what is stated is that really lasting innovation capability is difficult and takes time. Steve Jobs once put it clearly, and we paraphrase him here: it is so hard, that you have to love, to really love it, and that people who are sane, actually quit. It stresses that there are no easy and cheap solutions for the business of innovation. The ambition of comprehensiveness and universality has led to a high level of abstraction and general truisms. A next step therefore is to start applying the maturity model in vertical industries and extend its use beyond the kernel of first adopters, the practitioners. What certainly also helps is to look at the standard and the accompanying maturity grid as a reference model, a universal ruleset of innovation, a configuration tool. There is an analogy with the theory of relativity: you do not think of it all the time, you may not understand it fully, like it or not, its principles universally apply to the entire material world. *Our advice: think of radical and incremental as two ends of a continuum, not as two universes.*

Insight 8: Innovation is a network

Organizations today are either too small, specialized, or the areas in which they work are too complex by nature for them to individually succeed with innovations. This is why many organizations have adopted the principles of thought of Open Innovation as a toolset to help them find appropriate interaction with their environment. *Our advice: beef up your networked innovation capabilities and make sure they offer value to all partners involved. Specifically involve your entire value chain, notably beef up innovation capability in the supply chain, and engage customers.*

Insight 9: Innovation is a learning business: work incremental!

More and more organizations adopt the principle of incremental: using methodologies that help them take smaller individual steps and learn along the way has become the norm. The focus is not on the perfect launch and finished product, but on the learning process along the way that provides current insights into customer or user preferences and behavior, and get closer. *Our advice: alongside linear/waterfall methodologies and processes adopt incremental strategies when and where they make sense, ignore them everywhere else.*

Insight 10: Innovation is joined at the hip with sustainability, always: Sustainable Innovation Rules

Since the 2015 Paris Conference, there is no denial: sustainability has become a major driving force for many innovative concepts. Much attention is drawn to sustainability initiatives and there is more to come. It is an essential requirement for future success, to embrace sustainability concepts and breathe them, day-in, day-out. Sustainability guidelines exist that connect innovation management to sustainability requirements to make innovation truly sustainable in both senses of the word: durable/repeatable *as well as* people-planet-profit. *Our advice: if you have not already fully embraced principles of sustainable organizational behavior, make sure you do tomorrow.*

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