



WHY EVERY
ORGANISATION
NEEDS TO
INNOVATE AND
HOW TO DO IT.

DR IRENA YASHIN-SHAW
DIRECTOR INNOVATION EDGE

Why innovation is the key criteria for business and organisational success in the Twenty First Century

We live in a fast moving world where the pace of change is constantly accelerating. New knowledge is being created at a breathtaking rate. And it is not going to slow down. I came across some statistics recently that were amazing. By the year 2020 technical knowledge will be doubling every 73 days. We are on an exponential growth curve when it comes to knowledge creation. That means that by the end of this century we won't have experienced just 100 years of progress - it will be more like 20,000 years of progress. 20 000 years ago Cro-Magnon man was hunting deer in the last ice age. We cannot even begin to imagine what our great grand children will be doing in 2099 but they will be as far removed from us technologically as we are from Cro-Magnon man.

The only way to remain relevant in such a world is to innovate. Individuals, businesses, countries that don't put innovation on the top of the agenda will get left behind quickly because we are already past the information age and very firmly into the innovation age. It is an age where:

- Ideas are the most valuable commodity
- Strategic partnerships and alliances between very different kinds of organisations or groups are fuelling innovation
- The proliferation of new knowledge is quickly commercialised

So success in the 21st century will very much depend on how quickly any business or organisation (whether public or private sector) can respond to market forces to compete in a global economy. The number one rule of long term survival is adaptability. So building a successful enterprise is about being able to reinvent yourself as the market changes and being responsive to changing times, and that takes innovation.

Some businesses have actually 'shot themselves in the foot' by trying to be better and better at what they do. That sounds like a good thing – right? But that won't work if they're just getting better and better at doing something that the market doesn't want. Kodak was a classic case in point – they got better and better at making film at a time when the world was changing

over to digital cameras. By the time they entered the digital camera business they were entering a crowded marketplace so even though their products were good, their profits plummeted. Now they have changed their business model aiming to do for photos what apple did for music, which is to help people to manage their personal image libraries. Going from hard products to digital services was a significant reinvention of their business model which will hopefully pay off for them in the long term. It is looking promising. But they were initially slow to innovate and then went down the wrong path before reinventing themselves.

CEOs worldwide recognise the crucial importance of innovation when it comes to 21st century business success. IBM conducted a global study of over 1500 CEOs from all over the world in 2010 and found that CEOs now believe that creativity is an essential leadership competency in order to have successful enterprises. You can't have innovation without creativity. Business success depends on new ideas, new products and services and new ways of doing business. In short - innovation

Businesses that fail to innovate run the risk of losing market share, productivity, profit and key staff. If that happens they're in danger of going out of business.

What is **innovation?**

The term innovation is often narrowly defined as being related primarily to technological advances or inventions. This is a very limiting perspective. Innovation is much more than installing the latest computer system or CRM software. More broadly defined, business innovation is the application of new ideas to:

- products
- processes
- organizational practices
- business models

Think of innovation as a tool that can help an organisation to respond proactively to challenges and opportunities presented by an increasingly globalised, knowledge-intensive marketplace.

In a business context, innovation could be a major revision of the business model or core competency as in the case of Kodak that I mentioned earlier, or it could be as simple as putting up a whiteboard in the lunch room as a way of capturing people's ideas to start the collective problem-solving process on an issue.

Certainly coming up with a great new invention that takes the world by storm and ensures market share for a business is a strategic innovation at its most visible

such as the Australian invention of the cochlear implant. What a remarkable invention that is. It has given the gift of hearing to thousands of people around the world. But for most businesses this type of innovation is not an option. But all businesses can aim for tactical and operational innovation on a day to day basis. Tactical innovation is where a business produces variations on a theme in relation to their existing product or service offerings and operational innovation is the continuous improvement to business processes and systems which cumulatively yield increased productivity and profit.

So my definition of business innovation is any new idea translated into action that makes the organisation more effective, profitable and sustainable.



INNOVATION

Common barriers to innovation

Unfortunately there can be many barriers to innovation in organisations. The nature of those barriers will be different depending on the kind of organisation we are dealing with. For example in a public sector organisation often the main barrier is the heavily hierarchical structure of the organisation that squashes new ideas, in a long established Fortune 500 company it might be the mantra “That’s not how we do things around here” which blocks new ideas and entrenches ‘group think’ (where everyone thinks the same way), while in an SME it might be an overloaded CEO who has the responsibility for driving innovation but is so busy that it is a struggle to take time out to see the big picture and think strategically. Here is a general list of a dozen or so common barriers to innovation that cause ‘Innovation Inertia’ within an organisation.

barriers

- 1.** Entrenched practices
- 2.** Group think
- 3.** Companies thinking that they are already being innovative
- 4.** Focusing only on the day to day business and not being strategic enough
- 5.** Innovation not a priority for the leaders of the organisation
- 6.** Staff thinking that innovation is only the job of the CEO, decision makers or the research and development team
- 7.** Staff not motivated to contribute creative ideas
- 8.** Lack of communication or silos within the company which hinders information sharing and collaboration
- 9.** No system for capturing ideas and giving feedback
- 10.** Lack of good training for staff
- 11.** Believe the myth that you have to be brilliant in order to contribute to innovation
- 12.** Believe the myth that innovation only comes in huge leaps forward.

What can organisations do to overcome these barriers to create an organisation in which innovation can flourish?



If we look at that list we see that the barriers can be divided into three broad categories. Barriers related to:

1. The way people think or the prevalent mindset of the people in the organisation
2. The climate or culture of the organisation
3. The channels of communication through which ideas can flow

Mindset, climate and channels. These are the three drivers of innovation within an organisation. So the best way to overcome the barriers is to develop an innovation strategy that incorporates all three aspects. Let me deal with each in turn.

Firstly mindset. One way to encourage staff to think more innovatively and contribute new ideas is for the leaders to ask good questions – of themselves as well as their teams. Actively nurture a question asking culture with questions like:

- What would I see if I examined this situation/idea from a completely different point of view?
- How can we do this differently or better?
- Does this solution look like it will help us meet our strategic plan?

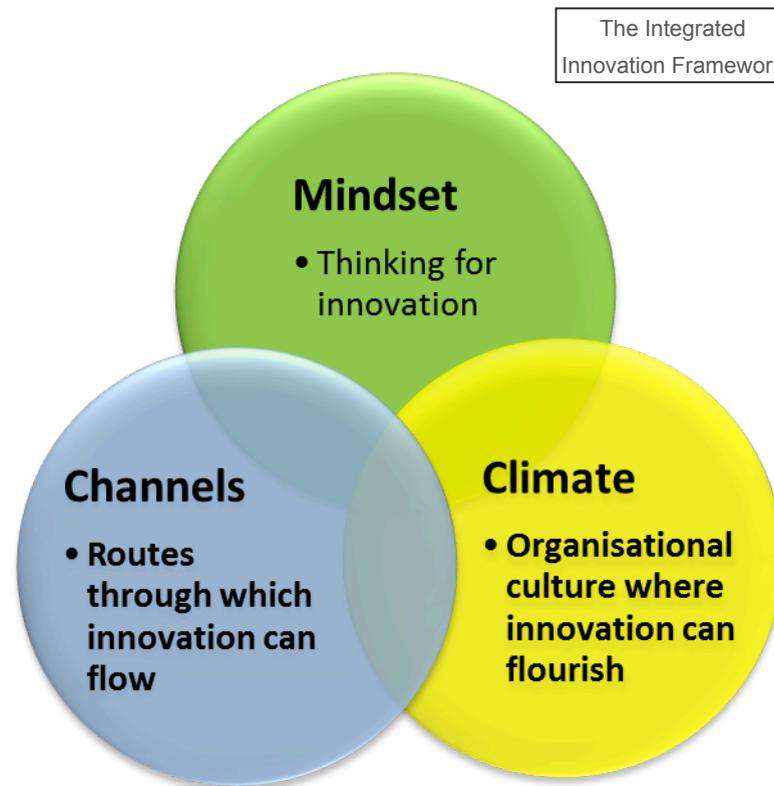
In the absence of questions we have a dangerous organisational phenomena called group think. It is a **pattern of agreement where no one questions ideas, policies or actions.** There is a wonderful quote by Walter Lipman that says “Where all think alike, no-one thinks very much”. Obviously that won’t lead to innovation. Kodak was like that. I read an account by the CEO, Antonio Perez who said that when he first came on board, the hierarchical structure and omnipotence of leadership within the organisation was so entrenched that he couldn’t get people to disagree with him over anything.

Secondly climate. Creating a climate for innovation is about consistently welcoming innovation as a natural part of working life throughout an organisation. Building a culture of innovation means cultivating people to think differently, being receptive to new ideas and being prepared to take the occasional calculated risk. It helps if you have some of these:

- A commitment to innovation by the leaders of the organisation. You can't have an innovative organisation if the leaders of the organisation aren't committed to innovation
- A system for generating, collecting, progressing, recognising and rewarding ideas as well as giving feedback to people who offered ideas. Otherwise people will lose motivation.
- High quality professional development or training for staff
- Trust among staff/team members
- Dedicated time for collaborative, creative problem-solving
- Expectation that all staff be part of the idea generation that will result in innovation

- Tolerance for calculated risk-taking or failures
- Dedicated resources allocated to find, develop and implement new ideas
- A business strategy that has innovation as an integral component

All of these will contribute to a climate or culture of innovation



Finally channels. Having the channels through which ideas and innovation can flow is essential. Without good lines of communication, organisations develop silos of knowledge and experience. That is something that happens often in government organisations and larger companies. But I've seen it happen even in medium sized companies. Here are some suggestions for opening the channels:

- Share the strategic vision for the business with all employees so that everyone is on the same page.
- Collaborate with colleagues across the organisation
- Ask clients or stakeholders for their input.
- Engage with the local community – Many businesses these days are forging valuable relationships with their local communities as well as online-communities. Individuals and groups all around the world can easily collaborate on projects.

Mindset climate and channels. These drivers will overcome innovation inertia. Ideally organisations will achieve best results when they embed all three innovation drivers in the organisation in an integrated way.

What organisations and enterprises can do to improve their competitiveness and sustainability.

Different businesses will prioritise innovation activity differently in accordance with their strategic goals. Here are some examples from businesses I've worked with recently.

One medium sized manufacturing organisation demonstrated their commitment to innovation by formally articulating it in their business strategy and making it part of the KPIs (Key Performance Indicators) for the executive team. To measure that the CEO asked for 2 new product ideas developed and ready for market in 12 months.

Another engineering firm realised that in order to improve the climate of innovation in the business they needed to engage and involve their staff much more. The General Manager said "We have come to realise that if we wanted to improve the innovation climate in our business, then we have to make the employees part of the decision making process."

They started having regular meetings to communicate the company's vision and goals, include them in the decision making process and recognise and reward innovative ideas. They provided them with high quality professional development, created an internal business improvement group drawn from all different parts of the workforce and deliberately included only one manager. Their profit margin has increased by 9% without any cost cutting or price rises.

Another business simply implemented an active reflection time where they asked all the employees to spend 15 minutes a day thinking about how they can do better the next day. What a beautifully simple way of encouraging everyone to be part of the business improvement process.

One company that had grown very rapidly realised that they were in danger of jeopardising their achievement due to the fact that the CEO became so busy as a

result of the growth they had experienced that he was doing less of the very thing that had made them so successful – that was thinking strategically. He had become too caught up in the operational side of the business. So he delegated operational responsibilities and then went further to appoint key people as innovation drivers in the business. Previously he had fulfilled that role.

These are examples of organisations that have implemented tactical and operational innovations to improve their competitiveness and sustainability. Very often businesses have the resources already within their ranks to innovate effectively but in order to do so they just need to take a step back and look at the business with a different lens.



How organisations can tap into the creative potential of their employees

There is a huge amount of creative potential that goes to waste in most organisations. Brains down the drain! There are enormous reservoirs of cognitive resources languishing in every organisation. Most businesses have issues in the 'too-hard' basket – those difficult challenges that elude resolution. Chances are that the means to solve those challenges as well as generate new ideas that can feed the innovation pipeline in the organisation are close at hand but not being used. Usually organisations just need a process for tapping into and channelling the ideas of the employees. Here are a few suggestions:

- Set some regular time aside for creative problem-solving and brainstorming. That could be during staff meetings or specific purpose meetings dedicated to particular issues. But have enough structure so that the time is spent meaningfully but not so much that it stifles creativity. Start by defining the issue clearly. The more clearly defined the issue the better the use of time. Have handy some butchers paper or a whiteboard or some way of capturing the ideas that are generated during the session. Ask people to brainstorm individually first before they go into

the group brainstorming. Have a time limit on the process depending on what you want to achieve. 20 mins/1 hr. Select the best ideas to progress. Make sure the team gets some feedback on the ideas they put forward.

- Have an effective system to capture ideas. This could be an intranet space where people can contribute and add ideas, it might be an innovation space or a creative space somewhere accessible where people can be comfortable. Usually it tends to be the tea room - which is fine - but it just needs to be fitted out with a few tools by which to capture ideas before they slip away e.g. a whiteboard.

- Suggestion boxes (either real or virtual) are another possibility but they have fallen out of favour because they've been incorrectly used in the past. Generally they don't work for a whole lot of reasons unless they are 'campaign based'. A Campaign based suggestion box solicits suggestions about one particular idea only for a limited amount of time say 2-4 weeks. It is specific, targeted and contained. Otherwise most of the time suggestions go into the 'box' that are just not relevant to what is on the agenda. If you are going to capture ideas

then you must have a process for giving feedback. People don't mind if their idea isn't used – they find it much more frustrating if they put forward a suggestion and then never hear about it again!

- Create opportunities for people from different levels and areas of the organisation to collaborate. Eliciting different viewpoints and perspectives about a particular issue will almost certainly deliver a richer outcome. So if possible put project teams together that have a diversity of skills, experience and insights.

- Actively seek input from all parts of the organisation. The innovation imperative does not reside solely with the research and development team. It is every employee's responsibility – so ask for input from all sectors of the organisation.

Just having a process for proactive knowledge sharing and collaboration can explode the productivity of an organisation as well as help people to feel more engaged and valued and will harvest ideas that will lead to innovation.





About the author

Dr. Irena Yashin-Shaw PhD is an innovator, educator and an entrepreneur with a unique blend of academic and business experience which makes her the ideal partner for organisations seeking to improve their productivity and effectiveness through innovation. Using a ‘top down’ and ‘bottom up’ approach, Irena enables organisations to achieve their innovation goals by engaging all levels of staff. She has methods for maximising opportunities for cross pollination of ideas, harnessing tacit knowledge, enhancing collaboration and networking, and creating the channels through which information and innovation can flow. She specialises in helping organisations acquire strategic approaches to innovation, continuous improvement and leadership development.

A highly respected international expert in her field, Dr. Irena has delivered presentations and workshops on the topics of creative problem-solving for innovation, in many countries around the world and has authored and co-authored numerous publications. Her presentations and programs are a unique blend of in-depth, academic knowledge, practical, real-world business experience and fun theatricality and humour that create rich learning experiences for participants.

Visit Irena’s website www.innovationedge.com.au for more information and some free resources. Email her directly to find out more about her programs and how she can help your organisation to become more innovative. irena@innovationedge.com.au or call **0411 330 301**.

Testimonials

“Dr. Irena’s workshop on Innovation for Growth & Profit in Regional QLD was brilliant! Think of how often you attend an event with other business owners but don’t have the opportunity to tap into their great minds and business experience. This event was the opposite – we were all able to share our thoughts and great ideas with each other to get some terrific business insights. As the President of the Bundaberg & District Chamber of Commerce, I would recommend that any business contact Irena about her programs. Great job Irena!”

Dion Taylor. President of Bundaberg & District Chamber of Commerce

“Dr. Irena is an amazing and genuine person who puts herself fully into her authentic workshops. She gives her time, talent, creativity fully and her workshops really get you thinking at a different level. I don’t know how she can keep so focussed after 8 hrs of giving as much as she does. Irena’s authenticity and passion truly shines through. Her material will certainly fill gaps in your life and business as it has in mine. In her creative thinking workshop called ‘Thinking Beyond Boundaries’ she didn’t just fulfil my expectations she exceeded them by literally changing the way I think. I can certainly see why Irena has achieved such fantastic success in her various roles as an academic, entrepreneur and professional speaker and seminar presenter.”

Gary Carson. Business Leader. Owner Works4Us. Brisbane Australia.

“I was first introduced to Irena in mid 2009 when we required a creative and inspiring facilitator for an upcoming collaborative workshop. Irena demonstrated an exceptional ability to understand our needs and translate them into a fun, engaging and thought provoking event. Irena has since delivered a number of well received workshops for our clients and I have absolutely no hesitation in recommending her for any future opportunities.”

Paul Hodgson. Previously State Director of Enterprise Connect, DIISR. Currently Federal Senior Ministerial Advisor on innovation.

“Irena delivered an Innovation Skills for the Public Sector program that invited the participants to think about the innovation challenges in the public sector. Throughout the day Irena unpacked a toolkit of effective methodologies and processes that anyone can use to start thinking creatively when problems need to be solved. One key message I took away was that “there is a role for everyone when it comes to organisational innovation. Great stuff Irena, I certainly enjoyed the workshop.”

Bryan McSweeney - Principal Advisor, Design Capability Development. Department of Transport and Main Roads

“Dr. Irena Yashin-Shaw is an inspiring speaker and workshop facilitator. After attending one of her Innovation Edge workshops recently, we came away feeling inspired, very motivated, and equipped with some wonderful strategies and ideas to implement new innovations and improve the growth and profit of our business. The workshop was the most enjoyable business workshop I have ever attended!! Irena’s sparkling & energised personality & dynamic presentation skills allowed us all to feel relaxed and motivated to participate. My business partner and I got a lot out of Irena’s insights, as well as those of the other participants due to the interactive, dynamic & collaborative nature of the workshop. We now have a fresh outlook on our business going forward.”

Lisa Goodwin. Owner Get Smart Online Productions

“Dr Yashin-Shaw and I spoke at the same “Innovation in the Public Sector” conference in Amman Jordan. The three-stage model she has developed to help all organisations implement innovative thinking and deliver change, is as powerful as it is simple. Dr Yashin-Shaw is an engaging speaker who presents her ideas clearly and appropriately for her audience.”

David Tee Founder and Principal Consultant, growthWorks / CEO and Founder at The Business Incubator Magazine.