

Innovation : A DNA of Organizational Success

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Apple Computers , Procter & Gamble , Walt Disney, Tesco, Walgreen. These are the names of the top five companies that figure in the list of Global Most Admired Innovative Companies 2006, released by the Fortune .

“Companies need to keep innovating if they are to keep growing”.

To survive - let alone thrive – in the global market requires continuous innovation through a spirit of disciplined entrepreneurship from top to bottom within an organization.

The premise heard repeatedly through CEO rhetoric is that creativity and innovation are critical for an organization's success in maintaining its competitive advantage and in surviving. In a recent survey, four in five senior executives have identified creativity and innovation as a 'top three' priority for business strategy. And this view of creativity is supported by a wealth of research narrative and a huge market supply of creativity gurus and consultants.

It should be noted that although the collective term 'creativity and innovation' is routinely used, and the individual words 'creativity' and 'innovation' are often used synonymously, the two words actually refer to two distinct activities in the organization. 'Creativity' is about the *generation and sharing of ideas*, and 'Innovation' is the *process whereby creative ideas are implemented*. The real challenge for the organization may *not be finding a way of getting people to come up with ideas, but finding the best, most practical ways of implementing those ideas*.

There is an imperative need of, an effective innovation process, that produces a "*steady stream of sustaining and breakthrough ideas: new products; new services; new processes; new business models — innovations that enable a company to create and capture value in entirely new ways, ultimately leading to continuous revenue growth*".

In order to foster growth and sustainability, it is necessary to create a congenial environment, that inculcate, nurtures, boosts and supports the creative and innovative spirit of the workforce within the organization .Major responsibility of this *Herculean Task* falls on the shoulder of the *Czars* in the business. They require departure from the corporation's proven business definition as well as its assumptions about what makes a business successful i.e., they require *forgetting*.

Now that we acknowledge the dynamic role being played by the CEOs; COOs ; CFOs, in revolutionizing the world economy , it is felt that there is an inherent need to appoint *Chief Innovation Officers* (CIOs) as well , who can be charged with making "*innovation routine, not random; central, not marginal; exciting, not scary. They educate, inspire, cajole, hire, bribe, punish, build -- all to transform their companies' cultures*". These people must be *Good Idea Generator* – and should be able to generate substantial idea pools, creative writing and more...

Be it the CIO or the top guns in business , in my view, both need to have in them veracity , newness , impetus , audacity , to encourage and nurture new ideas ,which usually are delicate in nature and to promote successful innovation within the organization . It is desirable that they practice -

i. Freshness - *the deliberate organization of new and different inputs and stimuli to your work to provoke alternative perspectives.*

*"Problems cannot be solved by thinking within the framework in which they were created."
Albert Einstein*

Most companies spend their time reading the same research reports and dissecting the same sales data and are then surprised when they produce similar ideas to their competitors. Companies must realize the importance of getting out of the past and stimulating themselves to look at their issues freshly. Unilever Bestfoods organizes "Raging Curiosity" afternoons every Wednesday for their marketing and R&D staff. Staff are encouraged to get out and visit flavour houses, consumers, other businesses - anything that could offer a fresh perspective on their food business.

ii. Greenhousing - *to nurture fledgling ideas until they are big enough to look after themselves.*

*"A new idea is delicate. It can be killed by a sneer or a yawn. It can be stabbed to death by a joke or worried to death by a frown on the right person's brow."
Charles Browder*

When you see a little green shoot pushing through the soil it is impossible to know if it will be a weed or a flower. Only by growing it for a period can we assess its potential. Yet in business we are expected to assess fledgling ideas all the time. *Innovators find ways of questioning and building to help them assess an idea's potential - rather than rushing straight in to kill it.* Bass brewers have introduced red and yellow cards in meetings. If you squash an idea without building on it, you're shown a yellow warning card. Do it again and your red-carded out of the meeting!

iii. Realness - *bringing ideas to life in whatever way you can .*

Innovators do not operate in the world of memos and documents. They bring their ideas to life early and repeatedly in order to create understanding and excitement in those around them. Asda (supermarket chain) built a large development kitchen in the centre of their marketing department to remind employees that their core business was food. It also allows them to get their hands dirty and try ideas out quickly.

iv. Momentum - *the management of personal, team and corporate energy to ensure innovation happens.*

Innovation needs focus and a sense of momentum to create real creative energy. At ? What If ! They hothouse projects, taking clients off to a cottage somewhere and working day and night on a project. The estimate shows that they do in three days what it would otherwise take at least one month to do.

v. Signaling - *explicit signs telling yourself and others what response or behaviour is needed.*

One of the tricky things about innovation is that it needs two very distinct worlds or behaviours: madness - a free flowing creative state, and measure - the more traditional business analysis skills. Without measure, creativity is just an enjoyable pastime. Measure makes the decisions and makes things happen. The issue with these two worlds is that they don't really mix! That's what makes innovation so hard. Signaling is all about informing those around you which behaviour is

required at any one time. Advertising agency, HHCL, has 'stand up' meeting rooms to signal that quick decisions are needed.

vi. Bravery - *doing what it takes to stay true to one's ideals.*

"There is a microscopically fine line between being brilliantly creative and acting like the most gigantic idiot on earth. So what are you waiting for , leap!"

Anonymous

Creative people will always encounter opposition from people seeking to keep the world the way it is. Only bravery will keep you going. Microsoft asks all new senior hired about the biggest mistake they've made in their career. They think they should all have one otherwise they're not being brave enough!

vii. The “Compliment, Consider and Challenge” Approach to Ideas – *challenge not criticize*

No matter how much we appreciate creativity, we humans tend initially to criticize new ideas. Doing so de-motivates people and kills off creativity. “Compliment, consider and challenge” is a simple approach we can all adopt to encourage creative thinking in others, especially our subordinates.

In addition to the necessary changes in the mind-set of the leaders , it is also necessary to create and promote an entrepreneurial environment within the organization . It is important to adopt multidimensional and multi faceted permutations and combinations to create new demand ; design new product and processes; tap new markets ; design new strategies to enjoy sustainable growth .

To harness creativity with the organization there arises a need to provide the necessary ‘*Innovation Infrastructure*’ that unlocks a companies potential to engage in ‘World Class’ innovation . *The landscape for idea generation can no longer be bounded by a company’s four walls.* These boundaries are breaking down as corporate innovators are extending their networks as they look to embrace the rich diversity of people from outside their organizations . There is also a need to supplement the company’s constant incremental innovation with the ‘*disruptive innovation*’ and to adopt concepts like ‘*green innovation*’ and ‘*strategic innovation*’ to insure sustainable growth and long term profitability as well as to reiterate stakeholders confidence.

Innovation Infrastructure

Creativity literature reveals that there are several key indicators that can be audited to establish how an organization can improve its potential both for creative activity and for the sharing of ideas. These are explored, in brief, in this section, and include:

Organizational Design

There is no specific organizational structure identified as being creative, and this is unlikely to happen as organizational structures work best when they support the organization’s business strategy.

The design of individual roles within the organization’s overall structure should *provide challenge, stimulation, a level of freedom, an opportunity to exercise discretion, to take initiative on a day-to-day basis, and to define elements of the role independently.* Complex roles and lateral career paths both feature in creative organizations. *Team building and team review activities should be in place to enable effective working and communication within teams.* Communication

flow between teams can be encouraged through various mechanisms such as cross-functional team working, where virtual teams can meet together.

Additionally, 'idea labs' should be designed to encourage group debate, through, for example, the creation of a place where individuals can elaborate on and test new ideas with peers before taking action. People could also be encouraged to take 'hot seat', i.e. they get an opportunity to share their ideas with top management as well.

Knowledge and Information Management

Information systems should be in place that allow the employees to store and share information and knowledge and look beyond the boundaries of the organization, to find creative solutions. An important *barrier to creativity is idea 'ownership'*. One problem with idea ownership is that staff can be less inclined to be creative if they are suspicious that their ideas will be 'stolen' by the company and they will receive no credit or reward, whilst conversely, the employer is concerned that the employee will leave with their ideas. *It is therefore necessary that management shows empathy towards workforce, so that they may knit their personal interests with the organizational interests.*

Intellectual Capital

Support and encouragement may be provided through, personal development plans, mentoring, learning groups, peer coaching or through the creation of other opportunities for sharing of learning. Opportunities for networking and sharing knowledge and ideas both internally and, as appropriate, externally, should be maximized.

Organizations should also arrange *sessions on stress managements and art of livings for their workforce. Such sessions, help people to regain their lost energy, vigor and enthusiasm and also brings lots of peace of mind and body.*

Culture

Organizational culture should support creativity by embracing an appropriate level of risk-taking, by engendering trust in management, by supporting diversity and by promoting continuous learning. *Risk management policies and procedures should allow staff to feel confident to take a certain level of risk without receiving blame if the outcome is not successful.*

Diversity within the organization provides an environment for creative 'sparks' by bringing together different ways of thinking. In trans-national organizations, this extends to providing opportunities for international working.

The BBC's *Making It Happen* change programme is an example of high internal visibility and energy to involve the whole organization. *A key strategy is to bring together people in new and different ways to provide opportunities for the collision of different ideas to make something happen – one of the ways they define creativity.*

A lack of belief in the ability of employees to contribute, manifested in a cultural attitude that 'not everyone is creative' or that 'we innovate in this way', can significantly deter staff from involvement in creative processes.

Networking

Azim Premji, Chairman Wipro, says that "big ideas often come from customers. Big ideas can emerge from constant interaction . . . and several unsaid things can be elicited and developed making way for big innovations. Meaningful dialogues with customers will go along way in delivering excellent products. Services and products companies should look at this seriously".

Good networks and relationships can be developed with suppliers, universities, research institutes, which can supply intellectual capital and ideas. These contacts are found to help inform decisions on how to invest resources and ensuring that the team are well informed and not operating in a vacuum. Suppliers need a level of confidence that allows them to look beyond what competitors are doing, to find spaces that have been overlooked and to exploit them. This means organizations finding others that they can trust and work with.

Customers can be invited to discuss the challenges that they face, see demonstrations and prototypes and work with research and development people to implement ideas within the customer's business. Having a customer strategy, which focuses on maintaining in-depth customer-knowledge, can therefore offer a significant alternative creative of ideas for organizations. However ideas are more likely to result in incremental improvements than radical change.

Disruptive Innovation

Innovations that have a minimal impact on the company/industry and also require little or no change in behavior from the customer are truly incremental. There is a need to supplement the company's constant incremental innovation with the '*disruptive innovation*' to reiterate stakeholders' confidence.

Disruptive innovations are what is known as “supply push” products. This is the world of Shift Happens. No one knows they want them until some inventor “pushes” them into the market. Typically—frequently—there will be lots of competing formats until eventually a common standard emerges that a mass market accepts, and thus a new industry gets launched. But they are also incredibly risky.

To be honest 10 years ago, one did not know how desperately one needed that iPod.

The CD represented the first time that the music industry distributed “golden masters” rather than poor copies of masters to its customers. No doubt they saw the CD as yet another in a string of major innovations designed to keep people buying the same product over and over and over again.

But this time, some enterprising young entrepreneurs took it upon themselves to *eliminate the need for any physical media and just ship virtual copies of music around the globe*. This disrupted not only how consumers listened to and acquired music, but also had a disruptive impact on the music industry itself.

Open Innovation

As an alternative to using customer feedback or developing creative solutions in-house, organizations may decide to '*buy in*' creative solutions from other organizations. One of the main advantages of this strategy is that radical or step changes are more likely to be achieved using this strategy than relying on staff or customer feedback which is more likely to focus on process improvements. The companies that collaborate with outsiders in their research and development reap a high percentage of their total sales from new products. Companies can buy in ideas that are based on areas of expertise outside their own.

Tetrapak, which was looking for new food packaging that would make it possible for packages to be formed from sterilized packaging material and filled under sterile conditions. As a result, it

partnered with paper and polymers companies, together with makers of hospital sterilizing equipment in order to develop the needed packaging designs.

IBM have recently undertaken an open innovation event or Innovation Jam as they call to collect ideas from some 100,000 minds, including employees, consultants, employees families and 67 clients from the Bank of America to Massachusetts Institute of Technology. By tapping into the wisdom of crowds IBM are looking to transform industries, alter human behaviour, and ultimately lead IBM to new business.

Collaborative working is embedded into the culture. To benefit from this type ideas-sourcing, businesses must be appropriately organized to maximize potential with partnering organizations and have good relationships outside the company to build these opportunities.

Greening of Innovation

Blue ocean strategy as explained by W. Chan Kim and Renée Mauborgne, creates and captures new demand in an uncontested space, generating higher margins and rendering competition irrelevant. Rather than compete against an existing standard for limited differentiation, create a new standard and own it.

“As the world’s biggest companies give sustainable business a look, there will be challenges at every turn. Immelt has the ideas, the technology, the cash and the commitment to turn green ideas into big profits.”

General Electric’s CEO, Jeffrey R. Immelt

In GE’s new locomotive design which will be operational next year, this surplus energy is collected and stored in non-lead batteries, then repurposed dynamically to deliver on demand horsepower. It will reduce fuel consumption by as much as 15% and cut green house gas emissions by up to 50%. The new design also outperforms traditional locomotives at higher elevations and climbs steep inclines more efficiently. GE estimates a potential annual fuel savings of \$425 million a year if all North American engines operated as efficiently as their new system.

Ecomagination should be synonymous with ecoprofit. As more companies begin to recognize sustainability as an opportunity to create new, lucrative blue oceans, we may reverse disturbing trends like global warming by creating a more balanced future. Profit and sustainability do coexist, but someone has to consciously make the leap from red to blue. The solutions may be new products, new services, or new processes. Innovation comes in a variety of forms.

Outsourcing Innovation

No single company acting alone can hope to ‘out-innovate’ every competitor, potential competitor, supplier or external knowledge source around the world. It follows, therefore, that there is a rationale for developing partnerships or outsourcing innovation in order to better meet the needs of customers and so put money on the bottom line.

Options for outsourcing can vary from using outside IT experts, to joint venture, to outsourcing all activities apart from the core strategic team.

The pharmaceutical company, set up by Roche, has only nine members of staff. The company is overseeing the development of three drugs, and uses anything from 10 to 20 companies as contractors. The manufacturing work, physical production, pre-clinical work and clinical testing are all outsourced. Other companies may be brought in to manage the regulatory and licensing arrangements, quality assurance, market research and marketing. These separate contractors are then ‘welded’ into a ‘virtual team’.

Compatibility between partners is one key factor for organizations considering strategic partnerships or outsourcing. Synergy between culture and values is important here, and investing time in determining this at the outset will be well spent. Both parties need to be prepared to

acknowledge and realize that the other is entitled to operate independently, despite the interdependence of their alliance.

Strategic Innovation

It is becoming crucial to adopt innovative methods of business operation. It is time that concept like 'business rivalry' should vanish. When it comes to magnifying the net returns, in today's hard times of shrinking profit margin, it is imperative for corporate citizens to shed off their age old hostility and sign strategic tie ups, even with aged foe, to reap mutual payoffs.

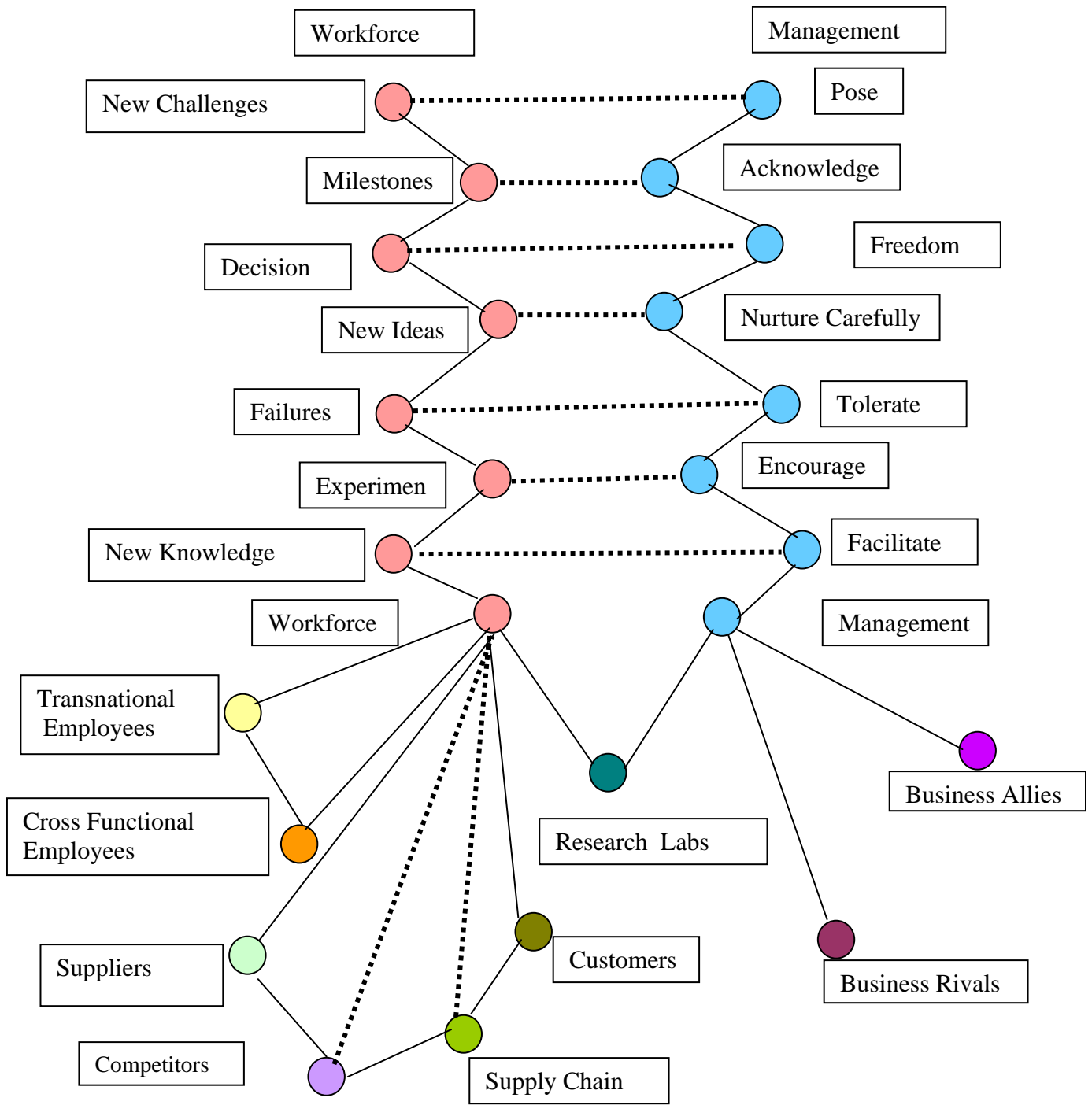
Soon after clinching the Hutchinson India, the Vodaphone CEO, Arun Sarin, had lost no time in offering, a strategic tie up for infra structure sharing, to their business rivals in Indian market, R Com, to the mutual benefit of both. This he believed would greatly help Vodaphone in curtailing their establishment cost and expanding, with the speed of light, across the length and breadth of, one of the Asia's fastest growing economies.

DNA of Organizational Success

It is the DNA of a person which gives unique identity to him. DNA helps in differentiating between two apparently similar looking human beings. I believe the innovation in business what DNA is to human body.

Organizational success can only be achieved by adopting innovative measures in all the diverse facets of business. This can only be done with successful partnering between the various stakeholders and especially the management and the workforce. Indoor innovation as well as outdoor innovation should be practiced.

My study shows that both management and the employees are like two strands of a DNA structure, and they have an equivalent role and responsibility in organizational success. These two strands have very intimate relationship, they are closely entwined and there exists a solemn bonding between the roles that they play. It is essential that initiative taken and efforts made by one are fully supported by the other.



DNA of Organizational Success

Innovation should be the responsibility of one and all in the enterprise. In order to create an entrepreneurial environment within the enterprise, it is essential that both tangible and intangible infra-structure should be provided to the workforce. The top brass should acquire the role of a facilitator rather than that of a regulator and controller.

Entrepreneurial initiatives by the employees should be enthusiastically supported by the management. There exists a fantastic binding between activities of management and workforce, which are well represented in the given diagram: facilitate - new knowledge; encourage - experimentation; tolerate - failures; nurture carefully - new ideas; give freedom - decision making; acknowledge - milestones; pose - new challenges. The diagram clearly brings out the structure of an effective innovation process, that produces a steady stream of sustaining and breakthrough ideas; new products; new services; new processes and new strategies.

Proper networking between cross functional teams within the organization and with trans-national contemporaries; association with research organizations; continuous interaction with the suppliers, customers, supply chain people will add new dimensions to ongoing experimentations and innovations across the organization.

The organizations should not solely rely on in-house innovation, instead they should try to formulate innovative strategic alliances and partnerships to expand their scope of market expansion and profit maximization. Innovative measures that need to be practiced are: out-source innovation; go in for the purchase of creative solutions from other organizations; make eco-imagination synonymous to ecoprofit; develop virtual teams to 'out-innovate' the competitor and even go to the extent of making mutually beneficial offers to long-time rivals.

Conclusion

So may I conclude by saying that though liberalization and globalization have opened new avenues for the corporate world, but in reality *they are accompanied by unanticipated fast moving changes, which pose new threats and challenges towards the organizations.*

Disciplined entrepreneurship, by way of continuous innovation, is the only '*mantra*' which can add new dimensions and vigor to the growth and development of the organization and help in sustaining perpetual existence.

In order to foster disciplined entrepreneurship it is necessary to create a congenial environment, that inculcates, nurtures, boosts and supports the creative and innovative spirit of the workforce within the organization. Corporate citizens should also to keep pace with the fast moving changes and should supplement the in-house incremental innovations with disruptive innovation, open innovation, green innovation, strategic innovation as well as outsourced innovation, to retain top positions in the industry.

Potential customers are often mere possibilities. Value propositions are often just guesses, because customers themselves have yet to figure out exactly what they want. The value chain and underlying technologies for delivering the new products or services are often unproven.

Thus only the fast paced, mystic and diversified innovations will warrant long innings for the corporate players.

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