

INNOVATING FOR THE 21ST CENTURY



COVER STORY

Innovation



Organisations acknowledge the importance of innovation to stay ahead of the competition and remain sustainable. The only problem is that many have the wrong idea of how to help their employees become more creative. When that happens, as author of *Innovation as Usual*, Mr Thomas Wedell-Wedellsborg elaborates, they end up diagnosing the problem with the wrong solutions and innovation does not occur in the company.

by Sadie-Jane Nunis

Brainstorming tends to be the first thing that pops into one's mind. Many leaders unfortunately seem to have a wrong idea of what innovation is about. Leaders understand the importance of innovation and why it is necessary for company growth. What is unfortunate is that many do it badly as they have no idea where to begin. Alternatively, some think they understand innovation but in fact, they assume it is merely about being creative.

Author of *Innovation as Usual*, Mr Thomas Wedell-Wedellsborg agrees. He says: "In my experience, companies think that they have to innovate but do not really understand what it is. Often companies think about inspiration and then send people off to a two-day seminar with great speakers. It is a wonderful experience but it doesn't really help you innovate. One of the biggest barriers to get better at innovation is to better understand innovation as a behaviour instead of thinking of it as merely thinking differently. It is more important for people to know how to act differently in their daily lives and therein lies the problem. If you're a leader in a company, how can you help people get better at innovation?"

Mr Wedell-Wedellsborg takes a broad approach to the meaning of innovation. He says: "Innovation is not just about products and technologies but about creating results by doing new things. This means that business as usual is when we create results by doing what we did yesterday and that will be fine most of the time. However, if there is a crisis, that is when we need to act differently and that is when innovation comes into play."

Innovation: Small versus Big Companies

Some may think that small companies tend to be on the losing end when it comes to innovation. This may be due to a lack of funds or the fact that many of them are very lean; but that may not necessarily be the case. In fact, Mr Wedell-Wedellsborg thinks otherwise. He says: "Small companies often have an easier time innovating. They do not necessarily have the resources but they have two things that work for them. They are flexible and they do not have the structures and processes in place that bigger companies do. Typically, they may face a more urgent need for it because small companies need to do things differently if they are trying to enter an established industry. They know that they cannot





Focused Company Culture Equates to Growth

win merely by having more salespeople in the field or a bigger budget. Often, small companies are forced to innovate more than bigger companies on a daily basis."

Some big names that were unable to innovate fast enough have gone from being brand leaders to being overtaken by their competitors. Is it necessarily the case that these companies fail, fold-up, or lose out to their competition because they could not innovate fast enough?

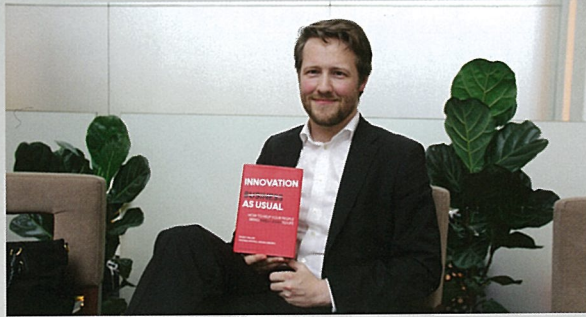
Mr Wedell-Wedellsborg elaborates: "It is almost dependent on the individual company that you look at. What you often hear are these stories about how the leaders didn't see it coming which is one of the most standard phrases. I think that when you look at these companies in detail, there may be very strong factors holding them back. Take Nokia for example. They had a fantastic time and they were known as one of the most innovative companies around. Then the shift to smartphones in 2010 saw a massive downturn in their unit sales and profits. The easy answer is that they didn't see it coming. What actually happened inside Nokia is that the entire organisational structure was built around hardware. They had individual hardware teams who had a lot of power and there was no central software function. It was actually up to the hardware teams to decide what software they wanted on their phones, which was Symbian at the time. They did have very strong structural obstacles and changing this would mean changing the entire organisation structure, one that had worked very well for years. It isn't as easy as just saying they were blind to what was coming."

Leaders—Key to Innovation

All companies are at risk of not being sustainable if they do not innovate. The leaders should prioritise merging innovation and strategy to stay ahead. Most employees are clueless about what or how to innovate so leaders need to make this clearer for employees by guiding them on how to come up with innovative ideas that can benefit the company.

Before they prioritise innovation as a key strategy, leaders need to think about what they are trying to achieve. Mr Wedell-Wedellsborg says: "Innovating for innovation's sake is not beneficial to a business. I think it is critical that after they figure out what they want to achieve, they need to think about what is stopping them from doing so now. If you want innovation to happen, why isn't it happening right now? There is no one clear answer. What tends to happen is that the top management team decides they need to make innovation happen. Where I see companies go wrong is that they fall in love with the options available in the market that range from training programmes for staff that teach them to be innovative to information systems they can put in place that they think will help them. It is likely that you will buy into a solution that may have nothing to do with what is really prohibiting innovation. Diagnose your team, individual, or unit before you start sending them for training or buying new solutions, thinking that you're solving your problems."

Some factors to consider are what types of innovation to look at. Mr Wedell-Wedellsborg advises to consider things like short-term or long-term solutions to whether



Innovation expert Mr Thomas Wedell-Wedellsborg. (SJ NUNIS)

the company is willing to cannibalise their own products. Leaders should not say all ideas are good but instead be direct and state exactly what they want their employees to focus on that will benefit the business. It will be difficult to set good goals for innovation if the leader has no inkling of what he/she wants.

This is easier said than done. Most leaders lack the skills to effectively get through the innovation process. Mr Wedell-Wedellsborg thinks that leaders need various skills to deal with innovation like strategic understanding for example, which he says leaders can get by understanding their industry and spending time trying to figure out the bigger picture. He adds that a good practice to have is the ability to focus innovation.

He says: "Focus innovation is a practice of giving people direction instead of freedom. An example is to find a framework that describes a business model in place and consider areas that people are not looking at. Many are trying to be creative in a specific area like marketing or products. There will be other parts of the value chain that people are not looking at or thinking about. There may be ways to collaborate better with suppliers within the value-chain for example."

Creating an Innovative Culture Helps

Creating a culture that thrives on innovation will help. Regardless of whether a company is big or small, culture exists. Small companies tend to focus on making things work and figuring out how to get stuff done. They need to be mindful about innovation as they go along and make it part of their culture, instead of just focusing on merely fixing the basics.

For big companies, it is a different focus. A lot of things that Mr Wedell-Wedellsborg has seen work do not necessarily come from the top. Usually it is the small unit within the big company that make it work. He gives an example of how a big company may have a small unit

sitting in Uruguay or somewhere off the radar; yet they innovate something that works.

Mr Wedell-Wedellsborg says: "Regardless of the size of your company, unless you happen to be the Chief Executive Officer (CEO), employees should start thinking of the whole company and focus on how to make your team more innovative. Once I have that right, how can I build it from there? There are limits to this approach but on a lower level, it may be feasible to do this."

As employees, one would think that the minute you have an idea that you think works, you run to top management to seek clearance. Mr Wedell-Wedellsborg disagrees. In an article that he and his co-author wrote titled *The Case for Stealth Innovation* (published in *Harvard Business Review* March 2013), they advised to go sideways, gain allies and build momentum there. He says: "What often happens is that you think you have a great idea and send it directly to top management. What tends to happen is they take their big guns and shoot it down. It is good to be strategic with this. Building a case and having a critical mass of supporters before you escalate the idea will be beneficial."

Customers and Innovation

Some companies like Starbucks depend on their customers to submit ideas. Customers may be a good source for ideas but Mr Wedell-Wedellsborg is quick to add that this may not lie in the way we think. He adds that Starbucks receives more than 100,000 ideas but they only implement 150 as the list of ideas is not impressive. He feels that the key is to observe and study your customers instead of just asking them for ideas.

Mr Wedell-Wedellsborg says: "Looking at the research and our personal experiences on this, the key thing is to get immersed in the world of your customers, observe them, and spend time in their shoes. That is when good ideas come. One add-on is that there is too much danger in focusing too much on your current customers. Try to see if there is someone out there who may be a potential customer."

There are numerous ways to be innovative but it is important to have the right ideas and strategies before jumping in. Heed the advice of this innovation specialist and you are not likely to go wrong. Use your people the right way to bring innovative ideas to life. ■