

# **Creating an Innovative Environment Foundation Document**

**Understanding your role for innovation success  
White Paper**



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# Table of Contents

## Contents

Executive Summary .....	2
Innovation gap .....	3
The role senior executives must fill for innovation success.....	4
Developing the rationale for executive focus .....	6
The seven essential domains for innovation leadership.....	7
Executive Innovation Workmat.....	8
Strategic Alignment.....	9
Innovation Structure, Process and Function Design .....	10
Language, Communication, Context and Engagement.....	12
Environment.....	13
Culture - Attitudes, Perspectives, Behaviors.....	14
Governance .....	15
Motivations and Measures .....	16
People, Skills and Roles .....	17
Benefits .....	18
Conclusions .....	19
Services .....	20

# Executive Summary

## Creating an Innovation Environment

While surveys show that innovation is a top three priority for many CEOs, recent research by the National Science Foundation in the United States indicates that only 20% of manufacturing firms and 8% of services firms reported creating an innovative new product in the last three years. While close to 70% of CEOs say innovation is a top priority, the gap between talking about innovation and delivering innovation is wide. What causes this gap between the expectations of senior executives and the creation of new products and services?

The reason, we believe, is relatively simple. CEOs and senior executives must play a vital role for innovation to succeed, but the role is misunderstood, undervalued or inadequately informed. The reasons for this poor performance are varied, but the result is the same: innovation rarely lives up to its potential due to misaligned goals, corporate cultures that stymie innovation, poorly aligned measures and metrics. These factors result in sporadic, incremental innovation at best. A recent Cap Gemini Consulting report sustains this assertion. The report notes that executives must create formal and informal mechanisms for managing innovation, otherwise disconnects emerge and innovation loses focus.

Few companies demonstrate sustained successful innovation, align innovation successfully to corporate strategy, establish a corporate culture that embraces and fully accounts for innovation. These capabilities and competencies provide the mechanisms for achieving a common approach and language that enables and helps sustain innovators to pursue creativity and innovation within their work.

The gap between executive expectations and the delivery of new innovative products and services indicates that some or all of these competencies aren't met in most organizations and they lack a comprehensive innovation management system.

We have identified seven critical competencies that form an integrated innovation "framework", within which innovation is much more likely to develop and flourish. In this paper we present the Executive Innovation workmat, which identifies the competencies and defines a critical role for senior executives to play for the long term success of innovation in their businesses.

## Innovation gap

Which individual or team in your organization is most important for innovation success? Many people will argue it is the most creative person in the company, the individual with the best ideas. Others will argue that it is the person who can make the idea a reality. Others will suggest the head of R&D, or individuals responsible for marketing or product development. Perhaps these answers are true in entrepreneurial companies or very small firms, but not in larger organizations. In larger organizations we believe the CEO or another empowered senior executive is the most important person for innovation success, since they have the ability to:

- link innovation to strategy, and
- create focus, engagement and passion for innovation, and
- direct funds and resources to good innovation programs, and
- speed good ideas to market as new business models, products and services, and
- ensure defined innovation processes and metrics exist so innovation is sustainable.

In mid-sized and large companies, leadership and engagement from CEOs and senior executives are vital to innovation success. What's more, these leaders want innovation to happen, more consistently, more purposefully and with better result.

Not only do CEOs and executives want innovation, they demand it to drive organic growth and profits and to create differentiation. We know this because you've made it clear. In survey after survey approximately 70% of CEOs report that innovation is one of their top three priorities. Yet the gap between "saying and doing" indicates a gap between vision and implementation. The consequences of this gap are significant:

- Poor execution of innovation goals
- Failure to achieve strategic goals
- Limited organizational design to sustain innovation
- Innovating for tomorrow often becomes a casualty of managing for today
- The growth of disbelief or cynicism when innovation isn't pursued.

### **Over-promise / Under-deliver**

Recent research from the National Science Foundation in the United States found that less than 20% of manufacturing firms and less than 8% of services firms reported releasing an "innovative" new product or service in the previous three years. While close to 70% of CEOs say innovation is a top priority, the gap between talking about innovation and delivering innovation is wide. If innovation is to become a critical capability, executives must demonstrate that innovation is crucial to corporate success, through their engagement, communication, investments and actions. Most importantly, executives must understand the important role that they play to develop and sustain innovation. We believe that many executives simply don't know what their role in innovation is, or ought to be. Executive leadership must become actively engaged in innovation to shepherd their vision to fruition.

## The role senior executives must fill for innovation success

We believe CEOs and senior executives play a vital role in the success or failure of innovation, but the roles are often poorly defined or remain unclear on who has what accountability. Since the roles are undefined, they are rarely well executed. Innovation can be misunderstood and not explicit enough. It's not enough for executives simply to demand more innovation – senior executives must demonstrate links between corporate strategy and the work of innovation, provide deeper insights into its contribution to the company's goals, between their vision and the activities necessary to create new products and services and finally, between their expectations and the actual culture of the organization. This brings together all the necessary alignment points, so it can deeply integrate within the strategic goals required to achieve the necessary growth.

Senior Executives fail to fill this vital role when they:

- are unaware their vision needs to be framed into a compelling message
- don't understand the importance of their role in communicating and motivating,
- miss articulating the value, importance and benefits to both the company and the individual
- don't resolve the 'hearts and minds' in engagement that innovation requires
- are unable to set out an overall framework for innovation and define its value creation
- delegate the role to others who don't have the power to execute and compromise too readily
- are constrained in their role due to time pressures and/or competing initiatives
- fail to shape, inspire or clarify the necessary linkages and synergies across the company.

Understanding the importance of innovation, and the barriers that innovation will encounter, helps define key activities an innovation senior executive must undertake, and what he or she must do to fill the role effectively. This leads to an important question: if innovation is strategically important, and if engaged senior executives are critical to innovation success, ***what keeps executives from filling the role effectively?***

There are a number of reasons why senior executives can often have difficulty filling an innovation leadership role, including:

1. Fixated on short term financial goals to the detriment of longer term opportunities
2. Difficulty balancing the complexities of "important" versus "urgent" tasks
3. Pressures of conflicting demands and other growing business issues that take priority
4. Convincing others to convert their vision and translating this into operational reality
5. Unfamiliar with the variety of innovation tools and frameworks
6. Unaware of the level of resistance and inertia that creates the roadblocks
7. Have a unclear or incomplete mental model about innovation and what it fully needs
8. Concerned about upsetting the status quo

Innovation can be especially challenging because it is so unfamiliar, often intangible, so potentially disruptive, full of possible risk and uncertainty and yet so important. Innovation strategy is a difficult process that requires addressing industry-specific variables, resolving company-specific cultures and operating environments, spotting changes occurring across society, through technology and in new discoveries and then engaging through 'open' innovation different approach-specific capabilities in new

and diverse alliances. Innovation requires change that can impact the status quo and disrupt the firm's ability to achieve short term financial goals. Only an engaged, committed senior executive can create a sustained innovation capability or discipline, yet many lack deep experience, awareness of the evolving tools and techniques and the real importance of their role within innovation.

For innovation to succeed broadly in any company, executives must sponsor and embrace innovation as a core discipline, built with a deep and evolving set of competencies, not as an ad hoc set of initiatives. Executives must help people within the organization understand why it is important and what benefits innovation holds for each contributor, for the organization and for the customer. They must seek ways to free up their people so they can 'self-organize' around a clear, compelling innovation story.

Good innovators are leaders and champions that are good storytellers to engage and motivate others to become involved. The senior executives need to place innovation always within the right context for their teams that provides a strong foundation and validation. Those stories must link to defined innovation processes and goals, and must convey "what's in it for me" as well as "what is in it for us together" to every individual in the company, to customers and each of stakeholders and prospects as well. Much of the success is predicated on good communication, and good communication is made up of constant messaging and a complete, comprehensive and compelling story that engages both the hearts and minds of all involved.

## Developing the rationale for executive focus

As innovation becomes a more consistent requirement rather than an occasional exercise, it must align to strategic goals and become part of the planning and execution cycle. An increased focus on innovation as a consistent discipline requires significant reflection on what needs changing, what impact will this have and how do we proceed to implement change. This requires senior management attention as it has a significant organizational impact. This refocus of strategy and implementation takes time and may require rethinking or reworking some existing strategies, plans, structure or culture, or may require the development of new structures and skills. Our recommended approach will trigger the necessary engagement in this essential set of strategic decisions that just simply cannot be delegated down the organization.

Like any other important corporate initiative innovation requires a carefully considered framework, otherwise the efforts required to deliver innovation will suffer, resulting in sporadic, unsatisfactory outcomes. Is incremental innovation the best you can hope for? Innovation, in all its forms, incremental, distinctive, radical or transformational needs the full support and engagement of the senior management, and requires defined strategic goals, structural frameworks and an engaged corporate culture. While the tactical work of innovation is accomplished by innovation teams throughout the organization, your executive team needs to clearly establish the climate and the frameworks that either will enable your innovators. This requires a clear articulation of strategy and the implementation of a framework that provides the essential building blocks for the organization to work within. You provide the linkage into the strategy, provide the framework and set this in the context of the vision and goals needed to be achieved. You seek out the synergies between strategy and innovation, between innovation and capabilities, between culture, the environment, the process, structure and routines and how it all should be governed.

Your innovation teams need a defined innovation roadmap and through this framework they can picture and organize the structuring of their activities, and highlight and identify the needed scope and definition in order to achieve their best results. Our recommended approach – the Executive Workmat which follows - becomes the organizing mechanism to communicate, align and highlight areas of understanding or required resolution. We introduce the Workmat and seven essential “domains” that must exist for innovation to take root, and for a framework to evolve which supports and sustains innovation.

Through the workmat you provide the guidance as well as offer the inspiration, context and clarity on how the organization captures the ‘essence’ of the organizations commitment document towards innovation’s essential place within your desire for success. While everyone can innovate, only a committed executive team can establish the structures and frameworks necessary to sustain innovation.

# The seven essential domains for innovation leadership

Through our innovation work it became evident that some firms enjoyed an unusual innovation advantage. Their innovation initiatives seemed to encounter fewer barriers or obstacles, the teams enjoyed greater clarity and a supportive culture, and the internal rationale and language for innovation is more prevalent and consistent. It's evident that as companies establish clearer innovation "frameworks" that are made up of different innovation components (factors like team structure, culture and innovation measures) and cultural best practices (common language, consistent innovation focus, innovation governance) their performance improves.

While each of these factors in isolation or in different combinations is beneficial, a cohesive strategy focused on developing and engaging all of these competencies does lead to an aligned and engaged innovation framework. From this investigation and our research into innovation best practices, we have identified seven domains which are essential for success. These domains comprise a framework that must be championed by a senior executive or team and constantly reinforced. Innovation will flourish if these domains are in place and mutually reinforcing, and will sputter when one or more of the domains is lacking or absent. The domains we identified as critical to an innovation framework are as follows:

- Aligning innovation to corporate strategy (**Strategic Alignment**)
- Defining and sustaining an innovation culture (**Culture**),
- Identifying internal and external innovation environments (**Environment**),
- Creating a common innovation language, rationale and context (**Common Language**),
- Designing and developing an innovation structure (**Structure**),
- Establishing innovation governance (**Governance**)
- Developing innovation measures and motivation (**Motivations and Measures**)

Each of these domains is a focal point that plays a vital role for the success of a sustained innovation discipline. When enacted in a concerted fashion they create a compelling innovation environment which sustains innovation activities in all facets of the business, and create clarity and discipline about innovation activities.

In this paper we'll develop the rationale for each of these domains as essential contributors when combined to an overall innovation framework. We describe why we believe senior management sponsorship and engagement is critical to the development of an innovation framework for a business.

These domains are presented in the Executive Innovation Workmat pictured on the following page.



# Executive Innovation Workmat



These seven essential domains contribute to a firm's ability to sustain innovation. They create a consistent innovation framework, workflow and environment

# Strategic Alignment

Ensuring alignment to goals and strategies throughout an organization requires creating a vision, communicating that vision effectively and then ensuring that commitments, initiatives and investments support that vision. Executives work for alignment of goals, resources and activities to ensure all resources are deployed to the best possible use. Alignment is critical for ongoing success, yet many firms lack an innovation strategy or linkages between innovation and strategy. In a study published by Capgemini Consulting in April 2012, the “absence of a well-articulated innovation strategy”<sup>1</sup> was identified as the most important constraint hampering organizations from reaching their innovation targets. **Almost 60% of firms surveyed admitted that they have no explicit innovation strategy.** If innovation is not tightly linked to strategy, funding, commitments and resources will not be provided even if the ideas seem valuable.

Innovation is not a strategy - it is an enabler to corporate goals and strategies. It needs to be well aligned to leverage its value and contribution. Therefore, innovation stands in service to strategic goals such as growing market share, differentiation and disrupting adjacent markets. Creating clear goals and linking innovation to those goals is a vital role for CEOs and senior executives. Further, senior executives must establish the manner in which innovation fits within the strategic context established by goals, vision and strategies. Most executives understand this linkage between innovation and corporate strategy. In the same Capgemini survey, “alignment with corporate strategy” was cited as the most important innovation strategy objective, cited by over 80% of respondents<sup>2</sup>.

However, even when executives understand the linkage, they may fail to establish links between corporate strategy and innovation. Many executives want the benefit of innovation – new products, new revenues – but don’t understand the investment required to achieve innovation or the constant reinforcement necessary to align goals and resources. Instead, they delegate that work to senior managers who are under tremendous short term pressure, which results in sporadic, incremental innovation at best.

Alignment begins when innovation is linked to strategic goals, and continues as people, activities and funding are aligned to the goal of consistent, sustained innovation. Innovation is uncertain, unusual and risky. The only organization that can manage innovation effectively, consistently, is an organization that is designed and aligned to sustain innovation. Aligning resources and directing the focus of the organization is the role of senior executives, so innovation success starts with vision, engagement and commitment from the most senior executives.

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<sup>1</sup> Cap Gemini Innovation Leadership Study April 2012

<sup>2</sup> IBID

# Innovation Structure, Process and Function Design

Businesses are organized around well-defined processes or functions to improve efficiency and to define workflow. Traditional processes such as “order to cash” define how the business receives customer orders, provides a product or service and receives payment. Business functions, such as legal, marketing, or information technology, provide supporting services to key business processes. These processes or functions exist to define workflow and increase productivity. Yet innovation is often conducted in an ad-hoc manner or at best is poorly defined and articulated. As the ability to innovate consistently grows in importance and becomes vital for business success, it must become a well-defined function or process with trusted tools and methods. Sustained innovation requires the development of a defined structure and the definition of an innovation function.

As there are many different innovation strategies and needs, there are many different forms of innovation structure, ranging from a corporate center of excellence to distributed teams of innovators working in business functions, product groups and geographies. Executives must define the scope and reach of innovation, and determine the best structures and processes to promote and sustain innovation. Further, they must welcome new tools and methods to accelerate innovation within the newly defined innovation function.

Executives tasked with innovation must define a clear innovation structure or team which answers the questions:

- Who is responsible for innovation within the organization?
- What techniques, tools and methods will they use to sustain innovation?
- What innovation workflow or processes must be developed and defined?
- How do innovation team members gain skills?
- What are the expected outcomes or results of an innovation team or function?

Linking strategic goals to innovation goals, and then linking both to defined innovation frameworks creates more context, reduces risk and ensures a much greater likelihood of achieving innovation without distracting the organization or disrupting operations. Every important business function has a team that sustains the activity – a purchasing team sustains purchasing activities, an accounts receivable team defines and manages inbound receivables. What team defines and sustains innovation?

As the team is defined, it must quickly establish the workflow to sustain innovation. Innovation is process, not simply an activity that begins and ends with idea generation. Defining the entire “end to end” process for innovation, the workflow and associated roles, is critical in this step.

The size, shape and reporting location of an innovation function is dependent on a number of strategic needs and situational factors. There is no one “right answer”. The configuration of the function must be determined based on existing capabilities and needs, and may shift over time from more centralized to more decentralized as the organization gains innovation skills.

A well designed innovation function increases transparency and consistency and increases the chance of success. Establishing “how” and “where” innovation will be accomplished, and how it will be sustained and supported provides continuity. A defined function enables a team to build skills that can be sustained and improved over time. Designing for explicit innovation and having in place effective structures is crucial.

## Language, Communication, Context and Engagement

Aside from tight linkages to corporate strategy, nothing is as important as a consistent innovation context, language and rationale. Creating a common language and context may seem simple, but executives may find as many different definitions of “innovation” as managers in the organization. Innovation faces enough hurdles in most organizations without adding the struggle to communicate simply and place innovation in a common context.

Executives must assist in creating this language and context, and participate in constant communication to demonstrate leadership. This engagement, through communication, funding and participation in innovation activities is vital. What the executive team does, what it communicates, what it funds, *does* matter, especially where innovation is concerned, since innovation runs counter to many of the existing processes and faces greater resistance than the existing practices honed over many years.

Your commitment will vary based on the kind of idea and the breadth of its impact. Incremental product innovation does not require significant executive engagement or involvement, as it is low risk and isolated to a specific team. Disruptive innovation, or innovation focused on entering a completely new market space or changing a business model, however, requires significant engagement and commitment from senior executives, because the amount of change is far greater, the risks are enhanced and the breadth and depth of the change is far larger. Understanding what to communicate in each situation, and the depth of commitment and engagement based on the impact the innovation activity is likely to have is important.

Consider the example of Arthur Lafley. While CEO of P&G, he established an innovation goal in a very public setting. He stated that 50% of P&G’s products would result from ideas generated outside of P&G, at a time when P&G had the largest R&D team in the consumer goods space. This communication shifted the focus of the organization, while his commitment ensured the firm remained on the new course. He set a very specific goal, in a public setting and set metrics and timeframes that everyone could evaluate. That’s what’s required from you.

Beyond a common language, consistent communication about innovation is vital. For many organizations, innovation will be a new, additive activity on top of demanding regular work. Without constant reinforcement, regular demands gradually reduce awareness and focus. Executives must constantly communicate the purpose for innovation, highlight successes, and demonstrate focus and awareness. Where possible, executive should actively engage in innovation, to demonstrate commitment. When the organization sees that executive management is actively engaged, they understand the importance of innovation. Communicating the purpose for innovation, innovation successes and innovation activities are some of the top roles for senior executives. The value of a consistent, common language is central to good communication and places innovation in its appropriate context. A well-defined rationale consistently reinforced and constantly communicated forms the central part of the workmat. We’ve placed common language and rationale at the center of the workmat, because we believe it is the “glue” that connects the rest of the domains.

## Environment

Innovation is an activity that spans multiple timeframes, business disciplines and corporate silos. Good innovators understand that every corporate boundary – business function, process or product team - is a yawning gap for ideas to overcome. To accelerate ideas to market most effectively, corporate silos must be reduced or eliminated. New innovations face tremendous external hurdles to achieve success externally. Executive teams must reduce internal hurdles and barriers caused by internal silos.

Creating a positive, supportive environment for innovation internally requires senior executives to work to bring disparate internal capabilities together to accelerate decision making. The innovation team will have to work with product teams and enabling or support teams such as legal, regulatory, finance, IT and others in order to develop and commercialize a new product. Each of these teams has its own goals, priorities and responsibilities, and may not be receptive to supporting new ideas. Executives must create an environment where innovation is encouraged, but also accelerated throughout all of the steps necessary for an idea to become a new product or service.

Beyond internal environments, executives must define interactions with the external environment. Increasingly, “open” innovation is a viable role to gather ideas, develop new concepts or technologies, or “spin out” concepts and technologies to trusted third parties. In the near future, when we talk about innovation we won’t draw distinctions between “open” and “closed” innovation. Many innovation activities will have an open or external component. Since working with partners and customers in this regard is still very new, executives must define the innovation strategy and scope: what “open” or external partners are appropriate and under which conditions. This defines the external environment and reduces barriers and hurdles for innovation.

As innovation teams mature, defining external partners and how and when to work with external partners and customers becomes critical. The external environment is simply another component to a holistic innovation capability, and executives must help define the breadth and scope of a team’s interaction with external partners, customers and channels.

Environment isn’t simply about the reduction of internal silos or the identification of external partners. Innovation is also about working in interesting, creative physical spaces, designed to spark new thinking and drive new ideas. Experience and research demonstrates that new experiences and creative environments provide new perspectives which can lead to new ideas. Creating an interesting, engaging physical environment for innovators is crucial to success. Attempting to generate new concepts in boring cubicles or conference rooms is similar to starting a bonfire with damp wood. Identifying the environmental factors and boundaries that create barriers to innovation, or developing new environments to spark more creativity are both responsibilities of senior executives.

## Culture - Attitudes, Perspectives, Behaviors

Corporate culture is often the most powerful barrier to innovation programs. After years of focus on efficiency and right-sizing, most corporate cultures little motivation or incentive to introduce or to consider new ideas. The existing business as usual culture, combined with “not invented here” attitudes and short term perspectives drive behavior that limits innovation to small improvements at best.

Executives, more than anyone else in an organization, have the power to change the corporate culture. If executives delegate innovation activities without simultaneously working to improve the culture, middle managers will use existing tools within existing frameworks in an attempt to develop and commercialize ideas. No wonder so much innovation is barely distinguishable from existing products and services. Few executives understand how much an existing “business as usual” culture hinders innovation. The very behaviors you sought for efficiency and effectiveness now become barriers to innovation success.

Of course, changing an existing corporate culture is not a simple task. It must start from the top, with a new mission and vision. Executives must explain the realities of the competitive environment and the need for cultural change. Based on that new vision, executives must define a new image of the organization; define new processes, new structures and tools. Further, executives must define new perspectives, new attitudes and new reward structures. Most importantly, people within the organization must understand the need to change the culture, and “what’s in it for me”. A focus on your people, their alignment and engagement, is paramount.

People are rational actors. They work on tasks that align to their evaluations, their job descriptions and their compensation plans, regardless of demands from executives. Existing evaluation, compensation and reward systems reinforce the status quo and resist innovation. Executives who expect innovation from their organizations must change all the factors that would stand in the way of full engagement of employees. Asking for innovation while evaluating and compensating people for status quo results is a Sophie’s choice for employees, and they will inevitably choose to work on existing, familiar products and services over risky innovation activities.

Again referring to the Capgemini study, almost 70% of the respondents felt that CEOs were the most important “source” for innovation culture. Executives, through communication, through their establishment of metrics, through rewards and recognition programs and through other actions build and support an innovative culture or create barriers for the origination of a culture of innovation.

## Governance

The Capgemini report referred to above opens a section on innovation governance with the following statement:

Given the strategic importance companies allocate to innovation it is remarkable that few companies have organized innovation in the mature fashion it deserves. ...may innovation bottlenecks can be solved by establishing a formal innovation governance structure that deals with issues such as internal alignment, prioritization, funding and the balancing of long- and short-term objectives.

Considering how closely most organizations monitor, measure and define most business activities it is often astounding to see how little governance is applied to innovation activities. Again, quoting the Capgemini study, less than 20% of the executives surveyed felt they had an effective set of KPIs for innovation, while 54% have no formal innovation indicators or measurements. If we believe the old adage that “what gets measured gets managed” then clearly innovation isn’t being managed effectively.

Innovation governance is a system of mechanisms to align goals, allocate resources and assign decision-making authority for innovation, across the organization and with external parties. Senior executives must establish frameworks for prioritizing innovation activities as well as develop appropriate funding mechanisms for innovation activities and finally, establish a balance between short term demands and long term needs. Executives must establish clear innovation objectives, goals, milestones and metrics and create a formal reporting and evaluation process. Further, executives must allocate the necessary resources and delegate the decision making authority to the right individuals to ensure innovation success. Finally, innovation governance must indicate the appropriate amount of risk, uncertainty and organizational change that is acceptable in any innovation effort. Defining innovation governance is a top management responsibility. Innovation governance must define both content and process of all innovation activities taking place within the organization.

Any significant initiative that lacks appropriate governance is difficult to measure and manage, and is unlikely to be sustained over time. Lacking a strong governance framework, managing innovation activities is difficult and measuring innovation outcomes is almost impossible. Establishing a formal governance process, similar to the manner in which product or service portfolios are managed, helps resolve conflicts, allocate resources and measure results more effectively.



## Motivations and Measures

Executives must also understand the extrinsic and intrinsic motivations and rewards that drive innovators. Research from Dan Pink, the author of “Drive, the surprising truth about what motivates us”, and others have shown that many innovators are influenced by intrinsic motivators, such as recognition, the ability to pursue their ideas and other non-monetary rewards. Motivating innovators requires a slightly different mentality and focus than traditional motivational programs, and executives must understand how to best reward their innovation teams.

Innovation, however, should ultimately result in benefits to the organization. These benefits should align to strategic goals, and therefore can be measured in terms like revenue growth, share growth, market awareness, clear differentiation from competitors’ products and services, recognized leadership position in a market place and many other factors. It is important to establish clear innovation goals and to constantly evaluate innovation returns, using measures and metrics that are attuned to innovation activities, beyond simple ROI. You need to measure progress and equally drive corrective actions.

We measure innovation in different ways, through hard, quantifiable targets but also in how we influence and make things happen. Executives need to shape innovation through a mix of incentives that promote inspiration, offer motivation and generate excitement. Highly extrinsic transactional drivers must be combined with more intrinsic transformational aspects.

Further, executives need to define the appropriate timeframe to assess and measure innovation returns. Innovation activities often lead to new ideas, which in turn lead to product or service developments, which hopefully lead to new products or services which are then commercialized in the market. These sequential activities can take a significant amount of time. New product launches today represent ideas generated months if not years ago, so executives must establish an appropriate timeframe for measures and milestones along the way. This lag time between idea generation and product commercialization also demonstrates why sustained engagement is important, along with consistent motivation.

Executives must also establish timely, appropriate innovation milestones and measurements based on metrics defined in innovation governance. Innovation metrics must align to corporate goals and expected outcomes (market share gains) rather than merely monitor outputs (patents generated).

## People, Skills and Roles

There is one other area of focus for an executive team concerned about building a powerful innovation capability or discipline, and that is the focus on people, skills and roles.

### **Rather than isolate this focus in one “box” in the workmat, we decided to call out the need**

We need to recognize that people, skills and roles belong in all of the aspects of the mat, they ‘run across’ all that is needed for successful innovation. People are essential across all of innovation; innovation does not work unless you have full engagement, commitment and desire. Everything else simply enables and supports.

Innovation is the last people-centric process. While many other business processes or functions have become automated, innovation demands more from people than any other business process or function. People are required to generate ideas, to evaluate ideas, to judge ideas, to select ideas and to develop new products and services from the original ideas and then manage these through the innovation process. Little of that work can be automated, and much of it requires active, engaged, trained people in order to do the work effectively.

Innovation demands that your best, most engaged people participate in all aspects of the innovation process. To that end, executives must focus on:

- What people should be involved in innovation and when
- What critical innovation roles must be identified and filled
- Who “owns” innovation responsibilities and reporting
- How these individuals gain new skills
- How to provide space and time for innovators to work effectively

Clearly, senior executives must identify leaders who will deploy the innovation vision, so executives aren’t likely to be active in many of the details of implementation. But the people aspect of innovation is one that cannot be stressed enough. Good people, actively engaged, and provided with the right skills and motivations, will drive innovation even in difficult times. Good people, who lack clear strategies, who lack functions and governance, or who face a hostile culture, can’t or won’t be successful.

Even your best people, however, may not have the skills and knowledge necessary at the outset to perform innovation activities at peak performance. They may need to refresh long dormant skills or add new skills based on new innovation tools and methods. They may need to learn new skills to help them perform innovation roles effectively across the Workmat and this needs senior management attention.

## Benefits

**What's left then is the question of lasting impact and real benefits in making this investment.**

As the pace of change increases, competition increases and it becomes increasingly more difficult to differentiate your products and services, innovation becomes ever more important and valuable. Yet far too often innovation is uncertain, risky, and poorly defined and structured. Companies that wish to sustain successful innovation must create mechanisms that simplify innovation activities, removing risk, increasing speed and improving outcomes. The workmat and its seven domains provide a framework for innovation success. Understanding your role in shaping innovation activities, and, more importantly, increasing opportunities and engagement for the entire organization based on this framework will drive better and more sustained innovation outcomes.

A well thought through innovation framework that is clearly articulated from the top, then cascaded down the organization for it to be further 'fleshed out' within the organization, would immeasurably help innovation in the alignment to strategic goals and *required* attention. A framework that can align, that can engage, and can offer a common set of references, clearly provided by the CEO and his leadership team delivers a valuable contribution to dispel areas of uncertainty, can steer, guide and determine the essential domains has lasting value. Such a framework bridges that often missing element of conveying the top managements desire and commitment to innovation's momentum. This will work down the organization to plug into and generate much-needed identification, to energize innovation as the trigger 'force' essential for framing growth through innovation.

What benefits are possible, and what benefits should an organization expect, if the senior team commits to leveraging the workmat and sustaining innovation focus, structure and climate? Innovation isn't necessarily an outcome or benefit – it is how we describe the process to create interesting, relevant new products, services and business models that accelerate organic growth, disrupt adjacent markets or create significant differentiation. The workmat defines the areas of focus; it is the combination of all of these domains that create the innovation framework necessary to accelerate innovation.

### **Benefits**

Your team will receive four major benefits from an investment in an executive workmat exercise:

1. First, as an executive team you will create alignment, growing cohesion with a consistent innovation framework that reduces barriers and uncertainties for innovators.
2. Second, you demonstrate your commitment and engagement, which increases visibility and lowers risk, encouraging greater innovation and creative ideas.
3. Third, you establish innovation as a core competency and discipline, building the necessary skills and competencies for innovation throughout the company.
4. Fourth, you align compensation and cultural issues which creates incentives for innovation.

All of these benefits add up to more speed, increased agility, increasing flexibility for new, relevant products and services that increase organic growth, establishes a growing sustainability and differentiation that can set you apart from others.

## Conclusions

Our goal in this paper is twofold. First, to define the important role that executives must play for innovation to succeed, a role we believe is often overlooked or poorly executed. Second, to provide a framework that defines the skills, capabilities and actions necessary to perform the role effectively.

While CEOs or other senior leaders responsible for innovation don't need to dominate innovation activities, they do need to fill this critical role to:

- link innovation to corporate strategies,
- communicate the importance of innovation consistently and demonstrate their engagement,
- align the corporate culture and compensation programs to innovation goals and activities
- create innovation governance frameworks.

While few executives will conceive the ideas that become best-selling products and services, executives must orchestrate and lead the rest of the organization in building a culture that embraces innovation. Without that sustained engagement and leadership, innovation will become a short-term, discrete activity rather than a sustained business discipline.

Linking innovation to corporate strategy, ensuring the appropriate focus on innovation in balance with other key initiatives and establishing corporate governance, communication and language, and shifting the corporate culture to embrace innovation are all key responsibilities of a senior executive. Without these efforts, which must be undertaken by a senior executive, innovation cannot take root in an organization. If executives understand the role that they must play for innovation to succeed, and fill this role effectively, innovation can become a driving force for growth in the organization.

### **How do executives learn to fill this innovation gap?**

The Executive Innovation Workmat will help you define the important attributes of your management style, improve all aspects of innovation that you directly influence and create a context and environment that supports and sustains innovation, simplifying the work of innovation teams.

The Workmat provides a compelling structured approach for senior executives in order to build, extend and sustain an innovation capability. Starting with the most strategic goals of your business, it links and aligns innovation to strategy, it explores the critical aspects of any senior innovation strategic framework, and addresses the critical aspects so as to provide a holistic approach to innovation, reducing uncertainty, reducing risk and increasing your chance to help your company innovate consistently. The end outcome of this workmat approach provides the innovation leadership and guidance to your organization to 'frame' the innovation activity, allowing it to be articulated throughout the organization and provide the necessary understanding needed to perform the innovation task more effectively.

## Services

We designed the Executive Innovation Workmat to help assess the strengths and gaps that exist in an organizations innovation management process, and to deliver a formal “workout” methodology for those that recognize that this does provide the essential framing desired to be understood throughout the organization, as essential to building a sustaining set of innovation competencies and capabilities .

Beyond the Executive Innovation Workmat, we offer a cascading set of frameworks to help innovation executives and teams throughout your organization build strong innovation functions and processes and establish innovation governance.

The makeup of innovation services that needed to be offered can be broad ranging and can often include but are not limited to assessments, training, advising, coaching and consulting to help define the executive team’s role and create an environment where innovation can be sustained.

This is encapsulated in our Innovation Reference Framework, which defines the different cascading activities toward building a robust innovation capability or discipline. It examines four key “layers” of innovation – strategy, people, process and types and delves into each one in considerable detail.

You can see the Innovation Reference Framework at: <http://cirf.pbwiki.com>. This framework provides a reasonable, thoughtful approach to developing a robust innovation capability and ensures your team considers all the relevant aspects of an innovation discipline. It is designed to ‘map’ back into this Senior Executive Innovation Workmat to underpin it with a set of robust solutions that enable innovation.

Building competencies and capabilities requires expertise that not only has deep experience but a track record of understanding all the essential aspects needed for successful innovation

If you are interested in exploring the Workmat further or have other innovation challenges then you can contact either:

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