

INNOVATION CULTURE

Today, innovation defines competitive advantage, drives strategy, and is a fundamental prerequisite for growth. Tomorrow, innovation will be the only practical source of competitive advantage, will dictate strategy, and determine whether an organisation will grow or die. Whether you work in government or the private sector, a culture of innovation is vital to the success of your organisation, writes i360's **Kamal Hassan** in the first of a new *TheEDGE* series on Innovation Culture.



A culture of innovation is not a destination, it's a journey. Like any great adventure, you can make a plan and study a map to see how others do it. But how you overcome the challenges and unforeseen difficulties of the journey – and what your ultimate destination looks like – will be unique to your organisation. If you study some of the most consistently innovative companies in the world – Google, Apple, GE, 3M, Virgin Atlantic – each one has a different type of innovation culture it has developed over time that works best for the type of challenges it faces.

IDEA MARKETPLACE CULTURE

Google and 3M, for example, place a high value on employee idea generation. Employees are hired not only for their skills, but also for their creativity and passion. Company managers enable and reward new ideas and experimentation, and leaders don't mind taking a 'back seat' to let employees steer the ship. This egalitarian, open-minded atmosphere can be called an 'Idea Marketplace' innovation culture.

Of course, idea generation without idea management is not productive. That's why the 'Idea Marketplace' innovation culture needs limits – well-defined boundaries and clear metrics for success. Not every idea will be actionable, so companies need a system with documented and consistent scoring models to determine which ones will move ahead.

Many start-ups and small companies develop an 'Idea Marketplace' culture naturally, and it works well for them. Larger established organisations can deploy this type

of culture by adopting better idea generation tools that encourage employee contribution, and exploring more risky innovation projects outside their core competencies.

VISIONARY LEADER CULTURE

Another type of innovation culture relies on the brilliance and charisma of a senior executive. This is the 'Visionary Leader' culture at companies like Apple, Microsoft and Virgin Atlantic. Everyone knows that Apple is synonymous with Steve Jobs, the company's founder and current chief executive officer (CEO). Even though Jobs left Apple for 10 years, he was mainly responsible for getting the company back on top after a terrible performance in the 1990s. His uncanny ability to understand what customers want months or years down the road makes him the primary source of innovative ideas at Apple.

In this type of innovation culture, employee creativity is valued, but less in the realm of idea generation and more to fulfil the leader's ideas (for example, creative problem-solving). Everyone works together to execute the leader's strategy, which requires synchronisation and loyalty at every level.

SYSTEMATIC INNOVATION CULTURE

A third type of innovation culture seen today is the 'Systematic Innovation' approach. Where companies like Google and Apple tend toward opposite ends of the leadership spectrum, the Systematic Innovation culture at GE, Nokia and Procter and Gamble demonstrate that it is possible to balance traditional leadership and employee contributions. Here, innovation is a rigorous process that engages everyone in the organisation for specific tasks. There are innovation teams in charge of managing and developing ideas. There are champions who are accountable to produce results. Ideas are tested using systematic innovation methods such as the TRIZ theory of inventing problem solving and 'design for six sigma' (DFSS). Company performance is measured using innovation metrics like 'return on innovation investment (R2I) and change of behaviour.

Unlike the visionary leader culture, executives in this culture are not usually the source of breakthrough innovation ideas – although they drive the organisation to innovate

at the level needed to achieve growth. And unlike the idea marketplace culture, employees aren't encouraged to go off and experiment with their own ideas. Instead, ideas are developed systematically in support of the strategic vision, without the vision specifics being mandated. "Make something great" is the unspoken message. This gives managers and employees room to experiment, even to fail, during the front end of innovation – but only within a mandated timeframe.

A culture of Systematic Innovation works well in established organisations; start-ups don't tend to have the discipline for such a calculated approach, nor the resources for a diversified portfolio. However, for organisations that don't have a visionary leader or aren't able to capitalise on an idea marketplace culture, a Systematic Innovation culture is a practical and attainable goal.

MIDDLE EAST INNOVATION CULTURE

In the Middle East we also have several types of innovation culture. There is the culture of 'Record Breaking Innovation', supported by the many significant government-led initiatives designed to foster innovation on a large scale. This culture typically results in the type of innovations that make headlines – Qatar's plan for hosting the 2022 World Cup is a perfect example – but not often in the less dramatic type of everyday innovation that any business or government organisation can employ to add value.

On the other hand, many people in the Middle East equate innovation with invention. This 'Eureka!' innovation culture is rooted in the notion of an individual who has an "Aha!" moment of inspiration that leads to invention.

However, innovation and invention are not the same. The electric light bulb, for example, is one of Thomas Edison's best-known inventions. But even Edison realised that the light bulb would be of no value unless electricity was available in every home. Thus, the innovation was not the light bulb itself, but the electrical grid later designed to make the lightbulb a useful invention for people.

Finally, we have the 'Imported Innovation' culture, which relies primarily on the innovation of others that we reuse and resell. Where some societies and organisations struggle with the

'it is not made here' mentality, much of the Middle East has the opposite problem. If it's not made, tested, proven and sold elsewhere, we tend to distrust it. In this regard, we have created a culture of apathy that can afford to buy innovation elsewhere.

THE FIRST STEP

It is important to understand the type of innovation culture that works for market leaders outside the Middle East, as well as how the unique challenges here affect our regional innovation strategies. None of these examples are meant to generalise or oversimplify the complexity of innovation, only to illustrate how diverse approaches can still lead to a successful outcome.

Ultimately you must develop a culture that fits your organisation and its challenges. Also remember that creating a culture of innovation is a committed journey – you can't do it overnight. ■

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BASIC STEPS TOWARDS INNOVATION CULTURE

- Challenge tradition, collective assumptions, mindsets and outdated ways of doing business.
- Eliminate silos, counter-productive politics and territoriality.
- Raise the bar for trust, communication, teamwork, experimentation and the willingness to learn from mistakes.
- Understand the difference between incremental innovation and breakthrough innovation, and determine which type of innovation will sustain your growth.
- Stop relying on imported innovation and start developing the creative problem-solving capacities of local employees.
- Set aside financial resources for strategic innovation deployment and leadership development.