

Creating a Culture of Innovation

By BNET Editorial

Innovation is critical for companies that want to remain competitive in the long term. It's a key discipline within product development and it underpins quality customer service. Although many companies recognize its importance, it can be difficult to identify the sources of innovation and create an innovative culture. A good foundation is to build a culture in which every employee—not just the product development team—proactively develops ideas.

What You Need to Know

Can any employee be innovative?

It is important to distinguish between innovation and invention. Invention is the process of discovering things that have never been discovered before. In business, innovation is the discovery of new ways to create value. To achieve this, employees do not have to be working in product development or a research team. Their day-to-day experiences of working with customers or overcoming challenges can highlight a better way to deal with an issue. So although few people are likely to be inventors, anyone can be innovative.

What to Do

Spread the Load

Successful businesses continually innovate to keep pace with change and stay ahead of the competition. A company loses ground when the pace of change outside the company is greater than the pace of change within. In a company that does not have a broad culture of innovation, progress would probably result from the leadership of a few individuals who are determined to see improvement. This is an ad hoc approach that may bring some success, but without the drive of a leader, change is unlikely to happen. In the longer term, a few individuals at the top may have neither the time nor the ability to innovate at a rate that ensures a competitive edge. The challenge is to build a culture that encourages all employees to contribute to innovation. This can be difficult when employees and managers are focused on day-to-day pressures or when departments are used to working in isolation.

Plan the Stages

Creating a company-wide culture of innovation is unlikely to happen immediately. It can progress in stages.

- Create an innovation team.
- Set up an innovation community.
- Spread innovation throughout the company.
- Involve partners in innovation.

Set Up a Core Team

The first stage is to put together a team of people who can drive innovation. This team would be responsible for raising awareness of innovation, building any necessary infrastructure, creating the training materials and plans, and developing a process for managing innovation. Ideally, the team should include people from across all departments, particularly customer-facing departments. This would ensure that all departments recognize their responsibilities and opportunities. A specialist team is an essential first stage, but it should be seen as a starting point. After a period of time, innovation should be the responsibility of everyone in the company, not just a specialist group.

Identify a Team Structure

Experience indicates that the members of an innovation team take on different roles and responsibilities, depending on their experience and attitudes. People regarded as true innovators tend to do things differently, breaking the rules and ignoring traditional ways of doing things. More conservative team members might be prepared to adapt and make improvements, but work within the rules and accept the status quo. The group might also include people who are good at detailed planning and others who might lack planning skills but are good at implementing solutions and making things work. The best teams have a balance of those characteristics. Commentators also believe that the fastest rate of innovation may come from a series of more conservative ideas, rather than radical ideas that may be difficult to implement.

Build an Innovation Community

An effective team can achieve great results, but one of its most important roles is to spread the load and build a commitment to innovation throughout a company. The next stage is to create an “innovation community”—a larger group that represents the specific needs of departments, as well

as championing the needs of customers, business partners, and other stakeholders. The community is likely to operate informally, but build relations with the innovation team, identifying needs and communicating those needs to the team. Community members can carry out a range of important tasks to support innovation:

- deliver workshops to explain and encourage innovation within departments
- create innovative ideas through best practice and brainstorming
- prepare case studies
- establish performance improvement targets

Provide Community Facilities

It is important to provide facilities to support the innovation community. You can set up a “virtual community” on the Internet or your company intranet to support electronic interaction between people with a common interest. Facilities to support the community could include, newsletters, discussion groups, and information. An online discussion group gives users the facilities for posting messages on the innovation community site. The messages should represent helpful information and may include requests for help or further information. Some sites set up facilities for feedback or review, introducing an opportunity for objective, independent comment. The goal is to encourage other members of the community to suggest answers, provide help, or contribute to the discussion of a specific issue. Discussion groups help to strengthen the relationships that are essential to a company-wide culture of innovation.

Involve the Whole Company

If the community is successful, they can spread understanding and a commitment to innovation throughout the company. The objective is to make innovation an everyday activity. By this stage the responsibility for change and innovation no longer rests with an individual. Employees take over responsibility themselves and see innovation as an essential part of their jobs.

Aim for Small Improvements

An important element in building company-wide innovation is to encourage small improvements, rather than looking for the “big idea.” For example, you could ask employees to look at different aspects of the business. How can the company improve delivery to customers, save money on office supplies, or promote products in a different way. The ideas can be very simple, and probably only a few will be useful. But this approach encourages people to contribute.

Recognize Employees' Contributions

You can encourage good contributions by recognizing and highlighting the ideas that get accepted. Put the best ideas onto the innovation Web Site and involve other employees. The key is a commitment from top management to implement the best ideas. If employees see the prospect of their ideas being accepted and rewarded, they will contribute.

Recognize External Influences

As well as encouraging innovation inside the company, it is important to take into account external factors that could have an impact on your products or services. Competitive actions, technical developments, or regulatory changes can create new opportunities or pressures for product development or enhancement. Customer feedback can also be valuable. Companies that recognize and react to customer problems or lapses in quality are likely to have a strong drive for incremental innovation.

Involve Innovation Partners

You can also create a culture of innovation by bringing in external collaborators. This allows you to focus on your core strengths and introduce expertise, experience, and skills that you may not have inside the company. That means including suppliers, partners, and customers in an “extended enterprise” with the objective of creating higher-quality products, increasing innovation, and reducing development lead times. Many companies are finding that, to maintain the pace of innovation and compete effectively, they need to involve external specialists in this way. By collaborating and creating efficient joint teams, they can gain fresh perspectives and tackle key challenges in the product development process.

Your virtual community could be used to support this type of collaboration. Members of the extended team can post suggestions, reviews, and other feedback. It is also possible to set up virtual project rooms where teams from different organizations can collaborate on a project using the site database and pull in third-party resources as they need them. Secure communication systems and sophisticated collaboration tools mean that dispersed team members can work together effectively in a “virtual enterprise.”

The tools and technologies include:

- e-mail to exchange drawings, models, and project information;
- meetings held by teleconferencing and videoconferencing;
- meetings held via the Internet;

- project Web Sites to create a single source of project documentation, with e-mail alerts for Web Sites to enable team members to view and comment on project documents or drawings;
- tools for product data and product information management.

What to Avoid

You Fail to Remove the Barriers to Innovation

While many companies recognize the strategic importance of a culture of innovation, they fail to remove the barriers. Employees continue to work in narrow departmental activities with no exchange of customer experience. There may be a perceived fear of failure that discourages people from suggesting ideas that are not “safe.” When people do put forward great ideas that can be implemented, there may not be a suitable recognition and reward system in place.

Where to Learn More

Book:

Watkins, Michael, *Managing Creativity and Innovation*. Harvard Business School Press, 2003.

Web Site:

Managing Innovation: www.managing-innovation.com