

10 TOUGH QUESTIONS

# Are you prepared for enterprise-level innovation?





**Doing things differently, not cheaply, is what will enable companies to pull ahead.**

# Innovation is everything

Companies have two ways to be competitive: spend less or make more. One deserves your focus today.

For most of recent history, companies have tried to gain an edge by driving their costs as low as possible. Globalization allowed them to pursue cheaper labor; robotics made it possible to shrink staffing needs; and now automation promises more productivity for less. Companies have mastered ways to save, and that's exactly the problem — the most significant gains have already been made. Future cost-cutting measures will deliver diminishing returns.

As it becomes difficult or impossible for companies to out-compete based on bottom-line cost reductions, they must shift their strategy. The most successful leaders will not cut their costs to the bone. Instead, they will grow revenues faster and larger than their competitors.

Rather than fighting an endless battle for existing market share, companies must pioneer their own opportunities, making discoveries first and opening up new markets through business model reinvention. Small steps or continuous improvement is good and something you should pursue, however it won't help you breakthrough to make the big leaps. Doing things differently, not cheaply, is what will enable companies to pull ahead.

And that's why continuous, sustained innovation is essential and more strategic than ever before.

Innovation is no longer a buzzword to throw around, a goal to work towards, or even a priority to emphasize — it's the number one thing that will keep companies relevant, stable, and successful from here forward. Doing it systematically will distinguish the companies that pull ahead from those that fall behind.

## **Truly, innovation is everything.**

Every company, agnostic of size or industry, needs to be pursuing innovation by every means possible. However, it is paramount at the enterprise level. Enthusiasm and a few initiatives are a great start, but it takes so much more than siloed efforts to make innovation the engine of the enterprise and a driver of success for years to come. Few companies have the necessary structures and support systems in place right now, and that has to change.

How prepared is your organization for enterprise-level innovation? Can you consistently catalyze innovation that boosts revenues... or are blind spots, weak systems, and strategic errors holding you back? These are only two tough questions. In the rest of this eBook, we'll dive into 10 critical questions that may be harder than you think to answer, but will determine whether you're really ready to unleash sustained innovation. If not, you'll discover what it takes to get there.

Don't assume anything until you've answered all 10 questions.

## **The Five Dimensions of Innovation**

Not every idea is worth your time, money, and focus. The ones that drive growth are defined by different characteristics and you will want to remove subjectivity and replace that with objective measurement. In short, you'll want to understand and rank your ideas on a specific, repeatable scale consisting of these five dimensions:

### **Desirability**

Are you solving the right problem, meeting the needs of the business, AND the end users' perception of value?

### **Feasibility**

Do you have the technical maturity and readiness needed to execute the idea?

### **Viability**

What is the business case and potential economic impact?

### **Competency**

Do you have the right people, skills, and partners to make it happen?

### **Alignment**

How well does the idea fit with current and future company strategy?

# Beware of Innovation Theater

There is so much waste at the enterprise on things labeled innovative. An individual “innovative” effort, on its own might somehow impact the enterprise, but it almost never does. Once again it’s a question of do you want to rely on luck when it comes to actual business impact or do you want a strategic partner who customizes an innovation program with you that measures reportable, legitimate business impact at its core?

We see many clients who believe they are being innovative. We’re going to challenge you honestly and ask, is it real, is it measured all the way through to business impact ... OR ... is it simply innovation theater? You can spot innovation theater easily. Do you have a siloed “innovation team,” seemingly always busy, eager to flaunt shiny concepts but rarely, if ever, driving new products or services that make it to market? If yes, you’ve got “it.”

Our POV is that you should recognize and wholly reject innovation theater. It undermines the culture of innovation you actually want, creates a have vs. have-not environment, and rarely leads to things that actually make it to market. Recognize it, reject it, and replace it with a much more effective approach.

Hard as it may be to call out innovation theater in your own company, honesty and accountability are essential to fixing the problem and building something more impactful. The following 10 questions compel you to look more closely at how you’ve been doing innovation and critically assess what’s working and what’s not.



## Tell-tale Signs of Innovation Theater

### Trend Chasing

Chasing the latest technology for the sake of showing off a shiny new concept.

### Wasted Resources

Investing time, money, and teams on projects that produce vapor-ware.

### Non-Measurable Results

Having no way to prove agreed upon business value means “this is just for show”.

### Broken or No Processes

Innovation pipelines that break, bottleneck and rely on gut instinct versus systems and data.

### Copy Cats

Being a fast follower can be a good strategy, but if all you do is copy competitors and claim innovation, well, it’s not.





**Continuous innovation is now  
becoming the norm**

## **1. Do you have a vision for innovation or just a desire to change?**

Companies are innovating to drive more revenue, blaze new trails, and do what competitors can't. Innovation done just for the sake of doing things differently, well, that won't work. In fact, it's likely to make things worse than before.

When companies make innovation the end goal, it has no direction of where to go or why, leading to unfocused efforts, squandered resources, and little if any meaningful change. Innovation certainly takes an open mind and spirit of experimentation. More than either of those, however, it takes vision and direction.

If innovation is the how, you need to fill in the where, when, and why to make the vision coalesce. The answer to those questions lies in the business strategy — where does innovation intersect with your current trajectory? How does it bolster what you want and need to accomplish?

The answers, and the vision that emerges from them, turns innovation into something vastly more valuable than change: the ability to continuously transform. Continuous innovation is now becoming the norm - we are starting to see this with the rise of the Chief Transformation Officer.

You'll know how to sustain, direct, accelerate, and course correct innovation only once you have a vision for where it's going. Everything else builds off that.

## 2. Does your organization excel at change management?

Change creates friction — it's inevitable. Despite innovation's many upsides, it can also be a disruptive force, causing pushback, unintended consequences, and surprising side effects. And when innovation happens continuously, the disruptions do too.

The solutions? Emphasize change management early and extensively. Innovation does not have to be a disruptive force, but that's only possible when companies acknowledge the turbulence ahead and plan in advance. Ignoring the issue only makes it worse.

Change management helps companies integrate innovations without breaking stride, leading to momentum that makes it easier to innovate overall. It's a virtuous cycle. That said, it takes more than just a commitment to change management — experience, expertise, and resources are essential as well.

Change to the degree necessary for enterprise-level innovation exceeds the speed and scale of what many companies have ever encountered. That doesn't mean it's unmanageable. It means work needs to be done to improve change management and fortify the organization for the evolution ahead.

## 3. Are you ready to be accountable for innovation?

When companies see sustained innovation as central to their continued success, people aren't just responsible for it, they're also accountable. That doesn't mean that failures are punished. Rather, it means that progress is meaningful and measurable.

As we discussed earlier, if innovation doesn't have a vision, it won't get anywhere. However, it can stall out even with vision in place if there aren't people pushing it forward to hit goals, meet metrics, and surpass benchmarks — and it will always stall out if the people responsible aren't held accountable for their results.

That sounds like an obvious statement in almost any other business context. With innovation, however, it has been too easy to celebrate attempts, inflate impact, and excuse systematic setbacks, making a big deal out of what amounts to very little.

That's not acceptable anymore. Closing the innovation execution gap requires accountability. If you don't have an agreed upon way to measure the success of an innovative effort or program, then no one is accountable by design. And that's a bad idea.

## 4. Is your culture an asset or a liability?

More than any other single thing, innovation is a product of culture. That's apparent from looking at innovation leaders across industries. They have a culture that nurtures ideas, accepts risks and failures, and encourages new ways of thinking and doing. This culture comes from the top down, infuses every decision, carries across all teams and individuals, and animates the entire innovation pipeline.

Alternatively, culture is often the problem at companies that struggle with innovation. These companies are risk averse, resistant to change, and beholden to the status quo. None of these values may ever be explicitly endorsed, but they're apparent in the company's approach to innovation.

Where many companies go wrong is assuming that enthusiasm and excitement are reliable indicators of whether the company culture supports innovation. All companies are eager to innovate, especially if it comes with more revenue, but the number that actually succeed at it is much smaller.

Analyzing your own culture is notoriously difficult and shifting it even harder, but innovation can't flourish with the wrong institutional mindset in place. It's a non-starter. Take solace in the fact that very few companies that excel at enterprise-level innovation came by their culture effortlessly — they put time, effort, and strategy into crafting (and often fixing) their culture. It worked for them, and it can work for you, too.



### Beware the Cool Kids Club

We often see innovation existing in purposefully constructed silos stood up by the enterprise. The cool kids club consists of a chosen few off in a separate space. These special flowers can't be constrained by the humble desks used by normal people, they require bean bag chairs and designer espresso to do their best work. Leaders get to point to the Cool Kids Club and say "We're doing innovation!", without taking on any of the actual risk, uncertainty, and complexity that true innovation requires. When innovation is done this way, it breeds resentment.

## 5. Are you willing to invest meaningful resources into innovation?

A big reason that innovation slows, stalls, or fails to start entirely is because companies pay lip service to the concept. They trumpet the benefits of bold ideas and proclaim their commitment to innovating as widely as possible — but then they starve the effort of the resources it needs to succeed, let alone thrive.

While some companies wrongfully assume that innovation simply needs the right conditions, not the right resources, to bloom, others make the mistake of thinking that innovation takes massive investments that will always eclipse the return.

The truth lies somewhere in-between. Enterprise-level innovation undeniably takes budgets, staff, time, tools, and other resources, which need to be invested upfront and then continually to sustain momentum. However, success depends less on the size of the investment than the strategy behind it. Some companies have burned through massive sums and still failed to innovate simply because they didn't have the right pieces in the right alignment.

To that end, you should perform financial analysis and forecasting to help understand the full cost of innovation, the viability of those costs, and the potential returns. Doing so keeps innovation from being over- or under-resourced. This kind of analysis can also unearth surprising insights about where to innovate and how.

## 6. How much does your growth, relevance, or survival depend on innovating?

When companies see innovation as a “nice to have,” it feels optional. That’s why the most creative companies don’t view innovation as something they can do — they see it as something they must do, adopting an “innovate or die” mentality that’s key to their success.

These companies see their ability to continuously deliver innovative products, services, experiences, and solutions as essential to their competitiveness. If they can’t deliver or sustain the momentum, they can only go backwards.

Because these companies (correctly) see their growth, relevance, and survival as inextricably linked to innovation, they constantly search for ways to fine-tune their innovation engine, even when it seems to be firing on all cylinders.

A one-off success isn’t enough — truly innovative companies are always hunting for the next breakthrough while striving to give the hunters an edge. It’s easy to be tenacious about innovation when it’s a matter of survival and easy to be complacent when innovation seems just ancillary.



## 7. Do you understand the difference between innovation and process improvement?

Another common reason companies struggle with innovation is because they misunderstand what it entails. The definition has been distorted to mean doing things differently or better than before. However, those are more of a description for process improvements rather than innovation.

Process improvement makes existing processes better. Innovation, by contrast, does what hasn't been done before. That doesn't mean all innovation arises from "Eureka" moments of inspiration — plenty of innovation happens incrementally — but simply that it focuses on doing new things rather than doing the same things better. Innovation adds something.

You need to understand the difference between innovation and process improvement, but don't be intimidated by the prospect of finding endless new ideas. It doesn't take a genius' imagination to cultivate a continual supply of ideas that push your company in new directions.

What it takes is the ability to collect ideas from across the company, locate the gems within, test what does and doesn't work, and bring the winners to life. Which is to say, it's a process, not a superpower, so it's accessible to anyone.

## 8. Do you have the requisite tools, teams, experience, and expertise in-house?

Since most companies have, at this point, a stack of digital tools at their disposal, technology experts on staff, and some experience with innovation, many assume they're fully-equipped for the highest level of innovation — then wonder why it fails to materialize.

Innovation often seems to reach an unexpected ceiling for a simple reason: past success at innovating, digitizing, or modernizing doesn't translate into more skill at innovating. It means the company has the tools, teams, experience, and expertise to get the same results again.

The capacity to innovate does not grow without making a concerted effort to grow it. As a result, current in-house resources may be woefully inadequate for enterprise-level, programmatic innovation, leading inevitably to frustration and failure. You need to be prepared to make additions on all fronts, keeping in mind that every company needs to add different pieces.

To the extent that a universal formula for innovation exists, it's less about adding specific resources and more about cultivating innovation at multiple levels: strategy, organization, communication, management, and infrastructure. With all those pieces working in sync, innovation takes flight.

## 9. Can your teams communicate and collaborate effectively enough?

Even when all the other pieces seem to be in place, from a supportive culture to a smart strategy, innovation can go awry when teams don't communicate and collaborate effectively. This issue causes information to move inefficiently, which in turn causes pipelines to bottleneck or break down.

This problem is extremely common, but also hard to recognize and solve from the inside. People struggle to see what isn't there, especially when it's something as ephemeral as information. As a result, teams often find and fix some of their communication and collaboration issues, but rarely do they address them all because they're either subtle or resistant to simple solutions.

How, for example, do people from all levels of the company communicate their good ideas to innovation leaders tasked with finding them? How do collaborators learn from and overcome failures? How can the pipeline incorporate every voice with something valuable to say? Innovative companies have the answers.

Everyone else needs to be finding answers of their own. Tools and policies can help streamline information flows to some extent. Often, however, it takes outside observers with objective perspectives to get to the heart of the problem and solution.



### The surprising ally of content strategy

Marketing matters and internal marketing and communications around innovative efforts or programs can be a huge ally to get buy-in and build momentum internally. Spending time to understand your content strategy and communications cadence around innovation at your enterprise is time well spent. What channels, how often, and in what form do you plan to share news about innovation internally? Put some good people on this challenge, you won't regret it.

## 10. What, if any, unique spin can you put on innovation?

Innovation could not be further from a one-size-fits-all model. And yet, many companies see innovation working elsewhere and try to copy the same approach in some way. They attempt to follow the leader and remain at the back of the pack as a result.

You have to decide from a company perspective where you're going to make your innovation bets, and where you're fine with a "me too" offering that's presentable. But understand that disruptive innovation requires doing something unprecedented or unexpected.

Enterprise-level innovation emerges from your unique strengths in terms of people, IP, tech, history, relationships, or some combination of strengths. In any case, it's something that could only come from your company, not any other.

Rather than chasing trends (a tell-tale sign of innovation theater), identify what your company does especially well, then innovate in that area first. It's a great way to get early wins and build momentum while, most importantly, pulling away from so many copy-cat competitors.

### HOW TO INTERPRET YOUR ANSWERS

## Do your answers indicate you're ready for enterprise-level innovation? Or not?

Our goal with this eBook is not to help you make a definitive determination but rather to help you start thinking about innovation in more accurate and actionable ways. Maybe some of the pieces are in place. Perhaps some are still missing. Now it's clear where innovation is positioned relative to where it needs to be.

The next question matters even more: how do you get innovation up to the enterprise-level and sustain it? For all the resources that requires, rely on Launch by NTT Data.





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