Normalize innovation to transform your firm

A systematic, custom-tailored model of innovation management for progressive development of an innovation culture, resulting in a self-reinforcing process.

July 1, 2012

By Joaquim Vilà

Today Apple is hailed as a world leader in innovation. But will it still be so a decade from now?

©IESE Business School

Certainly, Apple has an innovative corporate culture based on a distinctive set of values, principles and practices that promote individual initiative, find creative solutions to business problems and seize opportunities as they arise. But its culture is also strongly based on the legacy of its visionary founders. Unless this culture becomes normalized — transcending the very leaders who set things in motion — then this innovation comes with an expiry date.

Consider the leaders in computers in the ’70s, consumer electronics in the ’80s and the internet in the ’90s: Many owed their achievements to the influence of their founders. Yet, with rare exceptions, these same companies now stand out for their absence from innovation rankings, with many having disappeared off the radar altogether.

But consider another set of companies, like Pfizer, Procter & Gamble, Dannon, General Electric, 3M, Intel, BMW, Johnson & Johnson and Singapore Airlines. Such companies have learned to treat innovation in a systematic, organized way, and their efforts are yielding long-lasting results.

A recent study by IESE and Capgemini suggests that the existence of formal processes for steering and governing innovation is closely linked to the success of that innovation. And as numerous other studies have shown, companies that regularly innovate end up outperforming their sector.

Nevertheless, 58% of the firms surveyed say they do not have an explicit innovation strategy. What’s more:

- 45% do not have formal organizational or well-defined governance structures for innovation.
- 49% do not have a well-defined process to prioritize and allocate time and funding to innovation projects.
- 54% have no performance indicators to measure the efficacy of their innovation efforts.

Why is it so difficult to implement a system of innovation management?

This article presents a phased methodology designed to set a company on the path toward innovation. It is based on two decades of experience I’ve acquired through training and consulting, both in helping companies to diagnose their ability to innovate, as well as in helping them to implement innovation processes linked to strategy.

In addition, over the past six years, I have researched the best practices of 40 of the world’s

©IESE Business School

most innovative firms.

Drawing on these findings, I put forth a model that links purpose to idea generation, selecting the most powerful ideas from multiple inputs, and then focusing a company's creative efforts into specific product or service initiatives, in order to help managers launch innovation in a more systematic way.

A version of this article is published in IESE Insight 14 (Q3 2012).

This content is exclusively for personal use. If you wish to use any of this material for academic or teaching purposes, please go to IESE Publishing where you can purchase a special PDF version of "Normalize innovation to transform your firm" (ART-2151-E), as well as the full magazine in which it appears, in English or in Spanish.

Thanks for reading IESE insight
To continue reading this premium content,
please click below

www.iese.edu/insight

©IESE Business School