

Enabling Innovation:

When Actions Speak
Louder Than Buzzwords

Introduction

What does the word **innovation** mean to you? Is it just another business buzzword like *synergy* or *mindshare* that makes you cringe? Or does the very mention of innovation spark within you a sense of imagination and creativity – a desire to bring big ideas to life or new products to market that your customers don't yet realize they need, but will soon be unable to live without?

It's true the word innovation is overused, and often misused, but real innovation remains at the heart of every entrepreneur, visionary, and first mover to take a risk on something and see it succeed beyond their wildest expectations.

In recent years, business leaders have embraced innovation as a hallmark of a competitive, thriving business. Traditional metrics like revenue and employee retention still count, obviously, but innovation is another benchmark flavor of the month. Even some of the world's most prestigious business schools are onto this trend, catering to demand for degrees and coursework that hone students' innovation skills.

Innovation can mean different things to different organizations, but in all cases innovation must be clearly defined and measurable. While there is no single set of instructions to enabling innovation, we do know the elements necessary for success, including: leadership, culture, process, and technology.

How does your organization measure up to your peers across North America when it comes to enabling innovation?

Research methodology: Softchoice, a leading North American provider of IT solutions and managed services, surveyed 1,000 full-time line-of-business (LOB) employees and 250 IT decision-makers across the U.S. and Canada to uncover how many workplaces actually walk the walk when it comes to having the right processes, leadership, culture and technology to drive innovation.

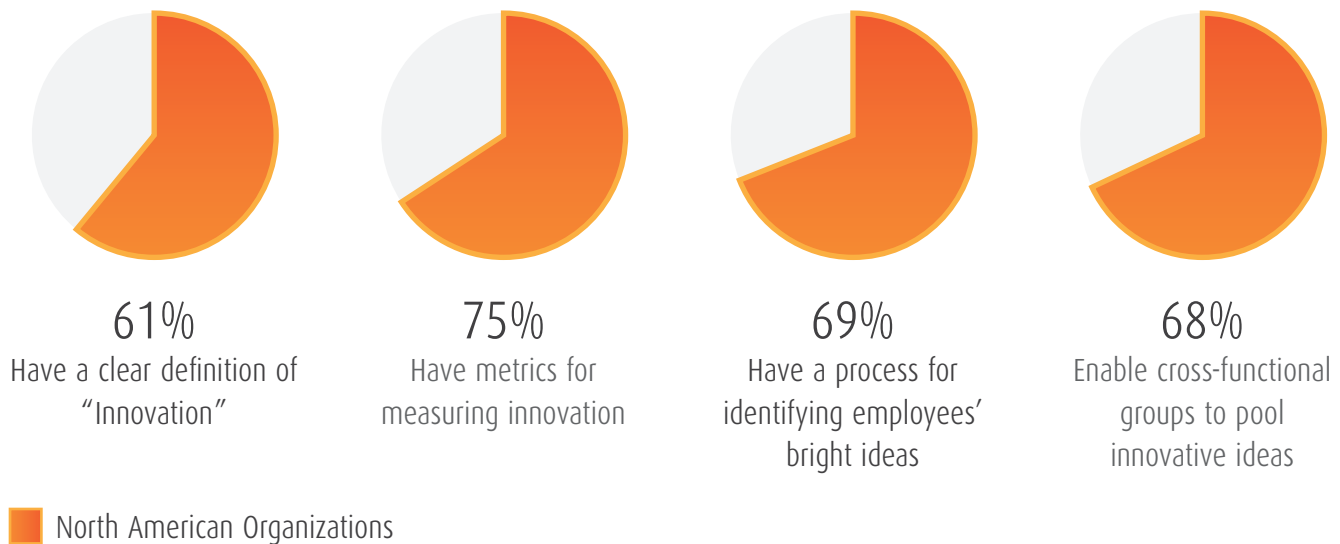
Key findings from the original research include:

- 37 percent of employees passionately believe their organizations are very innovative. Another 49 percent say their organization is "somewhat innovative," indicating much room for improvement.
- From a process standpoint, most organizations have laid the groundwork for innovation: 61 percent have a clear definition of what innovation means to their business, and 75 percent have metrics to measure it.
- From a leadership and culture standpoint, most organizations have work to do: only 25 percent of employees say they are encouraged to challenge the status quo, and only 20 percent say their employers are very open to risk.
- From a technology standpoint, employees and IT leaders don't always see eye to eye on innovation: 93 percent of IT decision-makers believe their companies' IT infrastructure and platforms serve their organization's innovation needs, yet 76 percent of employees want their organizations to invest more in technology that supports innovation.

Policy and Process: The Building Blocks of Innovation

Looking at the organization as a whole, most employees (86 percent) believe their employer is innovative — to some degree. But are they, really? Just 37 percent feel strongly enough to say their organization is “very innovative” whereas about half of all employees (49 percent) say their organization is only “somewhat innovative” indicating much room for improvement.

Certain indicators show most businesses do have some integral building blocks for innovation in place.



One of the basic necessities for a company supporting innovation is to have a *clear definition* of what innovation means to their business. Not every new process, product or service can be deemed innovative simply because it’s new. What is deemed innovative for a manufacturing company, wouldn’t necessarily apply to a legal firm or chain of grocery stores. And once an organization has clearly defined innovation, they also need to be able to measure it.

Sixty-one percent of employees said their organizations have a clear internal definition of what innovation means to their business, and 75 percent say they have specific metrics for tracking progress on corporate innovation.

Another element of innovation is for organizations to have strong internal processes in place that allow new ideas to bubble up from anywhere within the company, and bring cross-functional teams together to pool ideas and implement the best ones quickly.

Sixty-nine percent of organizations have a clear process for identifying and implementing employees’ ideas, as well as a process for addressing systems and common practices that hinder innovation. And a comparable amount (68 percent) of employees say their organizations have clearly defined ways for teams to pool their ideas together and collaborate on new processes, products and services.

Leadership: Room to Improve on Fostering a Culture of Innovation

When the focus turns from the organization as a whole to an individual contributor's ability to drive innovation — employees report room for improvement on unleashing their potential.

It's one thing to have definitions and processes to facilitate innovation. It's quite another to truly foster a culture of innovation that uses them — one where employees are encouraged to think like entrepreneurs, challenge the status quo, share ideas, and carve out time in their busy schedules to focus specifically on brainstorming innovative ideas.

What use is an engine without fuel?



52%

Carve out time to work exclusively on innovative ideas



15%

Are able to spend 20 hours or more per month on innovation



36%

Feel strongly that valuable ideas can come from anywhere



25%

Feel strongly that they're encouraged to challenge the status quo

■ North American Full-Time Employees

Just 24 percent of employees feel strongly that they're encouraged to have an entrepreneurial mindset and bring forward new ideas, and just 25 percent feel strongly that their employer encourages them to routinely challenge the status quo and established practices.

Further, only 52 percent of organizations carve out time for employees to work *exclusively* on brainstorming and developing innovative ideas. And just 15 percent of employees are able to dedicate 20 hours or more per month on innovative new ideas, processes, and products to help the business. When employees feel they have a great idea to share, only 1-in-3 feel that their business leaders listen to them. Only 36 percent of employees feel that valuable ideas can come from anywhere in their organization, as opposed to a select group that have the executive's ear.

Some of this discouragement may stem from the actions (or inaction) of the business leaders themselves.

Risk aversion: Poisoning the innovation well

Variations on the phrase “nothing ventured, nothing gained” have been the mantra of innovators for centuries. Thomas Edison once famously said “I have not failed. I have just found 10,000 ways that won’t work.” Some of history’s biggest innovations from penicillin and the microwave to The Slinky were the spectacular result of failure. Yet for many business leaders, the two fundamental ingredients of innovation that are hardest to swallow are risk and failure.

The ability to embrace failure is a telling differentiator between agile, modern businesses and more traditional organizations, yet just 29 percent of organizations treat failure as an important part of creativity and growth. Just one-in-five of employees say their business leaders are very open to risk (20 percent) and very comfortable with failure (18 percent).

 *“Just 29% of organizations treat failure as an important part of creativity and growth.”*



Not all innovation is the result of big risks, mistakes or leaps of faith. Innovative organizations — think Apple, Netflix, Uber or Amazon — have also demonstrated a keen understanding of the market they play in, where the opportunities and pitfalls are for them, and how their target audience will respond to new products or services. Yet, few employees (29 percent) feel that their organizations do a very good job of anticipating market trends and developing products, services or strategies in response.

In a landscape where disruption — in the form of competitors, startups and socioeconomic events — continues to accelerate, organizations need to focus on the future and think several steps ahead to stay competitive.

Where Millennials and Baby Boomers Stand on Corporate Innovation

Whether it’s the innocence and self-confidence of youth, or the skepticism of those who have seen it all after decades in their field, Millennials and Baby Boomers tend to react differently to innovation.

Millennials (18-35 years old) are more likely to believe their ideas are valued and that they can challenge established beliefs. Baby Boomers (52-70 years old), on the other hand, appear to be much more doubtful.

	 Baby Boomers	 Millennials
Believe my company is very innovative	30%	40%
Strongly agree that I’m encouraged to challenge tradition	16%	30%
Strongly feel valuable ideas can come from anywhere	29%	39%
It takes a year or more to bring an innovative idea to fruition	41%	32%

Technology: The innovation accelerator

When you look beneath the policies, processes, culture and leadership that drive innovation, it's technology that binds them all together. The devices and applications that allow employees to connect from anywhere and collaborate in real time. The agile public cloud or hyper-converged IT infrastructure that allows businesses to scale quickly, work more efficiently, and bring new products or services to market faster. The big data analytics that help keen organizations discover patterns in user behavior (customers and their own employees) and automate or improve processes, or refine products and services to serve them better.

Perception is reality. When employees have the technology tools they need to think big and collaborate on solutions, their organizations are more likely to be nimble and creative — in both theory and in practice.

Employees who have the technology to transform their big ideas into real business change are four times more likely to feel their organizations are very innovative than those without (45 percent v. 11 percent). These employees are also twice as likely to say their organizations have codified processes for identifying, developing and executing innovative ideas (78 percent v. 39 percent).

While everything from cloud applications to data center management tends to fall under the IT department's purview, all lines of business — from operations to marketing to sales — must have an appreciation for how technology fuels their innovation. When the c-suite, in particular, is enthusiastic about technology, the business is also more likely to facilitate innovation in other ways, such as accepting greater risk and failure. However, just 27 percent of employees say their organizations' leaders are very passionate about investing in and leveraging new technology to become more agile and innovative.

When employees see their superiors as champions of technology, however, they're four times more likely to perceive the entire organization as innovative (80 percent v. 21 percent).

Business Leaders and Technology: Passion Pays off

	 Employees whose leaders are very passionate about investing in new technology	 Employees whose leaders are not very passionate about investing in new technology
My business leaders work to address issues that hinder innovation	97%	59%
My business leaders are very open to risk-taking	70%	14%
My organization responds very well to market trends	53%	8%

Regardless of which came first, there is a clear relationship between modern technology and a thriving culture of innovation. Whether it's an innovation-minded business that invested in the right technology, or it was the technology investment that unlocked a business' innovative culture — the two are inextricably married.

IT and End Users: A difference of opinion

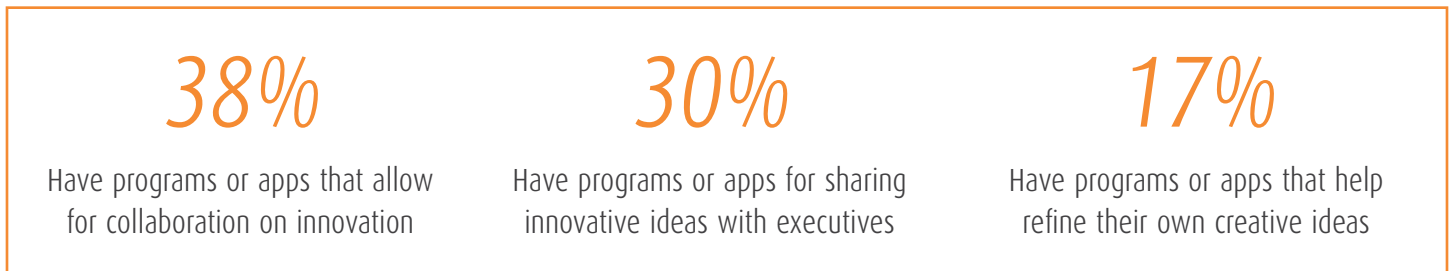
With the impact technology has on driving innovation, it's unsurprising that employees closest to the technology, the IT team, have a rosier view of innovation in their organization and their role enabling it for others. Ninety-seven percent of IT decision-makers believe their organization is innovative, compared to 86 percent of line-of-business employees. And 59 percent of IT managers say their organization is "very innovative" compared to just 37 percent of line of business employees.

Ninety-one percent of IT leaders say they're able to carve out time to work exclusively on developing innovative ideas, which is nearly double that of front office employees. Half of IT leaders (51 percent) are able to dedicate at least 20 hours per month on innovation, compared to the 15 percent of line-of-business employees. With all this time spent on focused on innovation, how well are the technology leaders doing in enabling innovation for the rest of the business? Opinions vary depending on how close your desk is to the server room.

Almost all (93 percent) of IT decision-makers believe their company's IT infrastructure and platforms serve their organization's innovation needs. The majority of employees (76 percent), however, want their employers to invest more in technology that supports innovation. This disconnect between IT and the lines of business can likely be explained in two ways: either employees don't realize the breadth of innovation-enabling technology available to them today, or the available tools IT provides are not meeting the needs of the business.

As IT managers are likely thinking of the IT infrastructure as a whole, it appears employees — who generally ignore the infrastructure side of IT so long as their hardware, software and internet connection are working fine — are much more interested in their organization investing more in the applications and devices they interact with.

When asked specifically about applications that support a culture of innovation, not many employees could think of ones they use in their day-to-day.



Lack of IT facetime leaves employees underwhelmed

IT can only enable innovation for their organization if they have an accurate read on what their colleagues struggle with, or the goals they want to achieve. To unlock innovation, the historical silos that separate IT from the lines of business must fall.

This has yet to happen in most organizations, perpetuating a culture in which IT and end users are often not on the same page about the technology tools they need — or the working relationship between them. Amplifying the friction between teams, line-of-business employees and IT leaders appear to have a different view of how successfully IT engages with them and works to understand their needs.

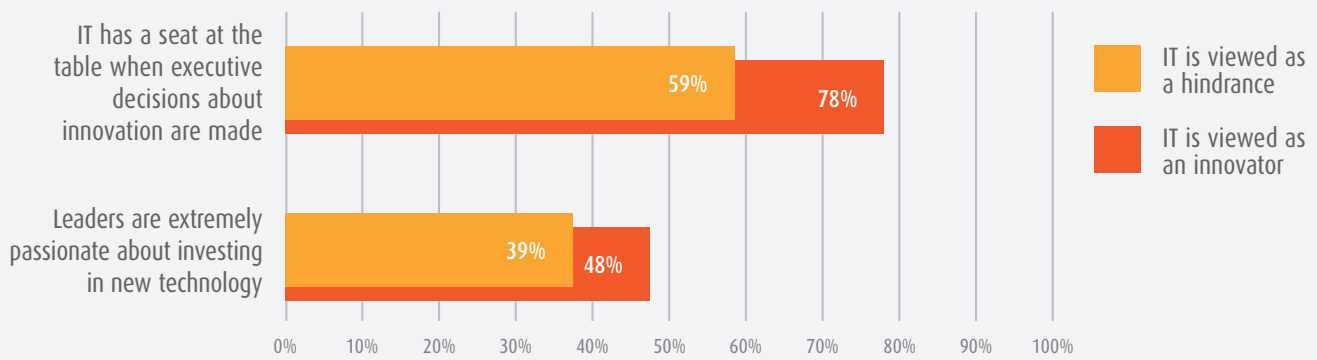
Ninety percent of IT leaders say they are happy with the level of collaboration between their departments and the lines of business. Yet only 26 percent of employees say IT meets with other teams frequently to understand their business challenges and technology needs. Slightly more (44 percent) say this occurs sometimes, and 30 percent report this is a rare occurrence if it happens at all.

A primary source of employees' frustration seems to be time. Half of employees say their IT teams spend 'enough' time on projects that enhance their ability to be innovative, and only 26 percent feel IT spends 'plenty' of time on this front.

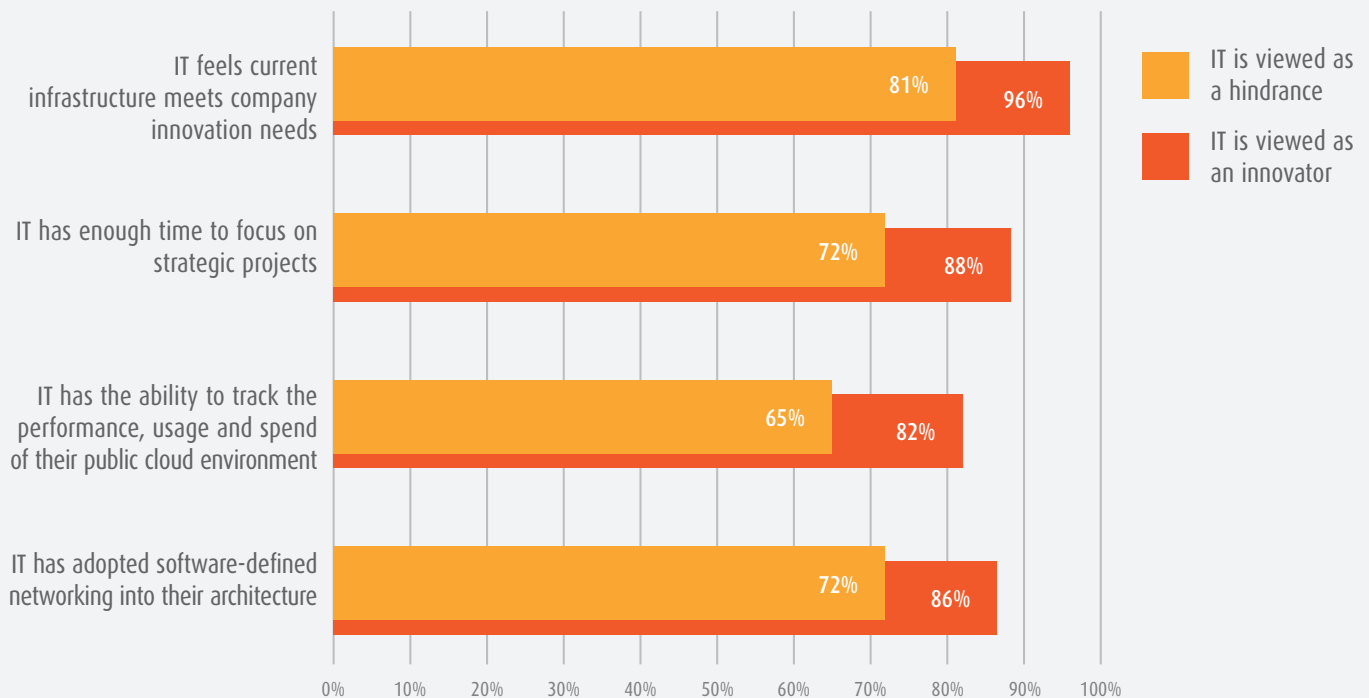
And while employees crave more collaboration from their IT counterparts, they don't want to chase them down either. Seventy-five percent of employees wish their IT departments were more proactive in proposing new apps and tools that could help them be more innovative.

The IT Leader: Innovator vs. Hindrance

IT departments' reputations vary from business to business. In the eyes of some employees, IT is their help desk, their emergency call when something goes wrong. For others, IT is their strategic partner in the push to work faster and smarter. What compels employees to perceive IT as innovative or obstructive? It may have as much to do with internal technology as it does with the tone company leadership sets.



Having advanced resources at their disposal (such as software-defined networking and visibility into their cloud environments) not only elevates the IT department's internal status as a cutting-edge team, it also frees up IT staff to spend more time on enabling innovation.



The Competitive Cloud Advantage

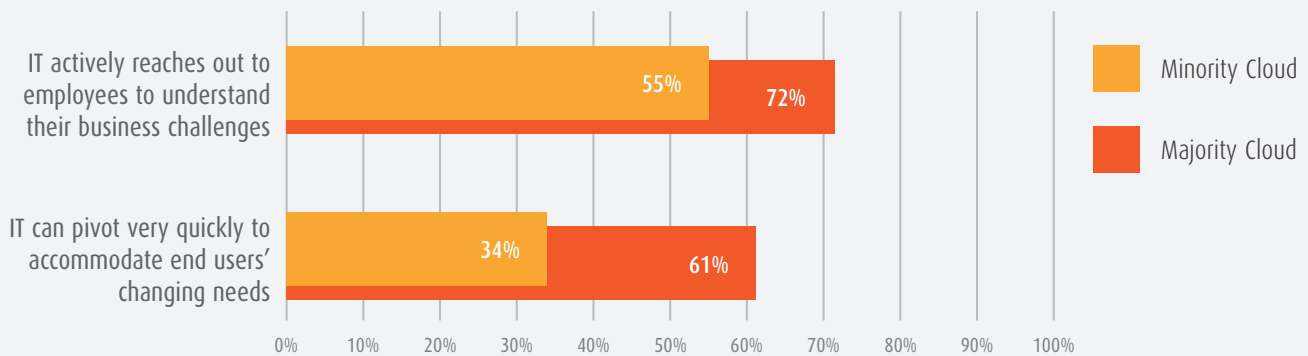
We've seen in previous Softchoice studies how cloud technology gives end users a new degree of productivity and workplace flexibility. For IT departments, the effects may be just as promising. From the vantage point of the IT leader, cloud specifically factors into their team's ability to support innovation.

When organizations are *majority cloud* (defined as 'hosting at least half of their applications in the cloud' versus on-premises), IT can spend less time maintaining legacy infrastructure and more time pursuing new projects and supporting their coworkers' needs.

Compared to their counterparts from *minority cloud* organizations, majority cloud IT leaders are more likely to say their businesses are very innovative (67 percent v. 51 percent). Majority cloud IT managers are also more likely to say IT has a seat at the table when executive decisions about innovation are made (82 percent v. 67 percent) — hinting that the ability to drive cloud-first transformation helps IT teams earn credibility with the c-suite.

Majority cloud companies also tend to be more nimble, as these IT leaders are twice as likely to say their teams review and adjust strategy on a weekly basis (40 percent v. 19 percent). Given this efficiency, it's understandable that majority cloud IT departments have more time to dedicate to their colleagues, too.

More Cloud = More Time and Agility



Conclusion

While the formula for innovation is different from one organization to the next, we know it requires strong leadership that stimulates disruption from the outset. When it comes to nurturing and enabling an innovative workplace culture, most North Americans believe their employers, and IT teams, should be doing more. Elevating innovation from buzzword to tangible business results requires that business and IT leaders acknowledge these realities:

- *Innovation needs to be a democratic process.*

Whether they're part of IT or the lines of business, all employees must feel that their ideas count. Beyond repeating open-calls for big ideas at company meetings, business leaders must equip their people, equitably, with resources (e.g., time carved out for brainstorming and creative projects, facilitating good ideas to bubble up from anywhere in the organization, agile and mobile tools and technology, cross-functional collaboration that brings multiple departments together) to fuel outside-the-box thinking at all ranks.

- *Leadership failures undermine well-intentioned attempts at corporate innovation.*

KPIs and investments will only go so far if the people leading an organization won't try new things and take risks, or rally their employees to do the same. There are different ways executives can formalize failure as a business asset, establishing their companies as safe spaces for ideas and experiments that don't play it safe. For instance, in-depth post-mortems after failed projects help to reveal important process issues, skills gaps or flawed assumptions that employees may not have recognized before. The more managers share lessons learned from botched initiatives, the more they'll destigmatize failure internally.

- *IT and the lines of business must shift their relationship from traditional and transactional to transformational.*

Despite IT leaders' contentment with the partnership between their teams and the lines of business, their colleagues feel otherwise. There are benefits to bolstering both the organization's IT infrastructure and taking more time to understand the specific needs of line of business employees. There is a clear correlation between organizations with more cloud-based apps and automated tools, and employees who see their IT colleagues as strategic partners rather than hindrances to innovation. Spending less time maintaining and supporting aging IT infrastructure means IT can spend more time in front of line-of-business employees, and focus on strategic projects that drive positive outcomes for the business.

Cracking the innovation code is an urgent goal for Fortune 500 bellwethers and startup businesses alike. There are no guaranteed formulas or instructions to achieving real innovation, but there is plenty that organizations can do to better position themselves and enable innovation. Without the leadership, culture, processes and technology that drives it, 'innovation' will remain just another business buzzword.


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