



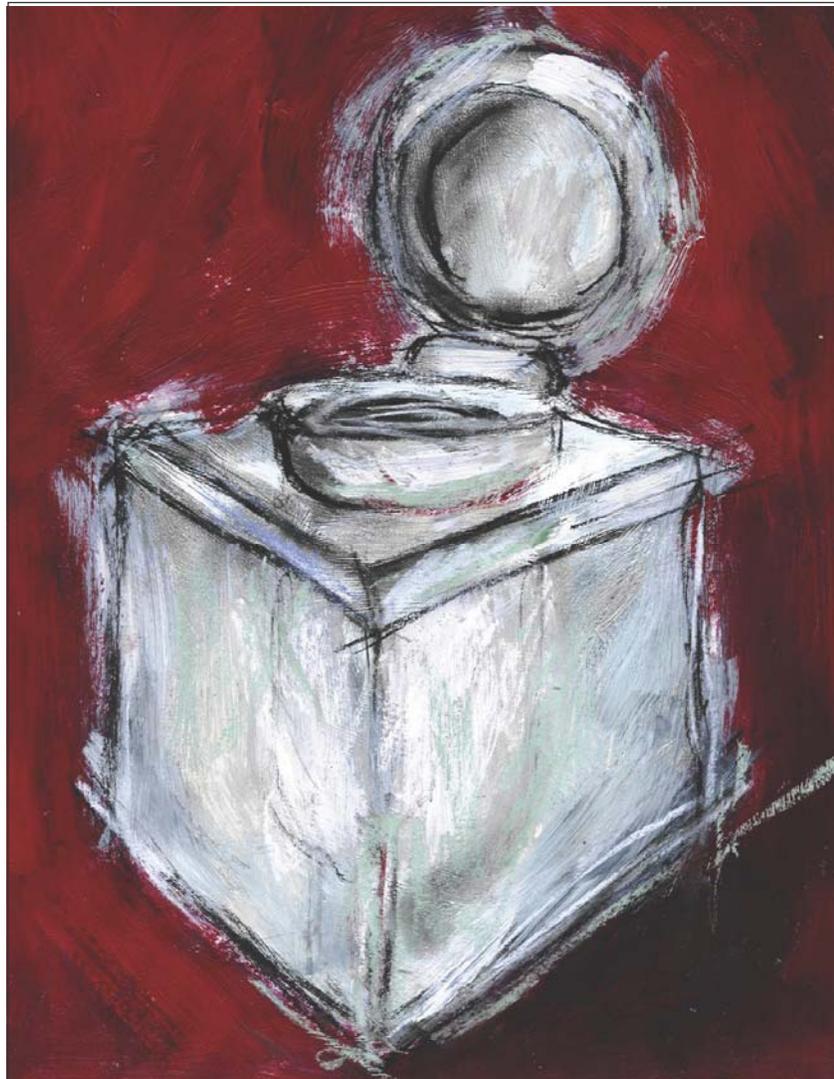
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Building innovative capacities in today's organisations

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ABSTRACT: It is often said that somewhere in Africa's Serengeti, the fastest gazelle knows that it must run faster than the fastest lion if it has to stay alive. On the other hand, the fastest lion knows that it will have to run faster than the fastest gazelle unless it wants to go to bed hungry. This "circle of survival" in the Serengeti is akin to the survival challenges that today's organisations face in a hypercompetitive global environment. These organisations know that they need to continuously innovate and come up with innovative products and processes just to stay alive. Thus building the requisite innovative capacities is the only way these organisations can continuously ensure the introduction to the marketplace of innovative products and processes. It requires more than just talk. For today's organisations to be able to build the requisite innovative capacities, they need to institute the requisite infra and infostructures.



Technological advancements have made our present world so speeded-up that what is in today could be out tomorrow – in a flash. Businesses and organisations that want to survive and prosper in this hypercompetitive global environment must be able to “predict” the future, so to speak. To be able to do that, they must be able to “invent” this future. Such a feat will require a lot of innovation, which is impossible without the requisite innovative capacities and capabilities. So how do companies go about building their requisite innovative capacities? Before going into the details of how organisations can go about building innovative capacities, it is important to state a caveat: the mere fact that an organisation may have the requisite tools available for it to innovate; as well as having the willingness to innovate, does not in itself translate into its ability to innovate. It requires more than that. According to the late Peter Ducker, it requires hard work, persistence and the ability to deal with frustrating times. Above all, it must be purposeful and hence requires diligence. The following are some of the suggested ways that will help today's organisations build innovative capacities.

First of all, innovation must be looked at by today's organisations as an indispensable element to their survival and competitiveness. Having such a belief requires a shift in the mind-set of the organisation and its leaders, away from the mentality where innovation is regarded as an after-thought or “me too” option to append to their tag-lines. It must be a conscious and deliberate effort on the part of the leadership of the organisation where innovation is seen as an important strategic option to their competitiveness, thus putting into place the requisite structures and steps to build the necessary innovative capacities that will help it achieve those ends.

Another important factor that organisations need in order to build an innovative capacity is the creation of an innovative environment. This includes the presence in the organisation of an innovative culture. This is the case where the

management and leadership of these organisations define gravity by removing the fear of failure from the vocabulary of the organisations. But this also includes the core values of the organisation, which could be tacit or explicit. One may ask: “What are some of the key elements that define an innovative culture?” Briefly, these key elements include an environment where risk-taking is encouraged and people are allowed to test their ideas without repercussions. But it is also a culture that creates an environment where resources such as time, money and the requisite human capital exist to support innovative efforts. It is important to note the complementarity of these elements to the building of an innovative culture in organisations. Coupled with that is a leadership that plays a supportive role and provides the requisite resources to support innovative efforts in the organisation.

A good example to mention here is how Keizo Yamaji transformed Canon from an average performing photographic company to a major printing, imaging and electronics company. The story is told of how he called his engineers to a meeting and announced to them: “I want you to make me a copier. It can be no bigger than a large breadbox. It can’t retail for more than \$1 200 in the US. It mustn’t ever need servicing. And I want it in 18 months.” He gave them the requisite resources and support, and got out of their way. Yamaji got his copier, which became a multi-million-dollar business for the company.

Open communication within the organisation is another important element of innovative cultures and the leadership of organisations must play an important role in facilitating that. This open communication should take the form of a dialogue among the different stakeholders within the organisation. This leads to a thorough understanding of the vision and mission of the organisation, hence contributing to its innovative capabilities.

Now back to the suggestions on how to build innovative capacity in your organisation. Another key element essential to building an innovative culture is an organisation’s ability to celebrate its failures and learn from them. Why is this important? It is important because an organisation’s reaction to failure sets the standard for all its future actions, from that point onwards. Of course the argument here is not to support foolish decisions that result in failure. However, good decisions of organisations that have resulted in failure due to circumstances beyond the control of management should be celebrated and rewarded. Learning from such failures through constructive post-mortems helps to identify what went wrong and how to rectify it. These contribute to and could lead to the development of innovative products and processes.

In addition, the structures and procedures in the organisation must support continuous efforts at innovation. Systems should be put in place to enable employees to capture, retain and deploy new knowledge to secure the competitive advantage of the organisation. Continuous efforts must also be put in place to capture the explicit knowledge in the heads of the knowledge workers of the organisation to contribute to this competitive advantage. It should also be mentioned that innovative organisations are learning organisations and must encourage continuous learning to develop new knowledge for their competitiveness. In organisations where employees are sanctioned for making honest mistakes, innovative capacities will suffer. This is because the fear of experimenting, as well as the possibility of failure and the attendant consequences, will prevent employees from daring to take a chance. Hence innovation suffers.

The story is told of a promising young executive at IBM who lost the company millions of dollars on a bad deal during the time of Thomas J Watson, the founder of the organisation. Watson called the executive to his office and demanded an explanation. The executive thought he was going to be fired and, upon entering Watson’s office, remarked: “I guess you want my resignation.” Watson told him: “You can’t be serious! We’ve just spent millions of dollars educating you!” Now, that is what I call defining gravity. Watson believed that if this young executive learnt from his mistake, then it was



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Apart from creating an innovative environment within today's organisations which will enable them to build innovative capacities, they must also put into place the right governance processes to contribute to continuous innovation. The right governance processes entail formal and informal systems, as well as methods, but also specific or unique processes that support innovation and its sustenance in the organisation. It is important to note that these governance processes must not be stumbling blocks in the way of building innovative capacities in organisations. Rather, they must be enabling blocks to this process. For example, a cumbersome and lumbering process required of scientists in an organisation before obtaining approval to undertake a research project can stifle innovation, as it will discourage them from trying. If such a policy persists, they could become demoralised and eventually leave the organisation. Innovative capacities in the organisation suffer as no organisation today can afford to lose its knowledge workers.

However, these organisations must also not fear to reinvent themselves over and over again. Joseph Schumpeter's theory of creative destruction comes to mind. Basically, it is a theory that points to the process of transformation that comes with radical innovation. Thus, even when today's organisations are at the top of their game, they must engage in reinventing themselves repeatedly in order to remain relevant (creative destruction). Nokia is one of the companies that comes to mind. It started its existence as a pulp and paper mill located on the banks of the Nokianvirta River in 1865, transforming itself into a rubber works company in 1898 and finally metamorphosing into an electronic and telecommunications company in 1967. Today, Nokia sells millions of mobile phones around the world. It sold its one-billionth mobile phone in 2006 in Nigeria.

An organisation that refused to reinvent itself through innovation is the Smith Corona company, which used to manufacture typewriters. The result was that it went the way of the dinosaurs with the advent of computers. As Ron Summer, the former CEO of Deutsche Telecom, once observed: "Those who don't invest in the future won't have one." Smith Corona did not invest in its future by refusing to innovate; hence it did not survive.

Another important factor of building innovative capacities in today's companies is that the leadership must be the drum majors and majorettes of the innovative cultures and capacities they seek in their respective organisations. This can be attained through their ability to spell out the roles of the different sectors in the organisation and the respective responsibilities that each would shoulder in this process. The leaders must also be able to adequately align the organisation's vision, mission and values to its innovative efforts. This calls for the leadership of the organisation to make innovation the core value of the organisation. It is a value they must live and breathe, and it should permeate all aspects of the organisation's structures.

Being the drum majors and majorettes of innovation in their respective organisations also requires that leaders make available the requisite resources to fund research projects embarked upon by the organisations which could result in innovative products and processes. One such leader who comes to mind is Apple Computer's CEO, Steve Jobs. Not only did he save Apple from collapse, he led it to become one of the leading and profitable companies today.

But providing resources alone is not enough to build innovative capacities in today's organisations. The leadership of these organisations must also put into place recognition programmes and rewards, as well as incentives to motivate the risk-takers and innovative employees who come up with cutting-edge products and processes that will give the organisation a competitive advantage. One example of such an incentive programme in Asia, at one of Infineon Technology's plants, is the YIPIE ("Your Idea Pays in Earnings"). The YIPIE programme works as follows: anytime an



innovations in the plant that have saved it significant amounts of money. Some of these programmes are then replicated around the company's numerous plants around the world. The motivating factor is an effective incentive and reward system that has been put in place by the company.

As much as internal firm-specific strategies are important for today's organisations to build innovative capacities, it is equally important to align such internal strategies to external ones, particularly within the country. This is because the innovative capacities of private-sector organisations are influenced by national policies and institutions. Thus, if today's private-sector organisations have to attain innovative intensities, an interaction between their strategies and public sector policies are a sine qua non to realising their respective capacities. The environment created by the public sector in the respective countries in which these private sector organisations are located is equally important to the ultimate success of the innovative capacities they aspire to build. Good national innovative policies are thus inevitable in this process. A good example to cite here is the Malaysian Inc policy. It was a conscious decision on the part of the government of Malaysia, under the leadership of Mahthir Mohammed, which resulted in national technology and innovative policies bringing public and private sector organisations together to bring about the development of the country. It contributed to moving the country from a palm oil producer to a major electronics and manufacturing goods exporter. Today, the country even manufactures and exports its own car – the Proton.

Finally, an important factor necessary for building innovative capacities in today's organisations is their ability to manage creativity in their respective organisations. This begins with the involvement of top management in supporting the creative process in the organisation. Without their support, the process could be derailed by entrenched interests that are against change. However, this also requires that the top management supporting and driving the process are people who themselves embrace change and growth.

It is also important to set attainable targets, but these should also be attractive targets which inspire the people in the organisation to attain them. Equally important is to use those in the organisation who are open to new ideas and willing to contribute to the creative process, and inspire them to bring about innovation in the organisation. In addition, there is the need for the organisation to encourage continuous learning and training to enhance the creativity of the individuals it employs.

It must be kept in mind by management that introducing creativity into an organisation brings about change – and change creates uncertainty. It is therefore important to manage such a process with extreme care, or it could end up derailing the whole process.

When all is said and done, it will always remain a fact that no organisation can survive in our competitive global environment today without continuously innovating. Jack Welch, former CEO of General Electric Company, said it best: "When the rate of change outside is greater than the rate of change inside, the end is in sight." This will require building the requisite innovative capacities to deal with the rate of change outside.

Mention should also be made of the fact that cultural, geographical or environmental factors could also play a role in the ability of organisations to build the requisite innovative capacities, yet it cannot be emphasised enough that some of the core elements mentioned in this article apply across the board.

To all those organisations that are tirelessly building their innovative capacities to survive and compete in today's hypercompetitive business environment, may the roads of innovation rise to meet you, the winds of innovation always be at your back and your efforts at building innovative capacities and capabilities in your respective organisations be a

