

The Case for Innovation and Talent Management

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As globalization of the world economy continues and accelerates, we are beginning a process of fundamental change in organizational design that will take us to configurations we cannot yet fully imagine. However, we can already see enough to identify major opportunities for organizations that want to exploit the benefits of these changes, even as they unfold.

Ideas and innovation occur in all parts of an organization. There is no on- or off-switch; to a greater or lesser extent, innovation is a natural part of organizational life. Whilst some employees face challenges for which others might already have a solution, others are just sitting on their good ideas. Very often, a large proportion of these good ideas do not become successful innovations because they are never introduced, evaluated, or even heard. In many cases strategic barriers and bottlenecks prevent organizations from developing good ideas into implemented and valuable innovations.

Many speak and write about a future battle for talent. It is true that the well-established market for talent continues to expand – more sources of supply, a focus on niche roles, shorter term roles and assignments. As a result, organizations willing to pay what the market demands can bring in and deploy precisely the right number of specifically talented people, and only for as long as they are needed. But the far bigger challenge for organisations is to create conditions that increase their ability to find, win and keep talented employees by making optimal use of their knowledge and experience. Herein lies great potential and opportunity for organisations willing to take on this challenge.

Achieving effective and efficient interaction across departments, hierarchy, and locations has always been difficult, resource-intensive and expensive. Today's leading organizations combine talent, organisational design and technology in new ways to create a higher value-add per employee than ever before. They, and we, have reached a point of enlightenment: the founding principles of today's organizations – standardization, specialization, hierarchy – will not help us to address the talent management challenges we face.

How do organizations become more innovative?

Radical innovations and organizational changes are most often triggered by crises and emergencies. One main reason for this is that strategy has been developed by concentrating the inputs of a few leaders. Failing to seek out the ideas of all of its people and capitalize on their creativity could hamper such organizations from reaching for, and achieving, more of their potential.

Organizations' that wish to avoid this become more innovative by adopting a three-pronged approach:

Anchor innovation in strategy

Boston Consulting Group and McKinsey company surveys indicate that, for 70% of the sample, innovation is a top-three strategic corporate priority.

Is innovation just a fashionable word or does this survey show that organizations are beginning to take innovation more seriously?

The underlying industry data shows us that visionary companies are starting to act.

In these companies, innovation is embedded in the organization's strategy, from top to bottom, throughout its definition, development and execution. It is a standing topic on the Board agenda; it is regularly and fully discussed in company meetings on an equal footing with marketing, sales, operations and finance.

Innovation cannot thrive if it is invisible. Most companies struggle to make innovation visible by quantifying it because they find it difficult to measure and report key figures in relation to

innovation. Whilst some larger organizations have defined goals and measures of innovation performance, it often requires significant manual work to compile these figures. Forward-thinking companies are making innovation visible by implementing new technologies designed to facilitate, manage and measure the process from idea to implementation.

Build an innovation culture on participation

It is self-evident that traditional hierarchical management models are of little use in managing the creative-minded people that are today's knowledge workers. These self-aware, multi-talented, fast-learning individuals are most highly incentivized by the power to make autonomous decisions and respect knowledge and a willingness to cooperate far above formal rank and titles.

Since such people will be the bedrock of future value creation in developing knowledge economies, it is imperative to create corporate cultures that are characterized by stability and trust between employees and management. Workers at every level should feel safe to articulate challenges and express their ideas, no matter how exotic. It must also become an accepted part of corporate culture to spend time and resource on innovation; leaders must also encourage it, both in word and action. A system of recognition that reports, celebrates and rewards all kinds of constructive behavior – not just the offering of creative ideas, but also participation in enriching, shaping and implementation of innovations will help to build and sustain a culture of innovation. Although it takes time to build such a culture the investment is clearly worthwhile.

Make innovation a well-managed process

Even though 70% of managers say they have innovation as part of their top three strategic priorities, very few organizations see or manage innovation as a process. Why is this? Is it a difficult process? Is it difficult to control as a process? Do we have to think in new ways in order to manage it? We have system support for all other processes in an organization. What about the system support for innovation?

Companies have set in motion initiatives to collect ideas from within the organization with little thought about the consequences. For example, if you have 1,000 employees and you receive an average of one idea per employee, it will be a formidable job to handle the volume of ideas and challenges generated.

As many management teams have found to their cost, when each of these thoughtful suggestions does not receive timely and high-quality feedback, individuals quickly see that very little is happening. All the positive energy created by the excitement and buzz of a new innovation initiative evaporates and when goodwill needs resuscitation it takes even more energy. Those responsible generally find that they do not have the time and resource to implement ideas and when management's ability to execute is perceived to be at a low level, enthusiasm and motivation becomes harder to muster.

It is extremely important therefore to think carefully and in advance about the entire innovation process, from idea capture, enrichment and evaluation through to decision-making and implementation.

Fortunately, managing an end-to-end innovation process well is not as difficult as seems, and companies can learn valuable lessons from the experiences of others.

New technology is here to help

Today's leaders are starting to understand how fundamentally new developments in innovation are changing the way companies are organized and governed, and how resources are planned, hired, directed, managed and motivated.

Internet-based collaboration technologies are allowing organizations to make use of their human capital in new ways – software and technology already available supports innovation management and facilitates the transition to a more open innovation environment.

These solutions are based on creating virtual communities in which all employees can participate by contributing their knowledge and expertise to areas, subjects and challenges where they have experience and interest.

The best solutions integrate the core participation functionality of social software with functionality that enables more disciplined and effective management of the entire innovation process, including quality management, documentation, portfolio management and measurement of key indicators. Such systems are capable of telling management how much upside potential the organization has by implementing some of the ideas contained in the

portfolio. They can also provide the info-structure needed to underpin decentralized innovation networks that build and improve collaboration, information-sharing and efficiency.

Companies adopting this type of innovation management system will be better equipped to change and to better utilize the human capital they already have access to.

ABOUT THE AUTHORS



Alf Martin Johansen has over ten years of experience working in executive and senior financial and consulting roles for both large and small companies. He is a true “Value Chaser,” and is constantly scanning the environment for potential problems and challenges for which he can develop creative solutions. Most recently he has been inspired by Dr. Henry Chesbrough to develop end to end innovation management software based on web 2.0 technologies and are working on implementing Next generation Open Innovation in leading organizations.



Michael Rivers is Head of Xpedite Consulting at NHS Innovations London. Xpedite helps governments, organisations and businesses to realise greater returns from their investment in innovation, using the cumulative operating experience and know-how embedded in NHSIL’s core operating model. The focus is on two key aspects of innovation 1: Enabling Innovation Management professionals to do a better job and 2: Helping to make innovation part of everyone’s job. Michael has 25 years experience in marketing and branding, growth strategy, business processes and technology gained at KPMG, Monitor Company, Perot Systems Europe and Accend, a marketing performance consultancy.