

The On Ramp to Innovation

By Kathleen Goolsby

Market forces are causing today's businesses to focus more on enterprise-wide innovation. Peter Drucker defined innovation as "change that creates a new dimension of performance." Today innovation is a strategy that goes beyond product development. Think of it as creating and sustaining a culture that gives birth to ideas and drives transformation and growth.

A significant study conducted by IBM in 2006 found that the number of companies that manage to successfully implement innovation is dramatically lower than companies that attempt to do so. That finding probably would not surprise Clayton Christensen, author of five books on innovation, who wrote that "Innovation is a disruptive concept or initiative." And the finding definitely would not surprise any of the principals at Partnership Continuum, Inc., for innovation requires collaboration and partnering—and partnering initiatives often fail to achieve their objectives.

An IBM study three years ago found a growing recognition among the responding CEOs that innovation was their preferred path to achieving corporate growth and brand value. Subsequently, Big Blue undertook The Global CEO Study 2006 on the challenges involved in unlocking innovation, as well as the opportunities it presents when an organization innovates effectively. A top challenge cited by the 765 CEOs and public-sector leaders worldwide in the 2006 study was that they must change their cultures and management structures in order to sustain innovation. In fact, 65 percent said they will have to make *significant* change in their businesses over the next two years.

"Expanding the Innovation Horizon," the report published by IBM in 2007 on the findings of The Global CEO Study 2006, states respondents indicated their business models are evolving to enable differentiating their businesses through innovation. A key component of their business models is collaboration "beyond company walls" to produce innovative ideas. Respondents cited business partners and even customers as top sources of innovative ideas, whereas only 17 percent mentioned R&D as a source.

As one study respondent pointed out, "If you think you have all the answers internally, you are wrong." The study found that CEOs recognize this, but they also admitted their organizations are not collaborating nearly enough. In fact, one-half of the CEOs in the study said their organizations are not collaborating beyond a "moderate" level.

Partnering is the "on ramp" to innovation. However, interviews conducted by IBM with the study's participating CEOs provided a consensus opinion that "collaboration and

partnering are theoretically easy but, practically, are hard to do.” The study also found challenges the CEOs face include:

- Learning how to create a culture that enables collaboration
- Understanding how to push the organization to systematically work more with people outside the organization
- Creating a team-based environment and reward individuals who bring about and facilitate innovation
- Integrating and aligning technology with business needs

In his books, Christensen explains two other significant challenges companies face regarding innovation efforts:

- Managers with experience that is ideal for optimizing the core business are often ill-suited for running disruptive ventures such as innovation initiatives
- The entrenched business processes that enabled a company to capitalize on past innovations often hinder it from taking advantage of a new innovation that requires a different approach

Facilitating the communication for knowledge transfer and brainstorming between work groups, business units, departments, and companies is another challenge for efforts at innovation. And, of course, managing resistance to change is a major challenge associated with any disruptive initiative.

These challenges require skills and capabilities that you can acquire or enhance through Partnership Continuum’s proven tools and methodologies, some of which are shown in the list below:

- Past orientation due to entrenched business processes from past innovations – [Future Orientation Workbook](#)
- [Collaborative communication](#), [comfort with interdependence](#), knowledge transfer
- [Change resistance](#)
- [Management and leadership capabilities for leading through a disruptive initiative](#)
- [System for working more with people outside the organization](#)
- [Team-based environment](#)
- [Create a culture that enables collaboration](#)
- [Six Partnering Attributes](#) to ensure a mutually beneficial partnership
- Many [articles about behaviors that allow innovation to surface](#)

If your company’s strategic objectives include enabling faster growth, achieving faster time to market with new services and products, enabling globalization, facilitating compliance with regulatory changes, aligning business objectives with evolving

technology, meeting customer expectations, or competing in new competitive arenas, you need to innovate in order to achieve your objectives. Partnership Continuum provides [executive development](#), [customized corporate workshops](#), and a proven [methodology](#) for ensuring success in your company's efforts to partner in order to enable innovation.