



Why and how to promote a culture of innovation?

Business and public decision-makers essentially associate innovation with technology. It's easy to understand why. Technology is increasingly transforming our lives. In the future, a large part of our lives will be digitized, connected, automated and robotized. The way we work, produce and live will be different. In addition, the decisions associated with developing or buying technology are visible, direct and measurable.

But the development and success of innovation is not in the technology.

1. What is the most decisive factor for innovation?

When we think of innovation, we invariably think of technology. But technology is only the engine, the "how" and not the why. The drive, the why, lies in the human being, in people, in each and every one of us. The most important thing for developing innovation is not to buy or develop the latest technology, which sooner or later becomes redundant, and may even be the wrong one. It's not having the best innovation strategy, which is just an ambition. **It's about having an organizational environment that inspires and pushes every employee** to be alert to innovation opportunities at any time of day, when no one is watching (outside of innovation events and the presentation of strategic and innovation plans) and to implement innovations that make sense for the organization. It's about having a culture of innovation.

Silicon Valley, US, is the place in the world where the most technological innovations are developed, scaled the fastest and are

the most successful. When we think of Silicon Valley, we think of computers, cell phones, artificial intelligence, automated cars, blockchain, augmented reality, Apple, Google, etc. But what makes Silicon Valley different? It's not the technology. Silicon Valley is above all a "state of mind", focused on challenging established business models, seeking change, rewarding creativity, not penalizing mistakes, ambition, difference and different ideas.

What allows big companies to remain leaders for decades after decades? Technology? Rarely, because technology changes over the decades. Strategies and organizational models? They are instrumental, as they change according to circumstances. What these companies have that makes them successful over time is a culture of innovation and leadership that allows them to anticipate, create and manage change.

According to futurist Gerd Leonhard, the success of companies and organizations in the future will be determined more by human traits such as creativity, imagination, intuition, emotion and ethics than by technology. In a world where everything will be digitized, connected, automated and powered by technology, there will only be one free space to innovate – you. People. Anything that can't be digitized or automated will be very valuable.

To win at innovation, you have to go beyond technology and focus on people and the environment that makes them most innovative. It is in humanity that true and sustainable value is created. The future lies in transcending technology.

The driving force behind innovation is not technology but the human factor. Innovation is made by people, for people and by people. And everyday innovation can have as much or more impact as launching a product that will revolutionize the market.

Innovation is made up of people

Innovation requires mental and cultural preparation. In organizations, the mental and cultural levels are closely linked, one conditioning the other. The mental plane requires a predisposition of the mind to be open to thinking differently, doing differently and promoting difference, with a view to creating value. The cultural plane implies an organizational context that is open and free of prejudice, that welcomes and promotes creativity and disruptive thinking and that welcomes all ideas, no matter how absurd they may seem, because an absurd idea that is well worked on can give rise to the most interesting results. In every organization, we need to identify, value and support innovation champions, those who facilitate and drive change.

Innovation is for people

Many innovation efforts fail because they get sidetracked by the idiosyncrasies of the researcher. They become centered on the perspective and opinions of the creator. Every innovative idea, concept or model is aimed at creating value for an identified recipient. A consumer, a user, a beneficiary. This is why tools such as design thinking have become so relevant to the innovation process. Design thinking starts from empathy with the recipient of the innovation, product or solution. It is based on the concrete identification of a specific need ("pain") of the person observed, which justifies thinking about, designing and testing a solution to solve it. In this sense, design thinking approaches problems experientially and from different angles. With design thinking, a problem that was thought to be perfectly identified can be redefined with an integrated and multidisciplinary approach that is closer to the optimum solution for people.

Innovation is made by people

And since innovation is done by people, we come back to the cultural concept and the individual responsibility that each person in their organization has to assume. Innovation involves an interesting balance between creativity and discipline. Creativity to think differently, discipline to do things, make mistakes, persist and redo until you reach a solution that generates value. For this to happen, incentives are needed for certain behaviors and attitudes.

Innovation doesn't happen without an organizational culture that encourages it.

2. But what is an innovation culture anyway?

An organization can have various formal and organized initiatives to promote innovation. These are the result of the formal strategy and defined objectives. But on a day-to-day basis, outside of these initiatives, how does innovation take place? What happens when no one is looking? Outside of this control, there are values, stories, relationships, behaviours and attitudes that condition organizational performance and results. Peter Drucker once argued that "culture eats strategy for breakfast".

Innovation is everyone's responsibility, at all levels of the organization. It is not exclusive to the innovation department or the management team, it is shared at all levels, by all functions, and incorporates specific skills and responsibilities. Innovation takes place on a daily basis, at all times and throughout the organization.

From our experience of working in more than 900 companies in various parts of the world and almost a decade of direct interaction and work with innovators such as Steve Blank, universities such as Stanford, and leading companies in Silicon Valley through the GSI Program, we have identified the characteristic features of a culture of innovation: i) shared values; ii) beliefs; iii) habits and routines; iv) behaviors:



Figure 1 - Cultural traits of a culture of innovation (LBC)

i) Shared values

Most of the companies we have identified as icons of innovation, either because of their business models or because of their technological evolution, share some common values, first and foremost **curiosity**. To be innovative, you have to observe your surroundings, almost like an anthropologist studying an ancient society and trying to discover how it works and the usefulness of each artifact, each building and each social structure. Curiosity is fundamental and the starting point for identifying existing opportunities.

The ability to **take risks** is another characteristic value of innovative cultures and is inversely proportional to the fear of making mistakes. Risk-taking means living with the consequences of the risk you take. It can go very well, but it can also go very badly.

Another shared value is **respect for others**. The company culture as a promoter of respect and **collaboration**; encouraging looking at problems as an exercise in innovation, possibly even as a potential business opportunity. As a promoter of discussion and multidisciplinary.

Being **open-minded** enough to welcome all ideas, as opposed to resistance to change and "we've always done it this way", implies agility and flexibility. It also implies relationship models based on respect and **trust**. Trust is the foundation of relationships and must be regained every day in order to guarantee the openness necessary for the healthy sharing of ideas.

ii) Beliefs

The first characteristic belief of a culture of innovation is **optimism**, believing that it will be worth taking a risk but, if you don't succeed, that **error** is part of the process, and is an opportunity to learn and improve in a culture that promotes innovation, rather than a stigma or a failure. Associating error with failure can induce a culture of fear and lack of initiative. On the contrary, individual **autonomy** supports collective responsibility; and **sharing** an idea is the lifeblood of the business, it serves to test its future applicability, often avoiding investments in developing an idea that will not generate value.

iii) Habits and routines

Habits are created through behaviors and activities that are repeated until they become routines. In an innovative organization, innovation-promoting habits start with **recognizing** successes and **rewarding** them, avoiding punishing feedback and inducing cultures of fear of the consequences that may arise from failure.

Experimentation and iteration are usually associated with the last phase of the design thinking process, the testing phase. The thing is, design thinking is not a linear process; the iteration and testing phase is constant, carried out all the time and, as we saw above, the sooner you test, the better. It is also a form **of learning by doing**, which makes it possible to avoid taking certain steps or decisions that produced undesirable results in the future. Error is perceived as a consolidated way of achieving success and a stage that can hardly be avoided – not as a failure. The perspective is that if you're not prepared to make mistakes, you won't be able to produce any original ideas.

On the other hand, **celebrating** successes reinforces the behaviors you want to encourage and promotes other positive aspects, such as team cohesion and the desire to do **more and better**. The habit of continuous improvement in processes, activities and behavior becomes an imperative.

iv) Behavior

The behaviors that promote a culture of innovation are closely associated with taking responsibility and taking action. They are very pragmatic and focused on results. If you have to fail, fail fast. However, at the base of the behaviors encouraged in a culture of innovation is the adoption of **ethical** principles, without which the trust necessary for sharing, for example, does not happen.

Thus, one of the behavioral premises is **show, don't tell**, meaning that if it's to be done, don't talk about it forever, do it! And take **responsibility** for the results, whatever they may be. That's why it's so important to welcome mistakes as a learning experience, so that individuals aren't afraid to fail and so that collectively the organization sees taking responsibility as natural and in which everyone is involved.

Encouraging **less judgmental** behavior, avoiding the devil's advocate stance, is important, particularly in the idea production phase, where a seemingly absurd idea that can be worked on to become genius is not compatible with idea killers. At a later stage in the process, however, it is important to counterpoint and discuss the applicability of the idea, as long as the values mentioned above are applied.

Defining cultural trait

However, these cultural traits apply differently to companies, depending on the competitive structure of the economic sector, the competitive positioning of each company and its differentiators. Each organization must outline a well-defined cultural trait in line with its strategic positioning. Many companies that are considered innovative have cultural characteristics that they have defined strategically and that they want to see constantly reinforced.

This is how Apple focused on "Design, design, design", Google aimed to be "A fun place where you make things happen", Logitech promoted "Think like a start-up", and Amazon focused its culture on "Customer obsession".



A relaxed and open environment, low hierarchy, teamwork, attractive physical spaces and relaxation, provide opportunities to explore, experiment, test and discover, without fear of being criticized, but focused on results in a limited period of time.



Design focused on the user experience is the guiding feature of Apple's culture, where simplicity is valued, and designers report directly to the top of the organization. Design thinking, prototyping and experimentation are essential elements of Apple's



Informal style. Trust in employees and empowerment through a culture of sharing, risk-taking and acceptance of error. Promotion of dedication and commitment at all levels of the organization. Acceptance of the confrontation of constructive ideals. Demanding 24/7 efficiency.



Focus on the consumer and consumer trends. Quick decisions and responses. Elimination of bureaucratic processes. Challenging traditional boundaries and conventions to develop brilliant ideals and solutions. Success measured by the possible, not the probable. For today's pioneers, there's no better place to build than Amazon.

Figure 2 - Cultural traits of the innovation giants

3. How do you promote a culture of innovation?

Organizational culture is a two-way street: on the one hand, it is strongly conditioned by the dynamics that originate at the bottom of the hierarchical pyramid, in a bottom-up sense, but the conditions that encourage the cultural traits we want to implement can – and must – be created, and in this sense it is top-down.

In a very pragmatic way, a suggestion is presented in 8 steps:

1. Create a stimulating **physical space** that promotes creativity and a positive, relaxed state of mind.
2. Define the **alignment** with the business, but also with the needs of the client or end user of the innovation you want to promote, be it business models, products, services or channels.
3. Define and communicate desired **attitudes and behaviors**. Distinguish between operational errors and unsuccessful innovation attempts. Repeated behaviors lead to work habits. Reward and encourage those you want to see in your organization.
4. Define the **defining trait** of your company's innovation culture, identify your differentiator and share it with the organization. Promote internal debate and creativity, you never know where the best ideas will come from.
5. Promote a **climate of new ideas** inside and outside the company and give them time and resources to be presented, analyzed and debated. Promote brainstorming and workshops. Open innovation is one of the best channels for innovation and often at the lowest cost.
6. Empower **champions**, give them autonomy, time and responsibility for developing good ideas. Reward success and spread the word.

7. Change **incentives** if you feel they are not appropriate. Sometimes the incentive is not in the value, but in the internal recognition. Appreciate and celebrate. Communicate successes, however small they may seem.
8. Provide the **framework and tools** to facilitate the innovation process. Innovation doesn't just happen because you want it to, it's the result of a process that involves risks, uncertainties and requires careful management of the balance between creativity and discipline.

Each organizational culture is unique. It is therefore extremely important to know how you want to approach innovation internally and align it with the values and objectives of each organization. And bear in mind that you need to reward the dynamics that promote the culture of innovation you want to implement.

Dare to be **Innovative**

Embrace **Transformation**

and **Deliver** a better world

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