



Positioning the Work of the Innovation Expedition to Address Priority Needs of Organization Leaders: (Insights from the 2006 IBM Study on “*Expanding the Innovation Horizon*”)

The Study

- This is the latest in a biannual exercise by IBM. The study involved 765 CEOs, business executives and public sector leaders from around the world.
- The intent was to learn more about their thoughts on innovation since the last study (2004) surfaced the reality that increasingly the leaders were relying on innovation to drive improved performance and profitable growth.
- The 2006 study found most leaders acknowledging:
 - a) Their need to be prepared for major transformations in their organizations.
 - b) That these transformations offered them opportunities which could only be seized through unleashing innovation in their organizations.
 - c) The need to re-evaluate their earlier preconceptions about innovation. The study probed their views on innovation and found the views of the executives were evolving beyond the traditional focus on product innovation. They found an awareness among the leaders that the realities of a fast-changing global marketplace required them to understand and apply innovations in business structures, in management principles—indeed, across all areas of their organizations.

In short, there was increased awareness of the need to practice social innovations (leadership and organizational design) as well as technological innovations in order to sustain leadership in overall performance and to build a culture of innovation in their organizations.

Summary of Key Lessons from the Study Related to Driving High Performance by Unleashing Innovation

- **“Business model innovation matters**—Competitive pressures have pushed business model innovation much higher than expected on CEOs’ priority lists. But its importance does not negate the need to focus on products, services and markets, as well as operational innovation.”

- **“External collaboration is indispensable**—CEOs stressed the overwhelming importance of collaborative innovation—particularly beyond company walls. Business partners and customers were cited as top sources of innovative ideas, while research and development (R&D) fell much lower on the list. However, CEOs also admitted that their organizations are not collaborating nearly enough.”
- **“Innovation requires orchestration from the top**—CEOs acknowledged that they have primary responsibility for fostering innovation. But to effectively orchestrate it, CEOs need to create a more **team-based environment, reward individual innovators and better integrate business and technology.**”

“The study found a persistent, worldwide, sector- and size-spanning push toward a more **expansive view of innovation**—a greater mix of innovation types, more external involvement and extensive demands on CEOs to bring it all to fruition. Based on these CEOs’ collective insights the study offered several considerations that can help organizations sharpen their own innovation agendas:

- **Think boldly, act personally and manage the innovation mix**—create and manage a broad mix of innovation that emphasizes business model change.
- **Make your business model deeply different**—find ways to substantially change how you add value in your current industry or in another.
- **Ignite innovation through business and technology integration**—use technology as an innovation catalyst by combining it with business and market insights.
- **Defy collaboration limits**—collaborate on a massive, geography-defying scale to open a world of possibilities.
- **Force an outside look...every time**—push the organization to work with outsiders more, making it first systemic and, then, part of your culture.”

How the Innovation Expedition Responds to the Challenges Expressed by these Organizational Leaders

The overarching focus of the Innovation Expedition is on helping leaders to understand that:

- there is a set of key elements that regularly appear in the profile of organizations which consistently are high-performing (see our template on this)
- one predominate common feature of most high-performing organizations is their capacity to pass authority down into the organizations and to create flexible cross-functional teams to be responsible for many major initiatives
- collaboration has become the DNA (the critical element for success) in the global, knowledge-based economy

- one can focus on product innovations and/or process innovations (i.e., the way we organize to do our work)
- innovations can be introduced in various places in an organization including innovations in strategy, structures, support systems, skills and shared values
- unleashing innovation requires the ability to address both technological and social innovations (leadership and organizational design)
- there are many forms of innovation but innovation at its heart involves a change in culture—one in which disciplined experimentation is both practiced and rewarded

The flagship program of the Innovation Expedition is the Challenge Dialogue System (CDS™)—and its focus is on helping leaders to address the core challenges highlighted in the IBM Study (i.e., it is a powerful vehicle for helping leaders to assist diverse stakeholders to both collaborate and innovate in order to accomplish complex tasks and drive improved performance.

In summary, the IBM study adds further confirmation to the Innovation Expedition team that we are on the right track in our efforts to “*drive improved performance by unleashing innovation*” and to help leaders to “*create high performing organizations and help build sustainable prosperity in their communities*” (more jobs, increased wealth creation and expanded quality of life).