

*David Hughes argues that the current economic recession provides an ideal opportunity for CEOs to outperform hesitant competitors by embracing an enhanced Open Innovation Strategy.*

Allianz Insurance has recently reported on a survey they conducted with 500 UK CEOs. The good news is that innovation is seen as a key factor in business success the vast majority of UK business leaders. They believe that innovation is the source of higher profits and growth, greater competitiveness and a means to engage the whole workforce in the company aims.

However, while recognizing that innovation pays off and improves performance, the challenging economic climate means that innovation is not immune from cutbacks. Nearly a quarter of the CEOs reported that the recession has impacted their innovation programmes with the research suggesting that over the past year, innovation spend has been reduced with this downward trend set to continue over the next few years. Prime reasons cited for this decline are a lack of money and a focus on near term profits.

But the dilemma facing CEOs is how to ensure that in focusing the innovation effort, they do not jeopardise the innovative capacity of the organization for when the upturn comes. Certainly just battening down the hatches is unlikely to achieve the growth that so many companies need. So how can CEOs square the circle? There are two simple questions that can provide answers.

1. First question - is the whole organization engaged in innovation? Is it the work of every employee, every day? Executives who ask that question soon realize that most of their employees have had little or no training in innovation which is a bit like putting someone who has never driven before behind the wheel of a racing car - the result is likely to be horrendous. But training is only the start, management needs to provide the environment and support (time and money) to enable the whole organization to feel responsible for innovation. One way to get a fix on how ready your organization is for innovation is to use the QIC Innovation Framework model. This is used in a series of structured interviews to establish where an organization is in relation to leadership, strategy, people, resources and processes products and services. This can then be used as a plan for action in developing the organisation
2. Second question - are we doing the right things at the right pace to be competitive? This involves aligning the innovation strategy to key business activity, sustaining organization capacity and focusing on future opportunities. It starts with a full analysis of customer needs and then reviewing how well these needs are met by competitor and own offerings. Unmet needs which are important to the customer provide fertile ground for innovation and if solutions are found this can result in customer loyalty for years ahead. The next step is to see what capability exists in house and what could be sourced more effectively from outside the company. To bring objectivity to this analysis, QIC provides independent experts to work with the in-house teams to complete the analysis and develop a forward product/service roadmap. This can involve technology, supply chains and organizational development.

It's been our experience that the recession presents a great opportunity to outperform hesitant competitors with new creative ideas that have the potential to change the game. Please call to set up a discussion on how we can help your business grow through innovation.