Successful Leadership Principles in the field of Innovation

Descriptive Online Study Report

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FOREWORD

The Global Innovation Index 2014 states that innovation is the result of creative and critical thinking. Talented people design our future products, services, and business models. And they are rare. Based on temporary US research only 5-10% of managers within a company have the so called «Innovator DNA».

Recently, governments invest lots of money in innovation initiatives focusing on growth (i.e. Horizont 2020). Parallel to that, the European «de-growth» initiative is constantly growing, demanding new approaches taking into account endless resources as well as restrictive human capacities.

While innovation continues to be a top-three priority for three-quarters of the companies in BCG's 2014 global innovation survey, fewer executives are confident in their organizations' innovation skills.

How come? What are organizations across industries currently doing to build their innovation capabilities? How do they shape their innovation strategy? How do they create their innovation ecosystem? And how do they set up the team responsible for the creation of service, product or business model innovations?

This report shows descriptive insights of my cross-industry online study with 102 participants, reflecting the artificially created population «Innovators 450» (See Page 4 and 7). In the study, I compare organization size, hierarchy as well as team performance level.

DEFINITIONS

Science in the field of innovation goes back to the 19th century. The term «innovation» is very broad. Garcìa-Morales, Lloréns-Montes, & Verdú-Jover, 2008 try to illustrate the spectrum.

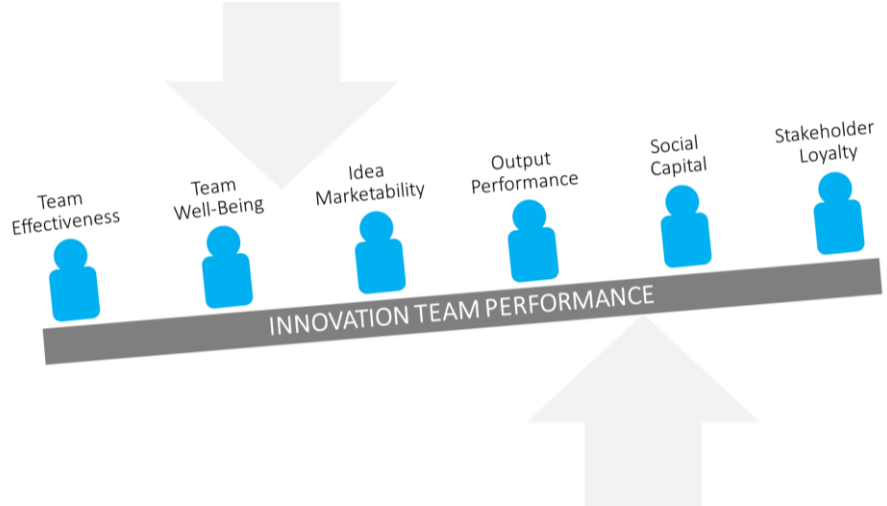
In this study I am focusing my attention on product, service or business model innovations that are new for a company, new on a market or new to the world.

My research interest is, to find out WHAT team leaders of successful innovation teams do differently to those who are not.

Success in this study is defined as the economic effect of teams engaging within innovation activities. Success includes soft outcomes such as team well-being or long-lasting stakeholder relationships as well as hard outcomes such as increase in sales or new developed products. Success in my study refers to team member evaluations about the effects of their team work in the field of innovation.

SHORT-CUTS

FTE	Full-Time Employee
PTE	Part-Time Employee
SMO	Small or Medium sized Organization
BIGO	Big Organization



MANAGEMENT SUMMARY

INNOVATION STRATEGY

12 % of study participants generate highly radical product, service or business model innovations (new to the world).

High Performers generate predominantly innovations that are new to the market. They create product, service AND business model innovations. High Performers are strong in strategy specification and external innovation commercialization.

Low Performers generate foremost innovations that are new to the company. They create product, service OR business model innovations.

INNOVATION ECOSYSTEM

Most participants organize their innovation activities in cross-functional teams (29%) or a centralized core business department (22%).

Only 11% of participants' organization offer next to full-time employments, also part-time and interim working solutions in the field of innovation.

High Performers

→ constantly track market reactions and improve their innovations.

→ hold a higher partner frequency than Low Performers.

Only ONE high performing BIGO partners with all mentioned parties (See Page 17).

Only 1% of participants regularly partners with competitors.

Ø PIONEERING LEADERSHIP

Ten years innovation experience.

Manages a team consisting of 12 members with another manager.

Every fourth holds a learning mindset.

Every fifth holds all six innovator skills.

INNOVATION TEAM

Male dominate the team mixture.

Project leaders (87%) and idea givers (70%) dominate the team composition.

SMOs and High Performers integrate more entrepreneurs than BIGOs or Low Performers.

POPULATION DEVELOPMENT

CURRENT TOP INNOVATIVE COMPANY CRITERIA

[Forbes Top 100 Worlds Most Innovative Organizations 2014]

Jeff Dyer and Hal Gregersen developed the ranking. It is based on the wisdom of the crowd. The method relies on investors' ability to identify firms they expect to be innovative now and in the future.

[Thomas Reuters Top 50 Global Innovators 2014]

The ranking is a quantitative method, considering four criteria: (1) Volume: all organizations with 100 or more innovation patents from the most recent five years, (2) Success: Ratio of inventions published to inventions protected, (3) Global: companies that place high value on their portfolio in major world markets, and (4) Influence: number of citations by other companies in their inventions.

[Boston Consulting Group Top 50 Global Innovators 2014]

For each company on the list beginning in 2005, BCG has assembled available data for revenues, profits, total shareholder returns, and R&D spending.

[CINO Summit 2014 and 2015]

Brings together breakthrough industry pioneers all around the globe who handle the innovation pipeline management.

[Fast Company Top Innovative Organizations 2014]

The editorial staff subjectively ranks organizations. They believe that a product or service can radically remake an industry, change consumer habits, challenge economic assumptions". No quantitative methodology is underlying.

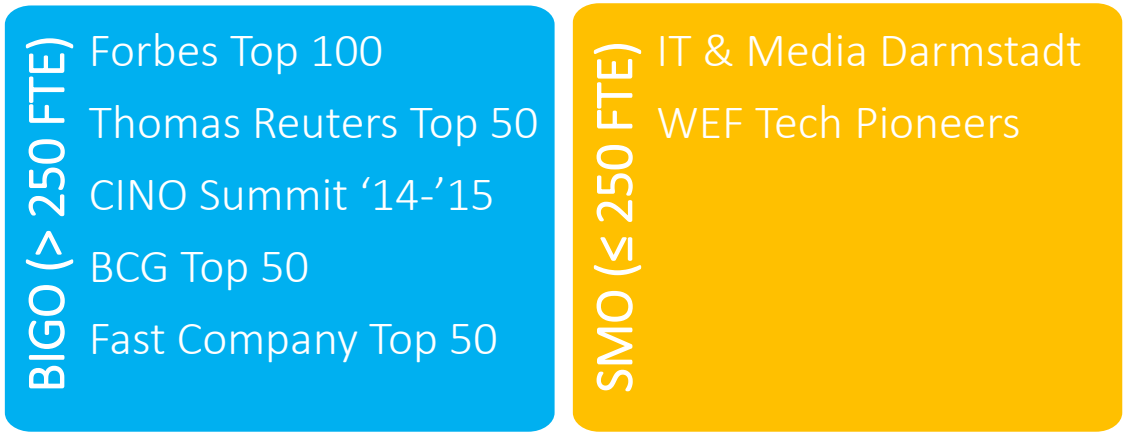
MY STUDY CRITERIA

Big organizations (BIGO) with more than 250 full-time employees (FTE)

Organizations that were mentioned at least in two of the current top innovative company rankings.

Small or medium sized organizations (SMO) with up to 250 FTE

Exhibitors at the IT and Media trade fair in Darmstadt or WEF Technology Pioneers of recent years who engaged in the development of product, service or business model innovations.



EXCERPT OF STUDY PARTICIPANTS

Some of the BIGO study participants

Accenture
BASF
Bosch
Dräxlmaier
ENBW
Evonik
Fraunhofer IOSB
GEA
IBM
Ing DIBA
Oracle
Porsche
Swiss Re
Volkswagen

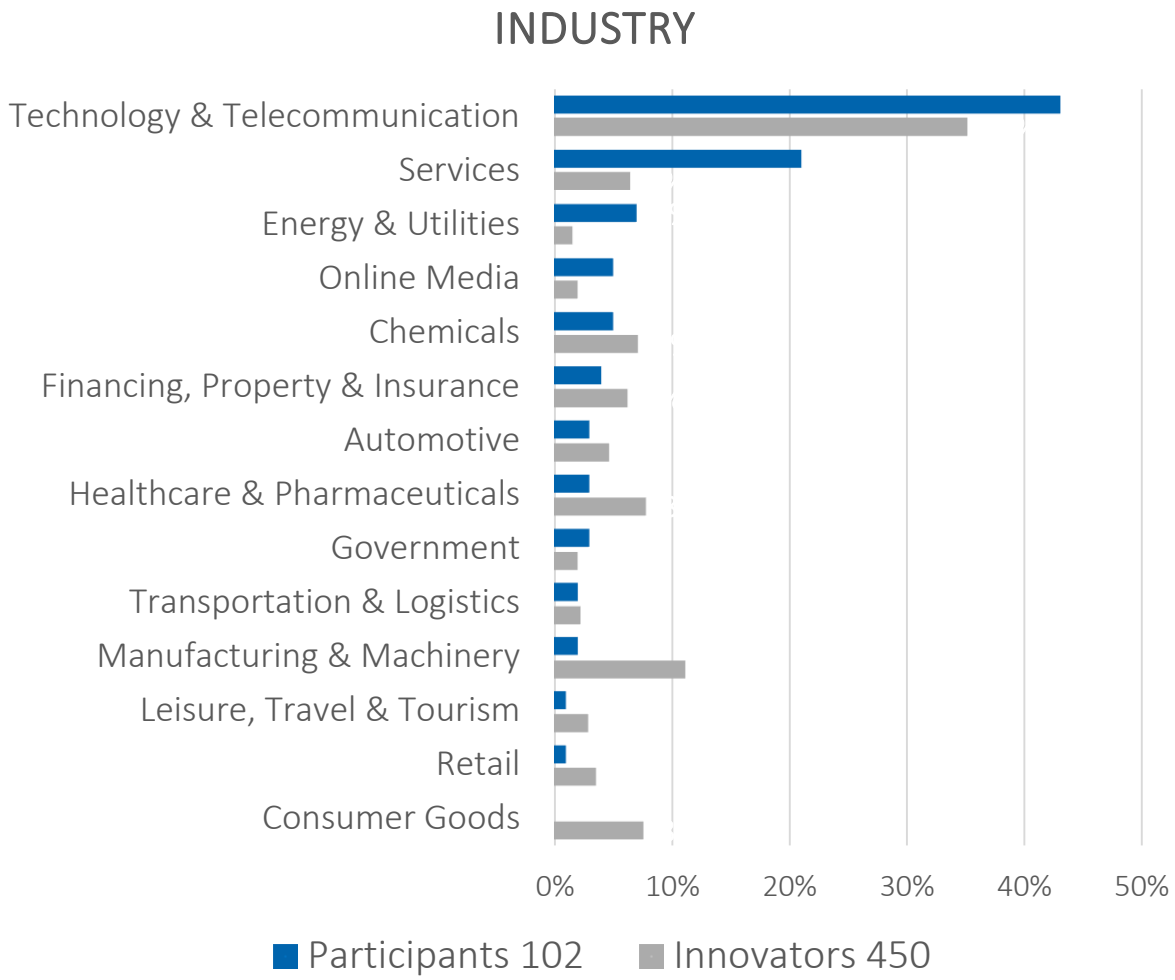
Some of the SMO study participants

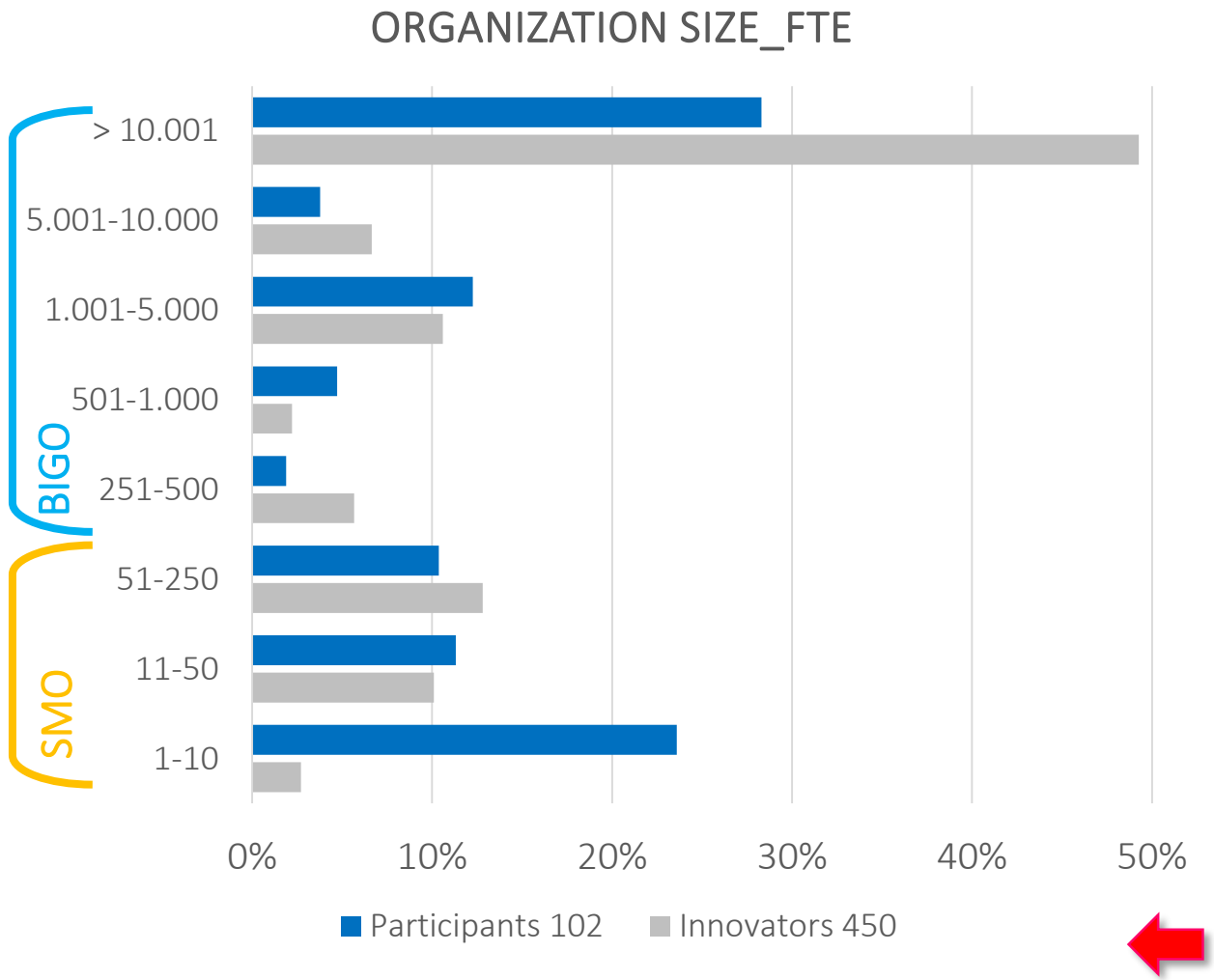
2D AHEAD
Adtelligence
Bionic Robotics
bright solutions
connect4video
Evas
JustSo
MockUp Studio
Nesbit
OMS AG
ReportingOnline
TFC Solutions
Vertical

6

CONTENT

2. Artificial «Innovators 450» vs. Study «Participants 102»





- Services, Energy & Online Media as well as very small companies are overrepresented in the study.
- Manufacturing, Consumer Goods & Healthcare as well as very big companies are underrepresented in the study.

3. Participants National Origin

102 PARTICIPANTS
16 CULTURES

Austria	8
Bosnia-Herzegovina	1
Brazil	1
Croatia	1
Egypt	1
Finland	1
France	1
Germany	73
Great Britain	2
Greece	1
Italy	2
Poland	2
Serbia	1
Switzerland	2
Tunisia	1
United States	3

3. Participants Job Title

excerpt

Global Innovation Architect

Director *Technology* Innovation

Chief Technology Officer

Head *Research* & Development

European Labs Lead

CEO / Founder

Chief Information Officer

Chief *Innovation* Officer

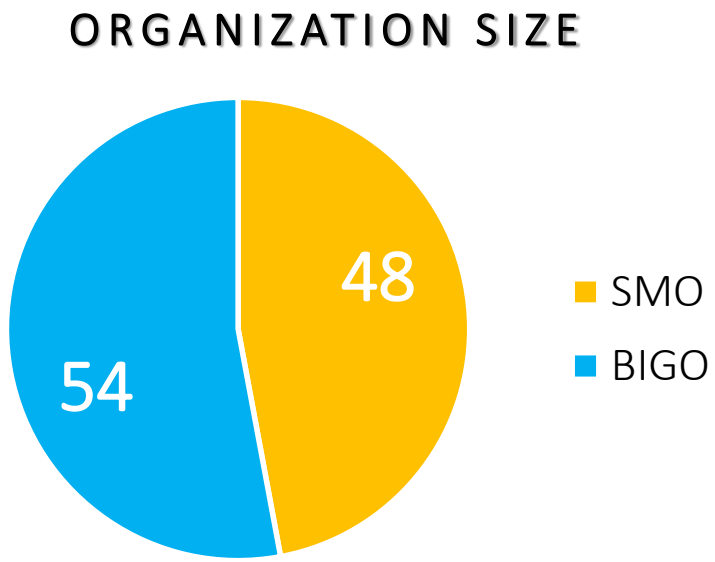
Innovation and Strategy Lead

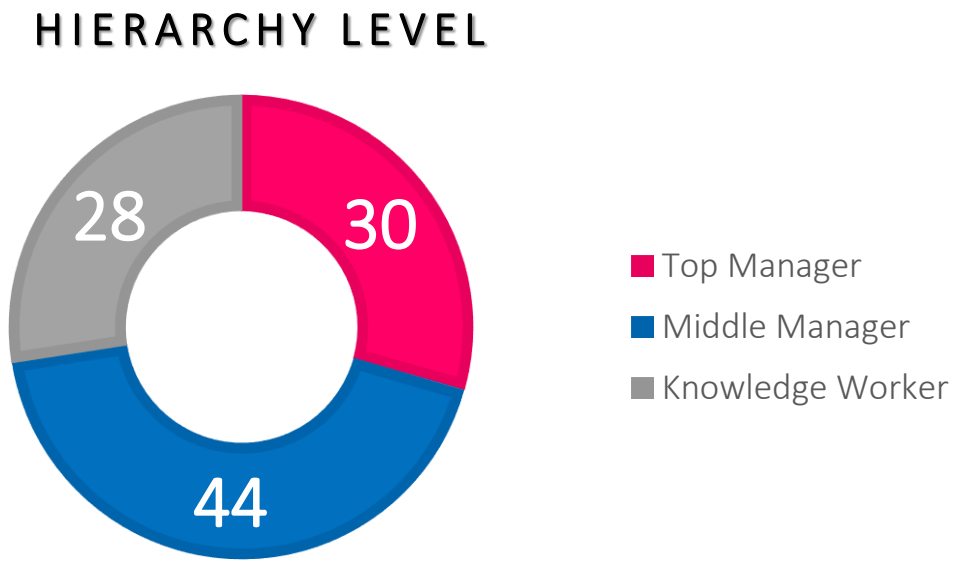
Digital *Strategy* Lead

Chief Strategy Officer

Improvement Scheme Lead

3. Participants Grouping

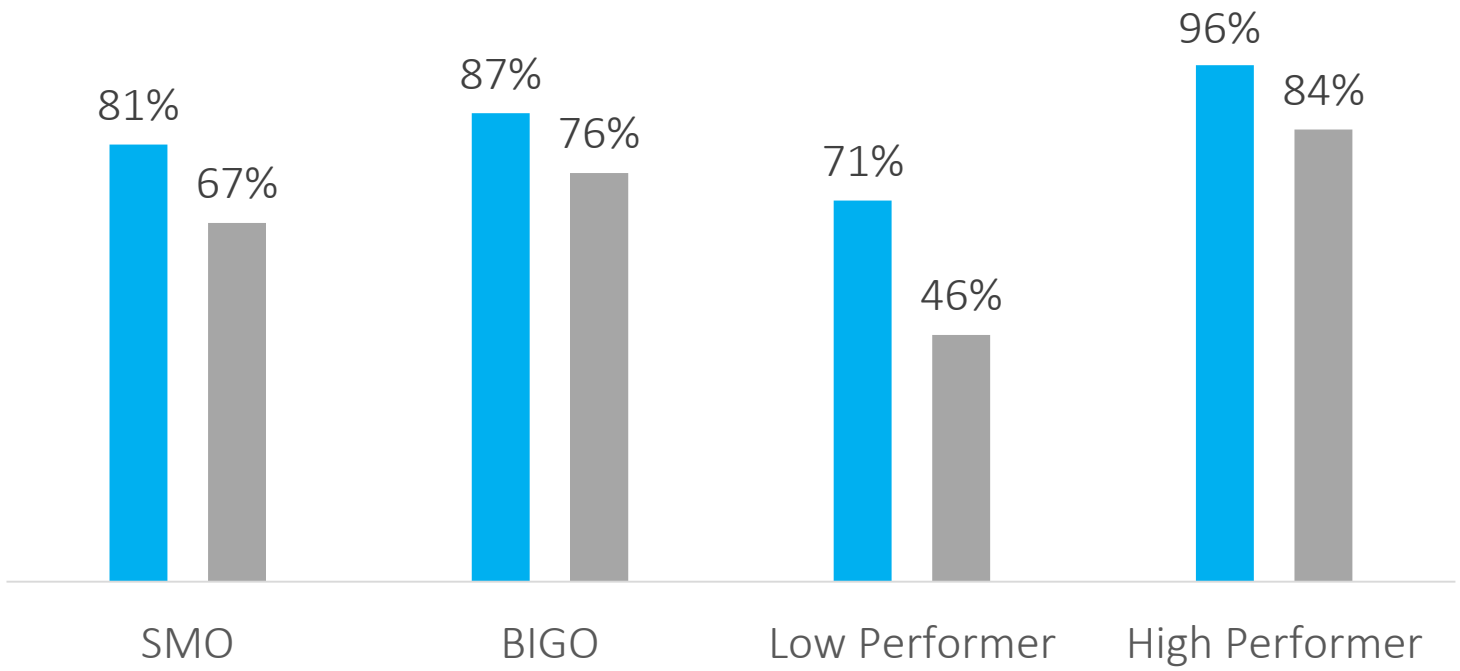




4. Innovation Strategy (1/4)

INNOVATION FOCUS

Innovations developed focus on current customer needs.
Innovations developed focus on future customer needs.



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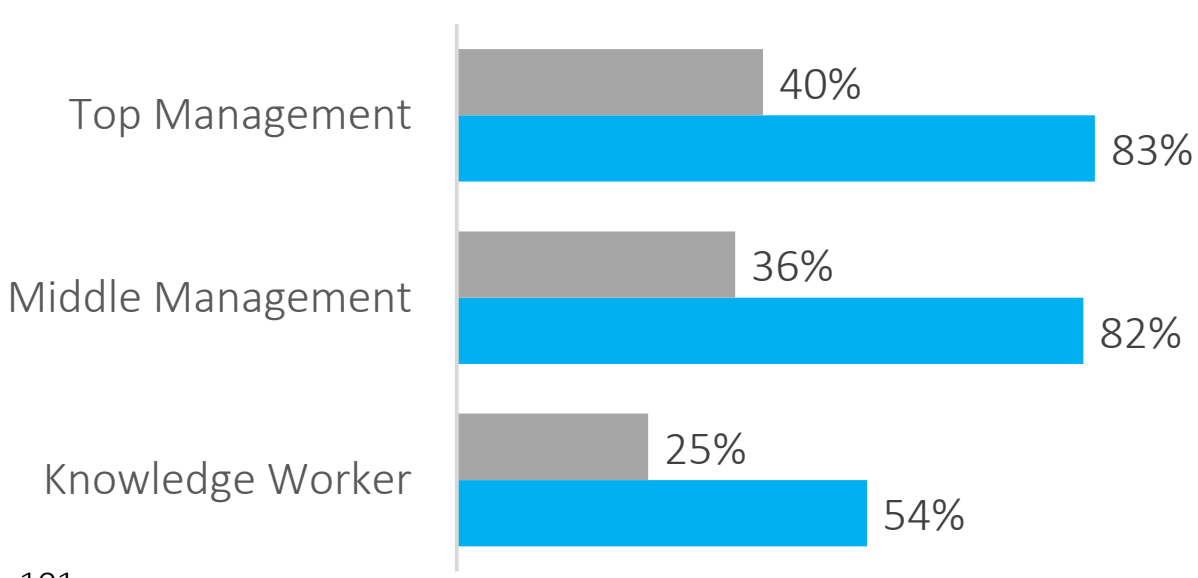
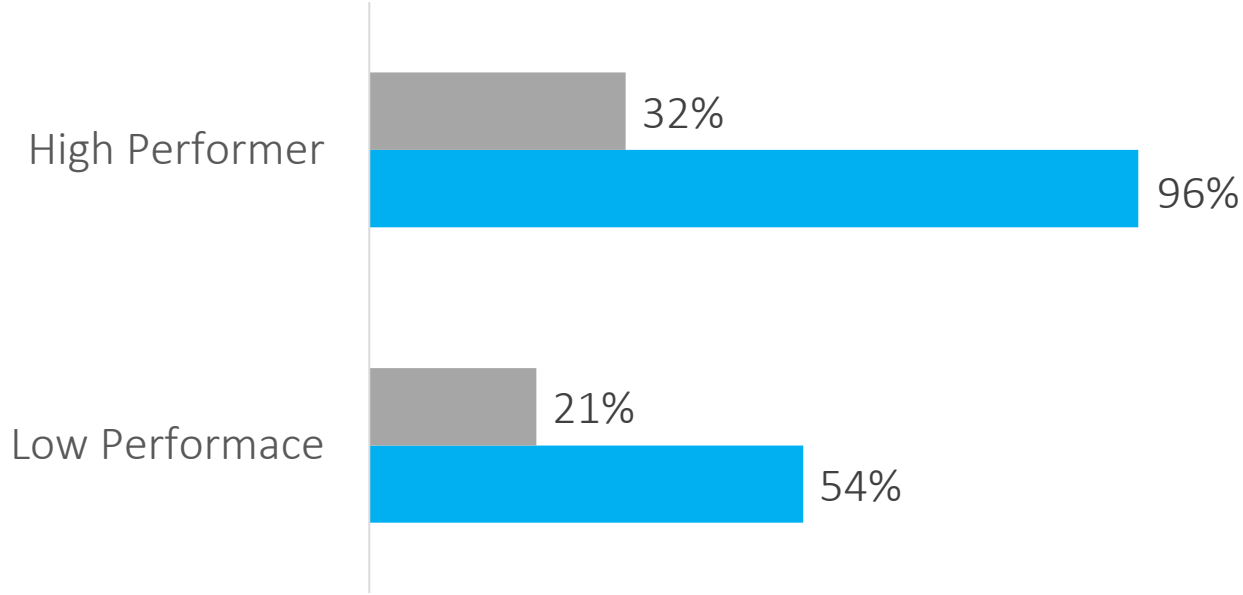
- Most of the participants say that their innovation efforts focus on current AND future customer needs.
- Across organization size and team performance levels, current customer needs outweigh future customer needs focus.

4. Innovation Strategy (2/4)

RISK TAKING

Team leader encourages taking reasonable risks by trying new things.
It is safe to take a risk on the innovation team.





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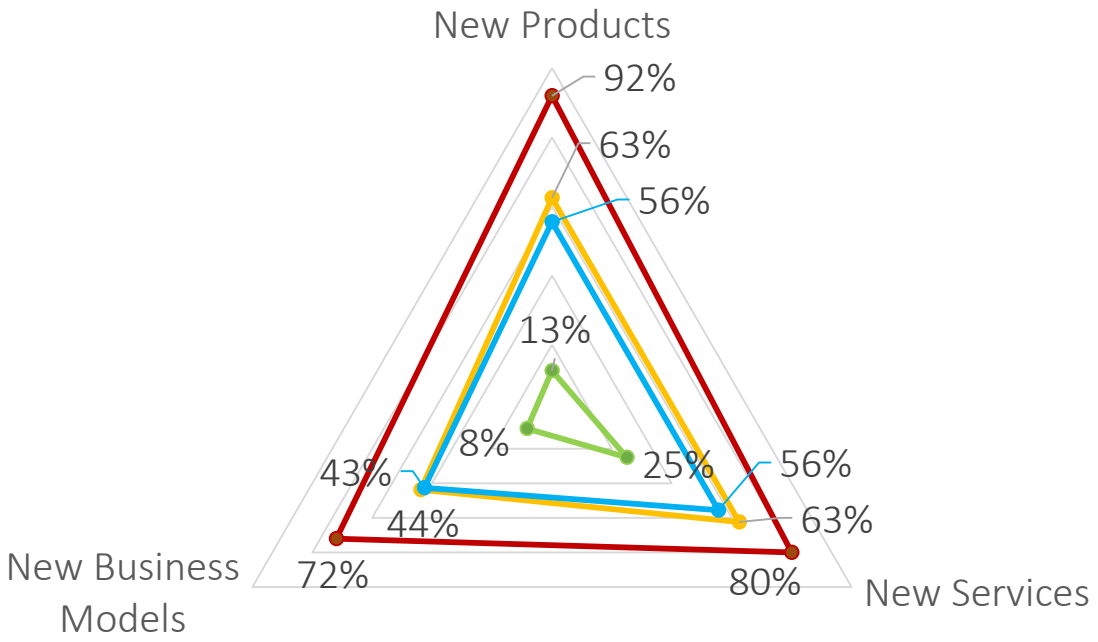
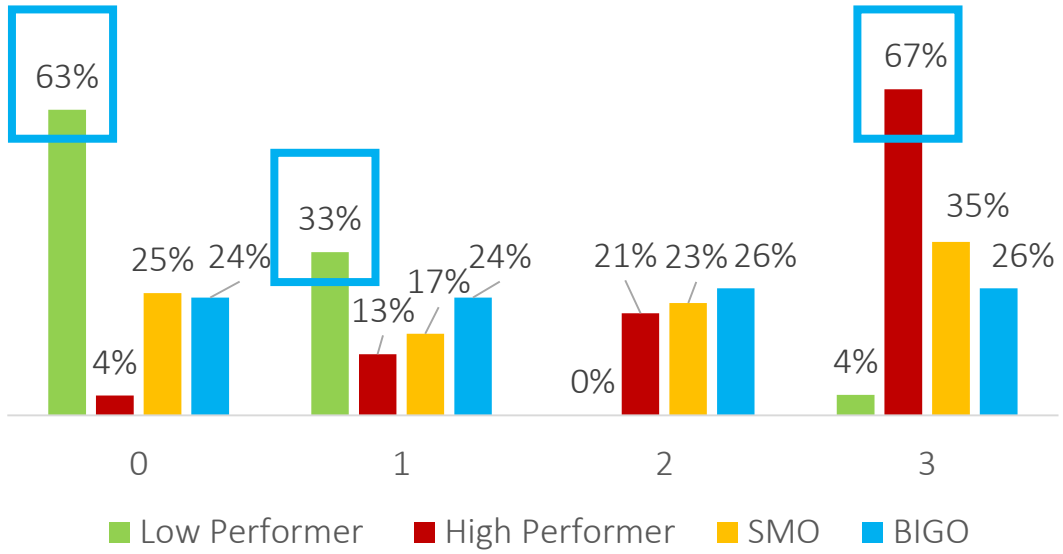
- Leadership seems to encourage risk taking. Still the socializing process has not yet reached work level.
- Team leaders of high performing teams seem to emphasis on risk taking to a stronger degree than team leaders of low performing teams (+ 42 %).
- Top and Middle Manager self-assess their encouragement abilities higher than knowledge workers assess them externally (28-29% difference).

4. Innovation Strategy (3/4)

INNOVATION TYPE





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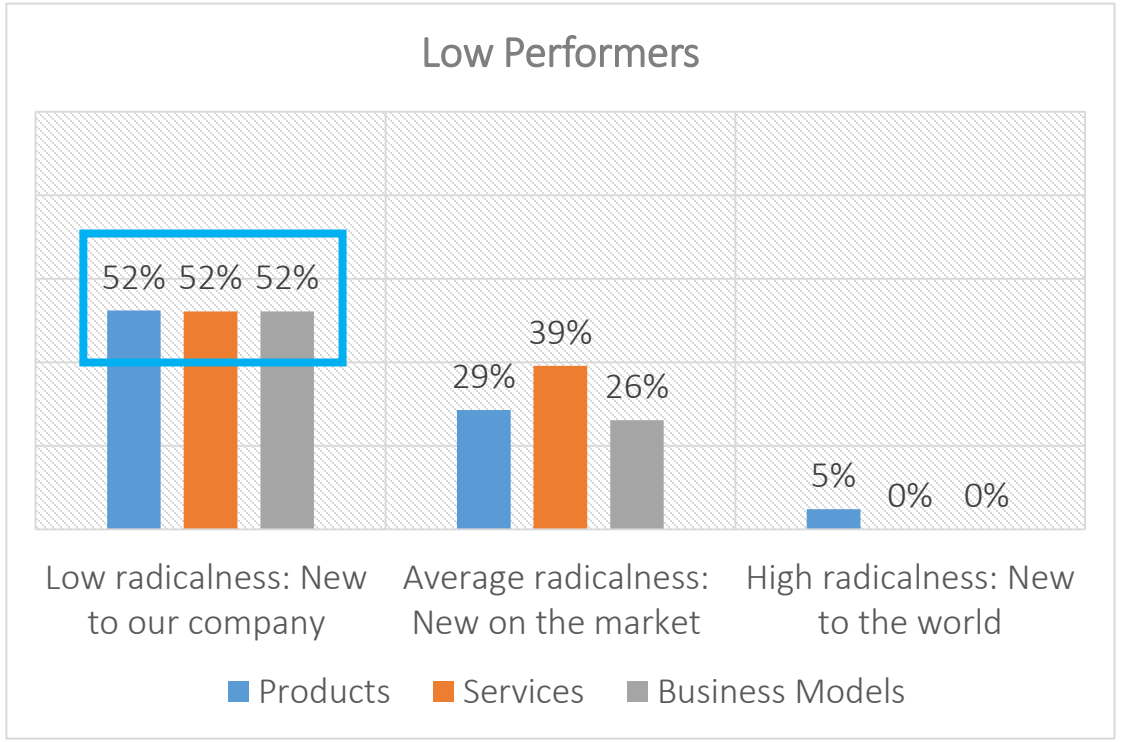
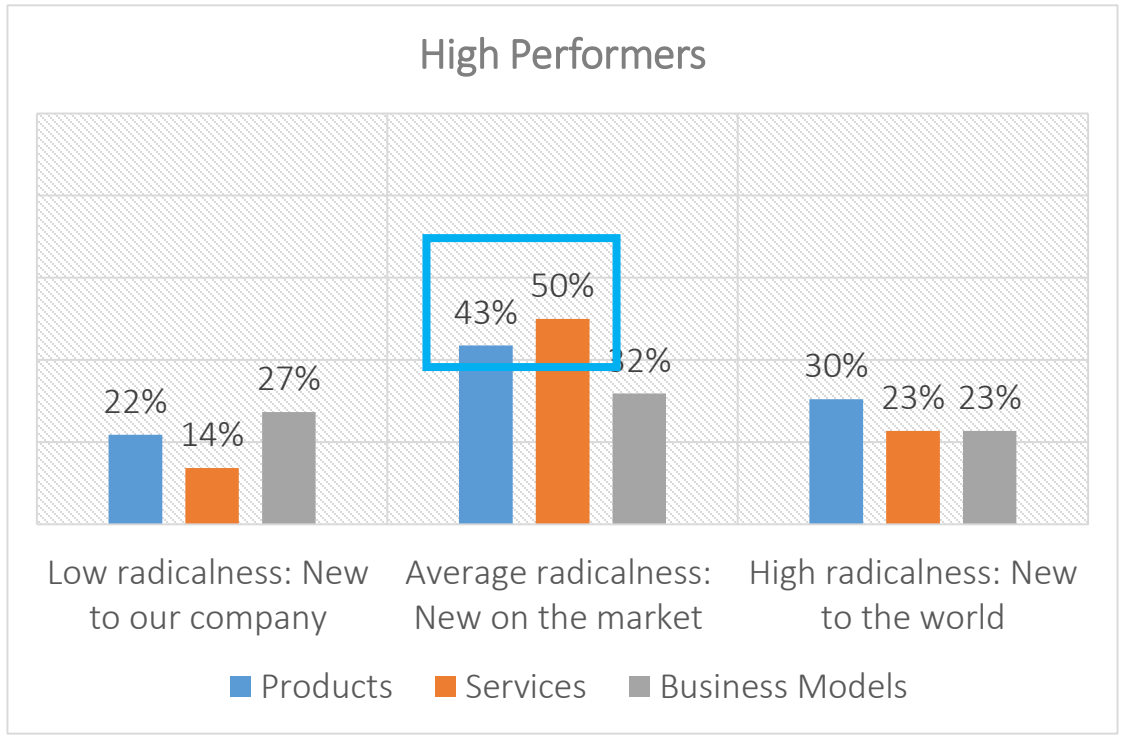
- 75% of the participants state that their team innovation activities led to commercialized innovations in 2014 (n 77).
- In 2014, 12 % of participants generated highly radical innovations (that were new to the world).
- High Performers generated all types of innovation outputs (product, service and business model innovations).
- Low Performers generated mainly none or one innovation type.

4. Innovation Strategy (4/4)

RADICALNESS





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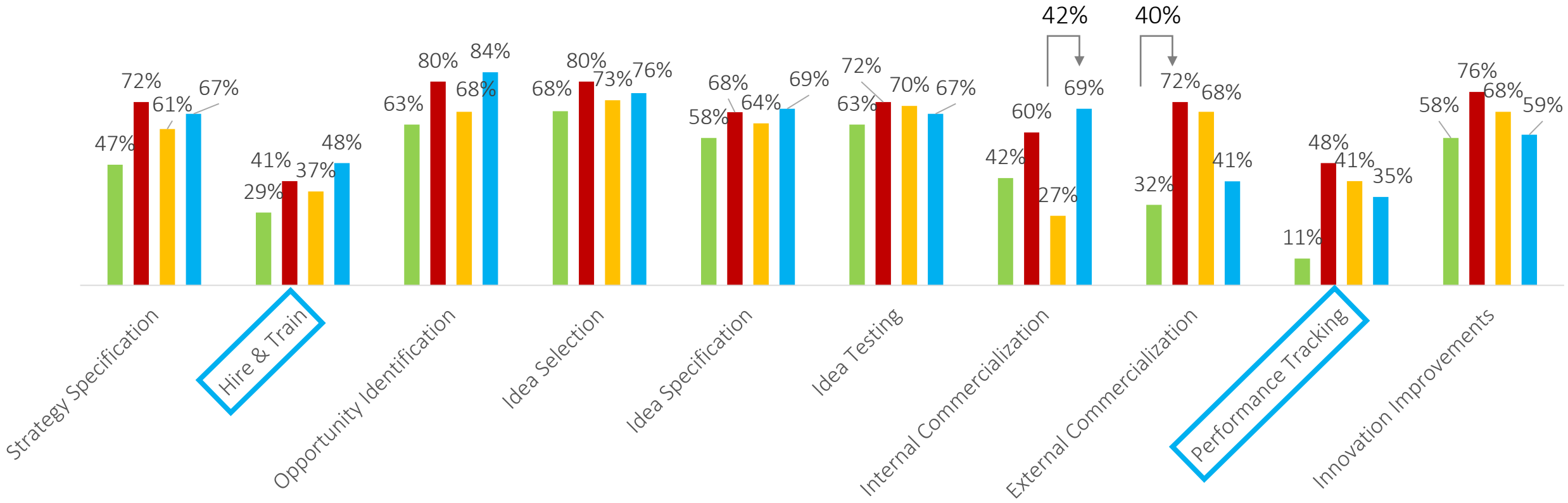
- High Performers focus their attention on innovations that are new to the market. Product and service innovations outweigh business model innovations.
- Low Performers generate foremost low radical innovations that are new to the company.

4. Innovation Ecosystem (1/4)

WORK COVERAGE



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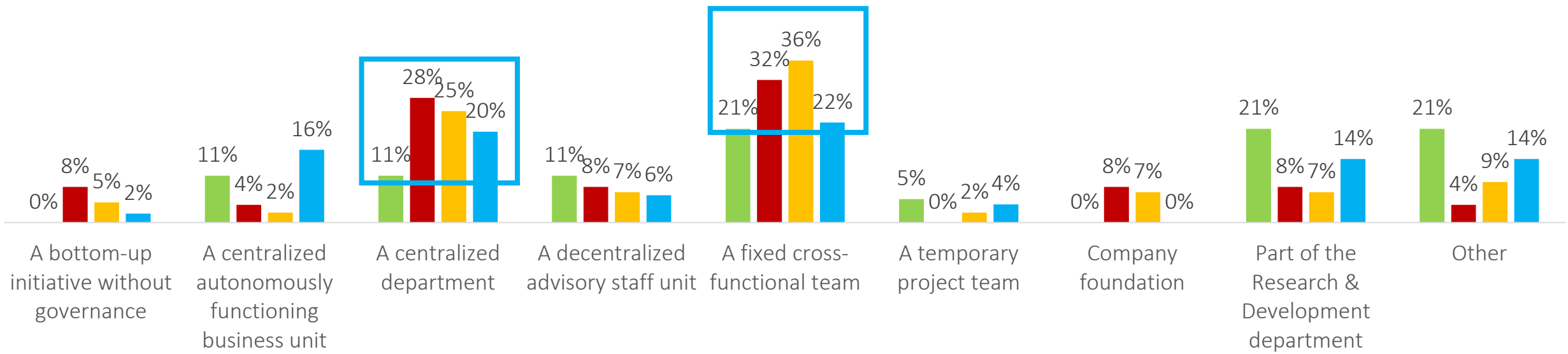
- Team tasks in the field of innovation predominantly cover opportunity definition, idea selection, specification, and testing. Internal idea diffusion seems to be less important for SMEs than for BIGOs.
- The identification & training as well as innovation performance tracking was rated lowest across subgroups.
- High Performers seem to have a stronger focus on strategy specification, external communication and performance tracking.

5. Innovation Ecosystem (2/4)

GOVERNANCE MODEL



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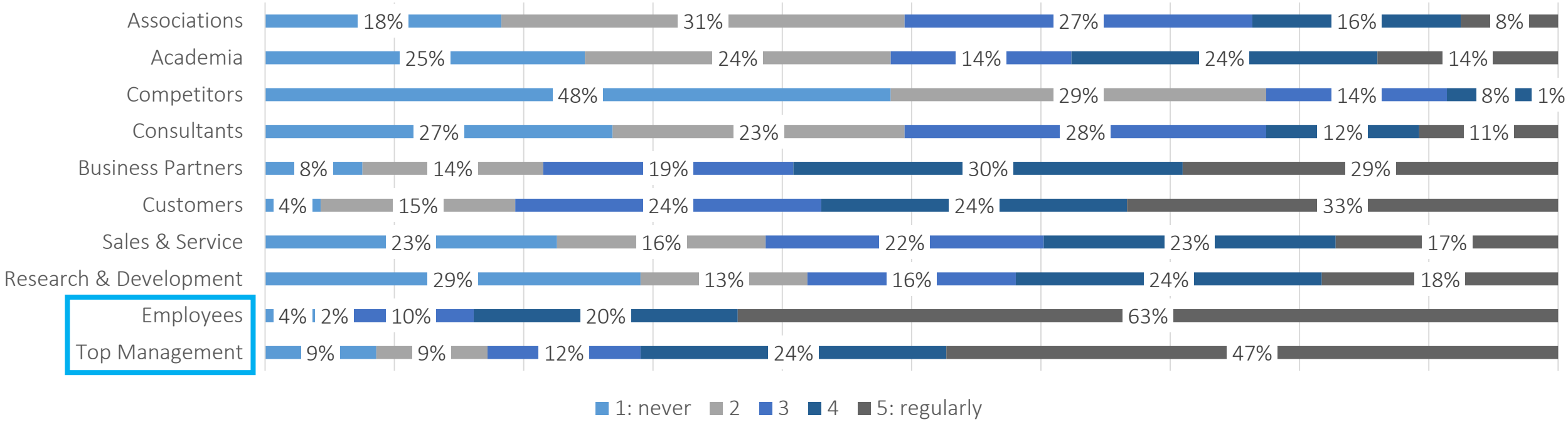
- High Performers, SMOs, and BIGOs predominantly organize their innovation activities within fixed cross-functional teams or a centralized core business department.
- Low Performers organize their innovation activities mainly as part of Research & Development or as a fixed cross-functional team.

5. Innovation Ecosystem (3/4)

NETWORK FREQUENCY



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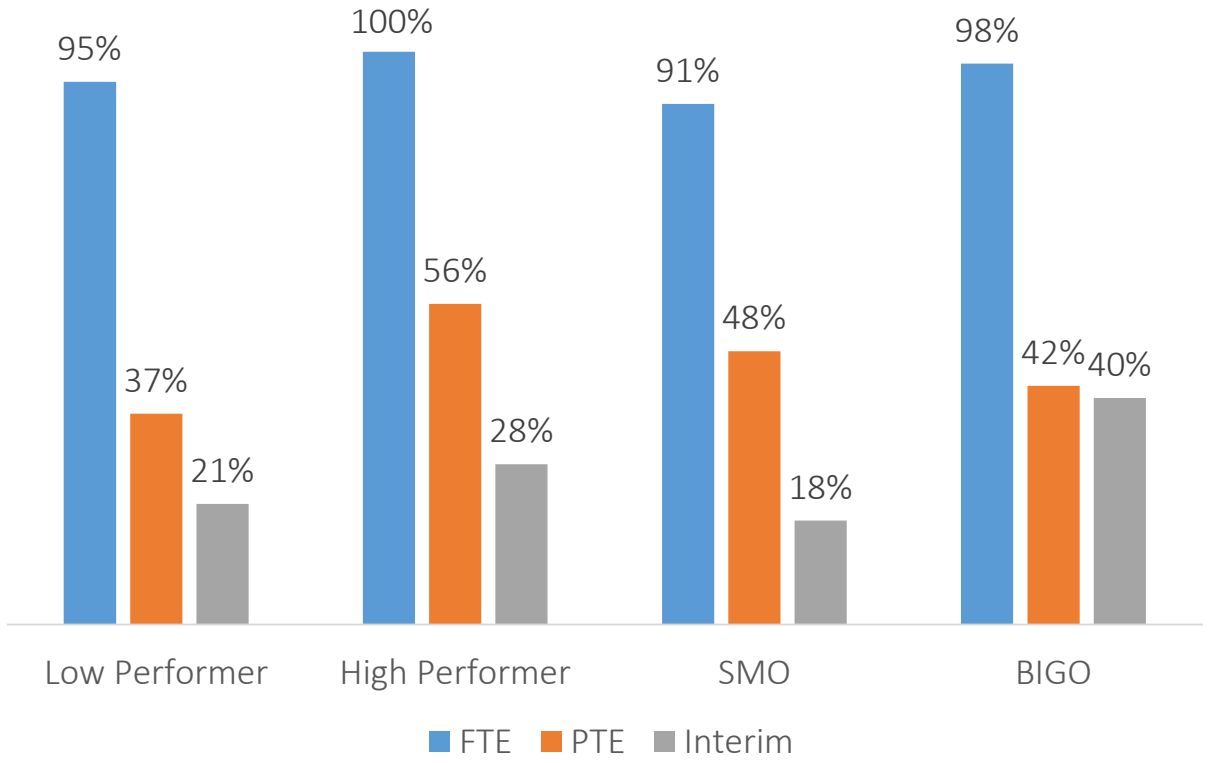
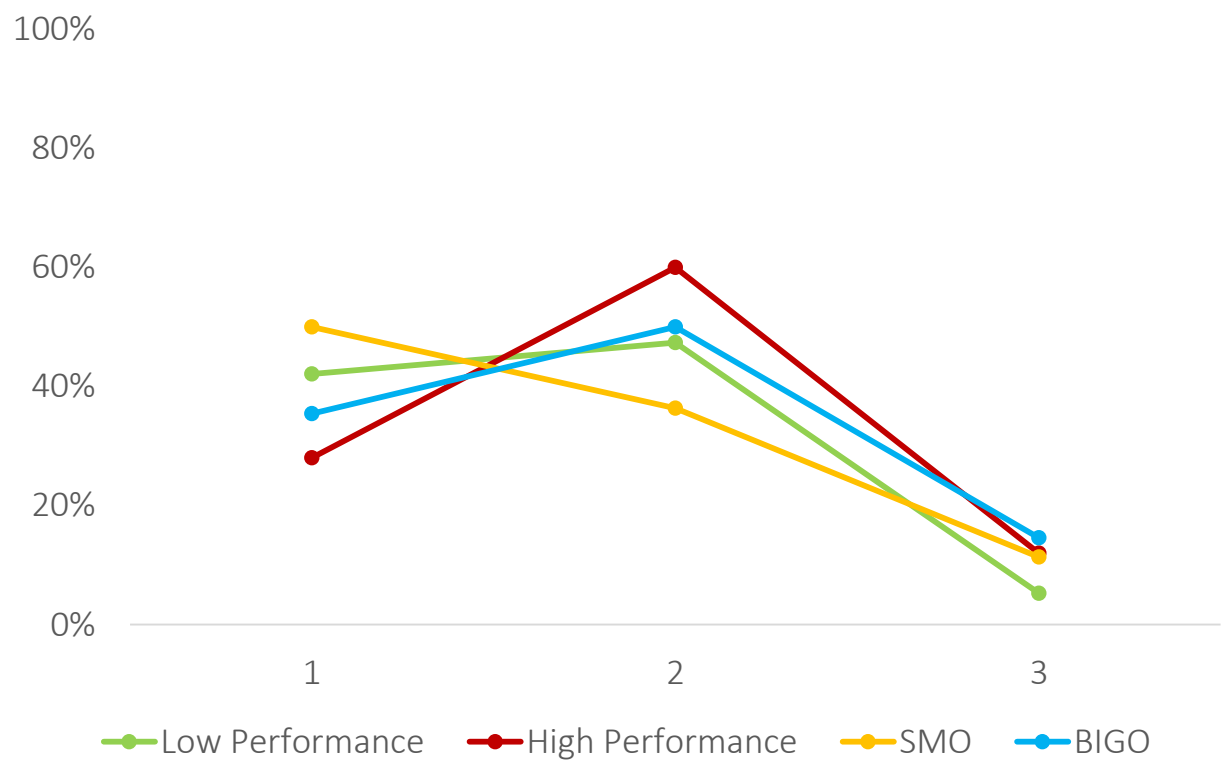
- One high performing BIGO partners with all mentioned parties.
- High Performers partner frequency ranks highest (63% Co-Workers highest|1% Competitors lowest), followed by BIGOs, SMOs, and Low Performers at the very end of the list.
- High Performers and BIGOs partner on average with more parties than SMOs or Low Performers.
- Consultants and Sales & Service Department seem to be more important for SMOs than for BIGOs.
- Associations and Academia seem to be more important for BIGOs and High Performers than for SMOs or Low Performers.

5. Innovation Ecosystem (4/4)

WORK MODELS





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- Only 11% of participants mentioned that their organization offers all three types of working models. (Low Performers 5%, SMOs 11%, High Performers 12%, BIGOs 15%).
- BIGOs and High Performers seem to be more flexible regarding offering spectrum.
- FTE overweigh PTE and Interim employees.

6. People (1/6)

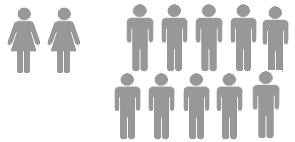
TEAM SET-UP

trimmed

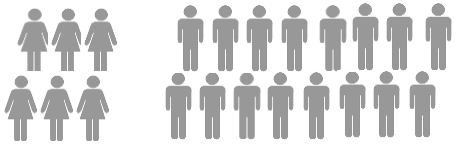
1,5	Manager
2,5	Work Locations / Generations
3	Nationalities / Job Roles
6	Years Team Tenure

Low Performers

SMO



High Performers



BIGO

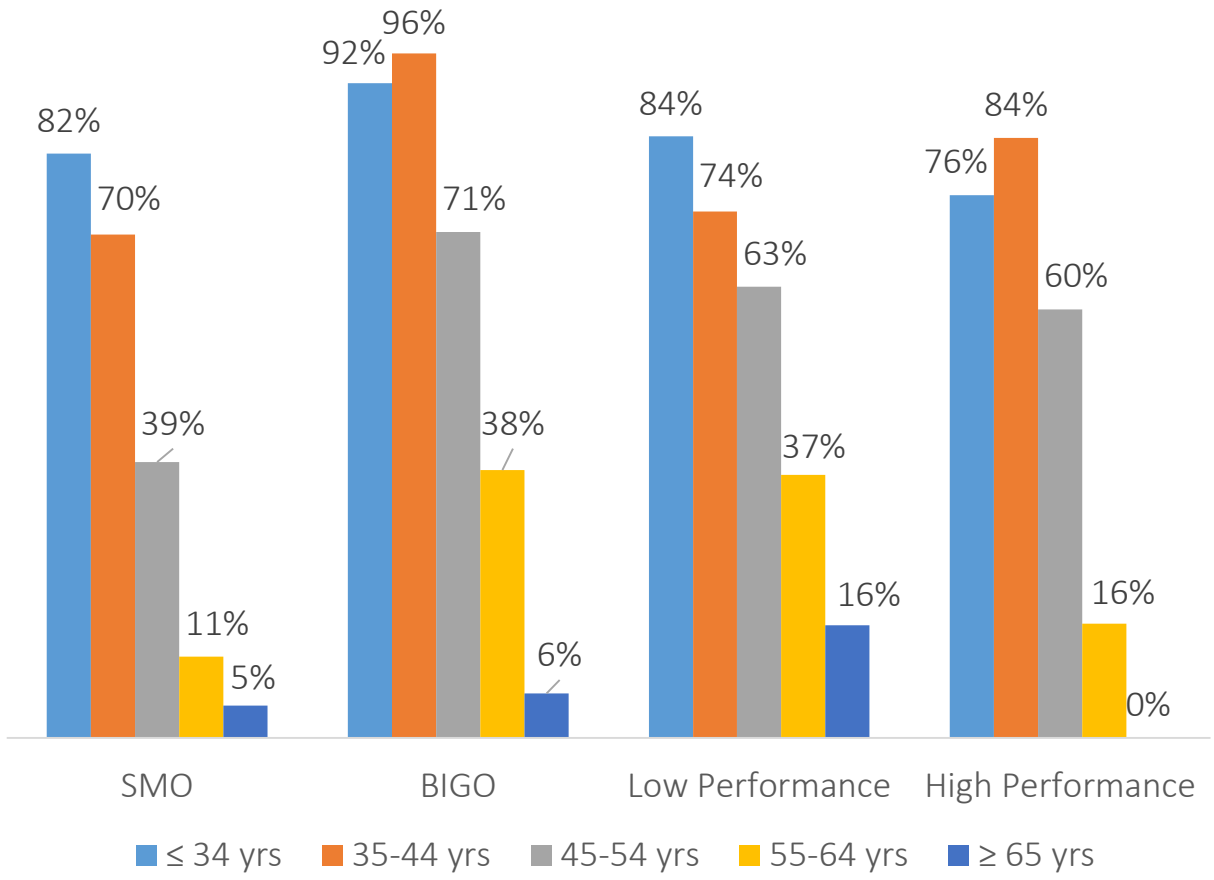
n 93

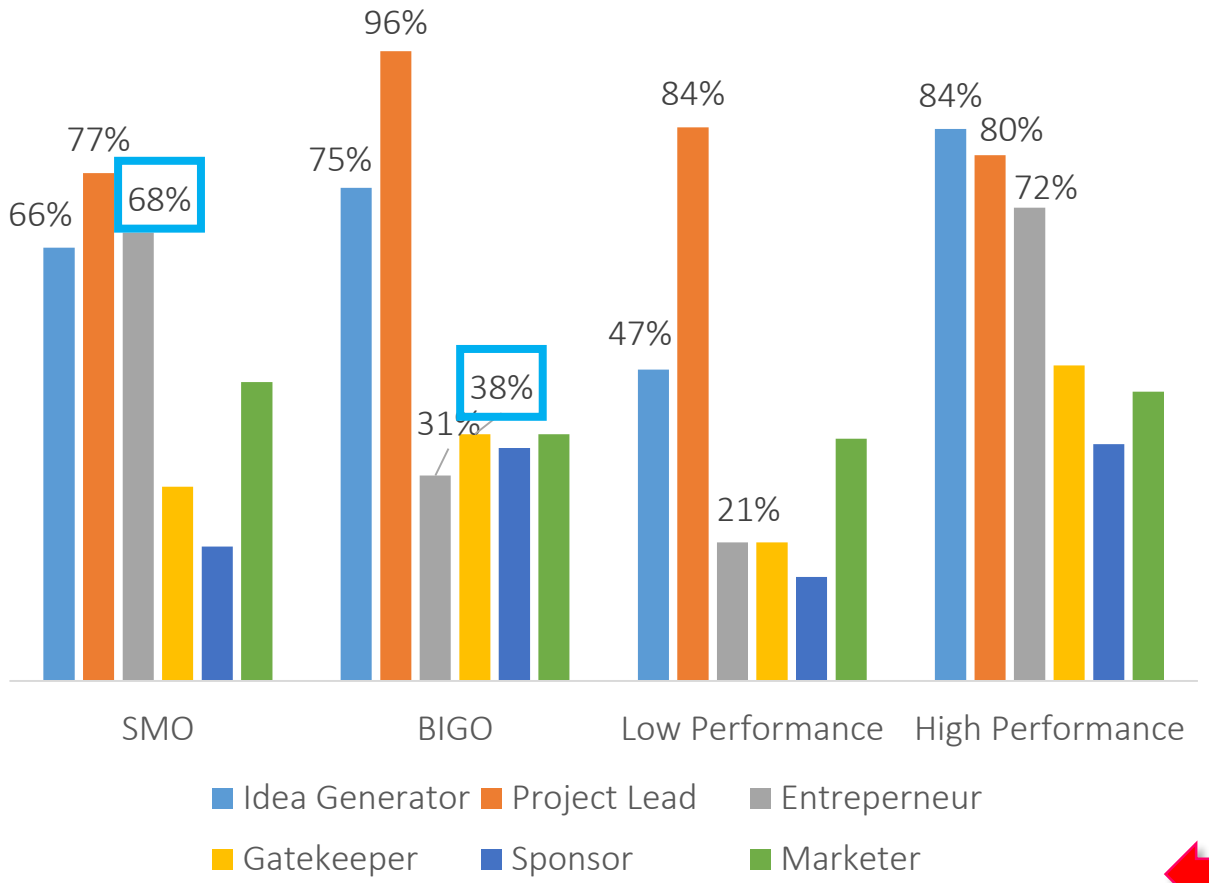
- 67% teams have up to 2 managers.
- Work locations range from one up to 35.

- BIGOs compromise more nationalities in one team.
- Male dominate the innovation context.

6. People (2/6)

JOB ROLES AND GENERATIONS

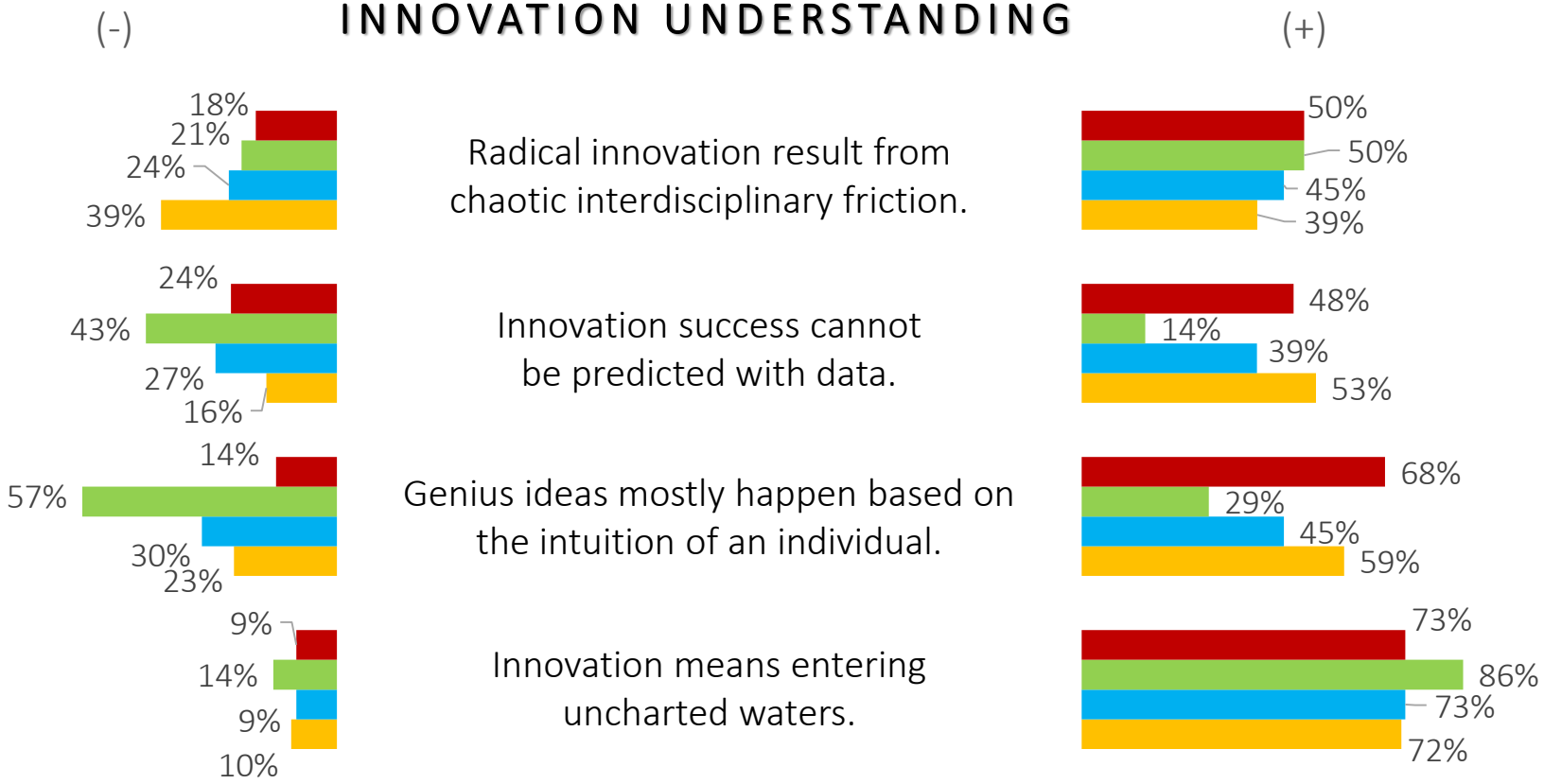




- Job Role Mix: (1) Project Leader, (2) Idea Generator, (3) Entrepreneur (SMO) | Gatekeeper (BIGO).
- Most team members are younger than 44 years.

6. People (3/6)

INDIVIDUAL DOGMAS



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- Study participants predominantly agree that „Innovation means entering uncharted water“.
- SMOs and High Performers seem to have a stronger believe in “Genius ideas mostly happen based on the intuition of an individual” and “Innovation success cannot be predicted with data”.

BASED ON A PROCESS WE FILTER AND DEVELOP THE RIGHT IDEAS

Innovation demands agile development circles for rapid prototyping

invention can be chaotic

INNOVATION CAPABILITY CAN BE MEASURED

based on chaotic and inefficient processes there can evolve the best innovations

Innovations are necessary to consistently examine the existing and continuously improve

INNOVATION DOESN'T HAVE TO BE MESSY BUT CAN BE STRUCTURED BY DESIGN

INVENTION CAN BE CHAOTIC. IT DEMANDS FREEDOM FOR CREATIVE THINKING. INCREMENTAL INNOVATION ARE ALREADY MANAGED WITH AGILE PROCESSES.

Innovations are hard to measure and are non-predictable

YOU NEVER KNOW

INNOVATION NEEDS A CERTAIN AMOUNT OF FREEDOM FOR CREATIVE THINKING

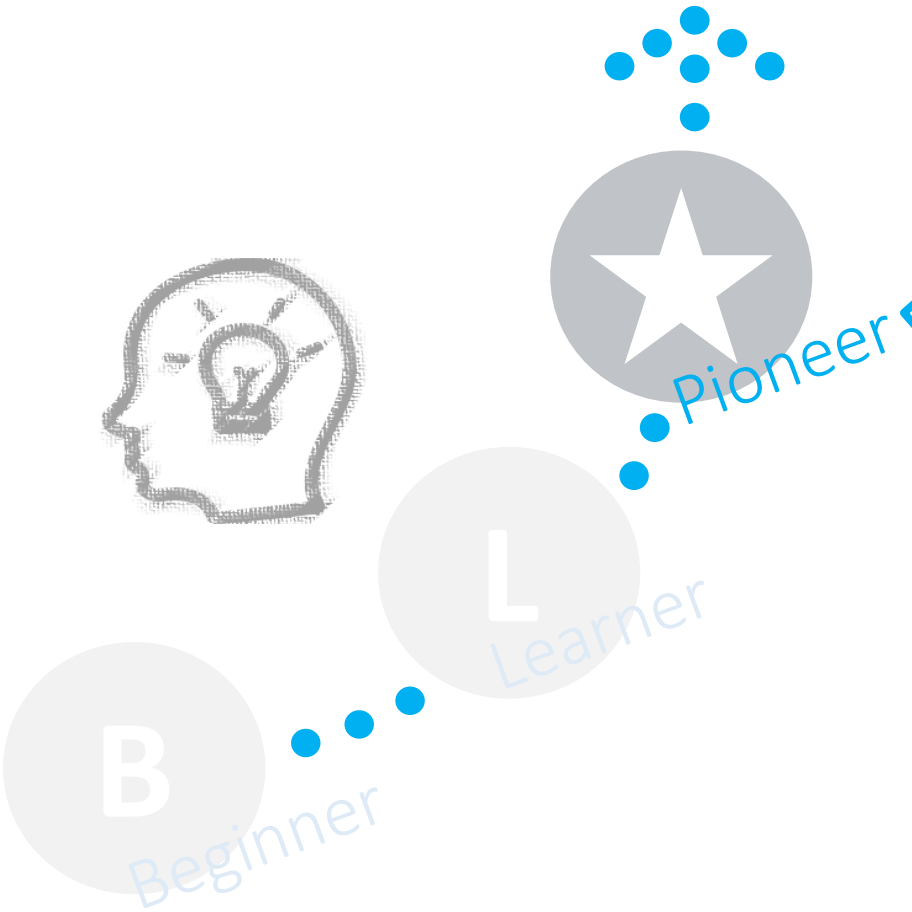
INNOVATION DOES NOT HAVE TO BE CHAOTIC. THE WAY TO GET THERE CAN BE MESSY AND UNCOORDINATED.

Incremental innovations are easy to manage based on underlying processes

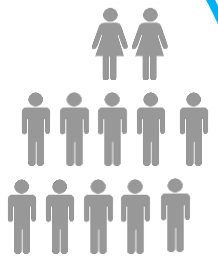
Risks within innovation can be calculated

6. People (5/6)

That's how a pioneering team leader in my study on average looks like



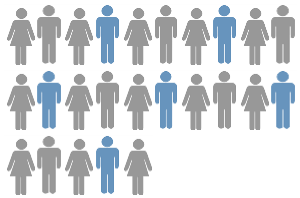
Hi. I am Steve. I am German speaking manager working **for 12 years** in the innovation context. **Together with Mike** I am **responsible for** the development of **new products, services and business models.** Our team exists **for 5 years** and consists of **12 members.** They work from the countries where they were born - three overall. Tim our **oldest team member is 50 years old.** We are very proud of **service and product innovations** created last year. Those were **new to Technology Industry.**



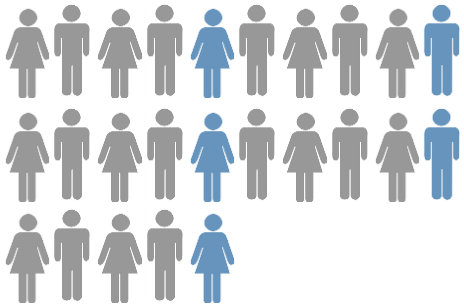
6. People (6/6)

PIONEERING TEAM LEADER'S MINDSET AND SKILLS

not representative



Every fourth team leader believes that every individual is able to change its level of talent, intelligence and creativity based on personal efforts [Dweck 2014]



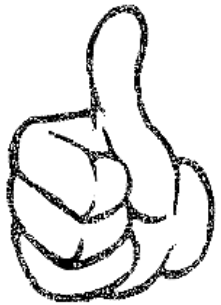
Every fifth team leader makes use of all six innovator skills

- Is able to draw connections between unrelated things.
- Asks questions that challenge common wisdom.
- Observes and scrutinizes people behavior to identify new ways.
- Makes use of a diverse network to find different point of views.
- Uses interactive experiments provoking unorthodox responses.
- Can clearly explain and defend generated ideas.

[Dyer, Gregersen & Christensen 2013]

WHAT PARTICIPANTS LIKED

- I wish my boss would also participate in the survey. Your questions have struck a chord with me.
- A systematic future orientation has a high impact on the outcome of innovation activities.
- Many thanks for the opportunity to participate in your survey. The questions were formulated in an interesting way and pushed me to reflect on new ways.



UPCOMING REPORTS WILL BE ABOUT

→ How do team leaders in the context of innovation behave?

→ What effect has leadership behavior on team behavior and team performance in the context of innovation?

If you liked this report, please share it with people who can contribute from it.
Thanks! Sabrina.