

Creating Value through Innovation

Fully leverage your potential to innovate –
via a new organization learning framework

Abstract

Shareholders today are increasingly demanding openness and transparency from corporations about their competitive capability. No longer satisfied with traditional indicators, they are focused on an organization's credentials to earn them wealth in a consistent, sustainable way. That is, 'facts', not rhetoric!

Market perception of company strength is influenced by two broad measures, i.e. how well it delivers and how well it innovates. This paper is focused on the second measure.

Firstly, the financial 'facts'. Research shows projected worldwide expenditure by Fortune 500 companies to cope with technology-driven change over the next five years, on just IT consulting and infrastructure alone, is around US\$156 billion. Based on past performance, over half of this will fail to deliver targeted ROI.

Over the next five years, US\$80 billion will be wasted!

To this figure must be added the even greater cost of dollars 'left on the table' through missed opportunity and lack of genuine innovation.

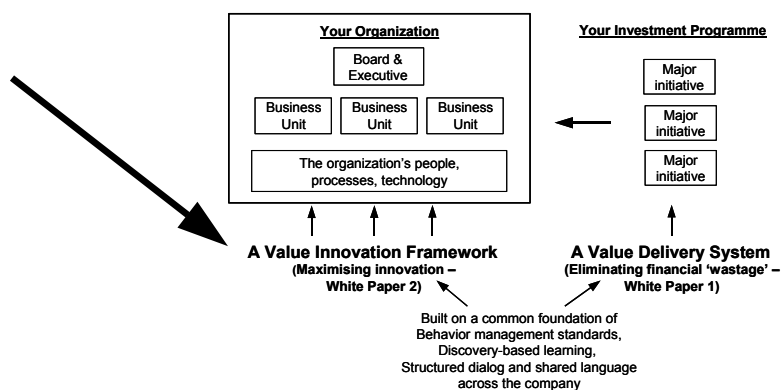
US\$500 million of lost product sales and opportunity by individual companies is common!

Traditionally shareholders have been interested in innovation by companies to produce new market-driving goods and services (i.e. *what* they offer). And often, the focus has been short term. Increasingly, in today's environment of radical disruptive change, an organization's competitive survival is seen to have much more to do with its ability to innovate continuously, not only with products and services but more importantly with its very infrastructure (i.e. *how* they offer their value).

However innovation is stifled in organizations today at all levels, by a failure to create the environment necessary to stimulate it. Managements lack understanding of the crucial link between behavior / culture misalignment and failure of their organization to learn and innovate. Many organizations no longer exist through this failure.

More than ever, organizations need a 'whole of business' approach to innovation, one that can address blocking behaviors and free up the innovation and learning process. They need it urgently if they are to satisfy market perceptions of their potential to generate value in tomorrow's business environment. Today, innovation capability development must be visible and convincing to shareholders.

This paper analyses four examples of organizations failing to achieve an innovation capability, in spite of direct effort and investment to do so. It also shows examples where companies are succeeding through attention to behavior management, and makes three recommendations for a way forward.



VISION Learning Systems 'Structured Dialog' tools and support – re-usable, 1/10th the cost!

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