

Corporate Innovation: How to foster innovation in your organisation

Corporate innovation has become essential in today's volatile environment. The Covid-19 pandemic highlighted this need, forcing businesses to innovate to survive. For example, companies quickly adapted to remote work, developed digital solutions, and revamped supply chains. Restaurants shifted to delivery models, and retailers enhanced their e-commerce strategies to meet changing demands.

Temps de lecture : minute

6 September 2024

This crisis underscored that innovation is not merely about growth and competitive advantage but a critical necessity for resilience and long-term business success. In this article, we will explore the topic of corporate innovation, its importance, and the challenges businesses face when trying to innovate. We will also share best practices and strategies for achieving successful innovation. Understanding these aspects will help organisations thrive amid uncertainty and harness new opportunities effectively.

What is corporate innovation?

Corporate innovation refers to the processes and strategies a company employs to develop new products, services, or business models and improve existing operations to drive growth and maintain competitive advantage. It involves leveraging creativity and strategic thinking to address market needs, solve problems, and capitalise on emerging

opportunities.

Key aspects of corporate innovation often include:

- Creating new offerings or enhancing existing ones to meet customer demands and differentiate from competitors,
- Implementing new technologies or methodologies to improve efficiency, reduce costs, enhance quality, and
- Reimagining how a company creates, delivers, and captures value to adapt to changing market conditions and disrupt industries.

Why is corporate innovation important?

Corporate innovation is essential for organisations to thrive in today's rapidly changing business environment. It enables companies to adapt to market shifts, meet evolving customer needs, and maintain a competitive edge. Key advantages include:

1. Profitability

Innovative companies tend to grow faster and more profitably. For instance, *a report by Booz & Co. found that innovative organisations experienced 11% higher revenue growth and 22% higher EBITDA growth* compared to less innovative firms.

2. Competitive Advantage

Innovation helps companies differentiate themselves from competitors, adapt to market changes, and meet customer needs more effectively, improving operational efficiency and customer loyalty.

3. Crisis Management

During periods of uncertainty, companies that invest in innovation are

more likely to find emerging pockets of growth and outperform their competitors.

Challenges of Corporate Innovation

Whilst corporate innovation may be crucial for long-term success, it presents numerous challenges that can be difficult to overcome.

According to a recent survey of industry leaders, large and small organisations face similar obstacles, including internal politics, cultural resistance, and a lack of budget, strategy, and vision.

Internal politics and turf wars often arise, with departments or individuals protecting their domains, which hinders collaboration and alignment. Cultural resistance is another significant barrier, as employees may resist change due to fear or a preference for maintaining the status quo. Additionally, many organisations struggle with resource limitations, such as insufficient budgets, time, or skilled personnel, severely constraining their innovation efforts.

The size of an organisation influences the nature of these challenges. Larger companies are more affected by internal politics, cultural resistance, and alignment issues, reflecting the complexity of managing innovation at scale. While more constrained by budget and resources, smaller companies often benefit from more robust CEO support. These differences underscore the need for larger organisations to focus on strategy and alignment, while smaller ones may need to prioritise resource allocation and process efficiency.

Failure to resolve these problems can stifle innovation, hinder growth, and ultimately jeopardise the organisation's long-term success.

7 best practices for successful corporate innovation

Addressing the above mentioned challenges requires a comprehensive approach that fosters a supportive culture, encourages cross-functional collaboration, and provides clear strategic direction and adequate resources for innovation to thrive.

Here are 7 best practices and strategies to help organisations successfully innovate:

1. Engage Leadership Support

Leadership buy-in is crucial for the success of innovation initiatives. Organisational leaders should champion innovation, provide the necessary resources, and actively remove obstacles hindering progress. When leaders are visibly committed to innovation, it sets a tone that permeates the entire organisation, encouraging a culture of creativity and forward-thinking. Their role is not just to provide resources, but also to inspire and motivate the team, and to set an example of risk-taking and learning from failures.

2. Align innovation with your organisation's strategic goals

Ensure that innovation efforts are aligned with the company's overall strategic objectives. A clear vision and well-defined goals help direct resources effectively, ensuring that innovation supports long-term business goals. This alignment prevents innovation from becoming disjointed and ensures that every initiative contributes to the broader organisational strategy. By aligning innovation with strategic goals, you can ensure that every effort contributes to the long-term success of your organisation.

3. Foster a culture of innovation

Innovation thrives in an environment that encourages risk-taking and experimentation. Create a culture where employees feel safe to propose new ideas without fear of failure. Reward creativity and view failures as learning opportunities essential for driving innovation and growth. This approach nurtures an innovative mindset across the organisation, empowering employees at all levels to contribute. By fostering a culture of innovation, you can inspire your team to think creatively and contribute to the growth of your organisation.

4. Promote Collaboration

As they say, teamwork makes the dream work. Encourage teamwork across departments to break down silos, build trust, and leverage diverse perspectives. This cross-functional collaboration enhances creativity and leads to more innovative solutions. Additionally, partnering with startups or external innovators can inject fresh ideas and agility into your organisation. Startups often bring cutting-edge technology and a culture of rapid experimentation that complements corporate innovation efforts.

5. Focus on Customer Needs

Innovation should be driven by a deep understanding of customer needs. Regularly gather customer feedback and involve them in the innovation process to ensure that new products and services address real market demands. By centring innovation around the customer, organisations can create offerings that resonate more effectively in the market.

6. Adopt agile processes

Implement agile practices that allow for rapid prototyping, testing, and iteration. Agile methodologies enable teams to adapt to changes quickly, respond to market demands, and continuously refine their innovation

efforts. This flexibility is crucial in today's fast-paced environment, where the ability to pivot quickly can be a significant competitive advantage.

7. Measure and Track Innovation Performance

Establish key performance indicators (KPIs) to measure the success of innovation initiatives. Regularly review these metrics to assess progress, make data-driven decisions, and justify ongoing investment in innovation. Tracking performance ensures that innovation efforts are practical and aligned with strategic goals.

In conclusion, successful corporate innovation requires a strategic approach that includes leadership support, alignment with business goals, a culture of innovation, collaboration, customer focus, agile processes, and performance tracking. Implementing these best practices helps organisations create an environment where innovation thrives, driving sustainable growth and a competitive edge.

Innovation is essential not just for growth but for resilience and long-term success. Organisations can better navigate uncertainty and seize new opportunities by understanding corporate innovation, the challenges businesses face, and strategies for effective implementation.

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