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What are you looking to do with your business? Do you need to raise organisational performance – improve turnover, increase profits, make changes to cope with Brexit? As set out in previous papers, the key drivers of organisational performance are Leadership, Customer Focus, Employee Engagement and Innovation. Previous papers have focused on these. This returns to Innovation – drawing from a new report published by our previous company, PA Consulting Group, which reveals insights from research with over 800 senior executives, combined with opinion formed through their experience.

Innovation isn't just about the big ground-breaking ideas or technological advances – although these, of course, are the stories that hit the headlines. It is also about small, incremental changes to products, services and processes that help organisations steal a march on their competitors. The report summarises what 'innovation leaders' are doing and offers pragmatic and actionable insights for success. The research found that many organisations are struggling to get value from innovation. Despite a year full of societal, business and technological changes offering opportunities for innovation, the research confirms the skill and will to innovate are not as widely developed as they should be.

The inconvenient truth

The inconvenient truth is that despite the power of new technologies, and the ability of innovation to unlock new growth opportunities, too many organisations miss out:

- only 24% are fully confident they have defined the skills and activities they need to be innovative
- 50% do not believe their company fully displays the vision and passion needed to make innovation happen
- 37% of organisations have made no, or only minimal, changes to their innovation approach.

Learn from the innovation leaders

Despite these very real challenges, PA is optimistic. Through their work as a consulting, technology and innovation firm, and in their research, they have found successful 'innovation leaders' who are realising a substantial increase in revenue and growth as a direct result of their innovation activity.

Four crucial priorities

The research found many organisations want to innovate but are faced with several barriers – people, culture, processes and inertia. Organisations can break through these barriers, and tap into increased value and growth by learning from innovation leaders:

- **focus on the future**
analyse the industry and technology changes occurring and decide how you need to innovate
- **design innovation into your organisation**
create an action plan for the innovation you need
- **create an innovation culture**
change the way people lead, work and are rewarded
- **build a network for innovation**
using your associations and connections

Are your innovations taking off?

Companies are spending more on innovation but research shows half of the ideas they generate fail to become a reality. So how can you ensure your innovative ideas turn into commercial success?

Embedding a culture of innovation reinforced by leadership that encourages and nurtures innovation, is vital for success.

Building, embedding and sustaining an innovation culture and securing its rewards requires a focus on five essential levers:

- * encourage cross-departmental working
- * establish external networks
- * support experimentation
- * use free space creatively
- * strengthen the ability to manage conflicts.

How to embed a culture of innovation

The research shows that innovation leaders have distinctive cultures that:

- ❖ **Enable innovators to fail safely and frugally.** They recognise that failure does not need to be expensive nor put careers at risk.
- ❖ **Take a bold and visionary approach.** They recognise strategic innovation might mean cannibalising their own business.
- ❖ **Embrace an entrepreneurial mindset.** Create a network of vendors and/or customers to help them to innovate.
- ❖ **Democratise innovation.** 38% of our respondents said their best ideas originate from their rank-and-file employees.

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