Innovation and entrepreneurship: Essentials for leadership and change management

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Semco AS ...

- A norwegian partnership-driven consultancy firm
- Established in 1975
- Works with top management of industry, commerce, service corporations and Governmental institutions of Norway and abroad; developing strategies, improving structures and managing reorganisaion projects
- Prefered partner of several governmental institutions because of our extensive real life experience – what happens in practice.
- We integrate capabilities in our clients employees, activities and processes (as opposed to traditional consultants that "fix a problem")
Are you:

- Leading your organisation towards better innovation climate?
  
  - Developing it for improved innovation capability?
    
    - Measuring what gives innovation results?
      
      - Creating the future of your company?
“History will be kind to me for I intend to write it”

- Sir Winston Churchill
Are you and your people ready for writing the history?

Do you personally accept that your company’s future depends upon:
- Creativity
- Willingness to change and
- Power to act?

Do you as The Manager realize that only the organisation’s people can do this – and that you are responsible for releasing their potential?
Business Excellence in its widest scope

Phases of an Organisation

Pre-Start
Start-Up
Development - Growth
Improve or die...

Organisation Size/Profitability

Entrepreneurship and SMME development
Excellence Management
Innovation

Traditional management focus
New focus

Organisational Development

03.01.2006 SEMCO AS
What do we want?

- **Entrepreneurial spirit**
- **Culture of discipline**

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<tr>
<th>Entrepreneurial spirit</th>
<th>Culture of discipline</th>
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- **Hierarchical organisation**
- **Bureaucratic organisation**
- **Excellent organisation**
- **Start-up organisation**
Maybe you need to know a little more about entrepreneurship and innovation?

- You need to know how entrepreneurs think
- It’s a good idea to follow their training programmes
- You also need to realize that you can never improve an organisation without increasing the competence of your people and yourself- focused upon the targets you want to reach
- If you want to be innovative- you therefore also should accept that you might need some training within innovation competence as well?
Related topics

- Entrepreneurship
- Innovation:
  - (Technological Innovation)
  - Entrepreneurial Innovation
  - Corporate Innovation: Our main focus
- Leadership challenges:
Why entrepreneurship?

- National level of entrepreneurial activity has a significant association with levels of economic growth
  
  *Global Entrepreneurship Monitor, 2002*

- Correlation between entrepreneurial activity in one year and growth on GDP two years later are significant and positive
  
  *Global Entrepreneurship Monitor, 2002*

- Entrepreneurs contribute to a more flexible and adaptive labor Market, thus are vital drivers in any full employment policy
  
  *European Commission Greenpaper on Entrepreneurship, 2003*

- Entrepreneuring is increasingly the only viable option for individuals fighting poverty
  
  *United Nations Development Programme, 2002*
Entrepreneurship Policy

Fundamental instruments in an Entrepreneurship Policy and supporting measures need to address:

9 framework conditions needed to foster entrepreneurship in a geographical area.

- Physical Infrastructure
- Internal Market Openness
- Government Policies
- Commercial Infrastructure
- Government Programs
- Research & Development
- Culture & Social Norms
- Education & Training
- Financial support

Framework conditions
Example of Entrepreneurship promotion: The Pathfinder Programme – A practical approach

Traditional entrepreneurs’ support programmes/entities:

- Have a *receiver-function*: Creating a big demand for the receiver and leaving many entrepreneurs outside.
- Emphasise in the “quality” of the idea and/or in minimise the risk for investors
- Demand the entrepreneurs to invest a lot of work (with resources that they may not have) and certain skills (that they may not have)

**Result:**

- Support programme/entities complain of lack of quality of the applications received.
- Entrepreneurs complain of programme/entities not being beneficial.
- Entrepreneurs see getting the support as the end goal instead of a milestone to create the company
The Pathfinder Programme

- Involve entrepreneurs from an early stage (before critical decisions are made)
- Focus on:
  - Development of the entrepreneur AND the idea
  - Make a fast and productive establishment (make business)
- Measures the commitment of the entrepreneur, not the quality of the idea.
- Entrepreneurs document what is relevant
- Split in phases, so resources will be given to entrepreneurs in the appropriate size and format.

Resources invested in a business venture

Time

Idea
Development
Testing

Pathfinder programme
Traditional programmes
Each meeting/workshop has concrete objectives, duration, activities, resources and expected results.

- Mandatory meeting entrepreneurs/coach between workshops
- Delivery points are deadlines when entrepreneurs send requested information to the entity running the programme
- Duration (including recruitment and evaluation): 3-4 months
Individual entrepreneurship attitudes and capabilities make an innovative climate for your organisation if formed by entrepreneurial people allowed to be themselves and flourish - even in structures.

... If your organisational climate is wrong, young people will take their brains and laptops and leave...

And you are left - being the manager you in fact are...
People innovate – organisations do not

Let’s have a look at Corporate (or: Strategic) Innovation
Definition of business madness...

- "Doing the same things over and over again—and each time expect another result "

03.01.2006
“The future competitiveness of a country is linked to the innovation capacity of its companies.

Initiatives and policies have been launched in several European countries to foster innovation. Unfortunately, most of these initiatives do not achieve the expected results due to the lack of innovation competence of managers and directors of companies and organisations. The lack of competence is evident because of:

- The perception that working on innovation takes a lot of resources (both economical and human)
- The belief that working on innovation does not show results in the short term.

These issues are particularly relevant for SMEs, who account for the majority (19 million) of businesses in Europe.

“Every organisation needs one core competence: Innovation”
Peter F. Drucker

“When the winds of change are blowing you can either build a shelter or a windmill”
Chinese Proverb

“Europe needs to focus its development in innovation which requires transformation of individual behaviour”
European Platform on Transformation (EOQ)
Technological Innovation
Invention searching for a market? Commercialization of research? Application of new technology as approach to new value creation?

Entrepreneurial Innovation
Starting and growing a company. “First Base” race for seed capital, long-haul stretch for “Second Base” venture capital and painful unprofitable growth to break-even as “Third Base”? Public Offering as the ultimate Home Run.

Strategic Innovation (Or: Corporate Innovation)
Successful intervention and growth of established corporations. Taking the strategic route to turning innovation into practice in already highly structured and efficient market leaders? Putting strategy first. Driving innovation from strategy and leveraging innovation opportunities with established quality excellence.
Innovation – for what?

Create new possibilities that improve the customers daily life

Improve existing products, processes and services

Remove all activities that are not value adding

Learn from success stories, own or competitors
Volume of innovations the last ten years...
Less than 2% of the innovation activities create 90% of the values...
“It is in the processes we do not have but should have had— for the things we do not do but should have done – we find the greatest potential”
Where ideas come from

- Customers / suppliers / partners: 46%
- Co-workers: 29%
- Specialist / Consultants: 11%
- Research and Development: 9%
- Competitors: 5%
Innovation and Business Excellence

- Fundamental concept: Continuous Learning, **Innovation** and Improvement.
  - “…Their people constantly challenge the status quo and seek opportunities for continuous **innovation** and improvement that add value”
  
  *From: EFQM Fundamental Concepts of Excellence booklet, page 6*

- **Innovation**: The practical translation of ideas into new products, services, processes, systems and social interaction.
  
  *From: EFQM framework for CSR, page 36*

- Practical cases in manufacturing firms in Australia address the transitioning **from Total Quality Management (TQM) to Total Innovation Management (TIM)**.

![Diagram]
Example of innovation promotion: Innovatorium

Innovatorium has run more than 70 workshops with top Norwegian companies and organisations with more than 700 participants. Closely linked to international innovation environment.

**Innovation Competence:** Develops and delivers competence leveraging activities creating experiences and motivation for innovation practice in enterprises. Facilitates acknowledgement and deeper understanding of important elements of innovation practice.

**Innovation Architecture:** Develops and supports an innovation architecture for developing enterprises, business promotion and the society – an architecture fostering and strengthening innovation capabilities.
The Competence- and Result ladder

- Start in the right end
- Take your time
A common platform of competence for:

- People that work in any organisation, within the public or private sector
- Consultants who want to promote innovation as a part of their business
- Voluntary organisations and NGOs that want to contribute to their stakeholders in terms of innovation

Innovation Competence is the first module. Subsequently 3 specific modules can be completed in any order. Innovation Architecture is the last module, linking all the information together.

Training Programmes

Ensure that people in your business are fully able to exploit its full potential by increasing its innovation capability and pace.

Highlighting the necessary attitudes and critical mass of competence in your organization needed to implement your innovation processes successfully.

**Method:** Interactive sessions where participants exchange their experiences in a facilitated environment.
Innovation Competence Ladder Description

**Innovation Participants**
Participation to at least one innovation competence workshop.

**Innovation Practitioners**
Completion of the 5 Innovation Competence modules (each one is a workshop) – Diploma.

**Innovation Architects**
Training on how to plan, execute and lead Innovation Competence workshops. Understanding of Innovatorium operations and codes of conduct. Right to represent Innovatorium.

**Innovation Mentors**
Guide Innovation Architects through training and coach them in their activities.

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IF WE COULD PREDICT THE FUTURE..

- Then we would know a lot

- But most probably others would as well...
- And maybe we therefore had another status quo – and no competitive advantage to anyone...

That`s why some real leaders take another approach.........
Are we turning our backs to the future?

Guiding Star

The future we create

Future driven development

Present

The future we accept

Traditional direction

MARKET-ADAPTION

The future we are being exposed to

Past
“THE BEST WAY TO PREDICT THE FUTURE IS TO INVENT IT”

Innovation: How to sell Bottled water in Norway!
Future management- or better :Leadership...

- Who has paid the price for managers successes so far?
- People are much more likely to act their way into a new way of thinking than to think their way into a new way of acting
- A turnaround is innovation tragically delayed. However celebrated, a turnaround is a testament to an organization`s lacking innovation capability

IF AN INNOVATION DOES NOT AIM AT LEADERSHIP FROM THE BEGINNING, IT IS UNLIKELY TO BE INNOVATIVE ENOUGH (HBR 1998)
Statements from General Electric:

- Creativity and imagination applied in a business context is innovation...
- We`re measuring GE's top leaders on how imaginative they are. Imaginative leaders are the ones who have the courage to fund new ideas, lead teams to discover better ideas, and lead people to take more educated risks.
For the consultants…..

”So watch out consultants. A whole new cadre of advisers is out to lead CEOs into the Creative Economy. They speak a language different from Establishment consultants.. More antropology, less technology… More hands -on workshops, less surveys…”

Harvard Business Review May 2005
INNOVATION ACTIVITIES – MAIN PLAN

- **INSIGHT**
  - Broaden Perspectives
  - Search for Key Insight
    - Divergent
    - Convergent
  - Identify Alternatives
    - Divergent
    - Convergent

- **INITIATIVE**
  - Experimenting
    - Divergent
    - Convergent
  - Make Choices
    - Divergent
    - Convergent

- **EXECUTION**
  - Validating
    - Divergent
    - Convergent
  - Run New Business Concepts
    - Validate New Business
      - Pilot Strategy
      - Decide Upon Investment

- Growth Platforms
  - Visualizing Pictures of Future
- Initiate New Business Concepts
  - Pilot Strategy
- Run New Business Concepts
  - Validate New Business
  - Pilot Strategy
  - Decide Upon Investment
Activity plan Phase 1 (example)

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- **Divergent Activities**
  - Interviews
  - Workshop: kick-off
  - Research: Devils advocate panel
  - Research: External Event
  - Research Activities: Customer Insight

- **Convergent Activities**
  - Research: Thought leader panel
  - Workshop: Lenses
  - Workshop: Growth Platforms

**Learning and documentation**

**Tangible results**

**Your organisation seen through various lenses**

**Growth Platforms (Unique Insight + pictures of future)**

**Phase 1 Workbook (draft) + Plan Phase 2**
"Don’t play what’s there
Play what’s NOT there"

- Miles Davis
The leader as the corporate problem solver?
Or the creator of new opportunities?
Innovation – our most important core competence!
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