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30 Minutes

Innovation Culture

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You'll know more in 30 minutes!

This book is designed to enable you to absorb concise and sound information in a short time. With the help of a guidance system, you will be led through the book. This will allow you to grasp the essentials within your personal time allotment (from 10 to 30 minutes).

Short reading time
You can read the whole book in 30 minutes. If you have less time, read only those passages that contain important information.

- **All important information is printed in grey.**

- Key questions with page references at the beginning of each chapter allow for quick orientation: you turn directly to the page that closes your knowledge gap.

- *Numerous summaries within the chapters allow for skimming.*

- The "Fast Reader" at the end of the book summarizes all important information.

- An index makes it easier to find what you are looking for.

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Preface

Innovation is today not only a factor in a company's image but simply vital for survival. Being innovative is also a must if companies want to to be in the lead tomorrow.

Much is being done to promote innovation. Creativity techniques, innovation processes, design thinking, and innovation labs—the list of approaches is long, and new ones are added regularly. But often what works well in other companies remains completely ineffective in one's own organization or leads to sometimes very strong resistance in implementation.

In such cases, something crucial was often overlooked: innovation initiatives must take into account the existing corporate culture. Not everything that is possible makes sense. Rather, only the steps and methods appropriate to the respective company are the true success drivers. This guide, *30 Minutes on Innovation Culture*, will clearly demonstrate that innovation is feasible for every company—if you consider the corporate culture. In this book, individual corporate cultures are broken down with the help of the so-called 9 Levels of Value Systems, a model for differentiating between value systems. You can better understand your own company, can get to know helpful tools, are introduced to concrete ideas on how to create a culture of innovation in your company, and can learn which techniques fit your corporate culture. Practical examples ensure

that the possibilities for implementation in everyday corporate life become tangible.

We wish you every success in establishing a culture of innovation in your company.

Rainer Krumm & Christian Buchholz

Become an innovation culture ninja!

This book is designed to give you an overview of the topic of innovation culture in 30 minutes.

But of course there is so much more to learn about it.

The authors have prepared a website that provides even more inspiration and knowledge, as well as practical tools for developing a culture of innovation in your organization:

www.innovationculture.ninja

See you there!

30 MINUTES

1. Innovation culture

"How do I manage to **be innovative with my company**?" This is a question that those at companies of all sizes ask themselves, because today only those who stand out from the crowd with a service or product will be able to survive in the market in the long term.

Many methods and approaches support the companies willing to change, but often the development of an innovation culture gets stuck and **does not make progress**. The reason often lies in the selection of the wrong instruments or the wrong application of these methods.

A better understanding of the **mechanisms of value orientation and innovation culture** helps companies to take the right steps and drive the change process forward.

1.1 Conditions for a culture of innovation

Reducing costs and improving products are usually the first measures that companies take to remain competitive. Although it has long since ceased to be an insider tip that innovation culture is also an important success factor, companies are often overburdened with the task of selecting the right instruments, leadership principles, and management systems for a high-performance innovation culture. Companies often look for a **patent remedy**. Some have launched initiatives such as research and development activities or innovation departments, or even created their own incubators for start-ups. All this should have produced good results, one would think. But for many, the output is still unsatisfactory.

Examples of radical changes

Those who not only develop their business model and product portfolio but are also able to radically change it if the market makes it possible are successful in the long term. Here are some examples:

Google
Google is not only established in web applications but has now also extended its reach in the direction of the automotive industry with self-driving cars (Waymo), the production of fiber optic networks (Fiber), and biotechnology and genetic engineering (Calico).

Ford

With its new business unit Ford Smart Mobility head-quartered in Silicon Valley, the car manufacturer Ford has set up a business unit that deals with models for car sharing and the development of apps for finding parking spaces.

Lego

With its new business model, the toy manufacturer Lego is involving its customers in the development of new products and in the innovation processes of design and market research. In the meantime, kits created by customers have become bestsellers.

Many companies, especially in medium-sized businesses, see innovation from the perspective of their existing products. They focus on making an existing product even better. Companies that supply the retail trade, for example, view the retailer as a customer and overlook the end consumer and his needs. For this reason, it is not enough to offer an additional sales channel simply by setting up an online shop, for example. Something unprecedented is needed. Old ideas must be scrapped and partially replaced by completely new (digital) business models.

Flat hierarchies

Researchers in the field of Motivation agree that employees are much more satisfied if they can act in a self-deter-

mined manner. But those who are literally trapped in a hierarchy usually do not have much freedom of choice. The consequences of this are also generally known, as they are reflected in high sickness rates and internal dismissal. These are all terms that have been on the minds of the media, but also of managers, for years.

However, flat hierarchies do not only produce happier employees; in addition to a lower sickness rate, companies also benefit from the fact that their employees are more innovative.

A current study by the management consultancy company Kienbaum in cooperation with job placement agency StepStone shows that 61 percent of **companies with fewer hierarchical levels are more innovative**, and in particular their employees produce significantly more ideas. Of the employees of strongly hierarchically structured companies, only a third perceive their employer as innovative. If employees have the freedom to organize themselves, they not only are more satisfied but also feel more closely connected to the company. They become more self-motivated and less slowed down and are therefore more likely to give free rein to their creativity and develop new things. This freedom has two positive side effects that have a direct impact on the **profitability of companies**:

1. Greater employee satisfaction automatically reduces the cost of staff absences due to illness.
2. Companies whose employees are satisfied are more innovative.

In this context, we can further substantiate the statement made above: "Innovation is often misunderstood in medium-sized businesses," Stephan Wegerer, former head of Innovation Management at the Adidas Group, told *WirtschaftsWoche Online*. Although companies are well aware that the end consumer is the actual customer, on whom it is better to focus, unfortunately this insight is still not being put into practice.

A total of 14,000 specialists and managers were interviewed in the mentioned Kienbaum study. Of the specialists surveyed, 74 percent stated that they work in a company with a strongly developed hierarchy, and 18 percent had the impression that the management level did not desire employees to contribute ideas and suggestions for improvement. And 68 percent of the managers were of the opinion that they work in a company with a strong hierarchy. According to Kienbaum's managing director, Walter Jochmann, **the German economy for example is still giving away far too much innovation potential**. If hierarchies were abolished, responsibility delegated, and employees involved in management decisions, companies would be economically more successful.

Supportive leaders

However, not only the hierarchy inhibits the establishment of a culture of innovation. Another reason is leadership. Depending on the **management system**, employees are more satisfied, more motivated, and corre-

spondingly more innovative. If managers grant their employees a higher degree of **self-determination** and thus more **personal responsibility**, this in turn leads to these employees identifying more with the company and being more committed to becoming innovative.

However, because such a management style has not yet reached all management levels, the bosses often do not appear in a very good light from the point of view of the employees: a full two-thirds believe that their superiors are not well prepared for the challenges that the future will bring.

In complete contrast to this view is the self-assessment of managers with regard to their own performance. They are convinced that, on the one hand, they have their management job well under control with regard to their vision of the future and that, on the other hand, they are seen by their employees as a role model for success and performance. This **gap between the self-image of managers and the external image** from the perspective of their employees shows that experience and reality are far apart on this issue. So there are still enough starting points for personnel and organizational developers.

Not only top management is in demand when it comes to innovation culture. Above all, the **second and third management levels** have a decisive influence on how the innovation potential of employees is used.

Resources

Whether a company is really prepared to support creative projects can be seen from the resources it makes available for this. It's easy to have good ideas, but when resources in the form of money, people, or tools are needed, you can see **whether a company is really serious about innovation** or not.

If resources are used for innovative projects, they are lacking elsewhere. **Employees** who can no longer carry out their actual activities, as well as funds for **budgets** that are now no longer available for previously planned areas, are the price that must be paid for a stronger focus on innovation.

Another obstacle to innovation is the focus on quick success.. Most of the measures in the operational area show effects quite quickly. Innovations, on the other hand, are frequently not measurable in the short term and can often only be assessed in terms of their success in the medium term. Disruptive ideas in particular often fail because they **simply cannot be measured with classic managing tools.**

For this reason, it is perhaps understandable that some companies are reluctant to allocate many resources for innovative projects.

Most companies provide resources but are **not consistent in their actions**. Whenever the importance of innovation is weighed against the urgency of day-to-day operations, the daily business usually wins.