

**IC Innovation Club**

**INTERIMCONSULT  
INSIGHTS**

**THE MAKING INNOVATION  
HAPPEN FRAMEWORK**

**TURNING IDEAS INTO  
SUSTAINABLE VALUE**



## Overview

Innovation is essential for all organisations that want to stay ahead of their competitors, create and disrupt markets, and deliver the outcomes needed to succeed. A business or organisation that does not organise itself to innovate, or is not continuously innovating as part of its day-to-day business, is not sustainable.

It is important to recognise that innovation can come in many different forms – it is not just about product design, service development or new technology. At its simplest, innovation is:

### *Turning Ideas Into Sustainable Value*

Ideas can come from anywhere and anyone in an organisation. In addition to product and service development, new ideas about teamworking, business processes, resource allocation, customer engagement are common examples.

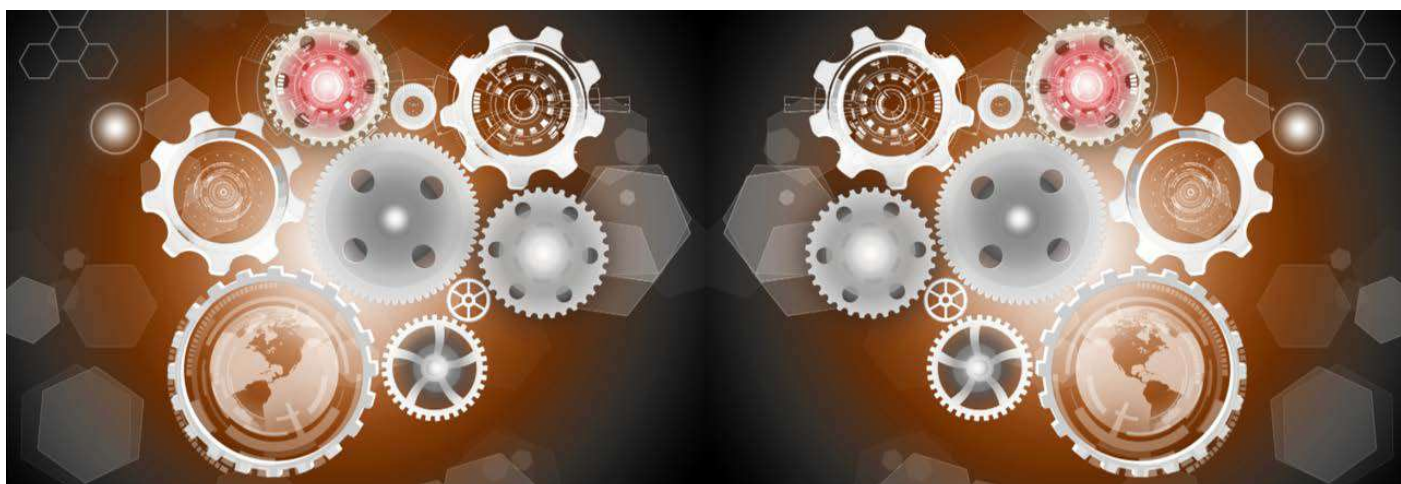
However, ideas on their own are not enough to create the sustainable value that comes about from change. There are many great ideas that, for various reasons, never turn into innovations. What appears to be the obvious solution to a problem never catches on, momentum and interest peters out, and entrepreneurs, employees and customers become frustrated that the same problems persist with no solution in place. The innovation journey never gets beyond the idea creation stage.

The challenge is that innovation can be hard to make happen. The innovation journey of turning ideas into sustainable value as part of day-to-day business is not easy. Unintended systemic barriers to innovation often arise due to the complex interaction of people, processes, technology and culture.

Embedding innovation as a way of working that ‘sticks’ demands different thinking and the creation of tipping points that change the way innovation happens. The ideas still come from people, but this will only happen if they are surfaced and if the environment is right. As actors in the system, people will always have the greatest influence over innovation. Their capability to turn ideas into sustainable value will only be made possible through interaction with colleagues, suppliers, customers and other actors in the complex innovation ecosystem.

“Many people who are full of ideas simply do not understand how an organisation must operate in order to get things done, especially dramatically new things. All too often, there is the peculiar underlying assumption that creativity automatically leads to actual innovation. In the crippled logic of this line of thinking, ideation (or creativity, if you emphasise the idea-producing aspect of that term) and innovation are treated as synonyms. This kind of thinking is a particular disease of advocates of “brainstorming,” who often treat their approach as some sort of ultimate business liberator. Ideation and innovation are not synonyms. The former deals with the generation of ideas; the latter, with their implementation.”

Theodore (Ted) Levitt





# The Making Innovation Happen Framework

## The Making Innovation Happen (MIH) Framework 5 Principles

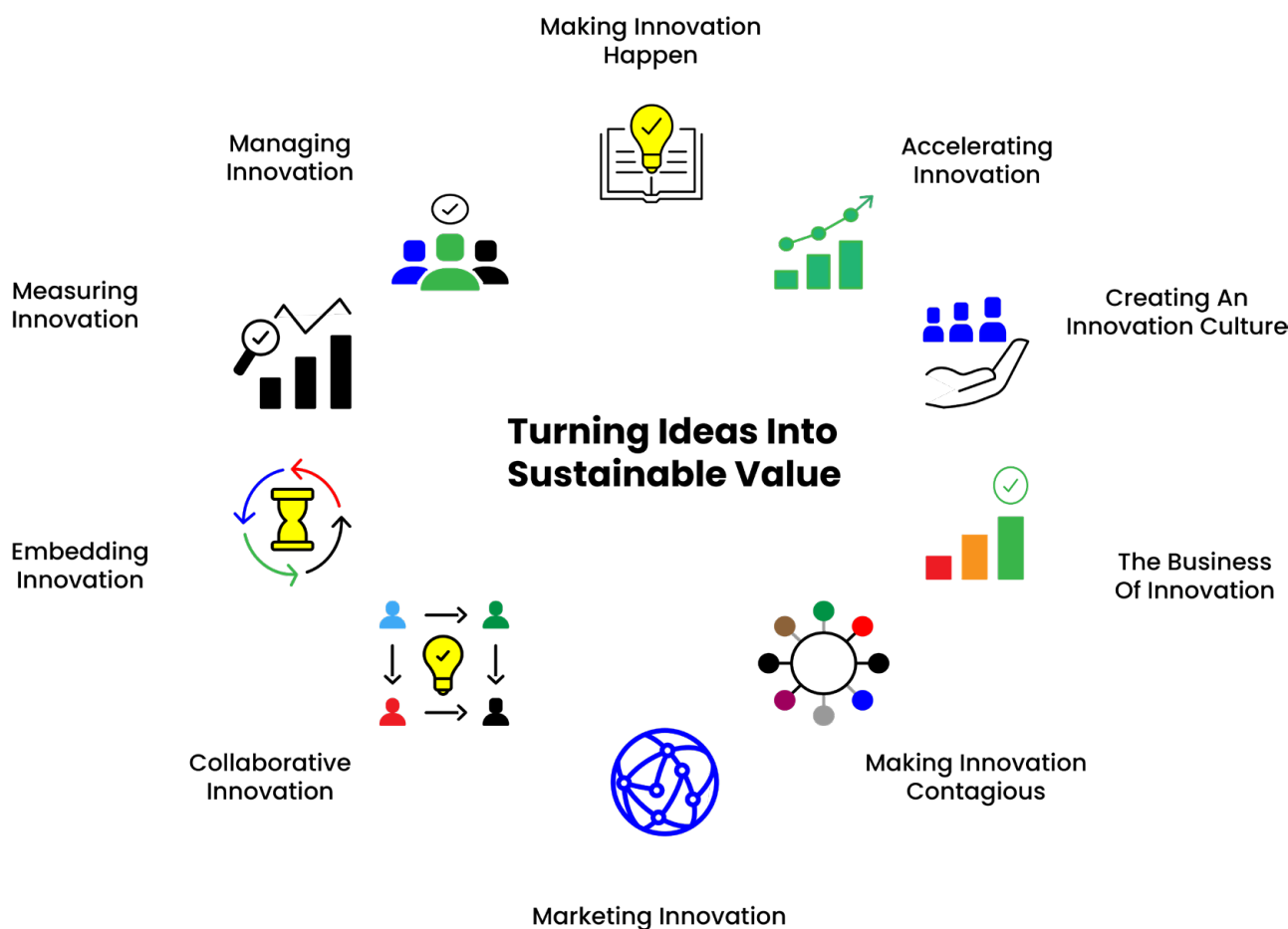
1. The main purpose of innovation is to turn ideas into sustainable value
2. Sustainable value can be created in many different ways
3. Innovation is complex, comprising a mix of people, processes, technology and culture that varies over time
4. Innovation is an inclusive activity
5. Changing innovation outcomes means changing the innovation system

Using these principles, the MIH framework explores innovation from a number of angles - culture, business models, contagion, acceleration, marketing, collaboration, making innovation business as usual, measurement and management.

The MIH Framework provides a means of changing the way people, teams and organisations look at innovation, their unique innovation journeys, and how to systemically turn ideas into sustainable value.

## The Making Innovation Happen (MIH) Framework 3 Steps

1. System Reframing - identifying what must change to make innovation happen.
2. Sustainable Implementation - creating irreversible changes that make innovation stick.
3. Continuous Review and Improvement - to ensure the infinite innovation journey continues.





## The Making Innovation Happen Framework Enablers

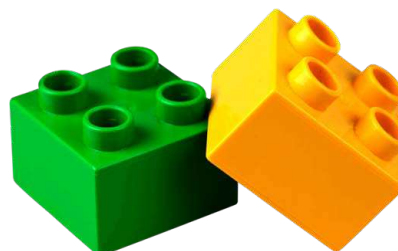
### Develop value and purpose alignment

- Define organisational purpose
- Define and measure the value you want to create
- Advocate innovation in everything you do



### Develop an organisational learning capability

- Establish a people-oriented culture
- Fail and learn fast



### Create a BAU innovation system

- Plan investment to create sustainable value
- Measure for insight and benchmarking
- Manage innovation risk
- Create innovation habits



### Collaborate to Innovate

- Build relationships (B2B, B2C)
- Generate brand awareness



### Create Market Contagion

- Identify super-connectors
- Create stickiness
- Take context led micro-interventions





## What Is Innovation?

Innovation is a term that we hear more and more often as the pace of change around us accelerates – but what does it mean? And why does its meaning matter?

There are many definitions – the UK Innovation Strategy defines it as “the creation and application of new knowledge to improve the world.” It highlights prosperity, productivity and wellbeing as outcomes. The emphasis is on new knowledge as the key to innovation.

However, many innovations do not rely on the creation of new knowledge – the majority come about through the application of existing knowledge in different ways. Ideas that create value may simply evolve by connecting existing knowledge silos as a result of ad-hoc or unpredictable engagements that provide fresh insights and generate new ideas.

The National Endowment for Science Technology and the Arts applies a much broader interpretation:

*“Innovation is about change and the ability to manage change over time. Innovation can be about the successful exploitation of new ideas in the form of a new or improved product or service, but it can also be about the way in which a product or service is delivered. Equally, innovation can be about creatively positioning or marketing an existing product, or about changing a business model to a new paradigm, such as low-cost airlines”*

It recognises that innovation is about the successful exploitation of new ideas more than the form of a new or improved product or service, but also the way in which a product or service is delivered.

Importantly, this interpretation recognises the many different forms of innovation – it is not just about research, development and technology.

However, none of these definitions identify ‘value creation’ as the most important outcome of innovation. But the link to creating value can be captured in an alternative definition:

“Innovation is turning ideas into sustainable value”

This definition of innovation matters. ‘Newness’ is not itself the goal.



What matters is adding value in its broadest sense. Innovation must be framed as the means to create sustainable value.

This highlights that innovation is an inclusive activity. Anyone can have an idea and creating value from innovation does not always require new knowledge.

Ideas that create value may just happen by chance, or simply evolve by connecting existing knowledge silos arising from ad-hoc or unpredictable engagements that provide fresh insights and generate new ideas.

The reframing of the meaning of innovation is an innovation itself. It can be inspiring – it means that any one person, team or organisation can participate in the innovation journey of turning ideas into sustainable value for themselves, employers, suppliers, customers, shareholders, government and the broader society.

“The riskiest thing we can do is just maintain the status quo.”

Bob Iger

“What good is an idea if it remains an idea? Try. Experiment. Fail. Try again. Change the world.”

Simon Sinek



## Why Is Innovation Important?

The process of innovation, turning ideas into sustainable value, can provide solutions to complex challenges where change is essential. This can happen at a team, business or industry level. Innovation is a means to improving outcomes, performance, productivity, and enabling culture change.

Nations, industries and businesses must innovate to thrive and provide the solutions to some of the biggest challenges the world faces - economic growth, climate change, poverty and healthcare- but none of this is simple.

Innovation is not 'an event' or a project - it is a continuous journey. The complex innovation challenge involves creating the conditions where the process of continuous innovation becomes business-as-usual - on a par with day-to-day management, reporting, procurement, IT support and, of course, delivery.

This is changing the way people look at the innovation challenge. Opportunities to innovate are not scarce, they are all around us. Many innovations do not come about as a result of 'eureka moments' but are in fact 'adjacent possibilities' - small steps forward from the current status quo that are discovered by trial and error, with many failures along the way.

Nonetheless, when it does come to making more significant commitments, and investments, greater insight about innovation will help inform decision making.

"Don't be afraid to take big steps when one is indicated. You can't cross a chasm in two small jumps."

David Lloyd George



## The Case For Innovation Is Clear

**McKinsey has made the case for continuous innovation** - "What made a company successful historically may no longer be possible during or after the Covid-19 crisis. Customers may struggle to pay. Channels may have radically shifted to accommodate new needs or work around new constraints. A stable regulatory context may have changed, potentially creating opportunities that never existed before. The assumptions that supported years of stable, predictable growth may no longer be valid."

**The Institute of Directors identified that in a world of change and competition, innovating is not a luxury, it is essential** - "All businesses need to innovate, though it may take any number of forms, from the steady refinement of established products to the leap in the dark when an untried idea is launched. Whether introducing new technology, getting people to work in new ways or creating new products, you must innovate to survive".

**And innovation attracts attention and investment** - in 2019, the UK government's net expenditure on research and development was £13.1 billion with the UK private sector investing the largest sum at £25.9 billion, 67% of the UK total. Innovate UK has, since its inception, also invested over £2.2 billion in more than 11,000 projects that have generated up to £16 billion in Gross Value Added to the UK economy and 70,000 jobs.



# System Reframing

The Making Innovation Happen Framework provides a different way to look at innovation. By exploring a number of different angles, it creates an environment where businesses can innovate reliably and repeatedly, with innovation becoming business-as-usual.

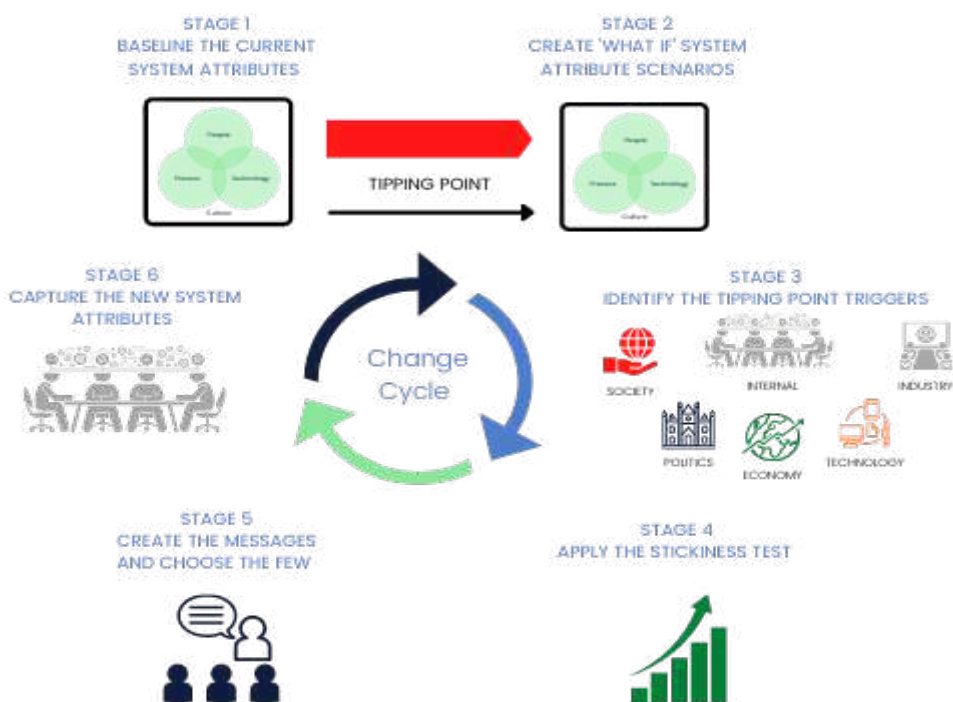
To ensure a systemic improvement of innovation outcomes requires 'System Reframing'. Without system reframing, diversity of thought at key points in the innovation process may be limited and this will hamper the capability and capacity to innovate. A lack of diverse thinking about how to make innovation happen often means that attempts to innovate and make change do not stick. The momentum gained during the creation of new ideas is lost as the barriers that have constrained innovation in the past persist.

### Change that "sticks" needs tipping points

Tipping points act as the triggers for innovation that sticks. A tipping-point change to the innovation system creates not just a step forward, but a change of state that means the change to the system of innovation is fully embedded until the next change of state.

Much of this is about culture. Innovation comes in many forms but the greatest influence comes from the innovation system's actors - the people creating both the supply of ideas and the demand for innovative solutions. However, people's relationships, beliefs and motivations evolve within a culture - and culture is hard to change - it takes time. Industry logic, routines, behavioural norms, networks, power hierarchies and mixed incentives all play their part in creating complex innovation ecosystems.

To avoid lost opportunities, slow adoption and resistance to change, system reframing can be used to identify swift action, with transformational impact - overcoming the long-held belief that change must take time.



Changing the innovation system means baselining existing innovation system attributes and, importantly, identifying the system attributes of future 'what-if scenarios'. Tipping points, both internal and external, then need to be identified, tested in terms of stickiness, and messages created to help create the tipping point. The system change will rarely be the same as expected, so the attributes need to be reviewed to continue the cycle of change.

"We cannot solve our problems with the same thinking we used to create them."

# Innovation in Complex Systems

Complexity is different to complication. Complex systems have unpredictable interactions and interdependencies between the system's parts – their outcomes vary over time and are uncertain. Complicated problems can be solved by delivering solutions with a fixed scope and duration. The outcomes are largely fixed with known margins of error.

Innovation is complex and that complexity exists at multiple levels – industries, businesses, teams and individuals. It endures within a network adopting different mixes of processes and technology, in different cultures and micro-cultures that vary across the very same industries, businesses and teams.

The MIH Framework looks at complexity from 3 levels:

- **Core Systems** that are central to making innovation happen in an organisation
- **Ecosystems** where indirect system interactions can help increase or prevent innovation
- **Whole System** where existential and unpredictable factors affect innovation and outcomes





## Diverse Thinking and Innovation

Innovation in complex systems requires diversity of thought from the outset. Creating an environment that promotes different thinking will increase the supply of ideas and the opportunities to create value. And changing culture to surface diverse thinking and increase engagement can lead to more “innovation moments that matter”, sowing the seeds for future innovation.

Making innovation happen means bringing in different people throughout the different stages of the system or product lifecycle – be it suppliers, the customer, partners and any other actors in the system. This will bring new perspectives on value and the user experience.

This diversity of thought is essential throughout the whole innovation process, from concept development and design through to implementation and continuous improvement. It helps enhance solutions by looking at the same situations from different perspectives, challenging and testing assumptions, and figuring out how to make innovations stick.



*The MIH Framework can unlock potential innovations at any level in a business, organisation, team or industry.*

*It is a flexible framework that increases diversity of thinking, recognising the importance of the mix of people, process, technology and culture – and that sustainable change only happens when the mix undergoes an irreversible change.*

“Almost all tech innovations connect disparate ideas, minds, concepts, technologies, data-sets and more. This pattern applies to Facebook (which connected an existing web infrastructure with technology enabling people to build digital networks and share media) and Instagram (which linked Facebook’s most basic concepts with a smartphone application complete with the capacity to modify a photo with digital filters) and beyond.”



## Summary

Industries, organisations and teams need to innovate to succeed. The world is constantly changing, so innovation must become 'business as usual', and innovation must be an integral part of every business and organisational model.

However, innovation must have a purpose - innovation for innovation's sake will not guarantee success. So what does this mean for the definition of innovation?

*Innovation is turning ideas into sustainable value*

This means surfacing the supply of ideas and establishing a sustainable and continuously evolving system that creates and matches the demand for solutions with innovation.

These conditions can be created through system reframing, which helps identify the tipping point triggers that make positive change stick.

People are an integral part of the complex innovation system, along with processes, technology and culture. Ideas come from people and they are the ones that have the ability to enact change, but an innovation culture has to be developed. What people choose to do on a day-to-day basis and the way they do it has a significant impact on both the creation of ideas and their transformation into sustainable value. If the culture is right, innovators and change-makers can thrive.

Diversity of thought is a key part of the mix. This can come in several forms, and has been proven to be effective in sharing and developing ideas that create value. Collaboration innovation increases diverse thinking, bringing opportunities for different people with different experiences to work alongside existing industry and business subject-matter experts.

Embedding change means people must do things differently, not just once but continually. Making this type of irreversible change is not easy and can only be achieved by triggering tipping points that permanently change the innovation system.

Changing organisation and team culture can unleash, constrain, or throttle innovation. An organisation's habits, communication styles, rituals and risk appetite all play a role in defining 'the way innovation works'. So, logically, changing organisational habits, communication styles, rituals and risk appetite will change the culture and 'change the way innovation works'. Ultimately, this means people need to think and act differently.

The Making Innovation Happen Framework provides a different way to look at innovation. By exploring a number of different angles using system reframing, iterative exploration and continuous review, it aims to create an environment where businesses can innovate reliably and repeatedly.



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