INNOVATION ECOSYSTEMS

How to Foster Business Success

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Is innovation required for enterprise survival? Some 89% of the 482 executives surveyed by Harvard Business Review Analytic Services say companies must support an enterprise-wide innovation culture where new ideas emanate from everyone in the organization.

"The pace of change—in terms of technology, customer demands, and market upheaval—makes the ability to apply creativity to problems a core skill in business today," says Tom Gray, director of idea development at Fahrenheit 212, a global innovation consultancy. "Ultimately, innovation is about surviving and thriving by improving the business with new products and services and finding new ways of selling them that stretch into new business models."

But while many executives understand the importance of enterprise-wide innovation cultures, a far smaller percentage have realized this goal. When ranking their organization's ability to encourage innovation compared to their industry peers, approximately a quarter (28%) say their companies are less effective than their competitors. In addition, 17% say their innovation efforts are only on par with others. This means many enterprises aren't gaining a competitive edge from innovation investments. "Companies know it's important to be innovative, but they don't know what next steps to take to become better in this area," says Rita McGrath, a consultant and professor of strategy and innovation at Columbia University Business School.

By contrast, senior executives who have successful innovation strategies are reaping important business benefits. Thirty-six percent say they've seen measurable improvements in customer service, and 32% say these environments spur the development of new products and services, which can help companies address evolving customer needs and competitive threats. FIGURE 1

Why are innovation-oriented workplaces so vital to future business success, and how can today's organizations foster them? Five themes emerged from the survey:

- **Creating a culture of innovation that percolates throughout the entire organization delivers business benefits.** Success requires social, open, and extended ecosystems composed of employees, partners, suppliers, and customers, all of whom contribute new ideas and help bring them to life. In short, modern enterprises need to evolve into innovative workplaces where ideation and creative problem solving is everyone's business.

HIGHLIGHTS

92%
OF THE RESPONDENTS SAY TOP LEADERS SHOULD BE ASKING QUESTIONS AND SOLICITING NEW IDEAS RATHER THAN ALWAYS PROVIDING ANSWERS.

89%
OF GLOBAL EXECUTIVES SAY THAT FOR A BUSINESS TO BE SUCCESSFUL, NEW IDEAS MUST COME FROM EVERYONE, REGARDLESS OF COMPANY STATURE.
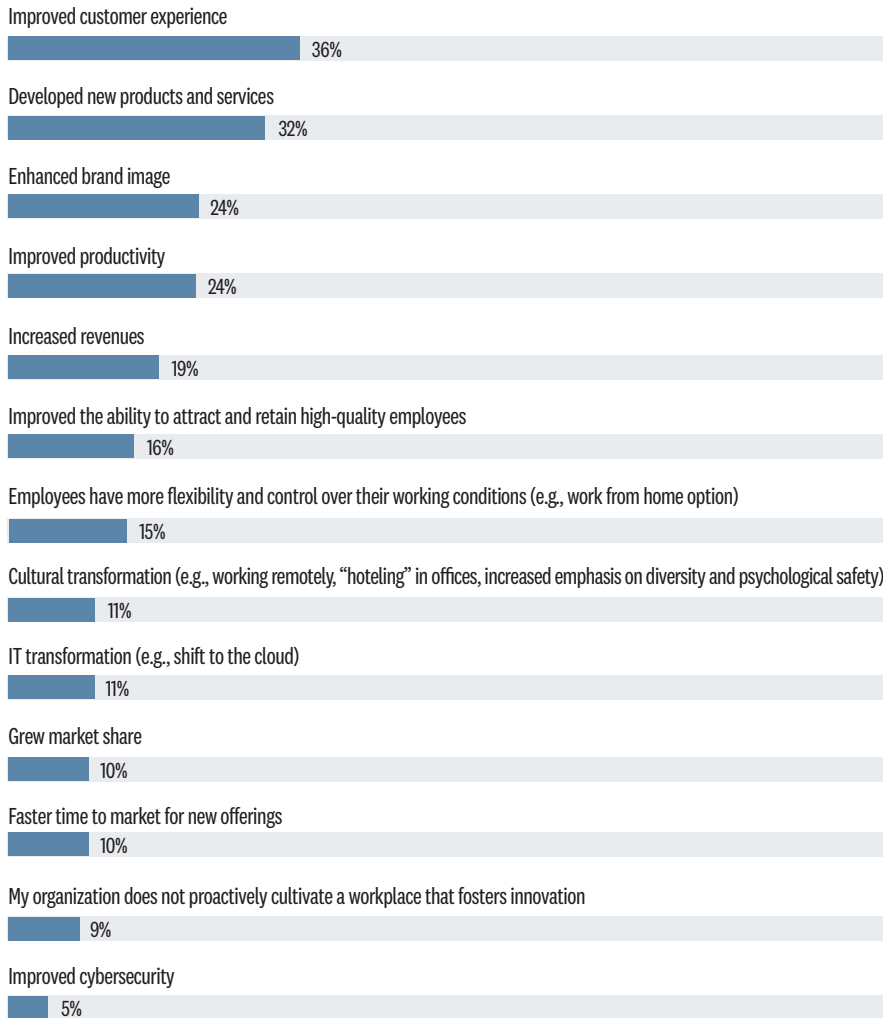
36%
OF COMPANIES THAT CULTIVATE INNOVATION HAVE SEEN MEASURABLE IMPROVEMENTS IN CUSTOMER ENGAGEMENT.

28%
OF RESPONDENTS WILL INCREASE INVESTMENTS IN DIGITAL AUTOMATION TO FREE PEOPLE FROM ROUTINE TASKS SO THEY CAN PURSUE NEW IDEAS.

FIGURE 1

INNOVATION YIELDS IMPORTANT BUSINESS BENEFITS

Which of the following has your organization realized from cultivating a workplace that fosters innovation?

Improved customer experience
36%

Developed new products and services
32%

Enhanced brand image
24%

Improved productivity
24%

Increased revenues
19%

Improved the ability to attract and retain high-quality employees
16%

Employees have more flexibility and control over their working conditions (e.g., work from home option)
15%

Cultural transformation (e.g., working remotely, "hoteling" in offices, increased emphasis on diversity and psychological safety)
11%

IT transformation (e.g., shift to the cloud)
11%

Grew market share
10%

Faster time to market for new offerings
10%

My organization does not proactively cultivate a workplace that fosters innovation
9%

Improved cybersecurity
5%

SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, APRIL 2019

"MOST BUSINESSES DON'T HAVE A SHORTAGE OF IDEAS; THE CHALLENGE IS FIGURING OUT THE RIGHT IDEAS TO WORK ON." TOM GRAY, DIRECTOR OF IDEA DEVELOPMENT AT FAHRENHEIT 212

- **Innovation initiatives work best when they're part of an enterprise strategy rather than being relegated to individual departments and workgroups.** For example, traditional R&D labs aren't as effective as inclusive strategies that make it everyone's job to develop new ideas and help bring the best ones to life.

- **Direct communications with customers are essential for identifying innovation opportunities** that are tied to business goals and have a higher potential to deliver improvements to the bottom line.

- **Change is hard.** Large percentages of senior leaders acknowledge they're grappling with organizational, cultural, managerial, and technological roadblocks that hinder innovation initiatives.

- **Global executives believe new technology investments are essential.** Digital tools will continue to play important roles in enabling collaboration and identifying innovation opportunities for organizations. Accordingly, executives will be focusing future investment on analytics tools for gaining detailed insights from business data and customer feedback.

Drawing from the survey results and in-depth interviews with experts, this report details the potential business benefits of successful workplace inventiveness, highlights the challenges that can derail activities designed to create enterprise-wide innovation cultures, and explains the best practices and technologies that are helping companies overcome these problems and use cutting-edge thinking for competitive advantage.

New Approaches for Promoting Innovation

Attitudes are shifting in terms of what executives consider the best ways to develop and act on new ideas. In the past, business leaders looked to dedicated innovation teams and R&D departments to perform these functions, but those surveyed have

a more expansive view. As 89% of respondents say that for a business to be successful, new ideas must come from everyone in the organization, a similar number (82%) say that innovation initiatives deliver the most benefits when they're part of an enterprise-wide strategy. These two statistics illustrate the desire to free ideas and insights from the unnecessary bounds of rank, roles, and departmental boundaries. FIGURE 2

In addition to insights from the internal staff, executives are looking to involve partners and customers in innovation efforts. "Looking outside of the organization is one of the factors that we found to be important for successful innovation projects," says Mathew Chow, portfolio director at IDEO, a global design firm specializing in innovation for new products, services, and systems. "The notion of responding to change involves engaging with your customers in deeper ways."

The auto industry offers an example of why companies need insights from within and outside their organizations. Car companies no longer compete only with their direct industry rivals, but also with software companies, ride-sharing firms, and data-sensor organizations that design components for autonomous vehicles. "As executives look at competition from new and different angles, they're realizing that success requires collaborating beyond their existing expertise," Chow says.

Diverse insights helped GE Healthcare create Adventure Series, a project designed to relieve the tension and fear of seriously ill children who needed MRIs and CAT scans to diagnose medical conditions. Using design thinking, an approach to ideation and problem solving that is focused on end users' needs, GE Healthcare elicited ideas from parents and children for transforming the scanning experience. "Exam rooms are turned into adventure areas like what you might see in a children's museum," says Perry Klebahn, an adjunct faculty member at Stanford University and executive director of the d.school's
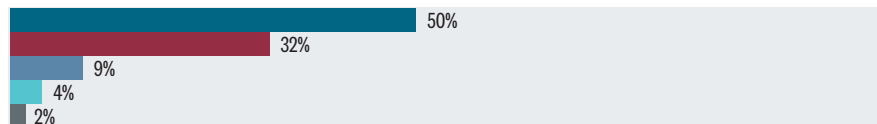
FIGURE 2

INNOVATION IS EVERYONE'S BUSINESS

Please rate the extent to which you agree or disagree with each of the following statements.

● STRONGLY AGREE ● SOMEWHAT AGREE ● NEITHER AGREE NOR DISAGREE
● SOMEWHAT DISAGREE ● STRONGLY DISAGREE

Innovation initiatives deliver the most benefits when they're part of an enterprise-wide strategy

- 50%
- 32%
- 9%
- 4%
- 2%

For a business to be successful, new ideas must come from everyone—from senior executives to frontline employees

- 78%
- 11%
- 3%
- 4%
- 3%
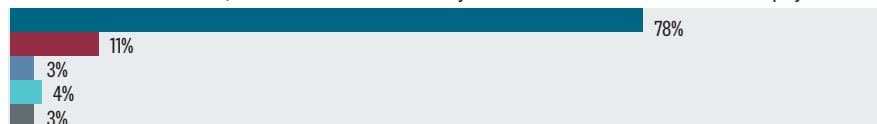
Senior executives should be asking questions and soliciting new ideas rather than always providing answers

- 72%
- 19%
- 4%
- 2%
- 1%
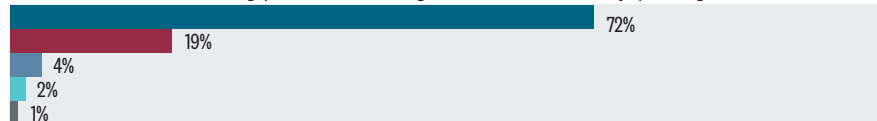
SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, APRIL 2019

executive education program, which helps business leaders apply design methodologies to nurture creativity in their organizations. "That is making the scanning experience more engaging and even fun for kids, and it was driven by insights gained using good design practices."

GE Healthcare worked with families, child psychologists, and people who worked in children's museums. It's a great story about the importance of bringing diversity into teams to generate new ideas," Klebahn adds.

Contrast these efforts with more traditional approaches to innovation: Only 13% of the survey respondents name R&D labs as a resource for generating the best ideas for new products and internal improvements. That's only one percentage point higher than old-fashioned, physical suggestion boxes. Formal innovation teams fare somewhat better at 22%. But at many organizations, the smart money is on more modern, collaborative actions, such as
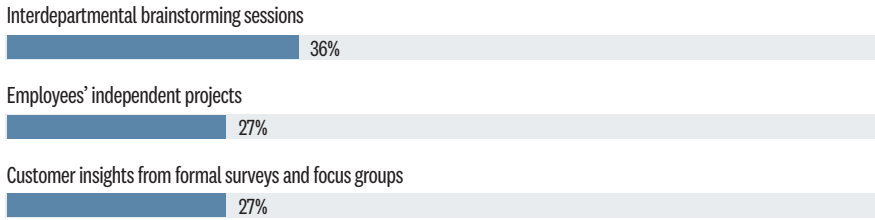
interdepartmental brainstorming sessions (36%), which ranked as the top choice. Customer insights are also still gained from formal surveys and focus groups (27%). FIGURE 3

Over the past 12 months, global executives have taken steps to encourage employees to become innovators. Almost half (49%) of the respondent organizations invested in relevant training and workshops during that time. In addition, 44% of executives say they've expanded efforts to better understand customer requirements and their experiences with the enterprise's products or services. FIGURE 4 Demonstrating the importance of employee involvement in this area, nearly a third (29%) of enterprises now factor in idea generation and contributions to brainstorming sessions when assessing employee performance during formal evaluations. One company created an electronic dashboard to track innovation efforts and calculate a "net experiments score" to compare each department's innovation efforts.

FIGURE 3

DIVERSITY DELIVERS THE BEST IDEAS

Which of the following resources generate the best ideas for new products and improvements to business operations at your organization? [RESULTS CONDENSED TO SHOW TOP THREE RESPONSES]
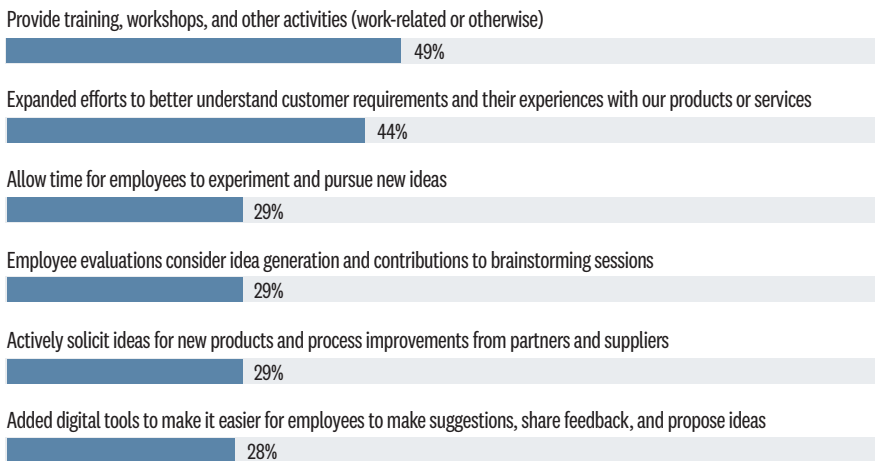
Interdepartmental brainstorming sessions
36%

Employees' independent projects
27%

Customer insights from formal surveys and focus groups
27%

SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, APRIL 2019

FIGURE 4

EXECUTIVES ARE ACTING ON INNOVATION GOALS

Which of the following steps has your organization taken in the past year to promote innovation and creative problem solving?

Provide training, workshops, and other activities (work-related or otherwise)
49%

Expanded efforts to better understand customer requirements and their experiences with our products or services
44%

Allow time for employees to experiment and pursue new ideas
29%

Employee evaluations consider idea generation and contributions to brainstorming sessions
29%

Actively solicit ideas for new products and process improvements from partners and suppliers
29%

Added digital tools to make it easier for employees to make suggestions, share feedback, and propose ideas
28%

SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, APRIL 2019

28% ADDED DIGITAL TOOLS TO MAKE IT EASIER FOR EMPLOYEES TO MAKE SUGGESTIONS, SHARE FEEDBACK, AND PROPOSE IDEAS.

Twenty-eight percent of the organizations added digital tools to make it easier for employees to make suggestions, share feedback, and propose ideas. "These applications are important for quickly forming teams that harness a serendipity of expertise from various departments," Fahrenheit's Gray says.

Formal methodologies developed to promote ideation and problem solving are adding structure to internal efforts. Two approaches rank highest: 46% of the respondents use design thinking, while 43% rely on co-creation or open

innovation, which encourages internal stakeholders to collaborate with partners, suppliers, and customers in a transparent environment.

While methodologies can support innovation efforts, executives must understand the distinct stages of idea development and execution, and then choose the methodology that works best with each step. For example, design thinking is often the most appropriate methodology for generating large numbers of new ideas that align with customer needs, Gray and Klebahn say.

Similarly, co-creation, an approach where innovators work closely with customers or clients, can also be effective for ideating and solving problems. But Gray warns executives to not rely solely on the input from customers and end users. "Speaking to customers absolutely works for learning how to make incremental improvements to products. But in terms of transformational innovations, people usually don't know what they want until they see it," he says. "Companies have to develop those game-changing ideas and then use experimentation and co-creation for testing, validating, and iterating based on the customer response."

Moving from an idea to prototype to minimum viable product requires other methodologies. "Agile and DevOps are best suited when incubating nascent ideas that show a glimmer of resonance with the end user or customer," according to Stanford's Klebahn. "Those methodologies can get new initiatives to the point of beginning to look like real offers and generate data to prove the viability to the business."

Barriers to Getting the Upper Hand

When asked to rate their organizations against peers in terms of encouraging innovation and the development of new products or services, respondents are generally upbeat. More than half (52%) say they were more effective in their area of product or service expertise. On the surface, it's encouraging, but that leaves 45%

that rate themselves only on par or less innovative than peers rather than gaining a competitive edge from innovation.

What's holding back innovation? Many enterprises still face organizational, cultural, managerial, and technological issues that block their goals.

Organizational problems include difficulties when trying to break down innovation silos. For example, while a significant majority of executives believe innovation should be part of everyone's job, that goal is still a dream at many organizations.

Less than a third (31%) of respondents currently have a strategy in place for encouraging all stakeholders—employees, partners, suppliers, and customers—to contribute ideas. This finding compares to the 30% that say ideas only come from some, but not all, of these groups. And more than a quarter (28%) say their organization has no formal, enterprise-wide innovation plan. Thus, more than half of organizations aren't taking full advantage of all the fresh ideas that may be generated by everyone on staff or at partner companies, which means potential lost opportunities for increasing customer satisfaction and improving business operations. FIGURE 5
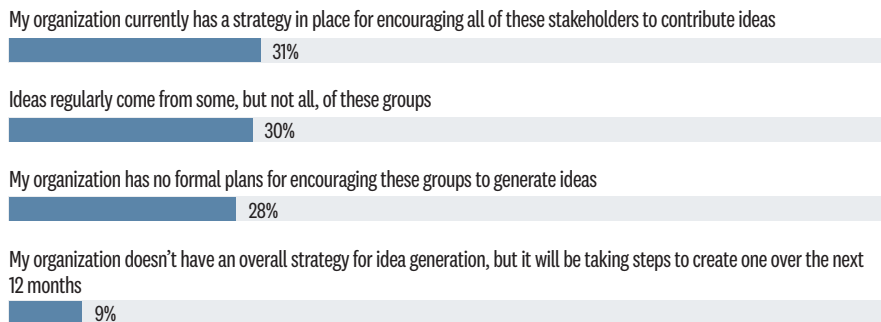
Cultural challenges also stymie innovation. These issues manifest themselves in the fundamental conflict employees feel between productivity and creativity. A third of the respondents say their organizations don't allow time for employees to experiment and pursue new ideas, and a similar number, 27%, fear being penalized if they're not focused on their core responsibilities. As one respondent notes, "100% focus on productivity leaves 0% time for creative insight." FIGURE 6

Innovation consultants say employees need more than time for experimentation and relief from deadlines to innovate. They also require physical environments conducive to brainstorming and collaboration. Common areas and gathering places designed for informal meetings and "watercooler"

encounters contribute to effective brainstorming, Klebahn says. "Teams should never meet inside offices, where everything around them is designed for answering emails and meeting deadlines," he explains. "People need areas where they can feel like they are outside the norms of routine office work, so they can take a deep breath and enter idea-generation mode; where they don't look at their watches or their phones, so they can work without the constraints of the office during their team's design work."

Additional causes for

FIGURE 5

SUCCESSFUL INNOVATION ECOSYSTEMS REMAIN A DREAM FOR MOST COMPANIES

Which of the following best describes the status of your organization's approach to encouraging employees, partners, suppliers, and customers to develop and share new ideas?

My organization currently has a strategy in place for encouraging all of these stakeholders to contribute ideas
31%

Ideas regularly come from some, but not all, of these groups
30%

My organization has no formal plans for encouraging these groups to generate ideas
28%

My organization doesn't have an overall strategy for idea generation, but it will be taking steps to create one over the next 12 months
9%

SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, APRIL 2019

FIGURE 6

CULTURAL ROADBLOCKS HURT WORKPLACE INNOVATION

What are the biggest cultural challenges your organization faces when trying to create an innovation-oriented workplace? [RESULTS CONDENSED TO SHOW THE TOP FIVE RESPONSES]

My organization doesn't allow time for employees to experiment and pursue new ideas
33%

Employees fear being penalized if they're not focused on their core responsibilities
27%

My organization's culture resists change and risk-taking
27%

My organization doesn't do a good enough job of attracting and developing talent that thrives in innovation-oriented cultures
25%

SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, APRIL 2019

31% HAVE A STRATEGY IN PLACE FOR ENCOURAGING ALL STAKEHOLDERS TO CONTRIBUTE IDEAS.

REGIONS AND INDUSTRIES SHOW SIMILARITIES, DIFFERENCES IN INNOVATION STRATEGIES

Across North America, Europe, Asia, and the rest of the world, business leaders overwhelmingly agree that for a business to be successful today, new ideas must come from everyone: from senior executives to frontline employees.

But the survey by Harvard Business Review Analytic Services also uncovered regional variations in the business benefits that are driving efforts to cultivate innovative workplaces. A third of executives from the Middle East and Africa ranked increased revenues as the biggest payoff so far. Business leaders in Asia, Europe, and North America reported the biggest innovation returns come from the development of new products and services. Improved customer experience is one area that cuts across regional boundaries: throughout the world, senior executives report improvements in this area thanks to innovation initiatives.

Wherever in the world they're located, executives will be increasing their technology investments to support innovation over the next two years. Forty-two percent of executives in the Middle East and Africa, along with 38% in Asia, 35% in Europe, and 27% in North America will focus future spending on digital automation designed to free people from routine tasks and give them time to pursue new ideas. In addition, a similar number of those in the Middle East and Africa (32%) and in Europe (32%) will add digital tools and cloud services for real-time customer engagement. Thirty-three percent of North American business leaders and 39% of Asian executives will earmark funds for applications that make data and analytics readily available for the business staff. Nearly a third of North American companies (31%) will also add analytics for processing large volumes of internal and external information.

Industrial Sectors Set Priorities

Executives across industry sectors also have clear plans for innovation-related technology investments over the next two years. Applications that make data and analytics readily available for the business staff are high on the wish lists for leaders in manufacturing, government, professional services, financial services, and health care. The outlier? The technology industry, whose representatives ranked this a low-priority investment. An earlier question explains the discrepancy: tech companies have been actively investing in this area for the past two years and apparently are now turning their attention to other opportunities. These will include tools for real-time customer engagement and digital automation to lessen the burden of routine tasks.

Another active area will be tools and services for real-time customer engagement, which are high priorities for technology firms, as well as those in health care, financial services, and professional services. Rounding out, many investment plans will be spending for automation applications that can free people from routine tasks.

91% SAY TOP LEADERS SHOULD BE ASKING QUESTIONS AND SOLICITING NEW IDEAS RATHER THAN ALWAYS PROVIDING ANSWERS.

innovation-dampening conflicts include an organizational culture that resists change and risk-taking, according to more than a quarter (27%) of the executives. Management missteps also hamper innovation. The survey found that senior executives can do more to foster a culture of innovation. Ninety-one percent of the respondents say top leaders should be asking questions and soliciting new ideas rather than always providing answers. More than half (52%) say it is vital that senior executives become more directly involved in innovation efforts.

"Companies must have a strong commitment to learning, starting with top executives," Gray says. "They should recognize that no one is always going to have the right answers to business problems. Learning comes from trying new things, and if they don't quite work, to figure out why and determine what to try next. That kind of experienced-based learning is something that can help companies stay ahead of their competitors."

The right leadership approach not only encourages people to voice new ideas, it may also inspire new ways of thinking. "People who break from the mold and think differently about problems inspire a spirit of rebellion that encourages creativity and innovation," says Francesca Gino, professor at Harvard Business School and author of the book *Rebel Talent: Why It Pays to Break the Rules at Work and in Life*. "Rebellious leaders encourage these talents on a day-to-day basis and allow them to shine."

Her research identified a handful of ingredients for cultivating rebelliousness that spawns innovation. The ingredients include curiosity that encourages people to frequently ask "Why?" and "What if?" instead of accepting the status quo. Senior executives, who often feel pressure to deliver answers, would benefit from asking more probing questions, she adds. As an example, she offers Greg Dyke, who became the BBC's director general in 2000. For six months before taking the role, he roamed throughout the broadcaster's offices and initiated lunchroom conversations with staff members. The goal: ask people at all levels what would improve the BBC overall and their workplace satisfaction specifically. "Because his formal vision of the organization's future was ultimately influenced by those conversations, many people were interested in helping him achieve it," she says.

He also distributed yellow cards modeled after the penalty cards used by soccer referees. If a staff member thought someone was unnecessarily blocking a new idea, he or she could wave the card. "Dyke said he wanted the cards to help him promote change and remove barriers that people had been encountering in the past," Gino says.

Outdated and otherwise inadequate technology also hinders collaboration and ideation, according to just over a fifth of the respondents (21%). As later results show, executives are planning new technology investments to support collaboration and provide more free time for employees to perform more strategic tasks (instead of spending time on rote tasks).

To fully address the various roadblocks to enterprise-wide innovation, most senior leaders will need more effective ways of quantifying the value of their efforts. Many enterprises can't easily determine the return on investment (ROI) when promoting innovation-oriented workplaces. Only 14% say they can track most or all those efforts. That leaves 68% that can't accurately measure ROI or can do so for only some of their initiatives (the remainder aren't familiar with how their companies track innovation-related ROIs or their companies don't have innovation initiatives). Without accurate data, executives will struggle to build business cases for new spending or widespread organizational and cultural change.

Important ROI metrics include traditional proof points such as revenue growth, customer satisfaction rates, and reduced costs through improved efficiency. But consultants advise executives to add other indicators to the mix. "We measure changes in key behaviors on the part of employees that lead to successful innovative outcomes," says Chow. "For example, we've found that teams that evaluate five ideas in parallel are 42% more likely to achieve a successful product launch than those that consider one idea at a time. In addition, teams that understand an organization's process for bringing forward new ideas are

83% more likely to achieve successful product launches than when the process is unclear."

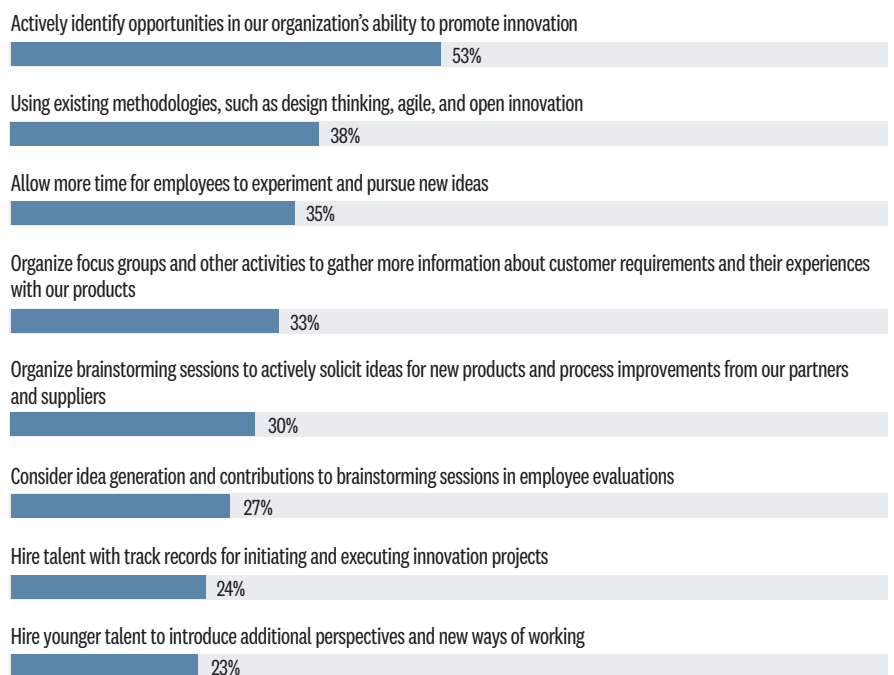### How Enterprises Will Invest in New Ideas

Over the next year, more than half (53%) of the respondents say they will actively identify opportunities for enhancing their organizations' innovation capabilities. FIGURE 7 Related initiatives for 38% of organizations will apply formal methodologies, such as design thinking. A similar number (35%) will allow more time for employees to experiment and pursue new ideas, while 33% will organize focus groups and other activities for gathering more information about customer requirements and experiences with the company's products. Thirty percent will also organize brainstorming sessions with partners and suppliers to generate ideas for new products and process improvements.

> "WE'VE FOUND THAT TEAMS THAT EVALUATE FIVE IDEAS IN PARALLEL ARE 42% MORE LIKELY TO ACHIEVE A SUCCESSFUL PRODUCT LAUNCH THAN THOSE THAT CONSIDER ONE IDEA AT A TIME."
> MATHEW CHOW, PORTFOLIO DIRECTOR, IDEO

FIGURE 7

THE PATH FORWARD FOR WORKPLACE INNOVATION

Over the next year, what steps do you expect your organization to take to promote innovation and creative problem solving by employees and partners?

Actively identify opportunities in our organization's ability to promote innovation
53%

Using existing methodologies, such as design thinking, agile, and open innovation
38%

Allow more time for employees to experiment and pursue new ideas
35%

Organize focus groups and other activities to gather more information about customer requirements and their experiences with our products
33%

Organize brainstorming sessions to actively solicit ideas for new products and process improvements from our partners and suppliers
30%

Consider idea generation and contributions to brainstorming sessions in employee evaluations
27%

Hire talent with track records for initiating and executing innovation projects
24%

Hire younger talent to introduce additional perspectives and new ways of working
23%

SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, APRIL 2019

Carving Out More Time for Ideation

The latest digital technologies are playing important roles and will continue to do so in organizations that value enterprise-wide innovation activities. Over the past two years, companies have been investing heavily in data management and analytics for processing large volumes of information (29%) and making insights readily available to businesspeople (31%).

Company leaders are also looking to technology to reduce the friction between employee productivity demands and time for ideation: 28% of respondents increased investments in digital automation to free people from routine tasks so they could pursue new ideas. Reflecting the growing desire for customer insights, 27% added tools and cloud services for real-time customer engagement.

The investments of the last two years will provide a foundation for spending over the next two years. Applications for data and analytics will be the highest priority for 34% of the respondents.

Analytics are important for assessing the potential business value of new ideas. "Most businesses don't have a shortage of ideas; the challenge is figuring out the right ideas to work on," Gray says. "Data can mitigate the risk of investing in the wrong idea by helping people test prototypes and develop an objective view of the potential returns. Leaders can then answer the ultimate question for each idea: 'What is in it for us as a business?'"

In addition to analytics, almost a third (32%) of respondents plan to invest in digital automation to free up employee time. The more organizations automate mundane tasks, the more time people can spend on ideation and problem-solving activities. Customer-engagement tools and cloud services are on the spending lists for 30% of organizations, while a quarter of the executives say they will be earmarking funds for cloud-based services that promote the communication of ideas and feedback among employees,

partners, and suppliers. Another focal point: integrated software suites for collaborative content creation and idea sharing. Twenty-four percent of companies will be adding these types of applications between now and 2021.

Finally, innovation experts highlight the need for clear strategies that support ideation and creative problem solving and turning these ideas into new and successful business ventures. Companies must skillfully move an attractive idea to the prototype stage and beyond, Columbia's McGrath says. "Companies have to nurture this cute little venture into a mature corporate grown-up, and that's often where the most risk lies," she warns. "Imagine a toddler going up against a 300-pound gorilla. That's the situation new ventures are in when people in the ongoing business have to meet quarterly numbers."

How are innovation-minded leaders mitigating these risks? W.L. Gore, a materials-science company, has one answer. W.L. Gore designed a business accelerator program that helps in-house innovators launch small-scale iterations of new products or services and prepare them to become larger business units within the corporation's established operations, says McGrath, who has studied the company. "The program is helping build up a customer base, create repeatable business processes, and gathering results that show it is rapidly growing and becoming central to the future business strategy. That makes it much more attractive to senior leaders than some flaky little business initiative that might just become a distraction for salespeople."

It Takes an Ecosystem

The pace of business change will likely continue as companies find new ways of capitalizing on AI, sophisticated analytics, cloud services, and other digital developments. As that happens, companies will be challenged to innovate every day. Global executives already see direct ties between innovation and business success, and in the next couple years these leaders expect innovative organizations will

hold a competitive advantage in their industries. But as the survey shows, many leaders remain unsure about the way forward to support more innovative workplaces and engage all employees in the ideation process. The answer lies in a comprehensive strategy that addresses the range of organizational, cultural, managerial, and technological components necessary for enterprise-wide innovation.

At IDEO, Chow is currently working with a global manufacturing company that wants to expand beyond its highly commoditized lineup of pipes and fittings to higher-margin products and services. "We've approached this transformation program from a perspective that looks at multiple areas, from new talent and digital strategies to promoting operational excellence and sustainability and helping them make a positive impact in the world," Chow says. "All of those areas are deeply interconnected, which shows how innovation requires fundamental business change rather than something companies can do with an innovation lab or workgroup off to the side."

METHODOLOGY AND PARTICIPANT PROFILE

A total of 482 respondents drawn from the HBR audience of readers (magazine/ enewsletter readers, customers, HBR.org users) completed the survey.

SIZE OF ORGANIZATION

47%	11%	16%	8%	19%
1–500 EMPLOYEES	500-999 EMPLOYEES	1,000–4,999 EMPLOYEES	5,000–9,999 EMPLOYEES	10,000 EMPLOYEES OR MORE

SENIORITY

28%	35%	18%
EXECUTIVE MANAGEMENT/ BOARD MEMBERS	SENIOR MANAGEMENT	MIDDLE MANAGERS

KEY INDUSTRY SECTORS

12%	11%	11%	9%	9%	9%	8%	7%
GOVERNMENT/NOT FOR PROFIT	BUSINESS/ PROFESSIONAL SERVICES	MANUFACTURING	CONSULTING SERVICES	EDUCATION	FINANCIAL SERVICES	TECHNOLOGY	PHARMA

JOB FUNCTION

20%	10%	10%	8%	
GENERAL/ EXECUTIVE MANAGEMENT	CONSULTING	R&D/INNOVATION/ PRODUCT DEVELOPMENT	HR/TRAINING	ALL OTHER FUNCTIONS ARE LESS THAN 7% EACH

REGIONS

48%	22%	15%	7%	5%
NORTH AMERICA	EUROPE	ASIA/PACIFIC	MIDDLE EAST/ AFRICA	LATIN AMERICA

Figures may not add up to 100% due to rounding.

Harvard Business Review
ANALYTIC SERVICES