

Five Truths of Innovation for Forward-Thinking Boards

“Innovation is the ability to see change as an opportunity — not a threat.” – Steve Jobs

While the tech industry celebrated these words when first spoken, the truth is the adage applies to every organization today. In this era of constant change, globalization, geopolitical conflict, pandemics, and more, innovation isn't a nice-to-have strategy; it's the critical differentiator between companies that will thrive in the long run and those our children won't be able to name.

Still, many companies fail to prioritize innovation. They see innovation as a project or a budget line item allocated to support company strategy. We don't have to look too far into history to recall household brand names that failed to change with the times. Kodak. Blockbuster. Blackberry/RIM. These are just a few of the once-thriving organizations that eventually grew complacent in their success while the world around them evolved with new technologies, changing models, and new ways to serve customers.

As companies look to the future, wanting to navigate change successfully, here are five truths of innovation.

1. Innovation is a discipline

One misnomer regarding innovation is



its serendipity. That it's luck. That some companies stumble on just the right technologies or product-market fit.

Innovation experts know better. They know that innovation is a discipline. It has a method and a framework. Forward-thinking companies prioritize innovation like they would any product launch, human capital initiative, or marketing campaign—it's not an "if"; it's a "how."

As Annalisa Gigante, board member, CEO, innovation expert, and faculty member of the DCRO Institute, notes, "Innovation has rules. It has things that work and don't work – it's a process. There is a systematic way to think about innovation and build your innovation competency that will deliver the right outcomes."

2. Innovation Starts in the Boardroom

Innovation requires change—changes in thinking, resources, and culture. Given the importance of innovation to our success, an innovation culture must begin in the boardroom.

Boards are ultimately responsible for ensuring a company's strategy and execution create sustainable, long-term value. Boards define the company's direction and attitude toward innovation. Are there sufficient efforts and resources dedicated to innovation? How often is innovation measured, reviewed, and adjusted? Ultimately, it's a board-level decision on balancing the company's appetite for risk-taking with innovation opportunities.

"Any organization wanting to stay relevant for years to come must learn to embrace risk, recognizing innovation is a continuous process of smart risk-taking."

- David R. Koenig, Qualified Risk Director®, President and Chief Executive Officer, the DCRO Institute



Pictured above: Annalisa Gigante, board member, CEO, innovation expert, and faculty member of the DCRO Institute



Pictured above: Dr. Mark Frigo, board member, Director & Professor, the Center for Strategy, Execution, and Valuation, Strategic Risk Management Lab at DePaul University, and DCRO Institute faculty member

Pictured Right: Brian Aoaeh, venture capital partner, innovation expert, and faculty member at the DCRO Institute

Dr. Mark Frigo, board member, Director & Professor, the Center for Strategy, Execution, and Valuation, Strategic Risk Management Lab at DePaul University, and DCRO Institute faculty member, notes, "Creating a culture of innovation is every board director's job. Innovation should be integrated into the entire strategy of the company. You can't just give an order to get employees to innovate – the process should be embedded within the organization's way of being, common language, and stated attitude towards risk."

3. Innovation is a result of culture

Companies with reputations for breaking through the barriers of the status quo and empowering their teams to challenge assumptions and think in new ways are able to create incredible value. When employees feel safe to experiment – and fail, when it's expected of them to try new things, trusting they won't be punished for ideas that don't work—a culture of innovation emerges.

A culture of innovation begins with expectations of continuous improvement and creativity. It provides the appropriate support culture to foster an embrace of risk-taking. It welcomes new and different

ways of thinking about and seeing the future.

"Driving innovation requires people within your company have the ability to assess, monitor, and embrace change," noted Brian Aoaeh, venture capital partner, innovation expert, and faculty member at the DCRO Institute. "Board members need to give company leaders permission to rethink how they manage and embrace uncertainty."

4. Innovations are big and small

Moonshots get the headlines – those big ideas that change the world define what many think of when describing innovation. But value-creating innovation happens every day at organizations with an effective innovation culture, in both big and small ways.

An innovation can be as simple as a new macro in a spreadsheet that saves time, improves accuracy, or something more significant, like an idea for improved quality control in an extensive manufacturing process.

It's good to have moonshots to test too, but don't forget the value in finding ways to do what we do every day just slightly



Pictured Right:

Dr. Ingrid Vasiliu-Feltes, CEO of Softhread, founder, and CEO of the Institute for Science, Entrepreneurship, and Investments, and a DCRO Institute faculty member



better – to innovate in quality and productivity. The journey of a thousand miles begins with the first step.

“In the context of how quickly the world around us is changing, corporate leaders have the opportunity to take a portfolio view of their company and innovations, just like an investor might think about their portfolio of companies and investments,” said Brian Aoah.

5. The accelerated pace of change is here to stay

If innovation is a pillar of business success, it’s only become more so since 2020 when the Covid-19 pandemic turned businesses and our personal lives inside out. Businesses had to move at lightning speed to mobilize and align their teams across a largely remote workforce; they had to re-imagine how they operated to meet customer expectations.

For many organizations, success meant nearly overnight digital transformation. It pushed many companies and their leadership teams over the hump of hesitation. In just weeks or months, companies catapulted their migrations to the cloud, championed Artificial Intelligence (AI), and adopted a range of remote workforce tools. It wasn’t so much that they embraced digitization as much as the world forced it on them—but no matter. The changes implemented in response are here to stay, and the world is moving faster because of it.

“The global business ecosystem is even more dynamic than just a few years ago. Emerging technologies are deploying much faster,” said Dr. Ingrid Vasiliu-Feltes, CEO of Softhread, founder, and CEO of the Institute for Science, Entrepreneurship, and Investments, and a DCRO Institute faculty member. “There is no time for the four-year strategic plan. It used to be that just startups or scaleups had to be nimble. Now, corporations must be just as agile to survive or thrive in this novel environment.”

And the pandemic is just one of the many elements of the business climate that are in motion. The pace of change today is fast. But it’s the slowest it will be for the rest of your life.

So, what do we do to embrace these truths?

Innovation can be learned. Most companies know they have gaps and vulnerabilities in their approach to innovation—but they aren’t sure where to begin. Yet, the essential nature of innovation is that it cannot be avoided if we want to thrive—your company’s future depends on it.

Executives and directors can learn the frameworks and tools to take a positive approach to innovation today and embrace the risk-taking their successful future requires.

Proven strategies exist to stimulate innovation and foster an innovation culture throughout an organization.

Your next innovation is to **learn how**.

Explore our latest program
Innovation: Effective Risk-Taking, Corporate Renewal, and the Role of the Board