

# Rethinking Inova©tion:

## Why good things are often closer than you (may) think

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The almost inflationary use of the term innovation is increasingly diminishing its meaning. Everyone can (and even must!) be innovative because «it» is crucial for survival. This is especially true for a modern, forward-thinking company. Who can afford to stand still nowadays or even go backwards? Or is that even an option?

The Latin term innovare means to innovate or to renew. The prevailing basic understanding in business literature is often based on the assumption that only a radical renewal is good enough to ensure a long-term competitive advantage. This often results in a flood of «innovation initiatives». These are being fed into the company on different levels and for various processes and contents. Hence, it is hardly surprising that even insiders have difficulties understanding who is doing what, where, why and how.

This is especially true for more complex innovation solutions. It can therefore be beneficial to bundle the initiatives and to coordinate them on a regular and cross-functional basis. One example is the distributed ledger (blockchain technology) and its scope of application in corporate governance processes: A database that is based on cryptography – which validates entries through a peer-to-peer network by means of a consensus algorithm, provides them with a time stamp and stores them in sequential blocks – is truly revolutionary. However, analyzing its actual potential for the respective value chains (still) seems anything but trivial.

Such rapidly developing and widespread technologies make it possible to handle board relevant processes or votes (also on the occasion of general meetings) in the future. Today's information, communication and control processes towards stakeholders will change and – in one way or the other – hopefully be simplified.

With respect to this, the executive management is playing a pivotal role: on the one hand by keeping an eye on the opportunities and challenges for effective innovation performance. Here, the allocation of resources is paramount. A regular examination of various innovation initiatives within the company is not only a question of budget allocation but also concerns the prioritization of entrepreneurial attention and energy. On the other hand, a continuous evaluation of innovation initiatives according to and in accordance with the corporate strategy is imperative for the smart use of finite resources and the ultimate decision whether – and if so, how – to continue and develop the respective initiatives. One should not

«Life isn't about waiting for the storm to pass; it's about learning how to dance in the rain.»

(anonymous quote, more recently attributed to Vivian Greene)

underestimate the challenge of deciding to end an initiative independently of individuals and as «neutrally» as possible in the company's own best interest.

Furthermore, seemingly simple innovations should be given special heightened attention – for example the prioritization of information quality before information quantity as well as the focus on entrepreneurial core competencies. It is particularly important to keep the focus on the client (less time for inessential things), to promote active entrepreneurship (versus «merely managing») as well as to cultivate a culture of enthusiasm, joy and engagement. Failure needs to be an option and can lead to success. Creating space for creative thinking and reflection periods for the VOID is also crucial (just abandoning expectations of needing to be present 24/7 can work wonders). And, last but not least, truly critical thinking should be valued – even if this is an inherently unpleasant side effect for the homo sapiens.

With respect to the quote above, there are three indispensable thoughts:

- *Rethinking underlying assumptions:* «Do we even want to dance in the rain?» Every executive management should examine and decide whether they should and can participate in the respective innovation initiatives. Who knows, it may even be beneficial for some companies to avoid dancing in the rain altogether and to «just» sing in the rain, or to enjoy it quietly not doing anything.

- *Carefully observing prevailing conditions:* «What kind of storm is it?» The key is to observe the kind of storm before one starts to dance. Accordingly, fundamental questions should regularly be discussed. This includes: Which industry are we part of today and what will the situation look like tomorrow? How are we positioned geographically and demographically? Are we where we want to be and/or are there other growth opportunities (also of virtual nature)? Could it even be advantageous to shift our markets (in some areas or altogether)? Are today's client needs congruent with tomorrow's, and in which life cycle are we with respect to our products, services and processes? How exactly are we going to identify the consequent opportunities and risks for our business models?

- *Passion for the movement:* «Do we like this dance?» Here, the motto is – not every dance is attractive and suitable for everyone. And this is ok. Be it waltz, tango, salsa, merengue, country and folk or hip hop; without fun and according active engagement, innovation initiatives are mostly just expensive measures with little effect. Innovation culture (individually designed) must not just be an empty phrase. A shared understanding and exemplary behavior determined by the «tone at the top» is the key to success.

To sum it up and associate it with the initial quote, a company should also allow for an innovation initiative to be paused, reconsidered and even suspended. Innovation in small steps or an initiative that even takes (or needs to take) back one step does not necessarily mean for the company to miss the boat (wherever the future lies). However, if the momentum is right and the executive management supports the innovation initiative, the rocket can be launched with more «courage to take risks» without allowing internal political obstacles to extinguish the fire before it has been lit.