Innovation happens
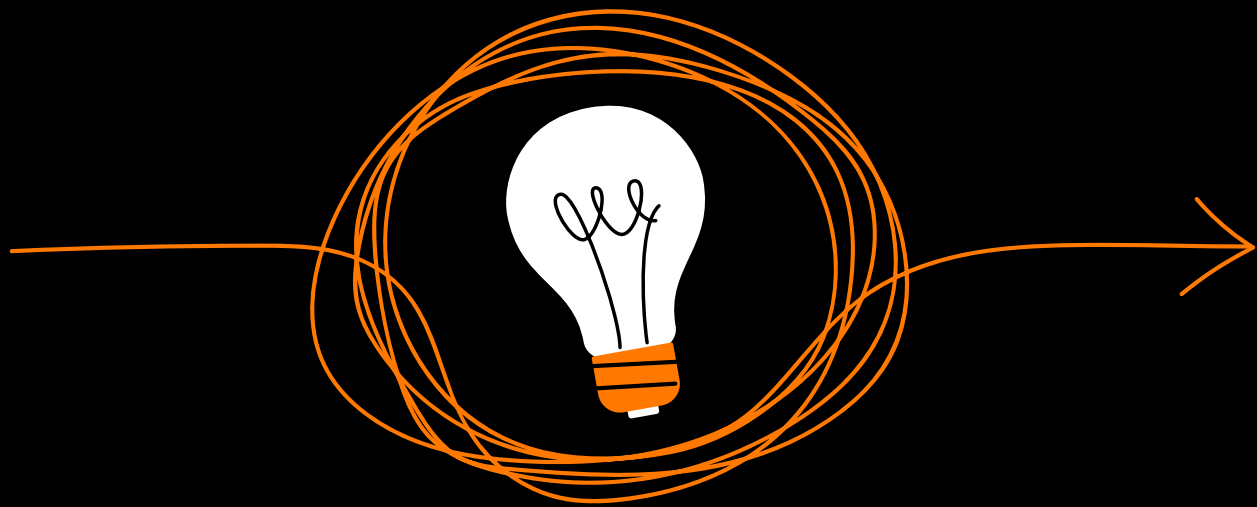
when you dare to ask the wrong questions

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Any business contemplating their digital investment plans must weigh up whether they wish to simply 'keep the lights on', or to aim for transformational change.

In reality, this is a 'damned if you do, damned if you don't' scenario as achieving true digital transformation requires simultaneously shifting to an innovative mindset whilst also operationalizing the business to create new relevance for your customers.

How do you square that circle?

Digital Business Transformation has become a continuous state for most companies. About 9 of 10 companies are continuing to explore the opportunity of digital business transformation and for very attractive reasons. Should they succeed, they may be able to create value faster, operate more efficiently and offer hyper-personalized services at a fraction of the existing cost.

Consequently, those companies that don't embark on the journey or (as is so often the case) fail to succeed, may find themselves in a situation where even a currently unknown competitor will be able to disrupt them.

The old IT maxim that 'if it isn't broken, don't fix it' has no place in successful businesses anymore and the pressure to proactively innovate and make transformational change is very much on.

Beware Dark Matter

Every company – even the most successful – is dealing with the consequences of 'dark matter ': this consists of the technology, people, and processes (comprising most of the tasks performed in an organisation) that are not properly captured, tracked, or measured against new, business goals, and which would require almost unlimited resources to modernize to proper maturity.

Figures suggest that – particularly for those parts of the business most in need of digital transformation – the typical representation of dark matter in a company is more than 20%: our own experience suggests that companies with as much as 90% dark matter can continue as market leaders because their business processes still work – despite the obvious inefficiencies.

Nevertheless, many of these companies find themselves struggling to hire and retain talent due to their inability to offer career opportunities directly linked to innovation capabilities. As time passes, the workers managing this dark matter are either ageing or leaving for more interesting jobs elsewhere – making operations even more costly and risky.

> **Long story short:** business processes carefully crafted in the past, which have brought these companies significant success, are built on a legacy which is frequently incompatible with future innovation or modern ways of operating. This sets up a 'no win' scenario in which businesses strive to achieve the mutually exclusive goals of balancing 'as-is' operations with the need to disrupt their own business model before a competitor can.

[1] https://www.hrmagazine.co.uk/content/comment/tackling-the-human-cost-of-the-dark-matter-of-work/

Dark matter — Technology — People — Processes

Questioning the obvious

Faced with this dilemma, leaders typically ask themselves fairly obvious questions such as:

> **'How can we free capital by moving from CAPEX to OPEX?'; 'How can we optimize costs to free up capital for innovation?'; or 'How can we increase development speed to get new ideas to market faster?'**

Now, these are clearly important questions, which will inevitably lead to solutions like data center consolidation, virtualization, cloud, DevOps, SOC or disaster recovery. However, while these answers might provide some redress for the shortcomings of current operations, they encourage simple optimization rather than leading a business down the path of innovation – for two reasons.

Firstly, the premise of these questions is they assume a known solution exists, they lack specificity on "end-user" enablement, and they do not facilitate the exploration of new approaches. Secondly, it's also likely the case that these questions have been asked every year for the last decade.

Why is it important to be innovative or increase innovation throughput? One of the key drivers of digital business transformation is the continuous evolution of the operating model, the need to deliver fundamentally new value – or even reinvent the model entirely – by introducing innovations that bring new relevance to the business. So, companies feel they must keep investing and try, try again until they succeed.

The problem with this approach is that it simply doesn't work. As we've heard, analysts agree that the vast majority (up to 90%!) of transformation efforts fail dismally, due to reasons such as organizational exhaustion and not delivering anticipated value. So, simply seeking updated answers to questions you have asked before is to conform to the popular definition of insanity – of doing the same thing over and over again and expecting different results. You can only deliver the transformational change you need by taking a new perspective on how you approach innovation and which questions to ask.

The triple-edged sword of people, process, technology

In technology, quantum computing is increasingly prominent: it will have a major impact on Artificial Intelligence use cases and will disrupt anything relying on traditional ways of computing numbers and processing algorithms – from encryption to predictions.

FAs technology matures, people are not only developing new, more efficient ways of working but also exploring new ways of creating and consuming value. Some companies are bringing new business models to life and operating very differently from what was the norm just a few years ago – meaning processes are being rapidly accelerated by end-to-end digitalization, artificial intelligence, and new digital building blocks.

It no longer makes sense to separate IT from the business as end-to-end digitalization of the operating model favors autonomous teams, cross-functional goals and the adoption of several new competencies and roles. Unfortunately, for many companies, the dark matter in their development teams continues to hold back business continuity and innovation capabilities in all teams.

According to statistics, most companies struggle to properly motivate their employees with engagement rates averaging only 20%; and employee productivity averages only 3 hours per day – no matter their working hours. This represents a challenge for any organization undertaking digital business transformation: creating sustainable innovation capabilities takes more effort than just keeping things as-is, so it is essential to keep employees motivated.

On the positive side, if you are pursuing innovation in the interests of making employees more engaged and productive, it not only enhances the employee experience and talent retention but also profitability. Studies have shown examples of a mere 2.5% increase in employee efficiency generating a huge 50% increase in profitability. Increased engagement at work should also come with a positive increase in production quality and people's willingness to embrace new developments.

Increase 50%

Increase 2.5%

to

Employee Efficiency

Company Profitability

Putting Square Pegs in Round Holes

An inability to distinguish between innovation that drives new relevance and ways of creating value and that which merely optimizes current operations will limit an organization's ability to develop, retain and hire innovative people with new talents.

Why? Because putting these individuals in the wrong roles or into teams with an old mindset is to fundamentally misunderstand what they are capable of achieving or can bring to the table.

An AI prompt engineer is not to be confused with a copywriter, an AI ethics designer does not necessarily belong in your compliance team; and cloud-native security talents don't necessarily care about your infrastructure discussions.

Conversely, there may be value in seeking to place individuals in roles that are not obviously suited to them – after all, a small square peg will fit quite comfortably in a round hole. It would be unfair to expect your entire data team to all become AI experts: but perhaps a layperson with one year's experience of AI could bring a fresher perspective to new challenges than someone who has been working in AI for the past decade – and may have less accumulated bias?

Overall, if you are biased by previous experience as to what does or doesn't work and what questions are deemed to be reasonable, the challenge is not what you can achieve within your current structure and perspective with innovative people and innovation, but what you can't achieve.
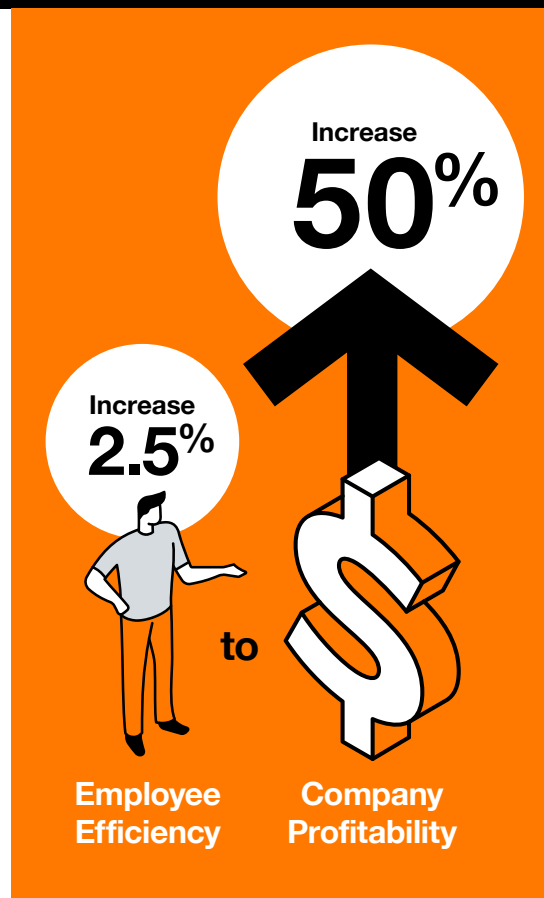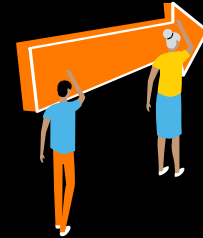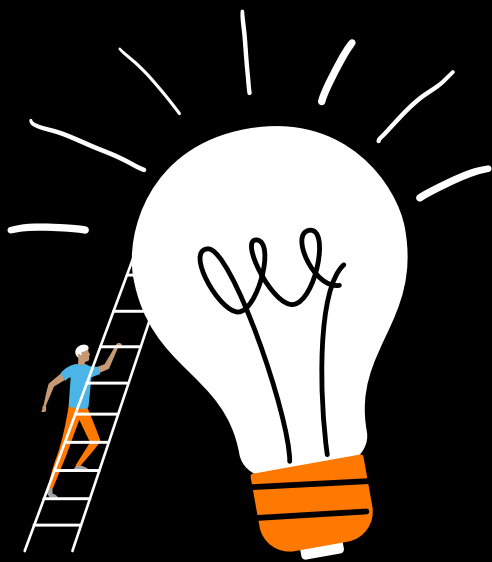
Unlocking the innovation mindset

What you refer to as innovation today likely happens within the constraints of your current operating model; and this hardly favours the asking of questions which force you to redefine the rules or transform your ways of working.

So, how about accepting the idea of asking questions that may seem wrong because they challenge how you operate today? What about adopting new thinking that aims to solve problems or opportunities from a perspective that few dare to put to work.

One technique you could apply to achieve a changed mindset is to visualize your most desired outcome without any reference to the rules of the current operating model, to think of the future in terms of untapped potential. So, ask yourself, "What could success look like?" or,

> **" What can we enable our customers to do that they have never been able to do previously. "**

The more specific you can be about your desired intent concerning your end-customer, the more creative space you leave for exploration of the idea or statement. Also, formulating your intent as a precise purpose makes it easier for people to relate to it and helps to unify your teams.
Are you struggling to visualize what these unconventional ideas would look like in real life?

Why not do a hackathon away from your corporate building or offices and try to bring your ideas to life as a concept blueprint of technology, process, people – but with the timeframe of just few weeks for full implementation (no more than 3 months). That should force you to explore new perspectives and maybe even use new parts of your own mind.

Or why not ask yourself, "How can we make this work go away?" Studies show that as much as 80% of what we do at work can be classified as repetitive tasks, the majority of which can be automated or even eliminated. There may be nothing wrong with doing the same thing two or ten times – but hundreds or even thousands of times? Repetitive tasks decrease physical and mental health and only waste valuable brain power on tasks that simply add to the dark matter in your company.

Business as Unusual

Reviewing the groundbreaking science of the past proves that real innovation starts not within the safe spaces but at the edgier end of the spectrum.

A new product, a "cheat the line" button or another way of contacting your customer service is merely an add-on to the same current limitations that you need to break free from and won't deliver the change you seek. New relevance with your customers will not come by optimizing your current value propositions or just adding new features to your existing platforms, but by fully understanding their situations and desires.

Making real innovation a priority as opposed to a 'nice to have' will only come about by exploring your own untapped potential. It will require you to gain a new perspective by daring to be specific in your questioning in a way that forces you to think differently about the real purpose of your business – to understand WHY you should pursue a goal as much as HOW you should achieve it.

Focusing on your 'raison d'etre' – your reason to exist – should make it easier to stand out from the crowd and avoid becoming a copycat business. A strong vision can be explored from different angles: you don't need assets to provide a travel experience, you don't need to lend people money to be a bank and you may not need people to run a business.

There is no silver bullet or best practice to succeeding with innovation; but realizing that even the most successful businesses have untapped potential beyond their current operating model is a step in the right direction.
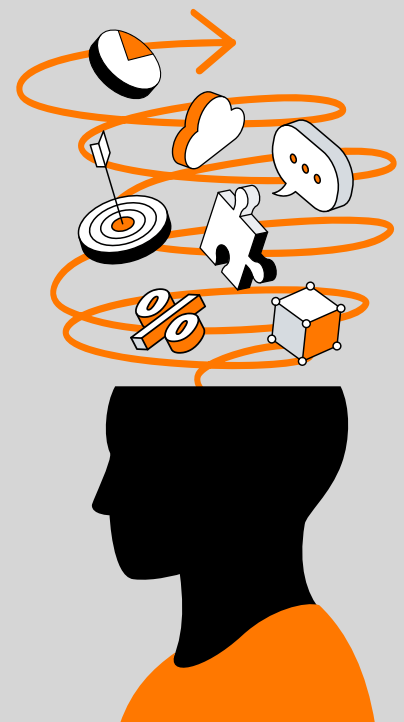
Innovation happens when you dare to ask the questions that may seem wrong for your current operating model.

From there on, the obvious is often right in front of you, as obscure or as hard as that might be to believe.