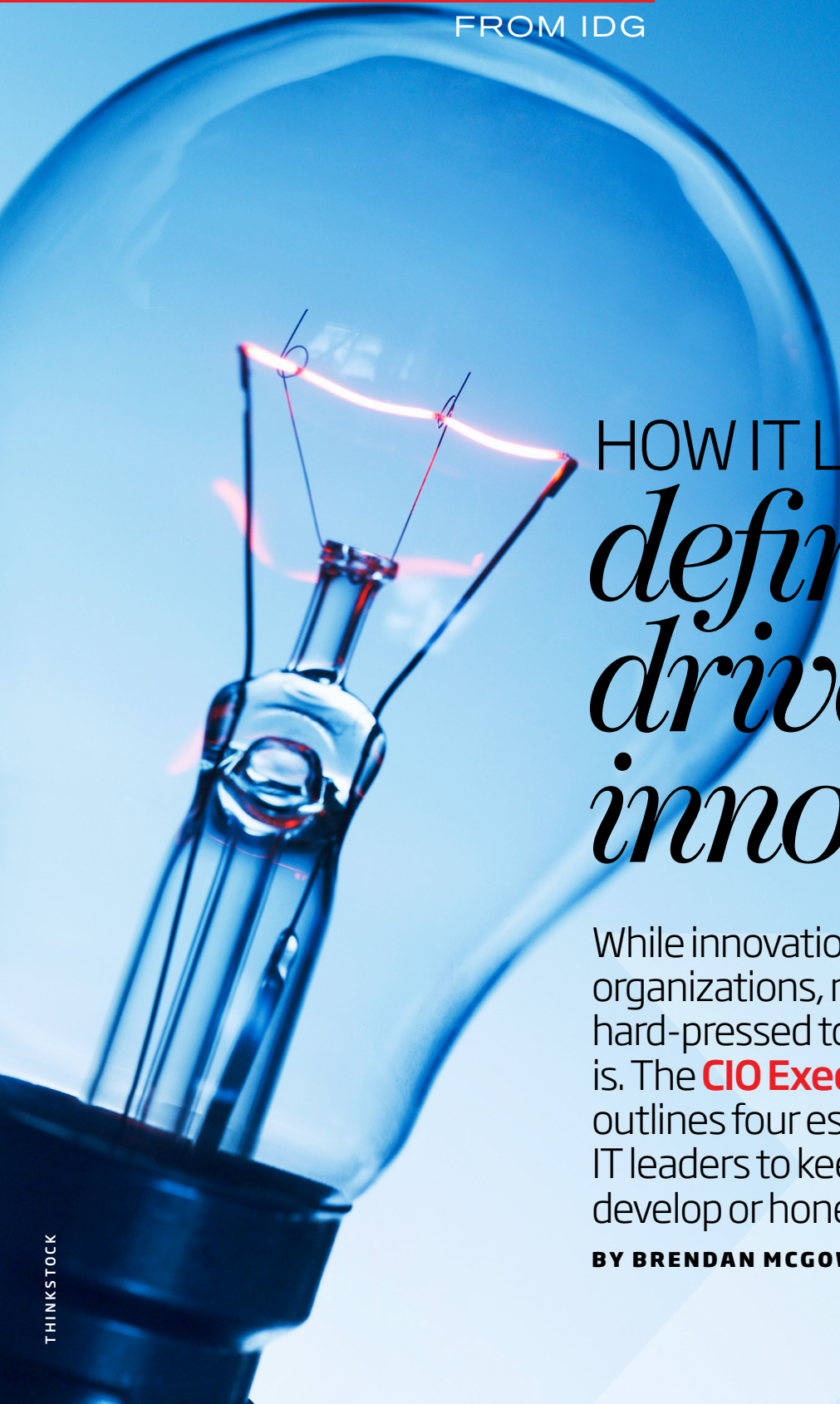


CIO

EXCLUSIVE RESEARCH: **INNOVATION**

FROM IDG



HOW IT LEADERS CAN
*define +
drive IT
innovation*

While innovation is a goal of most organizations, many IT leaders are hard-pressed to define what innovation is. The **CIO Executive Council** outlines four essential principles for IT leaders to keep in mind as they develop or hone their strategies.

BY BRENDAN MCGOWAN

Many intrinsic tensions manifest themselves when IT leaders seek to become more innovative. There is, for example, the question of economy: How long will management tolerate endless whiteboard-wielding brainstorming sessions until the realities of opportunity cost come to the fore? And there are also the inherent problems that arise in trying to create an “innovation culture” when the terms innovation and culture seem so indefinable and subjective on their own.

Although innovation is the goal of nearly every organization, a majority of IT leaders (56 percent) believe that there is no fixed definition for innovation whatsoever, and that malleable definitions change based on the situation, according to the results of the [CIO Executive Council \(CEC\) 2016 IT Innovation Survey](#) (see Figure 1). If innovation is a constantly moving target, as three out of five IT leaders claim, then IT organizations must prove themselves slightly acrobatic to compensate. In other words, to capture lightning in a bottle, IT leaders must change bottles frequently.

Additionally, 24 percent of IT leaders assert that there is no specific definition for innovation at all, and that it can be observed only through its impact and delivered value. They believe that innovation reveals itself only through reactive observation and “Eureka!” moments, not predetermined strategy. Only one out of five (20 percent) IT leaders claim that innovation has a firm definition that can be applied universally, according to the CEC survey.

The CEC survey is intended to guide IT leaders by providing a summary of peer attitudes towards innovation; concrete action steps they have taken (and avoided) in the pursuit of success; and impediments holding them back. The data presented herein represents a cross-industry view on the state of IT innovation efforts, helping IT leaders to analyze opportunities and pitfalls as they craft their own innovation strategies.

Figure 1

Which of the below statements do you believe to be most true?

20%

Innovation has a **concrete definition** that can be applied to any scenario

56%

The definition of innovation **changes according to the situation** and application

24%

There is **no specific definition** for innovation; we can only observe innovation through its impact and delivered value

BASE: 117 IT leaders | SOURCE: The CIO Executive Council (CEC) 2016 IT Innovation Survey

FIGURE 1: IT leaders are ambivalent about the definition of innovation



There is no magic bullet, but IT leaders who are effective at change management rely on two key attributes: transparency and flexibility.

The definition dilemma: Identifying IT innovation

IT leaders' ambivalence about innovation's definition has translated into a scattershot approach when it comes to execution and implementation. Survey respondents were asked to rate the efficacy of the 10 most common innovative behaviors, as determined by the CIO Executive Council Research Board (see Figure 2).

No individual behavior is seen as either "extremely effective" or "very effective" - the top two response options - by a majority of IT leaders. When these two response options are combined, the three most effectual practices are having "creative brainstorming sessions" (48 percent); seeing "leadership providing and advancing an innovative vision" (45 percent); and having "leadership 'mentors' within the organization to drive change" (42 percent), respectively.

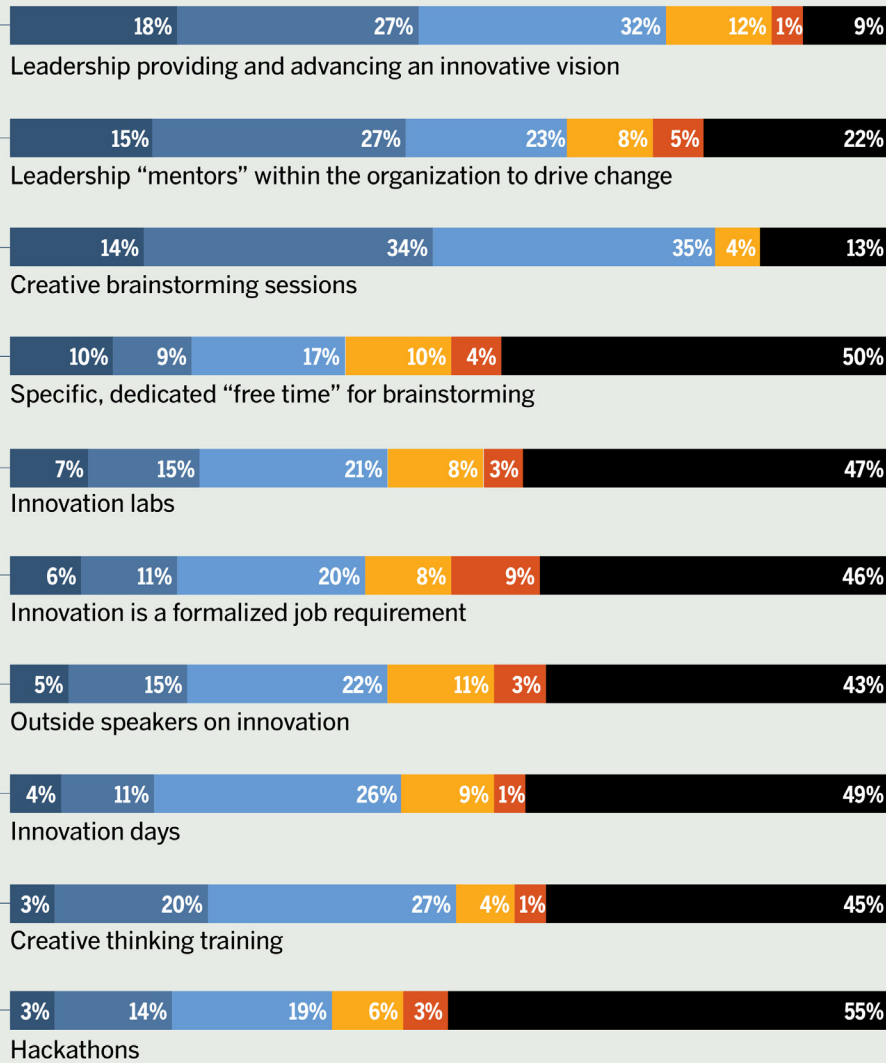
[\[Related: 5 ways to cultivate a culture of IT innovation \]](#)

These top innovation behaviors don't cost anything on their own. They are manifestations of culture and vision. On one level, it is reassuring to see how democratic and cost-effective innovation can actually be - but, seen another way, this result is almost certainly a reflection of how many other practices are left untested and untried. Seven of the 10 behaviors had adoption rates lower than 60 percent. Even hackathons, the lauded pet projects of Silicon Valley and beyond, were employed less than half the time.

Figure 2

How effective are the following practices to your IT department when it comes to driving innovation?

Extremely effective Very effective Somewhat effective Not very effective Not at all effective Not using



(Percentages may not total 100 due to rounding)



BASE: 119 IT leaders | SOURCE: The CIO Executive Council (CEC) 2016 IT Innovation Survey

FIGURE 2: The effectiveness of innovation behaviors

Despite all this, IT leaders take innovation – or, at least, the idea of innovation – seriously. In an industry that seems to generate buzzwords spontaneously, the vast majority of IT leaders (68 percent) contend that ‘innovation’ is not a buzzword at all (see Figure 3). Yet three-quarters (72 percent) of IT leaders also agree with the statement, ‘Very few companies are really innovative,’

Figure 3

Please indicate if the following statements are true or false.

	 TRUE	 FALSE
Innovation can be a process or a product	90%	10%
Very few companies are really innovative	72%	28%
I hire for innovation, and I can detect in an interview if someone is innovative	57%	43%
When it comes to innovation, speed is more important than immediate ROI	46%	54%
A certain group within my larger organization has been formally dubbed an “innovation task force”	36%	64%
My IT department provides incentives for innovation	36%	64%
Innovation is a buzzword	32%	68%
We have a concrete process for measuring the potential for innovation efforts, as well as ROI	23%	77%

BASE: 118 IT leaders | SOURCE: The CIO Executive Council (CEC) 2016 IT Innovation Survey

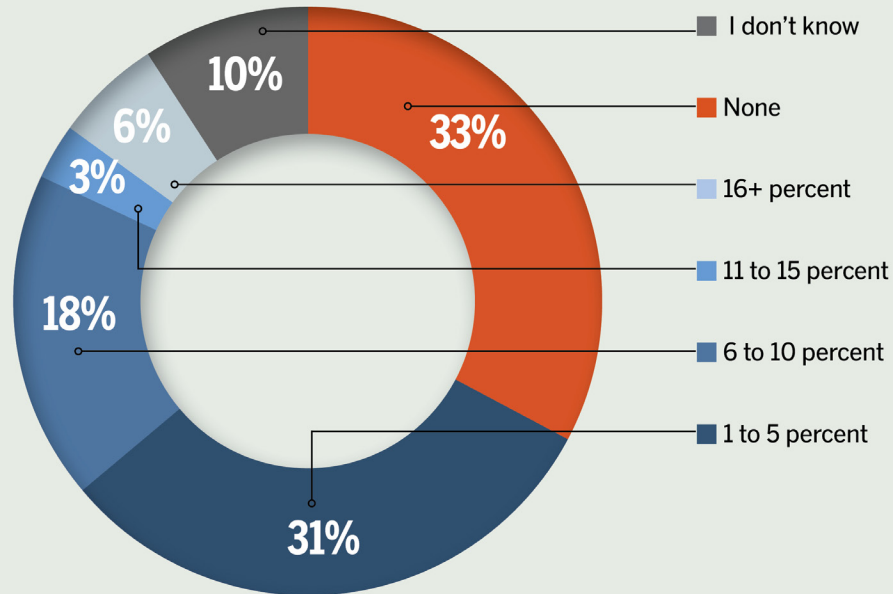
and only one-quarter (23 percent) actually have a concrete process for measuring the potential for innovation efforts, as well as ROI.

FIGURE 3: Attitudinal statements on IT innovation

Naturally, it is essential to unearth the specific impediments that IT leaders claim hold them back. And while it is too facile to summarize the responses as “time, money, and other people,” that would not be terribly far off, either. Two-thirds of IT leaders (63 percent) claim that they simply don’t have time to innovate given day-to-day tasks, and half (50 percent) state that their leadership does not allocate sufficient funds for innovation efforts (see Figure 4). Nearly half (48 percent) registered that their culture was simply not change-oriented.

Figure 5

What percentage of your IT budget is formally dedicated to innovation activities?



(Percentages may not total 100 due to rounding)

BASE: 117 IT leaders | SOURCE: The CIO Executive Council (CEC) 2016 IT Innovation Survey

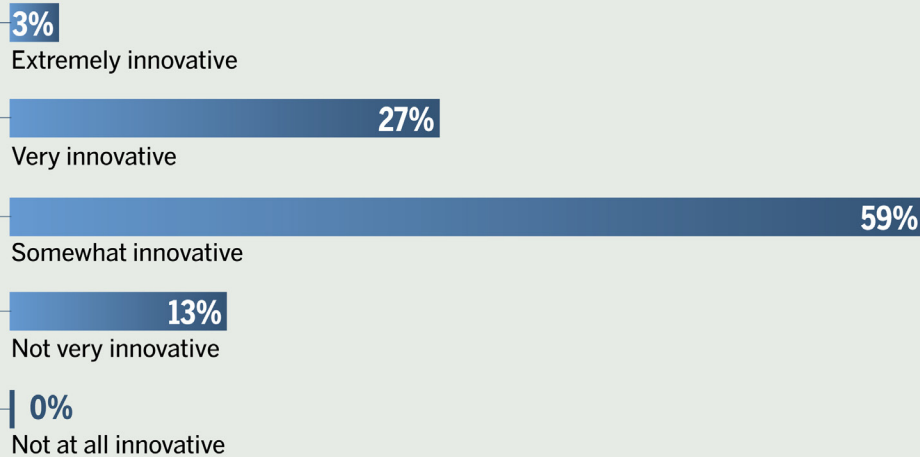
FIGURE 5: Innovation budgets as a percentage of IT spend

IT leaders are generally satisfied with innovation efforts overall, with nearly one-third (30 percent) stating that their IT departments are “extremely” or “very” innovative (see Figure 6-1). And three out of five (59 percent) say that IT is “somewhat” innovative. In spite of the self-described barriers detailed earlier, it is clear that IT leaders sense a degree of success with low-cost, collaborative innovation practices.

Perhaps unsurprisingly, IT leaders, responsible for implementing far-reaching and dynamic business technologies, generally affirm that their departments outpace their larger organizations when it comes to innovation. This sentiment gap is subtle but evident. For example, the percentage of IT leaders who claim that their IT department is at least somewhat innovative, outpaces the percentage who would say the same about their overall organization by a two-digit margin (see Figure 6).

Figure 6.1

How innovative is your IT department?

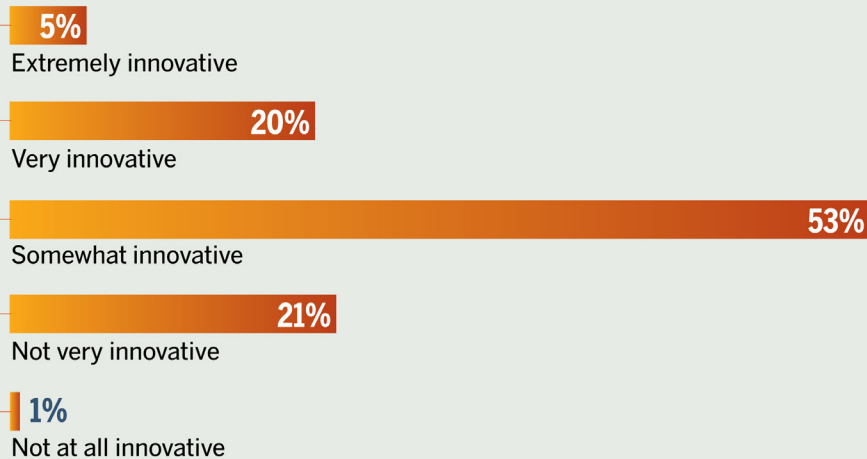


(Percentages may not total 100 due to rounding)

BASE: 117 IT leaders | SOURCE: The CIO Executive Council (CEC) 2016 IT Innovation Survey

Figure 6.2

How innovative is your overall organization?



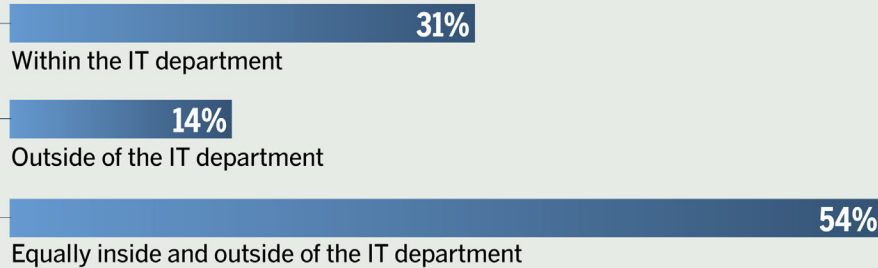
BASE: 119 IT leaders | SOURCE: The CIO Executive Council (CEC) 2016 IT Innovation Survey

FIGURE 6: IT leaders' innovation self-assessment

Ultimately, however, IT leaders view collaboration as the most important hallmark of departmental innovation initiatives. The majority of IT leaders (54 percent) hold that IT innovation initiatives primarily originate equally inside and outside of IT, and an additional 14 percent indicate that they actually originate outside of the IT department (see Figure 7).

Figure 7

Where do IT innovation initiatives primarily originate within your organization?



(Percentages may not total 100 due to rounding)

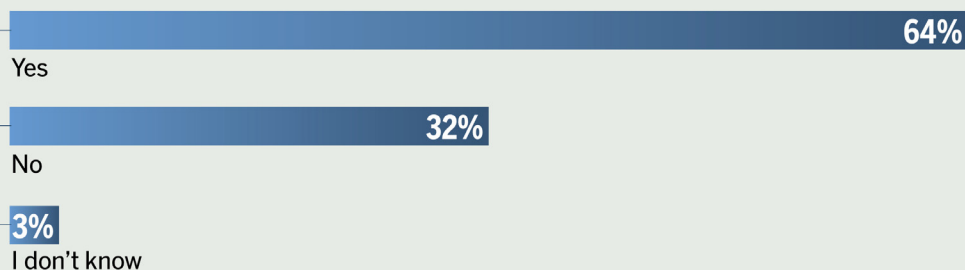
BASE: 118 IT leaders | SOURCE: The CIO Executive Council (CEC) 2016 IT Innovation Survey

FIGURE 7: IT leaders indicate the source of IT innovation initiatives

As the CEC survey demonstrates, definitions for innovation remain elusive, and a variety of potential tactics remain untried. Ultimately, however, definitions matter less than results, and IT leaders maintain that they are setting up their larger enterprises for success. Fully two-thirds (64 percent) of IT leaders state that they are taking the steps necessary to drive innovation across the business (see Figure 8).

Figure 8

In your opinion, is your IT department taking the steps necessary to drive innovation across the business?



(Percentages may not total 100 due to rounding)

BASE: 117 IT leaders | SOURCE: The CIO Executive Council (CEC) 2016 IT Innovation Survey

FIGURE 8: IT leaders believe they are taking the right steps

Because the term “innovation” reflects such a broad array of behaviors and subjective outcomes, there is a lot of room for progress and growth – however an IT leader defines those terms. And this satisfaction with innovation efforts is pervasive, despite the fact that, as shown earlier in Figure 3, only 36 percent of IT leaders state that their organization maintains an “innovation task force,” and a mere 23 percent have a process for measuring the potential for innovation efforts and ROI. Innovation, in other words, is as expansive or minute as IT leaders and their stakeholders need it to be – and IT departments are not hung up on definitions and formalities as their process-minded reputations might suggest.

[\[Related: CIO strategy for driving IT innovation \]](#)

[\[Related: CIO decisions enabling strategic IT innovation \]](#)

IT leaders must become change agents. When it comes to innovation, all of the intangible advantages that IT leaders bring to the workplace – their cross-department perspective, their expertise in emerging technologies – will continue to be undermined unless the pitfalls are identified and overcome.

As the CEC data reveals, three-quarters of IT leaders (72 percent) believe that only a few companies are really innovative, and half (48 percent) said their culture was simply not change-oriented. What is critical for these IT leaders to recognize is that innovation largely hinges on belief – a strong desire for the new and the beneficial, and the conviction to pursue it – as well as culture.

Rather than passively sitting on the sidelines, IT leaders must take responsibility for accelerating change, and realize they are accountable for contributing to the culture. The most innovative behaviors in the CEC survey revolved around human interaction: collaboration, mentorships, and the sharing of a vision. By assertively making the choice to foster this sort of collaboration, IT leaders will be better suited than ever to drive their organization – and, perhaps, their industry – forward.

The 4 principles of IT innovation

There are four essential principles that define and drive IT innovation that every IT leader must keep in mind as they develop or hone their strategies, according to the CIO Executive Council Research Board:

1 ROI-backed innovation is sustainable innovation. Innovation must solve, or prevent, a problem or provide a shortcut to a tangible anticipated result (e.g., a new revenue stream or an enhanced customer experience). That means that a laser-like focus on outcomes is paramount, coupled with extensive communication across the enterprise.

“To be more innovative, you have to be close to your business partners where they have real problems,” says Kristie Grinnell, vice president and CIO at General Dynamics. “Solve the problems with business-led IT on a small scale basis and then if the innovation is the right answer you can scale for the rest of the business.”

Julius Tomei, chief customer and information officer, and head of supply chain at Focal Point, agrees. “Innovation must have a purpose tied to the business and its customers,” he says. “Innovation is not about the latest and greatest technology or gadget – it’s about how we can do things

better - whether that's the right person for the right job, better processes, or [making] better use of the existing technology."

Raj Singh, CIO at FordDirect, is one of the 53 percent of IT leaders in the CEC survey who have employed an innovation lab to meet this goal. "With the current pace of change in technology," he says, "innovation is now the oxygen for any organization striving to be a disruptor. Every organization must have an innovation center with a license to go 'outside of the lane,' operate without constraints, and explore future trends without the fear of failure."

"At FordDirect," Singh adds, "we challenge our Innovation Lab to keep an eye on evolving technology, monitor changes in consumers' behavior and model future needs. The Innovation Lab's goal is to focus on future value creation and solve future problems, four to five years from today."

Rather than passively sitting on the sidelines, IT leaders must take responsibility for accelerating change, and realize they are accountable for contributing to the culture.

2 Collaboration cultures become innovation cul-

tures. Culture is perhaps the single most important determining factor when it comes to innovation. Yet is impossible to objectively quantify culture - a messy mixture of complementary and competing personalities, tasks, drives, and agendas. It is far more profitable to focus on what IT leaders can control - namely, formalized, specific actions - that drive innovation, and allow those quick wins to help shape and define culture, which is malleable.

"Build opportunities to surface innovative ideas and disruptive innovation into your standard operating process," says Kevin Neifert, CIO at Raytheon Company. "This allows leaders on your team, and innovators in your organization, to surface ideas and provides an opportunity for you to visibly demonstrate your support of innovative thinking. You won't be able to take action on every idea, but that's OK. The value of fostering a culture that embraces innovation far outweighs the negatives of the few things you might not be able to support."

3 Trust is the currency of dynamic IT organizations. Trust is both a leading and lagging indicator of innovation. Only trusted IT leaders are given the leeway to drive change in the first place; and increased trust is the intangible benefit that innovative IT leaders bring back to their respective departments.

Trust is also the accelerant that turns colleagues into innovation advocates. IT leaders must “continually engage those who can help champion your idea and help accelerate it to becoming a success,” says Frank Ribitch, senior vice president technology for the Americas at IPG Mediabrands.

“Innovation comes in all shapes and sizes,” adds Focal Point’s Julius Tomei. “Successful IT leaders are passionate about the business and look for opportunities to be impactful. They must be a business partner first and an IT leader second.”

4 Innovation is change, and change creates emotional reactions. Resistance to change is natural. Innovation efforts are simultaneously energizing and destabilizing. People fear loss of control and autonomy, and warily try to sort out what the ‘new normal’ really represents. Depending on the nature and scope of the change, jobs could be at stake.

There is no magic bullet, but IT leaders who are effective at change management rely on two key attributes: transparency and flexibility. They must discuss the potential opportunities and pitfalls candidly and make themselves completely available to their peers. And they must be nimble enough to guide their colleagues, point by point, to long-term success.

“Innovation by nature is creating a change within your organization,” says IPG Mediabrands’ Frank Ribitch. “Change is often met with emotion, which can help quickly derail your initiative. To combat this, be nimble. You’ll find not everything will work as you had initially anticipated. Learn from your iterations and adapt appropriately.” ■