HOW INNOVATION CAN ACCELERATE YOUR COMPETITIVE ADVANTAGE
Innovation reigns front and center when we think of companies like Uber, Airbnb and Tesla, but it can be argued that most organizations take the innovation process for granted. It should not, however, as innovation leads to tremendous benefits for society – economic growth and increase in wages, life expectancy, standard of living and increased leisure time, and the reduction of technology cost making more technology available to drive even more innovation.1 With those types of benefits, one might think that every organization would have an innovation program in place, but that is not the case. The numbers vary by region, but it appears that until recently, only about half of surveyed companies have a formal innovation program, even if most executives believe it would be beneficial.2,3 But per recent Accenture research, innovation programs are currently on the rise, especially in the United States.
INNOVATION IS A PRIORITY

There is no shortage of recommendations for how to become more innovative to stay competitive. A recent Forbes article discusses the requirement for innovation to keep pace in the agility arms race - driven by digital transformation, cloud technology migration, workplace virtualization, and tech advances such as artificial intelligence and the Internet of Things. If you do not have a focus on innovation it is very possible you are trailing the pack instead of leading it.

The benefits of innovation at the organizational level are compelling. The big headlines have certainly focused on market disruption and the expansion of market share. However, the more conservative will also find improvements from efficiency and cost reduction attractive. Innovation also drives improved employee retention and can lead to greater work-life balance. Societal benefits aside, there is good reason for any business to foster innovation with more defined processes, automation and policies.
Many might think of innovation as happening only in think tanks or the laboratories of R&D functions. To the contrary, the emerging trend, which is now commonly termed open innovation, has a home across the enterprise, among discrete organizations and between organizations and unaffiliated individuals. Open means open.

Open innovation practices are represented by new actions such as crowdsourcing, hackathons and idea challenges. Tesla is a poster child of open, as they share advancements in battery development across the industry to drive the entire battery-powered world forward. However, while it is a trend, it is not a gimmick. Open innovation is here to stay, as it is too successful to go back to being closed.

OPEN IS THE NEW BLACK
This is not to say that we are proposing that R&D drop the secrecy. There are certainly times when it is appropriate to keep a product development initiative under wraps. Open innovation has many other applications – enterprise-level innovation, university sponsored entrepreneurship, societal issue collaborative innovation, even the space race. However, there are two use case categories to explore for the average organization to improve its innovation competency: how to drive innovation within the enterprise as a competency across the organization and how to leverage technology-driven innovation within IT.

An increasingly common role in the C-suite is the chief innovation officer. R&D may or may not report there. But what is absolutely in the charter is the requirement to drive innovation as a competency into the fabric of the organization. How to tap into the innovative powers of the entire employee population, and potentially beyond. This requires a number elements to be put into place: policies and culture that encourage innovation, processes that promote innovation as work tasks, technology that enables the innovation process, and skills that harness individual talent and facilitate collaboration.

Another emerging trend is the development of innovation competency within IT, especially focused on using new technology to drive business improvement. The speed at which technology advancements come into the market is increasing exponentially. Learning what technologies match which business need can no longer be left up to technology vendor sales professionals. IT now needs to serve as a technology knowledge source, aggressively researching the emerging technology marketplace and bringing back solutions to problems the business may not even be fully aware exists.
The concept of a Center of Excellence (CoE) is not new, but it is certainly popular. Sometimes described as a Program Management Office (PMO) in the past, centers of excellence are sprouting all over organizations to drive competency around a focused topic or work function. The CoE can be focused on a work function such as marketing campaign management, it can focus on a software application such as customer relationship management, or potentially a specialized skill such as business analytics. Generically the concept is to bring together a centralized set of skills and services that deliver expertise to a business audience that otherwise would not have the ability. It leverages an economy of scale, but also delivers consistency and continuous improvement regarding whatever topic it is focused around. Innovation is just the latest topic to be the focus of the CoE. Developing an Innovation CoE is appropriate for both use case categories listed above. Building an enterprise-level innovation CoE fits the description well – economy of scale, consistency of process, continuous improvement, and most likely some form of automation to enable it all. This naturally applies well to the idea of an IT Innovation CoE. The competency is focused on new technology that can be applied to new and emerging business requirements and is centralized to deliver this rare capability across the organization.
INNOVATION BEST PRACTICE COMPONENTS

Ultimately an Innovation CoE is made up of several best practice components brought together in a cohesive structure. Let’s look at them:

1. **Network** – at the core of the innovation process, this is the source of problems, ideas and advancements. Most are groups of individuals that form some affinity around a topic such as improving a billing process, technology such as robotics, or a product such as blood diagnostic device. The Innovation CoE ensures that the innovation network is established, nurtured and brought together with the use of collaboration tools.

2. **Idea Pipeline** - managing the innovation process within the network requires an ideation focus for how an idea is developed until it is manifested in its final state – a new company, a new product, a new process, a new system, or a new campaign (the list is literally endless). This pipeline has stages of maturation from inception to delivery, and the innovation network serves as the source of the idea and the means to advance it to fruition. Stages can include actions such as brainstorming, funding approval, proof of concept, and delivery. Again, the variation depends on the purpose and the organization. Mature innovation programs utilize innovation software to manage both the ideation pipeline and the innovation network.
Innovation Delivery - getting an idea into execution stages requires another key component, delivery, which can take on several forms. The key state is an environment where the idea can be advanced and tested. For new technology, this will entail what most will call an innovation studio or lab. For other business applications, it may be a workspace that fosters collaboration and creativity. It is all about the resources provided to the network to create and execute. For example, if you want to run a hackathon you need to provide the automation platform to work within.

One element of the IT Innovation CoE that can be challenging is the innovation lab. This can require an understanding of emerging technology and more resources than some organizations are prepared to deliver. This is a common area to outsource to a partner specializing in technology innovation. Commonly referred to as Innovation-as-a-Service, an innovation partner can provide the appropriate level of innovation capacity required. Innovation firms commonly provide innovation event management for crowdsourcing programs like hackathons as a service as well. While these competencies can be built over time and brought in house when the time is right, utilizing a partner in the short-term could be your fastest path to innovation success.

Governance – this is the final component required of a successful Innovation CoE. Governance provides the structure, strategy, funding and the adjudication around the innovation process. Innovation challenges are chosen by the governance team based on organizational strategy. The promotion of innovative programs and incentives are also managed through this structure. The governance processes set the direction and keep the program on track. Innovation can certainly happen without the governance aspect of a CoE, but it won’t necessarily follow the direction the organization needs to go. Governance ensures the success of the CoE.
The Center of Excellence best practice components and competencies may feel a bit overwhelming, however, you don’t need to build everything at once or have all elements be fully mature from Day 1. The CoE can develop over time just as the innovation program will develop over time.

Setting up the Innovation CoE can be a pretty quick exercise with a little bit of budget and sponsorship. Acquiring an innovation app or platform can be economical as well. They are built in the cloud and are acquired in a pay as you go model, not requiring a large upfront investment. Whichever approach to innovation makes the most sense for your business, get one running and put out your first innovation challenge to your network – the crowdsourcing of ideas will begin as soon as you flip the switch.

**CONCLUSION**

**SOURCES:**
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