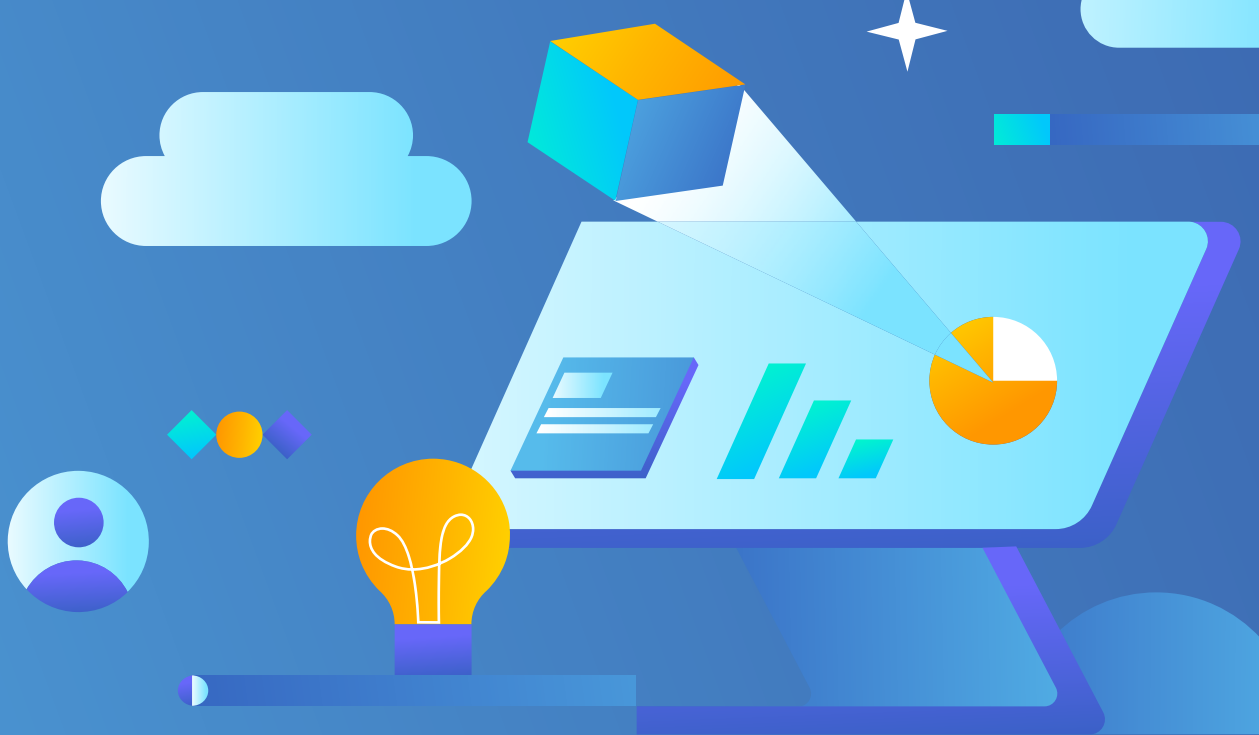# INNOVATION MANAGEMENT AT SCALE

HOW TO GET INNOVATION DONE

10-12 minutes read for CEOs, VPs of Innovation, Innovation leads, Digital Transformation managers, CMOs, and Product Leaders.

By Taras Kholopkin, Milan Lakhani

soft**serve**

What is innovation in the context of enterprise and human resources? Is it about the process or culture? What should leaders know about innovation management to ensure their company lives up to its description?

Innovation—without working in siloes—vis the way to do business in the 21st century to create a firm foundation for sustainable growth. Against a backdrop of growing global competition, rapidly evolving technology, and social changes, business leaders must embrace innovation's critical role in their organization's growth. However, creating and delivering innovative ideas at speed is challenging to execute and sustain.

Focusing on innovation brings a vast array of benefits, including:
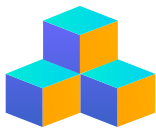
Collecting, discussing, scoring, and prioritizing ideas efficiently using a design thinking approach

Facilitating teamwork and employee engagement

Defining and implementing a new concept with minimal CapEx and maximum market adoption

Building a sustainable culture of innovation

Improving communication with prospects, customers, and partners

Evaluating goals with a complete audit trail

Shortening the time to create new value with higher success rates

In this interview, Taras Kholopkin, Director of SoftServe Innovation Platform, spoke with Milan Lakhani, Director of Transformation and Partner, Environmental, Social, and Governance at _Konica Minolta Business Solutions Europe,_ to find out the challenges and opportunities of scaling the innovative culture across the company. Milan was formally the Head of Strategy and Business Development at Konica Minolta's Business Innovation Centre, Europe.

The focus on innovation management helped Konica Minolta expand its product portfolio and leverage its world-class service and sales infrastructure. It also allowed Konica Minolta to tap into the rapidly growing information technology services, business process automation, and analytics markets.

Taras: **Thanks for joining us today, Milan. For those who use the word "innovation" every so often, it has become a buzzword that means different things to different people. What does innovation mean to you?**

Milan: Creating new value is the essence of innovation. You can have lots of ideas, and as long as they serve a purpose and resolve pain points that create value either internally or for a customer, they are innovative.

Taras: **Since the company isn't about one person, how do you ensure all employees are involved in innovation across departments? And why is this approach necessary in the context of innovation at scale?**

Milan: We need to consider two kinds of innovation: incremental and disruptive. Let me explain. Some departments may deal with innovations by default, constantly focusing on new products and services. Still, they don't label or recognize this process as "innovation". Disruptive innovation is different as its effects are immediate and transformative. It is essential to keep this difference in mind when engaging employees on innovation in various departments.

Another thing to consider is knowing where the company is now, where it wants to be in the next five or ten years, and how it will reach the goal. It will inevitably entail the innovation of the business and operational model. Ask yourself, what value can each employee bring to the table for this to happen? Because innovation isn't only about the process—it is also about the people behind it. Everyone has specific skills and contributions to add to the company in terms of value.
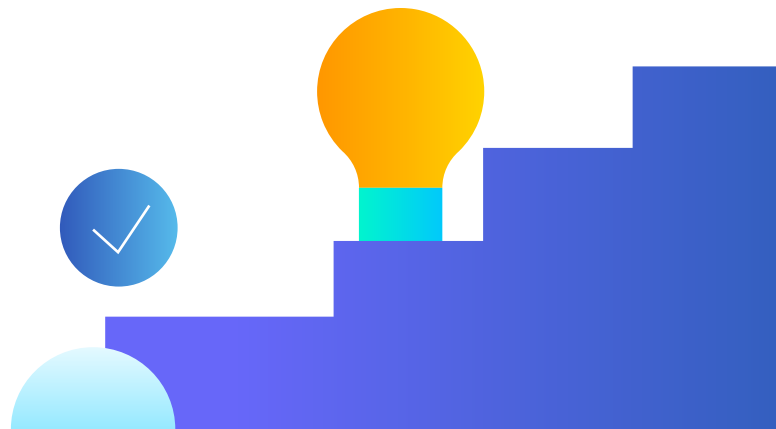
Taras: I see. So, there must be two types of people: those who contribute to innovations and those who innovate. Is it enough to engage all employees in incremental innovation, or does there have to be a specific environment for innovators to focus on innovation strictly?

Milan: That depends on the company. The contributors support continuous improvement in processes. For example, when the company transitions from paper-based operations to digital, the contributors examine where digitalization would be most beneficial and how to achieve that because it's wired into their workflow. It doesn't mean they can't develop innovative ideas. Suppose they have strategic initiatives for a particular project and can prove that it will enhance the course of the project. In that case, it becomes an innovation initiative worthy of further consideration and development.

Taras: Does a particular contributor understand the rules when expected to contribute?

Milan: That also depends on the company, and I've learned it happens under two circumstances: all-around sponsorship and an individual's motive. It's not enough to have the strategy to become a company that does X, Y, and Z; it's essential to show people how they would be rewarded for the innovation that will take the company to where it wants to be.

From my experience, reward and recognition serve as powerful drivers, and I don't mean financial compensation only. For many teams and people, recognizing their contribution is way more valuable.

Taras: So, is sending an email to the employee saying, "Thank you for the brilliant idea!" is enough?

Milan: Absolutely not. It's essential to have an ecosystem of ideation management that would be transparent to the stakeholders and benefit the participants of the innovation processes. Imagine that the only people who get the feedback are those whose ideas were considered successful. And if you don't get back to those whose ideas didn't make it through this time, they will lose motivation to do anything in the future. Innovation management is impossible without clear communication and transparent terms for evaluating ideas.
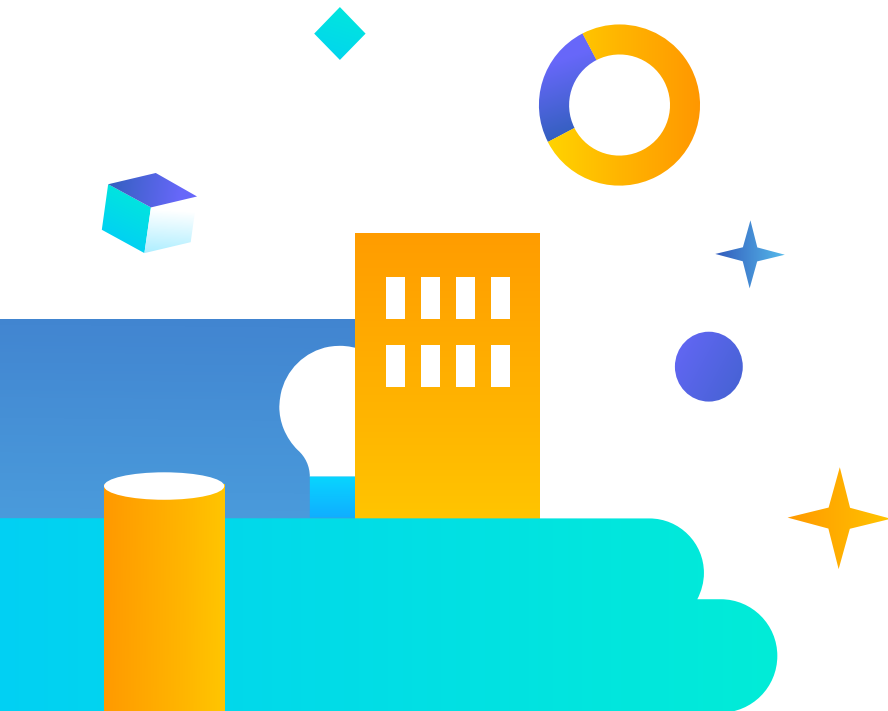
Taras: **What reward motivates people at Konica Minolta?**

Milan: The best reward would be to grant primary funding for project development, involve them in the process, and give them ownership. Of course, while it will include management approval, recognizing the idea and validating it will show people how their ideas contribute to the company's success. While the reward can be financial, we can also innovate how we recognize and reward contribution. The ideal thing to do would be to involve them with different departments or organizations and allow them to spend 10-20% of their time on the project to move it forward.

Taras: **Allowing to develop the project and be in charge of it works well when the person can launch or contribute. But what about incremental innovation, where leading, co-driving, or contributing is limited? For example, a gas station operator sees the issues and feels that they know how to resolve them but can't lead the project toward improvement. What do we do in this case?**

Milan: That's where education steps in, which is a crucial element of innovation. If the person lacks skills, we can follow three ways. One is education, where we inform and teach people about the company's strategies, how we innovate, and what things we need to consider while doing it. The second way is to empower the person to apply their knowledge to practice right away. And the third one is to organize a mentorship program to ensure guidance when a person feels stuck and to encourage balanced risk-taking and education.

Taras: **You might have a dedicated team of innovation managers or leaders who will try to incubate the idea. But in case they need more details or broader context, they invite the original contributor to collaborate, so the team can work further and use the resources.**

We can't just say that everyone trying to run innovation could do it on their own— that would impact the ability of all employees to contribute. But the goal of global corporate innovation is to enable everyone to innovate.

Milan: Exactly. For example, our company has a vision of transformation from a product-manufacturer to a solution service provider by becoming a digital company with insight into implicit challenges, so it requires a paradigm shift in how we approach customer-centricity. We, therefore, promote this transformation focus by concentrating on solving customers' needs by working closely with them - and, in parallel, ensuring the business and operational models support the go-to-market of innovations. Of course, you have to apply the *design-thinking principles*, be empathy-led, etc., and you should understand the customer by asking them questions.

So, we've got the techniques. But we also need to understand the direction we want to go, how it will affect the thought process, and how we approach customer conversations.
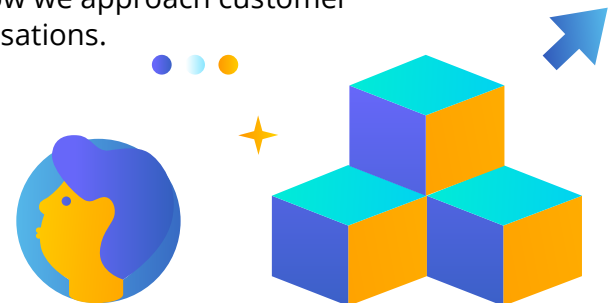
Taras: In the case of disruptive innovation or transformative innovation, you create a need that doesn't yet exist. How do you identify the idea that doesn't work for now but will potentially work in five years on the market?

Milan: Innovations sometimes go hand-in-hand with inventions. Take the selfie stick. In 1982, before the Konica and Minolta merger, a respected engineer developed and prototyped an extended stick to make better pictures. He filed a patent in 1983, based on its then-applicability, but we couldn't imagine its future potential. *The engineer referred to it as a "3 am innovation," meaning it came too soon or developed early.*

But we can also make erroneous predictions about the applicability of our innovations, even if we study the topic well. For example, we can research impactful issues like the United Nations Sustainable Development Goals or megatrends like society shifting, globalization, mobilization, localization, climate change, and the pandemic. And we will still see it'll have an impact in a way nobody could imagine.

Taras: Interesting. Well, innovation may be short- or long-term oriented. How does a company work on them evenly?

Milan: I suggest a 40-40-20 approach. The first 40% should focus on the "here and now" – existing technology on the market that could be merged with something else and repurposed. The next 40% are the mid-term innovations (from now to the next few years) focusing on significant trends like blockchain, artificial intelligence, or data-driven solutions. And then, leave the remaining 20% for disruptive innovations that may require more in-depth research and development than we have Konica Minolta Business Innovation Centers.

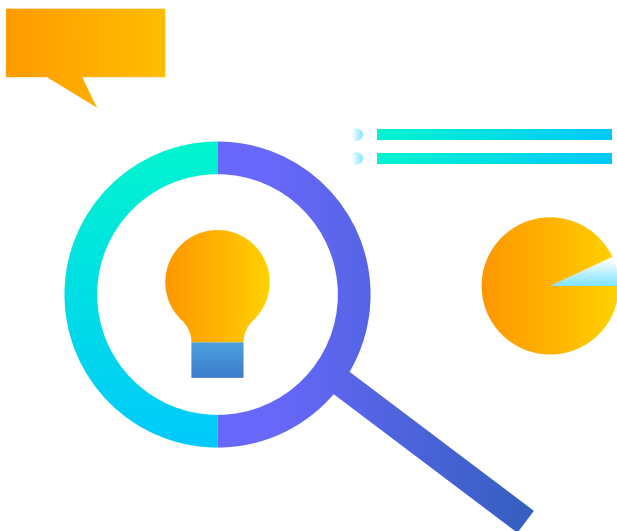## FOCUS ON PRIORITIZING INNOVATIONS—EXAMPLE

40%

Innovation "here and now" of the technology that already exists on the market

40%

Midterm innovation to explore upcoming trends and technologies

20%

Disruptive innovations that may require more R&D efforts

Taras: But how do you know when to engage the entire company and when it's enough to involve just a working group for innovation challenges? And what is your advice on planning private and public campaigns correctly?

Milan: Konica Minolta has around 40,000 employees globally and offers solutions in various segments (core business, IT Services, industrial and production printing, healthcare, sensing...). So, to innovate within those different divisions, considering the regional variations, we set a clear focus and strategize what we should innovate first. We also need a fully committed team to manage the whole campaign from start to finish to ensure it's happening at scale.

Experience has shown that idea management campaigns should always set start and finish dates and communicate what's going on before, during, and after. Transparency of the processes benefits employees and motivates their participation.

With working groups, it's critical to appoint the expert who will drive the team and assess whether it has the needed skills and resources to validate the idea. However, it also depends on the challenge type. If the problem requires specific skills, we only need people with these skills to work on the solution. If it's a complex challenge, we invite a working group of contributors with various skills that bring different perspectives.

Taras: And how do you work with private challenges? What are the rules, and who can participate?

Milan: At the Business Innovation Center, we paid attention to corporate strategies and customer relationships to know how these would affect the company and the customers. In a working group, the focus should always involve cooperation with the clients to help us understand and addressed their needs during the challenge.

Taras: So, private challenges are basically for validating pre-selected ideas using the necessary tools. And if you're not making any effort to push the concept to the next budgeting stage, it won't work. That's why people need support to move with the idea further.

But if you don't connect these ideas or challenges to a portfolio and company strategy, and if there's nobody to validate the ideas, that whole thing doesn't make sense as it doesn't generate any result. People lose their motivation to participate in the following challenges because they don't see their ideas in production.

Milan: Many companies do this performance of innovation, which rarely leads to tangible results. Not every innovation becomes a success, but if you don't validate the ideas early on, you take a considerable risk if you push the innovation further because you may end up with a product that doesn't fly.
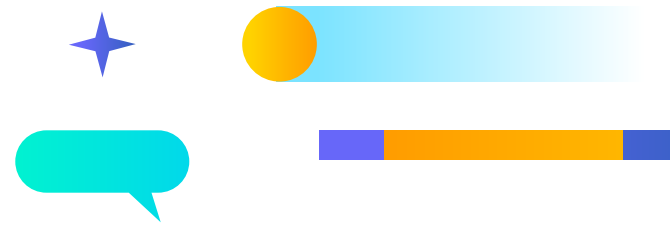
Taras: I'd even say you need a fast-paced validation to prevent time and budget waste and remain ahead of the competition. But what are the tricks to control the pace? Partner with some fast-developing vendors with the resources and skilled people or something else?

Milan: You do have to be fast because the moment you stop, you're left behind. However it may hurt the innovation ego, you need to partner with experts and bring in people from outside the company. And if you're able to create an ecosystem of partners, that will change the innovation game. It will entail additional costs, but you'll win in time and results.

Taras: But how do you manage partners and innovation stages?

Milan: It's very incubation-dependent; many partners have niche skills needed at a specific stage for a particular topic. So, our idea management stresses not to bring too many people or have too many incubations simultaneously. It used to be fun to have a lot of ideas, however, as you said, Taras, if they aren't focused and strategy-linked, they're pointless. So, while it's great to have tons of innovative ideas I recommend pushing the most relative ones for validation and development, and if they're not working—stop.

Taras: Is there a second chance for the idea that didn't pass the validation the first time? Would you get back to it later?

Milan: Yes, if we remember of its existence. It would help if you had a comprehensive and easily accessible log of ideas to keep them available for other projects. In parallel, it is helpful to document and share lessons learned.

Taras: Speaking about volume and scale, how do you innovate in an international, cross-cultural environment?

Milan: First, understand the cultural dynamic of the organization and wrap it around innovation. Second, bring people from different countries, backgrounds, and experiences to work on the actual business challenges.

We practice this in a cross-cultural intrapreneurship program called the Technology/Transformation Innovation Programme, which lasts six months. Managers agree that the participants will spend 10-20% of their time formally for the program and help solve business challenges. We educate participants on corporate innovation strategies and design thinking and give them tools & methods to work with during this time. The teams also learn to engage with people from different geographies, business units, cultures, and clients.

Stakeholder management, recognition, and rewards are important because they guide the process and keep people involved throughout the program. This year we launched a fully global digital intrapreneurship program with 55 participants across 20 countries working to solve eight business challenges; topics include digital, business, and operational transformation, and the growing area of Environmental, Social, and Governance (ESG). We are honoured to receive endorsements of the program by the CEO and President of Konica Minolta, Taiko san, and the President of Konica Minolta Business Solutions Europe, Sumitani san.

Taras: And how do you choose the participants for the programs?

Milan: Local HR managers and participant managers can nominate individuals, or employees can put themselves forward to participate in the program.

Taras: Nice. Finally, is it enough for the company to have these ideas or validations, or should it also run open innovation techniques and invite outside experts?

Milan: I try to keep a healthy mix of both. When we forward the challenges to external teams, they may validate them with hypothetical clients in mind, which aren't real now although could be in the future. And we will certainly refer to external teams if they have more expertise in the topic we want to work on.

Taras: This has been very informative. Thank you very much for taking the time to speak with me.

Milan: Thank you, it is my pleasure.

IN CONCLUSION

Employee engagement, reward and recognition systems, and transparent communication are essential components of innovation management at scale. While different challenges require different tools and approaches, creating a healthy ecosystem and basic routine is necessary to ensure consistency and promote results.

SoftServe Innovation Platform is the innovation management software that helps companies integrate innovation across different divisions, departments, and locations, from challenges to delivery and analytics. Ready to see your ideas in action? *Contact our team*, and let's see how our innovation software will change your game!
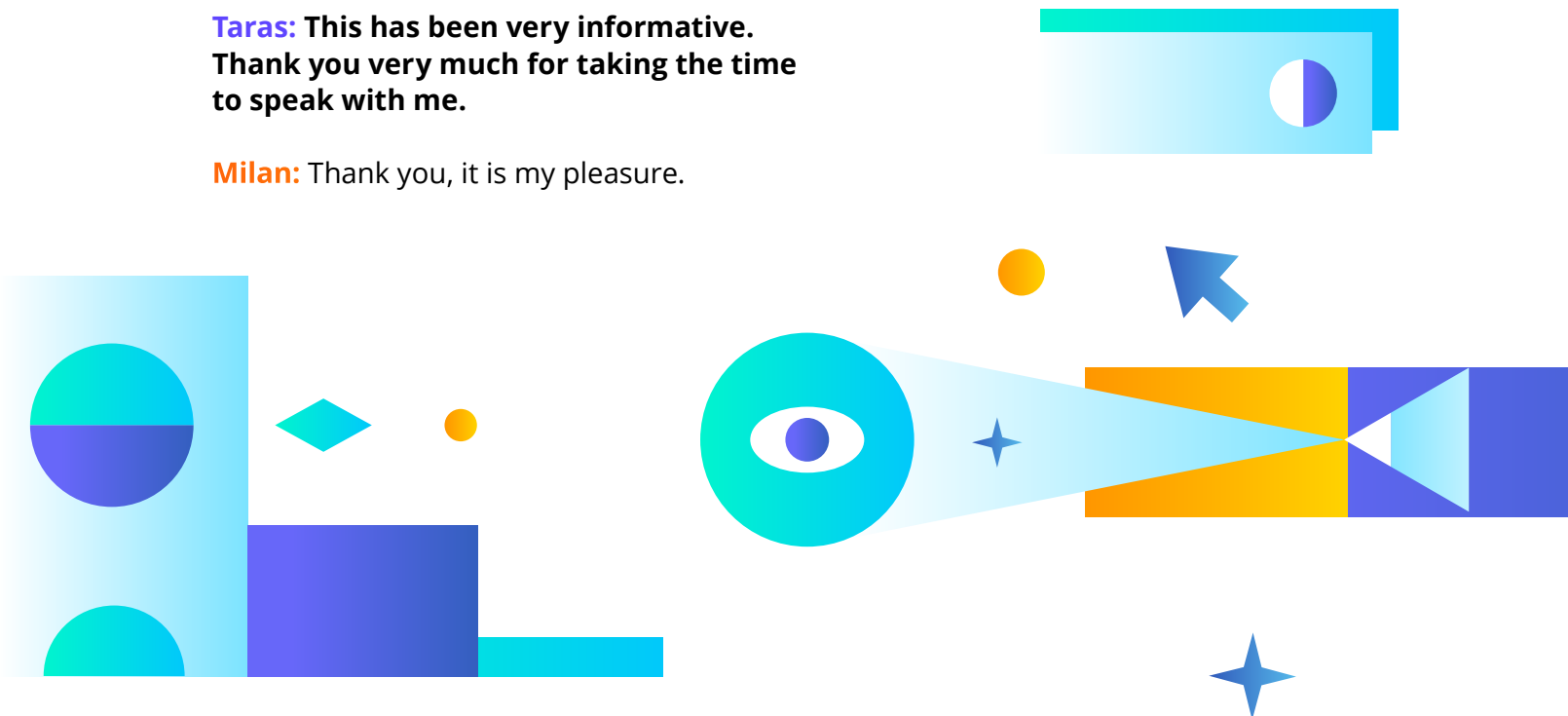
ABOUT US

SoftServe is a digital authority that advises and provides at the cutting-edge of technology. We reveal, transform, accelerate, and optimize the way enterprises and software companies do business. With expertise across healthcare, retail, energy, financial services, and more, we implement end-to-end solutions to deliver the innovation, quality, and speed that our clients' users expect.

SoftServe delivers open innovation, from generating compelling new ideas, to developing and implementing transformational products and services.

Our work and client experience is built on a foundation of empathetic, human-focused experience design that ensures continuity from concept to release.

We empower enterprises and software companies to (re)identify differentiation, accelerate solution development, and vigorously compete in today's digital economy-no matter where you are in your journey.

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