



Innovation as a growth engine

A strategic guide to power long-term transformation

Incremental optimization of core capabilities are non-negotiable. Continuous improvements are needed simply to keep up with everyday changes in the business environment. And with tangible results in sight, these types of innovation activities tend to draw support and attention.

Where many organizations struggle is jumpstarting and sustaining long-term innovation activities that are equally critical. It can be difficult to kick off and progress forward innovation initiatives that could lead to disruptive opportunities, challenge the organization's growth strategy or culture, or drastically change the course of the business, while rarely delivering immediate payoffs. From lack of time and budget to comfort with the status quo, there are many reasons for deferring or shelving long-term innovation work.

Neglecting long-term innovation will stifle long-term success

All obstacles aside, it is critical to add long-term innovation to the mix for multiple reasons.

Survival and growth: Future-forward innovation is critical for differentiation in every industry, providing protection from disruption and creating advantages competitors lack. Not being innovative is an existential threat, potentially putting your organization out of business. Meanwhile, innovating continuously can give you a leg up on current competitors and new entrants, and drive organizational learning.

Speed to market: The pace of change in the external business environment is accelerating. This is true when it comes to everything from technology advancement and convergence, to customer wants and needs, to connectivity between industries and markets. If your organization doesn't adopt this mindset, you risk missing the boat.

Customer and employee experience: In today's digital world, the last greatest customer experience becomes the minimum expectation for that customer. The current wave of customers and talent grew up on smartphones

and expect their real-time interactions with businesses to match what they have come to expect in the consumer realm.

A better world: At a macro level, long-term innovation is a growth engine for economies and societies. It matters from a competitive and reputational standpoint, and soon all companies will need to participate. And this is not just a business problem. Without bold innovation, our life expectancies wouldn't be increasing and large-scale innovation efforts like patient-centric healthcare and climate resiliency might not even be on the radar.

How to spark, support and sustain long-term innovation

Considering the more immediate and thus alluring results of small-scale innovation projects, it's easy to overlook or abandon the big ones (or leave them for the next leader to figure out). Yet, you can't afford to ignore radical, disruptive innovation.

It is clear that every enterprise needs a culture and structure that allows transformative innovation to surface and flourish. Here are six ideas for turning your organization into one that effectively practices long-term innovation.

Make it real: To build awareness of the need for long-term innovation, paint a strategic picture through scenario planning. Envisioning possible futures helps move innovation projects out of the science fiction realm and into a narrative that gets shared. Here's how: a) Start with a provocative but foreseeable future and build backward from it. b) Develop options for how your company needs to act differently in light of those futures. c) Align your innovation timeline against those capabilities to be ready for the future.

Reward it: In science, failure is expected, but in business, it can be perceived as career limiting. No one wants to be the person who figured out what didn't work. Many organizations expect members of the workforce to keep their heads down and follow procedure, using rewards—from compensation to promotion—that are tied to short-term goals. You can't drive transformative innovation that way because it encourages short-term behaviors. The good news is that problem-solving is hardwired into humans. So, make your people feel safe being "scientists." Don't stifle their natural creativity and their innate drive to find better ways to solve problems.

Reframe it: Position transformative innovation as a way of thinking and acting that everyone across the enterprise can understand, accept, value, and contribute to. Like the scientific method, start with a hypothesis, work through the problem, write up failures, share learnings, and systematically drive progress toward the desired outcomes. Show the organization that there are no bad ideas: whether findings are successful or not, all scientific research contributes to a body of knowledge that spurs future innovation.

Share it: When people display the sort of sustained innovation you seek, and serve as role models for others, make sure to reward those behaviors visibly. Curate and share stories of actions and rewards that are passed around and emulated. Every organization has a wide spectrum of success stories that get told. Make sure you have innovation-centered ones, too.

Recruit for it: You don't have to be a subject matter expert to have valuable insights into how things can work better. Non-doctors can run hospitals. Steve Jobs wasn't a programmer. The truth is that diverse teams that embrace an innovation mindset tend to solve problems in new ways that experts may not immediately see. To drive new thinking and innovate in a big way, you need a mix of skills and insights from different domains and a willingness to test, experiment and learn. Hire a broad array of passionate problem-solvers and bring their unique perspectives and experiences together. Also, look for people who have innovated in the past. They are familiar with the inevitable hurdles to innovation and have already learned how to respond.

Network it: Innovation—especially the long-term kind—isn't a solitary endeavor. It's a combination of multiple perspectives on the business, the industry, and the larger environment—a puzzle that needs to be solved. Companies often think—wrongly—that they are the only ones with a particular problem. You don't have to go it alone and you don't have to start from scratch. Build an ecosystem of cocreators—internal talent, startups, academics, alliance partners, etc.—to help you see the broader picture, learn from past efforts, accelerate faster, and create transformation that is truly meaningful. Humans repeatedly accomplish the seemingly impossible as participants in diverse, passionate teams with clear mandates.

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