

## The world of Innovation in 2030

### The shape of organisations to come

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#### Perspective

One of the questions that seems to have started forming over the last one or two years is the following: what will the shape and role of organisations be, in 20-30 years time?

In this document I would like to share some 'happenings' and observations that have fed into and shaped this question, how I can imagine these weak signals amplifying and becoming stronger in the future, and what I envisage some consequences for the shape of organisations as we know them to be today.

#### Happenings & Observations

##### Happening 1: The Exodus of the Creative & Innovators

##### Observation 1 – a trend towards self-employment

Upon completing my MBA in 1992 I started to work for myself. A rather unusual situation at the time – most graduates sought employment in predominantly large organisations in general and top consultancies in particular. If people started their own venture it tended to be with a small group of friends and colleagues, and with the ambition to grow and build a larger organisation. Today it seems that many more people out there operate on their own, as I have done for nearly 20 years, with neither desire nor ambition to build empires. In fact, according to a 2010 report by the European Commission, 45 % of all Europeans would like to be self-employed, the figure is even 55% in the US.<sup>1</sup> They may link up with others to respond to particular project needs, but fundamentally remain independent.

##### Observation 2 – innovation responsibility as ejector seat

Since 1999 I have been involved in running innovation-focused networking initiatives whose members were primarily drawn from large organisations. Over that time period 'innovation' has moved to being discussed by some to infiltrating every annual report and CEO statement. Over this time period the profile of those asked to 'make our organisation more innovative' has changed too: from keen, bright and young highflyer with no experience, reputation or clout in the organisation (often female) to the highly respected and experienced and versed company old-timer (generally male). What has intrigued me is that a rather large percentage of these innovation leaders leave the organisations. A few points are interesting here,

- The departure can be either voluntary or forced, but is generally a result of a misalignment with what the innovation leader deems necessary to improve conditions for innovation and what the organisation (i.e. its leaders) are willing to accept, i.e. innovation leaders cannot introduce the changes they consider necessary. It seems to be the case that people who delve deeper into what makes for an innovative organisation invariably come to the conclusion that a systemic / holistic approach is required, and that it is fundamentally about values and behaviours; truly embracing and engaging this message is not within the comfort zone of many decision makers. As the Innovation Champions are infected incurably with the innovation bug and will settle for no less they see no option but to leave.

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<sup>1</sup> European Employment Observatory Review: **Self-employment in Europe; published by the European Commission, see also <http://bookshop.europa.eu>.**

- Most of these people set up their own consultancies, aiming to package their insights and learning and sell them back to organisations like the ones that have ejected them. Many of them fall into the group mentioned in my first observation: they become de facto sole traders.

Upon investigating this issue of innovation leaders leaving their organisation rather than moving on to another role within, I came across the study by the US-based Association for Managers of Innovation (AMI, which is part of the Centre for Creative Leadership) which had started in 1981; again it was a group of innovation-focused people, drawn from large organisations. Noting a significant turnover in members they conducted a study in 2000 to investigate why about 1/3 or 15 of their members were no longer part of the group. This is what they found: "*Of the 15 innovation champions, 10 have left their organizations and become consultants, 4 have joined smaller or start-up companies, and 1 has retired. As indicated previously, none has returned to a Fortune 500 company. Most who have become consultants have as their clients Fortune 500 companies and, in some cases, their former employers.*"<sup>2</sup>

Of course, not all organisations are like that; there are those who attract creative talent and make conscious efforts to retain them. Not surprising such organisations include IDEO, Apple, Google – those organisations that are known for their obsessions with innovation (and design).

### Observation 3 – ... and it is not only the innovation leaders

While the above refers explicitly to innovation leaders the exodus seems to go further. A colleague related to me the results of a study conducted within a large consumer goods company who wanted to find out who the people behind their big innovations were. The findings were rather interesting, all of those innovations that had made a large contribution to the company's fortunes could be traced back to a particular person – not all to the same person but all to an identifiable person. That was the exciting bit. Not so exciting was that all of those people had since left the organisation – and not because they had retired but rather because the constant drive for cost savings and efficiencies had driven them – and people like them – out.<sup>3</sup> Admittedly, this story is some years old but given the current economic climate, cost cuts and other innovation undermining activities are only likely to have worsened the situation.

### Happening 2: Where the creative energy goes

#### Observation 1 – people like to contribute...

Research by Dixon (2005) found that a large percentage of people willingly give their time – even for free – if the cause is something they believe in.<sup>4</sup> I think this might have gotten lost towards the latter part of the last century, perhaps it was not so strong then, but it certainly getting stronger now.

To illustrate this I would like to share the story of a communications consultancy which as planning its Christmas Party; in the previously year it had been a grand affair where everyone had flown to Monaco for a big, glitzy party. When starting the planning the organising committee wondered how they might be able to top that – and went around asking what people felt and thought. To their amazement it was nothing like the previous year! What people the employees actually wanted to do is give back, and they did in the form of helping to repaint and refit a community centre close to their offices in North London. People like to be helpful. Do you not get a nice warm feeling when you let some fellow driver into a seemingly impenetrable snake of traffic?

<sup>2</sup> Hipple, Jack, David Hardy, Steven A Wilson & James Michalski, 2001, *Can corporate innovation champions survive?* Chemical Innovation, November 2001, Vol.31, No 11

<sup>3</sup> I do not have a formal reference for this as the report was not published; the study has been related to me by the person who conducted the research, at the time working for the consultancy Synectics.

<sup>4</sup> Dixon, P. (2005). *Building a Better Business*. Profile Business

Humans are creative by nature; human beings, as a rule, like to belong, and like to feel that they are making a contribution. Many organisations today do not satisfy these needs. People are being treated like numbers – particularly evident in times of ‘head count reduction’, they are considered a resource to be managed; their views and opinions are often not listened to. Despite this people rush forward to share their thoughts and ideas if companies put out a ‘call for ideas’, as many have done at the outset of their journey to become more innovative. Those who have put out a call for ideas have generally been overwhelmed with the response – clear evidence for a desire to contribute.

However, most of these initiatives were not prepared for the flood of responses and hence did not respond sufficiently to the submissions; in addition they were also often unfocused and lacking selection criteria which meant that what could have been an inspirational and engaging exercise often turned into a negative experience, leading to disappointment disengagement.

If most employees cannot satisfy their basic needs of belonging and contributing, of being considered as individuals and being listened to inside the organisations they work for, where do they take that energy? Just think about sport clubs run by volunteers, by charity organisations, and so on – these were the outlets until the recent past. Facilitated through the Internet, a new era has started; the internet provides a vehicles that not only satisfies people’s desire to belong and to contribute, in addition it also provides a medium through which to express their creativity and make themselves heard.

### Observation 2 – beyond crowdsourcing

Given the above this second observation will come as no surprise. However, what would have been your reaction if 10 years ago someone would have told you that masses of people would give their time, most of them for free, to help large corporations develop new (mainly) products? I for one find it rather amazing, and against what one might expect.

Crowdsourcing generally refers to a company asking for input. I can see this changing. People are not waiting to be asked for their thoughts by others, they are pursuing ways to realise their own ideas, with like minded people. If you feel strongly about something there is a great chance that there will other people out there who share that passion, and through the internet it has become rather easy to find these people and connect with them. I came across one rather amazing example – a start-up company in Germany – only recently.

The company, called ‘Unser Aller’ ([www.unseraller.de](http://www.unseraller.de)), is using a facebook application to invite people to come together to design and develop new products. Their first project, aligned with ‘traditional’ crowdsourcing, was conducted on behalf of a company: developing new mustard recipes by exchanging ideas online, then receiving toolkits to experiment at home followed by again sharing their thoughts and insights again online, all the while refining recipes and even providing input to the design of the label. Their next project, however, was not on behalf any organisation; this one was about the development of bath-bombs, those lovely smelling fizzy bath ingredients. Here it is the community developing the product, designing the packaging – and then also sharing in the profit; the percentage share depends on the number of times logged on, contributions of ideas as well as comments on others’ ideas, and the quality of ideas (as rated by others).

Another development I see having a big impact is 3-D printing where I can design a piece of furniture at my computer at home, send the specification to someone with a 3-D printer and get my finished product delivered to my front door.

Admittedly, for now it might be fairly simple products, but I am convinced that advances in technology will allow more complex products to be produced this way.

### Observation 3 – ...the emergence of social innovation

What I find fascinating is how much of the activity in the crowdsourcing space has social or environmental concerns at its roots. Just to position 'social innovation', the definition of the Young Foundation, which has been promoting social innovation for the past 50 years reads, "innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organisations whose primary purposes are social." I rather like the definition offered by Centre for Social Innovation (<http://socialinnovation.ca/>) which reads, "*Social Innovation refers to new ideas that resolve existing social, cultural, economic and environmental challenges for the benefit of people and planet. A true social innovation is systems-changing – it permanently alters the perceptions, behaviours and structures that previously gave rise to these challenges.*"

Of course, such innovation has always happened. To quote from a report on Social Innovation by the Young Foundation, "During some periods civil society provided the impetus for social innovation. The great wave of industrialisation and urbanisation in the 19th century was accompanied by an extraordinary upsurge of social enterprise and innovation: mutual self-help, microcredit, building societies, cooperatives, trade unions, reading clubs and philanthropic business leaders creating model towns and model schools. In 19th and early 20th century Britain civil society pioneered the most influential new models of childcare (Barnardos), housing (Peabody), community development (the Edwardian settlements) and social care (Rowntree)."

The reason for picking it up here is that it seems that it has become much more widespread, and hence is being talked about much more widely; from initiatives driven by individuals it seems to have become more of a movement – enabled and driven what has been described in Observation 1, combined with some deep concerns for the state of our planet and our future as well as a feeling of a responsibility to action the observed challenges. Before the arrival of the internet it would have taken time and resources to identify like-minded others, and to move from concern to action.

Being involved in the teaching of students, generally on slightly outside the box MBA programmes, I have noticed that a large percentage of MBA students take on topics in their project work that reflects social and environmental concerns and considerations. But it is not only the MBA students I encounter, it seems generally that much of what is happening in the field of social innovation is driven by the younger generation, which leads me to Happening No 3.

### Happening 3: A new generation that is different

#### Observation 1 – beyond money matters

Perhaps this is what everyone starting to belong to the older generation thinks: the young generation is somewhat different. But if the saying 'don't keep doing the same things and expect different outcomes' is true, then certainly the reverse is true as well: don't start doing things differently and expect the same results. Given the elemental changes in the way how and where we communicate as well as how and with whom we connect it would perhaps be more surprising if the younger generation weren't different.

And of course, much has been written about Generation Y. One of the things said about them is that unlike many of their parents, they want to work to live rather than live to work.<sup>5</sup> But it is not only money that seems to matter less (if it requires sacrificing living by working too hard); I also get the impression that their social conscience and environmental awareness is stronger developed than in many of the older generations. I have already mentioned that much social innovation is driven by the younger generation.

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<sup>5</sup> E.g. the Guardian newspaper quotes research to that accord in their article *They don't live for work ... they work to live*; by Anushka Asthana; The Observer, Sunday 25 May 2008.

The generational differences in values came to light for me particularly in the presentation of the Earth Award finalists. The panel of those quizzing the finalists seemed all grey – from the colour of their hair to the colour of their suits (and all of them were men). The questions of the panellists were around money in general and return on investment in particular – the puzzled faces of some of the finalists clearly indicated that their priorities lay elsewhere.

In the annual report on “Generation Y and the workplace” commissioned by Johnson Control (2010) you can read that “Generation Y values sustainability, is flexible, mobile, collaborative and unconventional. Generation Y is full of contradictions ... They think like entrepreneurs and value relationships, are tech savvy and creative, and are environmentally conscious and mobile..”

### Observation 2 – a different ways of connecting and forming trust

Thinking about how my father worked and developed trust and relationships, and how this happens even for me (let alone the next generation) I can observe significant differences. I don't think my father would have travelled half way around the world to speak at a conference just because someone who knew someone he knew invited him. My trust extends by proxy'.

What I mean is, that is someone I trust refers someone else to me, I extend my trust to them. I guess that is only one part, as it is also rather easy to find out about others – and quite a lot – online.

To give you an example, the son of a friend of mine was travelling to Asia. He did not use travel guides nor travel agents but Facebook to plan his journey. It is important to remember that this Generation Y is the first one with little memory of a pre-web world and having the latest technology in their workplace is simply expected. So how else would you plan your holiday trip but go on Facebook and ask people you have never met where to go and what to do?

### Observation 3 – seeking a different kind of education

“The current education system is largely failing this generation in terms of preparation for the workforce, especially concerning communication and numerical skills, approaches to learning, creativity, working with others and rewards and development.”<sup>6</sup> This statement stems from a report by the UK-based Ashridge Business School.

The aforementioned study by Johnson Control comments on Generation Y and work, “For them, work isn't just a place they go to from nine to five, then go home. They want an office and a work culture that's an extension of themselves and their home life - a place that supports what they value - and it better be green.” The leader of this research effort, Marie Puybaraud comments, “That they consider work as a social element in their lives comes through very strongly. For them the workplace is a social construction and work is social. They want emotional engagement and the sense of community. They choose employers [because] they are looking for meaningful work and opportunities for learning, because of quality of life issues and work colleagues.”<sup>7</sup>

I am teaching innovation management at post graduate level, generally at slightly out of the ordinary MBAs [programmes]. These programmes are not generally that popular with established educators. They tend to spring up at the fringes, in places that are not in the top 10 traditional MBA rankings – but they attract amazing people, and they are in demand with students. To give just one example, the One-Planet-MBA that Exeter University are setting up in collaboration with the World Wild Life Fund has students queuing up before marketing has even started.

Clearly there is a desire for a different kind of education, an education that takes changed values into consideration.

<sup>6</sup> *Generation Y: Inside Out. A multi-generational view of Generation Y - learning and working*, Honore, S. & Paine Schofield, C.B. (2009) *Generation Y: Inside Out. A multi-generational view of Generation Y - learning and working*, Preliminary report, Ashridge, Spring.

<sup>7</sup> Quoted in *Gen Y's green demands for the workplace* 20 May 2010, Leslie Guevarra, GreenBiz.com, BusinessGreen.

## What does this mean for organisations as we know them today?

Let me recap my happenings and observations which were,

- It seems that those who are creative and can innovate are leaving (large, traditional) organisations;
- As people like to belong and contribute and enabled by new technologies they are finding new ways and forms to contribute and express their creativity – and make money from and with it, e.g. 'unser aller' mentioned earlier;
- Younger generation seem to amplify these trends by giving more importance to a life-work balance, using the new media to connect and achieve what is important to them, and seeking education that is reflecting their changing values.

In my view this poses serious and very intriguing questions around the future of organisations as we know them today. Considering the happenings and observations together it seems that there are changes taking place at a wider systems level. What can I imagine the consequences for the shape of organisation in the future to be?

I can imagine the business model of 'unser aller' taking off, where consumers, as individuals or collectively, create and develop products, including the packaging design. I can imagine the manufacturing of such products to work like 3-D printing today, with ever increasing capabilities to turn out ever more complicated and complex products. Safety and environmental regulations are built into the systems, preventing the design and development of products that would harm the environment, and those that are not 100% cradle-to-cradle or go into production. Raw materials are sourced via a computer programmes that know where the most suitable, sustainable ingredients can be found; prices are based on the triple bottom line, i.e. always take environmental impacts into consideration; one of the consequences is increased local sourcing.

From an outright ownership things move to time-based ownership whereby the mentality is not 'we inherit things from previous generations' but 'we look after things for the generations to come'. This shift in mindset overcomes current issues with things that are not owned generally not being treated quite as well as those that are. Such a shift will have been achieved through a reputational system that allows items to be priced based on treatment of rented items in the past, i.e. the more careless someone treats rented items the more he or she will have to pay next time.

Let me imagine a few scenarios:

1. I would like to have a shampoo that suits my fine fair, helps with keeping the grey at bay. There are also certain fragrances I like and dislike. First thing I do is go online and see whether there is someone else already producing exactly what I want. If not, I go to a special website where I can design my own cosmetics. It automatically prevents me from combining ingredients that might have harmful effects.

If I have a product of which I like the consistency, smell, its properties, I can have it transferred to other cosmetic products such as body lotions and creams.

I can keep my product to myself or make my recipe available to the wider community for a license fee.

2. I would like a new kitchen table. Again I go online to see what is already out there; if there is nothing I like I can design my own bespoke table. I can also decide whether I make the design available to a wider audience or whether it is for my exclusive use, in which case it would be more expensive.
3. I need a new washing machine. Well, actually I would not really need one, at least it would not be like the ones we know today. Cloths are cleaned via force fields which are integrated into my wardrobe, so every time I hand my things into the wardrobe they get automatically cleaned.

**This means...**

... that most people are their own company, managing their reputation and 'brand like companies do today; the quality of their reputation will influence who would like to work with them as people will join with others around shared interests, whether it is to build new houses or develop new products or services;

... that profits arising from joint developments are shared based on the input – providing ideas, building on ideas, quality of input;

... that most factories are entirely automated and serviced by robots responding directly to individual consumer demands.;

... that shopping takes place primarily online, offering a visual, tactile and olfactory experience;

... that while designs can be sourced globally, final production or assembly will take place 'at a place near you'.

Whether this is the kind of future we would like, or if we would like a different future, we need to start taking steps to make our desired future happen, now.