

Disruption has made it more important than ever for future-focused organizations to innovate – and collaborate

Survey results



EY Innovation Survey

As disruption continues to strengthen its grip on corporate strategies, leaders are on an unprecedented journey toward reinvention through innovation. They must harness the power of emerging technologies, maximize current and future investments in innovation, and build a workforce with the right skills to usher them into the future of work.

In an environment where critical decisions should balance aspirational agendas with prudent budgets, the EY Innovation Survey polled 500 C-suite executives in the US on their innovation journeys, including opportunities ahead, pain points along the way and implications for their most important assets – their people.

1 The “trapped asset” trap



of respondents spend more than 5% of their annual budgets on innovation, yet



say budget is their biggest barrier to progress

“

In many cases, organizational fragmentation creates the risk of ‘trapped assets,’ where investments are not reaching their full potential because they are not effectively spread across silos. Leaders may feel they need to increase budgets to drive more innovation, but unless they transform their businesses to fully realize the benefits of those new ideas, it will be like pouring more water into a leaky bucket.

Roger Park
EY Americas Advisory and
FSO Innovation Leader

Reasons assets can get trapped:

- ▶ Fractured or decentralized funding models
- ▶ Innovation efforts scattered throughout an organization
- ▶ Internal or external barriers to wide deployment of innovative solutions

How can executives rescue their trapped assets?

- ▶ Develop multidisciplinary teams that centralize work
- ▶ Create hubs for innovation that foster collaboration and spread knowledge
- ▶ Build a culture that rewards people who transcend silos and foster collaboration channels across an organization

2 Winning through the workforce

44%

say their ability to **build a future-focused workforce** is a key measurement of the effectiveness of their innovation strategies

46%

of companies are **refining hiring practices** to attract talent with diverse, future-focused skills sets

26%

say **senior leaders (e.g., chief innovation officers)** are **primarily responsible for innovation**, while another

42%

say they will **create similar roles** to foster innovation

Considerations for building an effective, future-focused workforce:

- ▶ Build a brand that will appeal to the people you want to attract and retain
- ▶ Be strategic about how you integrate new hires with diverse, future-focused skills sets into your existing workforce
- ▶ Identify opportunities to upskill talent
- ▶ Create a culture in which innovation can thrive and new ideas can truly take hold

3 The innovation journey

Take risks, fail forward, learn fast

79%

say their organizations are **tolerant of failure**

42%

of those respondents are **millennials**, while **only 13% are boomers**

39%

report that their organizations offer **mentorship programs to foster innovation**, but **only 12% say they have been a leading driver of success**

How are organizations engaging their people in innovation?

44%

offer **incentives for success**

43%

support **external trainings or workshops**

42%

offer special **innovation-focused events**

“

An effective mentorship program should include reverse mentoring, which can help drive innovation forward, expose senior leaders to key insights from more junior talent and create a safe space where everyone can learn from each other, take risks, fail forward and learn fast.

Michael J. Inserra
EY Americas Senior Vice Chair and Deputy Managing Partner

4 AI: the next big bet

81%

of organizations have already **adopted cloud computing**

45%

have already **adopted Internet of Things**

24%

say that **artificial intelligence (AI)** will have the **greatest positive impact** on the future growth of their company in the next five years, closely followed by machine learning (23%)

As companies make big bets on future technologies, how can executives measure effectiveness?

- ▶ Focus on a minimum viable product to get innovations into the field quickly to see if they work
- ▶ Pulse your clients and customers frequently to see if your product or service is performing for key stakeholders
- ▶ Fail forward and course correct quickly to get to the right approach

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Methodological Notes:

The EY Innovation Survey was conducted by Wakefield Research among 500 US C-level executives at companies with \$500m or more in annual revenue.