Innovation insights from EY Strategic Growth Forum™
Unlocking the potential of the Mediterranean region
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Innovation – Igniting Growth through Innovation

Participants in the Innovation iLab session discussed the impact of innovation on business, and how businesses can get better at innovating. Key insights are:

The context for innovation is changing
Customers are becoming increasingly driven by digital - think of the Millennials (below 35 years old) and Generation Z born with a tablet in their hands. Large, established organizations are vulnerable to disruption from younger, smaller, more flexible and innovative companies that have little to lose. Sometimes, you do not know who your competitors are now. Business models are being ripped up and traditional innovation no longer works. The pace of innovation has never been so fast. And it is getting faster. The paradox is that, in many companies, the capacity for innovation is not keeping pace. The race is on to increase this capacity before companies get overtaken by competitors. So, companies need to develop innovation processes, capabilities and a mind-set that are oriented to this new reality.

Turn technology into innovation
Technology is an enabler. You can only innovate if you manage this technology. Good innovation starts with asking the right questions. If you ask the wrong questions, you can’t innovate effectively. You must get closer to your customer. Do not put structures in place that become barriers between decision-makers and those in your business who talk to and observe customers. Get these people to report directly to the decision-makers or even better think about how to involve them in nimble, bottom-up decision making. Test new products and services directly with customers and iterate. Talk to customers, observe their behaviour and keep adapting and innovating. More than for a lack of creativity, a good idea can fail because you do not have the right focus or capabilities to bring it to fruition. Such limitations do not necessarily mean the idea is not a good one. Innovating at the current break-neck pace requires different priorities and a more agile organization.

Get the right people and give them the tools to succeed
Make your employees, your customers, your business partners part of the innovation process. Listen to them. Be transparent. Release control. When it comes to who sits where in the office, consider organizing people according to behaviour rather than function. Their shared outlook, interests, background and passions are more likely to spark innovation than the fact that they happen to work in the same function. Ideally, the CIO should be a business professional with a deep understanding of technology, rather than a technology professional who understands the business. Innovation must suit the business, not the needs of IT.

Get the organization right
Innovation is a subtle challenge from an organizational perspective. If you devote too few resources or not enough energy to it, you will be overtaken by your competitors. On the other side, innovation cannot be executed at the expense of other business critical functions. So work out the optimum investment of time, money and focus. Your organization and culture may need to change, depending on where you are in the innovation cycle, the maturity of your industry and the role you want to play in the business ecosystem. For example, in the start-up phase, you need a responsive, flexible, free environment in which to be creative and test ideas. But when you are rolling out your new offering, you need to be structured, methodical and focused on delivery.

The iLab C-level roundtable discussion was facilitated by Emanuele Quintarelli, Senior Manager, Social Enterprise and Social Analytics– EMEIA Advisory Center, Ernst & Young Financial Business Advisors S.p.A, Italy and Joanna Truffaut, Digital Director - EMEIA Advisory Center, Ernst & Young, UAE

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