



Placing A Firm Value On Innovation Culture

Change is the only constant. In a global economy with rapidly changing circumstances, from trade disputes to pandemics, companies that cannot change will certainly fail. Innovation must be endemic to organizational culture to succeed in the long-term.

Many companies may claim to be “cutting-edge,” or ground-breaking. Yet their employees, tasked with development and innovation, might tell a different story. Worse, a close examination of the bottom line might reveal a disconnect between what the market desires and what the company has provided.

An innovation culture appears desirable; how can a manager know if an organization has such a culture? Could it be measured or grown? What value does an innovation culture bring that makes development worthwhile? In the paragraphs ahead, innovation culture will be defined and its value firmly assessed.

What is a culture of innovation?

While innovation can happen on an individual or government level, most Canadians believe private businesses are the most innovative sector of society. Obviously, each corporation will have particular distinctives and specifics. But there are several general characteristics that drive innovation across organizations.

Diverse. In a 2019 report, the Rideau Hall Foundation found that 79% of Canadians believe that exposure to different cultures drives innovation. Fresh ideas and new perspectives can lead to novel solutions to old problems.

Curious. Research, interviews, and asking questions are just a few methods found in innovation cultures. While well-rooted to company objectives and values, curious employees encouraged to spread their wings will drive innovation.

Risk-tolerant. Nothing new is ever perfect the first time. Corporations willing to try – and fail – are most likely to discover something fresh. Innovative organizations pay attention to results, but don’t demand immediate success.

Empowered leaders. A strong innovation culture will provide managers with the necessary tools and funds to support creative employees. Equipped with the authority to make



decisions and give approvals in the moment will drive development.

Open to technology. Luddites will struggle to innovate. Technological advances are opening new horizons in how to create products, market to customers, and deliver goods. Organizations open to technology with high digital literacy are best poised to innovate at every stage.

How can a corporation measure its culture of innovation?

Like many good business ideas, it's easy to talk about an innovative culture. How can a corporation know, with certainty, whether or not company policies and decisions are fostering or dampening innovation? What tangible measures can indicate the presence or absence of an innovation culture? Mission statements or mottos aside, managers need concrete methods to determine whether innovation is growing or not.

Openness to new ideas. To what extent are new ideas welcomed and encouraged? How much time is devoted to "brainstorming" during meetings or over a quarter? How does management respond to failure? Companies that are more risk averse tend to avoid novelty, which can have a stifling effect on innovation. Practically, how much company resources in terms of time and money are devoted to development, research, and experimentation?

Collaboration and cross-departmental exposure. When employees are encouraged and given specific opportunities to serve alongside other functions, they can gain valuable insights into new ways the corporation could grow or expand. How many meetings involve members of various teams? In what ways are employees rewarded for collaborating with other departments? Can new hires quickly identify others who can be helpful to their work? Could there be structural changes in organization charts or even physical layouts to create more cross-departmental exposure?

Staff turnover. High rates of staff turnover can have a variety of underlying factors, but could also be an important indicator of problematic company culture. Exit interviews or defined attrition trends may point to a disconnect between what is communicated to recruits and their actual working experience. Unfortunately, staff turnover can be a late marker of a stifling company culture. Nevertheless, corporations willing to grow and change do not overlook such trends.

To gain this data, managers can use company-wide surveys to solicit input from employees at all levels, in every department. If consistently low scores are received for risk tolerance, for example, organizations may need to revamp their innovation strategies.



Why does an innovation culture add value?

Tracking innovation metrics might seem tedious until the obvious benefits are on display. How is innovation valuable?

Economic value. In 2018, The Global Innovation 1000 study found that organizations with a strong alignment between their innovation strategy and company culture grew their annual gross profits 7 percent faster. Innovative businesses are also more likely to be attractive to investors and have access to capital. Organizations that have invested in innovation are well-poised to quickly adjust to changing trends and new markets, creating more stable financial gains over the long haul. Innovation makes money.

Personnel value. Could a new process save workers time and energy? Leaders willing to listen to employee concerns, who then research, fund, and implement solutions, keep their staff happy. Even small changes can go a long way. Employee retention has a massive impact on worker morale and keeps investments in professional development within the organization. Huge gains in timesavings are had when there is no need to train new staff because the current workers are happy. Retaining curious and talented people means they are not working for company competitors. Innovation satisfies creative employees.

Societal value. Innovation can lead to improved customer relations, whether through embracing new technologies like chat bots, or offering new solutions to customer concerns. But most importantly, innovation can improve the common good. Canadians believe innovation supports healthier people, a cleaner environment, and a growing economy. For example, life jackets and recycling bins are two commonplace items that were once novelties. Innovation increases human good.

Should an organization fail to address its innovation culture, valuable opportunities will be lost. It is of utmost importance that culture is embraced from the top, as problematic policies or practices will trickle down. Boldly declaring the value of innovation – and most importantly, following through with support – will lead to long-term financial, personnel, and societal gains.