

# Innovation out of the Box

Kiran Garimella

## The challenge of innovation

Four out of five senior IT executives consider innovation to be the most important endeavor on their plate. Only two of those four are doing anything about it.<sup>i</sup> Of all the innovation initiatives launched thus far, fewer than 10% actually succeed. Given that the success rate of projects is estimated to be as low as 30%, the single-digit success rate of innovation projects is understandable, because they are heavily dependent on change management.

Is innovation just a fun initiative to keep employees happy, or is there true business value in innovation? Consider the evidence: Apple, Google, FedEx, Genentech, Nike, Whole Foods Market, Procter & Gamble, Network Appliance, Herman Miller, and Starbucks are the most admired companies for innovation (in order of rank<sup>ii</sup>). They are also number one in their respective industries (except for Apple and Google, which are ranked in second place). In contrast, the least admired companies' average rank in their industries is 8.5. The innovation imperative is clear: innovate or evaporate.<sup>iii</sup>

Management gurus are also redefining the traditional concept of innovation. Innovation used to mean inventions and patents, mostly in tangible products. Lately, attention has shifted to software, if IBM's patent filing statistics are any indication. IBM's patents in software have been increasing proportionally over the years: 51% in 2003, 58% in 2004, and 61% in 2006.<sup>iv</sup> Razor-thin margins caused by commoditization and globalization are cutting into the value realization of innovation; at the same time, ambitious overseas companies are realizing that sweat-shop labor is itself being marginalized in their own operating countries. Such companies are looking for ways to innovate in order to fend off their own domestic competitors. Only by expanding the range and scope of innovation can these companies survive. Accordingly, product and service innovation are giving ground to other types of innovation in operations, organizations, supply-side processes, core competencies, and sell-side processes.<sup>v</sup> As an example of non-product innovation, consider the case of Hong Kong Tailors, whose representatives travel to various cities in the US, getting business through referrals. In contrast to most retailers, they offer a sizeable discount for customized measurement and hand-stitched suits, all tailored in Hong Kong. While the materials are of high quality, there is nothing special about them. However, their supply-side and sell-side processes are innovative and compelling.

The unrecognized denominator in all this is process innovation. This is especially true for smaller companies that do not have the R&D and patent-filing resources of the Fortune 10 companies. The critical challenge, though, is that regardless of the size of the company or the type of innovation, there is a wide disparity between intention and execution. Executives believe that the challenge is not in the dearth of ideas, but in ensuring a repeatable and rapid means for converting ideas into business value.<sup>vi</sup>

## Breaking down the boxes

Employees think about their jobs in terms of roles, whether explicit or implicit, whether negotiated or not. The boxes that constrain employees into rigid thought patterns are not just the departmental silos, but also a corporate culture that expects them to behave and perform only within pre-defined roles. This limited expectation becomes a self-fulfilling prophecy. New employees, taking their managers' exhortation to think outside the box at face value, bubble up new ideas constantly, until they realize that the company does not support their translation into reality. Employees grow frustrated and either leave the company, or as is more common, accept the constraints and settle down into mediocrity.

A mature and comprehensive business process management platform changes the way organizations function and employees behave. It translates into reality the notion that out-of-the-box thinking fosters innovation. BPM brings processes to the forefront of consciousness. By

their nature, processes flow across departmental silos, much as a river ignores political boundaries. Processes are also employee-agnostic but role-sensitive. The only underserved capability in BPM is the support for human interactions and collaboration. Employees routinely violate organizational charts to seek out fellow employees who can help them achieve their goals. They create their own 'underground' ecosystem to overcome the barriers of outmoded organizational structures.

### Fostering a culture of innovation

Various point solutions are offered to regulate this 'underground economy' of collaboration, such as knowledge management, document management, and workflow management.<sup>vii</sup> Each of these addresses only one aspect of the problem. A human interactions system brings together several of these capabilities in a cohesive, integrated way. The new theory of roles recognizes the human penchant for unconstrained human collaboration, but provides the discipline that prevents it from degenerating into chaos. *"Humans typically jump from one activity to another, repeating and interleaving activities as they see fit. If we are to facilitate people's work rather than constrain it unnaturally—and if we expect to gain acceptance for any process support system we attempt to implement—we must support this behavior, while simultaneously permitting appropriate controls to be placed on the process."*<sup>viii</sup>

This structure and discipline are indispensable ingredients for innovation. Musicians, for example, spend years practicing scales and exercises. This discipline frees them up from the 'administrivia' of the mechanics of playing their instrument, and allows them to focus on expression, experimentation, style, and feeling in their playing. Innovative interpretations of the same musical score are created as a result. In similar fashion, business process management with integrated support for human interactions provides the disciplinary framework that facilitates innovation in the following ways:

- it takes on the challenge of administrivia by providing the mechanisms to translate models into execution
- it provides a form for the expression of innovation within an existing value chain, much as a sonata provides the overall form for creating new sonatas
- by creating visibility into business rules, business semantics, operational data, and decision trees, it empowers employees to create new value chains, much as the theory of music and composition allowed Beethoven to perfect the symphonic form
- it supports the natural tendency of humans to reach out and collaborate by managing the interactions and organizing knowledge around various activities

### Summary

Innovation is the most critical corporate imperative for continued growth and competitive advantage. Process-centricity and out-of-the box thinking are essential drivers for all types of innovation. Business process management goes a long way to foster innovative thinking by minimizing inefficiencies in processes and by freeing people from lower level activities. Out-of-the-box thinking, to be effective, requires employees to assume multiple roles, work in multiple modes, dynamically transition between roles, and engage in highly unstructured and unpredictable collaborative interactions. Business process management theory and tools, augmented by explicit support for such human interactions, establish and encourage a culture of continuous innovation.

### References

---

<sup>i</sup> *Findings: Business Innovation Is a Rising IT Priority, But Is Not Yet Matched by Action*, Gartner Research, 2006.

<sup>ii</sup> *America's Most Admired Companies, 2007*. A Fortune Study.  
[http://money.cnn.com/magazines/fortune/mostadmired/2007/best\\_worst/best1.html](http://money.cnn.com/magazines/fortune/mostadmired/2007/best_worst/best1.html)

<sup>iii</sup> Deloitte's Innovation Center.  
[http://www.deloitte.com/dtt/section\\_node/0,1042,sid%253D80879,00.html](http://www.deloitte.com/dtt/section_node/0,1042,sid%253D80879,00.html)

<sup>iv</sup> Source: <http://www.itjungle.com/tfh/tfh011606-story03.html>, Jan 16, 2006.

<sup>v</sup> *The Innovation Imperative*. Peter Fingar, 2006. A BPM Institute article.  
[http://www.bpminstitute.org/uploads/media/InnovationExcerpt-1\\_of\\_3\\_Fingar\\_01.pdf](http://www.bpminstitute.org/uploads/media/InnovationExcerpt-1_of_3_Fingar_01.pdf)

<sup>vi</sup> *Innovation unzipped summarized*. A Deloitte Study, 2006.

<sup>vii</sup> *Collaboration for Innovation: Making Innovation Happen*. Keith Harrison-Broninski, 2006. A BPM Institute article.

<sup>viii</sup> *Human Interactions: The Heart and Soul of Business Process Management*, p. 88. Keith Harrison-Broninski. MK Press, 2005.

---

## Author

Dr. Kiran Garimella is VP, Office of the CTO, webMethods, and author of a business novel on BPM, *The Power of Process: Unleashing the Source of Competitive Advantage*.