

Illinois Corporate Innovation Roundtable

Illinois Corporate Innovation Roundtable Report: What It Takes to Succeed as a Chief Innovation Officer

Prepared by:

Joe Cheng and Geoff Love
Gies College of Business
University of Illinois at Urbana-Champaign

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Background

As global economic competition becomes increasingly innovation-driven, many companies have responded by creating a C-level “chief innovation officer” position to fuel innovation and drive business growth. While inspiring and promising, there is little consensus or guidance available from existing research to help define the chief innovation officer’s key responsibilities and identify the organizational support needed for success.

To fill this void, Gies College of Business and Discovery Partners Institute co-hosted a roundtable event last December for an invited group of senior executives to share insights about best practices. Our goal was to find out what it takes to succeed as a chief innovation officer. About 35 participants attended the event, representing a wide range of industries, including agriculture, consumer goods, electronics, energy, food production, pharmaceutical, professional services (consulting, financial, legal), universities, and others.

Participants took part in two 45-minute roundtable discussion sessions, with 10 persons at each roundtable led by a facilitator who took notes during the session. We first examined the key responsibilities of the chief innovation officer’s job by discussing the following questions:

- *As a chief innovation officer, how would you define innovation for your organization?*
- *What should be the main goal or charge of the chief innovation officer’s job?*

- *What are the top three to four tasks or activities the chief innovation officer would need to perform in order to accomplish the main goal stated above?*

We then focused on identifying the organizational support needed for the chief innovation officer to succeed, through the following questions:

- *What are the top three to four challenges facing a chief innovation officer's job?*
- *What organizational support would be most needed for the chief innovation officer to succeed?*
- *How should the chief innovation officer position be structured regarding reporting relationships, budget and resource access, staff support, performance criteria, etc.?*

The Appendix lists the main ideas that participants expressed during the roundtable discussions. We analyzed participants' comments to categorize them and identify major themes. These are shown as clusters of ideas in the Appendix for the specific questions asked.

Main Findings

We worked with the participants' comments to synthesize a composite view of how they think about the chief innovation officer's job. The Appendix reveals that many of the answers clustered into distinct themes, and individual participants often had quite different points of emphasis. These results show that there is great heterogeneity and at times even divergence in how senior executives think about innovation and what the chief innovation officer can do to help accelerate and enable it.

Defining Innovation

We started by asking participants how they define innovation for their organization. Participants consistently view innovation as more than just generating novel ideas. Instead, they view innovation as a means for improving business performance and they identify different types of innovation as possible pathways to growth and value creation. That said, some participants tied innovation tightly to relatively short-term business growth, and others took a longer-term view. This variance clearly affected how they saw the chief innovation officer's job.

Goals for the Chief Innovation Officer

Collectively, participants articulated the main goal or charge of the chief innovation officer's job in terms of three key components:

- *Taking a leadership role in developing the firm's innovation strategy*, particularly in terms of identifying and prioritizing innovation opportunities.
- *Uniting the organization behind an innovation agenda*, which includes educating and evangelizing about technology trends as well as working across units to align their innovation goals.
- *Building an innovation culture* that energizes people across the firm to pursue innovation.

Again, it should be noted that participants differed sharply in the degree to which they emphasized each of these goals.

Key Tasks and Challenges

Roundtable participants' comments suggest that the chief innovation officer must excel at three essential tasks if they are to achieve the above goals:

- *Monitoring innovation trends and best practices in the industry*, which is part of knowledge building.
- *Creating internal infrastructure and mechanisms to support innovation*, which involves organization design.
- *Striking the right balance between getting quick-and-small vs. strategic-and-big wins*, which focuses on building credibility while generating impact.

Participants also identified three big challenges a chief innovation officer must overcome along the way to succeed in these tasks: human nature to resist change, bureaucracy and organizational politics, and resource constraints.

Support and Structure

Finally, we did find strong agreement among the roundtable participants that *empowerment and trust from the top* (CEO and the board) is most critical to the success of a chief innovation officer. Additionally, participants emphasized the importance of *wide support from other stakeholders* such as the legal department, heads of business units, and external investors. As for the structuring of the chief innovation officer position, participants expressed a diverse set of ideas, including a centralized approach to authority and funding innovation projects through making the chief innovation officer directly report to the CEO.

Next Steps

To further understand the nature of a chief innovation officer position and identify ways to best structure and support it, we plan to invite the roundtable participants back to attend an executive breakfast meeting in the coming weeks. There, we will examine the roundtable discussion results more deeply, explore lessons learned, and develop an action agenda to help companies strengthen their innovation capabilities for enhanced competitiveness in the global marketplace.

APPENDIX

Ideas Expressed by Participants during Roundtable Discussions

1. As a chief innovation officer, how would you define innovation for your organization?

Innovation as Value Creation

- Innovation is more than creativity; doing something new while building the business
- Product or process that is new and brings economic or social value
- New and add value

Innovation as Business Growth

- Business growth; not science experiments
- New ways to generate revenue
- Growth and sustainability

Innovation as Performance Improvement

- Increase bottom-line (i.e., profitability)
- Risk reduction
- Maintaining relevance
- How well you solve problems

Different types of innovation

- Product-led vs. service-led innovation
- Breakthrough or disruptive innovation in the right amount
- Business model innovation

2. What should be the main goal or charge of the chief innovation officer's job?

Lead Innovation Strategy Development

- Set the agenda for innovation
- Identify trends and where the firm needs to focus
- Where is business going, what is the hot new thing, how do we get there first?
- What technology will allow the business to succeed?
- Focus company on technology (marry strategy with technology)
- Set strategic framework and alignment with company goals
- Align to company strategy; influence perspectives based on information and data
- Determine what to do internally to develop new products or extend current brands
- Determine which projects to move forward and set priority
- Balance tactical moves and strategy

- Allocate resources to support innovation
- Seed new ventures, from proof of concept to scale
- Where are we going, what are the measures?

Unite behind Innovation

- Educate leaders on what's going on (evangelizing).
- Help people see the disruption; what is the next big leap?
- Align across units; determine what roles are really needed
- Integrate toward common goals across functions
- Create cross-functional teams, break down silos, keep things moving.
- Liaise with IT and support digital innovation officer

Build an Innovation Culture

- Unleash creativity of the firm
- Develop a culture of innovation
- Help company become more nimble, a major challenge for large established firms
- Create grass roots innovation ... from the bottom up... have it permeate the organization

3. What are the top three to four tasks or activities the chief innovation officer would need to perform in order to accomplish the main goal stated above?

Knowledge Building & External Monitoring

- Gather competitive intelligence and understand trends
- Partner with universities and start-ups
- Identify and harness outside innovation opportunities

Creating Innovation Infrastructure & Mechanisms

- Work with all internal leaders and stakeholders
- Collaborate across business units (i.e., assist in)
- Meet with areas within the company to understand what innovation means to them
- Develop and implement a consistent definition of innovation
- Get employees to set goals and priorities for innovation within their specific areas as part of their performance management process
- Get others to want to innovate or adopt new technology; do this through evangelizing with line managers, senior executives, and the board
- Enable others to be creative
- Provide innovation training for people throughout the entire company; tap into the collective curiosities
- Develop a technology road map rather than a strategy; road map indicates what needs to be done and when so it puts a harder edge on discussion about commitment and priority

- Develop a “playbook” of best practices for a technology and share it across units

Building Credibility/Early Wins

- Get some quick wins to energize focus and make innovation real
- Look for low hanging fruits to gain credibility
- Build business cases through trial and error; piloting projects
- Find a new technology that can easily be implemented to show potential

Other Comments

- Be able to identify and understand pain points.
- Know how to prioritize (what ideas to move forward); understand opportunity cost.
- Be able to synthesize ideas from diverse sources and perspectives.
- Embrace failure; be comfortable with failing fast, and know when to pull the plug.

4. What are the top three to four challenges facing a chief innovation officer’s job?

Resistance to Change

- Changing the mindset and culture to allow for rapid innovation
- Bringing in new technology
- History: “We have tried that already and it did not work”
- Breaking the system (hardest part)
- Getting the company to think like a start-up; nimbleness

Bureaucracy and Politics

- Dealing with internal legal department
- Line managers: They don’t think they have a problem with innovation; they say they are doing it, and don’t see the CIO as a solution; they focus on incremental innovation
- Tension between speed vs. red tape
- Getting buy-in from leadership
- Determining what internal processes are required based on the innovation stage you’re in
- Balancing competing priorities

Acquiring/Protecting Innovation Resources

- Protecting innovation budget when business performance is down
- Finding time to evangelize
- Insufficient funding
- Finding people with the right skills

Measuring Innovation and Tolerating Failures

- Intolerance for experimentation and failure
- Generating ideas but failing to implement
- Measuring success

Other Comments

- Inconsistent definition of innovation across the firm
- Not knowing what you don't know
- Managing partnerships
- Staying connected to the business and customers while innovating

5. What organizational support would be most needed for the chief innovation officer to succeed?

Empowerment/Trust from the Top

- CEO buy-in and signaling of importance
- Have incentives from CEO for innovation
- C-Suite buy-in and backing to overcome roadblocks
- Insure that there is enough credibility in the position so it becomes part of the strategy
- CEO's willingness to change corporate culture to support innovation

Support from other Stakeholders

- Buy-in from investor partners
- Support from the legal department
- Alignment and collaboration with business units

6. How should the chief innovation officer position be structured regarding reporting relationships, budget and resource access, staff support, performance criteria, etc.?

Reporting

- Have marketing, R&D, and strategy be all part of the responsibilities of the chief innovation officer
- Direct report to CEO
- Set-up an innovation lab or entity outside of the existing organization
- Establish a wall to protect innovation

Budget

- Centralize funding for innovation; eliminate innovation budgets within business units.
- Have both a project budget and a strategic initiative budget

Performance Criteria

- What have we done to deliver a new sustainable revenue stream? Where are we hedging? Is what we're doing making the firm famous?

For inquiries about this report, please contact Professor Joe Cheng at jlcheng@illinois.edu or Professor Geoff Love at glove@illinois.edu.