

INNOVATION

THE KEY INGREDIENT IN A RETURN TO GROWTH

Featuring research from **Gartner**



**HARVEY
NASH**

The Power of Talent

BRIEFING PAPER

About this paper

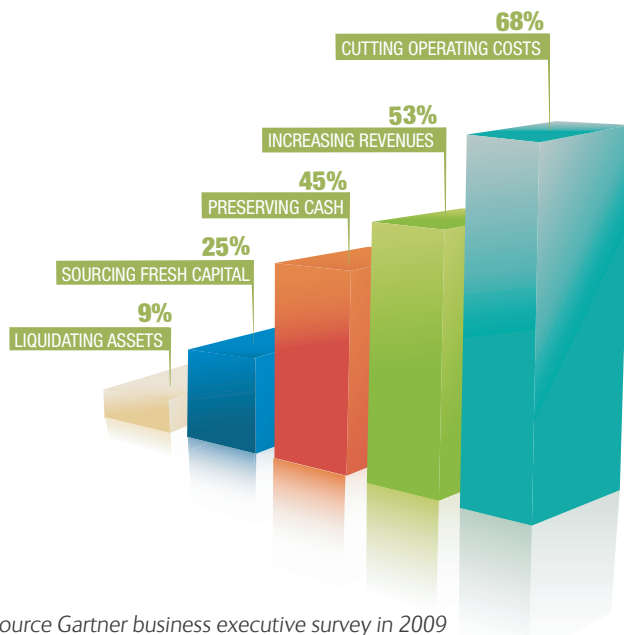
On October 6th 2009, Harvey Nash hosted an event in London - featuring Mary Mesaglio, Research Director Gartner and Albert Ellis, CEO Harvey Nash, discussing the important role IT innovation will play in the global road to recovery. This paper summarises the key points made from the speeches.

Macroeconomic environment

World growth has disappointed all the projections in 2009. Global Insight in 2007 predicted global growth to be 3.7% in 2009, which has subsequently been revised down to -0.5% and could go lower yet. Current forecasts for the US are -2.8%, Europe -4.3% but Asia still growing.

2010 forecasts are +1.7% (USA) +0.1% (Europe) and China +8.3%. Global growth expected to return to 3% plus for the year 2010.

Gartner's CEO survey



Source Gartner business executive survey in 2009

CEO priorities were ranked in the latest Gartner CEO survey with interesting (and potentially conflicting) results. 68% of CEOs cite their number one priority is to reduce the cost base, but 53% say increasing revenues is their most pressing priority. Cash of course is also extremely important.



How to drive IT innovation within the organisation

Gartner says there are three types of IT innovation which will drive business success.

1.Product & Services: IT co-develops offerings to the customer

2.Operational: IT supports new ways of working that enhance delivery

3.Management: Gartner views this area as having the most potential for upside

But, the “Power Paradox” says that “The best ideas come from the people least able to bring about their adoption”. So, how does an organisation or its leadership best tackle this?

Firstly, by nurturing new employee ideas, with say, using a “fresh eyes” programme questions such as “what surprised you the most when you joined?” or “any ideas for improvement?” can give valuable insight into an organisation’s challenges. But from an outside perspective. These can be game changing insights because the new employee is not saddled with historical baggage or impacted by office politics and can therefore be completely independent.

Secondly, the creation of an innovation perimeter to focus innovation in a defined area has been found to be more successful than simply having an open approach.

These can be defined as

- by customer segment (location, size, type)
- by innovation type (product, process, frontline)
- by size of opportunity (big, small)

The Process Paradox says that “an excellent process can still result in suboptimal ideas”. Pick a process, then use a light touch. Informal processes can produce a low impact, but formal processes can result in low quality.

Innovation success therefore really depends on the 4 C’s:

- Creativity** - generating ideas
- Challenge** - evaluation of best/most likely to add value
- Collaborative** - development into product/service value
- Cooperative** - Implementation

All of these stages need to be managed by the innovation sponsor to generate a valuable universe and then having a process to challenge and refine to a subset of real business value ideas. In the current environment the CFO (and finance) is greatly empowered to perform the role of challenger, the trick is to get the collaboration stage right to actually achieve buy-in and therefore broader sponsorship for implementation.

Game-changing or “left of field” ideas

Watch out for game changing ideas with breakthrough potential: these ideas require an internal sponsor and a strategic plan with the support possibly of the organisation’s owners. For example, a strategic spin-off of a business unit led by an internal management team.

Recommendations

Gartner concludes with two key recommendations or call to action.

1. Today (Monday morning). Look for immediate business problems that IT can help solve.
2. Near Future (12 months). Develop a process, foster formal and informal networks to collaborate and deliver business value ideas which are innovative and value adding for the organisation as a whole.

From these two steps one can create the conditions and process for the major breakthrough or innovation which can multiply an organisation’s value and change everything.

About Harvey Nash

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