



Cass Business School
CITY UNIVERSITY LONDON

in association with



Innovation: mapping the role of the corporate leader

A survey commissioned by the CII and Cass Business School

Executive Summary

A joint research project conducted by Cass Business School in association with the CII comes at an opportune moment. Businesses in the UK and many other developed economies face a potential perfect storm: after a deep and unexpected recession, business leaders face a double-dip recession and an extended period of low economic growth. This may have a fundamental impact on business strategy as customer retention as consistency of returns displace the historic drive for growth.

Chartered Insurance Institute

Nick Marson FCII, PGCE, ICFAEC, LRPS,
Chartered Insurance Practitioner (Project Leader CII)

Niala Butt ACII, Chartered Insurer

Andy Couchman FCII, Cert PFS,
Chartered Insurance Practitioner

Sally Sanderson BA, FCIPD

Mark Towers ACII, Dip Mgmt, Chartered Insurer

Cass Business School

Dr Robert Davies MBA (Project Leader: Cass)

Dr Chris Storey

The full research paper can be downloaded from the CII website: www.cii.co.uk/research



The key findings

1) Strategy and innovation are changing...

- There is a strong recognition that traditional sources of competitive advantage such as cost reduction and product differentiation are changing.
- For example, technology is driving competitors towards the same cost position.
- A key task for corporate leaders is therefore to broaden their organisations' approach to innovation to find new foundations for strategic success.

2) Especially in these difficult times, financial services firms need to be on top of new approaches to innovation in use elsewhere.

- This is particularly relevant to financial services firms that face a "perfect storm" of increasing regulation and stagnating growth.
- Clearly a new thinking about innovation is needed: one that goes beyond simply product design and internal processes.
- Some new innovation types have appeared in recent years, embracing customer experiences, distribution routes, and seeking new markets.
- The challenge is creating a culture that increases awareness and knowledge of new approaches.

3) Cost reduction and M&A are innovation blockages.

- There has been an historic focus on bottom line growth through acquisitions and reductions in expense base.
- Some corporate leaders were concerned that this approach had robbed them of the capability to support the forms of innovation necessary to enable more organic growth.

4) Strategy, planning and innovation need to be better linked

- There should be a closer relationship between innovation and overall organisational strategy.
- Our interviews showed that many organisations are not linking long-term strategic objectives with the innovation activities needed to achieve them.
- Such a linkage would help leaders develop and communicate a clearer innovation agenda.

5) The external environment can be a rich source of ideas, but many find this difficult

- The external environment can be a rich source of reasons why an organisation needs to innovate.
- Some of our interviewees found it difficult to view the outside world from this perspective.
- Improving the ways in which organisations scan and project their external competitive environments will help to support the quest for innovation.

6) People seem to have different ideas of implementing innovation and change to get the job done.

- Our research centred on what corporate leaders actually proposed to do to enhance the capacity for innovation in their organisations.
- There is no single agreed approach: even though the majority of leaders interviewed faced broadly similar innovation challenges; they had different approaches to dealing with them.
- The most popular approach concerned organisation structure changes, however others focused on cultural and skill-based changes.
- Many of these routes to implementation may not be consistent with either the internal or external contexts confronting the organisations.

About the Research

The research is based upon 20 interviews conducted with corporate leaders.

- We used cognitive mapping processes and coding techniques to help us to "get inside the minds" of members of leadership teams to see how they personally thought about innovation and their roles in building the capacity for innovation in their organisations.
- The corporate leaders worked in a range of industries, but we placed a special emphasis on conducting research within the financial and professional services sectors.
- Of these 20 interviews, insurance operations represented 40% of the organisations analysed, banks and investment banks 20%, professional services firms 30% and other industry sectors 10%.

About Innovation

The focus here is upon major "new to the organisation" innovation, for example, entry into markets that an organisation had not participated in before. We are not therefore solely concerned with "new to the world" innovation.

Contact

Dr Robert Davies
+44(0)7770 988 348

r.w.davies@city.ac.uk