



TACKLING THE WICKED PROBLEMS OF INNOVATION IN LARGE NEW ZEALAND ORGANISATIONS

2016 Insights and learnings from the CEOs of New Zealand's biggest companies and most successful startups

Key Findings Cheat Sheet

see bigilittlei.co.nz for the full report

PREVIOUSLY UNAVAILABLE

Previously Unavailable is an innovation company that partners organisations as co-founders of new product, business, brand and customer experience innovations. To learn more about us, visit previously.co

Two types of innovation: Big I & Little i

There are two distinct types of innovation in large organisations – 'little i' **innovation** is about internally focused improvement – finding new and better ways to organise and operate. 'Big I' **innovation** is about launching new customer offerings to market to open up new growth. While these can both be described as 'innovation', they are very different activities with very distinct needs in terms of people and process.

Our 'Big I' innovation is in decline

Innovation inputs such R&D, strategising and ideating have never been in such abundance. But recent NZ Productivity Commission data shows that our **Big I innovation output is in decline**. Less companies are succeeding in taking innovative new products to market, and less of our sales income is being drawn from new innovations. This is worrying from an economic standpoint.

Consumer expectations at a high

On top of threatened legacy business models, our large organisations face **climbing consumer expectations around product, service and customer experience quality**. New Zealand consumers are increasingly forming their expectations from their use of companies like Google, Facebook, Amazon and Uber, who they often spend more time with on a weekly basis than local companies and service providers.

Four Wicked Problems

The challenges of innovation in large organisations centre around four key areas. **Proritisation** – we tend to have an abundance of ideas, but struggle to achieve buy-in around prioritising and getting on with them. **Speed** – we are nowhere near fast enough at developing and launching new innovations. **Culture** – our large organisation culture tends to slow down, inhibit and often outright kill innovation efforts. **Responsibility** – we are unsure about who to assign innovation responsibility and accountability to.

New Zealand has a genuine opportunity to out-innovate larger markets

Research in global markets shows that their own large organisations experience these same wicked problems. This presents a global opportunity for large New Zealand organisations. Though we might be big here in New Zealand, **we are small, tight, nimble organisations by global standards**. Framed this way, we can see that we are in a much stronger position to out-innovate the world than large organisations elsewhere.

FIVE PRACTICAL WAYS TO TACKLE THE WICKED PROBLEMS

1

PROACTIVELY COUNTER THE ORGANISATIONAL ANTI-BODIES

*Our large organisation culture tends to reject innovation. These antibodies are sometimes loud voices of dissent, but more commonly they're the quiet deprioritising and delaying of innovation projects. **When it comes to innovation, our competition is not other companies in our category, but these antibodies.** We need to acknowledge they exist, and plan for how to counter them from the outset.*

2

CREATE A GREATER SENSE OF URGENCY AND SET MORE AMBITIOUS DEADLINES

*Business as usual almost always takes precedence over future innovation, and we don't tend to notice burning platforms until we've caught on fire. Compounding this, innovation projects usually have open deadlines, leaving room for continual hesitation and delay. **We need to get better at creating urgency around innovation,** and set ambitious and hard in-market deadlines for ourselves if we are going to capitalise on our windows of opportunity.*

3

PROTOTYPE AND VALIDATE TO PRIORITISE

*The old process of 'propose – business case – discuss – reach consensus – and only then invest and move forward' is completely unfit for today's environment. We need to be **creating early prototypes of multiple innovation ideas and getting these in front of customers to validate** which have potential. This needs to be a fast and cost-effective process which gives us an objective way of understanding where to invest.*

4

ASSIGN RESPONSIBILITY FOR BIG I INNOVATION TO THE RIGHT PEOPLE

*While everyone in the organisation can be involved in 'little i', there's a type of person who makes an effective leader of the challenging 'Big I' process. Leading VCs and startup accelerator programmes place much more emphasis on the credibility of the founding team than they do on whether or not they like their idea. Like them, **we should be identifying those within our organisations with a talent for leading innovation projects** all the way through to commercialisation, and giving those people single-point accountability*

5

LESSEN OUR DEPENDENCY ON CONSENSUS

*The long-held corporate practice of seeking broad-based consensus before moving forward removes most of the risk around collective decisions. But **in an age where risk is an essential component of success, we need to become more comfortable with only some people around the table agreeing at the outset.***