Moving Beyond – Nurturing the Innovation Quotient
ENGINEERING DISRUPTIONS TO EXCEL

In today's 'fragile' world, an organization must be not only resilient but also be 'innovative' to gain strength from the current uncertain and fluctuating global and local environment. The need is to move beyond resilience to become antifragile. Antifragile organizations are identified by their inherent nature to not withstand the turbulence arising from disruptions but instead leverage them to thrive and achieve success from them. This attribute has to be addressed and developed consciously by all business leaders cutting across the spectrum of business functions like Finance, Technology, Supply Chain, Human Resources, and Business Services leaders servicing these functions. The need of the hour is actually to engineer disruptions and 'nurture' the innovation within the organization. It is time to move beyond the 'traditional IQ' to a **'new age IQ'** – beyond 'Intelligence Quotient' to **'Innovation Quotient'.**

To enable organizations to enhance the 'Innovation Quotient' for success, SSF has put together a few critical parameters, that were build upon captured Thought Leadership from Industry leaders, practitioners and veterans. These parameters or enablers have largely been classified into five buckets. Each of these buckets represent a holistic approach with relevant examples as shared by the contributors.

I. Beyond Baselining to Benchmarking

Baselining of metrics and standards is the bare minimum that leaders need to ensure to understand where the organization is in terms of input or output. Having said, one must go beyond baselining to 'benchmarking' of not only metrics but also of processes, its maturity, and level of automation (both from digitization and digital quotient perspectives) to create resilience in the system and then find new and innovative ways and means to achieve excellence in systems and processes to drive the metrics for output and outcomes. Given that each organization is unique, there is really no benchmarking practice that can provide the organization with the actual metric of their maturity. Then is benchmarking overrated? Or can the benchmarking of business processes be leveraged to provide a metric to the 'innovation quotient' of an organization?

While on one hand, the benchmarking will successfully provide the contribution of the business services to the bottom line of the business, what needs to be seen is if these metrics can help the business to drive better governance decisions through data that can help manage risks. This parameter will enable the business services centre to be truly called an enabler for a 'value-driven' organization. As defined by SSF, a 'value-driven' organization is identified by three common traits of value – Financial, Governance and Experience for 3 Cs – client, customer and consumer.

Having said, it is interesting to note that the approach for performing baselining as well as benchmarking varies for organizations in terms of both, being structured and periodicity. The GCCs and GBS organizations have become a significant node in the organizational ecosystem and are fast becoming the nerve centres. In fact, some of these centres have matured enough to be called the digital clones of their global counterpart.

Metrics derived from benchmarking studies, and the data which is the lowest and yet the most critical denominator that stiches the business and business processes together, keeps the business value chain intact. Maturity, organization and the availability of the information procured from metrics/ data, play an important role while driving insights to action for the business, and truly delivering beyond 'value chain' to 'value network' for the business.

Hence, to connect the insights back to decision making, it is imperative that the organizations must not limit these studies to just a few metrics like cost and productivity, and instead synthesize all possible financial & non-financial analytics to derive at a single source of truth as a practice. These insights will in turn then go on to provide the right trigger points for innovating.

II. Beyond Transformation to Metamorphosis

We all agree that 'Change is the only constant' and have business strategies like BAU (Business as usual) in place to address that. But in the recent times, we have seen the speed of change increase by 10x. The importance of Transformation is well understood by today's leaders to ensure that they are not left behind in this fast-moving world.

Having said, due to the varied impact on the business environment and sometimes even due to actions beyond control, the biggest requirement for transformation as a strategy today is to move from being unidimensional to multidimensional, i.e., Metamorphosis.

Metamorphosis, in business parlance has been defined by SSF, as a phenomenon that is caused by simultaneous implementation of multiple multidimensional transformations covering and connecting across areas and business functions like Change in Supply Chain, Cashflow planning. Hybrid work model, etc. The agile nature of this phenomenon hence calls for an increasing Innovation Quotient of the organization. However complex as it may sound, the actual approach is simple. The adoption requires leaders to transform their mindset and start by answering a few questions that will provide the clarity towards the implementation roadmap – questions like "Why do we need the change?"; "What's in it for the business?"; "What are the immediate benefits to the business?"; "Is the change adding value to customer experience?" This leap in the mindset is not expected to evolve on its own. The success lies in working with the teams, revisiting the drawing board every now and then, identifying the touchpoints/ pressure points/ triggers thar will directly cause people to innovate and continuously aspire to simplify.

It is also clear that a singular transformation strategy like digital transformation – be it for the purpose of data transformation or process transformation or customer experience transformation or business model transformation – it is not sufficient to keep the organization gain from the disruptors. All the above cannot be sequential, they are required to run in parallel. This in itself is the 'internal turbulence' that the innovative mindset can create to achieve the aspired outcome. Hence, engineering such disruptions for business will not only make the organization grow, but make it 'antifragile' in its nature.

The key to success here is to innovate the cross-functional metamorphosis and link it back to the business goals. To support the 'growing innovation mindset' of the organization, it must have a highly evolved structure that can enable its people to drive this metamorphosis and go past just transformation.

III. Beyond Best Practices to Contextual Practices & Next Practices

Best Practices serve as a good guidance to look at world class practices within a domain and maybe, even beyond domains. Having said, each organization is unique and what applies as 'best practice' to one organization needs to calibrate in the 'context' of the organization. In 2012, SSF had established a framework known as **'BIC to BIC' – Best in Class to Best in Context**. In 2020, SSF further built on the thought process to establish that in order to survive and thrive in today's world, it is essential to go beyond just best practices to **Next Practices** that can work as enablers for organizations go beyond Resilience to Anti Fragility with innovative practices.

Simply put, leveraging best practices and applying to your organization's context and making it truly contextual, will qualify as Next Practices, which in turn will serve as the input to nurture the organization's innovation quotient.

IV. Beyond Inside-out Leadership to Outside-In Entrepreneurship

The importance of Leadership for an organization's success is well known but it sometimes limited or becomes uni-dimensional to functions or business units or processes or a specific technology. As today's environment demands, the leaders must think of the Enterprise as a whole, from an outside-in perspective, and look at what the market/ customer demands are or focus on meeting the customer's expectations. The outside-in perspective also serves at the trigger point for innovations, thus building the 'innovation quotient' of an organization.

The 'Entrepreneurial Mindset' is a must to tackle the challenges caused due to resources and constraints and enable an 'innovation-driven' organization through cost, control, quality and risk management. **Entrepreneurship beyond leadership is the fuel for the enterprise to achieve the 'Escape Velocity' to get out of the gravitational pull of the past and move into the next orbit into the futuristic view of the business through innovation.**

V. Beyond Internal Capabilities to External Ecosystem

The world has moved beyond capacity to capabilities in the 21st century. Now, one's own capabilities, by itself, is insufficient to handle the vagaries of today. In fact, a combination of Capabilities and Capacity put together can be a sure shot winner for the business. Given the huge propulsion of the external system in terms of innovation for new products or services and the cost of entry being so high, organizations have to go beyond one's own capabilities to collaborate and embrace the power of the external ecosystem if they are to remain viable, survive and thrive. For instance, ecosystem of Software/ Technologies, Infrastructure, Specialist Capabilities like Strategic Visualization, Lean, Digital, Transformation, combined with the power of 'As a Service' models are immensely enabling the same.

In the last two years we have sufficient examples to prove the above theory right. For instance, let's take supply chain which has truly adopted 'collaboration strategy' for business and business processes to work together, where the business is focused on client centricity strategy and the business processes are focused on efficiency, agility and cost arbitrage.

But the trick to this approach being successful lies in the mindset that the external ecosystem is a part of the system and not outside it. For instance, it is time to adopt the 'make and buy' approach over the traditional 'make versus buy' thought process. **Once the balance between capacity and capability is achieved, **collaboration or co-existence becomes the key to opening the door of unending possibilities, and this is possible if business leaders adapt the approach to leverage, nurture and grow the ecosystem for capabilities.**

Insights to Action

The five enablers are specifically designed to work to preserve and nurture the innovation quotient of the organization. **Contextualization** is important and hence the innovation strategy and the innovation quotient of one organization will not be similar to that of another organization. 'Copy-paste' as a solution may not work unless contextualised and customised to suit the specific requirement of the business. For a successful outcome, the **core business and business processes must connect and innovate together**, even though the triggers to innovate are going to be different for both. **Proactive engineering**, and not re-engineering, of the disruptions for the business processes will need to be ingrained within the system, to trigger innovations as the core culture of the organization. SSF

The perspectives and insights that have been mentioned herein are SSF's own views, with collective contributions from the following leaders:

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