

The Greening of Innovation

Rethinking business value and innovation

Dr Bettina von Stamm, Innovation Leadership Forum

Innovation, innovation, innovation. Very clearly we need innovation, and lots of it, but not just any innovation. We need sustainability-driven innovation. I have come to the conclusion that innovation and sustainability are – have to be! – inseparably linked. In today's world innovation without sustainability considerations at heart is becoming increasingly irresponsible. Given the one and only planet we have, and the state it is in, there can be no other way.

Three thoughts to set the scene:

1. My definition of innovation

Innovation has many meanings to many people. To me innovation is about 'embracing the path of change to create value' – let me explain why.

Embracing: Becoming more innovative is a journey that generally requires an adjustment in values and behaviours. This does not happen automatically, nor by just stating it in the annual report. As everyone engaged in change (personal or professional) knows, change requires a conscious effort. Hence you need to embrace innovation, consciously and willingly.

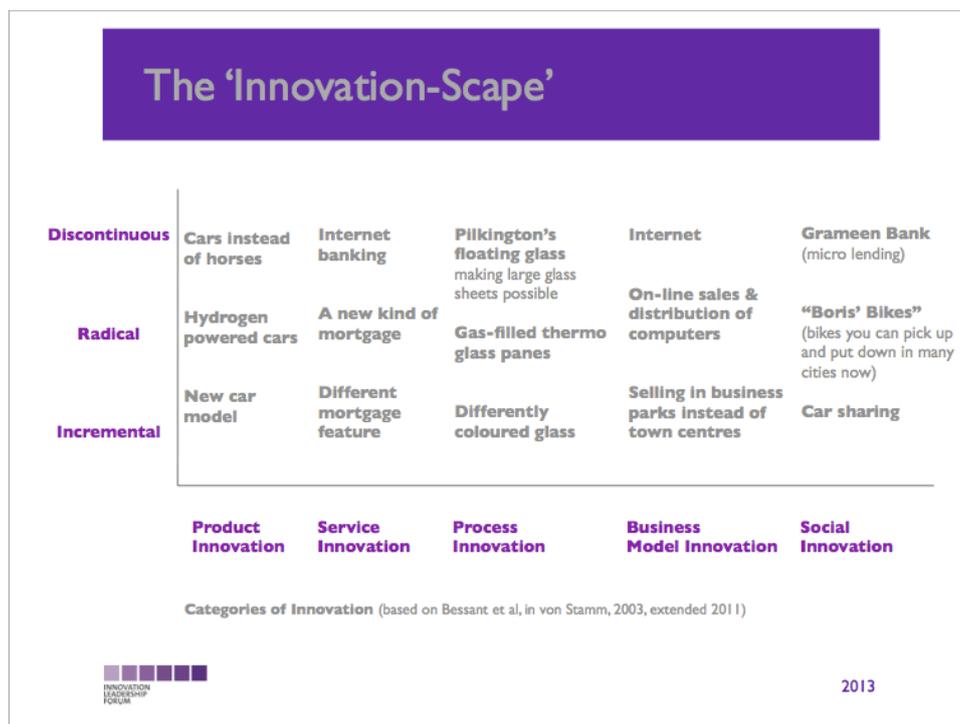
Change: This is what innovation is fundamentally about, either the introduction of something entirely new or a change to something existing.

Value: Value here is about much more than profit. It considers planet as well as people. If it focuses only on finances, it creates what Herman Delays, author of 'Beyond Growth [the economics of sustainable development]' has called uneconomic growth i.e. growth that is not sustainable.

2. Innovation has to go beyond product

In order to go beyond uneconomic growth it is important to move away from too narrow a view of innovation. Research indicates that, for many organisations, innovation still revolves around products and incremental changes. However, there is a whole 'landscape' of innovation out there when you consider the following two axis:

1. Levels of innovation, e.g. Incremental, radical and transformational
2. Types of innovation, such as product, service, process, business model and social innovation



Successful organisations are aware of different types and levels of innovation and ensure that their portfolio covers many of the different fields. [It is worth mentioning here that sustainability driven innovation is actually much more likely to manifest itself in service and business model innovation than product focused innovation - more later.]

3. The importance of leadership

Innovation requires sincere and committed leadership, by example. Of course we will listen to what people (the CEO) say, but whether we take action on what we hear depends on whether we really believe the person means what they say. The surest indication that this is so is if we can observe the desired behaviours in those who demand the same from us - or at least active support. Innovation truly is about 'do as I do' rather than 'do as I say, don't do as I do.'

Challenges for innovation

While we all talk about the need for more innovation, those involved in translating this into reality will have experienced that it is not quite so easy, perhaps because:

- ★ 'Innovation' seems such a big word and easily puts people off, either because they feel they are not creative or innovative, or because they feel that that's what they have been doing all along, e.g. people in marketing or R&D. It results in fear with the former, and frustration and feeling undervalued in the latter.
- ★ Innovation is more likely to happen in the presence of certain values and behaviours, such as:
 - Being open - to suggestions as well as to being challenged;
 - Being willing (and feeling that it is safe) to question and challenge;
 - Experimenting and exploring - if we want to create something new it is unlikely that the path with all its details is clear at the outset;
 - expecting the unexpected: instead of considering the unexpected to be a failure we need to understand that these are learning experiences, and often necessary steps in achieving our ultimate ambition;
 - Appreciating that creative thought requires some slack, some time to be exposed to things that are not directly related to our allocated area of work.

How many of us are comfortable with being challenged and challenging others (particular superiors)? How many leaders of organisation are happy to provide space and resources for experimentation and non-task related activities?

- ★ We cannot just tell people to "be more innovative". Not least for the afore mentioned reasons. In my views the best stimulus for innovation is an inspiring, challenging vision, something people will queue up to be part of - like, sending man on the moon.
- ★ And finally, no organisation can afford to ignore the need to drive out costs, and improve efficiencies. Why do I list this as a challenge for innovation? In simple terms, those of us who are very good and enjoy cost cutting and improving efficiencies are generally not too comfortable with the uncertainties and risk taking necessary to innovate, and vice versa.

All of the above means that we have a challenge to create more innovative organisations, and also shows just why leadership is so important in the context of innovation! If we are to adjust our values and behaviours, if we are to embrace experimentation and risk taking, and if we need to find ways of working well with people who are not like us, then we need a very good reason for doing so.

This is why I believe that providing an inspiring yet challenging vision - a role of leadership - is the best catalyst for change. Did not Saint Exupery say in his famous book 'The little prince' **"If you want to build a ship, don't drum up people together to collect wood and don't assign them tasks and work, but rather teach them to long for the endless immensity of the sea."**

Innovation & Sustainability

This is where I see a clear connection between innovation and sustainability: if some challenges of innovation are around shaping a convincing and engaging vision that inspires people, then, surely, a vision based on shaping a worth-while social and ecological context for future generations will qualify .

The fact that sustainability is not only suited for driving innovation but also for reducing costs is evident in the 4 pillars of **Natural capitalism** as laid out in **Amroy Lovin's book 'Natural Capitalism':**

Increasing the productivity of natural resources can be achieved by making changes to product and operational processes that reduces waste. An example of doing more with less is a cleverly designed shower head which injects air into the water jet, giving the person in the shower the impression of a rich flow of water while actually using comparatively little - perception is everything!

The **shift to biologically inspired production models** is another principal of Natural Capitalism. Have you heard of biomimicry? The idea is to reduce waste by developing 'closed-loop' systems like the ones that can be found in nature. When understanding and applying insights from nature amazing results can be achieved, as the company Arup discovered. In their desire to reduce the enormous costs of air-conditioning they searched for an example in nature where temperatures inside a construction were kept the same, despite high variance in external temperatures. They found their inspiration in termite hills; applying the principals of these amazing structures to the Eastgate Centre offices complex they were able to reduce heating costs by 90% (compared to traditional buildings of similar size).

Principal No 3 is to move to a more **solutions based approach**. This often means shifting from selling products to selling benefits or services with the result that where it was previously in the interest of an organisation to sell as much of it as possible, materials and products have now become a costs to the company as it retains ownership, responsibility and control.

The fourth and final principal is **reinvesting in natural capital** (renewable resources). While it initially looks like 'expense only', it is essential part of preventing high costs arising from disasters caused by destroying nature such as high winds and floods. For example, the California Rice Industry Association decided to allow 150,000-200,000 acres of the Sacramento valley rice fields to flood after harvest rather than burning the fields. This not only creates seasonable wetland which is ecologically valuable, but creates other benefits such as the replenishment of the groundwater and improved fertility. Through the flooding the straw that was previously burned (polluting the air) has increased silica content which means that its resistance to insects has improved which means it can profitably sold as construction material.

Companies who embrace a vision that addresses issues of social and environmental concern, including the four principles of natural capitalism, can achieve a huge boost in employee engagement and meaning - as well as reducing costs and developing new business opportunities.

To sum up, responsible, inspiring and future proof innovation can only be driven by sustainability considerations. An elemental challenge for both innovation and sustainability is that both critically depend on and are made possible by a certain set of values and behaviours, such as appreciation of diversity, collaboration, experimentation, and longer term implications - as well as an open mind and an open heart. In short, they rely on a certain mindset.

I consider this to be the major challenge in creating more innovative organisations as well as for truly achieving sustainability. Changing mindsets is not easy. While we all get the arguments for innovation and sustainability at a rational level – there is too much evidence to argue against it – it is something within us that seems to resist. Embracing innovation and sustainability takes most of us out of our comfort zone, as they require that we as individuals change something in our values and behaviours.