



Weekly Brief

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The Importance of a Thriving Innovation Culture

If I've had one consistent passion throughout my professional life, it's been innovation. I started my career in R&D at Procter & Gamble, studied optical computing and data transmission for Bell Labs as a BCG project leader, spent a decade as a partner working on improving life sciences innovation, invested massively in digital and analytics innovation as a CEO, and now focus on advancing climate technologies as our global chair.

These experiences have made me very aware of the levers that managers pull to increase innovation effectiveness, generally aimed at addressing their organization's structure and cross-functional processes, as well as portfolio management and resource allocation. And what I've consistently observed is that those efforts, while necessary and important, are often insufficient.

That's why it was so energizing for me to read [An Innovation Culture That Gets Results](#), a new BCG article that stresses how important it is to nurture the right structure and mechanisms in

combination with a strong innovation culture.

What do we mean by “innovation culture”? The authors of the article—Justin Manly, Johann D. Harnoss, Hannah Lu Schmitt, Robert Werner, David Blanchard, and Deborah Lovich—neatly define the term as “the collective behavior that shapes how new products and services get built and marketed to customers.”

They liken the two components of innovation (structure and culture) to that of hardware and software. The culture of innovation is like software, and it depends on the hardware of strategies, governance, and other ingredients of the operating model. When the emphasis is on the hardware alone, the impact of innovation will be limited.

In fact, companies with strong innovation cultures are 60% more likely to be innovators, while those with strong innovative structures are 35% more likely. Those with both—[innovation culture leaders](#)—are nearly twice as likely to be world class innovators.

The authors offer a number of helpful, practical strategies for nourishing a culture of innovation:

- Give employees the time and space to think beyond their current tasks.
- Build an innovation ecosystem, which will lead to better—and faster—results than relying solely on in-house R&D.
- Empower teams to pursue projects that have significant commercial potential, de-risking the early stages of innovation.
- Encourage collaboration, in part by removing the barriers to communication within the organization.

Culture leaders excel by focusing on the following three areas:

1. **They articulate what works.** Successful behaviors include balancing freedom with accountability and encouraging risk taking and playfulness. It's important to

define those behaviors with precision and to cultivate and reward them along the way.

2. **They activate innovative culture from the top.**
Leaders walk the talk, personally engaging in key outreach activities while providing the needed hardware to support the software: the incentives and platforms for cultivating and rewarding new ideas, the ownership that teams need to operate unencumbered, and the freedom to collaborate with external partners.
3. **They embed core behaviors in the operating model.**
Culture is profound. It runs deeply through a company's incentive systems, policies, processes, and practices. Innovation leaders even embed their culture in their hiring practices, looking for people who will bring an innovation mindset.

Some companies have a long history of success with innovation but find the well starting to run dry. Others want to get off the ground with a strong sense of innovative purpose.

Whether your company needs a reset or a whole new approach, focusing intently on these three areas—articulating, activating, and embedding the right behaviors—will establish the best possible conditions. You can build not just the structure that enables innovation but also the much-needed culture that allows it to thrive.

Until next time,

A handwritten signature in black ink, appearing to read "Rich".

Rich Lesser
Global Chair

Further Reading



An Innovation Culture That Gets Results

By articulating, activating, and embedding the right behaviors, companies can build a strong innovation culture, which, with the right structure, will lead to sustainable results.

[READ MORE](#)



What Innovation Leaders Do Differently

Identifying high-value inventions or market opportunities and using them to launch new offerings can boost near-term performance and lay the groundwork for long-term success.

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