

■ COMMENTARY

Innovation does not happen by chance, innovation governance is needed

By Thomas Menkhoff

ONE approach to encourage more innovation in business and beyond is to effectively govern it. While most business leaders would appreciate the importance of good corporate governance, for many, the term "innovation governance" falls into the category of "words with difficult-to-remember meanings".

In contrast to the word "innovation" which refers to the implementation of a new or significantly improved product, service or process that creates real value, the term "governance" is a bit more complex due to its connotations of authority, control and influence. The word itself derives from the Greek word *kubernáo* with the connotation of steering a ship (metaphorically, it refers to the challenges of steering men).

Broadly speaking, governance is about the nature of authority relationships in a country or an organisation as well as the degree of formality of associated rules, norms, and actionable procedures – which can vary widely. While knowledge governance is concerned with the institutional framework that enables the creation, absorption and dissemination of new knowledge, corporate innovation governance can be defined as a systematic approach to "align goals, allocate resources and assign decision-making authority for innovation, across the company and with external partners".

According to IMD's Jean-Philippe Deschamps, who has written extensively about the topic, innovation governance is a "top management responsibility and preserve that cannot be delegated to any single function or to lower levels of an organisation".

Corporate innovation contexts are characterised by uncertainty (how will our customers react?), complexity (how best to manage diverse groups of internal and external knowledge experts from different disciplines?); low degree of predictability (who might disrupt us and what changes will occur within our organisation when we develop a new innovation strategy); and creativity (how to nurture a climate where creativity can flourish?). Therefore, business leaders need governance frameworks, tools and techniques to effectively strategise innovation efforts with a clear focus and a balanced portfolio of innovation initiatives to make innovation work.

While many would agree that winning firms are characterised by strong innovation governance approaches, empirical research about this topic in Singapore is rather poor. Anecdotal evidence suggests that there are many organisations here where formal innovation governance systems are completely lacking. But there are also a couple of real champions where innovation is effectively governed via solid innovation management frameworks, top leadership support and capable

managers aimed at creating sustainable business and societal value.

Examples include Defence Science & Technology Agency (DSTA), Sheng Siong Group and Biosensors Interventional Technologies Pte Ltd – all of which have won Spring Singapore's Innovation Excellence Awards. Their award citation reports, available on Spring's website, provide valuable insights into key components of innovation governance systems such as a compelling strategic innovation vision and mission (to determine the goals of innovation efforts), a system of supportive values, the "right" sources of innovation, innovation process-related details and so forth.

THE EXAMPLE OF DSTA

In the case of DSTA, for example, regular strategic workshops help to surface novel ideas across the organisation which are implemented as innovation and productivity initiatives via annual business plans. The chief executive himself is categorised as the "chief innovation officer" who provides innovation leadership in collaboration with innovation champions (programme centre heads), technology innovators (deputy directors) and their teams. There is also a special innovation fund, an integrated project management team environment, a "reducing red tape task force", etc – all noteworthy indicators that innovation is "im-

bued" in DSTA's organisational culture, values and behaviours.

A good innovation governance system not only clearly states the vision and intended goals of the innovation efforts, it also helps to clearly define roles and responsibilities related to the innovation process, including decision power lines (eg, with regard to innovation budgets) and the nature of relationships with both internal and external collaborators (eg, in the context of open innovation). It sheds light on the desired innovation culture and specifies how the organisation intends to create and sustain a climate where new ideas are encouraged and rewarded, and where failure is indeed an option and not a shameful defeat.

Innovation governance ensures that the right innovation metrics (eg, ratio of incremental to game-changing innovation in the portfolio, measured in the number of initiatives and/or expenditures) are used, and establishes proper management routines regarding innovation project management, information sharing and timely decisions with reference to the stages of the product innovation process, such as "Go to development", "Go to testing" and "Go to launch". Without a well-balanced portfolio of incremental and radical innovation initiatives, organisations may become too product-centric and/or too revenue impatient.

Think of innovation governance as con-

ducting an orchestra. According to German composer, theatre director and conductor Richard Wagner (1813-1883), "the whole duty of a conductor is comprised in his ability always to indicate the right tempo". Besides the ability to re-imagine old music pieces anew and being a "lightening rod of listening", inspiring innovation leadership is required.

Whether it's an orchestra of individualistic, unrestrained star musicians or a group of corporate "deep smarts" and innovative knowledge workers, people want to feel fully realised. If the "person up on the podium" is unable to give them a "collective focus", they might feel deprived and unhappy, and some will look for greener pastures elsewhere.

Such a scenario is one of nine "innovation governance models" put forward by IMD's Prof Deschamps: nobody is in charge of innovation because it is perceived as less important by top management, and therefore no specific responsibilities are allocated. If that is the case, the organisation might end up being a rudderless ship running aground to come back to Plato's term *kubernáo*. Innovation will not happen quasi automatically; good innovation governance is paramount.

■ The writer is professor of organisational behaviour and human resources at the Lee Kong Chian School of Business, Singapore Management University (SMU), and academic director of SMU's Master of Science in innovation programme.