



August 28, 2020

Innovation Survey Results

Over the last several months, Amphora Consulting has been conducting a survey of senior innovation leaders to better understand the changing landscape of corporate innovation and impact of the Chief Innovation Officer role.

The first thing we learned is that senior innovation leaders are busy. Despite hundreds of emails and multiple follow-up reminders to our network, we were only able to generate a sample size of 20. This was the bare minimum we wanted before doing any analysis. We understand that this is far too small to conclude anything statistically significant, but given the senior nature of the respondents and the open-ended questions, it is still informative.

The sample:

Of the 20 respondents, 15 are C-level or SVPs, with the remaining 5 in director-level positions. The mix of companies was balanced, representing a good cross-section of sizes:

- 9 companies with revenue less than \$1 billion
- 5 companies with revenue between \$1 billion and \$5 billion
- 6 companies with revenue of more than \$5 billion

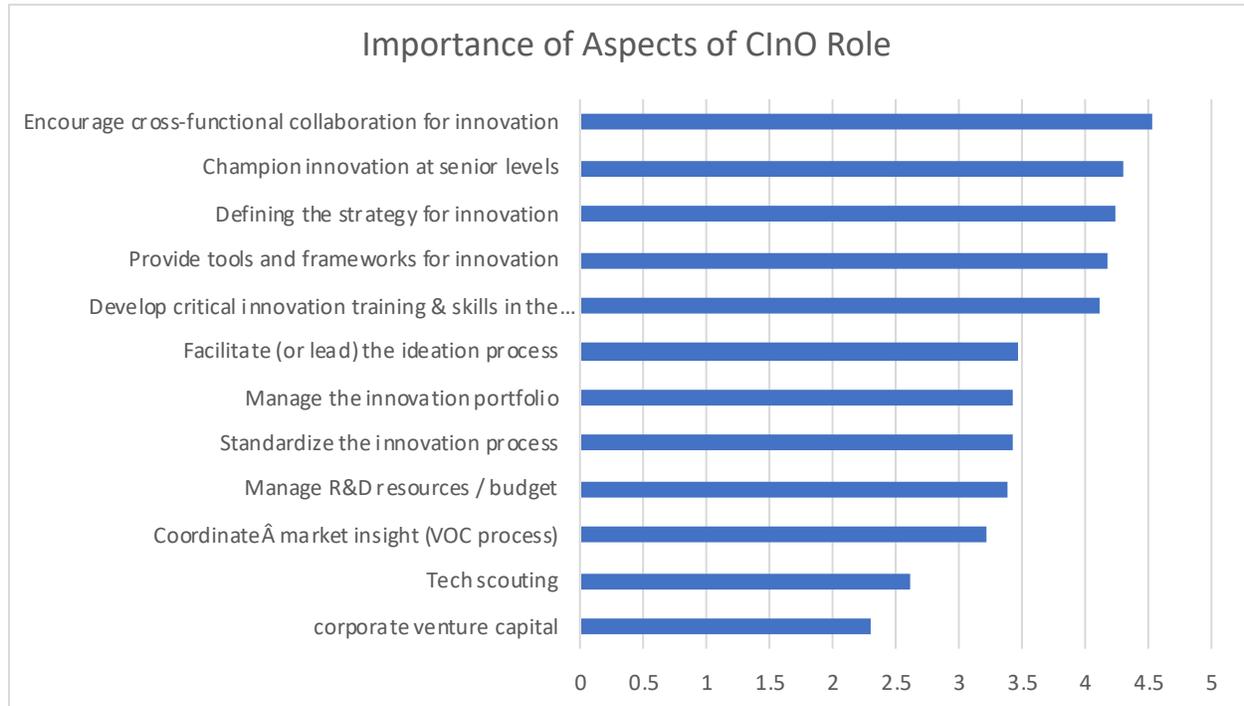
At 13 of the 20 companies, there is a Chief Innovation Officer role, but these positions are relatively new – more than half (7) were created in 2018 or more recently and only 2 were created prior to 2015.

On average, these Chief Innovation Officers have 5.8 direct reports with a range of 1 to 11. And 9 of the 13 CInO's report to either a CEO or a business president. Most often direct reports were R&D and technology roles and frequently something around advanced technologies. At larger companies CInO's tend to matrix with R&D/Product Development in the business units. It is also worth noting that there is a long tail of other functions reporting to some of these CInO's. Mentioned two or fewer times were: corporate incubator, corporate venture capital, technology scouting, process engineering, continuous improvement, data analysis, product management and philanthropy.

Innovation Leader Role:

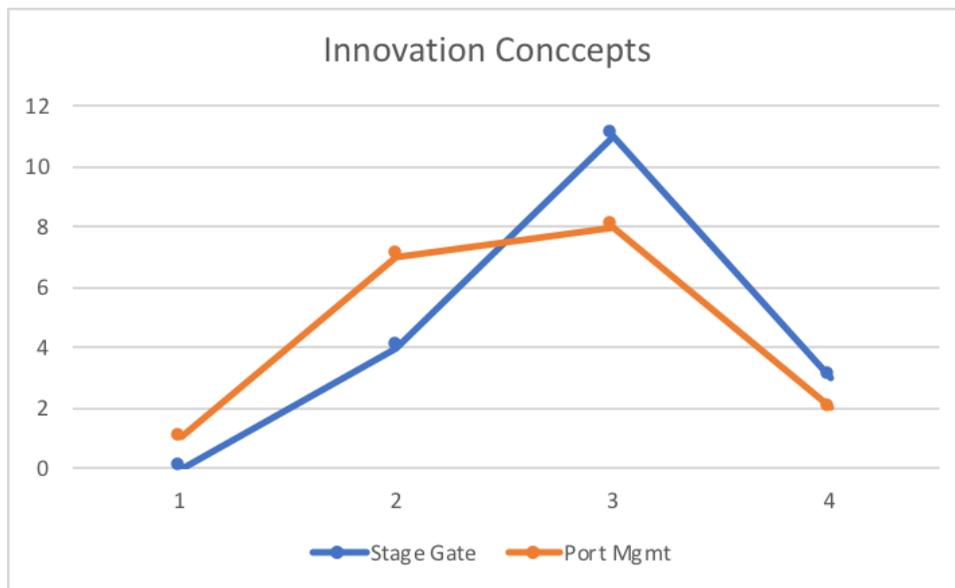
When we asked about the importance of various aspects of the senior innovation leaders role, encouraging cross-functional collaboration and championing innovation at senior levels scored as most important – clearly our respondents have figured out that they can't go it alone.

Close behind those two roles were defining the strategy for innovation, providing tools and frameworks for innovation, and developing critical innovation training and skills. The complete list of roles and their relative importance (on a 1-5 scale, with 5 being the most important) are shown in the chart below:



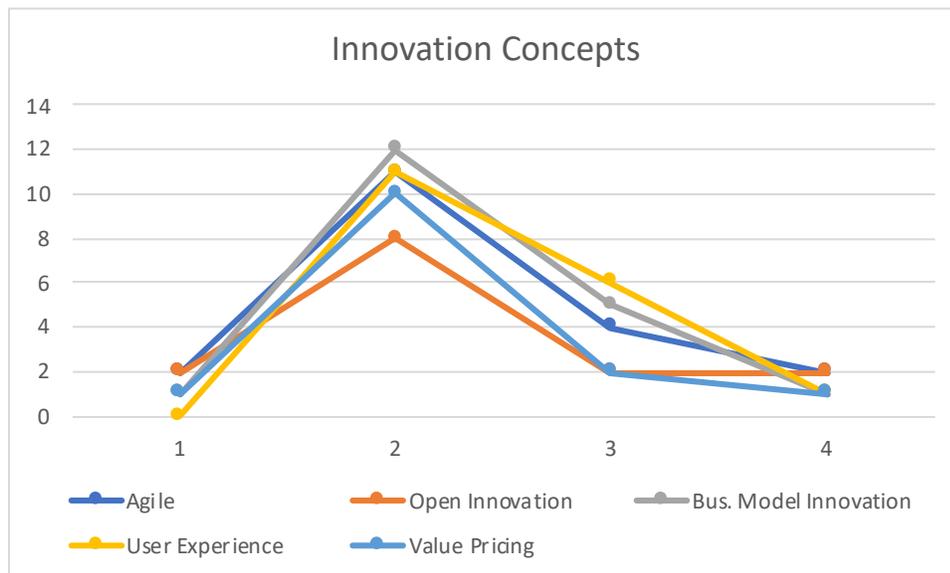
Topics in Innovation:

When we asked where the respondents' companies were on various innovation topics/concepts, it was clear that both stage-gate and innovation portfolio management are mature and fairly well understood at this point:



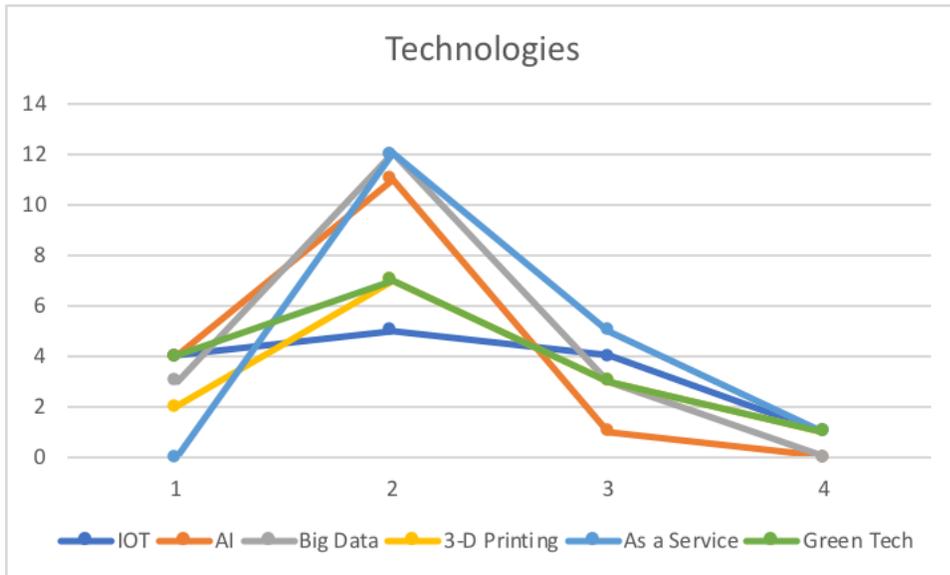
1= "leading edge" 2="exploring" 3="Completely comfortable" 4="post-peak"
 Responses of "unaware" or "not relevant" are not shown. Y-axis is number of respondents

At the same time, most companies are still exploring other innovation concepts, including: agile, user experience, open innovation, value pricing and business model innovation. The greatest number of companies in our sample are currently exploring business model innovation, user experience and agile.



1= "leading edge" 2="exploring" 3="Completely comfortable" 4="post-peak"
 Responses of "unaware" or "not relevant" are not shown

When we asked about specific emerging technologies and their relative focus, “as a service,” big data and artificial intelligence have the most companies actively exploring; and less than a third of our sample rated themselves as ‘completely comfortable’ with any of these advanced technologies. Again, the complete set of responses is summarized below:



1= “leading edge” 2=“exploring” 3=“Completely comfortable” 4=“post-peak”
 Responses of “unaware” or “not relevant” are not shown. Y-axis is number of respondents

Keys to Success:

Our open-ended questions covered a variety of topics and generated a wide range of answers. Not surprisingly, many cited the difficulty of managing for the long-term while navigating the short-term challenges caused by the current Coronavirus and related economic disruptions.

When it comes to partnerships, nearly all of the respondents defined them as important or very important in their overall innovation approach. Although based on the qualitative responses, the types of partnerships and how they are used to spur innovation varies all over the place, including: universities, component suppliers, contract designers, outside innovation labs and external experts on specific technologies of interest.

When it comes to a perspective on the innovation landscape, we were not surprised that many viewed the current Covid situation as the biggest change, highlighting the need to cut spending, while accelerating innovation and focusing on things that can be brought to market quickly. One respondent summed it up as “Less big I innovation and more little i innovation.”

Beyond this, we were somewhat surprised at the two other changes that were both mentioned almost as frequently as the current crisis. The first was digitization – this was reflected in both



competition shifting from hardware to software and an increasing need for connectivity, as well as more digitization in innovation processes, like more simulation replacing iterative prototyping. The second major category was the integration of customer/market perspectives into innovation. This was reflected as both acknowledging specific skill gaps (e.g., Voice of the Customer) and describing the organizational difficulty of getting the right inputs from sales and marketing organizations with different priorities and timeframes.

Lastly, when we asked about keys to success going forward, the responses clustered around two themes. The first was emphasizing the link between business strategy and innovation: defining what good innovation looks like and laying out the field of play (where to look). The second was around the importance and the difficulty of creating and championing a real culture of innovation across the company.

Conclusions:

Again, the sample size limits our ability to say much with certainty. That being said, we think this survey reinforces that the role of senior innovation leaders is more important than ever and is evolving rapidly. In particular, the CInO role is relatively new and expectations have not been standardized.

Beyond that, it is clear that the leaders we talked to understand a truth that we have preached for some time – you don't become more innovative by ordering people to innovate. This group seems to recognize the importance of building the right foundation: investing in the tools and the partnerships and then strengthening the cross-functional linkages to create the environment where creativity can flourish, and more innovation can happen.

In our view, where we are now is akin to the early days of the quality movement in the U.S. about 40 years ago. Many companies initially thought they could address quality by hiring a Senior VP of Quality. In most cases, this was a disaster – the quality leader had goals and metrics that not only differed, but in some cases were at odds with the historical power centers in the organization. What smart companies eventually figured out was how to build a quality culture, making quality an ongoing piece of everyone's job rather than the full-time job of just one department. This transition took concentrated effort over years not months, but for those who got it right, the improvement was profound.

We believe that the companies that are most serious about innovation have come to the same realization and are actively exploring the right combination of people, frameworks, processes, tools and metrics to build a real and sustainable culture of innovation. We wish them luck and look forward to watching the next phase of their journeys.