



Expert Speak

Innovation-led Organisations: What Makes Them Thrive?

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Organisations are in a constant churn as they move about in today's dynamic business ecosystems. The only way to thrive then is to be on a path of continuous rediscovery—an approach to finding multiple ways a wheel can function, if not reinventing it. It is all about unlocking and embracing fresh, disruptive ideas to build innovative solutions for new and improved products, and processes for growth. Prameela Kalive, COO, Zensar Technologies, underlines how innovation is at the core of thriving organisations and is the only way to stay relevant in the future.

Disruptions occur at an incredible pace—both within organisations and in business ecosystems alike. Propelled by the need to develop new products, services, processes, and even new operating and business models, organisations go through the grind to keep pace with the evolving world. So, what necessitates this churn? Diminishing market entry barriers, shifts in customer expectations and behaviour, and the availability of a gamut of technological enablers and platforms are responsible for this phenomenon. Does that make it effortless for organisations to undergo disruptions to rediscover their purpose or maintain their leadership position in the market? The answer is two-pronged. For younger organisations, which are born out of disruptions, being innovative—in their processes, business models, and product services—is a part of their DNA and, therefore, easier. However, for legacy organisations, set in their ways of functioning, it is more challenging to be innovative, and yet essential at the same time. It is over time and with experience that organisations put structures and business models in place to succeed and grow efficiently and meet their existing customer needs profitably. However, the exponential disruptions in technology, markets, and consumer behaviour can expose an organisation's ability to evolve and innovate. Does that mean these organisations should not and cannot change their status quo? No. To stay relevant and to continue to grow, all organisations must constantly challenge the status quo and find ways to create a culture of innovation to thrive.

Aligning Leadership, Teams, Resources to Innovate

Innovation is a crucial driver to disrupt the status quo. However, many organisations grapple with the fundamental question—why fix something which is not broken? What needs to be understood is that innovation is not about fixing a problem. Essentially, it is about pulling out all the stops in delivering to one's full potential and capturing new market opportunities. Starting out with the right culture in place, one that can foster innovation, signifies that the organisation has got one fundamental element right. But how does one align other necessary organisational arms to the goals of innovation? Globally, organisations now prioritise and invest in innovation as



earlier it never found its place in the budgeting process, setting of KRAs, or how teams were measured or rewarded. To bring innovation right at the centre, as a part of the strategy and goal-setting exercise, requires an entirely different mindset. I believe in providing a framework. In our organisation, anyone can come up with a new idea. I ask them some simple questions: Is it going to enhance the customer experience of working with us? Does it give us a unique top-line opportunity or a new growth lever to improve our revenue? Or is it a bottom-line accelerator? Or is it an innovation that will drive efficiency and productivity so that we can do more for less? We would like to tick at least one or two of these boxes before putting money behind the next innovative idea.

Leadership: Innovation has to be a leadership agenda. Some organisations call it out in their vision and mission statements, while some go beyond calling it out and practice it in their professional lives everyday. The key is to have an ambition and aspiration, to be innovative in whatever space you exist. It depends on the leadership's ability to ensure that this ambition and aspiration are quantifiable. Eventually, it means delivering new products or services to new markets or to current markets in new ways. For instance, an organisation can aspire that 30% of its growth, three years from now, will come from products and services that currently don't exist. As you grow, you quantify that growth. For instance, what percentage of the margin is being delivered by these new products which are delivering non-linear growth. Set aside an 'x' percentage of the budget and talent pool for innovation. Keep in mind that this investment is not likely to give returns in the first few years. Leaders need to convince themselves that this is a longer-term game and then must let it cascade down to the mid-management and levels below.

Workforce/Teams: Having innovation as a vital leadership agenda is a job only half done. For its execution, teams across departments must commit to carrying forward and executing the innovation goals. Give the teams the freedom to innovate within a framework of timelines, accountability, and possible outcomes. Eventually, organisations need to deliver impact and growth. So, every team must be clear about the opportunity and their contribution. Suppose an organisation aims to enter a new sector, expand to a new location, or launch a new product line—every team, from delivery to sales, R&D to HR, operations to finance, should align themselves accordingly. To enter a new market segment, a CHRO must

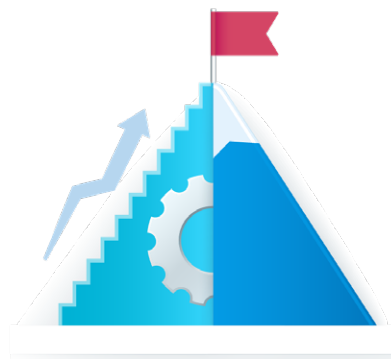
consider how to build internal, organic talent that stays relevant. What skills and competencies may be required to train the employees in future? The finance team must weigh the new segment for its entry barriers and how to innovate in commercially viable ways to enter the segment. The delivery team must think of novel ways to deliver or have new delivery centres ready, ahead of the launch. The sales team should think of innovative sales pitches keeping the market requirements in mind. The leadership should consider everyone's viewpoint on an inorganic acquisition. In a nutshell, every department holds a key.

Resources: Committing resources is as important as setting goals and having teams in place to execute them. However, an organisation needs to study the viability of an idea before rallying behind it. Pick those ideas that can change how the company is perceived and experienced by the customers—if it is not going to move the needle for a tangible impact in the organisation, leave it to a specific department to take it forward. Another critical factor to consider before committing resources is ensuring that it meets the criteria of disciplined innovation. Suppose an idea gets approved, the budget is allocated, and then six months down the line, there is no progress, and you move to the next. Such an approach will lead nowhere. Therefore, having monitoring mechanisms, and evaluating processes in place are as important as committing resources to an innovation.

Challenges On the Way

Organisations today are not about surviving but about adapting to change. While on a journey to innovate, organisations realise that it is more arduous to incorporate innovation than it seems on the surface.

Balancing short-term and long-term goals: The first challenge is to balance the goals—short-term, where the results are certain, and the risk is low, vis-à-vis the long-term, future goals which focus on how to stay relevant and resilient. For instance, if you are a purely revenue-driven or a public limited company, the expectations from the board and the market are evident—you have to deliver wealth to your shareholders. Often, organisations are caught up in



focussing all investments, resources etc., on merely unlocking this value within short-term or near-term, thus overlooking the future investments and returns. Organisations should be able to balance out the goals so as not to miss the woods for the trees. Make sure to not bow down to the pressures, whether from the market, the competitors, or even from within. Most companies find it very difficult to commit to a set budget for R&D. Even if they do set aside an amount, they tend to reduce it, or cut it entirely in the hope of allocating it later since most innovations tend to have an ROI of four to five years.

Avoiding scattered innovations: Another challenging area is having scattered innovations within the organisation. Irrespective of the percentage of budget being spent on innovation across departments, if there is no cohesion between various innovation exercises across the departments, it will not lead to any success. A company may be performing great on the market scale, but may still have enough headroom to operate more efficiently. With more innovative, efficient operating models, it could be doing more for less. So, how does one go about doing it? HR must think of innovative methods to reduce hiring costs. The delivery arm of the company must think of improving delivery standards and using automation to deliver in a faster, more efficient way. The sales team must think of reducing the cost of new customer acquisitions, etc. Rather than looking at scattered, piecemeal investments in innovation, the entire ecosystem must collaborate and invest in interconnected ideas for the true benefits to yield.

Having diverse innovation ecosystems: Lastly, it is often tedious to harness the power of diversity when you are innovating. Putting homogeneous teams on a quest to think innovatively can sometimes be a lost opportunity. Employees who are new to business ecosystems, or new to the company can bring fresh perspectives compared to those who have been around for a long time. When people from different functionalities and diverse backgrounds within the organisations, or even outside, are included—the more diverse the ecosystem—the better the creativity and richness of the innovative solutions. For instance, when we innovate for customers, we are second-guessing, what does my client truly want? Instead, innovate along with your customers. Ask them what problems they face when trying to come up with solutions for them.

Strategies to Have Seamless Ecosystems

Once you realise that innovation is the means to succeed, it becomes a default setting. It gets embedded in the processes, almost becoming a daily event, permeating an organisation's core operations. Despite this, an organisation's massive potential for innovation may remain unrealised without well-crafted strategies that ensure seamless ecosystems and stakeholder



relationships. Thus, have mechanisms in place to ensure that ideas keep flowing. Some may get harvested, while some may fail due to lack of viability or delivering impact at scale, but the aim is to keep the pot stirred.

The Vision Communities: To stimulate and engage innovative cells and have a constant reservoir of ideas, we had created an entire innovation ecosystem called the Vision Communities that we ran in Zensar for several years. These communities had diverse participation from young graduates to managers, and senior leaders across different departments and locations. The idea was to create and power a platform for *Zensarians*, as we refer to our employees, to ideate and brainstorm on critical elements of the organisation strategy. For example, our organisation once stood divided on whether we should foray into the domestic Indian market or not? Should we be a product company or remain a services company? Should we build capacity organically, or should we acquire it? Should we have a dress code in the office, etc.? These vision communities helped us bubble up the energy and stimulate innovation. One of the requirements for these communities was for teams to work with those outside their departments. This helped them to build strong and resourceful networks within the organisation, enabling them to bounce ideas off each other, and draw from each other's strengths, skillset, and experiences. That is how we began to build strong innovation ecosystems within our organisation. Now our vision communities model of innovation has evolved into new formats over the years, while the philosophy remains the same—create, nurture, and empower strong internal innovation ecosystems.

Channelling the power of diversity: Unlocking the generational energy, adding diversity, and tapping into ideas of young professionals, especially women, is

one of the critical strategies that innovation-led organisations swear by. Not only does this help in forging new networks, this way, ideas get validated, and filtered effectively. It is humbling and refreshing to witness fresh perspectives about challenges, possibilities, and outcomes, bringing in the much-needed outside-in view. For example, at Zensar, we have a ‘Future Leaders Board’ of high potential *Zensarians*, and a ‘Women Executive Board’ representing women across roles, tenures, functions, and locations. Leaders from both these boards actively participate in our apex body meetings and get a first-hand insight into the top management’s priorities, choices, and decisions. They then pick some of the organisation level priorities to lead and own. They are assigned mentors for further guidance.

Freedom to experiment and celebrate failure: One of the biggest reasons many great ideas do not see the light of day is the fear of failure. Organisations that thrive on innovation celebrate failed experiments as much as wins, enabling individuals to take risks. For example, we allow our employees to develop ideas and go on a sabbatical to pursue them. RPG Group (the parent company for Zensar) even funds some of the best ideas under the initiative, RPG Ventures. All group employees can rightfully pitch their ideas and if the idea clicks, they are given seed money and are allowed break from work to pursue their goals further. If they succeed, great! They are welcome to return to their safety net, if they don’t. We call them “intrapreneurs”. As we say at Zensar, “As long as you can fail fast, fail small, fail safe—failure is okay”.

The Way Forward

For an organisation to flourish on creativity and succeed in translating it into value, innovation must integrate into its core, sans conventional, operational, and cultural constraints. Below are some key takeaways to keep in mind for organisations to stay relevant while innovating:

- Be positively paranoid about retaining your market position while on the course of innovation.



- Don't just strategise on what you should do. Spend time on knowing what not to do. For example, knowing when to exit from a business, a market, or even a vertical is also a wise choice.
- Constantly look for whitespaces to innovate wherever possible. The last few years have just taught the world what innovation truly means. So, look through the tiny cracks to innovate.
- If you have the prime mover advantage, make the most of it, for it is never permanent. It will last till others catch up and innovate further.
- Draw your own hype cycles—where you keep experimenting and resetting the old—within the organisation. Keep asking where you will be in your chosen space.
- Lastly, keep pressing the 'refresh' button often. Evolve new ways of delivering products. Change the swim lanes in which you operate if that is what it takes to innovate and add to your service mix.

Prameela Kalive is an industry leader with over 33 years of diverse industry experience, including one decade as a missile scientist with the Defence Research & Development Organisation (DRDO). Currently, she is Chief Operating Officer, Zensar Technologies, and has been a core part of its growth journey for over two decades. She has led multiple leadership portfolios in Zensar including software deliveries, global strategy, marketing, and global HR. An alumnus of the London School of Economics, the Wharton Business School, and the Indian School of Business, she received the Rising CEO award for 2015 and was recognised as the 'Woman in Technology for 2019' by ISG.