

Characteristics of Innovative Companies.

Companies that are innovative practice a few things that other companies either have not thought about or have not yet put in place. What are the key characteristics of innovative companies?



The first and most important characteristic of innovative companies is that they recognize that **people are their most important asset and that those who are innovators need special attention.** While this is a cliché, it is an important starting point.

Other characteristics of innovative companies are perhaps less obvious. What are the management practices which encourage innovation? Innovation just doesn't happen automatically. There is some spark (a culture perhaps); there is a person, a group, a circumstance that results in some companies becoming more innovative than others. Having been innovative does not guarantee that innovation will be sustained. Innovation is manageable; it can be discouraged and it can be encouraged.

Based on a growing body of knowledge about corporate innovation, there are a number of major characteristics of innovative companies that need to be considered in order to encourage innovativeness.

1. **Board members and senior management** consistently place a heavy emphasis on the value of innovation. They take pains to communicate the importance of innovation to all stakeholders but particularly to employees.
2. Mavericks are deliberately hired so that the company can bring in fresh ideas or, through synergy with existing staff, **stimulate new thinking and therefore generate new corporate opportunities.** Some companies have a maverick as their C.E.O., but this is not always a necessary step as long as there is a sense and an acceptance that mavericks represent valuable input to the management process.
3. **Transparency of information** on a whole host of topics is encouraged through the use of information-(knowledge) sharing systems along with an emphasis on broad consultation throughout the organization.
4. Management, supported by the Board, view new initiatives as taking longer than the achievement of the next quarterly results. Their decisions sustain the necessary **commitment of resources for the long term.**
5. **There is a tolerance for failure and risk taking is viewed as part of the management process.** Different criteria are applied to new initiatives as compared to the returns expected for established businesses.

6. **Management empowers those with new ideas** to make the idea a reality. This can be done by separating the new initiative from the business main stream or by establishing dedicated individuals or groups, both formal and informal arrangements, for accomplishing the tasks involved in bringing ideas to fruition.

7. Management has a **well understood business model** which comes expeditiously into play when a new initiative is to be supported. Having a well known and broadly understood business model also strongly supports the idea of management's commitment to innovation and saves time in organizing the launch of new initiatives.

8. **Reward systems reflect the corporation's interest and commitment to innovation.** Reward in the form of cash and stock are but a part of an overall mechanism to provide incentives and recognition to innovators.

9. Management encourages the movement of people among various parts of the organization in order to stimulate ideas and overcome overspecialization and conventional thinking. **Innovative companies stay close to their employees** through the use of attitude surveys and the organization of any number of forums or opportunities which are meant to encourage employee interaction.

All of the above policies and practices contribute to having the best culture for encouraging innovation. With the proper culture in place, there is every reason to expect that innovation will take place and that the corporation's economic and overall well being will be enhanced.

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