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Individual report; for Registrant#205 Financial industry (banking) sector

January 13, 2020

Thank you for your participation in this project. The data set out in this report is based on your completion of the online survey and reference to CIO's growing data base for the financial industry.

Introduction

The purpose of this research is to identify which of twenty-two management practices have a significant impact on the climate for innovation in an organization and to develop a model which can be used by individuals, groups and organizations to assess their own climate.

Subsequent analysis and discussion can lead to the identification of those management practices which encourage innovation and those which are less effective or discourage innovation. The approach helps target areas for improvement.

Executive summary

Top priorities for improvement addressed

CIO has analyzed the opinions registered by you on your completion of the online survey¹. For each of the twenty-two Factors (essentially management practices and policies) you have indicated what would be your 'Ideal' situation and, for the same Factor, an opinion on your 'Reality'. The difference between your 'Ideal' and your 'Reality', the 'Delta', is a measure of your satisfaction with current management practices.

Additionally, you have registered your opinion on three Factors which provide an indication of the results of the current practices within your organization; i.e. whether



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¹ Online survey available at www.corporateinnovationonline.com

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innovators leave or stay, the trend in innovation and, whether the organization has, in your opinion, an innovative tradition.

CIO's findings.

- Your opinion on the 'Ideal' coincides with others in the financial – banking – sector except for three Factors.
- Your 'Delta' is just under a threshold of sixty. Over sixty usually suggests that some remedial action is required.
- When compared to CIO's Best of Breed standard², there is cause for concern as the 'Delta' increases to over eighty, indicating that there is an opportunity to improve the climate for innovation and that change may be urgent.
- There are six Factors which are of most concern. The first of these, and the most important, is that management does not have explicit objectives for innovation and, in your opinion, has little interest in the subject. The other five Factors – set out later in this report - contribute significantly to the 'Delta' and highlight your concerns.

In order to conduct the analysis, CIO's compared your opinion with others in the data base who are in the financial industries banking sector and in addition to a CIO-developed standard, the BofB, derived from researching over thirty companies³. The BofB is not solely derived from the financial industry.

The central issue which emerges from the analysis is that management is not interested in innovation. At least four management practices, all related to the climate for innovation, act to discourage the organization from being as innovative as it could be. Priorities for improvement should be focussed on these practices.

An internal discussion of results could prove helpful to you and to the organization. Ultimately, a review of the research results should lead to an opportunity for management and employees to have a meaningful discussion on what could, without this data and analysis, be difficult due the vagueness associated with the management of innovation.

Outcomes

The impact of current management practices.

There are three Factors which measure the impact of current management practices.

- Retention of innovators - #21 – provides the largest 'Delta' of all Factors. While your 'Ideal' at -4 is greater than the average 'Ideal' for the industry of -1.7, in both cases the 'Delta' is excessive thus indicating a serious problem with the retention of innovators in your organization.

² CIO developed the Best of Breed from researching highly innovative companies.

³ The list of companies researched is available on the web site

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- The organization has, in your opinion, an innovative tradition - #22 – but your ‘Reality’ falls short of your ‘Ideal’.
- Innovation is increasing rapidly within your organization - #24 – and that should be encouraging.

In summary, your organization is currently having difficulty retaining innovators, a result which must sooner or later impact innovation.

How does your opinion on an ‘Ideal’ compare with others in the industry?

Your ‘Ideal’ is closely aligned with views from those in the industry

Comparing your ‘Ideal’ to others from the same industry – banking in this case – provides you with a measure of confidence that your opinion is close to others in the industry. A major difference might suggest you rethink your opinion.

Your opinion – see Appendix A - on the ‘Ideal’ set of management practices is similar to those from the industry for twenty-one of the Factors.

Differences lie in three Factors.

- F#3; tolerance for mavericks in which case those in the industry would have a higher tolerance level than you.
- F#10; intra firm communication – the ‘Ideal’ - is seen to be informal in but, in your case, your ‘Ideal’ trends to having more formality.
- F#15; while the industry is slightly prone to planning and analysis, your organization tends to act with little planning.

Your opinions are about your own organization and your own experience.

‘Deltas’ to note

Your satisfaction or not with the current practices

Total ‘Delta’ is the sum of the differences between the registrants ‘Ideal’ and their ‘Reality’. It is one measure of the registrant’s degree of satisfaction with current management practices or not. There are six Factors, see Appendix B, which significantly contribute to the overall ‘Delta’ measurement. The larger the ‘Delta’, the greater is the dissatisfaction.

- F#2; Management does not explicitly call for innovation.
- F#4; Planning emphasizes rationing resources as opposed to looking for opportunities.
- F#5; Management does not have a high tolerance for failure.
- F#10; The style of communication in your organization is too formal but your opinion is that some formality is desirable
- F#15; The organization is prone to planning and analysis with less emphasis on acting.
- F#19; Resources are generally not seen to be available for new projects

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The overall 'Delta' is fifty-eight, which in comparison with other registrants, is just under the need-for-action threshold of sixty. Of the total 'Delta', the six Factors noted account for over half of the 'Delta'.

On the positive side, the lower the 'Delta' the higher is your satisfaction. In this regard, the following practices pass the test; i.e. with the 'Delta' less than four.

- F#1; managements' emphasis on profit is within the proper balance of long and short term.
- F#6; people management and their interaction are viewed as a strength in place.
- F#11; use of independent work groups is encouraged
- F#12; management decision making is viewed as broadly based with input from staff
- F#13; you are not concerned with the informality or formality of the decision process
- F#16; there is an open attitude to possible structural changes which might occur; i.e. acquisitions, divestitures.
- F#17; personal development versus corporate is in balance.
- F#18; hierarchy and decentralization are not, in your opinion, issues impeding innovation
- F#20; the level of staff involvement in decision making is not an issue.
- F#25; employee associations are seen to be encouraging innovation.

While these judgements derive from a low 'Delta', thus indicating your satisfaction with these management practices, they should not be ignored as one looks to improve the climate for innovation.

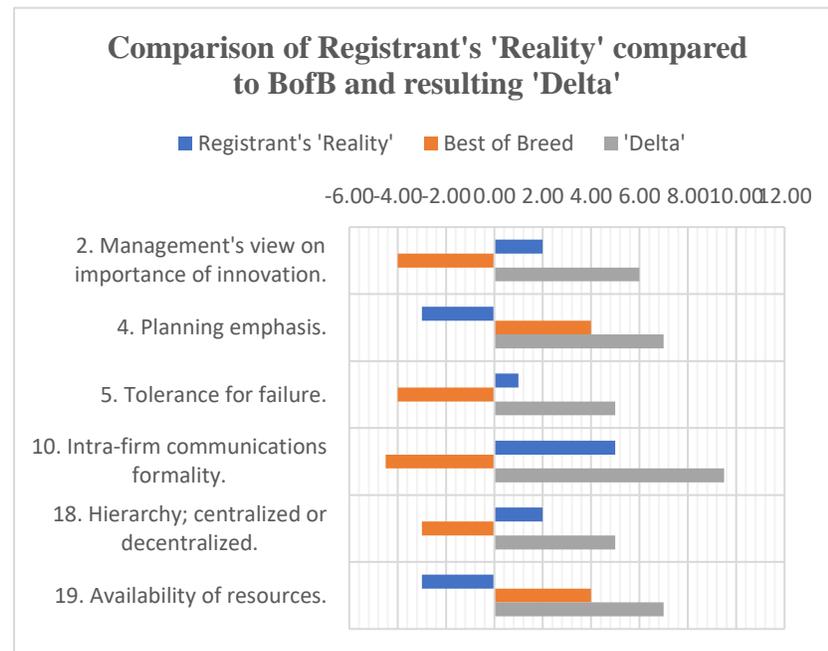
Your opinion compared with CIO's BofB

Applying the BofB provides additional perspective on areas for improvement

CIO's benchmark, the BofB, is derived from researching highly innovative, idea-driven companies, but not from⁴ the solely the financial industry.

Further insight into the degree of the issue can be gained by comparing your 'Reality' with the BofB.

When compared to the BofB, the Delta increases to a level above 60 which is an indicator that there are issues with the climate/culture for innovation.



⁴ The derivation of the BofB is set out on the web site.

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Factors, contributing negatively to the culture for innovation, are set out below along with an explanation.

- Factor #2. Your opinion differs dramatically from the BofB and the 'Delta' is a significant contributor to the total 'Delta'. Management has little or no interest in innovation!
- Factor #4. The planning emphasis in your organization is on rationing resources and not on identifying opportunities.
- Factor #5. For BofB companies, the tolerance for failure is rated at four, well above your opinion about your organization. Your tolerance for failure is more modest. Tolerance for failure is often viewed as a learning experience by BofB companies.
- Factor #15. Your opinion is that the organization is 'prone to planning an analysis' and not, the opposite, 'prone to action with little planning'. While the latter is good news, the former suggests that there is an abundance of analysis without consequent action.
- Factor #18; Your 'Reality' is that the organization is highly centralized. When this Factor is compared to the BofB, an issue is identified. BofB companies make every effort to decentralize and minimize bureaucracy.
- Factor #19. Within innovative companies, of the BofB type, there is an understood notion that if there is a good idea, resources will sooner or later be found, to move the idea forward. In your organization, there is every evidence that few resources are seen to be available; contributing to a negative climate for innovation and to those with ideas.

A comparison of your opinion with the BofB standard is set out in Appendix C. If these views are pervasive within the organization, there should be a concern for the current and future climate for innovation.

Conclusion

What does all this mean?

CIO's opinion is that while the organization has an innovative tradition and continues to innovate, there is every likelihood that these trends will not continue unless management takes steps to improve several management practices which impact the climate for innovation.

The first step for management to acknowledge that there is merit to the analysis and that the several management practices which have been identified are as described.

Of greatest concern is the conclusion that management, to quote from the online survey, 'has no interest in innovation'. As is often said, nothing happens unless management leads and is supportive of any effort.

There are six Factors which lend support to the major conclusion that management has little or no interest in innovation.

- Innovators are viewed as leaving the organization.
- There are insufficient rewards in place to recognize and reward innovators.

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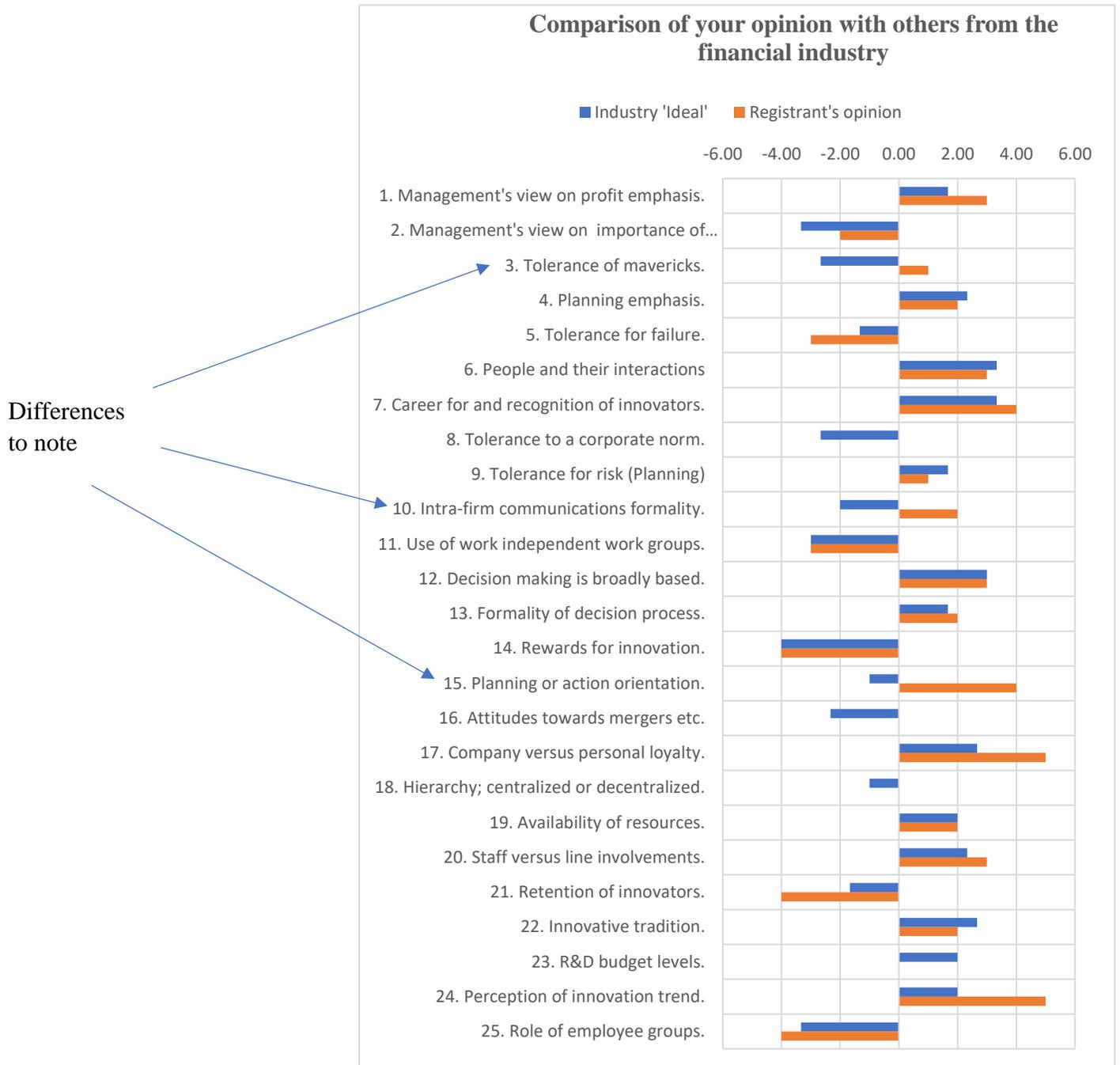
- The evident availability of resources for funding new projects is lacking, even if the project has merit.
- Tolerance for failure, often viewed as an essential management value in innovation-oriented organization, is lacking.
- There is an emphasis a 'corporate norm' which probably does not encourage out-of-the box thinking or action.
- Further, the organization is 'prone to planning and analysis', the opposite of an action-orientation, and this may be a contributing factor to the loss of innovators.

All of these practices, if not addressed, could lead to a stagnation of innovation. On the positive side there is every indication that at least ten Factors do not require modification.

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Appendix A.

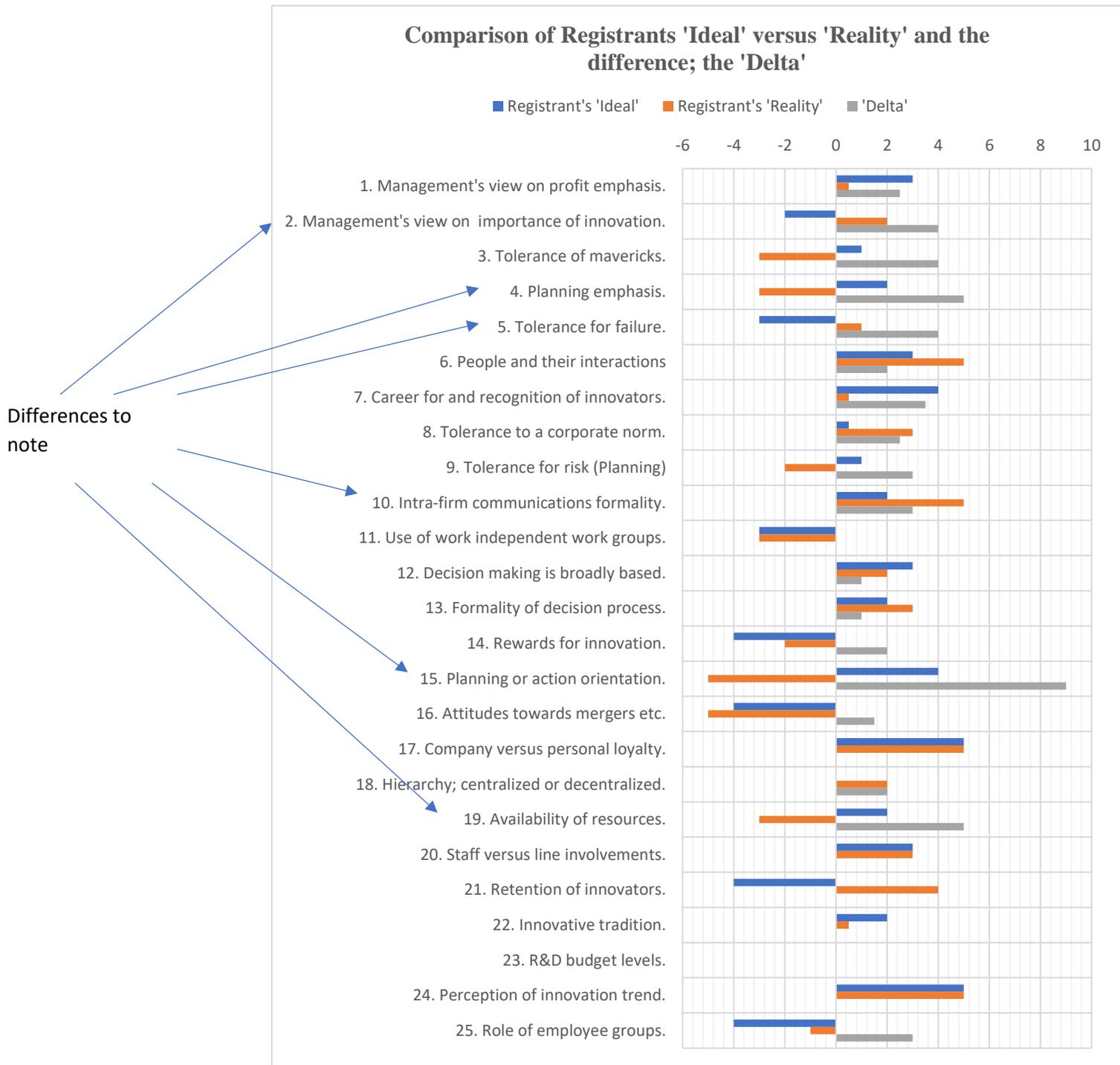
Your opinion compared to others in the financial industry



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Appendix B.

Your 'Reality', 'Ideal' and the difference between them; the 'Delta'



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Appendix C. Your opinion compared with CIO's BofB

Comparing your 'Ideal' to CIO's benchmark, the result of researching innovative companies, can provide further insights into areas for possible improvement. Large differences, shown by the arrows, should point the way to further thought and action.

Differences to note

