

WOBI on Innovation



EXECUTIVE SUMMARY

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GARY HAMEL

One of the most Influential figures
in modern management

Recognized as one of the most influential and iconoclastic business thinkers in the world, Gary Hamel, teaches us during this three-day program, the keys necessary in becoming a true catalyst for innovation and being able to build an organization that is as bold and creative as demanded by the current times we live in.



Numerous studies reveal that **79% of CEOs consider innovation one of the highest priorities, but also indicate that 94% of CEOs say their organizations are not very good at innovating.** Innovation is essential for organizations because it is the only guarantee of customer loyalty and what makes them relevant. It could be said that innovation is the only hope we have to successfully meet all the challenges the world is currently facing.

Hamel ensures that to know if something is truly innovative, it is important to ask yourself three key questions: Does it change customer expectations? Does it change the cost structure? And does the way of competing change?

There are many levels of innovation in organizations: in the product, in operations (logistics, supply chains ...), in the business model itself, the ecosystem and in management (the structures, tools and methods that we use to do together what that we cannot do alone).

Learning to be more innovative is essential in developing these four main habits in companies:

1. Questioning everything we assume and take for granted.
2. Exploring emerging trends.
3. Taking advantage of hidden strengths.
4. Discovering unmet needs.

In order to establish a culture of innovation in organizations, it is important to build strategies that deconstruct what has already been established. Hamel highlights some points to reflect on how to build an innovative strategy:

1. Ask yourself, what are we becoming? In what three or four ways are we going to reinvent ourselves and the world around us?
2. Most companies do not have a strategy.
3. Strategic planning does not exist.
4. You cannot create top-down strategies.
5. The best ideas often come from outside.
6. Building a unique strategy requires unique ideas.
7. You have to diverge before you converge.
8. Topics are more important than ideas.
9. Open is better than closed.
10. Technology is a multiplier tool.

Gary Hamel says that people are beings who know how to adapt, something most organizations have a hard time doing. This is a big problem in the ever-changing world we live in. We are generally forced to change when a crisis hits us. You need to find a new way to change; to be able to transform ourselves before we are forced to do so.

One of the problems that slows down innovation in organizations is their high degree of **bureaucracy**. It is this type of organizational system that profoundly affects the way the company operates and **is mainly characterized by misusing employees' talent**, rather than embracing it. Since their autonomy and decision-making capacity is limited, it is mainly based on the mere execution of the tasks given by the people at the top of the organization chart.

There is no way to build an innovative organization without redistributing power within companies. A top-down power structure reduces diversity, slows initiative, hurts speed, and competition within the company. To make a 180° turn, Hamel recommends the following:

1. Flatten the organizational pyramid.
2. Divide large units into small ones.
3. Teach everyone to think like a business person.
4. Make each team responsible for bringing in results.
5. Bring decision making closer to the client.
6. Treat each employee as essential to success.

We are at a time when new problems cannot be solved with old solutions and methods. **It is necessary to challenge the beliefs of our organizations and all that they take for granted.** Despite the fact that over the years the field of management has dealt with numerous innovative initiatives, none of them has implied a substantial change in the way companies run. This is because there is a basic problem in their DNA. Rather than putting the focus on *"what is done"* **it is necessary to focus on "how to think", in order to carry out significant transformations.**

One of the flaws in the DNA of organizations is the belief that the people who work for them are mere resources and are hired for the production of products or services, thus becoming another instrument. We must change that mentality and **see workers as agents of change, capable of making an impact on the world and contributing to it's evolution.** Changes and innovations in processes, logistics, and in the supply chain will be useless if this way of thinking is not changed first.

As previously mentioned, bureaucracy seeks to maximize compliance for the sake of organizational effectiveness. Hamel proposes the transformation from “Bureaucracy” to **“Humanocracy”, a system which seeks to maximize the contribution for the sake of individual and collective impact rather than for the organization.** Hamel highlights seven fundamental principles to build these post-bureaucratic organizations:

1. Unleash the entrepreneurial spirit within the organization itself.
2. Align influence and competition and change the structure of the organization chart, favoring meritocracy.
3. Take advantage of collective knowledge.
4. Create a community between the people who make up the organization and establish good relationships between colleagues.
5. Turn the organization into a place where everyone is capable of evolving.
6. Being able to learn from everyone and with an open mind.
7. Establish a balance between freedom and control within the organization.