Government innovation workshop
Warwick Business School, 22 November 2018

The Cabinet Office's Open Innovation Team helps policy-makers generate analysis and ideas by deepening collaboration with academics. We are supported by Research Councils UK and sponsored by the universities of Bath, Lancaster, Southampton and Warwick, but we do not have an exclusive relationship with these partners.

On 22 November 2018, we organised an event with Warwick Business School to hear the latest academic thinking on government innovation. This slide pack summarises the research and ideas presented at the event, including:

- **Barriers to innovation**: how can organisations spread good ideas and overcome barriers to innovation?

- **Incentivising innovation**: how can we incentivise innovation using a behavioural science approach?

- **Learning from NASA**: what can government learn from NASA and create conditions for renegade groups?

- **Absorptive capacity**: how can we enhance an organisation's ability to absorb ideas?

- **Measuring innovation**: how can organisations measure and evidence innovation?

How can organisations spread good ideas and overcome barriers to innovation?

Eivor Oborn, Warwick Business School

- **Innovation needs to be integrated across business processes, not isolated.** The innovation funnel (pictured) shows the range of connected activities that enable innovation. To increase innovation, organisations need to identify and improve their 'weakest link' in this chain.

3,000 Raw Ideas (unwritten) → 300 Submitted Ideas → 125 Small Projects → 4 Major Developments → 2 Launches → 1 Successful New Product

- **Successful innovation is often co-created.** Working in an 'innovation ecosystem' helps partners to create new forms of value. Organisations must develop collaborative networks, and identify co-innovators (e.g. ARM & Cambridge Silicon Fen region, Vodafone & Sagentia with MPESA).

- **Central government can play a vital role in encouraging innovation across the public sector**. It can develop ecosystem leadership and create the right incentives (e.g. HealthUnlocked innovation around patient activation).
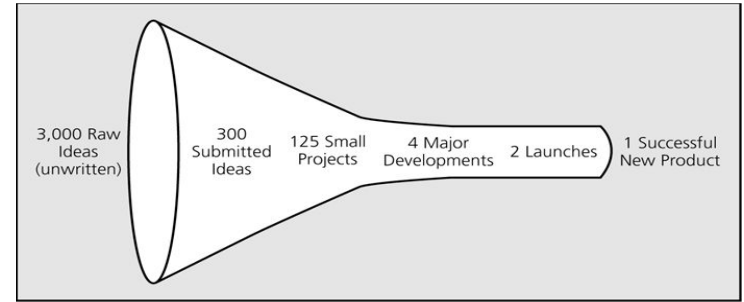
How can we incentivise innovation?

Neil Stewart, Warwick Business School

- **Attitudes, social norms, and perceived behavioural control behaviour.** To encourage innovation, it is necessary to foster employees with a desire to innovate, which they believe others share, and a belief that they have sufficient control to achieve the innovation.

- **Most innovations fail**. Therefore, to incentivise innovation it does not make sense to only reward successful outcomes. This places all the risk for innovating at an individual rather than organisational level. Instead, it might make more sense to reward innovative behaviours that successful outcomes

- **Go big or go home**: Inferences from small samples, or even single case studies, are often an error. It is important to make sure you have sufficient sample size to accurately assess impact. Or, if not, find an alternate way to decide what innovations are deemed a success

What can government learn from NASA?

Loizos Heracleous, Warwick Business School

- **There are performance limits to existing systems and processes.** Even in very conservative / high reliability organisations, there should be room for emergence of new ways of doing things that can effectively address novel challenges.

- **Often groups of 'rebel' individuals emerge who realise that current ways are not up to novel challenges, and invent better ways.** Organisational defences / inertia however will try to suppress challenges to the status quo.

- **A crucial task for leaders is to create the conditions for such emergence to occur and flourish.** These conditions include: creating protected innovation spaces; providing seed resources to challengers and innovators; fostering a culture that is tolerant of positive dissent; and developing leaders with an ambidextrous mindset.

How can we enhance an organisation's ability to absorb ideas?

Graeme Currie & Tina Kiefer, Warwick Business School

- **Creating an innovation climate and implementing local innovations are important, but diffusion of meaningful innovation is the main challenge.** The 'absorptive capacity' (capacity to acquire and action evidence) of the public services systems & organizations determines whether meaningful innovation is diffused.

- **Evidence suggests that absorptive capacity is directly linked to increase in innovation and firm performance.** Qualitative research shows the concept can be successfully adapted to understand and enhance public services' ability to innovate and diffuse (Currie et al. 2018).

- **Organisation's ability to absorb innovation depends on three core capabilities that enable collaboration across silos.** These are i) systems (e.g. incentives) ii) coordination (e.g. strategy, distributed leadership, ICT) and iii) socialization (e.g. trust, voice, willingness to share knowledge). Our self-development tool can establish an understanding of an organization's ability to absorb ideas and help facilitate learning and improvement via evidence-based feedback.

How can organisations measure and evidence innovation from investment to social value?

Stephen Roper, Warwick Business School, Enterprise Research Centre

- **Viewing innovation from a value chain perspective helps understand and calibrate innovation efforts.** It emphasises innovation is not an end in itself but a means to provide stakeholder or social value. This approach also provides a generalisable framework to identify strengths, weaknesses and bottlenecks.

- **NESTA's <u>innovation index</u> measures innovation capabilities across the value chain.** They identified four stages:
  - 1) accessing new ideas
  - 2) selecting and developing ideas
  - 3) implementing ideas
  - 4) diffusing what works.

  For each, they developed measures and a survey to measure innovation capacity between organisations which helps identify good practice and where improvements need to be made.

Email if you'd like to discuss
openinnovation@cabinetoffice.gov.uk

Follow us on Twitter for updates
@openinnovteam