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Why implementing corporate innovation is so difficult

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Abstract While corporate innovation is commonly touted as a viable strategy for sustaining superior performance in today's corporations, the successful implementation of corporate innovation remains quite elusive for most companies. A recent Accenture survey of more than 500 executives revealed that over 50% report a poor innovation process, while fewer than 18% believe their own innovation strategy provides a competitive advantage for the firm. While many causal reasons can be offered, our research on corporate entrepreneurship and innovation demonstrates there are four key implementation issues that most corporations are not recognizing or responding to effectively. Effective recognition of and response to these four implementation issues may represent the difference between those companies that create a successful corporate innovation strategy and those that do not. The four issues are: (1) understanding what type of innovation is being sought, (2) coordinating managerial roles, (3) effectively using operating controls, and (4) properly training and preparing individuals. Together, these four issues—if understood and appropriately addressed—help create an effective innovative ecosystem within the organization.

1. The frustration with corporate innovation

The development, application, and enhancement of new technologies are occurring at a breathtaking pace. Innovation is determining the way business is conducted at every level, thus producing an entrepreneurial imperative for the 21st century (Kuratko, 2009). Ask any corporate executive the question, "What is needed for your company to be successful in today's dynamic economy?" and the most probable answer will be "Innovation." However, innovation is fast becoming an over-hyped buzzword among corporations, universities, and even governments. One recent article in *Wired* magazine called it the most important and overused word in

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America (O'Bryan, 2013). Despite the fact that innovation is highly touted as the most viable strategy for successful results in today's corporations, the fact remains that successful implementation of corporate innovation is quite elusive for most companies.

In a recent Accenture survey of more than 500 executives, approximately 67% claimed that they depend strongly on innovation for their long-term strategy success, yet over 50% reported that they have a poor innovation process (Koetzier & Alon, 2013). Despite increased financial support and top management commitment, many corporations are disappointed by the returns they experience from their attempts at innovation. In Accenture's survey, 93% of respondents indicated they believe their company's long-term success is dependent on its ability to innovate; however, less than 18% believe their own innovation strategy provides an actual competitive advantage (Koetzier & Alon, 2013). Simply put, innovation is not working out the way most companies expected. Why?

The answer may be found in academic research conducted on the topic of corporate entrepreneurship. As Ireland, Covin, and Kuratko (2009) pointed out, to simultaneously develop and nurture today's and tomorrow's competitive advantages—that is, advantages grounded in innovation—firms must increasingly rely on corporate entrepreneurship. Thus, while there are many reasons that can be offered for the frustration with corporate innovation programs, recent research on corporate entrepreneurship/innovation (e.g., Kuratko, Hornsby, & Covin, 2014; Morris, Kuratko, & Covin, 2011) demonstrates that there are four key implementation issues that most corporations are not recognizing or responding to effectively. Effective recognition and response to these four issues may represent the difference between those companies that are able to implement a successful corporate innovation strategy and those that cannot. The four issues are: (1) understanding what type of innovation is being sought, (2) coordinating managerial roles, (3) effectively using operating controls, and (4) properly training and preparing individuals. If understood and appropriately addressed together, these four issues help create an effective innovative ecosystem within the organization.

2. Implementation issues

A complete corporate innovation strategy is best defined by Ireland et al. (2009, p. 21) as "a vision-directed, organization-wide reliance on entrepreneurial behavior that purposefully and continuously rejuvenates the organization and shapes the scope of its operations through the recognition and exploitation of entrepreneurial opportunity." Addressing the four major implementation issues that we present is crucial toward making this definition a reality in today's organizations.

To be clear, effective implementation of the actions needed to address these four major issues is not easy, which means that a corporate innovation strategy is hard to create and perhaps even harder to perpetuate in organizations. Corporations that have created an innovative strategy find that the ethos of the original enterprise often changes dramatically (Kuratko, Ireland, & Hornsby, 2001). Traditions are set aside in favor of new processes and procedures. Some people, unaccustomed to operating in this environment, will leave; others will discover a new motivational system that encourages creativity, ingenuity, risk taking, teamwork, and informal networking—all designed to increase productivity and make the organization more viable. Employees engaging in entrepreneurial and innovative behaviors are the foundation for organizational innovation (Kuratko et al., 2014). In order to develop corporate innovation, organizations must establish a process through which individuals in an established firm pursue entrepreneurial opportunities to innovate, without regard to the level and nature of currently available resources. However, to be successful, entrepreneurial activity must be carefully integrated into the organization's overall strategies (Morris et al., 2011). With these caveats in mind, let's delve into the elements.

2.1. Type of innovation sought

One of the key impediments to implementing a corporate innovation program is senior management's misunderstanding of what specific innovation is being sought by the company. Without a full grasp of the various aspects of corporate innovation, senior level managers sometimes assume that everyone understands what is meant by corporate innovation. When there is no clear articulation of the specific innovation being sought by the organization, the actions needed by every level in the organization remain unclear.

The concept of corporate innovation or corporate entrepreneurship has evolved over the last 4 decades with considerably varied definitions. As these definitions became more widely used in the literature, 21st century scholars began dissecting the components of specific innovations to determine exactly what direction companies were seeking. O'Sullivan and Dooley (2009, p. 3) defined innovation in the following manner: