

WHITE PAPER  
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# The Pursuit of Standard Operating Innovation

B2B Marketing Research Series, Volume II

By Rob Sherrell & Stefan Tornquist

Large B2B marketing organizations are evolving to address market challenges, competitive threats and changing consumer behavior. This study examines the status of marketing's reinvention and finds a surprisingly uneven commitment to creating real change.

# Introduction

The 21st century version of the industrial revolution is underway. New business models are disintermediating past bastions of B2B profitability. Category killing, technology enabled products are popping up daily. And start-ups targeting your industry-leading market share are finding investment again at dizzying rates.

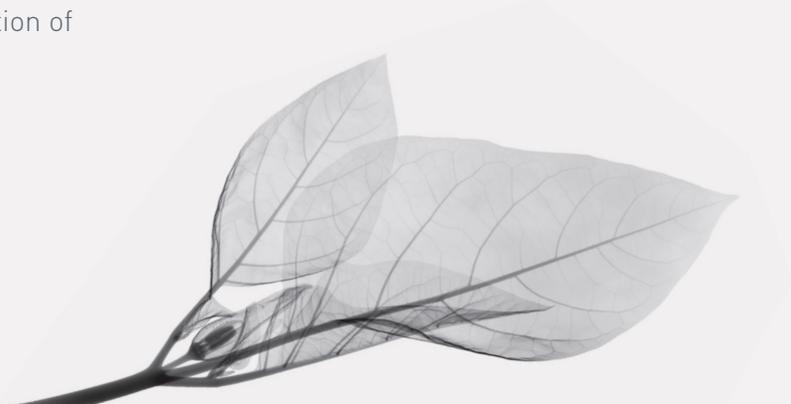
If B2B organizations are to survive in the face of industry disruption, your rate of learning, innovation, and performance improvement must match or exceed that of your competitors. What role should marketers and your marketing organization play in enabling and accelerating this innovation? What does it take to make a meaningful impact? And how do you truly enable and accelerate growth for the enterprise? That's exactly what we wanted to uncover in this year's annual B2B marketing research exploration with Econsultancy.

The results and implications are convincing. Real value from innovation efforts is available, but as you'll see, it's a ton of work to get there. And it's not a one-time thing. It's an all day, every-day, standard operating approach that is driving the evolution and revolution of B2B enterprises.

Our annual B2B research efforts continue down the path of exploring all the contributions that marketers can make to drive business growth. As it relates to innovation, the charge is to touch every part of the enterprise with ideas and perspective that drives value. And as you'll see, those ideas can and should come from anywhere and everywhere – both internal and external. What's the key to making those ideas meaningful?

Our research confirms what was well known by one of history's greatest innovators Thomas Edison who said, "genius is one percent inspiration and ninety-nine percent perspiration. Accordingly a 'genius' is often merely a talented person who has done all of his or her homework." That's the summary of our findings and ultimately our recommendation to today's B2B marketers. As for the homework, this report can show you where to start studying.

**Rob Sherrell**  
**Vice President – Sparks Grove**



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## METHODOLOGY

This report is based on an online survey that was fielded in the fourth quarter of 2014. Invitations to the survey were sent to select Econsultancy and Sparks Grove lists. Additional sample was obtained through a verified third-party source, which uses incentives to encourage participation.

The survey was closed with 323 valid responses. Because the study focuses primarily on changing dynamics at the enterprise level, all client-side respondents with less than \$250M in revenue were set aside, as were responses by B2C marketers or anyone not at a “manager” level or above. The resulting sample of 243 is described further in the Appendix at the end of this report.

The sample allows us to view the data at a confidence level of 95%, with a margin of error of +/- 4 percentage points.

**THE PURSUIT OF STANDARD OPERATING INNOVATION**

Can an organization be creative on demand? Can companies rely on introducing new ideas about key priorities when needed?

What does it take for marketers to achieve Standard Operating Innovation?

These are some of the key questions explored in this report from Econsultancy in partnership with Sparks Grove, which is based on a survey of nearly 250 leaders at B2B enterprise marketing executives conducted in Q4 of 2014.

As the pace of change has accelerated, the need for reinvention has grown. Innovation is seen as a central capability for B2B organizations retooling for the digital age.

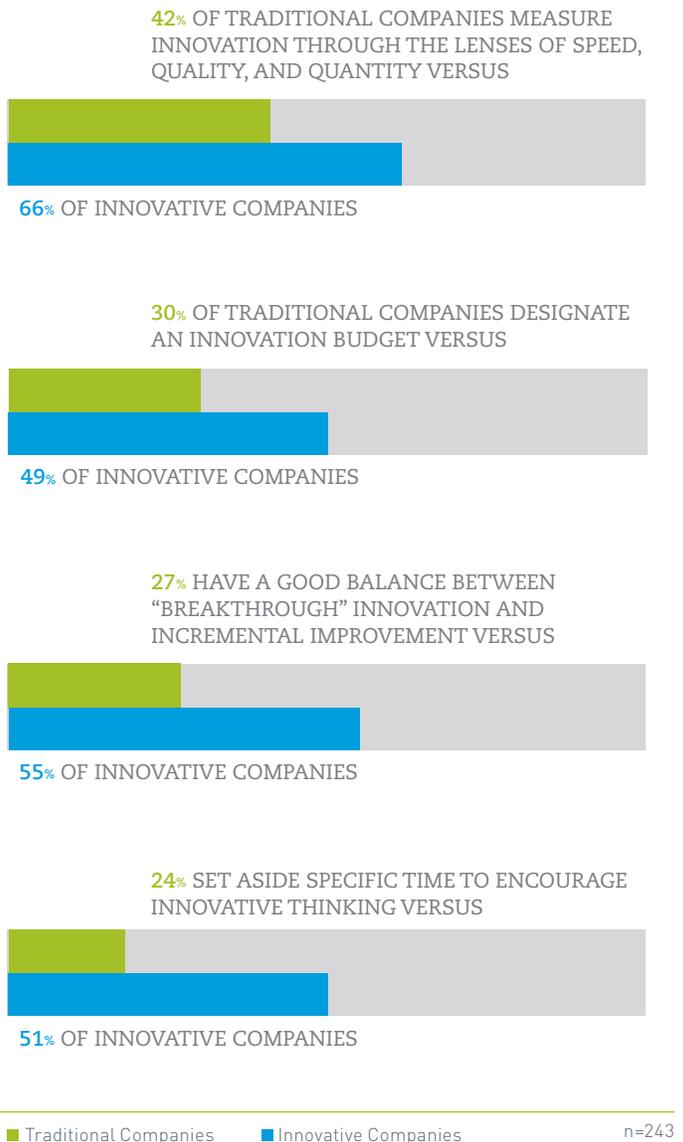
Some organizations have undertaken a rigorous approach to providing the circumstances for innovation and analyzing its impact. This research suggests that these efforts are paying off.

Most importantly, survey respondents say that the connection between revenue growth and innovation is a powerful one. Marketing executives report that 30% of their 2014 revenue was tied to innovation initiatives. Further, they attribute 26% of their 2014 revenue growth to those initiatives.

Many companies focus their innovation efforts on keeping existing customers, and they also cite significant returns, reporting an average increase in customer retention of over 20% as a direct result of their 2013/2014 innovation programs.

Clearly, innovation is worth the investment. But success is not simply a question of budget allocation. The report examines the questions of how to foster innovation in a repeatable, measurable way.

**FIG. 0: THE PURSUIT OF STANDARD OPERATING INNOVATION**



What is innovation? How does it differ from “creativity?” The marketing community hasn’t reached a consensus.

With the benefit of this study and hindsight, it seems clear that the most useful definition of innovation centers on the idea of value from creativity, where the value component reflects the pursuit and achievement of organizational goals. Yet, only one in five organizations defines innovation as “successfully implementing and receiving value from new ideas.”

The differences in how companies approach innovation are explored throughout the report. Traditional companies are plagued by an institutionalized fear of risk and change. That’s an issue because these companies are growing more slowly than their innovative peers.

Broadly speaking, innovative companies are already treating innovation as a process that can be structured, and encouraged;

- A distinction for highly innovative organizations is that they are 57% more likely than the mainstream to rigorously examine innovation using the lenses of speed, quality and quantity.
- A priority without budget is simply a good intention. Funding supplies the daily resources initiatives need, and defines it as important within the organization. Innovators are 63% more likely to have designated innovation budgets. Of course, many companies allocate budget to innovation without calling it that. For example, it’s common to have a “test and learn” budget or line item within business lines.

- Innovative companies are just about twice as likely as their peers to have an effective balance between breakthrough innovation and incremental improvement. That balance is difficult to achieve but essential, as both kinds of approach are needed. Companies must keep improving steadily in response to customer needs, but should also nurture a capability to think big enough to counter market and customer swings.
- Finally, successful innovators are more than twice as likely to encourage creative thinking by creating the time and space for it. The goal is to break out of normalized thinking; the more that is taken for granted, the more difficult it is to break new ground.

These topics and more are explored in detail in the following sections.



**Threats to Growth and the Sparks of Innovation**

A common theme among innovators is that their companies are more likely to report experiencing the systemic and internal challenges studied in this report. From the erosion of paid media to changes in how business products are researched, innovators feel these more keenly.

For example, 45% of the 2014 survey population acknowledges that “first conversations happen well into the process” which means that marketing is responsible for moving prospects further down the chain. Instead of simply “priming the pump” marketing is now carrying the water. For innovators, that share rises to nearly 55%.

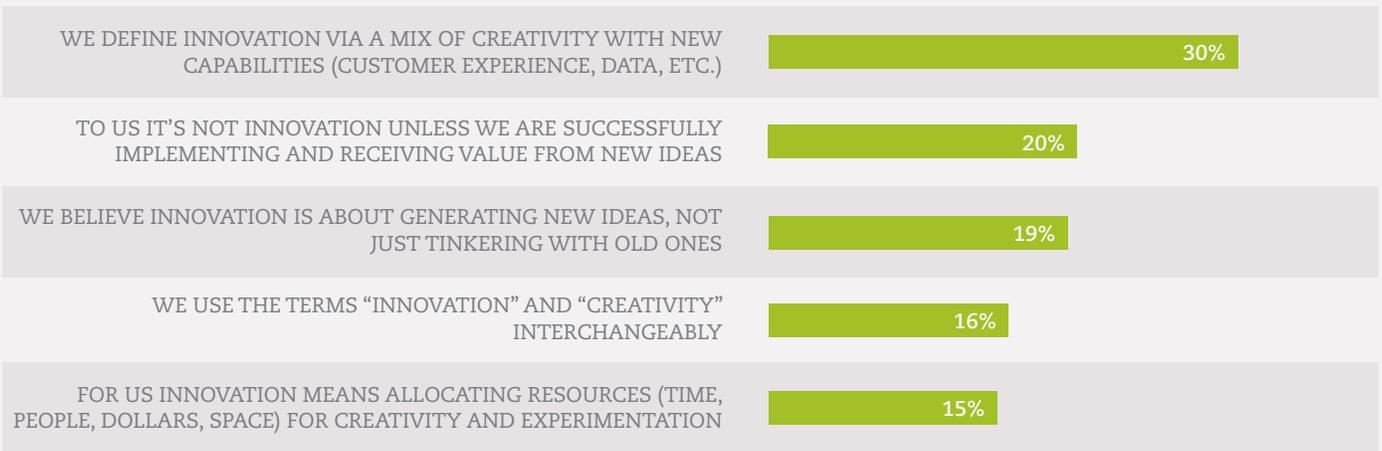
Are innovators more aware or under more pressure? The answer is likely a combination of both. Innovation is often a response to these and other challenges, but as we’ll see throughout this

report, companies that foster innovation are more likely to have cultures and capabilities which make them more attuned to changes in the market and the customer.

**The Pursuit of Standard Operating Innovation asks these and many other questions...**

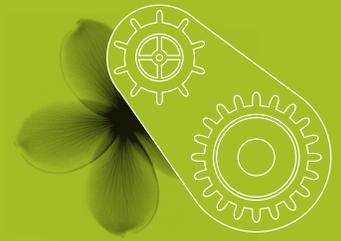
- What are the characteristics that highly innovative organizations share?
- What are the challenges being addressed through innovation? How do they differ for companies that excel at change management?
- Do systems and tools for innovation work?
- How do organizations overcome internal barriers to innovation?
- As successful innovators look back, what do they identify as their keys to success?

**FIG. 1: HOW B2B COMPANIES DEFINE INNOVATION**



0% 5% 10% 15% 20% 25% 30% 35%

n=243



#### INNOVATION DEBATED AND DEFINED

How does “creativity” differ from “innovation”? The marketing community isn’t sure. Some use the term interchangeably, while many more see innovation as creativity plus ... something. That might be new capabilities (30%) or simply something new (19%).

With the benefit of this study’s findings and hindsight, it seems clear that the most useful definition of innovation centers on the idea of value from creativity. The value component is essential because it reflects the pursuit and achievement of organizational goals.

But, there’s something to be learned from how different marketers understand the idea of innovation.

The largest groups cite new capability as a key component for innovation. It reflects a reality where marketers are beset with opportunity to a degree where it’s difficult to build mastery. At many organizations, for example, the potential for data has been obscured by the challenge of collecting and managing it.

This definition is useful for calling out the role of new capabilities, but limited in that it’s exclusive to them. It’s important not to neglect the application of new thinking to existing processes and products.

Finally, a minority (15%) look at innovation primarily through the lens of allocation. This definition doesn’t really help marketers take a strategic approach to the goals and nature of innovation, but it acknowledges the daily limitations on marketers. Time and budget are the air of innovation; it can’t survive a vacuum.

#### INNOVATIVE AND TRADITIONAL COMPANIES COMPARED

Throughout this report we compare “innovative” and “traditional” companies. Simply, they’re defined and divided by their attitudes toward and investment in innovation.

As evidenced by their responses throughout the study, traditional companies are plagued by an institutionalized fear of risk and change. That’s an issue for two reasons. First, traditional companies are growing more slowly. They rely on existing lines of businesses and long standing processes. Second, while they may be highly profitable today, they may also be prone to disruption because they aren’t flexible or visionary.

Broadly speaking, innovative companies are already treating innovation as a process that can be structured, and are more likely to budget around it. They are also much more likely to measure its outcomes.

But it’s worth noting that no one company is purely one or the other. Businesses are a collection of attributes, with strengths and weaknesses. For example, some may excel at incremental innovation at the expense of “breakthroughs” while others may suffer from the reverse. We will continue to explore these differences throughout this report.

**A key takeaway of these findings for those trying to foster an innovative culture is to identify areas of strength and develop a plan that builds from those strengths, later attacking any areas of weakness.**



**INNOVATION, GROWTH AND THE NEW B2B MARKETING ORGANIZATION**

In 2013 Econsultancy and Sparks Grove published *The Reinvention of B2B Marketing*, beginning a series of studies into how the digital revolution specifically impacts business to business marketing.

Central to the research was finding a connection between an expanding role for marketing and faster revenue growth. That expanded role is most easily defined in the context of the relationship between sales and marketing. Simply, when marketing is a true partner to sales and participates in strategy, forecasting, etc., its contributions to revenue are significant.

Those marketing organizations that have a “true partnership” with sales are leading the industry to redefine what marketing can and should contribute to the growth equation. Their numbers are growing

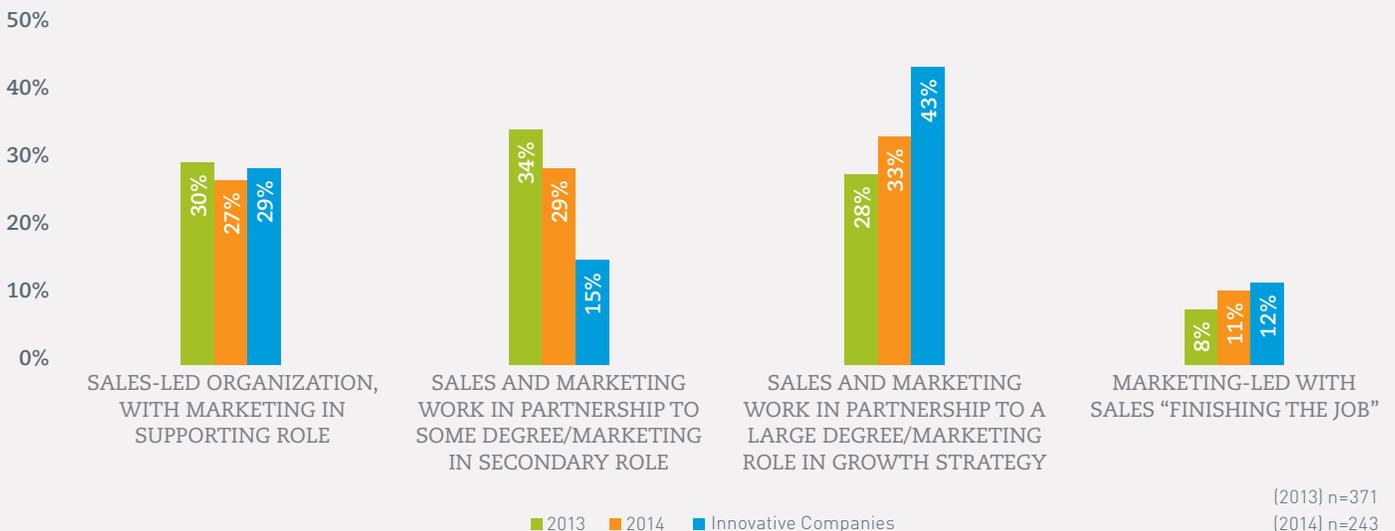
(up from 28% to 33% in 2014) and that growth has a clear link to innovation.

Is the need for innovation pushing marketing into a more strategic role? Is the expansion of marketing’s role creating opportunities for innovation? The research can’t identify the seed, but the fruit is evident.

**Highly innovative companies are much more likely to fit a modern model for B2B marketing, where they are able to affect strategy, contribute to product development and manage the customer experience.** Conversely, as the role of marketing expands, it’s asked to provide solutions to new market issues, a powerful incentive to become more innovative.

Innovation doesn’t occur in a vacuum. It’s stimulated by new challenges and opportunities in the marketplace.

**FIG. 2: GROWTH OF THE NEW B2B MARKETING ORGANIZATION**





**FIG. 3: HOW B2B COMPANIES DEFINE INNOVATION**

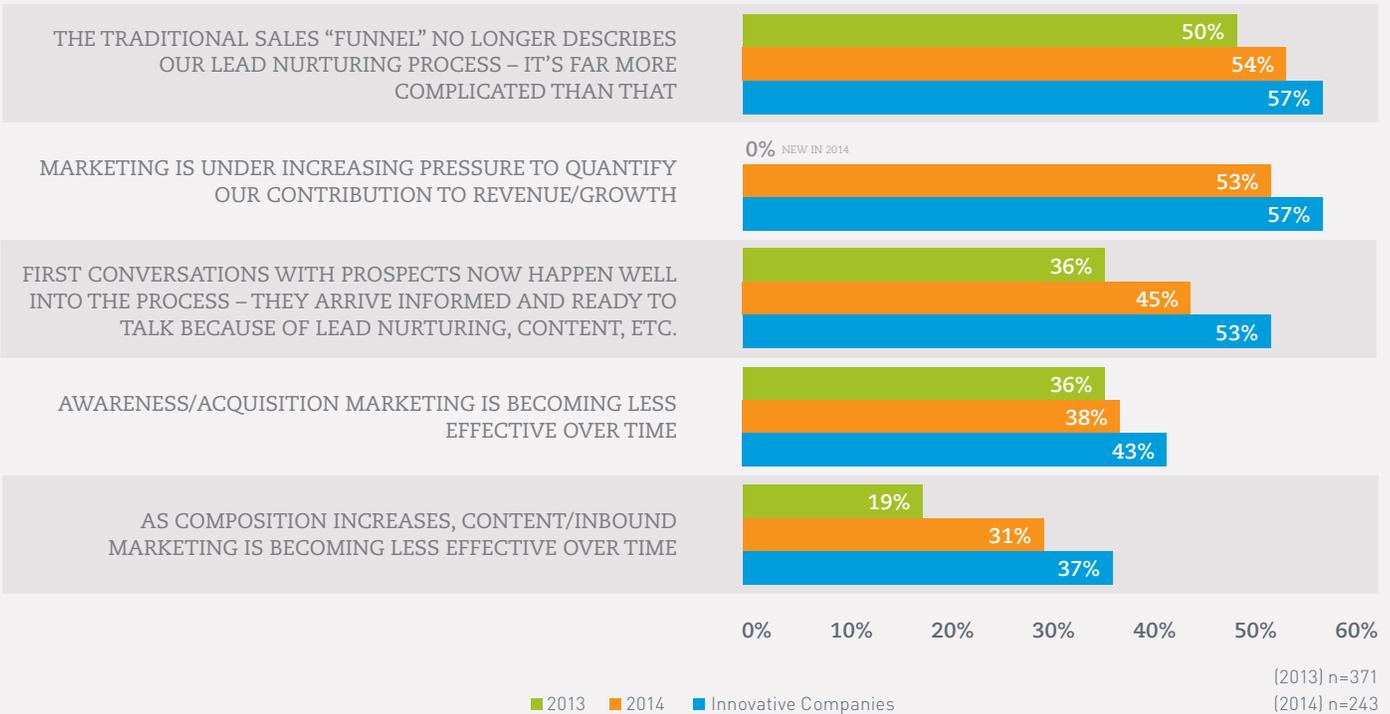


Figure 3 looks at some of the challenges faced by B2B marketers as the nature of buying and selling changes. First, we see a shift up for the whole population in every area, and a pronounced increase for two:

1. 45% of the 2014 survey population now acknowledge that “first conversations happen well into the process” which means that marketing is responsible for moving prospects further down the chain. Instead of simply “priming the pump” marketing is now carrying the water.
2. As acquisition or “push” marketing becomes less effective due to media fragmentation, it has been complemented by an increase in content-driven, “inbound” marketing. In some sectors this

shift is dramatic enough that the impact of inbound marketing is already slipping. In 2013 only one in five respondents saw this as an issue, but that share has risen to nearly one in three in 2014.

In both of these cases, and indeed in every one of the areas examined, innovative companies are more likely to report being challenged. Are innovators more aware or under more pressure? The answer is likely a combination of both. Innovation is often a response to these and other challenges, but as we’ll see throughout this report, companies that foster innovation are more likely to have cultures and capabilities which make them more attuned to changes in the market and the customer.

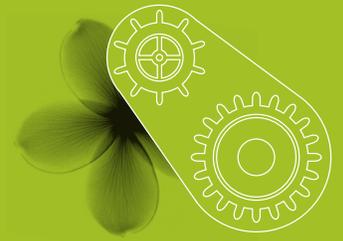


Figure 3 explored systemic challenges faced by B2B marketers. Here in Figure 4, we look at the internal issues faced by respondent companies, paying special attention to how innovators differ from more traditional organizations. It's in these differences that we can see how innovation becomes a priority and how it can change the enterprise over time.

For a significant share of companies, innovation is driven by a fundamental concern with companies' business models and go-to-market strategy. Nearly 40% of innovators cite this as a key

organizational challenge, while it's a second tier concern for mainstream respondents.

Why do companies take chances and invest in innovation? In part because they have to, because they are under greater sector or individual stresses than the mainstream. But they may also be better attuned to their market and have a better sense of how their customers' evolution demands innovation to match it.

The priority placed on the challenge of achieving intimate customer knowledge is evidence of how differently innovators view their markets; they

**FIG. 4: ORGANIZATIONAL CHALLENGES AND THE NEED TO INNOVATE**

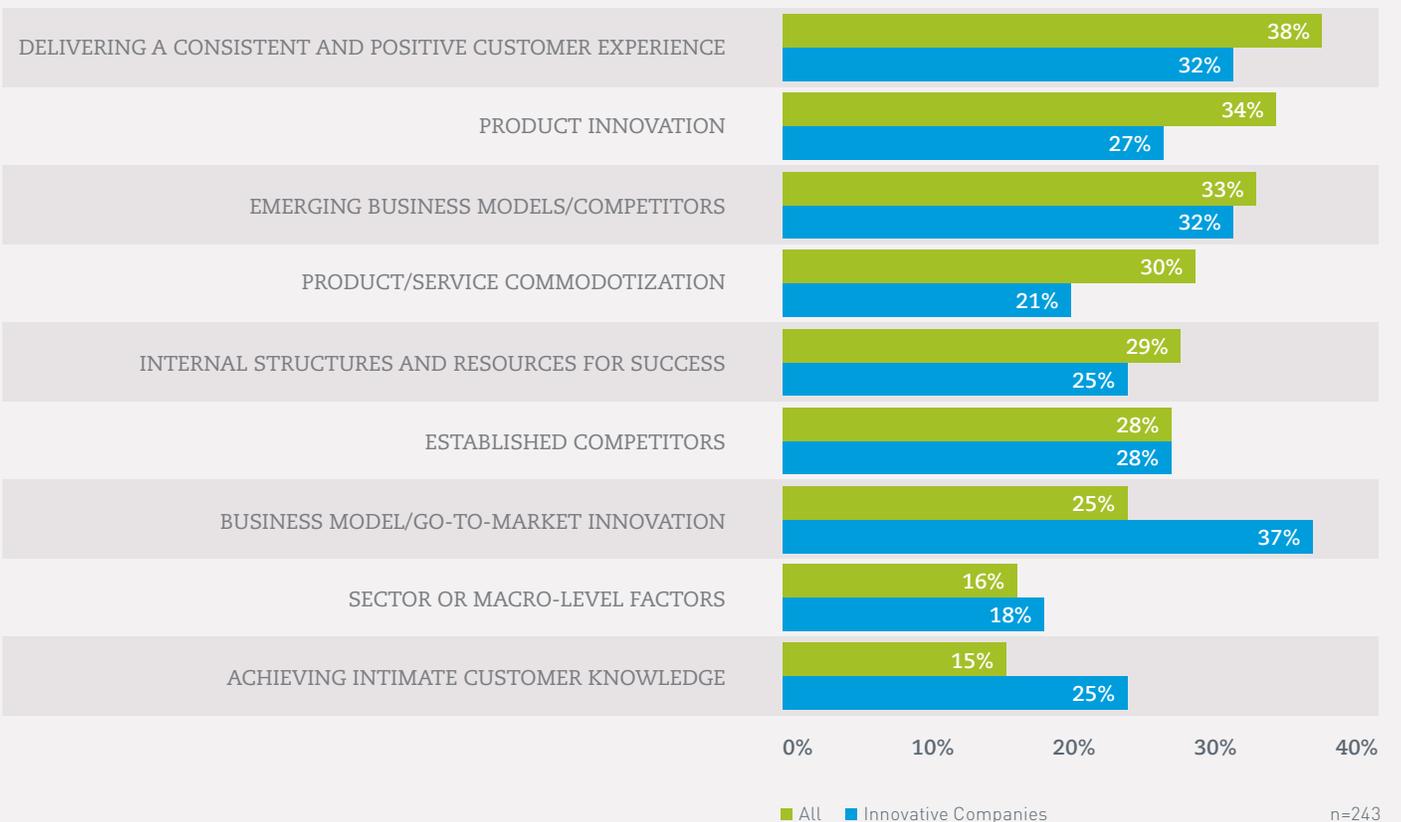




FIG. 5: WHERE DOES MARKETING IMPACT GROWTH?

	TRADITIONAL ORGANIZATIONS	INNOVATIVE COMPANIES
BRAND STRATEGY AND COMMUNICATIONS	1	1
CUSTOMER EXPERIENCE INNOVATION	2	3
CUSTOMER JOURNEY AND LIFECYCLE MANAGEMENT	3	5
SALES SUPPORT	4	7
DIGITAL MARKETING INNOVATION	5	2
PRODUCT INNOVATION	6	4
PROMOTIONS	7	6

n=243

are nearly 70% more likely to cite it (25% v 15%). Coupled with a much greater likelihood to having a measurement-focused culture (explored in Section 6), this suggests that innovators aren't simply under greater stresses from the marketplace, they may be more aware of them.

This distinction may be important for readers who are looking for ways to introduce or expand their organization's innovation practice. At companies where revenues are strong and retention is high, it's reasonable to ask whether an investment of time and money into innovation is warranted. One argument is that an innovation initiative can be part of an early warning system. No sector is immune to disruption, whether at the hands of the market, new technology or competition. At its best, an innovation practice will highlight areas of the business that are vulnerable as well as generate ideas to strengthen them.

#### THE RETURN ON INNOVATION

When ranking their different functions in terms of how they impact revenue gains, there's a sharp distinction between traditional and innovative companies. In fact, innovative marketing organizations have a fundamentally different view of how they contribute to growth.

Marketers at organizations with a traditional view see their impact on growth in relation to branding, customer management and sales support.

**Innovative marketing organizations acknowledge the primary function of brand strategy and communications, but otherwise see their role as an agent of change.** Three of the top four functions they cite are types of innovation – in digital marketing, CX and product.



The financial results in Figure 6 are inherently slanted toward organizations that are succeeding through innovation. They are the organizations that have invested in measurement and there's a strong overlap across the various characteristics of the "highly innovative" organizations mentioned throughout.

Another caveat is that these measures are in their infancy for marketing innovators. We see remarkable variation in the returns described, suggesting that there's discrepancy in how metrics are defined and data is collected. Fortunately, the science of innovation measurement has been around for decades in manufacturing, so unlike other parts of the digitally-driven world that have had to reinvent metrics and benchmarks, we expect the industry's measurement of innovation impact to stabilize relatively quickly.

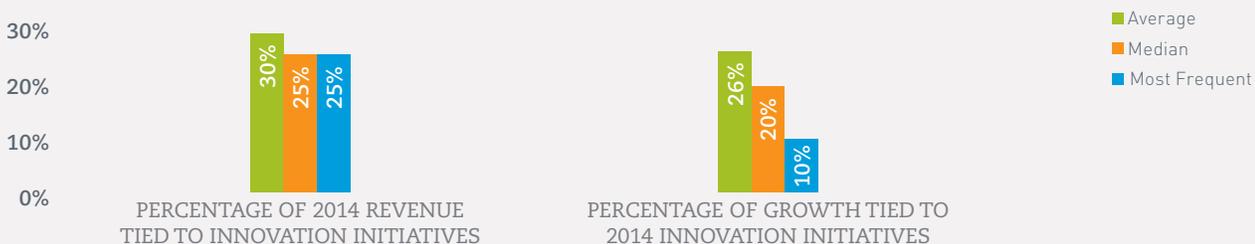
The 30% of 2014 revenue tied to innovation initiatives is relatively consistent among respondents. This is significant both in size and because it connects innovation to the broader

enterprise. While this doesn't necessarily mean that this share of revenue is the direct result of innovation, it does suggest that innovation is important to the business lines involved.

A more difficult figure to determine is the relationship between share of revenue growth and innovation initiatives. Most of those organizations that can assign a measure put it at between 10% and 20%, though the average is pulled upward by a minority that attribute most of their revenue growth to products/services resulting from their innovation programs.

Innovation's impact on the customer relationship is easier and more commonly measured than the financial equivalents, and the results are no less positive. The companies using Net Promoter Score (NPS) to track visitors' satisfaction associate roughly 30% of increase in the score to innovation and an increase of over 20% in their rate of customer retention.

FIG. 6: FINANCIAL RETURNS ON INNOVATION



n=123

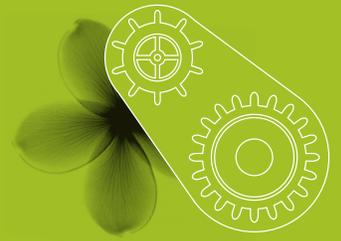


FIG. 7: INNOVATION AND CUSTOMER METRICS



WHERE AND HOW INNOVATION IMPACTS  
B2B COMPANIES

Figure 8 (see next page) looks at the common outcomes from innovation programs, ranging from activities that lower costs and increase customer retention to those that spark new revenues.

Innovators have a more varied approach, while traditionally-oriented companies typically focus their innovation priorities in the areas of retention and new product development.

To some degree, it's simply a question of marketing's role. In the traditional model, customer satisfaction and retention may well be the only areas where marketing has agency to innovate. As that role expands, so too do the opportunities and areas for innovation.

Innovators are also more likely to be encountering and motivated by market challenges, as we saw in Figure 3. That's going to push innovators toward growth-related programs involving existing product and new product development, the two areas where we see the sharpest contrast.

NOTES FROM THE FIELD: IGNITING INNOVATION

Editor's Note: By far the most common piece of advice offered by successful innovators was some variation on "act first and seek forgiveness." Many others describe a more nuanced approach.

"Get buy in from individual department heads before taking ideas to the group."

Director, FSI

"Bring demonstrable evidence of other companies' success."

Director, Manufacturing

"Most teams are too thin to devote extensive resources to unproven tactics. To implement innovation, it needs to have minimal impact on workloads."

C-level, Technology

"Keep pushing your ideas. It rarely gets heard the first three times. Sooner or later the ears open and mindsets change."

VP, Business Services



The role of marketing has expanded in recent years, responding to the demands of increasingly digital customers. While the report examines innovation within marketing, innovation from marketing is perhaps more significant to the long-term organizational shift from a product/sales orientation to one focused on the customer/marketing.

The difference is consistent; mainstream companies are significantly less likely than highly innovative companies to expand marketing's influence outside of their traditional responsibilities. Only in the area of sales does the majority see their marketing innovation efforts having an impact.

Even for highly innovative marketing organizations, there is a very significant opportunity to further influence the larger enterprise. For example, only

half of innovators report that their innovation efforts have significant effects in executive management and strategy.

As the group best placed to understand the rapidly changing customer and marketplace, **marketing should be fueling change throughout the enterprise.** Therefore this influence gap presents both a real danger and an opportunity.

The sharp delta around "finance and forecasting" highlights the difference that marketing can make, if given the opportunity. Marketing often has a capability in data collection, data analysis and data visualization that's unique in the enterprise. This capability can help the finance organization bring organizational data and intelligence to life in a way that can impact financial decisions and how ROI is viewed. The question is whether the enterprise functions in a way to take advantage of that

FIG. 8: TYPES OF INNOVATION IN B2B MARKETING

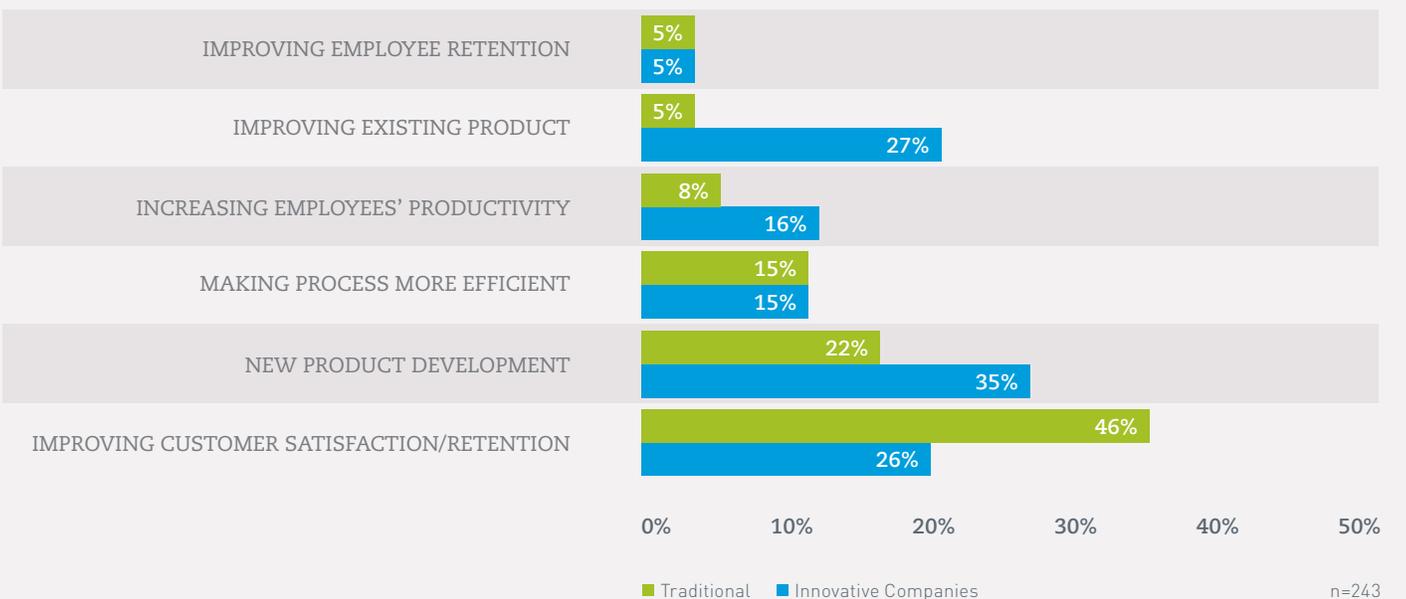
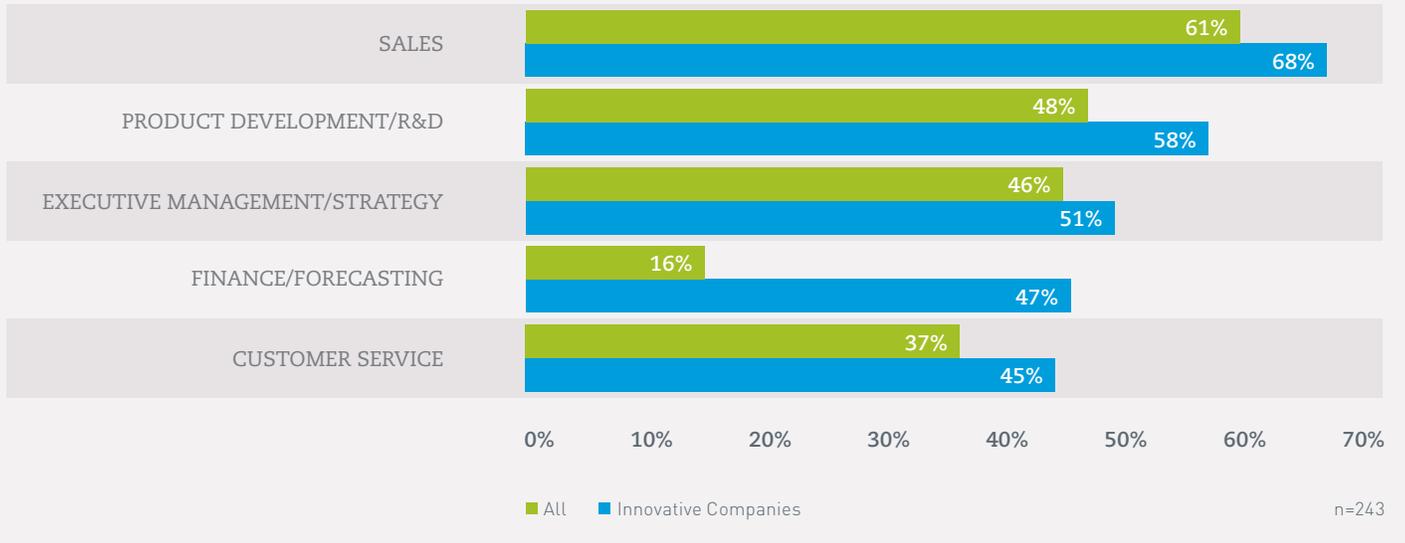




FIG. 9: TYPES OF INNOVATION IN B2B MARKETING



capability outside of marketing; and that’s a clear advantage of the more innovative group.

If marketing can’t transcend its typical boundaries, the rest of the organization may respond slowly or insufficiently to external pressures and emerging trends. **If marketing innovation is brought to bear in areas such as strategy, forecasting and product development, it can not only help the company grow and evolve but reposition marketing itself as a leader.**

ACHIEVING STANDARD OPERATING INNOVATION

NOTES FROM THE FIELD: THE REALITIES OF INNOVATION

“If your company does not have an innovation charter, they should. Pushing individual ideas without a charter and process means you need to be very persistent.”

C-level, Life Sciences

“Look for partners in management, preferably senior ones from outside and quite new in the company.”

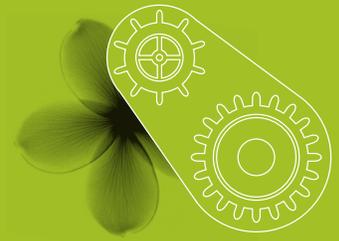
VP, Energy

“Build the core team around the program the way you would build a management team - make sure to have mental diversity so you don’t all go over a cliff in lockstep.”

Director, IT/Tech Services

“Know your audience. People are willing to hear outside the box ideas if they know you understand the overall culture of the group, division, etc.”

VP, Transport



Businesses are generally self-aware when it comes to their organization’s aptitude for innovation. When we look at those who describe themselves as “highly innovative” we see numerous, consistent differences from the mainstream. Summed up, there are those companies that approach innovation as a process to be optimized and those that don’t.

**Highly innovative marketing teams are much more likely to allocate budget, measure the impact of innovation and create a fertile environment for creative thinking.**

Measurement is an essential requirement for long-term engagement and transitioning innovation from occasional brainstorm into repeatable success. A distinction for highly innovative organizations is that they are 57% more likely than the mainstream to rigorously examine innovation using the lenses of speed, quality and quantity.

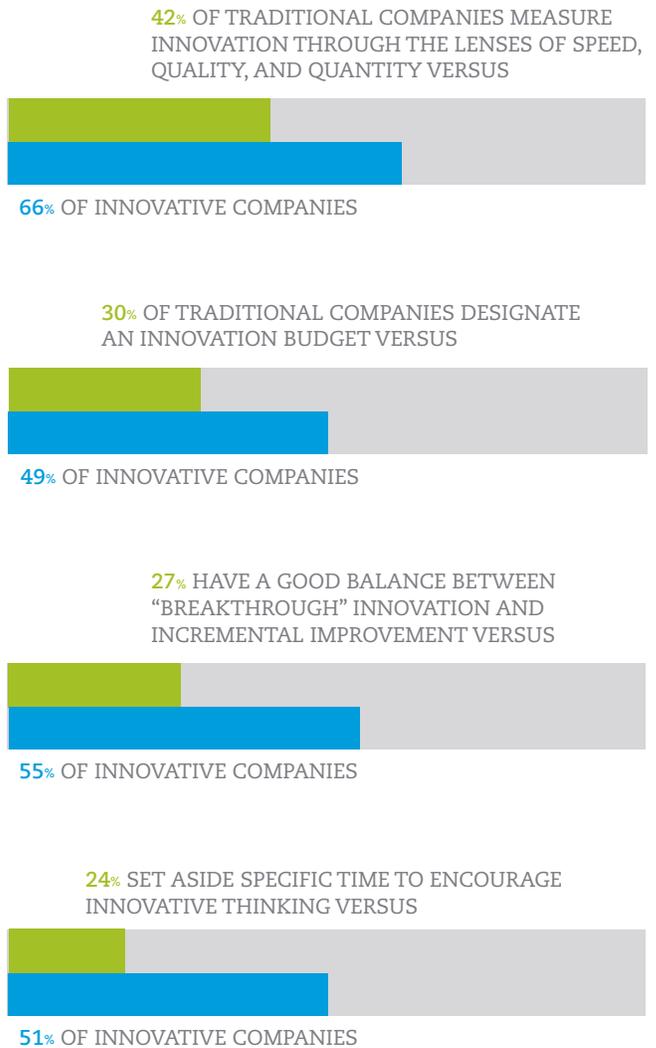
**A PRIORITY WITHOUT BUDGET IS SIMPLY A GOOD INTENTION.**

Funding supplies the daily resources initiatives need, but also defines them as important within the organization. Without that designation, marketing innovation will be marginalized and less likely to survive a failure or two.

Of course, many companies allocate budget to innovation without calling it that. For example, it’s common to have a “test and learn” budget or line item within business lines. In this approach, the team will come up with hypotheses and ideas and put them into the marketplace in a beta mode, to understand marketplace response. They will

then quickly move forward, either abandoning the experiment, optimizing the existing iteration or moving on to a next generation of something. There’s no standard for share of budget, but anecdotally it might be 10% of the marketing budget.

**FIG. 10: THE INNOVATORS’ APPROACH**



■ Traditional Companies ■ Innovative Companies n=243



Innovative companies are just about twice as likely as their peers to have an effective balance between breakthrough innovation and incremental improvement. That doesn't necessarily mean an even split, as breakthrough ideas are few and far between, but they are content with the balance they've got.

Generally, companies are good at one or the other. For example, breakthrough innovation is often the domain of smaller companies or newer companies and is related to specific personalities in the organization. Incremental improvement is process-driven innovation, and is much easier to institutionalize.

An obvious but painfully scarce ingredient for finding the value in creativity is time. **Successful innovators are more than twice as likely to encourage creative thinking by creating the time and space for creative thinking.** Some companies go to great lengths to provide circumstances that get team members out of their routines and workspaces. The goal is to break out of normalized thinking; the more that is taken for granted, the more difficult it is to break new ground.

#### NOTES FROM THE FIELD: THE REALITIES OF INNOVATION

"It's not going to work, at least not the way you think."

C-level, FSI

"Generally, it is going to fail before it works, so the most important part of your plan is what to do with failure."

VP, Manufacturing

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"Don't hurry in your excitement - make sure you have as much substantiation as possible to handle the inevitable questions about perceived risk."

Director, Professional Services

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"Write down the ideas that are so basic no one in the company debates them...deep in that institutional thinking...that's where the biggest dangers and opportunities are hiding."

VP, Automotive

Normalized thinking is the essence of a traditional mindset, which is the number one obstacle facing mainstream companies in their pursuit of innovation.

The top answers for the mainstream highlight that culture is a fundamental advantage for highly innovative B2B marketing organizations. For the mainstream, the top challenges share the common thread of fear. Fear of change, fear of leaving the worn path and fear of failure.

#### INNOVATORS HAVE LONG SINCE MOVED BEYOND SHOULD WE INNOVATE TO HOW DO WE INNOVATE?

They are looking for ways to expand the pool of creativity, and that's where they feel challenged.

It's difficult to transcend traditional attitudes, but a place to start is by attacking a low institutional tolerance for failure. Creativity and experimentation are defined by failure far more often than success. Innovators in the enterprise need to believe that their initiatives will be a



success if they produce significant lessons and inform future efforts.

Highly innovative companies couldn't be more different. Their primary concern is how to stay innovative and encourage more innovation - both breakthrough and incremental.

On a practical level, we see that innovators want a larger pool of ideas. They are more likely to see their organizations as risking their edge by being closed off to ideas outside of leadership, whether those are non-executives internally or third parties.

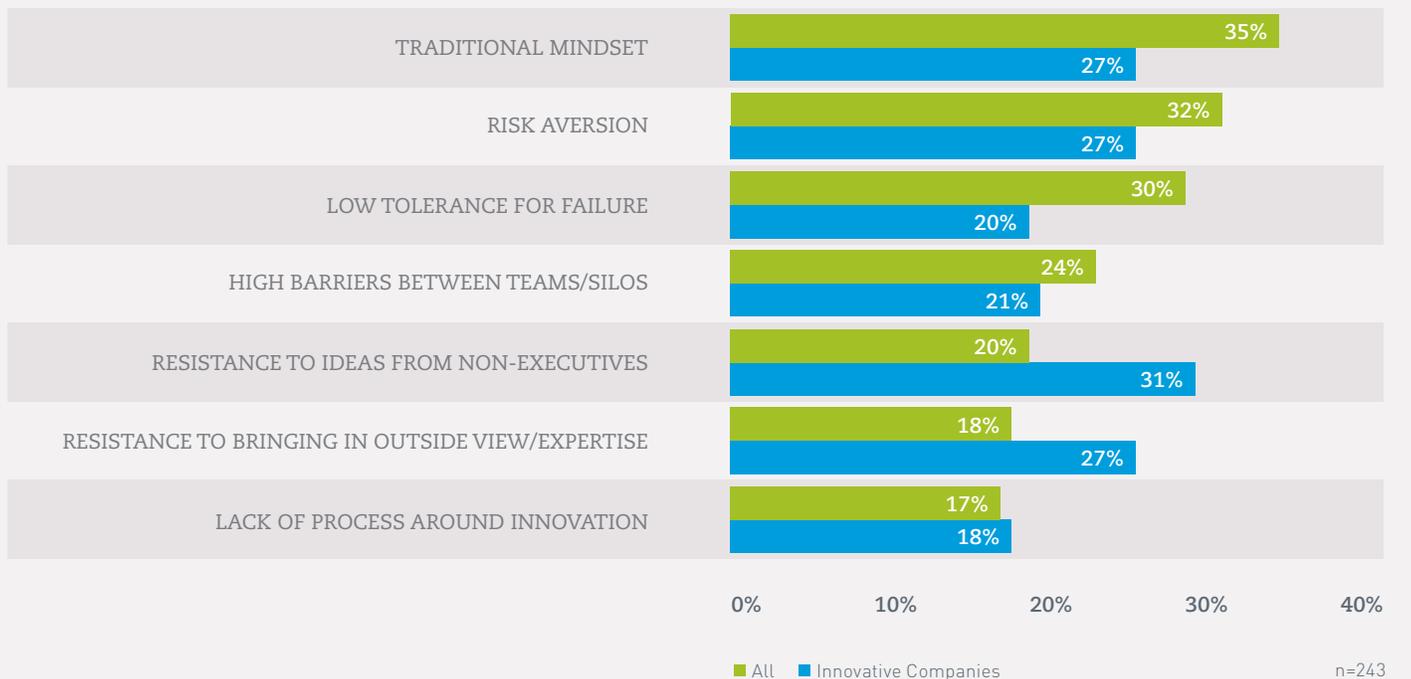
Finally, we asked the innovators to look back on their progress and to identify the factors in play.

They were then asked to rank those factors for their ongoing effect on innovation.

The two factors cited by more than half of innovators were unsurprising. A strategic priority for innovation is often the spark of an innovation program, or the fuel that keeps it burning. Similarly, the call to focus on the customer drives changes throughout organizations and is often in lockstep with the need to innovate. These are powerful motivations, but they're difficult to build for anyone outside of senior leadership.

For those looking to create or enhance their innovation practices, it may be more interesting to explore some of the more accessible, but less common factors that ranked highly in their impact.

FIG. 11: ROADBLOCKS TO INNOVATION AND THE PATH TO THE FUTURE



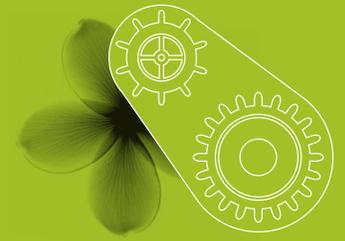
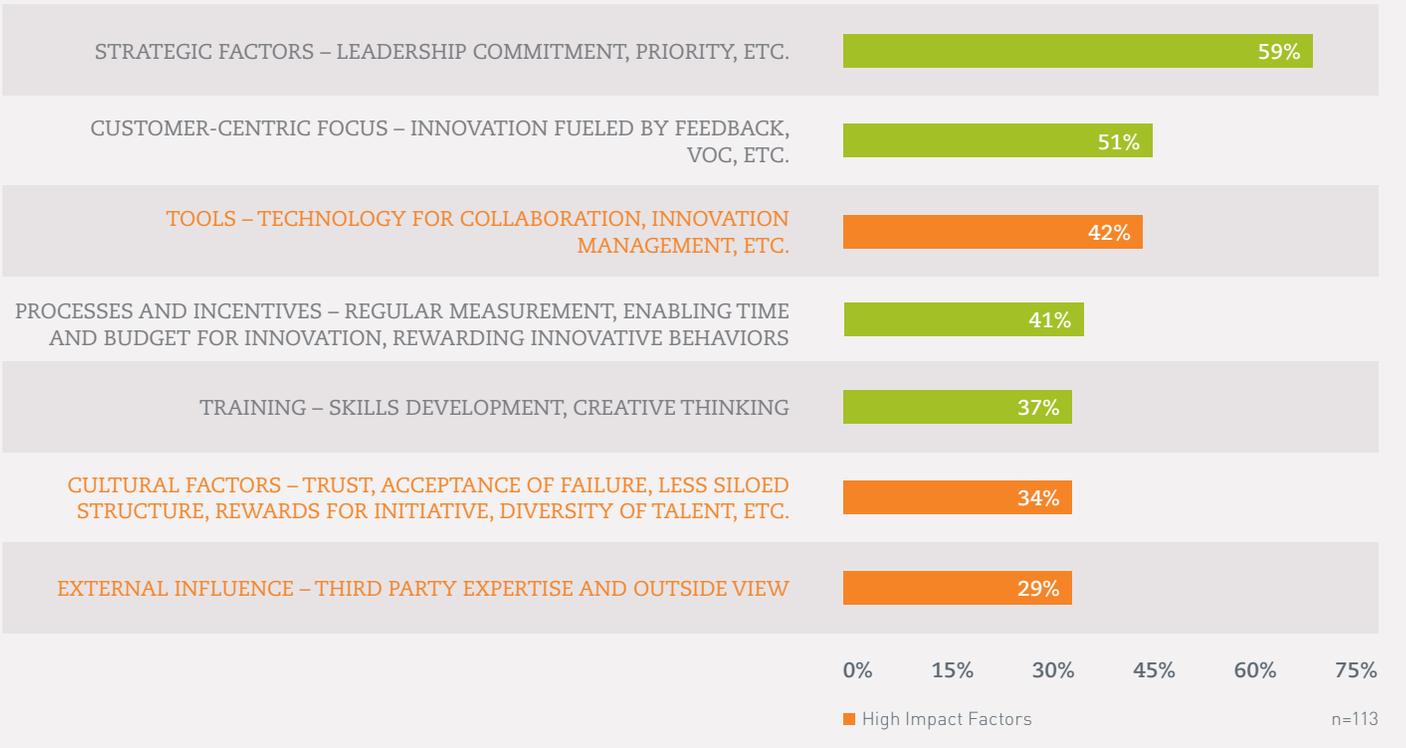


FIG. 12: FUELING INNOVATION – THE FACTORS IN PLAY



In each case, these factors were ranked first or second in terms of perceived effect on the success of innovation initiatives where they were cited:

1. The use of tools for collaboration and innovation management is a somewhat surprisingly high rated factor in innovation success.

Respondents note one of the dangers with collaboration tools is relying on the tool to build a process rather than building a process and using the tool to support the process. As you see here, what’s interesting is that folks who have gone through the pain and inertia required to make the tool come to life really can count on it as a way to

manage a product portfolio, innovation portfolio and an associated funnel.

*On this point Sparks Grove’s Rob Sherrell noted: “We have some clients, and specifically some in hospitality, that are using the more well-known innovation portfolio pipeline management tools to solicit ideas and solve challenges via a thematic approach to innovation. I think what many clients in organizations are finding is that innovation needs focus... Much like an artist can’t just start with a blank canvas; they may need some inspiration and some constraint.”*



*If you ask the organization to solve a specific issue, we're seeing much more success with thematic events. These tools are very well able to help organizations focus on solutions and ideas around themes than most folks can do by themselves."*

**2.** Creating a culture of innovation isn't easy, because it reflects a larger organizational choice. Fortunately, it's not necessary to perform a wholesale transformation before making cultural changes.

Looking back on those cultural factors that stand in the way, the question for innovators is where to start? Small teams can't simply decide to restructure the organization away from silos or to implement a new financial incentive structure.

But, they can publicize opportunities for creative people at any level to contribute ideas connected to specific initiatives. They can also sponsor specific times and events, such as hackathons, that encourage non-linear thinking and involve employees across teams or disciplines.

One thing that's common to successful "internal incubators" that start organically (i.e. without a leadership mandate) is that they excel in publicizing wins, letting the company know where the ideas are coming from and who is personally responsible.

**3.** For roughly one in three innovators, nothing is as powerful as an outside perspective and expertise. Objectivity is difficult to come by, even in a business environment.

Innovators aren't immune to politics and institutional momentum, though they may be more aware of it and willing to work at changing it.

They face internal resistance too, often to ideas that don't originate in the c-suite. **But companies that have taken the chance of seeking outside help rank that as having the number one positive impact on their innovation efforts.**

The power of expanding the idea pool is simply too great to ignore. For some, that comes from expanding innovation to non-management team members (see Figure 11). For others it means enlisting third parties who specialize in non-linear discovery and innovation. In these and other ways, smart companies find the path "outside" their standard thinking and practice.

#### NOTES FROM THE FIELD: SELLING INNOVATION

**"Build the evidence trail from customers to support new concepts before presenting to senior management for acceptance and approval to proceed."**

VP, Technology Ecommerce Company

**"Think about how to be non-threatening to existing processes first, and go from there. If people are scared, they're not listening to you."**

C-level, Manufacturing

**"Be able to communicate big ideas in small amounts of time. Be provocative. Be new. Be relevant."**

Director, Healthcare

**"Find a way to reward cross-business or cross-functional collaboration. Without that you're going to hit the silo wall and bounce off."**

VP, Technology



## IN SUMMARY

### 1. Done well, marketing innovation touches every part of the enterprise.

At many companies across every B2B sector, the role of marketing is expanding in response to a market that is increasingly self-driven, not sales-driven. One of the most exciting aspects of innovation is that it can be a vital component of change in marketing itself.

As organizations reform to put the customer at the center of their strategy, marketing has the opportunity to contribute and influence the wider enterprise. For example, half of innovators report that their innovation efforts have significant effects on executive management and strategy. The goal should be nothing less than building innovation programs that help every part of the company better serve the customer, become more efficient and grow revenues.

### 2. Innovation is a process and a practice.

Companies that consistently build value with creativity approach innovation as a process that can be optimized. They allocate budget and time to foster innovation, they measure its impact and they critically examine anything in their culture that structurally works against deriving value from creativity.

The scarcity of time cannot be overemphasized in its negative effects on innovation. Making the mental and physical space for innovation is key to successful innovators' programs. A scarcity of time affects planning and execution, but perhaps the most frequent impact is an incomplete evaluation and debriefing on an experiment, which can doom its future.

### 3. Innovators farm ideas.

Institutions are good at creating and refining processes. They are not known for their non-linear thinking. **In the case of innovation, the trick is to match the predictability and momentum of process-driven innovation with the spark of creativity. Few companies are able to strike this balance.**

Successful innovators look for ideas everywhere, and that means going outside the comfort zone of internal, senior staff. They encourage ideas from throughout the organization by formalizing the ways in which junior staff can suggest and participate in new initiatives. They also look outside the company to third parties for their expertise and a vision that isn't clouded by history.

**Culture impacts innovation which impacts culture which impacts...**

No matter how we try, implementing processes can't create innovation. We can help it along, but innovation is a creative endeavour. Creativity is scary, especially in a business context. Creativity asks hard questions and produces answers that are hard to hear. The best ideas are the ones that sound the most far-fetched to the establishment.

But an innovation-positive culture isn't a switch to be thrown. **No company has perfect conditions, but nearly every company has at least some of the pieces necessary for innovation to thrive.**

### SO WHERE TO NEXT?

This study reveals that one in three innovative companies find external perspective and expertise has the largest positive impact on their innovation efforts.

Given the components required to create a “Standard Operating Innovation” within a complex organization (including creating senior level alignment, pushing historical biases, employing divergent thinking, and driving consistency in process) it’s easy to see why.

Sparks Grove has the expertise and proven experience to help. We integrate the practices of foresight and insight to inspire creative and pragmatic innovation that dramatically impacts your internal and external customer experience. We then help you design, build and deploy those solutions to create engagement, growth and value.

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**“Sparks Grove’s rapid ideation approach, their ability to collaborate, and their understanding of how to produce actionable innovation is fantastic. They’ve changed how we approach designing our experience and how we operationalize new ideas.”**

VP, Marketing Technology, Fortune 500 Financial Services Client

If you’re interested in learning more about our approach to innovation and experience design, or how Sparks Grove can help you solve a pressing business challenge, please visit us at [sparksgrove.com](http://sparksgrove.com) or contact us at:

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#### **CHARLOTTE**

200 S. Tryon Street  
Charlotte, NC 28202  
704.840.1800

FIG. 13: RESPONDENT TITLES

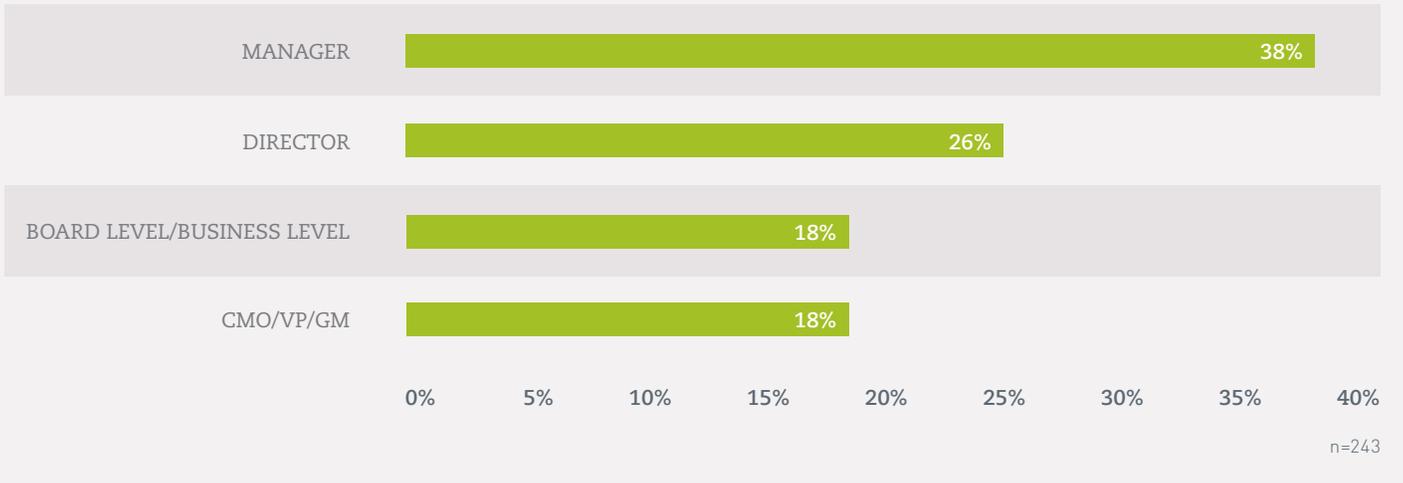


FIG. 14: RESPONDENT REVENUES

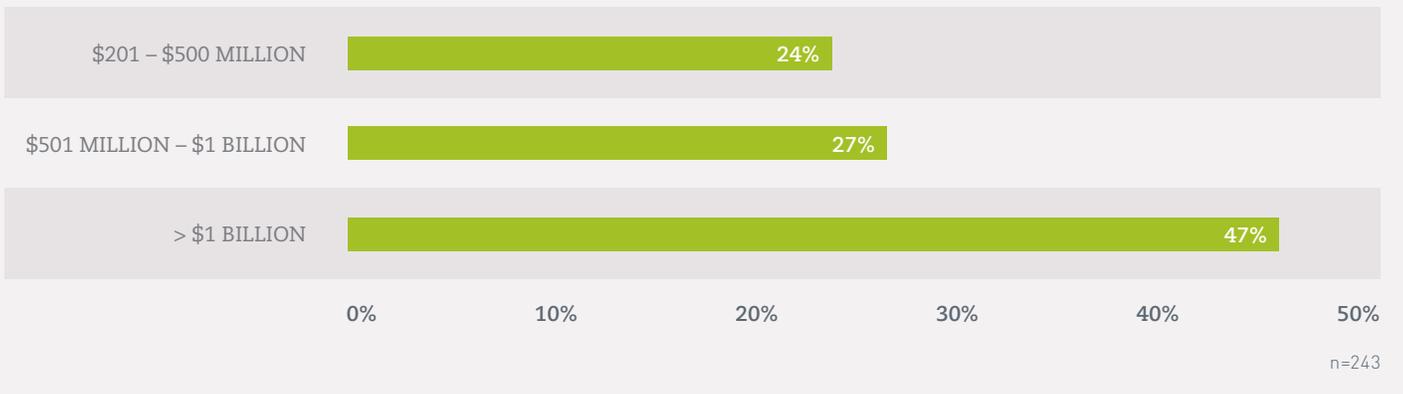
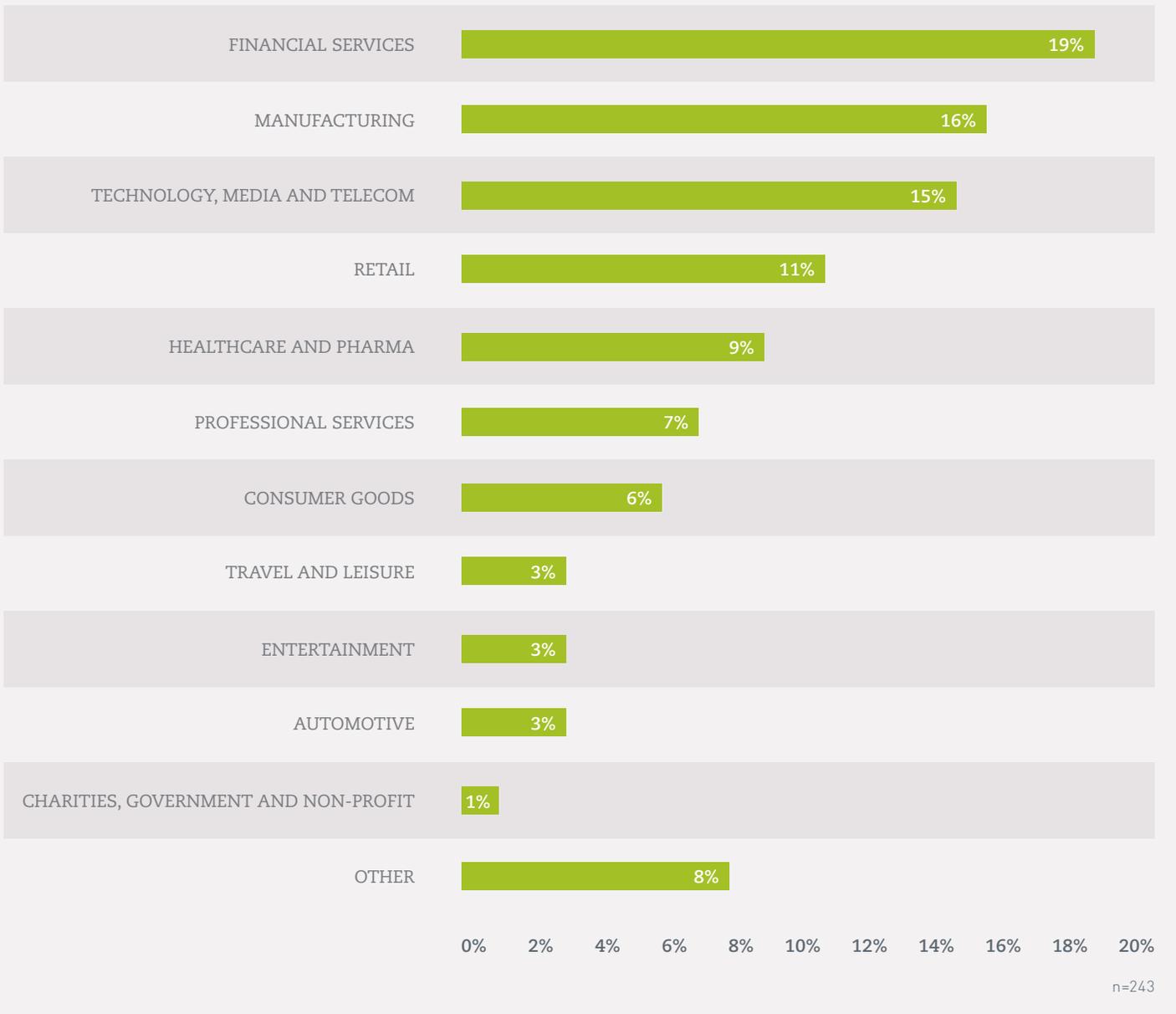


FIG. 15: RESPONDENT INDUSTRIES



# About

## ABOUT SPARKS GROVE

Sparks Grove is an Experience Design agency. As a division of global consulting firm North Highland, we cultivate growth for clients and new value for their customers by designing and building meaningful human experiences inspired by foresight and insight.

Crafting an authentic experience requires the integration of marketing, design and technology - and a vision of the future. Our diverse and multidisciplinary team is passionate about delivering experiences that help our clients grow. We value agility, measurement, learning, and adaptation over the one perfect solution.

Sparks Grove serves many of the world's largest brands and has offices in Atlanta, New York, Charlotte, and Los Angeles. If you're interested in learning more about Sparks Grove and how we could help you with a pressing business challenge, please visit us at [sparksgrove.com](http://sparksgrove.com) or call us at **+1 404 961 9900**.

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