

## Reframing IT to Unleash Innovation

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Innovation is something that is rarely in abundance within IT organizations today. The vast majority of resources are spent merely "keeping the lights on." Even the capital investments and development projects that IT organizations undertake are typically pedestrian, realizing only incremental improvements rather than driving true innovation.

There are many reasons for this and certainly the long string of funding cuts in recent years has not helped the situation. However, it is not funding that is at the center of IT's innovation problem. The problem is ...

... a lack of imagination.

### Reframing the Mental Model

In a recent Harvard Business Review blog post entitled, *How Reframers Unleash Innovation in Their Companies*, the authors tell the story of how three industry leaders are driving disruptive innovation by shifting their mental models and rewriting the rules of their industry. According to the authors, the reframers are doing three things to fundamentally change how they look at their industries and businesses. They are:

- Questioning the Paradigm
- Thinking with Their Hearts
- Catalyzing Social Innovation

These three elements cause them to shift their outlook on what they do and how they do it. The authors tell the story of how PepsiCo's CEO, Indra Nooyi is shifting Pepsi's long held value paradigm of "feeding" its customers to, instead, "nourishing" them. GE's Jeff Immelt is questioning the fundamental principles that drive the development of pharmaceuticals and medical devices. Tata Group Chairman, Ratan Tata, shifted his outlook on emerging consumers from "low earners to high yearners" and envisioned entirely new ways to interact with this market.

These stories and this concept of "reframing" is incredibly relevant to IT leaders. IT is at a juncture unlike any seen since the inception of the modern IT organization. The rapid state of business change and the fact that much of technology's original value has been commoditized, means that enterprises must look at things fundamentally differently if they are to unleash innovation within their IT organizations.

### Quest the Paradigm

Ratan Tata looked out at the 1 billion members of the emerging middle class - those that are predicted to join it in the next decade - and saw something different. Rather than wait for them to enter the middle class, he asked how could he serve them by looking at them as "high yearners." Conventional wisdom was that until a population pulled themselves into the middle class, they had no disposable income to speak of and therefore were not a marketable demographic. But he instead saw their aspiration as a key that would unlock unique ways to serve them. By developing a very low cost car that spoke to their aspirations and sensibilities, he saw that he could create an entirely new market. But in order to build that low-cost car, he was going to have to challenge yet another paradigm - how cars are actually built. Rather than traditional factories, Tata Motors produces "car kits" that are assembled locally at a fraction of the cost.

Where others were content to wait for the market to develop, Tata questioned the paradigm and saw an opportunity to innovate. IT leaders are in a unique position to do the same thing. IT is unique from almost every other business unit in that it sees and supports virtually every business transaction that takes place. From that perch, IT leaders have the ability to spot opportunities if they question the paradigms rather than just enable them.

Too often, IT organizations are content to simply be the back room machinery. They chug away supporting business transactions and doing the modern day equivalent of oil changes and tire rotations. What would happen, if instead, IT leaders were actively surveying the operational and strategic paradigms playing out within the walls of the data center and questioning them? Why do IT organizations not routinely stand up R&D labs with their business partners to experiment with new business applications of technology?

The blog post stated that reframers constantly asked themselves, “why not?” On the other hand, most IT organizations spend most of their time trying to restrain innovation through an over-reliance on standards and pre-defined architectures and find themselves asking a very different question, “why shouldn’t I say no?” IT leaders must introduce a fundamental shift in the posture of the entire organization. The focus must shift to exploration and wonder. Yes, cost will always be a factor and you must make sure that you take the cost out of anything that does not add value. But if you remove all of the wonder, exploration and experimentation, you can be sure that there will be no innovation to be found either.

## **Think with Your Heart**

When Indra Nooyi took over as CEO of PepsiCo, she inherited a company that was almost entirely focused on “guilty pleasures.” From soda to chips to fast food, PepsiCo was not what you might call a health food company. As markets shifted, PepsiCo had begun to diversify into other less harmful products, but this was purely an act of self-preservation following where the markets were leading. Ms. Nooyi, however, saw things differently.

She envisioned a fundamental shift in the way PepsiCo approached the market. Rather than merely following the market, she sought to truly serve her customers by transforming PepsiCo from a company that merely “fed” their customers to one that “nourished them.” This fundamental repositioning meant a devotion to looking at their products from the perspective of how to best meet their customer’s human and emotional needs, rather than merely their physical ones.

This shift injects something new - particularly in the food and beverage industry: a sincerity and authenticity that seeks to find a mutually beneficial relationship between provider and consumer. This same approach can be empowering to IT leaders.

It can be easy for IT organizations to become sterilized. With the focus on bits and bytes, it is easy to forget that there are real people with real needs on the other end of those transactions. What if IT leaders began asking questions not about requirements and specs and architectures, but instead about people? What if the first question that an IT leader asked was, how is the customer going to feel about this project and what will it mean to them? What if the focus of the IT organization shifted to finding ways to serve the human and emotional needs of their customers?

I know, it is pretty soft and mushy for IT, right? Clearly, a lot of the brass tacks will still need to be there, but if IT leaders spent more time focused on the human dimension of technology, the impact would be profound. Even a focus on “services” falls short of this aspiration. Developing and selling Fritos inexpensively may provide a worthwhile service to a customer, but it doesn’t nourish them. IT leaders must find ways to inject the human dimension into their organizations. You must find ways to cut through the layers of technical mumbo-jumbo and get to the heart of how the technology solutions you provide connect to your customers on a human level.

## **Catalyze Social Innovation**

Jeff Immelt took over GE and received a piece of sage advice from Jack Welch, the outgoing CEO: “Blow it up.” He took it to heart. One of his targets was GE’s massive healthcare division. He saw the escalating costs in his company, and in the entire industry, and could see that it was not sustainable. He found that the cause was an industry innovation model dubbed MML, which stood for More for More for Less. The basic principle was that the only way to grow was that you could charge More money for More complex solutions that Less people could ultimately afford.

Mr. Immelt saw that this would only lead to healthcare costs continuing to spiral out of control and that there had to be a better way. So, they turned the innovation model on its head by rolling out what they called MLM or More for Less for More. This concept of delivering more value for less money to more people represented a significant challenge and a fundamental shift from the industry norm. But it also represented a powerful opportunity.

The key is that the opportunity was not merely financial. If they could succeed, the approach would provide significant improvements in healthcare across societies throughout the world. This idea that a business innovation can create a social

revolution is incredibly powerful and something that IT leaders must tap into. By connecting the vision with something bigger than mere profits, you create exponential innovation. The social context galvanizes entire teams and enables them to achieve things far greater than they could with a purely profit-driven motive.

What would happen within IT teams if somehow the mission of the IT organization was framed in a social and societal context? It is not as far fetched as you might think.

There is a social and societal context to almost all business enterprises. What are the societal ramifications of a healthcare IT organization that envisions a new way to leverage technology that dramatically improves patient care outcomes? If it truly represented a paradigm shift, competitors would soon follow suit, vendors would begin developing supporting technologies and the free market would take the innovation across the region, then the country and perhaps across the globe. The result: an IT organization that literally changed the world.

## **Summary**

Admittedly, there are only limited examples of this type of innovation. However, this is mostly the result of IT organizations that lack the imagination and desire to be that kind of organization. They are either unwilling or unable to challenge paradigms, focus on the human dimension of technology and envision a scenario in which their work can change the world. But as an IT leader, you can change that. If you see your role as one of injecting imagination and create just this kind of organization, you will unleash a wave of innovation unlike anything you have seen.

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