

## **Innovation & the Service Oriented Organization**

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Innovation is still key to a company having a competitive edge. It is my observation that there are still many Information Technology (IT) organizations challenged to figure out how they can be innovative or how they can contribute to a company's innovation. IT Service Management can and should be leveraged to help support your innovation objectives for IT. A Service Oriented Organization (SOO) is one that has embodied the concept of running IT as a business, leveraging service management practices across the complete portfolio of a company's IT services. You can incorporate innovation in an evolutionary way to complement your existing service management practices.

While I am a proponent of business driven and revenue generating, client driven strategy and innovation, this article will be limited to discussing what I will call an introspective view of IT embracing innovation. The intent here is to share some thoughts on incorporating innovation program features into the constructs of your existing IT service management disciplines. The motivation to write this article came from recent observations where IT organizations have been missing innovations that their teams have already put into place, as well as missing their teams' ideas and opportunities for innovation. Hence, the question above, *is innovation right under your nose?* Looking for what may be under your nose may mean that you and your organization need to look at things differently, with a new "lens" if you will - a lens that can be applied to existing operational practices to improve how you recognize and foster innovation within your Information Technology organization.

### **Look Under Your Nose**

This is not a suggestion to play shell games with terminology or to just count the plethora of system upgrades that IT often performs as "innovations". This IS a suggestion that you, as an IT leader, may have innovation happening that is not recognized and you most likely have a talented team who have a lot of great ideas for innovation. The question is: Are you leveraging your existing processes and personnel for innovation?

Over the past six months I have observed three different IT organizations from three different industry verticals (Health, Finance, & Education) that all desired to increase the amount of innovation. The genesis of this article stems from my observation that all three IT shops shared a common trait. They wanted more innovation yet were missing some good examples of innovation that were going on within their own shops or being performed by their own personnel in the field for their business. For example, at one of these companies I listened to a system administrator give status that their team had just completed a planned operating system upgrade. All dependent applications were migrated and the upgrade was completed within the change window. No surprises. Job performed well, as expected. The administrator also shared that the team had written some software scripts that took advantage of new implemented operating system features. The result was a new capability that reduced the time needed for system recovery from a two hour time period to less than twenty minutes. This was a surprise though not a single person at the status review asked a question, and not a word of recognition offered. Well. Either this was a tough, high expectation audience or a group so use to rote recital of upgrades that it was just business as usual. This may sound familiar to more than a few IT organizations.

Anyhow, was this innovation? Sure it was. Whether it warrants being added to a list of submissions for that company's innovation of the year award probably depends on where you draw a definitional line and what your objectives are for "innovation". At a minimum this was an example where an organization should be recognizing in employees or teams for the cool and useful work they do. The point here is that this IT organization that desired to be more innovative did not have the mechanism in place to recognize and classify a potential innovation that had occurred "right under their nose". There are a number of factors that contribute to this, though the most obvious is that there needs to be definition and awareness of what constitutes innovation to the organization.

## Innovation Definition & Awareness

It is important to keep in mind that innovation does not necessarily need to be a new product idea worth \$10M in new sales or be worthy of a patent. Innovation can apply to products, systems, strategies, processes and organizations. Innovation is about delivering value and the definitions you adopt for your organization should reflect what is valuable to your organization as well as your business. This article is focused on what I am referring to as an introspective view of innovation leveraging your IT processes and services. This is looking at your internal business as IT service provider. I focus here because I believe *you have to value your own operation to be of value to your customers*. You need to be able to identify innovation locally (internally) to show value. It depends on your people. It depends on valuing your people and their ideas. It depends on you. I also believe that an IT organization *should* understand better than most other organizations in a company how to leverage processes and technology for innovation. Furthermore, I would suggest that by developing your own ability to foster innovation internally to IT improves your ability to foster and support innovation for your business overall, and your revenue generating customers.

Work together with your team to create definitions of innovation that resonate with the mission of your organization, innovation that maps to your internal IT service provider strategy. The definitions of innovation that you want should be simple such that they can easily be understood by your team and be easily incorporated into both your IT planning and operational processes. Create the definitions with measurement in mind and think in terms of measuring results and the impact created by the innovation. Personally, I am a fan of the definition that innovation is the act of actually applying ideas into practice. You can plan and have great ideas until the cows come home but it is essential that results be achieved if you truly want to be innovative.

Keep your definitions simple and few. Build upon definitions that are available from published treatise on the subject of innovation. Here are few standard types of innovation as defined by a popular book on the subject, "Making Innovation Work" by authors Davila, Epstein, & Shelton:

- **Incremental:** This is about important yet relatively limited change to existing processes and/or technologies. These would usually be characterized as relatively low risk and requiring low investment.
- **Semi-Radical:** This is about substantial change that results in major alteration to either the way a processes or a technology is used. These have higher risk and higher investment requirements.
- **Radical:** This is about significant change that results in fundamental changes in the competitive landscape and is characterized by major alteration to both process and technology. Highest risk. Highest cost.

Your IT organization's projects and tasks can be categorized with these definitions. You will want to create your own characterization and examples of these categories so they can be better understood by your teams, as they apply to your business. I would recommend that you also consider some additional "dimensions" to these definitions so that you can further differentiate innovations depending on how you manage your services, your IT investments, and to how you want to measure innovation results. This is a specific area where you should use your existing IT investment portfolio definitions, that should include the services, processes and technologies involved, as well as the time horizon for expected results. These can be service specific, process specific, technology specific and also bridge services, processes, and technology.

Most innovation within your IT organization will be, and should be, incremental innovation. Focus on how incremental innovations will improve your chances of success both in recognizing innovations and funding them. I do believe IT organizations can do quite a bit of innovation within their existing operational budgets.

The Operating System upgrade example mentioned above was captured and reported as part of that organization's IT change management process. The scripting and automation accomplishment was reported after the actual change. The improvement could be categorized as an incremental innovation, as it had positive impact to a key IT process and was done with apparently low risk and within existing operational budgets for maintenance.

Once you have your definitions, apply your "innovation lens" to your existing IT processes that include both planning and operational processes.

## Planning for Innovation

The three IT organizations that I mentioned previously all had three year IT strategic plans. All three plans looked remarkably like their primary technology vendor's product version release roadmap. This is not a unique situation. It is

relatively easy to collect these roadmaps from your vendors and it is useful information that you should be aware of. While these roadmaps can represent something new to your business, the technology roadmaps by themselves would generally not be counted as your own IT innovations. What you do with these vendor supplied tools and whether you can deliver positive impact on your business or IT operation is a sign of "true" innovation.

Your "innovation lens" needs to help your team consider the features delivered by vendor product releases and then identify opportunities on how to use these features to deliver results and business value. Your teams should know better than anyone how to leverage the features for results that matter. It is important that you afford your teams some time to plan and to collaborate on what can be done with the capabilities that are in place and known to be coming from your suppliers. Most of your plans will be incremental. Some may be more radical. Use your definitions to differentiate.

The concept of continuous innovation is well-embraced by both effective IT strategic planning and the use of Continual Service Improvement (CSI) practices. These both depend on feedback loops and involvement of your teams and your customers. A high performing Service Oriented Organization will have Strategy and CSI processes in place with a recursive system for evaluating services, processes and capturing improvement opportunities. These opportunities should be captured in your portfolio management system. Your portfolio and project management methodologies are critical capabilities that you need to use to handle and prioritize the inventory of potential innovation investments and in flight activities.

Here is a frank opinion and perhaps a reality that large IT operations are often faced with. Strategic planning and the project methodologies used to execute those plans are often not as well oiled as they could be, such that innovations are not captured as part of those planned approaches. In some cases innovations are inadvertently missed due to lack of tracking details. In other cases, sharing innovative changes may be overtly avoided, seeking to dodge questioning and justification. This is where having awareness through your operational processes can help.

## **IT Operational Processes, an Innovation Detector**

A snowflake of an idea can start a powerful avalanche of ideas or actions. If anything, this is one of the reasons why you want to recognize innovation. Innovation, however you end up defining it for your organization and no matter how well you plan for it, is often something that you cannot plan or capture at a sufficient detail for a large organization. You need to be able to discover it. It can emerge from asynchronous and unexpected convergences of people, ideas, and events. This is the reason to have your "lens" included as part of your tactical IT processes such as change management or problem management. This enables you to better recognize innovation and the opportunity for innovation when it does occur. The sooner you detect it the better. Ideally so that you can foster and harness good ideas and, as in the first example above, at least recognize the incremental innovations that may be occurring around you. Keep in mind that many IT processes, particularly change and release management, are about control and minimization of risk. They can be wet blankets on innovation depending on how the processes are applied. Too often the individuals that oversee these processes are not oriented to look for innovation. A semi-militant change manager or overly rigid project manager can effectively be an innovation buzz kill.

A Service Oriented Organization will have mature operational management processes with a well defined system of prioritization and categorization of changes, incidents and problems. Post implementation reviews and root cause analysis are great areas to identify innovations and opportunities for innovations. The key is to raise awareness across the teams that participate in and oversee these processes. These teams need to be part of the continuous innovation feedback loop mentioned above. This is largely about people and this is where leadership and communication is needed.

## **Leadership: Look by Listening**

The processes mentioned above can help recognize and foster innovation. Processes are nothing without people and if you want to "look under your nose" you really must listen to your people, your teams. This is a vital leadership quality and vital for innovation. I advocate developing leadership at all levels of an organization, so you have a deep bench of leaders with vision, who are inspired themselves and can inspire others to accomplish things that otherwise left alone would not change. These leaders should be encouraged to be creative and to actively participate in peer level ideation within their teams and across teams to help recognize, develop and implement great ideas.

Recognize that your teams most likely have the best ideas on how to improve the services and products for your customers. Do you, as a leader within your organization, ask your team what can be done to improve? Simple question, right? I have seen a high percentage of IT organizations where this question is not asked regularly and all too often it is

not asked at all. The level of manager to individual contributor communication was so low that the upper layers of the organizations were effectively blind to the innovation that the technical resources knew they could implement or were in fact actively doing. There was not enough looking under one's nose, if you will.

Leaders inspire. Ideally that would be sufficient for success, though I do think there is also a need to create incentives to raise awareness and drive cultural change regarding innovation. In the example above, the team recognized a need and that was incentive enough for the team to do something useful and cool. However, the culture was not oriented to recognize or even celebrate the innovation. Modesty is one of the noble qualities of many IT personnel. They do many things without fanfare and often avoid the limelight. Frankly, the trait is also one that can make innovation hard to find and the trait is often carried up the IT leadership chain. This can create an unintentional blinder to recognizing innovation. If anything, creating incentives to look for and identify innovation has merit for many IT groups.

I did not mention this earlier though I would expect that you have already answered in your mind *why* you want to identify innovative activities and *why* innovation is important to your organization. This might be worthy of an article unto itself, though let me point at one *why* that is pertinent to this section. Your leaders and your team need to know and embrace the *why*. This is foundational to their buy in, passion and inspiration to take ideas to action. It is one of the best ways to show how you value your people and to improve your value to your customers.

## Summary

A Service Oriented Organization can use existing IT operational processes to help identify and foster innovation within IT, even if your company does not have an overarching innovation program to align with your IT processes. Create simple definitions of what innovation means for your IT organization and augment your portfolio management, strategic planning and resource management processes to promote and track planned innovation investments. Create awareness across your IT service and process teams. The IT processes of change management, release management, and problem management offer good methods to detect innovation and to uncover opportunities for new innovation. Keep in mind that many IT processes generally have the objective to control and minimize risk that can create blind spots for recognizing innovation. Awareness and incentives can help address these blind spots. Innovation does not mean hitting homeruns with multi-million dollar product ideas or a long list of patentable ideas. It does mean creating value by implementing your team's ideas and creating positive impact. Often, the best innovation is incremental. Incremental innovation can be funded by operational budget savings achieved by efficiencies of your service management practices.

Lastly, to look under ones nose it is advised that you listen to your employees. Listen actively, asking questions to understand and seeking the knowledge your team. Your Service Oriented Organization's value is directly dependent on the value you impart to your team. Look internally, listen to your team and give them the freedom and incentives to innovate. You may find that you already have a lot of innovation gems.