



4 Lessons on Innovation

Every business wants to be innovative but it's rarely as easy as one would hope. Dawn Murden quizzes business leaders on what it really takes



What some call innovation, others say is simply staying close to their customers, but surely there's more to it than that? Here, we highlight four key learnings on how to nurture innovation in order to keep your organisation fresh and relevant.

During the recent Criticaleye Global Conference Call, [Creating Innovation Teams](#), we heard from two speakers, **Andrew Miller** former CEO of Guardian Media Group (GMG) and Non-executive Director at The Automobile Association (The AA) and **Anita Chandraker**, Head of Digital at PA Consulting Group.

Here, we highlight four key themes to emerge from the event:

1. Start with Your Core Offering

According to **Charlie Wagstaff**, Managing Director at Criticaleye: "It's not about what you do, it's about why you're doing it. As a leader you need to understand your organisation's purpose, that's your starting point."

This is something **Andrew**, who is also former CFO of Auto Trader, has found to be true. "I've been lucky to have organisations that know what they are at the heart," he said. "Some forget the real thing they should be innovating is what they are at the core."

At the Guardian the mission was to envisage how its readers wanted to consume news now, as well as in the future, whereas at Auto Trader the focus was on moving its marketplace for people to buy and sell cars online.

When **Andrew** joined Auto Trader in 2002, the business had around £18

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million profit, 24 magazines and no digital presence. Now all of its content is solely online and it's valued at over £3 billion.

"You should celebrate the heritage of the business but accept that 'celebrate' doesn't mean 'protect'. You've got to know what you are to get that excitement back in the organisation and then innovate around it," **Andrew** added.

Anita from PA Consulting Group, noted: "Innovation has to be linked to the core of the business, its objectives and challenges, and what customers or clients want. If an organisation is under threat from disruption then the imperative should be to solve that."

2. It's About Leadership, Not Technology

"A lot of people overthink what has to get done, but actually the fundamentals of innovation and change are what most people would refer to as common sense.

"It's not really about technology, it's about leadership," **Andrew** said.

"It's getting the leadership team, the board and your employees to accept that there is a need for change. Unless there is a real desire to change then there's no point investing time and money."

It has to start with the CEO and the board, and then the CEO has to get the exec team behind it. "You have to be quite brutal and accept that some people won't make that journey and proactively manage that," **Andrew** commented.

Charlie added: "Scale is no longer a differentiator for businesses, it's all about speed and leaders need to work out how to drive that in their organisations. They need to provide a framework that supports that."

3. Find Out What 'Agile' Means to Your Company

Businesses must learn how to exhibit speed and build momentum. "It's about iterating fast," **Andrew** said. "It's about seeing ideas that work and trying things."

"The speed at which I see tech companies iterate is phenomenal. Look at Snapchat, which is the fastest growing media distribution brand."

Change won't happen overnight, especially in large organisations, but big businesses need to trial new ways of working.

Anita noted: "There has been a lot of talk about agile from a software development perspective; now that conversation has moved on to how you make large organisations more >



agile, how to break down siloes to make an organisation simpler and faster so it delivers results.”

Matt Barry, Chief Operating Officer for Mass Hosting at web company Host Europe Group (HEG), has worked both in organisations in which innovation is kept separate from the core business, as well as one with a more collaborative cross-functional approach.

Prior to joining HEG, he spent four years at a Fortune 50 cable TV company as Product Manager in its newly formed Converged Products division, tasked with rebuilding the experience from the ground up.

“They realised they needed to get something going quickly without the normal politics you get in a big organisation,” he explained. “So, they set up a completely separate team, got new blood in – web people rather than TV – and put us in a new office.”

At his current organisation **Matt** has implemented a group-wide way of working that uses agile development practices whereby a number of small teams take ownership of a particular project, which is typical of software development companies.

Andrew also had two different experiences at Auto Trader and GMG. “At Auto Trader we set up new business... that essentially cannibalised the old,” he explained.

“At the guardian it was about the disruption of content in the new world therefore we couldn’t isolate the new from the old, it had to be much more intertwined – that was much more complex.”

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4. Don’t Get Hung Up on ROI

New propositions will call for different metrics and measures, rather than return on investment alone.

Anita noted: “If you’re encouraging the organisation to come up with ideas, you’re not going to be looking at financial return over a short period. You might be looking at the potential for an idea to disrupt a market, or the opportunity for growing market share. That can be a big challenge for large companies.”

Small wins in terms of revenue can be huge in terms of customer engagement; it’s about changing the mindset.

Andrew, a former CFO with a financial background, agrees that ROI can be stifling: “At Auto Trader the targets were the number of dealers that we had on our CMS system, then the number of people on the website, followed by revenue. If we had set ROI parameters, we would probably have shut down in 15 months. At the Guardian, the most important measure was the engagement of users.”

You do, however, need limits on investment and this can often come down to ownership structure. **Matt** explained: “Realistically, it depends on which stage the company is in to answer the question about metrics. A PE-backed company in late stage investment will argue that it’s all about ROI – and that’s true if you are preparing for sale.

“However, early-stage investment companies or one that is well-funded and seeking market share, or one that holds a leader position and wishes to maintain it, will be more flexible.” ■

This feature was inspired by the Criticleye Global Conference Call [Creating Innovation Teams](#). Find out more about our upcoming Conference Calls on [Understanding the China’s Consumer Landscape](#) and [Golden Rules for a First-Time CEO](#).

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