"Creative potential often not fully exploited"

Professor Oliver Gassmann has found that some 2,000 ideas are needed for every ten successful innovations. Gassmann is the director of the Institute of Technology Management at Switzerland’s University of St. Gallen, where he chairs the Innovation Management section. Euroscope spoke with him about the culture of innovation, the importance of external sources of knowledge and the innovations of the future.

How can we measure a company’s power of innovation?
It is difficult to find suitable variables to measure. Analysts look at the number of patents or the level of R&D investment versus sales. But these input-oriented criteria are limited in what they can tell us. Two things that we can measure are sales and the added value from innovations – here there’s the catchy definition “Innovation is when the market shouts Hurrah!” However, these output-oriented criteria are problematic because they aren’t always directly attributable. But regardless of how we measure innovation, you can often tell the moment you walk through a company’s door whether it is innovative or not. When the first thing you see at the entrance is an organisational chart, this is probably not a place that focuses on products and innovations.

What are the characteristic features of an innovative company?
An innovative organisation has many elements. It has to have a flat hierarchy, a small number of decisional levels, a direct and open communication culture, and a tolerance for error in the initial phases. The Dell motto is helpful here, namely “Fail earlier, succeed sooner.” An innovation culture is very important! It’s not just a matter of promoting processes that lead to innovation, but also and at the same time, actively developing an open culture of innovation. The necessary instruments are more complex than introducing a structured process. They include management and incentive systems oriented toward initiative and innovation, dual career paths, and also open architectural designs. For example, the probability that two employees will speak with each other falls drastically if they work more than 30 metres apart. So the crucial organisational interfaces should be located within this “intimate zone”. But the greatest influences on innovative behaviour are the examples set by upper management.

Where do you expect to see innovations in the near future that will affect society as much as the car, telephone, or computer?
The greatest potential is clearly to be expected in biotechnology and the information and communication sectors. Large-scale, clearly documented trends include miniaturisation, intelligent objects, and individualisation. It is difficult to make forecasts here, however, because the products that are actually made quickly surpass the ideas that are only thought.

What methods would you recommend for different business areas?
Companies that are successful on a long-term basis are those that open their processes of innovation to the outside. The increasing international character of the market, ever shorter innovation cycles and ever more complex technologies are leading to a situation in which the requisite power of innovation can hardly be hounded anymore at a single company. So companies have to supplement their core areas of expertise in a targeted manner via partnerships and external sources of knowledge and ideas – such as suppliers, research insti-