

Think Big

HANS LERCHER

As part-time professor and consultant, Hans has synthesized years of experience into a model for improving companies' innovation performance.



What is your background and current role?

I grew up in a small village in the mountains, and we didn't have much as children, no internet, no Netflix etc., I was forced to use what I had to entertain myself. This taught me something that is called "Hausverstand" in German (can be translated to "common sense"); I had to entertain myself using what was available, re-combining it and finding new ways of applying it to have fun and solve problems. In my view, this ability can be applied in many areas of life and work – including science and innovation.

I have a degree in both Telematics (mixture of electronics, computer science and communications engineering) and economics, and while studying economics, I got in touch with innovation management. I was fascinated by the topic of innovation management and by the tools used. After finishing my PHD, I started working as an assistant to the CEO in a big company. I later decided to start my own company with a colleague to work more focused with innovation management. That was the first innovation management consultancy in Austria. At the same time, I started teaching at the university and was later asked to develop a new study program for innovation management.

Today, I call myself a "hybrid-professor" as I work part-time as a professor and part-time as a consultant. This is ideal for me, as I can benefit from both worlds and can transfer what goes in practice to my research and vice versa

What is your definition of innovation and how do you work with it?

The term innovation has its origin in the Latin word "innovatio", which means renewal and change, or in the Latin novus (new). Unfortunately, in many large companies, "innovation" is only associated with new products, new technologies and/or research and development.

I think we need to look at innovation in a much broader sense, across business areas, including sales, HR, support, finance – functions that are normally outside of the realm of innovation. In my definition, innovation is about "realizing ideas to become more competitive", and when thinking about it in that way, it is something that applies to all areas of a company, and it should integrate all people in the company

3-4 years ago I was in contact with a large Austrian company producing styrofoam insulation panels. There was a management meeting, and I was invited to give a keynote on innovation management. In the beginning of the meeting, I asked: "who is responsible for innovation management?" They all pointed to one person in the room. And yes indeed, most innovation came from him (CTO-type of person). The next question I asked was: "And who is responsible for quality?" The answer here was: "of course everyone!".

For me, this experience nicely illustrates one of the main problems in innovation management: Many managers see innovation as a special task for specific people, when in fact everyone in a company can and should have the opportunity to innovate. Management's attitude towards innovation has a major impact on the company culture, for example when it comes to who is responsible for innovation, how they see mistakes (acceptable, even desired or something that should be avoided at all costs) and how they perceive innovation. When they realize that innovation can be applied to all areas of a company and that it is the job of many, they start organizing innovation management differently.

Which challenges in relation to innovation do you experience and how do you handle them?

Without generalizing for all companies: Top management quite often recognizes the need for innovation, but the problem arises with middle management. They are often "lords" of their own "dukedom" that have built up over time and their objective is to defend their position. Everyone welcomes innovation and change, but only if it doesn't affect them.

They would rather fence off any new initiatives that might threaten their positions, than to engage in them. This means that middle management often stops many good ideas (from bottom) and good strategies (from the top), hence becoming a constraining middle layer. Clear roles, goals and responsibility is needed. By this, I do not mean a segregated process with responsibility changing with each step of the process, but overall responsibility and accountability of continuous innovation efforts.

In many companies I also see a relay race in innovation projects: Someone has the idea, someone develops the prototype, someone makes the transition to series production, someone the marketing concept, someone the sales strategy, and so on. And if it turns out successfully, everyone is happy and everyone was involved. But in the case of a failure, the blame is laid on each other. There is a saying: "Victory has many fathers, only defeat is a founding!" In order to be successful in innovation, however, there needs to be continuous responsibility and no blame! We also have to stop seeing innovation as something that has a beginning and an end, like a project that we do when we have a new idea and a budget for it. We have to learn to see innovation as a cyclical task with its own budget, for which the respective managers should be responsible throughout the year.

What is your advice for innovation managers who want to make sure they are doing the right thing?

There are six areas that must be in place for innovation management to be successful:

1. Culture: What is our understanding of innovation? Failures? Risk? leadership?
This comes back to my earlier point about management's view on innovation and failure that sets the direction for the whole company.

2.Strategy: what is our innovation strategy? Which search fields do we focus on?
To be successful, we need to know where we are going – and not going. We need a clear focus to prioritize, which also means a clear deselection of some areas.
Like Seneca said: "For someone who does not know which port to sail to, no wind is a favourable one!"

3. Structure: How are we organized for innovation?
One of my main tasks as a consultant is to define the role of managers: It has to be very clear what they are supposed to contribute concretely to innovation behaviour and how they are integrated into innovation management.

4.Process: How does communication and decision-making in the innovation process look like and how are the different innovation classes dealt with?
Many companies have an innovation process, but it is often only defined for one innovation class from idea to implementation. The class of innovation is shaped by the investment, risk, complexity and impact of the innovation project. Therefore, different implementation paths make sense, which also require the integration of different levels of management. The interfaces and communication from strategy development to the concrete innovation result must be defined.

5.Resources: what do we provide for innovation?
Defining one person as an innovation manager is not enough to be successful. If management is to be serious about innovation, it must allocate sufficient resources. How can I work on search fields if there are no resources? Most companies have a R&D budget but little or no innovation budget. I see the R&D budget as part of the innovation budget, which means that the budget for innovation should be much bigger in most companies. And I may define this budget not only for R&D but according to the definition innovation should be done everywhere.

6. Competences: What are our tools and methods? Who is proficient in them?
Sound and continuous training is simply important. For example, how can I expect creativity from my staff if they don't even know the simplest tools for analyzing problems and being creative? And further training is also necessary to stay curious.

None of these areas can really be left out. It might seem as a daunting thing to do, but the benefits are high. My BIG Picture Innovation model is based on interviews with more than 130 managers, and I myself have implemented it across 35+ companies. The most successful ones have become innovation leaders within their fields, not only releasing successful new products, but changing industries with whole new business models and platforms.

If you want to read more about my company, find it here: thinkbig.at

You can also download the BIG picture innovation model:

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2965373

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