

Innovation depends on having innovators

If you haven't already, read Steve Cocheo's lead article "Innovation: Start reinventing, or start dying," in Editor's Report, the companion newsletter to this one produced by ABA Banking Journal. It's terrific.

Steve covers an address by Sir Ken Robinson, a recognized expert on creativity and innovation in the corporate world, at the recent ABA National Conference for Community Bankers. Seamlessly, Robinson connects Percy Bysshe Shelley's sonnet Ozymandias, the fall of the British Empire, and the dormancy of life, not death, in Death Valley. All this is related to how corporations thrive and then shrivel if they cease to reinvent themselves.

Robinson says: "A culture of innovation hinges on innovation arising in an organization reliably and as part of the organization's culture."

With this backdrop, it's encouraging to find indications that leading business organizations are recognizing the value and, indeed, the essential nature, of supporting innovation within their technological strategic plans.

PricewaterhouseCoopers recently issued results of a survey with the explanatory title: "PwC survey finds private companies are embracing bold innovation to meet growth objectives; talent and technology play key roles."

It found that 39% of private companies in the United States deem novel products and services never before seen by the marketplace as important growth engines for them in the next year. Twenty percent say that novel products and services will be even more important to their growth objectives over the next two to three years. Another 37% are focusing on products that, while not new in the marketplace as a whole, are new to them.

"Private company executives recognize that achieving their business goals requires putting innovation at the heart of their efforts," says Ken Esch, a partner with PwC's Private Company Services practice.

Chief technologies on the drawing board are analytics, cloud computing, social media, and mobile devices, says PwC—all technologies with close applications for the banking industry.

"Technologies such as social media and cloud computing enable private companies to do more with less. For instance, with social media and mobile devices, private companies can reach far more customers than they ever could in the past, both quickly and inexpensively, as well as obtain considerably more information about them than previously. To effectively harness that information, however, private companies will need to have the right data-analytics capability, and so it's not surprising that this is their top area of planned IT investment," says Esch.

Sounds good, but if innovation is so great, everybody would be doing it. And that's part of the challenge. A lot are. In order to innovate, you have to have the talented people who can make the visionary ideas work. Right now, there aren't enough of those people available to meet the demand, thus requiring business leaders to make tough budgeting and hiring decisions.

In fact there are two risks facing managers. One is not being able to attract the talented people needed to transform vision into reality. The other is attempting to create new products and services with less-than-optimal research and development.

For the purposes of this argument, it's instructive here to focus on one innovative strategy facing the banking industry, namely mobile applications.

Regarding the problem of fielding untested products for purely competitive reasons, a Protiviti survey concludes that IT professionals will be expected to handle a growing list of functions with only average competency levels in 2013.

"The continued rapid global expansion of the smart phone and mobile applications marketplace reflects the strong demand from business leaders and consumers for access to information anytime and anywhere, which presents exciting opportunities for delivering value. However, it also creates greater technology risk potential," says Kurt Underwood, managing director, Protiviti. "The result is significant pressure on IT departments and business leaders as they are asked to deliver more mobile technology-enabled services. This pressure forces them to take on considerably more risk than they're prepared for, especially in terms of policy, integration, data management, security, and data privacy related to mobile commerce and social media proliferation and innovation."

Regarding the other problem of finding the right talent, a separate study by Accenture finds great concern among CIOs generally. Of those surveyed, 52% say they would retrain existing staff to enable their mobile strategies, and 37% will hire full-time mobile expertise into their organization, indicating a high demand in the market for mobility talent.

"CIOs must find ways to support the myriad of mobile devices entering the work environment," says Jin Lee, senior managing director, Accenture Mobility. "They should also address the need to focus intensely on people and expertise. Almost twice as many companies-40% in 2013 versus 27% in 2012-plan to leverage external experts to develop and refine their strategy, indicating that mobile usage is growing faster than the market can provide in terms of skilled and available talent."

Even the relatively rosy PwC survey acknowledges this weak link. "Private companies recognize that to keep pace with aggressive growth plans, they must have a strong bench to support their objectives. Hiring continues to stay at the margins, however, as business owners remain cautiously optimistic about the economy," says PwC's Esch.

As it stands now, then, banks and businesses in general must reinvent themselves or die. For management, the challenge is to find, attract, keep, and support the reinventors.

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Sources used in this article include:

Innovation: Start reinventing, or start dying

CIOs Worldwide See Mobility as Key Revenue Generator and Primary Channel for Customer Engagement, Accenture Survey Finds

Protiviti Survey Finds Top Priorities for IT Departments in 2013 Driven by Concerns Surrounding Mobile Commerce and Social Media

PwC Survey Finds Private Companies Are Embracing Bold Innovation to Meet Growth Objectives; Talent and Technology Play Key Roles

About the Author

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