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UNCOVER INNOVATIONS THAT MATTER



EVOLUTION OF THE CHIEF INNOVATION OFFICER



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At the end of the 20th century, innovation was still considered to be exclusively the remit of R&D functions, who would be tinkering away in a workshop or laboratory on new technological features for a company's products. As the new century arrived, things started to change. Simply coming up with a strong product was no longer enough to win against emerging business models (the demise of Blockbuster and Kodak in the face of digital competitors are well-known cases). The new dynamics of markets and technology demanded a more strategic approach to innovation and a new role appeared in C-suites to manage this: that of the chief innovation officer, or CINO.

"Until 20 years ago, the chief innovation officer (CINO) was a position virtually unheard of. Today, most large companies have appointed one, although the actual job specs can vary."

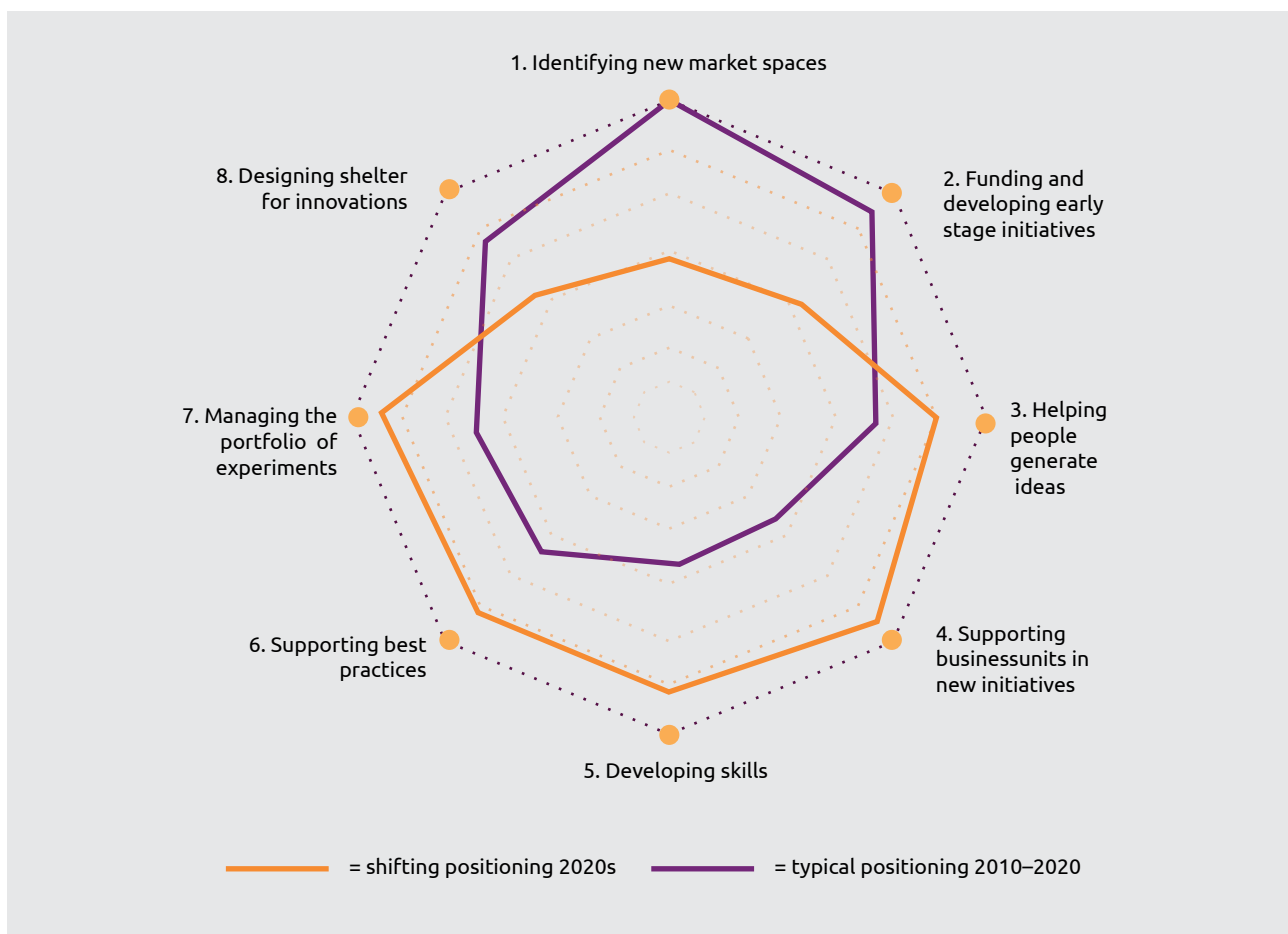
Unlike more established C-suite roles, whose job specs are relatively standardized, the chief innovation officer's role varies significantly depending on the organization, business context, and the individual themselves. Drawing on our research and experience with Fortune 500 corporations, we have developed an 8-role framework¹ for the multifaceted CINO position. The role is divided into two main categories: managing the innovation funnel (e.g., identifying new market spaces, funding and supporting early-stage initiatives, and managing the experiment portfolio) and building innovation capabilities (e.g., developing internal skillsets and disseminating best practices).

¹ We have published a first version of this framework in the Harvard Business Review ([HBR.org](https://hbr.org) link).

Perspectives from Caggemini

In some firms, the CINO has a fairly narrow remit, while in others, they play a wider range of roles with different levels of intensity and focus. A simple visual tool, the 8 roles spiderweb (see Figure 1), can help us visualize the different degrees of coverage of the various roles. Comparing spiderwebs of different firms, common patterns emerge; an important trend is related to the CINO as “facilitator” or “owner” of innovation initiatives within the organization. In the first case, the CINO advises on, facilitates, and accelerates initiatives, while business units and functions maintain ownership. In the second case, the CINO directly initiates, funds, develops, and conducts experiments around new ideas (typically focusing on discontinuous innovation), with a dedicated budget and team, and setting their own targets.

Figure 1: The changing focus of the chief innovation officer



The future role of CINO

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The future CINO role will evolve towards coaching, facilitation, and support to enable other functions to innovate, rather than being the sole owner of innovation.”

Looking at how the typical spiderweb has evolved over the last few years, we see evidence of a gradual shift in the coverage of the roles. Today, greater focus is given to the roles leaning towards “facilitation”: supporting methods for innovation; helping and coaching projects, rather than “owning” them; and developing capabilities in the wider organization.

In our view, such a shift is determined by two aspects. First of all, in some cases, the appointment of a CINO gives the unproductive and negative message that innovation is somebody else’s responsibility, rather than a task to be shared across all functions. The CINO should be regarded as the enabler and facilitator, in which case the cognitive bias (“it’s not my job”) will be eliminated.



Innovation will become more pervasive

The second and more fundamental factor is related to the broadening scope of innovation (see insert) towards the reinvention of management models to promote a sustainable stakeholder capitalism.

"Innovation will become more pervasive, being applied well beyond technology and products into new business models, new supply chain paradigms, new management styles, and innovative cultures. "

Figure 2: The broadening scope of innovation

Products	Business Models	Industry Ecosystems	Management Models	Sustainability
1980s–1990s	2000–2010	2010s	2015–2020	2020+
<p>New thinking:</p> <ul style="list-style-type: none"> Blue Ocean Strategy (Chan Kim, Rene Mauborgne) Business Model Canvas (Alexander Osterwalder, Yves Pigneur) <p>Examples:</p> <ul style="list-style-type: none"> Nintendo Wii Nespresso Hilti 		<p>New thinking:</p> <ul style="list-style-type: none"> Platform Revolution (Geoffrey G. Parker, Marshall W. Van Alstyne, Sangeet Paul Choudary) Ecosystem Economy (Michael Jacobides) <p>Examples:</p> <ul style="list-style-type: none"> Nest John Deere Philips 	<p>New thinking:</p> <ul style="list-style-type: none"> Humanocracy (Gary Hamel, Michele Zanini) No Rules Rules (Erin Meyer, Reed Hastings) The Heart of Business (Hubert Joly) <p>Examples:</p> <ul style="list-style-type: none"> Netflix Handelsbanken Best Buy 	<p>New thinking:</p> <ul style="list-style-type: none"> Net Positive (Andrew Wiston, Paul Polman) Deep Purpose (Ranjay Gulati) <p>Examples:</p> <ul style="list-style-type: none"> Unilever IKEA Enel

Over the course of the past two decades, innovation as a business concept has grown. In the 1980s and 1990s, innovation meant R&D and product development. However, companies subsequently learned that they could avoid head-to-head competition by shifting their views on business models. Thought leaders such as Chan Kim and Renée Mauborgne from INSEAD, authors of the bestselling book *Blue Ocean Strategy*, brought fresh perspective on innovation beyond product/technology orientation, showing how it is possible to unlock new value and attract new customers with novel value propositions.

Nintendo Wii is a case in point. By applying the Blue Ocean Strategy, Nintendo beat the competition, not because of superior technology (in fact, its offering was widely regarded as less advanced than that of competitors) but due to a completely new consumer experience of video games. Rather than focusing on young males, it offered sport and yoga activities to a wider range of users, including women and older people, made available by harnessing new technology such as motion sensors.

Other examples of business-model reinventions are Nespresso (shifting from coffee powder to coffee capsules sold through dedicated Nespresso boutiques) and Hilti (from selling individual products to retail customers to offering complete turnkey solutions to the building industry).

With the advent of the digital economy in around 2010, many sectors suddenly became vulnerable to disruption from digital-native companies (think of the fate of Blackberry and Nokia). To stay competitive, innovative companies broadened the scope of their businesses to encompass platforms and ecosystems. For example, US agricultural machinery company John Deere, as part of a network of partners and complementors, became a digital pioneer by combining tractors (its traditional product) with sensors and data collection, to help farmers achieve higher yields.

The rapidly changing markets and business models of the digital age demand a realignment of operating models. To achieve this, thinkers and practitioners have promoted innovative paths towards organizational agility and new forms of empowerment and control. Companies such as banking services company Handelsbanken and domestic appliance manufacturer Haier have adopted decentralized models, providing greater autonomy and decision-making power to their front lines, while cutting bureaucracy and the need for authorizations.

In the 2020s, the scope of innovation is increasingly leaning towards sustainability, in a bid to tackle the daunting challenges of environmental, social, and governance (ESG) issues. Modern firms cannot think about innovation without thinking about sustainability, and vice versa: Enel, a world leader in renewable energy, has even coined the term “Innovability,” combining the two concepts.

The call for reinvention is relevant across organizations, from human resources to marketing to operations:

Chief human resources officers have the mandate to reshape working life post-COVID-19, with hybrid working models and more agile workforces. As there are no off-the-shelf solutions or benchmarks to rely on, CHROs must be creative, experimental, and willing to learn. They will need to revise operating models extensively, including leadership behaviors and management processes, as well as enabling technologies to empower and motivate employees.

Chief marketing officers are under pressure to rethink their firms' journeys to market in light of a shift in consumer behaviors and technology channels: these include the rise of entirely new domains such as the metaverse, with uncertain implications for brands, offerings, and business models.

Chief operating officers are learning to cope with the rise of intelligent operations and supply chains. The rapid development of technologies such as 5G, edge computing, artificial intelligence (AI), and the internet of things (IoT) means that every type of company, in sectors as diverse as healthcare, automotive, and manufacturing, can start conducting business in a new way.

The CINO will act as a catalyst of change

For all these domains (from HR to marketing to operations and supply chain), such deep transformations will pressure CXOs (chief experience officers) into leaving their traditional comfort zones and navigating uncharted waters. The pressure will be on them to remodel their function for a new era. This is easier said than done; historically, many CXOs were focused (and built their careers) on keeping the ball rolling, rather than having to reimagine the game. It's no surprise that they often lack the innovative mindset and the capabilities for creative thinking. For this reason, CXOs may feel lost in the new business environment.

But CXOs need not embark alone upon this experimentation journey: CINO can function as a catalyst and facilitator in these aims. As an agent of change, the CINO will need to create a new corporate culture of innovation. One example of how the CINO can influence culture is by promoting a more experimental mindset (exploring new approaches and developing and testing hypotheses from which their function can derive learning and insights).

While the CINO can provide their organizations with the required coaching and toolkit (from design thinking to ecosystem thinking to lean experimentation and fast prototyping), it's important that every CXO "owns" some experiments themselves, in their own business context. For instance, we are seeing CHROs (chief human resources officers) experimenting with solutions for the new hybrid work context and CMOs exploring the emerging field of the metaverse with pilot projects on non-fungible tokens (NFTs).

"The CINO will act as a catalyst of change, helping CXOs step out of their comfort zone, explore new territories, and learn from a trial-and-error approach."



Figure 3: Innovation challenges for CXOs and how the CINO can support

CXO	Challenges that require reinvention (examples)	How the CINO can help
CHRO	<ul style="list-style-type: none"> De-bureaucratization Purpose-driven leadership 	<ul style="list-style-type: none"> Design and experiment with new models for data-informed decision-making
CMO	<ul style="list-style-type: none"> Metaverse New consumer experiences 	<ul style="list-style-type: none"> Explore the new paradigm and study pioneers Experiment with NFT projects Test new VR/AR use cases
CIO	<ul style="list-style-type: none"> Quantum computing 	<ul style="list-style-type: none"> Design and experiment with use cases (e.g., materials modelling, drug development)
CSO	<ul style="list-style-type: none"> From competition to ecosystems 	<ul style="list-style-type: none"> Open up strategy discussions; co-creation with partners and stakeholders
CFO	<ul style="list-style-type: none"> ESG measurement and reporting 	<ul style="list-style-type: none"> Participate in new accounting standards

In Summary

In a business environment increasingly dominated by transformations, the C-suite’s new imperative is to achieve systemic innovation. All roles need to embrace an innovative mindset and start experimenting. This is leading to a significant shift in the roles of CINO: while in the past the CINO was the owner of the innovation portfolio, with a focus on new products and business solutions, today the mandate will shift more towards disseminating innovative thinking and methods across the broader organization, creating the conditions for the other functions to be innovators in their specific management fields.

Capgemini Invent's Management Lab

Capgemini Invent's Management Lab originates from the European Centre for Strategic Innovation, a management research and strategic advisory center founded in 2013 by Alessandro di Fiore (1965-2021), one of the most influential global voices in strategy and innovation.

The Management Lab by Capgemini Invent forges new ways of thinking about strategic and organizational innovation. It builds its own research and collaborates with selected faculty partners at the world's leading business schools: Harvard Business School, MIT, IMD, LBS, and INSEAD. By bridging new ideas into practice, the Management Lab tests and develops actionable frameworks, practices, and tools which can be applied to the real world of business.

The Management Lab is a regular contributor to leading management magazines: HBR.org, "I" by IMD, Dialogue Review, the European Business Review, and LSE Business Review

