

Crisis management through Innovation - Concrete tips for your Innovation practice

The world as a crisis laboratory

Companies from a wide range of industries use their know-how in the current corona crisis and produce disinfectants at short notice, others switch to the production of plexiglass panes, others use their technical expertise to develop simple respirators, winegrowers offer online tastings, pharmaceutical companies cooperate worldwide in the development of medicines and a vaccine against the virus, public life has to be completely reorganized for an indefinite period of time, schools and universities implement distance learning in their teaching and home office could become the word of the year. In a nutshell: In times of crisis, innovation is booming. Or as the Handelsblatt describes it correctly: The world is currently a crisis laboratory.¹



Crises increase the pressure to innovate

The explanation for this is obvious: organizational added value always arises from a coordinated interplay between an organization and its environment. The faster and stronger the fundamental political, economic, technical or social upheavals in a company's environment, the greater the pressure on companies and organizations to innovate.

Innovation management in the crisis: key questions

How should innovation management be set up in a crisis? Does innovation need a different management in the crisis? Is only short-term innovation currently required to ensure survival? Or do companies already have to deal with long-term renewal in the crisis? And does this long-term perspective have any place right now? The following tips provide guidance.

¹ Handelsblatt, 30.04.2020, Torsten Rieke. Kollateralgewinne. Die Welt als Krisenlabor. (S14).

Innovation practice in the crisis:

- 1. Innovate now – time is pressing :** Since Peter Drucker we know that every healthy performing company needs to innovate. That is a fact. And it is especially true in crises. It is therefore important to devote yourself to the topic of innovation immediately and not to waste any time.
- 2. Use the potential for short-term innovations :** First of all, crises in many industries and companies require innovations that ensure short-term survival or at least mitigate the tremendous business losses. Short-term innovation in crises is frugal and agile², i.e. it aims to implement innovations in a pragmatic, lean and cost-effective manner. This requires creativity and courage, as well as thinking in sprints and prototypes, because there are not enough resources in the form of time, money and personnel for complex innovation processes. For example, frugal innovation processes lead to producers of cosmetics suddenly producing disinfectants or winegrowers offering online tastings.
- 3. Check the effects of the crisis-related changes on your business model:** Crises not only bring new things, they also destroy old ones. It is now more and more strategic, "destructive" innovators that create new business models. They disrupt familiar models, break with known rules and create new markets.³ Instead of innovation in incremental steps, in the event of a fundamental crisis, one's own business model has to be fundamentally questioned in many industries and markets. A broadly discussed example of this is the aviation industry with all upstream and downstream partners.
- 4. Re-evaluate your innovation pipeline:** Building on this, it is important to question and re-evaluate your own innovation pipeline. Which of the planned innovations are still needed in the post-Covid world? And which ones are being accelerated? For example, Zalando is currently accelerating the expansion of the luxury and second-hand segments which was already planned before the crisis, because customers are already in greater demand of products on both sides of the range than before the crisis.⁴
- 5. Anchoring innovation structurally:** Innovation must be structurally anchored in organizations, it must be part of a company's DNA. Specifically: companies need i.a. institutionalized sensors for relevant changes in the immediate, almost known future. And they need sensors for the completely new, for the unknown future. In order to process the input, institutionalized design platforms and design practices are required, which have the task of deriving information from the data obtained.
- 6. Adapt innovation processes:** Innovation processes themselves have been in the focus of fundamental renewal for several years. A renewal strand exists e.g. in the implementation of action learning projects. In these, companies learn to work with new approaches to innovation management such as design thinking or agile approaches based on concrete innovation projects. Companies that rely on such innovation skills and tools can react faster and more successfully to crisis-related innovation requirements.
- 7. Develop an innovation culture:** All of the approaches listed above are potentiated if they are embedded in a corresponding innovation culture. Successful prerequisites for the development of an innovation culture are flat hierarchies, supporting managers, sufficient resources, diversity in the composition of the teams, incentive systems that reward innovative ideas and informal communication channels. Can an innovation culture be turned on like a light switch in a crisis? No of course not. But it can trigger a serious push on this issue.

²Vgl. Geschäftsmodelle anpassen: Fit für Post-Corona? Prof. Dr. Oliver Gassmann. HSG Webinar zur Coronakrise am 05.05.2020

³Vgl. Sven Gábor Jánosky. Die Neuvermessung der Werte: Wie sich unsere Grundwerte in Unternehmen und Gesellschaft verändern werden (German Edition) (S.186). Goldegg Verlag. Kindle-Version

⁴Vgl. Handelsblatt 08.05.2020, Kirsten Ludowig, Thomas Tuma. Zalando. Wir stecken alles ins Wachstum. (S16-17).

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