



# Wanted: the people behind open innovation

More and more businesses are opting for an open innovation strategy, where they decide to look outside their own organisation and cooperate with research centres, companies or other partners. So far, open innovation has been studied mostly from a strategic point of view, while the human aspect is often overlooked. Promoting open innovation actually requires specific people management practices and an adapted business culture. Traditional HR practices, on the other hand, strongly focus on encouraging and reinforcing individual performance and development, forming a potential stumbling block for open innovation.

# “Open innovation should be embedded in your employees’ DNA.”

Innovation no longer takes place solely within businesses - companies involve multiple partners in this process, from knowledge institutions to other companies. Beside major companies, more and more SMEs are also opting for open innovation. Moreover, open innovation is not just relevant to high-tech sectors, other sectors are also increasingly innovating in this way.

Open innovation is a human activity. People management and the business culture are therefore crucial. However, that is often where the difficulty lies: employees are not encouraged sufficiently to innovate outside the bounds of their company or business unit.

A study by the Flanders DC Knowledge Centre carried out by Professor Katleen De Stobbeleir and researchers Angie Van Steerthem and Fauve Delcour from Vlerick Business School investigates how organisations can promote open innovation with the right human elements. This draws on a thorough study of the literature and interviews with experts and organisations successfully practising open innovation.

## **Experts consulted:**

Frederik Anseel, Marion Debruyne, Katleen De Stobbeleir, NineSigma, Jef Staes, Walter Van Dyck, Wim Van Haverbeke.

## **Organisations with an open innovation approach consulted:**

Architects of Dreams, Bakkerij De Waele from Lochristi, Bekaert Technology Center, Devan Chemicals, IBM, Induct, TP Vision, Televic, Todi, Trifinance, Van De Walle Bouwgroep.

## **RECRUITMENT AND SELECTION**

Open innovation is impossible without the right employees. Therefore, appropriate attention must be paid to recruitment and selection.

### **Informal recruitment works**

Recruitment through informal channels is far more effective than through job advertisements and temporary work agencies which are seen as more conventional channels. Talking to schools and contacts often delivers employees that are more motivated and perform better. Informal recruitment is also a form of open innovation in itself, since it involves a network beyond the bounds of the company. For instance, student internships are a form of enrichment and a way of identifying potential. Social media are also becoming an increasingly important way of informing the outside world about activities and vacancies.

Recruitment also involves a message with which a business helps to define the pool of candidates. Companies such as IBM also inform prospective employees about their approach to innovation, while others, such as Trifinance emphasise the expected attitudes over the job content or career path.

### **Selecting with greater focus on competencies and diversity**

Many organisations select employees with very similar profiles. However, a diverse pool of employees promotes creativity. Ideally, 30 percent or more of employees will have a different mindset because they have a different background. This can be achieved by recruiting internationally, encouraging internal mobility or attracting employees from a different type of organisation.

The whole philosophy of selection also needs to be adapted, so that businesses do not just investigate how a certain person fits into their own organisation, but also within the entire value chain of what the organisation wants to achieve. For instance, Trifinance sees its selection interviews as coaching interviews in which candidates are helped to determine their path.

### **Profile: the “social” juggler**

Employees who innovate beyond the bounds of the organisation not only need to manage themselves, but also have to work with different organisations as well as be in full control of their project and its content. For this they need a range of competencies and qualities.

Cooperation is central to open innovation. Employees should be *socially minded* and have a good feeling for social situations. They will form contacts easily and build a network, primarily to acquire ideas, learn new things and broaden their outlook. They are also able to build trust. For this, it is essential that they share information – often a delicate point.

They are capable of *switching between teams* to which they belong: within their own organisation and beyond the bounds of the organisation. In this way, they avoid the “*not invented here*” syndrome: a negative attitude to everything that comes from outside the organisation. They are able to understand others and genuinely aim for a win-win situation through a flexible attitude.

*Control and coordination* are other competencies required. Innovation-minded employees can make deals and apply them to their own organisation. They have the confidence to communicate and show leadership. They can cope with chaos and uncertainty and readily consider alternative scenarios.

All this calls for *creativity* to spot opportunities and be open to signs from the environment and the market. Before embarking on research and development, they need to scan and scout existing external technologies. The most important element here is making connections with others and building relationships.

A large quantity of information is created in the course of an open innovation project. To manage this information, an employee needs to have good *communications skills*: express himself clearly, listen and interpret well, have an open mind and be curious.

Naturally it is not always possible to find such versatile profiles. Businesses can make up for this with the right training offer and a mix of complementary profiles within the open innovation team.

## **TRAINING AND DEVELOPMENT**

Open innovation requires an appropriate approach to training and development in terms of both form and content.

*“If you do not make cooperation beyond company boundaries explicit, it will not happen spontaneously.”*

First and foremost, employees must be made aware of what open innovation is and which potential benefits it offers. In this respect, Bekaert organises the Bekaert Innovation Process training package, in which open innovation is an important element.

At Devan Chemicals, new employees receive coaching from an experienced colleague who tells them that they do not need to solve every problem alone.

The companies surveyed also offer practical training: how do I build a network? How do I deal with diversity? How do I work with universities, SMEs and multinationals?

Open innovation also lends itself to innovative teaching methods, in which, for instance, employees from different strata of an organisation take part in a joint training course, external speakers are invited or employees are encouraged to put themselves forward as speakers at events.

Inspirational initiatives include involving customers in training programmes, teambuilding activities in which information about projects is shared, setting up a coffee corner where employees from different departments can meet one another in an informal way and inviting external parties such as artists to offer a new perspective.

## APPRAISALS AND ASSESSMENT

Appraisals give employees specific feedback about their strengths and weaknesses within the context of open innovation. They are also a way of checking whether the training programmes offered are effective. On a personal level, they help to determine whether someone should be rewarded or given a promotion.

With open innovation, a common appraisal system for the various partners should be preferred to maintaining a specific form of appraisal. Employees should receive appreciation for their role within their own organisation and beyond the bounds of the company.

This requires a system where performing within a team is more important than excelling as an individual. In view of the extra challenges and risks involved, participating in open innovation projects should be used as a positive criterion in assessments.

### **Not just financial rewards**

Organisations with a culture of sharing knowledge limit the use of financial bonuses because they lead to competition, jealousy and opportunism. These organisations express the necessary recognition and appreciation through non-financial rewards. For instance Bouwgroep Van De Walle construction company gives all its site supervisors an iPad to promote communication. IBM highlights top performing teams on its website or in its company magazine, while Bekaert offers employees with a good appraisal increased opportunities for progression.

A fixed career path to retirement is at odds with the concept of open innovation, which aims to deploy employees in a more mobile and flexible manner.

## A DIFFERENT BUSINESS CULTURE

When it comes to promoting open innovation, people management practices are just the start; the whole organisation must be infused with its value. Many businesses find this cultural change tricky. A group of “pioneers” to lead the way and the use of storytelling can help here.

*Freedom* is an important element of the new organisational culture. Too many rules, for the use of social media, for instance, act as a barrier. Businesses should also allow the majority of their employees to attend external events on a regular basis.

*Openness* is also required: employees should value external knowledge, avoid a protectionist mindset and share information readily.

*“As an organisation, you almost need to organise your human resources policy like some of the top football clubs, which loan players to another club, let them gain two years’ experience and then take them back.”*

Finally, businesses need to take a *different view on retention*. Employees who leave are not necessarily a loss. On the contrary, they represent an extra link in the external network. Although for many organisations, re-recruitment goes against the grain, this need not be perceived as a lack of loyalty but rather as an opportunity to benefit from new experiences.

### **Reference**

*De menselijke factor in open innovatie: hoe people management open innovatie kan stimuleren (The human factor in open innovation: how people management can promote open innovation)*, Katleen De Stobbeleir, Angie Van Steerthem and Fauve Delcour (Flanders DC Knowledge Centre at Vlerick Business School). March 2013